DFI

ANNUAL REPORT 2002

1912-2002
Supervising Kentucky's Financial Industry For 90 Years

DEPARTMENT OF FINANCIAL INSTITUTIONS

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Mission Statement

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

Department of Financial Institutions Philosophy

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

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

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

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

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

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

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

Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Tele. 502/573-3390
Fax 502/573-8787

Ella D. Robinson
Commissioner

Paul E. Patton
Governor

June 30, 2003

The Honorable Paul E. Patton, Governor
Office of the Governor
The State Capitol
Frankfort, Kentucky 40601

Dear Governor Patton:

I am pleased to submit to you the Annual Report of the Kentucky Department of Financial Institutions for the year ending December 31, 2002. This report contains statistical and historical information pertaining to the financial services industry regulated by our agency.

As we continue to see rapid changes in technology, we persist in our endeavor to keep pace with these changes. We are currently in the process of building an integrated database which will greatly enhance our ability to serve the public.

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

Sincerely,

Ella Robinson

Ella D. Robinson,
Commissioner

FORMATION OF REGULATORY AGENCY

Department of Financial Institutions

The Department of Financial Institutions was established by the Banking Act of 1912 as the Department of Banking. It was charged "with the enforcement of all laws heretofore passed, or which may be passed, relating to banks, trust companies, savings banks, combined bank and trust companies, organized and doing business under the laws of the Commonwealth of Kentucky." (Chapter 4, Section 1, Acts of the General Assembly of 1912.)

Within a few years, however, other regulatory responsibilities were added as the state's economy and its financial services needs evolved.

The legislature mandated supervision of state-chartered savings [*building*] and loan associations to the department in 1918 and added state-chartered credit unions in 1922. When oversight of the state's securities industry was given to the department in mid-1932, the agency was renamed the *Department of Banking and Securities*.

Consumer and industrial loan companies were added to the list of agency-regulated industries in 1946. With passage of the Sale of Checks Act of 1966, the legislature also required companies that sell money orders to become licensed through the department.

The department's scope was further expanded to include mortgage loan companies and mortgage loan brokers in 1980.

The department experienced a number of changes as a result of the 1984 General Assembly, which re-codified the Credit Union Act, overhauled the state's banking laws, changed the agency's name to the *Department of Financial Institutions* and established the *Financial Institutions Board*.

The Board is an advisory body comprised of 11 representatives from the respective financial services industries and the general public along with the Commissioner who serves as its chair.

Through the Check Cashing Services Act of 1992, the legislature gave the department the responsibility for licensing check cashing (a/k/a deferred deposit) companies, and title pledge lenders in 1998. The department assumed additional regulatory authority in 1998 when field examiners were assigned to conduct on-site inspections of these entities.

Organization:

The **Commissioner** is the chief executive of the department and is responsible for implementing departmental policies, statutory mandates, and administrative regulations as well as supervising the agency's day-to-day operations. The **Office of the Commissioner** also includes the **Office of General Counsel**, which handles the agency's legal affairs.

Ella D. Robinson, who had served as the agency's Deputy Commissioner for several years, assumed leadership of the department in December 1999 when Governor Paul Patton appointed her as its thirty-third Commissioner. In addition to the Office of the Commissioner and General Counsel, the Department is organized along functional lines into three divisions: **Financial Institutions**, **Securities,** and **Administrative Services**.

- The **Division of Financial Institutions** is organized into three, industry-specific branches: *Banks*, *Credit Unions*, and *Compliance* and is responsible for chartering and/or licensing, examining, and otherwise supervising the operations of state-regulated depository and non-depository financial institutions.
- Similarly, the **Division of Securities** is organized into two branches: *Compliance and Enforcement*, which handle the regulation and supervision of the state's securities industry by registering, licensing, examining, investigating, and otherwise supervising securities offerings, as well as securities firms and professionals operating in Kentucky and/or involving Kentucky investors.
- The **Division of Administrative Services** is also organized into two branches: *Administrative Services and Technology*. As their names suggest, these branches are responsible for providing administrative (fiscal, training, operational, etc.) and technical (information systems) support services to the entire staff. The *Administrative Services Branch* is also responsible for layout and design of agency publications and assists in coordinating and supporting the agency's participation in trade shows, job/career fairs, town meetings, forums, and other media events.

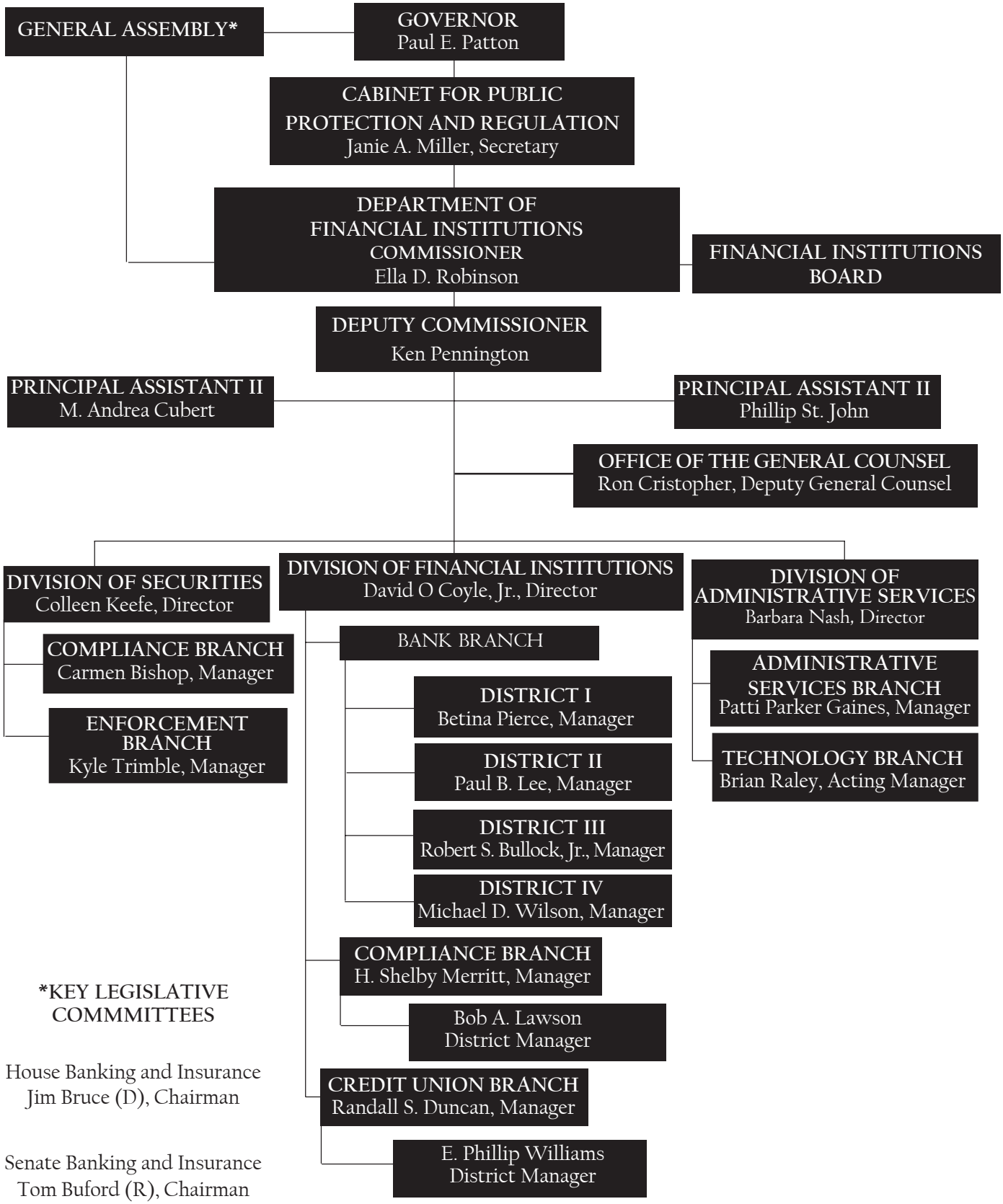
The Department of Financial Institutions is one of 13 agencies within the Cabinet for Public Protection and Regulation and is totally self-funded. Revenues are derived from fees charged for assessments, examinations, call reports, applications, investigations, registrations, and licensing of state-chartered financial institutions and securities offerings and entities.

Department of Financial Institutions' location at 1025 Capital Center Drive.

COMMISSIONERS (1912-2002)

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
2000	Ella D. Robinson	Paul E. Patton
2001	Ella D. Robinson	Paul E. Patton
2002	Ella D. Robinson	Paul E. Patton

ORGANIZATIONAL CHART



*KEY LEGISLATIVE COMMMITTEES

House Banking and Insurance
Jim Bruce (D), Chairman

Senate Banking and Insurance
Tom Buford (R), Chairman

DEPARTMENT OF FINANCIAL INSTITUTIONS BOARD

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

Ella D. Robinson
Chairman
Commissioner of
Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
(502) 573-3390
FAX (502) 573-8787

Sally M. Hopkins
Retail Sales Manager
Union Planters Bank
PO Box 1080
Murray, KY 42071
(270) 762-5213
FAX (270) 753-9968
Consumer Finance & Industrial
Loan Industry Representative
Term Expires: 10/10/02

Gary L. Smith
Chairman/CEO
First Bank
9100 Shelbyville Rd., Suite 100
Louisville, KY 40222
(502) 429-9499
FAX (502) 429-6899
Banking Industry
Representative
Term Expires: 10/10/03

Lahoma Y. (Peggy) Majors
President
Bank of Caneyville
PO Box 220
Caneyville, KY 42721
(270) 879-3141
FAX (270) 879-3141
Banking Industry
Representative
Term Expires: 10/10/02

Dan C. Reynolds
Vice-President
Peoples Bank of Kentucky
1100 Ky. Highway 27 S.
P.O. Box 366
Stanford, KY 40484
(606) 365-3505
FAX (606)365-7243
Banking Industry Representative
Term Expires: 10/10/04

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

Gary Wallace
President
Commonwealth of Credit Union
PO Box 978
Frankfort, KY 40601
(502) 564-4775
FAX (502) 564-8146
Credit Union Industry
Representative
Term Expires: 10/10/02

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

Anne S. Wilhelmus
Fifth Third Bank
401 South Fourth Avenue
MD C88597
Louisville, Ky 40202-3411
(502) 562-8160
FAX (502) 562-5540
Banking Industry
Representative
Term Expires: 10/10/04

Kelli Martin Rodham
Senior Associate
The Commonwealth Group
200 South Fifth St., Suite 400N
Louisville, KY 41144
(502) 585-3919
FAX (502) 585-5561
Public-at-large Representative
Term Expires: 10/10/05

Richard H. Wilson
Senior Vice-President
UBS/PaineWebber
4350 Brownsboro Rd., Suite 210
PO Box 7587
Louisville, KY 40257-0587
(502) 420-7680
FAX (502) 420-7664
Securities Industry
Representative
Term Expires: 10/10/03

STAFF DEPARTMENT OF FINANCIAL INSTITUTIONS

OFFICE OF THE COMMISSIONER

Ella D. Robinson, Commissioner - 26 years
Ken Pennington, Deputy Commissioner - 19 years
Andrea "Andie" Cubert, Principal Assistant II - 6 years
Phil St. John, Principal Assistant II - 1 year

Office of General Counsel

Ron Christopher, Assistant General Counsel - 4 years
William E. Doyle, Attorney III - 11 years
Aubrey "Sonny" Mooney, Attorney III - 2 years
Maria "Sally" Taylor, Attorney III - 2 years
David L. Reichert, Attorney III - 3 years
Susan Gardner, Administrative Specialist III - 28 years

DIVISION OF FINANCIAL INSTITUTIONS

David O. Coyle, Director - 17 years

Bank Branch

Timothy R. Meador, Certified Examiner/Applications Reviewer - 29 years
Charles R. Risinger, Certified Examiner/Applications Reviewer - 18 years
Jacquelyn "Jackie" Gresham, Administrative Specialist II - 2 years

Bank District Managers

Betina G. Pierce, District I - 16 years
Paul B. Lee, Jr., District II - 11 years
Robert Steve Bullock, Jr., District III - 19 years
Michael D. Wilson, District IV - 16 years

Bank Branch Certified Examiners

Robert W. Armstrong - 7 years
Richard L. Arnold - 16 years
Danny D. Beyer - 16 years
Joel V. Boone - 24 years
Rebecca L. Conley - 7 years
C. Dale Crowe - 13 years
Van A. Davidson - 4 years
Stacy M. Frazee - 7 years
Thomas O. Grassham - 27 years
Janet M. Hicks - 23 years
Stuart W. Long - 14 years
Don C. McFadden - 13 years
Robert W. Netherton - 27 years
Martin B. Snowden - 8 years
Michael E. Stewart - 15 years
Richard F. Strode - 13 years
William R. Thomas - 10 years

Bank Branch Examiner IV

Kimberly G. Goodwin - 4 years

Bank Branch Examiner III

Christopher R. Quinn - 3 years

Bank Branch Examiner II

Joel D. Catron - 3 years
Mary E. Dearing - 3 years
Jonathan D. Finley - 3 years
Bonnie L. Friend - 2 years
Bradley Johnson - 1 year
Amy L. Reeves - 2 years
Rachel Towles - 1 year

Bank Branch Examiner I

Stephanie A. Byrum - 1 year
Andrew Gerding - 3 months
Michelle Stivers - 1 year
Jason Webb - 1 year

COMPLIANCE BRANCH

H. Shelby Merritt, Branch Manager - 13 years
Bob A. Lawson, District Manager - 24 years
Gary L Thurman, Certified Examiner Applications - 20 years
N. Chris Thompson, Certified Examiner Reviewer - 14 years
Pamela J. Fitzgerald, Administrative Specialist III - 7 years

Compliance Branch Certified Examiners

E. Marty Bryan - 11 years
Stanley R. Bryan - 17 years
Thomas M. Johnson - 16 years
Garry W. Wright - 13 years

Compliance Branch Examiner Specialists

Rodney K. Gabbard - 15 years
Christy L. Logan - 8 years
James J. Parman - 14 years

Compliance Branch Examiner III

Gary M. Davis - 4 years

Compliance Branch Examiner II

Zachary G. Rudd - 2 years
Sharon S. Tomlin - 23 years

STAFF DEPARTMENT OF FINANCIAL INSTITUTIONS

CREDIT UNION BRANCH
Randall S. Duncan, Branch Manager - 13 years
E. Phillip Williams, District Manager - 15 years

Credit Union Branch Certified Examiners
Jeffery J. Roberts - 14 years
Thomas L. Zierer, Jr. - 29 years

DIVISION OF SECURITIES
Colleen Keefe, Director - 6 years
Teresa V. Fisher, Certified Examiner - 19 years
Anita L. Forman, Certified Examiner - 24 years
Tobie A. Groves, Administrative Specialist III - 16 years
Angie Kinser, Financial Institutions Examiner III - 9 months
Hope L. McDonald, Administrative Assistant - 2 years
Shirley McPherson, Administrative Specialist III - 4 years
Linda Sparks, Administrative Specialist III - 6 years

COMPLIANCE BRANCH
Carmen M Bishop, Branch Manager - 16 years

Compliance Branch Certified Examiner
Stephen H. Pulliam - 11 years

Compliance Branch Examiner III
Anthony Murphy - 5 years

Compliance Branch Examiner II
Corey Jackson - 1 year
William Stone - 1 year

ENFORCEMENT BRANCH
William K. Trimble, Branch Manager - 15 years

Enforcement Branch Certified Examiner
John F. Cullen - 14 years

Enforcement Branch Examiner II
Chad Harlan - 2 years

DIVISION OF ADMINISTRATIVE SERVICES
Barbara M. Nash, Director - 3 years

ADMINISTRATIVE SERVICES BRANCH
Patti Parker Gaines, Branch Manager - 1 year
Stephanie L. Buford, Administrative Specialist III - 4 years
Bobbie Jo Cooper, Janitor - 2 years
Angela Griffin, Administrative Specialist II - 17 years
Angela Luttrell, Receptionist - 9 months
Edna Quire, Training Coordinator - 29 years
Wilma L. Rose, Administrative Specialist III - 4 years
T. Denise Schnieders, Information Officer II - 3 years

TECHNOLOGY BRANCH
Brian Raley, Information Systems Supervisor - 3 years
David McDonald, Network Analyst III - 3 years
M. Darlene Rodgers, Network Analyst III - 2 years

STRATEGIC PLAN

In keeping with Governor Patton's Empower Kentucky initiatives for making state government programs and operations more efficient and effective, the Department of Financial Institutions continues to make strategic planning an integral part of its organizational culture. Strategic planning is vital to the success of any organization for it greatly enhances the organization's chances of correctly identifying and then reaching its goals.

VALUES:

The operations of the Department of Financial Institutions are guided by the following core values:

- **Teamwork:** We are committed to achieving organizational goals through open, responsive communication and cooperation.
- **Professionalism:** We take pride in the quality and timeliness of our services and are committed to excellence, accountability, ovation.
- **Integrity:** We believe in being honest, fair, consistent, and objective.
- **Respect:** We are sensitive to the viewpoints and efforts of others and strive to be helpful to all.
- **Progressive:** We identify potential issues that may impact this agency and seize opportunities to formulate appropriate solutions.

The old Capitol.

VISION:

The department aspires to:

- Be a proactive, credible and respected regulator of the financial services industries.
- Be a leader in educating and protecting the investing, depositing, and borrowing public.
- Foster capital growth and economic development by ensuring a strong financial services environment.
- Empower competent, knowledgeable, and well-trained employees who are committed to our mission.
- Achieve a work environment that encourages career opportunities, professional development, equitable compensation, and premier customer service.
- Proactively keep abreast of emerging trends and issues, and implement strategies as appropriate.

GOALS

The department believes its mission can be accomplished through the collective efforts of a staff empowered to produce tangible results in the following strategic areas:

1. Proactive regulation of the financial services industries in order to ensure safety and soundness and/or compliance.
2. Enhance public protection through consumer awareness and education.
3. Enhance status as a national leader in regulating the financial services industries.
4. Effective and efficient infrastructure that supports and enhances human resources and operations.

LEGISLATION AND REGULATION

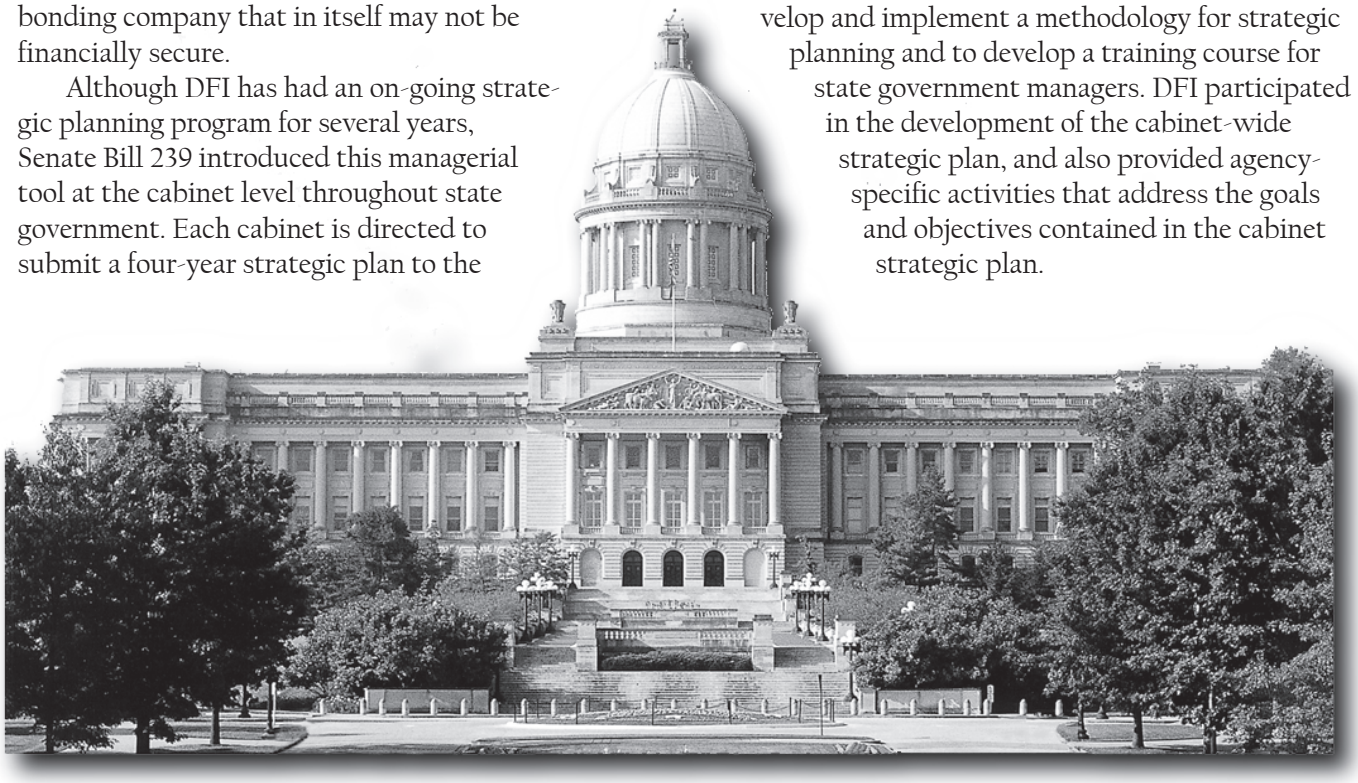
The 2002 General Assembly session focused the vast majority of its efforts in trying to address the state's budget situation, and continued this focus in a special session after the regular session concluded. Consequently, the number of significant new laws affecting DFI and its regulated financial entities were less than in previous years.

House Bill 152 codified existing practice by exempting banks, trust companies, and other lending institutions subject to state or federal regulation from licensing as a manufactured housing dealer. These financial institutions have traditionally only engaged in the sale of these homes in those instances when possession is obtained, through foreclosure, as part of a defaulted loan transaction, and the subsequent disposal of the home.

With the passage of House Bill 358, fiduciaries are now authorized to invest in certificates of deposit, in excess of federal deposit insurance limits, as long as the amount in excess of the insurance is fully secured by irrevocable government letters of credit, a pledge of securities that are already permissible investments pursuant to KRS Chapter 386, a surety bond, or a combination of these three categories. A potential problem could arise if excess deposits are secured by a surety bond issued by a bonding company that in itself may not be financially secure.

Although DFI has had an on-going strategic planning program for several years, Senate Bill 239 introduced this managerial tool at the cabinet level throughout state government. Each cabinet is directed to submit a four-year strategic plan to the state budget director, the secretary of the Executive Cabinet, and the Legislative Research Commission with each biennial budget request; define the components of the strategic plan; provide for a September 1 deadline for progress reports on the plan; require the state budget director to designate an entity to develop and implement a methodology for strategic planning and to develop a training course for state government managers. DFI participated in the development of the cabinet-wide strategic plan, and also provided agency-specific activities that address the goals and objectives contained in the cabinet strategic plan.

The Capitol-view from the House of Representatives.



DIVISION OF ADMINISTRATIVE SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

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

ADMINISTRATIVE SERVICES BRANCH

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

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

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

One of the departments consumer information displays.

Through continued innovation and open communication, the Department is hopeful that its past accomplishments will carry forward into the future and will enable this agency to become second to none in terms of staff development through training, continuing education, and career development opportunities. As the following table illustrates, such staff development was clearly an agency priority during the year 2002.

Training Jan. – Dec. 2002	No. of Schools/Classes	No. of Attendees
New Employee Orientation	3	4
Staff Conference	1	92
GSC-Career Enhancement	2	3
Continuing Legal Education	7	16
Computer Training (GOT)	9	10
Examiner Schools	41	90
Executive Seminars	20	23
Graduate Schools	1	1
KY Career Management Program	25	26
Management (other than KCMP)	19	20
Securities Training	12	23
College Courses	5	5
Total:	145	313

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

Staff members from throughout the agency continued to enhance the agency's visibility by participating in public education forums, town meetings, and industry association meetings. The Department's presence at career days and job fairs was further increased during 2002 as Administrative Services staff visited high schools and colleges in Kentucky and spoke with students about job opportunities. Administrative Services employees also represented DFI at the annual Governor's Diversity Day, a job fair that draws hundreds of students and teachers from across the state to Frankfort to learn about career opportunities in state government.

DIVISION OF ADMINISTRATIVE SERVICES

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

TECHNOLOGY BRANCH

The Department of Financial Institutions (DFI) continues to take every appropriate step to further the effective use of Information Technology (IT) to improve the delivery of its services, not only to the financial services industries it regulates, but also to other state and federal government agencies and to the citizens of the Commonwealth.

In light of events of September 11th, 2001 a second look was taken at security measures in place, consequently a new Disaster and Emergency Plan was designed to assist the agency in providing essential services in the event of a natural or manmade disaster or emergency, as well as a technical failure or disaster.

The Department has been able to focus more intently on efforts necessary to upgrade and enhance the information technology utilized at DFI to support the agency's mission as defined in its Strategic Plan. Specifically, the Department increased efforts during 2002 to hasten the implementation of a totally integrated Management Information System (MIS), which the agency has been planning for and working toward for several years. The new Star Program is a multi-year project that will encompass new hardware, new programs (software), new office procedures, and ongoing training. It will also utilize e-Government resources for data capture and maintenance where appropriate to track more completely DFI Management Information and to simplify access to DFI documents and information. This will apply to DFI's internal information repositories as well as to information needed by the financial community at large. We have an employee on staff who continues the design and implementation of an integrated data base called the Star System.

Security and privacy issues continue to raise very real concerns across the country, and DFI is no exception. In an attempt to become more proactive in addressing these issues, the Department continued to monitor and upgrade its Internet and Intranet components to provide more secure access to the agency's information repositories.

In addition to helping plan, design, and implement the agency's future IT needs, the Information Technology (IT) Branch provided ongoing technological support throughout the year 2002 to all of DFI's employees and was responsible for the Wide Area and Local Area Networks for the central office and for its four field offices.

DIVISION OF FINANCIAL INSTITUTIONS

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

Nintieth Annual Bank and Thrift Report

The primary duties of the Bank Branch include chartering and regulating 170 state-chartered commercial banks, three independent trust companies, and numerous bank trust departments, bank holding companies, and electronic data processors. As of December 31, 2002, the banks held in aggregate in excess of $28.5 billion in assets.

Banks faced numerous challenges in 2002 as the state and national economy continued to weaken. While no banks failed, the number of problem banks rose slightly due to poor underwriting and loan administration. Successful banks continue to be the institutions with the most effective risk management systems. While the Department's examinations focus concentrated more on perceived high-risk areas such as construction lending, liquidity management, and interest rate risk, other areas such as automatic overdraft programs, corporate governance, and compliance with the Bank Secrecy Act garnered increased attention.

Despite the challenges, 2002 can be characterized as a strong year for Kentucky state banks in terms of financial performance. Through December 31, 2002, they enjoyed a healthy return on assets (ROA) of 1.33%, reflecting a slight increase from Y/E 2001. At 9.43%, the core capital (leverage) ratio remained strong. Total net income for state-chartered banks rose by 4.5% in 2002, while assets were falling by two percent. There were ninety-one written consumer complaints against state chartered banks in 2002 versus eighty-five in 2001.

No de novo banks were established in 2002, while one national bank converted to state charter. The slowdown in de novo charters was related to the economic slowdown and lack of market opportunities.

The average experience of the Bank Branch field staff is ten years with the Department, while the Bank Branch office staff has an average tenure of nineteen years. Two new bank examiners were hired during 2002. All Bank Branch personnel are provided with a comprehensive training program that involves at least one week of training each year. Training includes areas of lending, operations, e-banking, trust, and asset/liability management. Many of the examiners have completed, or are attending, one of the graduate schools of banking or trust.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY STATE BANKS AND THRIFTS

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

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY STATE BANKS AND THRIFTS

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

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

	Dec. 31, 2002	Change	Dec. 31, 2001
Number of institutions	170		179
Net income	360	4.50%	389
Total assets	28,554	2.00%	31,473
Earning assets	26,405	1.91%	29,027
Total loans & leases	18,697	4.40%	20,708
Other real estate owned	41	20.59%	39
Total deposits	22,430	1.44%	24,195
Equity capital	2,793	0.25%	2,995
Performance ratios			
Yield on earning assets	6.68		7.91
Cost of funding assets	2.51		3.77
Net interest margin	4.17		4.15
Non-interest income to average earning assets	1.28		1.19
Non-interest expense to average earing assets	3.22		3.12
Net charge-offs to loans and leases	0.35		0.35
Net operating income to average assets	1.28		1.26
Retained earnings to average equity	7.83		4.92
Return on assets	1.33		1.31
Return on equity	13.71		13.37
Percent of unprofitable assets	6.51		7.87
Percent of institutions with earnings gains	72.78		48.88
Condition Ratios			
Net loans and leases to assets	64.75		64.97
Loss allowance to loans and leases	1.31		1.24
Loss allowance to non-current loans and leases	122.88		147.91
Non-current loans and leases to total loans and leases	1.07		0.84
Non-performing assets to total assets	0.85		0.68
Core deposits to total liabilities	75.77		73.25
Equity capital to assets	9.80		9.52
Core (leverage) capital ratio	9.43		9.28

TOTAL ASSETS KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

Bank	City	Total Assets
Citizens Bank of Albany	Albany	87,170
Citizens Deposit Bank of Arlington, Inc.	Arlington	89,470
Town Square Bank, Inc.	Ashland	71,986
Heritage Bank of Ashland, Inc.	Ashland	122,267
Kentucky Bank & Trust	Ashland	126,742
Classic Bank	Ashland	236,085
Auburn Banking Company	Auburn	55,429
Kentucky Home Bank	Bardstown	52,682
Wilson & Muir Bank & Trust Company	Bardstown	287,077
Farmers Bank & Trust Co.	Bardstown	211,772
Community Bank of Kentucky, Inc.	Bardstown	53,958
Bardwell Deposit Bank	Bardwell	70,459
Bank of Ohio County, Inc.	Beaver Dam	66,146
Kentucky Trust Bank	Beaver Dam	91,847
Bedford Loan & Deposit Bank	Bedford	61,925
Bank of Benton	Benton	319,777
Peoples Bank and Trust Company of Madison County	Berea	187,988
Farmers State Bank	Booneville	38,100
South Central Bank of Bowling Green, Inc.	Bowling Green	155,595
American Bank & Trust Company, Inc.	Bowling Green	68,787
Citizens First Bank, Inc.	Bowling Green	128,518
Meade County Bank, Inc.	Brandenburg	101,689
Brownsville Deposit Bank	Brownsville	50,291
Bank of Edmonson County	Brownsville	149,017
Bank of Buffalo	Buffalo	45,887
Citizens Bank of Cumberland County, Inc.	Burkesville	61,011
Bank of Cadiz and Trust Company	Cadiz	86,027
United Citizens Bank & Trust Company	Cambellsburg	80,072
Taylor County Bank	Campbellsville	109,150
Citizens Bank & Trust Company	Campbellsville	120,683
Farmers & Traders Bank of Campton	Campton	38,301
Bank of Caneyville	Caneyville	40,385
Pioneer Bank	Canmer	66,669
Deposit Bank of Carlisle	Carlisle	57,709
Kentucky-Farmers Bank of Catlettsburg, Kentucky	Catlettsburg	135,120
The Cecilian Bank	Cecilia	236,034
Peoples State Bank	Chaplin	66,317
Bank of Clarkson	Clarkson	98,613
Clinton Bank	Clinton	39,261

TOTAL ASSETS KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

Bank	City	Total Assets
First Community Bank of Western Kentucky, Inc.	Clinton	56,676
Breckinridge Bank	Cloverport	27,650
Bank of Columbia	Columbia	112,157
Bank of Corbin	Corbin	57,831
The Fifth Third Bank of Northern Kentucky, Inc.	Covington	1,452,975
The Bank of Kentucky, Inc.	Crestview Hills	778,183
The Harrison Deposit Bank and Trust Company	Cynthiana	59,097
Heritage Community Bank	Danville	72,705
Dixon Bank	Dixon	53,989
Elkton Bank & Trust Company	Elkton	93,956
Farmers Deposit Bank	Eminence	144,842
Heritage Bank, Inc.	Erlanger	205,098
United Kentucky Bank of Pendleton County, Inc.	Falmouth	34,272
The People's Bank of Fleming County, Kentucky	Flemingsburg	138,987
The Bankers' Bank of Kentucky, Inc.	Frankfort	46,713
Farmers Bank & Capital Trust Company	Frankfort	596,628
American Founders Bank, Inc.	Frankfort	99,780
Franklin Bank & Trust Company	Franklin	191,744
Fredonia Valley Bank	Fredonia	65,643
Citizens Bank	Georgetown	84,406
The Farmers Bank and Trust Company of Georgetown, Kentucky	Georgetown	206,624
Bank of Germantown	Germantown	26,384
South Central Bank of Barren County, Inc.	Glasgow	220,697
Kentucky Banking Centers, Inc.	Glasgow	102,568
United Community Bank	Glasgow	42,613
Citizens Financial Bank, Inc.	Glasgow	30,454
Edmonton State Bank	Glasgow	255,846
The Commercial Bank of Grayson	Grayson	146,518
Greensburg Deposit Bank & Trust Co.	Greensburg	77,049
The Central Bank USA, Inc.	Greensburg	160,357
The Farmers Bank	Hardinsburg	71,502
The Bank of Harlan	Harlan	101,614
State Bank & Trust Company	Harrodsburg	118,184
Commonwealth Community Bank, Inc.	Hartford	147,698
Citizens Bank	Hartford	18,011
Hancock Bank & Trust Company	Hawesville	102,540
Peoples Bank & Trust Company of Hazard	Hazard	218,847
The Citizens Bank	Hickman	78,488
Bank of Hindman	Hindman	128,132

TOTAL ASSETS KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

Bank	City	Total Assets
The Peoples State Bank	Hodgenville	69,467
Planters Bank, Inc.	Hopkinsville	162,977
United Southern Bank	Hopkinsville	108,125
Hyden Citizens Bank	Hyden	98,809
Inez Deposit Bank	Inez	92,074
First State Bank	Irvington	121,369
First Security Bank & Trust, McLean	Island	24,809
Citizens Bank & Trust Co. of Jackson	Jackson	104,992
Bank of Jamestown	Jamestown	130,781
The Kevil Bank	Kevil	35,468
THE BANK - Oldham County, Inc.	Lagrange	117,486
Century Bank of Kentucky, Inc.	Lawrenceburg	61,554
Peoples Bank	Lebanon	40,850
Leitchfield Deposit Bank & Trust Company	Leitchfield	83,452
Lewisburg Banking Company	Lewisburg	57,761
First Security Bank of Lexington, Inc.	Lexington	231,839
Central Bank & Trust Co.	Lexington	992,316
Bank of the Bluegrass and Trust Company	Lexington	138,750
The Casey County Bank, Inc.	Liberty	129,871
Peoples Security Bank	Louisa	42,706
The First Capital Bank of Kentucky	Louisville	236,007
First Bank, Inc.	Louisville	252,976
Louisville Community Development Bank	Louisville	38,348
Stock Yards Bank & Trust Company	Louisville	1,037,339
Ascencia Bank	Louisville	249,574
Fifth Third Bank, Kentucky, Inc.	Louisville	2,647,755
Republic Bank & Trust Company	Louisville	1,736,131
River City Bank, Inc.	Louisville	224,936
Commonwealth Bank and Trust Company	Louisville	497,064
First United Bank of Hopkins County, Inc.	Madisonville	91,191
Bank of Magnolia	Magnolia	73,763
The Peoples Bank	Marion	23,682
Farmers Bank & Trust Company, of Marion, Kentucky	Marion	101,506
First Guaranty Bank	Martin	47,685
First Kentucky Bank, Inc.	Mayfield	241,507
Security Bank and Trust Co.	Maysville	48,216
Bank of Maysville	Maysville	110,958
Jackson County Bank	Mckee	106,215
Farmers Deposit Bank of Middleburg, Inc.	Middleburg	44,690

TOTAL ASSETS KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

Bank	City	Total Assets
Home Federal Bank Corporation	Middlesboro	253,933
The Farmers Bank of Milton	Milton	95,562
The Monticello Banking Company	Monticello	284,531
The Citizens Bank	Morehead	58,735
Peoples Bank	Morehead	72,739
United Community Bank of West Kentucky, Inc.	Morganfield	46,162
Green River Bank	Morgantown	49,064
Morgantown Bank & Trust Company, Incorporated	Morgantown	113,925
Traditional Bank, Inc.	Mount Sterling	482,603
Citizens Bank	Mount Vernon	120,134
The Peoples Bank	Mount Washington	107,365
Hart County Bank and Trust Company	Munfordville	29,615
Citizens Bank	New Liberty	16,176
Citizens Bank of Northern Kentucky, Inc.	Newport	164,480
The Farmers Bank	Nicholasville	90,743
Independence Bank of Kentucky	Owensboro	325,246
South Central Bank of Daviess County, Inc.	Owensboro	159,875
First Security Bank of Owensboro, Inc.	Owensboro	85,191
Peoples Bank & Trust Company	Owenton	62,324
First Farmers Bank and Trust Company	Owenton	68,105
Owingsville Banking Company	Owingsville	53,399
The Paducah Bank and Trust Company	Paducah	348,073
Kentucky Bank	Paris	418,603
The First State Bank of Pineville	Pineville	201,991
The First Commonwealth Bank of Prestonsburg, Inc.	Prestonsburg	159,084
First Bank and Trust Co. of Princeton, Kentucky	Princeton	90,761
Farmers Bank and Trust Company, Princeton, Kentucky	Princeton	92,419
West Point Bank	Radcliff	82,378
Madison Bank	Richmond	102,339
Citizens Guaranty Bank	Richmond	96,782
First & Peoples Bank	Russell	202,245
The Sacramento Deposit Bank	Sacramento	48,210
The Salt Lick Deposit Bank	Salt Lick	54,284
Sebree Deposit Bank	Sebree	25,344
Citizens Union Bank of Shelbyville	Shelbyville	363,227
The Peoples Bank of Bullitt County	Shepherdsville	162,840
First Citizens Bank	Shepherdsville	156,750
Bullitt County Bank	Shepherdsville	133,467
Cumberland Security Bank, Inc.	Somerset	130,950

TOTAL ASSETS KENTUCKY STATE BANKS AND THRIFTS
(dollar amounts in millions)

Bank	City	Total Assets
Springfield State Bank	Springfield	179,846
PBK BANK, INC.	Stanford	105,257
The Peoples Exchange Bank of Beattyville, Kentucky	Stanton	177,712
The Peoples Bank	Taylorsville	86,500
Deposit Bank of Monroe County	Tompkinsville	108,243
First Community Bank	Vanceburg	28,477
Citizens Deposit Bank & Trust	Vanceburg	89,118
United Bank & Trust Company	Versailles	153,387
Commercial Bank	West Liberty	115,599
Bank of the Mountains, Inc.	West Liberty	50,250
Bank of McCreary County	Whitley City	111,034
Citizens State Bank of Ballard County	Wickliffe	66,095
Grant County Deposit Bank	Williamstown	87,139
Eagle Bank, Inc.	Williamstown	137,600
Total		**$28,554,384**

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

Name	City	Total Trust Account Assets (Discretionary and Non-discretionary)
Kentucky Trust Company	Danville	$215,260,000
Louisville Trust Company	Louisville	57,095,000
The Glenview Trust Company	Louisville	590,142,000
Totals		**$862,497,000**

TRUST ASSETS KENTUCKY STATE BANK TRUST DEPARTMENTS
(dollar amounts in millions)

Name	City	Total Trust Assets
Classic Bank	Ashland	138
Farmers Bank & Trust Co.	Bardstown	127,024
Wilson & Muir Bank & Trust Company	Bardstown	6,654
Kentucky Trust Bank	Beaver Dam	39,410
Bank of Benton	Benton	3,745
Bank of Cadiz and Trust Company	Cadiz	8,581
Deposit Bank of Carlisle	Carlisle	317
Kentucky-Farmers Bank of Catlettsburg, Kentucky	Catlettsburg	8,120
Clinton Bank	Clinton	3,126
The Fifth Third Bank of Northern Kentucky, Inc.	Covington	312,275
The Bank of Kentucky, Inc.	Crestview Hills	106,999
The Harrison Deposit Bank and Trust Company	Cynthiana	3,699
Elkton Bank & Trust Company	Elkton	3,324
Farmers Deposit Bank	Eminence	12,158
The People's Bank of Fleming County, Kentucky	Flemingsburg	4,190
Farmers Bank & Capital Trust Company	Frankfort	310,613
Franklin Bank & Trust Company	Franklin	33
Greensburg Deposit Bank & Trust Co.	Greensburg	101
The Central Bank USA, Inc.	Greensburg	1,490
The Bank of Harlan	Harlan	3,127
State Bank & Trust Company	Harrodsburg	1,732
Commonwealth Community Bank, Inc.	Hartford	600
Hancock Bank & Trust Company	Hawesville	4,085
Peoples Bank & Trust Company of Hazard	Hazard	6,772
The Citizens Bank	Hickman	4,133
Planters Bank, Inc.	Hopkinsville	3,744
First Security Bank & Trust, McLean	Island	456
Citizens Bank & Trust Co. of Jackson	Jackson	10,868
Bank of the Bluegrass and Trust Company	Lexington	59,274
Central Bank & Trust Co.	Lexington	528,962
Commonwealth Bank and Trust Company	Louisville	647,707
Fifth Third Bank, Kentucky, Inc.	Louisville	1,288,677
Republic Bank & Trust Company	Louisville	163,396
Stock Yards Bank & Trust Company	Louisville	997,133
Farmers Bank & Trust Company, of Marion, Kentucky	Marion	1,050
Bank of Maysville	Maysville	11,554
Security Bank and Trust Co.	Maysville	1,666

TRUST ASSETS KENTUCKY STATE BANK TRUST DEPARTMENTS
(dollar amounts in millions)

Name	City	Total Trust Assets
Farmers Deposit Bank of Middleburg, Inc.	Middleburg	4
The Monticello Banking Company	Monticello	23,551
Morgantown Bank & Trust Company, Incorporated	Morgantown	5,853
Traditional Bank, Inc.	Mount Sterling	7,192
Hart County Bank and Trust Company	Munfordville	2,477
Citizens Bank of Northern Kentucky, Inc.	Newport	6,620
Independence Bank of Kentucky	Owensboro	68,063
Peoples Bank & Trust Company	Owenton	693
The Paducah Bank and Trust Company	Paducah	36,376
Kentucky Bank	Paris	62,328
Farmers Bank and Trust Company, Princeton, Kentucky	Princeton	10,318
First & Peoples Bank	Russell	71,506
Kentucky Bank & Trust	Russell	197139
Citizens Union Bank of Shelbyville	Shelbyville	1,281
First Citizens Bank	Shepherdsville	95,970
Cumberland Security Bank, Inc.	Somerset	4,136
United Bank & Trust Company	Versailles	119
Eagle Bank, Inc.	Williamstown	5,953
Grant County Deposit Bank	Williamstown	1,869
Total		**$5,288,381**

BANK CHANGES 2002: New Bank Charters, Bank Conversions, Name Changes, Mergers, and Main Office Relocations

Charter Surrenders

11-25-02 People's Bank of Northern Kentucky, Crestview Hills, Kentucky

Charter Conversions

6-7-02 Madisonville Building & Loan converted to Federally Charted Savings Association and changed its name to Community First Bank.

12-13-02 Heritage First Bank, Lowes, converted to Federally Chartered Savings Association and relocated to Rome, Georgia.

12-31-02 First Community Bank of Western Kentucky, Inc, Clinton, Hickman County, Kentucky, converted from National Bank.

Name Change

8-22-02 USAccess Bank, Louisville changed its name to Ascencia Bank.

Main Office Relocations

1-2-02 Commonwealth Bank & Trust Company relocated its main office to The Summit I Building at 4350 Brownsboro Road, Suite 220, Louisville, Kentucky 40207

4-11-02 PBK Bank, Inc relocated its main office to 120 Frontier Boulevard, Stanford, Kentucky.

7-11-02 Bank of Ohio County relocated its main office to 1500 West Main Street, Beaver Dam, Kentucky

8-14-02 South Central Bank of Bowling Green, Inc., relocated its main office to 1757 Campbell Lane, Bowling Green, Kentucky.

9-9-02 Monticello Banking Company relocated its main office to 116 North Main Street, Monticello, Kentucky.

Mergers

4-1-02 Commonwealth Bank & Trust Company merged with Shelby County Trust Bank and will be known as Commonwealth Bank & Trust Company.

6-6-02 Edmonton State Bank merged with Peoples Bank of Tompkinsville.

7-12-02 AREA Bank and AREA Trust Company merged with Branch Banking & Trust Company (BB&T) of North Carolina.

7-12-02 The Vine Street Trust Company merged with Branch Banking & Trust Company (BB&T) of North Carolina.

7-17-02 Hebron Deposit Bank merged with First National Bank of Southwestern Ohio.

9-9-02 The Bank of Clinton County, Inc., Albany merged with The Monticello Banking Company of Monticello.

BANK CHANGES 2002: New Bank Charters, Bank Conversions, Name Changes, Mergers, and Main Office Relocations

9-13-02 Bank of Louisville merged with Branch Bank & Trust Company (BB&T) of North Carolina.

Loan Production Offices

6-11-02 First Security Bank of Lexington, Lexington, Kentucky established a Loan Production Office located at 120 North Third Street, Suite 101, Danville, Kentucky

8-1-02 Stock Yards Bank & Trust Company, Louisville, Kentucky established a Loan Production Office located at 1517 Gagel Avenue, Louisville, Kentucky

9-13-02 Bank of Magnolia, Magnolia, Kentucky established a Loan Production Office located at 790 Dixie Avenue, Elizabethtown, Kentucky

10-28-02 Commonwealth Bank & Trust Company, Louisville, Kentucky established a Loan Production office at 4350 Brownsboro Road, Louisville, Kentucky

12-10-02 Planters Bank, Inc, Hopkinsville, Christian County, Kentucky established a Loan Production Office at 1500 Madison Street B, Clarksville, Tennessee

CREDIT UNION DIVISION
Sixty-Ninth Annual
Credit Union Report

The Credit Union Branch supervises the activities of 37 Kentucky state-chartered credit unions, ranging in size from $4,354 to $537,960,631. While the number of credit unions under supervision by this branch continues to decline, total assets under supervision have increased. Kentucky state-chartered credit unions have total assets of $1,157,171,468 under supervision by the Credit Union Branch.

The Credit Union Branch consists of four employees. The structure of the Division's Credit Union Branch is as follows: Branch Manager, District Manager, and two Certified Examiners. The examiners' experience ranges from more than 14 to 29 years. Examiners are encouraged to further their education in specialized areas according to their personal growth plans and in keeping with the Department and/or Division needs for examiner expertise in specific areas.

The Credit Union Examiners utilize a Risk Focus Examination approach by rating Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk, and Reputation Risk. In addition, Information System Examinations are conducted. Compliance Risk will be a focus during 2003 examinations to ensure managements compliance with the new Financial Accounting Standard for the treatment of the Allowance for Loan and Lease Losses. In addition, compliance with the Office of Foreign Asset Control (OFAC) regulations will be monitored.

Kentucky state-chartered credit unions experienced another financially healthy year in 2002. Despite falling asset yields, earnings improved. Asset growth, while strong, was slower in 2002 than in 2001. Loan growth continued to lag behind asset growth.

The Department of Financial Institutions approved the following mergers during the year:

Merged	Merged With
St. Augustine Credit Union	C&O United Credit Union
Jockey International of KY Credit Union	GTKY Credit Union
Knottsville Credit Union	Green River Area Federal Credit Union
Transit Credit Union	C&O United Credit Union
Texas Gas Employees Credit Union	Kentucky Telco Federal Credit Union

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY STATE CHARTERED CREDIT UNIONS

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

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY STATE CHARTERED CREDIT UNIONS

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

SELECTED COMPOSITE OPERATING RATIOS
KENTUCKY STATE CHARTERED CREDIT UNIONS

Ratio Description	Dec-99	Dec-00	Dec-01	Dec-02
Capital Adequacy:				
NetWorth/Total Assets	15.37	15.34	14.49	14.49
Total Delinquent Loans/NetWorth	3.96	4.33	5.05	4.50
Asset Quality:				
Delinquent Loans/Total Loans	0.88	0.93	1.11	1.01
Net Charge-Offs/Avg Loans	0.53	0.47	0.51	0.61
Earnings:				
Return on Average Assets	1.12	1.01	0.98	1.06
Gross Income/Average Assets	8.48	8.70	8.43	7.40
Cost of Funds/Avg Assets	3.72	3.90	3.65	2.47
Operating Exp/Avg Assets	3.32	3.41	3.41	3.46
Provision For Loan Losses/Avg Assets	0.31	0.39	0.40	0.41
Fixed Assets & Oreos/Total Assets	2.47	2.65	3.01	2.64

REPORT OF CONDITION
KENTUCKY STATE CHARTERED CREDIT UNIONS

Name	City	Total Assets
Alcan Employees	Louisville	2,347,034
Ashland Inc Employees	Ashland	110,164,439
B. C. B. S.	Louisville	5,169,115
Berea	Berea	1,486,450
Bourbon	Louisville	199,272
Brown-Forman Employees	Louisville	6,559,578
C&O United	Edgewood	12,235,858
Commonwealth	Frankfort	537,960,631
Courier Journal And Times	Louisville	5,405,693
Covington City Employees	Covington	2,054,428
Fancy Farm	Fancy Farm	8,912,667
Ferry Morse (Fulton)	Fulton	317,517
GTKY	Lexington	51,404,336
K.A.W.A.	Lexington	447,768
Kemba Louisville	Louisville	34,153,065
Kenesco	Ashland	1,732,135
Kentucky Conference	Lexington	914,253
Kentucky Employees	Frankfort	47,239,279
Kitco Employees	Louisville	4,442,584
Letcher County Teachers	Whitesburg	923,467
Lexington Postal	Lexington	14,741,817
Louisville District Us Engineer Emp	Louisville	3,720,743
Louisville Federal	Louisville	25,566,577
Louisville Gas And Electric Company	Louisville	19,117,389
Louisville Naval Ordnance	Louisville	26,677,123
Louisville Police Officers	Louisville	10,868,838
Members Choice	Ashland	88,855,855
Members One Credit Union, Inc.	Louisville	4,385,769
Metro Employees	Lexington	8,086,091
Muhlenberg Community Hospital	Greenville	583,403
Newport Postal	Union	465,802
Paducah City Employees	Paducah	2,464,836
Rural Cooperatives	Louisville	33,894,800
Service One	Bowling Green	68,644,547
St. John's Parish	Covington	4,354
Tarcana	Louisville	3,156,959
Whitesville Community	Whitesville	11,866,996

SIXTH ANNUAL COMPLIANCE BRANCH REPORT

The Compliance Branch licenses and regulates mortgage brokers and companies, check cashers, consumer and industrial loan companies, and sale of checks. As of December 31, 2002, this branch supervised 1,429 licensees.

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

License Type	Number Of Licensees December 31, 2001	Number Of Licensees December 31, 2002
Mortgage Companies	81	81
Mortgage Brokers	424	436
Check Cashers	442	470
Consumer Loan Companies	346	344
Industrial Loan Companies	70	67
Sale of Checks	29	31
TOTAL	1,392	1,429

There were 242 Compliance Branch written consumer complaints received by the Department during 2002. The breakdown is as follows:

	Number Of Written Complaints
Mortgage Companies	83
Mortgage Brokers	109
Check Cashers	18
Consumer Loan Companies	32
Industrial Loan Companies	0
Sale of Checks	0
TOTAL	242

During 2002, the number of examinations conducted by the Compliance Branch are as follows:

	Number Of Examinations
Mortgage Companies	23
Mortgage Brokers	200
Check Cashers	448
Consumer Loan Companies	337
Industrial Loan Companies	70
Sale of Checks	1
TOTAL	1,079

In 2002, a total of thirty three thousand five hundred dollars ($33,500) in fines were assessed against various mortgage companies and mortgage brokers. For the same time period, license revocations were as follows: nine mortgage brokers, two mortgage loan companies, and two check cashers. One mortgage broker license was suspended for two years.

The Compliance Branch is staffed with ten 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 collectively have in excess of one hundred years experience and are highly trained in their respective areas. They are located in Bowling Green, Madisonville, Louisville, Lexington, Nicholasville, and Versailles.

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

During calendar year 2002, the Compliance Branch examination staff attended several schools and conferences that provided continuing education in their respective fields. The American Association of Residential Mortgage Regulators (AARMR) provides a five-day examiner school annually in Washington, DC. All four of the mortgage examiners attend each year. The topics covered vary from year to year, but most importantly this particular school keeps the mortgage staff current in changes to federal laws and regulations. Every two years, AARMR offers a three-day fraud school in addition to the examiner school and the entire mortgage staff attends. Consumer loan company, industrial loan company and check casher examiners attend the National Association of Consumer Credit Administrators (NACCA) annual five-day examiner school held in various locations throughout the United States. As with the AARMR examiner school, this school provides for continuing education and updates on the changes in federal laws and regulations.

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY CONSUMER LOAN COMPANIES (dollar amounts in millions)

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

CONSOLIDATED REPORT OF CONDITION
KENTUCKY CONSUMER LOAN COMPANIES

	Dec. 31, 2002	Change	Dec. 31, 2001
Number of Licences	344 CL Cos.		346 CL Cos.
Assets			
Cash and Due from Depositor Institutions	5,637,423	45.03%	3,887,032
Total Loans Receivable, Net of Unearned Interest and Reserves	614,713,910	15.33%	533,019,443
Premises and Fixed Assets (Net of Depreciation)	4,898,087	-2.85%	5,041,733
Deferred Charges and Prepaid Expenses	4,535,921	-13.02%	5,215,093
Other Assets Used in Consumer Loan Business	11,466,823	-71.26%	39,895,549
Total Assets Used in Consumer Loan Business	**641,252,164**	**9.23%**	**587,058,850**
Liabilities & Capital or Net Worth			
Total Liabilities	530,427,571	31.56%	403,189,875
Total Capital	110,824,593	-39.73%	183,868,975
Total Liabilities & Capital or Net Worth	**641,252,164**	**9.23%**	**587,058,850**
Loans Made In 2002 Classified By Collateral Kentucky Consumer Loan Companies			
Collateral			
Personal Items/Household Goods	306,240,209	158.88%	118,294,189
Motor Vehicles	74,046,402	-6.07%	78,831,453
Motor Vehicles & Personal Items	127,935,124	25.82%	101,680,934
Real Estate	30,572,134	-18.00%	37,281,248
Unsecured Notes	108,250,125	-49.04%	212,410,653
Endorsed and/or Co-Maker Notes	6,074,044	-19.11%	7,508,598
Other Considerations	20,627,739	-25.90%	27,838,320
Total	**673,745,777**	**15.40%**	**583,845,395**

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY INDUSTRIAL LOAN COMPANIES

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

ANNUAL CONSOLIDATED STATEMENT OF ASSETS
KENTUCKY INDUSTRIAL LOAN COMPANIES

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

INDUSTRIAL LOAN COMPANIES
CONSOLIDATED REPORT OF CONDITION

	Dec. 31, 2002 67 I. L. Cos.	Change	Dec. 31, 2001 70 I. L. Cos.
Assets			
Cash on hand	0	0.00%	0
Cash in Depository Institutions	142,655	-41.45%	243,646
Investments	0	0.00%	0
Industrial Loans	16,776,170	36.86%	12,257,809
Cond. Sales Contracts	0	0.00%	0
Other Loans	36,768	NA	0
Total Loans	16,812,938	37.16%	12,257,809
Less: Unearned Interest	227,689	-44.34%	409,106
Reserve for Loan Loss	621,506	89.21%	328,479
Loans, Net of Unearned Interest and Reserves	15,963,743	38.57%	11,520,224
Premises and Fixed Assets	0	0.00%	0
Other Assets	755,158	203.12%	249,131
Total Assets	**16,861,557**	**40.36%**	**12,013,001**
Liabilities			
Certificates of Investment	0	0.00%	0
Other Borrowed Money	14,704,074	28.66%	11,428,376
Other Liabilities	334,250	174.68%	121,687
Total Liabilities	**15,038,325**	**30.20%**	**11,550,063**
Equity Capital			
Capital Stock	500,000	10.62%	452,000
Surplus & Undivided Profits	120,738	-41.37%	205,942
Current Earnings	1,202,494	716.65%	-195,004
Total Equity Capital	1,823,232	293.84%	462,938
Total Liabilities & Equity Capital	**16,861,557**	**40.36%**	**12,013,001**

DIVISION OF SECURITIES

Seventeenth Annual Securities Report

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

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

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

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

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

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

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

REPORT OF THE DIVISION OF SECURITIES YEAR-END 2002

BROKER - DEALERS, AGENTS, ADVISORS AND REPRESENTATIVES

Registrations and Filings	2002
Broker-Dealer Registration	
New Applications	144
Approvals	163
Withdrawals	2
Terminations	208
Total Registered at Year End	1,677
Broker-Dealer Agent Registrations	
New Applications	2,448
Approvals - New and Transfers	22,815
Terminations	26,708
Total Registered at Year End	**66,264**
State Investment Advisers	
New Applications	7
Approvals	7
Terminations	10
Total Registered at Year End	136
Federal Covered Investment Advisers	
Total Effective Notice Filings at Year End	591
Investment Adviser Representatives	
Total Registered at Year End (estimate)	775

ENFORCEMENT BRANCH

Investigations Made	2002
Referrals To Outside Agency/Entity	13
Referrals From Outside Agency/Entity	3
Investigations Opened	51
Investigations Closed	69

COMPLIANCE BRANCH

Examinations Conducted	2002
Broker Dealer	
Main Office	3
Branch Office	90
Non-Branch Office	61
Broker Dealer Total	**154**
Investment Adviser	45
Issuer Agent	
Main Office	14
Visits	3
Satellite Office	2
Issuer Agent Total	19
Grand Total	218

CORPORATION FINANCE

	2002
Registrations	
By Coordination	39
By Qualification	3
By Notification	0
Notice Filings	
Investment Companies–New	758
Investment Companies–Renewals	3,544
Unit Investment Trusts	560
Reg. D, Rule 506 Offerings343	
Exemptions	
Claims of Exemption Requested	102
Total	**5,349**

2002 KENTUCKY HEADQUARTERED BROKER DEALER COMPANIES

Name	Address	City
Alexander Investment Services	12700 Shelbyville Road	Louisville
Churchill Financial, LLC	1406 Browns Lane, Suite 200	Louisville
Dupree & Company, Inc.	125 South Mill Street	Lexington
Eitel & Company	6002 Brownsboro Park Boulevard	Louisville
First Kentucky Securities Corporation	305 Ann Street, Suite 400	Frankfort
Interactive Planning Corp.	131 Prosperous Place, Suite 17	Lexington
Investment Bank Services, Inc.	6200 Dutchman's Lane	Louisville
Inviva Securities Corporation	300 Distillery Commons, Suite 300	Louisville
J.J.B. Hilliard, W.L. Lyons, Inc.	Hilliard Lyons Center	Louisville
Lexington Investment Company, Inc.	2365 Harrodsburg Road, Suite B375	Lexington
Maxxtrade, Inc.	880 Corporate Drive, Suite 410	Lexington
Nancy Barron & Associates, Inc.	150 Grand Boulevard	Lexington
Ridgemont Securities, Inc.	1945 Scottsville Road, B-2	Bowling Green
Rise, Inc.	8143 New LaGrange Road	Louisville
Sachs, Company	1346 South Third Street	Louisville
Winebrenner Capital Partners, LLC	2300 Greene Way, Suite 200	Louisville

2002 KENTUCKY HEADQUARTERED REGISTERED INVESTMENT ADVISERS

Name	City, State
Accredited Financial Advising	Lexington, KY
Albert L. Earley, Jr.	Louisville, KY
Alleghan Investment Management, Inc.	Lexington, KY
Argus Investment Management	Louisville, KY
Bridges Capital Management, Inc.	Louisville, KY
Bryon N. Milby, CPA	Campbellsville, KY
Capital Advisors Group, Inc.	Lexington, KY
Capital Asset Management Corporation	Louisville, KY
Capital Investment Management, Inc.	Leitchfield, KY
Capital Planning Services, Inc.	Louisville, KY
ChiVest , LLC	Louisville, KY
Christina Vittitow O'Bryan, CFP	Owensboro, KY
Churchill Financial, LLC	Louisville, Ky
Civello Investment Advisory	Louisville, KY
Coats Financial Planning	Louisville, KY
Cole Management, Inc.	Shelbyville, KY
Cotton and Allen Financial Group, LLC	Louisville, KY
E&S Financial Services, LLC	Louisville, KY
Eitel Investment Management	Louisville, KY
Equity Advisors of Kentucky , Inc.	Louisville, Ky
Equity Resources, LLC	Louisville, KY
Family Wealth Counseling, Inc.	Louisville, KY
Financial Architects, Inc.	Louisville, KY
Financial Services Advisory, Inc.	Louisville, KY
Gerald Lee Minnis Advisory	Louisville, KY
Goldenrod Capital Advisers, Inc.	Fisherville, KY
Hancock & Born Financial Consulting, Inc.	Danville, KY
Hatfield and Company	Crestview Hills, KY
Heritage Financial Group, Inc.	Paducah, KY
Highland Financial Management, Inc.	Louisville, KY
Hissong Investment Management	Louisville, KY
Horizon Financial Services, Inc.	Paducah, Ky
Invest, Inc.	Lexington, KY
Investment Research Advisory Corp	Louisville, KY
Investment Strategies Inc.	Louisville, KY
Jim Grote	Louisville, KY
John C. Muir & Company	Mayfield, KY
John Patrick Anderson	Lexington, KY
Keepsake Management	Lexington, KY
Key Market Research, LLC	Louisville, KY
KFG Private Client Services, LLC	Louisville, KY

2002 KENTUCKY HEADQUARTERED REGISTERED INVESTMENT ADVISERS

Name	City, State
Landmark Financial Advisors, LLC	Bowling Green, KY
Lawrence J. Botzman CFP	Somerset, KY
Leonard Joseph Schneck, Ph.D.	Lexington, KY
Mid Central Financial Advisors, Inc.	Covington, KY
Millson/Walker Financial Group, Ltd.	Florence, KY
Mohr Financial Services, Inc.	Fort Wright, KY
Money Matters, Inc.	Morehead, KY
Moneywise, Inc.	Lexington, KY
Morgan Money Management, Inc.	Paducah, KY
Nina M. Wyatt & Associates, LLC	Owensboro, KY
P.T. Bloyd & Associates, Inc.	Louisville, Ky
PainterFinancial	Greenville, KY
Palmer Capital Management, Inc.	Florence, KY
Pierce Financial Planning, Inc.	Lexington, KY
Pillar Financial Advisors, LLC	Louisville, KY
Radwan, Brown Consulting, LLC	Lexington, KY
Red Hawk Capital Management	Louisville, KY
Regional Investment Advisors, Inc.	Louisville, Ky
Resource Advisors, Inc.	Louisville, KY
Resource Design, Inc.	Edgewood, KY
RiverCities Asset Management, LLC	Owensboro, KY
Robert M. Walker & Associates, Inc.	Louisville, KY
Ron Beaton's Money Matters	Paducah, KY
Scearce Services, Inc.	Lexington, KY
Senior Wealth Management Solutions	Lexington, KY
Spectrum Financial Alliance	Nicholasville, KY
Stivers Consulting, Inc	Lexington, KY
Stratton Financial Services, Inc.	Frankfort, Ky
Sullivan, Morris, Sullivan and Hart, P.S.C.	Lexington, KY
Thomas E. Hatton, Private Asset Management	Henderson, KY
Thomas J. Gorter	Louisville, KY
Thomas M. Zalla, CFP / PhD	Ft. Wright, KY
Thompson Investment Advisors, Inc.	Louisville, KY
Thurn Financial Planning, LLC	Lexington, KY
Venture Management Group, Inc.	Louisville, KY
Walker Financial Services, Inc	Bowling Green, KY
Wealth Investment Network, Inc.	Edgewood, Ky
William E. Sawyer dba Conservative Asset Management	Louisville, KY
William W. Cox, Jr.	Paducah, KY
Winebrenner Investment Advisors LLC	Louisville, KY

The financial information in this report is based upon unverified figures furnished in December 31, 2002 call reports.

Subsequent amendments to call reports are not reflected.

PAID FOR WITH STATE FUNDS

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