

# *Department of Financial Institutions*



**Judith G. Ripley  
Director**

**Annual Report  
Year Ended December 31, 2005**

**State of Indiana**

**Mitchell E. Daniels, Jr.  
Governor**

**Becky Skillman  
Lieutenant Governor**

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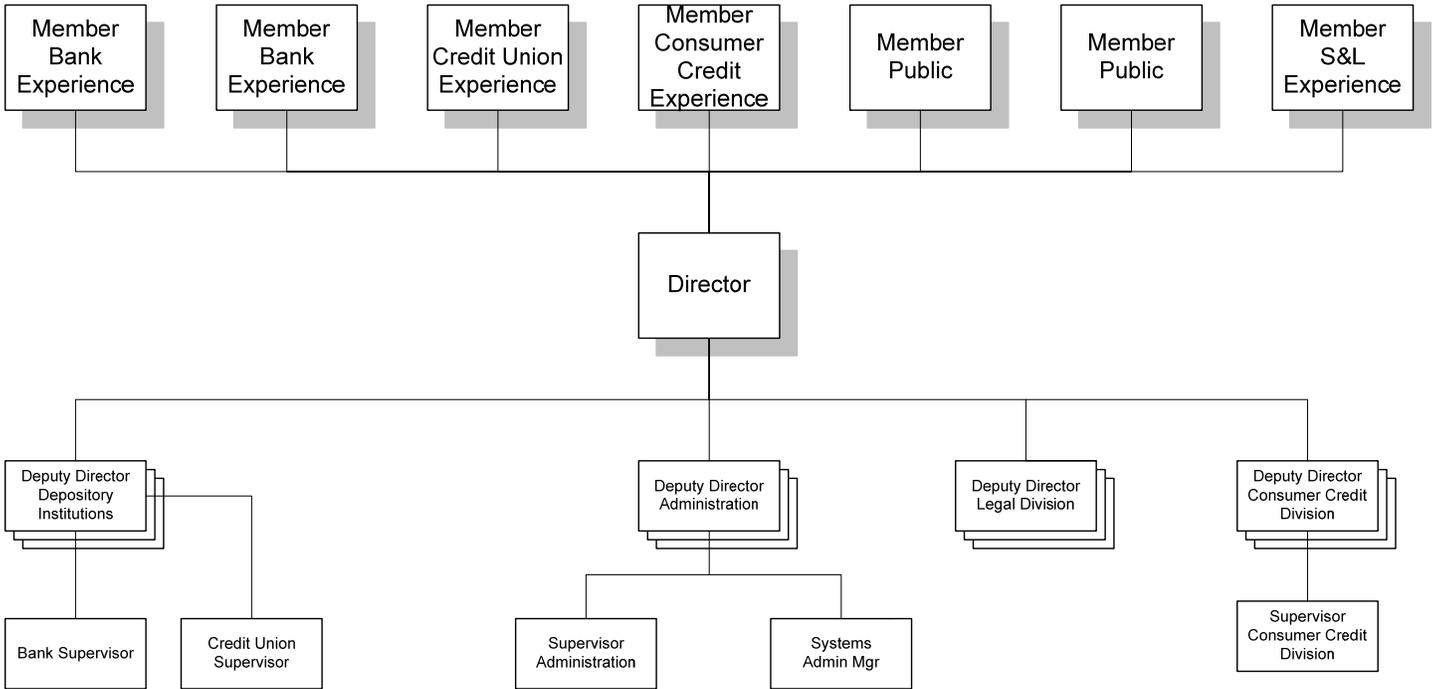


**Beth Risacher**  
**Program Coordinator**



**James Cooper**  
**Deputy Director—Bank Division**

# Department of Financial Institutions



**DEPARTMENT OF FINANCIAL INSTITUTIONS**

# JUDITH RIPLEY DIRECTOR

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I have been with the DFI almost a year as this report is issued; however, I was present only four months of this reporting year. I am pleased to report that the DFI is in good condition. Due to the hard work and competency of our employees, and the strong leadership of our Board of Members, we report a successful year. It is our goal for 2006 to enhance our staff in order to stay ahead of the increasing areas of examination and to continue to provide the atmosphere to attract and maintain a competent, professional staff.

The DFI continues to enjoy a strong partnership with its federal counterparts. These working arrangements are instrumental in maintaining our high standards in addition to helping us control our hours and costs. Working hand in hand with federal regulators allows us to maximize the contribution of both federal and state examiners with minimal duplication of efforts. The strong accreditation programs we utilize have helped to make this a reality.

Two individuals completed their service with the DFI in 2005 and merit separate mention. Charles W. Phillips retired after sixteen years as Director. His leadership, skills and ideas guided the DFI in the direction it now follows. This direction has contributed to the fine reputation of the Indiana DFI throughout the country. Donna Kaye retired in October after 30 years with the department. Donna worked tirelessly on consumer credit issues over the years.

Three DFI employees were recognized by the Governor for their many years of service. Robert W. Benbow, Charles L. Murray and Randall L. Rowe were honored for their 35 years of service to DFI. The DFI continues to hire and maintain employees who are dedicated to their careers in the department. Approximately 45% of DFI employees have 20 years or more of service with the department. It is challenging to maintain this high level of dedication and loyalty. The DFI is not just a job. It is a career in progress.

**DIRECTORS (1933 - 2005)**

<b>DIRECTOR</b>	<b>FROM</b>		<b>TO</b>	
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	June	2005
Judith G. Ripley	August	2005	Present	



# DEPARTMENT OF FINANCIAL INSTITUTIONS

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## Vision

To be among the best state financial services regulators 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

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- 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**

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**David A. Bochnowski, Chairman**  
Munster  
Savings Bank Member

**Travis Holdman**  
Markle  
Banking Member

**Joseph G. Pierce, Vice Chairman**  
Howe  
Banking Member

**Vacant**  
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**

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Judith G. Ripley, 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  
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. Hoferkamp - I  
Francis J. Tata - I  
Jacob P. Swanson - I  
Marc A. Ward - I  
Chad L. Kozuch - I  
Thomas C. Fite - I

Chris C. Dietz - II  
Vernita L. Early - III  
Alfred R. Westfall - III  
Nathan M. Riley - III  
Kevin M. Vaughn - III

### **DISTRICT 2**

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

Lee T. Reid - I  
Eric S. Neal - I  
Stacey L. Bostock - I  
Steven R. Wachter - I  
Robin R. Upchurch - I

Janelle L. Tierney - I  
Della V. Dietz - III  
Matthew W. Howrey - III  
David B. Sandidge - III

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, C.P.A., - I  
D. Scott Shelton - II

Matthew R. Dilly - III  
John N. Sigman - III

**DIVISION OF CONSUMER CREDIT**

John J. Schroeder, Deputy Director  
Mark B. Tarpey, Supervisor of Consumer Credit Division  
James D. Harrell, Assistant to the Supervisor  
P. David Larson, Compliance Examiner-Special Projects

**CONSUMER CREDIT EXAMINATION STAFF**

**DISTRICT 1**

Rick A. Bane, Field Supervisor  
Charles L. Murray - II  
John D. Heckard - II  
Ned W. Brown - II  
George M. Hicks - II  
Aaron Sweet-IV

**DISTRICT 2**

Robert W. Benbow, Field Supervisor  
LeRoy H. Janz, Jr. - II  
Kent D. Sager - II  
Scott J. Imbus - II  
Dee A. Gloy - II  
Collin P. Shipman - III  
Tabitha M. Butts - 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  
Lisa Ho, ASA/Programmer - Intermediate  
Renita D. Stubbs, UCCC Filing Coordinator  
Janice L. Davis, Personnel Assistant  
Jan L. Rilenge, Accountant  
Beth A. Risacher, Program Coordinator

**OFFICE SUPPORT STAFF**

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

# **EXAMINER CERTIFICATIONS**

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## **BANK DIVISION CERTIFICATIONS**

### **CERTIFIED EXAMINATIONS MANAGER ("CEM")**

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

Moreland, Mark A.  
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")**

Dietz, Chris  
Dietz, Dellamarie V.  
Early, Vernita L.

Howrey, Matthew W.  
Westfall, Alfred R.

### **CERTIFIED OPERATIONS EXAMINER ("COE")**

Riley, Nathan  
Sandidge, David

Vaughn, Kevin

## **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 CREDIT EXAMINER ("CCE")**

Shelton, Scott D.

### **CERTIFIED OPERATIONS EXAMINER ("COE")**

Dilly, Matthew

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.  
Murray, Charles L.  
Sager, Kent D.

### NON - LENDER COMPLIANCE EXAMINER ("NLCE")

Shipman, Collin P.

Butts, Tabitha M.

## OTHER CERTIFICATIONS

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### CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Early, Vernita  
Stumpf, Charles T.

Thomson, Gloria A.

## CERTIFICATION PLAN OVERVIEW

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In 1999 the DFI adopted an examiner certification program that was intended 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  
CPA - Certified Public Accountant

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

# DEPARTMENT OVERVIEW

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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.



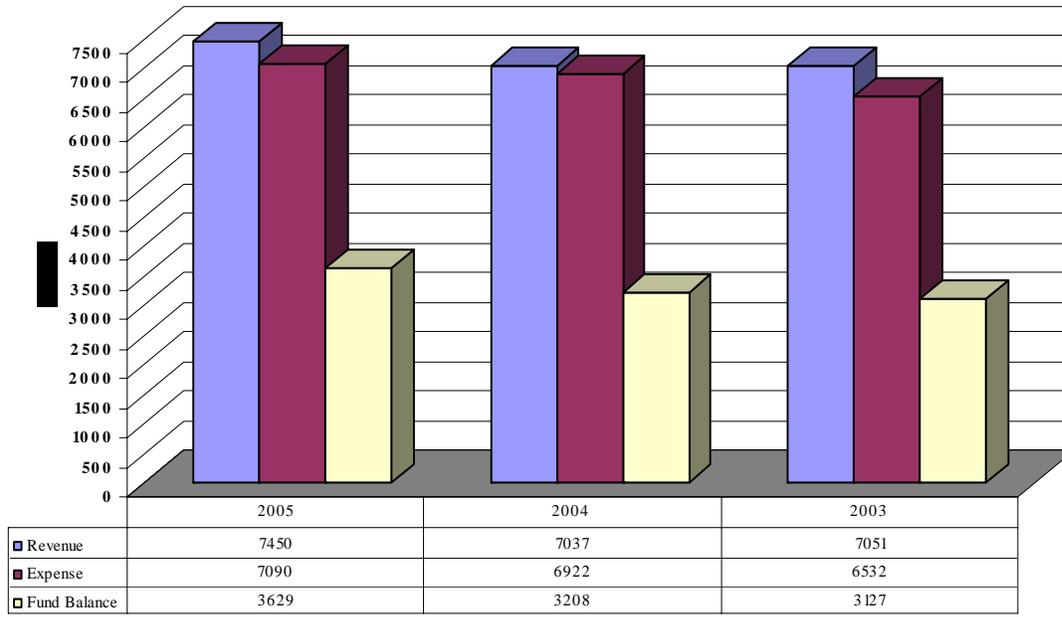
# REVENUE AND EXPENDITURES

<u>REVENUE</u>	2005	2004	2003
BANK FEES	3,058,138	\$3,076,420	\$3,018,602
SAVINGS & LOAN FEES	32,953	48,089	55,592
CREDIT UNION FEES	667,678	636,918	594,957
PAWNBROKING LICENSING FEES	65,995	67,060	63,565
APPLICATION FEES	87,500	29,900	30,617
BUDGET SERVICE COMPANY FEES	1,100	600	400
UCCC FEES	3,480,217	3,124,530	3,231,682
RENTAL/PURCHASE LICENSE	27,025	28,655	29,810
MONEY TRANSMITTER FEES	14,859	12,720	14,038
CHECK CASHERS FEES	14,555	12,522	11,559
<b>TOTAL REVENUE</b>	7,450,020	\$7,037,414	\$7,050,822
<b><u>EXPENDITURES</u></b>			
PERSONNEL COSTS	5,663,386	**\$5,631,389	\$5,034,798
UTILITIES, POSTAGE, AND SUBSCRIPTIONS	170,147	167,209	169,424
CONTRACT SERVICES	380,342	326,552	270,029
OFFICE SUPPLIES	41,811	41,356	36,449
EQUIPMENT/EDP DEVELOPMENT/SOFTWARE	108,364	51,753	383,557
TRAVEL IN-STATE	540,819	504,788	465,286
TRAVEL OUT-OF-STATE	15,939	18,252	11,826
PERSONNEL DEVELOPMENT & RELATED TRAVEL	169,577	180,988	160,436
<b>TOTAL EXPENDITURES</b>	\$7,090,385	\$6,922,287	\$6,531,805
NET REVENUE (EXPENDITURES)	359,635	115,127	519,017
CASH BALANCE, JULY 1	3,271,851	3,156,724	2,637,707*
CASH BALANCE, JUNE 30	3,631,486	3,271,851	3,156,724*
LESS ENCUMBRANCES	2,184	63,394	29,817
<b>FUND BALANCE, JUNE 30</b>	\$3,629,302	\$3,208,457	\$3,126,907*

\*Reflects corrections made to 2003 figures

\*\*Reflects corrections made to 2004 figures

*Revenue & Expenditures*





**Janelle Tierney**  
**Bank Division**



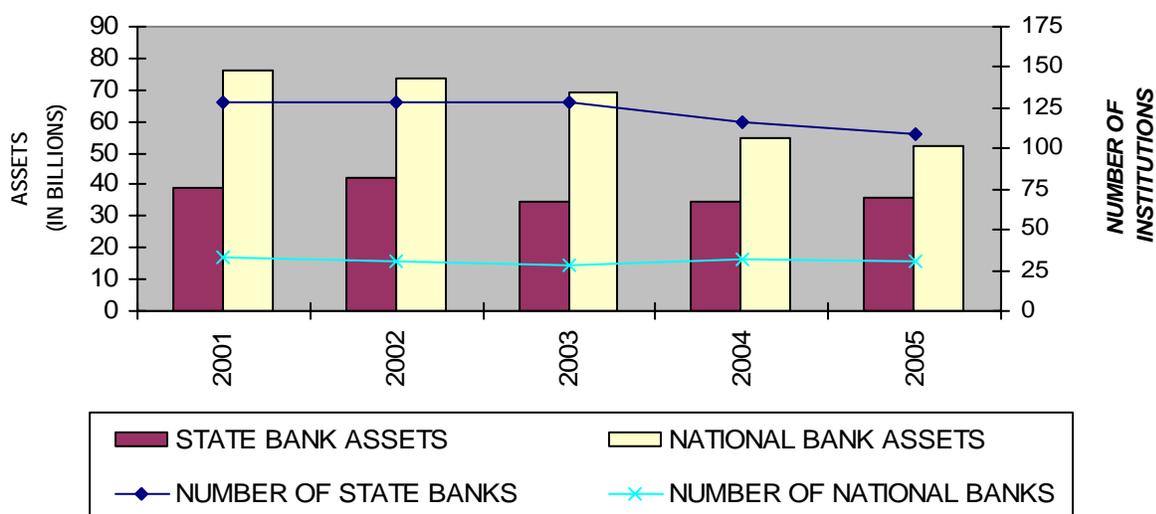
**Lisa Ho**  
**ASA/Programmer**

## **DEPOSITORY DIVISION**

During the calendar year of 2005 the number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities declined in number from 116 to 109. National banks in Indiana decreased from 32 to 30 during the same period. Total state chartered supervised assets increased slightly during the 2005 calendar year from \$34.5 billion to \$35.6 billion. National bank assets decreased from \$54.5 billion to \$52.2 billion in the calendar year 2005. As of December 31, 2005, state-chartered commercial banks represented 40.5% 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.

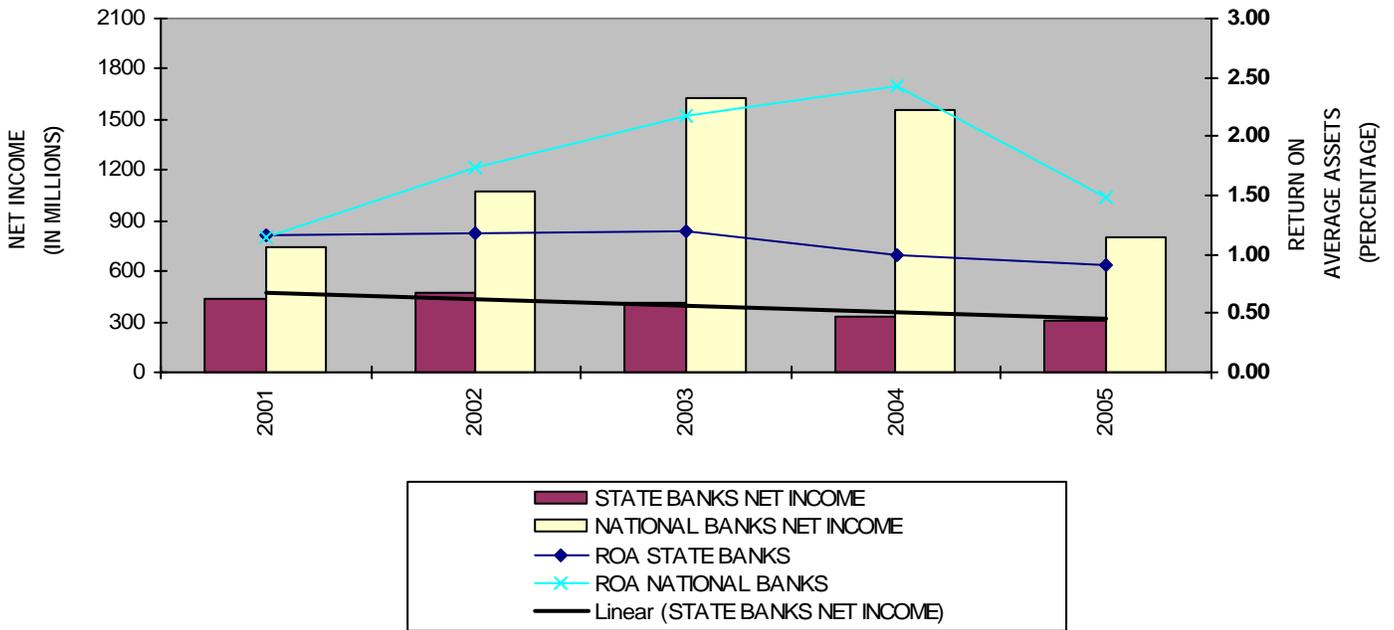
During 2005, one new state chartered commercial bank officially opened for business. Eight state bank charters were eliminated through mergers with other state or national banks.

### **STATE AND NATIONAL BANKS**



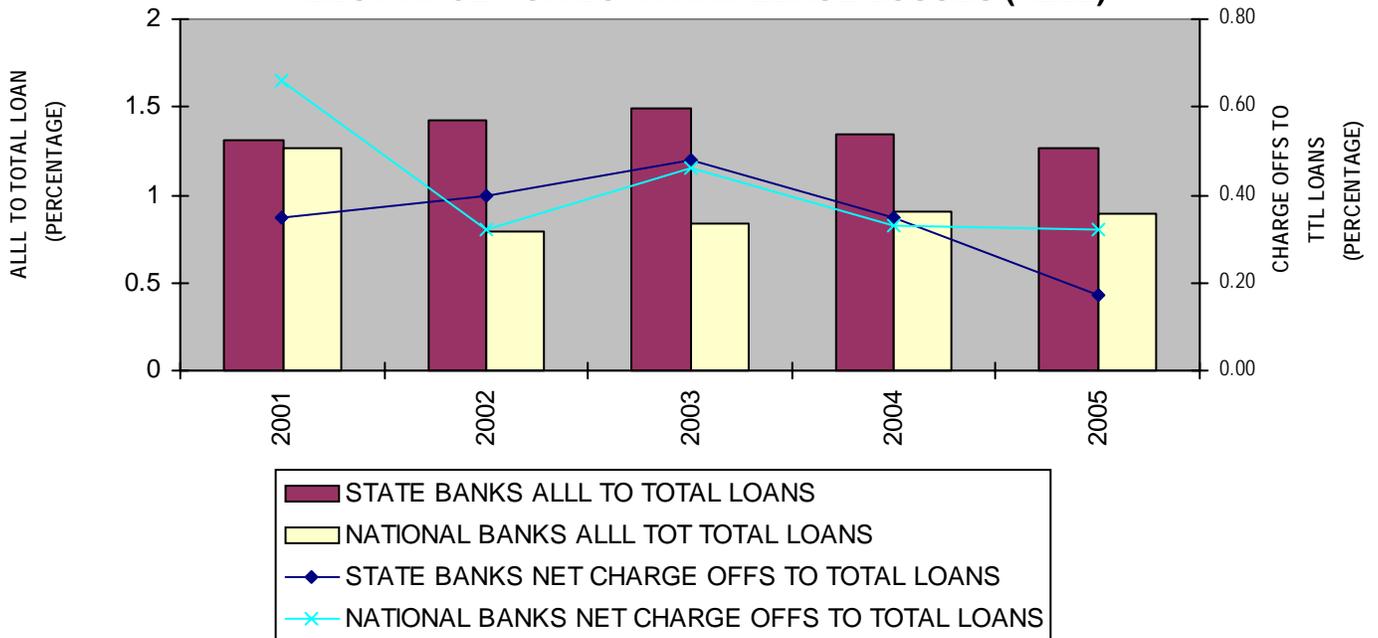
Both state and national banks have had very stable performance over the last five years. The sustained profitability measure is attributed to strong loan growth and maintenance of sound credit quality. The net income for state-chartered financial institutions over the past five years is \$442 million in 2001, \$473 million in 2002, \$415 million in 2003, \$331 million in 2004 and \$310 million in 2005. Net income as a percentage of assets (in the aggregate) for the calendar year 2005 decreased to a five year low of 0.91% from 0.99% at year-end 2004. The annual state chartered aggregate ROA for the past five years has remained stable with a range between 0.91% and 1.20%. The net income for national banks in Indiana over the past five years starting with 2001 is \$740 million, \$1,075 million, \$1,628 million, \$1,560 million and \$801 million, respectively. The aggregate ROA for national banks over the same period has ranged from a low of 1.14% in 2001, to a high of 2.42% in 2004, to its present level of 1.48%.

## STATE AND NATIONAL BANKS INCOME TRENDS



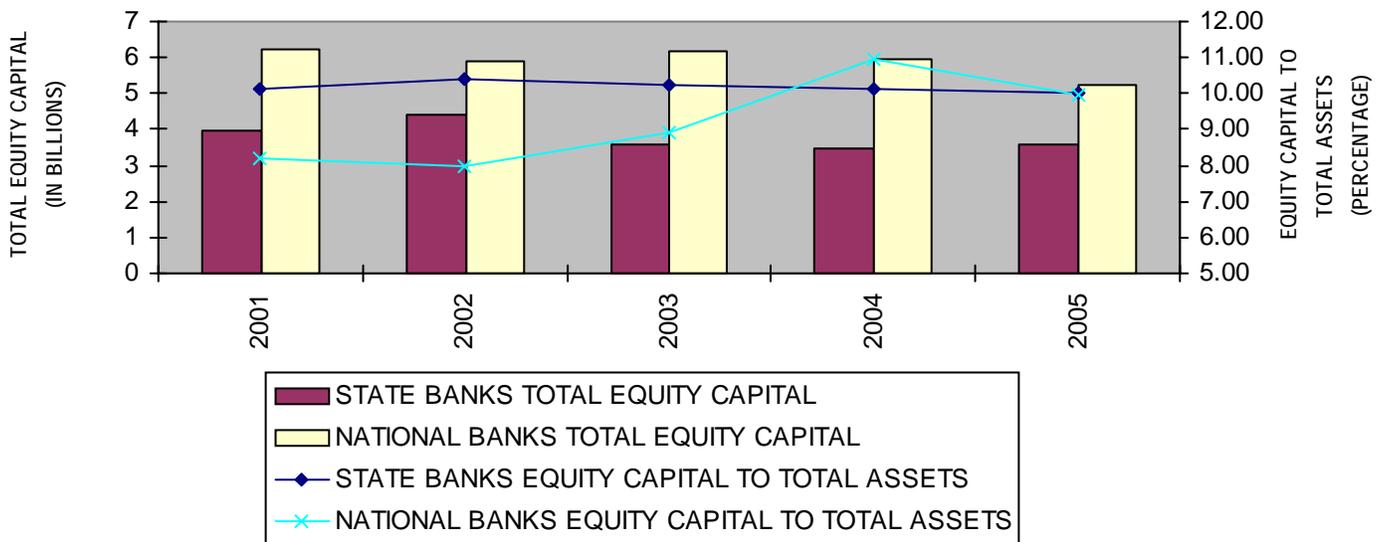
The allowance for loan and lease losses and net charge offs for state banks has remained consistent over the last five years. The aggregate allowance for loan and lease losses for Indiana state chartered banks decreased slightly to a five year low of 1.26% as of year-end 2005 from 1.35% as of year-end 2004 and a five year high of 1.49% in 2003. The aggregate allowance for loan and lease losses for national banks in Indiana ranges from a high of 1.27% in 2001, to a low of 0.79% in 2002 to its current level of 0.89%. Net charge offs for state banks for the 2005 calendar year decreased to a five year low of 0.17% compared to 0.35% in 2004. Net charge offs for national banks ranged from 0.66% in 2001 to 0.32% in 2005.

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



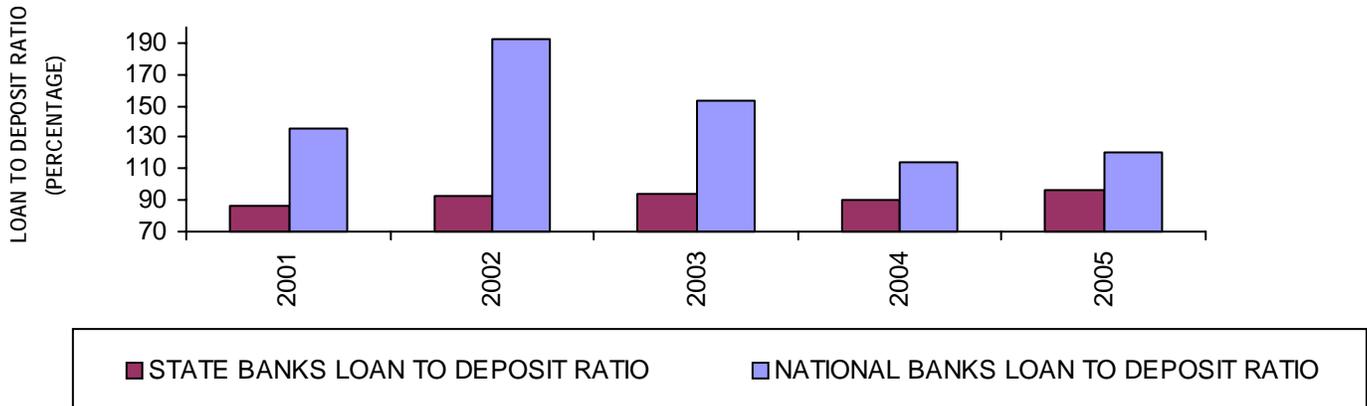
Total equity capital for Indiana state chartered banks has decreased from \$3.96 billion as of December 31, 2001, to \$3.57 billion as of December 31, 2005 or an 11% decrease. Total equity capital for national banks in Indiana has also decreased from \$6.25 billion in 2001 to \$5.21 billion as of year-end 2005 or a 20% decrease. The ratio of total equity capital to total assets for state chartered institutions ranges from 10.11% in 2001, to a high of 10.41% in 2002, to its current level of 10.04%. The ratio of total equity capital to total assets for national banks over the same period has ranged from 8.21% in 2001, to a low of 7.97% in 2002 and to a high of 10.93% in 2004 and to its present level of 9.98%.

### STATE AND NATIONAL BANKS EQUITY CAPITAL



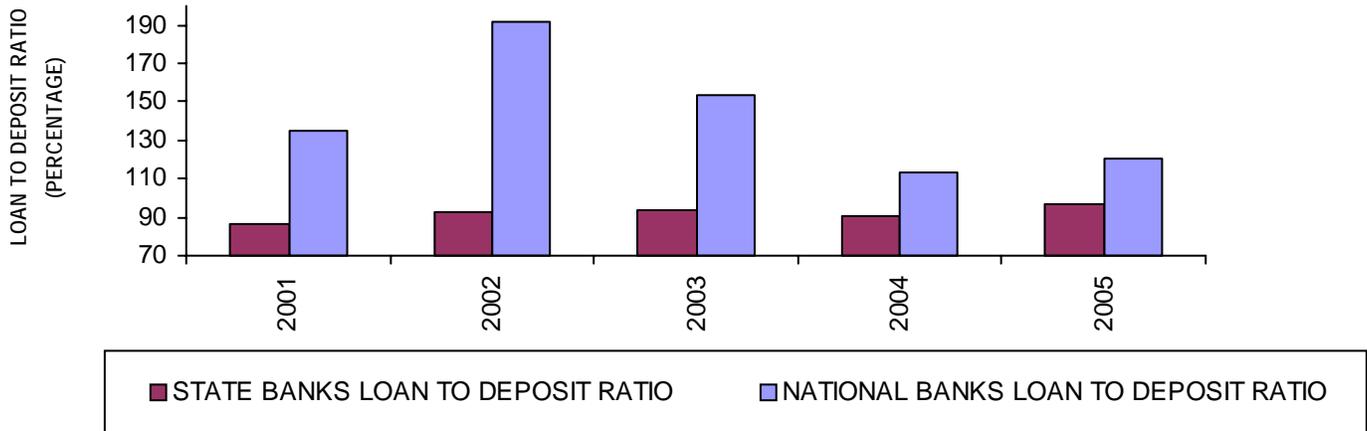
The ratio of loans to deposits has remained constant over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have gradually increased from \$24.9 billion in 2001 to \$25.9 billion in 2005 or a 4% increase. In contrast, total deposits for state banks gradually decreased from \$28.8 billion in 2001 to \$26.8 billion in 2005 or a 7% decrease. Total loans for national banks in Indiana significantly decreased from \$54 billion in 2001 to \$36.7 billion as of December 31, 2005, while total deposits for national banks also decreased from \$40 billion to \$30.4 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 increased from 81.88% in 2001 to 83.66% as of year-end 2005. The ratio for national banks in Indiana also increased from 57.21% as of December 31, 2001, to 64.68% as of December 31, 2005.

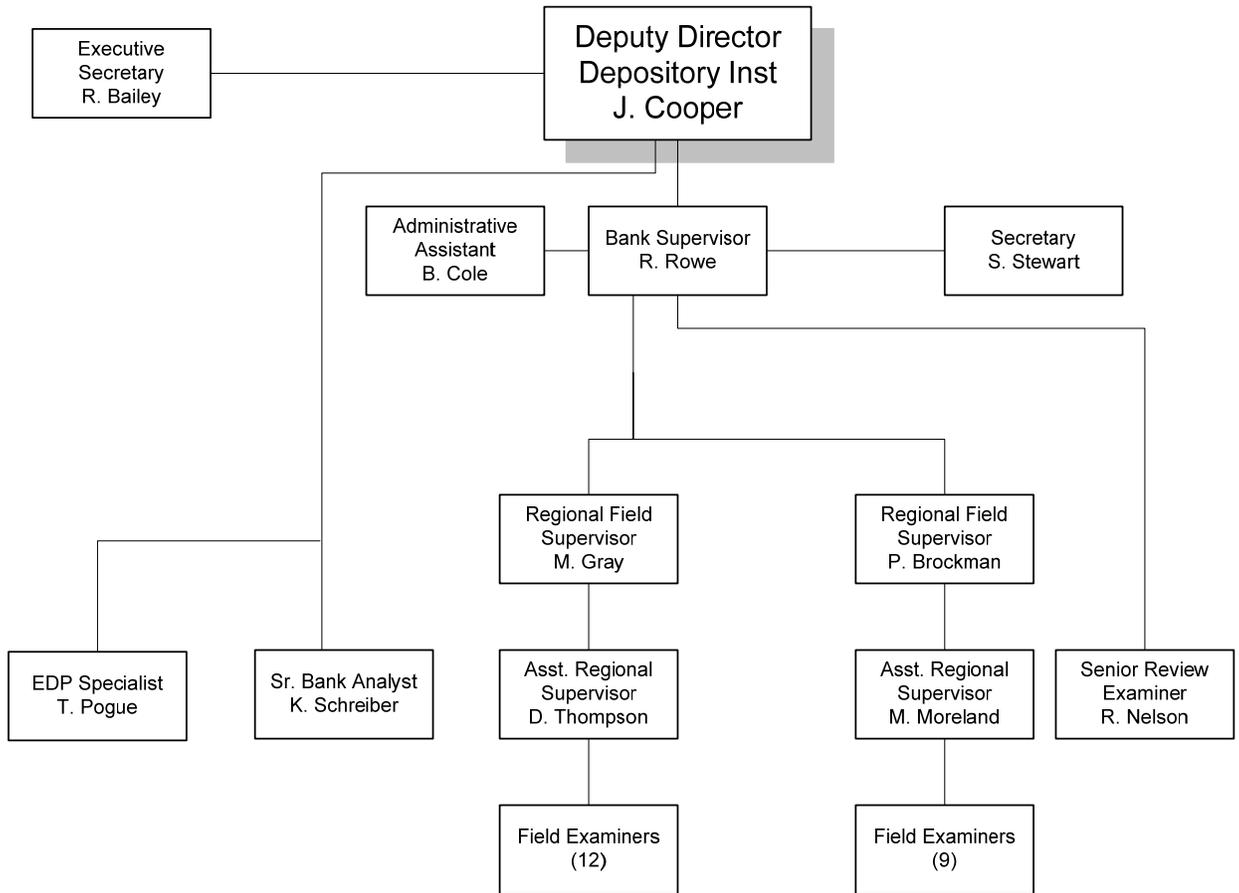
### STATE AND NATIONAL BANKS LOAN TO DEPOSIT RATIOS



**Kirk Schreiber**  
**Senior Bank Analyst**

# BANK DIVISION

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## **COMPARATIVE STATEMENT STATE CHARTERED BANKS**

<b>ACCOUNT DESCRIPTIONS (\$ In Millions)</b>	12/31/2002	12/31/2003	% CHANGE	12/31/2004	% CHANGE	12/31/2005	% CHANGE
Assets	42,201	34,881	-17.35%	34,487	-1.13%	35,579	3.17%
Deposits	30,212	26,190	-13.31%	26,537	1.32%	26,777	0.90%
Total Equity Capital Adjusted	4,392	3,580	-18.49%	3,494	-2.40%	3,572	2.23%
Tier 1 Capital	4,035	3,316	-17.82%	3,352	1.09%	3,461	3.25%
LVR	397	368	-7.30%	325	-11.68%	327	0.62%
Total Capital	4,432	3,684	-16.88%	3,677	-0.19%	3,788	3.02%
Total Net Charge-Offs	113	119	5.31%	84	-29.41%	43	-48.81%
Total Gross Loans & Leases	27,960	24,629	-11.91%	24,099	-2.15%	26,910	11.66%
Total Securities	8,561	6,364	-25.66%	6,276	-1.38%	5,819	-7.28%
Federal Funds Sold	1,771	346	-80.46%	754	117.92%	487	-35.41%
Interest Bearing Balances	376	419	11.44%	453	8.11%	265	-41.50%
Trading Account Securities	14	1	-92.86%	5	400.00%	7	40.00%
Total Earning Assets	38,285	31,391	-18.01%	31,262	-0.41%	32,161	2.88%
Total Interest Income	2,397	1,888	-21.23%	1,726	-8.58%	1,915	10.95%
Total Interest Expense	940	606	-35.53%	521	-14.03%	688	32.05%
Net Interest Income	1,457	1,282	-12.01%	1,205	-6.01%	1,227	1.83%
Total Non-interest Income	685	744	8.61%	563	-24.33%	407	-27.71%
Total Non-interest Expenses	1,292	1,292	0.00%	1,224	-5.26%	1,134	-7.35%
Loan Provisions	175	141	-19.43%	61	-56.74%	60	-1.64%
Net Income	473	415	-12.26%	331	-20.24%	310	-6.34%

**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.**

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<b>(\$ IN MILLIONS)</b>	12/31/2005	12/31/2005	12/31/2004	12/31/2004
<b>Number of Banks</b>	109	30	116	32

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### **Consolidated Balance Sheet**

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Total Gross Loans & Leases	25,910	36,673	24,099	39,084
Total Allowance for Loans & Leases (ALLL)	327	327	325	350
Total Net Loans & Leases	25,583	36,346	23,774	38,734
Total Securities	5,819	6,641	6,276	7,440
Total Interest Bearing Balances	265	374	453	393
Total Fed Funds Sold/Repurchase Agreements	487	555	754	602
Total Trading Accounts	7	50	5	0
Total Earning Assets	32,161	43,966	31,262	47,169
Total Cash and Due From Bank	1,181	1,731	1,044	1,609
Total Premises and Fixed Assets	487	673	478	642
Total Other Real Estate Owned	39	77	36	91
Total Other Assets	1,711	5,712	1,667	5,004
Total Assets	35,579	52,159	34,487	54,515
Average Assets	34,048	53,955	33,415	64,482
Total Deposits	26,777	30,372	26,537	34,372
Total Fed Funds Purchased	1,374	2,978	1,133	2,939
Total Other Borrowed Funds	3,373	11,382	2,881	9,391
Total Subordinated Debt	30	403	30	380
Total All Other Liabilities	453	1,819	412	1,477
Total Liabilities	32,007	46,954	30,993	48,559
Total Equity Capital	3,572	5,205	3,494	5,956
Total Liabilities and Equity Capital	35,579	52,159	34,487	54,515

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<b>(\$ IN MILLIONS)</b>	12/31/2005	12/31/2005	12/31/2004	12/31/2004
<b>Number of Banks</b>	109	30	116	32

### **Consolidated Income Statement**

Total Interest Income	1,915	2,701	1,726	3,402
Total Interest Expense	688	1,167	521	1,004
Total Net Interest Income	1,227	1,534	1,205	2,398
Total Non Interest Income	407	1,909	563	2,398
Total Non Interest Expense	1,134	2,170	1,224	2,265
Total Loan Provisions	60	97	61	118
Total Pre Tax Operating Income	440	1,176	483	2,413
Total Securities Gains/Losses	0	-2	-1	5
Total Applicable Income Tax	130	373	151	858
Net Income	310	801	331	1,560

### **Ratio Analysis**

Net Income to Average Assets	0.91%	1.48%	0.99%	2.42%
Net Income to Year End Total Equity	8.68%	15.39%	9.47%	26.19%
Net Interest Income to Average Assets	3.60%	2.84%	3.61%	3.72%
Total Loans to Total Deposits	96.76%	120.75%	90.81%	113.71%
Loan Loss Provisions to Total Loans	0.23%	0.26%	0.25%	0.30%
ALLL to Total Loans	1.26%	0.89%	1.35%	0.90%
Net Charge-Offs to Total Loans	0.17%	0.32%	0.35%	0.33%
Total Equity Capital to Total Assets	10.04%	9.98%	10.13%	10.93%
Total Equity Capital and ALLL to Total Assets and ALLL	10.86%	10.54%	10.97%	11.49%

<b>ACCOUNT DESCRIPTIONS</b> <b>(\$ IN MILLIONS)</b>	State 12/31/2005	National 12/31/2005	ALL 12/31/2005	ALL 12/31/2004	% CHANGE
<b>Number of Banks</b>	109	30	139	148	
<b>Combined Statement of Condition</b>					
Total Gross Loans & Leases	25,910	36,673	62,583	63,183	-0.95%
Total Allowance for Loans & Leases (ALLL)	327	327	654	675	-3.11%
Total Net Loans & Leases	25,583	36,346	61,929	62,508	-0.93%
Total Securities	5,819	6,641	12,460	13,716	-9.16%
Total Interest Bearing Balances	265	374	639	846	-24.47%
Total Fed Funds Sold/Repurchase Agreements	487	555	1,042	1,356	-23.16%
Total Trading Accounts	7	50	57	5	1040.00%
Total Earning Assets	32,161	43,966	76,127	78,431	-2.94%
Total Cash and Due From Bank	1,181	1,731	2,912	2,653	9.76%
Total Premises and Fixed Assets	487	673	1,160	1,120	3.57%
Total Other Real Estate Owned	39	77	116	127	-8.66%
Total Other Assets	1,711	5,712	7,423	6,671	11.27%
Total Assets	35,579	52,159	87,738	89,002	-1.42%
Average Assets	34,048	53,955	88,003	97,897	-10.11%
Total Deposits	26,777	30,372	57,149	60,909	-6.17%
Total Fed Funds Purchased	1,374	2,978	4,352	4,072	6.88%
Total Other Borrowed Funds	3,373	11,382	14,755	12,272	20.23%
Total Subordinated Debt	30	403	433	410	5.61%
Total All Other Liabilities	453	1,819	2,272	1,889	20.28%
Total Liabilities	32,007	46,954	78,961	79,552	-0.74%
Total Equity Capital	3,572	5,205	8,777	9,450	-7.12%
Total Liabilities and Equity Capital	35,579	52,159	87,738	89,002	-1.42%

**RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2005 VS 2004**  
 (\$ IN MILLIONS)

	2005			2004		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	39	17,215	210	51	19,408	236
.75% TO .99%	31	6,220	53	24	7,623	64
.50% TO .74%	16	3,648	22	20	3,796	23
BELOW .50%	23	8,496	25	21	3,660	8
	109	35,579	310	116	34,487	331

**RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2005 VS 2004**  
 (\$ IN MILLIONS)

	2005			2004		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	14	36,404	677	14	33,891	1,441
.75% TO .99%	8	12,249	114	8	14,093	115
.50% TO .74%	6	1,457	9	1	648	4
BELOW .50%	2	2,049	1	9	5,883	0
	30	52,159	801	32	54,515	1,560

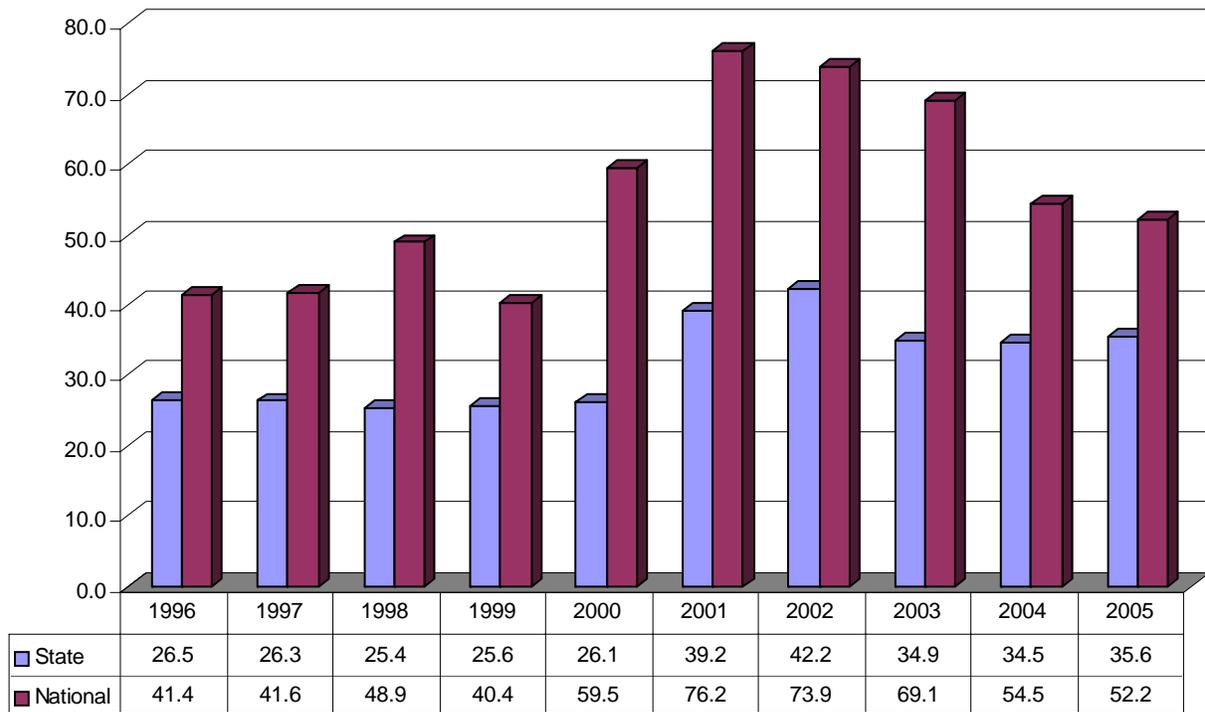
# ***HOLDING COMPANY OWNERSHIP ANALYSIS***

(\$ IN MILLIONS)

DATA AS OF 12/31/2005	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
State Banks w/o HC	16	0	\$1,815	2.07%	\$1,398	2.45%
IN HC W/One State Bank	76	76	\$24,086	27.45%	\$19,130	33.47%
National Banks w/o HC	1	0	\$233	0.27%	\$208	0.36%
IN HC w/One National Bank	15	15	\$18,971	21.62%	\$14,457	25.30%
TOTALS	108	91	\$45,105	51.41%	\$35,193	61.58%
<b>INDIANA MULTI-BK HOLDING CO.</b>						
IN HC w/One or More State Banks	12	6	\$9,316	10.62%	\$5,958	10.43%
IN HC w/One or More National Banks	10	3	\$5,463	6.23%	\$3,895	6.82%
Sub Total	22	9				
Holding Company Duplications	0	-1				
TOTALS	22	8	\$14,779	16.84%	\$9,853	17.24%
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
O-ST HC w/One or More State Banks	5	4	\$362	0.41%	\$292	0.51%
O-St HC w/One or More National Banks	4	3	\$27,492	31.33%	\$11,811	20.67%
Sub Total	9	7				
Holding Company Duplications	0	0				
TOTALS	9	7	\$27,854	31.75%	\$12,103	21.18%
GRAND TOTALS	139	106	\$87,738	100.00%	\$57,149	100.00%

DATA AS OF 12/31/2004	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOSITS	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
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%
<b>INDIANA MULTI-BK HOLDING CO.</b>						
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%
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
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%

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



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
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%
2005	35.6	40.5%	52.2	59.5%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2005

NAME	CITY	ADDRESS	CITY	STATE	OPENED
HOMEFEDERAL BANK	COLUMBUS	15101 WEST SOUTHPORT ROAD	INDIANAPOLIS	IN	1/3/2005
MARKLE BANK	MARKLE	210 NORTH FIRST STREET	VAN BUREN	IN	1/28/2005
MARKLEBANK	MARKLE	6751 WEST JEFFERSON BLVD.	FORT WAYNE	IN	1/28/2005
BLOOMFIELD STATE BANK	BLOOMFIELD	225 S EMERSON	GREENWOOD	IN	2/7/2005
DEMOTTE STATE BANK	DEMOTTE	5650 STATE ROAD 10	ROSELAWN	IN	3/7/2005
FIRST STATE BANK OF MIDDLEBURY	MIDDLEBURY	200 JUNIOR ACHIEVEMENT DRIVE	ELKHART	IN	4/4/2005
1ST SOURCE BANK	SOUTH BEND	12850 STATE ROAD 23	GRANGER	IN	4/4/2005
ST JOSEPH CAPITAL BANK	MISHAWAKA	300 JUNIOR ACHIEVEMENT DR., SUITE 101	ELKHART	IN	4/15/2005
CENTREBANK	VEEDERSBURG	20 EAST STATE STREET	KINGMAN	IN	4/18/2005
COMMUNITY STATE BANK - AVILLA	AVILLA	1802 IDA RED ROAD	KENDALLVILLE	IN	5/16/2005
CENTIER BANK	WHITING	1501 SOUTH COURT STREET	CROWN POINT	IN	6/13/2005
NEW WASHINGTON STATE BANK (THE)	NEW WASHINGTON	614 EAST WATER STREET	BORDEN	IN	6/24/2005
UNITED COMMERCE BANK	BLOOMINGTON	923 E. 5TH STREET	BEDFORD	IN	8/1/2005
BANK OF GENEVA	GENEVA	1451 NORTH MERIDIAN STREET	PORTLAND	IN	9/12/2005
SAND RIDGE BANK	HIGHLAND	3690 CONCORD ROAD	LAFAYETTE	IN	9/16/2005
MERCHANTS BANK & TRUST CO (THE)	WEST HARRISON	3442 EDWARDS ROAD	CINCINNATI	OH	10/29/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	106 EAST TOLEDO STREET	FREEMONT	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	WEST MAIN STREET	ORLAND	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	WEST STATE STREET AND GRAND AVE.	ASHLEY	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	21 PUBLIC SQUARE	ANGOLA	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	1800 NORTH WAYNE STREET	ANGOLA	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	3840 BELLFOUNTAIN ROAD	HAMILTON	IN	11/1/2005
FARMERS STATE BANK - LAGRANGE	LAGRANGE	280 SOUTH WAYNE STREET	WATERLOO	IN	11/1/2005
DEMOTTE STATE BANK	DEMOTTE	175 NORTH MAIN STREET	KOUTS	IN	11/2/2005
CENTIER BANK	WHITING	537 N. OAK ROAD	PLYMOUTH	IN	11/7/2005
COMMUNITY FIRST BANK	CORYDON	316 WEST TIPTON STREET	SEYMOUR	IN	11/7/2005
1ST SOURCE BANK	SOUTH BEND	1200 NAPPANEE STREET	ELKHART	IN	11/28/2005

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2005

NAME	CITY	ADDRESS	CITY	STATE	OPENED
STATE BANK OF LIZTON	LIZTON	5201 E. U. S. HWY 36, SUITE 213	AVON	IN	11/28/2005
BLOOMFIELD STATE BANK	BLOOMFIELD	2209 CENTRAL AVENUE	COLUMBUS	IN	12/12/2005

SUMMARY OF STATE BANK BRANCH CLOSINGS

NAME	CITY	ADDRESS	CITY	CLOSED
GERMAN AMERICAN BANK (THE)	JASPER	7240 SOUTH US 231	HUNTINGBURG, IN	3/5/2005
MUTUAL SAVINGS BANK	FRANKLIN	690 STATE STREET	FRANKLIN, IN	4/30/2005
STAR FINANCIAL BANK	FORT WAYNE	2912 NICHOL AVENUE	ANDERSON, IN	5/27/2005
MAINSOURCE BANK	GREENSBURG	319 CANAL STREET	WORTHINGTON, IN	6/1/2005
SPRINGS VALLEY BANK & TRUST CO	FRENCH LICK	614 EAST WATER STREET	BORDEN, IN	6/24/2005
HENDRICKS COUNTY BANK & TRUST CO.	BROWNSBURG	5201 E. U.S. HIGHWAY 36, SUITE 213	AVON, IN	8/31/2005
MAINSOURCE BANK	GREENSBURG	408 E. MAIN STREET	CHESTERFIELD, IN	9/16/2005
CIB BANK	INDIANAPOLIS	26 MONUMENT CIRCLE	INDANAPOLIS, IN	10/14/2005
FIRST STATE BANK SOUTHWEST INDIANA	TELL CITY	819 MAIN STREET	TELL CITY, IN	11/14/2005

NEW STATE BANK SUBSIDIARIES IN 2005

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
FSB PROPERTIES, INC.	FARMERS STATE BANK	LAGRANGE	INVESTMENT PORTFOLIO MANAGEMENT	1/1/2005
GERMAN AMERICAN INSURANCE, INC.	GERMAN AMERICAN BANK	JASPER	TO ACQUIRE 25% INTEREST IN INSURANCE AGENCY	1/1/2005
GERMAN AMERICAN INSURANCE, INC.	FIRST AMERICAN BANK	VINCENNES	TO ACQUIRE 25% INTEREST IN INSURANCE AGENCY	1/1/2005
GERMAN AMERICAN INSURANCE, INC.	PEOPLES BANK	WASHINGTON	TO ACQUIRE 25% INTEREST IN INSURANCE AGENCY	1/1/2005
FLAGSTONE HOLDING	SAND RIDGE BANK	HIGHLAND	TO OWN FLAGSTONE P&C AND FLAGSTONE LIFE	1/1/2005
FLAGSTONE P&C	SAND RIDGE BANK	HIGHLAND	INSURANCE	1/1/2005
FLAGSTONE LIFE	SAND RIDGE BANK	HIGHLAND	INSURANCE	1/1/2005
MIDWEST INSURANCE	SAND RIDGE BANK	HIGHLAND	INSURANCE	1/1/2005
NEW INDEPENDENT TITLE & INSURANCE COMPANY, LLC	NEW WASHINGTON STATE BANK	NEW WASHINGTON	TITLE INSURANCE	3/1/2005
IABCO, LLC.	GRABILL BANK	GRABILL	NOMINEE FOR BANK WHEN ACTING IN ANY FIDUCIARY CAPACITY	6/2/2005
NEWCO	IRWIN UNION BANK & TRUST COMPANY	COLUMBUS	FORMED FOR EFFECTING REORGANIZATION OF IRWIN BUSINESS FINANCE CORP.	7/1/2005
FSB REAL ESTATE, INC.	FIRST STATE BK OF MIDDLEBURY	MIDDLEBURY	REAL ESTATE INVESTMENT TRUST	8/1/2005
THE BANK'S INSURANCE AGENCY HOLDING CO., LLC THE BANK'S INSURANCE AGENCY AGENCY, LLC	COMMUNITY STATE BK	AVILLA	OWN THE BANK'S INSURANCE AGENCY, LLC SELL, SOLICIT, AND NEGOTIATE INSURANCE	8/12/2005
THE BANK'S INSURANCE AGENCY HOLDING CO., LLC THE BANK'S INSURANCE AGENCY AGENCY, LLC	GRANT COUNTY STATE BK	SWAYZEE	OWN THE BANK'S INSURANCE AGENCY, LLC SELL, SOLICIT, AND NEGOTIATE INSURANCE	8/25/2005

## MAIN OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
HARBOUR TRUST & INVESTMENT MGT. CO.	101 WEST SECOND STREET 1024 N. KARWICK ROAD	MICHIGAN CITY MICHIGAN CITY	1/15/2005
HOOSIER TRUST COMPANY	9339 PRIORITY WAY WEST DRIVE, SUITE 250 9339 PRIORITY WAY WEST DRIVE, SUITE 130	INDIANAPOLIS INDIANAPOLIS	2/7/2005

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## BRANCH OFFICE RELOCATIONS

NAME	FROM/TO ADDRESS	FROM/TO CITY	MOVED
1ST SOURCE BANK	500 INDIAN BOUNDARY ROAD 800 INDIAN BOUNDARY ROAD	CHESTERTON CHESTERTON	2/28/2005
HOME BANK, SB	245 MORTON AVENUE 670 BIRK ROAD	MARTINSVILLE MARTINSVILLE	3/7/2005
1ST SOURCE BANK	HAGGAR COLLEGE CENTER, ST MARY'S COLLEGE THE STUDENT CENTER, ROOM 157, ST. MARY'S COLLEGE	NOTRE DAME NOTRE DAME	3/7/2005
FARMERS & MERCHANTS BANK (THE)	307 S. HIGH STREET 417 NORTH HIGH STREET	WEST LEBANON WEST LEBANON	3/21/2005
STAR FINANCIAL BANK	821 EAST 53RD STREET 1503 EAST 53RD STREET	ANDERSON ANDERSON	5/2/2005
STAR FINANCIAL BANK	3025 SOUTH LAFOUNTAIN STREET 2900 SOUTH WASHINGTON STREET	KOKOMO KOKOMO	5/23/2005
IRWIN UNION BANK & TRUST CO.	10080 E. U.S. 36, SUITE C 10445 E. U.S. 36	AVON AVON	10/11/2005

**MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2005**

<b>SURVIVING INSTITUTION INSTITUTION MERGED</b>	<b>CITY</b>	<b>SURVIVING INSTITUTION NAME</b>	<b>CITY</b>	<b>CONSUMMATED</b>
RANDOLPH COUNTY BANK, NA (THE) UNION COUNTY NATIONAL BANK	WINCHESTER, IN LIBERTY, IN	UNITED COMMUNITIES NATIONAL BK	WINCHESTER	1/1/2005
MAINSOURCE BANK REGIONAL BANK	GREENSBURG, IN NEW ALBANY, IN	MAINSOURCE BANK	GREENSBURG	2/12/2005
COMMUNITY FIRST BANK & TRUST CITIZENS FIRST STATE BANK	CELINA, OH HARTFORD CITY, IN	COMMUNITY FIRST BANK & TRUST	CELINA	3/5/2005
FIRST FINANCIAL BANK, NA HERITAGE COMMUNITY BANK	HAMILTON, OH COLUMBUS, IN	FIRST FINANCIAL BANK, NA	HAMILTON	3/18/2005
PEOPLES COMMUNITY BANK AMERICAN STATE BANK	WEST CHESTER, OH LAWRENCEBURG, IN	PEOPLES COMMUNITY BANK	WEST CHESTER	6/10/2005
FIRST FINANCIAL BANK, NA SAND RIDGE BANK	HAMILTON, OH HIGHLAND, IN	FIRST FINANCIAL BANK, NA	HAMILTON	8/19/2005
MAINSOURCE BANK MADISON BANK & TRUST COMPANY (THE)	GREENSBURG, IN MADISON, IN	MAINSOURCE BANK	GREENSBURG	8/25/2005
FIRST STATE BANK SOUTHWEST INDIANA PEOPLES COMMUNITY BANK	TELL CITY, IN TELL CITY, IN	FIRST STATE BANK SOUTHWEST IN	TELL CITY	10/1/2005
MAINSOURCE BANK PEOPLES TRUST COMPANY	GREENSBURG, IN LINTON, IN	MAINSOURCE BANK	GREENSBURG	10/15/2005
PEOPLES STATE BANK STATE BANK OF OXFORD	FRANCESVILLE, IN OXFORD, IN	PEOPLES STATE BANK	FRANCESVILLE	11/20/2005
FIRST MERCHANTS BANK, N A FIRST UNITED BANK, NA	MUNCIE, IN MIDDLETOWN, IN	FIRST MERCHANTS BANK, N A	MUNCIE	12/27/2005

**HOLDING COMPANY ACQUISITIONS IN 2005**

<b>HOLDING COMPANY NAME</b>	<b>CITY</b>	<b>TARGET NAME</b>	<b>CITY</b>	<b>CONSUMMATED</b>
INDEPENDENT ALLIANCE BANKS, INC.	FORT WAYNE	MARBANC FINANCIAL CORPORATION	MARKLE	5/1/2005
GERMAN AMERICAN BANCORP	JASPER	STONE CITY BANCSHARES INC	BEDFORD	12/19/2005

FORMATIONS IN 2005

<u>INCORPORATOR(S)</u>	<u>PROPOSED NAME</u>	<u>PROPOSED CITY</u>	<u>CONSUMMATED</u>
STEVEN A. TOLEN	SYMPHONY BANK	INDIANAPOLIS	6/29/2005
JAMES L. SANER, SR.	MAINSOURCE BANK-CRAWFORDSVILLE	GREENSBURG	12/1/2005

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ADDITIONS & DELETIONS IN 2005

<u>NAME</u>	<u>CITY</u>	<u>ACTIVITY</u>	<u>EFFECTIVE DATE</u>
REGIONAL BANK	NEW ALBANY	MERGED WITH MAINSOURCE BANK, GREENSBURG	2/12/2005
CITIZENS FIRST STATE BANK	HARTFORD CITY	MERGED WITH COMMUNITY FIRST BANK & TRUST, CELINA, OH	3/5/2005
HERITAGE COMMUNITY BANK	COLUMBUS	MERGED WITH FIRST FINANCIAL BANK, NA, HAMILTON, OH	3/18/2005
AMERICAN STATE BANK	LAWRENCEBURG	MERGED WITH PEOPLES COMMUNITY BANK, WEST CHESTER, OH	6/10/2005
SYMPHONY BANK	INDIANAPOLIS	FORMATION OF A NEW STATE COMMERCIAL BANK	6/29/2005
SAND RIDGE BANK	HIGHLAND	MERGED WITH FIRST FINANCIAL BANK, NA, HAMILTON, OH	8/19/2005
MADISON BANK & TRUST CO.	MADISON	MERGED WITH MAINSOURCE BANK, GREENSBURG	8/25/2005
PEOPLES TRUST COMPANY	LINTON	MERGED WITH MAINSOURCE BANK, GREENSBURG	10/15/2005
STATE BANK OF OXFORD	OXFORD	MERGED WITH PEOPLES STATE BANK, FRANCESVILLE	11/20/2005

## ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/05

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
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 12/31/05**

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
277	GREENFIELD BANKING COMPANY	GREENFIELD
143	MAINSOURCE BANK	GREENSBURG
78	GRIFFITH SAVINGS BANK	GRIFFITH
296	PACESETTER BANK	HARTFORD CITY
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
11047	SYMPHONY BANK	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
273	LINDEN STATE BANK	LINDEN
31	STATE BANK OF LIZTON	LIZTON
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
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 12/31/05**

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
234	COMMUNITY BANK	NOBLESVILLE
170	THE NORTH SALEM STATE BANK	NORTH SALEM
33	OSSIAN STATE BANK	OSSIAN
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 12/31/05**

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
322	LAKE COUNTY TRUST COMPANY	CROWN POINT
160	STAR WEALTH MANAGEMENT	FORT WAYNE
9829	HOOSIER TRUST COMPANY	INDIANAPOLIS
7802	TRUST COMPANY OF OXFORD	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	NEXUS FIDUCIARY TRUST CORPORATION	NOBLESVILLE

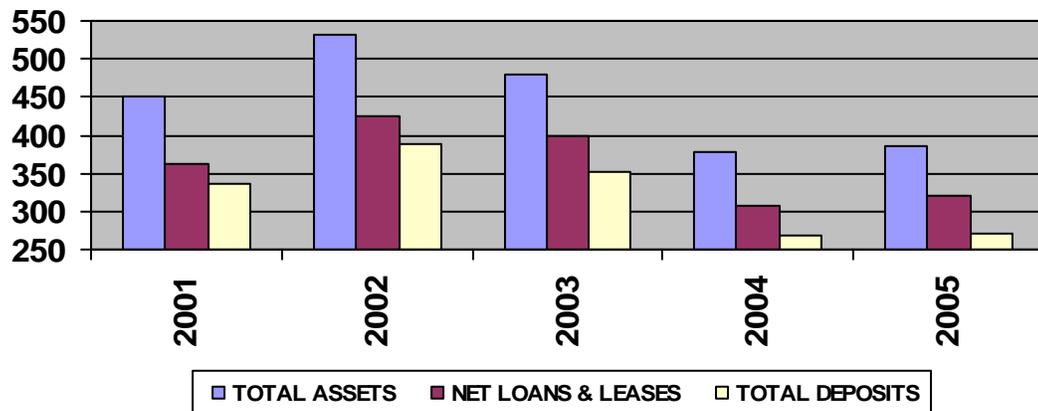
## DIVISION OF SAVINGS ASSOCIATIONS

As of December 31, 2005, there were four active savings and loan associations operating under Indiana state charter. The number of active savings and loan associations stayed the same from year-end 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 increased by \$7 million over the last year to a total level of \$385 million as of December 31, 2005. Total assets of savings associations under supervision since 2001 have ranged from a low of \$378 million last 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 \$361 million, \$424 million \$399 million, \$307 million and \$320 million, respectively. As of December 31, 2005, total net loans and leases comprised 83% of total assets.

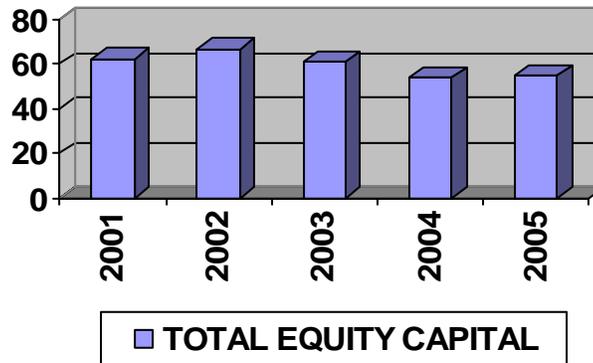
Total deposits of savings associations have ranged from \$335 million as of year-end 2001, to its high level of \$388 million as of December 31, 2002, to its present level of \$271 million. Total deposits slightly increased by \$2 million over the last year.

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



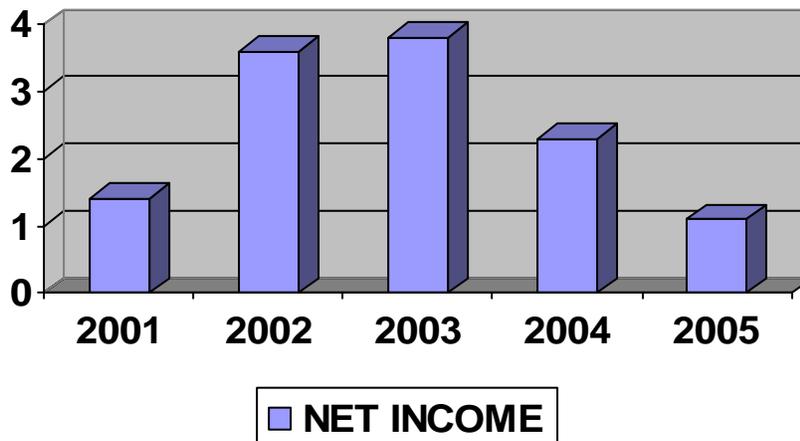
Total equity capital for the savings associations has remained stable during the past five years. Total equity capital increased slightly by approximately \$1 million during 2005, from \$53.7 million to \$54.7 million or a 1.9% increase. Total equity capital represented 14.20% of total assets as of December 31, 2005.

### SAVINGS ASSOCIATIONS TOTAL EQUITY CAPITAL (IN MILLIONS)



Total net income during the last five years for the savings associations have fluctuated from \$1.4 million in 2001, \$3.6 million in 2002, \$3.8 million in 2003, \$2.3 million in 2004 and \$1.1 million in 2005. Net income represents 0.31%, 0.68%, 0.79%, 0.60% and 0.28% 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**

<b>ASSETS</b>	<b>December 31, 2005</b>	<b>December 31, 2004</b>
Cash and Due From Depository Institutions	16,245	19,716
Securities	28,434	31,343
Federal Funds Sold and Repurchase Agreements	0	0
Gross Loans and Leases	321,845	308,861
Loan Loss Allowance	1,806	2,292
Net Loans and Leases	320,039	306,569
Trading Accounts	0	0
Premises and Equipment	8,737	7,727
Other Real Estate Owned	1,890	3,801
Goodwill and Other Intangibles	1	1
All other Assets	9,634	8,631
<b>Total Assets</b>	<b>384,980</b>	<b>377,788</b>
<b>LIABILITIES:</b>		
Deposits	270,964	269,044
Federal Funds Purchased & Repurchase Agreements	2,051	3,612
Trading Liabilities	0	0
Other Borrowed Funds	54,348	49,141
Subordinated Debt	0	0
Other Liabilities	2,942	2,258
<b>Total Liabilities</b>	<b>330,305</b>	<b>324,055</b>
<b>EQUITY CAPITAL</b>		
Perpetual Preferred Stock	0	0
Common Stock	1	1
Surplus	7,246	7,199
Undivided Profits	47,428	46,533
<b>Total Equity Capital</b>	<b>54,675</b>	<b>53,733</b>
<b>Total Liabilities &amp; Equity Cap</b>	<b>384,980</b>	<b>377,788</b>

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

	December 31, 2005	December 31, 2004
Interest Income	21,074	19,675
Interest Expense	9,339	7,729
Net Interest Inc Before Allow for Loan & Lease Losses	11,735	11,946
Provision for Credit Losses	1,788	499
Net Interest Inc After Provision	9,947	11,447
Noninterest Income	2,416	2,010
Noninterest Expense	11,291	10,047
Income Before Gains (Losses) on Sale of Assts	1,072	3,410
Total Securities Gains (Losses)	319	240
Operating Inc Before Taxes & Extra Items	1,391	3,650
Total Income Taxes	314	1,368
Income(Loss) Before Extraord Items	1,077	2,282
Extraordinary Items, Net of Tax	0	0
Net Income(Loss)	1,077	2,282

**LIST OF STATE CHARTERED SAVINGS ASSOCIATIONS  
Schedule C  
(*\$ in Thousands*)**

City	Institution Name	Total Assets 2005	Total Assets 2004
Boonville	Warrick Loan & Savings Association	\$936	\$954
Martinsville	Home Bank SB	\$192,515	\$190,989
Michigan City	City Savings Bank	\$153,483	\$149,484
Monticello	Peoples Savings & Loan Association-Monticello	\$38,046	\$36,361
<b>Total Assets for State Chartered Associations:</b>		<b>\$384,980</b>	<b>\$377,788</b>

## 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.

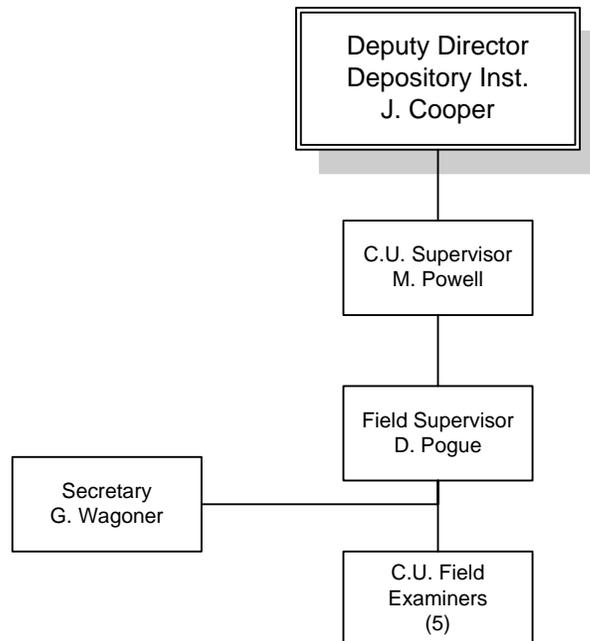
As of December 31, 2005 there were 47 active state chartered credit unions. The combined total assets of these 47 credit unions as of December 31, 2005 were \$6,350M an increase of \$436M over December 31, 2004. This translates to a 7.4% increase in the total assets of all state-chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$4,861M as of December 31, 2004 to \$5,074M as of December 31, 2005. This represents a growth in deposits of

4.4%. Member loans made by Indiana credit unions increased from \$4,190M as of December 31, 2004 to \$4,691M as of December 31, 2005. This represents an increase of 11.7% in loans to members.

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

Capital Plus Credit Union, Indianapolis

Cass County Farm Bureau Co-Op Credit Union, Logansport



**CREDIT UNION ANNUAL REPORT 12/31/05**  
**BALANCE SHEET**  
**Schedule A**

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/05	12/31/04
<b>ASSETS</b>		
Loans	4,691	4,190
Allowance for Loan Loss	(29)	(28)
Cash & Cash Equivalents	393	400
U.S. Government Obligations	506	548
Banks, Savings & Loan & Mutual Savings Banks	230	246
Other Investments	272	283
Other Assets	<u>287</u>	<u>274</u>
<b>TOTAL ASSETS</b>	<b><u>\$6,350</u></b>	<b><u>\$5,913</u></b>
 <b>LIABILITIES</b>		
Shares	5,074	4,861
Total Borrowings	541	365
Dividends	1	1
Accounts Payable & Other Liabilities	<u>54</u>	<u>48</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$5,670</u></b>	<b><u>\$5,275</u></b>
 <b>EQUITY</b>		
Regular Reserve	288	261
Other Reserves	10	10
Accumulated Unrealized Gain/Loss	(3)	(1)
Undivided Earnings	<u>385</u>	<u>368</u>
<b>TOTAL EQUITY</b>	<b><u>\$ 680</u></b>	<b><u>\$ 638</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 6,350</u></b>	<b><u>\$ 5,913</u></b>

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

	12/31/05	12/31/04	Increase/Decrease
<b>ASSETS</b>	6,350	5,913	437
<b>SHARES</b>	5,074	4,861	213
<b>LOANS</b>	4,662	4,162	500
<b>INVESTMENTS</b>	1,008	1,077	(69)

**INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/05**  
**INCOME STATEMENT**  
**Schedule B (\$ In Millions)**

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**INCOME:**

Interest on loans	259
Less Interest Refunds	-
Income from Investments	43
Other Income	81
<b>TOTAL INCOME</b>	<b>\$ <u>383</u></b>

**EXPENSES:**

Employee Compensation & Benefits	101
Travel & Conference	3
Office Occupancy	14
Office Operations	39
Educational & Promotional	9
Loan Servicing	9
Professional & Outside	16
Provision for Loan Losses	19
Members Insurance	-
Operating Fees	1
Interest on Borrowed Money	19
Other Expenses	<u>4</u>
<b>TOTAL EXPENSES</b>	<b>\$ <u>234</u></b>

<b>NET INCOME</b>	<b>\$ <u>149</u></b>
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**DISTRIBUTION OF NET INCOME**

Transfer to Regular Reserve	30
Transferred to Undivided Earnings or Other Reserves	<u>15</u>
<b>TOTAL DISTRIBUTIONS</b>	<b>\$ <u>45</u></b>

<b>DIVIDENDS TO MEMBERS</b>	<b>\$ <u>104</u></b>
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## TOTAL CREDIT UNIONS ASSETS IN 2005

LOCATION	NAME OF ASSOCIATION	TOTAL ASSETS (\$)
Auburn	Dekalb Financial Credit Union	80,780,418
Bedford	Hoosier Hills Credit Union	277,092,893
Bluffton	Franklin Electric Employees Credit Union	1,407,034
Brazil	Clay County Farm Bureau Co-Op Credit Union	5,342,877
Columbus	Arvin G & F Employees Credit Union	2,024,726
Columbus	Centra Credit Union	552,255,221
Crown Point	Tech Credit Union	241,847,805
East Chicago	East Chicago Firemen's Credit Union	1,268,548
Fishers	Forum Credit Union	939,815,369
Fort Wayne	General Credit Union	70,961,809
Fort Wayne	Pinnacle Credit Union	19,675,716
Fort Wayne	Public Service Employees Credit Union	23,419,739
Goshen	Elkhart County Farm Bureau Credit Union	370,000,738
Goshen	Penn Credit Union	13,294,934
Hagerstown	Perfect Circle Credit Union	45,657,479
Hammond	Hammond Firefighters Association Credit Union	1,429,339
Huntington	Community Credit Union	14,323,070
Indianapolis	Citizens Gas Utility Credit Union	14,043,831
Indianapolis	Double Eleven Credit Union	45,535,218
Indianapolis	Family Horizons Credit Union	72,238,214
Indianapolis	Firefighters Credit Union	44,942,459
Indianapolis	Hoosier Farm Bureau Credit Union	10,601,012
Indianapolis	Indiana Members Credit Union	940,730,611
Indianapolis	Indianapolis Police Department Credit Union	36,124,376
Indianapolis	Indianapolis Post Office Credit Union	51,138,947
Indianapolis	IPALCO Credit Union	18,551,274
Indianapolis	KEMBA (Indianapolis) Credit Union	51,350,027
Indianapolis	NorthPark Community Credit Union	36,694,794
Indianapolis	State Merit Service Credit Union	5,055,865





**George Hicks**  
**Consumer Credit Division**



**Matt Howrey**  
**Bank Division**

# DIVISION OF CONSUMER CREDIT

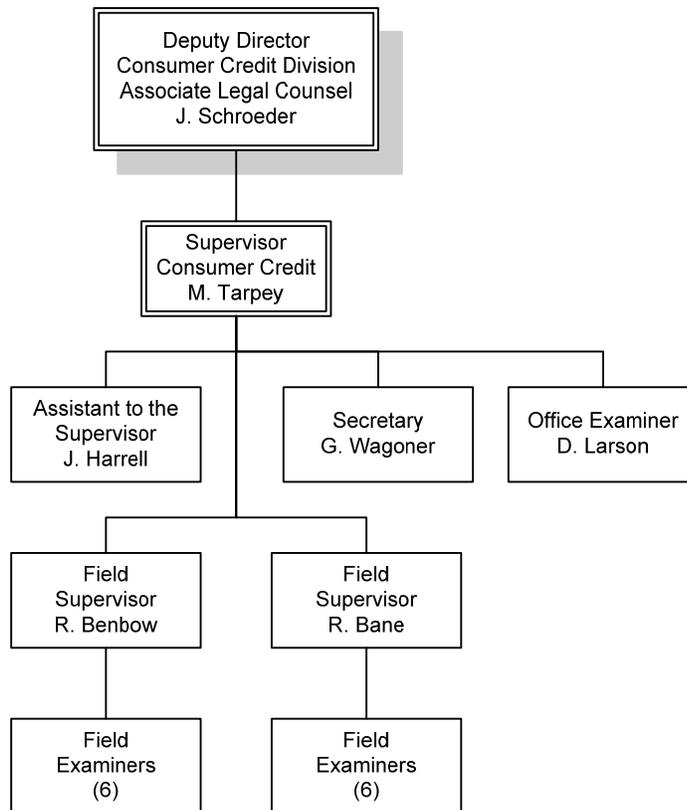
The Consumer Credit Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Indiana Rental Purchase Agreement Act (IC 24-7), Indiana Budget Service Companies Act (IC 28-1-29), Indiana Pawnbroking Law (IC 28-7-5), Indiana Money Transmitters Act (IC 28-8-4), and the Indiana Check Cashing Act (IC 28-8-5). The Division acts on complaints and inquiries from consumers on these statutes.

Examinations of licensees and registrants are performed for compliance with the statutes they operate under. The Division also assists the Depository Division in examinations of the state-chartered banks, credit unions, and savings institutions and their branches for compliance with lending statutes. When violations are discovered, the cause is determined and assurance is

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

There were 857 examinations made in 2005 covering all of the statutes the Department administers. A total of 67,012 refundable violations were cited and refunds made to consumers totaling \$8,246,147.35. There were 389 non-refundable violations cited.

The Division 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 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 refinance, 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 purpose 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 318 licensed lenders with 576 branches, 54 small (payday) licensed lenders with 547 branches, and 3,635 other creditors, credit sellers, and financial institutions with 4,334 branches in Indiana as of December 31, 2005.

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

All of the Division's licensing and registration forms are 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 five licensed budget service companies in Indiana with twelve locations as of December 31, 2005. 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 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 customers can extend these loans for an additional 60 days before the pledged articles become the property of the pawnbroker.

All licensed pawnbrokers are examined periodically to ascertain their compliance with the Indiana Pawnbroking Law (IC 28-7-5). There were 69 licensed pawnbrokers with 63 branches in Indiana as of December 31, 2005.

## **MONEY TRANSMITTER ACT**

The Money Transmitters Act (IC 28-8-4) became effective January 1, 1994, and regulates non-depository institutions that are authorized to serve as principal/issuers of checks, money orders, and wire transfer services provided to the public. There were 30 money transmitter licensees with 29 branches and over 8,000 agents operating under the provisions of the act as of December 31, 2005.

Though the Division is not mandated by statute to examine these 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 to certain 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 56 registrants with 223 branches who were regularly engaged in "Rent to Own" transactions as of December 31, 2005.

## **CHECK CASHING ACT**

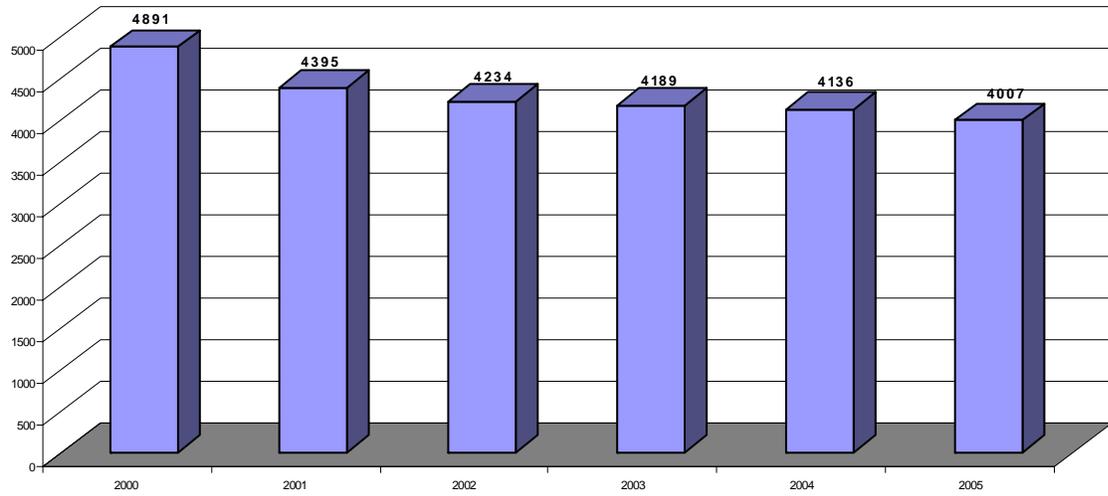
The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute requires check cashing businesses to obtain a license from the Department and regulates check cashing requirements, fee limitations, and record keeping. Retail businesses cashing checks incidental to the retail sale of goods 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 65 licensed check cashers with 343 branches in Indiana as of December 31, 2005.

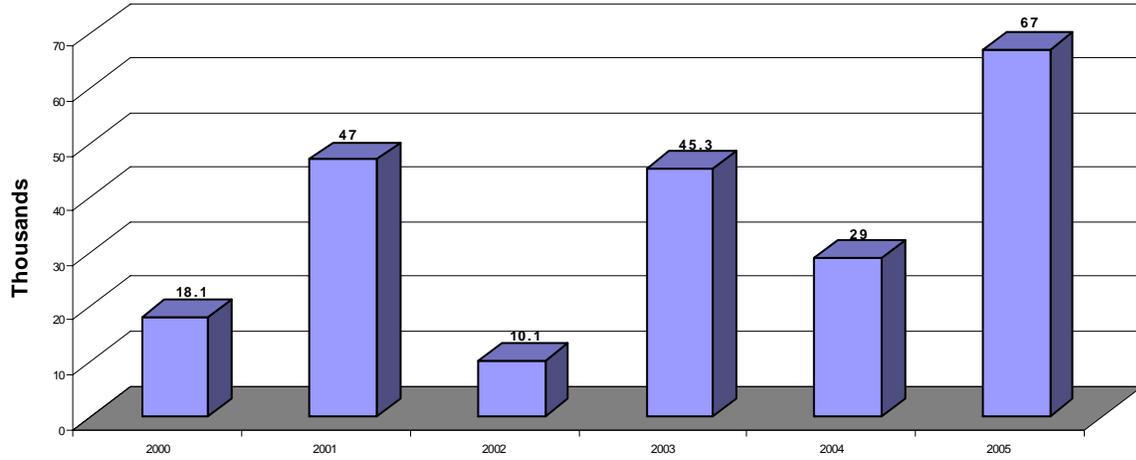
The Department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance with the act.



**IUCCC FILERS / LICENSEES**

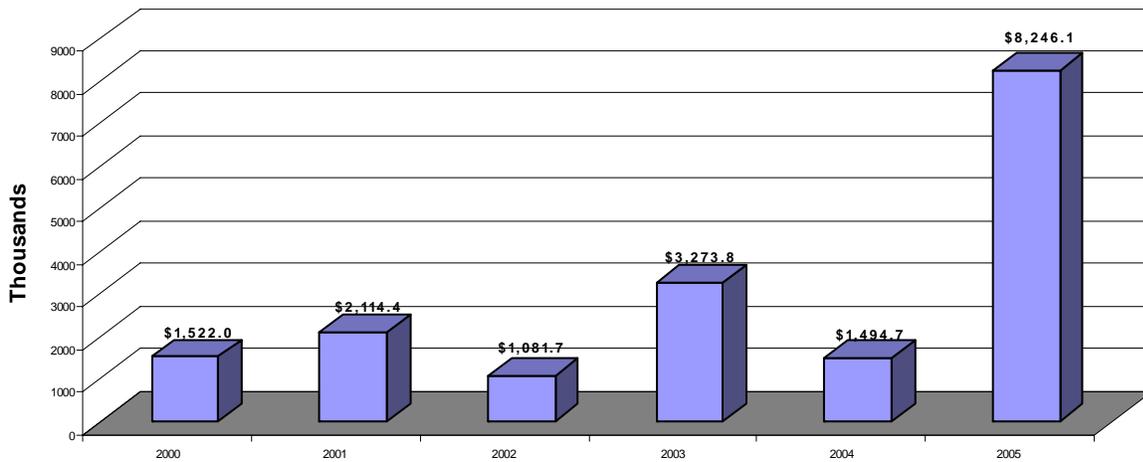


**COMPLIANCE EXAM VIOLATIONS**



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 2005

### LICENSED LENDERS

NO.	NAME	CITY	STATE	DATE
9802	APEX LENDING, INC	INDIAN SHORES	FL	2/8/2005
9838	ALPINE LENDING, LLC	PHOENIX	AZ	2/8/2005
9823	LIME FINANCIAL SERVICES, LTD	LAKE OSWEGO	OR	2/8/2005
9825	CENTRAL PACIFIC MORTGAGE COMPANY	FOLSOM	CA	2/8/2005
9815	ASSURAFIRST FINANCIAL COMPANY	SOUTHFIELD	MI	2/8/2005
9822	NETWORK FUNDING, LP	HOUSTON	TX	2/8/2005
9850	TAMMAC HOLDINGS CORPORATION	WILKES-BARRE	PA	4/4/2005
9862	SUMMIT HOME MORTGAGE, INC / SUMMIT MORTGAGE CORP	PLYMOUTH	MN	4/4/2005
9887	MAVERICK RESIDENTIAL MORTGAGE, INC	FRISCO	TX	4/4/2005
9836	FMF LENDING / FMF CAPITAL, LLC	SOUTHFIELD	MI	4/4/2005
9821	DAVID MORTGAGE, INC / BARNACLO HOME LOANS	CINCINNATI	OH	4/4/2005
9839	AVAILABLE MORTGAGE FUNDING, LLC	DALLAS	TX	4/4/2005
9925	HARBOURTON MORTGAGE INVESTMENT CORPORATION	SANTA ROSA	CA	5/13/2005
9921	U S A MORTGAGE FUNDING, INC	LEXINGTON	KY	5/13/2005
7453	U S A FUNDING CORP/USA FUNDING CORP OF WISCONSIN	BROOKFIELD	WI	5/13/2005
9897	TRUSTCORP MORTGAGE COMPANY	SOUTH BEND	IN	5/13/2005
9884	CONSUMER MORTGAGE SERVICES INCORPORATED	WEST CHESTER	PA	5/13/2005
9755	HEARTWELL MORTGAGE CORP	GRAND RAPIDS	MI	5/13/2005
9748	KENSICA MORTGAGEBANC, INC	MATTESON	IL	5/13/2005
9871	RESMAE MORTGAGE CORPORATION	BREA	CA	5/13/2005
9905	NEW CENTURY MORTGAGE VENTURES, LLC	IRVINE	CA	6/27/2005
9893	UNION EQUITY CORPORATION	INDIANAPOLIS	IN	6/27/2005
9915	MORTGAGE STRATEGIES GROUP, LLC	BOCA RATON	FL	6/27/2005
9945	K J M / CAPSTONE FINANCIAL	FISHERS	IN	6/27/2005
9937	FIRST OHIO BANC & LENDING, INC.	INDEPENDENCE	OH	6/27/2005
9944	DIRECT MORTGAGE FUNDING / CSMC, INC.	WAUWATOSA	WI	6/27/2005
9896	COLDWELL BANKER HOME LOANS	MOUNT LAUREL	NJ	6/27/2005
9881	ALLIED HOME MORTGAGE CAPITAL CORPOPATION	HOUSTON	TX	6/27/2005
9938	SIRVA MORTGAGE	MAYFIELD HEIGHTS	OH	6/27/2005
7523	CAPITAL MORTGAGE SERVICES / UNLIMITED LOAN RESOURCES	COLUMBUS	OH	7/15/2005
9957	EQUITY CORNER, INC.	FOOTHILL RANCH	CA	7/15/2005
9966	FIRST GUARANTY MORTGAGE CORPORATION	MCLEAN	VA	7/15/2005
9940	EQUITY RESOURCES OF OHIO, INC.	NEWARK	OH	7/15/2005
9950	MORTGAGE NETWORK, INC./ MNET MORTGAGE CORP.	DANVERS	MA	7/15/2005
9928	MANDALAY MORTGAGE, LLC	WOODLAND HILLS	CA	7/15/2005
9973	INNOVATIVE MORTGAGE CAPITAL, LLC	IRVINE	CA	9/9/2005
10009	TRIAN, LLC / A.F.M.	AUSTIN	TX	9/9/2005
10004	BSM FINANCIAL, L.P. / BROKERSOURCE / BANKSOURCE MORTGAGE	ADDISON	TX	9/9/2005
9992	AMHERST FUNDING GROUP, L.P.	AUSTIN	TX	9/9/2005
10005	WFS FINANCIAL INC	IRVINE	CA	9/9/2005
9974	UNIVERSAL MORTGAGE CORPORATION	MEQUON	WI	9/9/2005
9946	TERWIN ADVISORS LLC	NEW YORK	NY	9/9/2005
9965	STONECREEK FUNDING CORPORATION	DENVER	CO	9/9/2005

## NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2005

### LICENSED LENDERS CONTINUED

NO.	NAME	CITY	STATE	DATE
10007	REALO MORTGAGE CORPORATION	PLANO	TX	9/9/2005
9989	MAXIM MORTGAGE CORPORATION	DOWNERS GROVE	IL	9/9/2005
9997	LEXIM MORTGAGE, LLC	BURMINGHAM	AL	9/9/2005
9986	CARDINAL FINANCIAL CO, LIMITED PARTNERSHIP	WARMINSTER	PA	9/9/2005
9964	WEGER MORTGAGE CORPORATION	PALMDALE	CA	9/9/2005
10030	DYNAMAX MORTGAGE, INC.	IRVINE	CA	9/23/2005
10045	CLASSIC HOME LENDING, INC.	HOUSTON	TX	11/14/2005
10023	MERIDIAS CAPITAL, INC.	HENDERSON	NV	11/14/2005
10043	THE TRUSTEES OF INDIANA UNIVERSITY	BLOOMINGTON	IN	11/14/2005
9840	RESIDENTIAL LOAN CENTERS OF AMERICA, INC	DES PLAINES	IL	11/14/2005
9927	UBS REAL ESTATE SECURITIES, INC.	NEW YORK	NY	11/14/2005
10006	NEW EQUITY FINANCIAL CORPORATION	LOUISVILLE	KY	11/14/2005
9993	LENDING SOLUTIONS	DULUTH	GA	11/14/2005
10041	EQUITY CONSULTANTS	RICHFIELD	OH	11/14/2005
9961	BENCHMARK MORTGAGE / ARK-LA-TEX FINANCIAL	DALLAS	TX	11/14/2005
10017	ALLSTATE HOME LOANS, INC.	IRVINE	CA	11/14/2005
10039	GREENWOOD CAPITAL, LLC	GREENWOOD VILLAGE	CO	11/14/2005

### LICENSED SMALL LOAN (PAYDAY) LENDERS

9801	ACCESS CASH ADVANCE/ ACCESS CASH ADVANCE OF INDIANA, LLC	IRVING	TX	2/8/2005
9860	MONEYPLACE OF VINCENNES (THE)	UNION CITY	TN	4/4/2005
9886	PAYDAY USA / CHECK ADVANCE OF INDIANA LLC	CLEVELAND	TN	5/13/2005
9849	QUIK PAYDAY LOANS / DVB, INC	GREENCASTLE	IN	6/27/2005
9954	RIVER CITY PAWNBROKERS, INC (PB #203)	EVANSVILLE	IN	6/27/2005
9765	E-Z CASH ADVANCE, LLC	MUNCIE	IN	7/15/2005
9985	FAST CASH OF NORTHERN INDIANA, LLC	LAPORTE	IN	11/14/2005

### CHECK CASHERS

9863	D - K CHECKING, LLC	EDINBURGH	IN	5/13/2005
9848	QUIK PAYDAY LOANS / DVB, INC	GREENCASTLE	IN	6/27/2005
9932	J M S CONSULTING LLC	INDIANAPOLIS	IN	6/27/2005
9873	SIMPSON`S SUPERMARKET	EVANSVILLE	IN	6/27/2005
9959	DISCOUNT CHECK CASHING INC	INDIANAPOLIS	IN	6/27/2005
10010	PAYDAY LOAN STORE/ PAYDAY LOAN STORE OF INDIANA, INC	CHICAGO	IL	9/9/2005
10060	CREDIT TIL PAYDAY / SOUTHERN INDIANA CREDIT CORPORATION	LAWRENCEBURG	IN	11/14/2005

## NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2005

### MONEY TRANSMITTERS

NO.	NAME	CITY	STATE	DATE
10016	SPEEDY CHECK CASHERS, INC	NORTHFIELD	IL	9/9/2005



**Scott Imbus**  
**Consumer Credit Division**

## LICENSEES AND REGISTRANTS

As of December 31, 2005

TYPE	NUMBER REGISTERED	NUMBER BRANCH LOCATIONS
LOAN LICENSES	318	576
SMALL LOAN LICENSES	54	547
PAWNBROKERS	69	63
CHECK CASHERS	65	343
MONEY TRANSMITTERS	30	-
BUDGET SERVICE	5	7
NON-LENDERS	3,176	1,874
FINANCIAL INSTITUTIONS	234	1,824
RENTAL PURCHASE	56	223
TOTALS	<b>4,007</b>	<b>5,457</b>



**Mark Tarpey**  
**Supervisor of Consumer Credit Division**

## ***DIVISION OF ADMINISTRATION***

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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 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 8% examiner turnover in 2005. This compares with no turnover in 2004 and only 2.1% in 2003 and 6.1% in 2002. 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, 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 are scheduled to be pur-

chased in 2007. As part of a statewide consolidation of information technology resources, much of the Department's information technology infrastructure is now under the control of the Indiana Office of Technology. However, the Department continues to look for ways to better utilize technology, and works in concert with IOT to leverage and implement needed technology initiatives.

The Department continues to use both Internet and Intranet capabilities as a means of receiving, compiling, and managing data as well as for data collaboration. All employees utilize E-mail and have internet access. All field examiners can remotely access the state's network from virtually any location. In addition, field examiners use the Department's district offices (one in Columbus and one in Lafayette) regularly to conduct off site examination procedures as well as other supervisory related activities. Examiners and certain office personnel continue to utilize various resources provided by Federal regulatory agencies and the Conference of State Bank Supervisors that allow access to various financial institution information and economic data.

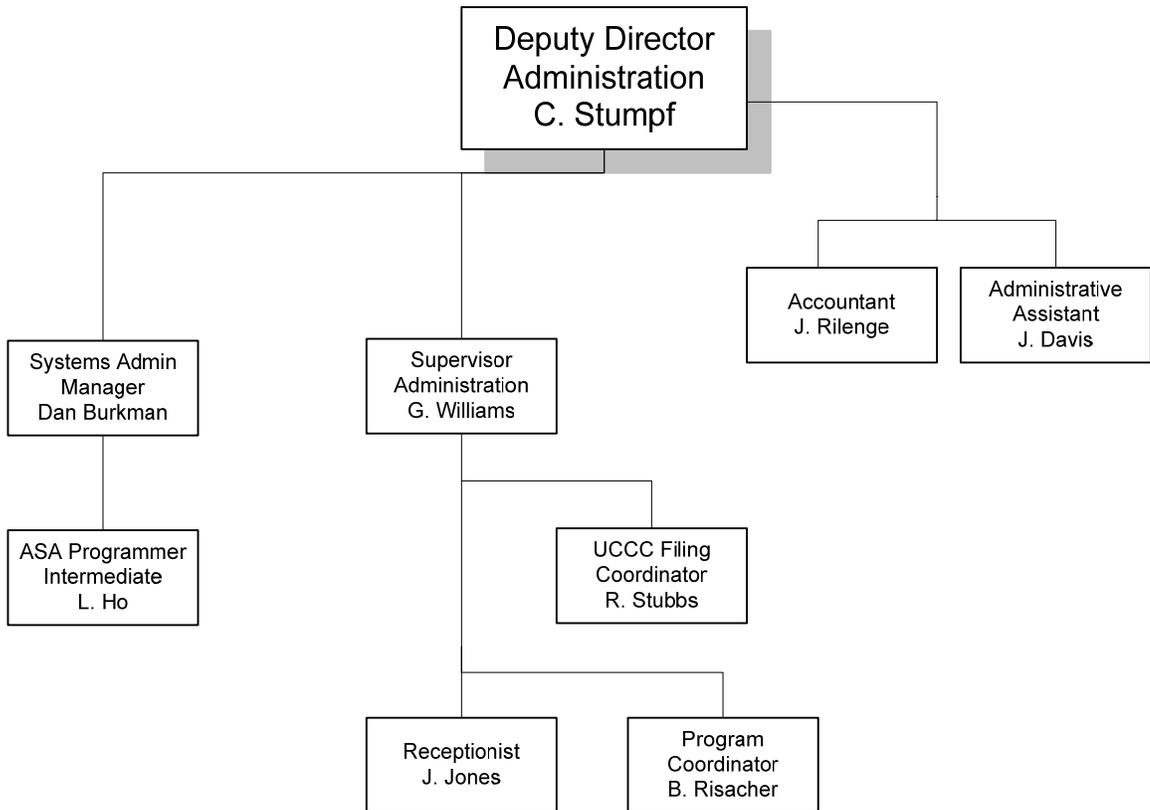
The Department continues to utilize its web site to distribute information to the general public and the entities we supervise. The WEB site address is <http://www.in.gov/dfi>. Information which can be found on the web site includes current regulatory issues, agency policies, applications, publications, 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

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# TRAINING

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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, operational risk conference, and an information technology conference. The Department's Annual Conference is also a source of in-house training as current topics are addressed by various external speakers. The 2005 Annual Conference included speakers addressing such topics as Bank Secrecy Act, information technology, member business lending, and the bank holding company rating system.

Supervisors and Administration Division personnel annually attend the CSBS Training Directors

Forum and the Midwest Regulators Conference. The Midwest Regulators Conference provides information 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 in 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

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The staff of the DFI spent the majority of the session educating the financial institutions committees concerning the lack of merits of a title lending bill that was being proposed to amend the pawnbroker act. This bill had many features that did not consider the necessary consumer protections the DFI thought appropriate. The bill was defeated on the Senate floor. While this endeavor occupied much of the time of the staff, the DFI nevertheless had drafted **HB 1179** that was signed on May 4, 2005. The bill was authored by Representative Burton in the House and sponsored by Senator Paul in the Senate. The provisions of **HB1179** are summarized as follows:

1. It changes all references to federal law regulations to be the law or regulation for state institutions as of December 31, 2004.
2. The bill provides that Regulation W of the Federal Reserve applies to a nonmember bank or trust company.
3. Industrial Loans and Investment Companies must now meet the same criteria of financial standing, character, experience of officers, future earnings prospects, adequacy of capital, etc., as a bank must establish before such Authority shall be issued a certificate of authority to do business in this state. It also authorizes such companies to branch de novo or by acquisition outside of this state the same as commercial banks.
4. The DFI has authority to exercise fining powers over any person or entity that improperly holds itself out as a credit union.
5. Credit unions are given the authority to offer health savings accounts.
6. Credit unions are now required to submit call reports quarterly instead of semiannually.
7. It eliminates the 20% of capital and surplus limitation in making a loan to another credit union.
8. The 20% of unimpaired capital and surplus requirement limitation in making a loan to officers and directors is also eliminated for credit unions.
9. The bill revises other loan procedures and lending limits for certain other types of loans by state chartered credit union.
10. The bill specifies that the Director of the DFI may hire independent contractors to assist with the examination process.
11. If federal regulators preempt state law for subsidiaries of federally chartered institutions then subsidiaries of state chartered institutions shall be extended the same preemption of such laws.
12. The DFI is granted specific authority to join federal regulators in enforcements documents.
13. The Director of the DFI is granted authority to appoint temporary vacancies on an institutions board of directors under certain circumstances.
14. The bill allows periodic premiums for consumer credit insurance on certain revolving accounts to be calculated by applying the premium rate to the amount of the insurance benefit for the cycle.
15. The recording or renumbering of the articles or the correction of grammatical or spelling errors do not constitute an amendment to a corporation's articles of incorporation.
16. A corporation is no longer required to include in the articles of restatement, the name of address of each incorporator.
17. The bill allows a payroll savings plan administrator to receive reimbursement of certain static balances.
18. The department, in conjunction with the appropriate industry associations, is to develop proposed recommendations concerning electronic banking. The DFI is to file a report to the general assembly no later than November 1, 2005.