Kentucky's Community Banks:

Local Roots, Lasting Impact

Presented to the Interim Joint Committee on Banking and Insurance

Jim DeCesare, Executive Director, BCBA
Alex Downing, President, BCBA & Franklin Bank & Trust

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Who We Are: The Bluegrass Community Bankers Association

BCBA represents Kentucky's community banks — locally owned, locally operated institutions that reinvest deposits directly into the neighborhoods, farms, and small businesses that make up the Commonwealth.

145
Community Banks Operating in Kentucky

93.5%
Share of All Operating Banks in KY

1,113
Community Bank Branches Statewide

12,487
Kentuckians Employed

$83.7B
In Assets, Held by KY-Headquartered Banks

$74.4B
Total Assets Across All KY-Chartered Banks

Source: Independent Community Bankers of America (ICBA), FDIC Call Report & Summary of Deposits, data as of 12/31/2025; KY Dept. of Financial Institutions, Bank Branch Snapshot, YE2025.

Community Banks Reach Every Corner of the Commonwealth

100%

of Kentucky's 120 counties have at least one community bank branch

That includes 100% of rural counties and 100% of low-to-moderate income (LMI) counties statewide.

Community banks are the ONLY physical banking presence in 40% of all KY counties.

In Comparison:

Community Banks

of all 120 KY counties

100%

Credit Unions

of all 120 KY counties

42%

Large Banks

of all 120 KY counties

48%

Source: ICBA analysis of FDIC Summary of Deposits, NCUA Call Reports, and U.S. Census Bureau data, 2025 (icba.org).

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Fueling Small Business & Agriculture Across Kentucky

Since 2010, community banks have provided the overwhelming majority of SBA-backed small business lending across the Commonwealth — reaching communities other lenders simply don't serve.

4,800
SBA Loans Made by Community Banks (2010–2025)

$2.3B
In Direct Local Economic Investment

56,790
Kentucky Jobs Supported

98%
Of KY Counties Reached by Community Bank SBA Lending

Community Bank Lending vs. Other Institutions (SBA 504 & 7(a), All KY Counties)

	Loans Provided	Total Value	% of Counties Reached
Community Banks	4,800	$2.3B	98%
Large Banks	3,040	$719M	75%
Credit Unions	50	$39M	17%

Community banks also make nearly 60% of all U.S. small-business loans under $1 million and more than 80% of the banking industry's agricultural loans nationally — a pattern reflected here in the Commonwealth.

Source: ICBA analysis of FDIC Summary of Deposits, NCUA Call Reports, U.S. Census, and U.S. Small Business Administration data, 2010–2025 (icba.org).

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Giving Back: Community Banks Invest in Kentucky

Community banks pay their full share of federal and state income taxes — and those dollars go directly toward the public services Kentuckians rely on.

$263 Million

in federal & state income taxes paid by Kentucky community banks in 2025

$52.6M

in Kentucky state income taxes

$210M

in federal income taxes

That tax revenue is sufficient to fund, in Kentucky alone:

18,000	**4,500**	**47,000**	**3,100**	**6,400**	**4,400**
K-12 Students	Public School Teachers	Children's Full Medicaid Coverage	Nurses	Firefighters	Police Officers

(Figures represent the cost of each public service listed individually — not all services combined.)

Source: ICBA Analysis of Community Bank Income Tax Revenue in Kentucky, 2025 (icba.org).

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Safe, Sound & Outperforming the Region

Every Kentucky-chartered bank is insured by the FDIC and backed by the full faith and credit of the United States government — giving depositors real, guaranteed protection.

Kentucky Bank Performance vs. Neighboring States (12/31/2025)

	# Banks	NIM	ROAA	CAP
National	3,142	3.34	1.20	10.03
Kentucky	**98**	**3.78**	**1.36**	**11.14**
Illinois	215	2.62	1.10	9.61
Indiana	64	3.44	1.06	10.68
Ohio	84	3.89	1.31	10.35
Tennessee	99	3.58	1.25	10.02
Virginia	43	3.84	1.16	10.94
West Virginia	35	3.76	1.03	10.20

What These Numbers Mean:

NIM (Net Interest Margin): Kentucky banks earn a healthier spread than the national average.

ROAA (Return on Average Assets): KY banks are more profitable relative to assets than most neighboring states.

CAP (Tier 1 Leverage Capital): At 11.14%, Kentucky banks hold well above the national average in capital cushion — a strong safety margin for depositors.

Source: FDIC State Banking Performance Summary, 12/31/2025, presented by KY Dept. of Financial Institutions. Figures represent weighted averages.

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Protecting Kentuckians: Fighting Fraud & Crypto Risk

BCBA is working alongside Kentucky's federal delegation and national partners to protect depositors from emerging threats to the safety of their money.

Combating Check & Wire Fraud

BCBA and ICBA are working with the U.S. Postal Inspection Service, the FBI, and Kentucky's Congressional delegation to combat the rise in check and wire fraud targeting Kentucky families and small businesses.

Opposing Risky Crypto "Yield" Products

If stablecoin growth pulls deposits out of Kentucky's community banks, an estimated 7,509 KY small businesses (11.4% of all small businesses statewide) could lose access to credit — putting 81,090 jobs and $3.6B in small business lending capacity at risk.

Engaging Our Federal Delegation

BCBA is in direct communication with Congressman Andy Barr, Chairman of the House Financial Services Subcommittee on Financial Institutions, and Congressman James Comer on legislation to keep deposits safe and regulated.

Supporting Law Enforcement Partnerships

BCBA works directly with the FBI's Louisville/Bowling Green Resident Agency to educate our members on financial crime trends and give bankers direct lines to federal investigators.

Source: ICBA/Bank Locally Stablecoin Impact Map, banklocally.com/stablecoin-map (KY); ICBA Advocacy, "Triple Threat: Stablecoin Yield, Fed Access, and Trust Charters" (icba.org); FBI Louisville/Bowling Green Resident Agency.

Thank You

Questions & Discussion

Jim DeCesare, Executive Director

Bluegrass Community Bankers Association

(270) 792-5779

jim@bluegrassbankers.com