

Department of Financial Institutions



**Charles W. Phillips
Director**

**Annual Report
Year Ended December 31, 2003**

State of Indiana

**Joseph E. Kernan
Governor**

**Katherine L. Davis
Lieutenant Governor**

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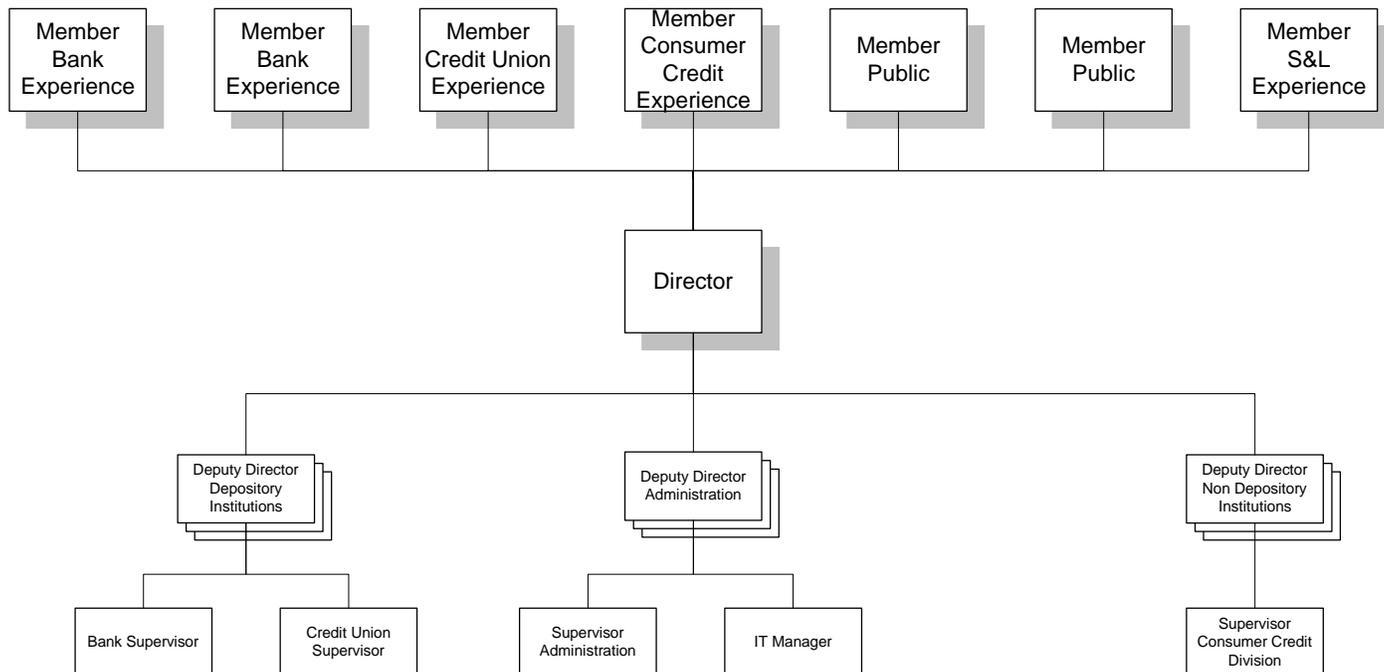


Judy Jones
Voice of the Department



Janice Davis
Administration Division

Department of Financial Institutions



DEPARTMENT OF FINANCIAL INSTITUTIONS

DIRECTORS (1933 - 2003)

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/registrants 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

Vacant
Banking Member

Anthony J. Zaleski, Jr.
Munster
Member at Large

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
Barb J. Cole, 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

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

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

Vernita L. Early - III
Rod A. Klingler - III
Chris C. Dietz - III
Alfred R. Westfall - III
Nathan M. Riley - IV
Kyra R. Wagoner - IV
Kevin M. Vaughn - IV

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 L. Tierney - II
Della V. Moore - III
Matthew W. Howrey - III
Matthew R. Dilly - IV
David B. Sandidge - 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
Gloria A. Thomson - II, C.P.A.

John N. Sigman - III
D. Scott Shelton - III

DIVISION OF NON-DEPOSITORY INSTITUTIONS

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

CONSUMER CREDIT EXAMINATION STAFF

DISTRICT 1

Rick A. Bane, Field Supervisor
James D. Harrell - WL II
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 J. Imbus - II
Dee A. Gloy - III
Tabitha M. Gran - IV
Collin P. Shipman - IV

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
Janice L. Davis, Personnel Assistant
Jan L. Rilenge, Accountant
Beth A. Risacher, Program Coordinator
Renita D. Stubbs, Administrative Assistant

OFFICE SUPPORT STAFF

Judy C. Jones, Administration Division
Sharmaine W. Stewart, Bank Division
Georgia R. Wagoner, Consumer Credit and
Credit Union Divisions

EXAMINER CERTIFICATIONS

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Brockman, Paul G.
Cooper, James M.
Gray, Mark T.
Moreland, Mark A.

Phillips, Charles W.
Rowe, Randy L.
Thompson, Deron J.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Bostock, Stacy I.
Hoferkamp, David H.
Kozuch, Chad L.
Neal, Eric S.
Nelson, Richard C.
Pogue, Troy D.
Reid, Lee T.
Schreiber, Kirk J.

Swanson, Jacob P.
Tata, Francis J.
Tussey, Douglas H.
Upchurch, Robin R.
Wachter, Steven R.
Ward, Marc A.
Williams, Gina R.

CERTIFIED CREDIT EXAMINER (“CCE”)

Early, Vernita L.
Fite, Thomas C.

Tierney, Janelle L.

CERTIFIED OPERATIONS EXAMINER (“COE”)

Dietz, Christopher C.
Klingler, Rod A.

Westfall, Alfred R.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Powell, Mark K.

Pogue, David D.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Walters, Mark A.

CERTIFIED CREDIT EXAMINER (“CCE”)

Thomson, Gloria A.

CERTIFIED OPERATIONS EXAMINER (“COE”)

Shelton, Scott D.

Sigman, John N.

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Bane, Rick A.
Benbow, Robert W.

Tarpey, Mark B.

COMPLEX INSTITUTIONS SPECIALIST ("CIS")

Brown, Ned W.
Gloy, Dee A.
Harrell, James D.
Heckard, John D.
Hicks, George M.
Imbus, Scott J.

Janz, Leroy H.
Kaye, Donna R.
Murray, Charles L.
Sager, Kent D.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended both to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

COE – Certified Operations Examiner
CCE – Certified Credit Examiner
CEIC – Certified Examiner in Charge
CEM – Certified Examinations Manager

Consumer Credit Division

NLCE – Non-Lender Compliance Examiner
DIS – Depository/Investigations Specialist
CIS – Complex Institutions Specialist
CEM – Certified Examinations Manager

Both the initial certification and the retention of the designation are dependent upon the examiner's successful performance, and professional development.

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 five divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, 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.

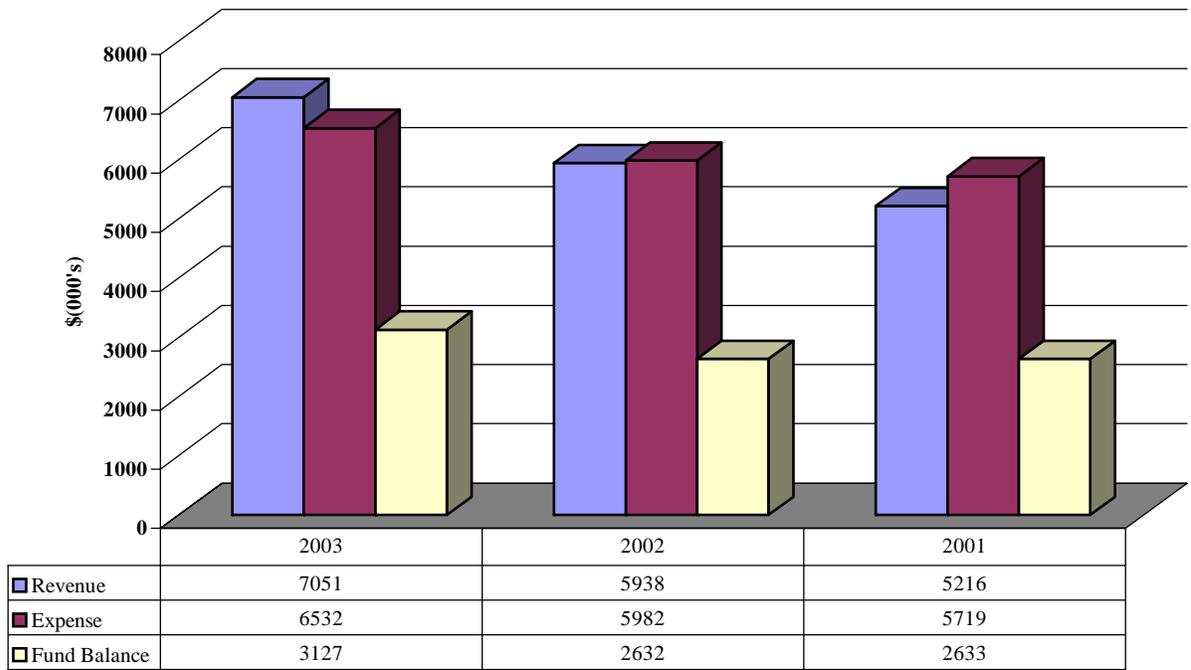


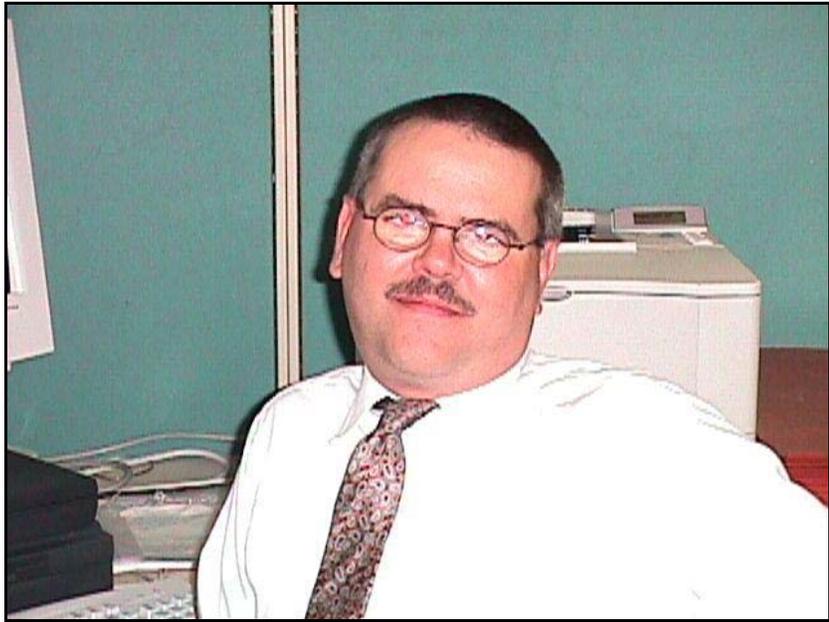
REVENUE AND EXPENDITURES

<u>REVENUE</u>	2003	2002	2001
BANK FEES	\$3,018,602	\$2,602,074	\$2,059,586
SAVINGS & LOAN FEES	55,592	51,985	51,783
CREDIT UNION FEES	594,957	565,935	540,286
PAWNBROKING LICENSING FEES	63,565	73,710	70,440
APPLICATION FEES	30,617	71,339	59,661
BUDGET SERVICE COMPANY FEES	400	600	1,100
UCCC FEES	3,231,682	2,512,186	2,370,856
RENTAL/PURCHASE LICENSE	29,810	33,645	33,006
MONEY TRANSMITTER FEES	14,038	12,015	12,015
CHECK CASHERS FEES	11,559	14,575	17,500
TOTAL REVENUE	\$7,050,822	\$5,938,064	\$5,216,233
<u>EXPENDITURES</u>			
PERSONNEL COSTS	\$5,034,798	\$4,938,897	\$4,797,470
UTILITIES, POSTAGE, AND SUBSCRIPTIONS	169,424	173,771*	141,436
CONTRACT SERVICES	270,029	117,165	124,828
OFFICE SUPPLIES	36,449	34,689	33,257
EQUIPMENT/EDP DEVELOPMENT/SOFTWARE	383,557	204,734	29,878
TRAVEL IN-STATE	465,286	393,583	425,092
TRAVEL OUT-OF-STATE	11,826	9,971	13,016
PERSONNEL DEVELOPMENT & RELATED TRAVEL	160,436	109,602	154,386
TOTAL EXPENDITURES	\$6,531,805	\$5,982,412*	\$5,719,363
NET REVENUE (EXPENDITURES)	519,017	(44,348)*	(503,130)
CASH BALANCE, JULY 1	2,637,711	2,682,055	3,185,185
CASH BALANCE, JUNE 30	3,156,728	2,637,707*	2,682,055
LESS ENCUMBRANCES	29,817	5,550	49,144
FUND BALANCE, JUNE 30	\$3,126,911	\$2,632,157*	\$2,632,911

*Reflects corrections made to 2002 figures

Revenue & Expenditures





Kirk Schreiber
Bank Division



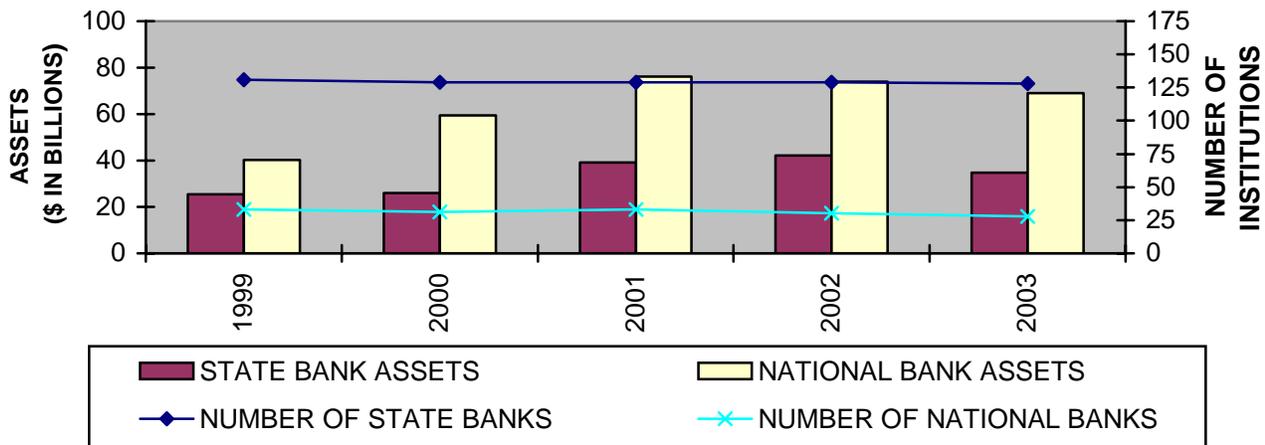
Dee Gloy
Consumer Credit Division

DEPOSITORY DIVISION

During the calendar year of 2003 the number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities declined in number from 129 to 128. National banks in Indiana decreased from 30 to 28 during the same period. Total state chartered supervised assets decreased during the 2003 calendar year from \$42.2 billion to \$34.9 billion, due mainly to the merger of the largest state charter with and into an out of state affiliate state charter.¹ National bank assets decreased slightly from \$73.9 billion to \$69.1 billion in the calendar year 2003. As of December 31, 2003, state-chartered commercial banks represented 33.6% of total Indiana bank assets (state and national). In contrast, state-chartered commercial banks represented 82% of the total number of such banks in the state of Indiana.

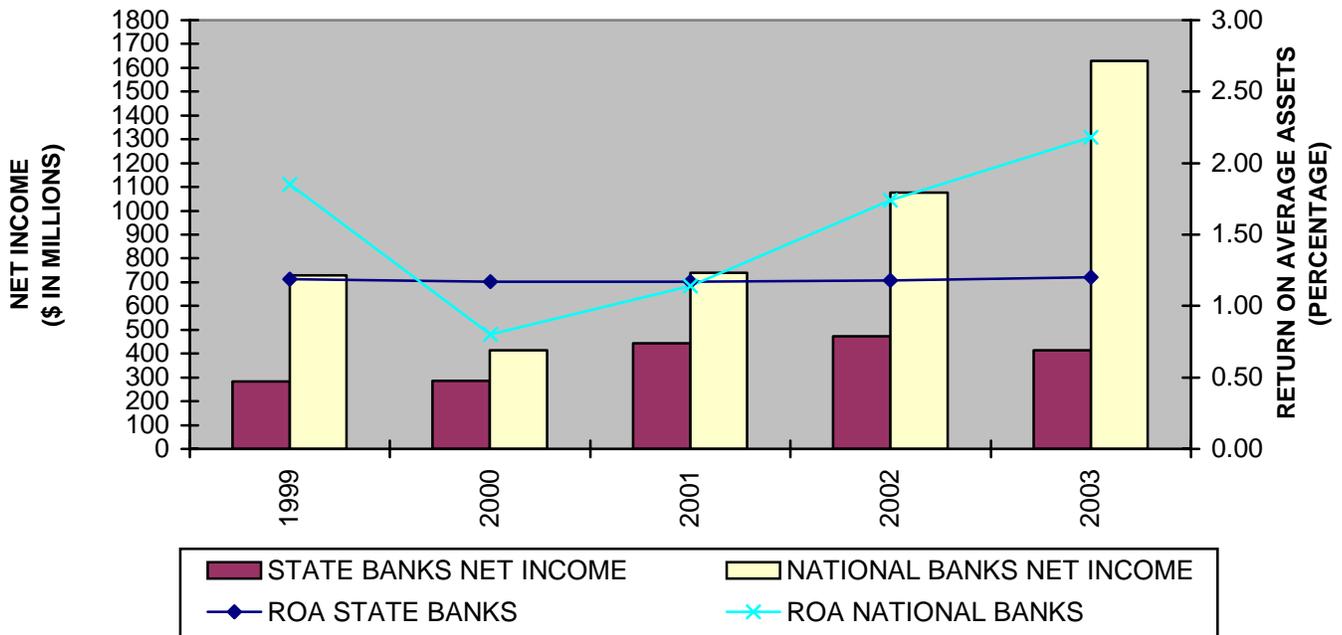
During 2003, one new state chartered commercial bank officially opened for business and one commercial bank converted from national charter to a state charter. Three state bank charters were eliminated through mergers with other state or national banks.

STATE AND NATIONAL BANKS



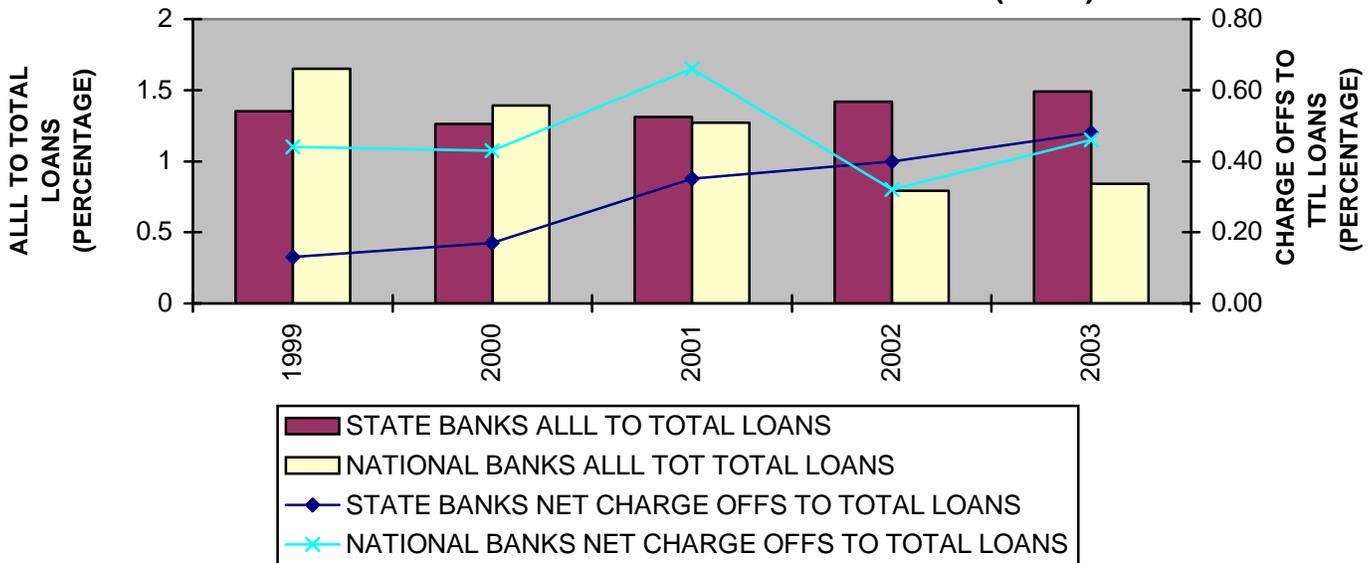
Both state and national banks have had very stable performance over the last five years. The sustained profitability measure is attributed to strong loan growth and maintenance of sound credit quality. The net income for state-chartered financial institutions over the past five years is \$284 million in 1999, \$285 million in 2000, \$442 million in 2001, \$473 million in 2002 and \$415 million in 2003. Net income as a percentage of assets (in the aggregate) for the calendar year 2003 increased slightly to a five year high of 1.20% from 1.18% at year-end 2002. The annual state chartered aggregate ROA for the past five years has remained stable with a range between 1.17% and 1.20%. The net income for national banks in Indiana over the past five years starting with 1999 is \$730 million, \$413 million \$740 million, \$1,075 million and \$1,628 million respectively. The aggregate ROA for national banks over the same period has ranged from 1.85% in 1999, to a low of 0.80% in 2000, to its 2003 level of 2.18%. The significant increase in net income for national banks over the past two calendar years is attributed mainly to business restructuring of the largest national charter.²

STATE AND NATIONAL BANKS INCOME TRENDS



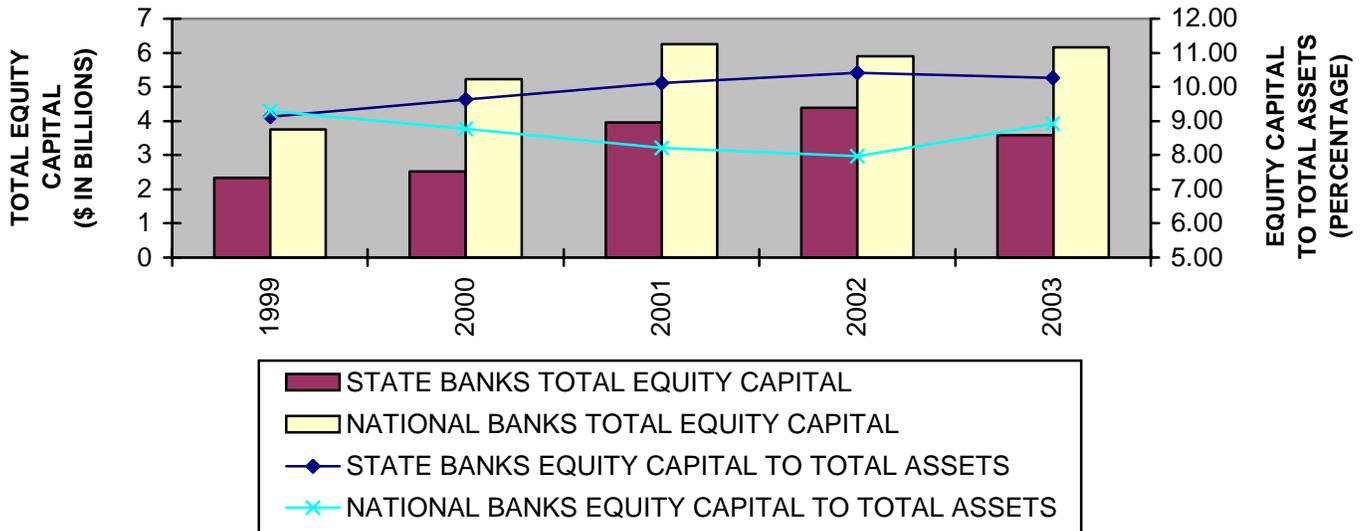
The allowance for loan and lease losses and net charge offs for state banks have remained consistent over the last five years. The aggregate allowance for loan and lease losses for Indiana state chartered banks reached a five year high of 1.49% in 2003 from 1.42% as of year-end 2002 and a low of 1.26% in 2000. The aggregate allowance for loan and lease losses for national banks in Indiana ranges from a high of 1.65% in 1999, a low of 0.79% in 2002 to its 2003 level of 0.84%. Net charge offs as a percentage of total loans for state banks for the 2003 calendar year increased to 0.48% compared to 0.40% in 2002. Net charge offs for national banks ranged from 0.44% in 1999 to 0.66% for calendar year 2001 to 0.46% in 2003.

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



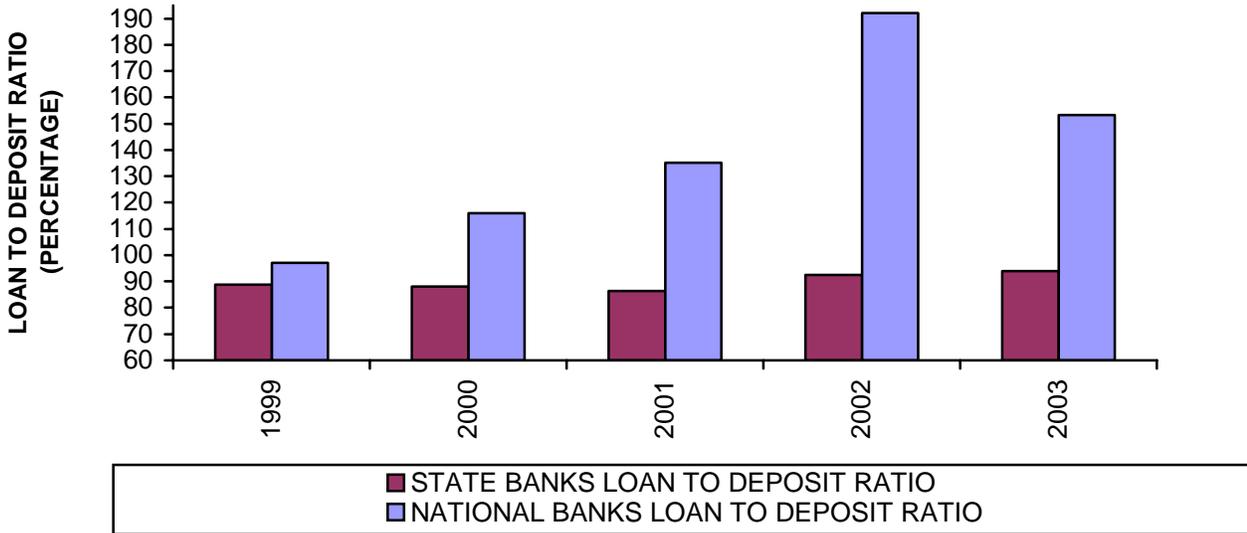
Total equity capital for Indiana state chartered banks has increased from \$2.33 billion as of December 31, 1999, to \$3.58 billion as of December 31, 2003 or a 54% increase. Total equity capital for national banks in Indiana has increased from \$3.75 billion in 1999 to \$6.16 billion as of year-end 2003 or a 64% increase. The ratio of total equity capital to total assets has increased from 9.13% to 10.26% for state chartered institutions from year-end 1999 to year-end 2003. The ratio of total equity capital to total assets for national banks over the same period has ranged from 9.29% in 1999, to a low of 7.97% in 2002 and to its 2003 level 8.92%.

STATE AND NATIONAL BANKS EQUITY CAPITAL



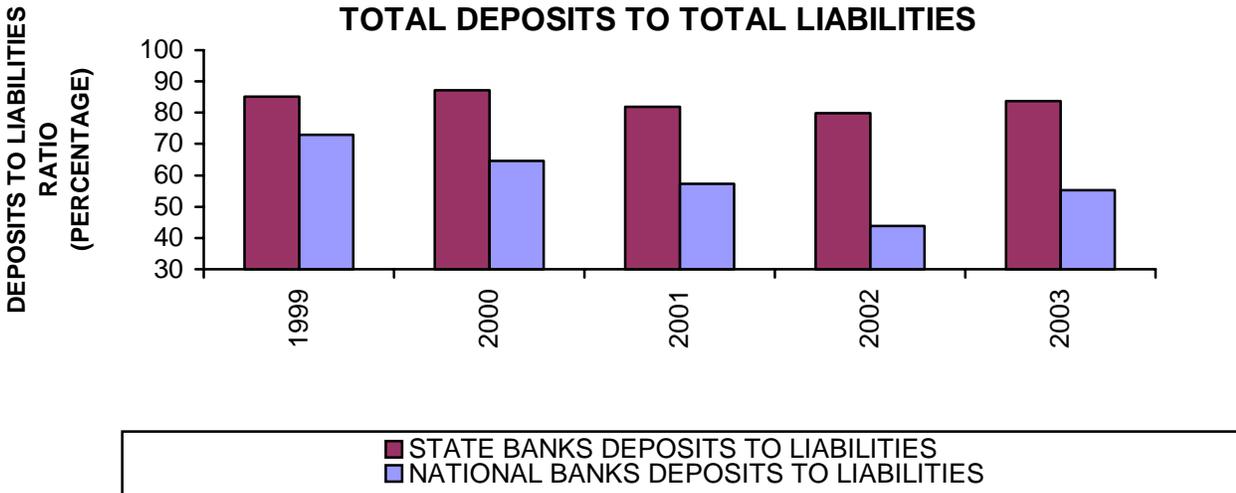
The ratio of loans to deposits has continued to increase over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have gradually increased from \$17.6 billion in 1999 to \$24.6 billion in 2003 or a 40% increase. Total deposits for state banks also gradually increased from \$19.8 billion in 1999 to \$26.2 billion in 2002 or a 32% increase. Total loans for national banks in Indiana have significantly increased from \$25.6 billion in 1999 to \$53.3 billion (108.2%) as of December 31, 2003, while total deposits for national banks only increased from \$26.3 billion to \$34.8 billion (32.3%) during the same time frame.

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 their reliance on wholesale funding. The ratio for state banks deposits to liabilities decreased from 85.20% in 1999 to 83.67% in 2003. In contrast, the ratio for national banks in Indiana decreased from 72.86% as of December 31, 1999, to 55.23% as of December 31, 2003.

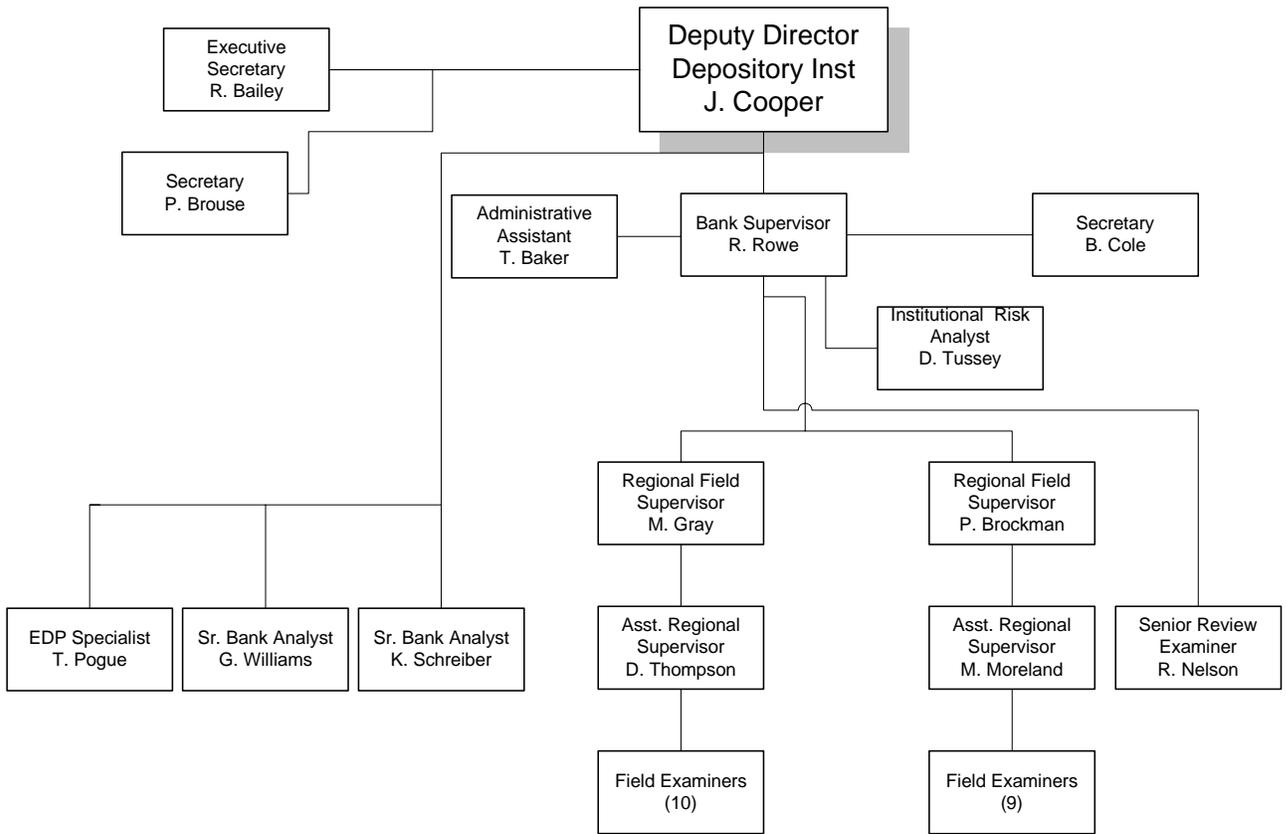
STATE AND NATIONAL BANKS TOTAL DEPOSITS TO TOTAL LIABILITIES



¹ Fifth Third Bank, Indiana, Indianapolis, Indiana merged with and into Fifth Third Bank, Grand Rapids, Michigan effective December 30, 2003.

² National City Bank of Indiana, Indianapolis, Marion County, Indiana was restructured to include a mortgage company subsidiary acquired by the bank's holding company National City Corporation, Cleveland, Ohio in 1999. As of December 31, 2003, National City Bank of Indiana had total assets of \$42.5 billion and net income of \$1.4 billion.

BANK DIVISION



COMPARATIVE STATEMENT STATE CHARTERED BANKS

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/2000	12/31/2001	% CHANGE	12/31/2002	% CHANGE	12/31/2003	% CHANGE
Assets	26,120	39,175	49.98%	42,201	7.72%	34,881	-17.35%
Deposits	20,575	28,831	40.13%	30,212	4.79%	26,190	-13.31%
Total Equity Capital Adjusted	2,511	3,927	56.39%	4,392	11.84%	3,580	-18.49%
Tier 1 Capital	2,406	3,720	54.61%	4,035	8.47%	3,316	-17.82%
LVR	228	327	43.42%	397	21.41%	368	-7.30%
Total Capital	2,634	4,047	53.64%	4,432	9.51%	3,684	-16.88%
Total Net Charge-Offs	30	88	193.33%	113	28.41%	119	5.31%
Total Gross Loans & Leases	18,129	24,910	37.40%	27,960	12.24%	24,629	-11.91%
Total Securities	5,877	8,509	44.78%	8,561	0.61%	6,364	-25.66%
Federal Funds Sold	544	2,165	297.98%	1,771	-18.20%	346	-80.46%
Interest Bearing Balances	146	264	80.82%	376	42.42%	419	11.44%
Trading Account Securities	146	105	-28.08%	14	-86.67%	1	-92.86%
Total Earning Assets	23,778	35,626	49.83%	38,285	7.46%	31,391	-18.01%
Total Interest Income	1,901	2,681	41.03%	2,397	-10.59%	1,888	24,629
Total Interest Expense	949	1,344	41.62%	940	-30.06%	606	6,364
Net Interest Income	952	1,336	40.34%	1,457	9.06%	1,282	346
Total Non-interest Income	375	638	70.13%	685	7.37%	744	419
Total Non-interest Expenses	816	1,200	47.06%	1,292	7.67%	1,292	1
Loan Provisions	55	127	130.91%	175	37.80%	141	31,391
Net Income	285	442	55.09%	473	7.01%	415	-12.26%

THE FINANCIAL INFORMATION TO COMPILE THIS SCHEDULE AND THE FOLLOWING FINANCIAL SCHEDULES WAS OBTAINED THROUGH THE FEDERAL DEPOSIT INSURANCE CORPORATION'S STATISTICS ON DEPOSITORY INSTITUTION DATABASE. DUE TO CALL REPORT AMENDMENTS AND CHANGES IN FORMATTING, THE DECEMBER 31, 2002 NUMBERS MAY BE SLIGHTLY DIFFERENT THAN THOSE IN THE 2002 ANNUAL REPORT.

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2003	12/31/2003	12/31/2002	12/31/2002
Number of Banks	128	28	129	30

Consolidated Balance Sheet

Total Gross Loans & Leases	24,629	53,283	27,960	57,166
Total Allowance for Loans & Leases (ALLL)	368	449	397	451
Total Net Loans & Leases	24,261	52,834	27,563	56,715
Total Securities	6,364	7,737	8,561	8,614
Total Interest Bearing Balances	419	768	376	771
Total Fed Funds Sold/Repurchase Agreements	346	334	1,771	307
Total Trading Accounts	1	2	14	3
Total Earning Assets	31,391	61,675	38,285	66,410
Total Cash and Due From Bank	1,617	2,397	1,844	2,691
Total Premises and Fixed Assets	488	562	555	485
Total Other Real Estate Owned	51	132	41	145
Total Other Assets	1,334	4,372	1,476	4,119
Total Assets	34,881	69,138	42,201	73,850
Average Assets	34,441	74,766	40,524	63,686
Total Deposits	26,190	34,779	30,212	29,757
Total Fed Funds Purchased	1,388	10,932	1,914	7,324
Total Other Borrowed Funds	3,163	14,817	5,200	28,745
Total Subordinated Debt	30	402	30	178
Total All Other Liabilities	530	2,044	453	1,958
Total Liabilities	31,301	62,974	37,809	67,962
Total Equity Capital	3,580	6,164	4,392	5,888
Total Liabilities and Equity Capital	34,881	69,138	42,201	73,850

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2003	12/31/2003	12/31/2002	12/31/2002
Number of Banks	128	28	129	30

Consolidated Income Statement

Total Interest Income	1,888	4,040	2,397	3,737
Total Interest Expense	606	1,140	940	1,223
Total Net Interest Income	1,282	2,900	1,457	2,514
Total Non Interest Income	744	1,983	685	1,290
Total Non Interest Expense	1,292	2,101	1,292	1,988
Total Loan Provisions	141	242	175	203
Total Pre Tax Operating Income	593	2,540	675	1,613
Total Securities Gains/Losses	16	29	14	28
Total Applicable Income Tax	194	941	216	566
Net Income	415	1,628	473	1,075

Ratio Analysis

Net Income to Average Assets	1.20%	2.18%	1.17%	1.69%
Net Income to Year End Total Equity	11.59%	26.41%	10.77%	18.26%
Net Interest Income to Average Assets	3.72%	3.88%	3.60%	3.95%
Total Loans to Total Deposits	94.04%	153.20%	92.55%	192.11%
Loan Loss Provisions to Total Loans	0.57%	0.45%	0.63%	0.36%
ALLL to Total Loans	1.49%	0.84%	1.42%	0.79%
Net Charge-Offs to Total Loans	0.48%	0.46%	0.40%	0.32%
Total Equity Capital to Total Assets	10.26%	8.92%	10.41%	7.97%
Total Equity Capital and ALLL to Total Assets and ALLL	11.20%	9.50%	11.24%	8.53%

ACCOUNT DESCRIPTIONS (\$ IN MILLIONS)	State 12/31/2003	National 12/31/2003	ALL 12/31/2003	ALL 12/31/2002	% CHANGE
Number of Banks	128	28	156	159	
Combined Statement of Condition					
Total Gross Loans & Leases	24,629	53,283	77,912	85,126	-8.47%
Total Allowance for Loans & Leases (ALLL)	368	449	817	846	-3.43%
Total Net Loans & Leases	24,261	52,834	77,095	84,280	-8.53%
Total Securities	6,364	7,737	14,101	17,175	-17.90%
Total Interest Bearing Balances	419	768	1,187	1,147	3.49%
Total Fed Funds Sold/Repurchase Agreements	346	334	680	2,078	-67.28%
Total Trading Accounts	1	2	3	17	-82.35%
Total Earning Assets	31,391	61,675	93,066	104,697	-11.11%
Total Cash and Due From Bank	1,617	2,397	4,014	4,535	-11.49%
Total Premises and Fixed Assets	488	562	1,050	1,040	0.96%
Total Other Real Estate Owned	51	132	183	186	-1.61%
Total Other Assets	1,334	4,372	5,706	5,595	1.98%
Total Assets	34,881	69,138	104,019	116,051	-10.37%
Average Assets	34,441	74,766	109,207	104,210	4.80%
Total Deposits	26,190	34,779	60,969	59,969	1.67%
Total Fed Funds Purchased	1,388	10,932	12,320	9,238	33.36%
Total Other Borrowed Funds	3,163	14,817	17,980	33,945	-47.03%
Total Subordinated Debt	30	402	432	208	107.69%
Total All Other Liabilities	530	2,044	2,574	2,411	6.76%
Total Liabilities	31,301	62,974	94,275	105,771	-10.87%
Total Equity Capital	3,580	6,164	9,744	10,280	-5.21%
Total Liabilities and Equity Capital	34,881	69,138	104,019	116,051	-10.37%

RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2003 VS 2002
 (\$ IN MILLIONS)

	2003			2002		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	61	22,350	341	66	31,035	412
.75% TO .99%	28	3,689	31	27	3,409	29
.50% TO .74%	21	6,372	39	19	5,662	31
BELOW .50%	18	2,470	4	17	2,095	1
	128	34,881	415	129	42,201	473

RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2003 VS 2002
 (\$ IN MILLIONS)

	2003			2002		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	11	47,362	1,500	15	63,592	1,009
.75% TO .99%	5	11,530	93	7	5,655	46
.50% TO .74%	3	3,135	22	1	575	4
BELOW .50%	9	7,111	13	7	4,028	16
	28	69,138	1,628	30	73,850	1,075

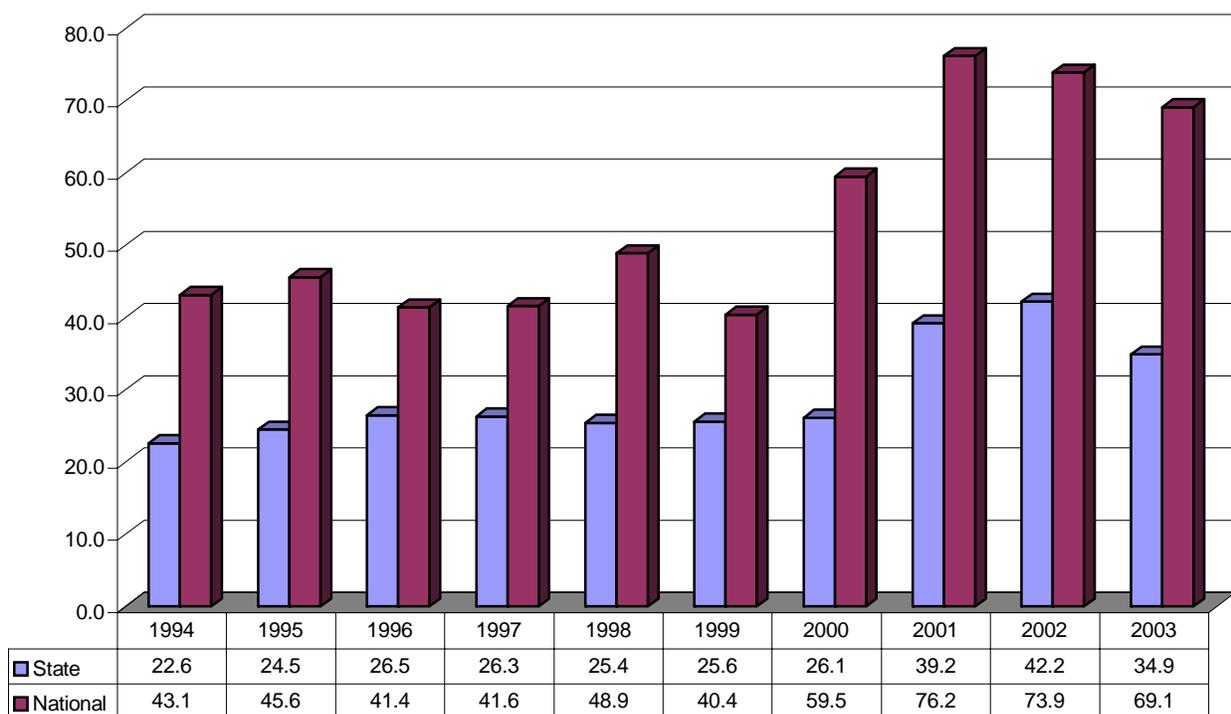
HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS)

DATA AS OF 12/31/2003	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	18	0	\$1,792	1.72%	\$1,401	2.30%
IN HC W/One State Bank	78	78	\$21,711	20.87%	\$17,032	27.94%
National Banks w/o HC	2	0	\$348	0.33%	\$315	0.52%
IN HC w/One National Bank	16	16	\$20,585	19.79%	\$14,660	24.05%
TOTALS	114	94	\$44,436	42.72%	\$33,408	54.80%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	22	7	\$9,471	9.11%	\$6,251	10.25%
IN HC w/One or More National Banks	6	4	\$3,236	3.11%	\$2,304	3.78%
Sub Total	28	11				
Holding Company Duplications	0	-2				
TOTALS	28	9	\$12,707	12.22%	\$8,555	14.03%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	10	6	\$1,907	1.83%	\$1,506	2.47%
O-St HC w/One or More National Banks	4	3	\$44,969	43.23%	\$17,500	28.70%
Sub Total	14	9				
Holding Company Duplications	0	-1				
TOTALS	14	8	\$46,876	45.06%	\$19,006	31.17%
GRAND TOTALS	156	111	\$104,019	100.00%	\$60,969	100.00%

DATA AS OF 12/31/2002	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%	\$14,637	24.41%
TOTALS	113	93	\$43,412	37.41%	\$32,451	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	13.71%
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%	\$59,969	100.00%

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



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
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%
2003	34.9	33.6%	69.1	66.4%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2003

NAME	CITY	ADDRESS	CITY	STATE	OPENED
THE BIPPUS STATE BANK	HUNTINGTON	210 N. MAIN STREET	ROANOKE	IN	1/13/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	12626 US 41	EVANSVILLE	IN	2/18/2003
INDIANA LAWRENCE BANK & TRUST CO	N. MANCHESTER	1810 EAST CENTER STREET	WARSAW	IN	4/7/2003
CITIZENS BANK	MOORESVILLE	10503 HEARTLAND BOULEVARD	CAMBY	IN	4/14/2003
STAR FINANCIAL BANK	FORT WAYNE	8470 ALLISON POINTE, SUITE 130	INDIANAPOLIS	IN	4/14/2003
BLOOMFIELD STATE BANK	BLOOMFIELD	101 BROADWAY	OAKTOWN	IN	5/5/2003
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	6431 EAST STATE BOULEVARD	FORT WAYNE	IN	5/5/2003
GRABILL BANK	GRABILL	1115 AVENUE OF AUTOS	FORT WAYNE	IN	5/12/2003
FIRST FARMERS BANK AND TRUST CO.	CONVERSE	2041 S. REED ROAD	KOKOMO	IN	6/30/2003
LAFAYETTE COMMUNITY BANK	LAFAYETTE	1215 POTTER DRIVE, SUITE #1	WEST LAFAYETTE	IN	7/21/2003
LAKE CITY BANK	WARSAW	410 CHEVY WAY	WARSAW	IN	9/2/2003
FARMERS STATE BANK - LAGRANGE	LAGRANGE	809 WEST CHICAGO ROAD	STURGIS	MI	9/8/2003
CENTIER BANK	WHITING	702 E. LINCOLNWAY	LAPORTE	IN	9/12/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	6026 LIMA ROAD	FORT WAYNE	IN	10/6/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	1662 COMMERCIAL BLVD.	FISHERS	IN	10/6/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	13756 NORTH MERIDIAN STREET	CARMEL	IN	10/6/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	10215 NORTH MICHIGAN	CARMEL	IN	10/6/2003
CENTIER BANK	WHITING	3198 E. 81ST STREET	HOBART	IN	10/9/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	6131 ROTHMAN ROAD	FORT WAYNE	IN	10/14/2003
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	107 N. STATE ROAD 135, STE 201	GREENWOOD	IN	10/20/2003
HERITAGE COMMUNITY BANK	COLUMBUS	1665 NATIONAL ROAD	COLUMBUS	IN	10/21/2003
FIRST COMMUNITY BANK AND TRUST	BARGERSVILLE	1121 E STOP 11 ROAD	INDIANAPOLIS	IN	10/31/2003
STATE BANK OF LIZTON	LIZTON	7984 STATE ROAD 32	THORNTOWN	IN	12/1/2003
HOMEFEDERAL BANK	COLUMBUS	8740 SOUTH EMERSON AVENUE	INDIANAPOLIS	IN	12/1/2003
CENTIER BANK	WHITING	6529 COLUMBIA AVENUE	HAMMOND	IN	12/1/2003
LAKE CITY BANK	WARSAW	20 EAST MAIN STREET, SUITE 600	FORT WAYNE	IN	12/1/2003
SAND RIDGE BANK	HIGHLAND	11890 SOUTH BROADWAY	CROWN POINT	IN	12/4/2003
STAR FINANCIAL BANK	FORT WAYNE	9165 EAST 56TH STREET	INDIANAPOLIS	IN	12/8/2003
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	351 SAGAMORE PARKWAY WEST	WEST LAFAYETTE	IN	12/8/2003

SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2003

NAME	CITY	ADDRESS	CITY	CLOSED
1ST SOURCE BANK	SOUTH BEND	973 SOUTH CENTERVILLE ROAD	STURGIS MI	3/31/2003
1ST SOURCE BANK	SOUTH BEND	265 US HIGHWAY 131	THREE RIVERS MI	3/31/2003
1ST SOURCE BANK	SOUTH BEND	505 TOURING AVENUE	AUBURN IN	3/31/2003
STAR FINANCIAL BANK	FORT WAYNE	101 SOUTH FIRST STREET	VAN BUREN IN	6/1/2003
FIRST FARMERS BANK AND TRUST CO.	CONVERSE	2382 W. STATE ROAD 18	KOKOMO IN	6/30/2003
MAINSOURCE BANK	GREENSBURG	527 WEST MAIN STREET	BROOKVILLE IN	7/2/2003
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	1680 W. MAIN STREET, SUITE C	GREENWOOD IN	8/22/2003
STAR FINANCIAL BANK	FORT WAYNE	1900 APPLEWOOD CENTER	ANDERSON IN	10/1/2003
AMERICAN STATE BANK	LAWRENCEBURG	INTERSECTION OF U.S. HIGHWAY 50 AND STATE ROUTE 48	LAWRENCEBURG IN	10/14/2003
MAINSOURCE BANK	GREENSBURG	5249 E. THOMPSON ROAD	INDIANAPOLIS IN	12/5/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	1801 N. GREENSBURG CROSSING	GREENSBURG IN	12/17/2003
THE GERMAN AMERICAN BANK	JASPER	ONE RIVERFRONT PLACE, 20 NORTHWEST FIRST STREET	EVANSVILLE IN	12/19/2003
STATE BANK OF LIZTON	LIZTON	108 MAIN STREET	ADVANCE IN	12/31/2003
FIRST COMMUNITY BANK AND TRUST	BARGERSVILLE	11050 PRESBYTERIAN DRIVE	INDIANAPOLIS IN	12/31/2003

CONVERSIONS

NAME	CITY	CONVERTED NAME	CITY	CONSUMMATED
KNISELY NATIONAL BANK OF BUTLER National Bank to State Commercial Bank	BUTLER	KNISELY BANK	BUTLER	1/1/2003

NEW STATE BANK SUBSIDIARIES IN 2003

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
AMERIANA INVESTMENT MANAGEMENT, INC.	AMERIANA BANK AND TRUST, SB	NEW CASTLE	INVESTMENT PORTFOLIO MANAGEMENT	2/3/2003
IRWIN EQUIPMENT LEASE FUNDING, LLC	IRWIN UNION BANK & TRUST CO.	COLUMBUS	ASSET SECURITIZATION	2/27/2003
PSB FRANCESVILLE INVESTMENTS, INC.	PEOPLES STATE BANK	FRANCESVILLE	INVESTMENT PORTFOLIO MANAGEMENT	4/3/2003
PSB FRANCESVILLE HOLDINGS, INC.	PSB FRANCESVILLE, LLC			4/3/2003
FIRST BERNE HOLDINGS, INC. FIRST BERNE, LLC FIRST BERNE INVESTMENTS, INC.	FIRST BANK OF BERNE	BERNE	INVESTMENT PORTFOLIO MANAGEMENT	5/1/2003 5/1/2003 5/1/2003
LIZTON INVESTMENT HOLDINGS, INC.	STATE BANK OF LIZTON	LIZTON	INVESTMENT PORTFOLIO MANAGEMENT	6/1/2003
NWIN INVESTMENTS, INC. NWIN HOLDINGS, INC. NWIN, LLC	PEOPLES BANK SB	MUNSTER	INVESTMENT PORTFOLIO MANAGEMENT	8/1/2003 8/1/2003 8/1/2003
CAPSTONE 557 (PROPRIETARY) LIMITED MSB REALTY, INC.	1ST SOURCE BANK MAINSOURCE BANK	SOUTH BEND GREENSBURG	AIRCRAFT OWNERSHIP REAL ESTATE PORTFOLIO MANAGEMENT	9/15/2003 11/1/2003
SECURITY CAPITAL INC.	FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	LEASE ORIGINATION AND SERVICING	11/17/2003
FBF SECURITIES, INC.	THE FARMERS BANK	FRANKFORT	INVESTMENT PORTFOLIO MANAGEMENT	12/1/2003

MAIN OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
HOOSIER TRUST COMPANY	9202 NORTH MERIDIAN STREET, SUITE 110 9339 PRIORITY WAY WEST DRIVE, SUITE 250	INDIANAPOLIS INDIANAPOLIS	4/10/2003
STAR FINANCIAL BANK	735 MAIN STREET 127 WEST BERRY STREET	ANDERSON FORT WAYNE	8/12/2003
FIRST INTERNET BANK OF INDIANA	8520 ALLISON POINTE BOULEVARD, SUITE 210 7820 INNOVATION BOULEVARD, SUITE 210	INDIANAPOLIS INDIANAPOLIS	11/3/2003

BRANCH OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
AMERIANA BANK AND TRUST, SB	2894 MONTGOMERY ROAD 2906 MONTGOMERY ROAD	MAINEVILLE, OH MAINEVILLE, OH	1/21/2003
SAND RIDGE BANK	1650 US 41 1515 US 41	SCHEREVILLE SCHEREVILLE	4/22/2003
FIFTH THIRD BANK INDIANA	601 MAIN STREET 45 STATE ROAD 66 WEST	TELL CITY TELL CITY	5/12/2003
FIFTH THIRD BANK INDIANA	43 U.S. HIGHWAY 66 E 45 STATE ROAD 66 WEST	TELL CITY TELL CITY	5/12/2003
FIFTH THIRD BANK INDIANA	411 WASHINGTON STREET 45 STATE ROAD 66 WEST	CANNELTON TELL CITY	5/12/2003
DUPONT STATE BANK	35 NORTH PIKE STREET 220 NORTH STATE STREET	VERNON NORTH VERNON	6/17/2003
MAINSOURCE BANK	522 WEST 30TH STREET 206 WEST 30TH STREET	CONNERSVILLE CONNERSVILLE	6/28/2003
THE NEW WASHINGTON STATE BANK	3300 GRANT LINE ROAD, SUITE 190 2675 CHARLESTOWN ROAD	NEW ALBANY NEW ALBANY	9/29/2003
FIRST BANK	1118 NORTH MAIN STREET SUITE B 2259 NORTH MORTON STREET	FRANKLIN FRANKLIN	10/20/2003
MONROE BANK	3300 WEST 16TH STREET 2119 WEST 16TH STREET	BEDFORD BEDFORD	11/1/2003
STATE BANK OF OXFORD	104 SOUTH MAIN STREET 408 NORTH MEADOW STREET	OTTERBEIN OTTERBEIN	11/15/2003
THE MERCHANTS BANK & TRUST CO	23998 STATELINE ROAD 24004 STATELINE ROAD	BRIGHT BRIGHT	12/8/2003

MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2003

<u>SURVIVING INSTITUTION</u> <u>INSTITUTION MERGED</u>	<u>CITY</u>	<u>SURVIVING INSTITUTION NAME</u>	<u>CITY</u>	<u>CONSUMMATED</u>
FIRST INDIANA BANK, NA METROBANK	INDIANAPOLIS INDIANAPOLIS, IN	FIRST INDIANA BANK, NA	INDIANAPOLIS	1/14/2003
THE FOUNTAIN TRUST CO. HERITAGE BANK & TRUST COMPANY	COVINGTON DARLINGTON, IN	THE FOUNTAIN TRUST CO.	COVINGTON	4/4/2003
INDEPENDENCE BANK I-BANK	NEW ALBANY LOUISVILLE, KY	INDEPENDENCE BANK	NEW ALBANY	10/7/2003
COMMUNITY BANK OF SOUTHERN INDIANA COMMUNITY BANK OF KENTUCKY, INC.	NEW ALBANY BARDSTOWN, KY	COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY	11/14/2003
LAKE CITY BANK ICM BANK & TRUST COMPANY	WARSAW EVANSVILLE, IN	LAKE CITY BANK	WARSAW	12/1/2003
FIFTH THIRD BANK FIFTH THIRD BANK INDIANA	GRAND RAPIDS INDIANAPOLIS, IN	FIFTH THIRD BANK	GRAND RAPIDS, MI	12/30/2003

HOLDING COMPANY ACQUISITIONS IN 2003

<u>HOLDING COMPANY NAME</u>	<u>CITY</u>	<u>TARGET NAME</u>	<u>CITY</u>	<u>CONSUMMATED</u>
MAINSOURCE FINANCIAL GROUP INC.	GREENSBURG	FIRST COMMUNITY BANCSHARES, INC.	BARGERSVILLE	6/12/2003

FORMATIONS IN 2003

<u>INCORPORATOR(S)</u>	<u>PROPOSED NAME</u>	<u>PROPOSED CITY</u>	<u>CONSUMMATED</u>
MICHAEL STEGALL	COMMUNITY FIRST BANK OF HOWARD COUNTY	KOKOMO	2/3/2003

ADDITIONS & DELETIONS IN 2003

<u>NAME</u>	<u>CITY</u>	<u>ACTIVITY</u>	<u>EFFECTIVE DATE</u>
KNISELY NATIONAL BANK OF BUTLER	BUTLER	CONVERSION FROM A NATIONAL BANK TO A STATE COMMERCIAL BANK	1/1/2003
METROBANK	INDIANAPOLIS	MERGED WITH FIRST INDIANA BANK, NA	1/14/2003
COMMUNITY FIRST BANK OF HOWARD COUNTY	KOKOMO	FORMATION OF A NEW STATE COMMERCIAL BANK	2/3/2003
HERITAGE BANK & TRUST COMPANY	DARLINGTON	MERGED WITH THE FOUNTAIN TRUST CO.	4/4/2003
FIFTH THIRD BANK INDIANA	INDIANAPOLIS	MERGED WITH FIFTH THIRD BANK, GRAND RAPIDS, MI	12/30/2003

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/03

DFIID	NAME	CITY
162	MADISON COMMUNITY 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
254	KNISELY BANK	BUTLER
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
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
310	STAR FINANCIAL BANK	FORT WAYNE
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 12/31/03

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
7650	FIRST INTERNET BANK OF INDIANA	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
10203	COMMUNITY FIRST BANK OF HOWARD COUNTY	KOKOMO
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 12/31/03

DFIID	NAME	CITY
234	COMMUNITY BANK	NOBLESVILLE
231	INDIANA LAWRENCE BANK & TRUST CO	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

ACTIVE CORPORATE FIDUCIARIES 12/31/03

DFIID	NAME	CITY
322	LAKE COUNTY TRUST COMPANY	CROWN POINT
160	STAR WEALTH MANAGEMENT	FORT WAYNE
7802	TRUST COMPANY OF OXFORD	INDIANAPOLIS
9829	HOOSIER TRUST COMPANY	INDIANAPOLIS
9944	GERMAN AMERICAN FINANCIAL ADVISORS & TRUST CO.	JASPER
7631	HARBOUR TRUST AND INVESTMENT MANAGEMENT CO.	MICHIGAN CITY
323	INDIANA TRUST AND INVESTMENT MANAGEMENT CO.	MISHAWAKA
324	COMMUNITY TRUST AND INVESTMENT COMPANY	NOBLESVILLE

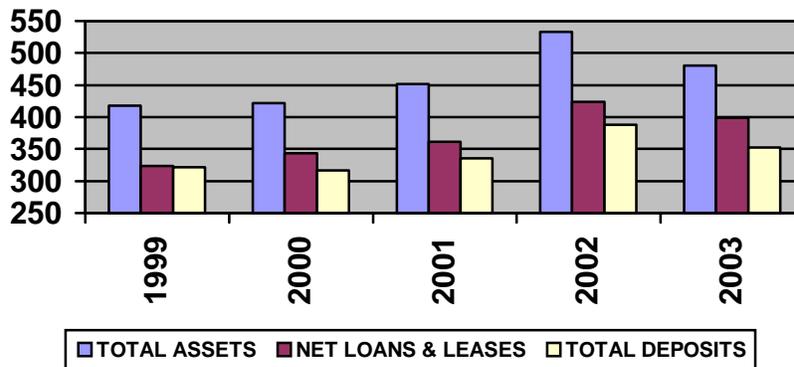
DIVISION OF SAVINGS ASSOCIATIONS

As of December 31, 2003, there were five active savings associations operating under Indiana state charter. The number of active savings associations decreased by one association from year-end 2002. Scottsburg Building & Loan Association, Scottsburg converted to a federal mutual savings and loan association on October 31, 2003. 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 decreased by \$53 million over the last year to a total level of \$480 million as of December 31, 2003. Total assets of savings associations under supervision since 1999 have ranged from a low of \$418 million as of year-end 1999 to its high level of \$533 million as of year-end 2002. The associations over the past five years held total net loans and leases in the amounts of \$324 million, \$343 million, \$361 million \$424 million and \$399 million respectively. As of December 31, 2003, total net loans and leases comprised 83% of total assets.

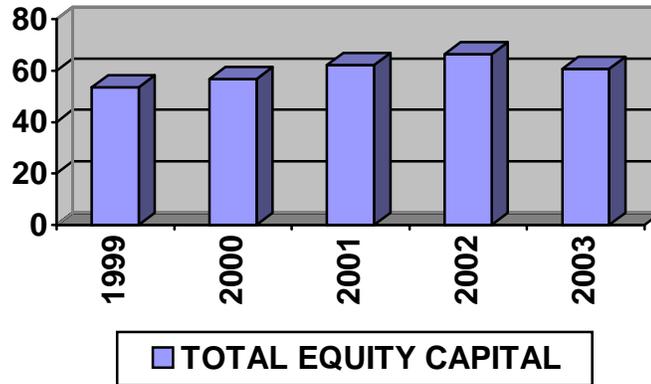
Total deposits of savings associations have ranged from \$322 million as of December 31, 1999, with a low of \$317 million as of year-end 2000, to its high level of \$388 million as of December 31, 2002, to its 2003 level of \$352 million. Total deposits decreased by \$36 million over the last year.

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



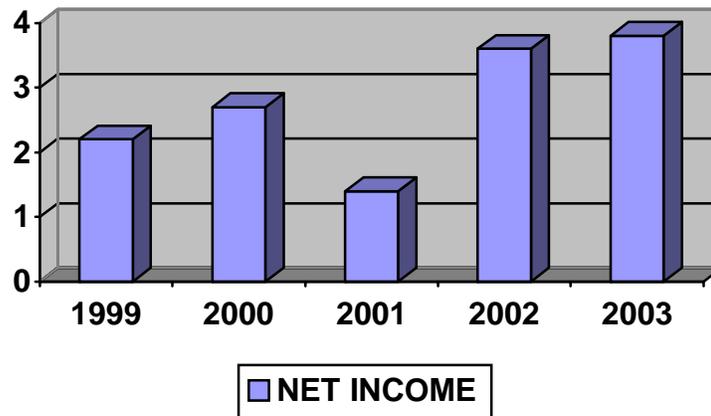
Total equity capital for the savings associations has remained stable during the past five years. Total equity capital decreased, due to the Scottsburg Building & Loan Association conversion, by approximately \$5.8 million during 2003, from \$66.4 million to \$60.6 million or a 8.7% decrease. Total equity capital represented 12.64% of total assets as of December 31, 2003.

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



Total net income during the last five years for the savings associations have fluctuated from \$2.2 million in 1999, \$2.7 million in 2000, \$1.4 million in 2001, \$3.6 million in 2002 and \$3.8 million in 2003. Net income represented 0.53%, 0.64%, 0.31%, 0.68% and 0.79% of total assets respectively during the same period.

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



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

Schedule A
(\$ in Thousands)

ASSETS	December 31, 2003	December 31, 2002
Cash and Due From Depository Institutions	28,581	25,640
Securities	29,652	65,842
Federal Funds Sold and Repurchase Agreements	0	0
Gross Loans and Leases	401,379	425,911
Loan Loss Allowance	2,720	2,136
Net Loans and Leases	398,659	423,775
Trading Accounts	0	0
Premises and Equipment	8,992	6,317
Other Real Estate Owned	2,327	637
Goodwill and Other Intangibles	14	1
All other Assets	11,388	10,338
Total Assets	479,613	532,550
LIABILITIES:		
Deposits	352,415	387,517
Federal Funds Purchased & Repurchase Agreements	3,058	3,669
Trading Liabilities	0	0
Other Borrowed Funds	60,884	70,649
Subordinated Debt	0	0
Other Liabilities	2,656	4,294
Total Liabilities	419,013	466,129
EQUITY CAPITAL		
Perpetual Preferred Stock	0	0
Common Stock	1	1
Surplus	7,139	4,063
Undivided Profits	53,460	62,357
Total Equity Capital	60,600	66,421
Total Liabilities & Equity Cap	479,613	532,550

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

Schedule B
(\$ in Thousands)

	December 31, 2003	December 31, 2002
Interest Income	26,308	30,041
Interest Expense	10,842	13,883
Net Interest Inc Before Allow for Loan & Lease Losses	15,466	16,158
Provision for Credit Losses	975	805
Net Interest Inc After Provision	14,491	15,353
Noninterest Income	2,608	2,177
Noninterest Expense	12,246	12,166
Income Before Gains (Losses) on Sale of Assts	4,853	5,364
Total Securities Gains (Losses)	736	449
Operating Inc Before Taxes & Extra Items	5,589	5,813
Total Income Taxes	2,152	2,189
Income(Loss) Before Extraord Items	3,437	3,624
Extraordinary Items, Net of Tax	343	0
Net Income(Loss)	3,780	3,624

LIST OF STATE CHARTERED SAVINGS ASSOCIATIONS

Schedule C
(\$ in Thousands)

City	Institution Name	Total Assets 2003	Total Assets 2002
Boonville	Warrick Loan & Savings Association	\$965	\$1,001
Connersville	Union Savings & Loan Association	\$99,444	\$96,538
Martinsville	Home Bank SB	\$193,510	\$186,755
Michigan City	City Savings Bank	\$146,272	\$137,240
Monticello	Peoples Savings & Loan Association-Monticello	\$39,422	\$41,674
Scottsburg	Scottsburg Building & Loan Association	\$0	\$69,342
	Total Assets for State Chartered Associations:	\$479,613	\$532,550

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.

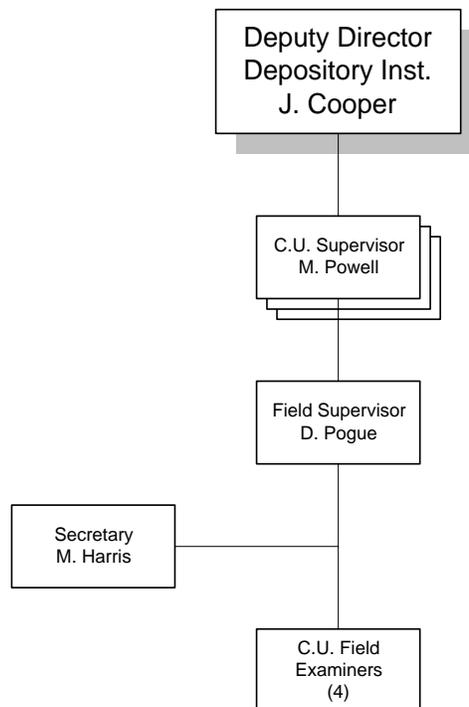
As of December 31, 2003 there were 52 active state chartered credit unions. The combined total assets of these 52 credit unions as of December 31, 2003 were \$5.6 billion an increase of \$505 million over December 31, 2002. This translates to a 9.0% increase in the total assets of all state-

chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$4,301M as of December 31, 2002 to \$4,597M as of December 31, 2003 representing growth in deposits of 6.9%. Member loans made by Indiana credit unions increased from \$3,407M as of December 31, 2002 to \$3,890M as of December 31, 2003. This represents an increase of 14.1% in loans to members.

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

Tokheim Employees Credit Union, Fort Wayne

Indianapolis Railroad Employees Credit Union, Indianapolis



CREDIT UNION ANNUAL REPORT 12/31/03
BALANCE SHEET
Schedule A

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/03	12/31/02
ASSETS		
Loans	3,890	3,407
Allowance for Loan Loss	(29)	(26)
Cash & Cash Equivalents	456	485
U.S. Government Obligations	511	440
Banks, Savings & Loan & Mutual Savings Banks	256	261
Other Investments	294	346
Other Assets	<u>226</u>	<u>186</u>
TOTAL ASSETS	<u>\$ 5,604</u>	<u>\$ 5,099</u>
 LIABILITIES		
Shares	4,597	4,301
Total Borrowings	367	202
Dividends	1	1
Accounts Payable & Other Liabilities	<u>45</u>	<u>40</u>
TOTAL LIABILITIES	<u>\$ 5,010</u>	<u>\$ 4,544</u>
 EQUITY		
Regular Reserve	241	219
Other Reserves	10	12
Accumulated Unrealized Gain/Loss	1	4
Undivided Earnings	<u>342</u>	<u>320</u>
TOTAL EQUITY	<u>\$ 594</u>	<u>\$ 555</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 5,604</u>	<u>\$ 5,099</u>

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

	12/31/03	12/31/02	Increase/Decrease
ASSETS	5,604	5,099	505
SHARES	4,597	4,301	296
LOANS	3,861	3,381	480
INVESTMENTS	1,061	1,047	14

INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/03
INCOME STATEMENT
Schedule B (\$ In Millions)

INCOME:

Interest on loans	233
Less Interest Refunds	-
Income from Investments	37
Other Income	65
TOTAL INCOME	\$ <u>335</u>

EXPENSES:

Employee Compensation & Benefits	90
Travel & Conference	2
Office Occupancy	12
Office Operations	36
Educational & Promotional	9
Loan Servicing	6
Professional & Outside	18
Provision for Loan Losses	17
Members Insurance	-
Operating Fees	1
Interest on Borrowed Money	11
Other Expenses	<u>4</u>
TOTAL EXPENSES	\$ 206

NET INCOME **\$ 129**

DISTRIBUTION OF NET INCOME

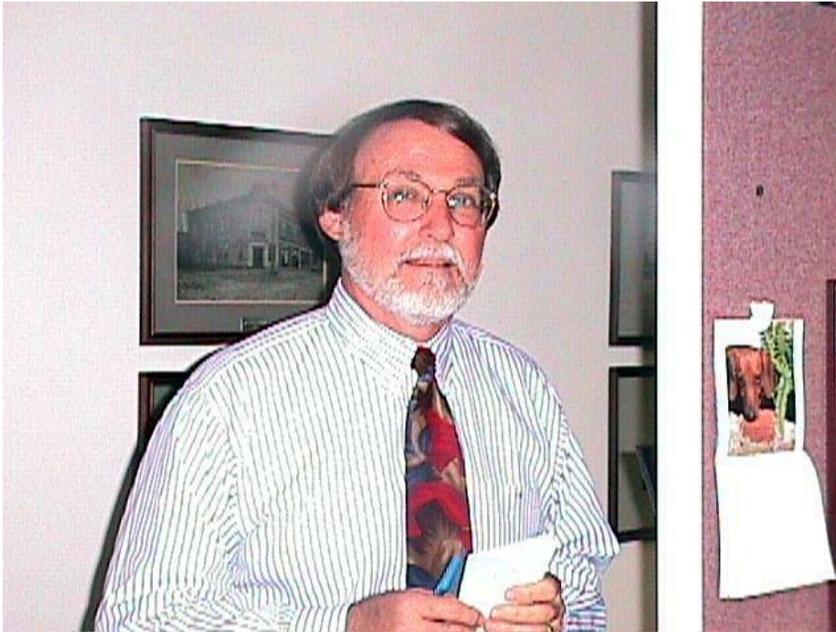
Transfer to Regular Reserve	23
Transferred to Undivided Earnings or Other Reserves	<u>20</u>
TOTAL DISTRIBUTIONS	\$ <u>43</u>

DIVIDENDS TO MEMBERS **\$ 86**

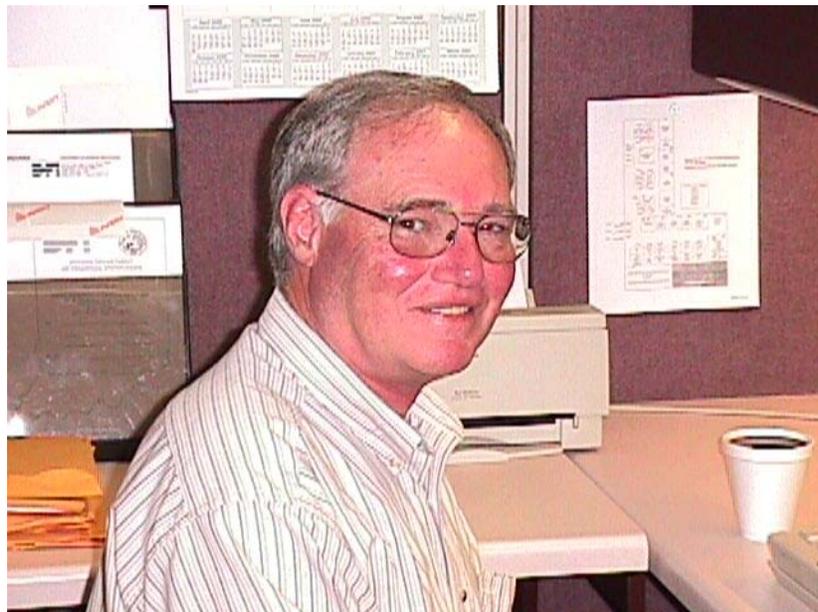
TOTAL CREDIT UNIONS ASSETS IN 2003

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Auburn	Dekalb Financial Credit Union	72,064,950
Bedford	Hoosier Hills Credit Union	210,356,955
Bluffton	Franklin Electric Employees Credit Union	1,687,731
Brazil	Clay County Farm Bureau Co-Op Credit Union	5,153,106
Chrisney	Spencer County Credit Union	2,148,703
Columbus	Centra Credit Union	486,769,797
Crown Point	Tech Credit Union	225,965,130
East Chicago	East Chicago Firemen's Credit Union	1,503,019
Fishers	Forum Credit Union	696,478,921
Fort Wayne	General Credit Union	72,968,835
Fort Wayne	Pinnacle Credit Union	21,959,123
Fort Wayne	Public Service Employees Credit Union	26,140,415
Franklin	Arvin G & F Employees Credit Union	3,664,412
Goshen	Elkhart County Farm Bureau Credit Union	347,388,764
Goshen	Penn Credit Union	15,647,541
Hagerstown	Perfect Circle Credit Union	46,363,321
Hammond	Hammond Firefighters Association Credit Union	1,257,566
Huntington	Community Credit Union	15,817,784
Indianapolis	Capital Plus Credit Union	25,584,262
Indianapolis	Citizens Gas Utility Credit Union	14,363,545
Indianapolis	Double Eleven Credit Union	56,729,059
Indianapolis	Family Horizons Credit Union	78,481,042
Indianapolis	Firefighters Credit Union	44,070,996
Indianapolis	Hoosier Farm Bureau Credit Union	9,554,726
Indianapolis	Indiana Members Credit Union	782,026,522
Indianapolis	Indianapolis Police Department Credit Union	36,227,077
Indianapolis	Indianapolis Post Office Credit Union	50,615,307
Indianapolis	IPALCO Credit Union	18,002,572
Indianapolis	Jet Credit Union	38,315,096
Indianapolis	KEMBA (Indianapolis) Credit Union	52,732,176
Indianapolis	North Park Community Credit Union	37,687,746
Indianapolis	State Merit Service Credit Union	6,100,187

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Kokomo	Kokomo Post Office Credit Union	2,349,009
La Porte	Municipal Employees Credit Union	996,063
Lawrenceburg	Seagram Employees Credit Union	16,243,575
Logansport	Cass County Farm Bureau Co-Op Credit Union	3,430,433
Logansport	G. T. C. (Logansport) Credit Union	118,818
Loogootee	Martin County Farm Bureau Credit Union	5,146,387
Michigan City	Members Advantage Credit Union	47,324,407
Mishawaka	Taper Lock Credit Union	35,640,295
Monroe	Adams County Farm Bureau Co-Op Credit Union	9,342,624
Muncie	Muncie Post Office Credit Union	1,409,398
New Albany	New Albany Schools Credit Union	13,095,165
Richmond	NATCO Credit Union	39,917,618
Richmond	Richmond State Hospital Emp. Credit Union	2,156,709
Seymour	Jackson County Co-Op Credit Union	12,028,469
South Bend	South Bend Post Office Credit Union	13,633,987
South Bend	Teachers Credit Union	1,354,709,419
Sullivan	Sullivan County Credit Union	6,885,922
Terre Haute	Terre Haute Post Office Credit Union	1,412,121
Wabash	Beacon Credit Union	524,663,578
Warsaw	United Credit Union	9,550,984
Net Assets – Includes Allowance for Loan Losses		\$ 5,603,881,367



Chuck Stumpf
Deputy Director—Administration



Robert Benbow
Supervisor-Consumer Credit Division

DIVISION OF NON-DEPOSITORY INSTITUTIONS

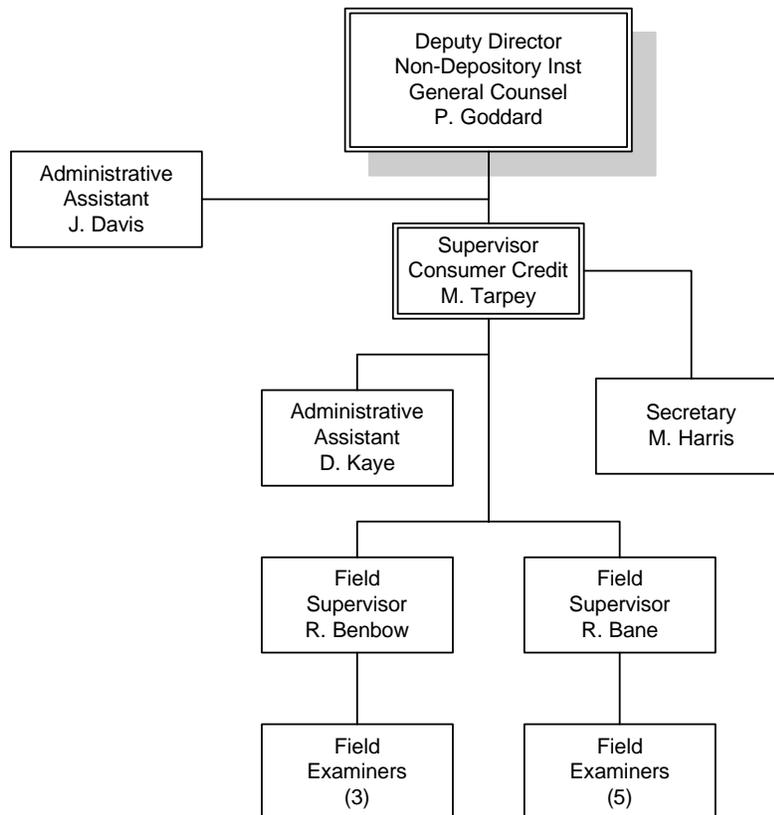
The Non-Depository Institutions Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Rent to Purchase Act (IC 24-7), Budget Service Company Act (IC 28-1-29), Indiana Pawnbroking Act (IC 28-7-5), Indiana Money Transmitter Act (IC 28-8-4), and the Check Cashing Act (IC 28-8-5). The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

tained from the licensee or creditor that future transactions will be in compliance. What is prevented is held more significant than what is remedied.

There were 852 examinations made in 2003 covering all of the statutes the Department administers. A total of 45,280 refundable violations were cited and refunds made to consumers totaling \$3,273,816.21. There were 344 non-refundable violations cited.

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 IUCCC regulates all persons or entities that are regularly engaged in extending credit to individuals for a personal, family, or household purpose. The debt is payable in more than four installments or a finance charge is imposed. Transactions covered by the statute either have an amount financed that does not exceed \$50,000 or the debt is secured by an interest in land or personal property used or expected to be used as the principal dwelling of the buyer. First lien mortgages, purchase money or refinance, are exempt from the statute except for limited provisions under IC 24-4.5-3-105.

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
- 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 272 licensed lenders with 526 branches, 44 small (payday) licensed lenders with 313 branches, and 3,639 other creditors, credit sellers, and financial institutions with 3,685 branches in Indiana as of December 31, 2003.

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.dfi.state.in.us>, under "Consumer Credit." 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.

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 five licensed budget service companies in Indiana with seven 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 79 licensed pawnbrokers as of December 31, 2003 with 57 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, money orders, and wire transfers to the public. There were 28 money transmitter licensees with 6,668 agents operating under the provisions of the act as of December 31, 2003.

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 RENTAL

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 65 registrants with 282 branches who regularly engaged in "Rent to Own" transactions as of December 31, 2003.

CHECK CASHING ACT

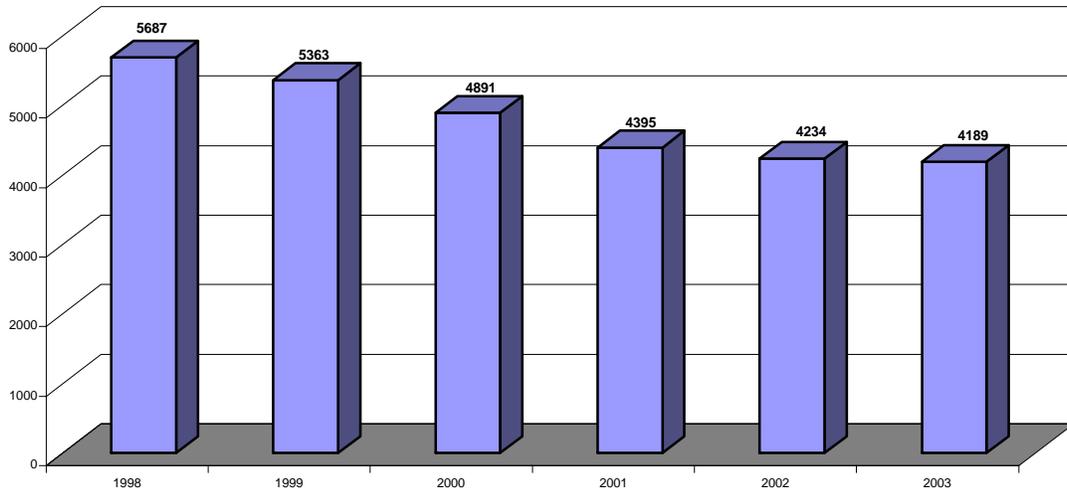
The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute requires check cashing businesses to obtain a license from the Department and regulates check cashing requirements, fee limitations, and record keeping. Retail businesses cashing checks incidental to the retail sale of goods 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 57 licensed check cashers with 263 branches in Indiana as of December 31, 2003.

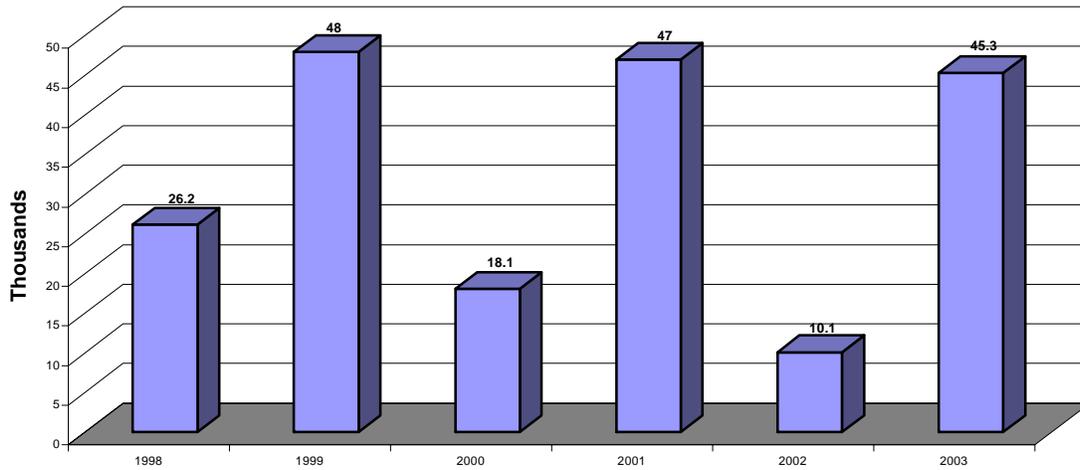
The Department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance with the act.



IUCC FILERS / LICENSEES

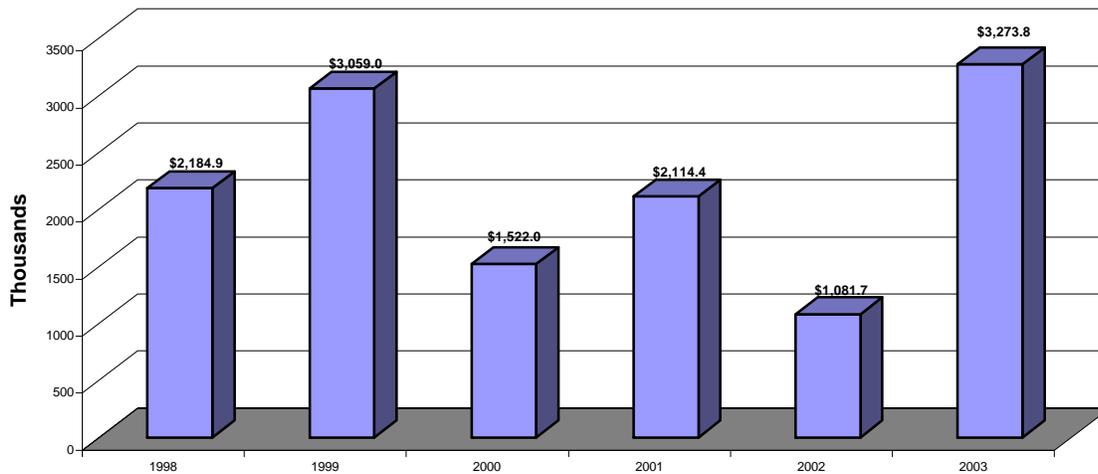


COMPLIANCE EXAM VIOLATIONS



NOTE: 2000 and 2002 violations were lower due to reduced staff and lengthy small loan examinations made in those years.

COMPLIANCE REFUNDS



NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2003

LICENSED LENDERS

NO.	NAME	CITY	STATE	DATE
8990	LONG BEACH MORTGAGE COMPANY	ORANGE	CA	2/5/2003
9017	AREA IV DEVELOPMENT INC	LAFAYETTE	IN	2/5/2003
9033	ATLANTIC PACIFIC MORTGAGE CORP	MT LAUREL	NJ	2/5/2003
9021	FIRST CHOICE FINANCIAL GROUP/ COMMUNITY LENDING, INC.	OAK BROOK	IL	2/5/2003
9005	AGENCY MORTGAGE CORPORATION	MARLTON	NJ	2/5/2003
9018	LAFAYETTE NEIGHBORHOOD HOUSING SERVICES, INC.	LAFAYETTE	IN	2/5/2003
9016	TAYLOR BEAN WHITAKER MORTGAGE CORP	OCALA	FL	2/5/2003
9006	UBS MORTGAGE LLC	EDINA	MN	2/5/2003
9089	OLYMPUS MORTGAGE COMPANY	ORANGE	CA	5/7/2003
9055	HOMEPRIDE FINANCE CORP	OVERLAND PARK	KS	5/7/2003
9032	FUTURE FUNDING CORPORATION	INDIANAPOLIS	IN	5/7/2003
9056	FRANKLIN AMERICAN MORTGAGE COMPANY	FRANKLIN	TN	5/7/2003
9054	W R CLOUSE & ASSOCIATES MORTGAGE COMPANY	INDIANAPOLIS	IN	5/7/2003
9048	WILMINGTON FINANCE INC	PLYMOUTH MEETING	PA	5/7/2003
9119	PRODUCERS MORTGAGE / WISCONSIN FUNDING	MADISON	WI	7/29/2003
9154	PRIME MORTGAGE FINANCIAL INC	SOUTHBOROUGH	MA	7/29/2003
9008	GREENLIGHT FINANCIAL SERVICES INC	IRVINE	CA	7/29/2003
9118	STEINERT MORTGAGE INC	PINEHURST	TX	7/29/2003
9022	COUNTRYWIDE MORTGAGE VENTURES LLC	CALABASAS	CA	7/29/2003
9153	AMERICAN HOME MORTGAGE CORP/			
9154	MORTGAGESELECT / FIRST HOME MORTGAGE CORP. / HLB MORTGAGE	MELVILLE	NY	7/29/2003
9271	WESTWORKS MORTGAGE / AMPRO MORTGAGE CORP.	PHOENIX	AZ	7/29/2003
9208	BEDFORD HOME LOANS INC	ORANGE	CA	7/29/2003
9122	CENTURY MORTGAGE CO	LOUISVILLE	KY	11/6/2003
9361	AMERICAN HOME EQUITY CORPORATION	IRVINE	CA	11/6/2003
9374	IFC FINANCIAL CORPORATION	CHESTERFIELD	IN	11/6/2003
9058	INTEGRITY FINANCIAL SERVICES INC	OAK BROOK	IL	11/6/2003
9329	JLM DIRECT FUNDING LTD/ J L M DIRECT FUNDING LIMITED PARTNERSHIP	HOUSTON	TX	11/6/2003
9351	GLOBAL HOME LOANS & FINANCE INC	MELVILLE	NY	11/6/2003
9363	SUPERIOR HOME MORTGAGE CORPORATION/ SUPERIOR MORTGAGE CORPORATION	TUCKERTON	NJ	11/6/2003
9395	LENDERS DIRECT CAPITAL CORPORATION	LAKE FOREST	CA	12/19/2003
9403	TEAM MORTGAGE LLC	GREENWOOD	IN	12/19/2003
9384	KB HOME MORTGAGE COMPANY	LOS ANGELES	CA	12/19/2003
9407	CHARTER FUNDING / FIRST MAGNUS FINANCIAL CORP.	TUCSON	AZ	12/19/2003
9388	HOME STAR MORTGAGE SERVICES LLC	PARAMUS	NJ	12/19/2003
9373	SIERRA PACIFIC MORTGAGE COMPANY INC	RANCHO CORDOVA	CA	12/19/2003
9375	AMERICOR LENDING GROUP INC	IRVINE	CA	12/19/2003

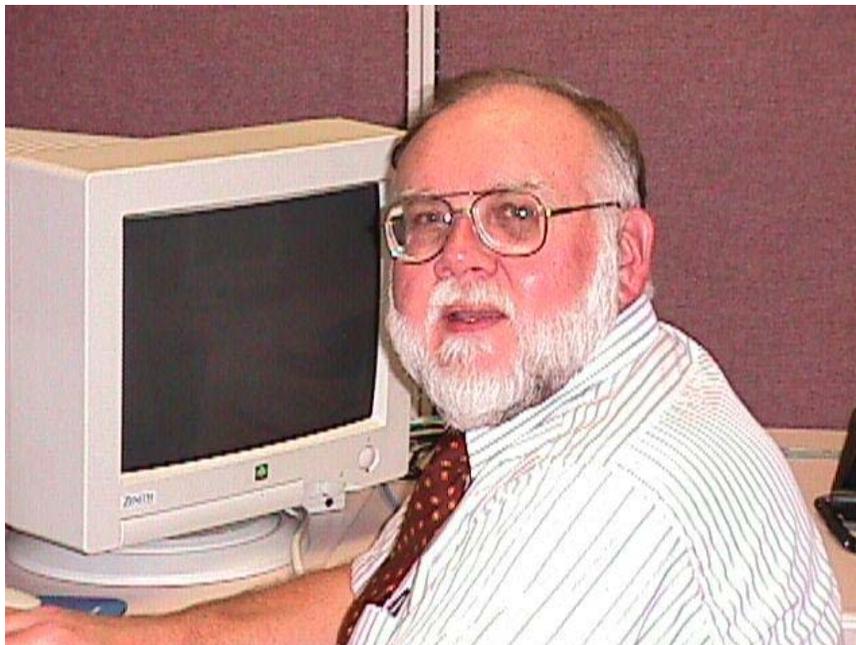
NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2003

NO.	NAME	CITY	STATE	DATE
LICENSED SMALL LOAN (PAYDAY) LENDERS				
9030	CASH TO GO OF MARION / MID AMERICA PAYDAY INC.	MARION	IN	2/5/2003
9232	CASH N` COVERAGE / RARICK`S TV INC	FORT WAYNE	IN	7/29/2003
PAWNBROKER				
9253	LAVONNE EWAN HEMENWAY / HWY 62 JEWELRY & PAWN	BOONVILLE	IN	7/29/2003
9415	INDIANA AUTO PAWN CARS LLC	INDIANAPOLIS	IN	12/19/2003
CHECK CASHERS				
9059	CASH AMERICA FINANCIAL SERVICES INC	FORT WORTH	TX	5/7/2003
9234	CASH N` COVERAGE / RARICK`S TV INC	FORT WAYNE	IN	7/29/2003
9372	WAL-MART STORES EAST LP	BENTONVILLE	AR	11/6/2003
9346	RANDY`S CASH AND GO /RANDY WEBER	LEBANON	IN	11/6/2003
9383	CENTRA FINANCIAL SERVICES LLC	COLUMBUS	IN	11/6/2003
9397	BV I G FINANCIAL LLC	HOUSTON	TX	12/19/2003
MONEY TRANSMITTERS				
9393	AMERICAN FINANCIAL INTEGRITY INC	CHICAGO	IL	11/6/2003
BUDGET SERVICE COMPANIES				
9412	AMERICAN CONSUMER CREDIT COUNSELING INC	NEWTON	MA	12/19/2003

LICENSEES AND REGISTRANTS

As of December 31, 2003

TYPE	NUMBER REGISTERED	NUMBER BRANCH LOCATIONS
LOAN LICENSES	272	526
SMALL LOAN LICENSES	44	313
PAWNBROKERS	79	57
CHECK CASHERS	57	263
MONEY TRANSMITTERS	28	0
BUDGET SERVICE	5	7
NON-LENDERS	3,390	2,047
FINANCIAL INSTITUTIONS	249	1,638
RENTAL PURCHASE	65	282
TOTALS	4,189	5,133



LeRoy Janz
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 85% 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 attrition in 2003 was a favorable 2.1%. This compares with 6.1% in 2002, 4.1% in 2001, and 6.1% in 2000. 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. While agency management believes the compensation plan adopted in 1999 helped to solidify the examiner position as a viable career option for many people, turnover has also been positively influenced by a tight job market.

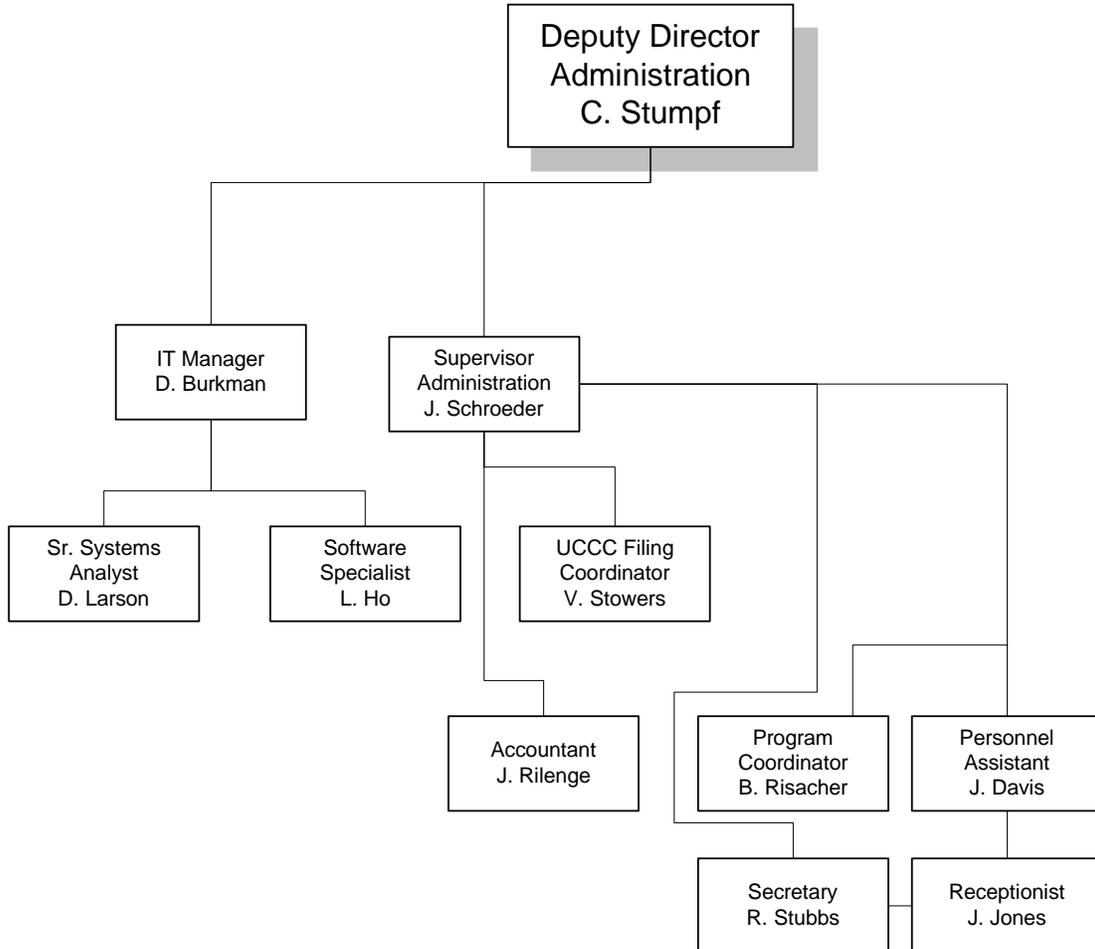
In an ongoing effort to increase efficiency, the Department has continued its significant commitment to information technology initiatives. The agency is taking increased advantage of both Internet and Intranet capabilities as a means of receiving, compiling, managing, and sharing data. This has been particularly fruitful with respect to the Department's information sharing with its federal counterpart agencies. In addition, 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.

A continuing professional education plays an important role in this agency. The Department understands the importance of effective and timely training. The Department utilizes 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 and appropriateness, the Department's training needs, policies, and procedures are annually assessed.

During 2003, the Department hired eight 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 Fiduciary Trust Institute; 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, design, and coordinate the necessary training.

In 2003, the Department continued its traditional use of the graduate banking and trust schools. One examiner continued his studies in the trust program sponsored by the Cannon Financial Institute. A second examiner completed his program at the Graduate School of Banking at the University of Colorado, and a third completed studies at the American Bankers Association National Graduate Trust School.

Additionally, multiple agency employees took advantage of the Department's tuition reimbursement program in 2003. The benefit is intended to encourage employees to continue their formal educations 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

The following bills affecting financial institutions were passed by the 2003 General Assembly and signed by the Governor. A short description of the bill is also included.

1) HB 1834. This bill was sponsored by the DFI and contained numerous technical amendments and updates relative to the statutes enforced by the DFI. Included were updates to the effective dates of all references to federal statutes and regulations that appear throughout Titles 24 and 28. This is necessary to ensure updated integration of related state and federal laws. The bill also reduced bond requirements for payday lenders to a level deemed accessible and appropriate. The bill clarified the definition of "month" in the pawnbroker act to ensure consistent calculation of interest. It also specifically provided for the right of credit unions to buy and sell assets. In order to foster and facilitate necessary cooperative relationships, the bill included language allowing the DFI to release pertinent information to state and federal supervisory agencies, federal law enforcement agencies, and federal prosecutorial agencies or offices. It also authorized the DFI to remove officers, directors, and employees of financial institutions for certain practices, violations, and breaches, and to make certain final orders public. The bill added a requirement that the DFI approve reductions in capital stock, capital surplus, and preferred stock levels. It also modified the provisions concerning the establishment of trust offices. The bill included language prohibiting the unauthorized use of: (1) the terms *banc* and *banco*; and (2) the name of an existing bank or bank holding company, or a name confusingly similar to the name of an existing bank or bank holding company. It included clarifying language that treats savings associations and savings banks as though they are members of the Federal Reserve System even if they are not members, and further clarified that DFI approval is required prior to establishment of a subsidiary. Additionally, the change of control statute was modified, and the ability of banks to invest in Federal Home Loan Bank stock while maintaining a ceiling on such investments was clarified. Finally, the bill made various technical corrections.

2) HB 1653. This bill was sponsored by the Indiana Bankers Association. It provided language to allow banks to sell life insurance or annuities issued by a life insurance company in any state in which the bank operates, and specified various requirements for an Indiana bank that sells life insurance or annuities. The bill also changed the requirements for filing a statement of condition by a bank. The bill included a prohibition on savings banks or savings associations, are acting as fiduciaries, from receiving a commission or profit as part of a transaction involving an estate, guardianship, or trust. It also created an exception to the requirement that a director of a state chartered financial institution be a citizen of the United States. Finally, the bill defined language used in conjunction with the termination of a security interest.

3) HB 1212. This bill added a new code chapter (I.C. 24-4-13) requiring jewelers to maintain books, accounts, bill of sales, and records concerning the purchase and resale of used jewelry, with the exception of used jewelry used by a customer as a trade-in toward a purchase of new jewelry. The law requires jewelers to make records available to a law enforcement agency and prohibits jewelers from purchasing used jewelry: (1) from an individual under 18 years of age; or (2) if the jeweler knows or has reason to believe is stolen property. The statute allows law enforcement officers to obtain jewelers' records and makes a violation of these provisions a Class A misdemeanor.

4) HB 1365. This bill amended I.C. 32-29-1-11 regarding equitable subrogation. It provided that a mortgagee may not be denied equitable subrogation of a lien solely because the: (1) mortgagee is a lending institution that had constructive notice of the lien; (2) higher priority lien was released; or (3) mortgagee had title insurance. It excluded municipal sewer liens and mechanic's liens from equitable subrogation.

5) HB 1425. This bill amended I.C. 35-43-5-5 regarding check deception. It provides a defense for check deception for a person who issues or delivers a check, a draft, or an order for payment on an account with insufficient funds if the person pays the payee or holder the amount due plus protest fees and any service fee or charge imposed by the payee or holder in an amount that may not exceed the greater of: (1) \$27.50; or (2) 5% of the amount due up to \$250. (Prior law provided that the fees and charges imposed by the payee or holder may not exceed the greater of \$20 or 5% of the amount due up to \$250.)

6) SB 0412. This bill amended I.C. 5-16-5-5 and 21-6.1-3-13, and added IC 28-1-2-39. It requires the public employees' retirement fund and the teachers' retirement fund to manage the funds' custodial accounts using a bank or trust company that is: (1) domiciled in the United States; and (2) approved by the director of the Indiana Department of Financial Institutions.