FEDERAL HOME LOAN BANKS

2004

UNAUDITED COMBINED FINANCIAL INFORMATION

The Federal Home Loan Banks Office of Finance is providing an unaudited Combined Statement of Condition as of December 31, 2004, and the unaudited Combined Statements of Income, Capital and Cash Flows for the years ended December 31, 2004 and 2003. Supporting unaudited combining schedules and footnotes, including one explaining the restatements, are also being provided. The Federal Home Loan Banks Office of Finance did not publish the 2004 Combined Financial Report due to the restatement of several Federal Home Loan Banks' financial information. Audited 2004 financial statements are included in the 2005 Audited Combined Financial Report. For the convenience of the readers of the combined financial reports, unaudited 2004 financial information is being provided in this document. This Unaudited Combined Financial Information is also being provided as a condition to the Federal Housing Finance Board's waiver of its requirement that the Federal Home Loan Banks provide an Audited Combined Financial Report for 2004. See the Finance Board's Resolution "2007-10 Waivers Concerning Preparation of Combined Financial Reports," in the Regulation/Supervision Section of the Finance Board's web site located at www.fhfb.gov for more information.

As of August 8, 2006, all 12 Federal Home Loan Banks' Securities and Exchange Commission registrations were effective, and the required reports for each Federal Home Loan Bank were available on the Securities and Exchange Commission EDGAR database. On November 8, 2006, the 2005 Combined Financial Report was published and thereafter distributed to the Federal Home Loan Banks and their members, and to investors in connection with the offer and sale of consolidated bonds and consolidated discount notes (collectively referred to as consolidated obligations) of the Federal Home Loan Banks. See the 2005 Combined Financial Report for audited financial statements and discussions of the FHLBanks' business, risk factors, risk management, restatements and other general information related to the FHLBanks for certain periods including the periods covered by the financial statements herein. The unaudited information in this document is a subset of the summary financial data included in the 2005 Combined Financial Report dated November 8, 2006.

The Federal Home Loan Banks Office of Finance Board of Directors previously determined that the original 2003, 2002 and 2001 Federal Home Loan Banks' audited Combined Financial Statements should no longer be relied upon due to restatements at seven Federal Home Loan Banks. These reports remain posted on the Federal Home Loan Banks Office of Finance's web site for informational purposes. The 2004 combined financial statements are not considered restated (even though six of the 12 Federal Home Loan Banks restated their financial statements as of and for the year ended December 31, 2004) because they were presented for the first time as part of the 2005 Combined Financial Report dated November 8, 2006.

The Securities Act of 1933, as amended, does not require the registration of consolidated obligations. No registration statement has been filed with the Securities and Exchange Commission with respect to the consolidated obligations. None of the Securities and Exchange Commission, the Federal Housing Finance Board, or any State securities commission has approved or disapproved the consolidated obligations or has passed upon the accuracy or adequacy of any offering material.

The consolidated obligations are not obligations of the United States and are not guaranteed by the United States.

Neither this Unaudited Combined Financial Information nor any offering material provided by the Office of Finance on behalf of the Federal Home Loan Banks concerning any offering of consolidated obligations describes all the risks of investing in consolidated obligations. Prior to investing in consolidated obligations you should consult your financial and legal advisors about the risks of investing in any particular issue of consolidated obligations.

The financial information contained in this Unaudited Combined Financial Information is as of and for periods ended on or before December 31, 2004. This document is available on the Federal Home Loan Banks' Office of Finance web site at: www.fhlb-of.com.

You should direct questions about the Federal Home Loan Banks' Unaudited Combined Financial Information to the Federal Home Loan Banks Office of Finance, Senior Director of Accounting Policy & Financial Reporting. You should direct questions about the Federal Home Loan Banks' consolidated obligations to the Federal Home Loan Banks Office of Finance, Marketing & Corporate Communications Division. The address is Federal Home Loan Banks' Office of Finance, 11921 Freedom Drive, Suite 1000, Reston, VA 20190, (703) 467-3600, and the web site is www.fhlb-of.com. Please contact the Office of Finance if you want to receive subsequent annual and quarterly financial reports.

The date of this Unaudited Combined Financial Information is January 16, 2008.

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Consolidated obligations issued under the Federal Home Loan Banks' Global Debt Program may be listed on the Euro MTF market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated the number 2306 to the Federal Home Loan Banks' Global Debt Program for listing purposes. Under the Federal Home Loan Banks' agreement with the underwriter(s) of a particular series of consolidated obligations, any series of consolidated obligations listed on the Luxembourg Stock Exchange may be delisted if the continuation of the listing has become unduly onerous in the opinion of the issuer, and the issuer has agreed with the underwriter(s) that it will use reasonable efforts to list the consolidated obligations on another stock exchange.

EXPLANATORY STATEMENT ABOUT FHLBANKS COMBINED FINANCIAL REPORTS

The Federal Home Loan Banks Office of Finance (Office of Finance) assumed responsibility for the preparation of the combined financial reports of the Federal Home Loan Banks (FHLBanks) in 2001, which previously had been prepared by the Federal Housing Finance Board (Finance Board). The Office of Finance does not have the same access to information about the FHLBanks as the Finance Board does in its capacity as regulator of the FHLBanks. In connection with its responsibilities in preparing combined financial reports, the Office of Finance is responsible for combining the financial information it receives from each of the FHLBanks. Each FHLBank is responsible for the financial information it provides to the Office of Finance and the underlying data it provides to the Office of Finance for inclusion in the combined financial reports.

The combined financial reports of the FHLBanks are intended to be used by investors who invest in the consolidated bonds and consolidated discount notes of the FHLBanks. These consolidated obligations are the joint and several obligations of the FHLBanks. This means that each individual FHLBank is responsible to the registered holders of the consolidated obligations for the payment of principal of and interest on all consolidated obligations issued by the FHLBanks.

Even though the consolidated obligations are the joint and several obligations of all of the FHLBanks, each FHLBank is a separately chartered entity. Each has its own board of directors and management. This is the case even though some financial institutions may have one or more affiliates that is a member of one or more FHLBanks. There is no system-wide central management of the FHLBanks. All FHLBanks are subject to regulations issued by the Finance Board, which periodically examines each FHLBank's operations.

Although each FHLBank has publicly available financial information, the financial information relating to the FHLBanks is presented to investors in consolidated obligations on a "combined" basis because this is considered more convenient for investors than providing financial information on each FHLBank on a stand-alone basis only. Investors should note, however, that this combined presentation describes a combination of assets and liabilities for this purpose only. This combined presentation in no way indicates that these assets and liabilities are under joint management and control. Each individual FHLBank manages its operations independently and with only minimal consideration as to how the transactions it enters into might affect the combined financial results.

In addition, each FHLBank's board of directors and management is responsible for establishing its own accounting and financial reporting policies in accordance with U.S. generally accepted accounting principles (GAAP). The 12 FHLBanks' accounting and financial reporting policies and practices are not necessarily always identical because different policies and/or presentations are permitted under GAAP in certain circumstances. However, all 12 FHLBanks' accounting and financial reporting policies conform to GAAP. Statements in this document may be qualified by a term such as "generally," "primarily," "typically" or words of similar meaning to indicate that the statement is generally applicable to all FHLBanks or the kinds of transactions described but which may not be applicable to all 12 FHLBanks as a result of their differing business practices and accounting and financial reporting policies under GAAP. An investor should review available information on individual FHLBanks to obtain more specific information on an FHLBank's business practices and accounting and financial reporting policies.

The FHLBanks occasionally engage in transactions in which one FHLBank transfers its direct liability on outstanding consolidated bonds to another FHLBank that assumes the direct liability on those outstanding consolidated bonds. By engaging in these transactions, two FHLBanks are able to better match their funding needs. Excess funds held by one FHLBank are transferred to another FHLBank that needs them. These transfers generally result in costs for the FHLBank that assumes the liability for the debt that are equal to or lower than those available for a similarly-sized transaction in the capital markets at that time. Because the consolidated bonds are the joint and several obligation of all 12 FHLBanks, these interbank transactions have no effect on the holders of the consolidated bonds.

AVAILABLE INFORMATION ON INDIVIDUAL FHLBANKS

The FHLBanks provide information on their operations on an ongoing basis.

Pursuant to a Finance Board regulation, each FHLBank is subject to certain reporting requirements of the Securities Exchange Act of 1934, as amended (1934 Act) and must file certain periodic reports and other information with the U.S. Securities and Exchange Commission (SEC). These periodic reports and other information filed pursuant to the 1934 Act, including each FHLBank's description of the risk factors applicable to that FHLBank, may be inspected without charge and copied at prescribed rates at the public reference facilities of the SEC's principal office at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at: http://www.sec.gov that will contain the periodic reports and other information filed by the FHLBanks with the SEC.

Each FHLBank prepares financial reports containing financial information relating to its financial condition and results of operations and files this information annually with the SEC on Form 10-K and quarterly on Form 10-Q. All of this information is made available on the respective web site of each FHLBank. The web site of the Office of Finance is located at: www.fhlb-of.com. This site also contains links to the web sites of each individual FHLBank.

Please note that we are providing all of the web site addresses and the identification of available information above solely as a matter of convenience. These web site addresses are not intended to be active links and their contents and the other available information are not a part of this Unaudited Combined Financial Information and are not intended to be incorporated by reference into this Unaudited Combined Financial Information.

FINANCIAL DISCUSSION AND ANALYSIS OF COMBINED FINANCIAL CONDITION AND COMBINED RESULTS OF OPERATIONS

Investors should read this Unaudited Combined Financial Information in conjunction with the 2005 Combined Financial Report dated November 8, 2006 and subsequently published reports. Each FHLBank addresses its financial condition and results of operations in its periodic reports filed with the SEC. A financial discussion and analysis of the combined financial condition and combined results of operations is provided in this Unaudited Combined Financial Information for investors because this is considered more convenient than providing each FHLBank's management discussion and analysis of financial condition and results of operations on a stand-alone basis only. There is no system-wide central management of the FHLBanks, and each FHLBank manages its operations independently and with only minimal consideration as to how transactions it enters into might affect the combined financial results. The financial discussion and analysis of combined financial condition and combined results of operations does not generally include a description of how each FHLBank's operations affect the combined financial condition and combined results of operations. This level of information about each of the FHLBanks is addressed in that FHLBank's periodic reports filed with the SEC. (See "Explanatory Statement about FHLBanks Combined Financial Report" on page 2 and "Available Information on Individual FHLBanks" on page 3.)

Amounts used to calculate percentage variances are based on numbers in millions. As a result, recalculations may not produce the same results when the relevant amounts are disclosed only in billions.

Forward-Looking Information

Statements contained in this document, including statements describing the objectives, projections, estimates, or future predictions of the FHLBanks and the Office of Finance may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or their negatives or other variations on these terms. Investors should note that, by their nature, forward-looking statements involve risk or uncertainty and that actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized.

These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- changes in interest rates, housing prices, employment rates and the general economy;
- the size and volatility of the residential mortgage market;
- demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands;
- volatility of market prices, rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks as security for the obligations of FHLBank members and counterparties to interest-rate exchange agreements and similar agreements, which could result from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve Board and the Federal Deposit Insurance Corporation;
- political events, including legislative, regulatory, judicial, or other developments that affect the FHLBanks, their members, counterparties and/or investors in the consolidated obligations of the FHLBanks, such as changes in the FHLBank Act of 1932 or Finance Board regulations that affect FHLBank operations, and regulatory oversight (including the Secretary of the Treasury's authority relating to the issuance of consolidated obligations);

- competitive forces, including other sources of funding available to FHLBank members, other entities borrowing funds in the capital markets, and the ability to attract and retain skilled individuals;
- the pace of technological change and the ability to develop and support technology and information systems, including the Internet, sufficient to manage the risks of the FHLBanks' business effectively;
- loss of large members through mergers and similar activities;
- changes in domestic and foreign investor demand for consolidated obligations and/or the terms of interest-rate exchange agreements and similar agreements, including changes in the relative attractiveness of consolidated obligations as compared to other investment opportunities;
- the availability, from acceptable counterparties, of derivative financial instruments of the types and in the quantities needed for risk management purposes;
- timing and volume of market activity;
- volatility of reported results due to changes in the fair value of certain instruments/assets;
- the ability to introduce FHLBank products and services and successfully manage the risks associated with those products and services, including new types of collateral used to secure advances;
- the FHLBanks' ability to identify, manage, mitigate and/or remedy internal control weaknesses and other operational risks;
- the FHLBanks' ability to implement business process improvements;
- risk of loss arising from litigation filed against one or more of the FHLBanks;
- significant business disruptions resulting from natural or other disasters, acts of war or terrorism;
- the effect of new accounting standards, including the development of supporting systems; and
- inflation/deflation.

Restatement of Prior Year Combined Financial Statements

During 2004, the Finance Board issued a regulation requiring the individual FHLBanks to register a class of equity securities with the SEC. Each FHLBank filed a registration statement on Form 10 on various dates during 2005 and 2006. During the review process with the SEC, six FHLBanks determined that corrections needed to be made in the way they had applied SFAS 133. The following table lists these FHLBanks and the corresponding financial statements that were restated.

FHLBank	Restated 2004 Financial Statements:	Restated 2003 Financial Statements:	Restated 2002 Financial Statements:	Restated 2001 Financial Statements:	2002 and 2001 Restatement Reflected as Cumulative Catch-Up to Retained Earnings at January 1, 2003
Atlanta	√	√	√	√	√
Dallas	√	√	√	√	√
Des Moines	√	√	√	√	√
Indianapolis	√	√	√	√	√
Pittsburgh	√	√	√	√	√
Topeka		√	√	√	√

Management at each of the six FHLBanks above has concluded that the circumstances surrounding the corrections that needed to be made in the way it had applied SFAS 133 and that led to its FHLBank's restatement constituted a material weakness in its internal controls over financial reporting. A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Please refer to the individual FHLBank's public filings for detailed restatement information and additional information regarding the specific control deficiencies that existed at each FHLBank and the remediation procedures that were instituted in order to address these deficiencies.

These restatements arose mainly from the rigorous accounting reviews undertaken during the SEC registration process. The majority of the FHLBanks' hedges involved in the restatements were economically highly effective and would have been eligible for hedge accounting if they had been appropriately documented at hedge inception. However, the provisions of SFAS 133 generally do not allow an entity to retroactively apply the long-haul method or reevaluate effectiveness/valuation methodologies, resulting in a one-sided mark-to-market due to the loss of hedge accounting. Therefore, the restating FHLBanks cannot record the changes in market value of both sides of the transaction but must recognize in income the market value changes in the derivative and not the hedged item as a result of the loss of hedge accounting. This one-sided mark can lead to significant income statement volatility during the periods affected. The loss of hedge accounting and resulting required restatement by these FHLBanks of their financial results for the periods from January 1, 2001, when SFAS 133 was initially adopted, through the year ended December 31, 2004, has introduced significant volatility to the reported combined financial results. However, the cumulative adjustment is not expected to be material as the income effect reverses itself over the life of the transaction because the derivative and hedged item were highly effective. The net cumulative effect of these restatements resulted in a $168 million reduction in retained earnings as of December 31, 2004, of which approximately $130 million related to the reversal of cumulative unrealized gains (net of assessments) attributable to the hedged risk of certain available-for-sale securities held by the FHLBank of Dallas. These gains were subsequently recognized in earnings in 2005 upon the sale of the subject securities.

Additionally, as a result of reviewing its hedging activities, pursuant to an agreement entered into with the Finance Board effective June 30, 2004, the FHLBank of Chicago determined that for certain hedging transactions, it applied a method of hedge accounting deemed to be inconsistent with the application of SFAS 133. The FHLBank of Chicago corrected its accounting to conform to SFAS 133 and restated its financial statements as of December 31, 2003 and 2002, and for the periods ended December 31, 2003, 2002 and 2001.

See Note 2 to the accompanying combined financial statements for additional information regarding these restatements.

Comparative Highlights

(Dollar amounts in millions)	For the Years Ended December 31, 2004	2003 (As Restated)	For the Year Ended 2004 vs. 2003 $	%
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	$4,176	$3,881	$295	7.6%
NET INCOME	1,994	1,885	109	5.8%

Net income increased in 2004 over 2003 due to higher interest income on advances as a result of significant increases in advances and slightly higher yields on advances. The increase in advances is driven by member demand. The yield on advances was higher due to the increase in short- and long-term interest rates during 2004. Interest income on mortgage loans held for portfolio also increased despite the 2004 year-end balance remaining flat compared to the 2003 year-end balance. This was the result of an average higher volume outstanding during 2004, as compared to the significant growing balance during 2003. The increase in net income was primarily caused by the increase in net interest income, partially offset by increases in total other loss in other income and other expenses.

	For the Year Ended December 31,		Percentage Increase
	2004	2003 (As Restated)	2004 vs. 2003
Total operating expenses (dollar amounts in millions)	$547	$450	21.6%

Operating expenses increased in 2004 as a result of an increase in the number of employees to support increased regulatory requirements for risk management and preparation for SEC registration.

Results of Operations

Restatements. Combined net interest income and combined net income for 2004 and 2003 have been significantly affected by the FHLBanks' restatements, thereby affecting comparability of results between years. The loss of hedge accounting and resulting one-sided market value adjustments influence the timing of income recognition related to these highly-effective transactions. The acceleration of income or loss in one period is expected to result in a corresponding reduction or increase in earnings in future periods. The net cumulative effect of these restatements resulted in a $168 million reduction in retained earnings as of December 31, 2004, of which approximately $130 million related to the reversal of cumulative unrealized gains (net of assessments) attributable to the hedged risk of certain available-for-sale securities held by the FHLBank of Dallas. See Note 2 to the accompanying combined financial statements for additional information regarding the restatements.

Reclassifications. For the year ended December 31, 2003, the FHLBanks reclassified prepayment fee income. The prepayment fees relating to advances were reclassified from a separate line item in other income to a separate line item in interest income as "prepayment fees on advances." The prepayment fees relating to investment securities were reclassified from other, net income line to the appropriate investment securities lines in interest income. Prepayment fees of $131 million were reclassified for the year ended December 31, 2003. This amount represents reclassifications of prepayment fees for FHLBanks that did not restate their 2003 financial statements.

Change in Amortization and Accretion Method of Deferred Premiums and Discounts on Mortgage Loans Held for Portfolio and Mortgage-Backed Securities. Effective January 1, 2004, the FHLBanks of Chicago and Pittsburgh each changed its method of accounting for premiums and discounts and other deferred loan origination fees under SFAS No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases* (SFAS 91) on mortgage loans held for portfolio. In addition, the FHLBank of Pittsburgh changed its method of accounting for premiums and discounts and other deferred loan origination fees under SFAS 91 on mortgage-backed securities. As a result of implementing the change in accounting for amortization and accretion from the retrospective method to the contractual maturity method, the FHLBanks recorded a cumulative effect of a change in accounting principle effective January 1, 2004 resulting in an increase in retained earnings of $41 million for the FHLBank of Chicago and $10 million for the FHLBank of Pittsburgh.

Net Interest Income.

Changes in Net Interest Income
(Dollar amounts in millions)

	For the Years Ended December 31,		For the Year Ended 2004 vs. 2003 Increase/ (Decrease)	
	2004	2003 (As Restated)	$	%
INTEREST INCOME				
Advances	$9,995	$8,758	$1,237	14.1%
Prepayment fees on advances	184	185	(1)	(0.5)%
Mortgage loans held for portfolio	5,535	4,381	1,154	26.3%
Investments and other	6,211	5,752	459	8.0%
Total interest income	21,925	19,076	2,849	14.9%
INTEREST EXPENSE				
Consolidated obligations	17,440	14,870	2,570	17.3%
Other	314	329	(15)	(4.6)%
Total interest expense	17,754	15,199	2,555	16.8%
NET INTEREST INCOME BEFORE (REVERSAL) PROVISION FOR CREDIT LOSSES	$4,171	$3,877	$ 294	7.6%

The increase in net interest income before (reversal) provision for credit losses from 2003 to 2004 is attributable to an increase in interest rates as well as growth in advances and mortgage loans outstanding during 2004, partially offset by $22 million of other interest expense as a result of stock and cash dividends paid on mandatorily redeemable capital stock due to the adoption of SFAS 150 during 2004.

The FHLBanks price advances based on their marginal cost of raising matching-maturity funds and on the related administrative and operating costs. They charge their members a prepayment fee if members prepay certain advances before their original maturity. The Finance Board's regulations generally require such a fee on advances with a maturity or repricing period of more than six months. The fee must be sufficient to make the FHLBank financially indifferent to the borrower's decision to prepay the advances. The change in prepayment fees from 2003 to 2004 can be attributed to the then-prevailing interest rates, which resulted in a decrease in refinancing activities during 2004.

The increase in 2004 investments and other interest income primarily relates to higher volume of investments compared to 2003.

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Years Ended December 31,		For the Year Ended 2004 vs. 2003 Increase	
	2004	2003 (As Restated)	$	%
NET INCOME	$1,994	$1,885	$109	5.8%

The increase in net income for 2004 as compared to 2003 is primarily attributable to the effect of higher volume of interest-bearing assets and slightly higher interest rates, offset in part by an increase in the total losses in other income and other expenses. The FHLBanks had total other losses in other income of $890 million in 2004, as compared to $781 million in 2003 primarily attributable to an increase in net losses on derivatives and hedging activities of $475 million, partially offset by a decrease of $213 million in net losses on trading securities. The one-sided marks on derivatives resulting from the loss of hedge accounting by the restating FHLBanks increased the net losses on derivatives and hedging activities by $268 million for 2003. In addition, the other income included net realized gains from the sale of held-to-maturity securities of $13 million in 2004 compared to net realized losses from the sale of held-to-maturity securities of $158 million in 2003. Sales of held-to-maturity securities that meet certain conditions may be considered as maturities for purposes of this classification in accordance with SFAS 115. In 2003, other loss included a net loss of $189 million, which related to the sale of certain investment securities by the FHLBank of New York. These investment securities were sold after a significant deterioration in their creditworthiness, as compared to the triple-A rating they had when they were originally purchased.

Total operating expenses were $547 million and $450 million in 2004 and 2003. AHP and REFCORP assessments were $730 million and $708 million in 2004 and 2003.

Under SFAS 133, all derivatives are recorded at fair value. An FHLBank is required to recognize unrealized losses or gains on derivative positions, regardless of whether offsetting gains or losses on the underlying assets or liabilities being hedged are permitted to be recognized in a symmetrical manner. SFAS 133, therefore, introduces the potential for a considerable timing difference between income recognition from assets or liabilities and the income effects of hedge instruments entered into to mitigate interest-rate risk and cash-flow variability. The adoption of SFAS 133 has led to more volatility in reported earnings. The loss of hedge accounting and the resulting effect of the one-sided mark has also led to more volatility. Due to changes in market prices and interest rates, an FHLBank may use certain hedge strategies that do not qualify for symmetrical hedge accounting treatment under SFAS 133 accounting rules because these strategies are more economically cost-effective than alternative strategies that would qualify for symmetrical hedge accounting.

Earnings Analysis.

Change in Earnings Components
(Dollar amounts in millions)

	2004 vs. 2003	
	Amount	Percentage
Income Statement		
Increase in interest income	$2,849	14.9%
Increase in total interest expense	2,555	16.8%
Increase in net interest income before (reversal) provision for credit losses	294	7.6%
Change in (reversal) provision for credit losses	(1)	25.0%
Increase in net interest income after (reversal) provision for credit losses	295	7.6%
Increase in net gains (losses) on trading securities	213	66.8%
Decrease in net (losses) gains on derivatives and hedging activities	(475)	(153.7)%
Increase in other non-interest income, net	153	100.0%
Decrease in total non-interest income (loss)	(109)	(14.0)%
Increase in total other expense	105	20.7%
Increase in Affordable Housing Program	7	3.2%
Increase in REFCORP.	15	3.1%
Increase in total assessments	22	3.1%
Change in cumulative effect of change in accounting principles before assessments	50	n/a
Increase in net income	$ 109	5.8%

The following table presents average balances and yields of major earning asset categories and the sources funding those earning assets. It also presents spreads between yields on total earning assets and the cost of interest-bearing liabilities and spreads between yields on total earning assets and the cost of total funding sources (i.e., interest-bearing liabilities plus capital plus other interest-free liabilities funding earning assets). The primary source of FHLBank earnings is net interest income. This is the interest earned on advances, mortgages, investments and invested capital, *minus* interest paid on consolidated obligations, deposits, and other borrowings.

Spread and Yield Analysis
(Dollar amounts in millions)

	2004			2003 (As Restated)		
	Average Balance	Interest	Yield	Average Balance	Interest	Yield
Earning assets:						
Advances	$551,928	$10,179	1.84%	$501,942	$ 8,943	1.78%
Mortgage loans held for portfolio	114,449	5,535	4.84%	88,974	4,381	4.92%
Investments:						
Interest-bearing deposits and other	22,187	319	1.44%	21,925	265	1.21%
Securities purchased under agreements to resell	4,051	54	1.33%	4,462	50	1.12%
Federal funds sold	44,917	625	1.39%	41,932	485	1.16%
Trading securities	8,713	444	5.10%	8,680	441	5.08%
Available-for-sale securities	12,171	286	2.35%	11,457	256	2.23%
Held-to-maturity securities	116,323	4,483	3.85%	107,321	4,255	3.96%
Total investments	208,362	6,211	2.98%	195,777	5,752	2.94%
Total earning assets	$874,739	$21,925	2.51%	$786,693	$19,076	2.42%
Funded by:						
Consolidated obligations	$799,459	$17,440	2.18%	$703,570	$14,870	2.11%
Interest-bearing deposits and other borrowings(1)	22,608	314	1.39%	30,162	329	1.09%
Total interest-bearing liabilities	822,067	17,754	2.16%	733,732	15,199	2.07%
Capital and other non-interest-bearing funds	52,672			52,961		
Total funding	$874,739	$17,754	2.03%	$786,693	$15,199	1.93%
Spread on:						
Total interest-bearing liabilities			0.35%			0.35%
Total funding (net interest margin)(2)			0.48%			0.49%

(1) The balances do not include non-interest bearing deposits. The 2004 average balance includes mandatorily redeemable capital stock balances and related interest expenses.

(2) Net interest margin is net interest income before provision (reversal) for credit losses as a percentage of average earning assets.

Average total capital and other non-interest-bearing funds for 2004 was 0.46 percentage point less than average total capital and other non-interest-bearing funds for 2003.

The net interest margin and spread on interest-bearing liabilities are affected by the inclusion or exclusion of net interest income/expense associated with the FHLBanks' interest-rate exchange agreements. For example, if the interest-rate exchange agreements qualify for fair-value hedge accounting under SFAS 133, the net interest income/expense associated with the derivative is included in the calculation of the spread on interest-bearing liabilities and net interest margin. If the interest-rate exchange agreements do not qualify for fair-value hedge accounting under SFAS 133 ("economic hedges"), the net interest income/expense associated with the interest-exchange agreements is excluded from the calculation of the spread on interest-bearing liabilities and net interest margin.

The combined spread on interest-bearing liabilities and any spread on net interest margin for 2004 and 2003 have been significantly affected by the FHLBanks' restatements, thereby affecting comparability between years. The loss of hedge accounting and resulting one-sided market value adjustments influence the timing of income recognition related to these highly-effective transactions. The acceleration of income or loss in one period is expected to result in a corresponding reduction or increase in earnings in future periods. The net cumulative effect on combined retained earnings resulting from these timing differences is expected to be immaterial.

The cost of consolidated obligations issued by the FHLBanks is affected by many factors including the issuance volume of Treasury and GSE debt securities, the dollar volume of Treasury and GSE debt outstanding, the portfolio growth trends of the GSEs, domestic and foreign investor demand, market views on the future direction of credit spreads, the level of and spread between short- and long-term interest rates, and fixed-income market volatility.

During 2004, total bond and discount note issuance was 14% higher than the previous year as a result of increased issuance of discount notes. Consolidated obligations outstanding rose by $110 billion; bonds accounted for 96% of the increase. Compared to the prior year, aggregate weighted-average new-issue funding costs for bonds increased relative to benchmark market indices.

During the latter half of 2004, short-term interest rates rose and the yield differential between short- and long-term interest rates narrowed. The dollar amount of callable bonds called prior to maturity was lower in 2004 compared with the prior year. As the Federal Reserve began its tightening campaign in the second half of 2004, noncallable fixed-rate bonds comprised a larger proportion of bond issuance.

Changes in both volume and interest rates have a direct influence on changes in net interest income and net interest margin. The following table summarizes changes in interest income and interest expense between 2004 and 2003. Changes in interest income and interest expense not identifiable as either volume-related or rate-related, but rather equally attributable to both volume and rate changes, have been allocated to the volume and rate categories based upon the proportion of the absolute value of the volume and rate changes.

Rate and Volume Analysis
(Dollar amounts in millions)

	2004 vs. 2003 Increase (Decrease) Due to		
	Volume	Rate	Total
Interest Income:			
Advances	$ 914	$ 322	$1,236
Mortgage loans held for portfolio	1,233	(79)	1,154
Investments	374	85	459
Total interest income	2,521	328	2,849
Interest Expense:			
Consolidated obligations	2,079	491	2,570
Deposits and other borrowings(1)	(93)	78	(15)
Total interest expense	1,986	569	2,555
Changes in net interest income	$ 535	$(241)	$ 294

(1) The balances used for the calculation do not include non-interest bearing deposits. The 2004 balance includes cash and stock dividends on mandatorily redeemable capital stock as interest expense.

Other (Loss) Income.

Other (Loss) Income
(Dollar amounts in millions)

	For the Years Ended December 31, 2004	2003 (As Restated)
Service fees	$ 27	$ 35
Net losses on trading securities	(106)	(319)
Net realized gains (losses) from sale of available-for-sale securities	(17)	(31)
Net realized (losses) gains from sale of held-to-maturity securities	13	(158)
Net losses on derivatives and hedging activities	(784)	(309)
Other, net	(23)	1
Total other loss	$(890)	$(781)

The changes in total other loss from 2003 to 2004 relate primarily to the change in derivatives and hedging activities, including the effect of the loss of hedge accounting by the restating FHLBanks, and an FHLBank's loss on the sale of manufactured housing bonds in 2003.

Effect of Hedging Activities and Trading Securities on Earnings by Product
(Dollar amounts in millions)

Earnings Effect For the Year Ended December 31, 2004	Advances	Investments	MPF/MPP Loans	COs-Bonds	COs-Discount Notes	Deposits	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(92)	$ 1	$ (31)	$102	$ 24	$(27)	$	$	$ (23)
Net realized and unrealized gains (losses) on derivatives and hedging activities	132	(304)	(565)	122	(55)		(22)	(92)	(784)
Net losses on trading securities		(106)							(106)
Total	$ 40	$(409)	$(596)	$224	$(31)	$(27)	$(22)	$ (92)	$(913)

Earnings Effect for the Year Ended December 31, 2003 (As Restated)	Advances	Investments	MPF/MPP Loans	COs-Bonds	COs-Discount Notes	Deposits	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(67)	$ 2	$ (48)	$217	$ 11	$(11)	$	$	$ 104
Net realized and unrealized gains (losses) on derivatives and hedging activities	39	(59)	(361)	103	(28)		(4)	1	(309)
Net losses on trading securities		(319)							(319)
Total	$(28)	$(376)	$(409)	$320	$(17)	$(11)	$(4)	$1	$(524)

Operating Expenses.

Operating Expenses
(Dollar amounts in millions)

	For the Years Ended December 31, 2004	2003 (As Restated)	Percentage Increase 2004 vs. 2003
Salaries and employee benefits	$316	$268	17.9%
Cost of quarters	33	29	13.8%
Other	198	153	29.4%
Total operating expenses	$547	$450	21.6%
Operating expenses as a percentage of average assets (in basis points)	6.2	5.1	

The increases in salaries and benefits from 2003 to 2004 primarily reflect the following:

— higher staffing levels to support increased regulatory requirements for risk management and SEC registration;

— general increases in pay and benefits; and

— an increase in pension costs.

These expenses include the administrative and operating costs of providing advances, and managing the investment portfolios and mortgage programs, as well as member correspondent services.

(Dollar amounts in millions)	2004	2003 (As Restated)	2004 vs. 2003 Increase $	%
Finance Board expenses	$ 26	$ 24	$2	8.3%
Office of Finance expenses	20	18	2	11.1%
Other expenses excluded from operating expenses	19	15	4	26.7%
Affordable Housing Program expenses	225	218	7	3.2%

Finance Board Expenses. The FHLBanks fund the costs of operating the Finance Board. These costs are under the sole control of the Finance Board. Finance Board expenses are allocated among the FHLBanks based on each FHLBank's percentage of total combined regulatory capital stock plus retained earnings. These expenses have increased due to increases in Finance Board examination and supervision staff and expenditures associated with the development and operation of Finance Board systems for the measurement and monitoring of interest-rate risk at the FHLBanks. These increases are associated with increases in both the size of the FHLBanks and the complexity of their operations.

Office of Finance Expenses. The FHLBanks also fund the costs of the Office of Finance. The Office of Finance, a joint office of the FHLBanks, facilitates issuing and servicing of consolidated obligations, prepares the FHLBanks' combined quarterly and annual financial reports, and fulfills certain other functions. The expenses of the Office of Finance are allocated among the FHLBanks based on each FHLBank's percentage of total capital stock, percentage of consolidated obligations issued, and percentage of consolidated obligations outstanding. The majority of the increase from 2003 to 2004 relates to higher debt issuance volumes and the implementation of new technologies to expedite the issuance and servicing of consolidated obligations.

Other. Other expenses are excluded from operating expenses. The other expenses for 2004 and 2003 include approximately $15 million and $12 million of certain MPF and/or MPP master servicing and custodial fees.

Affordable Housing Program. Annually, the FHLBanks must set aside for the AHP the greater of $100 million or 10 percent of regulatory income, after the assessment for REFCORP. Regulatory income is income before assessments, plus interest expense related to mandatorily redeemable capital stock under SFAS 150, less the assessment for REFCORP. The Finance Board requires each FHLBank to add back interest expense related to mandatorily redeemable capital stock before the calculation of its AHP assessment. Changes in the AHP assessments for 2004 and 2003 reflect the overall trend of the FHLBanks' net income. AHP helps members provide subsidized and other low-cost funding to create affordable rental and home ownership opportunities. Funding is also used for commercial and economic development activities that benefit low- and moderate-income neighborhoods, thus contributing to the revitalization of these neighborhoods. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects.

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINED STATEMENT OF CONDITION

(Dollar amounts in millions and capital stock shares in thousands)

	December 31, 2004
ASSETS	
Cash and due from banks	$ 320
Interest-bearing deposits	23,289
Securities purchased under agreements to resell	2,895
Federal funds sold	54,597
Trading securities includes $3,165 pledged as collateral that may be repledged	8,454
Available-for-sale securities includes $935 pledged as collateral that may be repledged(a)	12,015
Held-to-maturity securities includes $1,082 pledged as collateral that may be repledged(b)	123,645
Advances	581,216
Mortgage loans held for portfolio	113,932
Less: allowance for credit losses on mortgage loans	10
Mortgage loans held for portfolio, net	113,922
Accrued interest receivable	2,829
Premises and equipment, net	198
Derivative assets	737
Other assets	634
Total assets	$924,751
LIABILITIES	
Deposits:	
Interest-bearing:	
Demand and overnight	$ 16,722
Term	916
Other	553
Total interest-bearing	18,191
Non-interest-bearing:	
Demand and overnight	122
Other	71
Total non-interest-bearing	193
Total deposits	18,384
Borrowings:	
Securities sold under agreements to repurchase	2,779
Other	2
Total borrowings	2,781
Consolidated obligations, net:	
Discount notes	167,962
Bonds	677,776
Total consolidated obligations, net	845,738
Mandatorily redeemable capital stock	1,153
Accrued interest payable	4,826
Affordable Housing Program	668
Payable to REFCORP	129
Derivative liabilities	8,135
Other liabilities	1,074
Total liabilities	882,888
CAPITAL	
Capital Stock:	
Capital stock Class B putable ($100 par value) issued and outstanding shares: 318,187 shares	31,819
Capital stock Class A putable ($100 par value) issued and outstanding shares: 3,256 shares	326
Capital stock Pre-conversion putable ($100 par value) issued and outstanding shares: 79,472 shares	7,947
Total capital stock	40,092
Retained earnings	1,744
Accumulated other comprehensive income:	
Net unrealized gains on available-for-sale securities	196
Net unrealized losses relating to hedging activities	(158)
Other	(11)
Total capital	41,863
Total liabilities and capital	$924,751

(a) Amortized cost: $11,743 at December 31, 2004.
(b) Fair values: $123,880 at December 31, 2004.

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINED STATEMENT OF INCOME

(Dollar amounts in millions)

	For the Years Ended December 31, 2004	For the Years Ended December 31, 2003 (As Restated)
INTEREST INCOME		
Advances	$ 9,995	$ 8,758
Prepayment fees on advances, net	184	185
Interest-bearing deposits	313	259
Securities purchased under agreements to resell	54	50
Federal funds sold	625	485
Trading securities	444	441
Available-for-sale securities	286	256
Held-to-maturity securities	4,483	4,255
Mortgage loans held for portfolio	5,535	4,381
Other	6	6
Total interest income	21,925	19,076
INTEREST EXPENSE		
Consolidated obligations — Discount notes	2,207	1,795
Consolidated obligations — Bonds	15,233	13,075
Deposits	230	279
Securities sold under agreements to repurchase	57	45
Mandatorily redeemable capital stock	22	
Other borrowings	5	5
Total interest expense	17,754	15,199
NET INTEREST INCOME BEFORE REVERSAL FOR CREDIT LOSSES	4,171	3,877
Reversal for credit losses	(5)	(4)
NET INTEREST INCOME AFTER REVERSAL FOR CREDIT LOSSES	4,176	3,881
OTHER INCOME (LOSS)		
Service fees	27	35
Net losses on trading securities	(106)	(319)
Net realized losses from sale of available-for-sale securities	(17)	(31)
Net realized gains (losses) from sale of held-to-maturity securities	13	(158)
Net losses on derivatives and hedging activities	(784)	(309)
Other, net	(23)	1
Total other loss	(890)	(781)
OTHER EXPENSE		
Operating	547	450
Finance Board	26	24
Office of Finance	20	18
Other	19	15
Total other expense	612	507
INCOME BEFORE ASSESSMENTS	2,674	2,593
Affordable Housing Program	225	218
REFCORP	505	490
Total assessments	730	708
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	1,944	1,885
Cumulative effect of change in accounting principles before assessments	50	
NET INCOME	$ 1,994	$ 1,885

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINED STATEMENT OF CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*				
	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Capital
BALANCE, DECEMBER 31, 2002 (As restated)	76	$ 7,733		$	276	$27,453	352	$ 35,186	$ 716	$ 298	$ 36,200
Proceeds from sale of capital stock	37	3,765			80	7,941	117	11,706			11,706
Repurchase/redemption of capital stock	(32)	(3,222)			(71)	(6,902)	(103)	(10,124)			(10,124)
Comprehensive income:											
Net income									1,885		1,885
Other comprehensive income:											
Net unrealized losses on available-for-sale securities										(111)	(111)
Reclassification adjustment for losses included in net income relating to available-for-sale securities										46	46
Net unrealized gains relating to hedging activities										(117)	(117)
Reclassification adjustment for gains included in net income relating to hedging activities										69	69
Other										(6)	(6)
Total comprehensive income											1,766
Conversion to Class B shares	65	6,443			(65)	(6,443)					
Dividends on capital stock:											
Cash									(568)		(568)
Stock	4	363			5	572	9	935	(935)		
BALANCE, DECEMBER 31, 2003 (As restated)	150	15,082			225	22,621	375	37,703	1,098	179	38,980
Proceeds from sale of capital stock	99	9,976		5	78	7,656	177	17,637			17,637
Repurchase/redemption of capital stock	(77)	(7,715)			(49)	(4,903)	(126)	(12,618)			(12,618)
Net shares reclassified to mandatorily redeemable capital stock	(19)	(1,883)			(16)	(1,696)	(35)	(3,579)			(3,579)
Comprehensive income:											
Net income									1,994		1,994
Other comprehensive income:											
Net unrealized gains on available-for-sale securities										5	5
Reclassification adjustment for losses included in net income relating to available-for-sale securities										18	18

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*				
	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Shares (In millions)	Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Capital
Net unrealized losses relating to hedging activities										(218)	(218)
Reclassification adjustment for losses included in net income relating to hedging activities										46	46
Other										(3)	(3)
Total comprehensive income											1,842
Conversion to Class B or Class A shares	159	15,778	3	321	(162)	(16,099)					
Dividends on capital stock:											
Cash									(398)		(398)
Stock	6	581			4	368	10	949	(950)		(1)
BALANCE, DECEMBER 31, 2004	318	$31,819	3	$326	80	$ 7,947	401	$ 40,092	$1,744	$ 27	$ 41,863

* Putable

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINED STATEMENT OF CASH FLOWS

(Dollar amounts in millions)

	2004	2003 (As Restated)
OPERATING ACTIVITIES		
Net income	$ 1,994	$ 1,885
Cumulative effect of change in accounting principles before assessments	(50)	
Income before cumulative effect of change in accounting principles	1,944	1,885
Adjustments to reconcile income before cumulative effect of change in accounting principles to net cash provided by operating activities:		
Depreciation and amortization:		
Net premiums and discounts on consolidated obligations, investments, mortgage loans, and deferred costs and fees received on derivatives	664	180
Concessions on consolidated obligation bonds	248	357
Net deferred loss on derivatives	39	28
Premises and equipment	37	33
Other	54	(81)
Reversal for credit losses	(5)	(4)
Non-cash interest on mandatorily redeemable capital stock	12	
Net realized loss from sale of available-for-sale securities	17	31
Net realized (gain) loss from sale of held-to-maturity securities	(13)	158
Loss (gain) due to change in net fair value adjustment on derivative and hedging activities	191	(812)
Loss on extinguishment of debt	44	28
Net realized gain on disposal of premises and equipment	(1)	
Net change in:		
Trading securities	(212)	611
Accrued interest receivable	(258)	179
Other assets	(58)	(111)
Net derivative assets and liabilities-accrued interest	(628)	25
Accrued interest payable	264	(434)
Affordable Housing Program (AHP) liability and discount on AHP advances	18	16
Payable to REFCORP.	55	49
Other liabilities	23	(717)
Total adjustments	491	(464)
Net cash provided by operating activities	2,435	1,421

	2004	2003 (As Restated)
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	$ (6,541)	$ 7,117
Securities purchased under agreements to resell	3,529	(1,181)
Federal funds sold	(17,933)	10,018
Short-term held-to-maturity securities	(1,251)	1,015
Principal collected on other loans	1	1
Premises and equipment	(52)	(61)
Available-for-sale securities:		
Proceeds from sales	3,737	5,827
Proceeds from maturities	72,161	31,021
Purchases	(77,042)	(36,964)
Held-to-maturity securities:		
Proceeds from sales	333	2,676
Proceeds from maturities	37,601	70,171
Purchases	(49,988)	(73,882)
Advances:		
Principal collected	7,448,850	5,694,911
Made	(7,523,030)	(5,726,054)
Mortgage loans held for portfolio:		
Principal collected	23,645	37,840
Originated or purchased	(24,373)	(91,188)
Net cash used in investing activities	(110,353)	(68,733)
FINANCING ACTIVITIES		
Net change in:		
Deposits	(2,195)	(7,119)
Securities sold under agreements to repurchase	79	1,001
Other borrowings	(3)	(530)
Net proceeds from issuance of consolidated obligations:		
Discount notes	6,139,744	5,158,500
Bonds	385,004	557,691
Payments for maturing and retiring consolidated obligations:		
Discount notes	(6,135,714)	(5,141,639)
Bonds	(281,309)	(501,819)
Proceeds from issuance of capital stock	17,637	11,706
Payments for redemption of mandatorily redeemable capital stock	(2,455)	(10,124)
Payments for repurchase/redemption of capital stock	(12,597)	
Cash dividends paid	(380)	(576)
Net cash provided by financing activities	107,811	67,091
Net decrease in cash and cash equivalents	(107)	(221)
Cash and cash equivalents at beginning of the year	427	648
Cash and cash equivalents at end of the year	$ 320	$ 427
Supplemental Disclosures:		
Interest paid	$ 16,430	$ 16,056
AHP payments, net	$ 214	$ 201
REFCORP payments	$ 429	$ 460

The accompanying notes are an integral part of these combined financial statements.

Notes to Unaudited Combined Financial Statements

Background Information

These financial statements present the combined financial position and results of operations of the 12 Federal Home Loan Banks (FHLBanks). The FHLBanks are regulated by the Federal Housing Finance Board (Finance Board). The FHLBanks serve the public by enhancing the availability of credit for residential mortgages and targeted community development. They provide a readily available, competitively-priced source of funds to their member institutions. The FHLBanks are cooperatives whose member institutions own nearly all of the capital stock of each FHLBank. Former members own the remaining capital stock to support business transactions still carried on the FHLBanks' Statement of Condition. All holders of an FHLBank's capital stock are entitled to receive dividends on their capital stock, to the extent declared by its FHLBank's board of directors. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership. All members must purchase stock in their district's FHLBank.

The Finance Board, an independent agency in the executive branch of the U.S. government, supervises and regulates the FHLBanks and the Federal Home Loan Banks Office of Finance (Office of Finance), a joint office of the FHLBanks. The Finance Board's principal purpose is to ensure that the FHLBanks operate in a safe and sound manner. In addition, the Finance Board ensures that the FHLBanks carry out their housing finance mission, remain adequately capitalized, and are able to raise funds in the capital markets. Also, the Finance Board establishes policies and regulations governing the operations of the FHLBanks. Each FHLBank operates as a separate entity with its own management, employees and board of directors. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits.

The FHLBanks' debt instruments, known as consolidated obligations, are the joint and several obligations of all 12 FHLBanks and are the primary source of funds for the FHLBanks. Deposits, other borrowings and capital stock issued to members provide additional funds. Each FHLBank primarily uses these funds to provide advances to members and to purchase loans from members through its Mortgage Purchase Program (MPP)/Mortgage Partnership Finance® (MPF®) Program(1). Some FHLBanks also offer their member institutions correspondent services, such as wire transfer, security safekeeping, and settlement services.

Note 1 — Summary of Significant Accounting Policies

Principles of Combination. The combined financial statements include the financial results of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles under U.S. generally accepted accounting principles (GAAP), including Accounting Research Bulletin No. 51, *Consolidated Financial Statements.* The significant transactions between the FHLBanks are: 1) transfers of direct liability on bonds between FHLBanks — consolidated obligations issued on behalf of one FHLBank and transferred to and assumed by another FHLBank and 2) purchases of bonds — consolidated obligations issued on behalf of one FHLBank and purchased by another FHLBank in the open market.

Transfers of Direct Liability on Bonds Between FHLBanks. The transferring FHLBank treats the transfer as a debt extinguishment as the transferring FHLBank has been released from being the primary obligor. Specifically, the release is made effective by the Office of Finance recording the transfer in its records. The Office of Finance provides release by acting within the confines of the Finance Board regulations that govern the determination of which FHLBank is the primary obligor. The assuming FHLBank becomes the primary obligor because it now is directly responsible for repaying the debt. The transferring FHLBank continues to disclose the transferred debt as a

(1) "Mortgage Partnership Finance," "MPF," "MPF Shared Funding" and "eMPF" are registered trademarks of the FHLBank of Chicago.

contingent liability because it still has a joint and several liability with respect to repaying the transferred consolidated obligation.

The FHLBank assuming the consolidated bond liability accounts for the bond at its historical cost with the initial carrying amount being the amount paid to the transferring FHLBank by the assuming FHLBank in exchange for the assumption, including any premium or discount. There have not been any transactions with a third party independent of the FHLBanks under the transfer scenario. Under combination accounting principles, combining adjustments are required to reflect the transaction as if the transferring FHLBank still held the bond for purposes of the FHLBanks' combined financial statements. The debt extinguishment transaction, including any gain or loss, is eliminated, all balance sheet and income statement effects related to the assuming FHLBank's premium or discount related to the purchase of the bonds are eliminated and the transferring FHLBank's original premium or discount, concession fees and Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended by SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities — Deferral of Effective Date of FASB Statement No. 133*, SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities,* SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* and SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Statements No. 133 and 140* (SFAS 133) basis adjustments are reinstated and amortized over the life of the bond.

Purchases of Bonds. All purchase transactions occur at market prices with third parties, and the purchasing FHLBanks treat these bonds as investments. Under combination accounting principles, the investment and the bonds and related interest income and expense are eliminated in combination.

No other transactions among the FHLBanks have a material effect on operating results.

Segment Reporting. While individual FHLBanks identify and report operating segments of their businesses, for the purposes of SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information,* the Finance Board regulations consider each FHLBank to be a segment.

Basis of Presentation and Use of Estimates. The FHLBanks' accounting and financial reporting policies conform to GAAP. The preparation of financial statements in accordance with GAAP requires each FHLBank's management to make assumptions and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. The most significant of these estimates includes the fair value of derivatives. Actual results could differ from these estimates significantly.

Additionally, the preparation of combined financial statements in accordance with GAAP requires the Office of Finance and the FHLBanks' management to make assumptions and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. Actual combined results could differ from these estimates significantly.

Cash Flows. In the Statement of Cash Flows, the FHLBanks consider cash and due from banks as cash and cash equivalents. Federal funds sold are not treated as cash equivalents for purposes of the Statement of Cash Flows, but instead are treated as short-term investments and are reflected in the investing activities section of the Statement of Cash Flows.

Reclassifications. Certain amounts in the 2003 financial statements of the FHLBanks have been reclassified to conform to the 2004 presentation.

Note 2—Restatement of Prior Years Combined Financial Statements

See the 2005 Combined Financial Report dated November 8, 2006 for more information on the restatement of prior years combined financial statements. The unaudited information included in this note is a subset of the information included in the 2005 Combined Financial Report.

The combined financial statements of the 12 FHLBanks have been restated as of and for the year ended December 31, 2003 as a result of restatements at seven of the 12 FHLBanks, as discussed in detail below. The effects of the FHLBanks' restatements are reflected in this Unaudited Combined Financial Information. Please refer to each restating FHLBank's SEC Form 10/10-K for a detailed description of that FHLBank's restatement.

In connection with the registration of the FHLBanks' capital stock with the SEC, the FHLBanks performed a comprehensive review of certain derivative instruments. During this review, six FHLBanks identified certain corrections that were needed with respect to these FHLBanks' use of hedge accounting for certain transactions under SFAS 133. As a result, these FHLBanks restated their financial statements, largely to reflect the loss of hedge accounting for certain hedging relationships and other matters under SFAS 133 as discussed below.

In connection with a review of its hedging activities pursuant to an agreement entered into by the FHLBank of Chicago with the Finance Board effective June 30, 2004, the FHLBank of Chicago determined that for certain hedging transactions, it applied a method of hedge accounting deemed to be inconsistent with the application of SFAS 133. As a result, the FHLBank of Chicago restated its financial statements and changed its accounting to conform with SFAS 133.

The following chart summarizes the net income restatement effect described above for the year ended December 31, 2003 only.

Restatement of Financial Statements (Net Income Effect)
(Dollar amounts in millions)

FHLBank:	SFAS 133 Accounting Errors: Short-Cut Methodology	SFAS 133 Accounting Errors: Long-Haul/ Effectiveness/ Valuation Issues	SFAS 133 Accounting Errors: Miscellaneous SFAS 133 Adjustments	SFAS 91 or Amortization Errors	Correction for Errors Previously Identified as Immaterial	Total Change in Net Income
Atlanta	$ 46	$	$	$1	$	$ 47
Chicago		82				82
Dallas	39	(16)				23
Des Moines	(1)	41	(4)	1		37
Indianapolis	19					19
Pittsburgh	(1)	37			5	41
Topeka		2	(3)		1	—
Total	$102	$146	$(7)	$2	$6	$249

Short-cut methodology:

The short-cut method allows a company to make the assumption that the change in fair value of a hedged item attributable to changes in the risk being hedged exactly offsets the change in fair value of the related derivative rather than periodically evaluating the actual change in fair value of the hedged item independently. During the course of the FHLBanks' registrations with the SEC, certain FHLBanks discovered that their accounting related to certain hedging relationships did not meet the criteria required to qualify for the short-cut method of hedge accounting and, as a result, those relationships would lose "hedge accounting" treatment. The loss of hedge accounting resulted in marking only the derivative to fair value with no corresponding offset.

Additionally, some of these FHLBanks incorrectly used the short-cut method for evaluating hedge effectiveness, when the long-haul method should have been used, resulting in the loss of short-cut hedge accounting treatment. These FHLBanks previously had believed that these highly effective relationships were eligible for the short-cut method and, therefore, did not perform the periodic effectiveness testing required under the long-haul method.

Long-haul/effectiveness/valuation issues:

The application of hedge accounting generally requires a company to evaluate the effectiveness of the hedging relationships at inception and on an ongoing basis and to calculate the changes in fair value of the derivatives and related hedged items independently. This is known as the long-haul method of hedge accounting. During the course of the FHLBanks' registrations with the SEC, certain FHLBanks discovered that their accounting related to certain hedging relationships did not meet the requirements of the long-haul method of hedge accounting and, as a result, those relationships would lose "hedge accounting" treatment. These FHLBanks previously had believed that these relationships met the requirements of the long-haul method of hedge accounting. The loss of hedge accounting resulted in marking only the derivative to fair value with no corresponding offset.

For certain fair value hedging relationships, one of these FHLBanks hedged fair value risk attributable to changes in LIBOR, the designated benchmark interest rate. Following an evaluation of its previous practices, the FHLBank concluded that its benchmark valuation methodology was flawed in certain respects. Among other things, the FHLBank determined in some cases that the periodic basis adjustments included elements unrelated to the risk being hedged. To correct this and other deficiencies in its benchmark valuation methodology, the FHLBank revised the amount of the periodic changes in the benchmark fair values for the affected consolidated obligation bonds, advances and available-for-sale securities that had previously been reported in earnings.

For certain cash flow hedging transactions, the FHLBank of Chicago accounted for certain payer and receiver swaptions, caps and floors assuming no ineffectiveness under SFAS No. 133 Implementation Issue G20, *Assessing and Measuring the Effectiveness of an Option Used in a Cash Flow Hedge* (Issue G20). While the stand-alone payer and receiver swaptions, caps and floors economically hedged the variability of interest rate movements associated with anticipated debt issuances, the FHLBank determined that hedge accounting was not applicable and reclassified to earnings all related gains and losses previously deferred in other comprehensive income. Additionally, this FHLBank previously reclassified from other comprehensive income into earnings premiums paid on certain caps and floors using an effective yield method. As part of the restatement, this FHLBank corrected its method of reclassifying into earnings premiums paid on caps and floors to the caplet/floorlet methodology in accordance with the provisions of Issue G20, which modifies the timing of the reclassification.

Miscellaneous SFAS 133 adjustments:

During the course of the FHLBanks' registrations with the SEC, certain FHLBanks identified other errors related to the application of SFAS 133. Examples of these errors included not properly amortizing basis adjustments, SFAS 133 transition accounting, the timing for recognizing derivatives, and changes in the values of certain derivative instruments. Although the effect of these errors by themselves was not material, the affected FHLBanks made accounting adjustments to correct for these transactions in the proper accounting periods.

SFAS 91 or amortization issues:

During the course of the FHLBanks' registrations with the SEC, certain FHLBanks changed their method of amortizing and accreting premiums, discounts and concession fees (e.g., on certain available-for-sale securities and consolidated obligation bonds) from the straight-line method to the level-yield method to comply with the provisions of SFAS No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases* (SFAS 91). In conjunction with the change, errors under the level-yield method were corrected and adjustments were made for certain premiums, discounts and other nonrefundable fees.

Correction for errors previously identified as immaterial:

During the course of the FHLBanks' registrations with the SEC, certain FHLBanks restated prior financial statements for other miscellaneous items, including corrections related to the valuation of certain hedged consolidated obligation bonds and interest-rate swaps with upfront or deferred fees, the reclassifications of certain items within the statements of income and statements of condition, as well as other miscellaneous items. Although the effect of these errors by themselves was not material, the affected FHLBanks made accounting adjustments to correct for these transactions in the proper accounting periods.

Reconciliation of Statements of Income

For the Year Ended December 31, 2003

(Dollar amounts in millions)

	As Previously Reported	Pittsburgh	Atlanta	Indianapolis	Chicago	Des Moines	Dallas	Topeka	Reclassification/ Rounding	As Restated
INTEREST INCOME										
Advances	$ 8,625	$ 9	$116	$	$ (9)	$ 16	$	$	$ 1	$ 8,758
Prepayment fees on advances, net		5	13	3	4	20	11	4	125	185
Securities purchased under agreements to resell	51								(1)	50
Federal funds sold	489				(2)			(1)	(1)	485
Trading securities	440								1	441
Available-for-sale securities	153			36			67			256
Held-to-maturity securities	4,248							1	6	4,255
Mortgage loans held for portfolio	4,055	185			(4)	143		1	1	4,381
Other	5							1		6
Total interest income	18,325	199	129	39	(11)	179	78	6	132	19,076
INTEREST EXPENSE										
Consolidated obligations	14,912	25	62		(172)	10	32		1	14,870
Deposits	278								1	279
Securities sold under agreements to repurchase	44								1	45
Other borrowings	7								(2)	5
Total interest expense	15,241	25	62		(172)	10	32		1	15,199
NET INTEREST INCOME BEFORE PROVISION (REVERSAL) FOR CREDIT LOSSES	3,084	174	67	39	161	169	46	6	131	3,877
Provision (reversal) for credit losses	3	(7)								(4)
NET INTEREST INCOME AFTER PROVISION (REVERSAL) FOR CREDIT LOSSES	3,081	181	67	39	161	169	46	6	131	3,881
OTHER INCOME										
Prepayment fees	191	(7)	(13)	(3)	(4)	(20)	(11)	(4)	(129)	
Service fees	33							1	1	35
Net (losses) gains on trading securities	(319)	(1)							1	(319)
Net losses on available for sale securities	(27)								(4)	(31)
Net (losses) gains on derivatives and hedging activities	(40)	(118)	10	(10)	(46)	(98)	(3)	(3)	(1)	(309)
Other, net	2	1							(2)	1
Total other (loss) income	(318)	(125)	(3)	(13)	(50)	(118)	(14)	(6)	(134)	(781)
OTHER EXPENSE										
Operating	449							1		450
Finance Board	23								1	24
Other	16								(1)	15
Total other expense	506							1		507
INCOME BEFORE ASSESSMENTS	2,257	56	64	26	111	51	32	(1)	(3)	2,593
Affordable Housing Program	190	5	5	2	9	4	3	(1)	1	218
REFCORP	427	10	12	5	20	10	6			490
Total assessments	617	15	17	7	29	14	9	(1)	1	708
NET INCOME	$ 1,640	$ 41	$ 47	$19	$ 82	$ 37	$ 23	$	$ (4)	$ 1,885

Reconciliation of Statements of Capital
For the Year Ended December 31, 2003
(Dollar amounts in millions)

	As Previously Reported	Pittsburgh	Atlanta	Indianapolis	Chicago	Des Moines	Dallas	Topeka	Reclassification/ Rounding	As Restated
BALANCE, DECEMBER 31, 2002	$36,324	$(82)	$(149)	$24	$ 7	$(20)	$ 105	$(8)	$(1)	$ 36,200
Proceeds from sale of capital stock	11,732					1	(28)		1	11,706
Repurchase/redemption of capital stock	(10,152)						28			(10,124)
Comprehensive income:										
Net income	1,640	41	47	19	82	37	23		(4)	1,885
Other comprehensive income:										
Net unrealized (losses) gains on available-for-sale securities	(112)	1		(25)	(87)	1	111			(111)
Reclassification adjustment for (gains) losses included in net income relating to available-for-sale securities	(38)	(1)			86	(1)				46
Net unrealized gains (losses) relating to hedging activities	422	6			(367)		(178)			(117)
Reclassification adjustment for (gains) losses included in net income relating to hedging activities	(178)	(4)			251					69
Other	(5)	—	—	—	—	—	—	(1)	—	(6)
Total comprehensive income	1,729	43	47	(6)	(35)	37	(44)	(1)	(4)	1,766
Dividend on capital stock:										
Cash	(569)	1	—	—	—	—	—	—	—	(568)
BALANCE, DECEMBER 31, 2003	$39,064	$(38)	$(102)	$18	$(28)	$ 18	$ 61	$(9)	$(4)	$ 38,980

Note 3 — Held-to-Maturity Securities

During the third quarter of 2003, the FHLBank of New York determined that there had been a significant deterioration in the creditworthiness of certain uninsured securities with an amortized cost of $1,033 million backed by manufactured housing loans and certain other uninsured asset-backed securities with an amortized cost of $944 million backed by residential and business loans. The securities were classified as held-to-maturity and all of these securities had been rated triple-A by at least two rating agencies at the time of purchase. To avoid exposure over time to further credit deterioration and in accordance with SFAS 115, the FHLBank of New York sold these held-to-maturity securities, incurring a loss on sale of approximately $189 million and reducing the FHLBank of New York's net income for the third quarter by approximately $139 million.

Additionally, other FHLBanks sold securities out of their respective held-to-maturity securities portfolio during the years ended December 31, 2004 and 2003 that were either within three months of maturity or had less than 15 percent of the acquired principal outstanding. In accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS 115), such sales are considered as maturities for the purposes of security classification.

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FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CONDITION DECEMBER 31, 2004

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 320	$	$ 12	$ 22	$ 92	$ 8
Interest-bearing deposits	23,289		2,655	2,807	1,341	771
Deposits with other FHLBanks for mortgage loan programs		(13)			6	5
Securities purchased under agreements to resell	2,895		1,500			
Federal funds sold	54,597		5,587	2,972	2,255	11,197
Trading securities	8,454	(403)	295		311	5,700
Available-for-sale securities	12,015	(449)	1,006	713	631	
Held-to-maturity securities	123,645	(8,025)	6,253	11,871	8,385	17,417
Advances	581,216		30,209	68,508	38,980	95,867
Mortgage loans held for portfolio	113,932		4,013	1,179	8,646	2,217
Less: allowance for credit losses on mortgages loans	10		1	1		1
Mortgage loans held for portfolio, net	113,922		4,012	1,178	8,646	2,216
Accrued interest receivable	2,829	(79)	141	316	213	526
Premises and equipment, net	198		6	13	9	29
Derivative assets	737		60	11	148	186
Other assets	634	8	19	28	52	91
Total assets	$924,751	$(8,961)	$51,755	$88,439	$61,069	$134,013
LIABILITIES						
Deposits:						
Interest-bearing						
Demand and overnight	$ 16,722	$	$ 856	$ 2,106	$ 952	$ 5,141
Term	916		28	101	1	35
Deposits from other FHLBanks for mortgage loan programs		(13)				
Other	553		3	88	64	164
Total interest-bearing	18,191	(13)	887	2,295	1,017	5,340
Non-interest-bearing						
Demand and overnight	122			2	2	73
Other	71		4			
Total non-interest-bearing	193		4	2	2	73
Total deposits	18,384	(13)	891	2,297	1,019	5,413
Borrowings:						
Securities sold under agreements to repurchase	2,779					1,000
Other	2					
Total borrowings	2,781					1,000
Consolidated obligations, net:						
Discount notes	167,962		20,090	19,642	15,161	13,014
Bonds	677,776	(8,768)	27,680	60,515	41,075	105,921
Total consolidated obligations, net	845,738	(8,768)	47,770	80,157	56,236	118,935
Mandatorily redeemable capital stock	1,153		58	127	18	239
Accrued interest payable	4,826	(79)	223	438	300	746
Affordable Housing Program	668		33	82	21	86
Payable to REFCORP	129		5	10	3	8
Derivative liabilities	8,135		398	1,372	641	2,058
Other liabilities	1,074		198	77	70	86
Total liabilities	882,888	(8,860)	49,576	84,560	58,308	128,571
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	31,819		2,086		2,696	5,225
Capital stock Class A putable ($100 par value) issued and outstanding	326					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	7,947			3,655		
Total capital stock	40,092		2,086	3,655	2,696	5,225
Retained earnings	1,744	(101)	96	223	77	217
Accumulated other comprehensive income:						
Net unrealized gains (losses) on available-for-sale securities	196		(8)	2	1	
Net unrealized (losses) gains relating to hedging activities	(158)		5	1	(12)	
Other	(11)			(2)	(1)	
Total capital	41,863	(101)	2,179	3,879	2,761	5,442
Total liabilities and capital	$924,751	$(8,961)	$51,755	$88,439	$61,069	$134,013

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 11	$ 45	$ 21	$ 43	$ 44	$ 1	$ 16	$ 5
5,781	510		219	630	3,124	5,251	200
				2			
700		390	305				
7,543	3,280	4,738	575	2,680	3,630	8,461	1,679
8	89	760	17	79	740	602	256
911	1,157	1,530	625	5,785	106		
11,712	6,068	6,561	4,724	7,264	7,288	23,839	20,288
41,301	25,231	24,192	27,175	47,112	27,490	140,254	14,897
8,371	7,762	46,925	15,194	707	2,437	6,035	10,446
		5	1	1			
8,371	7,762	46,920	15,193	706	2,437	6,035	10,446
186	110	318	98	208	132	398	262
6	11	63	1	27	16	7	10
	2	153	51	18	41	43	24
47	37	63	22	57	115	76	19
$ 76,577	$44,302	$85,709	$49,048	$64,612	$45,120	$184,982	$ 48,086
$ 899	$ 878	$ 900	$ 706	$ 1,710	$ 831	$ 876	$ 867
116		89	74	283	9	39	141
		13					
17	2	146		11	38	15	5
1,032	880	1,148	780	2,004	878	930	1,013
		20	25				
		55			7	5	
		75	25		7	5	
1,032	880	1,223	805	2,004	885	935	1,013
		1,200	500				79
					2		
		1,200	500		2		79
18,632	10,631	16,872	5,008	7,086	12,768	26,257	2,801
51,819	29,817	60,876	39,485	51,452	28,490	148,109	41,305
70,451	40,448	77,748	44,493	58,538	41,258	174,366	44,106
34	30	11	59	327	131	55	64
390	244	514	291	331	243	809	376
89	23	82	29	21	26	132	44
15		43	14		7	20	4
531	494	199	442	659	628	438	275
72	40	63	21	44	53	327	23
72,614	42,159	81,083	46,654	61,924	43,233	177,082	45,984
3,799	2,017		2,232	2,493	1,479	7,765	2,027
					326		
		4,292					
3,799	2,017	4,292	2,232	2,493	1,805	7,765	2,027
168	85	489	163	26	87	139	75
	43	(7)		169	(4)		
		(148)				(4)	
(4)	(2)		(1)		(1)		
3,963	2,143	4,626	2,394	2,688	1,887	7,900	2,102
$ 76,577	$44,302	$85,709	$49,048	$64,612	$45,120	$184,982	$ 48,086

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2004

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$9,995	$	$ 596	$1,242	$ 613	$1,578
Prepayment fees on advances, net	184		54	6	1	20
Interest-bearing deposits	313		11	61	12	11
Securities purchased under agreements to resell	54		9			
Federal funds sold	625		34	16	28	74
Trading securities	444	(27)	18		11	288
Available-for-sale securities	286	(21)	16	8	10	
Held-to-maturity securities	4,483	(143)	242	546	302	703
Mortgage loans held for portfolio	5,535	1	198	48	406	97
Loans to other FHLBanks		(1)				
Other	6					
Total interest income	21,925	(191)	1,178	1,927	1,383	2,771
INTEREST EXPENSE						
Consolidated obligations—Discount notes	2,207		110	254	194	73
Consolidated obligations—Bonds	15,233	(212)	843	1,377	872	2,055
Deposits	230		9	22	15	60
Borrowings from other FHLBanks		(1)			1	
Securities sold under agreements to repurchase	57					16
Mandatorily redeemable capital stock	22		1	6		1
Other borrowings	5				2	
Total interest expense	17,754	(213)	963	1,659	1,084	2,205
NET INTEREST INCOME BEFORE (REVERSAL) PROVISION FOR CREDIT LOSSES	4,171	22	215	268	299	566
(Reversal) provision for credit losses	(5)					1
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	4,176	22	215	268	299	565
OTHER INCOME (LOSS)						
Service fees	27		2	5	4	3
Net (losses) gains on trading securities	(106)		(8)		(3)	(57)
Net realized (losses) gains from sale of available-for-sale securities	(17)					
Net realized gains from sale of held-to-maturity securities	13				3	
Net (losses) gains on derivatives and hedging activities	(784)	(2)	(7)	8	(106)	(42)
Other, net	(23)	(48)	(40)	(4)	1	1
Total other (loss) income	(890)	(50)	(53)	9	(101)	(95)
OTHER EXPENSE						
Operating	547		37	51	42	63
Finance Board	26		2	3	2	3
Office of Finance	20		1	2	2	2
Other	19	(1)				2
Total other expense	612	(1)	40	56	46	70
INCOME BEFORE ASSESSMENTS	2,674	(27)	122	221	152	400
Affordable Housing Program	225		10	19	13	33
REFCORP	505		22	40	30	73
Total assessments	730		32	59	43	106
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	1,944	(27)	90	162	109	294
Cumulative effect of change in accounting principles before assessments	50			(1)	10	
NET INCOME	$1,994	$ (27)	$ 90	$ 161	$ 119	$ 294

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 771	$ 518	$ 549	$ 513	$ 868	$491	$1,834	$ 422
69	10	5	1	7	3	7	1
91	5		4	7	36	61	14
1		6	4			33	1
105	47	85	26	32	32	111	35
	7	55	1	12	36	28	15
15	49	33	18	155	3		
496	243	207	103	171	262	706	645
405	368	2,270	759	47	87	309	540
1							
				1	5		
1,954	1,247	3,210	1,429	1,300	955	3,089	1,673
372	140	286	78	119	141	376	64
1,265	872	2,165	828	924	641	2,164	1,439
13	14	22	13	29	13	6	14
		31	10				
2	1	2	1	7		1	
					3		
1,652	1,027	2,506	930	1,079	798	2,547	1,517
302	220	704	499	221	157	542	156
	(1)		(5)				
302	221	704	504	221	157	542	156
2	1	1	2	3	1	1	2
	(5)	(28)	(1)	(8)	4	(12)	12
		(22)	6		(1)		
			4				6
40	(6)	(127)	(353)	(91)	(13)	(69)	(16)
2	1	49	5	3	3	4	
44	(9)	(127)	(337)	(93)	(6)	(76)	4
29	30	107	29	36	21	61	41
2	1	3	1	2	1	4	2
3	1	2	1	1	1	3	1
3	2	9			1		3
37	34	121	31	39	24	68	47
309	178	456	136	89	127	398	113
25	14	41	11	8	10	32	9
57	33	91	25	16	24	73	21
82	47	132	36	24	34	105	30
227	131	324	100	65	93	293	83
		41					
$ 227	$ 131	$ 365	$ 100	$ 65	$ 93	$ 293	$ 83

FEDERAL HOME LOAN BANKS

UNAUDITED RESTATED COMBINING SCHEDULES — STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2003

(Dollar amounts in millions)

	Combined (Restated)	Combining Adjustments (Restated)	Boston	New York	Pittsburgh (Restated)	Atlanta (Restated)
INTEREST INCOME						
Advances	$ 8,758	$	$ 627	$1,285	$ 464	$1,351
Prepayment fees on advances, net	185		51	8	5	13
Interest-bearing deposits	259		4	67	7	25
Deposits for mortgage loan programs with other FHLBanks		(1)			1	
Securities purchased under agreements to resell	50		8			
Federal funds sold	485		38	16	16	52
Trading securities	441	(32)	27		23	245
Available-for-sale securities	256	(19)	14		14	
Held-to-maturity securities	4,255	(22)	265	652	293	576
Mortgage loans held for portfolio	4,381		193	29	372	62
Loans to other FHLBanks		(4)		3		
Other	6					
Total interest income	19,076	(78)	1,227	2,060	1,195	2,324
INTEREST EXPENSE						
Consolidated obligations—Discount notes	1,795		83	280	122	45
Consolidated obligations—Bonds	13,075	(83)	922	1,454	767	1,687
Deposits	279		14	28	21	59
Deposits from other FHLBanks for mortgage loan programs		(1)				
Borrowings from other FHLBanks		(4)			2	
Securities sold under agreements to repurchase	45				2	6
Other borrowings	5				2	
Total interest expense	15,199	(88)	1,019	1,762	916	1,797
NET INTEREST INCOME BEFORE (REVERSAL) PROVISION FOR CREDIT LOSSES	3,877	10	208	298	279	527
(Reversal) provision for credit losses	(4)				(7)	(1)
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	3,881	10	208	298	286	528
OTHER INCOME (LOSS)						
Service fees	35		3	5	6	3
Net losses on trading securities	(319)		(10)		(13)	(187)
Net realized (losses) gains from sale of available-for-sale securities	(31)				4	
Net realized (losses) gains from sale of held-to-maturity securities	(158)			(189)	3	
Net (losses) gains on derivatives and hedging activities	(309)	15	(1)	(1)	(158)	
Other, net	1	(99)	(41)		4	1
Total other (loss) income	(781)	(84)	(49)	(185)	(154)	(183)
OTHER EXPENSE						
Operating	450		31	48	35	54
Finance Board	24		2	2	1	3
Office of Finance	18		1	3	2	2
Other, net	15			(2)		4
Total other expense	507		34	51	38	63
INCOME BEFORE ASSESSMENTS	2,593	(74)	125	62	94	282
Affordable Housing Program	218		10	5	8	23
REFCORP.	490		23	11	17	52
Total assessments	708		33	16	25	75
NET INCOME	$ 1,885	$ (74)	$ 92	$ 46	$ 69	$ 207

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)		
$ 697	$ 510	$ 551	$ 477	$ 725	$ 425	$1,129	$ 517
30	3	4	20	11	4	15	21
60	3		5	6	28	44	10
3		5	3			30	1
104	18	43	36	32	23	78	29
1	6	69	3	24	29	31	15
10	51	32	13	138	3		
481	215	179	108	147	254	581	526
343	345	1,850	490	72	23	138	464
1							
				1	5		
1,730	1,151	2,733	1,155	1,156	794	2,046	1,583
325	126	204	78	122	110	206	94
1,156	780	1,670	749	795	533	1,392	1,253
21	21	35	15	29	15	3	18
		1					
			2				
		29	8				
					3		
1,502	927	1,939	852	946	661	1,601	1,365
228	224	794	303	210	133	445	218
	1		3				
228	223	794	300	210	133	445	218
2	5	1	2	2	2	1	3
(1)	(2)	(56)	(2)	(13)	(12)	(15)	(8)
		(36)	1				
5					1		22
26	(14)	(139)	(94)	(15)	13	65	(6)
4	2	117	3	3	3	4	
36	(9)	(113)	(90)	(23)	7	55	11
25	28	74	24	30	19	54	28
2	1	3	1	2	1	4	2
2	1	1	1	1	1	2	1
2	1	8					2
31	31	86	26	33	21	60	33
233	183	595	184	154	119	440	196
19	15	49	15	13	9	36	16
43	34	109	34	28	22	81	36
62	49	158	49	41	31	117	52
$ 171	$ 134	$ 437	$ 135	$ 113	$ 88	$ 323	$ 144

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Shares in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE SHARES						
BALANCE, DECEMBER 31, 2002	76				18	
Proceeds from sale of capital stock	37				27	
Repurchase/redemption of capital stock	(32)				(22)	
Conversion to Class B shares	65					
Capital stock dividends	4					
BALANCE, DECEMBER 31, 2003	150				23	
Proceeds from sale of capital stock	99		5		58	
Repurchase/redemption of capital stock	(77)		(7)		(54)	
Net shares reclassified to mandatorily redeemable capital stock	(19)		(1)			(5)
Conversion to Class B or Class A shares	159		24			57
Capital stock dividends	6					
BALANCE, DECEMBER 31, 2004	318		21		27	52
CAPITAL STOCK CLASS A PUTABLE SHARES						
BALANCE, DECEMBER 31, 2003						
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Conversion to Class B or Class A shares	3					
Capital stock dividends						
BALANCE, DECEMBER 31, 2004	3					

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
35							23
	1		6	2			1
	(2)		(4)	(3)			(1)
	19		19	27			
1	1	—	—	1	—	—	1
36	19		21	27			24
1	1		8	8	2	16	
	(1)		(6)	(6)		(3)	
(1)			(1)	(4)	(2)		(5)
					15	63	
2	1	—	—	—	—	2	1
38	20	—	22	25	15	78	20
					3		
—	—	—	—	—	—	—	—
					3		

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES						
BALANCE, DECEMBER 31, 2002	276		23	41		45
Proceeds from sale of capital stock	80		5	15		23
Repurchase/redemption of capital stock	(71)		(4)	(20)		(19)
Conversion to Class B shares	(65)					
Capital stock dividends	5					
BALANCE, DECEMBER 31, 2003	225		24	36		49
Proceeds from sale of capital stock	78		1	22		35
Repurchase/redemption of capital stock	(49)			(18)		(27)
Net shares reclassified to mandatorily redeemable capital stock	(16)		(1)	(3)		
Conversion to Class B or Class A shares	(162)		(24)			(57)
Capital stock dividends	4					
BALANCE, DECEMBER 31, 2004	80			37		
TOTAL CAPITAL STOCK PUTABLE SHARES						
BALANCE, DECEMBER 31, 2002	352		23	41	18	45
Proceeds from sale of capital stock	117		5	15	27	23
Repurchase/redemption of capital stock	(103)		(4)	(20)	(22)	(19)
Capital stock dividends	9					
BALANCE, DECEMBER 31, 2003	375		24	36	23	49
Proceeds from sale of capital stock	177		6	22	58	35
Repurchase/redemption of capital stock	(126)		(7)	(18)	(54)	(27)
Net shares reclassified to mandatorily redeemable capital stock	(35)		(2)	(3)		(5)
Capital stock dividends	10					
BALANCE, DECEMBER 31, 2004	401		21	37	27	52

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	20	31	19	25	16	56	
		14	4	3	2	14	
	(1)	(5)	(4)	(1)	(1)	(16)	
	(19)		(19)	(27)			
—	—	2	—	—	—	3	—
		42			17	57	
		11			2	7	
					(2)	(2)	
		(12)					
					(18)	(63)	
—	—	2	—	—	1	1	—
		43					
35	20	31	19	25	16	56	23
	1	14	10	5	2	14	1
	(3)	(5)	(8)	(4)	(1)	(16)	(1)
1	1	2	—	1	—	3	1
36	19	42	21	27	17	57	24
1	1	11	8	8	4	23	
	(1)		(6)	(6)	(2)	(5)	
(1)		(12)	(1)	(4)	(2)		(5)
2	1	2	—	—	1	3	1
38	20	43	22	25	18	78	20

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL (Continued) FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2002	$ 7,733	$	$	$	$ 1,840	$
Proceeds from sale of capital stock	3,765				2,727	
Repurchase/redemption of capital stock	(3,222)				(2,225)	
Conversion to Class B shares	6,443					
Capital stock dividends	363					
BALANCE, DECEMBER 31, 2003	15,082				2,342	
Proceeds from sale of capital stock	9,976		479		5,805	
Repurchase/redemption of capital stock	(7,715)		(692)		(5,433)	
Net shares reclassified to mandatorily redeemable capital stock	(1,883)		(58)		(18)	(457)
Conversion to Class B or Class A shares	15,778		2,357			5,682
Capital stock dividends	581					
BALANCE, DECEMBER 31, 2004	$ 31,819	$	$2,086	$	$ 2,696	$ 5,225
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2003	$	$	$	$	$	$
Proceeds from sale of capital stock	5					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Conversion to Class B or Class A shares	321					
Capital stock dividends						
BALANCE, DECEMBER 31, 2004	$ 326	$	$	$	$	$

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$3,548	$	$	$	$	$	$	$2,345
	12	116		634	187			89
	(58)	(184)		(364)	(232)			(159)
		1,917		1,847	2,679			
	143	69			27			124
	3,645	1,918		2,117	2,661			2,399
	90	72		761	837	187	1,651	94
		(33)		(584)	(642)		(331)	
	(87)	(29)		(62)	(407)	(180)	(55)	(530)
						1,453	6,286	
	151	89			44	19	214	64
	$3,799	$2,017	$	$ 2,232	$2,493	$1,479	$7,765	$2,027
	$	$	$	$	$	$	$	$
						5		
						321		
	$	$	$	$	$	$ 326	$	$

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2002	$ 27,453	$	$ 2,278	$ 4,051	$	$ 4,497
Proceeds from sale of capital stock	7,941		504	1,508		2,284
Repurchase/redemption of capital stock	(6,902)		(354)	(1,921)		(1,860)
Conversion to Class B shares	(6,443)					
Capital stock dividends	572					
BALANCE, DECEMBER 31, 2003	22,621		2,428	3,638		4,921
Proceeds from sale of capital stock	7,656		53	2,174		3,477
Repurchase/redemption of capital stock	(4,903)		(14)	(1,799)		(2,716)
Net shares reclassified to mandatorily redeemable capital stock	(1,696)		(110)	(358)		
Conversion to Class B or Class A shares	(16,099)		(2,357)			(5,682)
Capital stock dividends	368					
BALANCE, DECEMBER 31, 2004	$ 7,947	$	$	$ 3,655	$	$
TOTAL CAPITAL STOCK PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2002	$ 35,186	$	$ 2,278	$ 4,051	$ 1,840	$ 4,497
Proceeds from sale of capital stock	11,706		504	1,508	2,727	2,284
Repurchase/redemption of capital stock	(10,124)		(354)	(1,921)	(2,225)	(1,860)
Capital stock dividends	935					
BALANCE, DECEMBER 31, 2003	37,703		2,428	3,638	2,342	4,921
Proceeds from sale of capital stock	17,637		532	2,174	5,805	3,477
Repurchase/redemption of capital stock	(12,618)		(706)	(1,799)	(5,433)	(2,716)
Net shares reclassified to mandatorily redeemable capital stock	(3,579)		(168)	(358)	(18)	(457)
Capital stock dividends	949					
BALANCE, DECEMBER 31, 2004	$ 40,092	$	$ 2,086	$ 3,655	$ 2,696	$ 5,225

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$	$ 1,956	$ 3,125	$ 1,858	$ 2,471	$1,631	$ 5,586	$
		1,366	409	269	178	1,423	
	(39)	(556)	(420)	(93)	(84)	(1,575)	
	(1,917)		(1,847)	(2,679)			
		220		32	15	305	
		4,155			1,740	5,739	
		1,090			173	689	
					(173)	(201)	
		(1,215)			(13)		
					(1,774)	(6,286)	
		262			47	59	
$	$	$ 4,292	$	$	$	$	$

$3,548	$ 1,956	$ 3,125	$ 1,858	$ 2,471	$1,631	$ 5,586	$2,345
12	116	1,366	1,043	456	178	1,423	89
(58)	(223)	(556)	(784)	(325)	(84)	(1,575)	(159)
143	69	220		59	15	305	124
3,645	1,918	4,155	2,117	2,661	1,740	5,739	2,399
90	72	1,090	761	837	365	2,340	94
	(33)		(584)	(642)	(173)	(532)	
(87)	(29)	(1,215)	(62)	(407)	(193)	(55)	(530)
151	89	262		44	66	273	64
$3,799	$ 2,017	$ 4,292	$ 2,232	$ 2,493	$1,805	$ 7,765	$2,027

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
RETAINED EARNINGS						
BALANCE, DECEMBER 31, 2002 (As restated)	$ 716	$	$ 45	$ 245	$(16)	$ 80
Net income	1,885	(74)	92	46	69	207
Dividends on capital stock:						
Cash	(568)		(75)	(164)	(50)	(178)
Stock	(935)					
BALANCE, DECEMBER 31, 2003 (As restated)	1,098	(74)	62	127	3	109
Net income	1,994	(27)	90	161	119	294
Dividends on capital stock:						
Cash	(398)		(56)	(65)	(45)	(186)
Stock	(950)					
BALANCE, DECEMBER 31, 2004	$1,744	$(101)	$ 96	$ 223	$ 77	$ 217
ACCUMULATED OTHER COMPREHENSIVE INCOME						
BALANCE, DECEMBER 31, 2002 (As restated)	$ 298	$	$(28)	$	$ (6)	$
Net unrealized (losses) gains on available-for-sale securities	(111)		8			
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities	46				4	
Net unrealized gains (losses) relating to hedging activities	(117)		(1)		(9)	
Reclassification adjustment for (gains) losses included in net income relating to hedging activities	69		3		1	
Other	(6)			(2)		
BALANCE, DECEMBER 31, 2003 (As restated)	179		(18)	(2)	(10)	
Net unrealized gains (losses) on available-for-sale securities	5		16	2	1	
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities	18					
Net unrealized (losses) gains relating to hedging activities	(218)				(2)	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	46		(1)	1		
Other	(3)				(1)	
BALANCE, DECEMBER 31, 2004	$ 27	$	$ (3)	$ 1	$(12)	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 64	$(21)	$ 169	$ 31	$ (49)	$ 30	$ 101	$ 37
171	134	437	135	113	88	323	144
	(1)		(57)		(43)		
(143)	(69)	(220)		(59)	(15)	(305)	(124)
92	43	386	109	5	60	119	57
227	131	365	100	65	93	293	83
			(46)				
(151)	(89)	(262)		(44)	(66)	(273)	(65)
$ 168	$ 85	$ 489	$163	$ 26	$ 87	$ 139	$ 75

$ (1)	$ 88	$ 71	$ (4)	$ 180	$	$ (2)	$
	(21)	(50)	4	(44)	(8)		
		43	(1)				
		(99)				(8)	
		67				(2)	
(2)	(1)				(1)		
(3)	66	32	(1)	136	(9)	(12)	
	(24)	(31)	6	33	2		
		22	(6)		2		
		(217)				1	
		39				7	
(1)	(1)						
$ (4)	$ 41	$(155)	$ (1)	$ 169	$ (5)	$ (4)	$

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CAPITAL (Continued) FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
TOTAL CAPITAL						
BALANCE, DECEMBER 31, 2002 (As restated)	$ 36,200	$	$2,295	$ 4,296	$ 1,818	$ 4,577
Proceeds from sale of capital stock	11,706		504	1,508	2,727	2,284
Repurchase/redemption of capital stock	(10,124)		(354)	(1,921)	(2,225)	(1,860)
Comprehensive income:						
Net income	1,885	(74)	92	46	69	207
Other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(111)		8			
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities	46				4	
Net unrealized gains (losses) relating to hedging activities	(117)		(1)		(9)	
Reclassification adjustment for (gains) losses included in net income relating to hedging activities	69		3		1	
Other	(6)			(2)		
Total comprehensive income	1,766	(74)	102	44	65	207
Dividends on capital stock:						
Cash	(568)		(75)	(164)	(50)	(178)
BALANCE, DECEMBER 31, 2003 (As restated)	38,980	(74)	2,472	3,763	2,335	5,030
Proceeds from sale of capital stock	17,637		532	2,174	5,805	3,477
Repurchase/redemption of capital stock	(12,618)		(706)	(1,799)	(5,433)	(2,716)
Net shares reclassified to mandatorily redeemable capital stock	(3,579)		(168)	(358)	(18)	(457)
Comprehensive income:						
Net income	1,994	(27)	90	161	119	294
Other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	5		16	2	1	
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities	18					
Net unrealized (losses) gains relating to hedging activities	(218)				(2)	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	46		(1)	1		
Other	(3)				(1)	
Total comprehensive income	1,842	(27)	105	164	117	294
Dividends on capital stock:						
Cash	(398)		(56)	(65)	(45)	(186)
Stock	(1)					
BALANCE, DECEMBER 31, 2004	$ 41,863	$(101)	$2,179	$ 3,879	$ 2,761	$ 5,442

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,611	$2,023	$ 3,365	$ 1,885	$2,602	$1,661	$ 5,685	$2,382
12	116	1,366	1,043	456	178	1,423	89
(58)	(223)	(556)	(784)	(325)	(84)	(1,575)	(159)
171	134	437	135	113	88	323	144
	(21)	(50)	4	(44)	(8)		
		43	(1)				
		(99)				(8)	
		67				(2)	
(2)	(1)				(1)		
169	112	398	138	69	79	313	144
	(1)		(57)		(43)		
3,734	2,027	4,573	2,225	2,802	1,791	5,846	2,456
90	72	1,090	761	837	365	2,340	94
	(33)		(584)	(642)	(173)	(532)	
(87)	(29)	(1,215)	(62)	(407)	(193)	(55)	(530)
227	131	365	100	65	93	293	83
	(24)	(31)	6	33	2		
		22	(6)		2		
		(217)				1	
		39				7	
(1)	(1)						
226	106	178	100	98	97	301	83
			(46)				
							(1)
$3,963	$2,143	$ 4,626	$ 2,394	$2,688	$1,887	$ 7,900	$2,102

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2004

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES						
Net income	$ 1,994	$ (27)	$ 90	$ 161	$ 119	$ 294
Cumulative effect of change in accounting principle before assessments	(50)			1	(10)	
Income before cumulative effect of change in accounting principle	1,944	(27)	90	162	109	294
Adjustments to reconcile income before cumulative effect of change in accounting principle to net cash provided by (used in) operating activities:						
Depreciation and amortization:						
Net premiums and discounts on consolidated obligations, investments, mortgage loans, and deferred costs and fees received on derivatives	664	(18)	89	(2)	93	85
Concessions on consolidated obligation bonds	248	(3)	10	14	19	51
Net deferred losses (gains) on derivatives	39			(3)		1
Premises and equipment	37		2	4	3	4
Other	54		14			
(Reversal) provision for credit losses	(5)					1
Non-cash interest on mandatorily redeemable capital stock	12					
Net realized losses (gains) from sale of available-for-sale securities	17					
Net realized gains from sale of held-to-maturity securities	(13)				(3)	
(Gains) losses due to change in net fair value adjustment on derivative and hedging activities	191	2	(29)	1	524	(151)
Loss (gain) on extinguishment of debt	44	46	40	4		
Net realized gains on disposal of premises and equipment	(1)					
Net change in:						
Trading securities	(212)		104		44	(624)
Accrued interest receivable	(258)	55	(3)	(28)	(12)	(45)
Other assets	(58)		3	(8)	8	2
Net derivative assets and liabilities — accrued interest	(628)		(61)	(15)	(584)	78
Accrued interest payable	264	(55)	(45)	12	(12)	1
Affordable Housing Program (AHP) liability and discount on AHP advances	18		2	(11)	8	11
Payable to REFCORP	55		(1)	10	11	22
Other liabilities	23		2		4	
Total adjustments	491	27	127	(22)	103	(564)
Net cash provided by (used in) operating activities	2,435		217	140	212	(270)
INVESTING ACTIVITIES						
Net change in:						
Interest-bearing deposits	(6,541)		(2,555)	(1,153)	(513)	(169)
Securities purchased under agreements to resell	3,529		(1,000)			
Federal funds sold	(17,933)		(3,161)	(1,829)	(1,255)	(6,272)
Short-term held-to maturity securities	(1,251)				172	
Deposits to other FHLBanks for mortgage loan programs		(15)		1	1	2
Principal collected on other loans	1					
Loans to other FHLBanks		(60)		60		
Premises and equipment	(52)		(2)	(1)	(4)	(7)
Available-for-sale securities:						
Proceeds from sales	3,737		142			
Proceeds from maturities	72,161				183	
Purchases	(77,042)	49	(25)	(711)	(452)	
Held-to-maturity securities:						
Proceeds from sales	333		3		71	
Proceeds from maturities	37,601	(2,020)	1,908	3,512	2,944	5,062
Purchases	(49,988)	6,525	(1,459)	(4,036)	(4,106)	(7,922)
Advances:						
Principal collected	7,448,850		509,135	533,165	2,029,834	113,747
Made	(7,523,030)		(513,706)	(538,667)	(2,034,813)	(123,308)
Mortgage loans held for portfolio:						
Principal collected	23,645		976	146	2,173	284
Originated or purchased	(24,373)		(473)	(655)	(2,857)	(744)
Net cash (used in) provided by investing activities	(110,353)	4,479	(10,217)	(10,168)	(8,622)	(19,327)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 227	$ 131	$ 365	$ 100	$ 65	$ 93	$ 293	$ 83
		(41)					
227	131	324	100	65	93	293	83
26	1	258	6	4	73	30	19
18	14	20	19	21	15	41	9
35						6	
1	1	13		3	1	3	2
2	66	(1)	(1)		(26)		
	(1)		(5)				
1	1	2		7		1	
		22	(6)		1		
			(4)				(6)
(32)	(41)	277	(83)	15	(285)	(5)	(2)
		(45)		(1)			
			(1)				
4	12	6	19	63	(143)	315	(12)
15	9	15		(34)	(10)	(180)	(40)
(3)	(5)	(73)	(1)	3	(2)	30	(12)
(56)	(27)	10	(65)	31	32	23	6
40	(3)	12	42	(1)	(10)	281	2
6	(3)	10	3	(2)	2	(3)	(5)
3		10	4	(5)	2	4	(5)
11	1	2	3	2	2	(12)	8
71	25	538	(70)	106	(348)	534	(36)
298	156	862	30	171	(255)	827	47
504	(267)		62	(328)	(728)	(1,964)	570
(700)		29				5,100	100
(292)	(2,213)	285	625	277	(1,833)	(3,027)	762
		(751)	(1,348)		365	311	
				(1)		12	
					1		
(3)	(2)	(14)	2	(9)	(3)	(2)	(7)
200		2,342	943		110		
71,838				140			
(72,111)		(3,743)	(49)				
			110		37		112
2,989	1,877	1,857	793	1,896	2,719	7,658	6,406
(3,842)	(2,210)	(2,112)	(2,114)	(2,225)	(2,781)	(13,283)	(10,423)
2,325,820	46,255	25,814	74,479	561,820	344,917	836,409	47,455
(2,324,944)	(43,227)	(23,914)	(78,633)	(568,489)	(345,812)	(884,705)	(42,812)
2,005	1,578	10,239	2,685	260	184	847	2,268
(2,307)	(1,920)	(9,621)	(1,849)		(1,939)	(439)	(1,569)
(843)	(129)	411	(4,294)	(6,659)	(4,763)	(53,083)	2,862

FEDERAL HOME LOAN BANKS

UNAUDITED COMBINING SCHEDULES — STATEMENTS OF CASH FLOWS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2004

(Dollar amounts in millions)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES						
Net change in:						
Deposits	$ (2,195)	$	$ (55)	$ 197	$ (279)	$ 773
Deposits from other FHLBanks for mortgage loan programs		15				
Securities sold under agreement to repurchase	79					
Loans from other FHLBanks		60			(60)	
Other borrowings	(3)					
Net proceeds from issuance of consolidated obligations:						
Discount notes	6,139,744		384,763	961,591	1,166,338	297,074
Bonds	385,004	(6,934)	9,914	29,336	29,305	61,788
Bonds transferred from other FHLBanks		(3,932)	346	208	631	992
Payments for maturing and retiring consolidated obligations:						
Discount notes	(6,135,714)		(370,037)	(958,795)	(1,162,738)	(288,257)
Bonds	(281,309)	1,966	(14,589)	(22,586)	(25,114)	(53,139)
Bonds transferred to other FHLBanks		4,346				
Proceeds from issuance of capital stock	17,637		532	2,174	5,805	3,477
Payments for redemption of mandatorily redeemable capital stock	(2,455)		(110)	(231)		(218)
Payments for repurchase/redemption of capital stock	(12,597)		(706)	(1,799)	(5,433)	(2,716)
Cash dividends paid	(380)		(55)	(66)	(36)	(177)
Net cash provided by (used in) financing activities	107,811	(4,479)	10,003	10,029	8,419	19,597
Net (decrease) increase in cash and cash equivalents	(107)		3	1	9	
Cash and cash equivalents at beginning of the period	427		9	21	83	8
Cash and cash equivalents at end of the period	$ 320	$	$ 12	$ 22	$ 92	$ 8
Supplemental Disclosures:						
Interest paid	$ 16,430	$	$ 1,270	$ 1,116	$ 822	$ 2,071
AHP payments, net	$ 214	$	$ 8	$ 30	$ 5	$ 25
REFCORP payments	$ 429	$	$ 23	$ 16	$ 19	$ 51

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (377)	$ (333)	$ (1,110)	$ (200)	$ (198)	$ (256)	$ (53)	$ (304)
		(15)					
							79
					(3)		
826,021	723,507	460,664	293,729	67,039	477,895	230,933	250,190
32,856	14,292	24,746	20,290	29,543	13,512	109,014	17,342
350			500	371	200	334	
(836,841)	(723,325)	(464,279)	(294,198)	(71,583)	(475,095)	(236,572)	(253,994)
(21,496)	(14,213)	(16,802)	(15,999)	(18,913)	(11,365)	(53,210)	(15,849)
		(4,346)					
90	72	1,090	761	837	365	2,340	94
(54)		(1,204)	(3)	(86)	(62)	(21)	(466)
	(33)		(584)	(642)	(173)	(511)	
			(46)				
549	(33)	(1,256)	4,250	6,368	5,018	52,254	(2,908)
4	(6)	17	(14)	(120)		(2)	1
7	51	4	57	164	1	18	4
$ 11	$ 45	$ 21	$ 43	$ 44	$ 1	$ 16	$ 5
$ 1,583	$ 892	$ 2,493	$ 930	$ 1,080	$ 756	$ 1,901	$ 1,516
$ 22	$ 18	$ 30	$ 8	$ 10	$ 9	$ 35	$ 14
$ 53	$ 27	$ 82	$ 21	$ 21	$ 22	$ 69	$ 25

FEDERAL HOME LOAN BANKS

UNAUDITED RESTATED COMBINING SCHEDULES — STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

(Dollar amounts in millions)

	Combined (Restated)	Combining Adjustments (Restated)	Boston	New York	Pittsburgh (Restated)	Atlanta (Restated)
OPERATING ACTIVITIES						
Net income	$ 1,885	$ (74)	$ 92	$ 46	$ 69	$ 207
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization:						
Net premiums and discounts on consolidated obligations, investments, mortgage loans and deferred costs and fees received on derivatives	180	(5)	9	(38)	(177)	158
Concessions on consolidated obligation bonds	357	(5)	9	26	31	79
Net deferred losses on derivatives	28					1
Premises and equipment	33		2	4	3	3
Other	(81)		1			
(Reversal) provision for credit losses	(4)				(7)	(1)
Net realized losses (gains) from sale of available-for-sale securities	31				(4)	
Net realized losses (gains) from sale of held-to-maturity securities	158			189	(3)	
(Gains) losses due to change in net fair value adjustment on derivative and hedging activities	(812)	(15)	(22)	3	50	(95)
Losses (gains) on extinguishment of debt	28	99	41			
Net change in:						
Trading securities	611	(131)	172		868	(1,431)
Accrued interest receivable	179	7	22	89	7	7
Other assets	(111)		(5)	(14)	2	(1)
Net derivative assets and liabilities—accrued interest	25		(22)	29	(194)	37
Accrued interest payable	(434)	(7)	(37)	(113)	14	(82)
Affordable Housing Program (AHP) liability and discount on AHP advances	16		1	(17)	(4)	(5)
Payable to REFCORP.	49			(14)	10	11
Other liabilities	(717)		(4)	38	3	(323)
Total adjustments	(464)	(57)	167	182	599	(1,642)
Net cash provided by (used in) operating activities	1,421	(131)	259	228	668	(1,435)
INVESTING ACTIVITIES						
Net change in:						
Interest-bearing deposits	7,117		565	5,995	(241)	1,818
Securities purchased under agreements to resell	(1,181)		(461)			
Federal funds sold	10,018		342	1,789	(18)	(1,581)
Short-term held-to maturity securities	1,015				(240)	
Deposits to other FHLBanks for mortgage loan programs		(42)		(1)	(3)	(2)
Principal collected on other loans	1					
Loans to other FHLBanks		(180)		(10)	190	
Premises and equipment	(61)		(1)	(5)	(2)	(2)
Available-for-sale securities:						
Proceeds from sales	5,827		31		1,820	
Proceeds from maturities	31,021		175		957	
Purchases	(36,964)	97	(175)		(2,714)	
Held-to-maturity securities:						
Proceeds from sales	2,676			1,598	87	
Proceeds from maturities	70,171	(670)	2,689	4,635	5,610	12,036
Purchases	(73,882)	4,020	(2,695)	(4,816)	(5,900)	(13,186)
Advances:						
Principal collected	5,694,911		542,650	845,456	1,249,543	89,058
Made	(5,726,054)		(542,045)	(841,200)	(1,255,457)	(97,100)
Mortgage loans held for portfolio:						
Principal collected	37,840		1,267	633	3,515	181
Originated or purchased	(91,188)		(3,336)	(870)	(6,701)	(1,252)
Net cash (used in) provided by investing activities	(68,733)	3,225	(994)	13,204	(9,554)	(10,030)

Cincinnati	Indianapolis (Restated)	Chicago (Restated)	Des Moines (Restated)	Dallas (Restated)	Topeka (Restated)	San Francisco	Seattle
$ 171	$ 134	$ 437	$ 135	$ 113	$ 88	$ 323	$ 144
(14)	(24)	328	(121)	7	30	8	19
20	24	20	27	41	24	44	17
24		1				2	
1	2	10	1	3	1	2	1
	(86)	6	(1)		(1)		
	1		3				
		36	(1)				
(5)					(1)		(22)
(13)	(52)	(306)	(75)	(91)	(63)	(111)	(22)
		(112)					
8	2	1,368	30	184	(83)	(384)	8
9	6	(41)	(32)	8	(1)	67	31
(4)	1	(32)	(3)	1		(39)	(17)
14	18	16	113	68	11	(72)	7
4	(5)	101	(43)	(88)	(17)	(188)	27
5	(2)	27	9	4		3	(5)
(1)		21	11	9	2	2	(2)
25	15	(511)	10	(3)	1	25	7
73	(100)	932	(72)	143	(97)	(641)	49
244	34	1,369	63	256	(9)	(318)	193
(2,532)	(243)		213	219	(169)	1,547	(55)
200		(15)	(305)			(700)	100
4,196	(38)	(1,602)	4,551	488	49	634	1,208
		(94)	1,173		(91)	267	
					1	47	
					1		
(1)	(1)	(40)	4	(3)	(3)	(3)	(4)
	325	3,600	51				
29,403	23			463			
(29,430)		(2,864)	(832)	(820)	(226)		
86		97			78		730
8,330	4,615	2,651	2,532	3,622	4,696	10,884	8,541
(8,673)	(4,796)	(2,182)	(607)	(4,504)	(5,479)	(11,545)	(13,519)
1,090,073	37,923	24,399	49,699	870,728	299,088	557,275	39,019
(1,093,630)	(38,386)	(26,240)	(49,330)	(874,586)	(300,363)	(568,983)	(38,734)
3,317	2,759	16,712	3,531	658	115	640	4,512
(7,688)	(4,779)	(38,326)	(13,955)	(239)	(600)	(6,832)	(6,610)
(6,349)	(2,598)	(23,904)	(3,275)	(3,974)	(2,903)	(16,769)	(4,812)

FEDERAL HOME LOAN BANKS

UNAUDITED RESTATED COMBINING SCHEDULES — STATEMENTS OF CASH FLOWS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2003

(Dollar amounts in millions)

	Combined (Restated)	Combining Adjustments (Restated)	Boston	New York	Pittsburgh (Restated)	Atlanta (Restated)
FINANCING ACTIVITIES						
Net change in:						
Deposits	$ (7,119)	$	$ (843)	$ (643)	$ (1,108)	$ (1,349)
Deposits from other FHLBanks for mortgage loan programs		42				
Securities sold under agreements to repurchase	1,001					1,000
Loans from other FHLBanks		180	(190)		60	
Other borrowings	(530)					
Net proceeds from issuance of consolidated obligations:						
Discount notes	5,158,500		325,921	1,023,314	640,820	51,956
Bonds	557,691	(5,065)	23,770	44,528	39,286	103,535
Bonds transferred from other FHLBanks		(5,517)	561	7	376	180
Payments for maturing and retiring consolidated obligations:						
Discount notes	(5,141,639)		(327,578)	(1,028,535)	(639,691)	(49,271)
Bonds	(501,819)	802	(20,983)	(51,570)	(31,365)	(94,886)
Bonds transferred to other FHLBanks		6,464				
Proceeds from issuance of capital stock	11,706		504	1,508	2,727	2,284
Payments for repurchase/redemption of capital stock	(10,124)		(354)	(1,921)	(2,225)	(1,860)
Cash dividends paid	(576)		(78)	(164)	(42)	(191)
Net cash provided by (used in) financing activities	67,091	(3,094)	730	(13,476)	8,838	11,398
Net (decrease) increase in cash and cash equivalents	(221)		(5)	(44)	(48)	(67)
Cash and cash equivalents at beginning of the period	648		14	65	131	75
Cash and cash equivalents at end of the period	$ 427	$	$ 9	$ 21	$ 83	$ 8
Supplemental Disclosures:						
Interest paid	$ 16,056		$ 1,078	$ 2,047	$ 683	$ 1,788
AHP payments, net	$ 201		$ 9	$ 22	$ 12	$ 25
REFCORP payments	$ 460		$ 23	$ 40	$ 7	$ 51

	Cincinnati	Indianapolis (Restated)	Chicago (Restated)	Des Moines (Restated)	Dallas (Restated)	Topeka (Restated)	San Francisco	Seattle
	$ (915)	$ (240)	$ (658)	$ (631)	$ (472)	$ (403)	$ 581	$ (438)
			(42)					
			(199)	200				
				(50)				
						(5)	(525)	
	791,167	617,245	357,406	389,216	116,070	489,249	182,666	173,470
	27,855	34,066	46,208	40,536	47,310	26,195	101,387	28,080
	1,024	69	103	9	848	125	2,214	1
	(787,323)	(620,654)	(351,478)	(391,484)	(117,312)	(487,832)	(163,220)	(177,261)
	(25,663)	(27,813)	(23,251)	(34,832)	(42,859)	(24,467)	(105,755)	(19,177)
			(6,364)				(100)	
	12	116	1,366	1,043	456	178	1,423	89
	(58)	(223)	(556)	(784)	(325)	(84)	(1,575)	(159)
		(1)		(57)		(43)		
	6,099	2,565	22,535	3,166	3,716	2,913	17,096	4,605
	(6)	1		(46)	(2)	1	9	(14)
	13	50	4	103	166		9	18
	$ 7	$ 51	$ 4	$ 57	$ 164	$ 1	$ 18	$ 4
	$ 1,522	$ 816	$ 2,010	$ 916	$ 1,042	$ 685	$ 2,131	$ 1,338
	$ 16	$ 17	$ 22	$ 6	$ 8	$ 10	$ 33	$ 21
	$ 43	$ 30	$ 88	$ 23	$ 19	$ 19	$ 79	$ 38