

2014 ANNUAL REPORT

DFI Kentucky
Department of
Financial Institutions

Supervising Kentucky's
Financial Industry for 102 Years

TABLE OF CONTENTS

In 2014, the Kentucky Department of Financial Institutions (DFI) supervised:

DEPOSITORY DIVISION

- BANK BRANCH

147 State-chartered banks with assets from \$23 million to \$3.7 billion.



PAGE 11

NONDEPOSITORY DIVISION

5,413 Loan originators/processors

1,014 Mortgage companies/brokers

549 Check cashers/payday lenders

357 Consumer loan companies

30 Industrial loan companies

72 Money transmitters



PAGE 23

DEPOSITORY DIVISION

- CREDIT UNION BRANCH

24 State-chartered credit unions with assets from \$691,000 to \$979 million.



PAGE 19

SECURITIES DIVISION

1,469 Broker-dealers

189 State investment advisers



PAGE 27

Other DFI Annual Report contents:

PAGE ITEM

4 Letter from the Commissioner

8 Financial Institutions Board

9 Organizational Structure

10 Application and Administrative Support Branch

Steven L. Beshear, Governor



Ambrose Wilson IV, Secretary

Charles Vice, Commissioner

PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

Dear Gov. Steven L. Beshear,

As commissioner of the Kentucky Department of Financial Institutions (DFI), I am pleased to present the 2014 Annual Report. This annual report confirms that Kentucky's financial services industry remains strong. The financial services industry continues to successfully address technology, economic, and regulatory challenges, while providing necessary services to Kentucky residents.

Cybersecurity has become a prominent issue and will remain a challenge for many years to follow. The DFI started the Financial Cybercrime Task Force of Kentucky in 2014. The Securities Division participated in a national cybersecurity survey of state-registered investment advisers. Additionally, one of our employees helped develop a self-assessment tool for depository institutions that was released nationally by the Federal Financial Institutions Examination Council. Also in 2014, DFI hosted three town hall meetings for bankers to provide industry feedback that was used by the Conference of State Bank Supervisors and the Federal Reserve Board during the Second Annual Community Bank Conference. In September, I testified on small depository institutions before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

DFI continues to encourage economic growth through effective oversight of the banking and credit union industries. Kentucky state-chartered banks continue to maintain strong capital levels compared to contiguous states and the national average. Capital ratios have improved from a notable increase in earnings retention, and net income has increased. During 2014, total state-chartered credit union assets increased and net worth grew.

The Division of Securities provides sound regulatory oversight of investment activities, while encouraging capital formation for future economic growth. DFI works closely with law enforcement agencies to address fraud, stop illegal securities activities, and seek restitution for investors who have been harmed. DFI also provides investor education to help Kentucky residents save, spend, and invest wisely.

The Division of Nondepository Institutions provides effective oversight of non-bank financial institutions, such as mortgage loan companies, mortgage brokers and consumer loan companies. The Division strives to protect consumers and to provide appropriate regulatory oversight of the companies we license and examine, all while keeping abreast of changes in information technology, payments systems, and alternative lending industries.

Throughout this document, you will notice quotes from various DFI employees that tell why they value working at DFI and regulating the financial services industry. DFI is blessed with employees that act professionally, work diligently, and are genuinely concerned about the industries they regulate. Furthermore, our managers encourage educational opportunities and foster a successful work environment. Our employees are the reason the DFI is a leader in financial regulation.

Sincerely,

A handwritten signature in black ink, appearing to read "Cha A. Vice". The signature is fluid and stylized, with a large, sweeping flourish at the end.



COMMISSIONERS 1912-2014

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

* Title was Executive Director from 2004-2007

HISTORY

DFI traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. Gov. James B. McCreary appointed Thomas J. Smith as the first commissioner, effective July 1, 1912. The department was charged 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 lists six employees - a commissioner, deputy, clerk, and several examiners. Initially the department supervised 466 commercial banks, savings banks, independent trust companies and title companies with total assets of only \$110 million.

The legislature mandated supervision of state-chartered savings (building) and loan associations in 1918 and added state-chartered credit unions in 1922. When the agency began oversight of the state's securities industry in mid-1932, it was renamed the Department of Banking and Securities. The next year, as the Great Depression continued, the Federal Deposit Insurance Corporation was created. In 1933, Kentucky bank closures reached an all-time high when 23 state banks failed.

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 over the years to include other types of financial institutions, its organizational structure and name changed as well, from the Department of Financial Institutions in 1984 to the Office of Financial Institutions in 2004. The name was changed back to Department of Financial Institutions with a cabinet reorganization in 2008.



The 2014 DFI management team includes, left to right: Marty Hammonds ■ Anna Dennis ■ Gary Davis ■ Sarah Butler ■ Garry Wright ■ Holly Ross ■ Pam Fitzgerald ■ Tammy Scruggs ■ Christina Hayden ■ Jessica Sharpe ■ Simon Berry ■ Rebecca Arthur ■ Chad Harlan ■ Anthony Murphy ■ Shonita Bossier ■ Milton Wickles Jr. ■ Charles Vice ■ Kevin Maquire ■ Brian Raley ■ Andrew Dorton ■ William Milberger

MISSION, VALUES, VISION

DEPARTMENT OF FINANCIAL INSTITUTIONS

VALUES

EFFECTIVE AND EFFICIENT OPERATION

We will wisely use the resources entrusted to us by the Commonwealth to ensure maximum output is achieved for each dollar invested.

RESPONSIBILITY

We accept the serious nature of the tasks (or 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.

MISSION STATEMENT

The Department of Financial Institutions' mission is to serve Kentucky residents by maintaining a stable financial industry continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

VISION

The department will:

- Be a leader in developing and implementing sound public policies.
- Be an effective, proactive, credible, and respected regulatory agency.
- Be a leader in educating and protecting the investing, depositing, and borrowing public.
- Encourage capital formation and economic development.
- Achieve a work environment that encourages career opportunities, professional development, and equitable compensation.
- Be responsive to emerging industry trends and issues, and implement appropriate strategies.

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 consists of representatives of all segments of Kentucky's financial industry and the public at large and is chaired by the commissioner. The board's duties are defined in KRS 286.1-013.



Left to right: Karen Harbin ■ Joe Roberts ■ Marty Hammons, DFI Deputy Commissioner ■ Branden Gross ■ Charles Vice ■ Bill Tatum ■ Mike Wilson ■ Jerry Pyle ■ Charles Beach ■ Gary Traughber ■ Dale Sights

BANKING INDUSTRY

Mike D. Wilson
Irvine
Term Expires 10/10/16
Citizens Guaranty Bank

Dorsey G. Hall
Lexington
Term Expires 10/10/16
South Central Bank

Gary M. Traughber
Elkton
Term Expires 10/10/16
Elkton Bank and Trust Co.

J. Dale Sights
Henderson
Term Expires 10/10/15
Bank of Henderson

Charles Beach III
Beattyville
Term Expires 10/10/15
Peoples Exchange Bank

CREDIT UNION

Karen Conyers Harbin
Frankfort
Term Expires 10/10/18
Commonwealth Credit Union

PUBLIC AT LARGE

Bill L. Tatum Jr.
Lebanon
Term Expires 10/10/17
Peoples Bank of Lebanon

David S. Beck
Louisville
Term Expires 10/10/15
Kentucky Farm Bureau Federation

P. Branden Gross
Lexington
Term Expires 10/10/17
Morgan & Pottinger, P.S.C.

CONSUMER FINANCE

Jerry D. Pyle
Crofton
Term Expires 10/10/18
Hometown Finance Company Inc.

SECURITIES

Joe P. Roberts
Richmond
Term Expires 10/10/15
Roberts Insurance and Investments

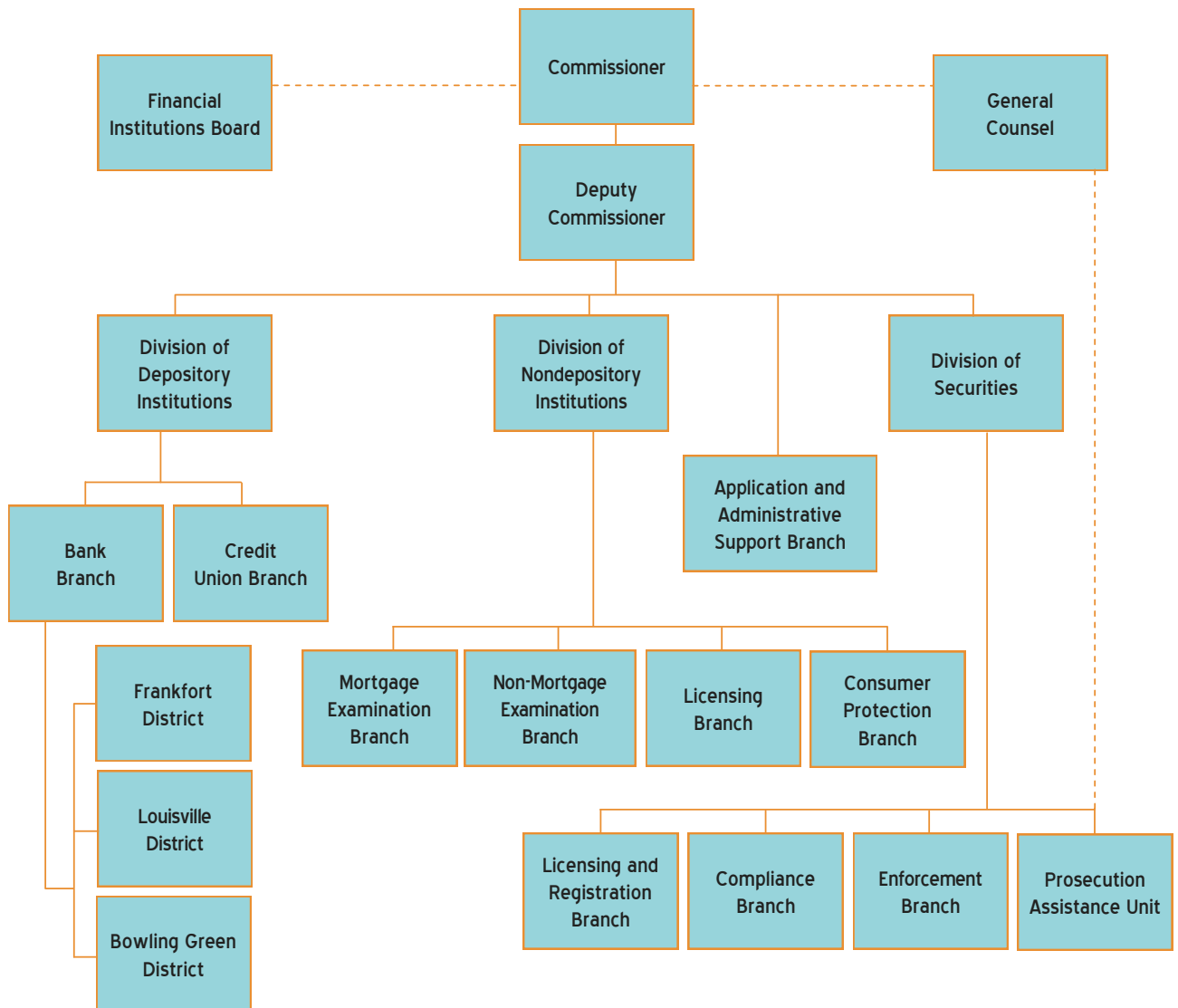
CHAIRMAN - DFI COMMISSIONER

Charles A. Vice

"I celebrate the DFI's continuing dedication to serve the financial industry."
- P. Branden Gross
DFI Board Member

ORGANIZATIONAL STRUCTURE

DEPARTMENT OF FINANCIAL INSTITUTIONS



Executive Assistant to the Governor Colmon Elridge delivers the keynote address during the DFI All Manager Meeting in October 2014.

APPLICATION AND ADMINISTRATIVE SUPPORT BRANCH

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

- Facilities management — Frankfort office and district offices
- Fiscal management
- Operations and quality control
- Safety officer
- Budgeting
- Revenue and expenditure analysis
- Personnel

In 2014, the Application and Administrative Support Branch continued to focus on providing the necessary tools for the department to meet its mission. This includes recruiting new staff and retaining qualified employees to maintain uninterrupted delivery of services to the industry and public.

As it has for many years, the department maintains a toll-free telephone number. Consumers and industry representatives wanting to speak with a member of the agency's staff may call 800-223-2579 with their questions and concerns. Information for consumers, regulated industries and the general public is available online at <http://kfi.ky.gov>. Business hours are from 8 a.m. to 5 p.m. Eastern time at our office located at 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601.

"The Application and Administrative Support Branch provides the tools necessary for the Department's divisions to fulfill the mission."

- Brian Raley
DFI Application and Administrative Support
Branch Manager

"The Department's licensing and registration system, created in 2009 for a single division, has grown to include over 220,000 lines of code and 649 different screens and now encompasses all three of DFI's divisions."

- Jeff Swinford
DFI Systems Consultant

DIVISION OF DEPOSITORY INSTITUTIONS

BANK BRANCH 102ND ANNUAL BANKING REPORT

In 2014, the Bank Branch supervised the activities of 147 state-chartered banks, with total assets ranging from \$23 million to \$3.7 billion. Kentucky state-chartered banks generally continue to report sound financial metrics and improving trends. State-chartered banks remain an integral part of the communities they serve, as they provide financial services and support to Kentucky citizens. Banks are continuing to adapt to consumer demands and regulatory changes, while also monitoring and controlling evolving information technology vulnerabilities and cyber threats.

Kentucky state-chartered banks continue to maintain strong capital levels compared to our contiguous states and nationally. The average leverage capital ratio for state-chartered banks increased from 10.45 percent to 10.71 percent as of year-end 2014. State-chartered banks also reported a slight increase in the total risk-based capital ratio from 16.41 percent to 16.46 percent. Capital ratios have benefited from a notable increase in earnings retention. The ratio of retained earnings to average equity has increased from 3.08 percent at year-end 2013 to 4.17 percent at year-end 2014.

State-chartered banks reported an increase in net income over 2013, with a return on assets of 0.95 percent. Improvement in earnings is directly related to a decline in net charge-offs and related provision expenses. However, continued compression in banks' net interest margins has presented a challenge to the industry.

Bank Performance Comparison - 12/31/2014

	Net Interest Margin	Return on Assets	Tier 1 Leverage Ratio
Kentucky	3.75	0.95	10.71
National	3.45	1.07	9.71
Illinois	2.42	0.86	8.50
Indiana	3.63	1.08	10.35
Missouri	3.45	1.07	9.71
Ohio	3.42	1.13	10.49
Tennessee	3.95	0.97	10.29
Virginia	3.74	0.90	10.09
West Virginia	3.61	0.90	9.77

Chart includes information for state-chartered commercial banks only.
Information obtained from: <https://www2.fdic.gov/qbp/qbpSelect.asp?menuitem=STBL>

BANK CHANGES

3/19/2014

Town Square Bank Inc., Ashland, merged into Home Federal Savings & Loan Association, Ashland.

6/30/2014

First Security Trust Bank Inc., Florence, merged into Commonwealth Bank & Trust Company, Louisville.

10/17/2014

Grant County Deposit Bank, Williamstown, merged into Forcht Bank, National Association, Lexington.

12/22/2014

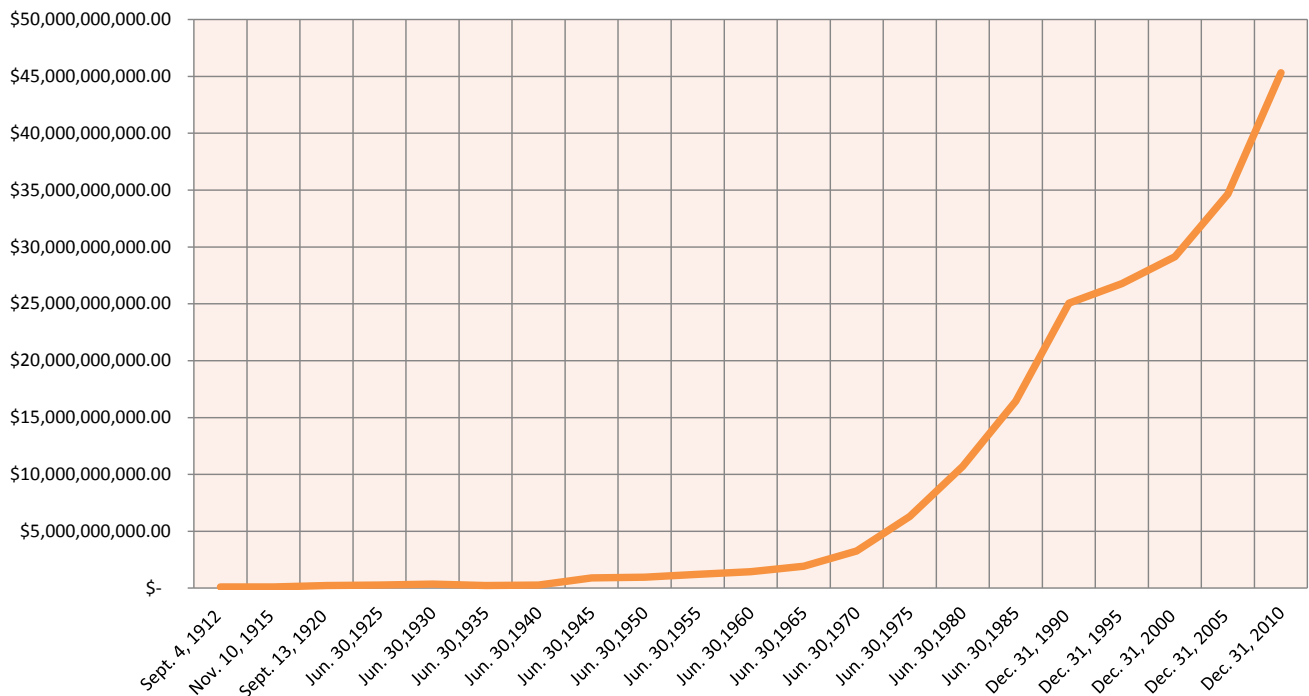
Peoples Security Bank, Louisa, merged into Citizens National Bank of Paintsville, Paintsville.

CONSOLIDATED CONDITION AND INCOME DATA

	Dec. 31, 2014	Dec. 31, 2013
Number of institutions reporting	147	151
Total employees (full-time equivalent)	12,136	12,266
AGGREGATE CONDITION AND INCOME DATA	(Dollar amounts in millions)	
Net income (year-to-date)	456	421
Total assets	49,107	47,523
Earning assets	45,385	43,811
Total loans and leases	32,839	31,463
Other real estate owned	276	312
Total deposits	39,244	38,604
Equity capital	5,470	5,072
PERFORMANCE RATIOS (year-to-date, %)		
Yield on earning assets	4.26	4.39
Cost of funding earning assets	0.51	0.61
Net interest margin	3.75	3.79
Noninterest income to average earning assets	1.01	1.05
Noninterest expense to average earning assets	3.35	3.39
Net charge-offs to loans and leases	0.30	0.53
Credit-loss provision to net charge-offs	65.93	65.53
Net operating income to average assets	0.93	0.87
Retained earnings to average equity	4.17	3.11
Pre-tax return on assets	1.19	1.12
Return on assets	0.95	0.89
Return on equity	8.61	8.24
Percent of unprofitable institutions	5.44	3.97
Percent of institutions with earning gains	61.90	52.32
CONDITION RATIOS (%)		
Net loans and leases to assets	65.94	65.18
Loss allowance to:		
Loans and leases	1.39	1.55
Noncurrent loans and leases	94.84	74.86
Noncurrent loans and leases to		
total loans and leases	1.46	2.07
Nonperforming assets to assets	1.55	2.03
Core deposits to total liabilities	75.65	75.34
Equity capital to total assets	11.14	10.67
Core capital (leverage) ratio	10.71	10.45
Total capital to risk-weighted assets	16.46	16.41
Gross 1-4 family mortgages to gross assets	24.17	24.06
Gross real estate assets to gross assets	62.49	62.59

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

STATE-CHARTERED BANKS ANNUAL CONSOLIDATED STATEMENT OF ASSETS



TOTAL ASSETS

Dollar amounts in thousands with the 000s omitted

INSTITUTION NAME	CITY	TOTAL ASSETS
Peoples Bank and Trust Company of Clinton County	Albany	32,060
Citizens Deposit Bank of Arlington, Inc.	Arlington	180,103
Auburn Banking Company	Auburn	72,937
Kentucky Home Bank	Bardstown	110,359
Town & Country Bank and Trust Company	Bardstown	252,480
Wilson & Muir Bank & Trust Company	Bardstown	457,455
Bank of Ohio County Inc.	Beaver Dam	93,483
Bedford Loan & Deposit Bank	Bedford	87,252
Community Financial Services Bank	Benton	726,055
Peoples Bank and Trust Company of Madison County	Berea	381,928
Farmers State Bank	Booneville	52,559
American Bank & Trust Company Inc.	Bowling Green	261,093
Citizens First Bank Inc.	Bowling Green	412,921
South Central Bank of Bowling Green Inc.	Bowling Green	227,298
Meade County Bank	Brandenburg	183,494
Bank of Edmonson County	Brownsville	199,287
Bank of Buffalo	Buffalo	72,922
Citizens Bank of Cumberland County Inc.	Burkesville	69,484

TOTAL ASSETS

Dollar amounts in thousands with the 000s omitted

INSTITUTION NAME	CITY	TOTAL ASSETS
Bank of Cadiz and Trust Company	Cadiz	107,470
United Citizens Bank & Trust Company	Campbellsburg	105,486
Citizens Bank & Trust Company	Campbellsville	182,093
Taylor County Bank	Campbellsville	165,474
Farmers & Traders Bank of Campton	Campton	46,321
Bank of Caneyville	Caneyville	50,181
Kentucky Farmers Bank Corporation	Catlettsburg	175,129
The Cecilian Bank	Cecilia	586,632
First Security Bank of Kentucky	Central City	98,976
King Southern Bank	Chaplin	182,553
Bank of Clarkson	Clarkson	118,123
Clinton Bank	Clinton	62,208
First Community Bank of the Heartland Inc.	Clinton	173,952
Bank of Columbia	Columbia	124,751
United Citizens Bank of Southern Kentucky	Columbia	132,049
Hometown Bank of Corbin Inc.	Corbin	138,796
The Bank of Kentucky Inc.	Crestview Hills	1,930,114
Farmers Deposit Bank	Cynthiana	138,280
Bluegrass Community Bank	Danville	64,825
Dixon Bank	Dixon	87,759
First Citizens Bank	Elizabethtown	311,752
First Federal Savings Bank of Elizabethtown	Elizabethtown	775,115
Kentucky Neighborhood Bank	Elizabethtown	132,171
South Central Bank of Hardin County Inc.	Elizabethtown	82,742
Elkton Bank & Trust Company	Elkton	130,081
Heritage Bank Inc.	Erlanger	524,268
Peoples Bank of Kentucky Inc.	Flemingsburg	259,744
Farmers Bank & Capital Trust Company	Frankfort	686,948
The Bankers' Bank of Kentucky Inc.	Frankfort	85,025
Franklin Bank & Trust Company	Franklin	386,597
Fredonia Valley Bank	Fredonia	77,674
Edmonton State Bank	Glasgow	452,436
South Central Bank Inc.	Glasgow	282,977
The Commercial Bank of Grayson	Grayson	168,447
The Farmers Bank	Hardinsburg	103,845
The Bank of Harlan	Harlan	126,345
Citizens Bank	Hartford	32,374
Commonwealth Community Bank Inc.	Hartford	149,927
Hancock Bank & Trust Company	Hawesville	275,154
1st Trust Bank Inc.	Hazard	195,377
Peoples Bank & Trust Company of Hazard	Hazard	281,405
BankTrust Financial	Henderson	131,448
Ohio Valley Financial Group	Henderson	260,552

TOTAL ASSETS

Dollar amounts in thousands with the 000s omitted

INSTITUTION NAME	CITY	TOTAL ASSETS
The Citizens Bank	Hickman	109,429
Bank of Hindman	Hindman	171,307
Heritage Bank USA Inc.	Hopkinsville	932,319
Planters Bank Inc.	Hopkinsville	856,847
United Southern Bank	Hopkinsville	266,613
Hyden Citizens Bank	Hyden	130,138
Inez Deposit Bank	Inez	149,656
First State Bank	Irvington	166,059
Citizens Bank & Trust Company of Jackson	Jackson	143,090
Bank of Jamestown	Jamestown	168,631
Century Bank of Kentucky Inc.	Lawrenceburg	110,012
Peoples Bank	Lebanon	54,155
Leitchfield Deposit Bank & Trust Company	Leitchfield	118,077
Lewisburg Banking Company	Lewisburg	112,500
American Founders Bank Inc.	Lexington	290,973
Bank of Lexington Inc.	Lexington	241,702
Bank of the Bluegrass and Trust Company	Lexington	214,404
Central Bank & Trust Company	Lexington	1,938,519
Whitaker Bank	Lexington	1,371,264
The Casey County Bank Inc.	Liberty	163,803
Louisa Community Bank	Louisa	31,115
Central Bank of Jefferson County	Louisville	184,388
Commonwealth Bank and Trust Company	Louisville	822,125
Eclipse Bank Inc.	Louisville	141,337
Metro Bank	Louisville	33,748
PBI Bank	Louisville	1,016,665
Republic Bank & Trust Company	Louisville	3,742,760
River City Bank Inc.	Louisville	276,945
Stock Yards Bank & Trust Company	Louisville	2,561,014
The First Capital Bank of Kentucky	Louisville	503,552
First United Bank and Trust Company	Madisonville	202,762
Magnolia Bank Inc.	Magnolia	164,706
Farmers Bank and Trust Company	Marion	138,670
The Peoples Bank	Marion	36,314
First Guaranty Bank	Martin	54,847
First Kentucky Bank Inc.	Mayfield	371,644
FNB Bank Inc.	Mayfield	419,880
Bank of Maysville	Maysville	116,025
Security Bank and Trust Company	Maysville	51,998
Jackson County Bank	McKee	127,416
Farmers Deposit Bank of Middleburg Inc.	Middleburg	46,503
Home Federal Bank Corporation	Middlesboro	334,863
The Farmers Bank of Milton	Milton	223,626

TOTAL ASSETS

Dollar amounts in thousands with the 000s omitted

INSTITUTION NAME	CITY	TOTAL ASSETS
The Monticello Banking Company	Monticello	531,673
The Citizens Bank	Morehead	126,501
United Community Bank of West Kentucky Inc.	Morganfield	219,906
Morgantown Bank & Trust Company Inc.	Morgantown	157,421
Traditional Bank Inc.	Mount Sterling	1,167,564
Citizens Bank	Mount Vernon	140,898
The Peoples Bank	Mount Washington	79,452
Hart County Bank and Trust Company	Munfordville	27,490
Citizens Bank of Northern Kentucky Inc.	Newport	254,248
The Farmers Bank	Nicholasville	111,145
First Security Bank	Owensboro	546,102
Independence Bank of Kentucky	Owensboro	1,569,868
South Central Bank of Daviess County Inc.	Owensboro	205,425
First Farmers Bank and Trust Company	Owenton	113,960
Peoples Bank & Trust Company	Owenton	55,919
Owingsville Banking Company	Owingsville	62,101
The Paducah Bank and Trust Company	Paducah	545,917
Kentucky Bank	Paris	854,298
Community Trust Bank Inc.	Pikeville	3,699,771
First State Financial Inc.	Pineville	342,575
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	303,249
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	118,758
West Point Bank	Radcliff	161,530
Citizens Guaranty Bank	Richmond	139,201
Madison Bank	Richmond	122,557
First & Peoples Bank and Trust Company	Russell	198,995
The Sacramento Deposit Bank	Sacramento	71,444
Sebree Deposit Bank	Sebree	23,170
Citizens Union Bank of Shelbyville	Shelbyville	524,620
The Peoples Bank of Bullitt County	Shepherdsville	233,616
Cumberland Security Bank Inc.	Somerset	164,068
Springfield State Bank	Springfield	288,342
PBK Bank Inc.	Stanford	103,051
Peoples Exchange Bank	Stanton	336,096
The Peoples Bank	Taylorsville	111,226
South Central Bank of Monroe County	Tompkinsville	127,988
Citizens Deposit Bank & Trust	Vanceburg	373,064
Pinnacle Bank Inc.	Vanceburg	47,895
United Bank & Trust Company	Versailles	524,293
Bank of the Mountains Inc.	West Liberty	65,947
Commercial Bank	West Liberty	149,796
United Cumberland Bank	Whitley City	275,939
Alliance Banking Company	Winchester	60,933

TOTAL

\$49,107,159

TRUST ASSETS

Dollar amounts in thousands with the 000s omitted

NAME	CITY	ASSETS
Town & Country Bank and Trust Company	Bardstown	327,994
Wilson & Muir Bank & Trust Company	Bardstown	162
Bank of Cadiz and Trust Company	Cadiz	9,670
Kentucky Farmers Bank Corporation	Catlettsburg	77,714
First Security Bank of Kentucky	Central City	1,075
Clinton Bank	Clinton	1,644
The Bank of Kentucky Inc.	Crestview Hills	835,708
First Citizens Bank	Elizabethtown	156,015
Elkton Bank & Trust Company	Elkton	9,140
Peoples Bank of Kentucky Inc.	Flemingsburg	5,493
Farmers Bank & Capital Trust Company	Frankfort	293,888
Franklin Bank & Trust Company	Franklin	59,306
Commonwealth Community Bank Inc.	Hartford	16,920
Hancock Bank & Trust Company	Hawesville	4,543
Peoples Bank & Trust Company of Hazard	Hazard	4,911
Ohio Valley Financial Group	Henderson	410,036
The Citizens Bank	Hickman	7,293
Planters Bank Inc.	Hopkinsville	122,210
Citizens Bank & Trust Company of Jackson	Jackson	7,693
Bank of the Bluegrass and Trust Company	Lexington	174,238
Central Bank & Trust Company	Lexington	1,145,918
Whitaker Bank	Lexington	463,736
Commonwealth Bank and Trust Company	Louisville	1,349,722
PBI Bank	Louisville	44
Republic Bank & Trust Company	Louisville	174,556
Stock Yards Bank & Trust Company	Louisville	2,232,259
First United Bank and Trust Company	Madisonville	20,936
Bank of Maysville	Maysville	19,494
The Monticello Banking Company	Monticello	92,604
United Community Bank of West Kentucky Inc.	Morganfield	6,503
Morgantown Bank & Trust Company Inc.	Morgantown	3,749
Hart County Bank and Trust Company	Munfordville	2,926
Citizens Bank of Northern Kentucky Inc.	Newport	41,125
Independence Bank of Kentucky	Owensboro	390,014
Peoples Bank & Trust Company	Owenton	722
The Paducah Bank and Trust Company	Paducah	257,448
Kentucky Bank	Paris	153,854
Community Trust Bank Inc.	Pikeville	14,146
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	18,167
First & Peoples Bank and Trust Company	Russell	39,600
Citizens Union Bank of Shelbyville	Shelbyville	1,174
Cumberland Security Bank Inc.	Somerset	17,913

TOTAL (Includes managed and non-managed trust accounts)

\$8,972,263

TOTAL ASSETS

(Dollar amounts in thousands with the 000s omitted)

NAME	CITY	ASSETS
Community Trust and Investment Company	Lexington	2,338,097
First Kentucky Trust Company	Louisville	498,505
Hilliard Lyons Trust Company LLC	Louisville	4,798,231
The Glenview Trust Company	Louisville	<u>5,654,030</u>
TOTAL (Includes managed and non-managed trust accounts)		\$13,288,863



DFI Examiner Specialist Patty Pennington delivers a training workshop to other DFI examiners in October 2014.

"State-chartered banks have a customer focus and are vital in local communities."

- Holly Ross
DFI Bank Branch Manager

"I like working on the cutting edge of cybersecurity in the financial industry."

- Brian Dickert
DFI Examiner Specialist

"Examiners provide services not only to the consumers we protect, but also to the management teams of the financial industry that we regulate."

- William Milberger
DFI Louisville District Manager



Eastern Kentucky bankers share industry perspectives during the Morehead Town Hall Meeting hosted by DFI in June 2014.

DIVISION OF DEPOSITORY INSTITUTIONS

CREDIT UNION BRANCH 80TH ANNUAL CREDIT UNION REPORT

The Credit Union Branch supervised 24 Kentucky state-chartered credit unions, with total assets ranging from \$691,000 to \$979 million. Kentucky state-chartered credit unions are in sound financial condition but report declining profitability. During 2014, total assets increased 5.52 percent. The ratio of net worth to total assets was strong at 14.06 percent. The return on average assets declined from 0.84 percent in 2013 to 0.74 percent in 2014.

Total loans grew 7.67 percent. Real estate secured loans accounted for 40.2 percent of total loans, with fixed-rate loans secured by first liens on residential property accounting for 59.1 percent of all real estate loans. The ratio of delinquent loans to total loans was 0.87 percent, and the ratio of charged-off loans to average loans was 0.68 percent.

Interest rate risk in Kentucky credit unions improved in 2014. After three consecutive years of increases, the net long-term asset ratio declined from 35.93 percent in 2013 to 29.79 percent in 2014. Interest rate risk management is important for Kentucky state-chartered credit unions to maintain acceptable operating results and strong net worth positions.

CREDIT UNION CHANGES

During 2014, one federal credit union in Kentucky converted to state charter. One federal credit union merged into a state credit union, and two credit union charters were dissolved through voluntary merger.

June 30, 2014

Kentucky Army National Guard Federal Credit Union, Frankfort, merged into Kentucky Employees Credit Union.

Sept. 30, 2014

Tarcana Credit Union, Louisville, merged into Jefferson County Federal Credit Union.

Sept. 30, 2014

Paducah City Employees Credit Union, Paducah, merged into Signet Federal Credit Union.

Dec. 31, 2014

Members Heritage Federal Credit Union, Lexington, converted, becoming Members Heritage Credit Union.

"I have enjoyed most the opportunity to help solve problems. The credit union business model is very different from that of most banks."

Kevin Maguire
DFI Credit Union Branch Manager



The Credit Union Branch staff meets with the Depository Division Director during a DFI staff training in October.

SELECTED COMPOSITE OPERATING RATIOS

DECEMBER 2014 DECEMBER 2013 DECEMBER 2012

CAPITAL ADEQUACY

Net Worth/Total Assets	14.06	14.39	15.19
Net Worth/Total Assets -Including Optional Total Assets Election (if used)	14.06	14.39	15.19
Total Delinquent Loans/Net Worth	3.82	4.54	3.73
Solvency Evaluation (Estimated)	116.09	116.82	118.24
Classified Assets (Estimated)/Net Worth	3.87	3.62	3.27

ASSET QUALITY

Delinquent Loans/Total Loans	0.87	1.07	1.01
Net Charge-Off/Average Loans	0.68	0.70	0.62
Fair (Market) Value/Book Value Held to Maturity Investments	62.48	99.99	103.37
Accumulated Unrealized Gain or Loss on Available for Sale/Cost of Available for Sale	-1.08	-2.19	0.57
Delinquent Loans/Assets	0.54	0.65	0.57

EARNINGS

Return on Average Assets	0.74	0.84	1.05
Return on Average Assets Before NCUSIF Stabilization Income/Expense	0.74	0.91	1.13
Gross Income/Average Assets	5.41	5.82	5.36
Yield on Average Loans	5.65	6.32	6.32
Yield on Average Investments	1.23	1.27	1.14
Fee and Other Operating Income/Average Assets	1.55	1.64	1.37
Cost of Funds/Average Assets	0.48	0.55	0.52
Net Margin/Average Assets	4.92	5.26	4.84
Operating Expenses/Average Assets	3.76	3.96	3.44
Provision for Loan and Lease Losses/Average Assets	0.45	0.48	0.34
Fixed Assets and Foreclosed and Repossessed Assets/Total Assets	2.76	2.50	2.21
Net Operating Expenses/Average Assets	2.93	3.08	2.63

ASSET/LIABILITY MANAGEMENT

Net Long-Term Assets/Total Assets	29.79	35.93	32.08
Regular Shares/Total Shares and Borrowings	45.55	45.90	53.37
Total Loans/Total Shares	72.80	71.84	66.70
Total Loans/Total Assets	61.77	61.01	55.85
Cash + Short Term Investments/Assets	11.24	11.04	15.94
Total Shares, Deposits and Borrowings/Earning Assets	92.98	90.70	87.93
Regular Shares + Share Drafts/Total Shares and Borrowings	57.98	57.11	60.24
Borrowings/Total Shares and Net Worth	0.87	0.54	0.19

SELECTED COMPOSITE OPERATING RATIOS

DECEMBER 2014 DECEMBER 2013 DECEMBER 2012

PRODUCTIVITY

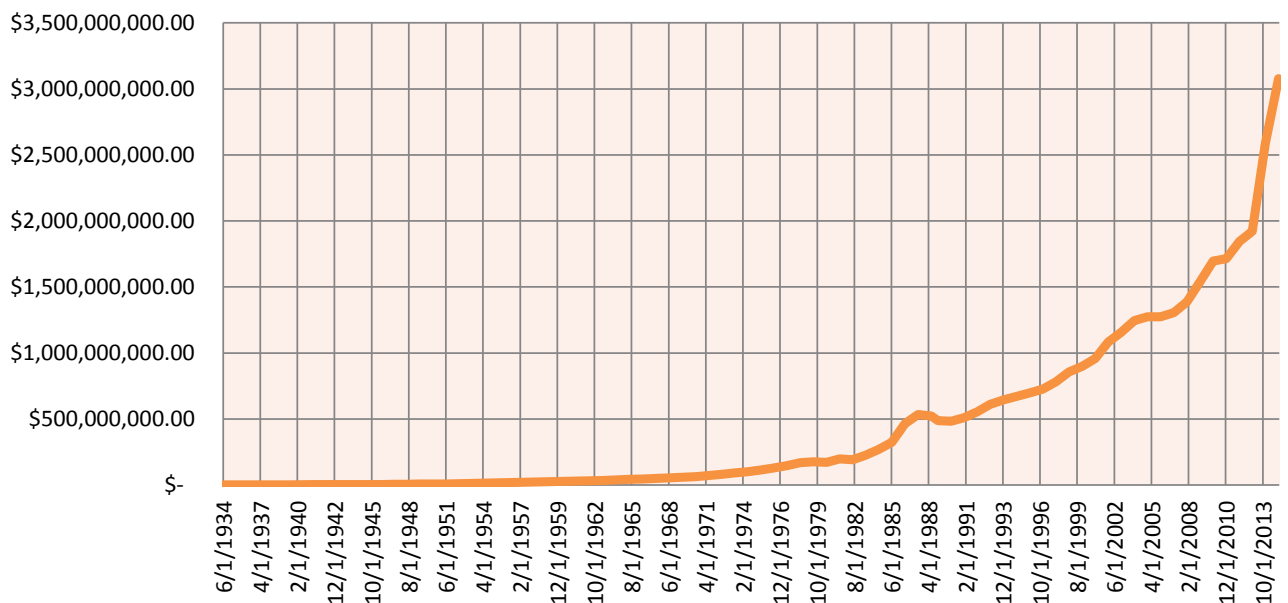
Members/Potential Members	3.08	2.61	2.92
Borrowers/Members	53.42	55.39	56.59
Members/Full-Time Employees	388.14	388.46	404.39
Average Shares Per Member	\$7,682	\$7,676	\$7,209
Average Loan Balance	\$10,469	\$9,955	\$8,094
Salary and Benefits/Full-Time Employees	\$63,997	\$64,538	\$63,392

OTHER RATIOS

Net Worth Growth	3.98	2.38	6.89
Market (Share) Growth	4.88	3.89	3.67
Loan Growth	7.67	9.86	3.30
Asset Growth	5.52	4.11	4.17
Investment Growth	-9.16	-2.50	5.66
Membership Growth	3.74	2.03	1.53

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

STATE-CHARTED CREDIT UNIONS ANNUAL CONSOLIDATED STATEMENT OF ASSETS



REPORT OF CONDITION

STATE-CHARTERED CREDIT UNIONS

CREDIT UNION NAME	YEAR OPENED	INSURANCE CERTIFICATE #	CITY	TOTAL ASSETS DEC. 31, 2014
Ashland (formerly Ashland, Inc. Employees, originally Ashland Oil Employees)	1942	61792	Ashland	182,520,339
Members Choice (originally Ashland ARMCO Employees)	1932	62026	Ashland	197,873,188
Berea	1923	62389	Berea	1,242,865
Service One (originally Western Kentucky)	1963	62484	Bowling Green	127,513,744
C&O United (originally Chesapeake & Ohio Railway's Employee's)	1928	62587	Edgewood	14,942,390
Commonwealth	1951	61437	Frankfort	979,204,360
Kentucky Employees	1938	62431	Frankfort	68,214,567
Muhlenberg Community Hospital	1961	62490	Greenville	690,962
Greater Kentucky (originally GTKY)	1953	62228	Lexington	59,012,836
Lexington Postal	1928	62370	Lexington	17,928,963
Members Heritage (formerly Member Heritage Federal, originally IBM (Lexington) Employees Federal)	1960	68661	Lexington	342,346,965
Metro Employees (originally Lexington Kentucky City Employees)	1940	63058	Lexington	21,767,627
AutoTruck Financial (originally AutoTruck Federal)	1965	68617	Louisville	106,050,876
Beacon Community (formerly Beacon, originally Louisville Naval Ordnance)	1947	60883	Louisville	53,436,814
Brown-Forman Employees	1936	62482	Louisville	11,644,755
KEMBA Louisville	1934	62358	Louisville	46,942,272
Louisville Federal	1924	62433	Louisville	34,868,418
Louisville Gas and Electric Co.	1934	61123	Louisville	33,524,756
Louisville Metro Police Officers (originally Louisville Police Officers)	1942	61772	Louisville	22,850,779
Park Community (formerly Park Community Federal)	1955	68644	Louisville	689,333,429
Rural Cooperatives	1964	61693	Louisville	39,205,557
Friends First (originally Friends First Federal)	1974	68637	Owensboro	5,542,011
Letcher County Teachers	1964	62303	Whitesburg	971,106
Whitesville Community	1962	62432	Whitesville	20,874,643
TOTAL				\$3,078,504,222

"I like the fact the credit unions
are owned by the members."

-Kimberly Carter
DFI Certified Examiner

DIVISION OF NONDEPOSITORY INSTITUTIONS

DFI's Division of Nondepository Institutions consists of four branches: the Licensing Branch, the Consumer Protection Branch, the Mortgage Examination Branch, and the Non-Mortgage Examination Branch. The division has four branch managers who supervise 19 examiners, investigators and licensing staff. Due to the challenges leading up to the recession, consumer finance laws and regulations have been rapidly changing, primarily as a result of the Dodd-Frank Act. The Division of Nondepository Institutions is committed to maintaining a well-trained staff. The division also provides educational materials and outreach to protect consumers from financial fraud.

MORTGAGE EXAMINATION BRANCH 2ND ANNUAL MORTGAGE EXAMINATION REPORT

The Mortgage Examination Branch is responsible for the examination and oversight of state-licensed mortgage loan companies, mortgage loan brokers, mortgage loan originators, and mortgage loan processors. Staff conducts independent compliance examinations as well as multi-state examinations of companies licensed in the Commonwealth to ensure business is being conducted in accordance with applicable state and federal law.

EXAMINATION TYPE	EXAMINATIONS 2014	EXAMINATIONS 2013
Mortgage Companies	244	213
Mortgage Brokers	<u>60</u>	<u>59</u>
Total	304	272

NON-MORTGAGE EXAMINATION BRANCH 2ND ANNUAL NON-MORTGAGE REPORT

The Non-Mortgage Examination Branch is responsible for the examination and oversight of state licensed check cashers, deferred deposit/payday lenders, consumer loan companies, industrial loan companies, and money transmitters. The staff conducts independent examinations of companies licensed in the Commonwealth to ensure business is being conducted in accordance with state and federal law. Money transmitter examinations are conducted as part of a multi-state examination process.

EXAMINATION TYPE	EXAMINATIONS 2014	EXAMINATIONS 2013
Payday Lenders/Check Cashers	536	551
Consumer Loan Companies	355	350
Industrial Loan Companies	30	26
Money Transmitters	<u>13</u>	<u>14</u>
Total	934	941

"Nondepository employees are experienced professionals that go above and beyond every day to ensure a sound financial industry and appropriate consumer protection measures."

- Tammy Scruggs

DFI Nondepository Division
Director

"I enjoy speaking to Kentucky residents and providing assistance with their questions or needs."

- Andrew Calvert
DFI Examiner III

DIVISION OF NONDEPOSITORY INSTITUTIONS

LICENSING BRANCH 2ND ANNUAL LICENSING REPORT

The Licensing Branch is responsible for licensing non-bank financial institutions, comprised of mortgage loan companies, mortgage brokers, consumer loan companies, industrial loan companies, check cashers, deferred deposit/payday lenders, and money transmitters. The Licensing Branch also registers mortgage professionals such as mortgage loan originators and mortgage processors.

LICENSE TYPE	LICENSES AS OF 2014	LICENSES AS OF 2013
Mortgage Companies	907	815
Mortgage Brokers	107	120
Check Cashers/Payday Lenders	549	552
Consumer Loan Companies	357	377
Industrial Loan Companies	30	30
Money Transmitters	72	61
REGISTRATION TYPE	REGISTRATIONS AS OF 2014	REGISTRATIONS AS OF 2013
Loan Originators/Processors	5,413	5,240

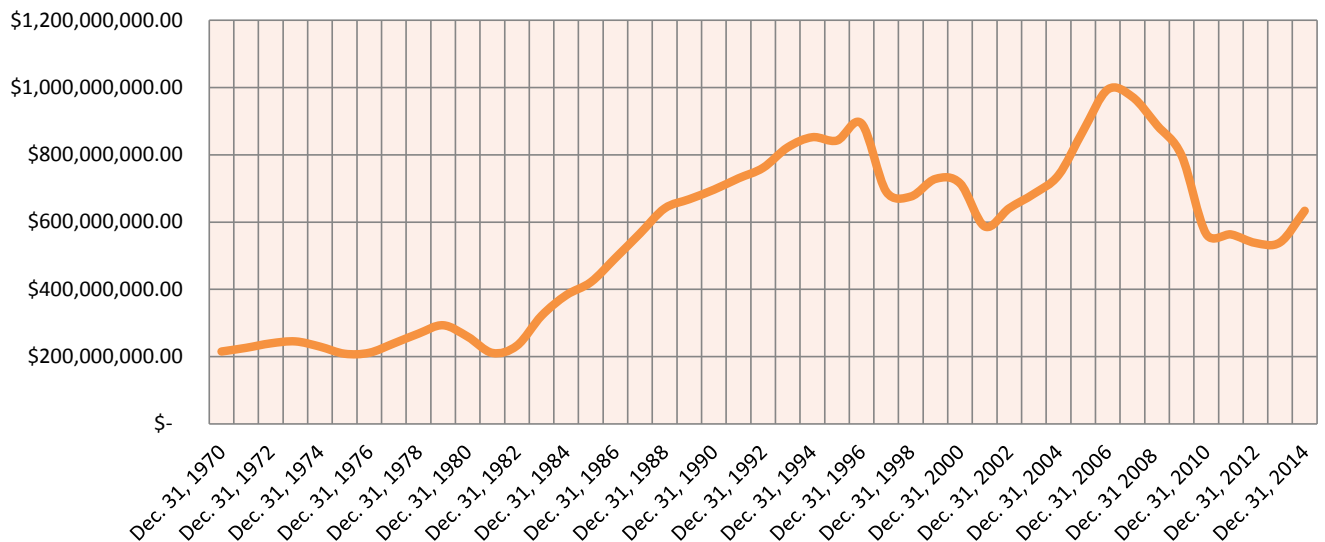
CONSUMER PROTECTION BRANCH 6TH ANNUAL CONSUMER PROTECTION REPORT

The Consumer Protection Branch investigates complaints and suspicious activity relating to nondepository institutions. The staff also accepts complaints for matters relating to depository institutions. The investigators identify, examine, and recommend actions against those companies and individuals who exhibit unethical behavior or perpetrate financial crimes against Kentucky citizens. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through instructional outreach programs. The Consumer Protection Branch investigated 118 complaints in 2013 and 125 complaints in 2014 against licensed entities on behalf of Kentucky consumers. Additionally, the branch processed 137 complaints in 2013 and 101 complaints in 2014 against unlicensed Internet lenders.

NONDEPOSITORY LICENSE TYPE	COMPLAINTS 2014	COMPLAINTS 2013
Mortgage Companies/Brokers	41	41
Check Cashers/Payday Lenders (licensed)	13	5
Consumer Loan Companies	11	16
Industrial Loan Companies	0	0
Sale of Checks/Money Transmitters	<u>8</u>	<u>3</u>
Total	73	65
DEPOSITORY LICENSE TYPE		
State-Chartered Banks	43	54
State-Chartered Credit Unions	<u>9</u>	<u>9</u>
Total	52	53
UNLICENSED LENDERS		
Internet Payday/Installment Lenders	101	137

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

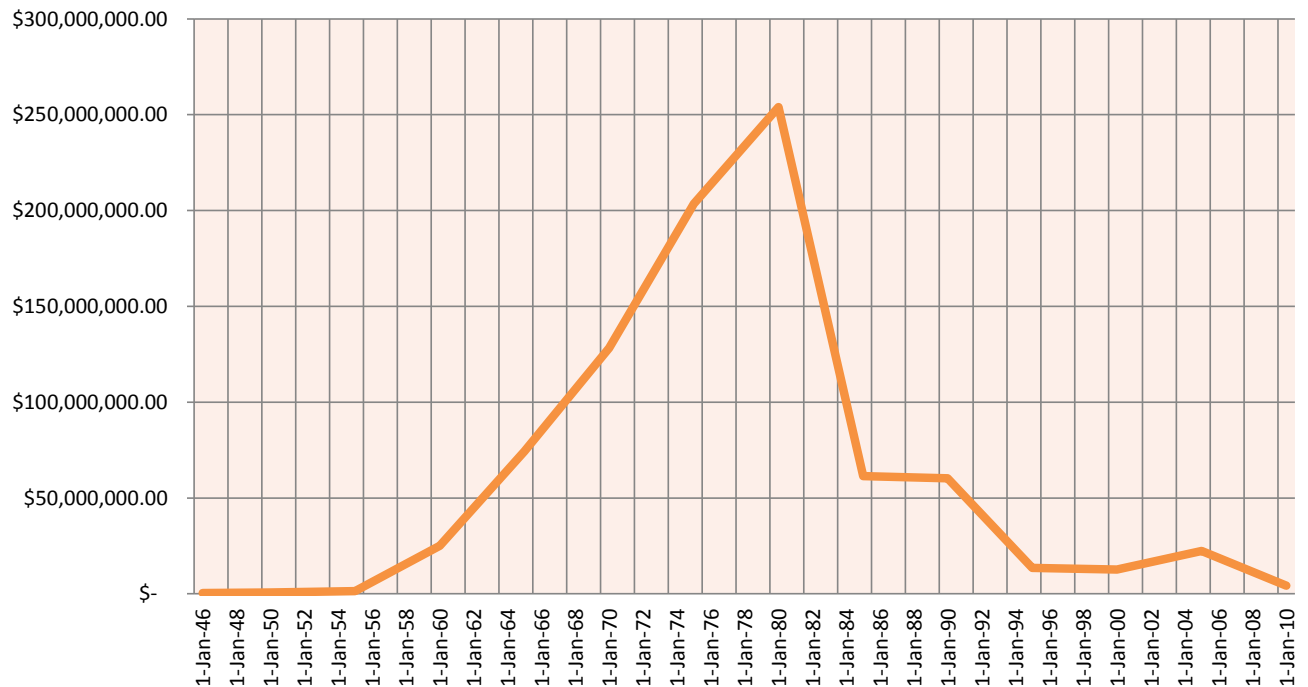
KENTUCKY CONSUMER LOAN COMPANIES ANNUAL CONSOLIDATED STATEMENT OF ASSETS



CONSOLIDATED REPORT OF CONDITION

	DEC. 31, 2014	% CHANGE	DEC. 31, 2013
Kentucky Consumer Loan Companies	357	2.88%	347
ASSETS			
Cash and Due from Depositor Institutions	6,043,703	6.93%	5,652,077
Total Loans Receivable (Net of Unearned Interest and Reserves)	603,664,914	18.19%	510,747,633
Premises and Fixed Assets (Net of Depreciation)	6,140,522	-3.33%	6,351,867
Deferred Charges and Prepaid Expenses	509,391	-61.53%	1,324,178
Other Assets Used in Consumer Loan Business	<u>17,282,798</u>	9.88%	<u>15,728,884</u>
Total Assets Used in Consumer Loan Business	633,641,328	17.38%	539,804,639
LIABILITIES AND CAPITAL			
Total Liabilities	455,300,019	23.73%	367,979,443
Total Capital	<u>178,341,309</u>	3.79%	<u>171,825,196</u>
Total Liabilities and Capital	663,641,328	17.38%	539,804,639
Residential Real Estate Loans → \$15,000	6,729,305	-6.65%	7,208,443

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

KENTUCKY INDUSTRIAL LOAN COMPANIES
ANNUAL CONSOLIDATED STATEMENT OF ASSETS

CONSOLIDATED REPORT OF CONDITION

	DEC. 31, 2014	DEC. 31, 2013
Total Industrial Loan Companies	30	30
Total Assets	8,823	887,549
Total Liabilities	0	780,607
Total Equity Capital	8,823	106,941
Total Liabilities and Equity Capital	8,823	887,549



DFI Public
Information Officer
Kelly May talks
about saving and
borrowing with
elementary
school students
in April 2014. DFI
provides outreach
on financial topics
to all ages.

"I feel we do important
work to protect Kentucky
citizens and keep the financial
industry safe and sound."
- Kelly May
DFI Public Information Officer

DIVISION OF SECURITIES

28TH ANNUAL SECURITIES REPORT

One of the primary missions of the Securities Division is to protect Kentuckians from investor fraud. The Securities Division continues to protect Kentucky investors from fraud and unlicensed investment activities. A key investor protection role is to identify and cull out the bad actors before they have a chance to conduct business with unsuspecting Kentuckians. Screening bad actors on the front end is an important way state securities regulators protect investors. According to the North American Securities Administrators Association, the licenses of 3,438 broker-dealers, investment advisers and their representatives were either withdrawn, denied, revoked, suspended, or conditioned by state securities regulators across North America.

Cybersecurity issues have become a concern to investors, regulators, and the industry. State securities regulators have noticed an increase in cyber-attacks in the financial services industry. Kentucky was one of nine states which participated in the North American Securities Administrators Association pilot cybersecurity project. The project was designed to help regulators understand the cybersecurity practices of state-registered investment advisers, which account for over half of the registered investment advisers conducting business in the United States. Through the use of a template survey, the pilot project gathered information regarding the technology and data practices of state-registered investment advisers, how the advisers communicated with clients, and the type of policies and procedures these advisers currently maintain. The pilot project also focused on specific uses of technology and websites with the goal of understanding the safeguards used by state-registered investment advisers to protect client information and to identify national cybersecurity trends relevant to state-registered investment advisers. Kentucky surveyed 123 state registered investment advisers as part of the project. Preliminary findings showed that using electronic devices to access client information is prevalent (85 percent), but few have experienced a cybersecurity incident (4.1 percent).

In 2014, the Securities Division conducted 125 examinations and 47 investigations which resulted in 10 administrative orders.



Left to right:
Consumer Protection
Branch Manager Garry
Wright and Enforcement
Branch Manager Chad
Harlan talk to citizens in
Maysville, Ky., from DFI's
booth at the Senior Scam
Jam event.

"The DFI Securities team understands that the work we do daily impacts the lives of Kentuckians. We are passionate about our work and are committed to protecting investors and promoting capital formation for small businesses."

- Shonita Bossier

DFI Securities Division Director

LICENSING AND REGISTRATION BRANCH REPORT

Employees in the Licensing and Registration Branch process applications for the registration of broker-dealers, investment advisers and their licensed employees. The licensing staff can deny the applications of firms and individuals who do not meet the requirements of the Kentucky securities laws. The licensing staff also responds to inquiries from the public concerning investment adviser or broker licensing status and disciplinary history.

2014 BROKER-DEALERS HEADQUARTERED IN KENTUCKY

BROKER-DEALER	CITY
Supreme Alliance LLC	Lancaster
Dupree & Company Inc.	Lexington
First Kentucky Securities Corporation	Lexington
Lexington Investment Company Inc.	Lexington
Nancy Barron & Associates Inc.	Lexington
Alexander Investment Services Company	Louisville
Churchill Financial LLC	Louisville
Investment Bank Services Inc.	Louisville
J.J.B. Hilliard, W.L. Lyons LLC	Louisville
Jefferson National Securities Corporation	Louisville
Private Client Services LLC	Louisville
Roosevelt Equity Corporation	Louisville

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

INVESTMENT ADVISER	CITY
Leif Clarke Wealth Management Inc.	Ashland
Federal Hill Capital Management LLC	Bardstown
Your Best Move Inc.	Bardstown
The Wealth Advisory Team LLC d/b/a Mackey Advisors	Bellevue
Harvey R. Little Jr. Financial Services	Berea
Journey Financial Management LLC	Bowling Green
Panoptic Financial Group LLC	Bowling Green
Walker Financial Services Inc.	Bowling Green
Doyle Asset Management LLC	Cadiz
Via Wealth Management Inc.	Campbellsville
Lang Advisors LLC	Covington
Principled Wealth Advisors LLC	Covington
Tactical Wealth Management	Covington
MCW Financial Inc. d/b/a Research & Portfolio Management	Crescent Springs
Cochran & Associates Inc.	Crestwood
Wilson Financial Services Inc.	Dry Ridge
Resource Design Inc.	Edgewood
The Wright Legacy Group LLC	Elizabethtown
Geary Investment Services LLC	Fairdale
Mann Capital Management LLC	Florence
Thomas M. Zalla, CFP, Ph.D.	Fort Wright

LICENSING AND REGISTRATION BRANCH REPORT

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

INVESTMENT ADVISER	CITY
Focus on Success LLC	Fort Mitchell
Supreme Alliance LLC	Lancaster
Capital Investment Management Inc.	Leitchfield
Lighthouse Capital Management LLC	Lewisburg
Crimson Oak Wealth Management LLC	Lexington
Douglas Hawkins Investment LLC d/b/a Accelerated Wealth Advisors	Lexington
Emerick & Company LLC	Lexington
Garrett Financial Management LLC	Lexington
Griggs Capital LLC	Lexington
Investments & Financial Planning LLC	Lexington
iTrust Asset Management LLC	Lexington
J.D.T. Inc. d/b/a Invest Inc.	Lexington
Keepsake Management Inc.	Lexington
Lexington Investment Company Inc.	Lexington
Marjac Capital Management LLC	Lexington
Moneywise Inc.	Lexington
Navin Advisors LLC	Lexington
Pierce Financial Planning Inc.	Lexington
Proactive Advisors LLC	Lexington
RTAG d/b/a Retirement Tax Advisory Group	Lexington
Sagebrush Investment Management LLC	Lexington
Scearce Services Inc. d/b/a Cambridge Financial	Lexington
TMFS-Lexington LLC d/b/a The Mutual Fund Store	Lexington
Wealth Management of Kentucky Inc.	Lexington
Wrenne Financial Planning LLC	Lexington
Accredited Wealth Management LLC	Louisville
Archer Financial Planning LLC	Louisville
Blandford Wealth Management LLC	Louisville
Bluegrass Capital Advisors LLC	Louisville
Bluegrass Financial Planning LLC	Louisville
Cashel Financial Advisers LLC	Louisville
Churchill Financial LLC	Louisville
Coats Financial Planning Inc.	Louisville
Commonwealth Financial Advisors LLC	Louisville
Conservative Asset Management Inc.	Louisville
Cornerstone Benefit Advisors LLC d/b/a Cornerstone Wealth Advisors	Louisville
Financial Architects Inc.	Louisville
Garton and Associates Financial Advisors LLC d/b/a Advantage Investment Management	Louisville
Graeter Wealth Advisors LLC	Louisville
Highland Capital Advisors LLC	Louisville

LICENSING AND REGISTRATION BRANCH REPORT

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

INVESTMENT ADVISER	CITY
HPC Financial Services LLC	Louisville
IKM Capital Management LLC	Louisville
Investment Answers Capital LLC	Louisville
Investment Research Advisory Corporation	Louisville
J. Hagan Warren Capital Partners Limited	Louisville
Jesse Investment Advisors Inc.	Louisville
JGD Investment Management LLC	Louisville
Lach Financial LLC	Louisville
Lancaster Advisors LLC	Louisville
Lanier Asset Management LLC	Louisville
Lifetime Wealth Design LLC	Louisville
Linker Capital Management Inc.	Louisville
Mackhouse Capital LLC d/b/a Mackhouse, LLC	Louisville
MC Financial Services Inc.	Louisville
Multi Fund Management Inc.	Louisville
MWM Advisory Services LLC d/b/a MWM Advisory	Louisville
Olmsted Ventures, LLC d/b/a Olmsted Capital	Louisville
Page Financial Services LLC	Louisville
Pillar Financial Advisors LLC	Louisville
Private Asset Management LLC	Louisville
Quantum Financial Consultants LLC	Louisville
Regional Investment Advisors Inc.	Louisville
Remington Wealth Management LLC	Louisville
Revolutionary Wealth Management Corp.	Louisville
Riverstone Asset Management LLC	Louisville
Sachs Investment Group LLC	Louisville
Springhouse Financial LLC	Louisville
Sterling Financial Group Ltd.	Louisville
Strategic Wealth Designers LLC	Louisville
Thompson Investment Advisors Inc.	Louisville
Waycross Partners LLC	Louisville
WealthMD Corporation	Louisville
Winebrenner Capital Management LLC	Louisville
Witter & Westlake Investments Inc.	Louisville
Milestones Financial Planning LLC	Mayfield
MoneyTree Capital Management LLC d/b/a Arnett Financial Group	Morganfield
Townsend Financial Planning LLC	Mount Sterling
Life Advisors Financial Planning and Wealth Management LLC	Munfordville
Tatro Capital LLC	Nicholasville
Christina Vittitow O'Bryan, CFP d/b/a Beacon Asset Management	Owensboro

LICENSING AND REGISTRATION BRANCH REPORT

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

INVESTMENT ADVISER

Nina M. Wyatt & Associates LLC
 RiverCities Asset Management LLC
 Cox Planning Services PLLC
 Heritage Financial Group Inc.
 Ron Beaton's Money Matters
 Clear Trace LLC
 Encompass Wealth Management LLC
 G. J. Kohler Investment Advisors LLC
 Janlyn Capital LLC
 PMK Capital Management LLC
 New Millennium Asset Management Inc.
 Godby Wealth Management Inc.
 Lawrence J. Botzman, CFP
 Robert M. Walker & Associates Inc.
 Palmer Capital Management Inc.
 Fortress Planning Group LLC
 Equity Advisors of Kentucky Inc.
 E. Thomas & Associates Inc.

CITY

Owensboro
 Owensboro
 Paducah
 Paducah
 Paducah
 Peewee Valley
 Princeton
 Prospect
 Prospect
 Prospect
 Richmond
 Somerset
 Somerset
 Taylorsville
 Verona
 Villa Hills
 Waddy
 Williamstown

"What I like best about working at DFI is serving and protecting the investing public of Kentucky."

- Anthony Murphy

DFI Licensing and Registration
 Branch Manager

"My favorite part of the job is being in the position to help prevent financial fraud. The bulk of our complaints seem to include claims that investment promoters have made false representations to induce their investment. I enjoy seeking appropriate action and preventing further damage to Kentucky investors."

- Jesse Vaughn

DFI Examiner Specialist

LICENSING AND REGISTRATION BRANCH REPORT

	DEC. 31, 2014	% CHANGE	DEC. 31, 2013
BROKER-DEALER REGISTRATIONS			
Renewed	1,489		1,520
Approved	53		76
Withdrawals (Form BDW)	<u>73</u>		<u>60</u>
Total Registered (year-end)	1,469	-1.34%	1,489
BROKER-DEALER AGENT REGISTRATIONS			
Renewed	<u>107,943</u>		<u>103,638</u>
Total Registered (year-end)	112,435*	4.16%	107,943*
ISSUER AGENT REGISTRATIONS			
Renewed	51		60
Approved	9		5
Terminated	<u>18</u>		<u>14</u>
Total Registered (year-end)	42	-17.64%	51
STATE INVESTMENT ADVISERS			
Renewed	<u>189</u>		<u>182</u>
Total Registered (year-end)	189	0.00%	189*
FEDERAL COVERED INVESTMENT ADVISERS			
Renewed	<u>980</u>		<u>943</u>
Total Effective Notice Filings	1,022*	4.28%	980*
INVESTMENT ADVISER REPRESENTATIVES (IAR)			
Renewed	<u>4,932</u>		<u>4,631</u>
Total State and Federal IARs (year-end)	5,218*	3.97%	4,932*

NOTE: The difference between the number of renewals and end of year totals is due to new, withdrawn and terminated entities and individuals during the calendar year.

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 processes notice filings by issuers of federally covered securities such as mutual funds. In addition, the corporation finance staff answers questions from the general public about the requirements for selling securities in Kentucky.

REGISTRATIONS

Private Placement Securities Offerings	34	34
--	----	----

NOTICE FILINGS

Investment Companies - New	621	556
Investment Companies - Renewals	4,261	4,042
Unit Investment Trusts	1,423	1,273
Reg. D, Rule 506 Offerings	485	485

EXEMPTIONS

Claims of Exemption Requested	<u>46</u>	<u>54</u>
Total Filings	6,859	6,444

COMPLIANCE BRANCH REPORT

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

	DEC. 31, 2014	DEC. 31, 2013
COMPLIANCE BRANCH EXAMINATIONS		
Broker-Dealer Examinations	51	64
Investment Adviser Examinations	74	66
Issuer Agent Examinations	<u>0</u>	<u>2</u>
Total Examinations	125	132
Orders/Agreements	3	5

ENFORCEMENT BRANCH REPORT

The Enforcement Branch staff investigates allegations of securities fraud and related illegal conduct. In coordination with DFI's legal staff, the investigators assist with administrative and civil actions the department may pursue against alleged violators of the Securities Act. In addition, division investigators work closely with outside law enforcement agencies and assist securities investigators from other states. Cases are referred by the division to state and federal authorities for criminal prosecution.

	DEC. 31, 2014	DEC. 31, 2013
INVESTIGATIONS		
Referrals/Assistance to Outside Agency	6	2
Referrals from Outside Agency	7	10
Investigations Opened	7	20
Investigations Closed	8	9
Investigations Pending	47	62
ENFORCEMENT ACTIONS		
Administration Orders	7	11
Civil Orders	0	2
Fines	\$205,445	\$255,648
Restitutions to Client	\$1,749,175	\$37,500

PROSECUTION ASSISTANCE UNIT REPORT

The primary role of DFI's Prosecution Assistance Unit is to assist prosecutors in preparing criminal cases involving securities law violations. The unit also provides the investigative support to successfully bring securities cases to trial.

In one of its first big cases, the Prosecution Assistance Unit secured two guilty pleas in Magoffin Circuit Court on Nov. 20, 2014. Pamela Jean Williams and Richard Dow Williams, both of Salyersville, pleaded guilty to a recommended charge of one consolidated fraud count with restitution to the victims. It was the first case where DFI employees were appointed as assistant commonwealth's attorneys. In that role, the attorneys in the Prosecution Assistance Unit prosecuted the case on behalf of the Magoffin County Commonwealth's Attorney's Office.

	DEC. 31. 2014	DEC. 31. 2013
Criminal Referrals	2	4
Criminal Indictments	9	1
Investigations with Federal/State Law Enforcement Authorities	3	4



DFI co-sponsors the Kentucky Saves Week Celebration each February in the state capitol. Above: Sisters view the display in the Capitol Rotunda and point to their favorite entries. Top right: The Rotunda display showcased student-created piggy banks and posters with a theme of saving money. Bottom right: Student winners pose with their creations at the awards ceremony.

Kentucky
Department of
Financial Institutions



502-573-3390
800-223-2579
<http://kfi.ky.gov>