

Office of Financial Institutions

*Annual Report
2006*



Supervising Kentucky's Financial Industry for 94 Years

Table of Contents

Mission Statement and OFI Philosophy	3
Letter from the Executive Director	4
Commissioners/Executive Directors.....	5
OFI History and Organizational Structure.....	6
Financial Institutions Board.....	7
Administrative Services Branch	8
Division of Financial Institutions.....	9
94th Annual Bank and Thrift Report	9
Annual Consolidated Statement of Assets - State Banks and Thrifts.....	10
Consolidated Condition and Income Data - State Banks and Thrifts	11
Total Assets - State Banks and Thrifts.....	12
Trust Assets - State-Chartered Independent Trust Companies	16
Trust Assets - State Bank Trust Departments	17
New Bank Charters, Bank Conversions, Name Changes and Mergers	19
73rd Annual Credit Union Report.....	20
Annual Consolidated Statement of Assets - State-Chartered Credit Unions	21
Selected Composite Operating Ratios - State-Chartered Credit Unions	22
Report of Condition - State-Chartered Credit Unions	24
10th Annual Compliance Branch Report.....	25
Annual Consolidated Statement of Assets - Consumer Loan Companies.....	27
Consolidated Report of Condition - Consumer Loan Companies	28
Annual Consolidated Statement of Assets - Industrial Loan Companies	29
Consolidated Report of Condition - Industrial Loan Companies	30
21st Annual Securities Report	31
2006 Securities Report - Securities Licensing.....	32
2006 Securities Report - Securities Corporations Finance, Compliance and Enforcement.....	33



OFI's central office is located at 1025 Capital Center Drive, Suite 200, in Frankfort.

Mission Statement

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

OFI Philosophy

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

- **Commitment to High Standards.** OFI is committed to raising the standards of financial services regulation by providing professional, accurate, knowledgeable and courteous service to those we regulate.
- **Commitment to Employees.** The agency recognizes that its employees are its greatest asset and that they should be encouraged and empowered to use their creativity, working not only individually but as a team to fully satisfy the needs of the financial services industry. Only through teamwork, training and education can our staff ensure adequate response and delivery of unequalled service. We must continue to provide our employees with lifelong educational opportunities and the most up-to-date technology.
- **Commitment to Flexibility and Service.** Flexibility is essential in today’s rapidly changing world. Those we regulate expect greater efficiency and responsiveness from government. Government expectation of its employees is at a higher level than ever before. We must make every effort to keep abreast of emerging trends and be able to make changes within our agency that result from mapping trends and industry expectations.
- **Commitment to Assisting Taxpayers.** This agency will improve its efforts to educate and inform citizens.
- **Commitment to Responsiveness.** OFI will continue its efforts to be of service to the citizens. We will, in individual cases, act as an ombudsman to resolve complaints against entities we regulate. We will continue our educational outreach to our citizens in order to ensure their knowledge of their rights and responsibilities.
- **Commitment to Fair and Impartial Administration and Enforcement.** This agency is committed to administering the laws of the commonwealth fairly, equitably and impartially, without regard to status, wealth, political affiliation, race, color, creed or disability.

ERNIE FLETCHER
GOVERNOR



TERESA J. HILL
SECRETARY

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

OFFICE OF FINANCIAL INSTITUTIONS
1025 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KENTUCKY 40601
TELEPHONE: 502-573-3390
WWW.KENTUCKY.GOV

June 30, 2007

The Honorable Ernie L. Fletcher, Governor
The State Capitol
Frankfort, KY 40601



Dear Governor Fletcher:

It is my honor and privilege as executive director of the Office of Financial Institutions to submit our annual report for the year ending Dec. 31, 2006. This report includes statistical and historical information pertaining to the financial services industry regulated by our agency.

The dynamic and continually changing environment within the financial services industry will continue to require diligence and a keen focus on supervisory methodologies that are consistent with your vision for improving the quality of life through economic growth and opportunities for the citizens of the commonwealth. We will continue to be ever vigilant in our regulatory capacity to ensure the safety and soundness of the financial services industry, whether that may be in the context of regulatory relief or strengthening regulations where necessary to ensure the entities we supervise adhere to standards of fair and ethical practices.

We must continually search for opportunities to implement the use of technology whenever appropriate to realize your vision of cost-effective and efficient government. We also will require accountability of the financial services industry in all respects for the fair and legal provision of financial services in exchange for the privilege of being licensed or possessing a charter to conduct business in our great commonwealth.

Our entire professional staff is committed to fulfilling the agency's mission through the thoughtful consideration and implementation of our strategic plan, which we have set forth to further enhance the industry and citizens we serve. This commitment is evidenced by our endeavors to continually improve upon the service we provide to the financial services industry and to all of the citizens of the commonwealth.

Sincerely,

A handwritten signature in black ink that reads "Cordell G. Lawrence".

Cordell G. Lawrence
Executive Director
Office of Financial Institutions

1912-2006

Commissioners

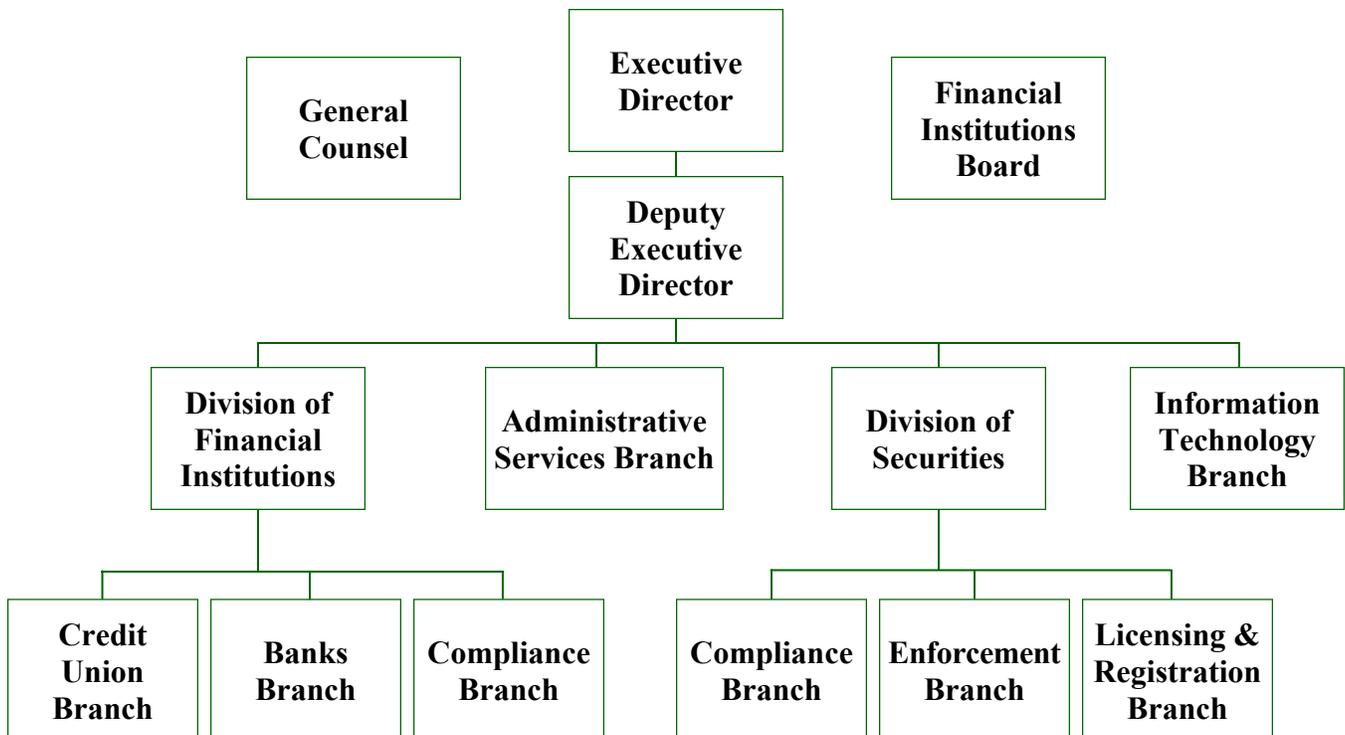
Year	Commissioner (Title changed to Executive Director 2004)	Governor
1912	Thomas J. Smith	James B. McCreary
1916	George G. Speer	Augustus O. Stanley
1920	James Lewis	Edwin P. Morrow
1924	Charles E. Marvin	William J. Fields
1928	O. S. Denny	Flem D. Samson
1930	C. S. Wilson	Flem D. Samson
1931	J. R. Dorman	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
2006	Cordell G. Lawrence	Ernie Fletcher

O.F.I. History

The Kentucky Office of Financial Institutions is proud to be a part of the Department of Public Protection within the Environmental and Public Protection Cabinet. The department is responsible for the supervision and regulation of various industries that perform services for the citizens of Kentucky, including the regulation of the financial services industry.

OFI traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. It was charged with enforcing all laws relating to banks, trust companies, savings banks and combined bank and trust companies organized and doing business under Kentucky laws. The legislature mandated supervision of state-chartered savings (building) and loan associations in 1918 and added state-chartered credit unions in 1922. When oversight of the state's securities industry was given to the agency in mid-1932, the agency was renamed the Department of Banking and Securities. 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.

Organizational Structure



Financial Institutions Board

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

Office of Financial Institutions

Cordell G. Lawrence
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601

Banking Industry

John H. Booher
2173 Antiqua Drive, Lexington, KY 40509
Appointed Nov. 10, 2003
Term Expires Oct. 10, 2007

Whitney Taylor Greer-Stokes
96 Hart Church Road, London, KY 40744
Appointed Sept. 22, 2005
Term Expires Oct. 10, 2008

William David Michael
P.O. Box 1062, Louisa, KY 41230
Appointed Feb. 28, 2005
Term Expires Oct. 10, 2008

Mindi F. Whitworth
6465 Barberry Drive, Paducah, KY 42001
Reappointed Nov. 10, 2003
Term Expires Oct. 10, 2007

Christopher Lee Wooldridge
P.O. Box 1862, 1857 State Route 94 West
Murray, KY 42071
Appointed March 14, 2006
Term Expires Oct. 10, 2008

Consumer Finance

Robert I. Stafford Jr.
200 Blossom Hill Drive, Corbin, KY 40741
Appointed Oct. 9, 2006
Term Expires Oct. 10, 2010

Credit Union Representative

Alla Sue Holland
609 Fincastle Lane, Fort Wright, KY 41017
Appointed Oct. 9, 2006
Term Expires Oct. 10, 2010

Public at Large

Monti Rhea Collins
205 E. 21st, Benton, KY 42025
Appointed Dec. 5, 2005
Term Expires Oct. 10, 2009

Jack Martin Goins
2163 Bahama Drive, Lexington, KY 40509
Appointed Oct. 17, 2006
Term Expires Oct. 10, 2008

William Edward Hesch
117 Beechwood Road, Fort Mitchell, KY 41017
Appointed Dec. 5, 2005
Term Expires Oct. 10, 2009

Securities Industry

Pete Mahurin
1419 Euclid, Bowling Green, KY 42101
Appointed Nov. 10, 2003
Term Expires Oct. 10, 2007

Administrative Services Branch

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

- Facilities management: Frankfort office and field offices in Eddyville, Bowling Green, Louisville and Lexington.
- Fiscal management.
- Operations and quality control.
- Records management.
- Agency publications.
- Staff development: coordinating employee training, continuing education and examiner certification programs.

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

Through continued innovation and open communication, the office is hopeful its past accomplishments will carry forward into the future and enable this agency to become second to none in terms of staff development through training, continuing education and career development opportunities.

In addition to staff training, the Administrative Services Branch continues to coordinate and support the agency's efforts to inform/educate consumers, legislators and industry representatives. The Administrative Services Branch also is instrumental in developing and publishing several informational brochures and distributing copies of its annual report to the state's public libraries and senior citizens' centers across the commonwealth.

Staff members from throughout the agency continue to enhance the agency's visibility by participating in public education forums, town meetings and industry association meetings. The office's presence at career days and job fairs was increased during 2006 as administrative services staff visited high schools and colleges in Kentucky and spoke with students about job opportunities.

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



Division of Financial Institutions

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

94TH ANNUAL BANK AND THRIFT REPORT

The primary duties of the Bank Branch include chartering and regulating 162 state-chartered commercial banks, five independent trust companies, and numerous bank trust departments, bank holding companies and electronic data processors. As of Dec. 31, 2006, the banks held in aggregate of approximately \$37 billion in assets.

Banks in general flourished financially in 2006 as the state and national economy continued to improve. No banks failed and the number of problem banks continued to decrease. Problem banks continued to be characterized by weak management, poor underwriting and lack of effective board oversight. Successful banks continue to be the institutions with the most effective risk management systems. The agency's examination focus continued to be concentrated on fundamental banking principles relating to lending, investing, management quality, earnings and capital.



The condition of Kentucky state banks remained relatively stable in 2006 in terms of financial performance. Through Dec. 31, 2006, they realized a return on assets (ROA) of 1.20 percent compared to 1.24 percent in 2005. Net charge-offs to loans and leases fell to 0.18 percent from 0.24 percent in 2005. Earnings gains slowed in 2006 with only 46 percent of the banks reporting increases over the previous year as compared to 2005, when almost 72 percent of the banks reported earnings gains. The levels of nonperforming loans declined in 2006, indicating improvement in asset quality. At 9.79 percent, the core capital (leverage) ratio remained strong. There were 58 written consumer complaints against state-chartered banks in 2006 versus 68 in 2005.

Three de novo bank applications and one trust company application were processed in 2006. In addition, one national bank converted to a state-chartered institution. De novo charter activity is continuing to increase as the economy continues to improve.

All Bank Branch personnel are provided with a comprehensive training program that involves at least one week of training each year. Training includes the areas of lending, operations, e-banking, trust, bank secrecy and asset/liability management. Many of the examiners have completed or are attending one of the graduate schools of banking or trust.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

State Banks and Thrifts

<u>Year</u>	<u>Total Assets</u>	<u>Year</u>	<u>Total Assets</u>
Sept. 4, 1912	\$ 110,096,102.83	June 30, 1960	1,439,285,742.07
Sept. 3, 1913	112,556,338.09	June 30, 1961	1,416,812,042.56
Sept. 12, 1914	110,516,100.67	June 30, 1962	1,539,385,203.23
Nov. 10, 1915	110,068,034.26	June 30, 1963	1,682,807,021.85
Aug. 17, 1916	120,217,111.75	June 30, 1964	1,798,326,242.98
Sept. 7, 1917	152,490,422.93	June 30, 1965	1,932,620,428.05
Sept. 5, 1918	175,361,452.29	June 30, 1966	2,157,183,512.81
Sept. 5, 1919	213,365,256.47	June 30, 1967	2,490,156,359.19
Sept. 13, 1920	227,231,768.46	June 30, 1968	2,703,101,033.03
June 30, 1921	220,117,518.15	June 30, 1969	3,067,136,736.70
June 30, 1922	222,284,937.92	June 30, 1970	3,259,015,862.86
June 30, 1923	257,447,342.36	June 30, 1971	3,793,329,845.00
June 30, 1924	260,394,024.52	June 30, 1972	4,277,132,990.00
June 30, 1925	269,730,816.68	June 30, 1973	4,973,878,479.44
June 30, 1926	278,619,057.34	June 30, 1974	5,696,240,528.60
June 30, 1927	308,521,323.67	June 30, 1975	6,300,190,296.19
June 30, 1928	341,300,174.09	June 30, 1976	6,550,032,000.00
June 30, 1929	385,559,868.28	June 30, 1977	7,431,081,000.00
June 30, 1930	364,849,233.33	June 30, 1978	8,371,752,000.00
June 30, 1931	295,881,257.76	June 30, 1979	9,507,372,000.00
June 30, 1932	248,031,078.12	June 30, 1980	10,700,084,000.00
June 30, 1933	231,577,905.49	June 30, 1981	11,968,250,000.00
June 30, 1934	239,624,124.68	June 30, 1982	12,878,728,000.00
June 30, 1935	229,781,437.48	June 30, 1983	13,724,157,000.00
June 30, 1936	250,997,016.66	June 30, 1984	15,171,523,000.00
June 30, 1937	270,699,778.60	June 30, 1985	16,448,822,000.00
June 30, 1938	252,251,968.59	June 30, 1986	17,869,731,000.00
June 30, 1939	266,594,369.49	June 30, 1987	19,709,513,000.00
June 30, 1940	273,977,674.22	June 30, 1988	20,984,582,000.00
June 30, 1941	297,360,610.22	Dec. 31, 1988	22,103,771,000.00
June 30, 1942	340,903,872.17	Dec. 31, 1989	23,570,033,000.00
June 30, 1943	477,658,367.10	Dec. 31, 1990	25,058,852,000.00
June 30, 1944	578,775,786.77	Dec. 31, 1991	24,145,642,000.00
June 30, 1945	904,485,435.10	Dec. 31, 1992	23,932,903,000.00
June 30, 1946	941,787,755.13	Dec. 31, 1993	24,825,281,000.00
June 30, 1947	898,858,508.44	Dec. 31, 1994	26,860,360,000.00
June 30, 1948	932,808,480.54	Dec. 31, 1995	26,765,509,000.00
June 30, 1949	933,714,814.70	Dec. 31, 1996	28,414,146,000.00
June 30, 1950	953,843,874.72	Dec. 31, 1997	24,975,052,000.00
June 30, 1951	1,002,285,106.04	Dec. 31, 1998	25,811,929,000.00
June 30, 1952	1,081,217,820.20	Dec. 31, 1999	26,800,458,000.00
June 30, 1953	1,125,336,205.82	Dec. 31, 2000	29,135,528,000.00
June 30, 1954	1,167,432,270.01	Dec. 31, 2001	31,473,451,000.00
June 30, 1955	1,211,811,536.25	Dec. 31, 2002	28,554,384,000.00
June 30, 1956	1,220,534,082.10	Dec. 31, 2003	29,188,172,000.00
June 30, 1957	1,294,391,352.88	Dec. 31, 2004	32,945,550,000.00
June 30, 1958	1,383,757,204.28	Dec. 31, 2005	34,654,113,000.00
June 30, 1959	1,402,074,237.64	Dec. 31, 2006	36,984,088,000.00

CONSOLIDATED CONDITION AND INCOME DATA

State Banks and Thrifts

(DOLLAR AMOUNTS IN MILLIONS WITH 000S OMITTED)

	Dec. 31, 2006	Change	Dec. 31, 2005
NUMBER OF INSTITUTIONS	162		166
Net income	\$ 425	2.16%	\$ 416
Total assets	36,984	6.72%	34,654
Earning assets	33,935	6.52%	31,858
Total loans and leases	26,684	7.99%	24,710
Other real estate owned	53	-7.02%	57
Total deposits	28,984	6.80%	27,139
Equity Capital	3,789	7.86%	3,513
 PERFORMANCE RATIOS			
Yield on earning assets	7.00		6.27
Cost of funding earning assets	2.94		2.18
Net interest margin	4.06		4.09
Non-interest income to average earning assets	1.06		1.07
Non-interest expense to average earning assets	3.21		3.19
Net charge-offs to loans and leases	0.18		0.24
Net operating income to average assets	1.20		1.23
Retained earnings to average equity	4.95		6.56
Return on assets	1.20		1.24
Return on equity	11.71		12.35
Percent of unprofitable institutions	4.32		5.39
Percent of institutions with earnings gains	58.02		71.86
 CONDITION RATIOS			
Net loans and leases to assets	71.30		70.54
Loss allowance to loans and leases	1.18		1.26
Loss allowance to non-current loans and leases	168.81		170.29
Non-current loans and leases to total loans and leases	0.70		0.74
Non-performing assets to total assets	0.62		0.66
Equity capital to total assets	10.25		10.14
Core (leverage) capital ratio	9.79		9.68

TOTAL ASSETS

State Banks and Thrifts

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Assets
First and Farmers Bank Inc.	Albany	247,504
Peoples Bank and Trust Company of Clinton County	Albany	8,933
Citizens Deposit Bank of Arlington Inc.	Arlington	129,195
Town Square Bank Inc.	Ashland	139,634
Auburn Banking Company	Auburn	57,947
Kentucky Home Bank	Bardstown	87,252
Town and Country Bank and Trust Company	Bardstown	282,021
Wilson and Muir Bank and Trust Company	Bardstown	301,289
Kentucky Trust Bank	Beaver Dam	120,464
Bedford Loan and Deposit Bank	Bedford	68,938
Bank of Benton	Benton	350,099
Peoples Bank and Trust Company of Madison County	Berea	347,595
Farmers State Bank	Booneville	45,185
American Bank and Trust Company Inc.	Bowling Green	167,285
Citizens First Bank Inc.	Bowling Green	339,010
South Central Bank of Bowling Green Inc.	Bowling Green	188,142
Meade County Bank	Brandenburg	126,493
Bank of Edmonson County	Brownsville	176,169
Bank of Buffalo	Buffalo	56,036
Citizens Bank of Cumberland County Inc.	Burkesville	80,653
Bank of Cadiz and Trust Company	Cadiz	96,472
United Citizens Bank and Trust Company	Campbellsburg	73,773
Citizens Bank and Trust Company	Campbellsville	142,399
Taylor County Bank	Campbellsville	109,944
Farmers and Traders Bank of Campton	Campton	36,631
Bank of Caneyville	Caneyville	43,078
Deposit Bank of Carlisle	Carlisle	62,720
Kentucky-Farmers Bank of Catlettsburg, Ky.	Catlettsburg	124,083
The Cecilian Bank	Cecilia	309,888
King Southern Bank	Chaplin	150,121
Bank of Clarkson	Clarkson	102,122
Clinton Bank	Clinton	41,534
First Community Bank of Western Kentucky Inc.	Clinton	62,899
Bank of Columbia	Columbia	125,181
United Citizens Bank of Southern Kentucky	Columbia	79,482
Hometown Bank of Corbin Inc.	Corbin	98,703
The Bank of Kentucky Inc.	Crestview Hills	1,050,229
The Harrison Deposit Bank and Trust Company	Cynthiana	54,252
Dixon Bank	Dixon	56,345
Bank of Ohio County Inc.	Dundee	76,509
First Citizens Bank	Elizabethtown	224,377
First Federal Savings Bank of Elizabethtown	Elizabethtown	820,293
Kentucky Neighborhood Bank	Elizabethtown	119,132

TOTAL ASSETS

State Banks and Thrifts

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Assets
Elkton Bank and Trust Company	Elkton	104,407
Farmers Deposit Bank	Eminence	77,472
Heritage Bank Inc.	Erlanger	288,125
United Kentucky Bank of Pendleton County Inc.	Falmouth	31,832
The People's Bank of Fleming County, Ky.	Flemingsburg	179,001
First Security Trust Bank Inc.	Florence	97,796
First Bank of Northern Kentucky Inc.	Fort Mitchell	78,742
American Founders Bank Inc.	Frankfort	627,691
Farmers Bank and Capital Trust Company	Frankfort	598,080
The Bankers' Bank of Kentucky Inc.	Frankfort	52,256
Franklin Bank and Trust Company	Franklin	225,685
Fredonia Valley Bank	Fredonia	64,322
The Farmers Bank and Trust Company of Georgetown, Ky.	Georgetown	322,003
Edmonton State Bank	Glasgow	335,439
South Central Bank of Barren County Inc.	Glasgow	281,200
The Commercial Bank of Grayson	Grayson	151,232
Deposit Bank and Trust Co.	Greensburg	103,565
The Farmers Bank	Hardinsburg	81,811
The Bank of Harlan	Harlan	116,511
State Bank and Trust Company	Harrodsburg	110,261
Citizens Bank	Hartford	18,886
Commonwealth Community Bank Inc.	Hartford	169,483
Hancock Bank and Trust Company	Hawesville	178,896
1st Trust Bank Inc.	Hazard	47,268
Peoples Bank and Trust Company of Hazard	Hazard	266,242
Ohio Valley Bank of Henderson	Henderson	181,612
The Citizens Bank	Hickman	85,450
Bank of Hindman	Hindman	135,422
Planters Bank Inc.	Hopkinsville	306,939
United Southern Bank	Hopkinsville	172,099
Hyden Citizens Bank	Hyden	106,112
Inez Deposit Bank	Inez	97,345
First State Bank	Irvington	126,094
First Security Bank and Trust, Mclean	Island	23,350
Citizens Bank and Trust Co. of Jackson	Jackson	116,103
Bank of Jamestown	Jamestown	144,252
The Kevil Bank	Kevil	32,434
The Bank - Oldham County Inc.	Lagrange	138,276
Century Bank of Kentucky Inc.	Lawrenceburg	113,487
Peoples Bank	Lebanon	47,517
Leitchfield Deposit Bank and Trust Company	Leitchfield	95,786
Lewisburg Banking Company	Lewisburg	60,737
Bank of Lexington Inc.	Lexington	58,293

TOTAL ASSETS

State Banks and Thrifts

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Assets
Bank of The Bluegrass and Trust Company	Lexington	248,193
Central Bank and Trust Co.	Lexington	1,393,321
Whitaker Bank	Lexington	1,200,208
The Casey County Bank Inc.	Liberty	136,219
Louisa Community Bank	Louisa	6,453
Peoples Security Bank	Louisa	46,097
1st Independence Bank	Louisville	341,305
Central Bank of Jefferson County	Louisville	179,066
Commonwealth Bank and Trust Company	Louisville	533,671
Eclipse Bank Inc.	Louisville	56,392
Louisville Community Development Bank	Louisville	32,382
PBI Bank	Louisville	1,045,011
Republic Bank and Trust Company	Louisville	2,978,011
River City Bank Inc.	Louisville	239,185
Stock Yards Bank and Trust Company	Louisville	1,420,902
The First Capital Bank of Kentucky	Louisville	298,288
First United Bank of Hopkins County Inc.	Madisonville	147,325
Magnolia Bank Inc.	Magnolia	108,403
Farmers Bank and Trust Company of Marion, Ky.	Marion	115,967
The Peoples Bank	Marion	22,707
First Guaranty Bank	Martin	56,559
First Kentucky Bank Inc.	Mayfield	349,144
FNB Bank Inc.	Mayfield	143,903
Bank of Maysville	Maysville	105,340
Security Bank and Trust Co.	Maysville	44,478
Jackson County Bank	McKee	119,154
Farmers Deposit Bank of Middleburg Inc.	Middleburg	41,857
Home Federal Bank Corporation	Middlesboro	299,223
The Farmers Bank of Milton	Milton	112,585
The Monticello Banking Company	Monticello	431,546
The Citizens Bank	Morehead	106,980
United Community Bank of West Kentucky Inc.	Morganfield	99,161
Morgantown Bank and Trust Company Inc.	Morgantown	127,412
Traditional Bank Inc.	Mount Sterling	765,076
Citizens Bank	Mount Vernon	114,357
The Peoples Bank	Mount Washington	86,903
Hart County Bank and Trust Company	Munfordville	27,721
Citizens Bank	New Liberty	17,029
Citizens Bank of Northern Kentucky Inc.	Newport	248,024
The Farmers Bank	Nicholasville	93,555
First Security Bank of Owensboro Inc.	Owensboro	146,718
Independence Bank of Kentucky	Owensboro	629,502
South Central Bank of Daviess County Inc.	Owensboro	181,701

TOTAL ASSETS

State Banks and Thrifts

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Assets
First Farmers Bank and Trust Company	Owenton	72,102
Peoples Bank and Trust Company	Owenton	57,448
Owingsville Banking Company	Owingsville	71,645
The Paducah Bank and Trust Company	Paducah	423,255
Kentucky Bank	Paris	630,014
Community Trust Bank Inc.	Pikeville	2,958,674
First State Financial Inc.	Pineville	351,680
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	166,249
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	87,219
West Point Bank	Radcliff	114,682
Citizens Guaranty Bank	Richmond	106,188
Madison Bank	Richmond	134,998
First and Peoples Bank	Russell	183,992
The Sacramento Deposit Bank	Sacramento	52,910
The Salt Lick Deposit Bank	Salt Lick	65,163
Sebree Deposit Bank	Sebree	19,380
Citizens Union Bank of Shelbyville	Shelbyville	563,746
The Peoples Bank of Bullitt County	Shepherdsville	178,473
Cumberland Security Bank Inc.	Somerset	151,549
Springfield State Bank	Springfield	193,943
PBK Bank Inc.	Stanford	98,828
Peoples Exchange Bank	Stanton	252,285
The Peoples Bank	Taylorsville	86,162
South Central Bank of Monroe County	Tompkinsville	104,033
Citizens Deposit Bank and Trust	Vanceburg	121,477
First Community Bank	Vanceburg	28,021
United Bank and Trust Company	Versailles	176,699
Bank of the Mountains Inc.	West Liberty	65,893
Commercial Bank	West Liberty	124,063
Bank of McCreary County	Whitley City	122,981
Eagle Bank Inc.	Williamstown	152,714
Grant County Deposit Bank	Williamstown	95,299
Alliance Banking Company	Winchester	45,764

\$36,984,088

TRUST ASSETS

*State-Chartered Independent
Trust Companies*

Name	City	Total Trust Account Assets (Discretionary and Non-discretionary)
Kentucky Trust Company	Danville	\$339,006,000
Community Trust and Investment Company	Lexington	1,211,255,000
First Kentucky Trust	Louisville	119,260,000
Glenview Trust Company	Louisville	1,568,456,000
Louisville Trust Company	Louisville	203,382,000
	Total	\$3,441,359,000

TRUST ASSETS

State Bank Trust Departments

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Trust Assets
Town and Country Bank and Trust Company	Bardstown	256,912
Wilson and Muir Bank and Trust Company	Bardstown	7,123
Kentucky Trust Bank	Beaver Dam	152,740
Bank of Benton	Benton	4,648
Bank of Cadiz and Trust Company	Cadiz	10,758
Deposit Bank of Carlisle	Carlisle	379
Kentucky-Farmers Bank of Catlettsburg, Ky.	Catlettsburg	30,121
Clinton Bank	Clinton	2,159
The Bank of Kentucky Inc.	Crestview Hills	186,017
The Harrison Deposit Bank and Trust Company	Cynthiana	4,405
First Citizens Bank	Elizabethtown	138,985
Elkton Bank and Trust Company	Elkton	6,297
Farmers Deposit Bank	Eminence	369
The People's Bank of Fleming County, Ky.	Flemingsburg	4,793
Farmers Bank and Capital Trust Company	Frankfort	303,852
Franklin Bank and Trust Company	Franklin	208
Deposit Bank and Trust Co.	Greensburg	105
The Bank of Harlan	Harlan	4,386
State Bank and Trust Company	Harrodsburg	1,438
Commonwealth Community Bank Inc.	Hartford	600
Hancock Bank and Trust Company	Hawesville	11,805
Peoples Bank and Trust Company of Hazard	Hazard	30,738
Ohio Valley Bank of Henderson	Henderson	235,825
The Citizens Bank	Hickman	2,347
Planters Bank Inc.	Hopkinsville	102,992
First Security Bank and Trust, McLean	Island	515
Citizens Bank and Trust Co. of Jackson	Jackson	9,578
Bank of the Bluegrass and Trust Company	Lexington	73,911
Central Bank and Trust Co.	Lexington	845,727
Whitaker Bank	Lexington	5,495
1st Independence Bank	Louisville	157
Commonwealth Bank and Trust Company	Louisville	904,222
PBI Bank	Louisville	1,473
Republic Bank and Trust Company	Louisville	405,369
Stock Yards Bank and Trust Company	Louisville	1,443,195
First United Bank of Hopkins County Inc.	Madisonville	6,397
Farmers Bank and Trust Company of Marion, Ky.	Marion	1,587
Bank of Maysville	Maysville	17,110
Security Bank and Trust Co.	Maysville	1,645
The Monticello Banking Company	Monticello	44,485
United Community Bank of West Kentucky Inc.	Morganfield	1,642
Morgantown Bank and Trust Company Inc.	Morgantown	5,803

TRUST ASSETS

State Bank Trust Departments

(DOLLAR AMOUNTS IN THOUSANDS WITH 000S OMITTED)

Bank Name	City	Total Trust Assets
Hart County Bank and Trust Company	Munfordville	2,499
Citizens Bank of Northern Kentucky Inc.	Newport	24,680
Independence Bank of Kentucky	Owensboro	209,654
Peoples Bank and Trust Company	Owenton	670
The Paducah Bank and Trust Company	Paducah	85,238
Kentucky Bank	Paris	116,107
Community Trust Bank Inc.	Pikeville	81,758
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	10,457
First and Peoples Bank	Russell	67,585
Citizens Union Bank of Shelbyville	Shelbyville	1,233
Cumberland Security Bank Inc.	Somerset	2,362
Eagle Bank Inc.	Williamstown	925
Grant County Deposit Bank	Williamstown	2,270
	Total	\$5,873,751

Bank Changes 2006

Conversions

12/04/2006 Ohio Valley National Bank, Henderson, converted to a state bank charter.

Name Change

1/17/2006 Central Bank USA Inc., Greensburg, changed its name to PBI Bank

12/04/2006 Ohio Valley National Bank, Henderson, changed its name to Ohio Valley Bank

New Bank Charters

2/06/2006 Bank of Lexington Inc., Lexington

3/20/2006 Peoples Bank and Trust Company of Clinton County, Albany

8/07/2006 Louisa Community Bank, Louisa

New Trust Charters

8/21/2006 First Kentucky Trust, Louisville

Main Office Relocations

3/28/2006 PBI Bank, 202 North Main St., Greensburg, to 2500 Eastpoint Parkway, Louisville

Mergers

1/17/2006 Bullitt County Bank, Shepherdsville, merged into Central Bank USA, Greensburg

1/17/2006 Ascencia Bank, Louisville, merged into Central Bank USA, Greensburg

1/17/2006 Brownsville Deposit Bank, Brownsville, merged into Central Bank USA, Greensburg

4/10/2006 First Security Bank of Lexington Inc., Lexington, merged into American Founders Bank Inc., Frankfort

4/18/2006 Heritage Bank of Ashland, Ashland, merged into Citizens National Corporation, Paintsville

5/11/2006 Peoples Bank, Morehead, merged into Kentucky Bank, Paris

10/20/2006 Bardwell Deposit Bank, Bardwell, merged into First Kentucky Bank Inc., Mayfield

11/30/2006 Kentucky Banking Centers Inc., Glasgow, merged into Citizens First Bank Inc., Bowling Green

Credit Union Branch

73rd ANNUAL CREDIT UNION BRANCH REPORT

The Credit Union Branch supervises the activities of 30 Kentucky state-chartered credit unions, ranging in asset size from \$334,799 to \$650,076,027. The total assets under supervision by the Credit Union Branch are \$1,304,569,417. Total asset growth was positive at 2.45 percent as compared to the previous year's -.03 percent.

The number of Kentucky state-chartered credit unions continues to decline due to mergers. The Office of Financial Institutions received two merger applications in 2006. Kenesco Credit Union merged into Members Choice Credit Union, and Members One Credit Union merged into Park Community Federal Credit Union.

Kentucky state-chartered credit unions favored well during the year. Net worth growth exceeded asset growth for the third consecutive year. Several key ratios indicate noticeable improvement as the return on average assets ratio increased, while delinquency and net charge-offs declined.

The fixed rate real estate loan portfolio of credit unions is increasing. Of the loans granted this year, 15.32 percent were fixed-rate real estate loans, while negative loan growth was experienced in the used automobile lending area. The leasing program has not been successful and the balance of leases receivable continues to dwindle.



ANNUAL CONSOLIDATED STATEMENT OF ASSETS

State-Chartered Credit Unions

<u>Year</u>	<u>Total Assets</u>	<u>Year</u>	<u>Total Assets</u>
June 30, 1934.....	391,943	June 30, 1981.....	198,916,832
June 30, 1935.....	725,535	June 30, 1982.....	190,721,775
June 30, 1936.....	1,249,342	June 30, 1983.....	226,257,290
June 30, 1937.....	1,660,520	June 30, 1984.....	270,077,766
June 30, 1938.....	1,696,127	June 30, 1985.....	324,359,567
June 30, 1939.....	2,057,015	June 30, 1986.....	465,930,836
June 30, 1941*.....	3,146,257	June 30, 1987.....	534,721,314
June 30, 1942.....	3,251,825	June 30, 1988.....	522,854,417
June 30, 1943.....	2,982,267	Dec. 31, 1988.....	486,976,000
June 30, 1944.....	3,088,248	Dec. 31, 1989.....	482,857,000
June 30, 1945.....	3,505,257	Dec. 31, 1990.....	509,758,691
June 30, 1946.....	4,144,653	Dec. 31, 1991.....	554,628,084
June 30, 1947.....	4,995,675	Dec. 31, 1992.....	610,893,902
June 30, 1948.....	6,083,221	Dec. 31, 1993.....	643,540,808
June 30, 1949.....	7,107,044	Dec. 31, 1994.....	670,077,079
June 30, 1950.....	8,334,194	Dec. 31, 1995.....	697,585,006
June 30, 1951.....	8,179,622	Dec. 31, 1996.....	726,727,477
June 30, 1952.....	10,516,625	Dec. 31, 1997.....	782,580,308
June 30, 1953.....	12,623,784	Dec. 31, 1998.....	855,559,615
June 30, 1954.....	14,781,357	Dec. 31, 1999.....	897,712,452
June 30, 1955.....	16,702,656	Dec. 31, 2000.....	957,541,750
June 30, 1956.....	19,107,017	Dec. 31, 2001.....	1,081,872,980
June 30, 1957.....	21,437,514	Dec. 31, 2002.....	1,157,171,468
June 30, 1958.....	23,623,385	Dec. 31, 2003.....	1,246,656,550
June 30, 1959.....	26,447,334	Dec. 31, 2004.....	1,273,660,697
June 30, 1960.....	27,979,449	Dec. 31, 2005.....	1,273,328,540
June 30, 1961.....	29,357,256	Dec. 31, 2006.....	\$1,304,569,417
June 30, 1962.....	31,739,280		
June 30, 1963.....	34,501,791		
June 30, 1964.....	39,301,082		
June 30, 1965.....	43,391,089		
June 30, 1966.....	46,430,845		
June 30, 1967.....	50,065,518		
June 30, 1968.....	53,669,699		
June 30, 1969.....	58,409,409		
June 30, 1970.....	64,297,546		
June 30, 1971.....	71,728,169		
June 30, 1972.....	81,246,995		
June 30, 1973.....	91,221,819		
June 30, 1974.....	100,937,750		
June 30, 1975.....	113,438,105		
June 30, 1976.....	129,079,696		
June 30, 1977.....	147,094,455		
June 30, 1978.....	169,281,627		
June 30, 1979.....	176,261,333		
June 30, 1980.....	170,888,349		

* No records are available for 1940.

SELECTED COMPOSITE OPERATING RATIOS

State-Chartered Credit Unions

Ratio Description	Dec. '02	Dec. '03	Dec. '04	Dec. '05	Dec. '06
Capital Adequacy:					
Net Worth/Total Assets	14.49	14.34	14.92	15.75	16.16
Total Delinquent Loans/Net Worth	4.50	4.27	4.65	4.95	3.84
Solvency Evaluation (Estimated)	117.14	116.90	117.64	118.79	119.52
Classified Assets (Estimated)/Net Worth	4.69	4.52	3.83	4.05	3.94
Asset Quality:					
Delinquent Loans/Total Loans	1.01	0.99	1.09	1.17	0.93
Net Charge-Offs/Average Loans	0.61	0.77	0.70	0.73	0.70
Fair (Market) Value/Book Value (HTM Invests)	100.42	100.23	99.25	98.35	98.93
Accum Unreal G-L On AFS/CST of Invest AFS	2.55	0.89	-1.07	-2.05	-0.41
Delinquent Loans/Assets	0.65	0.61	0.69	0.78	0.62
Earnings:					
Return on Average Assets	1.06	0.93	0.89	0.82	0.92
Gross Income/Average Assets	7.40	6.57	6.13	6.71	7.44
Yield on Average Loans	8.31	7.58	6.97	6.97	7.27
Yield on Average Investments	3.40	2.52	2.33	2.89	4.06
Fee and Other Operating Income/Average Assets	0.96	0.97	1.00	1.30	1.42
Cost of Funds/Average Assets	2.47	1.80	1.48	1.82	2.41
Net Margin/Average Assets	4.93	4.77	4.65	4.89	5.03
Operating Exp/Average Assets	3.45	3.34	3.42	3.52	3.62
Provision for Loan & Lease Losses/Average Assets	0.41	0.50	0.37	0.55	0.48
Net Interest Margin/Average Assets	3.98	3.81	3.65	3.59	3.60
Operating Expense/Gross Income	46.65	50.82	55.73	52.49	48.63
Fixed Assets Including FRAs/Total Assets	2.64	2.58	2.47	2.37	2.35
Net Operation Expense/Average Assets	2.85	2.74	2.79	2.64	2.65
Asset/Liability Management:					
Net Long-Term Assets/Total Assets	14.31	15.29	15.64	15.03	16.14
Reg Shares/Total Shares and Borrowings	57.82	59.94	58.16	54.36	49.29
Total Loans/Total Shares	76.08	72.72	75.34	79.85	81.11
Total Loans/Total Assets	64.63	61.86	63.55	66.68	67.13
Cash + Short-Term Investments/Assets	16.50	18.10	16.37	16.39	16.37
Total Shares, Deposits and Borrows/Earning Assets	89.14	89.11	88.84	87.90	87.40
Reg Shares+Share Drafts/Total Shares&Borrowings	65.67	68.34	67.05	63.66	58.89
Borrowings/Total Shares and Net Worth	0.00	0.07	0.30	0.22	0.44

SELECTED COMPOSITE OPERATING RATIOS

State-Chartered Credit Unions

Ratio Description	Dec. '02	Dec. '03	Dec. '04	Dec. '05	Dec. '06
Productivity:					
Members/Potential Members	39.13	38.53	17.58	17.36	17.15
Borrowers/Members	61.70	59.43	59.60	62.92	63.15
Members/Full-Time Employees	422	408	407	406	407.19
Average Shares Per Member	4,645	4,949	4,961	4,922	4,979
Average Loan Balance	5,727	6,056	6,272	6,247	6,395
Salary and Benefits/Full-Time Employee	39,609	41,908	45,317	47,028	50,094
Other Ratios:					
NetWorth Growth	6.99	6.67	6.26	5.54	5.14
Market (Share) Growth	7.14	7.86	1.32	-1.03	1.53
Loan Growth	4.94	3.10	4.97	4.89	3.14
Asset Growth	6.96	7.73	2.17	-0.03	2.45
Investment Growth	11.97	18.26	-3.74	-9.97	0.60

REPORT OF CONDITION

State-Chartered Credit Unions

Charter	Name	City	Year Opened	Total Assets
60883	Beacon Community	Louisville	1947	30,688,033
61123	Louisville Gas and Electric Company	Louisville	1934	19,916,784
61166	Fancy Farm	Fancy Farm	1957	7,749,503
61204	B.C.B.S.	Louisville	1952	5,506,476
61316	Tarcana	Louisville	1936	2,883,001
61437	Commonwealth	Frankfort	1951	650,076,027
61693	Rural Cooperatives	Louisville	1964	31,638,968
61738	Paducah City Employees	Paducah	1961	2,198,084
61772	Louisville Metro Police Officers	Louisville	1942	9,913,227
61792	Ashland	Ashland	1942	125,568,089
62026	Members Choice	Ashland	1932	101,742,409
62033	Courier Journal and Times	Louisville	1930	3,820,163
62089	Kitco Employees	Louisville	1944	3,538,898
62228	GTKY	Lexington	1953	57,144,313
62303	Letcher County Teachers	Whitesburg	1964	1,042,950
62358	KEMBA Louisville	Louisville	1934	35,779,975
62370	Lexington Postal	Lexington	1928	15,416,666
62389	Berea	Berea	1923	1,648,547
62431	Kentucky Employees	Frankfort	1938	42,747,204
62432	Whitesville Community	Whitesville	1962	11,450,368
62433	Louisville Federal	Louisville	1924	29,016,431
62482	Brown-Forman Employees	Louisville	1936	7,051,405
62484	Service One	Bowling Green	1963	77,712,849
62485	Louisville District U.S. Engineer Employees	Louisville	1935	3,353,323
62490	Muhlenberg Community Hospital	Greenville	1961	588,928
62559	Alcan Employees	Louisville	1948	2,068,413
62587	C&O United	Edgewood	1928	11,532,365
62625	Kentucky Conference	Lexington	1963	618,838
62785	Ferry Morse (Fulton)	Fulton	1961	334,799
63058	Metro Employees	Lexington	1940	11,822,381
Total				\$1,304,569,417

Compliance Branch

10th ANNUAL COMPLIANCE BRANCH REPORT

The Compliance Branch licenses and regulates mortgage brokers and companies, check cashers, consumer and industrial loan companies and money transmitters. As of Dec. 31, 2006, this branch supervised 1,788 licensees and 4,230 individual mortgage loan officers.

The number and type of licenses regulated by OFI are as follows:

License Type	Number of Licensees Dec. 31, 2005	Number of Licensees Dec. 31, 2006
Mortgage Companies	114	214
Mortgage Brokers	316	336
Check Cashers	695	769
Consumer Loan Companies	348	362
Industrial Loan Companies	72	73
Sale of Checks/Money Transmitters	<u>34</u>	<u>34</u>
Total	1,579	1,788

There were 319 Compliance Branch written consumer complaints received by OFI during 2006. The breakdown is as follows:

License Type	Complaints 2005	Complaints 2006
Mortgage Companies	108	72
Mortgage Brokers	167	105
Check Cashers	12	24
Consumer Loan Companies	66	41
Industrial Loan Companies	0	0
Sale of Checks/Money Transmitters	2	0
HUD Mortgage Brokers/Companies	<u>62</u>	<u>77</u>
Total	417	319

During 2006, the number of examinations conducted by the Compliance Branch is as follows:

Type	Number of Examinations
Mortgage Companies	17
Mortgage Brokers	151
Check Cashers	709
Consumer Loan Companies	351
Industrial Loan Companies	<u>72</u>
Total	1,300

Compliance Branch

In 2006, a total of \$29,000 in fines was assessed against various mortgage companies and mortgage brokers.

The Compliance Branch is staffed with 10 examiners. Three are assigned to consumer loan companies and industrial loan companies, three to check cashers and four to mortgage companies and mortgage brokers. These examiners are highly trained in their respective areas. The examiners reside in Bowling Green, Frankfort, Irvine, Lexington, Louisville, Union, Campbellsville and Shelbyville.

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



During calendar year 2006, the Compliance Branch examination staff attended several schools and conferences that provided continuing education in each employee's respective field. The American Association of Residential Mortgage Regulators (AARMR) provides an examiner school annually that is attended by all four of the mortgage examiners each year. The topics covered vary from year to year, but most importantly this school keeps the mort-

gage staff current in changes to federal laws and regulations. Every two years AARMR offers a three-day mortgage fraud school in addition to the examiner school, and the entire mortgage staff attends. Examiners covering consumer loan companies, industrial loan companies and check cashers attend the National Association of Consumer Credit Administrators (NACCA) annual five-day examiner school that is held in various locations throughout the United States. As with the AARMR examiner school, this school provides continuing education and updates on the changes in federal laws and regulations.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

Consumer Loan Companies

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

CONSOLIDATED REPORT OF CONDITION

Consumer Loan Companies

	359 Consumer Loan Companies Dec. 31, 2006	Change	348 Consumer Loan Companies Dec. 31, 2005
ASSETS			
Cash and Due from Depositor Institutions	\$7,184,023	13.26%	\$6,342,987
Total Loans Receivable, Net of Unearned Interest and Reserves	946,259,382	14.85%	823,890,075
Premises and Fixed Assets (Net of Depreciation)	5,826,492	15.27%	5,054,616
Deferred Charges and Prepaid Expenses	994,160	3.46%	960,866
Other Assets Used in Consumer Loan Business	34,000,072	-2.91%	35,019,680
Total Assets Used in Consumer Loan Business	\$994,264,130	14.12%	\$871,268,224

LIABILITIES and CAPITAL or NET WORTH

Total Liabilities	\$777,080,765	5.99%	\$733,189,265
Total Capital	217,183,365	57.29%	138,078,959
Total Liabilities and Capital or Net Worth	\$994,264,130	14.12%	\$871,268,224

**LOANS MADE IN 2006 CLASSIFIED BY COLLATERAL
KENTUCKY CONSUMER LOAN COMPANIES**

COLLATERAL

Personal Items/Household Goods	\$455,030,309	17.01%	\$388,874,369
Motor Vehicles	80,950,747	5.75%	76,548,278
Motor Vehicles and Personal Items	160,042,798	7.23%	149,249,922
Real Estate	17,151,553	-2.38%	17,569,629
Unsecured Notes	138,163,469	-3.72%	143,499,781
Endorsed and/or Co-Maker Notes	17,607,816	67.82%	10,492,229
Other Considerations	3,104,036	-22.08%	3,983,708
Total	\$872,050,728	10.36%	\$790,217,916

OUT-OF-STATE MORTGAGE COMPANIES HOLDING CONSUMER LICENSES

Total Assets	\$11,785,007,231
Total Liabilities	\$10,473,887,001
Total Capital	\$1,311,120,230
Total Liabilities and Capital or Net Worth	\$11,785,007,231

ANNUAL CONSOLIDATED STATEMENT OF ASSETS

Industrial Loan Companies

<u>Year</u>	<u>Total Assets</u>	<u>Year</u>	<u>Total Assets</u>
June 29, 1946	\$432,786	June 30, 1988	3,579,048
June 30, 1947	843,587	Dec. 31, 1988	33,707,258
June 30, 1948	1,207,448	Dec. 31, 1989	66,185,013
June 30, 1949	998,520	Dec. 31, 1990	60,216,163
June 30, 1950	725,995	Dec. 31, 1991	93,265,336
June 30, 1951	1,002,486	Dec. 31, 1992	70,626,327
June 30, 1952	1,260,935	Dec. 31, 1993	36,242,155
June 30, 1953	1,197,125	Dec. 31, 1994	17,161,759
June 30, 1954	1,145,154	Dec. 31, 1995	13,559,113
June 30, 1955	1,337,078	Dec. 31, 1996	13,841,777
June 30, 1956	3,351,255	Dec. 31, 1997	13,346,139
June 29, 1957	6,674,101	Dec. 31, 1998	8,854,581
June 30, 1958	7,624,233	Dec. 31, 1999	3,184,487
June 30, 1959	12,027,595	Dec. 31, 2000	12,700,424
June 30, 1960	25,016,928	Dec. 31, 2001	12,013,001
June 30, 1961	29,533,306	Dec. 31, 2002	16,861,557
June 30, 1962	38,986,576	Dec. 31, 2003	7,106,807
June 29, 1963	47,926,026	Dec. 31, 2004	7,727,195
June 30, 1964	62,498,295	Dec. 31, 2005	22,308,961
June 30, 1965	74,443,666	Dec. 31, 2006	\$ 23,315,243
June 30, 1966	83,269,104		
June 30, 1967	92,253,814		
June 30, 1968	106,979,831		
June 30, 1969	118,607,417		
June 30, 1970	128,303,693		
June 30, 1971	130,666,763		
June 30, 1972	144,585,041		
June 30, 1973	182,173,895		
June 30, 1974	212,063,191		
June 30, 1975	203,572,673		
June 30, 1976	208,046,246		
June 30, 1977	224,959,496		
June 30, 1978	238,484,239		
June 30, 1979	268,877,377		
June 30, 1980	254,058,175		
June 30, 1981	255,953,218		
June 30, 1982	165,942,225		
June 30, 1983	69,058,748		
June 30, 1984	45,051,556		
June 30, 1985	61,357,110		
June 30, 1986	47,118,841		
June 30, 1987	19,930,854		

CONSOLIDATED REPORT OF CONDITION

Industrial Loan Companies

	70 Industrial Loan Companies Dec. 31, 2006	Change	72 Industrial Loan Companies Dec. 31, 2005
ASSETS			
Cash on hand	0	0.00%	0
Cash in Depository Institutions	63,125	213.96%	20,106
Investments	0	0.00%	0
Industrial Loans	9,228,039	-23.44%	12,053,607
Conditional Sales Contracts	0	0.00%	0
Other Loans	9,695,956	1.37%	9,565,073
Total Loans	18,923,995	-12.46%	21,618,680
Less: Unearned Interest	63,930	-23.30%	83,347
Reserve for Loan Loss	647,606	-14.86%	760,632
Loans, Net of Unearned Interest and Reserves	18,212,459	-12.21%	20,744,701
Premises and Fixed Assets	13,197		0
Other Assets	5,026,463	231.97%	1,514,154
Total Assets	\$23,315,243	4.51%	\$22,308,961
LIABILITIES			
Certificates of Investment	0	0.00%	0
Other Borrowed Money	14,201,273	-13.04%	16,331,493
Other Liabilities	189,266	-91.58%	2,247,388
Total Liabilities	\$14,390,539	-22.54%	\$18,578,881
EQUITY CAPITAL			
Capital Stock	1,250,000	0.00%	1,250,000
Surplus and Undivided Profits	12,366,931	165.49%	4,658,106
Current Earnings	-4,692,227	115.43%	-2,178,026
Total Equity Capital	\$8,924,704	139.26%	\$3,730,080
TOTAL LIABILITIES & EQUITY CAPITAL	\$23,315,243	4.51%	\$22,308,961

Division of Securities

21st ANNUAL SECURITIES REPORT

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

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

- **Licensing** – The licensing staff assists in the registration of, or determination to deny registration to, broker-dealers, investment advisers and their employees. The licensing staff also may provide information to the public concerning a broker’s disciplinary history.

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

- **Enforcement** – Investigators in the Enforcement Branch investigate allegations of securities fraud or other illegal conduct. In coordination with OFI’s legal staff, the investigators assist in the administrative actions the office may pursue against alleged violators of the Securities Act. Further, the division may refer cases to criminal authorities to prosecute the most serious occurrences of securities fraud.

- **Corporation Finance** – Corporation Finance staff assists in the registration or exemption from registration of entities that issue securities in the commonwealth. 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 offerings of securities in Kentucky.

The Securities Division staff distributes informational brochures to Kentuckians through public libraries and county cooperative extension agencies and regularly speaks to high school students and community groups about saving and investing.



2006 SECURITIES REPORT

Securities Licensing

Year End 2006

Broker Dealer Registrations

New Applications (Form BD)	143
Approved	138
Withdrawals (Form BDW)	126
Conditional	0
Total Registered	1,714

Broker-Dealer Agent Registrations

New Applications (Form U-4)	2,582
Withdrawals Without Registration	0
Approved (includes new and transfers)	27,638
Conditional	0
Terminated	22,315
Total Registered	79,313

Issuer Agent Registrations

New Applications	116
Approved	112
Conditional	0
Withdrawals Without Registration	13
Total Registered	92

State Investment Advisers

New Applications (Form ADV)	26
Approved	26
Withdrawals (Form ADV-W)	20
Total Registered	120

Federal Covered Investments Advisers

New Notice Filings	122
Withdrawals (Form ADV-W)	52
Total Effective Notice Filings	809

Investment Advisers Representatives (IAR)

New Applications (Form U-4) (state)	99
New Applications (Form U-4) (federal)	814
Approximate Total of State and Federal IARs	2,510

2006 SECURITIES REPORT

Securities Corporations Finance, Compliance and Enforcement

Year End 2006

CORPORATIONS FINANCE

Registrations

By Coordination	16
By Qualification	0
By Notification	0

Notice Filings

Investment Companies - New	508
Investment Companies - Renewals	3,445
Unit Investment Trusts	786
Reg. D, Rule 506 Offerings	583

Exemptions

Claims of Exemption Requested	56
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Total	5,394
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COMPLIANCE BRANCH

Broker-Dealer	Number of Examinations
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Main Office	2
Branch Office	28
Non-Branch Office	10

Investment Adviser

Main Office	54
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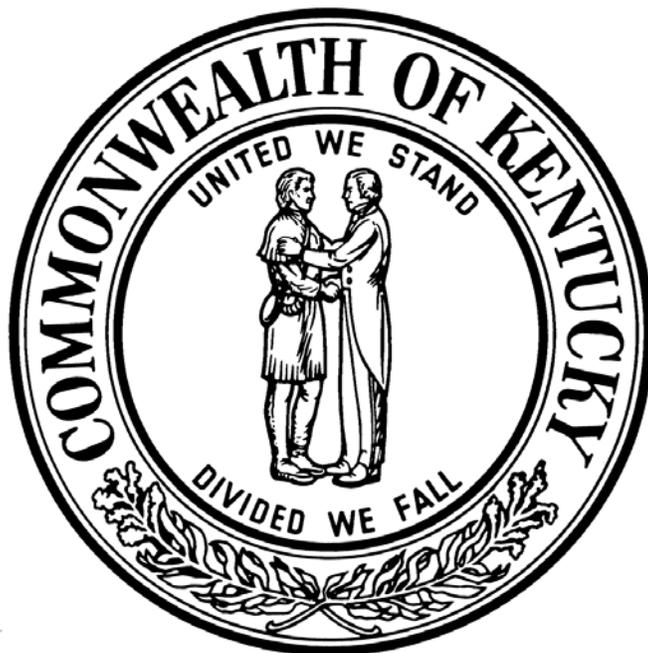
Issuer Agent

Main Office	1
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Total Examinations	95
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ENFORCEMENT BRANCH

	Year End Totals 2006
Referrals/Assistance to Outside Agency/Entity	15
Referrals From Outside Agency/Entity	8
Investigations Opened	37
Investigations Closed	32
Investigations Pending	30
Fines	\$235,257



Office of Financial Institutions

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The financial information in this report is based upon
unverified figures furnished in Dec. 31, 2006, call reports.
Subsequent amendments to call reports are not reflected.

PAID FOR WITH STATE FUNDS