

FEDERAL DEPOSIT INSURANCE CORPORATION

Selected Fund Financial Indicators

- BIF Reserve Ratio is 1.33 percent as of June 30, 2001
- SAIF Reserve Ratio is 1.40 percent as of June 30, 2001



Executive Management Report

Financial Results (unaudited)
For the six months ending June 30, 2001

Executive Summary For the Six Months Ending June 30, 2001

Bank Insurance Fund (BIF):

- Revenue totaled \$1 billion for the six months ending June 30, 2001. The fund earned \$954 million in interest on investments in U.S. Treasury obligations and \$21 million in deposit insurance assessments. In addition, the BIF realized a gain of \$78 million on the sale of \$1.4 billion of U.S. Treasury securities designated as available-for-sale.
- Comprehensive income (net income plus current period unrealized gains/losses on available-for-sale securities) was \$706 million for the six months ending June 30, 2001, increasing the fund balance to \$31.7 billion.
- Receivables from bank resolutions decreased by \$283 million from year-end 2000 to \$67 million at June 30, 2001. This decrease was due to recoveries of payments made to cover obligations to insured depositors for failed institutions.
- Two BIF-insured institutions failed during the first six months of 2001. Total assets at failure were \$26 million.

Savings Association Insurance Fund (SAIF):

- Revenue totaled \$374 million for the six months ending June 30, 2001. The fund earned \$338 million in interest on U.S. Treasury obligations and \$18 million in deposit insurance assessments. In addition, the SAIF realized a gain of \$16 million on the sale of \$207 million of U.S. Treasury securities designated as available-for-sale.
- Comprehensive income was \$33 million for the six months ending June 30, 2001, increasing the fund balance to \$10.8 billion.
- On July 27, 2001, the Office of Thrift Supervision (OTS) closed Superior Bank, FSB, Hinsdale, Illinois, and named FDIC receiver of the failed institution and conservator of a newly chartered, full-service mutual savings bank. Superior Bank, FSB, a nationwide subprime mortgage lender, had total assets of \$2.3 billion and total deposits of \$1.6 billion. Superior Bank had been a serious supervisory concern for some time, due to a very high concentration of high risk retained assets and

inadequate management. Significant writedowns of the high risk assets, taken earlier this year, reduced capital to very low levels. Superior Bank's owners proposed a plan to bolster the bank's capital. The plan was approved by the OTS, but ultimately, Superior's owners failed to implement the plan. Absent the capital injection, the thrift was not viable and was closed by the OTS. The FDIC Board of Directors decided that the least-cost resolution alternative was to organize a new institution under FDIC control to maximize the value of the institution, effect an orderly resolution, and minimize disruption to insured depositors and other customers. The estimated cost of this resolution to the SAIF will be released upon final resolution of the conservatorship. The SAIF June 30, 2001 fund balance reflects a preliminary estimate of loss to the SAIF from this failure.

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 payments 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 settlements, the FRF is responsible for reimbursing the U.S. Department of Justice for its goodwill litigation expenses.

Executive Summary For the Six Months Ending June 30, 2001

(Continued) ~FRF-FSLIC~

- Recent Goodwill Litigation Actions:
 - On February 16, 2001, the Federal Circuit Court of Appeals reversed in part, and remanded, the judgment previously entered in favor of Glendale Federal Bank in the amount of \$909 million. In this open bank case, the trial court had initially determined that Glendale should be awarded over \$500 million in restitution based primarily on the amount Glendale saved FSLIC through its 1981 acquisition of Broward Savings. The Federal Circuit concluded that a restitution award granted on this basis was inappropriate in this case because FSLIC would not have liquidated Broward but instead had other alternatives to liquidation. The Federal Circuit did, however, determine that as a general matter Glendale was entitled to reliance damages that would consist of both pre- and post-FIRREA costs that Glendale incurred in reliance on its contract with the Government. The Federal Circuit did not determine how reliance damages should be calculated. Rather, it remanded the case back to the trial court for a determination of the specific amount of reliance damages.
 - On April 3, 2001, the United States Court of Appeals for the Federal Circuit rendered its decision in California Federal v. United States. The Court clarified the law for Goodwill cases in two significant areas. First, the Court sustained the lower court on the contract issue by holding that no signed assistance agreement is required to have an enforceable contract. Second, the Court reversed the lower court holding that a claim of lost profits is not, as a matter of law, too speculative as to prevent a trial on that issue. The Court then affirmed the lower court's award of \$24 million in damages and the case was remanded to the lower court for further proceedings on damages based on lost profits. Requests for rehearing en banc by both parties have been denied.
- Assets in liquidation totaled \$15 million as of June 30, 2001.

~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 five payments totaling \$2.356 billion to REFCORP. The last payment to REFCORP of \$400 million was made on April 9, 2001. The FRF-RTC cash balance is \$701 million at June 30, 2001.
- Assets in liquidation totaled \$242 million as of June 30, 2001.

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 (Unaudited)		SAIF (Unaudited)	
	06/30/01	06/30/00	06/30/01	06/30/00
Revenue	\$ 1,065	\$ 941	\$ 374	\$ 324
Operating Expenses	375	364	49	52
Insurance Losses/Expenses	(21)	284	310	43
Unrealized (Loss)/Gain on AFS (1) Securities, Net (Current Period)	(5)	73	18	28
Comprehensive Income	706	366	33	257
Fund Balance	\$ 31,681	\$ 29,780	\$ 10,792	\$ 10,538
June 2001/2000 Reserve Ratio (2)	1.33%	1.34%	1.40%	1.44%
June 2001/2000 Fund Balance	\$ 31,681	\$ 29,780	\$ 10,792	\$ 10,538
Estimated Insured Deposits	\$ 2,383,235 (a)	\$ 2,222,825 (b)	\$ 772,896 (a)	\$ 730,774 (b)
Total Insured Institutions	8,448 (a)	8,752 (b)	1,317 (a)	1,368 (b)
Number of Failures, YTD	2	2	0	1
Total Corporate Outlays, YTD	\$25	\$81	\$0	\$29
Total Estimated Corporate Losses, YTD	\$0	\$16	\$0	\$3
Total Assets at Failure (Current Year)	\$26	\$124	\$0	\$30
Assets in Liquidation (3)	\$161	\$1,264	\$3	\$10

(1) Available-for-Sale (AFS)

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

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

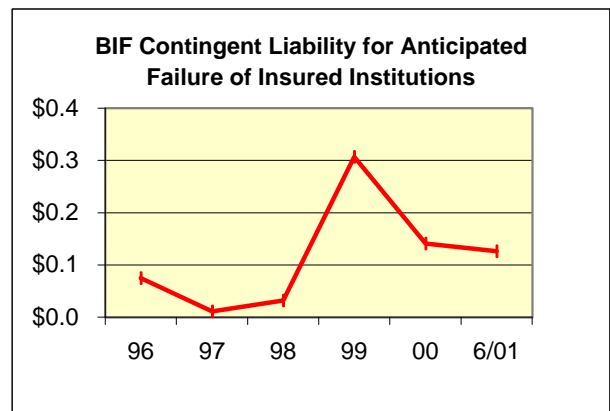
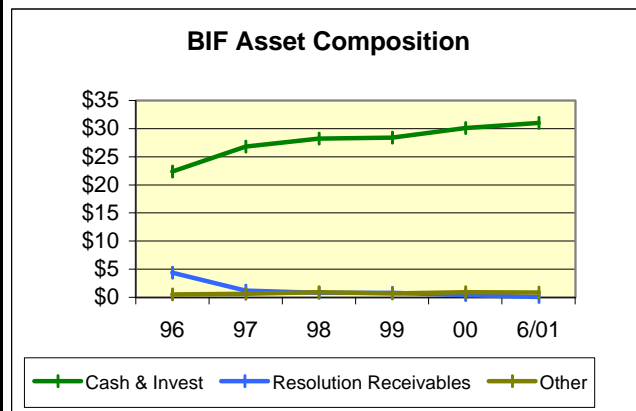
(a) Source: Second Quarter 2001 FDIC Quarterly Banking Profile. BIF figure includes 18 U.S. branches of foreign banks.

(b) Source: Second Quarter 2000 FDIC Quarterly Banking Profile. BIF figure includes 20 U.S. branches of foreign banks.

Bank Insurance Fund Statements of Financial Position June 2001

<i>Dollars in Millions</i>	(Unaudited) June 30	
	<u>2001</u>	<u>2000</u>
Assets		
Cash and cash equivalents	\$ 339	\$ 331
Investment in U.S. Treasury obligations, net	30,680	28,988
Interest receivable on investments and other assets, net	558	471
Receivables from bank resolutions, net	67	425
Assets acquired from assisted banks and terminated receiverships, net	10	16
Property and buildings, net	167	158
Software development and other capitalized assets, net	127	109
Total Assets	\$ 31,948	\$ 30,498
Liabilities		
Accounts payable and other liabilities	\$ 115	\$ 122
Contingent Liabilities for:		
Anticipated failure of insured institutions	126	581
Assistance agreements	2	1
Litigation losses	20	10
Asset securitization guarantees	4	4
Total Liabilities	267	718
Fund Balance		
Accumulated net income	31,466	29,787
Unrealized gain/(loss) on available-for-sale securities, net	215	(7)
Total Fund Balance	31,681	29,780
Total Liabilities and Fund Balance	\$ 31,948	\$ 30,498

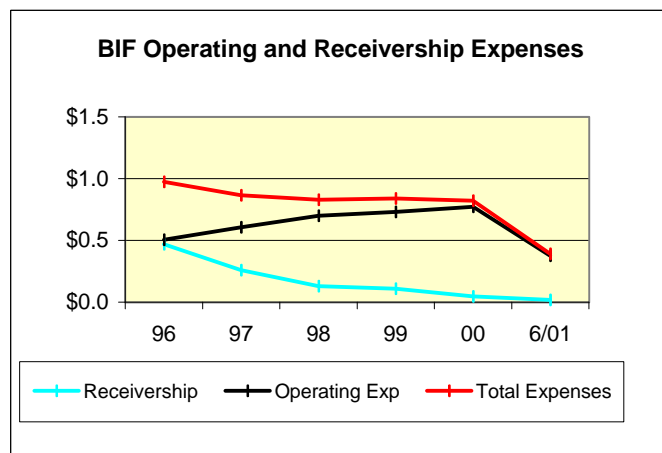
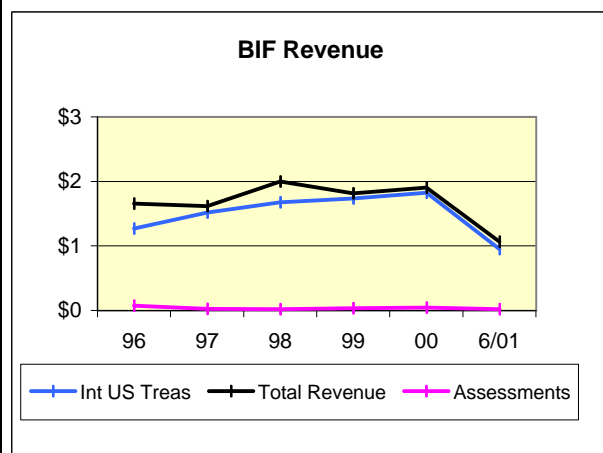
Chart Data: Dollars in Billions



Bank Insurance Fund Statements of Income and Fund Balance June 2001

Dollars in Millions

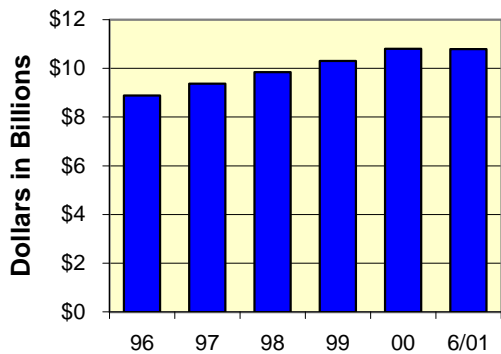
	(Unaudited) Year-to-Date:		(Unaudited) Quarter Ending June 30:	
	2001	2000	2001	2000
Revenue				
Interest on U.S. Treasury obligations	\$ 954	\$ 899	\$ 492	\$ 467
Assessments	21	24	10	7
Realized gain on sale of U.S. Treasury obligations	78	0	78	0
Interest on advances and subrogated claims	0	3	0	1
Revenue from assets acquired from assisted banks and terminated receiverships	5	8	3	4
Other revenue	7	7	4	4
Total Revenue	1,065	941	587	483
Expenses and Losses				
Operating expenses	375	364	195	188
Insurance Losses/Expenses:				
Provision for insurance losses	(29)	270	(28)	250
Expenses for assets acquired from assisted banks and terminated receiverships	7	9	4	4
Interest and other insurance expenses	1	5	1	1
Total Expenses and Losses	354	648	172	443
Net Income	711	293	415	40
Unrealized (loss)/gain on available-for-sale securities, net (current period)	(5)	73	(160)	1
Comprehensive Income	706	366	255	41
Fund Balance - Beginning	30,975	29,414	31,426	29,739
Fund Balance - Ending	\$ 31,681	\$ 29,780	\$ 31,681	\$ 29,780

Chart Data: Dollars in Billions

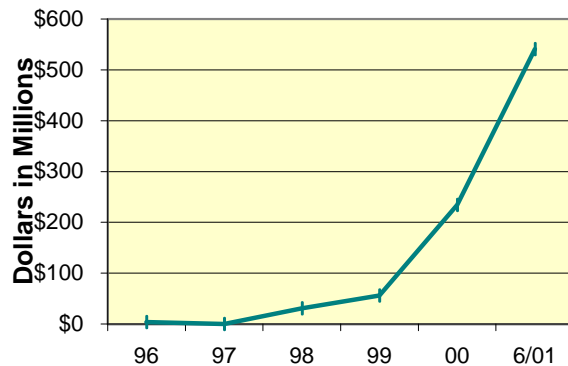
Savings Association Insurance Fund Statements of Financial Position June 2001

<i>Dollars in Millions</i>	(Unaudited) June 30	
	<u>2001</u>	<u>2000</u>
Assets		
Cash and cash equivalents - unrestricted	\$ 53	\$ 158
Cash and other assets - restricted for SAIF-member exit fees	292	276
Investment in U.S. Treasury obligations, net	11,095	10,298
Interest receivable on investments and other assets, net	197	157
Receivables from thrift resolutions, net	3	31
Total Assets	\$ 11,640	\$ 10,920
Liabilities		
Accounts payable and other liabilities	\$ 9	\$ 9
Contingent Liabilities for:		
Anticipated failure of insured institutions	541	97
Litigation losses	6	0
SAIF-member exit fees and investment proceeds held in escrow	292	276
Total Liabilities	848	382
Fund Balance		
Accumulated net income	10,691	10,542
Unrealized gain/(loss) on available-for-sale securities, net	101	(4)
Total Fund Balance	10,792	10,538
Total Liabilities and Fund Balance	\$ 11,640	\$ 10,920

SAIF Total Fund Balance



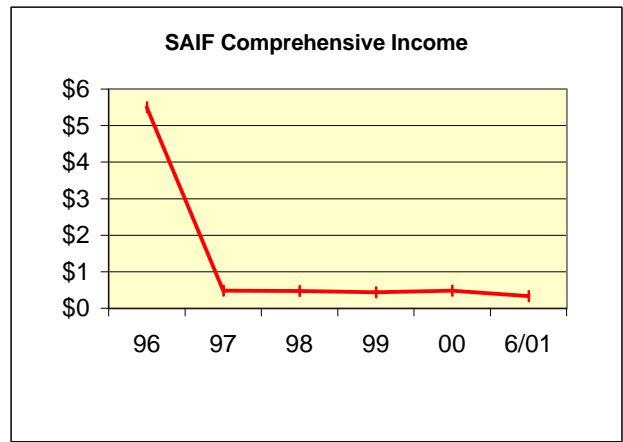
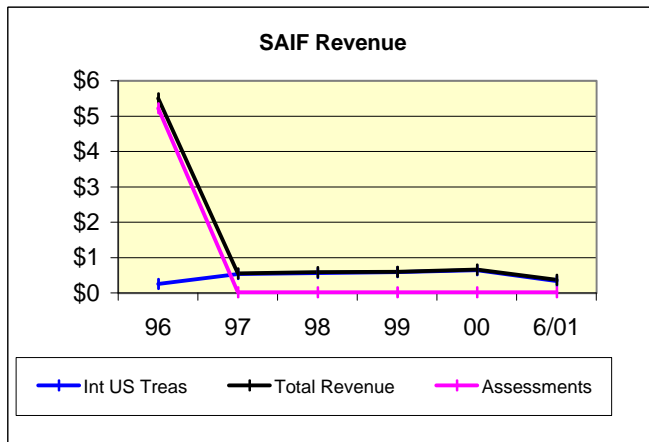
SAIF Contingent Liability for Anticipated Failure of Insured Institutions



Savings Association Insurance Fund Statements of Income and Fund Balance June 2001

<i>Dollars in Millions</i>	(Unaudited) Year-to-Date:		(Unaudited) Quarter Ending June 30:	
	2001	2000	2001	2000
Revenue				
Interest on U.S. Treasury obligations	\$ 338	\$ 315	\$ 174	\$ 164
Assessments	18	9	9	5
Realized gain on sale of U.S. Treasury obligations	16	0	16	0
Revenue from assets acquired from terminated receiverships	2	0	1	0
Total Revenue	374	324	200	169
Expenses and Losses				
Operating expenses	49	52	26	27
Provision for insurance losses	310	43	310	41
Total Expenses and Losses	359	95	336	68
Net Income				
Unrealized gain/(loss) on available-for-sale securities, net (current period)	18	28	(45)	2
Comprehensive Income	33	257	(181)	103
Fund Balance - Beginning	10,759	10,281	10,973	10,435
Fund Balance - Ending	\$ 10,792	\$ 10,538	\$ 10,792	\$ 10,538

Chart Data: Dollars in Billions



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 June 2001

Dollars in Millions

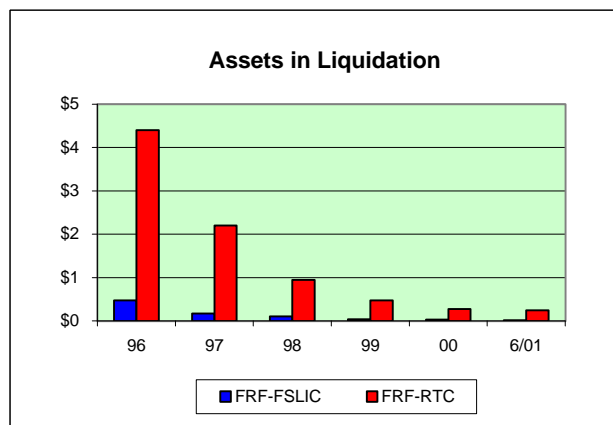
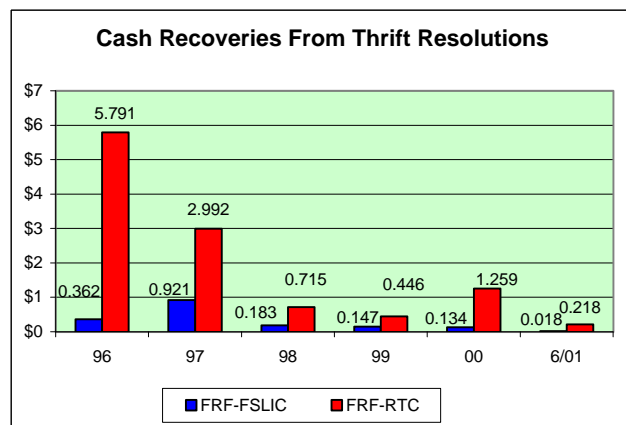
	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2001	2000	2001	2000	2001	2000
Cash Flows						
Cash Flows From Operating Activities:						
Cash Provided From Operating Activities	\$90	\$83	\$263	\$1,191	\$353	\$1,274
Cash Used for Operating Activities	(1)	(19)	(52)	(138)	(53)	(157)
Net Cash Provided by Operating Activities	89	64	211	1,053	300	1,117
Cash Flows From Investing Activities:						
Investment in Securitization Related Assets						
Acquired from Receiverships, AFS (1)	0	0	343	410	343	410
Cash Flows From Financing Activities:						
U.S. Treasury Payments for Goodwill Settlements	0	0	0	0	0	0
Return of U.S. Treasury Payments (2)	0	0	0	(391)	0	(391)
Payments to Resolution Funding Corporation (2)	0	0	(907)	(533)	(907)	(533)
Net Increase/(Decrease) in Cash	\$89	\$64	(\$353)	\$539	(\$264)	\$603
Selected Statistics						
Resolution Equity (2)	\$2,485	\$2,301	\$2,473	\$3,605	\$4,958	\$5,906
Number of Active Receiverships	1	7	150	189	151	196
Number of Other Liquidating Entities	15	25	16	17	31	42
Assets in Liquidation (3)	\$15	\$36	\$242	\$376	\$257	\$412

(1) Available-for-Sale (AFS)

(2) As of June 30, 2001, FRF-RTC paid \$4.556 billion to the U.S. Treasury and \$2.356 billion to the Resolution Funding Corporation.

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

Chart Data: Dollars in Billions



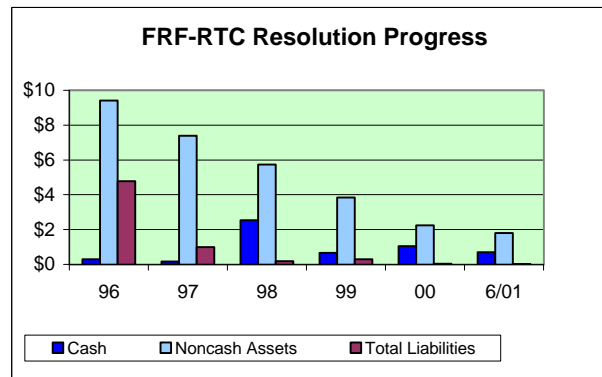
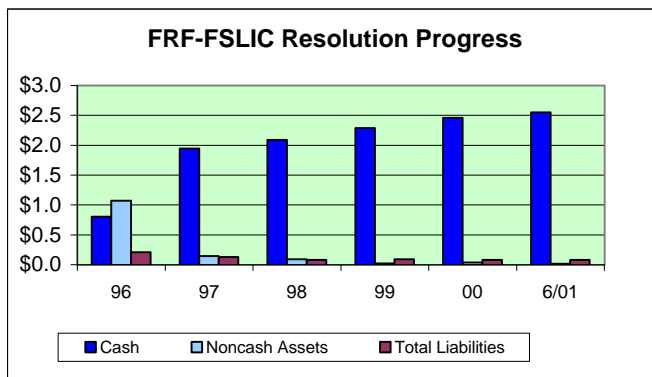
FSLIC Resolution Fund Statements of Financial Position June 2001

Dollars in Millions

	FRF - FSLIC (Unaudited) June 30		FRF - RTC (Unaudited) June 30		FRF - CONSOLIDATED (Unaudited) June 30	
	2001	2000	2001	2000	2001	2000
Assets						
Cash and cash equivalents	\$ 2,549	\$ 2,357	\$ 701	\$ 1,194	\$ 3,250	\$ 3,551
Receivables from thrift resolutions, net	10	11	205	313	215	324
Investment in securitization related assets acquired from receiverships	0	0	1,559	2,308	1,559	2,308
Assets acquired from assisted thrifts and terminated receiverships, net	6	9	18	22	24	31
Other assets, net	0	0	16	25	16	25
Total Assets	\$ 2,565	\$ 2,377	\$ 2,499	\$ 3,862	\$ 5,064	\$ 6,239
Liabilities and Resolution Equity						
Liabilities						
Accounts payable and other liabilities	\$ 7	\$ 7	\$ 19	\$ 27	\$ 26	\$ 34
Liabilities from thrift resolutions	72	69	5	229	77	298
Contingent liabilities for litigation losses	1	0	2	1	3	1
Total Liabilities	80	76	26	257	106	333
Resolution Equity						
Contributed capital (1)	44,157	44,157	84,421	86,247	128,578	130,404
Accumulated deficit	(41,672)	(41,856)	(82,402)	(82,994)	(124,074)	(124,850)
Unrealized gain on available-for-sale securities, net	0	0	454	352	454	352
Accumulated deficit, net	(41,672)	(41,856)	(81,948)	(82,642)	(123,620)	(124,498)
Total Resolution Equity	2,485	2,301	2,473	3,605	4,958	5,906
Total Liabilities and Resolution Equity	\$ 2,565	\$ 2,377	\$ 2,499	\$ 3,862	\$ 5,064	\$ 6,239

(1) As of June 30, 2001, Contributed Capital decreased \$6.9 billion due to the 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 2001

Dollars in Millions

	FRF - FSLIC (Unaudited) Year-to-Date:		FRF - RTC (Unaudited) Year-to-Date:		FRF - CONSOLIDATED (Unaudited) Year-to-Date:	
	2001	2000	2001	2000	2001	2000
Revenue						
Interest on securitization related assets acquired from receiverships	\$ 0	\$ 0	\$ 19	\$ 39	\$ 19	\$ 39
Interest on U.S. Treasury obligations	62	67	0	0	62	67
Interest on advances and subrogated claims	0	0	15	66	15	66
Revenue from assets acquired from assisted thrifts and terminated receiverships	1	2	10	7	11	9
Realized gain on investment in securitization related assets acquired from receiverships	0	0	111	50	111	50
Limited partnership equity interests and other revenue	0	0	4	6	4	6
Total Revenue	63	69	159	168	222	237
Expenses and Losses						
Operating expenses	3	3	31	38	34	41
Realized loss on investment in securitization related assets acquired from receiverships	0	0	12	15	12	15
Provision for losses	(5)	(9)	(13)	25	(18)	16
Expenses for goodwill settlements and litigation	(6)	(2)	0	0	(6)	(2)
Expenses for assets acquired from assisted thrifts and terminated receiverships	1	2	2	7	3	9
Interest expense on notes payable and other expenses	4	6	0	3	4	9
Total Expenses and Losses	(3)	0	32	88	29	88
Net Income	66	69	127	80	193	149
Unrealized loss on available-for-sale securities, net (current period)	0	0	(1)	(28)	(1)	(28)
Comprehensive Income	66	69	126	52	192	121
Accumulated Deficit - Beginning	(41,738)	(41,925)	(82,074)	(82,694)	(123,812)	(124,619)
Accumulated Deficit - Ending	\$ (41,672)	\$ (41,856)	\$ (81,948)	\$ (82,642)	\$ (123,620)	\$ (124,498)

Chart Data: Dollars in Billions

