OFFICE OF FINANCIAL INSTITUTIONS

ANNUAL REPORT
2003

"1912 - 2003
Supervising Kentucky's Financial Industry
For 91 Years"

TABLE OF CONTENTS

Mission Statement and Office Philosophy 2
Letter from the Executive Director 3
Commissioners 4
Financial Institutions Board 5
Division of Administrative Services 6
Division of Financial Institutions 7
Ninety First Annual Bank and Thrift Report 7
Annual Consolidated Statement of Assets-Kentucky State Banks and Thrifts 8
Consolidated Condition and Income Data 10
Total Assets Kentucky State Banks and Thrifts 11
Trust Assets Kentucky State - Chartered Independent Trust Companies 16
Trust Assets Kentucky State Bank Trust Departments 17
New Bank Charters, Bank Conversions, Name Changes, Mergers and Main Office Relocations 19
Seventieth Annual Credit Union Report 20
Annual Consolidated Statement of Assets - Kentucky State - Chartered Credit Union 21
Selected Composite Operating Ratios - Kentucky State - Chartered Credit Union 23
Report of Condition - Kentucky State - Chartered Credit Union 24
Seventh Annual Compliance Branch Report 25
Annual Consolidated Statement of Assets - Kentucky Consumer Loan Companies 27
Consolidated Report of Condition - Kentucky Consumer Loan Companies 28
Annual Consolidated Statement of Assets - Kentucky Industrial Loan Companies 29
Consolidated Report of Condition - Industrial Loan Companies 31
Division of Securities Eighteenth Annual Report 32
Report of the Division of Securities 33
2003 Kentucky Headquartered - Broker Dealer Companies 34
2003 Kentucky Headquartered Registered Investment Advisers 35

Mission Statement

"The Mission of the Office of Financial Institutions is to serve the public through effective and efficient regulation that promotes consumer confidence and economic development."

Office of Financial Institutions Philosophy

The Agency's philosophy, drawn from its core values, its vision, and its mission, represents the fundamental beliefs that shape the approach to policy and operations and our commitment to those we regulate and the citizens of Kentucky.

- Commitment to High Standards. The Agency is committed to raising the standards of financial services regulation by providing professional, courteous, accurate and knowledgeable service to those we regulate.

- Commitment to Employees. The Agency recognizes that its employees are its greatest asset and they should be encouraged and empowered to use their creativity and working not only individually but as a team to fully satisfy the needs of the financial services industry. Only through teamwork, training and education can our staff ensure adequate response and delivery of unequaled service. We must continue to provide lifelong educational opportunities and the most up-to-date equipment to our employees.

- Commitment to Flexibility and Service. Flexibility is essential in today's rapidly changing world. Those we regulate expect greater efficiency and responsiveness from government. Government expectations of its employees is at a higher level than ever before. We must stand ready to make every effort to keep abreast of emerging trends and be able to make changes within our Agency that result from mapping trends and industry expectations.

- Commitment to Assisting Taxpayers. This Agency will improve its efforts to educate and inform citizens.

- Commitment to Responsiveness. This Agency will continue its efforts to be of service to the citizens. We will, in individual cases, act as an ombudsman to resolve complaints against entities we regulate. We will continue our educational outreach to our citizens in order to ensure their knowledge of their rights and responsibilities.

- Commitment to Fair and Impartial Administration and Enforcement. This Agency is committed to administering the laws of the Commonwealth fairly, equitably and impartially without regard to status, wealth, political affiliation, race, color, creed, or disability.

Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Environmental and Public Protection Cabinet
Office of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Telephone: (502) 573 - 3390
Fax 502/573-8787

June 30, 2004

The Honorable Ernie Fletcher, Governor
Governor of Kentucky
The State Capitol
Frankfort, Kentucky 40601

Dear Governor Fletcher:

I am pleased to submit to you the Annual Report of the Kentucky Office of Financial Institutions for the year ending Dec. 31, 2003. This report contains statistical and historical information pertaining to the financial services industry regulated by our agency.

We look forward to working with you in carrying out your vision for improving the quality of life for the citizens of the Commonwealth.

As proud as I am of the high level of service our staff provides, we constantly seek new avenues to enhance our level of commitment to the Commonwealth and those we serve. Our mission and strategic plan ensure that we will continue to work diligently to enhance the regulatory duties to meet the challenges of the financial services industry.

Sincerely,

Thomas B. Miller
Executive Director

COMMISSIONERS (1912-2003)

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
2003	Tom B. Miller	Ernie Fletcher

OFFICE OF FINANCIAL INSTITUTIONS BOARD

The Financial Institutions Board is a statutory body advising the Governor and the Commissioner of the Office of Financial Institutions on Office matters. The Board consists of representatives of all segments of Kentucky's financial industry and the public at large and is chaired by the Commissioner.

Thomas B. Miller
Chairman
Executive Director of OFI
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
(502) 573-3390
FAX (502) 573-8787
tom.miller@ky.gov

Sally M. Hopkins
Retail Sales Manager
Union Planters Bank
PO Box 1080
Murray, KY 42071
(270) 762-5213
FAX (270) 753-9968
Consumer Finance & Industrial
Loan Industry Representative
Term Expires: 10/10/06
Sally.hopkins@upbna.com

Mindi F. Whitworth
Vice President & Senior
Trust Administrator
Branch Banking and Trust
6465 Barberry Drive
Paducah, KY 42001
(270) 444-8914
FAX (270) 444-8937
Banking Industry
Representative
Term Expires: 10/10/07
MWHITWORTH@BBandT.com

Lahoma Y. (Peggy) Majors
President
Bank of Caneyville
PO Box 220
Caneyville, KY 42721
(270) 879-3141
FAX (270) 879-3141
Banking Industry Representative
Term Expires: 10/10/04
BANKCANEYVLE@KIH. NET

Dan C. Reynolds
Vice President
PBK Bank Inc.
120 Frontier Boulevard
Stanford, KY 40484
(606) 365-7098
FAX (606)365-7243
Banking Industry Representative
Term Expires: 10/10/04
Dreynolds22@Hotmail.com

Phyllis McBrayer Smith
Office Manager
McBrayer McGinnis
Leslie & Kirkland PSC
1520 Riverside Drive
Greenup, KY 41144
(606) 473-7303
FAX (606) 473-9003
Public at large Representative
Term Expires: 10/10/04
droopysmith@webtv.com

Gary Wallace
President
Commonwealth Credit Union
PO Box 978
Frankfort, KY 40601
(502) 564-4775
FAX (502) 564-8146
Credit Union Industry
Representative
Term Expires: 10/10/06
gwallace@cwcu.org

Debra S. Stone
Product Marketing Specialist
Computer Services Inc.
3901 Technology Drive
Paducah, KY 42001
(800) 545-4274
Public at large Representative
Term Expires: 10/10/05
dstone@csiweb.com

Anne S. Wilhelmus
Fifth Third Bank
401 South Fourth Avenue
MD C88579
Louisville, KY 40202-3411
(502) 562-8160
FAX (502) 562-5540
Banking Industry
Representative
Term Expires: 10/10/04
anne.wilhelmus@53.com

Pete Mahurin
Senior Vice President
Hilliard Lyons
PO Box 1837
Bowling Green, KY 42102
(270) 781-1691
FAX (270) 781-1879
Securities Industry
Representative
Term Expires: 10/10/07

John H. Booher
President
Lexington Building & Supply
PO box 55254
Lexington, KY 40555
(859) 422-2880
(FAX) 859/233-2129
Banking Industry Representative
Term Expires: 10/10/07
jbooher@lbsco.net

Ralph E. Bouvette, Ph. D.
Executive Vice President
American Pharmacy
Services Corporation
203 Manor House Lane
Frankfort, KY 40601
(502) 695-8899
FAX (502) 695-9912
Public at Large Representative
Term Expires: 10/10/05
bouvette@apscnet.com

DIVISION OF ADMINISTRATIVE SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

The Division of Administrative Services is headed by a division director and is comprised of two branches: Administrative Services and Technology. Employees in this division work closely with the Commissioner's Office to provide administrative and technological (information systems) support to all office staff and to manage the agency's public information and media relation endeavors.

ADMINISTRATIVE SERVICES BRANCH

Employees in the Administrative Services Branch provide administrative support to the office in the following areas:

- Facilities management: Frankfort office and field offices in Eddyville, Bowling Green, Louisville and Lexington;
- Fiscal management;
- Operations and quality control;
- Records management;
- Agency publications; and
- Staff development: coordinating Employee Training & Continuing Education and Examiner Certification programs.

A primary agency goal is to hire, train and maintain a highly informed and capable staff. One of the ways the Office seeks to accomplish this goal is through staff development by identifying training needs, developing and delivering agency-specific training, coordinating and/or sharing training and education resources with other state and federal agencies, and assuring equal access to continuing education and training opportunities for all employees.

Through continued innovation and open communication, the Office is hopeful that its past accomplishments will carry forward into the future and will enable this agency to become second to none in terms of staff development through training, continuing education and career development opportunities. As the following table illustrates, such staff development was clearly an agency priority during the year 2003.

In addition to staff training, the Administrative Services Branch continued to coordinate and support the agency's efforts to inform/educate consumers, legislators and industry representatives. The Administrative Services Branch was also instrumental in developing and publishing several informational brochures and for once again distributing copies of its Annual Report to the state's public libraries and to senior citizens' centers across the Commonwealth.

Training Jan. – Dec. 2003	No. of Schools/ Classes	No. of Attendees
New Employee Orientation	2	2
Staff Conference	1	92
GSC-Career Enhancement	2	2
Continuing Legal Education	7	16
Computer Training (GOT)	11	10
Examiner Schools	31	50
Executive Seminars	20	23
Graduate Schools	1	1
KY Career Management Program	27	28
Management (other than KCMP)	22	20
Securities Training	7	11
College Courses	0	0
Total:	131	255

Staff members from throughout the agency continued to enhance the agency's visibility by participating in public education forums, town meetings and industry association meetings. The Office's presence at career days and job fairs was further increased during 2003 as Administrative Services staff visited high schools and colleges in Kentucky and spoke with students about job opportunities. Administrative Services employees also represented OFI at the annual Governor's Diversity Day, a job fair that draws hundreds of students and teachers from across the state to Frankfort to learn about career opportunities in state government.

As it has for many years, the Office maintains a toll-free telephone number, and consumers and industry representatives wanting to speak with a member of the agency's staff are encouraged to call 1-800-223-2579 with their questions and concerns. Information for consumers, regulated industries and the general public is also available on the Office's web site at **www.dfi.ky.gov.** Business hours are from 8:00 a.m. to 4:30 p.m. Eastern time at our central office located at 1025 Capital Center Drive, Suite 200, Frankfort, KY.

DIVISION OF FINANCIAL INSTITUTIONS

The Division of Financial Institutions was created by Executive Order June 12, 1997. The Division is responsible for licensing, chartering and regulating the activities of state-chartered/ licensed depository and non depository financial institutions. The Division's duties are strategically divided among three branches: Bank, Credit Union and Compliance.

NINETY FIRST ANNUAL BANK AND THRIFT REPORT

The primary duties of the Bank Branch include chartering and regulating 169 state-chartered commercial banks, four independent trust companies, and numerous bank trust departments, bank holding companies, and electronic data processors. As of Dec. 31, 2003, the banks held in aggregate in excess of $29 billion in assets.

Banks faced numerous challenges in 2003 as the state and national economy struggled to recover. While no banks failed, the number of problem banks continued to slightly increase due to poor underwriting and weak management. Successful banks continue to be the institutions with the most effective risk management systems. While the Office's examinations concentrated more on perceived high-risk areas such as commercial lending, operational risk and interest rate risk, other areas such as automatic overdraft programs, corporate governance and compliance with the Patriot Act garnered increased attention.

The condition of Kentucky state banks declined in 2003 in terms of financial performance. Through Dec. 31, 2003, they realized a decline in return on assets (ROA) to 1.09%, from 1.33% in 2002. The yield on earning assets fell faster than the cost of funding, resulting in lower net interest margins. Due to weaknesses in asset quality, the allowance for loan losses to loans increased to 1.38% from 1.31%. At 9.30%, the core capital (leverage) ratio remained strong. There were 117 written consumer complaints against state chartered banks in 2003 versus 91 in 2002.

One de novo bank was established in 2003, while two national banks and one federal savings bank converted to state charters. The slowdown in de novo charters continues to be due to the economic slowdown and lack of market opportunities.

The average experience of the Bank Branch field staff is ten years with the Office, while the Bank Branch office staff has an average tenure of twenty years. All Bank Branch personnel are provided with a comprehensive training program that involves at least one week of training each year. Training includes the areas of lending, operations, e-banking, trust and asset/liability management. Many of the examiners have completed, or are attending, one of the graduate schools of banking or trust.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY STATE BANKS AND THRIFTS

Year	Total Assets
September 4, 1912	$ 110,096,102.83
September 3, 1913	112,556,338.09
September 12, 1914	110,516,100.67
November 10, 1915	110,068,034.26
August 17, 1916	120,217,111.75
September 7, 1917	152,490,422.93
September 5, 1918	175,361,452.29
September 5, 1919	213,365,256.47
September 13, 1920	227,231,768.46
June 30, 1921	220,117,518.15
June 30, 1922	222,284,937.92
June 30, 1923	257,447,342.36
June 30, 1924	260,394,024.52
June 30, 1925	269,730,816.68
June 30, 1926	278,619,057.34
June 30, 1927	308,521,323.67
June 30, 1928	341,300,174.09
June 30, 1929	385,559,868.28
June 30, 1930	364,849,233.33
June 30, 1931	295,881,257.76
June 30, 1932	248,031,078.12
June 30, 1933	231,577,905.49
June 30, 1934	239,624,124.68
June 30, 1935	229,781,437.48
June 30, 1936	250,997,016.66
June 30, 1937	270,699,778.60
June 30, 1939	266,594,369.49
June 30, 1940	273,977,674.22
June 30, 1941	297,360,610.22
June 30, 1942	340,903,872.17
June 30, 1943	477,658,367.10
June 30, 1944	578,775,786.77
June 30, 1945	904,485,435.10
June 30, 1946	941,787,755.13
June 30, 1947	898,858,508.44
June 30, 1948	932,808,480.54
June 30, 1949	933,714,814.70
June 30, 1950	953,843,874.72
June 30, 1951	1,002,285,106.04
June 30, 1952	1,081,217,820.20
June 30, 1953	1,125,336,205.82
June 30, 1954	1,167,432,270.01
June 30, 1955	1,211,811,536.25
June 30, 1956	1,220,534,082.10
June 30, 1957	1,294,391,352.88
June 30, 1958	1,383,757,204.28

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY STATE BANKS AND THRIFTS

Year	Total Assets
June 30, 1959	1,402,074,237.64
June 30, 1960	1,439,285,742.07
June 30, 1961	1,416,812,042.56
June 30, 1962	1,539,385,203.23
June 30, 1963	1,682,807,021.85
June 30, 1964	1,798,326,242.98
June 30, 1965	1,932,620,428.05
June 30, 1966	2,157,183,512.81
June 30, 1967	2,490,156,359.19
June 30, 1968	2,703,101,033.03
June 30, 1969	3,067,136,736.70
June 30, 1970	3,259,015,862.86
June 30, 1971	3,793,329,845.00
June 30, 1972	4,277,132,990.00
June 30, 1973	4,973,878,479.44
June 30, 1974	5,696,240,528.60
June 30, 1975	6,300,190,296.19
June 30, 1976	6,550,032,000.00
June 30, 1977	7,431,081,000.00
June 30, 1978	8,371,752,000.00
June 30, 1979	9,507,372,000.00
June 30, 1980	10,700,084,000.00
June 30, 1981	11,968,250,000.00
June 30, 1982	12,878,728,000.00
June 30, 1983	13,724,157,000.00
June 30, 1984	15,171,523,000.00
June 30, 1985	16,448,822,000.00
June 30, 1986	17,869,731,000.00
June 30, 1987	19,709,513,000.00
June 30, 1988	20,984,582,000.00
December 31, 1988	22,103,771,000.00
December 31, 1989	23,570,033,000.00
December 31, 1990	25,058,852,000.00
December 31, 1991	24,145,642,000.00
December 31, 1992	23,932,903,000.00
December 31, 1993	24,825,281,000.00
December 31, 1994	26,860,360,000.00
December 31, 1995	26,765,509,000.00
December 31, 1996	28,414,146,000.00
December 31, 1997	24,975,052,000.00
December 31, 1998	25,811,929,000.00
December 31, 1999	26,800,458,000.00
December 31, 2000	29,135,528,000.00
December 31, 2001	31,473,451,000.00
December 31, 2002	28,554,384,000.00
December 31, 2003	29,188,172,000.00

CONSOLIDATED CONDITION AND INCOME DATA - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

	Dec. 31, 2003	Change	Dec. 31, 2002
Number of Institutions	**169**		**170**
Net income	307	-14.72%	360
Total assets	29,188	2.22%	28,554
Earning assets	26,802	1.50%	26,405
Total loans & leases	20,228	8.19%	18,697
Other real estate owned	52	26.83%	41
Total deposits	23,197	3.42%	22,430
Equity Capital	2,875	2.94%	2,793
PERFORMANCE RATIOS			
Yield on earning assets	6.04		6.68
Cost of funding earning assets	2.01		2.51
Net interest margin	4.03		4.17
Non interst income to average earning assets	1.18		1.28
Non interest expense to average earning assets	3.22		3.22
Net charge-offs to loans and leases	0.46		0.35
Net operating income to average assets	1.05		1.28
Returned earnings to average equity	2.51		7.83
Return on assets	1.09		1.33
Return on equity	10.9		13.71
Percent of unprofitable institutions	7.69		6.51
Percent of institutions with earnings gains	59.76		72.78
CONDITION RATIOS			
Net loans and leases to assets	68.35		64.75
Loss allowance to loans and leases	1.38		1.31
Loss allowance to non current loans and leases	132.56		122.88
Non current loans and leases to total loans and leases	1.04		1.07
Non performing assets to total assets	0.92		0.85
Core deposits to total liabilities	74.53		75.77

TOTAL ASSETS - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in thousands with 000's omitted)

Bank	City	Total Assets
First & Farmers Bank Inc.	Albany	93,805
Citizens Deposit Bank of Arlington Inc.	Arlington	101,866
Classic Bank	Ashland	340,439
Heritage Bank of Ashland Inc.	Ashland	125,400
Town Square Bank Inc.	Ashland	114,919
Auburn Banking Co.	Auburn	54,518
Farmers Bank & Trust Co.	Bardstown	228,397
Kentucky Home Bank	Bardstown	60,296
Wilson & Muir Bank & Trust Co.	Bardstown	273,618
Bardwell Deposit Bank	Bardwell	61,007
Kentucky Trust Bank	Beaver Dam	103,554
Bedford Loan & Deposit Bank	Bedford	65,201
Bank of Benton	Benton	313,579
Peoples Bank and Trust Co. of Madison County	Berea	211,379
Farmers State Bank	Booneville	37,281
American Bank & Trust Co. Inc.	Bowling Green	92,959
Citizens First Bank Inc.	Bowling Green	163,394
South Central Bank of Bowling Green Inc.	Bowling Green	163,230
Meade County Bank	Brandenburg	100,881
Bank of Edmonson County	Brownsville	148,680
Brownsville Deposit Bank	Brownsville	49,476
Bank of Buffalo	Buffalo	48,446
Citizens Bank of Cumberland County Inc.	Burkesville	73,363
Bank of Cadiz and Trust Co.	Cadiz	88,454
United Citizens Bank & Trust Co.	Cambellsburg	79,886
Citizens Bank & Trust Co.	Campbellsville	129,933
Taylor County Bank	Campbellsville	112,579
Farmers & Traders Bank of Campton	Campton	35,542
Bank of Caneyville	Caneyville	44,712
Pioneer Bank	Canmer	65,573
Deposit Bank of Carlisle	Carlisle	58,509
Kentucky-Farmers Bank of Catlettsburg	Catlettsburg	121,618
The Cecilian Bank	Cecilia	262,677
King Southern Bank	Chaplin	89,017
Bank of Clarkson	Clarkson	98,194
Clinton Bank	Clinton	44,397
First Community Bank of Western Kentucky Inc.	Clinton	53,329
Breckinridge Bank	Cloverport	28,227

TOTAL ASSETS - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in thousands with 000's omitted)

Bank	City	Total Assets
Bank of Columbia	Columbia	121,309
Bank of Corbin	Corbin	69,703
The Bank of Kentucky Inc.	Crestview Hills	814,514
The Harrison Deposit Bank and Trust Co.	Cynthiana	61,163
Heritage Community Bank	Danville	83,264
Dixon Bank	Dixon	62,765
Bank of Ohio County Inc.	Dundee	66,658
First Federal Savings Bank of Elizabethtown	Elizabethtown	677,005
Elkton Bank & Trust Co.	Elkton	92,215
Farmers Deposit Bank	Eminence	106,079
Heritage Bank Inc.	Erlanger	231,869
United Kentucky Bank of Pendleton County Inc.	Falmouth	32,135
The People's Bank of Fleming County Kentucky	Flemingsburg	142,830
First Bank of Northern Kentucky Inc.	Fort Mitchell	72,564
American Founders Bank Inc.	Frankfort	135,322
Farmers Bank & Capital Trust Co.	Frankfort	571,294
The Bankers' Bank of Kentucky Inc.	Frankfort	39,446
Franklin Bank & Trust Co.	Franklin	202,361
Fredonia Valley Bank	Fredonia	72,218
Citizens Bank	Georgetown	79,163
The Farmers Bank and Trust Co. of Georgetown	Georgetown	195,350
Bank of Germantown	Germantown	23,698
Citizens Financial Bank Inc.	Glasgow	42,099
Edmonton State Bank	Glasgow	272,666
Kentucky Banking Centers Inc.	Glasgow	120,069
South Central Bank of Barren County Inc.	Glasgow	237,286
United Community Bank	Glasgow	38,230
The Commercial Bank of Grayson	Grayson	151,090
Deposit Bank & Trust Co.	Greensburg	76,494
The Central Bank USA Inc.	Greensburg	170,266
The Farmers Bank	Hardinsburg	75,650
The Bank of Harlan	Harlan	118,823
State Bank & Trust Co.	Harrodsburg	126,429
Citizens Bank	Hartford	19,389
Commonwealth Community Bank Inc.	Hartford	165,848
Hancock Bank & Trust Co.	Hawesville	105,173
Peoples Bank & Trust Co. of Hazard	Hazard	231,607
The Citizens Bank	Hickman	84,720

TOTAL ASSETS - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in thousands with 000's omitted)

Bank	City	Total Assets
Bank of Hindman	Hindman	128,167
Planters Bank Inc.	Hopkinsville	199,721
United Southern Bank	Hopkinsville	119,855
Hyden Citizens Bank	Hyden	101,860
Inez Deposit Bank	Inez	96,948
First State Bank	Irvington	127,953
First Security Bank & Trust McLean	Island	24,169
Citizens Bank & Trust Co. of Jackson	Jackson	108,496
Bank of Jamestown	Jamestown	134,242
The Kevil Bank	Kevil	35,231
THE BANK - Oldham County Inc.	Lagrange	126,568
Century Bank of Kentucky Inc.	Lawrenceburg	75,369
Peoples Bank	Lebanon	45,625
Leitchfield Deposit Bank & Trust Co.	Leitchfield	83,794
Lewisburg Banking Co.	Lewisburg	59,329
Bank of the Bluegrass and Trust Co.	Lexington	161,958
Central Bank & Trust Co.	Lexington	1,104,398
First Security Bank of Lexington Inc.	Lexington	238,240
The Casey County Bank Inc.	Liberty	130,477
Peoples Security Bank	Louisa	46,453
Ascencia Bank	Louisville	271,805
Commonwealth Bank and Trust Co.	Louisville	466,851
First Bank Inc.	Louisville	216,070
Louisville Community Development Bank	Louisville	39,100
Republic Bank & Trust Co.	Louisville	2,105,572
River City Bank Inc.	Louisville	199,104
Stock Yards Bank & Trust Co.	Louisville	1,112,524
The First Capital Bank of Kentucky	Louisville	219,177
First United Bank of Hopkins County Inc.	Madisonville	102,119
Magnolia Bank Incorporated	Magnolia	79,816
Farmers Bank & Trust Co. of Marion	Marion	104,502
The Peoples Bank	Marion	23,393
First Guaranty Bank	Martin	53,003
First Kentucky Bank Inc.	Mayfield	246,242
Bank of Maysville	Maysville	111,636
Security Bank and Trust Co.	Maysville	48,297
Jackson County Bank	Mckee	108,953
Farmers Deposit Bank of Middleburg Inc.	Middleburg	45,516

TOTAL ASSETS - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in thousands with 000's omitted)

Bank	City	Total Assets
Home Federal Bank Corp.	Middlesboro	258,854
The Farmers Bank of Milton	Milton	101,645
The Monticello Banking Co.	Monticello	326,066
Peoples Bank	Morehead	75,195
The Citizens Bank	Morehead	76,066
United Community Bank of West Kentucky Inc.	Morganfield	66,026
Green River Bank	Morgantown	49,625
Morgantown Bank & Trust Co. Inc.	Morgantown	122,297
Traditional Bank Inc.	Mount Sterling	541,837
Citizens Bank	Mount Vernon	121,269
The Peoples Bank	Mount Washington	96,450
Hart County Bank and Trust Co.	Munfordville	27,294
Citizens Bank	New Liberty	16,986
Citizens Bank of Northern Kentucky Inc.	Newport	169,053
The Farmers Bank	Nicholasville	94,742
First Security Bank of Owensboro Inc.	Owensboro	99,224
Independence Bank of Kentucky	Owensboro	391,788
South Central Bank of Daviess County Inc.	Owensboro	179,488
First Farmers Bank and Trust Co.	Owenton	70,765
Peoples Bank & Trust Co.	Owenton	60,934
Owingsville Banking Co.	Owingsville	56,358
The Paducah Bank and Trust Co.	Paducah	357,793
Kentucky Bank	Paris	500,563
Community Trust Bank Inc.	Pikeville	2,463,959
The First State Bank of Pineville	Pineville	207,958
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	166,946
Farmers Bank and Trust Co. of Princeton	Princeton	94,573
First Bank and Trust Co. of Princeton	Princeton	87,131
West Point Bank	Radcliff	85,694
Citizens Guaranty Bank	Richmond	108,286
Madison Bank	Richmond	118,239
First & Peoples Bank	Russell	200,289
The Sacramento Deposit Bank	Sacramento	51,322
The Salt Lick Deposit Bank	Salt Lick	57,632
Sebree Deposit Bank	Sebree	25,741
Citizens Union Bank of Shelbyville	Shelbyville	444,115
Bullitt County Bank	Shepherdsville	152,261
First Citizens Bank	Shepherdsville	169,308

TOTAL ASSETS - KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in thousands with 000's omitted)

Bank	City	Total Assets
The Peoples Bank of Bullitt County	Shepherdsville	167,734
Cumberland Security Bank Inc.	Somerset	131,200
Springfield State Bank	Springfield	190,586
PBK Bank Inc.	Stanford	97,015
Peoples Exchange Bank	Stanton	204,688
The Peoples Bank	Taylorsville	83,015
South Central Bank of Monroe County	Tompkinsville	112,111
Citizens Deposit Bank & Trust	Vanceburg	89,151
First Community Bank	Vanceburg	29,776
United Bank & Trust Co.	Versailles	161,119
Bank of the Mountains Inc.	West Liberty	53,456
Commercial Bank	West Liberty	119,813
Bank of McCreary County	Whitley City	110,087
Citizens State Bank of Ballard County	Wickliffe	60,550
Eagle Bank Inc.	Williamstown	143,404
Grant County Deposit Bank	Williamstown	91,390
The Winchester Bank Inc.	Winchester	19,673
TOTAL		**29,188,172**

TRUST ASSETS - KENTUCKY STATE - CHARTERED INDEPENDENT TRUST COMPANIES
(dollar amounts in millions)

Name	City	Total Trust Account Assets (Discretionary and Non discretionary)
Kentucky Trust Co.	Danville	271,641
Community Trust and Investment Co.	Lexington	935,365
Louisville Trust Co.	Louisville	67,956
The Glenview Trust Co.	Louisville	784,076
Totals		**$2,059,038**

TRUST ASSETS - KENTUCKY STATE BANK TRUST DEPARTMENTS
(dollar amounts thousands with 000's omitted)

Name	City	Total Trust Assets
Classic Bank	Ashland	138
Farmers Bank & Trust Co.	Bardstown	127,024
Wilson & Muir Bank & Trust Co.	Bardstown	6,654
Kentucky Trust Bank	Beaver Dam	39,410
Bank of Benton	Benton	3,745
Bank of Cadiz and Trust Co.	Cadiz	8,581
Deposit Bank of Carlisle	Carlisle	317
Kentucky-Farmers Bank of Catlettsburg	Catlettsburg	8,120
Clinton Bank	Clinton	3,126
The Bank of Kentucky Inc.	Crestview Hills	106,999
The Harrison Deposit Bank and Trust Co.	Cynthiana	3,699
Elkton Bank & Trust Co.	Elkton	3,324
Farmers Deposit Bank	Eminence	12,158
The People's Bank of Fleming County	Flemingsburg	4,190
Farmers Bank & Capital Trust Co.	Frankfort	310,613
Franklin Bank & Trust Co.	Franklin	33
Greensburg Deposit Bank & Trust Co.	Greensburg	101
The Central Bank USA Inc.	Greensburg	1,490
The Bank of Harlan	Harlan	3,127
State Bank & Trust Co.	Harrodsburg	1,732
Commonwealth Community Bank Inc.	Hartford	600
Hancock Bank & Trust Co.	Hawesville	4,085
Peoples Bank & Trust Co. of Hazard	Hazard	6,772
The Citizens Bank	Hickman	4,133
Planters Bank Inc.	Hopkinsville	3,744
First Security Bank & Trust of McLean	Island	456
Citizens Bank & Trust Co. of Jackson	Jackson	10,868
Bank of the Bluegrass and Trust Co.	Lexington	59,274
Central Bank & Trust Co.	Lexington	528,962
Commonwealth Bank and Trust Co.	Louisville	647,707
Republic Bank & Trust Co.	Louisville	163,396
Stock Yards Bank & Trust Co.	Louisville	997,133
Farmers Bank & Trust Co. of Marion	Marion	1,050
Bank of Maysville	Maysville	11,554
Security Bank and Trust Co.	Maysville	1,666
Farmers Deposit Bank of Middleburg Inc.	Middleburg	4
The Monticello Banking Co.	Monticello	23,551

TRUST ASSETS - KENTUCKY STATE BANK TRUST DEPARTMENTS
(dollar amounts in thousands with 000's omitted)

Name	City	Total Trust Assets
Morgantown Bank & Trust Co. Inc.	Morgantown	5,853
Traditional Bank Inc.	Mount Sterling	7,192
Hart County Bank and Trust Co.	Munfordville	2,477
Citizens Bank of Northern Kentucky Inc.	Newport	6,620
Independence Bank of Kentucky	Owensboro	68,063
Peoples Bank & Trust Co.	Owenton	693
The Paducah Bank and Trust Co.	Paducah	36,376
Kentucky Bank	Paris	62,328
Farmers Bank and Trust Co. of Princeton	Princeton	10,318
First & Peoples Bank	Russell	71,506
Citizens Union Bank of Shelbyville	Shelbyville	1,281
First Citizens Bank	Shepherdsville	95,970
Cumberland Security Bank Inc.	Somerset	4,136
United Bank & Trust Co.	Versailles	119
Eagle Bank Inc.	Williamstown	5,953
Grant County Deposit Bank	Williamstown	1,869
Total		**5,288,381**

BANK CHANGES 2003:
New Bank Charters, Bank Conversions, Name Changes, Mergers, and Main Office Relocations

New Charters

3-12-03 The Winchester Bank Inc., Winchester, Kentucky

7-16-03 I-Bank, Louisville, Kentucky

Name Change

7-1-03 Peoples State Bank, Chaplin changed its name to King Southern Bank

9-1-03 Greensburg Deposit Bank and Trust, Greensburg changed its name to Deposit Bank & Trust

Conversions

1-1-03 Community Trust, NA, Pikeville converted to Community Trust Bank Inc., Pikeville

1-8-03 First Federal Savings Bank of Elizabethtown, Kentucky to First Federal Savings Bank of Elizabethtown, Kentucky

11-2-03 First National Bank of Northern Kentucky converted to First Bank of Northern Kentucky

Main Office Relocations

2-3-03 Bank of Kentucky Inc., Crestview Hills relocated its main office to 111 Lookout Farm Drive, Crestview Hills, Kentucky.

5-7-03 Heritage Community Bank, Danville relocated its main office to 462 West Main Street, Danville, Kentucky

12-5-03 Ascencia Bank Inc., Louisville relocated its main office to 2500 Eastpoint Parkway, Louisville, Kentucky

Mergers

6-14-03 The Peoples State Bank of Hodgenville merged into Citizens Union Bank, Shelbyville, Kentucky

7-16-03 I-Bank, Louisville, Kentucky merged into Independence Bank, New Albany, Indiana

8-09-03 Kentucky Bank & Trust of Russell merged into Peoples Bank, NA, Marietta, Ohio

11-14-03 Community Bank of Kentucky, Inc. of Bardstown merged into Community Bank of Southern Indiana, New Albany, Indiana

12-31-03 Fifth Third Bank Kentucky Inc., Louisville merged into Fifth Third Bank, Grand Rapids, Michigan

12-31-03 Fifth Third Bank Northern Kentucky Inc., Covington merged with Fifth Third Bank, Grand Rapids, Michigan

Loan Production Offices

2-4-03 Town Square Bank Inc., Ashland, Kentucky to establish a Loan Production Office at 506 North Main Street, Suite 100 Nicholasville, Kentucky.

2-26-03 Stock Yards Bank & Trust Co., Louisville, Kentucky to establish a Loan Production Office at 8888 Keystone Crossing, Indianapolis, Indiana

2-26-03 Citizens First Bank Inc., Bowling Green, Kentucky to establish a Loan Production Office at 914 South Main Street, Franklin, Kentucky.

5-12-03 First Commonwealth Bank, Prestonsburg redesignated branches as Loan Production Offices at 1390 Flemingsburg Road, Morehead and 3780 North Mayo Trail, Pikeville, Kentucky

7-31-03 Hancock Bank & Trust Co., Hawesville, Kentucky to establish a Loan Production Office at 458 North Main Street, Madisonville, Kentucky.

CREDIT UNION DIVISION
SEVENTIETH ANNUAL CREDIT UNION REPORT

The Credit Union Branch supervises the activities of 34 Kentucky state-chartered credit unions, ranging in size from $339,762 to $598,657,791. In 2003, two state-chartered credit unions merged and one credit union completed liquidation. While the number of credit unions under supervision declined, total asset growth was 7.73% This increased the total assets under supervision by the Credit Union Branch to $1,246,654,450.

The Credit Union Branch consists of four employees. The examiners' experience ranges from 14 to 30 years. Examiners are encouraged to further their education in specialized areas according to their personal growth plans and in keeping with the Office and/or Division needs for examiner expertise in specific areas.

Kentucky state-chartered credit unions experienced unfavorable trends in 2003. The Net Worth to Total Assets Ratio, while still strong, declined to a five-year low. Loan growth has been stagnant, while investment growth has surged. Both the Yield on Loans and the Yield on Investments are at five-year lows, while the Provision for Loan Losses is at a five-year high. This situation has caused many credit unions to struggle with earnings.

The Office of Financial Institutions approved the following liquidation and mergers during the year:

Merged	**Merged With**
Bourbon Credit Union	Beacon Credit Union
KAWA Credit Union	KIT Federal Credit Union

Liquidation
St. John's Parish Credit Union*

*The liquidation was completed in 2003, but the credit union was not dissolved until 2004.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY STATE - CHARTERED CREDIT UNIONS

Year	Total Assets
June 30, 1934	391,943
June 30, 1935	725,535
June 30, 1936	1,249,342
June 30, 1937	1,660,520
June 30, 1938	1,696,127
June 30, 1939	2,057,015
June 30, 1941	3,146,257
June 30, 1942	3,251,825
June 30, 1943	2,982,267
June 30, 1944	3,088,248
June 30, 1945	3,505,257
June 30, 1946	4,144,653
June 30, 1947	4,995,675
June 30, 1948	6,083,221
June 30, 1949	7,107,044
June 30, 1950	8,334,194
June 30, 1951	8,179,622
June 30, 1952	10,516,625
June 30, 1953	12,623,784
June 30, 1954	14,781,357
June 30, 1955	16,702,656
June 30, 1956	19,107,017
June 30, 1957	21,437,514
June 30, 1958	23,623,385
June 30, 1959	26,447,334
June 30, 1960	27,979,449
June 30, 1961	29,357,256
June 30, 1962	31,739,280
June 30, 1963	34,501,791
June 30, 1964	39,301,082
June 30, 1965	43,391,089
June 30, 1966	46,430,845
June 30, 1967	50,065,518
June 30, 1968	53,669,699
June 30, 1969	58,409,409
June 30, 1970	64,297,546
June 30, 1971	71,728,169
June 30, 1972	81,246,995

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY STATE - CHARTERED CREDIT UNIONS

Year	Total Assets
June 30, 1973	91,221,819
June 30, 1974	100,937,750
June 30, 1975	113,438,105
June 30, 1976	129,079,696
June 30, 1977	147,094,455
June 30, 1978	169,281,627
June 30, 1979	176,261,333
June 30, 1980	170,888,349
June 30, 1981	198,916,832
June 30, 1982	190,721,775
June 30, 1983	226,257,290
June 30, 1984	270,077,766
June 30, 1985	324,359,567
June 30, 1986	465,930,836
June 30, 1987	534,721,314
June 30, 1988	522,854,417
December 31, 1988	486,976,000
December 31, 1989	482,857,000
December 31, 1990	509,758,691
December 31, 1991	554,628,084
December 31, 1992	610,893,902
December 31, 1993	643,540,808
December 31, 1994	670,077,079
December 31, 1995	697,585,006
December 31, 1996	726,727,477
December 31, 1997	782,580,308
December 31, 1998	855,559,615
December 31, 1999	897,712,452
December 31, 2000	957,584,922
December 31, 2001	1,081,872,980
December 31, 2002	1,157,171,468
December 31, 2003	$1,246,654,450

SELECTED COMPOSITE OPERATING RATIOS - KENTUCKY STATE - CHARTERED CREDIT UNIONS

Ratio Description	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03
Capital Adequacy:					
NetWorth/Total Assets	15.36	15.34	14.48	14.49	14.34
Total Delinquent Loans/NetWorth	3.96	4.33	5.05	4.50	4.27
Solvency Evaluation (Estimated)	118.26	118.29	117.15	117.14	116.90
Classified Assets (Est)/NetWorth	4.68	4.78	4.86	4.69	4.52
Asset Quality:					
Delinquent Loans/Total Loans	0.88	0.93	1.11	1.01	0.99
Net Charge-Offs/Average Loans	0.53	0.47	0.51	0.61	0.77
Fair (Market) Value/Book Value (HTM invests)	98.49	100.71	100.82	100.42	100.23
Accum Unreal G-L On AFS/CST of Invest AFS	-0.96	0.76	2.16	2.55	0.89
Delinquent Loans/Assets	0.61	0.66	0.73	0.65	0.61
Earnings:					
Return on Average Assets	1.12	1.01	0.98	1.06	0.94
Gross Income/Average Assets	8.48	8.70	8.43	7.40	6.57
Yield On Average Loans	8.95	8.98	8.89	8.31	7.58
Yield On Average Investments	5.92	6.20	5.12	3.40	2.52
Cost of Funds/Average Assets	3.72	3.90	3.65	2.47	1.80
Net Margin/Average Assets	4.75	4.80	4.78	4.93	4.78
Operating Exp/Average Assets	3.32	3.41	3.41	3.45	3.34
Provision For Loan & Lease Losses/Avg Assets	0.31	0.39	0.40	0.41	0.50
Net Interest Margin/Average Assets	3.90	3.89	3.81	3.98	3.81
Operating Exp/Gross Income	39.15	39.13	40.41	46.65	50.77
Fixed Assets & Oreos/Total Assets	2.47	2.65	3.01	2.64	2.58
Net Operation Exp/Average Assets	2.80	2.89	2.84	2.85	2.74
Asset/Liability Management:					
Net Long-Term Assets/Total Assets	13.95	12.98	15.29	14.31	15.23
Reg Shares/Total Shares & Borrowings	56.93	51.31	54.41	57.82	59.90
Total Loans/Total Shares	82.27	85.09	77.67	76.08	72.72
Total Loans/Total Assets	69.12	71.46	65.88	64.63	61.86
Cash + Short-Term Investments/Assets	20.01	16.78	19.18	16.50	18.31
Total Share, Dep. & Borrows/Earning Assets	90.69	87.78	89.11	89.14	89.12
Reg Shares+Share Drafts/Total Shares & Borrowings	64.44	59.53	62.19	65.67	68.30
Borrowings/Total Shares & NetWorth	0.00	0.02	0.00	0.00	0.07
Productivity:					
Members/Potential Members	39.32	39.10	38.53	39.13	38.53
Borrowers/Members	64.32	64.51	63.28	61.70	59.43
Members/Full-Time Employees	437	449	436	422	408
Average Shares Per Members	3,867	4,010	4,443	4,645	4,949
Average Loan Balance	4,946	5,290	5,453	5,727	6,056
Salary & Benefits/Full-Time Employee	34,459	37,355	38,307	39,609	41,908
Other Ratios:					
NetWorth Growth	7.20	6.49	6.70	6.99	6.66
Market (Share) Growth	4.53	6.63	14.10	7.14	7.86
Loan Growth	10.48	10.29	4.15	4.94	3.10
Asset Growth	4.93	6.67	12.98	6.96	7.73
Investment Growth	-15.78	9.90	36.63	11.97	18.21

REPORT OF CONDITION - KENTUCKY STATE - CHARTERED CREDIT UNIONS

Name	City	Total Assets
Beacon	Louisville	28,409,639
Members One	Louisville	3,992,736
Louisville Gas & Electric Co.	Louisville	19,180,696
Fancy Farm	Fancy Farm	9,496,046
B. C. B. S.	Louisville	5,763,303
Tarcana	Louisville	3,120,279
Commonwealth	Frankfort	598,657,791
Kenesco	Ashland	714,545
Rural Cooperatives	Louisville	33,846,538
Paducah City Employees	Paducah	2,683,744
Louisville Police Officers	Louisville	11,814,887
Ashland Inc. Employees	Ashland	119,053,576
Members Choice	Ashland	95,600,538
Courier Journal And Times	Louisville	5,316,959
Kitco Employees	Louisville	4,407,647
GTKY	Lexington	51,744,965
Letcher County Teachers	Whitesville	977,434
Kemba Louisville	Louisville	34,905,097
Lexington Postal	Lexington	16,349,884
Berea	Berea	1,758,388
Kentucky Employees	Frankfort	45,332,285
Whitesville Community	Whitesville	12,483,736
Louisville Federal	Louisville	27,725,318
Brown-Forman Employees	Louisville	7,263,256
Service One	Bowling Green	73,709,830
Louisville District US Engineer Employees	Louisville	3,728,454
Muhlenberg Community Hospital	Greenville	693,818
Covington City Employees	Covington	2,153,446
Alcan Employees	Louisville	2,455,861
Newport Postal	Union	360,081
C&O United	Edgewood	13,003,728
Kentucky Conference	Lexington	1,111,607
Ferry Morse (Fulton)	Fulton	339,762
Metro Employees	Lexington	8,498,576
TOTAL		**1,246,654,450**

SEVENTH ANNUAL
COMPLIANCE BRANCH REPORT

COMPLIANCE BRANCH

The Compliance Branch licenses and regulates mortgage brokers and companies, check cashers, consumer and industrial loan companies, and sale of checks. As of Dec. 31, 2003, this branch supervised 1,404 licensees.

The number and type of licenses regulated by the Office are displayed below:

License Type	Number Of Licensees Dec. 31, 2002	Number Of Licensees Dec. 31, 2003
Mortgage Companies	81	84
Mortgage Brokers	436	333
Check Cashers	470	544
Consumer Loan Companies	344	346
Industrial Loan Companies	67	65
Sale of Checks	31	32
TOTAL	**1,429**	**1,404**

There were 263 Compliance Branch written consumer complaints received by the Office during 2003. The breakdown is as follows:

	Number Of Written Complaints
Mortgage Companies	101
Mortgage Brokers	119
Check Cashers	2
Consumer Loan Companies	41
Industrial Loan Companies	0
Sale of Checks	0
TOTAL	**263**

During 2003, the number of examinations conducted by the Compliance Branch is as follows:

	Number Of Examinations
Mortgage Companies	22
Mortgage Brokers	201
Check Cashers	485
Consumer Loan Companies	346
Industrial Loan Companies	67
TOTAL	**1,121**

In 2003, a total of $27,500 in fines were assessed against various mortgage companies and mortgage brokers.

The Compliance Branch is staffed with nine examiners. Three are assigned to consumer loan companies and industrial loan companies, two to check cashers, and four to mortgage companies and mortgage brokers. These examiners collectively have in excess of 100 years experience and are highly trained in their respective areas. They are located in Union, Madisonville, Louisville, Lexington, Nicholasville, Frankfort and Versailles.

Check casher, consumer loan company, and industrial loan company licensees are examined annually as required by statute. Mortgage company and mortgage broker examination frequency are not set by statute, however, licensees are examined every 18 to 24 months. Each examiner has his/her own portfolio of licensees. Every effort is made by the Office to keep an examiner's portfolio in a geographic area close to their residence in order to keep travel to a minimum. OFI field offices located in Eddyville, Bowling Green, Louisville, and Lexington are used by examiners for administrative purposes.

During calendar year 2003, the Compliance Branch examination staff attended several schools and conferences that provided continuing education in their respective fields. The American Association of Residential Mortgage Regulators (AARMR) provides a five-day examiner school annually in Washington, DC. All four of the mortgage examiners attend each year. The topics covered vary from year to year, but most importantly this particular school keeps the mortgage staff current in changes to federal laws and regulations. Every two years AARMR offers a three-day fraud school in addition to the examiner school and the entire mortgage staff attends. Consumer loan company, industrial loan company and check casher examiners attend the National Association of Consumer Credit Administrators (NACCA) annual five-day examiner school that is held in various locations throughout the United States. As with the AARMR examiner school, this school provides for continuing education and updates on the changes in federal laws and regulations.

.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY CONSUMER LOAN COMPANIES
(dollar amounts in thousands with 000's omitted)

Year	Total Assets
December 31, 1970	215,167,905
December 31, 1971	226,157,998
December 31, 1972	239,477,617
December 31, 1973	245,215,588
December 31, 1974	229,683,167
December 31, 1975	208,570,020
December 31, 1976	211,463,297
December 31, 1977	239,296,246
December 31, 1978	268,373,094
December 31, 1979	293,273,325
December 31, 1980	259,294,136
December 31, 1981	211,028,452
December 31, 1982	232,543,585
December 31, 1983	321,540,852
December 31, 1984	382,601,061
December 31, 1985	421,405,340
December 31, 1986	493,127,698
December 31, 1987	566,180,285
December 31, 1988	640,725,342
December 31, 1989	667,957,592
December 31, 1990	696,270,222
December 31, 1991	730,091,564
December 31, 1992	761,442,628
December 31, 1993	822,215,474
December 31, 1994	852,349,610
December 31, 1995	842,469,339
December 31, 1996	892,877,819
December 31,1997	690,503,783
December 31, 1998	675,952,908
December 31, 1999	728,313,360
December 31, 2000	715,191,067
December 31, 2001	587,058,850
December 31, 2002	641,252,164
December 31, 2003	$684,177,846

CONSOLIDATED REPORT OF CONDITION - KENTUCKY CONSUMER LOAN COMPANIES

TOTALS FOR STATE Consolidated Report of Condition Kentucky Consumer Loan Companies	**345 CL Cos.** **Dec. 31, 2003**	**Change**	**344 CL Cos.** **Dec. 31, 2002**
ASSETS			
Cash and Due from Depositor Institutions	4,953,088	-12.14%	5,637,423
Total Loans Receivable, Net of Unearned Interest and Reserves	663,439,753	7.93%	614,713,910
Premises and Fixed Assets (Net of Depreciation)	4,251,755	-13.20%	4,898,087
Deferred Charges and Prepaid Expenses	3,101,934	-31.61%	4,535,921
Other Assets Used in Consumer Loan Business	8,431,316	-26.47%	11,466,823
Total Assets Used in Consumer Loan Business	**684,177,846**	**6.69%**	**641,252,164**
LIABILITIES and CAPITAL or NET WORTH			
Total Liabilities	554,915,091	4.62%	530,427,571
Total Capital	129,262,755	16.64%	110,824,593
Total Liabilities and Capital or Net Worth	**684,177,846**	**6.69%**	**641,252,164**
LOANS MADE IN 2003 CLASSIFIED BY COLLATERAL KENTUCKY CONSUMER LOAN COMPANIES			
Collateral			
Personal Items/Household Goods	324,869,314	6.08%	306,240,209
Motor Vehicles	73,711,012	-0.45%	74,046,402
Motor Vehicles and Personal Items	154,940,704	21.11%	127,935,124
Real Estate	24,941,193	-18.42%	30,572,134
Unsecured Notes	126,574,883	16.93%	108,250,125
Endorsed and/or Co-Maker Notes	7,001,023	15.26%	6,074,044
Other Considerations	7,343,581	-64.40%	20,627,739
Total	**719,381,710**	**6.77%**	**673,745,777**

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY INDUSTRIAL LOAN COMPANIES

Year	Total Assets
June 29, 1946	432,786
June 30, 1947	843,587
June 30, 1948	1,207,448
June 30, 1949	998,520
June 30, 1950	725,995
June 30, 1951	1,002,486
June 30, 1952	1,260,935
June 30, 1953	1,197,125
June 30, 1954	1,145,154
June 30, 1955	1,337,078
June 30, 1956	3,351,255
June 29, 1957	6,674,101
June 30, 1958	7,624,233
June 30, 1959	12,027,595
June 30, 1960	25,016,928
June 30, 1961	29,533,306
June 30, 1962	38,986,576
June 29, 1963	47,926,026
June 30, 1964	62,498,295
June 30, 1965	74,443,666
June 30, 1966	83,269,104
June 30, 1967	92,253,814
June 30, 1968	106,979,831
June 30, 1969	118,607,417
June 30, 1970	128,303,693
June 30, 1971	130,666,763
June 30, 1972	144,585,041
June 30, 1973	182,173,895
June 30, 1974	212,063,191
June 30, 1975	203,572,673
June 30, 1976	208,046,246
June 30, 1977	224,959,496
June 30, 1978	238,484,239
June 30, 1979	268,877,377
June 30, 1980	254,058,175
June 30, 1981	255,953,218
June 30, 1982	165,942,225
June 30, 1983	69,058,748
June 30, 1984	45,051,556
June 30, 1985	61,357,110

ANNUAL CONSOLIDATED STATEMENT OF ASSETS - KENTUCKY INDUSTRIAL LOAN COMPANIES

Year	Total Assets
June 30, 1986	47,118,841
June 30, 1987	19,930,854
June 30, 1988	3,579,048
December 31, 1988	33,707,258
December 31, 1989	66,185,013
December 31, 1990	60,216,163
December 31, 1991	93,265,336
December 31, 1992	70,626,327
December 31, 1993	36,242,155
December 31, 1994	17,161,759
December 31, 1995	13,559,113
December 31, 1996	13,841,777
December 31, 1997	13,346,139
December 31, 1998	8,854,581
December 31, 1999	3,184,487
December 31, 2000	12,700,424
December 31, 2001	12,013,001
December 31, 2002	16,861,557
December 31, 2003	$7,106,807

CONSOLIDATED REPORT OF CONDITION - INDUSTRIAL LOAN COMPANIES

	65 I. L. Cos. Dec. 31, 2003	Change	67 I. L. Cos. Dec. 31, 2002
ASSETS			
Cash on hand	0	0.00%	0
Cash in Depository Institutions	103,718	-27.29%	142,655
Investments	0	0.00%	0
Industrial Loans	7,087,930	-57.75%	16,776,170
Cond. Sales Contracts	0	0.00%	0
Other Loans	163,958	345.93%	36,768
Total Loans	7,251,888	-56.87%	16,812,938
Less: Unearned Interest	100,770	-55.74%	227,689
Reserve for Loan Loss	360,398	-42.01%	621,506
Loans, Net of Unearned Interest and Reserves	6,790,720	-57.46%	15,963,743
Premises and Fixed Assets	0	0.00%	0
Other Assets	212,369	-71.88%	755,158
TOTAL ASSETS	7,106,807	-57.85%	16,861,557
LIABILITIES			
Certificates of Investment	0	0.00%	0
Other Borrowed Money	5,631,558	-61.70%	14,704,074
Other Liabilities	81,072	-75.75%	334,250
Total Liabilities	5,712,630	-62.01%	15,038,325
EQUITY CAPITAL			
Capital Stock	500,000	0.00%	500,000
Surplus and Undivided Profits	720,509	496.75%	120,738
Current Earnings	173,668	-85.56%	1,202,494
Total Equity Capital	1,394,177	-23.53%	1,823,232
TOTAL LIABILITIES and EQUITY CAPITAL	**$7,106,807**	**-57.85%**	**$16,861,557**

DIVISION OF SECURITIES

Eighteenth Annual Securities Report

The mission of the Division of Securities is to 1) protect Kentucky investors by preventing and remedying, whenever possible, investment fraud and related illegal conduct, 2) educate the investing public on how to make informed investment decisions, and 3) assist companies in their legitimate attempts to raise capital and transact securities business in Kentucky.

To fulfill its mission, the Division of Securities performs the various functions set forth below. Each of these activities is intended to provide protection to the citizens of the Commonwealth by helping to ensure that securities transactions are effected in compliance with the Securities Act and that investors have thorough and accurate information available to them when they are evaluating an investment in a security or contemplating doing business with a securities professional.

- Licensing – Licensing staff assist in the registration of, or determination to deny registration to, broker-dealers, investment advisers and their employees. Another service provided by Licensing staff is to provide information to the public concerning a broker's disciplinary history.

- Compliance – Examiners in the Compliance Branch perform routine (but often unannounced) examinations of broker-dealers, investment advisers and their employees in the Commonwealth in order to determine that they are complying with the securities laws.

- Enforcement – Investigators in the Enforcement Branch investigate complaints filed with the Division alleging securities fraud or other illegal conduct. In coordination with Office Legal staff, the investigators assist in the administrative actions the Office may pursue against alleged violators of the Securities Act. Further, the Division may refer cases to criminal authorities to prosecute the most serious occurrences of securities fraud.

- Corporation Finance – Corporation Finance staff assist in the registration or exemption from registration of entities that issue securities in the Commonwealth. The staff in this area also process notice filings by issuers of federally covered securities such as mutual funds. The Corporation Finance staff also answer questions from the general public about the requirements for offerings of securities in Kentucky.

In addition, the Division distributes informational brochures to Kentuckians through public libraries, county cooperative extension agencies, and regularly speaks to high school students and community groups about saving and investing.

REPORT OF THE DIVISION OF SECURITIES YEAR-END 2003

LICENSING BRANCH

	2003
Broker-Dealer Registrations	
New Applications	133
Approved – New Applications	127
Applications Withdrawn	8
Terminated Registrations	155
Total Registered at year end	1,654
Broker-Dealer Agent Registrations	
New Applications	1,976
Approved – New and Transfers	21,664
Terminated Registrations	22,727
Total Registered at year end	66,073
State Investment Advisers	
New Applications	19
Approved	19
Terminated Registrations	20
Total Registered at year end	122
State Investment Adviser Representatives	
New Applications (U-4)	42
Approved	42
Terminated	35
Total Registered	195
Federal Covered Investment Advisers	
Notice Filings	75
Effective	75
Withdrawals (ADV-W)	53
Total Effective Notice Filings	646
Federal Covered IA Representatives	
New Applications (U-4)	244
Approved	976
Terminated	371
Suspended	1
Transitions	370
Total Registered at year end	1,444

COMPLIANCE BRANCH

ENTITY	2003 Exams
Broker Dealer Total	**152**
Main Office	5
NASD Branch Office	63
Non Branch Office	84
Investment Adviser Total	**31**
Main Office	31
Issuer Agent Total	**8**
Main Office	8
TOTAL ALL EXAMS	**191**

CORPORATION FINANCE

	Effective 2003
Registrations	
By Coordination	34
By Qualification	0
By Notification	0
Notice Filings	
Investment Companies – New	736
Investment Companies – Renewals	2,273
Unit Investment Trusts	337
Reg. D, Rule 506 Offerings	345
Exemptions	
Claims of Exemption Requested	78
Total	3,803

ENFORCEMENT BRANCH

	2003
Referrals To Outside Agency/Entity	5
Referrals From Outside Agency/Entity	3
Investigations Opened	43
Investigations Closed	44
Investigations Pending	60
Restitution to Investors	$393,000
Fines Imposed	$564,760
Fines Collected	$8,000
Fines Referred for Collection	$556,760

2003 KENTUCKY HEADQUARTERED - BROKER DEALER COMPANIES

Name	Address	City
Alexander Investment Services	2700 Shelbyville Road	Louisville
Churchill Financial, LLC	1406 Browns Lane, Suite 200	Louisville
Dupree & Co. Inc.	125 South Mill Street	Lexington
Eitel & Co.	6002 Brownsboro Park Blvd.	Louisville
First Advantage Securities Corp.	1945 Scottsville Road, Suite 112B	Bowling Green
First Kentucky Securities Corp.	305 Ann Street, Suite 400	Frankfort
Interactive Planning Corp.	131 Prosperous Place, Suite 17	Lexington
Investment Bank Services Inc.	6200 Dutchman's Lane	Louisville
Inviva Securities Corp.	9920 Corporate Campus Drive, Suite 1000	Louisville
J.J.B. Hilliard, W.L. Lyons Inc.	Hilliard Lyons Center	Louisville
Lexington Investment Co. Inc.	2365 Harrodsburg Rd, Suite B375	Lexington
Maxxtrade Inc.	880 Corporate Drive, Suite 410	Lexington
Nancy Barron & Associates Inc.	150 Grand Boulevard	Lexington
Rise Inc.	8913 Stone Green Way, Suite 200	Louisville
Sachs Co.	1346 South Third Street	Louisville
Tradepipe BD, LLC	108 South Madison Avenue	Louisville
Winebrenner Capital Partners, LLC	2300 Greene Way, Suite 200	Louisville

2003 KENTUCKY HEADQUARTERED REGISTERED INVESTMENT ADVISERS

Name	City
Accredited Financial Advising	Lexington
Advisory Team, LLC	Ft. Wright
Albert L. Earley Jr.	Louisville
Alleghan Investment Management Inc.	Lexington
Argus Investment Management	Louisville
Beck Financial, LLC	Villa Hills
Brent L. Denker	Paducah
Bryon N. Milby, CPA	Campbellsville
Capital Advisors Group Inc.	Lexington
Capital Asset Management Corp.	Louisville
Capital Investment Management Inc.	Leitchfield
Christina Vittitow O'Bryan, CFP	Owensboro
Churchill Financial, LLC	Louisville
Civello Investment Advisory	Louisville
Coats Financial Planning	Louisville
Cole Management, Inc.	Shelbyville
Cotton and Allen Financial Group, LLC	Louisville
Crossroads Financial Planning Inc.	Louisville
Dynamic Management Systems	Henderson
Equity Advisors of Kentucky Inc.	Louisville
Equity Resources, LLC	Louisville
Family Wealth Counseling Inc.	Louisville
Financial Architects Inc.	Louisville
Financial Services Advisory Inc.	Louisville
Gerald Lee Minnis Advisory	Louisville
Goldenrod Capital Advisers Inc.	Fisherville
Hatfield and Co.	Crestview Hills
Heritage Financial Group Inc.	Paducah
Highland Financial Management Inc.	Louisville
Horizon Financial Services Inc.	Paducah
Invest Inc.	Lexington
Investment Research Advisory Corp.	Louisville
Investment Strategies Inc.	Louisville
John C. Muir & Co.	Mayfield
John Patrick Anderson	Lexington
Keepsake Management	Lexington
Key Market Research, LLC	Louisville
KFG Private Client Services, LLC	Louisville

2003 KENTUCKY HEADQUARTERED REGISTERED INVESTMENT ADVISERS

Name	City
Landmark Financial Advisors, LLC	Bowling Green
Lawrence J. Botzman CFP	Somerset
Leonard Joseph Schneck, Ph.D.	Lexington
Marshall Capital Management Group	Louisville
MC Financial Services Inc.	Louisville
Mid Central Financial Advisors Inc.	Covington
Millson/Walker Financial Group, Ltd.	Florence
Mohr Financial Services Inc.	Fort Wright
Money Matters Inc.	Morehead
Moneywise Inc.	Lexington
Morgan Money Management Inc.	Paducah
Nina M. Wyatt & Associates, LLC	Owensboro
Painter Financial	Greenville
Palmer Capital Management Inc.	Florence
Pierce Financial Planning Inc.	Lexington
Pillar Financial Advisors, LLC	Louisville
Regional Investment Advisors Inc.	Louisville
Resource Design Inc.	Edgewood
River Cities Asset Management, LLC	Owensboro
Robert M. Walker & Associates Inc.	Louisville
Ron Beaton's Money Matters	Paducah
Scearce Services Inc.	Lexington
Senior Wealth Management Solutions	Lexington
Spectrum Financial Alliance	Nicholasville
Stivers Consulting Inc.	Lexington
Sullivan, Morris, Sullivan and Hart, P.S.C.	Lexington
Thomas E. Hatton, Private Asset Management	Henderson
Thomas M. Zalla, CFP / PhD	Ft. Wright
Thompson Investment Advisors Inc.	Louisville
Thurn Financial Planning, LLC	Lexington
Venture Management Group Inc.	Louisville
Wealth Investment Network Inc.	Edgewood
William E. Sawyer d/b/a Conservative Asset Management	Louisville
William W. Cox Jr.	Paducah
Winebrenner Investment Advisors LLC	Louisville

The financial information in this report is based upon unverified figures furnished in Dec. 31, 2003, call reports.

Subsequent amendments to call reports are not reflected.

PAID FOR WITH STATE FUNDS

Office of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601

502-573-3390
Fax: 502-573-8787
1-800-223-2579
www.dfi.ky.gov