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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Examination Of The Federal Deposit Insurance Corporation's Financial Statements For The Year Ended December 31, 1982

GAO examined the financial statements of the Federal Deposit Insurance Corporation for the year ended December 31, 1982. The examination was made in accordance with generally accepted government auditing standards.

In GAO's opinion, the financial statements present fairly the financial position of the Corporation as of December 31, 1982, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles.

121456

UNITED STATES GENERAL ACCOUNTING OFFICE

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-211215

To the President of the Senate and the
Speaker of the House of Representatives

This report presents our opinion on the Federal Deposit Insurance Corporation's financial statements for the year ended December 31, 1982. We made our examination pursuant to the provisions of 31 U.S.C. 9105 and in accordance with generally accepted government auditing standards.

The Federal Deposit Insurance Corporation is an independent agency created by the Banking Act of 1933 to protect depositors in the Nation's banks, help maintain confidence in the banking system, and promote safe and sound banking practices.

We are sending copies of this report to the Director of the Office of Management and Budget, the Secretary of the Treasury, and the Chairman, Board of Directors, Federal Deposit Insurance Corporation.

Charles A. Bowsher
Comptroller General
of the United States

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-211215

To the Chairman, Board of Directors
Federal Deposit Insurance Corporation

We have examined the statement of financial position of the Federal Deposit Insurance Corporation as of December 31, 1982, and the related statements of income and the deposit insurance fund and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Federal Deposit Insurance Corporation as of December 31, 1982, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The financial statements of the Federal Deposit Insurance Corporation for the year ended December 31, 1981, were not audited by us and, accordingly, we do not express an opinion on them.

Charles A. Bowsher

Comptroller General
of the United States

Appendixes

REPORT ON INTERNAL ACCOUNTING CONTROLS

As part of our examination of the Federal Deposit Insurance Corporation's financial statements for the year ended December 31, 1982, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

--Assessments
--Assistance to problem banks
--Expenditures
--Financial reporting
--Investments
--Payroll

Our study included all of the control categories listed above except that we did not evaluate the accounting controls over investments, financial reporting, and assistance to problem banks because it was more efficient to expand substantive audit tests. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Corporation's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Federal Deposit Insurance Corporation is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Federal Deposit Insurance Corporation taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Federal Deposit Insurance Corporation for the year ended December 31, 1982. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances.

In our opinion, the Federal Deposit Insurance Corporation complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected the Corporation's financial statements.

Nothing came to our attention in connection with our examination that caused us to believe that the Corporation was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Federal Deposit Insurance Corporation

Comparative Statement of Financial Position (in thousands)

Assets	December 31, 1982	December 31, 1981
Cash	$ 1,335	$ 382
Investment in U.S. Treasury obligations:		
Securities at amortized cost (Note 1)	4,133,122	4,119,401
Interest receivable	307,116	231,406
Total	4,440,238	4,350,807
Assistance to insured banks:		
Notes receivable (Note 2)	50,619	21,969
Interest receivable	32,314	1,836
Total	82,933	23,805
Other receivables and prepaid items (Note 3)	9,793	4,542
Total Current Assets	4,534,299	4,379,536
Long-term investment in U.S. Treasury notes and bonds (Note 1)	9,119,243	7,885,591
Long-term assistance to insured banks:		
Notes receivable (Note 2)	654,643	406,512
Net worth certificates (Note 4)	174,529	0
Special assistance (Note 5)	7,816	0
Less: Allowance for losses (Note 5)	3,227	0
Total	833,761	406,512
Equity in assets acquired from insured banks:		
Depositors' claims paid	320,216	64,336
Depositors' claims unpaid	9,547	1,410
Loans and assets purchased	609,148	463,483
Assets purchased outright	401,563	528,230
Less: Allowance for losses (Note 6)	628,405	510,245
Total	712,069	547,214
Land and office buildings, less accumulated depreciation on buildings	34,153	22,932
Total Assets	$15,233,525	$13,241,785

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

APPENDIX III

Liabilities and the Deposit Insurance Fund

Liabilities and the Deposit Insurance Fund	December 31, 1982	December 31, 1981
Accounts payable and accrued liabilities	$ 56,762	$ 13,458
Collections held for others	2,453	3,299
Accrued annual leave of employees	6,935	6,533
Due insured banks:		
Net assessment income credits:		
Available July 1, 1982 (Note 7)	0	117,135
Available July 1, 1983 (Note 7)	96,181	0
Available excess credits (Note 8)	0	11,737
Total	96,181	128,872
Current notes payable plus accrued interest (Notes 9 and 10)	201,205	155,269
Current estimated payments due on income maintenance agreements (Note 11)	99,963	75,417
Total Current Liabilities	463,499	382,848
Long-term notes payable:		
F Street property notes (Note 9)	11,224	12,282
Promissory (exchange) notes (Note 4)	174,529	0
Total	185,753	12,282
Long-term liabilities incurred in failures of insured banks:		
FRB & FHLB indebtedness (Note 10)	147,666	285,333
Notes payable (Note 10)	476,484	9,647
Income maintenance agreements (Note 11)	176,632	304,125
Depositors' claims unpaid	9,547	1,410
Total	810,329	600,515
Estimated losses from Corporation litigation (Note 12)	3,000	0
Total Liabilities	1,462,581	995,645
Deposit Insurance Fund	13,770,944	12,246,140
Total Liabilities and the Deposit Insurance Fund	$15,233,525	$13,241,785

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

Federal Deposit Insurance Corporation

Comparative Statement of Income and the Deposit Insurance Fund (In thousands)

	For the twelve months ended December 31, 1982	December 31, 1981
Income:		
Gross assessments earned	$ 1,109,288	$ 1,040,940
Less: Provision for assessment credits	96,553	119,024
Total	**1,012,735**	**921,916**
Interest on U.S. Treasury obligations	1,116,216	985,417
Amortization of premiums and discounts (net)	253,750	130,043
Total	**1,369,966**	**1,115,460**
Interest earned on notes receivable	**79,178**	**31,924**
Interest received on assets in liquidation	**53,888**	**647**
Other income	**8,869**	**4,743**
Total Income	**2,524,636**	**2,074,690**
Expenses and Losses:		
Administrative operating expenses (net)	129,927	127,185
Merger assistance losses and expenses (net)	681,129	387,712
Provision for insurance losses (net)	126,436	320,412
Interest expense on FRB indebtedness	54,178	9,386
Nonrecoverable insurance expenses	8,162	3,396
Total Expenses and Losses	**999,832**	**848,091**
Net Income	**1,524,804**	**1,226,599**
Deposit Insurance Fund—January 1	**12,246,140**	**11,019,541**
Deposit Insurance Fund—December 31	**$13,770,944**	**$12,246,140**

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

Federal Deposit Insurance Corporation

Comparative Statement of Changes in Financial Position (In thousands)

	For the twelve months ended December 31, 1982	December 31, 1981
Sources of Working Capital		
From operations:		
Net income	$1,524,804	$1,226,599
Add: Depreciation expense	493	438
Amortization not effecting working capital	112,403	25,907
Allowance for loss adjustments	126,436	271,507
Income maintenance agreements adjustments	(436,855)	0
Total	1,327,281	1,524,451
From other sources:		
Portion of long-term investments in U.S.T. notes & bonds at amortized cost transferred as currently due	1,607,446	1,608,938
Portion of assistance to insured banks transferred as currently due	50,619	21,919
Collections on assistance to insured banks	296	0
Collections on assets acquired from insured banks:		
Receivership and payoff cases	26,118	11,873
Deposit assumption transactions	432,138	243,735
Increase in notes payable:		
Promissory (exchange) notes	174,529	0
Increase in liabilities incurred in failures of insured banks:		
FRB and FHLB indebtedness	29,800	428,000
Notes Payable	494,088	0
Income maintenance agreements	492,442	382,729
Total sources of working capital	4,634,757	4,221,645
Uses of Working Capital		
Purchase of U.S.T. notes and bonds	2,859,750	500,377
Increase in assistance to insured banks:		
Net worth certificates	174,529	0
Special assistance	8,112	0
Notes receivable	298,750	0
Assets acquired from insured banks:		
Receivership and payoff cases	282,353	34,855
Deposit assumption transactions	453,530	629,824
Purchase of San Francisco condominium offices	11,714	0
Portion of notes payable transferred as currently due	181,842	145,293
Payments made on notes payable	25,587	0
Portion of income maintenance agreements transferred as currently due	99,963	75,417
Payments made on income maintenance agreements	164,515	8,699
Total uses of working capital	4,560,645	1,394,465
Net increase in working capital	$ 74,112	$2,827,180

Changes in Working Capital Accounts	Working Capital (Increase — (Decrease))	
Cash	$ 953	$ (1,604)
Investment in U.S.T. securities at amortized cost	13,721	2,639,968
Interest receivable on U.S.T. securities	75,710	4,485
Payments due on assistance to insured banks	28,650	(21,250)
Interest receivable on assistance to insured banks	30,478	(1,182)
Other receivables and prepaid items	5,251	(455)
Accounts payable and accrued liabilities	(43,304)	(5,546)
Collections held for others	846	870
Accrued annual leave of employees	(402)	(359)
Net assessment income credits due insured banks	32,691	439,845
Current notes payable	(36,549)	(142,672)
Interest on notes payable	(9,387)	(9,503)
Current estimated payments on income maintenance agreements	(24,546)	(75,417)
Net increase in working capital	$ 74,112	$2,827,180

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

Federal Deposit Insurance Corporation

Summary of Significant Accounting Policies

General

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

U.S. Treasury Obligations

Securities are shown at amortized cost which is the purchase price of the securities less the amortized premium or plus the accreted discount. Such amortizations and accretions are computed on a daily straight-line basis from the date of acquisition to the date of maturity.

Deposit Insurance Assessments

The Corporation assesses insured banks at the rate of 1/12 of one percent per year on the bank's average deposit liability less certain exclusions and deductions. Assessments are due in advance for each six-month period and credited to income each month. The Depository Institutions Deregulation and Monetary Control Act of 1980 changed the percentage of net assessment income to be transferred to insured banks each July 1 of the following calendar year from 66 2/3 percent to 60 percent and authorized the FDIC Board of Directors to make adjustments to this percentage within certain limits in order to maintain the Deposit Insurance Fund between 1.25 and 1.40 percent of estimated insured deposits. If this ratio falls below 1.10 percent or above 1.40 percent, the FDIC is mandated to make further reductions, up to 50 percent, or increases to the percentage distribution of net assessment income.

Allowance for Losses

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

Depreciation

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

Retirement Plan

All permanent, full-time and part-time employees of the FDIC are covered by the contributory Civil Service Retirement Plan. The Corporation makes bi-weekly contributions to the plan equal to the employees' bi-weekly contributions. The retirement plan expenses paid for calendar years 1982 and 1981 were $6,377,000 and $5,992,000, respectively.

Accrued Interest

Accrued interest, when classified in the current portions of the Comparative Statement of Financial Position, represents the entire amount of interest due to or due from the Corporation within one year, including interest accrued on those principal amounts classified as long-term.

Income Maintenance Agreements

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

Reclassifications

Reclassifications have been made in the 1981 Financial Statements to conform to the presentation used in 1982.

Federal Deposit Insurance Corporation

Notes to Financial Statements—December 31, 1982 and 1981

1. U.S. Treasury Obligations

All cash received by the Corporation which is not used to defray operating expenses or for outlays related to assistance to banks and liquidation activities, is invested in U.S. Treasury securities. As of December 31, 1982 and 1981, the Corporation's investment portfolio consisted of the following:

		December 31, 1982 (In thousands)			
Maturity	**Description**	**Par Value**	**Book Value**	**Market Value**	**Cost**
1 Day	Special Treasury Certificates	$ 649,376	$ 649,376	$ 649,376	$ 649,376
Less than	U.S.T. Bills	1,975,000	1,876,300	1,895,998	1,765,458
1 Year	U.S.T Notes & Bonds	1,606,200	1,607,446	1,616,458	1,613,593
Total Current		**4,230,576**	**4,133,122**	**4,161,832**	**4,028,427**
1-5 Years	U.S.T. Notes & Bonds	7,106,126	7,232,759	7,363,982	7,274,441
5-10 Years	U.S.T. Notes & Bonds	1,820,000	1,812,924	1,732,709	1,807,740
Over 10 Years	U.S.T. Bonds	75,546	73,560	62,255	71,806
Total Long-Term		**9,001,672**	**9,119,243**	**9,158,946**	**9,153,987**
Total Investment		**$13,232,248**	**$13,252,365**	**$13,320,778**	**$13,182,414**

		December 31, 1981 (In thousands)			
Maturity	**Description**	**Par Value**	**Book Value**	**Market Value**	**Cost**
1 Day	Special Treasury Certificates	$ 822,578	$ 822,578	$ 822,578	$ 822,578
Less than	U.S.T. Bills	1,809,000	1,687,886	1,692,733	1,601,298
1 Year	U.S.T Notes & Bonds	1,609,896	1,608,937	1,581,749	1,619,254
Total Current		**4,241,474**	**4,119,401**	**4,097,060**	**4,043,130**
1-5 Years	U.S.T. Notes & Bonds	4,842,326	4,881,567	4,401,699	4,909,898
5-10 Years	U.S.T. Notes & Bonds	2,940,000	2,930,651	2,362,069	2,926,126
Over 10 Years	U.S.T. Bonds	75,546	73,373	48,821	71,806
Total Long-Term		**7,857,872**	**7,885,591**	**6,812,589**	**7,907,830**
Total Investment		**$12,099,346**	**$12,004,992**	**$10,909,649**	**$11,950,960**

2. Assistance to Insured Banks

The Corporation's outstanding principal balances on notes receivable from insured banks at December 31, 1982 and 1981 are:

	1982	1981
A. Current Notes:		
To Assist Operating Banks:		
Unity Bank and Trust Company	$ 0	$ 1,350,000
Bank of the Commonwealth	3,000,000	3,000,000
To Facilitate Merger Agreements:		
First Interstate Bank of Washington, N.A.	30,000,000	0
To Facilitate Deposit Assumptions:		
Bank Leumi Trust Company of New York	1,250,000	1,250,000
New Orleans Bancshares, Inc.	833,000	833,000
European-American Bancorp.	15,000,000	15,000,000
Drovers Bank of Chicago	500,000	500,000
Town-Country National Bank	36,000	36,000
Total Current Notes	50,619,000	21,969,000
B. Long-Term Notes:		
To Assist Operating Banks:		
Bank of the Commonwealth	27,000,000	30,000,000
First Pennsylvania Bank, N.A.	325,000,000	325,000,000
To Facilitate Merger Agreements:		
Philadelphia Saving Fund Society	216,250,000	0
Abilene National Bank	50,000,000	0
Syracuse Savings Bank	2,500,000	0
To Facilitate Deposit Assumptions:		
Bank Leumi Trust Company of New York	3,750,000	5,000,000
New Orleans Bancshares, Inc.	2,500,000	3,333,000
European-American Bancorp.	25,000,000	40,000,000
Drovers Bank of Chicago	2,500,000	3,000,000
Town-Country National Bank	143,000	179,000
Total Long-Term Notes	654,643,000	406,512,000
Total	$705,262,000	$428,481,000

3. Other Receivables and Prepaid Items

The Corporation's other receivables and prepaid items at December 31, 1982 and 1981 are:

	1982	1981
Receivables	$9,693,000	$4,405,000
Prepaid Items	100,000	137,000
Total	$9,793,000	$4,542,000

4. Net Worth Certificates

The Garn-St. Germain Depository Institutions Act of 1982 authorized the FDIC to establish a net worth certificate program. Under the program, the FDIC will purchase from qualified institutions capital instruments known as Net Worth Certificates up through October 15, 1985. Each certificate issued will generally remain outstanding for up to seven years from the date of issuance. As consideration for the purchase of a qualified institution's Net Worth Certificates, the Corporation will issue its non-negotiable, floating-rate promissory notes of equal principal value. Both the FDIC's promissory notes and the qualified institution's Net Worth Certificates will pay interest quarterly at a rate tied to the average equivalent coupon-issue yield on the U.S. Treasury's 52-Week Bill auction held immediately prior to the beginning of a calendar quarter plus one-half of one percent. As of December 31, 1982, the following qualified institutions have assistance amounting to $174,529,000 under the FDIC's net worth certificate program:

The Lincoln Savings Bank	$ 14,933,000
Emigrant Savings Bank	28,294,000
Roosevelt Savings Bank	3,416,000
East River Savings Bank	9,408,000
The Bowery Savings Bank	58,700,000
Inter-County Savings Bank	487,000
Auburn Savings Bank	913,000
The Seamen's Bank For Savings	12,980,000
Orange Savings Bank	2,426,000
Dry Dock Savings Bank	17,478,000
The Dime Savings Bank of New York	5,000,000
The Williamsburgh Savings Bank	18,377,000
Elizabeth Savings Bank	181,000
Colonial Mutual Savings Bank	476,000
Beneficial Mutual Savings Bank	1,460,000
Total	$174,529,000

5. Allowance for Losses - Special Assistance
In accordance with an Assistance Agreement dated October 4, 1982, between the FDIC, the Oklahoma National Bank and Trust Company, N.A., Oklahoma City, Oklahoma, and the First National Bank and Trust Company of Oklahoma City, N.A., Oklahoma City, Oklahoma, the FDIC agreed to indemnify Oklahoma National Bank and Trust Company, N.A., against any losses on existing loans and certain other claims recognized over the next 12 months to the extent that such losses exceed $19.25 million. If losses are recognized in excess of that level, the FDIC will be entitled to 100 percent of any recoveries on the charged-off loans until the FDIC's outlays are fully recovered. As of December 31, 1982, the FDIC had recorded $3,227,000 of estimated losses on $7,816,000 of unrecovered outlays.

6. Allowance for Losses - Assets in Liquidation
An analysis of the changes in the estimated allowance for losses on assets in liquidation are described below by account groups for the years ended December 31, 1982 and 1981. The provision of $48,009,000 charged to expense under depositors' claims paid includes $46,000,000 of estimated losses from the closing of Penn Square Bank, N.A., Oklahoma City, Oklahoma. Although all estimates are subject to increases and decreases over time, the original reserve of $46,000,000, equal to approximately 20 percent of the FDIC's total outlay, will in all likelihood be substantially increased as assets and claims are appraised or evaluated. This process is expected to be completed by mid-1983.

	1982	1981
Depositors' claims paid:		
Balance, beginning of period	$ 11,285,000	$ 18,346,000
Add (Subtract):		
Provision charged to expense	48,009,000	325,000
Net adjustment to prior years	(592,000)	(7,386,000)
Write-off at termination	(350,000)	0
Balance, end of period	58,352,000	11,285,000
Loans and assets purchased:		
Balance, beginning of period	154,114,000	183,962,000
Add (Subtract):		
Provision charged to expense	61,958,000	7,422,000
Net adjustment to prior years	(5,106,000)	(37,270,000)
Write-off at termination	(657,000)	0
Balance, end of period	210,309,000	154,114,000
Assets purchased outright:		
Balance, beginning of period	344,846,000	36,734,000
Add (Subtract):		
Provision charged to expense	21,464,000	364,105,000
Net adjustment to prior years	(6,566,000)	(7,088,000)
Write-off at termination	0	(48,905,000)
Balance, end of period	359,744,000	344,846,000
Total	**$628,405,000**	**$510,245,000**

7. Assessment Credits Due Insured Banks

Contingent upon a legislatively specified ratio of the Corporation's Deposit Insurance Fund to estimated insured bank deposits, the FDIC credits a legislatively authorized percentage (currently 60 percent) of its net assessment income to insured banks. This credit is distributed, pro-rata, to each insured bank as a reduction of the following year's assessments. Net assessment income is determined by gross assessments less administrative operating expenses and expenses and losses related to insurance operations.

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

The computation and distribution of net assessment income credits for calendar year 1982 and 1981 are as follows:

1982 Net Assessment Income Credits Due Insured Banks - July 1, 1983

Computation:		
Gross Assessment Income - C.Y. 1982		$1,108,254,000
Less: Administrative Operating Expenses (Net)	$129,927,000	
Merger Assistance Losses and Expenses less Amortization and Accretion (Net)	628,562,000	
Provision for Insurance Losses (Net)	126,436,000	
Nonrecoverable Insurance Expenses (Net)	61,881,000	
Opportunity Lending Costs (Net)	1,560,000	948,366,000
Net Assessment Income		$ 159,888,000
Distribution:		
40% to the Deposit Insurance Fund	$ 63,955,000	
60% to Insured Banks	95,933,000	$ 159,888,000
Assessment Credit Due Insured Banks:		
Assessment Credit - C.Y. 1982		$ 95,933,000
Assessment Credits - Prior Years		248,000
Total Credits Due, July 1, 1983		$ 96,181,000

Effective Rate of Assessment for C.Y. 1982: 1/13 of 1% of Total Assessable Deposits

1981 Net Assessment Income Credits Due Insured Banks - July 1, 1982

Computation:		
Gross Assessment Income - C.Y. 1981		$1,037,621,000
Less: Administrative Operating Expenses (Net)	$127,185,000	
Merger Assistance Losses and Expenses less Amortization and Accretion (Net)	382,200,000	
Provision for Insurance Losses (Net)	320,412,000	
Nonrecoverable Insurance Expenses (Net)	12,771,000	842,568,000
Net Assessment Income		$ 195,053,000
Distribution:		
40% to the Deposit Insurance Fund	$ 78,021,000	
60% to Insured Banks	117,032,000	$ 195,053,000
Assessment Credit Due Insured Banks:		
Assessment Credit - C.Y. 1981		$ 117,032,000
Assessment Credits - Prior Years		103,000
Total Credits Due, July 1, 1982		$ 117,135,000

Effective Rate of Assessment for C.Y. 1981: 1/14 of 1% of Total Assessable Deposits

8. Available Excess Credits

As of December 31, 1981, assessments receivable from insured banks reflected credit balances representing excesses of income credits made available to insured banks on July 1, 1981, over assessments due for the last six months of the calendar year. These excess credits continue to be available to insured banks at the beginning of the next assessment period in the following calendar year.

9. Notes Payable - F Street Property

On June 30, 1980, the Corporation purchased property located at 1776 F Street, N.W., Washington, D C. for a purchase price of $17,406,308, plus closing costs. The purchase price of the land was $2,378,880, and the building purchase price amounted to $15,130,221. This purchase was financed by cash outlays amounting to $3,102,793, the assumption of the existing mortgage on the property amounting to $6,406,308, and the issuance of a promissory note, maturing over seven years, amounting to $8,000,000. As of December 31, 1982 and 1981, the current portions of the mortgage and of the promissory note amounted to $1,058,000 and $1,053,000, respectively.

10. Liabilities Incurred in Failures of Insured Banks

The Corporation's outstanding principal balances on liabilities incurred in failures of insured banks as of December 31, 1982 and 1981 are as follows:

	1982	1981
A. Current Notes:		
Federal Reserve Bank of New York	$142,667,000	$142,667,000
Federal Home Loan Bank of New York	3,000,000	0
Franklin Buildings, Inc.	1,053,000	1,573,000
First Interstate Bank of Washington, N.A.	1,340,000	0
Hudson City Savings Bank	4,000,000	0
Buffalo Savings Bank	12,724,000	0
Philadelphia Saving Fund Society	16,000,000	0
Total Current	180,784,000	144,240,000
B. Long-Term Notes:		
Federal Reserve Bank of New York	142,666,000	285,333,000
Federal Home Loan Bank of New York	5,000,000	0
Franklin Buildings, Inc.	5,103,000	9,647,000
First Interstate Bank of Washington, N.A.	21,024,000	0
Hudson City Savings Bank	24,000,000	0
Buffalo Savings Bank	192,232,000	0
Philadelphia Saving Fund Society	204,125,000	0
American Savings Bank	30,000,000	0
Total Long-Term	624,150,000	294,980,000
Total	$804,934,000	$439,220,000

11. Income Maintenance Agreements

The income maintenance agreements, including amounts to cover overhead costs, are classified and presented on the financial statements at the present value of anticipated future payments. The present value of current estimated payments includes that portion expected to be amortized to future value and paid within the next twelve months. The Corporation's liability balances at present value with operating insured banks as of December 31, 1982 and 1981 are as follows:

	1982	1981
A. Current		
Metropolitan Savings Bank	$ 15,025,000	$ 31,483,000
Harlem Savings Bank	6,460,000	13,144,000
Union Dime Savings Bank	0	30,790,000
Marquette National Bank	9,489,000	0
First Interstate Bank of Washington, N.A.	254,000	0
Buffalo Savings Bank	60,743,000	0
Philadelphia Saving Fund Society	7,992,000	0
Total Current	99,963,000	75,417,000
B. Long-Term		
Metropolitan Savings Bank	58,333,000	160,391,000
Harlem Savings Bank	17,183,000	56,831,000
Union Dime Savings Bank	0	86,903,000
Marquette National Bank	(6,411,000)	0
First Interstate Bank of Washington, N.A	2,720,000	0
Buffalo Savings Bank	67,280,000	0
Philadelphia Saving Fund Society	37,527,000	0
Total Long-Term	176,632,000	304,125,000
Total	$276,595,000	$379,542,000

12. Estimated Losses From Corporation Litigation

Estimated losses from Corporation litigation of $3,000,000 represents estimates for potential losses in three out of ten legal actions involving a total of approximately $44,835,000 of claims, counterclaims, and possible indemnity exposures against the FDIC in its corporate capacity as of December 31, 1982.

13. Lease Commitments

Rent for office premises charged to expense was $5,695,000 (1982) and $5,771,000 (1981). Minimum rentals for each of the next five years and for subsequent years thereafter are as follows:

1983	1984	1985	1986	1987	1988/thereafter
$5,921,000	$5,247,000	$4,548,000	$4,474,000	$4,331,000	$4,391,000

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

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