

## GOVERNMENT-SPONSORED ENTERPRISES

This chapter contains descriptions of and data on the Government-sponsored enterprises listed below. These enterprises were established and chartered by the Federal Government for public policy purposes. They are not included in the Federal budget because they are private companies. However, because of their public purpose, detailed statements of financial operations and condition are presented, to the extent such information is available, on a basis that is as consistent as practicable with the basis for the budget data of Government agencies. These statements are not reviewed by the President; they are presented as submitted by the enterprises.

- The Student Loan Marketing Association is a for-profit financial corporation chartered by Congress in 1972 under the Higher Education Act (HEA) to help increase the availability of student loans. Sallie Mae carries out secondary market and other functions.
- The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation provide assistance to the secondary market for residential mortgages. Both are supervised by the Department of Housing and Urban Development for their roles in helping to finance low-, moderate-, and middle-income housing; both are regulated for financial safety and soundness by the Office of Federal Housing Enterprise Oversight.
- Institutions of the Farm Credit System the Agricultural Credit Bank and Farm Credit Banks—provide financial assistance to agriculture. They are supervised by the Farm Credit Administration.
- The Federal Agricultural Mortgage Corporation, under the supervision of the Farm Credit Administration, provides a secondary mortgage market for agricultural real estate and rural housing loans as well as for farm and business loans guaranteed by the U.S. Department of Agriculture.
- The Federal Home Loan Banks assist thrift institutions, banks, insurance companies, and credit unions in providing financing for housing and community development and are supervised by the Federal Housing Finance Board.

### STUDENT LOAN MARKETING ASSOCIATION

#### STUDENT LOAN MARKETING ASSOCIATION

##### Status of Direct Loans (in millions of dollars)

Identification code 99-1500-0-3-502	2002 actual	2003 est.	2004 est.
1111 Limitation on direct loans .....			
1131 Direct loan obligations .....	13,245	15,272	17,230
1150 Total direct loan obligations .....	13,245	15,272	17,230
<b>Cumulative balance of direct loans outstanding:</b>			
1210 Outstanding, start of year .....	41,032	41,932	27,965
1231 Disbursements: Direct loan disbursements .....	13,245	15,272	17,230
<b>Repayments:</b>			
1251 Repayments and prepayments .....	-1,921	-5,240	-3,657
1252 Proceeds from loan asset sales or discounted .....	-10,425	-24,000	-23,000
1264 Write-offs for default: Other adjustments, net .....	1	1	1
1290 Outstanding, end of year .....	41,932	27,965	18,539

The Student Loan Marketing Association (Sallie Mae) was created as a shareholder-owned government sponsored enterprise (GSE) by the Education Amendments of 1972 to expand funds available for student loans by providing liquidity to lenders engaged in the Federal Family Education Loan Program (FFELP), formerly the guaranteed student loan program (GSLP). Sallie Mae was privatized in 1997 pursuant to the authority granted by the Student Loan Marketing Association Reorganization Act of 1996. The GSE is a wholly owned subsidiary of SLM Corporation and must wind down and be liquidated by September 30, 2008. In January 2002, the GSE's board of directors announced that it expects to complete the dissolution of the GSE by September 30, 2006. Under legislation passed in 1998, if USA Education, Inc. affiliates with a depository institution, the GSE must wind down within two years (unless such period is extended by the Department of the Treasury).

The GSE provides liquidity through direct purchase of insured student loans from eligible lenders and through warehousing advances, which are loans to lenders secured by insured student loans, Government or agency securities, or other acceptable collateral. In capital shortage areas, the GSE is authorized, at the request of Federal officials, to make insured loans directly to students. The GSE is authorized to advance funds to State agencies that will provide loans to students. The GSE is also authorized to provide a secondary market for noninsured loans; to serve as a guarantee agency in support of loan availability at the request of the Secretary of Education; to purchase and underwrite student loan revenue bonds; to provide certain additional services as determined by its board of directors to be supportive of the credit needs of students generally; and to provide financing for academic facilities and equipment. As described below, however, many of these activities are limited or precluded under the privatization legislation.

The GSE is authorized by the Health Professions Educational Assistance Act of 1976 to provide a secondary market for federally insured loans to graduate health professions students.

Generally, under the privatization legislation, the GSE cannot engage in any new business activities or acquire any additional program assets other than purchasing student loans and serving, at the request of the Secretary of Education, as a lender-of-last-resort. The GSE can continue to make warehousing advances under contractual commitments existing on August 7, 1997.

*Operations.*—The forecast data with respect to operations are based on certain general economic and specific FFELP loan volume assumptions and should not be relied upon as an official forecast of the corporation's future business.

#### ANNUAL LOAN ACTIVITY

Guaranteed student loans:	2002 actual	2003 est.	2004 est.
Stafford:			
Purchased .....	8,098	8,489	9,577
Warehoused .....	670	—	—
PLUS/SL: Purchased .....	880	1,114	1,257
Subtotal, Guaranteed student loans .....	9,648	9,603	10,834
Other .....	3,597	5,669	6,396
Total .....	13,245	15,272	17,230

*Financing.*—The GSE is financed by borrowing in the private debt markets and securitizing its assets. The GSE must

## STUDENT LOAN MARKETING ASSOCIATION—Continued

wind down and be liquidated by September 30, 2008 although the GSE has announced that it expects to complete the wind-down and liquidation two years earlier. All obligations of the GSE remaining upon liquidation must be placed into a defeasance trust. The GSE's outstanding adjustable rate cumulative preferred stock, which was required to be redeemed prior to such date was redeemed on December 10, 2001.

The financial data contained in this material relating to future periods represents estimates that have been prepared specifically for inclusion in the President's Budget. These data should not be viewed as official forecasts of the corporation's future position, nor should they be used as a basis for making financial or investment decisions relating to the corporation. The data have been developed on the basis of certain economic assumptions that are subject to periodic review and revision. Consequently, the estimates are subject to forecast error and actual results from future business operations are likely to differ from these data.

## Statement of Operations (in millions of dollars)

Identification code 99-1500-0-3-502	2001 actual	2002 actual	2003 est.	2004 est.
0101 Revenue .....	2,952	2,527	.....	.....
0102 Expense .....	-2,850	-1,861	.....	.....
0105 Net income or loss (-) .....	102	666	.....	.....

## Balance Sheet (in millions of dollars)

Identification code 99-1500-0-3-502	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Treasury securities, par .....	1,597	1,727	1,624	1,543
1104 Agency securities, par .....	.....	.....	.....	.....
1106 Receivables, net .....	1,207	953	658	605
1201 Investments in other securities, net .....	4,829	2,442	2,319	2,498
1206 Receivables, net .....	1,669	1,865	1,287	1,184
1207 Advances and prepayments .....	11	58	40	37
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross .....	41,185	42,094	28,073	18,611
1603 Allowance for estimated uncollectible loans and interest (-) .....	-153	-162	-108	-72
1699 Value of assets related to direct loans .....	41,032	41,932	27,965	18,539
1801 Cash and other monetary assets .....	71	70	49	45
1803 Property, plant and equipment, net * .....	.....	.....	.....	.....
1901 Other assets .....	310	524	361	332
1999 Total assets .....	50,726	49,571	34,303	24,783
<b>LIABILITIES:</b>				
2202 Interest payable .....	332	311	218	157
2203 Debt .....	47,321	45,720	32,100	22,964
2207 Other .....	1,762	1,633	1,143	823
2999 Total liabilities .....	49,415	47,664	33,461	23,944
<b>NET POSITION:</b>				
3300 Invested Capital .....	1,311	1,907	842	839
3999 Total net position .....	1,311	1,907	842	839
4999 Total liabilities and net position .....	50,726	49,571	34,303	24,783

\*In the first quarter of 2001, in accordance with the Privatization Act, the GSE transferred substantially all of its fixed assets and real estate to certain private non-GSE entities in USA education.

## FEDERAL NATIONAL MORTGAGE ASSOCIATION

## PORTFOLIO PROGRAMS

## Status of Direct Loans (in millions of dollars)

Identification code 99-2500-0-3-371	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	345,928	459,822	229,093
1150 Total direct loan obligations .....	345,928	459,822	229,093
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	700,484	759,733	885,814
Disbursements:			
1231 Direct loan disbursements .....	294,678	439,638	229,961
1232 Purchase of loans assets .....	9,790	1,561	1,053
1251 Repayments: Repayments and prepayments .....	-249,905	-315,118	-127,135
1264 Write-offs for default: Other adjustments, net .....	4,686	.....	.....
1290 Outstanding, end of year .....	759,733	885,814	989,693

The Federal National Mortgage Association (Fannie Mae) is a federally-chartered, privately-owned company with a public mission to provide stability and to increase the liquidity of the residential mortgage market and to help increase the availability of mortgage credit to low- and moderate-income families and in underserved areas. In carrying out its mission, Fannie Mae engages primarily in two forms of business: investing in portfolios of residential mortgages and guaranteeing residential mortgage securities. As of September 30, 2002, Fannie Mae held a net mortgage portfolio totaling \$751 billion and had net outstanding guaranteed mortgage-backed securities of \$990 billion.

Through a federal charter, Congress has equipped Fannie Mae with certain attributes to help it carry out its public mission. These include an exemption from state and local taxes (except real property taxes), and an exemption of its debt and mortgage securities from Securities and Exchange Commission registration requirements. An additional advantage is that the Secretary of the Treasury may purchase and hold up to \$2.25 billion of securities issued by Fannie Mae under terms and conditions and at prices determined by the Secretary to be appropriate. Securities guaranteed by Fannie Mae and debt issued by the company are solely the corporation's obligations and are not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by the public, is fully transferable, and trades on the New York, Midwest, and Pacific stock exchanges.

Fannie Mae was established in 1938 to assist private markets in providing a steady supply of funds for housing. Fannie Mae was originally a subsidiary of the Reconstruction Finance Corporation and was permitted to purchase only loans insured by the Federal Housing Administration (FHA). In 1954, Fannie Mae was restructured as a mixed ownership (part government, part private) corporation. Congress sold the government's remaining interest in Fannie Mae in 1968 and completed the transformation to private shareholder ownership in 1970. Using the proceeds from the sale of subordinated debentures, Fannie Mae paid the Treasury \$216 million for the government's preferred stock, which was retired, and for the Treasury's interest in the corporation's earned surplus. As a result, the corporation was taken off the federal budget.

In 1992, Congress reaffirmed and clarified Fannie Mae's role in the housing finance system through charter act amendments included in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 ("The Act"). Fannie

Mae's charter purposes, as amended by the Act, are: "to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing."

In December 1995, the U.S. Department of Housing and Urban Development (HUD) set affordable housing goals for 1996–1999 and established the requirements for counting mortgage purchases to low- and moderate-income families and families living in underserved areas with specific census tract and minority concentration requirements. Under that regulations, the low- and moderate-income goal was 42 percent; the geographically targeted goal was 24 percent and the special affordable housing goal was 14 percent. These goals were also in effect for 2000. Fannie Mae exceeded all of the housing goals in 2000 with low- and moderate-income purchases at 49 percent, geographically targeted purchases at 31 percent, and special affordable housing purchases at 19 percent.

In October 2000, HUD set new affordable housing goals for the period covering 2001 to 2003. The goals are 50 percent for the low- and moderate-income goal, 31 percent for the geographically targeted goal, and 20 percent for the special affordable housing goal.

In 2001, Fannie Mae dramatically expanded the financing it provided for low- and moderate-income households, and for minority households. In 2001, Fannie Mae financed over \$87 billion in loans to nearly 680,000 minority families. It also financed over \$132 billion in loans to over 1,500,000 low- and moderate-income families. Fannie Mae exceeded all of the housing goals in 2001. From 1996 to 2001, Fannie Mae increased its low- and moderate-income purchases from 45.4 percent to 52.0 percent, its underserved areas purchases from 28.2 percent to 32.5 percent, and its purchases for the special affordable goal from 17.4 percent to 21.6 percent.

The Act also established the Office of Federal Housing Enterprise Oversight (OFHEO), an independent office within HUD, headed by a Director who reports directly to the Congress. OFHEO has statutory responsibility for ensuring that Fannie Mae is adequately capitalized and operating in a safe and sound manner. Included among the express statutory authorities of the Director is the authority to conduct examinations of the financial health of the company and to issue minimum and risk-based capital standards. The minimum capital requirements are computed from statutorily established ratios that are applied to the assets and off-balance sheet risks of Fannie Mae. The risk-based capital standard determines the amount of capital that Fannie Mae must hold to withstand the impact of simultaneous adverse credit and interest rate stresses over a 10-year period, plus an additional 30 percent to cover management and operations risk. Total capital (shareholder's equity plus allowance for loan losses) at the end of September 2002 was \$27.278 billion. The company has continued to remain in compliance with applicable capital standards and has been deemed adequately capitalized by OFHEO since its first classification in June 1993.

On September 30, 2002, OFHEO implemented its risk-based capital stress test for the first time, finding that as of that date Fannie Mae's total capital of \$27.278 billion exceeded the risk based capital requirement by \$5.838 billion. In addition, responding to the President's call for corporate leaders to provide the most accurate, timely, and useful information, Fannie Mae made a voluntary and irrevocable decision to register its common stock with the Securities and

Exchange Commission under the Securities and Exchange Act of 1934.

For the four quarters ending September 2002, Fannie Mae earned \$6.2 billion.

The financial data contained in this material relating to future periods represent estimates that have been prepared specifically for inclusion in the President's Budget. These data should not be viewed as an official forecast of the corporation's future position, nor should they be used as a basis for making financial or investment decisions relating to the corporation. The data have been developed on the basis of certain economic assumptions that are subject to periodic review and revision. Consequently, the estimates are subject to forecast error and actual results from future business operations are likely to differ from these data.

#### Balance Sheet (in millions of dollars)

Identification code 99-2500-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
1101 Fund balances .....	267	10		
Investments in US securities:				
1102 Treasury securities, par .....	1,325	1,600		
1104 Other .....	58,342	51,758	56,255	71,067
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans (net of discount) .....	655,318	728,723	880,524	972,594
1602 Federal Agencies .....	31,684	29,428	9,903	21,372
1603 Allowance for estimated uncollectible loans and interest (-) .....	-201	-220	-260	-273
1699 Value of assets related to direct loans .....	686,801	757,931	890,167	993,693
1801 Cash and other monetary assets .....	19,686	26,141	7,417	10,741
1803 Property, plant and equipment, net .....	229	271		
1999 Total assets .....	766,650	837,711	953,839	1,075,501
<b>LIABILITIES:</b>				
2101 Accounts payable .....	727	702		
2102 Accrued interest payable .....	8,628	9,248	10,011	11,029
2105 Other .....	17	16		
2203 Debt .....	726,992	800,255	909,686	1,023,547
2204 Estimated liability for loan guarantees .....	15,374	12,081	9,959	9,888
2206 Pension and other actuarial liabilities .....	402	444		
2207 Subtotal, Federal taxes payable .....	730	1		
2999 Total liabilities .....	752,870	822,747	929,656	1,044,464
<b>NET POSITION:</b>				
Cumulative results of operations:				
3300 Cumulative results of operations .....	24,541	28,779		
3300 Change in Stockholder Equity .....	-10,763	-13,815	24,183	31,037
3999 Total net position .....	13,778	14,964	24,183	31,037
4999 Total liabilities and net position .....	766,650	837,711	953,839	1,075,501

#### MORTGAGE-BACKED SECURITIES

##### Status of Direct Loans (in millions of dollars)

Identification code 99-2501-0-3-371	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	649,569	768,572	388,794
1150 Total direct loan obligations .....	649,569	768,572	388,794
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	1,228,131	1,458,945	1,637,638
1231 Disbursements: Direct loan disbursements .....	623,991	768,572	388,794
1251 Repayments: Repayments and prepayments .....	-393,177	-589,879	-259,625
1290 Outstanding, end of year .....	1,458,945	1,637,638	1,766,807

According to accounting practices for private corporations, the mortgages in the pools of loans supporting the mortgage-backed securities are considered to be owned by the holders of these securities. Consequently, on the books of the Federal National Mortgage Association (Fannie Mae), these mortgages

PORTFOLIO PROGRAMS—Continued  
MORTGAGE-BACKED SECURITIES—Continued

are not considered assets and the securities outstanding are not considered liabilities. However, the concepts of the budget of the U.S. Government consider these mortgages and mortgage-backed securities to be assets and liabilities, respectively, of Fannie Mae. For the purposes of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the schedule of Status of direct loans for mortgage-backed securities, the items labeled “New loans” and “Recoveries: Repayments and prepayments” are budgetary terms. However, from the Corporation’s perspective, these items are “Amounts issued” and “Amounts passed through to the holders of securities”, respectively.

The financial data contained in this material relating to future periods represent estimates that have been prepared specifically for inclusion in the President’s Budget. These data should not be viewed as an official forecast of the corporation’s future position, nor should they be used as a basis for making financial or investment decisions relating to the corporation. The data have been developed on the basis of certain economic assumptions that are subject to periodic review and revision. Consequently, the estimates are subject to forecast error and actual results from future business operations are likely to differ from these data.

**Balance Sheet** (in millions of dollars)

Identification code 99-2501-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:			
1601 Direct loans, gross .....	1,228,734	1,459,533	1,638,221	1,767,397
1603 Allowance for estimated uncollectible loans and interest (-) .....	-603	-588	-583	-590
1699 Value of assets related to direct loans .....	1,228,131	1,458,945	1,637,638	1,766,807
1999 Total assets .....	1,228,131	1,458,945	1,637,638	1,766,807
<b>LIABILITIES:</b>				
2104 Resources payable .....	1,020,828	1,458,945	1,637,638	1,766,807
2999 Total liabilities .....	1,020,828	1,458,945	1,637,638	1,766,807

**FEDERAL HOME LOAN MORTGAGE CORPORATION**

PORTFOLIO PROGRAMS

**Status of Direct Loans** (in millions of dollars)

Identification code 99-4420-0-3-371	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	199,904	257,422	162,859
1150 Total direct loan obligations .....	199,904	257,422	162,859
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	470,850	530,694	586,800
1231 Disbursements: Direct loan disbursements .....	199,904	257,422	162,859
1251 Repayments: Repayments and prepayments .....	-140,060	-201,316	-101,959
1290 Outstanding, end of year .....	530,694	586,800	647,700

The Federal Home Loan Mortgage Corporation (Freddie Mac), is a federally-chartered, shareholder-owned, private company with a public mission to provide stability and increase the liquidity of the residential mortgage market, and to help increase the availability of mortgage credit to low- and moderate-income families and in underserved areas. In carrying out its mission, Freddie Mac engages primarily in two forms of business: investing in portfolios of residential mortgages

and guaranteeing residential mortgage securities. As of September 30, 2002, Freddie Mac held a net mortgage portfolio totaling \$531 billion and had net outstanding guaranteed mortgage-backed securities of \$730 billion.

Through a federal charter, Congress has equipped Freddie Mac with certain advantages over wholly private firms in carrying out these activities. These advantages include an exemption from state and local taxes (except real property taxes), and an exemption for their debt and mortgage securities from SEC filing registration requirements. An additional advantage is that the Secretary of the Treasury may purchase and hold up to \$2.25 billion of securities issued by Freddie Mac under terms and conditions and at prices determined by the Secretary to be appropriate. Securities guaranteed by Freddie Mac and debt issued by the company are explicitly not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by private shareholders is fully transferable, and trades on the New York and Pacific stock exchanges.

Freddie Mac was established in 1970 under the Emergency Home Finance Act. Congress chartered Freddie Mac to provide mortgage lenders with an organized national secondary market enabling them to manage their conventional mortgage portfolio more effectively and gain indirect access to a ready source of additional funds to meet new demands for mortgages. Freddie Mac serves as a conduit facilitating the flow of investment dollars from the capital markets to mortgage lenders, and ultimately, to homebuyers, increasing the amount of mortgage credit available and making it more affordable.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) significantly changed the corporate governance of Freddie Mac. The company’s three member Board of Directors, which had corresponded with the Federal Home Loan Bank Board, was replaced with an eighteen member Board of Directors. Thirteen board members are elected annually by shareholders and five are annually appointed by the President of the United States. In addition, FIRREA converted Freddie Mac’s 60 million shares of non-voting, senior participating preferred stock into voting common stock. As a result, the corporation was taken off the federal budget.

FIRREA also clarified Freddie Mac’s role in the housing finance delivery system through amendments to its charter act. Specifically, FIRREA established Freddie Mac’s public mission: “to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; and provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities.” The Federal Housing Enterprise Financial Safety and Soundness Act of 1992 (“The Act”) added to Freddie Mac’s public mission the promotion of “access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing.”

The Act also established affordable housing goals that are designed to improve the flow of mortgage funds to low- and moderate-income families and families in central cities, rural areas, and other underserved areas. In December 1995, the U.S. Department of Housing and Urban Development (HUD) affordable housing goals for 1996-1999 and established the requirements for counting mortgage purchases for meeting these goals. The goals provide that, of the total number of dwelling units financed by Freddie Mac’s mortgage purchases, 42 percent meet the low- and moderate-income goal, 24 percent meet the geographically targeted goal, and 14 percent

meet the special affordable goal. Additionally, within the special affordable goal was a multifamily mortgage purchase target for Freddie Mac of \$1.0 billion. In an October 2000 rule, HUD applied the 1996–1999 goals to 2000 and established new goals for 2001–2003: 50 percent for the low- and moderate-income goal, 31 percent for the geographically targeted goal, 20 percent for the special affordable housing goal and a multifamily target for Freddie Mac of \$2.1 billion.

Freddie Mac exceeded all of the housing goals in 2001 with low- and moderate-income purchases of 53.4 percent, geographically targeted purchases of 31.7 percent, special affordable purchases of 22.6 percent, and the multifamily portion of the special affordable purchases of \$4.7 billion in qualifying multifamily mortgages.

The Act also enhanced the regulatory oversight of Freddie Mac by establishing the Office of Federal Housing Enterprise Oversight (OFHEO), an independent office within HUD, headed by a Director appointed by the President. OFHEO is responsible for ensuring that Freddie Mac is adequately capitalized and operating in a safe and sound manner. Included among the express statutory authorities of the Director is the authority to conduct examinations of the financial health of the company and to issue minimum and risk-based capital standards. The minimum capital requirements are computed from statutorily established ratios that are applied to the assets and off-balance sheet risks of Freddie Mac. The risk-based capital standard determines the amount of capital that Freddie Mac must hold to withstand the impact of simultaneous adverse credit and interest rate stresses over a 10-year period, plus an additional amount to cover management and operations risk. OFHEO published risk-based capital standards in September 2001 that became fully enforceable in September 2002.

On September 30, 2002, OFHEO implemented its risk-based capital stress test for the first time. On December 30, 2002, OFHEO announced that as of September 30, Freddie Mac's total capital of \$23.101 billion exceeded its risk-based capital requirement by \$18.182 billion and that Freddie Mac's core capital of \$22.656 billion exceeded its minimum capital requirement by \$2.118 billion. In addition, responding to the President's call for the corporate leader to provide the most accurate, timely, and useful information, Freddie Mac made a voluntary and irrevocable decision to register its common stock with the Securities and Exchange Commission under the Securities and Exchange Act of 1934.

For the four quarters ending September 2002, Freddie Mac recorded net income of \$4.75 billion.

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According to generally accepted accounting principles utilized by private corporations, the mortgages in the pools of loans supporting PCs are considered to be owned by the holder of these securities. Therefore, Freddie Mac does not show these mortgages as assets. However, the budget philosophy of the United States Government includes these mortgages and mortgages pass-through securities as assets and liabilities, respectively, of Freddie Mac. For the purpose of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the Status of Direct Loans schedule for mortgage pass-through securities, the items labeled "Disbursements" and "Repayments" are bud-

etary terms. However, from Freddie Mac's perspective, these amounts represent "Sales of PCs" and "Amounts passed through to PC holders," respectively.

#### Balance Sheet (in millions of dollars)

Identification code 99-4420-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
1201 Investments in other securities, net .....	65,964	89,355	70,422	78,038
1206 Receivables, net .....	22,762	31,024	23,732	22,020
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Retained mortgage inventory .....	475,213	542,568	595,562	655,901
1603 Allowances (-) .....	-327	-153	-168	-185
1699 Value of assets related to direct loans .....	474,886	542,415	595,394	655,716
1801 Cash and other monetary assets .....	583	7,116	5,608	6,215
1803 Property, plant and equipment, net .....	774	1,095	838	777
1901 Other assets .....	6,938	10,975	8,396	7,790
1999 Total assets .....	571,907	681,980	704,390	770,556
<b>LIABILITIES:</b>				
2101 Accounts payable .....	763	530	546	599
2202 Interest payable .....	4,452	5,243	5,403	5,925
2203 Debt .....	531,312	618,651	637,561	699,126
2207 Other Liabilities .....	20,874	34,990	36,060	39,541
2999 Total liabilities .....	557,401	659,414	679,570	745,191
<b>NET POSITION:</b>				
3100 Invested capital .....	14,506	22,566	24,820	25,365
3999 Total net position .....	14,506	22,566	24,820	25,365
4999 Total liabilities and net position .....	571,907	681,980	704,390	770,556

#### MORTGAGE-BACKED SECURITIES

##### Status of Direct Loans (in millions of dollars)

Identification code 99-4440-0-3-371	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	342,244	431,996	209,536
1150 Total direct loan obligations .....	342,244	431,996	209,536
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	635,844	730,341	853,209
1231 Disbursements: Direct loan disbursements .....	342,244	431,996	209,536
1251 Repayments: Repayments and prepayments .....	-247,747	-309,128	-144,713
1290 Outstanding, end of year .....	730,341	853,209	918,032

#### Balance Sheet (in millions of dollars)

Identification code 99-4440-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
1901 Underlying Mortgages .....	635,844	730,341	853,209	918,032
1999 Total assets .....	635,844	730,341	853,209	918,032
<b>LIABILITIES:</b>				
2104 Resources payable .....	635,844	730,341	853,209	918,032
2999 Total liabilities .....	635,844	730,341	853,209	918,032

## FARM CREDIT SYSTEM

The Farm Credit System is a government sponsored enterprise that provides privately financed credit to agricultural and rural communities. The major functional entities of the system are: (1) Agricultural Credit Bank (ACB), (2) Farm Credit Banks (FCB), and (3) direct lender associations. The history and specific functions of the bank entities are discussed after the presentation of financial schedules for each bank entity. As part of the Farm Credit System (FCS), these entities are regulated and examined by the Farm Credit Administration (FCA), an independent Federal agency. The ad-

ministrative costs of FCA are financed by assessments of system institutions. System banks finance loans from sales of bonds to the public and their own capital funds. The system bonds issued by the banks are not guaranteed by the U.S. Government either as to principal or interest. The bonds are backed by an insurance fund, administered by the Farm Credit System Insurance Corporation (FCSIC), an independent Federal agency that collects insurance premiums from member banks to pay its administrative expenses and fund insurance reserves. All of the banks' current operating expenses are paid from their own income and do not require budgetary resources from the Federal Government.

#### AGRICULTURAL CREDIT BANK

CoBank, ACB is headquartered in Denver, Colorado and serves eligible cooperatives nationwide, and provides funding to Agricultural Credit Associations (ACAs) in one of its regions. CoBank, ACB is the only Agricultural Credit Bank in the Farm Credit System. An ACB operates under statutory authority that combines the authorities of a FCB and a Bank for Cooperatives (BC). In exercising its FCB authority, CoBank ACB's charter limits its lending to ACAs located in the region previously served by the Farm Credit Bank of Springfield. As an entity lending to Cooperatives, CoBank is independently chartered to provide credit and related services nationwide to eligible cooperatives primarily engaged in farm supply, grain, marketing and processing (including sugar and dairy). CoBank also makes loans to rural utilities, including telecommunications companies and it provides international loans for the financing of agricultural exports.

#### Status of Direct Loans (in millions of dollars)

Identification code 99-4130-0-3-351	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	71,546	75,000	75,000
1150 Total direct loan obligations .....	71,546	75,000	75,000
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	19,588	20,466	23,878
1231 Disbursements: Direct loan disbursements .....	71,491	75,000	75,000
1251 Repayments: Repayments and prepayments .....	-70,538	-71,646	-74,115
Write-offs for default:			
1263 Direct loans .....	-75		
1264 Other adjustments, net .....		58	70
1290 Outstanding, end of year .....	20,466	23,878	24,833

#### Statement of Operations (in millions of dollars)

Identification code 99-4130-0-3-351	2001 actual	2002 actual	2003 est.	2004 est.
0101 Total interest income .....	1,689	1,226	1,456	1,514
0102 Total interest expense .....	-1,223	-672	-926	-963
0105 Net income or loss (-) .....	466	554	530	551
0111 Other income .....	41	52	42	43
0112 Other expense .....	-301	-374	-320	-333
0115 Net income or loss (-) .....	-260	-322	-278	-290
0191 Total revenues .....	1,730	1,278	1,498	1,557
0192 Total expenses .....	-1,524	-1,046	-1,246	-1,296
0195 Total income or loss (-) .....	206	232	252	261
0199 Total comprehensive income .....	206	232	252	261

#### Balance Sheet (in millions of dollars)

Identification code 99-4130-0-3-351	2001 actual	2002 actual	2003 est.	2004 est.
ASSETS:				
1201 Cash and investment securities .....	4,775	5,269	5,805	6,037
1206 Accrued interest receivable on loans .....	174	135	137	143

Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross .....	19,588	20,466	23,878	24,833
1603 Allowance for estimated uncollectible loans and interest (-) .....	-324	-379	-411	-421
1699 Value of assets related to direct loans .....	19,264	20,087	23,467	24,412
1803 Property, plant and equipment, net .....	450	476	438	432
1999 Total assets .....	24,663	25,967	29,847	31,024
LIABILITIES:				
2104 Resources payable .....	363	417	276	298
Accounts payable:				
2201 Consolidated systemwide and other bank bonds .....	21,275	22,513	26,199	27,247
2201 Notes payable and other interest-bearing liabilities .....	604	601	610	626
2202 Accrued interest payable .....	222	149	152	155
2999 Total liabilities .....	22,464	23,680	27,237	28,326
NET POSITION:				
3300 Cumulative results of operations .....	2,199	2,287	2,610	2,698
3999 Total net position .....	2,199	2,287	2,610	2,698
4999 Total liabilities and net position .....	24,663	25,967	29,847	31,024

#### Statement of Changes in Net Worth (in millions of dollars)

99-4130	2001 actual	2002 actual	2003 est.	2004 est.
Beginning balance of net worth .....	1,753	2,199	2,287	2,610
Capital stock and participations issued .....	300	0	230	1
Capital stock and participations retired .....	58	72	75	82
Net income .....	207	232	252	262
Cash/Dividends/Patronage Distributions .....	(48)	(79)	(84)	(93)
Other, net .....	45	7	0	0
Ending balance of net worth .....	2,199	2,287	2,610	2,698

#### Financing Activities (in millions of dollars)

99-4130	2001 actual	2002 actual	2003 est.	2004 est.
Beginning balance of outstanding system obligations .....	20,971	21,275	22,513	26,199
Consolidated systemwide and other bank bonds issued .....	7,038	9,680	10,000	10,500
Consolidated systemwide and other bank bonds retired .....	6,897	8,252	6,324	9,462
Consolidated systemwide notes, net .....	162	12	10	10
Other (Net) .....	0	(201)	0	0
Ending balance of outstanding system obligations .....	21,275	22,513	26,199	27,247

#### FARM CREDIT BANKS

#### Status of Direct Loans (in millions of dollars)

Identification code 99-4160-0-3-371	2002 actual	2003 est.	2004 est.
1131 Direct loan obligations .....	65,114	60,122	59,567
1150 Total direct loan obligations .....	65,114	60,122	59,567
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	52,445	58,165	60,690
1231 Disbursements: Direct loan disbursements .....	65,102	59,034	58,426
1251 Repayments: Repayments and prepayments .....	-59,380	-56,509	-56,259
1264 Write-offs for default: Other adjustments, net .....	-2		
1290 Outstanding, end of year .....	58,165	60,690	62,857

Note.—Loans outstanding at end of year do not include nonaccrual loans and sales contracts.

The Agricultural Credit Act of 1987 (1987 Act) required the Federal Land Banks (FLBs) and Federal Intermediate Credit Banks (FICBs) to merge into a Farm Credit Bank (FCB) in each of the 12 Farm Credit districts. The FCBs

operate under statutory authority that combines the prior authorities of the FLB and the FICB. No merger occurred in the Jackson district in 1988 because the FLB was in receivership. Pursuant to section 410(e) of the 1987 Act, as amended by the Farm Credit Banks Safety and Soundness Act of 1992, the FICB of Jackson merged with the FCB of Columbia on October 1, 1993. Mergers and consolidations of FCBs across district lines, that began in 1992 continued through mid-1995. As a result of this restructuring activity, 6 FCBs headquartered in the following cities, remain: AgFirst FCB, Columbia, South Carolina; AgriBank FCB, St. Paul, Minnesota; FCB of Wichita, Wichita, Kansas; FCB of Texas, Austin, Texas; and Western FCB, Sacramento, California.

The FCBs serve as discount banks and as of October 1, 2002 provided funds to 15 Federal Land Credit Associations (FLCA), 3 Production Credit Associations (PCAs), and 85 Agricultural Credit Associations (ACAs). These direct lender associations, in turn, make short-term production loans (PCAs and ACAs) and long-term real estate loans (FLCAs and ACAs) to eligible farmers and ranchers. FCBs can also lend to local financing institutions, including commercial banks, as authorized by the Farm Credit Act of 1971, as amended.

All the capital stock of the FICB's, from organization in 1923 to December 31, 1956, was held by the U.S. Government. The 1956 Act provided a long-range plan for the eventual ownership of the credit banks by the production credit associations and the gradual retirement of the Government's investment in the banks. This retirement was accomplished in full on December 31, 1968. The last of the Government capital that had been invested in the FLB's was repaid in 1947.

Statement of Operations (in millions of dollars)

Identification code 99-4160-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
0101 Total interest income	3,631	2,646	2,607	2,826
0102 Total interest expense	-3,076	-2,093	-2,077	-2,285
0105 Net income or loss (-)	555	553	530	541
0111 Other income	79	96	67	60
0112 Other expenses	-225	-133	-221	-217
0115 Net income or loss (-)	-146	-37	-154	-157
0191 Total revenues	3,710	2,742	2,674	2,886
0192 Total expenses	-3,301	-2,226	-2,298	-2,502
0195 Total income or loss (-)	409	516	376	384
0199 Total comprehensive income	409	516	376	384

Balance Sheet (in millions of dollars)

Identification code 99-4160-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
1201 Cash and investment securities	10,431	10,514	11,769	12,335
1206 Accrued Interest Receivable	677	530	511	535
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	52,446	58,169	61,873	65,281
1603 Allowance for estimated uncollectible loans and interest (-)	-252	-153	-153	-154
1699 Value of assets related to direct loans	52,194	58,016	61,720	65,127
1803 Property, plant and equipment, net	396	412	349	357
1999 Total assets	63,698	69,472	74,349	78,354
<b>LIABILITIES:</b>				
2104 Resources payable	443	513	517	517
Accounts payable:				
2201 Consolidated systemwide and other bank bonds	58,010	63,794	68,438	72,203
2201 Notes payable and other interest-bearing liabilities	360	370	297	301
2202 Accrued interest payable	447	367	398	416

2999 Total liabilities	59,260	65,044	69,650	73,437
<b>NET POSITION:</b>				
3300 Cumulative results of operations	4,437	4,428	4,699	4,917
3999 Total net position	4,437	4,428	4,699	4,917
4999 Total liabilities and net position	63,697	69,472	74,349	78,354

Statement of Changes in Net Worth (in millions of dollars)

99-4160	2001 actual	2002 actual	2003 est.	2004 est.
<b>Beginning balance of net worth</b>	4,377	4,437	4,428	4,699
Capital stock and participations issued	93	80	109	82
Capital stock and participations retired	142	260	29	27
Surplus Retired	9	2	16	0
Net income	409	516	375	384
Cash/Dividends/Patronage Distributions	(289)	(247)	(222)	(229)
Other, net	(1)	(97)	54	9
<b>Ending balance of net worth</b>	4,437	4,428	4,699	4,917

Financing Activities (in millions of dollars)

99-4160	2001 actual	2002 actual	2003 est.	2004 est.
<b>Beginning balance of outstanding system obligations</b>	52,115	58,010	64,029	70,077
Consolidated systemwide and other bank bonds issued	38,723	50,737	52,063	55,383
Consolidated systemwide and other bank bonds retired	34,342	44,692	47,184	50,841
Consolidated systemwide notes, net	1,514	(26)	1,169	(453)
<b>Ending balance of outstanding system obligations</b>	58,010	64,029	70,077	74,165

FEDERAL AGRICULTURAL MORTGAGE CORPORATION  
(FARMER MAC)

Farmer Mac is authorized under the Farm Credit Act of 1971 (the Act), as amended by the Agricultural Credit Act of 1987, to create a secondary market for agricultural real estate and rural home mortgages. The Farmer Mac title of the Act was amended by the 1990 farm bill to authorize Farmer Mac to purchase, pool, and securitize the guaranteed portions of farmer program, rural business and community development loans guaranteed by the United States Department of Agriculture (USDA). The Farmer Mac title was further amended in 1991 to clarify Farmer Mac's authority to issue debt obligations, provide for the establishment of minimum capital standards, establish the Office of Secondary Market Oversight at the Farm Credit Administration (FCA), and expand the agency's rulemaking authority. Most recently, the Farm Credit System Reform Act of 1996 (1996 Act) amended the Farmer Mac title to allow Farmer Mac to purchase loans directly from lenders and to issue and guarantee mortgage-backed securities without requiring that a minimum cash reserve or subordinated (first loss) interest be maintained by poolers as had been required under its original authority. The 1996 Act expanded FCA's regulatory authority to include provisions for establishing a conservatorship or receivership, if necessary, and provided for increased core capital requirements at Farmer Mac phased in over three years.

Farmer Mac operates through two programs, "Farmer Mac I," which involves mortgage loans secured by first liens on agricultural real estate or rural housing (qualified loans), and "Farmer Mac II," which involves the guaranteed portions of USDA guaranteed loans. Farmer Mac operates by: (i) purchasing, or committing to purchase, newly originated or existing qualified loans or guaranteed portions from lenders; (ii) purchasing "AgVantage" bonds backed by qualified loans or guaranteed portions from lenders; and (iii) exchanging qualified loans or guaranteed portions for guaranteed securities.

## (FARMER MAC)—Continued

Loans purchased by Farmer Mac are aggregated into pools that back Farmer Mac guaranteed securities which are held by Farmer Mac or sold into the capital markets. Farmer Mac is intended to attract new capital for financing qualified loans and guaranteed portions, foster increased long-term, fixed-rate lending, and provide greater liquidity to agricultural and rural lenders.

Farmer Mac is governed by a 15 member Board of Directors. Ten Board members are elected by stockholders, including five by the Farm Credit System and five by commercial lenders. Five are appointed by the President, subject to Senate confirmation.

## FINANCING

Financial support and funding for Farmer Mac's operations come from several sources: sale of common and preferred stock; issuance of debt obligations; and net income from operations. Under procedures specified in the Act, Farmer Mac may issue obligations to the U.S. Treasury in a cumulative amount not to exceed \$1.5 billion to fulfill its guarantee obligations.

As of September 30, 2002, Farmer Mac's core capital exceeded statutory requirements. Additionally, Farmer Mac's regulatory capital (core capital plus the allowance for loan losses) exceeded the amount of required regulatory capital as determined by the risk-based capital rule, with which Farmer Mac was required to be in compliance on May 23, 2002.

## GUARANTEES

Farmer Mac provides a guarantee of timely payment of principal and interest on securities backed by qualified loans or pools of qualified loans. These securities are not guaranteed by the United States, and are not "government securities".

Farmer Mac is subject to reporting requirements under securities laws and its guaranteed mortgage-backed securities are subject to registration with the Securities and Exchange Commission under the 1933 and 1934 Securities Acts.

## REGULATION

Farmer Mac is federally regulated by the FCA's Office of Secondary Market Oversight (OSMO). OSMO is responsible for the supervision, examination of and rulemaking for Farmer Mac.

## Status of Guaranteed Loans (in millions of dollars)

Identification code 99-4180-0-3-351	2002 actual	2003 est.	2004 est.
2131 Guaranteed loan commitments .....	2,306	1,000	1,000
2150 Total guaranteed loan commitments .....	2,306	1,000	1,000
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	4,894	6,000	6,000
2231 Disbursements of new guaranteed loans .....	2,306	1,000	1,000
2251 Repayments and prepayments .....	-1,200	-1,000	-1,000
2290 Outstanding, end of year .....	6,000	6,000	6,000
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	6,000	6,000	6,000

## Statement of Operations (in millions of dollars)

Identification code 99-4180-0-3-351	2001 actual	2002 actual	2003 est.	2004 est.
Revenue:				
0101 Net Interest Income .....	22	25	25	30
0101 Guarantee Fee Income .....	10	12	12	15
0102 Expense .....	-23	-27	-27	-30
0105 Net income or loss (-) .....	9	10	10	15
0199 Total comprehensive income .....	9	10	10	15

## Balance Sheet (in millions of dollars)

Identification code 99-4180-0-3-351	2001 actual	2002 actual	2003 est.	2004 est.
ASSETS:				
1201 Investment in securities .....	853	853	853	1,000
1206 Receivables, net .....	4	4	4	50
1207 Advances and prepayments .....	18	18	18	50
Net value of assets related to direct loans receivable:				
1401 Direct loans receivable, gross .....	1,998	2,198	2,198	2,000
1402 Interest receivable .....	46	55	55	75
1499 Net present value of assets related to direct loans .....	2,044	2,253	2,253	2,075
1801 Cash and other monetary assets .....	89	100	100	500
1999 Total assets .....	3,008	3,228	3,228	3,675
LIABILITIES:				
2201 Accounts payable .....	6	7	7	25
2202 Interest payable .....	18	21	21	75
2203 Debt .....	2,870	3,074	3,064	3,385
2204 Liabilities for loan guarantees .....	9	11	11	20
2999 Total liabilities .....	2,903	3,113	3,103	3,505
NET POSITION:				
3300 Invested capital .....	105	115	125	170
3999 Total net position .....	105	115	125	170
4999 Total liabilities and net position .....	3,008	3,228	3,228	3,675

## FEDERAL HOME LOAN BANK SYSTEM

## FEDERAL HOME LOAN BANKS

## Status of Direct Loans (in millions of dollars)

Identification code 99-4200-0-3-371	2002 actual	2003 est.	2004 est.
1111 Limitation on direct loans .....			
1131 Direct loan obligations .....	3,684,259	3,684,259	3,684,259
1150 Total direct loan obligations .....	3,684,259	3,684,259	3,684,259
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	489,413	537,812	537,812
1231 Disbursements: Direct loan disbursements .....	3,684,259	3,684,386	3,684,386
1251 Repayments: Repayments and prepayments .....	3,644,317	-	-
		3,684,386	3,684,386
1264 Write-offs for default: Other adjustments, net .....	8,457		
1290 Outstanding, end of year .....	537,812	537,812	537,812

The 12 Federal Home Loan Banks were chartered by the Federal Home Loan Bank Board under the authority of the Federal Home Loan Bank Act of 1932 (the Act). The FHLBanks are under the supervision of the Federal Housing Finance Board. The common mission of the FHLBanks is to facilitate the extension of credit through their members. To accomplish this mission, the FHLBanks make loans, called advances, and provide other credit products and services to their 7,992 member commercial banks, savings associations, insurance companies, and credit unions. Advances and letters of credit must be fully secured by eligible collateral and long-term advances may be made only for the purpose of providing funds for residential housing finance. However, "community financial institutions" may also use long-term advances to finance small businesses, small farms, and small agribusinesses. Additionally, specialized advance programs provide funds for community reinvestment and affordable housing programs. All regulated financial depositories and insurance companies engaged in residential housing finance are eligible for membership. Each FHLBank operates in a geographic district designated by the Board and together the

FHLBanks cover all of the United States as well as the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

Advances outstanding on September 30, 2002 totaled approximately \$491 billion, a net increase of approximately \$24 billion from the September 30, 2001 level of \$469 billion.

The principal source of funds for the lending operation is the sale of consolidated obligations to the public. On September 30, 2002, \$611 billion of these obligations were outstanding. The consolidated obligations are not guaranteed by the U.S. Government as to principal or interest. Other sources of lendable funds include members' deposits and capital. Deposits totaled \$29 billion and total capital amounted to \$36 billion as of September 30, 2002. Funds not immediately needed for advances to members are invested.

The capital stock of the Federal Home Loan Banks is owned entirely by the members. Initially the U.S. Government purchased stock of the banks in the amount of \$125 million. The banks had repurchased the Government's investment in full by mid-1951.

The operating expenses of the FHLBanks are paid from their own income and are not included in the Budget of the United States. Included in these expenses are the assessments by the Finance Board to cover its administrative and other costs. The Finance Board's budget and expenditures, however, are included in the budget of the United States.

The Act, as amended in 1989, requires each FHLBank to operate an Affordable Housing Program (AHP). Each FHLBank provides subsidies in the form of direct grants or below-market rate advances for members that use the funds for qualifying affordable housing projects. The FHLBank System sets aside for its AHPs the greater of \$100 million annually or 10 percent of net income. The Act, as amended in 1999, also requires that the FHLBanks contribute 20 percent of net earnings annually to assist in the payment of interest on bonds issued by the Resolution Funding Corporation.

The forecast data for 2003 and 2004 contained in this material represents estimates and should not be construed as an official forecast of the FHLBanks System's future position.

#### Statement of Operations (in millions of dollars)

Identification code 99-4200-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
0101 Revenue .....	36,404	26,247	26,247	26,247
0102 Expense (excludes payments to REFCORP) .....	-34,312	-23,830	-23,830	-23,830
0105 Net income or loss (-) .....	2,092	2,417	2,417	2,417

#### Balance Sheet (in millions of dollars)

Identification code 99-4200-0-3-371	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Treasury securities, net .....	206	206	206	206
1201 Investments in other securities, net .....	193,470	215,261	215,261	215,261
1206 Accounts receivable .....	3,248	3,014	3,014	3,014
1401 Net value of assets related to direct loans receivable: Direct loans receivable, gross .....	489,413	537,812	537,812	537,812
1801 Cash and other monetary assets .....	1,013	573	573	573
1803 Property, plant and equipment, net .....	126	140	140	140
1901 Other assets .....	3,712	4,223	4,223	4,223
1999 Total assets .....	691,188	761,229	761,229	761,229
<b>LIABILITIES:</b>				
2101 REFCORP and Affordable Housing Program .....	778	822	822	822
2202 Interest payable .....	5,538	5,383	5,383	5,383
2203 Debt .....	611,338	667,561	667,561	667,561
Other:				
2207 Deposit funds and other borrowings .....	29,571	30,197	30,197	30,197
2207 Other .....	10,839	21,312	21,312	21,312
2999 Total liabilities .....	658,064	725,275	725,275	725,275
<b>NET POSITION:</b>				
3100 Invested capital .....	33,124	35,954	35,954	35,954
3999 Total net position .....	33,124	35,954	35,954	35,954
4999 Total liabilities and net position .....	691,188	761,229	761,229	761,229