

DFI

DEPARTMENT of
FINANCIAL INSTITUTIONS

TEAM 
KENTUCKY®

PUBLIC PROTECTION
CABINET

Banking & Insurance Interim Joint Committee Meeting

Kentucky Department of Financial Institutions

October 18, 2022

Discussion Topics

- **Divisional Updates**
 - Depository Division
 - Non-Depository Division
 - Securities Division
- **Crypto Case Study**
- **Department Reorganization**



**“I suppose I’ll be the one
to mention the elephant in the room.”**

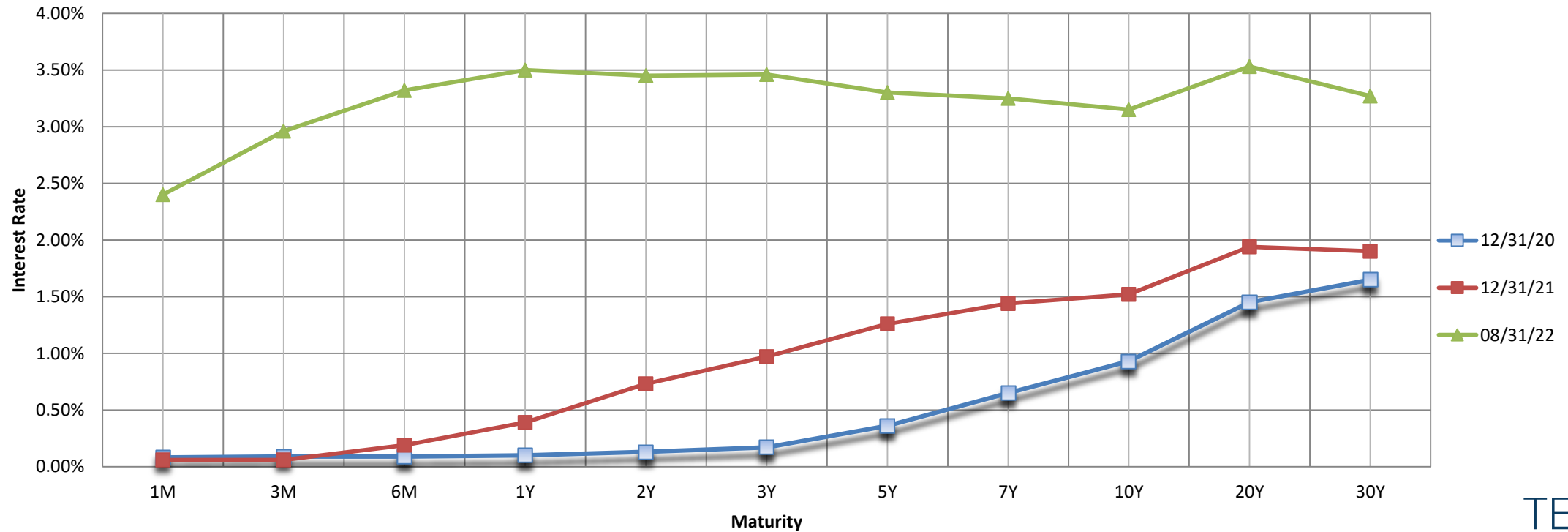
485901014

**TEAM
KENTUCKY®**

PUBLIC PROTECTION
CABINET
Department of Financial Institutions

US Treasury Yield Curve

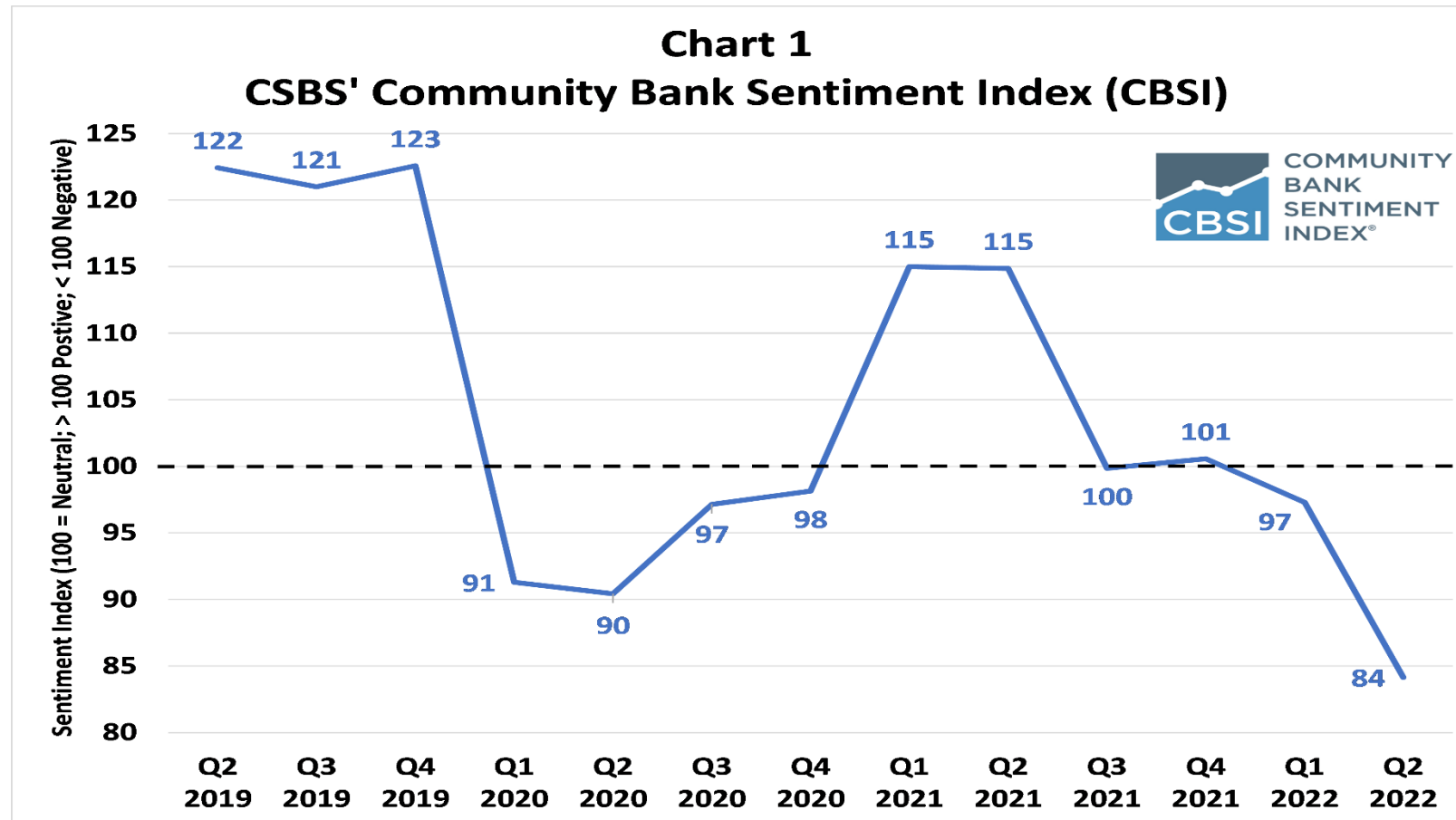
US TREASURY YIELD CURVE:
CONSTANT MATURITY



Depository Division

Banks, Credit Unions and Trust Companies

Community Bank Sentiment Index



Kentucky Bank Performance

	12/31/2019	12/31/2020	12/31/2021	06/30/2022
# of Banks	120	114	109	101
# of Banks (< \$100 million)	23	22	18	12
Total Assets (millions)	\$51,867	\$53,280	\$61,359	\$64,532
Total Loans (millions)	\$37,160	\$37,932	\$41,324	\$40,801

Kentucky Bank Performance

NIM – Net Interest Margin
 ROAA – Return on Average Assets
 ROE – Return on Equity
 CAP – Tier 1 Leverage Capital Ratio

06/30/2022	Employees	NIM	ROAA	ROE	CAP
National	792,100	2.82	1.11	11.44	9.15
Kentucky	10,881	3.28 #1 (tied)	1.17 #4	11.68 #3	10.44 #2
Illinois	44,322	2.04	0.97	10.88	8.55
Indiana	13,351	3.15	1.30	12.93	10.04
Missouri	24,797	3.05	1.23	13.89	9.07
Ohio	11,635	3.28	1.18	10.12	10.25
Tennessee	22,977	2.99	1.12	10.69	9.34
Virginia	14,302	3.21	1.14	8.99	10.49
West Virginia	5,444	3.28	1.04	8.37	10.04



Kentucky Credit Unions

06/30/2022	Number of Credit Unions	Net Worth Ratio	Return on Average Assets	Net Interest Margin
National	1,811	10.25	0.82	2.56
Kentucky	19	11.28 #3	0.43 #8	2.58 #7
Illinois	151	9.89	0.93	2.74
Indiana	24	10.10	0.86	2.68
Missouri	91	9.27	0.48	2.55
Ohio	59	10.89	1.03	2.79
Tennessee	74	11.49	1.25	2.74
Virginia	23	10.04	0.64	2.70
West Virginia	3	14.30	0.69	2.51

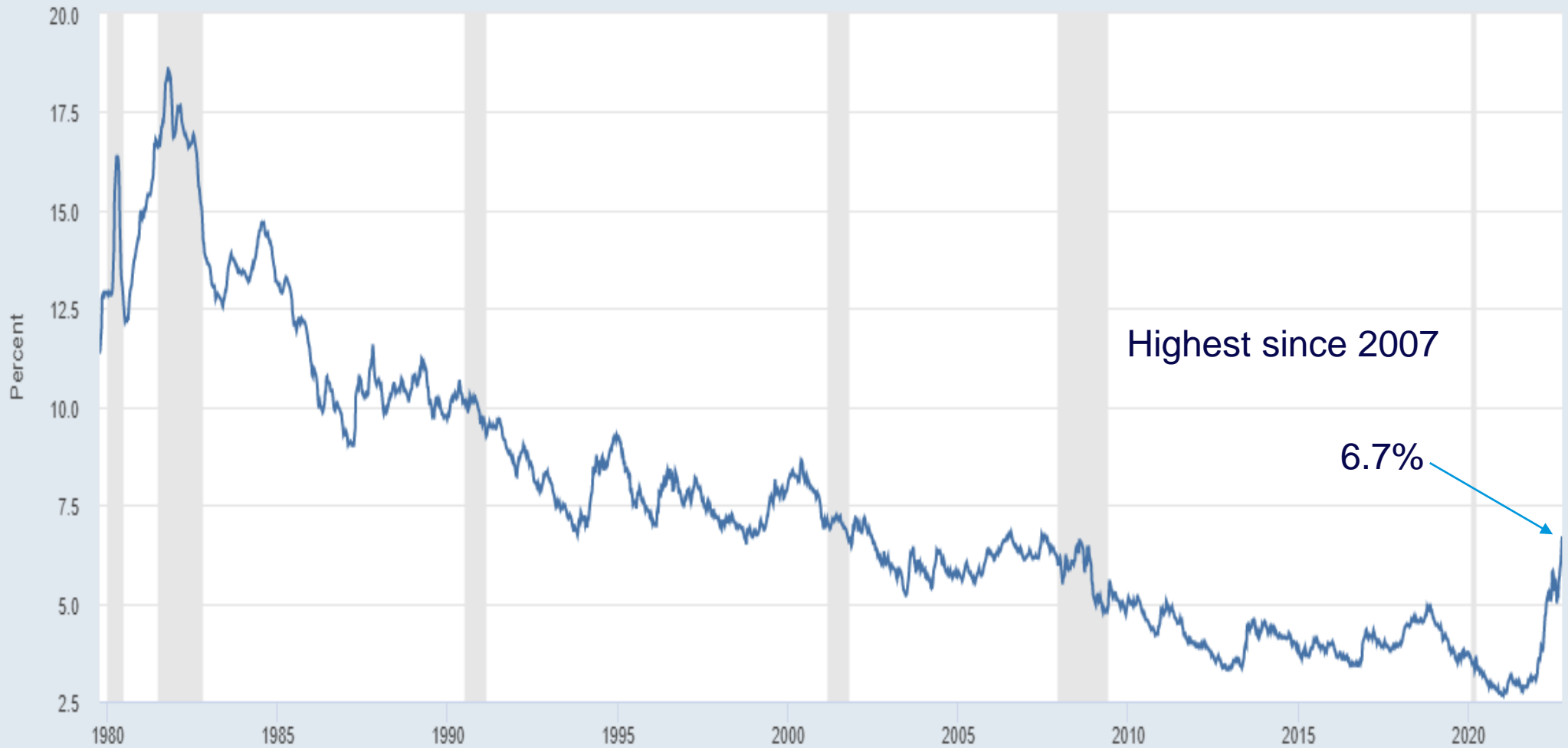
Non-Depository Division

Non-Bank Lenders, Money Transmitters
and Check Cashers

Licensing Information

	12/31/2019	12/31/2020	6/25/2021	10/6/2022
Mortgage Companies and Brokers	1,533	1,789	2,027	2,338
Mortgage Loan Originators	7,197	9,664	10,717	9,916
Consumer Loan Companies	362	364	363	366
Industrial Loan Companies	1	0	0	0
Check Cashers and Deferred Deposit Licensees	400	402	351	256
Limited Check Cashers	5	5	4	4
Money Transmitters	124	128	144	148
TOTAL	9,621	12,352	13,607	13,028

FRED — 30-Year Fixed Rate Mortgage Average in the United States



Shaded areas indicate U.S. recessions.

Source: Freddie Mac

fred.stlouisfed.org

FRED — Median Sales Price for New Houses Sold in the United States



Shaded areas indicate U.S. recessions.

Sources: Census; HUD

fred.stlouisfed.org

Securities Division

Broker-Dealers, Investment Advisers and Issuers

Securities Registration

	12/31/2020	12/31/2021	06/30/2022
Broker-Dealer Registrations	1,382	1,405	1,447
Broker-Dealer Agents and Issuer Agents	134,830	145,094	156,929
Investment Advisers	1,339	1,432	1,511
Investment Adviser Representatives	6,109	6,420	6,443

Cryptocurrency Case Study - Celsius

- **08/01/2022 Forbes Article**
- **\$1.2 billion hole in balance sheet.**
 - TA = \$4.3 billion (down from \$22.1 billion in May 2022)
 - TL = \$5.5 billion
- **Filed Chapter 11 in early July 2022; however, company did not allow customer withdrawals for one month before filing**
- **CEO Alex Mashinsky claimed that cryptocurrency deposits were safer than banks – no hypothecation and no reserve factoring**
- **Paid “rewards” of up to 20%**

DFI

DEPARTMENT of
FINANCIAL INSTITUTIONS

TEAM 
KENTUCKY®

PUBLIC PROTECTION
CABINET

Visit us at KFI.ky.gov or follow us on Twitter [@ppckentucky](https://twitter.com/ppckentucky)