FDIC
Federal Deposit Insurance Corporation
550 17th Street, N.W., Washington, D.C. 20429-9990 Deputy to the Chairman and CFO

November 2, 2004

MEMORANDUM TO: The Board of Directors

FROM: Steven O. App
Deputy to the Chairman and
Chief Financial Officer

SUBJECT: Third Quarter 2004 CFO Report to the Board

In an effort to streamline the financial reporting process and provide the Board with more timely and meaningful financial information, the finance team consolidated and redesigned most of the financial reports being forwarded to the Board through my office. Specifically, in the past, the Board received three separate quarterly reports, often at different intervals:

- Investment Portfolios Status Report — investment activities and results for the BIF, SAIF, FRF, Exit Fee Escrow Account, and the National Liquidation Fund;
- Financial Analysis Report (FAR) — financial statements for the BIF, SAIF, and FRF; and
- Budget Variance Report — year-to-date budgeted vs. actual results, broken out both by major categories of expenditures as well as by divisions and offices.

While these reports provided a good deal of useful information, there was no attempt to integrate this information and provide it at a more summary level. By doing so, we believe that the Board will have a better sense of what our overall financial results imply about our performance as a financial steward. As a result, we believe that the attached consolidated financial report will be much more useful to the Board in that regard and we welcome your comments on what we view as a work-in-progress.

Attachments

Federal Deposit Insurance Corporation
550 17th Street, N.W., Washington, D.C. 20429-9990 Deputy to the Chairman and CFO

November 2, 2004

MEMORANDUM TO: The Board of Directors

FROM: Steven O. App
Deputy to the Chairman and
Chief Financial Officer

Fred Selby
Director, Division of Finance

SUBJECT: Third Quarter 2004 CFO Report to the Board

The attached report highlights the Corporation's financial activities and results for the first nine months of 2004.

Executive Summary

- Overall, the insurance funds remained financially healthy and exhibited moderate to strong earnings during the first nine months of 2004. Additionally, the level of exposure to probable and reasonably estimable failure activity remained relatively low during this period.

- The push to expedite the liquidation of the remaining non-cash assets of the FSLIC Resolution Fund (FRF) has yielded tangible results thanks to the concerted efforts of the Division of Resolutions and Receiverships and the Legal Division working in concert with the FRF Dissolution Task Force.

- Both operating- and capital investment-related expenses are currently running below budget by 11 percent and 17 percent, respectively. The variance with respect to the investment-related expenses is primarily the result of unanticipated delays in several large-scale information systems development projects.

- Staff believes that the Treasury yield environment over the next six months will continue to reflect greater-than-normal economic uncertainties. Assuming that the nascent economic recovery would continue to gather steam, the attendant rise in yields will result in lower unrealized gains for BIF’s and SAIF’s current holdings of available-for-sale (AFS) securities. However, new investments could be made at these anticipated higher yields that would increase portfolio yields.

On the pages following is an assessment of each of the three major finance areas: financial statements, investments, and budget.

Summary Trends and Results	
Financial Results	Comments
I. Financial Statements	• Reserve Ratios are above the 1.25 designated reserve ratio (DRR) with provision for losses still decreasing in BIF and up only slightly in SAIF. Moderate insured deposit growth may result in lower reserve ratios going forward. • OPEX coverage ratio (Interest Revenue/Operating Expenses), which had been on the decline, appears to be leveling off and may head higher with the potential for investment yield increases and steady to lower operating expenses.
II. Investments	• Consensus forecasts predict an increase in Treasury yields. However, should the recent softness in the economy continue, yields could conceivably remain at current historically low levels for at least the near term. • If yields do increase, this could lead to increased interest revenue over the long run. Over the short run, increasing yields would likely accelerate the erosion of existing unrealized gains on AFS securities. However, regardless of changes in yields, these unrealized gains will be reduced due to the passage of time.
III. Budget	• Actual spending is still well below the YTD operating budget. Preliminary indications from the 2005 budget formulation process are that spending will likely be contained at or below 2004 budgeted levels. • Investment budget underspending is due primarily to unanticipated schedule delays in several major IT projects as well as some timing differences. • Efficiency gains from several large scale systems development efforts should be realized as these systems come online during 2005.
Overall	• Balance sheet and income statement show solid results. • Both insurance funds are experiencing strong cash flows. • Both the bank and thrift industries are projected to remain relatively healthy in 2005.

I. <u>Corporate Fund Financial Statement Results</u> (See pages 8-9 for detailed data and charts.)

BIF

- For the nine months ending September 30, 2004, BIF's comprehensive income was $685 million. This is substantially lower than the $1,412 million reported last year for the same period. This reduction is primarily due to a significant deceleration in the rate at which the provision for insurance losses declined during the year-to-date 2004 period when compared to the same period last year. For the first nine months of 2003, the reduction in the provision for insurance losses added $682 million to comprehensive income, while for the same period in 2004 it added only $133 million—a $549 million difference.

- The BIF fund balance grew to $34.5 billion at September 30, 2004. This represents a 2.0 percent increase since the beginning of the year.

- During the third quarter of 2004, BIF's provision for loss decreased by $64 million, primarily due to reductions in the estimated losses. Additionally, BIF reported unrealized gains on AFS securities of $77 million for the quarter.

SAIF

- For the nine months ending September 30, 2004, SAIF's comprehensive income was $283 million. This is substantially lower than the $439 million reported last year for the same period. This reduction is primarily due to a slight increase ($23 million) in the provision for insurance losses during the year-to-date 2004 period compared with a significant decrease in this provision of $92 million for the same period last year.

- The SAIF fund balance grew to $12.5 billion at September 30, 2004. This represents a 2.3 percent increase since the beginning of the year.

- During the third quarter, SAIF's provision for loss increased by approximately $24 million. This is attributable to a $9 million increase to the reserve for anticipated failures, and a $14 million increase in estimated losses.

FRF

- For the nine months ending September 30, 2004, Corporate non-cash assets (that is, receivables from thrift resolutions and other assets-net) declined by $81 million, or 41 percent to $118 million. Additionally, FRF assets in liquidation (receiverships) decreased by $15 million (from $125 million at December 31, 2003, to $110 million at September 30, 2004).

- During the third quarter of 2004, FRF received $45 million in tax benefit collections, of which $35 million was a payment from a single transaction.

II. <u>Investments Results and Prospective Strategies</u> (See pages 10-11 for detailed data and charts.)

BIF

- The book value of the BIF investment portfolio increased year-to-date by approximately 2.32 percent—from $32.237 billion on December 31, 2003, to $32.988 billion on September 30, 2004.

- During the third quarter of 2004, taking advantage of the rise in the yields of short- to intermediate-maturity securities, staff purchased for the BIF portfolio new securities with a total par value of $2.350 billion, a weighted average maturity of 2.23 years, and a weighted average yield of 2.688 percent. At the end of the quarter, the effective duration of the BIF portfolio was 2.36 years.

SAIF

- The book value of the SAIF investment portfolio increased year-to-date by approximately 2.67 percent—from $11.528 billion on December 31, 2003, to $11.836 billion on September 30, 2004. This increase reflects net interest revenue as well as the receipt of modest receivership dividends and other transfers from the National Liquidation Fund (NLF).

- The securities purchased for SAIF during the third quarter of 2004 had a total par value of $780 million, a weighted average maturity of 2.12 years, and a weighted average yield of 2.647 percent. At the end of the quarter, the effective duration of the SAIF portfolio was 2.61 years.

The Treasury Market

- Over the first three quarters of 2004, yields on short- to intermediate-maturity Treasury securities rose modestly while the yields on longer-maturity Treasury securities remained relatively flat. At the same time, market yields on the BIF and SAIF investment portfolios' Treasury Inflation-indexed Securities (TIIS) holdings declined by approximately 32 basis points.

- The ten-year Treasury note yield is again testing the 4 percent level (that is, reverting to a yield at or below 4 percent), reflecting factors such as the market's nervousness with respect to the Iraq war and other geopolitical developments; the high, and possibly increasing, price of oil and its effect on economic growth; the sustainability of economic growth and employment; and recent weakness in consumer sentiment.

Prospective Strategies

- The current investment strategies provide the flexibility to purchase a wide range of different Treasury securities with varying maturities, depending on Treasury market conditions and developments during the fourth quarter of 2004, while at the same time ensuring that the portfolios maintain sufficient liquidity.

- If higher yields were to become available—either as a result of an upward shift in the yield curve or a continuation of recent price volatility—the strategy does provide the flexibility to purchase comparatively higher-yielding, longer-maturity Treasury securities.

II. **Budget Results** (See pages 12-13 for detailed data.)

Executive Summary

- The 2004 Corporate Operating Budget provided $794 million in spending authority for the Corporation for the first nine months of 2004. Overall spending for the Corporation during that period was $705 million, which was 11 percent below the YTD budgeted amount. The majority of this variance occurred in the contractor services portion of both the Ongoing Operations and Receivership Funding components of the budget.

- Approximately $690 million was spent for Ongoing Operations, which was about $48 million (7 percent) below the YTD budgeted level.

- Approximately $15 million was spent for Receivership Funding, which was about $41 million (73 percent) below the YTD budgeted level.

- Spending on approved investment projects was $79 million, which was about $16 million (17 percent) below estimated 2004 spending on those projects through the end of the third quarter. A detailed report on the status of those projects, except Virginia Square Phase II, is provided separately to the Board by the Capital Investment Review Committee.

- The attached tables (on pages 12 -13) for the nine months ending September 30, 2004, compare actual expenditures to the approved Corporate Operating Budget by major expense category, budget component and total budget by division/office.

- As previously reported in the second quarter 2004 Budget Variance Report, there was an increase in the authorized staff for the Office of Public Affairs of one position during the third quarter. This increase will not require a change in the 2004 Corporate Operating Budget.

Significant Spending Variances by Major Expense Category[1]

<u>Ongoing Operations</u>

- Outside Services-Personnel expenditures were $19.7 million, or 23 percent, less than budgeted. This variance was largely attributable to three factors: (a) a refund of $8.8 million in prepaid charges for Government Litigation by the Department of Justice; (b) under spending of $5.0 million in the Division of Information Resources Management on client projects and reductions in infrastructure and administrative costs; and (c) contracting and course delays/cancellations of $3.1 million in Corporate University.

- Travel expenditures were $2.8 million, or 8 percent, less than budgeted. The majority of this variance was in the Division of Supervision and Consumer Protection due to higher than anticipated leave taken in the summer, changes in travel patterns, and travel funds budgeted

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[1] Significant Spending Variances for the nine months ending September 30, 2004, are defined as those that exceed the YTD budget by $1 million and represent more than 2 percent of the budget, or those that are under the YTD budget by $2 million and represent more than 4 percent of the budget.

for positions that are vacant. Additionally, spending for reassignment travel has been lower than anticipated.

- Building expenditures were $5.9 million, or 9 percent, less than budgeted primarily due to delays in spending approximately $3.7 million for capital improvements that will not be completed in 2004 and $1.8 million for major repair projects which have experienced contracting delays.

- Equipment expenditures were $4.9 million, or 18 percent, less than budgeted primarily due to a delay in expenditures for PC/LAN software maintenance and equipment that are now expected to occur in the fourth quarter.

Receivership Funding

- Salary & Compensation expenditures for overtime were $2.5 million, or 88 percent, less than budgeted primarily due to less resolution activity than budgeted through the third quarter.

- Outside Services-Personnel expenditures were $32.1 million, or 70 percent, less than budgeted primarily due to less resolution activity than budgeted through the third quarter.

- Travel expenditures were $3.5 million, or 86 percent, less than budgeted primarily due to less resolution activity than budgeted through the third quarter.

Significant Spending Variances by Division/Office[2]

- The Division of Resolutions and Receiverships spent $36.6 million, or 37 percent, less than budgeted. This was largely the result of contractual service expenses in the Receivership Funding portion of its budget that were $28.9 million lower-than-budgeted due to less resolution activity workload than budgeted through the third quarter.

- The Division of Information Resources Management spent $20.7 million, or 12 percent, less than budgeted primarily due to lower-than-budgeted spending for Equipment and Outside Services – Personnel. Equipment purchases for the infrastructure modernization investment project and software maintenance and equipment expenditures in the Ongoing Operations component of the budget have occurred more slowly than anticipated. Contractor service reductions and contracting delays also contributed to this variance.

- The Legal Division spent $6.2 million, or 8 percent, less than budgeted. This was largely the result of contractual services expenses in the Receivership Funding portion of its budget that were $2.9 million lower-than-budgeted due to less resolution activity than budgeted through the third quarter. Approximately $2.4 million of the variance was attributable to vacant positions that were budgeted but not filled.

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[2] Information on division/office variances reflects variances in both the Corporate Operating and Investment portions of the budget.

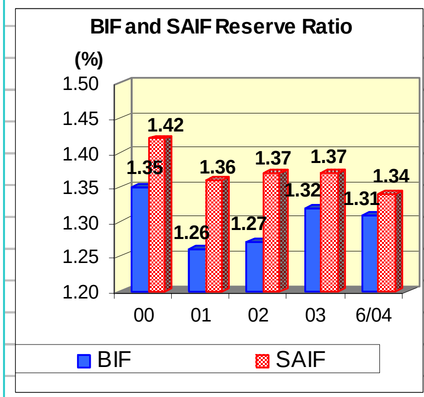
- The Corporate University spent \$4.6 million, or 48 percent, less than budgeted. This was largely the result of contracting or course delays/cancellations and slower hiring to fill vacancies.

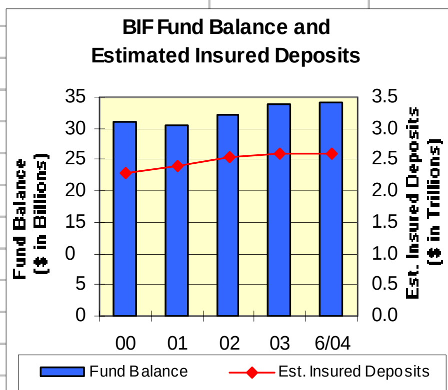
- The Division of Insurance and Research spent \$3.8 million, or 14 percent, less than budgeted. This was largely the result of vacant positions that are currently in the process of being filled and contractor costs expected to be incurred later in the year than originally planned.

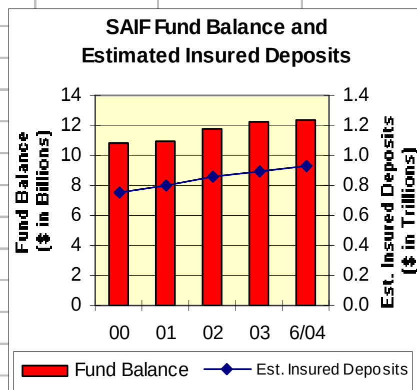
Fund Financial Results

($ in millions – All data is unaudited)

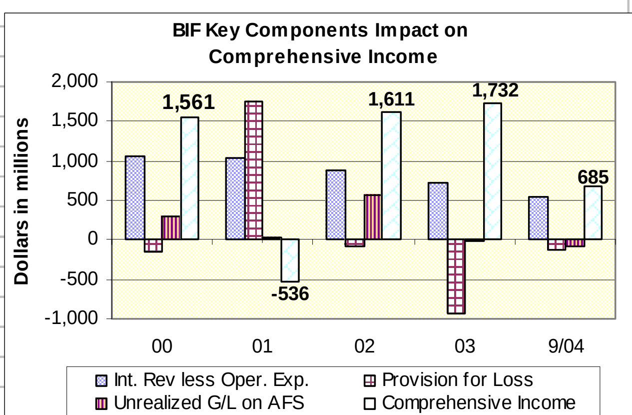
Balance Sheet	BIF		SAIF	
	9/30/04	12/31/03	9/30/04	12/31/03
Cash & cash equivalents - unrestricted	$ 1,583	$ 2,544	$ 480	$ 827
Cash & other assets - restricted for SAIF member exit fees	na	na	325	319
Investment in US Treasury obligations, net:	32,136	30,503	11,605	10,976
Interest receivable on investments and other assets, net	598	551	211	189
Receivables from resolutions, net	398	511	260	273
Property, buildings and other capitalized assets, net	325	288	na	na
Total Assets	**$ 35,040**	**$ 34,397**	**$ 12,881**	**$ 12,584**
Accounts payable and other liabilities	245	232	23	21
Contingent Liabilities: future failures	128	178	10	3
Contingent Liabilities: litigation losses & other	200	205	0	1
SAIF member exit fees & investment proceeds held in escrow	na	na	325	319
Total Liabilities	**$ 573**	**$ 615**	**$ 358**	**$ 344**
FYI: Unrealized gain on available-for-sale securities	722	802	248	274
FUND BALANCE	**$ 34,467**	**$ 33,782**	**$ 12,523**	**$ 12,240**

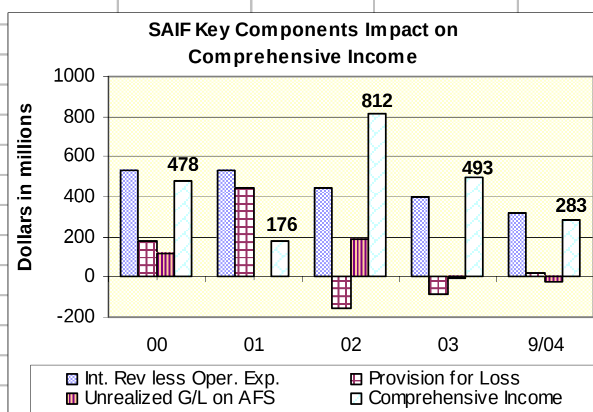






Income Statement	BIF		SAIF	
	9/30/04	9/30/03	9/30/04	9/30/03
Assessments earned	$ 67	$ 60	$ 7	$ 11
Interest earned on investment securities	1,158	1,153	414	400
Other revenue	17	12	0	0
Total Revenue	**$ 1,242**	**$ 1,225**	**$ 421**	**$ 411**
Operating expenses (includes depreciation expense)	606	586	89	94
Provision for insurance losses	(133)	(682)	23	(92)
Other expenses	4	5	0	0
Total Expenses & Losses	**$ 477**	**$ (91)**	**$ 112**	**$ 2**
Net Income	**$ 765**	**$ 1,316**	**$ 309**	**$ 409**
Unrealized (loss)/gain on available-for-sale securities	(80)	96	(26)	30
YTD Comprehensive Income	**$ 685**	**$ 1,412**	**$ 283**	**$ 439**

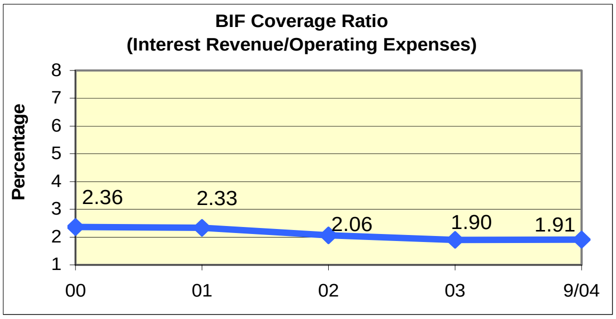


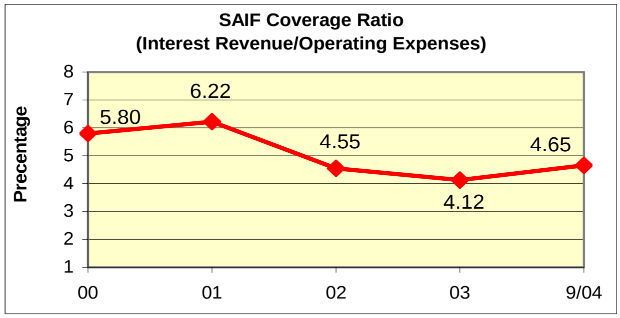


Fund Financial Results - continued

($ in millions – All data is unaudited)

Income Statement - (continued)



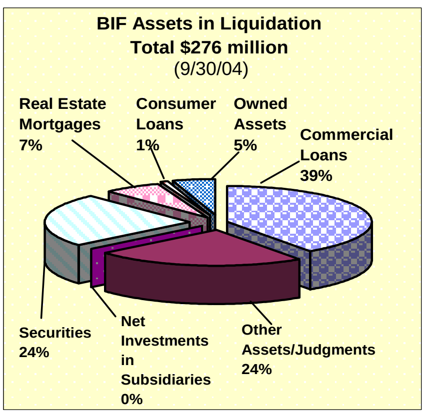


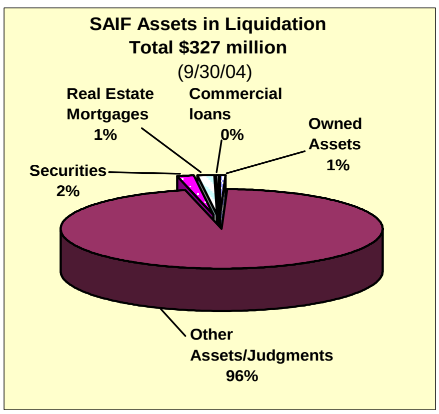
Statements of Cash Flows

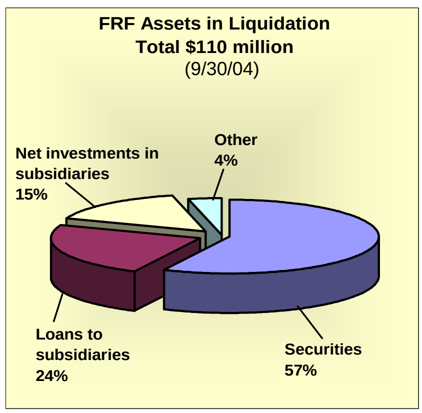
	BIF 9/30/04	BIF 9/30/03	SAIF 9/30/04	SAIF 9/30/03
Net Income	**$ 765**	**$ 1,316**	**$ 309**	**$ 409**
Amortization of U.S. Treasury obligations (unrestricted)	562	290	201	95
TIIS Inflation Adjustment	(136)	(81)	(46)	(27)
Depreciation on property and equipment	41	41	na	na
Provision for losses	(133)	(685)	23	(92)
Retirement of property and equipment	0	0	na	na
Net change in operating assets and liabilities	157	(88)	(20)	(26)
Net Cash Provided by Operating Activities	**$ 1,256**	**$ 793**	**$ 467**	**$ 359**
Investments matured and sold	6,300	2,980	1,925	895
Investments purchased (includes purchase of property and equipment)	(8,517)	(5,880)	(2,847)	(2,257)
Net Cash Used by Investing Activities	**$ (2,217)**	**$ (2,900)**	**$ (922)**	**$ (1,362)**
Net Decrease in Cash and Cash Equivalents	(961)	(2,107)	(455)	(1,003)
Cash and Cash Equivalents - Beginning	2,544	4,607	1,059	2,095
Unrestricted Cash and Cash Equivalents - Ending	na	na	**$ 480**	**$ 863**
Restricted Cash and Cash Equivalents - Ending	na	na	**$ 124**	**$ 229**
Cash and Cash Equivalents - Ending	**$ 1,583**	**$ 2,500**	**$ 604**	**$ 1,092**

FSLIC Resolution Fund (FRF) - Statements of Cash Flows

	9/30/04	9/30/03
Net Income	**$ 139**	**$ 80**
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for losses	(4)	(32)
Net change in operating assets and liabilities	(55)	55
Net Cash Provided by Operating Activities	**$ 80**	**$ 103**
Investment in securitization-related assets acquired from receivership	82	5
Net Cash Provided by Investing Activities	**$ 82**	**$ 5**
Net Cash Provided (Used) by Financing Activities	**0**	**(450)**
Net Increase/(Decrease) in Cash and Cash Equivalents	162	(342)
Cash and Cash Equivalents - Beginning	3,278	3,618
Cash and Cash Equivalents - Ending	**$ 3,440**	**$ 3,276**







Corporate Investment Portfolio Summary

(Dollar Values in Millions)

	BIF			SAIF		
	9/30/04	12/31/03	Change	9/30/04	12/31/03	Change
Par Value	$32,089	$31,335	$754	$11,534	$11,210	$324
Book Value	$32,988	$32,237	$751	$11,836	$11,528	$308
Market Value	$34,625	$34,206	$419	$12,496	$12,295	$201
Portfolio Liquidity [1]	$14,224	$17,612	($3,388)	$4,408	$5,141	($733)
Liquidity Target Floor	$12,000	$15,000	($3,000)	$3,300	$4,000	($700)
Portfolio Liquidity % of Total Portfolio	40.4%	50.7%	(10.3%)	34.7%	41.2%	(6.5%)
Year-to-Date Total Return (Portfolio)	2.397%	3.042%	NA	2.472%	3.010%	NA
Year-to-Date Total Return (Benchmark) [2]	1.905%	2.131%	NA	1.905%	2.131%	NA
Total Return Variance in basis points	49	91	NA	57	88	NA
Yield-to-Maturity [3]	4.68%	4.65%	0.03%	4.69%	4.63%	0.06%
Weighted Average Maturity (in years)	3.06	2.67	0.39	3.31	3.08	0.23
Effective Duration (in years) [4]						
Total Portfolio	2.36	2.00	0.36	2.61	2.36	0.25
Available-for-Sale Securities	1.95	1.82	0.13	1.94	2.08	(0.14)
Held-to-Maturity Securities	2.74	2.43	0.31	3.03	2.79	0.24

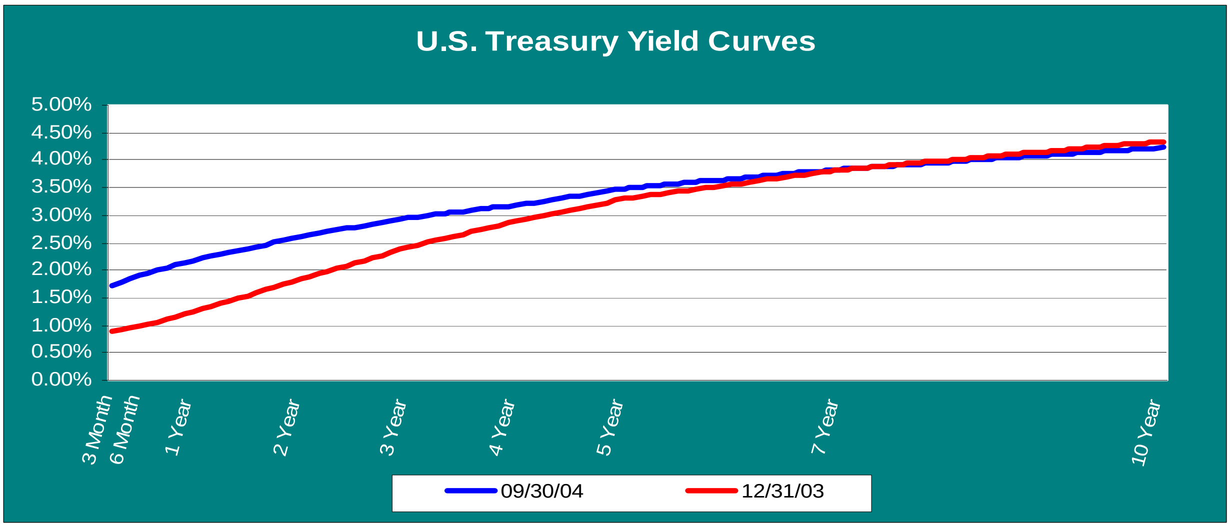
[1] Portfolio liquidity is the total market value (including accrued interest) of overnight investments, available-for-sale securities, and held-to-maturity securities maturing within three months.
[2] The benchmark is the total return of the Merrill Lynch 1-10 Year U.S. Treasury Index.
[3] The yield-to-maturity includes the potential yield of Treasury inflation-indexed securities (TIIS), which assumes an average year-over-year increase in CPI of 2.2% as of 9/30/04 and 2.4% as of 12/31/03.
[4] For each TIIS, a 60% factor is applied to its real yield duration to arrive at an estimated effective duration. As a percentage of market value, TIIS constituted 19.15% of the BIF portfolio and 17.88% of the SAIF portfolio as of September 30, 2004, and 18.96% of the BIF portfolio and 17.77% of the SAIF portfolio as of December 31, 2003.

National Liquidation Fund (NLF) Investment Portfolio Summary

(Dollar Values in Millions)

	9/30/04	12/31/03	Change
Book Value [5]	$540	$677	($137)
Yield-to-Maturity	1.70%	1.07%	0.63%
Weighted Average Maturity (in days)	35.0	31.0	4.0

[5] Due to the short-term nature of the NLF, the portfolio's Book and Market Values are identical for reporting purposes.



Approved Investment Strategy

BANK INSURANCE FUND

Current Strategy as of 3rd Quarter 2004*

Maintain a $150 million target floor overnight investment balance.

Strategically invest all available funds in excess of the target overnight investment balance, which may include purchasing conventional Treasury securities within the zero- to ten-year maturity sector, purchasing Treasury inflation-indexed securities (TIIS) within the three- to ten-year maturity sector, and/or purchasing callable Treasury securities with final maturities not to exceed 12 years, subject to the following limitations:

- → **TIIS should not total more than $6.5 billion (adjusted par value) by quarter end;**
- → **Available-for-sale (AFS) securities should not total more than $10.5 billion (par) by quarter end; and**
- → **All newly purchased AFS securities should have maturities of six years or less.**

Moreover, staff will strive to maintain a $12 billion target floor liquidity balance.

Strategy Changes for 4th Quarter 2004

Target floor liquidity balance to be reduced to $11 billion and AFS securities limit lowered to $9 billion.

SAVINGS ASSOCIATION INSURANCE FUND

Current Strategy as of 3rd Quarter 2004*

Maintain a $50 million target floor overnight investment balance.

Strategically invest all available funds in excess of the target overnight investment balance, which may include purchasing conventional Treasury securities within the zero- to ten-year maturity sector, purchasing TIIS within the three- to ten-year maturity sector, and/or purchasing callable Treasury securities with final maturities not to exceed 12 years, subject to the following limitations:

- → **TIIS should not total more than $2.4 billion (adjusted par value) by quarter end;**
- → **AFS securities should not total more than $3.3 billion (par) by quarter end; and**
- → **All newly purchased AFS securities should have maturities of six years or less.**

Moreover, staff will strive to maintain a $3.3 billion target floor liquidity balance.

Strategy Changes for 4th Quarter 2004

Target floor liquidity balance to be reduced to $3.0 billion and AFS securities limit lowered to $2.5 billion.

NATIONAL LIQUIDATION FUND

Current Strategy as of 3rd Quarter 2004

Maintain a $150 million target floor overnight investment balance.

Strategically invest the remaining funds in the zero- to 12-month maturity sector.

Strategy Changes for 4th Quarter 2004

None

* The third quarter investment strategy was successfully implemented as highlighted on pages 3 and 4 of the Executive Summary.

Executive Summary of 2004 Budget and Expenditures by Major Expense Category Through September 30, 2004 (Dollars in Thousands)

Major Expense Category	YTD Budget	YTD Expenditures	% of Budget Used	Variance
Corporate Operating Budget				
Ongoing Operations				
Salaries & Compensation	$510,807	$496,720	97%	($14,087)
Outside Services - Personnel	84,442	64,735	77%	(19,707)
Travel	34,527	31,683	92%	(2,844)
Buildings	62,729	56,818	91%	(5,911)
Equipment	26,960	22,076	82%	(4,884)
Outside Services - Other	9,928	10,771	108%	843
Other Expenses	8,601	6,717	78%	(1,884)
Total Ongoing Operations	**$737,994**	**$689,520**	**93%**	**($48,474)**
Receivership Funding				
Salaries & Compensation	$2,812	$325	12%	($2,487)
Outside Services - Personnel	45,685	13,618	30%	(32,067)
Travel	4,088	560	14%	(3,528)
Buildings	1,350	245	18%	(1,105)
Equipment	187	28	15%	(159)
Outside Services - Other	450	115	26%	(335)
Other Expenses	1,200	141	12%	(1,059)
Total Receivership Funding	**$55,772**	**$15,032**	**27%**	**($40,740)**
Total Corporate Operating Budget	**$793,766**	**$704,552**	**89%**	**($89,214)**
Investment Budget [1]	**$95,184**	**$79,238**	**83%**	**($15,946)**
Grand Total	**$888,950**	**$783,790**	**88%**	**($105,160)**

1) Budgets for investment projects are approved on a multi-year basis; the "Year-to-Date Budget" amount reflects the 2004 spending estimates for approved projects. The Capital Investment Review Committee (CIRC) reports to the Board quarterly on the status of each investment project, including budget variances.

Executive Summary of 2004 Budget and Expenditures by Budget Component and Division/Office Through September 30, 2004 (Dollars in Thousands)

Division/Office	YTD Budget	YTD Expenditures	% of Budget Used	Variance
Corporate Operating Budget				
Supervision & Consumer Protection	$286,734	$276,774	97%	($9,960)
Information Resources Management	116,999	106,414	91%	(10,585)
Administration	127,507	121,934	96%	(5,573)
Resolutions & Receiverships	96,967	60,177	62%	(36,790)
Legal	73,135	66,931	92%	(6,204)
Insurance & Research	24,780	21,029	85%	(3,751)
Finance	20,350	19,356	95%	(994)
Inspector General	20,759	19,406	93%	(1,353)
Corporate University	9,429	4,873	52%	(4,556)
Executive Support [1]	11,052	10,144	92%	(908)
Executive Offices [2]	5,054	4,532	90%	(522)
Government Litigation [3]	1,000	(7,018)	-702%	(8,018)
Total Corporate Operating Budget	**$793,766**	**$704,552**	**89%**	**($89,214)**
Investment Budget [4]				
Supervision & Consumer Protection	$1,291	$783	61%	($508)
Information Resources Management	58,167	48,099	83%	(10,068)
Administration	22	62	282%	40
Resolutions & Receiverships	635	868	137%	233
Legal	310	272	88%	(38)
Insurance & Research	2,178	2,116	97%	(62)
Finance	3,151	3,147	100%	(4)
Virginia Square Phase II	29,430	23,891	81%	(5,539)
Total, Investment Budget [4]	**$95,184**	**$79,238**	**83%**	**($15,946)**
Combined Division/Office Budgets				
Supervision & Consumer Protection	$288,025	$277,557	96%	($10,468)
Information Resources Management	175,166	154,513	88%	(20,653)
Administration	127,529	121,996	96%	(5,533)
Resolutions & Receiverships	97,602	61,045	63%	(36,557)
Legal	73,445	67,203	92%	(6,242)
Insurance & Research	26,958	23,145	86%	(3,813)
Finance	23,501	22,503	96%	(998)
Inspector General	20,759	19,406	93%	(1,353)
Corporate University	9,429	4,873	52%	(4,556)
Executive Support [1]	11,052	10,144	92%	(908)
Executive Offices [2]	5,054	4,532	90%	(522)
Government Litigation [3]	1,000	(7,018)	-702%	(8,018)
Virginia Square Phase II	29,430	23,891	81%	(5,539)
Grand Total	**$888,950**	**$783,790**	**88%**	**($105,160)**

1) Executive Support Offices include the Office of Diversity and Economic Opportunity, Public Affairs, Ombudsman, Legislative Affairs, and Enterprise Risk Management.

2) Executive Offices include the Chairman, Vice Chairman, Board of Directors, Chief Operating Officer, and Chief Financial Officer.

3) The credit amount for the YTD Expenditures is a result of the partial return of a prior year's prepaid estimate from the Department of Justice.

4) Budgets for investment projects are approved on a multi-year basis; the "Year-to-Date Budget" amount reflects the 2004 spending estimates for approved projects. The Capital Investment Review Committee (CIRC) reports to the Board quarterly on the status of each investment project, including budget variances.