BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Examination Of The Federal Home Loan Bank Board's And Related Agencies' Financial Statements For The Year Ended December 31, 1982

GAO examined the financial statements of the Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation, and Federal Home Loan Banks for the years ended December 31, 1982 and 1981. The examination was made in accordance with generally accepted government auditing standards.

In GAO's opinion, the financial statements present fairly the financial positions of the Board, Insurance Corporation, and Banks at December 31, 1982 and 1981 and the results of their operations and the changes in their financial positions for the years then ended, in conformity with generally accepted accounting principles.

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

B-206830

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

This report presents our opinion on the Federal Home Loan Bank Board's, the Federal Savings and Loan Insurance Corporation's (FSLIC's), and the Federal Home Loan Banks' financial statements for the years ended December 31, 1982 and 1981.

We made our examination pursuant to the provisions of 31 U.S.C. 9105 and the Federal Home Loan Bank Act (12 U.S.C. 1431(j)), and in accordance with generally accepted government auditing standards. The Federal Home Loan Bank Board supervises the activities of FSLIC and the banks; therefore, we included the Board's financial statements in our examination.

The Federal Home Loan Bank Board is an independent agency which formulates policies for and supervises the operation of the twelve Federal Home Loan Banks, FSLIC, and the system of Federal Savings and Loan Associations. FSLIC is a government corporation that insures the safety of savings in thrift and home financing institutions. The Federal Home Loan Banks provide loans to financial institutions in order to reduce the recurring variations in the supply and demand of residential mortgage credit.

We are sending copies of this report to the Director of the Office of Management and Budget and the Chairman of the Federal Home Loan Bank Board.

Charles A. Bowsher
Comptroller General
of the United States

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

B-206830

To the Board of Directors
Federal Home Loan Bank Board

We have examined the statements of condition of the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Banks as of December 31, 1982 and 1981, and the related statements of income and expense and changes in financial position for the years 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 positions of the Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation, and Federal Home Loan Banks as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial positions for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Charles A. Bowsher
Comptroller General
of the United States

Appendixes

REPORT ON INTERNAL ACCOUNTING CONTROLS OF THE FEDERAL HOME LOAN BANK BOARD

As part of our examination of the Federal Home Loan Bank Board'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.

--Expenditures.

--Financial reporting.

--Payroll.

Our study included all of the control categories listed above except that we did not evaluate the controls over financial reporting 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 Board'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 Home Loan Bank Board 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 Home Loan Bank Board 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 THE FEDERAL HOME LOAN BANK BOARD'S COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Federal Home Loan Bank Board 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 Home Loan Bank Board complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected the Board's financial statements.

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

APPENDIX I

FEDERAL HOME LOAN BANK BOARD
COMPARATIVE STATEMENT OF CONDITION
DECEMBER 31, 1982 AND 1981

	1982	1981
Assets		
Cash with U. S. Treasury (Note 2).....	$ 1,040,136	$ 1,263,248
Accounts Receivable.....	10,922,669	11,208,395
Land and Building (Note 1).....	44,875,505	45,365,951
Furniture, Fixtures and Equipment (Note 1)..	3,897,307	3,921,223
Tenants Improvements (Note 1).....	1,888,412	1,560,389
Other.....	373,580	335,601
Total Assets.....	$62,997,609	$63,654,807
Liabilities and Capital		
Accounts Payable and Accrued Liabilities....	$ 6,154,987	$ 6,347,339
Employees Accrued Annual Leave.....	3,341,464	3,271,130
Total Liabilities.....	$ 9,496,451	$ 9,618,469
Retained Earnings.....	$ 8,916,878	$ 9,036,338
Paid in Capital - FHLBB Quarters (Note 3)...	44,584,280	45,000,000
Total Capital (Note 4).....	$53,501,158	$54,036,338
Total Liabilities and Capital.....	$62,997,609	$63,654,807

The accompanying notes are an integral part of this financial statement.

APPENDIX I

FEDERAL HOME LOAN BANK BOARD
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1982 and 1981

	1982	1981
Income		
Examination Fees from Savings and Loan Institutions..	$15,900,789	$19,984,759
Assessments:		
Federal Home Loan Banks.....	9,879,993	8,927,907
Federal Savings and Loan Insurance Corporation..	36,446,645	29,864,739
Rent and Miscellaneous Other.....	2,168,351	1,488,782
Total Income.....	$64,395,778	$60,266,187
Expenses		
Personnel Compensation.....	$41,957,576	$39,575,006
Personnel Benefits.....	3,980,474	3,812,936
Travel and Transportation.....	7,022,615	6,714,446
Rent, Communication, and Utilities.....	4,599,963	4,043,468
Depreciation:		
Furniture, Fixtures, and Equipment.....	667,318	751,016
Building.....	766,855	800,000
Tenants Improvements.....	191,724	84,000
Building Maintenance and Other Services.....	5,328,713	5,093,343
Total Expenses.....	$64,515,238	$60,874,215
Net Income (Loss)	(119,460)	(608,028)

The accompanying notes are an integral part of this financial statement.

APPENDIX I

FEDERAL HOME LOAN BANK BOARD
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1982 AND 1981

	1982	1981
Source of Funds		
Net Income	$ (119,460)	$ (608,029)
Adjust for Items Not Affecting Working Capital		
Depreciation:		
Building	766,855	800,000
Furniture, Fixtures and Equipment	667,318	751,016
Tenants Improvements	191,724	84,000
Decrease in Working Capital	348,839	1,344,976
Decrease in Paid in Capital (Note 3)	(415,720)	-0-
Total Funds Provided	$ 1,439,556	$ 2,371,963
Application of Funds		
Capital Expenditures:		
Building	$ 276,408	$ 1,380,594
Furniture, Fixtures and Equipment	643,402	899,522
Tenants Improvements	519,746	91,847
Total Funds Applied	$ 1,439,556	$ 2,371,963

The accompanying notes are an integral part of this financial statement.

FEDERAL HOME LOAN BANK BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1982 AND 1981

1. Summary of significant accounting policies:
   a. Furniture, Fixtures and Equipment - These assets are at cost less accumulated depreciation of $3,436,909 and $2,774,634 at December 31, 1982 and 1981, respectively. Depreciation is computed on the straightline method over the estimated useful life of the property.
   b. Building - This asset is at cost less accumulated depreciation of $3,766,855 at December 31, 1982.
   c. Tenants Improvements - This asset is at cost less accumulated depreciation of $330,574 at December 31, 1982.

2. An additional $51,854 is available in a separate fund provided by appropriations pursuant to the provisions of the Emergency Home Finance Act of 1970. Use of such funds is for the purpose of adjusting the effective interest charged by the Federal Home Loan Banks on short and long term borrowing in order to promote an orderly flow of funds into residential construction.

3. In 1974, the Board assessed the Federal Home Loan Banks $40,000,000 and, in 1977, another $5,000,000 for the total estimated cost to construct the Federal Home Loan Bank Board building located in Washington, D.C. Of the $45,000,000 assessed and classified as paid-in-capital, $44,584,280 has been paid to the Board by the Banks. The General Services Administration has turned the building over to the Board, therefore, the unpaid assessment of $415,720 will not be required. Accordingly, the receivable was written off and paid-in-capital is being adjusted to reflect this change.

4. The following is a summary of the Board's capital:

	1982	1981
Retained Earnings		
Retained Earnings at Beginning of Year	$ 9,036,338	$ 9,644,366
Net Income (Loss)	(119,460)	(608,028)
Retained Earnings at End of Year	$ 8,916,878	$ 9,036,338
Paid-in-Capital		
Paid-in-Capital at Beginning of Year	$45,000,000	$45,000,000
Assessment Write-Off	(415,720)	-0-
Paid-in-Capital at End of Year	$44,584,280	$45,000,000
Total Capital at End of Year	$53,501,158	$54,036,338

REPORT ON INTERNAL ACCOUNTING CONTROLS OF THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

As part of our examination of the Federal Savings and Loan 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:

--Assistance to problem savings and loan associations.

--Expenditures.

--Financial reporting.

--Insurance billing.

--Investments.

Our study included all of the control categories listed above except that we did not evaluate the accounting controls over investments and financial reporting 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 Savings and Loan 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 Savings and Loan 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 THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION'S COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Federal Savings and Loan 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 Savings and Loan 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.

APPENDIX II

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
COMPARATIVE STATEMENT OF CONDITION
DECEMBER 31, 1982 AND 1981

	1982	1981
Assets		
Cash	$ 202,632	$ 2,436,212
Receivables	22,941,411	22,709,072
Investments (Notes 1, 2 and 3)	6,354,939,104	5,803,556,358
Accrued Interest on Investments	82,422,387	86,934,056
Loans to Insured Institutions	346,422,570	389,990,516
Subrogated Accounts in Insured Institutions	98,448,431	68,230,822
Income Capital and Net Worth Certificates	441,800,000	84,000,000
Less Allowance for Possible Future Losses	169,900,000	-0-
Total Certificates (Note 6)	271,900,000	84,000,000
Mortgage Loans and Other Assets (Note 3)	375,417,897	449,919,687
Less Allowance for Possible Future Losses	40,440,587	15,822,358
Total Mortgage Loans and Other Assets	334,977,310	434,097,329
Total	$ 7,512,253,845	$ 6,891,954,365
Liabilities and Reserves		
Accounts Payable and Other Liabilities	$ 43,073,295	$ 39,369,879
Notes Payable to Insured Institutions (Note 7)	456,503,030	84,000,000
Allowance for Possible Future Losses Under Contribution Agreements (Notes 4 and 5)	705,358,127	612,516,886
Secondary Reserve	613,649,656	599,261,377
Primary Reserve (Note 10)	5,693,669,737	5,556,806,223
Total	$ 7,512,253,845	$ 6,891,954,365

The accompanying notes are an integral part of this financial statement.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1982 AND 1981

	1982	1981
Income		
Insurance Premiums (Note 1)	$ 426,988,298	$ 425,070,211
Interest on Investments	603,591,599	539,615,324
Interest on Loans to Insured Institutions	33,982,328	33,417,217
Income on Mortgage Loans	24,183,608	47,518,805
Other Income	1,351,148	69,073
Total Income	$1,090,096,981	$1,045,690,630
Expenses		
Administrative Expenses	$ 1,013,549	$ 989,691
Loss on Sale of Securities	306,253	8,641,009
Services Rendered by The Federal Home Loan Bank Board	36,446,645	29,864,739
Insurance Settlement and Other Expenses	41,775,243	12,575,450
Provision for Possible Future Losses:		
Contribution Agreements (Note 4)	596,718,914	912,991,679
Mortgage Loans and Other Assets (Note 3)	56,883,388	10,520,000
Certificates (Note 6)	169,900,000	-0-
Interest Applied to the Secondary Reserve (Note 8)	50,189,475	55,457,653
Total Expenses	$ 953,233,467	$1,031,040,221
Net Income	$ 136,863,514	$ 14,650,409

The accompanying notes are an integral part of this financial statement.

APPENDIX II

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1982 AND 1981

Source of Funds	1982	1981
Net Income	$ 136,863,514	$ 14,650,409
Adjust for Items Not Affecting Working Capital:		
Depreciation of FF&E	12,903	13,729
Adjustment to Provisions for Losses on:		
Mortgage Loans and Other Assets (Note 3)	56,883,388	10,520,000
Contribution Agreements (Note 4)	596,718,914	912,991,679
Certificates (Note 6)	169,900,000	-0-
Interest on the Secondary Reserve (Note 8)	50,189,475	55,457,653
Transfers from Secondary Reserve	(35,691,577)	(117,574,916)
Amortization Income	(32,385,840)	(35,215,812)
Subtotal	$ 939,374,353	$ 840,842,742
Realization on Mortgage Loans and Other Assets	$ 95,844,104	$ 125,519,208
Issuance of Notes Payable (Note 7)	379,503,030	84,000,000
Principal Payments on Loans to Insured Institutions	57,636,048	23,026,117
Principal Payment on Notes and Advance Contributions	2,164,850	2,121,509
Reduction in Securities	-0-	289,857,000
Redemption of Certificates	7,000,000	-0-
Decrease in Cash	2,233,580	-0-
Decrease in Working Capital	2,251,804	-0-
Total Funds Provided	$1,489,124,193	$1,365,366,576
Application of Funds		
Acquisition of Assets:		
Subrogated Accounts in Insured Institutions	$ 30,217,608	$ 68,230,822
Investment Securities	551,730,300	-0-
Certificates (Note 6)	364,800,000	84,000,000
Mortgage Loans and Other Assets	18,446,971	469,526,441
Capitalized Expenditures	642,130	24,769,132
FF&E and Leasehold Improvements	26,492	3,828
Loans to Insured Institutions	12,273,400	199,337,367
Redemption of Notes Payable	7,000,000	-0-
Contributions to Insured Institutions	503,877,673	318,003,481
Refund of Secondary Reserve	109,619	130,793,553
Increase in Cash	-0-	516,287
Increase in Working Capital	-0-	70,185,665
Total Funds Applied	$1,489,124,193	$1,365,366,576

The accompanying notes are an integral part of this financial statement.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1982 AND 1981

1. Summary of significant accounting policies:
   a) Investments - Investment securities are stated at cost, adjusted for amortization of premiums and accretion of discounts. Such amortization and accretion are computed on the "constant yield" method at rates based upon the lives of the related securities except for GNMA securities which are computed on the sum of the years digits method. Both amortization and accretions are recognized as an adjustment to interest income on investments.
   b) Furniture and Equipment - These assets are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the property. The net balance of this account is insignificant and is included in other assets.
   c) Income Recognition - Insurance premium income is recognized as earned when member institutions are assessed.

2. Investments - The investments at December 31, 1981 and 1982 are (000's):

	December 31, 1982		December 31, 1981	
	Book value	Market value	Book value	Market value
U.S. Treasury obligations	$5,257,882	$4,691,138	$4,693,220	$3,844,099
Federal agency securities	1,063,689	1,077,406	1,055,007	912,540
Other Investments (Net)	33,368	28,706	55,329	30,821
Total	$6,354,939	$6,067,250	$5,803,556	$4,787,460

3. In 1981 and prior years, FSLIC listed all Assets Acquired from Insured Institutions as one line item. The 1981 figures have been restated to be comparable. The changes in the Allowance for Possible Future Losses regarding Mortgage Loans and Other Assets of the FSLIC for the years ended December 31, 1982 and 1981 are (000's):

	December 31, 1982	December 31, 1981
Allowance for Possible Future Losses		
Balance, Beginning of Period	$15,822	$10,510
Add: Provision Charged to Expense	56,883	10,520
Add: Adjustment Due to Acquisition	5,539	18
Less: Losses Realized on Assets Acquired During Period	37,804	5,226
Balance, End of Period	$40,440	$15,822

4. The changes in the Allowance for Possible Future Losses under Contribution Agreements for the years ended December 31, 1982 and 1981 are (000's):

	December 31, 1982	December 31, 1981
Allowance for Possible Future Losses		
Balance, Beginning of Period	$612,517	$ 17,529
Add: Provision Charged to Expense	596,719	861,991
Less: Contributions Paid During Period	503,878	267,003
Balance, End of Period	$705,358	$612,517

APPENDIX II

5. The FSLIC makes contribution agreements to prevent default of an insured institution. Under some of these arrangements, the Corporation agrees to make, or commits itself to make, certain contributions over time. The changes in the Allowance for Possible Future Losses under Contribution Agreements for the years ended December 31, 1982 and 1981 are (000's):

	December 31, 1982	December 31, 1981
Allowance for Possible Future Losses:		
Balance, Beginning of Period	$612,517	$ 17,529
Add: Provision Charged to Expense	596,719	912,991
Less: Contibutions Paid During Period	503,878	318,003
Balance, End of Period	$705,358	$612,517

The remaining contingent liability under these agreements in excess of the Allowance for Possible Future Losses totaled $422,670,000 at December 31, 1982 and $461,886,000 at December 31, 1981 respectively. It is management's opinion that these amounts will not have to be paid.

6. During 1981 and 1982 the FSLIC purchased Income Capital Certificates (ICC's) and Net Worth Certificates (NWC's) from insured savings and loan institutions in the amount of $441,800,000. The FSLIC records the ICC's and NWC's at cost. Both the ICC's and NWC's earn annual income payments based on the United States Treasury bill rates. The annual income payments and principal are redeemable upon the issuing Association having profitable operations and attaining a specified net worth level. Therefore, no annual income payments have been accrued and an allowance for losses has been established in the amount of $169,900,000.

7. In return for Income Capital Certificates and Net Worth Certificates, the FSLIC issued negotiable notes in the amount of $408,800,000 during 1981 and 1982. Variable interest is paid semiannually based on the average auction yield for United States Treasury notes with maturities from 5-10 years. In addition to issuing negotiable notes to purchase ICC's and NWC's, the FSLIC has also issued other notes to carry out its default prevention activities in the amount of $47,703,000.

8. The FSLIC's total reserves available for losses consist of the primary and secondary reserves. The primary reserve is the cumulative net income of the FSLIC since its inception. The secondary reserve is the equity of certain savings and loans in FSLIC based on premium prepayments and related interest not yet credited to these savings and loans. It is available for losses, but may also be paid back to the savings and loans depending on FSLIC's financial condition and management's anticipation of losses. Interest is credited to the secondary reserve based on the yield of FSLIC's investmennt portfolio and is shown as an expense of the primary reserve.

9. From time to time in its default prevention activities, the FSLIC may guarantee repayment of FHLBank advances that were made to certain insured savings and loan associations. These guarantees are typically granted on a short-term basis, generally covering advances that are totally secured. The amount of these advances as of December 31, 1982 totaled $523.5 million and $824.7 million at December 31, 1981. The FSLIC considers the likelihood of ever incurring losses under these arrangements to be very remote. In the unlikely event that it would be called upon to honor these guarantees, the FSLIC would have claim against any assets securing such advances.

10. Restatement of prior year's financial statements - Calendar Year 1981 has been restated to give effect to a change in recording GNMA securities acquired in 1980 and 1981. This restatement has resulted in a reduction of earnings from continuing operations for the year ended December 31, 1981 in the amount of $17.5 million. Reclassifications have been made to 1981 financial statements to conform to the 1982 presentation. The balance of primary reserve at January 1, 1981 has been restated from amounts previously reported to reflect a retroactive charge of $127.9 million.

	1982	1981
Primary Reserve at Beginning of Year:		
As Previously Reported	$5,702,284,223	$5,670,095,814
Prior Period Adjustments	145,478,000	127,940,000
As Restated	$5,556,806,223	$5,542,155,814
Net Income	136,863,514	14,650,409
Primary Reserve at End of Year	$5,693,669,737	$5,556,806,223

11. Given the state of the economy and present condition of the industry, it is possible that FSLIC could sustain increased losses in subsequent accounting periods due to its default prevention actions. Because many of the causes for default are beyond management's control, the amount of these losses cannot be determined. However, the Corporation believes that its resources, including the right to increase insurance premiums, are sufficient to absorb any such losses over the forseeable future.

REPORT ON INTERNAL ACCOUNTING CONTROLS OF THE FEDERAL HOME LOAN BANKS

As part of our examination of the Federal Home Loan Banks' combined 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:

--Advances to members.

--Expenditures.

--Financial reporting.

--Investments.

--Members' deposits.

--Notes and bonds issued.

--Payroll.

Our study included all of the control categories listed above except that we did not evaluate the accounting controls over investments and financial reporting 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 banks' 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 each of the twelve district banks 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 Home Loan Banks 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 THE FEDERAL HOME LOAN BANKS' COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Federal Home Loan Banks 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 Home Loan Banks complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected the Banks' financial statements.

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

APPENDIX III

Federal Home Loan Banks: Combined Statement of Condition, December 31, 1982, and December 31, 1981
(in thousands)

	Combined		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis		Chicago		Des Moines		Little Rock		Topeka		San Francisco		Seattle	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
ASSETS																										
Cash (Note 2)	$358,475	$395,302	$5,816	$4,071	$26,832	$12,155	$20,826	$34,409	$8,604	$8,239	$10,760	$5,473	$3,782	$7,556	$5,386	$9,695	$68,163	$58,989	$20,578	$5,711	$10,345	$7,833	$137,163	$222,797	$40,220	$18,374
Investments at cost (Note 3)	12,575,112	8,157,138	503,910	275,738	461,793	1,075,761	973,582	147,497	2,130,823	937,955	1,358,887	865,548	260,589	187,563	723,979	631,885	426,281	358,010	1,002,983	888,336	505,718	276,243	2,834,447	1,975,644	1,392,140	556,960
Advances to members (Note 4)	66,000,777	65,194,261	1,474,871	1,228,549	5,801,287	5,969,214	1,661,984	1,993,836	8,710,008	9,516,624	3,806,898	4,031,265	2,764,102	1,778,182	3,519,606	3,760,356	4,205,054	3,784,578	3,988,064	4,359,173	3,574,906	3,471,987	20,585,646	20,574,206	5,906,351	4,726,291
Other loans.																										
Guaranteed by AID, net (Note 5)	84,635	85,869	30,865	31,530	53,970	54,339																				
Other FHL Banks	400,000	50,000			250,000	50,000											30,000						120,000			
Total other loans	484,635	135,869	30,865	31,530	303,970	104,339											30,000						120,000			
Accrued interest receivable	581,932	546,732	14,456	13,566	64,168	70,027	23,082	20,625	8,677	5,199	40,989	44,303	14,479	9,001	37,021	40,182	411	130	53,993	50,737	34,725	35,119	227,458	203,832	62,473	54,011
Bank premises and equipment	31,722	28,705	560	399	2,636	2,621	698	661	1,859	1,695	4,256	3,039	984	926	2,043	1,918	2,974	3,317	1,221	925	376	334	12,366	11,181	1,749	1,691
Less: depreciation and amortization	(11,310)	(9,868)	(285)	(250)	(1,133)	(939)	(469)	(434)	(897)	(691)	(2,266)	(1,964)	(329)	(233)	(1,063)	(887)	(1,118)	(1,604)	(589)	(448)	(127)	(91)	(2,050)	(1,585)	(964)	(742)
Net book value	20,412	18,837	275	149	1,503	1,682	209	227	962	1,004	1,990	1,075	655	693	980	1,029	1,856	1,713	632	477	249	243	10,316	9,596	785	949
Other assets.																										
Stock and debenture—FHLMC (Note 8)	150,000	150,000	7,350	7,350	17,550	17,550	9,150	9,150	21,300	21,300	13,950	13,950	7,350	7,350	15,450	15,450	9,150	9,150	10,200	10,200	5,850	5,850	26,850	26,850	5,850	5,850
Concessions and discount on COs—Bonds	46,399	39,820	1,515	759	3,974	4,094	1,170	1,010	5,441	4,336	2,864	2,418	2,411	801	1,988	1,683	2,968	1,991	2,487	2,421	2,877	2,492	14,020	15,332	4,704	2,483
Deferred charges—FHLBB cost of quarters	35,702	37,484	1,420	1,491	3,993	4,189	1,695	1,781	5,674	5,958	2,958	3,105	1,557	1,634	3,437	3,609	2,187	2,296	2,306	2,421	1,701	1,787	7,348	7,715	1,426	1,498
Assessment—FHLB operating expenses																										
Deferred charge—FHLBB capital expenditures	3	368		16		44		18		57		30		16	2	36		23		25		17		69	1	17
Other	8,452	4,522	142	159	1,845	426	253	144	578	294	569	390	300	684	533	310	772	1,191	394	233	455	422	2,172	226	439	43
Total other assets	240,556	232,194	10,427	9,775	27,362	26,303	12,268	12,103	32,993	31,945	20,341	19,893	11,618	10,485	21,410	21,088	15,077	14,651	15,367	15,300	10,883	10,568	50,390	50,192	12,420	9,891
Total assets	80,261,899	74,680,333	2,040,420	1,563,376	6,686,915	7,259,481	2,691,951	2,208,697	10,892,067	10,500,966	5,239,865	4,967,557	3,055,225	1,973,480	4,308,382	4,464,235	4,746,842	4,218,071	5,081,597	5,319,734	4,136,826	3,801,993	23,965,420	23,036,267	7,416,389	5,368,476
LIABILITIES AND CAPITAL																										
Liabilities																										
Deposits and borrowings.																										
Members—time	$12,598,116	$11,015,512	$439,176	$309,502	$754,031	$843,241	$40,425	$553,341	$2,754,179	$1,708,916	$949,750	906,337	304,067	204,093	1,099,004	804,267	647,712	666,693	838,335	592,889	339,650	237,860	3,014,211	3,116,375	1,367,576	1,071,998
Members—demand	2,134,237	898,228			29,222	25,061	860,163	72,907	1,239	1,683	372,374	24,001	86,931	103,001	(24)	(6)	232,159	271,498	190,163	112,922	64,779	54,276	248,117	186,836	46,114	46,049
Other FHL Banks	400,000	50,000											200,000	50,000	30,000		140,000				30,000					
Other borrowings	23,102	221,162	1,427							92,669		104,224								22,658	20,250				1,425	1,411
Total deposits and borrowings	15,155,455	12,184,902	490,803	309,502	783,253	868,302	900,588	626,248	2,755,418	1,803,268	1,322,124	1,034,562	593,998	357,094	1,128,980	804,261	1,019,871	938,191	1,028,498	728,669	454,679	292,136	3,262,328	3,303,211	1,415,115	1,119,458
Accrued interest payable	1,572,297	1,459,439	34,118	24,809	145,837	154,767	43,899	39,807	158,438	160,524	93,878	103,043	56,240	27,754	77,448	75,554	80,842	69,595	95,362	99,306	95,665	90,692	573,503	515,187	118,067	98,201
Consolidated obligations (Note 7)																										
Bonds	50,955,598	46,310,700	1,196,493	797,960	7,219,000	7,806,000	1,254,000	1,096,000	5,115,000	4,605,000	2,874,500	2,799,000	1,877,000	861,000	2,105,000	2,143,000	2,945,500	2,210,000	2,883,000	2,664,000	2,975,000	2,765,000	16,900,750	15,801,750	3,610,355	2,562,000
Discount notes	7,901,478	11,258,582	51,307	178,350	515,333	944,902	212,694	177,249	1,710,860	2,935,323	416,626	518,336	210,005	442,436	406,558	873,657	296,270	617,782	533,681	1,143,525	272,466	325,520	1,437,082	1,873,615	1,838,596	1,227,887
Less: pass throughs to FHLMC	(2,890,000)	(3,438,300)			(2,890,000)	(3,380,000)				(58,300)																
FHLB's participations	55,967,076	54,130,982	1,247,800	976,300	4,844,333	5,370,902	1,466,694	1,273,249	6,825,860	7,482,023	3,291,126	3,317,336	2,087,005	1,303,436	2,511,558	3,016,657	3,241,770	2,827,782	3,416,681	4,007,525	3,247,466	3,090,520	18,337,832	17,675,365	5,448,951	3,789,887
Other liabilities:																										
Accounts payable	11,697	8,478	126	65	806	1,108	6	15	354	431	1,754	163	303	817	113	94	81	80	10	15	6,134	1,660	2,010	4,023		7
Accounts payable—FHLBB operating expenses	2,509	2,171	104	93	334	303	100	90	400	359	184	173	146	99	209	192	144	131	190	163	87	80	611	488		
Other	139,337	93,670	1,739	60	8,784	6,488	108	230	50,101	42,964	4,108	654	158	954	4,467	1,994	239	809	9,148	3,546	2,827	1,468	51,779	30,679	5,879	3,824
Total other liabilities	153,543	104,319	1,969	218	9,924	7,899	214	335	50,855	43,754	6,046	990	607	1,870	4,789	2,280	464	1,020	9,348	3,724	9,048	3,208	54,400	35,190	5,879	3,831
Total liabilities	72,848,371	67,879,642	1,774,490	1,310,829	5,783,347	6,401,870	2,411,395	1,939,639	9,790,571	9,489,569	4,713,174	4,459,931	2,736,850	1,690,154	3,722,775	3,898,752	4,342,947	3,836,568	4,549,889	4,839,224	3,806,858	3,476,756	22,228,063	21,528,953	6,988,012	5,011,377
Capital																										
Capital stock outstanding (Note 9)	6,269,223	5,827,107	239,413	227,530	782,268	746,495	230,137	222,790	918,554	883,683	424,239	422,645	274,507	244,602	481,569	470,973	339,163	322,834	438,810	410,094	268,277	272,072	1,508,490	1,304,923	363,796	298,466
Retained earnings.																										
Legal reserve	879,958	794,317	23,340	22,059	102,119	94,028	41,329	39,275	119,095	108,284	75,707	69,371	35,717	33,664	89,076	82,340	51,874	47,872	65,315	56,158	44,093	38,447	185,527	161,474	46,766	41,345
Dividend stabilization reserve	116,781	32,305	219		7,668	5,575	2,155	59	47,247	2,830	6,532		3,901	810	2,828	36	2,858	777	17,583	4,258	8,400	5,520	8,686	6,263	8,704	6,177
Undivided profits	147,566	146,962	2,958	2,958	11,513	11,513	6,935	6,934	16,600	16,600	20,213	19,610	4,250	4,250	12,134	12,134	10,000	10,000	10,000	10,000	9,198	9,198	34,654	34,654	9,111	9,111
Total retained earnings	1,144,305	973,584	26,517	25,017	121,300	111,116	50,419	46,268	182,942	127,714	102,452	88,981	43,868	38,724	104,038	94,510	64,732	58,649	92,898	70,416	61,691	53,165	228,867	202,391	64,581	56,633
Total capital	7,413,528	6,800,691	265,930	252,547	903,568	857,611	280,556	269,058	1,101,496	1,011,397	526,691	511,626	318,375	283,326	585,607	565,483	403,895	381,483	531,708	480,510	329,968	325,237	1,737,357	1,507,314	428,377	355,099
Total liabilities and capital	80,261,899	74,680,333	2,040,420	1,563,376	6,686,915	7,259,481	2,691,951	2,208,697	10,892,067	10,500,966	5,239,865	4,967,557	3,055,225	1,973,480	4,308,382	4,464,235	4,746,842	4,218,071	5,081,597	5,319,734	4,136,826	3,801,993	23,965,420	23,036,267	7,416,389	5,368,476
Contractual commitments for advances	4,155,769	3,180,093	6,595	73,225	321,448	218,143	59,170	173,125	262,921	246,787	331,078	287,371		71,600	317,827	250,614	172,289	242,126	646,743	345,836	371,342	158,647	1,358,375	1,039,764	307,981	72,855
Def hedge gains (losses) netted in total of																										
Investment at cost																										
Advances to members	(9,695)		287		(2,085)				(3,531)				(343)		(646)		1,355		(2,264)		(2,668)					
Deposits and borrowings																										
Consolidated obligations—bonds	(5,102)		543																							
Consolidated obligations—discount notes																									(5,645)	

The accompanying notes are an integral part of this financial statement.

APPENDIX III

Federal Home Loan Banks: Combined Statement of Income for the Twelve Months Ending December 31, 1982, and December 31, 1981
(in thousands)

	Combined		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis		Chicago		Des Moines		Little Rock		Topeka		San Francisco		Seattle	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
INCOME																										
Interest on advances to members	$8,701,842	$6,994,211	$157,201	$133,225	$825,652	$678,509	$237,262	$207,226	$1,227,520	$1,017,439	$517,910	$438,579	$275,723	$183,724	$480,059	$409,662	$482,166	$400,949	$565,857	$464,959	$456,015	$380,470	$2,790,978	$2,172,737	$685,499	$506,832
Income from investments	1,266,801	942,212	45,641	31,634	105,474	99,205	52,929	45,840	161,747	119,933	122,741	87,500	26,675	26,880	87,587	92,242	44,501	59,271	125,212	72,334	46,902	33,549	318,463	205,265	126,729	68,439
Interest and fees on AID loans	7,145	7,263	2,418	2,485	4,727	4,778																				
Earned commitment fees	42,254	35,976	142	296	2,083	6,786	33	24	1,011	1,714	1,428	2,448	3,574	851	712	448	3,786	4,236	5,735	4,462	2,954	1,671	13,773	11,126	7,023	1,914
Income from services to members	22,032	8,780	114	84	854	117	763	40	2,797	1,186	2,424	714	1,986	1,369	2,017	401	1,960	822	3,254	1,085	1,412	436	4,016	2,375	435	171
Income from services—other FHLBanks	506				3										262		234						7			
Other income	43,061	10,745	978	3	10,571	5,717	45	217	3,295	1,145	1,998	511	1,687	453	2,186	461	1,398	88	1,247	552	598	115	12,529	1,042	6,529	441
Total income	10,083,641	7,999,187	206,494	167,727	949,364	795,112	291,032	253,347	1,396,370	1,141,417	646,501	529,852	309,845	213,277	572,823	503,114	534,045	465,366	701,305	543,372	507,881	416,241	3,139,766	2,392,565	828,215	577,797
EXPENSES																										
Interest and other costs:																										
Interest and concessions—consolidated obligations	7,396,538	5,673,774	140,093	107,841	751,792	572,854	181,122	140,013	957,765	799,472	435,675	344,298	218,356	148,650	366,954	312,793	378,387	330,551	505,663	401,556	414,219	332,890	2,445,770	1,768,697	600,742	394,359
Assessments—FHLBB:																										
Operating expenses	9,843	8,792	394	368	1,272	1,083	383	363	1,530	1,395	708	687	420	395	802	775	540	522	709	636	441	422	2,181	1,869	485	277
Amortization of capital expenditures	364	363	16	16	44	43	17	18	57	57	30	30	16	16	34	34	23	23	25	25	17	17	69	68	16	16
Amortization of cost of quarters	1,783	1,782	71	71	192	196	86	86	284	284	148	148	78	78	172	171	109	109	115	115	85	85	367	367	72	72
Assessments—Office of Finance	4,593	4,235	246	254	521	465	244	233	579	501	385	347	273	265	335	378	281	262	361	309	266	243	780	665	322	313
Interest on deposits	1,597,429	1,685,841	45,927	56,280	93,717	141,737	77,549	98,198	276,273	257,769	125,091	135,100	54,046	54,815	121,327	131,111	100,186	107,940	87,605	93,346	39,303	41,328	425,204	435,804	151,201	132,413
Other interest	16,677	11,460	67	9	826	1,835			3,593	1,742	3,670	2,027	389		1,403	1,328	13	57	847	676	728	86	3,453	3,564	1,688	136
Total interest and other costs	9,027,227	7,386,247	186,814	164,839	848,368	718,213	259,401	238,911	1,240,081	1,061,220	565,705	482,637	273,578	204,219	491,027	446,590	479,539	439,464	595,325	496,663	455,059	374,871	2,877,804	2,231,034	754,526	527,586
Other operating expenses																										
Salaries and benefits	50,146	40,402	1,618	1,411	5,721	4,498	2,137	2,010	5,482	4,534	5,262	4,136	2,754	2,360	3,788	3,157	4,075	3,107	4,663	3,388	1,504	1,302	11,007	8,783	2,135	1,716
Fees and professional services	4,302	3,110	165	142	390	296	173	174	298	320	219	155	125	117	131	242	114	202	255	179	92	79	2,227	966	113	238
Travel expense	2,829	2,595	152	134	237	243	158	154	370	321	270	236	125	133	173	158	201	217	411	330	141	138	404	355	187	176
Telephone and telegraph	3,412	2,851	58	53	248	148	103	104	530	446	570	485	136	152	153	158	343	273	431	358	119	93	530	448	191	153
Stationery and supplies	8,760	8,362	115	102	1,491	938	645	563	652	796	1,576	1,332	273	263	281	480	964	877	1,038	492	269	558	1,130	1,462	328	399
Cost of quarters	7,715	6,323	291	288	985	802	304	301	727	616	1,195	661	428	441	647	560	903	844	433	321	187	181	1,314	1,029	301	279
Depreciation—furniture and equipment	1,296	1,124	18	27	80	59	46	43	168	157	93	79	70	58	119	112	165	113	132	97	26	22	209	189	170	168
Equipment expense	9,268	9,687	55	208	590	569	61	576	718	810	1,003	937	694	951	457	602	1,149	1,444	683	645	385	305	3,278	2,485	195	155
Other contractual services	2,628		277		338		742		106		186		264		140		306		121		79				69	
Inter-FHLBank service charges	277												10		226						3		38			
Other	3,677	3,224	150	116	513	1,005	93	106	427	310	361	189	183	107	331	210	301	135	318	186	130	58	868	685	192	117
Total other operating expenses	94,310	77,678	2,899	2,481	10,593	8,558	4,462	4,131	9,478	8,310	10,735	8,190	5,072	4,582	6,446	5,679	8,521	7,212	8,483	5,996	2,935	2,736	20,805	16,402	3,881	3,401
Total expenses	9,121,537	7,463,925	189,713	167,320	858,961	726,771	263,863	243,042	1,249,559	1,069,530	576,440	490,827	278,650	208,801	497,473	452,269	488,060	446,676	603,808	502,659	457,994	377,607	2,898,609	2,247,436	758,407	530,987
Net income	962,104	535,262	16,781	407	90,403	68,341	27,169	10,305	146,811	71,887	70,061	39,025	31,195	4,476	75,350	50,845	45,985	18,690	97,497	40,713	49,887	38,634	241,157	145,129	69,808	46,810

Federal Home Loan Banks: Notes to Financial Statements, December 31, 1982 and 1981.

Organization and Related Agencies

The twelve District Federal Home Loan Banks (FHLBanks), together with their member institutions, comprise the FHLBank System. The FHLBank System is designed to promote homeownership through the extension of credit to savings and home financing institutions. Member institutions include all federally chartered savings and loan associations, all federally chartered mutual savings banks, and all institutions insured by the Federal Savings and Loan Insurance Corporation (FSLIC). Membership is also available to qualifying institutions, such as state-chartered, non-FSLIC-insured savings associations and mutual savings banks.

The FHLBanks are instrumentalities of the federal government; they are owned by and serve as central credit banks for member institutions. A principal source of funds for the FHLBanks is the sale to the public of debt instruments (consolidated obligations), which are the joint and several obligations of all FHLBanks. Other funds are provided by issuance of capital stock, all of which is owned by the Banks' members, and member deposits.

The FHLBank System is governed and regulated by the Federal Home Loan Bank Board (Bank Board) which is an independent federal agency in the executive branch of government. The Bank Board is the chartering and regulatory authority for federal savings and loan associations and federal mutual savings banks. The Bank Board governs the Federal Home Loan Mortgage Corporation (Mortgage Corporation), which is a secondary mortgage market facility. The principal function of the Mortgage Corporation, which is owned by the FHLBanks, is to promote the flow of capital into the housing markets by establishing an active secondary market in residential mortgages. Further, the Bank Board governs the insurance of accounts in savings and loan associations and federal mutual savings banks through the FSLIC. Bank Board expenses are met through assessments to the FHLBanks and the FSLIC and assessments to member institutions for examinations.

1. Summary of Significant Accounting Policies

The more significant accounting policies not described elsewhere in the notes to the financial statements are as follows:

(a) Investments—Investment securities are stated at cost, adjusted for amortization of premiums and accretion of discounts. Gains and losses on sales of securities are included in income from investments.

(b) Advances to Federal Home Loan Mortgage Corporation—Proceeds from certain consolidated obligations have been advanced to the Mortgage Corporation at the same interest rates and maturities as the related consolidated obligations. The Mortgage Corporation is effectively reimbursing the FHLBanks for interest, accordingly, the advances, related consolidated obligations, interest expense, and interest income have been offset and are not reflected in the accompanying financial statements.

(c) Bank premises, furniture and equipment, and leasehold improvements—These assets are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the property or life of the lease.

(d) Federal Home Loan Bank Board assessments—The FHLBanks expense their *pro rata* share of the Bank Board assessment for operating expenses during the year in which the assessment is levied.

The Bank Board has assessed the FHLBanks for its portion of the cost of the Bank Board's office building in Washington, DC. These payments are treated as a deferred charge and amortization is computed using the straight-line method for a period of 25 years.

The Bank Board also assesses the FHLBanks for their portion of the cost of capital expenditures for furniture, equipment, and furnishings for the Bank Board's building. Payments against these assessments are treated as a deferred charge and amortization is computed using the straight-line method for a five-year period.

(e) Concessions on consolidated obligations—The amounts allowed dealers in connection with the sale of consolidated obligation bonds are deferred and amortized on the straight-line method to the maturity of the obligations. However, amounts applicable to the sale of consolidated obligation discount notes are charged directly to expense as incurred because of their short term maturities.

(f) Hedging—The FHLBanks are engaged in an asset/liability management program that includes the use of hedges in the cash and financial futures markets. Gains and losses on hedge transactions are deferred and amortized using the level-yield method over the term to maturity of the related hedged asset or liability. Deferred gains and losses are reflected as an adjustment of the carrying value of hedged assets or liabilities.

(g) Unearned commitment fees—Advance commitment fees are initially set up as a deferred credit when received. Non-refundable fees of less than $1,000 are taken into income immediately and fees of $1,000 or more are amortized to income over the period of the commitment on a straight line basis. Refundable fees are deferred until the commitment expires or the advance is made.

2. Cash Balances

Compensating balances—The FHLBanks have agreed to maintain average collected cash balances with various commercial banks in consideration for certain services. These arrangements are informal and there are no legal restrictions as to the withdrawal of funds. The average compensating balances were approximately $44,525,000 and $27,452,500 at December 31, 1982 and 1981, respectively.

Pass through deposit reserves—The *Depository Institutions Deregulation and Monetary Control Act of 1980* authorizes FHLBanks to act as pass-through correspondents for member institutions required to deposit reserves with the Federal Reserve. The amount shown as cash includes $75,792,000 and $40,513,500 at December 31, 1982 and 1981, respectively, of pass through reserves deposited with Federal Reserve offices. Member deposit reserves are included under Other Liabilities.

3. Investments

A comparison of the book value and market value follows:

	December 31, 1982	
	Book Value	Market Value
	(in thousands)	
US Treasury obligations	$1,115,385	$1,119,561
US government agencies	197,222	197,398
Federal funds sold	5,220,200	5,220,200
Term funds sold	1,160,200	1,160,200
Bankers acceptances	386,768	386,868
Certificates of deposit—domestic	268,165	268,548
Certificates of deposit—Eurodollars	578,626	579,243
Securities held under resale agreement	1,059,931	1,059,931
Participation in the FHLBanks' Consolidated Securities Fund	2,568,628	2,570,666
	$12,575,115	$12,582,615

	December 31, 1981	
	Book Value	Market Value
	(in thousands)	
US Treasury obligations	$ 681,597	$ 668,677
US government agencies	20,000	18,662
Federal funds sold	4,393,400	4,393,400
Term funds sold	388,750	388,750
Bankers acceptances	460,227	459,670
Certificates of deposit	447,024	445,965
Securities held under resale agreement	105,039	105,039
Participation in the FHLBanks Consolidated Securities Fund	1,661,101	1,658,785
	$8,157,138	$8,138,948

FHLBanks' Consolidated Securities Fund (Fund) was established by the Bank Board to offer a centralized portfolio management system for securities of the FHLBanks. The Fund is managed by the Office of Finance of the FHLBanks and invests primarily in short term money market instruments.

4. Advances to Members

At December 31, 1982 and 1981, the FHLBanks had advances outstanding to members at interest rates ranging from 6.62 to 17.85 percent and from 6.00 to 21.75 percent, respectively, with maturities and average rates as follows:

	December 31, 1982	
Years of Maturity	Amount (in thousands)	Weighted Average Interest Rate (percent)
1983	$32,409,428	11.50
1984	13,531,278	12.20
1985	7,566,336	12.34
1986	4,021,177	13.19
1987	3,172,359	12.41
1988-1992	5,311,737	12.65
	$66,012,315	11.98

	December 31, 1981	
Years of Maturity	Amount (in thousands)	Weighted Average Interest Rate (percent)
1982	$31,904,663	13.39
1983	15,066,440	11.97
1984	9,521,150	12.41
1985	4,888,514	12.16
1986	2,417,500	13.85
1987-1991	1,395,994	10.92
	$65,194,261	12.79

Outstanding advances aggregating $65,579,215,000 at December 31, 1982, and $63,246,772,000 at December 31, 1981, were collateralized by pledged investment securities and first mortgage loans. The capital stock of the FHLBanks owned by borrowing members is also pledged as additional collateral for outstanding advances. FHLBank regulations permit a borrowing member to physically retain mortgage collateral assigned to a FHLBank and, in such circumstances, the member executes a written security agreement which describes the type of collateral and agrees to hold such collateral for the benefit and subject to the direction and control of the FHLBanks.

The FHLBanks are participating in a Community Investment Fund, a five-year advances program initiated in June 1978. The program provides funds to members meeting eligibility criteria for active involvement in preserving and revitalizing older communities. As of December 31, 1982, advances of $3,885,010,000 were outstanding under this program for an average maturity of 1.8 years at rates ranging from 7.80 to 17.15 percent. These rates are one half of one percent below the estimated cost of issuing consolidated obligations of comparable maturities at the time the

APPENDIX III

Federal Home Loan Banks: Combined Statement of Changes in Financial Position for the Twelve Months Ending December 31, 1982 and December 31, 1981
(in thousands)

	Combined		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis		Chicago		Des Moines		Little Rock		Topeka		San Francisco		Seattle	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
FINANCIAL RESOURCES PROVIDED FROM:																										
Operations																										
Net income	$962,105	$535,262	$16,781	$407	$90,403	$68,341	$27,169	$10,305	$146,811	$71,887	$70,061	$39,025	$31,195	$4,476	$75,351	$50,845	$45,985	$18,690	$97,497	$40,713	$49,887	$38,634	$241,157	$145,129	$69,808	$46,810
Noncash charges/(credit) to income																										
Depreciation and amortization of fixed assets	2,543	2,170	35	44	222	144	65	58	227	202	302	255	105	88	256	222	349	283	143	136	43	33	551	485	245	220
Amortization of concessions on CO bonds	25,416	19,326	520	362	2,756	2,036	658	506	2,780	2,037	1,474	1,221	712	418	1,129	1,020	1,364	1,091	1,601	1,231	1,571	1,369	9,285	6,913	1,566	1,122
Amortization of discount on CO discount notes	1,136,933	1,258,439	12,523	25,893	91,416	158,612	24,029	26,895	67,158	159,828	76,272	64,117	49,362	57,784	99,234	88,788	52,314	91,247	122,892	126,009	38,774	38,815	294,468	273,860	207,491	145,591
Amortization of FHLBB assessments	2,145	2,149	87	88	240	241	103	103	340	340	178	178	94	95	205	205	132	132	140	141	102	102	436	436	88	88
Other	101	(203)	1	(1)	-		1	(6)							2	(197)	66				(2)		33	1		
Total from operations	2,129,243	1,817,143	29,947	26,793	185,037	229,374	52,025	37,861	217,316	234,294	148,287	104,796	81,468	62,861	176,177	140,893	100,210	111,443	222,273	168,230	91,375	78,953	545,930	426,824	279,198	194,831
Net proceeds from issuance of COs.																										
Bonds	19,727,287	20,671,403	637,724	405,438	1,645,364	2,543,520	497,182	409,422	2,353,025	2,431,596	1,069,581	1,283,196	1,293,678	378,445	894,566	773,927	1,512,159	578,177	1,087,353	1,600,800	1,180,045	1,059,539	5,615,027	8,016,008	1,941,583	1,191,335
Discount notes	15,656,936	18,667,539	102,755	366,251	864,165	1,681,581	431,266	294,317	3,414,480	4,766,679	824,819	816,507	543,457	773,681	891,967	1,404,356	527,624	1,001,921	1,571,164	1,733,585	453,472	553,601	2,947,099	3,245,491	3,064,768	2,047,569
Advances repaid	52,927,684	37,709,130	1,427,847	1,098,318	2,304,235	1,635,904	1,917,088	1,333,635	2,834,807	1,574,438	1,528,788	1,100,710	607,035	387,626	1,805,274	1,389,956	3,115,195	2,049,947	6,513,488	3,609,100	919,530	492,422	27,198,859	21,174,587	2,755,740	1,882,487
Proceeds from sale of capital stock	516,869	718,896	21,480	24,153	77,539	172,171	12,218	17,057	54,937	117,645	16,521	15,237	31,423	17,768	18,341	27,848	29,678	30,769	47,653	57,613	12,443	12,130	109,628	167,146	85,010	59,358
Net deposits (advances) between other FHLBanks					(200,000)								150,000		30,000	(10,000)	110,000				30,000	5,000	(120,000)	5,000		
Increase (decrease) in deposits	2,620,053	1,833,131	181,100	(68,910)	(85,049)	(117,581)	274,340	(9,844)	1,044,820	312,916	391,785	73,049	86,904	(90,739)	294,719	31,483	(58,320)	173,467	322,697	(17,044)	112,293	(38,703)	(40,883)	1,225,542	295,657	441,493
Increase (decrease) in securities sold under agreements to repurchase	(199,501)	219,751							(92,669)	92,669	(104,224)	104,224							(22,858)	22,858	20,250					
Increase (decrease) in accrued interest payable	112,857	621,153	9,309	5,382	(8,930)	79,442	4,093	12,843	(2,087)	73,489	(9,166)	52,114	27,486	3,128	1,895	22,349	11,246	11,914	(3,944)	56,791	4,773	32,303	58,316	227,929	19,866	43,469
Increase (decrease) in other liabilities	49,779	40,712	2,298	(13)	2,025	(42,465)	(121)	(606)	7,100	42,384	5,057	339	(1,283)	1,449	2,508	1,781	(556)	607	5,623	1,609	5,840	1,968	19,220	30,889	2,048	2,790
Total	93,741,207	82,318,858	2,412,460	1,859,412	4,804,386	6,181,946	3,188,091	2,012,685	9,831,529	9,646,112	3,871,448	3,550,172	2,820,188	1,534,220	4,115,347	3,782,583	5,347,234	3,958,245	9,743,437	7,233,542	2,830,021	2,197,213	36,333,196	34,519,396	8,443,870	5,843,332
FINANCIAL RESOURCES USED FOR:																										
Payments on maturing COs:																										
Bonds	14,625,015	8,440,000	241,000	237,000	1,745,000	1,002,000	340,000	223,000	1,847,000	1,006,000	996,000	463,000	280,000	294,000	934,000	502,000	779,000	544,000	1,070,000	452,000	972,000	533,000	4,524,000	2,555,000	897,015	629,000
Discount notes	20,092,672	15,343,445	242,321	273,795	1,405,150	1,478,000	419,850	229,850	4,647,800	3,467,150	1,002,800	801,050	825,250	608,600	1,458,200	904,550	901,450	949,900	2,303,900	1,503,700	548,300	453,600	3,678,101	3,053,350	2,661,550	1,619,900
Advances made	53,737,893	53,940,531	1,673,882	1,155,990	2,138,393	3,068,875	1,585,235	1,655,731	2,027,990	4,810,758	1,304,422	1,728,592	1,583,298	688,075	1,565,169	1,941,128	3,534,315	2,403,346	6,144,641	4,705,946	1,022,449	1,081,040	27,210,299	27,811,285	3,937,800	3,309,765
Redemption of capital stock	289,414	200,298	9,596	8,884	41,766	10,368	4,871	6,188	20,066	3,974	14,928	25,480	1,518	108	7,745	6,258	13,347	11,326	18,937	1,283	16,237	14,076	120,723	104,771	19,880	7,582
Cash dividends on capital stock	576,729	282,186	15,280	2,287	80,219	56,423	23,019	11,967	91,583	83,307	56,590	20,650	26,051	5,108	65,822	40,640	39,901	16,389	75,014	29,633	41,362	21	28	20	61,860	35,761
Net additions to Bank premises and equipment	4,217	3,450	161	33	43	486	47	80	186	215	1,217	149	67	288	209	220	557	427	298	252	47	53	1,304	832	81	415
Increase (decrease) in investments	4,417,980	3,828,822	228,175	180,673	(613,966)	548,983	826,086	(118,696)	1,192,868	494,334	493,339	504,222	93,026	(61,381)	92,095	373,811	68,273	42,137	114,628	540,048	229,475	125,179	856,803	973,722	835,180	225,790
Increase (decrease) in accrued interest receivable	35,200	187,995	890	1,651	(5,859)	25,231	2,457	5,450	3,478	2,074	(3,314)	12,491	5,476	1,594	(3,161)	8,271	282	103	3,256	21,232	(395)	10,591	23,626	77,723	8,462	21,564
Increase (decrease) in other assets	(1,087)	1,040	(599)	(728)	(1,035)	(37)	108	(17)	194	96	179	257	(726)	574	(423)	118	934	532	(2,104)	177	33	117	1,946	(2)	396	(47)
Increase (decrease) in cash	(36,826)	91,091	1,744	(173)	14,677	(8,383)	(13,582)	(868)	364	(1,796)	5,287	(5,719)	(3,774)	(2,746)	(4,309)	5,587	9,175	(9,895)	14,867	(20,729)	2,513	(464)	(85,634)	142,695	21,846	(6,418)
Total	93,741,207	82,318,858	2,412,460	1,859,412	4,804,386	6,181,946	3,188,091	2,012,685	9,831,529	9,646,112	3,871,448	3,550,172	2,820,188	1,534,220	4,115,347	3,782,583	5,347,234	3,958,245	9,743,437	7,233,542	2,830,021	2,197,213	36,333,196	34,519,396	8,443,870	5,843,332

commitments to advance funds were made. The net interest cost of this program, if consolidated obligations had actually been issued at the time the commitments to advance funds were made, would have amounted to approximately $24,757,000 for 1982 and $25,972,000 for 1981.

5. Loans Guaranteed by the Agency for International Development

The Agency for International Development (AID) was established by the *Foreign Assistance Act of 1961*, as amended. Under Sections 221 and 222 of the Act, AID issues guarantees backed by the full faith and credit of the United States of America to eligible US investors insuring against loss of investments, including unpaid accrued interest, in self-liquidating housing projects. The FHLBanks qualify as eligible investors.

Under contracts of guaranty, the FHLBanks may, without the approval of AID, sell participating interests to members of any FHLBank. The outstanding loan balances are reported net of participations sold totaling $366,748,000 and $373,545,000 at December 31, 1982 and 1981, respectively. The December 31, 1982, loan balances mature between 1990 and 2004.

The FHLBanks receive service fees for these loans, against which direct expenses associated with the financing arrangements are netted. The balance is deferred and amortized into income at one percent of the unamortized balance per month.

6. Investment in the Federal Home Loan Mortgage Corporation

The investment in the Mortgage Corporation is stated at cost and consists of 100,000 shares of non-voting capital stock and a $50 million subordinated capital debenture, due June 20, 1987. The shares of capital stock represent 100 percent of the capital stock outstanding, and had an underlying book value of approximately $296,058,000 and $250,130,000 at December 31, 1982 and 1981, respectively. The Mortgage Corporation paid a dividend of $14 million in 1982 and $2 million in 1981. On June 20, 1980, a $50 million dividend was paid to the Banks on their investment in the Mortgage Corporation capital stock and the Banks purchased a subordinated capital debenture of the same amount. The subordinated capital debenture issued on June 20, 1980, bears an interest rate of 11.50 percent per annum, payable semi-annually; may not be sold, transferred, exchanged, or pledged without the express written consent of the Mortgage Corporation; is subordinated in right of payment to the prior payment in full of all other obligations and indebtedness of the Mortgage Corporation, and may be redeemed in whole or in part on or after June 20, 1985, at specified redemption prices at the option of the Mortgage Corporation.

7. Consolidated Obligations

Consolidated FHLBank obligations are the joint and several obligations of all twelve FHLBanks. The outstanding obligations of the FHLBanks, including the pass-throughs to the Mortgage Corporation (see Note 1), at December 31, 1982 and 1981, were $58,857,076,000 and $57,569,282,000, respectively.

Regulations require the FHLBanks to maintain in the aggregate, unpledged qualifying assets in an amount equal to the consolidated obligations outstanding. "Qualifying assets" are defined as cash, obligations of or fully guaranteed by the United States, secured advances, and federally insured or guaranteed mortgages. The FHLBanks were in compliance with this requirement at December 31, 1982 and 1981.

The following is a summary of the FHLBanks' participation in consolidated obligations (thousands of dollars):

December 31, 1982

Years of Maturity	Range of Coupon Rates	Bonds Weighted Average Coupon Rate	Outstanding
1983	7.30–16.50	12.95	$15,460,737
1984	7.38–16.46	12.80	12,550,042
1985	7.38–15.05	12.60	8,210,046
1986	9.55–16.44	14.13	5,400,052
1987	7.60–11.32	9.75	2,400,057
1988–1992	10.85–15.33	12.74	4,050,309
		12.81	$48,071,243

	Discount Notes Book Value	Discount Notes Par Value
Due within one year	$7,901,478	$8,070,850

December 31, 1981

Years of Maturity	Range of Coupon Rates	Bonds Weighted Average Coupon Rate	Outstanding
1982	7.45–17.05	12.75	$14,560,000
1983	7.30–15.55	12.24	8,160,700
1984	7.38–16.40	12.64	10,150,000
1985	7.38–14.55	11.58	4,710,000
1986	9.55–16.40	14.40	3,650,000
1987–1991	7.60–11.10	9.47	1,700,000
		12.56	$42,930,700

	Discount Notes Book Value	Discount Notes Par Value
Due within one year	$11,200,282	$11,700,650

The FHLBanks' participation, as shown above, is reported net of advances to the Mortgage Corporation in the form of pass-throughs of the proceeds of certain consolidated obligations.

The following is a summary of the pass-throughs (thousands of dollars)

December 31, 1982

Years of Maturity	Range of Coupon Rates	Bonds Weighted Average Coupon Rate	Outstanding
1983	9.30–14.05	11.87	$600,000
1984	8.75–13.85	10.37	500,000
1985	7.38– 9.35	8.26	640,000
1986	9.55–11.30	9.90	250,000
1987	11.10	11.10	200,000
1988–1997	7.38– 7.88	7.59	700,000
		9.55	$2,890,000

December 31, 1981

Years of Maturity	Range of Coupon Rates	Bonds Weighted Average Coupon Rate	Outstanding
1982	8.63–11.90	10.62	490,000
1983	9.30–14.05	11.87	500,000
1984	8.75–13.85	10.37	500,000
1985	7.38– 9.35	8.27	640,000
1986	9.55–11.30	9.90	250,000
1987–1997	7.38–11.10	8.37	900,000
		9.71	$3,380,000

	Discount Notes Book Value	Discount Notes Par Value
Due within one year	$56,575	$58,700

8. Borrowings from the US Treasury

Section 11(i) of the *Federal Home Loan Bank Act* authorizes the Secretary of the Treasury, in his discretion, to extend credit to the FHLBanks aggregating not more than $4 billion, the terms, conditions, and interest rate to be determined by the Secretary. There were no outstanding borrowings from the US Treasury at December 31, 1982, or December 31, 1981.

9. Capital

The capital stock of the FHLBanks has a par value of $100 per share. Capital stock held by members in excess of their statutory requirement can be redeemed at par value by the FHLBanks or sold to other Bank members at par value, provided the resulting stock transfer is recorded on the books of the FHLBanks.

Retained earnings of the FHLBanks consist of undivided profits, a legal reserve, and a dividend stabilization reserve. The FHLBanks must transfer 20 percent of their net income to the legal reserve semi-annually until the reserve equals the capital stock amount. Thereafter, 5 percent of the FHLBanks net income must be allocated for this purpose. The Bank Board suspended the legal reserve transfer requirement for the semi-annual period ended December 31, 1982. In 1981 and 1982, dividends were permitted only to the extent of current year's net income and the dividend stabilization reserve and were authorized to be paid either annually or semi-annually. Dividends may be paid in the form of capital stock if authorized by the board of directors.

Stock dividends totaling $214,662,000 were paid in 1982, compared with $148,101,000 in 1981. Cash dividends declared by FHLBanks totaled $576,719,000 in 1982 and $282,187,000 in 1981.

10. Employee Retirement Plan

The FHLBanks are participants in the Financial Institutions Retirement Fund (FIRF) and substantially all of their officers and employees are covered by the Plan. The FHLBanks' contributions are determined by the FIRF. Pension costs charged to operating expenses were $2,999,202 in 1982 and $2,843,988 in 1981.

11. Commitments

Rental expense of $11,439,049 in 1982 and $9,817,198 in 1981 for premises and equipment has been charged to expense. Minimum rentals for each of the next five years are as follows:

	Minimum Rentals
1983	$10,308,636
1984	8,830,169
1985	8,044,215
1986	4,595,817
1987	3,438,817
	$35,217,654

The FHLBanks' premise lease agreements provide for increases in basic rentals from increased property taxes and maintenance expense. Commitments for advances to members and to foreign borrowers under guaranteed loans totaled $4,155,769,000 and $3,180,093,000 at December 31, 1982 and 1981, respectively.

12. Contingencies

As provided for in Section 306(c) of the *Federal Home Loan Mortgage Corporation Act*, the Board has provided for the guarantee by the FHLBanks of certain borrowings of the Mortgage Corporation from the Federal Home Loan Bank of New York. Each of the FHLBanks participates in the guarantee in proportion to its investment in the capital stock of the Mortgage Corporation. (See Note 6.) On December 31, 1982, the Banks have guaranteed $2,890,000,000 of the Mortgage Corporation's borrowings from the Federal Home Loan Bank of New York in the form of pass-throughs of the proceeds of certain consolidated obligations.

APPENDIX III

Federal Home Loan Banks: Combined Statement of Retained Earnings Accounts for the Years Ending December 31, 1982 and December 31, 1981
(in thousands)

	Combined		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis		Chicago		Des Moines		Little Rock		Topeka		San Francisco		Seattle	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
LEGAL RESERVES																										
Balance, January 1	$794,317	$686,781	$22,059	$21,494	$94,028	$80,359	$39,275	$37,214	$108,264	$93,907	$69,371	$61,566	$33,664	$32,769	$82,340	$72,171	$47,872	$44,134	$56,158	$48,015	$38,447	$30,721	$161,474	$132,448	$41,345	$31,982
Add: Statutory transfer of net income	85,641	107,536	1,281	565	8,091	13,669	2,054	2,061	10,811	14,377	6,338	7,805	2,053	895	6,736	10,169	4,002	3,738	9,157	8,143	5,646	7,726	24,053	29,026	5,421	9,363
Balance, December 31	879,958	794,317	23,340	22,059	102,119	94,028	41,329	39,275	119,095	108,284	75,707	69,371	35,717	33,664	89,076	82,340	51,874	47,872	65,315	56,158	44,093	38,447	185,527	161,474	46,766	41,345
DIVIDEND STABILIZATION RESERVE																										
Balance, January 1	32,305	35,880	...	1,911	5,575	7,326	59	3,781	2,830	8,627		.	810	2,337	36	...	777	2,194	4,258	1,321	5,520	1,000	6,263	2,893	6,177	4,490
Add: Transfer from net income	87,106	15,794	608		2,093		2,096		46,564	2,420	6,532		3,091	....	2,792	36	2,081	....	13,325	2,937	2,880	4,520	2,517	4,194	2,527	1,687
Subtotal	119,411	51,674	608	1,911	7,668	7,326	2,155	3,781	49,394	11,047	6,532	..	3,901	2,337	2,828	36	2,858	2,194	17,583	4,258	8,400	5,520	8,780	7,087	8,704	6,177
Deduction: Dividend paid on capital stock	2,630	19,369	389	1,911	....	1,751	.	3,722	2,147	8,217	.			1,527	....	.		1,417	....	....	....	....	94	824	....	....
Balance, December 31	116,781	32,305	219		7,668	5,575	2,155	59	47,247	2,830	6,532		3,901	810	2,828	36	2,858	777	17,583	4,258	8,400	5,520	8,686	6,263	8,704	6,177
UNDIVIDED PROFITS																										
Balance, January 1	146,962	145,946	2,958	3,492	11,513	11,513	6,934	6,935	16,600	16,600	19,610	18,059	4,250	4,250	12,134	12,134	10,000	10,000	10,000	10,000	9,198	9,198	34,654	34,654	9,111	9,111
Add: Net income	962,104	535,262	16,781	407	90,403	68,341	27,169	10,305	146,811	71,887	70,061	39,025	31,195	4,476	75,350	50,845	45,985	18,690	97,497	40,714	49,887	38,634	241,157	145,129	69,808	46,810
Subtotal	1,109,066	681,208	19,739	3,899	101,916	79,854	34,103	17,240	163,411	88,487	89,671	57,084	35,445	8,726	87,484	62,979	55,985	28,690	107,497	50,714	59,085	47,832	275,811	179,783	78,919	55,921
Deductions																										
Statutory transfer of net income	85,641	107,536	1,281	565	8,091	13,669	2,054	2,061	10,811	14,377	6,338	7,805	2,053	895	6,736	10,169	4,002	3,738	9,157	8,143	5,646	7,726	24,053	29,026	5,421	9,362
Dividend paid on capital stock	791,382	410,918	15,280	376	80,219	54,672	23,019	8,245	91,583	55,090	56,590	29,669	26,051	3,581	65,822	40,640	39,901	14,953	75,014	29,833	41,362	26,388	214,680	111,910	61,860	35,761
Transfer to dividend stabilization reserve	84,477	15,794	219	..	2,093		2,096		44,417	2,420	6,532		3,091	....	2,792	36	2,081	..	13,325	2,937	2,880	4,520	2,424	4,194	2,527	1,687
Total deductions	961,500	534,248	16,781	941	90,403	68,341	27,169	10,306	146,811	71,887	69,458	37,474	31,195	4,476	75,350	50,845	45,985	18,691	97,496	40,713	49,888	38,634	241,157	145,130	69,808	46,810
Balance, December 31	147,566	146,962	2,958	2,958	11,513	11,513	6,935	6,934	16,600	16,600	20,213	19,610	4,250	4,250	12,134	12,134	10,000	10,000	10,000	10,000	9,198	9,198	34,654	34,654	9,111	9,111

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