

DEPARTMENT OF
FINANCIAL INSTITUTIONS

ANNUAL REPORT 2020

DFI

DEPARTMENT of
FINANCIAL INSTITUTIONS



2020 ANNUAL REPORT

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SUPERVISING KENTUCKY'S FINANCIAL INDUSTRY FOR 108 YEARS.

Andy Beshear
Governor

Ray Perry
Deputy Secretary



Kerry B. Harvey
Secretary

Charles A. Vice
Commissioner

**PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS**

Dear Governor Beshear,

The Kentucky Department of Financial Institutions is pleased to present the 2020 Annual Report. During 2020, the COVID-19 pandemic had a significant impact on the economy; however, the financial services industry in Kentucky implemented innovative actions that allowed it to continue offering vital financial services while also protecting the health of employees, customers and the public. The federal government used the financial services industry to provide much-needed economic relief through the Paycheck Protection Program (PPP), and approximately 50,655 PPP loans totaling \$5.3 billion were approved in Kentucky. In addition, financial institutions assisted customers through loan modifications, payment extensions, lower interest rates and reduced fees on services to their customers. The industry accomplished all of this while also adjusting operations to meet the requirements of the Governor's executive orders and CDC guidance.

Due to social distancing requirements and other health initiatives, all financial services industries in Kentucky implemented inventive ways to serve customers and to meet the financial needs of Kentucky residents. Providers continue to offer financial services through diverse and innovative platforms, and an increasing number of financial transactions are performed electronically or through digital delivery channels. During 2020, the department also made significant changes to our operations, and we conducted required supervisory activities, such as periodic examinations, 100% off-site. This allowed the department to meet all statutory requirements, to keep our employees safe and healthy, and to ensure

that Kentucky's financial services industry remained safe and sound.

The banking industry continues to experience consolidation, and the number of banks declined from 114 in 2019 to 109 in 2020. The number of credit unions remained unchanged at 22 at the end of 2020. Both the banking and credit union industries reported strong asset growth during 2020, and liquidity, profitability and capital ratios remain strong. The complexity of non-depository financial service providers registered or licensed in Kentucky continues to increase as consumers seek financial services from multiple sources. The Securities Division remains a leader in supervision, and several of our employees serve on national boards and regulatory working groups. The department has worked closely with local and federal prosecutors to address investor harm when identified, which resulted in \$1.4 million in fines and more than \$4 million ordered in restitution to harmed investors.

As this report indicates, the department supervised a sound financial services industry in Kentucky that was able to navigate the uncertainties associated with the COVID-19 pandemic, while also providing essential financial services and assistance to Kentuckians during the past year. The department's employees are dedicated public servants who successfully implemented effective and efficient regulatory oversight of the financial services industry during the turbulent economic conditions in 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Cha A. Vice".



Commissioner Charles A. Vice

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMMISSIONERS 1912-2021

YEAR	COMMISSIONER	GOVERNOR	YEAR	COMMISSIONER	GOVERNOR
1912	Thomas J. Smith	James B. McCreary	1980	Randall L. Attkisson	John Y. Brown Jr.
1916	George G. Speer	Augustus O. Stanley	1982	Foster Pettit*	John Y. Brown Jr.
1920	James Lewis	Edwin P. Morrow	1983	Morris R. Smith	John Y. Brown Jr.
1924	Charles E. Marvin	William J. Fields	1983	Tracy Farmer*	John Y. Brown Jr.
1928	O.S. Denny	Flem D. Samson	1983	Neil Welch*	John Y. Brown Jr.
1930	C.S. Wilson	Flem D. Samson	1983	Leonard B. Marshall	John Y. Brown Jr.
1931	J.R. Dorman	Ruby Laffoon	1984	Ballard W. Cassady Jr.	Martha Layne Collins
1935	Hiram Wilhoit	A.B. Chandler	1986	Thomas B. Miller	Martha Layne Collins
1939	Hiram Wilhoit	Keene Johnson	1988	Edward B. Hatchett Jr.	Wallace G. Wilkinson
1943	Hillard H. Smith	Simeon S. Willis	1992	Edward B. Hatchett Jr.	Brereton C. Jones
1948	Henry H. Carter	Earle C. Clements	1994	Edward J. Holmes	Brereton C. Jones
1951	Henry H. Carter	Lawrence W. Wetherby	1995	J. Rick Jones*	Brereton C. Jones
1955	R.E. Glenn	Lawrence W. Wetherby	1996	Larry D. Lander	Paul E. Patton
1956	S. Albert Phillips	A.B. Chandler	1997	Ella D. Robinson*	Paul E. Patton
1958	Earle B. Combs	A.B. Chandler	1998	Arthur L. Freeman	Paul E. Patton
1960	H.A. Rogers	Bert T. Combs	1999	Ella D. Robinson	Paul E. Patton
1964	H.A. Rogers	Edward T. Breathitt	2004**	Tom B. Miller	Ernie Fletcher
1965	G.D. Beach	Edward T. Breathitt	2005**	Cordell G. Lawrence	Ernie Fletcher
1968	E.G. Adams	Louie B. Nunn	2007**	Cordell G. Lawrence	Steven L. Beshear
1971	Lenvil R. Hall	Wendell H. Ford	2008	Charles A. Vice	Steven L. Beshear
1971	Perry R. Miller *	Wendell H. Ford	2015	Charles A. Vice	Matthew G. Bevin
1973	Howard T. Sallee	Wendell H. Ford	2020	CHARLES A. VICE	ANDY BESHEAR
1975	John Williams Jr.	Julian M. Carroll	*Acting ** Executive Director		

DEPARTMENT OF FINANCIAL INSTITUTIONS

HISTORY

The Banking Act of 1912 originally established Kentucky's Department of Banking. The act charged the department with enforcing laws relating to banks, trust companies, savings banks, and combined bank and trust companies doing business under Kentucky law. The first annual report listed six employees—a commissioner, a deputy, a clerk and three examiners. The department initially supervised 466 commercial banks, savings banks, independent trust companies and title companies, with total assets of \$110 million.

In 1918, Kentucky's legislature mandated supervision of state-chartered savings (building) and loan associations, and it added state-chartered credit unions in 1922. When the agency began to oversee the state's securities industry in mid-1932, it was renamed the Department of Banking and Securities.

Over the years, other regulatory responsibilities were added, including consumer and industrial loan companies in 1946, companies that sell money orders in 1966, mortgage loan companies and brokers in 1980 and check-cashing companies in 1992. As the agency's scope increased to include other types of financial institutions, the organizational structure and name changed as well, to the current Department of Financial Institutions (DFI).



Security Trust Co. 1910 Calendar Postcard (creator unknown), retrieved from <https://exploreuk.uky.edu>.

DEPARTMENT OF FINANCIAL INSTITUTIONS

MISSION, VISION & VALUES

Mission

The Department of Financial Institutions' mission is to serve Kentucky residents by promoting access to a stable financial industry, implementing effective and efficient regulatory oversight, enforcing consumer protections, encouraging economic opportunities and encouraging sound financial decisions through financial empowerment programs.

Vision

DFI will lead in developing and advancing effective financial services regulation in Kentucky. It will respond to emerging industry trends and issues, and it will implement appropriate regulatory strategies. DFI will strive to educate members of the public on making sound financial decisions to protect their financial interests.

Values

- ◆ **Effective and Efficient Operations** – We will wisely use the resources entrusted to us by the Commonwealth.
- ◆ **Responsibility** – We accept the serious nature of the duties entrusted to us, and we are willing to be held accountable for the actions we choose.
- ◆ **Professionalism** – We will provide quality services, which will be achieved through excellence, accountability, innovation and a highly skilled workforce.
- ◆ **Integrity** – We will act honestly, fairly and impartially.
- ◆ **Teamwork** – We will achieve organizational goals through open, responsive communication and cooperation with co-workers, other state government agencies and federal regulatory authorities.
- ◆ **Respect** – We will be sensitive to the viewpoints and efforts of others, and we will strive to meet the needs of all of our stakeholders.
- ◆ **Initiative** – We will identify potential issues that may impact the financial services industry, formulate appropriate solutions and proactively respond to change.
- ◆ **Innovation** – We will encourage industry innovation relating to customer service and consumer protection, and use technology to provide effective supervision of the Kentucky financial services industry.

DEPARTMENT OF FINANCIAL INSTITUTIONS

FINANCIAL INSTITUTIONS BOARD

The Financial Institutions Board is a statutory body that serves in an advisory capacity to the Governor and the DFI Commissioner. The board includes representatives from all segments of Kentucky's financial industries and the public at large. The DFI Commissioner serves as chair. Kentucky Revised Statute 286.1-013 defines the board's duties.

CHAIR



Charles A. Vice
Commissioner
Department of Financial
Institutions

CREDIT UNION INDUSTRY



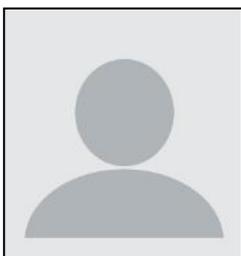
Karen Conyers Harbin
Frankfort, KY
Commonwealth Credit
Union
Term expires 10/10/2022

CONSUMER FINANCE INDUSTRY



**David
Martin Stockton**
Frankfort, KY
Stockton Mortgage Corp.
Term expires 10/10/2022

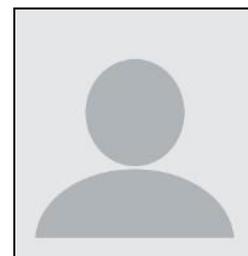
SECURITIES INDUSTRY



Gwendolyn C. Collins
Lexington, KY
Retired Financial
Consultant
Term expired 10/10/2020



Dr. Jane Greer
London, KY
First National Bank of
Manchester
Term expires 10/10/2023



James Michael Rogers
Prospect, KY
Retired, Hilliard Lyons
Term expired 10/10/2020

DEPARTMENT OF FINANCIAL INSTITUTIONS

FINANCIAL INSTITUTIONS BOARD

BANKING INDUSTRY



David Alexander Cook
Middlesboro, KY
Home Federal Bank
Term expires 10/10/2023

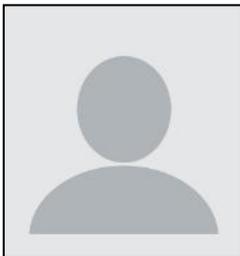


Jason Edward Stuecker
Louisville, KY
Forcht Bank
Term expires 10/10/2023

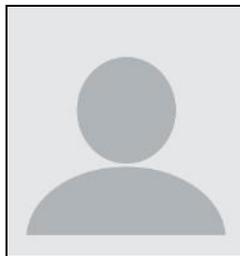


Michael Douglas Wilson
Irvine, KY
Citizens Guaranty Bank
Term expired 10/10/2020

PUBLIC AT LARGE



Michelle Diane Penque
Cold Spring, KY
Great American Insurance
Company
Term expired 10/10/2021



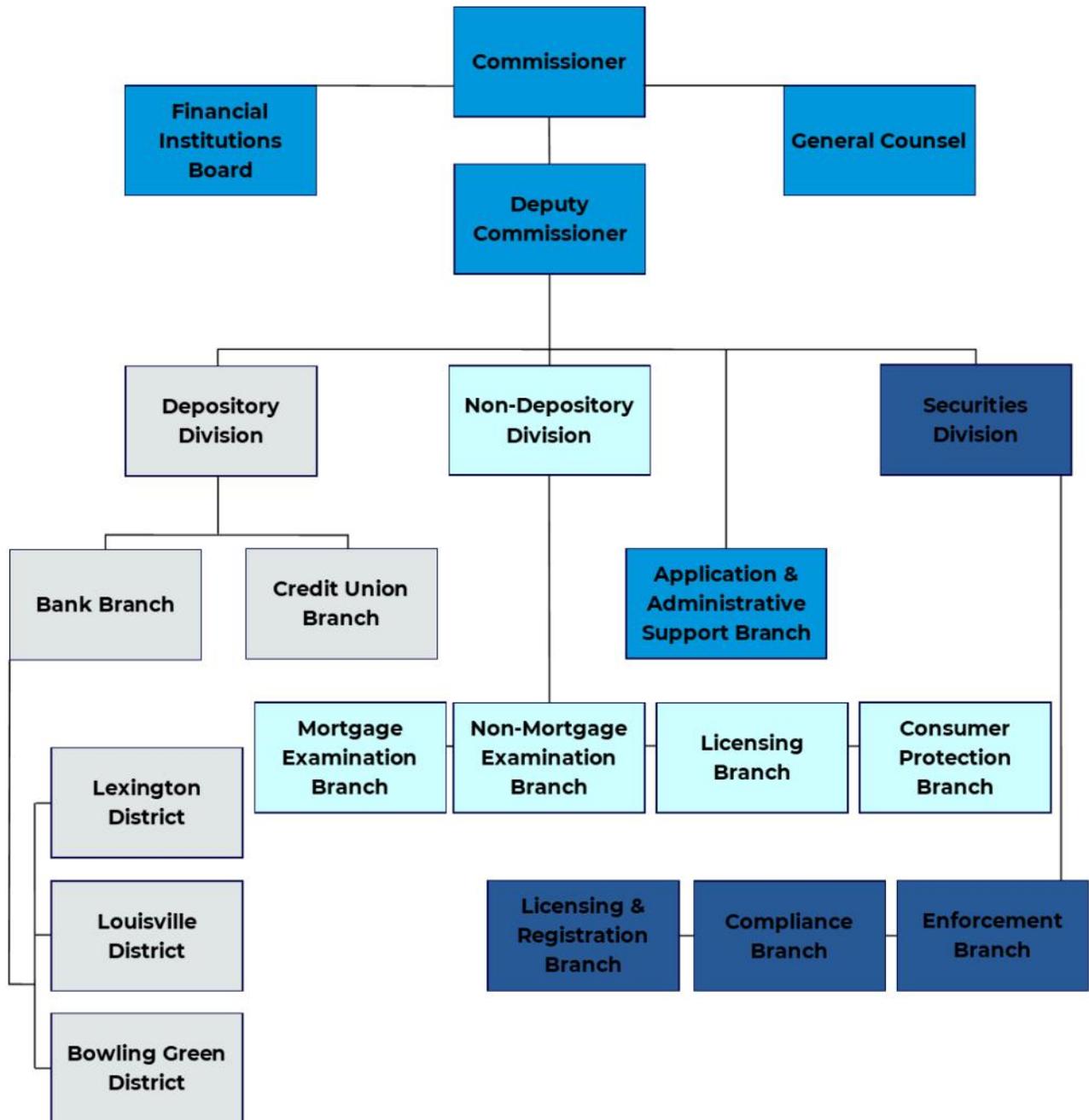
Kenneth Alan Potish
Louisville, KY
Alpha Leasing Company
Term expired 10/10/2020



Joseph William Varner
Bowling Green, KY
Retired, PBI Bank
Term expires 10/10/2021

DEPARTMENT OF FINANCIAL INSTITUTIONS

ORGANIZATIONAL STRUCTURE



DEPARTMENT OF FINANCIAL INSTITUTIONS

PUBLIC OUTREACH PROGRAMS

The highlight of DFI's consumer outreach efforts in 2020 was the annual Kentucky Saves Week Celebration, which took place Feb. 27, 2020 in the Capitol Rotunda. Gov. Andy Beshear gave the keynote address and recognized student winners of the Kentucky Jump\$tart Coalition's poster contest and UK Cooperative Extension Service's piggy bank contest. The department was unable to conduct many of its usual in-person outreach activities in 2020 due to the COVID-19 pandemic. However, we intensified our online communication efforts with a new website, <http://kfi.ky.gov>, and through the Public Protection Cabinet's social media channels at www.facebook.com/kypublicprotection and <https://twitter.com/ppckentucky>.



Public Protection Cabinet Sec. Kerry Harvey welcomed families to the 2020 Kentucky Saves Week celebration at the Capitol.



Gov. Andy Beshear recognized Kentucky Saves Week student contest winners.

DEPARTMENT OF FINANCIAL INSTITUTIONS

APPLICATION & ADMINISTRATIVE SUPPORT BRANCH

The Application and Administrative Support Branch provides the tools necessary for the department to meet its mission. This includes recruiting new staff and retaining qualified employees to provide appropriate supervision of the financial services industry and consumer protections.

Employees in the Application and Administrative Support Branch provide application development and administrative support to the department in the following areas:

- ◆ Personnel.
- ◆ Facilities management (Frankfort office and district offices).
- ◆ Fiscal management.
- ◆ Operations and quality control.
- ◆ Safety officer.
- ◆ Budgeting.
- ◆ Revenue and expenditure analysis.



Consumers and industry representatives who want to speak with a member of the agency's staff may call 800-223-2579 toll free with their questions and concerns. Information for consumers, regulated industries and the public is available online at <https://kfi.ky.gov>.

The DFI office is located at:

Mayo-Underwood Building
500 Mero Street, 2SW19
Frankfort, KY 40601

Business hours are 8 a.m. to
5 p.m. Eastern Standard
Time.



DIVISION OF

DEPOSITORY INSTITUTIONS

Supervised in 2020

- **109 state-chartered banks,** with assets from **\$21.7 million** to **\$6.2 billion**
- **22 state-chartered credit unions,** with assets from **\$843,000** to **\$1.7 billion**
- **4 state-chartered non-depository trust companies,** with assets under management of **\$855 million** to **\$9 billion**

DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF DEPOSITORY INSTITUTIONS

The DFI's Division of Depository Institutions consists of two branches: the Bank Branch and the Credit Union Branch. The division has two branch managers and three district managers, who supervise examiners tasked with monitoring and evaluating the safety and soundness of state-chartered banks, credit unions and independent trust companies. In 2020, the division promptly transitioned to an off-site examination posture after Gov. Andy Beshear declared a state of emergency due to the COVID-19 pandemic. Staff conducted a total of 68 examinations and visitations of chartered entities during the year, most of which were performed without setting foot in the financial institution. Examiners effectively adapted examination procedures to accommodate the off-site posture. The examiners' commitment to maintaining the safety and soundness of Kentucky-chartered financial institutions, coupled with the integral cooperation by financial institution staff, allowed the DFI to meet its examination mandates and fulfill its mission.

108th Annual Banking Report

The Bank Branch supervised 109 Kentucky banks as of year-end 2020.

Five Kentucky banks merged out of existence last year, with three of them acquired by other Kentucky-chartered banks.

Assets held by Kentucky banks grew by 15% during 2020, fueled largely by economic stimulus funds kept in insured deposit accounts. Total loans and leases grew by less than 9% over the same period, indicating that banks conservatively placed excess deposits into investments or cash and cash equivalents. Kentucky banks supported local businesses and the economy by originating Paycheck Protection Program loans, with over \$2.6 billion outstanding at the end of the year.

While the average cost of funds

declined by 33 basis points, to a three-year low of 0.58%, the average yield on

earning assets declined more substantially, leading to overall compression in the Net Interest Margin (NIM). Kentucky banks reported an average NIM of 3.58%, which, although compressed, was higher than the average for

banks in states surrounding Kentucky. Stable noninterest income and controlled overhead expenses helped offset the NIM decline, resulting in only a three basis point decline in the overall Return on Average Assets to 1.25% as of year-end 2020. While less than 1% of Kentucky banks reported negative earnings in 2020, the significant level of asset growth led to a reduction in capital ratios, with banks reporting an average Tier 1 Leverage Capital ratio of 10.54%.

Assets held by Kentucky banks grew by 15% during 2020, fueled largely by economic stimulus funds kept in insured deposit accounts.

DIVISION OF DEPOSITORY INSTITUTIONS

STATE-CHARTERED BANKS

BANK PERFORMANCE COMPARISON (AS OF 12/31/2020)

STATE	NUMBER OF BANKS	RETURN ON AVERAGE ASSETS	NET INTEREST MARGIN	TIER 1 LEVERAGE CAPITAL
Kentucky	109	1.25	3.58	10.54
Illinois	266	0.86	2.19	8.49
Indiana	69	1.38	3.29	9.75
Missouri	222	1.33	3.34	9.33
Ohio	95	1.08	3.54	10.15
Tennessee	116	1.25	3.33	9.16
Virginia	50	0.97	3.43	10.26
West Virginia	39	0.98	3.56	10.22
National	3,606	0.85	3.1	9.38

BANK CHANGES

DATE	CITY	BANK
1/17/2020	Hartford	Citizens Bank Merged with and into Cecilian Bank, Cecilia, KY
1/31/2020	Middleburg	Farmers Deposit Bank of Middleburg Inc. Merged with and into Farmers National Bank, Danville, KY
4/03/2020	Owenton	Peoples Bank & Trust Company Merged with and into Citizens Union Bank, Shelbyville, KY
4/22/2020	Louisville	Metro Bank Merged with and into Liberty Bank, New Orleans, LA
12/01/2020	Berea	Peoples Bank and Trust Company of Madison County Merged with and into Whitaker Bank, Lexington, KY

STATE-CHARTERED BANKS

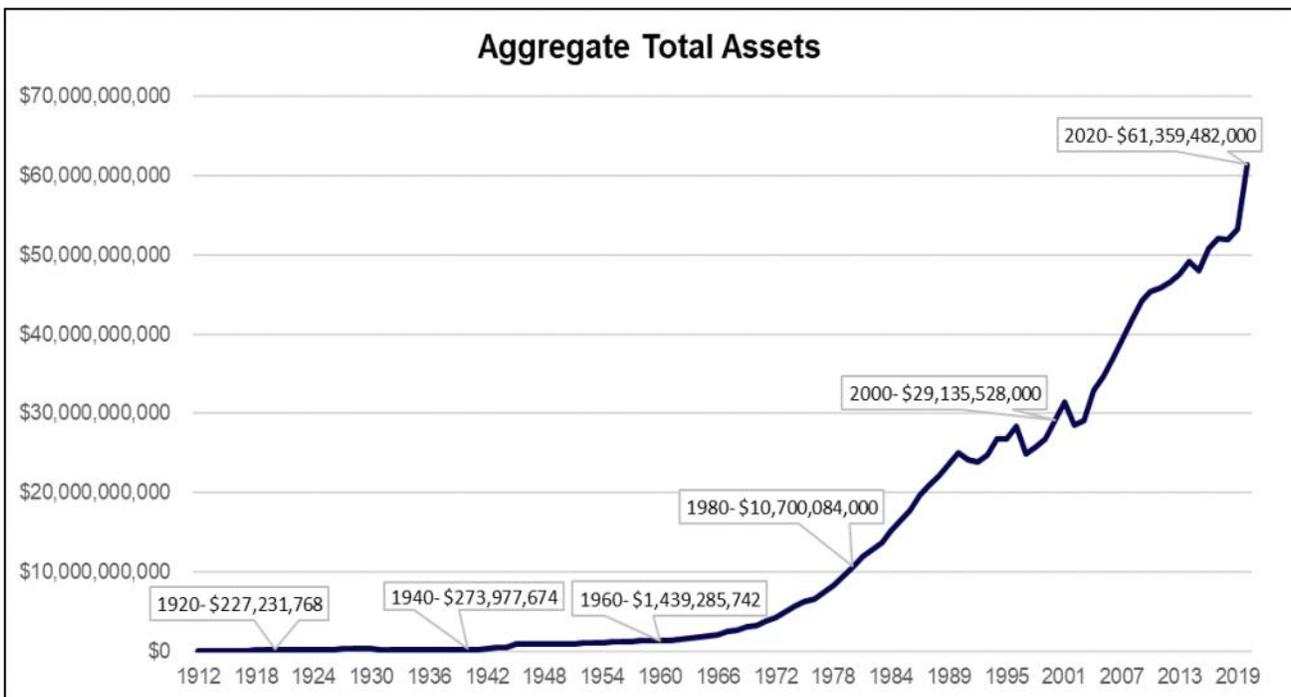
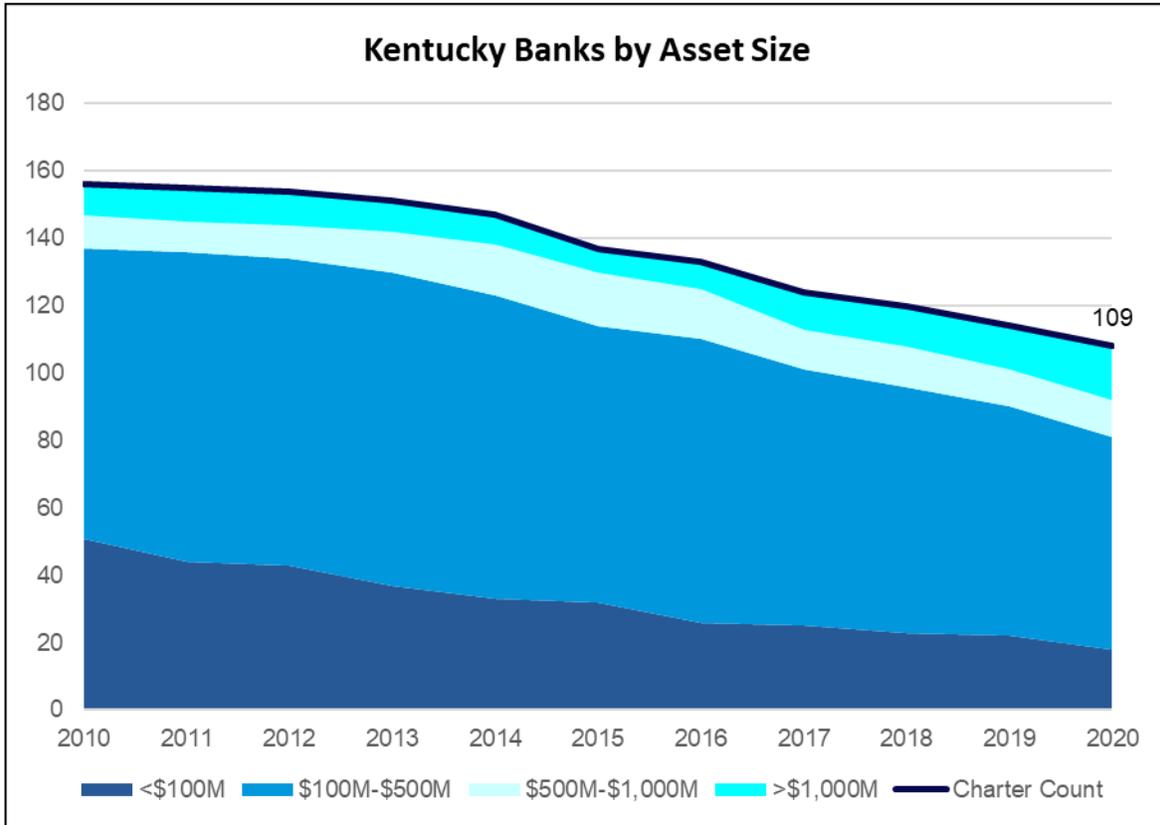
CONSOLIDATED CONDITION & INCOME DATA

KENTUCKY BANK RATIOS

	DEC. 31, 2020	DEC. 31, 2019
Number of Institutions Reporting	109	114
Total Employees (Full-Time Equivalent)	11,402	11,480
AGGREGATE CONDITION AND INCOME DATA (IN MILLIONS)		
Net Income (Year-to-Date)	\$719	\$661
Total Assets	\$61,359	\$53,280
Earning Assets	\$57,504	\$49,728
Total Loans and Leases	\$41,324	\$37,932
Other Real Estate Owned	\$52	\$79
Total Deposits	\$51,028	\$42,881
Equity Capital	\$6,729	\$6,211
PERFORMANCE RATIOS (YTD, %)		
Yield on Earning Assets	4.16	4.73
Cost of Funding Earning Assets	0.58	0.91
Net Interest Margin	3.58	3.82
Noninterest Income to Average Earning Assets	1.30	1.14
Noninterest Expense to Average Earning Assets	3.10	3.23
Net Charge-Offs to Loans and Leases	0.15	0.18
Credit-Loss Provision to Net Charge-Offs	271.21	113.38
Net Operating Income to Average Assets	1.23	1.27
Retained Earnings to Average Equity	5.83	6.04
Pre-Tax Return on Assets	1.41	1.47
Return on Assets	1.25	1.28
Return on Equity	11.11	11.03
Percent of Unprofitable Institutions	0.92	2.63
Percent of Institutions with Earning Gains	57.8	66.67
CONDITION RATIOS (%)		
Net Loans and Leases to Assets	66.47	70.41
Loss Allowance to:		
Loans and Leases	1.30	1.10
Noncurrent Loans and Leases	184.25	141.22
Noncurrent Loans and Leases to Total Loans & Leases	0.70	0.78
Nonperforming Assets to Assets	0.56	0.71
Core Deposits to Total Liabilities	81.39	76.24
Equity Capital to Total Assets	10.97	11.66
Core Capital (Leverage) Ratio	10.54	11.26
Total Capital to Risk-Weighted Assets	Not available	15.73
Gross 1-4 Family Mortgages to Gross Assets	19.64	22.35
Gross Real Estate Assets to Gross Assets	57.04	62.4

STATE-CHARTERED BANKS

TOTAL ASSETS



STATE-CHARTERED BANKS

TOTAL ASSETS

KENTUCKY BANK ASSETS

INSTITUTION NAME	CITY	TOTAL ASSETS (IN MILLIONS)
Peoples Bank and Trust Company of Clinton County	Albany	\$44,351
Citizens Deposit Bank of Arlington Inc.	Arlington	\$273,827
Auburn Banking Co.	Auburn	\$98,282
Town & Country Bank and Trust Co.	Bardstown	\$387,090
Wilson & Muir Bank & Trust Co.	Bardstown	\$642,509
Bedford Loan & Deposit Bank	Bedford	\$105,644
Community Financial Services Bank	Benton	\$1,381,419
Farmers State Bank	Booneville	\$59,201
American Bank & Trust Company Inc.	Bowling Green	\$553,496
Meade County Bank	Brandenburg	\$249,720
Bank of Edmonson County	Brownsville	\$236,163
Bank of Buffalo	Buffalo	\$74,198
Citizens Bank of Cumberland County Inc.	Burkesville	\$79,931
Bank of Cadiz and Trust Co.	Cadiz	\$127,602
United Citizens Bank & Trust Co.	Campbellsburg	\$134,280
Citizens Bank & Trust Co.	Campbellsville	\$269,508
Taylor County Bank	Campbellsville	\$206,174
Farmers & Traders Bank of Campton	Campton	\$58,934
Kentucky Farmers Bank Corp.	Catlettsburg	\$237,227
The Cecilian Bank	Cecilia	\$1,294,623
Bank of Clarkson	Clarkson	\$135,539
Clinton Bank	Clinton	\$62,301
First Community Bank of the Heartland Inc.	Clinton	\$309,749
Bank of Columbia	Columbia	\$169,706
United Citizens Bank of Southern Kentucky	Columbia	\$171,854
Hometown Bank of Corbin Inc.	Corbin	\$222,498
Dixon Bank	Dixon	\$81,035
Elkton Bank & Trust Co.	Elkton	\$155,834
Heritage Bank Inc.	Erlanger	\$1,278,325
Peoples Bank of Kentucky Inc.	Flemingsburg	\$347,022
The Bankers' Bank of Kentucky Inc.	Frankfort	\$97,355
Franklin Bank & Trust Co.	Franklin	\$639,581
Fredonia Valley Bank	Fredonia	\$97,009
Edmonton State Bank	Glasgow	\$653,299
South Central Bank Inc.	Glasgow	\$1,496,707
The Commercial Bank of Grayson	Grayson	\$205,945

STATE-CHARTERED BANKS

TOTAL ASSETS

KENTUCKY BANK ASSETS (CONTINUED)

INSTITUTION NAME	CITY	TOTAL ASSETS (IN MILLIONS)
Commonwealth Community Bank Inc.	Hartford	\$152,468
Hancock Bank & Trust Co.	Hawesville	\$325,659
1st Trust Bank Inc.	Hazard	\$252,041
Peoples Bank & Trust Company of Hazard	Hazard	\$253,774
Field & Main Bank	Henderson	\$556,844
The Citizens Bank	Hickman	\$161,434
Bank of Hindman	Hindman	\$289,048
Planters Bank Inc.	Hopkinsville	\$1,289,309
United Southern Bank	Hopkinsville	\$254,367
Hyden Citizens Bank	Hyden	\$138,416
Inez Deposit Bank	Inez	\$152,951
First State Bank	Irvington	\$223,753
Citizens Bank & Trust Co. of Jackson	Jackson	\$161,718
Bank of Jamestown	Jamestown	\$225,035
Century Bank of Kentucky Inc.	Lawrenceburg	\$146,134
Peoples Bank	Lebanon	\$97,266
Lewisburg Banking Co.	Lewisburg	\$151,085
Bank of Lexington Inc.	Lexington	\$289,148
Bank of the Bluegrass and Trust Co.	Lexington	\$290,726
Central Bank & Trust Co.	Lexington	\$3,269,024
Whitaker Bank	Lexington	\$1,826,151
The Casey County Bank Inc.	Liberty	\$280,807
Commonwealth Bank and Trust Co.	Louisville	\$1,189,137
Eclipse Bank Inc.	Louisville	\$223,070
Limestone Bank Inc.	Louisville	\$1,305,170
Republic Bank & Trust Co.	Louisville	\$6,158,886
River City Bank Inc.	Louisville	\$369,310
Stock Yards Bank & Trust Co.	Louisville	\$4,604,281
First United Bank and Trust Co.	Madisonville	\$397,391
Magnolia Bank Inc.	Magnolia	\$519,757
Farmers Bank and Trust Co.	Marion	\$450,070
The Peoples Bank	Marion	\$92,048
First Kentucky Bank Inc.	Mayfield	\$492,295
FNB Bank Inc.	Mayfield	\$557,158
Bank of Maysville	Maysville	\$145,469
Security Bank and Trust Co.	Maysville	\$61,199
Jackson County Bank	McKee	\$157,928

STATE-CHARTERED BANKS

TOTAL ASSETS

KENTUCKY BANK ASSETS (CONTINUED)

INSTITUTION NAME	CITY	TOTAL ASSETS (IN MILLIONS)
First State Bank of the Southeast Inc.	Middlesboro	\$360,470
Home Federal Bank Corp.	Middlesboro	\$430,433
The Farmers Bank of Milton	Milton	\$301,058
The Monticello Banking Co.	Monticello	\$915,696
The Citizens Bank	Morehead	\$195,490
United Community Bank of West Kentucky Inc.	Morganfield	\$329,757
Morgantown Bank & Trust Company Inc.	Morgantown	\$230,558
Traditional Bank Inc.	Mount Sterling	\$2,076,041
Citizens Bank	Mount Vernon	\$154,731
The Peoples Bank	Mount Washington	\$100,138
Hart County Bank and Trust Co.	Munfordville	\$31,289
The Farmers Bank	Nicholasville	\$193,762
Independence Bank of Kentucky	Owensboro	\$2,943,369
Owingsville Banking Co.	Owingsville	\$76,298
The Paducah Bank and Trust Co.	Paducah	\$784,315
Citizens Bank of Kentucky Inc.	Paintsville	\$737,458
Kentucky Bank	Paris	\$1,236,230
Community Trust Bank Inc.	Pikeville	\$5,108,793
Farmers Bank and Trust Co.	Princeton	\$170,845
West Point Bank	Radcliff	\$330,373
Citizens Guaranty Bank	Richmond	\$219,876
First & Peoples Bank and Trust Co.	Russell	\$227,297
The Sacramento Deposit Bank	Sacramento	\$123,875
Sebree Deposit Bank	Sebree	\$21,657
Citizens Union Bank of Shelbyville	Shelbyville	\$1,020,491
Cumberland Security Bank Inc.	Somerset	\$257,465
Springfield State Bank	Springfield	\$363,402
PBK Bank Inc.	Stanford	\$139,797
The Peoples Bank	Taylorsville	\$126,325
Citizens Deposit Bank & Trust	Vanceburg	\$589,651
Pinnacle Bank Inc.	Vanceburg	\$50,635
Citizens Commerce Bank	Versailles	\$299,123
Bank of the Mountains Inc.	West Liberty	\$75,789
Commercial Bank	West Liberty	\$183,181
United Cumberland Bank	Whitley City	\$344,800
Peoples Exchange Bank	Winchester	\$460,749
	TOTAL	\$61,359,482

STATE-CHARTERED BANKS

TRUST ASSETS

TRUST ASSETS IN KENTUCKY BANKS

INSTITUTION NAME	CITY	TOTAL TRUST ASSETS (IN MILLIONS)
Town & Country Bank and Trust Co.	Bardstown	\$326,657
Wilson & Muir Bank & Trust Co.	Bardstown	\$206
Community Financial Services Bank	Benton	\$904
Bank of Cadiz and Trust Co.	Cadiz	\$7,670
Kentucky Farmers Bank Corp.	Catlettsburg	\$175,769
Clinton Bank	Clinton	\$1,852
Elkton Bank & Trust Co.	Elkton	\$10,489
Peoples Bank of Kentucky Inc.	Flemingsburg	\$5,545
Franklin Bank & Trust Co.	Franklin	\$196,220
Commonwealth Community Bank Inc.	Hartford	\$18,445
Hancock Bank & Trust Co.	Hawesville	\$2,855
Peoples Bank & Trust Company of Hazard	Hazard	\$64,544
Field & Main Bank	Henderson	\$482,658
The Citizens Bank	Hickman	\$9,346
Planters Bank Inc.	Hopkinsville	\$233,248
Citizens Bank & Trust Co. of Jackson	Jackson	\$16,069
Bank of the Bluegrass and Trust Co.	Lexington	\$299,596
Central Bank & Trust Co.	Lexington	\$1,839,326
Whitaker Bank	Lexington	\$624,955
Commonwealth Bank and Trust Co.	Louisville	\$2,132,644
Stock Yards Bank & Trust Co.	Louisville	\$3,768,633
First United Bank and Trust Co.	Madisonville	\$36,654
Bank of Maysville	Maysville	\$24,086
United Community Bank of West Kentucky Inc.	Morganfield	\$9,879
Morgantown Bank & Trust Company Inc.	Morgantown	\$3,562
Hart County Bank and Trust Co.	Munfordville	\$2,018
Independence Bank of Kentucky	Owensboro	\$761,895
The Paducah Bank and Trust Co.	Paducah	\$323,872
Kentucky Bank	Paris	\$225,816
Community Trust Bank Inc.	Pikeville	\$15,791
Farmers Bank and Trust Co.	Princeton	\$17,843
First & Peoples Bank and Trust Co.	Russell	\$43,539
Cumberland Security Bank Inc.	Somerset	\$26,803
	TOTAL	\$11,709,389

STATE-CHARTERED TRUSTS

INDEPENDENT TRUST COMPANIES

INSTITUTION NAME	CITY	TOTAL TRUST ASSETS UNDER MANAGEMENT (IN MILLIONS)
Community Trust & Investment Co.	Lexington	\$2,813,213
First Kentucky Trust	Louisville	\$854,761
Glenview Trust Co.	Louisville	\$9,022,636
Hilliard Lyons Trust Co.	Louisville	\$8,930,776
	TOTAL	\$21,621,386



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DIVISION OF DEPOSITORY INSTITUTIONS

STATE-CHARTERED CREDIT UNIONS

85th Annual Credit Union Report

The Credit Union Branch supervised 22 credit unions with aggregate assets of more than \$5.2 billion as of year-end 2020. During 2020, credit union assets increased by nearly \$700 million—the largest annual increase in the branch's history. The record level of asset growth was precipitated by economic stimulus payments related to the COVID-19 pandemic. These payments generated significant increases in share balances and bolstered balance sheet liquidity levels.

Earnings performance remained satisfactory, despite the excess liquidity on the balance sheet and the low-rate environment. The Return on Average Assets and Net Interest Margin at year-end 2020 were 0.49% and 2.95%, respectively. Net worth remained strong at 11.34% of total assets at the end of the year. Loan delinquency and charge-off levels are at five-year lows, in large part due to credit unions' continued efforts to serve their members and assist members impacted by the pandemic.

CREDIT UNION PERFORMANCE COMPARISON (AS OF 12/31/2020)

STATE	NUMBER OF STATE-CHARTERED CREDIT UNIONS	RETURN ON AVERAGE ASSETS	NET INTEREST MARGIN	NET WORTH TO TOTAL ASSETS
Kentucky	22	0.49	2.95	11.34
Illinois	163	0.57	2.74	9.75
Indiana	26	0.72	2.73	9.94
Missouri	94	0.72	2.86	9.65
Ohio	63	0.87	2.71	10.44
Tennessee	76	0.95	2.82	11.68
Virginia	24	0.51	3.01	10.11
West Virginia	3	0.99	3.17	14.38
National	1,914	0.73	2.74	10.19

STATE-CHARTERED CREDIT UNIONS

CONSOLIDATED CONDITION & INCOME DATA

CONDITION, INCOME & PERFORMANCE DATA

	DEC. 31, 2020	DEC. 31, 2019
Number of Institutions Reporting	22	22
AGGREGATE CONDITION AND INCOME DATA (IN THOUSANDS)		
Loans	\$3,387,187	\$3,175,382
Assets	\$5,232,260	\$4,533,644
Liabilities	\$111,218	\$134,454
Shares and Deposits	\$4,556,005	\$3,861,450
Equity	\$565,038	\$537,740
Net Income	\$24,164	\$35,793
PERFORMANCE RATIOS AND AVERAGES		
<i>Capital Adequacy</i>		
Net Worth/Total Assets	11.34	12.43
Total Delinquent Loans/Net Worth	2.34	3.80
Solvency Evaluation (Estimated)	112.56	113.98
Classified Assets (Estimated)/Net Worth	4.40	3.91
<i>Asset Quality</i>		
Delinquent Loans/Total Loans	0.41	0.67
Net Charge-Offs/Average Loans	0.38	0.53
Held-to-Maturity Investment Fair Value/Book Value	101.4	100.10
Accumulated Unrealized Gain/Loss on Available-for-Sale Investments/Cost of Available-for-Sale Investments	1.61	-0.10
Delinquent Loans/Assets	0.27	0.47
<i>Earnings</i>		
Return On Average Assets	0.49	0.82
Gross Income/Average Assets	5.05	5.76
Yield on Average Loans	4.95	5.22
Yield on Average Investments	1.40	2.14
Fee and Other Operating Income/Average Assets	1.36	1.58
Cost of Funds/Average Assets	0.74	0.82
Net Margin/Average Assets	4.31	4.94
Operating Expense/Average Assets	3.54	3.78
Provision For Loan and Lease Losses/Average Assets	0.34	0.38
Net Interest Margin/Average Assets	2.95	3.37
Operating Expense/Gross Income	70.22	65.53
Fixed Assets & Foreclosed & Repossessed Assets/ Total Assets	2.56	2.71
Net Operating Expense/Average Assets	2.91	3.00

STATE-CHARTERED CREDIT UNIONS

CONSOLIDATED CONDITION & INCOME DATA

CONDITION, INCOME & PERFORMANCE DATA (CONTINUED)

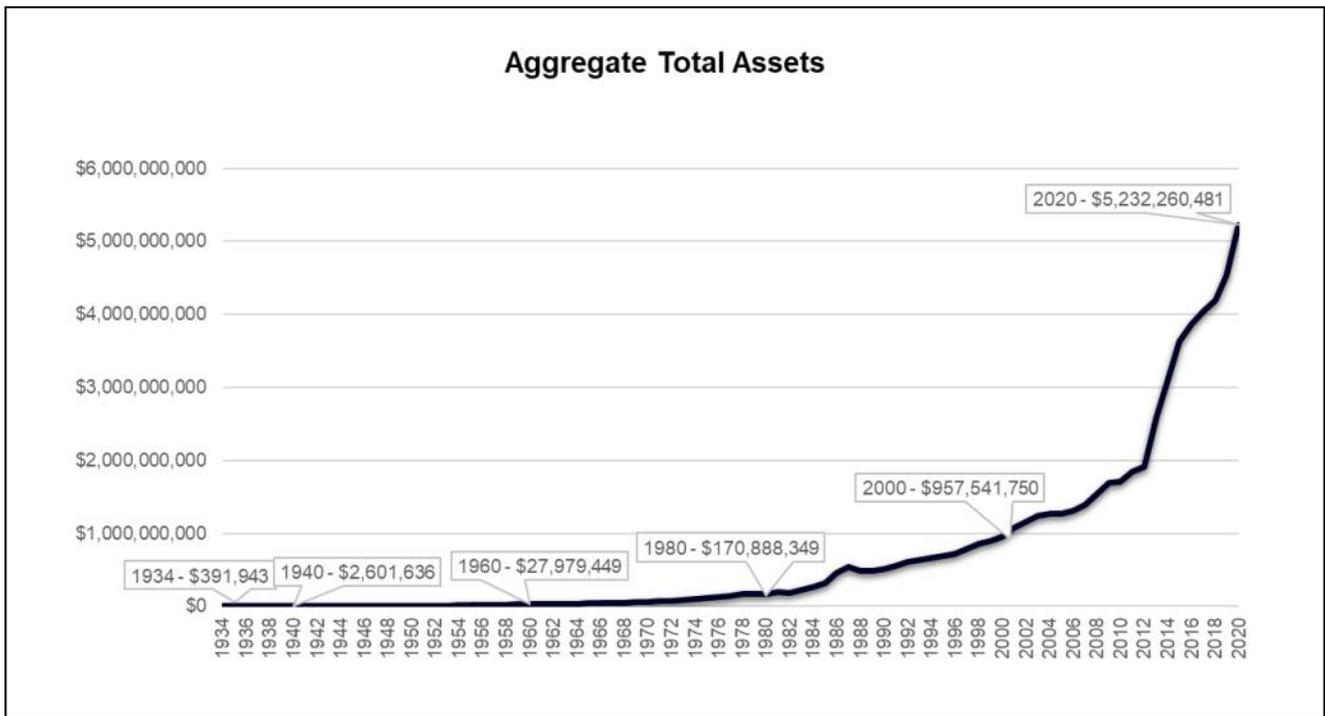
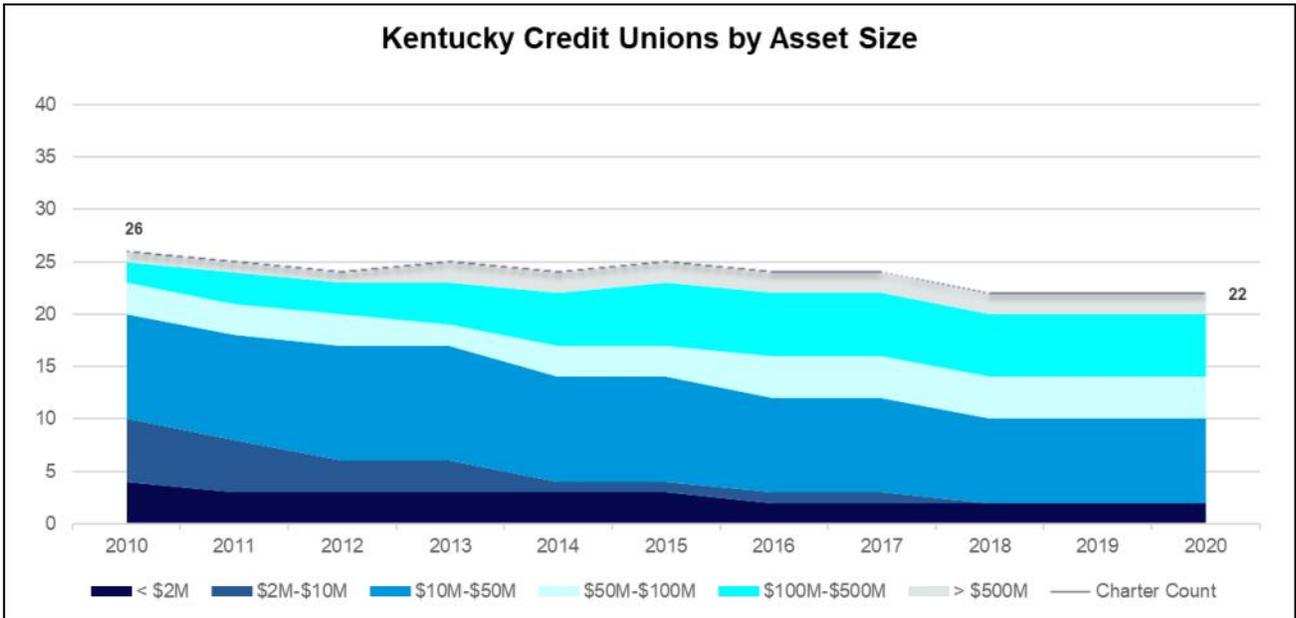
	DEC. 31, 2020	DEC. 31, 2019
Asset/Liability Management		
Net Long-Term Assets/Total Assets	32.18	27.88
Regular Shares/Total Shares and Borrowings	44.34	42.00
Total Loans/Total Shares	74.35	82.23
Total Loans/Total Assets	64.74	70.04
Cash + Short-Term Investments/Assets	18.86	16.45
Total Shares, Deposits and Borrowings/Earning Assets	94.88	93.46
Reg Shares + Share Drafts/Total Shares and Borrowings	59.12	54.06
Borrowings/Total Shares and Net Worth	0.98	1.77
Productivity		
Members/Potential Members	2.69	2.69
Borrowers/Members	52.65	55.08
Members/Full-Time Employees	397.99	397.73
Average Shares Per Member	\$10,276	\$8,735
Average Loan Balance	\$14,510	\$13,040
Salary and Benefits/Full-Time Employees	\$78,822	\$75,264
Growth Ratios		
Net Worth Growth	5.26	7.22
Market (Share) Growth	17.99	9.57
Loan Growth	6.67	6.63
Asset Growth	15.41	7.93
Investment Growth	41.11	9.82
Membership Growth	0.29	1.38

CREDIT UNION CHANGES

There were no credit union mergers, acquisitions or name changes during 2020.

STATE-CHARTERED CREDIT UNIONS

TOTAL ASSETS



STATE-CHARTERED CREDIT UNIONS

TOTAL ASSETS

KENTUCKY CREDIT UNION ASSETS

CREDIT UNION NAME	YEAR ESTABLISHED	CITY	TOTAL ASSETS (IN THOUSANDS)
Ashland	1942	Ashland	\$309,527
Autotruck Financial	1965	Louisville	\$182,657
Beacon Community	1947	Louisville	\$80,818
Brown-Forman Employees	1936	Louisville	\$13,004
C&O United	1928	Edgewood	\$19,327
Commonwealth	1951	Frankfort	\$1,658,003
Expree	1938	Frankfort	\$88,601
Greater Kentucky	1953	Lexington	\$88,322
KEMBA Louisville	1934	Louisville	\$60,314
Letcher County Teachers	1964	Whitesburg	\$1,081
Lexington Postal Community	1928	Lexington	\$25,493
Louisville Federal	1924	Louisville	\$35,475
Louisville Gas and Electric Co.	1934	Louisville	\$45,013
Members Choice	1932	Ashland	\$279,338
Members Heritage	1960	Lexington	\$459,003
Metro Employees	1940	Lexington	\$38,292
Muhlenberg Community Hospital	1961	Greenville	\$843
Park Community	1955	Louisville	\$1,121,794
Rural Cooperatives	1964	Louisville	\$37,531
Service One	1963	Bowling Green	\$195,136
Transcend	1960	Louisville	\$462,596
Whitesville Community	1962	Whitesville	\$30,093
		TOTAL	\$5,232,260

DIVISION OF

NON-DEPOSITORY INSTITUTIONS

Supervised in 2020:

- **9,662** mortgage loan originators
- **1,820** mortgage companies/brokers
- **389** check cashers/deferred deposit companies
- **128** money transmitters
- **0** industrial loan companies

DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF NON-DEPOSITORY INSTITUTIONS

DFI's Division of Non-Depository Institutions consists of four branches: Licensing, Consumer Protection, Mortgage Examination and Non-Mortgage Examination. The division has four branch managers, who supervise examiners, investigators and licensing staff.

The Division of Non-Depository Institutions is committed to maintaining a well-trained staff. DFI monitors the continual evolution of products and services as well as changes in laws. The division also provides educational materials and outreach to protect consumers from financial fraud.

8th Annual Non-Depository Licensing Report

The Licensing Branch is responsible for licensing non-bank financial institutions, including mortgage loan companies, mortgage brokers, consumer loan companies, industrial loan companies, check cashers, deferred deposit companies and money transmitters. The Licensing Branch also registers mortgage loan originators. In 2017, DFI licensed its first limited check casher pursuant to a new tier of license permitted by modifications to 808 KAR 9:050.

NUMBER OF LICENSES		
License Type	Dec. 31, 2020	Dec. 31, 2019
Mortgage Companies*	1,606	1,392
Mortgage Brokers*	214	141
Check Cashers/Deferred Deposit Companies	389	400
Limited Check Cashers	4	5
Consumer Loan Companies	367	362
Industrial Loan Companies	0	1
Money Transmitters	128	124
Total	2,708	2,425
NUMBER OF REGISTRATIONS		
Registration Type		
Mortgage Loan Originators	9,662	7,197
Total	9,662	7,197

* Includes companies and branches

DIVISION OF NON-DEPOSITORY INSTITUTIONS

EXAMINATION BRANCHES

8th Annual Mortgage Examination Report

The Mortgage Examination Branch is responsible for the examination and oversight of state-licensed mortgage loan companies, mortgage loan brokers and mortgage loan originators. Staff members conduct independent compliance examinations as well as multistate examinations of companies licensed in the Commonwealth to ensure they conduct business in accordance with applicable state and federal laws. While each branch is licensed individually, the examiners review the mortgage company or broker and all its branches at the same time for greater coverage with fewer examinations.

Examination Type	NUMBER OF EXAMS	
	Dec. 31, 2020	Dec. 31, 2019
Mortgage Companies	123	88
Mortgage Brokers	34	30
Total	157	118

8th Annual Non-Mortgage Examination Report

The Non-Mortgage Examination Branch is responsible for the examination and oversight of state-licensed check cashers, deferred deposit companies, consumer loan companies, industrial loan companies and money transmitters. The staff conducts independent examinations of companies licensed in Kentucky to ensure they conduct business in accordance with state and federal laws. Money transmitter examinations are usually conducted as part of a multistate examination process.

Examination Type	NUMBER OF EXAMS	
	Dec. 31, 2020	Dec. 31, 2019
Check Cashers/Deferred Deposit Cos.	296	424
Limited Check Cashers	0	5
Consumer Loan Companies	160	241
Industrial Loan Companies	0	1
Money Transmitters	22	21
Money Transmitters in lieu	26	8
Total	504	700

DIVISION OF NON-DEPOSITORY INSTITUTIONS

CONSUMER LOAN COMPANIES

CONSOLIDATED REPORT OF CONDITION

	Dec. 31, 2020	Dec. 31, 2019
Number of Licensed Consumer Loan Companies	367	362
Kentucky Consumer Loans Secured by Residential Real Estate > \$15,000	\$32,088,398	\$24,375,940
ASSETS		
Cash and Due from Depositor Institutions	\$2,505,227,175	\$1,687,481,048
Total KY Loans Receivable, Net of Unearned Interest and Reserves	\$915,000,790	\$841,099,075
Premises and Fixed Assets (Net of Depreciation)	\$346,865,591	\$308,472,141
Deferred Charges and Prepaid Expenses	\$757,603,348	\$223,013,912
Other Assets Used in Consumer Loan Business	\$4,522,584,874	\$5,813,450,586
Total Assets Used in Consumer Loan Business	\$9,047,281,778	\$8,873,516,762
LIABILITIES & CAPITAL		
Total Liabilities (Total liabilities minus all other assets)	-\$380,832,633	\$2,042,570,720
Total Capital	\$9,376,042,679	\$6,830,946,042
Total Liabilities & Capital	\$8,995,210,046	\$8,873,516,762



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DIVISION OF NON-DEPOSITORY INSTITUTIONS

CONSUMER PROTECTION BRANCH

12th Annual Consumer Protection Report

The Consumer Protection Branch investigates complaints and suspicious activity related to non-depository institutions. The investigators identify, examine and recommend actions against those companies and individuals who exhibit unethical behavior, perpetrate financial crimes against Kentucky citizens, or otherwise violate state law. Complaints against unlicensed lenders and others not regulated by DFI are a large portion of the complaints received by the Consumer Protection Branch. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through outreach programs.

NUMBER OF COMPLAINTS		
Non-Depository License Type	Dec. 31, 2020	Dec. 31, 2019
Mortgage Companies/Brokers	15	43
Check Cashers/Deferred Deposit Companies (licensed)	7	25
Consumer Loan Companies	1	5
Industrial Loan Companies	0	0
Money Transmitters	10	6
Total	33	79
Unlicensed Lenders/Other		
Internet Payday/Installment Lenders	12	25
Other Complaints	5	5
Total	17	30

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 McCutcheon on
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DIVISION OF SECURITIES

Registered at Year-End 2020:

- **1,382** broker-dealer firms
- **176** state-registered investment adviser firms
- **140,943** securities professionals

DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF SECURITIES

The Securities Division achieves balanced regulation through robust examination, enforcement and registration programs. Despite the challenges of the pandemic in 2020, the Compliance Branch examined 51 state-registered investment advisers and broker-dealers, utilizing off-site examination methods. Seven administrative orders or agreements were entered based upon examination findings.

While broker-dealer registrations decreased slightly, the number of investment adviser firms increased compared to the previous year. Individual registrations increased from 2019, which continues the pattern of the last several periods. Investment activity continued to flourish in Kentucky, with almost 6,000 company filings, including initial, renewal, notice filings and claims of exemption. During 2020, the Registration Branch processed

approximately 150,000 registrations of firms, financial professionals and securities.

Throughout the year, administrative actions resulted in \$1,485,791 in fines and more than \$4 million in ordered restitution. The Enforcement Branch assisted with numerous criminal investigations, which resulted in 232 months of ordered imprisonment or probation. The branch continues to work jointly with other agencies and law enforcement authorities to ensure compliance with state and federal securities laws and regulations.

Securities Division staff is focused on investor education and holds events throughout the state. During 2020, employees from the division shared their expertise by participating as presenters in several virtual events to promote investor protection and financial education.

Investment activity continued to flourish in Kentucky, with almost 6,000 company filings.

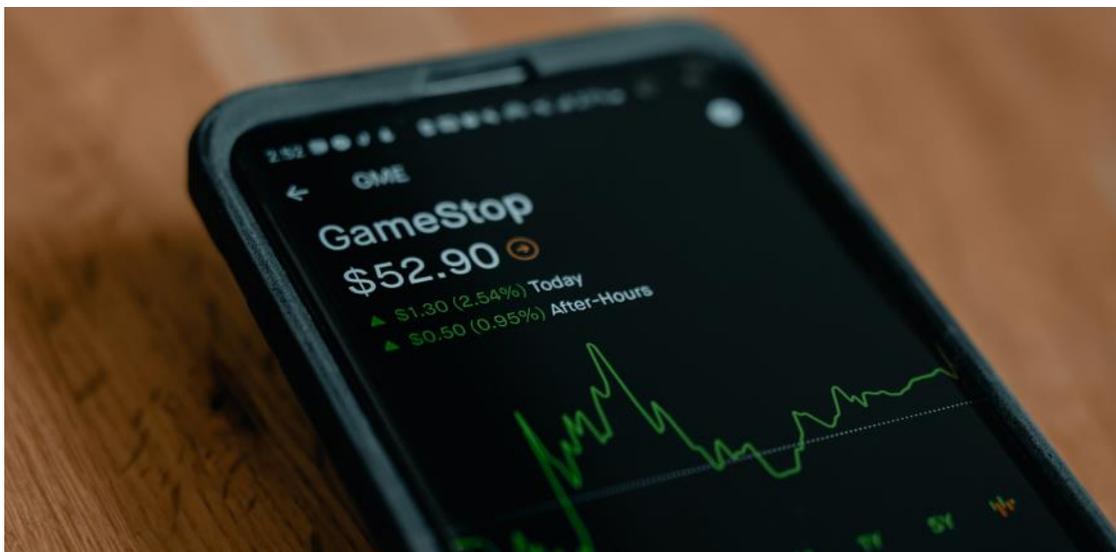


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DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF SECURITIES

COMPLIANCE BRANCH REPORT

Examiners in the Compliance Branch perform examinations of broker-dealers and investment advisers, as well as their respective agents and representatives, to determine compliance with Kentucky securities laws. Examiners also assist DFI legal staff with administrative and civil actions the department may pursue against violators of the Securities Act.

COMPLIANCE BRANCH EXAMINATIONS	DEC. 31, 2020	DEC. 31, 2019
Broker-Dealer Examinations	2	5
Investment Advisory Examinations	49	69
Total Examinations	51	74
Orders/Agreements Entered as a Result of Examination	7	7

Licensing & Registration Branch

Employees in the Licensing and Registration Branch process applications for the registration of broker-dealers, investment advisers (IAs), IA representatives and agents. The registration staff ensures applications from firms and individuals meet Kentucky securities law requirements. Staff members also respond to inquiries from the public concerning investment adviser or broker registration status and disciplinary history.

BROKER-DEALERS HEADQUARTERED IN KENTUCKY

NAME	CITY
Alexander Investment Services Co.	Louisville
Churchill Financial LLC	Louisville
Dupree & Company Inc.	Lexington
EF Legacy	Louisville
First Kentucky Securities Corp.	Louisville
Investment Bank Services Inc.	Louisville
Jefferson National Securities Corp.	Louisville
Nancy Barron and Associates Inc.	Lexington
Private Client Services LLC	Louisville

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

PRIMARY BUSINESS NAME	MAIN CITY
80/20 Wealth Management LLC	Crestwood
Accredited Wealth Management LLC	Louisville
Acuity Wealth Management Advisors	Lexington
Advantage Investment Management	Louisville
Arnett Financial Group	Morganfield
Avant-Garde Wealth LLC	Bowling Green
Bahe Farnsley LLC	Louisville
Beacon Asset Management LLC	Owensboro
Blacksummit Financial Group Inc.	Nicholasville
Bluegrass Capital Advisors LLC	Louisville
Bluegrass Financial Planning LLC	Louisville
Canopus Wealth Management	Louisville
Capital Investment Management Inc.	Leitchfield
Cashel Financial Advisors LLC	Louisville
Churchill Financial LLC	Louisville
Clark Financial Planning LLC	Louisville
Clear Trace LLC	Pewee Valley
Clearleaf	Louisville
Coats Financial Planning	Louisville
Commonwealth Financial Advisors LLC	Louisville
Context Financial LLC	Lexington
Corley Capital LLC	Brandenburg
Cox Planning Services PLLC	Paducah
Crimson Oak Wealth Management LLC	Lexington
Crossroads Financial Consulting	Paducah
Dean Dorton Wealth Management LLC	Lexington
Different By Design Financial Planning	Louisville
Doyle Asset Management LLC	Cadiz
E2 Financial Services LLC	Southgate
Federal Hill Capital Management	Bardstown
Financial Architects Inc.	Louisville
Financial Grit LLC	Bowling Green
Finom LLC	Louisville
Focus on Success LLC	Fort Mitchell
Foster Investment Services	Lexington
Fox & Company Wealth Management	Mayfield
G J Kohler Investment Advisors LLC	Prospect

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY (CONT.)

PRIMARY BUSINESS NAME	MAIN CITY
Goldenrod Financial LLC	Somerset
Graeter Wealth Advisors LLC	Louisville
Greenwell Capital Management LLC	Owensboro
Griggs Capital LLC	Lexington
Harvey R. Little Jr Financial Services	Berea
High Knoll Wealth Advisors LLC	Lexington
Highland Capital Advisors LLC	Louisville
HPC Financial Services LLC	Louisville
Independent Capital LLC	Lexington
Invest Inc.	Lexington
Investment Answers	Louisville
Investment Research Advisory Corporation	Louisville
J. Hagan Capital Inc.	Louisville
Jesse Investment Advisors Inc.	Louisville
Journey Financial Management LLC	Bowling Green
JS Financial LLC	Louisville
Keepsake Management Inc.	Lexington
Key Financial Advisors LLC	Owensboro
Lach Financial	Louisville
Legacy Advisory Services	Louisville
Lead Point Wealth Management LLC	Louisville
Leif Clarke Wealth Management Inc.	Ashland
Lexington Financial Advisors LLC	Lexington
Lexington Investment Company Inc.	Lexington
Life Advisors Financial Planning and Wealth Management LLC	Munfordville
Lifetime Wealth Design LLC	Louisville
Linker Capital Management Inc.	Prospect
Mann Capital Management LLC	Florence
MC Financial Services Inc.	Louisville
Mercurio Wealth Advisors	Louisville
Moneylife Partners Inc.	Louisville
Moneywise Inc.	Lexington
Multi Fund Management Inc.	Louisville
New Millennium Asset Management Inc.	Richmond
Page Financial Services LLC	Louisville
Palmer Capital Management Inc.	Verona

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY (CONT.)

PRIMARY BUSINESS NAME	MAIN CITY
Phillips Investments LLC	Louisville
Pierce Financial Planning	Lexington
Pivot Point Wealth Planning	Brandenburg
Poplar Ventures LLC	Louisville
Principled Wealth Advisors LLC	Covington
Proactive Advisors LLC	Lexington
Proactive Wealth Management	Lexington
Prosperity Asset Management LLC	Louisville
Regional Investment Advisors Inc.	Louisville
Reliable Municipal Advisors LLC	Betsy Lane
Remington Wealth Management LLC	Louisville
Research & Portfolio Management	Crescent Springs
Revolutionary Wealth Management Corp.	Louisville
Rite Financial Group LLC	Lexington
Rivercities Asset Management LLC	Owensboro
Riverstone Asset Management LLC	Louisville
Robert M. Walker & Associates	Taylorsville
Safe Lock Advisors LLC	Berea
Scholar Financial	Bowling Green
Springhouse Financial LLC	Louisville
The Wright Legacy Group LLC	Elizabethtown
The Prosperity People	Bellevue
Thomas M. Zalla PhD	Fort Wright
Thompson Investment Advisors	Louisville
TKM Financial Services LLC	Louisville
Tobe Investments	Louisville
Townsend Financial Planning	Mt. Sterling
Triple Crown Wealth Management	Lexington
Vermillion Private Wealth	Lexington
Vistafront Partners Inc.	Frankfort
Walker Financial Services Inc.	Bowling Green
Warren Wealth Management and Tax Planning Inc.	Louisville
Wealth Management of Kentucky Inc.	Lexington
Wealth Management of the Bluegrass Inc.	Lexington
Witter & Westlake Investments	Louisville
Wrenne Financial Planning LLC	Lexington
Your Best Move Inc.	Bardstown

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

BROKER-DEALER REGISTRATIONS

	DEC. 31, 2020	DEC. 31, 2019
Renewed	1,407	1,416
Approved	61	78
Withdrawals (Form BDW)	86	79
Total Registered (Year-End)	1,382	1,415

BROKER-DEALER AGENT REGISTRATIONS

	DEC. 31, 2020	DEC. 31, 2019
Renewed	129,446	126,946
Approved	27,610	28,954
Terminated	22,226	24,400
Total Registered (Year-End)	134,830	131,500

ISSUER AGENT REGISTRATIONS

	DEC. 31, 2020	DEC. 31, 2019
Renewed	5	9
Approved	1	0
Terminated	2	4
Total Registered (Year-End)	4	5

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

STATE-REGISTERED INVESTMENT ADVISERS

	DEC. 31, 2020	DEC. 31, 2019
Renewed	174	181
Approved	15	8
Terminated	13	12
Total Registered (Year-End)	176	177

FEDERAL COVERED INVESTMENT ADVISERS

	DEC. 31, 2020	DEC. 31, 2019
Renewed	1,165	1,154
Total Effective Notice Filings (Year-End)*	1,210	1,167

INVESTMENT ADVISER REPRESENTATIVES

	DEC. 31, 2020	DEC. 31, 2019
Renewed	5,886	5,791
Total State and Federal IARs (Year-End)*	6,109	5,889

* The difference between the number of renewals and end-of-year totals is due to new, withdrawn, failed-to-renew, and terminated individuals and entities during the calendar year.

DIVISION OF SECURITIES

LICENSING & REGISTRATION BRANCH

Corporation Finance

The Licensing and Registration Branch includes Corporation Finance staff who process applications for the registration or exemption from registration of securities to be offered and sold in Kentucky. The staff in this area also process notice filings by issuers of federally covered securities, such as mutual funds. In addition, the staff answers questions from the public about the requirements for selling securities in Kentucky.

	DEC. 31, 2020	DEC. 31, 2019
Private Placement Securities Offerings	41	41
NOTICE FILINGS		
Investment Companies—New	288	429
Investment Companies—Renewals	3,650	3,669
Unit Investment Trusts	933	1,241
Regulation D, Rule 506 Offerings	858	794
EXEMPTIONS		
Claims of Exemption Requested	46	53
Regulation A, Tier 2 Offerings	41	39
TOTAL FILINGS	5,857	6,266

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DIVISION OF SECURITIES

ENFORCEMENT BRANCH

Enforcement Branch Report

The Enforcement Branch investigates allegations of securities fraud and related illegal conduct. Division investigators work closely with DFI legal staff to pursue administrative and civil actions against alleged violators of the Securities Act. In addition, division investigators routinely assist outside law enforcement agencies and collaborate with securities investigators from other states. The division refers cases to state and federal authorities for criminal prosecution.

	DEC. 31, 2020	DEC. 31, 2019
INVESTIGATIONS		
Referrals/Assistance to Outside Agencies	6	5
Referrals from Outside Agencies	14	7
Investigations Opened	18	12
Investigations Closed	18	15
Investigations Pending	35	35
ENFORCEMENT ACTIONS		
Administrative Orders	21	18
Civil Orders	0	0
Fines	\$1,485,791	\$438,950
Restitution to Clients/Investors Ordered	\$4,185,786	\$2,287,392
CRIMINAL ACTIONS		
Criminal Referrals	1	1
Criminal Indictments	0	0
Investigations with Federal/State Law Enforcement Authorities	5	5

CRIMINAL SENTENCINGS IN 2020

- ◆ Derek Burcham was sentenced to 63 months in prison followed by 36 months supervised release.
- ◆ Christopher Hibbard was sentenced to 97 months in prison followed by 36 months supervised release.

DIVISION OF SECURITIES

ENFORCEMENT BRANCH

DFI SETTLEMENT AGREEMENT WITH JPMORGAN SECURITIES LLC

In 2020, DFI reached a settlement with JPMorgan Securities LLC, a subsidiary of JPMorgan Chase & Co., regarding the firm's failure to disclose adequately various conflicts of interest related to its Chase Strategic Portfolio (CSP). The department found that JPMorgan Securities neglected to inform investors of the following:

- The CSP program preferred to invest their money in investments managed by other JPMorgan partners.
- The firm received fees and discounts from other JPMorgan partners.
- The company purchased more expensive share classes without notifying investors that less expensive classes were available.

JP Morgan Securities agreed to pay a \$325,000 fine. The full agreement is available on the "Securities Enforcement Actions" page of the department's website at <https://kfi.ky.gov>.

DEREK BURCHAM SENTENCING

Derek Payne Burcham was sentenced to 63 months in prison followed by three years of supervised release. Mr. Burcham was previously a registered investment adviser representative and sole owner of a state-registered investment adviser. The Securities Division discovered red flags and moved forward with an investigation to protect Kentucky investors through numerous administrative actions and, ultimately, a criminal referral.

Kentucky Department of Financial Institutions

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