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NEWS RELEASE

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KENTUCKY FINANCIAL INSTITUTIONS DO WELL IN 2006 *Annual report shows state-chartered entities grow their business*

FRANKFORT, Ky. (July 10, 2007) – A recent report from the Kentucky Office of Financial Institutions (OFI) shows that state-chartered financial institutions continue to thrive.

“The growth of the industry illustrates that we are achieving our goal of regulation that is effective but not overbearing nor an impediment to business vitality,” said Executive Director Cordell Lawrence. “We will continue to be vigilant to ensure the safety and soundness of the financial services industry in Kentucky in a business environment that is constantly changing.”

OFI’s 2006 Annual Report includes statistical and historical information about the financial services industries regulated by OFI.

In 2006, OFI’s Bank Branch regulated 162 state-chartered commercial banks, five independent trust companies and numerous bank trust departments, bank holding companies and electronic data processors. As of Dec. 31, 2006, the banks held aggregate assets of approximately \$37 billion. OFI’s bank examinations concentrated on fundamental banking principles relating to lending, investing, management quality, earnings and capital.

“Banks in general flourished financially in 2006 as the state and national economy continued to improve,” said David Coyle, director of OFI’s Financial Institutions Division. “No banks failed and the number of problem banks continued to decrease.”

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Although the number of Kentucky's state-chartered credit unions continues to decline due to mergers, state-chartered credit unions fared well during the year. OFI's Credit Union Branch supervises the activities of 30 state-chartered credit unions, ranging in asset size from about \$330,000 to more than \$650 million. The total assets under supervision of the Credit Union Branch are about \$1.3 billion. Total assets grew in 2006 at a rate of 2.45 percent, compared to a decline of 0.3 percent in 2005.

OFI's Compliance Branch licenses and regulates mortgage brokers and companies, check cashers, consumer and industrial loan companies and money transmitters. As of Dec. 31, 2006, the branch supervised 1,788 licensees and 4,230 individual mortgage loan officers. OFI's Compliance Branch received 319 written consumer complaints during 2006 and assessed a total of \$29,000 in fines against various mortgage companies and mortgage brokers.

In 2006, the Division of Securities registered 1,714 broker-dealers, 79,313 broker-dealer agents, 92 issuer agents and 120 state investment advisers. There were 809 federally registered investment advisers and about 2,510 state and federal investment adviser representatives. There were 5,394 filings for offerings of securities. Securities investigators opened 37 new cases, closed 32 cases and have 30 cases pending. OFI assessed about \$235,000 in fines as a result of securities investigations.

The full report can be found online at www.kfi.ky.gov/consumerinfo/ofipubs.htm, or you may request a mailed copy by calling Kelly May at 502-573-3390, ext. 252.

OFI is an agency of the Department of Public Protection in the Environmental and Public Protection Cabinet. It licenses, charters and regulates the activities of state-chartered/licensed depository and nondepository financial institutions. OFI's mission is to serve the public through effective and efficient regulation that promotes consumer confidence and economic growth.