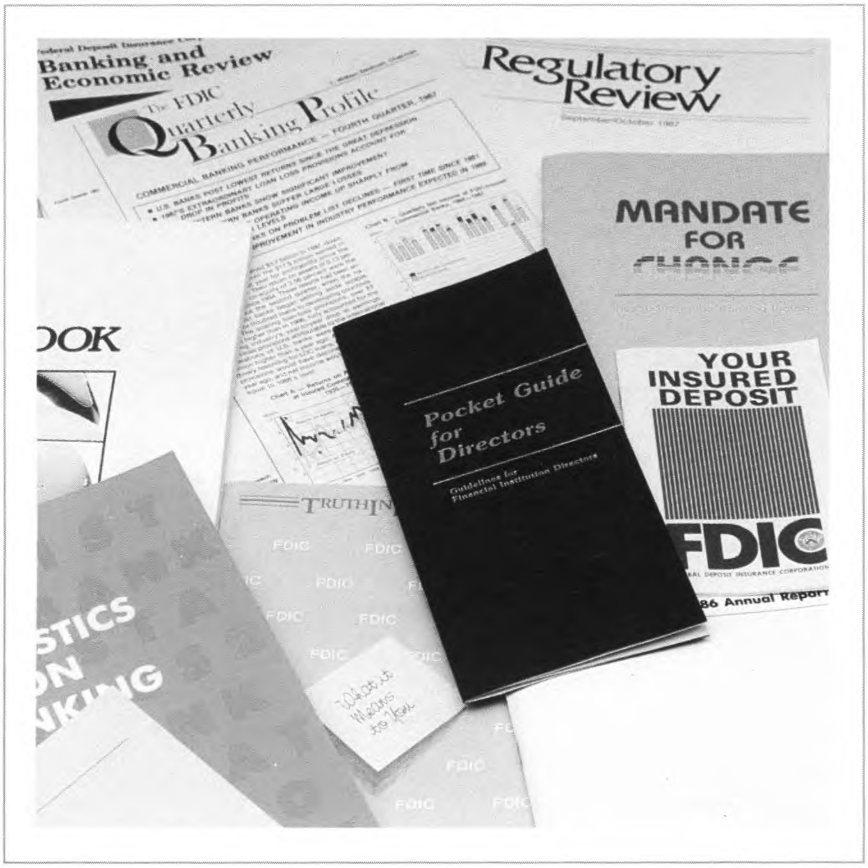
Federal Deposit Insurance Corporation

1987 Annual Report



Federal Deposit Insurance Corporation
Washington, D.C.
June 24, 1988

SIRS: In accordance with the provisions of Section 17(a) of the Federal Deposit Insurance Act, the Federal Deposit Insurance Corporation is pleased to submit its Annual Report for the calendar year 1987.

Very truly yours,

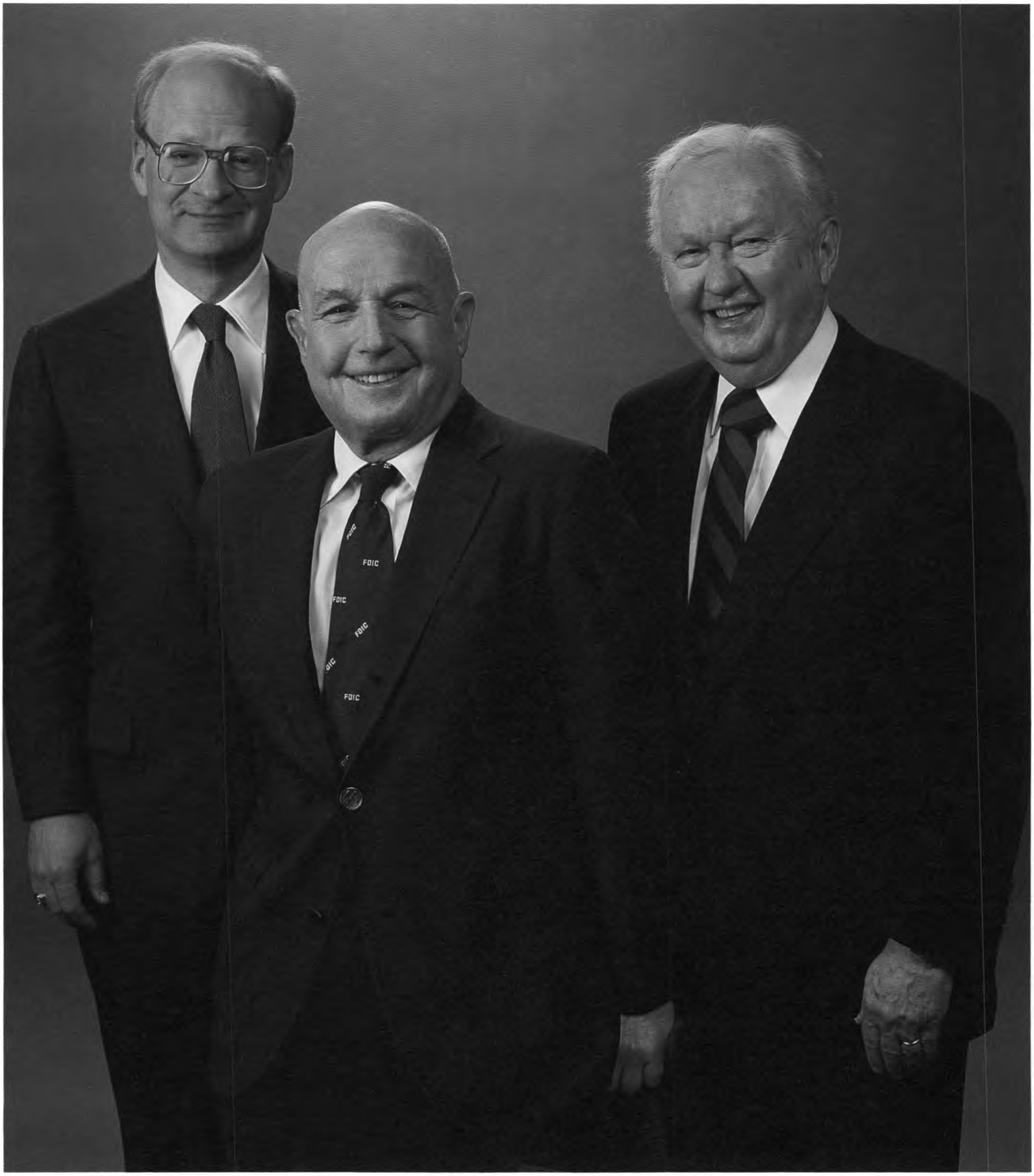
L. Wm Seidman

L. William Seidman
Chairman

The President of the U.S. Senate

The Speaker of the U.S. House of Representatives

FDIC Board of Directors



FDIC BOARD OF DIRECTORS: (From left) Comptroller of the Currency Robert L. Clarke, Chairman L. William Seidman, and Director C. C. Hope, Jr.

L. William Seidman

L. William Seidman was elected Chairman of the Federal Deposit Insurance Corporation on October 21, 1985. Prior to his appointment to the FDIC, Mr. Seidman pursued an extensive career in the financial arena in both the private and public sectors. He was Dean of the College of Business of Arizona State University and a director of several organizations including the Phelps Dodge Corporation, Prudential-Bache Funds, United Bancorp of Arizona and The Conference Board. He has served as Co-chair of the White House Conference on Productivity, Vice-Chairman of the Phelps Dodge Corporation, Assistant to the President for Economic Affairs and Managing Partner of Seidman & Seidman, Certified Public Accountants, New York. He also was Chairman and Director of the Federal Reserve Bank of Chicago, Detroit Branch. Mr. Seidman received an A.B. degree from Dartmouth College and earned an LL.B. from Harvard Law School. He also holds an M.B.A. from the University of Michigan. He is a member of the American Bar Association, the American Institute of Certified Public Accountants and several academic honorary fraternities including Phi Beta Kappa. He is the author of two books and numerous articles on business and tax subjects.

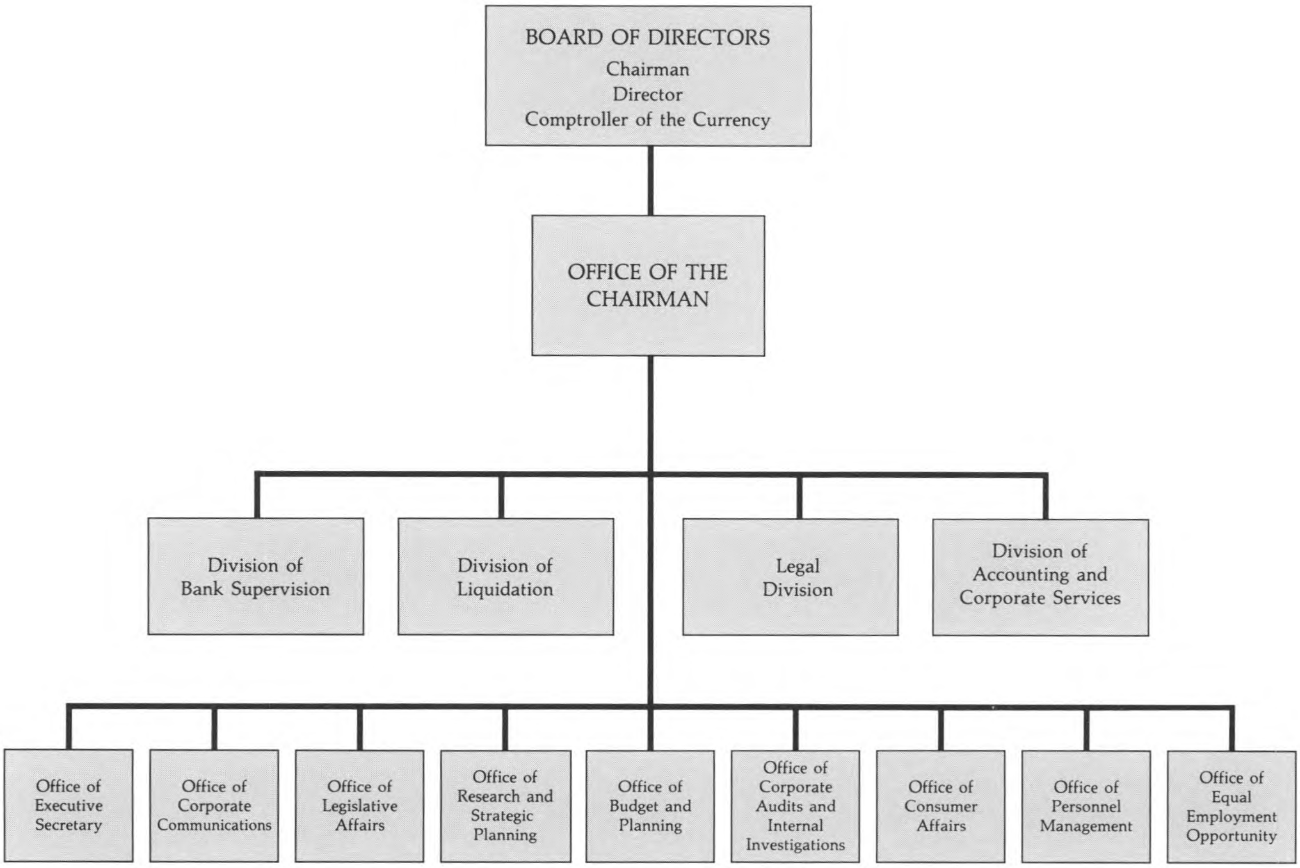
C. C. Hope, Jr.

C. C. Hope, Jr., was named to the Board of Directors of the Federal Deposit Insurance Corporation on March 10, 1986, confirmed by the Senate on March 27 and commissioned by President Reagan on April 7, 1986. Before his appointment to the FDIC, Mr. Hope spent 38 years at First Union National Bank of North Carolina in Charlotte where he retired as Vice Chairman in 1985. Mr. Hope is a former President of the American Bankers Association and has served as Secretary of the North Carolina Department of Commerce. In the field of education, Mr. Hope is a trustee and former Chairman of the Board of Wake Forest University and has been Dean of the Southwestern Graduate School of Banking at Southern Methodist University. He holds a B.A. in Business Administration from Wake Forest University and has completed graduate work at the Harvard Business School and The Stonier Graduate School of Banking at Rutgers University.

Robert L. Clarke

Robert L. Clarke became the 26th Comptroller of the Currency on December 2, 1985, and simultaneously became a member of the FDIC's Board of Directors. Before his appointment, Mr. Clarke founded and headed the Banking Section at the Houston, Texas, law firm of Bracewell & Patterson. He joined that firm after completing his military service in 1968. The Banking Section prepared corporate applications and securities registrations, counseled management in expansion opportunities and the effects of deregulatory initiatives, and represented institutions in enforcement matters. Mr. Clarke holds a B.A. in Economics from Rice University and an LL.B. from Harvard Law School. He is a member of the bars of Texas and New Mexico. He has served as a director for two state banks, and has been active in a number of civic, political and professional organizations.

FDIC Organization Chart



FDIC Committee on Management

FDIC COMMITTEE ON MANAGEMENT: (From left, front row) Janice M. Smith, Stanley J. Poling, L. William Seidman, Hoyle L. Robinson, Thomas P. Horton, and David C. Cooke.

(From left, back row) Paul G. Fritts, Beth L. Climo, Robert V. Shumway, Thomas E. Zemke, Robert A. Dorbad, Mae Culp, William R. Watson, and Alan J. Whitney.

Members of the Committee not shown are: John L. Douglas, James A. Davis, and Robert D. Hoffman.

FDIC Officials

Deputy to the Chairman	David C. Cooke
Special Assistant to the Deputy to the Chairman	Louis E. Wright
Assistant to the Deputy to the Chairman	Janet M. Reddish
Director, Division of Bank Supervision	Paul G. Fritts
Director, Division of Liquidation	James A. Davis
General Counsel	John L. Douglas
Director, Division of Accounting and Corporate Services	Stanley J. Poling
Deputy to the Appointive Director	Robert V. Shumway
Special Assistant to the Appointive Director	Dean F. Cobos
Deputy to the Director (Comptroller of the Currency)	Thomas E. Zemke
Executive Secretary	Hoyle L. Robinson
Director, Office of Corporate Communications	Alan J. Whitney
Director, Office of Legislative Affairs	Beth L. Climo
Director, Office of Research and Strategic Planning	William R. Watson
Director, Office of Budget and Planning	Thomas P. Horton
Director, Office of Corporate Audits and Internal Investigations	Robert D. Hoffman
Director, Office of Consumer Affairs	Janice M. Smith
Director, Office of Personnel Management	Robert A. Dorbad
Director, Office of Equal Employment Opportunity	Mae Culp

Regional Offices and Directors

Division of Bank Supervision

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Chairman's Statement

The FDIC ended 1987 with a small increase — $48.5 million — in net worth, despite record numbers of bank failures and assistance transactions and record outlays in handling them, increased fraud against banks, depressed regional economies and the repercussions of Black Monday. The FDIC fund remains healthy at $18.3 billion, about the same level as last year.

The FDIC's portfolio of assets acquired from failed institutions was about $11 billion at year-end, only slightly higher than a year ago, even though we experienced one-third more bank failures during 1987. New approaches for dealing with failures and aggressive management of the liquidation portfolio enabled us to keep our cash and U.S. Treasury investments at about $16 billion.

The year 1988 is likely to mirror the difficulties experienced in 1987. With the number of banks on our problem list holding steady at just under 1600, any improvement in this year's failure rate is likely to be minimal. A moderate recovery in the agricultural sector of the economy during 1987 — reflected in the slight decline of failed agricultural banks from 1986 — may continue. But any positive development in the farm segment of the economy will be offset by negative results from the battered Southwestern energy sector, where the ripple effect of the crude oil price collapse extends to commercial real estate, and in turn, to the banks.

More than half of the 1987 bank failures and most of the assistance transactions took place in three states — Texas, Louisiana and Oklahoma. Though the problems in the

Southwest will continue, we nevertheless anticipate a modest improvement in earnings for the banking system in 1988.

The FDIC plays three roles in our banking system: insurer — of depositors in insured banks up to $100,000; supervisor — of more than 8,500 state nonmember banks; and receiver — of the estates of failed banks (684 at year-end 1987).

As insurer, once again this year we were unable to return to our insured institutions any portion of the premiums they paid us for deposit insurance. We will have to earn almost $7 billion in net asset income to replenish our fund before any premium rebates can be paid.

As supervisors, we continued to strengthen our examining force during 1987. In an active recruiting program, we hired 421 bank examiner trainees, most of whom graduated from college with a grade point average of 3.4 or better. To make better and more efficient use of examiners' time, we continued our distribution of personal computers and taught the field force to use them. At the same time, we automated our Report of Examination, so our efficiency in gathering accurate, timely data has improved materially. To further streamline our bank examination efforts, we continue to focus on deploying staff where they're needed and to move toward assembling examination teams that comprise the most efficient mix of trainees and seasoned veterans. Our aim is to improve supervision by shortening the interval between examinations, and we are beginning to achieve this goal.

In our role as receiver, we developed a new way to handle failing banks during 1987, and Congress provided us with another. The whole bank transaction, a new approach to a purchase and assumption, is structured so the acquiring institution purchases the maximum possible amount of the failed bank's assets, relieving us of the responsibility — and expense — of liquidating them. Prospective bidders may submit bids to purchase the failed bank's assets "as is." The bid gives the amount the purchaser will require from the FDIC to take over the failed bank. So in these cases, the lower the bid the better for the insurance fund.

The Competitive Equality Banking Act of 1987 (CEBA) gave us the other new option — the bridge bank — to use in the event of a failure. The bridge bank is an FDIC-owned full-service bank that can operate for up to three years, during which a buyer for the bank is sought. We exercised that authority for the first time in 1987, creating a bridge bank in Baton Rouge, Louisiana.

Other developments during the year should be noted. To help analysts, customers and others obtain useful information about the financial condition of operating banks more quickly, we began distributing a new publication in 1987 — the *Quarterly Banking Profile*. It contains the most timely data available on the industry: the data are submitted by the banks a month after the end of the quarter and we publish it about a month later. Another information conduit opened in 1987 will enable bank customers and other interested parties to obtain financial information about banks merely by asking for it — banks must provide annual disclosure statements under a regulation approved by the FDIC Board in December.

As part of our heightened concern for bank customers in an increasingly complex financial environment, we established a separate Office of Consumer Affairs at the end of 1986. Moving into high gear in 1987, the Office responded to more than 3,700 written complaints and inquiries, while a consumer Hot Line in Washington handled more than 8,000 inquiries.

Our war against fraud continues. About 700, or eight percent, of our banks were victims of fraud or theft of $10,000 or more in 1987. Some degree of fraud or insider abuse was involved in about one-third of the bank failures that occurred in 1987. To minimize such activity, we published a list of "red flags" last year — warning signs that will prompt examiners and auditors to take a closer look at possibly fraudulent activities.

Recognizing that bank directors are key players in maintaining the health of our financial institutions, we completed a new publication in 1987, *Guidelines for Financial Institution Directors*. This pamphlet, designed to help directors meet their responsibilities, is being distributed to all insured banks.

Work space needed in the Washington area to carry out our activities has been increasingly difficult and expensive to acquire. We remedied that situation for the foreseeable future when we bought a nine-acre site at Virginia Square in July across the Potomac River in nearby Arlington, Virginia. Our central computer operations, our administrative staffing and a new training center will occupy the site. We will vacate the several properties we now lease in the Washington area when the new center is completed in late 1991. We project a $5-$6 million savings during the first year from consolidating activities at one owned site versus continuing to conduct them at several leased locations.

The FDIC published a study in 1987, *Mandate for Change: Restructuring the Banking Industry*, that serves as the blueprint for our recommendations for the structure of the industry. The study examined alternatives available to improve the viability of the banking industry. Congress is now considering several proposals to eliminate or modify existing restrictions on banks' activities, many of which support the conclusion of our report.

Last but not least, the FDIC was exempted from provisions of the Gramm-Rudman-Hollings Act and the Anti-Deficiency Act by the 1987 CEBA legislation. These exemptions reserve budget decisions to the FDIC's Board of Directors and eliminate Office of Management and Budget oversight. The Corporation's independence has been reaffirmed.

Of necessity, when we summarize the Corporation's activities for any given year our tendency is to dwell on statistics. But looking behind those numbers — the gathering of them, the analyzing of them, the implementation of action demanded by them — we see the outstanding employees of this Corporation and the cooperative efforts of thousands of bankers. Without their tireless efforts, our Annual Report for 1987 might have been a different story indeed. Our thanks and appreciation to all who helped.

L. Wm Seidman

FDIC Highlights 1987

Chronological Highlights

Jan. 12	—	FDIC amends regulation concerning securities transfer agents (see p.30)
Jan. 27	—	FDIC adopts rule to ensure compliance with Bank Secrecy Act (see p.29)
March 15	—	FDIC Division of Bank Supervision publishes "red flag" warning signs (see p.8)
March 18	—	First *Quarterly Banking Profile* distributed (see p.18)
March 24	—	First satellite conference on how to prepare call reports (see p.17)
April 9	—	First use of whole bank transaction to handle a failed bank (Deer Lodge Bank and Trust Company, Deer Lodge, Montana) (see p.5)
May 1	—	Automated applications tracking system begins operating (see p.7)
May 28	—	FDIC Board approves policy statement on criteria used to evaluate applications for deposit insurance
June 8	—	FFIEC awards contract for electronic transmission of call reports
July 7	—	FDIC amends capital forbearance policy (see p.7)
July 17	—	FDIC approves assistance program for BancTEXAS Group Inc., Dallas, Texas (see p.4)
July 16	—	FDIC buys property for new office space and training center in Arlington, Virginia (see p.19)
July 24	—	Automated Reports of Examination begin (see p.2)
Aug. 10	—	Competitive Equality Banking Act of 1987 (CEBA) signed into law (see p.28)
Aug. 20	—	*Mandate for Change: Restructuring the Banking Industry* published (see p.22)
Sept. 10	—	Total bank failures exceed 1986 record of 138
Sept. 21	—	FDIC amends regulations to redelegate certain authority to DBS officials (see p.30)
Oct. 27	—	FDIC adopts interim rule on amortization of agricultural loan losses by agricultural banks (see p.29)
Oct. 30	—	FDIC uses bridge bank authority provided under CEBA for first time when Capital Bank & Trust Co., National Association, is established in Baton Rouge, Louisiana (see p.6)
Nov. 10	—	FDIC adopts guidelines for compliance with the Bank Bribery Statute (see p.8)
Nov. 30	—	FFIEC announces pilot program for electronic transmission of call reports
Dec. 2	—	FDIC amends capital regulation (see p.29)
Dec. 3	—	Record established for highest number of banks closed in one day (9, plus 1 assistance transaction)
Dec. 11	—	FDIC revises rules governing securities activities of subsidiaries and affiliates (see p.30)
Dec. 14	—	FDIC and other bank regulatory agencies adopt guidelines for real estate appraisals
Dec. 15	—	FDIC presents annual awards (see p.24)
Dec. 15	—	FDIC withdraws proposed amendment relating to real estate activities (see p.30)
Dec. 17	—	FDIC Board approves regulation requiring banks to provide annual financial statements on request (see p.29)

Statistical Highlights

Year-end Comparative Financial Information (billions)

	1987	1986	1985
Income	$ 3.316	$ 3.301	$ 3.385
Operations Expense	.202	.180	.179
Liquidation/Insurance Losses and Expenses	3.065	2.825	1.778
Net Income	.049	.296	1.428
Insurance Fund	18.302	18.253	17.957
Fund as % of Insured Deposits	1.10%	1.12%	1.19%
Assets Held for Liquidation	11.0	10.9	9.6

Selected Year-end Bank Statistics

	1987	1986	1985
Total Insured Banks	14,330	14,837	14,906
Problem Banks	1,575	1,484	1,140
Bank Failures	184	138	116
Failed Agricultural Banks	56	57	65
Assisted Banks	19	7	4
Number of Failed Bank Receiverships	684	507	362

Operations of the Corporation

Division of Bank Supervision

"Records" for the Division of Bank Supervision (DBS) and the FDIC were set again in 1987: The number of problem banks peaked at 1,624, more assistance transactions were negotiated and approved than ever before and bank failures again reached an all time high. Despite these records, DBS continued making gains toward its objective of examining banks more frequently. DBS started working toward this goal in 1986 with a four-point program, the elements of which are: a significant increase in staff, improved productivity, strengthened off-site monitoring and better allocation of its resources.

To increase staff, DBS worked with the FDIC's Office of Personnel Management to improve recruiting techniques and emphasize the hiring of the best possible candidates. During 1987, the division hired 421 new examiners, most of whom graduated from college with a grade point average of 3.4 or better. By year-end 1988, DBS had 1,909 field bank examiners. By year-end 1988, the goal is 2,072.

To improve productivity, DBS developed an automated report of examination which examiners began using in July. The division also developed a time utilization report for tracking time and budget expenditures. Crucial to these automated reports was the fulfillment in 1987 of DBS' goal to provide one microcomputer for every two examiners.

During 1987, DBS fine-tuned CAEL, the FDIC's principal off-site monitoring system. CAEL is an acronym for four components (capital, asset quality, earnings performance and liquidity) of the bank rating system used by all U.S. bank regulatory agencies. CAEL rates 70 percent of the failed banks as problems, or near-problems, two years before failure. And it correctly identifies 86 percent of the banks on the problem list as problems, thus serving as a valuable early indicator of developing difficulties if the bank has not been examined for some time.

The FDIC conducts four main types of examinations: safety and soundness; compliance with consumer protection and civil rights laws and regulations; proper performance of fiduciary responsibilities in trust departments; and, adequacy of internal controls in electronic data processing operations.

FDIC EXAMINATIONS, 1985-1987

	1987	1986	1985
Safety and soundness			
State nonmember banks	3,364	2,795	2,436
Savings banks	163	171	186
National banks	72	172	271
State member banks	54	56	47
Subtotal	3,653	3,194	2,940
Compliance and civil rights	2,832	1,436	1,251
Trust departments	588	333	272
Data processing facilities	619	427	422
TOTAL	7,692	5,390	4,885

Examinations

Although the program to intensify DBS' examination efforts is still at an early stage, some improvements are already evident. The number of banks examined has increased significantly, while the time between examinations of banks that should be receiving more attention has declined notably. As of January 1, 1987, 1,814 commercial banks subject to FDIC supervision had not been examined within three years; by December 31, 1987, the total was reduced to 924. The intensified examination program will continue in 1988, including more examinations of national and state member banks in cooperation with the Office of the Comptroller of the Currency and the Federal Reserve Board.

Safety and soundness examinations are comprehensive evaluations of the financial condition and operations of a financial institution. Through the examination process, the FDIC can identify the nature and severity of individual bank and industry problems, assess the adequacy of the deposit insurance fund and monitor compliance with laws and regulations — all with the intent of maintaining public confidence in the banking system. In 1987, the number of safety and soundness examinations increased 14 percent and compliance examinations conducted by the FDIC increased 97 percent. Trust examinations increased 77 percent, while EDP examinations increased 45 percent.

Through consumer and civil rights examinations, the FDIC ensures banks' compliance with federal laws governing truth in lending, fair credit reporting, electronic funds transfer, fair debt collection practices, community reinvestment, fair housing, home mortgage disclosure and real estate settlement procedures. The FDIC's review of truth-in-lending provisions requiring accurate disclosures of interest rates and finance charges resulted in reimbursements of $612,624 for 9,208 consumers in 1987.

The FDIC examines the trust department and securities transfer activities of state nonmember banks. In 1987, 42 banks obtained permission to exercise trust powers; at year-end, the FDIC supervised about 2,000 active trust departments. FDIC-supervised banks had investment discretion over $120.3 billion in trust assets and responsibility for a further $348.8 billion in non-managed assets at year-end 1987.

The FDIC supervised the securities transfer activities of 282 banks registered with it under federal securities laws; 39 examinations of their activities were performed during the year.

FDIC examiners participated in EDP examinations of 439 bank-operated and 58 independent data processing centers during 1987, identifying 19 data centers (17 banks and two non-bank institutions) as problem situations. Since October 1987, the composite rating of data processing centers has been disclosed in the examination report to a center's management.

The FDIC participates with the other federal and state bank supervisory agencies in the Shared National Credit Program. The program promotes efficient use of examination resources through coordinated and uniform supervisory treatment of large loans in which two or more banks participate. In 1987, FDIC staff devoted 16,730 hours to the review of 3,879 loans totaling $471 billion.

In December, the bank supervision offices of the FDIC, the Federal Reserve and the Comptroller of the Currency adopted guidelines describing acceptable standards, policies and procedures for real estate appraisals.

The FDIC and other bank regulatory agencies also adopted a policy for interstate sharing of confidential supervisory information with state banking and thrift regulatory agencies. Several such agreements went into effect during 1987.

Off-Balance-Sheet Activities

Some activities that can expose a bank to risk of loss do not appear on its balance sheet. These activities include standby letters of credit, loan commitments, interest rate swaps and foreign exchange contracts. DBS is conducting a major ongoing project to ensure that examiners are aware of, and appropriately evaluate, these risks during the course of onsite examinations. Results of this project include: changes in examination policies to require adverse classification of certain contingent liabilities when warranted by the level of risk they present to a bank; preparation and distribution to examiners of discussion papers that address off-balance-sheet activities; and, the establishment of specific course subjects that are taught regularly at the DBS training center and regional offices. Bank regulators in the U.S. and abroad, who have been trying to devise a risk-based capital framework (see discussion of these proposals on page 9), agree that off-balance-sheet activities must be considered by regulators and management alike when evaluating a bank's capital adequacy and overall exposure to risk of loss.

FDIC PROBLEM BANKS, 1983-1987

	1987	1986	1985	1984	1983
Total Insured Banks	**14,289**	14,837	14,906	14,825	14,759
Problem Banks	**1,575**	1,484	1,140	848	642
% Increase in Number of Problem Banks	**6.1**	30.2	34.4	32.1	74.0
% of Total Insured Banks	**11.0**	10.0	7.6	5.7	4.4

Problem Banks

The results of examinations are used to characterize banks according to a system used by all U.S. bank regulators. Banks are assigned an examination rating on a scale of one through five in ascending order of supervisory concern. Institutions rated "4" or "5" are considered problem institutions. The FDIC places special emphasis on examining problem banks — and large banks — because of their potential effect on the deposit insurance fund.

Because it insures deposits in virtually all commercial and savings banks, the FDIC's problem list includes national banks, state member banks, savings banks, and

CHANGES IN FDIC PROBLEM BANK LIST, 1983-1987

	1987	1986	1985	1984	1983
Deletions	627	494	312	296	149
Additions	718	838	604	502	422
Net Increase	91	344	292	206	273

state nonmember banks and thrift institutions. After reaching a historical high of 1,624 in mid-1987, the list of FDIC-insured problem banks declined through the latter half of the year due to both record failures and improvements in the Midwest.

Banks of supervisory concern have historically resulted in large part from poor lending decisions and mismanagement. While these problems continue, an additional reason for the the growth in the number of problem banks in 1987 is weakness in the energy sector of the economy and the related effects on real estate and business markets in the southwestern part of the country. Despite the net increase in the number of problem banks, many former problems were rehabilitated, usually with close supervisory guidance.

Assistance Transactions

The Federal Deposit Insurance Act authorizes the FDIC to provide financial assistance to prevent the closing of an insured bank. Assistance may be granted directly to an insured bank in danger of failing, to facilitate a merger of an insured bank in danger of failing, or to a company that controls or will control an insured bank in danger of failing. To provide such assistance, the FDIC's Board of Directors must determine that the amount of assistance is less than the cost of liquidating the bank. An exception is made, however, when the continued operation of the bank is essential to provide adequate banking services to its community or severe financial conditions exist that threaten a significant number of financial institutions or financial institutions with significant resources.

A bank applying for financial assistance should have a commitment for a capital infusion from an outside source other than the FDIC and demonstrate to the FDIC that its management can restore the bank to health. Shareholders of the bank generally should receive no greater return on their investment than they would have if the bank had failed.

In 1987, the FDIC provided financial assistance to prevent failures in nine instances involving 19 banks. These assistance transactions resulted in estimated savings to the FDIC of $170,421,000. This compares to savings of $67,659,000 resulting from seven assistance transactions in 1986. The savings are calculated by estimating the cost of an assistance transaction compared to the estimated cost to the FDIC if the bank failed. The FDIC saves money by arranging assistance transactions because: a healthy institution or outside provider of capital involved in an assistance transaction normally pays the FDIC a premium for the failing bank's franchise; an assisted bank generally is run by new management, which is often better positioned because of existing local contacts to liquidate assets as required more quickly and at a more advantageous price than if the same functions were performed by the FDIC; and, the FDIC avoids the administrative costs of liquidating assets and bringing in personnel to handle a payoff of the bank's depositors.

Of the 19 banks assisted in 1987, eleven were subsidiaries of BancTEXAS Group Inc., a bank holding company headquartered in Dallas, Texas. The FDIC made a one-time cash contribution of $150 million. In this case, the FDIC did not assume any of the subsidiary banks' problem assets. Instead, the new investors and managers of the holding company are expected to implement their own strategies for dealing with those assets and to maintain the subsidiary banks in sound condition. This approach permits the FDIC to grant assistance in situations that meet policy criteria without increasing its pool of assets to be liquidated. This method also permits continuous, convenient banking services for customers of the banks.

ASSISTED BANKS BY STATE, 1983-1987

	1987	1986	1985	1984	1983
Alabama	0	0	1	0	0
Illinois	0	0	0	1	0
Kansas	1	2	0	0	0
Louisiana	1	1	0	0	0
Missouri	1	1	0	0	0
Montana	1	0	0	0	0
New Jersey	0	0	0	1	0
New York	1	0	2	0	2
Oklahoma	2	1	0	0	0
Oregon	0	0	1	0	1
Tennessee	0	1	0	0	0
Texas	12*	0	0	0	0
Washington	0	1	0	0	0
TOTAL	19*	7	4	2	3

* One transaction involving BancTEXAS Group Inc., Dallas, Texas, accounted for 11 of the 19 banks assisted in 1987.

The FDIC's Board of Directors in June gave preliminary approval to financial assistance for Alaska Mutual Bank and United Bank Alaska, both of Anchorage, Alaska. In September, the Board gave preliminary approval to an assistance program for First City Bancorporation of Texas, Houston, Texas. The FDIC established loss reserves of $295 million for the proposed assistance program for the Alaska banks and loss reserves of $942 million for the proposed program for First City Bancorporation. These two transactions had not been consummated at year-end.

Distribution of Failed and Assisted Banks, 1987

In 1987, the FDIC agreed to terminate ongoing assistance agreements reached in prior years with nine savings banks.

In the years following enactment of the Garn-St Germain Depository Institutions Act of 1982, Net Worth Certificates (NWCs) with a total "book" value of $710,439,076 were issued to 29 savings banks experiencing severe losses due to interest rate mismatches. In 1987, outstanding NWCs were reduced by $211,078,000. The repayments included $36,751,000 in contractually required payments from 11 of the 12 banks receiving net worth assistance at year-end 1986. In addition, nine banks prepaid their NWCs in full during 1987, as a result of mergers or recapitalization, in the amount of $174,327,000. At year-end 1987, three banks had NWCs outstanding aggregating $315,015,830.

Failed Banks

At 184, the number of insured bank failures in 1987 again set a post-Depression record for the year, exceeding the previous record of 138 set in 1986. The nine bank failures on December 3, 1987, were the highest number of banks to close in one day in the FDIC's history. States with the highest number of failures in 1987 were Texas (50), Oklahoma (31) and Louisiana (14). The concentration of bank failures in those three states, like the higher incidence of problem banks, was an outgrowth of the depressed energy and real estate industries in those areas.

Average assets of all failed banks in 1987 were $37.6 million. Average deposits were $34.7 million. Approximately 63 percent of the 1987 failures involved state nonmember banks with average deposits of less than $35 million. Deposits in all failed banks in 1987 totaled $6.4 billion, compared to $6.0 billion in 1986 and $2.6 billion in 1985.

Purchase and assumption transactions (P&As) were arranged for 133, or 72 percent, of the bank failures. In these cases, a healthy institution assumed the deposits and other liabilities and purchased a portion of the assets of the failed bank. Premiums totaling more than $52 million were paid by the assuming banks. Direct savings resulting from these transactions compared to the cost of payoffs are estimated to be approximately $241 million. In 1986, 98, or 71 percent of bank failures were handled by P&As.

A new approach to purchase and assumption transactions was used in 1987. In what is called a whole bank transaction, prospective bidders are invited to analyze a failing bank's assets and submit bids to purchase essentially all assets "as is" on a discounted basis. This type of sale has two advantages: First, it softens the impact on the local community because the failing bank's loan customers continue to be serviced locally by an ongoing financial institution instead of FDIC liquidators; and second, this approach decreases the growth in assets held by the FDIC for liquidation. In 1987, the FDIC attempted whole bank transactions in 52 failing bank situations, succeeding in 19 cases.

For 40 failed banks, the FDIC arranged insured deposit transfers instead of paying off depositors directly up to the insurance limit. In an insured deposit transfer, insured deposits are made available to their owners by transferring the accounts to an existing healthy institution or a newly-formed bank. The transferee bank also may purchase many of the assets of the failed bank. This method is used when a failed bank has substantial contingencies and/or an acceptable purchase and assumption transaction cannot be arranged. Purchase premiums of $33 million were received on these transactions.

The FDIC directly paid depositors their insured claims in 11 bank failures in 1987 when neither a purchase and assumption transaction nor an insured deposit transfer could be arranged.

Bridge Banks

The Competitive Equality Banking Act of 1987 empowered the FDIC to establish a bridge bank when an insured bank is closed. A bridge bank is a full service national bank that can be operated for up to three years by a Board of Directors appointed by the FDIC. A bridge bank may be established if:

- The cost of organizing and operating the bridge bank does not exceed the cost of liquidating the closed bank;
- The continued operation of the insured bank is essential to provide adequate banking services in the community; or
- The continued operation of the insured bank is in the best interest of the depositors and the public.

The FDIC used its bridge bank authority for the first time when Capital Bank & Trust Company, Baton Rouge, Louisiana, was closed on October 30, 1987. Using the new bridge bank authority was determined to be the most cost-effective way to preserve existing banking services and give the FDIC sufficient time to arrange a permanent transaction. The bridge bank, Capital Bank & Trust Co., National Association, opened for business on the next business day under the direction of a five-member board appointed by the FDIC. At year-end, the FDIC was in the process of seeking an acquirer for the bridge bank.

FAILED BANKS BY STATE, 1985-1987

	FAILED BANKS*			PURCHASE & ASSUMPTIONS (P&As)			PAYOFFS			INSURED DEPOSIT TRANSFERS		
	1987	1986	1985	1987	1986	1985	1987	1986	1985	1987	1986	1985
Alabama	2	1	1	2	1	1	0	0	0	0	0	0
Alaska	2	1	0	1	1	0	0	0	0	1	0	0
Arkansas	0	0	1	0	0	1	0	0	0	0	0	0
California	8	8	7	6	5	6	1	0	1	1	3	0
Colorado	13	7	6	10	3	5	0	2	1	3	2	0
Florida	3	3	2	2	2	2	0	1	0	1	0	0
Idaho	0	1	0	0	1	0	0	0	0	0	0	0
Illinois	2	1	2	2	1	2	0	0	0	0	0	0
Indiana	3	1	1	2	1	1	0	0	0	1	0	0
Iowa	6	10	11	6	9	11	0	1	0	0	0	0
Kansas	8	14	13	4	11	8	2	3	5	2	0	0
Kentucky	1	2	0	1	1	0	0	0	0	0	1	0
Louisiana	14**	8	0	14**	8	0	0	0	0	0	0	0
Massachusetts	2	0	0	0	0	0	0	0	0	2	0	0
Minnesota	10	5	6	5	4	4	0	0	0	5	1	2
Mississippi	1	0	0	1	0	0	0	0	0	0	0	0
Missouri	4	9	9	2	6	8	2	2	1	0	1	0
Montana	3	1	0	3	1	0	0	0	0	0	0	0
Nebraska	6	6	13	6	6	6	0	0	7	0	0	0
New Mexico	0	2	3	0	2	3	0	0	0	0	0	0
New York	1	0	2	0	0	0	1	0	0	0	0	2
North Dakota	2	0	0	1	0	0	0	0	0	1	0	0
Ohio	1	0	0	1	0	0	0	0	0	0	0	0
Oklahoma	31	16	13	22	7	10	0	4	3	9	5	0
Oregon	1	1	2	1	1	2	0	0	0	0	0	0
Pennsylvania	1	0	0	1	0	0	0	0	0	0	0	0
South Dakota	2	1	0	1	1	0	0	0	0	1	0	0
Tennessee	0	2	5	0	1	4	0	0	0	0	1	1
Texas	50	26	12	37	19	9	5	4	2	8	3	1
Utah	3	3	1	2	3	1	0	0	0	1	0	0
Wisconsin	0	1	1	0	0	0	0	0	0	0	1	1
Wyoming	4	7	5	0	2	3	0	4	2	4	1	0
Puerto Rico	0	1	0	0	1	0	0	0	0	0	0	0
TOTAL	184	138	116	133	98	87	11	21	22	40	19	7

* For ASSISTED BANKS BY STATE, 1983-1987, see page 4.
** Includes one failure handled as a bridge bank.

Agricultural Initiatives

Declining land values, depressed crop prices and softer export markets continued to plague farmers in 1987, but they did abate somewhat. Of the 184 bank failures in 1987, 56, or 30 percent, involved agricultural banks — institutions in which loans related to agriculture accounted for 25 percent or more of the loan portfolio. Of the 19 banks assisted in 1987, two were agricultural banks. In 1986, 57 agricultural banks failed and two were assisted. In 1985, 65 agricultural banks failed; none were assisted.

The Competitive Equality Banking Act permits agricultural banks to amortize losses on agricultural loans and losses resulting from reappraisal of other related assets over a seven-year period. The federal banking agencies adopted interim regulations in November 1987. At year-end, 20 state nonmember banks had applied for the program, one had been accepted, two were denied, and 17 were in process.

Capital Forbearance

In 1987, the FDIC broadened its 1986 capital forbearance guidelines, formerly applicable to agricultural and so-called energy banks, to include any bank with difficulties primarily attributable to economic problems beyond the control of management. Under the capital forbearance program, a bank may operate temporarily with capital below normal supervisory standards if it is viable and has a reasonable plan for restoring capital. The 1987 amendments also extended the deadline for obtaining approval to December 31, 1989.

At year-end, the FDIC had received 232 applications for forbearance. Of the 135 banks admitted to the program, 16 were terminated for various reasons, leaving 119 banks in the program at year-end. Applications of 56 banks were denied and 31 were still in process. In 10 cases, the bank was closed before a decision was made on the application.

Applications

Proposed new state-chartered banks must apply to the FDIC for federal deposit insurance if they will not be members of the Federal Reserve System and banks supervised by the FDIC must apply to establish branches and facilities or to relocate existing offices. The FDIC judges mergers, consolidations and purchase and assumption transactions if the resulting bank would be subject to FDIC supervision. And, the FDIC has authority over who may serve as a director, officer or employee of an insured bank under certain circumstances. Additionally, anyone proposing to acquire control of an insured nonmember bank must file a notice with the FDIC. The FDIC generally has 60 days in which to disapprove the transaction.

FDIC APPLICATIONS, 1986-1987

	1987	1986
Deposit Insurance	188	195
Approved	180	190
Denied	8	5
New Branches	1,029	804
Approved	1,027	801
Branches	812	746
Remote Service Facilities	215	55
Denied	2	3
Mergers	234	244
Approved	234	244
Denied	0	0
Requests for Consent to Serve	39	72
Approved	37	70
Denied	2	2
Notices of Changes in Control	80	121
Letters of Intent Not to Disapprove	79	118
Disapproved	1	3

In 1987, an automated system was implemented to track applications from the time received through final action by the FDIC to consummation of the proposal.

The table above shows the FDIC's actions on selected types of applications in 1987 compared to the previous year.

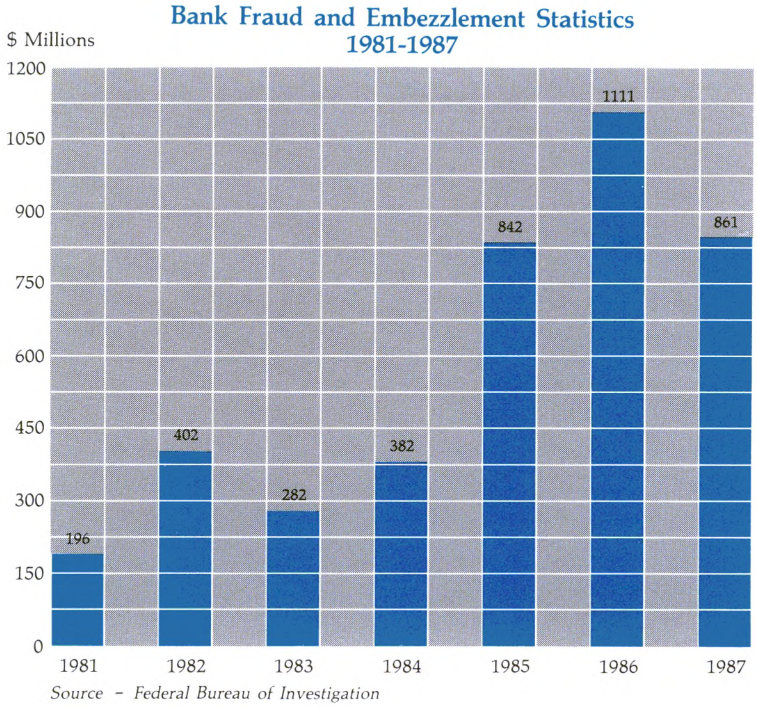
To reduce the processing time for applications, in 1987 the FDIC's Board of Directors increased authority to act on many routine matters delegated to Division of Bank Supervision officials. During 1987, 95.6 percent of total applications actions were taken under delegated authority; 92.6 percent of the total actions were taken in DBS' regional offices.

In 1987, 13 institutions converted from insurance provided by the Federal Savings and Loan Insurance Corporation (FSLIC) to FDIC coverage, compared to 11 conversions in 1986. In 1987 the FDIC issued a policy statement containing the major criteria that an institution operating without FDIC insurance must satisfy to be eligible for FDIC membership.

The Money Laundering Control Act of 1986 directed the regulatory agencies to independently determine the accuracy and completeness of any information furnished by an acquirer in connection with a Notice of Acquisition of Control. The FDIC issued guidelines in 1987 formalizing investigation requirements and, in some areas, expanding the scope of the investigation to include the financial position and background of prospective acquirers of insured state nonmember banks.

Fraud and Insider Abuse

Along with economic factors, other major causes of bank failures have been weak management, poor lending practices, insider abuse and fraud. Fraud or insider abuse was involved



to some degree in about one-third of 1987 bank failures. A total of 633, or eight percent, of state nonmember banks were victimized by a fraud or theft of $10,000 or more.

During 1987, the FDIC continued working with the Attorney General's Bank Fraud Enforcement Working Group and took additional steps to address fraud and abuse in banks supervised by the FDIC. For example, a list of "red flags," or warning signs, published by DBS in March 1987 helps examiners and auditors identify the possible risk of fraud and abuse in banks and spot unusual and possibly fraudulent transactions.

The FDIC also established local working groups to work with law enforcement authorities and designated 60 senior examiners as bank fraud specialists. These specially trained examiners are available to assist federal prosecutors as special investigators or expert witnesses. The FDIC also designated special review examiners and attorneys in each regional office to prepare criminal referrals, coordinate investigative assistance and advise banks and examiners on criminal law and criminal referral requirements.

In December, the FDIC and other financial institution supervisors proposed amendments to the enforcement statutes to help the agencies deal with insider abuse, misconduct and fraud in financial institutions. The proposal would eliminate certain constraints on regulators contained in the Right to Financial Privacy Act.

In 1987, the FDIC adopted a rule to ensure and monitor compliance with the Bank Secrecy Act. The rule requires banks to install and maintain a compliance program approved by the bank's board of directors that provides for internal controls, independent testing of compliance at least annually, a designated monitor and coordinator, and training. The guidelines on minimum requirements emphasize that merely installing procedures may not be sufficient. More is required of banks that handle a large volume of currency, operate from numerous locations, or operate offices in border areas or areas where money laundering or drug trafficking is prevalent.

Directors' Responsibilities

Bank directors play a crucial role in maintaining a bank's safety and soundness. As part of a larger effort to improve directors' effectiveness, the Division of Bank Supervision helped develop a set of short, plain English guidelines to help bank directors meet their responsibilities. The guidelines have been distributed to all insured banks.

In another action related to bank directors, the FDIC issued guidelines under the Bank Bribery Statute encouraging banks to establish and maintain codes of conduct. Under the guidelines, such a code should prohibit any official from soliciting anything of value from anyone in connection with bank business and should only permit acceptance of gifts and entertainment within reasonable limits and under normal business circumstances.

Accounting and Auditing

DBS worked throughout 1987 with the other banking agencies and the accounting profession to develop a proposed regulation to require banks over a certain size to have an annual audit by an outside certified public accountant. Most larger banks currently have an outside audit. However, the agencies were unable to agree on an asset size that would trigger such a requirement for a significant number of unaudited banks. DBS hopes to identify specific audit procedures for use in a small bank, particularly in the loan area, that will meet the needs of both banks and supervisors at a reasonable cost to the bank.

The FDIC and other bank supervisors notified banks in June 1987 that generally accepted accounting principles, which banks must follow in reporting to supervisors, had been amended by issuance of Financial Accounting Standards Board Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*. Generally, if of significant amount, loan origination fees are to be recognized over the life of the related loan as an adjustment of yield; certain direct loan origination costs are to reduce yield over the related loan's life. Thus, banks that relied heavily on loan fee income or amortized deferred loan fees over relatively short estimated loan lives may find their earnings reduced.

The FDIC adopted a new regulation in 1987 that requires state nonmember banks to make disclosure statements available to the public annually on request, beginning with year-end 1987 information. The statements contain financial information that is comparable to key sections of the bank's call reports, information required of particular banks by the FDIC on a case-by-case basis, and other information at the bank's option. The regulation is intended to enhance public confidence and to improve the public's awareness and understanding of the financial condition of individual banks.

In June 1987, a system was approved for banks to electronically submit their call reports over telephone lines using computers. This system becomes fully operational for the first reports of 1988. Banks choosing not to use this system will continue to submit their call reports in the traditional hard-copy form.

Exploring ways to supplement the existing DBS examination force, the FDIC conducted a pilot test program using certified public accountants during the first half of 1987. The program provided insight as to how the talents of examiners and CPAs might be integrated to improve bank supervision.

During 1987, DBS worked with the other federal banking agencies on a number of revisions to the reports of condition and income. Requirements were changed to reflect the Tax Reform Act of 1986, the completed phaseout of interest rate ceilings on deposits, and the new agricultural loan loss amortization program. Commercial banks began to report loans outstanding under home equity lines of credit separately from other residential real estate loans. The very burdensome schedule of data on interest rate sensitivity was dropped from the commercial bank report of condition. In its place, the revised report will contain less detailed maturity and repricing data on debt securities, loans and leases and time deposits.

International

The International Banking Act of 1978 authorizes, and in some cases requires, domestic branches of foreign banks to obtain deposit insurance coverage. At year-end, 22 foreign banks operated 52 insured branches in ten U.S. cities. In 1987, the FDIC began a review of its regulation governing operation of these insured branches.

The FDIC continues to closely monitor international lending activities, especially through its members on the Interagency Country Exposure Review Committee and the collection of the Country Exposure Report. During 1987, most of the major U.S. banks significantly increased their bad debt reserve against loans to lesser developed countries. These reserves severely depressed earnings but led to no major problem situations.

The FDIC is one of the permanent representatives of the United States to the Basle Committee on Banking Supervision and Regulation, a committee of bank supervisors from the major industrialized countries. During the year, the Committee made substantial progress toward developing an international system of measuring risk-based capital and establishing standards of adequacy.

In January 1987, bank regulators from the United States and the United Kingdom issued for public comment a uniform proposal for risk-based capital. The proposal facilitated further discussion of the risk-based capital concept among a broader group of regulatory authorities, including those from Japan, Canada and several European countries. As a result of these discussions, the Basle Committee issued in December a consultative paper setting forth a proposed risk-based capital framework that would establish minimum levels of capital for international banks. The framework assigns a bank's assets and certain off-balance-sheet items to broad risk categories that are weighted according to relative risk. A common framework is desired to help strengthen the stability of the international banking system and to remove an important source of competitive inequality among banks arising from differences in national supervisory requirements.

The FDIC frequently receives visitors and official delegations from foreign countries seeking an understanding of U.S. bank regulation, FDIC policies and procedures, and methods of assessing risk. During 1987, 23 countries were represented among those visitors and delegations.

Banks Registered Under the Securities Exchange Act of 1934

The FDIC administers and enforces the registration and reporting provisions of the Securities Exchange Act of 1934 for publicly-held insured nonmember banks. All required statements and reports filed by state nonmember banks under implementing regulation Part 335 are public documents and are available for inspection at FDIC headquarters in Washington, D.C. A total of 1,863 individuals inspected these records during 1987 and requested copies, and an additional 2,621 requested copies by telephone. Copies of 46,871 pages were provided in response to these requests. At the end of 1987, 261 banks were registered with the FDIC, down from 280 a year earlier.

Training

At its training center in Rosslyn, Virginia, DBS continuously trains examiners and other FDIC employees in FDIC procedures and systems. By year-end 1987, attendance at the center had increased 57 percent and enrollment in basic courses had doubled since increased hiring began in 1985. One important aspect of the training center is to assess the skills of candidates for commissioned bank examiner. In 1987, 55 candidates for commissioned examiner were evaluated. Reflecting the increased hiring begun in 1985, more than 200 will be evaluated in 1988. The assessment center, which is part of the training facility, expanded its quarters in 1987 to accommodate the increased activity.

A total of 275 FDIC instructors, including Chairman Seidman as well as speakers from banking, academia and related business fields, taught at the DBS training center during 1987. More than 375 instructors will be teaching at the center in 1988.

Classes were attended during 1987 by 2,227 FDIC examiners, 474 state examiners, and 161 personnel from other FDIC divisions, other federal agencies and several foreign countries. An additional 120 state examiners participated in two courses at several field locations. The total of 2,982 is an increase of 204 participants over 1986, and is expected to grow to about 3,500 in 1988. (For information about the FDIC's new training facility, see page 19.)

Interagency training under the auspices of the Federal Financial Institutions Examination Council also is conducted at the DBS training center. In 1987, 42 FDIC instructors taught at interagency programs while 801 FDIC examiners, 351 other FDIC employees and 258 state examiners under FDIC sponsorship attended the 20 programs offered on an interagency basis.

Division of Liquidation

When an FDIC-insured bank fails, its deposits and some or all of its assets usually are purchased by a healthy institution. In some cases, the FDIC pays off depositors, or insured deposits are transferred to a healthy institution. Assets of any failed bank that are not purchased are either collected on or sold to third parties to reimburse the FDIC and other creditors for any outlay associated with the failure and for expenses of handling the failed bank's estate. When sufficient funds are recovered from the sale of assets, other creditors of the failed bank are repaid. In rare cases, shareholders of the failed institution receive payment as well, again depending on the amount recovered from the assets of the failed bank's estate. These functions are carried out by the FDIC's Division of Liquidation (DOL). At year-end 1987, DOL was managing the estates of 684 failed banks, including the 184 institutions that failed during 1987.

TEN LARGEST BANK FAILURES
(By Asset Size)

	Assets	Deposits	Date
Franklin National Bank New York, New York	$3,655,662,000	$1,444,981,606	October 8, 1974
First National Bank and Trust Company, Oklahoma City, Oklahoma	1,419,445,375	1,006,657,507	July 14, 1986
The First National Bank of Midland, Midland, Texas	1,404,092,000	1,076,217,000	October 14, 1983
United States National Bank San Diego, California	1,265,868,099	931,954,458	October 18, 1973
United American Bank in Knoxville, Knoxville, Tennessee	778,434,000	584,619,000	February 14, 1983
Banco Credito y Ahorro Ponceno, Ponce, Puerto Rico	712,540,000	607,610,000	March 31, 1978
Park Bank of Florida St. Petersburg, Florida	592,900,000	543,900,000	February 14, 1986
Yankee Bank for Finance and Savings, FSB, Boston, Massachusetts	521,700,000	474,800,000	October 16, 1987
Penn Square Bank, N.A. Oklahoma City, Oklahoma	516,799,000	470,445,000	July 6, 1982
The Hamilton National Bank of Chattanooga, Chattanooga, Tennessee	412,107,000	336,292,000	February 16, 1974

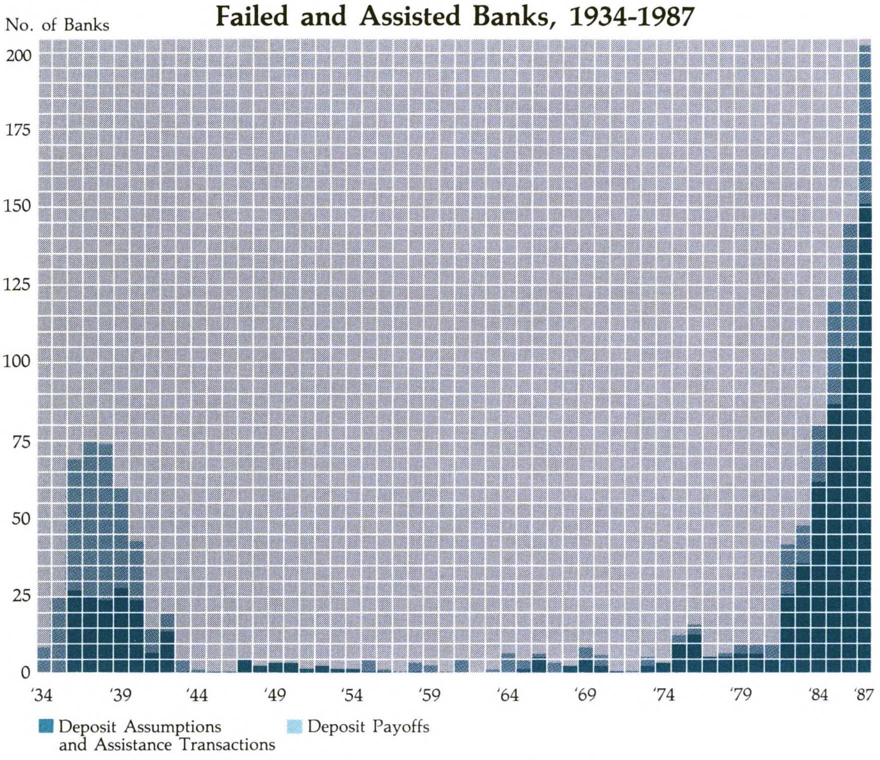
The liquidation of a failed bank's estate can take months or years, depending on many factors, but predominantly on the quality of the failed bank's assets. In the case of First National Bank and Trust Company of Enid, Enid, Oklahoma, which failed in November 1986, for instance, the liquidation was completed within two months. But liquidating the estate of a large failed bank frequently takes years — the estates of Franklin National Bank, which failed in October 1974, and the First National Bank and Trust Company of Oklahoma City, Oklahoma City, Oklahoma, which failed in July 1986, are not likely to be settled for some time. (Based on asset size, the failures of Franklin National and First National Bank and Trust Company of Oklahoma City were the two largest in U.S. banking history. The table above lists the ten largest bank failures through year-end 1987.)

Faced with mounting bank failures, in 1982 DOL instituted a five-point operating plan: decentralize its operations by delegating responsibility to six regional offices and managers in the field; consolidate liquidation sites; set up formal training for its employees; develop policies and procedures manuals; and, develop strong asset management and asset marketing programs.

The success of the plan is evident in DOL's strong performance in 1987: the Division took in record collections ($2.415 billion) and sold a record amount ($960 million) of assets; despite 184 failed banks, total assets under management at year-end increased only $100 million over 1986; and, in the face of an inordinate increase in its activities, the Division was able to reduce its staff to 4,400 by year-end 1987, or 264 positions below the previous year-end total.

Some of the new approaches DOL has used to attain these results are:

- Emphasizing settlements and other alternatives to litigation (the FDIC as receiver is heir to a failed bank's pending litigation);
- Ensuring maximum profits from assets being operated until they are sold; and,
- Installing or upgrading automated



with an aggregate book value of $342 million in 1986.

By using aggressive asset marketing, DOL achieved record gross collections of about $3.5 billion in 1987. Excluding Continental Illinois National Bank and Trust Company of Chicago and The First National Bank and Trust Company of Oklahoma City (where assets are being serviced outside DOL under contractual agreements), DOL collected $2.415 billion from sales of failed bank assets in 1987, a 38 percent increase over the $1.749 billion collected in the previous year. The estimated book value of assets in liquidation at year-end 1987 was $11.0 billion, an increase of $100 million since January 1, 1987.

The Division's operating expenses for 1987, at $264 million, equaled 10.9 percent of collections, compared to 13.2 percent for 1986. These and other statistics for the Division are shown in the table below.

DOL's performance in 1987 was assisted by new ways of handling failed banks: the whole bank transaction and the bridge bank. Both options relieve DOL of the responsibility — and expense — of liquidating a failed bank's assets. In a whole bank

systems to improve cash management and to monitor assets under the FDIC's control more closely.

As one part of its efforts to liquidate the estates of failed banks, DOL uses a team of asset marketing specialists who aggressively seek purchasers for the "products" (generally loans but also items such as real property and equipment owned by the bank) they are trying to sell. DOL's asset marketing staff uses techniques such as bundling — packaging together from several banks a specific type of loan that may interest a prospective purchaser — and incentives, where a purchaser interested in buying a specific portfolio or type of assets is offered a discount on their book value provided the purchase includes a "less desirable" group of assets that the FDIC is particularly anxious to divest.

In 1987, DOL added another element to its aggressive marketing program: a national publication available to investors now carries a list of large ($500,000 or greater) commercial real estate properties owned by the FDIC, including pertinent details on each parcel. DOL also experimented with public auctions as a means to sell loans.

Using these and other creative methods, in 1987 the asset marketing staff closed 574 sales comprising about 91,000 loans with an aggregate book value of $860 million, compared to 196 sales involving 129,000 loans

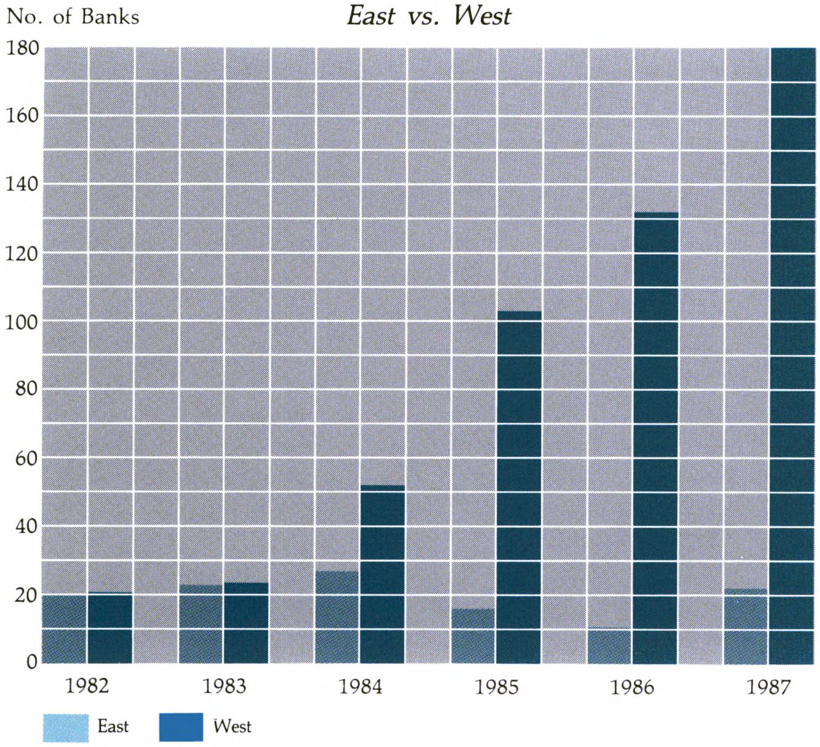
DOL STATISTICAL HIGHLIGHTS, 1987

	Total Failed Banks	Total Assets of Failed Banks* (billions)	Total Collections** (billions)	Estimated Book Value of Assets in Liquidation (billions)	Operating Expenses** (millions)	Number of Employees
1987	**184**	**$ 6.9**	**$ 2.415**	**$ 11.0**	**$ 264.4(1)**	**4,400**
1986	138	7.0	1.749	10.9	230.8(1)	4,706
1985	116	2.8	1.282	9.6	249.3(2)	3,318
1984	78	2.8	1.538	10.0	232.5(2)	2,158
1983	48	4.1	1.008	4.1	119.8(2)	1,153

* Excludes open bank assistance transactions and net worth certificates provided to mutual savings banks.
** Collection and DOL operating expense data exclude Continental Illinois National Bank and First National Bank and Trust Company of Oklahoma City, Oklahoma, where asset servicing agreements are in place.
(1) DOL only.
(2) FDIC-wide expenses.

FDIC-Insured Failed and Assisted Banks, 1982-1987

East vs. West



transaction, an acquiring institution buys most of the assets of a failed bank on an "as is" basis (and the FDIC discounts the purchase); when a bridge bank is established, management is appointed by the FDIC to run the business of the failed bank, including disposing of the assets.

Reflecting the concentration of bank failures west of the Mississippi, the geographic areas assigned to specific DOL office locations were realigned in 1987 when responsibility for Kentucky, Michigan, Ohio, Tennessee and West Virginia was shifted to the New York Regional Liquidation Office. DOL closed field offices in Indianapolis, Indiana; New York, New York; Portland, Oregon; and Lubbock, Texas.

While handling the 184 bank failures in 1987, DOL staff personally came into contact with 42,000 depositors in 11 payoff cases involving total deposits of $331.4 million, and arranged to transfer to other institutions the insured deposits of an additional 221,000 depositors with total deposits of $1.9 billion in 40 failed banks. DOL also handled 133 purchase and assumption transactions — usually on an overnight or over-the-weekend basis.

By assisting 19 banks and arranging 133 purchase and assumption transactions in 1987, the FDIC protected more than one billion depositors, who held more than $6 billion in deposits, from potential loss of their funds. The FDIC's ability to arrange insured deposit transfers for 40 failed banks in 1987 enabled about 221,000 depositors, whose deposits up to the insurance limit $100,000 totaled $1.92 billion, to continue their banking relationships without interruption when their deposits were transferred to a healthy institution. In the 11 payoffs in 1987, about 42,000 depositors, whose deposits up to the insurance limit totaled $331.4 million, received their funds generally on the next business day following the failure of their bank. Uninsured deposits (those exceeding the $100,000 insurance limit) in insured deposit transfer transactions totaled $63.9 million, while uninsured deposits in payoffs totaled $16.6 million. However, about half of these uninsured deposits will be recovered through liquidation of the failed banks' assets and returned to their owners.

When a failed bank shuts its doors for the last time, DOL staff are there, not only to prepare the bank's records for payoff, deposit transfer or purchase and assumption, but also to reassure the bank's staff and anxious depositors.

In the past year, the Division of Liquidation also:

- Completed a full inventory of assets of the 184 failed banks;
- Fielded about 250,000 telephone inquiries;
- Handled a like amount of mail;
- Met with print and electronic media on at least 200 occasions;
- Held town meetings in agricultural communities; and,
- Provided speakers on liquidation and payoff activities to numerous business, civic and professional organizations.

UNINSURED DEPOSITS OF FAILED BANKS, 1987
($000 omitted)

	Assistance Transactions	Purchase & Assumption Transactions	Insured Deposit Transfers	Payoffs
Total Deposits ($)	2,118,000	4,020,700	1,929,400	331,400
Number of Accounts	358,700	695,500	221,000	42,000
Uninsured Deposits ($)	N/A	N/A	63,972	16,593

N/A — Not applicable because all depositors are protected in this type of transaction.

Legal Division

A law office is a service organization, which means the demands placed on the FDIC, particularly by record bank failures, were reflected in the Legal Division's workload. At year-end 1987, over 20,000 cases were pending on the FDIC's litigation docket, compared to over 27,000 a year earlier; all but 344 of the 1987 total related to closed banks. About 45 percent of these cases are being handled by the FDIC's Legal Division, while the remainder are being handled by outside counsel under the supervision of the Division.

To meet the demands of a heavy litigation docket and to serve its clients more effectively, the Division has gradually decentralized its operations. In 1980, more than 80 percent of the Division's employees were located in Washington. Now, of the more than 400 attorneys on the Legal Division staff, less than 20 percent are in the headquarters office — a 180-degree reversal in personnel distribution.

Staffing efforts in 1987 focused mainly on bringing staff supporting the Division of Bank Supervision (DBS) to full strength by year-end. For the Division of Liquidation (DOL), Legal Division staffing was directed to planning long-range personnel requirements in the FDIC's regional and consolidated offices. To meet the training needs of division staff, the Division offered three major conferences to its attorneys dealing with various supervisory, litigation and liquidation topics, while training courses for managers and other staff covered subjects such as performance evaluation and problem-solving. For 1988, the Division is developing more in-house training and expanding current video training programs.

CEASE-AND-DESIST ORDERS, 1984-1987

	1987	1986	1985	1984
Cease-and-desist orders outstanding at beginning of year—total	336	341	293	249
Section 8(b)	334	335	284	244
Section 8(c)	2	6	9	5
Cease-and-desist orders issued during year—total	107	135	186	138
Section 8(b)	104	127	180	125
Section 8(c)	3	8	6	13
Cease-and-desist orders terminated—total	148	152	111	89
Section 8(b)	147	145	108	84
Section 8(c)	1	7	3	5
Cease-and-desist orders in force at end of year—total	295	336	360	293
Section 8(b)	292	334	355	284
Section 8(c)	3	2	5	9

CLIENT SUPPORT

The Legal Division's principal clients are the Division of Bank Supervision and the Division of Liquidation. The Legal Division also represents other divisions and offices within the FDIC primarily through its Corporate Affairs Section.

Support for DBS

For DBS, the Legal Division initiates enforcement proceedings, prepares regulations for action by the Board of Directors, drafts and reviews proposed banking legislation, negotiates and drafts assistance agreements, represents the FDIC in litigation arising from its supervisory role and provides legal opinions on banking issues.

Cease-and-desist orders are the most common administrative enforcement tool. The FDIC also can assess civil money penalties and terminate deposit insurance. In 1987, the FDIC issued 107 cease-and-desist orders compared to 135 in 1986, initiated 91 termination of insurance proceedings compared to 59 in 1986 and assessed money penalties against 16 officers and directors in three actions, compared to 82 officers and directors in 14 actions in 1986.

The FDIC can also remove or prohibit further participation by an officer, director or other participant in the affairs of an FDIC-insured bank for violation of a law, rule, regulation or final cease-and-desist order, or for unsafe or unsound banking practices or a breach of fiduciary duty. In 1987, 18 removal proceedings were initiated, compared to 14 in 1986.

BANK FRAUD AND ABUSE

In December of 1984, the Attorney General of the United States established an interagency group to deal with fraud and abuse in banking. Several members of the Legal Division are active participants in this task force. This "teamwork" approach has been very successful in coordinating efforts at the headquarters level, and establishing working relationships at the local level, where the sharing of information is critical to the success of specific investigations and prosecutions.

Several major steps were taken during 1987 to improve the FDIC's response to fraud and abuse in the banks it supervises. In coordination with the interagency task force, the FDIC completely revised the criminal reporting system to require banks to report apparent crimes to U.S. Attorneys, to federal investigators and to the FDIC on a standard referral form. The FDIC also designated special review examiners and regional counsel in regional offices to prepare criminal referrals, coordinate investigative assistance and testimony and advise banks and other examiners on criminal laws and criminal referral requirements.

Finally, the FDIC along with other agencies, released final guidelines under the Bank Bribery Statute encouraging banks to establish and maintain effective codes of conduct. The guidelines describe the prohibitions of the federal bank bribery law and also identify some situations which, in the opinion of the FDIC, do not constitute violations of the federal bank bribery law.

OPEN BANK LITIGATION

In its corporate capacity, the FDIC is often a party to litigation arising from open bank matters. A summary of the significant cases handled by the Open Bank and Corporate Litigation Section in 1987 follows.

FDIC v. Mallen

In February 1987, a Federal District Court in Iowa held unconstitutional the procedures used by the FDIC to suspend bank officers indicted for crimes. The FDIC appealed to the U.S. Supreme Court and a decision is expected in 1988.

Investment Company Institute v. FDIC

In January 1987, the U.S. Court of Appeals for the District of Columbia Circuit held that the Glass-Steagall Act does not bar subsidiaries or affiliates of state-chartered nonmember banks from selling or underwriting securities. The U.S. Supreme Court has declined to consider ICI's appeal.

Anheuser-Busch Employees' Credit Union v. FDIC

In November 1987, the U.S. Court of Appeals for the Eighth Circuit clarified the status of credit unions with deposits in insured failed banks. The court affirmed a lower court ruling favorable to the FDIC which held that credit unions are corporations under FDIC insurance regulations, and thus each credit union with deposits in an insured bank is limited to insurance coverage of $100,000.

First Acadiana Bank v. FDIC

In December 1987, the U.S. Court of Appeals for the Fifth Circuit affirmed an important FDIC decision enforcing the Truth in Lending Act. The court held that attorney fees which a bank financed as part of car loan transactions constituted part of the statutory "finance charge" and should have been so disclosed. The court further upheld the FDIC's reimbursement order to the bank even though the bank's attorneys, rather than the bank, received the fees.

U.S. v. LeMaire

In November 1987, the U.S. Court of Appeals for the Fifth Circuit affirmed a favorable Texas district court ruling which the FDIC and the Office of the Comptroller of the Currency had sought to enforce Section 91 of the National Bank Act to prevent a judgment creditor from prematurely executing upon a $69 million state trial court judgment against MBank Abilene, N.A., before all appeals had been exhausted.

Support for DOL

The major effort for DOL involves assisting in the collection of assets received by the FDIC when a bank fails and pursuing related claims. While much of the legal effort is relatively straightforward, bank closings give rise to a number of complex and difficult legal issues.

CLOSED BANK LITIGATION

As receiver, the FDIC inherits any existing litigation brought by or against a closed bank, and is often a party to litigation initiated as a result of a bank's closing. The following is a summary of major closed bank litigation in 1987.

Langley et ux. v. FDIC

In a unanimous decision, the U.S. Supreme Court held, in December 1987, that a debtor cannot assert defenses against the FDIC based on alleged mispresentations of existing fact unless those alleged misrepresentations are part of an agreement which complies with 12 U.S.C. 1823(e), i.e., that they be in writing, contemporaneous, approved by the bank's board of directors or loan committee, and continuously an official bank record.

In re United American Bank

In September 1987, the Tennessee

Supreme Court found that when the FDIC implements a purchase and assumption transaction it is *not* required to pay all unassumed creditors in full, but need only pay them the amount they would have received in a straight liquidation.

Woodbridge Plaza v. FDIC

The FDIC lost the final round of this case which arose in Orange County, California. Woodbridge Plaza was sued by Bank of Irvine in Orange County Superior Court for wrongfully evicting the bank from one of Woodbridge's properties where the bank had an office. Woodbridge Plaza counterclaimed for approximately $2 million, claiming the bank breached its lease agreement. The Bank of Irvine was subsequently closed by the California Superintendent of Banks and the FDIC was appointed its receiver. The FDIC in its capacity as receiver entered into a purchase and assumption agreement (P&A), selling some of the Bank of Irvine's assets to an assuming bank and the remaining assets to the FDIC in its corporate capacity. The Bank of Irvine's claim against Woodbridge Plaza was among the assets sold to FDIC-Corporate. Woodbridge Plaza then initiated a separate action against the FDIC in its corporate capacity, claiming that the P&A was illegal. The District Court rejected this claim. On appeal, the Ninth Circuit found that the P&A was illegal because no provision was made for Woodbridge Plaza's (as yet unproven) claim. The FDIC filed a motion for rehearing which was denied. The staff is determining the appropriate forum to have this issue reconsidered.

BANKRUPTCY CASES

At year-end 1987, there were 7,819 active bankruptcy cases pending in which the FDIC has a claim. Of these, 6,464, or 83 percent, are handled solely in-house by 59 attorneys and 28 paralegals located in 26 offices. Throughout 1987, 7,897 cases were reclassified from active to inactive or closed while 8,069 new cases were filed. Thus, old cases are steadily being moved to inactive status and the active caseload is composed largely of new filings.

Of the total caseload of the bankruptcy unit, 58.1 percent consists of liquidations under Chapter 7 of the Bankruptcy Code, 27.9 percent of business reorganizations under Chapter 11, 2.9 percent of family farmer bankruptcies under Chapter 12 and 11.3 percent of Chapter 13 wage earner plans.

DIRECTORS AND OFFICERS LIABILITY

Each bank failure is investigated to determine whether claims should be brought against directors and officers. At year-end 1987, the FDIC was a party to more than 80 directors' liability suits, with about 300 failures still in an investigative stage. To cope with the increased workload resulting from record numbers of bank failures, efforts are being made by the Directors and Officers Liability Section and the Investigation Units to streamline the investigative and decision-making processes. These efforts should speed decisions to close investigations where suit appears unlikely, speed decisions to file suit when suit is appropriate and speed approval of settlements.

One case tried in 1987, *FDIC v. Caldwell*, resulted in a substantial judgment in favor of the FDIC. The case involved the failure of the Western National Bank in Santa Ana, California. All defendants settled with the FDIC prior to the trial, except one outside director who, after a bench trial, was held liable to the FDIC for an amount in excess of $865,000. Total recoveries in 1987 on claims against directors and officers exceeded $59 million.

Division of Accounting and Corporate Services

Through its three branches, the Division of Accounting and Corporate Services (DACS) acts as the FDIC's financial, computer and service manager. The Financial Services Branch carries out the FDIC's financial and accounting activities; the Management Information Services Branch develops, operates and manages the FDIC's computer systems; and the Corporate Services Branch handles the space, supply and service requirements of more than 9,000 FDIC personnel. DACS' overriding consideration in handling these responsibilities is to ensure protection of the FDIC's physical assets and the $18.3 billion insurance fund.

Financial Services Branch

Corporate Accounting

The volume and complexity of accounting data processed by DACS financial systems increased dramatically in 1987, primarily due to the record number of bank failures and assisted banks handled by the FDIC. More than 2.7 million accounting transactions were processed, an increase of 42 percent over 1986.

The introduction of new methods for handling failed banks, such as the whole bank purchase and assumption and the bridge bank, generated many new accounting issues and required the development of new policies and procedures. Ongoing and additional liquidation activities also contributed significantly to the higher level of accounting activity experienced in 1987. At year-end, the branch processed work from 26 nationwide locations for 684 banks in liquidation.

Nevertheless, by providing additional training for staff and increasing the capability of many of the FDIC's automated financial systems, the additional volume of work was absorbed and processed without any increase in staff. Additionally, by implementing program budgeting and accounting in 1987, and revising the method used to allocate liquidation program overhead, the division was able to heighten managers' awareness of the results of their spending decisions and thus gain more efficient control over the use of the FDIC's resources.

Other specific projects accomplished in 1987 included an extensive reconciliation of both corporate and liquidating bank assets, and consolidation of the FDIC's tax functions.

Assessments and Financial Operations

In its role as insurer of the depositors of more than 14,000 financial institutions in the U.S., the FDIC assesses banks a fee, or insurance premium. Assessments are set by law at an annual rate of 1/12 of 1 percent of total deposits. The FDIC's assessment responsibilities require verification, as well as collection, of the assessments due from all insured banks. To ensure that banks have paid the correct amount, a staff of field auditors conducts assessment audits of the largest commercial banks on a three-to-five year cycle.

During 1987, $1.7 billion in assessment revenue was collected from about 14,500 banks, up from $1.6 billion collected from about 14,800 banks in 1986. An additional $6.5 million was collected as a result of field audits of 28 of the 300 largest insured banks. By using portable computers and by refining audit procedures, the FDIC plans to expand to 500 the number of banks subject to routine assessment audit.

The Assessments and Financial Operations section processed over 75,000 accounts payable documents, nearly 65,000 travel reimbursement documents, and approximately 4,700 relocation voucher documents during 1987. In a continuing effort to streamline its financial operations, employee reimbursement for relocation operations will be converted to the computerized travel and transportation system of the U. S. Department of Agriculture's National Finance Center during 1988.

Bank Financial Reporting

Insured banks file a quarterly report of condition and report of income and other types of financial information that are indicative of their performance. The Bank Financial Reporting section (BFR), which receives and processes these data, reviewed nearly 68,000 original and amended call reports from approximately 13,000 reporting banks in 1987. The percentage of call reports containing errors declined seven percent — from 84 percent in 1986 to 77 percent in 1987. This significant improvement is due to banks' increased awareness of the importance of accuracy, call report analysts' closer relationships with banks and educational programs.

To help bank personnel prepare report of income and report of condition forms, BFR and the Division of Bank Supervision developed the first satellite teleconference on call report requirements, which was held on March 24, 1987. The conference, introduced by Chairman Seidman and conducted by senior staff of DBS and DACS, was attended by 3,800 banks in 50 cities in 22 states. Another satellite teleconference was held in March 1988. Videotapes of the 1988 conference are available at a nominal price. To further aid preparers of the reports, BFR started a call report review newsletter in 1987 and set up a toll-free telephone "hotline" — 1-800-424-5101 — to quickly resolve many inquiries.

To reduce call report processing time, a pilot program permitting banks to transmit call report data electronically began in December 1987. Some banks began electronic transmissions in March of this year.

March 1988 also marked the first complete year of the *Quarterly Banking Profile*, a statistical compilation issued quarterly that contains the earliest official release of performance data about the banking industry. DACS compiles and provides the information included in the *Quarterly Banking Profile* by the FDIC's Office of Research and Strategic Planning.

In response to requests for call report information, the BFR section filled over 2,400 orders for about 21,000 call reports in 1987.

Financial Systems

As overseer of the FDIC's Financial Information System — the computer system that contains all of the FDIC's general ledger items — the Financial Systems section's activity increased proportionately as the demand grew throughout the FDIC for additional financial information. Major enhancements to the Financial Information System completed in 1987 included a revision of the method used to distribute computer reports to regional offices. By sending reports via computer to field offices rather than mailing them, substantial savings were realized in terms of both time and money. The corporate procurement and payment process became more effective with the implementation of a new purchase order system, and the FDIC gained the ability to quickly calculate the reserve for loss on banks in liquidation through a new loan loss reserve system.

Financial Systems also developed several new reports for managing and controlling the payroll in 1987 after systems operations were contracted out to the U.S. Department of Agriculture's National Finance Center.

Accounting Policy and Fiscal Controls

The growth and decentralization of the FDIC's accounting activities in 1987 led to an increased emphasis on accounting policy and procedures. At the same time, the design, implementation, documentation and maintenance of a wide range of internal controls was needed to safeguard the FDIC's assets and to ensure accurate, timely and reliable financial reporting. The Accounting Policy and Fiscal Controls section reviews existing policies and procedures, analyzes their effectiveness and establishes new ones as required. In 1987, the section automated routines for FDIC loan loss reserves and began devising programs for redistributing overhead costs.

The section also reviews all of the FDIC's general ledger information to ensure its proper use and effectiveness, develops and publishes procedures manuals and conducts extensive branch training programs.

Management Information Services Branch (MISB)

As the FDIC's need for fast, dependable information grew in 1987, so did its reliance on modern computer technology. To meet this continually increasing need, MISB analyzed requirements, developed systems and provided computer processing for all of the FDIC.

Computer Technology

In response to demands for computer support in 1987, the number of jobs handled on the FDIC's mainframe computer — such as processing call reports — rose 17 percent. To increase computer productivity, the FDIC's central processing unit was replaced with a more advanced model.

A new teleprocessing network established in 1987 permits microcomputer operators, using a modem, to gain access to the database files on the FDIC's mainframe computer. Users located in banks, regional offices and elsewhere can update and retransmit data files; examination personnel can record examination data; and using one of the special access systems, examiners in the field can refer to, for example, a prior examination report for comparison purposes.

To handle the increased workload that developed in 1987, the FDIC's central computer operations facility, which began operating 24 hours a day on weekdays in 1986, adopted a six-day week schedule in 1987.

In 1987, MISB developed an introductory course about microcomputers in response to their increasing popularity among FDIC personnel, and continued serving as a clearinghouse for users requesting microcomputer hardware and software testing, acquisition and support.

Other MISB projects completed in 1987 include the DBS Training Center System, which maintains such data as course information, class rosters and lodging reservations for classes held at the DBS Training Center in Rosslyn, Virginia, and the Application Tracking System, which upgraded a previous tracking system to provide more information about the applications filed by banks. New information includes the number of approvals, disapprovals and outstanding applications in each regional office. MISB also continued working on the Enforcement Action System, which will track and provide a historical record of enforcement actions from initiation to completion.

System Development and Maintenance

As in 1986, system development in 1987 was devoted mainly to supporting liquidation activities and financial services operations. LAMIS — the Liquidation Asset Management Information System — has been developed over the past several years and is now being used by liquidators and accountants at locations across the country to manage assets acquired from failed banks by the FDIC. Among other things, the information provided by LAMIS — location and type of asset, for example — helps the Division of Liquidation to sort assets and package them to suit the specific requirements of prospective buyers.

The Financial Information System, which controls all of the FDIC's public payments, maintains budgets and general ledgers, and produces financial reports, was expanded in 1987. The system now maintains all FDIC accounting records as well as individual ledgers for all failed banks in the process of liquidation.

Corporate Services Branch

Like the other branches of DACS, Corporate Services needed to meet increased demands for support to facilitate the FDIC's day-to-day business operations in 1987. A major accomplishment was the acquisition of property near Washington, D.C., where facilities will be built to accommodate the FDIC's increased training and office space requirements for the foreseeable future.

For several years, developments in the banking industry have substantially increased the FDIC's need for a larger and more highly trained work force of examiners. Existing training facilities have been inadequate for some time. Moreover, expanding supervisory and liquidation activities created a pressing need for additional office space. After studying many alternatives, in July 1987 the FDIC purchased a nine-acre site across the Potomac River in nearby Arlington, Virginia, where additional office space and housing units for personnel attending training classes will be constructed. The Federal Financial Institutions Examination Council will lease space in the new facility for its training needs.

In the first phase of the project, 350 housing units and 300,000 square feet of office space will be built. The remaining land area will accommodate future expansion. The cost of the entire project, including construction, tenant improvements and residential furnishings is estimated at about $90 million. When the first phase is completed, in 1991, the FDIC will vacate several leased properties in the Washington area, saving a projected $5-$6 million during the first year. This savings will result from consolidating activities at one owned site instead of continuing to use several leased locations.

Architect's view of proposed FDIC Center in Arlington, Virginia.

The Corporate Services Branch continued to provide support services for maintaining the FDIC's property, facilities and supplies in 1987, as well as the FDIC's word-processing and telephone systems, the FDIC library, design and printing functions (all design and typesetting for this report were handled "in-house") and mail distribution.

The FDIC library is relied on by employees — and many other individuals and groups involved with banking — as a highly valuable source of information. In 1987, the library reference staff responded to over 4,000 requests for information from FDIC employees in Washington and the regional offices. Among new automated systems added in 1987, one monitors acquisitions and holdings for the liquidation libraries in various offices. In addition, at the end of the year, the library contracted for an integrated system to handle acquisitions and indexing of its large collection of banking literature, law publications and other reference material. Plans for the future include an automated system for managing circulation activities and an on-line catalogue of all library holdings.

Corporate Support Offices

Standing Committees

Under the FDIC's bylaws, the Board of Directors can establish standing or special committees and assign functions and duties to them. In 1987, the Board abolished or restructured the existing committees, established new ones, and specified their membership, functions and duties, and procedures. The FDIC's committees are: Committee on Management; Bank Supervision Review Committee; Committee on Liquidations, Loans and Purchases of Assets; Audit Committee; and Electronic Data Processing Steering Committee.

The standing committees meet regularly and either review and submit recommendations to the Board of Directors on matters over which the Board has retained exclusive authority, or take final action on matters — relating mainly to the FDIC's liquidation and receivership activities — under authority delegated by the Board of Directors. They submit reports to the Board of Directors when requested to do so.

During 1987, the Board of Directors streamlined the FDIC's operations by delegating many routine decisions to the directors and other top officials of the four divisions. Many of these matters were formerly acted upon by the Board of Review, which was abolished in 1987, or the Committee on Liquidations, Loans and Purchases of Assets. By shifting some of the decision making, the Board can devote more time to major policy considerations, while routine items can be processed more quickly.

Office of the Executive Secretary

Acting as the corporate secretary for the FDIC, the Office of the Executive Secretary (OES) gives public notice of meetings of the Board of Directors, records all votes and minutes of the meetings and maintains corporate records. OES also acts as corporate secretary for certain standing committees. In 1987, OES performed those functions for 76 Board meetings and 130 committee meetings.

OES also maintains an index to official actions taken by the Board of Directors and by committees and officers of the FDIC exercising authority delegated by the Board of Directors. The index has been automated since 1984 and eventually will reference all Board minutes and delegated authority actions since the FDIC was established in 1933.

In its extensive role in processing administrative enforcement actions, OES reviews documents, prepares transmittal correspondence, establishes and maintains docket files and responds to inquiries about the status of administrative actions. A computerized tracking system for these cases began operating in 1987.

OES also ensures FDIC compliance with the Freedom of Information Act (FOIA) and the Privacy Act of 1974. In 1987, the FDIC received 925 requests under the Freedom of Information Act, compared to 800 in 1986. A computerized tracking system for FOIA requests began operating in 1987. Also in 1987, OES began a comprehensive review of its Privacy Act systems of records.

OES also performs all editorial work on the FDIC loose-leaf reference service, which contains the Federal Deposit Insurance Act, FDIC rules and regulations, and related statutes and regulations of interest to the banking community. Supplements to the service are distributed six times each year to insured banks, FDIC employees, congressional committees, federal and state agencies and private subscribers.

As the FDIC's ethics counselor, OES manages the FDIC's ethics program. Through a network of 90 deputy ethics counselors, the OES Ethics Unit reviews approximately 6,000 financial disclosure reports and confidential statements of employment and financial interests filed by FDIC employees. The Ethics Unit also develops and conducts training programs on standards of conduct and related ethics matters. During 1987, over 2,000 FDIC employees participated in these programs. An orientation videotape developed in 1987 introduces new employees to the laws and regulations that govern employee conduct and conflicts of interest. The videotape will be shown to all new employees and will be made available to all FDIC offices during 1988. It also will be made available to other interested government agencies. Also during 1987, the FDIC Ethics Unit began a major revision of the FDIC's regulations governing employee responsibilities and conduct.

The Office of the Executive Secretary also coordinates the FDIC's compliance with the Paperwork Reduction Act of 1980. In 1987, the FDIC imposed a paperwork burden of 36,178 hours on the banks it supervises, but reduced the burden of its other information collections by 16,630 hours, resulting in a net increase of 19,548 hours. The increase is primarily attributable to a new rule requiring banks to establish and maintain procedures relating to compliance with the Bank Secrecy Act, which was amended on October 27, 1986, by the Anti-Drug Abuse Act of 1986.

Office of Corporate Communications

As the FDIC's liaison with the public and the press, the Office of Corporate Communications (OCC) notified the public and provided follow-up information concerning the 184 failures and nine assistance transactions (involving 19 banks) that occurred in 1987.

To ensure prompt notification of the public, the OCC contacts national and local news media as soon as a bank failure or assistance transaction takes place. In response to inquiries from the press and bank customers, the OCC explains how failed banks are handled and reassures customers, emphasizing that each depositor is insured up to $100,000 and can gain prompt access to insured funds on deposit regardless of the method used by the FDIC to handle the failure.

The OCC also responds to a constant flow of general information inquiries from the public on topics such as the condition of the U.S. banking system, FDIC history, regulatory policies and industry statistics. On significant developments, including bank failures, the FDIC communicates with the media through press releases, which are prepared and distributed by OCC. When the FDIC needs to notify banks of important developments, such as changes to rules or regulations, it communicates by means of a Bank Letter, also prepared and distributed by the OCC. The OCC also maintains subscriber lists and handles distribution for all FDIC publications and the loose-leaf service covering the Corporation's rules and regulations.

To promote understanding of the FDIC's role in the banking system, the OCC interacts with industry groups such as state bankers' associations, arranging meetings and providing speakers to foster exchanges of information and explanations of the FDIC's policies and procedures. Toward the same end, the OCC arranges the Chairman's participation in meetings with the press, and OCC staff appear in person at some bank failure sites to respond to press and customer inquiries.

With the goal of improving the delivery of information about the FDIC, the OCC conducts media training sessions for FDIC officials and arranges seminars for media representatives to improve their understanding of the FDIC's policies and procedures.

Office of Legislative Affairs

The Office of Legislative Affairs (OLA) serves as the FDIC's congressional liaison, advises the Board of Directors on legislative issues, coordinates the drafting of proposed legislation, prepares testimony and responds to congressional inquiries on legislative and other matters.

In 1987, OLA responded to over 3,000 pieces of written correspondence, most from congressional offices. OLA coordinates answers with other FDIC divisions before providing timely replies. Telephone inquiries, which often require similar coordination, were usually answered within one day.

The Competitive Equality Banking Act (CEBA) signed into law on August 10, 1987, provided the FDIC with two important tools for handling failed banks: the authority to sell failed and failing banks and bank holding companies interstate through reinstatement and expansion of the lapsed emergency acquisition provisions of the Garn-St Germain Depository Institutions Act of 1982; and bridge bank authority, which permits the FDIC to run a failed bank for up to three years while seeking a buyer for the institution. CEBA also exempted the FDIC from certain provisions of the Gramm-Rudman-Hollings Act and the Anti-Deficiency Act. These exemptions reserve budget decisions to the FDIC's Board of Directors.

In the upcoming year, OLA will attempt to secure enactment of legislation dealing with:

— *Financial industry reform*. At year-end, several bills were under consideration in Congress. OLA is working to promote favorable legislation in this area by providing testimony and through congressional staff discussions.

— *Strengthened enforcement*. Congress is considering a legislative package, developed jointly with the other financial regulatory agencies, that enhances enforcement powers and provides greater flexibility in conducting bank supervision.

— *Tax matters*. Several tax problems have developed for the FDIC related to the handling of purchase and assumption and open bank assistance transactions and the filing of tax returns in closed bank receiverships. Discussions aimed at developing legislation to remedy these difficulties are under way.

Office of Research and Strategic Planning

At the request of Chairman Seidman, the Office of Research and Strategic Planning (ORSP) undertook an in-depth study relating to the need for major reform of the banking system. The Chairman's request was prompted by the concern that the rapidly changing financial environment, combined with existing restrictions on banking activities, had resulted in the inability of banks to remain competitive in the U.S. financial system.

The study, entitled *Mandate for Change: Restructuring the Banking Industry*, examined the available alternatives for improving the viability of the banking industry: Maintain strict regulatory constraints, but allow banks to offer a wider variety of products; or remove the constraints, and allow banks to compete in markets that, in the individual judgment of management, make good business sense. The study concluded that removal of constraints is appropriate, provided banking entities can be insulated from risks associated with nonbank affiliates.

The major finding of the study was that insulation can be achieved, with only minor changes to existing rules pertaining to the operations of banks. Systemic risks to the banking industry and potential losses to the FDIC will *not* be increased if activity restrictions and regulatory authority over bank affiliates are abolished. The study recommended that the Glass-Steagall restrictions on affiliations between commercial and investment banking firms be eliminated, and the current restrictions of the Bank Holding Company Act on affiliations between banking and nonbanking firms be phased out.

Other studies conducted by ORSP during 1987 dealt with off-balance-sheet obligations, interstate banking, and risk-based capital requirements for banks. In 1987, ORSP also continued to track bank earnings and the causes of earnings deterioration, noting that weaknesses have been more pronounced in the western half of the nation as profitability has been impaired by asset-quality problems. Many of ORSP's analyses are reported in *Regulatory Review and Banking and Economic Review*. Beginning in 1988, these two publications will be merged and published quarterly.

In 1987, ORSP began compiling a new quarterly statistical publication, the *Quarterly Banking Profile*. This publication contains aggregate condition and income data for all FDIC-insured commercial banks as well as a brief discussion and graphical presentation highlighting significant developments and trends in the banking industry. Published within 75 days of the end of the reporting period, the *Quarterly Banking Profile* is the earliest official release of industry-wide aggregate banking data.

Office of Budget and Planning

The Office of Budget and Planning (OBP) coordinates and oversees the FDIC's annual budget process. Using general guidance from senior management, and specific instructions from OBP, each FDIC office and division prepares its own budget and submits it to OBP for analysis. After formal review of the individual submissions, OBP combines all requests into a unified FDIC budget that is presented to the Board of Directors for approval.

Because of the increase in failed banks over the past several years, and the associated liquidation activities, in 1987 some of the FDIC's regional offices were expanded and consolidated offices were restructured. These revisions raised the number of budget submissions over the last five years from about 45 to about 180.

The FDIC's 1988 budget (collected in 1987) emphasized three concepts: program budgeting, productivity/workload measurement and capital expenditure analysis. OBP plans to continuously monitor actual expenses against budget estimates and provide senior management with periodic reports on significant variances and emerging trends.

Program budgeting. For the first time, all FDIC budgeted funds were allocated to 16 FDIC programs in four major categories: Corporate and General Administrative, Regulation, Supervision and Liquidation. Because these programs frequently cut across division and expense lines, program budgeting will provide a high-level functional perspective on the FDIC's activities.

Productivity/workload measurement. The FDIC's 1988 budget reflected in detail productivity/workload statistics and goals of the FDIC's divisions and offices. The achievement of these productivity objectives will form an important part of the new Quarterly Corporation Report for senior management, slated to be developed by the Office of Budget and Planning.

Capital expenditure analysis. As part of an ongoing analysis, in 1987 OBP set plans to track outlays for general office equipment, computers and major building renovations. The 1988 budget package, distributed in 1987, included special forms for isolating and reporting on these expenses. In addition to its budgeting role, OBP increasingly served as an information source for other offices and senior management in 1987 because of its access to, and continuous involvement with, FDIC financial and staffing data.

Office of Corporate Audits and Internal Investigations

The operations of the Office of Corporate Audits and Internal Investigations (OCAII), which is the FDIC's professional internal auditor, serve to safeguard the FDIC's assets, perform a managerial control function for the Board of Directors and eliminate waste, fraud and inefficiency.

OCAII recommends improvement of fiscal and operational controls and provides audit reports to the Board and management. OCAII also coordinates its work with the U.S. General Accounting Office (GAO) and provides consultation to the GAO in the conduct of its oversight activities.

In 1987, OCAII had audit and investigative responsibility for over $33 billion of FDIC assets, comprising over $22 billion in the insurance fund and about $11 billion in assets of liquidation sites, and for the activities of over 9,000 FDIC employees. In 1987, audit reports were issued regarding 112 receiverships, offices and corporate functions.

A major OCAII initiative completed in 1987 combined the audit activity formerly performed at many liquidation sites with the audits of Consolidated Liquidation Offices. The Combined Audit of Liquidation Site and Consolidated Office Program (CALSCO) resulted in significant savings in audit resources. In addition to CALSCO, OCAII established field offices in Knoxville, Tennessee, Kansas City, Missouri, and Costa Mesa, California, in response to audit requirements associated with liquidation activities in those areas. These and other productivity initiatives permitted OCAII to expand audit coverage while reducing fees for supplemental audit services 25 percent from 1986 levels. At the same time, OCAII reduced budgeted expenditures by 20 percent. OCAII plans to reduce fees for supplemental audit services by an additional 22 percent in 1988.

Office of Consumer Affairs

In recognition of the growing importance of consumer issues in banking, the Office of Consumer Affairs (OCA) was established as an independent office in December 1986. Previously, it was part of the Division of Bank Supervision.

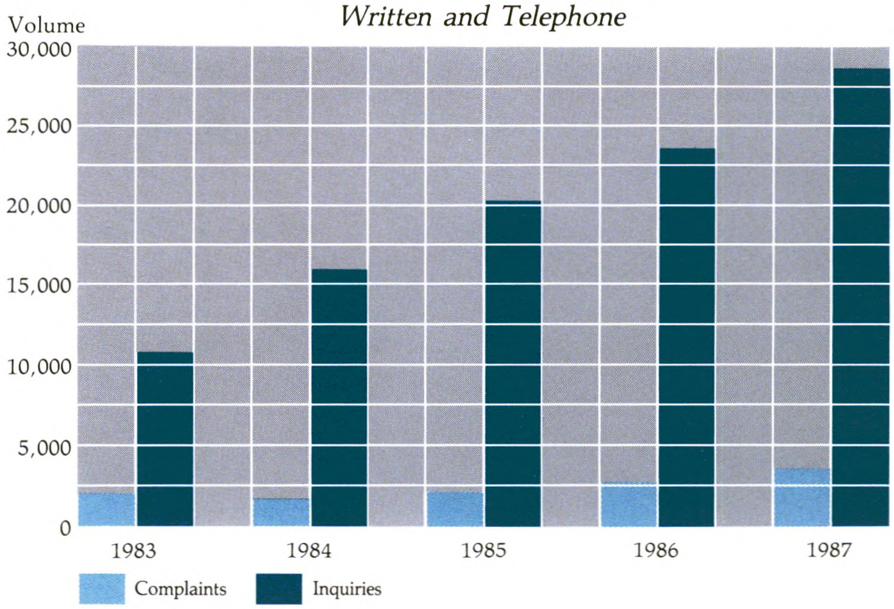
A primary function of OCA is to take appropriate action on consumer complaints about alleged unfair or deceptive bank practices. OCA also responds to inquiries from bank customers and others. During 1987, OCA received 8,613 calls on its toll-free telephone "hotline" (1-800-424-5488), 80.3 percent of which pertained to deposit insurance coverage. The FDIC's regional offices received 20,458 telephone inquiries. OCA received 3,705 complaints and 28,899 inquiries in 1987, an increase of 31.2 percent in complaints and 22 percent in inquiries over 1986.

As a new responsibility in 1987, OCA began evaluating the adequacy of the FDIC's compliance examination program. The Office also proposed an amendment to Part 338 (Fair Housing) of the FDIC's rules and regulations, which relates to limiting the definition of a home loan.

In March 1987, OCA sponsored a one-day consumer/community group meeting, where Chairman Seidman, Director Hope and senior staff met with representatives of consumer groups, including the National Association of Development Organizations, the University of Wisconsin Center of Consumer Affairs, the American Association of Retired Persons, National Association of Women Business Owners, Consumer Federation of America, and the Association of Community Organizations for Reform Now (ACORN). Some of the topics discussed were basic banking services, the Home Mortgage Disclosure Act and the Community Reinvestment Act.

Complaints and Inquiries, 1983-1987

Written and Telephone



1987 FDIC AWARD WINNERS: (From left) Pat Hammeke, DACS, Washington, D.C., winner of the Nancy K. Rector Award, with daughter Casey; Mrs. Hammeke with son Brendan; Chairman Seidman; Agnes M. Knight, DOL, Atlanta, winner of the Chairman's Award; Mrs. Knight's daughter, Lyneil B. Flowers; Mrs. Bernie Dougherty; and Bernie Dougherty, DBS, Kansas City, winner of the Edward J. Roddy Award. Mr. Dougherty retired from the FDIC in December 1987.

Office of Personnel Management

The FDIC's Office of Personnel Management (OPM) conducted an active recruitment program in 1987, particularly for Bank Examiner (Trainee) positions, and completed the conversion of payroll and personnel records to an automated system, shifting the maintenance of these records to the U.S. Department of Agriculture's National Finance Center, which handles payroll and records for many federal government agencies. The conversion is expected to result in a savings of about $1 million over a five-year period.

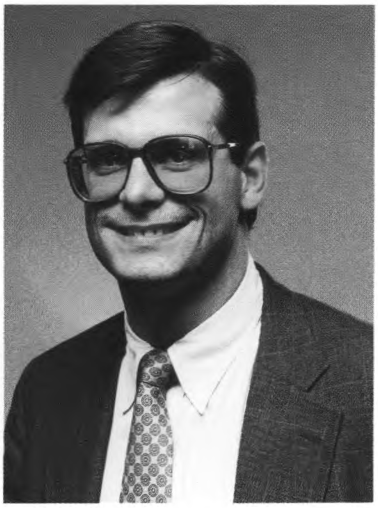
OPM processed over 3,500 Bank Examiner (Trainee) employment applications, from which the Division of Bank Supervision selected over 400 new hires. Most of those chosen graduated from college with a grade point average of 3.4 or better.

Training of FDIC employees increased in 1987 along with an overall rise in the Corporation's work force. Individual training authorizations during 1987 totaled more than 2,650. OPM conducted 126 on-site training sessions in regional and liquidation offices around the country in 1987; that number is expected to double in the coming year. OPM also administers an Executive Development Program, including an Executive Leadership and Management Seminar, and a two-week residential program for senior level staff, which will be offered for the first time in 1988.

OPM's Employee Relations Branch also experienced a significant increase in its activities consistent with a higher number of employees in 1987. Along with its responsibilities for labor/management relations, benefits and related activities, OPM coordinates the nomination and selection of outstanding employees for the FDIC's annual awards. In 1987, Agnes M. Knight, Bank Liquidation Specialist, DOL, Atlanta, won the Chairman's Award, which is presented to a non-examiner employee who has demonstrated devotion to duty, integrity and professional expertise; the Edward J. Roddy Award, which recognizes the exceptional career examiner who exhibits integrity, imagination and leadership, was presented to Francis B. (Bernie) Dougherty, Supervisor, Urbandale, Iowa, Field Office; and Theodore P. (Pat) Hammeke, Chief, Banking Applications Section, Management

Information Services Branch, was selected for the Nancy K. Rector Award, presented to an employee who expands opportunities for personal or professional growth in others. Each winner received a cash award and a gift.

Each year the FDIC presents an award to an outstanding handicapped employee. In 1987, the winner was James W. Meisser, a bank examiner in the FDIC's Chicago Regional Office. Although born with a profound hearing loss, Mr. Meisser, relying solely on lipreading to comprehend the speech of other people, gives freely of his time to help other handicapped individuals.



James W. Meisser, FDIC's outstanding handicapped employee of 1987, received his award from Chairman Seidman in March after a snowstorm in Chicago kept him from the December award ceremonies.

The FDIC's Health Unit, which maintains medical facilities for the health and safety needs of Washington employees, offered programs to employees in 1987 such as high blood pressure screening, bloodmobile, cholesterol education, back injury and flu shots. The unit also provided individual and referral assistance for substance abuse as well as on a counseling relating to mental health.

NUMBER OF OFFICIALS AND EMPLOYEES OF THE FDIC, December 31, 1987 and 1986

	TOTAL		Washington Office		Regional & Field Offices	
	1987	1986	1987	1986	1987	1986
Executive Offices*	90	55	90	55	0	0
Division of Bank Supervision	2521	2299	149	160	2372	2139
Division of Liquidation**	4400	4586	43	44	4357	4542
Legal Division	880	729	155	132	725	597
Division of Accounting & Corporate Services	1017	969	520	532	497	437
Office of Research & Strategic Planning	27	27	27	27	0	0
Office of Corporate Audits & Internal Affairs	58	55	46	55	12	0
Office of Personnel & Management	89	84	89	84	0	0
Office of Equal Employment Opportunity	16	13	16	13	0	0
TOTAL	9098	8817	1129	1102	7963	7715

* Executive Offices include the Offices of the Executive Secretary, Corporate Communications, Legislative Affairs, Budget and Planning and Consumer Affairs.

** Division of Liquidation totals include temporary employees, most of whom were employed by failed banks and assigned to field liquidations.

Office of Equal Employment Opportunity

The Office of Equal Employment Opportunity (OEEO), which manages the FDIC's affirmative action programs for women, minorities, handicapped individuals and disabled veterans, initiated many awareness and special interest programs in 1987, such as National Afro-American History Month, National Asian American/Pacific Islander Heritage Week, Hispanic Heritage Week, American Indian Week and National Employ the Handicapped Week.

To increase awareness of the FDIC's mission and employment opportunities, OEEO participated in workshops and job fairs at conferences, universities and high schools. The Office also maintained working relationships with local and national women, minority, handicap and veterans organizations, and sent copies of vacancy announcements to special emphasis organizations on a regular basis.

Efforts to help handicapped individuals in 1987 included purchasing wheelchairs, providing special equipment for hearing and visually impaired employees and modifying facilities in the headquarters and field office buildings to accommodate special needs.

To increase diversity in the FDIC's work force, OEEO managed the Community Outreach Program, employing six high school students. Under the FDIC's agreement with the United South and Eastern Tribes, Inc., of Nashville, four Native Americans were hired under the Job Training Partnership Act, a federal grant program. OEEO also works with the Veterans Administration to employ disabled veterans. Under the Veterans Readjustment Act, two individuals were trained; one was subsequently hired.

The Office of EEO also administers discrimination complaint procedures involving FDIC employees. In 1987, there were 102 incidents of precomplaint counseling compared to 90 in 1986. Total discrimination complaint investigations during the year amounted to 27, compared to 25 the previous year. Increases are attributable to the growth in the FDIC's work force.

OEEO developed and made available to employees three brochures in 1987: *Recognizing and Handling Sexual Harrassment in the Work Place; Your Application for Federal Employment -- Standard Form 171* (available in large print for the visually impaired and on a cassette tape for the blind); and *Technical Application Guide for Employment of Disabled Veterans and Handicapped Individuals.*

Legislation and Regulations

Legislation Enacted in 1987

The Competitive Equality Banking Act of 1987

On August 10, 1987, the President signed into law the Competitive Equality Banking Act of 1987 (CEBA). The new legislation contains several provisions that are particularly significant for the FDIC and state nonmember banks.

Financial Institutions Emergency Acquisitions. The Federal Deposit Insurance Act is amended to permit: (1) out-of-state holding companies to acquire qualified stock institutions, as well as mutual savings banks, before they fail if they have assets of $500 million or more; (2) a holding company to be sold, in whole or in part, to an out-of-state holding company if the in-state holding company has a bank or banks with aggregate banking assets of $500 million or more "in danger of closing" and the bank or banks represent 33 percent or more of the holding company's banking assets; and (3) an out-of-state holding company expansion rights in the state of acquisition through the bank holding company structure. This section also prevents regional compact restrictions from applying to a holding company that makes an acquisition under the emergency authority. The concurrence of the state bank supervisor of the failing bank is required before the interstate acquisition provisions may be used.

Bridge Banks. CEBA permits the FDIC to establish a bridge bank to assume the deposits and liabilities and purchase the assets of a failed bank if:

- The cost of establishing a bridge bank does not exceed the cost of a liquidation;
- The continued operation of the failed bank is essential to provide adequate banking services in the bank's community; or,
- The continued operation of the failed bank is in the best interest of the depositors and the public.

The bridge bank must be a separately chartered national bank and it must be operated by a five-member board of directors appointed by the FDIC. The chairman of the bridge bank's board serves as its chief executive officer. The bridge bank may operate for up to three years while the FDIC seeks a purchaser.

Gramm-Rudman-Hollings Act and the Anti-Deficiency Act. The FDIC and other financial institution regulatory agencies are exempt from the apportionment provisions of the Anti-Deficiency Act and the sequestration provisions of the Gramm-Rudman-Hollings Act.

Loan Loss Amortization for Agricultural Banks. Agricultural banks may, under certain circumstances, write down their losses on agricultural loans over seven years rather than deduct the amount of loss from capital as soon as the loss is recognized. Agricultural banks are defined as banks in economic areas dependent on agriculture, with assets of $100 million or less, which have at least 25 percent of their loans in agricultural loans.

Nonbank Banks. "Nonbank banks" are prohibited by requiring companies which acquired a nonbank bank after March 5, 1987, to comply with the Bank Holding Company Act or divest their bank subsidiary. Existing nonbank banks are grandfathered with some restrictions: after a year they must limit their asset growth to 7 percent annually; they cannot begin any new activities; and, they are subject to certain cross-marketing prohibitions.

Recapitalization of the Federal Savings and Loan Insurance Corporation (FSLIC). This section authorized a newly established financing corporation funded by the Federal Home Loan Banks to raise $10.8 billion for the FSLIC by selling bonds in the capital markets. FSLIC is limited to spending up to $3.75 billion per year in conjunction with failed thrift institutions. The financing corporation is given authority to levy assessments against insured savings and loan institutions. Among other things, the section imposed a one-year moratorium from the date of enactment during which no insured institution may voluntarily leave the FSLIC. A grandfather provision exempted institutions that had converted into or merged with an FDIC-insured institution, or entered into a letter of intent or memorandum of understanding to do so, before March 31, 1987.

Moratorium on Certain Nonbanking Activities. A moratorium was imposed on insured banks with respect to certain securities, insurance and real estate activities. The moratorium, retroactive to March 6, 1987, ended on March 1, 1988.

Interlocking Directors and Affiliations. Provisions of the Glass-Steagall Act that prohibit affiliations and interlocking directors, officers and employees between banks and securities firms were extended to FDIC-insured nonmember banks (and thrift institutions) until March 1, 1988.

Other provisions of CEBA require the FDIC to consider and minimize the adverse economic impact of a liquidation on the local community and require institutions offering adjustable rate mortgages to include a maximum interest rate that may apply during the term of the loan.

Rules and Regulations Adopted in 1987

African Development Bank (September 10, 1987).

The FDIC amended its regulations governing FDIC-insured United States branches of foreign banks to permit those branches to pledge obligations of the African Development Bank as collateral to meet FDIC insurance requirements. In the event the FDIC is required to pay the insured deposits of an insured United States branch of a foreign bank, the pledged assets would become the property of the FDIC to be used to the extent necessary to protect the FDIC's deposit insurance fund.

Amortization of Agricultural Loan Losses (November 9, 1987).

The FDIC adopted an interim rule which establishes eligibility requirements and application procedures for banks in distressed agricultural regions of the country that are interested in amortizing farm loan losses. The FDIC's interim regulation is essentially the same as interim regulations adopted by the Office of the Comptroller of the Currency and the Federal Reserve Board. The new seven-year farm loan loss amortization program was mandated by Congress in the Competitive Equality Banking Act (CEBA).

Title VIII of CEBA permits agricultural banks to amortize (1) losses on qualified agricultural loans and (2) losses resulting from a reappraisal of other related assets. Losses must have been incurred between December 31, 1983 and January 1, 1992, and must not have involved fraud or criminal abuse on the part of the bank's officers, directors or principal shareholders. Banks must request to participate in the amortization plan and must meet the following eligibility criteria:

- The institution must qualify as an agricultural bank, i.e., it must be located in an area where the economy depends on agriculture, have $100 million or less in total assets and have at least 25 percent of its total loans in qualified agricultural loans;
- The institution's capital must need replenishing, but the institution must nonetheless be economically viable and fundamentally sound;
- There must be no evidence that fraud or criminal abuse led to significant losses on qualified agricultural loans and related assets; and
- A plan to restore capital to an acceptable level must have been approved by the FDIC. The FDIC is seeking public comments prior to adopting a final regulation. Comments were to be received on or before January 8, 1988. Unless superseded, the interim rule will expire on June 30, 1988.

Annual Disclosure Statements (February 1, 1988).

The Board of Directors adopted a new Part 350 to the FDIC's rules and regulations requiring FDIC-insured state-chartered banks that are not members of the Federal Reserve System and FDIC-insured, state-licensed branches of foreign banks to prepare, and make available on request, annual disclosure statements consisting of (1) required financial data comparable to specified schedules in call reports filed for the previous two year-ends, (2) specific information that the FDIC may require of particular organizations, and (3) other optional information. The first annual disclosure statement required by Part 350 is for year-end 1987, to be prepared by March 31, 1988, or the fifth day after an organization's annual report covering the year 1987 is sent to shareholders, whichever occurs first. In place of call report data, a bank may use audited financial statements or reports prepared pursuant to other regulations by the bank or a parent one-bank holding company.

The Bank Secrecy Act (January 27, 1987).

The five federal bank regulatory agencies issued a rule requiring banks to establish and maintain procedures to assure and monitor compliance with the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury.

Capital Requirements (December 2, 1987).

The FDIC amended its capital regulations to (1) clarify and revise certain definitions, (2) reserve the authority of the FDIC with respect to the definitions of "primary capital" and "secondary capital," (3) specify that the terms and conditions to which capital instruments are subject must be consistent with safe and sound banking practices, and (4) limit, on the basis of insurance status, the circumstances in which the FDIC will not approve a proposed merger transaction when the resulting entity will not meet the FDIC's minimum capital requirement. These amendments will benefit both the FDIC and insured banks by providing the FDIC with greater flexibility in administering its capital regulation.

Foreign Bank Branches - Loan Limits. (December 17, 1987).

Section 346.23 of the FDIC's Rules and Regulations specifies that exposure in loans to entities or individuals outside the United States by insured branches of foreign banks operating as such on November 19, 1984, must be within prescribed limits by January 22, 1988. The Board of Directors extended the time for compliance with these limits until June 14, 1988.

The Freedom of Information Reform Act of 1986 (July 27, 1987).

The FDIC amended its regulations to implement the provisions of the Freedom of Information Reform Act of 1986, and the Uniform Freedom of Information Act Fee Schedule and Guidelines adopted by the Office of Management and Budget.

The Privacy Act of 1974 (September 9, 1987).

The FDIC amended its regulations implementing the Privacy Act of 1974 so that appeals of adverse agency determinations on requests for access to or amendment of records will be considered by the FDIC's General Counsel (or designee). In addition, the FDIC removed its "Legal Compliance and Enforcement Records" system from the list of systems of records exempt by regulation from certain provisions of the Privacy Act because the system itself had become obsolete.

Redelegation of Authority (September 21, 1987).

The FDIC amended its regulations (12 CFR Parts 303 and 308) to redelegate authority to act on applications and administrative enforcement matters formerly exercised by the Board of Review to officials in the FDIC's Division of Bank Supervision. The amendments also delegate additional authority to act on certain applications and administrative enforcement matters to officials within the Division of Bank Supervision.

Reporting Brokered and Insured Deposits (January 30, 1988).

The FDIC changed from monthly to quarterly the frequency each FDIC-insured bank with combined fully-insured brokered deposits and fully-insured deposits placed directly by depository institutions in excess of either the bank's total capital and reserves or five percent of the bank's total deposits must report their holdings of such deposits to the FDIC. The purpose of this reporting requirement is to provide the FDIC with timely information on each FDIC-insured bank's involvement with insured brokered deposits and insured deposits of depository institutions.

Securities Activities of Subsidiaries and Affiliates (December 14, 1987).

The FDIC amended its regulation governing the securities activities of certain subsidiaries of insured nonmember banks and the affiliate relationships of insured nonmember banks with certain securities companies. The amendments: (1) delete the requirement that the offices of securities subsidiaries and affiliates must not be accessible through an entrance common to the bank and the subsidiary or affiliate (the existing requirement for physically separate offices is retained); (2) delete the prohibition against securities subsidiaries and affiliates sharing a common name or logo with the bank, and (3) establish a number of affirmative disclosure requirements to the effect that such securities recommended, offered or sold by or through a securities subsidiary or affiliate are not FDIC-insured deposits unless otherwise indicated and that such securities are not obligations of, nor are they guaranteed by the bank.

Securities Transfer Agents (January 12, 1987).

The FDIC amended its regulations concerning the registration requirement of securities transfer agents. The change requires that a bank, acting as a transfer agent for covered securities, must file an updated amendment on Form TA-1 when any information contained in the form becomes inaccurate, misleading or incomplete. This amendment will conform the regulation with the instructions on Form TA-1 and with parallel regulations of the Federal Reserve Board, the Securities and Exchange Commission and the Comptroller of the Currency.

Proposed Rules and Regulations

Fair Housing.

The FDIC has proposed amending its fair housing regulation, 12 CFR Part 338, which applies to insured state nonmember banks. The proposed amendment would eliminate home equity loans, as well as home improvement, maintenance and repair loans from the data-gathering requirement. Accordingly, the data-gathering requirement would apply only to home purchase, construction and refinancing loans. The FDIC believes the proposed amendment would reduce the paperwork burden on the banking industry without impairing enforcement of fair housing lending laws.

Rules and Regulations Withdrawn

Real Estate Activities.

The FDIC withdrew a proposed amendment to Part 332 of its regulations which would have, among other things, prohibited insured banks, subject to certain exceptions, from directly engaging in real estate development activities or insurance underwriting activities and would have established certain restrictions on the indirect conduct of such activities. Based on the amount of time that had passed since the proposal was published for comment (June 1985) and the lack of substantial evidence regarding the degree of risk to the insurance fund, the Board of Directors determined to withdraw the proposal to provide time to reevaluate whether a broad-based regulation for real estate investment is necessary.

Federal Deposit Insurance Corporation
Financial Statements
December 31, 1987

Statements of Financial Position

Assets *(In thousands)*	December 31, 1987	1986
Cash	$ 18,499	$ 42,477
Investment in U.S. Treasury Obligations, Net (Note 2)	16,098,874	16,602,959
Accrued Interest Receivable on Investments and Other Assets	464,292	503,557
Certificates, Notes and Other Receivables from Insured Banks (Note 3)	557,638	735,390
Net Receivables from Assistance to an Insured Bank (Note 4)	1,664,515	1,854,691
Net Receivables from Failures of Insured Banks (Note 5)	3,549,268	2,617,542
Property and Buildings (Note 6)	73,438	51,010
Total Assets	**$ 22,426,524**	**$ 22,407,626**

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of these statements.

Liabilities and the Deposit Insurance Fund *(In thousands)*	December 31, 1987	1986
Accounts Payable, Accrued Liabilities and Other	$ 1,296,488	$ 266,708
Liabilities Incurred in Assistance to Insured Banks (Note 7)	2,623,472	3,034,108
Liabilities Incurred from Failures of Insured Banks (Note 8)	204,122	847,242
Estimated Losses from Corporation Litigation (Note 9)	600	6,251
Total Liabilities	**4,124,682**	**4,154,309**
Deposit Insurance Fund	18,301,842	18,253,317
Total Liabilities and the Deposit Insurance Fund	**$ 22,426,524**	**$ 22,407,626**

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of these statements.

Statements of Income and the Deposit Insurance Fund

(In thousands)	For the year ended December 31, 1987	1986
Income:		
Gross assessments earned	$ 1,697,208	$ 1,587,375
Provision for assessment credits (Note 13)	1,250	70,473
Net assessments earned	**1,695,958**	**1,516,902**
Interest on U.S. Treasury obligations	1,534,937	1,634,415
Other income	84,922	108,796
Total Income	**3,315,817**	**3,260,113**
Expenses and Losses:		
Administrative operating expenses	202,381	180,267
Merger assistance losses and expenses (Note 10)	20,256	(86,043)
Provision for insurance losses (Notes 3, 4, 5, and 11)	2,996,923	2,827,712
Nonrecoverable insurance expenses (Note 12)	47,732	41,850
Total Expenses and Losses	**3,267,292**	**2,963,786**
Net Income	**48,525**	**296,327**
Deposit Insurance Fund—January 1	**18,253,317**	**17,956,990**
Deposit Insurance Fund—December 31	**$18,301,842**	**$18,253,317**

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of these statements.

Statements of Changes in Financial Position

(In thousands)	For the year ended December 31, 1987	1986
Financial resources were provided from:		
Operations:		
Net Income	$ 48,525	$ 296,327
Add (deduct) items not involving cash in the period:		
Amortization of U.S. Treasury obligations	111,188	125,640
Depreciation on buildings	1,388	1,285
Income maintenance agreement adjustments	0	(83,700)
Amortization of merger assistance agreements	14,478	22,108
Provision for insurance losses	2,996,923	2,827,712
Resources provided from operations	**3,172,502**	**3,189,372**
Other resources provided from:		
Maturity and sale of U.S. Treasury obligations	9,450,194	3,196,626
Collections on certificates, notes and other receivables	180,955	98,217
Collections on receivables from assistance to an insured bank	465,218	668,323
Collections on receivables from failures of insured banks	2,563,635	1,799,101
Liabilities incurred from failures of insured banks	821,534	753,270
Decrease (increase) in cash	23,978	(19,291)
Total financial resources provided	**$16,678,016**	**$9,685,618**
Financial resources were applied to:		
Purchase of U.S. Treasury obligations	$ 9,057,297	$4,083,356
Acquisition of certificates, notes and other receivables	2,000	217,665
Increased receivables from assistance to an insured bank	224,048	160,018
Increased receivables from failures of insured banks	5,318,732	4,417,735
Additions to property and buildings	23,816	5,131
Payments on liabilities incurred in assistance to insured banks	410,636	408,644
Payments on liabilities incurred from failures of insured banks	1,474,495	430,968
Disbursements for Corporation litigation	0	1,997
Other increases (decreases)	166,992	(39,896)
Total financial resources applied	**$ 16,678,016**	**$9,685,618**

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of these statements.

Notes to Financial Statements

December 31, 1987 and 1986

1. Summary of Significant Accounting Policies:

General. These statements do not include accountability for assets and liabilities of closed insured banks for which the Corporation acts as receiver or liquidating agent. Periodic and final accountability reports of the Corporation's activities as receiver or liquidating agent are furnished to courts, supervisory authorities, and others as required.

U.S. Treasury Obligations. Securities are shown at amortized cost which is the purchase price of securities less the amortized premium or plus the accreted discount. Such amortizations and accretions are computed on a daily basis from the date of acquisition to the date of maturity. Interest is also calculated on a daily basis and recorded monthly using the constant-yield method.

Deposit Insurance Assessments. The Corporation assesses insured banks at the rate of 1/12 of one percent per year on the bank's average deposit liability less certain exclusions and deductions. Assessments are due in advance for each six-month period and credited to income each month. Based on operational results, the Depository Institutions Deregulation and Monetary Control Act of 1980 authorizes up to 60 percent of the net assessment income to be transferred in the form of an assessment credit to insured banks each July 1 of the following calendar year. Additionally, the Act authorizes the Corporation's Board of Directors to make adjustments to this percentage within certain limits in order to maintain the Deposit Insurance Fund between 1.25 and 1.40 percent of estimated insured deposits. If this ratio falls below 1.10 percent, the Corporation is mandated to reduce the percentage of net assessment income credited to a limit of 50 percent. If this ratio exceeds 1.40 percent, the Corporation is mandated to increase the percentage of net assessment income credited by such an amount as it determines will result in maintaining that ratio at not more than 1.40 percent.

Allowance for Loss. The Corporation records as a receivable the funds advanced for assisting and closing insured banks, and establishes an estimated allowance for loss shortly after the insured bank is assisted or closed. The allowance for loss represents the difference between the funds advanced and the expected repayment, based on the estimated cash recoveries from the assets of the assisted or failed bank, net of all liquidation costs. The Corporation does not record the estimated loss related to future bank failures because such estimates depend upon factors which cannot be assessed until after the bank is actually assisted or closed. The Corporation's entire Deposit Insurance Fund and borrowing authority are available for any assistance or closing activity.

Depreciation. The Washington Office Buildings are depreciated on a straight-line basis over a 50-year estimated life. The San Francisco Condominium Offices are depreciated on a straight-line basis over a 35-year estimated life. The cost of furniture, fixtures, and equipment is expensed at time of acquisition.

Income Maintenance Agreements. The Corporation records its liability under an income maintenance agreement at the present value of each estimated cash outlay at the time the agreement is accepted. Estimated cash outlays are anticipated future payments the Corporation will provide to offset the difference between the assisted bank's annualized cost of funds and the assisted bank's annualized return on the declining volume of earning assets acquired in a merger transaction, plus an amount to cover overhead costs. The charge is recorded to insurance loss. The present value of the liability is then accreted daily and recorded monthly over the term of the agreement. Any differences between the estimated and actual cash outlays are recorded as payment adjustments. The present value of remaining estimated cash outlays is also reviewed and adjusted each year when interest rate changes occurring in the marketplace appear material or permanent in nature. The interest rate used in 1987 and 1986 to discount future outlays was 6.75%. The originally recorded loss, plus or minus any payment and present value adjustments, will then be prorated between insured banks and the Deposit Insurance Fund as provided in Section 7(d) of the Federal Deposit Insurance Act.

Reclassifications. Reclassifications have been made in the 1986 Financial Statements to conform to the presentation used in 1987.

2. U.S. Treasury Obligations:

All cash received by the Corporation not used to defray operating expenses or for outlays related to assistance to banks and liquidation activities is invested in U.S. Treasury securities. The Corporation's investment portfolio consists of the following (in thousands):

		December 31, 1987			
Maturity	Description	Yield to Maturity at Market	Book Value	Market Value	Face Value
One Day	Special Treasury Certificates	6.60	$ 1,306,443	$ 1,306,443	$ 1,306,443
Less than 1 year	U.S.T. Bills, Notes and Bonds	6.78	3,394,085	3,442,391	3,390,000
1-3 years	U.S.T. Notes and Bonds	7.81	5,158,332	5,355,063	5,080,000
3-5 years	U.S.T. Notes and Bonds	8.29	4,586,418	4,475,610	4,300,000
5-10 years	U.S.T. Notes and Bonds	8.55	1,653,596	1,613,677	1,700,000
			$16,098,874	$16,193,184	$15,776,443

		December 31, 1986			
Maturity	Description	Yield to Maturity at Market	Book Value	Market Value	Face Value
One Day	Special Treasury Certificates	17.28	$ 2,049,700	$ 2,049,700	$ 2,049,700
Less than 1 year	U.S.T. Bills, Notes and Bonds	6.10	3,283,654	3,370,283	3,270,000
1-3 years	U.S.T. Notes and Bonds	6.43	6,162,104	6,610,032	6,070,000
3-5 years	U.S.T. Notes and Bonds	6.82	3,708,325	3,958,918	3,500,000
5-10 years	U.S.T. Notes and Bonds	7.04	1,399,176	1,450,868	1,200,000
			$16,602,959	$17,439,801	$16,089,700

The unamortized premium, net of unaccreted discount, for 1987 and 1986 was $322,431,000 and $513,259,000, respectively. The amortized premium, net of accreted discount, for 1987 and 1986 was $260,778,000 and $199,148,000, respectively.

3. Certificates, Notes and Other Receivables from Insured Banks:

The Corporation's outstanding principal balances on certificates, notes and other receivables from insured banks are as follows (in thousands):

	December 31 1987	December 31 1986
Certificates:		
Net worth certificates	$ 0	$129,809
Allowance for losses	0	(74,503)
	0	55,306
Notes receivable to:		
Assist operating banks	27,000	27,000
Facilitate deposit assumptions	87,600	88,136
Facilitate merger agreements	351,148	401,648
	465,748	516,784
Other receivables:		
Special assistance	206,995	205,105
Allowance for losses	(115,105)	(41,805)
	91,890	163,300
	$557,638	$735,390

The net worth certificate program was established at the Corporation by authorization of the Garn-St Germain Depository Institutions Act of 1982. Under this program, the Corporation would purchase a qualified institution's net worth certificate and, in a non-cash exchange, the Corporation would issue its non-negotiable promissory note of equal value. The total assistance outstanding to qualified institutions as of December 31, 1987 and 1986, is $315,016,000 and $526,094,000, respectively. As of December 31, 1987 and 1986, the financial statements excluded $315,016,000 and $396,285,000, respectively, of net worth certificates, for which no losses are expected because of the non-cash exchange nature of the transactions. The original authority to issue net worth certificates expired October 13, 1986. The Competitive Equality Banking Act of 1987 reinstated the net worth certificate program through October 13, 1991.

4. Net Receivables from Assistance to an Insured Bank:

The Continental Illinois National Bank and Trust Company of Chicago (CINB) assistance program provided by the Corporation, the Federal Reserve Board, the Comptroller of the Currency, and a group of major U.S. banks, received final approval from Continental Illinois Corporation shareholders on September 26, 1984. The key aspects of the assistance program applicable to the Corporation are embodied in an Assistance Agreement and an Implementation Agreement between the Corporation and CINB, Continental Illinois Corporation, and Continental Illinois Holding Corporation. Discussed below are the major aspects of the Corporation's participation in the assistance program.

After consummation of the assistance program on September 26, 1984, CINB transferred to the Corporation $2.0 billion in troubled loans. The Corporation also received a three year $1.5 billion promissory note from CINB which was paid in full on September 26, 1987, by transferring additional troubled loans to the Corporation. The $3.5 billion troubled loan portfolio was, in part, funded by the Corporation's assumption of $3.5 billion of Federal Reserve Bank of Chicago (FRB) indebtedness on behalf of CINB. These borrowings bear interest at specified rates established by the FRB and the U.S. Treasury. The range of rates paid on the debt for 1987 was 5.93% to 7.80%. The Corporation repays these borrowings by making quarterly remittances of its collections, less expenses, on the troubled loans. If there is a shortfall at September 26, 1989, the termination date of the assistance program, the Corporation will make up such deficiency with its own funds.

Net receivables from the Corporation's assistance to CINB are as follows (in thousands):

	December 31	
	1987	1986
Loans and related assets	$2,531,644	$2,322,793
Promissory note	0	459,994
Dividend receivable	9,973	0
Preferred stock	763,750	763,750
Allowance for losses	(1,640,852)	(1,691,846)
	$1,664,515	**$1,854,691**

The Implementation Agreement provides for the Corporation to be reimbursed each quarter for its expenses related to administering the transferred loan portfolio and for interest paid on the FRB indebtedness. According to the terms of the Implementation Agreement, collections are to be applied quarterly in the following manner: 1) to the administrative expenses paid by the Corporation; 2) to the interest owing on the assumed indebtedness; 3) to fund the special reserve account such that this account plus accrued interest thereon is at least $75 million; and 4) to principal owing under the FRB agreement.

Collection proceeds totaled $449,033,000 for the year ended December 31, 1987. The collection proceeds were applied to administrative costs and interest expense of $19,419,000 and $177,489,000, respectively, and to the payment of principal owing under the FRB agreement amounting to $252,125,000. The Corporation estimated an allowance for loss amounting to $1,640,852,000, as of December 31, 1987, representing the difference between the amount the Corporation will pay the FRB and the collections on the loan portfolio after expenses.

The Corporation holds an option to acquire up to 40.3 million shares of Continental Illinois Corporation common stock. The option is exercisable only if the Corporation suffers a loss on the transferred loan portfolio, including unrecovered administrative costs and interest expense, and cannot be exercised prior to the fifth anniversary of the commencement date, September 26, 1989. The shares subject to the option are owned by Continental Illinois Holding Corporation, which is owned by the former stockholders of Continental Illinois Corporation. If a loss occurs, the Corporation will be entitled to retain any remaining transferred loans and to exercise the option for one share of Continental Illinois Corporation common stock for every $20 of loss at the exercise price of $0.00001 per share of common stock.

In addition to the $3.5 billion in troubled loans, the Corporation purchased $1 billion of two non-voting Continental Illinois Corporation preferred stock issues. The Junior Perpetual Convertible Preference Stock amounted to $720 million and the Adjustable Rate Preferred Stock, Class A amounted to $280 million. The Corporation sold 10.5 million shares of the Junior Perpetual Convertible Preference Stock to an underwriting syndicate for proceeds of $259,350,000 in December 1986. Cash dividends received for the year ended December 31, 1987 on the Junior Perpetual Convertible Preference Stock and the Adjustable Rate Preferred Stock, Class A were $6,450,000 and $19,819,000, respectively.

The Junior Perpetual Convertible Preference Stock had a market value at December 31, 1987, of $268,750,000, which was lower than its $483,750,000 cost. The $215 million reduction in carrying value is included in the allowance for losses.

5. Net Receivables from Failures of Insured Banks:

Net receivables from failures of insured banks are as follows (in thousands):

	December 31 1987	December 31 1986
Depositors' claims paid	$ 3,180,629	$1,829,709
Depositors' claims unpaid	18,717	24,269
Assumption transactions in a fiduciary capacity	6,897,625	5,563,758
Assets purchased in a corporate capacity	280,634	568,308
	10,377,605	7,986,044
Allowance for losses	(6,828,337)	(5,368,502)
	$ 3,549,268	**$2,617,542**

An analysis of the changes in the allowance for losses by account groups is a follows (in thousands):

	Depositors' claims paid	Fiduciary capacity	Corporate capacity	Total
1987				
Balance, January 1	$ 975,148	$4,005,253	$388,101	$5,368,502
Provision for insurance losses	659,721	1,072,323	68,610	1,800,654
Write-off at termination	(7)	(4,791)	(336,021)	(340,819)
Balance, December 31	**$1,634,862**	**$5,072,785**	**$120,690**	**$6,828,337**
1986				
Balance, January 1	$465,887	$2,154,103	$388,866	$3,008,856
Provision for insurance losses	509,261	1,851,150	(765)	2,359,646
Write-off at termination	0	0	0	0
Balance, December 31	**$975,148**	**$4,005,253**	**$388,101**	**$5,368,502**

6. Property and Buildings:

Property and buildings consist of (in thousands):

	December 31 1987	December 31 1986
Land	$28,283	$ 4,680
Office buildings	54,281	54,068
Accumulated depreciation	(9,126)	(7,738)
	$73,438	**$51,010**

The Corporation's 1776 F Street property is subject to notes payable totaling $6,131,000 and $6,314,000 at December 31, 1987 and 1986, respectively.

7. Liabilities Incurred in Assistance to Insured Banks:

The Corporation's outstanding principal balances on liabilities incurred in assistance to insured banks are as follows (in thousands):

	December 31 1987	December 31 1986
Federal indebtedness	$2,623,472	$2,904,299
Promissory (exchange) notes	0	129,809
	$2,623,472	**$3,034,108**

Maturities of long-term liabilities for each of the next five years and thereafter are:

1988	1989	1990	1991	1992	1993/Thereafter
$ 0	$2,623,472	$ 0	$ 0	$ 0	$ 0

8. Liabilities Incurred from Failures of Insured Banks:

The Corporation's outstanding principal balances on liabilities incurred from failures of insured banks are as follows (in thousands):

	December 31 1987	December 31 1986
Notes indebtedness	$185,405	$822,973
Depositors' claims unpaid	18,717	24,269
	$204,122	**$847,242**

Maturities of long-term liabilities for each of the next five years and thereafter are:

1988	1989	1990	1991	1992	1993/Thereafter
$60,654	$5,824	$6,647	$7,586	$5,397	$99,297

Depositors' claims unpaid of $18,717 are current in nature and are not considered long-term liabilities.

9. Estimated Losses from Corporation Litigation:

The Corporation is involved in both its receivership and corporate capacity in numerous law suits. The merits of each case and the expected outcome have been evaluated by the Corporation's General Counsel, and, where appropriate, a contingent loss has been established. This estimated loss was $112,700,000 in 1987. Of that amount, $112,100,000 was included in the allowance for losses relating to receivables from assistance to an insured bank and from failed banks. The remaining $600,000 is included on the financial statements as estimated losses from corporation litigation.

10. Merger Assistance Losses and Expenses:

The Corporation's merger assistance losses and expenses represent (1) the original income maintenance agreement losses recorded at present value and any adjustments resulting from interest rate changes occurring in the marketplace and (2) outright assistance to merged insured banks. These amounts were $20 million and $(86) million in 1987 and 1986, respectively.

11. Provision for Insurance Losses:

An analysis of the provision for insurance losses is as follows (in thousands):

	December 31	
	1987	1986
Provision for insurance losses		
Net worth certificates		
Prior year adjustments	$ (74,503)	$ (62,493)
Special assistance		
Current year provision	1,236,952	191,805
Prior year adjustments	73,300	0
Termination adjustments	0	(5,000)
	1,310,252	186,805
Net receivables from assistance to an insured bank		
Prior year adjustments	(50,994)	349,846
Net receivables from failures of insured banks		
Current year provision	1,961,947	1,854,632
Prior year adjustments	(161,293)	505,014
Termination adjustments	17,165	0
	1,817,819	2,359,646
Corporation litigation		
Current year provision	500	470
Prior year adjustments	(6,151)	(2,559)
Termination adjustments	0	(4,003)
	(5,651)	(6,092)
	$2,996,923	$2,827,712

12. Nonrecoverable Insurance Expenses:

The Corporation's nonrecoverable insurance expenses primarily represent costs associated with (1) preparing and executing the activity in payoff cases and (2) administering and liquidating the assets purchased in a corporate capacity.

13. Assessment Credits Due Insured Banks:

Contingent upon a legislatively specified ratio of the Corporation's Deposit Insurance Fund to estimated insured bank deposits, the Corporation credits a legislatively authorized percentage (currently 60 percent) of its net assessment income to insured banks. This credit is distributed, pro rata, to each insured bank as a reduction of the following year's assessment. Net assessment income is determined by gross assessments less administrative operating expenses and expenses and losses related to insurance operations. Certain income and expense amounts in the 1987 and 1986 assessment income credit computation do not correspond to amounts reported on the financial statements because of legislatively mandated adjustments and other adjustments made to reflect results solely related to insurance operations. The provision for assessment credits in the 1987 and 1986 statements of income represents adjustments resulting from audits to prior years' assessment credits.

The Garn-St Germain Depository Institutions Act of 1982 amended Section 7(d)(1) of the Federal Deposit Insurance Act and authorized the Corporation to include certain lending costs in the computation of the net assessment income. The lending costs are the amounts by which the amount of interest earned on each loan made by the Corporation under Section 13 of the Federal Deposit Insurance Act after January 1, 1982, is less than the amount of interest the Corporation would have earned for the calendar year if interest had been paid on the loans at a rate equal to the average current value of funds to the U.S. Treasury for the calendar year.

The Corporation will not pay an assessment credit to insured banks for calendar years 1987 and 1986 based on the net assessment income credit computations for the respective years shown below (in thousands):

Net Assessment Income Credit Computation—Calendar Year 1987

Computation:		
Gross assessment income—C.Y. 1987		$1,691,647
Less: Carry-over of net losses and expenses from C.Y. 1986	$2,548,411	
Administrative operating expenses	202,381	
Merger assistance losses and expenses less amortization and accretion	5,779	
Provision for insurance losses	2,996,010	
Nonrecoverable insurance expenses	42,508	
Lending costs	13	5,795,102
Excess of losses and expenses over gross assessment income		4,103,455
Assessment credit adjustment—prior years		(1,022)
Net excess of losses and expenses over gross assessment income—C.Y. 1987		$4,102,433

Net Assessment Income Credit Computation—Calendar Year 1986

Computation:		
Gross assessment income—C.Y. 1986		$1,578,200
Less: Carry-over of net losses and expenses from C.Y. 1985	$1,113,954	
Administrative operating expenses	180,267	
Merger assistance losses and expenses less amortization and accretion	(99,746)	
Provision for insurance losses	2,827,012	
Nonrecoverable insurance expenses	36,783	
Lending costs	3,061	4,061,331
Excess of losses and expenses over gross assessment income		2,483,131
Assessment credit adjustment—prior years		65,280
Net excess of losses and expenses over gross assessment income—C.Y. 1986		$2,548,411

14. Lease Commitments:

Rent for office premises charged to administrative operating and liquidation overhead expenses was $33,570,000 in 1987 and $27,914,000 in 1986. Minimum rentals for each of the next five years and for subsequent years thereafter are as follows (in thousands):

1988	1989	1990	1991	1992	1993/Thereafter
$27,699	$15,842	$12,922	$11,576	$9,460	$39,592

Most office premise lease agreements provide for increase in basic rentals resulting from increased property taxes and maintenance expense.

15. Pension Plan and Accrued Annual Leave:

The Corporation's eligible employees are covered by the Civil Service Retirement and Disability Fund. Total Corporation (employer) matching contributions to the Civil Service Retirement and Disability Fund for all eligible employees were approximately $12,194,000 and $9,662,000 for the calendar years ending December 31, 1987 and 1986, respectively.

Although the Corporation funds a portion of pension benefits under the Civil Service Retirement and Disability Fund relating to its eligible employees and makes the necessary payroll withholdings from them, the Corporation does not account for the assets of the Civil Service Retirement and Disability Fund nor does it have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to its eligible employees. These amounts are reported by the U. S. Office of Personnel Management (OPM) for the Civil Service Retirement and Disability Fund and are not allocated to the individual employers. The OPM also accounts for all health and life insurance programs for retired Corporation eligible employees.

The Corporation's liability to employees for accrued annual leave is approximately $13,763,000 and $10,445,000 at December 31, 1987 and 1986, respectively.

16. Commitments and Contingencies:

The Corporation insures total deposits of about $1.7 trillion in over 13,700 insured commercial banks. The Corporation does not estimate the loss for either the potential assistance to insured banks that the regulatory process has identified as distressed or other insured banks that are financially weak but have not yet been identified by the regulatory process. Rather, as described in Note 1, Allowance for Loss, the Corporation establishes an allowance For loss when assistance is granted or a bank is closed. The allowance for loss on the financial statements includes all banks which were assisted or failed through 1987. The Corporation believes that it is impractical to estimate losses for future bank failures with any reasonable certainty. The Corporation's entire Deposit Insurance Fund and borrowing authority are available for any assistance or closing activity.

17. Subsequent Events:

Subsequent to December 31, 1987, the Corporation, in conjunction with the Federal Reserve Board and the Comptroller of the Currency, entered into discussions with First RepublicBank Corporation regarding its financial condition. These discussions may lead to the development of an assistance program which could be significant. However, the cost of the assistance program cannot be estimated at this time.

GAO United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-114831

To the Board of Directors
Federal Deposit Insurance Corporation

We have examined the statements of financial position of the Federal Deposit Insurance Corporation as of December 31, 1987 and 1986, and the related statements of income and the deposit insurance fund, and of the changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In addition to this report on our examination of the Corporation's 1987 and 1986 financial statements, we are also reporting on our study and evaluation of internal accounting controls and compliance with laws and regulations. During our examination, we identified matters that do not affect the fair presentation of the financial statements, but nonetheless warrant management's attention. We are reporting them separately to the Corporation.

Since the early 1980's, the commercial banking industry's performance has been adversely affected by two primary factors. First, problems in the energy and agricultural sectors of the economy, and their resulting impact on the real estate sector, have severely affected the profitability and financial condition of many U.S. banks, especially in the Southwest and Midwest. In 1987, 2,366 of the nation's 13,654 FDIC-insured commercial banks were unprofitable. Almost two-thirds of the unprofitable banks were located in the Southwest and Midwest. Second, certain less developed countries (LDCs) have been experiencing significant difficulty in servicing their debt to many of the larger commercial banks. In 1987, banks provided $20.6 billion in loan loss reserves on their more than $80 billion in LDC loans and placed many of those loans on nonaccrual status, whereby interest income is not recorded until payment is received. These actions significantly lowered bank profits. The industry's net profit declined from $17.5 billion in 1986 to only $3.7 billion in 1987, a return on assets of only 0.13 percent, the lowest return since 1934.

The banking industry's problems have resulted in a substantial increase in the number of FDIC-insured bank failures and problem banks over the last several years and a substantial decrease in the Corporation's net income. In 1982, 42 insured banks failed or were assisted, at a cost of about $1.2 billion; in 1987, 203 insured banks failed or were assisted, at an estimated cost of about $2.1 billion. At the end of 1987, 1,559 of the 13,654 FDIC-insured commercial banks were on the Corporation's problem bank list, a 378 percent increase in the number of problem banks since the end of 1982. The industry's problems have caused the Corporation to substantially increase its expenditures for assistance and regulatory actions. Between 1980 and 1985, the Corporation's net income exceeded $1 billion each year, but, in 1986, net income declined to less than $300 million, and further declined to less than $50 million in 1987. The deposit insurance fund increased from $11.0 billion at the end of 1980 to almost $18.0 billion at the end of 1985, and has remained at about that level through 1987. However, the ratio of the insurance fund to insured deposits has declined from 1.24 percent at the end of 1981 to 1.10 percent at the end of 1987, the lowest ratio in the Corporation's history, as insured deposits have grown at a faster rate than the insurance fund.

Although the Corporation expects that overall industry profits will improve in 1988, it will need to continue providing substantial financial assistance to financially troubled banks. The Corporation expects the persistent problems in the energy and real estate sectors of the economy, especially in the Southwest, to continue and the number of insured bank failures to remain high. In addition, certain large U.S. commercial banks continue to face problems that could seriously affect their financial condition and result in substantial costs to the deposit insurance fund. As a result of these factors, the Corporation is currently anticipating that it may incur a net loss in 1988. Further, although banks significantly increased LDC loan loss reserves in 1987, the debt servicing problems of some LDC debtors present a continuing and long-term financial concern for the industry and the insurance fund.

The accompanying financial statements reflect the estimated losses related to all banks that have been closed or that have entered into financial assistance agreements with the Corporation through December 31, 1987. The Corporation monitors banks that have marginal or deteriorating financial conditions and follows a policy of minimizing the cost to the insurance fund by promptly providing assistance or participating in the closing of a bank whenever an insured bank has financial difficulties that threaten its existence or when action is needed to limit the insurance fund's exposure. At December 31, 1987, the Corporation had $18.3 billion in its insurance fund available to assist or close marginal or deteriorating banks.

Subsequent to December 31, 1987, in addition to closing or assisting 46 smaller banks, the Corporation provided financial assistance to subsidiary banks of First RepublicBank Corporation of Dallas, Texas, through a $1 billion 6-month loan. The Corporation also stated that all depositors, including those with accounts of more than $100,000, and general creditors would be fully protected. The ultimate cost to the Corporation of resolving First RepublicBank's problems is not currently known. Very preliminary estimates of the cost range up to $2 billion, although, depending upon the structure of the transaction, initial outlays may be much greater than $2 billion. More definitive estimates of the cost will not be available for several months.

In our opinion, the financial statements referred to above present fairly the financial position of the Federal Deposit Insurance Corporation as of December 31, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

March 14, 1988

Statistics

Statistics

Banks Closed Because of Financial Difficulties: FDIC Income, Disbursements and Losses

The following tables are included in the 1987 FDIC Annual Report:

- Table 122, Number and Deposits of Banks Closed Because of Financial Difficulties, 1934-1987;
- Table 123, Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1987;
- Table 125, Recoveries and Losses by the Federal Deposit Insurance Corporation on Disbursements for Protection of Depositors, 1934-1987;
- Table 127, Income and Expenses, Federal Deposit Insurance Corporation, by Year, From Beginning of Operations, September 11, 1933 to December 1987; and,
- Table 129, Insured Deposits and the Deposit Insurance Fund, 1934-1987.

Deposit Insurance Disbursements

Disbursements by the Federal Deposit Insurance Corporation to protect depositors are made when the insured deposits of failed banks are paid off, or when the deposits of a failed or failing bank are assumed by another insured bank with the financial aid of the FDIC. In deposit payoff cases, the disbursement is the amount paid by the FDIC on insured deposits. In the insured deposit transfer, an alternative to a direct deposit payoff, the FDIC transfers the failed bank's insured and secured deposits to another bank while uninsured depositors must share with the FDIC and other general creditors of the bank in any proceeds realized from liquidation of the failed bank's assets. In certain deposit payoffs, the FDIC may determine that an advance of funds to uninsured depositors and other creditors of a failed bank is warranted.

In deposit assumption cases, the principal disbursement is the amount paid to facilitate a purchase and assumption transaction with another insured bank. Additional disbursements are made in those cases as advances for protection of assets in process of liquidation and for liquidation expenses. In deposit assumption cases, the FDIC also may purchase assets or guarantee an insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Under its Section 13(c) authority, the FDIC made a disbursement or approved other forms of assistance in 1987 for 19 operating banks.

Noninsured Bank Failures

Statistics in this report on failures of noninsured banks are compiled from information obtained from state banking departments, field supervisory officials and other sources. The FDIC received no official reports of noninsured bank closings due to financial difficulties in 1987. For detailed data regarding noninsured banks that were suspended in the years 1934-1962, see the 1962 FDIC Annual Report, pages 27-41. For 1963-1987, see Table 122 of this report and previous reports for respective years.

Sources of Data

Insured banks: books of specific banks at date of closing and books of the FDIC, December 31, 1987.

Table 122. NUMBER AND DEPOSITS OF BANKS CLOSED BECAUSE OF FINANCIAL DIFFICULTIES, 1934-1987

Year	Number					Deposits (in thousands of dollars)					Assets[4]
			Insured					Insured			(in Thousands Dollars)
	Total	Non-Insured[1]	Total	Without disbursements by FDIC[2]	With disbursements by FDIC[3]	Total	Non-Insured[1]	Total	Without disbursements by FDIC[2]	With disbursements by FDIC[3]	
Total	**1,333**	**136**	**1,197**	**8**	**1,189**	**49,280,025**	**143,501**	**49,136,524**	**41,147**	**49,095,377**	**58,850,328**
1934	61	52	9	...	9	37,333	35,365	1,968	...	1,968	2,661
1935	32	6	26	1	25	13,988	583	13,405	85	13,320	17,242
1936	72	3	69	...	69	28,100	592	27,508	...	27,508	31,941
1937	84	7	77	2	75	34,205	528	33,677	328	33,349	40,370
1938	81	7	74	...	74	60,722	1,038	59,684	...	59,684	69,513
1939	72	12	60	...	60	160,211	2,439	157,722	...	157,772	181,514
1940	48	5	43	...	43	142,788	358	142,430	...	142,430	161,898
1941	17	2	15	...	15	29,796	79	29,717	...	29,717	34,804
1942	23	3	20	...	20	19,540	355	19,185	...	19,185	22,254
1943	5	...	5	...	5	12,525	...	12,525	...	12,525	14,058
1944	2	...	2	...	2	1,915	...	1,915	...	1,915	2,098
1945	1	...	1	...	1	5,695	...	5,695	...	5,695	6,392
1946	2	1	1	...	1	494	147	347	...	347	351
1947	6	1	5	...	5	7,207	167	7,040	...	7,040	6,798
1948	3	...	3	...	3	10,674	...	10,674	...	10,674	10,360
1949	9	4	5	1	4	9,217	2,552	6,665	1,190	5,475	4,886
1950	5	1	4	...	4	5,555	42	5,513	...	5,513	4,005
1951	5	3	2	...	2	6,464	3,056	3,408	...	3,408	3,050
1952	4	1	3	...	3	3,313	143	3,170	...	3,170	2,388
1953	5	1	4	2	2	45,101	390	44,711	26,449	18,262	18,811
1954	4	2	2	...	2	2,948	1,950	998	...	998	1,138
1955	5	...	5	...	5	11,953	...	11,953	...	11,953	11,985
1956	3	1	2	...	2	11,690	360	11,330	...	11,330	12,914
1957	3	1	2	1	1	12,502	1,255	11,247	10,084	1,163	1,253
1958	9	5	4	...	4	10,413	2,173	8,240	...	8,240	8,905
1959	3	...	3	...	3	2,593	...	2,593	...	2,593	2,858
1960	2	1	1	...	1	7,965	1,035	6,930	...	6,930	7,506
1961	9	4	5	...	5	10,611	1,675	8,936	...	8,936	9,820
1962	3	2	1	1	...	4,231	1,220	3,011	3,011	...	...[5]
1963	2	...	2	...	2	23,444	...	23,444	...	23,444	26,179
1964	8	1	7	...	7	23,867	429	23,438	...	23,438	25,849
1965	9	4	5	...	5	45,256	1,395	43,861	...	43,861	58,750
1966	8	1	7	...	7	106,171	2,648	103,523	...	103,523	120,647
1967	4	...	4	...	4	10,878	...	10,878	...	10,878	11,993
1968	3	...	3	...	3	22,524	...	22,524	...	22,524	25,154
1969	9	...	9	...	9	40,134	...	40,134	...	40,134	43,572
1970	8	1	7	...	7	55,229	423	54,806	...	54,806	62,147
1971	6	...	6	...	6	132,058	...	132,058	...	132,058	196,520
1972	3	2	1	...	1	99,784	79,304	20,480	...	20,480	22,054
1973	6	...	6	...	6	971,296	...	971,296	...	971,296	1,309,675
1974	4	...	4	...	4	1,575,832	...	1,575,832	...	1,575,832	3,822,596
1975	14	1	13	...	13	340,574	1,000	339,574	...	339,574	419,950
1976	17	1	16	...	16	865,659	800	864,859	...	864,859	1,039,293
1977	6	...	6	...	6	205,208	...	205,208	...	205,208	232,612
1978	7	...	7	...	7	854,154	...	854,154	...	854,154	994,035
1979	10	...	10	...	10	110,696	...	110,696	...	110,696	132,988
1980	10	...	10	...	10	216,300	...	216,300	...	216,300	236,164
1981	10	...	10	...	10	3,826,022	...	3,826,022	...	3,826,022	4,859,060
1982	42	...	42	...	42	9,908,379	...	9,908,379	...	9,908,379	11,632,415
1983	48	...	48	...	48	5,441,608	...	5,441,608	...	5,441,608	7,026,923
1984	79	...	79	...	79	2,883,162	...	2,883,162	...	2,883,162	3,276,411
1985[6]	120	...	120	...	120	8,059,441	...	8,059,441	...	8,059,441	8,741,268
1986[7]	138	...	138	...	138	6,471,100	...	6,471,100	...	6,471,100	6,991,600
1987[7]	184	...	184	...	184	6,281,500	...	6,281,500	...	6,281,500	6,850,700

[1]For information regarding each of these banks, see table 22 in the 1963 *Annual Report* (1963 and prior years), and explanatory notes to tables regarding banks closed because of financial difficulties in subsequent annual reports. One noninsured bank placed in receivership in 1934, with no deposits at time of closing, is omitted (see table 22 note 9). Deposits are unavailable for seven banks.

[2]For information regarding these cases, see table 23 of the *Annual Report* for 1963.

[3]For information regarding each bank, see the *Annual Report* for 1958, pp. 48-83 and pp. 98-127, and tables regarding deposit insurance disbursements in subsequent annual reports. Deposits are adjusted as of December 31, 1982.

[4]Insured banks only.

[5]Not available.

[6]Includes data for one bank granted financial assistance although no disbursement was required until January, 1986.

[7]Excludes data for banks granted financial assistance under Section 13(c)(1) of the Federal Deposit Insurance Act to prevent failure. Data for these banks are included in table 123.

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disburse-ments ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
Insured Deposit Payoffs							
First State Bank of Pattonsburg Pattonsburg, Missouri	NM	1,700	5,700	5,500	5,451	January 29, 1987	Federal Deposit Insurance Corporation
Sunbelt National Bank* Dallas, Texas	N	3,500	11,200	11,100	13,609	February 5, 1987	Federal Deposit Insurance Corporation
Security National Bank Midland, Texas	N	2,400	7,800	7,700	7,143	February 12, 1987	Federal Deposit Insurance Corporation
Federated National Bank Live Oak, Texas	N	1,400	13,400	11,400	10,102	February 12, 1987	Federal Deposit Insurance Corporation
The First National Bank of Weslaco Weslaco, Texas	N	13,000	69,500	69,200	64,488	February 20, 1987	Federal Deposit Insurance Corporation
Plaza National Bank Del Rio, Texas	N	2,500	34,800	30,400	34,128	March 12, 1987	Federal Deposit Insurance Corporation
First State Bank of Forest City Forest City, Missouri	NM	1,500	6,200	6,600	6,344	April 16, 1987	Federal Deposit Insurance Corporation
Empire National Bank Los Angeles, California	N	700	9,200	7,600	8,479	July 30, 1987	Federal Deposit Insurance Corporation
Central National Bank of New York New York, New York	N	13,400	178,800	170,000	119,900	September 11, 1987	Federal Deposit Insurance Corporation
The Timken State Bank Timken, Kansas	NM	600	3,300	3,300	2,861	November 19, 1987	Federal Deposit Insurance Corporation
The Alexander State Bank Alexander, Kansas	NM	1,300	8,400	8,600	8,167	November 19, 1987	Federal Deposit Insurance Corporation

*Dividend advanced by FDIC

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disburse-ments ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
Insured Deposit Transfers							
American National Bank of Grand Junction Grand Junction, Colorado	N	1,300	7,400	7,100	6,786	January 8, 1987	Intrawest Bank of Grand Junction, Grand Junction, Colorado
National Bank of Frederick Frederick, Oklahoma	N	3,500	24,800	23,300	21,262	January 22, 1987	First National Bank and Trust Company, Frederick, Oklahoma
The First National Bank of Marlboro Marlborough, Massachusetts	N	13,000	55,600	47,200	44,890	January 23, 1987	Worcester County Institution for Savings, Worcester, Massachusetts
First Sierra Bank* Bishop, California	NM	4,400	23,300	23,000	31,709	January 23, 1987	Security Pacific National Bank, Los Angeles, California
Market National Bank Denver, Colorado	N	800	9,000	8,900	8,743	February 5, 1987	Women's Bank, N. A., Denver, Colorado
First National Bank in West Concord West Concord, Minnesota	N	2,100	9,100	8,800	8,483	March 5, 1987	Farmers State Bank, West Concord, Minnesota
Beaver Creek State Bank Beaver Creek, Minnesota	NM	1,900	7,300	7,300	6,626	March 13, 1987	Citizens State Bank of Silver Lake, Silver Lake, Minnesota
The Citizens State Bank Brownstown, Indiana	NM	7,200	30,800	28,100	27,007	April 10, 1987	Monroe County Bank, Bloomington, Indiana
North Central National Bank Austin, Texas	N	1,900	23,300	22,200	21,307	April 23, 1987	Greater Texas Bank North, National Association, Austin, Texas
Heritage Bank & Trust Salt Lake County, Utah	SM	4,000	17,600	16,000	5,934	April 29, 1987	First Interstate Bank of Utah, N. A., Salt Lake City, Utah
Unitedbank-Houston Houston, Texas	NM	13,400	217,900	161,100	179,340	April 30, 1987	American Bank, Houston, Texas
North American National Bank Littleton, Colorado	N	2,800	10,300	8,900	7,392	May 7, 1987	FirstBank of Colorado, N. A., Littleton, Colorado
Farmers State Bank Maddock, North Dakota	NM	2,300	11,800	11,600	10,952	May 8, 1987	Ramsey National Bank & Trust Company, Devils Lake, North Dakota
Texas Investment Bank, National Association Houston, Texas	N	1,200	15,100	13,400	12,198	May 21, 1987	River Oaks Bank, Houston, Texas
Texas National Bank-Westheimer Houston, Texas	N	1,200	27,500	26,700	26,392	May 28, 1987	Texas Capital Bank-Westwood, National Association, Houston, Texas
First National Bank of Wilmont Wilmont, Minnesota	N	2,500	14,900	11,600	10,937	May 29, 1987	Farmers State Bank of Mountain Lake, Mountain Lake, Minnesota
United Bank of Texas Austin, Texas	NM	16,800	202,100	163,100	155,828	June 4, 1987	MBank Austin, National Association, Austin, Texas
Bank of Granite Granite, Oklahoma	NM	1,800	13,900	12,700	12,012	July 30, 1987	Farmers and Merchants Bank, Maysville, Oklahoma
The First National Bank of Yukon Yukon, Oklahoma	N	7,800	37,800	38,500	36,222	July 30, 1987	Bank of Oklahoma, National Association, Tulsa, Oklahoma
Bayshore Bank of Florida Miami, Florida	SM	5,100	40,400	35,900	37,078	August 7, 1987	Eagle National Bank of Miami, Miami, Florida
First State Bank Blanchard, Oklahoma	NM	4,500	23,200	21,400	20,666	August 13, 1987	First State Bank, Hinton, Oklahoma
The First State Bank Willow, Oklahoma	NM	900	6,100	5,500	5,441	August 20, 1987	The Guarantee State Bank, Mangum, Oklahoma

*Dividend advanced by FDIC

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disburse-ments ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
American National Bank of Evanston Evanston, Wyoming	N	1,800	8,500	8,300	6,373	August 20, 1987	Pioneer Bank of Evanston, Evanston, Wyoming
People's State Bank of Mazeppa Mazeppa, Minnesota	NM	2,900	16,500	15,300	21,900	August 21, 1987	The First State Bank of Red Wing, Red Wing, Minnesota
Bank of North America Houston, Texas	NM	5,100	33,300	30,000	26,652	August 27, 1987	Texas Commerce Bank, National Association, Houston, Texas
The First National Bank of Hammon Hammon, Oklahoma	N	800	6,000	5,500	5,301	September 3, 1987	American National Bank, Elk City, Oklahoma
The First National Bank of Tipton Tipton, Oklahoma	N	1,400	8,200	7,100	6,563	September 3, 1987	The First National Bank in Altus, Altus, Oklahoma
Stockmen's Bank and Trust Company Gillette, Wyoming	SM	16,500	127,500	96,700	105,338	September 18, 1987	First Interstate Bank of Gillette, Gillette, Wyoming
The Mayfield State Bank Mayfield, Kansas	NM	1,100	19,000	20,300	20,319	September 24, 1987	First National Bank in Harper, Harper, Kansas
The Murdock State Bank Murdock, Kansas	NM	1,300	20,700	22,100	21,614	September 24, 1987	Farmers State Bank of Norwich, Norwich, Kansas
Western Bank-Westheimer Houston, Texas	NM	14,500	290,900	259,900	204,180	October 1, 1987	Charter National Bank-Houston, Houston, Texas
State Bank of Greenwald Greenwald, Minnesota	NM	4,900	18,700	18,900	18,403	October 2, 1987	Rural American Bank of Greenwald, Greenwald, Minnesota, a new state-chartered bank
Citizens Bank of Krebs Krebs, Oklahoma	NM	1,300	14,200	13,200	11,698	October 8, 1987	First National Bank & Trust Company of McAlester, McAlester, Oklahoma
United Services Bank Hartshorne, Oklahoma	NM	2,100	15,200	13,500	11,606	October 8, 1987	First National Bank & Trust Company of McAlester, McAlester, Oklahoma
American National Bank of Afton Afton, Wyoming	N	2,600	10,600	9,900	7,869	October 15, 1987	Star Valley State Bank, Afton, Wyoming
Yankee Bank for Finance & Savings, FSB Boston, Massachusetts	NM	32,000	521,700	474,800	451,426	October 16, 1987	The Boston Five Cents Savings Bank, FSB, Boston, Massachusetts
Western National Bank Bryan, Texas	N	6,000	19,500	15,400	19,779	October 22, 1987	First State Bank in Caldwell, Caldwell, Texas
Alaska National Bank of the North Fairbanks, Alaska	N	21,000	214,900	201,300	153,622	October 22, 1987	National Bank of Alaska, Anchorage, Alaska
Tri-State National Bank Belle Fourche, South Dakota	N	4,300	11,000	10,800	10,536	November 10, 1987	The First Western Bank, Sturgis, South Dakota
First State Bank at Shoshoni Shoshoni, Wyoming	SM	800	5,100	4,100	2,732	December 18, 1987	First State Bank of Thermopolis, Thermopolis, Wyoming

*Dividend advanced by FDIC

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disburse-ments ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
Deposit Assumptions							
Bowie National Bank Bowie, Texas	N	2,900	12,600	12,600	1,933	January 8, 1987	Bowie State Bank, Bowie, Texas, a newly-chartered subsidiary of Montague Bancshares, Inc., Weatherford, Texas
The Security National Bank and Trust Company of Norman Norman, Oklahoma	N	31,000	204,500	174,400	161,658	January 8, 1987	A newly-chartered national bank of the same name, jointly owned by First Commercial Corporation, Little Rock, Arkansas, and Northwest Arkansas Bancshares, Inc., Bentonville, Arkansas.
State Bank of Cuba Cuba, Illinois	NM	3,800	17,500	17,600	7,871	January 9, 1987	National Bank of Canton, Canton, Illinois
Latimer Bank & Trust Latimer, Iowa	NM	3,400	23,000	21,900	10,707	January 15, 1987	The First National Bank of Clarion, Clarion, Iowa
The First National Bank of Rush Springs Rush Springs, Oklahoma	N	3,000	12,900	12,500	5,916	January 15, 1987	First National Bank of Maysville, Maysville, Oklahoma
First Charter Bank Denver, Colorado	SM	1,900	9,500	9,000	6,336	January 15, 1987	Century Bank and Trust, Denver, Colorado
The First National Bank of Skiatook Skiatook, Oklahoma	N	2,500	14,800	13,800	8,601	January 15, 1987	American Exchange Bank, Collinsville, Oklahoma
Peoples Bank & Trust Company Holdenville, Oklahoma	NM	2,700	20,200	19,300	13,738	January 29, 1987	The Bank, N. A., McAlester, Oklahoma
The Farmers National Bank of Remington Remington, Indiana	N	5,500	34,600	33,600	18,496	January 29, 1987	Lafayette National Bank, Lafayette, Indiana
Bear Creek National Bank Bear Creek, Texas	N	5,500	26,200	25,600	13,570	January 29, 1987	Jersey Village Bank, Houston, Texas
Montgomery County Bank, N. A. The Woodlands, Texas	N	9,700	45,400	44,300	39,420	January 29, 1987	Texas Commerce Bank, National Association, Houston, Texas
The La Pryor State Bank La Pryor, Texas	NM	1,400	5,400	5,000	2,712	January 29, 1987	Zavala County Bank, Crystal City, Texas
Boulevard State Bank Wichita, Kansas	NM	19,800	99,000	84,900	46,795	February 5, 1987	Union Boulevard National Bank, Wichita, Kansas, a newly-chartered subsidiary of Union Bancshares, Inc., Wichita, Kansas
State Bank of Allison Allison, Iowa	NM	5,200	17,400	16,700	5,988	February 5, 1987	Lincoln Savings Bank, Reinbeck, Iowa
Community Bank Seiling, Oklahoma	NM	800	5,600	5,400	4,076	February 11, 1987	First National Bank of Seiling, Seiling, Oklahoma
First City Bank of Atoka Atoka, Oklahoma	NM	3,100	12,700	12,400	4,668	February 12, 1987	The Atoka State Bank, Atoka, Oklahoma
First State Bank of King City, Missouri King City, Missouri	NM	2,700	13,500	13,800	11,105	February 13, 1987	Citizens Bank & Trust Company, Chillicothe, Missouri
The County Bank Manatee County, Florida	NM	10,500	163,900	163,200	120,729	February 13, 1987	NCNB National Bank of Florida, Tampa, Florida
First State Bank of Atmore Atmore, Alabama	NM	3,300	11,500	11,400	6,417	February 19, 1987	The First National Bank of Atmore, Atmore, Alabama
Hub City Bank and Trust Company Lafayette, Louisiana	NM	8,400	36,400	37,500	23,072	February 20, 1987	The Hibernia National Bank, New Orleans, Louisiana

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disburse-ments ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
Farmers State Bank Hart, Texas	NM	1,800	9,600	9,000	5,123	February 26, 1987	Hale County State Bank, Plainview, Texas
First National Bank of Crosby Crosby, Texas	N	1,900	8,200	8,100	5,731	February 26, 1987	A newly-chartered subsidiary of Central Bancshares of the South, Inc., Birmingham, Alabama, having the same name as the failed bank.
The Lewistown Bank Lewistown, Illinois	NM	2,500	14,400	14,000	8,354	February 27, 1987	The National Bank of Canton, Canton, Illinois
The First State Bank Rockford, Iowa	NM	3,300	15,100	14,600	6,328	March 4, 1987	First Security Bank & Trust Company, Charles City, Iowa
Liberty Bank Houston, Texas	NM	7,000	59,900	50,500	44,165	March 5, 1987	Central Bank of Houston, Houston, Texas
Sealy National Bank Sealy, Texas	N	1,100	8,000	7,800	4,679	March 5, 1987	Austin County State Bank, Bellville, Texas
First National Bank of Sapulpa Sapulpa, Oklahoma	N	1,400	7,600	7,500	4,680	March 5, 1987	American National Bank and Trust Company, Sapulpa, Oklahoma
The First National Bank of Olney Olney, Texas	N	2,700	15,000	13,400	6,098	March 12, 1987	First National Bank of Olney, a newly-chartered subsidiary of Olney Bancshares, Inc., Olney, Texas
Western Bank El Paso, Texas	NM	4,900	39,700	39,000	33,113	March 12, 1987	MBank El Paso, National Association, El Paso, Texas
Expressway Bank Oklahoma City, Oklahoma	SM	2,400	20,600	17,600	14,438	March 12, 1987	First Interstate Bank of Oklahoma, N. A., Oklahoma City, Oklahoma
United Oklahoma Bank Oklahoma City, Oklahoma	SM	13,000	148,900	94,100	123,340	March 17, 1987	United Bank of Oklahoma, a newly-chartered subsidiary of United Bank Shares, Inc., Oklahoma City, Oklahoma
Red River National Bank in Clarksville Clarksville, Texas	N	4,700	22,600	22,500	12,403	March 19, 1987	State Bank of DeKalb, DeKalb, Texas
Sweeney Bank Sweeney, Texas	NM	4,800	17,700	17,600	10,355	March 19, 1987	The First State Bank of Louise, Louise, Texas
Clarks Fork National Bank Fromberg, Montana	N	1,500	8,200	7,800	2,741	March 19, 1987	Yellowstone Bank, Laurel, Montana
The Madill Bank and Trust Company Madill, Oklahoma	NM	7,200	37,000	36,800	23,168	March 20, 1987	First American National Bank, Tishomingo, Oklahoma
Morocco State Bank Morocco, Indiana	NM	2,700	15,000	14,100	5,483	March 20, 1987	DeMotte State Bank, DeMotte, Indiana
New City Bank Orange, California	SM	2,300	20,900	20,300	13,352	March 20, 1987	Colonial Bank, National Association, Orange, California, a newly-chartered national bank
The First State Bank in Billings Billings, Oklahoma	NM	1,800	10,100	9,400	4,392	March 26, 1987	First National Bank and Trust Company, Perry, Oklahoma, of Perry, Oklahoma
Tallulah State Bank & Trust Company Tallulah, Louisiana	NM	4,400	28,600	30,200	17,891	March 27, 1987	Bank of St. Joseph, St. Joseph, Louisiana
The First National Bank of Herington Herington, Kansas	N	4,400	21,500	19,900	9,288	April 2, 1987	The Bank of Herington, Herington, Kansas
The Southwestern Bank, National Association Houston, Texas	N	800	14,800	14,300	12,089	April 9, 1987	OMNIBANC North Belt, National Association, Houston, Texas

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disbursements ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
First National Bank of Braman Braman, Oklahoma	N	1,800	12,300	11,900	7,546	April 9, 1987	Community Bank, Shidler, Oklahoma
Commonwealth Bank Glendale, Colorado	NM	1,200	6,200	5,900	3,118	April 9, 1987	Prudential Bank, Denver, Colorado
Deer Lodge Bank and Trust Company Deer Lodge, Montana	NM	3,800	14,800	13,600	3,375	April 9, 1987	Peoples Bank of Deer Lodge, N. A., Deer Lodge, Montana, a newly-chartered subsidiary of Sandquist Corporation, Bozeman, Montana
Bank of Iron County Parowan, Utah	NM	6,300	20,100	19,900	3,819	April 10, 1987	Dixie State Bank, St. George, Utah
First Bank of Saginaw Saginaw, Texas	NM	6,400	30,700	30,000	17,537	April 16, 1987	Southwest Bank, Fort Worth, Texas
First Commercial Bank of Texas, National Association Houston, Texas	N	800	4,600	4,700	3,663	April 16, 1987	OMNIBANC North Belt, National Association, Houston, Texas
The Bank of North Mississippi Oakland, Mississippi	NM	4,800	14,600	13,700	4,786	April 22, 1987	Bank of Mississippi, Tupelo, Mississippi
The Peoples Bank Collinsville, Alabama	NM	3,300	12,900	12,000	3,091	April 22, 1987	Bank of Geraldine, Geraldine, Alabama
Osceola State Bank & Trust Company Osceola, Iowa	NM	2,200	9,500	8,400	4,689	April 23, 1987	American State Bank, Osceola, Iowa, a newly-chartered subsidiary of Osceola Bancorporation, Osceola, Iowa
Peoples State Bank Turkey, Texas	NM	1,200	6,000	5,900	3,219	April 30, 1987	Memphis State Bank, Memphis, Texas
American Bank of Commerce Denver, Colorado	SM	1,900	25,300	22,200	18,674	May 6, 1987	The Professional Bank of Colorado, Englewood, Colorado
First State Bank of Sisseton Sisseton, South Dakota	NM	4,100	21,200	19,700	10,999	May 7, 1987	Farmers & Merchants Bank and Trust Co., Aberdeen, South Dakota
Moreauville State Bank Moreauville, Louisiana	NM	4,600	16,800	16,900	3,237	May 8, 1987	Mansura State Bank, Mansura, Louisiana
Marlin National Bank Marlin, Texas	N	7,600	44,300	42,500	29,718	May 14, 1987	Bank of Longview, N. A., Longview, Texas
Todd County State Bank Long Prairie, Minnesota	NM	4,600	14,300	14,100	6,264	May 14, 1987	First National Bank of Long Prairie, Long Prairie, Minnesota
United Bank Libby, Montana	SM	4,900	15,800	14,500	4,757	May 14, 1987	First National Bank in Libby, Libby, Montana
The First National Bank of Elbow Lake Elbow Lake, Minnesota	N	2,800	17,500	16,200	15,234	May 14, 1987	First National Bank of Fergus Falls, Fergus Falls, Minnesota
Bank of Oak Grove Oak Grove, Louisiana	NM	4,800	23,300	22,900	12,609	May 21, 1987	West Carroll National Bank of Oak Grove, Oak Grove, Louisiana
Lake Austin National Bank Austin, Texas	N	4,300	42,500	37,000	28,113	May 21, 1987	Greater Texas Bank Southwest, N. A., Austin, Texas
The First State Bank Frisco, Texas	NM	5,900	40,100	39,300	23,172	June 4, 1987	Promenade National Bank, Richardson, Texas
The Benton State Bank Benton, Kansas	NM	2,100	9,100	8,400	5,575	June 11, 1987	First National Bank & Trust Company, El Dorado, Kansas
First State Bank Milford, Texas	NM	1,400	6,600	6,400	2,436	June 11, 1987	Ellis County State Bank, Milford, Texas, a newly-chartered state nonmember bank.

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disbursements ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
Northwest Commercial Bank, N. A. Houston, Texas	N	1,600	12,100	12,100	4,347	June 11, 1987	Jersey Village Bank, Houston, Texas
Whittier Thrift and Loan Whittier, California	NM	2,100	15,500	14,800	3,151	June 12, 1987	Liberty Thrift and Loan, a newly-chartered subsidiary of Investors Bancor, Orange, California
Hamilton County State Bank Lockland, Ohio	NM	2,600	8,700	7,300	1,939	June 12, 1987	The Provident Bank, Cincinnati, Ohio
First Midwest Bank Maryville, Missouri	NM	7,200	25,200	25,100	3,011	June 18, 1987	First Bank of Maryville, Maryville, Missouri, a newly-chartered subsidiary of Citizens Bancshares Co., Chillicothe, Missouri
Pelican State Bank Mansfield, Louisiana	NM	1,700	6,900	6,800	4,057	June 24, 1987	Peoples State Bank, Many, Louisiana
Eighty Niner Bank of Coyle Coyle, Oklahoma	NM	1,200	5,900	5,400	3,827	June 25, 1987	Oklahoma State Bank of Mulhall, Mulhall, Oklahoma
South Denver National Bank Glendale, Colorado	N	7,500	54,400	47,700	40,111	June 25, 1987	First National Bank of Southeast Denver, Denver, Colorado
Liberty Bank & Trust Company Greenwood, Louisiana	NM	3,000	11,800	11,500	10,013	June 26, 1987	Peoples State Bank, Many, Louisiana
Lanesboro State Bank Lanesboro, Minnesota	NM	3,200	11,000	10,700	5,337	June 26, 1987	The Goodhue County National Bank of Red Wing, Red Wing, Minnesota
Bank of Brazoria Brazoria, Texas	NM	4,300	25,200	24,200	11,127	July 2, 1987	Moulton State Bank, Moulton, Texas
Citizens Bank Bryan, Texas	NM	9,600	39,100	36,300	30,450	July 2, 1987	UnitedBank-College Station, National Association, College Station, Texas
Red Oak State Bank Red Oak, Texas	NM	8,300	40,500	37,700	11,303	July 9, 1987	The Red Oak State Bank, a newly-chartered subsidiary of ROSB Bancorp, Inc., Red Oak, Texas
First Continental Bank of Rockrimmon, National Association Colorado Springs, Colorado	N	1,000	7,600	5,700	3,795	July 9, 1987	Valley Bank, Security, Colorado
Farmers & Merchants Bank Eufaula, Oklahoma	NM	3,100	14,400	13,800	10,574	July 23, 1987	Citizens National Bank & Trust of Muskogee, Muskogee, Oklahoma
Bank of Los Gatos, National Association Los Gatos, California	N	11,600	11,400	11,300	6,853	July 23, 1987	Bank of the West, San Francisco, California
Farmers State Bank Kanawha, Iowa	NM	2,900	15,400	14,300	14,789	July 30, 1987	The First National Bank of Clarion, Clarion, Iowa
Security State Bank Roosevelt, Oklahoma	NM	4,000	18,100	16,100	16,837	August 6, 1987	First National Bank in Altus, Altus, Oklahoma
The Security State Bank Davenport, Oklahoma	NM	1,900	9,200	8,600	7,517	August 6, 1987	First State Bank, Harrah, Oklahoma
The First National Bank of Luther Luther, Oklahoma	N	2,700	17,800	17,600	15,766	August 13, 1987	First Wagoner Bank and Trust Company, Wagoner, Oklahoma
The First National Bank of Navasota Navasota, Texas	N	4,200	30,800	28,200	25,877	August 13, 1987	First Bank, Navasota, Texas, a newly-chartered subsidiary of American Capital Corporation, Centerville, Texas
McNulty Banking Company St. Petersburg, Florida	NM	7,800	50,000	49,900	31,597	August 14, 1987	Barnett Bank of Pinellas County, St. Petersburg, Florida

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

NAME AND LOCATION	Class of Bank	Number of Depositors or Accounts	Total Assets ($000's)	Total Deposits ($000's)	FDIC Disbursements ($000's)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank, or Merging Bank and Location
American Exchange Bank and Trust Company Norman, Oklahoma	NM	17,000	98,400	94,800	71,170	August 20, 1987	Bank of Oklahoma, National Association, Tulsa, Oklahoma
Citizens Bank of Glendale Denver, Colorado	SM	1,200	3,700	3,100	3,091	August 27, 1987	Prudential Bank, Denver, Colorado
Rocky Mountain State Bank Salt Lake City, Utah	SM	7,000	17,600	16,300	5,397	August 28, 1987	Citibank (Utah), Salt Lake City, Utah
La Marque Bank La Marque, Texas	NM	1,800	5,600	6,100	3,881	September 10, 1987	The First Bank of La Marque, La Marque, Texas
Waxahachie Bank and Trust Company, Waxahachie, Texas	NM	7,900	65,800	62,300	36,035	September 10, 1987	Merchants State Bank, Dallas, Texas
First State Bank of Rollingstone Rollingstone, Minnesota	NM	4,500	14,500	13,700	5,444	September 11, 1987	Eastwood Bank St. Charles, St. Charles, Minnesota
The Talmage State Bank Talmage, Kansas	NM	1,500	6,700	6,600	2,725	September 17, 1987	The Abilene First National Bank, Abilene, Kansas
Breaux Bridge Bank and Trust Company, Breaux Bridge, Louisiana	NM	5,600	23,200	28,900	21,295	September 17, 1987	MidSouth National Bank, Lafayette, Louisiana
Steeplechase National Bank Houston, Texas	N	1,400	14,600	9,900	9,557	September 17, 1987	Cypress National Bank, Houston, Texas
Mustang National Bank Mustang, Oklahoma	SM	2,900	11,500	10,800	2,648	September 17, 1987	The First National Bank of Moore, Moore, Oklahoma
The Citizens Bank Drumright, Oklahoma	NM	3,800	33,400	30,600	28,099	September 24, 1987	The American National Bank of Bristow, Bristow, Oklahoma
Commonwealth Bank Torrance, California	NM	7,900	75,100	78,000	23,057	September 25, 1987	Capital Bank of California, Los Angeles, California
Valley State Bank Los Angeles, California	NM	8,800	76,500	76,300	30,129	September 28, 1987	Capital Bank of California, Los Angeles, California
Security State Bank Oxford, Nebraska	NM	2,900	11,300	11,000	7,448	October 1, 1987	Union Bank and Trust Company, Lincoln, Nebraska
Clay County State Bank Dilworth, Minnesota	NM	3,700	10,500	10,200	1,503	October 1, 1987	Northwestern State Bank, Ulen, Minnesota, Ulen, Minnesota
Western Bank-North Wilcrest, National Association Houston, Texas	N	2,300	44,800	43,800	33,082	October 1, 1987	Texas Commerce Bank National Association, Houston, Texas
Western Bank-Westwood, National Association Houston, Texas	N	1,900	46,900	44,800	34,127	October 1, 1987	Texas Commerce Bank National Association, Houston, Texas
The First National Bank of Brush Brush, Colorado	N	4,400	22,300	21,300	10,093	October 8, 1987	The Fort Lupton State Bank, Fort Lupton, Colorado
Citizens Bank of Ray Ray, North Dakota	NM	2,400	12,100	11,400	3,875	October 15, 1987	First National Bank & Trust Company of Williston, Williston, North Dakota
Pioneer Bank of Fountain Fountain, Colorado	NM	3,600	11,000	10,400	1,133	October 21, 1987	Green Mountain Bank, Lakewood, Colorado
First State Bank of Bovina Bovina, Texas	NM	1,900	16,400	14,400	4,098	October 22, 1987	First Bank of Muleshoe, Muleshoe, Texas
New World National Bank Pittsburgh, Pennsylvania	N	2,300	12,500	10,800	9,042	October 22, 1987	Lincoln National Bank, a newly-chartered subsidiary of Equimark Corporation, Greensburg, Pennsylvania

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

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Delta Pacific Bank Pittsburg, California	NM	3,200	18,200	17,600	3,411	October 30, 1987	Central Bank, San Francisco, California
American Security Bank North Platte, Nebraska	NM	6,300	24,700	24,000	17,941	October 30, 1987	North Platte National Bank, North Platte, Nebraska
Capital Bank & Trust Co. Baton Rouge, Louisiana	NM	54,600	372,200	308,700	118,656	October 30, 1987	Capital Bank & Trust Co., National Association, Baton Rouge, Louisiana, a new "bridge" bank organized by the Federal Deposit Insurance Corporation.
Middle Park Bank Granby, Colorado	NM	5,500	33,600	29,500	13,499	November 10, 1987	Bank of Kremmling, Kremmling, Colorado
Bank of Winter Park Winter Park, Colorado	NM	2,900	25,000	22,300	19,571	November 10, 1987	The Bank of Aspen, Aspen, Colorado
West Texas State Bank of Canyon Canyon, Texas	NM	6,100	19,900	19,100	3,748	November 13, 1987	First National Bank of Amarillo, Amarillo, Texas
The Peoples Bank and Trust of Iberia Parish New Iberia, Louisiana	NM	12,900	76,100	77,700	18,160	November 19, 1987	The New Iberia Bank, a subsidiary of New Iberia Bancorp, Inc., New Iberia, Louisiana
Republic Bank Oklahoma City, Oklahoma	NM	7,900	56,300	55,400	44,410	November 19, 1987	First National Bank in Bartlesville, Bartlesville, Oklahoma
Madison Bank and Trust Company Richmond, Louisiana	NM	1,400	9,800	10,400	3,601	December 3, 1987	Guaranty Bank & Trust Company of Delhi, Delhi, Louisiana
State Bank of Commerce Slidell, Louisiana	NM	3,300	47,800	46,300	14,269	December 3, 1987	Peoples Bank & Trust Company of St. Bernard, Chalmette, Louisiana
Center State Bank Center, Nebraska	NM	2,000	8,400	7,800	5,914	December 3, 1987	Farmers & Merchants State Bank, Bloomfield, Nebraska
Crofton State Bank Crofton, Nebraska	NM	3,500	11,300	10,600	7,356	December 3, 1987	Farmers & Merchants State Bank, Bloomfield, Nebraska
State Bank of Jansen Jansen, Nebraska	NM	1,200	4,900	4,600	1,109	December 3, 1987	Security National Bank, Superior, Nebraska
First State Bank Oakdale, Nebraska	NM	1,400	5,900	5,600	2,366	December 3, 1987	First United Bank, Neligh, Nebraska
The Farmers National Bank of Cordell Cordell, Oklahoma	N	4,600	69,100	60,200	55,003	December 3, 1987	First National Bank and Trust Company, Weatherford, Oklahoma
Climbing Hill Savings Bank Climbing Hill, Iowa	NM	1,000	5,300	5,100	2,944	December 3, 1987	First Trust & Savings Bank, Moville, Iowa
The Peoples Bank Olive Hill, Kentucky	NM	6,200	39,700	38,600	25,013	December 3, 1987	The Commercial Bank of Grayson, Grayson, Kentucky
Louisiana Bank & Trust Company Crowley, Louisiana	NM	4,200	17,900	20,200	7,429	December 10, 1987	The Evangeline Bank and Trust Co., Ville Platt, Louisiana
America Bank in Louisiana Morgan City, Louisiana	NM	3,400	16,400	15,700	4,080	December 10, 1987	The St. Mary Bank and Trust Company, Franklin, Louisiana
The First National Bank in Rhome Rhome, Texas	N	2,900	9,400	9,400	1,674	December 10, 1987	Continental State Bank, Boyd, Texas
Bancfirst-Austin, National Association Austin, Texas	N	3,900	25,700	23,700	22,779	December 10, 1987	Texas Capital Bank-Fort Bend, Richmond, Texas
Heritage National Bank Austin, Texas	N	5,800	50,200	48,400	44,833	December 10, 1987	Community National Bank, Austin, Texas

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

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Lewis and Clark State Bank Lake Oswego, Oregon	NM	3,300	19,000	19,000	2,550	December 11, 1987	Key Bank of Oregon, Portland, Oregon
First Interstate Bank of Alaska Anchorage, Alaska	NM	37,000	375,400	368,300	135,715	December 11, 1987	National Bank of Alaska, Anchorage, Alaska
American Bank of Commerce Lake Charles, Louisiana	NM	6,300	33,500	34,500	9,291	December 17, 1987	National Bank of Commerce of Lake Charles, Lake Charles, Louisiana
USBank Denton, Texas	NM	25,600	88,000	84,700	21,057	December 17, 1987	United National Bank, Dallas, Texas
Bank of Mabank Mabank, Texas	NM	6,400	44,100	43,200	8,021	December 17, 1987	First State Bank, Athens, Texas

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1987

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Assistance Transactions							
American National Bank Durant, Oklahoma	N	2,900	10,300	9,100	723	February 25, 1987	First National Bank of Johnston County, Tishomingo, Oklahoma
Central Bank and Trust Company Glenmora, Louisiana	NM	7,300	28,300	28,000	6,928	February 26, 1987	Peoples Bank and Trust Company, Natchitoches, Louisiana
Syracuse Savings Bank Syracuse, New York	NM	258,000	1,200,000	1,100,000	0	May 13, 1987	Norstar Bancorp Inc., Albany, New York
Security Bank of Rich Hill Rich Hill, Missouri	NM	2,500	12,900	12,700	767	June 5, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Dallas, N. A.*** Dallas, Texas	N	8,100	461,500	248,200	150,000	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Richardson, N. A.*** Richardson, Texas	N	11,300	104,100	89,000	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas McKinney, N. A.*** McKinney, Texas	N	8,800	186,700	168,000	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Carrollton, N. A.*** Carrollton, Texas	N	9,700	63,200	59,600	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Quorum, N. A.*** Addison, Texas	N	2,600	29,800	28,400	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas White Rock, N. A.*** Dallas, Texas	N	11,000	101,200	92,200	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Houston*** Houston, Texas	NM	3,400	70,000	50,100	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Northside Houston, N. A.*** Houston, Texas	N	14,100	71,700	66,900	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Westheimer*** Houston, Texas	NM	7,300	52,700	47,100	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Allen Parkway, N. A.*** Houston, Texas	N	4,000	30,300	30,100	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
BancTexas Sulphur Springs, N. A.*** Sulphur Springs, Texas	N	**	21,400	20,400	0	July 17, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
Valley Bank of Belgrade Belgrade, Montana	NM	4,500	18,600	16,900	3,025	July 31, 1987	Mountain Bank Systems, Inc., Whitefish, Montana
Commercial Bank, National Association Oklahoma City, Oklahoma	N	3,200	23,800	22,200	4,500	October 16, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
Crossroads Bank Victoria, Texas	NM	**	26,000	26,100	2,000	December 3, 1987	Financial Assistance to an Open Bank, under Section 13(c) of the FDI Act, to prevent failure.
Falun State Bank Falun, Kansas	NM	**	3,100	3,000	50	December 29, 1987	Farmers State Bank of Galva, Galva, Kansas

**Not Available.

***FDIC contributed a total of $150 million to enhance the capital of all subsidiary banks of BancTexas

Table 125. RECOVERIES AND LOSSES BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ON DISBURSEMENTS FOR PROTECTION OF DEPOSITORS, 1934-1987 (Amounts in thousands of dollars)

Liquidation status and year of deposit payoff or deposit assumption	All cases					Deposit payoff cases					Deposit assumption cases[5]					Assistance Transactions[6]				
	No. of banks	Disburse-ments	Recoveries to Dec. 31, 1987	Estimated additional recoveries	Losses[1]	No. of banks	Disburse-ments[2]	Recoveries to Dec. 31, 1987	Estimated additional recoveries	Losses[1]	No. of banks	Disburse-ments[3]	Recoveries to Dec. 31, 1987	Estimated additional recoveries	Losses[1]	No. of banks	Disburse-ments	Recoveries to Dec. 31, 1987	Estimated additional recoveries	Losses[1]
Total	**1,216**	**31,157,273**	**14,985,612**	**5,419,974**	**10,751,687**	**464**	**5,344,917**	**2,086,473**	**1,670,461**	**1,587,983**	**705**	**16,893,680**	**9,526,139**	**2,260,390**	**5,107,151**	**47**	**8,918,676**	**3,373,000**	**1,489,123**	**4,056,553**
Year[4] ..																				
1934	9	941	734	...	207	9	941	734	...	207	...	...	...	...	...					
1935	25	9,108	6,423	...	2,685	24	6,026	4,274	...	1,752	1	3,082	2,149	...	933					
1936	69	15,206	12,873	...	2,333	42	7,735	6,397	...	1,338	27	7,471	6,476	...	995					
1937	75	20,204	16,532	...	3,672	50	12,365	9,718	...	2,647	25	7,839	6,814	...	1,025					
1938	74	34,394	31,969	...	2,425	50	9,092	7,908	...	1,184	24	25,302	24,061	...	1,241					
1939	60	81,828	74,676	...	7,152	32	26,196	20,399	...	5,797	28	55,632	54,277	...	1,355					
1940	43	87,899	84,103	...	3,796	19	4,895	4,313	...	582	24	83,004	79,790	...	3,214					
1941	15	25,061	24,470	...	591	8	12,278	12,065	...	213	7	12,783	12,405	...	378					
1942	20	11,684	10,996	...	688	6	1,612	1,320	...	292	14	10,072	9,676	...	396					
1943	5	7,230	7,107	...	123	4	5,500	5,377	...	123	1	1,730	1,730	...	...					
1944	2	1,532	1,492	...	40	1	404	364	...	40	1	1,128	1,128	...	...					
1945	1	1,845	1,845	...	...	...	...	...	...	...	1	1,845	1,845	...	...					
1946	1	274	274	...	...	...	...	...	...	...	1	274	274	...	...					
1947	5	2,038	1,979	...	59	...	...	...	...	...	5	2,038	1,979	...	59					
1948	3	3,150	2,509	...	641	...	...	...	...	...	3	3,150	2,509	...	641					
1949	4	2,685	2,316	...	369	...	...	...	...	...	4	2,685	2,316	...	369					
1950	4	4,404	3,019	...	1,385	...	...	...	...	...	4	4,404	3,019	...	1,385					
1951	2	1,986	1,986	...	...	...	...	...	...	...	2	1,986	1,986	...	...					
1952	3	1,525	733	...	792	...	...	...	...	...	3	1,525	733	...	792					
1953	2	5,359	5,359	...	...	...	...	...	...	...	2	5,359	5,359	...	...					
1954	2	1,029	771	...	258	...	...	...	...	...	2	1,029	771	...	258					
1955	5	7,315	7,085	...	230	4	4,438	4,208	...	230	1	2,877	2,877	...	...					
1956	2	3,499	3,286	...	213	1	2,795	2,582	...	213	1	704	704	...	...					
1957	1	1,031	1,031	...	...	1	1,031	1,031	...	...	...	...	...	...	...					
1958	4	3,051	3,023	...	28	3	2,796	2,768	...	28	1	255	255	...	...					
1959	3	1,835	1,738	...	97	3	1,835	1,738	0	97	...	...	...	...	...					
1960	1	4,765	4,765	...	...	1	4,765	4,765	0	...	...	...	...	...	...					
1961	5	6,201	4,699	...	1,502	5	6,201	4,699	0	1,502	...	...	...	...	...					
1963	2	19,172	18,886	...	286	2	19,172	18,886	0	286	...	...	...	...	...					
1964	7	13,712	12,171	1	1,540	7	13,712	12,171	1	1,540	...	...	...	...	...					
1965	5	11,479	10,816	0	663	3	10,908	10,391	0	517	2	571	425	...	146					
1966	7	10,020	9,541	234	245	1	735	735	...	...	6	9,285	8,806	234	245					
1967	4	8,097	7,087	0	1,010	4	8,097	7,087	0	1,010	...	...	...	...	...					
1968	3	6,476	6,464	0	12	...	...	...	...	...	3	6,476	6,464	...	12					
1969	9	42,072	41,928	62	82	4	7,596	7,513	1	82	5	34,476	34,415	61	...					
1970	7	51,244	50,972	0	272	4	29,265	28,993	0	272	3	21,979	21,979	0	...					
1971	6	171,502	171,299	10	193	5	53,767	53,574	0	193	1	117,735	117,725	10	...					
1972	1	16,189	13,874	491	1,824	1	16,189	13,874	491	1,824	...	...	...	...	...					
1973	6	435,131	366,561	1,538	67,032	3	16,771	16,771	0	...	3	418,360	349,790	1,538	67,032					
1974	4	2,403,048	2,259,420	142,993	635	...	...	...	...	...	4	2,403,048	2,259,420	142,993	635					
1975	13	331,786	292,754	22,740	16,292	3	25,918	25,849	1	68	10	305,868	266,905	22,739	16,224					
1976	16	598,746	558,100	40,325	321	3	11,416	9,660	1,683	73	13	587,330	548,440	38,642	248					
1977	6	26,622	20,539	3,517	2,566	...	...	...	...	...	6	26,622	20,539	3,517	2,566					
1978	7	544,580	507,354	25,182	12,044	1	817	613	0	204	6	543,763	506,741	25,182	11,840					
1979	10	89,609	73,590	5,435	10,584	3	9,936	8,939	173	824	7	79,673	64,651	5,262	9,760					
1980	10	151,804	113,057	8,435	30,312	3	13,732	10,739	692	2,301	7	138,072	102,318	7,743	28,011					
1981	10	998,288	362,560	46,826	588,902	2	35,735	30,744	3,148	1,843	5	79,064	32,969	43,678	2,417	3	883,489	298,847	0	584,642
1982	42	2,152,580	557,924	323,853	1,270,804	7	276,728	192,318	12,914	71,497	26	407,867	283,606	94,189	30,072	9	1,467,985	82,000	216,750	1,169,235
1983	48	3,454,544	1,625,767	307,602	1,521,175	9	147,214	108,702	12,290	26,222	36	3,235,338	1,517,065	275,914	1,442,359	3	71,992	0	19,398	52,594
1984[7]	80	7,574,965	4,137,674	1,145,771	2,291,521	16	771,273	525,494	121,675	124,103	62	1,296,366	714,404	103,672	478,290	2	5,507,326	2,897,776	920,424	1,689,128
1985	120	2,637,967	1,109,567	602,914	925,485	29	514,174	285,562	110,757	117,855	87	1,538,427	733,972	271,772	532,683	4	585,366	90,033	220,385	274,947
1986	145	4,488,523	1,716,349	913,319	1,858,854	40	1,167,069	482,097	223,852	461,120	98	3,086,929	1,230,503	581,632	1,274,794	7	234,525	3,749	107,835	122,940
1987	203	4,572,038	623,565	1,828,726	2,119,747	51	2,083,788	141,101	1,182,783	759,904	133	2,320,257	481,869	641,612	1,196,776	19	167,993	595	4,331	163,067

1. Included estimated losses in active cases. Not adjusted for interest or allowable return, which was collected in some cases in which the disbursement was fully recovered.
2. Includes estimated additional disbursements in active cases.
3. Excludes excess collections turned over to banks as additional purchase price at termination of liquidation.
4. No case in 1962 required disbursements.
5. Deposit Assumption Cases include $347.6 million of disbursements for advances to protect assets and liquidation expenses which had been excluded in prior years.
6. "Assistance transactions" include: a) Banks merged with financial assistance from FDIC to prevent probable failure through 1987.
b) $2,753.3 million of recorded liabilities at book value payable over future years.
7. Includes CINB Assistance Agreement which had been previously excluded.

Table 127. INCOME AND EXPENSES, FEDERAL DEPOSIT INSURANCE CORPORATION, BY YEAR, FROM BEGINNING OF OPERATIONS, SEPTEMBER 11, 1933 TO DECEMBER 1987 (in millions)

Year	Income				Expenses and losses				
	Total	Assessment Income	Assessment Credits	Investment and other sources[1]	Total	Deposit insurance losses and expenses	Interest on capital stock[2]	Administrative and operating expenses	Net Income added to deposit insurance fund[3]
Total	**32,955.1**	**21,471.9**	**6,709.1**	**18,192.3**	**14,653.3**	**12,208.2**	**80.6**	**2,364.5**	**18,301.8**
1987	3,315.8	1,696.0	...	1,619.8	3,267.3	3,064.9	...	202.4	48.5
1986	3,260.1	1,516.9	...	1,743.2	2,963.7	2,783.4	...	180.3	296.4
1985	3,385.4	1,433.4	...	1,952.0	1,957.9	1,778.7	...	179.2	1,427.5
1984[6]	3,099.5	1,321.5	...	1,778.0	1,999.2	1,848.0	...	151.2	1,100.3
1983	2,628.1	1,214.9	164.0	1,577.2	969.9	834.2	...	135.7	1,658.2
1982	2,524.6	1,108.9	96.2	1,511.9	999.8	869.9	...	129.9	1,524.8
1981	2,074.7	1,039.0	117.1	1,152.8	848.1	720.9	...	127.2	1,226.6
1980	1,310.4	951.9	521.1	879.6	83.6	(34.6)	...	118.2	1,226.8
1979	1,090.4	881.0	524.6	734.0	93.7	(13.1)	...	106.8	996.7
1978	952.1	810.1	443.1	585.1	148.9[4]	45.6	...	103.3	803.2
1977	837.8	731.3	411.9	518.4	113.6	24.3	...	89.3	724.2
1976	764.9	676.1	379.6	468.4	212.3[4]	31.9	...	180.4[5]	552.6
1975	689.3	641.3	362.4	410.4	97.5	29.8	...	67.7	591.8
1974	668.1	587.4	285.4	366.1	159.2	100.0	...	59.2	508.9
1973	561.0	529.4	283.4	315.0	108.2	53.8	...	54.4	452.8
1972	467.0	468.8	280.3	278.5	59.7	10.1	...	49.6	407.3
1971	415.3	417.2	241.4	239.5	60.3	13.4	...	46.9	355.0
1970	382.7	369.3	210.0	223.4	46.0	3.8	...	42.2	336.7
1969	335.8	364.2	220.2	191.8	34.5	1.0	...	33.5	301.3
1968	295.0	334.5	202.1	162.6	29.1	0.1	...	29.0	265.9
1967	263.0	303.1	182.4	142.3	27.3	2.9	...	24.4	235.7
1966	241.0	284.3	172.6	129.3	19.9	0.1	...	19.8	221.1
1965	214.6	260.5	158.3	112.4	22.9	5.2	...	17.7	191.7
1964	197.1	238.2	145.2	104.1	18.4	2.9	...	15.5	178.7
1963	181.9	220.6	136.4	97.7	15.1	0.7	...	14.4	166.8
1962	161.1	203.4	126.9	84.6	13.8	0.1	...	13.7	147.3
1961	147.3	188.9	115.5	73.9	14.8	1.6	...	13.2	132.5
1960	144.6	180.4	100.8	65.0	12.5	0.1	...	12.4	132.1
1959	136.5	178.2	99.6	57.9	12.1	0.2	...	11.9	124.4
1958	126.8	166.8	93.0	53.0	11.6	...	...	11.6	115.2
1957	117.3	159.3	90.2	48.2	9.7	0.1	...	9.6	107.6
1956	111.9	155.5	87.3	43.7	9.4	0.3	...	9.1	102.5
1955	105.7	151.5	85.4	39.6	9.0	0.3	...	8.7	96.7
1954	99.7	144.2	81.8	37.3	7.8	0.1	...	7.7	91.9
1953	94.2	138.7	78.5	34.0	7.3	0.1	...	7.2	86.9
1952	88.6	131.0	73.7	31.3	7.8	0.8	...	7.0	80.8
1951	83.5	124.3	70.0	29.2	6.6	...	...	6.6	76.9
1950	84.8	122.9	68.7	30.6	7.8	1.4	...	6.4	77.0
1949	151.1	122.7	...	28.4	6.4	0.3	...	6.1	144.7
1948	145.6	119.3	...	26.3	7.0	0.7	0.6	5.7	138.6
1947	157.5	114.4	...	43.1	9.9	0.1	4.8	5.0	147.6
1946	130.7	107.0	...	23.7	10.0	0.1	5.8	4.1	120.7
1945	121.0	93.7	...	27.3	9.4	0.1	5.8	3.5	111.6
1944	99.3	80.9	...	18.4	9.3	0.1	5.8	3.4	90.0
1943	86.6	70.0	...	16.6	9.8	0.2	5.8	3.8	76.8
1942	69.1	56.5	...	12.6	10.1	0.5	5.8	3.8	59.0
1941	62.0	51.4	...	10.6	10.1	0.6	5.8	3.7	51.9
1940	55.9	46.2	...	9.7	12.9	3.5	5.8	3.6	43.0
1939	51.2	40.7	...	10.5	16.4	7.2	5.8	3.4	34.8
1938	47.7	38.3	...	9.4	11.3	2.5	5.8	3.0	36.4
1937	48.2	38.8	...	9.4	12.2	3.7	5.8	2.7	36.0
1936	43.8	35.6	...	8.2	10.9	2.6	5.8	2.5	32.9
1935	20.8	11.5	...	9.3	11.3	2.8	5.8	2.7	9.5
1933-34	7.0	(4)	...	7.0	10.0	0.2	5.6	4.2[5]	-3.0

[1]Includes $664.5 million of interest and allowable return received on funds advanced to receivership and deposit assumption cases and $538.6 million of interest on capital notes and advanced to facilitate deposit assumption transactions and assistance to open banks.

[2]Paid in 1950 and 1951, but allocated among years to which it applied. Initial capital of $289 million was retired by payments to the U.S. Treasury in 1947 and 1948.

[3]Assessments collected from members of the temporary insurance funds which became insured under the permanent plan were credited to their accounts at the termination of the temporary funds and were applied toward payment of subsequent assessments becoming due under the permanent insurance funding, resulting in no income to the Corporation from assessments during the existence of the temporary insurance funds.

[4]Includes net loss on sales of U.S. Governement securities of $105.6 million in 1976 and $3.6 million in 1978.

[5]Net after deducting the portion of expenses and losses charged to banks withdrawing from the temporary insurance funds on June 30, 1934.

[6]Revised due to restatement of December 31, 1984 financial statements.

Table 129. INSURED DEPOSITS AND THE DEPOSIT INSURANCE FUND, 1934-1987 (in millions)

Year (December 31)	Insurance Coverage	Deposits in insured banks[1]		Percentage of insured deposits	Deposit insurance fund	Ratio of deposit insurance fund to—	
		Total	Insured			Total Deposits	Insured deposits
1987	**100,000**	**2,201,549**	**1,658,802**	**76.9**	**18,301.8**	**.83**	**1.10**
1986	100,000	2,167,596	1,634,302	75.4	18,253.3	.84	1.12
1985	100,000	1,974,512	1,503,393	76.1	17,956.9	.91	1.19
1984	100,000	1,806,520	1,389,874	76.9	16,529.4	.92	1.19
1983	100,000	1,690,576	1,268,332	75.0	15,429.1	.91	1.22
1982	100,000	1,544,697	1,134,221	73.4	13,770.9	.89	1.21
1981	100,000	1,409,322	988,898	70.2	12,246.1	.87	1.24
1980	100,000	1,324,463	948,717	71.6	11,019.5	.83	1.16
1979	40,000	1,226,943	808,555	65.9	9,792.7	.80	1.21
1978	40,000[6]	1,145,835	760,706	66.4	8,796.0	.77	1.16
1977	40,000[5]	1,050,435	692,533	65.9	7,992.8	.76	1.15
1976	40,000	941,923	628,263	66.7	7,268.8	.77	1.16
1975	40,000	875,985	569,101	65.0	6,716.0	.77	1.18
1974	40,000	833,277	520,309	62.5	6,124.2	.73	1.18
1973	20,000	766,509	465,600	60.7	5.615.3	.73	1.21
1972	20,000	697,480	419,756	60.2	5,158.7	.74	1.23
1971	20,000	610,685	374,568	61.3	4,739.9	.78	1.27
1970	20,000	545,198	349,581	64.1	4,379.6	.80	1.25
1969	20,000	495,858	313,085	63.1	4,051.1	.82	1.29
1968	15,000	491,513	296,701	60.2	3,749.2	.76	1.26
1967	15,000	448,709	261,149	58.2	3,485.5	.78	1.33
1966	15,000	401,096	234,150	58.4	3,252,0	.81	1.39
1965	10,000	377,400	209,690	55.6	3,036.3	.80	1.45
1964	10,000	348,981	191,787	55.0	2,844.7	.82	1.48
1963	10,000	313,304[2]	177,381	56.6	2,667.9	.85	1.50
1962	10,000	297,548[3]	170,210	57.2	2,502.0	.84	1.47
1961	10,000	281,304	160,309	57.0	2,353.8	.84	1.47
1960	10,000	260,495	149,684	57.5	2,222.2	.85	1.48
1959	10,000	247,589	142,131	57.4	2.089.8	.84	1.47
1958	10,000	242,445	137,698	56.8	1,965.4	.81	1.43
1957	10,000	225,507	127,055	56.3	1,850.5	.82	1.46
1956	10,000	219,393	121,008	55.2	1,742.1	.79	1.44
1955	10,000	212,226	116,380	54.8	1,639.6	.77	1.41
1954	10,000	203,195	110,973	54.6	1,542.7	.76	1.39
1953	10,000	193,466	105,610	54.6	1,450.7	.75	1.37
1952	10,000	188,142	101,841	54.1	1,363.5	.72	1.34
1951	10,000	178,540	96,713	54.2	1,282.2	.72	.133
1950	10,000	167,818	91,359	54.4	1,243.9	.74	1.36
1949	5,000	156,786	76,589	48.8	1,203.9	.77	1.57
1948	5,000	153,454	75,320	49.1	1,065.9	.69	1.42
1947	5,000	154,096	76,254	49.5	1,006.1	.65	1.32
1946	5,000	148,458	73,759	49.7	1,058.5	.71	1.44
1945	5,000	157,174	67,021	42.4	929.2	.59	1.39
1944	5,000	134,662	56,398	41.9	804.3	.60	1.43
1943	5,000	111,650	48,440	43.4	703.1	.63	1.45
1942	5,000	89,869	32,837	36.5	616.9	.69	1.88
1941	5,000	71,209	28,249	39.7	553,5	.78	1.96
1940	5,000	65,288	26,638	40.8	496.0	.76	1.86
1939	5,000	57,485	24,650	42.9	452.7	.79	1.84
1938	5,000	50,791	23,121	45.5	420.5	.83	1.82
1937	5,000	48,228	22,557	46.8	383.1	.79	1.70
1936	5,000	50,281	22,330	44.4	343.4	.68	1.54
1935	5,000	45,125	20,158	44.7	306.0	.68	1.52
1934	5,000[4]	40,060	18,075	45.1	291.7	.73	1.61

[1]Deposits in foreign branches are omitted from totals because they are not insured. Insured deposits are estimated by applying to deposits at the regular Call dates the percentages as determined from the June Call Report submitted by insured banks.

[2]December 20, 1963.

[3]December 28, 1962.

[4]Initial coverage was $2,500 from January 1 to June 30, 1934.

[5]$100,000 for time and savings deposits of in-state governmental units provided in 1974.

[6]$100,000 for Individual Retirement accounts and Keogh accounts provided in 1978.

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