

Department of Financial Institutions



**Charles W. Phillips
Director**

**Annual Report
Year Ended December 31, 2002**

State of Indiana

**Frank O'Bannon
Governor**

**Joseph Kernan
Lieutenant Governor**

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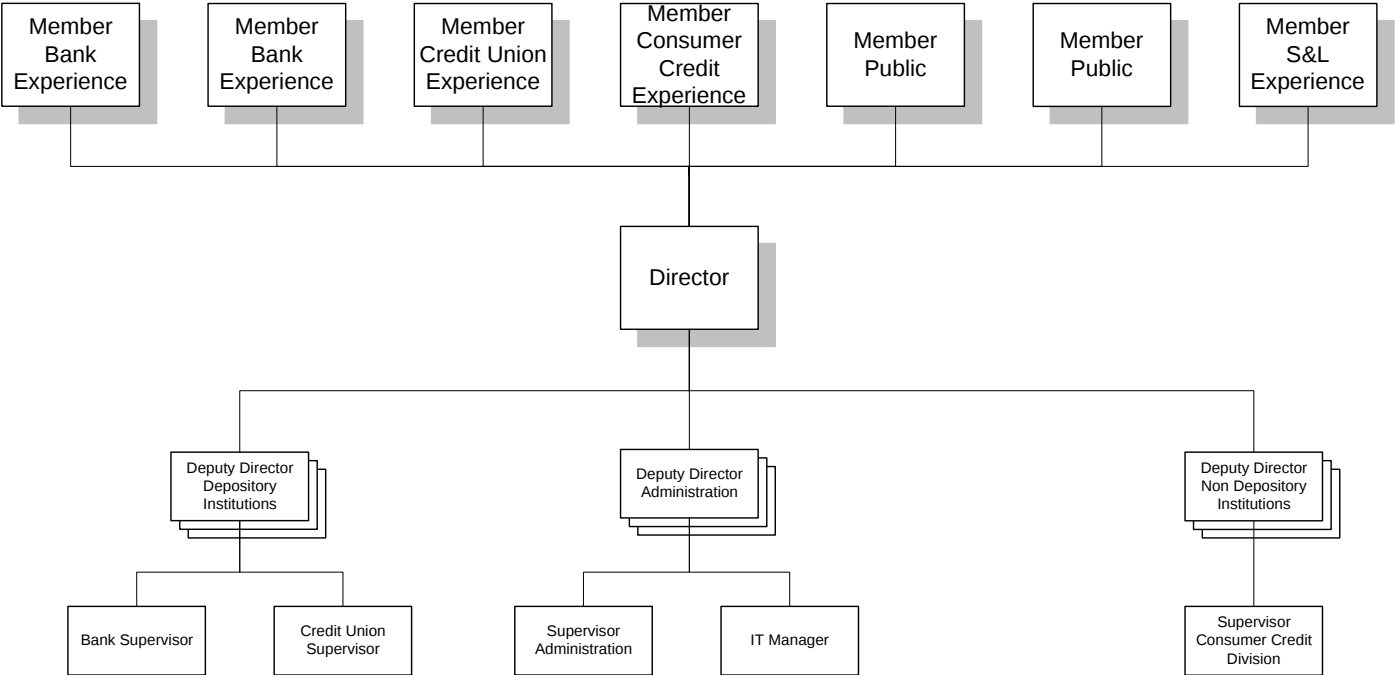


Judy Jones
Voice of the Department



Lisa Ho
Administration—IT Division

Department of Financial Institutions



DEPARTMENT OF FINANCIAL INSTITUTIONS

DIRECTORS (1933 - 2002)

DIRECTOR	FROM		TO	
Richard McKinley	January	1933	November	1939
Ross H. Wallace	January	1940	June	1943
A.J. Stevenson	July	1943	December	1944
Joseph McCord	January	1945	September	1965
Donald H. Sauer	October	1965	June	1969
James Faris	July	1969	June	1980
William T. Ray	July	1980	June	1983
Ruth D. Harrison	July	1983	May	1989
Charles W. Phillips	June	1989		Present



DEPARTMENT OF FINANCIAL INSTITUTIONS

HISTORICAL NOTES

- 1873 Indiana Discount and Deposit Act established a Division of Bank Examination and Supervision with the Office of the Auditor of State.
- 1920 Southworth-Symons Act established a separate Department of Banks and Trust Companies.
- 1933 Financial Institutions Act established the Department of Financial Institutions based on the findings and recommendations of the 1932 Study Commission for Indiana Financial Institutions.

MISSION STATEMENT

To regulate and supervise state chartered commercial banks, trust companies, savings banks, savings and loans associations, credit unions, pawnbrokers, money transmitters, industrial loan and investment companies, budget service companies, rental/purchase businesses, check cashers, licensees under the Small Loan Act, and licensees under the Uniform Consumer Credit Code in a manner that -

- assures the residents of Indiana adequate and proper financial services
- protects the interest of depositors, borrowers, shareholders and consumers
- promotes safety and soundness in Indiana financial institutions

To promote state regulatory initiatives, equality with federal regulatory agencies, and the dual banking system through responsible supervisory actions, verbal and written communications and the quality deliverance of services under our jurisdiction.

To maintain a qualified, diversified professional staff through careful screening of new hires; prompt communication of changes in procedures and policies; fair and equitable treatment in promotions, salary increases, and job assignments; continuing education and training; annual performance evaluations and acknowledgment of the worth and value of our employees' contribution to the fulfillment of our responsibilities as defined by Indiana Statutes.

To maintain a positive, professional, and less intrusive relationship with our constituents (the financial institutions we regulate, other state and federal regulatory agencies, state and national financial associations and state and national legislative bodies) as partners for better banking, expanded services and faith and trust in Indiana institutions.

To maintain an atmosphere and operation conducive to flexibility and sensitive to a changing financial environment, technological advancements and broadening customer needs.

To ensure that the allocation of human, as well as operational resources, is accomplished in the most efficient, effective manner within the confines of a "smaller and smarter" environment.

MEMBERS OF THE DEPARTMENT

David A. Bochnowski, Chairman
Munster
Savings Bank Member

Loretta M. Burd, Vice Chairwoman
Columbus
Credit Union Member

David D. Baer
Bloomington
Banking Member

Briget Polichene
Indianapolis
Member at Large

Michael W. Davis
Muncie
Consumer Credit Member

James L. Saner Sr.
Greensburg
Banking Member

Anthony J. Zaleski, Jr.
Munster
Member at Large

MEMBERS PROFILES

Name: David Bochnowski

Business Address: Peoples Bank SB
9204 Columbia Avenue
Munster, IN 46321

Business Title: Chairman and CEO

Professional/Civic Affiliations: Trustee for the Munster Community Hospital, Commissioner of the Chicago Airport Authority, serves on the local board of Habitat for Humanity and trustee of the Banker's Association Medical Insurance Trust. Former Chairman, America's Community Bankers

Education: Georgetown University
Howard University

Name: Briget Polichene

Business Address: Citigroup State and Local Government Relations
527 West 46th Street
Indianapolis, IN 46208

Business Title: Vice President and General Counsel
Citigroup State and Local Government Relations

Volunteer Service/Boards: Member of the District of Columbia and Indiana Bars

Education: The Johns Hopkins University
J.D., Duke University School of Law

MEMBERS PROFILE

Name: David Baer

Business Address: Monroe County Bank
210 East Kirkwood
Bloomington, IN 47408

Business Title: Former Chairman of the Board, Monroe Bancorp

Professional/Civic Affiliations: Aviation Board for the Monroe County Airport
Navy flight training program/Atomic Weapons Delivery
Past Chairman of the Indiana Bankers Association

Education: University of Iowa

Name: Loretta Burd

Business Address: Centra Credit Union
1430 National Road
Columbus, IN 47201

Business Title: President/CEO Centra Credit Union

Professional/Civic Affiliations: Chairman of Indiana Corporate Credit Union Board of Directors
Vice Chairman of Credit Union Centers of Indianapolis Board of Directors
Chairman of the Columbus Chamber of Commerce Board of Directors

Education: University of Wisconsin
College of Financial Planning
University of Indianapolis

MEMBERS PROFILE

Name: Michael W. Davis

Business Address: 5504 Autumn Springs Court
Muncie, IN 47304

Business Title: Former Acquisitions Analyst (20 Years)
General Motors Acceptance Corporation

Professional/Civic Affiliations: Served in the United States Air Force 1965 - 1969

Education: Evansville College

Name: James L. Saner Sr.

Business Address: MainSource Financial Group, Inc.
201 North Broadway
Greensburg, IN 47240

Business Title: President & CEO of MainSource Financial Group, Inc.

Professional/Civic Affiliations: Past Chairman - Community Bankers Association of Indiana

Education: Thomas More College
University of West Virginia

MEMBERS PROFILE

Name: Tony Zaleski

Business Address: Tony Zaleski and Associates
3026 45th Street
Highland, IN 46322

Business Title: Real Estate Broker and Appraiser

Professional/Civic Affiliations: Northwest Indiana Board of Realtors, Board of Directors
Member of the Indiana General Assembly 1968 - 1982

Education: Indiana University

DEPARTMENT PERSONNEL

Charles W. Phillips, Director

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

James M. Cooper, Deputy Director
Randall L. Rowe, Bank Supervisor
Vacant, Administrative Assistant
Ronda K. Bailey, Executive Secretary

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst
Gina R. Williams, Senior Bank Analyst
Troy D. Pogue, EDP Specialist

REGULATION & SUPERVISION

Douglas H. Tussey, Institutional Risk Analyst
Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF

DISTRICT 1

Mark T. Gray, Regional Field Supervisor
J. Deron Thompson, Assistant Regional Field Supervisor

David H. Hoeferkamp – I
Francis J. Tata – I
Jacob P. Swanson – I
Marc A. Ward – I
Chad L. Kozuch – II
Thomas Fite – II

Vernita L. Early – III
Dee Gloy – III
Rod A. Klingler – III
Chris Dietz – III
Al Westfall – III

DISTRICT 2

Paul G. Brockman, Regional Field Supervisor
Mark A. Moreland, Assistant Regional Field Supervisor

Lee T. Reid – I
Eric S. Neal – I
Stacey L. Bostock – I
Steven R. Wachter – I

Robin R. Upchurch – I
Janelle Tierney – II
Della Moore – IV
Matt Howrey – IV

Roman numerals denote field examiner grade level

DIVISION OF CREDIT UNIONS

James M. Cooper, Deputy Director
Mark K. Powell, Supervisor
David D. Pogue, Field Supervisor

Mark A. Walters – I
John Sigman – III

Jon Bell – II
D. Scott Shelton – III

DIVISION OF NON-DEPOSITORY INSTITUTIONS

J. Philip Goddard, Deputy Director
Mark B. Tarpey, Supervisor-Consumer Credit Division
Donna R. Kaye, Administrative Assistant to the Supervisor

CONSUMER CREDIT EXAMINATION STAFF

DISTRICT 1

Rick A. Bane, Field Supervisor
James D. Harrell – WLI
Charles L. Murray – II
John D. Heckard – II
Ned W. Brown – II
George M. Hicks – II

DISTRICT 2

Robert W. Benbow, Field Supervisor
LeRoy H. Janz, Jr. – II
Kent D. Sager – II
Scott Imbus – II

Roman Numerals denote field examiner grade level.

LEGAL DIVISION

J. Philip Goddard, Chief Counsel

DIVISION OF ADMINISTRATION

Charles T. Stumpf, Jr., C.P.A. - Deputy Director
John J. Schroeder - Supervisor of Administration
Daniel T. Burkman - IT Manager
P. David Larson - Senior Systems Analyst
Lisa Ho - Software Specialist
Virginia M. Stowers - UCCC Filing Supervisor
Beth A. Risacher - Program Coordinator
Janice L. Davis - Personnel Assistant
Jan L. Rilenge - Accountant
Renita D. Stubbs - Administrative Assistant

OFFICE SUPPORT STAFF

Judy C. Jones, Administration Division
Barbara J. Cole, Bank Division
Mary L. Harris, Consumer Credit and
Credit Union Divisions

DEPARTMENT OVERVIEW

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933. This act commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened to include the supervision of pawnbrokers, licensees under the Uniform Consumer Credit Code, licensees under the Indiana Small Loan Act, industrial loan and investment companies, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies.

The policy-making power of the Department is vested in a bipartisan board of seven Members who are appointed by the Governor. Indiana law requires that two of the Members shall be persons of practical experience at the executive level of a state chartered bank; one Member shall be a person of practical experience at the executive level of a state chartered building and loan association; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4.5; and one member shall be a person of practical experience at the executive level of a state chartered credit union. In the appointment of the other two Members of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state.

The chief executive and administrative officer of the Department is the Director. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

The Department works directly with the institutions it regulates, and through examination and supervisory activities endeavors to assure the public of adequate and proper services from such institutions. It seeks to assure the protection of the interests of depositors, borrowers, shareholders, and consumers.

Within the Department there are six divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Building and Loan Associations, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

The Department's revenue is derived solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.



REVENUE AND EXPENDITURES

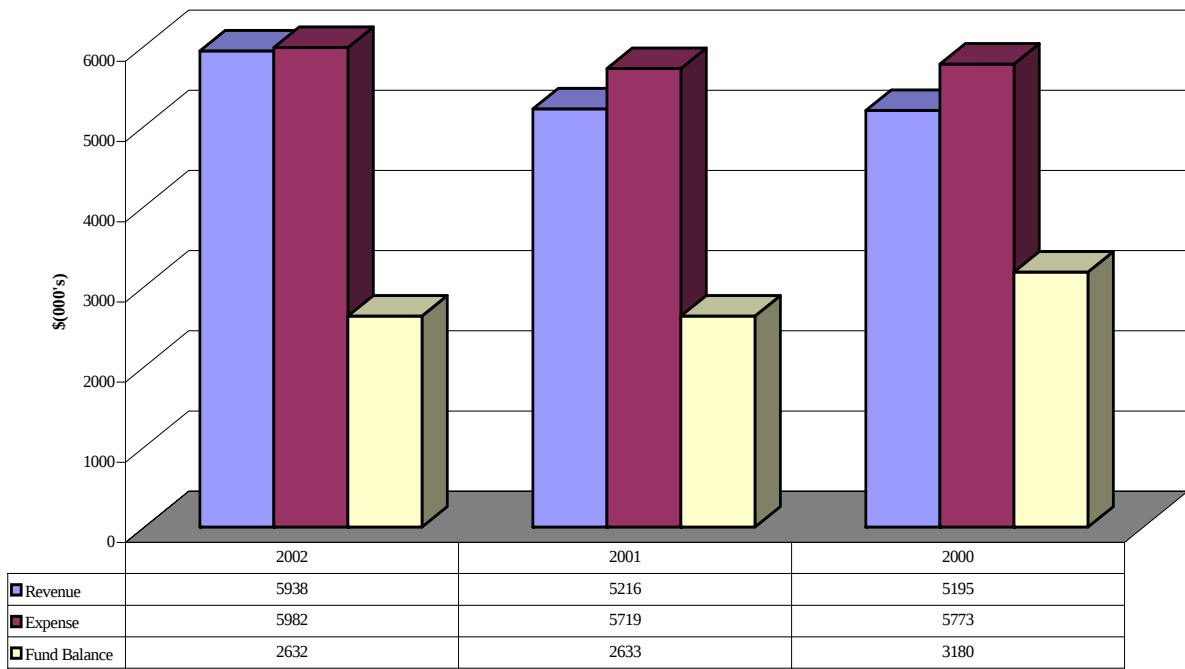
<u>REVENUE</u>	2002	2001	2000
BANK FEES	\$2,602,074	\$2,059,586	\$2,146,500
SAVINGS & LOAN EXAMINATION FEES	51,985	51,783	48,003
CREDIT UNION EXAMINATION FEES	565,935	540,286	534,883
PAWNBROKING LICENSING FEES	73,710	70,440	85,115
APPLICATION FEES	71,339	59,661	78,284
BUDGET SERVICE COMPANY FEES	600	1,100	300
UCCC FEES	2,512,186	2,370,856	2,245,081
RENTAL/PURCHASE LICENSE	33,645	33,006	32,600
MONEY TRANSMITTER FEES	12,015	12,015	12,190
CHECK CASHERS FEES	14,575	17,500	12,200
TOTAL REVENUE	\$5,938,064	\$5,216,233	\$5,195,156

EXPENDITURES

PERSONNEL COSTS	\$4,938,897	\$4,797,470	\$4,800,304
UTILITIES, POSTAGE, AND SUBSCRIPTIONS	173,767	141,436	158,935
CONTRACT SERVICES	117,165	124,828	111,687
OFFICE SUPPLIES	34,689	33,257	34,502
EQUIPMENT/EDP DEVELOPMENT/SOFTWARE	204,734	29,878	39,292
TRAVEL IN-STATE	393,583	425,092	484,384
TRAVEL OUT-OF-STATE	9,971	13,016	11,375
PERSONNEL DEVELOPMENT & RELATED TRAVEL	109,602	154,386	132,937
TOTAL EXPENDITURES	\$5,982,408	\$5,719,363	\$5,773,416

NET REVENUE (EXPENDITURES)	(44,344)	(503,130)	(578,260)
CASH BALANCE, JULY 1	2,682,055	3,185,185	3,763,445
CASH BALANCE, JUNE 30	2,637,711	2,682,055	3,185,185
LESS ENCUMBRANCES	5,550	49,144	5,333
FUND BALANCE, JUNE 30	\$2,632,161	\$2,632,911	\$3,179,852

Revenue & Expenditures





Randy Rowe
Bank Division Supervisor

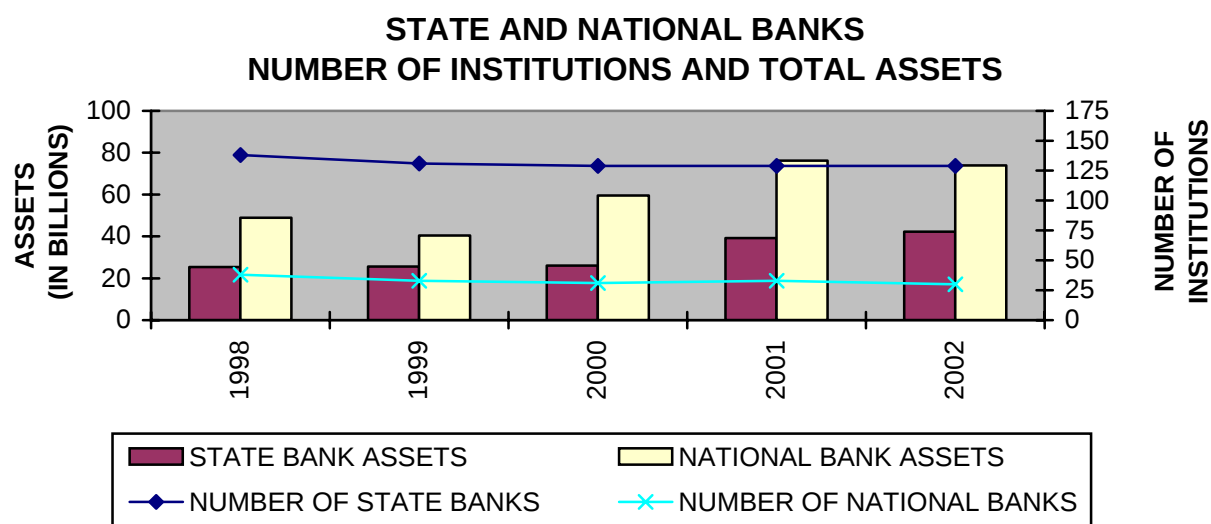


Ronda Bailey
Bank Division

DEPOSITORY DIVISION

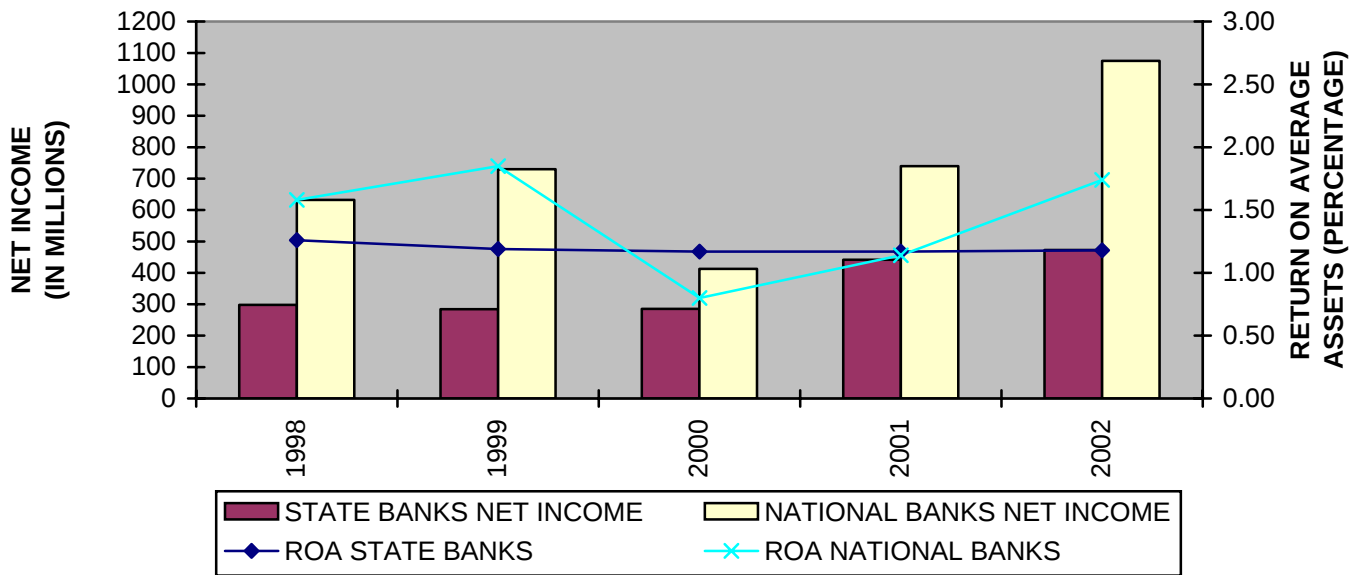
The number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities remained consistent at 129 throughout the calendar year of 2002. National banks in Indiana decreased from 33 to 30 during the same period. Total state chartered supervised assets increased during the 2002 calendar year from \$39.2 billion to \$42.2 billion. This increase is due to the stability and growth of the existing state chartered financial institutions. National bank assets decreased slightly from \$76.2 billion to \$73.9 billion in the calendar year 2002. As of December 31, 2002, state-chartered commercial banks represented 36.3% of total Indiana bank assets (state and national). In contrast, state-chartered commercial banks represented 81% of the total number of such banks in the state of Indiana.

During 2002, two financial institutions converted from federal charter to state chartered commercial banks. Two state bank charters were eliminated through mergers with other state or national banks.



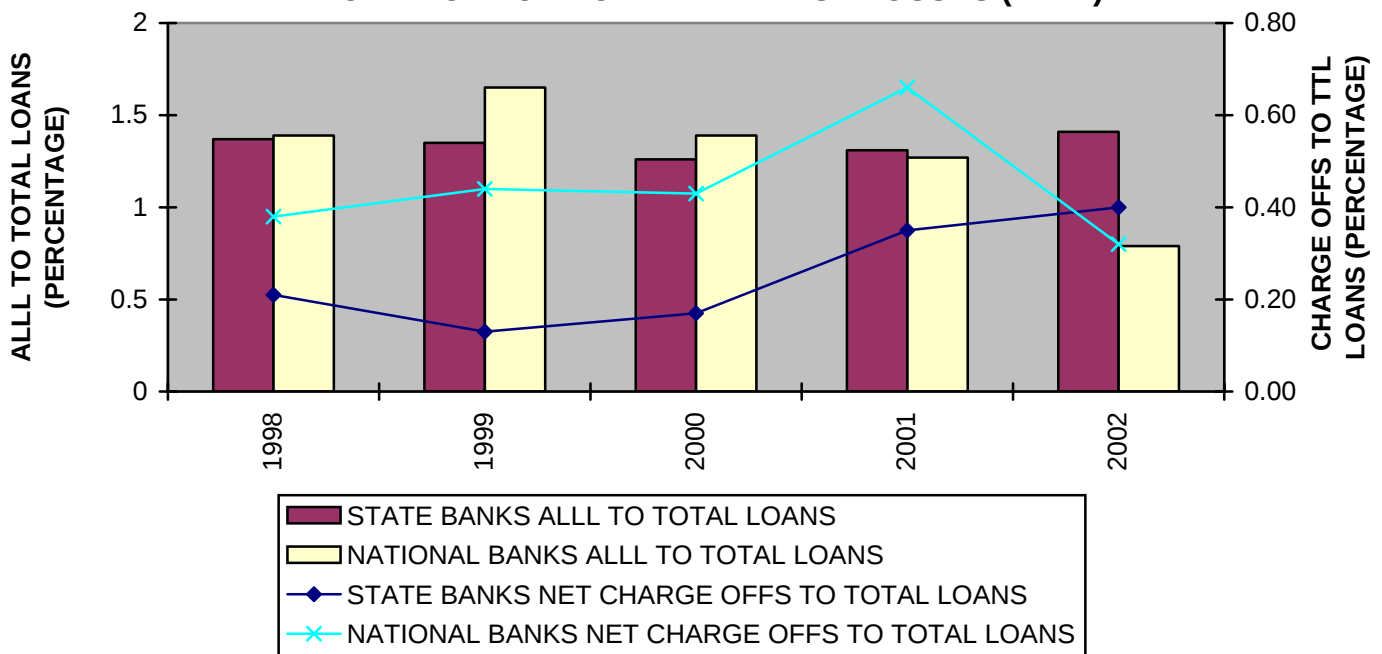
Both state and national banks have had very stable performance over the last five years. The sustained profitability measure is attributed to strong loan growth and maintenance of sound credit quality. The net income for state-chartered financial institutions over the past five years is \$298 million in 1998, \$284 million in 1999, \$285 million in 2000, \$442 million in 2001, and \$473 million in 2002. Net income as a percentage of assets (in the aggregate) for the calendar year 2002 increased slightly to 1.18% from 1.17% for 2001. This compares to the five-year high mark of 1.26% in 1998. The net income for national banks in Indiana over the past five years starting with 1998 is \$632 million, \$730 million, \$413 million, \$740 million, and \$1,075 million, respectively. The aggregate ROA for national banks over the same period has ranged from a high of 1.85% in 1999, to a low of 0.80% in 2000, and includes the 2002 level of 1.74%. The significant decrease in net income for national banks during the calendar year 2000 is attributed to large charge offs due to business restructuring by one of the larger national institutions.

STATE AND NATIONAL BANKS INCOME TRENDS

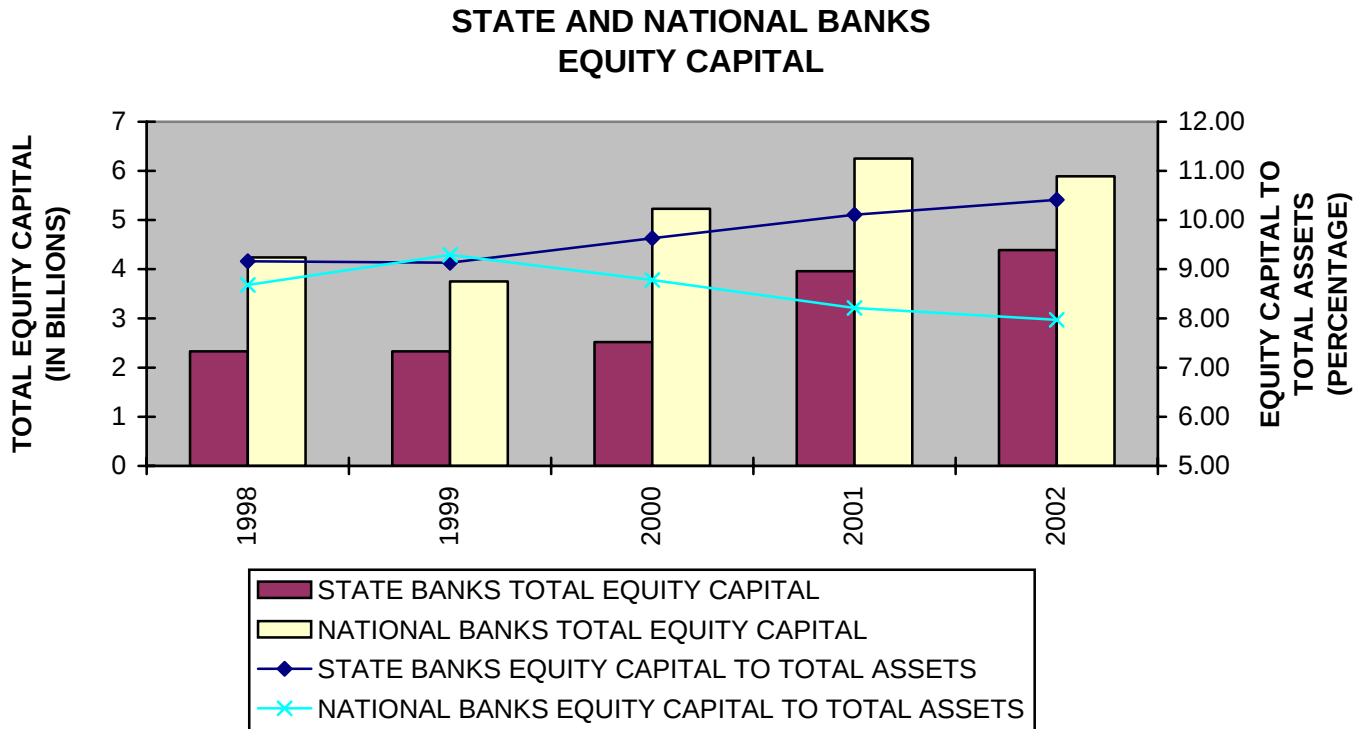


The allowance for loan and lease losses and net charge offs for state banks have remained consistent over the last five years. The aggregate allowance for loan and lease losses for Indiana state chartered banks reached a five year high of 1.41% in 2002 from 1.37% as of year-end 1998 and a low of 1.26% in 2000. The aggregate allowance for loan and lease losses for national banks in Indiana ranges from 1.39% in 1998, to a high of 1.65% in 1999, and a low of 0.79% in 2002. Net charge offs for state banks for the 2002 calendar year increased to 0.40% compared to 0.35% in 2001. Net charge offs for national banks ranged from 0.38% in 1998, to 0.66% for calendar year 2001, to 0.32% in 2002.

STATE AND NATIONAL BANKS ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)

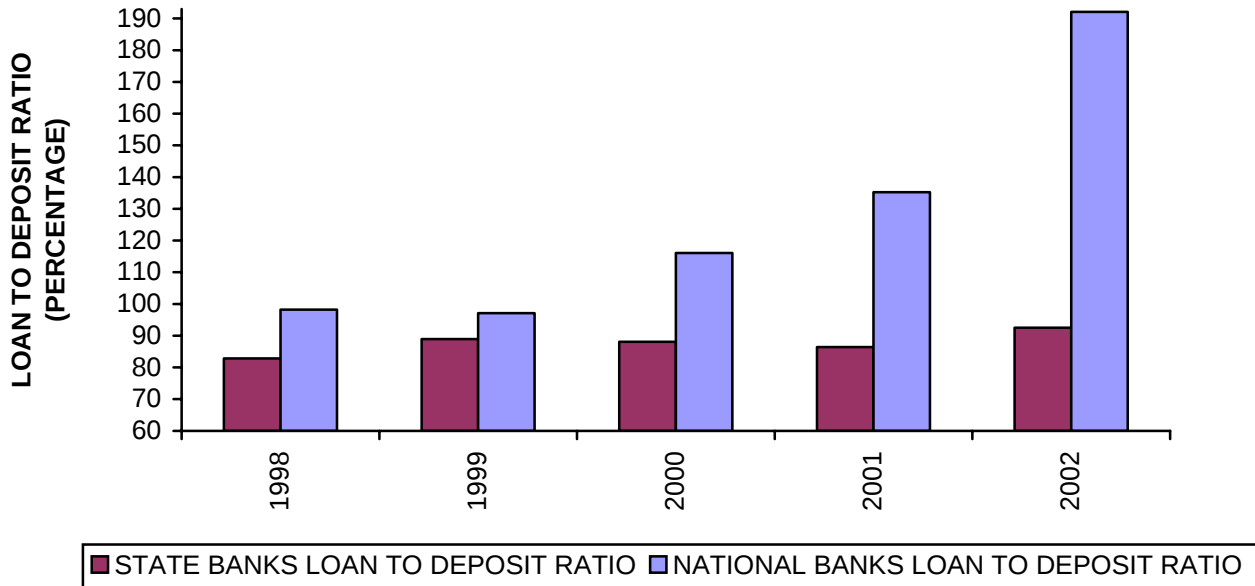


Total equity capital for Indiana state chartered banks has increased from \$2.33 billion as of December 31, 1998, to \$4.39 billion as of December 31, 2002, or a 88.41% increase. Total equity capital for national banks in Indiana has increased from \$4.24 billion in 1998 to \$5.89 billion as of year-end 2002, or a 38.92% increase. The ratio of total equity capital to total assets has increased from 9.16% to 10.41% for state chartered institutions from year-end 1998 to year-end 2002. The ratio of total equity capital to total assets for national banks over the same period has ranged from 8.68% in 1998 to a high of 9.29% in 1999 and a low of 7.97% in 2002.



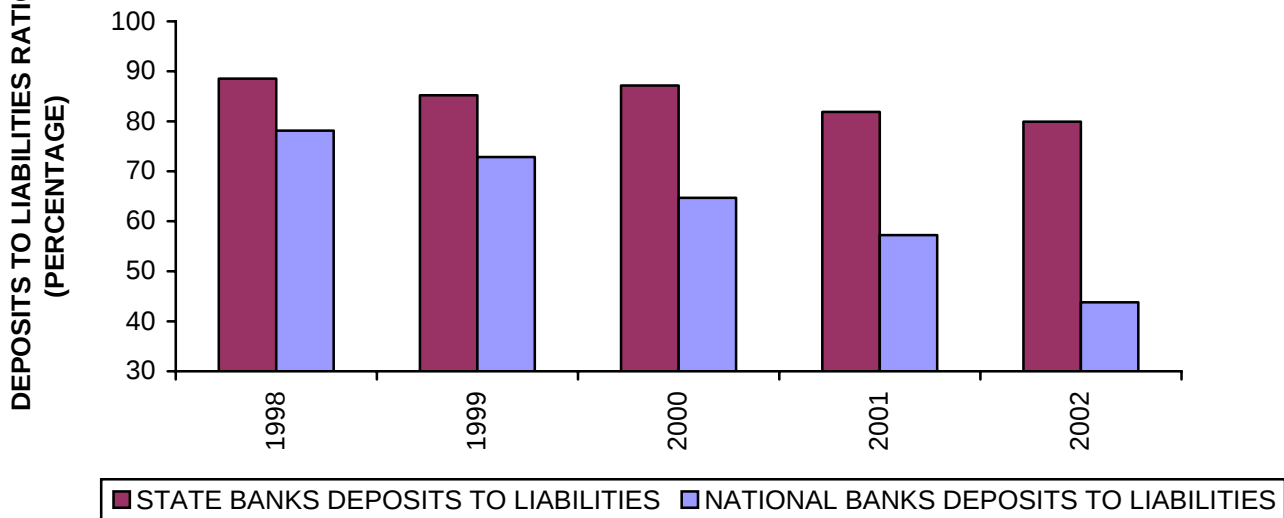
The ratio of loans to deposits has continued to increase over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have increased from \$16.9 billion in 1998 to \$28.0 billion in 2002, or a 65.7% increase. In contrast, total deposits for state banks increased from \$20.4 billion to \$30.2 billion in 2002, or an increase of 48%. Total loans for national banks in Indiana have increased from \$34.3 billion in 1998 to \$57.2 billion as of December 31, 2002. Total deposits for national banks decreased from \$34.9 billion as of December 31, 1998 to \$29.8 billion as of December 31, 2002. The major reason for the decrease in deposits by national banks was the merger of Bank One, Indiana, National Association, Indianapolis with and into Bank One, National Association, Chicago, Illinois on August 22, 2002. As of June 30, 2002, Bank One, Indiana, National Association had total deposits of \$9.3 billion and total loans of \$6.1 billion.

STATE AND NATIONAL BANKS LOAN TO DEPOSIT RATIOS

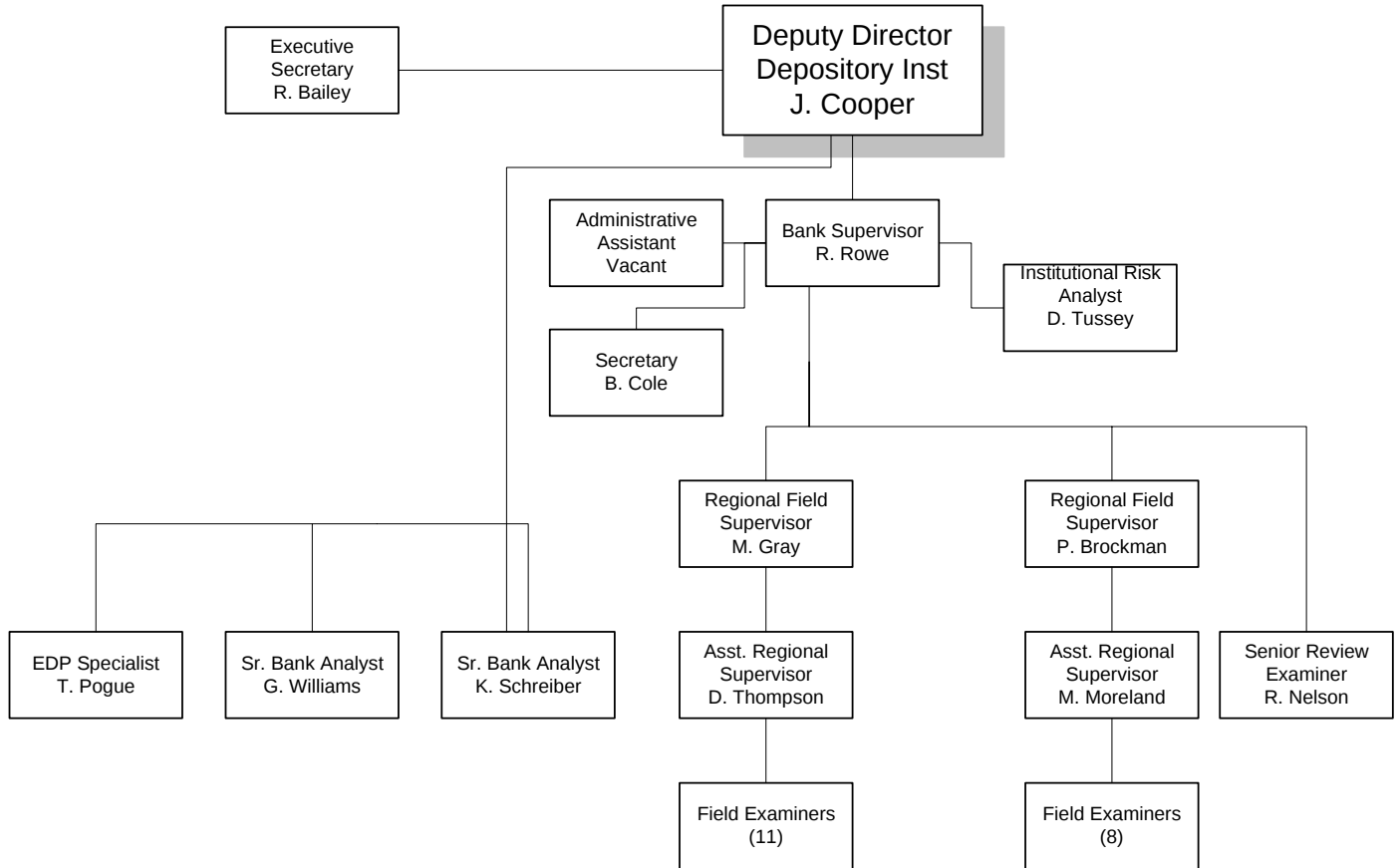


The ratio of total deposits to total liabilities by both the state and national banks in Indiana have decreased over the past five years as banks continue to increase their reliance on wholesale funding. The ratio for state banks deposits to liabilities decreased from 88.55% in 1998 to 79.92% in 2002. In contrast, the ratio for national banks in Indiana decreased each year from 78.13% as of December 31, 1998, to 43.79% as of December 31, 2002.

STATE AND NATIONAL BANKS TOTAL DEPOSITS TO TOTAL LIABILITIES



BANK DIVISION



COMPARATIVE STATEMENT STATE CHARTERED BANKS

ACCOUNT DESCRIPTIONS (In Millions of \$)	12/31/1999	12/31/2000	% CHANGE	12/31/2001	% CHANGE	12/31/2002	% CHANGE
Assets	25,575	26,120	2.13%	39,175	49.98%	42,198	7.72%
Deposits	19,802	20,575	3.90%	28,831	40.13%	30,212	4.79%
Total Equity Capital Adjusted	2,386	2,511	5.24%	3,927	56.39%	4,392	11.84%
Tier 1 Capital	2,300	2,406	4.61%	3,720	54.61%	4,035	8.47%
LVR	237	228	-3.80%	327	43.42%	395	20.80%
Total Capital	2,537	2,634	3.82%	4,047	53.64%	4,430	9.46%
Total Charge-offs	39	42	7.69%	110	161.90%	142	29.09%
Total Recoveries	16	12	-25.00%	22	83.33%	29	31.82%
Total Loans	17,613	18,129	2.93%	24,910	37.40%	27,959	12.24%
Total Investments	6,036	5,877	-2.63%	8,509	44.78%	8,561	0.61%
Fed Funds Sold	409	544	33.01%	2,165	297.98%	0	-100.00%
Interest Bearing Balances	130	146	12.31%	264	80.82%	375	42.05%
Trading Account Securities	58	146	151.72%	105	-28.08%	13	-87.62%
Total Earning Assets	23,412	23,778	1.56%	35,626	49.83%	36,908	3.60%
Total Interest Income	1,759	1,901	8.07%	2,681	41.03%	2,397	-10.59%
Total Interest Expense	799	949	18.77%	1,344	41.62%	939	-30.13%
Net Interest Income	960	952	-0.83%	1,336	40.34%	1,458	9.13%
Total Non-interest Income	237	375	58.23%	638	70.13%	683	7.05%
Loan Provisions	46	55	19.57%	127	130.91%	127	0.00%
Total Non-interest Expense	689	816	18.43%	1,200	47.06%	1,291	7.58%
Net Income	284	285	0.35%	442	55.09%	473	7.01%

ACCOUNT DESCRIPTIONS	State	National	State	National
(IN MILLIONS OF \$)	12/31/02	12/31/02	12/31/01	12/31/01
Number of Banks	129	30	129	33

Consolidated Balance Sheet

Trading Accounts	13	2	105	331
Interest Bearing Balances	375	770	264	437
Fed Funds Sold/Repurchase Agreements	0	0	2,165	1,667
Total Securities	8,561	8,613	8,598	11,702
Total Loans	27,959	57,166	24,910	54,038
Total Earning Assets	36,908	66,551	35,953	68,175
Total Assets	42,198	73,853	39,175	76,154
Average Assets	39,938	61,637	37,661	64,927
Total Deposits	30,212	29,759	28,831	39,954
Total Liabilities	37,803	67,962	35,212	69,835
Total Equity Capital	4,392	5,889	3,962	6,254
Loan Valuation Reserves	395	451	327	686
Total Equity Capital & Reserves	4,787	6,340	4,289	6,940
Total Other Real Estate	41	146	29	90
Total Charge-Offs	142	227	110	418
Total Recoveries	29	43	22	61
Net Charge-Offs	113	184	88	357

ACCOUNT DESCRIPTIONS	State	National	State	National
(IN MILLIONS OF \$)	12/31/02	12/31/02	12/31/01	12/31/01
Number of Banks	129	30	129	33

Consolidated Income Statement

Total Interest Income	2,397	3,737	2,681	4,537
Total Interest Expense	939	1,223	1,344	2,079
Net Interest Income	1,458	2,513	1,337	2,458
Total Non Interest Income	683	1,290	638	1,722
Loan Provisions	175	202	127	406
Total Non Interest Expense	1,291	1,988	1,200	2,681
Net Income	473	1,075	442	740

Ratio Analysis

Net Income to Average Assets	1.18%	1.74%	1.17%	1.14%
Net Income to Year End Total Equity	10.77%	18.25%	11.16%	11.83%
Net Interest Income to Average Assets	3.65%	4.08%	3.55%	3.79%
Total Loans to Total Deposits	92.54%	192.10%	86.40%	135.25%
Loan Loss Provisions to Total Loans	0.63%	0.35%	0.51%	0.75%
Loan Loss Reserves to Total Loans	1.41%	0.79%	1.31%	1.27%
Net Charge-Offs to Total Loans	0.40%	0.32%	0.35%	0.66%
Total Equity Capital to Total Assets	10.41%	7.97%	10.11%	8.21%
Total Equity Capital and Reserves to	11.24%	8.53%	10.86%	9.03%
Total Assets and Reserves				

ACCOUNT DESCRIPTIONS (IN MILLIONS OF \$)	State 12/31/2002	National 12/31/2002	ALL 12/31/2002	ALL 12/31/2001	% CHANGE
Number of Banks	129	30	159	162	
Combined Statement of Condition					
Trading Accounts	13	2	15	436	-96.56%
Interest Bearing Balances	375	770	1,145	701	63.34%
Fed Funds Sold/Repurchase Agreements	0	0	0	3,832	-100.00%
Total Securities	8,561	8,613	17,174	20,211	-15.03%
Total Loans	27,959	57,166	85,125	78,948	7.82%
Total Earning Assets	36,908	66,551	103,459	104,128	-0.64%
Total Assets	42,198	73,853	116,051	115,329	0.63%
Average Assets	39,938	61,637	101,575	102,588	-0.99%
Total Deposits	30,212	29,759	59,971	68,785	-12.81%
Total Liabilities	37,803	67,962	105,765	105,047	0.68%
Total Equity Capital	4,392	5,889	10,281	10,216	0.64%
Loan Valuation Reserves	395	451	846	1,013	-16.49%
Total Equity Capital & Reserves	4,787	6,340	11,127	11,229	-0.91%
Total Other Real Estate	41	146	187	119	57.14%
Total Charge-Offs	142	227	369	528	-30.11%
Total Recoveries	29	43	72	83	-13.25%
Net Charge-Offs	113	184	297	445	-33.26%

RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2002 VS 2001
(IN MILLIONS OF \$)

	2002			2001		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	67	31,230	413	64	31,578	395
.75% TO .99%	26	3,416	29	26	3,703	30
.50% TO .74%	22	5,887	32	19	2,589	15
BELOW .50%	14	1,665	(1)	20	1,305	2
	129	42,198	473	129	39,175	442

RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2002 VS 2001
(IN MILLIONS OF \$)

	2002			2001		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	15	63,592	1009	18	66,704	689
.75% TO .99%	7	5,655	46	6	2,276	19
.50% TO .74%	1	575	4	6	3,985	23
BELOW .50%	7	4,031	16	3	3,189	9
	30	73,853	1,075	33	76,154	740

HOLDING COMPANY OWNERSHIP ANALYSIS

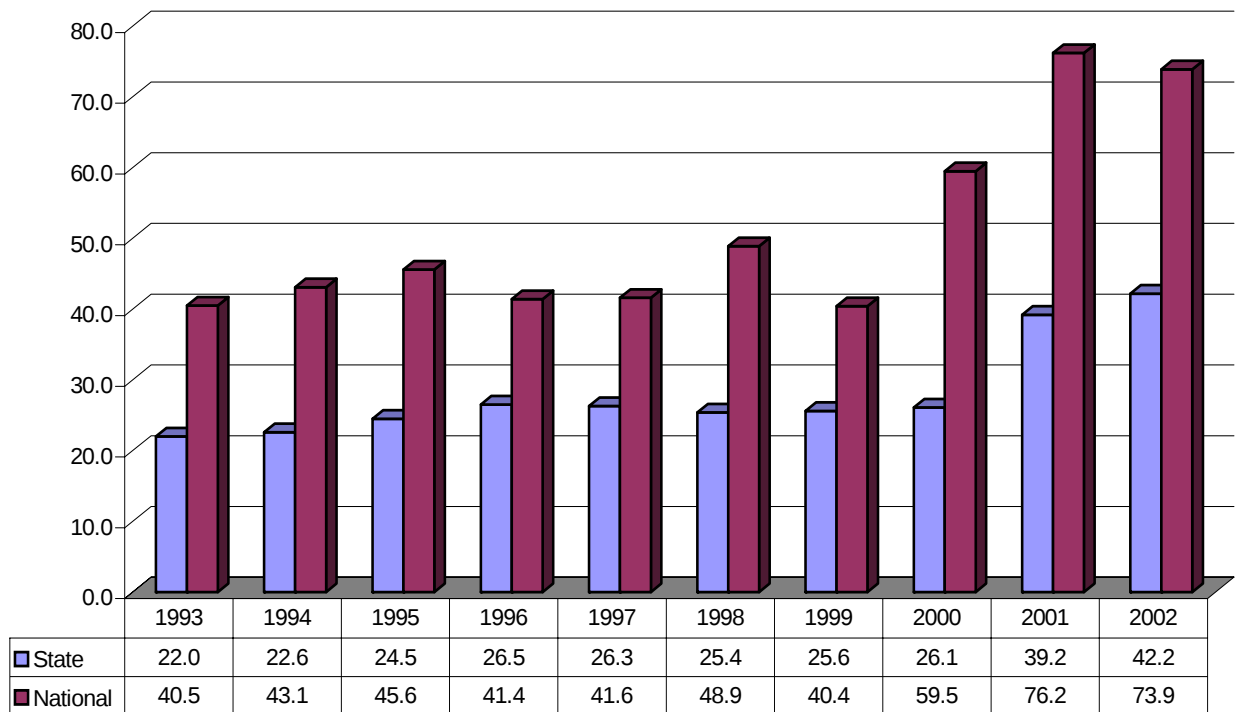
(In Millions of \$)

DATA AS OF 12/31/02	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	18	0	\$1,681	1.45%	\$1,349	2.25%
IN HC W/One State Bank	74	74	\$20,316	17.51%	\$16,202	27.02%
National Banks w/o HC	2	0	\$293	0.25%	\$263	0.44%
IN HC w/One National Bank	19	19	\$21,122	18.20%	\$14,639	24.41%
TOTALS	113	93	\$43,412	37.41%	\$32,453	54.11%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	25	9	\$9,876	8.51%	\$6,460	10.77%
IN HC w/One or More National Banks	5	3	\$2,528	2.18%	\$1,759	2.93%
Sub Total	30	12				
Holding Company Duplications	0	-3				
TOTALS	30	9	\$12,404	10.69%	\$8,219	13.70%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	12	8	\$10,325	8.90%	\$6,201	10.34%
O-St HC w/One or More National Banks	4	3	\$49,910	43.01%	\$13,098	21.84%
Sub Total	16	11				
Holding Company Duplications	0	-1				
TOTALS	16	10	\$60,235	51.90%	\$19,299	32.18%
GRAND TOTALS	159	112	\$116,051	100.00%	\$59,971	100.00%

(In Millions of \$)

DATA AS OF 12/31/01	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	19	0	\$2,331	2.02%	\$1,758	2.56%
IN HC W/One State Bank	75	75	\$19,335	16.77%	\$15,605	22.69%
National Banks w/o HC	2	0	\$233	0.20%	\$199	0.29%
IN HC w/One National Bank	19	19	\$20,113	17.44%	\$14,583	21.20%
TOTALS	115	94	\$42,012	36.43%	\$32,145	46.73%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	24	9	\$7,066	6.13%	\$5,321	7.74%
IN HC w/One or More National Banks	6	4	\$2,743	2.38%	\$1,885	2.74%
Sub Total	30	13				
Holding Company Duplications	0	-3				
TOTALS	30	10	\$9,809	8.51%	\$7,206	10.48%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	11	7	\$10,443	9.05%	\$6,148	8.94%
O-St HC w/One or More National Banks	6	5	\$53,065	46.01%	\$23,286	33.85%
Sub Total	17	12				
Holding Company Duplications	0	-2				
TOTALS	17	10	\$63,508	55.07%	\$29,434	42.79%
GRAND TOTALS	162	114	\$115,329	100.00%	\$68,785	100.00%

Total Assets - State & National Banks
(IN BILLIONS OF \$)



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
1993	22.0	35.2%	40.5	64.8%
1994	22.6	34.4%	43.1	65.6%
1995	24.5	35.0%	45.6	65.0%
1996	26.5	39.0%	41.4	61.0%
1997	26.3	38.7%	41.6	61.3%
1998	25.4	34.2%	48.9	65.8%
1999	25.6	38.8%	40.4	61.2%
2000	26.1	30.5%	59.5	69.5%
2001	39.2	34.0%	76.2	66.0%
2002	42.2	36.3%	73.9	63.7%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2002

NAME	CITY	ADDRESS	CITY	OPENED
INDEPENDENCE BANK	NEW ALBANY	1711 E. TENTH STREET	JEFFERSONVILLE	1/2/2002
PEOPLES STATE BANK	FRANCESVILLE	319 NORTH MARKET STREET	MONON	1/14/2002
MUTUAL SAVINGS BANK	FRANKLIN	7459 SOUTH NINEVEH ROAD	NINEVEH	2/1/2002
LAFAYETTE COMMUNITY BANK	LAFAYETTE	2 NORTH 4TH STREET	LAFAYETTE	2/19/2002
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	531 FREDERICA STREET	OWENSBORO, KY	2/25/2002
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	3205 FREDERICA STREET	OWENSBORO, KY	2/25/2002
JACKSON COUNTY BANK	SEYMOUR	3880 WEST JONATHAN MOORE PIKE	COLUMBUS	2/28/2002
REPUBLIC BANK & TRUST COMPANY OF INDIANA	CLARKSVILLE	3001 CHARLESTOWN CROSSING WAY, SUITE 5	NEW ALBANY	3/25/2002
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	2502 LAKE LANSING ROAD	LANSING, MI	4/26/2002
MONROE BANK	BLOOMINGTON	65 GARNER ROAD	BROWNSBURG	5/1/2002
GRANT COUNTY STATE BANK	SWAYZEE	13 WEST BRANSON STREET	LAFONTAINE	5/16/2002
FIRST BANK OF BERNE	BERNE	204 W. MONROE ST.	DECATUR	6/3/2002
COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY	2910 GRANTLINE ROAD	NEW ALBANY	6/19/2002
FREEDOM BANK	HUNTINGBURG	2596 W. RIDGEWAY DRIVE	ROCKPORT	7/8/2002
AMERICAN TRUST AND SAVINGS BANK	WHITING	100 WEST HIGHWAY 20	PORTER	7/15/2002
THE RANDOLPH COUNTY BANK	WINCHESTER	450 WEST CHESTNUT STREET	UNION CITY	8/5/2002
PEOPLES TRUST COMPANY	BROOKVILLE	201 SOUTH MAIN STREET	LYNN	8/12/2002
UNITED COMMERCE BANK	BLOOMINGTON	1285 SOUTH COLLEGE MALL ROAD	BLOOMINGTON	8/26/2002
TOWER BANK & TRUST COMPANY	FORT WAYNE	4303 LAHMEYER ROAD	FORT WAYNE	9/9/2002
COMMUNITY BANK	NOBLESVILLE	12514 REYNOLDS DRIVE	FISHERS	9/30/2002
UNION BANK & TRUST CO OF INDIANA	GREENSBURG	216 S. FOURTH STREET	WATSEKA, IL	10/1/2002
CENTIER BANK	WHITING	650 S. LAKE STREET	MILLER	10/7/2002
THE NEW WASHINGTON STATE BANK	NEW WASHINGTON	248 MARKET STREET	CHARLESTOWN	10/15/2002
LAKE CITY BANK	WARSAW	1220 E. 7TH STREET	AUBURN	11/4/2002
STAR FINANCIAL BANK	ANDERSON	1820 NORTH COLISEUM BLVD.	FORT WAYNE	11/18/2002
FIRST BANK	MORGANTOWN	1118 NORTH MAIN STREET, SUITE B	FRANKLIN	11/18/2002
CENTIER BANK	WHITING	4725 INDIANAPOLIS BOULEVARD	EAST CHICAGO	11/25/2002
THE NEW WASHINGTON STATE BANK	NEW WASHINGTON	3300 GRANT LINE ROAD, SUITE 190	NEW ALBANY	12/9/2002

SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2002

NAME	CITY	ADDRESS	CITY		CLOSED
UNION BANK AND TRUST COMPANY OF INDIANA	GREENSBURG	6980 EAST COUNTY ROAD 640 NORTH	GREENSBURG	IN	3/2/2002
PEOPLES TRUST COMPANY	BROOKVILLE	211 MAIN STREET	MILROY	IN	3/2/2002
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	2125 NORTH MORTON STREET	FRANKLIN	IN	3/25/2002
FOWLER STATE BANK	FOWLER	312 SOUTH NEWTON STREET	GOODLAND	IN	4/25/2002
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	1175 COLLEGE MALL ROAD	BLOOMINGTON	IN	4/30/2002
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	528 S. COLLEGE AVENUE	BLOOMINGTON	IN	4/30/2002
1ST SOURCE BANK	SOUTH BEND	1431 PORTAGE AVENUE	SOUTH BEND	IN	7/12/2002
FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	110 CHIPPEWA STREET	ROANN	IN	8/30/2002
FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	109 MCCLELLAN STREET	WINDFALL	IN	8/30/2002
HERITAGE COMMUNITY BANK	COLUMBUS	100 SYCAMORE ESTATE DRIVE	AURORA	IN	9/27/2002
COMMUNITY TRUST AND INVESTMENT CO.	NOBLESVILLE	1551 WIN HENSCHALL BLVD	LAFAYETTE	IN	9/30/2002
COMMUNITY TRUST AND INVESTMENT CO.	NOBLESVILLE	15 WEST FRANKLIN STREET	GREENCASTLE	IN	9/30/2002
HARBOUR TRUST AND INVESTMENT MANAGEMENT COMPANY	MICHIGAN CITY	3001 LEONARD DRIVE, SUITE 3001	VALPARAISO	IN	10/2/2002

CONVERSIONS

NAME	CITY	CONVERTED NAME	CITY	CONSUMMATED
PEOPLES NATIONAL BANK National Bank to a State Commercial Bank	WASHINGTON	PEOPLES BANK	WASHINGTON	3/1/2002
FIRST AMERICAN BANK Federal Stock Savings Bank to a State Commercial Bank	VINCENNES	FIRST AMERICAN BANK	VINCENNES	3/1/2002

NEW STATE BANK SUBSIDIARIES IN 2002

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
MARKLE INVESTMENTS, INC	MARKLE BANK	MARKLE	INVESTMENT PORTFOLIO	1/3/2002
MARKLE HOLDINGS, INC			MANAGEMENT	1/3/2002
MARKLE PORTFOLIO, LLC				1/3/2002
PTC HOLDINGS, INC.	PEOPLES TRUST COMPANY	BROOKVILLE	INVESTMENT PORTFOLIO	1/23/2002
PTC, LLC			MANAGEMENT	1/23/2002
PTC INVESTMENTS, INC.				1/23/2002
RB HOLDINGS, INC.	REGIONAL BANK	NEW ALBANY	INVESTMENT PORTFOLIO	1/24/2002
RB, LLC			MANAGEMENT	1/24/2002
RB INVESTMENTS, INC.				1/24/2002
TRICAPITAL	FARMERS BANK	FRANKFORT	DEPOSIT AND LOAN GENERATION	1/30/2002
MB PORTFOLIO MANAGEMENT, INC.	MONROE BANK	BLOOMINGTON	INVESTMENT PORTFOLIO	2/1/2002
			MANAGEMENT	
CBSI HOLDINGS, INC.	COMMUNITY BANK OF	NEW ALBANY	INVESTMENT PORTFOLIO	2/1/2002
CBSI INVESTMENTS, INC.	SOUTHERN INDIANA		MANAGEMENT	2/1/2002
CBSI INVESTMENT PORTFOLIO MANAGEMENT, LLC				2/1/2002
UNIVERSAL INVESTMENT COMPANY, INC.	BLOOMFIELD STATE BANK	BLOOMFIELD	INVESTMENT PORTFOLIO	2/1/2002
UNIVERSAL INVESTMENT CENTER, INC.			MANAGEMENT	2/1/2002
UNIVERSAL INVESTMENTS, LLC				2/1/2002

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
GAB INVESTMENT COMPANY, INC. GAB INVESTMENT CENTER, INC. GAB INVESTMENTS, LLC	GERMAN AMERICAN BANK	JASPER	INVESTMENT PORTFOLIO MANAGEMENT	2/2/2002 2/2/2002
CSB INVESTMENT COMPANY, INC. CSB INVESTMENT CENTER, INC. CSB INVESTMENTS, LLC	CITIZENS STATE BANK	PETERSBURG	INVESTMENT PORTFOLIO MANAGEMENT	2/2/2002 2/2/2002 2/2/2002
PEOPLES INSURANCE SERVICES, LLC.	PEOPLES TRUST & SAVINGS BANK	BOONVILLE	INSURANCE ACTIVITY	3/4/2002
HOME INVESTMENTS, INC.	HOME FEDERAL SAVINGS BANK	COLUMBUS	INVESTMENT PORTFOLIO MANAGEMENT	3/28/2002
F & M INSURANCE, LLC	FARMERS & MERCHANTS BANK	LAOTTO	INSURANCE ACTIVITY	4/15/2002
GBC PORTFOLIO MANAGEMENT, INC.	GREENFIELD BANKING COMPANY	GREENFIELD	INVESTMENT PORTFOLIO MANAGEMENT	4/19/2002
LPSB INVESTMENTS, LTD.	LAPORTE SAVINGS BANK	LAPORTE	INVESTMENT PORTFOLIO MANAGEMENT	4/22/2002
WABASH VALLEY INVESTMENT, INC. WABASH VALLEY HOLDINGS, INC. WABASH VALLEY, LLC	LAFAYETTE BANK & TRUST CO.	LAFAYETTE	INVESTMENT PORTFOLIO MANAGEMENT	5/1/2002 5/1/2002 5/1/2002
SFG COMMERCIAL AIRCRAFT LEASING, INC.	1ST SOURCE BANK	SOUTH BEND	COMMERCIAL AIRCRAFT HOLDINGS	5/10/2002
CITBA INVESTMENTS, INC.	CITIZENS BANK	MOORESVILLE	INVESTMENT PORTFOLIO MANAGEMENT	5/21/2002
GRIFFITH FINANCIAL CORPORATION	GRIFFITH SAVINGS BANK	GRIFFITH	HOLD STOCK OF BANKERS TITLE OF NORTHWEST INDIANA, LLC	6/28/2002
BANKERS TITLE OF NORTHWEST INDIANA, LLC			TITLE INSURANCE	6/28/2002
FLAGSTONE INSURANCE AND FINANCIAL SERVICES, INC.	HERITAGE COMMUNITY BANK	COLUMBUS	INSURANCE ACTIVITY	7/31/2002
FLAGSTONE LIFE INSURANCE AND FINANCIAL SERVICES, INC.				7/31/2002
FLAGSTONE INSURANCE AND FINANCIAL SERVICES HOLDING COMPANY				7/31/2002
VALLEY LINE INVESTMENTS, LLC FIRST STATE HOLDINGS, INC. CVFC INVESTMENTS, INC.	FIRST STATE BANK OF MIDDLEBURY	MIDDLEBURY	INVESTMENT PORTFOLIO MANAGEMENT	8/1/2002 8/1/2002 8/1/2002
CENTIER NEVADA, LLC CENTIER INVESTMENTS NEVADA, INC. CENTIER HOLDINGS NEVADA, INC.	CENTIER BANK	WHITING	INVESTMENT PORTFOLIO MANAGEMENT	8/1/2002 8/1/2002 8/1/2002
FAB INVESTMENTS, LLC FAB INVESTMENT COMPANY, INC. FAB INVESTMENT CENTER, INC.	FIRST AMERICAN BANK	VINCENNES	INVESTMENT PORTFOLIO MANAGEMENT	10/1/2002 10/1/2002 10/1/2002
IRWIN MORTGAGE CORPORATION	IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	MORTGAGE BANKING	10/1/2002
SFG EQUIPMENT LEASING CORPORATION	1ST SOURCE BANK	SOUTH BEND	COMMERCIAL AIRCRAFT HOLDINGS	10/3/2002
MARK TULLY INVESTMENTS II, INC MARK TULLY HOLDINGS II, INC MARK TULLY II, LLC	FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	INVESTMENT PORTFOLIO MANAGEMENT	10/16/2002 10/16/2002 10/16/2002
FSB OF NEVADA, LLC FSB INVESTMENTS OF NEVADA, INC. FSB HOLDINGS, INC.	FARMERS STATE BANK	LAGRANGE	INVESTMENT PORTFOLIO MANAGEMENT	11/1/2002 11/1/2002 11/1/2002

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
GRABILL INVESTMENTS, INC	GRABILL BANK	GRABILL	INVESTMENT PORTFOLIO MANAGEMENT	11/22/2002
SOUTHSHORE TITLE, LLC	PEOPLES BANK SB	MUNSTER	TITLE INSURANCE	12/1/2002
BOOM, INC., D/B/A CANON REAL ESTATE	SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	REAL ESTATE BROKERAGE	12/23/2002

BRANCH OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
THE FARMERS BANK	3003 EAST 98TH STREET, SUITE 271 3685 PRIORITY WAY SOUTH DRIVE, SUITE 130	INDIANAPOLIS INDIANAPOLIS	1/25/2002
CITIZENS FIRST STATE BANK	4120 W. BETHEL AVENUE 3360 N. MORRISON AVENUE	MUNCIE MUNCIE	2/28/2002
FOWLER STATE BANK	312 SOUTH NEWTON STREET 409 NORTH 7TH STREET, US HWY 41	KENTLAND GOODLAND	4/29/2002
FIRST STATE BANK SOUTHWEST INDIANA	104 N. FOURTH STREET 704 N. FIFTH STREET	ROCKPORT ROCKPORT	5/1/2002
STAR FINANCIAL BANK	301 EAST MAIN STREET 931 EAST MAIN STREET	GAS CITY GAS CITY	6/10/2002
1ST SOURCE BANK	800 MAIN STREET 516 MAIN STREET	ROCHESTER ROCHESTER	6/14/2002
1ST SOURCE BANK	3600 PORTAGE AVENUE 3655 PORTAGE AVENUE	SOUTH BEND SOUTH BEND	7/12/2002
SALIN BANK AND TRUST COMPANY	223 N. MAIN STREET 112 S. WASHINGTON STREET	KOKOMO KOKOMO	7/31/2002
HOME FEDERAL SAVINGS BANK	332 N. JACKSON ST 8475 N STATE ROAD 9, STE 4	HOPE HOPE	8/12/2002
FIFTH THIRD BANK INDIANA	531 CENTRAL AVENUE 120 WEST FIFTH STREET	CONNERSVILLE CONNERSVILLE	10/12/2002
FIFTH THIRD BANK INDIANA	210 NORTH THIRD STREET 53 SOUTH SECOND STREET	LAFAYETTE LAFAYETTE	11/1/2002
FIRST PARKE STATE BANK	917 WASHINGTON STREET 204 CRAWFORD STREET	MONTEZUMA MONTEZUMA	11/27/2002

MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2002

SURVIVING INSTITUTION INSTITUTION MERGED/CONSOLIDATED	CITY	SURVIVING INSTITUTION NAME	CITY	CONSUMMATED
COMMUNITY BANK OF SOUTHERN INDIANA HERITAGE BANK OF SOUTHERN INDIANA	NEW ALBANY JEFFERSONVILLE	COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY	3/1/2002
PEOPLES TRUST COMPANY UNION BANK AND TRUST COMPANY OF INDIANA	BROOKVILLE GREENSBURG	MAINSOURCE BANK	GREENSBURG	10/5/2002
SAND RIDGE BANK BRIGHT NATIONAL BANK NATIONAL BANK OF HASTINGS	HIGHLAND FLORA HASTINGS, MI	SAND RIDGE BANK	HIGHLAND	11/15/2002
SALIN BANK AND TRUST COMPANY BLUE RIVER SAVINGS BANK	INDIANAPOLIS EDINBURG	SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	11/22/2002

HOLDING COMPANY ACQUISITIONS IN 2002

HOLDING COMPANY NAME	CITY	TARGET NAME	CITY	CONSUMMATED
FIRST MERCHANTS CORPORATION	MUNCIE	LAFAYETTE BANCORPORATION	LAFAYETTE	4/1/2002

FORMATIONS IN 2002

INCORPORATOR(S)	PROPOSED NAME	PROPOSED CITY	CONSUMMATED
CONNIE S. ALLMAN	HOOSIER TRUST COMPANY	INDIANAPOLIS	3/15/2002
KENNETH L. SENDELWECK	GERMAN AMERICAN FINANCIAL ADVISORS & TRUST COMPANY	JASPER	7/1/2002

ADDITIONS & DELETIONS IN 2002

NAME	CITY	ACTIVITY	EFFECTIVE DATE
HERITAGE BANK OF SOUTHERN INDIANA	JEFFERSONVILLE	MERGED WITH COMMUNITY BANK OF SOUTHERN INDIANA, NEW ALBANY	3/1/2002
PEOPLES NATIONAL BANK	WASHINGTON	CONVERSION FROM A NATIONAL BANK TO A STATE COMMERCIAL BANK	3/1/2002
FIRST AMERICAN BANK	VINCENNES	CONVERSION FROM A FEDERAL STOCK SAVINGS BANK TO A STATE COMMERCIAL BANK	3/1/2002
HOOSIER TRUST COMPANY	INDIANAPOLIS	FORMATION OF A NEW STATE TRUST COMPANY	3/15/2002
GERMAN AMERICAN FINANCIAL ADVISORS & TRUST COMPANY	JASPER	FORMATION OF A NEW STATE TRUST COMPANY	7/1/2002
UNION BANK AND TRUST COMPANY OF INDIANA	GREENSBURG	MERGED WITH MAINSOURCE BANK, GREENSBURG	10/5/2002

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/02

DFIID	NAME	CITY
162	MADISON COMMUNITY BANK	ANDERSON
310	STAR FINANCIAL BANK	ANDERSON
263	COMMUNITY STATE BANK	AVILLA
316	FIRST COMMUNITY BANK AND TRUST	BARGERSVILLE
161	BATH STATE BANK	BATH
113	THE STONE CITY BANK	BEDFORD
182	FIRST BANK OF BERNE	BERNE
280	BLOOMFIELD STATE BANK	BLOOMFIELD
212	MONROE COUNTY BANK	BLOOMINGTON
8857	UNITED COMMERCE BANK	BLOOMINGTON
229	PEOPLES TRUST & SAVINGS BANK	BOONVILLE
37	THE FARMERS & MERCHANTS BANK	BOSWELL
226	THE FIRST STATE BANK	BOURBON
306	FIRST STATE BANK	BRAZIL
171	COMMUNITY STATE BANK	BROOK
284	THE FARMERS STATE BANK	BROOKSTON
227	HENDRICKS COUNTY BANK & TRUST COMPANY	BROWNSBURG
149	THE PEOPLES BANK	BROWNSTOWN
244	STATE BANK OF BURNETTSVILLE	BURNETTSVILLE
39	WAYNE BANK AND TRUST COMPANY	CAMBRIDGE CITY
9356	REPUBLIC BANK & TRUST COMPANY OF INDIANA	CLARKSVILLE
177	HERITAGE COMMUNITY BANK	COLUMBUS
25	HOME FEDERAL BANK	COLUMBUS
193	IRWIN UNION BANK & TRUST COMPANY	COLUMBUS
209	FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE
204	COMMUNITY FIRST BANK	CORYDON
144	THE FOUNTAIN TRUST COMPANY	COVINGTON
168	CSB STATE BANK	CYNTHIANA
255	HERITAGE BANK & TRUST COMPANY	DARLINGTON
297	DECATUR BANK AND TRUST COMPANY	DECATUR
281	DEMOTTE STATE BANK	DEMOTTE
258	DUPONT STATE BANK	DUPONT
223	THE ELBERFELD STATE BANK	ELBERFELD
8821	ELKHART COMMUNITY BANK	ELKHART
245	THE PEOPLES STATE BANK	ELLETTSVILLE
8	CITIZENS EXCHANGE BANK	FAIRMOUNT
30	THE FAIRMOUNT STATE BANK	FAIRMOUNT
8587	TOWER BANK AND TRUST COMPANY	FORT WAYNE
28	FOWLER STATE BANK	FOWLER
9	PEOPLES STATE BANK	FRANCESVILLE
205	THE FARMERS BANK	FRANKFORT
7806	HEARTLAND COMMUNITY BANK	FRANKLIN
14	MUTUAL SAVINGS BANK	FRANKLIN
132	SPRINGS VALLEY BANK & TRUST COMPANY	FRENCH LICK
233	THE FRIENDSHIP STATE BANK	FRIENDSHIP
172	THE GARRETT STATE BANK	GARRETT
146	BANK OF GENEVA	GENEVA
9158	GOSHEN COMMUNITY BANK	GOSHEN
285	GRABILL BANK	GRABILL

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/02

DFIID	NAME	CITY
277	GREENFIELD BANKING COMPANY	GREENFIELD
143	MAINSOURCE BANK	GREENSBURG
78	GRIFFITH SAVINGS BANK	GRIFFITH
151	CITIZENS FIRST STATE BANK	HARTFORD CITY
296	PACESETTER BANK	HARTFORD CITY
298	SAND RIDGE BANK	HIGHLAND
8800	FREEDOM BANK	HUNTINGBURG
38	THE BIPPUS STATE BANK	HUNTINGTON
7849	CIB BANK	INDIANAPOLIS
8689	FIFTH THIRD BANK INDIANA	INDIANAPOLIS
7650	FIRST INTERNET BANK OF INDIANA	INDIANAPOLIS
309	METRO BANK	INDIANAPOLIS
7990	MIDWEST AG FINANCE, INCORPORATED	INDIANAPOLIS
179	SALIN BANK AND TRUST COMPANY	INDIANAPOLIS
291	THE GERMAN AMERICAN BANK	JASPER
289	THE CAMPBELL & FETTER BANK	KENDALLVILLE
240	KENTLAND BANK	KENTLAND
286	LAFAYETTE BANK & TRUST COMPANY	LAFAYETTE
9033	LAFAYETTE COMMUNITY BANK	LAFAYETTE
253	FARMERS STATE BANK	LAGRANGE
206	THE FARMERS STATE BANK	LANESVILLE
238	FARMERS & MERCHANTS BANK	LAOTTO
184	THE LAPORTE SAVINGS BANK	LAPORTE
186	AMERICAN STATE BANK	LAWRENCEBURG
273	LINDEN STATE BANK	LINDEN
232	PEOPLES TRUST COMPANY	LINTON
31	STATE BANK OF LIZTON	LIZTON
122	THE MADISON BANK & TRUST COMPANY	MADISON
288	MARKLEBANK	MARKLE
252	STATE BANK OF MEDORA	MEDORA
183	FARMERS STATE BANK	MENTONE
175	FIRST STATE BANK OF MIDDLEBURY	MIDDLEBURY
11	FIRST UNITED BANK	MIDDLETOWN
1169	ST JOSEPH CAPITAL BANK	MISHAWAKA
187	CITIZENS BANK	MOORESVILLE
188	FIRST BANK	MORGANTOWN
649	PEOPLES BANK SB	MUNSTER
194	THE NAPOLEON STATE BANK	NAPOLEON
50	COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY
200	INDEPENDENCE BANK	NEW ALBANY
68	REGIONAL BANK	NEW ALBANY
56	AMERIANA BANK AND TRUST, SB	NEW CASTLE
224	CITIZENS STATE BANK	NEW CASTLE
198	FARMERS STATE BANK	NEW ROSS
235	THE NEW WASHINGTON STATE BANK	NEW WASHINGTON
181	FIRST CITIZENS STATE BANK	NEWPORT

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/02

DFIID	NAME	CITY
234	COMMUNITY BANK	NOBLESVILLE
231	INDIANA LAWRENCE BANK & TRUST COMPANY	NORTH MANCHESTER
170	THE NORTH SALEM STATE BANK	NORTH SALEM
33	OSSIAN STATE BANK	OSSIAN
257	STATE BANK OF OXFORD	OXFORD
201	CITIZENS STATE BANK	PETERSBURG
207	FIRST STATE BANK OF PORTER	PORTER
314	WEST END SAVINGS BANK	RICHMOND
16	TRI-COUNTY BANK & TRUST COMPANY	ROACHDALE
189	FIRST PARKE STATE BANK	ROCKVILLE
35	COMMUNITY STATE BANK	ROYAL CENTER
287	CENTRAL BANK	RUSSIAVILLE
153	SPENCER COUNTY BANK	SANTA CLAUS
199	THE SCOTT COUNTY STATE BANK	SCOTTSBURG
225	JACKSON COUNTY BANK	SEYMOUR
176	1ST SOURCE BANK	SOUTH BEND
166	GREENSFORK TOWNSHIP STATE BANK	SPARTANBURG
228	OWEN COUNTY STATE BANK	SPENCER
292	FIRST FARMERS STATE BANK	SULLIVAN
278	GRANT COUNTY STATE BANK	SWAYZEE
147	THE FARMERS STATE BANK	SWEETSER
648	FIRST STATE BANK, SOUTHWEST INDIANA	TELL CITY
317	THE MORRIS PLAN COMPANY OF TERRE HAUTE	TERRE HAUTE
293	TERRE HAUTE SAVINGS BANK	TERRE HAUTE
270	CENTREBANK	VEEDERSBURG
67	FIRST AMERICAN BANK	VINCENNES
294	FRANCES SLOCUM BANK & TRUST	WABASH
222	LAKE CITY BANK	WARSAW
131	PEOPLES BANK	WASHINGTON
236	THE MERCHANTS BANK & TRUST COMPANY	WEST HARRISON
220	AMERICAN TRUST AND SAVINGS BANK	WHITING
215	CENTIER BANK	WHITING
276	THE RANDOLPH COUNTY BANK	WINCHESTER
282	BANK OF WOLCOTT	WOLCOTT

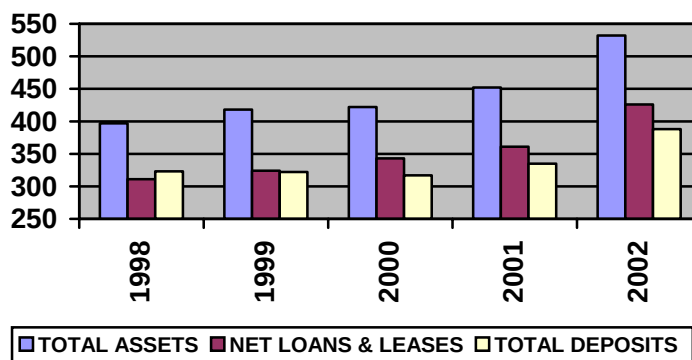
DIVISION OF SAVINGS ASSOCIATIONS

As of December 31, 2002, there were six active savings and loan associations operating under Indiana state charter. The number of active savings and loan associations remained the same as year-end 1999, 2000, and 2001. All active institutions submit a semi-annual statement of condition and a report of earnings to the Department.

Total assets held by state-chartered associations increased by \$81 million over the last year to a total level of \$532 million as of December 31, 2002. Total assets of savings associations under supervision since 1998 have ranged from a low of \$397 million as of year-end 1998 to its present high level of \$532 million. Over the past five years the associations held total net loans and leases in the amount of \$311 million, \$324 million, \$343 million, \$361 million, and \$426 million, respectively. As of December 31, 2002, \$426 million total net loans and leases comprised 80% of total assets.

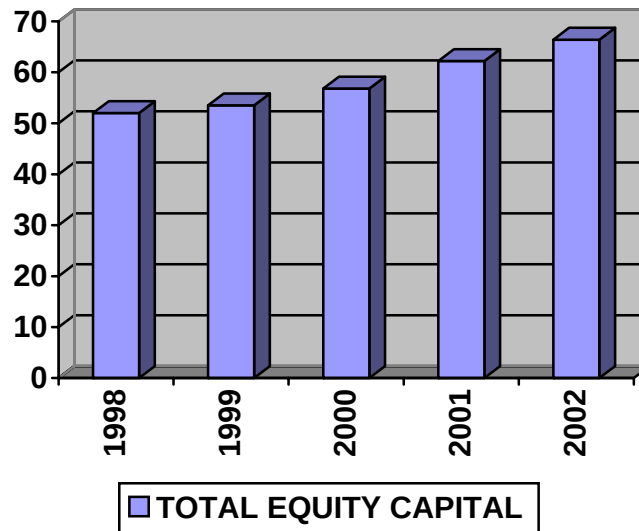
Total deposits of savings associations have ranged from \$323 million as of December 31, 1998, with a low of \$317 million as of year-end 2000, to its present five-year high level of \$388 million. Total deposits increased by \$52 million over the last year.

**SAVINGS ASSOCIATIONS ASSETS,
LOANS AND DEPOSITS**
(\$ IN MILLIONS)



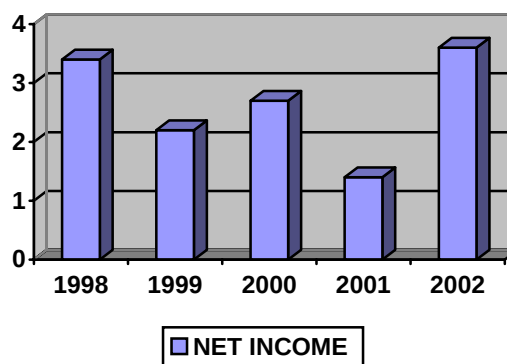
Total equity capital for the savings associations has remained stable during the past five years. Total equity capital increased by approximately \$4.2 million during 2002, from \$62.2 million to \$66.4 million or a 6.7% increase. Total equity capital represented 12.48% of total assets as of December 31, 2002.

**SAVINGS ASSOCIATIONS TOTAL
EQUITY CAPITAL**
(\$ IN MILLIONS)



Total net income during the last five years for the savings associations have fluctuated from \$3.4 million in 1998, \$2.2 million in 1999, \$2.7 million in 2000, \$1.4 million in 2001, and \$3.6 million in 2002. Net income represents 0.86%, 0.53%, 0.64%, 0.31% and 0.68% of total assets, respectively during the same period.

**SAVINGS ASSOCIATIONS
NET INCOME**
(\$ IN MILLIONS)



**STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS
COMPARATIVE STATEMENT OF CONDITION (CONSOLIDATED)**

Schedule A
(\$ in Thousands)

ASSETS	December 31, 2002	December 31, 2001
Cash and Due From Depository Institutions	25,454	34,939
Securities	66,474	40,120
Federal Funds Sold and Repurchase Agreements	0	0
Gross Loans and Leases	427,740	362,734
Loan Loss Allowance	2,136	1,765
Net Loans and Leases	425,604	360,969
Trading Accounts	0	0
Premises and Equipment	6,317	5,754
Other Real Estate Owned	660	850
Goodwill and Other Intangibles	0	1
All other Assets	7,865	8,957
Total Assets	532,374	451,590
LIABILITIES:		
Deposits	387,517	335,180
Federal Funds Purchased & Repurchase Agreements	3,669	0
Demand Notes Issued to U.S. Treasury	0	0
Trading Liabilities	0	0
Other Borrowed Funds	70,649	50,520
Subordinated Debt	0	0
Other Liabilities	4,122	3,652
Total Liabilities	465,957	389,352
EQUITY CAPITAL		
Perpetual Preferred Stock	0	0
Common Stock: Par Value	1	1
Paid in Excess of Par	4,063	4,050
Total Common Stock	4,064	4,051
Unrealized Gains (Losses) on Available-for-Sale-Securities	1,016	913
Retained Earnings	61,337	57,274
Total Equity Capital	66,417	62,238
Total Liabilities & Equity Cap	532,374	451,590

**STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS
CONSOLIDATED STATEMENT OF OPERATIONS**

Schedule B
(\$ in Thousands)

	December 31, 2002	December 31, 2001
Interest Income	30,041	30,526
Interest Expense	13,883	17,196
Net Interest Inc Before Allow for Loan & Lease Losses	16,158	13,330
Provision for Credit Losses	805	2,388
Net Interest Inc After Provision	15,353	10,942
Noninterest Income	2,194	2,233
Noninterest Expense	12,166	10,415
Inc Bef Gn(Ls) on Sale of Assts	5,381	2,760
Gain on Sale of Assets	497	120
Loss on Sale of Assets	65	445
Operating Inc Before Taxes & Extra Items	5,813	2,435
Total Income Taxes	2,189	1,033
Income(Loss) Before Extraord Items	3,624	1,402
Extraordinary Items, Net of Tax	0	0
Net Income(Loss)	3,624	1,402

LIST OF STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

Schedule C
(\$ in Thousands)

City	Institution Name	Total Assets 2002	Total Assets 2001
Boonville	Warrick Loan & Savings Association	1,001	1,011
Connersville	Union Savings & Loan Association	96,538	95,537
Martinsville	Home Bank SB	186,579	178,406
Michigan City	City Savings Bank	137,240	79,111
Monticello	Peoples Savings & Loan Association-Monticello	41,674	43,885
Scottsburg	Scottsburg Building & Loan Association	69,342	53,640
Total Assets for State Chartered Associations:		532,374	451,590

DIVISION OF CREDIT UNIONS

A credit union is a cooperative, non-profit association incorporated under the laws of the state for the purpose of educating its members in the concept of thrift and encouraging thrift among its members. Credit unions are composed of and owned by groups of people with some type of common bond (i.e. persons having a common bond of occupation, trade or professional association, members of a labor organization, members of a church, persons engaged in a common trade or profession within a well-defined geographical location, or persons who work or reside within a "community" as defined by statute) that serves to define the group.

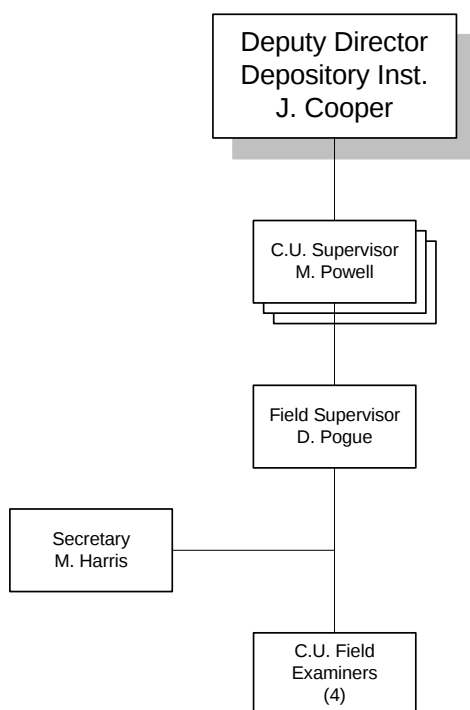
As of December 31, 2002 there were 54 active state chartered credit unions. The combined total assets of these 54 credit unions as of December 31, 2002 were \$5,099M, an increase of \$549M over December 31, 2001. This translates to a 12.1% increase in the total assets of all state-chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$3,880M as of December 31, 2001 to \$4,301M as of December 31, 2002, representing growth in deposits

of 10.9%. Member loans made by Indiana credit unions increased from \$3,023M as of December 31, 2001 to \$3,381M as of December 31, 2002. This represents an increase of 11.8% in loans to members.

The following credit unions have been merged into another credit union since the last annual report:

Anderson Post Office Credit Union, Anderson

Federal Employees Credit Union, Merrillville



CREDIT UNION ANNUAL REPORT 12/31/02
BALANCE SHEET
Schedule A

ACCOUNT DESCRIPTIONS (In Millions of \$)	12/31/02	12/31/01
ASSETS		
Loans	3407	3047
Allowance for Loan Loss	(26)	(24)
Cash & Cash Equivalents	485	379
U.S. Government Obligations	440	434
Banks, Savings & Loan & Mutual Savings Banks	261	260
Other Investments	346	289
Other Assets	<u>186</u>	<u>165</u>
TOTAL ASSETS	<u>\$ 5,099</u>	<u>\$4,550</u>
LIABILITIES		
Shares	4301	3880
Total Borrowings	202	140
Dividends	1	1
Accounts Payable & Other Liabilities	<u>40</u>	<u>27</u>
TOTAL LIABILITIES	<u>4,544</u>	<u>4,048</u>
EQUITY	219	199
Regular Reserve		
Other Reserves	12	11
Accumulated Unrealized Gain/Loss	4	2
Undivided Earnings	<u>320</u>	<u>290</u>
TOTAL EQUITY	<u>555</u>	<u>502</u>
	<u>5,099</u>	<u>4,550</u>
TOTAL LIABILITIES & EQUITY		

STATEMENT OF CONDITION: STATISTICAL HIGHLIGHTS—(In Millions of \$)

	12/31/02	12/31/01	Increase/Decrease
ASSETS	5,099	4,550	549
SHARES	4,301	3,880	421
LOANS	3,381	3,023	358
INVESTMENTS	1,047	983	63

INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/02
INCOME STATEMENT
Schedule B (In Millions of \$)

INCOME:

Interest on loans	237
Less Interest Refunds	
Income from Investments	48
Other Income	<u>62</u>
TOTAL INCOME	<u>347</u>

EXPENSES:

Employee Compensation & Benefits	82
Travel & Conference	2
Office Occupancy	11
Office Operations	31
Educational & Promotional	9
Loan Servicing	6
Professional & Outside	16
Provision for Loan Losses	15
Members Insurance	-
Operating Fees	1
Interest on Borrowed Money	9
Other Expenses	<u>5</u>
TOTAL EXPENSES	<u>187</u>

NET INCOME	<u>160</u>
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DISTRIBUTION OF NET INCOME

Transfer to Regular Reserve	25
Transferred to Undivided Earnings or Other Reserves	<u>27</u>
TOTAL DISTRIBUTIONS	<u>52</u>

DIVIDENDS TO MEMBERS	<u>108</u>
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LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Auburn	Dekalb Financial Credit Union	69,268,940
Bedford	Hoosier Hills Credit Union	170,011,109
Bluffton	Franklin Electric Employees Credit Union	1,775,868
Brazil	Clay County Farm Bureau Co-Op Credit Union	4,746,509
Chrisney	Spencer County Credit Union	2,161,755
Columbus	Centra Credit Union	452,263,613
Crown Point	Tech Credit Union	211,070,941
East Chicago	East Chicago Firemen's Credit Union	1,367,840
Fishers	Forum Credit Union	636,295,789
Fort Wayne	General Credit Union	73,191,287
Fort Wayne	Indiana Postal & Federal Employees Credit Union	19,660,555
Fort Wayne	Public Service Employees Credit Union	27,099,153
Fort Wayne	Tokheim Employees Credit Union	2,999,797
Franklin	Arvin G & F Employees Credit Union	3,823,455
Goshen	Elkhart County Farm Bureau Credit Union	321,743,549
Goshen	Penn Credit Union	15,912,073
Hagerstown	Perfect Circle Credit Union	46,309,267
Hammond	Hammond Firefighters Association Credit Union	1,198,582
Huntington	Community Credit Union	15,105,822
Indianapolis	Capital Plus Credit Union	25,598,081
Indianapolis	Citizens Gas Utility Credit Union	14,005,917
Indianapolis	Double Eleven Credit Union	59,547,796
Indianapolis	Dow Employees Credit Union	35,034,241
Indianapolis	Family Horizons Credit Union	77,057,719
Indianapolis	Greater Indianapolis Firefighters Credit Union	44,139,292
Indianapolis	Hoosier Farm Bureau Credit Union	8,048,797
Indianapolis	Indiana Members Credit Union	720,042,677
Indianapolis	Indianapolis Police Department Credit Union	33,455,311
Indianapolis	Indianapolis Post Office Credit Union	48,468,082
Indianapolis	Indianapolis Railroad Employees Credit Union	4,686,856
Indianapolis	IPALCO Credit Union	18,281,201
Indianapolis	Jet Credit Union	41,057,085
Indianapolis	KEMBA (Indianapolis) Credit Union	50,667,554
Indianapolis	State Merit Service Credit Union	5,743,286

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Kokomo	Kokomo Post Office Credit Union	1,938,910
La Porte	Municipal Employees Credit Union	1,036,879
Lawrenceburg	Seagram Employees Credit Union	14,095,869
Logansport	Cass County Farm Bureau Co-Op Credit Union	3,283,662
Logansport	G. T. C. (Logansport) Credit Union	101,185
Loogootee	Martin County Farm Bureau Credit Union	4,837,687
Michigan City	Members Advantage Credit Union	44,984,915
Mishawaka	Taper Lock Credit Union	32,600,600
Monroe	Adams County Farm Bureau Co-Op Credit Union	7,981,790
Muncie	Muncie Post Office Credit Union	1,200,272
New Albany	New Albany Schools Credit Union	11,405,448
Richmond	NATCO Credit Union	35,334,992
Richmond	Richmond State Hospital Emp. Credit Union	2,189,651
Seymour	Jackson County Co-Op Credit Union	11,003,650
South Bend	South Bend Post Office Credit Union	13,196,970
South Bend	Teachers Credit Union	1,162,224,055
Sullivan	Sullivan County Credit Union	5,163,986
Terre Haute	Terre Haute Post Office Credit Union	1,332,440
Wabash	Beacon Credit Union	475,763,099
Warsaw	United Credit Union	7,807,234

Net Assets – Includes Allowance for Loan Losses

\$5,099,323,093



Dan Burkman
IT Director



Mark Powell
Credit Union Supervisor

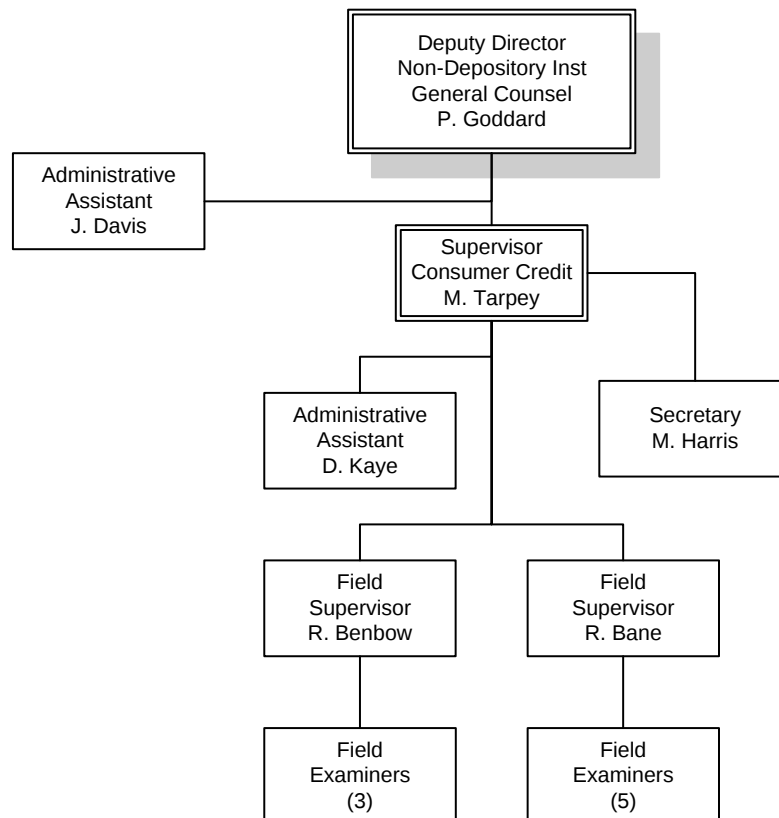
DIVISION OF NON-DEPOSITORY INSTITUTIONS

The Non-Depository Institutions Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Rent to Purchase Act (IC 24-7), Budget Service Company Act (IC 28-1-29), Indiana Pawnbroking Act (IC 28-7-5), Indiana Money Transmitter Act (IC 28-8-4), and the Check Cashing Act (IC 28-8-5). The Division acts on complaints and inquiries from consumers on these statutes.

Examinations of licensees and creditors are performed for compliance with the statutes they operate under. The Division also assists the Depository Division in examinations of the State-chartered banks, credit unions, and savings institutions and their branches for compliance with lending statutes. When violations are discovered, the cause is determined and assurance is obtained from the licensee or creditor that future transactions will be in compliance. What is prevented is more significant than what is remedied.

There were 771 examinations made in 2002 covering all of the statutes administered by the agency. A total of 10,103 refundable violations were cited and refunds made to consumers totaling \$1,081,729.09. There were 459 non-refundable violations cited. The number of examinations and refundable violations were considerably less in 2002 due to the concentration of examinations of small (payday) lenders for compliance with the new statute under Chapter 7 of the Indiana Uniform Consumer Credit Code during the last half of 2002.

The Department continually reviews methods, policies, and philosophy in order to improve achievement of its goals to represent and serve the credit consumer and non-depository financial industry.



CONSUMER CREDIT

INDIANA UNIFORM CONSUMER CREDIT CODE

Indiana became one of six states which adopted a version of the Uniform Consumer Credit Code developed by the National Conference of Commissioners on Uniform State Laws (NCCUSL) with the passage of the Indiana Uniform Consumer Credit Code (Code) in the 1971 Session of the General Assembly. Since that time, ten other states have adopted their own versions of the Uniform Consumer Credit Code.

The primary transactions covered by the various provisions of the Indiana Uniform Consumer Credit Code are those involving consumer credit sales, consumer leases, consumer loans, consumer related sales, consumer related loans, credit related insurance, and limitations of creditors' remedies.

The Code regulates all persons or entities regularly extending credit to individuals for a personal, family, or household purpose in which either the amount financed does not exceed \$50,000 or the debt is secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt is payable in more than four installments or a finance charge is imposed.

The Act also regulates all persons or entities regularly making leases of goods to individuals for a personal, family, or household purposes in which the total amount payable under the lease does not exceed \$50,000 and the original lease term exceeds four months.

The Act does not regulate agriculture, business, or commercial transactions.

The Indiana Uniform Consumer Credit Code was designed to:

- simplify, clarify, and modernize consumer credit laws;
- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;

- permit and encourage the development of fair and economically sound consumer credit practices; and
- conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

The Indiana Uniform Consumer Credit Code Establishes:

- Purposes and Rules of Construction
- Territorial Application
- General Definitions
- Maximum and Minimum Charges
- Delinquency and Deferral Charges
- Additional Charges
- Prepayment Penalties
- Rebate of Finance Charges upon Prepayment
- Limitations on Agreements and Practices
- Lender Licensing Requirements
- Consumer Credit Insurance Guidelines
- Credit Related Property and Liability Insurance
- Limitations on Creditor's Remedies
- Debtors' Remedies
- Criminal Penalties
- Powers and Functions of Administrator
- Notification and Fees

This Division had under its administrative and regulatory jurisdiction 257 licensed lenders with 526 branches, 49 small (payday) licensed lenders with 348 branches, and 3,403 other creditor sellers/companies with 2,042 branches in Indiana as of December 31, 2002.

The Division also has the responsibility to educate Indiana consumers in matters of credit as prescribed by the Indiana Uniform Consumer Credit Code. Consumer credit educational study units and mini-lessons have been developed and are available on the Internet at our Web Site, <http://www.in.gov/dfi>, under "Consumer Education." Study units are also available in Word and Power Point on disk or hard copies. There are also numerous credit topics on the Internet. Brochures on some of the topics can be printed on the Internet.

All of the Division's licensing and registration forms are now also available on the Internet.

In 1935 Indiana became the first state in the nation to provide for regular examinations of certain holders of consumer credit sales. The Uniform Consumer Credit Code in 1971 made Indiana the only state authorized to regularly examine all consumer credit transactions from their inception.

There were 771 examinations made in 2002 covering all of the statutes administered by the division. A total of 10,103 refundable violations were cited and refunds were made to consumers totaling \$1,081,729.09. There were 459 non-refundable violations cited. The number of examinations and refundable violations were considerably less in 2002 due to the concentration of examinations of small (payday) lenders for compliance with the new statute under Chapter 7 of the Indiana Uniform Consumer Credit Code during the last half of 2002.

BUDGET SERVICE COMPANIES ACT

Budget service companies are licensed to provide services and assistance to individuals who seek counsel on the management of their debts. These companies make arrangements with creditors of a debtor to handle the disbursement of the debtor's money so that all creditors may be paid in the most expeditious manner. For these services, the companies are allowed to contract with the debtor to receive a fee regulated by the Budget Service Companies Act (IC 28-1-29).

There are four licensed budget service companies in Indiana, with six locations. Each is subject to examination by Division examiners to ascertain compliance with the statute.

PAWNBROKERS

One of the oldest types of lending institutions is the pawnbroker. They were the first type of lenders and made small loans to individuals in small amounts based on a pledge of personal property.

Pawnbrokers' peak business time appears to be during recessions. They are a resource for persons who need small amounts of money for short periods of time.

All licensed pawnbrokers are examined periodically to ascertain their compliance with the Indiana Pawnbroking Law (IC 28-7-5). There were 83 licensed pawnbrokers as of December 31, 2002 with 54 branches in Indiana.

MONEY TRANSMITTER ACT

The Money Transmitters Act (IC 28-8-4) became effective January 1, 1994, and regulates institutions that sell checks or other instruments of payment to the public. There were 30 money transmitter licensees with 6,923 agents operating under the provisions of the act as of December 31, 2002.

Though the Division is not mandated by statute to examine licensees, it does have the authority to do so when deemed appropriate.

RENTAL PURCHASE AGREEMENT ACT

The Rental Purchase Agreement Act (IC 24-7-1) regulates transactions of businesses who rent merchandise to Indiana consumers with the right to purchase the merchandise if the consumers so desire. The Act offers broad protection for the consumer as well as requiring all entities engaging in the business to conform and use set standards.

Entities desiring to transact such business must be registered with the Department and are examined to ascertain their compliance with the statute.

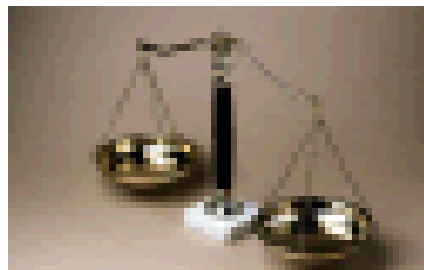
There were 66 registrants with 298 branches who regularly engaged in "Rent to Own" transactions as of December 31, 2002.

CHECK CASHING ACT

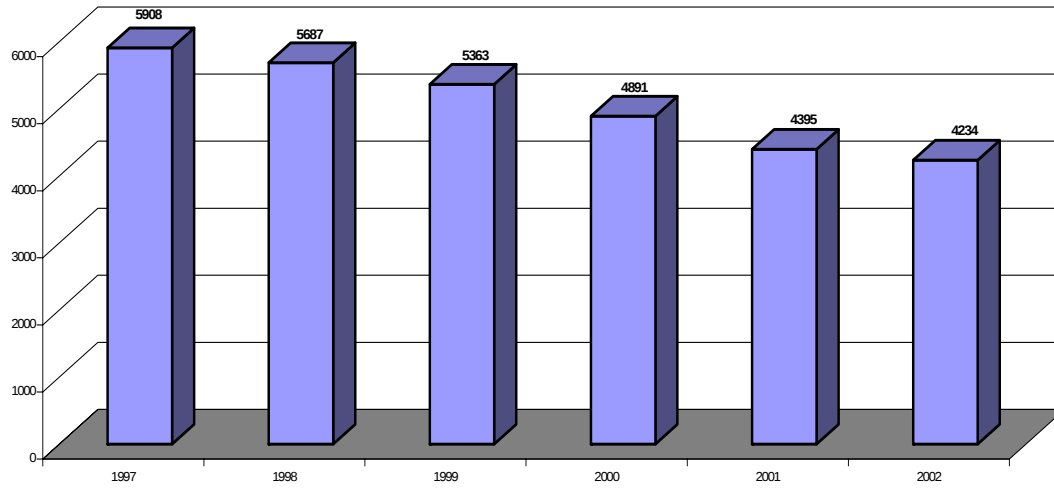
The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute requires check cashing businesses to obtain a license from the Department and regulates check cashing requirements, fee limitations, and record keeping. Retail businesses cashing checks incidental to the retail sale of goods or services are exempt from the act as long as the cost to the consumer does not exceed the greater of 1% of the face amount of the check or \$1.00.

There were 62 licensed check cashers with 194 branches in Indiana as of December 31, 2002.

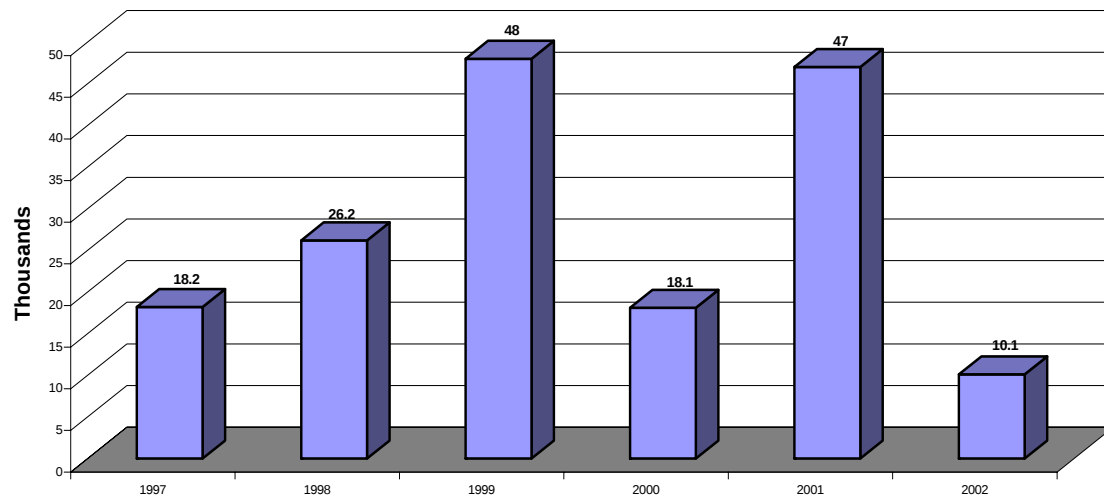
The Department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance with the act.



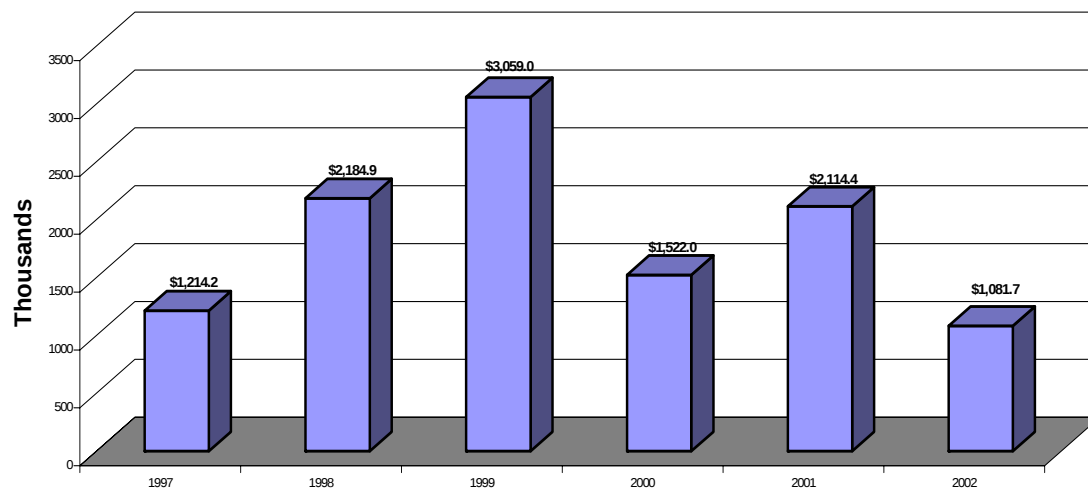
IUCC FILERS / LICENSEES



COMPLIANCE EXAM VIOLATIONS



COMPLIANCE REFUNDS



NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2002

LICENSED LENDERS

NO.	NAME	CITY	DATE
8601	FIRST BANC MORTGAGE INC	ROLLING MEADOWS	1/15/2002
8602	PARAMOUNT MORTGAGE SERVICES INC	BORDENTOWN	1/15/2002
8603	INNOVEX MORTGAGE INC	CAMPBELL	1/15/2002
8624	LENDERS DIVERSIFIED/MOORE	AMHERST	1/15/2002
8625	BEST MORTGAGE & FINANCIAL SERVICES	OAK BROOK	1/15/2002
8626	CAPITAL HOME MORTGAGE / SOUTHSTAR	ATLANTA	1/15/2002
8649	EVERGREEN FINANCIAL LLC	CHICAGO	1/15/2002
8620	CALUSA INVESTMENTS LLC	CHANTILLY	4/4/2002
8682	H S B C MORTGAGE CORP (USA)	DEPEW	4/4/2002
8683	NOVELLE FINANCIAL SERVICES INC	SAN DIEGO	4/4/2002
8685	ENCORE CREDIT CORP.	IRVINE	4/4/2002
8711	FULL COMPASS LENDING / FIRST CAPITAL	APPLETON	4/4/2002
8713	LIFETIME CAPITAL GUARANTEE / EBANC	CLEARWATER	4/4/2002
8741	ONE SOURCE MORTGAGE LLC	DALLAS	5/22/2002
8740	HOME LOAN CENTER INC	IRVINE	7/16/2002
8766	AMERICAN SUMMIT LENDING	GOLDEN VALLEY	7/16/2002
8771	HEARTHSIDE LENDING CORP	GLADSTONE	7/16/2002
8845	RYLAND MORTGAGE COMPANY	WOODLAND HILLS	7/16/2002
8951	GENERAL MORTGAGE CORP OF	FORT MYERS	8/16/2002
8924	INTEGRITY MORTGAGE CORPORATION	COLUMBUS	9/9/2002
8926	T L P FUNDING CORPORATION	WOODLAND HILLS	9/9/2002
8961	CASA BLANCA MORTGAGE INC	SAN FERNANDO	9/9/2002
8737	AMERICAN MORTGAGE NETWORK INC	SAN DIEGO	12/2/2002
8925	PINNACLE FINANCIAL CORPORATION\DBA	ORLANDO	12/2/2002
8962	ATLANTIC FINANCIAL INC	COLLEGE PARK	12/2/2002
8970	INSTAFI.COM	IRVINE	12/2/2002
8971	LOANSTREAM INC	PLANO	12/2/2002
8977	ADVANCED EQUITY INC	ELKHART	12/2/2002
8979	AMERICAN EQUITY MORTGAGE INC	ST LOUIS	12/2/2002
8980	DAIMLER CHRYSLER SERVICES NORTH	FARMINGTON HILLS	12/2/2002
8984	AEGIS HOME EQUITY/ AEGIS FUNDING	HOUSTON	12/2/2002
8985	AEGIS LENDING CORPORATION	BATON ROUGE	12/2/2002
8988	PINNACLE DIRECT FUNDING	ORLANDO	12/2/2002
8989	WORLD LENDING GROUP INC	SUWANEE	12/2/2002
8991	AEGIS WHOLESALE CORPORATION	HOUSTON	12/2/2002
9003	HOMEFIRST MORTGAGE INC	IRVINE	12/2/2002

NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2002

NO.	NAME	CITY	DATE
LICENSED SMALL LOAN (PAYDAY) LENDERS			
8687	ALLSTAR RENTALS INC	PINELLAS PARK	4/4/2002
8877	CASH TODAY / EDS INVESTMENTS INC	CARMEL	7/16/2002
8878	A-1 CASH ADVANCE / G&R ADVANCE INC	INDIANAPOLIS	7/16/2002
8889	UNITED CASH ADVANCE INC	MUNCIE	7/16/2002
8890	CASH N GO /CASH TO GO /CASH COW	MUNCIE	7/16/2002
8903	CASH AMERICA FINANCIAL SERVICES INC	FORT WORTH	7/16/2002
8952	A-1 CASH ADVANCE / J & G ADVANCE INC	INDIANAPOLIS	9/9/2002
8981	MONEYSOURCE INC	ANGOLA	12/2/2002
8983	E\$Z PAYDAY LOANS/E\$Z PAYDAY LOANS	INDIANAPOLIS	12/2/2002
PAWNBROKER			
8770	BOWERS KENDALLVILLE PAWN SHOP INC	KENDALLVILLE	7/16/2002
8844	JOSEPHS JEWELRY & LOAN INC	INDIANAPOLIS	7/16/2002
8843	COLUMBUS PAWN INC	COLUMBUS	9/9/2002
CHECK CASHERS			
8772	EXPRESS CASH ADVANCE INC	CONNERSVILLE	5/22/2002
8773	AMERICAN CHECK CASHING/FORT	FORT WAYNE	5/22/2002
8774	VICTORY LIQUORS-PARTY DOWN	INDIANAPOLIS	5/22/2002
8879	A-1 CASH ADVANCE / G&R ADVANCE INC	INDIANAPOLIS	7/16/2002
8953	A-1 CASH ADVANCE / J & G ADVANCE INC	INDIANAPOLIS	9/9/2002
9004	RIVER CITY PAWNBROKERS, INC.	EVANSVILLE	11/25/2002
MONEY TRANSMITTERS			
8684	ENVIOS RAPIDOS INTERNATIONAL CORP	CORONA	1/15/2002
8739	TRANS-FAST REMITTANCE INC	NEW YORK	4/4/2002

LICENSEES AND REGISTRANTS

As of December 31, 2002

TYPE	NUMBER REGISTERED	NUMBER BRANCH LOCATIONS
LOAN LICENSES	257	526
SMALL LOAN LICENSES	49	348
PAWNBROKERS	83	54
CHECK CASHERS	62	194
MONEY TRANSMITTERS	30	0
BUDGET SERVICE	4	6
NON-LENDERS	3,403	2042
FINANCIAL INSTITUTIONS	280	1,425
RENTAL PURCHASE	66	298
TOTALS	4,234	4,893



Jim Harrell
Consumer Credit Division

DIVISION OF ADMINISTRATION

The Department of Financial Institutions is a self-funded (dedicated-funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Each year, the Department adopts a schedule of fees to cover operating costs, as stipulated in I.C. 28-11-3-5.

The two largest expenditure items are personnel costs and travel reimbursement. These two items account for approximately 90% of the Department budget. The salaries are established through the legislative and budget process with concurrence of the State Personnel Department. Even though the agency is self-funded, the Department adheres to the same procedures as tax-supported agencies. State travel reimbursement limits are also set by the legislature through the budget process.

The Department attempts to maintain a full staff of well-qualified examiners. Recruiting is conducted at Indiana University, Bloomington; Indiana University-Purdue University, Indianapolis; Butler University, Indianapolis; Purdue University, West Lafayette; Ball State University, Muncie; Indiana State University, Terre Haute; and through a consortium of smaller, private institutions. Additional recruiting is conducted through the Indiana Black Expo in Indianapolis, the Indiana Multicultural Job Fair, as well as other college fairs and special events. In addition, the agency has had limited success in attracting employment candidates with prior examination and other financial industry experience.

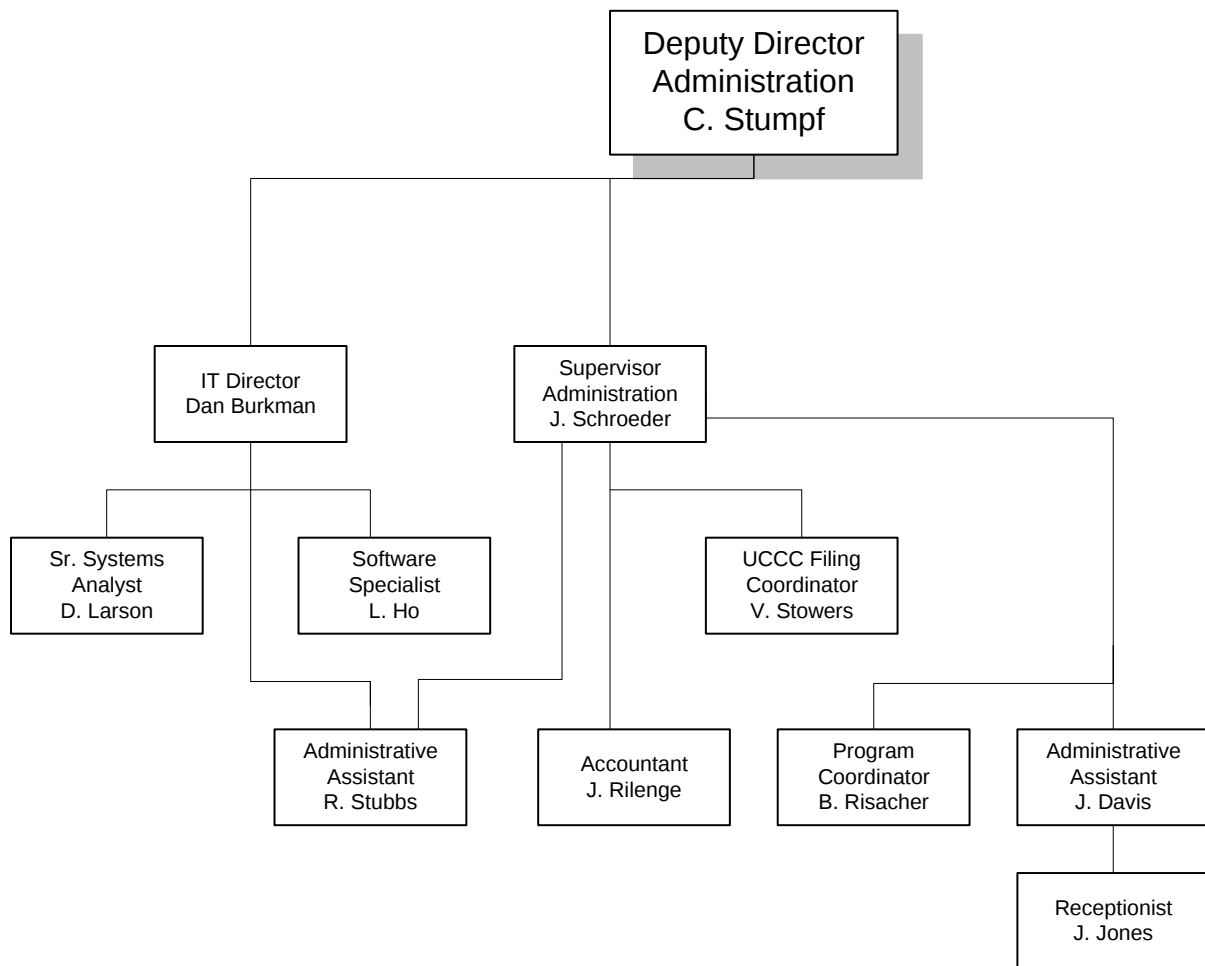
Examiner turnover in 2002 was a manageable 6.1%. This compares with 4.1% in 2001, 6.1% in 2000, and 17% in 1999. In 1999, the agency adopted a new compensation plan that provided an increased base salary, together with the availability of skill-based pay for the attainment of various certification levels. Agency management believes the compensation plan adopted in 1999 helped to solidify the examiner position as a viable career option for many people.

In an ongoing effort to increase efficiency, the Department has continued its significant commitment to information technology initiatives. The agency is taking increased advantage of both Internet and Intranet capabilities as a means of compiling, managing, and sharing data. This has been particularly fruitful with respect to the Department's information sharing with its federal counterpart agencies. In addition, the agency has endeavored to refine its internal information management systems with the purchase of a data scanning system. Also, through the Conference of State Bank Supervisors, the Department continues to participate with federal regulators in the use and refinement of automated examination software that provides for a more efficient, less intrusive, examination process. The Department continues to maintain effective inter-agency communications and information sharing through its Wide Area Network. Finally, the Department continues to work to improve its own home page on the Internet. The Web site address is <http://www.dfi.state.in.us>, and is used to distribute this annual report along with application forms, Department structure and contact information, links to federal regulators, consumer finance educational materials, and other helpful information.

Professional training plays a vital role in this agency, and the Department understands the importance of effective and timely training. We utilize an aggressive professional development program designed to promote a seasoned, informed staff and to ensure complete and accurate examination reports. Good training is necessary for the staff to make proper evaluations and sound analysis of examination information in determining the solvency and compliance of each financial institution. The Department utilizes a myriad of continuing professional education programs.

Located elsewhere in this report is the Report of Revenue and Expenditures of the Department of Financial Institutions. An examination of those figures will provide a review of the Department's overall fiscal operation.

DIVISION OF ADMINISTRATION



TRAINING

The continued development and maintenance of a qualified examination staff are major priorities of the Department. An effective training program is required to address this objective. To ensure value, the Department's training needs, policies, and procedures are annually assessed.

During 2002, the Department hired three new examiners. These examiners embarked on a set curriculum of technical examination training. In addition, all Department staff members participated in professional enrichment opportunities. Both externally and internally sponsored programs were employed.

External training programs conducted by the following sponsors were utilized: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Institute for Supervisory Education; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These programs supplement internal training. These external programs provide excellent individual technical instruction, and this information is then shared with other examiners and office staff.

Adequate financial analysis in a changing and more complex environment creates the need for specialized programs, such as E-banking, Capital Markets, and Information Systems & Technology Conferences. As these needs develop, the Department works with other regulatory agencies to identify and coordinate the necessary training.

In 2002, the Department continued its traditional use of the graduate banking and trust schools. One examiner began his studies in the trust program sponsored by the Cannon Financial Institute. A second examiner is in his third year at the Graduate School of Banking at Colorado, and a third continues studies at the American Bankers Association National Graduate Trust School.

Additionally, several agency employees took advantage of the Department's tuition reimbursement program in 2002. The benefit is intended to encourage employees to continue their formal education through evening and weekend programs. Courses of study included both graduate and undergraduate programs.

While the use of structured internal and external training opportunities is essential, the primary method of examiner professional development remains on-the-job training. Newer examiners are assigned mentors to ensure consistent and effective exposure to examination processes and techniques.

The agency's support staff continued its practice of participating in semi-annual professional development seminars. An outside consultant continues to provide professional and personal growth programs in an off-site setting.

Training is the foundation of a qualified staff. The Department is committed to developing and maintaining a knowledgeable and efficient examination force and support staff. Agency management is convinced that this high level of competence is necessary to promote a safe and sound financial institutions industry in the State of Indiana.

LEGISLATIVE CHANGES

Even though it was a short legislative session, the DFI nevertheless shepherded through the process some bills having significant impact in the financial services area. The DFI has throughout the years established itself with a legislative presence in the halls of the State House, as it has provided effective expertise in explaining and commenting on proposed legislation. It has also originated ideas for change and drafted its own legislation for consideration by the General Assembly. The DFI has, by its professional conduct and forthright efforts in legislative issues, established a level of credibility that members of the General Assembly have grown to rely on. The following bills affecting financial institutions were passed by the 2002 General Assembly and signed by the Governor. A short description of the bill is also included.

1) HB 1075. This bill is generically known as the payday lender bill or small loan act. The Governor signed it on March 14, 2002. It creates a new chapter of the Uniform Consumer Credit Code and provides for the existence of payday lending in Indiana. The department had been embroiled in several disputes both in and out of courts concerning the issue of payday lending in Indiana. The department ultimately prevailed and established that the Uniform Consumer Credit Code was being violated. For payday lending to legally exist, someone would first have to enact legislation providing for such transactions and the terms upon which the parties could be held. The department also made it clear that any legislation on this topic was going to have to be very consumer friendly or face stiff opposition. As a result, HB 1075 specifically defines a small loan; establishes the number of times the loan may be renewed; sets the interest ceiling that may be charged; limits who qualifies for such a loan; establishes warnings and other requirements that must be in each loan agreement; prohibits disguised loans; establishes a period of time a consumer may not get a loan under certain circumstances; limits the number of loans outstanding at any one time; enumerates prohibited actions by the lender and clarifies the role of the department in enforcement matters.

2) HB 1139. Annually, the department must update the effective dates of all references to federal statutes and federal regulations that appear throughout Title 24 and Title 28 of the Indiana Code. The Governor signed HB1139 on March 26, 2002. All such references will now be considered as the federal law or federal regulation existed on January 1, 2002.

3) HB 1191. This bill amends IC 27-1-38 of the Insurance Code by creating a new chapter. The Governor signed it on March 26, 2002.

It specifically prohibits a depository institution or an affiliate of a depository institution from making a loan of money contingent on the sale of any type of insurance through a particular insurer or broker. Nor may a depository reject the existing insurance of a customer if it is reasonable and relates to the required coverage. It establishes that advertisements and promotional materials for insurance cannot give the impression that a state or federal government is responsible for the insurance coverage or guarantees the credit. All insurance sold by a depository institution shall be subject to a clear and conspicuous written disclosure stating that the insurance is not: 1) a deposit, 2) insured by the federal deposit insurance corporation, or 3) guaranteed by the depository institution or one of its affiliates. The customer must give a written receipt to the institution that such disclosures have been given.

4) SB 202. The Governor signed SB 202 on March 19, 2002. This bill expands the field of membership of a state chartered credit union to include anyone who resides or who is employed in any Indiana community. A community is now defined as any town, county, township or city of the second or third class in Indiana. The bill repeals the provisions establishing a community credit union as being well defined geographically and fewer than 35,000 in population. SB 202 provides parity with federal credit unions in this regard. The bill also provides that unimproved real estate loans now be paid at intervals of one year or less and not exceed 85% of the fair cash value of the real estate. This is increased from 75%. The term of such loans shall be not more than 10 years instead of 5 years.

5) SB 306. This provides for the conversion of mutual savings associations into state chartered credit unions and for the conversion of mutual savings banks into state chartered credit unions. The department shall prescribe the procedures for such conversions. All converting institutions shall provide a plan that includes the terms and conditions of the conversion. The plan must be approved by the board of directors of the converting institution, which in turn must be approved by the department. The majority of the voting parties must then approve the conversion. The resulting credit union of the converting mutual association or mutual savings bank has ten years to wind down their operations and can legally retain any and all branches that existed by these mutual institutions before the conversion. Articles of conversion are then to be filed with the Secretary of State.

NOTES
