

# Financial Highlights

(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	2003	2002	2001	2000	1999
<b>SELECTED ITEMS AT YEAREND</b>					
Total Assets	\$132,390	\$116,129	\$135,384	\$140,198	\$115,922
Advances	92,330	81,237	102,255	110,032	90,514
Mortgage Loans	6,445	262	—	—	—
Mortgage-Backed Securities	16,317	16,001	13,769	10,763	7,049
Capital	5,846	5,685	6,809	6,292	5,438
<b>ANNUAL OPERATING RESULTS</b>					
Net Interest Income	\$ 430	\$ 515	\$ 563	\$ 555	\$ 387
Net Income	323	292	425	377	333
Net Income Per Share	6.03	4.84	6.58	6.49	7.01
<b>RATIOS</b>					
Tangible Capital to Assets Ratio	4.42%	4.90%	5.03%	4.49%	4.69%
Net Interest Margin	0.38	0.42	0.41	0.44	0.41
Operating Expenses as a Percent of Average Assets	0.05	0.04	0.04	0.03	0.04
Return on Average Equity	5.90	4.73	6.49	6.37	6.87
Dividend Rate	4.29	5.45	5.99	7.17	5.36
<b>ADJUSTED ANNUAL OPERATING RESULTS*</b>					
Adjusted Net Income	\$ 252	\$ 324	\$ 376	\$ 381	\$ 289
Adjusted Net Interest Margin**	0.35%	0.41%	0.41%	0.45%	0.42%
Adjusted Return on Average Equity	4.60	5.30	5.75	6.46	5.98
Potential Dividend Yield	4.70	5.37	5.80	6.55	6.10
Dividend Benchmark	2.79	3.36	4.69	6.01	5.36
Spread of Potential Dividend Yield to Dividend Benchmark	1.91	2.01	1.11	0.54	0.74
<b>RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME</b>					
Net Income	\$ 323	\$ 292	\$ 425	\$ 377	\$ 333
Net Loss/(Gain) on Held-at-Fair-Value Securities	11	(17)	(6)	—	—
Net (Gain)/Loss on Derivatives and Hedging Activities	(80)	47	(47)	—	—
REFCORP Assessments	—	—	—	—	(49)
Other Adjustments	(2)	2	4	5	5
Adjusted Net Income	\$ 252	\$ 324	\$ 376	\$ 382	\$ 289

\*The Bank calculates adjusted financial performance measures to provide a more meaningful comparison of the Bank's financial results over time. These measures are not intended to be a presentation in accordance with generally accepted accounting principles. Adjusted financial performance measures exclude the effects of any current period fair value changes (net of applicable assessments) made in accordance with Statement of Financial Accounting Standards (SFAS) 133, Accounting for Derivative Instruments and Hedging Activities, and fair value adjustments on held-at-fair value securities reclassified from held-to-maturity securities upon the adoption of SFAS 133 because these effects are generally expected to reverse over time. Adjusted financial performance measures also reflect earnings before advance prepayment fees and certain other gains and losses associated with advance prepayments, including certain gains and losses associated with the early retirement of debt, net of the current amortization of current and prior period items, in accordance with the Bank's retained earnings policy, in order to recognize prepayment fees, debt retirement gains and losses, and other transactions over the periods remaining through the related instruments' original maturity dates. In addition, as a result of the Gramm-Leach-Bliley Act of 1999, beginning in 2000 the REFCORP assessment is classified as an expense and is included on the Bank's income statement. Before 2000, the REFCORP assessment was a charge to capital and did not appear on the income statement. These adjusted financial performance measures show the Bank's operating results after subtracting the REFCORP assessment for 1999.

\*\*Includes the interest receipts and payments on non-hedge qualifying derivatives that are economic hedges classified in other income in the Statements of Income.