

FEDERAL DEPOSIT INSURANCE CORPORATION

Selected Fund Financial Indicators

- BIF Reserve Ratio is 1.27 percent as of December 31, 2002
- SAIF Reserve Ratio is 1.37 percent as of December 31, 2002



Executive Management Report

Financial Results (unaudited)
For the twelve months ending December 31, 2002

Executive Summary

For the Twelve Months Ending December 31, 2002

Bank Insurance Fund (BIF):

- Comprehensive income was \$1.6 billion for 2002, compared to a comprehensive loss of \$536 million for 2001. The increase in comprehensive income over the prior period was primarily due to lower estimated losses for anticipated bank failures and higher unrealized gains on available-for-sale securities (AFS) in 2002.
- Receivables from bank resolutions increased by \$426 million to \$505 million during 2002. This net increase was due to the failure of ten BIF-insured institutions in 2002, with assets at failure of \$2.5 billion. The BIF made payments of \$2.1 billion to cover obligations to insured depositors, and subsequently recovered \$1.0 billion of these disbursements. The estimated cost to the BIF for these ten failures is \$628 million.
- Contingent liabilities for anticipated failures decreased by \$903 million, or 47 percent, to \$1.0 billion during 2002. This decrease is due to 1) the reversal of \$628 million in estimated losses for the ten 2002 failures and 2) the improvement in the financial condition of a few large banks.
- BIF's reserve ratio was 1.27 percent at December 31, 2002, up slightly from 1.26 percent at December 31, 2001. The fund balance increased by \$1.6 billion, or 5.3 percent, during 2002, whereas estimated insured deposits grew by \$118 billion, or 4.9 percent, during this period.
- Assets in liquidation increased by \$525 million to \$657 million during 2002 primarily due to assets that were retained from the current year bank failures.
- Operating expenses totaled \$821 million for 2002 compared to \$786 million for 2001. This increase is primarily attributable to termination benefits resulting from the Corporation's voluntary employee buyout programs and reduction-in-force that were conducted in 2002.

Savings Association Insurance Fund (SAIF):

- Comprehensive income was \$812 million for 2002, compared to \$176 million for 2001. This increase over the prior period was primarily due to SAIF experiencing lower estimated losses for

actual and expected thrift failures and higher unrealized gains on AFS securities in 2002.

- Receivables from thrift resolutions decreased by \$997 million, or 78 percent, to \$288 million during 2002. This decrease was primarily due to: 1) recoveries totaling \$850 million of payments made to cover obligations to insured depositors for the Superior Bank, FSB receivership and 2) a final payment of \$213 million from the Superior conservatorship to repay the line of credit.
- Contingent liabilities for anticipated failures decreased by \$143 million, or 61 percent, to \$90 million during 2002 primarily due to the improvement in the financial condition of a few large thrifts.
- Assets in liquidation increased by \$203 million to \$397 million during 2002, primarily due to the consolidation of the Superior Bank conservatorship and receivership.

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.

Executive Summary **For the Twelve Months Ending December 31, 2002**

(Continued) *~FRF-FSLIC~*

On October 1, 2002, FRF-FSLIC disbursed \$17.5 million to DOJ as payment of goodwill litigation expenses for projected fiscal year 2003 charges. At September 30, 2002, DOJ had \$68.6 million in unused prior year funds that were applied against projected FY 2003 charges of \$86.1 million, resulting in the net payment of \$17.5 million.

During the past twelve months, the trial court entered orders dismissing 22 goodwill litigation cases.

- Paralleling the goodwill litigation cases are seven 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 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 five of the seven pending "Guarini cases." On October 16, 2002, an eighth case was settled 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 is not estimable at this time.

- Assets in liquidation totaled \$13 million as of December 31, 2002.

~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 ten payments totaling \$4.122 billion to REFCORP. The last payment to REFCORP of \$400 million was made on July 10, 2002. The FRF-RTC cash balance is \$720 million at December 31, 2002.

- The investment in securitization-related assets decreased by \$89 million to \$8 million since year end 2001 due primarily to the termination of fifteen securitization deals. One deal remains active as of December 31, 2002, and is expected to terminate in 2003.
- Assets in liquidation totaled \$73 million as of December 31, 2002.

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)	
	12/31/02	12/31/01	12/31/02	12/31/01
Revenue	\$ 1,795	\$ 1,997	\$ 589	\$ 733
Operating Expenses	821	786	124	102
Insurance Losses/Expenses	(71)	1,773	(155)	462
Unrealized Gain on AFS (1)				
Securities, Net (Current Period)	566	26	192	7
Comprehensive Income/(Loss)	1,611	(536)	812	176
Fund Balance	\$ 32,050	\$ 30,439	\$ 11,747	\$ 10,935
December 2002/2001				
Reserve Ratio (2)	1.27%	1.26%	1.37%	1.36%
December 2002/2001				
Fund Balance	\$ 32,050	\$ 30,439	\$ 11,747	\$ 10,935
Estimated Insured Deposits	\$ 2,527,448 (a)	\$ 2,408,878 (a)	\$ 860,351 (a)	\$ 801,171 (a)
Total Insured Institutions	8,143 (a)	8,344 (a)	1,229 (a)	1,287 (a)
Number of Failures, YTD	10	3	1	1
Total Corporate Outlays, YTD	\$2,099	\$50	\$37	\$1,022
Total Estimated Corporate Losses, YTD	\$628	\$5	\$1	\$440
Total Assets at Failure (Current Year)	\$2,508	\$54	\$50	\$2,180
Assets in Liquidation (3)	\$657	\$132	\$397	\$194

(1) Available-for-Sale (AFS)

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

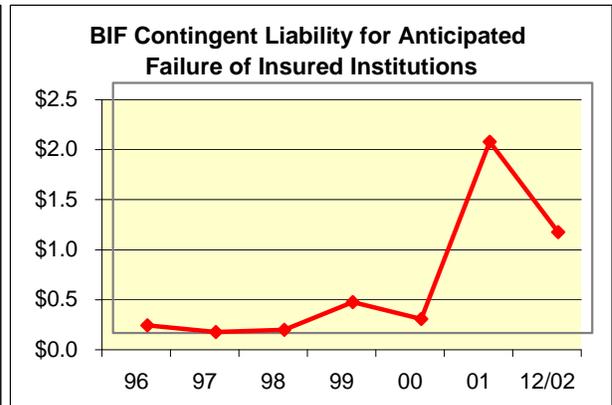
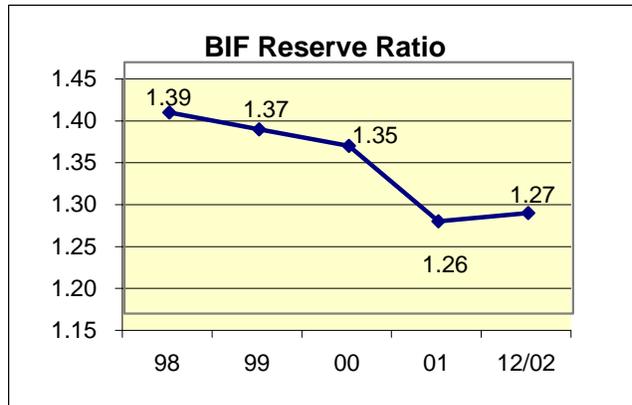
(3) Assets in liquidation is the total book value of the noncash assets to be liquidated.

(a) Source: Fourth Quarter 2002 FDIC Quarterly Banking Profile. BIF figures includes 18 U.S. branches of foreign banks.

Bank Insurance Fund Statements of Financial Position December 2002

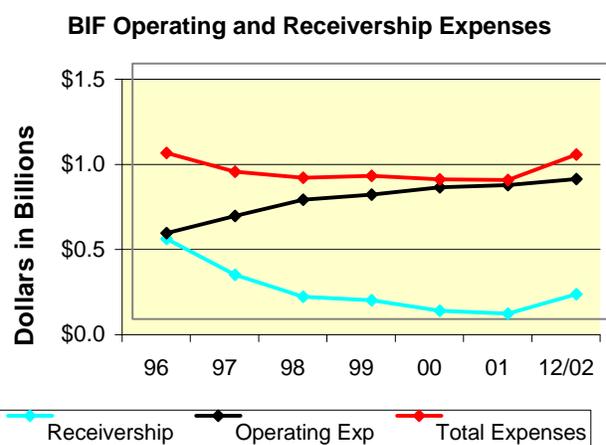
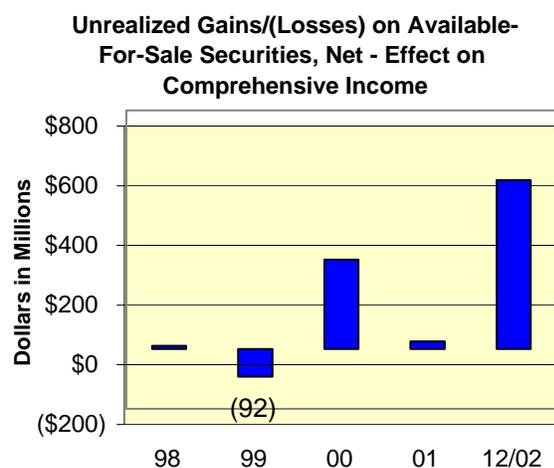
<i>Dollars in Millions</i>	(Unaudited)	
	December 31	
	<u>2002</u>	<u>2001</u>
Assets		
Cash and cash equivalents	\$ 4,607	\$ 1,437
Investment in U.S. Treasury obligations, net	27,533	30,163
Interest receivable on investments and other assets, net	484	547
Receivables from bank resolutions, net	505	79
Property and buildings, net	164	168
Software development and other capitalized assets, net	139	136
Total Assets	\$ 33,432	\$ 32,530
Liabilities		
Accounts payable and other liabilities	\$ 149	\$ 135
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	1,008	1,911
Litigation losses	205	37
Other contingencies	20	8
Total Liabilities	1,382	2,091
Fund Balance		
Accumulated net income	31,238	30,193
Unrealized gain on available-for-sale securities, net	812	246
Total Fund Balance	32,050	30,439
Total Liabilities and Fund Balance	\$ 33,432	\$ 32,530

Chart Data: Dollars in Billions



Bank Insurance Fund Statements of Income and Fund Balance December 2002

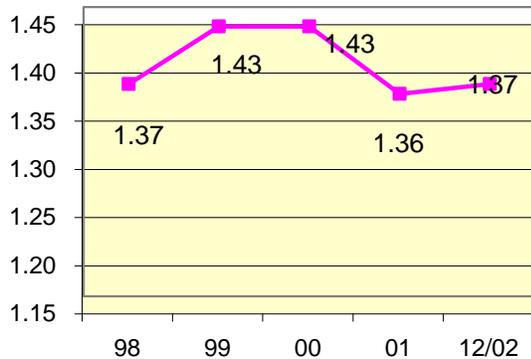
Dollars in Millions	(Unaudited) Year-to-Date:		(Unaudited) Quarter Ending December:	
	2002	2001	2002	2001
Revenue				
Interest on U.S. Treasury obligations	\$ 1,692	\$ 1,835	\$ 420	\$ 430
Assessments	84	48	22	13
Realized gain on sale of U.S. Treasury obligations	0	78	0	0
Other revenue	19	36	6	16
Total Revenue	1,795	1,997	448	459
Expenses and Losses				
Operating expenses	821	786	203	218
Insurance Losses/Expenses:				
Provision for insurance losses	(87)	1,756	(497)	1,445
Interest and other insurance expenses	16	17	3	5
Total Expenses and Losses	750	2,559	(291)	1,668
Net Income/(Loss)	1,045	(562)	739	(1,209)
Unrealized gain/(loss) on available-for-sale securities, net (current period)	566	26	(72)	(186)
Comprehensive Income/(Loss)	1,611	(536)	667	(1,395)
Fund Balance - Beginning	30,439	30,975	31,383	31,834
Fund Balance - Ending	\$ 32,050	\$ 30,439	\$ 32,050	\$ 30,439



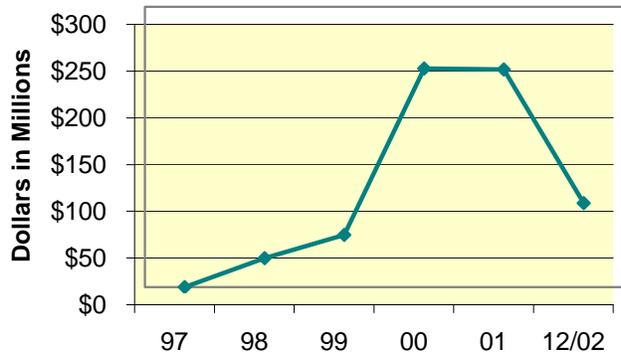
Savings Association Insurance Fund Statements of Financial Position December 2002

<i>Dollars in Millions</i>	(Unaudited)	
	December 31	
	<u>2002</u>	<u>2001</u>
Assets		
Cash and cash equivalents - unrestricted	\$ 1,907	\$ 277
Cash and other assets - restricted for SAIF-member exit fees	312	299
Investment in U.S. Treasury obligations, net	9,497	9,464
Interest receivable on investments and other assets, net	153	156
Receivables from thrift resolutions, net	288	1,285
Total Assets	\$ 12,157	\$ 11,481
Liabilities		
Accounts payable and other liabilities	\$ 7	\$ 8
Liabilities from thrift resolutions	0	0
<i>Contingent Liabilities for:</i>		
Anticipated failure of insured institutions	90	233
Litigation losses	1	6
SAIF-member exit fees and investment proceeds held in escrow	312	299
Total Liabilities	410	546
Fund Balance		
Accumulated net income	11,466	10,846
Unrealized gain on available-for-sale securities, net	281	89
Total Fund Balance	11,747	10,935
Total Liabilities and Fund Balance	\$ 12,157	\$ 11,481

SAIF Reserve Ratio

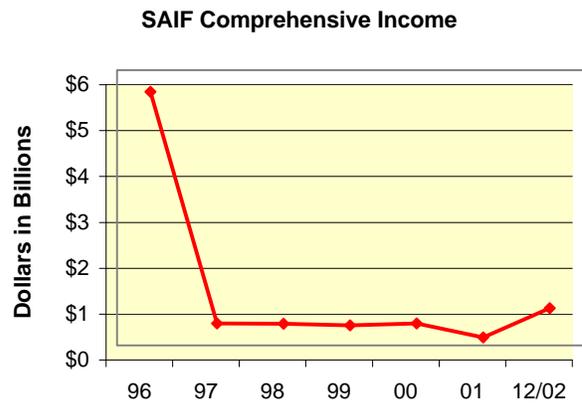
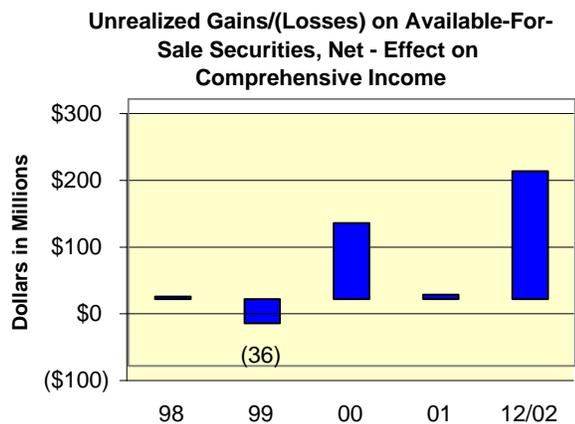


SAIF Contingent Liability for Anticipated Failure of Insured Institutions



Savings Association Insurance Fund Statements of Income and Fund Balance December 2002

<i>Dollars in Millions</i>	(Unaudited) Year-to-Date:		(Unaudited) Quarter Ending December:	
	2002	2001	2002	2001
Revenue				
Interest on U.S. Treasury obligations	\$ 564	\$ 634	\$ 143	\$ 140
Assessments	24	35	6	8
Realized gain on sale of U.S. Treasury obligations	0	52	0	24
Other revenue	1	12	0	6
Total Revenue	589	733	149	178
Expenses and Losses				
Operating expenses	124	102	32	28
Provision for insurance losses	(156)	443	(70)	(66)
Other expenses	1	19	0	15
Total Expenses and Losses	(31)	564	(38)	(23)
Net Income	620	169	187	201
Unrealized gain/(loss) on available-for-sale securities, net (current period)	192	7	(26)	(81)
Comprehensive Income	812	176	161	120
Fund Balance - Beginning	10,935	10,759	11,586	10,815
Fund Balance - Ending	\$ 11,747	\$ 10,935	\$ 11,747	\$ 10,935



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 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 December 2002

Dollars in Millions

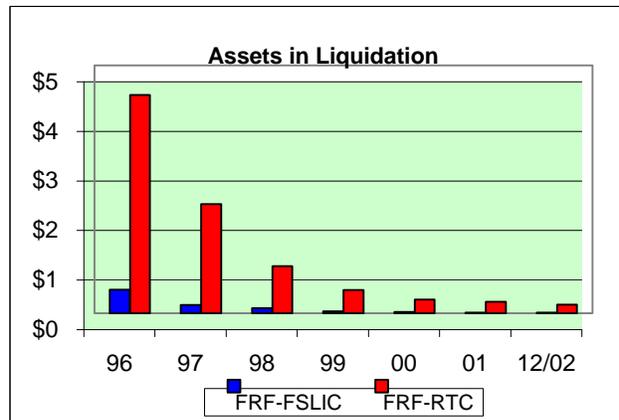
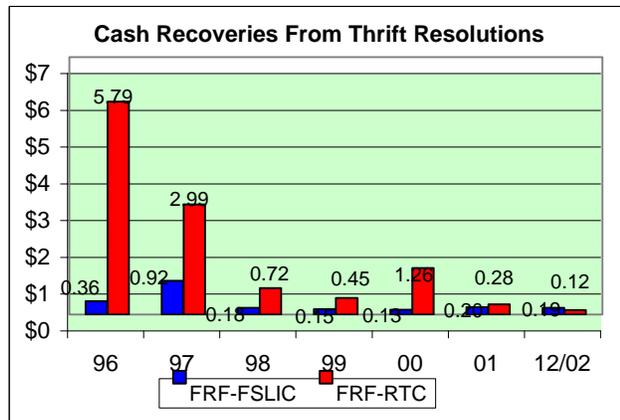
	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2002	2001	2002	2001	2002	2001
Cash Flows						
Cash Flows From Operating Activities:						
Cash Provided by Operating Activities	\$236	\$307	\$160	\$358	\$396	\$665
Cash Used for Operating Activities	(\$48)	(\$77)	(76)	(101)	(124)	(178)
Net Cash Provided by Operating Activities	188	230	84	257	272	487
Cash Flows From Investing Activities:						
Investment in Securitization Related Assets						
Acquired from Receiverships, AFS (1)	0	0	1,102	902	1,102	902
Cash Flows From Financing Activities:						
U.S. Treasury payments for goodwill judgements	21	0	0	(5)	21	(5)
Payments to Resolution Funding Corporation (2)	0	0	(1,267)	(1,407)	(1,267)	(1,407)
Net Increase/(Decrease) in Cash	\$209	\$230	(\$81)	(\$253)	\$128	(\$23)
Selected Statistics						
Resolution Equity (2)	\$2,896	\$2,784	\$960	\$2,032	\$3,856	\$4,816
Number of Active Receiverships	1	1	78	129	79	130
Number of Other Liquidating Entities	14	14	15	15	29	29
Assets in Liquidation (3)	\$13	\$14	\$173	\$234	\$186	\$248

(1) Available-for-Sale (AFS)

(2) As of December 31, 2002, FRF-RTC paid \$4.6 billion to the U.S. Treasury and \$4.1 billion to the Resolution Funding Corp.

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

Chart Data: Dollars in Billions



FSLIC Resolution Fund Statements of Financial Position December 2002

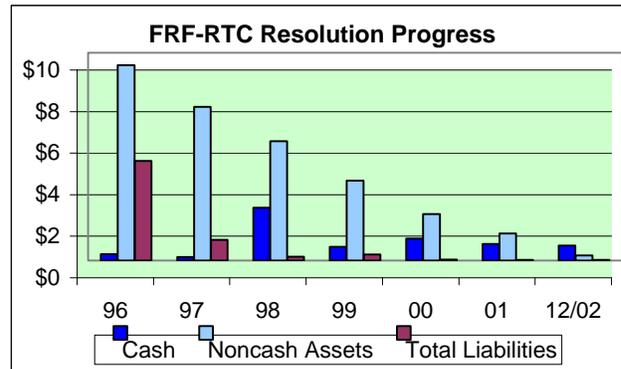
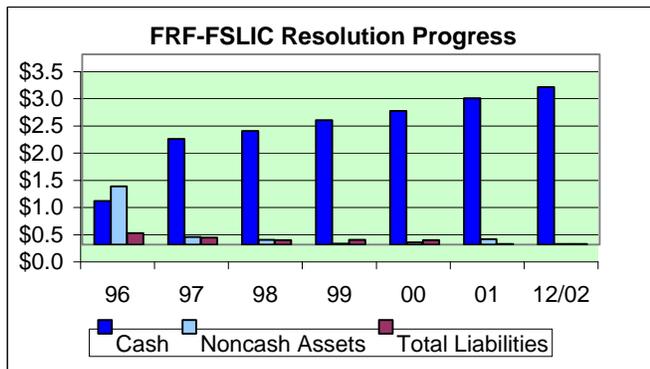
Dollars in Millions

	FRF - FSLIC (Unaudited) December 31		FRF - RTC (Unaudited) December 31		FRF - CONSOLIDATED (Unaudited) December 31	
	2002	2001	2002	2001	2002	2001
Assets						
Cash and cash equivalents	\$ 2,899	\$ 2,690	\$ 719	\$ 801	\$ 3,618	\$ 3,491
Receivables from thrift resolutions, net	3	98	131	188	131 (2)	286
Investment in securitization related assets acquired from receiverships	0	0	98	1,087	98	1,087
Other assets, net	2	3	21	26	23	29
Total Assets	\$ 2,904	\$ 2,791	\$ 969	\$ 2,102	\$ 3,870	\$ 4,893
Liabilities and Resolution Equity						
Liabilities						
Accounts payable and other liabilities	\$ 8	\$ 6	\$ 9	\$ 9	\$ 14 (2)	\$ 15
Contingent liabilities for litigation losses	0	1	1	4	1	5
Total Liabilities	8	7	10	13	15	20
Resolution Equity						
Contributed capital (1)	44,179	44,157	82,649	83,916	126,828	128,073
Accumulated deficit	(41,283)	(41,373)	(81,733)	(82,133)	(123,016)	(123,506)
Unrealized gain on available-for-sale securities, net	0	0	43	306	43	306
Accumulated deficit, net	(41,283)	(41,373)	(81,690)	(81,827)	(122,973)	(123,200)
Total Resolution Equity	2,896	2,784	959	2,089	3,855	4,873
Total Liabilities and Resolution Equity	\$ 2,904	\$ 2,791	\$ 969	\$ 2,102	\$ 3,870	\$ 4,893

(1) As of December 31, 2002, Contributed Capital decreased \$8.7 billion due to the FRF-RTC payments to the U.S. Treasury and the Resolution Funding Corporation.

(2) Due to the elimination entries for the inter-fund receivables and payables, the 2002 consolidated totals do not equal the sum of FRF-FSLIC and FRF-RTC.

Chart Data: Dollars in Billions



FSLIC Resolution Fund Statements of Income and Accumulated Deficit December 2002

Dollars in Millions

	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2002	2001	2002	2001	2002	2001
Revenue						
Interest on securitization-related assets acquired from receiverships	\$ 0	\$ 0	\$ 7	\$ 33	\$ 7	\$ 33
Interest on U.S. Treasury obligations	47	99	0	0	47	99
Interest on advances and subrogated claims	0	0	1	18	1	18
Realized gain on investment in securitization- related assets acquired from receiverships	0	0	353	352	353	352
Other revenue	10	51	15	27	25	78
Total Revenue	57	150	376	430	433	580
Expenses and Losses						
Operating expenses	8	7	38	68	46	75
Realized loss on investment in securitization- related assets acquired from receiverships	0	0	1	23	1	23
Provision for losses	(83)	(309)	(66)	(60)	(149)	(369)
Expenses for goodwill settlements and litigation	40	62	0	0	40	62
Interest expense on notes payable and other expenses	2	25	3	3	5	28
Total Expenses and Losses	(33)	(215)	(24)	34	(57)	(181)
Net Income	90	365	400	396	490	761
Unrealized loss on available-for-sale securities, net (current period)	0	0	(263)	(149)	(263)	(149)
Comprehensive Income	90	365	137	247	227	612
Accumulated Deficit - Beginning	(41,373)	(41,738)	(81,827)	(82,074)	(123,200)	(123,812)
Accumulated Deficit - Ending	\$ (41,283)	\$ (41,373)	\$ (81,690)	\$ (81,827)	\$ (122,973)	\$ (123,200)

Chart Data: Dollars in Billions

