FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Nine Months Ended September 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 September 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 September 30, 2007.

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

TABLE OF CONTENTS

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, FHLBanks are able to better match their funding needs. Excess funds held by an 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 contains 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)

	September 30, 2007	December 31, 2006
ASSETS		
Cash and due from banks	$ 350	$ 330
Interest-bearing deposits	47,402	33,872
Securities purchased under agreements to resell	150	4,905
Federal funds sold	98,195	77,056
Trading securities	6,307	5,687
Available-for-sale securities	7,182	6,661
Held-to-maturity securities	143,338	142,482
Advances	824,000	640,681
Mortgage loans held for portfolio	92,969	97,981
Less: allowance for credit losses on mortgage loans	7	7
Mortgage loans held for portfolio, net	92,962	97,974
Accrued interest receivable	5,055	4,344
Premises, software, and equipment, net	206	217
Derivative assets	1,990	1,626
Other assets	607	634
Total assets	$1,227,744	$1,016,469
LIABILITIES		
Deposits:		
Interest-bearing:		
Demand and overnight	$ 20,593	$ 17,512
Term	3,070	441
Other	699	795
Total interest-bearing	24,362	18,748
Non-interest-bearing:		
Demand and overnight	95	103
Other	98	121
Total non-interest-bearing	193	224
Total deposits	24,555	18,972
Borrowings:		
Securities sold under agreements to repurchase	1,400	2,200
Total borrowings	1,400	2,200
Consolidated obligations, net:		
Discount notes	308,762	157,549
Bonds	825,057	776,665
Total consolidated obligations, net	1,133,819	934,214
Mandatorily redeemable capital stock	1,302	1,094
Accrued interest payable	9,564	8,549
Affordable Housing Program	852	805
Payable to REFCORP	183	165
Derivative liabilities	2,247	2,886
Other liabilities	1,397	1,599
Subordinated notes	1,000	1,000
Total liabilities	1,176,319	971,484
CAPITAL		
Capital Stock:		
Capital stock Class B putable ($100 par value) issued and outstanding shares	44,628	38,882
Capital stock Class A putable ($100 par value) issued and outstanding shares	895	532
Capital stock Pre-conversion putable ($100 par value) issued and outstanding shares	2,653	2,587
Total capital stock	48,176	42,001
Retained earnings	3,469	3,143
Accumulated other comprehensive income:		
Net unrealized losses on available-for-sale securities	(67)	(8)
Net unrealized losses relating to hedging activities	(114)	(114)
Other	(39)	(37)
Total capital	51,425	44,985
Total liabilities and capital	$1,227,744	$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 September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
INTEREST INCOME				
Advances	$ 9,733	$ 8,763	$26,553	$23,680
Prepayment fees on advances, net	5	1	21	15
Interest-bearing deposits	554	492	1,506	1,284
Securities purchased under agreements to resell	19	49	112	125
Federal funds sold	1,223	876	3,485	2,503
Trading securities	83	87	246	286
Available-for-sale securities	104	83	278	208
Held-to-maturity securities	1,832	1,770	5,377	5,027
Mortgage loans held for portfolio	1,202	1,283	3,664	3,895
Other	2	2	4	4
Total interest income	14,757	13,406	41,246	37,027
INTEREST EXPENSE				
Consolidated obligations—Discount notes	2,725	2,207	6,787	5,925
Consolidated obligations—Bonds	10,538	9,842	30,270	27,141
Deposits	249	204	738	591
Securities sold under agreements to repurchase	35	40	112	112
Subordinated notes	14	14	43	17
Mandatorily redeemable capital stock	16	13	41	42
Other borrowings		1	1	2
Total interest expense	13,577	12,321	37,992	33,830
NET INTEREST INCOME	1,180	1,085	3,254	3,197
(Reversal) provision for credit losses	(1)	(1)	1	
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	1,181	1,086	3,253	3,197
OTHER INCOME (LOSS)				
Service fees	7	8	21	21
Net gains (losses) on trading securities	124	140	34	(113)
Net realized losses from sale of available-for-sale securities	(1)	(1)	(1)	(4)
Net realized losses from sale of held-to-maturity securities	(2)	(4)	(6)	(6)
Net (losses) gains on derivatives and hedging activities	(124)	(158)	(46)	62
Other, net	3	13	16	23
Total other income (loss)	7	(2)	18	(17)
OTHER EXPENSE				
Operating	171	161	515	494
Finance Board	9	7	26	25
Office of Finance	8	6	21	18
Other, net	1	3	10	13
Total other expense	189	177	572	550
INCOME BEFORE ASSESSMENTS	999	907	2,699	2,630
Affordable Housing Program	83	76	224	219
REFCORP	184	166	494	481
Total assessments	267	242	718	700
NET INCOME	$ 732	$ 665	$ 1,981	$ 1,930

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

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 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	139	14,036		6		28	139	14,070			14,070
Repurchase/redemption of capital stock	(124)	(12,391)					(124)	(12,391)			(12,391)
Net shares reclassified to mandatorily redeemable capital stock	(9)	(895)	(1)	(88)	(8)	(833)	(18)	(1,816)			(1,816)
Comprehensive income:											
Net income									1,930		1,930
Other comprehensive income:											
Net unrealized gains on available-for-sale securities										2	2
Reclassification adjustment for losses included in net income relating to available-for-sale securities										4	4
Net unrealized gains relating to hedging activities										32	32
Reclassification adjustment for losses included in net income relating to hedging activities										3	3
Other										(1)	(1)
Total comprehensive income											1,970
Transfer between Class B and Class A shares	(1)	(86)	1	86							
Dividends on capital stock:											
Cash									(827)		(827)
Stock	8	686					8	686	(684)		2
BALANCE, SEPTEMBER 30, 2006	390	$39,136	5	$502	30	$2,954	425	$42,592	$3,019	$(123)	$45,488
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	196	19,807	3	287	1	73	200	20,167			20,167
Repurchase/redemption of capital stock	(122)	(12,343)					(122)	(12,343)			(12,343)
Net shares reclassified to mandatorily redeemable capital stock	(21)	(2,118)	(1)	(84)		(7)	(22)	(2,209)			(2,209)
Comprehensive income:											
Net income									1,981		1,981
Other comprehensive income:											
Net unrealized losses on available-for-sale securities										(58)	(58)
Reclassification adjustment for gains included in net income relating to available-for-sale securities										(1)	(1)
Net unrealized losses relating to hedging activities										(5)	(5)
Reclassification adjustment for losses included in net income relating to hedging activities										5	5
Other										(2)	(2)
Total comprehensive income											1,920
Transfer between Class B and Class A shares	(2)	(160)	2	160							
Dividends on capital stock:											
Cash									(1,095)		(1,095)
Stock	6	560					6	560	(560)		
BALANCE, SEPTEMBER 30, 2007	446	$44,628	9	$895	27	$2,653	482	$48,176	$3,469	$(220)	$51,425

* 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 Nine Months Ended September 30, 2007	2006
OPERATING ACTIVITIES		
Net income	$ 1,981	$ 1,930
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	752	450
Change in net fair value adjustment on derivative and hedging activities	(1,129)	(234)
Other adjustments	19	25
Net change in:		
Trading securities	(601)	1,472
Accrued interest receivable	(703)	(433)
Other assets	(35)	(19)
Accrued interest payable	1,015	1,727
Other liabilities	73	55
Total adjustments	(609)	3,043
Net cash provided by operating activities	1,372	4,973
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	(13,530)	(385)
Securities purchased under agreements to resell	4,755	(1,310)
Federal funds sold	(21,024)	1,419
Premises, software and equipment	(33)	(41)
Available-for-sale securities:		
Proceeds	42,886	76,473
Purchases	(43,441)	(77,314)
Held-to-maturity securities:		
Net increase in short-term	1,156	1,037
Proceeds from long-term	21,638	20,846
Purchases of long-term	(23,825)	(26,085)
Advances:		
Proceeds	5,361,888	5,486,595
Made	(5,542,223)	(5,511,094)
Mortgage loans held for portfolio:		
Principal collected	9,384	10,356
Purchases	(4,439)	(4,866)
Proceeds from sales of foreclosed assets	38	44
Principal collected on other loans	1	1
Net cash used in investing activities	(206,769)	(24,324)

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Nine Months Ended September 30,	
	2007	2006
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ 5,668	$ (935)
Borrowings	(908)	(372)
Net proceeds from issuance of consolidated obligations:		
Discount notes	6,225,065	5,213,707
Bonds	342,416	226,696
Payments for maturing and retiring consolidated obligations:		
Discount notes	(6,074,345)	(5,234,664)
Bonds	(297,207)	(184,640)
Net proceeds from issuance of subordinated notes		994
Proceeds from issuance of capital stock	20,167	14,070
Payments for redemption of mandatorily redeemable capital stock	(2,013)	(2,285)
Payments for repurchase/redemption of capital stock	(12,343)	(12,391)
Cash dividends paid	(1,083)	(856)
Net cash provided by financing activities	205,417	19,324
Net increase (decrease) in cash and cash equivalents	20	(27)
Cash and cash equivalents at beginning of the period	330	356
Cash and cash equivalents at end of the period	$ 350	$ 329
Supplemental Disclosures:		
Interest paid	$ 35,003	$ 29,131
AHP payments, net	$ 175	$ 175
REFCORP assessments paid	$ 475	$ 509

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.

Third Quarter 2007 Cumulative Adjustment for FHLBank of Chicago's Restatement. In the third quarter of 2007, the FHLBank of Chicago identified an accounting error related to certain SFAS 133 long-haul fair value hedge relationships of advances and consolidated obligations that were hedged at other than par at hedge inception. The FHLBank of Chicago determined that correcting the accounting error, on a cumulative basis, was material for its three-month and nine-month periods ended September 30, 2007, but was not material to its previously issued financial statements. Accordingly, the FHLBank of Chicago will be correcting the effect of this error by restating previously issued financial statements; however, because the effect of the error was not material to any previously issued financial statements, the FHLBank of Chicago will correct previously issued financial statements the next time it files them. As each subsequent SEC filing is made in the future, the previous period financial statements affected by the original error will be restated. Specifically, the FHLBank of Chicago will restate 2006 and 2005 financial statements and will recognize a $9 million cumulative adjustment to increase 2004 ending retained earnings.

The FHLBank of Chicago's accounting error is considered immaterial to the FHLBanks' combined financial statements for all periods. Therefore, a net cumulative adjustment of $16 million (increase to net income and retained earnings) has been reflected in the third quarter 2007 combining financial statements for the FHLBank of Chicago contained in this quarterly Combined Financial Report.

Reclassifications. Certain amounts in the third quarter 2006 financial statements of the FHLBanks have been reclassified to conform to the third 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 will adopt SFAS 157 on January 1, 2008 and are assessing the expected effect of the adoption of this Statement.

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 are currently evaluating SFAS 159, they 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 application 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, Pittsburgh, Atlanta, Des Moines and San Francisco has determined that FSP FIN 39-1 will not have a material effect on its financial statements. The remaining seven FHLBanks have not yet determined the effect that the application 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 nine months ended September 30, 2007, and the FHLBank of Seattle sold securities out of its held-to-maturity securities portfolio during the nine months ended September 30, 2007 and during the nine months ended September 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 $1 million and the FHLBanks of Topeka and Seattle recognized net losses of $1 million and $6 million in other income on the sale of held-to-maturity securities during the nine months ended September 30, 2007. In addition, the FHLBank of Seattle recognized net losses of $6 million in other income on the sale of held-to-maturity securities during the nine months ended September 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 September 30, 2007, all of the FHLBanks, except for the FHLBank of Chicago, 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, each 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, each FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total regulatory 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, each 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 these regulatory capital requirements. If an FHLBank is not in compliance with these capital requirements at the effective date of its capital conversion, 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. For the 11 FHLBanks that have implemented their respective capital plans, each FHLBank was in compliance with these capital requirements at the effective date of its capital conversion.

At September 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 September 30, 2007 Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital(1)	Permanent Capital(2)	Required Risk-Based Capital
Boston	4.0%	$3,035	4.3%	$3,283	$3,283	$ 397
New York	4.0%	4,095	4.6%	4,733	4,732	667
Pittsburgh	4.0%	3,808	4.3%	4,096	4,089	599
Atlanta	4.0%	7,629	4.2%	8,043	8,043	963
Cincinnati	4.0%	3,466	4.7%	4,043	4,043	685
Indianapolis	4.0%	2,142	4.3%	2,291	2,291	471
Des Moines	4.0%	2,116	5.2%	2,749	2,749	603
Dallas	4.0%	2,357	4.3%	2,539	2,539	403
Topeka	4.0%	2,270	4.2%	2,376	1,722	615
San Francisco	4.0%	12,166	4.2%	12,894	12,894	1,387
Seattle	4.0%(3)	2,567	4.1%	2,640	2,359	460

FHLBank*	Minimum Leverage Ratio Requirement	At September 30, 2007 Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$3,794	6.5%	$4,925
New York	5.0%	5,119	6.9%	7,099
Pittsburgh	5.0%	4,760	6.5%	6,141
Atlanta	5.0%	9,536	6.3%	12,065
Cincinnati	5.0%	4,332	7.0%	6,065
Indianapolis	5.0%	2,678	6.4%	3,436
Des Moines	5.0%	2,645	7.8%	4,124
Dallas	5.0%	2,946	6.5%	3,808
Topeka	5.0%	2,837	5.7%	3,237
San Francisco	5.0%	15,208	6.4%	19,341
Seattle	5.0%	3,209	6.0%	3,819

* Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of September 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 of 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 September 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 at September 30, 2007 as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital(1)			
Requirement		Actual	
Ratio(2)	Amount	Ratio	Amount
4.76%	$4,254	4.82%	$4,309

(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 allows the FHLBank of Chicago 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. An additional minimum capital ratio requirement was included as part of the FHLBank of Chicago's Written Agreement with the Finance Board, which required a minimum regulatory capital ratio of at least 4.5%.

At September 30, 2007 under Amendment No. 3 to its Written Agreement with the Finance Board, the FHLBank of Chicago was required to maintain an aggregate amount of regulatory capital stock plus a designated amount of subordinated notes of at least $3,500 million. At September 30, 2007, the FHLBank of Chicago had an aggregate amount of $3,672 million of regulatory capital stock plus the designated amount of subordinated notes.

See "Note 5—Subsequent Events—*FHLBank of Chicago Consensual Cease and Desist Order*" for a discussion of restrictions placed on redemption and repurchase of FHLBank of Chicago's capital stock and changes made to the FHLBank of Chicago's regulatory capital requirements after September 30, 2007.

Note 5—Subsequent Events

FHLBank of Chicago Consensual Cease and Desist Order. On October 10, 2007, the FHLBank of Chicago entered into a consensual cease and desist order (order) with the Finance Board, which concurrently terminated the prior Written Agreement. The order states that the Finance Board has determined that requiring the FHLBank of Chicago to take the actions specified in the order will "improve the condition and practices of the FHLBank of Chicago, stabilize its capital, and provide the FHLBank of Chicago an opportunity to address the principal supervisory concerns identified by the Finance Board."

The order places several requirements on the FHLBank of Chicago:

- The FHLBank of Chicago must maintain a ratio of regulatory capital plus a designated amount of subordinated notes to total assets of at least 4.5 percent, and a minimum total level of the sum of regulatory capital stock plus a designated amount of subordinated notes of $3.6 billion.
- The FHLBank of Chicago's capital stock repurchases and redemptions, including redemptions upon membership withdrawal or other termination, are prohibited unless the FHLBank of Chicago has received approval of the Office of Supervision of the Finance Board (OS Director). The order provides that the OS Director may approve a written request by the FHLBank of Chicago for proposed redemptions or repurchases if the OS Director determines that allowing the redemption or repurchase would be consistent with maintaining the capital adequacy of the FHLBank of Chicago and its continued safe and sound operations.
- Dividend declarations are subject to the prior written approval of the OS Director.
- The FHLBank of Chicago must submit a capital plan to the Finance Board consistent with the requirements of the Gramm-Leach-Bliley Act and Finance Board regulations.
- The FHLBank of Chicago must review and revise its market risk management and hedging policies, procedures and practices to address issues identified in the Finance Board's 2007 examination of the FHLBank of Chicago, and submit revised policies and procedures to the OS Director for non-objection prior to implementation.

FHLBank of Chicago management believes that the requirements under the order could result in delays or denials of capital stock redemptions in connection with membership withdrawal or termination upon merger and negatively affect its ability to pay future dividends.

FHLBank of Chicago Board of Directors' Action. Based on FHLBank of Chicago's third quarter operating results, fourth quarter income projections and the requirements under the order, the FHLBank of Chicago's Board announced on October 30, 2007 its decision to retain the full amount of third quarter net income rather than declaring a dividend on the third quarter results of 2007.

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
SEPTEMBER 30, 2007

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 350	$	$ 7	$ 17	$ 105	$ 12
Interest-bearing deposits	47,402		2,782	11,558	4,800	825
Deposits with other FHLBanks for mortgage loan programs		(10)			5	4
Securities purchased under agreements to resell	150					
Federal funds sold	98,195		3,250	2,704	5,085	21,052
Trading securities	6,307	(317)	119			4,539
Available-for-sale securities	7,182	(49)	937	13	52	
Held-to-maturity securities	143,338	(2,525)	7,844	10,853	13,592	20,429
Advances	824,000		56,322	75,072	64,266	139,293
Mortgage loans held for portfolio	92,969		4,150	1,515	6,352	3,507
Less: allowance for credit losses on mortgages loans	7			1	1	1
Mortgage loans held for portfolio, net	92,962		4,150	1,514	6,351	3,506
Accrued interest receivable	5,055	(16)	258	502	474	777
Premises, software, and equipment, net	206		6	12	24	30
Derivative assets	1,990		181	120	388	161
Other assets	607	5	30	18	63	93
Total assets	$1,227,744	$(2,912)	$75,886	$102,383	$95,205	$190,721
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 20,593	$	$ 992	$ 3,294	$ 2,742	$ 5,659
Term	3,070		30	24	2,501	2
Deposits from other FHLBanks for mortgage loan programs		(10)				
Other	699		2	22	287	31
Total interest-bearing	24,362	(10)	1,024	3,340	5,530	5,692
Non-interest-bearing:						
Demand and overnight	95			3	30	20
Other	98		6			
Total non-interest-bearing	193		6	3	30	20
Total deposits	24,555	(10)	1,030	3,343	5,560	5,712
Borrowings:						
Securities sold under agreements to repurchase	1,400					
Total borrowings	1,400					
Consolidated obligations, net:						
Discount notes	308,762		36,879	30,064	28,183	30,657
Bonds	825,057	(2,842)	34,107	63,020	56,561	143,460
Total consolidated obligations, net	1,133,819	(2,842)	70,986	93,084	84,744	174,117
Mandatorily redeemable capital stock	1,302		29	244	4	171
Accrued interest payable	9,564	(16)	403	770	568	1,644
Affordable Housing Program	852		48	113	55	147
Payable to REFCORP	183		13	21	16	33
Derivative liabilities	2,247		91	279	149	715
Other liabilities	1,397		25	63	28	314
Subordinated notes	1,000					
Total liabilities	1,176,319	(2,868)	72,625	97,917	91,124	182,853
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	44,628		3,050	4,090	3,801	7,412
Capital stock Class A putable ($100 par value) issued and outstanding	895					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,653					
Total capital stock	48,176		3,050	4,090	3,801	7,412
Retained earnings	3,469	(39)	204	398	284	460
Accumulated other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(67)		9		1	
Net unrealized (losses) gains relating to hedging activities	(114)	(5)	1	(14)	(3)	
Other	(39)		(3)	(8)	(2)	(4)
Total capital	51,425	(44)	3,261	4,466	4,081	7,868
Total liabilities and capital	$1,227,744	$(2,912)	$75,886	$102,383	$95,205	$190,721

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 52	$ 15	$ 24	$ 19	$ 88	$ 1	$ 9	$ 1
4,253	2,477			104	5,425	14,226	952
				1			
150							
6,266	10,420	14,927	2,530	5,500	6,233	15,861	4,367
4		854		3	1,045	60	
		2,548	3,234	447			
12,634	6,677	10,845	4,158	7,748	8,314	31,759	11,010
53,712	24,170	24,531	31,759	44,285	32,981	236,184	41,425
9,060	9,522	35,124	10,974	395	2,332	4,230	5,808
		1		1	1	1	
9,060	9,522	35,123	10,974	394	2,331	4,229	5,808
352	157	369	131	188	186	1,369	308
8	10	43	7	23	19	13	11
132	70	38	55	121	120	333	271
22	32	78	23	27	85	110	21
$86,645	$53,550	$89,380	$52,890	$58,929	$56,740	$304,153	$64,174
$ 843	$ 580	$ 608	$ 1,344	$ 2,648	$ 896	$ 238	$ 749
98	67	33	37	20	10	15	233
		10					
71	16	24		99	40	44	63
1,012	663	675	1,381	2,767	946	297	1,045
		22	20				
	6	76			7	3	
	6	98	20		7	3	
1,012	669	773	1,401	2,767	953	300	1,045
		1,200	200				
		1,200	200				
25,455	15,967	15,616	13,781	16,414	19,649	68,027	8,070
55,127	33,912	66,437	34,247	36,532	33,100	219,723	51,673
80,582	49,879	82,053	48,028	52,946	52,749	287,750	59,743
324	163	19	46	84	41	95	82
691	459	889	350	480	386	2,257	683
98	28	49	43	47	40	161	23
17	8	9	7	8	10	34	7
120	63	208	104	76	190	251	1
87	160	50	21	65	38	511	35
		1,000					
82,931	51,429	86,250	50,200	56,473	54,407	291,359	61,619
3,438	1,941		2,348	2,251	1,527	12,629	2,141
					614		281
		2,653					
3,438	1,941	2,653	2,348	2,251	2,141	12,629	2,422
281	186	636	355	204	195	170	135
		(65)	(12)				
		(91)				(2)	
(5)	(6)	(3)	(1)	1	(3)	(3)	(2)
3,714	2,121	3,130	2,690	2,456	2,333	12,794	2,555
$86,645	$53,550	$89,380	$52,890	$58,929	$56,740	$304,153	$64,174

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
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
Subordinated notes	1,000					
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
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
		1,000					
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 SEPTEMBER 30, 2007

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$9,733	$	$573	$ 884	$ 796	$1,669
Prepayment fees on advances, net	5		1	1		
Interest-bearing deposits	554		25	107	59	14
Securities purchased under agreements to resell	19		8			
Federal funds sold	1,223		68	58	51	223
Trading securities	83	(5)	2			66
Available-for-sale securities	104		11			
Held-to-maturity securities	1,832	(25)	104	151	156	235
Mortgage loans held for portfolio	1,202		54	21	84	46
Other	2					
Total interest income	14,757	(30)	846	1,222	1,146	2,253
INTEREST EXPENSE						
Consolidated obligations — Discount notes	2,725		298	211	338	202
Consolidated obligations — Bonds	10,538	(30)	462	849	692	1,779
Deposits	249		11	33	20	79
Securities sold under agreements to repurchase	35					3
Subordinated notes	14					
Mandatorily redeemable capital stock	16			3		3
Total interest expense	13,577	(30)	771	1,096	1,050	2,066
NET INTEREST INCOME	1,180		75	126	96	187
Reversal for credit losses	(1)				(1)	
NET INTEREST INCOME AFTER REVERSAL FOR CREDIT LOSSES	1,181		75	126	97	187
OTHER INCOME (LOSS)						
Service fees	7		1	1	1	1
Net gains on trading securities	124					93
Net realized (losses) gains from sale of available-for-sale securities	(1)					
Net realized losses from sale of held-to-maturity securities	(2)					
Net (losses) gains on derivatives and hedging activities	(124)		5	8	4	(73)
Other, net	3	(1)		(1)		(1)
Total other income (loss)	7	(1)	6	8	5	20
OTHER EXPENSE						
Operating	171		11	16	12	23
Finance Board	9		1	1	1	1
Office of Finance	8			1	1	2
Other, net	1	(1)	1			
Total other expense	189	(1)	13	18	14	26
INCOME BEFORE ASSESSMENTS	999		68	116	88	181
Affordable Housing Program	83		6	10	7	15
REFCORP	184		12	21	17	33
Total assessments	267		18	31	24	48
NET INCOME	$ 732	$	$ 50	$ 85	$ 64	$ 133

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 686	$320	$ 316	$339	$527	$406	$2,741	$476
			1		1	1	
82	26		1	2	64	149	25
6			4			1	
77	126	164	49	66	86	170	85
		10			9	1	
9		36	40	7	1		
144	78	165	66	114	120	400	124
120	126	454	138	5	30	51	73
				1	1		
1,124	676	1,145	638	722	718	3,514	783
288	165	179	117	127	207	527	66
713	447	834	457	502	438	2,736	659
12	10	9	11	38	12	2	12
		25	7				
		14					
3	3			1	1	2	
1,016	625	1,061	592	668	658	3,267	737
108	51	84	46	54	60	247	46
108	51	84	46	54	60	247	46
			1	1		1	
		16			15		
		1			(2)		
							(2)
(4)	1	(21)	2	1	(10)	(40)	3
1		2		2	1		
(3)	1	(2)	3	4	4	(39)	1
10	9	29	9	13	8	21	10
1		1		1		2	
1		1	1			1	
1							
13	9	31	10	14	8	24	10
92	43	51	39	44	56	184	37
8	4	3	3	4	5	15	3
17	8	10	7	8	10	34	7
25	12	13	10	12	15	49	10
$ 67	$ 31	$ 38	$ 29	$ 32	$ 41	$ 135	$ 27

FEDERAL HOME LOAN BANKS

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

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 8,763	$	$539	$ 923	$644	$1,421
Prepayment fees on advances, net	1			1		
Interest-bearing deposits	492		29	81	49	11
Securities purchased under agreements to resell	49		19			
Federal funds sold	876		44	34	68	153
Trading securities	87	(5)	3			67
Available-for-sale securities	83		12		1	
Held-to-maturity securities	1,770	(39)	100	154	143	235
Mortgage loans held for portfolio	1,283		59	19	92	40
Other	2					
Total interest income	13,406	(44)	805	1,212	997	1,927
INTEREST EXPENSE						
Consolidated obligations — Discount notes	2,207		332	271	180	90
Consolidated obligations — Bonds	9,842	(47)	387	794	713	1,603
Deposits	204		7	24	14	55
Securities sold under agreements to repurchase	40					6
Subordinated notes	14					
Mandatorily redeemable capital stock	13		1		1	2
Other borrowings	1					
Total interest expense	12,321	(47)	727	1,089	908	1,756
NET INTEREST INCOME	1,085	3	78	123	89	171
Reversal for credit losses	(1)					
NET INTEREST INCOME AFTER REVERSAL FOR CREDIT LOSSES	1,086	3	78	123	89	171
OTHER (LOSS) INCOME						
Service fees	8		1	1	1	1
Net gains on trading securities	140		2			99
Net realized losses from sale of available-for-sale securities	(1)					
Net realized losses from sale of held-to-maturity securities	(4)					
Net (losses) gains on derivatives and hedging activities	(158)		1	1	(1)	(93)
Other, net	13	1		(3)	1	(1)
Total other (loss) income	(2)	1	4	(1)	1	6
OTHER EXPENSE						
Operating	161		11	15	14	23
Finance Board	7			1	1	1
Office of Finance	6			1		1
Other, net	3	(1)	1			1
Total other expense	177	(1)	12	17	15	26
INCOME BEFORE ASSESSMENTS	907	5	70	105	75	151
Affordable Housing Program	76		6	9	6	12
REFCORP	166		13	19	15	28
Total assessments	242		19	28	21	40
NET INCOME	$ 665	$ 5	$ 51	$ 77	$ 54	$ 111

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 626	$307	$ 313	$306	$585	$379	$2,351	$369
51	15		1	5	63	181	6
16		6	4			2	2
71	100	130	32	44	54	88	58
		10		1	9	2	
14		34	11	10	1		
135	81	153	64	106	105	387	146
107	126	508	152	6	31	60	83
				1	1		
1,020	629	1,154	570	758	643	3,071	664
247	130	197	86	141	178	267	88
664	435	815	429	525	401	2,580	543
11	15	13	8	34	9	5	9
		24	8				2
		14					
2	1		1	3	1	1	
						1	
924	581	1,063	532	703	589	2,854	642
96	48	91	38	55	54	217	22
			(1)				
96	48	91	39	55	54	217	22
		1	1	1		1	
		24			15		
		(1)					
							(4)
		(37)		(5)	(19)	(5)	
		5	1	2	1	1	5
		(8)	2	(2)	(3)	(3)	1
9	8	26	9	10	7	20	9
				1		2	1
1		1	1			1	
	1	(1)			2		
10	9	26	10	11	9	23	10
86	39	57	31	42	42	191	13
7	3	5	3	4	4	16	1
16	8	10	5	7	8	35	2
23	11	15	8	11	12	51	3
$ 63	$ 28	$ 42	$ 23	$ 31	$ 30	$ 140	$ 10

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$26,553	$	$1,571	$2,466	$2,044	$4,419
Prepayment fees on advances, net	21		3	4	1	1
Interest-bearing deposits	1,506		62	272	163	38
Securities purchased under agreements to resell	112		53			
Federal funds sold	3,485		173	145	149	533
Trading securities	246	(15)	6			199
Available-for-sale securities	278	(2)	35		2	
Held-to-maturity securities	5,377	(61)	303	453	464	695
Mortgage loans held for portfolio	3,664		165	60	257	128
Other	4					
Total interest income	41,246	(78)	2,371	3,400	3,080	6,013
INTEREST EXPENSE						
Consolidated obligations — Discount notes	6,787		791	553	767	357
Consolidated obligations — Bonds	30,270	(79)	1,329	2,397	1,987	4,918
Deposits	738		33	91	59	209
Securities sold under agreements to repurchase	112				1	15
Subordinated notes	43					
Mandatorily redeemable capital stock	41		1	7		10
Other borrowings	1					
Total interest expense	37,992	(79)	2,154	3,048	2,814	5,509
NET INTEREST INCOME	3,254	1	217	352	266	504
Provision for credit losses	1				1	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	3,253	1	217	352	265	504
OTHER INCOME (LOSS)						
Service fees	21		3	3	3	2
Net gains (losses) on trading securities	34		(1)			20
Net realized losses (gains) from sale of available-for-sale securities	(1)					
Net realized (losses) gains from sale of held-to-maturity securities	(6)					
Net (losses) gains on derivatives and hedging activities	(46)		2	13	7	(10)
Other, net	16	1		(5)	1	
Total other income (loss)	18	1	4	11	11	12
OTHER EXPENSE						
Operating	515		35	49	40	68
Finance Board	26		2	2	2	4
Office of Finance	21		1	2	2	3
Other, net	10	(3)	1			2
Total other expense	572	(3)	39	53	44	77
INCOME BEFORE ASSESSMENTS	2,699	5	182	310	232	439
Affordable Housing Program	224		15	26	19	37
REFCORP	494		33	57	43	80
Total assessments	718		48	83	62	117
NET INCOME	$ 1,981	$ 5	$ 134	$ 227	$ 170	$ 322

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$1,897	$ 920	$ 937	$ 926	$1,536	$1,117	$7,537	$1,183
3	2		1	2	1	1	2
264	49		2	6	180	370	100
21			12			13	13
258	339	433	153	219	276	517	290
		26		1	26	3	
36		112	71	22	2		
430	225	476	214	327	334	1,136	381
348	388	1,395	425	17	91	162	228
				1	3		
3,257	1,923	3,379	1,804	2,131	2,030	9,739	2,197
867	458	515	283	350	545	1,128	173
2,032	1,277	2,486	1,337	1,505	1,276	7,926	1,879
39	36	37	37	108	37	17	35
		74	22				
		43					
5	6		2	4	2	4	
					1		
2,943	1,777	3,155	1,681	1,967	1,861	9,075	2,087
314	146	224	123	164	169	664	110
314	146	224	123	164	169	664	110
1	1		2	3	1	1	1
		8			7		
		1			(2)		
			1		(1)		(6)
(6)	(2)	(26)	1	1	(3)	(22)	(1)
3	1	5	2	4	3	1	
(2)		(12)	6	8	5	(20)	(6)
29	28	86	28	38	23	61	30
2	1	2	1	2	1	6	1
2	1	2	1	1	1	4	1
3	1	3			2		1
36	31	93	30	41	27	71	33
276	115	119	99	131	147	573	71
23	10	9	9	11	12	47	6
51	21	22	18	24	27	105	13
74	31	31	27	35	39	152	19
$ 202	$ 84	$ 88	$ 72	$ 96	$ 108	$ 421	$ 52

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$23,680	$	$1,496	$2,424	$1,761	$3,824
Prepayment fees on advances, net	15			7		1
Interest-bearing deposits	1,284		66	227	130	26
Securities purchased under agreements to resell	125		30			
Federal funds sold	2,503		133	92	151	377
Trading securities	286	(15)	9			216
Available-for-sale securities	208	(2)	33		6	
Held-to-maturity securities	5,027	(128)	266	422	397	693
Mortgage loans held for portfolio	3,895		180	57	281	113
Other	4					
Total interest income	37,027	(145)	2,213	3,229	2,726	5,250
INTEREST EXPENSE						
Consolidated obligations—Discount notes	5,925		927	708	438	269
Consolidated obligations—Bonds	27,141	(152)	1,039	2,120	1,990	4,299
Deposits	591		18	59	42	160
Securities sold under agreements to repurchase	112					17
Subordinated notes	17					
Mandatorily redeemable capital stock	42		1	1	1	6
Other borrowings	2					
Total interest expense	33,830	(152)	1,985	2,888	2,471	4,751
NET INTEREST INCOME	3,197	7	228	341	255	499
Provision (reversal) for credit losses					1	
NET INTEREST INCOME AFTER PROVISION (REVERSAL) FOR CREDIT LOSSES	3,197	7	228	341	254	499
OTHER (LOSS) INCOME						
Service fees	21		2	3	3	2
Net losses on trading securities	(113)		(1)			(81)
Net realized losses from sale of available-for-sale securities	(4)					
Net realized losses from sale of held-to-maturity securities	(6)					
Net gains (losses) on derivatives and hedging activities	62		2	6	4	91
Other, net	23	(1)		(7)	2	
Total other (loss) income	(17)	(1)	3	2	9	12
OTHER EXPENSE						
Operating	494		33	46	44	66
Finance Board	25		1	2	2	4
Office of Finance	18		1	2	1	2
Other, net	13	(3)	1			3
Total other expense	550	(3)	36	50	47	75
INCOME BEFORE ASSESSMENTS	2,630	9	195	293	216	436
Affordable Housing Program	219		16	24	18	36
REFCORP	481		36	54	40	80
Total assessments	700		52	78	58	116
NET INCOME	$ 1,930	$ 9	$ 143	$ 215	$ 158	$ 320

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$1,688	$ 870	$ 874	$ 838	$1,627	$1,033	$6,319	$ 926
2		1		1	1	1	1
158	40		11	15	182	398	31
32		15	11			29	8
222	238	315	96	125	151	402	201
	1	40		2	28	5	
43		81	13	32	2		
418	233	377	208	313	294	1,101	433
322	382	1,532	467	21	92	185	263
				1	3		
2,885	1,764	3,235	1,644	2,137	1,786	8,440	1,863
672	319	572	193	271	484	729	343
1,887	1,246	2,213	1,290	1,583	1,112	7,082	1,432
31	42	37	24	113	27	14	24
		66	21				8
		17					
11	1	3	2	11	2	3	
					1	1	
2,601	1,608	2,908	1,530	1,978	1,626	7,829	1,807
284	156	327	114	159	160	611	56
			(1)				
284	156	327	115	159	160	611	56
1	1	1	2	3	1	1	1
	(1)	(22)		(1)	(6)	(1)	
		(4)					
							(6)
1	(3)	(21)	2	(9)	9	(22)	2
1	1	12	3	4	(2)	3	7
3	(2)	(34)	7	(3)	2	(19)	4
27	27	79	30	35	21	56	30
2	1	2	1	2	1	6	1
2	1	2	1	1	1	3	1
4	2	3			2		1
35	31	86	32	38	25	65	33
252	123	207	90	118	137	527	27
22	10	17	8	11	12	43	2
46	23	38	16	21	25	97	5
68	33	55	24	32	37	140	7
$ 184	$ 90	$ 152	$ 66	$ 86	$ 100	$ 387	$ 20

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 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	139		4	27	38	31
Repurchase/redemption of capital stock	(124)		(5)	(24)	(34)	(29)
Net shares reclassified to mandatorily redeemable capital stock	(9)			(2)	(1)	
Transfer between Class B and Class A shares	(1)					
Capital stock dividends	8					
BALANCE, SEPTEMBER 30, 2006	390		24	37	34	59
BALANCE, DECEMBER 31, 2006	389		23	36	34	58
Proceeds from sale of capital stock	196		9	23	41	46
Repurchase/redemption of capital stock	(122)		(1)	(16)	(37)	(29)
Net shares reclassified to mandatorily redeemable capital stock	(21)			(2)		(1)
Transfer between Class B and Class A shares	(2)					
Capital stock dividends	6					
BALANCE, SEPTEMBER 30, 2007	446		31	41	38	74
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, SEPTEMBER 30, 2006	5					
BALANCE, DECEMBER 31, 2006	5					
Proceeds from sale of capital stock	3					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Transfer between Class B and Class A shares	2					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2007	9					
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, SEPTEMBER 30, 2006	30					
BALANCE, DECEMBER 31, 2006	26					
Proceeds from sale of capital stock	1					
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, SEPTEMBER 30, 2007	27					
TOTAL CAPITAL STOCK PUTABLE SHARES						
BALANCE, DECEMBER 31, 2005	420		25	36	31	57
Proceeds from sale of capital stock	139		4	27	38	31
Repurchase/redemption of capital stock	(124)		(5)	(24)	(34)	(29)
Net shares reclassified to mandatorily redeemable capital stock	(18)			(2)	(1)	
Capital stock dividends	8					
BALANCE, SEPTEMBER 30, 2006	425		24	37	34	59
BALANCE, DECEMBER 31, 2006	420		23	36	34	58
Proceeds from sale of capital stock	200		9	23	41	46
Repurchase/redemption of capital stock	(122)		(1)	(16)	(37)	(29)
Net shares reclassified to mandatorily redeemable capital stock	(22)			(2)		(1)
Capital stock dividends	6					
BALANCE, SEPTEMBER 30, 2007	482		31	41	38	74

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	35	22		19	23	13	95	21
				6	3	4	26	
		(2)		(5)	(4)		(21)	
	(1)	(1)				(3)	(1)	
						(1)		
	2				1	1	4	
	36	19		20	23	14	103	21
	37	18		19	22	15	106	21
	3	1		10	7	13	43	
				(5)	(7)		(27)	
	(6)					(12)		
						(2)		
					1	1	4	
	34	19		24	23	15	126	21
						5		
						(1)		
						1		
						5		
						5		
								3
						(1)		
						2		
						6		3
			38					
			(8)					
			30					
			26					
			1					
			27					
	35	22	38	19	23	18	95	21
				6	3	4	26	
		(2)		(5)	(4)		(21)	
	(1)	(1)	(8)			(4)	(1)	
	2				1	1	4	
	36	19	30	20	23	19	103	21
	37	18	26	19	22	20	106	21
	3	1	1	10	7	13	43	3
				(5)	(7)		(27)	
	(6)					(13)		
					1	1	4	
	34	19	27	24	23	21	126	24

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 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	14,036		416	2,745	3,799	3,060
Repurchase/redemption of capital stock	(12,391)		(518)	(2,374)	(3,406)	(2,884)
Net shares reclassified to mandatorily redeemable capital stock	(895)		(7)	(231)	(32)	(1)
Transfer between Class B and Class A shares	(86)					
Capital stock dividends	686					
BALANCE, SEPTEMBER 30, 2006	$ 39,136	$	$ 2,423	$ 3,730	$ 3,440	$ 5,928
BALANCE, DECEMBER 31, 2006	$ 38,882	$	$ 2,343	$ 3,546	$ 3,384	$ 5,772
Proceeds from sale of capital stock	19,807		836	2,308	4,137	4,621
Repurchase/redemption of capital stock	(12,343)		(95)	(1,577)	(3,720)	(2,903)
Net shares reclassified to mandatorily redeemable capital stock	(2,118)		(34)	(187)		(78)
Transfer between Class B and Class A shares	(160)					
Capital stock dividends	560					
BALANCE, SEPTEMBER 30, 2007	$ 44,628	$	$ 3,050	$ 4,090	$ 3,801	$ 7,412
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$ 498	$	$	$	$	$
Proceeds from sale of capital stock	6					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(88)					
Transfer between Class B and Class A shares	86					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2006	$ 502	$	$	$	$	$
BALANCE, DECEMBER 31, 2006	$ 532	$	$	$	$	$
Proceeds from sale of capital stock	287					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(84)					
Transfer between Class B and Class A shares	160					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2007	$ 895	$	$	$	$	$
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2005	$ 3,759	$	$	$	$	$
Proceeds from sale of capital stock	28					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(833)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2006	$ 2,954	$	$	$	$	$
BALANCE, DECEMBER 31, 2006	$ 2,587	$	$	$	$	$
Proceeds from sale of capital stock	73					
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, SEPTEMBER 30, 2007	$ 2,653	$	$	$	$	$
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	14,070		416	2,745	3,799	3,060
Repurchase/redemption of capital stock	(12,391)		(518)	(2,374)	(3,406)	(2,884)
Net shares reclassified to mandatorily redeemable capital stock	(1,816)		(7)	(231)	(32)	(1)
Capital stock dividends	686					
BALANCE, SEPTEMBER 30, 2006	$ 42,592	$	$ 2,423	$ 3,730	$ 3,440	$ 5,928
BALANCE, DECEMBER 31, 2006	$ 42,001	$	$ 2,343	$ 3,546	$ 3,384	$ 5,772
Proceeds from sale of capital stock	20,167		836	2,308	4,137	4,621
Repurchase/redemption of capital stock	(12,343)		(95)	(1,577)	(3,720)	(2,903)
Net shares reclassified to mandatorily redeemable capital stock	(2,209)		(34)	(187)		(78)
Capital stock dividends	560					
BALANCE, SEPTEMBER 30, 2007	$ 48,176	$	$ 3,050	$ 4,090	$ 3,801	$ 7,412

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3,503	$ 2,156	$	$ 1,932	$ 2,299	$ 1,290	$ 9,520	$ 2,132
18	38		549	317	411	2,676	7
	(173)		(508)	(365)	(24)	(2,139)	
(89)	(111)		(3)	(5)	(277)	(136)	(3)
					(86)		
153				80	73	380	
$ 3,585	$ 1,910	$	$ 1,970	$ 2,326	$ 1,387	$ 10,301	$ 2,136
$ 3,658	$ 1,793	$	$ 1,906	$ 2,248	$ 1,475	$ 10,616	$ 2,141
321	160		972	714	1,360	4,365	13
			(549)	(725)	(36)	(2,738)	
(541)	(12)		19	(68)	(1,196)	(8)	(13)
					(160)		
				82	84	394	
$ 3,438	$ 1,941	$	$ 2,348	$ 2,251	$ 1,527	$ 12,629	$ 2,141
$	$	$	$	$	$ 498	$	$
					6		
					(88)		
					86		
$	$	$	$	$	$ 502	$	$
$	$	$	$	$	$ 532	$	$
					6		281
					(84)		
					160		
$	$	$	$	$	$ 614	$	$ 281
$	$	$ 3,759	$	$	$	$	$
		28					
		(833)					
$	$	$ 2,954	$	$	$	$	$
$	$	$ 2,587	$	$	$	$	$
		73					
		(7)					
$	$	$ 2,653	$	$	$	$	$
$ 3,503	$ 2,156	$ 3,759	$ 1,932	$ 2,299	$ 1,788	$ 9,520	$ 2,132
18	38	28	549	317	417	2,676	7
	(173)		(508)	(365)	(24)	(2,139)	
(89)	(111)	(833)	(3)	(5)	(365)	(136)	(3)
153				80	73	380	
$ 3,585	$ 1,910	$ 2,954	$ 1,970	$ 2,326	$ 1,889	$ 10,301	$ 2,136
$ 3,658	$ 1,793	$ 2,587	$ 1,906	$ 2,248	$ 2,007	$ 10,616	$ 2,141
321	160	73	972	714	1,366	4,365	294
			(549)	(725)	(36)	(2,738)	
(541)	(12)	(7)	19	(68)	(1,280)	(8)	(13)
				82	84	394	
$ 3,438	$ 1,941	$ 2,653	$ 2,348	$ 2,251	$ 2,141	$ 12,629	$ 2,422

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued) FOR THE NINE MONTHS ENDED SEPTEMBER 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	1,930	9	143	215	158	320
Dividends on capital stock:						
Cash	(827)		(107)	(146)	(109)	(250)
Stock	(684)					
BALANCE, SEPTEMBER 30, 2006	$3,019	$(62)	$ 171	$ 360	$ 238	$ 399
BALANCE, DECEMBER 31, 2006	$3,143	$(44)	$ 187	$ 368	$ 255	$ 407
Net income	1,981	5	134	227	170	322
Dividends on capital stock:						
Cash	(1,095)		(117)	(197)	(141)	(269)
Stock	(560)					
BALANCE, SEPTEMBER 30, 2007	$3,469	$(39)	$ 204	$ 398	$ 284	$ 460
ACCUMULATED OTHER COMPREHENSIVE INCOME						
BALANCE, DECEMBER 31, 2005	$ (163)	$ (6)	$ 11	$ 4	$ (8)	$
Net unrealized gains (losses) on available-for-sale securities	2		4			
Reclassification adjustment for losses included in net income relating to available-for-sale securities	4					
Net unrealized gains (losses) relating to hedging activities	32			(8)	3	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	3	1	(1)			
Other	(1)			(1)		
BALANCE, SEPTEMBER 30, 2006	$ (123)	$ (5)	$ 14	$ (5)	$ (5)	$
BALANCE, DECEMBER 31, 2006	$ (159)	$ (5)	$ 2	$ (10)	$ (5)	$ (5)
Net unrealized (losses) gains on available-for-sale securities	(58)		6		(1)	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(1)					
Net unrealized (losses) gains relating to hedging activities	(5)			(9)	2	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	5		(1)			
Other	(2)			(3)		1
BALANCE, SEPTEMBER 30, 2007	$ (220)	$ (5)	$ 7	$ (22)	$ (4)	$ (4)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 208	$149	$ 525	$330	$178	$137	$ 131	$ 69
184	90	152	66	86	100	387	20
	(77)	(84)	(54)				
(151)				(80)	(73)	(380)	
$ 241	$162	$ 593	$342	$184	$164	$ 138	$ 89
$ 256	$167	$ 606	$344	$190	$172	$ 143	$ 92
202	84	88	72	96	108	421	52
(177)	(65)	(58)	(61)		(1)		(9)
				(82)	(84)	(394)	
$ 281	$186	$ 636	$355	$204	$195	$ 170	$135
$ (2)	$ (2)	$(146)	$ (1)	$ (3)	$ (7)	$ (3)	$
(2)		(5)		4	1		
		4					
		37					
		2				1	
$ (4)	$ (2)	$(108)	$ (1)	$ 1	$ (6)	$ (2)	$
$ (7)	$ (5)	$(110)	$ (1)	$ 1	$ (7)	$ (5)	$ (2)
1		(56)	(12)		4		
		(1)					
		2					
		6					
1	(1)						
$ (5)	$ (6)	$(159)	$(13)	$ 1	$ (3)	$ (5)	$ (2)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 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	14,070		416	2,745	3,799	3,060
Repurchase/redemption of capital stock	(12,391)		(518)	(2,374)	(3,406)	(2,884)
Net shares reclassified to mandatorily redeemable capital stock	(1,816)		(7)	(231)	(32)	(1)
Comprehensive income:						
Net income	1,930	9	143	215	158	320
Other comprehensive income:						
Net unrealized gains (losses) on available-for-sale securities	2		4			
Reclassification adjustment for losses included in net income relating to available-for-sale securities	4					
Net unrealized gains (losses) relating to hedging activities	32			(8)	3	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	3	1	(1)			
Other	(1)			(1)		
Total comprehensive income	1,970	10	146	206	161	320
Dividends on capital stock:						
Cash	(827)		(107)	(146)	(109)	(250)
Stock	2					
BALANCE, SEPTEMBER 30, 2006	$ 45,488	$(67)	$2,608	$ 4,085	$ 3,673	$ 6,327
BALANCE, DECEMBER 31, 2006	$ 44,985	$(49)	$2,532	$ 3,904	$ 3,634	$ 6,174
Proceeds from sale of capital stock	20,167		836	2,308	4,137	4,621
Repurchase/redemption of capital stock	(12,343)		(95)	(1,577)	(3,720)	(2,903)
Net shares reclassified to mandatorily redeemable capital stock	(2,209)		(34)	(187)		(78)
Comprehensive income:						
Net income	1,981	5	134	227	170	322
Other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(58)		6		(1)	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(1)					
Net unrealized (losses) gains relating to hedging activities	(5)			(9)	2	
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	5		(1)			
Other	(2)			(3)		1
Total comprehensive income	1,920	5	139	215	171	323
Dividends on capital stock:						
Cash	(1,095)		(117)	(197)	(141)	(269)
BALANCE, SEPTEMBER 30, 2007	$ 51,425	$(44)	$3,261	$ 4,466	$ 4,081	$ 7,868

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
18	38	28	549	317	417	2,676	7
	(173)		(508)	(365)	(24)	(2,139)	
(89)	(111)	(833)	(3)	(5)	(365)	(136)	(3)
184	90	152	66	86	100	387	20
(2)		(5)		4	1		
		4					
		37					
		2				1	
182	90	190	66	90	101	388	20
	(77)	(84)	(54)				
2							
$3,822	$2,070	$3,439	$2,311	$2,511	$2,047	$10,437	$2,225
$3,907	$1,955	$3,083	$2,249	$2,439	$2,172	$10,754	$2,231
321	160	73	972	714	1,366	4,365	294
			(549)	(725)	(36)	(2,738)	
(541)	(12)	(7)	19	(68)	(1,280)	(8)	(13)
202	84	88	72	96	108	421	52
1		(56)	(12)		4		
		(1)					
		2					
		6					
1	(1)						
204	83	39	60	96	112	421	52
(177)	(65)	(58)	(61)		(1)		(9)
$3,714	$2,121	$3,130	$2,690	$2,456	$2,333	$12,794	$2,555

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income	$ 1,981	$ 5	$ 134	$ 227	$ 170	$ 322
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	752	(1)	111	51	87	134
Change in net fair value adjustment on derivative and hedging activities	(1,129)		(111)	(23)	(22)	(316)
Other adjustments	19	1	1		1	
Net change in:						
Trading securities	(601)		32			(20)
Accrued interest receivable	(703)	(43)	(45)	(96)	(57)	(84)
Other assets	(35)		(1)	3	(1)	(8)
Accrued interest payable	1,015	43	46	35	2	256
Other liabilities	73		7	(2)	9	42
Total adjustments	(609)		40	(32)	19	4
Net cash provided by (used in) operating activities	1,372	5	174	195	189	326
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	(13,530)		(1,842)	(5,966)	(1,185)	(29)
Securities purchased under agreements to resell	4,755		3,250			
Federal funds sold	(21,024)		(643)	957	(1,715)	(10,520)
Deposits to other FHLBanks for mortgage loan programs		(2)				1
Premises, software and equipment	(33)		(1)	(4)	(5)	(3)
Available-for-sale securities:						
Proceeds	42,886	(7)	46		14	
Purchases	(43,441)			(13)		
Held-to-maturity securities:						
Net decrease (increase) in short-term	1,156				(160)	
Proceeds from long-term	21,638	(1,700)	1,847	1,476	1,678	2,173
Purchases of long-term	(23,825)		(2,388)	(1,080)	(2,157)	(3,123)
Advances:						
Proceeds	5,361,888		410,247	281,196	512,159	130,543
Made	(5,542,223)		(429,124)	(296,758)	(526,790)	(167,286)
Mortgage loans held for portfolio:						
Principal collected	9,384		462	127	694	293
Purchases	(4,439)		(117)	(160)	(89)	(794)
Proceeds from sales of foreclosed assets	38					
Principal collected on other loans	1					
Net cash used in investing activities	(206,769)	(1,709)	(18,263)	(20,225)	(17,556)	(48,745)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 202	$ 84	$ 88	$ 72	$ 96	$ 108	$ 421	$ 52
26	25	48	53	(9)	20	163	44
(103)	(57)	(6)	(48)	(31)	(65)	(247)	(100)
	1	(4)		4	5	4	6
1		(312)		22	(341)	17	
(51)	(21)	18	(38)		(10)	(291)	15
	8	(30)	1	1	1	(9)	
132	75	199	49	37	49	(23)	115
12	(2)	(21)		8	7	8	5
17	29	(108)	17	32	(334)	(378)	85
219	113	(20)	89	128	(226)	43	137
2,282	(2,083)		11	69	(1,097)	(4,903)	1,213
1,000			305			200	
3,376	(2,981)	(8,457)	(905)	(5)	1,822	(418)	(1,535)
						1	
(2)		(6)	(2)	(2)	(2)	(5)	(1)
37,981		614	3,870	266	102		
(36,756)		(135)	(6,537)				
(1)		(230)	1,003	(1,021)	(46)	1,611	
1,627	757	1,318	630	982	1,178	4,444	5,228
(2,528)	(882)	(11)	(70)	(512)	(1,059)	(7,459)	(2,556)
1,391,343	68,812	196,785	59,267	361,072	371,446	1,518,959	60,059
(1,402,995)	(70,531)	(195,041)	(69,055)	(364,132)	(375,898)	(1,571,149)	(73,464)
802	862	3,850	1,068	55	217	400	554
(1,408)	(364)	(1,061)	(270)		(176)		
		38					
					1		
(5,279)	(6,410)	(2,336)	(10,685)	(3,228)	(3,512)	(58,319)	(10,502)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued) FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ 5,668	$	$ (94)	$ 1,032	$ 4,134	$ 1,092
Deposits from other FHLBanks for mortgage loan programs		2				
Borrowings	(908)			(103)		(500)
Net proceeds from issuance of consolidated obligations:						
Discount notes	6,225,065		683,244	306,854	386,868	601,860
Bonds	342,416		17,209	25,358	18,378	81,328
Bonds transferred from other FHLBanks		(1,036)				
Payments for maturing and retiring consolidated obligations:						
Discount notes	(6,074,345)		(664,139)	(289,034)	(376,556)	(576,251)
Bonds	(297,207)	1,700	(18,738)	(24,089)	(15,702)	(60,465)
Bonds transferred to other FHLBanks		1,038		(491)		
Proceeds from issuance of capital stock	20,167		836	2,308	4,137	4,621
Payments for redemption of mandatorily redeemable capital stock	(2,013)		(17)	(53)	(4)	(123)
Payments for repurchase/redemption of capital stock	(12,343)		(95)	(1,577)	(3,720)	(2,903)
Cash dividends paid	(1,083)		(118)	(197)	(141)	(257)
Net cash provided by financing activities	205,417	1,704	18,088	20,008	17,394	48,402
Net increase (decrease) in cash and cash equivalents	20		(1)	(22)	27	(17)
Cash and cash equivalents at beginning of the period	330		8	39	78	29
Cash and cash equivalents at end of the period	$ 350	$	$ 7	$ 17	$ 105	$ 12
Supplemental Disclosures:						
Interest paid	$ 35,003	$	$ 2,103	$ 2,404	$ 1,993	$ 4,853
AHP payments, net	$ 175	$	$ 9	$ 15	$ 13	$ 20
REFCORP assessments paid	$ 475	$	$ 34	$ 53	$ 41	$ 71

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 85	$ (250)	$ (718)	$ 460	$ 350	$ (166)	$ (298)	$ 41
		(2)					
			(300)		(5)		
422,975	706,956	806,202	471,081	706,642	584,693	224,638	323,052
25,589	11,507	13,763	6,301	14,088	13,616	85,617	29,662
120				326		497	93
(419,513)	(701,488)	(801,734)	(462,027)	(698,439)	(581,785)	(186,872)	(316,507)
(23,938)	(10,523)	(15,082)	(5,292)	(19,252)	(12,657)	(66,908)	(26,261)
		(85)		(462)			
321	160	73	972	714	1,366	4,365	294
(354)		(2)		(150)	(1,287)	(23)	
			(549)	(725)	(36)	(2,738)	
(177)	(65)	(58)	(61)				(9)
5,108	6,297	2,357	10,585	3,092	3,739	58,278	10,365
48		1	(11)	(8)	1	2	
4	15	23	30	96		7	1
$ 52	$ 15	$ 24	$ 19	$ 88	$ 1	$ 9	$ 1
$ 2,863	$ 1,224	$ 2,863	$ 1,577	$ 1,968	$ 1,799	$ 9,384	$ 1,972
$ 21	$ 8	$ 24	$ 10	$ 8	$ 8	$ 33	$ 6
$ 51	$ 20	$ 22	$ 17	$ 24	$ 26	$ 110	$ 6

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income	$ 1,930	$ 9	$ 143	$ 215	$ 158	$ 320
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	450	(7)	95	(14)	108	35
Change in net fair value adjustment on derivative and hedging activities	(234)		(72)	(94)	(113)	(109)
Other adjustments	25	5			1	
Net change in:						
Trading securities	1,472		54			683
Accrued interest receivable	(433)	(50)	(25)	(63)	(106)	(31)
Other assets	(19)		3	3	(3)	(6)
Accrued interest payable	1,727	50	54	177	135	148
Other liabilities	55		9	16	5	61
Total adjustments	3,043	(2)	118	25	27	781
Net cash provided by operating activities	4,973	7	261	240	185	1,101
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	(385)		20	3,204	(601)	(406)
Securities purchased under agreements to resell	(1,310)		(3,850)			
Federal funds sold	1,419		2,493	(1,665)	(1,800)	(551)
Deposits to other FHLBanks for mortgage loan programs		2			1	
Premises, software and equipment	(41)		(1)	(3)	(6)	(2)
Available-for-sale securities:						
Proceeds	76,473				245	
Purchases	(77,314)					
Held-to-maturity securities:						
Net decrease (increase) in short-term	1,037				(196)	
Proceeds from long-term	20,846	(1,000)	1,813	1,840	1,182	3,070
Purchases of long-term	(26,085)		(2,896)	(3,644)	(2,288)	(2,945)
Advances:						
Proceeds	5,486,595		577,732	446,248	532,979	132,377
Made	(5,511,094)		(577,600)	(450,912)	(535,250)	(132,772)
Mortgage loans held for portfolio:						
Principal collected	10,356		481	124	814	271
Purchases	(4,866)		(222)	(138)	(365)	(462)
Proceeds from sales of foreclosed assets	44					
Principal collected on other loans	1					
Net cash (used in) provided by investing activities	(24,324)	(998)	(2,030)	(4,946)	(5,285)	(1,420)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 184	$ 90	$ 152	$ 66	$ 86	$ 100	$ 387	$ 20
(27)	8	102	46	27	34	(36)	79
(100)	(13)	277	18	(21)	(58)	187	(136)
11		(7)	(1)	7	7	2	
1	39	636	2	17	9	31	
(48)	(18)	(23)	(2)	(5)	(6)	(74)	18
		(23)	2	1		4	
163	71	292	(24)	(16)	60	443	174
10	6	(20)	(47)	3		18	(6)
10	93	1,234	(6)	13	46	575	129
194	183	1,386	60	99	146	962	149
1,654	242		673	68	(220)	(5,669)	650
750		390				550	850
(1,592)	(3,063)	(2,755)	1,030	1,966	(2,575)	8,397	1,534
				(3)			
(2)	(1)	(12)	(2)	(2)	(3)	(5)	(2)
74,180		1,386	429	233			
(73,531)		(2,743)	(1,040)				
(5)		945	1,041		(387)	(361)	
1,645	795	842	825	1,191	1,076	5,062	2,505
(675)	(743)	(5,207)	(495)		(1,024)	(4,786)	(1,382)
1,526,365	64,085	39,612	72,175	390,806	329,852	1,296,557	77,807
(1,531,523)	(61,226)	(40,013)	(72,903)	(387,604)	(329,683)	(1,308,071)	(83,537)
841	855	4,344	1,230	73	209	457	657
(817)	(1,194)	(1,205)	(269)		(176)	(18)	
		44					
					1		
(2,710)	(250)	(4,372)	2,694	6,728	(2,930)	(7,887)	(918)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ (935)	$	$ 248	$ (241)	$ (90)	$ (478)
Deposits from other FHLBanks for mortgage loan programs		(2)				
Borrowings	(372)			27		
Net proceeds from issuance of consolidated obligations:						
Discount notes	5,213,707		548,236	481,392	132,222	354,905
Bonds	226,696		10,854	26,377	14,986	39,735
Bonds transferred from other FHLBanks		(956)	20			68
Payments for maturing and retiring consolidated obligations:						
Discount notes	(5,234,664)		(551,141)	(484,215)	(130,786)	(359,592)
Bonds	(184,640)	992	(6,204)	(18,433)	(11,500)	(34,240)
Bonds transferred to other FHLBanks		957		(290)		
Net proceeds from issuance of subordinated notes	994					
Proceeds from issuance of capital stock	14,070		416	2,745	3,799	3,060
Payments for redemption of mandatorily redeemable capital stock	(2,285)		(3)	(130)	(35)	(23)
Payments for repurchase/redemption of capital stock	(12,391)		(518)	(2,374)	(3,406)	(2,884)
Cash dividends paid	(856)		(136)	(146)	(133)	(226)
Net cash provided by (used in) financing activities	19,324	991	1,772	4,712	5,057	325
Net (decrease) increase in cash and cash equivalents	(27)		3	6	(43)	6
Cash and cash equivalents at beginning of the period	356		10	22	115	13
Cash and cash equivalents at end of the period	$ 329	$	$ 13	$ 28	$ 72	$ 19
Supplemental Disclosures:						
Interest paid	$ 29,131	$	$ 1,896	$ 1,831	$ 1,677	$ 4,295
AHP payments, net	$ 175	$	$ 7	$ 16	$ 8	$ 19
REFCORP assessments paid	$ 509	$	$ 36	$ 49	$ 41	$ 73

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (122)	$ 599	$ 161	$ (210)	$ (751)	$ (170)	$ 44	$ 75
		2					
					(5)		(394)
618,093	631,278	494,626	550,665	333,991	637,711	153,313	277,275
12,084	5,134	15,664	3,316	7,054	6,983	67,717	16,792
		65				803	
(616,539)	(631,267)	(497,392)	(547,952)	(333,056)	(636,453)	(161,226)	(285,045)
(10,638)	(5,445)	(9,391)	(8,554)	(13,813)	(5,294)	(54,177)	(7,943)
		(667)					
		994					
18	38	28	549	317	417	2,676	7
(381)	(36)	(1,025)	(18)	(161)	(381)	(92)	
	(173)		(508)	(365)	(24)	(2,139)	
	(77)	(84)	(54)				
2,515	51	2,981	(2,766)	(6,784)	2,784	6,919	767
(1)	(16)	(5)	(12)	43		(6)	(2)
5	38	33	42	62		12	4
$ 4	$ 22	$ 28	$ 30	$ 105	$	$ 6	$ 2
$ 2,512	$ 1,195	$ 2,616	$ 1,478	$ 1,936	$ 1,482	$ 6,580	$ 1,633
$ 21	$ 11	$ 26	$ 8	$ 8	$ 8	$ 34	$ 9
$ 46	$ 22	$ 39	$ 62	$ 22	$ 30	$ 89	$

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 to combined financial statements 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. The results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2007. The unaudited financial statements should be read in conjunction with the FHLBanks' audited financial statements and related notes to the FHLBanks' annual combined financial report for the year ended December 31, 2006.

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 each 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 September 30, 2007, mortgage loans purchased through the acquired member asset programs as a percentage of total assets varied from a high of 39 percent for the FHLBank of Chicago to a low of less than one percent for the FHLBank of Dallas.

Comparative Highlights

(Dollar amounts in millions)	For the Three Months Ended September 30, 2007	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2006	For the Three Months Ended September 30, 2007 vs. 2006 Increase $	For the Three Months Ended September 30, 2007 vs. 2006 Increase %	For the Nine Months Ended September 30, 2007 vs. 2006 Increase $	For the Nine Months Ended September 30, 2007 vs. 2006 Increase %
Net interest income	$1,180	$1,085	$3,254	$3,197	$95	8.8%	$57	1.8%
Net income	732	665	1,981	1,930	67	10.1%	51	2.6%

Net interest income increased in the third quarter of 2007 compared to the third quarter of 2006, and in the first nine months of 2007 over the same period during 2006, primarily due to growth in advance and investment interest income as a result of higher volumes and higher interest rates during 2007. The increases were partially offset by growth in consolidated obligation interest expense due to higher volumes and the higher interest-rate environment on consolidated obligation bonds, as well as lower interest income on mortgage loans held for portfolio, generally as a result of decreased volume. Additionally, net interest income was negatively affected by the flat to, at times, slightly inverted yield curve primarily during the first half of 2007. Net income increased in the third quarter of 2007 compared to the third quarter of 2006 and in the first nine months of 2007 over the same period during 2006 primarily due to the increase in net interest income.

(Dollar amounts in millions)	For the Three Months Ended September 30, 2007	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2006	For the Three Months Ended September 30, 2007 vs. 2006 Increase $	For the Three Months Ended September 30, 2007 vs. 2006 Increase %	For the Nine Months Ended September 30, 2007 vs. 2006 Increase $	For the Nine Months Ended September 30, 2007 vs. 2006 Increase %
Total operating expenses	$171	$161	$515	$494	$10	6.2%	$21	4.3%

Operating expenses increased during the third quarter of 2007 compared to the third quarter of 2006 primarily as a result of a $6 million increase in salaries and employee benefits due to an increase in the average number of employees and an increase in benefits expense across the majority of the FHLBanks. Operating expenses increased during the first nine months of 2007 compared to the first nine months of 2006 primarily as a result of a $23 million increase in salaries and employee benefits, due in part to a $4 million 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 $5 million decrease in other operating expenses related to lower professional fees and cost-cutting measures.

(Dollar amounts in millions)	For the Three Months Ended September 30, 2007	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2006	For the Three Months Ended September 30, 2007 vs. 2006 Increase $	For the Three Months Ended September 30, 2007 vs. 2006 Increase %	For the Nine Months Ended September 30, 2007 vs. 2006 Increase $	For the Nine Months Ended September 30, 2007 vs. 2006 Increase %
Daily average total assets	$1,110,102	$1,016,617	$1,047,537	$1,002,703	$93,485	9.2%	$44,834	4.5%

The increase in average assets is primarily the result of the growth in the FHLBanks' advances, primarily in the third quarter of 2007, and the growth in investment portfolios during the nine months ended September 30, 2007.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 (Decrease) Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
Net gains (losses) on trading securities	$ 124	$ 140	$ 34	$(113)	$(16)	(11.4)%	$ 147	130.1%
Net (losses) gains on derivatives and hedging activities	(124)	(158)	(46)	62	34	21.5%	(108)	(174.2)%

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

	September 30, 2007		December 31, 2006		Increase (Decrease)
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	%
Advances	$ 824,000	67.1%	$ 640,681	63.0%	28.6%
Investments	302,574	24.6%	270,663	26.6%	11.8%
Mortgage loans held for portfolio, net	92,962	7.6%	97,974	9.6%	(5.1)%
Total assets	1,227,744		1,016,469		20.8%
Total consolidated obligations, net	1,133,819		934,214		21.4%
Total capital	51,425		44,985		14.3%

In light of the extraordinary events affecting the credit markets during the third quarter of 2007, members significantly increased their level of borrowing in FHLBanks' advances, which resulted in a corresponding increase in consolidated obligations.

Convertible and putable advances outstanding at September 30, 2007 increased in total from December 31, 2006, but decreased as a percentage of total par value outstanding at September 30, 2007. 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 $21.1 billion from December 31, 2006 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 which became effective on July 20, 2006.

Mortgage loans held for portfolio decreased for the majority of FHLBanks as principal pay-downs and maturities of existing mortgage loans held for portfolio 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 at September 30, 2007, 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 increase in total capital from December 31, 2006 to September 30, 2007 primarily reflects additional capital stock purchases by existing members to support additional borrowings during the period.

The FHLBanks' combined capital-to-assets ratio was 4.19 percent at September 30, 2007, compared to 4.43 percent at December 31, 2006.

The return on average assets was 26 basis points and 25 basis points during the three and nine months ended September 30, 2007 and 26 basis points during the three and nine months ended September 30, 2006. The return on average equity was 6.16 percent and 5.85 percent during the three and nine months ended September 30, 2007, compared to 5.85 percent and 5.72 percent during the three and nine months ended September 30, 2006. The increase in return on average equity for the three and nine months ended is due primarily to higher increases in net income in comparison to the average invested equity balances from the prior periods. The weighted-average dividend rate was 5.16 percent and 5.27 percent during the three and nine months ended September 30, 2007, compared with 5.38 percent and 4.78 percent during the three and nine months ended September 30, 2006. The dividend rate has been influenced by each FHLBank's retained earnings policies, earnings, business strategies and Finance Board regulations.

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 interest rates on invested capital. At September 30, 2007 and December 31, 2006, the majority of investments, excluding mortgage-backed securities, and approximately 44 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, while certain FHLBank average asset yields and corresponding returns on capital have been driven by intermediate- and longer-term assets, such as mortgage loans purchased through the mortgage purchase programs and MBS and structured MBS 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, primarily during the first half of 2007, 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. In addition, in times of market stress, as experienced during the third quarter with the extraordinary events affecting credit markets, members increase their level of borrowing in the

FHLBanks' advance programs, consistent with the FHLBanks' primary business of providing members with liquidity for the U.S. housing market. FHLBank members' deposit balances and asset growth may also affect the demand for FHLBank advances.

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

	September 30, 2007 Ending Rate	December 31, 2006 Ending Rate	Third Quarter 2007 Three-Month Average	Third Quarter 2006 Three-Month Average	First Nine Months 2007 Nine-Month Average	First Nine Months 2006 Nine-Month Average
Federal Funds Target(1)	4.75%	5.25%	5.18%	5.25%	5.23%	4.86%
3-month LIBOR(1)	5.23%	5.36%	5.44%	5.43%	5.39%	5.14%
2-year LIBOR(1)	4.66%	5.17%	5.01%	5.37%	5.13%	5.27%
5-year LIBOR(1)	4.89%	5.09%	5.17%	5.35%	5.17%	5.29%
10-year LIBOR(1)	5.21%	5.18%	5.42%	5.45%	5.34%	5.38%
2-year U.S. Treasury(1)	3.99%	4.81%	4.39%	4.93%	4.65%	4.84%
5-year U.S. Treasury(1)	4.25%	4.70%	4.51%	4.84%	4.64%	4.79%
10-year U.S. Treasury(1)	4.59%	4.70%	4.73%	4.89%	4.75%	4.84%
15-year residential mortgage note rate(2)	5.95%	5.93%	6.13%	6.11%	6.00%	6.08%
30-year residential mortgage note rate(2)	6.32%	6.22%	6.44%	6.46%	6.30%	6.45%

(1) Source: Bloomberg.

(2) Average calculated using "The Mortgage Bankers Association Weekly Application Survey." September 30, 2007 ending rate is from the last week in September 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, then subsequently left the Federal funds rate unchanged during the first and second quarters of 2007 at 5.25 percent. On September 18, 2007, the Federal Reserve reduced its Federal funds rate target for the first time in four years from 5.25 percent to 4.75 percent. Interest rates at the shorter end of the yield curve generally followed this downward movement in the Federal funds rate during the third quarter of 2007. For example, the average two-year LIBOR rate decreased 36 basis points, while the average two-year Treasury rate decreased 54 basis points. However, the average three-month LIBOR rate was almost flat, increasing by one basis point over this time period. The move in this short-term LIBOR rate was driven, in part, by the extreme illiquidity affecting the credit markets during the third quarter of 2007. Longer-term interest rates also trended downward during the third quarter of 2007, compared to the corresponding period in 2006, though not to the same degree as shorter-term interest rates. Average five-year and ten-year Treasury rates decreased by 33 and 16 basis points, while average five-year and ten-year LIBOR rates decreased by 18 and 3 basis points over this time period.

The Securities Industry and Financial Markets Association's August 2007 "Research Quarterly," the latest date for which information is publicly available, noted that new securities issuance rose to $3.57 trillion in the first half of 2007, a 10.4 percent increase over the first half of 2006. Despite the continuing housing sector correction, agency mortgage-backed pass-through securities issuance totaled $549.7 billion in the first half of 2007, an increase of 24.3 percent from the same period in the prior year. This surge reflected, in part, mortgage originators increasingly favoring agency-eligible mortgage origination and agency securitization as credit market conditions deteriorated. Agency collateralized mortgage obligations issuance decreased to $151.0 billion in the first half of 2007, a decrease of 12.3 percent compared to the same period in 2006. The Securities Industry and Financial Markets Association's August 2007 "Research Quarterly" noted that agency long-term debt issuance totaled

$497.1 billion in the first half of 2007, 31.6 percent higher than the $377.9 billion issued during the first half of 2006. Included in this number is the FHLBanks' long-term bond issuance of $235.4 billion, more than an 82 percent increase from the first half of 2006.

During the first half of 2007, the issuance of callable FHLBank consolidated obligations increased, as callable debt continued to be a core component of the FHLBanks' interest-rate risk management strategy. In addition, a large volume of bond calls were exercised during the first half of 2007, requiring refunding to the extent required. The FHLBanks accounted for 46.7 percent of overall agency callable debt issuance, which reached $302.1 billion in the first six months of the year compared to $180.4 billion in the first half of 2006.

The mortgage market continues to undergo a number of changes. Mortgage loan delinquencies and defaults 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 less rigorous loan underwriting standards and interest rate resets on variable-rate loans. In addition, mortgage originators and investors incurred significant markdowns on the value of subprime loans and securities backed by subprime loans. As a result, a number of high profile originators have exited subprime lending, shed assets or filed for bankruptcy as warehouse lenders invoked lending covenants and seized collateral. The FHLBanks have not experienced significant losses from their holdings of mortgage loans or MBS, due primarily to conservative underwriting and investment policies.

On the mortgage market supply side, during the first nine months of 2007, the overall interest rate environment provided incentive for many borrowers to shy away from variable-rate mortgages and refinance into fixed-rate mortgages. On the demand side, overseas investors continued to expand allocations into the mortgage securities sector in search of yield and diversification for U.S. dollar holdings. While the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) have recently increased their on-balance sheet mortgage purchases, they were constrained from sustaining this growth due to regulator-imposed growth caps, as well as excess capital requirements. The third quarter 2007 dislocations in the credit market created calls for an expanded role in the mortgage market for Fannie Mae and Freddie Mac in the form of greater on-balance sheet growth and/or authority to purchase higher balance loans. On September 19, 2007, the Office of Federal Housing Enterprise Oversight modified the growth constraints applied to Fannie Mae and Freddie Mac, allowing for additional on-balance sheet growth.

For the quarter ended June 30, 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 June 30, 2006. Total assets for all FDIC-insured institutions increased 6.4 percent over this time period. Total domestic deposits for all FDIC-insured institutions were $6.69 trillion, a 4.0 percent gain compared to the June 30, 2006 balance, while total loans and leases increased 5.7 percent over the same period. Although U.S.-based deposits declined very slightly during the second quarter of 2007, compared to the prior quarter, the overall trend toward 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 September 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)

	September 30, 2007	December 31, 2006
Advances at pre-SFAS 133 value	$ 821,754	$641,386
SFAS 133 hedging adjustments	2,246	(705)
Advances at carrying value	$ 824,000	$640,681
Available-for-sale securities at pre-SFAS 133 value(1)	$ 7,183	$ 6,592
SFAS 133 hedging adjustments	(1)	69
Available-for-sale securities at carrying value	$ 7,182	$ 6,661
Mortgage loans held for portfolio at pre-SFAS 133 value	$ 92,907	$ 97,921
SFAS 133 hedging adjustments	62	60
Mortgage loans held for portfolio at carrying value	$ 92,969	$ 97,981
Consolidated obligations at pre-SFAS 133 value	$1,134,848	$938,060
SFAS 133 hedging adjustments	(1,029)	(3,846)
Consolidated obligations at carrying value	$1,133,819	$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	September 30, 2007 Amount	September 30, 2007 Weighted-Average Interest Rate	December 31, 2006 Amount	December 31, 2006 Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 45		$ 22	
Due in 1 year or less	363,769	5.08%	252,399	5.06%
Due after 1 year through 2 years	129,310	5.18%	113,971	4.98%
Due after 2 years through 3 years	94,650	5.12%	80,728	5.07%
Due after 3 years through 4 years	65,999	5.23%	46,978	5.13%
Due after 4 years through 5 years	55,752	5.06%	48,158	5.19%
Thereafter	108,795	4.65%	94,650	4.55%
Index amortizing advances	3,562	4.63%	4,645	4.47%
Total par value	821,882	5.05%	641,551	4.98%
Commitment fees	(4)		(3)	
Discount on AHP advances	(66)		(63)	
Premium on advances	14		18	
Discount on advances	(72)		(117)	
SFAS 133 hedging adjustments	2,246		(705)	
Total	$824,000		$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)

Par amount of advances	September 30, 2007 Amount	September 30, 2007 Percentage of Total	December 31, 2006 Amount	December 31, 2006 Percentage of Total
Fixed-rate	$471,061	57%	$354,742	55%
Variable-rate	350,821	43%	286,809	45%
Total	$821,882	100%	$641,551	100%

Advance Originations and Repayments
(Dollar amounts in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase	
	2007	2006	2007	2006	$	%	$	%
Originations	$2,034,914	$1,907,505	$5,542,223	$5,511,094	$127,409	6.7%	$ 31,129	0.6%
Repayments	(1,855,122)	(1,904,366)	(5,361,888)	(5,486,595)	49,244	2.6%	124,707	2.3%
Net Increase	$ 179,792	$ 3,139	$ 180,335	$ 24,499	$176,653	5627.7%	$155,836	636.1%

The net increase in originations reflects a higher demand by members for advances, primarily due to the extraordinary events affecting the credit markets during the third quarter of 2007.

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 the member borrowing the advance. 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	September 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 45	0.0%	$ 22	0.0%
Due in 1 year or less	389,496	47.4%	293,796	45.8%
Due after 1 year through 2 years	125,348	15.2%	115,969	18.1%
Due after 2 years through 3 years	91,276	11.1%	76,636	11.9%
Due after 3 years through 4 years	63,151	7.7%	39,759	6.3%
Due after 4 years through 5 years	50,726	6.2%	42,427	6.6%
Thereafter	98,278	12.0%	68,297	10.6%
Index amortizing advances	3,562	0.4%	4,645	0.7%
Total par value	$821,882	100.0%	$641,551	100.0%

Callable Advances Outstanding
(Dollar amounts in millions)

	September 30, 2007		December 31, 2006		Increase	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value	$	%
Callable advances outstanding	$35,783	4.4%	$29,659	4.6%	$6,124	20.6%

Convertible and Putable Advances Outstanding
(Dollar amounts in millions)

	September 30, 2007		December 31, 2006	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value
Convertible advances outstanding	$ 46,568	5.7%	$41,885	6.5%
Putable advances outstanding	74,194	9.0%	55,428	8.6%
Convertible and putable advances outstanding	$120,762	14.7%	$97,313	15.1%

The FHLBanks also offer convertible and putable advances. Convertible advances allow the FHLBanks to convert the fixed-rate advance to a variable-rate advance at the current market rate or other structure after an agreed-upon lockout period. A convertible advance carries a fixed 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 typically would exercise when interest rates increase, and the borrower may apply for a new advance at the then prevailing market rate.

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

Year of Maturity or Next Put/Convert Date	September 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 45	0.0%	$ 22	0.0%
Due in 1 year or less	444,366	54.1%	317,728	49.5%
Due after 1 year through 2 years	146,020	17.8%	120,530	18.9%
Due after 2 years through 3 years	89,348	10.9%	82,973	12.9%
Due after 3 years through 4 years	57,756	7.0%	35,447	5.5%
Due after 4 years through 5 years	38,599	4.7%	41,394	6.5%
Thereafter	42,186	5.1%	38,812	6.0%
Index amortizing advances	3,562	0.4%	4,645	0.7%
Total par value	$821,882	100.0%	$641,551	100.0%

Community Investment Program (CIP). At September 30, 2007, the FHLBanks had $6.7 billion of CIP housing advances and $1.7 billion of CIP commercial and economic development advances outstanding.

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. The FHLBanks may use various hedging strategies to manage the cash flows and/or exposure to changes in fair value on certain investment securities.

At September 30, 2007 and December 31, 2006, 99.95 percent of the total investment securities 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). In October, S&P downgraded one mortgage-backed security tranche held by the FHLBank of Chicago with an $8 million face value to a AA rating. The Moody's rating was unchanged at triple-A but it added a negative watch to the tranche. No other mortgage-backed securities were affected as of October 31, 2007.

Investments
(Dollar amounts in millions)

	September 30, 2007	December 31, 2006	Increase	
			$	%
Investments excluding mortgage-backed securities	$166,199	$140,435	$25,764	18.3%
Mortgage-backed securities	136,375	130,228	6,147	4.7%
Total investments	$302,574	$270,663	$31,911	11.8%

Investments
(Dollar amounts in millions)

	September 30, 2007		December 31, 2006		Increase (Decrease)	
	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments	$	%
Held-to-maturity securities	$143,338	47.3%	$142,482	52.6%	$ 856	0.6%
Available-for-sale securities	7,182	2.4%	6,661	2.5%	521	7.8%
Trading securities	6,307	2.1%	5,687	2.1%	620	10.9%
Total investment securities	156,827	51.8%	154,830	57.2%	1,997	1.3%
Interest-bearing deposits	47,402	15.7%	33,872	12.5%	13,530	39.9%
Securities purchased under agreements to resell	150	0.0%	4,905	1.8%	(4,755)	(96.9)%
Federal funds sold	98,195	32.5%	77,056	28.5%	21,139	27.4%
Total investments	$302,574	100.0%	$270,663	100.0%	$31,911	11.8%

Investment Securities
(Dollar amounts in millions)

	September 30, 2007		December 31, 2006		(Decrease) Increase	
	Amount	Percentage of Total Investment Securities	Amount	Percentage of Total Investment Securities	$	%
U.S. Treasury obligations	$	0.0%	$ 102	0.1%	$ (102)	(100.0)%
Commercial paper	7,301	4.7%	8,220	5.3%	(919)	(11.2)%
Other U.S. obligations*	460	0.3%	953	0.6%	(493)	(51.7)%
Government-sponsored enterprises**	9,242	5.9%	11,690	7.5%	(2,448)	(20.9)%
State or local housing agency obligations	3,038	1.9%	3,240	2.1%	(202)	(6.2)%
Other	411	0.3%	397	0.3%	14	3.5%
	20,452	13.1%	24,602	15.9%	(4,150)	(16.9)%
Mortgage-backed securities:						
Other U.S. obligations*	457	0.3%	538	0.3%	(81)	(15.1)%
Government-sponsored enterprises***	48,368	30.8%	44,897	29.0%	3,471	7.7%
Other****	87,550	55.8%	84,793	54.8%	2,757	3.3%
	136,375	86.9%	130,228	84.1%	6,147	4.7%
Total investment securities	$156,827	100.0%	$154,830	100.0%	$ 1,997	1.3%

* 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 (TVA), 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)

	September 30, 2007		December 31, 2006	
	Amount	Percentage of Total	Amount	Percentage of Total
Private-label residential mortgage-backed securities*	$ 80,877	59.3%	$ 76,874	58.9%
Government-sponsored enterprises residential mortgage-backed securities**	48,368	35.5%	44,897	34.5%
Private-label commercial mortgage-backed securities	3,195	2.4%	3,863	3.0%
Home equity loans*	2,728	2.0%	3,228	2.5%
Other U.S. obligations residential mortgage-backed securities***	457	0.3%	538	0.4%
Shared Funding Program mortgage-backed certificates	449	0.3%	489	0.4%
Manufactured housing loans	301	0.2%	339	0.3%
Total mortgage-backed securities	$136,375	100.0%	$130,228	100.0%

* This amount includes $2.6 billion of private-label residential mortgage-backed securities and home equity loans 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. All of the FHLBanks were in compliance with mortgage-backed securities less than the 300 percent of capital plus mandatorily redeemable capital stock regulatory limitation at September 30, 2007. Under the Finance Board's limit on mortgage-backed securities purchases, no FHLBank is 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 qualify as "acquired mortgage assets" under Finance Board regulations and therefore are not subject to this 300 percent limit. At September 30, 2007, the FHLBanks did not hold any collateralized debt obligation (CDO) securities.

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

	September 30, 2007	December 31, 2006	Increase (Decrease) $	Increase (Decrease) %
Mortgage-backed securities	$136,375	$130,228	$ 6,147	4.7%
Shared Funding Program	449	489	(40)	(8.2)%
Mortgage-backed securities (excluding Shared Funding Program	$135,926	$129,739	$ 6,187	4.8%
Total capital (including mandatorily redeemable capital stock)(1) and designated amount of applicable subordinated notes	$ 53,727	$ 47,079	$ 6,648	14.1%
Ratio of mortgage-backed securities (excluding Shared Funding Program) to total capital(1) and designated amount of applicable subordinated notes	2.53	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)

	September 30, 2007 Estimated Fair Value	December 31, 2006 Estimated Fair Value
Government-sponsored enterprises**	$5,610	$5,307
State or local housing agency obligations	59	60
Other	3	2
	5,672	5,369
Mortgage-backed securities:		
Other U.S. obligations*	78	95
Government-sponsored enterprises**	519	158
Other***	38	65
	635	318
Total	$6,307	$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	September 30, 2007 Estimated Fair Value	September 30, 2007 Yield	December 31, 2006 Estimated Fair Value	December 31, 2006 Yield
Non-mortgage-backed securities				
Due in one year or less	$ 104	5.01%	$ 78	6.59%
Due after one year through five years	4,695	4.72%	3,334	3.74%
Due after five years through ten years	848	4.71%	1,908	3.69%
Due after ten years	25	6.72%	49	6.68%
Total	$5,672		$5,369	

Available-for-Sale Securities.

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

	September 30, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	$ 621	$	$	$ 621
Government-sponsored enterprises*	1,598	6	(2)	1,602
Other	392	7		399
	2,611	13	(2)	2,622
Mortgage-backed securities:				
Government-sponsored enterprises**	2,566	3	(18)	2,551
Other ***	2,072		(63)	2,009
	4,638	3	(81)	4,560
Total	$7,249	$16	$(83)	$7,182

	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 TVA, 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 available-for-sale investment securities 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 September 30, 2007.

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

	September 30, 2007		December 31, 2006	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$1,593	$1,595	$2,262	$2,261
Due after one year through five years	215	215	681	671
Due after five through ten years	60	59	23	23
Due after ten years	743	753	754	756
	2,611	2,622	3,720	3,711
Mortgage-backed securities	4,638	4,560	2,949	2,950
Total	$7,249	$7,182	$6,669	$6,661

Expected maturities of certain securities, including mortgage-backed securities, may 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	September 30, 2007	December 31, 2006
Non-mortgage-backed securities		
Due in one year or less	5.00%	5.06%
Due after one year through five years	4.53%	4.44%
Due after five years through ten years	4.83%	5.85%
Due after ten years	7.38%	7.34%

Held-to-Maturity Securities.

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

	September 30, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	$ 6,680	$	$ (1)	$ 6,679
Other U.S. obligations*	460	5	(1)	464
Government-sponsored enterprises**	2,030	28	(17)	2,041
State or local housing agency obligations	2,979	25	(11)	2,993
Other	9			9
	12,158	58	(30)	12,186
Mortgage-backed securities:				
Other U.S. obligations*	379	2	(3)	378
Government-sponsored enterprises***	45,298	91	(691)	44,698
Other****	85,503	105	(1,382)	84,226
	131,180	198	(2,076)	129,302
Total	$143,338	$256	$(2,106)	$141,488

	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 TVA, 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 investment securities holdings 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 September 30, 2007.

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

	September 30, 2007		December 31, 2006	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 7,609	$ 7,609	$ 10,215	$ 10,202
Due after one year through five years	1,454	1,458	1,847	1,834
Due after five through ten years	575	592	641	657
Due after ten years	2,520	2,527	2,819	2,829
	12,158	12,186	15,522	15,522
Mortgage-backed securities	131,180	129,302	126,960	125,458
Total	$143,338	$141,488	$142,482	$140,980

Expected maturities of certain securities, including mortgage-backed securities, may 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	September 30, 2007	December 31, 2006
Non-mortgage-backed securities		
Due in one year or less	5.58%	4.83%
Due after one year through five years	4.75%	4.69%
Due after five years through ten years	5.38%	5.45%
Due after ten years	5.79%	5.75%

Mortgage Loans Held for Portfolio.

Mortgage Loans Held for Portfolio
(Dollar amounts in millions)

	September 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total	(Decrease) Increase $	(Decrease) Increase %
Real Estate:						
Fixed-rate, medium-term* single-family mortgages	$24,013	26.0%	$26,715	27.4%	$(2,702)	(10.1)%
Fixed-rate, long-term single-family mortgages	68,509	74.0%	70,748	72.6%	(2,239)	(3.2)%
Multifamily mortgages	28	0.0%	29	0.0%	(1)	(3.4)%
	92,550	100.0%	97,492	100.0%	(4,942)	(5.1)%
Premiums	613		693		(80)	(11.5)%
Discounts	(294)		(307)		13	4.2%
Deferred loan costs, net	38		43		(5)	(11.6)%
SFAS 133 hedging adjustments	62		60		2	3.3%
Total mortgage loans held for portfolio	$92,969		$97,981		$(5,012)	(5.1)%

* 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 prior to 2006 due to capital limitations resulting from reductions on its voluntary capital stock. 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 September 30, 2007, the FHLBanks of Chicago, Des Moines and Indianapolis held the largest percentage of the mortgage loans held for portfolio balance 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 September 30, 2007. The FHLBanks may use various hedging strategies to manage the cash flows and/or exposure to changes in fair value on mortgage loans held for portfolio.

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

	September 30, 2007		December 31, 2006		Decrease	
	Amount	Percentage of Total Loans	Amount	Percentage of Total Loans	$	%
MPF, mortgage loans held for portfolio	$68,224	73.4%	$72,781	74.3%	$(4,557)	(6.3)%
MPP, mortgage loans held for portfolio	24,715	26.6%	25,169	25.7%	(454)	(1.8)%
Other mortgage loans	30	0.0%	31	0.0%	(1)	(3.2)%
Total mortgage loans held for portfolio	$92,969	100.0%	$97,981	100.0%	$(5,012)	(5.1)%
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	$68,218	73.4%	$72,775	74.3%	$(4,557)	(6.3)%
MPP, mortgage loans held for portfolio, net	24,715	26.6%	25,169	25.7%	(454)	(1.8)%
Other mortgage loans, net	29	0.0%	30	0.0%	(1)	(3.3)%
Total mortgage loans held for portfolio, net	$92,962	100.0%	$97,974	100.0%	$(5,012)	(5.1)%

Each of the FHLBanks has either 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.

"Other mortgage loans, net" balances relate to the Affordable Multifamily Participation Program (AMPP) established by the FHLBank of Atlanta, and the Community Mortgage Asset (CMA) program 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 participated 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 2001.

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

	September 30, 2007	Percentage of Total	December 31, 2006	Percentage of Total	Decrease $	Decrease %
Government-insured loans	$ 9,085	9.8%	$10,024	10.3%	$ (939)	(9.4)%
Conventional loans	83,460	90.2%	87,463	89.7%	(4,003)	(4.6)%
Other loans	5	0.0%	5	0.0%		0.0%
Total par value	$92,550	100.0%	$97,492	100.0%	$(4,942)	(5.1)%

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

	September 30, 2007	December 31, 2006
Balance, beginning of year	$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 September 30, 2007 and December 31, 2006 are as follows (dollar amounts in millions):

	September 30, 2007	December 31, 2006
Mortgage loans held for portfolio, net	$92,962	$97,974
Nonperforming mortgage loans held for portfolio	71	66
Mortgage loans held for portfolio past due 90 days or more and still accruing interest(1)	353	372
Loans in foreclosure	56	51
Real estate owned	42	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 nine months ended September 30, 2007 and 2006 are as follows:

Nonperforming Loans Contractual Interest Due and Received
(Dollar amounts in millions)

	For the Nine Months Ended	
	September 30, 2007	September 30, 2006
Interest contractually due during the period	$2.0	$2.0
Interest actually received during the period	1.2	1.0
Shortfall	$0.8	$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 may use various hedging strategies to manage the cash flows and/or exposure to changes in fair value on consolidated obligations.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase	
	2007	2006	2007	2006	$	%	$	%
Overnight discount notes	$ 29,417	$ 22,513	$ 27,083	$ 22,453	$ 6,904	30.7%	$ 4,630	20.6%
Term discount notes	180,160	145,708	147,136	141,525	34,452	23.6%	5,611	4.0%
Total discount notes	209,577	168,221	174,219	163,978	41,356	24.6%	10,241	6.2%
Bonds	822,307	786,824	799,950	777,451	35,483	4.5%	22,499	2.9%
Total consolidated obligations	$1,031,884	$955,045	$974,169	$941,429	$76,839	8.0%	$32,740	3.5%

Consolidated Obligations Outstanding (Dollar amounts in millions)

	September 30, 2007		December 31, 2006	
	Amount	Percentage of Total Consolidated Obligations, Net	Amount	Percentage of Total Consolidated Obligations, Net
Discount notes	$ 308,762	27.2%	$157,549	16.9%
Bonds	825,057	72.8%	776,665	83.1%
Total consolidated obligations, net	$1,133,819	100.0%	$934,214	100.0%

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

Year of Maturity	September 30, 2007 Amount	September 30, 2007 Weighted-Average Interest Rate	December 31, 2006 Amount	December 31, 2006 Weighted-Average Interest Rate
Due in 1 year or less	$274,981	4.60%	$241,542	4.24%
Due after 1 year through 2 years	191,602	4.88%	200,601	4.48%
Due after 2 years through 3 years	104,940	4.91%	92,331	4.65%
Due after 3 years through 4 years	47,732	5.01%	58,984	4.69%
Due after 4 years through 5 years	55,122	5.25%	48,989	5.03%
Thereafter	153,634	5.05%	140,244	4.88%
Index amortizing notes	6,985	4.99%	6,555	4.94%
Total par value	834,996	4.85%	789,246	4.55%
Bond premium	316		347	
Bond discount	(9,222)		(9,078)	
SFAS 133 hedging adjustments	(1,028)		(3,845)	
Subtotal	825,062		776,670	
Bonds held in treasury	(5)		(5)	
Total	$825,057		$776,665	

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

Year of Maturity or Next Call Date	September 30, 2007	December 31, 2006
Due in 1 year or less	$516,326	$476,308
Due after 1 year through 2 years	144,203	143,574
Due after 2 years through 3 years	56,341	49,843
Due after 3 years through 4 years	25,933	30,189
Due after 4 years through 5 years	20,319	25,033
Thereafter	64,889	57,744
Index amortizing notes	6,985	6,555
Total par value	$834,996	$789,246

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

Par amount of consolidated bonds	September 30, 2007	December 31, 2006
Noncallable/nonputable	$452,226	$414,542
Callable	382,367	374,302
Putable	403	402
Total par value	$834,996	$789,246

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

	September 30, 2007		December 31, 2006	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$342,442	40.9%	$329,084	41.5%
Fixed-rate, callable	355,753	42.5%	350,699	44.2%
Single-index, non-capped variable-rate	69,475	8.3%	25,749	3.2%
Step-up/step-down	37,372	4.5%	51,141	6.4%
Zero-coupon, callable	11,304	1.3%	10,954	1.4%
Amortizing prepayment linked securities	7,291	0.9%	6,901	0.9%
Range variable-rate	6,980	0.8%	7,056	0.9%
Capped variable-rate	3,629	0.4%	6,700	0.8%
Conversion	1,862	0.2%	3,602	0.5%
Other	1,764	0.2%	1,983	0.2%
Total par value	$837,872	100.0%	$793,869	100.0%

(1) Par value not adjusted for interbank holdings of consolidated obligations totaling $2,876 million at September 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 market and the interest-rate exchange market. 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 September 30, 2007, compared to December 31, 2006, was primarily financed by 29.4 percent and 21.4 percent increases in deposits and consolidated obligations of $5.6 billion and $199.6 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 $192.4 billion and $91.3 billion at par in term funds during the first nine 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 nine months of 2007, $29.9 billion of bonds were issued through the TAP Issue Program. This represents an increase of $3.2 billion over the first nine 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 Three Months Ended September 30,		Percent of Total Issued During Nine Months Ended September 30,	
	2007	2006	2007	2006
Negotiated transactions	88.23%	87.63%	85.05%	83.51%
Competitive bid	11.77%	12.37%	14.95%	16.49%
Total	100.00%	100.00%	100.00%	100.00%

	Percent of Total Issued During Three Months Ended September 30,		Percent of Total Issued During Nine Months Ended September 30,	
	2007	2006	2007	2006
Fixed-rate, callable	29.96%	46.30%	49.77%	38.20%
Fixed-rate, fixed-term, noncallable (bullet)	29.26%	44.35%	32.06%	53.15%
Single-index, variable-rate	38.58%	6.80%	16.62%	4.77%
Step-up/step-down	0.22%	1.76%	0.47%	2.23%
Other	1.98%	0.79%	1.08%	1.65%
Total	100.00%	100.00%	100.00%	100.00%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Discount Notes	$2,369,302	$1,734,634	$6,233,220	$5,219,604
Bonds	107,172	97,145	342,596	226,127

The increase in consolidated discount notes relates primarily to the extraordinary events affecting the credit markets during the third quarter of 2007, which resulted in members significantly increasing their level of borrowing in FHLBanks' advances leading to a corresponding increase in consolidated obligations outstanding. In addition, many investors viewed the FHLBanks consolidated obligations as a "safe haven" during the market turmoil, which resulted in reduced funding costs for consolidated obligations relative to LIBOR, especially on the discount notes. The increase in consolidated bonds issued at par value occurred primarily because of the increase in bond calls/maturities during the first nine months of 2007. The FHLBanks make extensive use of callable debt. At September 30, 2007, $382.4 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $1.3 billion). Callable bonds represented 45.8 percent of total bonds outstanding at par.

Consolidated discount notes accounted for 94.8 percent of the proceeds from the sale of consolidated obligations during the first nine months of 2007. Much of the discount note activity reflects the refinancing of overnight discount notes.

Deposits. At September 30, 2007, deposits totaled $24,555 million, an increase of $5,583 million from December 31, 2006. This increase was primarily due to excess cash deposited with the FHLBank of Pittsburgh by two of its large members. These balances were subsequently withdrawn and deposits are expected to return to historical levels as market conditions normalize.

The following table presents term deposits issued in amounts of $100,000 or more at September 30, 2007 and December 31, 2006 (dollar amounts in millions):

	September 30, 2007	December 31, 2006
3 months or less	$2,990	$345
Over 3 through 6 months	40	56
Over 6 through 12 months	11	13
Over 12 months	29	27
Total	$3,070	$441

Capital.

Total Capital
(Dollar amounts in millions)

September 30, 2007	December 31, 2006	Increase $	Increase %
$51,425	$44,985	$6,440	14.3%

The increase in total capital was due primarily to the increase in total capital stock attributable to:

- the $7,824 million of net proceeds from the sale of capital stock as a result of significant increases in advances, partially offset by
- the $2,209 million reclassification of capital stock as mandatorily redeemable capital stock during the first nine months of 2007.

Over the same period, total assets increased at a higher rate than total capital. This caused the FHLBanks' total capital-to-assets ratio to decrease to 4.19 percent at September 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. The 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 activities. 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 September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 Increase (Decrease)		For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
INTEREST INCOME								
Advances	$9,733	$8,763	$26,553	$23,680	$ 970	11.1%	$2,873	12.1%
Prepayment fees on advances	5	1	21	15	4	400.0%	6	40.0%
Mortgage loans held for portfolio	1,202	1,283	3,664	3,895	(81)	(6.3)%	(231)	(5.9)%
Investments and other	3,817	3,359	11,008	9,437	458	13.6%	1,571	16.6%
Total interest income	14,757	13,406	41,246	37,027	1,351	10.1%	4,219	11.4%
INTEREST EXPENSE								
Consolidated obligations	13,263	12,049	37,057	33,066	1,214	10.1%	3,991	12.1%
Other	314	272	935	764	42	15.4%	171	22.4%
Total interest expense	13,577	12,321	37,992	33,830	1,256	10.2%	4,162	12.3%
NET INTEREST INCOME	$1,180	$1,085	$ 3,254	$ 3,197	$ 95	8.8%	$ 57	1.8%

Net interest income increased in the third quarter of 2007 compared to the third quarter of 2006, and in the first nine months of 2007 over the same period during 2006, primarily due to growth in advance and investment interest income as a result of higher volumes and higher interest rates during 2007. The increases were partially offset by growth in consolidated obligation interest expense due to higher volumes and the higher interest-rate environment on consolidated obligation bonds, as well as lower interest income on mortgage loans held for portfolio, generally as a result of decreased volume. Additionally, net interest income was negatively affected by the flat to, at times, slightly inverted yield curve, primarily during the first half of 2007.

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

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

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

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					
	September 30, 2007			September 30, 2006		
	Average Balance	Interest(1)	Annualized Yield	Average Balance	Interest(1)	Annualized Yield
Earning assets:						
Advances(2)	$ 715,243	$ 9,738	5.40%	$ 648,862	$ 8,764	5.36%
Mortgage loans held for portfolio	93,558	1,202	5.10%	100,537	1,283	5.06%
Investments:						
Interest-bearing deposits and other	40,816	556	5.40%	36,459	494	5.38%
Securities purchased under agreements to resell	1,508	19	5.00%	3,670	49	5.30%
Federal funds sold	92,255	1,223	5.26%	65,354	876	5.32%
Trading securities	5,892	83	5.59%	6,094	87	5.66%
Available-for-sale securities	7,708	104	5.35%	6,538	83	5.04%
Held-to-maturity securities	140,785	1,832	5.16%	139,205	1,770	5.04%
Total investments	288,964	3,817	5.24%	257,320	3,359	5.18%
Total earning assets	$1,097,765	$14,757	5.33%	$1,006,719	$13,406	5.28%
Funded by:						
Consolidated obligations	$1,020,304	$13,263	5.16%	$ 933,494	$12,049	5.12%
Interest-bearing deposits and other borrowings(3)	23,563	314	5.29%	20,004	272	5.39%
Total interest-bearing liabilities	1,043,867	13,577	5.16%	953,498	12,321	5.13%
Capital and other non-interest-bearing funds	53,898			53,221		
Total funding	$1,097,765	$13,577	4.91%	$1,006,719	$12,321	4.86%
Spread on:						
Total interest-bearing liabilities			0.17%			0.15%
Total funding (net interest margin)(4)			0.42%			0.42%

	For the Nine Months Ended					
	September 30, 2007			September 30, 2006		
	Average Balance	Interest(1)	Annualized Yield	Average Balance	Interest(1)	Annualized Yield
Earning assets:						
Advances(2)	$ 660,764	$26,574	5.38%	$635,984	$23,695	4.98%
Mortgage loans held for portfolio	95,210	3,664	5.15%	102,312	3,895	5.09%
Investments:						
Interest-bearing deposits and other	37,549	1,510	5.38%	34,599	1,288	4.98%
Securities purchased under agreements to resell	2,834	112	5.28%	3,458	125	4.83%
Federal funds sold	87,834	3,485	5.30%	67,954	2,503	4.92%
Trading securities	5,779	246	5.69%	6,776	286	5.64%
Available-for-sale securities	7,094	278	5.24%	5,843	208	4.76%
Held-to-maturity securities	138,720	5,377	5.18%	136,558	5,027	4.92%
Total investments	279,810	11,008	5.26%	255,188	9,437	4.94%
Total earning assets	$1,035,784	$41,246	5.32%	$993,484	$37,027	4.98%
Funded by:						
Consolidated obligations	$ 961,205	$37,057	5.15%	$919,617	$33,066	4.81%
Interest-bearing deposits and other borrowings(3)	23,385	935	5.35%	20,421	764	5.00%
Total interest-bearing liabilities	984,590	37,992	5.16%	940,038	33,830	4.81%
Capital and other non-interest-bearing funds	51,194			53,446		
Total funding	$1,035,784	$37,992	4.90%	$993,484	$33,830	4.55%
Spread on:						
Total interest-bearing liabilities			0.16%			0.17%
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 due to increase in capital related to advance activities during the third quarter of 2007 over the same period in 2006. The increase of two basis points in the spread between asset yields and interest-bearing liability costs primarily relate to higher volume and interest rates for advances.

The increase in the current year's net interest income from non-interest-bearing capital more than offset the lower net interest income caused by a decrease of one basis point in the spread between asset yields and interest-bearing liability costs for the first nine months of 2007. This decrease in the combined spread on total interest-bearing liabilities from the first nine 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, primarily during the first half of 2007.

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, but not limited to:

• the issuance volume of U.S. Treasury and GSE debt securities;

• the total amount of U.S. 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 third quarter and first nine months of 2007, total consolidated obligations issuance was 35 percent and 21 percent higher than the corresponding periods of the previous year. Aggregate weighted-average, new-issue funding costs for FHLBank bonds were higher in the third quarter of 2007 compared to the third quarter of 2006 relative to benchmark market indices. Using the same period-to-period comparison, costs for auctioned discount notes improved significantly as money market spreads reacted to the rapid re-pricing of credit risk during the latter half of the third quarter of 2007. Overall, for the first nine months of 2007, aggregate weighted-average, new-issue funding costs were lower for FHLBank bonds and auctioned discount notes compared to the first nine months of 2006. FHLBank funding costs were, in part, affected by the unfolding subprime mortgage market-driven re-pricing of credit risk, related periods of severely curtailed liquidity in securities linked to subprime mortgage product, and creditor-forced liquidations of securities held by leveraged investment portfolios.

Over the course of the first six months of 2007, U.S. Treasury yields on short-maturity instruments declined relative to longer-term instruments. This trend accelerated over the course of the third quarter of 2007 as investors sought short-term, safe-haven investments during the peak of the third quarter's illiquidity in the credit markets, particularly in securities linked to subprime mortgages. The resulting reshaping of the U.S. Treasury yield curve produced a positive slope, whereby longer-term yields became higher than shorter-term yields. Despite this shift, a large proportion of FHLBank bond issuance continued to be issued with short-term maturities. Accompanying the change in market conditions was a significant shift in the debt issuance volume by category. For example, throughout 2006 and the first half of 2007, bonds with embedded call options represented a significant component of bond issuance. During the third quarter of 2007, the issuance of callable bonds declined and was replaced with variable-rate bonds. During the first half of 2007, callable bonds accounted for 59 percent of bond issuance, while variable-rate bonds comprised 7 percent of bond issuance. During the third quarter of 2007, callable bonds accounted for only 30 percent of issuance, while variable-rate bonds represented 39 percent of bond issuance. In part, due to the reshaping of the yield curve, and the associated decline in benchmark yields, the dollar amount of FHLBank callable bonds redeemed prior to maturity during the third quarter and first nine months of 2007 was significantly higher than the corresponding volumes during the third quarter and first nine months of 2006.

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 three and nine months ended September 30, 2007 and the three and nine months ended September 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 September 30, 2007 vs. 2006			For the Nine Months Ended September 30, 2007 vs. 2006		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income:						
Advances(1)	$ 903	$71	$ 974	$ 947	$1,932	$2,879
Mortgage loans held for portfolio	(90)	9	(81)	(273)	42	(231)
Investments	418	40	458	946	625	1,571
Total interest income	1,231	120	1,351	1,620	2,599	4,219
Interest Expense:						
Consolidated obligations	1,128	86	1,214	1,537	2,454	3,991
Deposits and other borrowings(2)	48	(6)	42	116	55	171
Total interest expense	1,176	80	1,256	1,653	2,509	4,162
Changes in net interest income	$ 55	$40	$ 95	$ (33)	$ 90	$ 57

(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 expense.

Other Income (Loss).

Other Income (Loss)
(Dollar amounts in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 (Decrease) Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
Service fees	$ 7	$ 8	$21	$ 21	$(1)	(12.5)%	$	0.0%
Net gains (losses) on trading securities	124	140	34	(113)	(16)	(11.4)%	147	130.1%
Net realized losses from sale of available-for-sale securities	(1)	(1)	(1)	(4)		0.0%	3	75.0%
Net realized losses from sale of held-to-maturity securities	(2)	(4)	(6)	(6)	2	50.0%		0.0%
Net (losses) gains on derivatives and hedging activities	(124)	(158)	(46)	62	34	21.5%	(108)	(174.2)%
Other, net	3	13	16	23	(10)	(76.9)%	(7)	(30.4)%
Total other income (loss)	$ 7	$ (2)	$18	$ (17)	$ 9	450.0%	$ 35	205.9%

The change in total other income (loss) from the three months ended September 30, 2006 compared to the same period during 2007 and the change in the first nine months of 2006 compared to the first nine months of 2007 relate primarily to the change in net (losses) gains on derivatives and hedging activities and the change in net gains (losses) on trading securities.

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

Earnings Effect for the Three Months Ended September 30, 2007	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(14)	$	$(1)	$ (1)	$ (1)	$	$	$(17)
Net gains (losses) on derivatives and hedging activities	32	(115)	(5)	(20)	(18)	2		(124)
Net gains on trading securities		124						124
Total	$ 18	$ 9	$(6)	$(21)	$(19)	$2	$	$(17)

Earnings Effect for the Three Months Ended September 30, 2006	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(16)	$ 2	$ 6	$(22)	$ (1)	$	$	$(31)
Net gains (losses) on derivatives and hedging activities	30	(151)	(15)	17	(29)	(11)	1	(158)
Net gains on trading securities		140						140
Total	$ 14	$ (9)	$ (9)	$ (5)	$(30)	$(11)	$1	$(49)

Earnings Effect for the Nine Months Ended September 30, 2007	Advances	Investments	MPF/ MPP Loans	COs-Bonds	COs-Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(52)	$	$	$(29)	$(3)	$	$	$(84)
Net gains (losses) on derivatives and hedging activities	48	(38)	(23)	(28)	(6)	1		(46)
Net gains on trading securities		34						34
Total	$ (4)	$ (4)	$(23)	$(57)	$(9)	$1	$	$(96)

Earnings Effect for the Nine Months Ended September 30, 2006	Advances	Investments	MPF/ MPP Loans	COs-Bonds	COs-Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of hedging activities in net margin	$(59)	$ 2	$ 7	$(66)	$(15)	$	$	$(131)
Net gains (losses) on derivatives and hedging activities	52	82	(44)	(28)	6	(7)	1	62
Net losses on trading securities		(113)						(113)
Total	$ (7)	$ (29)	$(37)	$(94)	$ (9)	$(7)	$1	$(182)

Operating Expenses.

Operating Expenses
(Dollar amounts in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease)	
	2007	2006	2007	2006	$	%	$	%
Salaries and employee benefits	$105	$ 99	$325	$302	$ 6	6.1%	$23	7.6%
Cost of quarters	9	7	28	25	2	28.6%	3	12.0%
Other	57	55	162	167	2	3.6%	(5)	(3.0)%
Total operating expenses	$171	$161	$515	$494	$10	6.2%	$21	4.3%
Operating expenses as a percentage of average assets (basis points)	6.1	6.3	6.6	6.6				

The increase in total operating expenses in the third quarter and first nine months of 2007 primarily relates to the following:

- a reduction in force severance charge at the FHLBank of Chicago of $4 million taken in the second quarter of 2007;
- 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.

Other Expenses
(Dollar amounts in millions)

	For the Three Months Ended September 30, 2007	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2006	For the Three Months Ended September 30, 2007 vs. 2006 Increase (Decrease) $	For the Three Months Ended September 30, 2007 vs. 2006 Increase (Decrease) %	For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease) $	For the Nine Months Ended September 30, 2007 vs. 2006 Increase (Decrease) %
Finance Board expenses	$9	$7	$26	$25	$2	28.6%	$1	4.0%
Office of Finance expenses	8	6	21	18	2	33.3%	3	16.7%
Other, net	1	3	10	13	(2)	(66.7)%	(3)	(23.1)%
Affordable Housing Program expenses	83	76	224	219	7	9.2%	5	2.3%

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 nine months of 2006 to the first nine 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, Net. Other expenses are excluded from operating expenses. The other expenses for the third 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 nine months of 2007 and 2006 include approximately $10 million and $12 million of certain MPF and/or MPP master servicing and custodial fees.

Affordable Housing Program. Annually, the FHLBanks must set aside for the 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 with 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 third quarter and first nine months of 2007 and 2006 are in proportion to changes in 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.

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2007 vs. 2006 Increase		For the Nine Months Ended September 30, 2007 vs. 2006 Increase	
	2007	2006	2007	2006	$	%	$	%
Net Income	$732	$665	$1,981	$1,930	$67	10.1%	$51	2.6%

The increase in net income for the three months ended September 30, 2007 compared to the same period during 2006 and for the first nine months of 2007 compared to the same period during 2006 can be primarily attributed to the increase in net interest income.

The $35 million increase in total other income for the first nine months of 2007 is primarily related to an increase in net gains on trading securities of $147 million, partially offset by a $108 million increase in net losses 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 $171 million for the third quarter of 2007, compared to $161 million for the third quarter of 2006. Total operating expenses were $515 million for the first nine months of 2007, compared to $494 million for the first nine months of 2006.

The combining adjustment for the third 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 decrease in other income of $1 million and a decrease in other expenses of $1 million. These amounts offset and had no effect on combined net income. The combining adjustment for the first nine 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 $1 million and a decrease in other expenses of $3 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 nine months of 2007. Total interbank consolidated bonds of $1,033 million at par value were transferred from an FHLBank to another FHLBank during the first nine months of 2007.

The combining adjustment for the third 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 $1 million, a decrease in other expenses of $1 million, and a reduction in interest expense on consolidated obligation bonds of $3 million. This led to a combined net increase in net income of $5 million. The combining adjustment for the first nine 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 $1 million, a decrease in other expenses of $3 million, and a reduction in interest expense on consolidated obligation bonds of $7 million. This led to a combined net increase in net income of $9 million. This increase is primarily related to the reversal of the interbank bond transfer-related gains/losses previously eliminated. Total interbank consolidated bonds of $962 million at par value were transferred from an FHLBank to another FHLBank during the first nine months of 2006.

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 with a final maturity date of 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 made 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 $184 million (cash payment of $180 million) for the third quarter of 2007 and $166 million (cash payment of $166 million) for the third quarter of 2006. The REFCORP assessment of the FHLBanks was $494 million (cash payment of $494 million) for the first nine months of 2007 and $481 million (cash payment of $522 million) for the first nine 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 $105 million by which the third quarter REFCORP payment exceeded the $75 million quarterly benchmark will fully defease both the remaining $57 million portion of the benchmark payment due on October 15, 2014 and the entire $75 million benchmark payment due on July 15, 2014, as well as $11 million of the $75 million benchmark payment due on April 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 $180 million made by the FHLBanks in the third quarter of 2007, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to April 15, 2014, effective at September 30, 2007. This date assumes that the FHLBanks will pay exactly $300 million annually after September 30, 2007 until the annuity is fully satisfied.

REFCORP Defeasance Summary
For Third 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**
October 15, 2014 (most distant remaining payment)	$ 57	4.57%	$ 42
July 15, 2014	75	4.53%	55
April 15, 2014	11	4.51%	8
Total	$143		$105

* Subject to possible subsequent reinstatement.

** Actual cash payment of $180 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 September 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 September 30, 2007, 93.7 percent of the capital of the FHLBanks consisted of capital stock, while 6.3 percent consisted of retained earnings and accumulated other comprehensive income. At September 30, 2007, the FHLBanks had a total capital-to-assets ratio of 4.19 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 at 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 FHLBanks' GSE status and rating on consolidated obligations 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, may 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 of Financial Condition and Results of Operations in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

Legislative and Regulatory Developments

FHLBank of Chicago Consensual Cease and Desist Order. On October 10, 2007, the FHLBank of Chicago entered into a consensual cease and desist order (order) with the Finance Board, which concurrently terminated the prior Written Agreement. The order states that the Finance Board has determined that requiring the FHLBank of Chicago to take the actions specified in the order will "improve the condition and practices of the FHLBank of Chicago, stabilize its capital, and provide the FHLBank of Chicago an opportunity to address the principal supervisory concerns identified by the Finance Board."

The order places several requirements on the FHLBank of Chicago:

- The FHLBank of Chicago must maintain a ratio of regulatory capital plus a designated amount of subordinated notes to total assets of at least 4.5 percent, and a minimum total level of the sum of regulatory capital stock plus a designated amount of subordinated notes of $3.6 billion.
- The FHLBank of Chicago's capital stock repurchases and redemptions, including redemptions upon membership withdrawal or other termination, are prohibited unless the FHLBank of Chicago has received approval of the Office of Supervision of the Finance Board (OS Director). The order provides that the OS Director may approve a written request by the FHLBank of Chicago for proposed redemptions or repurchases if the OS Director determines that allowing the redemption or repurchase would be consistent with maintaining the capital adequacy of the FHLBank of Chicago and its continued safe and sound operations.
- Dividend declarations are subject to the prior written approval of the OS Director.
- The FHLBank of Chicago must submit a capital plan to the Finance Board consistent with the requirements of the Gramm-Leach-Bliley Act and Finance Board regulations.
- The FHLBank of Chicago must review and revise its market risk management and hedging policies, procedures and practices to address issues identified in the Finance Board's 2007 examination of the FHLBank of Chicago, and submit revised policies and procedures to the OS Director for non-objection prior to implementation.

FHLBank of Chicago management believes that the requirements under the order could result in delays or denials of capital stock redemptions in connection with membership withdrawal or termination upon merger and negatively affect its ability to pay future dividends.

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 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 September 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 nine 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.

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.

Credit Ratings

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At October 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)

	September 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	$312,236	$(2,231)	$235,567	$ 717
Fair Value—firm commitments	680	(1)	53	
Cash Flow—existing cash item	1,625	23	1,925	20
Economic	12,768		7,349	3
Total	327,309	(2,209)	244,894	740
Investments				
Fair Value—existing cash item	2,141	(125)	1,560	(134)
Economic (includes trading securities hedges)	13,105	(121)	12,043	(121)
Total	15,246	(246)	13,603	(255)
MPF/MPP Loans Held for Portfolio				
Fair Value—existing cash item	21,344	(19)	33,115	26
Standalone—delivery commitments	202	1	221	
Economic (including TBAs)	11,072	15	16,053	2
Total	32,618	(3)	49,389	28
Consolidated Obligations—Bonds				
Fair Value—existing cash item	503,380	(283)	506,990	(3,187)
Cash Flow—anticipated transaction	1,317	(11)		
Economic	67,876	9	65,768	(53)
Total	572,573	(285)	572,758	(3,240)
Consolidated Obligations—Discount Notes				
Fair Value—existing cash item	722		2,146	(1)
Economic	15,436	22	15,520	42
Total	16,158	22	17,666	41
Deposits				
Fair Value	20	4	20	4
Total	20	4	20	4
Balance Sheet				
Economic	14,186	10	7,242	3
Total	14,186	10	7,242	3

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

	September 30, 2007		December 31, 2006	
	Total Notional	Total Estimated Fair Value (excludes accrued interest)	Total Notional	Total Estimated Fair Value (excludes accrued interest)
Intermediary Positions				
Intermediaries	2,774	1	2,874	1
Total	2,774	1	2,874	1
Total notional and estimated fair value	$980,884	$(2,706)	$908,446	$(2,678)
Total derivatives excluding accrued interest		$(2,706)		$(2,678)
Accrued interest		2,449		1,418
Net derivative balances		$ (257)		$(1,260)
Net derivative asset balances		$ 1,990		$ 1,626
Net derivative liability balances		(2,247)		(2,886)
Net derivative balances		$ (257)		$(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. The $364 million increase in combined derivative assets and the $639 million decrease in combined derivative liabilities from December 31, 2006 to September 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 to provide to its regulator, the Finance Board, and, therefore, individual FHLBank measurements may not be directly comparable since not all FHLBanks manage to this risk measure.

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	September 30, 2007	December 31, 2006
Boston	1.6	0.2
New York	0.5	0.3
Pittsburgh	1.6	0.7
Atlanta	0.6	0.8
Cincinnati	1.9	1.0
Indianapolis	1.6	1.6
Chicago	0.0	0.9
Des Moines	(0.6)	0.0
Dallas	0.8	0.2
Topeka	1.5	1.3
San Francisco	1.2	0.7
Seattle	0.0	0.0

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. Additionally, the FHLBank of Chicago must maintain its duration of equity, under an assumed instantaneous +/− 200 basis points parallel shift 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.

The table below reflects measurements by the FHLBank of Chicago 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)

	September 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	(4.8)	0.2	3.4	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 community financial institutions (CFIs) and lending to non-member housing associates increases the credit risk to the FHLBanks. Advances to CFIs secured with expanded eligible collateral represent approximately $8 billion and advances to housing associates represent $195 million of the total $822 billion of advances outstanding at par value at September 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 September 30, 2007 and December 31, 2006, 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	September 30, 2007* Amount	September 30, 2007* Percentage of Total Investments	December 31, 2006** Amount	December 31, 2006** Percentage of Total Investments
Long-term Rating				
Triple-A	$147,895	94.3%	$144,944	93.6%
Double-A	1,010	0.7%	1,002	0.6%
Single-A				0.0%
Short-term Rating				
A-1 or higher/P-1	7,851	5.0%	8,674	5.6%
A-2/P-2		0.0%	133	0.1%
Unrated investment securities	71	0.0%	77	0.1%
Total	$156,827	100.0%	$154,830	100.0%

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

** 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)

	September 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)	$152,774	$119,108	$33,666	28.3%
Maturities of unsecured credit exposure:				
Overnight	44.4%	43.8%		
2-30 days	28.7%	38.0%		
31-90 days	22.3%	17.5%		
91-270 days	4.6%	0.7%		

(1) Included in this total at September 30, 2007 is unsecured credit of $7.1 billion to Citigroup Inc. subsidiaries. Of this amount, $5.3 billion relates to Citibank, N.A., a member of the FHLBank of San Francisco. In addition to the unsecured credit exposure included in the table above, Citibank, N.A. had advances of $98.7 billion from the FHLBanks of San Francisco, New York, Atlanta and Dallas at September 30, 2007.

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

	September 30, 2007	December 31, 2006	Increase (Decrease) $	Increase (Decrease) %
Federal funds sold	$98,195	$77,056	$21,139	27.4%
Commercial paper	7,301	8,220	(919)	(11.2)%

At September 30, 2007, the FHLBanks had aggregate unsecured credit exposure of more than $1 billion to each of 54 counterparties, which represented 82.9 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)

	September 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)

	September 30, 2007	December 31, 2006
Midwest	34%	33%
Northeast	12%	12%
Southeast	22%	21%
Southwest	15%	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 September 30, 2007. The median size of an MPF loan was approximately $122 thousand at September 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 September 30, 2007. The median size of an MPP loan was approximately $142 thousand at September 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 September 30, 2007 and December 31, 2006:

	September 30, 2007		December 31, 2006	
	MPF	MPP	MPF	MPP
Weighted-average FICO® score at origination(1)	738	749	734	746
Weighted-average loan-to-value at origination	67%	71%	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 credit risk on derivatives depends on the extent to which netting procedures and other credit enhancements are used to mitigate the risk. At September 30, 2007, five counterparties represented approximately 53 percent of the total notional amount of outstanding derivative transactions and each had a credit rating of single-A or better. At September 30, 2007, three counterparties each represented more than 10 percent, but less than 13 percent, of the FHLBanks' net exposure after collateral. None of the remaining 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 receivable and payable as well as the legal right to offset assets and liabilities.

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

Credit Rating *	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 10,288	$ 4	$	$ 4
Double-A	819,582	1,782	1,019	763
Single-A	149,710	215	178	37
Triple-B	9			
Unrated(1)	28			
	979,617	2,001	1,197	804
Intermediaries(2)	1,065	12	12	
Delivery commitments	202	1	1	
Total derivatives	$980,884	$2,014	$1,210	$804

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 September 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 six thousand dollars of exposure at September 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, 99.996 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements are with counterparties rated single-A or higher. At September 30, 2007, 30 counterparties represented 99.97 percent of the total notional amount of the FHLBanks' outstanding interest-rate exchange agreements excluding agreements in which the FHLBanks are intermediaries. Approximately 85 percent of these agreements are with 22 counterparties that are rated double-A or higher. Approximately 15 percent of these agreements are with 8 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 83 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 per share 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 September 30, 2007, the FHLBanks had over 482 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 September 30, 2007
(Dollar amounts in millions)

Name	City	State	Capital Stock
Citibank, N.A.*(1)	Las Vegas	NV	$ 4,702
Countrywide Bank, NA	Alexandria	VA	2,322
Washington Mutual Bank*(2)	Henderson	NV	2,216
World Savings Bank, FSB*(3)	Oakland	CA	1,140
Sovereign Bank*(4)	Reading	PA	982
RBS Citizens, NA(5)	Providence	RI	890
Bank of America Rhode Island, NA	Providence	RI	855
IndyMac Bank, FSB	Pasadena	CA	829
Bank of America California, N.A.	San Francisco	CA	726
World Savings Bank, FSB (Texas)(3)	Houston	TX	724
			$15,386

* Indicates that an officer or director of the member was an FHLBank director at September 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. Includes $41 million in FHLBank of Atlanta capital stock from the acquisition of Citibank, Federal Savings Bank, a former member of the FHLBank of Atlanta. Also 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.

(2) Includes $16 million in FHLBank of Dallas capital stock from the acquisition of Bank United, a former member of the FHLBank of Dallas and $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.

(3) 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.

(4) Includes $49 million in FHLBank of New York capital stock from the acquisition of Independence Community Bank, a former member of the FHLBank of New York and $4 million in FHLBank of Boston capital stock from the acquisition of former members of the FHLBank of Boston.

(5) Includes $296 million in FHLBank of Cincinnati capital stock and $98 million in FHLBank of New York capital stock from the consolidation of Charter One Bank, NA and Citizens Bank, NA (renamed RBS Citizens, NA), a member of the FHLBank of Boston.

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 and former 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
September 30, 2007	5,834	1,208	899	147	8,088

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 capital stock, each with sub-classes. Class A capital stock is redeemable on six months written notice from a member and Class B capital 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 September 30, 2007, is redeemable at the option of a member upon six months notice if the member withdraws from the FHLBank. See "Note 5—Subsequent Events—FHLBank of Chicago Consensual Cease and Desist Order" for a discussion of restrictions placed on redemption of FHLBank of Chicago's capital stock. If a member withdraws its membership from an FHLBank, it may not acquire capital stock 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 September 30, 2007, 115 FHLBank members withdrew from membership for reasons other than merger or acquisition. During the first nine months of 2007, 16 members gave notice of intent to withdraw from membership 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
September 30, 2007(2)	25.5	18.3	2.4	2.1	1.2	49.5

(1) "Other" 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 these advances.

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

The holdings of commercial bank members at September 30, 2007 represented 51.6 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members at September 30, 2007 represented 37.0 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
September 30, 2007	4,213	934	415	54	5,616

The percentage of total members borrowing advances from the FHLBanks decreased slightly to 69.4 percent at September 30, 2007, as compared to 69.7 percent at December 31, 2006. The 92 borrowers with advance holdings of $1 billion or more at September 30, 2007 held 74.1 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
September 30, 2007	424.8	325.6	28.4	25.3	17.8	821.9

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

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

The information presented on advances in the following 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 Members Holding Advances at Par Value at September 30, 2007 (Dollar amounts in millions)

Name	City	State	Advances(1)	Percentage of Total Advances
Citibank, N.A.*(2)	Las Vegas	NV	$ 98,682	12.0%
Countrywide Bank, NA	Alexandria	VA	51,050	6.2%
Washington Mutual Bank*(3)	Henderson	NV	43,711	5.3%
World Savings Bank, FSB*(4)	Oakland	CA	24,241	2.9%
RBS Citizens, NA(5)	Providence	RI	21,856	2.7%
Sovereign Bank*(6)	Reading	PA	21,078	2.6%
Bank of America Rhode Island, NA	Providence	RI	19,581	2.4%
World Savings Bank, FSB (Texas)(4)	Houston	TX	17,263	2.1%
U.S. Bank, NA(7)	Cincinnati	OH	16,806	2.0%
Bank of America California, N.A.	San Francisco	CA	14,750	1.8%
			$329,018	40.0%

* An asterisk indicates that an officer or director of the member was an FHLBank director at September 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 SFAS 133 adjustments arising from hedging activities.

(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. Includes $900 million in FHLBank of Atlanta advances from the acquisition of Citibank, Federal Savings Bank, a former member of the FHLBank of Atlanta. Also includes $1 million in FHLBank of New York advances from the reorganization of Citibank, N.A. a former member of the FHLBank of New York and $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.

(3) Includes $368 million in FHLBank of Dallas advances from the acquisition of Bank United, a former member of the FHLBank of Dallas and $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.

(4) 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.

(5) Includes $7,112 million in FHLBank of Cincinnati advances, $1,750 million in FHLBank of New York advances, and $4 million in FHLBank of Indianapolis advances from the consolidation of Charter One Bank, NA and Citizens Bank, NA (renamed RBS Citizens, NA), a member of the FHLBank of Boston.

(6) Includes $1,078 million in FHLBank of New York advances from the acquisition of Independence Community Bank, a former member of the FHLBank of New York and $83 million in FHLBank of Boston advances from the acquisition of former members of the FHLBank of Boston.

(7) Includes $265 million in FHLBank of Des Moines advances acquired through a merger with a former member of the FHLBank of Des Moines.

Housing Associates. At September 30, 2007, the FHLBanks had $195 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, 9 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/or 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 September 30, 2007, the FHLBanks had $233.8 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represents 28.4 percent of total advances at par at that date.

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. This transaction was subsequently terminated on October 5, 2007, as not all the conditions relating to the offer were fulfilled. Separately, as part of this agreement, Bank of America Corporation (Bank of America) agreed to purchase ABN AMRO North America Holding Company, parent of LaSalle Bank Corporation and its subsidiaries, which includes the FHLBank of Indianapolis' member, LaSalle Bank Midwest N.A. and the FHLBank of Chicago's member, LaSalle Bank N.A. This acquisition was completed on October 1, 2007. Bank of America is headquartered in Charlotte, North Carolina, outside of the districts of the FHLBanks of Indianapolis and Chicago. Bank of America subsidiaries currently maintain memberships with the FHLBanks of Atlanta, Boston, San Francisco and Seattle.

FHLBank of Indianapolis. As of November 14, 2007, Bank of America remained a member of the FHLBank of Indianapolis as its bank charter remains in Michigan. 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 September 30, 2007, the FHLBank of Indianapolis held $3.3 billion par value of advances outstanding to LaSalle Bank Midwest N.A., which represented 13.7 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 $0.3 billion at September 30, 2007, which represented 15.9 percent of the FHLBank of Indianapolis' regulatory capital stock balance.

FHLBank of Chicago. At September 30, 2007 the FHLBank of Chicago held $2.8 billion par value of advances outstanding to LaSalle Bank N.A., which represented 11 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 September 30, 2007, which represented nine percent of the FHLBank of Chicago's regulatory capital stock balance.

On September 4, 2007, National City Corporation completed its acquisition of MAF Bancorp, Inc., the parent of the FHLBank of Chicago's member MidAmerica Bank. National City Corporation is headquartered outside of the FHLBank of Chicago's district in Cleveland, Ohio and its subsidiary National City Bank is a member of the FHLBank of Cincinnati. At September 30, 2007 the FHLBank of Chicago held $0.9 billion par value of advances outstanding to MidAmerica Bank which represented four percent of the total par value of advances outstanding for the FHLBank of Chicago. MidAmerica Bank held capital stock of $146 million at September 30, 2007, which represented five percent of the FHLBank of Chicago's capital stock balance.

FHLBank of Cincinnati. On September 4, 2007 Royal Bank of Scotland consolidated the banking charter of one of the FHLBank of Cincinnati's members, Charter One Bank, N.A. (Charter One), outside of its district into the FHLBank of Boston's district. On this date Charter One was renamed RBS Citizens, NA (RBS Citizens), its membership in the FHLBank of Cincinnati was automatically terminated, and all of its capital stock became mandatorily redeemable capital stock (which is classified as a liability). RBS Citizens had historically been one of the FHLBank of Cincinnati's largest borrowers and stockholders. At September 30, 2007, the FHLBank of Cincinnati held $7.1 billion par value of advances outstanding to RBS Citizens, which represented 13.3 percent of the total par value of advances outstanding for the FHLBank of Cincinnati. RBS Citizens held a capital stock balance of $296 million at September 30, 2007, which represented 7.9 percent of the FHLBank of Cincinnati's total Class B stock balance.

FHLBanks of Chicago and Dallas Preliminary Combination Discussions

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.