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Report: Kentucky Financial Institutions Remain Stable *DFI Issues Annual Report About Banks, Credit Unions, Lenders, Securities*

FRANKFORT, Ky. – (July 21, 2011) – The 2010 Annual Report of the Kentucky Department of Financial Institutions (DFI), released today, shows state financial institutions continue to remain stable despite economic hardships, thanks to strong capital positions coupled with sound risk management practices.

“This annual report indicates that Kentucky’s financial services industry has weathered the storm and remains committed to helping our communities and residents deal with economic uncertainty,” said DFI Commissioner Charles Vice.

Kentucky’s 156 state-chartered banks increased total assets to more than \$45 billion, and the state’s 26 state-chartered credit unions increased assets to more than \$1.7 billion in 2010. Both also increased total loans last year. While profitability measures are below historical levels, the return on average assets for banks and credit unions in Kentucky improved during the past 12 months.

The Nondepository Division continues its proven track record of overseeing mortgage and other lending operations in Kentucky. DFI was the third state regulator in the nation to achieve Mortgage Accreditation, demonstrating conformance with the highest standards of mortgage supervision and regulation.

DFI’s Securities Division investigated several high-profile fraud cases, and secured over \$1 million in restitution for consumers who were victims of securities fraud.

The Division prepared both the staff and the industry for DFI to assume responsibility for regulating investment advisers with assets under management between \$25 million and \$100 million in the near future. The Division also has implemented provisions in the 2010 Senate Bill 130. The bill modified the Kentucky Securities Act, KRS 292, to protect investors from fraud, educate the public about making informed investment decisions and help companies in their legitimate efforts to raise capital, among other provisions.

The DFI annual report contains statistical and historical information regarding the financial services industry in Kentucky. For more information, or to view or download the entire report, visit www.kfi.ky.gov/aboutus/annualreports.htm.

DFI is an agency in the Public Protection Cabinet. It supervises the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

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