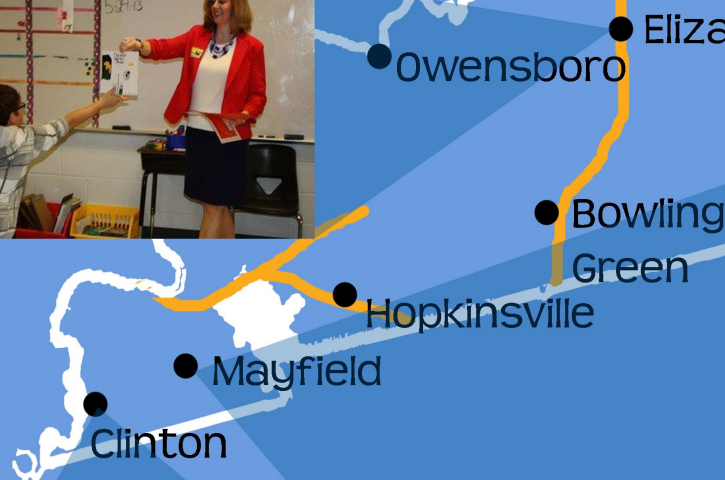


2013 Annual Report

Department of Financial Institutions

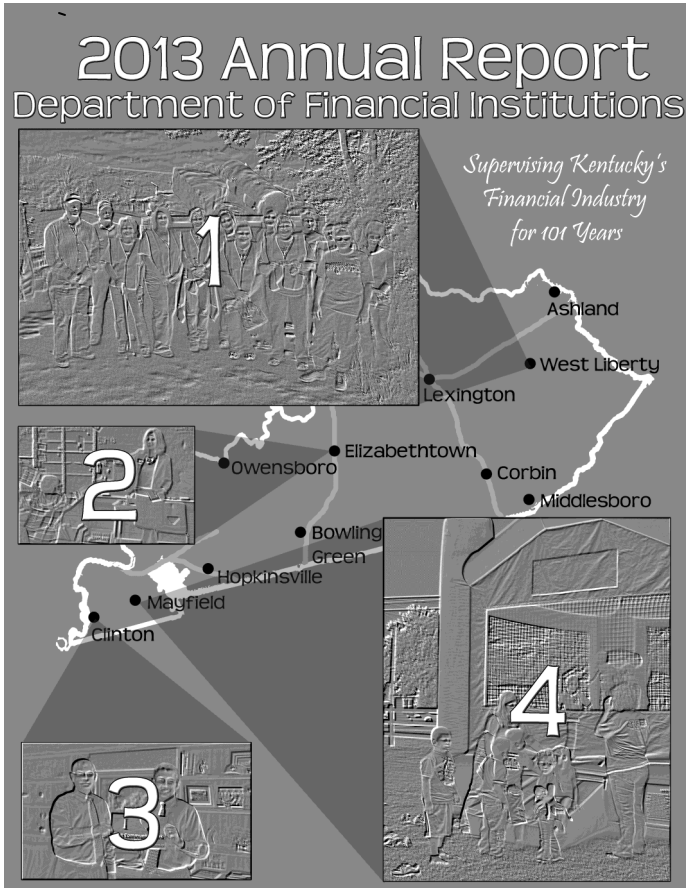


*Supervising Kentucky's
Financial Industry
for 101 Years*



About the Cover Photos

The photos on the front and back covers of this year's annual report were submitted by Kentucky state-chartered banks. All banks regulated by the Kentucky Department of Financial Institutions were invited to send in photos showing how important banks are to their communities. The photos on the report cover represent a selection of those we received.



5. Hometown Bank, Corbin

Hometown Bank sponsors the Ultimate Climb, a 5K race to benefit the American Cancer Society. Tim Barnes, President/CEO, gives out awards on May 4, 2013.

6. Town Square Bank, Ashland

Several bank representatives observe a grant project in action at a Boyd County High School culinary arts class. They serve on the Boyd County Foundation For Children, Inc.

7. First Security Bank, Owensboro

Tellers presented a customer with a vase of flowers and a Happy Birthday balloon for her 80th birthday.

8. United Community Bank, Morganfield

Employees participate in the UCB Annual 5K Run at Clay Days.

9. Home Federal Bank, Middlesboro

Bank employees are among volunteers during the annual "Repair Affair."

1. Bank of the Mountains, West Liberty

Employees from Bank of the Mountains participate in the annual PRIDE trash pick-up.

2. First Citizens Bank, Elizabethtown

Jennifer Gray, senior vice president/retail bank administration, speaks to a class at Heartland Elementary School in Elizabethtown as part of the "Teach Children to Save" program.

3. First Community Bank (FCB) of Western Kentucky Inc., Clinton

Employees of FCB show how much they love their bank.

4. FNB Bank Inc., Mayfield

FNB Bank Inc. provided and worked the bouncy house at the Mexican Independence Day celebration.

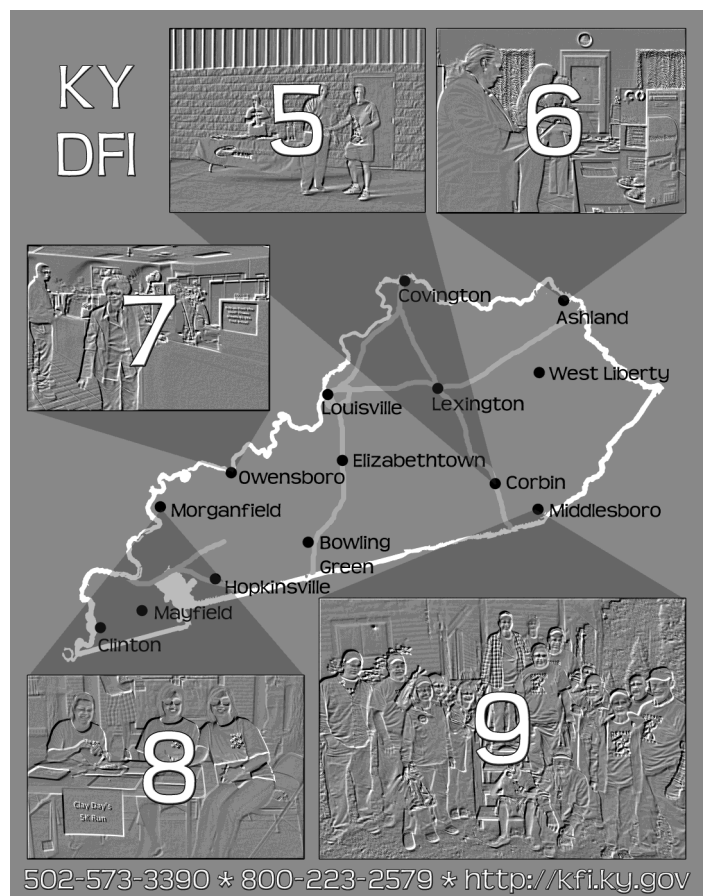


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Steven L. Beshear, Governor



Larry R. Bond, Acting Secretary

Charles Vice, Commissioner

PUBLIC PROTECTION CABINET

DEPARTMENT OF FINANCIAL INSTITUTIONS

Dear Gov. Steven L. Beshear,

As commissioner of the Kentucky Department of Financial Institutions (DFI), I am pleased to present the 2013 Annual Report. The following pages contain statistical and historical information regarding the financial services industry in Kentucky.

Kentucky's financial institutions have successfully managed through the economic turmoil of the past few years, and are prepared to provide financial services that are necessary to ensure future economic growth. During 2013, Kentucky's banks and credit unions have maintained strong capital ratios, and have increased their lending activities during challenging economic conditions. Profitability has been impacted by a low interest rate environment, net interest margin compression, and increasing overhead costs; however, the return on average assets remains acceptable. The DFI continues to encourage economic expansion through effective oversight of the banking and credit union industries.

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

The Division of Nondepository Institutions provides effective oversight of non-bank financial institutions, such as mortgage loan companies, mortgage brokers and consumer loan companies. With the rapid and dynamic changes in information technology, payments systems and alternative lending industries, the Division of Nondepository Institutions has 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 is 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,

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

Charles A. Vice, Commissioner



DFI Commissioners 1912-2013

<u>Year</u>	<u>Commissioner</u>	<u>Governor</u>
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

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.

The legislature mandated supervision of state-chartered savings (building) and loan associations in 1918 and added state-chartered credit unions in 1922. When the agency began oversight of the state’s securities industry in mid-1932, it was renamed the Department of Banking and Securities. The next year, as the Great Depression continued, the Federal Deposit Insurance Corporation (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.



Department of Financial Institutions Central Office, 1025 Capital Center Drive, Frankfort, Ky.

Mission, Values and Vision

Values

Effective and Efficient Operation

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

Responsibility

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

Professionalism

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

Integrity

We will act honestly, fairly and impartially.

Teamwork

We will achieve organizational goals through open, responsive communication and cooperation with co-workers, other state government agencies and federal regulatory authorities.

Respect

We will be sensitive to the viewpoints and efforts of others, and we will strive to meet the needs of all of our stakeholders.

Initiative

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

Vision

The department will:

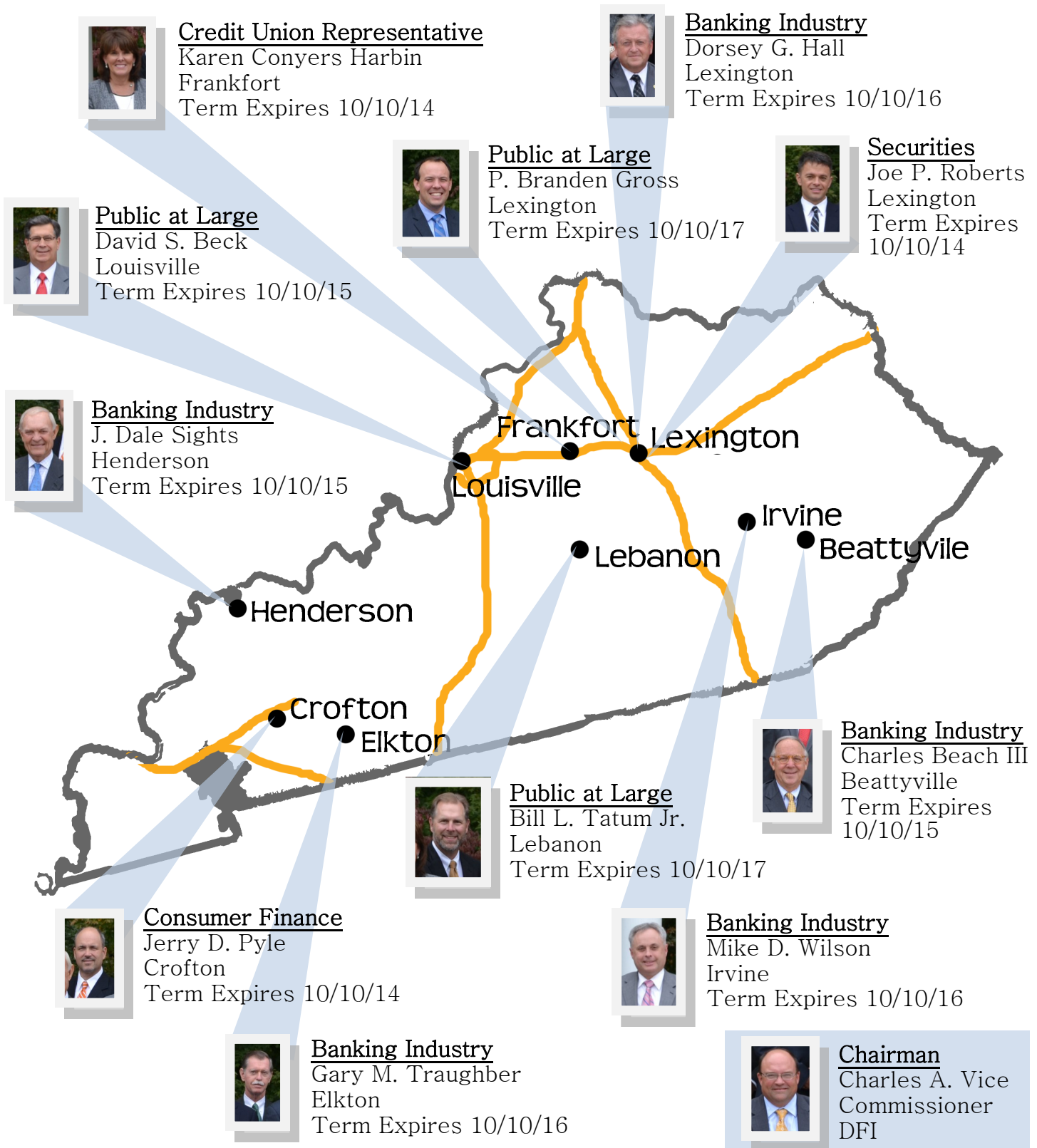
- Be a leader in developing and implementing sound public policies
- Be an effective, proactive, credible and respected regulatory agency
- Be a leader in educating and protecting the investing, depositing and borrowing public
- Encourage capital formation and economic development
- Achieve a work environment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

Mission Statement

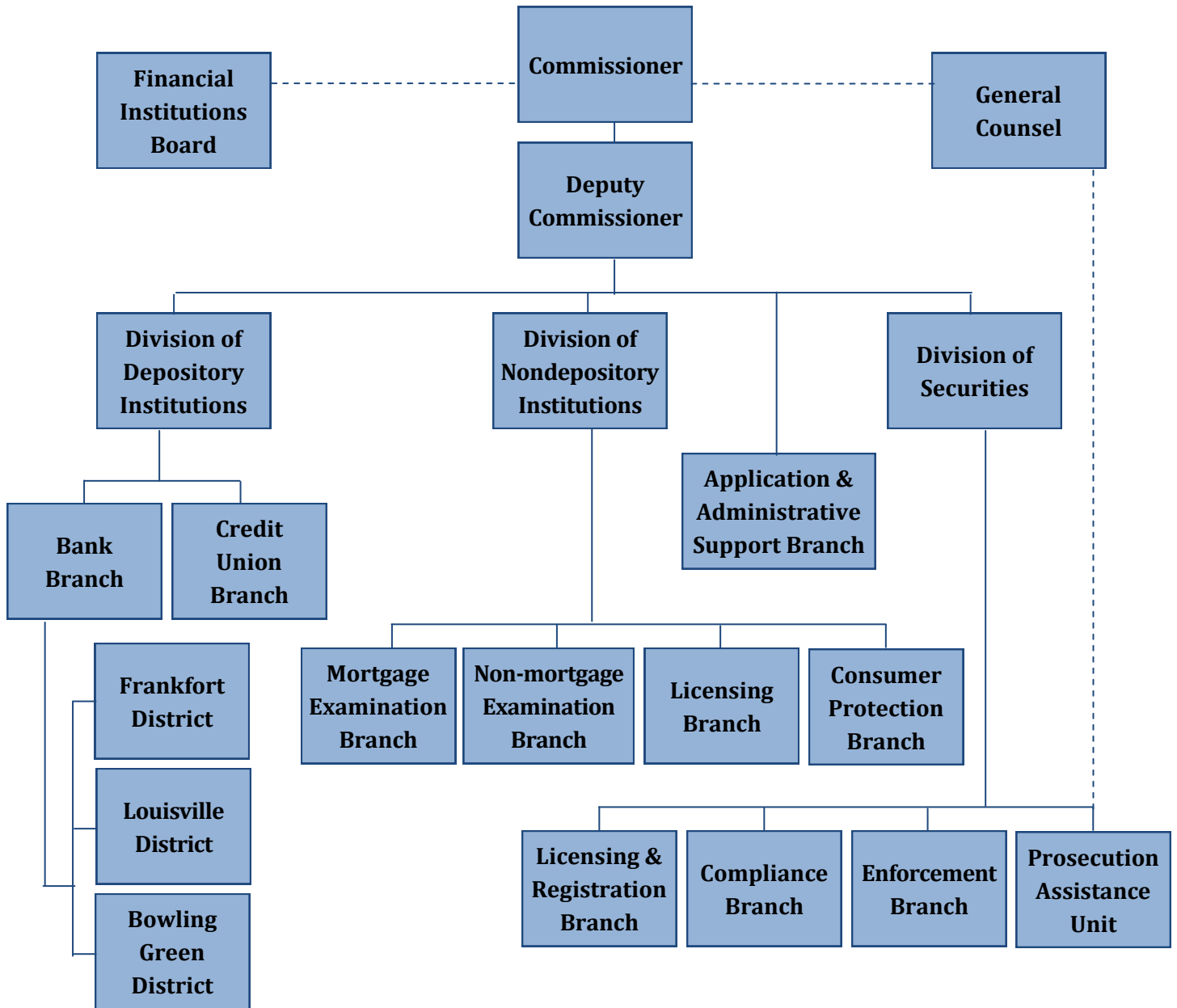
The Department of Financial Institutions' mission is to serve Kentucky residents by maintaining a stable financial industry continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

Financial Institutions Board

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



Organizational Structure



Application and Administrative Support Branch

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

- ◆ Facilities management — Frankfort office and district offices in Eddyville, Bowling Green, Louisville and Frankfort
- ◆ Fiscal management
- ◆ Operations and quality control
- ◆ Records management
- ◆ Safety Officer
- ◆ Budgeting
- ◆ Revenue and expenditure analysis
- ◆ Personnel

In 2013, the Application and Administrative Support Branch continues to focus its efforts on providing the necessary tools for the department to meet its mission. This includes recruiting new staff and retaining qualified employees to maintain uninterrupted delivery of services to the industry and public.

As it has for many years, the department maintains a toll-free telephone number. Consumers and industry representatives wanting to speak with a member of the agency's staff 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.



Commissioner Charles Vice, standing, presents to the DFI Board at the 2013 Annual Board Meeting at My Old Kentucky Home in Bardstown, Ky.

Division of Depository Institutions

Bank Branch

101st Annual Banking Report

In 2013, the Bank Branch supervised 151 state-chartered banks in Kentucky, with total assets ranging from \$23.2 million to \$3.6 billion. The majority of state-chartered banks in Kentucky are in sound financial condition and report acceptable operating profits. As the national economy begins to show signs of improvement, the banking industry has also improved. Banks in Kentucky are instrumental in providing important financial services to the communities they operate in. However, some banks have experienced headwinds relating to elevated commercial real estate concentrations and reduced levels of coal production.

Kentucky state-chartered banks have historically maintained strong capital ratios, and, despite a slight decline in the leverage ratio, this trend continues. The leverage ratio declined modestly from 10.87 percent in 2012 to 10.67 percent in 2013. Conversely, the total risk-based capital ratio improved from 16.07 percent in 2012 to 16.41 percent in 2013. This occurred primarily as bank managers restructured balance sheet composition, and shifted more assets into lower risk asset categories. The return on average assets declined from 1.06 in 2012 to 0.89 percent in 2013 due to decreasing asset yields, net interest margin compression, and increasing overhead costs.

Bank Changes

- **Jan. 1, 2013:** Salt Lick Deposit Bank of Salt Lick, Ky., merged with and into Owingsville Banking Co. located in Owingsville, Ky.
- **Jan. 2, 2013:** Harrison Deposit Bank and Trust Co., of Cynthiana, Ky., merged with and into BankTrust Financial in Henderson, Ky.
- **May 1, 2013:** The Bank of Oldham County Inc., merged with and into Stockyards Bank & Trust Co. in Louisville, Ky.
- **June 5, 2013:** Hopkinsville Federal Bank (a Federal Savings Bank) of Hopkinsville, Ky., converted to a state charter under the name of Heritage Bank USA Inc.
- **June 6, 2013:** The Kevil Bank of Kevil, Ky., merged with and into First Community Bank of Western Kentucky Inc. in Clinton, Ky.
- **June 29, 2013:** Farmers National Bank of Cynthiana merged with and into Deposit Bank of Carlisle in Carlisle, Ky. Deposit Bank subsequently changed its name from Farmers Deposit Bank and relocated its main office to Cynthiana, Ky.

State-Chartered Banks

Annual Consolidated Statement of Assets

<u>Year</u>	<u>Total Assets</u>
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

<u>Year</u>	<u>Total Assets</u>
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

State-Chartered Banks

Annual Consolidated Statement of Assets

<u>Year</u>	<u>Total Assets</u>
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
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

<u>Year</u>	<u>Total Assets</u>
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
Dec. 31, 2013	\$47,523,469,000.00



Oliver and Suzanna from Paws with Purpose visited DFI during the Kentucky Employees Charitable Campaign.



Securities Examiner Marni Gibson, left, and AARP Volunteer Rita Harned register seniors in Hardinsburg, Ky., for the DFI-sponsored Senior Scam Jam.

State-Chartered Banks

Consolidated Condition and Income Data

Dec. 31, 2013

Dec. 31, 2012

Number of institutions reporting	151	154
Total employees (full-time equivalent)	12,266	12,095

Aggregate Condition and Income Data

(Dollar amounts in millions)

Net income (year-to-date)	421	494
Total assets	47,523	46,727
Earning assets	42,978	42,662
Total loans & leases	31,463	30,854
Other real estate owned	312	390
Total deposits	38,604	38,082
Equity capital	5,072	5,081

Performance Ratios (YTD, %)

Yield on earning assets	4.39	4.74
Cost of funding earning assets	0.61	0.79
Net interest margin	3.79	3.94
Noninterest income to average earning assets	1.05	1.32
Noninterest expense to average earning assets	3.39	3.36
Net charge-offs to loans and leases	0.53	0.63
Credit-loss provision to net charge-offs	65.53	100.40
Net operating income to average assets	0.87	1.01
Retained earnings to average equity	3.11	3.00
Pre-tax return on assets	1.12	1.40
Return on assets	0.89	1.06
Return on equity	8.24	9.80
Percent of unprofitable institutions	3.97	7.79
Percent of institutions with earning gains	52.32	64.29

Condition Ratios (%)

Net loans and leases to assets	65.18	64.89
Loss allowance to:		
Loans and leases	1.55	1.72
Noncurrent loans and leases	74.86	76.61
Noncurrent loans and leases to		
total loans and leases	2.07	2.25
Nonperforming assets to assets	2.03	2.34
Core deposits to total liabilities	75.34	74.29
Equity capital to total assets	10.67	10.87
Core capital (leverage) ratio	10.45	10.05
Total capital to risk-weighted assets	16.41	16.07
Gross 1-4 family mortgages to gross assets	24.06	24.20
Gross real estate assets to gross assets	62.59	62.94

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
Peoples Bank and Trust Co. of Clinton County	Albany	\$31,593
Citizens Deposit Bank of Arlington Inc.	Arlington	173,776
Town Square Bank Inc.	Ashland	149,960
Auburn Banking Co.	Auburn	72,292
Kentucky Home Bank	Bardstown	109,972
Town & Country Bank and Trust Co.	Bardstown	255,556
Wilson & Muir Bank & Trust Co.	Bardstown	445,725
Bank of Ohio County Inc.	Beaver Dam	90,752
Bedford Loan & Deposit Bank	Bedford	86,525
Community Financial Services Bank	Benton	640,061
Peoples Bank and Trust Co. of Madison County	Berea	379,850
Farmers State Bank	Booneville	53,012
American Bank & Trust Co. Inc.	Bowling Green	254,463
Citizens First Bank Inc.	Bowling Green	410,060
South Central Bank of Bowling Green Inc.	Bowling Green	222,205
Meade County Bank	Brandenburg	166,196
Bank of Edmonson County	Brownsville	197,424
Bank of Buffalo	Buffalo	70,447
Citizens Bank of Cumberland County Inc.	Burkesville	70,350
Bank of Cadiz and Trust Co.	Cadiz	103,769
United Citizens Bank & Trust Co.	Campbellsburg	99,535
Citizens Bank & Trust Co.	Campbellsville	177,150
Taylor County Bank	Campbellsville	167,485
Farmers & Traders Bank of Campton	Campton	46,247
Bank of Caneyville	Caneyville	49,394
Kentucky Farmers Bank Corp.	Catlettsburg	172,096
The Cecilian Bank	Cecilia	565,337
First Security Bank of Kentucky	Central City	88,305
King Southern Bank	Chaplin	179,021
Bank of Clarkson	Clarkson	118,193
Clinton Bank	Clinton	60,311
First Community Bank of Western Kentucky Inc.	Clinton	118,379
Bank of Columbia	Columbia	126,988
United Citizens Bank of Southern Kentucky	Columbia	133,669
Hometown Bank of Corbin Inc.	Corbin	131,097
The Bank of Kentucky Inc.	Crestview Hills	1,856,362
Farmers Deposit Bank	Cynthiana	134,878
Bluegrass Community Bank	Danville	60,780
Dixon Bank	Dixon	86,026
First Citizens Bank	Elizabethtown	318,702
First Federal Savings Bank of Elizabethtown	Elizabethtown	859,195

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
Kentucky Neighborhood Bank	Elizabethtown	128,709
South Central Bank of Hardin County Inc.	Elizabethtown	82,588
Elkton Bank & Trust Co.	Elkton	125,493
Heritage Bank Inc.	Erlanger	494,650
Peoples Bank of Kentucky Inc.	Flemingsburg	255,249
First Security Trust Bank Inc.	Florence	83,364
Farmers Bank & Capital Trust Co.	Frankfort	689,184
The Bankers' Bank of Kentucky Inc.	Frankfort	71,209
Franklin Bank & Trust Co.	Franklin	361,837
Fredonia Valley Bank	Fredonia	76,646
Edmonton State Bank	Glasgow	452,711
South Central Bank Inc.	Glasgow	273,148
The Commercial Bank of Grayson	Grayson	162,847
The Farmers Bank	Hardinsburg	102,533
The Bank of Harlan	Harlan	122,057
Citizens Bank	Hartford	27,257
Commonwealth Community Bank Inc.	Hartford	151,229
Hancock Bank & Trust Co.	Hawesville	297,664
1st Trust Bank Inc.	Hazard	155,629
Peoples Bank & Trust Co. of Hazard	Hazard	277,338
BankTrust Financial	Henderson	133,467
Ohio Valley Financial Group	Henderson	258,664
The Citizens Bank	Hickman	108,792
Bank of Hindman	Hindman	166,954
Heritage Bank	Hopkinsville	967,372
Planters Bank Inc.	Hopkinsville	783,821
United Southern Bank	Hopkinsville	250,669
Hyden Citizens Bank	Hyden	126,904
Inez Deposit Bank	Inez	162,235
First State Bank	Irvington	164,331
Citizens Bank & Trust Co. of Jackson	Jackson	131,362
Bank of Jamestown	Jamestown	169,167
Century Bank of Kentucky Inc.	Lawrenceburg	108,137
Peoples Bank	Lebanon	52,238
Leitchfield Deposit Bank & Trust Co.	Leitchfield	111,269
Lewisburg Banking Co.	Lewisburg	104,998
American Founders Bank Inc.	Lexington	276,028
Bank of Lexington Inc.	Lexington	215,608
Bank of the Bluegrass and Trust Co.	Lexington	218,540
Central Bank & Trust Co.	Lexington	1,921,853
Whitaker Bank	Lexington	1,384,836

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
The Casey County Bank Inc.	Liberty	159,863
Louisa Community Bank	Louisa	29,372
Peoples Security Bank	Louisa	47,106
Central Bank of Jefferson County	Louisville	199,342
Commonwealth Bank and Trust Co.	Louisville	736,219
Eclipse Bank Inc.	Louisville	137,786
Metro Bank	Louisville	33,393
PBI Bank	Louisville	1,074,597
Republic Bank & Trust Co.	Louisville	3,253,875
River City Bank Inc.	Louisville	276,014
Stock Yards Bank & Trust Co.	Louisville	2,383,571
The First Capital Bank of Kentucky	Louisville	473,525
First United Bank and Trust Co.	Madisonville	199,583
Magnolia Bank Inc.	Magnolia	144,381
Farmers Bank and Trust Co.	Marion	138,178
The Peoples Bank	Marion	36,103
First Guaranty Bank	Martin	62,205
First Kentucky Bank Inc.	Mayfield	374,868
FNB Bank Inc.	Mayfield	409,107
Bank of Maysville	Maysville	117,331
Security Bank and Trust Co.	Maysville	50,727
Jackson County Bank	McKee	129,395
Farmers Deposit Bank of Middleburg Inc.	Middleburg	47,961
Home Federal Bank Corp.	Middlesboro	334,742
The Farmers Bank of Milton	Milton	221,102
The Monticello Banking Co.	Monticello	545,937
The Citizens Bank	Morehead	118,574
United Community Bank of West Kentucky Inc.	Morganfield	211,624
Morgantown Bank & Trust Co. Inc.	Morgantown	151,967
Traditional Bank Inc.	Mount Sterling	1,140,070
Citizens Bank	Mount Vernon	139,504
The Peoples Bank	Mount Washington	77,215
Hart County Bank and Trust Co.	Munfordville	27,209
Citizens Bank of Northern Kentucky Inc.	Newport	252,383
The Farmers Bank	Nicholasville	107,771
First Security Bank of Owensboro Inc.	Owensboro	477,397
Independence Bank of Kentucky	Owensboro	1,381,024
South Central Bank of Daviess County Inc.	Owensboro	200,736
First Farmers Bank and Trust Co.	Owenton	112,176
Peoples Bank & Trust Co.	Owenton	59,178
Owingsville Banking Co.	Owingsville	63,148

State-Chartered Banks and Thrifts

Total Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
The Paducah Bank and Trust Co.	Paducah	543,945
Kentucky Bank	Paris	758,102
Community Trust Bank Inc.	Pikeville	3,559,631
First State Financial Inc.	Pineville	365,239
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	302,612
Farmers Bank and Trust Co.	Princeton	114,944
West Point Bank	Radcliff	160,025
Citizens Guaranty Bank	Richmond	134,524
Madison Bank	Richmond	126,530
First & Peoples Bank and Trust Company	Russell	197,086
The Sacramento Deposit Bank	Sacramento	70,683
Sebree Deposit Bank	Sebree	23,172
Citizens Union Bank of Shelbyville	Shelbyville	523,728
The Peoples Bank of Bullitt County	Shepherdsville	227,153
Cumberland Security Bank Inc.	Somerset	161,239
Springfield State Bank	Springfield	279,786
PBK Bank Inc.	Stanford	104,891
Peoples Exchange Bank	Stanton	320,841
The Peoples Bank	Taylorsville	110,292
South Central Bank of Monroe County	Tompkinsville	115,148
Citizens Deposit Bank & Trust	Vanceburg	363,451
Pinnacle Bank Inc.	Vanceburg	42,281
United Bank & Trust Co.	Versailles	540,200
Bank of the Mountains Inc.	West Liberty	65,978
Commercial Bank	West Liberty	143,550
Bank of McCreary County	Whitley City	137,317
Grant County Deposit Bank	Williamstown	80,475
Alliance Banking Co.	Winchester	61,659
	Total	\$47,523,469



Commissioner Charles Vice testifies before Congress during his tenure as chair of the Conference of State Bank Supervisors.

State-Chartered Bank Trust Departments

Trust Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
Town & Country Bank and Trust Co.	Bardstown	298,864
Wilson & Muir Bank & Trust Co.	Bardstown	159
Bank of Cadiz and Trust Co.	Cadiz	9,356
Kentucky Farmers Bank Corp.	Catlettsburg	64,138
First Security Bank of Kentucky	Central City	956
Clinton Bank	Clinton	1,660
The Bank of Kentucky Inc.	Crestview Hills	781,601
First Citizens Bank	Elizabethtown	154,902
Elkton Bank & Trust Co.	Elkton	9,415
Peoples Bank of Kentucky Inc.	Flemingsburg	5,411
Farmers Bank & Capital Trust Co.	Frankfort	289,752
Franklin Bank & Trust Co.	Franklin	30,768
Commonwealth Community Bank Inc.	Hartford	13,557
Hancock Bank & Trust Co.	Hawesville	4,826
Peoples Bank & Trust Co. of Hazard	Hazard	39,415
Ohio Valley Financial Group	Henderson	389,252
The Citizens Bank	Hickman	7,385
Planters Bank Inc.	Hopkinsville	121,325
Citizens Bank & Trust Co. of Jackson	Jackson	7,288
Bank of the Bluegrass and Trust Co.	Lexington	133,307
Central Bank & Trust Co.	Lexington	1,030,925
Whitaker Bank	Lexington	448,682
Commonwealth Bank and Trust Co.	Louisville	1,267,579
PBI Bank	Louisville	11,977
Republic Bank & Trust Co.	Louisville	166,489
Stock Yards Bank & Trust Co.	Louisville	2,198,656
First United Bank and Trust Co.	Madisonville	16,404
Bank of Maysville	Maysville	19,475
The Monticello Banking Co.	Monticello	176,554
United Community Bank of West Kentucky Inc.	Morganfield	6,487
Morgantown Bank & Trust Company Inc.	Morgantown	3,787
Hart County Bank and Trust Co.	Munfordville	3,034
Citizens Bank of Northern Kentucky Inc.	Newport	36,426
Independence Bank of Kentucky	Owensboro	361,297
Peoples Bank & Trust Co.	Owenton	738
The Paducah Bank and Trust Co.	Paducah	231,457
Kentucky Bank	Paris	137,377
Community Trust Bank Inc.	Pikeville	29,136
Farmers Bank and Trust Co.	Princeton	16,432

State-Chartered Bank Trust Departments

Trust Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Assets</u>
First & Peoples Bank and Trust Co.	Russell	37,341
Citizens Union Bank of Shelbyville	Shelbyville	1,192
Cumberland Security Bank Inc.	Somerset	18,252
Grant County Deposit Bank	Williamstown	1,950
Total		\$8,584,984

** Includes Managed and Non-Managed Trust Accounts*

State-Chartered Independent Trust Companies

Total Assets

Dollar amounts in thousands with the 000s omitted

<u>Name</u>	<u>City</u>	<u>Trust Assets</u>
Community Trust and Investment Co.	Lexington	2,126,908
First Kentucky Trust Co.	Louisville	472,615
Hilliard Lyons Trust Co. LLC	Louisville	4,381,110
The Glenview Trust Co.	Louisville	4,111,419
Total		\$11,092,052

** Includes Managed and Non-Managed Trust Accounts*



Consumer Protection Examiner Gayle Keltner presents to seniors at a DFI-hosted Senior Scam Jam in Campbellsville, Ky.



DFI display table.

Division of Depository Institutions

Credit Union Branch

79th Annual Credit Union Report

The Credit Union Branch supervised 25 Kentucky state-chartered credit unions, with total assets ranging from \$734 thousand to \$944 million. Kentucky state-chartered credit unions are in a sound financial condition and report a satisfactory level of income. For the twelve months ending December 31, 2013, totals assets increased 4.11 percent, which represents a slight reduction from the 4.17 percent growth rate in 2012. Overall, net worth grew 2.38 percent, and the ratio of net worth to total assets was strong at 14.39%. The return on average assets declined substantially from 1.05 percent in 2012 to 0.84 percent in 2013.

The loan growth rate of 9.86 percent was nearly triple the prior year's rate of 3.3 percent. Real estate secured loans accounted for 42.44 percent of total loans, with fixed rates loans secured by first liens on residential property accounting for 31.8 percent of all real estate loans. Despite the strong loan growth, asset quality remained acceptable. The ratio of delinquent loans to total loans was 1.07 percent, and the ratio of charged-off loans to average loans was 0.70 percent.

Interest rate risk is increasing. The net long-term asset ratio increased from 25.84 percent, 32.08 percent, and 35.93 percent, in 2011, 2012, and 2013, respectively. Credit unions have been originating increased volumes of longer-term fixed rate real estate loans, coupled with extending the duration of their investment portfolios. Interest rate risk management will be important for Kentucky state-chartered credit unions to maintain acceptable operating results and strong net worth positions.

Credit Union Changes

During 2013 two federal credit unions in Kentucky changed to state charter. One credit union's charter was dissolved through voluntary merger.

- **May. 31, 2013:** Friends First Federal Credit Union in Owensboro converted becoming Friends First Credit Union.
- **Nov. 30, 2013:** B. C. B. S. Credit Union, Louisville, merged into AutoTruck Credit Union.
- **Dec. 31, 2013:** Park Community Federal Credit Union in Louisville converted becoming Park Community Credit Union Inc.

State-Chartered Credit Unions

Annual Consolidate Statements of Assets

June 30, 1934	391,943	June 30, 1970	64,297,546
June 30, 1935	725,535	June 30, 1971	71,728,169
June 30, 1936	1,249,342	June 30, 1972	81,246,995
June 30, 1937	1,660,520	June 30, 1973	91,221,819
June 30, 1938	1,696,127	June 30, 1974	100,937,750
June 30, 1939	2,057,015	June 30, 1975	113,438,105
June 30, 1940	*	June 30, 1976	129,079,696
June 30, 1941	3,146,257	June 30, 1977	147,094,455
June 30, 1942	3,251,825	June 30, 1978	169,281,627
June 30, 1943	2,982,267	June 30, 1979	176,261,333
June 30, 1944	3,088,248	June 30, 1980	170,888,349
June 30, 1945	3,505,257	June 30, 1981	198,916,832
June 30, 1946	4,144,653	June 30, 1982	190,721,775
June 30, 1947	4,995,675	June 30, 1983	226,257,290
June 30, 1948	6,083,221	June 30, 1984	270,077,766
June 30, 1949	7,107,044	June 30, 1985	324,359,567
June 30, 1950	8,334,194	June 30, 1986	465,930,836
June 30, 1951	8,179,622	June 30, 1987	534,721,314
June 30, 1952	10,516,625	June 30, 1988	522,854,417
June 30, 1953	12,623,784	Dec. 31, 1988	486,976,000
June 30, 1954	14,781,357	Dec. 31, 1989	482,857,000
June 30, 1955	16,702,656	Dec. 31, 1990	509,758,691
June 30, 1956	19,107,017	Dec. 31, 1991	554,628,084
June 30, 1957	21,437,514	Dec. 31, 1992	610,893,902
June 30, 1958	23,623,385	Dec. 31, 1993	643,540,808
June 30, 1959	26,447,334	Dec. 31, 1994	670,077,079
June 30, 1960	27,979,449	Dec. 31, 1995	697,585,006
June 30, 1961	29,357,256	Dec. 31, 1996	726,727,477
June 30, 1962	31,739,280	Dec. 31, 1997	782,580,308
June 30, 1963	34,501,791	Dec. 31, 1998	855,559,615
June 30, 1964	39,301,082	Dec. 31, 1999	897,712,452
June 30, 1965	43,391,089	Dec. 31, 2000	957,541,750
June 30, 1966	46,430,845	Dec. 31, 2001	1,081,872,980
June 30, 1967	50,065,518	Dec. 31, 2002	1,157,171,468
June 30, 1968	53,669,699	Dec. 31, 2003	1,246,656,550
June 30, 1969	58,409,409	Dec. 31, 2004	1,273,660,697

State-Chartered Credit Unions

Annual Consolidate Statements of Assets

Dec. 31, 2005	1,273,328,540	Dec. 31, 2010	1,714,675,332
Dec. 31, 2006	1,304,569,417	Dec. 31, 2011	1,844,748,368
Dec. 31, 2007	1,387,214,179	Dec. 31, 2012	1,921,587,548
Dec. 31, 2008	1,539,537,367	Dec. 31, 2013	\$2,589,518,099
Dec. 31, 2009	1,696,546,762		

** No records are available for 1940*

State-Chartered Credit Unions

Selected Composite Operating Ratios

	<u>Dec. 2013</u>	<u>Dec. 2012</u>	<u>Dec. 2011</u>
<u>Capital Adequacy</u>			
Net Worth / Total Assets	14.39	15.19	14.80
Net Worth / Total Assets-Including Optional Total Assets Election (if used)	14.39	15.19	14.80
Total Delinquent Loans / Net Worth	4.54	3.73	3.71
Solvency Evaluation (Estimated)	116.28	118.24	117.66
Classified Assets (Estimated) / Net Worth	3.62	3.27	3.56
<u>Asset Quality</u>			
Delinquent Loans / Total Loans	1.07	1.01	0.98
Net Charge-Offs / Average Loans	0.70	0.62	0.62
Fair (Market) Value/Book Value			
Held to Maturity Investments	99.99	103.37	102.61
Accumulated Unrealized Gain or Loss			
on Available for Sale / Cost of Available for Sale	-2.19	0.57	0.40
Delinquent Loans / Assets	0.65	0.57	0.55
<u>Earnings</u>			
Return On Average Assets	0.84	1.05	0.88
Return On Average Assets Before NCUSIF			
Stabilization Income/Expense	0.91	1.13	1.09
Gross Income/Average Assets	5.82	5.36	5.70
Yield on Average Loans	6.32	6.32	6.64
Yield on Average Investments	1.27	1.14	1.39
Fee and Other Operating Income / Average Assets	1.64	1.37	1.39
Cost of Funds / Average Assets	0.55	0.52	0.76
Net Margin / Average Assets	5.26	4.84	4.93
Operating Expenses / Average Assets	3.96	3.44	3.71

State-Chartered Credit Unions

Selected Composite Operating Ratios

	<u>Dec. 2013</u>	<u>Dec. 2012</u>	<u>Dec. 2011</u>
Fixed Assets and Foreclosed and Repossessed Assets / Total Assets	2.50	2.21	2.24
Net Operating Expenses / Average Assets	3.08	2.63	2.87

	<u>Dec. 2013</u>	<u>Dec. 2012</u>	<u>Dec. 2011</u>
<u>Asset / Liability Management</u>			
Net Long-Term Assets / Total Assets	35.93	32.08	25.84
Regular Shares / Total Shares and Borrowings	45.90	53.37	51.42
Total Loans / Total Shares	71.84	66.70	66.94
Total Loans / Total Assets	61.01	55.85	56.32
Cash + Short-Term Investments / Assets	11.04	15.94	19.66
Total Shares, Deposits and Borrowings / Earning Assets	90.70	87.93	88.49
Regular Shares + Share Drafts / Total Shares and Borrowings	57.11	60.24	58.21
Borrowings / Total Shares and Net Worth	0.54	0.19	0.24

<u>Productivity</u>			
Members / Potential Members	2.61	2.92	5.26
Borrowers / Members	55.39	56.59	56.43
Members / Full-Time Employees	388.46	404.39	396.85
Average Shares Per Member	\$7,676	\$7,209	\$7,060
Average Loan Balance	\$9,955	\$8,497	\$8,094
*Salary and Benefits / Full-Time Employees	\$64,538	\$63,392	\$64,062

<u>Other Ratios</u>			
*Net Worth Growth	2.38	6.89	10.51
*Market (Share) Growth	3.89	3.67	7.52
*Loan Growth	9.86	3.30	5.25
*Asset Growth	4.11	4.17	7.59
*Investment Growth	-2.50	5.66	11.57
*Membership Growth	2.03	1.53	8.07

State-Chartered Credit Unions

Report of Condition

<u>Charter</u>	<u>Name</u>	<u>City</u>	<u>Year Opened</u>	<u>Total Assets</u>
60883	Beacon Community	Louisville	1947	\$49,806,580
61123	Louisville Gas and Electric Co.	Louisville	1934	33,181,951
61316	Tarcana	Louisville	1936	4,185,521
61437	Commonwealth	Frankfort	1951	943,977,341
61693	Rural Cooperatives	Louisville	1964	38,200,095
61738	Paducah City Employees	Paducah	1961	2,822,614
61772	Louisville Metro Police Officers	Louisville	1942	22,234,522
61792	Ashland	Ashland	1942	177,815,913
62026	Members Choice	Ashland	1932	180,347,796
62228	Greater Kentucky Credit Union	Lexington	1953	59,256,944
62303	Letcher County Teachers	Whitesburg	1964	973,493
62358	Kemba Louisville	Louisville	1934	45,288,783
62370	Lexington Postal	Lexington	1928	17,656,594
62389	Berea	Berea	1923	1,335,439
62431	Kentucky Employees	Frankfort	1938	61,861,124
62432	Whitesville Community	Whitesville	1962	20,348,991
62433	Louisville Federal	Louisville	1924	36,476,634
62482	Brown-Forman Employees	Louisville	1936	11,497,427
62484	Service One	Bowling Green	1963	121,179,323
62490	Muhlenberg Community Hospital	Greenville	1961	734,086
62587	C&O United	Edgewood	1928	14,827,993
63058	Metro Employees	Lexington	1940	19,867,083
68617	Autotruck Financial	Louisville	1965	101,709,737
68637	Friends First	Owensboro	1974	6,129,824
68644	Park Community	Louisville	1955	617,782,291
Total				\$2,589,518,099



Commissioner Vice, far right, speaks to the crowd at Citizens Union Bank, Louisville, Ky., at their 125th anniversary.

Division of Nondepository Institutions

DFI's Division of Nondepository Institutions has four branches: the Licensing Branch, the Consumer Protection Branch, the Mortgage Examination Branch, and the Non-mortgage Examination Branch. The staff consists of 23 examiners and investigators. Due to the challenges leading up to the recession, consumer finance laws and regulations have been rapidly changing, primarily as a result of the Dodd-Frank Act. The Division of Nondepository Institutions is committed to maintaining a well trained staff. The division also provides educational materials and outreach to protect consumers from financial fraud.

Mortgage Examination Branch 1st Annual Mortgage Examination Report

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

<u>Examination Type</u>	<u>Examinations 2013</u>	<u>Examinations 2012</u>
Mortgage Companies	213	300
Mortgage Brokers	59	80
Total	272	380

Non-Mortgage Examination Branch 1st Annual Non-Mortgage Report

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

<u>Examination Type</u>	<u>Examinations 2013</u>	<u>Examinations 2012</u>
Payday Lenders/Check Cashers	551	558
Consumer Loan Companies	350	341
Industrial Loan Companies	26	25
Money Transmitters	14	15
Total	941	939

Division of Nondepository Institutions

Licensing Branch 1st Annual Licensing Report

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

<u>License Type</u>	<u>Licenses 2013</u>	<u>Licenses 2012</u>
Mortgage Companies	815	663
Mortgage Brokers	120	127
Check Cashers/Payday Lenders	552	564
Consumer Loan Companies	377	345
Industrial Loan Companies	30	30
Money Transmitters	61	56
<u>Registration Type</u>	<u>Registrations 2013</u>	<u>Registrations 2012</u>
Loan Originators/Processors	5,240	3,519

Consumer Protection Branch 5th Annual Consumer Protection Report

The Consumer Protection Branch investigates complaints and suspicious activity relating to consumer finance and initiates the complaint process for matters relating to depository institutions. The investigators identify, examine and recommend actions against those companies and individuals who exhibit unethical behavior or perpetrate financial crimes against Kentucky citizens. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through instructional outreach programs. The Consumer Protection Branch investigated 131 complaints in 2012 and 118 complaints in 2013 against licensed entities on behalf of Kentucky consumers. Additionally, the branch processed 116 complaints in 2012 and 137 complaints in 2013 against unlicensed Internet lenders.

<u>Nondepository License Type</u>	<u>Complaints 2013</u>	<u>Complaints 2012</u>
Mortgage Companies	25	25
Mortgage Brokers	10	12
HUD-Exempt Mortgage Companies/Brokers	6	15
Check Cashers/Payday Lenders (licensed)	5	13
Consumer Loan Companies	16	15
Industrial Loan Companies	--	--
Sale of Checks/Money Transmitters	3	--
Total	65	80

Division of Nondepository Institutions

<u>Depository License Type</u>	<u>Complaints 2013</u>	<u>Complaints 2012</u>
State-Chartered Banks	45	42
State-Chartered Credit Unions	8	9
Total	53	51

<u>Unlicensed Lenders</u>	<u>Complaints 2013</u>	<u>Complaints 2012</u>
Internet Payday/Installment Lenders	137	116



DFI Enforcement Branch Manager Chad Harlan, left, distributes materials at the DFI-sponsored Senior Scam Jam in Bardstown, Ky.

Patti Pennington, top right, takes notes at a Town Hall Meeting in Frankfort, Ky.

The meeting, hosted by DFI, was to gather research on community banks for a Federal Reserve Bank Conference.



Kentucky Consumer Loan Companies

Annual Consolidated Statement of Assets

<u>Year</u>	<u>Total Assets</u>
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
Dec. 31, 2013.....	\$539,804,639

Kentucky Consumer Loan Companies

Consolidated Report of Condition

	<u>Dec. 31, 2013</u>	<u>% Change</u>	<u>Dec. 31, 2012</u>
Kentucky Consumer Loan Companies	347	0.58%	345
<u>Assets</u>			
Cash and Due from Depositor Institutions	5,652,077	-42.96%	9,908,406
Total Loans Receivable (Net of Unearned Interest and Reserves)	510,747,633	3.13%	495,254,963
Premises and Fixed Assets (Net of Depreciation)	6,351,867	-15.59%	7,524,671
Deferred Charges and Prepaid Expenses	1,324,178	-15.54%	1,567,864
*Other Assets Used in Consumer Loan Business	15,728,884	-33.66%	23,710,272
Total Assets Used in Consumer Loan Business	539,804,639	0.34%	537,966,176
<u>Liabilities and Capital or Net Worth</u>			
Total Liabilities	367,979,443	7.98%	340,771,525
Total Capital	171,825,196	-12.87%	197,194,651
Total Net Worth	539,804,639	0.34%	537,996,176
Residential Real Estate Loans > \$15,000	7,208,443	-97.84%	333,335,568

Kentucky Industrial Loan Companies

Annual Consolidated Statement of Assets

<u>Year</u>	<u>Total Assets</u>	<u>Year</u>	<u>Total Assets</u>
June 29, 1946	\$432,786	June 30, 1984	45,051,556
June 30, 1947	843,587	June 30, 1985	61,357,110
June 30, 1948	1,207,448	June 30, 1986	47,118,841
June 30, 1949	998,520	June 30, 1987	19,930,854
June 30, 1950	725,995	June 30, 1988	3,579,048
June 30, 1951	1,002,486	Dec. 31, 1988	33,707,258
June 30, 1952	1,260,935	Dec. 31, 1989	66,185,013
June 30, 1953	1,197,125	Dec. 31, 1990	60,216,163
June 30, 1954	1,145,154	Dec. 31, 1991	93,265,336
June 30, 1955	1,337,078	Dec. 31, 1992	70,626,327
June 30, 1956	3,351,255	Dec. 31, 1993	36,242,155
June 29, 1957	6,674,101	Dec. 31, 1994	17,161,759
June 30, 1958	7,624,233	Dec. 31, 1995	13,559,113
June 30, 1959	12,027,595	Dec. 31, 1996	13,841,777
June 30, 1960	25,016,928	Dec. 31, 1997	13,346,139
June 30, 1961	29,533,306	Dec. 31, 1998	8,854,581
June 30, 1962	38,986,576	Dec. 31, 1999	3,184,487
June 29, 1963	47,926,026	Dec. 31, 2000	12,700,424
June 30, 1964	62,498,295	Dec. 31, 2001	12,013,001
June 30, 1965	74,443,666	Dec. 31, 2002	16,861,557
June 30, 1966	83,269,104	Dec. 31, 2003	7,106,807
June 30, 1967	92,253,814	Dec. 31, 2004	7,727,195
June 30, 1968	106,979,831	Dec. 31, 2005	22,308,961
June 30, 1969	118,607,417	Dec. 31, 2006	23,315,243
June 30, 1970	128,303,693	Dec. 31, 2007	20,195,678
June 30, 1971	130,666,763	Dec. 31, 2008	11,036,427
June 30, 1972	144,585,041	Dec. 31, 2009	5,588,023
June 30, 1973	182,173,895	Dec. 31, 2010	4,195,769
June 30, 1974	212,063,191	Dec. 31, 2011	2,961,838
June 30, 1975	203,572,673	Dec. 31, 2012	1,725,102
June 30, 1976	208,046,246	Dec. 31, 2012	\$887,549
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		

Display of students' artwork at the Capitol Building celebrating Kentucky Saves Week.



Kentucky Industrial Loan Companies

Consolidated Report of Condition

	<u>Dec. 31, 2013</u>	<u>Change</u>	<u>Dec. 31, 2012</u>
Total Industrial Loan Companies	30		30
<u>Assets</u>			
Cash on Hand	--		--
Industrial Loans	--		--
Other Loans	897,678	-47.62%	1,713,841
Total Loans	897,678	-47.62%	1,713,841
Unearned Interest	395	-31.29%	575
Reserve for Loan Loss	9,734	-11.25%	10,967
Loans, Net of Unearned Interest and Reserves	887,549	-47.86%	1,702,299
Premises and Fixed Assets	0		0
Other Assets	0	-100%	22,803
Total Assets	887,549	-48.55%	1,725,102
<u>Liabilities</u>			
Certificates of Investment	--		--
Other Liabilities	780,607	-50.15%	1,565,842
Total Liabilities	780,607	-50.15%	1,565,842
<u>Equity Capital</u>			
Capital Stock	--		--
Surplus & Undivided Profits	--		--
Current Earnings	106,941	481.24%	159,260
Total Equity Capital	106,941	481.24%	159,260
 Total Liabilities and Equity Capital	 887,549	 -48.55%	 1,725,102

Division of Securities

27th Annual Securities Report

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 to make informed investment decisions and select securities professionals with whom to entrust their money. The Securities Division staff also performs educational outreach to high school students and community groups regarding 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.

Smarter regulation is the common goal of state securities regulators. New technology and new approaches to ways of investing are rapidly moving forward and continue to progress; therefore, regulation must positively seek solutions that are innovative and equitable to continue to deliver effective investor protection and efficient industry regulation. The Department of Financial Institutions, Division of Securities strives to ensure that policies intended to promote capital formation balance the need to maintain investor protections and enhance investor education. During 2013 the Securities Division conducted 132 examinations and 71 investigations, which resulted in 11 administrative orders and two civil orders.

Crowdfunding's presence on the Internet has increased significantly during 2013 in anticipation of rules to allow small businesses to raise capital online. Proposed rules implementing the exemption created by Title III of the Jumpstart Our Business Startups (JOBS) Act passed by Congress on March 27, 2012 were filed by the Securities and Exchange Commission (SEC) on Oct. 23, 2013. Until the Security and Exchange Commission (SEC) adopts rules permitting crowdfunding, investments cannot legally be offered through this means.

On March 14, 2013, after a multi-state investigation, Kentucky joined 19 jurisdictions in issuing a Cease and Desist Order against Inter Reef Ltd d/b/a Profitable Sunrise and its owners Roman Novak and Radoslav Novak. Profitable Sunrise, headquartered in the United Kingdom, solicited investors over the internet by claiming investor's money was being used to fund short-term loans to businesses throughout the U.S and that all the funds deposited with the entity were insured against loss by a leading investment bank. The Novak brothers made misrepresentations and omissions of material facts and promised investors risk-free-returns and used the internet to solicit investors. Roman Novak nor Radoslav Novak or the investment products being sold were registered in Kentucky.

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.

2013 Broker-Dealers Headquartered in Kentucky

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

2013 Investment Advisers

Headquartered in Kentucky

<u>Name</u>	<u>City</u>
Altus Wealth Management LLC	Fort Mitchell
Archer Financial Planning LLC	Louisville
ARL Advisers LLC	Louisville
Bluegrass Capital Advisors LLC	Louisville
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
Douglas Hawkins Investment LLC d/b/a-Accelerated Wealth Advisors	Richmond
Doyle Asset Management LLC	Cadiz
E. Thomas & Associates Inc.	Williamstown
EDC Financial Services LLC	Nicholasville
Encompass Wealth Management LLC	Princeton
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	Fairdale
G J Kohler Investment Advisors LLC	Prospect
Godby Wealth Management Inc.	Somerset
Griggs Capital LLC	Lexington
Harvey R. Little Jr.	Berea
Heritage Financial Group Inc.	Paducah
IKM Capital Management LLC	Louisville
Invest Inc.	Lexington
Investment Answers Capital LLC d/b/a Investment Answers	Louisville
Investment Research Advisory Corp.	Louisville
Investments & Financial Planning LLC	Lexington

2013 Investment Advisers

Headquartered in Kentucky

<u>Name</u>	<u>City</u>
iTrust Asset Management LLC	Lexington
Janlyn Capital LLC	Prospect
Jesse Investment Advisor Inc.	Louisville
J.Hagan Warren Capital Partners Limited	Louisville
Journey Financial Management LLC	Bowling Green
JS Financial LLC	Louisville
KC Capital Management LLC	Danville
KD Fiduciary Asset Management Inc.	Prospect
Keepsake Management Inc.	Lexington
Lach Financial LLC	Louisville
Lancaster Advisors LLC	Louisville
Lang Advisors LLC	Covington
Lanier Asset Management LLC	Louisville
Lawrence Botzman, CFP	Somerset
Lexington Investment Co. Inc.	Lexington
Life Advisors Financial Planning & Wealth Management LLC	Munfordville
Lifetime Wealth Design LLC f/k/a Probity Wealth Solutions LLC	Louisville
Lighthouse Capital Management LLC	Lewisburg
Linker Capital Management Inc.	Louisville
Mackey Advisors (The Wealth Advisory Team LLC)	Fort Wright
Mackhouse LLC	Louisville
Mann Capital Management LLC	Fort Mitchell
Marjac Capital Management LLC	Lexington
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
Olmsted Ventures LLC d/b/a/ Olmsted Capital	Louisville
Outland Capital LLC	Lexington
Page Financial Services LLC	Louisville
Palmer Capital Management Inc.	Verona
Pierce Financial Planning Inc.	Lexington
Pillar Financial Advisors LLC	Louisville
PMK Capital Management LLC	Prospect
Principled Wealth Advisors LLC	Covington
Proactive Advisors LLC	Lexington
Quantum Financial Consultants LLC	Louisville
Regional Investment Advisors Inc.	Louisville

2013 Investment Advisers

Headquartered in Kentucky

<u>Name</u>	<u>City</u>
Remington Wealth Management	Louisville
Resource Design Inc	Edgewood
Retirement Tax Advisory Group Inc	Lexington
Revolutionary Wealth Management Corp.	Louisville
RiverCities Asset Management Corp.	Owensboro
Riverstone Asset Management LLC	Louisville
Robert M. Walker & Associates Inc.	Taylorsville
Ron Beaton's Money Matters	Paducah
Sachs Investment Group LLC	Louisville
Sagehare Investment Management LLC	Lexington
Leif Clarke Wealth Management Inc.	
f/k/a Sentinel Investment Advisory Services Inc.	Ashland
Spectrum Financial Alliance	Nicholasville
Springhouse Financial LLC	Louisville
Sterling Financial Group Ltd.	Louisville
Strategic Wealth Designers LLC	Louisville
Supreme Alliance LLC	Lancaster
Swendiman Wealth Strategies Inc.	Park Hills
Tactical Wealth Management	Covington
Tatro Capital 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
Via Wealth Management Inc.	Campbellsville
Walker Financial Services Inc.	Bowling Green
Waycross Partners LLC	Louisville
WealthMD Corporation	Louisville
Wilson Financial Services Inc.	Dry Ridge
Winebrenner Capital Management LLC	Louisville
Witter & Westlake Investments Inc.	Louisville
Your Best Move Inc.	Bardstown

Division of Securities

Licensing and Registration Branch Report

	<u>Dec. 31, 2013</u>	<u>Change</u>	<u>Dec. 31, 2012</u>
<u>Broker-Dealer Registrations</u>			
Renewed	1,520		1,548
Approved	76		77
Withdrawals (Form BDW)	60		105
Total Registered (year-end)	1,489	-2.04%	1,520
<u>Broker-Dealer Agent Registrations</u>			
Renewed	103,638		102,587
Total Registered (year-end)	107,943*	4.15%	103,638
<u>Issuer Agent Registrations</u>			
Renewed	60		74
Approved	5		9
Terminated	14		23
Total Registered (year-end)	51	-17.85%	60
<u>State Investment Advisers</u>			
Renewed	182		148
Total Registered (year-end)	189*	3.85%	182
<u>Federal Covered Investment Advisers</u>			
Renewed	943		951
Total Effective Notice Filings	980*	3.92%	943
<u>Investment Adviser Representatives (IAR)</u>			
Renewed	4,631		4,366
Total State and Federal IARs (year-end)	4,932*	6.50%	4,631

*End of year totals are due to new, withdrawn and terminated entities and individuals during the calendar year.

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.

	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
<u>Registrations</u>		
Private Placement Securities Offerings	34	39
<u>Notice Filings</u>		
Investment Companies - New	556	449
Investment Companies - Renewals	4,042	3,697
Unit Investment Trusts	1,273	1,213
Reg.D, Rule 506 Offerings	485	415
<u>Exemptions</u>		
Claims of Exemption Requested	54	38
Total Filings	6,444	5,851

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.

	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
<u>Compliance Branch Examinations</u>		
Broker-Dealers Exams	64	60
Investment Adviser Exams	66	81
Issuer Agent Exams	2	1
Total Examinations	132	142
Orders/Agreements	5	8

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.

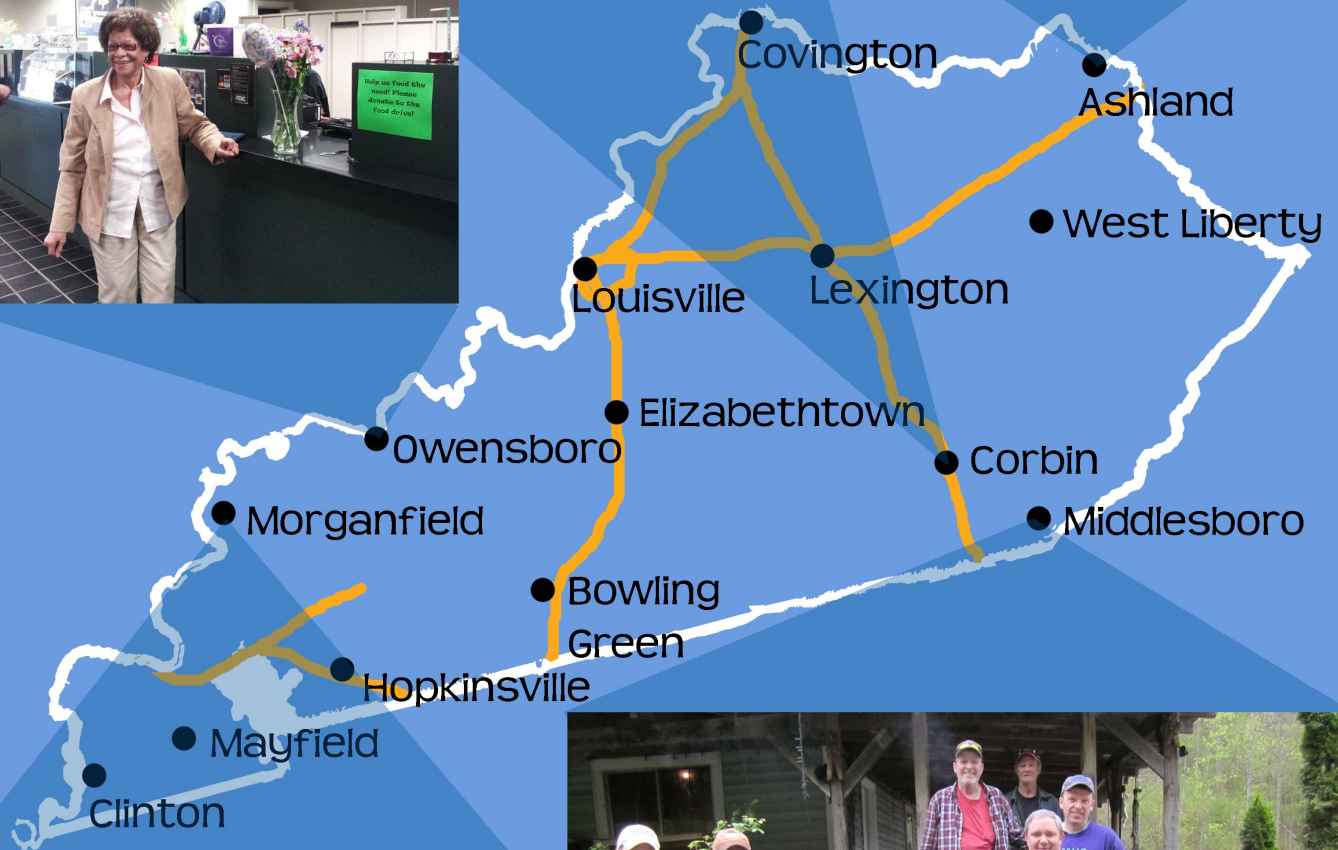
	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
<u>Investigations</u>		
Referrals/Assistance to Outside Agency	2	5
Referrals from Outside Agency	10	11
Investigations Opened	20	14
Investigations Closed	9	29
Investigations Pending	62	51
<u>Enforcement Actions</u>		
Administrative Orders	11	19
Civil Orders	2	1
Fines	\$255,648	\$229,707
Restitution to Client	\$37,500	\$38,200,040

Prosecution Assistance Unit Report

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

	<u>Dec. 31, 2013</u>
Criminal Referrals	4
Criminal Indictments	1
Investigations with federal/state law enforcement authorities	4

KY DFI



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