FIRSTFED FINANCIAL CORP
Form 10-Q
August 10, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 2004

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

From the Transition Period From _____ to _____

Commission File Number: 1-9566

FIRSTFED FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-4087449 (I.R.S. Employer Identification No.)

401 Wilshire Boulevard, Santa Monica, California (Address of principal executive offices)	90401-1490 (Zip Code)

Registrant's telephone number, including area code: (310) 319-6000

Securities registered pursuant to Section 12(b) of the Act:

Common Stock $0.01 par value
Title of Class

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No | |
Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes |X| No | |
As of August 1, 2004, 16,406,048 shares of the Registrant's $.01 par value common stock were outstanding.

FirstFed Financial Corp.
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31.2 Certification of Chief Financial Officer pursuant to Section 30 the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 USC Sec 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 USC Sec 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley of 2002

PART I - FINANCIAL STATEMENTS

Item 1. Financial Statements

FirstFed Financial Corp. and Subsidiary
Consolidated Statements of Financial Condition
(In thousands, except share data)
(Unaudited)

	June 30, 2004	Dec
ASSETS		
Cash and cash equivalents	$ 40,268	$

Investment securities, available-for-sale (at fair value)	275,894	
Mortgage-backed securities, available-for-sale (at fair value)	116,378	
Loans receivable, held-for-sale (fair value $283, $494 and $2,797)	280	
Loans receivable, net	4,927,767	
Accrued interest and dividends receivable	18,695	
Real estate, net	--	
Office properties and equipment, net	10,773	
Investment in Federal Home Loan Bank (FHLB) stock, at cost	104,575	
Other assets	30,296	
	$ 5,524,926	$
LIABILITIES		
Deposits	$ 2,758,676	$
FHLB advances	2,169,000	
Securities sold under agreements to repurchase	125,224	
Accrued expenses and other liabilities	32,508	
	5,085,408	
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value $.01 per share; authorized 100,000,000 shares; issued 23,600,644, 23,543,339 and 23,489,532 shares; outstanding 16,406,048, 17,045,643 and 16,991,836 shares	236	
Additional paid-in capital	38,552	
Retained earnings - substantially restricted	514,890	
Unreleased shares to employee stock ownership plan	(964)	
Treasury stock, at cost, 7,194,596, 6,497,696 and 6,497,696 shares	(113,776)	
Accumulated other comprehensive earnings, net of taxes	580	
	439,518	
	$ 5,524,926	$

See accompanying notes to consolidated financial statements.

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FirstFed Financial Corp. and Subsidiary
Consolidated Statements of Operations and Comprehensive Earnings
(Dollars in thousands, except per share data)
(Unaudited)

	Three months ended June 30,		
	2004	2003	
Interest income:			
Interest on loans	$ 57,854	$ 56,882	$
Interest on mortgage-backed securities	867	1,385	
Interest and dividends on investments	2,639	1,145	
Total interest income	61,360	59,412	
Interest expense:			
Interest on deposits	8,645	9,886	

Interest on borrowings	12,728	12,464
Total interest expense	21,373	22,350
Net interest income	39,987	37,062
Provision for loan losses	--	--
Net interest income after provision for loan losses	39,987	37,062
Other income:		
Loan servicing and other fees	2,464	1,511
Retail office fees	1,396	1,150
Gain on sale of loans	18	220
Real estate operations, net	81	349
Other operating income	81	163
Total other income	4,040	3,393
Non-interest expense:		
Salaries and employee benefits	9,421	8,247
Occupancy	2,022	1,962
Advertising expense	140	54
Amortization of core deposit intangible	499	499
Federal deposit insurance	95	101
Legal	443	137
Other expense	2,731	2,429
Total non-interest expense	15,351	13,429
Earnings before income taxes	28,676	27,026
Income tax provision	12,123	11,393
Net earnings	$ 16,553	$ 15,633
Other comprehensive earnings (loss), net of taxes	(465)	(435)
Comprehensive earnings	$ 16,088	$ 15,198
Earnings per share:		
Basic	$ 0.99	$ 0.92
Diluted	$ 0.96	$ 0.90
Weighted average shares outstanding:		
Basic	16,773,686	16,968,389
Diluted	17,159,248	17,342,336

See accompanying notes to consolidated financial statements.

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FirstFed Financial Corp. and Subsidiary
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

Six months

		2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$	31,530
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Net change in loans held-for-sale		212
Depreciation		266
Valuation adjustments on real estate sold		-
Amortization of fees and premiums/discounts		4,984
Decrease in servicing asset		60
Change in taxes payable		(891)
(Increase) decrease in interest and dividends receivable		(1,754)
Increase (decrease) in interest payable		632
Amortization of core deposit intangible asset		998
Increase in other assets		(7,148)
Increase in accrued expenses and other liabilities		1,595
Total adjustments		(1,046)
Net cash provided by operating activities		30,484
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans made to customers and principal collections on loans		(545,812)
Loans purchased		(293)
Change in unearned loan fees		(12,546)
Proceeds from sales of real estate owned		1,324
Proceeds from maturities and principal payments of investment securities, available-for-sale		22,238
Principal reductions on mortgage-backed securities, available for sale		19,080
Purchase of investment securities, available for sale		(183,202)
(Purchases) redemptions of FHLB stock		(15,135)
Net cash used by investing activities		(714,346)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits		220,278
Net increase in short term borrowings		619,602
Net Increase (decrease) in long term borrowings		(142,000)
Purchases of treasury stock		(28,049)
Other		(19)
Net cash provided by financing activities		669,812
Net decrease in cash and cash equivalents		(14,050)
Cash and cash equivalents at beginning of period		54,318
Cash and cash equivalents at end of period	$	40,268

See accompanying notes to consolidated financial statements.

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FirstFed Financial Corp. and Subsidiary
Notes to Consolidated Financial Statements
(Unaudited)

1. The unaudited consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the

Securities and Exchange Commission. In the opinion of the Company, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the periods covered have been made. Certain information and note disclosures normally included in financial statements presented in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading.

It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K. The results for the periods covered hereby are not necessarily indicative of the operating results for a full year.

2. Basic earnings per share were computed by dividing net earnings by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share additionally include the effect of stock options, if dilutive.

3. For purposes of reporting cash flows on the "Consolidated Statements of Cash Flows", cash and cash equivalents include cash, overnight investments and securities purchased under agreements to resell which mature within 90 days of the date of purchase.

4. The Company applies the intrinsic-value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations including FASB Interpretation No. 44, Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25, issued in March 2000, to account for its fixed-plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, Accounting for Stock-Based Compensation, establishes accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123. The following table illustrates the effect on net income if the fair-value-based method had been applied to all outstanding and unvested awards in each period.

	Three Months Ended June 30,		
	2004	2003	
		(In thousands, except pe	
Net income as reported.....$	16,553	$ 15,633	$
Deduction:			
Total stock-based compensation expense determined under fair-value-based method for all awards, net of tax.....	(214)	(207)	
Pro forma net income.....$	16,339	$ 15,426	$
Earnings per share:			
Basic:			
As reported.....$	0.99	$ 0.92	$
Pro forma.....$	0.97	$ 0.91	$
Diluted:			
As reported.....$	0.96	$ 0.90	$
Pro forma.....$	0.95	$ 0.89	$

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2004 and 2003, respectively: no dividend yield in any year; expected volatility of 32% and 34%; risk free interest rates of 4.2% and 3.8%; and expected average lives of 5.5 years in both periods. The weighted-average grant date fair value of options granted during the periods are $15.58 and $11.82 for 2004 and 2003, respectively. The Company has elected to recognize forfeitures in the year they occur.

5. The following table sets forth the net periodic benefit cost attributable to the Company's Supplementary Executive Retirement Plan:

	Pension Benefit		
	Three months ended June 30,		
	2004	2003	
	(In thousands)		
Service cost	$ 122,088	$ 111,690	$
Interest cost	151,759	146,542	
Expected return on plan assets	--	--	
Amortization of net (gain) loss	37,753	29,865	
Amortization of prior service cost	33,661	33,661	
Amortization of transition obligation/(asset)	--	--	
Net periodic benefit cost	$ 345,261	$ 321,758	$
Weighted Average Assumptions			
Discount rate	6.00%	6.50%	
Rate of compensation increase	4.00%	4.00%	
Expected return on plan assets	N/A	N/A	

The Company does not expect any significant changes to the amounts previously disclosed for contributions for benefits payments.

6. Recent Accounting Pronouncements

In December 2003, SFAS Statement No. 132 (revised), Employers' Disclosures about Pensions and Other Postretirement Benefits, was issued. Statement 132 (revised) prescribes employers' disclosures about pension plans and other postretirement benefit plans; it does not change the measurement or recognition of those plans. The Statement retains and revises the disclosure requirements contained in the original Statement 132. It also requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. The Statement generally is effective for fiscal years ending after December 15, 2003. The Company's disclosures incorporate the requirements of Statement 132 (revised).

SFAS Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, was issued in May 2003. This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Statement also includes required disclosures for financial instruments within its scope. For the Company, the Statement was effective for instruments entered into or modified after May 31, 2003 and otherwise became effective as of January 1, 2004, except for mandatorily redeemable financial instruments. For certain mandatorily redeemable financial instruments, the Statement will be effective for the Company on January 1, 2005. The effective

date has been deferred indefinitely for certain other types of mandatorily redeemable financial instruments. The Company currently does not have any financial instruments that are within the scope of this Statement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following narrative is written with the presumption that the users have read or have access to the Company's 2003 Annual Report on Form 10-K, which contains the latest audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2003, and for the year then ended. Therefore, only material changes in financial condition and results of operations are discussed herein.

The Securities and Exchange Commission ("SEC") maintains a web site which contains reports, proxy and information statements, and other information pertaining to registrants that file electronically with the SEC, including the Company. The address is: www.sec.gov. In addition, the Company's periodic and current reports are available free of charge on its website at www.firstfedca.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

Note regarding forward looking statements: This quarterly report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included in this quarterly report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. These forward-looking statements are subject to various factors, many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. Such factors include, but are not limited to, the general business environment, interest rate fluctuations that may affect operating margins, the California real estate market, branch openings, competitive conditions in the business and geographic areas in which the Company conducts its business, and regulatory actions. In addition, these forward-looking statements are subject to assumptions as to future business strategies and decisions that are subject to change. The Company makes no guarantee or promises regarding future results and assumes no responsibility to update such forward-looking statements.

Financial Condition

At June 30, 2004, FirstFed Financial Corp. ("Company"), holding company for First Federal Bank of California and its subsidiaries ("Bank"), had consolidated total assets of $5.5 billion compared to $4.8 billion at December 31, 2003 and $4.5 billion at June 30, 2003. The increase in total assets for the period ended June 30, 2004 compared to December 31, 2003 and June 30, 2003 is primarily attributable to an increase in the loan portfolio to $4.9 billion at June 30, 2004 from $4.4 billion at December 31, 2003 and $4.0 billion at June 30, 2003. Loan originations and purchases were $1.3 billion during the first six months of 2004 compared to $1.0 billion during the first six months of 2003. Loan payoffs and principal reductions were $730.1 million during the first six months of 2004 compared to $789.4 million during the first six months of 2003. Consolidated stockholders' equity at June 30, 2004 was $439.5 million compared to $436.6 million at December 31, 2003 and $402.6 million at June 30, 2003. Stockholders' equity increased only slightly during the second quarter and first six months of 2004 because the Company repurchased 696,600 shares of common stock at an average market price of $40.25 per share.

Despite the continuation of record home prices in California, residential housing demand remains strong. According to the June 2004 UCLA Anderson Forecast for California ("Forecast"), "the lack of new housing is a key basic cause of the shooting up of existing home prices in recent years." Sales of existing homes are expected to slow, but not collapse, due to decreased affordability resulting from very high home prices and rising mortgage rates. The Forecast predicts that a collapse in home prices of 15% or more would need additional causal effects such as the riots and fires that contributed to the drop in home prices in the Los Angeles area from 1993 to 1996.

The following table summarizes loan originations and purchases by property type for the periods indicated:

	Six months ended June 30,	
	2004	2003
	(In thousands)	
Single family	$ 980,665	$ 754,445
Multi-family and commercial	249,499	263,945
Other (1)	46,003	28,683
Total	$ 1,276,167	$ 1,047,073

(1) Includes consumer loans and commercial business loans.

The following table summarizes loan originations and purchases by loan type for the periods indicated:

	Six months ended June 30,	
	2004	2003
	(In thousands)	
Adjustable:		
12MAT	$ 375,566	$ 320,525
CODI	785,170	270,484
COFI	46,298	88,978
Prime	46,296	28,757
Fixed	3,228	47,828
Hybrid (1)	19,609	290,501
Total	$ 1,276,167	$ 1,047,073

(1) These loan types are adjustable rate loans with initial fixed interest rate periods ranging from 3 to 7 years.

At June 30, 2004, 85.5% of the Bank's loan portfolio was invested in adjustable rate products. Loans that adjust monthly based on the FHLB Eleventh District Cost of Funds Index ("COFI") comprised 29.1% of the loan portfolio. Loans that adjust monthly based on the 3-Month Certificate of Deposit Index ("CODI") comprised 28.0% of the loan portfolio. Loans that adjust monthly based on the 12-month average U.S. Treasury Security rate ("12MAT") comprised 24.9% of the loan portfolio. The remaining 3.5% of the adjustable rate loan portfolio varies based on changes in the Prime Rate and the London Inter-Bank Offering Rate

("LIBOR") and other indices.

The Bank's non-performing assets to total assets ratio was 0.02% as of June 30, 2004, compared to 0.10% as of December 31, 2003 and 0.09% as of June 30, 2003. (See "Non-performing Assets" for further discussion.)

The Bank recorded net loan recoveries of $154 thousand and $212 thousand for the second quarter and first six months of 2004, respectively. For the comparable periods last year, the Bank recorded net loan charge-offs of $22 thousand for the second quarter of 2003 and net loan recoveries of $25 thousand during the first six months of 2003, respectively. Allowances for loan losses (including general valuation allowances and valuation allowances for impaired loans) totaled $75.9 million or 1.52% of gross loans at June 30, 2004. This compares with $75.7 million or 1.70% at December 31, 2003 and $75.7 million or 1.84% at June 30, 2003.

The following table shows the components of the Bank's portfolio of loans (including loans held for sale) and mortgage-backed securities by collateral type as of the dates indicated:

	June 30, 2004	December 31 2003
		(In thousands
REAL ESTATE LOANS		
First trust deed residential loans		
One-to-four units	$ 2,960,785	$ 2,456,
Five or more units	1,574,236	1,547,
Residential loans	4,535,021	4,004,
OTHER REAL ESTATE LOANS		
Commercial and industrial	327,954	345,
Second trust deeds	6,222	7,
Construction	15,060	9,
Land	--	
Real estate loans	4,884,257	4,366,
NON-REAL ESTATE LOANS:		
Deposit accounts	520	
Commercial business loans	56,565	34,
Consumer	56,110	49,
Loans receivable	4,997,452	4,451,
LESS:		
General valuation allowances - loan portfolio	75,450	75,
Valuation allowances - impaired loans	496	
Deferred loan origination fees (costs), net	(6,541)	1,
Net loans receivable	4,928,047	4,374,
FHLMC AND FNMA MORTGAGE-BACKED SECURITIES (at fair value):		
Secured by single family dwellings	110,120	128,
Secured by multi-family dwellings	6,258	6,
Mortgage-backed securities	116,378	135,
TOTAL	$ 5,044,425	$ 4,509,

The mortgage-backed securities portfolio, classified as available-for-sale, was recorded at fair value as of June 30, 2004. An unrealized gain of $1.1 million, net of taxes, was recorded in stockholders' equity as of June 30, 2004. This compares to net unrealized gains of $965 thousand as of December 31, 2003 and $1.7 million as of June 30, 2003.

The investment securities portfolio, classified as available-for-sale, was recorded at fair value as of June 30, 2004. An unrealized loss of $548 thousand, net of taxes, was reflected in stockholders' equity as of June 30, 2004. This compares to net unrealized gains of $126 thousand as of December 31, 2003 and $163 thousand as of June 30, 2003.

Asset/Liability Management

Market risk is the risk of loss from adverse changes in market prices and interest rates. The Bank's market risk arises primarily from the interest rate risk inherent in its lending and liability funding activities.

The Bank's net interest income typically improves during periods of decreasing interest rates because there is a three-month time lag before changes in COFI, and a two-month time lag before changes in 12MAT, CODI and LIBOR, can be implemented with respect to the Bank's adjustable rate loans. Therefore, during periods immediately following interest rate decreases, the Bank's cost of funds tends to decrease faster than the yield earned on its adjustable rate loan portfolio. The reverse is true during periods immediately following interest rate increases.

The composition of the Bank's financial instruments that are subject to market risk has not changed materially since December 31, 2003.

The one year GAP (the difference between rate-sensitive assets and liabilities repricing within one year or less) was a positive $334.7 million or 6.06% of total assets at June 30, 2004. In comparison, the one year GAP was a positive $666.1 million or 13.8% of total assets at December 31, 2003. The decrease in GAP at June 30, 2004 from December 31, 2003 is attributable to an increase in short-term borrowings.

Capital

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and percentages of total capital to assets. The Bank met the standards necessary to be deemed well capitalized under the applicable regulatory requirements. The following table summarizes the Bank's actual capital and required capital as of June 30, 2004:

	Tangible Capital	Core Capital	Risk Ca
	(Dollars in thousands)		
Actual Capital:			
Amount	$ 411,300	$ 411,300	$ 45
Ratio	7.44%	7.44%	
Minimum required capital:			
Amount	$ 82,961	$ 221,230	$ 24
Ratio	1.50%	4.00%	
Well capitalized required capital:			
Amount	$ --	$ 276,537	$ 30
Ratio	--%	5.00%	

During the second quarter and first six months of 2004, the Company repurchased

696,900 shares of common stock at an average market price of $40.25 per share. During the second quarter and first six months of 2003, the Company repurchased 33,800 shares of common stock at an average market price of $28.53 per share. On July 22, 2004, the Board of Directors authorized the repurchase of 820,302 additional shares, which represents 5% of the Company's shares outstanding on that date. Combined with amounts previously authorized, shares available for repurchase totaled 1,472,079 or 9% of total common shares as of August 1, 2004.

Loan Loss Allowances

Listed below is a summary of activity in the Bank's general valuation allowance and the valuation allowance for impaired loans during the periods indicated:

	Six Months Ended June 30, 20	
	General Valuation Allowances	Impaired Valuation Allowances
	(In thousands)	
Balance at December 31, 2003	$ 75,238	$ 496 $
Recoveries	212	--
Balance at June 30, 2004	$ 75,450	$ 496 $

	Six Months Ended June 30, 20	
	General Valuation Allowances	Impaired Valuation Allowances
	(In thousands)	
Balance at December 31, 2002	$ 75,223	$ 496 $
Charge-offs:		
Single family	(52)	--
Multifamily	(8)	--
Other - non-real estate	(32)	
Total charge-offs	(92)	--
Recoveries	117	--
Net recoveries	25	--
Balance at June 30, 2003	$ 75,248	$ 496 $

The Bank maintains a general valuation allowance for loan losses due to the inherent risks in the loan portfolio that have yet to be specifically identified. The Bank's loan portfolio is stratified based on factors affecting the perceived level and concentration of risk, such as type of collateral, year of origination, original loan-to-value ratio and geographic location.

The appropriate level of general valuation allowance is calculated by applying reserve factors to the balance of assets on which the Bank has loss exposure. These reserve factors represent the expected likelihood of default multiplied by the expected rate of loss. The expected rates of loss and default are based on the Bank's historical loss experience and adjusted for current and anticipated conditions and trends.

Based on this methodology, the Bank did not record a provision for loan losses during the first six months of 2004 or for any period in 2003.

Results of Operations

The Company reported consolidated net earnings of $16.6 million or $0.96 per diluted common share for the second quarter of 2004 compared to net earnings of $15.6 million or $0.90 per diluted common share for the second quarter of 2003. Net earnings for the first six months of 2004 were $31.5 million or $1.82 per diluted common share compared to $31.1 million or $1.80 per diluted common share for the first six months of 2003. Net earnings for the second quarter and first six months of 2004 include $1.6 million in interest received from the California Franchise Tax Board ("FTB"). The interest resulted from settlement of amended returns for the tax years 1993 to 1998. Net earnings for the second quarter and first six months of 2004 also include higher net interest income and increased loan fees compared to the prior year periods. These increases were offset by decreased gains on the sale of loans and higher non-interest expenses.

Net Interest Income

Net interest income increased to $40.0 million and $77.7 million, respectively, during the second quarter and first six months of 2004 compared to $37.1 million and $74.6 million, respectively, during the same periods last year. Net interest income increased primarily as a result of the $1.6 million in interest received from the FTB and growth in average interest-earning assets, which offset decreased interest rate spreads.

The interest rate spreads decreased to 2.81% and 2.89%, respectively, during the second quarter and first six months of 2004 from 3.25% and 3.30%, respectively, during the same periods last year. The reduction in spreads is attributable to downward adjustments on the Bank's adjustable rate loan portfolio which exceeded decreases in the costs of funds during the periods.

The following tables sets forth: (i) the average daily dollar amounts of and average yields earned on loans, mortgage-backed securities and investment securities, (ii) the average daily dollar amounts of and average rates paid on savings deposits and borrowings, (iii) the average daily dollar differences, (iv) the interest rate spreads, and (v) the effective net spreads for the periods indicated:

	During the Six Months	
	2004	
	(Dollars in tho	
Average loans and mortgage-backed securities	$ 4,742,861	$
Average investment securities	213,177	
Average interest-earning assets	4,956,038	
Average savings deposits	2,697,892	
Average borrowings	1,974,023	
Average interest-bearing liabilities	4,671,915	
Excess of interest-earning assets over interest-bearing liabilities	$ 284,123	$

Yields earned on average interest-earning assets	4.70%	
Rates paid on average interest-bearing liabilities	1.81	
Interest rate spread	2.89	
Effective net spread (1)	2.99	
Total interest income	$ 116,467	$
Total interest expense	42,050	
	74,417	
Total other items (2)	3,283	
Net interest income	$ 77,700	$

(1) The effective net spread is a fraction, the denominator of which is the average dollar amount of interest-earning assets, and the numerator of which is net interest income (excluding stock dividends, interest from the FTB and miscellaneous interest income).

(2) Includes Federal Home Loan Bank Stock dividends, interest from the FTB and other miscellaneous interest income.

Non-Interest Income and Expense

Loan servicing and other fees increased to $2.5 million and $4.5 million for the second quarter and first six months of 2004, respectively, compared to $1.5 million and $3.1 million for the same periods of the prior year. The amount of loan servicing and other fees varies based on the total dollar amount and types of loans paid off. Loan prepayment fees were $2.0 million and $3.6 million for the second quarter and first six months of 2004 compared to $873 thousand and $2.0 million for the same periods last year.

Gain on sale of loans was $18 thousand and $31 thousand, respectively, for the second quarter and first six months of 2004 compared to gains of $220 thousand and $693 thousand for the same periods in 2003. The decrease is the result of a drop in the volume of loans sold to $1.4 million and $3.0 million during the second quarter and first six months of 2004 from $21.6 million and $62.1 million, respectively for the same periods of 2003.

Real estate operations resulted in net gains of $81 thousand and $130 thousand, respectively, for the second quarter and six months ended of 2004 compared to net gains of $349 thousand and $363 thousand, respectively, for the same periods in 2003. Real estate operations for the second quarter of June 2003 include the reversal of the general valuation allowance for foreclosed properties. Real estate operations normally include gains and losses on the sale of foreclosed properties as well as rental income and operating expense during the holding period of these foreclosed properties.

Non-interest expense increased to $15.4 million and $30.6 million, respectively, for the second quarter and first six months of 2004 from $13.4 million and $27.5 million, respectively, from the second quarter and first six months of 2003. The increase in non-interest expense during the second quarter and first six months of 2004 resulted from an increase in compensation and legal costs and higher other operating costs due to a vendor defalcation.

The ratio of non-interest expense to average assets decreased to 1.15% and 1.18%, respectively, for the second quarter and first six months of 2004 compared to 1.21% and 1.26%, respectively, during the same periods in 2003. The decreased ratio is due to asset growth.

Non-accrual, Past Due, Modified and Restructured Loans

The Bank accrues interest earned but uncollected for every loan without regard to its contractual delinquency status and establishes a specific interest allowance for each loan which becomes 90 days or more past due or in foreclosure. Loans requiring delinquent interest allowances (non-accrual loans) totaled $1.3 million at June 30, 2004 compared to $3.3 million at December 31, 2003 and $3.9 million at June 30, 2003.

The amount of interest allowance for loans 90 days or more delinquent or in foreclosure was $198 thousand, $227 thousand, and $266 thousand as of June 30, 2004, December 31, 2003, and June 30, 2003, respectively.

The Bank allows loan restructurings that result from temporary modifications of principal and interest payments. Under these arrangements, loan terms are typically reduced to no less than a monthly interest payment required under the note. Any loss of revenues under the modified terms would be immaterial to the Bank. Generally, if the borrower is unable to return to scheduled principal and interest payments at the end of the modification period, foreclosure proceedings are initiated. As of June 30, 2004, the Bank had net modified loans totaling $2.4 million. No modified loans were 90 days or more delinquent as of June 30, 2004.

The Bank considers a loan impaired when management believes that it is probable that the Bank will not be able to collect all amounts due under the contractual terms of the loan. Estimated impairment losses are recorded as separate valuation allowances and may be subsequently adjusted based upon changes in the measurement of impairment. Impaired loans, disclosed net of valuation allowances, include non-accrual major loans (commercial business loans with an outstanding principal amount greater than or equal to $500 thousand and single-family loans greater than or equal to $750 thousand, and income property loans with an outstanding principal amount greater than or equal to $1.5 million), modified loans, and major loans less than 90 days delinquent in which full payment of principal and interest is not expected to be received.

The following is a summary of impaired loans, net of valuation allowances for impairment, as of the periods indicated:

	June 30, 2004	December 31, 2003	Jun 2
		(In thousands)	
Non-accrual loans	$ --	$ 1,782	$ 1
Modified loans	--	1,488	1
	$ --	$ 3,270	$ 2

The Bank evaluates loans for impairment whenever the collectibility of contractual principal and interest payments is questionable. When a loan is considered impaired the Bank measures impairment based on the present value of expected future cash flows (over a period not to exceed 5 years) discounted at the loan's effective interest rate. However, if the loan is "collateral-dependent" or foreclosure is probable, impairment is measured based on the fair value of the collateral. When the measure of an impaired loan is less than the recorded investment in the loan, the Bank records an impairment allowance equal to the excess of the Bank's recorded investment in the loan over its measured value.

All impaired loans were measured using the fair value method as of June 30, 2004, December 31, 2003 and June 30, 2003, respectively.

Impaired loans for which valuation allowances had been established totaled $496 thousand for each of the quarters ended June 30, 2004, December 31, 2003 and

June 30, 2003. Impaired loans for which there were no valuation allowances established totaled $0 for the quarter ended June 30, 2004, $3.3 million for the quarter ended December 31, 2003 and $3.0 million for the quarter ended June 30, 2003. See "Results of Operations" for an analysis of activity in the valuation allowance for impaired loans.

Cash payments received from impaired loans are recorded in accordance with the contractual terms of the loan. The principal portion of the payment is used to reduce the principal balance of the loan, whereas the interest portion is recognized as interest income.

The average net investment in impaired loans was $488 thousand for the quarter ended June 30, 2004, $3.3 million for the quarter ended December 31, 2003 and $3.0 million for the quarter ended June 30, 2003. The amount of interest income recognized on the cash basis for impaired loans during the quarters ended June 30, 2004, December 31, 2003 and June 30, 2003 was $6 thousand, $17 thousand and $19 thousand, respectively. Interest income recognized under the accrual basis for the quarters ended June 30, 2004, December 31, 2003 and June 30, 2003 was $0, $17 thousand and $18 thousand, respectively.

Asset Quality

The following table sets forth certain asset quality ratios of the Bank at the periods indicated:

	June 30, 2004	December 3 2003
Non-performing loans to gross loans receivable (1)	0.03%	0
Non-performing assets to total assets (2)	0.02%	0
Loan loss allowances to non-performing loans (3)	5,706%	2,
General loss allowances to gross loans receivable (4)	1.52%	1

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(1) Non-performing loans are net of valuation allowances related to those loans. Loans receivable are before deducting deferred loan origination fees (costs), general valuation allowances and valuation allowances for impaired loans.

(2) Non-performing assets are net of valuation allowances related to those assets.

(3) The Bank's loan loss allowances, including any valuation allowances for non-performing loans, impaired loans and the general valuation allowance. Non-performing loans are before deducting valuation allowances related to those loans.

(4) The Bank's general valuation allowances plus the allowance for impaired loans as a percentage of gross loans receivable before deducting deferred loan origination fees (costs), general valuation allowances and valuation allowances for impaired loans.

Non-performing Assets

The Bank defines non-performing assets as loans delinquent over 90 days (non-accrual loans), loans in foreclosure and real estate acquired by

foreclosure (real estate owned). The following is an analysis of non-performing assets as of the periods indicated:

	June 30, 2004	December 31, 2003	
		(In thousands)	
Real estate owned:			
Single family	$ --	$ 1,324	$
Total real estate owned	--	1,324	
Non-accrual loans:			
Single family	1,319	3,326	
Other	12	16	
Total non-accrual loans	1,331	3,342	
Total non-performing assets	$ 1,331	$ 4,666	$

Real estate owned and non-accrual loans, while varying slightly from quarter to quarter, have remained at very low levels for the last few years. Historically, single family non-performing loans have been attributable to factors such as layoffs and decreased incomes. Historically, multi-family and commercial non-performing loans have been attributable to factors such as declines in occupancy rates, employment rates and rental values.

Sources of Funds

External sources of funds include savings and checking deposits from several sources, advances from the Federal Home Loan Bank of San Francisco ("FHLB"), and collateralized borrowings.

Savings and checking deposits are accepted from retail banking offices, telemarketing sources, and national deposit brokers. The cost of funds, operating margins and net earnings of the Bank associated with brokered and telemarketing deposits are generally comparable to the cost of funds, operating margins and net earnings of the Bank associated with retail deposits, FHLB borrowings and repurchase agreements. As the cost of each source of funds fluctuates from time to time, based on market rates of interest offered by the Bank and other depository institutions, the Bank selects funds from the lowest cost source until the relative costs change. To diversify its funding sources, the Bank is considering securitizing additional loans for use as collateral for reverse repurchase agreements.

Total savings deposits increased by $45.8 million and $220.3 million during the second quarter and first six months of 2003, respectively. The increase in deposits for the second quarter of 2004 is attributable to an increase in deposits acquired from national brokerage firms ("brokered deposits") and telemarketing deposits.

Brokered deposits increased by $57.1 million and $165.6 million during the second quarter and first six months of 2004, respectively. Due to increased asset growth from loan originations, the Bank increased its use of brokered deposits during the first quarter of 2004. Brokered deposits comprised 6% and 0.3% of total deposits at June 30, 2004 and June 30, 2003, respectively. Because the Bank has sufficient capital to be deemed "well capitalized" under the standards established by the Office of Thrift Supervision, it may solicit brokered funds without special regulatory approval.

Deposits accepted by retail banking offices decreased by $13.2 million during the second quarter of 2004 and increased by $27.9 million during the first six

months of 2004. Retail and business deposits comprised 92% and 99% of total deposits as of June 30, 2004 and June 30, 2003, respectively.

Telemarketing deposits increased by $1.9 million and $26.8 million during the second quarter and first six months of 2004, respectively. These deposits are normally large deposits from pension plans, managed trusts and other financial institutions. These deposit levels fluctuate based on the attractiveness of the Bank's rates compared to returns available to investors on alternative investments. Telemarketing deposits comprised 2% and 1% of total deposits at June 30, 2004 and June 30, 2003, respectively.

Total borrowings increased by $325.1 million and $477.6 million during the second quarter and first six months of 2004, respectively, due to a $317.0 million and $475.0 million net increase in borrowings from the FHLB and net increases of $8.1 million and $2.6 million in reverse repurchase agreements. The Bank used FHLB advances during the second quarter and first six months of 2004 to fund asset growth because they were the most readily available and lowest cost source of funds.

Internal sources of funds include both principal payments and payoffs on loans and mortgage-backed securities, loan sales, and positive cash flows from operations. Principal payments include amortized principal and prepayments that are a function of lending activity and the general level of interest rates.

Loan payoffs and principal reductions were $730.1 million during the first six months of 2004 compared to $789.4 million during the first six months of 2003. The decrease is primarily attributable to decreased payoff activity as fewer borrowers refinanced existing loans into new loans at lower rates.

The volume of loans sold totaled $1.4 million and $3.0 million during the second quarter and first six months of 2004, respectively, compared to $21.6 million and $62.1 million, respectively for the same periods of 2003. The decrease in loans sold from the comparable periods is attributable to the Bank's efforts to originate adjustable rate loans for its portfolio. Loan sale activity also varies based upon borrower demand for 15-year and 30-year fixed rate loans, which the Bank only originates for sale in the secondary market.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See "Management's and Discussion and Analysis of Financial Condition and Results of Operations - Asset/Liability Management" on page 10 hereof for Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under SEC rules, the Company is required to maintain disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Within the 90-day period prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures. The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, supervised and participated in the evaluation. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of the evaluation date, the Company's disclosure controls and procedures were effective in alerting management to material information that may be required to be included in the Company's public filings. In designing and evaluating the disclosure controls and procedures, management recognizes that any such controls and procedures can provide only reasonable assurance as to the control objectives. Management is required to apply its judgment in evaluating the cost-benefit relationship of such controls

and procedures.

Changes in Internal Controls

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART II - OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securitie

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans
04/01/04 - 04/30/04.....	133,100	$ 40.67	133,100
05/01/04 - 05/31/04.....	330,200	39.82	330,200
06/01/04 - 06/30/04.....	233,600	40.61	233,600
Total.....	696,900	40.25	696,900

1) The Company repurchased an aggregate 696,900 shares of its common stock pursuant to publicly-announced repurchase programs.
2) Unless terminated earlier by resolution of the Company's board of directors, the repurchase programs will expire when the Company has repurchased all shares authorized for repurchase thereunder.

Item 4. Submission of Matters to a Vote of Securities Holders

On April 21, 2004 the Company held its Annual Meeting of Stockholders for the purpose of voting on three proposals. The following are matters voted on at the meeting and the votes cast for, against or withheld, and abstentions as to each such matter. There were no broker non-votes as to these matters.

1) Election of Directors.

	For	Withhold
Babette E. Heimbuch	15,379,882	421,178
James P. Giraldin	15,436,280	364,780
John R. Woodhull	15,436,778	364,282

2) Ratification of KPMG, LLP as independent public auditors for the Company for 2004.

For	15,419,549
Against	375,160
Abstain	6,351

Item 6. Exhibits and Reports on Form-8K

(a) Exhibits

(3.1) Restated Certificate of Incorporation filed as Exhibit 3.1 to Form 10-K for the fiscal year ended December 31, 1999 and incorporated by reference.
(3.2) Bylaws filed as Exhibit 3.2 to Form 10-Q dated August 12, 2002 and incorporated by reference.
(4.1) Amended and Restated Rights Agreement dated as of September 25, 1998, filed as Exhibit 4.1 to Form 8-A/A, dated September 25, 1998 and incorporated by reference.
(10.1) Deferred Compensation Plan filed as Exhibit 10.3 to Form 10-K for the fiscal year ended December 31, 1983 and incorporated by reference.
(10.2) Supplemental Executive Retirement Plan dated January 16, 1986 filed as Exhibit 10.5 to Form 10-K for the fiscal year ended December 31, 1992 and incorporated by reference. (10.3) Change of Control Agreement effective September 26, 1996 filed as Exhibit 10.4 to Form 10-Q for the Quarter ended September 30, 1996 and Amendment filed as Exhibit 10.3 10.4 for change of control to Form 10-Q for the Quarter ended March 31, 2001 and incorporated by reference.
(10.4) 1997 Non-employee Directors Stock Incentive Plan filed as Exhibit 1 to Form S-8 dated August 12, 1997 and Amendment filed as Exhibit 10.5 to Form 10-Q for the Quarter ended March 31, 2001, and incorporated by reference.
(21) Registrant's sole subsidiary is First Federal Bank of California, a federal savings bank.
(31.1) Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2) Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed current reports on Form 8-K during the quarter ended June 30, 2004 on the following dates: April 22, 2004, May 20, 2004, June 21, 2004 and June 30, 2004. These reports are related to the release of the Company's disclosure of certain other financial data and earnings release.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRSTFED FINANCIAL CORP.

Registrant

Date: August 10, 2004

By: /s/ Douglas J. Goddard

Douglas J. Goddard
Chief Financial Officer and
Executive Vice President

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Babette Heimbuch, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of FirstFed Financial Corp.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over the financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15D-15(f) for the registrant and have:

(i) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(ii) Designed such internal control over financial reporting, or caused such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(iii) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(iv) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred in the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting and

(6) The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 10th day of August 2004.

By: /s/ Babette E. Heimbuch
Babette E. Heimbuch
Chief Executive Officer

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EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Douglas Goddard, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of FirstFed Financial Corp.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over the financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15D-15(f) for the registrant and have:

(i) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(ii) Designed such internal control over financial reporting, or caused such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(iii) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(iv) Disclosed in this quarterly report any change in the registrant's

internal control over financial reporting that occurred in the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting and

(6) The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 10th day of August 2004.

By: /s/ Douglas Goddard
Douglas Goddard
Chief Financial Officer

EXHIBIT 32.1

CEO CERTIFICATION

The undersigned, as Chief Executive Officer hereby certifies, to the best of her knowledge and belief, that:

(1) the Form 10-Q of FirstFed Financial Corp. (the "Company") for the quarterly period ended June 30, 2004 (the "Report ") accompanying this certification fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for such period.

This certification is made solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2003, 18 U.S.C. Section 1350.

FIRSTFED FINANCIAL CORP.

Registrant

Date: August 10, 2004

By: /s/ Babette E. Heimbuch
Babette E. Heimbuch
Chief Executive Officer

EXHIBIT 32.2

CFO CERTIFICATION

The undersigned, as Chief Financial Officer hereby certifies, to the best of her knowledge and belief, that:

(1) the Form 10-Q of FirstFed Financial Corp. (the "Company") for the quarterly period ended June 30, 2004 (the "Report ") accompanying this certification fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for such period.

This certification is made solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2003, 18 U.S.C. Section 1350.

FIRSTFED FINANCIAL CORP.

Registrant

Date: August 10, 2004

By: /s/ Douglas J. Goddard
Douglas J. Goddard
Chief Financial Officer and
Executive Vice President

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