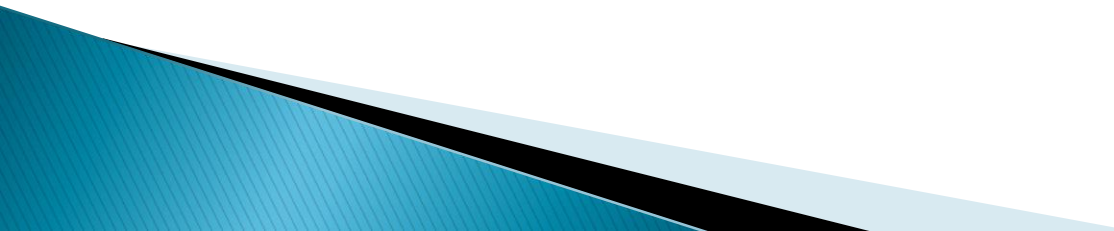


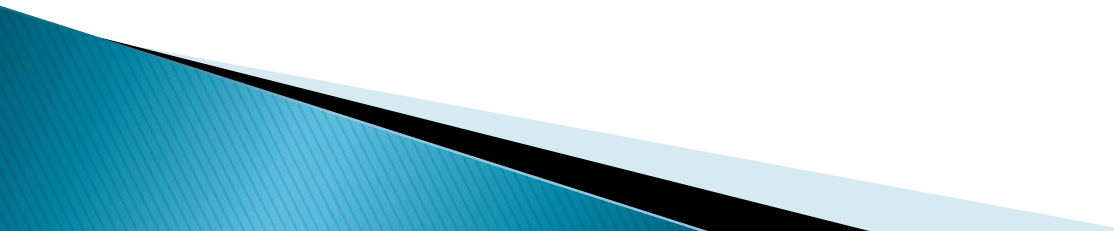
Kentucky's Credit Unions

Interim Joint Committee on Banking
And Insurance
August 28, 2018

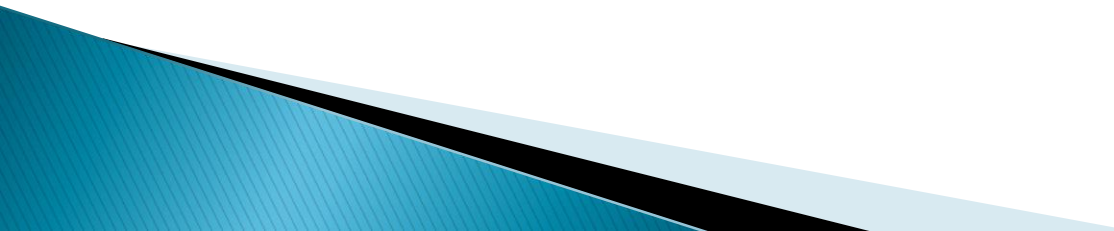
Credit Union Structure

- ▶ Member owned, not-for-profit, financial institutions
 - ▶ Cooperatives/no stockholders
 - ▶ Volunteer Boards, Supervisory Committees
 - ▶ Paid Professional Staff
 - ▶ Capital: Accumulated Retained Earnings
 - ▶ Fields of Membership: Single Sponsor, Multiple Group, Community
 - ▶ Dual Chartering System – State and Federal
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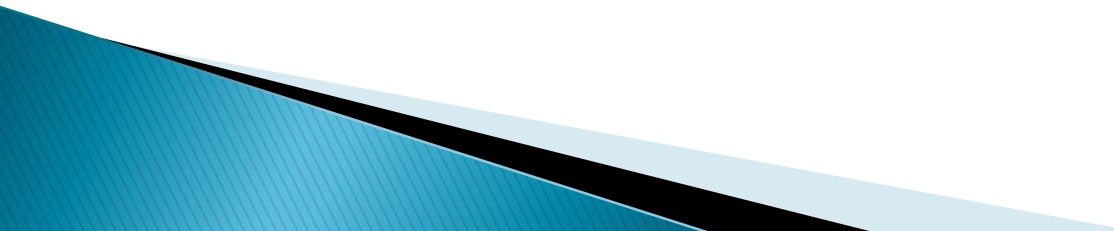
Credit Union History in Kentucky

- ▶ Kentucky became the 13th state to enact a state credit union act on March 24, 1922.
 - ▶ Credit Union pioneers Edward Filene, Roy Bergengren and Dora Maxwell were instrumental in their efforts with the Kentucky General Assembly in the passage of this legislation.
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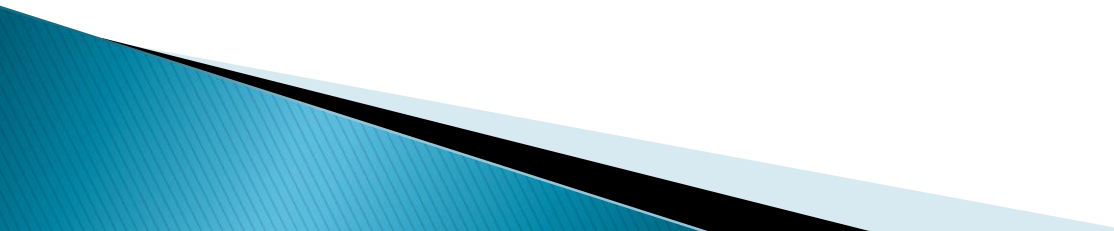
History

- ▶ The Kentucky State Act predates the Federal Credit Union Act by 12 years – passed by Congress in 1934.
 - ▶ The first credit union charter in Kentucky was granted in November 1923, to the Berea Credit Union – it has since merged.
 - ▶ The second charter was issued to Louisville Federal Credit Union in 1924 – United States Postal Employees – which is still in existence today with \$33 million in assets.
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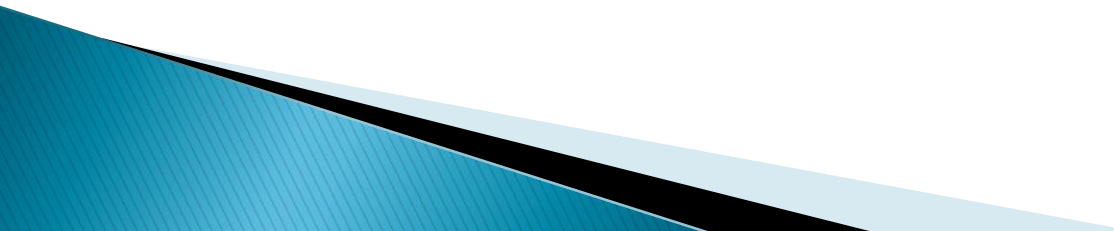
Credit Unions Then and Now

- ▶ The number of credit unions in Kentucky (280), and in the nation ($> 22,600$), peaked in the mid-1970's.
 - ▶ As of June 2018 there were 64 credit unions in Kentucky. 44 Kentucky credit unions are federally chartered, 20 have state charters.
 - ▶ Nationwide there are > 5400 credit unions.
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Credit Union Industry

- ▶ State Chartered credit unions in Kentucky are regulated by the Kentucky Department of Financial Institutions.
 - ▶ Federally Chartered credit unions are regulated by the National Credit Union Administration (NCUA).
 - ▶ All credit union deposits are federally insured up to \$250,000 by the National Credit Union Share Insurance Fund (NCUSIF). The National Credit Union Administration is the administrator of this fund.
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Credit Union Industry

- ▶ The smallest credit union domiciled in Kentucky today is Muhlenberg Community Hospital CU with assets of > \$768,000.
 - ▶ The largest credit union domiciled in Kentucky today is Fort Knox FCU, with assets of >\$1.5 billion.
 - ▶ The largest credit union in the world is Navy Federal with ~\$90 billion in assets. They now have two branch offices in Hardin County.
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Credit Union Industry

- ▶ Asset groups in Kentucky credit unions as of June 2018:
 - < \$5 million: 8
 - \$5 million – \$20 million: 20
 - \$20 million – \$100 million: 22
 - \$100 million – \$999 million: 11
 - > \$1 billion: 3

Credit Union Industry

- ▶ **Kentucky Assets:**
 - \$8.9 million
- ▶ **Kentucky Members:**
 - ~870,000
- ▶ **Average Net Worth:**
 - Kentucky Credit Unions – 12.6%
 - National – 13.1%
- ▶ **Average Return on Assets:**
 - Kentucky Credit Unions – .89%
 - National – .42%
- ▶ **Average Delinquency Ratio:**
 - Kentucky Credit Unions – .61%
 - National – 1.58%

Credit Union Industry

- ▶ Credit Unions have historically been cooperative with one another. Credit Union Centers of Kentucky, LLC is a prime example.
 - ▶ 14 credit unions formed this shared branching organization in 1999. 12 of those still exist today.
 - ▶ 6 additional credit unions participate in the shared system.
 - ▶ Members of these 18 credit unions can transact business nationwide with other participating credit unions.
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