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2016 Annual Report

Kentucky Department of Financial Institutions

Supervising Kentucky's Financial Industry for 104 Years

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DEPARTMENT OF FINANCIAL INSTITUTIONS

Table of Contents

- 4 LETTER FROM THE COMMISSIONER**
- 6 HISTORY**
- 7 FINANCIAL INSTITUTIONS BOARD**
- 8 MISSION, VALUES, VISION**
- 9 ORGANIZATIONAL STRUCTURE**
- 9 APPLICATION AND ADMINISTRATIVE SUPPORT BRANCH**

In 2016, the Kentucky Department of Financial Institutions (DFI) supervised:

10 DIVISION OF DEPOSITORY INSTITUTIONS - BANK BRANCH

133 State-chartered banks with assets from \$23 million to \$4.8 billion.

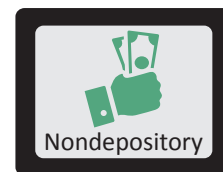


18 - CREDIT UNION BRANCH

24 State-chartered credit unions with assets from \$700,000 to \$1.1 billion.

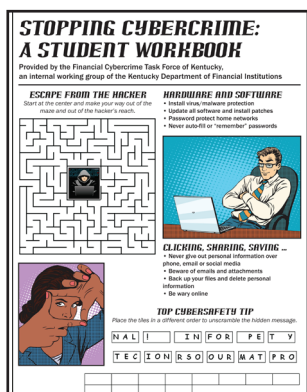
22 DIVISION OF NONDEPOSITORY INSTITUTIONS

7,848 Loan originators/processors
1,292 Mortgage companies/brokers
483 Check cashers/payday lenders
392 Consumer loan companies
1 Industrial loan company
90 Money transmitters



25 DIVISION OF SECURITIES

1,445 Broker-dealer firms
182 State investment adviser firms



In 2016, DFI released a student workbook called “Stopping Cybercrime.” Accompanying the student workbook are classroom instruction resources, including: a PowerPoint presentation with speaker notes, two classroom activity worksheets and a handout listing additional classroom resources such as curriculum materials, videos, games and activities. The “Stopping Cybercrime” Toolkit was winner of the 2017 Kentucky Association of Government Communicators Award of Excellence for Innovation, Division B. The teacher materials and student workbook are available free on DFI’s website at <http://kfi.ky.gov/public/Pages/teacher.aspx>.

This is just one example of the materials DFI has available. As part of our educational outreach program, DFI offers free curriculum and resource materials for Kentucky educators. These resources are user-friendly and can be easily integrated into any business, math, or family and consumer science class.

Matthew G. Bevin, Governor



David Dickerson, Secretary
Charles Vice, Commissioner

PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

Dear Gov. Bevin,

As Commissioner of the Kentucky Department of Financial Institutions (DFI), I am pleased to present the 2016 Annual Report. The DFI had a very successful year, and we achieved our mission of providing effective and efficient regulatory oversight of the financial services industry. In addition to normal supervisory processes and oversight, the DFI also provided information, through events and outreach, to the industry regarding regulatory changes, emerging risks, and fraud prevention techniques. Several of our employees participated in panels to encourage industry best practices.

As part of the Red Tape Reduction Initiative, the DFI has begun a comprehensive review of its regulations and has already eliminated more than 10 percent of regulations that were unnecessary or outdated.

Banks and credit unions chartered in Kentucky maintain strong capital and net worth ratios. This has allowed them to survive, and in many cases thrive, during the stresses of the most recent economic downturn. As an industry, institutions in Kentucky have expanded their deposit and loan portfolios in 2016, which is a testament to their desire to serve the communities where they are located. While the low interest rate environment and expansive federal regulations have presented a challenge, Kentucky's banks and credit unions remain dedicated to encouraging economic growth by providing access to affordable credit.

The Nondepository Division continues to experience growth in the number of companies and individuals registered and licensed in Kentucky. This expanding marketplace and increased competition among service providers results in increased consumer choices and access to innovative products and services. The division is constantly improving supervisory techniques and looking for ways to partner with other states to oversee larger and more diverse companies offering services in Kentucky.

The Securities Division diligently oversees the securities industry to ensure investors are protected and capital formation is encouraged to provide for future economic growth. The Registration Branch processed applications and renewals for approximately 120,000 individuals and companies in 2016, while the Compliance Branch conducted 119 examinations. The DFI works closely with state and federal law enforcement agencies to address fraud, stop illegal securities activities, and provide restitution to harmed investors.

As Kentucky's economy grows and becomes more diverse, the financial services industry has the capacity and willingness to meet the financial needs of the residents and businesses located in the Commonwealth. The DFI continues to provide appropriate oversight of the industry through common sense supervision, while also ensuring strong consumer protections for residents that use financial services. I am very proud of the accomplishments of our employees and the strength of the financial services industry in the Commonwealth of Kentucky.

Sincerely,

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





DEPARTMENT OF FINANCIAL INSTITUTIONS

Commissioners 1912-2016

Year	Commissioner	Governor
1912	Thomas J. Smith	James B. McCreary
1916	George G. Speer	Augustus O. Stanley
1920	James Lewis	Edwin P. Morrow
1924	Charles E. Marvin	William J. Fields
1928	O. S. Denny	Flem D. Samson
1930	C. S. Wilson	Flem D. Samson
1931	J. R. Dorman	Ruby Laffoon
1935	Hiram Wilhoit	A. B. Chandler
1939	Hiram Wilhoit	Keene Johnson
1943	Hillard H. Smith	Simeon S. Willis
1948	Henry H. Carter	Earle C. Clements
1951	Henry H. Carter	Lawrence W. Wetherby
1955	R. E. Glenn	Lawrence W. Wetherby
1956	S. Albert Phillips	A. B. Chandler
1958	Earle B. Combs	A. B. Chandler
1960	H. A. Rogers	Bert T. Combs
1964	H. A. Rogers	Edward T. Breathitt
1965	G. D. Beach	Edward T. Breathitt
1968	E. G. Adams	Louie B. Nunn
1971	Lenvil R. Hall	Wendell H. Ford
1971	Perry R. Miller (Acting)	Wendell H. Ford
1973	Howard T. Sallee	Wendell H. Ford
1975	John Williams Jr.	Julian M. Carroll
1980	Randall L. Attkisson	John Y. Brown Jr.
1982	Foster Pettit (Acting)	John Y. Brown Jr.
1983	Morris R. Smith	John Y. Brown Jr.
1983	Tracy Farmer (Acting)	John Y. Brown Jr.
1983	Neil Welch (Acting)	John Y. Brown Jr.
1983	Leonard B. Marshall	John Y. Brown Jr.
1984	Ballard W. Cassady Jr.	Martha Layne Collins
1986	Thomas B. Miller	Martha Layne Collins
1988	Edward B. Hatchett Jr.	Wallace G. Wilkinson
1992	Edward B. Hatchett Jr.	Brereton C. Jones
1994	Edward J. Holmes (Acting)	Brereton C. Jones
1995	J. Rick Jones (Acting)	Brereton C. Jones
1996	Larry D. Lander	Paul E. Patton
1997	Ella D. Robinson (Acting)	Paul E. Patton
1998	Arthur L. Freeman	Paul E. Patton
1999	Ella D. Robinson	Paul E. Patton
2004*	Tom B. Miller	Ernie Fletcher
2005*	Cordell G. Lawrence	Ernie Fletcher
2007*	Cordell G. Lawrence	Steven L. Beshear
2008	Charles A. Vice	Steven L. Beshear
2015-Present	Charles A. Vice	Matthew G. Bevin

* Title was *Executive Director* from 2004-2007



DEPARTMENT OF FINANCIAL INSTITUTIONS

History

DFI traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. The department was charged with enforcing laws relating to banks, trust companies, savings banks, and combined bank and trust companies doing business under Kentucky law. The first annual report lists six employees – a commissioner, deputy, clerk, and several examiners. Initially the department supervised 466 commercial banks, savings banks, independent trust companies, and title companies with total assets of only \$110 million.

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

Over the years, other regulatory responsibilities were added, including consumer and industrial loan companies in 1946, companies that sell money orders in 1966, mortgage loan companies and brokers in 1980 and check-cashing companies in 1992. As the agency's scope increased over the years to include other types of financial institutions, its organizational structure and name changed as well, from the Department of Financial Institutions in 1984 to the Office of Financial Institutions in 2004. The name was changed back to Department of Financial Institutions with a cabinet reorganization in 2008.

In recent years, DFI has placed emphasis on cybersecurity. In all three divisions, examiners review institution cybersecurity policies. In 2016 in particular, DFI tested internal IT procedures, hosted a cybersecurity conference in March for bankers, designated one examiner in the Depository Division for full-time IT examination work, presented information to securities industry professionals, and provided awareness information to consumers via public relations efforts and outreach, such as adult presentations at Senior Scam Jam events and distribution of teacher and student classroom materials.

Additionally, adjusting regulations has allowed for two financial companies to open three new locations in Kentucky. And DFI's consumer outreach program has provided hundreds of Kentuckians with information on being wise with their finances and avoiding fraud. Besides teacher and student resources, the outreach program includes information for adults, with programming such as the DASH for the STASH investor education contest conducted through public and college libraries and regional Senior Scam Jam events to educate elders about fraud prevention.



A senior citizen asks a question during the Senior Scam Jam event in Glasgow, Ky., on Sept. 22, 2016.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Financial Institutions Board

The Financial Institutions Board is a statutory body that serves in an advisory capacity to the Governor and the DFI Commissioner. The board consists of representatives of all segments of Kentucky's financial industry and the public at large. The board is chaired by the Commissioner, and the board's duties are defined in KRS 286.1-013.



Left to right: Bill Tatum, Mike Wilson, Brandon Gross, James Rogers, Dale Sights, Joe Roberts, Marshall Bradley, Ken Potish, Charles Vice, Karen Harbin, and Brian Raley.

BANKING INDUSTRY

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

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

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

Gary M. Traugher
Elkton
Term Expires 0/10/16
Elkton Bank and Trust Company

J. Dale Sights
Henderson
Term Expires 10/10/19
Bank of Henderson

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

PUBLIC AT LARGE

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

David S. Beck
Louisville
Term Expires 10/10/16
Kentucky Farm Bureau Federation

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

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

CREDIT UNION

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

CONSUMER FINANCE

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

SECURITIES

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

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

DFI COMMISSIONER, CHAIR

Charles A. Vice



DEPARTMENT OF FINANCIAL INSTITUTIONS

Mission, Values, Vision

VALUES

Effective and Efficient Operation

We will wisely use the resources entrusted to us by the Commonwealth.

Responsibility

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

Professionalism

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

Integrity

We will act honestly, fairly, and impartially.

Teamwork

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

Respect

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

Initiative

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

VISION

The department will:

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

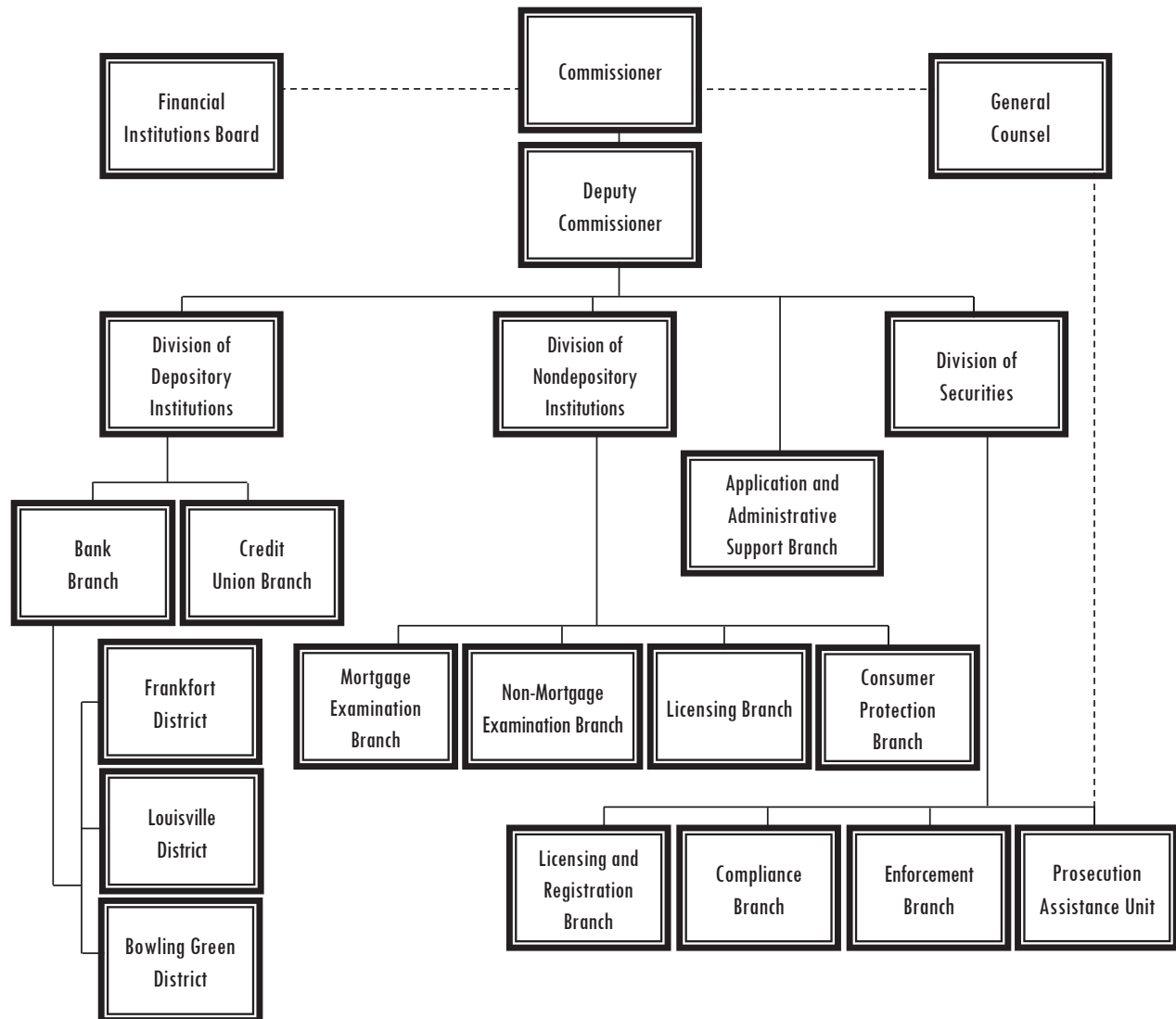
MISSION STATEMENT

DFI's mission is to serve Kentucky residents by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Organizational Structure



DEPARTMENT OF FINANCIAL INSTITUTIONS

Application & Administrative Support Branch

Employees in the Application and Administrative Support Branch provide application development and administrative support to the department in the following areas: facilities management (Frankfort office and district offices); fiscal management; operations and quality control; safety officer; budgeting; revenue and expenditure analysis; and personnel.

The Application and Administrative Support Branch provides the necessary tools for the department to meet its mission. This includes recruiting new staff and retaining qualified employees to maintain uninterrupted delivery of services to the industry and public.

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



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Depository Institutions

BANK BRANCH

104th Annual Banking Report

As of year-end 2016, the Bank Branch was responsible for the supervision of 133 state-chartered banks with aggregate assets of more than \$50 billion. More than half of state-regulated banks report total assets of less than \$250 million, with the smallest institution holding assets of \$23 million and the largest institution holding assets of \$4.8 billion. Total assets held by state-chartered banks increased by 5.7 percent since year-end 2015.

Since the end of the most recent recession, banks nationwide have worked diligently to resolve problem assets and improve income and capital levels. On average, Kentucky state-chartered banks recognized stabilized financial metrics throughout 2016. Most institutions continue to recognize compressed Net Interest Margins given the low interest rate environment, with the average Net Interest Margin totaling 3.69 percent as of Dec. 31, 2016. The average Return on Assets remains in excess of 1 percent, and capital levels of state-chartered banks continue to be higher than the national average. As of Dec. 31, 2016, the Leverage Capital ratio averaged 10.81 percent, compared to the national average of 10.15 percent.

The Conference of State Bank Supervisors conducted a reaccreditation review in 2016 and recognized the Bank Branch's efficient and effective examination program for meeting the rigorous standards of examination excellence. The department was first accredited in 1992 and, prior to 2016, was most recently re-accredited in 2012.

BANK PERFORMANCE COMPARISON

	Net Interest Margin	Return on Assets	Tier 1 Leverage Ratio
Kentucky	3.69	1.06	10.81
Illinois	2.41	0.97	8.71
Indiana	3.51	1.13	10.20
Missouri	3.34	1.09	9.59
Ohio	3.18	1.12	10.27
Tennessee	3.91	1.14	10.21
Virginia	3.61	0.99	10.58
West Virginia	3.47	0.92	9.88
National	3.28	1.08	10.15

Chart includes information for state-chartered commercial banks only as of Dec. 31, 2016.

Information obtained from: <https://www5.fdic.gov/qbp/qbpSelect.asp?menuitem=STBL>



STATE-CHARTERED BANKS

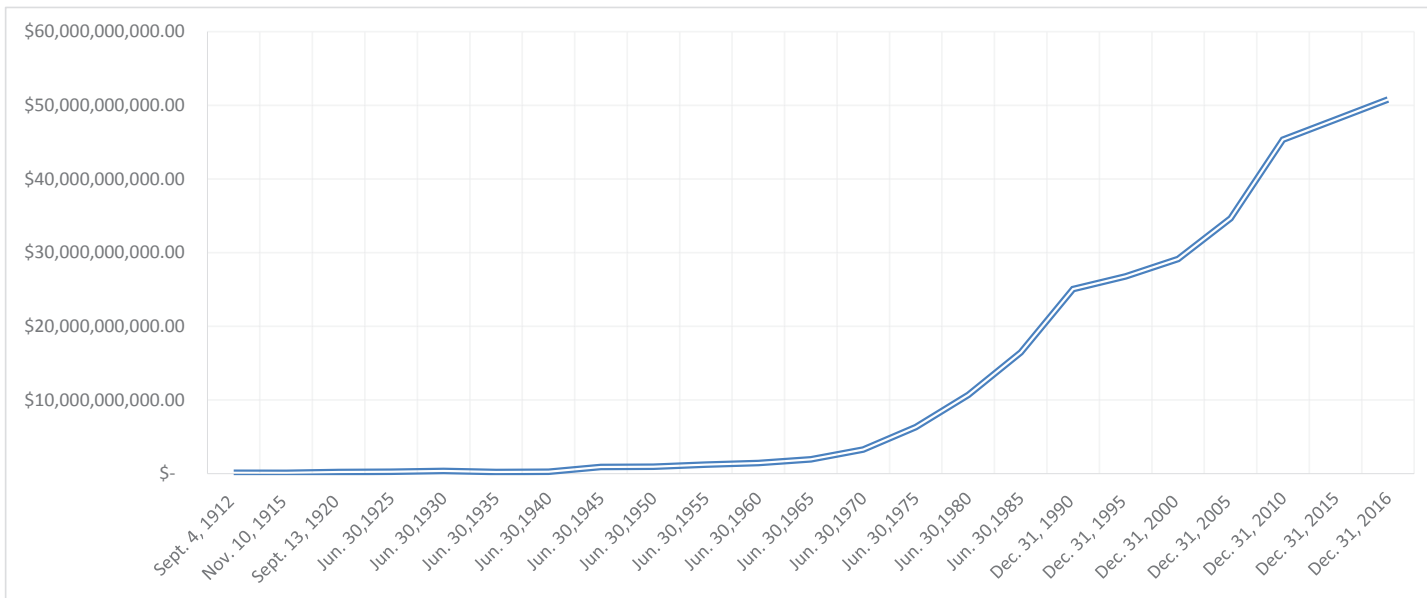
Consolidated Condition and Income Data

	Dec. 31, 2016	Dec. 31, 2015
Number of institutions reporting	133	137
Total employees (full-time equivalent)	11,913	11,565
AGGREGATE CONDITION AND INCOME DATA		
	<i>(Dollar amounts in millions)</i>	
Net income (year-to-date)	522	492
Total assets	50,786	48,046
Earning assets	47,154	44,681
Total loans and leases	35,001	32,387
Other real estate owned	139	173
Total deposits	40,871	38,345
Equity capital	5,573	5,345
PERFORMANCE RATIOS (YTD, %)		
Yield on earning assets	4.13	4.16
Cost of funding earning assets	0.43	0.45
Net interest margin	3.69	3.71
Noninterest income to average earning assets	1.07	1.02
Noninterest expense to average earning assets	3.27	3.27
Net charge-offs to loans and leases	0.17	0.18
Credit-loss provision to net charge-offs	107.08	65.27
Net operating income to average assets	1.03	1.03
Retained earnings to average equity	4.15	4.12
Pre tax return on assets	1.29	1.28
Return on assets	1.06	1.05
Return on equity	9.4	9.38
Percent of unprofitable institutions	5.26	2.92
Percent of institutions with earning gains	66.17	59.85
CONDITION RATIOS (%)		
Net loans and leases to assets	68.1	66.49
Loss allowance to:		
Loans and leases	1.18	1.27
Noncurrent loans and leases	123.52	114.80
Noncurrent loans and leases to total loans and leases	0.96	1.10
Nonperforming assets to assets	0.94	1.11
Core deposits to total liabilities	77.49	76.13
Equity capital to total assets	10.97	11.11
Core capital (leverage) ratio	10.81	10.83
Total capital to risk-weighted assets	15.58	16.17
Gross 1-4 family mortgages to gross assets	23.97	24.62
Gross real estate assets to gross assets	61.89	61.35



STATE-CHARTERED BANKS

Annual Consolidated Assets



STATE-CHARTERED BANKS AND THRIFTS

Bank Changes

Mergers

1/9/2016

Alliance Banking Company, Winchester, Ky., merged into Citizens National Bank of Paintsville, Paintsville, Ky.

4/1/2016

Bank of Ohio County Inc., Beaver Dam, Ky., merged into First United, Madisonville, Ky.

5/21/2016

The Farmers Bank, Hardinsburg, Ky., merged into Cecilian Bank, Cecilia, Ky.

5/21/2016

Leitchfield Deposit Bank & Trust Co., Leitchfield, Ky., merged into Cecilian Bank, Cecilia, Ky.

10/27/2016

Bank of Caneyville, Caneyville, Ky., merged into Sacramento Deposit Bank, Sacramento, Ky.

Charter Conversions

6/30/2016

Citizens National Bank of Paintsville changed charters and renamed Citizens Bank of Kentucky Inc., Paintsville, Ky.

Name Changes

1/4/2016

First Security Bank of Kentucky Inc., Central City, Ky., was renamed First State Bank Inc., Central City, Ky.



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
1st Trust Bank Inc.	Hazard	239,240
American Bank & Trust Company Inc.	Bowling Green	282,379
American Founders Bank Inc.	Louisville	102,442
Auburn Banking Company	Auburn	76,591
Bank of Buffalo	Buffalo	74,647
Bank of Cadiz and Trust Company	Cadiz	111,126
Bank of Clarkson	Clarkson	115,775
Bank of Columbia	Columbia	131,300
Bank of Edmonson County	Brownsville	214,498
Bank of Hindman	Hindman	193,915
Bank of Jamestown	Jamestown	181,113
Bank of Lexington Inc.	Lexington	267,965
Bank of Maysville	Maysville	124,197
Bank of the Bluegrass and Trust Company	Lexington	229,723
Bank of the Mountains Inc.	West Liberty	66,897
Bedford Loan & Deposit Bank	Bedford	92,543
Bluegrass Community Bank	Danville	70,054
Central Bank & Trust Co.	Lexington	2,134,899
Central Bank of Jefferson County	Louisville	177,539
Century Bank of Kentucky Inc.	Lawrenceburg	119,421
Citizens Bank	Hartford	57,929
Citizens Bank	Mount Vernon	142,166
Citizens Bank & Trust Co. of Jackson	Jackson	151,681
Citizens Bank & Trust Company	Campbellsville	203,527
Citizens Bank of Cumberland County Inc.	Burkesville	72,832
Citizens Bank of Kentucky Inc.	Paintsville	596,944
Citizens Bank of Northern Kentucky Inc.	Newport	234,565
Citizens Deposit Bank & Trust	Vanceburg	414,485
Citizens Deposit Bank of Arlington Inc.	Arlington	202,601
Citizens First Bank Inc.	Bowling Green	455,354
Citizens Guaranty Bank	Richmond	156,653
Citizens Union Bank of Shelbyville	Shelbyville	573,601
Clinton Bank	Clinton	61,343
Commercial Bank	West Liberty	144,787
Commonwealth Bank and Trust Company	Louisville	983,700
Commonwealth Community Bank Inc.	Hartford	147,306
Community Financial Services Bank	Benton	958,756
Community Trust Bank Inc.	Pikeville	3,909,916
Cumberland Security Bank Inc.	Somerset	190,469
Dixon Bank	Dixon	84,903
Eclipse Bank Inc.	Louisville	149,853
Edmonton State Bank	Glasgow	471,779
Elkton Bank & Trust Company	Elkton	133,346
Farmers & Traders Bank of Campton	Campton	48,201



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Farmers Bank & Capital Trust Company	Frankfort	642,654
Farmers Bank and Trust Company	Marion	175,168
Farmers Bank and Trust Company	Princeton	123,831
Farmers Deposit Bank	Cynthiana	129,543
Farmers Deposit Bank of Middleburg Inc.	Middleburg	48,049
Farmers State Bank	Booneville	49,009
Field & Main Bank	Henderson	408,714
First & Peoples Bank and Trust Company	Russell	201,094
First Citizens Bank	Elizabethtown	295,948
First Community Bank of the Heartland Inc.	Clinton	191,665
First Farmers Bank and Trust Company	Owenton	123,337
First Guaranty Bank	Martin	48,042
First Kentucky Bank Inc.	Mayfield	405,598
First Security Bank	Owensboro	638,890
First State Bank	Irvington	179,206
First State Bank Inc.	Central City	125,436
First State Financial Inc.	Middlesboro	336,608
First United Bank and Trust Company	Madisonville	274,898
FNB Bank Inc.	Mayfield	452,041
Franklin Bank & Trust Company	Franklin	458,322
Fredonia Valley Bank	Fredonia	79,022
Hancock Bank & Trust Company	Hawesville	279,449
Hart County Bank and Trust Company	Munfordville	27,822
Heritage Bank Inc.	Erlanger	702,041
Heritage Bank USA Inc.	Hopkinsville	889,605
Home Federal Bank Corporation	Middlesboro	350,143
Hometown Bank of Corbin Inc.	Corbin	156,679
Hyden Citizens Bank	Hyden	129,329
Independence Bank of Kentucky	Owensboro	2,002,516
Inez Deposit Bank	Inez	148,261
Jackson County Bank	McKee	127,157
Kentucky Bank	Paris	1,025,918
Kentucky Farmers Bank Corporation	Catlettsburg	177,202
Kentucky Neighborhood Bank	Elizabethtown	132,467
King Southern Bank	Chaplin	177,012
Lewisburg Banking Company	Lewisburg	109,123
Louisa Community Bank	Louisa	35,726
Magnolia Bank, Incorporated	Magnolia	195,406
Meade County Bank	Brandenburg	185,096
Metro Bank	Louisville	30,882
Morgantown Bank & Trust Company, Incorporated	Morgantown	176,907
Owingsville Banking Company	Owingsville	66,858
PBI Bank	Louisville	944,545
PBK BANK Inc.	Stanford	113,200
Peoples Bank	Lebanon	54,000



STATE-CHARTERED BANKS AND THRIFTS

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Peoples Bank & Trust Company	Owenton	55,438
Peoples Bank & Trust Company of Hazard	Hazard	259,228
Peoples Bank and Trust Company of Clinton County	Albany	33,501
Peoples Bank and Trust Company of Madison County	Berea	392,264
Peoples Bank of Kentucky Inc.	Flemingsburg	284,550
Peoples Exchange Bank	Winchester	351,190
Pinnacle Bank Inc.	Vanceburg	49,343
Planters Bank Inc.	Hopkinsville	975,077
Republic Bank & Trust Company	Louisville	4,805,776
River City Bank Inc.	Louisville	261,038
Sebree Deposit Bank	Sebree	22,893
Security Bank and Trust Co.	Maysville	53,146
South Central Bank Inc.	Glasgow	968,843
Springfield State Bank	Springfield	302,036
Stock Yards Bank & Trust Company	Louisville	3,037,007
Taylor County Bank	Campbellsville	180,575
The Bank of Harlan	Harlan	128,566
The Bankers' Bank of Kentucky Inc.	Frankfort	107,722
The Casey County Bank Inc.	Liberty	179,333
The Cecilian Bank	Cecilia	858,209
The Citizens Bank	Hickman	118,828
The Citizens Bank	Morehead	135,250
The Commercial Bank of Grayson	Grayson	173,353
The Farmers Bank	Nicholasville	127,055
The Farmers Bank of Milton	Milton	229,984
The First Capital Bank of Kentucky	Louisville	517,658
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	292,624
The Monticello Banking Company	Monticello	572,243
The Paducah Bank and Trust Company	Paducah	617,884
The Peoples Bank	Marion	42,762
The Peoples Bank	Mount Washington	84,616
The Peoples Bank	Taylorsville	109,214
The Sacramento Deposit Bank	Sacramento	112,554
Town & Country Bank and Trust Company	Bardstown	288,624
Traditional Bank Inc.	Mount Sterling	1,360,692
United Bank & Trust Company	Versailles	473,178
United Citizens Bank & Trust Company	Campbellsburg	107,247
United Citizens Bank of Southern Kentucky	Columbia	137,178
United Community Bank of West Kentucky Inc.	Morganfield	240,082
United Cumberland Bank	Whitley City	283,094
United Southern Bank	Hopkinsville	246,801
West Point Bank	Radcliff	216,678
Whitaker Bank	Lexington	1,328,334
Wilson & Muir Bank & Trust Company	Bardstown	486,955
	TOTAL	\$50,786,003



STATE-CHARTERED BANK TRUST DEPARTMENTS

Trust Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME	CITY	TOTAL ASSETS
Bank of Cadiz and Trust Company	Cadiz	\$8,801
Bank of Maysville	Maysville	20,849
Bank of the Bluegrass and Trust Company	Lexington	200,717
Central Bank & Trust Co.	Lexington	1,274,245
Citizens Bank & Trust Co. of Jackson	Jackson	7,744
Citizens Bank of Kentucky Inc.	Paintsville	24,602
Clinton Bank	Clinton	1,730
Commonwealth Bank and Trust Company	Louisville	1,375,748
Commonwealth Community Bank Inc.	Hartford	15,518
Community Trust Bank Inc.	Pikeville	10,390
Cumberland Security Bank Inc.	Somerset	18,337
Elkton Bank & Trust Company	Elkton	8,453
Farmers Bank and Trust Company	Princeton	17,969
Field & Main Bank	Henderson	341,676
First & Peoples Bank and Trust Company	Russell	37,805
First State Bank Inc.	Central City	63
First United Bank and Trust Company	Madisonville	27,495
Franklin Bank & Trust Company	Franklin	128,100
Hancock Bank & Trust Company	Hawesville	3,236
Hart County Bank and Trust Company	Munfordville	3
Independence Bank of Kentucky	Owensboro	493,936
Kentucky Bank	Paris	174,716
Kentucky Farmers Bank Corporation	Catlettsburg	110,153
Morgantown Bank & Trust Company, Incorporated	Morgantown	3,531
Peoples Bank & Trust Company	Owenton	1,190
Peoples Bank & Trust Company of Hazard	Hazard	66,371
Peoples Bank of Kentucky Inc.	Flemingsburg	5,206
Planters Bank Inc.	Hopkinsville	145,651
Republic Bank & Trust Company	Louisville	127,802
Stock Yards Bank & Trust Company	Louisville	2,452,539
The Citizens Bank	Hickman	9,423
The Monticello Banking Company	Monticello	8,737
The Paducah Bank and Trust Company	Paducah	255,413
Town & Country Bank and Trust Company	Bardstown	268,926
United Bank & Capital Trust Company	Frankfort	298,351
United Community Bank of West Kentucky Inc.	Morganfield	6,634
Whitaker Bank	Lexington	491,335
Wilson & Muir Bank & Trust Company	Bardstown	165
	TOTAL	\$8,443,560



STATE-CHARTERED INDEPENDENT TRUST COMPANIES

Total Assets

(Dollar amounts in thousands with the 000s omitted)

INSTITUTION NAME

Community Trust and Investment Company
First Kentucky Trust Company
Hilliard Lyons Trust Company LLC
The Glenview Trust Company

CITY

Lexington
Louisville
Louisville
Louisville

TOTAL ASSETS

\$2,445,751
617,968
7,771,878
6,774,129
TOTAL
\$17,609,726



DFI partnered with the Conference of State Bank Supervisors to host the Executive Leadership of Cybersecurity conference in Covington, Ky., in March 2016. Top left: A banker responds to a cybersecurity scenario in the table top exercise while the workshop moderator looks on. Top right: Bankers participate in an interactive workshop, using information from their packets. Bottom right: Two bankers discuss a cybersecurity scenario given during the table top exercise.





DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Depository Institutions

CREDIT UNION BRANCH 82nd Annual Credit Union Report

The Credit Union Branch supervises 24 state-chartered credit unions that serve Kentucky residents throughout the Commonwealth from as far west as Daviess and Muhlenberg counties to far eastern Boyd and Letcher counties. Credit union assets total over \$3.8 billion as of year-end 2016. These institutions range in size from \$700,000 to \$1.1 billion.

Kentucky credit unions are financially sound. Asset growth during 2016 of 6.15 percent was fueled by strong loan growth, which exceeded 10 percent. The average Net Worth ratio remains strong at 12.57 percent. Declining loan yields have contributed to a reduction in the Return on Average Assets and the Net Interest Margin. Since 2013, the Return on Average Assets has decreased 23 basis points to 0.61 percent and the Net Interest Margin has decreased 43 basis points to 3.20 percent. Despite this trend, Kentucky credit unions align with or compare favorably to credit unions in surrounding states as well as nationally.

The National Association of State Credit Union Supervisors conducted a reaccreditation review in 2016 and concluded that the department's Credit Union Branch "meets all criteria necessary to fulfill its statutory responsibility to charter, examine, supervise, and regulate the credit unions chartered under the laws of the State of Kentucky." The department was first accredited in 1992 and, prior to 2016, was most recently reaccredited in 2012.

CREDIT UNION PERFORMANCE COMPARISON

	Net Worth to Total Assets	Return on Assets	Net Interest Margin
Kentucky	12.57	0.61	3.20
Illinois	10.59	0.61	2.54
Indiana	10.45	0.60	2.48
Missouri	10.67	0.65	2.87
Ohio	11.15	0.79	2.69
Tennessee	12.86	0.90	2.85
Virginia	10.61	0.53	3.04
West Virginia	11.05	1.14	2.75
National	10.80	0.76	2.78

Chart includes information for state-chartered credit unions only as of Dec. 31, 2016.
Information obtained from: <http://fpr.ncua.gov/>



STATE-CHARTERED CREDIT UNIONS

Credit Union Changes

Merger

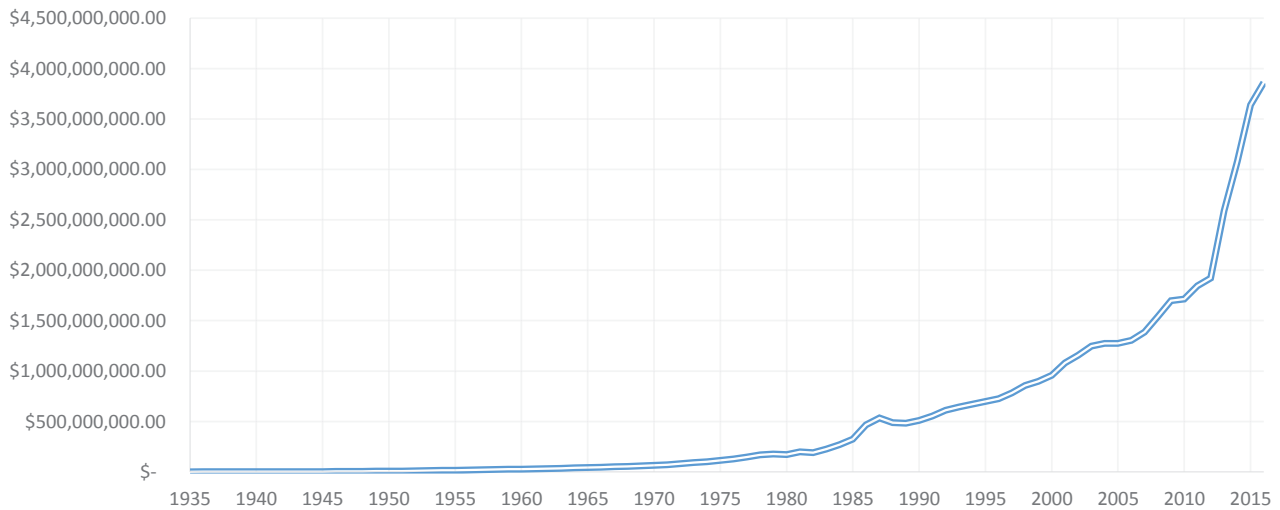
Dec. 1, 2016

Berea Credit Union, Berea, Ky., merged with and into Park Community Credit Union Inc., Louisville, Ky.



STATE-CHARTERED CREDIT UNIONS

Annual Consolidated Assets



Gov. Matt Bevin, seated center, signs a proclamation declaring Kentucky Saves Week in February 2016 at DFI's request. Public Protection Cabinet Secretary David Dickerson, far left, and Deputy Secretary Gail Russell, far right, joined DFI and Kentucky Jump\$tart Coalition representatives for the momentous occasion.



STATE-CHARTERED CREDIT UNIONS

Consolidated Condition and Income Data

	Dec. 31, 2016	Dec. 31, 2015
Number of Institutions Reporting	24	25

AGGREGATE CONDITION AND INCOME DATA

(Dollar amounts in thousands with the 000s omitted)

Loans	\$2,604,956	\$2,354,384
Assets	\$3,861,650	\$3,638,009
Liabilities	\$121,953	\$84,055
Shares and Deposits	\$3,282,869	\$3,104,988
Equity	\$456,827	\$448,967
Net Income	\$22,689	\$23,942

PERFORMANCE RATIOS AND AVERAGES

Capital Adequacy

Net Worth / Total Assets	12.57	12.68
Total Delinquent Loans / Net Worth	4.41	3.71
Solvency Evaluation (Estimated)	113.92	114.46
Classified Assets (Estimated) / Net Worth	4.42	4.10

Asset Quality

Delinquent Loans / Total Loans	0.82	0.73
Net Charge-Offs / Average Loans	0.77	0.70
Held-to-Maturity Investment Fair Value / Book Value	99.93	104.98
Accumulated Unrealized Gain/Loss on Available-for-Sale Investments / Cost of Available-for-Sale Investments	-1.70	-1.13
Delinquent Loans / Assets	0.56	0.47

Earnings

Return On Average Assets	0.61	0.71
Gross Income / Average Assets	5.27	5.40
Yield on Average Loans	5.03	5.43
Yield on Average Investments	1.16	1.18
Fee & Other Operating Income / Average Assets	1.62	1.61
Cost of Funds / Average Assets	0.45	0.48
Net Margin / Average Assets	4.82	4.92
Operating Expense / Average Assets	3.65	3.81
Provision For Loan and Lease Losses / Average Assets	0.58	0.46
Net Interest Margin/Average Assets	3.20	3.31
Operating Expense /Gross Income	69.27	70.46
Fixed Assets & Foreclosed and Repossessed Assets / Total Assets	2.71	2.82
Net Operating Expense / Average Assets	2.81	2.95

Asset/Liability Management

Net Long-Term Assets / Total Assets	27.24	27.10
Regular Shares / Total Shares and Borrowings	46.40	46.48
Total Loans / Total Shares	79.35	75.83
Total Loans / Total Assets	67.46	64.72
Cash + Short-Term Investments / Assets	13.52	12.90
Total Shares, Deposits and Borrowings / Earning Assets	92.07	92.08
Reg Shares + Share Drafts / Total Shares and Borrowings	59.35	60.15
Borrowings / Total Shares and Net Worth	1.59	0.66



STATE-CHARTERED CREDIT UNIONS

Consolidated Condition and Income Data

Dec. 31, 2016

Dec. 31, 2015

Productivity

Members / Potential Members	2.56	3.06
Borrowers / Members	52.44	52.91
Members / Full-Time Employees	401	407.68
Average Shares Per Member	\$7,870	\$7,736
Average Loan Balance	\$11,908	\$11,086
Salary And Benefits / Full-Time Employees	\$68,301	\$67,145

Growth Ratios

Net Worth Growth	5.18	-2.92
Market (Share) Growth	5.73	7.63
Loan Growth	10.64	12.41
Asset Growth	6.15	6.77
Investment Growth	-1.69	-1.31
Membership Growth	3.94	5.44



STATE-CHARTERED CREDIT UNIONS

Total Assets

CREDIT UNION NAME	YEAR EST.	CITY	TOTAL ASSETS
Ashland	1942	Ashland	\$207,322,968
Autotruck Financial	1965	Louisville	124,895,819
Beacon Community	1947	Louisville	59,480,418
Brown-Forman Employees	1936	Louisville	11,710,580
C&O United	1928	Edgewood	15,498,214
Commonwealth	1951	Frankfort	1,128,591,709
Friends First	1974	Owensboro	5,594,260
Greater Kentucky	1953	Lexington	72,498,253
KEMBA Louisville	1934	Louisville	50,124,084
Kentucky Employees	1938	Frankfort	74,674,479
Kentucky Telco	1960	Louisville	387,192,991
Letcher County Teachers	1964	Whitesburg	1,006,059
Lexington Postal	1928	Lexington	21,551,244
Louisville Federal	1924	Louisville	38,009,796
Louisville Gas and Electric Co.	1934	Louisville	33,473,381
Louisville Metro Police Officers	1942	Louisville	27,035,281
Members Choice	1932	Ashland	205,314,449
Members Heritage	1960	Lexington	369,714,850
Metro Employees	1940	Lexington	26,265,829
Muhlenberg Community Hospital	1961	Greenville	699,957
Park Community	1955	Louisville	790,444,796
Rural Cooperatives	1964	Louisville	37,957,752
Service One	1963	Bowling Green	149,208,541
Whitesville Community	1962	Whitesville	23,384,286
TOTAL			\$3,861,649,996



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Nondepository Institutions

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

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.

The Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators conducted a reaccreditation review in 2016 and recognized the Nondepository Division's efficient and effective mortgage supervision program. The DFI was the third state mortgage regulator to achieve accreditation in 2010.

LICENSING BRANCH

4th Annual Nondepository Licensing Report

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

LICENSE TYPE	DEC. 31, 2016	DEC. 31, 2015
Mortgage Companies	1,181	1,021
Mortgage Brokers	111	108
Check Cashers/Payday Lenders	483	532
Consumer Loan Companies	392	376
Industrial Loan Companies	1	30
Money Transmitters	90	83
REGISTRATION TYPE	DEC. 31, 2016	DEC. 31, 2015
Loan Originators	7,458	6,255
* Loan Processors	390	557

** Due to statutory changes, effective July 1, 2016, mortgage loan processors are no longer required to register with the department. All existing loan processor registrations expired on Jan. 1, 2017.*

MORTGAGE EXAMINATION BRANCH

4th Annual Mortgage Examination Report

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

EXAMINATION TYPE	EXAMINATIONS 2016	EXAMINATIONS 2015 *
Mortgage Companies	111	152
Mortgage Brokers	33	38
Total	144	190

** Prior to April 2015, mortgage companies and brokers, along with their branch locations, were examined individually. In April 2015, a pilot program was launched whereby a mortgage company or mortgage broker and all of its licensed branches were examined at the same time. The pilot was successful, and now all mortgage exams are conducted in this manner. This provides for greater coverage, but with fewer individual examinations.*



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Nondepository Institutions

NON-MORTGAGE EXAMINATION BRANCH

4th Annual Non-Mortgage Examination Report

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

EXAMINATION TYPE	EXAMINATIONS 2016	EXAMINATIONS 2015
Payday Lenders/Check Cashers	509	541
Consumer Loan Companies	386	361
Industrial Loan Companies	23	28
Money Transmitters	17	13
Total	935	943

CONSUMER PROTECTION BRANCH

8th Annual Consumer Protection Report

The Consumer Protection Branch investigates complaints and suspicious activity relating to nondepository institutions. The branch staff also records complaints for matters relating to depository institutions. The investigators identify, examine, and recommend actions against those companies and individuals who exhibit unethical behavior, perpetrate financial crimes against Kentucky citizens, or otherwise violate the state law. In addition, the Consumer Protection Branch is responsible for enhancing public protection and consumer education through instructional outreach programs. The Consumer Protection Branch investigated 123 complaints in 2015 and 113 complaints in 2016 against licensed entities on behalf of Kentucky consumers. Additionally, the branch processed 38 complaints in 2015 and 41 complaints in 2016 regarding unlicensed internet lenders and others.

NONDEPOSITORY LICENSE TYPE	COMPLAINTS 2016	COMPLAINTS 2015
Mortgage Companies/Brokers	32	35
Check Cashers/Payday Lenders (licensed)	14	11
Consumer Loan Companies	12	14
Industrial Loan Companies	0	0
Money Transmitters	1	8
Total	59	68

DEPOSITORY LICENSE TYPE

State-Chartered Banks	42	47
State-Chartered Credit Unions	12	8
Total	54	55

UNLICENSED LENDERS

Internet Payday/Installment Lenders	29	38
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OTHER

Other Complaints	12	0
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CONSUMER LOAN COMPANIES

Consolidated Report of Condition

Dec. 31, 2016

Licensed Consumer Loan Locations 392
 Kentucky Consumer Loans Secured by Residential Real Estate \$15,000 or Less \$28,027,094

ASSETS

Cash – Depository Institutions \$1,425,121,113
 Kentucky Loans Receivable (Net of Unearned Interest and Reserves) \$5,279,060,159
 Premises and Fixed Assets (Net of Depreciation) \$270,221,054
 Deferred Charges and Prepaid Expenses \$80,554,483
 Other Assets \$5,161,548,391
Total Assets \$12,216,505,200

LIABILITIES AND CAPITAL

Total Liabilities \$6,445,510,185
 Total Capital \$5,770,995,015
Total Liabilities and Capital \$12,216,505,200

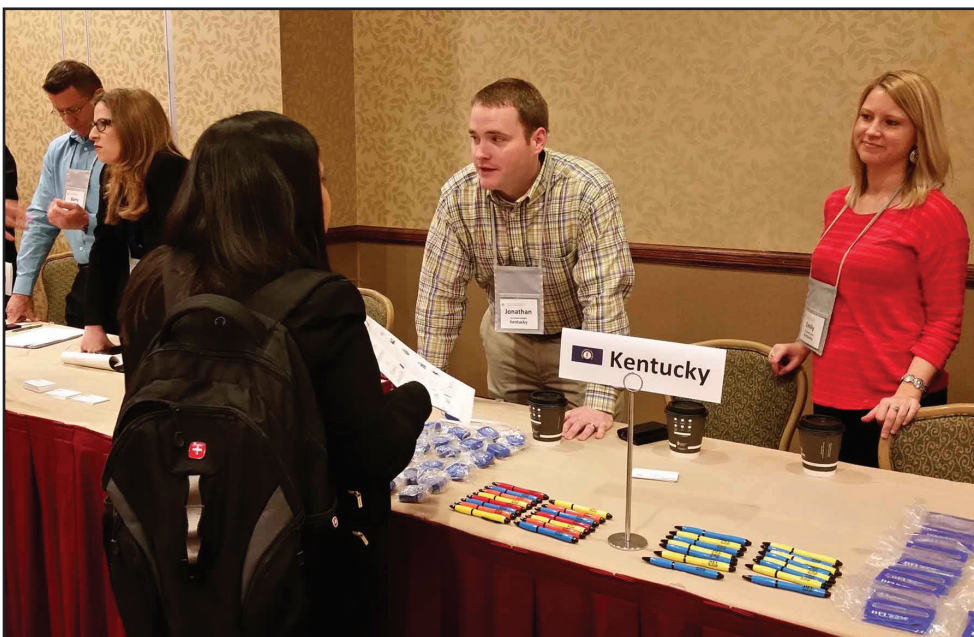


INDUSTRIAL LOAN COMPANIES

Consolidated Report of Condition

Dec. 31, 2016

Licensed Industrial Loan Locations 1
 Total Assets \$6,171
 Total Liabilities \$5,447
 Total Capital \$724
Total Liabilities and Capital \$6,171



At the Nationwide Multistate Licensing System & Registry User Conference in February 2016, DFI Nondepository Division employees, including examiners and licensing staff, answered questions from industry representatives and interacted with their counterparts from other states.



DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Securities

The Securities Division remains committed to advancing protection for senior investors. It is estimated that each day 10,000 individuals are turning 65 years of age. Statistics show that baby boomers control more than \$13 trillion in investable assets. As the population continues to age, the amount of wealth in the hands of older investors will increase. In 2016, Kentucky participated in a multi-state coordinated broker-dealer examination initiative, which focused largely on activity in senior client accounts at the examined firm. State securities regulators conducted 62 examinations that sought information on whether broker dealer firms had implemented written procedures specific to four key issues:

- 1) The suitability of recommendations to senior investors
- 2) Communication with seniors
- 3) Escalation protocols in the case of suspected elder abuse
- 4) Escalation practices in response to signs of diminished capacity

The multi-state examination effort raised awareness of the issues affecting senior investors and fostered helpful changes in practices at firms.

In 2016, the Securities Division conducted 108 examinations and 41 investigations. Nine administrative orders were executed.



Staff from DFI's Securities Division presented regulatory information to the Financial Planning Association in May 2016. The DFI presentation included information on cybersecurity in the securities industry.



DIVISION OF SECURITIES

Compliance Branch Report

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

	Dec. 31, 2016	Dec. 31, 2015
Compliance Branch Examinations		
Broker-Dealer Examinations	33	45
Investment Adviser Examinations	75	74
Total Examinations	108	119
Orders/Agreements Entered as a Result of Examination	7	6



DIVISION OF SECURITIES

Licensing & 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.

BROKER-DEALERS HEADQUARTERED IN KENTUCKY

NAME	CITY
Alexander Investment Services Company	Louisville
Churchill Financial LLC	Louisville
Dupree & Company Inc.	Lexington
First Kentucky Securities Corporation	Louisville
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
Supreme Alliance LLC	Lancaster

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME	CITY
Accredited Wealth Management LLC	Louisville
Advantage Investment Management	Louisville
AISA Investment Advisers LLC	Louisville
Archer Financial Planning LLC	Louisville
Arnett Financial Group	Morganfield
Beacon Asset Management	Owensboro
Blacksummit Financial Group Inc.	Nicholasville
Blandford Wealth Management LLC	Louisville
Bluegrass Capital Advisors LLC	Louisville
Bluegrass Financial Planning LLC	Louisville
Cambridge Financial	Lexington
Capital Investment Management Inc.	Leitchfield
Cashel Financial Advisors LLC	Louisville
Churchill Financial LLC	Louisville
Clear Trace LLC	Pewee Valley
Coats Financial Planning	Louisville
Cochran & Associates Inc.	Crestwood
Commonwealth Financial Advisors LLC	Louisville
Conservative Asset Management Inc.	Louisville
Context Financial LLC	Lexington
Cox Planning Services PLLC	Paducah
Crimson Oak Wealth Management LLC	Lexington
Different By Design Financial Planning	Louisville
Douglas Hawkins Investment LLC	Lexington



DIVISION OF SECURITIES

Licensing & Registration Branch Report

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME

CITY

Doyle Asset Management LLC	Cadiz
Encompass Financial Advisors LLC	Danville
Encompass Wealth Management LLC	Princeton
Equity Advisors of Kentucky Inc.	Waddy
Federal Hill Capital Management	Bardstown
Financial Architects Inc.	Louisville
Focus On Success LLC	Fort Mitchell
Fox & Company Wealth Management	Mayfield
FWG Investments LLC	Lexington
G J Kohler Investment Advisors LLC	Prospect
Godby Wealth Management Inc.	Somerset
Graeter Wealth Advisors LLC	Louisville
Griggs Capital LLC	Lexington
Harvey R. Little Jr. Financial Services	Berea
Heritage Financial Group Inc.	Paducah
Highland Capital Advisors LLC	Louisville
HPC Financial Services LLC	Louisville
Independent Capital LLC	Lexington
Investment Answers	Louisville
Investment Research Advisory Corporation	Louisville
Investments & Financial Planning LLC	Lexington
iTrust Asset Management LLC	Lexington
J. Hagan Warren Capital Partners Limited	Louisville
Invest Inc.	Lexington
Janlyn Capital	Louisville
Jesse Investment Advisors Inc.	Louisville
JGD Investment Management LLC	Louisville
Journey Financial Management LLC	Bowling Green
JS Financial LLC	Louisville
Keepsake Management Inc.	Lexington
Lach Financial	Louisville
Lawrence J. Botzman, CFP	Somerset
Lead Point Wealth Management LLC	Louisville
Leif Clarke Wealth Management Inc.	Ashland
Lexington Investment Company Inc.	Lexington
Life Advisors Financial Planning and Wealth Management LLC	Munfordville
Lighthouse Capital Management LLC	Bowling Green
Linker Capital Management Inc.	Prospect
Lockshield Partners Inc.	Glasgow
Mackey Advisors	Bellevue
Mackhouse Capital	Louisville
Magnate Wealth Management	Louisville
Mann Capital Management LLC	Florence



DIVISION OF SECURITIES

Licensing & Registration Branch Report

INVESTMENT ADVISERS HEADQUARTERED IN KENTUCKY

NAME

CITY

MC Financial Services Inc.	Louisville
Research & Portfolio Management	Crescent Springs
Moneywise Inc.	Lexington
Multi Fund Management Inc.	Louisville
Navin Advisors LLC	Lexington
New Millennium Asset Management Inc.	Richmond
Page Financial Services LLC	Louisville
Palmer Capital Management Inc.	Verona
Panoptic Financial Group LLC	Bowling Green
Pathway Financial Solutions Inc	Prospect
Pierce Financial Planning Inc.	Lexington
Principled Wealth Advisors LLC	Covington
Private Asset Management	Louisville
Proactive Advisors LLC	Lexington
Proactive Wealth Management	Lexington
Quantum Financial Consultants LLC	Louisville
Regional Investment Advisors Inc.	Louisville
Reliable Municipal Advisors LLC	Betsy Layne
Remington Wealth Management LLC	Louisville
Resource Design Inc.	Edgewood
Revolutionary Wealth Management Corp.	Louisville
Rivercities Asset Management LLC	Owensboro
Riverstone Asset Management LLC	Louisville
Robert M Walker & Associates	Taylorsville
Ron Beaton's Money Matters	Paducah
Sachs Investment Group	Louisville
Springhouse Financial LLC	Louisville
Sterling Financial Group Ltd.	Louisville
Strategic Wealth Designers LLC	Louisville
Supreme Alliance LLC	Lancaster
Tactical Wealth Management	Covington
Tashari Financial Group LLC	Lexington
Tatro Capital LLC	Lexington
The Wright Legacy Group LLC	Elizabethtown
Thomas M. Zalla, CFP, PhD.	Fort Wright
Thompson Investment Advisors	Louisville
Townsend Financial Planning	Mount Sterling
Walker Financial Services Inc.	Bowling Green
Wealth Management Advisors LLC	Lexington
Wealth Management of Kentucky Inc.	Lexington
Winebrenner Capital Management LLC	Louisville
Witter & Westlake Investments	Louisville
Wrenne Financial Planning LLC	Lexington
Your Best Move Inc.	Bardstown



DIVISION OF SECURITIES

Licensing & Registration Branch Report

	Dec. 31, 2016	% Change	Dec. 31, 2015
Broker-Dealer Registrations			
Renewed	1,473		1,469
Approved	78		90
Withdrawals (Form BDW)	115		59
Total Registered (year-end)	1,445	-0.02%	1,473*
Broker-Dealer Agent Registrations			
Renewed	119,477		112,435
Total Registered (year- end)	119,724	0.21%	119,477*
Issuer Agent Registrations			
Renewed	38		42
Approved	2		1
Terminated	21		5
Total Registered (year- end)	19	-50%	38
State Investment Advisers			
Renewed	180		189
Total Registered (year- end)	182	1.11%	180*
Federal Covered Investment Advisers			
Renewed	1,022		1,022
Total Effective Notice Filings	1,066	1.14%	1,054*
Investment Adviser Representatives (IAR)			
Renewed	5,408		5,218
Total State and Federal IARs (year- end)	5,535	2.35%	5,408*

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

CORPORATION FINANCE

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

Registrations

Private Placement Securities Offerings	29	27
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Notice Filings

Investment Companies - New	586	612
Investment Companies - Renewals	4,123	4,269
Unit Investment Trusts	1,479	1,437
Reg. D, Rule 506 Offerings	542	470

Exemptions

Claims of Exemption Requested	55	37
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Total Filings	6,814	6,852
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DIVISION OF SECURITIES

Enforcement Branch Report

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

	Dec. 31, 2016	Dec. 31, 2015
Investigations		
Referrals/Assistance to Outside Agency	3	4
Referrals from Outside Agency	9	3
Investigations Opened	18	9
Investigations Closed	15	18
Investigations Pending	41	38
Enforcement Actions		
Administrative Orders	9	12
Civil Orders	0	0
Fines	\$288,341.84	\$109,517.00
Restitutions to Client (Ordered)	\$1,132,870.67	\$8,223,112.25



DIVISION OF SECURITIES

Prosecution Assistance Unit Report

The primary role of DFI's Prosecution Assistance Unit (PAU) is to assist and support prosecutors in reviewing and preparing criminal cases involving securities law violations. In 2016, the PAU made two criminal referrals and provided assistance on six pending cases. Two federal criminal matters that concluded in 2015 resulted in sentences in 2016. The two combined sentences – one from a guilty verdict and the other from a guilty plea – totaled 49.5 years imprisonment and over \$5 million in restitution ordered.

The PAU continues its outreach efforts. The branch participated in the annual Kentucky Prosecutors Conference to foster ongoing awareness among Commonwealth Attorneys and County Attorneys about the PAU and securities crimes.

	Dec. 31, 2016	Dec. 31, 2015
Criminal Referrals	2	1
Criminal Indictments	2	0
Investigations with Federal/State Law Enforcement Authorities	4	2

Criminal Sentencings in 2016:

John Westine – 40 years imprisonment, \$3,042,621 restitution

Mark Cornell – 114 months imprisonment, \$2,181,414 restitution

