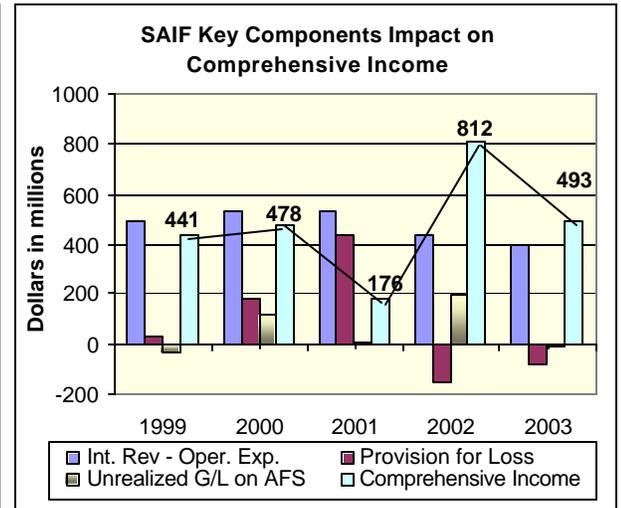
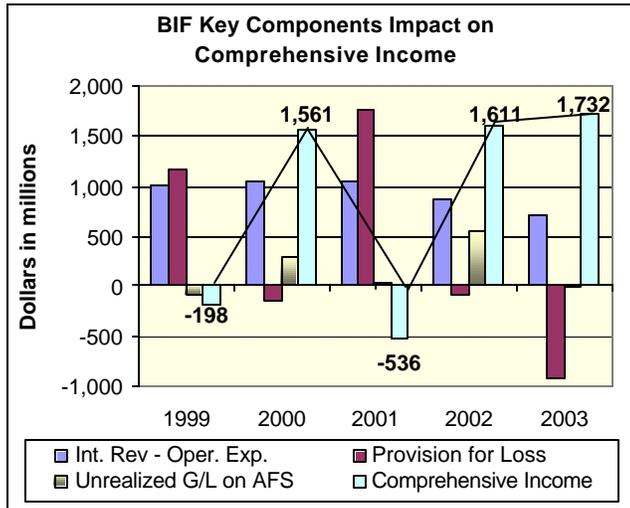
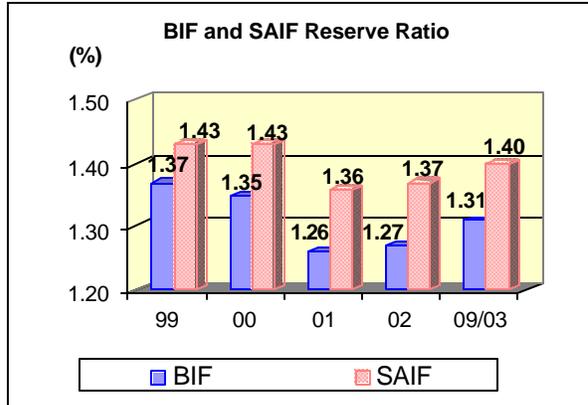




Financial Analysis Report

December 31, 2003

- BIF's comprehensive income rose by \$320 million, or 23%, during the 4th quarter, ending the year at \$1.7 billion.
- SAIF's comprehensive income rose by \$54 million, or 12%, during the 4th quarter, ending the year at \$493 million.
- BIF's and SAIF's contingent liabilities for anticipated failures fell by 82% and 97% in 2003, respectively.



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Contents:

Significant Financial Events.....1-2

BIF & SAIF Statistical Highlights.....3

BIF Balance Sheets.....4

BIF Statements of Income & Fund Balance.....5

BIF Statements of Cash Flows6

SAIF Balance Sheets.....7

SAIF Statements of Income & Fund Balance.....8

SAIF Statements of Cash Flows.....9

FRF Condensed Financial Statements.....10

Significant Financial Events

For the Twelve Months Ending December 31, 2003

Bank Insurance Fund (BIF):

- BIF's comprehensive income was \$1.7 billion for the year ending December 31, 2003, compared to \$1.6 billion for the same period last year. While estimated losses for both future and actual failures, as well as litigation, decreased by \$832 million, this increase to income was partially offset by lower unrealized gains on available-for-sale securities of \$576 million and lower interest income on US Treasury obligations of \$162 million.
- Receivables from bank resolutions increased by \$6 million to \$511 million during 2003, and decreased by \$112 million during the fourth quarter of 2003. During the fourth quarter, Pulaski Savings Bank of Philadelphia failed with total assets at failure of \$9 million. BIF recorded a receivable when disbursing \$9.5 million to cover obligations to insured depositors, and an estimated loss of \$1.1 million was then recorded against this receivable. This was offset by recoveries of payments made to cover obligations to insured depositors of failed banks, during the quarter, which reduced the net receivable by \$125 million.
- BIF's contingent liability for anticipated failures declined by \$830 million, or 82 percent, to \$178 million for the year and declined by \$238 million, or 57 percent, for the fourth quarter. BIF reserves have declined steadily over the past year as a result of overall favorable trends in the banking industry and improvement in the financial condition of a few large institutions.
- BIF's assets in liquidation decreased during the year by \$310 million, or 47 percent, to \$347 million. This is primarily due to the fact that 95 percent of the \$1.1 billion in assets retained from the failure of Southern Pacific Bank in February 2003 have already been disposed of. Also, 56 percent of the \$438 million in assets remaining as of December 31, 2002, from the three largest failures of 2002, have been liquidated.

Savings Association Insurance Fund (SAIF):

- SAIF's comprehensive income was \$493 million for the year ending December 31, 2003, compared to \$812 million for the same period last year. The difference of \$318 million was primarily due to a decrease in unrealized gains on available-for-sale securities of

\$198 million, a slight reduction in interest revenue of \$32 million, and a smaller reduction in the estimated losses for future failures of \$55 million.

- SAIF's assets in liquidation decreased by \$63 million to \$334 million for the year and decreased by \$47 million for the fourth quarter. Most of this decrease was due to collections from the Superior Bank receivership, including the receipt of the \$24 million annual payment from a promissory note arising from a settlement with the former owners of Superior Bank.

FSLIC Resolution Fund (FRF):

- As of December 31, 2003, the liability associated with 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. From August through December 2003, the United States Court of Appeals for the Federal Circuit affirmed the claims court's dismissals of five cases. In these cases (Centrust, D&N, Karnes County, Security Bailey, and Cain), the lower court had awarded no damages and dismissed the plaintiffs' claims. The appeals court affirmed these rulings. It also reduced the amount of damages from \$8.8 million to approximately \$5 million in Bank United, rejecting some of the plaintiff's damages theories. Finally, the United States Supreme Court declined to hear the appeal of a goodwill plaintiff whose claim had been dismissed by both the claims court and the appeals court (Gravee & Maher), so that case is now finally resolved.

Guarini Litigation

To date, there have been liability determinations in six of the eight "Guarini" cases. The United States Court

Significant Financial Events

For the Twelve Months Ending December 31, 2003

(Continued)

~FRF~

of Federal Claims has entered an award for the plaintiffs in three of these cases and appeals have been filed by DOJ. A decision on liability has not been made in the seventh case, and the eighth case was settled during 2002 for \$20 thousand.

- FRF's comprehensive income decreased by \$29 million to \$1 million in the fourth quarter. Half of this decline is due to the recordation of a \$14.4 million liability (including principal of \$6.1 million and interest totaling \$8.3 million) for the overpayment of tax benefits received in prior years from Washington Mutual. This liability arose from an IRS dispute over the amount of net operating losses Washington Mutual was entitled to utilize to reduce its tax liability.

- During 2003, FRF-RTC paid \$450 million to the Resolution Funding Corporation (REFCORP) to pay interest on REFCORP bonds, bringing total payments to \$4.572 billion.

STATISTICAL HIGHLIGHTS

Dollars in Millions

	BIF		SAIF	
	12/31/03	12/31/02	12/31/03	12/31/02
Number of Failures, YTD	3	10	0	1
Total Corporate Outlays, YTD	\$ 889	\$ 2,105	\$ 0	\$ 37
Total Estimated Corporate Losses, YTD	\$ 103	\$ 628	\$ 0	\$ 1
Total Assets at Failure (Current Year)	\$ 1,097	\$ 2,508	\$ 0	\$ 50
Assets in Liquidation (3)	\$ 347	\$ 657	\$ 334	\$ 397
	09/30/03	09/30/02	09/30/03	09/30/02
September 2003/2002 Reserve Ratio (1)	1.31%	1.25%	1.40%	1.39%
September 2003/2002 Fund Balance	\$ 33,462	\$ 31,383	\$ 12,186	\$ 11,586
Estimated Insured Deposits	\$ 2,547,889 (a)	\$ 2,513,160 (a)	\$ 867,562 (a)	\$ 833,029 (a)
Fund Balance Sensitivity (2)	\$ 255	\$ 251	\$ 87	\$ 83
Deposit Base Sensitivity (3)	\$ 19,594	\$ 20,383	\$ 6,237	\$ 6,050
Total Insured Institutions	8,058 (a)	8,189 (a)	1,194 (a)	1,244 (a)

(1) The Reserve Ratio is equal to the third quarter Fund Balance divided by the third quarter Estimated Insured Deposits. The Statutorily established Designated Reserve Ratio is 1.25%.

(2) Fund Balance Sensitivity is the impact of one basis point change in reserve ratio on fund balance, with deposit base constant. Deposit Base Sensitivity is the impact of one basis point change in reserve ratio on deposit base, with fund balance constant.

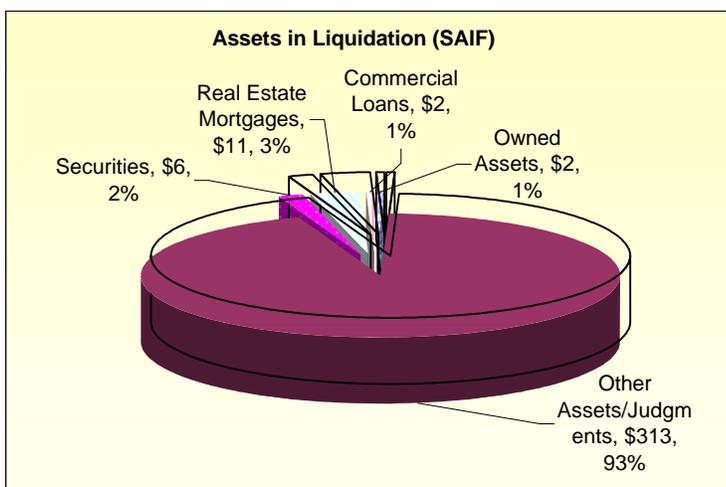
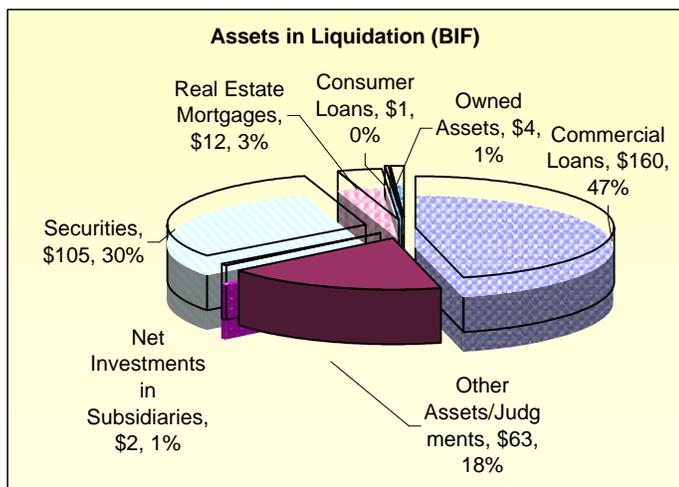
(3) Assets in liquidation is the total book value of the noncash assets to be liquidated for all active receiverships and is the main source of repayment of the BIF's receivables from closed banks.

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

Dollars in Millions

BIF YTD Failures	Assets at Failure	Estimated Losses
Southern Pacific Bank	\$1,052	\$93
The First National Bank of Blanchardville	\$36	\$9
Pulaski Savings Bank	\$9	\$1
Total	\$1,097	\$103

Dollars in Millions

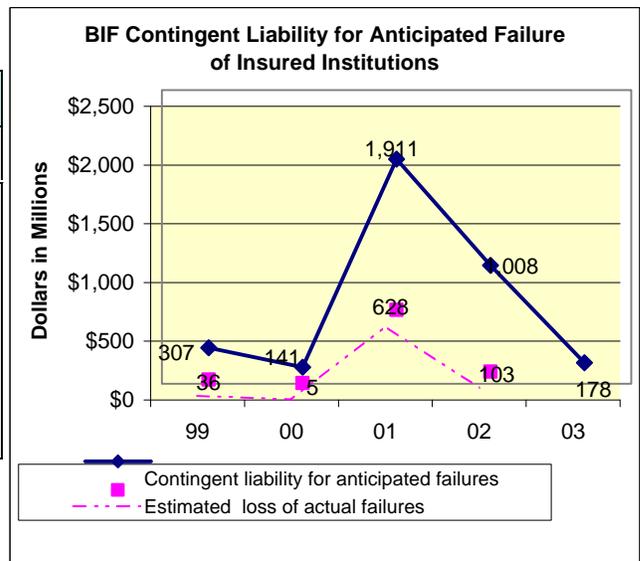


Bank Insurance Fund Balance Sheets December 2003

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>
Assets		
Cash and cash equivalents	\$ 2,544	\$ 4,607
<i>Investment in U.S. Treasury obligations, net</i>		
Held-to-maturity securities	16,293	16,710
Available-for-sale securities	14,210	10,823
Interest receivable on investments and other assets, net	551	484
Receivables from bank resolutions, net	511	505
Property and equipment, net	288	303
Total Assets	34,397	33,432
Liabilities		
Accounts payable and other liabilities	232	149
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	178	1,008
Litigation losses and other	205	225
Total Liabilities	615	1,382
Fund Balance		
Accumulated net income	32,980	31,238
Unrealized gain on available-for-sale securities, net	802	812
Total Fund Balance	33,782	32,050
Total Liabilities and Fund Balance	\$ 34,397	\$ 33,432

Investment Portfolio Total Returns			
Period	BIF	Merrill Lynch 1-10 Yr U.S. Treasury Index	Variance
Year-to-Date (01/01/03 - 12/31/03)	3.042%	2.131%	0.911%
For the Year Ending 12/31/2002	9.201%	9.054%	0.147%
01/01/01 - 12/31/03 (Annualized)	6.563%	6.390%	0.173%



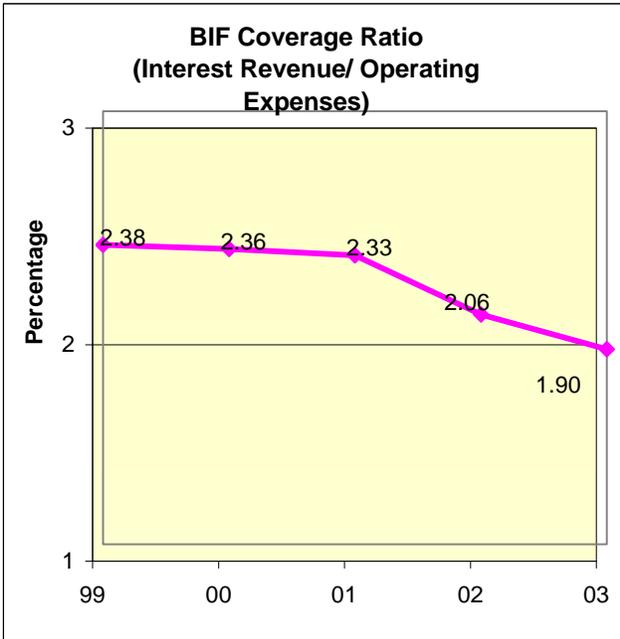
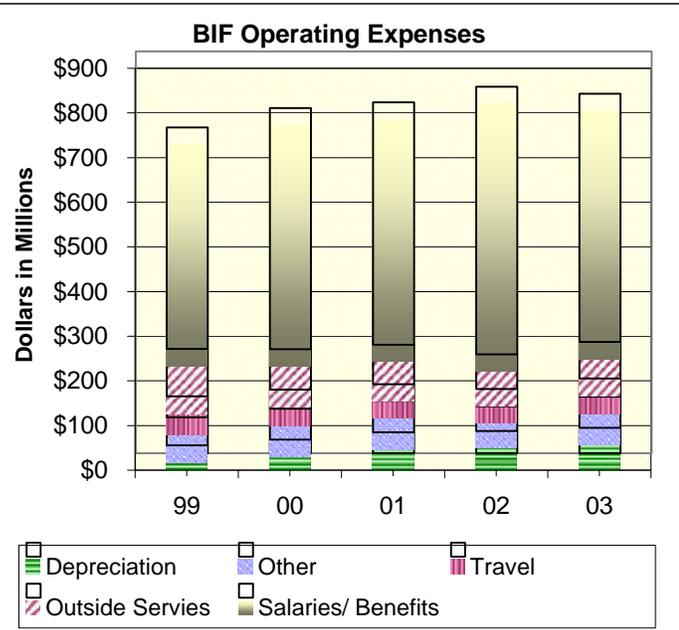
This graph compares the contingent liability to the estimated losses for the banks that failed in the subsequent twelve months.

Bank Insurance Fund Statements of Income and Fund Balance December 2003

Year-to-Date

Dollars in Millions

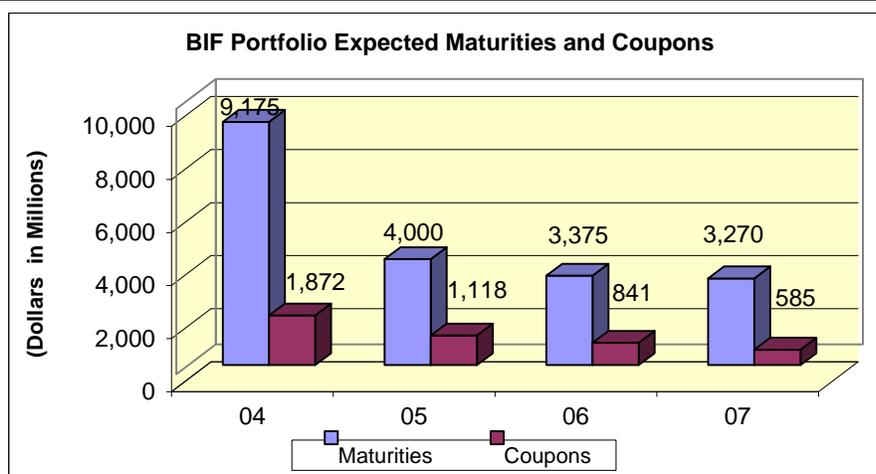
	<u>December 31</u>		<u>December 31</u>		<u>(Unaudited)</u>	
	<u>2003</u>	<u>2002</u>	<u>For the Quarter Ending December:</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>		
Revenue						
Interest on U.S. Treasury obligations	\$ 1,530	\$ 1,692	\$ 377	\$ 420		
Assessments	80	84	20	22		
Other revenue	16	19	4	6		
Total Revenue	1,626	1,795	401	448		
Expenses and Losses						
Operating expenses	805	821	219	203		
Provision for insurance losses	(928)	(87)	(246)	(497)		
Interest and other insurance expenses	7	16	2	3		
Total Expenses and Losses	(116)	750	(25)	(291)		
Net Income	1,742	1,045	426	739		
Unrealized (loss)/gain on available-for-sale securities, net (current period)	(10)	566	(106)	(72)		
Comprehensive Income	1,732	1,611	320	667		
Fund Balance - Beginning	32,050	30,439	33,462	31,383		
Fund Balance - Ending	\$ 33,782	\$ 32,050	\$ 33,782	\$ 32,050		



Bank Insurance Fund Statements of Cash Flows December 2003

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>
<u>Operating Activities</u>		
<i>Provided by:</i>		
Interest on U.S. Treasury obligations	\$ 1,794	\$ 1,859
Recoveries from bank resolutions	1,034	1,116
Assessments	81	82
Miscellaneous receipts	112	23
<i>Used by:</i>		
Operating expenses	(754)	(742)
Disbursements for bank resolutions	(936)	(2,168)
Miscellaneous disbursements	(32)	(39)
Net Cash Provided by (Used by) Operating Activities	1,299	131
<u>Investing Activities</u>		
<i>Provided by:</i>		
Maturity of U.S. Treasury obligations, held-to-maturity	3,890	3,625
Maturity or sale of U.S. Treasury obligations, available-for-sale	1,690	1,150
<i>Used by:</i>		
Purchase of property and equipment	(43)	(50)
Purchase of U.S. Treasury obligations, held-to-maturity	(3,659)	0
Purchase of U.S. Treasury obligations, available-for-sale	(5,240)	(1,686)
Net Cash (Used by) Provided by Investing Activities	(3,362)	3,039
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,063)	3,170
Cash and Cash Equivalents - Beginning	4,607	1,437
Cash and Cash Equivalents - Ending	\$ 2,544	\$ 4,607

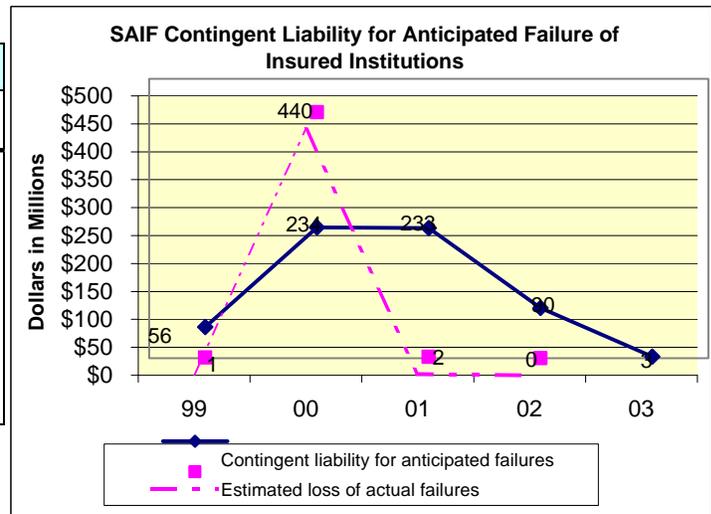


Savings Association Insurance Fund Balance Sheets December 2003

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>
Assets		
Cash and cash equivalents - unrestricted	\$ 827	\$ 1,907
Cash and other assets - restricted for SAIF-member exit fees	319	312
<i>Investment in U.S. Treasury obligations, net</i>		
Held-to-maturity securities	6,824	5,727
Available-for-sale securities	4,152	3,770
Interest receivable on investments and other assets, net	189	153
Receivables from thrift resolutions, net	273	288
Total Assets	<u><u>12,584</u></u>	<u><u>12,157</u></u>
Liabilities		
Accounts payable and other liabilities	21	7
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	3	90
Litigation losses	1	1
SAIF-member exit fees and investment proceeds held in escrow	319	312
Total Liabilities	<u><u>344</u></u>	<u><u>410</u></u>
Fund Balance		
Accumulated net income	11,966	11,466
Unrealized gain on available-for-sale securities, net	274	281
Total Fund Balance	<u><u>12,240</u></u>	<u><u>11,747</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 12,584</u></u>	<u><u>\$ 12,157</u></u>

Investment Portfolio Total Returns			
Period	SAIF	Merrill Lynch 1-10 Yr U.S. Treasury Index	Variance
Year-to-Date (01/01/03 - 12/31/03)	3.010%	2.131%	0.879%
For the Year Ending 12/31/2002	9.891%	9.054%	0.837%
01/01/01 - 12/31/03 (Annualized)	6.757%	6.390%	0.367%



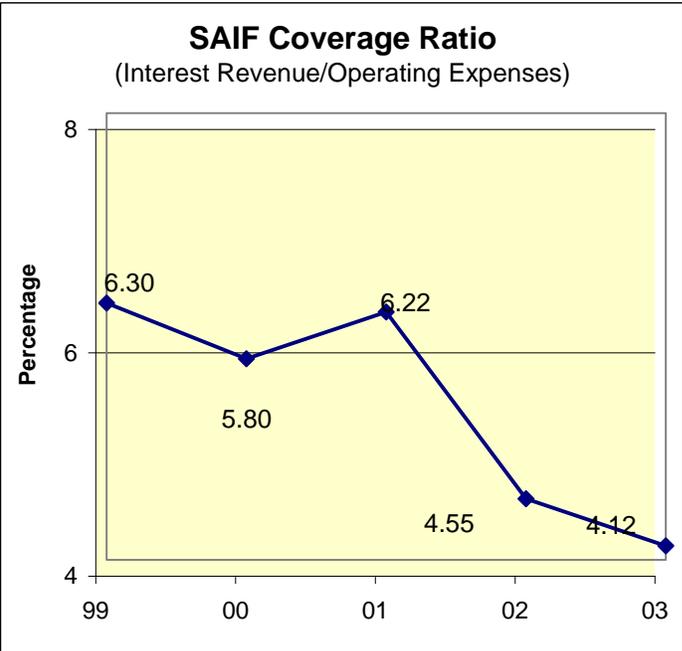
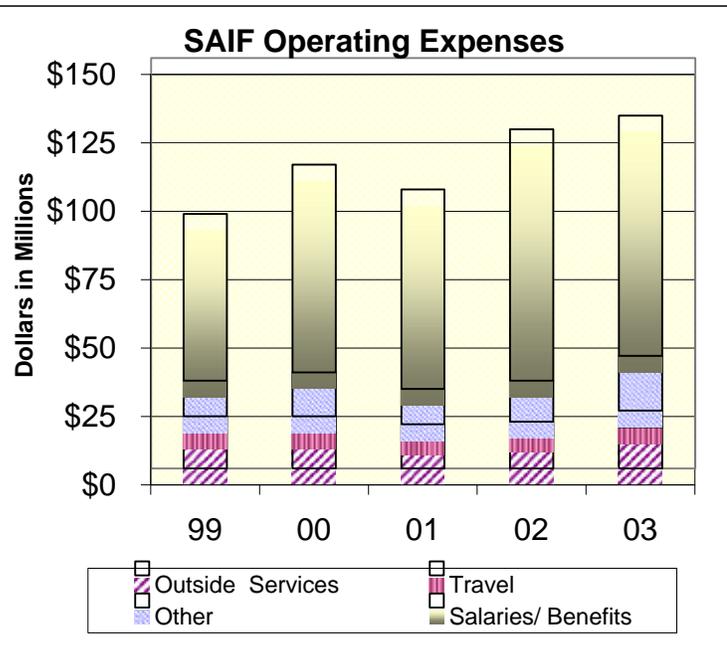
This graph compares the contingent liability to the estimated losses for the thrifts that failed in the subsequent twelve months.

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

Year-to-Date:

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>	<u>(Unaudited)</u> <u>For the Quarter Ending December:</u>	
			<u>2003</u>	<u>2002</u>
Revenue				
Interest on U.S. Treasury obligations	\$ 532	\$ 564	\$ 132	\$ 143
Assessments	15	24	4	6
Other revenue	0	1	0	0
Total Revenue	547	589	136	149
Expenses and Losses				
Operating expenses	129	124	35	32
Provision for insurance losses	(82)	(156)	10	(70)
Other expenses	0	1	0	0
Total Expenses and Losses	47	(31)	45	(38)
Net Income	500	620	91	187
Unrealized gain/(loss) on available-for-sale securities, net (current period)	(7)	192	(37)	(26)
Comprehensive Income	493	812	54	161
Fund Balance - Beginning	11,747	10,935	12,186	11,586
Fund Balance - Ending	\$ 12,240	\$ 11,747	\$ 12,240	\$ 11,747

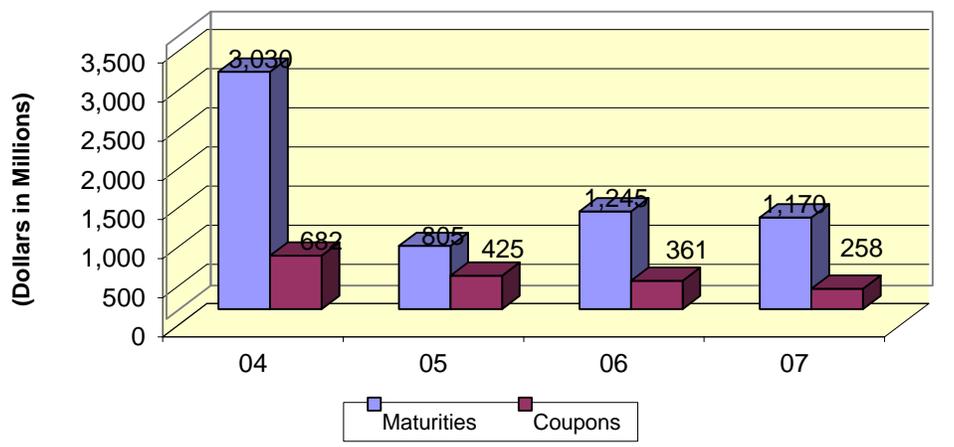


Savings Association Insurance Fund Statements of Cash Flows December 2003

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>
<u>Operating Activities</u>		
<i>Provided by:</i>		
Interest on U.S. Treasury obligations	\$ 621	\$ 576
Assessments	15	24
Entrance and exit fees, including interest on exit fees	4	16
Recoveries from thrift resolutions	14	1,127
Miscellaneous receipts	15	0
<i>Used by:</i>		
Operating expenses	(130)	(125)
Disbursements for bank resolutions	(7)	(120)
Net Cash Provided by Operating Activities	532	1,498
<u>Investing Activities</u>		
<i>Provided by:</i>		
Maturity of U.S. Treasury obligations, held-to-maturity	1,170	1,070
Maturity and sale of U.S. Treasury obligations, available-for-sale	575	150
<i>Used by:</i>		
Purchase of U.S. Treasury obligations, held-to-maturity	(2,305)	0
Purchase of U.S. Treasury obligations, available-for-sale	(1,008)	(971)
Net Cash (Used by) Provided by Investing Activities	(1,568)	249
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,036)	1,747
Cash and Cash Equivalents - Beginning	2,095	348
Unrestricted Cash and Cash Equivalents-Ending	827	1,907
Restricted Cash and Cash Equivalents-Ending	232	188
Cash and Cash Equivalents - Ending	\$ 1,059	\$ 2,095

SAIF Portfolio Expected Maturities and Coupons



FSLIC Resolution Fund Condensed Financial Statements December 2003

Dollars in Millions

	<u>December 31</u> <u>2003</u>	<u>December 31</u> <u>2002</u>
<u>Operating Results</u>		
Total Revenue	\$ 51	\$ 433
Operating expenses	28	46
Provision for losses	(58)	(149)
Expenses for goodwill settlements and litigation	15	40
Comprehensive Income	\$ 51	\$ 227
<u>Financial Condition</u>		
Cash and cash equivalents	\$ 3,279	\$ 3,618
Receivables from thrift resolutions	94	131
Investment in Securitization-Related Assets	90	98
Accumulated Deficit, net	(122,921)	(122,973)
Resolution Equity	\$ 3,456	\$ 3,855

Dollars in Millions

