

Financial Highlights

(DOLLARS IN THOUSANDS)	2002	2001	2000	1999	1998
SELECTED ITEMS AT YEAREND					
Total Assets	\$116,129,481	\$135,383,872	\$140,197,534	\$115,921,738	\$81,135,514
Advances	81,237,041	102,254,552	110,031,641	90,513,829	63,989,305
Mortgage-Backed Securities	16,000,994	13,769,033	10,762,539	7,048,793	5,670,246
Resale Agreements	4,400,000	2,150,000	400,000	2,558,885	2,226,625
Federal Funds Sold	6,068,000	8,445,000	8,376,000	8,636,000	4,894,000
Other Non-MBS Investments	7,244,940	7,814,726	7,460,154	5,035,236	2,705,565
Consolidated Obligations	108,268,613	125,967,885	129,470,565	107,412,126	73,972,212
Capital	5,684,698	6,809,464	6,292,145	5,438,399	4,435,302
Tangible Capital to Assets Ratio	4.90%	5.03%	4.49%	4.69%	5.47%
AVERAGE ANNUAL MARGINS AND COSTS					
Net Interest Margin	0.41%	0.41%	0.44%	0.41%	0.49%
Other Operating Expenses as a Percent of Average Assets	0.04	0.04	0.03	0.04	0.05
ANNUAL OPERATING RESULTS					
Net Interest Income	\$ 495,790	\$ 554,307	\$ 554,573	\$ 386,956	\$ 331,281
Net Income	292,177	424,589	376,589	332,553	294,066
Return on Average Assets	0.23%	0.31%	0.29%	0.35%	0.43%
Return on Average Equity	4.73	6.49	6.37	6.87	7.54
Dividend Rate	5.45	5.99	7.17	5.36	5.76
ADJUSTED ANNUAL OPERATING RESULTS*					
Adjusted Net Income	\$ 324,316	\$ 375,933	\$ 381,380	\$ 289,422	\$ 231,422
Adjusted Net Interest Margin	0.41%	0.41%	0.45%	0.42%	0.51%
Adjusted Return on Average Assets	0.26	0.27	0.30	0.30	0.34
Adjusted Return on Average Equity	5.30	5.75	6.46	5.98	5.93
Potential Dividend Yield	5.37	5.80	6.57	6.10	6.03
Dividend Benchmark	3.36	4.69	6.01	5.36	5.77
Spread of Potential Dividend Yield to Dividend Benchmark	2.01	1.11	0.56	0.74	0.26
RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME					
Net Income	\$ 292,177	\$ 424,589	\$ 376,589	\$ 332,553	\$ 294,066
Net Nonrecurring Items, Net of Amortization	493	1,390	4,791	4,563	(14,141)
Fair Value Adjustments, Net	31,646	(50,046)	—	—	—
REFCORP Assessments	—	—	—	(47,694)	(48,503)
Adjusted Net Income	\$ 324,316	\$ 375,933	\$ 381,380	\$ 289,422	\$ 231,422

*The Bank uses certain adjusted financial performance measures to provide more meaningful comparisons of the Bank's performance over time. Adjusted financial performance measures reflect earnings before nonrecurring items (advance prepayment fees, certain extraordinary gains and losses associated with the early retirement of debt, and certain other material nonrecurring gains and losses), net of the amortization of current and prior period nonrecurring items, in accordance with the Bank's retained earnings policy. Adjusted financial performance measures also exclude any current period fair value adjustments (net of applicable assessments) resulting from the adoption of SFAS 133 on January 1, 2001, which include adjustments made in accordance with SFAS 133 and adjustments on held-at-fair-value securities reclassified from held-to-maturity securities upon the adoption of SFAS 133. 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 assessments for 1998 and 1999.

Reclassifications: Certain amounts have been reclassified to conform to the 2002 presentation.