BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Examination Of The Federal Deposit Insurance Corporation's Financial Statements For The Years Ended December 31, 1983 And 1982

GAO examined the financial statements of the Federal Deposit Insurance Corporation for the years ended December 31, 1983 and 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, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which GAO concurs, in the method of accounting for assistance given to insured institutions under the net worth certificate program as described in note 14 to the financial statements

Subsequent to year-end, the Corporation arranged emergency assistance for a large financial institution At the present time, the nature and extent of total assistance that may be required and its impact on the Deposit Insurance Fund are uncertain (See note 15 to the financial statements)

UNITED STATES GENERAL ACCOUNTING OFFICE

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C 20548

B-114854

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 years ended December 31, 1983 and 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 deposits 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 board of directors of the Federal Deposit Insurance Corporation.

Charles A. Bowsher
Comptroller General
of the United States

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

B-114854

To the 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, 1983 and 1982, and the related statements of income and the deposit insurance fund 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 an attempt to protect the safety and soundness of the banking system, FDIC arranged emergency assistance and took the unprecedented action of guaranteeing all deposits and debts of Continental Illinois National Bank & Trust Company of Chicago, Chicago, Illinois. (Reference is made to note 15 to the financial statements.)

In our opinion, the financial statements referred to above present fairly the financial position of the Federal Deposit Insurance Corporation as of December 31, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which GAO concurs, in the method of accounting for assistance given to insured institutions under the net worth certificate program as described in note 14 to the financial statements.

Charles A. Bowsher
Comptroller General
of the United States

Appendixes

REPORT ON INTERNAL ACCOUNTING CONTROLS

As part of our examinations of the Federal Deposit Insurance Corporation's (FDIC's) financial statements for the years ended December 31, 1983 and 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. This report pertains only to our study and evaluation of internal accounting controls for the year ended December 31, 1983. 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, and
--payroll.

Our study included all of the control categories listed above except that we did not evaluate the accounting controls over assistance to problem banks, financial reporting, and investments 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.

FDIC's management 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 FDIC 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 FDIC's financial statements for the years ended December 31, 1983 and 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. This report pertains only to our review of compliance with laws and regulations for the year ended December 31, 1983.

In our opinion, FDIC 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 III

FEDERAL DEPOSIT INSURANCE CORPORATION

FINANCIAL STATEMENTS
DECEMBER 31, 1983

BOARD OF DIRECTORS

WILLIAM M. ISAAC
Chairman

C. T. CONOVER
Director

IRVINE H. SPRAGUE
Director

FEDERAL DEPOSIT INSURANCE CORPORATION

COMPARATIVE STATEMENT
OF FINANCIAL POSITION (In thousands)

ASSETS:	December 31, 1983	December 31, 1982
CASH	$ 88,785	$ 1,335
INVESTMENT IN U.S. TREASURY OBLIGATIONS (Note 1)	13,992,059	13,252,365
ACCRUED INTEREST RECEIVABLE (Note 2)	370,642	339,281
OTHER RECEIVABLES AND PREPAID ITEMS (Note 3)	22,438	9,793
NOTES RECEIVABLE FROM INSURED BANKS (Note 4)	423,641	705,262
ASSETS ACQUIRED FROM FAILURES OF INSURED BANKS:		
Depositors' claims paid	413,748	320,216
Depositors' claims unpaid	7,048	9,547
Loans and assets purchased	2,494,059	616,964
Assets purchased outright	386,917	401,563
Less: Allowance for losses (Note 5)	1,290,820	631,632
TOTAL	2,010,952	716,658
LAND	4,014	4,014
OFFICE BUILDINGS, LESS ACCUMULATED DEPRECIATION ON BUILDINGS	32,955	30,139
TOTAL ASSETS	$16,945,486	$15,058,847

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

FEDERAL DEPOSIT INSURANCE CORPORATION

LIABILITIES AND THE DEPOSIT INSURANCE FUND:	December 31, 1983	December 31, 1982
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 36,960	$ 56,762
COLLECTIONS HELD FOR OTHERS	5,465	2,453
ACCRUED ANNUAL LEAVE OF EMPLOYEES	7,143	6,935
ACCRUED INTEREST PAYABLE (Note 6)	18,789	19,214
DUE INSURED BANKS:		
NET ASSESSMENT INCOME CREDITS:		
Available July 1, 1983 (Note 7)	-0-	96,181
Available July 1, 1984 (Note 7)	164,039	-0-
TOTAL	164,039	96,181
F STREET PROPERTY NOTES (Note 8)	11,224	12,282
LIABILITIES INCURRED FROM FAILURES OF INSURED BANKS:		
FRB & FHLB indebtedness (Note 9)	811,666	293,333
Notes payable (Note 9)	242,293	511,601
Income maintenance agreements (Note 10)	192,756	276,595
Depositors' claims unpaid	7,048	9,547
TOTAL	1,253,763	1,091,076
ESTIMATED LOSSES FROM CORPORATION LITIGATION (Note 11)	18,923	3,000
TOTAL LIABILITIES	1,516,306	1,287,903
DEPOSIT INSURANCE FUND	15,429,180	13,770,944
TOTAL LIABILITIES AND THE DEPOSIT INSURANCE FUND	$16,945,486	$15,058,847

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, 1983	December 31, 1982
INCOME:		
Gross assessments earned	$ 1,215,817	$ 1,109,288
Less: Provision for assessment credits	164,903	96,553
Total	1,050,914	1,012,735
Interest on U. S. Treasury obligations	1,344,364	1,116,216
Amortization of premiums and discounts	59,961	253,750
Total	1,404,325	1,369,966
Interest earned on notes receivable	65,065	79,029
Interest received on assets in liquidation	83,762	53,888
Other income	24,049	8,869
TOTAL INCOME	2,628,115	2,524,487
EXPENSES AND LOSSES:		
Administrative operating expenses	135,660	129,927
Merger assistance losses and expenses	127,486	680,980
Provision for insurance losses	675,119	126,436
Interest expense on FRB indebtedness	25,211	54,178
Nonrecoverable insurance expenses	6,403	8,162
TOTAL EXPENSES AND LOSSES	969,879	999,683
NET INCOME	1,658,236	1,524,804
DEPOSIT INSURANCE FUND - JANUARY 1	13,770,944	12,246,140
DEPOSIT INSURANCE FUND - DECEMBER 31	$15,429,180	$13,770,944

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

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 1982 Financial Statements to conform to the presentation used in 1983.

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 1983 and 1982

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, 1983 and 1982, the Corporation's investment portfolio consisted of the following:

December 31, 1983
(In thousands)

Maturity	Description	Par Value	Book Value	Market Value	Cost
1 Day	Special Treasury Certificates	$ 484,331	$ 484,331	$ 484,331	$ 484,331
Less Than 1 Year	U.S.T. Bills	450,000	414,189	414,220	412,104
	U.S.T. Notes and Bonds	1,469,500	1,472,021	1,470,695	1,507,118
1-5 Years	U.S.T. Notes and Bonds	10,526,626	10,767,164	10,596,598	10,835,408
5-10 Years	U.S.T. Notes and Bonds	855,546	854,354	779,366	852,837
	Total Investment	$13,786,003	$13,992,059	$13,745,210	$14,091,798

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 occur during each six-month period. The Corporation does not state its estimated contingent liability for unknown future bank closings because such estimates are impossible to make. The Corporation's contingent liability for eventual net losses depends upon factors which cannot be assessed until or after a bank has actually failed. The Corporation's entire Deposit Insurance Fund and borrowing authority are available, however, for such contingencies.

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

3. Other Receivables and Prepaid Items. The Corporation's other receivables and prepaid items at December 31, 1983 and 1982 are:

	1983	1982
Other Receivables	$21,931,000	$9,693,000
Prepaid Items	507,000	100,000
Total	$22,438,000	$9,793,000

4. Notes Receivable from Insured Banks. The Corporation's outstanding principal balances on notes receivable from insured banks at December 31, 1983 and 1982 are:

	1983	1982
To Assist Operating Banks:		
Bank of the Commonwealth	$ 27,000,000	$ 30,000,000
First Pennsylvania Bank, N.A.	-0-	325,000,000
To Facilitate Merger Agreements:		
First Interstate Bank of Washington, N.A.	-0-	30,000,000
Philadelphia Saving Fund Society	216,250,000	216,250,000
Abilene National Bank	50,000,000	50,000,000
Syracuse Savings Bank	9,398,000	2,500,000
To Facilitate Deposit Assumptions:		
Bank Leumi Trust Company of New York	3,750,000	5,000,000
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
First Tennessee National Corporation	36,000,000	-0-
RepublicBank Corporation	51,100,000	-0-
First Commerce Corporation	2,500,000	3,333,000
Total	$423,641,000	$705,262,000

1. U.S. Treasury Obligations. (Continued)

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 1 Year	U.S.T. Bills	1,975,000	1,876,300	1,895,998	1,765,458
	U.S.T. Notes and Bonds	1,606,200	1,607,446	1,616,458	1,613,593
1-5 Years	U.S.T. Notes and Bonds	7,106,126	7,232,759	7,363,982	7,274,441
5-10 Years	U.S.T. Notes and 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 Investment	$13,232,248	$13,252,365	$13,320,778	$13,182,414

2. Accrued Interest Receivable. The Corporation's outstanding accrued interest receivable balances as of December 31, 1983 and 1982 are as follows:

	1983	1982
Investment in U.S.T. Obligations:		
1-Day Special Treasury Certificates	$ 128,000	$ 183,000
U.S.T. Notes and Bonds	361,684,000	306,933,000
Notes Receivable from Insured Banks:		
To Assist Operating Banks	-0-	12,001,000
To Facilitate Merger Agreements	5,935,000	18,790,000
To Facilitate Deposit Assumptions	2,895,000	1,374,000
Total	$370,642,000	$339,281,000

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

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

The computation and distribution of net assessment income credits for calendar year 1983 and 1982 are as follows:

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

Computation:		
Gross Assessment Income - C.Y. 1983		$1,211,440,000
Less: Administrative Operating Expenses	$135,660,000	
Merger Assistance Losses and Expenses less Amortization and Accretion	90,123,000	
Provision for Insurance Losses	675,119,000	
Nonrecoverable Insurance Expenses	31,426,000	
Lending Costs	8,640,000	940,968,000
Net Assessment Income		$ 270,472,000
Distribution:		
40% to the Deposit Insurance Fund	$108,189,000	
60% to Insured Banks	162,283,000	$ 270,472,000
Assessment Credit Due Insured Banks:		
Assessment Credit - C.Y. 1983		$ 162,283,000
Assessment Credits - Prior Years		1,756,000
Total Credits Due, July 1, 1984		$ 164,039,000

Effective Rate of Assessment for C.Y. 1983: 1/14 of 1% of Total Assessable Deposits
Percent of Total Credits Due Insured Banks: 13.54086% of Gross Assessments

5. 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, 1983 and 1982:

	1983	1982
Depositors' claims paid:		
Balance, beginning of period	$ 58,352,000	$ 11,285,000
Add (Subtract):		
Provision charged to expense	18,334,000	48,009,000
Net adjustment to prior years	99,046,000	(592,000)
Write-off at termination	-0-	(350,000)
Balance, end of period	175,732,000	58,352,000
Loans and assets purchased:		
Balance, beginning of period	213,536,000	154,114,000
Add (Subtract):		
Provision charged to expense	518,404,000	65,185,000
Net adjustment to prior years	(4,590,000)	(5,106,000)
Write-off at termination	-0-	(657,000)
Balance, end of period	727,350,000	213,536,000
Assets purchased outright:		
Balance, beginning of period	359,744,000	344,846,000
Add (Subtract):		
Provision charged to expense	-0-	21,464,000
Net adjustment to prior years	27,994,000	(6,566,000)
Write-off at termination	-0-	-0-
Balance, end of period	387,738,000	359,744,000
Total	$1,290,820,000	$631,632,000

6. Accrued Interest Payable. The Corporation's outstanding accrued interest payable balances as of December 31, 1983 and 1982 are as follows:

	1983	1982
F Street Property Notes	$ 320,000	$ 375,000
Federal Reserve Bank Notes	15,830,000	3,890,000
Federal Home Loan Bank Notes	-0-	82,000
Franklin Buildings, Inc. Notes	72,000	88,000
Merger Assistance Notes	2,567,000	14,779,000
Total	$18,789,000	$19,214,000

9. Liabilities Incurred from Failures of Insured Banks. The Corporation's outstanding principal balances on liabilities incurred from failures of insured banks as of December 31, 1983 and 1982 are as follows:

	1983	1982
Federal Reserve Bank of New York	$ 142,666,000	$285,333,000
Federal Reserve Bank of Dallas	664,000,000	-0-
Federal Home Loan Bank of New York	5,000,000	8,000,000
Franklin Buildings, Inc.	5,038,000	6,156,000
First Interstate Bank of Washington, N.A.	21,023,000	22,364,000
Hudson City Savings Bank	24,000,000	28,000,000
Goldome FSB	192,232,000	204,956,000
Philadelphia Saving Fund Society	-0-	220,125,000
American Savings Bank	-0-	30,000,000
Total	$1,053,959,000	$804,934,000

10. 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 Corporation's outstanding liability balances of anticipated future payments at present value with operating insured banks as of December 31, 1983 and 1982 are as follows:

	1983	1982
Metropolitan Savings Bank	$ 58,332,000	$ 73,358,000
Apple Bank for Savings	18,320,000	23,643,000
Marquette National Bank	(15,021,000)	3,078,000
First Interstate Bank of Washington, N.A.	2,721,000	2,974,000
Goldome FSB	67,277,000	128,023,000
Philadelphia Saving Fund Society	37,527,000	45,519,000
Dollar Dry Dock Savings Bank	20,724,000	-0-
Syracuse Savings Bank	2,876,000	-0-
Total	$192,756,000	$276,595,000

11. Estimated Losses From Corporation Litigation. Estimated losses from Corporation litigation during 1983 and 1982 amounted to $18,923,000 and $3,000,000, respectively. These amounts represent estimates for potential losses in 6 of 14 and 3 of 10 legal actions involving a total of approximately $49,562,000 and $44,835,000 of claims, counterclaims, and possible indemnity exposures against the FDIC in its corporate capacity as of December 31, 1983 and 1982, respectively.

7. Assessment Credits Due Insured Banks. (Continued)

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	$129,927,000	
Merger Assistance Losses and Expenses less Amortization and Accretion	628,562,000	
Provision for Insurance Losses	126,436,000	
Nonrecoverable Insurance Expenses	61,881,000	
Lending Costs	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
Percent of Total Credits Due Insured Banks: 8.67859% of Gross Assessments

8. F Street Property Notes - The Corporation's outstanding principal balance on F Street property notes as of December 31, 1983 and 1982 are as follows:

	1983	1982
New York State Common Retirement Fund	$ 6,224,000	$ 6,282,000
1776 F Street Associates "a general partnership in dissolution"	5,000,000	6,000,000
Total	$11,224,000	$12,282,000

12. Lease Commitments. Rent for office premises charged to expense was $6,829,000 (1983) and $5,695,000 (1982). Minimum rentals for each of the next five years and for subsequent years thereafter are as follows:

1984	1985	1986	1987	1988	1989/thereafter
$7,068,000	$5,485,000	$3,999,000	$3,711,000	$2,210,000	$1,511,000

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

13. Retirement Plan. All permanent, full-time and part-time employees of the FDIC are covered by the contributory Civil Service Retirement Plan. The Corporation makes bi-weekly contributions to the plan equal to the employee's bi-weekly contributions. The retirement plan expenses incurred for calendar years 1983 and 1982 were $7,073,000 and $6,439,000 respectively.

14. Net Worth Certificate Program. The net worth certificate program was established at the FDIC by authorization of the Garn-St Germain Depository Institutions Act of 1982. Under this program, the Corporation would purchase a qualified institution's net worth certificate, and in a non-cash exchange, the Corporation would issue its non-negotiable promissory note of equal value. The total assistance outstanding to qualified institutions as of December 31, 1983 and 1982 is $376,866,000 and $174,529,000 respectively. The Corporation does not expect to incur any losses directly attributable to such assistance.

In 1982, the Corporation presented the net worth certificates as an asset and the related promissory notes as a liability on its Statement of Financial Position. As of Decembe 31, 1983, the Corporation changed its method of presentation to reflect such transactions in a footnote disclosure as described above. The Corporation believes this treatment is preferable because it best reflects the true nature and substance of the program. This change had no effect on the Corporation's net income.

15. Subsequent Events. On May 17, 1984, the FDIC, the Federal Reserve Board, the Comptroller of the Currency, and a group of 28 commercial banks arranged an emergency assistance package totaling $7.5 billion. This assistance included a $5.5 billion unsecured line of credit from the commercial banks, and a $2 billion capital injection package from the FDIC and seven participating commercial banks. In addition, the Federal Reserve Board guaranteed to meet daily cash requirements, if any were needed, beyond the $7.5 billion commitment. At the present time, it is uncertain what FDIC assistance will ultimately result and what impact such assistance would have on the Deposit Insurance Fund.

(916563)

*U.S. GOVERNMENT PRINTING OFFICE : 1984 0-421-843/268

FEDERAL DEPOSIT INSURANCE CORPORATION

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION (In thousands)

	For the twelve months ended December 31, 1983	December 31, 1982
FINANCIAL RESOURCES WERE PROVIDED FROM:		
Operations:		
Net income	$1,658,236	$1,524,804
Add (deduct) items not involving cash in the period:		
Amortization on U.S.Treasury obligations	(59,961)	(253,750)
Depreciation	897	493
Income maintenance agreement adjustments	1,418	(436,855)
Amortization from merger assistance agreements	51,315	93,751
Allowance for loss adjustments	675,119	126,436
Resources provided from operations	2,327,024	1,054,879
Other resources provided from:		
Maturity on U.S. Treasury obligations	4,346,245	3,992,098
Collections on notes receivable	375,619	20,669
Collections on assets acquired from failures of insured banks	611,849	458,552
Increase (decrease) in assessment credits due insured banks	67,858	(32,691)
Liabilities incurred from failures of insured banks	698,565	1,016,330
TOTAL FINANCIAL RESOURCES PROVIDED	$8,427,160	$6,509,837
FINANCIAL RESOURCES WERE APPLIED TO:		
Purchase of U.S. Treasury obligations	$5,025,978	$4,985,721
Acquisition of notes receivable	218,998	298,750
Assets acquired from failures of insured banks	2,442,851	742,695
Purchase of San Francisco condominium offices	3,713	11,714
Payments on notes payable	432,357	170,880
Payments on income maintenance agreements	154,800	239,932
Net change in other assets and liabilities	61,013	59,192
Increase in cash	87,450	953
TOTAL FINANCIAL RESOURCES APPLIED	$8,427,160	$6,509,837

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

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