

FEDERAL DEPOSIT INSURANCE CORPORATION

Selected Fund Financial Indicators

- BIF Reserve Ratio is 1.28 percent as of March 31, 2003
- SAIF Reserve Ratio is 1.37 percent as of March 31, 2003



Executive Management Report

Financial Results (unaudited)
For the six months ending June 30, 2003

Executive Summary

For the Six Months Ending June 30, 2003

Bank Insurance Fund (BIF):

- Comprehensive income was \$750 million for the six months ending June 30, 2003, compared to \$748 million for the same period last year. While interest revenue and unrealized gains from U.S. Treasury obligations decreased by \$131 million, this was offset by lower operating expenses of \$24 million and lower estimated losses for future and actual failures of \$110 million.
- BIF's Reserve Ratio increased from 1.27% at 12/31/02 to 1.28% at 03/31/03. The fund balance increased by \$332 million, or 1.0% while the estimated insured deposits increased by \$3.3 billion or 0.1%. For the first six months of 2003, the fund balance increased by \$750 million or 2.3%.
- Receivables from bank resolutions increased by \$118 million to \$623 million during the first six months of 2003 due to the failure of two BIF-insured institutions. This line item peaked at \$1.2 billion at March 31, 2003, and then subsequently declined during the second quarter due to \$556 million in recoveries of payments made to cover obligations to insured depositors of these failed banks.
- As of June 30, 2003, the balance of assets in liquidation was \$657 million, which was unchanged from the December 31, 2002 balance. This is primarily due to the fact that 88% of the \$1.05 billion in assets retained from the failure of Southern Pacific Bank in February 2003 have already been liquidated and resolved. The failure of The First National Bank of Blanchardville in May 2003 had a minimal effect on the asset portfolio, adding only \$35 million in assets at closing.

Savings Association Insurance Fund (SAIF):

- SAIF's comprehensive income was \$336 million for the six months ending June 30, 2003, compared to \$388 million for the same period last year. This decrease of \$52 million resulted primarily from significant fluctuations in the estimated losses for future failures and unrealized gains on available-for-sale securities.
- SAIF's Reserve Ratio remained at 1.37% at 3/31/03.

FSLIC Resolution Fund (FRF): ***~FRF-FSLIC~***

- The U.S. Department of Treasury (U.S. Treasury) has determined that the FRF is responsible for the payment of judgments and settlements in most supervisory goodwill litigation cases against the U.S. Government.

Future goodwill litigation judgments and/or settlements cannot be reasonably estimated at this time. This uncertainty arises, in part, from the existence of significant unresolved issues pending at the appellate or trial court level, as well as the unique circumstances of each case.

Funds to cover goodwill judgments and settlements are provided by an open-ended appropriation as provided by section 110 of the Department of Justice Appropriations Act, 2000. Because of this, any liabilities for goodwill litigation should have no material impact on the financial condition of the FRF-FSLIC.

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.

In June 2003, the United States Supreme Court declined to hear plaintiff's appeal of an unfavorable ruling by the Circuit Court of Appeals. Additionally, the plaintiff in another case decided to withdraw its claim after receiving an unfavorable ruling from the Appeals Court. The FRF-FSLIC also paid \$954 thousand for stipulated attorneys fees and costs in one goodwill case during June 2003. 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. In April 2003, FRF-FSLIC paid the first goodwill settlement for \$10 thousand and received an appropriation for the same amount from the U.S. Treasury. The second settlement for \$20 thousand has not yet been paid by FRF-FSLIC.

Paralleling the goodwill cases are eight similar cases alleging that the government breached agreements regarding tax benefits associated with certain FSLIC-assisted acquisitions. These agreements allegedly contained the promise of tax deductions for losses incurred on the sale of

Executive Summary For the Six Months Ending June 30, 2003

(Continued) *~FRF-FSLIC~*

certain thrift assets purchased by plaintiffs, from the FSLIC, even though the FSLIC provided the plaintiffs with tax-exempt reimbursement. A provision in the Omnibus Budget Reconciliation Act of 1993 (popularly referred to as the "Guarini legislation") eliminated the tax deductions for these losses.

To date, there have been liability determinations in six of the "Guarini" cases. In two of these cases, damages of approximately \$28 million and \$70 million were awarded in February and April 2003, respectively, by the Court of Federal Claims. Both cases have been appealed by the Department of Justice. In a third case decided on June 3, 2003, the Court ruled that the plaintiffs were entitled to damages (approximately \$48.7 million) but ordered further proceedings to determine the exact amount. A decision on liability has not been made in the one pending Guarini case. An eighth case was settled during 2002 for \$20 thousand.

The FDIC believes that it is possible that substantial amounts may be paid from the FRF-FSLIC as a result of the judgments and settlements from the "Guarini litigation". However, because the litigation of damages computation is still ongoing, the amount of the damages in all of these cases is not estimable at this time.

~FRF-RTC~

- The RTC Completion Act (Act) requires the FDIC to return to the U.S. Treasury any funds that were transferred to the RTC pursuant to the Act but not needed by the RTC. The Act made available approximately \$18 billion worth of additional funding, of which \$4.556 billion was used. In addition, the FDIC must transfer to the Resolution Funding Corporation (REFCORP) the net proceeds from the sale of FRF-RTC assets (once all liabilities of the FRF-RTC have been provided for) to pay the interest on REFCORP bonds. Any such payments benefit the U.S. Treasury, which would otherwise be obligated to pay the interest on the bonds.

With the last payment of \$271 million on March 3, 2000, the FRF-RTC has fully repaid the \$4.556 billion to the U.S. Treasury. Beginning in April 2000, the FRF-RTC has made twelve payments

totaling \$4.572 billion to REFCORP. The last payment to REFCORP of \$50 million was made on April 10, 2003. The FRF-RTC cash balance is \$310 million at June 30, 2003.

- One securitization deal remains active as of June 30, 2003, and is expected to terminate in 2003.

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)	
	06/30/03	06/30/02	06/30/03	06/30/02
Revenue	\$ 848	\$ 914	\$ 285	\$ 296
Operating Expenses	374	398	61	61
Insurance Losses/Expenses	(135)	(27)	(66)	(82)
Unrealized Gain on AFS (1)				
Securities, Net (Current Period)	141	205	46	71
Comprehensive Income	750	748	336	388
Fund Balance	\$ 32,800	\$ 31,187	\$ 12,083	\$ 11,323
Number of Failures, YTD	2	7	0	1
Total Corporate Outlays, YTD	\$879	\$1,665	\$0	\$0
Total Estimated Corporate Losses, YTD	\$110	\$611	\$0	\$11
Total Assets at Failure (Current Year)	\$1,088	\$2,403	\$0	\$50
Assets in Liquidation (2)	\$657	\$1,357	\$402	\$598
	03/31/03	03/31/02	03/31/03	03/31/02
March 2003/2002 Reserve Ratio (3)	1.28%	1.23%	1.37%	1.36%
March 2003/2002 Fund Balance	\$ 32,382	\$ 30,697	\$ 11,906	\$ 11,049
Estimated Insured Deposits	\$ 2,531,216 (a)	\$ 2,495,498 (a)	\$ 868,038 (a)	\$ 810,902 (a)
Total Insured Institutions	8,114 (a)	8,265 (a)	1,216 (a)	1,273 (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 first quarter Fund Balance divided by the first quarter Estimated Insured Deposits. The statutorily established Designated Reserve Ratio is 1.25%.

(a) Source: First Quarter 2003 FDIC Quarterly Banking Profile. BIF figure includes 16 and 18 U.S. branches of foreign banks for 2003 and 2002, respectively.

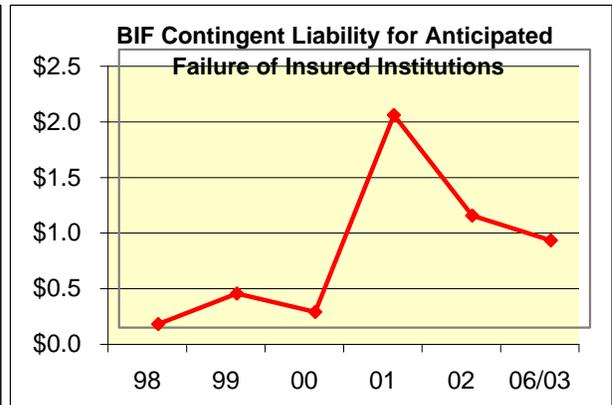
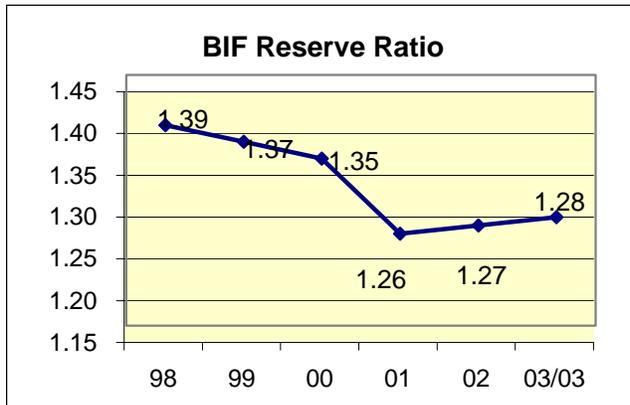
Bank Insurance Fund Statements of Financial Position June 2003

(Unaudited)
June 30

Dollars in Millions

	2003	2002
Assets		
Cash and cash equivalents	\$ 3,395	\$ 998
Investment in U.S. Treasury obligations, net	29,221	29,688
Interest receivable on investments and other assets, net	480	528
Receivables from bank resolutions, net	623	1,350
Property and buildings, net	161	165
Software development and other capitalized assets, net	125	128
Total Assets	\$ 34,005	\$ 32,857
Liabilities		
Accounts payable and other liabilities	\$ 211	\$ 373
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	785	1,266
Litigation losses	205	25
Other contingencies	4	6
Total Liabilities	1,205	1,670
Fund Balance		
Accumulated net income	31,847	30,736
Unrealized gain on available-for-sale securities, net	953	451
Total Fund Balance	32,800	31,187
Total Liabilities and Fund Balance	\$ 34,005	\$ 32,857

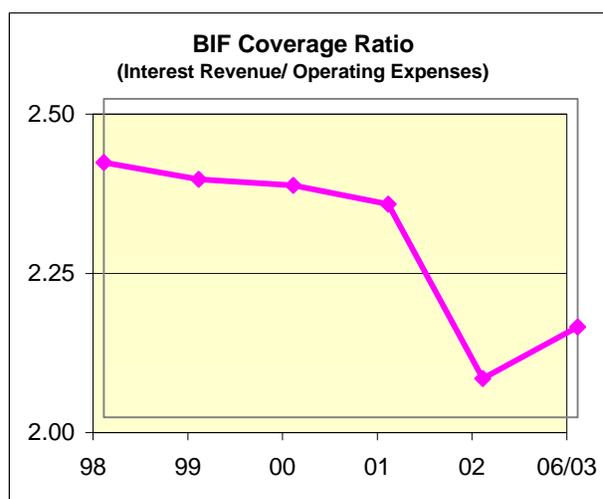
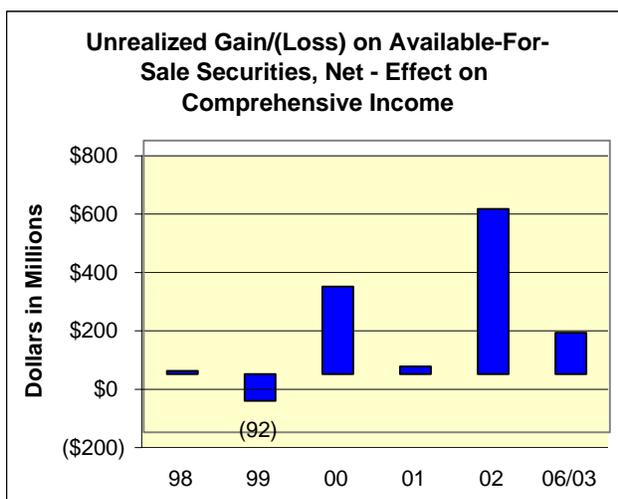
Chart Data: Dollars in Billions



Bank Insurance Fund Statements of Income and Fund Balance June 2003

Dollars in Millions

	(Unaudited) Year-to-Date:		(Unaudited) For the Quarter Ending June:	
	2003	2002	2003	2002
Revenue				
Interest on U.S. Treasury obligations	\$ 801	\$ 868	\$ 425	\$ 484
Assessments	38	36	19	19
Other revenue	9	10	4	5
Total Revenue	848	914	448	508
Expenses and Losses				
Operating expenses	374	398	199	215
Insurance Losses/Expenses:				
Provision for insurance losses	(139)	(37)	(133)	(19)
Interest and other insurance expenses	4	10	2	5
Total Expenses and Losses	239	371	68	201
Net Income	609	543	380	307
Unrealized gain on available-for-sale securities, net (current period)	141	205	38	183
Comprehensive Income	750	748	418	490
Fund Balance - Beginning	32,050	30,439	32,382	30,697
Fund Balance - Ending	\$ 32,800	\$ 31,187	\$ 32,800	\$ 31,187



Savings Association Insurance Fund Statements of Financial Position June 2003

Dollars in Millions

(Unaudited)
June 30

Assets

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents - unrestricted	\$ 1,445	\$ 1,005
Cash and other assets - restricted for SAIF-member exit fees	315	307
Investment in U.S. Treasury obligations, net	10,236	9,923
Interest receivable on investments and other assets, net	160	167
Receivables from thrift resolutions, net	287	415
Total Assets	\$ 12,443	\$ 11,817

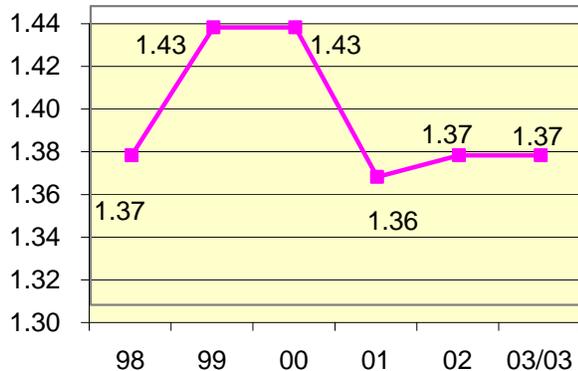
Liabilities

Accounts payable and other liabilities	\$ 18	\$ 42
Liabilities from thrift resolutions	0	0
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	26	144
Litigation losses	1	1
SAIF-member exit fees and investment proceeds held in escrow	315	307
Total Liabilities	360	494

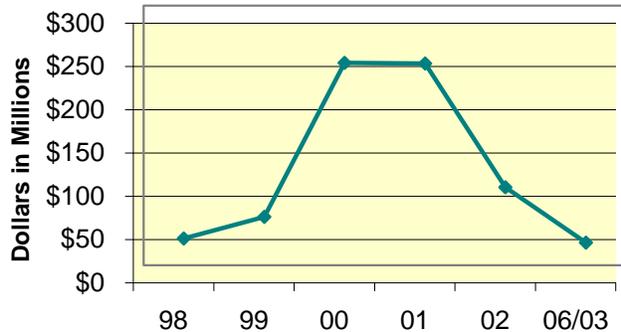
Fund Balance

Accumulated net income	11,756	11,163
Unrealized gain on available-for-sale securities, net	327	160
Total Fund Balance	12,083	11,323
Total Liabilities and Fund Balance	\$ 12,443	\$ 11,817

SAIF Reserve Ratio



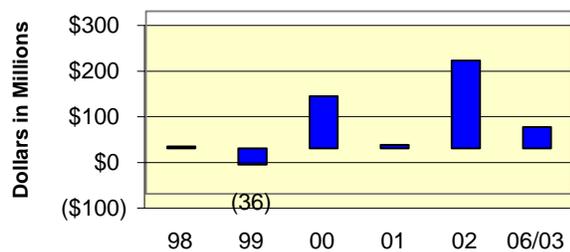
SAIF Contingent Liability for Anticipated Failure of Insured Institutions



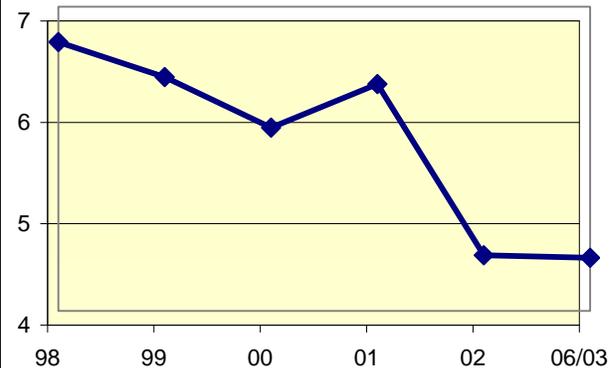
Savings Association Insurance Fund Statements of Income and Fund Balance June 2003

<i>Dollars in Millions</i>	(Unaudited) Year-to-Date:		(Unaudited) For the Quarter Ending June:	
	2003	2002	2003	2002
Revenue				
Interest on U.S. Treasury obligations	\$ 276	\$ 284	\$ 146	\$ 162
Assessments	8	11	4	5
Other revenue	1	1	1	0
Total Revenue	285	296	151	167
Expenses and Losses				
Operating expenses	61	61	32	33
Provision for insurance losses	(66)	(82)	(45)	(79)
Other expenses	0	0	0	0
Total Expenses and Losses	(5)	(21)	(13)	(46)
Net Income	290	317	164	213
Unrealized gain on available-for-sale securities, net (current period)	46	71	13	61
Comprehensive Income	336	388	177	274
Fund Balance - Beginning	11,747	10,935	11,906	11,049
Fund Balance - Ending	\$ 12,083	\$ 11,323	\$ 12,083	\$ 11,323

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 June 2003

Dollars in Millions

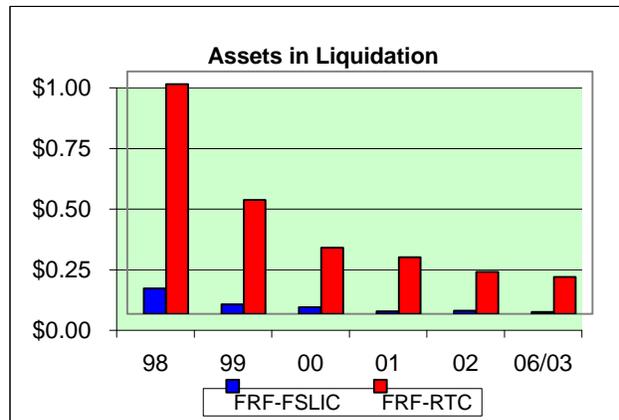
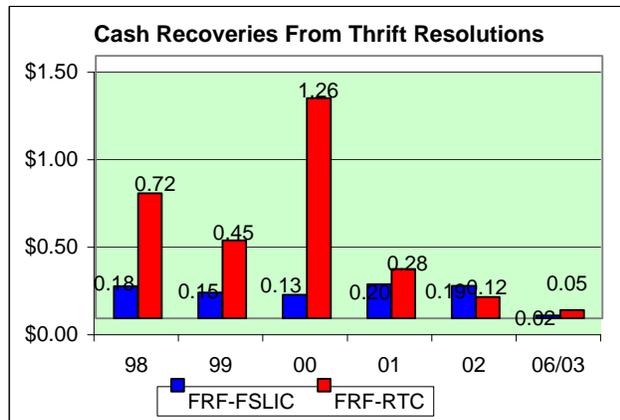
	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2003	2002	2003	2002	2003	2002
Cash Flows						
Cash Flows From Operating Activities:						
Cash Provided by Operating Activities	\$40	\$97	\$53	\$111	\$93	\$208
Cash Provided by (Used for) Operating Activities	\$11	(\$26)	(18)	(46)	(7)	(72)
Net Cash Provided by Operating Activities	51	71	35	65	86	136
Cash Flows From Investing Activities:						
Investment in Securitization-Related Assets						
Acquired from Receiverships, AFS (1)	0	0	6	683	6	683
Cash Flows From Financing Activities:						
U.S. Treasury payments for goodwill judgements	0	21	0	0	0	21
Payments to Resolution Funding Corporation (2)	0	0	(450)	(867)	(450)	(867)
Net Increase/(Decrease) in Cash	\$51	\$92	(\$409)	(\$119)	(\$358)	(\$27)
Selected Statistics						
Resolution Equity (2)	\$2,943	\$2,805	\$513	\$1,274	\$3,456	\$4,079
Number of Active Receiverships	0	1	68	107	68	108
Number of Other Liquidating Entities	14	14	15	14	29	28
Assets in Liquidation (3)	\$8	\$14	\$152	\$205	\$160	\$219

(1) Available-for-Sale (AFS)

(2) As of June 30, 2003, FRF-RTC had paid \$4.556 billion to the U.S. Treasury and \$4.572 billion to the Resolution Funding Corp.

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

Chart Data: Dollars in Billions

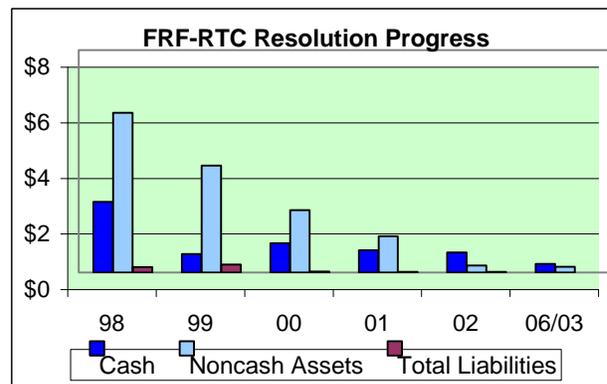
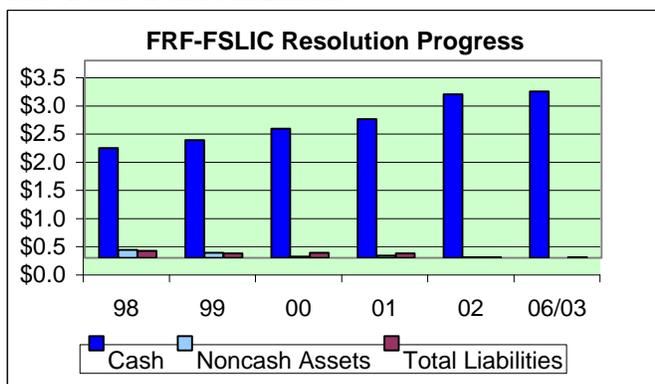


FSLIC Resolution Fund Statements of Financial Position June 2003

Dollars in Millions	FRF - FSLIC (Unaudited) June 30		FRF - RTC (Unaudited) June 30		FRF - CONSOLIDATED (Unaudited) June 30	
	2003	2002	2003	2002	2003	2002
Assets						
Cash and cash equivalents	\$ 2,950	\$ 2,782	\$ 310	\$ 682	\$ 3,260	\$ 3,464
Receivables from thrift resolutions, net	0	26	96	116	96	142
Investment in securitization-related assets acquired from receiverships	0	0	95	461	95	461
Other assets, net	1	3	15	20	16	23
Total Assets	\$ 2,951	\$ 2,811	\$ 516	\$ 1,279	\$ 3,467	\$ 4,090
Liabilities and Resolution Equity						
Liabilities						
Accounts payable and other liabilities	\$ 8	\$ 6	\$ 3	\$ 3	\$ 11	\$ 9
Contingent liabilities for litigation losses	0	0	0	2	0	2
Total Liabilities	8	6	3	5	11	11
Resolution Equity						
Contributed capital (1)	44,179	44,178	82,199	83,049	126,378	127,227
Accumulated deficit	(41,236)	(41,373)	(81,731)	(81,942)	(122,967)	(123,315)
Unrealized gain on available-for-sale securities, net	0	0	45	167	45	167
Accumulated deficit, net	(41,236)	(41,373)	(81,686)	(81,775)	(122,922)	(123,148)
Total Resolution Equity	2,943	2,805	513	1,274	3,456	4,079
Total Liabilities and Resolution Equity	\$ 2,951	\$ 2,811	\$ 516	\$ 1,279	\$ 3,467	\$ 4,090

(1) As of June 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 June 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 securitization-related assets acquired from receiverships	\$ 0	\$ 0	\$ 0	\$ 5	\$ 0	\$ 5
Interest on U.S. Treasury obligations	18	23	0	0	18	23
Interest on advances and subrogated claims	0	0	0	1	0	1
Realized gain on investment in securitization- related assets acquired from receiverships	0	0	(1)	200	(1)	200
Other revenue	7	2	3	9	10	11
Total Revenue	25	25	2	215	27	240
Expenses and Losses						
Operating expenses	4	3	8	19	12	22
Realized loss on investment in securitization- related assets acquired from receiverships	0	0	(1)	4	(1)	4
Provision for losses	(8)	0	(7)	(1)	(15)	(1)
Expenses for goodwill settlements and litigation	(19)	21	0	0	(19)	21
Interest expense on notes payable and other expenses	1	1	0	2	1	3
Total Expenses and Losses	(22)	25	0	24	(22)	49
Net Income/(Loss)	47	0	2	191	49	191
Unrealized gain/(loss) on available-for-sale securities, net (current period)	0	0	2	(139)	2	(139)
Comprehensive Income	47	0	4	52	51	52
Accumulated Deficit - Beginning	(41,283)	(41,373)	(81,690)	(81,827)	(122,973)	(123,200)
Accumulated Deficit - Ending	\$ (41,236)	\$ (41,373)	\$ (81,686)	\$ (81,775)	\$ (122,922)	\$ (123,148)

Chart Data: Dollars in Billions

