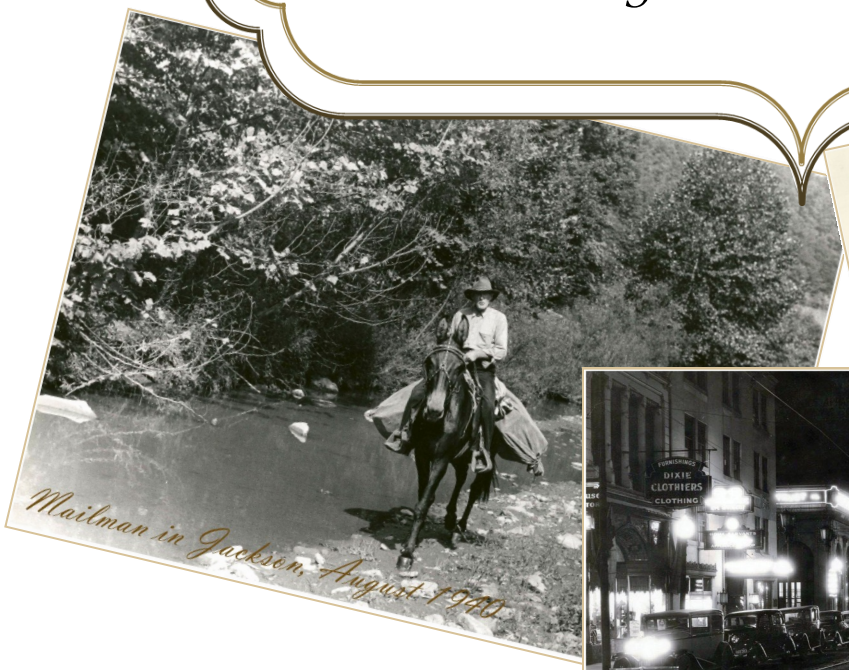
2012 Annual Report

Department of Financial Institutions

Supervising Kentucky's Financial Industry for 100 Years



Night on Madison Avenue in Covington

Photos source: Works Progress Photo Collection, Public Records Division, Kentucky Department for Libraries and Archives

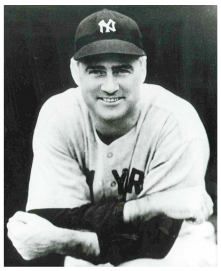
O.S. Denny
Served 1928-1930

Hiram Wilhoit
Served 1935-1943

Hillard H. Smith
Served 1943-1948

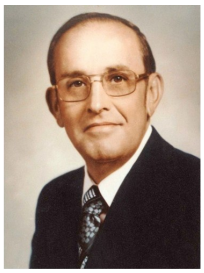
Henry H. Carter
Served 1948-1955

S. Albert Phillips
Served 1956-1958



Earle B. Combs
Served 1958-1960

G.D. Beach
Served 1965-1968



Howard T. Sallee
Served 1973-1975

John Williams Jr.
Served 1975-1980

Randall L. Attkisson
Served 1980-1982

Tracy Farmer
Served 1983

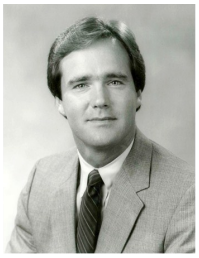
Neil Welch
Served 1983

Leonard B. Marshall
Served 1983-1984

DFI Commissioners Portrait Gallery

Unfortunately, photos are not available of some past commissioners.

Ballard W. Cassady Jr.
Served 1984-1986



Thomas B. Miller
Served 1986-1988
And 2004-2005

Edward B. Hatchett Jr.
Served 1988-1994

Edward J. Holmes
Served 1994-1995

J. Rick Jones
Served 1995-1996

Larry D. Lander
Served 1996-1997

Ella D. Robinson
Served 1997-1998
And 1999-2004

Arthur L. Freeman
Served 1998-1999

Cordell G. Lawrence
Served 2005-2008

Charles A. Vice
Served 2008-Present

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Steven L. Beshear, Governor

Robert D. Vance, Secretary
Charles Vice, Commissioner

PUBLIC PROTECTION CABINET

Dear Gov. Steven L. Beshear,

As commissioner of the Kentucky Department of Financial Institutions (DFI), I am pleased to present the 2012 Annual Report. The following pages contain statistical and historical information regarding the financial services industry in Kentucky.

During 2012, the DFI celebrated its 100th anniversary as a state agency. This is a tremendous achievement, and I am honored to serve as the commissioner as we reached this milestone. The successes we enjoy today are based on the hard work and dedication of former commissioners, current and former employees, and sound management teams that operate the companies and industries we regulate. During the past 100 years, national events have changed the financial landscape, such as the Great Depression, the savings and loan crisis, and the recent Great Recession; however, Kentucky financial institutions continue to weather these storms and emerge from these challenges even stronger.

Kentucky's financial institutions have successfully managed through the economic turmoil that began in 2007. During 2012, credit quality has strengthened, and financial measures have stabilized and improved in the state-chartered banks and credit unions headquartered in Kentucky. The DFI continues to work closely with financial institutions to encourage economic development.

The Securities Division works hard to protect investors, while encouraging capital formation to provide for future economic growth. In addition to working closely with law enforcement agencies to address regulatory concerns, DFI also provides investor education to help Kentucky residents save, spend and invest wisely.

The Nondepository Division provides effective oversight of non-bank financial institutions, such as mortgage loan companies, mortgage brokers and consumer loan companies. With the rapid and dynamic changes in information technology, payments systems and alternative lending industries, the Nondepository Division has diligently protected consumers and provided appropriate regulatory oversight of the companies we license and examine.

The DFI remains a leader in financial regulation. This annual report indicates that Kentucky's financial services industry remains committed to helping our communities and residents prepare for future economic growth. The DFI will fulfill its mission of maintaining a stable financial industry, providing effective and efficient regulatory oversight, promoting consumer confidence and encouraging economic opportunities.

Sincerely,

Charles A. Vice, Commissioner

DFI Commissioners

1912-2012

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

** Title was Executive Director from 2004-2007*

History of DFI

Honoring 100 Years of Protecting Kentucky's Financial Interests

DFI traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. Gov. James B. McCreary appointed Thomas J. Smith as the first commissioner, effective July 1, 1912. The department was charged with enforcing laws relating to banks, trust companies, savings banks and combined bank and trust companies doing business under Kentucky law. The first annual report lists six employees – a commissioner, deputy, clerk, and several examiners. Initially the Department supervised 466 commercial banks, savings banks, independent trust companies and title companies with total assets of only $110 million. Exam fees ranged from $15 for banks with a "capital and surplus of $20,000 or less" to $35 for those between $50,000 to $100,000, plus a $10 fee for each additional $100,000.

James B. McCreary
37th Governor of Kentucky,
1911-1915

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

Over the years, other regulatory responsibilities were added, including consumer and industrial loan companies in 1946, companies that sell money orders in 1966, mortgage loan companies and brokers in 1980 and check-cashing companies in 1992. As the agency's scope increased over the years to include other types of financial institutions, its organizational structure and name changed as well. It was renamed the Department of Financial Institutions in 1984.

Source: Works Progress Photo Collection, Public Records Division, Kentucky Department for Libraries and Archives

DFI Timeline

March 1, 1912:
The Banking Act of 1912, Chapter 4 was approved by Gov. James B. McCreary during the 1912 General Assembly regular session.

July 1, 1912:
DFI was "effective and operative" as the Department of Banking. It was charged with enforcing all laws relating to banks, trust companies, savings banks and combined bank and trust companies organized and doing business under Kentucky laws.

1918
The legislature mandated supervision of state-chartered savings (building) and loan associations.

March 24, 1922
Kentucky became the 13th state to enact a state credit union act, when the legislature added state-chartered credit unions to DFI's supervision.

1932
When oversight of the state's securities industry was given to the agency in mid-1932, the agency was renamed the Department of Banking and Securities.

1933
The FDIC was created during the Great Depression. In Kentucky, bank closures reached an all-time high when 23 state banks failed.

1946
Regulatory oversight of consumer and industrial loan companies was added.

1966
Regulatory oversight of companies that sell money orders was added.

Early 1970s
The Prudential and American Savings & Loan Association failed, impacting Kentucky and DFI. The Savings and Loan Crisis later brought widespread changes to the industry in the 1980s.

1980
Regulatory oversight of mortgage loan companies and brokers was added.

1984
The agency name changed to the Department of Financial Institutions. The legislature established the Financial Institutions Board to serve as an advisory body to DFI, among other changes.

1992
Regulatory oversight of check-cashing companies was added.

2012
As DFI celebrates 100 years, it is an agency of the Public Protection Cabinet, under the guidance of Cabinet Secretary Bob Vance and Gov. Steve Beshear.

Financial Institutions Board

The Financial Institutions Board is a statutory body that serves in an advisory capacity to the governor and the commissioner of the Department of Financial Institutions. The board consists of representatives of all segments of Kentucky's financial industry and the public at large and is chaired by the commissioner. The definition of the board's duties can be found in KRS 286.1-013.

2012 DFI Board, left to right: Charles Vice, Branden Gross, Dale Sights, Joe Roberts, Valerie Brown, Frank Ramsey, Fred Brashear, Mark Gooch, Jerry Pyle and David Beck.

Chairman
Charles A. Vice
Commissioner
Department of Financial Institutions

Banking Industry
Charles Beach III
Beattyville, KY
Reappointed Jan. 18, 2012
Term Expires Oct. 10, 2015

William Frederick Brashear II
Hyden, KY
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Frank Ramsey Jr.
Madisonville, KY
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Mark A. Gooch
Pikeville, KY
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

James Dale Sights
Henderson, KY
Appointed Jan. 18, 2012
Term Expires Oct. 10, 2015

Credit Union Representative
Valerie C. Brown
Bowling Green, KY
Appointed June 2, 2011
Term Expires Oct. 10, 2014

Consumer Finance
Jerry D. Pyle
Crofton, KY
Appointed June 2, 2011
Term Expires Oct. 10, 2014

Public at Large
William L. Tatum Jr.
Lebanon, KY
Appointed Nov. 23, 2009
Term Expires Oct. 10, 2013

David S. Beck
Louisville, KY
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Branden Gross
Lexington, KY
Appointed Nov. 23, 2009
Term Expires Oct. 10, 2013

Securities Industry
Joseph P. Roberts
Lexington, KY
Appointed Jan. 18, 2012
Term Expires Oct. 10, 2015

Mission, Values and Vision

Values

The Department of Financial Institutions (DFI) and its employees have a tradition of outstanding public service. Seven core values guide our employees to fulfill the Department's mission and vision:

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

Responsibility
We accept the serious nature of the tasks (or duties) entrusted to us, and we are willing to be held accountable for the actions we choose.

Professionalism
We will provide quality services, which will be achieved through excellence, accountability, innovation and a highly skilled workforce.

Integrity
We will act honestly, fairly and impartially.

Mission Statement

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

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.

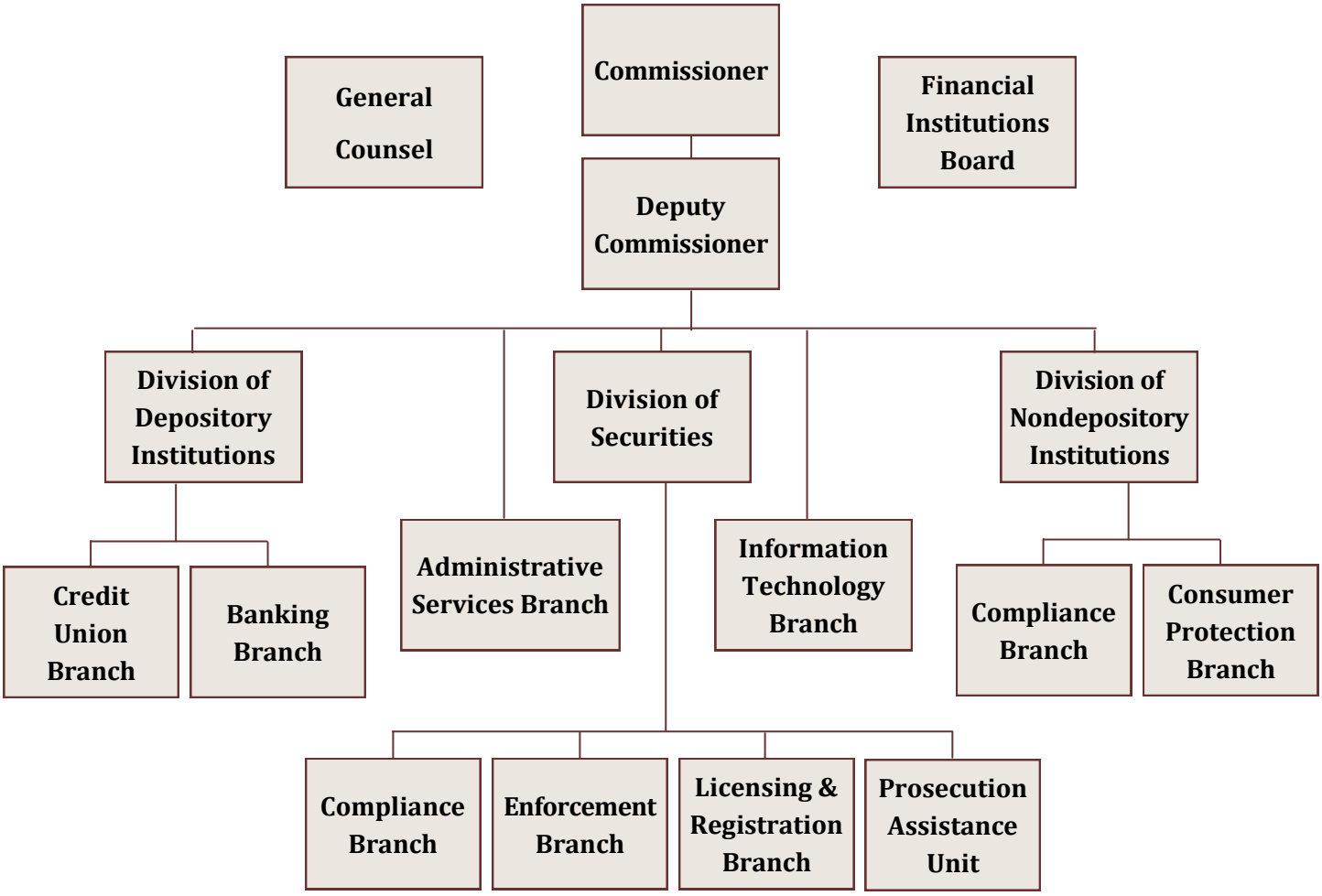
Initiative
We will identify potential issues that may impact the financial services industry, formulate appropriate solutions and proactively respond to change.

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 investing, depositing and borrowing public
- Encourage capital formation and economic development
- Achieve a work environment that encourages career opportunities, professional development and equitable compensation
- Be responsive to emerging industry trends and issues, and implement appropriate strategies

Organizational Structure



Administrative Services Branch

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

- Facilities management — Frankfort office and field offices in Eddyville, Bowling Green, Louisville and Frankfort
- Fiscal management
- Operations and quality control
- Records management
- Staff development: coordinating employee training, continuing education and examiner certification programs
- Safety Officer
- Budgeting
- Revenue and expenditure analysis
- Personnel

In 2013 the Administrative Services branch continues to focus its efforts on recruiting new staff and retaining qualified employees to maintain uninterrupted delivery of services to the industry and public. Fifteen examiners left or retired in fiscal year 2012. A primary agency goal is to hire, train and maintain a highly informed and capable staff. One of the ways the department 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, DFI believes its past accomplishments will carry forward into the future and enable this agency to deliver the highest possible quality of training and career development opportunities and employee support services.

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

Division of Depository Institutions

Bank Branch

100th Annual Banking Report

The Bank Branch supervises the activities of 154 Kentucky state-chartered banks, ranging in asset size from $22.2 million to $3.6 billion. The majority of Kentucky state-chartered banks remain in a relatively stable financial condition compared to our contiguous states and nationally. As the economy slowly recovers, state-chartered banks that possess large commercial real estate concentrations have lagged behind their state-chartered peers in performance. No state-chartered bank failed in Kentucky during 2012.

Net income rebounded in 2012, as the statewide ratio of return on assets (ROA) increased from 0.65 percent in 2011 to 1.06 percent in 2012. The state-chartered ROA compares favorably to the national average of 1.00 percent for 2012. Although statewide ROA increased, the net interest margin declined slightly year over year, decreasing from 4.02 percent to 3.94 percent. The average allowance for loan and lease losses remained steady at 1.72 percent of loans.

Capital levels have improved slightly year over year as indicated by the equity capital position which equaled 10.87 percent in 2012 compared with 10.48 percent in 2011. Additionally, total risk-based capital for Kentucky state-chartered banks averaged 16.07 percent compared to 15.60 percent in 2011.

Bank Changes

During 2012 there was one bank merger. Farmers Deposit Bank of Eminence, Ky., merged with Citizens Deposit Bank & Trust located in Vanceburg, Ky.

State-Chartered Banks

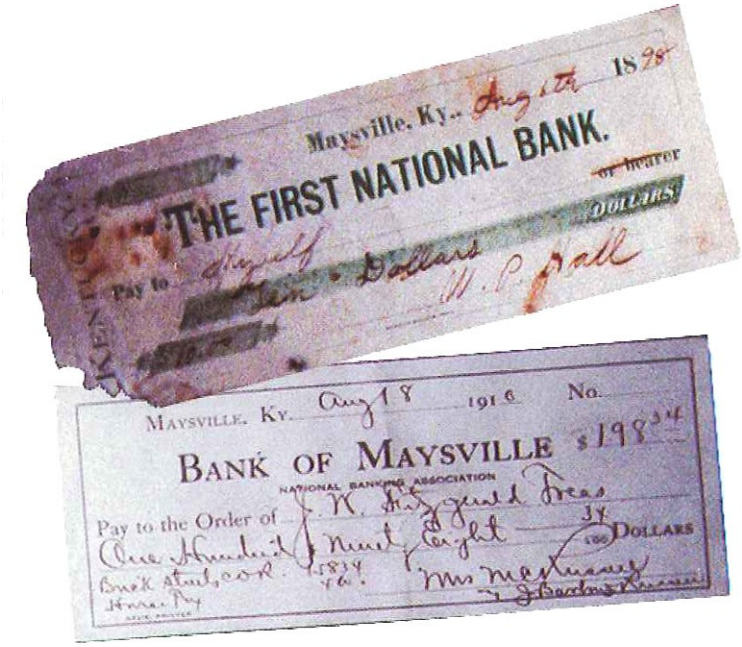
Annual Consolidated Statement of Assets

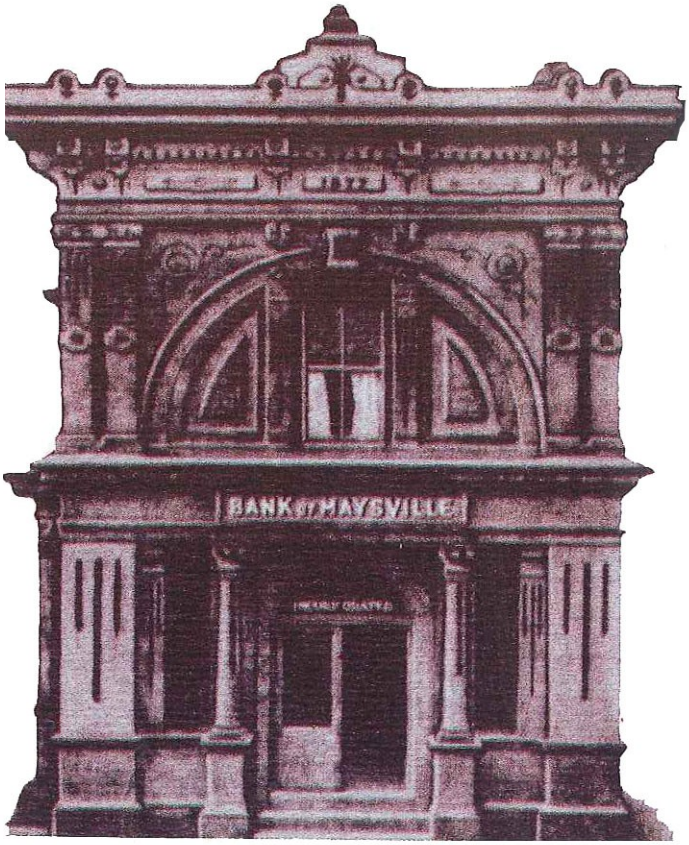
Year	Total Assets
Sept. 4, 1912	$110,096,102.83
Sept. 3, 1913	112,556,338.09
Sept. 12, 1914	110,516,100.67
Nov. 10, 1915	110,068,034.26
Aug. 17, 1916	120,217,111.75
Sept. 7, 1917	152,490,422.93
Sept. 5, 1918	175,361,452.29
Sept. 5, 1919	213,365,256.47
Sept. 13, 1920	227,231,768.46
June 30, 1921	220,117,518.15
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, 1938	252,251,968.59
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
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
Dec. 31, 1988	22,103,771,000.00
Dec. 31, 1989	23,570,033,000.00
Dec. 31, 1990	25,058,852,000.00
Dec. 31, 1991	24,145,642,000.00
Dec. 31, 1992	23,932,903,000.00

State-Chartered Banks

Annual Consolidated Statement of Assets

Year	Total Assets
Dec. 31, 1993	24,825,281,000.00
Dec. 31, 1994	26,860,360,000.00
Dec. 31, 1995	26,765,509,000.00
Dec. 31, 1996	28,414,146,000.00
Dec. 31, 1997	24,975,052,000.00
Dec. 31, 1998	25,811,929,000.00
Dec. 31, 1999	26,800,458,000.00
Dec. 31, 2000	29,135,528,000.00
Dec. 31, 2001	31,473,451,000.00
Dec. 31, 2002	28,554,384,000.00
Dec. 31, 2003	29,188,172,000.00
Dec. 31, 2004	32,945,550,000.00
Dec. 31, 2005	34,654,113,000.00
Dec. 31, 2006	36,984,088,000.00
Dec. 31, 2007	39,429,371,000.00
Dec. 31, 2008	41,917,324,000.00
Dec. 31, 2009	44,275,101,000.00
Dec. 31, 2010	45,325,266,000.00
Dec. 31, 2011	45,765,535,000.00
Dec. 31, 2012	$46,602,852,000.00





DFI's 87th annual report included a profile of the "oldest bank in Kentucky" - the Bank of Maysville. In 1835, the present Bank of Maysville opened for business in Maysville, Ky., as a branch of the Bank of Kentucky, which had a main office in Louisville, Ky. The first deposit received by the bank was on June 26, 1835.

Pictured above: Several original bank drafts.

Pictured at right: The first bank building in Maysville.

State-Chartered Banks

Consolidated Condition and Income Data

	Dec, 31, 2012	Dec. 31, 2011
Number of institutions reporting	154	155
Total employees (full-time equivalent)	12,095	11,893
Aggregate Condition and Income Data	*(Dollar amounts in millions with the 000s omitted)*	
Net income (year-to-date)	494	297
Total assets	46,727	46,375
Earning assets	42,978	42,662
Total loans & leases	30,854	30,753
Other real estate owned	390	390
Total deposits	38,082	37,224
Equity capital	5,081	4,860
Performance Ratios (YTD, %)		
Yield on earning assets	4.74	5.09
Cost of funding earning assets	0.79	1.06
Net interest margin	3.94	4.02
Noninterest income to average earning assets	1.32	1.02
Noninterest expense to average earning assets	3.36	3.38
Net charge-offs to loans and leases	0.63	0.82
Credit-loss provision to net charge-offs	100.40	113.58
Net operating income to average assets	1.01	0.62
Retained earnings to average equity	3.00	1.58
Pre-tax return on assets	1.4.	0.94
Return on assets	1.06	0.65
Return on equity	9.80	6.23
Percent of unprofitable institutions	7.79	9.03
Percent of institutions with earning gains	64.29	56.77
Condition Ratios (%)		
Net loans and leases to assets	64.89	65.17
Loss allowance to:		
Loans and leases	1.72	1.72
Noncurrent loans and leases	76.61	70.69
Noncurrent loans and leases to total loans and leases	2.25	2.43
Nonperforming assets to assets	2.34	2.49
Core deposits to total liabilities	74.40	71.20
Equity capital to total assets	10.87	10.48
Core capital (leverage) ratio	10.05	9.77
Total capital to risk-weighted assets	16.07	15.60
Gross 1-4 family mortgages to gross assets	24.20	24.23
Gross real estate assets to gross assets	62.94	63.21

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
Peoples Bank and Trust Company of Clinton County	Albany	$32,817
Citizens Deposit Bank of Arlington, Inc.	Arlington	175,388
Town Square Bank, Inc.	Ashland	165,669
Auburn Banking Company	Auburn	68,274
Kentucky Home Bank	Bardstown	105,371
Town & Country Bank and Trust Company	Bardstown	284,095
Wilson & Muir Bank & Trust Company	Bardstown	443,755
Bank of Ohio County, Inc.	Beaver Dam	92,481
Bedford Loan & Deposit Bank	Bedford	87,055
Community Financial Services Bank	Benton	610,425
Peoples Bank and Trust Company of Madison County	Berea	390,606
Farmers State Bank	Booneville	56,349
American Bank & Trust Company, Inc.	Bowling Green	245,025
Citizens First Bank, Inc.	Bowling Green	406,416
South Central Bank of Bowling Green, Inc.	Bowling Green	225,362
Meade County Bank	Brandenburg	151,673
Bank of Edmonson County	Brownsville	199,291
Bank of Buffalo	Buffalo	72,740
Citizens Bank of Cumberland County, Inc.	Burkesville	71,292
Bank of Cadiz and Trust Company	Cadiz	104,659
United Citizens Bank & Trust Company	Campbellsburg	95,350
Citizens Bank & Trust Company	Campbellsville	175,551
Taylor County Bank	Campbellsville	164,441
Farmers & Traders Bank of Campton	Campton	46,627
Bank of Caneyville	Caneyville	49,185
Deposit Bank of Carlisle	Carlisle	61,847
Kentucky Farmers Bank Corporation	Catlettsburg	174,867
The Cecilian Bank	Cecilia	539,027
First Security Bank of Kentucky	Central City	80,107
King Southern Bank	Chaplin	175,532
Bank of Clarkson	Clarkson	110,970
Clinton Bank	Clinton	56,336
First Community Bank of Western Kentucky, Inc.	Clinton	87,851
Bank of Columbia	Columbia	132,459
United Citizens Bank of Southern Kentucky	Columbia	140,514
Hometown Bank of Corbin, Inc.	Corbin	135,250
The Bank of Kentucky, Inc.	Crestview Hills	1,842,930

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
The Harrison Deposit Bank and Trust Company	Cynthiana	51,555
Bluegrass Community Bank	Danville	52,893
Dixon Bank	Dixon	90,485
First Citizens Bank	Elizabethtown	309,755
First Federal Savings Bank of Elizabethtown	Elizabethtown	1,008,607
Kentucky Neighborhood Bank	Elizabethtown	126,756
South Central Bank of Hardin County, Inc.	Elizabethtown	90,573
Elkton Bank & Trust Company	Elkton	126,976
Heritage Bank, Inc.	Erlanger	489,923
Peoples Bank of Kentucky, Inc.	Flemingsburg	195,980
First Security Trust Bank, Inc.	Florence	96,426
Farmers Bank & Capital Trust Company	Frankfort	699,289
The Bankers' Bank of Kentucky, Inc.	Frankfort	72,166
Franklin Bank & Trust Company	Franklin	346,466
Fredonia Valley Bank	Fredonia	74,547
Edmonton State Bank	Glasgow	444,295
South Central Bank, Inc.	Glasgow	285,928
The Commercial Bank of Grayson	Grayson	164,098
The Farmers Bank	Hardinsburg	102,692
The Bank of Harlan	Harlan	125,673
Citizens Bank	Hartford	26,480
Commonwealth Community Bank, Inc.	Hartford	162,468
Hancock Bank & Trust Company	Hawesville	337,594
1st Trust Bank, Inc.	Hazard	153,192
Peoples Bank & Trust Company of Hazard	Hazard	285,803
BankTrust Financial	Henderson	82,600
Ohio Valley Financial Group	Henderson	236,548
The Citizens Bank	Hickman	113,024
Bank of Hindman	Hindman	173,508
Planters Bank, Inc.	Hopkinsville	730,009
United Southern Bank	Hopkinsville	248,804
Hyden Citizens Bank	Hyden	128,327
Inez Deposit Bank	Inez	169,835
First State Bank	Irvington	179,164
Citizens Bank & Trust Co. of Jackson	Jackson	127,535
Bank of Jamestown	Jamestown	167,191
The Kevil Bank	Kevil	31,006

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
THE BANK - Oldham County, Inc.	La Grange	141,577
Century Bank of Kentucky, Inc.	Lawrenceburg	108,207
Peoples Bank	Lebanon	48,954
Leitchfield Deposit Bank & Trust Company	Leitchfield	113,597
Lewisburg Banking Company	Lewisburg	103,801
American Founders Bank, Inc.	Lexington	344,495
Bank of Lexington, Inc.	Lexington	191,127
Bank of the Bluegrass and Trust Company	Lexington	212,790
Central Bank & Trust Co.	Lexington	1,947,122
Whitaker Bank	Lexington	1,441,431
The Casey County Bank, Inc.	Liberty	162,318
Louisa Community Bank	Louisa	29,321
Peoples Security Bank	Louisa	49,517
Central Bank of Jefferson County	Louisville	194,553
Commonwealth Bank and Trust Company	Louisville	865,970
Eclipse Bank, Inc.	Louisville	155,541
Metro Bank	Louisville	32,725
PBI Bank	Louisville	1,159,658
Republic Bank & Trust Company	Louisville	3,287,124
River City Bank, Inc.	Louisville	278,404
Stock Yards Bank & Trust Company	Louisville	2,142,654
The First Capital Bank of Kentucky	Louisville	459,403
First United Bank and Trust Company	Madisonville	205,879
Magnolia Bank, Inc.	Magnolia	137,827
Farmers Bank and Trust Company	Marion	140,318
The Peoples Bank	Marion	36,349
First Guaranty Bank	Martin	62,090
First Kentucky Bank, Inc.	Mayfield	368,666
FNB Bank, Inc.	Mayfield	394,356
Bank of Maysville	Maysville	117,765
Security Bank and Trust Co.	Maysville	49,323
Jackson County Bank	McKee	136,624
Farmers Deposit Bank of Middleburg, Inc.	Middleburg	47,889
Home Federal Bank Corporation	Middlesboro	343,619
The Farmers Bank of Milton	Milton	210,393
The Monticello Banking Company	Monticello	557,507
The Citizens Bank	Morehead	121,044

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
United Community Bank of West Kentucky, Inc.	Morganfield	208,419
Morgantown Bank & Trust Company, Inc.	Morgantown	147,160
Traditional Bank, Inc.	Mount Sterling	1,077,868
Citizens Bank	Mount Vernon	135,436
The Peoples Bank	Mount Washington	88,595
Hart County Bank and Trust Company	Munfordville	28,307
Citizens Bank of Northern Kentucky, Inc.	Newport	250,755
The Farmers Bank	Nicholasville	106,619
First Security Bank of Owensboro, Inc.	Owensboro	427,625
Independence Bank of Kentucky	Owensboro	1,242,890
South Central Bank of Daviess County, Inc.	Owensboro	206,859
First Farmers Bank and Trust Company	Owenton	116,441
Peoples Bank & Trust Company	Owenton	64,637
Owingsville Banking Company	Owingsville	66,296
The Paducah Bank and Trust Company	Paducah	554,822
Kentucky Bank	Paris	700,841
Community Trust Bank, Inc.	Pikeville	3,617,126
First State Financial, Inc.	Pineville	381,203
The First Commonwealth Bank of Prestonsburg, Inc.	Prestonsburg	311,409
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	117,982
West Point Bank	Radcliff	164,598
Citizens Guaranty Bank	Richmond	123,975
Madison Bank	Richmond	122,067
First & Peoples Bank and Trust Company	Russell	198,020
The Sacramento Deposit Bank	Sacramento	71,295
The Salt Lick Deposit Bank	Salt Lick	72,294
Sebree Deposit Bank	Sebree	22,246
Citizens Union Bank of Shelbyville	Shelbyville	535,030
The Peoples Bank of Bullitt County	Shepherdsville	230,811
Cumberland Security Bank, Inc.	Somerset	161,987
Springfield State Bank	Springfield	277,195
PBK Bank, Inc.	Stanford	108,482
Peoples Exchange Bank	Stanton	340,716
The Peoples Bank	Taylorsville	116,353
South Central Bank of Monroe County	Tompkinsville	120,674
Citizens Deposit Bank & Trust	Vanceburg	374,958
First Community Bank	Vanceburg	31,635

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
United Bank & Trust Company	Versailles	539,792
Bank of the Mountains, Inc.	West Liberty	67,408
Commercial Bank	West Liberty	147,734
Bank of McCreary County	Whitley City	134,633
Grant County Deposit Bank	Williamstown	88,258
Alliance Banking Company	Winchester	59,554
	Total…….	**$46,726,701**

State-Chartered Bank Trust Departments

Trust Assets

(Dollar amounts in thousands with the 000s omitted)

Name	City	Assets
Town & Country Bank and Trust Company	Bardstown	304,134
Wilson & Muir Bank & Trust Company	Bardstown	152
Community Financial Services Bank	Benton	853
Bank of Cadiz and Trust Company	Cadiz	9,545
Kentucky Farmers Bank Corporation	Catlettsburg	60,080
First Security Bank of Kentucky	Central City	863
Clinton Bank	Clinton	1,740
The Bank of Kentucky, Inc.	Crestview Hills	661,844
First Citizens Bank	Elizabethtown	144,590
Elkton Bank & Trust Company	Elkton	9,342
Peoples Bank of Kentucky, Inc.	Flemingsburg	5,276
Farmers Bank & Capital Trust Company	Frankfort	258,613
Franklin Bank & Trust Company	Franklin	3,131
Commonwealth Community Bank, Inc.	Hartford	6,478
Hancock Bank & Trust Company	Hawesville	9,091
Peoples Bank & Trust Company of Hazard	Hazard	38,378
Ohio Valley Financial Group	Henderson	334,687
The Citizens Bank	Hickman	4,659
Planters Bank, Inc.	Hopkinsville	104,472
Citizens Bank & Trust Company of Jackson	Jackson	7,056
Bank of the Bluegrass and Trust Company	Lexington	119,075
Central Bank & Trust Company	Lexington	902,824
Whitaker Bank	Lexington	426,027

State-Chartered Bank Trust Departments

Trust Assets

(Dollar amounts in thousands with the 000s omitted)

Name	City	Total
Commonwealth Bank and Trust Company	Louisville	1,029,436
PBI Bank	Louisville	669,855
Republic Bank & Trust Company	Louisville	141,420
Stock Yards Bank & Trust Company	Louisville	1,928,553
First United Bank and Trust Company	Madisonville	14,739
Bank of Maysville	Maysville	18,596
The Monticello Banking Company	Monticello	176,361
United Community Bank of West Kentucky, Inc.	Morganfield	5,956
Morgantown Bank & Trust Company, Inc.	Morgantown	3,762
Hart County Bank and Trust Company	Munfordville	2,900
Citizens Bank of Northern Kentucky, Inc.	Newport	28,768
Independence Bank of Kentucky	Owensboro	329,801
Peoples Bank & Trust Company	Owenton	776
The Paducah Bank and Trust Company	Paducah	240,115
Kentucky Bank	Paris	107,124
Community Trust Bank, Inc.	Pikeville	11,137
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	16,289
First & Peoples Bank and Trust Company	Russell	34,000
Citizens Union Bank of Shelbyville	Shelbyville	1,200
Cumberland Security Bank, Inc.	Somerset	15,632
Grant County Deposit Bank	Williamstown	2,105
	Total……$8,191,435	

** Includes Managed and Non-Managed Trust Accounts*

State-Chartered Independent Trust Companies

Total Assets

(Dollar amounts in thousands with the 000s omitted)

Name	City	Trust Assets
Community Trust and Investment Company	Lexington	1,948,359
First Kentucky Trust Company	Louisville	402,860
Hilliard Lyons Trust Company, LLC	Louisville	3,430,124
The Glenview Trust Company	Louisville	3,614,224
	Total……...$9,395,567	

** Includes Managed and Non-Managed Trust Accounts*

Division of Depository Institutions

Credit Union Branch

78th Annual Credit Union Report

Kentucky state-chartered credit unions are safe and sound. Indicators reveal that Kentucky's economic growth is slowing and lagging behind the nation and the region. However, Kentucky state-chartered credit unions performed well in 2012.

The Credit Union Branch supervises the activities of 24 Kentucky state-chartered credit unions, ranging in asset size from $703,053 to $928,031,441. The total assets under supervision by the Credit Union Branch are $1,921,587,548. Total asset growth was at 4.17 percent, which is down from the previous year's growth of 7.59 percent.

Kentucky state-chartered credit unions strengthened financially in 2012. The net worth ratio grew to 15.19 percent and the return on average assets ratio reached a five-year high at 1.05 percent.

Asset quality is very good with a delinquent loans to total loans ratio of 1.01 percent and a net charge-offs to average loans ratio of 0.62 percent.

The net long-term asset ratio continues to rise and is currently at 32.08 percent as credit unions grant more real estate mortgage loans and extend investment terms. This scenario could potentially expose credit unions to an increase in interest rate risk.

Loan growth slowed to 3.30 percent after 5.25 percent growth last year. Real estate loans account for 44.65 percent of total loans. Total fixed rate real estate loans held steady in 2012 at 31.03 percent of total loans.

The legislature added state-chartered credit unions to DFI's supervision in 1922. Kentucky became the 13th state to enact a state credit union act on March 24, 1922. The first credit union charter in Kentucky was granted in November 1923 to the Berea Credit Union.

State-Chartered Credit Unions

Annual Consolidated Statement of 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, 1940	*
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
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
Dec. 31, 1988	486,976,000
Dec. 31, 1989	482,857,000
Dec. 31, 1990	509,758,691
Dec. 31, 1991	554,628,084
Dec. 31, 1992	610,893,902
Dec. 31, 1993	643,540,808
Dec. 31, 1994	670,077,079
Dec. 31, 1995	697,585,006
Dec. 31, 1996	726,727,477
Dec. 31, 1997	782,580,308
Dec. 31, 1998	855,559,615
Dec. 31, 1999	897,712,452
Dec. 31, 2000	957,541,750
Dec. 31, 2001	1,081,872,980
Dec. 31, 2002	1,157,171,468
Dec. 31, 2003	1,246,656,550
Dec. 31, 2004	1,273,660,697
Dec. 31, 2005	1,273,328,540
Dec. 31, 2006	1,304,569,417
Dec. 31, 2007	1,387,214,179
Dec. 31, 2008	1,539,537,367
Dec. 31, 2009	1,696,546,762
Dec. 31,2010	1,714,675,332
Dec. 31, 2011	1,844,748,368
Dec. 31, 2012	$1,921,587,548

** No records are available for 1940*

State-Chartered Credit Unions

Selected Composite Operating Ratios

	Dec. 2012	Dec. 2011	Dec. 2010
Capital Adequacy			
Net Worth / Total Assets	15.19	14.80	14.41
Net Worth / Total Assets-Including Optional Total Assets Election (if used)	15.19	14.80	14.41
Total Delinquent Loans / Net Worth	3.73	3.71	4.13
Solvency Evaluation (Estimated)	118.24	117.66	117.18
Classified Assets (Estimated) / Net Worth	3.27	3.56	3.89
Asset Quality			
Delinquent Loans / Total Loans	1.01	0.98	1.03
*Net Charge-Offs / Average Loans	0.62	0.62	0.82
Fair (Market) Value/Book Value Held to Maturity Investments	103.37	102.61	100.98
Accumulated Unrealized Gain or Loss on Available for Sale / Cost of Available for Sale	0.57	0.40	0.36
Delinquent Loans / Assets	0.57	0.55	0.59
Earnings			
*Return On Average Assets	1.05	0.88	0.63
*Return On Average Assets Before NCUSIF Stabilization Income/Expense	1.13	1.09	0.84
*Gross Income/Average Assets	5.36	5.70	5.81
*Yield on Average Loans	6.32	6.64	6.77
*Yield on Average Investments	1.14	1.39	1.90
*Fee and Other Operating Income / Average Assets	1.37	1.39	1.20
*Cost of Funds / Average Assets	0.52	0.76	1.13
*Net Margin / Average Assets	4.84	4.93	4.68
*Operating Expenses / Average Assets	3.44	3.71	3.64
*Provision for Loan and Lease Losses / Average Assets	0.34	0.35	0.41
*Net Interest Margin/ Average Assets	3.47	3.54	3.48
Operating Expenses / Gross Income	64.21	65.18	62.63
**Fixed Assets and Foreclosed and Repossessed Assets / Total Assets	2.21	2.24	2.47
*Net Operating Expenses / Average Assets	2.63	2.87	2.90

**Annualization factor: March = 4; June = 2; September =4/3; December = 1 (or no annualizing)*

***For periods before 2004, the Fixed Assets and Foreclosed and Repossessed Assets did not include repossessed vehicles.*

State-Chartered Credit Unions

Selected Composite Operating Ratios

	Dec. 2012	Dec. 2011	Dec. 2010
Asset / Liability Management			
Net Long-Term Assets / Total Assets	32.08	25.84	23.55
Regular Shares / Total Shares and Borrowings	53.37	51.42	50.48
Total Loans / Total Shares	66.70	66.94	68.38
Total Loans / Total Assets	55.85	56.32	57.57
Cash + Short-Term Investments / Assets	15.94	19.66	18.81
Total Shares, Deposits and Borrowings / Earning Assets	87.93	88.49	89.11
Regular Shares + Share Drafts / Total Shares and Borrowings	60.24	58.21	56.29
Borrowings / Total Shares and Net Worth	0.19	0.24	0.66
Productivity			
Members / Potential Members	2.92	5.26	15.62
Borrowers / Members	56.59	56.43	63.61
Members / Full-Time Employees	404.39	396.85	370.94
Average Shares Per Member	$7,209	$7,060	$7,083
Average Loan Balance	$8,497	$8,094	$7,614
*Salary And Benefits / Full-Time Employees	$63,392	$64,062	$62,176
Other Ratios			
*Net Worth Growth	6.89	10.51	4.62
*Market (Share) Growth	3.67	7.52	1.96
*Loan Growth	3.30	5.25	1.31
*Asset Growth	4.17	7.59	1.07
*Investment Growth	5.66	11.57	0.39
*Membership Growth	1.53	8.07	-3.55

**Annualization factor: March = 4; June = 2; September =4/3; December = 1 (or no annualizing)*

State-Chartered Credit Unions

Report of Condition

Charter	Name	City	Year Opened	Total Assets
60883	Beacon Community	Louisville	1947	$48,706,274
61123	Louisville Gas and Electric Company	Louisville	1934	$31,662,736
61204	Blue Cross Blue Shield	Louisville	1952	$6,426,535
61316	Tarcana	Louisville	1936	$4,003,894
61437	Commonwealth	Frankfort	1951	$928,031,441
61693	Rural Cooperatives	Louisville	1964	$38,668,437
61738	Paducah City Employees	Paducah	1961	$2,700,612
61772	Louisville Metro Police Officers	Louisville	1942	$22,381,436
61792	Ashland	Ashland	1942	$172,865,853
62026	Members Choice	Ashland	1932	$164,879,451
62228	Greater Kentucky Credit Union	Lexington	1953	$62,541,130
62303	Letcher County Teachers	Whitesburg	1964	$1,021,865
62358	Kemba Louisville	Louisville	1934	$44,063,099
62370	Lexington Postal	Lexington	1928	$18,529,216
62389	Berea	Berea	1923	$1,384,877
62431	Kentucky Employees	Frankfort	1938	$61,180,789
62432	Whitesville Community	Whitesville	1962	$19,917,357
62433	Louisville Federal	Louisville	1924	$36,614,920
62482	Brown-Forman Employees	Louisville	1936	$11,042,788
62484	Service One	Bowling Green	1963	$116,632,846
62490	Muhlenberg Community Hospital	Greenville	1961	$703,053
62587	C&O United	Edgewood	1928	$15,492,001
63058	Metro Employees	Lexington	1940	$18,706,876
68617	Autotruck Financial	Louisville	1965	$93,430,062
			Total……..	**$1,921,587,548**

Division of Nondepository Institutions

DFI's Division of Nondepository Institutions has two branches: the Compliance Branch and the Consumer Protection Branch. The staff consists of 24 examiners and investigators. Due to the rapid and constant evolution of consumer finance laws and regulations, such as The Dodd-Frank Act, the continuing education and training of examiners and investigators is imperative to upholding the DFI mission. The Division of Nondepository Institutions is committed to continued learning for staff development. In addition, the division provides educational materials and outreach to protect consumers from financial fraud.

Compliance Branch
14th Annual Compliance Report

The Compliance Branch is responsible to license, examine, investigate and oversee the operations of 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 Compliance Branch also registers and supervises the activities of mortgage professionals such as mortgage loan originators and mortgage processors.

The Compliance Branch registers and licenses the individuals and companies in the mortgage industry through the Nationwide Mortgage Licensing System (NMLS). The staff also participates in multi-state examinations and investigations, which identify and correct mortgage underwriting and servicing issues. Beginning in August 2012, money transmitters could also use the NMLS system for the convenience of online applications and renewals.

License Type	Licenses 2012	Licenses 2011
Mortgage Companies	663	575
Mortgage Brokers	127	141
Check Cashers/Payday Lenders	564	578
Consumer Loan Companies	345	338
Industrial Loan Companies	30	32
Money Transmitters	56	52
Total	**1,785**	**1,716**

Registration Type	Registrations 2012	Registrations 2011
Loan Originators/Processors	3,519	2,573

The Compliance Branch also utilizes a payday lender database as an enforcement tool. This database is utilized to elevate transparency and supervision for consumer payday loans and monitor for over-limit lending across the state.

Division of Nondepository Institutions

In 2011 and 2012 respectively, the Compliance Branch performed 1,232 and 1,319 examinations. The branch collected $387,608 in total fines for 2012.

Examination Type	Examinations 2012	Examinations 2011
Mortgage Companies	300	205
Mortgage Brokers	80	92
Check Cashers/Payday Lenders	558	584
Consumer Loan Companies	341	312
Industrial Loan Companies	25	27
Money Transmitters	15	12
Total	**1,319**	**1,232**

Consumer Protection Branch
4th Annual Consumer Protection Report

The Consumer Protection Branch investigates complaints and suspicious activity for non-bank institutions. The investigators identify, examine and take action against those companies and individuals who exhibit un-ethical behavior or perpetrate financial crimes against Kentucky citizens. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through instructional outreach programs. The Consumer Protection Branch investigated 148 complaints and 131 complaints in 2011 and 2012 respectively, on behalf of Kentucky consumers.

Nondepository License Type	Complaints 2012	Complaints 2011
Mortgage Companies	25	26
Mortgage Brokers	12	22
HUD-Exempt Mortgage Brokers/Companies	15	17
Check Cashers/Payday Lenders	13	14
Consumer Loan Companies	15	23
Industrial Loan Companies	0	0
Sale of Checks/ Money Transmitters	0	0
Total	**80**	**102**

Depository License Type	Complaints 2012	Complaints 2011
State-Charted Banks	42	41
State-Chartered Credit Unions	9	5
Total	**51**	**46**

Kentucky Consumer Loan Companies

Annual Consolidated Statement of Assets

Year	Total Assets
Dec. 31, 1970	$215,167,905
Dec. 31, 1971	226,157,998
Dec. 31, 1972	239,477,617
Dec. 31, 1973	245,215,588
Dec. 31, 1974	229,683,167
Dec. 31, 1975	208,570,020
Dec. 31, 1976	211,463,297
Dec. 31, 1977	239,296,246
Dec. 31, 1978	268,373,094
Dec. 31, 1979	293,273,325
Dec. 31, 1980	259,294,136
Dec. 31, 1981	211,028,452
Dec. 31, 1982	232,543,585
Dec. 31, 1983	321,540,852
Dec. 31, 1984	382,601,061
Dec. 31, 1985	421,405,340
Dec. 31, 1986	493,127,698
Dec. 31, 1987	566,180,285
Dec. 31, 1988	640,725,342
Dec. 31, 1989	667,957,592
Dec. 31, 1990	696,270,222
Dec. 31, 1991	730,091,564
Dec. 31, 1992	761,442,628
Dec. 31, 1993	822,215,474
Dec. 31, 1994	852,349,610
Dec. 31, 1995	842,469,339
Dec. 31, 1996	892,877,819
Dec. 31, 1997	690,503,783
Dec. 31, 1998	675,952,908
Dec. 31, 1999	728,313,360
Dec. 31, 2000	715,191,067
Dec. 31, 2001	587,058,850
Dec. 31, 2002	641,252,164
Dec. 31, 2003	684,177,846
Dec. 31, 2004	739,568,188
Dec. 31, 2005	871,268,224
Dec. 31, 2006	994,264,130
Dec. 31, 2007	972,275,768
Dec. 31 2008	887,938,008
Dec. 31, 2009	797,658,411
Dec. 31, 2010	564,475,483
Dec. 31, 2011	563,350,838
Dec. 31, 2012	**$537,966,176**

Kentucky Consumer Loan Companies

Consolidated Report of Condition

	Dec. 31, 2012	% Change	Dec. 31, 2011
Kentucky Consumer Loan Companies	345		338
Assets			
Cash and Due from Depositor Institutions	9,908,416	24.96%	7,929,129
Total Loans Receivable			
(Net of Unearned Interest and Reserves)	495,254,963	-3.55%	513,476,066
Premises and Fixed Assets			
(Net of Depreciation)	7,524,671	26.82%	5,933,513
Deferred Charges and Prepaid Expenses	1,567,864	3.84%	1,509,937
*Other Assets Used in Consumer Loan Business	23,710,272	-31.28%	34,502,193
Total Assets Used in Consumer Loan Business	**537,966,176**	**-4.51%**	**563,350,838**
Liabilities and Capital			
Total Liabilities	340,771,525	-5.17%	359,331,617
Total Capital	197,194,651	-3.35%	204,019,221
Total Net Worth	**537,966,176**	**-4.51%**	**563,350,838**
Residential Real Estate Loans > $15,000	333,335,568	-10.86%	373,931,905

**$10 million reduction in other assets from one consumer loan company.*

According to the 1950 Annual Report of Small Loan Companies, there were 83 small loan companies licensed to operate in Kentucky that year. The document states that there were 221,089 new loans of $300 or less made that year, and the actual monthly rate collected was 3.06 percent.

Kentucky Industrial Loan Companies

Annual Consolidated Statement of Assets

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

Year	Total Assets
June 30, 1984	45,051,556
June 30, 1985	61,357,110
June 30, 1986	47,118,841
June 30, 1987	19,930,854
June 30, 1988	3,579,048
Dec. 31, 1988	33,707,258
Dec. 31, 1989	66,185,013
Dec. 31, 1990	60,216,163
Dec. 31, 1991	93,265,336
Dec. 31, 1992	70,626,327
Dec. 31, 1993	36,242,155
Dec. 31, 1994	17,161,759
Dec. 31, 1995	13,559,113
Dec. 31, 1996	13,841,777
Dec. 31, 1997	13,346,139
Dec. 31, 1998	8,854,581
Dec. 31, 1999	3,184,487
Dec. 31, 2000	12,700,424
Dec. 31, 2001	12,013,001
Dec. 31, 2002	16,861,557
Dec. 31, 2003	7,106,807
Dec. 31, 2004	7,727,195
Dec. 31, 2005	22,308,961
Dec. 31, 2006	23,315,243
Dec. 31, 2007	20,195,678
Dec. 31, 2008	11,036,427
Dec. 31, 2009	5,588,023
Dec. 31, 2010	4,195,769
Dec. 31, 2011	2,961,838
Dec. 31, 2012	$1,725,102

Kentucky Industrial Loan Companies

Consolidated Report of Condition

	Dec. 31, 2012	Change	Dec. 31, 2011
Total Industrial Loan Companies	30		31
Assets			
Cash on Hand	0		0
Cash in Depository Institutions	0		0
Industrial Loans	0		0
Other Loans	1,713,841	-43.84%	3,051,847
Total Loans	1,713,841	-43.84%	3,051,847
Unearned Interest	575	-56.16%	1,312
Reserve for Loan Loss	10,967	-90.16%	111,500
Loans, Net of Unearned Interest and Reserves	1,702,299	-42.08%	2,939,035
Premises and Fixed Assets	0		0
Other Assets	22,803	0%	22,803
Total Assets	**1,725,102**	**-41.76%**	**2,961,838**
Liabilities			
Certificates of Investment	0		0
Other Borrowed Money	0		0
Other Liabilities	1,565,842	-47.87%	3,003,613
Total Liabilities	1,565,842	-47.87%	**3,003,613**
Equity Capital			
Capital Stock	0		0
Surplus & Undivided Profits	0		0
Current Earnings	159,260	481.24%	-41,775
Total Equity Capital	159,260	481.24%	**-41,775**
Total Liabilities and Equity Capital	**1,725,102**	**-41.76%**	**2,961,838**

Division of Securities

26th Annual Securities Report

State securities regulators deliver effective protection for investors and efficient regulation of the industry. Throughout the years, the Commonwealth of Kentucky's commitment to investor protection through education and strong enforcement of state securities laws has remained unchanged. Last year the Securities Division conducted 142 examinations and 80 investigations which resulted in 19 administrative orders and one civil order. At the end of last year 51 investigations were pending. Recent years have seen the increase of new and complex financial products in the market. As more complicated securities products enter the market, transparency regarding these products will be critical to deter fraud and ensure that investors understand the level of risks so they can make sound investment decisions.

A June 1937 audit of the agency noted the Securities Division then had three staff members: a director, a secretary/bookkeeper and a porter. The report stated, "In view of the constant public service that may be rendered through the Division of Securities, it would seem that the investigation work of the Division well might be extended beyond its present scope. ... Such extension could be made to public advantage."

The facilitation of access to capital for new and small businesses continues to be a challenge. In 2012, Congress passed the JOBS Act in an effort to make it easier for small and emerging companies to raise capital and grow. State securities regulators support the idea that the opportunity to invest in small businesses, including emerging businesses, should exist for all investors as long as the risk involved is clearly understood and they have the financial ability to absorb related losses. The Securities and Exchange Commission has been charged with the rulemaking process for Title III of the JOBS Act better known as the CROWDFUND Act.

The mission of the Division of Securities is to 1) protect investors through the active implementation and application of Kentucky's securities laws in order to prevent investment fraud and related illegal conduct, and by taking remedial action, when possible, to mitigate the harm done to the investor, 2) educate the investing public about investment matters and making informed investment decisions, and 3) provide investor protection without undue burden on the capital formation process.

To fulfill its investor protection mission, the Division of Securities performs a variety of functions intended to help ensure that securities transactions are effected in compliance with the Kentucky Securities Act, and that investors have the necessary material information with which to make informed investment decisions and select securities professionals with whom to entrust their money. The Securities Division supports the DFI staff in performing educational outreach to high school students and community groups about savings and investing, participates in financial literacy forums across the commonwealth, and distributes informational brochures on financial matters through public libraries, county cooperative extension agencies and other public venues.

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 can deny the applications of firms and individuals who do not meet the requirements of the Kentucky securities laws. The licensing staff also responds to inquiries from the public concerning investment adviser or broker licensing status and disciplinary history.

2012 Broker-Dealers

Headquartered in Kentucky

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

2012 Investment Advisers

Headquartered in Kentucky

Name	City
Altus Wealth Management, LLC	Fort Mitchell
Archer Financial Planning, LLC	Louisville
ARL Advisers, LLC	Louisville
Bluegrass Capital Advisors, LLC	Louisville
Bluestone Advisors, LLC	Lexington
Boardman Wealth Planning, Inc.	Lexington
Scearce Services, Inc. (Cambridge Financial)	Lexington
Capital Investment Management, Inc.	Leitchfield
Cashel Financial Advisers, LLC	Louisville
Christina Vittitow O'Bryan, CFP (Beacon Asset Management)	Owensboro
Churchill Financial, LLC	Louisville
Clear Trace, LLC	Peewee Valley
Coats Financial Planning, Inc.	Louisville
Cochran & Associates, Inc.	Crestwood
Commonwealth Financial Advisors, LLC	Louisville
Conservative Asset Management, Inc.	Louisville
Cornerstone Wealth Advisors	Louisville
Cox Planning Services, PLLC	Paducah
Cronan Wealth Management, Inc.	Lexington
Douglas Hawkins Investment, LLC	Richmond
E. Thomas & Associates, Inc.	Williamstown
EDC Financial Services, LLC	Lexington
Encompass Wealth Management, LLC	Princeton
Enhanced Capital, LLC	Lexington
Equity Advisors of Kentucky, Inc.	Waddy
Federal Hill Capital Management, LLC	Bardstown
Financial Architects, Inc.	Louisville
Focus on Success, Inc.	Fort Mitchell
Fortress Planning Group, LLC	Villa Hills
Garrett Financial Management, LLC	Lexington
Garton & Associates Financial Advisors, LLC (Advantage Investment Management)	Louisville
Geary Investment Services, LLC	Louisville
G J Kohler Investment Advisors, LLC	Prospect
Godby Wealth Management, Inc.	Somerset
Harvey R. Little Jr.	Berea
Headley Partners Ltd. Company	Lexington
Heritage Financial Group, Inc.	Paducah
Highland Capital Advisors, LLC	Louisville

2012 Investment Advisers

Headquartered in Kentucky

Name	City
IKM Capital Management, LLC	Louisville
Invest, Inc.	Lexington
Investment Research Advisory Corporation	Louisville
Investments & Financial Planning, LLC	Lexington
iTrust Asset Management, LLC	Lexington
Jesse Investment Advisor, Inc.	Louisville
Journey Financial Management, LLC	Bowling Green
JS Financial, LLC	Louisville
KC Capital Management, LLC	Danville
KD Fiduciary Asset Management, Inc.	Louisville
Keepsake Management, Inc.	Lexington
Lach Financial, LLC	Louisville
Lancaster Advisors, LLC	Louisville
Lanier Asset Management, LLC	Louisville
Lawrence Botzman, CFP	Somerset
Lexington Investment Company, Inc.	Lexington
Life Advisors Financial Planning & Wealth Management, LLC	Munfordville
Lighthouse Capital Management, LLC	Scottsville
Linker Capital Management, Inc.	Louisville
Mackey Advisors (The Wealth Advisory Team, LLC)	Fort Wright
Mackhouse, LLC	Louisville
Mann Capital Management, LLC	Fort Mitchell
MC Financial Services, Inc.	Louisville
MCW Financial, Inc. (Research & Portfolio Management)	Crescent Springs
Merit National Fund Advisors, LLC	Somerset
Milestone Financial Planning, LLC	Mayfield
MoneyTree Capital Management, LLC	Morganfield
Moneywise, Inc.	Lexington
Multi-Fund Management	Louisville
Navin Advisors, LLC	Lexington
New Millennium Asset Management, Inc.	Richmond
Nina M. Wyatt & Associates, LLC	Owensboro
Outland Capital, LLC	Lexington
Page Financial Services, LLC	Louisville
Palmer Capital Management, Inc.	Verona
Pierce Financial Planning, Inc.	Lexington
Pillar Financial Advisors, LLC	Louisville
Principled Wealth Advisors, LLC	Covington

2012 Investment Advisers

Headquartered in Kentucky

Name	City
Proactive Advisors, LLC	Lexington
Probity Wealth Solutions, LLC	Louisville
Quantum Financial Consultants, LLC	Louisville
Regional Investment Advisors, Inc.	Louisville
Remington Wealth Management, LLC	Louisville
Resource Design, Inc.	Edgewood
Retirement Tax Advisory Group, Inc.	Lexington
Revolutionary Wealth Management Corporation	Louisville
RiverCities Asset Management, LLC	Owensboro
Riverstone Asset Management, LLC	Louisville
Robert M. Walker & Associates, Inc.	Taylorsville
Ron Beaton's Money Matters	Paducah
Sachs Investment Group, LLC	Louisville
Leif Clarke Wealth Management, Inc.	Ashland
Spectrum Financial Alliance	Nicholasville
Sterling Financial Group, Ltd.	Louisville
Strategic Wealth Designers, LLC	Louisville
Swendiman Wealth Strategies, Inc.	Park Hills
Tactical Wealth Management	Covington
Teewinot Asset Management, LLC	Lexington
TMFS-Lexington, LLC (The Mutual Fund Store)	Lexington
The Wright Legacy Group, LLC	Elizabethtown
Thomas M. Zalla, CPA/PhD	Fort Mitchell
Thompson Investment Advisors, Inc.	Louisville
Thurn Financial Planning, LLC	Lexington
Townsend Financial Planning	Mount Sterling
Valorum Advisors, LLC	Paducah
Via Wealth Management, Inc.	Campbellsville
Walker Financial Services, Inc.	Bowling Green
Waycross Partners, LLC	Louisville
Wealth Investment Network, Inc.	Edgewood
WealthMD Corporation	Louisville
Wilson Financial Services, Inc.	Williamstown
Winebrenner Capital Management, LLC	Louisville
Witter & Westlake Investments, Inc.	Louisville
Your Best Move, Inc.	Bardstown

Division of Securities

Licensing and Registration Branch Report

	Dec. 31, 2012	Change	Dec. 31, 2011
Broker-Dealer Registrations			
Renewed	1,548		1,570
Approved	77		81
Withdrawals (Form BDW)	105		108
Total Registered (year end)	**1,520**	**-1.80%**	**1,548**
Broker-Dealer Agent Registrations			
Renewed	102,587		94,029
Total Registered (year end)	**103,638**	**1.02%**	**102,593**
Issuer Agent Registrations			
Renewed	74		88
Approved	9		6
Terminated	23		20
Total Registered (year end)	**60**	**-18.92%**	**74**

** Agent renewals as of July 2010 changed from a calendar year end renewal to a 12-month rolling renewal from initial date of registration.*

State Investment Advisers			
Renewed	148		145
Total Registered (year end)	**182**	**22.97%**	**148**
Federal Covered Investment Advisers			
Renewed	951		943
Total Effective Notice Filings	**943**	**-0.84%**	**951**
Investment Adviser Representatives (IAR)			
Renewed	4,366		4,061
Total State and Federal IARs (year end)	**4,631**	**5.80%**	**4,377**

Division of Securities

Licensing and Registration Branch Report

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

	Dec. 31, 2012	Dec. 31, 2011
Registrations		
Private Placement Securities Offerings	39	37
Notice Filings		
Investment Companies - New	449	607
Investment Companies - Renewals	3,697	3,633
Unit Investment Trusts	1,213	1,295
Reg.D, Rule 506 Offerings	415	447
Exemptions		
Claims of Exemption Requested	38	47
Total Filings	**5,851**	**6,066**

Compliance Branch Report

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

	Dec. 31, 2012	Dec. 31, 2011
Compliance Branch Examinations		
Broker-Dealers Exams	60	62
Investment Adviser Exams	81	51
Issuer Agent Exams	1	2
Total Examinations	**142**	**115**
Orders/Agreements	8	10

Division of Securities

Enforcement Branch Report

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

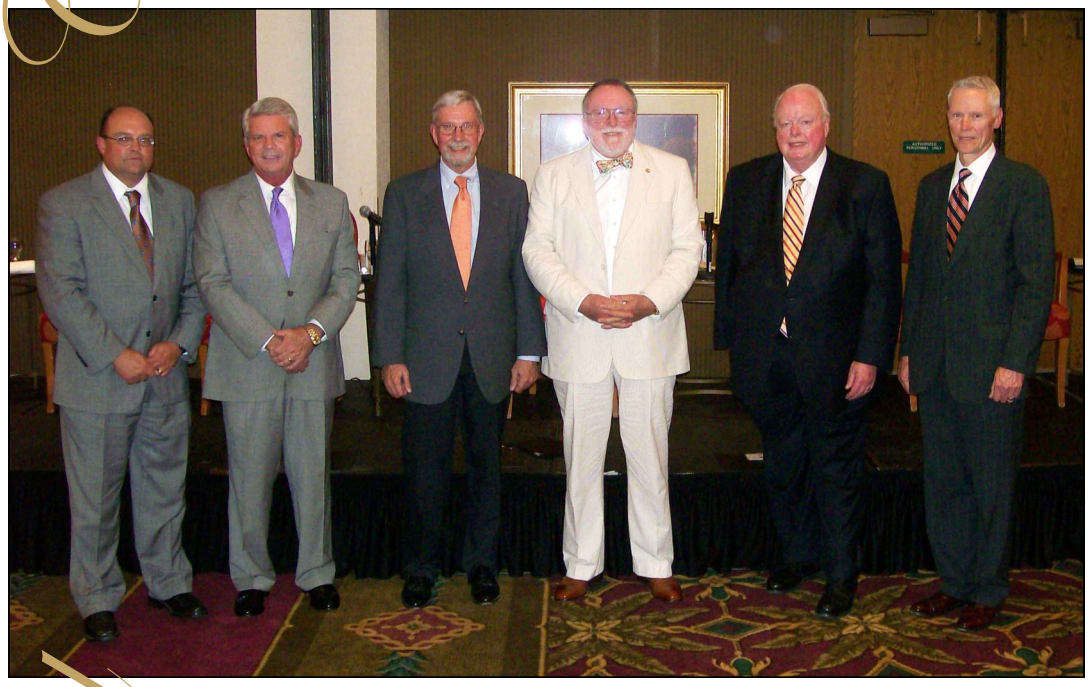
	Dec. 31, 2012	Dec. 31, 2011
Investigations		
Referrals/Assistance to Outside Agency	5	2
Referrals from Outside Agency	11	6
Investigations Opened	14	27
Investigations Closed	29	28
Investigations Pending	51	61
Enforcement Actions		
Administrative Orders	19	26
Civil Orders	1	1
Criminal Referrals (indictments)	0	3
Fines	$229,707.55	$1,046,962.60*
Restitution to client	$38,200,040.40	$11,974,950.00**

**The 2011 fines include a national settlement with Morgan Keegan relating to RMK bond funds.*
*** 2011 restitution numbers include restitution ordered in criminal actions in which the Department provided assistance. In some of the cases the restitution amount is still being litigated. Also included is the Morgan Keegan RMK bond fund restitution.*

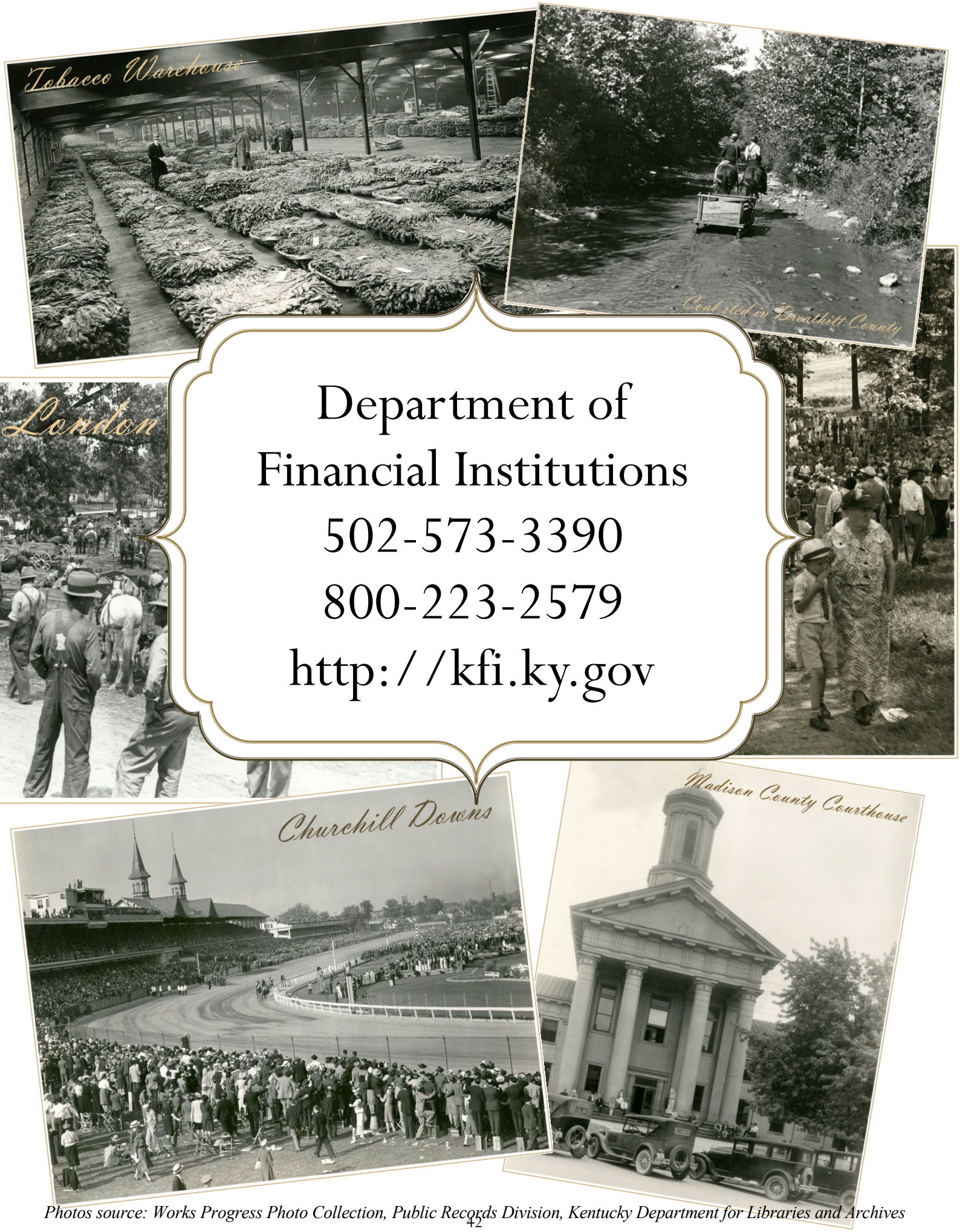
Prosecution Assistance Unit Report

The primary role of DFI's Prosecution Assistance Unit is to assist prosecutors in preparing criminal cases involving securities law violations. The unit also will provide the investigative support to successfully bring securities cases to trial. The recently created unit includes an attorney supervisor and staff attorney, and these individuals will work with local and federal prosecutors and law enforcement, including FBI agents, the U.S. Postal Inspection Service, the Secret Service and state and local police.

Centennial Celebration



On July 11, 2012, DFI celebrated its 100th anniversary as a state agency at a reception in Frankfort. The current commissioner joined five prior commissioners in a panel discussion about the changing economic times, DFI accomplishments and other interesting historical facts. The Centennial Event Commissioners Panel was, left to right, Charles Vice, Ballard Cassady Jr., Randall Attkisson, Rick Jones, Tracy Farmer and Cordell Lawrence.



Department of Financial Institutions

502-573-3390

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http://kfi.ky.gov

Photos source: Works Progress Photo Collection, Public Records Division, Kentucky Department for Libraries and Archives