The Federal Deposit Insurance Corporation 1990 Annual Report

Mission Statement

The Federal Deposit Insurance Corporation was created by Congress in 1933 to restore public confidence in the nation's banking system following a severe financial crisis.

To maintain public confidence in banking institutions, the mission of the FDIC is to:

- **Protect depositors' accounts;**
- **Promote sound banking practices;**
- **Reduce the disruptions caused by bank failures; and**
- **Respond to a changing economy and banking system.**

October 15, 1991

Federal Deposit Insurance Corporation
Washington, D.C.

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 1990.

Very truly yours,

L. Wm Seidman

L. William Seidman
Chairman

The President of the U.S. Senate
The Speaker of the U.S. House of Representatives

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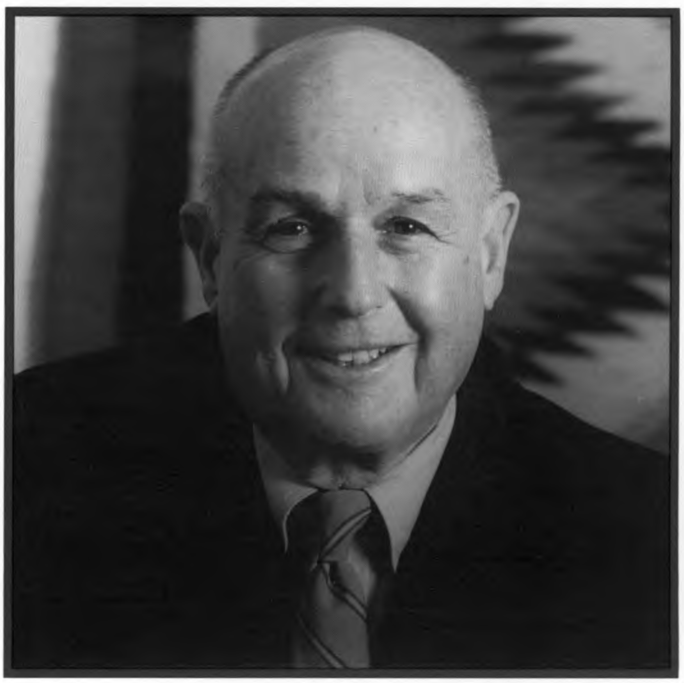
Entering 1990, it was clear to everyone associated with the FDIC that it would be a very difficult year for the agency. We would struggle with mounting problems in the banking industry, particularly in real estate portfolios. We would face the prospect of additional losses to the Bank Insurance Fund (BIF). We would have our first full year addressing the savings and loan industry problems through the operation of the Resolution Trust Corporation (RTC) and as back-up supervisor of savings associations.

As the year unfolded, 1990 presented difficulties and challenges far beyond anyone's expectations. The problems are still with us. In fact, some problems—most importantly the losses to the BIF—have intensified. The Bank Insurance Fund, which is funded solely by premiums paid by banks and income realized from the investment of those funds, has been under considerable stress in recent years. As of year-end 1987, the fund had a balance of $18.3 billion, or about $1.10 for every $100 of insured deposits. Then came three consecutive years of losses, to end 1990 with a balance of $4.0 billion, or about 21 cents for every $100 of insured deposits.

The main reason for the decline in reserves has been the rising cost of bank failures, which the fund recognized in 1990 at $12.1 billion (including estimated costs of $7.7 billion to handle anticipated failures in 1991 at the Bank of New England and elsewhere).

We all agree that the BIF must be strengthened. The FDIC is committed to accomplishing this goal without taxpayer money. Among the actions taken by the FDIC Board in 1990 to bolster the fund was the decision in September to increase the premiums banks pay for deposit insurance from 12 cents to 19.5 cents per $100, effective at the beginning of 1991. (As I write this, the insurance premium has been increased to 23.0 cents per $100 and the FDIC is working with the Treasury Department and with Congress on additional borrowing authority for the BIF.)

The condition of the BIF ultimately depends on the state of the national and regional economies and real estate markets, the likely impact of these conditions on bank losses, the number of bank insolvencies and the probable cost of these failures.



FDIC Chairman L. William Seidman.

Industry Conditions

At year-end 1990 we noted the following conditions:

- The number of bank failures decreased from 207 in 1989 (including one assistance transaction) to 169 in 1990 (also including one assistance transaction). The total assets of the failed banks also decreased, from about $29.4 billion in 1989 to about $15.7 billion in 1990. However, we project that the assets of failed banks in 1991 could meet or exceed $60 billion.

- The number of BIF-insured commercial and savings banks on the "problem list" requiring special attention decreased somewhat during the year, but the assets represented by the banks on that list increased significantly. Problem banks declined from 1,109 to 1,046 at year-end 1990, but problem bank assets jumped from $235.5 billion to $408.8 billion.

- The recession was having its effect on the industry. While commercial banks earned $16.6 billion for the year, which was about $1 billion more than the previous year, most loan categories showed deterioration. The proportion of noncurrent real estate loans at year-end 1990 was the highest since banks began reporting troubled loan data in 1982. Banks in the Northeast in particular suffered from noncurrent real estate loans totaling $21.3 billion, or more than twice the $10.2 billion the year before.

There are other important facts and figures that help tell the story of the FDIC during 1990 – a story that still very much features our role in helping to clean up the savings and loan mess. Our Division of Supervision participated in 2,150 safety and soundness examinations at savings associations. That's in addition to the 4,084 safety and soundness examinations conducted at banks and savings banks in 1990 (also an increase from the previous year).

The Corporation at year-end was managing the liquidation of $30.9 billion in assets, consisting of more than $18 billion in assets from failed banks and about $12.8 billion from savings institution receiverships acquired from the former Federal Savings and Loan Insurance Corporation.

The number of pending matters being handled by the FDIC's Legal Division involving this agency or the RTC more than doubled from the previous year, to a total of 159,251 at year-end.

In addition, significant progress was made in coping with the monumental S&L problem through the RTC, which is managed by the FDIC. (RTC activities are detailed in a separate Annual Report.)

Chairman Seidman testifying on FDIC and RTC matters at a House Banking Committee hearing in January, one of 16 times he appeared as a witness on Capitol Hill during 1990.

Major Policy Issues

Some people might look at a difficult year like 1990 and say it would be one they'd rather forget. I look at 1990 as a year to remember. I believe 1990 will prove to be a turning point in our efforts to add new sources of income for the BIF and to find new ways to stop or slow losses.

The lessons learned from 1990 influenced Congress during the year to give the FDIC and the RTC expanded power to fight fraud in banks and thrifts, and to provide the FDIC additional flexibility to increase the rates banks and savings associations pay for deposit insurance.

The FDIC is working closely with Congress, the Treasury Department and the banking industry on a recapitalization of the BIF that will ensure the strength of the deposit insurance system well into the 21st century.

Congress also is giving serious consideration to a comprehensive modernization of the rules governing the deposit insurance system, including proposed new authority for the regulators to move more quickly to limit activities by weak institutions and therefore to cut the losses to the FDIC. Perhaps the lawmakers also will address the concept of de facto 100 percent deposit insurance for large institutions (i.e., "too big to fail"), an evident unfairness I have sought to confront and remedy for years because it provides greater protection for depositors in large institutions than it does for those who place funds in smaller institutions.

These kinds of reforms are long overdue. After all, banking is a fast-changing business, full of surprises for bankers as well as regulators. It wasn't that long ago that oil and real estate loans were believed to be about the safest investments a bank could make. The ability to respond to changing conditions quickly and effectively is the difference between success and failure. It's what made the difference for our military forces in the Persian Gulf and it's what will make the difference for bankers, bank regulators and the FDIC in responding to changing and adverse conditions in the future.

So, despite the woes of 1990, I continue to be optimistic about the ability of the FDIC to remain the symbol of confidence on which depositors have depended for generations.

Some Final Thoughts

I wish to close this message on a personal note. As my six-year term as Chairman is about to expire, I look back at what clearly was the most challenging period in the history of the FDIC and the most challenging (and exciting) time of my professional career. Still more challenges await the FDIC and its new Chairman. More banks will close. More proposals will come forward to restructure the regulatory agencies. More members of Congress and the media and the general public will be examining the FDIC through a microscope.

But I have looked at the FDIC from pretty close range, too. I know the FDIC examiners on the road, doing their thankless job at bank after bank, city after city. I know the dedicated bank liquidators and investigators, spending weeks (including long nights and weekends) on the scene at failed banks far from home. I know the FDIC lawyers who could triple their salary in the private sector but choose to stay here because of the important public service they perform. Because I know the people behind the scenes, I know the FDIC will succeed in its mission against tremendous odds.

To the thousands of current and former employees of the FDIC who have done so much for this agency and for the nation, let me simply say thank you, and that it has been a privilege to have served with you during this demanding yet rewarding period in the FDIC's history.

L. Wm Seidman

L. William Seidman

L. William Seidman

L. William Seidman became the 14th Chairman of the Federal Deposit Insurance Corporation on October 21, 1985. Prior to his six-year appointment to the FDIC, Mr. Seidman pursued an extensive career in the financial arena in both the private and public sectors.

At the time of his appointment to the FDIC, Mr. Seidman was Dean of the College of Business of Arizona State University. While in Arizona, he was a director of several organizations including the Phelps Dodge Corporation, Prudential-Bache Funds, United Bancorp of Arizona and The Conference Board.

He has served as Co-chair of the White House Conference on Productivity, Vice Chairman of the Phelps Dodge Corporation, Assistant to President Gerald Ford for Economic Affairs and Managing Partner of Seidman & Seidman, Certified Public Accountants, New York. He also was Chairman and a Director of the Federal Reserve Bank of Chicago, Detroit Branch. He served in the U.S. Navy on a destroyer from 1942-46, earning battle stars and the Bronze Star.

Mr. Seidman received an A.B. degree from Dartmouth College and earned an L.L.B. from Harvard Law School. He also holds an M.B.A. from the University of Michigan. He is a member of the American Bar Association, the American Institute of Certified Public Accountants and several academic honorary fraternities including Phi Beta Kappa. He is the author of one book and numerous articles on business and tax subjects.

FDIC Board of Directors

L-R (front)

L. William Seidman
Chairman

C.C. Hope, Jr.
Director

L-R (rear)

Robert L. Clarke
Comptroller of the Currency

Andrew C. "Skip" Hove, Jr.
Vice Chairman

Timothy Ryan
Director, Office of Thrift Supervision

Andrew C. "Skip" Hove, Jr.

Andrew C. Hove, Jr., became the FDIC's first designated Vice Chairman on July 23, 1990. Prior to his appointment to the FDIC, Mr. Hove was Chairman and Chief Executive Officer of the Minden Exchange Bank & Trust Company, Minden, Nebraska, where he had served in every department during his 30 years with the bank.

Mr. Hove also served as President of the Nebraska Bankers Association in 1984-85 and held other leadership positions in the organization, including President of the Nebraska Bankers Insurance & Services Company and a member of the executive council. Mr. Hove also was active in the American Bankers Association.

Also active in local government, Mr. Hove was elected Mayor of Minden from 1974 until 1982, and was Minden's Treasurer from 1962 until 1974. Other civic activities include: President of the Minden Chamber of Commerce, President of the South Platte United Chambers of Commerce and various positions associated with the University of Nebraska.

He earned his B.S. degree at the University of Nebraska-Lincoln. He also is a graduate of the University of Wisconsin-Madison Graduate School of Banking. After service as a U.S. Naval Officer from 1956-60, including two years as a pilot, Mr. Hove was a member of the Nebraska National Guard until 1963.

C.C. Hope, Jr.

C.C. Hope, Jr., was named to the FDIC Board of Directors on March 10, 1986, confirmed by the Senate on March 27 and commissioned by President Ronald Reagan on April 7, 1986. He also is Chairman of the Neighborhood Reinvestment Corporation. Before his appointment to the FDIC, Mr. Hope spent 38 years at First Union National Bank of North Carolina in Charlotte, where he retired as Vice Chairman in 1985.

Mr. Hope is a former President of the American Bankers Association and has served as Secretary of the North Carolina Department of Commerce. In the field of education, Mr. Hope is a trustee and former Chairman of the Board of Wake Forest University and was Dean of the Southwestern Graduate School of Banking at Southern Methodist University.

He holds a B.A. in Business Administration from Wake Forest University and has completed graduate work at the Harvard Business School and The Stonier Graduate School of Banking at Rutgers University.

Robert L. Clarke

Robert L. Clarke became the 26th Comptroller of the Currency on December 2, 1985, and simultaneously became a member of the FDIC's Board of Directors.

Before his appointment, Mr. Clarke founded and headed the banking section at the Houston, Texas, law firm of Bracewell & Patterson. He joined that firm after completing his military service in 1968. The banking section prepared corporate applications and securities registrations, counseled management in expansion opportunities and the effects of deregulatory initiatives, and represented institutions in enforcement matters.

Mr. Clarke holds a B.A. in Economics from Rice University and an L.L.B. from Harvard Law School. He is a member of the bars of Texas and New Mexico. He has served as a director for two state banks and has been active in a number of civic, political and professional organizations.

Timothy Ryan

Timothy Ryan was sworn in as Director of the Office of Thrift Supervision (OTS) on April 9, 1990, after being nominated by President Bush and confirmed by the U.S. Senate. As OTS Director, he is a member of the FDIC's Board of Directors.

At OTS, Mr. Ryan oversees the regulation and supervision of the nation's thrift industry, including all federally chartered and federally insured savings institutions and thrift holding companies. OTS, a bureau of the U.S. Treasury Department, was established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. OTS is the successor agency to the Federal Home Loan Bank Board.

Mr. Ryan was a partner and a member of the executive committee of the law firm of Reed Smith Shaw & McClay until his appointment as OTS Director. He was the Solicitor of Labor for the U.S. Department of Labor from 1981 until 1983.

Mr. Ryan received an A.B. degree from Villanova University and a J.D. from American University Law School. He served as an ammunitions officer in the U.S. Army from 1967 to 1970.

Officials

John F. Bovenzi	Deputy to the Chairman
Paul G. Fritts	Executive Director for Supervision and Resolutions
John W. Stone	Director, Division of Supervision
Harrison Young	Director, Division of Resolutions
Steven A. Seelig	Director, Division of Liquidation
Alfred J.T. Byrne	General Counsel
Stanley J. Poling	Director, Division of Accounting and Corporate Services
William R. Watson	Director, Division of Research and Statistics
A. David Meadows	Deputy to the Vice Chairman
Robert V. Shumway	Deputy to the Appointive Director
Thomas E. Zemke	Deputy to the Director (Comptroller of the Currency)
Walter B. Mason	Deputy to the Director (Office of Thrift Supervision)
Hoyle L. Robinson	Executive Secretary
Alan J. Whitney	Director, Office of Corporate Communications
Alice C. Goodman	Director (Acting), Office of Legislative Affairs
J. Russell Cherry	Director, Office of Budget and Corporate Planning
Robert D. Hoffman	Inspector General
Janice M. Smith	Director, Office of Consumer Affairs
Alfred P. Squerrini	Director, Office of Personnel Management
Mae Culp	Director, Office of Equal Opportunity
Jane Sartori	Director, Office of Training and Educational Services

Supervision

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Lyle V. Helgerson

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12th Floor
Atlanta, Georgia 30303
(404) 525-0308

Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia

Boston

Paul H. Wiechman

160 Gould Street
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(617) 449-9080

Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

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30 S. Wacker Drive, Suite 3100
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(312) 207-0210

Illinois, Indiana, Michigan, Ohio, Wisconsin

Dallas

Kenneth L. Walker

1910 Pacific Avenue, Suite 1900
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Colorado, New Mexico, Oklahoma, Texas

Kansas City

Charles E. Thacker

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Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

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Bill C. Houston

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Arkansas, Kentucky, Louisiana, Mississippi, Tennessee

New York

Nicholas J. Ketcha, Jr.

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Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania, Puerto Rico, Virgin Islands

San Francisco

George J. Masa

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San Francisco, California 94105
(415) 546-0160

Alaska, Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming

Liquidation

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Bart L. Federici

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Chicago, Illinois 60606
(312) 207-0200

Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Virginia, West Virginia, Wisconsin

Dallas

G. Michael Newton

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Dallas, Texas 75201
(214) 754-0098

Oklahoma, Texas

New York

Thomas A. Beshara

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New York, New York 10018
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Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands

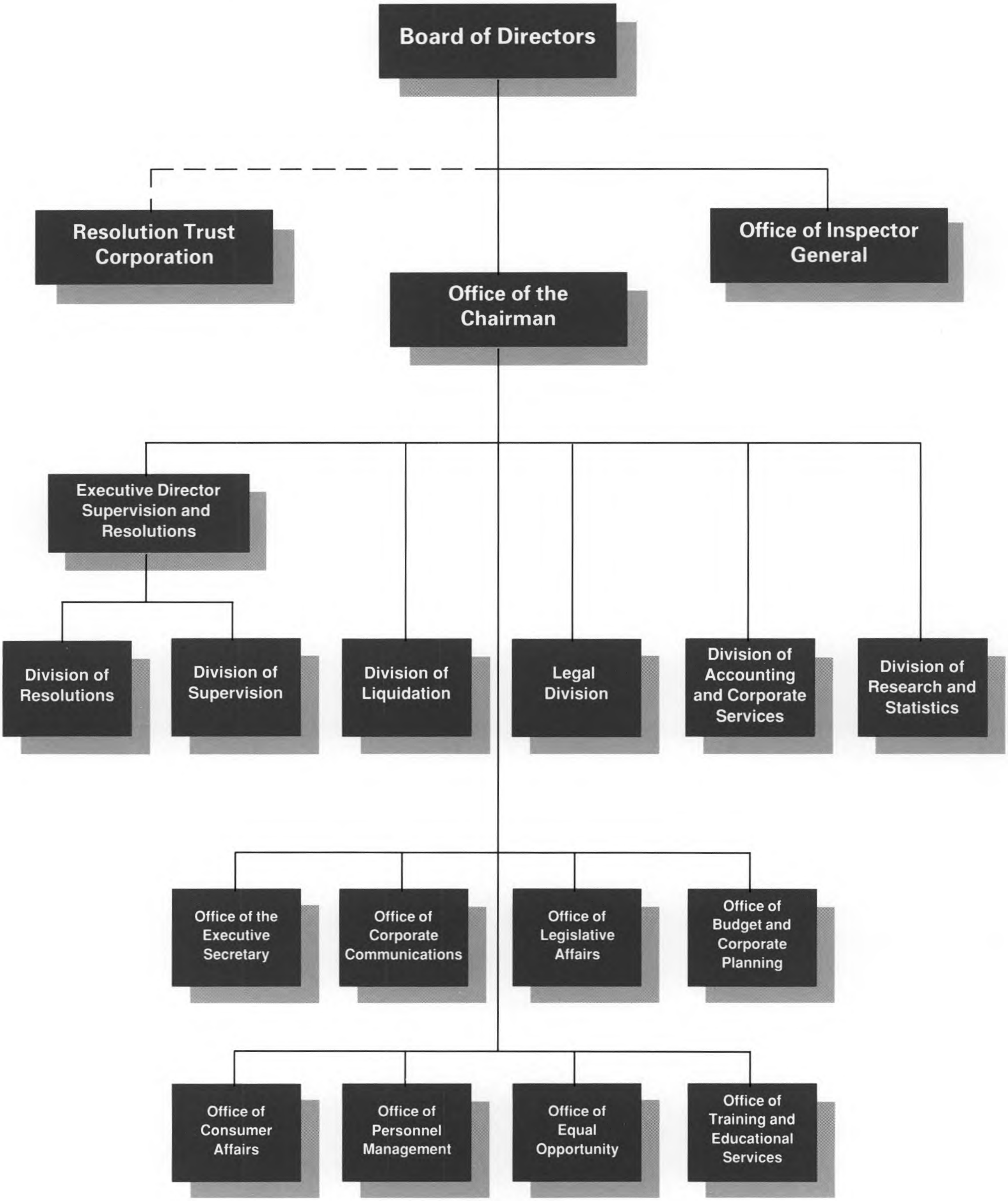
San Francisco

Keith W. Seibold

25 Ecker Street, Suite 1900
San Francisco, California 94105
(415) 546-1810

Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming

Organization Chart



Divisions

Supervision

Examines banks for safety and soundness and compliance with consumer and civil rights laws; develops supervisory policies; examines savings associations on a back-up basis.

Accounting and Corporate Services

Supports the FDIC's financial and administrative needs nationwide, including accounting, financial systems, computer operations and other business service operations.

Liquidation

Makes payments to depositors of closed banks; manages failed bank receiverships; sells assets of failed institutions to reduce costs to the FDIC.

Research and Statistics

Compiles important financial and economic data and surveys, including industry trends, market developments and analyses of policy issues.

Legal

Provides the FDIC with varied legal services and support in areas including corporate affairs, supervision, enforcement, resolutions of troubled institutions, liquidations and litigation.

Resolutions

Designs, negotiates and monitors assistance transactions; manages and disposes of equity positions acquired in resolutions; develops related policies and financing strategies. (Division established March 1991.)

Offices

Executive Secretary

Processes over a thousand matters each year for the FDIC Board and its committees; ensures compliance with various public disclosure laws; implements employee ethics programs.

Corporate Communications

Serves as the FDIC's information liaison with the media, depository institutions and the general public; issues publications, press releases and directives to institutions.

Legislative Affairs

Promotes legislation important to FDIC operations; helps prepare testimony for the Chairman and other FDIC officials; serves as the agency's congressional liaison.

Budget and Corporate Planning

Coordinates the agency-wide resource allocation process; conducts productivity studies for senior managers; handles special projects on budget performance, management accounting and the use of corporate resources.

Inspector General

Conducts independent audits and investigations to safeguard assets and detect fraud and mismanagement; provides reports to the FDIC's Board, agency managers and Congress.

Consumer Affairs

Handles complaints and inquiries from the public; monitors the adequacy of institutions' compliance with consumer protection laws; provides training to bankers and examiners in consumer law compliance.

Personnel Management

Plans, implements and evaluates FDIC personnel management programs, including recruitment and staffing, personnel policies and procedures, employee benefits and labor-management relations.

Equal Opportunity

Manages the agency's affirmative employment programs for minorities, women and people with disabilities; administers an equal employment opportunity complaint program and a minority outreach program for government contracts.

Training and Educational Services

Plans and manages the FDIC's extensive educational and training programs to help employees realize their full potential in the workplace.

To better understand the FDIC's work, it is important to understand conditions in the banking industry and the challenges those conditions present to the agency. The FDIC's Division of Research and Statistics prepared the following report, which includes separate discussions of commercial banks and savings banks.

Commercial Banks

On the surface, the performance of FDIC-insured commercial banks in 1990 would appear to mirror their performance in 1989. Net income in 1990 totaled $16.6 billion, about $1 billion more than in the previous year. The average return on assets for commercial banks was 0.50 percent in 1990, practically unchanged from the 0.49 percent average of 1989. In both 1989 and 1990, roughly 12.5 percent of all commercial banks reported net losses. And the primary capital ratio (the regulatory measurement of net worth) of the banking industry was 7.98 percent at year-end 1990, slightly higher than the 7.92 percent average at the end of the previous year.

Upon closer examination, though, key asset quality indicators show that 1990 was a significantly different, and more troublesome, year for the industry. That is particularly the case for larger banks and for banks with large commercial real estate and construction and development loan portfolios.

At the end of 1990, commercial banks' troubled assets (loans 90 days or more past-due, nonaccrual loans and other real estate owned) totaled $98 billion. That represented 2.9 percent of all commercial banking assets, the highest level since banks began reporting detailed information on troubled assets in 1982.

The high level of troubled assets was reached even though a record amount of bad loans were removed from balance sheets because of uncollectibility. These "net charge-offs" in 1990 totaled $29 billion, up from the previous high of $23 billion in 1989. The banking industry's inventory of troubled assets increased by $23.5 billion in 1990 (up from the $8.2 billion growth the previous year), indicating more credit losses are ahead.

Unlike 1989, there were no large provisions for foreign loan losses in 1990. Banks set aside $31.9 billion for future losses on all loans in 1990, an increase of $872 million over the previous year. However, only $1.5 billion of the 1990 provisions was earmarked for losses on foreign loans, compared to $10.1 billion in 1989. The $8.6 billion decline in the industry's foreign loss provisions in 1990 was more than offset by a $9.5 billion increase in provisions for domestic loan losses.

Real estate loan problems were the chief source of the increase in charge-offs and troubled assets in 1990. Real estate loans taken off of banks' books because of uncollectibility totaled $6.3 billion, 83 percent above the level of 1989. Net charge-offs on all other loans were 17 percent higher than in 1989. While net charge-offs on commercial and industrial loans ($8.4 billion) and consumer loans ($7 billion) exceeded the net losses on real estate loans, those categories did not increase as much from the previous year as did real estate loan charge-offs.

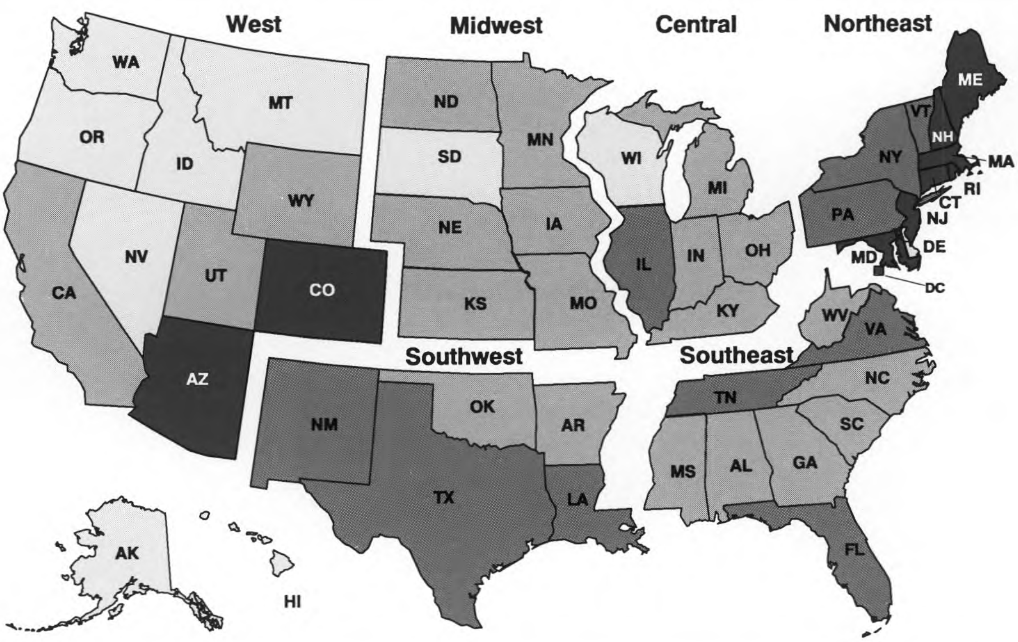
The negative trends in aggregate industry indicators were mainly a result of domestic asset quality problems at a number of larger banks, most of which are located in the eastern half of the United States. Larger banks had higher proportions of riskier commercial and real estate credits, such as loans to highly leveraged commercial borrowers and loans for construction and land development. More than one out of every five banks with $1 billion or more in assets reported a net loss for 1990.

Although there were fewer commercial banks on the FDIC's "problem list" of institutions whose financial or operational weaknesses posed a threat to continued viability (1,012 at year-end 1990 versus 1,092 the year before), and the number of commercial banks failing or receiving assistance (159) was the lowest since the 144 in 1986, the average size of failing and problem banks increased from the previous year.

These trends parallel the shift in banking problems from the Southwest, where restrictive branching laws produced more small banks, to the Northeast, where fewer geographic restrictions resulted in significantly larger banks. As the asset-quality problems of Southwest banks recede, small banks as a group, especially those with less than $100 million in assets, have continued to show improvement in most performance indicators.

Internal generation of new capital through retained earnings remained very low, as banks paid out more than 80 percent of their earnings in cash dividends for the second consecutive year. Total equity capital grew by $14.1 billion in 1990. Even with the diversion of nearly $32 billion of earnings into loss reserves, the high level of charge-offs in 1990 meant that total reserves had a net increase of only $1.7 billion. As a result, banks' capacity to absorb losses increased by an aggregate $15.8 billion, well below the $23.5 billion growth in their troubled assets.

Return on Assets, Calendar Year 1990, FDIC-Insured Commercial Banks



Legend: ROA Percentages — Less than 0% — 0 to 0.75% — 0.76 to 1.10% — 1.11% and higher

West	**%**	**Southwest**	**%**	**Midwest**	**%**	**Central**	**%**	**Southeast**	**%**	**Northeast**	**%**
Average ROA:	0.95	Average ROA:	0.48	Average ROA:	1.03	Average ROA:	0.84	Average ROA:	0.63	Average ROA:	0.03
Nevada	1.86	Arkansas	1.06	South Dakota	2.67	Wisconsin	1.11	West Virginia	1.05	Delaware	2.10
Alaska	1.45	Oklahoma	0.85	Iowa	1.08	Michigan	0.98	Alabama	1.02	Pennsylvania	0.41
Oregon	1.29	Texas	0.42	Nebraska	1.07	Ohio	0.88	Georgia	0.92	Vermont	0.36
Washington	1.28	New Mexico	0.33	North Dakota	0.89	Indiana	0.79	South Carolina	0.88	New York	0.21
Hawaii	1.20	Louisiana	0.23	Missouri	0.83	Kentucky	0.79	North Carolina	0.87	Maine	(0.11)
Montana	1.20			Kansas	0.81	Illinois	0.71	Mississippi	0.76	Rhode Island	(0.20)
Idaho	1.15			Minnesota	0.77			Virginia	0.45	Maryland	(0.44)
Wyoming	1.09							Tennessee	0.42	New Jersey	(0.85)
California	1.01							Florida	0.28	Massachusetts	(1.04)
Utah	0.97									New Hampshire	(1.63)
Colorado	(0.10)									Connecticut	(1.89)
Arizona	(0.25)									Washington, DC	(1.93)

National Average ROA (all FDIC-Insured commercial banks): 0.50%

Real estate lending remained central to overall asset growth in 1990, but the focus of real estate lending growth shifted, from emphasis on loans for construction and development to residential mortgage loans and home equity lines of credit. The shift was motivated by the lower credit risk associated with home mortgage loans. Commercial real estate loans also grew substantially, in part due to "rollovers" of existing construction and development loans into longer-term financing as projects were completed.

The number of FDIC-insured commercial banks declined in 1990 as industry consolidation continued, although the extent of shrinkage slowed from the previous year. New commercial bank charters fell from 192 in 1989 to 165 in 1990, the lowest level since the 148 issued in 1978. There also were 390 mergers during the year (versus 411 in 1989) and 159 failures or assistance transactions (down from 206 in 1989). These and other activities resulted in a net reduction of 368 banks during the year, compared to a net reduction of 431 in 1989. The end result: 12,345 insured commercial banks at year-end 1990, down from 12,713 at year-end 1989.

Savings Banks

The 469 state- and federally chartered savings banks insured by the FDIC's Bank Insurance Fund (BIF) reported an aggregate net loss for 1990 of $2.5 billion, more than three times the $773 million they lost in 1989. The portfolios of these thrift institutions, most of which are located in northeastern states, are highly concentrated in real estate lending. Real estate assets constitute roughly three-quarters of all their assets. The savings bank losses were a result of the continuing difficulties in commercial and residential real estate markets in New England and other northeastern states. In the past two years, troubled assets as a percentage of total assets at BIF-insured savings banks have more than tripled, from 1.51 percent of total assets to 5.04 percent. During the same period, the amount they have set aside to cover expected loan losses has increased more than four-fold, from $790 million in 1988 to $3.5 billion in 1990. These large loan-loss provisions in many instances exceed savings banks' net interest income and result in capital erosion. The deterioration has been greatest among New England institutions; savings banks in the six New England states lost nearly 19 percent of their equity capital in 1990. In contrast, of the 15 savings banks located outside the Northeast, 14 reported a profit for the year.

Ten BIF-insured savings banks failed in 1990, more than in the previous seven years combined. The number of savings banks on the FDIC problem list doubled, from 17 at the beginning of 1990 to 34 at year-end. Rising levels of impaired real estate assets will likely mean increased losses in the future, causing additional insolvencies. The number of BIF-insured savings banks has fallen in each of the past two years (492 in 1988; 489 in 1989; 469 in 1990). Further consolidation in this segment of the financial services industry can be expected to continue.

Operations of the Corporation

Bank Insurance Fund (BIF)			
Dollars in Millions	For the year ended December 31		
	1990	1989	1988
Income	$ 3,838	$ 3,495	$ 3,347
Operations Expense	220	214	224
Liquidation/Insurance Losses and Expenses	12,783	4,132	7,364
Net Income (Loss)	(9,165)	(851)	(4,241)
Insurance Fund Balance	4,044	13,210	14,061
Fund as % of Insured Deposits	0.21%	0.70%	0.80%
Assets Held for Liquidation	18,000	11,500	9,300

Selected Bank Statistics*			
Total Insured Banks	12,878	13,239	13,606
Problem Banks	1,046	1,109	1,406
Bank Failures	168	206	200
Assisted Banking Organizations	1	1	21
Number of Failed Bank Receiverships	1,041	964	848

* All BIF-insured depository institutions (commercial banks, savings banks and insured branches of foreign banks).

March 27

The FDIC Board revises its 1986 policy on financial assistance to operating insured banks to also apply to savings associations.

April 3

The Board adopts a rule requiring insured banks to give the FDIC advance notice of rapid growth.

April 5

The Justice Department, assisted by the FDIC, wins another in a series of cases aimed at bringing financial institution criminals to justice as former Texas S&L official Woody Lemons is sentenced to 30 years in jail for fraud.

April 18

The Seamen's Bank for Savings, founded in 1829 and one of New York City's largest thrifts, is closed by the Office of Thrift Supervision. The FDIC approves the assumption of deposits by The Chase Manhattan Bank, New York.

April 30

The Board approves final amendments to the deposit insurance regulations that reconcile differences between the rules for banks and for savings associations.

The FDIC issues an interim rule, in conjunction with other regulators, setting requirements for public disclosure of Community Reinvestment Act ratings.

May 22

The FDIC issues financial results for 1989, reports the second annual operating loss for the Bank Insurance Fund.

May 29

The FDIC sends to banks and savings associations a notice of upcoming changes in deposit insurance rules that each institution is required to send to depositors in a one-time mailing.

July 11

The FDIC and the Resolution Trust Corporation (RTC) report that they are investigating possible fraud or abuse by former officers, directors and other professionals at 1,300 failed banks and thrifts.

July 23

Andrew C. "Skip" Hove, Jr., a community banker from Minden, Nebraska, is sworn in as Vice Chairman of the FDIC.

July 24

The FDIC and the RTC approve similar regulations governing the use of appraisers in real estate transactions.

September 18

The Board asks for public comment on a plan to streamline minimum capital standards.

September 21

The FDIC files a $200 million lawsuit against former officers, directors and lawyers for the failed Silverado Banking, Savings and Loan Association, Denver, Colorado.

September 27

The Board agrees to increase the premiums that banks will pay for deposit insurance, from 12 cents per $100 in 1990 to 19.5 cents per $100 in 1991.

November 2

An FDIC study shows that the combination of a volatile economy, lending concentrations by banks and fewer on-site examinations by regulators largely explain the high failure rate among Texas banks.

November 9

Freedom National Bank of New York, New York, one of the largest black-owned banks in the country, is closed by the Office of the Comptroller of the Currency. The FDIC Board approves paying off insured depositors.

November 14

The FDIC and RTC file a $6.8 billion bankrupcy claim against the investment firm of Drexel Burnham Lambert to recover money lost by 45 failed financial institutions in junk bonds and other securities transactions.

November 29

The FDIC asks for public comment on a plan that would require savings and loan associations that convert to savings banks to continue operating under existing restrictions on high-risk investments and other activities.

December 11

The Board adopts a final rule restricting the amount of purchased mortgage servicing rights that can be used to meet capital requirements.

Conditions in the banking and thrift industries continued to change rapidly in 1990. A weakening national economy and rapid deterioration in real estate values in the Northeast and Mid-Atlantic regions led to questions about the strength of the banking industry. Debate also continued about the future of the savings industry. In this environment, it has been a challenge to the FDIC to maintain its traditional pattern of strong and efficient oversight of insured depository institutions.

The FDIC is the primary federal regulator of approximately 7,500 state-chartered banks that are not members of the Federal Reserve System and about 500 savings banks. The agency also has certain back-up supervisory authority, for safety and soundness purposes, over state-chartered banks that are members of the Federal Reserve System, national banks and savings associations.

The varied role of the FDIC in examination and supervision draws on a large segment of the FDIC's work force, primarily the Division of Supervision (DOS) for on-site and off-site reviews, problem correction and policy development. Support is provided by other areas of the Corporation, including the FDIC's Legal Division for enforcement, the Division of Research and Statistics for trend analysis, the Division of Accounting and Corporate Services for computer-based monitoring programs and the Division of Liquidation for resolutions.

Examinations

As the primary supervisor of state nonmember banks and savings banks, the FDIC conducts four major types of examinations:

Safety and soundness

The FDIC conducted 3,955 examinations of state nonmember banks and savings banks during 1990 to identify problems and emerging trends, and to seek correction. This was about a nine percent increase from the 3,631 such examinations in 1989.

Trust departments

A total of 525 trust departments were examined in 1990 to determine potential losses to banks, down slightly from the 585 examined in 1989.

Data processing facilities

DOS examiners in 1990 participated in reviews of 1,077 data processing facilities run by banks or independent firms, an increase from 782 in 1989.

Compliance with consumer and civil rights statutes

The FDIC conducted 3,639 examinations and visitations to monitor how well institutions were implementing consumer protection and civil rights laws. There were 3,901 such reviews in 1989.

FDIC Examinations, 1988-1990

	1990	1989	1988
Safety and Soundness:			
State Nonmember Banks	**3,744**	3,440	3,751
Savings Banks	**211**	191	183
National Banks	**105**	62	54
State Member Banks	**24**	21	31
Savings Associations*	**2,150**	375	0
Subtotal	**6,234**	4,089	4,019
Compliance and Civil Rights	**3,639**	3,901	4,282
Trust Departments	**525**	585	683
Data Processing Facilities	**1,077**	782	848
Total	**11,475**	9,357	9,832

* The FDIC began to examine savings associations after the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 on August 9, 1989.

The FDIC's back-up authorities accounted for a major portion of FDIC supervisory efforts in 1990, particularly in relation to savings associations (a responsibility given to the FDIC in 1989). FDIC staff participated in 2,150 safety and soundness examinations at savings associations in 1990. All totaled, DOS participated in 6,234 safety and soundness examinations at banks and thrifts during 1990, an increase of more than 50 percent from the previous year.

Several measures implemented during 1990 increased the efficiency of the examination process. One was a tiered examination process for safety and soundness examinations in which personnel resources were directed most intensely to those institutions that represented the most risk. That process was initiated in late 1989 but fully implemented in 1990. DOS also implemented in 1990 an examination program for data processing systems that allows certain of these reviews to be carried out in conjunction with safety and soundness examinations. This contributed to the 38 percent increase in the number of data processing examinations during 1990.

In addition, DOS approved the establishment of a compliance examination program separate and distinct from the safety and soundness program. Previously, generalist examiners and a small cadre of specialists monitored compliance with consumer protection laws at state nonmember banks. Under the new program, carried out in conjunction with the FDIC's Office of Consumer Affairs, adherence to consumer and civil rights laws will be monitored by a larger staff of specialist examiners solely dedicated to this area of banking activities.

DOS also created an Office of Capital Markets in 1990 in recognition of the more sophisticated financial environment in which its examiners operate. The new office was established to offer guidance and formulate policy related to investment, funding and trading activities of financial institutions. In its first year, the capital markets staff also provided specialized training for about 300 examiners.

Problem Banks

Problem institutions are those rated four or five on a scale of one-to-five under the rating system used by the three federal banking agencies. During 1990, the number of problem commercial banks and savings banks insured by the Bank Insurance Fund (BIF) declined, but the volume of assets in those institutions increased dramatically.

There were 1,046 problem banks at year-end 1990, down from 1,109 at the end of 1989. However, banks on the problem list at year-end 1990 had $408.8 billion in assets, versus $235.5 billion the previous year. This represented a shift in the emphasis of problems from the nation's

Bank Insurance Fund (BIF) Problem Banks, 1986-1990

(Year-end)	1990	1989	1988	1987	1986
Total Insured Banks (Commercial and Savings)	**12,788**	13,239	13,606	14,289	14,837
Problem Banks	**1,046**	1,109	1,406	1,575	1,484
Assets of Problem Banks ($ billion)	**408.8**	235.5	352.2	358.5	335.5
% Change in Number of Problem Banks	**(5.7)**	(21.1)	(10.7)	6.1	30.2
% of Total Insured Banks	**8.2**	8.4	10.3	11.0	10.0

Changes in BIF Problem Bank List, 1986-1990

	1990	1989	1988	1987	1986
Deletions	**447**	619	680	627	494
Additions	**384**	322	511	718	838
Net Change	**(63)**	(297)	(169)	91	344

smaller banks to significantly larger institutions. The FDIC places special emphasis on examining problem banks and savings associations because of the potential effect on the deposit insurance funds.

The FDIC uses corrective tools to bring about desired changes in bank operations. The agency often uses a "cease-and-desist" corrective action and acts to remove officials of state nonmember banks when other supervisory procedures have proven unsuccessful. Civil money penalties also may be imposed on individuals and companies. In certain circumstances, the FDIC also may take cease-and-desist action against thrift institutions insured by the Savings Association Insurance Fund (SAIF). In the most extreme cases, the FDIC can terminate an institution's deposit insurance. (For additional information on enforcement actions, please refer to the Litigation and Enforcement Activities section.)

Off-site Monitoring

As supervisory responsibilities continue to expand, the use of off-site monitoring techniques becomes an increasingly important companion to, but not a substitute for, on-site examinations. These techniques depend to a large extent on information gathered from the quarterly Reports of Condition and Income (Call Reports) filed by financial institutions.

As of March 31, 1990, new reporting requirements were implemented to facilitate the measuring and monitoring of risk-based capital levels. In addition, the Call Report was revised to better identify the nature and extent of off-balance sheet activity. Other revisions to the Call Report developed during 1990 for implementation in 1991 address real estate lending and related exposures, as well as other asset quality information, particularly in the area of highly leveraged transactions. Additional changes will better identify the components of noninterest income and expense, and will permit more timely estimates of insured deposits in the banking system.

Off-site monitoring and analysis by DOS also was strengthened in 1990 through increased staffing, enhanced surveillance and other efforts. DOS, for example, increased its off-site review of commonly controlled banking organizations, began off-site monitoring of large savings associations, and improved scoring techniques and other aspects of an existing program that monitors asset growth at institutions.

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At left, DOS staff members Sherry L. Wilson, an assistant bank examiner from the Atlanta regional office, and Ethridge B. Hampton, Jr., a review examiner from the Memphis regional office, use laptop computers and other state-of-the-art equipment to access key financial data and FDIC rules.

At right, Baltimore-based DOS staff members Emma Rahman, an examiner-trainee, and Brett M. Belcher, an assistant examiner, leaving an examination site.

Applications Processing

The applications process helps promote safe and sound banking operations by authorizing the FDIC to approve, deny or seek modifications in requests from institutions.

Applications processed by the FDIC traditionally relate to deposit insurance, the establishment or relocation of branches by FDIC-supervised banks, mergers where the FDIC supervises the resultant bank, and changes in control of state nonmember banks. In certain circumstances, the FDIC decides who may serve as a director, officer or employee of a state nonmember bank. This authority was greatly expanded under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). For example, that law gave regulators the authority to disapprove plans from undercapitalized banks and certain other institutions for adding directors or senior executive officers. As a result of this expanded authority, the FDIC in 1990 received 1,566 requests for consent to serve -- compared to just 39 the year before. The agency denied 30 such applications in 1990.

Other new application requirements established by FIRREA include: conversions from membership in the SAIF to the BIF or vice versa; notices by savings associations of plans to divest investments in junk bonds; and requests for waivers of the prohibition on the use of brokered deposits by undercapitalized institutions.

FDIC Applications, 1988-1990

	1990	1989	1988
Deposit Insurance	141	101	159
Approved	135	100	156
Denied	6	1	3
New Branches	1,121	1,160	1,032
Approved	1,118	1,160	1,032
Branches	812	891	846
Remote Service Facilities	306	269	186
Denied	3	0	0
Mergers	390	200	288
Approved	389	200	287
Denied	1	0	1
Requests for Consent to Serve	1,566	39	45
Approved	1,536	38	44
Section 19	81	39	45
Section 32*	1,455	–	–
Denied	30	1	1
Section 19	2	1	1
Section 32*	28	–	–
Notices of Change in Control	79	71	89
Letters of Intent Not to Disapprove	79	68	87
Disapproved	0	3	2
Conversions of Insurance Coverage	234	–	–
Approved*†	234	–	–
Denied*†	0	–	–
Brokered Deposit Waivers	83	–	–
Approved*	63	–	–
Denied*	20	–	–
Savings Association Activities	104	–	–
Approved*	84	–	–
Denied*	20	–	–

* No applications received prior to the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 on August 9, 1989.

† Applications to convert from the Savings Association Insurance Fund to the Bank Insurance Fund or vice versa.

Interagency Cooperation

The FDIC continues to work closely with other agencies to find solutions for problems affecting the banking industry. In a cooperative effort with the Office of the Comptroller of the Currency and the Federal Reserve Board, the FDIC in September 1990 proposed a major overhaul of its "leverage capital" rules, which ensure that a portion of a bank's existing assets and future asset growth will be funded by owners' equity and not just by insured deposits. (In February 1991, the FDIC Board agreed to a final leverage capital rule that was substantially the same as the proposal.) In addition, an interagency agreement that set minimum capital requirements as a percent of risk-weighted assets took effect at year-end 1990.

Other interagency initiatives during 1990 included:

- Interpretive guidance issued in February for examiners assessing highly leveraged transactions at insured banks.

- A final rule adopted in July identifying which real estate transactions require an appraisal by a certified or licensed practitioner, and establishing minimum standards for performing appraisals.

- A December request for public comment on a proposed supervisory policy statement that would address the selection of securities dealers and unsuitable investment practices by banks, thrifts and credit unions. The proposal was issued by the interagency Federal Financial Institutions Examination Council (FFIEC).

- A June request by the FFIEC for comment on possible new reporting and capital requirements for "recourse" arrangements. In general, this term refers to a situation where an institution retains some or all of the risk of loss associated with owning an asset, even though the asset has been sold.

With the increased numbers of savings association examinations, DOS devoted much attention to the different accounting and supervisory standards for thrifts and banks, such as those relating to loans collateralized by real estate. In this regard, DOS worked with the Office of Thrift Supervision to resolve the differences between bank and thrift rules in calculating the allowance for loan and lease losses. In addition, DOS submitted to Congress a report that described the differences in capital and accounting standards among the federal banking and thrift agencies.

In 1990, the Securities and Exchange Commission referred 291 securities filings of bank holding companies to the FDIC for review and comment about the adequacy of disclosure. This cooperative program, which seeks to provide public investors with disclosure of material facts, was initiated in late 1989.

The FDIC continues to work closely with the Department of Justice and other government agencies to fight fraud at financial institutions. During 1990, DOS forwarded 2,167 criminal referral reports of possible fraud and related violations. DOS also assisted in compiling for the Justice Department a priority list of the top criminal referrals in order to help target prosecution efforts.

The FDIC also is participating in an interagency database project that, when completed, will provide the federal financial institution regulatory agencies with a pooled source of information about referrals of suspected criminal activity processed by each member agency.

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Paul Fritts, FDIC Executive Director for Supervision and Resolutions (center), at a meeting of the interagency Federal Financial Institutions Examination Council. At left is Roger W. Jepsen, Chairman of the National Credit Union Administration.

The pace of bank failures slowed somewhat during 1990 as problems in the Southwest abated. Nonetheless, the handling of failing banks required significant attention from the Division of Supervision (DOS), the Division of Liquidation (DOL), the Legal Division, the Division of Accounting and Corporate Services and other areas of the Corporation.

Under a new procedure instituted in 1990, DOL assumed responsibility for the handling of failed institutions with less than $100 million in assets, while DOS continued to handle the larger closings and requests for assistance from institutions in danger of failing. (In order to consolidate and enhance the agency's resources for handling bank failures and assistance transactions, the FDIC Board in March 1991 established the Division of Resolutions to focus the staff's work on failing bank activities.)

Failed Banks

The FDIC resolved 169 failed bank cases in 1990, including one assistance transaction involving a bank in danger of failing. The number of failed bank cases was down from 207 in 1989, including one assistance transaction. Total assets of failed banks also decreased to about $15.7 billion in 1990, down from about $29.4 billion in 1989.

Failed Banks,* 1988-1990

	1990	1989	1988		1990	1989	1988
Alaska	**0**	2	1	Missouri	**1**	1	2
Arizona	**5**	6	1	Montana	**0**	2	1
Arkansas	**1**	0	0	Nebraska	**0**	1	1
California	**4**	1	3	New Hampshire	**1**	0	0
Colorado	**7**	7	10	New Jersey	**2**	0	0
Connecticut	**1**	1	0	New Mexico	**2**	0	0
District of Columbia	**1**	0	0	New York	**5**	3	1
Delaware	**0**	0	1	North Dakota	**3**	2	1
Florida	**7**	5	3	Ohio	**1**	0	1
Illinois	**0**	0	1	Oklahoma	**9**	12	23
Indiana	**0**	0	1	South Dakota	**0**	0	1
Iowa	**0**	0	6	Tennessee	**1**	0	0
Kansas	**1**	5	6	Texas	**103**	133†	113‡
Kentucky	**1**	0	0	Utah	**0**	0	2
Louisiana	**4**	21	11	Virginia	**0**	1	0
Massachusetts	**7**	1	0	Washington	**0**	0	1
Michigan	**0**	0	1	West Virginia	**0**	1	0
Minnesota	**1**	1	7	Wyoming	**0**	0	1
				Total	**168**	206	200

* Excludes open bank assistance transactions.

† Includes the 20 Texas bank subsidiaries of MCorp of Dallas, Texas, and the 24 Texas bank subsidiaries of Texas American Bankshares, Inc., Fort Worth, Texas.

‡ Includes the 40 Texas bank subsidiaries of First RepublicBank Corporation, Dallas, Texas.

Of the 168 banks that failed and did not receive assistance, 148 were handled as "purchase and assumption" (P&A) transactions. In a P&A, all deposits are assumed by a healthy bank, as are many of the assets of the failed institution. The remaining 20 failed banks were resolved either through a payout of insured deposits (8) or through a transfer of insured deposits to another institution (12).

In order to streamline the process of disposing of assets from failed banks, staff began working in 1990 on new ways to reduce the assets remaining in receiverships and thereby keep failed bank assets in the private sector. In 1990, acquiring banks initially assumed approximately $5 billion of assets, or about a third of the closed banks' total assets.

Assistance Transactions

The Federal Deposit Insurance Act authorizes the FDIC to provide financial assistance to prevent the closing of an insured depository institution. Assistance may be granted directly to an insured institution in danger of failing, to facilitate a merger of an insured institution in danger of failing, or to a company that controls or will control an institution in danger of failing.

For assistance to be provided, the FDIC's Board must determine that the amount of assistance is less than the cost of liquidating the institution. However, an exception to this "cost test" is made when the continued operation of the institution is essential to provide adequate banking services to its community or when severe financial conditions exist that threaten a large number of institutions with significant resources.

In March, the FDIC revised a 1986 policy statement on financial assistance to operating insured banks to apply also to savings associations. The revised policy statement retains the key elements of the 1986 statement and adds new criteria to ensure acceptance of least-cost proposals for open assistance to banks and savings associations. Those new criteria are: assistance proposals must be considered within a competitive bidding process; institutions requesting assistance must agree to unrestricted "due diligence" reviews by all potential acquirers cleared by the FDIC; and bidders must establish quantitative limits on indemnities and guarantees in order for the FDIC to accurately assess the cost of each proposal.

By year-end, 50 savings associations had submitted proposals for assistance from the FDIC but none received approvals. The major deficiencies in the requests typically were insufficient capitalization from non-FDIC sources and the likelihood that the cost of the requested assistance would be higher than other alternatives.

The only assistance transaction provided to an open institution in 1990 involved the $14.2 million-asset Pawnee National Bank in Pawnee, Oklahoma. This transaction resulted in estimated savings to the FDIC of $500,000, based on the estimated cost if the institution were to fail and its depositors paid off.

Anticipated Bank Failures

As part of standard accounting procedures, at year-end the FDIC also charges to the Bank Insurance Fund an amount representing the estimated losses from banks that have not failed but are likely to close. This loss reserve charged at year-end 1990 for anticipated bank failures was $7.7 billion. (Of that, $2.5 billion was to cover three subsidiary banks of the Bank of New England Corporation which were expected to fail in 1991. On January 6, 1991, the Comptroller of the Currency closed the three banks and the FDIC Board established three full-service bridge banks until prospective acquirers could assess the condition of the banks and a sale could be made.)

FSLIC Agreements

Responding to the shift of responsibilities mandated by the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), the FDIC in late 1989 established the Division of FSLIC Operations (DFO) to manage 219 assistance agreements the former Federal Savings and Loan Insurance Corporation (FSLIC) had entered into with acquirers of certain failed thrifts. The number of these assistance agreements, which are liabilities of the FSLIC Resolution Fund, declined to 202 by year-end 1989 and 156 by year-end 1990 as contracts with the acquirers either were terminated or expired. As of year-end 1990, DFO had paid a total of $19 billion in assistance to acquirers under these agreements.

Under the agreements, the former FSLIC had provided "yield maintenance" and "capital loss" coverage to some of the acquirers of failed thrifts. That is, FSLIC guaranteed to acquirers that they would earn a predetermined rate of return and recover no less than a specified amount for certain assets that they agreed to take from failed institutions. These assets, known as "covered assets," generally include troubled real estate loans and investments in subsidiaries of the failed thrifts. Generally not included are short-term marketable securities, performing residential mortgage loans and fixed assets. The FDIC, as manager of the FSLIC Resolution Fund, acquired these obligations of the former FSLIC. Through sales efforts by the acquirers and writedowns directed by the FDIC, the book value of these covered assets was reduced from $35.9 billion at year-end 1989 to $29.2 billion at year-end 1990.

As part of the assistance agreements with acquirers, FSLIC took an equity interest in some of the acquiring institutions. In 1990, DFO managed a $1.1 billion portfolio of capital instruments – preferred stock, subordinated debentures, income capital certificates, net worth certificates and stock warrants – acquired in those transactions. During the year, DFO negotiated the liquidation or restructuring of more than $560 million of this portfolio and established loss reserves for another $90 million for institutions placed into conservatorship or receivership and operated by the Resolution Trust Corporation (RTC). Under FIRREA, most of these capital instruments no longer qualify as core capital. Disposing of the capital instrument portfolio helps the affected institutions to comply with current capital requirements and improves the likelihood of future cash flow to the FSLIC Resolution Fund. (In February 1991, DFO was transferred to the RTC as part of a reorganization.)

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Michelle Slusher of the FDIC's liquidation office in Knoxville, Tennessee, posts signs informing depositors about the closing of First American Bank for Savings in Boston, Massachusetts, on October 19.

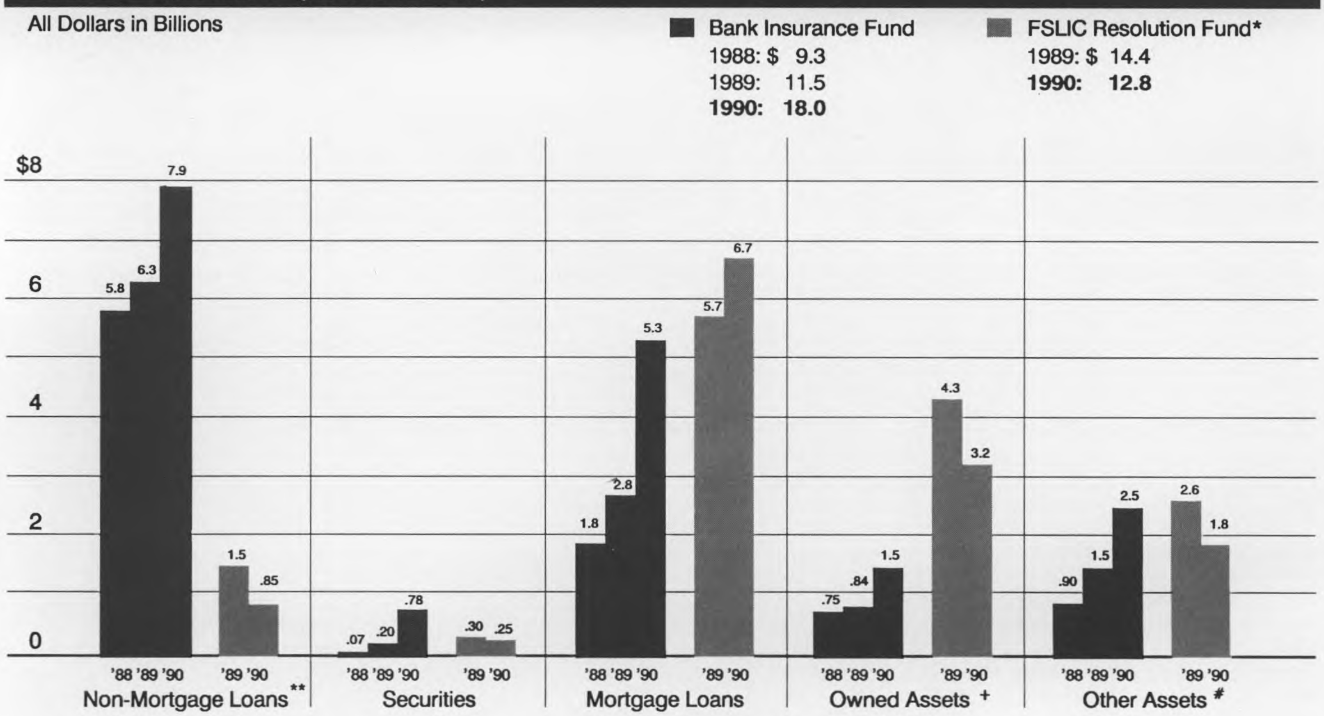
The FDIC's liquidation activities include administering failed institution receiverships, making payments to depositors of closed banks and converting the assets of failed institutions to cash to reduce the costs to the Bank Insurance Fund (BIF). These responsibilities are handled by the Division of Liquidation (DOL), with support from the Legal Division, the Division of Accounting and Corporate Services and other areas of the Corporation. DOL carries out similar responsibilities for the FSLIC Resolution Fund (FRF), which relates to 99 failed thrifts that were insured by the Federal Savings and Loan Insurance Corporation (FSLIC).

At year-end, DOL was managing the disposition of assets from failed institutions with an estimated book value of about $30.9 billion, a tremendous increase over previous years due in part to the responsibility assumed in late 1989 for the administration and oversight of the FSLIC's operations for failed thrifts.

Assets from BIF–insured failed banks at year-end 1990 totaled about $18 billion of the $30.9 billion in liquidation by the FDIC. That represents a $6.5 billion increase in bank assets from the $11.5 billion in liquidation at the close of the previous year. The remaining approximately $12.8 billion of assets at year-end were in liquidation for the FRF. This represents a decrease of about $1.6 billion from the $14.4 billion to be liquidated as of year-end 1989, primarily the result of completed assets sales.

As a result of liquidation efforts, DOL paid approximately $4.5 billion in cash dividends to the BIF and approximately $41.9 million in cash dividends to uninsured depositors and creditors of failed institutions. DOL paid approximately $2.5 billion in cash dividends to the FRF and $54.9 million to uninsured depositors and creditors.

Assets in Liquidation (Year-end Totals)



* Established August 9, 1989, to assume the assets and liabilities of 99 failed thrifts insured by the former Federal Savings and Loan Insurance Corporation.
** Primarily installment, commercial and student loans.
\+ Primarily real estate but also includes furniture, equipment, repossessed items and other assets from failed institutions.
\# Primarily wholly owned subsidiaries acquired from failed institutions and court judgments in favor of the FDIC.

Keys to minimizing the FDIC's losses from failing banks and FSLIC assets include increasing cash collections and maintaining the ratio of expenses to collections below 10 percent. Such efforts in 1990 resulted in:

- DOL cash collections totaling $6.5 billion, which exceeded the agency's goal of $5.5 billion. Of this, $4.1 billion was collected on commercial bank assets in liquidation and $2.4 billion was collected on FSLIC assets. In 1989, cash collections of $2.3 billion were achieved from bank assets and $392 million from FSLIC assets. DOL's efforts resulted in an expense-to-collections ratio in 1990 of 8.5 percent.

- Impressive sales of approximately 107,000 loans for $645.6 million (95.8 percent of the appraised value), and approximately 6,000 real estate sales transactions totaling $640.5 million (98.8 percent of the appraised value).

- Collections totaling $263.6 million from professional liability claims against officers, directors and others associated with failed banks and thrifts. This represented the settlement of 143 cases of the 1,433 claims under investigation or in litigation during 1990.

Assistance Agreements

The FDIC in recent years has established and owned "bridge banks" on an interim basis to assume the deposits, certain other liabilities and substantially all of the assets of large failed banks. In three recent instances, the FDIC sold the bridge banks to other institutions and agreed to absorb losses on certain problem assets, which the acquiring institutions in turn agreed to manage and sell under FDIC supervision. The three acquiring institutions are: NCNB Texas National Bank (for 40 Texas bank subsidiaries of the First RepublicBank Corporation, Dallas, closed in 1988), Banc One Corporation (for 20 bank subsidiaries of MCorp of Dallas, closed in 1989) and Team Bank (for 24 bank subsidiaries of Texas American Bancshares, Fort Worth, closed in 1989). The DOL Assistance Transactions Branch, based in Dallas, monitors these transactions.

The portfolio of problem assets being managed for the FDIC by the three servicers was valued at $5.6 billion at year-end 1990. Collections on the portfolio totaled $3.2 billion during the year. All three servicers succeeded in achieving their collection goals. The expense-to-collection ratio for the Assistance Transactions Branch averaged about 10 percent for the year.

DOL in 1990 continued to enhance its oversight process for assistance transactions by developing a credit policy manual for use by the servicers and a DOL internal review process to monitor the performance and contract compliance of the servicers. The Assistance Transactions Branch leveraged its small staff to oversee management of the serviced assets through measures that included the establishment of committees responsible for approving business decisions at the three servicing banks.

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When the National Bank of Washington closed in August, the FDIC acquired the bank's elegant and historic headquarters building, along with other assets that document the early days of banking in the nation's capital.

The dramatic growth in litigation and other legal work that followed enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) continued in 1990. The FDIC's Legal Division and the Division of Supervision also used a combination of enforcement tools to promote sound banking operations and compliance with applicable laws.

Legal Affairs Workload

The FDIC's legal activities include handling challenges to bank and thrift closings, commercial litigation and claims of fraud and negligence against directors, officers and professionals. Legal activities also involve various non-litigation matters such as the implementation of thrift assistance agreements, bank regulations and asset sales. The total number of matters handled by the Legal Division at year-end 1990 for the FDIC and the Resolution Trust Corporation (RTC) was 159,251, about a 145 percent increase over the approximately 65,000 matters pending at year-end 1989.

The Liquidation Branch of the Legal Division was dealing with 19,158 litigation cases, 8,458 bankruptcy claims and 3,508 non-litigation matters at year-end 1990. The RTC Branch was working on 35,675 litigation cases, 16,117 bankruptcy claims and 13,756 non-litigation matters. Other parts of the Legal Division, including those dealing with bank regulation, legislation and various compliance and enforcement efforts, had responsibility for 23,867 litigation cases, seven bankruptcy matters and 38,705 non-litigation matters.

Included in this workload were ongoing investigations involving negligence or willful misconduct by directors, officers and other professionals (such as attorneys and accountants) tied to 1,354 failed banks and savings associations, up from 1,250 failed institutions in 1989. The FDIC and RTC at year-end 1990 had filed more than 500 lawsuits against former directors, officers and professionals. Professional liability settlements and collected judgments for the FDIC and the RTC in 1990 amounted to $373 million, up from $150 million in 1989.

The Legal Division helped its clients (other FDIC Divisions and Offices as well as the RTC) recover approximately $21.1 billion for the two agencies during 1990 in connection with failed banks and thrifts, excluding RTC conservatorship recoveries. The $21.1 billion figure represents recoveries from the full range of corporate activities where the Legal Division had a role in all but a few instances. These efforts include lawsuits and legal work associated with failed bank and thrift receiverships and the sales of assets acquired from failed institutions, such as preparing sales contracts and foreclosure actions.

The Legal Division's expenses for 1990 totaled about $733 million, with $615 million for outside legal costs and $118 million for internal costs, excluding collection costs accounted for elsewhere in the FDIC and RTC.

In addition, the FDIC obtained court judgments or settlements that reduced $7.8 billion in asserted claims against the FDIC, RTC or Federal Savings and Loan Insurance Corporation (FSLIC) to $20.7 million in actual liability.

Major Court Decisions

The FDIC, in both its corporate and receivership capacities, was involved in significant court cases in which decisions were handed down during 1990.

In particular, the recent failures of three large Texas-based bank holding companies — First RepublicBank Corporation of Dallas in 1988, Texas American Bancshares (TAB) of Fort Worth in 1989, and MCorp of Dallas in 1989 — led to the litigation of important issues.

This litigation challenged the FDIC's ability to fully protect third-party creditors of a failed bank without paying affiliated creditors more than they would receive in a liquidation of the bank's estate. When the lead banks of each of these systems failed, the FDIC arranged purchase and assumption (P&A) transactions which resulted in no loss to third-party creditors. However, the protection afforded to loans from affiliated banks to the failed lead bank was limited to their proportional share of the failed bank's estate (a limitation later ratified by FIRREA).

Rulings by the U.S. District Court in Dallas in the MCorp and TAB cases held that the FDIC's treatment of affiliated creditors was improper. The court in the First Republic case did not rule on these claims, but noted that, notwithstanding the decisions in the MCorp and TAB cases, the FDIC's arguments had "considerable force."

The First Republic litigation was settled in principle in late 1990 on a basis that will result in the FDIC's recovery of $158 million, plus interest. The TAB case is pending before the Fifth Circuit Court of Appeals in New Orleans. The MCorp litigation is still before the U.S. District Court in Dallas.

Beginning in 1989, FIRREA and its tougher new capital standards for thrifts produced a number of lawsuits against the FDIC and the Office of Thrift Supervision, challenging both the law and its application.

In general, the protesting institutions claimed they had contracts with the former Federal Home Loan Bank Board or the FSLIC in connection with the assisted acquisition of troubled thrifts prior to the enactment of FIRREA and that the contracts allowed them to count "goodwill" as capital under standards more liberal than under that law.

As 1990 closed, 23 lawsuits had been filed in various courts around the country. These cases seek remedies or damages totaling about $2 billion.

Compliance and Enforcement Actions, 1988 -1990

	1990	1989	1988
Section 8(a) Termination of Insurance Orders:			
Notifications to Primary Regulator/Orders of Correction	**52**	73	77
Notices of Intent Issued*	**35**	19	10
Temporary Suspension of Insurance Issued‡	**0**	1	—
Orders Accepting Voluntary Termination Issued	**1**	1	0
Insurance Termination Orders Issued*	**1**	2	1
Section 8(b) Cease-and-Desist Orders:			
Notices of Charges Issued	**29**	31	26
Orders Issued With Notice*	**17**	25	24
Orders Issued Without Notice	**75**	73	74
Section 8(c) Temporary Orders*	**8**	1	5
Section 8(e) Removal/Prohibition of Director or Officer:			
Notices Issued	**9**	11	10
Orders Issued With Notice*	**9**	7	14
Orders Issued Without Notice	**4**	3	19
Section 8(e)(4) Suspensions Issued*	**0**	0	0
Section 8(g) Suspension/Removal for Felony	**0**	0	1
Section 8(p) Termination of Insurance/No Longer Accepting Deposits – Orders Issued	**2**	2	5
Section 8(q) Termination of Insurance/Deposits Assumed – Orders Issued	**0**	1	0
Civil Money Penalties Issued	**6**	9	10
Capital Notices Issued	**1**	3	1
Capital Directives Issued*	**3**	1	1
Section 5(e) Cross–guaranty:			
Notices of Assessment Issued‡	**1**	1	—
Waivers Issued‡	**4**	0	—
Section 7(j) Notices of Disapproval of Acquisition	**0**	2	0
Section 10(c) Orders of Investigation Issued	**3**	2	2
Section 19 Denials of Officer/Director Requests to Serve	**2**	1	1
Section 32 Disapprovals of Officers/Directors:			
Notices of Disapproval‡	**28**	—	—
Rulings on Appeal Issued*‡	**12**	—	—
Final Orders Issued*‡	**0**	—	—
Total Actions Initiated by FDIC	**217**	214	226

* Not counted as separate proceedings and therefore not included in total actions initiated.
‡ New enforcement power granted by FIRREA in 1989; therefore, data for previous years do not exist.

Among other significant court cases where decisions were reached in 1990 were:

Hoffman v. FDIC
The U.S. Court of Appeals in San Francisco in October affirmed an FDIC order aimed at preserving the assets of a failing insured depository institution. The case involved a cease-and-desist order compelling the president of an Alaska bank, who was on notice of the bank's insolvency, to make restitution of advance salary for the remaining term of his employment contract. He had received the advance salary when he resigned just prior to the closing of the bank.

Gulley v. Sunbelt Savings
The U.S. Court of Appeals in New Orleans in June concluded that, based on the liquidation value of a failed institution, the FDIC and the RTC could bar general creditors' claims where the assets of the failed institution were insufficient to satisfy even higher priority depositor claims.

FDIC v. Bank of Boulder
The U.S. Court of Appeals in Denver in August upheld the FDIC's transfer of a letter of credit from the receiver to the Corporation through a P&A failed bank transaction even though the transfer could not take place under Colorado law. This decision recognizes that the FDIC can transfer assets in a P&A to maximize liquidation efforts regardless of contrary state law.

FDIC v. Bank of Coushatta
The U.S. District Court in Shreveport, Louisiana, in September held that the FDIC's decision to issue a directive to a bank requiring it to increase its capital is not subject to review by the courts.

Compliance and Enforcement Activities

The FDIC's compliance and enforcement caseload was similar to the level in 1989. However, largely due to FIRREA's increased administrative enforcement powers and penalties, cases now are more complex and are being contested more vigorously than ever before. This is best evidenced by the significant growth in the number of contested cases resulting in hearings before Administrative Law Judges in 1990, which was double the average number of hearings for the previous four years.

During the year, 217 enforcement proceedings were initiated against insured depository institutions and persons affiliated with these institutions for unsafe or unsound banking practices or violations of laws, rules or regulations. These enforcement actions included the initiation of 52 proceedings to terminate deposit insurance and the issuance of 92 cease-and-desist orders to halt and correct unsafe or unsound banking practices. Disputes over enforcement actions resulted in 19 hearings during 1990. By comparison, there were 214 enforcement proceedings initiated and five hearings held during 1989.

The FDIC Board of Directors also issued 16 final administrative enforcement decisions in 1990.

Finally, $247,090 in civil money penalties as well as $62,372 in penalties for inaccurate or late filings of quarterly financial reports were collected during 1990, based on actions taken during this year or prior years. (For additional information on enforcement activities, please refer to the Examination and Supervision section.)

Other Enforcement Actions,* 1988-1990

	1990	1989	1988
Memoranda of Understanding†	**423**	409	408
Resolutions by Bank's Board‡	**156**	261	323
Total	**579**	670	731

* Not enforceable in court and not normally subject to public disclosure.
† The bank enters into an agreement to correct problems of supervisory concern that are not significant enough to warrant formal enforcement action.
‡ Written promises to correct or improve the bank's condition, but less formal than Memoranda of Understanding.

Accurate statistical analyses and timely studies of the U.S. financial services industry and FDIC operations are essential to effective oversight and the protection of insured deposits.

Much of the FDIC's vital work in these areas consists of ongoing reviews by the Division of Research and Statistics (DRS), the Legal Division, the Division of Supervision (DOS) and other areas of the Corporation. DRS, for example, has produced since 1987 the *Quarterly Banking Profile*, the earliest official source of key performance indicators for the banking industry.

In 1990, the FDIC engaged in major new research activities in areas that included the costs and causes of bank failures and conditions in real estate markets.

The FDIC also studied significant deposit insurance issues as mandated by Congress in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

Bank Failure Causes, Costs

As part of the FDIC's efforts to enhance supervision, Chairman Seidman directed DRS in 1990 to study the causes of the high failure rates among Texas commercial banks. During the 1980s, nine of the ten largest Texas bank holding companies were recapitalized with FDIC or other outside assistance. Texas banking failures had become increasingly frequent and costly in the 1980s. The goal of the study was to gain insights from the Texas experience that could be applied nationwide.

The result was a report released in November 1990 concluding that a combination of a volatile economy, excessive lending concentrations by banks and fewer on-site examinations by regulators largely explain the onset of the crisis. For example, the study found that at the same time Texas banks that later failed were building up their real estate lending activities, examinations of Texas banks were cut in half. During a crucial two-year period, examinations of Texas banks fell from about 300 per quarter in 1983 to about 150 per quarter in 1985. The Texas banking study, which also was featured in the winter 1990 edition of *FDIC Banking Review*, provides valuable lessons for decisions about the number and placement of government examiners.

In a related development, the Division of Accounting and Corporate Services (DACS) in 1990 significantly revised its research on the costs of resolving bank failures. Among other things, DACS for the first time began conducting a separate analysis of failed bank activity by region, size and type of resolution. Additional emphasis also is being given to the analysis of the costs of "bridge banks" and other assistance transactions.

The first of the Failed Bank Cost Analysis Reports using the revised format is expected to be available from DACS upon request in the fall of 1991. The additional data and analysis covering more than six years of failed bank cost information should assist FDIC management and outside observers of the agency in better projecting losses to the insurance fund based on the type of resolution used.

Real Estate Studies

During 1990, DRS stepped up its efforts to monitor and analyze real estate market conditions. Real estate markets are a major concern at the FDIC and the Resolution Trust Corporation (RTC). One reason is that as bank real estate assets have grown significantly in recent years, losses from real estate also have become a major cause of bank failures, costing the FDIC billions of dollars. Another reason for the attention given to real estate is that the FDIC and RTC combined are the largest real estate sales organization in the country because of big inventories acquired from failed banks and thrifts in areas where real estate values fell.

To assist the agencies, FDIC staff in 1990 developed an early warning system to help detect emerging real estate difficulties in particular markets. The first report, entitled *Real Estate Market Indicators,* was released April 17 in connection with a speech by Chairman Seidman. The findings included valuable indicators of markets with the greatest degree of risk in commercial real estate lending based on high levels of new office space created, low employment growth and rising vacancy rates. (An update was released in March 1991.)

A follow-up publication with more extensive regional real estate data also was produced in 1990, primarily for use by FDIC field personnel. In addition, a large database on local, regional and national real estate trends was assembled. This database, when used in conjunction with the quarterly "Call Reports" of condition and income that institutions file with the agencies, will help answer internal and external inquiries about real estate markets and bank lending. (In early 1991, DRS also conducted the first of what is expected to be a quarterly nationwide opinion survey of 500 senior examiners and liquidators at federal banking agencies to obtain a timely indication of movements in residential and commercial real estate markets.)

Banking Reform

One of the studies mandated by FIRREA was a review of the deposit insurance and banking systems and recommendations for reforms. This study was directed by the Treasury Department in consultation with the FDIC and other government agencies. The final report, released by the Treasury Department in February 1991 and entitled *Modernizing the Financial System: Recommendations for Safer, More Competitive Banks,* sets forth the Bush Administration's recommendations for reforming the deposit insurance system and the legal and supervisory frameworks in which banks operate.

Although the FDIC was only one of nine government entities participating in the study, it had primary authorship of nine of the report's 21 "discussion chapters." These sections of the report provided extensive data and other background on major industry problems and public-policy issues. These nine chapters include significant analyses of the scope of deposit insurance coverage and the possible corrective approaches regulators could take with institutions that are near insolvency.

Scenes from the FDIC conference on international deposit insurance issues in September. Chairman Seidman (far right) and Federal Reserve Board official William Taylor (top), were among those who spoke to the gathering.

DRS led the FDIC's staff work on the study, in conjunction with the Legal Division, DOS and DACS. Other government entities involved in the Treasury Department study were the Federal Reserve, the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, the Office of Management and Budget, the President's Council of Economic Advisors and the Office of Policy Development within the Executive Office of the President.

In addition, FIRREA required the FDIC to separately study existing "pass-through" deposit insurance coverage and to make recommendations for change. Pass-through insurance refers to situations where insurance coverage of large deposit accounts maintained by pension funds and other fiduciaries "passes through" to each beneficiary, resulting in each individual's interest being insured up to $100,000.

Among the conclusions of the study, released in February 1990, was that there was no good policy reason to deny the existing pass-through coverage provided to pension fund participants with interests in "bank insurance contracts," a type of liability issued by banks but differing in certain respects from traditional certificates of deposit. The study also addressed questions about so-called "457 Plan" accounts, which are funds deposited by employers under deferred compensation programs for certain employees of state or local governments or tax-exempt organizations.

The Legal Division led the study on pass-through insurance coverage in participation with DRS and DOS.

Risk-Based Insurance

FIRREA also required the FDIC to study whether and how to vary deposit insurance premiums based on the types of risk individual institutions pose to the insurance fund. The study was sought because the current system of flat-rate premiums has been criticized for encouraging institutions to increase their portfolio risks without incurring higher insurance costs. As a result, poorly managed institutions may be subsidized at the expense of well-run institutions.

The FDIC report, which was prepared by DRS and approved by the Board of Directors in December 1990, focuses on two approaches. One would base an institution's deposit insurance premium on its capital-to-assets ratio, adjusted for some performance measures. The other would use the private reinsurance market to determine a market price for each institution's deposit insurance, thereby creating an integrated system of public and private insurance.

The report urged Congress to give the FDIC the authority to levy risk-based premiums but did not recommend a specific approach.

International Conference

At the request of Chairman Seidman and the FDIC Board of Directors, DRS also organized a major international conference on deposit insurance issues. The conference, held on September 26 at FDIC headquarters in Washington, was attended by more than 80 government officials and bankers from 10 nations. The attendees also included representatives of the Commission of the European Communities that is overseeing the introduction of a single European banking market in 1992.

Among the reasons Chairman Seidman sought the conference was to exchange views on matters that could assist the FDIC in formulating recommendations for deposit insurance reform in America. Those attending shared experiences and concerns regarding federal safety nets, and discussed the need to coordinate deposit insurance policies internationally. The conference put a special emphasis on an examination of the different government policies for intervention in problem-bank situations. Some sessions were restricted to government officials to facilitate a private exchange of views.

Representatives of the United States, Great Britain, Canada, France, Japan, Germany and Italy were among those participating in panel discussions.

Consumer Relations

As a result of the FDIC's review of Truth-in-Lending Act compliance that requires accurate disclosures to consumers of interest rates and finance charges, 12,176 consumers received total reimbursements of $1,683,770 from 194 banks during the year.

The Office of Corporate Communications, working closely with the Legal Division, the Office of Consumer Affairs (OCA) and others in the FDIC, in December released a revised and updated version of the agency's popular *Your Insured Deposit* pamphlet to reflect changes in deposit insurance rules. To help minimize the FDIC's costs of printing and distribution, camera-ready copies were provided to each insured institution for them to reproduce and distribute to consumers.

OCA handled nearly 83,000 telephone calls through its toll-free hotlines in Washington and in the eight Division of Supervision (DOS) regional offices. This was a dramatic increase from the approximately 48,100 calls the previous year, and a reflection of more consumer and media attention on matters like bank failures and changes in the deposit insurance rules. The regional and Washington offices also received more than 10,000 written complaints and inquiries from the public and bankers, up from 4,400 in 1989.

OCA undertook a community outreach program to promote industry compliance with the Community Reinvestment Act (CRA) and other fair lending laws. One aspect of the program was the assignment of a Community Affairs Officer (CAO) to each of the eight FDIC regional bank supervision offices. Four CAOs were selected during 1991.

Supervision/Regulation

DOS issued a policy statement strongly encouraging state nonmember banks to use an outside auditor to perform a basic audit and to address high risk areas of the bank. Banks also are asked to submit to DOS copies of the external auditor's report.

As of year-end, 259 state nonmember banks were registered banks under the Securities Exchange Act of 1934, up slightly from 254 registered a year earlier. Also, 18 banks filed registration statements with the FDIC and three registered banks converted from federal savings bank to state savings bank charters.

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The FDIC helps depositors cope with bank closings. Corporate Communications Director Alan Whitney is interviewed at a Florida bank closing by a local television reporter.

The FDIC also updated its *Your Insured Deposit* pamphlet (right) to reflect rule changes in 1990.

Three savings banks at year-end remained in the net worth certificate program that, since enacted by law in 1982, has aided 29 savings banks experiencing severe losses from interest rate mismatches. The certificates count as surplus for regulatory purposes. The three institutions made required payments to the FDIC of approximately $80 million during the year, reducing the total for certificates outstanding to about $154 million.

The FDIC in 1990 approved 50 applications by FDIC-supervised banks to begin exercising trust powers, bringing the total to 2,292. FDIC-supervised banks at year-end had investment discretion over $164.4 billion in trust assets and responsibility for another $619.1 billion in non-discretionary trust assets.

A total of 255 FDIC-supervised banks were registered with the FDIC at year-end as having securities transfer activities. In addition, 48 banks were registered as U.S. Government securities dealers and 62 as municipal securities dealers.

Failed Institutions

The Office of Corporate Communications sent staff to the sites of several bank failures, including Freedom National Bank and The Seamen's Bank for Savings in New York City, and Capitol Bank and Trust Company in Boston. Staff members on the scene encourage the release of accurate information by helping the local media to understand the FDIC's handling of the failed bank. Assistance is also available to customers who have questions about the bank failure or their own accounts.

The Division of Liquidation (DOL) again contracted with a national mortgage servicer to manage collections for residential and commercial loans acquired from failed banks, but for the first time also provided the firm with the authority to process foreclosures on behalf of the FDIC. At year-end, the firm was managing more than $2 billion in assets.

In November, the FDIC and the Resolution Trust Corporation (RTC) filed a $6.8 billion bankruptcy claim for losses suffered by 45 failed financial institutions that invested in "junk bonds" purchased through Drexel Burnham Lambert. (Recovery for these damages also was sought from former Drexel official Michael Milken in a separate FDIC/RTC lawsuit filed in January 1991. Also in early 1991, the RTC inherited an additional $4.5 billion in claims against Drexel and Milken that had been filed by Columbia Savings and Loan Association, Beverly Hills, California, prior to its seizure by the government.)

Information/Publications

Chairman Seidman and other FDIC officials testified at 42 congressional hearings during 1990, the most ever (25 in 1989 was the previous high) and an average of more than one a week during the congressional session. Topics addressed included deposit insurance reform, capital and accounting standards, environmental lender liability, the implementation of 1989 banking legislation and the resolution of failed banks.

The FDIC's Office of Legislative Affairs coordinated responses to almost 2,800 written inquiries from members of Congress.

The Division of Research and Statistics published two editions of the *FDIC Banking Review* in 1990. The fall issue featured an analysis of the FDIC's bank failure resolution methods, an overview of the credit union industry and a look at the impact of risk-based capital requirements on the thrift industry. The winter issue was devoted to a staff study of the causes and consequences of the Texas banking crisis during the 1980s.

The Office of the Executive Secretary processed 1,362 requests for documents under the Freedom of Information Act and the Privacy Act, up 37 percent from the 993 in 1989.

Operations/Structure

The Office of Budget and Corporate Planning introduced the concept of multi-year business planning, preparing the way for the first FDIC biennial budget in 1991-92. The result is a more comprehensive approach to spending and resource management.

The Office of Inspector General's audit activity covered 770 liquidations and corporate functions, and identified $23 million in cost recovery and savings to the FDIC. Action by FDIC management in response to the audits has led to improvements in areas such as liquidation and legal activities, assistance transactions, administrative systems and electronic data processing security.

The Legal Division established a separate unit to focus and expand the legal services provided to the RTC. At year-end, the RTC Branch had more than 800 employees, mostly in regional offices, with supervision over more than 280 conservatorships and receiverships involving more than 65,000 separate legal matters.

The changing and expanding liquidation workload resulted in a restructuring of the Division of Liquidation's regional operations during 1990. The Division established new "consolidated" field offices in San Antonio, Texas; South Brunswick, New Jersey; and Franklin, Massachusetts. DOL also closed offices in Los Angeles and Chicago previously obtained from the Federal Savings and Loan Insurance Corporation as well as an office in Denver acquired from the former Federal Asset Disposition Association.

DOL established six real estate centers around the country solely to market major properties acquired from failed institutions. The sales offices, strategically located near major real estate being marketed, also will enable other FDIC worksites that had been involved in marketing to focus on managing the properties. The new real estate centers were established in Atlanta, Dallas, Denver, Orlando, Irvine (CA) and Franklin (MA).

The Legal Division established a new office in October to administer a minority outreach program for FDIC and RTC legal work. From June through November 1990, the FDIC referred 19 percent of its new case assignments to minority- or women-owned firms, and 10 percent of the RTC cases to such firms.

Staffing

Total employment nationwide was 14,348 by the end of 1990 (not including 4,899 at the RTC), a 41 percent increase over the 10,187 employees at year-end 1989. Significant growth at the FDIC was experienced in the Legal Division, DOL and DOS.

Number of Officials and Employees of the FDIC, 1989-1990 (Year-end)

	Total		Washington Office		Regional/ Field Offices	
	1990	1989	1990	1989	1990	1989
Executive Offices*	**152**	113	**152**	113	**0**	0
Resolution Trust Corporation†	**4,899**	1,516	**505**	112	**4,394**	1,404
Division of Supervision	**3,400**	2,903	**120**	116	**3,280**	2,787
Division of Liquidation†	**6,311**	4,141	**54**	52	**6,257**	4,089
Division of FSLIC Operations	**213**	401	**213**	335	**0**	66
Legal Division	**2,345**	1,340	**437**	358	**1,908**	982
Division of Accounting and Corporate Services	**1,529**	992	**739**	559	**790**	433
Division of Research and Statistics	**41**	45	**41**	45	**0**	0
Office of the Inspector General	**117**	115	**96**	99	**21**	16
Office of Personnel Management	**213**	116	**213**	116	**0**	0
Office of Equal Opportunity	**27**	21	**27**	21	**0**	0
Total	**19,247**	11,703	**2,597**	1,926	**16,650**	9,777

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

† The Resolution Trust Corporation and the Division of Liquidation totals include temporary employees, most of whom were employed by failed banks or savings and loans and assigned to field liquidations.

The Legal Division's staff increased by 75 percent during the year to handle the 145 percent rise in workload (litigation, regulations and other pending matters) from 1989. The staff grew from 1,340 to 2,345 at year-end 1990, including more than 400 new attorneys.

DOS at year-end had about 2,700 field examiners, up from about 2,200 at the end of 1989. Approximately 90 percent of the new examiners were hired during the year under the FDIC's Outstanding Scholar Program (requires a college average of 3.5 or higher and a ranking in the top 10 percent of the class).

For every job vacancy announced by the FDIC and RTC in 1990, about 150 applications were received. The FDIC's Office of Personnel Management, which handled job placement for both agencies, reports that more than 273,000 applications were received and reviewed for 1,820 advertised permanent positions.

Training

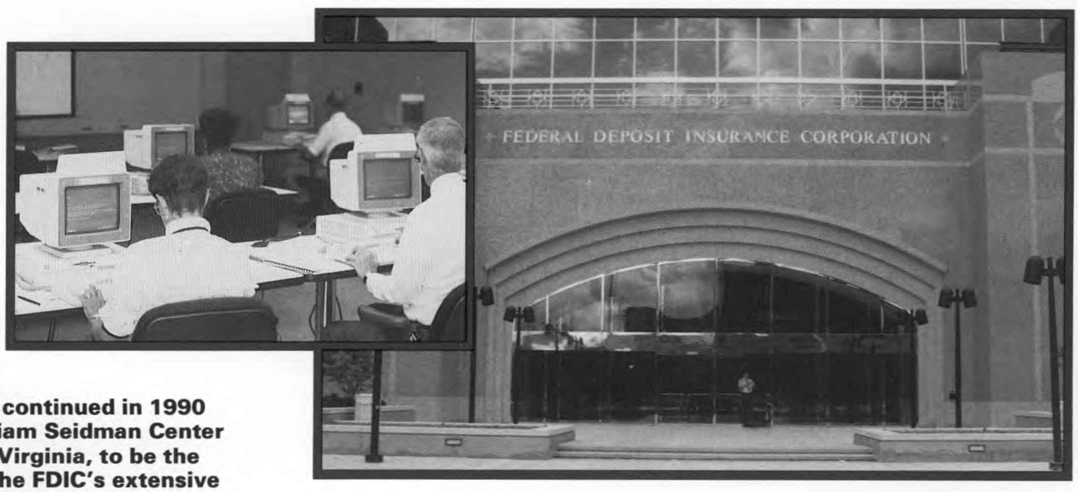
The Office of Training and Educational Services (OTES) was created in April to bring existing programs under a senior manager with authority over content, budgeting and implementation. During the year, OTES trained 18,305 "students" in 1,076 training sessions, up from 6,478 in 398 sessions held by the FDIC in 1989.

Construction continued in 1990 on the L. William Seidman Center in Arlington, Virginia, about five miles from FDIC headquarters in Washington. The complex features FDIC office space, training facilities and housing for out-of-area students attending classes at the Center. (FDIC employees began relocating to the Center in February 1991.)

The large increase in FDIC staff meant a significant addition to the workload of the employees who handle ethics-related training and disclosures. Counselors in the FDIC's Office of Executive Secretary provided ethics training to approximately 3,000 employees (up from 2,250 the previous year) and reviewed 25,000 personal financial statements (versus 6,000 in 1989).

The FDIC's Rosslyn Training Center in Arlington, Virginia, which specializes in examiner training, conducted 146 sessions in 1990. These were attended by 2,992 FDIC examiners, 93 employees of other FDIC Divisions and Offices, 328 state examiners and 88 employees of other U.S. agencies and foreign governments. (With the opening of the Seidman Center in 1991, the facilities at the Rosslyn Training Center are being vacated.)

In response to issues addressed in an employee attitude survey, OTES in 1990 developed and implemented a nationwide orientation program intended to provide consistent information to the large number of new employees joining the agency.



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Construction continued in 1990 on the L. William Seidman Center in Arlington, Virginia, to be the main site of the FDIC's extensive employee training programs.

Staff Achievements

Walter Ashby of the Division of Liquidation's office in Midland, Texas, was one of the 13 recipients in the U.S. of the 1990 Presidential Award for Outstanding Federal Employees with Disabilities. Although he is legally blind from an optic nerve disorder, Ashby has performed with distinction since joining the FDIC in 1984 and serving as a liquidation assistant in the commercial real estate area.

Recipients of the FDIC's 1990 honorary annual awards were: Bettie Blue Omohundro, a DOS Research Assistant in Washington (winner of the Chairman's Award, presented to an exceptional non-examiner employee); John W. McAvoy, Supervisor of the DOS New York City Field Office (winner of the Edward J. Roddy Award for distinguished service as a career examiner); and Diana Smith, Assistant Chief of the Library Services Unit in Washington (winner of the Nancy K. Rector Award presented to an employee who expands opportunities for others).

Mae Culp, Director of the FDIC's Office of Equal Opportunity, was honored for her professional achievements by being named to Who's Who Worldwide and by receiving an award from the U.S. Department of Veterans Affairs. The latter was in appreciation for her assistance in referring and placing disabled veterans.

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During the annual awards ceremony held in December at FDIC headquarters, John W. McAvoy (top left), Supervisor of the DOS New York City Field Office, makes an acceptance speech after receiving from Vice Chairman Hove the agency's 1990 Edward J. Roddy Award for distinguished service as an examiner.

Walter Ashby (bottom) overcame blindness to win a 1990 Presidential Award for Outstanding Federal Employees with Disabilities. Here he is shown with an enlarger that assists him in his duties at the DOL office in Midland, Texas.

Regulations and Legislation

Final Rules

Deposit Insurance Coverage April 30, 1990

The FDIC completed a major revision of Part 330 of its regulations covering deposit insurance, largely to reconcile differences between the rules for banks and for savings associations. The amendments were issued primarily because the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) mandated uniform rules for insured banks as well as thrifts previously insured by the former Federal Savings and Loan Insurance Corporation. This also marked the first substantial revision of the FDIC's insurance rules since 1967.

The amendments also codify certain interpretive positions taken by the FDIC on insurance issues, spell out the rules governing some of the more complicated forms of deposit ownership, and attempt to make deposit insurance easier to understand and apply. The final rule also required each institution to mail to all depositors a notice drafted by the FDIC that explained the major changes.

Premiums Paid for Deposit Insurance September 27, 1990

The FDIC amended Part 327 of its regulations to increase the deposit insurance assessment to be paid by Bank Insurance Fund (BIF) members. The assessment rate changed from 12 cents per $100 of insured deposits during 1990 to 19.5 cents per $100, effective January 1, 1991. The premium rate for members of the Savings Association Insurance Fund (SAIF) is set by law at 23 cents per $100 of insured deposits in 1991, an increase of 2.2 cents per $100 above the 1990 rate of 20.8 cents.

Savings Association Activities and Investments September 11, 1990

The FDIC added a new section to Part 303 of its regulations replacing an interim rule from December 1989 that imposed new restrictions on savings association activities. The final rule is substantially the same as the interim rule. It (1) requires state-chartered savings associations to follow the same investment limitations that apply to federally chartered savings associations, (2) requires state savings associations to divest equity investments not specifically permitted by FIRREA, and (3) prohibits the acquisition and requires the divestiture of "junk bonds." The rule also clarifies several prior notice requirements and allows state savings associations to use Office of Thrift Supervision (OTS) bulletins to determine allowable activities.

Brokered Deposits September 18, 1990

The FDIC replaced an interim rule on brokered deposits that had been in effect since December 1989 with a final rule that was substantially the same. Under the rule, any undercapitalized insured depository institution may not accept or renew brokered deposits after December 7, 1989, except when the FDIC approves a request for a waiver. Institutions that are in FDIC or Resolution Trust Corporation (RTC) conservatorship or receivership are excluded from the prohibition. The rule also provides guidance on when an institution is considered to be undercapitalized, when certain deposits are considered to be "brokered," and when a waiver may be granted. The rule also clarifies how the term "normal market area" is used when defining the prohibition on paying significantly higher rates of interest on deposits without a waiver.

Community Reinvestment Act April 30, 1990

The FDIC issued an interim rule that amended Part 345 of its regulations to implement changes in the Community Reinvestment Act (CRA) as required by FIRREA. The temporary rule, also issued with a request for public comment, requires each depository institution to publicly disclose its CRA rating under a new four-tiered descriptive rating system. The interim rule was made in conjunction with the Office of the Comptroller of the Currency, the Federal Reserve Board and the Office of Thrift Supervision. (The FDIC Board voted on March 26, 1991, to make this a final rule.)

Real Estate Appraisal Standards July 24, 1990

FIRREA required the FDIC and other federal financial institution regulatory agencies to adopt regulations regarding the use of appraisals in connection with certain real estate transactions. As a result, the FDIC added Part 323 to its regulations specifying that transactions valued at more than $50,000 require an appraisal. The final rule also distinguishes appraisals requiring the services of a state-certified appraiser from those requiring a state-licensed appraiser. It also sets minimum standards for performing appraisals. One such standard requires that all appraisals must conform to the Uniform Standards of Professional Appraisal Practice issued by The Appraisal Foundation.

Capital Requirements — Purchased Mortgage Servicing Rights
December 11, 1990

The FDIC revised Part 325 of its regulations to restrict the total amount of "purchased mortgage servicing rights" that FDIC-supervised banks and savings associations can use to meet capital requirements. Purchased mortgage servicing rights are intangible assets that represent the right to service mortgage loans owned by others and to receive service fee income. The final rule was adopted to implement provisions of FIRREA and to restrict excessive concentrations in these intangible assets. The rule limits the extent to which state-chartered nonmember banks can count purchased mortgage servicing rights as "core capital" and the extent to which savings associations can count these servicing rights as "tangible capital" under the Office of Thrift Supervision's capital regulations.

Rapid Asset Growth
April 3, 1990

The Board revised Part 304 of the agency's regulations to help the FDIC and other supervisory authorities monitor loans, investments and other uses of funds obtained by institutions during the course of rapid growth in order to thwart problems that could result in losses to the deposit insurance fund. The final rule requires an insured bank to give the FDIC 30 days' advance notice when planning to increase its assets by 7.5 percent or more during any three-month period. The regulation applies only to those institutions whose plans for growth will result from any combination of fully insured brokered deposits, fully insured out-of-territory deposits, or secured borrowings, including repurchase agreements. The final rule was more narrowly drawn than a 1989 proposal.

Entrance and Exit Fees
March 13, 1990

The FDIC approved an interim rule amending Part 312 of its regulations to set the exit fee and amend a previously set entrance fee to be paid by insured institutions that participate in conversion transactions resulting from the transfer of insured deposits from the SAIF to the BIF. The interim rule also clarified the applicability of conversion fees to insured deposit transfer transactions. These are transactions in which a financial institution acts as the FDIC's agent in making insured deposits available to account holders after a bank fails.

Management Official Interlocks
November 29, 1990

The FDIC amended Part 348 of its regulations to implement recent amendments to statutory prohibitions against management "interlocks" (unaffiliated depository institution firms having common management officials). In general, the final rule implements 1988 and 1989 amendments that provided for additional exceptions to the prohibitions on interlocks. These new exceptions involve advisory directors, certain types of savings associations and thrift holding companies, emergency acquisitions of savings associations, and diversified thrift holding companies.

Economically Depressed Regions
September 11, 1990

The FDIC added Part 357 to its regulations defining an "economically depressed region" for purposes of providing assistance to certain troubled thrift institutions. The FDIC is required by FIRREA to consider proposals for direct financial assistance by SAIF members whose offices are located in an economically depressed region and that satisfy certain other criteria.

The FDIC's final rule identified eight states meeting the definition: Alaska, Arizona, Arkansas, Colorado, Louisiana, New Mexico, Oklahoma and Texas. As a result, certain troubled thrift institutions in these regions may be eligible for FDIC assistance prior to the appointment of a receiver or conservator.

Proposed Rules

Leverage Capital Requirements September 18, 1990

The FDIC proposed for public comment a plan to amend Part 325 by bringing the "leverage capital requirements" (the minimum requirements for capital as a percentage of total assets) more closely in line with risk-based capital guidelines scheduled to go into effect at year-end 1990. The proposed revisions would eliminate the traditional categories of "primary" and "total" capital and replace them with a single, narrower category called "Tier 1" or "core" capital. This narrower definition would be combined with a lower minimum acceptable ratio of capital to assets. The aim is to reduce confusion over the definition of capital but make little, if any, change in minimum capital standards. The proposal would help determine the safety and soundness of insured state nonmember banks and be used in evaluating applications from all FDIC-insured institutions. (A final rule was adopted on February 28, 1991.)

Savings Associations Converting to Savings Banks November 29, 1990

The FDIC proposed for public comment a plan to amend Part 333 of its regulations by requiring a savings association that converts to a savings bank and retains its membership in the SAIF to continue operating under the same restrictions on high-risk activities and notice requirements imposed on savings associations by FIRREA. The FDIC issued the proposal because a growing number of states enacted, or were considering enacting, legislation allowing savings associations to convert to savings banks in such a way that could result in institutions exercising powers and making high-risk investments known to have contributed to the savings and loan crisis. FIRREA's restrictions for savings associations include a prohibition on junk bond investments, limits on loans to one borrower and prohibitions on loans to affiliates engaging in certain high-risk activities.

Minimum Security Procedures September 11, 1990

The FDIC proposed for public comment a plan to revise aspects of Part 326 of its rules and regulations that govern minimum security devices and procedures. The proposal is intended to reflect changes in the technology of security devices and to implement provisions of FIRREA regarding bank protection. The proposed regulation would retain the minimum device and procedure requirements of the existing regulation while eliminating references to specific security devices that could become obsolete or outdated. Procedures for monitoring compliance with the anti-money laundering provisions of the Bank Secrecy Act would be unaffected by the proposed changes. (A final rule was approved on March 26, 1991.)

Robert F. Miailovich (left), Assistant Director for policy in the Division of Supervision in Washington, serves as a member of an interagency group formed during 1990 to develop uniform real estate appraisal standards.

Insurance Assessments

In response to an FDIC request for additional flexibility to respond to changing economic conditions, Congress provided the agency with greater authority over the timing and magnitude of increases in deposit insurance premiums.

Under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the FDIC Board of Directors was given the authority to increase deposit insurance assessment rates once a year within maximum amounts. In 1990, Congress removed the annual caps on rate increases and allowed the FDIC Board to make mid-year adjustments to the assessment rates. The new law applies to insurance assessments for members of the Bank Insurance Fund and the Savings Association Insurance Fund. The new law also authorized the FDIC to borrow from the Federal Financing Bank.

The additional authority for the FDIC Board was contained in a broader federal government budget law entitled the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508).

Bank and Thrift Fraud

The Crime Control Act of 1990 (P.L. 101-647) included provisions designed to assist the FDIC and the Resolution Trust Corporation (RTC) in preventing and punishing fraud in the banking and thrift industries. The new law provides that:

- The FDIC and RTC have the authority to ask a court to freeze the assets of persons who have defrauded depository institutions. This authority would prevent those persons from transferring the assets out of the country or otherwise out of reach of the regulatory agencies.

- Individuals who have defrauded financial institutions are prevented from using the Federal Bankruptcy Code to discharge their debts to those institutions. The law also prevents these individuals from shielding their assets under the bankruptcy code by buying lavish homes and subsequently claiming a homestead exemption from bankruptcy proceedings.

- The FDIC is authorized to prohibit excessive bonuses, benefits and "golden parachute" severance packages to departing officers, directors, and employees of troubled banks and thrifts.

The anti-crime legislation was signed into law by President Bush on November 29, 1990.

FSLIC Resolution Fund

The 1989 FIRREA law provided that annual congressional appropriations will supply any shortfall in funds used to meet obligations of the former Federal Savings and Loan Insurance Corporation (FSLIC). FIRREA also made the FDIC responsible for administering all FSLIC obligations. Once FIRREA was enacted, the FDIC created the FSLIC Resolution Fund to cover these obligations and created the Division of FSLIC Operations to manage the assistance agreements made by the former FSLIC.

FIRREA also made the RTC responsible for reviewing the assistance agreements and determining where cost savings may be found. The RTC, in announcing its findings to Congress on September 18, 1990, identified certain areas where a congressional appropriation of about $20 billion in Fiscal Year 1991 could achieve long-term savings in excess of $2 billion.

In order to seize this opportunity for savings in Fiscal Year 1991, the FDIC asked Congress to provide either an indefinite appropriation or $22 billion, the amount required to allow maximum savings to be achieved. The final agreement provided for an appropriation of $22 billion.

The final agreement on FSLIC Resolution Fund appropriations was contained in the HUD, VA and Independent Agencies Appropriations Act of 1991 (P.L. 101-507).

Financial Statements

Financial Statements for the Bank Insurance Fund only.

Financial Statements for the Savings Association Insurance Fund and the FSLIC Resolution Fund will be available separately.

Federal Deposit Insurance Corporation
Bank Insurance Fund
Statements of Income and the Fund Balance

Dollars in Thousands	For the year ended December 31	
	1990	**1989**
Revenue		
Assessments earned (Note 10)	$ 2,855,263	$ 1,885,029
Interest on U.S. Treasury obligations	855,252	1,371,962
Other revenue	127,796	237,637
	3,838,311	**3,494,628**
Expenses and Losses		
Administrative operating expenses	219,581	213,855
Merger assistance losses and expenses	178,339	235,314
Provision for insurance losses - Actual (Note 6)	4,448,055	3,016,290
Provision for insurance losses - Unresolved (Note 6)	7,685,033	795,000
Nonrecoverable insurance expenses	472,340	85,776
	13,003,348	**4,346,235**
Net Loss	**(9,165,037)**	**(851,607)**
Fund Balance - Beginning	**13,209,523**	**14,061,130**
Fund Balance - Ending	**$ 4,044,486**	**$ 13,209,523**

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation
Bank Insurance Fund
Statements of Financial Position

Dollars in Thousands	December 31	
	1990	**1989**
Assets		
Cash and cash equivalents (Note 3)	$ 1,216,185	$ 4,803,032
Investment in U.S. Treasury obligations, net (Note 4)	5,649,222	8,925,360
Accrued interest receivable on investments and other assets	196,795	245,315
Net receivables from bank assistance and failures (Note 5)	12,778,820	6,245,491
Property and buildings (Note 7)	145,218	97,673
	$19,986,240	**$20,316,871**
Liabilities and the Fund Balance		
Accounts payable, accrued liabilities and other	87,942	43,514
Liabilities for estimated bank assistance (Note 8)	8,596,269	3,820,297
Liabilities incurred from bank assistance and failures (Note 9)	7,105,640	3,121,336
Liabilities for estimated litigation losses	151,903	122,201
Total Liabilities	**15,941,754**	**7,107,348**
Fund Balance	**4,044,486**	**13,209,523**
	$19,986,240	**$20,316,871**

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation
Bank Insurance Fund
Statements of Cash Flow

Dollars in Thousands	For the year ended December 31	
	1990	**1989**
Cash Flows From Operating Activities		
Cash inflows from:		
Assessments earned	$ 2,851,561	$ 1,885,029
Interest on U.S. Treasury obligations	1,019,085	1,575,695
Recoveries from bank assistance and failures	2,700,099	4,627,697
Miscellaneous receipts	51,518	5,481
Cash outflows for:		
Administrative operating expenses	218,214	214,294
Assistance and failures of insured banks	9,749,910	6,400,370
Interest paid on indebtedness incurred from bank assistance and failures	309,031	372,205
Net Cash Provided (Used) by Operating Activities	**(3,654,892)**	**1,107,033**
Cash Flows From Investing Activities		
Cash inflows from:		
Maturity and sale of U.S. Treasury obligations	3,199,544	6,092,095
Gain on sale of U.S. Treasury obligations	6,143	-0-
Cash outflows for:		
Purchase of U.S. Treasury obligations	-0-	1,773,967
Property and buildings	48,932	21,527
Net Cash Provided by Investing Activities	**3,156,755**	**4,296,601**
Cash Flows From Financing Activities		
Cash outflows for:		
Payments of indebtedness incurred from bank assistance and failures	3,088,710	3,518,609
Cash Used by Financing Activities	**(3,088,710)**	**(3,518,609)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,586,847)**	**1,885,025**
Cash and Cash Equivalents - Beginning	**4,803,032**	**2,918,007**
Cash and Cash Equivalents - Ending	**$ 1,216,185**	**$ 4,803,032**

The accompanying notes are an integral part of these financial statements.

December 31, 1990 and 1989

1. Legislative Reform

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) became public law on August 9, 1989. The primary purpose of the legislation was to reform, recapitalize, and consolidate the federal deposit insurance system in order to restore the public's confidence in the savings and loan industry and to ensure a safe and stable system of affordable housing finance through major regulatory reforms, strengthened capital standards and safeguards for the disposal of recoverable assets. FIRREA abolished the Federal Savings and Loan Insurance Corporation (FSLIC) and the Federal Home Loan Bank Board. Their functions were transferred, in a prescribed manner, to the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision, the Federal Housing Finance Board and the Resolution Trust Corporation (RTC).

Under FIRREA, the FDIC became the administrator of two separate and distinct insurance funds: the Bank Insurance Fund (BIF), which insures the deposits of all BIF-member banks, and the Savings Association Insurance Fund (SAIF), which insures the deposits of all SAIF-member savings associations (formerly a function of the FSLIC). Both insurance funds are maintained separately to carry out their respective legislative mandates. The FDIC's authority to borrow from the U.S. Treasury was increased to $5 billion for the two funds combined. The FDIC also administers the FSLIC Resolution Fund, responsible for winding up the affairs of the former FSLIC.

In November 1990, Congress enacted the FDIC Assessment Rate Act of 1990 (1990 Act). Principal provisions of the 1990 Act removed annual assessment rate restrictions, timing of rate increases, and the upper limit on the designated reserve ratio. The new law also permitted the FDIC, on behalf of the BIF or SAIF, to borrow from the Federal Financing Bank (FFB) on terms and conditions determined by the FFB. The borrowing authority is in addition to the $5 billion Treasury borrowing authority and is limited by the Federal Deposit Insurance (FDI) Act, which provides that the FDIC may not issue notes or incur obligations that would cause the net worth of the BIF to be less than 10 percent of assets.

2. Summary of Significant Accounting Policies

General
These financial statements pertain to the financial position, results of operations, and cash flows of the Bank Insurance Fund only. These statements do not include reporting for assets and liabilities of closed insured banks for which the BIF acts as receiver or liquidating agent. Periodic and final accountability reports of the BIF activities as receiver or liquidating agent are furnished to courts, supervisory authorities, and others as required.

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

Allowance for Loss on Receivables from Bank Assistance and Failures
A receivable and an associated estimated allowance for loss are established for funds advanced for assisting and closing banks. The allowance for loss represents the difference between the funds advanced and the expected repayment. The latter is based on the estimated cash recoveries from the assets of the assisted or failed bank, net of all estimated liquidation costs, including any dividends received from, and sales of, equity instruments acquired in assistance agreements (the proceeds of which are deferred pending final settlement of the assistance transaction).

Escrowed Funds from Purchase and Assumption Transactions
In a purchase and assumption transaction, the BIF pays the acquirer the difference between failed bank liabilities assumed and assets purchased, plus or minus any premium or discount. The BIF considers the amount of the deduction for assets purchased to be funds held on behalf of the receivership. The funds will remain in escrow and accrue interest until such time as the receivership uses the funds to: (1) repurchase assets under asset put options; (2) pay preferred and secured claims; (3) pay receivership expenses; or (4) pay dividends.

Litigation Losses
The BIF accrues as a charge to current period income an estimate for probable loss from litigation against the BIF in both its corporate and receivership capacities. The FDIC Legal Division recommends these estimated losses on a case-by-case basis.

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 purchased by the FDIC on behalf of the three Funds under its administration is allocated among these Funds on a pro rata basis. The BIF expenses its share of these allocated costs at the time of acquisition. This policy is a departure from generally accepted accounting principles; however, the financial impact is not material to the BIF financial statements.

Recovery/Allocation of Common Expenses
Administrative operating expenses include allocated personnel, administrative, and other overhead expenses not directly related to the BIF. These expenses are allocated in amounts reflecting the relative degree to which the expenses were incurred by the BIF. The BIF recovers certain indirect liquidation expenses from receiverships that cannot be directly charged to a given receivership.

Merger Assistance Losses and Expenses
The costs incurred by the BIF that resulted from either providing assistance to open insured banks or merging of insured banks are recorded as merger assistance losses. These costs, which are not liquidation-related, are specified in the terms of the agreements and have no potential for recovery by the BIF.

Nonrecoverable Insurance Expenses
Nonrecoverable insurance expenses are incurred by the BIF as a result of: (1) paying insured depositors in closed bank payoff activity; (2) administering and liquidating assets purchased in a corporate capacity; (3) administering assistance transactions; (4) bridge bank operations; and (5) interest on escrowed funds.

Reclassifications
Reclassifications have been made in the 1989 Financial Statements to conform to the presentation used in 1990.

Related Parties
The nature of related parties and a description of related party transactions are disclosed throughout the financial statements and related footnotes.

3. Cash and Cash Equivalents

The BIF considers cash equivalents to be short-term, highly liquid investments with original maturities of three months or less. This includes the purchase of one-day Special Treasury Certificates. There is a cash restriction represented by funds held in escrow totaling $147,000,000. The BIF received proceeds beginning in October 1988 from the sale of the Delaware Bridge Bank settlement. These funds are held in escrow by the FDIC pending a litigation settlement. Cash and cash equivalents consisted of the following:

Cash and Cash Equivalents

Dollars in Thousands	December 31	
	1990	**1989**
Cash	$ 561,039	$ 66,561
Cash Equivalents	655,146	4,736,471
	$ 1,216,185	**$ 4,803,032**

4. U.S. Treasury Obligations

All cash received by the BIF not: (1) used to defray operating expenses, (2) for outlays related to assistance to banks and liquidation activities, or (3) invested in short-term, highly liquid investments, is invested in U.S.Treasury obligations. The BIF investment portfolio consisted of the following:

U.S. Treasury Obligations

Dollars in Thousands

December 31, 1990					
Maturity	**Description**	**Yield to Maturity at Market**	**Book Value**	**Market Value**	**Face Value**
Less than 1 year	U.S.T. Bills, Notes & Bonds	6.92%	$ 1,711,922	$ 1,714,568	$ 1,700,000
1-3 years	U.S.T. Notes & Bonds	7.23	3,937,300	3,970,721	3,900,000
			$ 5,649,222	**$ 5,685,289**	**$ 5,600,000**

December 31, 1989					
Maturity	**Description**	**Yield to Maturity at Market**	**Book Value**	**Market Value**	**Face Value**
Less than 1 year	U.S.T. Bills, Notes & Bonds	8.16%	$ 1,812,004	$ 1,824,807	$ 1,800,000
1-3 years	U.S.T. Notes & Bonds	7.99	5,446,301	5,414,175	5,300,000
3-5 years	U.S.T. Notes & Bonds	7.97	1,667,055	1,669,277	1,700,000
			$ 8,925,360	**$ 8,908,259**	**$ 8,800,000**

The unamortized premium, net of unaccreted discount, for 1990 and 1989 was $49,222,000 and $125,360,000, respectively. The amortized premium expense, net of accreted discount income, for 1990 and 1989 was $76,594,000 and $49,157,000, respectively.

5. Net Receivables from Bank Assistance and Failures

Dollars in Thousands	December 31	
	1990	1989
Receivables from Bank Assistance:		
Open banks	$ 1,759,163	$ 1,713,879
Capital instruments	25,000	-0-
Facilitate deposit assumptions	36,000	36,000
Facilitate merger agreements	115,000	134,398
Accrued interest receivable	3,891	14,366
Allowance for losses	(1,196,435)	(1,153,122)
Deferred settlements	(10,723)	(5,198)
	731,896	**740,323**
Receivables from Bridge Banks:		
Capitalization	-0-	1,950,000
Accrued interest receivable	-0-	93,582
Allowance for losses	-0-	(1,750,000)
	-0-	**293,582**
Receivables from Bank Failures:		
Loans and related assets	1,741,275	2,018,692
Receiverships/Purchase and Assumption transactions	26,065,215	15,047,257
Depositors' claims unpaid	509,363	79,055
Corporate purchase transactions	623,174	523,239
Deferred settlements	(298,992)	(284,217)
Allowance for losses	(16,593,111)	(12,172,440)
	12,046,924	**5,211,586**
	$ 12,778,820	**$ 6,245,491**

Asset Recoveries
As stated in Note 2, the allowance for loss on receivables from bank assistance and failures represents the difference between amounts advanced and the expected repayment, based upon the estimated cash recoveries from the assets of the assisted or failed bank, net of all estimated liquidation costs. As of December 31, 1990 and 1989, the BIF, in its receivership capacity, held assets with a book value of $23.7 billion and $13.3 billion, respectively.

The estimated cash recoveries from the sale of these assets are subject to uncertainties because of current economic conditions affecting real estate and the oversupply of distressed real estate assets now in the marketplace. These factors could reduce the BIF's actual recoveries upon the sale of these assets from the level of recoveries currently estimated.

Capital Instrument Program
Receivables from open bank assistance include amounts outstanding to qualified institutions under the Capital Instrument Program. This program was established at the FDIC by authorization of the Garn-St Germain Depository Institutions Act of 1982. Under this program, the BIF would purchase a qualified institution's capital instrument, such as Net Worth Certificates (NWCs) and Income Capital Certificates (ICCs). The BIF would issue, in a non-cash exchange, its non-negotiable promissory note of equal value. The total assistance outstanding to qualified institutions as of December 31, 1990 and 1989 is $179,488,000 and $258,539,000, respectively. As of December 31, 1990 and 1989, the financial statements excluded $154,488,000 and $258,539,000, respectively, of NWCs for which no losses are expected. The original authority to issue NWCs/ICCs expired October 13, 1986. The Competitive Equality Banking Act of 1987 reinstated the net worth/capital certificate program through October 13, 1991.

For December 31, 1990, the BIF established an allowance for loss of $25,000,000 for one capital note outstanding that poses a probable loss to the BIF. Once an allowance for loss is established against a NWC, the financial statement presentation of the NWC and related promissory note (i.e., exclusion from statement of financial position) is discontinued. Therefore, the off-balance sheet exposure to credit loss is represented by the stated value of those instruments excluded from financial statement presentation.

6. Analysis of Changes in Allowance for Losses and Estimated Liabilities

Dollars in Thousands	December 31, 1990				
Allowance for Losses	**Beginning Balance**	**Provision For Losses**	**Net Cash Payments**	**Transfers & Adjustments**	**Ending Balance**
Open bank assistance	$ 1,153,122	$ 88,025	$ -0-	$ (44,712)	$ 1,196,435
Bridge Banks	1,750,000	-0-	-0-	(1,750,000)	-0-
Failed Banks:					
Loans and related assets	1,057,727	62,368	-0-	-0-	1,120,095
Receiverships/Purchase and Assumption transactions	10,892,024	3,406,216	-0-	767,532	15,065,772
Corporate purchases	222,689	145,517	-0-	39,038	407,244
Total Allowances	**15,075,562**	**3,702,126**	**-0-**	**(988,142)**	**17,789,546**
Estimated Liabilities					
Liabilities for estimated bank assistance	3,820,297	8,401,260	(1,511,022)	(2,114,266)	8,596,269
Liabilities for estimated litigation losses	122,201	29,702	-0-	-0-	151,903
Total Liabilities	**3,942,498**	**8,430,962**	**(1,511,022)**	**(2,114,266)**	**8,748,172**
Total Allowances/Liabilities	**$ 19,018,060**	**$ 12,133,088**	**$ (1,511,022)**	**$ (3,102,408)**	**$26,537,718**

6. Analysis of Changes in Allowance for Losses and Estimated Liabilities (continued)

Dollars in Thousands			December 31, 1989		
Allowance for Losses	**Beginning Balance**	**Provision For Losses**	**Net Cash Payments**	**Transfers & Adjustments**	**Ending Balance**
Open bank assistance	$ 1,110,328	$ 42,794	$ -0-	$ -0-	$ 1,153,122
Bridge Banks	-0-	-0-	-0-	1,750,000	1,750,000
Failed Banks:					
Loans and related assets	1,439,200	(222,383)	-0-	(159,090)	1,057,727
Receivership/Purchase and Assumption transactions	8,931,851	2,050,270	-0-	(90,097)	10,892,024
Corporate purchases	297,515	(74,826)	-0-	-0-	222,689
Total Allowances	**11,778,894**	**1,795,855**	**-0-**	**1,500,813**	**15,075,562**
Estimated Liabilities					
Liabilities for estimated bank assistance	3,877,376	2,002,757	(644,866)	(1,414,970)	3,820,297
Liabilities for estimated litigation losses	109,523	12,678	-0-	-0-	122,201
Total Liabilities	**3,986,899**	**2,015,435**	**(644,866)**	**(1,414,970)**	**3,942,498**
Total Allowances/Liabilities	**$15,765,793**	**$ 3,811,290**	**$ (644,866)**	**$ 85,843**	**$ 19,018,060**

7. Property and Buildings

Dollars in Thousands	December 31	
	1990	**1989**
Land	$ 32,024	$ 31,930
Office buildings	126,481	77,643
Accumulated depreciation	(13,287)	(11,900)
	$145,218	**$ 97,673**

The 1990 increase of $48,932,000 for land and buildings represents disbursements for completion of the L. William Seidman Center in Arlington, Virginia.

A portion of depreciation expense on BIF-owned office buildings is allocated to the failed banks as liquidation expense. In both 1990 and 1989, the amount of depreciation expense allocated to the failed banks was $496,000.

8. Liabilities for Estimated Bank Assistance

The BIF has recorded as a contingent liability an estimated loss for its probable cost for those banks the regulatory process has identified as either equity insolvent or in-substance equity insolvent and for those banks where current agreement terms indicate further assistance will be required. The BIF outstanding liabilities for estimated bank assistance as of December 31, 1990 and 1989 are $8.6 billion and $3.8 billion, respectively.

Of this total line item, the amounts representing estimated liabilities for probable bank failures as of December 31, 1990 and 1989 are $7.7 billion and $1.1 billion, respectively. These estimated costs are derived in part from estimates of recoveries from the sale of the assets of these probable bank failures. As such, they are subject to the same uncertainties as those affecting the BIF's net receivable from bank assistance and failures (see Note 5), and thus could understate the ultimate costs to the BIF from probable bank failures.

The BIF has included in the December 31, 1990 "Liabilities for estimated bank assistance" line item $341,736,000 of realized proceeds from the sale of equity instruments and other such transactions associated with the assisted institution. BIF defers recognition of such proceeds pending final termination of the assistance agreement. Such proceeds are used to offset future assistance costs for related agreements and have been considered in determining the estimated loss to the BIF.

Current Large Bank Assistance Agreements

First RepublicBank/NCNB Texas National Bank
Termination and final Separate Asset Pool settlement for the NCNB agreement is scheduled for November 22, 1991. At the time of termination, the BIF must: (1) purchase remaining unliquidated assets at their original mark-to-market value; (2) settle with NCNB for the current settlement account balance arising from administering the Separate Asset Pool; and (3) settle with NCNB for the deferred settlement account balance arising from gains and losses on disposition of assets as well as charge-offs and write-ups of pool assets. The BIF expects to pay $2.5 billion to repurchase unliquidated assets remaining in the Separate Asset Pool at the termination date.

The Separate Asset Pool balance on December 31, 1990 was $3.5 billion. Total estimated cost to the BIF for the First RepublicBank transaction is projected to be $3.4 billion.

MCorp/Banc One Corporation
On January 1, 1990, the FDIC consummated the sale of the MCorp Bridge Bank, N.A., to Banc One Corporation, Banc One Texas Corporation, and Bank One Texas, N.A., through a financial assistance agreement.

Commencement date funding by the BIF of $2.6 billion was for the negative equity of the bridge bank (including bridge bank operating losses) during its tenure of operation (March 29, 1989 to December 31, 1989), as well as mark-to-market for assets and liabilities.

By terms of the Shareholders Agreement, the BIF purchased 3,375,000 shares of Class B non-voting convertible common stock and 1,250,000 shares of Class C non-voting common stock of Bank One Texas, N.A., in exchange for a note payable in the amount of $416.3 million due on or before the day on which the FDIC no longer owns any shares of such stock. On March 1, 1991, Banc One Corporation purchased 375,000 shares of Class B stock and 577,242 shares of Class C stock for an aggregate purchase price of $94.8 million or a $9 million gain to the BIF. As a result the note payable is reduced to $321.5 million.

By terms of the assistance agreement, the BIF and Bank One Texas, N.A. transferred to a Separate Asset Pool $2.5 billion of troubled assets and owned real estate of the insolvent MCorp banks to be administered by the acquirer. During 1990, Bank One Texas, N.A. transferred an additional $77 million of assets to the Separate Asset Pool. The second-year limitation for additional asset transfers to the pool is $600 million. The BIF bears the costs of administering and funding the Separate Asset Pool for the five-year term of the agreement.

Termination and final asset pool settlement is scheduled for January 1, 1995. At the time of termination, the BIF must: (1) purchase remaining assets at their original mark-to-market value; (2) settle with Bank One Texas, N.A. for the current settlement account balance arising from administering the pool; and (3) settle with Bank One Texas, N.A. for the deferred settlement account balance arising from gains and losses on disposition of assets as well as charge-offs and write-ups of pool assets.

The Separate Asset Pool balance on December 31, 1990 was $1.8 billion. Total estimated cost for the MCorp transaction is projected to be $2.8 billion.

Texas American Bancshares/Texas American Bridge Bank
On January 1, 1990, the FDIC consummated the sale of the Texas American Bridge Bank, N.A. (TAB) to the Deposit Guaranty Bank, Dallas, Texas. The bank was renamed Team Bank, N.A., Fort Worth, Texas.

By terms of the assistance agreement, the BIF and Team Bank, N.A. transferred to a Separate Asset Pool $772 million of troubled assets and owned real estate of the insolvent Texas American banks to be administered by the acquirer. During 1990, Team Bank transferred an additional $140 million of assets to the pool. The second-year limitation for additional asset transfers to the pool is $180 million. The BIF bears the costs of administering and funding the Separate Asset Pool for the five-year term of the agreement.

Termination and final asset pool settlement is scheduled for January 1, 1995. At such time, the BIF will settle with Team Bank for the current settlement account balance arising from administering the pool. By terms of the assistance agreement, the Team Bank does not have a deferred settlement account as all pool-related transactions are settled on a quarterly basis.

The Separate Asset Pool balance on December 31, 1990 was $647 million. Total estimated cost for the TAB transaction is projected to be $1.1 billion.

Off-Balance Sheet Separate Asset Pool Risk

Estimated total assistance costs for institutions involving Separate Asset Pools include estimated amounts for subsequent asset transfers which are probable. The amounts for subsequent asset transfers are jointly determined by the acquirer and the FDIC at specific points in time. However, actual assets transferred may be more than original estimates as allowed under the terms of the related assistance agreements. If these additional transfers were to occur, the BIF would be required to pay the mark-to-market value of the additional assets transferred as well as repurchase any remaining assets in the Separate Asset Pool at the termination date of the agreement.

9. Liabilities Incurred from Bank Assistance and Failures

Dollars in Thousands	December 31	
	1990	1989
Escrowed funds from purchase and assumption transactions	$ 3,673,279	$ 702,464
Funds held in trust	146,425	489
Depositors' claims unpaid	509,363	79,055
Notes indebtedness	2,613,755	798,982
Guaranty assistance	4,778	6,660
Federal indebtedness	-0-	1,450,000
Accrued interest/other liabilities	158,040	83,686
	$ 7,105,640	**$ 3,121,336**

Maturities of Liabilities

Dollars in Thousands

1991	1992	1993	1994	1995	1996/Thereafter
$5,646,439	$199,431	$104,479	$5,740	$1,067,581	$81,970

10. Assessments

The FDI Act authorizes the FDIC to set assessment rates for the BIF members semiannually to be applied against a member's average assessment base.

The FDI Act also provides for an assessment credit to BIF members when the Board of Directors determines that the BIF reserve ratio is expected to exceed the designated reserve ratio in the succeeding year, after taking into account expected expenses and revenues. The FDI Act defines the BIF designated reserve ratio as (i) 1.25 percent of estimated insured deposits; or (ii) such higher percentage of estimated insured deposits as the Board of Directors determines for that year to be justified by circumstances that raise a risk of substantial future losses to the BIF.

The assessment rate is 0.195 percent for the first semiannual period of calendar year 1991. The FDIC Board of Directors approved an increase in the assessment rate to 0.230 percent for the second semiannual period of 1991 and thereafter. Based on the present projected status of the BIF and anticipated expenses and revenue for the next year, the reserve ratio is not expected to exceed the current designated reserve ratio of 1.25 percent. Therefore, insured members will not receive an assessment credit in 1991.

11. Pension Benefits, Savings Plans and Accrued Annual Leave

Pension Benefits and Savings Plans expenses consisted of the following:

Dollars in Thousands	December 31	
	1990	1989
Civil Service Retirement System (CSRS)	$ 6,284	$ 6,497
Federal Employee Retirement System (FERS) (Basic Benefit)	10,573	7,442
FDIC 401K Plan	5,697	5,242
Thrift Savings Plan (TSP)	2,181	1,599
	$ 24,735	**$20,780**

The eligible FDIC employees assigned to the BIF are covered by either the CSRS or the FERS. Automatic and matching employer contributions are provided by the BIF for all eligible employees. Matching contributions also are provided by the BIF on behalf of all eligible employees to the FDIC 401K Plan and the TSP.

Although the BIF contributes a portion of pension benefits for eligible employees and makes the necessary payroll withholdings from them, the BIF does not account for the assets of either retirement system, nor does it have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to its eligible employees. These amounts are reported by the U.S.Office of Personnel Management and are not allocated to the individual employers.

The BIF liability to employees for accrued annual leave is approximately $17,062,000 and $18,430,000 at December 31, 1990 and 1989, respectively.

The FDIC provides certain health (including dental care) and life insurance coverage for its eligible retirees. Eligible retirees are those that have elected the FDIC's health and/or life insurance program and are entitled to an immediate annuity. The health insurance coverage is a comprehensive fee-for-service program underwritten by Blue Cross/Blue Shield of the National Capital Area, with hospital coverage and a major medical wrap-around (the dental care is underwritten by Connecticut General Insurance Company). The FDIC makes the same contributions for retirees as those of active employees. The FDIC benefit programs are fully insured and expenses are recognized as premiums are paid. The cost of benefits provided and the number of retirees are as follows:

FDIC Health Insurance Plan	1990	1989
Premiums paid	$ 434,083	$ 341,594
Participating retirees	171	153

FDIC Dental Insurance Plan	1990	1989
Premiums paid	$ 36,345	$ 33,212
Participating retirees	214	192

The life insurance program is underwritten by Metropolitan Life Insurance Company and provides for basic coverage at no cost and allows converting optional coverages to direct-pay plans with Metropolitan Life. The FDIC does not make any contributions towards annuitants' basic life insurance coverage; this charge is built into rates for active employees.

12. Commitments

The BIF lease agreement commitments for office space are $45,593,000 for future years. The agreements contain escalation clauses resulting in adjustments, usually on an annual basis. Leased space expense was $31,284,000 and $29,390,000 for the years ended December 31, 1990 and 1989, respectively.

Leased fees for future years, which are committed per contractual agreement, are as follows:

Leased Fees

Dollars in Thousands

1991	1992	1993	1994	1995	1996/Thereafter
$22,432	$10,265	$6,525	$5,179	$1,179	$13

Asset Putbacks

Upon resolution of a failed bank, the assets are placed into receivership and may be sold to an acquirer under an agreement that the assets may be "put back", or resold to the receivership at the recognized book value within a defined period of time. It is possible that the BIF could be called upon to fund the purchase of any or all of the "unexpired puts" at any time prior to expiration. The balance of unexpired asset putbacks as of December 31, 1990 is $236,095,000. The total amount that will be repurchased and the losses resulting from these acquisitions is not reasonably estimable at December 31, 1990.

13. Contingencies

The FDIC estimates that 141 banks could fail in 1991 with combined bank assets totaling $73 billion and that 375 banks could fail in 1992 and 1993 with combined bank assets between $168 billion and $236 billion. These institutions, located primarily in the Northeast region, are experiencing the effects of softening real estate markets and weakening state economies. Current estimates indicate the BIF could recognize additional net losses of approximately $22.3 billion to $32.9 billion through December 31, 1993. Current and future economic conditions and the increasing level of government held real estate assets in the marketplace could increase both the number of bank failures over the next several years and their cost to the BIF.

14. Supplementary Information Relating to the Statements of Cash Flows

Reconciliation of Net Loss to Net Cash Used by Operating Activities

Dollars in Thousands	For the year ended December 31	
	1990	1989
Net Loss	$(9,165,037)	$ (851,607)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for insurance losses	12,133,088	3,811,290
Amortization of U.S. Treasury obligations	76,594	49,156
Interest on escrowed funds	21,616	25,037
Gain on sale of U.S. Treasury obligations	(6,143)	-0-
Assessments	765	-0-
Depreciation expense	1,387	1,387
Increase (decrease) in accounts payable, accrued liabilities and other	31,359	(7,646)
Decrease in accrued interest receivable on investments and other assets	20,159	2,165
Net cash disbursed for bank assistance and failures not impacting income	(7,081,753)	(1,795,324)
Accrual of assets and liabilities from bank assistance and failures	313,073	(127,425)
Net cash provided (used) by operating activities	**$(3,654,892)**	**$ 1,107,033**

Schedule of Non-Cash Transactions Incurred From Bank Assistance and Failures		
Dollars in Thousands	For the year ended December 31	
	1990	1989
Increase (decrease) in net receivables from bank assistance and failures:		
Preferred stock	$ 416,250	$ (320,000)
Notes receivable	(243,582)	1,770,000
Notes in lieu of cash	2,597,486	-0-
Depositors' claims unpaid	430,308	46,213
Transfer of allowance for loss	(1,095,000)	(1,950,000)
Total Increase (Decrease)	**2,105,462**	**(453,787)**
Decrease (increase) in liabilities incurred from bank assistance and failures:		
Escrowed funds	(205,078)	-0-
Notes payable	(3,453,417)	(1,450,000)
Pending claims of depositors	(430,308)	(46,213)
Liabilities for estimated assistance transfer	1,983,341	1,950,000
Total Decrease (Increase)	**$ (2,105,462)**	**$ 453,787**

As stated in the Summary of Significant Accounting Policies (Escrowed Funds from Purchase and Assumption Transactions), the BIF pays the acquirer the difference between failed bank liabilities assumed and assets purchased, plus or minus any premium or discount. The BIF considers the assets purchased portion of this transaction to be a non-cash adjustment. Accordingly, for Cash Flow Statement presentation, cash outflows for bank assistance and failures excludes $3.3 billion in 1990 and $702 million in 1989 for assets purchased.

15. Concentration of Credit Risk

The BIF is counterparty to a group of financial instruments with entities located throughout regions of the United States that are experiencing problems in both loans and real estate. The BIF's maximum exposure to possible accounting loss should each counterparty to these instruments fail to perform and any underlying assets prove to be of no value is shown as follows:

Concentration of Credit Risk

Dollars in Millions

	Southeast	Southwest	Northeast	Midwest	Central	West	Total
Net receivables from assistance and failures	$724	$4,478	$5,482	$ 61	$ 885	$ 879	$ 12,509
Corporate purchases (Net)	9	82	112	2	7	58	270
Asset putback agreements (Off-balance sheet)	-0-	89	84	-0-	63	-0-	236
NWC/ICCs (Off-balance sheet)	-0-	-0-	154	-0-	-0-	-0-	154
	$ 733	**$4,649**	**$5,832**	**$ 63**	**$ 955**	**$ 937**	**$ 13,169**

16. Subsequent Events

Bank of New England Corporation

On January 6, 1991, Bank of New England, N.A., Boston, Massachusetts; Connecticut Bank and Trust, N.A., Hartford, Connecticut; and Maine National Bank, Portland, Maine (three bank subsidiaries owned by the Bank of New England Corporation) were declared insolvent by their chartering authority and subsequently closed, with the FDIC appointed receiver. The FDIC organized three new national "bridge banks" chartered by the Office of Comptroller of the Currency to purchase all assets and assume deposits and certain non-deposit liabilities from the failed institutions. These three new bridge banks were being operated by the FDIC pending acquisition by private sector entities. The FDIC announced on February 1, 1991, that bids would be accepted either for the entire three-bank franchise or on a bank-by-bank basis in the spring of 1991. On April 22, 1991, Fleet/Norstar Financial Group, Inc., Providence, Rhode Island, was awarded this bid. The BIF has recorded in 1990 an estimated loss for this transaction of $2.5 billion.

Recapitalization of Bank Insurance Fund

On February 5, 1991, the Department of the Treasury released a report on the federal deposit insurance system entitled *Modernizing the Financial System: Recommendations for Safer, More Competitive Banks*. The report proposed deposit insurance reform through four interrelated parts: (1) restoring competitiveness through nationwide banking and branching; (2) reducing overextended insurance coverage to reduce the Fund exposure and increase market discipline; (3) streamlining the regulatory system; and (4) recapitalizing the FDIC with sufficient resources using industry funds while avoiding imposing unnecessary stress on the banking system. Subsequently, various proposals are being offered by the banking industry, regulatory agencies and legislative offices on recapitalization of the BIF. The outcome of these proposals is not certain.

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

Comptroller General
of the United States

B-114831

To the Board of Directors
Federal Deposit Insurance Corporation

We have audited the accompanying statements of financial position of the Bank Insurance Fund as of December 31, 1990 and 1989, and the related statements of income and fund balance and statements of cash flows for the years then ended. These financial statements are the responsibility of the management of the Federal Deposit Insurance Corporation (FDIC), the Fund's administrator. Our responsibility is to express an opinion on these financial statements based on our audits. In addition, we are reporting on our consideration of FDIC's internal control structure and on its compliance with laws and regulations as they relate to the Fund.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Fund's financial statements reflect FDIC's estimate of the cost that the Fund will incur in resolving troubled institutions that meet the criteria for loss recognition under generally accepted accounting principles. As of December 31, 1990, FDIC estimated that the Fund will incur costs of $7.7 billion for resolving banks identified as equity insolvent or insubstance equity insolvent.[1] This amount includes an audit adjustment for $4.2 billion that we recommended FDIC report on the Fund's December 31, 1990, financial statements. This adjustment represents our estimate of the costs to the Fund related to the likely failure of 28 large banks and 48 small banks we identified

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[1]Insubstance equity insolvent banks are banks that reported positive equity capital on their December 31, 1990, call reports but whose reserves for loan losses, when compared to their level of nonperforming loans and similar banks in the same geographical region, were determined to be insufficient to cover the level of losses inherent in their loan portfolios. When these banks' reserves were increased to reflect a more appropriate level of reserves needed to cover loan losses, their equity capital was depleted.

as equity insolvent or insubstance equity insolvent. When we first presented our estimates and proposed adjustment in April 1991, FDIC did not reflect these costs on the Fund's December 31, 1990, financial statements. However, in August 1991, FDIC agreed with us that these additional costs associated with bank failures needed to be reported.

The Fund's December 31, 1990 and 1989, financial statements include $3.7 billion and $0.7 billion, respectively, in amounts related to certain failed bank resolutions in which an acquiring institution purchases certain assets and assumes certain liabilities of a failed institution. FDIC characterized these amounts as "escrowed funds" and initially presented them as an offset to the Fund's "Net receivables from bank assistance and failures" financial statement line item on the Fund's preliminary 1990 and 1989 financial statements. However, we determined that this reporting treatment was not in accordance with generally accepted accounting principles and, accordingly, proposed adjusting the financial statements to reclassify these amounts to the "Liabilities incurred from bank assistance and failures" financial statement line item. FDIC agreed to reclassify these amounts in October 1991.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank Insurance Fund as of December 31, 1990 and 1989, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles. However, significant uncertainties exist regarding the value of real estate assets, which may ultimately result in substantial reductions in the recovery value of failed bank assets held by the Fund and in substantial increases in costs for resolving future bank failures. Also, based on the level of identifiable loss exposure and working capital needs the Fund faces, it will soon be in a position where it will not have the funds available to enable regulators to resolve problem institutions promptly and effectively unless FDIC is provided a substantial infusion of loss and working capital funds.

The Uncertain Value of Real Estate Could Affect Recoveries From Receivership Assets and Costs of Bank Failures

The Fund's reported financial condition is significantly influenced by FDIC's estimates of recoveries on the sale of failed bank assets held in receivership and estimates of the cost of resolving troubled institutions. These estimates are derived primarily from historical experience. However, such experience may not be reliable for estimating amounts FDIC will ultimately recover from the sale of failed bank assets because current economic conditions are adversely affecting real estate values. The amount of distressed real estate assets--held by the Fund, other government entities, banks, and other elements of the private sector--now on the market, coupled with the significant discounts the Resolution Trust Corporation offers in an attempt to reduce its inventory of real estate assets, could severely affect FDIC's ability to generate recoveries for the Fund on future asset sales similar to the recovery rates it experienced in the past.

As of December 31, 1990, the Fund, in its receivership capacity, held failed bank assets with a book value of $23.7 billion. A significant portion of these assets consists of real estate loans and related assets. Also, the book value of the 28 large banks we identified as equity insolvent or insubstance equity insolvent, whose estimated costs of resolution are reflected in the financial statements, totaled $19.5 billion as of December 31, 1990. Approximately $11.2 billion of these banks' book value consisted of real estate loans and related assets. We believe that the reported losses of $16.6 billion relating to assets held in receivership, which is reflected in the Fund's 1990 financial statements as the allowance for losses on net receivables from bank assistance and failures, and costs of $7.7 billion relating to equity insolvent or insubstance insolvent institutions on the Fund's 1990 financial statements could materially increase.

The uncertainties about FDIC's (1) ultimate recovery on the Fund's existing inventory of failed bank assets and (2) ultimate cost to the Fund for resolving troubled banks will, in our judgment, continue until the historical experience used to calculate the losses on failed bank assets held in receivership and the estimate of the cost of resolving troubled institutions reflects significant and representative experience in selling real estate and troubled loans secured by real estate in the currently depressed market.

Estimated Losses Will Deplete the Fund

The Fund has incurred significant net losses over the last 3 years from resolving and assisting failing institutions. These losses have resulted in the Fund's capital position declining from $18.3 billion as of December 31, 1987, to $4.0 billion as of December 31, 1990. The 1990 Fund balance represented just 0.15 percent of insured deposits as of December 31, 1990. Given the minimum level of identifiable exposure facing the Fund from bank failures likely to occur in 1991, we believe that the Fund in all likelihood will be insolvent by December 31, 1991.

In addition to the banks we identified as equity insolvent or insubstance equity insolvent as of December 31, 1990, the estimated costs for which are reflected in the Fund's 1990 financial statements, we identified 34 large institutions with assets totaling $28.6 billion and 47 small institutions with assets totaling $1.4 billion that are in such severely impaired financial condition that, unless they receive a capital infusion, they are likely to fail in 1991. We estimate the costs associated with the likely failure of these banks to be $5.4 billion. Consistent with existing generally accepted accounting principles for loss recognition, these costs have not been accrued for in the Fund's December 31, 1990, financial statements. However, we believe that existing generally accepted accounting principles allow too much latitude in both recognizing when a loss has been incurred for reporting purposes and measuring the extent of the loss. Application of proposed accounting principles we have recommended[2] to the Financial Accounting Standards Board would require earlier, and we believe more appropriate, recognition of losses on an entity's financial statements.

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[2]Failed Banks: Accounting and Auditing Reforms Urgently Needed (GAO/AFMD-91-43, April 22, 1991).

Under the accounting principles we propose, the costs associated with the banks we identified as likely to fail in 1991 would be recognized on the Fund's year-end 1990 financial statements. Had this accounting been adopted, the Fund's capital position would have been a deficit of $1.4 billion as of December 31, 1990.

In addition to the banks we identified as likely to fail in 1991 unless they receive a capital infusion, we identified 64 large banks with assets totaling $179 billion, whose financial condition as of December 31, 1990, was such that, continued deterioration of their financial condition could result in their failure over the next 1 to 3 years. If these 64 banks fail, and if the Fund continues to experience the level of costs from small bank failures similar to what it has experienced over the last several years, we estimate that the Fund will incur additional costs from bank failures totaling $25.5 billion over the next 1 to 3 years. In total, we identified likely and possible bank failures that could cost the Fund $30.9 billion.

FDIC recently recognized the continuing exposure the Fund faces from problem institutions and raised its estimates of costs to the Fund from projected bank failures through December 31, 1993. FDIC's revised baseline estimate of $33.5 billion is now close to the minimum costs we estimated the Fund will incur from bank failures. FDIC also provided a more pessimistic estimate of $43.0 billion, which assumes a prolonged recession. If the recession is prolonged, we agree with FDIC that costs to the Fund from bank failures will increase substantially. Also, both FDIC's and our estimates of the Fund's likely and potential costs from future bank failures use historical loss rates to derive the estimates. Because of the uncertain value of real estate assets, the actual cost of future bank failures could be significantly higher than either FDIC's or our estimates.

There are other factors which will also affect both the amount and timing of the loss exposure facing the Bank Insurance Fund. The lower general level of interest rates may permit banks to increase their interest rate spreads and, thus, their profitability. In addition, possible legislation affecting bank powers, among other new developments, complicates any effort to predict future costs to the Fund. Therefore, we are unable to reasonably estimate any long-term government funding requirements needed to augment funds derived from existing bank insurance premiums.

<u>Fund Does Not Have Enough Loss And Working Capital Funds</u>

The Fund faces, in the near future, a significant shortage of working capital that could severely limit its ability to resolve failing institutions promptly. We believe that the Fund will need to borrow at least $14 billion from the Federal Financing Bank (FFB) through December 31, 1991, to resolve problem institutions. Section 15(c) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), authorizes FDIC to borrow funds, so long as the Fund's ratio of its net worth to total assets does not fall below 10 percent. In addition to its borrowing authority subject to the net worth limitation, FDIC may also borrow up to $5 billion with the approval of the Secretary of the

Treasury. Therefore, if the Fund is insolvent by December 31, 1991, FDIC will no longer have borrowing authority except to the extent the Secretary authorizes FDIC to borrow the $5 billion, presumably from the Treasury. This could severely limit the Fund's resolution activity beyond 1991.

The Congress is considering legislation that would increase FDIC's borrowing authority for the Fund to approximately $70 billion, the exact amount depending on the effect of a formula for limiting the Fund's outstanding obligations. However, given the uncertainties associated with current and future economic conditions, the amount of funds that will ultimately be needed to resolve failing institutions is difficult, if not impossible, to estimate precisely at this time.

We believe that the Fund needs to be adequately capitalized to enable the regulators to act promptly and effectively to close institutions before all of the economic value of these institutions has been diminished or lost. Failure to provide sufficient funding will only delay the resolution of troubled institutions and will ultimately increase the cost of bank resolutions to the Fund and, possibly, to the taxpayer.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

November 1, 1991

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General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-114831

To the Board of Directors
Federal Deposit Insurance Corporation

We have audited the financial statements of the Bank Insurance Fund as of December 31, 1990 and 1989, and have issued our opinion thereon. This report pertains only to our study and evaluation of the Federal Deposit Insurance Corporation's (FDIC) internal control structure as it relates to the Bank Insurance Fund for the year ended December 31, 1990. The report on our study and evaluation of the Corporation's internal control structure as it relates to the Fund for the year ended December 31, 1989, is presented in GAO/AFMD-90-100, dated September 11, 1990.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In planning and performing our audit, we considered the internal control structure of FDIC as it relates to the Fund in order to determine the auditing procedures needed for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

FDIC's management is responsible for establishing and maintaining an internal control structure over the Bank Insurance Fund. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified FDIC's significant internal control structure policies and procedures for the Fund into the following categories:

-- assistance, consisting of the policies and procedures related to the Fund's efforts to provide financial assistance to open but troubled institutions and to liquidate closed financial institutions;

-- treasury, consisting of the policies and procedures related to the Fund's cash balances, cash receipts, cash disbursements, and investing activity;

-- assessments, consisting of the policies and procedures related to the Fund's levying, collecting, and accounting for insurance premiums charged to insured banks;

-- expenditures, consisting of the policies and procedures related to the Fund's recognition of liabilities and expenses and disbursements for payroll, property and buildings, and administrative expenses; and

-- financial reporting, consisting of the policies and procedures related to the form, content, and preparation of the Fund's financial statements.

For each of the internal control structure categories listed, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation. Also, we assessed control risk. We performed limited tests of control procedures for each of the categories listed; however, we found it more efficient to rely solely on substantive audit tests to determine if related financial statement balances and disclosures were fairly stated. For all categories, we performed audit tests to substantiate account balances associated with each control category. Such tests can also serve to identify weaknesses in the internal control structure.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by FDIC personnel while performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operations that do not affect the fair presentation of the Bank Insurance Fund's financial statements, but which nevertheless warrant management's attention. We are reporting these other matters in a separate letter to FDIC's management.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

November 1, 1991

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

Comptroller General
of the United States

B-114831

To the Board of Directors
Federal Deposit Insurance Corporation

We have audited the financial statements of the Bank Insurance Fund as of December 31, 1990 and 1989, and have issued our opinion thereon. This report pertains only to our review of the Federal Deposit Insurance Corporation's (FDIC) compliance with laws and regulations as they relate to the Bank Insurance Fund for the year ended December 31, 1990. Our report on FDIC's compliance with laws and regulations, as it relates to the Fund for the year ended December 31, 1989, is presented in GAO/AFMD-90-100, dated September 11, 1990.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

FDIC's management is responsible for compliance with laws and regulations applicable to the Bank Insurance Fund. As part of obtaining reasonable assurance as to whether the financial statements were free of material misstatements, we selected and tested transactions and records to determine FDIC's compliance with certain provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1811 et. seq.), which, if not complied with, could have a material effect on the Bank Insurance Fund's financial statements. However, it should be noted that our objective was not to provide an opinion on the overall compliance with such provisions. Because of the limited purpose for which our tests of compliance were made, the laws and regulations tested did not cover all legal requirements with which FDIC has to comply.

The results of our tests indicate that, with respect to the items tested, FDIC complied, in all material respects, with those provisions of laws and regulations that could have a material effect on the Fund's financial statements. With respect to transactions not tested, nothing came to our attention that caused us to believe that FDIC had not complied, in all material respects, with those provisions.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

November 1, 1991

Statistics

The following tables are included in the 1990 FDIC Annual Report:

Table 122

Number and Deposits of Banks Closed, 1934-1990.

Table 123

Banks Requiring FDIC Disbursements During 1990.

Table 125

FDIC Recoveries and Losses on Disbursements to Protect Depositors, 1934-1990.

Table 127

FDIC Income and Expenses, September 11, 1933, to December 1990.

Table 129

Insured Deposits and the Bank Insurance Fund, 1934-1990.

Deposit Insurance Disbursements

Disbursements by the Federal Deposit Insurance Corporation to protect depositors are made when the insured depositors of failed banks are paid off or when the deposits of a failed or failing bank are assumed by another insured bank with the financial aid of the FDIC.

In deposit payoff cases, the disbursement is the amount paid by the FDIC on insured deposits. In the insured deposit transfer, an alternative to a direct deposit payoff, the FDIC transfers the failed bank's insured and secured deposits to another bank while uninsured depositors must share with the FDIC and other general creditors of the bank in any proceeds realized from liquidation of the failed bank's assets. In certain deposit payoffs, the FDIC may determine that an advance of funds to uninsured depositors and other creditors of a failed bank is warranted.

In deposit assumption cases, the principal disbursement is the amount paid to facilitate a purchase and assumption transaction with another insured bank. Additional disbursements are made in those cases as advances for protection of assets in process of liquidation and for liquidation expenses. The FDIC also may purchase assets or guarantee an insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Under its Section 13(c) authority to provide financial assistance to open institutions, the FDIC made a cash disbursement in 1990 to one operating bank.

Sources of Data on Bank Failures

Data in the following tables regarding insured bank failures are obtained from the books of specific banks at date of closing and the books of the FDIC, December 31, 1990.

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 1990. For detailed data regarding noninsured banks that were suspended in the years 1934-1962, see the 1962 FDIC Annual Report, pages 27-41. For 1963-1990, see Table 122 of this report and previous reports for respective years.

Number and Deposits of Banks Closed Because of Financial Difficulties, 1934-1990

Year	Number					Deposits (Dollars in Thousands)					Assets[4] (Dollars in Thousands)
	Total	Non-Insured[1]	Insured			Total	Non-Insured[1]	Insured			
			Total	Without disbursements by FDIC[2]	With disbursements by FDIC[3]			Total	Without disbursements by FDIC[2]	With disbursements by FDIC[3]	
Total	**1,907**	**136**	**1,771**	**8**	**1,763**	**$112,775,178**	**$143,501**	**$112,631,677**	**$41,147**	**$112,590,530**	**$139,377,513**
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
1985[6]	120	...	120	...	120	8,059,441	...	8,059,441	...	8,059,441	8,741,268
1986[7]	138	...	138	...	138	6,471,100	...	6,471,100	...	6,471,100	6,991,600
1987[7]	184	...	184	...	184	6,281,500	...	6,281,500	...	6,281,500	6,850,700
1988[7]	200	...	200	...	200	24,931,302	...	24,931,302	...	24,931,302	35,697,789
1989[7]	206	...	206	...	206	24,090,551	...	24,090,551	...	24,090,551	29,168,596
1990[7]	168	...	168	...	168	14,473,300	...	14,473,300	...	14,473,300	15,660,800

[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.
[4]Insured banks only.
[5]Not available.
[6]Includes data for one bank granted financial assistance although no disbursement was required until January, 1986.
[7]Excludes data for banks granted financial assistance under Section 13(c)(1) of the Federal Deposit Insurance Act to prevent failure. Data for these banks are included in Table 123.

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Insured Deposit Payoffs							
First Bank, National Association Cleveland, Ohio	N	5,985	35,300	32,100	21,856	March 9, 1990	Federal Deposit Insurance Corporation
Ingram State Bank Ingram, Texas	NM	2,076	22,900	21,400	19,474	September 14, 1990	Federal Deposit Insurance Corporation
Citizens National Bank Kerrville, Texas	N	2,274	9,000	9,100	8,506	September 14, 1990	Federal Deposit Insurance Corporation
First Comanche Bank Commanche, Texas	NM	3,635	31,400	31,400	30,856	September 20, 1990	Federal Deposit Insurance Corporation
Trinity National Bank Benbrook, Texas	N	6,455	21,200	21,000	3	November 1, 1990	Federal Deposit Insurance Corporation
Freedom National Bank of New York New York, Yew York	N	22,087	100,500	91,600	209	November 9, 1990	Federal Deposit Insurance Corporation
Far Western Bank Tustin, California	NM	4,142	187,700	141,500	0	December 14, 1990	Federal Deposit Insurance Corporation
Capitol Bank & Trust Company Boston, Massachusetts	NM	28,415	482,600	429,100	0	December 28, 1990	Federal Deposit Insurance Corporation
Insured Deposit Transfers							
Fidelity Bank, National Association San Antonio, Texas	N	3,463	28,500	27,100	21,403	January 26, 1990	Texas Commerce Bank-San Antonio San Antonio, Texas
The First National Bank of Colbert Colbert, Oklahoma	N	2,884	16,300	16,000	10,408	February 8, 1990	The Durant Bank & Trust Company Durant, Oklahoma
Merchants Bank of Boston, A Co-operative Bank Boston, Massachusetts	MI	42,623	364,000	345,700	341,961	May 18, 1990	The First National Bank of Boston Boston, Massachusetts
Capital National Bank Bronx, New York	N	35,483	146,000	139,800	129,256	July 6, 1990	New York Capital Bank, N. A. New York, New York
First Pacific Bank Beverly Hills, California	NM	3,970	104,800	98,600	98,638	August 10, 1990	Commercial Center Bank Santa Ana, California
Bay City Bank & Trust Company Bay City, Texas	NM	8,093	78,100	68,000	49,688	August 30, 1990	First State Bank & Trust Port Lavaca, Texas
Citizens National Bank El Campo, Texas	N	5,230	46,300	44,000	35,983	August 30, 1990	First Bank Edna, Texas
Mountain Ridge State Bank West Orange, New Jersey	NM	1,036	50,400	49,400	49,184	October 5, 1990	Mountain Ridge Bank West Orange, New Jersey
First American Bank for Savings Boston, Massachusetts	MI	70,908	551,800	466,900	455,344	October 19, 1990	The Boston Five Cent Savings Bank, FSB Boston, Massachusetts
Lone Star National Bank Dallas, Texas	N	4,114	40,200	37,200	41,338	November 2, 1990	Comerica Bank-Texas Dallas, Texas
First National Bank of Rowlett Rowlett, Texas	N	3,948	21,600	21,100	21,004	December 7, 1990	U.S. Trust Company of Texas, N.A. Rowlett, Texas
New England AllBank for Savings Gardner, Massachusetts	MI	36,784	183,900	166,700	163,812	December 12, 1990	Worcester County Institute for Savings Worcester, Massachusetts
Deposit Assumptions							
The First National Bank of San Marcos San Marcos, Texas	N	13,473	84,600	80,600	38,512	January 4, 1990	Victoria Bank and Trust Company—Central Gonzales, Texas
Plaza Del Oro National Bank Houston, Texas	N	1,861	12,900	12,500	2,633	January 11, 1990	National Commerce Bank Houston, Texas
Farmers State Bank of Shiro, Texas Shiro, Texas	NM	493	4,700	4,500	4,463	January 25, 1990	The First National Bank of Anderson Anderson, Texas
Monroe Savings Bank, FSB Rochester, New York	MI	88,025	531,700	493,700	481,586	January 26, 1990	Manufacturers & Traders Trust Company Buffalo, New York
Creditbank Cutler Ridge, Florida	NM	7,063	53,900	51,800	36,890	January 26, 1990	Capital Bank Miami, Florida
BancTexas Dallas, N.A. Dallas, Texas	N	35,080	312,400	305,600	84,653	January 26, 1990	Hibernia National Bank in Texas Pflugerville, Texas
Tyler National Bank Tyler, Texas	N	3,835	23,200	21,400	21,467	February 1, 1990	NCNB Texas National Bank Dallas, Texas

Code for Class of Bank: SM—State-chartered bank that is a member of the Federal Reserve System. NM—State-chartered bank that is not a member of the Federal Reserve System. N—National bank. MI—Mutual institution (savings bank).

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Deposit Assumptions							
Citizens National Bank of Walnut Ridge Walnut Ridge, Arkansas	N	4,268	35,400	31,100	21,498	February 2, 1990	The Lawrence County Bank Portia, Arkansas
Commerce Bank of Tampa Tampa, Florida	SM	2,904	21,500	21,700	14,352	February 2, 1990	Southern Exchange Bank Tampa, Florida
Huffman Bank Huffman, Texas	NM	5,255	19,900	19,900	20,037	February 15, 1990	Channelview Bank Channelview, Texas
Northway National Bank Dallas, Texas	N	1,837	24,600	22,700	14,556	February 15, 1990	City National Bank of Carrollton Carrollton, Texas
Gateway National Bank Phoenix, Arizona	N	732	8,700	8,000	8,020	February 15, 1990	Citibank (Arizona) Phoenix, Arizona
The First State Bank of Regent Regent, North Dakota	NM	1,863	9,100	8,600	6,854	February 22, 1990	First National Bank Hettinger, North Dakota
The Bank of Ruidoso Ruidoso, New Mexico	NM	5,116	26,400	23,200	23,389	February 23, 1990	United New Mexico Bank at Alamogordo Alamogordo, New Mexico
The Red River Bank Red River, New Mexico	NM	895	5,600	5,500	5,614	February 23, 1990	Centinel Bank of Taos Taos, New Mexico
Search National Bank Dallas, Texas	N	1,926	20,300	20,100	15,600	March 1, 1990	Hibernia National Bank in Texas Pflugerville, Texas
The First National Bank of Sanger Sanger, Texas	N	4,719	20,000	19,800	7,935	March 1, 1990	The Gainesville National Bank Gainesville, Texas
Community State Bank of Onalaska Onalaska, Texas	NM	2,212	10,700	10,100	10,133	March 1, 1990	The Bank of Livingston Livingston, Texas
Citizens National Bank Denton, Texas	N	5,471	16,600	16,700	9,482	March 8, 1990	Texas Bank Weatherford, Texas
University National Bank of College Station College Station, Texas	N	14,302	37,100	38,700	15,902	March 8, 1990	First American Bank Bryan, Texas
Farmers State Bank of Schulenburg Schulenburg, Texas	NM	5,473	32,300	30,500	17,849	March 8, 1990	First Bank Navasota, Texas
Bank of Meeker Meeker, Oklahoma	SM	2,381	15,000	14,800	5,645	March 15, 1990	First State Bank Harrah Harrah, Oklahoma
Liberty City State Bank Liberty City, Texas	NM	2,828	15,100	14,800	7,459	March 15, 1990	First National Bank of Hughes Springs Hughes Springs, Texas
Independent National Bank Phoenix, Arizona	N	1,180	11,400	11,100	11,053	March 15, 1990	Citibank (Arizona) Phoenix, Arizona
The Waller Bank, National Association Waller, Texas	N	2,836	12,700	12,700	12,883	March 22, 1990	First Bank Navasota, Texas
Miami National Bank Miami, Florida	N	3,870	46,500	45,400	12,760	March 22, 1990	Commercebank, National Association Miami, Florida
American Bank of Arlington Arlington, Texas	NM	10,333	29,100	28,900	5,615	March 22, 1990	Bank One Texas, National Association Dallas, Texas
Community Bank New Caney, Texas	NM	9,861	41,000	38,900	10,919	March 22, 1990	Channelview Bank Channelview, Texas
The Central National Bank of San Angelo San Angelo, Texas	N	21,747	154,400	128,100	128,867	March 22, 1990	First National Bank at Lubbock Lubbock, Texas
Alvord National Bank Alvord, Texas	N	1,415	7,900	7,700	2,270	March 29, 1990	The First National Bank of Bowie Bowie, Texas
Crown Bank, National Association San Antonio, Texas	N	1,024	20,800	15,000	11,591	March 29, 1990	First City, Texas—San Antonio, N.A. San Antonio, Texas
First National Bank of Garland Garland, Texas	N	3,361	9,600	9,700	5,875	March 29, 1990	State Bank of Texas Dallas, Texas
Everman National Bank of Fort Worth Fort Worth, Texas	N	13,912	63,000	60,800	42,628	March 30, 1990	Bank One Texas, National Association Dallas, Texas
Imperial Bank Coral Gables, Florida	SM	4,547	21,100	21,600	11,542	March 30, 1990	Commercebank, National Association Miami, Florida
Champions Point National Bank Houston, Texas	N	2,969	18,900	16,000	11,235	April 5, 1990	Northwest Bank Houston, Texas
First Bank & Trust Company Cedar Hill, Texas	NM	4,226	13,700	12,900	6,332	April 5, 1990	NCNB Texas National Bank Dallas, Texas

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Deposit Assumptions							
The Bazine State Bank Bazine, Kansas	NM	2,728	17,100	15,700	3,417	April 12, 1990	Farmers Bank & Trust, N.A. Great Bend, Kansas
The Seamen's Bank for Savings, FSB New York, New York	MI	169,786	2,412,100	2,271,300	2,125,916	April 18, 1990	The Chase Manhattan Bank N.A. New York, New York
Charles Schreiner Bank Kerrville, Texas	NM	17,946	207,300	198,900	154,369	April 19, 1990	NCNB Texas National Bank Dallas, Texas
Corinth Deposit National Bank Corinth, Kentucky	N	1,105	6,800	6,600	1,133	April 19, 1990	The National Bank of Corinth Corinth, Kentucky
First State Bank of Crandall Crandall, Texas	NM	2,994	14,600	14,000	3,671	April 19, 1990	The American National Bank of Terrell Terrell, Texas
Security National Bank of Elgin Elgin, Texas	N	1,849	10,300	10,200	7,967	April 19, 1990	Elgin Bank of Texas Elgin, Texas
Cove State Bank Copperas Cove, Texas	NM	9,720	39,100	34,900	35,030	April 19, 1990	The National Bank of Gatesville Gatesville, Texas
Acadiana National Bank Lafayette, Louisiana	N	2,682	26,500	21,400	2,806	April 19, 1990	First National Bank of St. Landry Parish Opelousas, Louisiana
Bergen Park National Bank Evergreen, Colorado	N	1,019	4,200	3,300	3,352	April 20, 1990	Nederland National Bank Nederland, Colorado
Trinity National Bank of Dallas Dallas, Texas	N	7,480	37,400	37,000	37,154	April 25, 1990	Bank One Texas, National Association Dallas, Texas
Signature Bank, National Association Dallas, Texas	N	2,203	19,300	18,800	18,912	April 26, 1990	Compass Bank—Plano Plano, Texas
Central Arizona Bank Chandler, Arizona	NM	1,228	7,400	6,900	6,891	April 26, 1990	Security Pacific Bank Arizona Phoenix, Arizona
Guardian Bank Scottsdale, Arizona	SM	1,841	26,300	25,900	25,936	April 26, 1990	Citibank (Arizona) Phoenix, Arizona
Richardson National Bank Richardson, Texas	N	12,457	54,500	56,200	56,583	May 3, 1990	Comerica Bank-Texas Dallas, Texas
First National Bank, Northeast Austin, Texas	N	3,584	18,900	18,300	15,227	May 3, 1990	Hibernia National Bank in Texas Pflugerville, Texas
Tucker State Bank of Jacksonville Jacksonville, Florida	NM	3,642	47,900	46,200	32,554	May 4, 1990	Barnett Bank of Jacksonville, N. A. Jacksonville, Florida
Chancery National Bank Denver, Colorado	N	1,829	14,400	13,500	13,571	May 9, 1990	The Women's Bank, N.A. Denver, Colorado
Dominion National Bank of Denver Denver, Colorado	N	1,236	15,100	11,400	4,329	May 10, 1990	Omnibank Southeast Denver, Colorado
Commonwealth National Bank of Dallas Dallas, Texas	N	8,282	44,000	44,400	44,502	May 10, 1990	Comerica Bank-Texas Dallas, Texas
First National Bank of Grand Saline Grand Saline, Texas	N	4,821	28,400	28,000	15,572	May 10, 1990	Texas National Bank Longview, Texas
First National Bank of DeSoto DeSoto, Texas	N	6,284	25,300	25,600	25,778	May 10, 1990	Hibernia National Bank in Texas Pflugerville, Texas
The First National Bank of Georgetown Georgetown, Texas	N	10,233	70,700	66,800	67,134	May 17, 1990	NCNB Texas National Bank Dallas, Texas
First-Taylor National Bank Taylor, Texas	N	11,242	75,600	78,200	78,760	May 17, 1990	Citizens State Bank Giddings, Texas
Gentry County Bank Albany, Missouri	SM	8,973	43,800	44,200	6,496	May 24, 1990	Citizens National Bank Maryville, Missouri
Midway National Bank Dallas, Texas	N	2,261	15,200	14,700	14,751	May 24, 1990	Comerica Bank-Texas Dallas, Texas
Memorial Bank, National Association Houston, Texas	N	4,393	74,800	68,700	63,824	May 24, 1990	Compass Bank—Houston Houston, Texas
Farmers State Bank of Brookshire Brookshire, Texas	NM	2,815	18,600	17,700	4,301	May 24, 1990	First Bank Navasota, Texas
The Wilshire Bank, National Association Los Angeles, California	N	1,192	22,800	13,800	19,561	May 31, 1990	Mid City Bank, N.A. Los Angeles, California
The Huntsville National Bank Huntsville, Texas	N	14,256	111,100	104,300	43,866	May 31, 1990	NCNB Texas National Bank Dallas, Texas

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Deposit Assumptions							
Rocky Mountain National Bank Denver, Colorado	N	1,737	9,200	8,100	8,177	May 31, 1990	Colonial National Bank Denver, Colorado
NBC Bank-San Antonio, N.A. San Antonio, Texas	N	139,692	900,800	783,400	787,551	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-South Texas, N.A. Corpus Christi, Texas	N	22,267	114,900	117,200	117,849	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Boerne, N.A. Boerne, Texas	N	11,889	53,600	54,200	54,446	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Seguin, N.A. Seguin, Texas	N	14,051	66,100	64,600	45,821	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Houston, N.A. Houston, Texas	N	53,962	208,500	279,000	280,681	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Rio Grande Valley, N.A. Mission, Texas	N	29,627	142,200	126,400	38,160	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Kerrville, N.A. Kerrville, Texas	N	5,492	32,500	34,700	31,307	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Austin, N.A. Austin, Texas	N	7,261	37,600	43,200	41,362	June 1, 1990	NCNB Texas National Bank Dallas, Texas
NBC Bank-Uvalde, N.A. Uvalde, Texas	N	7,285	39,200	37,200	13,600	June 1, 1990	NCNB Texas National Bank Dallas, Texas
The Home National Bank of Milford Milford, Massachusetts	N	45,474	469,900	429,300	352,418	June 1, 1990	BayBank Middlesex Dedham, Massachusetts
Richmark Bank Houston, Texas	NM	4,793	32,900	33,500	33,617	June 7, 1990	Hibernia National Bank in Texas Pflugerville, Texas
Hulen National Bank Fort Worth Texas	N	2,324	11,400	11,300	11,398	June 7, 1990	First National Bank in Decatur Decatur, Texas
Texas National Bank El Paso, Texas	N	11,727	101,000	94,500	94,925	June 7, 1990	Texas Commerce Bank—El Paso, N.A. El Paso, Texas
Clifton National Bank Clifton, Texas	N	1,801	10,800	11,000	5,717	June 7, 1990	First National Bank of Valley Mills Valley Mills, Texas
The Merchant Bank of California Beverly Hills, California	NM	1,472	53,400	52,200	52,155	June 8, 1990	Western Bank Los Angeles, California
Exchange National Bank of Del City Del City, Oklahoma	N	6,782	39,900	35,000	18,639	June 14, 1990	The First National Bank of Midwest City Midwest City, Oklahoma
National City Bank of Denver Denver, Colorado	N	10,472	59,400	61,700	61,957	June 14, 1990	Omnibank Southeast Denver, Colorado
The Wimberly Bank Wimberly, Texas	NM	4,651	22,900	23,600	23,897	June 14, 1990	Ozona National Bank Ozona, Texas
Willow Bend National Bank Austin, Texas	N	6,056	61,000	61,000	61,350	June 14, 1990	Compass Bank—Plano Plano, Texas
Alliance Bank, N.A. Austin, Texas	N	1,908	80,500	72,400	72,637	June 14, 1990	Hibernia National Bank in Texas Pflugerville, Texas
Bank M Miami, Florida	SM	641	11,200	10,900	9,505	June 15, 1990	Bank of North America Miami, Florida
Farmers and Merchants Bank Buckeye, Arizona	NM	4,394	21,500	19,900	19,863	June 18, 1990	The Stockmen's Bank Kingman, Arizona
Lakeland State Bank Austin, Texas	SM	2,081	11,000	10,100	10,109	June 21, 1990	Hill Country Bank Leander, Texas
Centre National Bank—Farmers Branch Farmers Branch, Texas	N	4,600	34,300	31,500	31,608	June 21, 1990	Hibernia National Bank in Texas Pflugerville, Texas
Peoples National Bank Caldwell, Texas	N	1,668	8,800	9,400	4,131	June 21, 1990	Citizens State Bank Somerville, Texas
Bank of East Texas Tyler, Texas	SM	2,198	10,400	10,100	10,168	June 21, 1990	Chandler State Bank Chandler, Texas
American National Bank Elk City, Oklahoma	N	1,891	13,600	13,300	5,099	June 28, 1990	First Community Bank Binger, Oklahoma
Bacliff Bank, National Association Bacliff, Texas	N	3,684	7,400	7,000	7,030	June 28, 1990	The Citizens State Bank of Dickinson Dickinson, Texas

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Deposit Assumptions							
Valley View National Bank Valley View, Texas	N	2,222	12,700	12,100	12,149	June 28, 1990	Gainesville National Bank Gainesville, Texas
Southwest National Bank Austin, Texas	N	8,066	31,600	30,400	10,739	June 28, 1990	Texas Bank Odessa, Texas
Brookwood National Bank Oklahoma City, Oklahoma	N	3,737	24,200	23,900	6,575	June 28, 1990	The Liberty National Bank & Trust Co. Oklahoma City, Oklahoma
Eliot Savings Bank Boston, Massachusetts	MI	46,890	449,800	410,400	407,641	June 29, 1990	South Boston Savings Bank Boston, Massachusetts
Montgomery National Bank Rocky Hill, New Jersey	N	17,519	88,200	91,800	86,860	June 29, 1990	Amboy National Bank Amboy, New Jersey
Milford Savings Bank Milford, Massachusetts	MI	41,089	326,700	302,500	301,774	July 6, 1990	Peoples Savings Bank Worcester, Massachusetts
American National Bank of Greenville Greenville, Texas	N	3,114	26,200	24,500	24,595	July 12, 1990	Sulphur Springs State Bank Sulphur Springs, Texas
Iredell State Bank Iredell, Texas	NM	1,644	9,600	9,200	9,283	July 12, 1990	First Security State Bank Cranfills Gap, Texas
Permanent Savings Bank Niagara Fall, New York	MI	39,035	331,300	346,900	317,514	July 13, 1990	Key Bank of Western New York, N. A. Buffalo, New York
Bank of Odessa Odessa, Texas	SM	2,728	10,800	11,500	11,542	July 26, 1990	Western National Bank Odessa, Texas
First National Bank Purcell, Oklahoma	N	1,890	10,000	10,000	9,954	July 26, 1990	McClain County National Bank Purcell, Oklahoma
Continental Bank Dallas, Texas	NM	20,821	124,700	119,700	120,139	July 26, 1990	Comerica Bank—Texas Dallas, Texas
Bank of Wilson Wilson, Oklahoma	NM	2,854	12,800	12,600	12,739	July 26, 1990	American National Bank Ardmore, Oklahoma
The U.S. Savings Bank of America Seabrook, New Hampshire	MI	2,065	12,000	11,300	11,326	July 27, 1990	The Family Savings Bank of New Hampshire Seabrook, New Hampshire
American Bank & Trust Company Baton Rouge, Louisiana	NM	60,489	349,000	300,600	107,648	August 2, 1990	Hancock Bank of Louisiana Baton Rouge, Louisiana
United Bank of Waco, National Association Waco, Texas	N	44,407	265,300	252,600	254,028	August 2, 1990	Bank One Texas, National Association Dallas, Texas
First National Bank of Corpus Christi Corpus Christi, Texas	N	19,274	113,700	109,000	109,494	August 9, 1990	First City, Texas—Corpus Christi Corpus Christi, Texas
National Bank of Washington Washington, DC	N	300,398	1,619,500	1,289,900	1,407,214	August 10, 1990	The Riggs National Bank of Washington, DC Washington, DC
Cherry Creek National Bank Denver, Colorado	N	12,633	91,700	91,700	91,998	August 16, 1990	The Bank of Cherry Creek, N. A. Denver, Colorada
City National Bank Houston, Texas	N	5,763	35,400	34,500	34,651	August 16, 1990	Charter National Bank—Colonial Houston, Texas
Capitol Bank & Trust Oklahoma City, Oklahoma	NM	31,492	32,200	31,200	31,332	August 16, 1990	First Fidelity Bank, N.A. Oklahoma City, Oklahoma
Security National Bank Austin, Texas	N	2,974	15,100	14,500	14,592	August 30, 1990	Liberty National Bank Austin, Texas
First Bank of Plano Plano, Texas	SM	2,124	8,700	7,900	7,933	August 30, 1990	Compass Bank-Plano Plano, Texas
American Bank of Commerce, National Association Del Rio, Texas	N	4,060	14,900	13,500	13,572	August 30, 1990	Del Rio National Bank Del Rio, Texas
Chisholm National Bank Plano, Texas	N	3,886	20,400	19,300	19,425	August 30, 1990	Comerica Bank—Texas Dallas, Texas
The First National Bank of Levelland Levelland, Texas	N	8,413	63,600	60,200	66,034	August 30, 1990	Citizens Bank—Kilgore Kilgore, Texas
Northside Bank San Antonio, Texas	NM	8,357	51,900	50,600	50,766	September 6, 1990	Bank One Texas, National Association Dallas, Texas
Citizens Bank Clarksville, Texas	NM	2,615	16,400	16,000	16,067	September 13, 1990	State Bank of DeKalb DeKalb, Texas
First National Bank of Kennedale Kennedale, Texas	N	4,620	25,400	24,000	24,100	September 13, 1990	Central Bank & Trust Fort Worth, Texas

Insured Banks Requiring Disbursements by the Federal Deposit Insurance Corporation During 1990

Name and Location	Class of Bank	Number of Depositor Accounts	Total Assets ($000)	Total Deposits ($000)	FDIC Disbursements ($000)	Date of Closing, Deposit Assumption, Merger, or Assistance	Receiver, Assuming Bank, Transferee Bank or Merging Bank and Location
Deposit Assumptions							
First National Bank of Crosby Crosby, North Dakota	N	2,840	12,300	11,800	11,941	September 13, 1990	First National Bank & Trust Company Williston, North Dakota
Western National Bank of Texas Fort Worth, Texas	N	4,877	33,100	32,300	32,491	September 13, 1990	Central Bank & Trust Fort Worth, Texas
First State Bank of Rising Star Rising Star, Texas	NM	3,229	13,000	12,500	12,591	September 20, 1990	The Peoples State Bank Clyde, Texas
City National Bank of Irving Irving, Texas	N	6,042	31,200	30,900	30,985	September 20, 1990	Comerica Bank—Texas Dallas, Texas
Fort Worth State Bank Fort Worth, Texas	NM	2,865	17,700	16,500	17,444	September 27, 1990	Fidelity Bank Fort Worth, Texas
Great Western National Bank Lewisville, Texas	N	1,533	11,200	10,400	10,556	September 27, 1990	First Western National Bank Carrollton, Texas
Woodway Bank & Trust, National Association Houston, Texas	N	3,113	31,100	28,600	29,229	October 4, 1990	National Commerce Bank Houston, Texas
The Peoples Bank & Trust Company Natchitoches, Louisiana	NM	15,654	109,100	108,700	109,281	October 5, 1990	American Security Bank of Ville Platte Ville Platte, Louisiana
(Joint Purchasers)							Heritage Bank of Natchitoches Natchitoches, Louisiana
							Tri-State Bank & Trust Haughton, Louisiana
United Peoples Bank Lampasas, Texas	NM	4,565	31,100	30,700	30,812	October 11, 1990	First National Bank of Lampasas Lampasas, Texas
Brooklyn Savings Bank Danielson, Connecticut	MI	19,605	119,100	91,500	89,199	October 19, 1990	Willimantic Savings Institute Willimantic, Connecticut
Metropolitan National Bank McAllen, Texas	N	3,759	17,000	14,400	14,451	October 19, 1990	Raymondville State Bank Raymondville, Texas
First National Bank of Jackson Jackson, Tennessee	N	6,083	70,700	67,100	69,411	October 25, 1990	First Tennessee Bank, N. A. Memphis, Tennessee
The Farmers & Merchants Bank of Sheyenne Sheyenne, North Dakota	NM	895	2,900	2,800	2,807	October 26, 1990	The Ramsey National Bank & Trust Company Devils Lake, North Dakota
Western Bank Duncanville, Texas	NM	11,209	40,600	39,000	39,151	November 15, 1990	Western Bank & Trust Duncanville, Texas
Farmers State Bank of Madisonville Madisonville, Texas	NM	4,000	34,200	33,000	33,160	November 29, 1990	First Bank Katy, Texas
Bank of Arlington Arlington, Texas	NM	12,599	63,400	58,000	58,344	November 29, 1990	Bank One Texas, National Association Dallas, Texas
Boundary Waters State Bank Ely, Minnesota	NM	3,055	13,100	12,800	12,813	November 30, 1990	Stearns County National Bank Albany, Minnesota
Douglas County National Bank Parker, Colorado	N	1,984	4,100	4,000	3,982	December 6, 1990	City Central National Bank Denver, Colorado
Heights Bank Harker Heights, Texas	NM	7,434	28,100	21,800	21,813	December 7, 1990	Heights State Bank Harker Heights, Texas
Washington County State Bank Brenham, Texas	NM	11,560	77,700	74,900	75,556	December 13, 1990	Channelview Bank Channelview, Texas
First State Bank Lexington, Oklahoma	NM	1,336	7,600	7,600	7,633	December 13, 1990	McClain County National Bank Purcell, Oklahoma
Bank of Commerce Alexandria, Louisiana	NM	1,995	17,800	19,000	18,367	December 13, 1990	The Evangeline Bank and Trust Company Ville Platte, Louisiana
The State Bank of Omaha Omaha, Texas	NM	3,000	20,800	20,700	20,798	December 14, 1990	First National Bank of Hughes Springs Hughes Springs, Texas
First Commercial Bank of Florida Boca Raton, Florida	NM	6,746	143,800	160,600	142,269	December 14, 1990	Bank of North America Miami, Florida
Peoples State Bank Dallas, Texas	NM	4,140	26,600	26,000	26,202	December 14, 1990	Comerica Bank—Texas Dallas, Texas
Assistance Transactions							
The Pawnee National Bank Pawnee, Oklahoma	N	N/A	15,900	15,600	1,853	September 12, 1990	Pawnee Holding Company, Inc. Pawnee, Oklahoma

Table 125

Recoveries and Losses by the Federal Deposit Insurance Corporation on Disbursements for Protection of Depositors, 1934-1990

(Dollars in thousands)

Liquidation status and year of deposit payoff or deposit assumption	All cases					Deposit payoff cases					Deposit assumption cases[5]					Assistance transactions[6]				
	Number of banks	Disburse-ments	Recoveries to Dec. 31, 1990	Estimated additional recoveries	Losses[1]	Number of banks	Disburse-ments[2]	Recoveries to Dec. 31, 1990	Estimated additional recoveries	Losses[1]	Number of banks	Disburse-ments[3]	Recoveries to Dec. 31, 1990	Estimated additional recoveries	Losses[1]	Number of banks	Disburse-ments	Recoveries to Dec. 31, 1990	Estimated additional recoveries	Losses[1]
Total	**1,813**	**66,730,112**	**28,168,216**	**11,060,089**	**27,501,807**	**552**	**10,293,779**	**5,047,002**	**1,513,478**	**3,733,299**	**1,191**	**35,438,903**	**16,354,434**	**7,023,611**	**12,060,858**	**70**	**20,997,430**	**6,766,780**	**2,523,000**	**11,707,650**
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	0	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		3,124					
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	3,109		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	13,712	12,171	0	1,540	7	13,712	12,171	0	1,541										
1965	5	11,479	10,816	0	663	3	10,908	10,391	0	517	2	571	425		146					
1966	7	10,020	9,541	234	245	1	735	735			6	9,285	8,806	234	245					
1967	4	8,097	7,087	0	1,010	4	8,097	7,087	0	1,010										
1968	3	6,476	6,464	0	12						3	6,476	6,464		12					
1969	9	42,072	41,910	80	82	4	7,596	7,513	1	82	5	34,476	34,397		79					
1970	7	51,566	51,294	0	272	4	29,265	28,993	0	272	3	22,301	22,301	0						
1971	6	171,646	171,430	23	193	5	53,767	53,574	0	193	1	117,879	117,856	23						
1972	1	16,189	14,501	(8)	1,696	1	16,189	14,501	(8)	1,696										
1973	6	435,238	368,852	(1,101)	67,487	3	16,771	16,771	0		3	418,467	352,081	(1,101)	67,487					
1974	4	2,403,277	2,259,633	143,604	40						4	2,403,277	2,259,633	143,604	40					
1975	13	332,046	292,431	23,303	16,312	3	25,918	25,849	1	68	10	306,128	266,582	23,302	16,244					
1976	16	599,397	559,430	39,720	247	3	11,416	9,660	1,683	73	13	587,981	549,770	38,037	174					
1977	6	26,650	20,654	3,903	2,093						6	26,650	20,654	3,903	2,093					
1978	7	547,988	509,959	29,014	9,015	1	817	613	0	204	6	547,171	509,346	29,014	8,811					
1979	10	90,351	74,244	5,240	10,867	3	9,936	9,013	(10)	933	7	80,415	65,231	5,250	9,934					
1980	10	152,355	114,760	7,010	30,585	3	13,732	11,515	0	2,217	7	138,623	103,245	7,010	28,368					
1981	10	998,433	366,908	43,518	588,007	2	35,736	34,598	0	1,138	5	79,208	33,463	43,518	2,227	3	883,489	298,847	0	584,642
1982	42	2,211,356	822,939	75,497	1,312,920	7	277,202	205,271	701	71,230	26	417,678	318,918	74,796	23,964	9	1,516,476	298,750	0	1,217,726
1983	48	3,652,087	1,979,801	150,300	1,521,986	9	147,287	118,055	3,506	25,726	36	3,432,808	1,861,746	127,396	1,443,666	3	71,992	0	19,398	52,594
1984[7]	80	7,666,915	5,253,026	435,397	1,978,492	16	791,688	656,630	1,145	133,913	62	1,364,730	905,136	26,655	432,939	2	5,510,497	3,691,260	407,597	1,411,640
1985	120	2,778,553	1,462,718	242,358	1,073,477	29	522,701	398,270	(2,269)	126,700	87	1,603,242	919,344	144,627	539,271	4	652,610	145,104	100,000	407,506
1986	145	4,701,152	2,639,724	196,716	1,864,712	40	1,155,755	678,557	13,678	463,520	98	3,310,832	1,951,413	126,650	1,232,769	7	234,565	9,754	56,388	168,423
1987	203	4,967,369	2,473,681	259,145	2,234,543	51	2,099,214	1,152,143	153,087	793,984	133	2,699,631	1,319,771	105,971	1,273,889	19	168,524	1,767	87	166,670
1988	221	12,706,095	3,588,907	2,755,250	6,361,938	36	1,252,122	662,992	118,302	470,828	164	2,892,695	604,663	89,423	2,198,609	21	8,561,278	2,321,252	2,547,525	3,692,501
1989	207	9,362,957	2,956,541	(92,953)	6,499,369	32	2,164,215	736,165	477,601	950,449	174	3,802,596	2,220,330	37,441	1,544,825	1	3,396,146	46	(607,995)	4,004,095
1990	169	12,400,385	1,762,115	6,743,839	3,894,431	20	1,498,923	82,389	746,060	670,474	148	10,899,609	1,679,726	5,997,779	3,222,104	1	1,853	0	0	1,853

[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 assumption cases include $347.6 million of disbursements for advances to protect assets and liquidation expenses which had been excluded in prior years.
[6]"Assistance transactions" include: a) Banks merged with financial assistance from FDIC to prevent probable failure through 1990. b) $1,641 million of recorded liabilities at book value payable over future years.
[7]Includes CINB Assistance Agreement which had been previously excluded.
Note: Assistance losses for 1988 through 1990 include estimated costs payable in future years.
Note: Certain failed banks from 1988 and 1989 classified in the 1989 *Annual Report* as assistance transactions have been reclassified as deposit assumption cases.

Table 127

Income and Expenses, Federal Deposit Insurance Corporation, by Year, from Beginning of Operations, September 11, 1933, to December 1990

(Dollars in millions)

	Income				Expenses and losses				
Year	Total	Assessment Income	Assessment Credits	Investment and other sources[1]	Total	Deposit insurance losses and expenses	Interest on capital stock[2]	Administrative and operating expenses	Net Income (Loss) added to deposit insurance fund[3]
Total	**43,639.3**	**27,985.2**	**6,709.1**	**22,363.2**	**39,594.8**	**36,489.8**	**80.6**	**3,024.4**	**4,044.5**
1990	3,838.3	2,855.3	—	983.0	13,003.3	12,783.7[7]	—	219.6	(9,165.0)
1989	3,494.6	1,885.0	—	1,609.6	4,346.2	4,132.3	—	213.9	(851.6)
1988	3,347.7	1,773.0	—	1,574.7	7,588.4	7,364.5	—	223.9	(4,240.7)
1987	3,319.4	1,696.0	—	1,623.4	3,270.9	3,066.0	—	204.9	48.5
1986	3,260.1	1,516.9	—	1,743.2	2,963.7	2,783.4	—	180.3	296.4
1985	3,385.4	1,433.4	—	1,952.0	1,957.9	1,778.7	—	179.2	1,427.5
1984[6]	3,099.5	1,321.5	—	1,778.0	1,999.2	1,848.0	—	151.2	1,100.3
1983	2,628.1	1,214.9	164.0	1,577.2	969.9	834.2	—	135.7	1,658.2
1982	2,524.6	1,108.9	96.2	1,511.9	999.8	869.9	—	129.9	1,524.8
1981	2,074.7	1,039.0	117.1	1,152.8	848.1	720.9	—	127.2	1,226.6
1980	1,310.4	951.9	521.1	879.6	83.6	(34.6)	—	118.2	1,226.8
1979	1,090.4	881.0	524.6	734.0	93.7	(13.1)	—	106.8	996.7
1978	952.1	810.1	443.1	585.1	148.9[4]	45.6	—	103.3	803.2
1977	837.8	731.3	411.9	518.4	113.6	24.3	—	89.3	724.2
1976	764.9	676.1	379.6	468.4	212.3[4]	31.9	—	180.4[4]	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	(0.4)	—	7.0	10.0	0.2	5.6	4.2[5]	(3.0)

[1]Includes $721.4 million of interest and allowable return received on funds advanced to receivership and deposit assumption cases and $880.0 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.
[6]Revised due to restatement of December 31, 1984 financial statements.
[7]Includes contingency losses for future unresolved cases.

Insured Deposits and the Bank Insurance Fund, 1934-1990

(Dollars 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
1990[7]	**100,000**	**2,540,930**	**1,929,612**	**75.9**	**4,044.5**	**.16**	**.21**
1989	100,000	2,465,922	1,873,837	76.0	13,209.5	.54	.70
1988	100,000	2,330,768	1,750,259	75.1	14,061.1	.60	.80
1987	100,000	2,201,549	1,658,802	76.9	18,301.8	.83	1.10
1986	100,000	2,167,596	1,634,302	75.4	18,253.3	.84	1.12
1985	100,000	1,974,512	1,503,393	76.1	17,956.9	.91	1.19
1984	100,000	1,806,520	1,389,874	76.9	16,529.4	.92	1.19
1983	100,000	1,690,576	1,268,332	75.0	15,429.1	.91	1.22
1982	100,000	1,544,697	1,134,221	73.4	13,770.9	.89	1.21
1981	100,000	1,409,322	988,898	70.2	12,246.1	.87	1.24
1980	100,000	1,324,463	948,717	71.6	11,019.5	.83	1.16
1979	40,000	1,226,943	808,555	65.9	9,792.7	.80	1.21
1978	40,000[6]	1,145,835	760,706	66.4	8,796.0	.77	1.16
1977	40,000[5]	1,050,435	692,533	65.9	7,992.8	.76	1.15
1976	40,000	941,923	628,263	66.7	7,268.8	.77	1.16
1975	40,000	875,985	569,101	65.0	6,716.0	.77	1.18
1974	40,000	833,277	520,309	62.5	6,124.2	.73	1.18
1973	20,000	766,509	465,600	60.7	5,615.3	.73	1.21
1972	20,000	697,480	419,756	60.2	5,158.7	.74	1.23
1971	20,000	610,685	374,568	61.3	4,739.9	.78	1.27
1970	20,000	545,198	349,581	64.1	4,379.6	.80	1.25
1969	20,000	495,858	313,085	63.1	4,051.1	.82	1.29
1968	15,000	491,513	296,701	60.2	3,749.2	.76	1.26
1967	15,000	448,709	261,149	58.2	3,485.5	.78	1.33
1966	15,000	401,096	234,150	58.4	3,252.0	.81	1.39
1965	10,000	377,400	209,690	55.6	3,036.3	.80	1.45
1964	10,000	348,981	191,787	55.0	2,844.7	.82	1.48
1963	10,000	313,304[2]	177,381	56.6	2,667.9	.85	1.50
1962	10,000	297,548[3]	170,210	57.2	2,502.0	.84	1.47
1961	10,000	281,304	160,309	57.0	2,353.8	.84	1.47
1960	10,000	260,495	149,684	57.5	2,222.2	.85	1.48
1959	10,000	247,589	142,131	57.4	2,089.8	.84	1.47
1958	10,000	242,445	137,698	56.8	1,965.4	.81	1.43
1957	10,000	225,507	127,055	56.3	1,850.5	.82	1.46
1956	10,000	219,393	121,008	55.2	1,742.1	.79	1.44
1955	10,000	212,226	116,380	54.8	1,639.6	.77	1.41
1954	10,000	203,195	110,973	54.6	1,542.7	.76	1.39
1953	10,000	193,466	105,610	54.6	1,450.7	.75	1.37
1952	10,000	188,142	101,841	54.1	1,363.5	.72	1.34
1951	10,000	178,540	96,713	54.2	1,282.2	.72	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 deposits at the regular Call dates the percentages as determined from the June Call Report submitted by insured banks.
[2]December 20, 1963.
[3]December 28, 1962.
[4]Initial coverage was $2,500 from January 1 to June 30, 1934.
[5]$100,000 for time and savings deposits of in-state governmental units provided in 1974.
[6]$100,000 for Individual Retirement accounts and Keogh accounts provided in 1978.
[7]Starting in 1990, deposits in insured banks exclude those deposits held by BIF members that are covered by the Savings Association Insurance Fund under the "Oakar Amendment" to FIRREA.

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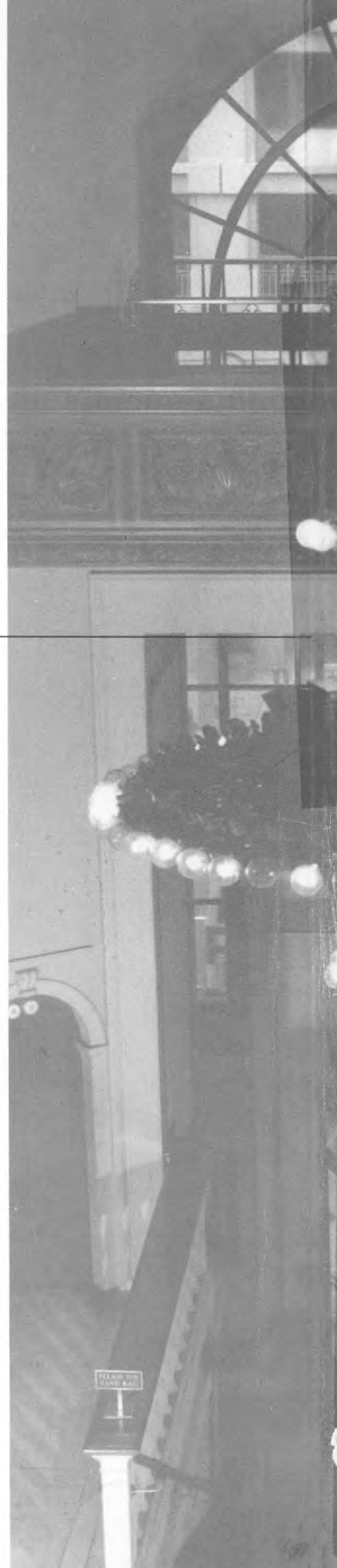

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