

FEDERAL DEPOSIT INSURANCE CORPORATION

Selected Fund Financial Indicators

- BIF Reserve Ratio is 1.29 percent as of June 30, 2003
- SAIF Reserve Ratio is 1.38 percent as of June 30, 2003



Executive Management Report

Financial Results (unaudited)
For the nine months ending September 30, 2003

Executive Summary **For the Nine Months Ending September 30, 2003**

Bank Insurance Fund (BIF):

- Comprehensive income was \$1.4 billion for the nine months ending September 30, 2003, compared to \$944 million for the same period last year. Over the year-to-date period, estimated losses for future and actual failures, as well as litigation, decreased by \$1.1 billion and operating expenses decreased by \$32 million. However, these increases to income were partially offset by lower unrealized gains on available-for-sale securities of \$542 million and lower interest revenue on U.S. Treasury obligations of \$119 million.
- BIF's Reserve Ratio increased from 1.28% at 03/31/03 to 1.29% at 06/30/03 because the growth of the BIF more than outweighed the growth of BIF-insured deposits. The fund balance increased by \$418 million, or 1.3%, while the estimated insured deposits increased by \$8.7 billion, or .3%.
- Receivables from bank resolutions increased by \$118 million to \$623 million during the first nine months of 2003, but remained unchanged from second to third quarter of 2003 because of offsetting activity. Recoveries of payments made to cover obligations to insured depositors of failed banks reduced the net receivable by \$169 million. This was offset by a \$173 million decrease in the allowance for loss which resulted from higher estimated asset recoveries due to the resolution of litigation and tax benefit uncertainties.
- BIF's contingent liability for anticipated failures declined by \$592 million, or 59%, to \$416 million for the year and declined by \$369 million, or 47%, for the third quarter. This overall decline in the reserves is due to implemented improvements to the loss reserve methodology, improvement in the financial condition of a few large banks, and the actual failure of two BIF-insured banks in 2003.
- Assets in liquidation decreased by \$213 million to \$444 million since year-end 2002. This is primarily due to the fact that 93% of the \$1.05 billion in assets retained from the failure of Southern Pacific Bank in February 2003 have already been disposed of. Also, 46% of the \$438 million in assets remaining as of December 31, 2002, from the three largest failures of 2002 have been liquidated. These three large failures were Hamilton Bank, Next Bank and Connecticut Bank of Commerce.

Savings Association Insurance Fund (SAIF):

- SAIF's comprehensive income was \$439 million for the nine months ending September 30, 2003, compared to \$651 million for the same period last year. This difference was primarily due to a decrease in unrealized gains on available-for-sale securities of \$188 million and a slight reduction in interest revenue of \$21 million.
- SAIF's contingent liability for anticipated failures decreased by \$88 million, or 98%, to \$2 million for the year and decreased by \$24 million, or 92%, for the third quarter. The overall decline is attributable to implemented improvements to the loss reserve methodology and the improved financial condition of a few large institutions.
- SAIF's Reserve Ratio increased slightly from 1.37% at 03/31/03 to 1.38% at 06/30/03. The fund balance increased by \$177 million, or 1.5%, while the estimated insured deposits increased by \$7.9 billion, or 1.0%.

FSLIC Resolution Fund (FRF):

- As of September 30, 2003, future Goodwill and Guarini litigation judgments and/or settlements cannot be reasonably estimated.

Goodwill Litigation

For the year, the trial court entered orders dismissing 15 goodwill litigation cases, and two goodwill cases were settled for a total of \$30 thousand. The FRF-FSLIC paid both goodwill settlements and received appropriated funds for the same amounts from the U.S. Treasury. In addition, the FRF-FSLIC paid \$954 thousand for stipulated attorneys fees and costs in one goodwill case during June 2003. In July 2003, the Circuit Court of Appeals reversed a decision in Comfed v. United States and sent the case back to the Court of Claims for additional evidence on the issue of whether a contract existed between the government and the thrift.

In addition to payments for goodwill judgments and settlements, the FRF is responsible for reimbursing the U.S. Department of Justice (DOJ) for its goodwill litigation expenses. On October 1, 2003, FRF paid \$33.3 million to DOJ to cover fiscal year 2004 estimated expenses.

Executive Summary **For the Nine Months Ending September 30, 2003**

(Continued)
~FRF~

Guarini Litigation

To date, there have been liability determinations in six of the “Guarini” cases, a decision on liability has not been made in the seventh case, and the eighth case was settled during 2002 for \$20 thousand. In two of the six cases, damages of approximately \$28 million and \$70 million were awarded in February and April 2003, respectively, by the United States Court of Federal Claims. Both cases have been appealed by the DOJ. In a third case decided in August 2003, the Court awarded damages of approximately \$48.7 million; DOJ’s time for filing an appeal has not yet run.

- Through September 30, 2003, the FRF-RTC has fully repaid \$4.556 billion in appropriations to the U.S. Treasury and made payments of \$4.572 billion to the Resolution Funding Corporation (REFCORP) to pay interest on REFCORP bonds.
- One FRF-RTC securitization deal remains active as of September 30, 2003, and is expected to terminate in 2004.

INSURANCE FUNDS

Bank Insurance Fund (BIF)

Savings Association Insurance Fund (SAIF)

The BIF and SAIF are separate insurance funds responsible for protecting insured depositors in operating banks and thrift institutions from loss due to failure of the institution. Since 1989, an active institution's insurance fund membership and primary federal regulator have been generally determined by the institution's charter type. Deposits of BIF-member institutions are generally insured by the BIF; BIF members are predominantly commercial and savings banks supervised by the FDIC, the Office of the Comptroller of the Currency, or the Federal Reserve. Deposits of SAIF-member institutions are generally insured by the SAIF; SAIF members are predominantly thrifts supervised by the Office of Thrift Supervision.

FINANCIAL HIGHLIGHTS

<i>Dollars in Millions</i>	BIF		SAIF	
	(Unaudited)		(Unaudited)	
	09/30/03	09/30/02	09/30/03	09/30/02
Revenue	\$ 1,225	\$ 1,347	\$ 411	\$ 440
Operating Expenses	586	618	94	92
Insurance Losses/Expenses	(677)	423	(92)	(85)
Unrealized Gain on AFS (1)				
Securities, Net (Current Period)	96	638	30	218
Comprehensive Income	1,412	944	439	651
Fund Balance	\$ 33,462	\$ 31,383	\$ 12,186	\$ 11,586
Number of Failures, YTD	2	8	0	1
Total Corporate Outlays, YTD	\$880	\$1,998	\$0	\$35
Total Estimated Corporate Losses, YTD	\$100	\$623	\$0	\$1
Total Assets at Failure (Current Year)	\$1,088	\$2,415	\$0	\$50
Assets in Liquidation (2)	\$444	\$991	\$381	\$421
	06/30/03	06/30/02	06/30/03	06/30/02
June 2003/2002 Reserve Ratio (3)	1.29%	1.25%	1.38%	1.38%
June 2003/2002 Fund Balance	\$ 32,800	\$ 31,187	\$ 12,083	\$ 11,323
Estimated Insured Deposits	\$ 2,539,994 (a)	\$ 2,490,954 (a)	\$ 875,857 (a)	\$ 818,806 (a)
Total Insured Institutions	8,080 (a)	8,226 (a)	1,202 (a)	1,256 (a)

(1) Available-for-Sale (AFS)

(2) Assets in liquidation is the total book value of the non-cash assets to be liquidated.

(3) The Reserve Ratio is equal to the second quarter Fund Balance divided by the second quarter Estimated Insured Deposits. The statutorily established Designated Reserve Ratio is 1.25%.

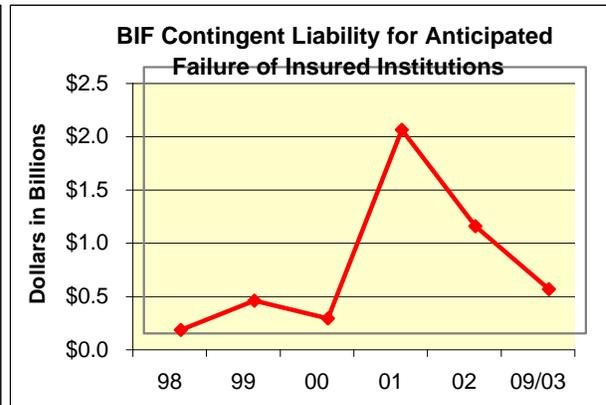
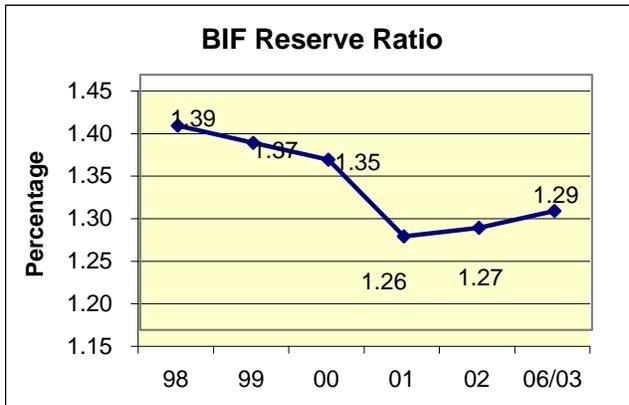
(a) Source: Second Quarter 2003 FDIC Quarterly Banking Profile. BIF figure includes 15 and 18 U.S. branches of foreign banks for 2003 and 2002, respectively.

Bank Insurance Fund Balance Sheets September 2003

(Unaudited)
September 30

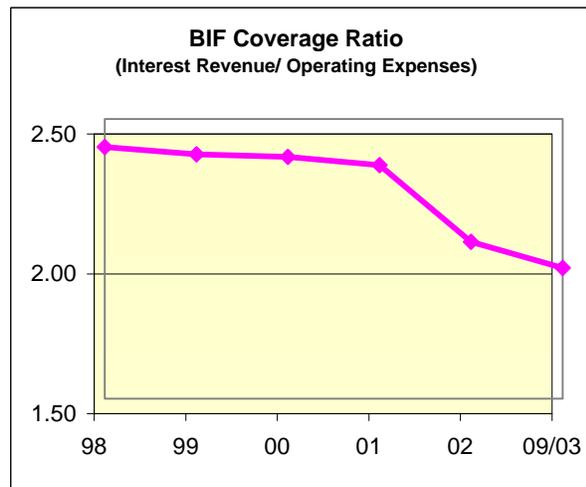
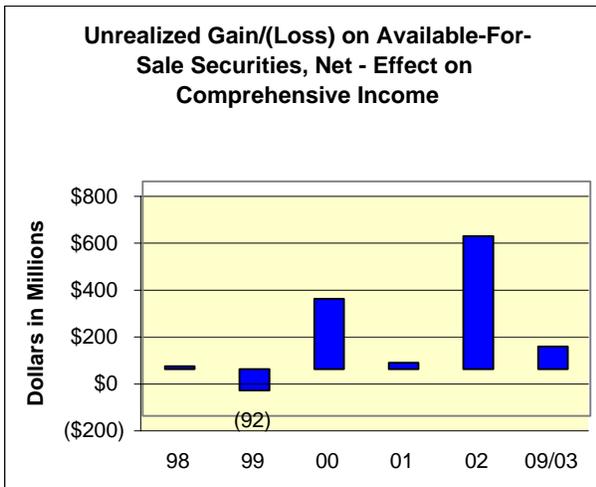
Dollars in Millions

	2003	2002
Assets		
Cash and cash equivalents	\$ 2,500	\$ 3,205
Investment in U.S. Treasury obligations, net		
Held-to-maturity securities	17,435	17,630
Available-for-sale securities	12,854	11,042
Interest receivable on investments and other assets, net	599	490
Receivables from bank resolutions, net	623	600
Property and buildings, net	281	289
Total Assets	\$ 34,292	\$ 33,256
Liabilities		
Accounts payable and other liabilities	\$ 209	\$ 143
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	416	1,518
Litigation losses	205	212
Total Liabilities	830	1,873
Fund Balance		
Accumulated net income	32,554	30,499
Unrealized gain on available-for-sale securities, net	908	884
Total Fund Balance	33,462	31,383
Total Liabilities and Fund Balance	\$ 34,292	\$ 33,256



Bank Insurance Fund Statements of Income and Fund Balance September 2003

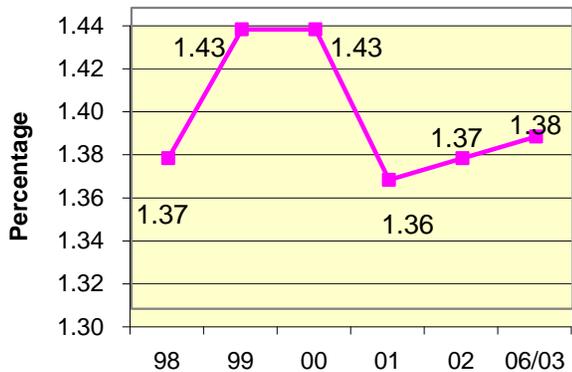
Dollars in Millions	(Unaudited) Year-to-Date:		(Unaudited) For the Quarter Ending September:	
	2003	2002	2003	2002
Revenue				
Interest on U.S. Treasury obligations	\$ 1,153	\$ 1,272	\$ 352	\$ 404
Assessments	60	62	22	26
Other revenue	12	13	3	3
Total Revenue	1,225	1,347	377	433
Expenses and Losses				
Operating expenses	586	618	212	220
Insurance Losses/Expenses:				
Provision for insurance losses	(682)	410	(543)	447
Interest and other insurance expenses	5	13	1	3
Total Expenses and Losses	(91)	1,041	(330)	670
Net Income	1,316	306	707	(237)
Unrealized gain/(loss) on available-for-sale securities, net (current period)	96	638	(45)	433
Comprehensive Income	1,412	944	662	196
Fund Balance - Beginning	32,050	30,439	32,800	31,187
Fund Balance - Ending	\$ 33,462	\$ 31,383	\$ 33,462	\$ 31,383



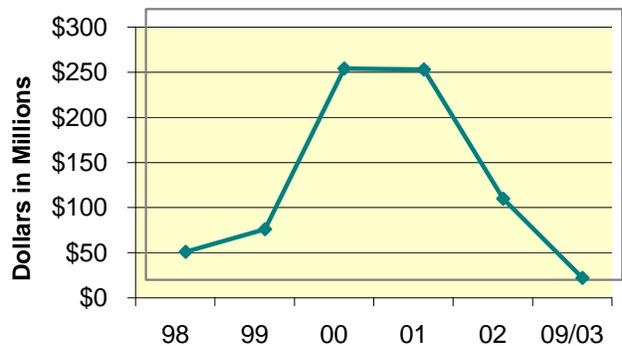
Savings Association Insurance Fund Balance Sheets September 2003

	(Unaudited) September 30	
	<u>2003</u>	<u>2002</u>
<i>Dollars in Millions</i>		
Assets		
Cash and cash equivalents - unrestricted	\$ 863	\$ 1,622
Cash and other assets - restricted for SAIF-member exit fees	317	309
Investment in U.S. Treasury obligations, net		
Held-to-maturity securities	6,499	5,817
Available-for-sale securities	4,357	3,888
Interest receivable on investments and other assets, net	209	144
Receivables from thrift resolutions, net	283	275
Total Assets	\$ 12,528	\$ 12,055
Liabilities		
Accounts payable and other liabilities	\$ 22	\$ 10
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	2	149
Litigation losses	1	1
SAIF-member exit fees and investment proceeds held in escrow	317	309
Total Liabilities	342	469
Fund Balance		
Accumulated net income	11,874	11,279
Unrealized gain on available-for-sale securities, net	312	307
Total Fund Balance	12,186	11,586
Total Liabilities and Fund Balance	\$ 12,528	\$ 12,055

SAIF Reserve Ratio



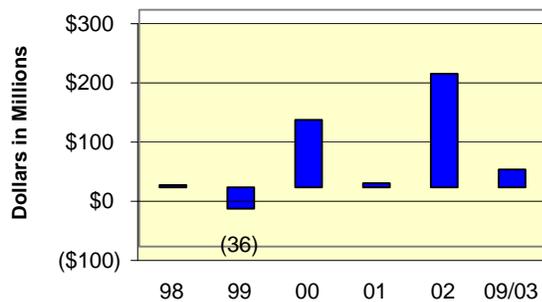
**SAIF Contingent Liability for Anticipated
Failure of Insured Institutions**



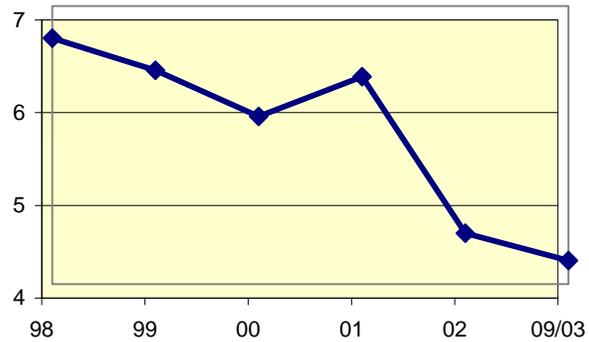
Savings Association Insurance Fund Statements of Income and Fund Balance September 2003

<i>Dollars in Millions</i>	(Unaudited) Year-to-Date:		(Unaudited) For the Quarter Ending September:	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenue				
Interest on U.S. Treasury obligations	\$ 400	\$ 421	\$ 124	\$ 137
Assessments	11	18	3	7
Other revenue	0	1	(1)	0
Total Revenue	411	440	126	144
Expenses and Losses				
Operating expenses	94	92	33	31
Provision for insurance losses	(92)	(86)	(26)	(4)
Other expenses	0	1	0	1
Total Expenses and Losses	2	7	7	28
Net Income				
Unrealized gain/(loss) on available-for-sale securities, net (current period)	30	218	(16)	147
Comprehensive Income	439	651	103	263
Fund Balance - Beginning	11,747	10,935	12,083	11,323
Fund Balance - Ending	\$ 12,186	\$ 11,586	\$ 12,186	\$ 11,586

Unrealized Gain/(Loss) on Available-For-Sale Securities, Net - Effect on Comprehensive Income



**SAIF Coverage Ratio
(Interest Revenue/ Operating Expenses)**



RESOLUTION FUND

FSLIC Resolution Fund (FRF)

The FRF is a FDIC-managed resolution fund that was originally created to wind up the affairs of the former Federal Savings and Loan Insurance Corporation (FSLIC). It is also responsible for liquidating the assets and liabilities that were transferred from the former Resolution Trust Corporation (RTC) in 1996. Statutorily, the FRF is reported as one fund; for management reporting and operational purposes, the FRF is split into its FSLIC and RTC components and accounted for separately. The assets of one component fund are not available to satisfy the obligations of the other.

The FRF will continue to operate until all of its assets are sold or otherwise liquidated and all of its liabilities are satisfied.

FRF-FSLIC

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) abolished the insolvent FSLIC, created the FRF, and transferred the assets and liabilities of the FSLIC to the FRF or RTC, effective August 9, 1989. Upon dissolution of this component of the FRF, any funds remaining will be transferred to the U.S. Treasury.

FRF-RTC

The RTC was created to manage and resolve all thrifts previously insured by the FSLIC for which a conservator or receiver was appointed on January 1, 1989, or later. Resolution responsibility transferred from the RTC to the SAIF on July 1, 1995, and the RTC was terminated as of December 31, 1995. All remaining assets and liabilities of the RTC were transferred to the FRF on January 1, 1996. Upon dissolution of this component of the FRF, any funds remaining will be transferred to the U.S. Treasury or the Resolution Funding Corporation, as appropriate.

FSLIC Resolution Fund Statements of Cash Flows and Selected Statistics September 2003

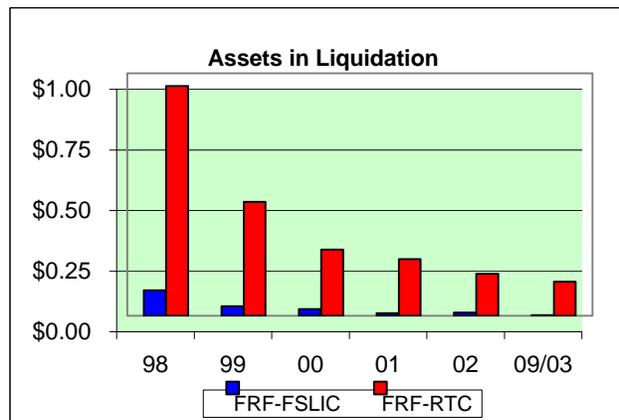
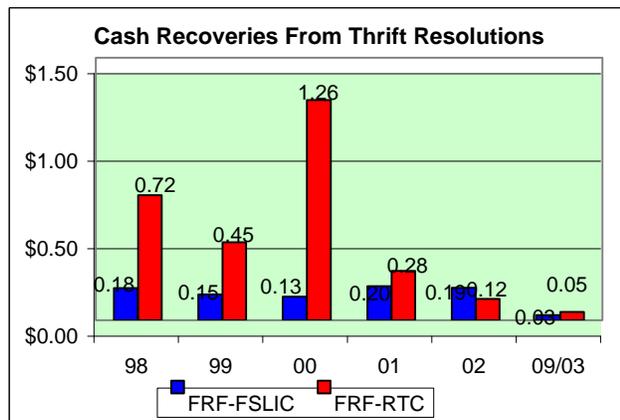
Dollars in Millions

	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2003	2002	2003	2002	2003	2002
Cash Flows						
Cash Flows From Operating Activities:						
Cash Provided by Operating Activities	\$79	\$118	\$63	\$133	\$142	\$251
Cash Used for Operating Activities	(\$13)	(\$28)	(26)	(60)	(39)	(88)
Net Cash Provided by Operating Activities	66	90	37	73	103	163
Cash Flows From Investing Activities:						
Investment in Securitization-Related Assets						
Acquired from Receiverships, AFS (1)	0	0	5	908	5	908
Cash Flows From Financing Activities:						
U.S. Treasury payments for goodwill judgements	0	21	0	0	0	21
Payments to Resolution Funding Corporation	0	0	(450)	(1,267)	(450)	(1,267)
Net Increase/(Decrease) in Cash	\$66	\$111	(\$408)	(\$286)	(\$342)	(\$175)
Selected Statistics						
Resolution Equity	\$2,964	\$2,825	\$521	\$935	\$3,485	\$3,760
Number of Active Receiverships	0	1	62	101	62	102
Number of Other Liquidating Entities	9	14	2	15	11	29
Assets in Liquidation (2)	\$3	\$13	\$140	\$187	\$143	\$200

(1) Available-for-Sale (AFS)

(2) Assets in liquidation is the total book value of the non-cash assets to be liquidated.

Chart Data: Dollars in Billions



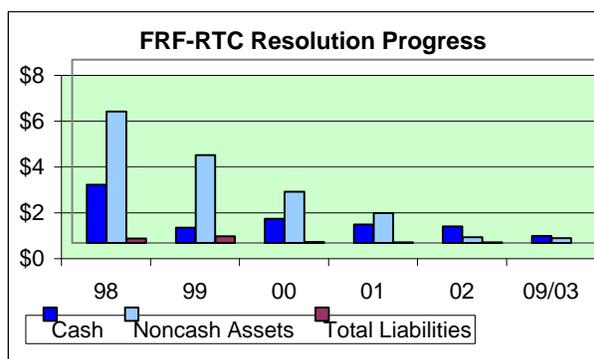
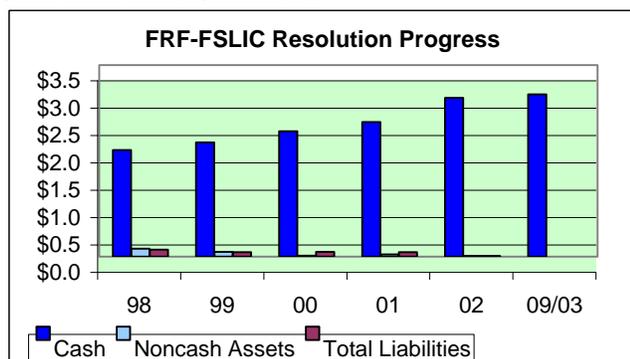
FSLIC Resolution Fund Balance Sheets September 2003

Dollars in Millions

	FRF - FSLIC (Unaudited) September 30		FRF - RTC (Unaudited) September 30		FRF - CONSOLIDATED (Unaudited) September 30	
	2003	2002	2003	2002	2003	2002
Assets						
Cash and cash equivalents	\$ 2,965	\$ 2,801	\$ 311	\$ 515	\$ 3,276	\$ 3,316
Receivables from thrift resolutions and other assets, net	0	30	214	426	214	456
Total Assets	\$ 2,965	\$ 2,831	\$ 525	\$ 941	\$ 3,490	\$ 3,772
Liabilities and Resolution Equity						
Liabilities						
Accounts payable and other liabilities	\$ 1	\$ 6	\$ 3	\$ 4	\$ 4	\$ 10
Contingent liabilities for litigation losses and other	0	0	1	2	1	2
Total Liabilities	1	6	4	6	5	12
Resolution Equity						
Contributed capital (1)	44,178	44,178	82,200	82,649	126,378	126,827
Accumulated deficit	(41,214)	(41,353)	(81,721)	(81,788)	(122,935)	(123,141)
Unrealized gain on available-for-sale securities, net	0	0	42	74	42	74
Accumulated deficit, net	(41,214)	(41,353)	(81,679)	(81,714)	(122,893)	(123,067)
Total Resolution Equity	2,964	2,825	521	935	3,485	3,760
Total Liabilities and Resolution Equity	\$ 2,965	\$ 2,831	\$ 525	\$ 941	\$ 3,490	\$ 3,772

(1) As of September 30, 2003, Contributed Capital has decreased \$9.1 billion due to FRF-RTC payments to the U.S. Treasury and the Resolution Funding Corporation.

Chart Data: Dollars in Billions



FSLIC Resolution Fund Statements of Income and Accumulated Deficit September 2003

Dollars in Millions

	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2003	2002	2003	2002	2003	2002
Revenue						
Interest on U.S. Treasury obligations	25	36	0	0	25	36
Realized gain on investment in securitization- related assets acquired from receiverships	0	0	1	313	1	313
Other revenue	8	2	5	18	13	20
Total Revenue	33	38	6	331	39	369
Expenses and Losses						
Operating expenses	7	5	13	29	20	34
Provision for losses	(25)	(9)	(21)	(51)	(46)	(60)
Expenses for goodwill settlements and litigation	(18)	21	0	0	(18)	21
Other expenses	1	1	1	7	2	8
Total Expenses and Losses	(35)	18	(7)	(15)	(42)	3
Net Income	68	20	13	346	81	366
Unrealized loss on available-for-sale securities, net (current period)	0	0	(1)	(233)	(1)	(233)
Comprehensive Income	68	20	12	113	80	133
Accumulated Deficit - Beginning	(41,282)	(41,373)	(81,691)	(81,827)	(122,973)	(123,200)
Accumulated Deficit - Ending	\$ (41,214)	\$ (41,353)	\$ (81,679)	\$ (81,714)	\$ (122,893)	\$ (123,067)

Chart Data: Dollars in Billions

