Federal Deposit Insurance Corporation

1984 ANNUAL REPORT

Federal Deposit Insurance Corporation
Washington, D.C.
May 15, 1985

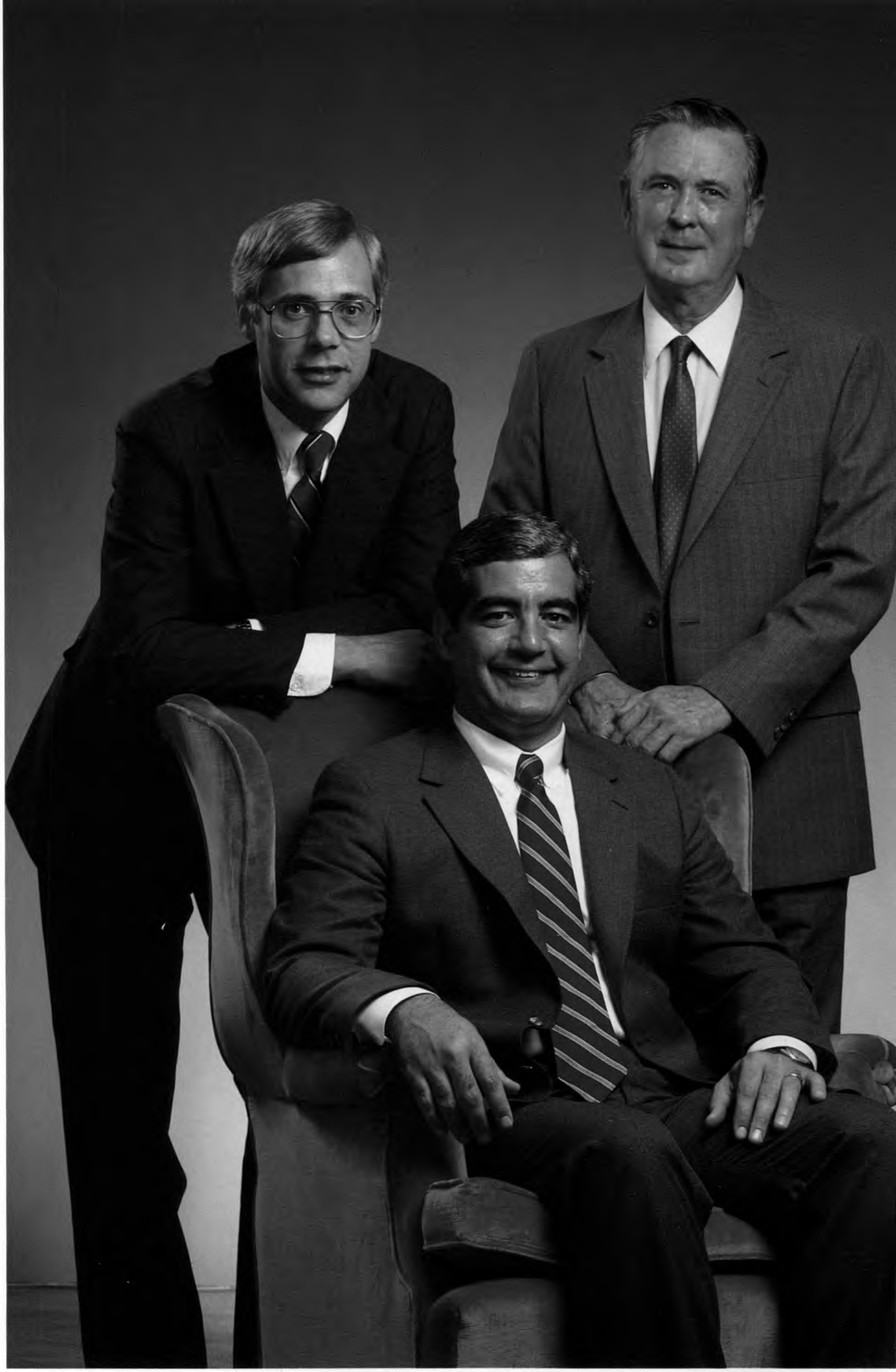
SIRS: In accordance with the provisions of section 17(a) of the Federal Deposit Insurance Act, the Federal Deposit Insurance Corporation is pleased to submit its Annual Report for the calendar year 1984.

Very truly yours,

William M. Isaac
Chairman

The President of the U.S. Senate

The Speaker of the U.S. House of Representatives



The Board of Directors of the FDIC: (from left) C. Todd Conover, Comptroller of the Currency; FDIC Chairman William M. Isaac; and Irvine H. Sprague, Director.

BOARD OF DIRECTORS

William M. Isaac

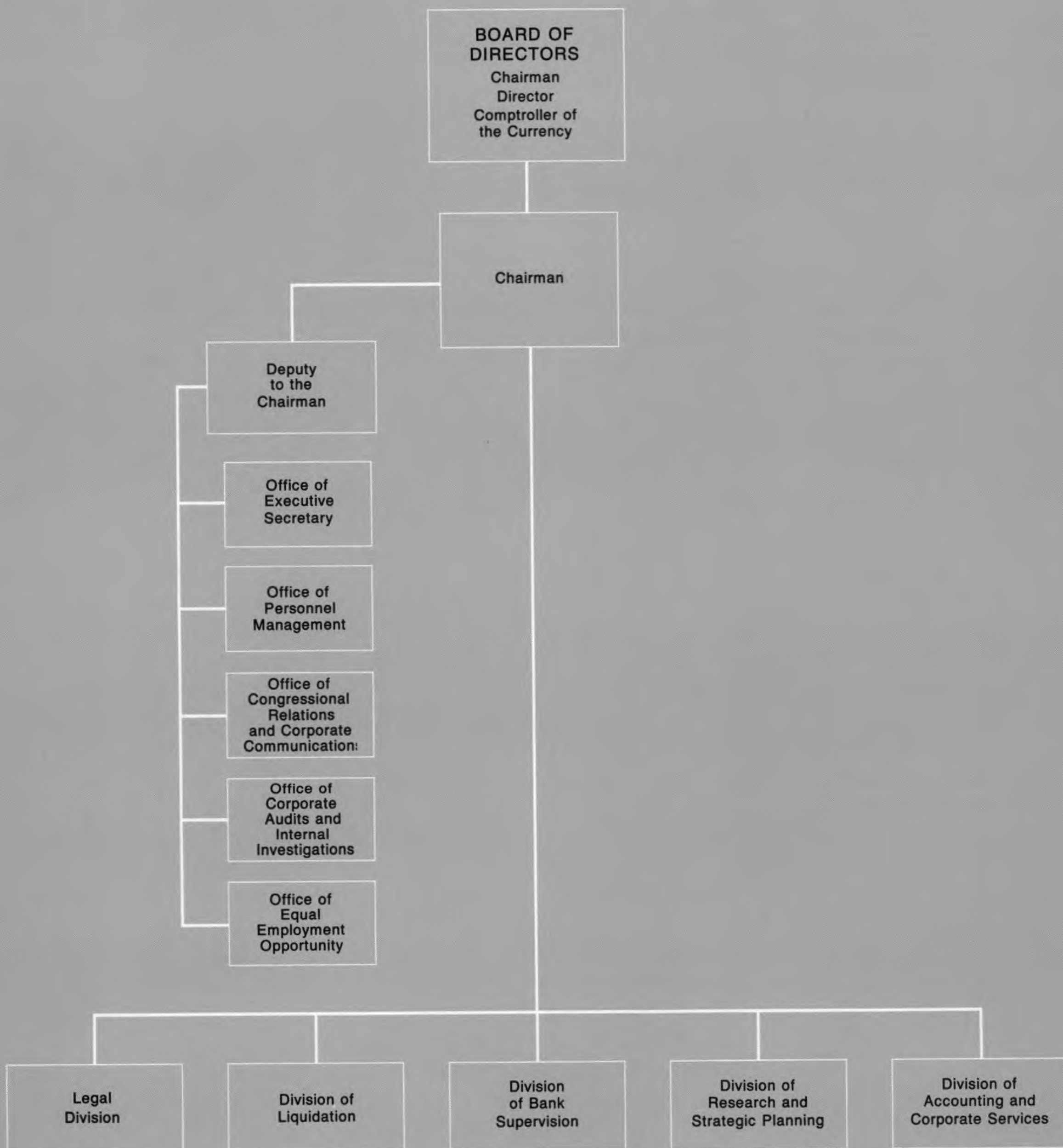
William M. Isaac has been Chairman of the Federal Deposit Insurance Corporation since August 3, 1981. He was appointed to a six-year term on the FDIC's Board of Directors in March 1978. From 1974 to 1978 he was vice president, general counsel and secretary of First Kentucky National Corporation and its subsidiaries, First National Bank of Louisville and First Kentucky Trust Company. From 1969 to 1974 he practiced law with Foley & Lardner, Milwaukee, Wisconsin. A native of Bryan, Ohio, Mr. Isaac received his undergraduate degree from Miami University, Oxford, Ohio, and his law degree (summa cum laude) from The Ohio State University, Columbus, Ohio.

Irvine H. Sprague

Irvine H. Sprague, a member of the Federal Deposit Insurance Corporation Board of Directors from 1969 to 1972, and from 1979 to date, served as FDIC Chairman from February 1979 to August 1981. He has held a number of other government positions, including Special Assistant to President Lyndon Johnson in the White House, Deputy Director of Finance for the State of California, and Executive Director of the Steering and Policy Committee in the U.S. House of Representatives. Mr. Sprague, a native of San Francisco, California, is a graduate of the College of the Pacific and the Advanced Management Program at Harvard and also attended George Washington University and Indiana University. Mr. Sprague entered the Army in World War II as a private and retired from the Army Reserve as a lieutenant colonel. He earned the Combat Infantry Badge, Purple Heart, California Medal of Merit and two Bronze Stars.

C.T. Conover

C.T. Conover became Comptroller of the Currency in December 1981. Mr. Conover, a native of Bronxville, New York, who holds a BA from Yale University and an MBA from the University of California at Berkeley, started in banking as a management trainee with Seattle-First National Bank. He came to the Comptroller's post from Edgar, Dunn & Conover, Inc., a general management consulting firm he helped found in San Francisco. Earlier he was part of the management consulting group of Touche Ross & Co., San Francisco, serving as a principal and national services director from 1974 to 1978. Prior to that, Mr. Conover was vice president of U.S. Bancorp, Portland, Oregon. He was a management consultant with McKinsey and Company from 1965 to 1972.


BOARD OF DIRECTORS
Chairman
Director
Comptroller of the Currency
Chairman
Deputy to the Chairman
Office of Executive Secretary
Office of Personnel Management
Office of Congressional Relations and Corporate Communications
Office of Corporate Audits and Internal Investigations
Office of Equal Employment Opportunity
Legal Division
Division of Liquidation
Division of Bank Supervision
Division of Research and Strategic Planning
Division of Accounting and Corporate Services

The FDIC Senior Management Group: (from left) Robert V. Shumway, Director, Division of Bank Supervision; James A. Davis, Director, Division of Liquidation; Margaret L. Egginton, Deputy to the Chairman; Stanley C. Silverberg, Director, Division of Research and Strategic Planning; Chairman William M. Isaac; John C. Murphy, Jr., General Counsel, Legal Division, and Stanley J. Poling, Director, Division of Accounting and Corporate Services.

FDIC OFFICIALS

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Margaret L. Egginton

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Director, Division of Liquidation
James A. Davis

Director, Division of Accounting and Corporate Services
Stanley J. Poling

Director, Division of Research and Strategic Planning
Stanley C. Silverberg

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John R. Curtis

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Executive Secretary
Hoyle L. Robinson

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Alan J. Whitney

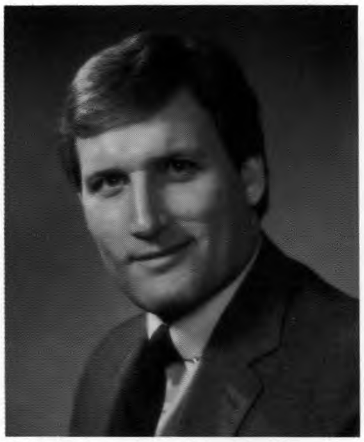
Director, Office of Corporate Audits and Internal Investigations
Robert D. Hoffman

Director, Office of Personnel Management
Jack C. Pleasant

Director, Office of Equal Employment Opportunity
Mae Culp

REGIONAL DIRECTORS

Division of Liquidation



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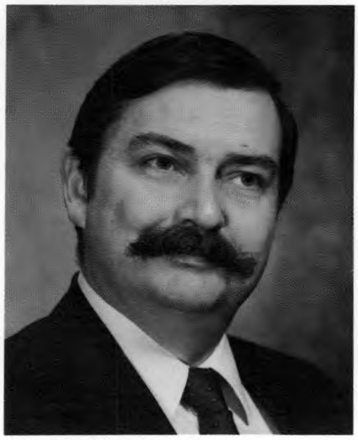

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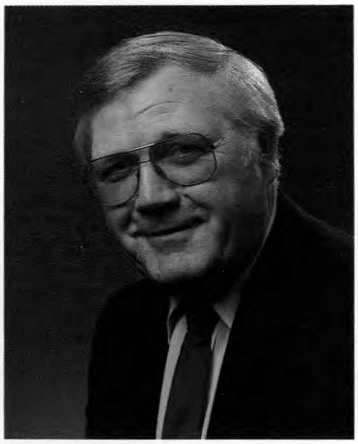

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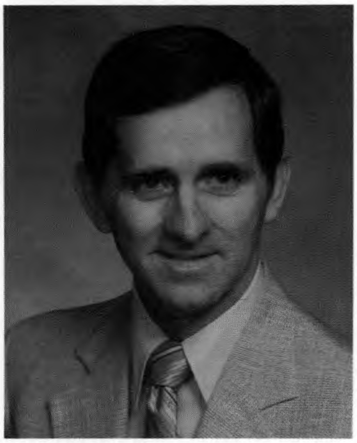

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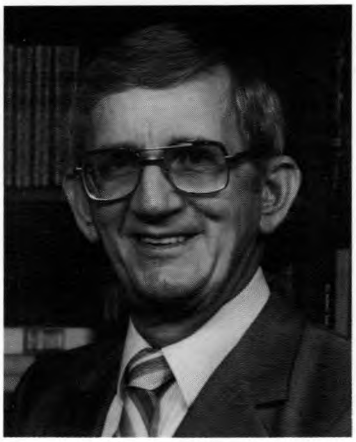

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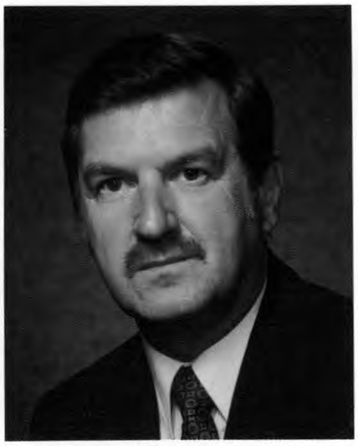

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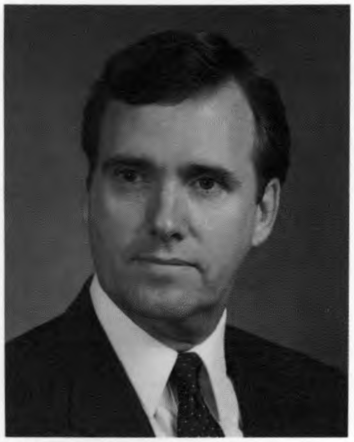

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The 1984 Annual Report of the Federal Deposit Insurance Corporation is published by the FDIC.

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Geoffrey L. Wade — pages 5, 9 (lower), 12, 17 (right), 19 (right), 21 (lower)
Ken Heinen — page 2

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Chairman William M. Isaac

CHAIRMAN'S STATEMENT

The FDIC opened 1984 by marking its fiftieth year since beginning operations on January 1, 1934. The U.S. Postal Service issued a stamp commemorating the occasion, and the Postmaster General joined us for first day ceremonies in our Washington Office lobby. We reflected with pride on the FDIC's record of service to the nation and renewed our commitment to maintaining strength and stability in the U.S. banking system. The celebration began a year that turned out to be the most challenging and eventful in the FDIC's history.

The headline-grabbing event of the year concerned a bank that did not fail, but came close — Continental Illinois National Bank. Working with other regulators and major banks, the FDIC provided the bank with interim financial assistance and then fashioned a permanent assistance package, including the appointment of new leadership in the bank. These measures put Continental back on course, and its profitability and funding are being restored more quickly than anticipated. Never before have financial regulators and leading banks responded so swiftly and harmoniously to a crisis of this magnitude. The FDIC's actions demonstrated both our commitment and our capacity to maintain stability in a volatile financial environment.

Insured bank failures in 1984 climbed to a new post-Depression record of 79, yet the FDIC insurance fund emerged stronger and more liquid than ever despite increased bank failures in recent years. During the first 47 years of the FDIC's operations, the agency handled 568 bank failures involving $9 billion in assets. From the beginning of 1981 through 1984, the FDIC handled 179 failures with over $27 billion in assets, excluding Continental. Our losses since the beginning of 1981 have been about $1 billion each year, compared with less than $500 million during the first 47 years combined. Nevertheless, our insurance fund has grown dramatically from $11 billion at the beginning of 1981 to over $17 billion at year-end 1984. Our annual gross income now exceeds $3 billion and our annual net cash flow exceeds $5 billion.

Profound changes have occurred in the banking system in the last few years. Banking has become a more complex, faster-paced business. The economic environment has been volatile and unforgiving of mistakes. The competitive environment has become ever more intense. Banking also has become a much more difficult business to properly supervise. There are many more ways for a bank to encounter problems, and they can develop virtually overnight.

The FDIC initiated or continued a number of activities in 1984 as part of its long-term efforts to stay abreast of change. We undertook major efforts to improve our training programs, examination procedures, technological capabilities and organizational structure to cope with a rapidly evolving industry.

For example, we are currently spending over $7 million per year on training to assure that our personnel will be able to cope with the complexities of the industry. We have made a major commitment to upgrading the quality of our off-site monitoring and analysis of banks to spot developing problems at an earlier stage. We are targeting both on-site and off-site supervisory efforts in those areas where our exposure is greatest: larger institutions and troubled banks, irrespective of their charter.

Under agreements with the Comptroller of the Currency and the Federal Home Loan Bank Board, the FDIC participates in cooperative examinations to obtain a more comprehensive view of national banks and federally chartered savings banks. We are hopeful that a similar arrangement will be worked out with the Federal Reserve Board for state member banks.

As more banks have failed, we have stepped up our investment in technology to handle the larger number of liquidations and failed bank assets. The FDIC has committed over $13 million in a three-year project to automate our burgeoning liquidation activities.

In another action to improve our supervisory activities and our efficiency, we moved to consolidate our field operations. Finally, we completely overhauled our applications procedures to eliminate most of the paperwork and greatly speed the processing.

The FDIC took events in stride during 1984 and positioned itself to be as effective and efficient as possible in the face of dramatic changes in banking. However, no amount of internal maneuvering by the FDIC or other regulators can mitigate certain issues that threaten to undermine all that has been done to create and support a healthy financial system.

First, severe limitations have been placed on the ability of banks to compete, prosper and serve the financial needs of the American public. Congress has not rectified inequities in federal law that allow nonbanking businesses to engage in banking, but prohibit reciprocal investment by banks in such fields as real estate, insurance and securities. It is essential that steps be taken swiftly to expand the range of financial services banks are permitted to offer. Proposed federal legislation would modernize the outmoded, 50-year-old barriers that separate the banking, securities, insurance and real estate industries. If enacted, these reforms will afford the public a broader range of convenient financial services at more competitive prices and will greatly strengthen our financial system.

Second, the financial regulatory system is fundamentally flawed, with no fewer than five federal agencies regulating and insuring banks and thrifts. We can no longer rationalize a system in which bank holding companies are supervised by one agency while the banks controlled by them are supervised by one or more different agencies. Nor can we justify a system in which savings and loan associations, which are in direct competition with banks for deposits and many loans, operate under vastly more lenient capital, disclosure and accounting standards. Nor can we continue to accept a system in which a tangled web of state and federal agencies is responsible for supervising the various segments of related banking enterprises.

The Vice President's Task Group on Regulation of Financial Services met for the last time early this year and approved a sweeping set of recommendations for regulatory reform, including realignment of the financial regulatory agencies to reduce their overlapping responsibilities and better target their resources. As a member of the Task Group, the FDIC supported the recommendations as a much needed improvement over the *status quo,* although we believe even more far-reaching measures are justified.

The recommendations would give the FDIC the tools it needs to perform as a strong, independent insurer and would eliminate the day-to-day regulatory activities we consider unnecessary to our insurance function. It is difficult to predict when or if the proposed plan will be adopted by the Congress or the precise form it may take. It is our hope that the Congress will move swiftly to implement these recommendations, together with new powers legislation so essential to the vitality of the banking and thrift industries and to the American public. In the absence of legislation, we will continue our efforts to move in the direction envisioned in the proposed plan, emphasizing our role as insurer of bank deposits and de-emphasizing our involvement in routine supervision of non-problem banks.

Third and most critical of all the issues facing the banking system is the operation of the deposit insurance system itself. Conceived during the banking collapse of the 1930s, the federal deposit insurance system was intended to restore confidence and stability by protecting small depositors, and this it has accomplished. However, the operation of the deposit insurance system has encouraged excessive risk-taking and has subsidized the growth of poorly managed banks at the expense of sound institutions. As a growing number of bank failures over the years have been handled through mergers and, in some cases, through direct financial assistance from the FDIC, depositors and other creditors — particularly in larger banks — have become accustomed to and expect 100 percent insurance protection.

The danger in this kind of system becomes acute in a deregulated interest rate environment. With banks free to pay as they wish for deposits, how do we ensure that deposits flow to the vast majority of banks that are well-managed rather than to the high-risk banks that tend to pay the highest rates?

We must enlist the support of the marketplace in our efforts to create a stronger, more disciplined banking system. Public disclosure of the financial condition and practices of banks has been enhanced in recent years and these efforts will continue.

The FDIC has taken other initiatives to eliminate excessive risk-taking. Bank capital ratios have been raised substantially in the past few years and even higher ratios are in the offing. The use of formal enforcement actions against problem banks and their officers and directors has increased manyfold over the past several years and this trend will continue. We have undertaken a number of measures to control the massive abuses of the deposit insurance system by money brokers.

Finally, legislative proposals are pending to reform the operations of the deposit insurance system. One of the many reforms the FDIC has proposed is to charge individual banks a premium for insurance based on an objective evaluation of risk rather than the current flat-rate assessment.

I believe we will make substantial progress in these areas in the months and years ahead. I am convinced that the result will be a more competitive and responsive and far stronger financial system than America has ever known.

I would like to close my message with a few words about this year's annual report. Though I hope no cause-and-effect relationship exists, my term as Chairman has coincided with the most tumultuous period in FDIC history. Throughout this time, I have been bolstered and inspired by the expertise and extreme dedication of our employees. They carry out their jobs with high professionalism even in all-too-frequent circumstances of personal sacrifice and hardship. Individually and as a group, they have set a standard of excellence to which all government employees should aspire. In tribute to them, we have selected as the theme for this report "The Faces of the FDIC." We have included as many photographs of FDIC employees as space permits.

We offer this cheerful pictorial gallery as a sample of the employees who make the FDIC so fine a place in which to serve the nation. It has been an immense privilege and honor for me to have served with them during this period of challenge and triumph.

OPERATIONS OF THE CORPORATION

Postmaster General William F. Bolger (left) and FDIC Chairman William M. Isaac admire an exhibit of the postage stamp commemorating the FDIC's 50th anniversary. The stamp was designed by Michael David Brown, a Maryland-based graphic designer.

THE YEAR'S ACTIVITIES

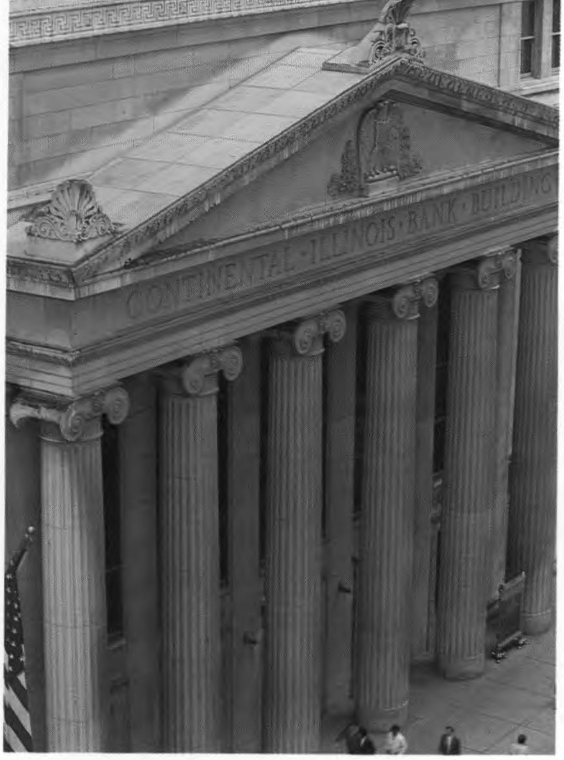
FDIC Chairman Isaac autographs a first-day cover of the FDIC commemorative stamp. Hundreds of FDIC employees and stamp collectors attended the Washington Office observance of the FDIC's 50th year of operations.

The near collapse of Continental Illinois National Bank and Trust Company, a monumental emergency with potentially global consequences, and the history-making efforts of the FDIC and the other financial regulators in developing a plan to restore Continental's viability dominated the Corporation's activities in 1984. Yet the year was significant in other respects, too.

The FDIC handled a record 79 insured bank failures in 1984, the highest number of insured bank failures in the agency's history. At the same time, despite increased costs, the deposit insurance fund climbed to a new high of over $17 billion.

During the year, the FDIC issued significant proposed or final rules in a number of areas including bank securities activities and non-banking financial services, minimum capital requirements, limitations on deposit insurance for brokered deposits and reporting requirements on such deposits.

Finally, the Corporation made many internal changes in 1984 that will enable it to more efficiently and effectively meet its future responsibilities in the dramatically changing financial institutions and regulatory environment. One major action was the consolidation of the FDIC's 12 regions into six regions with the Bank Supervision, Liquidation, Legal, and Accounting and Corporate Services Divisions represented in each consolidated office. The regional office restructuring reflects the trend toward consolidation of banking units and the Corporation's determination to be geographically and organizationally in step with the evolving industry.



Continental Illinois National Bank
Chicago, Illinois

THE CONTINENTAL RESCUE

The difficulties of Continental Illinois National Bank became public in 1982 when it experienced large losses resulting from loans purchased from the failed Penn Square Bank in Oklahoma City. Continental had purchased hundreds of millions of dollars of energy loans from Penn Square. Severe financial difficulties continued at Continental during 1983.

By early 1984, in excess of 8 percent of the bank's total loans were not performing as agreed, more than twice the average percentage of nonperforming loans at the nation's banks. The bank had been relying heavily on large foreign deposits and Fed funds, and was vulnerable to a run. First quarter 1984 financial statements revealed that Continental was able to report a profit only because of the sale of its credit card business during the quarter and that the regular quarterly dividend was paid from the proceeds of that sale.

Early in May, a massive run by Continental's depositors began when European and Japanese depositors, reacting to rumors of the bank's impending collapse, quickly withdrew several billion dollars. Moreover, the funding problem at Continental was beginning to affect financial markets generally. On May 11, the bank borrowed almost $4 billion from the Federal Reserve Bank of Chicago, partially offsetting the run on deposits.

During this time, the FDIC, the Office of the Comptroller of the Currency, and the Federal Reserve began to consider possible solutions, including government intervention, to Continental's funding problems.

In the meantime, Continental officials had been putting together a private funding line and on May 14, they announced that 16 of the nation's largest banks, led by Morgan Guaranty Trust Company of New York, would extend almost $5 billion in credit to the troubled bank. However, the announcement did not halt the outflow of deposits.

On May 17, Continental received an interim capital infusion, in the form of a subordinated note purchase, of $2.0 billion from the FDIC, $500 million dollars of which the FDIC participated to several major banks. The FDIC took this action to stabilize both the bank's condition and the banking system, and to provide sufficient time to resolve the bank's difficulties in the most orderly manner possible and at the lowest cost to the FDIC. The FDIC also gave assurance that all depositors and other general creditors of the bank would be protected in any subsequent resolution of Continental's problems. The Federal Reserve promised liquidity support to the bank.

The interim funding program stemmed the run on the bank and worked well as a temporary solution, particularly through most of June. In late June and throughout July, the situation deteriorated as adverse press stories and speculation appeared almost daily and as funds suppliers became anxious about the nature of the permanent solution.

Permitting Continental to fail and paying off insured depositors was never a feasible option for the regulators. Insured accounts totalled only slightly more than $3 billion. This meant that uninsured depositors and other private creditors with over $30 billion in claims would have had their funds tied up for years in a bankruptcy proceeding awaiting the liquidation of assets and the settlement of litigation. Hundreds of small banks would have been particularly hard hit. Almost 2,300 small banks had nearly $6 billion at risk in Continental; 66 of them had more than their capital on the line and another 113 had between 50 and 100 percent.

The decision to structure a permanent assistance plan for Continental Illinois was arrived at after attempts to arrange an assisted acquisition by private investors or other banking organizations proved unsuccessful.

In addition to its funding problems, Continental had billions of dollars of troubled loans and many outstanding lawsuits. These were drawbacks in trying to attract a merger partner for Continental. It became increasingly clear that more government assistance would have to be the final solution. Between July 13 and July 26 in a nearly round-the-clock schedule, Chairman Isaac and a team of FDIC negotiators worked out the final plan with officials of the bank, Treasury Secretary Regan, Comptroller of the Currency Conover and Fed Chairman Volcker.

Provisions of the permanent assistance package required approval of the plan by shareholders of the bank's parent holding company. At a special meeting in September, shareholders overwhelmingly agreed, thus avoiding an immediate loss of ownership.

The permanent assistance program had two main components—top management changes and substantial financial assistance. Two new, well-known executive officers were named. John E. Swearingen was named Chairman of the Board and Chief Executive Officer of Continental Illinois Corporation. Swearingen was retired as Chairman of the Board of Directors of Standard Oil Company (Indiana) and was a former director of The Chase Manhattan Bank. William S. Ogden was named Chairman of the Board and Chief Executive Officer of Continental Illinois National Bank. Ogden had retired in 1983 from his position as Vice Chairman of the Board of Directors and Chief Financial Officer of The Chase Manhattan Bank.

The financial assistance program included the sale of $4.5 billion in problem loans, with a face value of $5.1 billion, to the FDIC in return for assumptions by the FDIC of $3.5 billion of the bank's borrowings from the Federal Reserve Bank of Chicago, with interest at a money market rate. The FDIC will repay the Federal Reserve borrowing by making quarterly remittances of its collections, less expenses, on the troubled loans. If there is a shortfall at the end of five years, the FDIC will make up the deficiency from its own funds.

A second part of the financial assistance involved a capital infusion from the FDIC of $1 billion in return for two permanent, nonvoting preferred stock issues. One issue, in the amount of $280 million, was an adjustable-rate, cumulative preferred stock of Continental Illinois Corporation, callable at the option of that Corporation. The other was a $720 million preferred issue which can be converted into approximately 80 percent of the ownership of Continental Illinois Corporation. The FDIC would have preferred placing the new capital directly in the bank rather than using the holding company as a conduit, but the holding company had outstanding indenture agreements which precluded this option.

FDIC Chairman William M. Isaac announces the details of the history-making financial assistance package for Continental Illinois Bank and Trust Company before a packed press conference in the FDIC Washington Office.

The interest in Continental Illinois Corporation owned by the shareholders at the time of the assistance package was transferred to a newly-formed corporation owned entirely by the current shareholders. If the FDIC's preferred stock were converted, the new holding company's interest in Continental Illinois Corporation would be reduced to 20 percent. At the end of five years, an estimate will be made of the losses, if any, incurred by the FDIC in connection with its purchase of loans and assumption of Federal Reserve debt. If the FDIC suffers any loss under the loan purchase arrangement, including carrying costs and expenses of collection, the FDIC will have the right to acquire part or all (depending on the amount of the loss) of these shares at a nominal price. If the FDIC does not suffer any losses under the loan purchase arrangement, all remaining loans and other assets acquired under the loan purchase arrangement will be returned to the bank.

The assistance plan gives the FDIC certain basic protections as a major investor, such as the right to object to the service of any board member, safeguards against dilution of the FDIC's shares and the right to veto any merger or reorganization. However, the FDIC will not control the hiring or compensation of officers, lending or investment policies or other normal business decisions. The FDIC noted that it intended to dispose of its stock interest in Continental Illinois as soon as practicable.

After approval by the shareholders of the permanent aid package, the interim subordinated loan to the bank from the FDIC and a group of banks was terminated. However, the special liquidity support provided under the interim aid program by the Federal Reserve and the $5.5 billion in funding provided by a group of major U.S. banks were continued under the permanent program.

The FDIC's total cash outlay after consummation of the permanent financial assistance program was $1 billion, $500 million less than under the interim aid program. The ultimate gain or loss to the FDIC of the permanent assistance package depends on the price it receives when it sells its stock interest in Continental Illinois Corporation and on any losses it incurs under the loan purchase arrangement.

All claims against present and former officers, directors, employees and agents of the bank, as well as bonding companies, accounting firms and the like, arising out of any act or omission that occurred prior to consummation of the permanent aid transaction were assigned to the FDIC. Any recoveries on these claims will be credited to the collections made under the loan purchase arrangement.

The FDIC handles most bank failures by merging the closed institution into a healthy one. The rehabilitation program for Continental was purposely designed to approximate as nearly as possible the effects that result from such mergers. Thus, depositors were protected against loss, board members and top management were replaced, shareholders suffered a substantial diminution of their equity, and the FDIC retained the right to sue officers, directors and others whose actions may have been responsible for the bank's near failure.

The FDIC Board of Directors discuss banking issues in open meeting.

SUPERVISORY OPERATIONS

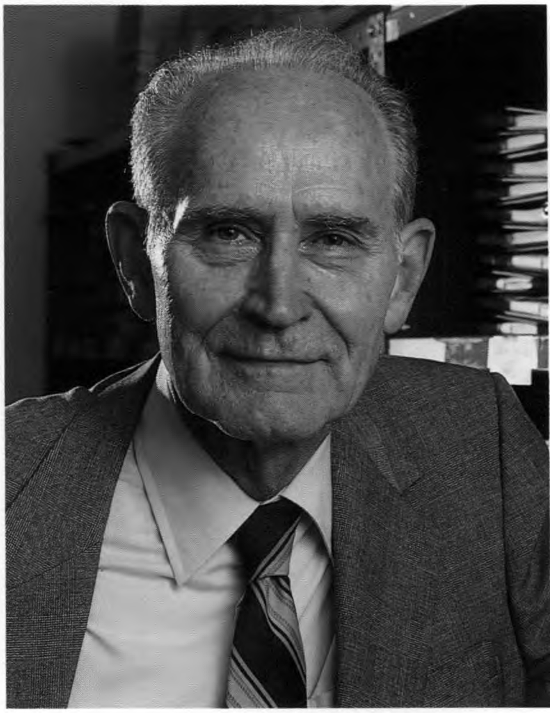
During 1984 the FDIC Board of Directors approved a realignment of the regional office structure to achieve economies and efficiencies consistent with emerging trends in the banking industry. The Corporation set a schedule for consolidating its twelve regional bank supervision offices into six between June 1985 and February 1988. Two regional offices will be closed in 1985. The Omaha Regional Office is expected to close in June, and supervisory responsibility for the states of Iowa and Nebraska will shift to the Kansas City Office. In September, the Philadelphia Office is scheduled to close. Supervision of insured banks in Pennsylvania, Maryland, Delaware and the District of Columbia will transfer to the New York Office. Insured banks in Virginia will be supervised by the Atlanta Office.

Closing of the Minneapolis Regional Office is planned for June 1986, and responsibility for insured bank supervision in North Dakota, South Dakota and Minnesota will move to the Kansas City Office, while supervision in Montana and Wyoming will be assigned to the San Francisco Office.

Two regional offices will close in 1987. It is anticipated that the Memphis Office will close in June and will pass its work in Tennessee and Mississippi to the Atlanta Office. Supervision in Arkansas and Louisiana will shift to the Dallas Office, and the work of the Dallas Office in Colorado will move to the San Francisco Office. The Boston Office is scheduled to close in August 1987, and its activities in Maine, New Hampshire, Massachusetts, Rhode Island, Vermont and Connecticut will move to the New York Office.

Finally, the Columbus Office is expected to close in February 1988. The Chicago Region will take over supervisory responsibility for Michigan, and the Atlanta Regional Office will begin supervising banks in West Virginia.

As part of the restructuring, a sixth regional liquidation office was established in Kansas City, Missouri, and the Legal Division and Division of Accounting and Corporate Services will establish or complete the formation of regional headquarters units in the new regional offices of Atlanta, Chicago, Dallas, Kansas City, New York and San Francisco. This will result in the four FDIC divisions having regional operations in the same six locations.



Having joined the FDIC in June 1940, Jack A. Pinion has worked for the FDIC longer than any other employee. He began his career as a bookkeeping machine operator in the old Fiscal and Accounting Section and presently is an information analyst in the Data Administration Unit of the Division of Accounting and Corporate Services. He responds to inquiries regarding bank call report data. Mr. Pinion also has been associated with the FDIC Credit Union for a dozen years, serving as its treasurer for ten years. A man of wide-ranging interests and knowledge, his current hobbies include "tinkering" on classic cars and on his 70-year-old home in Maryland.

Considerable savings are anticipated from locating all four divisions in the same cities and housing them on the same premises. The centralization of divisional resources is expected to improve coordination and communication among the divisions and enhance the ability of the Division of Bank Supervision (DBS) to deal with the examination of problem and large banks within the regions.

In other matters, DBS acted in 1984 to position itself to cope with anticipated challenges as the task of supervising and regulating the rapidly evolving banking industry becomes more complex. These actions, which were part of the Division's strategic plan for the year, focused on identifying new kinds of risks to the banking system and the insurance fund, and controlling those risks through better supervisory methods and better allocation of resources.

The Division continued to shift more of its resources and emphasis, as it had in 1983, from examining well-operated banks to examining problem institutions. DBS conducted a total of 9,751 examinations compared with 12,977 examinations in 1983 and 17,886 in 1982, underscoring the trend toward limiting examinations of sound institutions and concentrating on the small percentage of troubled banks. At year-end, there were 848 banks on the Corporation's problem bank list, compared with 642 on the list at the end of 1983.

The Division also continued to devote more of its resources to assisting the Division of Liquidation in handling the record 79 bank failures during 1984. Examiners detailed to perform liquidation tasks gave a total of 352,000 hours to this effort, or 11 percent of total staff time, compared with 210,000 hours in 1983 and 70,000 hours in 1982.

Included in the FDIC's examination activities in 1984 were 3,339 safety and soundness examinations, 2,138 consumer and civil rights compliance examinations, 397 trust department examinations, 726 examinations of data processing facilities, 462 investigations and 2,689 applications reviews.

Throughout its examination efforts, the FDIC sought to promote better supervisory cooperation with other financial regulators. A 1983 agreement between the FDIC and the Comptroller of the Currency to perform simultaneous examinations resulted in 392 such examinations of national banks in 1984. The emphasis was on problem banks, although well-run banks were checked on a spot basis. The joint effort gives the FDIC a first-hand appraisal of the status of national banks it insures.

Further pursuing cooperation with other regulators, the FDIC in 1984 agreed with the Federal Home Loan Bank Board to conduct concurrent examinations of savings banks chartered by the Bank Board and insured by the FDIC. The program went into effect on July 1, 1984.

Employees in the Bank Statistics Section of the Division of Accounting and Corporate Services log in bank call reports. Handling the reports are (clockwise, from left) Massoumeh Nyman, Deborah Jones, Jacqueline Alston-Barnes, Alice Leazer and John Machen. The 20-page reports are submitted quarterly by each of the over 14,000 FDIC-insured banks. Section employees sort the reports into batches and send them to the FDIC Computer Center for data entry, or for editing if a report is submitted on magnetic tape. Analysts in the Section then reveiw each report for accuracy and completeness.

Margaret M. Olsen came to the FDIC in 1976 and has enjoyed a variety of professional experiences as an attorney. She first served in the Bank Operations Section of the Legal Division. In 1982 she became Assistant Executive Secretary in the Office of the Executive Secretary, and this year was promoted to Deputy Executive Secretary of the FDIC.

In the past year, the Division has progressed in computerizing its supervisory efforts. First, a review of the Integrated Monitoring System (IMS) was undertaken in compliance with the Division's strategic Plan. As a result of this review, a more sophisticated surveillance vehicle, the Extended Monitoring System (EMS), was formulated. Its goals are to provide the examiner analyst with better analytical tools and greater ability to schedule small and medium-sized state nonmember banks for off-site review. Upon its completion in 1985, EMS will consist of:

— a model that generates component-by-component off-site ratings for a given bank and compares these ratings to those assigned at its most recent examination;

— a subsystem that compares changes in key ratios of a given bank against those of its peers, and

— upgraded on-line support screens that include peer percentile ranks. When completed, EMS will complement the individual bank analytical program implemented during 1984 for large banks.

Second, DBS arranged for its examiners in the Columbus and San Francisco regions to test the use of personal computers in examining banks. Employees used the computers to prepare and transmit examination reports to FDIC regional offices. They also were able to extract bank data from the Corporation's main data base.

FDIC APPLICATIONS

	1984	1983
Deposit Insurance	114	104
Approved	113	101
Denied	1	3
New Branches	950	1,018
Approved	938	1,009
Branches	600	630
Ltd. Branches	79	89
Remote Services Facilities	259	290
Denied	12	9
Mergers	197	153
Approved	193	148
Denied	4	5
Requests for Consent to Serve	42	48
Approved	37	42
Denied	5	6
Notices of Changes in Control	137	215
Approved	137	212
Denied	0	3

Results of this testing indicated the computers will become an increasingly important tool in examinations.

DBS sought to equip examiners in other ways for their complex tasks by expanding and changing the focus of training programs to reflect the rapidly changing banking environment. Training courses for examiners in 1984 began to review, for example, what changes would be required if financial institutions could expand into new types of businesses and new ways to analyze the financial standing of large banks.

The FDIC continued to fulfill its supervisory responsibilities in other areas during the year including bank trust department supervision, oversight of bank securities activities and applications review. In 1984, the Corporation supervised 2,605 trust departments in commercial banks and 30 in mutual savings banks, including 100 departments approved for operation during the year. The dollar volume of trust account assets in these banks totalled almost $82.5 billion. The FDIC supervised the securities activities of 250 banks that had more than $1 million in assets and 500 or more shareholders of any class of equity security, and 337 banks that were registered securities transfer agents.

Banks must apply to the FDIC for deposit insurance, and this includes foreign banks seeking insurance for U.S. branches. During 1984, the FDIC received seven applications for deposit insurance in domestic branches of foreign banks, compared with six in 1983. State non-member banks also must obtain FDIC permission to merge with another bank, relocate a branch or establish new offices. The FDIC also has authority over change of control of banks and, in certain circumstances, over who may serve as a director, officer or other employee of an insured bank. The data in the table above reflect FDIC actions on applications it received during the year.

During 1984, the FDIC proposed a number of regulations affecting the applications process. The Corporation proposed to shorten the time period for public comment on merger applications from 45 days to 30 days to expedite the processing yet still give the public ample time to comment. The Corporation also proposed a revised notification system to expedite processing of applications to establish additional remote service facilities or relocate them. The plan would give authority to act on such applications to the DBS Director and to the Division's regional directors. These proposals advanced the work done in 1983 when the FDIC amended certain of its procedures for processing applications to establish or relocate branches, establish remote service facilities or merge with another bank.

RULES AND REGULATIONS

While 1983 saw the deregulation of bank liabilities, 1984 was a year in which the Corporation focused on improving banks' abilities to diversify their assets. The FDIC in 1984 reaffirmed that the Glass-Steagall Act does not prohibit insured nonmember banks from conducting securities activities, and it set forth standards to govern such activities. It also proposed guidelines for bank involvement in a wide range of nonbanking financial services such as underwriting insurance and developing real estate.

During the year, the Corporation also issued rules jointly with other financial regulators in two areas directly affecting bank safety and soundness. The FDIC and the Office of the Comptroller of the Currency proposed minimum capital requirements for the banks each regulates. The FDIC and the Federal Home Loan Bank Board adopted final regulations limiting insurance coverage on deposits placed by deposit brokers. The regulation was to take effect on October 1, 1984, but court action prevented this. The FDIC promulgated the regulation because it deems the indiscriminate placement of billions of dollars of fully-insured brokered deposits to be a misuse of the federal deposit insurance system and a significant threat to the federal deposit insurance fund. The FDIC has observed that brokered deposits frequently are placed in institutions offering the highest rates, without regard for the safety and soundness of the institutions. When such institutions fail, the existence of large amounts of such deposits may increase the cost to the deposit insurance fund.

The FDIC has found that a significant proportion of poorly-rated institutions use brokered deposits. The 77 commercial banks that failed in 1982 and 1983 had substantial brokered deposits, constituting on the average 16 percent of total deposits. Thirty-one banks that failed in 1984 had deposits in accounts placed by deposit brokers ranging as high as 64 percent of their total deposits.

In addition to concern about the effects of deposit brokerage on already troubled institutions, a potential exists for the abuse of brokered funds by insured institutions generally. The need to offer a high rate of return to attract brokered funds may require institutions to take greater investment risks, a factor often aggravated if the broker or associated parties suggest or stipulate particular uses for the funds.

On the same day the FDIC issued the brokered deposits regulation, court action was brought to nullify the regulations. On June 20, 1984, the Federal District Court for the District of Columbia ruled that the regulation was illegal, concluding that the FDIC (and the Federal Home Loan Bank Board) had exceeded statutory boundaries in imposing insurance limitations on brokered deposits. The FDIC has appealed the Court's decision, and was waiting for a resolution of its appeal at year-end.

A discussion of all of the FDIC's proposed and final regulations appears in the Legislation and Regulations section beginning on page 36.

Attorneys Christine Tullio and Peter Kravitz work together on a compliance and enforcement matter in connection with Truth-in-Lending regulations. Ms. Tullio is a senior attorney in the Compliance and Enforcement Section of the Legal Division, where she works on enforcement actions against problem banks. She joined the FDIC in 1981 under the Honors Program in Banking Law. Mr. Kravitz also is a senior attorney, serving in the Bank Operations and Regulations Section of the Legal Division. He joined the FDIC in 1976, and for the last three years has worked primarily on assisted mergers of mutual savings banks and temporary assistance transactions for commercial banks.

LEGAL ACTIVITIES

The Legal Division was reorganized in 1984 to improve the Corporation's ability to oversee a burgeoning legal workload, particularly in connection with the liquidation of failed bank assets. The new structure of the Division includes three branches: the Open Bank Regulation, Litigation and Legislation Branch, which is concerned with bank operations, regulation, legislation and litigation unrelated to bank liquidations; the Closed Bank Investigations and Litigation Branch, which supervises all legal matters relating to directors' liability, bond claims and auditors' liability, bankruptcy and complex litigation; and a new Regional and Corporate Affairs Branch, which is responsible for legal operations at all FDIC area and regional offices and field sites as well as compliance and enforcement activities and divisional administrative matters. The reorganization strengthened the Division's management structure and provided needed management support for FDIC's rapidly expanding legal field operations.

Through the Division of Bank Supervision and the Legal Division, the FDIC pursued extensive enforcement activities during 1984. The FDIC acts to correct improper banking practices by issuing cease-and-desist orders (Sections 8(b) and 8(c) of the FDI Act), assessing civil money penalties (Sections 7(a), 7(j)(15), 8(i)(2) and 18(j)(3) of the Act), and terminating deposit insurance (Sections 8(a) and 8(p) of the Act). The FDIC issued a total of 138 cease-and-desist orders during the year. The Corporation first used such orders to correct banks' weaknesses or compliance violations in 1971, issuing 37 orders through 1975, and 483 orders between 1976 and 1983.

The FDIC levied 13 civil money penalties in 1984 against 62 individuals. In addition, FDIC assessed money penalities against 55 banks for late filing of reports of condition and income for the first three quarters of 1984.

Under Section 8(e) of the FDI Act, the FDIC may remove an officer, director or other participant in the affairs of an FDIC-insured bank if the person violates a law, rule, regulation or final cease-and-desist order, engages in unsafe or unsound banking practices or breaches his or her fiduciary duty. The individual's action must involve personal dishonesty or a willful disregard for the safety or soundness of the bank. Also the action must entail substantial financial loss or other damage to the bank,

Cease-and-Desist Orders and Actions to Correct Specific Unsafe or Unsound Practices or Violations of Law or Regulations: 1981, 1982, 1983, and 1984

	1984	1983	1982	1981
Cease-and-desist orders outstanding at beginning of year-total	249	106	78	90
Section 8(b)	244	105	78	88
Section 8(c)	5	1	0	2
Cease-and-desist orders issued during year	138	223	69	38
Section 8(b)	125	188	63	37
Section 8(c)	13	35	6	1
Cease-and-desist orders terminated-total	89	80	41	50
Section 8(b)	84	49	36	47
Section 8(c)	5	31	5	3
Cease-and-desist orders in force at end of year-total	293	249	106	78
Section 8(b)	284	244	105	78
Section 8(c)	9	5	1	0

seriously prejudice the interests of its depositors or result in financial gain to the individual. During 1984, 13 Section 8(e) proceedings were formalized, compared with nine such proceedings initiated in 1983.

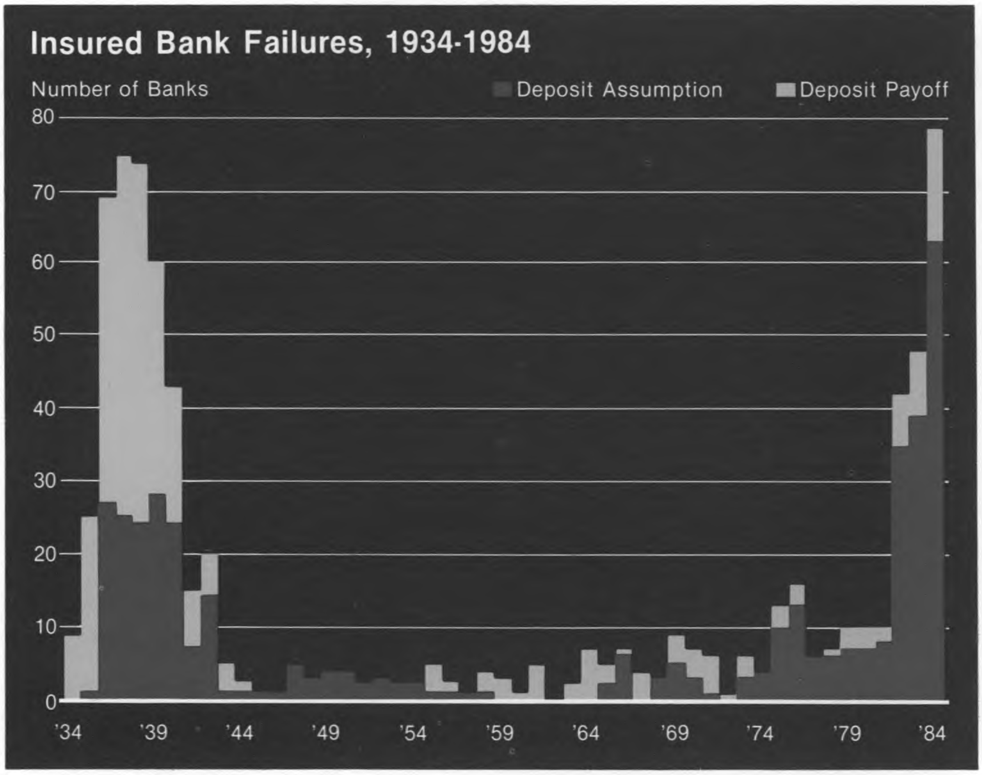
Finally, the FDIC may initiate termination-of-insurance proceedings against any bank in an unsafe or unsound financial condition. The bank's customers must be notified when insurance is terminated, but deposits (less subsequent withdrawals) continue to be insured for two years. In 1984, the FDIC initiated 32 termination-of-insurance proceedings, bringing to 339 the number of times it has taken such action since 1933. In 28 of these cases, the banks involved corrected their problems, were absorbed by other banks or ceased operations before insurance was actually discontinued. Last year, the Corporation began 26 such proceedings.

A case-by-case summary of FDIC's 1984 enforcement actions without banks' names may be obtained from the FDIC Corporate Communications Office, 550 17th Street, N.W., Washington, D.C. 20429. Summaries of enforcement actions for prior years are included in the FDIC's annual reports, also available from the Corporate Communications Office.

COMMERCIAL BANK FAILURES

In 1984, 78 commercial banks failed, and the FDIC provided financial assistance in a merger of one failing mutual savings bank. This was the greatest number of insured bank failures in any year since the founding of the FDIC. Most were relatively small institutions. The total deposits in the 79 failed banks in 1984 were less than the total deposits in failed banks in each of the three previous years—$2.9 billion (1984) compared with about $5.5 billion in 1983, $9.9 billion in 1982 and $3.8 billion in 1981. Approximately 75 percent of the failed banks in 1984 had deposits of $30 million or less. In 1983, about 60 percent of the failed banks had deposits of $30 million or less. The largest commercial bank to fail in 1984 by deposit size was Girod Trust Company, San Juan, Puerto Rico, which had deposits of $258 million.

The causes for the high number of bank failures during the year were varied. Poor management was the cause of many of the failures. In some cases bad energy loans and real estate loans brought banks down. In the last quarter of 1984, defaulted agriculture loans began to rise as a major factor in a number of the failures, as farmers felt increasing pressures from high interest rates, low commodity prices and declining land values.



Agricultural banks, defined as the 30 percent of commercial banks in which agricultural loans account for 25 percent or more of total loans, have experienced rapidly mounting difficulties. In the 12-month period between the end of 1982 and the end of 1983, agricultural banks constituted up to 24 percent of the total number of problem banks. By the end of 1984, however, these banks represented 37 percent of the FDIC's list of 848 problem banks. A similar situation is found in failed bank statistics. In the last four months of 1984, agricultural banks accounted for 71 percent of the banks that failed during the period. However, in each such case, mismanagement or other factors distinguished the failed bank from other nearby banks that did not fail.

Tennessee, with eleven bank failures, had the most failures of any state, and three of these were connected with the group of failed banks controlled by Jake and C. H. Butcher. Beginning with the failure of the United American Bank in Knoxville, Tennessee, on February 14, 1983, ten banks controlled by the Butchers had failed by year-end 1984.

The majority of the failed banks, 62, were handled through purchase and assumption transactions, in which a healthy institution assumes the deposits and other liabilities and purchases some of the assets of a failed bank. The FDIC saved more than $59 million by using the "P and A" method instead of other methods of liquidating these banks. This savings represents the lower cost of handling these failures realized due to the purchase premiums paid the FDIC by the assuming banks.

The FDIC handled 12 of the failed banks during the year with the deposit transfer method, an approach first used in two failures in 1983. In this procedure, the FDIC makes insured deposits in a failed bank available to their owners by transferring their accounts to a healthy institution instead of directly paying depositors up to the insured limit. The method is useful when a failed bank has a substantial amount of potential and contingent claims, making a purchase and assumption transaction infeasible.

Payment of insured deposits through the transfer of accounts to another insured bank minimizes disruption to the closed

Keith Nothstein is a senior examiner who joined the FDIC in 1962 in the old Richmond, Virginia, Regional Office. He is currently assigned to the Philadelphia Region. He has been an instructor in the DBS Training Center in Rosslyn, Virginia, and is scheduled to serve as a course administrator at the Center in the Spring of 1985. He has carried out several assignments working on large liquidations, such as Franklin National Bank, and in 1985 will be detailed to the United American Bank, Knoxville, Tennessee, for 15 weeks.

bank's customers and to the affected communities. The procedure also reduces the FDIC's costs in handling such failures compared with the cost of a direct payoff, because a payoff is more labor-intensive and time-consuming and because the transfer agent bank typically pays the FDIC a premium.

A new feature of the deposit transfer method in 1984 was an advance of funds to uninsured depositors and other creditors of failed banks. The Corporation made such advance payments in eight of the 12 bank failures handled by transferring insured deposits to another institution. The payments ranged from 40 to 75 percent of uninsured claims. The percentage in each bank was based on the estimated present value of assets to be liquidated. If the FDIC's actual collections on the assets of these failed banks exceed the advance payments and expenses of administration, uninsured creditors ultimately will receive additional payments on their claims. But if the present value of collections turns out to be less than the advance payments and administrative expenses, the FDIC insurance fund will absorb the shortfall.

Depositors in four bank failures in 1984 received their insured funds via the payoff method, in which the FDIC directly pays depositors their insured deposits. In three of the four payoffs, the FDIC made advance payments to uninsured depositors and other creditors of the failed banks.

MUTUAL SAVINGS BANKS

In 1984, the FDIC assisted the merger of Orange Savings Bank, Livingston, New Jersey, into Hudson City Savings Bank of Paramus, New Jersey. The transaction occurred under the FDIC's Voluntary Assisted Merger Program, which establishes criteria for granting assistance in a voluntarily arranged merger involving an FDIC-insured savings bank that is in a weakened financial condition.

To facilitate the merger, the FDIC advanced $26 million to Hudson City Savings. The assistance agreement provided that $16 million of the assistance will be contingently repayable out of a portion of the resultant bank's future income. A deposit payoff of Orange Savings Bank would have cost the FDIC an estimated $72 million compared to the merger's $26 million cost to the FDIC, for a savings of $46 million.

Roberta Alexander is an examiner in the Philadelphia Region. She joined the FDIC in 1977 and has worked in the Philadelphia Region throughout her FDIC career. She has completed several liquidation details involving closed banks in Knoxville, Tennessee and in Puerto Rico. She also completed a detail working on Shared National Credits with Federal Reserve examiners in New York City. In the background is examiner Raymond Golata.

The FDIC's net worth certificate program, available to depository institutions that have suffered earnings and capital losses primarily as a result of mortgage lending activities, has been useful in assisting mutual savings banks. The Garn-St Germain Depository Institutions Act of 1982 authorized the FDIC to assist any qualified institution by making periodic purchases of capital instruments in the form of net worth certificates.

At the time that net worth certificates are purchased, the FDIC issues its promissory note in exchange for the institution's net worth certificate. For purposes of regulatory reporting, the FDIC's note is reflected as an "other asset" of the institution and its liability under the net worth certificate is reflected as a segregation of capital. At year end 1984, 23 depository institutions had net worth certificates outstanding totaling $578.8 million. At the end of 1983, there were 23 depository institutions with such certificates totaling $376.9 million. The net worth certificate program will expire October 15, 1985, unless the Congress extends the legislation.

In 1984, the FDIC for the first time used its authority under Section 5(o)(2)(F) of the Home Owner's Loan Act of 1933 to find that severe financial conditions exist which threaten the stability of a bank, thereby facilitating the conversion of the Home Savings Bank, FSB, Boston, Massachusetts, from mutual to stock form of ownership and allowing the acquisition of ownership by Yankee Oil and Gas Inc., Boston, Massachusetts.

LIQUIDATION ACTIVITIES

Of the 747 banks that failed since the FDIC's inception in 1934, 403 were deposit assumption cases and 344 were deposit payoffs, including 14 failures in which insured deposits were transferred to operating banks for payment or credit to depositors. Deposits in the failed banks totalled $28.3 billion. All the accounts in the deposit assumption cases, with insured and noninsured deposits aggregating $26.3 billion, were fully protected. Total deposits in the payoffs amounted to $2.0 billion.

There were 7.2 million accounts in the deposit assumption cases and .8 million depositors in the payoff cases since January 1, 1934.

Total disbursements by the FDIC since January 1, 1934, amounted to $13.3 billion. Of that amount, the FDIC recovered $6.9 billion and lost $3.5 billion.

United American Bank

United American Bank, Knoxville, Tennessee, formerly owned by Jake Butcher, failed on February 15, 1983, at which time First Tennessee Bank purchased all assets of United American. This agreement was terminated on August 18, 1984, and the FDIC assumed the remaining assets of the bank.

Susie Able joined the FDIC in 1969 as a clerk typist and went on to become a bank examiner in the Atlanta Region for approximately ten years. Presently, she is a program analyst in the Division of Liquidation and works on special projects connected with the Division's operating plan. A native of Virginia, Ms. Able has taught oil painting and has sold several of her own works.

The FDIC's liquidation team and security personnel at the First National Bank, Snyder, Texas, gather together. The bank was closed on May 4, 1984, and the FDIC approved the transfer of the bank's insured and secured deposits to American State Bank of Snyder.

At the end of 1984, FDIC held assets totalling $447.0 million. Collections received by the FDIC and First Tennessee, cumulatively totalled $68.6 million at year end, while expenses (exclusive of interest on FDIC indebtedness) totalled $27.9 million. The FDIC estimates that it will lose $395.5 million from the liquidation of this bank. This loss is based on estimated future collections of $118.0 million, future expenses of $18.3 million, and anticipated litigation losses of $14.8 million.

This liquidation is still in the early stages and clear trends are not yet discernible. There are outstanding claims totalling several hundred million dollars that may take a number of years to resolve. Two major areas of litigation concerning the United American liquidation involve letters of credit and participation agreements. The local United States District Court has held that a standby letter of credit is a deposit under the Deposit Insurance Act. The FDIC has appealed this decision to the Sixth Circuit Court of Appeals.

First National Bank, Midland, Texas

On October 14, 1983, one of the largest commercial bank failures in FDIC history occurred when the deposit liabilities of First National Bank of Midland, Midland, Texas, were assumed by RepublicBank First National Midland, a newly-chartered subsidiary of RepublicBank Corporation, Dallas, Texas. At year end 1984, the liquidation of First National held $859.4 million in assets, including approximately $608 million of energy loans. These loans are extremely complex and, due to the current condition of the energy market, their collectibility is highly uncertain.

Principal and interest collections in the First National liquidation cumulatively totalled $552.6 million during 1984 while expenses (exclusive of interest on FDIC indebtedness) totalled $23.1 million. The FDIC estimates that it will lose $245.2 million from the liquidation of this bank. This loss is based on estimated future collections of $554.0 million, estimated future expenses of $68.9 million, and anticipated litigation losses of $28.5 million.

Penn Square Bank

The liquidation of Penn Square Bank was still continuing during 1984. It failed on July 5, 1982, resulting in the largest deposit payoff in FDIC history. The FDIC established a Deposit Insurance National Bank (DINB) for the purpose of paying

Gary Holloway is Regional Manager (Other Assets) in the Division of Liquidation Midwest Regional Office. He joined the FDIC in 1975 as a field liquidator assigned to the Franklin National Bank liquidation. During his service with the FDIC, he has enjoyed a working on liquidations in a variety of geographic locations across the country and in the Virgin Islands. The sportsmen in the background of the picture are using the facilities of the Oak Lawn Racquet Club, an asset the FDIC acquired in the liquidation of the First National Bank of Oak Lawn, Oak Lawn, Illinois.

insured deposits. On August 18, 1983, the FDIC signed an agreement with Charter National Bank, N.A., a newly-chartered bank, under which Charter National purchased the remaining $458,400 in deposits from the DINB and began operating from Penn Square's former motor bank.

At the end of 1984, the FDIC had collected $619.5 million in principal and interest on loans, securities and other assets. Out of the total, $294.6 million was paid to the holders of loan participations sold by Penn Square, $5.7 million repaid accrued advances from the Federal Reserve to Penn Square, $16.9 million was paid to the owners of pledged deposits and approximately $153.6 million was paid to uninsured depositors and other creditors holding Receiver's Certificates for proven claims. At the end of 1984, the FDIC had invested $108.3 million in Treasury Bills.

The remaining amount due on proven claims totalled about $437.1 million. There also existed approximately $744.5 million in claims rejected by the receiver. Remaining assets to be liquidated as of December 26, 1984, amounted to about $250.6 million exclusive of the $108.3 million invested in Treasury Bills. Liquidation expenses since inception totalled $23.8 million as of December 31, 1984. The FDIC estimates that depositors in Penn Square may recover up to 65 percent of deposits that exceeded the insurance limit. This estimate is subject to revision depending on future collections from liquidation of Penn Square's assets and the outcome of a large number of legal actions.

Other Liquidation Activities

In 1984 the Division of Liquidation continued to build on its accomplishments in 1983 that had enabled the Division to handle its large and growing workload of assets for liquidation that year, and meet the challenge of record level bank failures in 1984. The Division's inventory of assets for liquidation in 1984, exclusive of the assets of Continental Illinois Bank, climbed to 121,000 assets with a book value of $5.23 billion. The Division held approximately 800 assets of Continental Illinois at year end with a book value of $5.1 billion.

The Division's strategic plan for the year included further increases in staffing, expanded training, and greater use of automation to keep track of assets and resources. Of major importance during the year was the Division's installation of the Decimus System in all five Area Liquidation offices. Before the Decimus system, all of the Division's financial operations were done manually except for a few liquidation sites where automated systems were acquired from failed banks. The new automated asset management system increased the speed and efficiency of the Division in processing data on assets acquired by the FDIC from failed banks. Decimus is an interim system that will

John Bovenzi (left) is Chief of the Economic Conditions Section of the Division of Research and Strategic Planning, and has been with the FDIC for four years. Previously he was Assistant Professor of Economics at Holy Cross College in Worcester, Massachusetts. He earned a BA in Economics at the University of Massachusetts, and holds both a Masters degree and PhD in the same subject from Clark University, Worcester, Massachusetts. Eric Hirschhorn (right) is a financial economist in the Economic Conditions Section. Mr. Hirschhorn tracks economic conditions and studies issues in banking such as, for example, the results of auctions of assets acquired in bank liquidations and the bidding levels that occur. Before coming to the FDIC in 1983, Mr. Hirschhorn taught in the Economics Department of Virginia Polytechnic Institute, Blacksburg, Virginia.

Jane Mendoza is a word processing supervisor with the Division of Accounting and Corporate Services. She joined the FDIC in 1983 after working in a similar position with the Fort Bend, Texas, Independent School District. At the FDIC, she and the operators she supervises produce about 200 pages of documents in an average day. On her own time, Ms. Mendoza is a Petty Officer 3rd Class with the U.S. Naval Reserves.

convert to the Liquidation Asset Management Information System (LAMIS) when the latter becomes operational.

During the year, work progressed on the development of LAMIS, which is an integrated set of automated systems being developed to support the operation and management of the Liquidation Division. LAMIS will be made up of five interdependent systems that will support collection activity, servicing of loans, loan delinquency analysis, and loan market analysis. LAMIS will be located in the FDIC's main computer in Washington, and all bank liquidation sites, regions, and sub-regional offices will have access to it through a telecommunications network. A LAMIS prototype will be installed in the FDIC New York Regional Office in April 1985. By the end of 1986, the FDIC expects that LAMIS will be operating in all regional offices.

INCOME AND EXPENSES

Revenues and the deposit insurance fund continued to increase during 1984 although the record high rate of insured bank failures created large expenses for the FDIC. The fund attained a new year-end high of $17.2 billion, an increase of $1.8 billion or 12.0 percent over 1983. Gross revenues for the year amounted to $3.03 billion, including $1.5 billion from investments in U.S. Treasury obligations and $1.3 billion from assessments on insured banks.

The average maturity of the Corporation's investment portfolio at year-end l984 stood at two years and four months compared to two years and nine months at the end of 1983. The par value of the portfolio increased from $13.8 billion on December 31, 1983 to $14.2 billion at year-end 1984. Its market value grew from $13.7 billion to $14.4 billion during the same period.

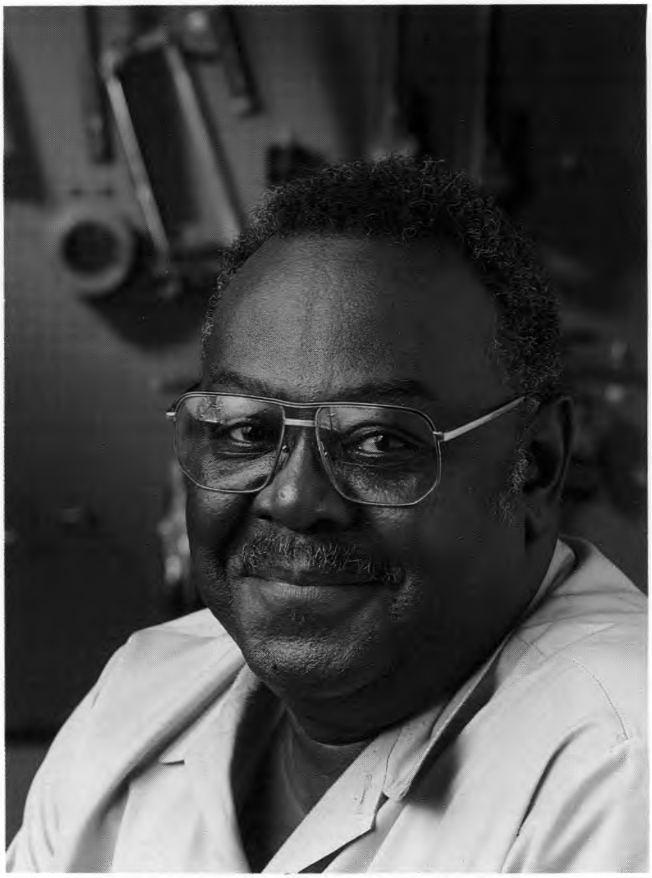
The FDIC's total expenses and losses in closed banks and merger activities during 1984 were $1.1 billion. Administrative expenses were $151 million, an increase of 11 percent over 1983. The total gross expenses and losses for the year were $1.3 billion.

The FDIC gives insured banks a credit against their next year's assessments for insurance coverage, depending on the FDIC's losses and expenses for the year. The losses and expenses sustained by FDIC in 1984 resulted in an assessment credit of $67.5 million, compared to $164 million in 1983. The 1984 credit represents an effective assessment rate to banks of 1/12.5 of one percent of assessable deposits, compared to 1/14 of one percent in 1983. The 1984 assessment credit represents 5.12 percent of total assessments compared to 13.54 percent in 1983.

(The FDIC's complete 1984 financial statements with footnotes begin on page 22.)

Personnel

The FDIC ended 1984 with 5,076 employees, or 1,230 more employees than at the end of 1983. Most of this gain involved temporary employees in the Liquidation Division hired to cope with the increased number of bank closings during 1984. For all employees, exclusive of temporary field personnel and temporary summer personnel, the turnover rate remained at 7.0 percent for the second year.



Ashland O. Harris is a maintenance worker leader in the Corporate Services Branch of the Division of Accounting and Corporate Services. In twelve years with the FDIC, Mr. Harris has become widely known throughout the Washington Office and has earned a reputation as a dedicated, loyal and competent employee. He has received the 1984 Chairman's Award, which is presented annually to a non-examiner career employee with at least ten years service who has a record of outstanding performance.

Number of Officials and Employees of the Federal Deposit Insurance Corporation December 31, 1983 and 1984

	TOTAL		WASHINGTON OFFICE		REGIONAL & FIELD OFFICES	
	1984	1983	1984	1983	1984	1983
TOTAL	5076	3846	933	968	4143	2878
Executive Office	54	46	52	46	2	0
Legal Division	296	103	148	103	148	0
Division of Research and Strategic Planning	28	29	28	29	0	0
Division of Liquidation*	2158	1153	28**	170	2130	983
Division of Bank Supervision	1800	2053	160	158	1640	1895
Division of Accounting and Corporate Services	644	379	421	379	223	0
Office of Corporate Audits	40	38	40	38	0	0
Office of Equal Opportunity	6	6	6	6	0	0
Office of Personnel Management	50	39	50	39	0	0

*Division of Liquidation totals include temporary employees, most of whom were employed by failed banks, assigned to field liquidations.
**The decrease in the number of Liquidation Division employees in the Washington Office during 1984 was due to the official reassignment of field liquidators to the regional offices.

Marty Kerns was the first female computer operator to work at the FDIC. She joined the FDIC in 1970 and today is the Chief of the Computer Center Unit of the Division of Accounting and Corporate Services. She is responsible for all FDIC computer operations, production control and data conversion. She describes herself as a voracious reader and "sometimes" a gourmet cook.

Amelia Laguilles is a senior auditor in the Office of Corporate Audits and Internal Investigations. She came to the FDIC in 1983 after working for eight years in the Treasury Department, most recently as an auditor in the Office of the Inspector General. Ms. Laguilles also is a Certified Public Accountant.

William Williams has served with the FDIC for 15 years, the last twelve in the Division of Liquidation. He is currently Office Services Supervisor in the Division's Administrative Branch. Mr. Williams services the Division's 70 microcomputers and printers and sends them to liquidation sites. His job sometimes involves sending computers to several different sites at the same time, and requires some muscle to lift an 80-pound crate containing a computer and printer.

STATEMENTS OF FINANCIAL POSITION (In thousands)

Assets	December 31, 1984	December 31, 1983
Cash	$ 4,158	$ 88,785
Investment in U.S. Treasury obligations (Note 2)	14,436,286	13,992,059
Other assets, principally accrued interest receivable on investments	393,944	393,080
Certificates and notes receivable from insured banks (Note 3)	560,883	423,641
Assets acquired in assistance to an insured bank (Note 4)	4,457,429	0
Assets acquired from failures of insured banks (Note 5)	2,143,540	1,992,029
Property and buildings (Note 6)	41,701	36,969
Total Assets	$22,037,941	$16,926,563

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	December 31, 1984	December 31, 1983
Accounts payable, accrued liabilities and escrow funds	**$ 100,478**	**$ 79,581**
Net assessment income credits due to insured banks (Note 7):		
Available July 1, 1985	**67,548**	**0**
Available July 1, 1984	**0**	**164,039**
Liabilities incurred in assistance to insured banks (Note 8)	**3,848,342**	**0**
Liabilities incurred from failures of insured banks (Note 9)	**859,641**	**1,253,763**
Total Liabilities	**4,876,009**	**1,497,383**
Deposit Insurance Fund	**17,161,932**	**15,429,180**
Total Liabilities and the Deposit Insurance Fund	**$22,037,941**	**$16,926,563**

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, 1984	December 31, 1983
Income:		
Gross assessments earned	$ 1,322,587	$ 1,215,817
Provision for assessment credits	68,548	164,903
Net Assessments Earned	**1,254,039**	**1,050,914**
Interest on U.S. Treasury obligations	**1,495,378**	**1,404,325**
Interest on notes receivable	**111,730**	**65,065**
Interest on assets in liquidation	**168,580**	**90,462**
Other income	**2,243**	**17,161**
Total Income	**3,031,970**	**2,627,927**
Expenses and Losses:		
Administrative operating expenses	151,201	135,660
Merger assistance losses and expenses	197,559	127,486
Provision for insurance losses (Notes 3, 5, and 10)	933,374	675,119
Nonrecoverable insurance expenses (Note 11)	17,084	31,426
Total Expenses and Losses	**1,299,218**	**969,691**
Net Income	**1,732,752**	**1,658,236**
Deposit Insurance Fund—January 1	**15,429,180**	**13,770,944**
Deposit Insurance Fund—December 31	**$17,161,932**	**$15,429,180**

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, 1984	December 31, 1983
Financial Resources Were Provided From:		
Operations:		
Net income	$ 1,732,752	$1,658,236
Add (deduct) items not involving cash in the period:		
Amortization of U.S. Treasury obligations	18,104	(59,961)
Loss on sale of U.S. Treasury obligations	982	0
Depreciation on buildings	977	897
Income maintenance agreement adjustments	80,753	1,418
Amortization of merger assistance agreements	40,131	51,315
Provision for insurance losses	933,374	675,119
Resources provided from operations	**2,807,073**	**2,327,024**
Other resources provided from:		
Maturity and sale of U.S. Treasury obligations	3,755,184	4,346,245
Collections on notes receivable	2,528,119	375,619
Collections on assets acquired from failures of insured banks	1,701,734	611,849
Liabilities incurred in assistance to insured banks	3,848,342	0
Liabilities incurred from failures of insured banks	0	698,565
Decrease (increase) in cash	84,627	(87,450)
Other decreases (increases)	20,033	(61,013)
Total financial resources provided	**$14,745,112**	**$8,210,839**
Financial Resources Were Applied To:		
Purchase of U.S. Treasury obligations	$ 4,218,497	$5,025,978
Acquisition of notes receivable	2,848,342	218,998
Assets acquired in assistance to an insured bank	4,457,429	0
Assets acquired from failures of insured banks	2,603,638	2,442,851
Additions to property and buildings	5,709	3,713
Decrease (increase) in net assessment income credits due to insured banks	96,491	(67,858)
Payments on liabilities incurred in failures of insured banks	515,006	587,157
Total financial resources applied	**$14,745,112**	**$8,210,839**

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, 1984 AND 1983

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 its activities as receiver or liquidating agent are furnished by the Corporation to courts, supervisory authorities, and others as required.

U.S. Treasury Obligations
Securities are shown at amortized cost which is the purchase price of the 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. For the year ended December 31, 1984, the Corporation changed from the straight-line method to the constant-yield method. This change did not have a material effect on net income.

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. The Depository Institutions Deregulation and Monetary Control Act of 1980 authorized a percentage of net assessment income to be transferred to insured banks each July 1 of the following calendar year to 60 percent. Additionally, the Act authorized the FDIC 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 FDIC is mandated to reduce the percentage of net assessment income distributed to a limit of 50 percent. If this ratio exceeds 1.40 percent, the FDIC is mandated to increase the percentage of net assessment income distributed by such an amount as it determines will result in maintaining that ratio at not more than 1.40 percent.

Allowance for Losses
The Corporation establishes an estimated allowance for loss at the time a bank fails. These allowances are reviewed every six months and adjusted as required, based on financial developments which occur during each six-month period. The Corporation does not state its estimated contingent liability for unknown future bank closings because such estimates are impossible to make. The Corporation's contingent liability for eventual net losses depends upon factors which cannot be assessed until or after a bank has actually failed. The Corporation's entire Deposit Insurance Fund and borrowing authority are available, however, for such contingencies.

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 annualized cost of funds and the 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

1. Summary of Significant Accounting Policies (Continued):

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 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 1983 Financial Statements to conform to the presentation used in 1984.

2. U.S. Treasury Obligations:

All cash received by the Corporation which is 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, 1984		December 31, 1983	
Maturity	**Description**	**Book Value**	**Market Value**	**Book Value**	**Market Value**
One Day	Special Treasury Certificates	$ 759,127	$ 759,127	$ 484,331	$ 484,331
Less than 1 Year	U.S.T. Bills, Notes and Bonds	2,209,252	2,226,362	1,886,210	1,884,915
1–3 Years	U.S.T. Notes and Bonds	6,186,261	6,239,531	4,985,240	4,975,485
3–5 Years	U.S.T. Notes and Bonds	5,281,646	5,216,021	5,781,924	5,621,113
5–10 Years	U.S.T. Notes and Bonds	0	0	854,354	779,366
		$14,436,286	**$14,441,041**	**$13,992,059**	**$13,745,210**

3. Certificates and Notes Receivable from Insured Banks:

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

	December 31	
	1984	**1983**
Certificates:		
Net worth certificates	$348,342	$ 0
Allowance for losses	(182,981)	0
	165,361	0
Notes receivable to:		
Assist operating banks	27,000	27,000
Facilitate deposit assumptions	93,374	120,993
Facilitate merger agreements	275,148	275,648
	$560,883	**$423,641**

The net worth certificate program was established at the FDIC 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, 1984 and 1983 is $578,791,000 and $376,866,000 respectively. As of December 31, 1984, the Corporation has recorded $348,342,000 of net worth certificates for which an allowance for losses of $182,981,000 is estimated. The financial statements exclude $230,449,000 of net worth certificates for which no losses are expected because of the non-cash exchange nature of the transactions.

4. Assets Acquired in Assistance to an Insured Bank:
On July 26, 1984, the FDIC, the Federal Reserve Board, the Comptroller of the Currency and a group of major U.S. banks agreed to provide a "permanent assistance program" to the Continental Illinois National Bank and Trust Company of Chicago ("CINB") and its parent, Continental Illinois Corporation. This program, which became effective on September 26, 1984, after Continental Illinois Corporation shareholder approval, replaced a temporary, emergency assistance package among the same parties that had been in effect since May 1984. Major elements of the new package included a financial assistance plan to remove problem loans from CINB and infuse new capital resources into CINB, the continuation of ongoing lines of credit from the Federal Reserve Board and a group of major U.S. banks to alleviate liquidity pressures and the installation of a new management team. Additionally, the FDIC agreed to commit more capital or other forms of assistance if the permanent assistance program proves to be insufficient for any reason.

The key aspects of the permanent assistance program applicable to the FDIC are embodied in an Implementation Agreement and an Assistance Agreement between the FDIC and CINB, Continental Illinois Corporation, and Continental Illinois Holding Corporation, a new holding company formed to own all Continental Illinois Corporation stock as of the effective date for the purpose of implementing the FDIC Option (described below). Discussed below are the major aspects of the FDIC's participation in the permanent assistance program and their effect on the FDIC financial statements.

The assets acquired by the FDIC in assistance to CINB on the commencement date and as of year end are as follows (in thousands):

	(Commencement Date) September 26, 1984	December 31, 1984
Loans and related assets purchased	$2,000,000	$2,010,313
Promissory note	1,500,000	1,447,116
Preferred stock investment	1,000,000	1,000,000
	$4,500,000	$4,457,429

Loans acquired were selected by CINB with the restrictions that such loans were nonperforming, classified or otherwise of poor quality (i.e., "troubled loans"). Certain foreign loans were excluded from selection. On September 26, 1984, after consummation of the permanent assistance program, CINB transferred $2.0 billion of troubled loans to the FDIC. The unpaid legal principal value of these loans was approximately $3.7 billion.

Also, on September 26, 1984, the FDIC received a promissory note from CINB for $1.5 billion. At CINB's option, the promissory note can be paid anytime within three years by transfer of additional troubled loans (subject to the above restrictions) at CINB's book value as of the date of transfer. Until such time as the promissory note is paid, interest will be charged. As of December 31, 1984, CINB transferred $52,844,000 of additional troubled loans to the FDIC as partial repayment on the original promissory note. As a result, the remaining unpaid principal balance on the note is $1,447,116,000.

The purchase of these assets was, in part, funded by the assumption of $3.5 billion of indebtedness to the Federal Reserve Bank of Chicago (FRB) on behalf of CINB. These borrowings will bear interest at specified rates established by the FRB and the U.S. Treasury. The FDIC will repay 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 FDIC will make up such deficiency with its own funds.

4. Assets Acquired in Assistance to an Insured Bank (continued):
The Implementation Agreement provides for the FDIC to be reimbursed each quarter for its expenses related to administering the transferred loan portfolio and for interest paid on the indebtedness to the FRB which it assumed. Thus, such costs are recorded as assets. The FDIC and CINB have entered into a service agreement whereby CINB will administer the transferred loan portfolio on behalf of the FDIC. The FDIC is also permitted to establish a special reserve account from troubled loan collections. The balance in this account, if any, reverts to the FDIC in those quarters when loan collections have been insufficient to cover interest owing on the indebtedness which it assumed. For financial accounting purposes, cash collections received on the transferred loan portfolio (plus certain other amounts) are applied quarterly in accordance with the Implementation Agreement terms, as follows: 1) to the administrative expenses paid by the FDIC; 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. The FDIC is entitled to receive interest on the cumulative deficiencies between cash collections and the costs incurred in administering the troubled loans and the interest on the assumed debt. Further, CINB has assigned to the FDIC all its existing and future claims against any party which may be related to any loss incurred in connection with any transferred loan.

Total cash flow consists of the above collections of principal and interest on the transferred loan portfolio, interest payments on the CINB promissory note and interest earned on daily collections. As of December 31, 1984, the FDIC received cash flow totaling $147,044,000. Cash flow was applied to administrative costs and interest expense of $3,224,000 and $94,564,000 respectively, and to establish a special reserve account balance of $49,256,000. Accordingly, total FDIC obligations for purposes of exercising the FDIC option (discussed below) are $3.457 billion. The collection results during this period should not necessarily be considered indicative of the ultimate loan portfolio collectibility.

Ultimate collection results on the transferred loan portfolio are subject to significant uncertainties because of the financially troubled nature of the borrowers and the effects of general economic conditions on their industries. Due to the number and complexity of the loans within the transferred loan portfolio, an estimate of the ultimate collectibility has not been completed by the FDIC. Accordingly, no determination has been made as to whether or not any allowance for loss related to the CINB permanent assistance program is necessary. Consequently, none has been recorded in the financial statements for the year ended December 31, 1984. The Corporation expects to complete its initial determination of the estimated net realization on the transferred loan portfolio during 1985.

The FDIC holds an option to acquire up to 40.3 million shares of Continental Illinois Corporation common stock. The shares subject to the option are owned by Continental Illinois Holding Corporation, which is owned by the former stockholders of Continental Illinois Corporation. The option cannot be exercised prior to the fifth anniversary of the commencement date, September 26, 1989. Further, the option is exercisable only if the FDIC suffers a loss (disregarding any profit or loss from the FDIC's interest in Continental Illinois Corporation preferred or common stock) on the transferred loan portfolio, including unrecovered administrative costs and interest expense. If the FDIC suffers a loss, the FDIC will be entitled to retain any remaining transferred loans and to exercise the FDIC 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. No value has been assigned to the FDIC's right to exercise this option as of December 31, 1984. If the FDIC does not suffer any loss under the permanent assistance program, all remaining loans and other assets acquired will be returned to CINB and the option would not be exercisable.

The FDIC also purchased $1 billion of two non-voting, Continental Illinois Corporation, preferred stock issues. The proceeds of these issues were transferred to CINB in the form of a capital contribution. The Junior Perpetual Convertible Preference Stock, in the amount of $720 million, is convertible into 160 million shares of Continental Illinois Corporation common stock upon sale or transfer by the FDIC. Dividends are to be received on this preferred stock only to the extent that dividends are paid on the Continental Illinois Corporation common stock and are equivalent to that which would be paid on 160 million shares of common stock. The Adjustable Rate Preferred Stock, Class A, in the amount of $280 million, is a cumulative issue that is callable at the option of Continental Illinois Corporation. The issuer also has the option to pay dividends on this issue in the form of additional shares of this issue or cash until the third anniversary of their original issue date.

5. Assets Acquired from Failures of Insured Banks:

Assets acquired from failures of insured banks are as follows (in thousands):

	December 31 1984	1983
Depositors' claims paid	$ 731,288	$ 413,748
Depositors' claims unpaid	6,815	7,048
Loans and assets purchased in a fiduciary capacity	3,088,354	2,494,059
Assets purchased in a corporate capacity	377,219	386,917
	4,203,676	3,301,772
Allowance for losses	(2,060,136)	(1,309,743)
	$2,143,540	$1,992,029

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

	Depositors' claims paid	Loans and assets purchased in a: Fiduciary capacity	Corporate capacity	Total
1984				
Balance, January 1	$175,832	$ 727,362	$406,549	$1,309,743
Provision for insurance losses	(17,775)	810,036	(41,868)	750,393
Write-off at termination	0	0	0	0
Balance, December 31	$158,057	$1,537,398	$364,681	$2,060,136
1983				
Balance, January 1	$ 58,352	$ 213,536	$362,744	$ 634,632
Provision for insurance losses	117,480	513,826	43,805	675,111
Write-off at termination	0	0	0	0
Balance, December 31	$175,832	$ 727,362	$406,549	$1,309,743

6. Property and Buildings:

Property and buildings consist of (in thousands):

	December 31 1984	1983
Land	$ 4,014	$ 4,014
Office buildings	43,025	37,316
Accumulated depreciation	(5,338)	(4,361)
	$41,701	$36,969

The Corporation's 1776 F Street property is subject to notes payable totaling $10,926,000 and $11,224,000 at December 31, 1984 and 1983, respectively.

7. 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.

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.

7. Assessment Credits Due Insured Banks (continued):

The computation and distribution of net assessment income credits for calendar year 1984 and 1983 are as follows (in thousands):

1984 Net Assessment Income Credits Due Insured Banks – July 1, 1985

Computation:		
Gross Assessment Income – C.Y. 1984		$1,319,170
Less: Administrative Operating Expenses	$151,201	
Merger Assistance Losses and Expenses less Amortization and Accretion	135,383	
Provision for Insurance Losses	933,374	
Nonrecoverable Insurance Expenses	17,084	
Lending Costs	0	1,237,042
Net Assessment Income		$ 82,128
Distribution:		
40% to the Deposit Insurance Fund	$ 32,851	
60% to Insured Banks	49,277	$ 82,128
Assessment Credit Due Insured Banks:		
Assessment Credit – C.Y. 1984		$ 49,277
Assessment Credits – Prior Years		18,271
Total Credits Due, July 1, 1985		$ 67,548

Effective rate of assessment for C.Y. 1984: 1/12.5 of 1% of total assessable deposits
Percent of total credits due insured banks: 5.12048% of gross assessments

1983 Net Assessment Income Credits Due Insured Banks – July 1, 1984

Computation:		
Gross Assessment Income – C.Y. 1983		$1,211,440
Less: Administrative Operating Expenses	$135,660	
Merger Assistance Losses and Expenses less Amortization and Accretion	90,123	
Provision for Insurance Losses	675,119	
Nonrecoverable Insurance Expenses	31,426	
Lending costs	8,640	940,968
Net Assessment Income		$ 270,472
Distribution:		
40% to the Deposit Insurance Fund	$108,189	
60% to Insured Banks	162,283	$ 270,472
Assessment credit Due Insured Banks:		
Assessment credit – C.Y. 1983		$ 162,283
Assessment credits – Prior Years		1,756
Total Credits Due, July 1, 1984		$ 164,039

Effective rate of assessment for C.Y. 1983: 1/14 of 1% of total assessable deposits
Percent of total credits due insured banks: 13.54086% of gross assessments

8. 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 1984	1983
Federal indebtedness	$3,500,000	$ 0
Promissory (exchange) notes	348,342	0
	$3,848,342	$ 0

9. 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 1984	1983
Federal indebtedness	$442,667	$ 811,666
Notes payable	222,813	242,293
Income maintenance agreements	187,346	192,756
Depositors' claims unpaid	6,815	7,048
	$859,641	$1,253,763

10. Provision for Insurance Losses:

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

	December 31 1984	1983
Provision for insurance losses:		
Net worth certificates		
Current year provision	$182,981	$ 0
Assets acquired from failures of insured banks		
Current year provision	283,219	122,450
Prior year adjustments	467,174	552,661
Termination adjustments	0	8
	750,393	675,119
	$933,374	$675,119

11. 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. As of December 31, 1984 and 1983, nonrecoverable insurance expenses included $13,136,000 and $25,211,000, respectively, of interest expense incurred on the Federal Reserve Bank of New York indebtedness related to the administering and liquidating of assets purchased in a corporate capacity.

12. Lease Commitments:

Rent for office premises charged to administrative operating and liquidation overhead expenses were $11,947,000 (1984) and $7,393,000 (1983). Minimum rentals for each of the next five years and for subsequent years thereafter are as follows (in thousands):

1985	1986	1987	1988	1989	1990/Thereafter
$15,870	$12,385	$11,189	$9,696	$6,763	$42,278

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

13. Retirement Plan:

All permanent, full-time and part-time employees of the FDIC are covered by the contributory Civil Service Retirement Plan. The Corporation makes bi-weekly contributions to the plan equal to the employee's bi-weekly contributions. The retirement plan expenses incurred for calendar years 1984 and 1983 were $7,634,000 and $7,073,000 respectively.

LEGISLATION AND REGULATIONS

LEGISLATION 1984

The following is a summary of public laws enacted in 1984 that are pertinent to the activities of the FDIC.

Bankruptcy

Public Law 98-353, the bankruptcy amendments to the Federal Judgeship Act of 1984 amended the definition of "person", 11 U.S.C. section 101, to provide that any governmental unit that acquires an asset from a person as a result of operation of a loan guarantee agreement, or as receiver or liquidating agent of a person, will be considered a person for purposes of Section 1102 of this title. As a result, the FDIC may be a member of an unsecured creditor's committee in Chapter 11 bankruptcy cases, in its capacity as receiver or liquidator of banks failing after October 9, 1984.

Criminal Statutes

The Comprehensive Crime Control Act, Public Law 98-473, amends Section 2113 of Title 18 to impose criminal sanctions for receipt of property stolen from a bank. It also amends section 215 of Title 18 to provide criminal sanctions for giving or receipt of a bribe of an officer, director, employee, agent or attorney of any financial institution including any bank insured by the FDIC. Finally, the Act amends section 1105(a) of Title 18 relating to counterfeiting of State and corporate securities to define "security" to include certain bank related obligations such as certificates of deposit, travelers' checks and letters of credit. Passage of the Comprehensive Crime Control Act represents the first statute containing sanctions against bank fraud.

RULES AND REGULATIONS 1984

Delegations of Authority (Part 303)

Effective March 8, 1984, the FDIC amended Part 303 of its regulations to delegate authority to its Board of Review to withdraw any notice of assessment of civil money penalty issued by it under section 7(j)(15) or 8(i) or 18(j) of the Federal Deposit Insurance Act or section 106(b)(2) of the Bank Holding Company Act, and any notice of charges issued by it under section 8(b) of the FDI Act. The Board of Review also may delegate authority to both the Director of the Division of Bank Supervision and to the Deputy General Counsel for Open Bank Regulation and Supervision to issue a section 8(b) order where a proposed order to cease and desist, as approved by the Board of Directors, is agreed to without change by the respondent.

Effective May 18, 1984, the FDIC amended its regulations to expand the delegated authority of the Director of the Division of Bank Supervision and the regional directors to act on branch, main office or branch relocations, and remote service facility applications.

Effective July 13, 1984, the FDIC amended its regulations to expand the delegated authority of the Director of the Division of Bank Supervision and the appropriate regional director to act on certain merger applications. The FDIC also amended its regulations to authorize the Board of Review to deny as well as approve applications made pursuant to section 19 of the FDI Act seeking approval of the FDIC for an individual who has been convicted of a criminal offense involving dishonesty or a breach of trust to serve as a director, officer or employee of an insured bank. The FDIC also acted to authorize the Director and regional directors to approve, but not deny, any such section 19 applications. This set of amendments also delegates to the Board of Review the authority to approve, but not deny, any such section 19 applications, and to approve or deny requests seeking exemptions from FDIC's regulation prohibiting certain management official interlocks. Lastly, the FDIC adopted an amendment that clarifies the language of the existing delegation to act on branch and relocation applications, and permits the Director's delegate to act on all applications the Director may act on pursuant to section 303.11(a). These amendments are expected to reduce the time necessary to process such applications and requests and thus benefit insured banks.

Forms, Instructions and Reports (Parts 304, 303, and 308)

The FDIC adopted a final regulation in 1984, to become effective January 16, 1985, requiring 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 to report holding of such deposits to the FDIC for every month in which such excess exists. The purpose of this regulation is to provide the FDIC with more frequent information on which banks are using brokered funds and how those banks are using the funds. With this monthly information the FDIC hopes to mitigate on a more timely basis the harms caused by such deposits.

Effective November 9, 1984, the FDIC amended its regulations to permit establishment of additional Remote Service Facilities (RSF) and relocation of existing RSFs after approval by the appropriate FDIC regional director, to allow the Director of the Division of Bank Supervision and regional directors to act on additional RSF applications and RSF relocation applications, and to specify the content of petitions for reconsideration and who within the FDIC will reconsider denied applications, petitions or requests. The FDIC shortened the time period over which comments on merger applications may be filed from 45 days to 30 days. In addition, the FDIC clarified procedures for section 19 (applications to serve as a bank officer) reconsiderations, and shortened the maximum waiting time for a hearing on a section 19 denial from 60 to 30 days, allowing a bank to choose another suitable candidate more quickly.

Disclosure of Information (Part 309)

Section 309.4(e) of FDIC regulations provides that certain FDIC bank reports are located in the Data Base Section, Management Information Services Branch, Division of Accounting and Corporate Services (DACS). Because of a recent reorganization in DACS, these materials have been transferred to another unit of DACS. Therefore, section 309.4(e) was amended accordingly, effective May 25, 1984.

Brokered Deposits; Limitations on Deposit Insurance (Part 330)

The FDIC and the Federal Home Loan Bank Board jointly adopted final regulations, to be effective October 1, 1984, limiting insurance coverage on deposits placed by or through brokers to $100,000 per broker per institution. The regulations addressed the agencies' concerns about problems arising from brokered funds, particularly in view of decontrol of interest rates paid on deposits. The regulation was adopted on March 26, 1984, and court action was brought to nullify the regulations on the same day. On June 20, 1984, the U.S. District Court for the District of Columbia entered an Order declaring the final rule to be unlawful, enjoining the rule's implementation and directing that the Court's Order be published. The FDIC published the Order, at 49 FR 27294 (July 3, 1984). The FDIC appealed the Court's decision.

Employee Responsibilities and Conduct (Part 336)

Effective May 14, 1984, the FDIC revised Part 336 to increase the categories of employees subject to credit restrictions; ease existing restrictions on credit from affiliates of prohibited creditors; ease existing restrictions on ownership of bank securities; report family member employment by insured banks; increase the categories of employees reporting indebtedness; and report the acceptance of private sector employment upon resignation. The rule lifts financial hardships on certain employees and monitors potential conflict of interest situations involving a greater number of employees.

Unsafe and Unsound Banking Practices; Securities Activities (Part 337)

The FDIC has determined that it is not unlawful under the Glass-Steagall Act for an insured nonmember bank to establish or acquire a bona fide subsidiary that engages in securities activities nor for an insured nonmember bank to become affiliated with a company engaged in securities activities if authorized under state law. At the same time, however, the FDIC has found that some risk may be associated with those activities. In order to address that risk the FDIC amended its regulations, effective December 28, 1984, to define bona fide subsidiary, require notice of intent to invest in a securities subsidiary, limit the permissible securities activities of insured nonmember bank subsidiaries, and place certain other restrictions on loans, extensions of credit, and other transactions between insured nonmember banks and their subsidiaries or affiliates that engage in securities activities.

Fair Housing (Part 338)

Effective October 12, 1984, the FDIC amended section 338.4 of its regulations to eliminate the requirement that insured State nonmember banks collect and record in a log-sheet certain data concerning home loan inquiries, while retaining the requirement that information on all such applications be recorded and held for 25 months. This amendment was made because log-sheet entries about inquiries have not been effective in identifying those banks needing special attention in the fair housing lending monitoring program.

Foreign Banks; Asset Pledge and Asset Maintenance Requirements, and Limitations for Concentrations of Transfer Risk. (12 CFR 346)

The FDIC amended its International Banking Act regulations, with an effective date of January 22, 1985, concerning primarily asset pledge and asset maintenance requirements and included a new section dealing with concentrations of transfer risk. In addition to the changes concerning acceptable assets, the asset pledge provision was changed in regard to the amount required, and the allowance of a credit for any other pledge-like transaction to a state or the Comptroller of the Currency was eliminated. A minimum capital equivalency ledger account evidencing funding of the branch by the parent bank replaced the former asset maintenance rule. The new rule emphasizes the FDIC's intent that there be an equivalent for capital in insured branches. Certificates of deposit without a valid waiver of offset agreement now require adjustments to the capital equivalency ledger account and may not be included in the asset pledge. Regulatory limitations for concentrations of transfer risk to the home country and to any other single country, respectively, by an insured branch were added to the regulation.

Management Official Interlocks (12 CFR 348)

The FDIC, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration amended their respective regulations implementing the Depository Institution Management Interlocks Act that generally prohibit certain management official interlocks between unaffiliated depository institutions and depository holding companies depending upon their asset size and location. The amendments will conform the regulations to a change in the Act that deleted all references to "Standard Metropolitan Statistical Areas" and substituted the new classifications for metropolitan statistical areas adopted by the Office of Management and Budget. The FDIC action was effective July 10, 1984.

International Operations; Reporting and Disclosure of International Assets (12 CFR 351)

To implement section 907 of the International Lending Supervision Act of 1983, this rule, effective February 13, 1984, requires banking institutions to submit, at least quarterly, a report on the amounts and composition of their international assets. The report also would include information to be made available to the public concerning foreign country exposure. The format, contents, and reporting and filing dates of the reports would be prescribed jointly by the FDIC, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency.

International Operations; Allocated Transfer Risk Reserve (12 CFR 351)

This regulation, effective February 13, 1984, requires banking institutions to establish special reserves against the risks presented in certain international assets when the federal banking agencies (the FDIC, the Comptroller and the Board of Governors of the Federal Reserve System) determine that such reserves are necessary. In particular, it is intended to require banks to recognize uniformly the risk and diminished value of international assets that have not been serviced over a protracted period of time. This regulation implements one aspect of the joint program of the Federal banking agencies to strengthen the supervisory and regulatory framework relating to foreign lending by U.S. banks, incorporated in section 905(a) of the International Lending Supervision Act of 1983.

International Operations; Accounting for International Loan Fees (12 CFR 351)

This regulation, effective March 29, 1984, establishes uniform requirements for the accounting for fees associated with the restructuring of international lending arrangements and nonrefundable fees charged by banking institutions in connection with other international loans. This rule implements one aspect of the joint program of the federal banking agencies to strengthen the supervisory and regulatory framework relating to foreign lending by U.S. banking institutions incorporated in section 906 of the International Lending Supervision Act of 1983.

PROPOSED RULEMAKING

Capital Maintenance (12 CFR 325)

The FDIC is required by statute to evaluate the capital position of a bank before approving various bank applications. Also, it is necessary for the FDIC to evaluate capital in determining the safety and soundness of banks it supervises and insures. A proposed rule was issued in 1984 by the FDIC that defines capital, establishes minimum standards for adequate capital, sets standards to determine when an insured bank is operating in an unsafe and unsound condition by reason of the amount of its capital, and establishes procedures for issuing a Directive to require an insured state nonmember bank to achieve and maintain minimum capital. The proposal was issued for comment on July 20, 1984, and the FDIC was in the process of considering public comments on the proposal at year-end 1984.

Powers Inconsistent with the Purposes of Federal Deposit Insurance Law; Real Estate, Insurance, Data Processing, Travel Agency, and other Financially Related Activities (12 CFR 332)

The FDIC proposed amending Part 332 of its regulations to prohibit any insured bank from directly engaging in underwriting insurance, underwriting or developing real estate, insuring, guaranteeing, or certifying title to real estate, guaranteeing or becoming surety upon the obligations of others, insuring the fidelity of others or engaging in a surety business. The FDIC also proposed to require any subsidiary of an insured bank that conducts any of these activities to meet the criteria for a bona fide subsidiary set out in the regulation, to require notice to the FDIC of intent to invest in any such subsidiary, and to place certain restrictions on the affiliation of an insured bank with a company that engages in any of the subject activities. Further provisions of the proposed rule restrict extensions of credit and other transactions between insured banks and their subsidiaries that engage in any of the subject activities, and place limitations on insured banks that provide electronic data processing services to persons or companies other than banks, or act as agent or broker for insurance, real estate, securities, or travel services. The date of adoption of the proposal was September 12, 1984, and the FDIC was considering public comments on the proposal at the end of 1984.

Credit Card Agreements and Check Guarantees (12 CFR 332; 12 CFR 337)

On June 12, 1981, the FDIC issued proposed amendments to its regulations that prohibit an insured nonmember bank from guaranteeing the obligations of third parties. These proposed amendments were withdrawn on March 30, 1984. The FDIC, on August 23, 1984, issued a revised proposed amendment in the form of an exemption designed to allow all banks to issue check guaranty cards, and to sponsor customers in credit card agreements with other banks. The proposed amendments would allow banks to enter into such undertakings as long as they meet certain criteria pertaining to safety and soundness. The FDIC is reviewing public comment on the proposal.

STATISTICS

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

The following tables are included in the 1984 FDIC Annual Report:

— Table 122, Number and Deposits of Banks Closed Because of Financial Difficulties, 1934-1984;

— Table 123, Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1984;

— Table 125, Recoveries and Losses by the Federal Deposit Insurance Corporation on Principal Disbursements for Protection of Depositors, 1934-1984;

— Table 127, Income and Expenses, Federal Deposit Insurance Corporation, by Year, from Beginning of Operations, September 11, 1933, to December 31, 1984;

— Table 129, Insured Deposits and the Deposit Insurance Fund, 1934-1984.

Deposit Insurance Disbursements

Disbursements by the Federal Deposit Insurance Corporation to protect depositors are made when the insured deposits of banks in financial difficulties are paid off, or when the deposits of a 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 modified deposit payoff, an alternative method, the FDIC transfers the failed bank's insured and secured deposits to another bank in the community 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 modified 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 loaned to failing banks, or the price paid for assets purchased from them. 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 Corporation 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 in 1984 to one operating bank.

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 1984. For detailed data regarding noninsured banks that were suspended in the years 1934-1962, see the FDIC Annual Report for 1963, pages 27-41. For 1963-1984, 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, 1984.

Table 122. NUMBER AND DEPOSITS OF BANKS CLOSED BECAUSE OF FINANCIAL DIFFICULTIES, 1934–1984.

Year	Number					Deposits (in thousands of dollars)					Assets[4] (in Thousands of Dollars)
			Insured					Insured			
	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	**891**	**136**	**755**	**8**	**747**	**28,467,984**	**143,501**	**28,324,483**	**41,147**	**28,283,336**	**36,266,760**
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	157,772	...	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

[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.

TABLE 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1984

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 Assump-tion, or Merger	Receiver, Assuming Bank, Transferee Bank, or Merging Bank
Deposit Payoffs							
*Heritage Bank Anaheim, California	SM	14,966	157,970	155,444	154,364	March 16, 1984	Federal Deposit Insurance Corporation
*West Coast Bank Los Angeles, California	NM	7,645	190,183	155,849	171,465	April 27, 1984	Federal Deposit Insurance Corporation
*Stewardship Bank of Oregon Portland, Oregon	NM	1,927	5,232	5,565	4,883	June 8, 1984	Federal Deposit Insurance Corporation
Hereford State Bank Hereford, Colorado	NM	658	2,666	2,444	2,375	August 24, 1984	Federal Deposit Insurance Corporation
Deposit Transfers to Operating Banks							
Indian Springs State Bank Kansas City, Kansas	NM	4,240	26,846	25,460	24,652	January 27, 1984	The Brotherhood Bank and Trust Co. Kansas City, Kansas
*Seminole State National Bank Seminole, Texas	N	5,791	47,432	46,428	34,456	March 16, 1984	Seminole National Bank Seminole, Texas
*Security National Bank of Lubbock Lubbock, Texas	N	12,277	46,110	45,292	45,512	April 13, 1984	City Bank, N.A. Lubbock, Texas
*Gamaliel Bank Gamaliel, Kentucky	NM	5,663	22,588	21,657	22,388	April 19, 1984	Deposit Bank of Monroe County Tompkinsville, Kentucky
*United Of America Bank Chicago, Illinois	SM	8,000	33,398	34,173	29,226	April 26, 1984	Mid-City National Bank of Chicago Chicago, Illinois
*First National Bank Snyder, Texas	N	3,100	15,844	14,712	15,887	May 4, 1984	American State Bank of Snyder Snyder, Texas
*The National Bank of Carmel Carmel-by-the-Sea, California	N	4,775	76,118	73,919	81,638	May 8, 1984	County Bank and Trust Santa Cruz, California
*First Continental Bank & Trust Company of Del City Del City, Oklahoma	NM	16,016	103,347	92,930	89,702	May 11, 1984	United Oklahoma Bank of Del City Del City, Oklahoma
Republic Bank of Kansas City Kansas City, Missouri	NM	4,970	40,535	30,201	33,189	June 18, 1984	Landmark Bank of Kansas City Kansas City, Missouri
American Bank Saint Joseph, Tennessee	NM	2,646	34,445	30,692	27,254	June 27, 1984	Commercial and Industrial Bank Memphis, Tennessee
*The Dayton Bank & Trust Company Dayton, Tennessee	NM	14,000	48,632	46,120	44,527	November 30, 1984	First National Bank & Trust Company Rockwood, Tennessee
Uehling State Bank Uehling, Nebraska	NM	942	4,222	3,711	2,602	December 18, 1984	Uehling State Bank Uehling, Nebraska
Deposit Assumptions, Loans, and Financially Assisted Mergers							
Farmers Bank & Trust Company Winchester, Tennessee	NM	10,705	46,457	46,990	26,441	January 6, 1984	Mid-South Bank and Trust Company Murfreesboro, Tennessee
City and County Bank of Jefferson County White Pine, Tennessee	NM	5,600	20,888	22,025	11,729	January 20, 1984	Merchants and Planters Bank of Newport Newport, Tennessee
Emerald Empire Banking Company Springfield, Oregon	SM	3,223	19,595	19,825	17,578	February 3, 1984	Citizens Valley Bank Albany, Oregon
The Tucker County Bank Parsons, West Virginia	SM	4,865	16,171	15,480	8,595	February 3, 1984	Citizens National Bank of Elkins Elkins, West Virginia
Heritage Bank of Bureau County Depue, Illinois	NM	2,285	8,467	7,865	3,877	February 8, 1984	The Colonial Trust & Savings Bank of Bureau County Depue, Illinois
West Olympia Bank Los Angeles, California	SM	6,130	20,663	19,741	12,100	February 10, 1984	Wilshire State Bank Los Angeles, California
Brownfield State Bank and Trust Company Brownfield, Texas	NM	2,860	34,451	36,582	17,221	February 17, 1984	Brownfield State Bank Brownfield, Texas

* Dividend advanced by FDIC.

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United Bank of Oregon Milwaukie, Oregon	NM	5,322	14,699	14,350	12,342	March 2, 1984	United States National Bank of Oregon Portland, Oregon
All American National Bank of Virginia Gardens Miami, Florida	N	2,118	12,942	11,062	7,265	March 2, 1984	Capital Bank North Bay Village, Florida
National Bank and Trust Company of Traverse City Traverse City, Michigan	N	19,250	74,228	68,210	56,776	March 9, 1984	NBD Northwest Bank, N.A. Traverse City, Michigan
First Security Bank Erwin, Tennessee	NM	5,584	24,004	21,777	13,767	April 6, 1984	Bank of Tennessee Kingsport, Tennessee
Watauga Valley Bank Elizabethton, Tennessee	NM	3,620	12,545	13,256	9,585	April 6, 1984	Carter County Bank Elizabethton, Tennessee
The Shelby National Bank of Shelbyville Shelbyville, Indiana	SM	15,088	66,936	61,041	26,895	April 19, 1984	American Fletcher National Bank and Trust Co. Indianapolis, Indiana
Citizens Bank of Monroe County Tellico Plains, Tennessee	NM	5,873	20,029	20,108	11,130	April 27, 1984	Bank of Oak Ridge Oak Ridge, Tennessee
Western National Bank of Casper Casper, Wyoming	N	5,132	21,450	22,626	13,293	May 4, 1984	Wyoming National Bank of West Casper Casper, Wyoming
State Bank of Mills Mills, Wyoming	SM	2,127	5,601	6,123	3,485	May 4, 1984	Mountain Plaza National Bank Casper, Wyoming
The First National Bank of Rushford Rushford, Minnesota	N	5,257	21,799	20,382	15,238	May 4, 1984	Goodhue County National Bank Red Wing, Minnesota
The Mississippi Bank Jackson, Mississippi	NM	49,107	227,163	152,983	103,937	May 11, 1984	Grenada Bank Grenada, Mississippi
Bledsoe County Bank Pikeville, Tennessee	NM	1,225	4,814	4,796	2,524	May 18, 1984	Citizens Bank of Dunlap Dunlap, Tennessee
Planters Trust & Savings Bank of Opelousas Opelousas, Louisiana	NM	5,372	64,012	56,223	36,992	May 18, 1984	First National Bank of St. Landry Parish Opelousas, Louisiana
Bank of Irvine Irvine, California	NM	12,609	27,445	24,623	13,409	May 18,1984	Security Pacific State Bank Irvine, California
Washington National Bank of Chicago Chicago, Illinois	N	4,842	13,373	13,352	7,901	May 18, 1984	Banco Popular de Puerto Rico San Juan, Puerto Rico
First National Bank of Prior Lake Prior Lake, Minnesota	N	2,490	14,248	13,460	9,391	May 24, 1984	First National Bank of Shakopee Shakopee, Minnesota
Garden Grove Community Bank Garden Grove, California	NM	5,206	39,398	34,062	30,044	June 1, 1984	Capital Bank Downey, California
Cherokee County Bank Centre, Alabama	NM	10,840	38,365	36,803	19,137	June 5, 1984	First Alabama Bank, N.A. Anniston, Alabama
Farmers State Bank Lyons, South Dakota	NM	450	3,017	2,846	1,504	June 15, 1984	Dakota State Bank Coleman, South Dakota
The Lawrence County Bank Lawrenceburg, Tennessee	SM	6,800	24,093	23,400	9,417	June 15, 1984	Farmers Bank of Lawrence County Lawrenceburg, Tennessee
The Corning Bank Corning, Arkansas	NM	9,275	34,079	31,158	27,064	June 15, 1984	The Corning Bank Corning, Arkansas
The Farmers National Bank of Aurelia Aurelia, Iowa	N	1,324	18,899	18,316	8,126	June 21, 1984	Heritage Bank, N.A. Aurelia, Iowa
East Texas Bank and Trust Company Longview, Texas	NM	19,643	90,059	77,302	58,105	June 29, 1984	Texas National Bank Longview, Texas
The Coffeen National Bank Coffeen, Illinois	N	2,714	9,372	9,571	2,590	July 12, 1984	Coffeen State Bank Coffeen, Illinois

* Dividend advanced by FDIC.

TABLE 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1984

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 Assump-tion, or Merger	Receiver, Assuming Bank, Transferee Bank, or Merging Bank
The Guaranty Bank of Saint Paul St. Paul, Minnesota	NM	4,890	25,718	24,744	16,071	July 19, 1984	Shelard National Bank St. Louis Park, Minnesota
Coalmont Savings Bank Coalmont, Tennessee	NM	7,716	24,439	22,947	13,178	July 24, 1984	First Bank of Marion County South Pittsburg, Tennessee
Jackson County National Bank Tuckerman, Arkansas	N	4,192	13,318	12,988	8,489	August 9, 1984	First State Bank of Newport Newport, Arkansas
Peoples State Bank of Clay County Poland, Indiana	NM	4,259	11,840	12,228	8,970	August 10, 1984	First State Bank Poland, Indiana
The Tingley State Savings Bank Mount Ayr, Iowa	NM	1,624	18,805	17,970	13,169	August 10, 1984	Hawkeye Bank and Trust Mount Ayr, Iowa
American National Bank in McLean McLean, Texas	N	2,486	14,098	13,159	8,708	August 16, 1984	McLean Bank of Commerce McLean, Texas
Girod Trust Company San Juan, Puerto Rico	NM	6,266	398,666	263,144	177,692	August 16, 1984	Citibank, N.A. New York, New York
The First State Bank Thayer, Kansas	NM	2,585	12,025	11,085	6,820	August 22, 1984	First State Bank Thayer Kansas
Bank of the Northwest Eugene, Oregon	NM	5,761	19,212	15,384	14,054	August 31, 1984	First Interstate Bank of Oregon, N.A. Portland, Oregon
David City Bank David City, Nebraska	NM	4,019	21,185	17,611	10,712	September 6, 1984	The First National Bank of Omaha Omaha, Nebraska
Oakland Savings Bank Oakland, Iowa	NM	1,670	21,048	19,483	15,075	September 7, 1984	Oakland State Bank Oakland, Iowa
Community Bank & Trust Company Enid, Oklahoma	NM	4,049	28,528	22,846	19,224	September 14, 1984	The First National Bank and Trust Company of Enid Enid, Oklahoma
Bank of Verdigre & Trust Company Verdigre, Nebraska	NM	3,496	12,957	12,587	8,955	September 19, 1984	The National Bank of Neligh Neligh, Nebraska
Century National Bank Jacksonville, Florida	N	4,498	15,176	15,220	2,735	September 20, 1984	Barnett Bank of Jacksonville, N.A. Jacksonville, Florida
Security State Bank Weatherford, Oklahoma	SM	5,321	52,236	40,876	34,972	September 21, 1984	United Community Bank Weatherford, Oklahoma
Orange Savings Bank Livingston, New Jersey	NM	90,128	514,919	494,642	26,000	September 28, 1984	Hudson City, Savings Bank Paramus, New Jersey
The Farmers & Merchants Bank Tecumseh, Oklahoma	NM	5,542	27,741	27,577	15,992	October 5, 1984	Republic Bank of Tecumseh Tecumseh, Oklahoma
The Rexford State Bank Rexford, Kansas	NM	636	5,657	5,244	3,745	October 10, 1984	Peoples State Bank of Rexford Rexford, Kansas
Oneida Bank & Trust Company Oneida, Tennessee	NM	2,318	5,729	4,728	4,264	October 12, 1984	The Energy Bank Oak Ridge, Tennessee
Bucklin State Bank of Bucklin Bucklin, Missouri	NM	4,265	13,457	13,853	9,712	October 12, 1984	United Missouri Bank of Brookfield Brookfield, Missouri
American State Bank Thomas, Oklahoma	NM	2,740	22,279	20,424	11,763	October 19, 1984	The Bank of Thomas Thomas, Oklahoma
The Bank of Cody Cody, Nebraska	NM	747	10,598	9,531	10,354	October 24, 1984	The Guardian State Bank Alliance, Nebraska
Farmers State Bank Kilgore, Nebraska	NM	736	5,810	5,212	4,788	October 24, 1984	The First National Bank of Valentine Valentine, Nebraska
State Bank of Boyd Boyd, Minnesota	NM	2,213	6,837	5,783	4,297	October 24, 1984	State Bank of Madison Madison, Minnesota
The First National Bank of Gaylord Gaylord, Kansas	N	1,284	6,517	6,002	4,138	October 25, 1984	Farmers National Bank of Gaylord Gaylord, Kansas

* Dividend advanced by FDIC.

TABLE 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1984

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 Assump-tion, or Merger	Receiver, Assuming Bank, Transferee Bank, or Merging Bank
First American Banking Company Pendleton, Oregon	NM	4,574	17,873	13,503	7,018	November 16, 1984	Inland Empire Bank Hermiston, Oregon
The Strong City State Bank Strong City, Kansas	NM	1,017	4,394	4,320	2,798	November 29, 1984	Chase County Bank Strong City, Kansas
Golden Spike State Bank Tremonton, Utah	SM	1,595	7,229	6,681	3,464	December 4, 1984	Golden Spike State Bank Tremonton, Utah
Farmers State Bank of Holyoke Holyoke, Colorado	NM	1,100	3,498	3,455	2,060	December 7, 1984	Security National Bank Holyoke, Colorado
University Bank of Wichita Wichita, Kansas	NM	2,224	5,089	4,696	1,820	December 11, 1984	Charter Bank, N.A. Wichita, Kansas
The Farmers State Bank Selden, Kansas	NM	1,641	15,003	14,186	10,992	December 20, 1984	Selden State Bank Selden, Kansas
First Security Bank Sandwich, Illinois	NM	2,304	9,700	10,118	2,592	December 22, 1984	First National Bank of Sandwich Sandwich, Illinois

* Dividend advanced by FDIC.

TABLE 125. RECOVERIES AND LOSSES BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ON DISBURSEMENTS FOR PROTECTION OF DEPOSITORS, 1934-1984 (Amounts in Thousands of Dollars)

Liquidation status and year of deposit payoff or deposit assumption	All cases					Deposit payoff cases[5]					Deposit assumption cases[6]				
	Number of banks	Disbursements	Recoveries to Dec. 31, 1984	Estimated additional recoveries	Losses[1]	Number of banks	Disbursements[2]	Recoveries to Dec. 31, 1984	Estimated additional recoveries	Losses[1]	Number of banks	Disbursements[3]	Recoveries to Dec. 31, 1984	Estimated additional recoveries	Losses[1]
Total ...	**747**	**13,330,776**	**6,983,704**	**2,804,879**	**3,542,193**	**344**	**1,593,947**	**821,875**	**594,499**	**177,573**	**403**	**11,736,829**	**6,161,829**	**2,210,380**	**3,364,620**
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	...	97	...	...	...	...	...
1960....	1	4,765	4,765	...	...	1	4,765	4,765	...	...	...	...	...	...	...
1961....	5	6,201	4,699	...	1,502	5	6,201	4,699	...	1,502	...	...	...	...	...
1963....	2	19,172	18,886	...	286	2	19,172	18,886	...	286	...	...	...	...	...
1964....	7	13,741	12,171	659	911	7	13,741	12,171	659	911	...	...	...	...	...
1965....	5	11,529	7,438	198	3,893	3	10,958	7,013	198	3,747	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	...	1,010	4	8,097	7,087	...	1,010	...	...	...	...	...
1968....	3	6,476	6,464	...	12	...	...	...	...	...	3	6,476	6,464	...	12
1969....	9	42,053	41,892	79	82	4	7,596	7,514	...	82	5	34,457	34,378	79	...
1970....	7	51,040	50,690	78	272	4	29,277	28,993	12	272	3	21,763	21,697	66	...
1971....	6	171,431	171,207	31	193	5	53,790	53,574	23	193	1	117,641	117,633	8	...
1972....	1	16,255	13,874	661	1,720	1	16,255	13,874	661	1,720	...	...	...	...	...
1973....	6	434,071	352,160	16,997	64,914	3	16,782	16,771	11	...	3	417,289	335,389	16,986	64,914
1974....	4	2,401,019	2,256,481	144,264	274	...	...	...	...	...	4	2,401,019	2,256,481	144,264	274
1975....	13	327,001	282,910	25,662	18,429	3	25,992	25,346	622	24	10	301,009	257,564	25,040	18,405
1976....	16	594,157	520,328	53,935	19,894	3	11,462	9,130	675	1,657	13	582,695	511,198	53,260	18,237
1977....	6	25,388	18,705	3,843	2,840	...	...	...	...	...	6	25,388	18,705	3,843	2,840
1978....	7	532,159	465,773	59,428	6,958	1	818	572	88	158	6	531,341	465,201	59,340	6,800
1979....	10	87,460	69,873	8,099	9,488	3	9,959	8,438	947	574	7	77,501	61,435	7,152	8,914
1980....	10	145,039	96,791	19,526	28,772	3	13,868	8,299	3,333	2,236	7	131,171	88,492	16,193	26,486
1981....	10	1,004,582	342,418	65,121	597,043	2	35,779	22,335	11,857	1,587	8	968,803	320,083	53,264	595,456
1982....	42	2,125,077	334,753	501,694	1,288,630	7	276,725	108,347	81,848	86,530	35	1,848,352	226,406	419,846	1,202,100
1983....	48	3,091,705	907,404	1,026,455	1,157,846	9	147,915	31,850	91,959	24,106	39	2,943,790	875,554	934,496	1,133,740
1984....	79	1,866,225	679,065	877,915	309,245	16	784,120	346,279	401,606	36,235	63	1,082,105	332,786	476,309	273,010

[1]Includes 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 Payoff Cases" include deposit transfers to operating banks.
[6]"Deposit Assumption Cases" include: a) Banks merged with financial assistance from FDIC to prevent probable failure.
b) $452.8 million of recorded liabilities at book value payable over future years.
c) $406.2 million of recorded liabilities at present value expected to be payable over future years.
d) $347.6 million of disbursements for advances to protect assets and liquidation expenses which had been excluded in prior years.

Table 127. INCOME AND EXPENSES, FEDERAL DEPOSIT INSURANCE CORPORATION, BY YEAR, FROM BEGINNING OF OPERATIONS, SEPTEMBER 11, 1933 TO DECEMBER 1984 (in millions)

Year	Income				Expenses and losses				Net income added to deposit insurance fund[3]
	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	
Total	**$22,926.2**	**$16,825.6**	**$6,776.6**	**$12,877.2**	**$5,764.3**	**$3,881.1**	**$ 80.6**	**$1,802.6**	**$17,161.9**
1984	3,031.9	1,321.5	67.5	1,777.9	1,299.1	1,147.9	...	151.2	1,732.8
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 $352.3 million of interest and allowable return received on funds advanced to receivership and deposit assumption cases and $398.7 million of interest on capital notes 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. Government 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.

Table 129. INSURED DEPOSITS AND THE DEPOSIT INSURANCE FUND, 1934–1984 (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
1984	**$100,000**	**1,806,520**	**1,389,874**	**76.9**	**$17,161.9**	**.95**	**1.23**
1983[7]	$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	1.33
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 the deposits in the various types of accounts at the regular Call dates, the percentages insured as determined from the Summary of Deposits survey 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.
[7]Revised.

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