



2017 Annual Report

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

Supervising Kentucky's Financial Industry for 105 Years





DEPARTMENT OF FINANCIAL INSTITUTIONS

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In 2017, the Kentucky Department of Financial Institutions (DFI) supervised:

- 10 DIVISION OF DEPOSITORY INSTITUTIONS
 - BANK BRANCH
 - 124 State-chartered banks with assets from \$22 million to \$5 billion.
 - 18 - CREDIT UNION BRANCH
 - 23 State-chartered credit unions with assets from \$700,000 to \$1.2 billion.
- 22 DIVISION OF NONDEPOSITORY INSTITUTIONS
 - 7,721 Loan originators/processors
 - 1,609 Mortgage companies/brokers
 - 456 Check cashers/payday lenders/limited check cashers
 - 387 Consumer loan companies
 - 1 Industrial loan company
 - 102 Money transmitters
- 25 DIVISION OF SECURITIES
 - 1,434 Broker-dealer firms
 - 190 State investment adviser firms



Left to Right: Marni Gibson, Joe Donohue, Charles Vice, Jenean Hampton, Brian Raley, and Tammy Scruggs. DFI's executive management team welcomed Lt. Governor Jenean Hampton when she visited the office in November 2017. The team shared DFI highlights, including accomplishments and goals. The meeting concluded with a tour of the central office.

Matthew G. Bevin, Governor



K. Gail Russell, Acting Secretary
Charles Vice, Commissioner

PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

Dear Gov. Bevin,

As Commissioner of the Kentucky Department of Financial Institutions, I am pleased to present the 2017 Annual Report. As part of the Administration's Red Tape Reduction initiative, the Department has eliminated 16 percent of our rules and regulations, and we continue to review the remaining regulations to simply requirements and ensure a business friendly environment that encourages growth and economic activity. The department also accomplished our consumer protection goals through appropriate supervision of the industries we regulate, participation in various consumer outreach programs, supporting the *Kentucky Saves* initiative, and hosting several meetings with the industry to clarify expectations.

The financial services industry continues to experience significant change. The banking industry as a whole continues to experience consolidation, and this trend is evident in Kentucky as the number of state-chartered banks declined from 133 in 2016 to 124 as of year-end 2017. The number of credit unions reduced by one to 23 at the end of 2017. Conversely, the number non-depository financial services registered or licensed in Kentucky continues to expand as consumers seek financial services, such as mortgage loans and money transmission services, from multiple sources.

The financial health of the financial services industry in Kentucky improved significantly in 2017. Banks and credit unions reported increased levels of income and capital, coupled with a significant decline in the volume of problem assets. However, in addition to consolidation trends, another concerning statistic is the lack of any new bank and credit union formation in Kentucky. If this continues, access to financial services could become a challenge in some parts of the state.

The Securities Division remains a leader in supervision, with several of our employees serving on national boards and regulatory working groups. Employees continue to provide appropriate supervision of the securities companies and investment professionals that offer services in Kentucky. In addition, the department has worked closely with local and federal prosecutors to address investor harm when identified.

As this report indicates, the DFI continues to effectively meet our mission by implementing our value each day. Our employees are dedicated public servants who understand the critical need for a strong financial services industry in the Commonwealth of Kentucky.



Sincerely,

A handwritten signature in black ink, reading "Cha A. Vice".



DEPARTMENT OF FINANCIAL INSTITUTIONS

Commissioners 1912-2017

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	Charles A. Vice	Steven L. Beshear
2015-Present	Charles A. Vice	Matthew G. Bevin

* Title was Executive Director from 2004-2007



DEPARTMENT OF FINANCIAL INSTITUTIONS

History

The Banking Act of 1912 originally established DFI as the Department of Banking. 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.

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, the organizational structure and name changed as well, to the current Department of Financial Institutions.

DFI's consumer outreach program has provided hundreds of Kentuckians with information on being wise with their finances and avoiding fraud. Besides teacher and student resources, the outreach program includes information for adults, with programming such as the *Dash for the Stash* investor education contest conducted through public and college libraries and regional *Senior Scam Jam* events to educate elders about fraud prevention.



DFI's Allison Evans welcomes attendees at the Lexington Senior Scam Jam, a free fraud prevention event for senior citizens. This event took place in July 2017.



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 consists of representatives of all segments of Kentucky's financial industry and the public at large, and the DFI Commissioner is chair. The board's duties are defined in KRS 286.1-013.



Top row, left to right:
Mike Wilson, Joe Roberts,
Charles Vice, Dale Sights,
Ken Potish, and Brandon
Gross.

Bottom row, left to right:
Karen Harbin, James
Rogers, Terry Bunnell, and
Marshall Bradley.

BANKING INDUSTRY

Marshall Bradley Jr.
Louisville
Term Expires 10/10/19
Old National Bank

Mike D. Wilson
Irvine
Term Expires 10/10/20
Citizens Guaranty Bank

J. Dale Sights
Henderson
Term Expires 10/10/19
Field and Main Bank

Terry Bunnell
Glasgow
Term Expires 10/10/20
The Peoples Bank

CREDIT UNION

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

CONSUMER FINANCE

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

SECURITIES

Joe P. Roberts
Lexington
Term Expires 10/10/19
Roberts Insurance and Investments

James Michael Rogers
Prospect
Term Expires 10/10/20
Retired, Hilliard Lyons

PUBLIC AT LARGE

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

P. Branden Gross
Lexington
Term Expires 10/10/17
Bingham Greenebaum Doll LLP

Kenneth Alan Potish
Louisville
Term Expires 10/10/20
Alpha Leasing Company

DFI COMMISSIONER, CHAIR
Charles A. Vice



DEPARTMENT OF FINANCIAL INSTITUTIONS

Mission, Values, Vision



MISSION STATEMENT

DFI's 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.

VALUES

Effective and Efficient Operation

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.

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 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.

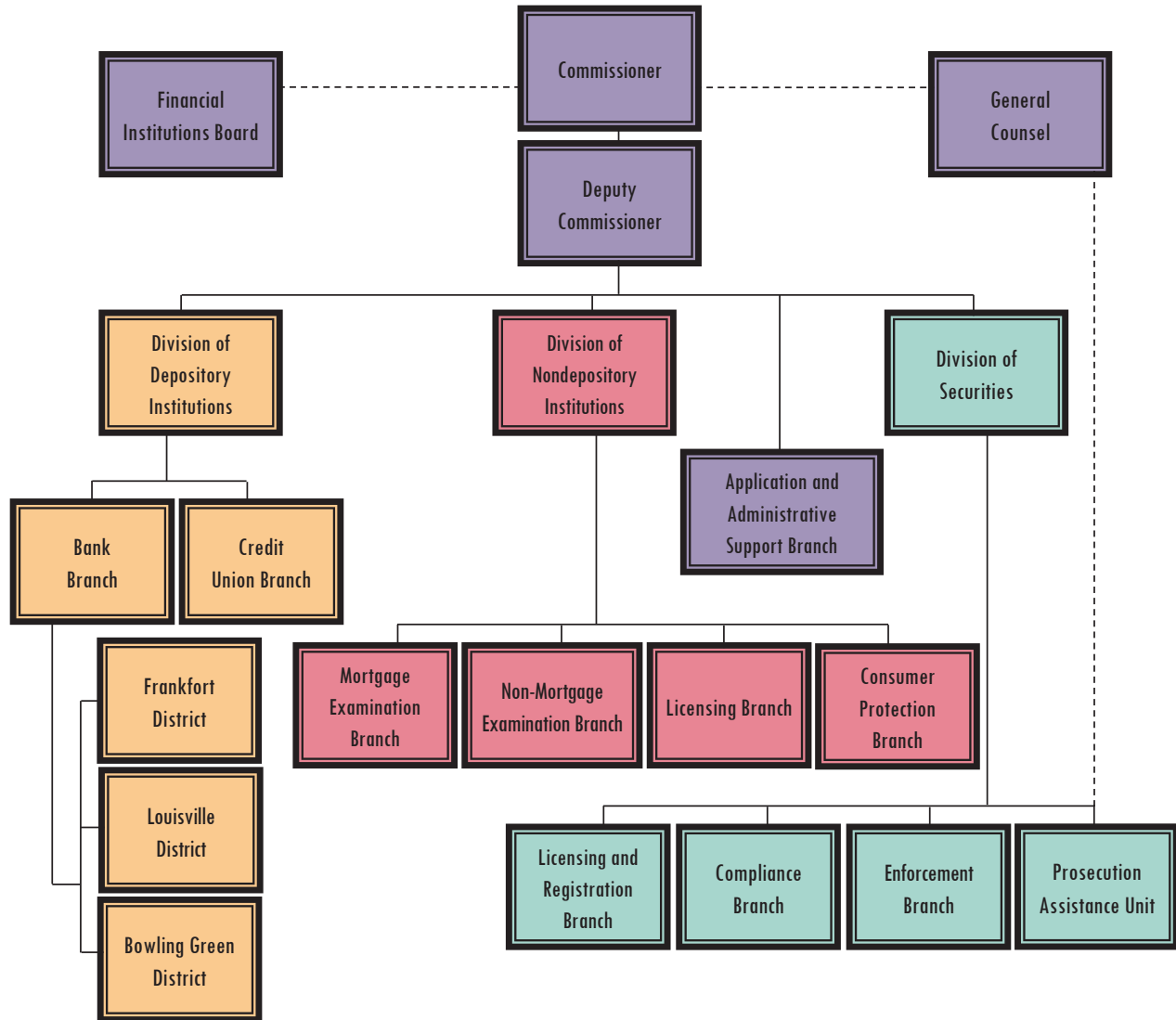


DFI hosted All Staff Meetings in three locations in 2017 to update the staff on policies and procedures and to provide industry updates. Approximately half of DFI's staff attended the meeting in Frankfort in April 2017.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Organizational Structure



DEPARTMENT OF FINANCIAL INSTITUTIONS

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, and personnel.

The Application and Administrative Support Branch provides the necessary tools 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.

Consumers and industry representatives wanting to speak with a member of the agency's staff may call toll-free 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 the DFI office located at 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Depository Institutions

BANK BRANCH 105th Annual Banking Report

As of year-end 2017, the Bank Branch supervised 124 state-chartered banks with aggregate assets of more than \$52 billion. More than 60 percent of state-regulated banks report total assets of less than \$250 million, with the smallest institution holding assets of \$22 million and the largest institution holding assets of \$5 billion. While the total number of supervised banks decreased, total assets held by state-chartered banks increased by 2.5 percent since year-end 2016.

Since the end of the most recent recession, banks nationwide have worked diligently to resolve problem assets and improve income and capital levels. On average, Kentucky state-chartered banks reported stabilized financial metrics throughout 2017. Most institutions continue to experience compressed Net Interest Margins given the sustained low interest rate environment, with the average Net Interest Margin equaling 3.80 percent as of Dec. 31, 2017. The average Return on Assets continues to trend positively and remains comparable to the 1.10 percent national average at year-end 2017. Additionally, capital levels of state-chartered banks continue to exceed the national average. As of Dec. 31, 2017, the Leverage Capital ratio averaged 10.87 percent, compared to the national average of 10.24 percent, and remained the highest of surrounding states.

BANK PERFORMANCE COMPARISON

	Net Interest Margin	Return on Assets	Tier 1 Leverage Ratio	No. of State-Chartered Banks
Kentucky	3.80	1.08	10.87	124
Illinois	2.37	0.91	8.79	307
Indiana	3.61	1.16	10.33	75
Missouri	3.43	1.10	9.85	245
Ohio	3.32	1.52	10.28	80
Tennessee	3.89	1.02	10.18	131
Virginia	3.69	0.71	10.63	56
West Virginia	3.61	0.84	10.02	45
National	3.44	1.10	10.24	4,044

Chart includes information for state-chartered commercial banks only as of Dec. 31, 2017.
Information obtained from: <https://www5.fdic.gov/qbp/qbpSelect.asp?menuItem=STBL>



FACT: Over the past several years, consolidation has been a trend among depository institutions. While the number of state-chartered banks and credit unions has declined, overall assets have increased.



STATE-CHARTERED BANKS

Consolidated Condition and Income Data

	Dec. 31, 2017	Dec. 31, 2016
Number of institutions reporting	124	133
Total employees (full-time equivalent)	12,103	11,913

AGGREGATE CONDITION AND INCOME DATA *(Dollar amounts in millions)*

Net income (year-to-date)	551	522
Total assets	52,069	50,786
Earning assets	48,479	47,154
Total loans and leases	36,639	35,001
Other real estate owned	119	139
Total deposits	41,981	40,871
Equity capital	5,813	5,573

PERFORMANCE RATIOS (YTD, %)

Yield on earning assets	4.27	4.13
Cost of funding earning assets	0.47	0.43
Net interest margin	3.80	3.69
Noninterest income to average earning assets	1.05	1.07
Noninterest expense to average earning assets	3.22	3.27
Net charge-offs to loans and leases	0.17	0.17
Credit-loss provision to net charge-offs	134.41	107.08
Net operating income to average assets	1.08	1.03
Retained earnings to average equity	4.52	4.15
Pre-tax return on assets	1.35	1.29
Return on assets	1.08	1.06
Return on equity	9.66	9.40
Percent of unprofitable institutions	5.65	5.26
Percent of institutions with earning gains	63.71	66.17

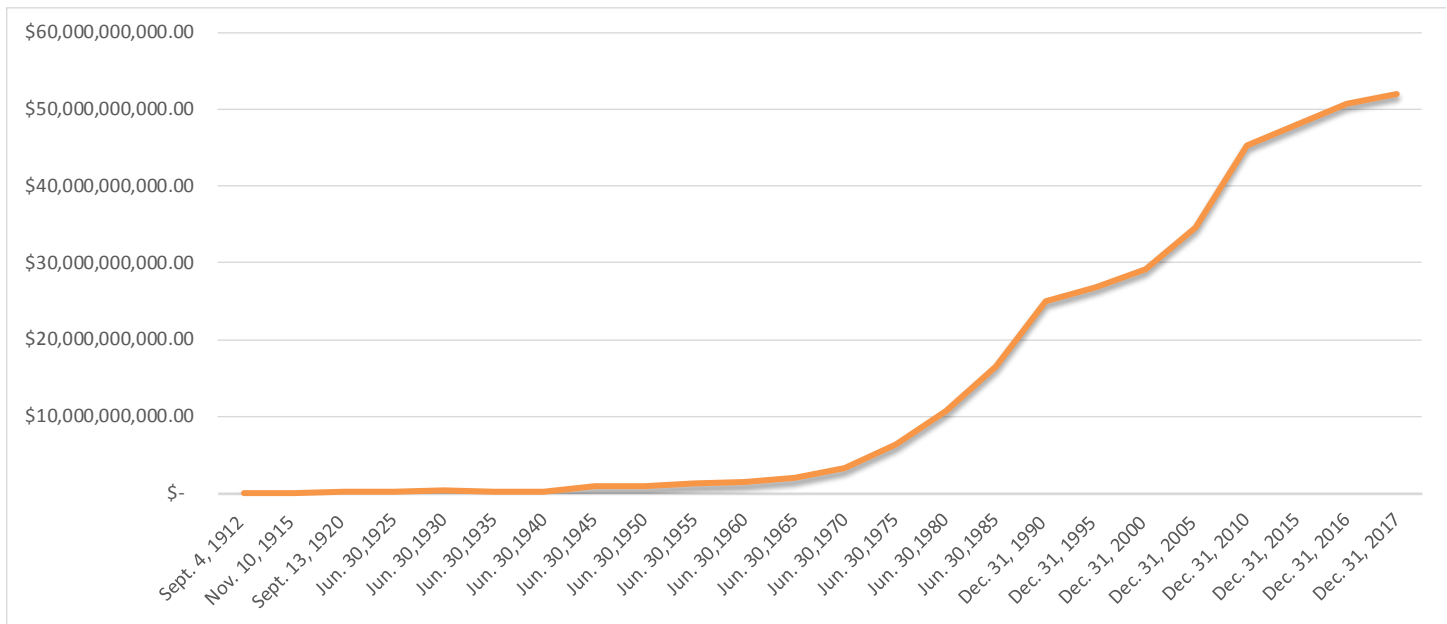
CONDITION RATIOS (%)

Net loans and leases to assets	69.53	68.10
Loss allowance to:		
Loans and leases	1.18	1.18
Noncurrent loans and leases	148.81	123.52
Noncurrent loans and leases to total loans and leases	0.80	0.96
Nonperforming assets to assets	0.79	0.99
Core deposits to total liabilities	77.46	77.49
Equity capital to total assets	11.16	10.97
Core capital (leverage) ratio	10.87	10.81
Total capital to risk-weighted assets	15.51	15.58
Gross 1-4 family mortgages to gross assets	23.60	23.97
Gross real estate assets to gross assets	62.44	61.89



STATE-CHARTERED BANKS

Annual Consolidated Assets



STATE-CHARTERED BANKS AND THRIFTS

Bank Changes

MERGERS

2/10/17 - Kentucky Neighborhood Bank Inc., Elizabethtown, Ky., merged into South Central Bank of Kentucky Inc., Glasgow, Ky.

2/16/17 - First Citizens Bank Inc., Elizabethtown, Ky.; United Bank and Trust Company, Versailles, Ky.; and Citizens Bank of Northern Kentucky Inc. merged into Farmers Bank and Trust Company, Frankfort, Ky.

3/17/17 - First Farmers Bank & Trust Company, Owenton, Ky., merged into Citizens Union Bank, Shelbyville, Ky.

3/17/17 - Bank of Harlan, Harlan, Ky., merged into Monticello Banking Company, Monticello, Ky.

5/1/17 - The First Capital Bank of Kentucky, Louisville, Ky., merged into MainSource Bank, Greensburg, Ind.

5/31/17 - First Guaranty Bank, Martin, Ky., merged into The First Commonwealth Bank of Prestonsburg Inc., Prestonsburg, Ky.

6/1/17 - Central Bank of Jefferson County, Ky., merged into Central Bank & Trust Company, Lexington, Ky.

NAME CHANGES

2/16/17 - Farmers Bank and Trust Company, Frankfort, Ky., was renamed United Bank & Capital Trust Company, Frankfort, Ky., part of a concurrent affiliate merger.

7/31/17 - First State Financial, Inc., Pineville, Ky., was renamed First State Bank of the Southeast Inc., Pineville, Ky.



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
1st Trust Bank Inc.	Hazard	241,008
American Bank & Trust Company Inc.	Bowling Green	313,218
American Founders Bank Inc.	Louisville	113,362
Auburn Banking Company	Auburn	79,486
Bank of Buffalo	Buffalo	74,960
Bank of Cadiz and Trust Company	Cadiz	109,977
Bank of Clarkson	Clarkson	118,560
Bank of Columbia	Columbia	134,522
Bank of Edmonson County	Brownsville	211,837
Bank of Hindman	Hindman	192,992
Bank of Jamestown	Jamestown	188,864
Bank of Lexington Inc.	Lexington	262,882
Bank of Maysville	Maysville	124,450
Bank of the Bluegrass and Trust Company	Lexington	241,270
Bank of the Mountains Inc.	West Liberty	67,446
Bedford Loan & Deposit Bank	Bedford	94,023
Bluegrass Community Bank	Danville	56,222
Central Bank & Trust Company	Lexington	2,408,261
Century Bank of Kentucky Inc.	Lawrenceburg	138,786
Citizens Bank	Hartford	78,801
Citizens Bank	Mount Vernon	138,149
Citizens Bank & Trust Company of Jackson	Jackson	143,766
Citizens Bank & Trust Company	Campbellsville	199,533
Citizens Bank of Cumberland County Inc.	Burkesville	74,734
Citizens Bank of Kentucky Inc.	Paintsville	588,997
Citizens Deposit Bank & Trust	Vanceburg	422,395
Citizens Deposit Bank of Arlington Inc.	Arlington	209,634
Citizens First Bank Inc.	Bowling Green	465,120
Citizens Guaranty Bank	Richmond	159,905
Citizens Union Bank of Shelbyville	Shelbyville	747,360
Clinton Bank	Clinton	61,502
Commercial Bank	West Liberty	151,987
Commonwealth Bank and Trust Company	Louisville	989,537
Commonwealth Community Bank Inc.	Hartford	147,047
Community Financial Services Bank	Benton	1,063,530
Community Trust Bank Inc.	Pikeville	4,113,495
Cumberland Security Bank Inc.	Somerset	190,530
Dixon Bank	Dixon	83,743
Eclipse Bank Inc.	Louisville	155,848
Edmonton State Bank	Glasgow	490,262
Elkton Bank & Trust Company	Elkton	132,023
Farmers & Traders Bank of Campton	Campton	48,059
Farmers Bank and Trust Company	Marion	193,240



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Farmers Bank and Trust Company	Princeton	128,085
Farmers Deposit Bank	Cynthiana	125,584
Farmers Deposit Bank of Middleburg Inc.	Middleburg	46,856
Farmers State Bank	Booneville	50,942
Field & Main Bank	Henderson	414,999
First & Peoples Bank and Trust Company	Russell	202,882
First Community Bank of the Heartland Inc.	Clinton	223,475
First Kentucky Bank Inc.	Mayfield	422,691
First Security Bank	Owensboro	597,305
First State Bank	Irvington	191,204
First State Bank of the Southeast Inc.	Pineville	334,994
First State Bank Inc.	Central City	140,520
First United Bank and Trust Company	Madisonville	290,458
FNB Bank Inc.	Mayfield	487,598
Franklin Bank & Trust Company	Franklin	469,416
Fredonia Valley Bank	Fredonia	80,264
Hancock Bank & Trust Company	Hawesville	277,411
Hart County Bank and Trust Company	Munfordville	26,931
Heritage Bank USA Inc.	Hopkinsville	915,652
Heritage Bank Inc.	Erlanger	762,809
Home Federal Bank Corporation	Middlesboro	364,385
Hometown Bank of Corbin Inc.	Corbin	159,027
Hyden Citizens Bank	Hyden	126,915
Independence Bank of Kentucky	Owensboro	2,172,570
Inez Deposit Bank	Inez	143,541
Jackson County Bank	McKee	125,540
Kentucky Bank	Paris	1,050,914
Kentucky Farmers Bank Corporation	Catlettsburg	179,723
King Southern Bank	Chaplin	195,196
Lewisburg Banking Company	Lewisburg	116,924
Limestone Bank Inc.	Louisville	966,826
Louisa Community Bank	Louisa	37,334
Magnolia Bank Inc.	Magnolia	240,467
Meade County Bank	Brandenburg	197,619
Metro Bank	Louisville	27,998
Morgantown Bank & Trust Company Inc.	Morgantown	187,187
Owingsville Banking Company	Owingsville	66,113
PBK Bank Inc.	Stanford	115,346
Peoples Bank	Lebanon	54,194
Peoples Bank & Trust Company	Owenton	57,620
Peoples Bank & Trust Company of Hazard	Hazard	246,971
Peoples Bank and Trust Company of Clinton County	Albany	36,947
Peoples Bank and Trust Company of Madison County	Berea	396,341



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Peoples Bank of Kentucky Inc.	Flemingsburg	282,200
Peoples Exchange Bank	Winchester	379,071
Pinnacle Bank Inc.	Vanceburg	51,557
Planters Bank Inc.	Hopkinsville	993,854
Republic Bank & Trust Company	Louisville	5,075,719
River City Bank Inc.	Louisville	262,478
Sebree Deposit Bank	Sebree	22,246
Security Bank and Trust Company	Maysville	53,360
South Central Bank Inc.	Glasgow	1,167,122
Springfield State Bank	Springfield	305,740
Stock Yards Bank & Trust Company	Louisville	3,234,045
Taylor County Bank	Campbellsville	182,545
The Bankers' Bank of Kentucky Inc.	Frankfort	113,666
The Casey County Bank Inc.	Liberty	180,907
The Cecilian Bank	Cecilia	855,500
The Citizens Bank	Hickman	117,120
The Citizens Bank	Morehead	137,204
The Commercial Bank of Grayson	Grayson	175,733
The Farmers Bank	Nicholasville	138,948
The Farmers Bank of Milton	Milton	238,191
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	321,457
The Monticello Banking Company	Monticello	693,307
The Paducah Bank and Trust Company	Paducah	638,271
The Peoples Bank	Marion	46,798
The Peoples Bank	Mount Washington	84,868
The Peoples Bank	Taylorsville	110,495
The Sacramento Deposit Bank	Sacramento	109,684
Town & Country Bank and Trust Company	Bardstown	306,605
Traditional Bank Inc.	Mount Sterling	1,413,334
United Bank & Capital Trust Company	Frankfort	1,631,820
United Citizens Bank & Trust Company	Campbellsburg	111,807
United Citizens Bank of Southern Kentucky	Columbia	148,822
United Community Bank of West Kentucky Inc.	Morganfield	247,588
United Cumberland Bank	Whitley City	285,676
United Southern Bank	Hopkinsville	230,590
West Point Bank	Radcliff	236,468
Whitaker Bank	Lexington	1,300,124
Wilson & Muir Bank & Trust Company	Bardstown	506,878
	TOTAL	\$52,068,895



STATE-CHARTERED BANK TRUST DEPARTMENTS

Trust Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Bank of Cadiz and Trust Company	Cadiz	10,415
Bank of Maysville	Maysville	26,532
Bank of the Bluegrass and Trust Company	Lexington	242,522
Central Bank & Trust Company	Lexington	1,489,667
Citizens Bank & Trust Company of Jackson	Jackson	10,569
Clinton Bank	Clinton	1,721
Commonwealth Bank and Trust Company	Louisville	1,648,899
Commonwealth Community Bank Inc.	Hartford	15,656
Community Trust Bank Inc.	Pikeville	14,163
Cumberland Security Bank Inc.	Somerset	21,100
Elkton Bank & Trust Company	Elkton	16,763
Farmers Bank and Trust Company	Princeton	17,942
Field & Main Bank	Henderson	392,456
First & Peoples Bank and Trust Company	Russell	43,226
First State Bank Inc.	Central City	64
First United Bank and Trust Company	Madisonville	32,811
Franklin Bank & Trust Company	Franklin	146,950
Hancock Bank & Trust Company	Hawesville	3,314
Hart County Bank and Trust Company	Munfordville	3
Independence Bank of Kentucky	Owensboro	561,249
Kentucky Bank	Paris	180,638
Kentucky Farmers Bank Corporation	Catlettsburg	113,283
Morgantown Bank & Trust Company Inc.	Morgantown	4,270
Peoples Bank & Trust Company	Owenton	1,720
Peoples Bank & Trust Company of Hazard	Hazard	61,573
Peoples Bank of Kentucky Inc.	Flemingsburg	5,286
Planters Bank Inc.	Hopkinsville	160,460
Stock Yards Bank & Trust Company	Louisville	2,757,114
The Citizens Bank	Hickman	9,316
The Monticello Banking Company	Monticello	291
The Paducah Bank and Trust Company	Paducah	273,251
Town & Country Bank and Trust Company	Bardstown	291,086
United Bank & Capital Trust Company	Frankfort	500,043
United Community Bank of West Kentucky Inc.	Morganfield	8,378
Whitaker Bank	Lexington	546,182
Wilson & Muir Bank & Trust Company	Bardstown	173
	TOTAL	\$9,609,086



STATE-CHARTERED INDEPENDENT TRUST COMPANIES

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Community Trust and Investment Company	Lexington	2,522,343
First Kentucky Trust Company	Louisville	683,188
Hilliard Lyons Trust Company LLC	Louisville	10,102,875
The Glenview Trust Company	Louisville	14,115,834
	TOTAL	\$27,424,240



Top left, Deputy Commissioner Brian Raley gives welcome remarks at the *Kentucky Saves Week* celebration at the capitol. Top right, Brian Raley, Tiffany Ge, and Elizabeth Kuhn attend the celebration. Bottom, Commissioner Charles Vice talks with Mount Sterling second graders about saving money.





DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Depository Institutions

CREDIT UNION BRANCH 83rd Annual Credit Union Report

The Credit Union Branch supervises 23 state-chartered credit unions. Two-thirds of Kentucky credit unions serve members in Kentucky's "golden triangle" region, which includes Louisville, Lexington, and Northern Kentucky. These credit unions account for 85 percent of the assets managed by Kentucky credit unions. The credit unions that account for the other 15 percent of assets serve rural communities in the western and eastern portions of the state. As of Dec. 31, 2017, aggregate total assets of Kentucky credit unions exceeded \$4 billion. The credit unions range in size from \$700,000 to \$1.2 billion.

Kentucky credit unions reported similar financial metrics at year-end 2017 as they did at year-end 2016. As of Dec. 31, 2017, the Net Worth ratio is 12.15 percent. Profitability metrics remained relatively stable with a Return on Average Assets of 0.64 percent and a Net Interest Margin of 3.23 percent. The average investment yield and the cost of funds increased during 2017, while the average loan yield declined. These trends are the result of strong competition in the financial services market. Growth trends remained strong in 2017, as asset growth continued to exceed net worth growth. Compared to contiguous states, Kentucky credit unions equal or exceed the median Net Worth ratio, Return on Average Assets, and Net Interest Margin.

Beginning in 2017, the Credit Union Branch extended the examination cycle from 12 months to 18 months for qualifying credit unions. The purpose of the extended examination cycle is to allow the branch to allocate its resources more effectively and efficiently and to reduce regulatory burden. Although credit unions may be examined less frequently, the branch continues to remain actively monitor Kentucky credit unions through off-site contacts and limited-scope reviews.

CREDIT UNION PERFORMANCE COMPARISON

	Net Worth to Total Assets	Return on Assets	Net Interest Margin	No. of State- Chartered Credit Unions
Kentucky	12.15	0.64	3.23	23
Illinois	10.79	0.63	2.65	183
Indiana	10.71	0.75	2.60	25
Missouri	10.58	0.45	2.98	103
Ohio	11.09	0.73	2.76	76
Tennessee	12.82	0.95	2.95	83
Virginia	10.69	0.58	3.17	32
West Virginia	14.07	0.58	1.55	3
National	10.86	0.75	2.87	2,074

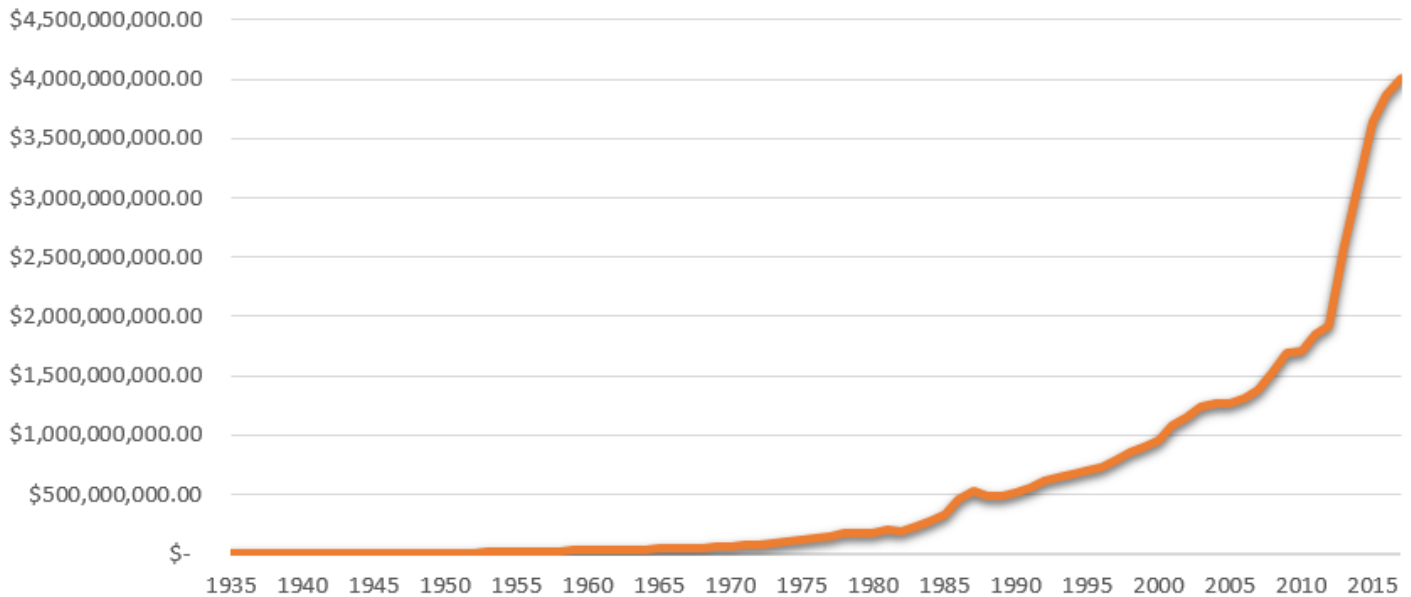
Chart includes information for state-chartered credit unions only as of Dec. 31, 2017.

Information obtained from: <http://fpr.ncua.gov/>



STATE-CHARTERED CREDIT UNIONS

Annual Consolidated Assets



STATE-CHARTERED CREDIT UNIONS

Credit Union Changes

MERGER

January 2017 - Axton Federal Credit Union, Glasgow, Ky., merged with and into Autotruck Financial Credit Union, Louisville, Ky.

NAME CHANGE

September 2017 - Kentucky Telco Credit Union, Louisville, Ky., changed its name to Transcend Credit Union.

CONSERVATORSHIP

December 2017 - The department placed Louisville Metro Police Officers Credit Union, Louisville, Ky., into conservatorship, with the National Credit Union Administration serving as conservator.



The National Association of State Credit Union Supervisors hosted a training for credit union board directors in Versailles, Ky., in February 2017. At right, DFI Commissioner Charles Vice gives welcome remarks.



STATE-CHARTERED CREDIT UNIONS

Consolidated Condition and Income Data

	Dec. 31, 2017	Dec. 31, 2016
Number of Institutions Reporting	23	24
AGGREGATE CONDITION AND INCOME DATA <i>(Dollar amounts in thousands)</i>		
Loans	\$2,758,861	\$2,604,956
Assets	\$4,038,376	\$3,861,650
Liabilities	\$189,421	\$121,953
Shares and Deposits	\$3,384,690	\$3,282,869
Equity	\$464,264	\$456,827
Net Income	\$25,498	\$22,689
PERFORMANCE RATIOS AND AVERAGES		
Capital Adequacy		
Net Worth / Total Assets	12.15	12.57
Total Delinquent Loans / Net Worth	4.23	4.41
Solvency Evaluation (Estimated)	113.72	113.92
Classified Assets (Estimated) / Net Worth	4.47	4.42
Asset Quality		
Delinquent Loans / Total Loans	0.75	0.82
Net Charge-Offs / Average Loans	0.71	0.77
Held-to-Maturity Investment Fair Value / Book Value	99.49	99.93
Accumulated Unrealized Gain/Loss on Available-for-Sale Investments / Cost of Available-for-Sale Investments	-2.00	-1.70
Delinquent Loans / Assets	0.51	0.56
Earnings		
Return On Average Assets	0.64	0.61
Gross Income / Average Assets	5.29	5.27
Yield on Average Loans	4.95	5.03
Yield on Average Investments	1.37	1.16
Fee and Other Operating Income / Average Assets	1.58	1.62
Cost of Funds / Average Assets	0.48	0.45
Net Margin / Average Assets	4.82	4.82
Operating Expense / Average Assets	3.68	3.65
Provision For Loan and Lease Losses / Average Assets	0.50	0.58
Net Interest Margin/Average Assets	3.23	3.20
Operating Expense /Gross Income	69.55	69.27
Fixed Assets and Foreclosed and Repossessed Assets / Total Assets	2.61	2.71
Net Operating Expense / Average Assets	2.72	2.81
Asset/Liability Management		
Net Long-Term Assets / Total Assets	26.32	27.24
Regular Shares / Total Shares & Borrowings	45.19	46.40
Total Loans / Total Shares	81.51	79.35
Total Loans / Total Assets	68.32	67.46
Cash + Short-Term Investments / Assets	13.58	13.52
Total Shares, Deposits & Borrowings / Earning Assets	94.04	92.07
Reg Shares + Share Drafts / Total Shares and Borrowings	57.84	59.35
Borrowings / Total Shares and Net Worth	3.54	1.59



STATE-CHARTERED CREDIT UNIONS

Consolidated Condition and Income Data

Productivity

Members / Potential Members	2.59	2.56
Borrowers / Members	53.31	52.44
Members / Full-Time Employees	403.57	401.00
Average Shares Per Member	\$7,927	\$7,870
Average Loan Balance	\$12,120	\$11,908
Salary And Benefits / Full-Time Employees	\$69,784	\$68,301

Growth Ratios

Net Worth Growth	1.11	5.18
Market (Share) Growth	3.10	5.73
Loan Growth	5.91	10.64
Asset Growth	4.35	6.15
Investment Growth	-4.23	-1.69
Membership Growth	2.35	3.94



STATE-CHARTERED CREDIT UNIONS

Total Assets

CREDIT UNION NAME	YEAR EST.	CITY	TOTAL ASSETS
Ashland	1942	Ashland	226,730,753
Autotruck Financial	1965	Louisville	130,733,151
Beacon Community	1947	Louisville	61,644,702
Brown-Forman Employees	1936	Louisville	12,274,486
C&O United	1928	Edgewood	15,955,753
Commonwealth	1951	Frankfort	1,151,298,106
Friends First	1974	Owensboro	5,560,526
Greater Kentucky	1953	Lexington	77,490,064
KEMBA Louisville	1934	Louisville	51,651,426
Kentucky Employees	1938	Frankfort	75,883,891
Letcher County Teachers	1964	Whitesburg	1,035,904
Lexington Postal	1928	Lexington	22,524,376
Louisville Federal	1924	Louisville	38,883,396
Louisville Gas and Electric Co.	1934	Louisville	33,231,628
Members Choice	1932	Ashland	205,285,917
Members Heritage	1960	Lexington	363,731,221
Metro Employees	1940	Lexington	29,588,703
Muhlenberg Community Hospital	1961	Greenville	701,066
Park Community	1955	Louisville	896,145,189
Rural Cooperatives	1964	Louisville	37,974,833
Service One	1963	Bowling Green	158,104,150
Transcend (formerly Kentucky Telco)	1960	Louisville	393,266,738
Whitesville Community	1962	Whitesville	23,543,851

TOTAL

\$4,013,239,830



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Nondepository Institutions

DFI's Division of Nondepository Institutions consists of four branches: Licensing, Consumer Protection, Mortgage Examination, and Non-Mortgage Examination. The division has four branch managers who supervise examiners, investigators, licensing staff, and an administrative specialist that provide support to the division.

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

LICENSING BRANCH

5th Annual Nondepository 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 loan originators. In 2017, DFI gained its first limited check casher licensees, which was allowed after industry representatives requested a regulation change. The regulation, 808 KAR 9:050, was modified in 2016 to allow a new tier of license for those who wish to cash checks only.

LICENSING BRANCH	Dec. 31, 2017	Dec. 31, 2016
Mortgage Companies	1,494	1,181
Mortgage Brokers	115	111
Check Cashers/Payday Lenders	453	483
Limited Check Casher	3	0
Consumer Loan Companies	387	392
Industrial Loan Companies	1	1
Money Transmitters	102	90
TOTAL	2,555	2,258

REGISTRATION TYPE	Dec. 31, 2017	Dec. 31, 2016
Loan Originators	7,721	7,458
TOTAL	7,721	7,458

MORTGAGE EXAMINATION BRANCH

5th 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. The 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. 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	Dec. 31, 2017	Dec. 31, 2016
Mortgage Companies	80	111
Mortgage Brokers	41	33
TOTAL	121	144



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Nondepository Institutions

NON-MORTGAGE EXAMINATION BRANCH 5th Annual Non-Mortgage Examination 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 Kentucky to ensure business is being conducted in accordance with state and federal law. Money transmitter examinations are usually conducted as part of a multi-state examination process.

EXAMINATION TYPE	Dec. 31, 2017	Dec. 31, 2016
Check Cashers/Payday Lenders	450	509
Consumer Loan Companies	385	386
Industrial Loan Companies	1	23
Money Transmitters	13	17
TOTAL	848	935

CONSUMER PROTECTION BRANCH 9th Annual Consumer Protection Report

The Consumer Protection Branch investigates complaints and suspicious activity relating to nondepository institutions. The branch staff also records complaints about matters relating to 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 the state law. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through outreach programs. Complaints against unlicensed lenders and others not regulated by DFI continue to be a large portion of the complaints received by the Consumer Protection Branch.

NONDEPOSITORY LICENSE TYPE	Dec. 31, 2017	Dec. 31, 2016
Mortgage Companies/Brokers	25	32
Check Cashers/Payday Lenders (licensed)	7	14
Consumer Loan Companies	14	12
Industrial Loan Companies	1	0
Money Transmitters	12	1
TOTAL	59	59

UNLICENSED LENDERS/OTHER

Internet Payday/Installment Lenders	31	29
Other Complaints	6	12
TOTAL	37	41

DEPOSITORY LICENSE TYPE

State-Chartered Banks	39	42
State-Chartered Credit Unions	28	12
TOTAL	67	54



CONSUMER LOAN COMPANIES

Consolidated Report of Condition

Dec. 31, 2017

Licensed Consumer Loan Locations	387
Kentucky Consumer Loans Secured by Residential Real Estate \$15,000 or Less	49,116,619

ASSETS

Cash and Due from Depositor Institutions	1,417,803,273
Total Kentucky Loans Receivable, Net of Unearned Interest and Reserves	4,574,121,788
Premises and Fixed Assets (Net of Depreciation)	283,140,955
Deferred Charges and Prepaid Expenses	50,364,705
Other Assets Used in Consumer Loan Business	1,089,243,964
Total Assets	\$7,414,674,685

LIABILITIES and CAPITAL

Total Liabilities (Total Liabilities Minus All Other Assets)	3,016,768,792
Total Capital	4,397,905,893
Total Liabilities and Capital	\$7,414,674,685



The fourth annual Veritec Regulator Conference took place in Louisville in September 2017. Left, the event included a regulatory track with break-out sessions hosted by DFI staff. Above, Commissioner Charles Vice gives welcome remarks.



FACT: Money transmitter licensing by DFI has nearly doubled in the last six years. At year-end 2011 there were 52 licensees. At year-end 2017 there were 102 money transmitters licensed to do business in Kentucky.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Securities

The Securities Division balances regulation through robust examination, enforcement, and licensing programs. In 2017, the Compliance Branch conducted 98 examinations, which resulted in nine administrative actions. The number of renewals processed by the Securities Division has remained relatively stagnant; however, the total number of registrations, including new approvals, has increased by more than 4,000.

Enforcement actions taken in 2017 doubled the previous year's numbers, and fines increased by almost \$2.5 million. In addition, legislation was passed in 2017 that implemented a graduated scale for securities fraud penalties with the maximum penalty raised from a Class D to a Class B felony depending on the dollar amount of fraud perpetrated against investors. This brings Kentucky securities fraud statutes in line with the Kentucky Penal Code.

The Securities Division continues to focus on investor education with events held throughout the state, such as the *Senior Scam Jam* events and the *Dash for the Stash* investor education contest.



Attendees listen at the London Senior Scam Jam, a free fraud prevention event for senior citizens. This event took place in June 2017.



DIVISION OF SECURITIES

Compliance Branch Report

Examiners in the Compliance Branch perform examinations of broker-dealers and investment advisers and their respective representatives 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.

COMPLIANCE BRANCH EXAMINATIONS

	Dec. 31, 2017	Dec. 31, 2016
Broker-Dealer Examinations	37	33
Investment Adviser Examinations	61	75
Total Examinations	98	108
Orders/Agreements Entered as a Result of Examination	9	7



DIVISION OF SECURITIES

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 ensures the applications of firms and individuals meet the requirements of the Kentucky securities laws. The staff also responds to inquiries from the public concerning investment adviser or broker licensing status and disciplinary history.

BROKER-DEALERS HEADQUARTERED IN KENTUCKY

NAME

Alexander Investment Services Co.
Churchill Financial LLC
Dupree & Company Inc.
First Kentucky Securities Corporation
Investment Bank Services Inc.
J.J.B. Hilliard, W.L. Lyons LLC
Jefferson National Securities Corporation
Lexington Investment Company Inc.
Nancy Barron & Associates Inc.
Private Client Services LLC

CITY

Louisville
Louisville
Lexington
Louisville
Louisville
Louisville
Louisville
Lexington
Lexington
Louisville

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME

Accredited Wealth Management LLC
American International Syndication Affiliates LLC
Archer Financial Planning LLC
Bahe Farnsley LLC
Beaton, Ronald, Ray
Blacksummit Financial Group Inc.
Blandford Wealth Management LLC
Bluegrass Capital Advisors LLC
Bluegrass Financial Planning LLC
C Wealth Management LLC
Capital Investment Management Inc.
Cashel Financial Advisors LLC
Christina Vittitow O'Bryan CFP
Churchill Financial LLC
Clear Trace LLC
Clearleaf Finance LLC
Coats Financial Planning Inc.
Cochran & Associates Inc.
Commonwealth Financial Advisors LLC
Conservative Asset Management Inc.
Context Financial LLC
Cox Planning Services PLLC
Crimson Oak Wealth Management LLC
Deltaone Capital Management LLC
Different By Design Financial Planning LLC
Doyle Asset Management LLC
Encompass Financial Advisors LLC
Encompass Wealth Management LLC
Equity Advisors Of Kentucky Inc.

CITY

Louisville
Louisville
Louisville
Louisville
Paducah
Nicholasville
Louisville
Louisville
Louisville
Louisville
Leitchfield
Louisville
Owensboro
Louisville
Pewee Valley
Louisville
Louisville
Crestwood
Louisville
Louisville
Lexington
Paducah
Lexington
Lexington
Louisville
Cadiz
Danville
Princeton
Waddy



DIVISION OF SECURITIES

Licensing and Registration Branch Report

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME

Feddern Financial Consulting Group LLC
 Federal Hill Capital Management LLC
 Financial Architects Inc.
 Focus On Success LLC
 Foster Investment Services LLC
 Fwg Investments LLC
 G J Kohler Investment Advisors LLC
 Garton And Associates Financial Advisors LLC
 Graeter Wealth Advisors LLC
 Greenwell Capital Management LLC
 Griggs Capital LLC
 Harvey R. Little Jr. Financial Services
 Highland Capital Advisors LLC
 HPC Financial Services LLC
 Independent Capital LLC
 Investment Answers Capital LLC
 Investment Research Advisory Corporation
 Investments & Financial Planning LLC
 Itrust Asset Management LLC
 J. Hagan Warren Capital Partners Limited
 J.D.T. Inc.
 Jesse Investment Advisors Inc.
 JGD Investment Management LLC
 Journey Financial Management LLC
 JS Financial LLC
 Keepsake Management Inc.
 Lach Financial LLC
 Lawrence J. Botzman CFP
 Lead Point Wealth Management LLC
 Leif Clarke Wealth Management Inc.
 Lexington Financial Advisors LLC
 Lexington Investment Company Inc.
 Life Advisors Financial Planning And Wealth Management LLC
 Lifetime Wealth Design LLC
 Lighthouse Capital Management LLC
 Linker Capital Management Inc.
 Lockshield Partners Inc.
 Mackhouse Capital LLC
 Magnate Wealth Management LLC
 Mann Capital Management LLC
 MC Financial Services Inc.
 MCW Financial Inc.
 Mercurio & Associates Inc.
 Milestones Financial Planning LLC
 Moneylife Partners Inc.
 Moneytree Capital Management LLC
 Moneywise Inc.

CITY

Louisville
 Bardstown
 Louisville
 Fort Mitchell
 Lexington
 Lexington
 Prospect
 Louisville
 Louisville
 Owensboro
 Lexington
 Berea
 Louisville
 Louisville
 Lexington
 Louisville
 Louisville
 Lexington
 Lexington
 Louisville
 Lexington
 Louisville
 Louisville
 Bowling Green
 Louisville
 Lexington
 Louisville
 Somerset
 Louisville
 Ashland
 Lexington
 Lexington
 Lexington
 Munfordville
 Louisville
 Bowling Green
 Prospect
 Glasgow
 Louisville
 Louisville
 Florence
 Louisville
 Crescent Springs
 Louisville
 Mayfield
 Louisville
 Morganfield
 Lexington



DIVISION OF SECURITIES

Licensing and Registration Branch Report

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME

Multi Fund Management Inc.
 New Millennium Asset Management Inc.
 Page Financial Services LLC
 Palmer Capital Management Inc.
 Panoptic Financial Group LLC
 Pathway Financial Solutions Inc.
 Pierce Financial Planning Inc.
 Principled Wealth Advisors LLC
 Proactive Advisors LLC
 Proactive Wealth Management Corp.
 Prosperity Asset Management LLC
 Questus Trading LLC
 Regional Investment Advisors Inc.
 Reliable Municipal Advisors LLC
 Remington Wealth Management LLC
 Resource Design Inc.
 Retirement Protection Services LLC
 Revolutionary Wealth Management Corp.
 Rhoades, Ronald Alan
 Rite Financial Group LLC
 Rivercities Asset Management LLC
 Riverstone Asset Management LLC
 Robert M. Walker & Associates Inc.
 Sachs Investment Group LLC
 Searce Services Inc.
 Springhouse Financial LLC
 Sterling Financial Group Ltd.
 Stith Financial Planning LLC
 Strategic Wealth Designers LLC
 Tactical Wealth Management
 Tashari Financial Group LLC
 Tatro Capital LLC
 The Wealth Advisory Team LLC
 The Wright Legacy Group LLC
 Thomas Maurice Zalla
 Thompson Investment Advisors Inc.
 TKM Financial Services LLC
 Townsend Financial Planning LLC
 Walker Financial Services Inc.
 Wealth Management Advisors LLC
 Wealth Management of Kentucky Inc.
 Wealth Management of The Bluegrass LLC
 Winebrenner Capital Management LLC
 Witter & Westlake Investments Inc.
 Wrenne Financial Planning LLC
 Your Best Move Inc.

CITY

Louisville
 Richmond
 Louisville
 Verona
 Bowling Green
 Louisville
 Lexington
 Covington
 Lexington
 Lexington
 Louisville
 Louisville
 Louisville
 Betsy Layne
 Louisville
 Edgewood
 Hustonville
 Louisville
 Bowling Green
 Lexington
 Owensboro
 Louisville
 Taylorsville
 Louisville
 Lexington
 Louisville
 Louisville
 Louisville
 Brandenburg
 Louisville
 Covington
 Lexington
 Lexington
 Bellevue
 Elizabethtown
 Fort Wright
 Louisville
 Louisville
 Mount Sterling
 Bowling Green
 Lexington
 Lexington
 Lexington
 Louisville
 Louisville
 Lexington
 Bardstown



DIVISION OF SECURITIES

Licensing and Registration Branch Report

BROKER-DEALER REGISTRATIONS

	Dec. 31, 2017	Dec. 31, 2016
Renewed	1,445	1,473
Approved	77	78
Withdrawals (Form BDW)	80	115
Total Registered (Year-End)	1,434*	1,445*

BROKER-DEALER AGENT REGISTRATIONS

Renewed	119,724	119,477
Total Registered (Year-End)	123,714*	119,724*

ISSUER AGENT REGISTRATIONS

Renewed	19	38
Approved	0	2
Terminated	6	21
Total Registered (Year-End)	13	19

STATE INVESTMENT ADVISERS

Renewed	182	180
Total Registered (Year-End)	190*	182*

FEDERAL COVERED INVESTMENT ADVISERS

Renewed	1,066	1,022
Total Effective Notice Filings	1,110*	1,066*

INVESTMENT ADVISER REPRESENTATIVES (IAR)

Renewed	5,535	5,408
Total State and Federal IARs (Year-End)	5,653*	5,535*

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

REGISTRATIONS

	Dec. 31, 2017	Dec. 31, 2016
Private Placement Securities Offerings	12	29

NOTICE FILINGS

Investment Companies - New	393	586
Investment Companies - Renewals	4,050	4,123
Unit Investment Trusts	1,388	1,479
Reg.D, Rule 506 Offerings	450	542

EXEMPTIONS

Claims of Exemption Requested	51	55
Total Filings	6,344	6,814



DIVISION OF SECURITIES

Enforcement Branch Report

The Enforcement Branch staff investigates allegations of securities fraud and related illegal conduct. In coordination with DFI's legal staff, 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 collaborate with securities investigators from other states. Cases are referred by the division to state and federal authorities for criminal prosecution.

INVESTIGATIONS

	Dec. 31, 2017	Dec. 31, 2016
Referrals/Assistance to Outside Agency	7	3
Referrals from Outside Agency	10	9
Investigations Opened	17	18
Investigations Closed	30	15
Investigations Pending	28	41

ENFORCEMENT ACTIONS

Administrative Orders	15	9
Civil Orders	3	0
Fines	\$2,760,848	\$288,342
Restitutions to Client (Ordered)	\$902,607	\$1,132,871



DIVISION OF SECURITIES

Prosecution Assistance Unit Report

The primary role of DFI's Prosecution Assistance Unit (PAU) is to assist and support prosecutors in reviewing and preparing criminal cases involving securities law violations. The PAU participates in the annual Kentucky Prosecutors Conference to foster ongoing awareness among commonwealth attorneys and county attorneys about the PAU and securities crimes.

	Dec. 31, 2017	Dec. 31, 2016
Criminal Referrals	2	2
Criminal Indictments	2	2
Investigations with Federal/State Law Enforcement Authorities	6	4

CRIMINAL SENTENCINGS IN 2017:

Michael Betts – 27 months imprisonment, \$150,926 restitution



FACT: In the last five years, DFI has negotiated the return of more than \$17 million to harmed investors through cases by the Enforcement Branch and Prosecution Assistance Unit.

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS



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