To the Board of Governors of the Federal Reserve System and
the Board of Directors of the Federal Reserve Bank of Cleveland:

We have audited the accompanying statements of condition of the Federal Reserve Bank of Cleveland
(the “Bank”) as of December 31, 2003 and 2002, and the related statements of income and changes in capital
for the years then ended, which have been prepared in conformity with the accounting principles, policies, and
practices established by the Board of Governors of the Federal Reserve System. These financial statements are
the responsibility of the Bank’s management. Our responsibility is to express an opinion on these financial
statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of
America. Those standards require that we plan and perform the audit to obtain reasonable assurance about
whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,
evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing
the accounting principles used and significant estimates made by management, as well as evaluating the overall
financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 3, these financial statements were prepared in conformity with the accounting principles,
policies, and practices established by the Board of Governors of the Federal Reserve System. These principles,
policies, and practices, which were designed to meet the specialized accounting and reporting needs of the
Federal Reserve System, are set forth in the Financial Accounting Manual for Federal Reserve Banks and
constitute a comprehensive basis of accounting other than accounting principles generally accepted in the
United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial
position of the Bank as of December 31, 2003 and 2002, and results of its operations for the years then ended,
on the basis of accounting described in Note 3.

March 1, 2004