

Department of Financial Institutions



**Charles W. Phillips
Director**

**Annual Report
Year Ended December 31, 2004**

State of Indiana

**Joseph E. Kernan
Governor**

**Katherine L. Davis
Lieutenant Governor**

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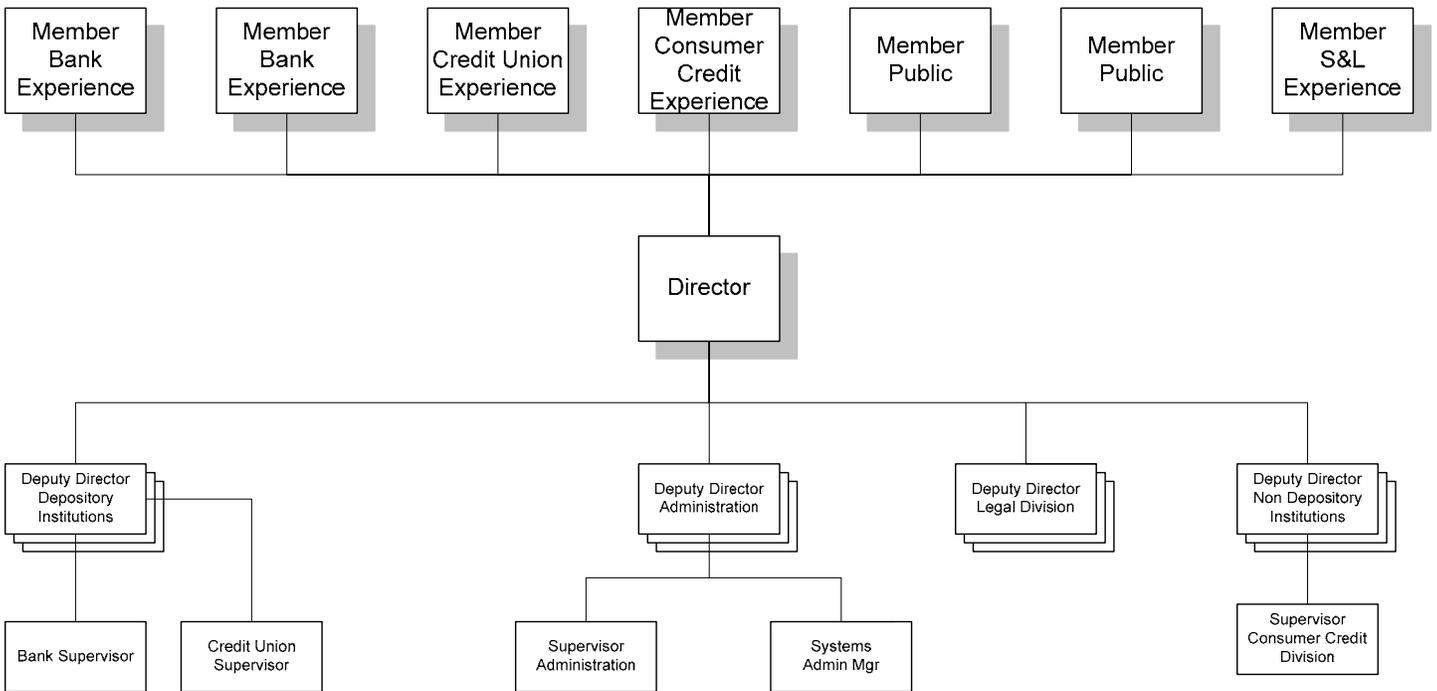


Judy Jones
Voice of the Department



Gina Williams
Supervisor Administration

Department of Financial Institutions



DEPARTMENT OF FINANCIAL INSTITUTIONS

DIRECTORS (1933 - 2004)

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



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.

DEPARTMENT OF FINANCIAL INSTITUTIONS

Vision

To be among the best state financial services regulator in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

Mission Statement

To regulate and supervise financial services providers 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; and
- advocates and enforces compliance with applicable state and federal laws

Values

- **Integrity** – Department employees adhere to the highest ethical standards in the performance of their duties and responsibilities.
- **Professionalism** – The Department maintains a highly skilled, experienced, and dedicated workforce that responds promptly, effectively, and unobtrusively to its stakeholders while accomplishing its mission.
- **Collegiality** – Department employees treat others, as they would want to be treated, by showing respect for coworkers, and by working cooperatively with one another and other stakeholders.
- **Commitment** – The Department is committed to the ongoing achievement of its mission and to the pursuit of high standards through continuous improvement.
- **Fairness** – The Department treats all stakeholders in an impartial and nonpartisan manner.
- **Innovative** – The Department will foster innovation and creativity in achieving its mission.

CRITICAL SUCCESS FACTORS

- Maintain a qualified, diversified, and effective staff with a focus on continuous improvement, *professional* development, *integrity*, and a *collegial* working environment
- Provide high quality regulatory and supervisory services on a consistent basis with minimal intrusion on those regulated by the Department
- Maintain effective working relationships with state and federal regulatory counterparts
- Promote economic development through responsible supervisory actions and innovative regulatory approaches
- Promote the dual banking system and competitiveness with federal charters
- Utilize human and operational resources in the most efficient and effective manner
- Maintain financial stability through the development of adequate funding sources and the implementation of proper accounting controls and standards
- Measure employee performance objectively to ensure fair and equitable treatment in all employment decisions
- Utilize information technology resources to support the mission of the Department
- Maintain a strong leadership succession
- Embrace the strategic planning process

MEMBERS OF THE DEPARTMENT

David A. Bochnowski, Chairman
Munster
Savings Bank Member

David D. Baer, Vice Chairman
Bloomington
Banking Member

Joseph G. Pierce
Howe
Banking Member

Briget Polichene
Indianapolis
Member at Large

Michael W. Davis
Muncie
Consumer Credit Member

Paul R. Sweeney
Vincennes
Member at Large

Richard Rice
South Bend
Credit Union Member

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
Vacant, 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
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
Matthew R. Dilly - IV

DIVISION OF NON-DEPOSITORY INSTITUTIONS

John J. Schroeder, 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 - II
Tabitha M. Butts - IV
Collin P. Shipman - IV

Roman numerals denote field examiner grade level

LEGAL DIVISION

J. Philip Goddard, Chief Legal Counsel and Deputy Director
John J. Schroeder, Associate Legal Counsel

DIVISION OF ADMINISTRATION

Charles T. Stumpf, Jr., C.P.A., Deputy Director
Gina R. Williams, Supervisor of Administration
Daniel T. Burkman, Systems Administrator - Manager
P. David Larson, LAN Administrator Intermediate
Lisa Ho, ASA/Programmer - Intermediate
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.
Fite, Thomas C.
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.
Tierney, Janelle L.
Tussey, Douglas H.
Upchurch, Robin R.
Wachter, Steven R.
Ward, Marc A.
Williams, Gina R.

CERTIFIED CREDIT EXAMINER (“CCE”)

Early, Vernita L.

Dietz, Chris

CERTIFIED OPERATIONS EXAMINER (“COE”)

Howrey, Matthew W.
Klingler, Rod A.

Moore, Dellamarie V.
Westfall, Alfred R.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Powell, Mark K.

Pogue, David D.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Thomson, Gloria A.

Walters, Mark 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.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Stumpf, Charles T.

Thomson, Gloria A.

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
CPA – Certified Public Accountant

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.

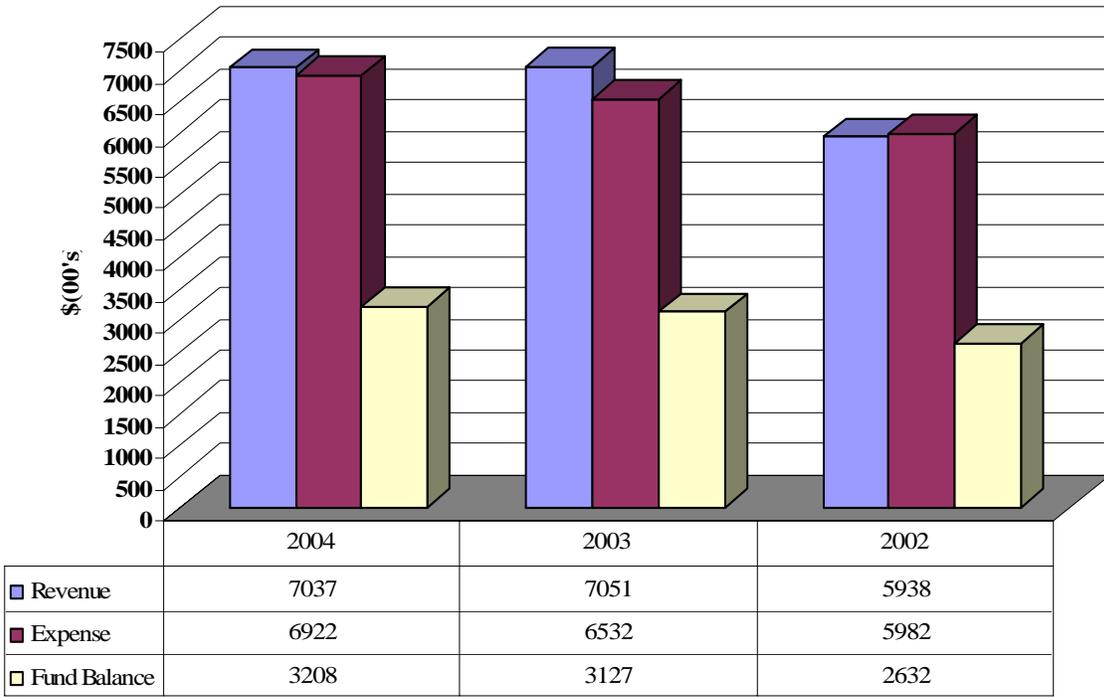


REVENUE AND EXPENDITURES

<u>REVENUE</u>	2004	2003	2002
BANK FEES	\$3,076,420	\$3,018,602	\$2,602,074
SAVINGS & LOAN FEES	48,089	55,592	51,985
CREDIT UNION FEES	636,918	594,957	565,935
PAWNBROKING LICENSING FEES	67,060	63,565	73,710
APPLICATION FEES	29,900	30,617	71,339
BUDGET SERVICE COMPANY FEES	600	400	600
UCCC FEES	3,124,530	3,231,682	2,512,186
RENTAL/PURCHASE LICENSE	28,655	29,810	33,645
MONEY TRANSMITTER FEES	12,720	14,038	12,015
CHECK CASHERS FEES	12,522	11,559	14,575
TOTAL REVENUE	\$7,037,414	\$7,050,822	\$5,938,064
<u>EXPENDITURES</u>			
PERSONNEL COSTS	\$5,566,111	\$5,034,798	\$4,938,897
UTILITIES, POSTAGE, AND SUBSCRIPTIONS	167,209	169,424	173,771
CONTRACT SERVICES	326,552	270,029	117,165
OFFICE SUPPLIES	41,356	36,449	34,689
EQUIPMENT/EDP DEVELOPMENT/SOFTWARE	51,753	383,557	204,734
TRAVEL IN-STATE	504,788	465,286	393,583
TRAVEL OUT-OF-STATE	18,252	11,826	9,971
PERSONNEL DEVELOPMENT & RELATED TRAVEL	180,988	160,436	109,602
TOTAL EXPENDITURES	\$6,922,287	\$6,531,805	\$5,982,412
NET REVENUE (EXPENDITURES)	115,127	519,017	(44,348)
CASH BALANCE, JULY 1	3,156,724	2,637,707*	2,682,055
CASH BALANCE, JUNE 30	3,271,851	3,156,724*	2,637,707
LESS ENCUMBRANCES	63,394	29,817	5,550
FUND BALANCE, JUNE 30	\$3,208,457	\$3,126,907*	\$2,632,157

*Reflects corrections made to 2003 figures

Revenue & Expenditures





Randy Rowe
Bank Division Supervisor



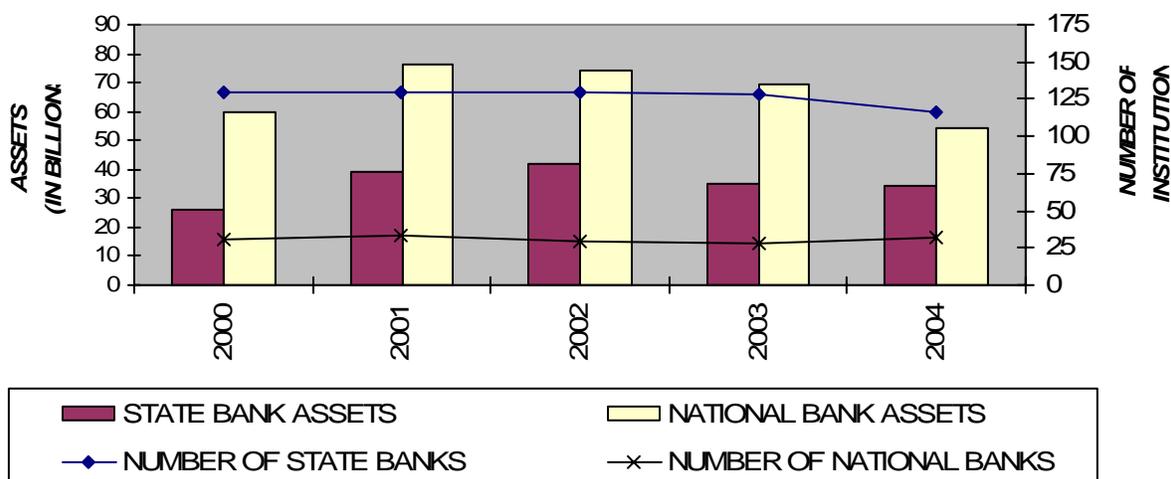
Phil Goddard
Chief Legal Counsel

DEPOSITORY DIVISION

During the calendar year of 2004 the number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities declined in number from 128 to 116. National banks in Indiana increased from 28 to 32 during the same period. Total state chartered supervised assets decreased slightly during the 2004 calendar year from \$34.9 billion to \$34.5 billion. National bank assets decreased from \$69.1 billion to \$54.5 billion in the calendar year 2004. As of December 31, 2004, state-chartered commercial banks represented 38.8% of total Indiana bank assets (state and national). In contrast, state-chartered commercial banks represented 78% of the total number of such banks in the state of Indiana.

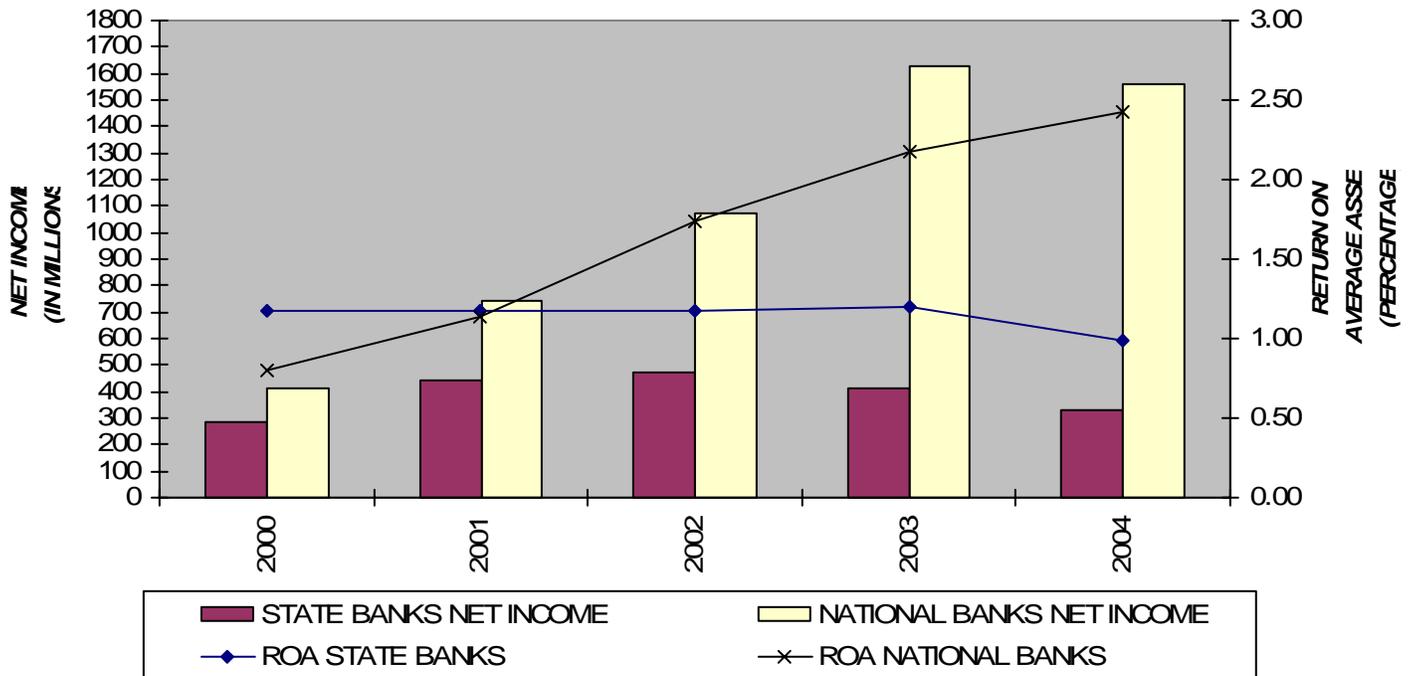
During 2004, one new state chartered commercial bank officially opened for business and one commercial bank converted from national charter to a state charter. Eight state bank charters were eliminated through mergers with other state or national banks and six state charters converted to national charters.

STATE AND NATIONAL BANKS



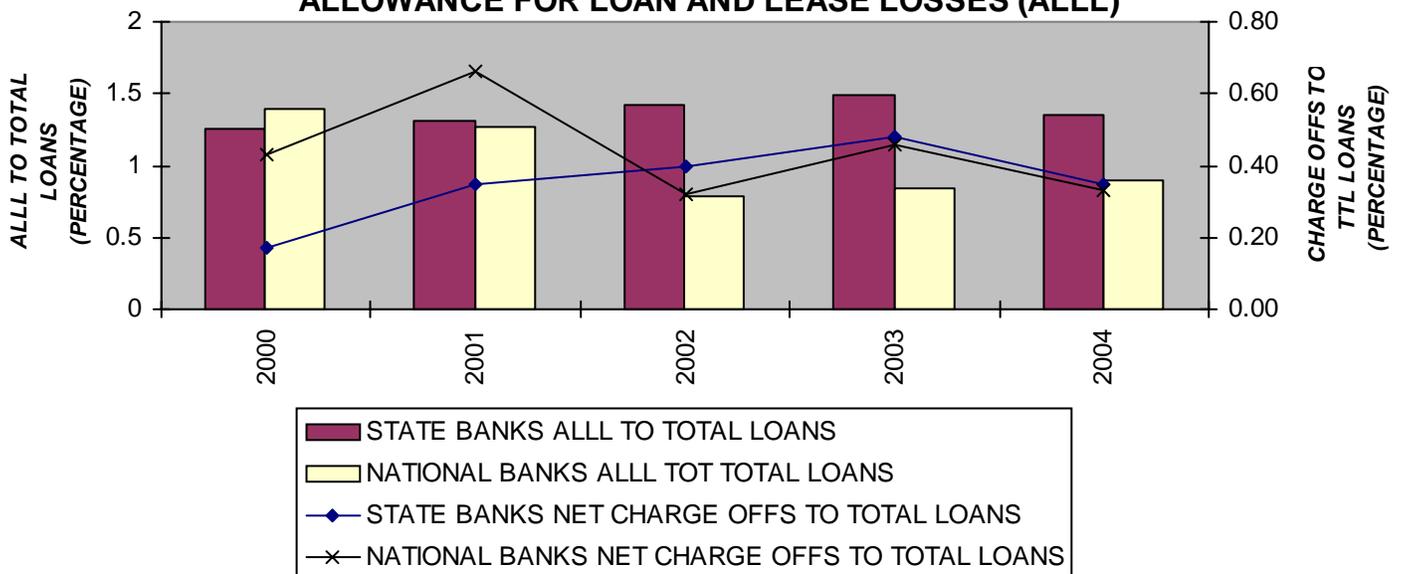
Both state and national banks have had very stable performance over the last five years. The sustained profitability measure is attributed to strong loan growth and maintenance of sound credit quality. The net income for state-chartered financial institutions over the past five years is \$285 million in 2000, \$442 million in 2001, \$473 million in 2002, \$415 million in 2003 and \$331 million in 2004. Net income as a percentage of assets (in the aggregate) for the calendar year 2004 decreased to a five year low of 0.99% from 1.20% at year-end 2003. The annual state chartered aggregate ROA for the past five years has remained stable with a range between 0.99% and 1.20%. The net income for national banks in Indiana over the past years starting with 2000 is \$413 million, \$740 million, \$1,075 million, \$1,628 million and \$1,560 million respectively. The aggregate ROA for national banks over the same period has ranged from a low of 0.80% in 2000, to its current high of 2.42%. The significant increase in net income for national banks over the past three calendar years is attributed mainly to business restructuring of the largest national charter.

STATE AND NATIONAL BANKS INCOME TRENDS



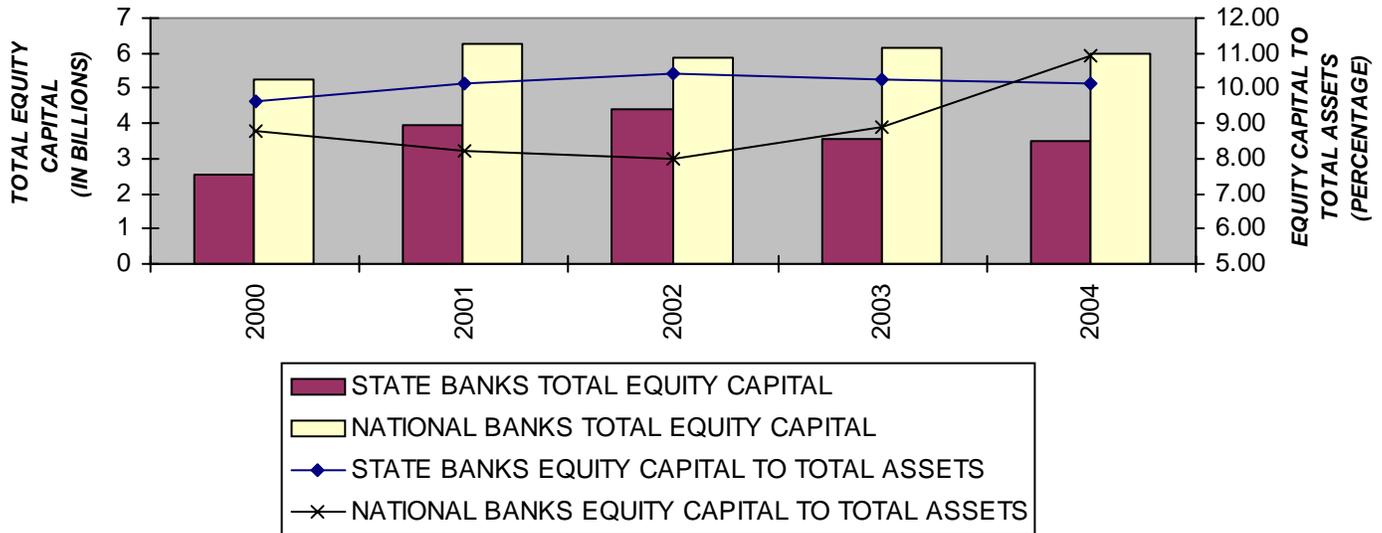
The allowance for loan and lease losses and net charge offs for state banks have remained consistent over the last five years. The aggregate allowance for loan and lease losses for Indiana state chartered banks decreased slightly to 1.35% as of year-end 2004 from a five year high of 1.49% in 2003 and 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 1.39% in 2000, a low of 0.79% in 2002 to its current level of 0.90%. Net charge offs for state banks for the 2004 calendar year decreased to 0.35% compared to 0.48% in 2003. The low for net charge offs for state banks over the last five years was 0.17% in 2000. Net charge offs for national banks ranged from 0.43% in 2000 to 0.66% for calendar year 2001 to 0.33% in 2004.

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



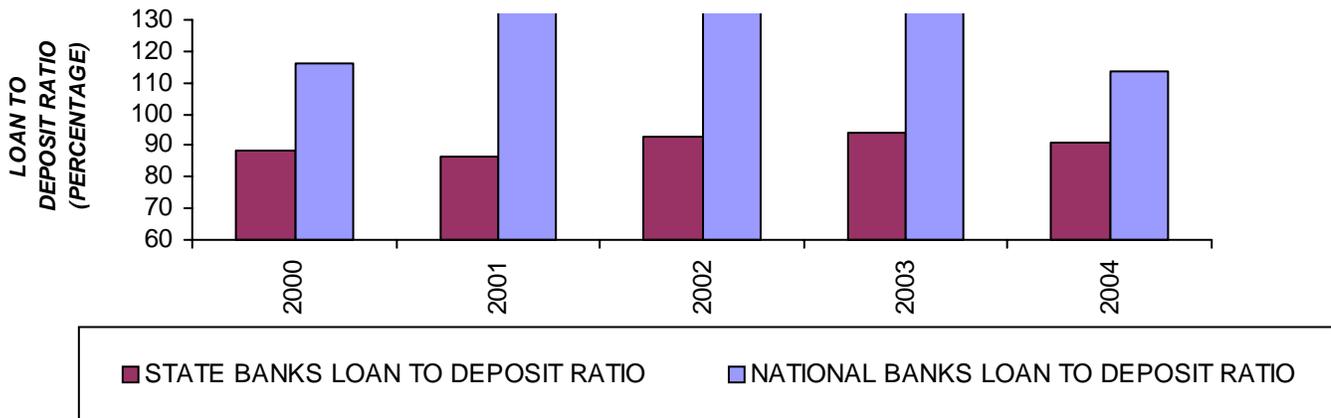
Total equity capital for Indiana state chartered banks has increased from \$2.52 billion as of December 31, 2000, to \$3.49 billion as of December 31, 2004 or a 38% increase. Total equity capital for national banks in Indiana has increased from \$5.23 billion in 2000 to \$5.96 billion as of year-end 2004 or a 14% increase. The ratio of total equity capital to total assets for state chartered institutions ranges from 9.63% in 2000, to a high of 10.41 % in 2002, to its current level of 10.13%. The ratio of total equity capital to total assets for national banks over the same period has ranged from 8.78% in 2000, to a low of 7.97% in 2002 and to its current high level 10.93%.

STATE AND NATIONAL BANKS EQUITY CAPITAL



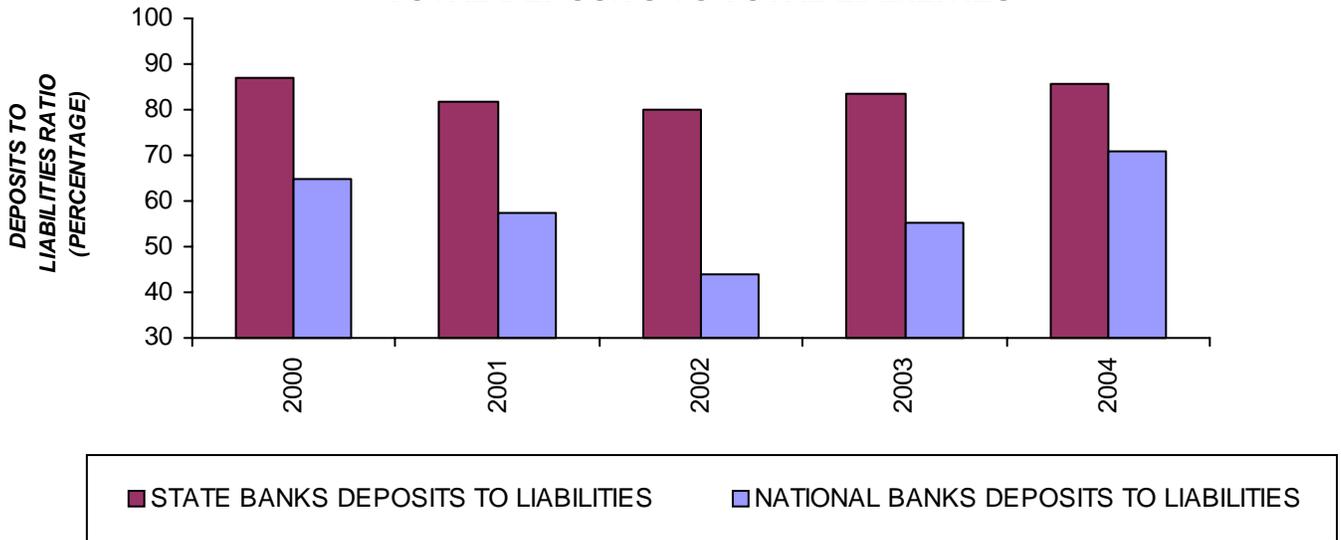
The ratio of loans to deposits has remained constant over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have increased from \$18.1 billion in 2000 to \$24.1 billion in 2004 or a 33% increase. In contrast, total deposits for state banks gradually increased from \$20.6 billion in 2000 to \$26.5 billion in 2004 or a 29% increase. Total loans for national banks in Indiana slightly decreased from \$40.4 billion in 2000 to \$39.1 billion as of December 31, 2004, while total deposits for national banks decreased slightly also from \$34.8 billion to \$34.4 billion during the same time frame.

STATE AND NATIONAL BANKS LOAN TO DEPOSIT RATIOS



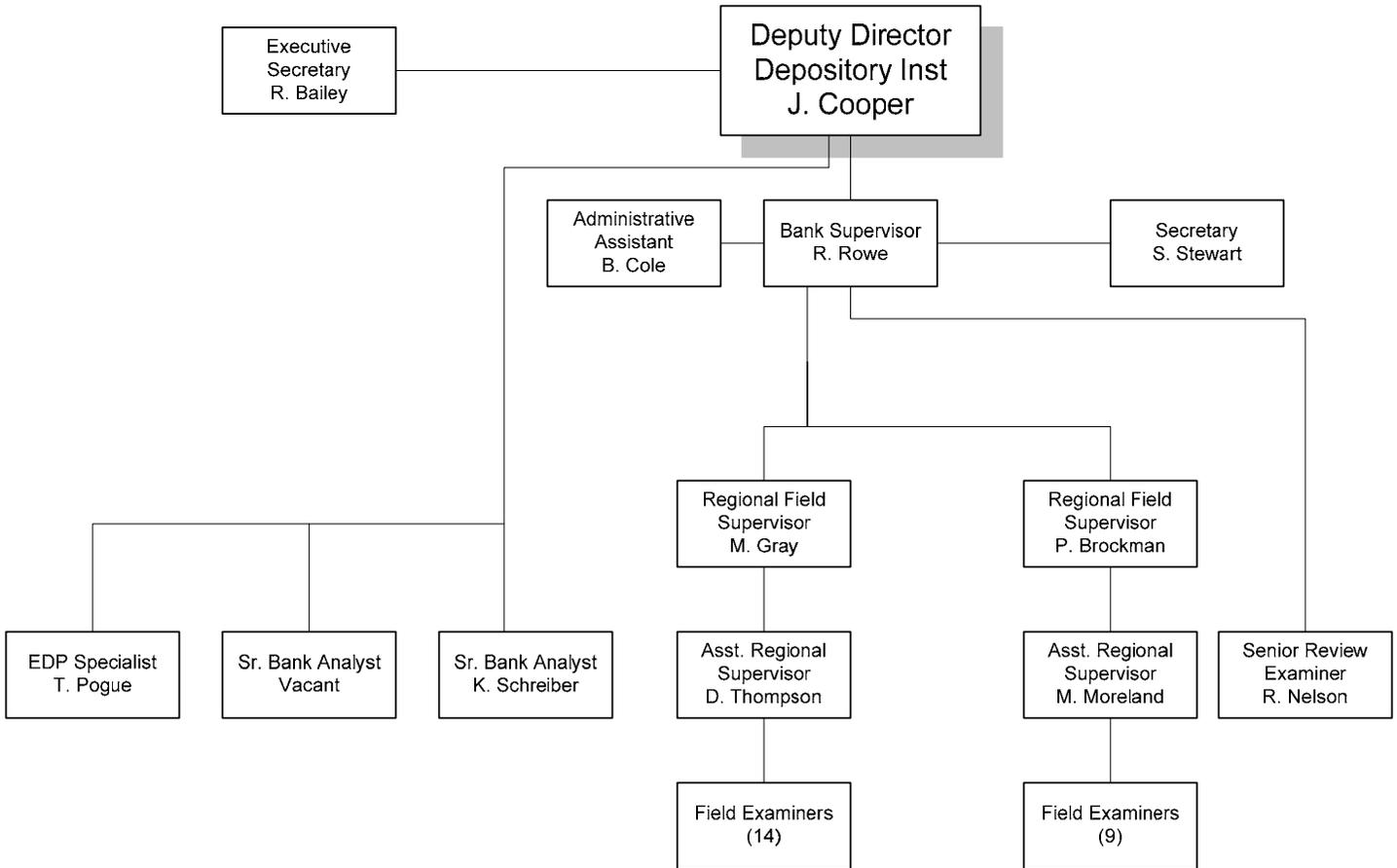
The ratio of total deposits to total liabilities by both the state and national banks in Indiana is on an upward trend as the reliance by banks on wholesale funding has decreased over the last several years. The ratio for state banks deposits to liabilities decreased from 87.16% in 2000 to 79.91% in 2002, but has increased over the last two years to 85.62%. The ratio for national banks in Indiana also decreased from 64.67% as of December 31, 2000, to 43.78% as of December 31, 2002, and increased to 70.78% as of year-end 2004.

STATE AND NATIONAL BANKS TOTAL DEPOSITS TO TOTAL LIABILITIES



Sharmaine Stewart
Bank Division Secretary

BANK DIVISION



COMPARATIVE STATEMENT STATE CHARTERED BANKS

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/2001	12/31/2002	% CHANGE	12/31/2003	% CHANGE	12/31/2004	% CHANGE
Assets	39,175	42,201	7.72%	34,881	-17.35%	34,487	-1.13%
Deposits	28,831	30,212	4.79%	26,190	-13.31%	26,537	1.32%
Total Equity Capital Adjusted	3,927	4,392	11.84%	3,580	-18.49%	3,494	-2.40%
Tier 1 Capital	3,720	4,035	8.47%	3,316	-17.82%	3,352	1.09%
LVR	327	397	21.41%	368	-7.30%	325	-11.68%
Total Capital	4,047	4,432	9.51%	3,684	-16.88%	3,677	-0.19%
Total Net Charge-Offs	88	113	28.41%	119	5.31%	84	-29.41%
Total Gross Loans & Leases	24,919	27,960	12.20%	24,629	-11.91%	24,099	-2.15%
Total Securities	8,509	8,561	0.61%	6,364	-25.66%	6,276	-1.38%
Federal Funds Sold	2,165	1,771	-18.20%	346	-80.46%	754	117.92%
Interest Bearing Balances	264	376	42.42%	419	11.44%	453	8.11%
Trading Account Securities	105	14	-86.67%	1	-92.86%	5	400.00%
Total Earning Assets	35,626	38,285	7.46%	31,391	-18.01%	31,262	-0.41%
Total Interest Income	2,681	2,397	-10.59%	1,888	-21.23%	1,726	-8.58%
Total Interest Expense	1,344	940	-30.06%	606	-35.53%	521	-14.03%
Net Interest Income	1,336	1,457	9.06%	1,282	-12.01%	1,205	-6.01%
Total Non-interest Income	638	685	7.37%	744	8.61%	563	-24.33%
Total Non-interest Expenses	1,200	1,292	7.67%	1,292	0.00%	1,224	-5.26%
Loan Provisions	127	175	37.80%	141	-19.43%	61	-56.74%
Net Income	442	473	7.01%	415	-12.26%	331	-20.24%

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

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2004	12/31/2004	12/31/2003	12/31/2003
Number of Banks	116	32	128	28

Consolidated Balance Sheet

Total Gross Loans & Leases	24,099	39,084	24,629	53,283
Total Allowance for Loans & Leases (ALLL)	325	350	368	449
Total Net Loans & Leases	23,774	38,734	24,261	52,834
Total Securities	6,276	7,440	6,364	7,737
Total Interest Bearing Balances	453	393	419	768
Total Fed Funds Sold/Repurchase Agreements	754	602	346	334
Total Trading Accounts	5	0	1	2
Total Earning Assets	31,262	47,169	31,391	61,675
Total Cash and Due From Bank	1,044	1,609	1,617	2,397
Total Premises and Fixed Assets	478	642	488	562
Total Other Real Estate Owned	36	91	51	132
Total Other Assets	1,667	5,004	1,334	4,372
Total Assets	34,487	54,515	34,881	69,138
Average Assets	33,415	64,482	34,441	74,766
Total Deposits	26,537	34,372	26,190	34,779
Total Fed Funds Purchased	1,133	2,939	1,388	10,932
Total Other Borrowed Funds	2,881	9,391	3,163	14,817
Total Subordinated Debt	30	380	30	402
Total All Other Liabilities	412	1,477	530	2,044
Total Liabilities	30,993	48,559	31,301	62,974
Total Equity Capital	3,494	5,956	3,580	6,164
Total Liabilities and Equity Capital	34,487	54,515	34,881	69,138

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2004	12/31/2004	12/31/2003	12/31/2003
Number of Banks	116	32	128	28

Consolidated Income Statement

Total Interest Income	1,726	3,402	1,888	4,040
Total Interest Expense	521	1,004	606	1,140
Total Net Interest Income	1,205	2,398	1,282	2,900
Total Non Interest Income	563	2,398	744	1,983
Total Non Interest Expense	1,224	2,265	1,292	2,101
Total Loan Provisions	61	118	141	242
Total Pre Tax Operating Income	483	2,413	593	2,540
Total Securities Gains/Losses	-1	5	16	29
Total Applicable Income Tax	151	858	194	941
Net Income	331	1,560	415	1,628

Ratio Analysis

Net Income to Average Assets	0.99%	2.42%	1.20%	2.18%
Net Income to Year End Total Equity	9.47%	26.19%	11.59%	26.41%
Net Interest Income to Average Assets	3.61%	3.72%	3.72%	3.88%
Total Loans to Total Deposits	90.81%	113.71%	94.04%	153.20%
Loan Loss Provisions to Total Loans	0.25%	0.30%	0.57%	0.45%
ALLL to Total Loans	1.35%	0.90%	1.49%	0.84%
Net Charge-Offs to Total Loans	0.35%	0.33%	0.48%	0.46%
Total Equity Capital to Total Assets	10.13%	10.93%	10.26%	8.92%
Total Equity Capital and ALLL to Total Assets and ALLL	10.97%	11.49%	11.20%	9.50%

ACCOUNT DESCRIPTIONS (\$ IN MILLIONS)	State 12/31/2004	National 12/31/2004	ALL 12/31/2004	ALL 12/31/2003	% CHANGE
Number of Banks	116	32	148	156	
Combined Statement of Condition					
Total Gross Loans & Leases	24,099	39,084	63,183	77,912	-18.90%
Total Allowance for Loans & Leases (ALLL)	325	350	675	817	-17.38%
Total Net Loans & Leases	23,774	38,734	62,508	77,095	-18.92%
Total Securities	6,276	7,440	13,716	14,101	-2.73%
Total Interest Bearing Balances	453	393	846	1,187	-28.73%
Total Fed Funds Sold/Repurchase Agreements	754	602	1,356	680	99.41%
Total Trading Accounts	5	0	5	3	66.67%
Total Earning Assets	31,262	47,169	78,431	93,066	-15.73%
Total Cash and Due From Bank	1,044	1,609	2,653	4,014	-33.91%
Total Premises and Fixed Assets	478	642	1,120	1,050	6.67%
Total Other Real Estate Owned	36	91	127	183	-30.60%
Total Other Assets	1,667	5,004	6,671	5,706	16.91%
Total Assets	34,487	54,515	89,002	104,019	-14.44%
Average Assets	33,415	64,482	97,897	109,207	-10.36%
Total Deposits	26,537	34,372	60,909	60,969	-0.10%
Total Fed Funds Purchased	1,133	2,939	4,072	12,320	-66.95%
Total Other Borrowed Funds	2,881	9,391	12,272	17,980	-31.75%
Total Subordinated Debt	30	380	410	432	-5.09%
Total All Other Liabilities	412	1,477	1,889	2,574	-26.61%
Total Liabilities	30,993	48,559	79,552	94,275	-15.62%
Total Equity Capital	3,494	5,956	9,450	9,744	-3.02%
Total Liabilities and Equity Capital	34,487	54,515	89,002	104,019	-14.44%

RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2004 VS 2003
(\$ IN MILLIONS)

	2004			2003		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	51	19,408	236	61	22,350	341
.75% TO .99%	24	7,623	64	28	3,689	31
.50% TO .74%	20	3,796	23	21	6,372	39
BELOW .50%	21	3,660	8	18	2,470	4
	116	34,487	331	128	34,881	415

RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2004 VS 2003
(\$ IN MILLIONS)

	2004			2003		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	14	33,891	1,441	11	47,362	1,500
.75% TO .99%	8	14,093	115	5	11,530	93
.50% TO .74%	1	648	4	3	3,135	22
BELOW .50%	9	5,883	0	9	7,111	13
	32	54,515	1,560	28	69,138	1,628

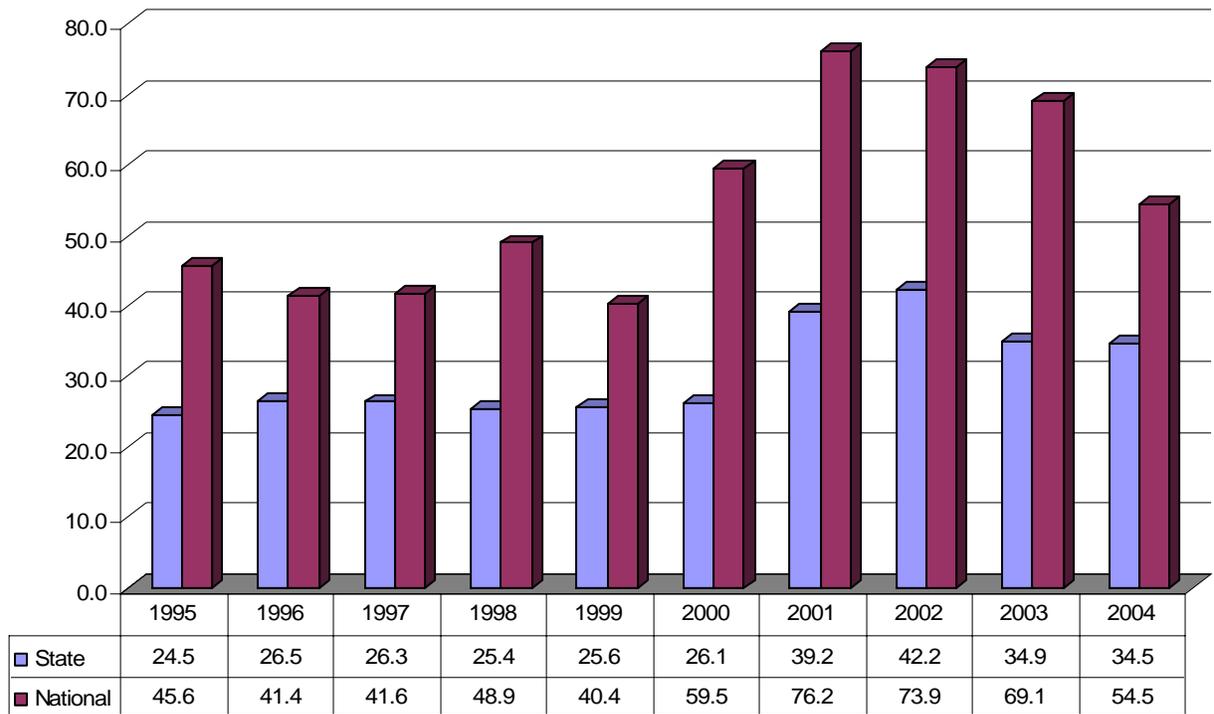
HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS)

DATA AS OF 12/31/2004	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	19	0	\$2,016	2.27%	\$1,597	2.62%
IN HC W/One State Bank	75	75	\$22,844	25.67%	\$18,105	29.72%
National Banks w/o HC	1	0	\$232	0.26%	\$212	0.35%
IN HC w/One National Bank	15	15	\$19,157	21.52%	\$14,046	23.06%
TOTALS	110	90	\$44,249	49.72%	\$33,960	55.76%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	13	6	\$7,833	8.80%	\$5,409	8.88%
IN HC w/One or More National Banks	12	4	\$5,417	6.09%	\$3,837	6.30%
Sub Total	25	10				
Holding Company Duplications	0	-1				
TOTALS	25	9	\$13,250	14.89%	\$9,246	15.18%
OUT OF STATE MULTI-BK HOLDING CO.						
O-ST HC w/One or More State Banks	9	6	\$1,795	2.02%	\$1,426	2.34%
O-St HC w/One or More National Banks	4	3	\$29,708	33.38%	\$16,277	26.72%
Sub Total	13	9				
Holding Company Duplications	0	-1				
TOTALS	13	8	\$31,503	35.40%	\$17,703	29.06%
GRAND TOTALS	148	107	\$89,002	100.00%	\$60,909	100.00%

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%

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



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
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%
2004	34.5	38.8%	54.5	61.2%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2004

NAME	CITY	ADDRESS	CITY	STATE	OPENED
TOWER BANK & TRUST COMPANY	FORT WAYNE	6731 OLD TRAIL ROAD	FORT WAYNE	IN	1/7/2004
FIRST AMERICAN BANK	VINCENNES	2814 NORTH 6TH STREET	VINCENNES	IN	1/23/2004
AMERIANA BANK AND TRUST, SB	NEW CASTLE	6653 BROADWAY	MCCORDSVILLE	IN	2/2/2004
THE FOUNTAIN TRUST CO	COVINGTON	1250 NORTH LINCOLN	ROCKVILLE	IN	2/7/2004
CITY SAVINGS BANK	MICHIGAN CITY	851 INDIAN BOUNDRY ROAD	CHESTERTON	IN	2/16/2004
COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY	4316 CHARLESTOWN ROAD	NEW ALBANY	IN	4/5/2004
1ST SOURCE BANK	SOUTH BEND	926 ERSKINE PLAZA	SOUTH BEND	IN	4/6/2004
REPUBLIC BANK & TRUST COMPANY OF IN	CLARKSVILLE	3141 HIGHWAY 62	JEFFERSONVILLE	IN	4/19/2004
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	224 S. 200 W	SALT LAKE CITY	UT	4/24/2004
IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	401 N. BUFFALO	LAS VAGAS	NV	4/24/2004
CITIZENS BANK	MOORESVILLE	2334 EAST COUNTY LINE ROAD	INDIANAPOLIS	IN	5/10/2004
PEOPLES TRUST & SAVINGS BANK	BOONVILLE	705 STATE STREET	NEWBURGH	IN	6/1/2004
SPENCER COUNTY BANK	SANTA CLAUS	322 MAIN STREET	GRANDVIEW	IN	6/1/2004
THE FOUNTAIN TRUST CO	COVINGTON	1700 E. MAIN STREET	CRAWFORDSVILLE	IN	6/14/2004
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	324 EAST STATE STREET	FORT WAYNE	IN	6/21/2004
TERRE HAUTE SAVINGS BANK	TERRE HAUTE	7301 STATE ROAD 46	TERRE HAUTE	IN	6/24/2004
COMMUNITY STATE BANK	ROYAL CENTER	221 E. MAIN STREET	KEWANNA	IN	7/19/2004
CENTIER BANK	WHITING	201 N. MICHIGAN STREET	PLYMOUTH	IN	8/16/2004
STAR FINANCIAL BANK	FORT WAYNE	14160 MUNDY DRIVE, SUITE 100	NOBLESVILLE	IN	8/16/2004
CENTIER BANK	WHITING	221 E. COMMERCIAL AVENUE	LOWELL	IN	8/23/2004
STAR FINANCIAL BANK	FORT WAYNE	230 E. NEW ROAD	GREENFIELD	IN	9/13/2004
STATE BANK OF BURNETTSVILLE	BURNETTSVILLE	902 N. SIXTH STREET	MONTICELLO	IN	10/1/2004
CENTIER BANK	WHITING	73 PINE LAKE AVENUE	LAPORTE	IN	10/1/2004
UNITED COMMERCE BANK	BLOOMINGTON	923 E. 5TH STREET	BEDFORD	IN	10/16/2004
CENTIER BANK	WHITING	9102 INDIANAPOLIS BLVD.	HIGHLAND	IN	10/25/2004
1ST SOURCE BANK	SOUTH BEND	5637 CLEVELAND ROAD	STEVENSVILLE	MI	11/8/2004
INDIANA BUSINESS BANK	INDIANAPOLIS	250 EAST 96TH STREET	INDIANAPOLIS	IN	11/17/2004
THE FARMERS & MERCHANTS BANK	BOSWELL	307 SOUTH HIGH STREET	WEST LEBANON	IN	11/29/2004
CENTIER BANK	WHITING	2707 LAPORTE AVENUE	VALPARAISO	IN	11/29/2004

SUMMARY OF STATE BANK BRANCH CLOSINGS

NAME	CITY	ADDRESS	CITY	CLOSED
SALIN BANK AND TRUST CO	INDIANAPOLIS	930 WEST MAIN STREET	PERU, IN	2/11/2004
STAR FINANCIAL BANK	FORT WAYNE	2445 NORTH BROADWAY	ANDERSON, IN	9/13/2004
WEST END SAVINGS BANK	RICHMOND	4677 NATIONAL ROAD EAST (THORNBURG'S QUALITY FOODS)	RICHMOND, IN	10/2/2004
PEOPLES TRUST COMPANY	LINTON	147 EAST BROAD STREET	LYONS, IN	12/31/2004
PEOPLES TRUST COMPANY	LINTON	7 CHARLOTTE AVENUE	SWITZ, IN	12/31/2004

CONVERSIONS

NAME	CITY	CONVERTED NAME	CITY	CONSUMMATED
LAFAYETTE BANK & TRUST CO State Commercial Bank to National Bank	LAFAYETTE	LAFAYETTE BANK AND TRUST CO., NA	LAFAYETTE	1/1/2004
THE MADISON COMMUNITY BANK State Commercial Bank to National Bank	ANDERSON	THE MADISON COMMUNITY BANK, NA	ANDERSON	1/1/2004
FRANCES SLOCUM BANK & TRUST State Commercial Bank to National Bank	WABASH	FRANCES SLOCUM BANK & TRUST CO., NA	WABASH	1/1/2004
DECATUR BANK AND TRUST COMPANY State Commercial Bank to National Bank	DECATUR	DECATUR BANK AND TRUST CO., NA	DECATUR	1/1/2004
FIRST UNITED BANK State Commercial Bank to National Bank	MIDDLETOWN	FIRST UNITED BANK, NA	MIDDLETOWN	1/1/2004
THE RANDOLPH COUNTY BANK State Commercial Bank to National Bank	WINCHESTER	THE RANDOLPH COUNTY BANK, NA	WINCHESTER	1/1/2004
MUTUAL SAVINGS BANK State Mutual SB to State Stock SB	FRANKLIN	MUTUAL SAVINGS BANK	FRANKLIN	6/29/2004
UNION SAVINGS & LOAN ASSOCIATION State Mutual S&L to Federal Mutual S&L	CONNERSVILLE	UNION SAVINGS & LOAN ASSOCIATION	CONNERSVILLE	8/6/2004

NEW STATE BANK SUBSIDIARIES IN 2004

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
F&M REAL ESTATE, LLC	FARMERS & MERCHANTS BANK	LAOTTO	HOLD REAL ESTATE	1/12/2004
KENTLAND INVESTMENTS, INC. KENTLAND HOLDINGS, INC. KENTLAND PORTFOLIO, LLC	KENTLAND BANK	KENTLAND	INVESTMENT PORTFOLIO MANAGEMENT	3/30/2004 3/30/2004 3/30/2004
CBSI DEVELOPMENT FUND, INC.	COMMUNITY BANK OF S. IN	NEW ALBANY	COMMUNITY DEVELOPMENT INVESTMENTS	4/4/2004
GRABILL BANK INSURANCE SERVICES, LLC	GRABILL BANK	GRABILL	INVEST IN THE BANK'S INSURANCE AGENCY HOLDING CO., LLC	6/8/2004
COMMUNITY STATE HOLDINGS, INC.	COMMUNITY STATE BANK	AVILLA	INVESTMENT PORTFOLIO MANAGEMENT	8/3/2004
BSB INSURANCE SERVICES, LLC.	THE BIPPUS STATE BANK	HUNTINGTON	INSURANCE	8/16/2004
JCB HOLDINGS, INC.	JACKSON COUNTY BANK	SEYMOUR	INVESTMENT PORTFOLIO MANAGEMENT	9/1/2004
JCB PROPERTIES MANAGEMENT, INC	JACKSON COUNTY BANK	SEYMOUR	REAL ESTATE PORTFOLIO MANAGEMENT	9/1/2004
GRANT COUNTY STATE BANK INSURANCE AGENCY, LLC	GRANT COUNTY STATE BANK	SWAYZEE	INVEST IN THE BANK'S INSURANCE AGENCY HOLDING CO., LLC	9/20/2004
THE BANK'S INSURANCE AGENCY HOLDING CO., LLC	FARMERS & MERCHANTS BANK	LAOTTO	OWN THE BANK'S INSURANCE AGENCY, LLC	10/1/2004
THE BANK'S INSURANCE AGENCY, LLC			SELL, SOLICIT, AND NEGOTIATE INSURANCE	10/1/2004
THE BANK'S INSURANCE AGENCY HOLDING CO., LLC	GRABILL BANK	GRABILL	OWN THE BANK'S INSURANCE AGENCY, LLC	10/1/2004
THE BANK'S INSURANCE AGENCY, LLC			SELL, SOLICIT AND NEGOTIATE INSURANCE	10/1/2004

MAIN OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
FARMERS & MERCHANTS BANK	213 SOUTH MAIN STREET 6464 MERCHANTS DRIVE	LAOTTO LAOTTO	1/12/2004
REPUBLIC BANK & TRUST COMPANY OF IN	610 EASTERN BLVD 3141 HIGHWAY 62	CLARKSVILLE JEFFERSONVILLE	6/1/2004

BRANCH OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
BLOOMFIELD STATE BANK	628 WEST MAIN STREET 1309 WEST MAIN STREET	MITCHELL MITCHELL	5/3/2004
COMMUNITY TRUST AND INVESTMENT CO.	118 E. MAIN STREET 119 E. MAIN STREET	CRAWFORSVILLE CRAWFORDSVILLE	8/16/2004
STAR FINANCIAL BANK	1845 N. SCATTERFIELD ROAD 1523 EAST CROSS STREET	ANDERSON ANDERSON	9/7/2004
HOMEFEDERAL BANK	115 EAST NORTH STREET 1801 GREENSBURG CROSSING	GREENSBURG GREENSBURG	9/20/2004

MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2004

SURVIVING INSTITUTION INSTITUTION MERGED	CITY	SURVIVING INSTITUTION NAME	CITY	CONSUMMATED
FIRST FINANCIAL BANK, NA FIRST CITIZENS STATE BANK	TERRE HAUTE, IN NEWPORT, IN	FIRST FINANCIAL BANK, NA	TERRE HAUTE	2/20/2004
FIRST FINANCIAL BANK, NA FIRST PARKE STATE BANK	TERRE HAUTE, IN ROCKVILLE, IN	FIRST FINANCIAL BANK, NA	TERRE HAUTE	5/16/2004
INDEPENDENCE BANK FIRST FINANCIAL BANK	NEW ALBANY, IN HARRODSBURG, KY	1ST INDEPENDENCE BANK	NEW ALBANY	7/9/2004
1ST INDEPENDENCE BANK 1ST INDEPENDENCE BANK	LOUISVILLE, KY NEW ALBANY, IN	1ST INDEPENDENCE BANK, INC	LOUISVILLE	7/9/2004
COMMUNITY FIRST BANK & TRUST INDIANA LAWRENCE BANK & TRUST CO	CELINA, OH N. MANCHESTER, IN	COMMUNITY FIRST BANK & TRUST	CELINA	7/16/2004
FIRST FINANCIAL BANK, NA FIRST STATE BANK - BRAZIL	TERRE HAUTE, IN BRAZIL, IN	FIRST FINANCIAL BANK, NA	TERRE HAUTE	7/25/2004
LINCOLN BANK, FSB FIRST BANK	PLAINFIELD, IN MORGANTOWN, IN	LINCOLN BANK, FSB	PLAINFIELD	8/2/2004
INTERIM BANK OF EVANSVILLE BANK OF EVANSVILLE, NA	EVANSVILLE, IN EVANSVILLE, IN	BANK OF EVANSVILLE	EVANSVILLE	9/14/2004
FIRST FINANCIAL BANK, NA FIRST FARMERS STATE BANK	TERRE HAUTE, IN SULLIVAN, IN	FIRST FINANCIAL BANK, NA	TERRE HAUTE	9/17/2004
MAINSOURCE BANK FIRST COMMUNITY BANK AND TRUST	GREENSBURG BARGERSVILLE, IN	MAINSOURCE BANK	GREENSBURG	10/9/2004

HOLDING COMPANY ACQUISITIONS IN 2004

HOLDING COMPANY NAME	CITY	TARGET NAME	CITY	CONSUMMATED
MAINSOURCE FINANCIAL GROUP INC.	GREENSBURG	PEOPLES FINANCIAL CORPORATION	LINTON	6/8/2004
HARRIS BANCORP, INC.	CHICAGO	MERCANTILE BANCORP, INC.	HAMMOND	12/30/2004

FORMATIONS IN 2004

INCORPORATOR(S)	PROPOSED NAME	PROPOSED CITY	CONSUMMATED
JAMES S. YOUNG	INDIANA BUSINESS BANK	INDIANAPOLIS	11/17/2004

ADDITIONS & DELETIONS IN 2004

NAME	CITY	ACTIVITY	EFFECTIVE DATE
LAFAYETTE BANK & TRUST CO	LAFAYETTE	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
THE MADISON COMMUNITY BANK	ANDERSON	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
FRANCES SLOCUM BANK & TRUST	WABASH	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
DECATUR BANK AND TRUST CO.	DECATUR	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
FIRST UNITED BANK	MIDDLETOWN	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
THE RANDOLPH COUNTY BANK	WINCHESTER	CONVERSION FROM A STATE COMMERCIAL BANK TO A NATIONAL BANK	1/1/2004
FIRST CITIZENS STATE BANK	NEWPORT	MERGED WITH FIRST FINANCIAL BANK, NA, TERRE HAUTE	2/20/2004
FIRST PARKE STATE BANK	ROCKVILLE	MERGED WITH FIRST FINANCIAL BANK, NA, TERRE HAUTE	5/16/2004
1ST INDEPENDENCE BANK	NEW ALBANY	MERGED WITH 1ST INDEPENDENCE BANK, LOUISVILLE	7/9/2004
INDIANA LAWRENCE BANK TRUST COMPANY	NORTH MANACHESTER	MERGED WITH COMMUNITY FIRST BANK & TRUST, CELINA	7/16/2004
FIRST STATE BANK - BRAZIL	BRAZIL	MERGED WITH FIRST FINANCIAL BANK, NA, TERRE HAUTE	7/25/2004
FIRST BANK	MORGANTOWN	MERGED WITH LINCOLN BANK, FSB, PLAINFIELD	8/2/2004
UNION SAVINGS & LOAN ASSOC.	CONNERSVILLE	CONVERSION FROM A STATE MUTUAL SAVINGS AND LOAN TO A FEDERAL MUTUAL SAVINGS AND LOAN	8/6/2004
BANK OF EVANSVILLE	EVANSVILLE	CONVERSION FROM A NATIONAL BANK STATE COMMERCIAL BANK	9/14/2004
FIRST FARMERS STATE BANK	SULLIVAN	MERGED WITH FIRST FINANCIAL BANK, NA, TERRE HAUTE	9/17/2004
FIRST COMMUNITY BANK AND TRUST	BARGERSVILLE	MERGED WITH MAINSOURCE BANK, GREENSBURG	10/9/2004
INDIANA BUSINESS BANK	INDIANAPOLIS	FORMATION OF A NEW STATE COMMERCIAL BANK	11/17/2004

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/04

DFIID	NAME	CITY
263	COMMUNITY STATE BANK	AVILLA
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
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
281	DEMOTTE STATE BANK	DEMOTTE
258	DUPONT STATE BANK	DUPONT
223	THE ELBERFELD STATE BANK	ELBERFELD
8821	ELKHART COMMUNITY BANK	ELKHART
10990	BANK OF EVANSVILLE	EVANSVILLE
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 12/31/04

DFIID	NAME	CITY
77	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
10640	INDIANA BUSINESS 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
10203	COMMUNITY FIRST BANK OF HOWARD COUNTY	KOKOMO
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
1169	ST JOSEPH CAPITAL BANK	MISHAWAKA
187	CITIZENS BANK	MOORESVILLE
649	PEOPLES BANK SB	MUNSTER
194	THE NAPOLEON STATE BANK	NAPOLEON
50	COMMUNITY BANK OF SOUTHERN INDIANA	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

ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/04

DFIID	NAME	CITY
234	COMMUNITY BANK	NOBLESVILLE
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
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
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
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
282	BANK OF WOLCOTT	WOLCOTT

ACTIVE CORPORATE FIDUCIARIES 12/31/04

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 I	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

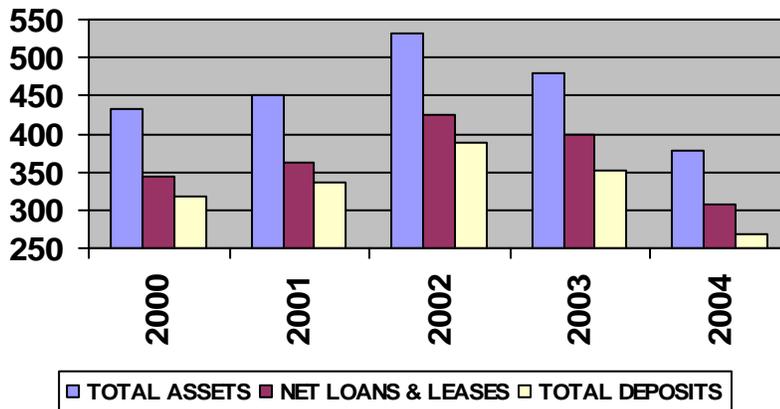
DIVISION OF SAVINGS ASSOCIATIONS

As of December 31, 2004, there were four active savings and loan associations operating under Indiana state charter. The number of active savings and loan associations decreased by one association from year-end 2003. Union Savings & Loan Association, Connersville converted to a federal mutual savings and loan association on August 6, 2004. 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 \$102 million over the last year to a total level of \$378 million as of December 31, 2004. Total assets of savings associations under supervision since 2000 have ranged from a low of \$378 million this year 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 amount of \$343 million, \$361 million \$424 million, \$399 million and \$307 million respectively. As of December 31, 2004, total net loans and leases comprised 81% of total assets.

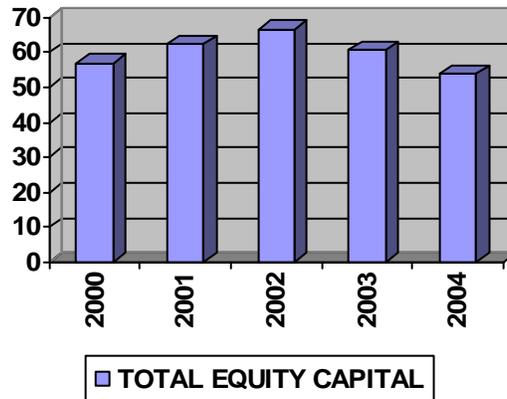
Total deposits of savings associations have ranged from \$317 million as of year-end 2000, to its high level of \$388 million as of December 31, 2002, to its present level of \$269 million. Total deposits decreased by \$83 million over the last year.

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



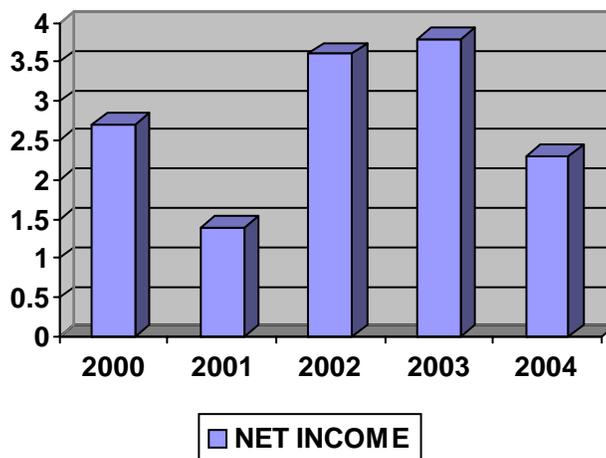
Total equity capital decreased, due to the Union Savings & Loan Association conversion, by approximately \$6.9 million during 2004, from \$60.6 million to \$53.7 million or a 12.8% decrease. Total equity capital represented 14.22% of total assets as of December 31, 2004.

SAVINGS ASSOCIATIONS TOTAL EQUITY CAPITAL (IN MILLIONS)



Total net income during the last five years for the savings associations have fluctuated from \$2.7 million in 2000, \$1.4 million in 2001, \$3.6 million in 2002, \$3.8 million in 2003 and \$2.3 million in 2004. Net income represents 0.64%, 0.31%, 0.68%, 0.79% and 0.60% 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, 2004	December 31, 2003
Cash and Due From Depository Institutions	19,716	28,581
Securities	31,343	29,652
Federal Funds Sold and Repurchase Agreements	0	0
Gross Loans and Leases	308,861	401,379
Loan Loss Allowance	2,292	2,720
Net Loans and Leases	306,569	398,659
Trading Accounts	0	0
Premises and Equipment	7,727	8,992
Other Real Estate Owned	3,801	2,327
Goodwill and Other Intangibles	1	14
All other Assets	8,631	11,388
Total Assets	377,788	479,613
LIABILITIES:		
Deposits	269,044	352,415
Federal Funds Purchased & Repurchase Agreements	3,612	3,058
Trading Liabilities	0	0
Other Borrowed Funds	49,141	60,884
Subordinated Debt	0	0
Other Liabilities	2,258	2,656
Total Liabilities	324,055	419,013
EQUITY CAPITAL		
Perpetual Preferred Stock	0	0
Common Stock	1	1
Surplus	7,199	7,139
Undivided Profits	46,533	53,460
Total Equity Capital	53,733	60,600
Total Liabilities & Equity Cap	377,788	479,613

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

**Schedule B
(\$ in Thousands)**

	December 31, 2004	December 31, 2003
Interest Income	19,675	26,308
Interest Expense	7,729	10,842
Net Interest Inc Before Allow for Loan & Lease Losses	11,946	15,466
Provision for Credit Losses	499	975
Net Interest Inc After Provision	11,447	14,491
Noninterest Income	2,010	2,608
Noninterest Expense	10,047	12,246
Income Before Gains (Losses) on Sale of Assts	3,410	4,853
Total Securities Gains (Losses)	240	736
Operating Inc Before Taxes & Extra Items	3,650	5,589
Total Income Taxes	1,368	2,152
Income(Loss) Before Extraord Items	2,282	3,437
Extraordinary Items, Net of Tax	0	343
Net Income(Loss)	2,282	3,780

LIST OF STATE CHARTERED SAVINGS ASSOCIATIONS

**Schedule C
(\$ in Thousands)**

City	Institution Name	Total Assets 2004	Total Assets 2003
Boonville	Warrick Loan & Savings Association	\$954	\$965
Connersville	Union Savings & Loan Association	\$0	\$99,444
Martinsville	Home Bank SB	\$190,989	\$193,510
Michigan City	City Savings Bank	\$149,484	\$146,272
Monticello	Peoples Savings & Loan Association-Monticello	\$36,361	\$39,422
	Total Assets for State Chartered Associations:	\$377,788	\$479,613

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, 2004 there were 49 active state chartered credit unions. The combined total assets of these 49 credit unions as of December 31, 2004 were \$5,913M an increase of \$309M over December 31, 2003. This translates to a 5.5% increase in the total assets of all state-chartered

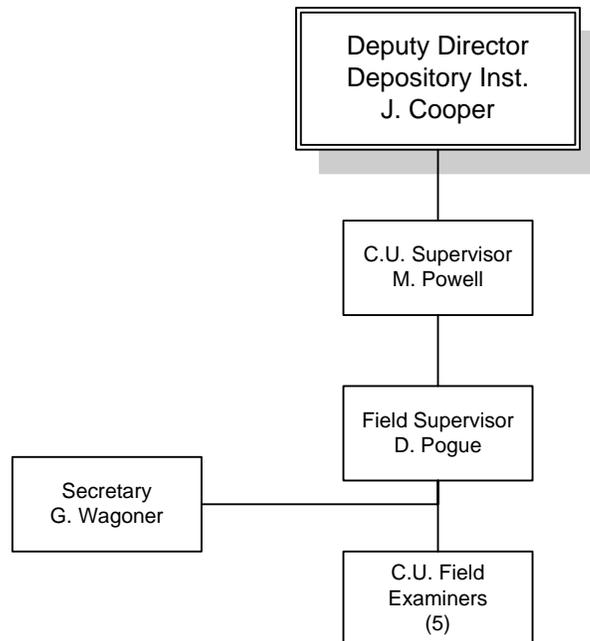
credit unions in Indiana. Member deposits in Indiana credit unions increased from \$4,597M as of December 31, 2003 to \$4,861M as of December 31, 2004 this represents a growth in deposits of 5.7%. Member loans made by Indiana credit unions increased from \$3,890M as of December 31, 2003 to \$4,190M as of December 31, 2004. This represents an increase of 7.7% in loans to members.

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

Jet Credit Union, Indianapolis

G.T.C. (Logansport) Credit Union, Logansport

Terre Haute Post Office Credit Union, Terre Haute



CREDIT UNION ANNUAL REPORT 12/31/04
BALANCE SHEET
Schedule A

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/04	12/31/03
ASSETS		
Loans	4,190	3,890
Allowance for Loan Loss	(28)	(29)
Cash & Cash Equivalents	400	456
U.S. Government Obligations	548	511
Banks, Savings & Loan & Mutual Savings Banks	246	256
Other Investments	283	294
Other Assets	<u>274</u>	<u>226</u>
TOTAL ASSETS	<u>\$5,913</u>	<u>\$ 5,604</u>
LIABILITIES		
Shares	4,861	4,597
Total Borrowings	365	367
Dividends	1	1
Accounts Payable & Other Liabilities	<u>48</u>	<u>45</u>
TOTAL LIABILITIES	<u>\$5,275</u>	<u>\$ 5,010</u>
EQUITY		
Regular Reserve	261	241
Other Reserves	10	10
Accumulated Unrealized Gain/Loss	(1)	1
Undivided Earnings	<u>368</u>	<u>342</u>
TOTAL EQUITY	<u>\$ 638</u>	<u>\$ 594</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 5,913</u>	<u>\$ 5,604</u>

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

	12/31/04	12/31/03	Increase/Decrease
ASSETS	5,913	5,604	309
SHARES	4,861	4,597	264
LOANS	4,162	3,861	301
INVESTMENTS	1,077	1,061	16

INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/04
INCOME STATEMENT
Schedule B (\$ In Millions)

INCOME:

Interest on loans	235
Less Interest Refunds	-
Income from Investments	33
Other Income	73
TOTAL INCOME	\$ <u>341</u>

EXPENSES:

Employee Compensation & Benefits	96
Travel & Conference	3
Office Occupancy	12
Office Operations	36
Educational & Promotional	8
Loan Servicing	7
Professional & Outside	16
Provision for Loan Losses	16
Members Insurance	-
Operating Fees	1
Interest on Borrowed Money	14
Other Expenses	<u>5</u>
TOTAL EXPENSES	\$ <u>214</u>

NET INCOME	\$ <u>127</u>
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DISTRIBUTION OF NET INCOME

Transfer to Regular Reserve	26
Transferred to Undivided Earnings or Other Reserves	<u>22</u>
TOTAL DISTRIBUTIONS	\$ <u>48</u>

DIVIDENDS TO MEMBERS	\$ <u>79</u>
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TOTAL CREDIT UNIONS ASSETS IN 2004

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Auburn	Dekalb Financial Credit Union	75,688,503
Bedford	Hoosier Hills Credit Union	237,744,390
Bluffton	Franklin Electric Employees Credit Union	1,539,551
Brazil	Clay County Farm Bureau Co-Op Credit Union	5,912,636
Columbus	Arvin G & F Employees Credit Union	2,649,989
Columbus	Centra Credit Union	525,978,858
Crown Point	Tech Credit Union	239,892,319
East Chicago	East Chicago Firemen's Credit Union	1,500,655
Fishers	Forum Credit Union	835,793,667
Fort Wayne	General Credit Union	72,013,976
Fort Wayne	Pinnacle Credit Union	23,286,689
Fort Wayne	Public Service Employees Credit Union	25,372,539
Goshen	Elkhart County Farm Bureau Credit Union	354,927,554
Goshen	Penn Credit Union	14,668,545
Hagerstown	Perfect Circle Credit Union	47,346,200
Hammond	Hammond Firefighters Association Credit Union	1,314,344
Huntington	Community Credit Union	14,763,835
Indianapolis	Capital Plus Credit Union	24,632,710
Indianapolis	Citizens Gas Utility Credit Union	14,060,833
Indianapolis	Double Eleven Credit Union	51,796,106
Indianapolis	Family Horizons Credit Union	76,775,127
Indianapolis	Firefighters Credit Union	44,692,013
Indianapolis	Hoosier Farm Bureau Credit Union	10,044,888
Indianapolis	Indiana Members Credit Union	871,847,403
Indianapolis	Indianapolis Police Department Credit Union	37,683,165
Indianapolis	Indianapolis Post Office Credit Union	51,284,740
Indianapolis	IPALCO Credit Union	18,310,394
Indianapolis	KEMBA (Indianapolis) Credit Union	52,260,739
Indianapolis	NorthPark Community Credit Union	41,000,243
Indianapolis	State Merit Service Credit Union	5,862,532

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Kokomo	Kokomo Post Office Credit Union	2,648,476
La Porte	Municipal Employees Credit Union	998,980
Lawrenceburg	Seagram Employees Credit Union	16,560,340
Logansport	Cass County Farm Bureau Co-Op Credit Union	3,368,643
Loogootee	Martin County Farm Bureau Credit Union	5,742,098
Michigan City	Members Advantage Credit Union	46,530,760
Mishawaka	Taper Lock Credit Union	35,773,750
Monroe	Adams County Farm Bureau Co-Op Credit Union	10,293,934
Muncie	Muncie Post Office Credit Union	1,480,487
New Albany	New Albany Schools Credit Union	13,770,113
Richmond	NATCO Credit Union	45,950,204
Richmond	Richmond State Hospital Emp. Credit Union	1,840,609
Rockport	Spencer County Credit Union	1,991,419
Seymour	Jackson County Co-Op Credit Union	13,166,242
South Bend	South Bend Post Office Credit Union	14,509,159
South Bend	Teachers Credit Union	1,361,376,750
Sullivan	Sullivan County Credit Union	7,834,278
Wabash	Beacon Credit Union	539,405,627
Warsaw	United Credit Union	9,651,725

Net Assets – Includes Allowance for Loan Losses \$ 5,913,538,737



Ronda Bailey
Executive Secretary



Mark Powell
Supervisor-Credit Unions

DIVISION OF NON-DEPOSITORY INSTITUTIONS

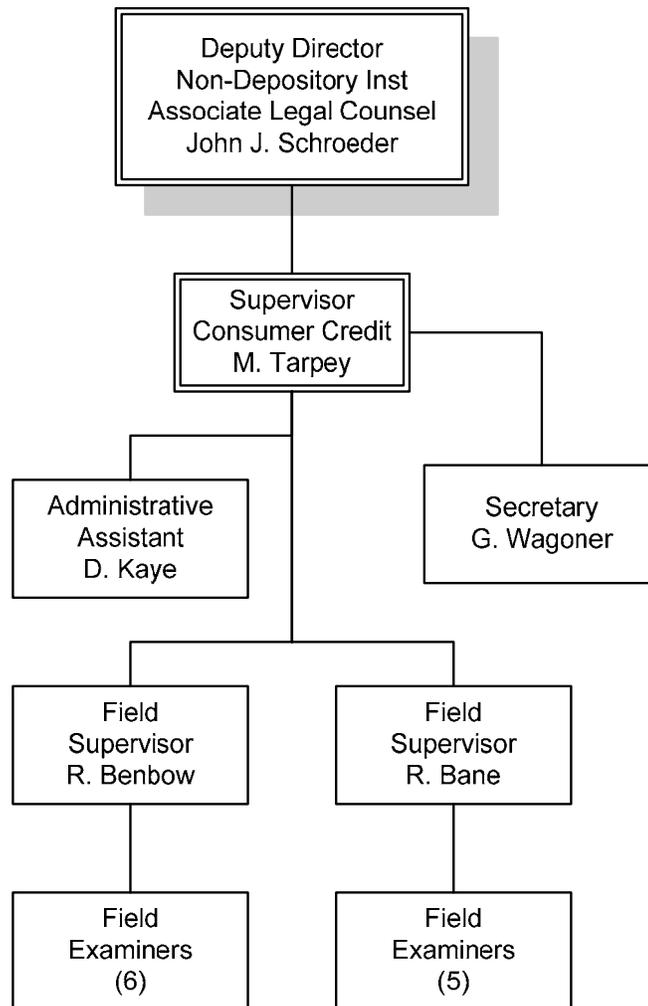
The Non-Depository Institutions Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Rent to Purchase Act (IC 24-7), Budget Service Company Act (IC 28-1-29), Indiana Pawnbroking Act (IC 28-7-5), Indiana Money Transmitter Act (IC 28-8-4), and the Check Cashing Act (IC 28-8-5). The 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 **826** examinations made in 2004 covering all of the statutes we administer. A total of **29,000** refundable violations were cited and refunds made to consumers totaling **\$1,494,675.94**. There were **390** 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 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 by written agreement in more than four installments or a finance charge is imposed. First lien mortgages, purchase money or refinancing, are exempt from the statute except for limited provisions under IC 24-4.5-3-105 and IC 24-4.5-3-701.

The Act also regulates all persons or entities regularly engaged in the leasing 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 292 licensed lenders with 554 branches, 49 small (payday) licensed lenders with 463 branches, and 3,562 other creditors, credit sellers, and financial institutions with 3,847 branches in Indiana as of December 31, 2004.

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 via 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 were six licensed budget service companies in Indiana with nine locations as of December 31, 2004. 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 lender and make small loans to individuals based on a pledge of personal property.

They are a resource for persons who need small amounts of money for short periods of time. Pawnbroker loans are made for an initial period of 30 days. The customer can extend these loans for an additional 60 days before the pledged property reverts to the pawnbroker.

All licensed pawnbrokers are examined periodically to ascertain their compliance with the Indiana Pawnbroking Law (IC 28-7-5). There were 71 licensed pawnbrokers as of December 31, 2004 with 49 branches in Indiana.

MONEY TRANSMITTER ACT

The Money Transmitters Act (IC 28-8-4) became effective January 1, 1994, and regulates nondepository institutions that are the principal/issuer on checks, money orders, and wire transfers to the public. There were 30 money transmitter licensees with 29 branches and 8,635 agents operating under the provisions of the act as of December 31, 2004.

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 63 registrants with 265 branches who regularly engaged in "Rent to Own" transactions as of December 31, 2004.

CHECK CASHING ACT

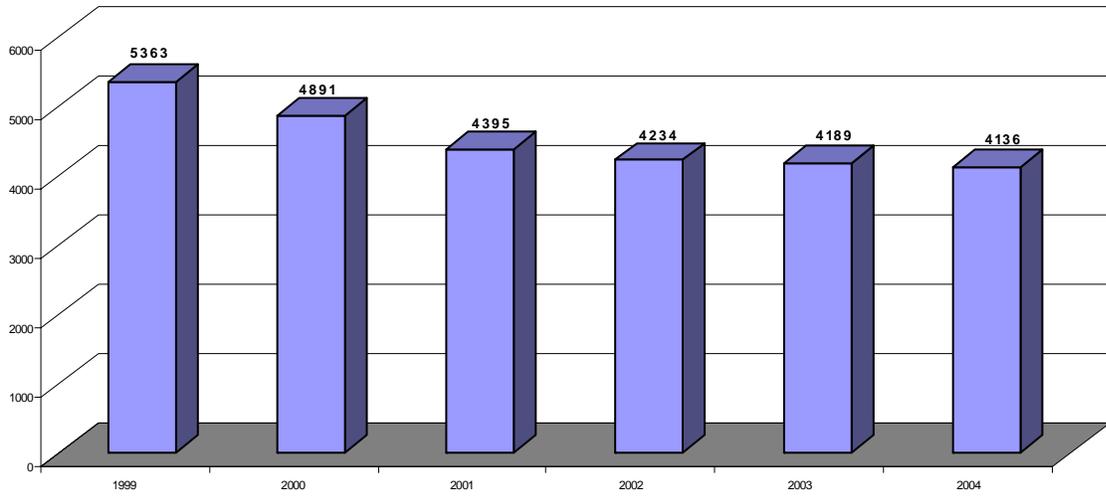
The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute requires check cashing businesses to obtain a license from the Department and regulates check cashing requirements, fee limitations, and record keeping. Retail businesses cashing checks incidental to the retail sale of goods 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 63 licensed check cashers with 315 branches in Indiana as of December 31, 2004.

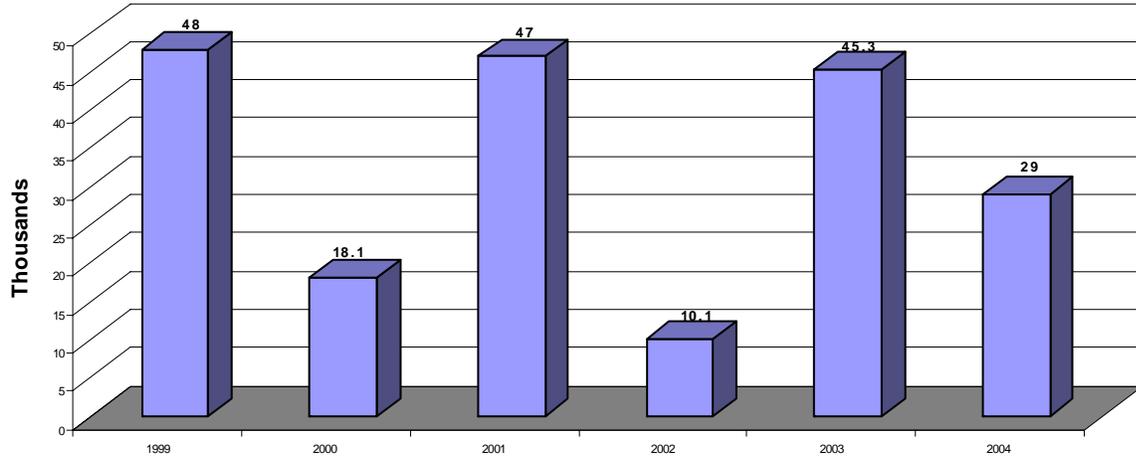
The Department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance with the act.



IUCCC FILERS / LICENSEES

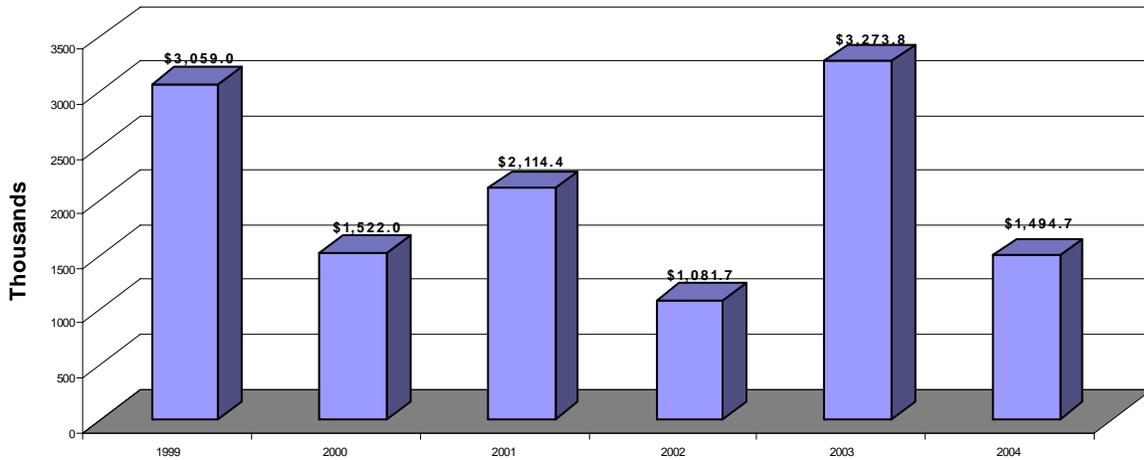


COMPLIANCE EXAM VIOLATIONS



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 2004

LICENSED LENDERS

NO.	NAME	CITY	STATE	DATE
9419	WESTAMERICA MORTGAGE COMPANY	OAKBROOK TERRACE	IL	3/2/2004
9410	AVANTOR CAPITAL, LLC	BRIDGEWATER	NJ	3/2/2004
9439	AMERIFIRST HOME IMPROVEMENT FINANCE CO	CALVERTON	MD	3/2/2004
9413	AMERICAN HOME MORTGAGE ACCEPTANCE, INC	MELVILLE	NY	3/2/2004
9457	SEA BREEZE FINANCIAL SERVICES, INC	IRVINE	CA	3/2/2004
9566	NEW DAY FINANCIAL, LLC	COLUMBIA	MD	5/19/2004
9394	MORTGAGE MASTER, LLC OF ILLINOIS	NORTHBROOK	IL	5/19/2004
9469	PROFESSIONAL HOME MORTGAGE / PHM FINANCIAL INCORPORATED	CENTENNIAL	CO	5/19/2004
9481	LENDING GROUP, INC (THE)	JACKSONVILLE	FL	5/19/2004
9411	ARGENT MORTGAGE COMPANY, LLC	ORANGE	CA	5/19/2004
9568	PRIMARY CAPITAL ADVISORS, LLC	ATLANTA	GA	5/19/2004
9567	QUEST ASSET MANAGEMENT, INC	ORANGE	CA	5/19/2004
9489	SALLIE MAE HOME LOANS, INC	NOVI	MI	5/19/2004
9456	UNITED EQUITY, LLC	TOWSON	MD	5/19/2004
9470	WINDSOR CAPITAL MORTGAGE CORPORATION	SAN DIEGO	CA	5/19/2004
9632	RMC VANGUARD MORTGAGE CORPORATION	HOUSTON	TX	7/1/2004
9502	FIRST OMNI MORTGAGE LENDING / TMG REAL ESTATE AND FINANCIAL SERVICES, LLC	LOUISVILLE	KY	7/1/2004
9711	OAK STREET FINANCIAL SERVICES INC	CARMEL	IN	7/1/2004
9590	CORESTAR FINANCIAL GROUP, LLC	TIMONIUM	MD	7/1/2004
9487	CAPITAL MORTGAGE ASSOCIATES, LLC	HAMDEN	CT	7/1/2004
9472	BAY CAPITAL CORP	OWINGS MILLS	MD	7/1/2004
9652	UNITED MORTGAGE LENDERS, INC	LOUISVILLE	KY	7/1/2004
9483	AMERICAN MORTGAGE EXPRESS FINANCIAL / AME WHOLESALE, INC	SAN DIEGO	CA	7/1/2004
9120	HSBC MORTGAGE SERVICES, INC	BRANDON	FL	8/12/2004
9708	BIRMINGHAM BANCORP MORTGAGE CORPORATION	WEST BLOOMFIELD	MI	8/26/2004
9631	WASHTENAW MORTGAGE COMPANY	ANN ARBOR	MI	8/26/2004
9644	DEEPCGREEN FINANCIAL, INC	SEVEN HILLS	OH	8/26/2004
9645	DRAPER AND KRAMER MORTGAGE CORP	CHICAGO	IL	8/26/2004
9733	ECC CAPITAL CORPORATION	IRVINE	CA	8/26/2004
9490	ADVANTAGE ONE FINANCIAL / ALLIED MORTGAGE GROUP, INC	BALA CYNWYD	PA	8/26/2004
9726	OCWEN LOAN SERVICING, LLC	ORLANDO	FL	8/26/2004
9705	LANDMARK FINANCIAL INC / LMF, INC	BLOOMINGDALE	IL	8/26/2004
9647	CHICAGO BANCORP, INC	CHICAGO	IL	8/26/2004
9734	VIKING CREDIT / SECURED FUNDING CORPORATION	COSTA MESA	CA	8/26/2004

NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2004

LICENSED LENDERS CONTINUED

NO.	NAME	CITY	STATE	DATE
9638	UNITED RESIDENTIAL LENDING, LLC	SCOTTSDALE	AZ	8/26/2004
9619	MOLTON, ALLEN & WILLIAMS MORTGAGE COMPANY, LLC	BIRMINGHAM	AL	8/26/2004
9587	NATIONWIDE MORTGAGE CONCEPTS, LLC	RANCHO MIRAGE	CA	8/26/2004
9738	FIRST REPUBLIC MORTGAGE CORPORATION	INDIANAPOLIS	IN	8/26/2004
9653	MADISON FIRST FINANCIAL, INC	EXTON	PA	8/26/2004
9746	CHALLENGE MORTGAGE / CHALLENGE FINANCIAL INVESTORS CORP	LARGO	FL	11/8/2004
9152	AMERISAVE MORTGAGE CORPORATION	ATLANTA	GA	11/8/2004
9736	APB MORTGAGE, LLC	LOUISVILLE	KY	11/8/2004
9753	TAMMAC CORPORATION	WILKES-BARRE	PA	11/8/2004
9764	BNY MORTGAGE COMPANY, LLC	WEST PATTERSON	NJ	11/8/2004
9763	BRAVO CREDIT CORPORATION	IRVINE	CA	11/8/2004
9754	MAC-CLAIR MORTGAGE CORPORATION	FLINT	MI	11/8/2004
9706	ACE MORTGAGE FUNDING, INC	INDIANAPOLIS	IN	11/8/2004
9735	EXPANDED MORTGAGE CREDIT / HOME LOAN CORPORATION	HOUSTON	TX	11/8/2004
9774	MEGASTAR FINANCIAL CORP	DENVER	CO	12/21/2004

LICENSED SMALL LOAN (PAYDAY) LENDERS

9501	CASH DEPOT, INC	KENDALLVILLE	IN	5/19/2004
9716	ALLIED CASH ADVANCE / ALLIED CASH ADVANCE INDIANA, LLC	MIAMI	FL	8/26/2004
9717	CASHLAND FINANCIAL SERVICES, INC	DAYTON	OH	8/26/2004
9722	CASH - N - PAWN OF INDIANA LTD	MINNETONKA	MN	8/26/2004
9780	ACE CASH EXPRESS / LITTLE PUPPY, LTD	SOUTH BEND	IN	11/8/2004
9773	ALL AMERICAN LOANS / GOLF & HARMS MANAGEMENT, LLC	MICHIGAN CITY	IN	11/8/2004
9811	CUSTOM SERVICES COMPANY, LLC	FORT WAYNE	IN	12/21/2004
9781	PAYDAY LOAN STORE / PAYDAY LOAN STORE OF INDIANA, INC (THE)	CHICAGO	IL	12/21/2004

PAWNBROKER

9721	PAWN PRO INC	MADISON	IN	8/26/2004
9769	STATE AUTO PAWN, LLC	INDIANAPOLIS	IN	11/8/2004

NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2004

CHECK CASHERS

NO.	NAME	CITY	STATE	DATE
9452	INDIANA AUTO PAWN CARS LLC / USA CHECK CASHING	INDIANAPOLIS	IN	3/2/2004
9465	PAYDAY TODAY, INC	MERRILLVILLE	IN	3/2/2004
9500	CASH DEPOT, INC	KENDALLVILLE	IN	5/19/2004
9750	ACE CASH EXPRESS / LITTLE PUPPY, LTD	SOUTH BEND	IN	8/26/2004
9718	CASHLAND FINANCIAL SERVICES, INC	DAYTON	OH	8/26/2004
9770	AMERICHECK CASHING / STATE AUTO PAWN, LLC	INDIANAPOLIS	IN	11/8/2004
9800	PAWN KING / AERICAN TRADERS, INC	MERRILLVILLE	IN	11/8/2004
9812	MORTGAGE EXCHANGE LENDING COMPANY (THE) / S M S FINANCE, INC	KOKOMO	IN	12/21/2004

MONEY TRANSMITTERS

9745	DOLEX DOLLAR EXPRESS, INC	ARLINGTON	TX	8/26/2004
9747	SIGUE CORPORATION	SAN FERNANDO	CA	8/26/2004

BUDGET SERVICE COMPANIES

9635	GREENPATH DEBT SOLUTIONS / GREENPATH, INC	FARMINGTON HILLS	MI	7/1/2004
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Jim Harrell
Consumer Credit Division

LICENSEES AND REGISTRANTS

As of December 31, 2004

TYPE	NUMBER REGISTERED	NUMBER BRANCH LOCATIONS
LOAN LICENSES	292	554
SMALL LOAN LICENSES	49	463
PAWNBROKERS	71	49
CHECK CASHERS	63	315
MONEY TRANSMITTERS	30	-
BUDGET SERVICE	6	9
NON-LENDERS	3,326	1,933
FINANCIAL INSTITUTIONS	236	1,914
RENTAL PURCHASE	63	265
TOTALS	4,136	5,502



John Schroeder
Deputy Director—Non Depository Institutions
Associate Counsel

DIVISION OF ADMINISTRATION

The Division of Administration administers the Department's budget and oversees communications, fiscal services, human resources, training and development, and information systems. The Department receives no federal or state taxpayer money and is fully funded with its revenue derived by fees from the financial entities regulated and supervised by the Department.

The two largest expenditure items are personnel costs and travel reimbursement. These two items account for approximately 89% of the Department's 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.

The Department experienced no examiner turnover in 2004. This compares with only 2.1% in 2003, 6.1% in 2002, and 4.1% in 2001. 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. Enhancements to the compensation plan were implemented in October 2004. While agency management believes the compensation plan helps to solidify the examiner position as a viable career option for many people, agency management continues to look for ways to improve examiner's job by reducing travel and increasing off-site examination opportunities.

Because computers are essential to effectively and

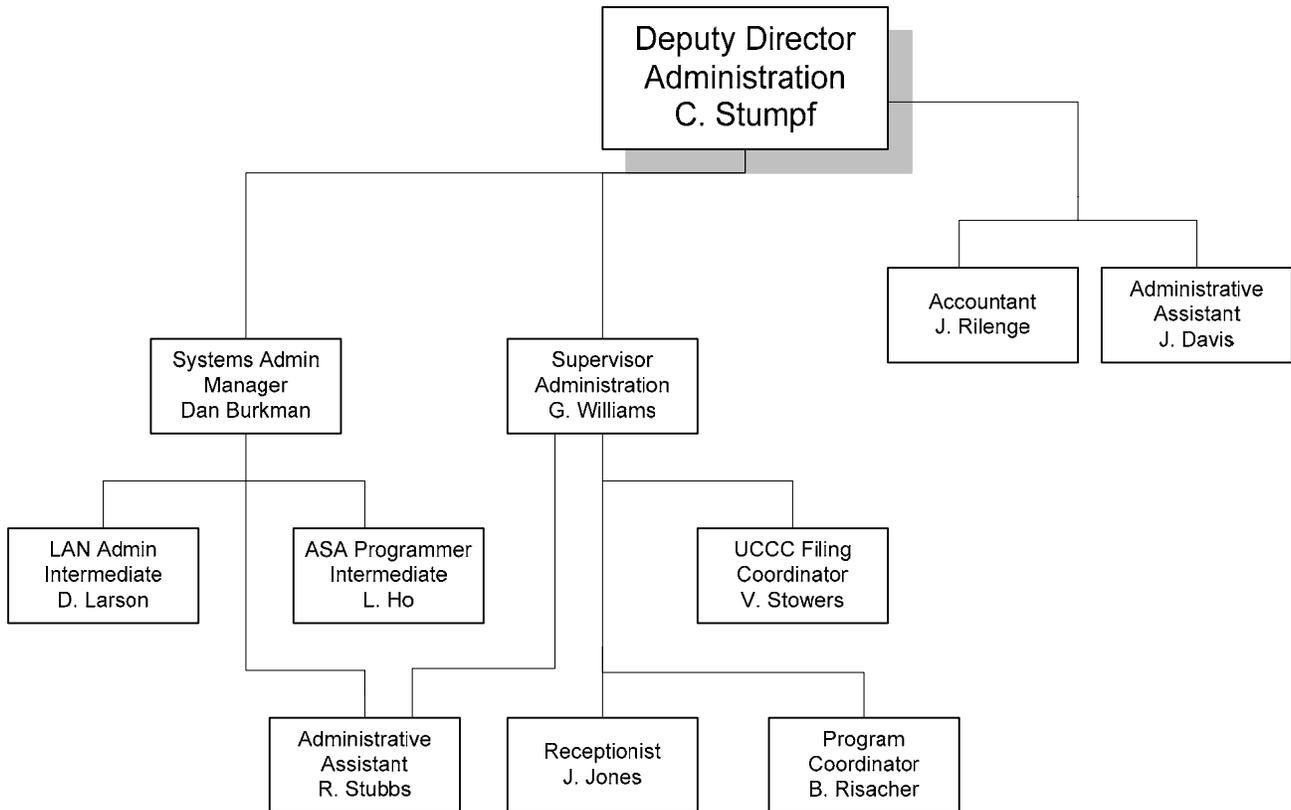
efficiently perform examinations, the Department strives to maintain the latest in computer technology. Each examiner is equipped with his/her own computer. The computers are replaced on a three year cycle. New computers were most recently purchased for every examiner in December 2004. The agency also continues to take advantage of both Internet and Intranet capabilities as a means of receiving, compiling, managing, and sharing data. All employees utilize E-mail and have internet access. All field examiners have dial up access whereby they can dial into the Indianapolis office from virtually any location. The Department utilizes a local area network in the Indianapolis office to house and share information among its staff. In addition, each district office (one in Columbus and one in Lafayette) is connected via a wide area network. Field examiners use these district offices regularly and can access all data stored on the servers in the Indianapolis office. In addition, examiners and certain office personnel are able to access various financial institution information and economic data provided by the Federal regulatory agencies.

The Department continues to utilize its web site to distribute information to the general public and the entities we supervise. The Web Site address is <http://www.dfi.state.in.us>. Information which can be found on the web site includes current regulatory issues, agency policies, applications, publications, links to federal regulators, consumer finance educational materials, and employment opportunities.

Providing effective training to employees is critical to all organizations. It is especially important that examiners be well trained to perform their jobs since the credibility of the agency depends on their decisions and knowledge. The Department understands the importance of effective and timely training and allocates approximately 2.5% of its budget for training needs. The Department utilizes an aggressive professional development program designed to promote a seasoned, informed staff and to ensure complete and accurate examination reports.

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 Department offers extensive training to its examination staff to promote their technical competency and professional development. The continued development and maintenance of a qualified examination staff are major priorities of the Department. The Department's training program consists of on-the-job training, formal coursework, in-house training schools, and self-study programs. The training needs of each employee are assessed annually.

External training programs conducted by the following sponsors are 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 external programs provide excellent individual technical instruction, and this information is then shared with other examiners and office staff.

The Department also identifies current topics that are deemed worthy of bringing the training course to Indianapolis for the purpose of training a large group of examiners. In the past, the Department has hosted a Trust Forum, Bank Secrecy Act training, information technology exam training, and an operational risk conference. The Department's Annual Conference is also a source of in-house training as current topics are addressed by various external speakers. The 2004 Annual Conference included speakers addressing such topics as operational risk, investment portfolio strategies, structured notes, and Check 21.

Supervisors and Administration Division personnel annually attend the CSBS Training Directors Forum and the Midwest Regulators Conference. The Midwest Regulators Conference provides informa-

tion on training opportunities and is held in conjunction with the state banking Departments of Michigan, Ohio, Kentucky, Illinois, Wisconsin and Missouri.

The Department also continues to support those examiners who wish to attend a Graduate School of Banking and/or a Graduate Trust School. Current staff includes nine individuals who have successfully completed a Graduate Banking School and five who have done the same at a Graduate Trust School.

Professional development equates to a more highly skilled staff and is a valuable benefit to the employees. The Department encourages staff to expand their education exposure. The Department's Professional Enrichment Policy provides reimbursement for tuition, books, and mandatory fees for completed job-related courses. Employees who have taken advantage of this policy have resulted in staff members earning degrees management, law, and masters in business administration.

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.

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 bill affecting financial institutions was passed by the 2004 General Assembly and signed by the Governor. The bill ultimately contained provisions from various separate House and Senate bills that were combined into one piece of legislation late in the session. A brief description of the bill is also included.

HB 1229 Portions of this bill were sponsored by the DFI and contained numerous technical amendments and updates relative to the statutes enforced by the DFI. Included in this category were the following:

Updates to the effective dates for all references to federal statutes and regulations that appear throughout Titles 24 and 28.

Expansion of Indiana's "parity" language to permit a state chartered financial institution to engage in activities related to a product, a service, or an investment that is available to or offered by national banks domiciled in Indiana.

Increase in the limitation on the amount of public funds that may be deposited in a credit union from 10% to 20% of a credit union's total assets.

An increase in the minimum amount of the bond required for a money transmitter from \$100,000 to \$200,000, and the maximum amount from \$200,000 to \$300,000. Also increased the required level of insurance coverage for criminal or dishonest acts for a money transmitter from 50% to 100% of the amount of the money transmitter's security bond or deposit.

Provided that state law will apply to a state chartered bank, trust company, savings association, savings bank, credit union, corporate fiduciary, or industrial loan and investment company to the same extent it applies to a federally chartered institution of the same type. Established administrative procedures governing requests for an exemption from state law due to the preemption of state law as it is applied to federally chartered institutions.

Various changes in the Small Loan Act included in the Uniform Consumer Credit Code, including: (1) defining a small loan as a loan with a principal amount that is more than \$50 and not more than \$500; (2) prohibiting the renewal of a small loan; (3) clarifying and limiting consecutive loans; (4) replacing two-tier fee schedule with a three-tier fee schedule; (5) allowing a small loan to be secured by a borrower's authorization to debit an account in addition to a borrower's check; (6) increasing civil penalties and statutory damages for non-compliance from \$1,000 to \$2,000;

(7) prohibiting a small loan with a principal amount that exceeds 15% of the borrower's monthly *gross* income (Prior law capped loans at 20% of the borrower's monthly *net* income.); and (8) deleting a previously allowed late fee.

The bill also established a Homeowner Protection Unit within the office of the Attorney General. The law prohibits certain lending practices and provided enforcement procedures for deceptive mortgage acts. It established a \$3 mortgage recording fee and required the Department of Commerce to provide home ownership education programs. It also provided that certain provisions do not apply to certain financial institutions.

The new law permits the secretary of state to administratively dissolve a business entity whose name contains the term "banc" or "banco" in violation of financial institutions law. Prior law allows did not include the term "banco." The language clarified the permissive use of the word "bank", "banc", or "banco" in the name of a subsidiary of: (1) a bank or trust company; (2) a bank holding company; (3) a savings bank; and (4) a savings association.

The bill prohibited a lender from requiring a borrower to obtain hazard insurance in an amount exceeding the replacement value of the improvements on mortgaged property as a condition of receiving or maintaining the mortgage.

The new law renders void provisions in an agreement to purchase a security that would waive compliance with securities law or a rule or order made under securities law. It provided a procedure for an issuer of securities to respond to comments regarding an application for registration made by the securities division. It also permits the appointment of a Securities Division attorney to serve as a Special Deputy Prosecutor in actions arising under securities law. The new language prohibits the issuance of an interpretive opinion by the Securities Commissioner concerning an activity that occurred before or is occurring on the date that the opinion is requested. It required that notice and opportunity to be heard be provided to a person accused of violating securities law, rather than requiring that a hearing occur as provided by current law. The new law prohibits various deceptive practices by a person who supplies information concerning securities and provides that an administrative action under securities law survives the death of a person who might have been a respondent. Finally, the bill exempts persons engaged in certain federally regulated transactions from the requirements of the loan broker law.

DEDICATION

The 2004 Annual Report of the Indiana Department of Financial Institutions is dedicated to Director Charles W. Phillips, upon his retirement, in appreciation for his leadership and commitment to the Department over the past 16 years.

As Director of the Department, Mr. Phillips has mentored and broadened the careers of all of the employees of the Department through his enthusiastic promotion of continuing education and professional development. His fairness, compassion, and generosity of spirit have long made him a respected and admired leader. He worked hard to establish a culture within the Department that values integrity, collegiality, and professionalism.

Mr. Phillips has had a distinguished career in the banking industry that spans more than 54 years. He began his professional life as an examiner with the Federal Deposit Insurance Corporation in 1950 and developed a passion for banking and bank supervision that is still evident today.

In 1958, Mr. Phillips moved to New Albany, Indiana to become the President of the Floyd County Bank. He was a leader in his community for more than 25 years and was instrumental in acquiring the land to establish the Indiana University Southeast campus in New Albany. Indiana University Southeast recognized Mr. Phillips in 1994 by awarding him the Chancellor's Medallion for Distinguished Service.

After briefly retiring from the Floyd County Bank in 1986, Mr. Phillips accepted the appointment as the Director of the Department in 1989. Throughout his tenure as Director, he served four different Governors. Mr. Phillips also served from 1965 to 1968 as Chairman of the Members of the Department of Financial Institutions.

As Director of the Department, Mr. Phillips actively promoted the modernization of the Indiana Financial Institutions Act to address corporate governance, Department powers, interstate branching, and payday lending reform.

Mr. Phillips has been a champion for the Conference of State Bank Supervisors Examiner Certification Program, and was the first State Bank Supervisor in the nation to connect the Examiner Certification Program directly to the compensation of his examiners. As a result, the average tenure of the examination staff increased from 7 years to over 13 years under Director Phillips' leadership.

Remembered among Director Phillips' most significant accomplishments will be the continued professional development of the staff of the Department. The employees and examiners he has encouraged and supported will remain to carry on the work of the Department after he retires. His legacy will be a well-trained and dedicated staff that is committed to continuous improvement and well prepared for the changes that lie ahead.

Following his retirement with the Department, Mr. Phillips plans to move to New Orleans, Louisiana to be with his wife Pat and family. The staff of the Department wants to convey its sincere gratitude to Mr. Phillips and wish him all the best in his retirement.