FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Six Months Ended June 30, 2007

This Combined Financial Report provides financial information on the Federal Home Loan Banks. Investors should use this Combined Financial Report, together with the other information expressly provided by the Federal Home Loan Banks for this purpose, when considering whether or not to purchase the consolidated bonds and consolidated discount notes (collectively referred to in this Combined Financial Report as consolidated obligations) of the Federal Home Loan Banks.

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 Combined Financial Report 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 investors should consult their financial and legal advisors about the risks of investing in any particular issue of consolidated obligations.

The financial information contained in this Combined Financial Report is as of and for periods ended on or before June 30, 2007. You should read this Combined Financial Report in conjunction with the 2006 Combined Financial Report dated March 30, 2007. The 2006 Combined Financial Report contains financial and other information about the Federal Home Loan Banks as of and for the periods ended on or before December 31, 2006. These documents are available on the Federal Home Loan Banks Office of Finance web site at: www.fhlb-of.com.

Investors should direct questions about the Federal Home Loan Banks' Combined Financial Report to the Federal Home Loan Banks Office of Finance, Senior Director of Accounting Policy & Financial Reporting. Investors 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. The Office of Finance will provide additional copies of this Combined Financial Report upon request. Please contact the Office of Finance to receive subsequent annual and quarterly combined financial reports.

Investors should not assume, based on the delivery of this Combined Financial Report, that there has been no change in the financial condition of the Federal Home Loan Banks since June 30, 2007.

The date of this Combined Financial Report is August 14, 2007.

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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 REPORT

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 report 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. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Results of Operations—Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" and Note 1 to the accompanying combined financial statements.)

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: 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 report and are not intended to be incorporated by reference into this report.

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CONDITION

(Dollar amounts in millions)
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Cash and due from banks	$ 379	$ 330
Interest-bearing deposits	36,823	33,872
Securities purchased under agreements to resell	3,205	4,905
Federal funds sold	100,372	77,056
Trading securities	5,598	5,687
Available-for-sale securities	8,556	6,661
Held-to-maturity securities	140,610	142,482
Advances	640,035	640,681
Mortgage loans held for portfolio	94,389	97,981
Less: allowance for credit losses on mortgage loans	7	7
Mortgage loans held for portfolio, net	94,382	97,974
Accrued interest receivable	4,220	4,344
Premises, software, and equipment, net	210	217
Derivative assets	2,067	1,626
Other assets	606	634
Total assets	$1,037,063	$1,016,469
LIABILITIES		
Deposits:		
Interest-bearing:		
Demand and overnight	$ 18,733	$ 17,512
Term	990	441
Other	1,156	795
Total interest-bearing	20,879	18,748
Non-interest-bearing:		
Demand and overnight	120	103
Other	126	121
Total non-interest-bearing	246	224
Total deposits	21,125	18,972
Borrowings:		
Securities sold under agreements to repurchase	2,200	2,200
Total borrowings	2,200	2,200
Consolidated obligations, net:		
Discount notes	163,517	157,549
Bonds	789,538	776,665
Total consolidated obligations, net	953,055	934,214
Subordinated notes	1,000	1,000
Mandatorily redeemable capital stock	883	1,094
Accrued interest payable	8,796	8,549
Affordable Housing Program	836	805
Payable to REFCORP	158	165
Derivative liabilities	2,624	2,886
Other liabilities	1,818	1,599
Total liabilities	992,495	971,484
CAPITAL		
Capital Stock:		
Capital stock Class B putable ($100 par value) issued and outstanding shares	38,180	38,882
Capital stock Class A putable ($100 par value) issued and outstanding shares	610	532
Capital stock Pre-conversion putable ($100 par value) issued and outstanding shares	2,637	2,587
Total capital stock	41,427	42,001
Retained earnings	3,306	3,143
Accumulated other comprehensive income:		
Net unrealized losses on available-for-sale securities	(7)	(8)
Net unrealized losses relating to hedging activities	(120)	(114)
Other	(38)	(37)
Total capital	44,568	44,985
Total liabilities and capital	$1,037,063	$1,016,469

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF INCOME

(Dollar amounts in millions)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
INTEREST INCOME				
Advances	$ 8,398	$ 7,850	$16,820	$14,917
Prepayment fees on advances, net	8	7	16	14
Interest-bearing deposits	495	434	952	792
Securities purchased under agreements to resell	39	25	93	76
Federal funds sold	1,211	824	2,262	1,627
Trading securities	82	96	163	199
Available-for-sale securities	96	63	174	125
Held-to-maturity securities	1,746	1,659	3,545	3,257
Mortgage loans held for portfolio	1,225	1,302	2,462	2,612
Other	1	1	2	2
Total interest income	13,301	12,261	26,489	23,621
INTEREST EXPENSE				
Consolidated obligations—Discount notes	2,000	1,955	4,062	3,718
Consolidated obligations—Bonds	9,921	8,978	19,732	17,299
Deposits	262	205	489	387
Securities sold under agreements to repurchase	40	37	77	72
Subordinated notes	15	3	29	3
Mandatorily redeemable capital stock	12	13	25	29
Other borrowings	1	1	1	1
Total interest expense	12,251	11,192	24,415	21,509
NET INTEREST INCOME	1,050	1,069	2,074	2,112
Provision for credit losses			2	1
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,050	1,069	2,072	2,111
OTHER (LOSS) INCOME				
Service fees	8	7	14	13
Net losses on trading securities	(99)	(105)	(90)	(253)
Net realized gains (losses) from sale of available-for-sale securities		1		(3)
Net realized losses from sale of held-to-maturity securities	(1)	(2)	(4)	(2)
Net gains on derivatives and hedging activities	83	92	78	220
Other, net	8	6	13	10
Total other (loss) income	(1)	(1)	11	(15)
OTHER EXPENSE				
Operating	173	168	344	333
Finance Board	8	9	17	18
Office of Finance	5	6	13	12
Other	7	6	9	10
Total other expense	193	189	383	373
INCOME BEFORE ASSESSMENTS	856	879	1,700	1,723
Affordable Housing Program	71	72	141	143
REFCORP	157	161	310	315
Total assessments	228	233	451	458
NET INCOME	$ 628	$ 646	$ 1,249	$ 1,265

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

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*		Retained Earnings	Accumulated Other Comprehensive Income	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2005	377	$37,786	5	$498	38	$3,759	420	$42,043	$2,600	$(163)	$44,480
Proceeds from sale of capital stock	90	9,086		2		21	90	9,109			9,109
Repurchase/redemption of capital stock	(77)	(7,700)					(77)	(7,700)			(7,700)
Net shares reclassified to mandatorily redeemable capital stock	(3)	(399)	(1)	(69)	(8)	(820)	(12)	(1,288)			(1,288)
Comprehensive income:											
Net income									1,265		1,265
Other comprehensive income:											
Net unrealized losses on available-for-sale securities										(10)	(10)
Reclassification adjustment for losses included in net income relating to available-for-sale securities										3	3
Net unrealized gains relating to hedging activities										37	37
Reclassification adjustment for losses included in net income relating to hedging activities										5	5
Other										(1)	(1)
Total comprehensive income											1,299
Transfer between Class B and Class A shares	(1)	(57)	1	57							
Dividends on capital stock:											
Cash									(497)		(497)
Stock	4	443					4	443	(442)		1
BALANCE, JUNE 30, 2006	390	$39,159	5	$488	30	$2,960	425	$42,607	$2,926	$(129)	$45,404
BALANCE, DECEMBER 31, 2006	389	$38,882	5	$532	26	$2,587	420	$42,001	$3,143	$(159)	$44,985
Proceeds from sale of capital stock	86	8,606		5		57	86	8,668			8,668
Repurchase/redemption of capital stock	(87)	(8,603)					(87)	(8,603)			(8,603)
Net shares reclassified to mandatorily redeemable capital stock	(10)	(951)		(45)		(7)	(10)	(1,003)			(1,003)
Comprehensive income:											
Net income									1,249		1,249
Other comprehensive income:											
Net unrealized gains on available-for-sale securities										1	1
Reclassification adjustment for (gains) losses included in net income relating to available-for-sale securities											
Net unrealized losses relating to hedging activities										(7)	(7)
Reclassification adjustment for losses included in net income relating to hedging activities										1	1
Other										(1)	(1)
Total comprehensive income											1,243
Transfer between Class B and Class A shares	(1)	(118)	1	118							
Dividends on capital stock:											
Cash									(722)		(722)
Stock	5	364					5	364	(364)		
BALANCE, JUNE 30, 2007	382	$38,180	6	$610	26	$2,637	414	$41,427	$3,306	$(165)	$44,568

* Putable

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS

(Dollar amounts in millions)
(Unaudited)

	For the Six Months Ended June 30,	
	2007	**2006**
OPERATING ACTIVITIES		
Net income	$ 1,249	$ 1,265
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	161	314
Change in net fair value adjustment on derivative and hedging activities	(670)	(362)
Other adjustments	14	22
Net change in:		
Trading securities	96	1,099
Accrued interest receivable	122	(217)
Other assets	(11)	(12)
Accrued interest payable	247	907
Other liabilities	(1)	12
Total adjustments	(42)	1,763
Net cash provided by operating activities	1,207	3,028
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	(2,952)	(5,086)
Securities purchased under agreements to resell	1,700	548
Federal funds sold	(23,318)	4,476
Principal collected on other loans	1	1
Premises, software and equipment	(16)	(26)
Available-for-sale securities:		
Proceeds	39,675	56,643
Purchases	(41,584)	(57,727)
Held-to-maturity securities:		
Net increase in short-term	(2,302)	(180)
Proceeds from long-term	14,908	13,827
Purchases of long-term	(10,405)	(17,736)
Advances:		
Proceeds	3,506,766	3,582,229
Made	(3,507,309)	(3,603,589)
Mortgage loans held for portfolio:		
Principal collected	6,275	6,870
Purchases	(2,802)	(3,449)
Proceeds from sales of foreclosed assets	28	26
Net cash used in investing activities	(21,335)	(23,173)

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Six Months Ended June 30,	
	2007	2006
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ 2,126	$ (527)
Borrowings	32	(81)
Net proceeds from issuance of consolidated obligations:		
Discount notes	3,859,789	3,481,123
Bonds	235,471	129,543
Payments for maturing and retiring consolidated obligations:		
Discount notes	(3,853,797)	(3,474,033)
Bonds	(221,565)	(115,789)
Net proceeds from issuance of subordinated notes		994
Proceeds from issuance of capital stock	8,668	9,109
Payments for redemption of mandatorily redeemable capital stock	(1,221)	(1,905)
Payments for repurchase/redemption of capital stock	(8,603)	(7,700)
Cash dividends paid	(723)	(533)
Net cash provided by financing activities	20,177	20,201
Net increase in cash and cash equivalents	49	56
Cash and cash equivalents at beginning of the period	330	356
Cash and cash equivalents at end of the period	$ 379	$ 412
Supplemental Disclosures:		
Interest paid	$ 22,936	$ 18,778
AHP payments, net	$ 109	$ 112
REFCORP assessments paid, net	$ 319	$ 344

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

Notes to Combined Financial Statements (Unaudited)

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 lives of the bonds.

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 interbank transactions among the FHLBanks have a material effect on combined 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 second quarter 2006 financial statements of the FHLBanks have been reclassified to conform to the second quarter 2007 presentation.

Note 2—Recently Issued Accounting Standards and Interpretations

SFAS 157. On September 15, 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). In defining fair value, SFAS 157 retains the exchange price notion in earlier definitions of fair value. However, the definition of fair value under SFAS 157 focuses on the price that would be received to sell an asset or paid to transfer a liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). SFAS 157 applies whenever other accounting pronouncements require or permit assets or liabilities to be measured at fair value. Accordingly, SFAS 157 does not expand the use of fair value in any new circumstances. SFAS 157 also establishes a fair value hierarchy that prioritizes the information used to develop assumptions used to determine the exit price. Under this standard, fair value measurements will be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 (January 1, 2008 for the FHLBanks) and interim periods within those fiscal years. The FHLBanks have not yet determined the effect that the adoption of this statement will have on their financial condition, results of operations or cash flows.

SFAS 159. On February 15, 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 creates a fair value option allowing, but not requiring, an entity to elect irrevocably fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. It requires entities to display separately the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. Additionally, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective at the beginning of an entity's first fiscal year beginning after November 15, 2007 (January 1, 2008 for the FHLBanks). Although the FHLBanks have not yet determined the effect that the implementation of SFAS 159 will have on their financial condition, results of operations or cash flows, the FHLBanks believe that, if the fair value option was elected, SFAS 159 could have a material effect on their financial condition, results of operations or cash flows.

FASB Staff Position No. FIN 39-1. On April 30, 2007, the FASB issued FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39* (FSP FIN 39-1). FSP FIN 39-1 permits an entity to offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from derivative instruments recognized at fair value executed with the same counterparty under a master netting arrangement. Under FSP FIN 39-1, the receivable or payable related to cash collateral may not be offset if the amount recognized does not represent or approximate fair value or arises from instruments in a master netting arrangement that are not eligible to be offset. The decision whether to offset such fair value amounts represents an elective accounting policy decision that, once elected, must be applied consistently. FSP FIN 39-1 is effective for fiscal years beginning after November 15, 2007 (January 1, 2008 for the FHLBanks), with earlier application permitted. An entity should recognize the effects of applying FSP FIN 39-1 as a change in accounting principle through retrospective application for all financial statements presented unless it is impracticable to do so. Upon adoption of FSP FIN 39-1, an entity is permitted to change its accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. Each of the FHLBanks of Boston and Pittsburgh have determined that FSP FIN 39-1 will not have a material effect on its financial statements. The remaining ten FHLBanks have not yet determined the effect that the adoption of FSP FIN 39-1 will have on their financial statements.

Note 3—Held-to-Maturity Securities

The FHLBanks of Des Moines and Topeka sold securities out of their respective held-to-maturity securities portfolio during the six months ended June 30, 2007, and the FHLBank of Seattle sold securities out of its held-to-maturity securities portfolio during the six months ended June 30, 2007 and during the six months ended June 30, 2006, that were either within three months of maturity or had less than 15 percent of the acquired principal outstanding at the time of the sale.

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. The FHLBank of Des Moines recognized a net gain of $545 thousand in other income on the sale of held-to-maturity securities. The FHLBanks of Topeka and Seattle recognized net losses of $1 million and $4 million in other income on the sale of held-to-maturity securities. In addition, the FHLBank of Seattle recognized net losses of $2 million in other income on the sale of held-to-maturity securities during the six months ended June 30, 2006.

Note 4—Capital

The Gramm-Leach-Bliley Act of 1999 (GLB Act) required each FHLBank to adopt a Capital Plan and convert to a new capital structure. By July 18, 2002, the Finance Board had approved the capital structure plan of each FHLBank.

As of June 30, 2007, the FHLBanks of Boston, New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Des Moines, Dallas, Topeka, San Francisco and Seattle have implemented their respective capital plans. Each conversion was considered a capital transaction and was accounted for at par value. Each FHLBank that has converted to a new capital structure is subject to three capital requirements under its Capital Plan and the Finance Board rules and regulations: (1) risk-based capital, (2) total capital and (3) leverage capital. First, under the risk-based capital requirement, an FHLBank must maintain at all times permanent capital defined as Class B stock and retained earnings in an amount at least equal to the sum of its credit risk, market risk, and operations risk capital requirements, all of which are calculated in accordance with the rules and regulations of the Finance Board. The Finance Board may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirements as defined. Second, an FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total capital is the sum of permanent capital, Class A stock, any general loss allowance, if consistent with GAAP and not established for specific assets, and other amounts from sources determined by the Finance Board as available to absorb losses. Third, an FHLBank is required to maintain at all times a leverage capital-to-assets ratio of at least five percent. Leverage capital is defined as the sum of (i) permanent capital weighted 1.5 times and (ii) all other capital without a weighting factor. Mandatorily redeemable capital stock is considered capital for determining the FHLBank's compliance with its regulatory requirements. If an FHLBank is not in compliance with the capital requirements at the effective date, it must come into compliance within a transition period of up to three years. During that period, the existing leverage limit established by Finance Board regulations will continue to apply.

At June 30, 2007, all of the FHLBanks were in compliance with their risk-based capital rules as follows (dollar amounts in millions):

Regulatory Capital Requirements

FHLBank*	Minimum Regulatory Capital Ratio Requirement	At June 30, 2007 Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital (1)	Permanent Capital (2)	Required Risk-Based Capital
Boston	4.0%	$2,411	4.4%	$ 2,624	$ 2,624	$ 418
New York	4.0%	3,435	4.8%	4,121	4,120	697
Pittsburgh	4.0%	3,287	4.6%	3,764	3,756	531
Atlanta	4.0%	5,936	4.4%	6,495	6,495	925
Cincinnati	4.0%	3,323	4.8%	3,998	3,998	754
Indianapolis	4.0%	1,958	4.6%	2,232	2,232	467
Des Moines	4.0%	1,876	5.0%	2,364	2,364	632
Dallas	4.0%	2,080	4.3%	2,216	2,216	486
Topeka	4.0%	2,105	4.2%	2,187	1,536	560
San Francisco	4.0%	9,385	4.3%	10,055	10,055	1,169
Seattle	4.0%(3)	2,276	4.1%	2,335	2,335	360

FHLBank*	Minimum Leverage Ratio Requirement	At June 30, 2007 Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$3,013	6.5%	$3,936
New York	5.0%	4,293	7.2%	6,181
Pittsburgh	5.0%	4,109	6.9%	5,642
Atlanta	5.0%	7,420	6.6%	9,743
Cincinnati	5.0%	4,153	7.2%	5,996
Indianapolis	5.0%	2,447	6.8%	3,349
Des Moines	5.0%	2,345	7.6%	3,546
Dallas	5.0%	2,600	6.4%	3,324
Topeka	5.0%	2,632	5.6%	2,955
San Francisco	5.0%	11,731	6.4%	15,083
Seattle	5.0%	2,845	6.2%	3,502

* Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of June 30, 2007.

(1) Total regulatory capital is defined as the sum of permanent capital, the amounts paid for Class A capital stock, any general allowance for losses and any other amount from sources available to absorb losses that the Finance Board has determined by regulation to be appropriate to include in determining total capital. Total regulatory capital also includes mandatorily redeemable capital stock.

(2) Permanent capital is defined as retained earnings and regulatory capital Class B stock. The mandatorily redeemable capital stock is considered capital for regulatory purposes.

(3) On January 11, 2007, the Finance Board terminated the Written Agreement between the FHLBank of Seattle and the Finance Board dated December 10, 2004. Subsequently, on January 26, 2007, due to the termination of the Written Agreement, the FHLBank of Seattle's board authorized the FHLBank of Seattle to lower the minimum capital-to-assets ratio from 4.25 percent to 4.05 percent. Prior to the termination of the Written Agreement, the FHLBank of Seattle maintained a minimum supervisory capital-to-assets ratio of 4.25 percent which was required under its business plan submitted to the Finance Board in April 2005, and accepted by the Finance Board in May 2005.

The GLB Act made membership voluntary for all members. Members can redeem Class A stock by giving six months' written notice, and members can redeem Class B stock by giving five years' written notice, subject to certain restrictions. Any member that withdraws from membership may not be readmitted to membership in any FHLBank until five years from the divestiture date for all capital stock that is held as a condition of membership, as that requirement is set out in an FHLBank's capital plan, unless the institution has cancelled its notice of withdrawal prior to that date, before being readmitted to membership in any FHLBank. This restriction does not apply if the member is transferring its membership from one FHLBank to another.

Until the FHLBank of Chicago implements its new capital plan, the pre-GLB Act capital rules remain in effect. In particular, the pre-GLB Act rules require members to purchase capital stock equal to the greater of $500, 1 percent of its mortgage-related assets or 5 percent of its outstanding FHLBank advances. Effective May 16, 2006, the FHLBank of Chicago adopted voluntary capital stock redemption guidelines pursuant to which it notifies members on a periodic basis of its intention to redeem up to a specified dollar amount of voluntary capital stock. Under the redemption guidelines, if aggregate member requests exceed the pre-announced redemption amount, voluntary capital stock is redeemed on a pro-rata basis. Capital stock outstanding under the pre-GLB Act rules is redeemable at the option of a member upon six-months' notice if the member withdraws from the FHLBank of Chicago.

As of June 30, 2007, the FHLBank of Chicago was in compliance with all of its minimum regulatory capital requirements. The following table summarizes the FHLBank of Chicago's regulatory capital requirements as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital(1)			
Requirement		Actual	
Ratio(2)	Amount	Ratio	Amount
4.76%	$4,224	4.81%	$4,273

(1) Regulatory capital is defined as the sum of the paid-in value of capital stock and mandatorily redeemable capital stock (together defined as "regulatory capital stock") plus retained earnings. The Finance Board granted approvals and waivers to the FHLBank of Chicago to allow it to include a designated amount of subordinated notes in determining compliance with its regulatory capital ratio.

(2) The regulatory capital ratio required by Finance Board regulations for the FHLBank of Chicago, which has not implemented a capital plan under the GLB Act, is 4.0 percent provided that its non-mortgage assets (defined as total assets less advances, acquired member assets, standby letters of credit, intermediary derivative contracts, certain mortgage-backed securities (MBS), and other investments specified by Finance Board regulation) after deducting its amount of deposits and capital are not greater than 11 percent of the FHLBank of Chicago's total assets. If non-mortgage assets are greater than 11 percent of its total assets, the Finance Board regulations require a regulatory capital ratio of 4.76 percent.

Under Amendment No. 3 to its Written Agreement with the Finance Board, the FHLBank of Chicago is required to maintain an aggregate amount of regulatory capital stock plus a designated amount of subordinated notes of at least $3,500 million. At June 30, 2007, the FHLBank of Chicago had an aggregate amount of $3,656 million of regulatory capital stock plus the designated amount of subordinated notes.

For additional discussion on the FHLBank of Chicago's Written Agreement with the Finance Board, see "Note 16—Capital" in the Federal Home Loan Banks' 2006 Combined Financial Report.

Note 5—Subsequent Events

FHLBanks of Chicago and Dallas. The FHLBanks of Chicago and Dallas jointly announced on August 8, 2007 that they are engaged in preliminary discussions aimed at evaluating the benefits and feasibility of a combination of the two institutions. A definitive agreement has not been reached between the two FHLBanks and there can be no assurance that such an agreement will be reached. Any agreement that is reached would be subject to Finance Board approval.

FHLBank of Des Moines. On July 13, 2007, a member rescinded its notice of withdrawal from the FHLBank of Des Moines. The FHLBank of Des Moines subsequently reclassified approximately $24.1 million from mandatorily redeemable capital stock to capital stock.

FHLBank Topeka. Natural Disasters Could Lead to Possible Losses on Mortgage Loans: FHLBank Topeka owns an interest in mortgage loans collateralized by properties located in Kansas and Oklahoma that were devastated by flooding from May through July 2007. The total principal amount outstanding for mortgage loans in Federal Emergency Management Agency (FEMA) declared disaster areas, as outlined in FEMA-1711-DR and FEMA-1712-DR, as of June 30, 2007 is $101,886,000. While the FHLBank Topeka has not yet determined if any of the residences securing these mortgage loans were damaged in the flooding and, if so, whether the properties were covered by flood insurance, it is possible that the FHLBank Topeka may incur losses on some of these mortgage loans; however, the FHLBank Topeka is unable to ascertain the extent of those losses at this time. FHLBank Topeka's management does not anticipate any related losses on these mortgage loans to significantly impact the FHLBank Topeka's financial condition or results of operations.

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
JUNE 30, 2007

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 379	$	$ 6	$ 22	$ 67	$ 39
Interest-bearing deposits	36,823		1,030	6,845	3,850	864
Deposits with other FHLBanks for mortgage loan programs		(12)			5	4
Securities purchased under agreements to resell	3,205		2,000			
Federal funds sold	100,372		5,138	4,520	2,485	15,467
Trading securities	5,598	(311)	126			4,445
Available-for-sale securities	8,556	(54)	938		56	
Held-to-maturity securities	140,610	(3,025)	7,486	10,976	12,272	19,054
Advances	640,035		38,850	61,235	55,876	104,182
Mortgage loans held for portfolio	94,389		4,263	1,511	6,541	3,253
Less: allowance for credit losses on mortgages loans	7			1	1	1
Mortgage loans held for portfolio, net	94,382		4,263	1,510	6,540	3,252
Accrued interest receivable	4,220	(47)	219	421	404	636
Premises, software, and equipment, net	210		6	12	23	30
Derivative assets	2,067		174	306	542	339
Other assets	606	5	27	18	63	86
Total assets	$1,037,063	$(3,444)	$60,263	$85,865	$82,183	$148,398
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 18,733	$	$ 1,009	$ 2,030	$ 1,969	$ 5,509
Term	990		26	42	5	7
Deposits from other FHLBanks for mortgage loan programs		(12)				
Other	1,156		3	164	436	231
Total interest-bearing	20,879	(12)	1,038	2,236	2,410	5,747
Non-interest-bearing:						
Demand and overnight	120			1	26	36
Other	126		7			
Total non-interest-bearing	246		7	1	26	36
Total deposits	21,125	(12)	1,045	2,237	2,436	5,783
Borrowings:						
Securities sold under agreements to repurchase	2,200					500
Total borrowings	2,200					500
Consolidated obligations, net:						
Discount notes	163,517		18,306	12,780	22,936	4,624
Bonds	789,538	(3,341)	37,595	65,780	52,360	128,563
Total consolidated obligations, net	953,055	(3,341)	55,901	78,560	75,296	133,187
Subordinated notes	1,000					
Mandatorily redeemable capital stock	883		4	78	6	227
Accrued interest payable	8,796	(47)	413	714	521	1,482
Affordable Housing Program	836		47	108	53	137
Payable to REFCORP	158		10	18	13	23
Derivative liabilities	2,624		55	36	86	349
Other liabilities	1,818		160	81	25	446
Total liabilities	992,495	(3,400)	57,635	81,832	78,436	142,134
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	38,180		2,428	3,662	3,485	5,843
Capital stock Class A putable ($100 par value) issued and outstanding	610					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,637					
Total capital stock	41,427		2,428	3,662	3,485	5,843
Retained earnings	3,306	(39)	192	380	265	426
Accumulated other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(7)		10		3	
Net unrealized (losses) gains relating to hedging activities	(120)	(5)	1	(4)	(4)	
Other	(38)		(3)	(5)	(2)	(5)
Total capital	44,568	(44)	2,628	4,033	3,747	6,264
Total liabilities and capital	$1,037,063	$(3,444)	$60,263	$85,865	$82,183	$148,398

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 10	$ 10	$ 25	$ 43	$ 151	$	$ 5	$ 1
6,885	1,290		199	257	3,990	8,306	3,307
				3			
100			305			500	300
6,600	9,057	12,826	4,230	5,935	7,632	19,062	7,420
4		622		3	646	63	
790		2,808	3,395	521	102		
12,120	6,549	12,102	4,694	7,990	9,039	30,154	11,199
47,331	21,982	23,836	22,627	36,446	28,510	171,019	28,141
8,810	9,713	35,964	11,225	413	2,338	4,364	5,994
		1		1	1	1	
8,810	9,713	35,963	11,225	412	2,337	4,363	5,994
320	129	384	98	171	167	996	322
8	10	47	7	24	19	13	11
64	169	53	48	54	105	27	186
26	34	79	26	28	86	107	21
$83,068	$48,943	$88,745	$46,897	$51,995	$52,633	$234,615	$56,902
$ 974	$ 946	$ 686	$ 795	$ 2,359	$ 1,029	$ 533	$ 894
122		8	27	622	7	14	110
		12					
46	107	35		38	37	15	44
1,142	1,053	741	822	3,019	1,073	562	1,048
		24	33				
	11	98			7	3	
	11	122	33		7	3	
1,142	1,064	863	855	3,019	1,080	565	1,048
		1,200	500				
		1,200	500				
19,822	10,388	14,343	7,924	7,572	15,195	25,361	4,266
57,261	34,738	67,159	34,716	38,455	33,381	194,305	48,566
77,083	45,126	81,502	42,640	46,027	48,576	219,666	52,832
		1,000					
33	163	19	69	64	42	96	82
583	414	666	318	423	379	2,325	605
100	27	54	44	46	40	159	21
18	7	7	6	7	9	36	4
67	34	249	158	189	328	1,048	25
83	45	51	20	66	40	766	35
79,109	46,880	85,611	44,610	49,841	50,494	224,661	54,652
3,692	1,894		1,948	1,955	1,351	9,782	2,140
					610		
		2,637					
3,692	1,894	2,637	1,948	1,955	1,961	9,782	2,140
273	175	617	347	197	184	177	112
		(11)	(7)	1	(3)		
		(106)				(2)	
(6)	(6)	(3)	(1)	1	(3)	(3)	(2)
3,959	2,063	3,134	2,287	2,154	2,139	9,954	2,250
$83,068	$48,943	$88,745	$46,897	$51,995	$52,633	$234,615	$56,902

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2006

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 330	$	$ 8	$ 39	$ 78	$ 29
Interest-bearing deposits	33,872		940	5,591	3,615	796
Deposits with other FHLBanks for mortgage loan programs		(12)			5	5
Securities purchased under agreements to resell	4,905		3,250			
Federal funds sold	77,056		2,607	3,661	3,370	10,532
Trading securities	5,687	(321)	151			4,515
Available-for-sale securities	6,661	(57)	988		66	
Held-to-maturity securities	142,482	(4,225)	7,306	11,251	12,939	19,330
Advances	640,681		37,342	59,013	49,335	101,476
Mortgage loans held for portfolio	97,981		4,502	1,484	6,967	3,004
Less: allowance for credit losses on mortgages loans	7			1	1	1
Mortgage loans held for portfolio, net	97,974		4,502	1,483	6,966	3,003
Accrued interest receivable	4,344	(59)	214	406	417	692
Premises, software, and equipment, net	217		6	11	22	31
Derivative assets	1,626		129	225	499	259
Other assets	634	6	27	23	64	90
Total assets	$1,016,469	$(4,668)	$57,470	$81,703	$77,376	$140,758
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 17,512	$	$ 1,087	$ 2,182	$ 1,056	$ 4,445
Term	441		29	80	1	13
Deposits from other FHLBanks for mortgage loan programs		(12)				
Other	795		3	126	352	142
Total interest-bearing	18,748	(12)	1,119	2,388	1,409	4,600
Non-interest-bearing:						
Demand and overnight	103			2	17	20
Other	121		5			
Total non-interest-bearing	224		5	2	17	20
Total deposits	18,972	(12)	1,124	2,390	1,426	4,620
Borrowings:						
Securities sold under agreements to repurchase	2,200					500
Total borrowings	2,200					500
Consolidated obligations, net:						
Discount notes	157,549		17,724	12,191	17,845	4,934
Bonds	776,665	(4,548)	35,518	62,043	53,627	122,068
Total consolidated obligations, net	934,214	(4,548)	53,242	74,234	71,472	127,002
Subordinated notes	1,000					
Mandatorily redeemable capital stock	1,094		12	110	8	216
Accrued interest payable	8,549	(59)	358	735	566	1,387
Affordable Housing Program	805		45	102	49	130
Payable to REFCORP	165		13	17	15	23
Derivative liabilities	2,886		121	108	144	570
Other liabilities	1,599		23	103	62	136
Total liabilities	971,484	(4,619)	54,938	77,799	73,742	134,584
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	38,882		2,343	3,546	3,384	5,772
Capital stock Class A putable ($100 par value) issued and outstanding	532					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,587					
Total capital stock	42,001		2,343	3,546	3,384	5,772
Retained earnings	3,143	(44)	187	368	255	407
Accumulated other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(8)		3		2	
Net unrealized (losses) gains relating to hedging activities	(114)	(5)	2	(5)	(5)	
Other	(37)		(3)	(5)	(2)	(5)
Total capital	44,985	(49)	2,532	3,904	3,634	6,174
Total liabilities and capital	$1,016,469	$(4,668)	$57,470	$81,703	$77,376	$140,758

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 4	$ 15	$ 23	$ 30	$ 96	$	$ 7	$ 1
6,536	394		11	174	4,327	9,323	2,165
				1		1	
1,150			305			200	
9,642	7,324	6,470	1,625	5,495	8,055	15,443	2,832
5		532		24	704	77	
1,188		3,097	562	715	102		
12,099	6,545	11,915	5,715	7,194	8,377	30,348	13,688
41,956	22,282	26,179	21,855	41,168	28,445	183,669	27,961
8,461	10,021	37,945	11,775	450	2,374	4,631	6,367
		1		1	1	1	
8,461	10,021	37,944	11,775	449	2,373	4,630	6,367
301	136	379	93	188	176	1,078	323
8	11	51	7	25	20	12	13
13	99	41	36	91	67	20	147
24	42	83	27	30	93	107	18
$81,387	$46,869	$86,714	$42,041	$55,650	$52,739	$244,915	$53,515
$ 827	$ 847	$ 1,242	$ 879	$ 2,326	$ 1,108	$ 587	$ 926
88		95	20	45	1	5	64
		12					
12	61	30		53	1	2	13
927	908	1,379	899	2,424	1,110	594	1,003
		22	42				
	12	92			8	4	
	12	114	42		8	4	
927	920	1,493	941	2,424	1,118	598	1,003
		1,200	500				
		1,200	500				
21,947	10,471	11,166	4,685	8,226	16,736	30,128	1,496
53,239	32,844	67,744	33,066	41,684	32,039	199,300	48,041
75,186	43,315	78,910	37,751	49,910	48,775	229,428	49,537
		1,000					
137	151	14	65	160	46	106	69
559	384	690	300	444	337	2,280	568
96	26	63	45	43	36	147	23
17	7	9	6	8	9	39	2
108	63	195	163	168	204	995	47
450	48	57	21	54	42	568	35
77,480	44,914	83,631	39,792	53,211	50,567	234,161	51,284
3,658	1,793		1,906	2,248	1,475	10,616	2,141
					532		
		2,587					
3,658	1,793	2,587	1,906	2,248	2,007	10,616	2,141
256	167	606	344	190	172	143	92
(1)		(8)			(4)		
		(99)				(2)	
(6)	(5)	(3)	(1)	1	(3)	(3)	(2)
3,907	1,955	3,083	2,249	2,439	2,172	10,754	2,231
$81,387	$46,869	$86,714	$42,041	$55,650	$52,739	$244,915	$53,515

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED JUNE 30, 2007

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$8,398	$	$512	$ 806	$625	$1,381
Prepayment fees on advances, net	8		1	1	1	
Interest-bearing deposits	495		19	84	52	15
Securities purchased under agreements to resell	39		17			
Federal funds sold	1,211		66	42	52	182
Trading securities	82	(5)	2			67
Available-for-sale securities	96	(1)	12		1	
Held-to-maturity securities	1,746	(29)	99	149	152	229
Mortgage loans held for portfolio	1,225		55	20	85	42
Other	1					
Total interest income	13,301	(35)	783	1,102	968	1,916
INTEREST EXPENSE						
Consolidated obligations — Discount notes	2,000		255	171	211	79
Consolidated obligations — Bonds	9,921	(36)	444	781	648	1,597
Deposits	262		11	35	22	71
Securities sold under agreements to repurchase	40				1	6
Subordinated notes	15					
Mandatorily redeemable capital stock	12		1	2		4
Other borrowings	1					
Total interest expense	12,251	(36)	711	989	882	1,757
NET INTEREST INCOME	1,050	1	72	113	86	159
Provision for credit losses						
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,050	1	72	113	86	159
OTHER (LOSS) INCOME						
Service fees	8		1	1	1	
Net losses on trading securities	(99)		(1)			(78)
Net realized (losses) gains from sale of held-to-maturity securities	(1)					
Net gains (losses) on derivatives and hedging activities	83		(4)	2	(2)	72
Other, net	8	1		(2)		1
Total other (loss) income	(1)	1	(4)	1	(1)	(5)
OTHER EXPENSE						
Operating	173		12	17	14	24
Finance Board	8		1			2
Office of Finance	5					
Other	7	(1)				1
Total other expense	193	(1)	13	17	14	27
INCOME BEFORE ASSESSMENTS	856	3	55	97	71	127
Affordable Housing Program	71		4	8	6	11
REFCORP	157		10	18	13	23
Total assessments	228		14	26	19	34
NET INCOME	$ 628	$ 3	$ 41	$ 71	$ 52	$ 93

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 615	$ 295	$ 308	$ 297	$ 484	$ 355	$ 2,371	$ 349
3				1			1
99	18		1	2	59	102	44
4			4			8	6
82	116	149	65	71	97	167	122
		8		1	8	1	
16		37	23	7	1		
143	72	154	72	106	106	369	124
116	131	466	142	6	31	54	77
					1		
1,078	632	1,122	604	678	658	3,072	723
270	145	173	98	104	168	271	55
686	425	828	446	483	421	2,579	619
14	13	12	12	37	13	9	13
		25	8				
		15					
1	1		1	1		1	
					1		
971	584	1,053	565	625	603	2,860	687
107	48	69	39	53	55	212	36
107	48	69	39	53	55	212	36
1	1			1	1		1
		(10)			(10)		
			1				(2)
(1)	(4)	8		(2)	10	7	(3)
1	1	2	2	1	1		
1	(2)		3		2	7	(4)
9	8	29	10	13	7	20	10
	1			1	1	2	
	1	1			1	1	1
2		2			2		1
11	10	32	10	14	11	23	12
97	36	37	32	39	46	196	20
8	3	4	3	3	3	16	2
18	7	6	6	7	9	36	4
26	10	10	9	10	12	52	6
$ 71	$ 26	$ 27	$ 23	$ 29	$ 34	$ 144	$ 14

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED JUNE 30, 2006

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$7,850	$	$500	$ 800	$590	$1,270
Prepayment fees on advances, net	7			5		1
Interest-bearing deposits	434		17	70	43	10
Securities purchased under agreements to resell	25		4			
Federal funds sold	824		46	37	48	123
Trading securities	96	(5)	3			73
Available-for-sale securities	63	(1)	11		2	
Held-to-maturity securities	1,659	(44)	86	138	129	229
Mortgage loans held for portfolio	1,302		61	19	94	37
Other	1					
Total interest income	12,261	(50)	728	1,069	906	1,743
INTEREST EXPENSE						
Consolidated obligations — Discount notes	1,955		303	234	131	112
Consolidated obligations — Bonds	8,978	(52)	343	699	672	1,401
Deposits	205		6	21	16	55
Securities sold under agreements to repurchase	37					6
Subordinated notes	3					
Mandatorily redeemable capital stock	13			1		2
Other borrowings	1					
Total interest expense	11,192	(52)	652	955	819	1,576
NET INTEREST INCOME	1,069	2	76	114	87	167
Provision for credit losses						
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,069	2	76	114	87	167
OTHER (LOSS) INCOME						
Service fees	7			1	1	
Net losses on trading securities	(105)		(1)			(74)
Net realized gains from sale of available-for-sale securities	1					
Net realized losses from sale of held-to-maturity securities	(2)					
Net gains (losses) on derivatives and hedging activities	92			7		78
Other, net	6	3		(4)	1	1
Total other (loss) income	(1)	3	(1)	4	2	5
OTHER EXPENSE						
Operating	168		11	16	15	22
Finance Board	9		1			2
Office of Finance	6				1	
Other	6	(1)				1
Total other expense	189	(1)	12	16	16	25
INCOME BEFORE ASSESSMENTS	879	6	63	102	73	147
Affordable Housing Program	72		5	8	6	12
REFCORP	161		12	19	13	27
Total assessments	233		17	27	19	39
NET INCOME	$ 646	$ 6	$ 46	$ 75	$ 54	$ 108

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$552	$290	$ 293	$279	$546	$343	$2,080	$307
		1					
56	16		2	6	68	134	12
8		5	4			3	1
71	87	102	28	27	47	142	66
		14			10	1	
15		24	1	11			
142	76	124	72	105	97	361	144
107	130	508	156	8	31	62	89
					1		
951	599	1,071	542	703	597	2,783	619
207	115	190	57	58	159	256	133
635	417	727	432	547	374	2,320	463
11	14	13	7	41	9	5	7
		22	7				2
		3					
3		1		5		1	
					1		
856	546	956	503	651	543	2,582	605
95	53	115	39	52	54	201	14
95	53	115	39	52	54	201	14
1	1			1	1		1
	(1)	(19)			(9)	(1)	
		1					
							(2)
1	(2)	5	1	(1)	9	(6)	
		3	1		(2)	1	2
2	(2)	(10)	2		(1)	(6)	1
9	9	27	11	13	7	18	10
1	1	1			1	2	
	1	1		1		1	1
3		2					1
13	11	31	11	14	8	21	12
84	40	74	30	38	45	174	3
8	3	6	2	4	4	14	
15	7	14	6	7	8	32	1
23	10	20	8	11	12	46	1
$ 61	$ 30	$ 54	$ 22	$ 27	$ 33	$ 128	$ 2

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2007

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$16,820	$	$ 998	$ 1,582	$ 1,248	$ 2,750
Prepayment fees on advances, net	16		2	3	1	1
Interest-bearing deposits	952		37	165	104	24
Securities purchased under agreements to resell	93		45			
Federal funds sold	2,262		105	87	98	310
Trading securities	163	(10)	4			133
Available-for-sale securities	174	(2)	24		2	
Held-to-maturity securities	3,545	(36)	199	302	308	460
Mortgage loans held for portfolio	2,462		111	39	173	82
Other	2					
Total interest income	26,489	(48)	1,525	2,178	1,934	3,760
INTEREST EXPENSE						
Consolidated obligations — Discount notes	4,062		493	342	429	155
Consolidated obligations — Bonds	19,732	(49)	867	1,548	1,295	3,139
Deposits	489		22	58	39	130
Securities sold under agreements to repurchase	77				1	12
Subordinated notes	29					
Mandatorily redeemable capital stock	25		1	4		7
Other borrowings	1					
Total interest expense	24,415	(49)	1,383	1,952	1,764	3,443
NET INTEREST INCOME	2,074	1	142	226	170	317
Provision for credit losses	2				2	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	2,072	1	142	226	168	317
OTHER INCOME (LOSS)						
Service fees	14		2	2	2	1
Net losses on trading securities	(90)		(1)			(73)
Net realized (losses) gains from sale of held-to-maturity securities	(4)					
Net gains (losses) on derivatives and hedging activities	78		(3)	5	3	63
Other, net	13	2		(4)	1	1
Total other income (loss)	11	2	(2)	3	6	(8)
OTHER EXPENSE						
Operating	344		24	33	28	45
Finance Board	17		1	1	1	3
Office of Finance	13		1	1	1	1
Other	9	(2)				2
Total other expense	383	(2)	26	35	30	51
INCOME BEFORE ASSESSMENTS	1,700	5	114	194	144	258
Affordable Housing Program	141		9	16	12	22
REFCORP	310		21	36	26	47
Total assessments	451		30	52	38	69
NET INCOME	$ 1,249	$ 5	$ 84	$ 142	$ 106	$ 189

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$1,211	$ 600	$ 621	$ 587	$1,009	$ 711	$4,796	$ 707
	3	2			2			2
	182	23		1	4	116	221	75
	15			8			12	13
	181	213	269	104	153	190	347	205
			16		1	17	2	
	27		76	31	15	1		
	286	147	311	148	213	214	736	257
	228	262	941	287	12	61	111	155
						2		
	2,133	1,247	2,234	1,166	1,409	1,312	6,225	1,414
	579	293	336	166	223	338	601	107
	1,319	830	1,652	880	1,003	838	5,190	1,220
	27	26	28	26	70	25	15	23
			49	15				
			29					
	2	3		2	3	1	2	
						1		
	1,927	1,152	2,094	1,089	1,299	1,203	5,808	1,350
	206	95	140	77	110	109	417	64
	206	95	140	77	110	109	417	64
	1	1		1	2	1		1
			(8)			(8)		
				1		(1)		(4)
	(2)	(3)	(5)	(1)		7	18	(4)
	2	1	3	2	2	2	1	
	1	(1)	(10)	3	4	1	19	(7)
	19	19	57	19	25	15	40	20
	1	1	1	1	1	1	4	1
	1	1	1		1	1	3	1
	2	1	3			2		1
	23	22	62	20	27	19	47	23
	184	72	68	60	87	91	389	34
	15	6	6	6	7	7	32	3
	34	13	12	11	16	17	71	6
	49	19	18	17	23	24	103	9
	$ 135	$ 53	$ 50	$ 43	$ 64	$ 67	$ 286	$ 25

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2006

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$14,917	$	$ 957	$1,501	$1,117	$2,403
Prepayment fees on advances, net	14			6		1
Interest-bearing deposits	792		37	146	81	15
Securities purchased under agreements to resell	76		11			
Federal funds sold	1,627		89	58	83	224
Trading securities	199	(10)	6			149
Available-for-sale securities	125	(2)	21		5	
Held-to-maturity securities	3,257	(89)	166	268	254	458
Mortgage loans held for portfolio	2,612		121	38	189	73
Other	2					
Total interest income	23,621	(101)	1,408	2,017	1,729	3,323
INTEREST EXPENSE						
Consolidated obligations — Discount notes	3,718		595	437	258	179
Consolidated obligations — Bonds	17,299	(105)	652	1,326	1,277	2,696
Deposits	387		11	35	28	105
Securities sold under agreements to repurchase	72					11
Subordinated notes	3					
Mandatorily redeemable capital stock	29			1		4
Other borrowings	1					
Total interest expense	21,509	(105)	1,258	1,799	1,563	2,995
NET INTEREST INCOME	2,112	4	150	218	166	328
Provision for credit losses	1				1	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	2,111	4	150	218	165	328
OTHER (LOSS) INCOME						
Service fees	13		1	2	2	1
Net losses on trading securities	(253)		(3)			(180)
Net realized losses from sale of available-for-sale securities	(3)					
Net realized losses from sale of held-to-maturity securities	(2)					
Net gains (losses) on derivatives and hedging activities	220		1	5	5	184
Other, net	10	(2)		(4)	1	1
Total other (loss) income	(15)	(2)	(1)	3	8	6
OTHER EXPENSE						
Operating	333		22	31	30	43
Finance Board	18		1	1	1	3
Office of Finance	12		1	1	1	1
Other	10	(2)				2
Total other expense	373	(2)	24	33	32	49
INCOME BEFORE ASSESSMENTS	1,723	4	125	188	141	285
Affordable Housing Program	143		10	15	12	24
REFCORP	315		23	35	25	52
Total assessments	458		33	50	37	76
NET INCOME	$ 1,265	$ 4	$ 92	$ 138	$ 104	$ 209

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$1,062	$ 563	$ 561	$ 532	$1,042	$ 654	$3,968	$ 557
2		1		1	1	1	1
107	25		10	10	119	217	25
16		9	7			27	6
151	138	185	64	81	97	314	143
	1	30		1	19	3	
29		47	2	22	1		
283	152	224	144	207	189	714	287
215	256	1,024	315	15	61	125	180
					2		
1,865	1,135	2,081	1,074	1,379	1,143	5,369	1,199
425	189	375	107	130	306	462	255
1,223	811	1,398	861	1,058	711	4,502	889
20	27	24	16	79	18	9	15
		42	13				6
		3					
9		3	1	8	1	2	
					1		
1,677	1,027	1,845	998	1,275	1,037	4,975	1,165
188	108	236	76	104	106	394	34
188	108	236	76	104	106	394	34
1	1		1	2	1		1
	(1)	(46)		(1)	(21)	(1)	
		(3)					
							(2)
1	(3)	16	2	(4)	28	(17)	2
1	1	7	2	2	(3)	2	2
3	(2)	(26)	5	(1)	5	(16)	3
18	19	53	21	25	14	36	21
2	1	2	1	1	1	4	
1	1	1		1	1	2	1
4	1	4					1
25	22	60	22	27	16	42	23
166	84	150	59	76	95	336	14
15	7	12	5	7	8	27	1
30	15	28	11	14	17	62	3
45	22	40	16	21	25	89	4
$ 121	$ 62	$ 110	$ 43	$ 55	$ 70	$ 247	$ 10

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES — STATEMENTS OF CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE SHARES						
BALANCE, DECEMBER 31, 2005	377		25	36	31	57
Proceeds from sale of capital stock	90		3	18	25	21
Repurchase/redemption of capital stock	(77)		(3)	(15)	(24)	(18)
Net shares reclassified to mandatorily redeemable capital stock	(3)					
Transfer between Class B and Class A shares	(1)					
Capital stock dividends	4					
BALANCE, JUNE 30, 2006	390		25	39	32	60
BALANCE, DECEMBER 31, 2006	389		23	36	34	58
Proceeds from sale of capital stock	86		2	12	21	21
Repurchase/redemption of capital stock	(87)		(1)	(11)	(20)	(20)
Net shares reclassified to mandatorily redeemable capital stock	(10)					(1)
Transfer between Class B and Class A shares	(1)					
Capital stock dividends	5					
BALANCE, JUNE 30, 2007	382		24	37	35	58
CAPITAL STOCK CLASS A PUTABLE SHARES						
BALANCE, DECEMBER 31, 2005	5					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Transfer between Class B and Class A shares	1					
Capital stock dividends						
BALANCE, JUNE 30, 2006	5					
BALANCE, DECEMBER 31, 2006	5					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Transfer between Class B and Class A shares	1					
Capital stock dividends						
BALANCE, JUNE 30, 2007	6					

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
35	22		19	23	13	95	21
			4	2	2	15	
			(3)	(3)		(11)	
(1)					(1)	(1)	
					(1)		
1	—	—	—	1	—	2	—
35	22	—	20	23	13	100	21
37	18		19	22	15	106	21
	1		4	3	8	14	
			(4)	(6)		(25)	
					(9)		
					(1)		
—	—	—	—	1	1	3	—
37	19	—	19	20	14	98	21
					5		
					(1)		
					1		
—	—	—	—	—	—	—	—
—	—	—	—	—	5	—	—
					5		
					1		
—	—	—	—	—	—	—	—
—	—	—	—	—	6	—	—

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES						
BALANCE, DECEMBER 31, 2005	38					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(8)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, JUNE 30, 2006	30					
BALANCE, DECEMBER 31, 2006	26					
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						
Capital stock dividends						
BALANCE, JUNE 30, 2007	26					
TOTAL CAPITAL STOCK PUTABLE SHARES						
BALANCE, DECEMBER 31, 2005	420		25	36	31	57
Proceeds from sale of capital stock	90		3	18	25	21
Repurchase/redemption of capital stock	(77)		(3)	(15)	(24)	(18)
Net shares reclassified to mandatorily redeemable capital stock	(12)					
Capital stock dividends	4					
BALANCE, JUNE 30, 2006	425		25	39	32	60
BALANCE, DECEMBER 31, 2006	420		23	36	34	58
Proceeds from sale of capital stock	86		2	12	21	21
Repurchase/redemption of capital stock	(87)		(1)	(11)	(20)	(20)
Net shares reclassified to mandatorily redeemable capital stock	(10)					(1)
Capital stock dividends	5					
BALANCE, JUNE 30, 2007	414		24	37	35	58

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
		38					
		(8)					
		30					
		26					
		26					
35	22	38	19	23	18	95	21
			4	2	2	15	
			(3)	(3)		(11)	
(1)		(8)			(2)	(1)	
1				1		2	
35	22	30	20	23	18	100	21
37	18	26	19	22	20	106	21
	1		4	3	8	14	
			(4)	(6)		(25)	
					(9)		
				1	1	3	
37	19	26	19	20	20	98	21

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$37,786	$	$2,532	$ 3,590	$ 3,079	$ 5,753
Proceeds from sale of capital stock	9,086		275	1,824	2,565	2,040
Repurchase/redemption of capital stock	(7,700)		(259)	(1,515)	(2,425)	(1,801)
Net shares reclassified to mandatorily redeemable capital stock	(399)		(7)	(14)		(1)
Transfer between Class B and Class A shares	(57)					
Capital stock dividends	443					
BALANCE, JUNE 30, 2006	$39,159	$	$2,541	$ 3,885	$ 3,219	$ 5,991
BALANCE, DECEMBER 31, 2006	$38,882	$	$2,343	$ 3,546	$ 3,384	$ 5,772
Proceeds from sale of capital stock	8,606		188	1,205	2,131	2,082
Repurchase/redemption of capital stock	(8,603)		(95)	(1,082)	(2,030)	(1,965)
Net shares reclassified to mandatorily redeemable capital stock	(951)		(8)	(7)		(46)
Transfer between Class B and Class A shares	(118)					
Capital stock dividends	364					
BALANCE, JUNE 30, 2007	$38,180	$	$2,428	$ 3,662	$ 3,485	$ 5,843
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$ 498	$	$	$	$	$
Proceeds from sale of capital stock	2					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(69)					
Transfer between Class B and Class A shares	57					
Capital stock dividends						
BALANCE, JUNE 30, 2006	$ 488	$	$	$	$	$
BALANCE, DECEMBER 31, 2006	$ 532	$	$	$	$	$
Proceeds from sale of capital stock	5					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(45)					
Transfer between Class B and Class A shares	118					
Capital stock dividends						
BALANCE, JUNE 30, 2007	$ 610	$	$	$	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,503	$2,156	$	$1,932	$2,299	$1,290	$ 9,520	$2,132
16	21		382	180	267	1,511	5
			(331)	(234)	(17)	(1,118)	
(88)	(4)			(4)	(171)	(108)	(2)
					(57)		
101				51	47	244	
$3,532	$2,173	$	$1,983	$2,292	$1,359	$10,049	$2,135
$3,658	$1,793	$	$1,906	$2,248	$1,475	$10,616	$2,141
46	113		402	236	795	1,396	12
			(357)	(580)	(20)	(2,474)	
(12)	(12)		(3)	(6)	(836)	(8)	(13)
					(118)		
				57	55	252	
$3,692	$1,894	$	$1,948	$1,955	$1,351	$ 9,782	$2,140
$	$	$	$	$	$ 498	$	$
					2		
					(69)		
					57		
$	$	$	$	$	$ 488	$	$
$	$	$	$	$	$ 532	$	$
					5		
					(45)		
					118		
$	$	$	$	$	$ 610	$	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$ 3,759	$	$	$	$	$
Proceeds from sale of capital stock	21					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(820)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, JUNE 30, 2006	$ 2,960	$	$	$	$	$
BALANCE, DECEMBER 31, 2006	$ 2,587	$	$	$	$	$
Proceeds from sale of capital stock	57					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(7)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, JUNE 30, 2007	$ 2,637	$	$	$	$	$
TOTAL CAPITAL STOCK PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$ 42,043	$	$ 2,532	$ 3,590	$ 3,079	$ 5,753
Proceeds from sale of capital stock	9,109		275	1,824	2,565	2,040
Repurchase/redemption of capital stock	(7,700)		(259)	(1,515)	(2,425)	(1,801)
Net shares reclassified to mandatorily redeemable capital stock	(1,288)		(7)	(14)		(1)
Capital stock dividends	443					
BALANCE, JUNE 30, 2006	$ 42,607	$	$ 2,541	$ 3,885	$ 3,219	$ 5,991
BALANCE, DECEMBER 31, 2006	$ 42,001	$	$ 2,343	$ 3,546	$ 3,384	$ 5,772
Proceeds from sale of capital stock	8,668		188	1,205	2,131	2,082
Repurchase/redemption of capital stock	(8,603)		(95)	(1,082)	(2,030)	(1,965)
Net shares reclassified to mandatorily redeemable capital stock	(1,003)		(8)	(7)		(46)
Capital stock dividends	364					
BALANCE, JUNE 30, 2007	$ 41,427	$	$ 2,428	$ 3,662	$ 3,485	$ 5,843

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$	$	$ 3,759	$	$	$	$	$
		21					
		(820)					
$	$	$ 2,960	$	$	$	$	$
$	$	$ 2,587	$	$	$	$	$
		57					
		(7)					
$	$	$ 2,637	$	$	$	$	$
$ 3,503	$ 2,156	$ 3,759	$ 1,932	$ 2,299	$ 1,788	$ 9,520	$ 2,132
16	21	21	382	180	269	1,511	5
			(331)	(234)	(17)	(1,118)	
(88)	(4)	(820)		(4)	(240)	(108)	(2)
101				51	47	244	
$ 3,532	$ 2,173	$ 2,960	$ 1,983	$ 2,292	$ 1,847	$ 10,049	$ 2,135
$ 3,658	$ 1,793	$ 2,587	$ 1,906	$ 2,248	$ 2,007	$ 10,616	$ 2,141
46	113	57	402	236	800	1,396	12
			(357)	(580)	(20)	(2,474)	
(12)	(12)	(7)	(3)	(6)	(881)	(8)	(13)
				57	55	252	
$ 3,692	$ 1,894	$ 2,637	$ 1,948	$ 1,955	$ 1,961	$ 9,782	$ 2,140

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
RETAINED EARNINGS						
BALANCE, DECEMBER 31, 2005	$ 2,600	$(71)	$ 135	$ 291	$ 189	$ 329
Net income	1,265	4	92	138	104	209
Dividends on capital stock:						
Cash	(497)		(34)	(93)	(67)	(161)
Stock	(442)					
BALANCE, JUNE 30, 2006	$ 2,926	$(67)	$ 193	$ 336	$ 226	$ 377
BALANCE, DECEMBER 31, 2006	$ 3,143	$(44)	$ 187	$ 368	$ 255	$ 407
Net income	1,249	5	84	142	106	189
Dividends on capital stock:						
Cash	(722)		(79)	(130)	(96)	(170)
Stock	(364)					
BALANCE, JUNE 30, 2007	$ 3,306	$(39)	$ 192	$ 380	$ 265	$ 426
ACCUMULATED OTHER COMPREHENSIVE INCOME						
BALANCE, DECEMBER 31, 2005	$ (163)	$ (6)	$ 11	$ 4	$ (8)	$
Net unrealized (losses) gains on available-for-sale securities	(10)		9			
Reclassification adjustment for losses included in net income relating to available-for-sale securities	3					
Net unrealized gains relating to hedging activities	37			4	2	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	5		(1)			
Other	(1)			(1)		
BALANCE, JUNE 30, 2006	$ (129)	$ (6)	$ 19	$ 7	$ (6)	$
BALANCE, DECEMBER 31, 2006	$ (159)	$ (5)	$ 2	$ (10)	$ (5)	$ (5)
Net unrealized gains (losses) on available-for-sale securities	1		7		1	
Reclassification adjustment for (gains) losses included in net income relating to available-for-sale securities						
Net unrealized (losses) gains relating to hedging activities	(7)			1	1	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	1		(1)			
Other	(1)					
BALANCE, JUNE 30, 2007	$ (165)	$ (5)	$ 8	$ (9)	$ (3)	$ (5)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 208	$ 149	$ 525	$ 330	$ 178	$ 137	$ 131	$ 69
121	62	110	43	55	70	247	10
	(53)	(56)	(33)				
(100)				(51)	(47)	(244)	
$ 229	$ 158	$ 579	$ 340	$ 182	$ 160	$ 134	$ 79
$ 256	$ 167	$ 606	$ 344	$ 190	$ 172	$ 143	$ 92
135	53	50	43	64	67	286	25
(118)	(45)	(39)	(40)				(5)
				(57)	(55)	(252)	
$ 273	$ 175	$ 617	$ 347	$ 197	$ 184	$ 177	$ 112
$ (2)	$ (2)	$ (146)	$ (1)	$ (3)	$ (7)	$ (3)	$
(1)		(19)		2	(1)		
		3					
		31					
		5				1	
$ (3)	$ (2)	$ (126)	$ (1)	$ (1)	$ (8)	$ (2)	$
$ (7)	$ (5)	$ (110)	$ (1)	$ 1	$ (7)	$ (5)	$ (2)
1		(3)	(7)	1	1		
		(9)					
		2					
	(1)						
$ (6)	$ (6)	$ (120)	$ (8)	$ 2	$ (6)	$ (5)	$ (2)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Shares and dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
TOTAL CAPITAL						
BALANCE, DECEMBER 31, 2005	$44,480	$ (77)	$2,678	$ 3,885	$ 3,260	$ 6,082
Proceeds from sale of capital stock	9,109		275	1,824	2,565	2,040
Repurchase/redemption of capital stock	(7,700)		(259)	(1,515)	(2,425)	(1,801)
Net shares reclassified to mandatorily redeemable capital stock	(1,288)		(7)	(14)		(1)
Comprehensive income:						
Net income	1,265	4	92	138	104	209
Other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(10)		9			
Reclassification adjustment for losses included in net income relating to available-for-sale securities	3					
Net unrealized gains relating to hedging activities	37			4	2	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	5		(1)			
Other	(1)			(1)		
Total comprehensive income	1,299	4	100	141	106	209
Dividends on capital stock:						
Cash	(497)		(34)	(93)	(67)	(161)
Stock	1					
BALANCE, JUNE 30, 2006	$45,404	$ (73)	$2,753	$ 4,228	$ 3,439	$ 6,368
BALANCE, DECEMBER 31, 2006	$44,985	$ (49)	$2,532	$ 3,904	$ 3,634	$ 6,174
Proceeds from sale of capital stock	8,668		188	1,205	2,131	2,082
Repurchase/redemption of capital stock	(8,603)		(95)	(1,082)	(2,030)	(1,965)
Net shares reclassified to mandatorily redeemable capital stock	(1,003)		(8)	(7)		(46)
Comprehensive income:						
Net income	1,249	5	84	142	106	189
Other comprehensive income:						
Net unrealized gains (losses) on available-for-sale securities	1		7		1	
Reclassification adjustment for (gains) losses included in net income relating to available-for-sale securities						
Net unrealized (losses) gains relating to hedging activities	(7)			1	1	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	1		(1)			
Other	(1)					
Total comprehensive income	1,243	5	90	143	108	189
Dividends on capital stock:						
Cash	(722)		(79)	(130)	(96)	(170)
BALANCE, JUNE 30, 2007	$44,568	$ (44)	$2,628	$ 4,033	$ 3,747	$ 6,264

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,709	$2,303	$4,138	$2,261	$2,474	$1,918	$ 9,648	$2,201
16	21	21	382	180	269	1,511	5
			(331)	(234)	(17)	(1,118)	
(88)	(4)	(820)		(4)	(240)	(108)	(2)
121	62	110	43	55	70	247	10
(1)		(19)		2	(1)		
		3					
		31					
		5				1	
120	62	130	43	57	69	248	10
	(53)	(56)	(33)				
1							
$3,758	$2,329	$3,413	$2,322	$2,473	$1,999	$10,181	$2,214
$3,907	$1,955	$3,083	$2,249	$2,439	$2,172	$10,754	$2,231
46	113	57	402	236	800	1,396	12
			(357)	(580)	(20)	(2,474)	
(12)	(12)	(7)	(3)	(6)	(881)	(8)	(13)
135	53	50	43	64	67	286	25
1		(3)	(7)	1	1		
		(9)					
		2					
	(1)						
136	52	40	36	65	68	286	25
(118)	(45)	(39)	(40)				(5)
$3,959	$2,063	$3,134	$2,287	$2,154	$2,139	$ 9,954	$2,250

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income	$ 1,249	$ 5	$ 84	$ 142	$ 106	$ 189
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	161	(1)	29	16	30	15
Change in net fair value adjustment on derivative and hedging activities	(670)		(79)	(9)	(2)	(169)
Other adjustments	14		1		2	
Net change in:						
Trading securities	96		25			73
Accrued interest receivable	122	(12)	(5)	(15)	13	56
Other assets	(11)		1	3		1
Accrued interest payable	247	12	55	(21)	(45)	95
Other liabilities	(1)		1	(15)	1	10
Total adjustments	(42)	(1)	28	(41)	(1)	81
Net cash provided by (used in) operating activities	1,207	4	112	101	105	270
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	(2,952)		(90)	(1,254)	(235)	(68)
Securities purchased under agreements to resell	1,700		1,250			
Federal funds sold	(23,318)		(2,532)	(859)	885	(4,935)
Deposits to other FHLBanks for mortgage loan programs						1
Principal collected on other loans	1					
Premises, software and equipment	(16)		(1)	(3)	(3)	(2)
Available-for-sale securities:						
Proceeds	39,675	(3)	9		10	
Purchases	(41,584)					
Held-to-maturity securities:						
Net (increase) decrease in short-term	(2,302)		(45)		335	
Proceeds from long-term	14,908	(1,200)	1,273	969	1,124	1,487
Purchases of long-term	(10,405)		(1,272)	(695)	(784)	(904)
Advances:						
Proceeds	3,506,766		212,341	185,622	240,749	82,945
Made	(3,507,309)		(213,893)	(188,038)	(247,483)	(85,998)
Mortgage loans held for portfolio:						
Principal collected	6,275		316	80	475	192
Purchases	(2,802)		(81)	(108)	(55)	(440)
Proceeds from sales of foreclosed assets	28					
Net cash (used in) provided by investing activities	(21,335)	(1,203)	(2,725)	(4,286)	(4,982)	(7,722)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 135	$ 53	$ 50	$ 43	$ 64	$ 67	$ 286	$ 25
	(3)	35	17	(25)	12	(19)	55
(19)	(13)	29	(50)	12	(62)	(231)	(77)
	1	(2)		4	2	2	4
1		(97)		22	58	14	
(20)	7	(6)	(5)	17	9	82	1
(3)	7	(22)		2	1	(1)	
24	30	(24)	18	(21)	42	45	37
10	(4)	(19)	(2)	3	6	8	
(7)	25	(106)	(22)	14	68	(100)	20
128	78	(56)	21	78	135	186	45
(350)	(896)		(188)	(84)	338	1,017	(1,142)
1,050						(300)	(300)
3,042	(1,733)	(6,356)	(2,605)	(440)	422	(3,619)	(4,588)
				(2)		1	
					1		
(1)		(5)	(1)	(1)	(1)	2	
37,181		395	1,894	189			
(36,756)		(110)	(4,718)				
		(1,031)	573	(1,295)	(678)	(161)	
1,088	494	858	449	686	897	3,145	3,638
(1,477)	(494)	(9)		(183)	(875)	(2,558)	(1,154)
994,652	48,737	114,513	38,324	236,721	237,332	1,076,884	37,946
(1,000,086)	(48,516)	(112,188)	(39,184)	(232,020)	(237,419)	(1,064,323)	(38,161)
539	578	2,576	707	36	139	267	370
(894)	(270)	(691)	(159)		(104)		
		28					
(2,012)	(2,100)	(2,020)	(4,908)	3,607	52	10,355	(3,391)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2007

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES:						
Net change in:						
Deposits and pass-through reserves	$ 2,126	$	$ (78)	$ (190)	$ 1,009	$ 1,162
Borrowings	32			37		
Net proceeds from issuance of consolidated obligations:						
Discount notes	3,859,789		399,045	184,318	173,820	436,883
Bonds	235,471		15,580	22,038	9,700	55,961
Bonds transferred from other FHLBanks		(469)				
Payments for maturing and retiring consolidated obligations:						
Discount notes	(3,853,797)		(398,453)	(183,738)	(168,717)	(437,196)
Bonds	(221,565)	1,197	(13,481)	(17,864)	(10,950)	(49,259)
Bonds transferred to other FHLBanks		471		(386)		
Proceeds from issuance of capital stock	8,668		188	1,205	2,131	2,082
Payments for redemption of mandatorily redeemable capital stock	(1,221)		(16)	(39)	(2)	(35)
Payments for repurchase/redemption of capital stock	(8,603)		(95)	(1,082)	(2,030)	(1,965)
Cash dividends paid	(723)		(79)	(131)	(95)	(171)
Net cash provided by (used in) financing activities	20,177	1,199	2,611	4,168	4,866	7,462
Net increase (decrease) in cash and cash equivalents	49		(2)	(17)	(11)	10
Cash and cash equivalents at beginning of the period	330		8	39	78	29
Cash and cash equivalents at end of the period	$ 379	$	$ 6	$ 22	$ 67	$ 39
Supplemental Disclosures:						
Interest paid	$ 22,936	$	$ 1,384	$ 1,628	$ 1,272	$ 3,166
AHP payments, net	$ 109	$	$ 5	$ 10	$ 8	$ 14
REFCORP assessments paid	$ 319	$	$ 24	$ 35	$ 28	$ 48

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 215	$ 144	$ (630)	$ (86)	$ 607	$ (38)	$ (33)	$ 44
					(5)		
290,660	447,258	502,848	322,268	479,937	334,132	100,139	188,481
22,047	9,649	11,856	5,328	13,049	10,559	39,320	20,384
				326		60	83
(292,801)	(447,339)	(499,654)	(319,041)	(480,564)	(335,672)	(104,868)	(185,754)
(18,043)	(7,763)	(12,273)	(3,575)	(16,535)	(9,057)	(44,063)	(19,899)
		(85)					
46	113	57	402	236	800	1,396	12
(116)		(2)	1	(106)	(886)	(20)	
			(357)	(580)	(20)	(2,474)	
(118)	(45)	(39)	(40)				(5)
1,890	2,017	2,078	4,900	(3,630)	(187)	(10,543)	3,346
6	(5)	2	13	55		(2)	
4	15	23	30	96		7	1
$ 10	$ 10	$ 25	$ 43	$ 151	$	$ 5	$ 1
$ 1,895	$ 824	$ 2,067	$ 1,061	$ 1,329	$ 1,149	$ 5,848	$ 1,313
$ 11	$ 5	$ 15	$ 7	$ 5	$ 4	$ 20	$ 5
$ 33	$ 14	$ 15	$ 11	$ 17	$ 17	$ 74	$ 3

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2006

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income	$ 1,265	$ 4	$ 92	$ 138	$ 104	$ 209
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	314	(4)	70	7	67	31
Change in net fair value adjustment on derivative and hedging activities	(362)		(27)	(111)	(119)	(176)
Other adjustments	22	4			1	
Net change in:						
Trading securities	1,099		27			738
Accrued interest receivable	(217)	(3)	(11)	(22)	(53)	(49)
Other assets	(12)		3	3	1	(1)
Accrued interest payable	907	3	26	122	106	52
Other liabilities	12		5	18	3	24
Total adjustments	1,763		93	17	6	619
Net cash provided by (used in) operating activities	3,028	4	185	155	110	828
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	(5,086)		1,365	2,074	(211)	(583)
Securities purchased under agreements to resell	548		(750)			
Federal funds sold	4,476		(2,529)	(429)	(3,277)	(942)
Principal collected on other loans	1					
Premises, software and equipment	(26)		(1)	(2)	(5)	(1)
Available-for-sale securities:						
Proceeds	56,643				221	
Purchases	(57,727)					
Held-to-maturity securities:						
Net (increase) decrease in short-term	(180)				(21)	
Proceeds from long-term	13,827	(250)	1,155	1,333	782	1,841
Purchases of long-term	(17,736)		(1,750)	(2,570)	(1,515)	(1,768)
Advances:						
Proceeds	3,582,229		399,757	279,056	440,362	88,806
Made	(3,603,589)		(402,386)	(284,971)	(438,634)	(90,940)
Mortgage loans held for portfolio:						
Principal collected	6,870		326	81	546	171
Purchases	(3,449)		(183)	(74)	(247)	(310)
Proceeds from sales of foreclosed assets	26					
Net cash (used in) provided by investing activities	(23,173)	(250)	(4,996)	(5,502)	(1,999)	(3,726)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 121	$ 62	$ 110	$ 43	$ 55	$ 70	$ 247	$ 10
(28)	13	63	26	2	7	39	21
(37)	5	115	(2)	(18)	(65)	125	(52)
9		(3)		5	6		
1	19	257	1	13	22	21	
(38)	(10)	(28)	4	(7)	(15)	31	(16)
(1)	(2)	(21)	2	2		3	(1)
75	17	103	(24)		39	364	24
5	4	(13)	(46)	3		14	(5)
(14)	46	473	(39)		(6)	597	(29)
107	108	583	4	55	64	844	(19)
1,800	(477)		623	(129)	(1,093)	(8,720)	265
500		(102)				50	850
580	(3,071)	(1,992)	1,280	5,456	1,355	5,191	2,854
					1		
(1)		(7)	(1)	(2)	(2)	(3)	(1)
55,015		1,023	250	134			
(55,483)		(1,795)	(449)				
		308	695		(271)	(891)	
1,088	555	503	564	816	741	3,351	1,348
(675)	(580)	(3,655)	(500)		(630)	(3,216)	(877)
942,053	42,441	21,722	43,249	248,637	209,439	818,255	48,452
(945,963)	(40,172)	(21,615)	(44,063)	(247,419)	(210,471)	(822,930)	(54,025)
555	563	2,893	809	50	134	299	443
(528)	(981)	(807)	(188)		(119)	(12)	
		26					
(1,059)	(1,722)	(3,498)	2,269	7,543	(916)	(8,626)	(691)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (Continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2006

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES:						
Net change in:						
Deposits and pass-through reserves	$ (527)	$	$ 150	$ (561)	$ 323	$ (371)
Borrowings	(81)			120		
Net proceeds from issuance of consolidated obligations:						
Discount notes	3,481,123		350,615	299,372	102,331	244,694
Bonds	129,543		4,646	16,456	11,808	21,241
Bonds transferred from other FHLBanks		(737)	20			68
Payments for maturing and retiring consolidated obligations:						
Discount notes	(3,474,033)		(347,358)	(296,341)	(104,396)	(241,905)
Bonds	(115,789)	245	(3,207)	(13,645)	(8,274)	(20,891)
Bonds transferred to other FHLBanks		738		(253)		
Net proceeds from issuance of subordinated notes	994					
Proceeds from issuance of capital stock	9,109		275	1,824	2,565	2,040
Payments for redemption of mandatorily redeemable capital stock	(1,905)		(3)	(14)	(2)	(12)
Payments for repurchase/redemption of capital stock	(7,700)		(259)	(1,515)	(2,425)	(1,801)
Cash dividends paid	(533)		(64)	(93)	(90)	(144)
Net cash provided by (used in) financing activities	20,201	246	4,815	5,350	1,840	2,919
Net increase (decrease) in cash and cash equivalents	56		4	3	(49)	21
Cash and cash equivalents at beginning of the period	356		10	22	115	13
Cash and cash equivalents at end of the period	$ 412	$	$ 14	$ 25	$ 66	$ 34
Supplemental Disclosures:						
Interest paid	$ 18,778	$	$ 1,186	$ 1,146	$ 1,159	$ 2,740
AHP payments, net	$ 112	$	$ 4	$ 13	$ 5	$ 13
REFCORP assessments paid (refunds received)	$ 344	$	$ 25	$ 30	$ 24	$ 46

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (65)	$ 315	$ 175	$ (308)	$ (8)	$ (37)	$ (32)	$ (108)
					(5)		(196)
443,730	407,178	336,287	344,866	217,125	444,441	110,536	179,948
8,291	2,044	13,218	1,713	2,225	3,874	37,951	6,076
		65				584	
(442,545)	(405,155)	(339,137)	(343,157)	(220,266)	(444,612)	(108,850)	(180,311)
(8,097)	(2,717)	(7,174)	(5,353)	(6,427)	(2,816)	(32,726)	(4,707)
		(485)					
		994					
16	21	21	382	180	269	1,511	5
(379)	(35)	(1,000)	(9)	(125)	(245)	(81)	
			(331)	(234)	(17)	(1,118)	
	(53)	(56)	(33)				
951	1,598	2,908	(2,230)	(7,530)	852	7,775	707
(1)	(16)	(7)	43	68		(7)	(3)
5	38	33	42	62		12	4
$ 4	$ 22	$ 26	$ 85	$ 130	$	$ 5	$ 1
$ 1,629	$ 813	$ 1,753	$ 989	$ 1,260	$ 983	$ 3,979	$ 1,141
$ 16	$ 7	$ 17	$ 5	$ 3	$ 5	$ 18	$ 6
$ 31	$ 15	$ 26	$ 54	$ 15	$ 22	$ 57	$ (1)

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

Investors should read this financial discussion and analysis of combined financial condition and combined results of operations together with the combined and combining financial statements and the notes beginning on page 4 of this Combined Financial Report. 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 report 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.)

Forward-Looking Information

Statements contained in this report, 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.

Business Overview

Financial Performance. As cooperatives, the FHLBanks seek to maintain a balance between their public policy mission and their ability to provide adequate returns on the capital supplied by their members. The FHLBanks achieve this balance by delivering low-cost financing to members to help them meet the credit needs of their communities and by paying dividends. In view of their cooperative nature, the FHLBanks' financial strategies are designed to enable the FHLBanks to expand and contract in response to the credit needs of their members.

The FHLBanks invest their capital in high-quality, short- and intermediate-term financial instruments. This strategy allows the FHLBanks to maintain liquidity to satisfy member demand for short- and long-term funds, repay maturing consolidated obligations, and meet other obligations. This strategy also reduces the risk of loss when investments are liquidated if an FHLBank elects to repurchase excess capital stock. The dividends paid by an FHLBank are largely the result of the FHLBank's earnings on invested member capital, net earnings on advances to members and investment returns on mortgage loans and investments. These are offset by the FHLBank's operating expenses and assessments. The board of directors and management of each FHLBank determine the pricing of member credit and the FHLBank's dividend policies based on the needs of its members.

Different FHLBank Business Strategies. Each FHLBank is operated as a separate entity with its own management, employees and board of directors but under the supervisory and regulatory framework of the Finance Board. The management and board of directors of each FHLBank determine the best approach for meeting that FHLBank's business objectives and serving its members. As such, the management and board of directors of each FHLBank have developed their own business strategies and initiatives to fulfill the FHLBank's mission and they reevaluate these strategies and initiatives from time to time. For example, some FHLBanks have actively pursued the purchase of mortgage loans from their members through the acquired member asset programs, while other FHLBanks have offered a program to their members but have not actively marketed the program or have not invested significant resources to develop or expand the programs. At June 30, 2007, mortgage loans purchased through the acquired member asset programs as a percentage of total assets varied from a high of 41 percent for the FHLBank of Chicago to a low of less than 1 percent for the FHLBank of Dallas.

Comparative Highlights

(Dollar amounts in millions)	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 Decrease $	For the Three Months Ended June 30, 2007 vs. 2006 Decrease %	For the Six Months Ended June 30, 2007 vs. 2006 Decrease $	For the Six Months Ended June 30, 2007 vs. 2006 Decrease %
Net interest income	$1,050	$1,069	$2,074	$2,112	$(19)	(1.8)%	$(38)	(1.8)%
Net income	628	646	1,249	1,265	(18)	(2.8)%	(16)	(1.3)%

Net interest income decreased in the second quarter of 2007 compared to the second quarter of 2006 and in the first six months of 2007 over the same period during 2006 primarily due to an increase in consolidated obligation interest expenses due to the higher interest-rate environment, lower interest income on mortgage loans held for portfolio as a result of decreased volume, and the continuing effect of the flat to at times slightly inverted yield curve, partially offset by growth in advance and investment interest income at higher interest rates during 2007. Net income decreased in the second quarter of 2007 compared to the second quarter of 2006 due to the decrease in net interest income. Net income decreased in the first six months of 2007 over the same period during 2006 as the decrease in net interest income was partially offset by a $26 million increase in total other income. The increase in total other income relates to net change in net losses on trading securities and net gains on derivatives and hedging activities.

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 Increase $	For the Three Months Ended June 30, 2007 vs. 2006 Increase %	For the Six Months Ended June 30, 2007 vs. 2006 Increase $	For the Six Months Ended June 30, 2007 vs. 2006 Increase %
Total operating expenses (dollar amounts in millions)	$173	$168	$344	$333	$5	3.0%	$11	3.3%

Operating expenses increased during the second quarter of 2007 compared to the second quarter of 2006 primarily as a result of an $8 million increase in salaries and employee benefits due to a severance charge related to a reduction in force at the FHLBank of Chicago and an increase in the average number of employees and an increase in benefits expense across the majority of the FHLBanks, partially offset by a $2 million decrease in other operating expenses related to lower professional fees and cost-cutting measures. Operating expenses increased during the first six months of 2007 compared to the first six months of 2006 primarily as a result of a $17 million increase in salaries and employee benefits, due in part to a severance charge related to a reduction in force at the FHLBank of Chicago and an increase in the average number of employees and an increase in benefits expense across the majority of the FHLBanks, partially offset by a $7 million decrease in other operating expenses related to lower professional fees and cost-cutting measures.

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 Increase		For the Six Months Ended June 30, 2007 vs. 2006 Increase	
Daily average total assets (dollar amounts in millions)	$1,015,285	$993,421	$1,015,736	$995,631	$21,864	2.2%	$20,105	2.0%

The increase in average assets is primarily the result of the growth in the FHLBanks' investment portfolios.

The FHLBanks' hedge accounting strategies and trading securities resulted in the following (dollar amounts in millions):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease)		For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
Net losses on trading securities	$(99)	$(105)	$(90)	$(253)	$ 6	5.7%	$ 163	64.4%
Net gains on derivatives and hedging activities	83	92	78	220	(9)	(9.8)%	(142)	(64.5)%

Key amounts as a percentage of total assets are as follows (dollar amounts in millions):

	June 30, 2007		December 31, 2006		
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	(Decrease) Increase %
Advances	$ 640,035	61.7%	$ 640,681	63.0%	(0.1)%
Investments	295,164	28.5%	270,663	26.6%	9.1%
Mortgage loans held for portfolio, net	94,382	9.1%	97,974	9.6%	(3.7)%
Total assets	1,037,063		1,016,469		2.0%
Total consolidated obligations, net	953,055		934,214		2.0%
Total capital	44,568		44,985		(0.9)%

Investments increased while mortgage loans held for portfolio decreased as percentages of total assets from December 31, 2006 to June 30, 2007. Consolidated obligations increased slightly consistent with the change in total assets from December 31, 2006 to June 30, 2007; advances and total capital decreased slightly as a percentage of total assets.

The slight decrease in the outstanding balance of the FHLBanks' advances from December 31, 2006 to June 30, 2007 reflects overall lower demand by members for wholesale funding primarily due to the flat to at times slightly inverted yield curve and competition from alternative funding sources. While the overall balance of advances outstanding at June 30, 2007 decreased from December 31, 2006, convertible and putable advances outstanding at June 30, 2007 increased from December 31, 2006. Convertible advances feature one or more put option(s) sold by a member to an FHLBank that allows the FHLBank to convert the advance from fixed-rate to variable-rate. A convertible advance carries an interest rate lower than a comparable-maturity advance that does not have the conversion feature. When an FHLBank makes a putable advance, it has the right to terminate the advance at its discretion, which the FHLBank normally would exercise when interest rates increase. If an FHLBank elects to terminate the advance, the member may apply for a new advance at the then-current advance rates, subject to all applicable credit requirements.

Investments fluctuate due to changes in the amount of the FHLBanks' asset activity, anticipated asset activity and liquidity requirements. Investments in Federal funds sold increased over $23.3 billion due to favorable market conditions and a decision by some FHLBanks to increase liquidity in response to the Federal Reserve Board's policy on Payments System Risk.

Mortgage loans held for portfolio decreased for the majority of FHLBanks as principal pay-downs and maturities of existing mortgage loans held for portfolio have exceeded new purchases and fundings.

Factors that affect the volume of mortgage loans purchased include the general level of market conditions relating to housing activity, including originations and refinancing volumes. In addition, the FHLBank of Chicago, which has the largest percentage of mortgage loans held for portfolio with 38 percent of the combined mortgage loans held for portfolio balance, has purchased fewer loans due to a number of factors, including its objective to reduce its total mortgage loans outstanding in order to reduce the amount of capital it needs to support this business.

The slight decrease in total capital from December 31, 2006 to June 30, 2007 is primarily attributable to the decrease in capital stock due to the reclassification of capital stock as liabilities (mandatorily redeemable capital stock) during the first six months of 2007 as a result of member withdrawals, partially offset by payment of capital stock dividends by the FHLBanks of Dallas, Topeka and San Francisco.

The FHLBanks' total capital-to-assets ratio was 4.30 percent at June 30, 2007, compared to 4.43 percent at December 31, 2006.

The return on average assets was 25 basis points during the three and six months ended June 30, 2007 and 26 basis points during the three and six months ended June 30, 2006. The return on average equity was 5.71 percent and 5.69 percent during the three and six months ended June 30, 2007, compared to 5.72 percent and 5.66 percent during the three and six months ended June 30, 2006. The increase in return on average equity for the six months ended is due primarily to slightly higher decrease in the average invested equity balance in comparison to the decrease in net income from the prior period. The weighted-average dividend rate was 5.33 percent during the three and six months ended June 30, 2007, compared with 4.45 percent and 4.48 percent during the three and six months ended June 30, 2006. The dividend rate has been affected by each FHLBank's retained earnings policies.

Financial Trends

Conditions in Financial Markets. The primary external factors that affect net interest income are market interest rates, credit spreads and the general state of the economy.

Interest rates during a reporting period affect the FHLBanks' profitability, due primarily to the short-term structure of earning assets and the effect of higher interest rates on invested capital. At June 30, 2007 and December 31, 2006, the majority of investments, excluding mortgage-backed securities, and approximately 40 percent and 39 percent of the outstanding advances, had stated maturities of less than one year. Additionally, a significant portion of the FHLBanks' advances has been hedged with interest-rate exchange agreements in which a short-term, variable rate is received. The demand for FHLBank debt, as well as current short-term interest rates, as represented, for example, by the overnight Federal funds target rate, has an effect on the FHLBanks' profitability as measured by net interest income and return on average equity.

Interest rates also directly affect the FHLBanks through earnings on invested capital. Because the FHLBanks operate at relatively low net spreads between the yield earned on their assets and the cost of liabilities compared to other financial institutions, generally due to the FHLBanks' cooperative structures, a relatively higher proportion of FHLBank income is generated from the investment of member-supplied capital at the average asset yield as compared to other financial institutions. Consequently, changes in asset yields tend to have a greater effect on FHLBank profitability than on the profitability of financial institutions in general. Most of each FHLBank's return on capital follows short-term rates such as the Federal funds or 3-month LIBOR rates, while certain FHLBank average asset yields and corresponding returns on capital have been driven by longer-term assets, such as mortgage loans purchased through the mortgage purchase programs and MBS and CMO-related investment holdings. Higher interest rates have not corresponded to higher earnings for certain FHLBanks for a number of reasons including: tighter spreads on advances due to competitive pricing, the flat to at times slightly inverted yield curve, and certain liabilities repricing upward faster than funded assets.

Certain capital markets developments may also affect the performance of the FHLBanks. Specifically, the pricing relationships between the mortgage, agency, and derivative markets and the level of market price volatility may affect the attractiveness of mortgage products for the FHLBanks as well as the cost of FHLBank debt.

The overall customer deposit balances and asset growth of FHLBank member institutions may affect the demand for FHLBank advances.

The following table presents information on key market interest rates at June 30, 2007 and December 31, 2006 and key average market interest rates for the three and six months ended June 30, 2007 and 2006.

	June 30, 2007 Ending Rate	December 31, 2006 Ending Rate	Second Quarter 2007 Three-Month Average	Second Quarter 2006 Three-Month Average	First Half 2007 Six-Month Average	First Half 2006 Six-Month Average
Federal Funds Target(1)	5.25%	5.25%	5.25%	4.90%	5.25%	4.67%
3-month LIBOR(1)	5.36%	5.36%	5.36%	5.22%	5.36%	4.99%
2-year LIBOR(1)	5.36%	5.17%	5.23%	5.44%	5.18%	5.22%
5-year LIBOR(1)	5.49%	5.09%	5.25%	5.49%	5.16%	5.26%
10-year LIBOR(1)	5.67%	5.18%	5.40%	5.61%	5.30%	5.35%
2-year U.S. Treasury(1)	4.86%	4.81%	4.80%	4.99%	4.78%	4.79%
5-year U.S. Treasury(1)	4.92%	4.70%	4.76%	4.99%	4.70%	4.76%
10-year U.S. Treasury(1)	5.03%	4.70%	4.84%	5.07%	4.76%	4.82%
15-year residential mortgage note rate(2)	6.20%	5.93%	6.02%	6.26%	5.94%	6.07%
30-year residential mortgage note rate(2)	6.50%	6.22%	6.31%	6.64%	6.23%	6.44%

(1) Source: Bloomberg.

(2) Average calculated using "The Mortgage Bankers Association Weekly Application Survey." June 30, 2007 ending rate is from the last week in June 2007 and December 31, 2006 ending rate is from the last week in December 2006.

The Federal Reserve Board, through its Federal Open Market Committee, increased the Federal funds rate by 25 basis points four times during 2006 and left the Federal funds rate unchanged during the first and second quarters of 2007. These actions have resulted in a 100 basis point increase in the Federal funds rate to its current level of 5.25 percent. Other short-term interest rates followed the upward trend of the Federal funds rate. For example, the average three-month LIBOR rate increased approximately 37 basis points from the first half of 2006 to the first half of 2007. Longer-term interest rates trended slightly downward, resulting in the continuation of a flat to at times slightly inverted yield curve. Average Treasury rates for two-year obligations decreased 1 basis point, while both five-year and 10-year obligations decreased 6 basis points over this time period. As noted in the table above, the average interest rate on the 15-year, fixed-rate residential mortgage loan declined to 6.02 percent during the second quarter of 2007, a decrease of 24 basis points from the corresponding average interest rate during the second quarter of 2006, while the average interest rate on the 30-year, fixed-rate residential mortgage loan declined to 6.31 percent during the second quarter of 2007, a decrease of 33 basis points from the corresponding average interest rate during the second quarter of 2006. The average interest rate on the 15-year, fixed-rate residential mortgage loan declined to 5.94% during the first half of 2007, a decrease of 13 basis points from the corresponding average interest rate during the first half of 2006, while the average interest rate on the 30-year, fixed-rate residential mortgage loan declined to 6.23% during the first half of 2007, a decrease of 21 basis points from the corresponding average interest rate during the first half of 2006.

The Securities Industry and Financial Markets Association's May 2007 "Research Quarterly," the latest date for which information is publicly available, noted that new issuance volume in the U.S. bond market totaled $1.78 trillion during the first quarter of 2007, an increase of 13.0 percent over the first quarter of 2006. Despite the continuing housing sector correction, agency mortgage-backed securities issuance during this 12-month period increased 27.8 percent, reflecting low interest rates and a high volume of borrower refinancing from variable-rate mortgages to fixed-rate mortgages which has helped agency securitization market share versus private label securitization market share. The Securities Industry and Financial Markets Association's May 2007 "Research Quarterly" noted that agency long-term bond issuance volume in the first quarter of 2007 totaled $262.7 billion, up 39.8 percent from the $187.9 billion issued during the first quarter of 2006. Included in this number is the FHLBanks' long-term bond issuance of $120.7 billion, a 65.8 percent increase from the first quarter of 2006.

During the first half of 2007, the issuance of callable FHLBank consolidated obligations increased, as callable debt has become a core component of the FHLBanks' interest-rate risk management strategy. In addition, the shape of the yield curve provided little incentive for investors to extend maturities and created strong investor demand for short-term callable and bullet-type bonds. In comparison, during the same period in 2006, the FHLBanks issued a lower percentage of callable bonds, relying to a greater extent on non-callable, fixed-rate bullets.

The mortgage market continues to undergo a number of changes. Mortgage loan delinquencies have increased over the past year, particularly in the subprime sector, reflecting the combination of a softening residential real estate market in many areas of the nation, the effect of loosened underwriting standards applied by lenders and interest rate resets on variable-rate loans. As a result, several high profile originators have either exited subprime lending or have filed for bankruptcy as foreclosures have mounted. The FHLBanks have not experienced material losses from their holdings of mortgage loans or MBS, due primarily to conservative underwriting and investing policies.

On the mortgage market supply side, during the first half of 2007, the flat to at times slightly inverted yield curve provided incentive for many borrowers to shy away from variable-rate and/or interest-only mortgages and refinance into 30-year, fixed-rate mortgages. In addition, mortgage originations and refinancing volumes were down. On the demand side, overseas investors have continued to increase mortgage purchases. While Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) have recently increased their mortgage purchases, they have not approached their mortgage portfolio growth rates from the early part of this decade. These trends are due in part to continuing regulatory mandates, such as temporary retained portfolio growth limits and excess capital requirements, as well as continuing legislative uncertainty. In addition, growing demand for agency mortgage-backed securities by the U.S. dollar portfolios of foreign central banks reduced the number of mortgage investment opportunities for Fannie Mae and Freddie Mac. During the first half of 2007, Fannie Mae and Freddie Mac combined reported limited growth in their retained portfolios, producing diminished incremental funding demand. The lack of growth in government-sponsored enterprise (GSE) debt funding needs, coupled with continuing growth in demand for GSE debt by foreign central banks experiencing strong growth in U.S. dollar reserves, allowed the FHLBanks to issue debt at more attractive rates than might otherwise have been possible.

For the quarter ended March 31, 2007, the latest date for which information is publicly available, the Federal Deposit Insurance Corporation (FDIC) reported that total assets and deposits of all FDIC-insured institutions increased compared to the quarter ended March 31, 2006. Total assets for all FDIC-insured institutions increased 6.9 percent. Total domestic deposits for all FDIC-insured institutions were $6.69 trillion, a 5.7 percent gain compared to the March 31, 2006 balance, while total loans increased 6.0 percent over the same period. The growth in deposits, if sustained, may lower the future demand for advances from the FHLBanks.

Combined Statement of Condition

SFAS 133. SFAS 133 requires that assets and liabilities hedged with derivative instruments designated under fair value hedging relationships be adjusted for changes in fair value even as other assets and liabilities continue to be carried on a historical cost basis. In discussing changes in the Combined Statement of Condition at June 30, 2007 compared to December 31, 2006, the SFAS 133 fair value adjustments and basis adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations have been included. All other SFAS 133 hedging adjustments were less than one percent of the book value. The SFAS 133 hedging adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations are as follows.

SFAS 133 Hedging Adjustments
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006
Advances at pre-SFAS 133 value	$641,952	$641,386
SFAS 133 hedging adjustments	(1,917)	(705)
Advances at carrying value	$640,035	$640,681
Available-for-sale securities at pre-SFAS 133 value(1)	$ 8,542	$ 6,592
SFAS 133 hedging adjustments	14	69
Available-for-sale securities at carrying value	$ 8,556	$ 6,661
Mortgage loans held for portfolio at pre-SFAS 133 value	$ 94,407	$ 97,921
SFAS 133 hedging adjustments	(18)	60
Mortgage loans held for portfolio at carrying value	$ 94,389	$ 97,981
Consolidated obligations at pre-SFAS 133 value	$958,168	$938,060
SFAS 133 hedging adjustments	(5,113)	(3,846)
Consolidated obligations at carrying value	$953,055	$934,214

(1) Book value includes fair value adjustments under SFAS No. 115.

The following discussion contains additional information on the major categories of the FHLBanks' Statement of Condition: advances, investments, mortgage loans held for portfolio, consolidated obligations and capital.

Advances. Advance balances are driven by member demand, which is affected by, among other things, the cost of other sources of liquidity available to FHLBank members, including deposits.

Advances by Redemption Terms
(Dollar amounts in millions)

Redemption Term — Amount	June 30, 2007 Amount	June 30, 2007 Weighted-Average Interest Rate	December 31, 2006 Amount	December 31, 2006 Weighted-Average Interest Rate
Overdrawn demand deposit accounts	$ 29		$ 22	
Due in 1 year or less	259,054	5.12%	252,399	5.06%
Due after 1 year through 2 years	93,408	5.03%	113,971	4.98%
Due after 2 years through 3 years	82,642	5.06%	80,728	5.07%
Due after 3 years through 4 years	53,747	5.21%	46,978	5.13%
Due after 4 years through 5 years	49,755	5.05%	48,158	5.19%
Thereafter	99,438	4.61%	94,650	4.55%
Index amortizing advances	4,018	4.55%	4,645	4.47%
Total par value	642,091	5.02%	641,551	4.98%
Commitment fees	(3)		(3)	
Discount on AHP advances	(65)		(63)	
Premium on advances	13		18	
Discount on advances	(84)		(117)	
SFAS 133 hedging adjustments	(1,917)		(705)	
Total	$640,035		$640,681	

Index amortizing advances require repayment in accordance with predetermined amortization schedules linked to various indices. Usually, as market interest rates rise (fall), the maturity of an index amortizing advance extends (contracts).

Advances by Interest Rate Payment Terms
(Dollar amounts in millions)

	June 30, 2007 Amount	June 30, 2007 Percentage of Total	December 31, 2006 Amount	December 31, 2006 Percentage of Total
Par amount of advances:				
Fixed-rate	$369,417	58%	$354,742	55%
Variable-rate	272,674	42%	286,809	45%
Total	$642,091	100%	$641,551	100%

Advance Originations
(Dollar amounts in millions)

	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	Decrease $	Decrease %
Advances originated	$3,507,309	$3,603,589	$(96,280)	(2.7)%

This reflects an overall lower demand by members for advances primarily due to a flat to at times slightly inverted yield curve and competition from alternative funding sources.

The FHLBanks make significant use of interest-rate exchange agreements to alter cash flows on certain advances, particularly convertible and putable advances.

Many of the FHLBanks' advances are callable at the option of a member. However, the FHLBanks charge a prepayment fee when members terminate certain advances. Members may repay other advances on specified dates (call dates) without incurring prepayment fees (callable advances).

Advances by Year of Maturity or Next Call Date
(Dollar amounts in millions)

Year of Maturity or Next Call Date	June 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total
Overdrawn demand deposit accounts	$ 29	0.0%	$ 22	0.0%
Due in 1 year or less	303,559	47.3%	293,796	45.8%
Due after 1 year through 2 years	97,427	15.2%	115,969	18.1%
Due after 2 years through 3 years	77,973	12.1%	76,636	11.9%
Due after 3 years through 4 years	46,634	7.3%	39,759	6.3%
Due after 4 years through 5 years	45,236	7.0%	42,427	6.6%
Thereafter	67,215	10.5%	68,297	10.6%
Index amortizing advances	4,018	0.6%	4,645	0.7%
Total par value	$642,091	100.0%	$641,551	100.0%

Callable Advances Outstanding
(Dollar amounts in millions)

	June 30, 2007		December 31, 2006		Decrease	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value	$	%
Callable advances outstanding	$28,589	4.5%	$29,659	4.6%	$(1,070)	(3.6)%

Convertible and Putable Advances Outstanding
(Dollar amounts in millions)

	June 30, 2007		December 31, 2006	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value
Convertible advances outstanding	$ 42,958	6.7%	$41,885	6.5%
Putable advances outstanding	66,309	10.3%	55,428	8.6%
Convertible or putable advances outstanding	$109,267	17.0%	$97,313	15.1%

The FHLBanks also offer convertible and putable advances. Convertible advances allow the FHLBanks to convert the fixed-rate advance to an open-line advance or other structure after an agreed-upon lockout period. A convertible advance carries an interest rate lower than a comparable-maturity advance that does not have a conversion feature. With a putable advance, an FHLBank has the right to terminate the advance at its discretion, which the FHLBank normally would exercise when interest rates increase, and the borrower may apply for a new advance.

Year of Maturity or Next Put/Convert Date
(Dollar amounts in millions)

Year of Maturity or Next Put/Convert Date	June 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total
Overdrawn demand deposit accounts	$ 29	0.0%	$ 22	0.0%
Due in 1 year or less	333,024	51.9%	317,728	49.5%
Due after 1 year through 2 years	106,467	16.6%	120,530	18.9%
Due after 2 years through 3 years	79,194	12.3%	82,973	12.9%
Due after 3 years through 4 years	44,311	6.9%	35,447	5.5%
Due after 4 years through 5 years	37,013	5.8%	41,394	6.5%
Thereafter	38,035	5.9%	38,812	6.0%
Index amortizing advances	4,018	0.6%	4,645	0.7%
Total par value	$642,091	100.0%	$641,551	100.0%

Investments. All securities are held by the FHLBanks for investment liquidity or asset-liability management purposes. Certain investment securities are classified as trading for liquidity or asset-liability management purposes. Finance Board regulations do not expressly prohibit the FHLBanks from trading in investments, but none of the FHLBanks currently hold trading securities for speculative purposes.

At June 30, 2007 and December 31, 2006, 99.95 percent and 99.95 percent of the total investments classified on the Statement of Condition as held-to-maturity, available-for-sale or trading securities were rated in the two highest investment rating categories for long-term or short-term investments as defined by Standard & Poor's Rating Services (S&P), Moody's Investors Service (Moody's) and/or Fitch Ratings (Fitch).

The FHLBanks use interest-rate exchange agreements to alter the cash flows on certain investment securities.

Investments
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006	Increase (Decrease) $	%
Investments excluding mortgage-backed securities	$166,900	$140,435	$26,465	18.8%
Mortgage-backed securities	128,264	130,228	(1,964)	(1.5)%
Total investments	$295,164	$270,663	$24,501	9.1%

Investments
(Dollar amounts in millions)

	June 30, 2007 Amount	June 30, 2007 Percentage of Total Investments	December 31, 2006 Amount	December 31, 2006 Percentage of Total Investments	(Decrease) Increase Variance $	(Decrease) Increase Variance %
Held-to-maturity securities	$140,610	47.6%	$142,482	52.6%	$(1,872)	(1.3)%
Available-for-sale securities	8,556	2.9%	6,661	2.5%	1,895	28.4%
Trading securities	5,598	1.9%	5,687	2.1%	(89)	(1.6)%
Total investment securities	154,764	52.4%	154,830	57.2%	(66)	0.0%
Interest-bearing deposits	36,823	12.5%	33,872	12.5%	2,951	8.7%
Securities purchased under agreements to resell	3,205	1.1%	4,905	1.8%	(1,700)	(34.7)%
Federal funds sold	100,372	34.0%	77,056	28.5%	23,316	30.3%
Total investments	$295,164	100.0%	$270,663	100.0%	$24,501	9.1%

Investment Securities
(Dollar amounts in millions)

	June 30, 2007 Amount	June 30, 2007 Percentage of Total Investment Securities	December 31, 2006 Amount	December 31, 2006 Percentage of Total Investment Securities	Increase (Decrease) $	Increase (Decrease) %
U.S. Treasury obligations	$ 102	0.1%	$ 102	0.1%	$	$ 0.0%
Commercial paper	12,612	8.1%	8,220	5.3%	4,392	53.4%
Other U.S. obligations*	785	0.5%	953	0.6%	(168)	(17.6)%
Government-sponsored enterprises**	9,543	6.2%	11,690	7.5%	(2,147)	(18.4)%
State or local housing agency obligations	3,075	2.0%	3,240	2.1%	(165)	(5.1)%
Other	383	0.2%	397	0.3%	(14)	(3.5)%
	26,500	17.1%	24,602	15.9%	1,898	7.7%
Mortgage-backed securities:						
Other U.S. obligations*	492	0.3%	538	0.3%	(46)	(8.6)%
Government-sponsored enterprises***	45,118	29.2%	44,897	29.0%	221	0.5%
Other****	82,654	53.4%	84,793	54.8%	(2,139)	(2.5)%
	128,264	82.9%	130,228	84.1%	(1,964)	(1.5)%
Total investment securities	$154,764	100.0%	$154,830	100.0%	$ (66)	(0.0)%

* Other U.S. obligations primarily consists of Government National Mortgage Association (Ginnie Mae) and/or Small Business Administration (SBA) investment pools.

** Primarily consists of securities issued or guaranteed by Freddie Mac, Fannie Mae and/or the Tennessee Valley Authority, which are not obligations of the U.S. Government.

*** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

**** Primarily consists of private-label mortgage-backed securities.

Mortgage-Backed Securities Investment Portfolio
(Expressed as a percentage of total mortgage-backed securities holdings)
(Dollar amounts in millions)

	June 30, 2007		December 31, 2006	
	Amount	Percentage of Total	Amount	Percentage of Total
Private-label residential mortgage-backed securities*	$ 75,439	58.8%	$ 76,874	58.9%
Government-sponsored enterprises residential mortgage-backed securities**	45,118	35.2%	44,897	34.5%
Home equity loans	2,925	2.3%	3,228	2.5%
Private-label commercial mortgage-backed securities	3,512	2.7%	3,863	3.0%
Other U.S. obligations residential mortgage-backed securities***	492	0.4%	538	0.4%
Shared Funding Program mortgage-backed certificates	465	0.4%	489	0.4%
Manufactured housing loans	313	0.2%	339	0.3%
Total mortgage-backed securities	$128,264	100.0%	$130,228	100.0%

* This amount includes $2.6 billion of private-label residential mortgage-backed securities classified as subprime by the originator at the time of origination.

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

*** Other U.S. obligations primarily consists of Ginnie Mae and/or SBA investment pools.

Finance Board policy prohibits additional investments in mortgage-backed securities if an FHLBank's investments in mortgage-backed securities exceed 300 percent of the sum of that FHLBank's previous month-end capital plus its mandatorily redeemable capital stock on the day it purchases the securities. Mortgage-backed securities of the FHLBank of Dallas exceeded the 300 percent of its respective capital plus mandatorily redeemable capital stock regulatory limitation at June 30, 2007. This FHLBank was, however, in compliance with this limit at the time of its respective mortgage-backed securities purchases. Under the Finance Board's limit on mortgage-backed securities purchases, this FHLBank is not required to sell any of its mortgage-backed securities to reduce its percentage below the regulatory limit of 300 percent of capital plus mandatorily redeemable capital stock. The FHLBank of Chicago may include a designated amount of subordinated notes in calculating compliance with this requirement. The Shared Funding Program mortgage-backed certificates, however, are not subject to this 300 percent limit. At June 30, 2007, the FHLBanks do not hold any collateralized debt obligation (CDO) securities.

Mortgage-Backed Securities to Total Capital Ratio
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006	Decrease $	Decrease %
Mortgage-backed securities	$128,264	$130,228	$(1,964)	(1.5)%
Shared Funding Program	465	489	(24)	(4.9)%
Mortgage-backed securities (excluding Shared Funding Program)	$127,799	$129,739	$(1,940)	(1.5)%
Total capital (including mandatorily redeemable capital stock)(1) and designated amount of applicable subordinated notes	$ 46,451	$ 47,079	$ (628)	(1.3)%
Ratio of mortgage-backed securities (excluding Shared Funding Program) to total capital(1) and designated amount of applicable subordinated notes	2.75	2.76		

(1) Represents the sum of total capital and mandatorily redeemable capital stock, which is considered capital for regulatory purposes.

Historically, the FHLBanks have been one of the major providers of Federal funds, allowing the FHLBanks to warehouse and provide balance sheet liquidity to meet unexpected borrowing demands from members. The FHLBanks also invest in U.S. agency obligations, some of which are structured debt issued by other GSEs. The FHLBanks use interest-rate exchange agreements to hedge the interest-rate risk associated with a portion of the investments in debt and to alter the cash flows on certain investment securities.

Trading Securities.

Trading Securities
(Dollar amounts in millions)

	June 30, 2007 Estimated Fair Value	December 31, 2006 Estimated Fair Value
Government-sponsored enterprises**	$5,294	$5,307
State or local housing agency obligations	60	60
Other	3	2
	5,357	5,369
Mortgage-backed securities:		
Other U.S. obligations*	84	95
Government-sponsored enterprises**	112	158
Other***	45	65
	241	318
Total	$5,598	$5,687

* Other U.S. obligations primarily consists of Ginnie Mae and/or SBA investment pools.

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

*** Primarily consists of private-label mortgage-backed securities.

Maturity and Yield Characteristics of Non-Mortgage-Backed Securities within Trading Securities
(Dollar amounts in millions)

Year of Maturity	June 30, 2007 Estimated Fair Value	June 30, 2007 Yield	December 31, 2006 Estimated Fair Value	December 31, 2006 Yield
Non-mortgage-backed securities				
Due in one year or less	$ 129	6.01%	$ 78	6.59%
Due after one year through five years	4,179	5.94%	3,334	3.74%
Due after five years through ten years	1,000	4.81%	1,908	3.69%
Due after ten years	49	6.66%	49	6.68%
Total	$5,357		$5,369	

Available-for-Sale Securities.

Available-for-Sale Securities
(Dollar amounts in millions)

	June 30, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	$ 105	$	$ (3)	$ 102
Commercial paper	2,700		(1)	2,699
Government-sponsored enterprises*	1,765	4	(7)	1,762
Other	363	8		371
	4,933	12	(11)	4,934
Mortgage-backed securities:				
Government-sponsored enterprises**	1,481	2	(12)	1,471
Other***	2,150	2	(1)	2,151
	3,631	4	(13)	3,622
Total	$8,564	$16	$(24)	$8,556

* Primarily consists of securities issued or guaranteed by Freddie Mac, Fannie Mae and/or the Tennessee Valley Authority, which are not obligations of the U.S. Government.

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

*** Primarily consists of private-label mortgage-backed securities.

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	$ 106	$	$ (4)	$ 102
Commercial paper	1,189		(1)	1,188
Government-sponsored enterprises*	2,041	1	(8)	2,034
Other	384	3		387
	3,720	4	(13)	3,711
Mortgage-backed securities:				
Government-sponsored enterprises**	675	2	(5)	672
Other***	2,274	4		2,278
	2,949	6	(5)	2,950
Total	$6,669	$10	$(18)	$6,661

* Primarily consists of securities issued or guaranteed by Freddie Mac, Fannie Mae and/or the Tennessee Valley Authority, which are not obligations of the U.S. Government.

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

*** Primarily consists of private-label mortgage-backed securities.

The FHLBanks have reviewed their investment security holdings and have determined that all unrealized losses reflected above are temporary, based in part on the creditworthiness of the issuers as well as the underlying collateral. The FHLBanks believe that it is probable that they will be able to collect all amounts due according to the contractual terms of the individual securities. Based upon the creditworthiness of the issuers and because the FHLBanks have the ability and the intent to hold such securities through to recovery of the unrealized losses, they do not consider the investments to be other-than-temporarily impaired at June 30, 2007.

Amortized Cost and Estimated Fair Value of Available-for-Sale Securities by Contractual Maturity (Dollar amounts in millions)

	June 30, 2007		December 31, 2006	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$3,906	$3,905	$2,262	$2,261
Due after one year through five years	245	239	681	671
Due after five through ten years	74	72	23	23
Due after ten years	708	718	754	756
	4,933	4,934	3,720	3,711
Mortgage-backed securities	3,631	3,622	2,949	2,950
Total	$8,564	$8,556	$6,669	$6,661

Expected maturities of certain securities, including mortgage-backed securities, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

Maturity and Yield Characteristics of Non-Mortgage-Backed Securities within Available-for-Sale Securities

Year of Maturity	June 30, 2007	December 31, 2006
Non-mortgage-backed securities		
Due in one year or less	5.15%	5.06%
Due after one year through five years	4.09%	4.44%
Due after five years through ten years	5.21%	5.85%
Due after ten years	7.37%	7.34%

Held-to-Maturity Securities.

Held-to-Maturity Securities (Dollar amounts in millions)

	June 30, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	$ 9,913	$	$ (1)	$ 9,912
Other U.S. obligations*	785	3	(1)	787
Government-sponsored enterprises**	2,487	14	(34)	2,467
State or local housing agency obligations	3,015	20	(13)	3,022
Other	9			9
	16,209	37	(49)	16,197
Mortgage-backed securities:				
Other U.S. obligations*	408	3	(4)	407
Government-sponsored enterprises***	43,535	47	(1,070)	42,512
Other****	80,458	85	(1,192)	79,351
	124,401	135	(2,266)	122,270
Total	$140,610	$172	$(2,315)	$138,467

* Other U.S. obligations primarily consists of Ginnie Mae and/or SBA investment pools.

** Primarily consists of securities issued or guaranteed by Freddie Mac, Fannie Mae and/or the Tennessee Valley Authority, which are not obligations of the U.S. Government.

*** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

**** Primarily consists of private-label mortgage-backed securities.

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	$ 7,032	$	$	$ 7,032
Other U.S. obligations*	953	4	(1)	956
Government-sponsored enterprises**	4,349	22	(42)	4,329
State or local housing agency obligations	3,180	28	(11)	3,197
Other	8			8
	15,522	54	(54)	15,522
Mortgage-backed securities:				
Other U.S. obligations*	443	3	(4)	442
Government-sponsored enterprises***	44,067	89	(740)	43,416
Other****	82,450	170	(1,020)	81,600
	126,960	262	(1,764)	125,458
Total	$142,482	$316	$(1,818)	$140,980

* Other U.S. obligations primarily consists of Ginnie Mae and/or SBA investment pools.

** Primarily consists of securities issued or guaranteed by Freddie Mac, Fannie Mae and/or the Tennessee Valley Authority, which are not obligations of the U.S. Government.

*** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae, which are not obligations of the U.S. Government.

**** Primarily consists of private-label mortgage-backed securities.

The FHLBanks have reviewed their held-to-maturity investments and have determined that all unrealized losses reflected above are temporary based on the creditworthiness of the issuers as well as the underlying collateral. The FHLBanks believe it is probable that they will be able to collect all amounts due according to the contractual terms of the individual securities. Additionally, the FHLBanks have the ability and the intent to hold such securities through to recovery of the unrealized losses, so they do not consider the investments to be other-than-temporarily impaired at June 30, 2007.

Amortized Cost and Estimated Fair Value of Held-to-Maturity Securities by Contractual Maturity (Dollar amounts in millions)

	June 30, 2007		December 31, 2006	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 11,206	$ 11,203	$ 10,215	$ 10,202
Due after one year through five years	1,826	1,810	1,847	1,834
Due after five through ten years	594	598	641	657
Due after ten years	2,583	2,586	2,819	2,829
	16,209	16,197	15,522	15,522
Mortgage-backed securities	124,401	122,270	126,960	125,458
Total	$140,610	$138,467	$142,482	$140,980

Expected maturities of certain securities, including mortgage-backed securities, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

Maturity and Yield Characteristics of Non-Mortgage-Backed Securities within Held-to-Maturity Securities

Year of Maturity	June 30, 2007	December 31, 2006
Non-mortgage-backed securities		
Due in one year or less	5.15%	4.83%
Due after one year through five years	5.12%	4.69%
Due after five years through ten years	5.36%	5.45%
Due after ten years	5.75%	5.75%

Mortgage Loans Held for Portfolio.

Mortgage Loans Held for Portfolio
(Dollar amounts in millions)

	June 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total	(Decrease) Increase $	(Decrease) Increase %
Real Estate:						
Fixed medium-term* single-family mortgages	$26,469	28.2%	$26,715	27.4%	$ (246)	(0.9)%
Fixed long-term single-family mortgages	67,521	71.8%	70,748	72.6%	(3,227)	(4.6)%
Multifamily mortgages	28	0.0%	29	0.0%	(1)	(3.4)%
	94,018	100.0%	97,492	100.0%	(3,474)	(3.6)%
Premiums	638		693		(55)	(7.9)%
Discounts	(289)		(307)		18	5.9%
Deferred loan costs, net	40		43		(3)	(7.0)%
SFAS 133 hedging adjustments	(18)		60		(78)	(130.0)%
Total mortgage loans held for portfolio	$94,389		$97,981		$(3,592)	(3.7)%

* Medium-term is defined as a term of 15 years or less.

For most FHLBanks, principal pay downs and maturities of mortgage loans held for portfolio have been greater than new mortgage loans held for portfolio purchases and fundings. In addition, the FHLBank of Chicago has not purchased or funded new MPF loans at the same levels as in the past due to a number of factors, including its objective to reduce total mortgage loans outstanding in order to reduce the amount of capital it needs to support this business. The FHLBank of Seattle is no longer accepting additional master commitments, has completed all of its delivery commitments and is not purchasing additional mortgages. In October 2006, the FHLBank of San Francisco announced that it would no longer offer new master commitments to purchase mortgage loans from its PFIs under the MPF Program. The FHLBank of San Francisco's last purchase commitment expired on February 15, 2007.

At June 30, 2007, the FHLBanks of Chicago, Des Moines and Indianapolis held the largest percentage of the mortgage loans held for portfolio balances with 38 percent, 12 percent and 10 percent of the combined mortgage loans held for portfolio balance. No other FHLBank held 10 percent or more of the combined mortgage loans held for portfolio balance at June 30, 2007.

Mortgage Loans Held for Portfolio by Program Types
(Dollar amounts in millions)

	June 30, 2007		December 31, 2006		Decrease	
	Amount	Percentage of Total Loans	Amount	Percentage of Total Loans	$	%
MPF, mortgage loans held for portfolio	$69,514	73.7%	$72,781	74.3%	$(3,267)	(4.5)%
MPP, mortgage loans held for portfolio	24,845	26.3%	25,169	25.7%	(324)	(1.3)%
Other mortgage loans	30	0.0%	31	0.0%	(1)	(3.2)%
Total mortgage loans held for portfolio	$94,389	100.0%	$97,981	100.0%	$(3,592)	(3.7)%
Allowance for credit losses—MPF	$ 6	85.7%	$ 6	85.7%	$	0.0%
Allowance for credit losses—MPP		0.0%		0.0%		0.0%
Allowance for credit losses—other	1	14.3%	1	14.3%		0.0%
Total allowance for credit losses	$ 7	100.0%	$ 7	100.0%	$	0.0%
MPF, mortgage loans held for portfolio, net	$69,508	73.7%	$72,775	74.3%	$(3,267)	(4.5)%
MPP, mortgage loans held for portfolio, net	24,845	26.3%	25,169	25.7%	(324)	(1.3)%
Other mortgage loans, net	29	0.0%	30	0.0%	(1)	(3.3)%
Total mortgage loans held for portfolio, net	$94,382	100.0%	$97,974	100.0%	$(3,592)	(3.7)%

Each of the FHLBanks has established an appropriate allowance for credit losses for mortgage loan programs or has determined that no loan loss allowance is necessary, and the management of each FHLBank believes that it has the policies and procedures in place to manage appropriately its mortgage loan credit risk.

The other "Mortgage loans held for portfolio, net" balances relate to the Affordable Multifamily Participation Program (AMPP) established by the FHLBank of Atlanta, and the Community Mortgage Asset (CMA) program balance held by the FHLBank of New York. Through AMPP, members could sell to the FHLBank of Atlanta participations in loans on affordable multifamily rental properties. These assets do not carry external credit enhancements. Through the CMA program, the FHLBank of New York participates in residential, multifamily and community economic development mortgage loans originated by its members. The FHLBank of Atlanta suspended acquisitions under AMPP in 2006. The FHLBank of New York suspended acquisitions under the CMA program in late 2001.

Mortgage Loans by Loan Type
(Dollar amounts in millions at par value)

	June 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total	Decrease	
					$	%
Government-insured loans	$ 9,339	9.9%	$10,024	10.3%	$ (685)	(6.8)%
Conventional loans	84,674	90.1%	87,463	89.7%	(2,789)	(3.2)%
Other loans	5	0.0%	5	0.0%		0.0%
Total par value	$94,018	100.0%	$97,492	100.0%	$(3,474)	(3.6)%

Allowance for Credit Losses on Mortgage Loans
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006
Balance, beginning of period	$7	$10
Reversal for credit losses	—	(3)
Balance, end of period	$7	$ 7

The FHLBanks' outstanding net mortgage loans held for portfolio, nonperforming loans, loans 90 days or more past due and accruing interest, loans in foreclosure and real estate owned at June 30, 2007 and December 31, 2006 are as follows (dollar amounts in millions):

	June 30, 2007	December 31, 2006
Mortgage loans held for portfolio, net	$94,382	$97,974
Nonperforming mortgage loans held for portfolio	67	66
Mortgage loans held for portfolio past due 90 days or more and still accruing interest(1)	329	372
Loans in foreclosure	41	51
Real estate owned	37	33

(1) Mortgage loans insured or guaranteed by the Federal Housing Administration, the Department of Veterans Affairs, the Rural Housing Service of the Department of Agriculture (RHS) and/or the Department of Housing and Urban Development (HUD).

The FHLBanks' interest contractually due and actually received for nonperforming loans during the period for the six months ended June 30, 2007 and 2006 are as follows (dollar amounts in millions):

	For the Six Months Ended	
	June 30, 2007	June 30, 2006
Interest contractually due during the period	$1.3	$1.5
Interest actually received during the period	0.6	0.5
Shortfall	$0.7	$1.0

Consolidated Obligations.

General. Consolidated obligations issued through the Office of Finance are the principal source of funds used by the FHLBanks to make advances, purchase mortgages and make investments. Consolidated obligations consist of consolidated bonds and consolidated discount notes, which differ, among other ways, in their maturities and in some of the intended uses of the funds they provide. Finance Board regulation prohibits an FHLBank from purchasing directly or indirectly a consolidated obligation as part of the consolidated obligation's initial issuance.

The FHLBanks make significant use of interest-rate exchange agreements to alter the cash flows on certain consolidated obligations.

Average Consolidated Obligations Outstanding at Par Value (Dollar amounts in millions)

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease) $	For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease) %	For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease) $	For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease) %
Overnight discount notes	$ 26,843	$ 20,104	$ 26,000	$ 22,425	$ 6,739	33.5%	$ 3,575	15.9%
Term discount notes	127,804	140,981	131,818	139,575	(13,177)	(9.3)%	(7,757)	(5.6)%
Total discount notes	154,647	161,085	157,818	162,000	(6,438)	(4.0)%	(4,182)	(2.6)%
Bonds	791,350	771,893	789,580	773,080	19,457	2.5%	16,500	2.1%
Total consolidated obligations	$945,997	$932,978	$947,398	$935,080	$ 13,019	1.4%	$12,318	1.3%

Consolidated Obligations Outstanding (Dollar amounts in millions)

	June 30, 2007 Amount	June 30, 2007 Percentage of Total Consolidated Obligations, Net	December 31, 2006 Amount	December 31, 2006 Percentage of Total Consolidated Obligations, Net
Consolidated obligations, net:				
Discount notes	$163,517	17.2%	$157,549	16.9%
Bonds	789,538	82.8%	776,665	83.1%
Total consolidated obligations, net	$953,055	100.0%	$934,214	100.0%

Consolidated Bonds Outstanding
by Year of Maturity
(Dollar amounts in millions)

Year of Maturity	June 30, 2007 Amount	June 30, 2007 Weighted-Average Interest Rate	December 31, 2006 Amount	December 31, 2006 Weighted-Average Interest Rate
Due in 1 year or less	$236,450	4.46%	$241,542	4.24%
Due after 1 year through 2 years	187,671	4.70%	200,601	4.48%
Due after 2 years through 3 years	111,544	4.92%	92,331	4.65%
Due after 3 years through 4 years	52,404	4.89%	58,984	4.69%
Due after 4 years through 5 years	57,187	5.22%	48,989	5.03%
Thereafter	151,762	4.99%	140,244	4.88%
Index amortizing notes	6,284	4.95%	6,555	4.94%
Total par value	803,302	4.77%	789,246	4.55%
Bond premium	311		347	
Bond discount	(8,957)		(9,078)	
SFAS 133 hedging adjustments	(5,113)		(3,845)	
Subtotal	789,543		776,670	
Bonds held in treasury	(5)		(5)	
Total	$789,538		$776,665	

Consolidated Bonds Outstanding
by Year of Maturity or Next Call Date
(Dollar amounts in millions)

Year of Maturity or Next Call Date	June 30, 2007	December 31, 2006
Due in 1 year or less	$490,519	$476,308
Due after 1 year through 2 years	134,407	143,574
Due after 2 years through 3 years	57,411	49,843
Due after 3 years through 4 years	27,327	30,189
Due after 4 years through 5 years	23,630	25,033
Thereafter	63,724	57,744
Index amortizing notes	6,284	6,555
Total par value	$803,302	$789,246

Consolidated Bonds Outstanding by Redemption Feature
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006
Par amount of consolidated bonds:		
Noncallable/nonputable	$414,650	$414,542
Callable	388,250	374,302
Putable	402	402
Total par value	$803,302	$789,246

Consolidated Bonds Outstanding(1)
by Payment Terms at Par Value
(Par amounts in millions)

	June 30, 2007		December 31, 2006	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, Noncallable	$339,260	42.1%	$329,084	41.5%
Fixed-rate, Callable	361,749	44.8%	350,699	44.2%
Step-Ups/Step-Downs	40,972	5.1%	51,141	6.4%
Single-index, Non-capped Floaters	32,821	4.1%	25,749	3.2%
Zero-coupon, Callable	10,954	1.4%	10,954	1.4%
Amortizing Prepayment Linked Securities	6,603	0.8%	6,901	0.9%
Range	6,565	0.8%	7,056	0.9%
Capped Floaters	4,154	0.5%	6,700	0.8%
Conversion	1,776	0.2%	3,602	0.5%
Other	1,849	0.2%	1,983	0.2%
Total	$806,703	100.0%	$793,869	100.0%

(1) Par value not adjusted for interbank holdings of consolidated obligations totaling $3,401 million at June 30, 2007 and $4,623 million at December 31, 2006.

Bonds issued through the Office of Finance often have investor-determined features. The decision to issue a bond using a particular structure is based upon the desired amount of funding and the ability of the FHLBank(s) receiving the proceeds of the bonds issued to hedge the risks. The issuance of a bond with a simultaneously-transacted associated interest-rate exchange agreement usually results in a funding vehicle with a lower cost than the FHLBanks could otherwise achieve. The continued attractiveness of such debt/swap transactions depends on price relationships in both the bond and interest-rate exchange markets. If conditions in these markets change, the FHLBanks may alter the types or terms of the bonds issued. The increase in funding alternatives available to the FHLBanks through negotiated debt/swap transactions is beneficial to the FHLBanks because it:

- diversifies the investor base;
- reduces funding costs; and
- provides additional asset/liability management tools.

Consolidated Discount Notes. Consolidated discount notes are issued primarily to provide short-term funds. The issuance of such notes is intended to satisfy, for example:

- advances with short maturities or repricing intervals due to seasonal and cyclical fluctuations in the flow of savings and mortgage financings;
- convertible advances or callable/putable advance programs;
- variable-rate advance programs; or
- money-market investments.

These discount notes presently have a maturity range of one day through one year. They are sold at a discount and mature at par.

Debt Financing Activity. The growth in the FHLBanks' assets at June 30, 2007, compared to December 31, 2006, was primarily financed by 11.3 percent and 2.0 percent increases in deposits and consolidated obligations of $2.2 billion and $18.8 billion.

The FHLBanks have diversified sources and channels of funding as the need for funding from the capital markets has grown. The Global Debt Program issued $127.4 billion and $43.3 billion at par in term funds during the first six months of 2007 and 2006. The TAP Issue Program consolidates the issuance through daily auctions of domestic bullet bonds of common maturities by re-opening previously issued bonds. TAP issues generally remain open for three months, after which they are closed and a new series of TAP issues is opened to replace them. This program has reduced the number of separate bullet bonds issued, but more importantly has enhanced market awareness through increased issue size, secondary market activity, and utility, while providing enhanced funding diversification for the FHLBanks. Through this program, the Office of Finance seeks to enhance the liquidity of these issues. During the first six months of 2007, $22.0 billion of bonds were issued through the TAP Issue Program. This represents an increase of $2.7 billion over the first six months of 2006. The FHLBanks continue to issue debt that is both competitive and attractive in the marketplace. In addition, the FHLBanks continuously monitor and evaluate their debt issuance practices to ensure that consolidated obligations are efficiently and competitively priced.

Bonds can be negotiated individually or auctioned competitively through approximately 100 underwriters. Bonds offered daily via auction include fixed-rate bullets (through the TAP Issue Program discussed above) and American-style callables. Underwriters may contact the Office of Finance if there is a structure/dollar target they need to meet investor demand, although many times they negotiate directly with the FHLBanks. Competitively bid transactions are generally initiated by an FHLBank funding need of a particular structure and size. Dealers are invited to bid and the trade is executed.

	Percent of Total Issued During Six Months Ended June 30,	
	2007	2006
Competitive bid	16.40%	19.59%
Negotiated transactions	83.60%	80.41%
Total	100.00%	100.00%

	Percent of Total Issued During Six Months Ended June 30,	
	2007	2006
Fixed-rate, Fixed-term, Noncallable (Bullet)	33.34%	59.78%
Fixed-rate, Callable	58.79%	32.11%
Single-index Floaters	6.62%	3.23%
Step-Ups/Step-Downs	0.58%	2.59%
Other	0.67%	2.29%
Total	100.00%	100.00%

Consolidated Bonds Issued at Par Value
(Dollar amounts in millions)

Six Months Ended June 30,	
2007	2006
$235,424	$128,982

The increase in consolidated bonds issued at par value occurred primarily because of the increase in bond calls/maturities during the first six months of 2007. The FHLBanks make extensive use of callable debt. At June 30, 2007, $388.3 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $1.6 billion). Callable bonds represented 48.3 percent of total bonds outstanding at par.

Consolidated discount notes accounted for 94.3 percent of the proceeds from the sale of consolidated obligations during the first six months of 2007. Much of the discount note activity reflects the refinancing of overnight discount notes.

Deposits. At June 30, 2007, deposits totaled $21,125 million, an increase of $2,153 million from December 31, 2006. The following table presents term deposits issued in amounts of $100,000 or more at June 30, 2007 and December 31, 2006 (dollar amounts in millions):

	June 30, 2007	December 31, 2006
3 months or less	$916	$345
Over 3 through 6 months	30	56
Over 6 through 12 months	18	13
Over 12 months	26	27
Total	$990	$441

Capital.

Total Capital
(Dollar amounts in millions)

June 30, 2007	December 31, 2006	Decrease $	Decrease %
$44,568	$44,985	$(417)	(0.9)%

The slight decline in total capital was due primarily to the decrease in total capital stock attributable to:

- the $1,003 million reclassification of capital stock as mandatorily redeemable capital stock during the first six months of 2007,
- partially offset by the $364 million payment of capital stock dividends by the FHLBanks of Dallas, Topeka and San Francisco.

Over the same period, total assets increased. This caused the FHLBanks' total capital-to-assets ratio to decrease to 4.30 percent at June 30, 2007, from 4.43 percent at December 31, 2006.

Results of Operations

Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income. Combined net income of the FHLBanks was affected by interbank transfers of liability on outstanding consolidated bonds. These transactions arise when 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 by transferring excess funds held by one FHLBank to another FHLBank that can utilize the funds. Transfer transactions allow the assuming FHLBank to achieve equal or lower funding costs than would be available to it for a similarly sized transaction in the capital markets at the time of the transfer. 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.

Description of the Transactions. As part of its overall asset/liability management strategy, an FHLBank may issue more debt than it needs at the time of issuance to fund its business. This allows the FHLBank to take advantage of favorable funding prices for large-size transactions in anticipation of using the proceeds at a later time to fund the acquisition of assets, such as mortgages or advances. In other cases, an FHLBank may have excess liquidity due to the prepayment of mortgages. Instead of continuing to retain the excess funds for use in its own business, an FHLBank may elect to transfer a portion of its liability to an FHLBank with more immediate funding needs. The funds are transferred to the assuming FHLBank together with the corresponding liability under the consolidated bonds.

Net Interest Income.

Changes in Net Interest Income
(Dollar amounts in millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease)		For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
INTEREST INCOME								
Advances	$ 8,398	$ 7,850	$16,820	$14,917	$ 548	7.0%	$1,903	12.8%
Prepayment fees on advances	8	7	16	14	1	14.3%	2	14.3%
Mortgage loans held for portfolio	1,225	1,302	2,462	2,612	(77)	(5.9)%	(150)	(5.7)%
Investments and other	3,670	3,102	7,191	6,078	568	18.3%	1,113	18.3%
Total interest income	13,301	12,261	26,489	23,621	1,040	8.5%	2,868	12.1%
INTEREST EXPENSE								
Consolidated obligations	11,921	10,933	23,794	21,017	988	9.0%	2,777	13.2%
Other	330	259	621	492	71	27.4%	129	26.2%
Total interest expense	12,251	11,192	24,415	21,509	1,059	9.5%	2,906	13.5%
NET INTEREST INCOME	$ 1,050	$ 1,069	$ 2,074	$ 2,112	$ (19)	(1.8)%	$ (38)	(1.8)%

Net interest income decreased in the second quarter of 2007 compared to the second quarter of 2006 and in the first six months of 2007 over the same period during 2006 primarily due to an increase in consolidated obligation interest expenses due to the higher interest-rate environment, lower interest income on mortgage loans held for portfolio as a result of decreased volume, and the continuing effect of the flat to at times slightly inverted yield curve, partially offset by growth in advance and investment interest income at higher interest rates during 2007.

The increase in consolidated obligations and other (deposits and other borrowings) interest expense for the second quarter of 2007 and the first six months of 2007 relates mainly to the higher interest-rate environment and, to a lesser extent, the higher volume of consolidated obligations and deposits and other borrowings outstanding, compared to the second quarter of 2006 and the first six months of 2006.

The increase in advances income and investments and other interest income for the second quarter and first six months of 2007 relates primarily to the higher interest-rate environment and higher volume of investments outstanding, compared to the same periods of 2006.

The decrease in mortgage loans held for portfolio income for the second quarter of 2007 and the first six months of 2007 relates primarily to the lower volume of outstanding mortgage loans held for portfolio compared to the second quarter of 2006 and the first six months of 2006, partially offset by higher interest rates during the second quarter of 2007 and the first six months of 2007 compared to the second quarter of 2006 and the first six months of 2006.

The FHLBanks are required by Finance Board regulations to price advances no lower than their marginal cost of raising matching-maturity funds and the related administrative and operating costs. Subject to satisfying this requirement, the FHLBanks may also consider competitive factors in setting advances prices. They charge their members a prepayment fee if members prepay certain advances before their original maturities. 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.

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30, 2007 vs. 2006 Decrease		For the Six Months Ended June 30, 2007 vs. 2006 Decrease	
	2007	2006	2007	2006	$	%	$	%
NET INCOME	$628	$646	$1,249	$1,265	$(18)	(2.8)%	$(16)	(1.3)%

The slight decrease in net income for three months ended June 30, 2007 compared to the same period during 2006 can be primarily attributed to the decrease in net interest income. The slight decrease in net income for first six months of 2007 compared to the same period during 2006 can be primarily attributed the decrease in net interest income, partially offset by a $26 million increase in total other income (resulting in a total other income balance of $11 million for the first six months of 2007).

The $26 million increase in total other income for the first six months of 2007 is primarily related to a decrease in net losses on trading securities of $163 million, partially offset by a $142 million decrease in net gains on derivatives and hedging activities. Most of the FHLBanks' derivatives and hedged items are held to maturity, call date or put date. For these derivatives and hedged items, net unrealized gains or losses are primarily a matter of timing because they generally reverse over their remaining contractual terms, or by the call or put date. However, an FHLBank may have instances in which hedging relationships are terminated prior to maturity or prior to the call or put dates; terminating such a hedging relationship may result in a realized gain or loss. The FHLBanks also classify certain investments acquired for purposes of liquidity and asset/liability management as trading and carry them at fair value. However, the FHLBanks do not participate in speculative trading practices and generally hold these investments indefinitely as each FHLBank's management periodically evaluates its liquidity needs and overall asset/liability position. Finally, an FHLBank may have limited instances in which it sells held-to-maturity securities prior to maturity, which may also result in a realized gain or loss.

Total operating expenses were $173 million for the second quarter of 2007, compared to $168 million for the second quarter of 2006. Total operating expenses were $344 million for the first six months of 2007, compared to $333 million for the first six months of 2006.

The combining adjustment for the second quarter of 2007 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in a net increase in other income of $1 million and a decrease in other expenses of $1 million and a reduction in interest expense on consolidated obligation bonds of $1 million. This led to a combined net increase in net income of $3 million. The combining adjustment for the first six months of 2007 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in a net increase in other income of $2 million and a decrease in other expenses of $2 million and a reduction in interest expense on consolidated obligation bonds of $1 million. This led to a combined net increase in net income of $5 million. This increase is primarily related to the reversal of the interbank bond transfer-related gains/losses recorded during the first six months of 2007. Total interbank consolidated bonds of $468 million at par value were transferred from an FHLBank to another FHLBank during the first six months of 2007.

The combining adjustment for the second quarter of 2006 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in a net decrease in other loss of $3 million, a decrease in other expenses of $1 million, and a reduction in interest expense on consolidated obligation bonds of $2 million. This led to a combined net increase in net income of $6 million. The combining adjustment for the first six months of 2006 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in a net increase in other loss of $2 million, a decrease in other expenses of $2 million, and a reduction in interest expense on consolidated obligation bonds of $4 million. This led to a combined net decrease in net income of $4 million. This decrease is primarily related to the reversal of the interbank bond transfer-related gains/losses previously eliminated. Total interbank consolidated bonds of $737 million at par value were transferred from an FHLBank to another FHLBank during the first six months of 2006.

Earnings Analysis.

The following table presents average balances and yields of major earning asset categories and the funding sources for 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)

	For the Three Months Ended					
	June 30, 2007			June 30, 2006		
	Average Balance	Interest(1)	Annualized Yield	Average Balance	Interest(1)	Annualized Yield
Earning assets:						
Advances(2)	$ 628,766	$ 8,406	5.36%	$630,064	$ 7,857	5.00%
Mortgage loans held for portfolio	95,189	1,225	5.16%	102,358	1,302	5.10%
Investments:						
Interest-bearing deposits and other	37,015	496	5.37%	35,006	435	4.98%
Securities purchased under agreements to resell	2,896	39	5.40%	2,142	25	4.68%
Federal funds sold	91,150	1,211	5.33%	66,569	824	4.96%
Trading securities	5,719	82	5.75%	6,781	96	5.68%
Available-for-sale securities	7,330	96	5.25%	5,314	63	4.76%
Held-to-maturity securities	135,849	1,746	5.16%	136,005	1,659	4.89%
Total investments	279,959	3,670	5.26%	251,817	3,102	4.94%
Total earning assets	$1,003,914	$13,301	5.31%	$984,239	$12,261	5.00%
Funded by:						
Consolidated obligations	$ 929,941	$11,921	5.14%	$909,729	$10,933	4.82%
Interest-bearing deposits and other borrowings(3)	24,544	330	5.39%	20,691	259	5.02%
Total interest-bearing liabilities	954,485	12,251	5.15%	930,420	11,192	4.82%
Capital and other non-interest-bearing funds	49,429			53,819		
Total funding	$1,003,914	$12,251	4.89%	$984,239	$11,192	4.56%
Spread on:						
Total interest-bearing liabilities			0.16%			0.18%
Total funding (net interest margin)(4)			0.42%			0.44%

(1) Interest income/expense and annualized yield include the effect of associated interest-rate exchange agreements.

(2) Interest income for advances includes prepayment fees on advances, net.

(3) The balances do not include non-interest bearing deposits and include mandatorily redeemable capital stock and subordinated notes balances and related interest expenses.

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

	For the Six Months Ended					
	June 30, 2007			June 30, 2006		
	Average Balance	Interest(1)	Annualized Yield	Average Balance	Interest(1)	Annualized Yield
Earning assets:						
Advances(2)	$ 633,073	$16,836	5.36%	$629,438	$14,931	4.78%
Mortgage loans held for portfolio	96,050	2,462	5.17%	103,214	2,612	5.10%
Investments:						
Interest-bearing deposits and other	35,888	954	5.36%	33,654	794	4.76%
Securities purchased under agreements to resell	3,507	93	5.35%	3,350	76	4.57%
Federal funds sold	85,588	2,262	5.33%	69,276	1,627	4.74%
Trading securities	5,721	163	5.75%	7,123	199	5.63%
Available-for-sale securities	6,781	174	5.17%	5,490	125	4.59%
Held-to-maturity securities	137,671	3,545	5.19%	135,213	3,257	4.86%
Total investments	275,156	7,191	5.27%	254,106	6,078	4.82%
Total earning assets	$1,004,279	$26,489	5.32%	$986,758	$23,621	4.83%
Funded by:						
Consolidated obligations	$ 931,165	$23,794	5.15%	$912,563	$21,017	4.64%
Interest-bearing deposits and other borrowings(3)	23,294	621	5.38%	20,633	492	4.81%
Total interest-bearing liabilities	954,459	24,415	5.16%	933,196	21,509	4.65%
Capital and other non-interest-bearing funds	49,820			53,562		
Total funding	$1,004,279	$24,415	4.90%	$986,758	$21,509	4.40%
Spread on:						
Total interest-bearing liabilities			0.16%			0.18%
Total funding (net interest margin)(4)			0.42%			0.43%

(1) Interest income/expense and annualized yield include the effect of associated interest-rate exchange agreements.

(2) Interest income for advances includes prepayment fees on advances, net.

(3) The balances do not include non-interest bearing deposits and include mandatorily redeemable capital stock and subordinated notes balances and related interest expenses.

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

A significant portion of net interest income results from earnings on assets funded by non-interest-bearing capital. This source of net interest income increased primarily because short-term interest rates rose, on average, during the second quarter and first six months of 2007 over the same periods in 2006. The increase in the current year's net interest income from this source more than offset the lower net interest income caused by a decrease of four basis points in the spread between asset yields and interest-bearing liability costs.

This decrease in the combined spread on total interest-bearing liabilities from the second quarter and first six months of 2006 to 2007 is generally due to FHLBanks that have experienced:

- lower average mortgage loans held for portfolio, which generally have higher spreads than advances and investments, and new mortgage assets having narrower spreads,
- increased volume of lower spread advances relative to the overall asset mix,
- loss and/or effect of hedge accounting under SFAS 133, and
- higher cost of funds attributable to the effect of the flat to at times slightly inverted yield curve.

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") or if the FHLBanks' have not designated it in such a qualifying hedge relationship, 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 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 balance 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 the second quarter and first six months of 2007, total consolidated obligations issuance was 22 percent and 13 percent higher than the corresponding periods in the previous year. Aggregate weighted-average, new-issue funding costs for FHLBank bonds and auctioned discount notes were lower relative to benchmark market indices in the second quarter of 2007 compared to the second quarter of 2006. During the first six months of 2007, aggregate weighted-average, new-issue funding costs were lower for FHLBank bonds compared to the first six months of 2006, while costs for auctioned discount notes increased over this time period.

During the first six months of 2007, short-term yields for Treasury securities generally remained above yields for intermediate and long-term securities, a trend that began in the second half of 2006. In this environment, which did not offer investors a yield premium to purchase longer-dated maturities, a large proportion of FHLBank bonds were issued with short-term maturity dates. During the second quarter and first six months of 2007, bonds with embedded call options represented a significant component of bond issuance. For example, during the first half of 2007, callable bonds accounted for 59 percent of bond issuance, compared to 32 percent during the first half of 2006. Non-callable, fixed-rate bonds, the predominant type of bond issuance during the second quarter and first half of 2006, decreased to approximately one-third of bond issuance during the first half of 2007. The dollar amount of FHLBank callable bonds redeemed prior to maturity in the second quarter and first six months of 2007 was significantly higher than the volume in the corresponding periods in the previous year.

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 the second quarter and six months ended June 30, 2007 and the second quarter and six months ended June 30, 2006. 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)

	For the Three Months Ended June 30, 2007 vs. 2006			For the Six Months Ended June 30, 2007 vs. 2006		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income:						
Advances(1)	$(16)	$565	$ 549	$ 87	$1,818	$1,905
Mortgage loans held for portfolio	(92)	15	(77)	(183)	33	(150)
Investments	361	207	568	526	587	1,113
Total interest income	253	787	1,040	430	2,438	2,868
Interest Expense:						
Consolidated obligations	247	741	988	436	2,341	2,777
Deposits and other borrowings(2)	51	20	71	67	62	129
Total interest expense	298	761	1,059	503	2,403	2,906
Changes in net interest income	$(45)	$ 26	$ (19)	$ (73)	$ 35	$ (38)

(1) Includes prepayment fees on advances, net.

(2) The average balances used for the calculation do not include non-interest bearing deposits and include cash and stock dividends on mandatorily redeemable capital stock as interest expense. The average balances used for the calculations also include subordinated notes and related interest expenses.

Other (Loss) Income.

Other (Loss) Income
(Dollar amounts in millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30, 2007 vs. 2006		For the Six Months Ended June 30, 2007 vs. 2006	
					Increase (Decrease)		Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
Service fees	$ 8	$ 7	$ 14	$ 13	$ 1	14.3%	$ 1	7.7%
Net losses on trading securities	(99)	(105)	(90)	(253)	6	(5.7)%	163	64.4%
Net realized gains (losses) from sale of available-for-sale securities		1		(3)	(1)	(100.0)%	3	100.0%
Net realized losses from sale of held-to-maturity securities	(1)	(2)	(4)	(2)	1	(50.0)%	(2)	(100.0)%
Net gains on derivatives and hedging activities	83	92	78	220	(9)	(9.8)%	(142)	(64.5)%
Other, net	8	6	13	10	2	33.3%	3	30.0%
Total other (loss) income	$ (1)	$ (1)	$ 11	$ (15)	$	0.0%	$ 26	173.3%

The change in total other (loss) income from the first six months of 2006 to the first six months of 2007 relates primarily to the change in net losses on trading securities and the change in net gains on derivatives and hedging activities.

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

Earnings Effect for the Three Months Ended June 30, 2007	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of hedging activities in net margin	$(23)	$	$	$(22)	$	$	$(45)
Net gains (losses) on derivatives and hedging activities	7	100	(9)	(33)	18		83
Net losses on trading securities		(99)					(99)
Total	$(16)	$ 1	$(9)	$(55)	$ 18	$	$(61)

Earnings Effect for the Three Months Ended June 30, 2006	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of hedging activities in net margin	$(19)	$	$ 1	$(22)	$(6)	$	$ (46)
Net gains (losses) on derivatives and hedging activities	9	97	(19)	(24)	18	11	92
Net losses on trading securities		(105)					(105)
Total	$(10)	$ (8)	$(18)	$(46)	$12	$ 11	$ (59)

Earnings Effect for the Six Months Ended June 30, 2007	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of hedging activities in net margin	$(38)	$	$ 1	$(28)	$(2)	$	$(67)
Net gains (losses) on derivatives and hedging activities	16	77	(18)	(8)	12	(1)	78
Net losses on trading securities		(90)					(90)
Total	$(22)	$(13)	$(17)	$(36)	$10	$(1)	$(79)

Earnings Effect for the Six Months Ended June 30, 2006	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of hedging activities in net margin	$(43)	$	$ 1	$(44)	$(14)	$	$(100)
Net gains (losses) on derivatives and hedging activities	22	232	(36)	(45)	35	12	220
Net losses on trading securities		(253)					(253)
Total	$(21)	$ (21)	$(35)	$(89)	$ 21	$12	$(133)

Operating Expenses.

Operating Expenses
(Dollar amounts in millions)

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease) $	For the Three Months Ended June 30, 2007 vs. 2006 Increase (Decrease) %	For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease) $	For the Six Months Ended June 30, 2007 vs. 2006 Increase (Decrease) %
Salaries and employee benefits	$108	$100	$220	$203	$ 8	8.0%	$17	8.4%
Cost of quarters	9	10	19	18	(1)	(10.0)%	1	5.6%
Other	56	58	105	112	(2)	(3.4)%	(7)	(6.3)%
Total operating expenses	$173	$168	$344	$333	$ 5	3.0%	$11	3.3%
Operating expenses as a percentage of average assets (basis points)	6.8	6.8	6.8	6.7				

The increase in salaries and benefits in the second quarter and first six months of 2007 reflect the following:

- a reduction in force severance charge at the FHLBank of Chicago of $4 million;
- higher staffing levels across the majority of the FHLBanks to support increased regulatory requirements for risk management, SEC registration and filings and preparations for compliance with Sarbanes-Oxley requirements; and
- general increases in pay and benefits.

The decrease in other operating expenses in the second quarter and first six months of 2007 as compared to the same periods in 2006 is due to the decrease in professional fees and other cost cutting measures.

(Dollar amounts in millions)	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For the Three Months Ended June 30, 2007 vs. 2006 (Decrease) Increase $	For the Three Months Ended June 30, 2007 vs. 2006 (Decrease) Increase %	For the Six Months Ended June 30, 2007 vs. 2006 (Decrease) Increase $	For the Six Months Ended June 30, 2007 vs. 2006 (Decrease) Increase %
Finance Board expenses	$ 8	$ 9	$ 17	$ 18	$(1)	(11.1)%	$(1)	(5.6)%
Office of Finance expenses	5	6	13	12	(1)	(16.7)%	1	8.3%
Other expenses excluded from operating expenses	7	6	9	10	1	16.7%	(1)	(10.0)%
Affordable Housing Program expenses	71	72	141	143	(1)	(1.4)%	(2)	(1.4)%

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.

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, issues and services 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 increase in Office of Finance expenses from the first six months of 2006 to the first six months of 2007 is due primarily to increased salaries and benefits associated with an increase in staffing to meet various regulatory and FHLBank initiatives.

Other. Other expenses are excluded from operating expenses. The other expenses for the second quarter of 2007 and 2006 include approximately $3 million and $4 million of certain MPF and/or MPP master servicing and custodial fees. The other expenses for the first six months of 2007 and 2006 include approximately $7 million and $8 million of certain MPF and/or MPP master servicing and custodial fees.

Affordable Housing Program. Annually, the FHLBanks must set aside for the Affordable Housing Program (AHP) the greater of $100 million or 10 percent of regulatory income, after the assessment for the Resolution Funding Corporation (REFCORP). Regulatory income is income before assessments, plus interest expense related to mandatorily redeemable capital stock under SFAS No. 150, *Accounting for Certain Financial Instruments and Characteristics of both Liabilities and Equity* (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 the second quarter and first six months of 2007 and 2006 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.

Community Investment Program (CIP). At June 30, 2007, the FHLBanks had $6.9 billion of CIP housing advances and $1.7 billion of CIP commercial and economic development advances outstanding.

Other Housing and Community Economic Development Programs. Each of the FHLBanks has established a number of other voluntary housing and community economic development programs specifically developed for its members. These programs are funded by the FHLBanks separate from AHP.

REFCORP Payment

Each FHLBank is required to make payments to REFCORP (20 percent of annual GAAP net income after payment of AHP assessments) until the total amount of payments actually made is equivalent to a $300 million annual annuity whose final maturity date is April 15, 2030. The Finance Board will shorten or lengthen the period during which the FHLBanks must make payments to REFCORP depending on actual payments relative to the referenced annuity. In addition, the Finance Board, in consultation with the Secretary of the Treasury, selects the appropriate discounting factors used in calculating the annuity.

The REFCORP assessment of the FHLBanks was $157 million (cash payment of $156 million) for the second quarter of 2007 and $161 million (cash payment of $166 million) for the second quarter of 2006. The REFCORP assessment of the FHLBanks was $310 million (cash payment of $314 million) for the first six months of 2007 and $315 million (cash payment of $356 million) for the first six months of 2006. The cash payments are made based on preliminary GAAP net income amounts due to the timing requirement of the payment. Any FHLBank with a net loss for a quarter is not required to pay the REFCORP assessment for that quarter. As specified in the Finance Board regulation that implements section 607 of the GLB Act, the amount by which the REFCORP payment for any quarter exceeds the $75 million benchmark payment is used to simulate the purchase of zero-coupon Treasury bonds to "defease" all or a portion of the most-distant remaining quarterly benchmark payment. The $81 million by which the second-quarter REFCORP payment exceeded the $75 million quarterly benchmark will fully defease both the remaining $25 million portion of the benchmark payment due on April 15, 2015 and the entire $75 million benchmark payment due on January 15, 2015, as well as $18 million of the $75 million benchmark payment due on October 15, 2014. The defeased benchmark payments (or portions thereof) can be reinstated if future actual REFCORP payments fall short of the $75 million benchmark in any quarter.

As a result of the REFCORP payments of $156 million made by the FHLBanks in the second quarter of 2007, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to October 15, 2014, effective at June 30, 2007. This date assumes that the

FHLBanks will pay exactly $300 million annually after June 30, 2007 until the annuity is fully satisfied. This compares to the outside date of April 15, 2015, effective at March 31, 2007, based on REFCORP payments made through March 31, 2007.

REFCORP Defeasance Summary
For Second Quarter 2007 Payment
(Dollar amounts in millions)

Payment Due Date	Amount of Benchmark Payment Defeased*	Interest Rate Used to Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased**
April 15, 2015 (most distant remaining payment)	$ 25	5.04%	$17
January 15, 2015	75	5.06%	52
October 15, 2014	18	5.02%	12
Total	$118		$81

* Subject to possible subsequent reinstatement.

** Actual cash payment of $156 million made based on estimated net income.

Capital Adequacy

The FHLBank Act prescribes minimum capital stock requirements for the FHLBanks. In addition, an individual FHLBank, at the discretion of its board of directors and/or management, may institute a higher capital requirement in order to meet internally-established thresholds or to address supervisory matters.

In 2003, the Finance Board issued guidance calling for each FHLBank to assess, at least once a year, the adequacy of its retained earnings under various future financial and economic scenarios, including:

- parallel and non-parallel interest-rate shifts;
- changes in the basis relationship between different yield curves; and
- changes in the credit quality of the FHLBank's assets.

Management and the board of directors of each FHLBank review the capital structure of that FHLBank (including retained earnings) on a periodic basis to make sure the capital structure supports the risk associated with its assets and addresses applicable regulatory and supervisory matters.

Some boards of directors and/or management teams of FHLBanks have agreed with the Office of Supervision of the Finance Board either to maintain higher total capital-to-asset ratios or limit dividend payments as part of their retained earnings policies. At June 30, 2007, each of the FHLBanks was in compliance with its statutory minimum capital requirements and any internally-established or supervisory limitations. As these limitations may be revised from time to time, they are more flexible than the minimum requirements prescribed by statute.

At June 30, 2007, 93.0 percent of the capital of the FHLBanks consisted of capital stock, while 7.0 percent consisted of retained earnings and accumulated other comprehensive income. At June 30, 2007, the FHLBanks had a total capital-to-assets ratio of 4.30 percent. This compares with a total capital-to-assets ratio of 4.43 percent at December 31, 2006.

Liquidity

The FHLBanks need liquidity to:

- satisfy their members' demand for short- and long-term funds;
- repay maturing consolidated obligations; and
- meet other obligations, including any mandatory redemptions of capital stock.

The FHLBanks also maintain liquidity to repurchase excess capital stock in their discretion upon the request of a member.

Each FHLBank is required to maintain liquidity in accordance with the FHLBank Act, certain Finance Board regulations and with policies established by its management and board of directors. The FHLBanks seek to be in a position to meet the credit and liquidity needs of their members without maintaining excessive holdings of low-yielding liquid investments or being forced to incur unnecessarily high borrowing costs. The FHLBanks' primary sources of liquidity are short-term investments and the issuance of new consolidated obligation bonds and discount notes. The GSE status and rating have historically provided the FHLBanks with excellent access to capital markets. Consolidated obligations enjoy GSE status; however, they are not obligations of the United States and the United States does not guarantee them. The FHLBanks' consolidated obligations are rated Aaa/P-1 by Moody's and AAA/A-1+ by Standard & Poor's. These are the highest ratings available for such debt from a Nationally Recognized Statistical Rating Organization (NRSRO). These ratings indicate that the FHLBanks have an extremely strong capacity to meet their commitments to pay principal of and interest on consolidated obligations and that the consolidated obligations are judged to be of the highest quality with minimal credit risk. The ratings also reflect the FHLBanks' status as GSEs. Investors should note that a rating issued by an NRSRO is not a recommendation to buy, sell or hold securities and that the ratings may be revised or withdrawn by the NRSRO at any time. Investors should evaluate the rating of each NRSRO independently.

In addition, under certain circumstances the U.S. Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, also provide liquidity.

Each FHLBank also maintains a contingency liquidity plan designed to enable it to meet its obligations and the liquidity needs of members in the event of operational disruptions at the FHLBanks or the Office of Finance, or short-term capital market disruptions.

Critical Accounting Policies and Estimates

For a discussion of Critical Accounting Policies and Estimates, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Policies and Estimates" in the Federal Home Loan Banks' 2006 Combined Financial Report. There have been no material changes from the critical accounting policies and estimates disclosed in the "Critical Accounting Policies and Estimates" section of the Federal Home Loan Banks' 2006 Combined Financial Report. Each FHLBank describes its critical accounting policies and estimates in its Management's Discussion and Analysis in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

Legislative and Regulatory Developments

Finance Board Adopts Final Rule Clarifying Financial Interests of Appointive FHLBank Directors. On June 13, 2007, the Finance Board adopted a final rule clarifying the types of financial interests that an appointive FHLBank director may have with a member of the FHLBank on whose board the director serves. Under this rule, which became effective on July 19, 2007, financial interests in an FHLBank member resulting from ownership of shares of a diversified mutual fund are permissible holdings for an appointive director. The rule also extends the rationale for permitting mutual fund investments to other types of investment vehicles and accounts that share certain key features of mutual funds that make them unlikely to pose a risk of conflict of interest for an appointive director. Finally, the rule sets forth additional criteria to define when owning shares of a holding company of a member, serving as an officer or director of a holding company of a member, or having other types of financial interests in a member, would be permissible for an appointive director.

Finance Board Issues Advisory Bulletin on Nontraditional and Subprime Residential Mortgage Loans. On April 12, 2007, the Finance Board issued Advisory Bulletin 2007-AB-01 ("Advisory Bulletin") on nontraditional and subprime residential mortgage loans. The Advisory Bulletin provided that by June 30, 2007, each FHLBank's board of directors should review its existing credit risk management policies and adopt any necessary additional policies related to nontraditional and subprime residential mortgage products. The Advisory Bulletin also states that the Finance Board may require periodic reporting of volumes, policies, procedures and risk management practices related to these types of residential mortgages. Additionally, each FHLBank should require periodic confirmation from each of its members that is subject to federal or state regulatory oversight that the member is complying with nontraditional residential mortgage and subprime mortgage lending guidance. Each FHLBank's board of directors has completed its review of its existing policies and adopted any necessary additional policies as required by this Advisory Bulletin. In addition, each FHLBank's management believes its FHLBank has limited exposure to subprime loans due to its business model, conservative policies pertaining to advances collateral and investments, and low credit risk due to the design of its mortgage loan program(s).

Finance Board Adopts Final Rule Limiting Excess Stock. On December 22, 2006, the Finance Board adopted a final rule prohibiting FHLBanks from issuing new excess stock if the amount of excess stock exceeds one percent of the FHLBank's assets. The final rule became effective on January 29, 2007. Under the rule, any FHLBank with excess stock greater than one percent of its total assets will be prevented from further increasing excess stock by paying stock dividends or otherwise issuing new excess stock. Also included in the final rule is a provision requiring the FHLBanks to declare and pay dividends only out of previously retained earnings or current net earnings. At June 30, 2007, the FHLBanks of Cincinnati, Indianapolis, Chicago and Seattle had excess stock outstanding greater than one percent of total assets, while the remaining FHLBanks did not have excess stock outstanding greater than one percent of total assets. Most of the FHLBanks pay cash, rather than stock, dividends. The FHLBanks of Dallas, Topeka and San Francisco paid stock dividends during the first six months of 2007. No FHLBank believes the final rule will have a material effect on its results of operations or financial condition. As a result of this final rule, during the second quarter of 2007, the FHLBank Topeka changed how it manages excess stock to address the new limit on the amount of excess stock that may be outstanding. Under the change in its procedures, the FHLBank Topeka implemented: (1) an exchange of all excess Class B Common Stock to Class A Common Stock on May 31, 2007, thus causing each stockholder to start at the same point with no excess Class B Common Stock, and (2) an exchange of all Class B Common Stock in excess of $50,000 to Class A Common Stock on each Wednesday (or following business day if a holiday) beginning in July 2007. In addition, at the end of each quarter the FHLBank Topeka may exercise its rights under the capital plan to execute a mandatory repurchase of excess stock if there is a risk of exceeding the one percent of FHLBank Topeka assets limitation on excess stock established by the Finance Board that would prevent the FHLBank Topeka from paying its quarterly dividend in the form of capital stock.

Previously, the Finance Board had issued a proposed rule that would have established minimum amounts of retained earnings for the FHLBanks. While the provisions regarding minimum amounts of retained earnings were not carried forward into the final rule, it is possible that the Finance Board may take up the matter in a subsequent rule making.

Proposed Changes to GSE Regulation. Congress is considering proposed legislation that is designed to strengthen the regulation of Fannie Mae, Freddie Mac and the FHLBanks and to address other GSE reform issues. The House Financial Services Committee approved a GSE regulatory reform bill (H.R. 1427), which would, among other things, establish a new regulator for the housing GSEs. On May 22, 2007 the House of Representatives passed H.R. 1427. The Senate Banking Committee has not held a hearing or passed GSE reform legislation at this time. It is impossible to predict whether any provisions relating to the Finance Board and the FHLBanks will be included in any such legislation and what such provisions may be. It is further impossible to predict whether the Senate will approve such legislation and whether any such change in regulatory structure will be signed into law. Finally, it is impossible to predict when any such change would go into effect if it were to be enacted, and what effect the legislation would ultimately have on the Finance Board or the FHLBanks.

Capital Plans Implementation Status. All FHLBanks except for the FHLBank of Chicago have implemented their new capital plans. The existing capital structure of the FHLBank of Chicago will remain in place until it implements its new capital plan. Under the new capital plans, the FHLBanks are subject to risk-based capital rules. Until the FHLBank of Chicago implements its new capital plan, the prior capital adequacy rules remain in effect.

FHLBank of Chicago Agreement with the Finance Board. For a discussion of the FHLBank of Chicago's agreement with the Finance Board, see "Business — Oversight, Audits and Examinations" in the Federal Home Loan Banks' 2006 Combined Financial Report. There have been no material changes from the agreement disclosed in the Federal Home Loan Banks' 2006 Combined Financial Report.

Recent Rating Agency Actions

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At July 31, 2007

	S&P		Moody's	
	Long-Term/ Short-Term Rating	Outlook	Long-Term/ Short-Term Rating	Outlook
Atlanta	AAA/A-1+	Stable	Aaa/P-1	Stable
Boston	AAA/A-1+	Stable	Aaa/P-1	Stable
Chicago	AA+/A-1+	Negative	Aaa/P-1	Stable
Cincinnati	AAA/A-1+	Stable	Aaa/P-1	Stable
Dallas	AAA/A-1+	Stable	Aaa/P-1	Stable
Des Moines	AAA/A-1+	Negative	Aaa/P-1	Stable
Indianapolis	AAA/A-1+	Stable	Aaa/P-1	Stable
New York	AAA/A-1+	Stable	Aaa/P-1	Stable
Pittsburgh	AAA/A-1+	Stable	Aaa/P-1	Stable
San Francisco	AAA/A-1+	Stable	Aaa/P-1	Stable
Seattle	AA+/A-1+	Stable	Aaa/P-1	Stable
Topeka	AAA/A-1+	Stable	Aaa/P-1	Stable

RISK MANAGEMENT

For a discussion of "Risk Management," including "Quantitative and Qualitative Disclosures about Market Risk, Liquidity Risk, Credit Risk, Operational Risk and Business Risk," see "Risk Management" in the Federal Home Loan Banks' 2006 Combined Financial Report. Each FHLBank includes a discussion of its risk management in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.") The following quantitative information should be read in conjunction with the discussion of "Risk Management" included in the Federal Home Loan Banks' 2006 Combined Financial Report.

Interest-Rate Exchange Agreements

Derivative Notional Amounts. The notional amount of derivatives serves as a factor in determining periodic interest payments or cash flows received and paid.

The following table categorizes the estimated fair value of derivative financial instruments, excluding accrued interest by product, and type of accounting treatment. The categories "Fair Value" and "Cash Flow" represent hedge strategies for which hedge accounting is achieved. The category "Economic" represents hedge strategies for which hedge accounting is not achieved.

Total Derivative Financial Instrument by Product
(Dollar amounts in millions)

	June 30, 2007		December 31, 2006	
	Total Notional	Total Estimated Fair Value (excludes accrued interest)	Total Notional	Total Estimated Fair Value (excludes accrued interest)
Advances				
Fair Value—existing cash item	$263,497	$ 1,902	$235,567	$ 717
Fair Value—firm commitments	917	4	53	
Cash Flow—existing cash item	1,925	11	1,925	20
Economic	9,993	5	7,349	3
Total	276,332	1,922	244,894	740
Investments				
Fair Value—existing cash item	1,362	(80)	1,560	(134)
Economic (includes trading securities hedges)	12,289	(22)	12,043	(121)
Total	13,651	(102)	13,603	(255)
MPF/MPP Loans Held for Portfolio				
Fair Value—existing cash item	32,994	99	33,115	26
Standalone—delivery commitments	373	1	221	
Economic (including TBAs)	14,307	3	16,053	2
Total	47,674	103	49,389	28
Consolidated Obligations—Bonds				
Fair Value—existing cash item	514,024	(4,434)	506,990	(3,187)
Cash Flow—anticipated transaction	60			
Economic	69,673	(44)	65,768	(53)
Total	583,757	(4,478)	572,758	(3,240)
Consolidated Obligations—Discount Notes				
Fair Value—existing cash item			2,146	(1)
Economic	10,649	46	15,520	42
Total	10,649	46	17,666	41
Deposits				
Fair Value	20	3	20	4
Total	20	3	20	4

	June 30, 2007		December 31, 2006	
	Total Notional	Total Estimated Fair Value (excludes accrued interest)	Total Notional	Total Estimated Fair Value (excludes accrued interest)
Balance Sheet				
Economic	12,554	7	7,242	3
Total	12,554	7	7,242	3
Intermediary Positions				
Intermediaries	2,834	1	2,874	1
Total	2,834	1	2,874	1
Total notional and estimated fair value	$947,471	$(2,498)	$908,446	$(2,678)
Total derivatives excluding accrued interest		$(2,498)		$(2,678)
Accrued interest		1,941		1,418
Net derivative balances		$ (557)		$(1,260)
Net derivative asset balances		$ 2,067		$ 1,626
Net derivative liability balances		(2,624)		(2,886)
Net derivative balances		$ (557)		$(1,260)

The notional amount of derivatives represents neither the actual amounts exchanged nor the overall exposure of the FHLBanks to credit and market risk. The overall amount that could potentially be subject to credit loss is much smaller. Notional values are not meaningful measures of the risks associated with derivatives. The risks of derivatives can be measured meaningfully on a portfolio basis. This measurement must take into account the derivatives, the item being hedged and any offsets between the two.

In accordance with SFAS 133, each FHLBank classifies derivative assets and derivative liabilities according to the net fair value of derivatives with each of its counterparties because these swaps are covered by a master netting agreement. If the net fair value of derivatives with one of its counterparties is positive, it is classified as an asset by that FHLBank. If the net fair value of derivatives with one of its counterparties is negative, it is classified as a liability by that FHLBank. At June 30, 2007, the FHLBanks had combined derivative assets of $2.1 billion and combined derivative liabilities of $2.6 billion. At December 31, 2006, the FHLBanks had combined derivative assets of $1.6 billion and combined derivative liabilities of $2.9 billion. The $441 million increase and $262 million decrease in combined derivative assets and liabilities from December 31, 2006 to June 30, 2007 are largely the result of interest rate changes.

Quantitative Disclosure about Market Risk

The FHLBanks use duration to measure their exposure to changes in interest rates. Each FHLBank has an internal modeling system for measuring duration of equity and duration gap to provide to its regulator, the Finance Board, and, therefore, individual FHLBank measurements may not be directly comparable since not all FHLBanks manage to these risk measures.

For the FHLBank of Chicago, which has not yet converted to its new capital plan, Finance Board policy requires that it maintain its duration of equity (at current interest rates using the consolidated obligation cost curve or an appropriate discounting methodology) within a range of +/−5 years. The FHLBank of Chicago must maintain its duration of equity, under an assumed instantaneous +/−200 basis points parallel increase or decrease in interest rates, within a range of +/−7 years.

The other 11 FHLBanks have converted to their new capital structures and are no longer subject by regulation to the duration of equity requirements and therefore may not manage their operations to remain within these Finance Board policy requirements.

Each FHLBank also calculates and measures its duration gap. The duration gap is the difference between the estimated durations (market value sensitivity) of assets and liabilities (including the effect of interest-rate exchange agreements) and reflects the extent to which estimated maturity and repricing cash flows for assets and liabilities are matched.

Duration Gap
(In months)

FHLBank	June 30, 2007	December 31, 2006
Boston	0.5	0.2
New York	0.8	0.3
Pittsburgh	1.2	0.7
Atlanta	0.9	0.8
Cincinnati	2.3	1.0
Indianapolis	1.3	1.6
Chicago	0.8	0.9
Des Moines	(0.8)	0.0
Dallas	0.5	0.2
Topeka	1.8	1.3
San Francisco	0.8	0.7
Seattle	0.0	0.0

The table below reflects measurements by the FHLBank of Chicago, which has not yet converted to its new capital structure, of its exposure to interest-rate risk in accordance with Finance Board policy. The table summarizes the interest-rate risk associated with all instruments entered into by the FHLBank of Chicago.

Duration of Equity
(In years)

	June 30, 2007			December 31, 2006		
	+ 200 basis point change	Base	− 200 basis point change	+ 200 basis point change	Base	− 200 basis point change
FHLBank of Chicago	(4.7)	3.2	(4.2)	0.0	3.1	1.4

CREDIT RISK

Managing Credit Risk

Advances. No FHLBank has ever experienced a credit loss on an advance. However, the expanded eligible collateral for CFIs and lending to non-member housing associates increases the credit risk to the FHLBanks. Advances to community financial institutions secured with expanded eligible collateral represent approximately $6 billion of the total $642 billion of advances outstanding at par value at June 30, 2007. Advances to housing associates represent $198 million of the total $642 billion of advances outstanding at par value at June 30, 2007. The management of each FHLBank believes it has adequate policies and procedures in place to manage its credit risk on advances effectively.

Investments. At June 30, 2007 and December 31, 2006, 99.95 percent and 99.96 percent of all investments by the FHLBanks in mortgage-backed securities were rated triple-A.

Investment Securities Ratings
(Dollar amounts in millions)

Investment Rating	June 30, 2007* Amount	June 30, 2007* Percentage of Total Investments	December 31, 2006** Amount	December 31, 2006** Percentage of Total Investments
Long-term Rating				
Triple-A	$140,881	91.1%	$144,944	93.6%
Double-A	753	0.5%	1,002	0.6%
Short-term Rating				
A-1 or higher/P-1	13,058	8.4%	8,674	5.6%
A-2/P-2			133	0.1%
Unrated investment securities	72	0.0%	77	0.1%
Total	$154,764	100.0%	$154,830	100.0%

* This chart does not reflect changes in any rating, outlook or watch status after June 30, 2007. The ratings were obtained from S&P, Moody's and/or Fitch.

** This chart does not reflect changes in any rating, outlook or watch status after December 31, 2006. The ratings were obtained from S&P, Moody's and/or Fitch.

Unsecured Credit Exposure
(Dollar amounts in millions)

	June 30, 2007	December 31, 2006	Increase $	Increase %
Unsecured credit exposure of FHLBanks to counterparties, excluding U.S. government, U.S. government agencies, and instrumentalities(1)	$149,761	$119,108	$30,653	25.7%
Maturities of unsecured credit exposure:				
Overnight	42.2%	43.8%		
2-30 days	33.0%	38.0%		
31-90 days	21.6%	17.5%		
91-270 days	3.2%	0.7%		

(1) Included in this total at June 30, 2007 is unsecured credit of $5.9 billion to Citigroup Inc. subsidiaries. Of this amount, $3.8 billion relates to Citibank, N.A., a member of the FHLBank of San Francisco. Citibank, N.A. had advances of $87.2 billion from the FHLBanks of San Francisco, New York, Atlanta and Dallas at June 30, 2007.

Most of this unsecured credit exposure was related to Federal funds sold and commercial paper (dollar amounts in millions):

	June 30, 2007	December 31, 2006	Increase $	Increase %
Federal funds sold	$100,372	$77,056	$23,316	30.3%
Commercial paper	12,612	8,220	4,392	53.4%

At June 30, 2007, the FHLBanks had aggregate unsecured credit exposure of more than $1 billion to each of 47 counterparties, which represented 78 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio. The following tables set out the geographic concentration of mortgage loans held for portfolio by the FHLBanks. By acquiring mortgage loans from various members under their MPF Program and MPP, the FHLBanks can mitigate geographic concentration risk. These tables show the geographic concentration on an aggregated basis for all 12 FHLBanks that purchase or fund loans under the MPF Program and MPP. As a result, the tables do not necessarily reflect the actual geographic concentration with respect to each individual FHLBank.

Geographic Concentration of MPF Program (1) (2)

	June 30, 2007	December 31, 2006
Midwest	33%	32%
Northeast	16%	16%
Southeast	20%	20%
Southwest	16%	16%
West	15%	16%
Total	100%	100%

Geographic Concentration of MPP (1) (2)

	June 30, 2007	December 31, 2006
Midwest	34%	33%
Northeast	12%	12%
Southeast	21%	21%
Southwest	16%	16%
West	17%	18%
Total	100%	100%

(1) Calculated percentage based on unpaid principal at the end of each period.

(2) Midwest consists of IA, IL, IN, MI, MN, ND, NE, OH, SD and WI.
Northeast consists of CT, DE, MA, ME, NH, NJ, NY, PA, PR, RI, VI and VT.
Southeast consists of AL, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA and WV.
Southwest consists of AR, AZ, CO, KS, LA, MO, NM, OK, TX and UT.
West consists of AK, CA, GU, HI, ID, MT, NV, OR, WA and WY.

The FHLBanks' MPF loans held for portfolio are dispersed across all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. No single zip code represented more than one percent of MPF loans outstanding at June 30, 2007. The median size of an MPF loan was approximately $113,000 at June 30, 2007. The MPF loan statistics have been compiled on a combined basis by aggregating each participating FHLBank's information and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual participating FHLBanks.

The FHLBanks' MPP mortgage loans held for portfolio are dispersed across all 50 states, the District of Columbia, and the U.S. Virgin Islands. No single zip code accounted for more than one percent of MPP loans outstanding at June 30, 2007. The median size of an MPP loan was approximately $142,000 at June 30, 2007. The MPP mortgage loan statistics have been compiled on a combined basis by aggregating each participating FHLBank's information and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual participating FHLBanks.

The following table provides the weighted-average FICO® scores and weighted-average loan-to-value at origination for MPF loans and MPP loans outstanding at June 30, 2007 and December 31, 2006:

	June 30, 2007		December 31, 2006	
	MPF	MPP	MPF	MPP
Weighted-average FICO® score at origination(1)	738	747	734	746
Weighted-average loan-to-value at origination	67%	69%	68%	69%

(1) FICO® score is a widely-used credit industry model developed by Fair, Isaac and Company, Inc. to assess borrower credit quality with scores ranging from 150 to 950.

The MPF loan statistics were compiled and obtained from the FHLBank of Chicago and MPP mortgage loan statistics were compiled on a combining basis by aggregating each participating MPP FHLBank's information; therefore, they do not reflect the weighted-average FICO® score and weighted-average loan-to-value at origination at individual participating FHLBanks.

Derivatives and Counterparty Ratings. In addition to market risk, each FHLBank is subject to credit risk because of the potential non-performance by counterparties to derivative agreements. The amount of counterparty risk on derivatives depends on the extent to which netting procedures and other credit enhancements are used to mitigate the risk. At June 30, 2007, five counterparties represented approximately 52 percent of the total notional amount of outstanding derivative transactions and each had a credit rating of single-A or better. At June 30, 2007, none of these counterparties represented more than 10 percent of the FHLBanks' net exposure after collateral. Each FHLBank manages counterparty credit risk through credit analysis, collateral management and other credit enhancements. The FHLBanks are also required to follow the requirements set forth by Finance Board regulation. The FHLBanks require collateral on interest-rate exchange agreements. The amount of net unsecured credit exposure that is permissible with respect to each counterparty, before a collateral requirement is triggered, depends on the credit rating of that counterparty. A counterparty must deliver collateral to an FHLBank if the total market value of the FHLBank's exposure to that counterparty rises above a specific trigger point. As a result of these risk mitigation initiatives, the management of each FHLBank does not anticipate any credit losses on its interest-rate exchange agreements.

The contractual or notional amount of interest-rate exchange agreements reflects the involvement of an FHLBank in the various classes of financial instruments. The maximum credit risk of an FHLBank with respect to interest-rate exchange agreements is the estimated cost of replacing favorable interest-rate swaps, forward agreements and purchased caps and floors if the counterparty defaults, *minus* the value of any related collateral. In determining maximum credit risk, the FHLBanks consider, with respect to each counterparty, accrued interest receivables and payables as well as the legal right to offset assets and liabilities.

Derivative Counterparty Credit Exposure
(Dollar amounts in millions)
At June 30, 2007

Credit Rating*	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 12,337	$ 10	$ 3	$ 7
Double-A	743,560	1,382	750	632
Single-A	189,892	655	572	83
Triple-B	9			
Unrated(1)	210			
	946,008	2,047	1,325	722
Intermediaries(2)	1,090	18	18	
Delivery commitments	373	1	1	
Total derivatives	$947,471	$2,066	$1,344	$722

At December 31, 2006

Credit Rating**	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 15,938	$ 9	$	$ 9
Double-A	591,210	1,112	581	531
Single-A	299,505	483	385	98
Triple-B	9			
Unrated(1)	374	1		1
	907,036	1,605	966	639
Intermediaries(2)	1,189	22	22	
Delivery commitments	221	1	1	
Total derivatives	$908,446	$ 1,628	$989	$639

* This chart does not reflect changes in any rating, outlook or watch status after June 30, 2007. The ratings were obtained from S&P, Moody's and/or Fitch.

** This chart does not reflect changes in any rating, outlook or watch status after December 31, 2006. The ratings were obtained from S&P, Moody's and/or Fitch.

(1) Unrated counterparties represent broker-dealers utilized to purchase or sell forward contracts relating to TBA MBS to hedge the market value of commitments on fixed-rate mortgage loans. All broker-dealer counterparties are subjected to thorough credit review procedures in accordance with an FHLBank's risk management policy. There was no exposure at June 30, 2007 and $1 million of exposure at December 31, 2006 related to these unrated counterparties.

(2) Collateral held with respect to interest-rate exchange agreements with member institutions represents either collateral physically held by or on behalf of the FHLBank or collateral assigned to the FHLBank, as evidenced by a written security agreement, and held by the member institution for the benefit of that FHLBank.

Excluding fully collateralized interest-rate exchange agreements in which the FHLBanks are intermediaries for members, approximately 99.98 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements are with counterparties rated single-A or higher. At June 30, 2007, 30 counterparties represented 99.96 percent of the total notional amount of the FHLBanks' outstanding interest-rate exchange agreements excluding agreements in which the FHLBanks are intermediaries. Approximately 80 percent of these agreements are with 21 counterparties that are rated double-A or higher. Approximately 20 percent of these agreements are with nine counterparties that are rated single-A.

LEGAL PROCEEDINGS

The FHLBanks are subject to various pending legal proceedings arising in the normal course of business. The FHLBanks and the Office of Finance are not a party to, nor are they subject to, any pending legal proceeding that is likely to have a material adverse effect on the results of operations or financial condition of the FHLBanks, or is otherwise material to the FHLBanks or the Office of Finance.

RISK FACTORS

This item should be read in conjunction with the risk factors set forth in the Federal Home Loan Banks' 2006 Combined Financial Report. Each FHLBank describes the risk factors it faces in its business in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

Some FHLBanks are subject to increased credit risk exposures related to subprime mortgage loans that back their MBS investments, and any increased delinquency rates and credit losses could adversely affect the yield on or value of their MBS investments.

Some FHLBanks invest in MBS backed by subprime mortgage loans. In recent months, delinquencies and losses with respect to residential mortgage loans generally have increased, particularly in the subprime sector. In addition, residential property values in many states have declined or remained stable, after extended periods during which those values appreciated. If delinquency and loss rates on subprime mortgages continue to increase, or there is a rapid decline in residential real estate values, some FHLBanks could experience reduced yields or losses on their MBS investments. In addition, the fair value of the related MBS investments may be adversely affected. See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Finance Board Issues Advisory Bulletin on Nontraditional and Subprime Residential Mortgage Loans" on page 85 for more information.

SUBMISSION OF MATTERS TO VOTE OF CAPITAL STOCKHOLDERS OTHER THAN ELECTION OF DIRECTORS

None.

MARKET FOR FHLBANKS' CAPITAL STOCK AND RELATED STOCKHOLDER MATTERS

As a cooperative, each FHLBank conducts its advances business and acquired member asset programs almost exclusively with its members. There is no established marketplace for the FHLBanks' stock and it is not publicly traded. FHLBank stock is purchased by members at the stated par value of $100 and may be redeemed at its stated par value of $100 per share upon the request of a member subject to applicable redemption periods as well as certain conditions and limitations. At June 30, 2007, the FHLBanks had over 414 million shares of capital stock outstanding. The FHLBanks are exempt from registering their securities under the Securities Act of 1933 (as amended). Pursuant to a Finance Board regulation, each FHLBank has registered a class of equity securities under and is subject to certain reporting requirements of the Securities Exchange Act of 1934.

Voting Rights. Members holding capital stock on December 31 of the preceding year can participate in the annual election process for FHLBank directors. Eligible members may nominate and elect representatives from members in their state to serve three-year terms on the board of directors of their FHLBank. For each directorship to be filled in an election, each member institution that is located in the state to be represented by the directorship is entitled to cast one vote for each share of stock that the member was required to hold at December 31 of the calendar year immediately preceding the election year; provided, however, that the number of votes that any member may cast for any one directorship shall not exceed the average number of shares of stock that were required to be held by all members located in the state to be represented on that date.

Regulatory Capital Stock. The information on capital stock presented in the table is for individual FHLBank members. The information is not aggregated to the holding-company level of those members. Some of the institutions listed are affiliates of the same holding company and some of the institutions listed have affiliates that are members but that are not listed in the table.

Top 10 Regulatory Capital Stock Holding Members at June 30, 2007 (Dollar amounts in millions)

Name	City	State	Capital Stock
Citibank, N.A.*(1)(2)(3)	Las Vegas	NV	$ 4,140
Countrywide Bank, NA	Alexandria	VA	1,322
Washington Mutual Bank*(4)(5)	Henderson	NV	1,006
World Savings Bank, FSB*(6)	Oakland	CA	819
IndyMac Bank, FSB	Pasadena	CA	799
Sovereign Bank*(7)(8)	Reading	PA	799
Hudson City Savings Bank*	Paramus	NJ	602
Washington Mutual Bank, FSB*	Salt Lake City	UT	590
World Savings Bank, FSB Texas(6)	Houston	TX	580
US Bank, NA(9)	Cincinnati	OH	540
			$11,197

* Indicates that an officer or director of the member was an FHLBank director at June 30, 2007.

(1) On October 1, 2006, Citibank (West), FSB, (the FHLBank of San Francisco's member) was reorganized into its affiliate Citibank, N.A. and Citibank, N.A., assumed the outstanding capital stock of Citibank (West), FSB.

(2) Includes $104 million in FHLBank of Atlanta capital stock from the acquisition of Citibank, Federal Savings Bank, a former member of the FHLBank of Atlanta.

(3) Includes a *de minimis* amount of FHLBank of Dallas capital stock from the merger of Citibank Texas, N.A., a former member of the FHLBank of Dallas, into Citibank, N.A. Also included is a *de minimis* amount of capital stock of the FHLBank of New York.

(4) Includes $57 million in FHLBank of Dallas capital stock from the acquisition of Bank United, a former member of the FHLBank of Dallas.

(5) Includes $5 million in FHLBank of New York capital stock from the acquisition of Dime Savings Bank of New York, FSB, a former member of the FHLBank of New York.

(6) On October 1, 2006, Golden West Financial Corporation, the parent company of World Savings Bank, FSB (the FHLBank of San Francisco's member) and World Savings Bank, FSB Texas (the FHLBank of Dallas' member) merged with Wachovia Corporation. World Savings Bank, FSB, and World Savings Bank, FSB Texas have remained members of the FHLBanks of San Francisco and Dallas after the merger.

(7) Includes $4 million in FHLBank of Boston capital stock from the acquisition of former members of the FHLBank of Boston.

(8) Includes $60 million in FHLBank of New York capital stock from the acquisition of Independence Community Bank, a former member of the FHLBank of New York.

(9) Includes $12 million in FHLBank of Des Moines capital stock acquired through a merger with former member of the FHLBank of Des Moines.

Regulatory capital stock includes all FHLBank members' capital stock plus mandatorily redeemable capital stock, which is reclassified as a liability in accordance with SFAS 150.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Each FHLBank is a cooperative. The members own all the stock of the FHLBanks, the majority of the directors of each FHLBank is elected by and from the membership, and the FHLBanks conduct their advances almost exclusively with members.

Members.

Membership by Type of Member

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
December 31, 2003	5,946	1,344	729	82	8,101
December 31, 2004	5,936	1,292	801	92	8,121
December 31, 2005	5,916	1,276	846	111	8,149
December 31, 2006	5,871	1,245	875	134	8,125
June 30, 2007	5,861	1,217	896	145	8,119

Membership in an FHLBank is voluntary. A member must give notice of its intent to withdraw. The GLB Act permits each FHLBank to issue one or more of two classes of stock, each with sub-classes. Class A stock is redeemable on six months written notice from a member and Class B stock is redeemable on five years written notice from a member. Capital stock outstanding under the pre-GLB Act rules, which only apply to the FHLBank of Chicago at June 30, 2007, is redeemable at the option of a member upon six months notice if the member withdraws from the FHLBank. If a member withdraws its membership from an FHLBank, it may not acquire shares of any FHLBank for 5 years after the date on which its divestiture of capital stock is completed. This restriction does not apply if the member is transferring its membership from one FHLBank to another.

Between January 1, 1993 and June 30, 2007, 111 FHLBank members withdrew for reasons other than merger or acquisition. During 2007, 21 members gave notice to withdraw for reasons other than merger or acquisition. The affected FHLBanks do not expect these withdrawals to have a material adverse effect on their results of operations or financial condition.

Regulatory Capital Stock Held by Type of Member
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other(1)	Total
December 31, 2003	$20.5	$13.8	$1.4	$1.1	$0.9	$37.7
December 31, 2004(2)	19.5	17.4	1.8	1.6	0.9	41.2
December 31, 2005(2)	20.4	18.6	1.8	1.6	1.1	43.5
December 31, 2006(2)	23.1	15.6	1.9	1.6	0.9	43.1
June 30, 2007(2)	22.7	15.2	1.9	1.8	0.7	42.3

(1) The other category includes capital stock of members involved in mergers with non-members. Advances to a member involved in a merger must be repaid before or at maturity, if the surviving institution is a non-member institution. Until these advances are repaid, the former member must continue to hold capital stock to support the advances.

(2) Includes mandatorily redeemable capital stock, which is considered capital for regulatory purposes.

The holdings of commercial bank members at June 30, 2007 represented 53.6 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members at June 30, 2007 represented 36.0 percent of the total regulatory capital stock of the FHLBanks.

Member Borrowers.

Member Borrowers

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
December 31, 2003	4,282	970	272	42	5,566
December 31, 2004	4,492	962	328	43	5,825
December 31, 2005	4,417	999	397	46	5,859
December 31, 2006	4,245	954	414	50	5,663
June 30, 2007	4,170	922	385	54	5,531

The percentage of total members borrowing decreased to 68.1 percent at June 30, 2007, as compared to 69.7 percent at December 31, 2006. The 82 borrowers with advance holdings of $1 billion or more at June 30, 2007, held 69.4 percent of total advances. The 83 borrowers with advance holdings of $1 billion or more at December 31, 2006 held 69.0 percent of total advances.

Advances at Par Value
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other(1)	Total(2)
December 31, 2003	$274.0	$192.5	$ 9.1	$ 8.0	$18.0	$501.6
December 31, 2004	254.7	278.9	11.4	11.1	20.0	576.1
December 31, 2005	270.0	307.8	14.6	11.5	16.5	620.4
December 31, 2006	339.2	256.7	18.9	14.2	12.6	641.6
June 30, 2007	344.7	249.4	18.9	18.6	10.5	642.1

(1) The other category includes advances to housing associates and members involved in mergers with a non-member. Advances to a member involved in a merger must be repaid before or at maturity, if the surviving institution is a non-member institution.

(2) Total advance amounts are at par value and will not agree to the Statement of Condition. The differences between the par and book value amounts primarily relate to basis adjustments arising from hedges under SFAS 133 for book purposes.

The information presented on advances in the table is for individual FHLBank members. The data are not aggregated to the holding-company level. Some of the institutions listed are affiliates of the same holding company, and some of the institutions listed have affiliates that are members but that are not listed in the table.

Top 10 Member Holding Advances at Par Value
at June 30, 2007
(Dollar amounts in millions)

Name	City	State	Advances(1)	Percentage of Total Advances
Citibank, N.A.*(2)(3)(4)(5)	Las Vegas	NV	$ 87,183	13.6%
Countrywide Bank, NA	Alexandria	VA	28,825	4.5%
Sovereign Bank*(6)(7)	Reading	PA	17,128	2.7%
Washington Mutual Bank*(8)(9)	Henderson	NV	16,101	2.5%
World Savings Bank, FSB*(10)	Oakland	CA	15,269	2.4%
World Savings Bank, FSB Texas(10)	Houston	TX	13,263	2.1%
Hudson City Savings Bank*	Paramus	NJ	12,116	1.9%
Charter One Bank NA(11)	Cleveland	OH	11,624	1.8%
U.S. Bank, NA	Cincinnati	OH	11,164	1.7%
IndyMac Bank, FSB	Pasadena	CA	10,873	1.7%
			$223,546	34.9%

* An asterisk indicates that an officer or director of the member was an FHLBank director at June 30, 2007.

(1) Member advance amounts and the total advance amounts are at par value, and the total advance amount will not agree to the Statement of Condition. The difference between the par and book value amounts primarily relates to basis adjustments arising from hedges under SFAS 133 for book purposes.

(2) On October 1, 2006, Citibank (West), FSB, (the FHLBank of San Francisco's member) was reorganized into its affiliate Citibank, N.A., and Citibank, N.A., assumed the outstanding advances of Citibank (West), FSB.

(3) Includes $1 million in FHLBank of New York advances from the reorganization of Citibank, a former member of the FHLBank of New York.

(4) Includes $2,300 million in FHLBank of Atlanta advances from the acquisition of Citibank, Federal Savings Bank, a former member of the FHLBank of Atlanta.

(5) Includes $1 million in FHLBank of Dallas advances from the merger of Citibank Texas, N.A., a former member of the FHLBank of Dallas, into Citibank, N.A.

(6) Includes $83 million in FHLBank of Boston advances from the acquisition of former members of the FHLBank of Boston.

(7) Includes $1,328 million in FHLBank of New York advances from the acquisition of Independence Community Bank, a former member of the FHLBank of New York.

(8) Includes $1,355 million in FHLBank of Dallas advances from the acquisition of Bank United, a former member of the FHLBank of Dallas.

(9) Includes $103 million in FHLBank of New York advances from the acquisition of Dime Savings Bank of New York, FSB, a former member of the FHLBank of New York.

(10) On October 1, 2006, Golden West Financial Corporation, the parent company of World Savings Bank, FSB (the FHLBank of San Francisco's member) and World Savings Bank, FSB Texas (the FHLBank of Dallas' member) merged with Wachovia Corporation. World Savings Bank, FSB, and World Savings Bank, FSB Texas have remained members of the FHLBanks of San Francisco and Dallas after the merger.

(11) Includes $4 million in FHLBank of Indianapolis advances from the acquisition of a former member of the FHLBank of Indianapolis.

Housing Associates. At June 30, 2007, the FHLBanks had $198 million in advances outstanding to 15 housing associates, up from $131 million at year-end 2006. Housing associates eligible to borrow include 42 state housing finance agencies, 10 county housing finance agencies, 4 city housing authorities, 3 housing development corporations, and 1 tribal housing corporation.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Each FHLBank is a member-owned cooperative, whose members elect a majority of that FHLBank's directors from among the members. The FHLBanks conduct their advances and mortgage loan business almost exclusively with members. As a result, in the normal course of business, the FHLBanks regularly extend credit to members whose officers and directors may serve as directors of the FHLBanks. This credit is extended on market terms that are no more favorable to these "related" members than comparable transactions with other members of the same FHLBank. As of June 30, 2007, the FHLBanks had $174.8 billion of advances outstanding to members whose officers were serving as directors of the FHLBanks. This amounted to 27.2 percent of total advances at par.

An FHLBank may also purchase short-term investments, Federal funds and mortgage-backed securities from members. All investments are market-rate transactions and all mortgage-backed securities are purchased through securities brokers or dealers.

Member Merger Activities

On April 23, 2007, ABN AMRO Holding N.V. (ABN AMRO) and Barclays P.L.C. (Barclays) announced that an agreement had been reached on the merger of ABN AMRO and Barclays (the Merger). As part of the Merger, Bank of America Corporation (Bank of America) agreed to acquire LaSalle Bank Corporation, the parent holding company of the FHLBank of Indianapolis' member, LaSalle Bank Midwest N.A. and the FHLBank of Chicago's member, LaSalle Bank N.A. This acquisition is expected to be completed prior to the completion of the Merger and is a condition of the Merger. Although legal objections were raised to this acquisition, the Dutch Supreme Court ruled on July 13, 2007, that ABN AMRO did not need shareholder approval to sell LaSalle Bank Corporation to Bank of America. Bank of America is headquartered in Charlotte, North Carolina outside of the districts of the FHLBanks of Indianapolis and Chicago. Bank of America subsidiaries maintain memberships with the FHLBanks of Atlanta, Boston, San Francisco, and Seattle.

FHLBank of Indianapolis. When the acquisition of LaSalle Bank Corporation is finalized and if Bank of America decides to not keep the LaSalle Bank Midwest N.A. charter in the FHLBank of Indianapolis' district, the FHLBank of Indianapolis would no longer be able to make advances to or purchase mortgage loans from LaSalle Bank Midwest N.A. In addition, the FHLBank of Indianapolis would be required to repurchase any outstanding capital stock owned by LaSalle Bank Midwest N.A. by the later of five years after the date of termination of its charter in FHLBank of Indianapolis' district or the repayment of all its outstanding obligations to the FHLBank of Indianapolis. At June 30, 2007, the FHLBank of Indianapolis held $3.3 billion par value of advances outstanding to LaSalle Bank Midwest N.A., which represented 15 percent of the total par value of advances outstanding for the FHLBank of Indianapolis. LaSalle Bank Midwest N.A. held a capital stock balance of $334 million at June 30, 2007, which represented 16 percent of the FHLBank of Indianapolis' regulatory capital stock balance.

FHLBank of Chicago. At June 30, 2007 the FHLBank of Chicago held $2.8 billion par value of advances outstanding to LaSalle Bank N.A., which represented 12 percent of the total par value of advances outstanding for the FHLBank of Chicago. LaSalle Bank N.A. held a capital stock balance of $230 million at June 30, 2007, which represented nine percent of the FHLBank of Chicago's regulatory capital stock balance.