FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Nine Months Ended September 30, 2009

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 Agency 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 combined financial reports of the FHLBanks are intended to be used by investors who invest in the consolidated obligations of 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 with its own board of directors and management. There is no centralized system-wide management or oversight by a single board of directors of the FHLBanks. Please see "Explanatory Statement about FHLBanks Combined Financial Report" on page 1 for important background information regarding the publication of this Combined Financial Report.

The financial information contained in this Combined Financial Report is as of and for periods ended on or before September 30, 2009. You should read this Combined Financial Report in conjunction with the 2008 Combined Financial Report dated April 21, 2009. The 2008 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, 2008. 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 reports to the Federal Home Loan Banks Office of Finance, Chief Accounting Officer & 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, 1818 Library Street, Suite 200, 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, 2009.

The date of this Combined Financial Report is November 16, 2009.

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

EXPLANATORY STATEMENT ABOUT FHLBANKS COMBINED FINANCIAL REPORT

The Federal Home Loan Banks Office of Finance (Office of Finance) assumed responsibility for the preparation of the combined financial reports of the Federal Home Loan Banks (FHLBanks) in 2001, which previously had been prepared by the Federal Housing Finance Board (Finance Board), the former regulator of the FHLBanks. The Office of Finance does not have the same access to information about the FHLBanks as the Finance Board had, or the new regulator (the Federal Housing Finance Agency (Finance Agency)) has, in its capacity as regulator (the Regulator) of the FHLBanks. See "Notes to Combined Financial Statements—Background Information" for more information regarding the change in the FHLBanks' regulator. 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 institution holding companies may have one or more affiliates, each of which may be a member of a different FHLBank. There is no centralized system-wide management or oversight by a single board of directors of the FHLBanks. All FHLBanks are subject to regulations issued by the Regulator, 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 in this report because this is considered more convenient for investors in the consolidated obligations of the FHLBanks 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 to the other information relating to the FHLBanks contained in this Combined Financial Report, please see "Available Information on Individual FHLBanks" and "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios."

In addition, each FHLBank's board of directors and management is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). The 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. The FHLBanks may not use the same dealer prices, models and assumptions in determining the fair values (including impairments) of their respective assets, liabilities and derivatives. The use of different models or assumptions by individual FHLBanks, as well as changes in market conditions, could result in materially different valuation estimates, impairment determinations or other estimates even when similar or identical assets and liabilities are being measured, and could have materially different effects on the net income and retained earnings of the respective FHLBanks. 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.

During 2009, the FHLBanks created an Other-Than-Temporary-Impairment (OTTI) Governance Committee and Mortgage-Backed Securities (MBS) Pricing Governance Committee to enhance their overall OTTI processes and to ensure consistency among all the FHLBanks in the determination of OTTI and the fair value of certain private-label MBS. An investor should review available information on individual FHLBanks to obtain more specific information on each FHLBank's business practices and accounting and financial reporting policies. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates—OTTI for Investment Securities" and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates—Fair Value Methodology Used to Estimate the Fair Value of Private-label MBS" for more information.)

The absence of centralized management or centralized board of director oversight over the 12 FHLBanks does not necessarily allow investors in consolidated obligations, which are the joint and several obligations of all 12 FHLBanks, to obtain easily a "system-wide" view of the business, risk profile, financial condition and results of operations, and liquidity of the FHLBanks. There is no centralized system-wide management or centralized board of director oversight that ensures consistency in the operations, risk management, accounting and financial disclosure policies of the individual FHLBanks. This decentralized structure makes it difficult to prepare disclosures from a "system-wide" view in the same manner that is generally expected of U.S. Securities and Exchange Commission (SEC) registrants, such as the manner in which each FHLBank provides disclosures in its individual periodic financial reports. For example, the SEC's guidance regarding Management's Discussion and Analysis of Financial Condition and Results of Operations, commonly called MD&A, included in periodic reports filed by SEC registrants, notes that one of the principal objectives of MD&A is to provide a narrative explanation of a registrant's financial statements that enables investors to see the registrant through the eyes of its management. Because there is no centralized management of the FHLBank System, this Combined Financial Report does not contain a conventional MD&A. It includes, instead, a "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations," prepared by the Office of Finance using information provided by the individual FHLBanks. Important information regarding the business and financial condition of each of the FHLBanks, including a discussion of business and financial risks, is set forth in the periodic reports filed by the respective FHLBanks with the SEC.

The FHLBanks occasionally engage in transactions in which one FHLBank transfers its direct liability on outstanding consolidated obligations to another FHLBank that assumes the direct liability on those outstanding consolidated obligations. By engaging in these transactions, two FHLBanks are able to better match their funding needs. Excess funds held by one FHLBank are transferred to another FHLBank that needs those funds. 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 obligations are the joint and several obligation of all 12 FHLBanks, these interbank transactions have no effect on the holders of the consolidated obligations. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Combined 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

Each FHLBank provides information on its operations on an ongoing basis.

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 SEC. These periodic reports and other information filed pursuant to the 1934 Act, including each FHLBank's description of the risk factors applicable to that FHLBank, may be inspected without charge and copied at prescribed rates at the public reference facilities of the SEC's principal office at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the SEC's public

reference facilities by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at: www.sec.gov that will contain the periodic reports and other information filed by each FHLBank 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, and those reports contain information that is not contained in the combined financial reports, including in some cases additional information relating to an FHLBank's exposure to other-than-temporary impairment losses from private-label mortgage backed securities. 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.

In addition to the other information relating to the FHLBanks contained in this Combined Financial Report, please see "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios."

Please note that the web site addresses and the identification of available information above are provided 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, 2009	December 31, 2008
ASSETS		
Cash and due from banks	$ 12,806	$ 20,820
Interest-bearing deposits	20	47,486
Securities purchased under agreements to resell	7,650	6,895
Federal funds sold	64,814	40,299
Trading securities	21,077	12,150
Available-for-sale securities	38,278	14,559
Held-to-maturity securities(a)	160,766	184,524
Advances includes $27,381 and $38,774 at fair value under fair value option at September 30, 2009 and December 31, 2008	677,880	928,638
Mortgage loans held for portfolio	74,205	87,376
Less: allowance for credit losses on mortgage loans	28	15
Mortgage loans held for portfolio, net	74,177	87,361
Accrued interest receivable	2,546	4,261
Premises, software, and equipment, net	203	199
Derivative assets	679	902
Other assets	870	959
Total assets	$1,061,766	$1,349,053
LIABILITIES		
Deposits:		
Interest-bearing	$ 14,423	$ 15,183
Non-interest-bearing	230	313
Total deposits	14,653	15,496
Borrowings:		
Securities sold under agreements to repurchase	1,200	1,200
Total borrowings	1,200	1,200
Consolidated obligations, net:		
Discount notes	275,111	439,895
Bonds includes $36,555 and $31,285 at fair value under fair value option at September 30, 2009 and December 31, 2008	704,803	818,372
Total consolidated obligations, net	979,914	1,258,267
Mandatorily redeemable capital stock	5,629	6,136
Accrued interest payable	4,333	6,331
Affordable Housing Program	799	808
Payable to REFCORP	79	37
Derivative liabilities	6,325	7,732
Other liabilities	2,875	696
Subordinated notes	1,000	1,000
Total liabilities	1,016,807	1,297,703
CAPITAL		
Capital Stock:		
Capital stock Class B putable ($100 par value per share) issued and outstanding	45,317	46,413
Capital stock Class A putable ($100 par value per share) issued and outstanding	430	752
Capital stock Pre-conversion ($100 par value per share) issued and outstanding	2,364	2,386
Total capital stock	48,111	49,551
Retained earnings	5,643	2,936
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on available-for-sale securities	426	(410)
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(24)	(76)
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(2,242)	
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(6,443)	
Net unrealized losses relating to hedging activities	(472)	(612)
Pension and postretirement benefits	(40)	(39)
Total capital	44,959	51,350
Total liabilities and capital	$1,061,766	$1,349,053

(a) Fair values: $157,821 and $165,649 at September 30, 2009 and December 31, 2008.

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,	
	2009	2008	2009	2008
INTEREST INCOME				
Advances	$ 1,854	$ 6,769	$ 8,324	$22,559
Prepayment fees (credits) on advances, net	28	(7)	141	60
Interest-bearing deposits	3	9	64	59
Securities purchased under agreements to resell	6	12	20	34
Federal funds sold	31	436	109	1,596
Trading securities	92	111	309	318
Available-for-sale securities	199	88	395	230
Held-to-maturity securities	1,404	2,232	4,571	6,679
Mortgage loans held for portfolio	904	1,122	2,983	3,408
Other		1	2	3
Total interest income	4,521	10,773	16,918	34,946
INTEREST EXPENSE				
Consolidated obligations—Discount notes	259	2,257	1,808	7,872
Consolidated obligations—Bonds	2,862	6,952	10,895	22,590
Deposits	4	94	19	384
Securities sold under agreements to repurchase	5	17	22	50
Subordinated notes	15	14	43	43
Mandatorily redeemable capital stock	15	16	30	44
Other borrowings		1	1	2
Total interest expense	3,160	9,351	12,818	30,985
NET INTEREST INCOME	1,361	1,422	4,100	3,961
Provision for credit losses	4	4	14	7
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,357	1,418	4,086	3,954
OTHER LOSS				
Total other-than-temporary impairment losses	(2,182)		(10,378)	
Portion of impairment losses recognized in other comprehensive income (loss)	1,140		8,383	
Net other-than-temporary impairment losses	(1,042)		(1,995)	
Realized losses on other-than-temporarily impaired securities		(149)		(212)
Net gains (losses) on trading securities	43	11	(36)	(121)
Net realized gains from sale of available-for-sale securities	31	1	7	4
Net realized gains from sale of held-to-maturity securities			6	2
Net (losses) gains on advances and consolidated bonds held at fair value	(68)	102	(435)	148
Net (losses) gains on derivatives and hedging activities	(196)	(262)	983	(282)
Service fees	7	8	24	25
Other, net	(20)	7	(23)	2
Total other loss	(1,245)	(282)	(1,469)	(434)
OTHER EXPENSE				
Operating	203	181	587	540
Finance Agency/Finance Board	9	9	29	29
Office of Finance	7	8	25	24
Provision for derivative counterparty credit losses		252	35	252
Other, net	1	5	8	10
Total other expense	220	455	684	855
(LOSS) INCOME BEFORE ASSESSMENTS	(108)	681	1,933	2,665
Affordable Housing Program	19	57	196	233
REFCORP	38	118	434	511
Total assessments	57	175	630	744
NET (LOSS) INCOME	$ (165)	$ 506	$ 1,303	$ 1,921

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, 2009 AND 2008

(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 (Loss)	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2007	468	$ 46,701	9	$ 891	27	$2,661	504	$ 50,253	$3,689	$(345)	$ 53,597
Adjustment to opening balance relating to pension and postretirement benefits and fair value option guidance									16		16
Proceeds from sale of capital stock	238	23,825	6	572	1	65	245	24,462			24,462
Repurchase/redemption of capital stock	(158)	(15,767)	(5)	(459)			(163)	(16,226)			(16,226)
Net shares reclassified to mandatorily redeemable capital stock	(52)	(5,315)	(1)	(125)	(2)	(165)	(55)	(5,605)			(5,605)
Comprehensive income:											
Net income									1,921		1,921
Other comprehensive income:											
Net unrealized gains (losses) on available-for-sale securities:											
Unrealized losses on available-for-sale securities										(212)	(212)
Reclassification adjustment for gains included in net income relating to available-for-sale securities										(1)	(1)
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:											
Unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities											
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities										42	42
Net unrealized gains (losses) relating to hedging activities:											
Unrealized losses relating to hedging activities										(17)	(17)
Reclassification adjustment for losses included in net income relating to hedging activities										35	35
Pension and postretirement benefits										2	2
Total comprehensive income											1,770
Transfer between Class B and Class A shares	(1)	(65)	1	65							
Dividends on capital stock:											
Cash									(953)		(953)
Stock	8	803					8	803	(803)		
BALANCE, SEPTEMBER 30, 2008	503	$ 50,182	10	$ 944	26	$2,561	539	$ 53,687	$3,870	$(496)	$ 57,061

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(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 (Loss)	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2008	465	$46,413	7	$ 752	24	$2,386	496	$49,551	$2,936	$(1,137)	$51,350
Cumulative effect of adjustment relating to amended other-than-temporary impairment guidance									1,883	(1,883)	
Proceeds from sale of capital stock	48	4,815		26	1	101	49	4,942			4,942
Repurchase/redemption of capital stock	(52)	(5,217)	(1)	(118)			(53)	(5,335)			(5,335)
Net shares reclassified to mandatorily redeemable capital stock	(8)	(864)	(1)	(98)	(1)	(123)	(10)	(1,085)			(1,085)
Comprehensive income:											
Net income									1,303		1,303
Other comprehensive loss:											
Net unrealized gains (losses) on available-for-sale securities:											
Unrealized gains on available-for-sale securities										920	920
Reclassification adjustment for gains included in net income relating to available-for-sale securities										(84)	(84)
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:											
Unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities											
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities										52	52
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:											
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments										(2,450)	(2,450)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities										267	267
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Net noncredit portion of impairment losses on held-to-maturity securities										(9,458)	(9,458)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities										1,099	1,099
Accretion of noncredit portion of impairment losses on held-to-maturity securities										921	921
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities										2,819	2,819
Net unrealized gains (losses) relating to hedging activities:											
Unrealized gains relating to hedging activities										106	106
Reclassification adjustment for losses included in net income relating to hedging activities										33	33
Pension and postretirement benefits											
Total comprehensive loss											(4,472)
Transfer between Class B and Class A shares	1	132	(1)	(132)							
Dividends on capital stock:											
Cash									(441)		(441)
Stock		38						38	(38)		
BALANCE, SEPTEMBER 30, 2009	454	$45,317	4	$ 430	24	$2,364	482	$48,111	$5,643	$(8,795)	$44,959

* 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,	
	2009	2008
OPERATING ACTIVITIES		
Net income	$ 1,303	$ 1,921
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	(1,198)	(784)
Change in net derivative and hedging activities	582	(1,117)
Other adjustments	2,049	487
Net change in fair value adjustments on trading securities	61	84
Net change in fair value adjustments on advances and consolidated bonds held at fair value	435	(148)
Net change in:		
Trading securities	(778)	
Accrued interest receivable	1,687	1,205
Other assets	(3)	(202)
Accrued interest payable	(2,012)	(721)
Other liabilities*	88	19
Total adjustments	911	(1,177)
Net cash provided by operating activities	2,214	744
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	52,577	(1,885)
Securities purchased under agreements to resell	(755)	(1,500)
Federal funds sold	(24,515)	(7,553)
Premises, software and equipment	(51)	(33)
Trading securities:		
Proceeds	14,648	2,615
Purchases	(22,763)	(4,617)
Available-for-sale securities:		
Proceeds	27,273	4,006
Purchases	(44,680)	(9,646)
Held-to-maturity securities:		
Net (increase) decrease in short-term	(2,228)	23,263
Proceeds from long-term	31,063	21,168
Purchases of long-term	(17,549)	(47,788)
Advances:		
Proceeds	2,851,799	6,678,837
Made	(2,609,964)	(6,815,066)
Mortgage loans held for portfolio:		
Principal collected	17,805	9,698
Purchases	(7,062)	(6,079)
Mortgage loans held for sale:		
Proceeds	2,124	
Principal collected	128	
Proceeds from sales of foreclosed assets	43	35
Principal collected on other loans	1	1
Net cash provided by (used in) investing activities	267,894	(154,544)

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Nine Months Ended September 30,	
	2009	2008
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ (1,363)	$ 6,182
Borrowings	(294)	690
Net (payments) proceeds on derivative contracts with financing element	(1,165)	1,810
Net proceeds from issuance of consolidated obligations:		
Discount notes	5,699,910	9,301,392
Bonds	349,292	492,324
Payments for maturing and retiring consolidated obligations:		
Discount notes	(5,863,571)	(9,230,178)
Bonds	(458,505)	(417,591)
Proceeds from issuance of capital stock	4,942	24,462
Payments for redemption of mandatorily redeemable capital stock	(1,592)	(1,816)
Payments for repurchase/redemption of capital stock	(5,335)	(16,226)
Cash dividends paid	(441)	(1,009)
Net cash (used in) provided by financing activities	(278,122)	160,040
Net (decrease) increase in cash and cash equivalents	(8,014)	6,240
Cash and cash equivalents at beginning of the period	20,820	320
Cash and cash equivalents at end of the period	$ 12,806	$ 6,560
Supplemental Disclosures:		
Interest paid	$ 16,166	$ 31,631
AHP payments, net	$ 203	$ 202
REFCORP assessments paid	$ 327	$ 604
Transfers of mortgage loans to real estate owned	$ 108	$ 67
Mortgage loans held for portfolio transferred to mortgage loans held for sale	$ 2,414	$
Mortgage loans held for sale transferred to mortgage loans held for portfolio	$ 163	$
Non-cash transfer of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 4,457	$

* Other liabilities includes the net change in the REFCORP receivable/payable.

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

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Notes to Combined Financial Statements (Unaudited)

Background Information

These financial statements present the combined financial position and combined results of operations of the 12 Federal Home Loan Banks (FHLBanks). 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[(1)] own the remaining capital stock to support business transactions still carried on the FHLBanks' Combined 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 the FHLBank's board of directors. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership. State and local housing authorities that meet certain statutory and regulatory criteria may also borrow from the FHLBanks; while eligible to borrow, housing associates are not members of the FHLBanks and, as such, are not required to hold capital stock. All members must purchase stock in their district's FHLBank.

The former Federal Housing Finance Board (Finance Board) was an independent agency in the executive branch of the U.S. government that supervised and regulated the FHLBanks and the Federal Home Loan Banks' Office of Finance (Office of Finance) through July 29, 2008. With the passage of the "Housing and Economic Recovery Act of 2008" (the Housing Act), the Federal Housing Finance Agency (Finance Agency) was established and became the new independent Federal regulator (the Regulator) of the FHLBanks, Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae), effective July 30, 2008. The Finance Board was merged into the Finance Agency as of October 27, 2008. Pursuant to the Housing Act, all regulations, orders, determinations, and resolutions that were issued, made, prescribed, or allowed to become effective by the Finance Board will remain in effect until modified, terminated, set aside, or superseded by the Director of the Finance Agency, any court of competent jurisdiction, or operation of law. References throughout this document to regulations of the Finance Agency also include the regulations of the Finance Board where they remain applicable. The Office of Finance is a joint office of the FHLBanks established by the Finance Board to facilitate the issuance and servicing of the debt instruments of the FHLBanks, known as consolidated obligations, and to prepare the combined quarterly and annual financial reports of all 12 FHLBanks. The Finance Agency's principal purpose as it relates to the FHLBanks is to ensure that the FHLBanks operate in a safe and sound manner including maintenance of adequate capital and internal controls. In addition, the Regulator ensures that the operations and activities of each FHLBank foster liquid, efficient, competitive, and resilient national housing finance markets; each FHLBank complies with the title and the rules, regulations, guidelines, and orders issued under the Federal Housing Enterprises Financial Safety and Soundness Act and the Federal Home Loan Bank Act of 1932 (FHLBank Act); each FHLBank carries out its statutory mission only through activities that are authorized under and consistent with the Federal Housing Enterprises Financial Safety and Soundness Act and the FHLBank Act; and the activities of each FHLBank and the manner in which such regulated entity is operated are consistent with the public interest. 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. As provided by the FHLBank Act, as amended, and applicable regulations, consolidated obligations are backed only by the financial resources of all 12 FHLBanks and are the primary source of funds for the FHLBanks. Deposits, other borrowings and capital stock issued to members provide other funds. Each FHLBank primarily uses these funds to provide advances to members. Certain FHLBanks also use these funds to purchase mortgage loans from members (acquired member assets (AMA)) through their respective FHLBank's Mortgage Purchase Program (MPP) or the

(1) Former members include certain nonmembers that own FHLBank capital stock as a result of merger or acquisition of an FHLBank member.

Mortgage Partnership Finance (MPF®)[2] Program. In addition, some FHLBanks 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 records of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles related to consolidation under generally accepted accounting principles in the United States of America (GAAP). The most significant transactions between the FHLBanks are: 1) transfers of direct liability on consolidated bonds between FHLBanks, which occur when consolidated bonds issued on behalf of one FHLBank and transferred to and assumed by another FHLBank and 2) purchases of consolidated bonds and discount notes, which occur when consolidated obligations issued on behalf of one FHLBank are purchased by another FHLBank in the open market.

Transfers of Direct Liability on Consolidated 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 Agency 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 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 consolidated bond at par with the initial carrying amount being the amount paid to the transferring FHLBank by the assuming FHLBank in exchange for the assumption, plus any premium or minus any 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 consolidated bond for purposes of the FHLBanks' combined financial statements. The debt extinguishment transaction, including any gain or loss, is eliminated, all statement of condition and statement of income effects related to the assuming FHLBank's premium or discount related to the purchase of the consolidated bonds are eliminated and the transferring FHLBank reinstates and amortizes over the life of the consolidated bond the original premium or discount, concession fees and basis adjustments relating to derivative instruments and hedging activities.

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

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

Derivatives. All derivatives are recognized on the balance sheet at their fair values. The FHLBanks have elected to report derivative assets and derivative liabilities on the Combined Statement of Condition net of cash collateral and accrued interest from counterparties.

Each derivative is designated as one of the following:

(1) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment (a "fair-value" hedge);

(2) a hedge of a forecasted transaction or the variability of cash flows that are to be received or paid in connection with a recognized asset or liability (a "cash-flow" hedge);

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

(3) a non-qualifying hedge of an asset or liability ("economic" hedge) for asset-liability management purposes; or

(4) a non-qualifying hedge of another derivative (an "intermediation" hedge) that is offered as a product to members or used to offset other derivatives with non-member counterparties.

Changes in the fair value of a derivative that is designated and qualifies as a fair-value hedge, along with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk (including changes that reflect losses or gains on firm commitments), are recorded in other income as "Net gains (losses) on derivatives and hedging activities."

Changes in the fair value of a derivative that is designated and qualifies as a cash-flow hedge, to the extent that the hedge is effective, are recorded in accumulated other comprehensive income (loss) (AOCI), a component of capital, until earnings are affected by the variability of the cash flows of the hedged transaction.

For both fair-value and cash-flow hedges, any hedge ineffectiveness (which represents the amount by which the change in the fair value of the derivative differs from the change in the fair value of the hedged item or the variability in the cash flows of the forecasted transaction) is recorded in other income as "Net gains (losses) on derivatives and hedging activities."

An economic hedge is defined as a derivative hedging specific or non-specific underlying assets, liabilities, or firm commitments that does not qualify or was not designated for hedge accounting, but is an acceptable hedging strategy under an FHLBank's risk management program. These economic hedging strategies also comply with Finance Agency regulatory requirements prohibiting speculative hedge transactions. An economic hedge by definition introduces the potential for earnings variability caused by the changes in fair value on the derivatives that are recorded in an FHLBank's income but not offset by corresponding changes in the value of the economically hedged assets, liabilities, or firm commitments. As a result, an FHLBank recognizes only the net interest and the change in fair value of these derivatives in other income as "Net gains (losses) on derivatives and hedging activities" with no offsetting fair value adjustments for the assets, liabilities, or firm commitments. Cash flows associated with such stand-alone derivatives (derivatives not qualifying as a hedge) are reflected as cash flows from operating activities in the Combined Statement of Cash Flows.

The derivatives used in intermediary activities do not qualify for hedge accounting treatment and are separately marked-to-market through earnings. The net result of the accounting for these derivatives does not significantly affect the operating results of the FHLBanks. These amounts are recorded in other income and presented as "Net gains (losses) on derivatives and hedging activities."

The differentials between accruals of interest receivables and payables on derivatives designated as fair-value or cash-flow hedges are recognized as adjustments to the income or expense of the designated underlying investment securities, advances, consolidated obligations or other financial instruments. The differentials between accruals of interest receivables and payables on intermediated derivatives for members and other economic hedges are recognized in other income as "Net gains (losses) on derivatives and hedging activities."

The FHLBanks may issue debt, make advances, or purchase financial instruments in which a derivative instrument is "embedded." Upon execution of these transactions, the FHLBank assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the advance or debt (the host contract) and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When the FHLBank determines that (1) the embedded derivative has economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value, and designated as a stand-alone derivative instrument pursuant to an economic hedge. However, if the entire contract (the host contract and the embedded derivative) is to be measured at fair value, with changes in fair value reported in current-period earnings (such as an investment security

classified as "trading," as well as hybrid financial instruments that are eligible for the fair value option), or if the FHLBank cannot reliably identify and measure the embedded derivative for purposes of separating that derivative from its host contract, the entire contract is carried on the balance sheet at fair value and no portion of the contract is designated as a hedging instrument.

If hedging relationships meet certain criteria including, but not limited to, formal documentation of the hedging relationship and an expectation to be highly effective, they are eligible for hedge accounting and the offsetting changes in fair value of the hedged items may be recorded in earnings. The application of hedge accounting requires an FHLBank to evaluate the effectiveness of the hedging relationships on an ongoing basis and to calculate the changes in fair value of the derivatives and related hedged items independently. This is known as the "long-haul" method of accounting. Transactions that meet more stringent criteria qualify for the "short-cut" method of hedge accounting in which an assumption can be made that the change in fair value of a hedged item exactly offsets the change in fair value of the related derivative.

Derivatives are typically executed at the same time as the hedged advances or consolidated obligations, and the FHLBanks designate the hedged item in a qualifying hedge relationship at the trade date. In many hedging relationships, the FHLBank may designate the hedging relationship upon its commitment to disburse an advance or trade a consolidated obligation in which settlement occurs within the shortest period of time possible for the type of instrument based on market settlement conventions. The FHLBank defines market settlement conventions for advances to be five business days or less and for consolidated obligations to be thirty calendar days or less, using a next business day convention. The FHLBank then records the changes in fair value of the derivative and the hedged item beginning on the trade date. When the hedging relationship is designated on the trade date and the fair value of the derivative is zero on that date, the hedge meets the conditions for applying the short-cut method of hedge accounting, provided all the other conditions for applying the shortcut method of hedge accounting are also met.

An FHLBank may discontinue hedge accounting prospectively when: (1) it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions); (2) the derivative and/or the hedged item expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur in the originally expected period; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designating the derivative as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued because the FHLBank determines that the derivative no longer qualifies as an effective fair-value hedge of an existing hedged item, the FHLBank continues to carry the derivative on the statement of condition at its fair value, ceases to adjust the hedged asset or liability for changes in fair value, and amortizes the cumulative basis adjustment on the hedged item into earnings over the remaining life of the hedged item using a level-yield methodology.

When hedge accounting is discontinued because the FHLBank determines that the derivative no longer qualifies as an effective cash-flow hedge of an existing hedged item, the FHLBank continues to carry the derivative on the balance sheet at its fair value and reclassifies the cumulative AOCI adjustment into earnings when earnings are affected by the existing hedge item (i.e., the original forecasted transaction).

Under limited circumstances, when the FHLBank discontinues cash-flow hedge accounting because it is no longer probable that the forecasted transaction will occur by the end of the originally specified time period, or within the following two months, but it is probable the transaction will still occur in the future, the gain or loss on the derivative remains in AOCI and is recognized as earnings when the forecasted transaction affects earnings. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within the following two months, the gains and losses that were accumulated in AOCI are recognized immediately in earnings.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the FHLBank continues to carry the derivative on the balance sheet at its fair value, removing from the balance sheet any asset or liability that was recorded to recognize the firm commitment and recording it as a gain or loss in current-period earnings.

Segment Reporting. Finance Agency 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 subjective assumptions and estimates that may 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, certain advances, certain investment securities and certain consolidated obligations that are reported at fair value in the Combined Statement of Condition. Actual results could differ from these estimates significantly.

Reclassifications. Certain amounts in the 2008 financial statements of the FHLBanks have been reclassified to conform to the third quarter 2009 presentation. Additionally, certain prior period amounts have been revised and may not agree to the 2008 Combined Financial Report. These amounts were not deemed to be material.

Note 2—Recently Issued and Adopted Accounting Standards and Interpretations and Changes in Accounting Principle and Accounting Estimate

Fair Value Measurements and Disclosures—Measuring Liabilities at Fair Value. On August 28, 2009, the Financial Accounting Standards Board (FASB) issued amended guidance for the fair value measurement of liabilities. The update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: (1) a valuation technique that uses: (a) the quoted price of the identical liability when traded as an asset; (b) quoted prices for similar liabilities or similar liabilities when traded as assets; and (2) another valuation technique that is consistent with the fair value measurement principles, such as the income approach, a present value measurement technique or a market approach. The fair value determined under these valuation techniques should reflect the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance is effective for the first reporting period (including interim periods) beginning after issuance (October 1, 2009 for the FHLBanks). The FHLBanks do not believe that the adoption of this guidance will have a material effect on the FHLBanks' financial condition, results of operations or cash flows.

Codification of Accounting Standards. On June 29, 2009, the FASB established FASB's Accounting Standards Codification (Codification) as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative GAAP for SEC registrants. This guidance modifies the GAAP hierarchy to include only two levels of GAAP: authoritative and nonauthoritative. In addition, the FASB no longer will consider new accounting standards updates as authoritative in their own right. Instead, new accounting standards updates will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions regarding changes in the Codification. The Codification is effective for interim and annual periods ending after September 15, 2009. The FHLBanks adopted the Codification for the interim period ended September 30, 2009. As the Codification is not intended to change or alter previous GAAP, its adoption did not affect the FHLBanks' financial condition, results of operations or cash flows.

Accounting for the Consolidation of Variable Interest Entities. On June 12, 2009, the FASB issued guidance to improve financial reporting by enterprises involved with variable interest entities (VIEs) and to provide more relevant and reliable information to users of financial statements. This guidance amends the manner in which entities evaluate whether consolidation is required for VIEs. An entity must first perform a qualitative analysis in determining whether it must consolidate a VIE, and if the qualitative

analysis is not determinative, the entity must perform a quantitative analysis. This guidance also requires that an entity continually evaluate VIEs for consolidation, rather than making such an assessment based upon the occurrence of triggering events. Additionally, the guidance requires enhanced disclosures about how an entity's involvement with a VIE affects its financial statements and its exposure to risks. This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (January 1, 2010 for the FHLBanks), for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. Each FHLBank is evaluating the effect of the adoption of this guidance on its financial condition, results of operations and cash flows.

Accounting for Transfers of Financial Assets. On June 12, 2009, the FASB issued guidance which is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. Key provisions of the guidance include (i) the removal of the concept of qualifying special purpose entities, (ii) the introduction of the concept of a participating interest, in circumstances in which a portion of a financial asset has been transferred and (iii) the requirement that to qualify for sale accounting, the transferor must evaluate whether it maintains effective control over transferred financial assets either directly or indirectly. The guidance also requires enhanced disclosures about transfers of financial assets and a transferor's continuing involvement. This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (January 1, 2010 for the FHLBanks), for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. Each FHLBank is evaluating the effect of the adoption of this guidance on its financial condition, results of operations and cash flows.

Subsequent Events. On May 28, 2009, the FASB issued guidance establishing general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date, including disclosure of the date through which an entity has evaluated subsequent events and whether that represents the date the financial statements were issued or were available to be issued. This guidance does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. This guidance is effective for interim and annual financial periods ending after June 15, 2009. The FHLBanks adopted this guidance as of June 30, 2009. Its adoption resulted in increased interim financial statement disclosures, but did not affect either the FHLBanks' financial condition, results of operations or cash flows.

For purposes of this combined financial report, subsequent events have been evaluated through November 13, 2009, which is the date the last FHLBank filed its Third Quarter 2009 Form 10-Q with the SEC.

Recognition and Presentation of Other-Than-Temporary Impairments. On April 9, 2009, the FASB issued guidance amending the other-than-temporary impairment (OTTI) guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of OTTI on debt and equity securities in the financial statements. This OTTI guidance clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired and changes the presentation and calculation of the OTTI on debt securities recognized in earnings in the financial statements. This guidance does not amend existing recognition and measurement guidance related to OTTI of equity securities. This guidance expands and increases the frequency of existing disclosures about OTTI for debt and equity securities and requires new disclosures

to help users of financial statements understand the significant inputs used in determining a credit loss, as well as a rollforward of that amount each period.

If the fair value of a debt security is less than its amortized cost basis at the measurement date, an entity is required to assess whether (a) it has the intent to sell the debt security, or (b) it is more likely than not that it will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an OTTI on the security must be recognized.

In instances in which a determination is made that a credit loss (the difference between the present value of the cash flows expected to be collected and the amortized cost basis) exists but the entity does not intend to sell the debt security and it is not more likely than not that the entity will be required to sell the debt security before the anticipated recovery of its remaining amortized cost basis (i.e., the amortized cost basis less any current-period credit loss), this OTTI guidance changes the presentation and amount of the OTTI recognized in the income statement. In these instances, the impairment is separated into (a) the amount of the total impairment related to the credit loss, and (b) the amount of the total impairment related to all other factors. The amount of the total OTTI related to the credit loss is recognized in earnings. The amount of the total impairment related to all other factors is recognized in AOCI. Subsequent non-OTTI-related increases and decreases in the fair value of available-for-sale securities will be included in AOCI. The OTTI recognized in AOCI for debt securities classified as held-to-maturity will be amortized over the remaining life of the debt security as an increase in the carrying value of the security (with no effect on earnings unless the security is subsequently sold or there is additional OTTI related to credit loss recognized). The total OTTI is presented in the income statement with an offset for the amount of the total OTTI that is recognized in AOCI. Previously, in all cases, if an impairment was determined to be other-than-temporary, an impairment loss was recognized in earnings in an amount equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date of the reporting period for which the assessment was made. The new presentation provides additional information about the amounts that the entity does not expect to collect related to a debt security.

The FHLBanks adopted this OTTI guidance as of January 1, 2009, and recognized the effects of adoption as a change in accounting principle. The FHLBanks recognized the $1,883 million cumulative effect of initial application as an adjustment to their retained earnings at January 1, 2009, with an offsetting adjustment to AOCI. This adjustment did not affect either the FHLBanks' AHP or REFCORP expense or accruals, as these assessments were calculated based on GAAP net income. Had the FHLBanks not adopted this OTTI guidance, the FHLBanks would have recognized approximately the entire OTTI amount in net income.

Application of Accounting Guidance When Determining the Appropriate Interest Income Recognition Method for a Particular Other-Than-Temporarily Impaired Security. Under previous GAAP, the amount of OTTI related to factors other than the decrease in cash flows to be collected (economic loss), including the effect of current market conditions on the fair value of the security, was subsequently accreted to earnings over the remaining term of the security, based on the amount and timing of estimated cash flows. This accretion was included in net interest income on the FHLBanks' statements of income.

Upon implementation of the OTTI guidance discussed above, the present value of the cash flows expected to be collected is compared to the amortized cost basis of the security to determine if a credit loss exists. For subsequent accounting of other-than-temporarily impaired securities, if the present value of cash flows expected to be collected is less than the amortized cost basis, an FHLBank would record an additional OTTI and adjust the yield of the security prospectively.

There are two acceptable subsequent interest income recognition methods under GAAP. Upon subsequent evaluation of a debt security where there is no additional OTTI, all FHLBanks, except for the FHLBanks of Chicago and Topeka, adjust the accretable yield on a prospective basis if there is a significant increase in the security's expected cash flows. Regardless of whether such an increase is significant, an FHLBank may choose to update the yield each quarter. Each of the FHLBanks of Chicago and Topeka recognizes subsequent interest income in accordance with the method described in accounting guidance for beneficial interests in securitized financial assets. As of the impairment

measurement date, a new accretable yield is calculated for the impaired investment security. This is used to calculate the amount to be recognized into income over the remaining life of the security so as to match the amount and timing of future cash flows expected to be collected. Subsequent changes in estimated cash flows change the accretable yield on a prospective basis. The estimated cash flows and accretable yield are re-evaluated on a quarterly basis. Under both subsequent accounting methods described above, future estimated cash flows of impaired securities are updated on a regular basis (e.g., quarterly).

The FHLBanks only acquire private-label mortgage-backed securities (also referred to as MBS) that are believed to be of high credit quality at acquisition, and thus these investments are not initially subject to the incremental impairment guidance for certain beneficial interests in securitized financial assets, specifically those that are not of "high credit quality." Authoritative GAAP does not specifically address whether impairments or credit downgrades subsequent to acquisition require the application of the incremental impairment guidance to a beneficial interest that was not in scope at the time of purchase. Each FHLBank's management makes a policy choice when evaluating accounting models for securities that have been impaired or downgraded after acquisition.

Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. On April 9, 2009, the FASB issued guidance which clarifies the approach to, and provides additional factors to consider in estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. It also includes guidance on identifying circumstances that indicate a transaction is not orderly. This guidance is effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for reporting periods ending after March 15, 2009. If an entity elected to early adopt this guidance, it must also have concurrently adopted the OTTI guidance. The FHLBanks elected to early adopt this guidance effective January 1, 2009. Its adoption did not have a material effect on the FHLBanks' financial condition, results of operations or cash flows.

Interim Disclosures about Fair Value of Financial Instruments. On April 9, 2009, the FASB issued guidance to require disclosures about the fair value of financial instruments, including disclosure of the method(s) and significant assumptions used to estimate the fair value of financial instruments, in interim financial statements as well as in annual financial statements. Previously, these disclosures were required only in annual financial statements. This guidance is effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for reporting periods ending after March 15, 2009. An entity may early adopt this guidance only if it also concurrently adopted guidance discussed in the previous paragraphs regarding fair value and the OTTI guidance. The FHLBanks elected to early adopt this guidance effective January 1, 2009. Its adoption resulted in increased interim financial statement disclosures, but did not affect the FHLBanks' financial condition, results of operations or cash flows.

Enhanced Disclosures about Derivative Instruments and Hedging Activities. On March 19, 2008, the FASB issued guidance which is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. This guidance is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption allowed. The FHLBanks adopted this guidance on January 1, 2009. Its adoption resulted in increased financial statement disclosures, but did not affect the FHLBanks' financial condition, results of operations or cash flows.

Note 3—Trading Securities

Major Security Types. Trading securities, excluding interbank holdings of consolidated bonds totaling $367 million and $617 million, at September 30, 2009 and December 31, 2008, were as follows (dollar amounts in millions):

	September 30, 2009 Fair Value
U.S. Treasury obligations	$ 1,029
Commercial paper	2,165
Certificates of deposit (1)	2,880
Government-sponsored enterprises (2)	8,124
State or local housing agency obligations	11
Other (3)	6,158
	20,367
Mortgage-backed securities:	
Other U.S. obligations residential MBS (4)	57
Government-sponsored enterprises residential MBS (5)	638
Government-sponsored enterprises commercial MBS (5)	15
	710
Total	$21,077

	December 31, 2008 Fair Value
Commercial paper	$ 673
Certificates of deposit (1)	2,072
Government-sponsored enterprises (2)	6,422
State or local housing agency obligations	14
Other (3)	2,161
	11,342
Mortgage-backed securities:	
Other U.S. obligations (4)	60
Government-sponsored enterprises (5)	748
	808
Total	$12,150

(1) Represents certificates of deposit that meet the definition of an investment security.

(2) Primarily consists of debt securities issued or guaranteed by Freddie Mac and Fannie Mae.

(3) Primarily consists of corporate debentures issued or guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP) totaling fair values of $5,896 million and $2,151 million at September 30, 2009 and December 31, 2008.

(4) Primarily consists of Government National Mortgage Association (Ginnie Mae) investment pools.

(5) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

Net realized and unrealized losses on trading securities during the periods noted below were as follows:

	Nine Months Ended September 30,	
	2009	2008
Net losses on trading securities	$(36)	$(121)
Less: net realized losses on trading securities	(14)	(10)
Net unrealized losses on trading securities	$(22)	$(111)

Note 4—Available-for-Sale Securities

Major Security Types. Available-for-sale (or AFS) securities were as follows (dollar amounts in millions). There were no available-for-sale interbank holdings of consolidated bonds at September 30, 2009 and December 31, 2008.

	September 30, 2009				
	Amortized Cost (1)	OTTI Recognized in AOCI	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit (2)	$ 6,269	$	$	$	$ 6,269
Other U.S. obligations (3)	764		15	(1)	778
Government-sponsored enterprises and TVA (4)	2,607		131	(55)	2,683
FFELP ABS (5)	7,085		468		7,553
Other (6)	1,524		5	(47)	1,482
	18,249		619	(103)	18,765
Mortgage-backed securities:					
Other U.S. obligations residential MBS (3)	1,256		14		1,270
Government-sponsored enterprises residential MBS (7)	13,136		201	(86)	13,251
Government-sponsored enterprises commercial MBS (7)	316			(4)	312
Private-label residential MBS	6,918	(2,563)	323	(5)	4,673
Home equity loans	16	(3)	1	(7)	7
	21,642	(2,566)	539	(102)	19,513
Total	$39,891	$(2,566)	$1,158	$(205)	$38,278

	December 31, 2008			
	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit and bank notes (2)	$ 2,512	$	$ (1)	$ 2,511
Government-sponsored enterprises and TVA (4)	2,711	177	(80)	2,808
State and local housing agency obligations	30			30
Other	516		(46)	470
	5,769	177	(127)	5,819
Mortgage-backed securities:				
Government-sponsored enterprises (7)	8,766	36	(214)	8,588
Other (8)	208		(56)	152
	8,974	36	(270)	8,740
Total	$14,743	$213	$(397)	$14,559

(1) Amortized cost of available-for-sale securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, previous OTTI recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of the amended OTTI guidance), and/or fair value hedge accounting adjustments.

(2) Represents certificates of deposit and/or bank notes that meet the definition of an investment security.

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

(4) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or Tennessee Valley Authority (TVA).

(5) FFELP ABS are backed by Federal Family Education Loan Program (FFELP) student loans that are guaranteed by a guarantee agency and re-insured by the U.S. Department of Education.

(6) Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP, with a total fair value of $668 million at September 30, 2009.

(7) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(8) Primarily consists of private-label mortgage-backed securities.

The following table presents a reconciliation of the available-for-sale OTTI losses recognized through AOCI to the total net noncredit portion of OTTI losses on available-for-sale securities in AOCI as of September 30, 2009.

	September 30, 2009
Total OTTI losses recognized in AOCI	$(2,566)
Subsequent unrealized changes in fair value	324
Net noncredit portion of OTTI losses in AOCI	$(2,242)

During 2009, each of the FHLBanks of Pittsburgh, Atlanta and Seattle transferred certain private-label MBS from its held-to-maturity portfolio to its respective available-for-sale portfolio. Each of these FHLBanks recognized an OTTI loss on these private-label MBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuer's creditworthiness. The objective of these transfers was to increase financial flexibility and allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, recognizing the management's intent to hold these securities for an indefinite period of time. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities. See Note 6—Other-Than-Temporary-Impairment Analysis for additional information on these transfers.

The following tables summarize the available-for-sale securities with unrealized losses, which are aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position (dollar amounts in millions).

	September 30, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (7)
Other U.S. obligations (1)	$ 152	$ (1)	$	$	$ 152	$ (1)
Government-sponsored enterprises (2)			339	(55)	339	(55)
Other			399	(47)	399	(47)
Mortgage-backed securities:						
Government-sponsored enterprises residential MBS (3)	1,361	(10)	4,793	(76)	6,154	(86)
Government-sponsored enterprises commercial MBS (3)			312	(4)	312	(4)
Private-label residential MBS (4)			4,672	(2,245)	4,672	(2,245)
Home equity loans (4)			7	(9)	7	(9)
Total	$1,513	$(11)	$10,522	$(2,436)	$12,035	$(2,447)

	December 31, 2008					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposit and bank notes (5)	$2,012	$ (1)	$	$	$ 2,012	$ (1)
Government-sponsored enterprises (2)	324	(64)	70	(16)	394	(80)
Other	410	(38)	49	(5)	459	(43)*
Mortgage-backed securities:						
Government-sponsored enterprises (3)	4,196	(103)	2,859	(111)	7,055	(214)
Other (6)			87	(56)	87	(56)
Total temporarily impaired	$6,942	$(206)	$3,065	$(188)	$10,007	$(394)

* Does not include $3 million of unrealized losses in mutual funds in two grantor trusts designated as available-for-sale securities at December 31, 2008.

(1) Primarily consists of SBA investment pools.

(2) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or TVA.

(3) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(4) Includes investments for which a portion of an OTTI has been recognized in AOCI.

(5) Represents certificates of deposit and/or bank notes that meet the definition of an investment security.

(6) Primarily consists of private-label mortgage-backed securities.

(7) As a result of amended OTTI guidance (see Note 2 — Recently Issued and Adopted Accounting Standards and Interpretations and Changes in Accounting Principle and Accounting Estimate), the total unrealized losses amount in the above table will not agree to the total gross unrealized losses amount included in the September 30, 2009 major security types table. The total unrealized losses amounts in the table above include noncredit-related OTTI losses recorded in AOCI and subsequent unrealized changes in fair value related to other-than-temporarily impaired securities.

Redemption Terms. The amortized cost and fair value of available-for-sale securities by contractual maturity are shown below (dollar amounts in millions). Expected maturities of some securities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

	September 30, 2009		December 31, 2008	
Year of Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 6,342	$ 6,341	$ 2,577	$ 2,573
Due after one year through five years	1,073	1,078	158	164
Due after five years through ten years	2,457	2,586	1,845	2,013
Due after ten years	8,377	8,760	1,189	1,069
	18,249	18,765	5,769	5,819
Mortgage-backed securities	21,642	19,513	8,974	8,740
Total	$39,891	$38,278	$14,743	$14,559

At September 30, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as available-for-sale includes net purchased premiums of $36 million, credit losses of $673 million and OTTI related accretion adjustments of $13 million. At December 31, 2008, the amortized cost of the FHLBanks' mortgage-backed securities classified as available-for-sale includes net premiums $2 million, which only consists of net purchased premiums.

Realized Gains and Losses. The FHLBanks received $3,298 million and $457 million in proceeds from the sale of available-for-sale securities during the nine months ended September 30, 2009 and September 30, 2008. The FHLBanks realized $50 million in gross gains and $43 million in gross losses on the sale of available-for-sale securities during the nine months ended September 30, 2009.

Note 5—Held-to-Maturity Securities

Major Security Types. Held-to-maturity (or HTM) securities were as follows (dollar amounts in millions). There were no held-to-maturity interbank holdings of consolidated bonds at September 30, 2009 and December 31, 2008.

	September 30, 2009					
	Amortized Cost (1)	OTTI Recognized in AOCI (3)	Carrying Value (3)	Gross Unrecognized Holding Gains (2)	Gross Unrecognized Holding Losses (2)	Fair Value
Commercial paper	$ 1,200	$	$ 1,200	$	$	$ 1,200
Certificates of deposit (4)	21,077		21,077	2		21,079
Other U.S. obligations (5)	261		261	5		266
Government-sponsored enterprises (6)	1,651		1,651	95		1,746
State or local housing agency obligations	2,889		2,889	32	(109)	2,812
Other (7)	1,979		1,979	9		1,988
	29,057		29,057	143	(109)	29,091
Mortgage-backed securities:						
Other U.S. obligations residential MBS (5)	2,291		2,291	6	(12)	2,285
Other U.S. obligations commercial MBS (5)	50		50			50
Government-sponsored enterprises residential MBS (8)	81,606		81,606	2,418	(267)	83,757
Government-sponsored enterprises commercial MBS (8)	1,144		1,144	78		1,222
Private-label residential MBS	50,388	(6,004)	44,384	732	(5,677)	39,439
Private-label commercial MBS	349		349	4	(6)	347
Manufactured housing loans	231		231		(54)	177
Home equity loans	1,778	(439)	1,339	15	(217)	1,137
MPF Shared Funding Program mortgage-backed certificates	315		315	2	(1)	316
	138,152	(6,443)	131,709	3,255	(6,234)	128,730
Total	$167,209	$(6,443)	$160,766	$3,398	$(6,343)	$157,821

	December 31, 2008			
	Amortized Cost (1)	Gross Unrealized Gains (2)	Gross Unrealized Losses (2)	Fair Value
Commercial paper	$ 1,272	$ 2	$	$ 1,274
Certificates of deposit (4)	16,428	6		16,434
Other U.S. obligations (5)	737	6	(2)	741
Government-sponsored enterprises (6)	2,267	90		2,357
State or local housing agency obligations	2,941	27	(194)	2,774
Other (7)	1,257	1		1,258
	24,902	132	(196)	24,838
Mortgage-backed securities:				
Other U.S. obligations (5)	505	2	(4)	503
Government-sponsored enterprises (8)	86,225	1,292	(758)	86,759
Other (9)	72,892	7	(19,350)	53,549
	159,622	1,301	(20,112)	140,811
Total	$184,524	$1,433	$(20,308)	$165,649

(1) Amortized cost of held-to-maturity securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, and/or previous OTTIs recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of the amended OTTI guidance). At December 31, 2008, carrying value equaled amortized cost.

(2) Gross unrecognized holding gains/(losses) represent the difference between fair value and carrying value, while gross unrealized gains/(losses) represent the difference between fair value and amortized cost.

(3) In accordance with the amended OTTI guidance, carrying value of held-to-maturity securities represents amortized cost after adjustment for noncredit related impairment recognized in AOCI.

(4) Represents certificates of deposit that meet the definition of an investment security.

(5) Primarily consists of Ginnie Mae and/or SBA investment pools.

(6) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or TVA.

(7) Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP, with total amortized cost of $1,973 million and $1,250 million at September 30, 2009 and December 31, 2008.

(8) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(9) Primarily consists of private-label mortgage-backed securities.

During 2009, each of the FHLBanks of Pittsburgh, Atlanta and Seattle transferred certain private-label MBS from its held-to-maturity portfolio to its respective available-for-sale portfolio. Each of these FHLBanks recognized an OTTI loss on these private-label MBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuer's creditworthiness. The objective of these transfers was to increase financial flexibility and allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, recognizing the management's intent to hold these securities for an indefinite period of time. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities. See Note 6—Other-Than-Temporary-Impairment Analysis for additional information on these transfers.

The following tables summarize the held-to-maturity securities with unrealized losses, which are aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position (dollar amounts in millions). The unrealized losses include other-than-temporary impairments recognized in AOCI and gross unrecognized holding losses at September 30, 2009.

	September 30, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (1)
State or local housing agency obligations	$ 1,022	$ (39)	$ 439	$ (70)	$ 1,461	$ (109)
Mortgage-backed securities:						
Other U.S. obligations residential MBS (3)	1,519	(11)	62	(1)	1,581	(12)
Government-sponsored enterprises residential MBS (4)	9,949	(91)	11,229	(176)	21,178	(267)
Private-label residential MBS (2)	269	(48)	38,200	(11,465)	38,469	(11,513)
Private-label commercial MBS	8		177	(6)	185	(6)
Manufactured housing loans			176	(54)	176	(54)
Home equity loans (2)	3	(1)	1,116	(645)	1,119	(646)
MPF Shared Funding Program mortgage-backed certificates			43	(1)	43	(1)
Total	$12,770	$(190)	$51,442	$(12,418)	$64,212	$(12,608)

	December 31, 2008					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Other U.S. obligations (3)	$ 51	$ (2)	$	$	$ 51	$ (2)
State or local housing agency obligations	243	(23)	427	(171)	670	(194)
Mortgage-backed securities:						
Other U.S. obligations (3)	245	(3)	40	(1)	285	(4)
Government-sponsored enterprises (4)	18,220	(459)	7,512	(299)	25,732	(758)
Other (5)	17,973	(5,474)	33,058	(13,876)	51,031	(19,350)
Total temporarily impaired	$36,732	$(5,961)	$41,037	$(14,347)	$77,769	$(20,308)

(1) As a result of differences in the definitions of unrealized losses and unrecognized holding losses, total unrealized losses in the table above will not agree with total gross unrecognized holding losses in the September 30, 2009 major security types table as previously noted.

(2) Includes investments for which a portion of an OTTI has been recognized in AOCI.

(3) Primarily consists of Ginnie Mae and/or SBA investment pools.

(4) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(5) Primarily consists of private-label mortgage-backed securities.

Redemption Terms. The amortized cost, carrying value and fair value of held-to-maturity securities by contractual maturity are shown below (dollar amounts in millions). Expected maturities of some securities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

Year of Maturity	September 30, 2009 Amortized Cost (1)	September 30, 2009 Carrying Value (1)	September 30, 2009 Estimated Fair Value	December 31, 2008 Amortized Cost (2)	December 31, 2008 Fair Value
Due in one year or less	$ 22,734	$ 22,734	$ 22,742	$ 19,866	$ 19,878
Due after one year through five years	3,140	3,140	3,233	2,052	2,152
Due after five years through ten years	354	354	359	341	337
Due after ten years	2,829	2,829	2,757	2,643	2,471
	29,057	29,057	29,091	24,902	24,838
Mortgage-backed securities	138,152	131,709	128,730	159,622	140,811
Total	$167,209	$160,766	$157,821	$184,524	$165,649

(1) In accordance with the amended OTTI guidance, carrying value of held-to-maturity securities represents amortized cost after adjustment for noncredit related impairment recognized in AOCI.

(2) At December 31, 2008, carrying value equaled amortized cost.

At September 30, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as held-to-maturity includes net purchased discounts of $467 million, credit losses of $1,452 million and OTTI related accretion adjustments of $(4) million. At December 31, 2008, the amortized cost of the FHLBanks' mortgage-backed securities classified as held-to-maturity includes net discounts of $2,127 million, which only consists of net purchased discounts.

Realized Gains and Losses. Certain FHLBanks sold securities out of their respective held-to-maturity securities portfolio during the nine months ended September 30, 2009 and 2008 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. Such sales are considered as maturities for the purposes of security classification. The FHLBanks of New York, Cincinnati and Des Moines recognized $266 million in proceeds from the sale of long-term held-to-maturity securities during the nine months ended September 30, 2009. The FHLBanks of Boston, New York and Seattle recognized $602 million in proceeds from the sale of long-term held-to-maturity securities during the nine months ended September 30, 2008. The following table summarized the net gains on the sale of held-to-maturity securities for the nine months ended September 30, 2009 and 2008 (dollar amounts in millions).

	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008
Boston	$	$ * **
New York	**	1
Cincinnati	6	
Des Moines	**	
Seattle		1
Total	$ 6	$ 2

* During the third quarter of 2008, the FHLBank of Boston sold held-to-maturity mortgage-backed securities with a carrying value of $6 million and recognized a loss of $52 thousand on the sale of these securities. These mortgage-backed securities had been pledged as collateral to Lehman Brothers Special Financing, Inc. (LBSF) on out-of-the-money derivatives transactions. On September 15, 2008, Lehman Brothers Holding, Inc. (LBHI) announced it had filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court. This petition precipitated the termination of the FHLBank of Boston's derivative transactions with LBSF, and in connection with those terminations, the FHLBank of Boston requested a return of the related collateral. However, LBSF did not honor this request. Accordingly, the FHLBank of Boston netted the value of the collateral with the amounts due to LBSF on those outstanding derivative transactions. This event was determined by the FHLBank of Boston to be isolated, nonrecurring and unusual and could not have been reasonably anticipated. As such, the sale does not affect the FHLBank of Boston's ability and intent to hold the remaining investments classified as held-to-maturity through their stated maturity dates.

** Represents an amount of less than $1 million.

Note 6—Other-Than-Temporary-Impairment Analysis

Each FHLBank evaluates its individual available-for-sale and held-to-maturity investment securities holdings in an unrealized loss position for OTTI on at least a quarterly basis. As part of its evaluation of securities for OTTI, an FHLBank considers its intent to sell each debt security and whether it is more likely than not that an FHLBank will be required to sell the security before its anticipated recovery. If either of these conditions is met, an FHLBank recognizes an OTTI charge to earnings equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. For securities in unrealized loss position that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are other-than-temporarily impaired.

For its agency MBS, each FHLBank determined that the strength of the issuers' guarantees through direct obligations or support from the U.S. government is sufficient to protect an FHLBank from losses based on current expectations. As a result, each FHLBank has determined that, as of September 30, 2009, all of the gross unrealized losses on its agency MBS are temporary. Additionally, based upon each FHLBank's assessment of the creditworthiness of the issuers of its private-label commercial MBS (CMBS), the credit ratings assigned by the NRSROs, and the performance of the underlying loans and the credit support provided by the subordinate securities, each FHLBank expects that its holdings of private-label CMBS would not be settled at an amount less than the amortized cost bases in these investments. Furthermore, the declines in market value of these securities are not attributable to credit quality, and each FHLBank does not intend to sell the investments and it is not more likely than not that an FHLBank will be required to sell the investments before recovery of their amortized cost bases. As a result, each FHLBank does not consider any of these investments to be other-than-temporarily impaired at September 30, 2009.

Beginning in the second quarter 2009 and continuing with the third quarter 2009, to support consistency among the FHLBanks, each FHLBank has completed its OTTI analysis primarily using key modeling assumptions provided by the FHLBanks' OTTI Governance Committee for the majority of its private-label residential MBS (RMBS) and home equity loan investments. Certain private-label MBS backed by multi-family and commercial real estate loans, home equity lines of credit and manufactured housing loans were outside of the scope of the FHLBanks' OTTI Governance Committee and were analyzed for OTTI by each individual FHLBank owning securities backed by such collateral. Beginning with the third quarter of 2009, the modeling parameters were changed to select 100 percent of the FHLBanks' private-label RMBS and home equity loan investments' portfolios for purposes of OTTI cash flow analysis to be run using the FHLBanks' common framework and approved assumptions. For certain private-label RMBS and home equity loan investments where underlying collateral data is not available, alternative procedures as determined by each FHLBank are used to assess these securities for OTTI. To assess whether the entire amortized cost bases of its private-label RMBS and home equity loan investments securities will be recovered, each FHLBank performed a cash flow analysis using two third-party models.

The first model considers borrower characteristics and the particular attributes of the loans underlying an FHLBank's securities, in conjunction with assumptions about future changes in home prices and interest rates, to project prepayments, defaults and loss severities. A significant input to the first model is the forecast of future housing price changes for the relevant states and core based statistical areas (CBSAs), which are based upon an assessment of the individual housing markets. CBSA refers collectively to metropolitan and micropolitan statistical areas as defined by the United States Office of Management and Budget; as currently defined, a CBSA must contain at least one urban area with a population of 10,000 or more people. The FHLBanks' housing price forecast assumed CBSA level current-to-trough home price declines ranging from 0 percent to 20 percent over the next 9 to 15 months. Thereafter, home prices are projected to remain flat in the first six months, and to increase 0.5 percent in the next six months, 3 percent in the second year and 4 percent in each subsequent year.

The month-by-month projections of future loan performance derived from the first model, which reflect projected prepayments, defaults and loss severities, are then input into a second model that allocates the projected loan level cash flows and losses to the various security classes in the securitization

structure in accordance with its prescribed cash flow and loss allocation rules. In a securitization in which the credit enhancement for the senior securities is derived from the presence of subordinate securities, losses are generally allocated first to the subordinate securities until their principal balance is reduced to zero. The projected cash flows are based on a number of assumptions and expectations, and the results of these models can vary significantly with changes in assumptions and expectations. Refer to individual FHLBanks' periodic reports filed with the SEC for summaries of significant inputs used to measure the amount of credit loss on other-than-temporarily impaired securities recognized in earnings during the three months ended September 30, 2009. The scenario of cash flows determined based on model approach described above reflects a best estimate scenario and includes a base case current to trough housing price forecast and a base case housing price recovery path described in the prior paragraph.

For those securities for which an OTTI was determined to have occurred during the third quarter (that is, securities for which each FHLBank determined that it was more likely than not that the entire amortized cost basis would not be recovered), the following table presents a summary of the significant inputs used to measure the amount of credit loss recognized in earnings during this period as well as related current credit enhancement. Credit enhancement is defined as the percentage of subordinated tranches and over-collateralization, if any, in a security structure that will generally absorb losses before each FHLBank will experience a loss on the security. The calculated averages represent the dollar-weighted averages of all the private-label RMBS and home equity loan investments in each category shown. The classification (prime, Alt-A and subprime) is based on the model used to run the estimated cash flows for the CUSIP, which may not necessarily be the same as the classification at the time of origination.

	Significant Inputs for OTTI Private-label RMBS						Current Credit Enhancement	
	Prepayment Rates		Default Rates		Loss Severities			
Year of Securitization	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Prime								
2007	14	10 - 17	14	9 - 21	44	37 - 48	7	3 - 9
2006	11	6 - 15	11	6 - 14	43	28 - 54	6	4 - 9
2005	11	7 - 11	2	2	44	44	5	4 - 5
2004 and prior	10	8 - 13	1	0 - 2	4	0 - 10	24	9 - 36
Total prime	13	6 - 17	12	0 - 21	43	0 - 54	7	3 - 36
Alt-A								
2008	11	10 - 12	49	48 - 50	42	42 - 43	33	31 - 41
2007	9	3 - 14	62	17 - 93	45	38 - 55	23	0 - 48
2006	10	3 - 15	56	8 - 92	46	23 - 59	20	0 - 48
2005	10	5 - 15	46	16 - 83	44	29 - 58	15	5 - 52
2004 and prior	15	10 - 18	19	3 - 55	19	10 - 42	17	5 - 35
Total Alt-A	9	3 - 18	56	3 - 93	45	10 - 59	20	0 - 52
Subprime								
2004 and prior	10	10	40	40	82	82	18	18
Total subprime	10	10	40	40	82	82	18	18
Total OTTI Private-label RMBS	10	3 - 18	53	0 - 93	45	0 - 82	19	0 - 52

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments *					
	Prepayment Rates		Default Rates		Loss Severities	
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Subprime						
2006	6	4 - 7	79	72 - 89	68	63 - 73
2005	5	5	76	76	63	63
2004 and prior	6	2 - 14	9	5 - 68	90	79 - 100
Total subprime	6	2 - 14	65	5 - 89	73	63 - 100
Total OTTI Home equity loan investments	6	2 - 14	65	5 - 89	73	63 - 100

* Current credit enhancement weighted average and range percentages are not considered meaningful for home equity loan investments, as the majority of these investments are third-party insured.

As a result of each FHLBank's evaluations, at September 30, 2009, the FHLBanks of Boston, New York, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized OTTI losses related to an aggregate amount of $16,941 million of unpaid principal balance in held-to-maturity MBS investments, as further described in this footnote. Additionally, each of the FHLBanks of Pittsburgh, Atlanta, Chicago and Seattle determined that $7,489 million of unpaid principal balance related to available-for-sale securities, including those transferred from held-to-maturity securities during the third quarter of 2009, were other-than-temporarily impaired at September 30, 2009. Each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities owned by it.

During 2009, each of the FHLBanks of Pittsburgh, Atlanta and Seattle transferred certain private-label MBS from its held-to-maturity portfolio to its respective available-for-sale portfolio. Each of these FHLBanks recognized an OTTI loss on these private-label MBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuer's creditworthiness. The objective of these transfers was to increase financial flexibility and allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, recognizing the management's intent to hold these securities for an indefinite period of time. At September 30, 2009, the FHLBanks of Pittsburgh, Atlanta and Seattle, transferred unpaid principal balance of $1,073 million, $215 million and $1,447 million in private-label residential MBS, from its held-to-maturity portfolio to its available-for-sale portfolio. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities.

Changes in circumstances may cause an FHLBank to change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future. Thus, the sale or transfer of a held-to-maturity security due to certain changes in circumstances, such as evidence of significant deterioration in the issuer's creditworthiness, is not considered to be inconsistent with its original classification. Additionally, other events that are isolated, nonrecurring, and unusual for an FHLBank that could not have been reasonably anticipated may cause an FHLBank to sell or transfer a held-to-maturity security without necessarily calling into question its intent to hold other debt securities to maturity.

The remainder of the FHLBanks' available-for-sale and held-to-maturity securities portfolio has experienced net unrealized losses and a decrease in fair value due to illiquidity in the marketplace, credit deterioration and interest rate volatility in the U.S. mortgage markets. However, the decline is considered temporary as each of the FHLBanks expects to recover the entire amortized cost basis on the remaining available-for-sale securities in unrealized loss position and neither intends to sell these securities nor considers it more likely than not that it will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis.

The following FHLBanks recognized an OTTI charge on its held-to-maturity and available-for-sale securities during the three months ended September 30, 2009, based on each individual FHLBank's impairment analysis of its investment portfolio at September 30, 2009, as follows (dollar amounts in millions).

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At September 30, 2009 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Total							
Private-label RMBS:							
Prime	$ 4,230	$ 3,928	$ 2,610	$ 2,865	$4,103	$ 3,801	$ 2,800
Alt-A	11,670	10,726	6,400	6,790	3,383	3,011	1,801
Subprime					3	3	2
Total OTTI Private-label RMBS	$15,900	$ 14,654	$ 9,010	$ 9,655	$7,489	$ 6,815	$ 4,603
Home equity loan investments:							
Subprime	$ 1,041	$ 855	$ 448	$ 459			
Total OTTI Home equity loan investments	$ 1,041	$ 855	$ 448	$ 459			
Total OTTI investments	$16,941	$ 15,509	$ 9,458	$ 10,114	$7,489	$ 6,815	$ 4,603
Total MBS*		138,152	131,709	128,730		21,642	19,513
Total investment securities*		167,209	160,766	157,821		39,891	38,278
FHLBank of Boston							
Private-label RMBS:							
Prime	$ 75	$ 70	$ 47	$ 52			
Alt-A	2,483	2,091	1,094	1,209			
Total OTTI Private-label RMBS	$ 2,558	$ 2,161	$ 1,141	$ 1,261			
Home equity loan investments:							
Subprime	$ 1	$ 1	$ 1	$ 1			
Total OTTI Home equity loan investments	$ 1	$ 1	$ 1	$ 1			
Total OTTI investments	$ 2,559	$ 2,162	$ 1,142	$ 1,262			
Total MBS		7,776	6,743	6,713			
Total investment securities		8,918	7,885	7,820			
FHLBank of New York							
Home equity loan investments:							
Subprime	$ 197	$ 189	$ 119	$ 126			
Total OTTI Home equity loan investments	$ 197	$ 189	$ 119	$ 126			
Total OTTI investments	$ 197	$ 189	$ 119	$ 126			
Total MBS		9,787	9,687	9,815			
Total investment securities		12,578	12,478	12,597			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At September 30, 2009 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Pittsburgh							
Private-label RMBS:							
Prime					$1,744	$ 1,677	$ 1,262
Alt-A					1,260	1,155	792
Subprime					3	3	2
Total OTTI Private-label RMBS					$3,007	$ 2,835	$ 2,056
Total OTTI investments					$3,007	$ 2,835	$ 2,056
Total MBS						2,951	2,131
Total investment securities						2,953	2,133
FHLBank of Atlanta							
Private-label RMBS:							
Prime					$2,359	$ 2,124	$ 1,538
Alt-A					496	463	263
Total OTTI Private-label RMBS					$2,855	$ 2,587	$ 1,801
Total OTTI investments					$2,855	$ 2,587	$ 1,801
Total MBS						2,587	1,801
Total investment securities						2,587	1,801
FHLBank of Indianapolis							
Private-label RMBS:							
Prime	$ 650	$ 605	$ 423	$ 458			
Alt-A	76	73	62	62			
Total OTTI Private-label RMBS	$ 726	$ 678	$ 485	$ 520			
Total OTTI investments	$ 726	$ 678	$ 485	$ 520			
Total MBS		5,459	5,266	5,055			
Total investment securities		7,556	7,364	7,162			
FHLBank of Chicago							
Private-label RMBS:							
Prime	$ 1,977	$ 1,765	$ 1,144	$ 1,343	$	$	$
Alt-A					180	145	81
Total OTTI Private-label RMBS	$ 1,977	$ 1,765	$ 1,144	$ 1,343	$ 180	$ 145	$ 81
Home equity loan investments:							
Subprime	$ 843	$ 665	$ 328	$ 332			
Total OTTI Home equity loan investments	$ 843	$ 665	$ 328	$ 332			
Total OTTI investments	$ 2,820	$ 2,430	$ 1,472	$ 1,675	$ 180	$ 145	$ 81
Total MBS		13,122	12,114	12,730		7,316	7,432
Total investment securities		13,889	12,881	13,522		15,345	15,947

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At September 30, 2009 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Dallas							
Private-label RMBS:							
Prime	$ 109	$ 108	$ 57	$ 61			
Alt-A	42	40	18	20			
Total OTTI Private-label RMBS	$ 151	$ 148	$ 75	$ 81			
Total OTTI investments	$ 151	$ 148	$ 75	$ 81			
Total MBS		12,203	12,131	12,005			
Total investment securities		12,267	12,194	12,069			
FHLBank of Topeka							
Private-label RMBS:							
Prime	$ 23	$ 23	$ 16	$ 16			
Total OTTI Private-label RMBS	$ 23	$ 23	$ 16	$ 16			
Total OTTI investments	$ 23	$ 23	$ 16	$ 16			
Total MBS		7,657	7,646	7,419			
Total investment securities		7,786	7,776	7,548			
FHLBank of San Francisco							
Private-label RMBS:							
Prime	$ 1,396	$ 1,357	$ 923	$ 935			
Alt-A	8,288	7,806	4,901	5,121			
Total OTTI Private-label RMBS	$ 9,684	$ 9,163	$ 5,824	$ 6,056			
Total OTTI investments	$ 9,684	$ 9,163	$ 5,824	$ 6,056			
Total MBS		33,620	30,027	28,363			
Total investment securities		42,418	38,825	37,137			
FHLBank of Seattle							
Private-label RMBS:							
Alt-A	$ 781	$ 716	$ 325	$ 378	$1,447	$ 1,248	$ 665
Total OTTI Private-label RMBS	$ 781	$ 716	$ 325	$ 378	$1,447	$ 1,248	$ 665
Total OTTI investments	$ 781	$ 716	$ 325	$ 378	$1,447	$ 1,248	$ 665
Total MBS		6,584	6,176	5,574		1,248	665
Total investment securities		13,840	13,431	12,886		1,248	665

* Represents the FHLBanks' combined total.

(1) The FHLBanks classify private-label MBS as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

Because of continued credit deterioration in the private-label MBS market, an additional impairment related to credit loss and all other factors (noncredit losses) were recorded in 2009 on HTM and AFS private-label MBS previously identified as other-than-temporarily impaired. Each of these FHLBanks does not intend to sell these securities and it is not more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. The FHLBanks recognized total OTTI charges of $1,042 million and $1,995 million during the three and

nine months ended September 30, 2009 related to the credit losses on MBS instruments, which are reported in the Combined Statement of Income as a part of the "Net other-than-temporary impairment losses", and the impairment related to net noncredit portion of $1,140 million and $8,383 million is reflected in the Combined Statement of Condition as "Accumulated other comprehensive income (loss)—Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities" and "Accumulated other comprehensive income (loss)—Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities." Subsequent increases and decreases (if not an additional OTTI) in the fair value of available-for-sale securities and transfers are included in "Accumulated other comprehensive income (loss)." The OTTI recognized in AOCI related to held-to-maturity securities is accreted to the carrying value of each security on a prospective basis, over the remaining life of each security. That accretion increases the carrying value of each security and continues until this security is sold or matures, or there is an additional OTTI that is recognized in earnings. For the nine months ended September 30, 2009, the FHLBanks accreted $921 million of noncredit impairment from AOCI to the carrying value of held-to-maturity securities.

The following FHLBanks recognized credit and noncredit OTTI losses on its securities during the three and nine months ended September 30, 2009 (dollar amounts in millions).

	Three Months Ended September 30, 2009 (1)			Nine Months Ended September 30, 2009 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
Total						
Private-label RMBS:						
Prime	$ (301)	$ (86)	$ (387)	$ (588)	$(2,698)	$ (3,286)
Alt-A	(680)	(987)	(1,667)	(1,252)	(5,334)	(6,586)
Subprime				*	(1)	(1)
Total OTTI Private-label RMBS	$ (981)	$(1,073)	$(2,054)	$(1,840)	$(8,033)	$ (9,873)
Home equity loan investments:						
Prime	$	$	$	$ *	$ (1)	$ (1)
Subprime	(61)	(67)	(128)	(155)	(349)	(504)
Total OTTI Home equity loan investments	$ (61)	$ (67)	$ (128)	$ (155)	$ (350)	$ (505)
Total	$(1,042)	$(1,140)	$(2,182)	$(1,995)	$(8,383)	$(10,378)
FHLBank of Boston						
Private-label RMBS:						
Prime	$ (3)	$ 3	$	$ (4)	$ (29)	$ (33)
Alt-A	(171)	(5)	(176)	(366)	(880)	(1,246)
Total OTTI Private-label RMBS	$ (174)	$ (2)	$ (176)	$ (370)	$ (909)	$ (1,279)
Home equity loan investments:						
Subprime	$ *	$ *	$ *	$ (1)	$ (1)	$ (2)
Total OTTI Home equity loan investments	$ *	$ *	$ *	$ (1)	$ (1)	$ (2)
Total	$ (174)	$ (2)	$ (176)	$ (371)	$ (910)	$ (1,281)

	Three Months Ended September 30, 2009 (1)			Nine Months Ended September 30, 2009 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
FHLBank of New York						
Private-label RMBS:						
Prime	$	$	$	$ *	$ (3)	$ (3)
Total OTTI Private-label RMBS	$	$	$	$ *	$ (3)	$ (3)
Home equity loan investments:						
Subprime	$ (4)	$ (26)	$ (30)	$ (14)	$ (101)	$ (115)
Total OTTI Home equity loan investments	$ (4)	$ (26)	$ (30)	$ (14)	$ (101)	$ (115)
Total	$ (4)	$ (26)	$ (30)	$ (14)	$ (104)	$ (118)
FHLBank of Pittsburgh						
Private-label RMBS:						
Prime	$ (43)	$ (120)	$ (163)	$ (62)	$ (505)	$ (567)
Alt-A	(51)	23	(28)	(102)	(306)	(408)
Subprime	*	*		*	(1)	(1)
Total OTTI Private-label RMBS	$ (94)	$ (97)	$ (191)	$ (164)	$ (812)	$ (976)
Total	$ (94)	$ (97)	$ (191)	$ (164)	$ (812)	$ (976)
FHLBank of Atlanta						
Private-label RMBS:						
Prime	$ (107)	$ 94	$ (13)	$ (231)	$ (754)	$ (985)
Alt-A	(22)	(70)	(92)	(33)	(189)	(222)
Total OTTI Private-label RMBS	$ (129)	$ 24	$ (105)	$ (264)	$ (943)	$ (1,207)
Total	$ (129)	$ 24	$ (105)	$ (264)	$ (943)	$ (1,207)
FHLBank of Indianapolis						
Private-label RMBS:						
Prime	$ (22)	$ (48)	$ (70)	$ (42)	$ (199)	$ (241)
Alt-A	(2)	(1)	(3)	(3)	(12)	(15)
Total OTTI Private-label RMBS	$ (24)	$ (49)	$ (73)	$ (45)	$ (211)	$ (256)
Total	$ (24)	$ (49)	$ (73)	$ (45)	$ (211)	$ (256)

	Three Months Ended September 30, 2009 (1)			Nine Months Ended September 30, 2009 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
FHLBank of Chicago						
Private-label RMBS:						
Prime	$ (99)	$ 99	$	$ (207)	$ (744)	$ (951)
Alt-A	(13)	9	(4)	(32)	(18)	(50)
Total OTTI Private-label RMBS	$ (112)	$ 108	$ (4)	$ (239)	$ (762)	$ (1,001)
Home equity loan investments:						
Subprime	$ (57)	$ (41)	$ (98)	$ (140)	$ (247)	$ (387)
Total OTTI Home equity loan investments	$ (57)	$ (41)	$ (98)	$ (140)	$ (247)	$ (387)
Total	$ (169)	$ 67	$ (102)	$ (379)	$(1,009)	$ (1,388)
FHLBank of Dallas						
Private-label RMBS:						
Prime	$ (1)	$ (16)	$ (17)	$ (1)	$ (54)	$ (55)
Alt-A	(1)	(10)	(11)	(2)	(23)	(25)
Total OTTI Private-label RMBS	$ (2)	$ (26)	$ (28)	$ (3)	$ (77)	$ (80)
Total	$ (2)	$ (26)	$ (28)	$ (3)	$ (77)	$ (80)
FHLBank of Topeka						
Private-label RMBS:						
Prime	$ *	$ (7)	$ (7)	$ *	$ (7)	$ (7)
Total OTTI Private-label RMBS	$ *	$ (7)	$ (7)	$ *	$ (7)	$ (7)
Home equity loan investments:						
Prime	$	$	$	$ *	$ (1)	$ (1)
Total OTTI Home equity loan investments	$	$	$	$ *	$ (1)	$ (1)
Total	$ *	$ (7)	$ (7)	$ *	$ (8)	$ (8)
FHLBank of San Francisco						
Private-label RMBS:						
Prime	$ (26)	$ (91)	$ (117)	$ (41)	$ (403)	$ (444)
Alt-A	(290)	(978)	(1,268)	(451)	(2,929)	(3,380)
Total OTTI Private-label RMBS	$ (316)	$(1,069)	$(1,385)	$ (492)	$(3,332)	$ (3,824)
Total	$ (316)	$(1,069)	$(1,385)	$ (492)	$(3,332)	$ (3,824)

	Three Months Ended September 30, 2009 (1)			Nine Months Ended September 30, 2009 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
FHLBank of Seattle						
Private-label RMBS:						
Alt-A	$ (130)	$ 45	$ (85)	$ (263)	$ (977)	$ (1,240)
Total OTTI Private-label RMBS	$ (130)	$ 45	$ (85)	$ (263)	$ (977)	$ (1,240)
Total	$ (130)	$ 45	$ (85)	$ (263)	$ (977)	$ (1,240)

* Represents an amount less than $1 million.

(1) The FHLBanks classify private-label MBS as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

The following table presents the rollforward of the amounts related to credit losses recognized into earnings (dollar amounts in millions). The rollforward relates to the amount of credit losses on investment securities held by the FHLBanks for which a portion of the OTTI charges was recognized in AOCI.

	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009
Balance, at beginning of period (1)	$1,084	$ 131
Additions:		
Credit losses for which OTTI was not previously recognized	61	1,371
Additional OTTI credit losses for which an OTTI charge was previously recognized*	981	624
Reductions:		
Securities sold, matured, paid down or prepaid during the period	(3)	(3)
Securities for which the amount previously recognized in AOCI was recognized in earnings because an FHLBank intends to sell the security or it is more likely than not it will be required to sell the security before the recovery of its amortized cost basis		
Increases in cash flows expected to be collected, recognized over the remaining life of the securities		
Balance as of September 30, 2009	$2,123	$2,123

(1) The FHLBanks adopted the amended OTTI guidance as of January 1, 2009 and recognized the cumulative effect of initially applying this guidance, totaling $1,883 million, as an adjustment to the retained earnings balance at January 1, 2009, with an offsetting adjustment to AOCI; this amount represents noncredit losses reported in AOCI related to the adoption of this guidance.

* For the three months ended September 30, 2009, "Additional OTTI credit losses for which an OTTI charge was previously recognized" relates to all securities that were also previously impaired prior to July 1, 2009. For the nine months ended September 30, 2009, "Additional OTTI credit losses for which an OTTI charge was previously recognized" relates to all securities that were also previously impaired prior to January 1, 2009.

Note 7—Advances

Redemption Terms. The FHLBanks had advances outstanding, as summarized below (dollar amounts in millions).

	September 30, 2009		December 31, 2008	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 37		$ 30	
Due in 1 year or less	253,385	2.12%	382,493	2.44%
Due after 1 year through 2 years	116,460	3.04%	150,323	3.67%
Due after 2 years through 3 years	70,050	2.93%	94,086	3.53%
Due after 3 years through 4 years	60,616	2.57%	67,173	3.65%
Due after 4 years through 5 years	24,888	3.21%	58,127	3.13%
Thereafter	129,867	3.55%	144,578	3.78%
Index amortizing advances	3,366	4.56%	3,654	4.62%
Total par value	658,669	2.75%	900,464	3.12%
Commitment fees	(7)		(6)	
Discount on AHP advances	(65)		(68)	
Premiums	75		105	
Discounts	(67)		(42)	
Hedging adjustments	18,435		26,885	
Fair value option valuation adjustments	840		1,300	
Total	$677,880		$928,638	

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

The FHLBanks offer advances to members that may be prepaid on pertinent dates (call dates) without incurring prepayment or termination fees (callable advances). Other advances may only be prepaid subject to a fee to the FHLBank (prepayment fee) that makes the FHLBank financially indifferent to the prepayment of the advance. At September 30, 2009 and December 31, 2008, the FHLBanks had callable advances of $29,101 million and $46,098 million.

The following table summarizes advances at September 30, 2009 and December 31, 2008, by year of contractual maturity or next call date for callable advances (dollar amounts in millions):

Year of Contractual Maturity or Next Call Date	September 30, 2009	December 31, 2008
Overdrawn demand and overnight deposit accounts	$ 37	$ 30
Due in 1 year or less	274,291	414,444
Due after 1 year through 2 years	116,084	148,674
Due after 2 years through 3 years	65,106	89,636
Due after 3 years through 4 years	56,252	62,615
Due after 4 years through 5 years	24,491	53,534
Thereafter	119,042	127,877
Index amortizing advances	3,366	3,654
Total par value	$658,669	$900,464

The FHLBanks also offer putable and convertible advances. With a putable advance, an FHLBank has the right to terminate the advance at predetermined exercise dates, which the FHLBank typically would exercise when interest rates increase relative to contractual rates, and the borrower may then apply for a new advance at the prevailing market rate. At September 30, 2009 and December 31, 2008, the FHLBanks had putable advances outstanding totaling $90,760 million and $94,621 million.

Convertible advances allow the FHLBanks to convert the fixed-rate advance to a variable-rate advance at the current market rate or another structure after an agreed-upon lockout period. At September 30, 2009 and December 31, 2008, the FHLBanks had convertible advances outstanding totaling $37,330 million and $47,676 million.

The following table summarizes advances at by year of contractual maturity or next put/convert date for putable/convertible advances (dollar amounts in millions):

Year of Contractual Maturity or Next Put/Convert Date	September 30, 2009	December 31, 2008
Overdrawn demand and overnight deposit accounts	$ 37	$ 30
Due in 1 year or less	347,826	483,174
Due after 1 year through 2 years	117,509	151,648
Due after 2 years through 3 years	57,869	96,779
Due after 3 years through 4 years	54,690	51,820
Due after 4 years through 5 years	22,618	52,660
Thereafter	54,754	60,699
Index amortizing advances	3,366	3,654
Total par value	$658,669	$900,464

Interest-Rate Payment Terms. The following table details additional interest-rate payment terms for advances (dollar amounts in millions):

	September 30, 2009	December 31, 2008
Par amount of advances		
Fixed-rate	$476,249	$609,073
Variable-rate	182,420	291,391
Total	$658,669	$900,464

Note 8—Mortgage Loans Held for Portfolio

Under two programs, the FHLBanks hold single-family mortgage loans that are funded through and primarily serviced by Participating Financial Institutions (PFIs). These mortgage loans are guaranteed or insured by Federal agencies or are credit-enhanced by PFIs. In addition, the Regulator previously authorized different and much smaller mortgage loan purchase programs not confined to single-family mortgage loans at the FHLBanks of New York and Atlanta. The FHLBanks of New York and Atlanta suspended acquisitions under these programs prior to 2007. During the second quarter of 2009, the FHLBank of Des Moines sold $2.1 billion of mortgage loans held for sale to the FHLBank of Chicago, which immediately resold these loans to Fannie Mae.

The following table presents information on mortgage loans held by all FHLBanks under all programs (dollar amounts in millions):

	September 30, 2009	December 31, 2008
Real Estate:		
Fixed-rate, medium-term* single-family mortgages	$17,773	$20,913
Fixed-rate, long-term single-family mortgages	55,905	65,846
Multifamily mortgages	26	27
	73,704	86,786
Premiums	473	516
Discounts	(251)	(269)
Deferred loan costs, net	23	32
Hedging adjustments	256	311
Total mortgage loans held for portfolio	$74,205	$87,376

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

The following table details the par value of mortgage loans held for portfolio outstanding (dollar amounts in millions):

	September 30, 2009	December 31, 2008
Conventional loans	$66,077	$78,499
Government-guaranteed or-insured loans	7,623	8,283
Other loans	4	4
Total par value	$73,704	$86,786

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 the credit risk on its mortgage loan portfolio. The allowances for credit losses on mortgage loans were as follows (dollar amounts in millions):

	September 30, 2009	December 31, 2008
Balance, beginning of period	$15	$ 8
Charge-offs	(1)	(1)
Provision for credit losses	14	8
Balance, end of period	$28	$15

Note 9—Derivatives and Hedging Activities

Nature of Business Activity

The FHLBanks are exposed to interest-rate risk primarily from the effect of interest rate changes on their interest-earning assets and their funding sources that finance these assets.

Consistent with Finance Agency regulation, an FHLBank enters into derivatives to manage the interest-rate risk exposures inherent in otherwise unhedged assets and funding positions, to achieve the FHLBank's risk management objectives, and to act as an intermediary between its members and counterparties. Finance Agency regulation and each FHLBank's risk management policy prohibit trading in or the speculative use of these derivative instruments and limit credit risk arising from these instruments. The FHLBanks may only use derivatives to reduce funding costs for consolidated obligations; to manage their interest-rate risk, mortgage prepayment risk and foreign currency risk positions; and to act as an intermediary. Interest-rate exchange agreements (also referred to as derivatives) are an integral part of each FHLBank's financial management strategy.

The most common ways in which the FHLBanks use derivatives are to:

- reduce the interest-rate sensitivity and repricing gaps of assets, liabilities, and interest-rate exchange agreements;
- reduce funding costs by combining a derivative with a consolidated obligation as the cost of a combined funding structure can be lower than the cost of a comparable consolidated bond;
- preserve a favorable interest-rate spread between the yield of an asset (e.g., an advance) and the cost of the related liability (e.g., the consolidated bond used to fund the advance). Without the use of derivatives, this interest-rate spread could be reduced or eliminated when a change in the interest rate on the advance does not match a change in the interest rate on the bond;
- mitigate the adverse earnings effects of the shortening or extension of certain assets (e.g., advances or mortgage assets) and liabilities;
- protect the value of existing asset or liability positions or of anticipated transactions;
- manage embedded options in assets and liabilities; and
- as part of its overall asset/liability management.

Types of Interest-Rate Exchange Agreements

Each FHLBank's risk management policy establishes guidelines for its use of interest-rate exchange agreements. The FHLBanks can use the following instruments to manage their exposure to interest-rate risks inherent in their normal course of business—lending, investment, and funding activities and to reduce funding costs:

— interest-rate swaps;

— swaptions;

— interest-rate cap and floor agreements;

— calls;

— puts; and

— futures and forward contracts.

The goal of the FHLBanks' interest-rate risk management strategies is not to eliminate interest-rate risk, but to manage it within appropriate limits. To mitigate the risk of loss, each FHLBank has established policies and procedures, which include guidelines on the amount of exposure to interest rate changes it is willing to accept. In addition, each FHLBank monitors the risk to its revenue, net interest margin and average maturity of interest-earning assets and funding sources.

One strategy the FHLBanks use to manage interest-rate risk is to acquire and maintain a portfolio of assets and liabilities which, together with their associated derivatives, are reasonably matched with respect to the expected maturities or repricings of the assets and liabilities. The FHLBanks may also use derivatives to adjust the effective maturity, repricing frequency, or option characteristics of financial instruments (such as advances, AMA, MBS, and consolidated obligations) to achieve risk management objectives.

The FHLBanks use either derivative strategies or embedded options in their funding to minimize hedging costs. Swaps are used to manage interest rate exposures. Swaptions, caps and floors are used to manage interest rate and volatility exposures.

Interest-Rate Swaps. An interest-rate swap is an agreement between two entities to exchange cash flows in the future. The agreement sets the dates on which the cash flows will be paid and the manner in which the cash flows will be calculated. One of the simplest forms of an interest-rate swap involves the promise by one party to pay cash flows equivalent to the interest on a notional principal amount at a predetermined fixed rate for a given period of time. In return for this promise, this party receives cash flows equivalent to the interest on the same notional principal amount at a variable-rate index for the same period of time. The variable rate received by the FHLBanks in most interest-rate exchange agreements is the London Interbank Offered Rate (LIBOR).

Swaptions. A swaption is an option on a swap that gives the buyer the right to enter into a specified interest-rate swap at a certain time in the future. When used as a hedge, a swaption can protect an FHLBank that is planning to lend or borrow funds in the future against future interest rate changes. The FHLBanks purchase both payer swaptions and receiver swaptions. A payer swaption is the option to make fixed interest payments at a later date and a receiver swaption is the option to receive fixed interest payments at a later date.

Interest-Rate Cap and Floor Agreements. In an interest-rate cap agreement, a cash flow is generated if the price or rate of an underlying variable rises above a certain threshold (or "cap") price. In an interest-rate floor agreement, a cash flow is generated if the price or rate of an underlying variable falls below a certain threshold (or "floor") price. Caps may be used in conjunction with liabilities and floors may be used in conjunction with assets. Caps and floors are designed as protection against the interest rate on a variable-rate asset or liability rising above or falling below a certain level.

Options. An option is an agreement between two entities that conveys the right, but not the obligation, to engage in a future transaction on some underlying security or other financial asset at an agreed-upon price during a certain period of time or on a specific date. Premiums paid to acquire options in a fair-value hedge relationship are accounted for at the fair value of the derivative at inception of the hedge and are reported in derivative assets or derivative liabilities. Premiums paid are considered the fair value of the option at inception of the hedge.

Futures. The FHLBanks use futures contracts in order to hedge interest-rate risk. The benchmark interest rate, which may be the designated risk in a hedge of interest-rate risk, encompasses both U.S. Treasury rates and LIBOR. In order to hedge benchmark interest-rate risk, the FHLBanks enter into Eurodollar futures contracts that they can demonstrate are highly correlated to LIBOR.

Eurodollar futures contracts are based on three-month Eurodollar interest rates. All futures contracts are standardized, with specific value dates and fixed contract sizes. Eurodollar futures contracts are traded through the Chicago Mercantile Exchange. They provide for daily cash settlements in order to reduce the risk of default by a counterparty. At September 30, 2009, there were no outstanding Eurodollar futures contracts.

Foreign Currencies. At times, the FHLBanks have issued some consolidated obligations denominated in currencies other than U.S. dollars. The FHLBanks use forward exchange contracts to hedge currency risk on such consolidated obligations. These contracts exchange different currencies at specified rates on specified dates in the future. These contracts effectively simulate the conversion of consolidated obligations denominated in foreign currencies into ones denominated in U.S. dollars. At

September 30, 2009, there were no outstanding consolidated obligations denominated in foreign currencies.

Application of Interest-Rate Exchange Agreements

General. The FHLBanks use these derivatives to adjust the effective maturity, repricing frequency or option characteristics of financial instruments in order to achieve their risk management and funding objectives to reduce identified risks inherent in the normal course of business. Derivative financial instruments are used by the FHLBanks in three ways:

— by designating them as a fair-value or cash-flow hedge of an associated financial instrument, a firm commitment or an anticipated transaction;

— in asset/liability management (i.e., "economic" hedges); or

— by acting as an intermediary.

Each FHLBank reevaluates its hedging strategies from time to time and may change the hedging techniques it uses or adopt new strategies.

FHLBank management uses derivatives when they are considered to be the most cost-effective alternative to achieve the FHLBank's financial and risk management objectives. Accordingly, an FHLBank may enter into derivatives that do not necessarily qualify for hedge accounting (economic hedges).

Types of Assets and Liabilities Hedged

Each FHLBank documents at inception all relationships between derivatives designated as hedging instruments and hedged items, its risk management objectives and strategies for undertaking various hedge transactions, and its method of assessing effectiveness. This process includes linking all derivatives that are designated as fair-value or cash-flow hedges to (1) assets and liabilities on the statement of condition, (2) firm commitments, or (3) forecasted transactions. An FHLBank also formally assesses (both at the hedge's inception and at least quarterly) whether the derivatives that it uses in hedging transactions have been effective in offsetting changes in the fair value or cash flows of hedged items and whether those derivatives may be expected to remain effective in future periods. Each FHLBank typically uses regression analyses or other statistical analyses to assess the effectiveness of its hedges.

Consolidated Obligations—While consolidated obligations are the joint and several obligations of the FHLBanks, each FHLBank has consolidated obligations for which it is the primary obligor. To date, no FHLBank has ever had to assume or pay the consolidated obligations of another FHLBank. Each FHLBank enters into derivatives to hedge the interest-rate risk associated with its specific debt issuances. An FHLBank manages the risk arising from changing market prices and volatility of a consolidated obligation by matching the cash inflow on the interest-rate exchange agreement with the cash outflow on the consolidated obligation. In addition, the FHLBanks require collateral on interest-rate exchange agreements at specified levels correlated to counterparty credit ratings.

For instance, in a typical transaction, fixed-rate consolidated obligations are issued for one or more FHLBanks, and each FHLBank simultaneously enters into a matching derivative in which the counterparty pays fixed cash flows to the FHLBank designed to match in timing and amount the cash outflows the FHLBank pays on the consolidated obligation. The FHLBank pays a variable cash flow that closely matches the interest payments it receives on short-term or variable-rate advances (typically one- or three-month LIBOR). These transactions are treated as fair-value hedges. The FHLBanks may issue variable-rate consolidated bonds indexed to LIBOR, the U.S. Prime rate, or federal funds rate and simultaneously execute interest-rate swaps to hedge the basis risk of the variable-rate debt.

This strategy of issuing bonds while simultaneously entering into interest-rate exchange agreements enables an FHLBank to offer a wider range of attractively priced advances to its members and may allow an FHLBank to reduce its funding costs. The continued attractiveness of such debt depends on yield relationships between the bond and interest-rate exchange markets. If conditions in these markets

change, an FHLBank may alter the types or terms of the bonds that it issues. By acting in both the capital and the swap markets, the FHLBanks can raise funds at lower costs than through the issuance of simple fixed- or variable-rate consolidated obligations in the capital markets alone.

Advances—The FHLBanks offer a wide array of advance structures to meet members' funding needs. These advances may have maturities up to 30 years with variable or fixed rates and may include early termination features or options. An FHLBank may use derivatives to adjust the repricing and/or options characteristics of advances in order to match more closely the characteristics of that FHLBank's funding liabilities. In general, whenever a member executes a fixed-rate advance or a variable-rate advance with embedded options, the FHLBank will simultaneously execute a derivative with terms that offset the terms and embedded options, if any, in the advance. For example, the FHLBank may hedge a fixed-rate advance with an interest-rate swap where the FHLBank pays a fixed-rate coupon and receives a variable-rate coupon, effectively converting the fixed-rate advance to a variable-rate advance. This type of hedge is treated as a fair-value hedge.

When issuing convertible advances, an FHLBank may purchase put options from a member that allow the FHLBank to convert the advance from a fixed rate to a variable rate if interest rates increase/decrease. A convertible advance carries an interest rate lower than a comparable-maturity fixed-rate advance that does not have the conversion feature. With a putable advance, an FHLBank effectively purchases a put option from the member that allows the FHLBank to put or extinguish the fixed-rate advance, which the FHLBank normally would exercise when interest rates increase, and the borrower may elect to enter into a new advance. An FHLBank may hedge these advances by entering into a cancelable interest-rate exchange agreement.

Mortgage Loans—The FHLBanks invest in fixed-rate mortgage loans. The prepayment options embedded in mortgage loans can result in extensions or contractions in the expected repayment of these investments, depending on changes in estimated prepayment speeds. The FHLBanks manage the interest-rate and prepayment risks associated with mortgages through a combination of debt issuance and derivatives. The FHLBanks issue both callable and noncallable debt and prepayment-linked consolidated obligations to achieve cash flow patterns and liability durations similar to those expected on the mortgage loans. Interest-rate swaps, to the extent the payments on the mortgages result in simultaneous reduction of the notional amount on the swaps, may receive fair-value hedge accounting under which changes in the fair value of the swaps, and changes in the fair value of the mortgages that are attributable to the hedged risk, are recorded in current period earnings.

A combination of swaps and options, including futures, may be used as a portfolio of derivatives linked to a portfolio of mortgage loans. The portfolio of mortgage loans consists of one or more pools of similar assets, as determined by factors such as product type and coupon. As the portfolio of loans changes due to new loans, liquidations and payments, the derivative portfolio is modified accordingly to hedge the interest-rate and prepayment risks effectively. A new hedging relationship is created with each change to the loan and derivative portfolios; such relationship is treated as a fair-value hedge.

Options may also be used to hedge prepayment risk on the mortgages, many of which are not identified to specific mortgages and, therefore, do not receive fair-value or cash-flow hedge accounting treatment. The options are marked-to-market through current-period earnings and presented in the Combined Statement of Income as "Net (losses) gains on derivatives and hedging activities." The FHLBanks may also purchase interest-rate caps and floors, swaptions, callable swaps, calls, and puts to minimize the prepayment risk embedded in the mortgage loans. Although these derivatives are valid economic hedges against the prepayment risk of the loans, they are not specifically linked to individual loans and, therefore, do not receive either fair-value or cash-flow hedge accounting. The derivatives are marked-to-market through earnings.

Anticipated Streams of Future Cash Flows—The FHLBanks may enter into an option to hedge a specified future variable cash stream as a result of rolling over short-term, fixed-rate financial instruments such as LIBOR advances and consolidated discount notes. The option will effectively cap the variable cash stream at a predetermined target rate.

Firm Commitment Strategies—Certain mortgage purchase commitments are considered derivatives. The FHLBanks normally hedge these commitments by selling to be announced (TBA) mortgage-backed securities or other derivatives for forward settlement. A TBA represents a forward contract for the sale of mortgage-backed securities at a future agreed upon date for an established price. The mortgage purchase commitment and the TBA used in the firm commitment hedging strategy (economic hedge) are recorded as a derivative asset or derivative liability at fair value, with changes in fair value recognized in current-period earnings. When the mortgage purchase commitment derivative settles, the current market value of the commitment is included with the basis of the mortgage loan and amortized accordingly.

The FHLBanks may also hedge a firm commitment for a forward starting advance through the use of an interest-rate swap. In this case, the swap will function as the hedging instrument for both the firm commitment and the subsequent advance. The basis movement associated with the firm commitment will be rolled into the basis of the advance at the time the commitment is terminated and the advance is issued. The basis adjustment will then be amortized into interest income over the life of the advance.

Investments—The FHLBanks primarily invest in mortgage-backed securities, U.S. agency obligations, certificates of deposit and the taxable portion of state or local housing finance agency obligations, which may be classified as held-to-maturity, available-for-sale or trading securities. The interest-rate and prepayment risks associated with these investment securities are managed through a combination of debt issuance and derivatives. The FHLBanks may manage the prepayment and interest-rate risks by funding investment securities with consolidated obligations that have call features or by hedging the prepayment risk with caps or floors, callable swaps or swaptions. The FHLBanks may manage prepayment and duration risk by funding investment securities with consolidated obligations that contain call features. The FHLBanks may also manage the risk arising from changing market prices and volatility of investment securities by matching the cash outflow on the interest-rate exchange agreements with the cash inflow on the investment securities. The derivatives held by the FHLBank that are currently associated with trading securities, carried at fair value, and held-to-maturity securities, carried at amortized cost, are designated as economic hedges. The changes in fair values of these derivatives are recorded in current-period earnings.

For available-for-sale securities that have been hedged and qualify as a fair-value hedge, the FHLBanks record the portion of the change in value related to the risk being hedged in other income as "Net (losses) gains on derivatives and hedging activities" together with the related change in the fair value of the derivative, and the remainder of the change in AOCI as "Net unrealized losses on available-for-sale securities." For available-for-sale securities that have been hedged and qualify as a cash-flow hedge, the FHLBanks record the effective portion of the change in value of the derivative related to the risk being hedged in AOCI as "Net unrealized losses relating to hedging activities." The ineffective portion is recorded in other income in the Combined Statement of Income and presented as "Net (losses) gains on derivatives and hedging activities."

The FHLBanks may also manage the risk arising from changing market prices or cash flows of investment securities classified as trading by entering into derivatives (economic hedges) that offset the changes in fair value or cash flows of the securities. The market value changes of both the trading securities and the associated derivatives are included in other income in the Combined Statement of Income and presented as part of the "Net gains (losses) on trading securities" and "Net (losses) gains on derivatives and hedging activities."

Anticipated Debt Issuance—Certain FHLBanks use derivatives to "lock-in" the cost of funding prior to an anticipated debt issuance. The portion of the change in fair value of the derivative deemed effective is reported in AOCI. The ineffective portion is recorded in other income. The derivative is terminated upon issuance of the debt instrument. Amounts reported in AOCI are reclassified to earnings in the periods in which earnings are affected by the variability of the cash flows of the debt that was issued.

Variable Cash Streams—Certain FHLBanks use derivatives to hedge the variability of cash flows over a specified period of time as a result of the issuances and maturities of short-term, fixed-rate instruments such as discount notes. The maturity dates of the cash flow streams are matched to the

maturity dates of the derivatives. The change in the fair value of the derivatives is recorded in AOCI. If the derivatives are terminated prior to their maturity dates, the amount in AOCI is recognized over the remaining lives of the specified cash streams as unrealized gains or losses on hedging activities.

Intermediation—To meet the asset/liability management needs of their members, the FHLBanks may enter into interest-rate exchange agreements with their members and offsetting interest-rate exchange agreements with other counterparties. Under these agreements, the FHLBank acts as an intermediary between members and other counterparties. This intermediation grants smaller members indirect access to the derivatives market. The derivatives used in intermediary activities do not receive hedge accounting treatment and are separately marked-to-market through earnings. The net result of the accounting for these derivatives does not significantly affect the operating results of the FHLBanks.

Managing Credit Risk on Derivatives

The FHLBanks are subject to credit risk due to nonperformance by counterparties to the derivative agreements. The degree of counterparty risk depends on the extent to which master netting arrangements are included in such contracts to mitigate the risk. The FHLBanks manage counterparty credit risk through credit analysis, collateral requirements and adherence to the requirements set forth in FHLBank policies and regulations. Based on credit analyses and collateral requirements, the management of each FHLBank does not anticipate any credit losses on its derivative agreements. (See "Note 13—Estimated Fair Values" for discussion regarding the FHLBanks' estimated fair value methodology for derivative assets/liabilities, including an evaluation of the potential for the fair value of these instruments to be affected by counterparty credit risk.)

The contractual or notional amount of derivatives reflects the involvement of the FHLBanks in the various classes of financial instruments. The notional amount of derivatives does not measure the credit risk exposure of the FHLBanks, and the maximum credit exposure of the FHLBanks is substantially less than the notional amount. The FHLBanks require collateral agreements on all derivatives that establish collateral delivery thresholds. The maximum credit risk is the estimated cost of replacing interest-rate swaps, forward interest-rate agreements, mandatory delivery contracts for mortgage loans, and purchased caps and floors that have a net positive market value, assuming the counterparty defaults and the related collateral, if any, is of no value to the FHLBanks. This collateral has not been sold or repledged.

At September 30, 2009 and December 31, 2008, the FHLBanks' maximum credit risk, as defined above, was approximately $2.8 billion and $3.7 billion. These totals include $960 million and $902 million of net accrued interest receivable. In determining maximum credit risk, the FHLBanks consider accrued interest receivables and payables, and the legal right to offset derivative assets and liabilities by counterparty. The FHLBanks held securities and cash with a fair value of $2.7 billion and $3.4 billion as collateral at September 30, 2009 and December 31, 2008. Additionally, collateral related to derivatives with member institutions includes collateral assigned to an FHLBank, as evidenced by a written security agreement and held by the member institution for the benefit of the FHLBank.

Certain of the FHLBanks' derivative instruments contain provisions that require an FHLBank to post additional collateral with its counterparties if there is deterioration in that FHLBank's credit rating. If an FHLBank's credit rating is lowered by a major credit rating agency, that FHLBank would be required to deliver additional collateral on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position (before cash collateral and related accrued interest) at September 30, 2009 was $11,017 million for which the FHLBanks have posted collateral of $7,846 million in the normal course of business. If each of the FHLBanks' credit ratings had been lowered from its current rating to the next lower rating that would have triggered additional collateral to be delivered, the FHLBanks would have been required to deliver up to an additional $2,851 million of collateral (at fair value) to their derivatives counterparties at September 30, 2009. None of the FHLBanks' senior credit ratings was lowered during the 12-month period ended September 30, 2009.

Each FHLBank transacts most of its derivatives with large banks and major broker-dealers. Some of these banks and broker-dealers or their affiliates buy, sell, and distribute consolidated obligations. FHLBanks are not derivative dealers and thus do not trade derivatives for short-term profit.

Intermediation. To assist its members in meeting their hedging needs, an FHLBank may act as an intermediary between the members and other counterparties by entering into offsetting derivatives. This intermediation allows smaller members indirect access to the derivatives market.

Derivatives in which an FHLBank is an intermediary may arise when the FHLBank: (1) enters into derivatives with members and offsetting derivatives with other counterparties to meet the needs of its members, and (2) enters into derivatives to offset the economic effect of other derivatives that are no longer designated to either advances, investments, or consolidated obligations.

Total notional principal of derivatives for the FHLBanks' intermediary positions was $4,155 million and $4,146 million at September 30, 2009 and December 31, 2008.

Financial Statement Effect and Additional Financial Information

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

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.

The following table summarizes the fair value of derivative instruments without the effect of netting arrangements or collateral (dollar amounts in millions). For purposes of this disclosure, the derivative values include fair value of derivatives and related accrued interest.

	September 30, 2009		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$ 722,651	$ 9,243	$ 21,187
Interest-rate swaptions	2,855	91	
Interest-rate caps or floors	2,810	277	
Interest-rate futures/forwards	302		
Total derivatives in hedging relationships	728,618	9,611	21,187
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	241,412	1,375	2,107
Interest-rate swaptions	11,802	231	
Interest-rate caps or floors	21,133	282	56
Interest-rate futures/forwards	500	1	
Mortgage delivery commitments	303	2	
Other	2,726	4	2
Total derivatives not designated as hedging instruments	277,876	1,895	2,165
Total derivatives before netting and collateral adjustments	$1,006,494	11,506	23,352
Netting adjustments		(8,627)	(8,627)
Cash collateral and related accrued interest		(2,200)	(8,400)
Total netting adjustments and cash collateral (1)		(10,827)	(17,027)
Derivative assets and derivative liabilities as reported on the statement of condition		$ 679	$ 6,325

(1) Amounts represent the effect of legally enforceable master netting agreements that allow the FHLBank to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

The following table presents the components of net (losses) gains on derivatives and hedging activities as presented in the statement of income (dollar amounts in millions).

	Three Months Ended September 30, 2009 Net Gains/(Losses)	Nine Months Ended September 30, 2009 Net Gains/(Losses)
Derivatives and Hedged Items in Fair-Value Hedging Relationships:		
Interest-rate swaps	$ 134	$ 650
Other (1)		(11)
Total net gains related to fair-value hedge ineffectiveness	134	639
Total Net Gains Related to Cash-Flow Hedge Ineffectiveness	1	5
Derivatives Not Designated as Hedging Instruments:		
Economic hedges		
Interest-rate swaps	81	1,406
Interest-rate swaptions	(302)	(729)
Interest-rate caps/floors	18	125
Interest-rate futures/forwards	(3)	2
Net interest settlements	(137)	(460)
Other	(1)	2
Mortgage delivery commitments	10	(3)
Other	3	(4)
Total net (losses) gains related to derivatives not designated as hedging instruments	(331)	339
Net (losses) gains on derivatives and hedging activities	$(196)	$ 983

(1) Includes derivatives designated by the FHLBank of Chicago as fair-value hedging instruments of MPF loan pools.

The following table presents, by type of hedged item, the (losses) gains on derivatives and the related hedged items in fair-value hedging relationships and the effect of those derivatives on the FHLBanks' net interest income (dollar amounts in millions).

	For the Three Months Ended September 30, 2009			
Hedged Item Type:	(Losses)/Gains on Derivative	Gains/(Losses) on Hedged Item	Net Fair-Value Hedge Ineffectiveness	Effect of Derivatives on Net Interest Income/Interest Expense (1)
Advances	$(1,075)	$1,207	$132	$(2,851)
Consolidated bonds	595	(591)	4	1,857
Consolidated discount notes	(18)	12	(6)	57
Available-for-sale securities	(110)	116	6	(45)
Mortgage loans held for portfolio	(15)	13	(2)	(21)
Total	$ (623)	$ 757	$134	$(1,003)

Hedged Item Type:	For the Nine Months Ended September 30, 2009			
	Gains/(Losses) on Derivative	(Losses)/Gains on Hedged Item	Net Fair-Value Hedge Ineffectiveness	Effect of Derivatives on Net Interest Income/Interest Expense (1)
Advances	$ 7,769	$(7,421)	$348	$(7,594)
Consolidated bonds	(3,815)	4,047	232	4,785
Consolidated discount notes	(24)	22	(2)	112
Available-for-sale securities	246	(167)	79	(94)
Mortgage loans held for portfolio	44	(62)	(18)	(56)
Deposits	(1)	1		1
Total	$ 4,219	$(3,580)	$639	$(2,846)

(1) The net interest on derivatives in fair-value hedge relationships is presented in the interest income/expense line item of the respective hedged item.

Effect of Cash-Flow Hedge Related Derivative Instruments for the Three Months and Nine Months Ended September 30, 2009 (Dollar amounts in millions)

Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Three Months Ended September 30, 2009			
	Amount of Gains/(Losses) Recognized in AOCI on Derivative (Effective Portion)	Location of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net(Losses)/Gains on Derivatives and Hedging Activities (Ineffective Portion)
Interest rate swaps				
Consolidated bonds	$	Interest expense	$ (4)	$
Consolidated discount notes	159	Interest expense	(1)	1
Interest rate caps or floors				
Advances	(21)	Interest income	(5)	
Consolidated discount notes		Interest expense	(4)	
Total	$138		$(14)	$1

Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Nine Months Ended September 30, 2009			
	Amount of (Losses)/Gains Recognized in AOCI on Derivative (Effective Portion)	Location of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net(Losses)/Gains on Derivatives and Hedging Activities (Ineffective Portion)
Interest rate swaps				
Consolidated bonds	$	Interest expense	$(12)	$
Consolidated discount notes	(171)	Interest expense	(3)	5
Interest rate caps or floors				
Advances	70	Interest income	(11)	
Consolidated discount notes		Interest expense	(12)	
Total	$(101)		$(38)	$5

There was no reclassification from AOCI into earnings as a result of the discontinuance of cash flow hedges because the original forecasted transactions occurred by the end of the originally specified time period or within a two month period thereafter. At September 30, 2009, the deferred net gains (losses) on derivative instruments in AOCI that are expected to be reclassified to earnings during the next twelve months are not material. The maximum length of time over which the FHLBanks are hedging their exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is generally no more than three months. For the FHLBank of Chicago, the maximum length of time over which forecasted transactions are hedged is 10 years.

Note 10—Deposits

The FHLBanks offer demand and overnight deposits to members and qualifying non-members. In addition, the FHLBanks offer short-term interest-bearing deposit programs to members. A member that services mortgage loans may deposit in its FHLBank funds collected in connection with the mortgage loans, pending disbursement of such funds to the owners of the mortgage loans; the FHLBanks classify these items as other deposits.

The following table details interest-bearing deposits and non-interest-bearing deposits with the FHLBanks (dollar amounts in millions):

	September 30, 2009	December 31, 2008
Interest-bearing:		
Demand and overnight	$13,466	$13,260
Term	883	1,885
Other	74	38
Total interest-bearing	14,423	15,183
Non-interest-bearing:		
Demand and overnight	84	129
Other	146	184
Total non-interest-bearing	230	313
Total deposits	$14,653	$15,496

The aggregate amount of time deposits with a denomination of $100 thousand or more was $879 million and $1,883 million as of September 30, 2009 and December 31, 2008.

Note 11—Consolidated Obligations

General. Consolidated obligations consist of consolidated bonds and consolidated discount notes. The FHLBanks issue consolidated obligations through the Office of Finance as their agent. In connection with each debt issuance, each FHLBank specifies the amount of debt it wants issued on its behalf. The Office of Finance tracks the amount of debt issued on behalf of each FHLBank. In addition, each FHLBank separately tracks and records as a liability its specific portion of consolidated obligations for which it is the primary obligor.

The Finance Agency and the U.S. Secretary of the Treasury have oversight over the issuance of FHLBank debt through the Office of Finance. Consolidated bonds are issued primarily to raise intermediate and long-term funds for the FHLBanks and are not subject to any statutory or regulatory limits on their maturity. Consolidated discount notes are issued primarily to raise short-term funds. These notes sell at less than their face amount and are redeemed at par value when they mature.

During the third quarter of 2008, each FHLBank entered into a Lending Agreement with the U.S. Treasury, in connection with the U.S. Treasury's establishment of the Government Sponsored Enterprise Credit Facility (GSECF), as authorized by the Housing Act, that is scheduled to expire on December 31, 2009. The GSECF is designed to serve as a contingent source of liquidity for the housing government-sponsored enterprises, including each of the 12 FHLBanks. Any borrowings by one or more of the FHLBanks under the GSECF are considered consolidated obligations with the same joint and several liability as all other consolidated obligations. The terms of any borrowings are agreed to at the time of issuance. Loans under the Lending Agreement are to be secured by collateral acceptable to the U.S. Treasury, which consists of FHLBank advances to members that have been collateralized in accordance with regulatory standards and mortgage-backed securities issued by Fannie Mae or Freddie Mac. Each FHLBank is required to submit to the Federal Reserve Bank of New York, acting as fiscal agent of the U.S. Treasury, a list of eligible collateral updated on a weekly basis. As of September 30, 2009, the FHLBanks had provided the U.S. Treasury with listings of advance and MBS collateral amounting to $209.0 billion. The amount of collateral can be increased or decreased (subject to the approval of the U.S. Treasury) at any time through the delivery of an updated listing of collateral. As of September 30, 2009, no FHLBank has drawn on this available source of liquidity.

Redemption Terms. The following is a summary of the FHLBanks' consolidated bonds outstanding, excluding interbank holding of $349 million and $577 million, at September 30, 2009 and December 31, 2008, by year of contractual maturity (dollar amounts in millions):

	September 30, 2009		December 31, 2008	
Year of Contractual Maturity	Amount	Weighted - Average Interest Rate	Amount	Weighted - Average Interest Rate
Due in 1 year or less	$330,570	1.57%	$406,355	2.62%
Due after 1 year through 2 years	139,046	2.24%	129,788	3.39%
Due after 2 years through 3 years	62,312	3.11%	68,554	4.16%
Due after 3 years through 4 years	49,247	4.04%	36,138	4.73%
Due after 4 years through 5 years	33,774	4.03%	56,818	4.24%
Thereafter	76,681	4.90%	104,405	5.18%
Index amortizing notes	6,343	5.05%	7,756	5.02%
Total par value	697,973	2.53%	809,814	3.43%
Premiums	839		719	
Discounts	(766)		(3,216)	
Hedging adjustments	6,665		10,989	
Fair value option valuation adjustments	92		66	
Total	$704,803		$818,372	

The FHLBanks' consolidated bonds outstanding included (dollar amounts in millions):

Par amount of consolidated bonds	September 30, 2009	December 31, 2008
Noncallable/nonputable	$564,854	$643,882
Callable	133,119	165,932
Total par value	$697,973	$809,814

The following table summarizes consolidated bonds outstanding by year of contractual maturity or next call date (dollar amounts in millions):

Year of Contractual Maturity or Next Call Date	September 30, 2009	December 31, 2008
Due in 1 year or less	$428,227	$511,099
Due after 1 year through 2 years	128,266	134,664
Due after 2 years through 3 years	38,997	52,644
Due after 3 years through 4 years	35,342	19,723
Due after 4 years through 5 years	19,038	33,591
Thereafter	41,760	50,337
Index amortizing notes	6,343	7,756
Total par value	$697,973	$809,814

Note 12—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, 2009, all of the FHLBanks, except for the FHLBank of Chicago, had 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 Agency 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 Agency. The Finance Agency may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirements as defined. Second, an FHLBank is required to maintain at all times a total regulatory 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 Agency 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 an FHLBank's compliance with its regulatory requirements. If the FHLBank of Chicago is not in compliance with the 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 Agency 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.

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

An FHLBank's board of directors may declare and pay dividends in either cash or capital stock, assuming the FHLBank is in compliance with Finance Agency rules. Dividends declared by the board of directors of the FHLBank of Chicago are subject to the prior written approval of the Deputy Director.

At September 30, 2009 and December 31, 2008, the 10 largest holders of capital stock held $15.8 billion and $15.9 billion of the aggregate capital stock of the FHLBanks. At both September 30, 2009 and December 31, 2008, the largest capital stock holder, Citibank, N.A., held $3.9 billion of the FHLBanks' capital stock.

At September 30, 2009, combined regulatory capital was $60.4 billion, compared to $59.6 billion at December 31, 2008. These amounts include $1.0 billion (Designated Amount) in subordinated notes, which the FHLBank of Chicago is allowed to include in determining compliance with its regulatory capital requirements, as further discussed below in this note. Combined regulatory capital does not include AOCI.

At September 30, 2009, all of the FHLBanks that have implemented their respective capital plans 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, 2009				
		Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital(1)	Permanent Capital(2)	Required Risk-Based Capital
Boston	4.0%	$2,418	6.4%	$ 3,856	$ 3,856	$1,637
New York	4.0%	4,704	5.1%	5,940	5,936	559
Pittsburgh	4.0%	2,660	6.6%	4,416	4,416	3,182
Atlanta	4.0%	6,536	5.6%	9,085	9,085	3,996
Cincinnati	4.0%	3,079	5.4%	4,152	4,152	581
Indianapolis	4.0%	1,942	5.8%	2,811	2,811	1,012
Des Moines	4.0%	2,617	5.2%	3,428	3,428	893
Dallas	4.0%	2,690	4.4%	2,935	2,935	483
Topeka	4.0%	1,750	4.5%	1,959	1,645	559
San Francisco	4.0%	8,448	6.9%	14,468	14,468	7,309
Seattle	4.0%	2,163	5.3%	2,865	2,706	2,591

FHLBank*	Minimum Leverage Ratio Requirement	At September 30, 2009		
		Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$ 3,022	9.6%	$ 5,784
New York	5.0%	5,880	7.6%	8,908
Pittsburgh	5.0%	3,326	10.0%	6,624
Atlanta	5.0%	8,171	8.3%	13,628
Cincinnati	5.0%	3,849	8.1%	6,228
Indianapolis	5.0%	2,428	8.7%	4,217
Des Moines	5.0%	3,271	7.9%	5,142
Dallas	5.0%	3,363	6.6%	4,403
Topeka	5.0%	2,187	6.4%	2,782
San Francisco	5.0%	10,561	10.3%	21,701
Seattle	5.0%	2,704	7.8%	4,218

* Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of September 30, 2009. See this note for a description of this FHLBank's regulatory capital requirements.

(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 Agency has determined by regulation to be appropriate to include in determining total capital. Total regulatory capital also includes mandatorily redeemable capital stock. Total regulatory capital does not include AOCI.

(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. Permanent capital does not include AOCI.

FHLBank of Pittsburgh. Following the significant increase in the FHLBank of Pittsburgh's risk-based capital requirement in November 2008 due to deterioration in the market value of its private-label mortgage-backed securities, the FHLBank of Pittsburgh was narrowly in compliance with its risk-based capital requirement. As a result, the FHLBank of Pittsburgh submitted a capital restoration plan to the Finance Agency on February 27, 2009.

On September 28, 2009, the FHLBank of Pittsburgh's management submitted a revised capital restoration plan to the Finance Agency, which requests that it not be required to increase member capital requirements unless it becomes significantly undercapitalized, which by definition would mean that the FHLBank of Pittsburgh meets less than 75 percent of its risk-based, total or leverage capital requirements.

The FHLBank of Pittsburgh was in compliance with its risk-based, total and leverage capital requirements at September 30, 2009. On September 30, 2009, the FHLBank of Pittsburgh received final notification that it was considered adequately capitalized for the quarter ended June 30, 2009; however, the Finance Agency did express concern regarding the ratio of the FHLBank of Pittsburgh's level of AOCI to retained earnings, the decline in excess permanent capital over risk-based capital requirements and the potential effect of redemption of excess capital stock.

FHLBank of Seattle. In August 2009, following applicable notice and response, the FHLBank of Seattle received a capital classification of undercapitalized from the Finance Agency. An FHLBank with a final capital classification of undercapitalized, such as the FHLBank of Seattle, is subject to a range of mandatory or discretionary restrictions. For example, an undercapitalized FHLBank must submit a capital restoration plan to the Finance Agency, as well as obtain prior approval from the Finance Agency for any new business activities. In addition, the mandatory restrictions include restrictions on asset growth.

In accordance with the prompt corrective actions (PCA) provisions, the FHLBank of Seattle submitted a proposed capital restoration plan to the Finance Agency in August 2009. The Finance Agency determined that it was unable to approve the proposed plan and required the FHLBank of Seattle to submit a new plan by October 31, 2009. The FHLBank of Seattle subsequently requested an extension in order to prepare a revised proposed capital restoration plan and the Finance Agency approved an extension to December 6, 2009. It is unknown whether the Finance Agency will accept the revised capital restoration plan. Failure to obtain approval of the revised capital restoration plan could result in the appointment of a conservator or receiver by the Finance Agency. Further, Finance Agency approval of the proposed capital restoration plan could result in additional restrictions for the FHLBank of Seattle. In addition, the Finance Agency could take other regulatory actions (as described in the PCA provisions), which could negatively impact demand for FHLBank of Seattle's advances, financial performance, and its business in general.

Although as of September 30, 2009, the FHLBank of Seattle met all of its regulatory requirements (including the risk-based capital requirement), on November 6, 2009, the Finance Agency reaffirmed the FHLBank of Seattle's capital classification as undercapitalized. All mandatory actions and restrictions in place as a result of the previous capital classification determination remain in effect, including not redeeming or repurchasing capital stock or paying dividends without prior Finance Agency approval. The Finance Agency also indicated that it would not change the FHLBank of Seattle's capital classification to adequately capitalized until the Finance Agency believes that it has demonstrated sustained performance in line with an approved capital restoration plan. The FHLBank of Seattle's capital classification will remain undercapitalized until the Finance Agency determines otherwise.

See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Capital Classifications and Critical Capital Levels for the FHLBanks" for additional discussion.

FHLBank of Chicago. 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. After entering into the Consent Cease and Desist Order (C&D Order) with the Finance Board on October 10, 2007, the FHLBank of Chicago's capital stock repurchases or redemptions, including redemptions upon membership withdrawal or other termination, except for certain redemptions of excess stock above a member's capital stock floor, require prior approval of the Deputy Director, Division of FHLBank Regulation of the Finance Agency (Deputy Director). On July 24, 2008, the Finance Board amended the C&D Order to allow the FHLBank of Chicago to redeem a

member's capital stock that becomes excess capital stock above a member's capital stock floor (the amount of capital stock a member held as of the close of business on July 23, 2008) in connection with the repayment of advances, subject to certain conditions as further described in "Note 17—Capital—FHLBank of Chicago Regulatory Actions" in the Federal Home Loan Banks' 2008 Combined Financial Report. During the first nine months of 2009, the FHLBank of Chicago redeemed $89 million in excess capital stock above the member's capital stock floor. From April 24, 2008 through September 30, 2009, the Deputy Director has denied the FHLBank of Chicago's requests to redeem capital stock totaling $23 million in connection with 13 membership withdrawals or other membership terminations. The FHLBank of Chicago does not believe the denial of stock redemption requests affects the FHLBank of Chicago's reclassification of mandatorily redeemable capital stock as a liability; rather, this denial delays the timing of an eventual mandatory redemption.

As of September 30, 2009, 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, 2009 as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital (1)			
Requirement in Effect		Actual	
Ratio (2)	Amount	Ratio	Amount
4.76%	$4,137	5.16%	$4,486

(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 Agency 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 Agency 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 MBS, and other investments specified by Finance Agency regulation) after deducting its amount of deposits and capital are not greater than 11 percent of the FHLBank of Chicago's total assets. If the non-mortgage asset ratio is greater than 11 percent of its total assets, the Finance Agency regulations require a regulatory capital ratio of 4.76 percent. The C&D Order includes an additional minimum regulatory capital ratio of 4.5 percent, which supersedes the 4.0 percent regulatory requirement discussed above. The FHLBank of Chicago's non-mortgage assets on an average monthly basis was above 11 percent at September 30, 2009; thus, it was subject to the 4.76 percent ratio at that date.

Under the C&D Order, the FHLBank of Chicago is also required to maintain an aggregate amount of regulatory capital stock plus the Designated Amount of the subordinated notes of at least $3.600 billion. At September 30, 2009, the FHLBank of Chicago had an aggregate amount of $3.799 billion of regulatory capital stock plus the Designated Amount of subordinated notes.

Mandatorily Redeemable Capital Stock. The FHLBanks reclassify capital stock subject to redemption from equity to liability once a member exercises a written redemption right, gives notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, charter termination, or involuntary termination from membership. Shares of capital stock meeting these definitions are reclassified to a liability at fair value. Dividends related to capital stock classified as a liability are accrued at the expected dividend rate and reported as interest expense in the Combined Statement of Income. The repayment of these mandatorily redeemable financial instruments is reflected as a financing cash outflow in the Combined Statement of Cash Flows.

Each FHLBank is a cooperative whose member financial institutions and former members own all of the relevant FHLBank's capital stock. Member shares cannot be purchased or sold except between an FHLBank and its members at its $100 per share par value. If a member cancels its written notice of redemption or notice of withdrawal, the FHLBank will reclassify mandatorily redeemable capital stock from a liability to equity. After the reclassification, dividends on the capital stock would no longer be classified as interest expense. For the nine months ended September 30, 2009 and 2008, dividends on mandatorily redeemable capital stock in the amount of $30 million and $44 million were recorded as interest expense.

At September 30, 2009 and December 31, 2008, the FHLBanks had $5.6 billion and $6.1 billion in capital stock subject to mandatory redemption with payment subject to each FHLBank's waiting period and the FHLBank continuing to meeting its minimum regulatory capital requirements. These amounts have been classified as a liability in the Combined Statement of Condition.

Excess Capital Stock. Excess stock is defined as the amount of stock held by a member (or former member) in excess of that institution's minimum investment requirement. Finance Agency rules limit the ability of an FHLBank to create member excess stock under certain circumstances. An FHLBank may not pay dividends in the form of capital stock or issue new excess stock to members if that FHLBank's excess stock exceeds one percent of its total assets or if the issuance of excess stock would cause that FHLBank's excess stock to exceed one percent of its total assets. At September 30, 2009, each of the FHLBanks of Boston, Pittsburgh, Cincinnati, Indianapolis, Chicago, San Francisco and Seattle had excess capital stock outstanding totaling more than one percent of its total assets.

Note 13—Estimated Fair Values

The FHLBanks record trading securities, available-for-sale securities, derivative assets, and derivative liabilities as well as certain advances and certain consolidated bonds at fair value. Fair value is a market-based measurement and is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. In general, the transaction price will equal the exit price and, therefore, represents the fair value of the asset or liability at initial recognition. In determining whether a transaction price represents the fair value of the asset or liability at initial recognition, each reporting entity is required to consider factors specific to the asset or liability, the principal or most advantageous market for the asset or liability, and market participants with whom the entity would transact in that market. The FHLBanks do not necessarily use the same dealer prices, models and assumptions in determining the fair values of their respective assets, liabilities and derivatives.

Fair Value Option. The fair value option permits entities to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. It requires entities to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the statement of condition. Fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes in fair value recognized in net income. The FHLBanks adopted the fair value option on January 1, 2008. The FHLBank of San Francisco was the only FHLBank that elected the fair value option for certain financial assets and financial liabilities at the time of adoption. Upon adoption, the FHLBank of San Francisco elected certain advances and consolidated bonds that are economically hedged to transition to the fair value option. During the third quarter of 2008, the FHLBanks of New York and Chicago elected the fair value option for certain newly acquired financial assets and financial liabilities. During the first quarter of 2009, the FHLBank of Des Moines also elected the fair value option for certain newly acquired financial liabilities.

The FHLBanks of New York, Chicago, Des Moines and San Francisco have elected the fair value option for certain additional categories for new transactions entered into after their respective election date, including, but not limited to, adjustable rate credit advances, fixed-rate short-term consolidated bonds and adjustable rate consolidated bonds indexed to Federal funds, Treasury Bill, CMT, Constant Maturity Swap, 12-month Moving Treasury Average of a one-year CMT and Prime Rate. Each of the FHLBanks of New York, Chicago, Des Moines and San Francisco has elected some or all of these items for the fair value option to allow it to fair value the financial asset or financial liability to assist in mitigating potential income statement volatility that can arise from economic hedging relationships. This risk associated with using fair value only for the derivative is the FHLBanks of New York, Chicago, Des Moines and San Francisco's primary driver for electing the fair value option for financial assets and financial liabilities that do not qualify for hedge accounting or for items that have not previously met or may be at risk for not meeting hedge effectiveness requirements.

Fair Value Hierarchy. The fair value hierarchy is used to prioritize the inputs of valuation techniques used to measure fair value. The inputs are evaluated and an overall level for the fair value measurement is determined. This overall level is an indication of market observability of the fair value measurement for the asset or liability. Fair value is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability at the measurement date (an exit price). In order to determine the fair value or the exit price, entities must determine the unit of account, highest and best use, principal market, and market participants. These determinations allow the reporting entity to define the inputs for fair value and level of hierarchy.

Outlined below is the application of the fair value hierarchy to the FHLBanks' financial assets and financial liabilities that are carried at fair value.

Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market for the asset or liability is a market in which the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The types of assets and liabilities carried at Level 1 fair value generally include certain types of derivative contracts that are traded in an open exchange market, investments such as U.S. Treasury securities and publicly-traded mutual funds.

Level 2—inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The types of assets and liabilities carried at Level 2 fair value generally include investment securities, including U.S. government, agency and private-label mortgage-backed securities, derivative contracts, certain advances and certain consolidated bonds.

Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs are supported by little or no market activity and reflect the entity's own assumptions. The types of assets and liabilities carried at Level 3 fair value generally include certain types of investment securities that are backed by non-traditional mortgage loans or certain state or local housing agency obligations and an inverse variable-rate consolidated bond along with the derivative asset hedging that consolidated bond.

The FHLBanks use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value is first determined based on quoted market prices or market-based prices, where available. If quoted market prices or market-based prices are not available, fair value is determined based on valuation models that use market-based information available to the FHLBanks as inputs to the models. For a discussion of an individual FHLBank's fair value measurement techniques, see that FHLBank's periodic report filed with the SEC.

Fair Value on a Recurring Basis. The following table presents, for each hierarchy level, the FHLBanks' assets and liabilities that are measured at fair value on the Combined Statement of Condition (dollar amounts in millions):

	Fair Value Measurements at September 30, 2009				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral (1)
Assets					
Trading securities:					
U.S. Treasury obligations	$ 1,029	$	$ 1,029	$	$
Commercial paper	2,165		2,165		
Certificates of deposit	2,880		2,880		
Government-sponsored enterprises	8,124		8,124		
State or local housing agency obligations	11		11		
Other non-MBS	6,158	10	6,148		
Other U.S. obligations residential MBS	57		57		
Government-sponsored enterprises residential MBS	638		638		
Government-sponsored enterprises commercial MBS	15		15		
Available-for-sale securities:					
Certificates of deposit	6,269		6,269		
Other U.S. obligations	778		778		
Government-sponsored enterprises and TVA	2,683		2,683		
FFELP ABS	7,553		7,553		
Other non-MBS	1,482	2	1,480		
Other U.S. obligations residential MBS	1,270		1,270		
Government-sponsored enterprises residential MBS	13,251		13,251		
Government-sponsored enterprises commercial MBS	312		312		
Private-label residential MBS	4,673			4,673	
Home equity loans	7			7	
Advances(2)	29,415		29,415		
Derivative assets	679	1	11,475	30	(10,827)
Other assets	18	18			
Total assets at fair value	$ 89,467	$31	$ 95,553	$4,710	$(10,827)
Liabilities					
Consolidated bonds(3)	$(38,659)	$	$(38,581)	$ (78)	$
Derivative liabilities	(6,325)	(1)	(23,351)		17,027
Total liabilities at fair value	$(44,984)	$ (1)	$(61,932)	$ (78)	$ 17,027

	Fair Value Measurements at December 31, 2008				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral (1)
Assets					
Trading securities	$ 12,150	$ 9	$ 12,141	$	$
Available-for-sale securities	14,559		14,436	123	
Advances (2)	41,800		41,800		
Derivative assets	902	1	12,366	46	(11,511)
Other assets	16	16			
Total assets at fair value	$ 69,427	$26	$ 80,743	$169	$(11,511)
Liabilities					
Consolidated bonds (3)	$(33,334)	$	$(33,243)	$ (91)	$
Derivative liabilities	(7,732)	(3)	(29,893)		22,164
Total liabilities at fair value	$(41,066)	$ (3)	$(63,136)	$ (91)	$ 22,164

(1) Amounts represent the effect of legally enforceable master netting agreements that allow the FHLBanks to net settle positive and negative positions and also cash collateral and related accrued interest held or placed with the same counterparties.

(2) Includes $27,381 million and $38,774 million of advances recorded under the fair value option and $2,034 million and $3,026 million of hedged advances recorded at fair value at September 30, 2009 and December 31, 2008.

(3) Includes $36,555 million and $31,285 million of consolidated bonds recorded under the fair value option and $2,104 million and $2,049 million of hedged consolidated bonds recorded at fair value at September 30, 2009 and December 31, 2008.

For instruments carried at fair value, the FHLBanks review the fair value hierarchy classifications on a quarterly basis. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at fair value in the quarter in which the changes occur.

The following table presents a reconciliation of all assets and liabilities that are measured at fair value on the Combined Statement of Condition using significant unobservable inputs on a recurring basis (Level 3) (dollar amounts in millions):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities			
	Private-Label Residential MBS	Home Equity Loans	Derivative Assets	Consolidated Bonds
Balance at December 31, 2008	$ 117	$ 6	$ 46	$(91)
Total gains or losses (realized/unrealized):				
Included in net (losses) gains on changes in fair value included in earnings	(244)*		(16)	13
Included in AOCI	310	4		
Purchases, issuances and settlements	(90)	(3)		
Transfers from held-to-maturity to available-for-sale securities (1)	4,580			
Balance at September 30, 2009	$4,673	$ 7	$ 30	$(78)
Total amount of (losses) gains for the period included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities still held at September 30, 2009	$ (244)*	$	$(16)	$ 13

* Represents OTTI related to the credit loss recognized in earnings for available-for-sale securities previously transferred from held-to-maturity securities.

(1) During 2009, the FHLBanks of Atlanta, Pittsburgh and Seattle transferred certain private-label MBS from their respective held-to-maturity portfolio to their available-for-sale portfolio with estimated fair values at the date of transfer of $1,877 million, $2,038 million and $665 million, respectively. These securities represented private-label residential MBS in each FHLBank's held-to-maturity portfolio for which an other-than-temporary impairment loss was recorded on the held-to-maturity securities that were subsequently transferred to available-for sale securities. As of September 30, 2009, the fair value of these securities continued to be determined using significant unobservable inputs (Level 3).

The following table presents the changes in fair values for items measured at fair value pursuant to the election of the fair value option (dollar amounts in millions):

	Interest Income/ (Interest Expense)	Net (Losses) Gains on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Value Included in Current Period Earnings
Three months ended September 30, 2009:			
Advances	$256	$(71)	$185
Consolidated bonds	(57)	3	(54)
Total		$(68)	

	Interest Income/ (Interest Expense)	Net (Losses) Gains on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Value Included in Current Period Earnings
Three months ended September 30, 2008:			
Advances	$ 287	$(144)	$143
Consolidated bonds	(168)	246	78
Total		$ 102	

	Interest Income/ (Interest Expense)	Net Losses on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Value Included in Current Period Earnings
Nine months ended September 30, 2009:			
Advances	$ 878	$(394)	$ 484
Consolidated bonds	(162)	(41)	(203)
Total		$(435)	

	Interest Income/ (Interest Expense)	Net (Losses) Gains on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Value Included in Current Period Earnings
Nine months ended September 30, 2008:			
Advances	$ 668	$(161)	$507
Consolidated bonds	(378)	309	(69)
Total		$ 148	

For items recorded under the fair value option, the related contractual interest income and contractual interest expense is recorded as part of net interest income on the Combined Statement of Income. The remaining changes in fair value for instruments in which the fair value option has been elected is recorded as "Net (losses) gains on advances and consolidated bonds held at fair value" in the Combined Statement of Income. The change in fair value, as shown in the tables above, does not include changes in instrument-specific credit risk. Each of the FHLBanks of New York, Chicago, Des Moines and San Francisco, which are the FHLBanks that have elected to record certain financial assets and financial liabilities at fair value in accordance with the fair value option as of September 30, 2009, determined that no adjustments to the fair values of its instruments recorded under the fair value option for instrument-specific credit risk were necessary.

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding for advances and consolidated bonds for which the fair value option has been elected (dollar amounts in millions):

	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over Aggregate Unpaid Principal Balance
At September 30, 2009:			
Advances (1)	$26,541	$27,381	$840
Consolidated bonds	36,463	36,555	92

	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over Aggregate Unpaid Principal Balance
At December 31, 2008:			
Advances (1)	$37,474	$38,774	$1,300
Consolidated bonds	31,219	31,285	66

(1) At September 30, 2009 and December 31, 2008, none of these advances were 90 days or more past due or had been placed on nonaccrual status.

Fair Value on a Nonrecurring Basis. The FHLBanks measure certain held-to-maturity securities, mortgage loans held for portfolio and real estate owned on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (i.e., when there is evidence of OTTI).

The following FHLBanks recorded certain held-to-maturity securities at fair value as of September 30, 2009 and recognized OTTI charges on those held-to-maturity securities during the three months ended September 30, 2009 (dollar amounts in millions).

	During the Three Months Ended September 30, 2009	
	Carrying Value Prior to Write-down*	Fair Value at Write-down*
Boston	$ 540	$ 364
New York	156	126
Indianapolis	400	327
Chicago	407	308
Dallas	82	54
Topeka	23	16
San Francisco	4,960	3,575
Seattle	187	105
	$6,755	$4,875

* This table excludes impaired securities with carrying values less than their fair values at September 30, 2009. Additionally, "Carrying Value Prior to Write-down" may not include certain adjustments related to previously impaired investment securities. This table also excludes certain private-label residential MBS transferred from a held-to-maturity portfolio to an available-for-sale portfolio for which an other-than-temporary impairment loss was recorded on the held-to-maturity securities that were subsequently transferred to available-for sale as discussed earlier in this note.

The following table presents investment securities, mortgage loans and real estate owned by level within the fair value hierarchy at September 30, 2009, for which a nonrecurring change in fair value has been recorded in the three months ended September 30, 2009 and the assets were recorded at fair value as of September 30, 2009 (dollar amounts in millions):

	Fair Value Measurements at September 30, 2009			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities				
Private-label residential MBS	$4,444	$	$16	$4,428
Home equity loan investments	431			431
Total held-to-maturity securities	4,875		16	4,859
Mortgage loans held for portfolio	18			18
Real estate owned	48		1	47
Total non-recurring assets at fair value	$4,941	$	$17	$4,924

Estimated Fair Values. The following estimated fair value amounts have been determined by the FHLBanks using available market information and each FHLBank's best judgment of appropriate valuation methods. These estimates are based on pertinent information available to the FHLBanks at September 30, 2009 and December 31, 2008. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique or valuation methodology. For example, because an active secondary market does not exist for a portion of the FHLBanks' financial instruments, in certain cases, fair values are not subject to precise quantification or verification and may change as economic and market factors and evaluation of those factors change. Therefore, these estimated fair values are not necessarily indicative of the amounts that would be realized in current market transactions, although they do reflect the FHLBank's judgment of how a market participant would estimate the fair values. The Fair Value Summary Table included in this note does not represent an estimate of the overall market value of the FHLBanks as going concerns, which would take into account future business opportunities and the net profitability of assets versus liabilities.

Subjectivity of estimates. Estimates of the fair value of advances with options, mortgage instruments, derivatives with embedded options and consolidated bonds with options using the methods described below and other methods are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows, prepayment speed assumptions, expected interest rate volatility, methods to determine possible distributions of future interest rates used to value options, and the selection of discount rates that appropriately reflect market and credit risks. Changes in these judgments often have a material effect on the fair value estimates. These estimates are susceptible to material near term changes because they are made as of a specific point in time.

Cash and due from banks. The estimated fair value approximates the recorded book balance.

Interest-bearing deposits and investment securities. The estimated fair value is determined based on each security's quoted price or prices obtained from pricing services, excluding accrued interest, at the last business day of the period for instruments with more than three months to maturity. When quoted prices are not available, the estimated fair value is determined by calculating the present value of the expected future cash flows and reducing the amount for accrued interest receivable. For certain FHLBanks, the estimated fair value approximates the recorded book balance for interest-bearing deposits with variable rates and fixed rates with three months or less to maturity or repricing.

During the quarter ended September 30, 2009, in an effort to achieve consistency among all the FHLBanks in determining the fair value of MBS, the FHLBanks formed the FHLBank System MBS Pricing Governance Committee, which was responsible for developing a fair value methodology for MBS. All FHLBanks adopted this fair value methodology for private-label MBS (residential, commercial, manufactured housing loans and home equity loan investments) during the third quarter of 2009 and seven FHLBanks adopted it for all other MBS. The remaining five FHLBanks expect to adopt the fair value methodology for all other MBS in a future financial reporting period. To the extent that an FHLBank's existing MBS pricing methodology prior to the third quarter of 2009 was inconsistent with this fair value methodology, each of those FHLBanks changed its methodologies used to estimate the fair value of MBS to the methodology approved by the FHLBank System MBS Pricing Governance Committee during the quarter ended September 30, 2009.

Under this fair value methodology approved by the MBS Pricing Governance Committee, each FHLBank requests prices for either all MBS, or only for private-label MBS, as applicable, from four specific third-party vendors and depending on the number of prices received for each security, selects a median or average price as defined by the fair value methodology. This methodology also incorporates variance thresholds to assist in identifying median or average prices that may require further review. In certain limited instances (i.e., a security's price is outside of established variance thresholds or the third-party vendors do not provide a price for a security), an FHLBank will obtain a price from securities dealers or internally model a price that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. Prices for MBS held in common with other FHLBanks are reviewed for consistency. In adopting this common fair value methodology, each FHLBank remains responsible for the selection and application of its fair value methodology and the reasonableness of assumptions and inputs used.

Securities purchased under agreements to resell. The estimated fair value is determined by calculating the present value of the future cash flows for instruments with more than three months to maturity. The discount rates used in these calculations are the rates for securities with similar terms. For certain FHLBanks, the estimated fair value approximates the recorded book balance for securities purchased under agreements to resell with variable rates and fixed rates with three months or less to maturity or repricing.

Federal funds sold. The estimated fair value of overnight Federal funds approximates the recorded book balances. The estimated fair value of term Federal funds is determined by calculating the present value of the expected future cash flows for instruments with more than three months to maturity. The discount rates used in these calculations are the rates for Federal funds with similar terms.

Advances and other loans. The FHLBanks generally determine the estimated fair value of advances by calculating the present value of expected future cash flows from the advances and excluding the amount of the accrued interest receivable. The discount rates used in these calculations are the replacement advance rates for advances with similar terms. In accordance with the Finance Agency's advances regulations, advances with a maturity or repricing period greater than nine months require a prepayment fee sufficient to make the FHLBanks financially indifferent to the borrower's decision to prepay the advances. Therefore, the estimated fair value of advances does not assume prepayment risk.

Mortgage loans held for portfolio. The estimated fair values for mortgage loans are determined based on quoted market prices of similar mortgage loans available in the market or modeled prices. The modeled prices start with prices for new mortgage-backed securities issued by U.S. government-sponsored enterprises or similar new mortgage loans. Prices are then adjusted for differences in coupon, average loan rate, seasoning and cash flow remittance between the FHLBank's mortgage loans and the mortgage-backed securities or mortgage loans. The prices of the referenced mortgage-backed securities and the mortgage loans are highly dependent upon the underlying prepayment assumptions priced in the secondary market. Changes in the prepayment rates often have a material effect on the fair value estimates. These underlying prepayment assumptions are susceptible to material changes in the near term because they are made at a specific point in time.

Accrued interest receivable and payable. The estimated fair value approximates the recorded book value.

Derivative assets/liabilities. The FHLBanks base the estimated fair values of derivatives with similar terms on available market prices including accrued interest receivable and payable. However, active markets do not exist for certain types of financial instruments. Consequently, fair values for these instruments must be estimated using techniques such as discounted cash-flow analysis and comparisons to similar instruments. Estimates developed using these methods are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows, volatility of interest rates, and the selection of discount rates that appropriately reflect market and credit risks. Changes in these judgments often have a material effect on the fair value estimates. Because these estimates are made at a specific point in time, they are susceptible to material near-term changes. The FHLBanks are subject to credit risk in derivatives transactions due to potential nonperformance by the derivatives counterparties. To mitigate this risk, the FHLBanks enter into master netting agreements for interest-rate-exchange agreements with highly-rated institutions. In addition, the FHLBanks have entered into bilateral security agreements with all active derivatives dealer counterparties that provide for delivery of collateral at specified levels tied to counterparty credit ratings to limit the FHLBanks' net unsecured credit exposure to these counterparties. Each FHLBank has evaluated the potential for the fair value of the instruments to be affected by counterparty credit risk and has determined that no adjustments were significant or necessary to the overall fair value measurements. If these netted amounts are positive, they are classified as an asset and if negative, they are classified as a liability.

Deposits. The FHLBanks determine fair values of deposits by calculating the present value of expected future cash flows from the deposits and reducing this amount for accrued interest payable. The discount rates used in these calculations are the cost of deposits with similar terms. For certain FHLBanks, the estimated fair value approximates the recorded book balance for deposits with variable rates and fixed rates with three months or less to maturity or repricing.

Securities Sold Under Agreements to Repurchase. The FHLBanks determine the estimated fair value of securities sold under agreements to repurchase using the income approach, which converts the expected future cash flows to a single present value using market-based inputs. The fair value also takes into consideration any derivative features, as applicable.

Borrowings. The FHLBanks determine the estimated fair value of borrowings by calculating the present value of expected future cash flows from the borrowings and reducing this amount for accrued interest payable. The discount rates used in these calculations are the cost of borrowings with similar terms. For certain FHLBanks, borrowings with variable rates and fixed rates with three months or less to maturity or repricing, the estimated fair value approximates the recorded book balance.

Consolidated obligations. The FHLBanks estimate fair values based on: the cost of raising comparable term debt, independent market-based prices received from a third-party pricing service, or internal valuation models. The FHLBanks' internal valuation models determine fair values of consolidated bonds and consolidated discount notes without embedded options using market-based yield curve inputs obtained from the Office of Finance. For fair values of consolidated obligations with embedded options, the internal valuation models use market-based inputs obtained from the Office of Finance and derivative dealers. The fair value is then estimated by calculating the present value of expected cash flows using discount rates that are based on replacement funding rates for liabilities with similar terms.

Adjustments may be necessary to reflect the FHLBanks' credit quality when valuing consolidated bonds measured at fair value. Due to the joint and several liability of consolidated obligations, each FHLBank monitors its own creditworthiness and the creditworthiness of the other FHLBanks to determine whether any credit adjustments are necessary in its fair value measurement of consolidated bonds. The credit ratings of the FHLBanks and any changes to these credit ratings are the basis for the FHLBanks to determine whether the fair values of consolidated bonds have been significantly affected during the reporting period by changes in the instrument-specific credit risk. For each applicable FHLBanks, either no adjustment or an immaterial adjustment was made during the periods ended September 30, 2009 and December 31, 2008, as deemed appropriate by that FHLBank.

Subordinated notes. The FHLBank of Chicago determines the fair values based on internal valuation models which use market-based yield curve inputs obtained from a third party.

Mandatorily redeemable capital stock. The fair value of capital subject to mandatory redemption is generally at par value as indicated by member contemporaneous purchases and sales at par value. Fair value also includes estimated dividend earned at the time of reclassification from equity to liabilities, until such amount is paid, and any subsequently declared stock dividend. FHLBank stock can only be acquired by members at par value and redeemed at par value. FHLBank stock is not traded and no market mechanism exits for the exchange of stock outside the cooperative structure.

Commitments. The estimated fair value of the FHLBanks' commitments to extend credit for advances, letters of credit, and standby bond purchase agreements was immaterial at September 30, 2009 and December 31, 2008.

Commitments to extend credit for mortgage loans. Certain mortgage loan purchase commitments are recorded as derivatives at their fair value.

The estimated fair value of the FHLBanks' commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. The estimated fair value of these fixed-rate loan commitments also takes into account the difference between current and committed interest rate and was immaterial at September 30, 2009 and December 31, 2008.

The carrying values and estimated fair values of the FHLBanks' financial instruments were as follows (dollar amounts in millions):

FAIR VALUE SUMMARY TABLE

Financial Instruments	September 30, 2009 Carrying Value	September 30, 2009 Estimated Fair Value	December 31, 2008 Carrying Value	December 31, 2008 Estimated Fair Value
Assets:				
Cash and due from banks	$ 12,806	$ 12,806	$ 20,820	$ 20,820
Interest-bearing deposits	20	20	47,486	47,488
Securities purchased under agreements to resell	7,650	7,650	6,895	6,895
Federal funds sold	64,814	64,815	40,299	40,300
Trading securities	21,077	21,077	12,150	12,150
Available-for-sale securities	38,278	38,278	14,559	14,559
Held-to-maturity securities	160,766	157,821	184,524	165,649
Advances	677,880	680,520	928,638	928,988
Mortgage loans held for portfolio, net	74,177	76,994	87,361	89,183
Accrued interest receivable	2,546	2,546	4,261	4,261
Derivative assets	679	679	902	902
Other assets	18	18	16	16
Liabilities:				
Deposits	(14,653)	(14,653)	(15,496)	(15,498)
Securities sold under repurchase agreements	(1,200)	(1,227)	(1,200)	(1,243)
Consolidated obligations:				
Discount notes	(275,111)	(275,177)	(439,895)	(440,888)
Bonds	(704,803)	(713,796)	(818,372)	(827,373)
Mandatorily redeemable capital stock	(5,629)	(5,629)	(6,136)	(6,136)
Accrued interest payable	(4,333)	(4,333)	(6,331)	(6,331)
Derivative liabilities	(6,325)	(6,325)	(7,732)	(7,732)
Subordinated notes	(1,000)	(1,008)	(1,000)	(1,083)

Note 14—Subsequent Events

For purposes of this combined financial report, subsequent events have been evaluated through November 13, 2009, which is the date the last FHLBank filed its Third Quarter 2009 Form 10-Q with the SEC. From September 30, 2009 through November 13, 2009, no significant subsequent events were identified, other than those discussed below.

FHLBank of Boston's Sale of Held-to-Maturity Securities. In the fourth quarter of 2009, the FHLBank of Boston realized a gross gain of $2.0 million on the sale of held-to-maturity securities, which had a carrying value of $19.6 million, and of which at least 85 percent of the principal outstanding at acquisition had been collected. The sale was considered a maturity for the purpose of security classification. The FHLBank of Boston anticipates selling additional held-to-maturity securities with at least 85 percent of the principal outstanding at acquisition having been collected. Any gain or loss on sale of these securities is not expected to have a material effect on the FHLBank of Boston's financial condition, results of operations or cash flows.

FHLBank of New York's Monoline Support. Of the 15 securities determined to have OTTI, 11 are insured by Ambac Assurance Corp., and two are insured by MBIA Insurance Corp. The FHLBank of New York analyzed the bond insurers as going-concerns as well as their financial strength to measure their ability to perform under their contractual obligations for the securities owned by the FHLBank of New York. All bond insurers are currently performing under the terms of their contractual agreements with respect to the FHLBank of New York's insured bonds. However, estimation of an insurer's financial strength over a long time horizon requires significant judgment and assumptions. The estimation process includes predicting when the insurers may no longer have the ability to perform under their contractual

agreements and then comparing the timing and amounts of cash flow shortfalls of securities that are credit impaired to when insurer protection may not be available.

The FHLBank of New York's analysis concluded at September 30, 2009 that the projected time horizon for Ambac Assurance Corp. to provide full insurance protection with respect to 11 insured bonds was 83 months, or through July 31, 2016. For two bonds insured by MBIA Insurance Corp., full protection was projected to be provided for 31 months, or through March 31, 2012. The FHLBank of New York refers to these dates as the "guarantee ignore dates," implying that security cash flow shortfalls after that date would not receive any credit protection from the two bond insurers.

On November 9, 2009, Ambac Financial Group Inc., the parent company of Ambac Assurance Corp., and MBIA Inc., the parent company of MBIA Insurance Corp., issued interim financial statements for the quarter ended September 30, 2009. The FHLBank of New York's review of the interim financial statements noted the worsening operating conditions of the parent companies. The FHLBank of New York's monoline analysis and methodology relies on the claims paying ability of Ambac Assurance Corp. and MBIA Insurance Corp. to project the "guarantee ignore dates" described above, and based on publicly available financial information, the FHLBank of New York's monoline analysis did not indicate that any significant changes to the "guarantee ignore dates" were warranted.

As a result of the issuance of the interim financial statements of MBIA Inc., and Ambac Financial Group Inc., there have been a series of articles in the financial news media about the worsening financial condition of the two bond insurers. An article purported that Ambac Financial Group Inc., was likely to file for bankruptcy protection. State insurance regulators indicated that the insurance subsidiary (Ambac Assurance Corp.) was not subject to federal bankruptcy proceedings and that state law would govern. The FHLBank of New York prepared an analysis of its exposure on the basis of a scenario in which one or both bond insurers would cease to cover any cash flow shortfalls on the FHLBank of New York's insured MBS. The analysis indicated that under this scenario, the FHLBank of New York would have recognized additional credit losses of approximately $7.0 million on a pre-assessment basis as of September 30, 2009.

FHLBank of New York's Termination of Nonqualified Supplemental Pension Plans. Three nonqualified supplemental pension plans were terminated effective November 10, 2009, and will have no effect on the FHLBank of New York's financial results, financial position or cash flows for all reported periods.

FHLBank of San Francisco's Reclassification of Capital Stock. On December 31, 2008, Wells Fargo & Company, a nonmember, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, continued to operate as a separate entity and continued to be a member of the FHLBank of San Francisco. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. Also effective November 1, 2009, Wachovia Mortgage, FSB, merged into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco has reclassified the capital stock transferred to Wells Fargo Bank, N.A., totaling $1,567 million, to mandatorily redeemable capital stock (a liability).

FHLBank of Seattle's Status on Capital Classification. On November 6, 2009, the Finance Agency reaffirmed the FHLBank of Seattle's capital classification as undercapitalized. All mandatory actions and restrictions in place as a result of the previous capital classification determination remain in effect, including not redeeming or repurchasing capital stock or paying dividends without prior Finance Agency approval. The Finance Agency also indicated that it would not change the FHLBank of Seattle's capital classification to adequately capitalized until the Finance Agency believes that the FHLBank of Seattle has demonstrated sustained performance in line with an approved capital restoration plan. The FHLBank of Seattle's capital classification will remain undercapitalized until the Finance Agency determines otherwise. See "Note 12—Capital" for further discussion.

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
SEPTEMBER 30, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 12,806	$	$ 30	$ 1,189	$ 373	$ 11
Interest-bearing deposits	20					
Deposits with other FHLBanks		(8)			3	3
Securities purchased under agreements to resell	7,650		500			
Federal funds sold	64,814		7,830	3,900	4,100	10,560
Trading securities	21,077	(367)	58		1,285	3,604
Available-for-sale securities	38,278		2,330	2,363	2,133	1,800
Held-to-maturity securities	160,766		7,885	12,478	11,518	18,198
Advances	677,880		37,936	95,945	41,364	125,823
Mortgage loans held for portfolio	74,205		3,646	1,339	5,347	2,645
Less: allowance for credit losses on mortgage loans	28		1	4	7	1
Mortgage loans held for portfolio, net	74,177		3,645	1,335	5,340	2,644
Accrued interest receivable	2,546	(3)	129	355	262	540
Premises, software, and equipment, net	203		5	15	22	32
Derivative assets	679		25	9	12	40
Other assets	870	3	75	15	99	155
Total assets	$1,061,766	$(375)	$60,448	$117,604	$66,511	$163,410
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 13,466	$	$ 631	$ 2,209	$ 977	$ 3,353
Term	883		30	16	14	
Deposits from other FHLBanks		(8)				
Other	74		3	46		
Total interest-bearing	14,423	(8)	664	2,271	991	3,353
Non-interest-bearing:						
Demand and overnight	84			5	33	
Other	146		14			
Total non-interest-bearing	230		14	5	33	
Total deposits	14,653	(8)	678	2,276	1,024	3,353
Borrowings:						
Securities sold under agreements to repurchase	1,200					
Total borrowings	1,200					
Consolidated obligations, net:						
Discount notes	275,111		23,645	38,385	11,463	28,418
Bonds	704,803	(349)	32,083	69,671	49,022	121,777
Total consolidated obligations, net	979,914	(349)	55,728	108,056	60,485	150,195
Mandatorily redeemable capital stock	5,629		91	127	8	130
Accrued interest payable	4,333	(3)	182	337	293	778
Affordable Housing Program	799		28	145	28	123
Payable to REFCORP	79			39		1
Derivative liabilities	6,325		919	872	735	578
Other liabilities	2,875		199	91	376	88
Subordinated notes	1,000					
Total liabilities	1,016,807	(360)	57,825	111,943	62,949	155,246
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value per share) issued and outstanding	45,317		3,629	5,142	4,013	8,156
Capital stock Class A putable ($100 par value per share) issued and outstanding	430					
Capital stock Pre-conversion putable ($100 par value per share) issued and outstanding	2,364					
Total capital stock	48,111		3,629	5,142	4,013	8,156
Retained earnings	5,643	(12)	136	667	394	799
Accumulated other comprehensive income (loss):						
Net unrealized gains (losses) on available-for-sale securities	426		(108)	(16)	(11)	
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(24)					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(2,242)				(808)	(786)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(6,443)		(1,033)	(101)	(24)	
Net unrealized losses relating to hedging activities	(472)	(3)		(24)		
Pension and postretirement benefits	(40)		(1)	(7)	(2)	(5)
Total capital	44,959	(15)	2,623	5,661	3,562	8,164
Total liabilities and capital	$1,061,766	$(375)	$60,448	$117,604	$66,511	$163,410
Supplemental Disclosures:						
Advances held at fair value under fair value option included in Advances total	$ 27,381	$	$	$	$	$
Consolidated Bonds held at fair value under fair value option included in Consolidated Bonds total	$ 36,555	$	$	$ 2,386	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 2,733	$ 59	$ 939	$ 27	$ 1,279	$ 42	$ 6,115	$ 9
			20				
			1	1			
		2,400					4,750
5,775	7,223	2,145	4,485	3,313	2,535	7,086	5,862
2,253		1,529	5,363	4	7,316	32	
5,725	1,794	15,947	5,521				665
12,472	7,364	12,881	5,744	12,194	7,776	38,825	13,431
38,082	24,432	25,457	36,303	50,035	22,633	154,962	24,908
9,736	7,508	25,165	7,839	273	3,240	3,174	4,293
		9	1	1	2	2	
9,736	7,508	25,156	7,838	272	3,238	3,172	4,293
162	116	262	84	67	91	371	110
10	10	24	9	25	15	21	15
9	1	29	5	54	33	458	4
27	46	134	26	17	63	170	40
$76,984	$48,553	$86,903	$65,426	$67,261	$43,742	$211,212	$54,087
$ 1,564	$ 805	$ 783	$ 641	$ 968	$ 1,109	$ 174	$ 252
78	29	38	530	32	35	48	33
		8					
24						1	
1,666	834	829	1,171	1,000	1,144	223	285
			46				
4	5	110			11	2	
4	5	110	46		11	2	
1,670	839	939	1,217	1,000	1,155	225	285
		1,200					
		1,200					
29,170	10,687	31,367	12,874	10,727	12,796	43,901	21,678
41,202	33,280	47,191	46,918	52,083	27,302	154,869	29,754
70,372	43,967	78,558	59,792	62,810	40,098	198,770	51,432
87	601	435	18	8	23	3,159	942
291	203	507	289	209	172	878	197
105	40	16	40	43	41	180	10
15	5		9	4	6		
270	842	975	380	4	294	197	259
114	57	1,167	295	328	30	95	35
		1,000					
72,924	46,554	84,797	62,040	64,406	41,819	203,504	53,160
3,658	1,875		2,952	2,609	1,321	10,244	1,718
					295		135
		2,364					
3,658	1,875	2,364	2,952	2,609	1,616	10,244	1,853
407	334	687	458	318	320	1,065	70
	(12)	596	(23)				
		(24)					
		(64)					(584)
	(193)	(1,008)		(72)	(11)	(3,593)	(408)
		(444)				(1)	
(5)	(5)	(1)	(1)		(2)	(7)	(4)
4,060	1,999	2,106	3,386	2,855	1,923	7,708	927
$76,984	$48,553	$86,903	$65,426	$67,261	$43,742	$211,212	$54,087
$	$	$	$	$	$	$ 27,381	$
$	$	$ 3,655	$ 4,309	$	$	$ 26,205	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 20,820	$ (3)	$ 6	$ 19	$ 68	$ 28
Interest-bearing deposits	47,486		3,279	12,169	5,101	
Deposits with other FHLBanks		(6)			3	3
Securities purchased under agreements to resell	6,895		2,500			
Federal funds sold	40,299		2,540		1,250	10,769
Trading securities	12,150	(617)	63		507	4,486
Available-for-sale securities	14,559		1,214	2,862	19	
Held-to-maturity securities	184,524		9,268	11,334	14,918	23,118
Advances	928,638		56,926	109,153	62,153	165,856
Mortgage loans held for portfolio	87,376		4,154	1,459	6,169	3,252
Less: allowance for credit losses on mortgage loans	15			2	4	1
Mortgage loans held for portfolio, net	87,361		4,154	1,457	6,165	3,251
Accrued interest receivable	4,261	(8)	289	493	434	775
Premises, software, and equipment, net	199		6	14	23	29
Derivative assets	902		29	20	29	91
Other assets	959	4	79	19	136	158
Total assets	$1,349,053	$(630)	$80,353	$137,540	$90,806	$208,564
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 13,260	$	$ 529	$ 1,332	$ 1,452	$ 3,573
Term	1,885		67	117	16	
Deposits from other FHLBanks		(9)				
Other	38		4	2		
Total interest-bearing	15,183	(9)	600	1,451	1,468	3,573
Non-interest-bearing:						
Demand and overnight	129			1	19	
Other	184		11			
Total non-interest-bearing	313		11	1	19	
Total deposits	15,496	(9)	611	1,452	1,487	3,573
Borrowings:						
Securities sold under agreements to repurchase	1,200					
Total borrowings	1,200					
Consolidated obligations, net:						
Discount notes	439,895		42,472	46,330	22,864	55,195
Bonds	818,372	(577)	32,254	82,257	61,399	138,181
Total consolidated obligations, net	1,258,267	(577)	74,726	128,587	84,263	193,376
Mandatorily redeemable capital stock	6,136		93	143	4	44
Accrued interest payable	6,331	(8)	259	426	494	1,039
Affordable Housing Program	808		35	122	43	139
Payable to REFCORP	37			5		
Derivative liabilities	7,732		1,174	862	355	1,414
Other liabilities	696		25	76	25	86
Subordinated notes	1,000					
Total liabilities	1,297,703	(594)	76,923	131,673	86,671	199,671
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value per share) issued and outstanding	46,413		3,585	5,585	3,982	8,463
Capital stock Class A putable ($100 par value per share) issued and outstanding	752					
Capital stock Pre-conversion putable ($100 par value per share) issued and outstanding	2,386					
Total capital stock	49,551		3,585	5,585	3,982	8,463
Retained earnings	2,936	(33)	(20)	383	170	435
Accumulated other comprehensive income (loss):						
Net unrealized (losses) gains on available-for-sale securities	(410)		(131)	(64)	(14)	
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(76)					
Net unrealized losses relating to hedging activities	(612)	(3)		(30)	(1)	
Pension and postretirement benefits	(39)		(4)	(7)	(2)	(5)
Total capital	51,350	(36)	3,430	5,867	4,135	8,893
Total liabilities and capital	$1,349,053	$(630)	$80,353	$137,540	$90,806	$208,564
Supplemental Disclosures:						
Advances held at fair value under fair value option included in Advances total	$ 38,774	$	$	$	$	$
Consolidated bonds held at fair value under fair value option included in consolidated bonds total	$ 31,285	$	$	$ 999	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3	$ 871	$ 130	$ 44	$ 21	$	$ 19,632	$ 1
19,906				3,683	3,348		
		495					3,900
	7,223	1,085	3,425	1,872	384	9,431	2,320
3		866	2,151	3	4,653	35	
2,512	1,842	2,142	3,840	128			
12,904	6,692	16,595	5,952	11,702	11,051	51,205	9,785
53,916	31,249	38,140	41,897	60,920	35,820	235,664	36,944
8,632	8,780	32,092	10,685	328	3,025	3,713	5,087
		5		1	1	1	
8,632	8,780	32,087	10,685	327	3,024	3,712	5,087
275	153	367	93	145	139	865	241
10	10	26	9	21	17	20	14
17	1	102	3	77	34	467	32
28	39	94	30	34	87	213	38
$98,206	$56,860	$92,129	$68,129	$78,933	$58,557	$321,244	$58,362
$ 1,074	$ 573	$ 564	$ 925	$ 1,239	$ 1,119	$ 491	$ 389
94	46	29	464	186	570	103	193
		9					
24						8	
1,192	619	602	1,389	1,425	1,689	602	582
		2	107				
1	2	153			15	2	
1	2	155	107		15	2	
1,193	621	757	1,496	1,425	1,704	604	582
		1,200					
		1,200					
49,336	23,466	29,466	20,061	16,746	26,261	91,819	15,879
42,393	28,697	55,305	42,723	56,614	27,422	213,114	38,590
91,729	52,163	84,771	62,784	73,360	53,683	304,933	54,469
111	539	401	11	90	35	3,747	918
394	284	567	320	514	254	1,451	337
103	36	23	40	43	28	180	16
14	17		1				
286	1,060	1,067	435	2	404	437	236
94	49	56	25	61	54	107	38
		1,000					
93,924	54,769	89,842	65,112	75,495	56,162	311,459	56,596
3,962	1,879		2,781	3,224	1,606	9,616	1,730
					634		118
		2,386					
3,962	1,879	2,386	2,781	3,224	2,240	9,616	1,848
326	283	540	382	216	157	176	(79)
	(67)	12	(144)	(2)			
		(76)					
		(577)				(1)	
(6)	(4)	2	(2)		(2)	(6)	(3)
4,282	2,091	2,287	3,017	3,438	2,395	9,785	1,766
$98,206	$56,860	$92,129	$68,129	$78,933	$58,557	$321,244	$58,362
$	$	$ 201	$	$	$	$ 38,573	$
$	$	$	$	$	$	$ 30,286	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 1,854	$	$ 133	$240	$ 114	$ 97
Prepayment fees on advances, net	28		1		2	2
Interest-bearing deposits	3			1	1	1
Securities purchased under agreements to resell	6		1			
Federal funds sold	31		4	2	2	4
Trading securities	92	(6)			1	47
Available-for-sale securities	199		3	7	28	35
Held-to-maturity securities	1,404		57	112	98	208
Mortgage loans held for portfolio	904		46	18	68	36
Total interest income	4,521	(6)	245	380	314	430
INTEREST EXPENSE						
Consolidated obligations—Discount notes	259		15	31	6	16
Consolidated obligations—Bonds	2,862	(3)	148	191	240	312
Deposits	4		1	1		
Securities sold under agreements to repurchase	5					
Subordinated notes	15					
Mandatorily redeemable capital stock	15			2		
Total interest expense	3,160	(3)	164	225	246	328
NET INTEREST INCOME (EXPENSE)	1,361	(3)	81	155	68	102
Provision for credit losses	4			1	1	
NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR CREDIT LOSSES	1,357	(3)	81	154	67	102
OTHER (LOSS) INCOME						
Total other-than-temporary impairment losses	(2,182)		(176)	(30)	(191)	(105)
Portion of impairment losses recognized in other comprehensive income (loss)	1,140		2	26	97	(24)
Net other-than-temporary impairment losses	(1,042)		(174)	(4)	(94)	(129)
Net gains (losses) on trading securities	43				1	25
Net realized gains from sale of available-for-sale securities	31					
Net (losses) gains on advances and consolidated bonds held at fair value	(68)			1		
Net (losses) gains on derivatives and hedging activities	(196)			60	(4)	45
Service fees	7		1		1	1
Other, net	(20)	(2)			2	
Total other (loss) income	(1,245)	(2)	(173)	57	(94)	(58)
OTHER EXPENSE						
Operating	203		12	18	14	27
Finance Agency	9		1	1	1	1
Office of Finance	7			1	1	1
Other, net	1	(2)				
Total other expense	220	(2)	13	20	16	29
(LOSS) INCOME BEFORE ASSESSMENTS	(108)	(3)	(105)	191	(43)	15
Affordable Housing Program	19			16	(1)	2
REFCORP	38			35	(2)	2
Total assessments	57			51	(3)	4
NET (LOSS) INCOME	$ (165)	$(3)	$(105)	$140	$ (40)	$ 11

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$110	$ 77	$ 120	$149	$125	$ 69	$ 546	$ 74
1	1	13	4	1		2	1
		3	1				1
3	3	1	3	1	1	5	2
1		8	15		26		
4	3	101	18				
147	68	178	42	39	46	358	51
115	93	296	95	4	40	39	54
381	245	720	327	170	182	950	183
15	8	34	19	32	7	67	9
271	168	523	248	105	115	418	126
1			1				
		5					
		15					
3	3					7	
290	179	577	268	137	122	492	135
91	66	143	59	33	60	458	48
			1		1		
91	66	143	58	33	59	458	48
	(73)	(102)		(28)	(7)	(1,385)	(85)
	49	(67)		26	7	1,069	(45)
	(24)	(169)		(2)		(316)	(130)
			(2)		19		
			31				
		(4)	(3)			(62)	
5	(3)	(114)	1	14	(37)	(166)	3
		1	1		2		
2		1	(27)	2	1	1	
7	(27)	(285)	1	14	(15)	(543)	(127)
12	9	29	10	23	10	26	13
1			1			3	
		1				2	1
1	1	1					
14	10	31	11	23	10	31	14
84	29	(173)	48	24	34	(116)	(93)
7	3	(7)	4	2	3	(10)	
16	5	(16)	9	4	6	(21)	
23	8	(23)	13	6	9	(31)	
$ 61	$ 21	$(150)	$ 35	$ 18	$ 25	$ (85)	$ (93)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 6,769	$	$464	$679	$470	$1,040
Prepayment (credits) fees on advances, net	(7)					
Interest-bearing deposits	9			3	2	2
Securities purchased under agreements to resell	12					
Federal funds sold	436		5	21	20	77
Trading securities	111	(10)	1			81
Available-for-sale securities	88	(1)	6	25		
Held-to-maturity securities	2,232		110	190	187	303
Mortgage loans held for portfolio	1,122		52	19	79	46
Other	1					
Total interest income	10,773	(11)	638	937	758	1,549
INTEREST EXPENSE						
Consolidated obligations—Discount notes	2,257		248	141	138	237
Consolidated obligations—Bonds	6,952	(9)	301	628	537	1,049
Deposits	94		4	8	9	23
Securities sold under agreements to repurchase	17					1
Subordinated notes	14					
Mandatorily redeemable capital stock	16			2		1
Other borrowings	1		1			
Total interest expense	9,351	(9)	554	779	684	1,311
NET INTEREST INCOME	1,422	(2)	84	158	74	238
Provision for credit losses	4				3	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,418	(2)	84	158	71	238
OTHER (LOSS) INCOME						
Realized losses on other-than-temporarily impaired securities	(149)					(87)
Net gains (losses) on trading securities	11				(1)	31
Net realized gains from sale of available-for-sale securities	1					
Net gains (losses) on advances and consolidated bonds held at fair value	102			4		
Net (losses) gains on derivatives and hedging activities	(262)		(3)	(25)	72	(45)
Service fees	8		1		1	1
Other, net	7	(2)		1	2	(1)
Total other (loss) income	(282)	(2)	(2)	(20)	74	(101)
OTHER EXPENSE						
Operating	181		12	17	12	26
Finance Agency/Finance Board	9		1			2
Office of Finance	8		1	1	1	1
Provision for derivative counterparty credit losses	252			66		170
Other, net	5	(1)	1			
Total other expense	455	(1)	15	84	13	199
INCOME (LOSS) BEFORE ASSESSMENTS	681	(3)	67	54	132	(62)
Affordable Housing Program	57		6	5	11	(5)
REFCORP	118		12	9	25	(11)
Total assessments	175		18	14	36	(16)
NET INCOME (LOSS)	$ 506	$ (3)	$ 49	$ 40	$ 96	$ (46)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$438	$227	$276	$371	$434	$257	$1,841	$272
1		1		1		(10)	
1					1		
3							9
33	65	26	19	18	16	78	58
		12			27		
	11	13	32	2			
183	83	197	57	87	132	585	118
112	117	410	133	5	35	48	66
					1		
771	503	935	612	547	469	2,542	523
229	105	113	174	105	154	462	151
443	321	739	353	367	230	1,673	320
6	4	5	6	13	4	6	6
		12			1		3
		14					
1	3				1	8	
679	433	883	533	485	390	2,149	480
92	70	52	79	62	79	393	43
		1					
92	70	51	79	62	79	393	43
		(9)		(3)			(50)
		(3)			(16)		
		1					
		(1)				99	
10	6	18	(2)	56	(29)	(326)	6
		1	1	1	1	1	
2	1	3		2	1	1	(3)
12	7	10	(1)	56	(43)	(225)	(47)
10	10	26	10	14	9	25	10
		1		1		3	1
1		1	1			1	
			5	1			10
3	1						1
14	11	28	16	16	9	29	22
90	66	33	62	102	27	139	(26)
8	6		5	8	2	13	(2)
16	12		11	19	5	25	(5)
24	18		16	27	7	38	(7)
$ 66	$ 48	$ 33	$ 46	$ 75	$ 20	$ 101	$ (19)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 8,324	$	$ 551	$1,073	$ 523	$ 800
Prepayment fees on advances, net	141		9	21	5	12
Interest-bearing deposits	64		11	19	11	6
Securities purchased under agreements to resell	20		4			
Federal funds sold	109		7	2	2	18
Trading securities	309	(21)	2		12	151
Available-for-sale securities	395		8	23	29	70
Held-to-maturity securities	4,571		175	357	383	708
Mortgage loans held for portfolio	2,983		148	55	215	118
Other	2					
Total interest income	16,918	(21)	915	1,550	1,180	1,883
INTEREST EXPENSE						
Consolidated obligations — Discount notes	1,808		146	173	39	254
Consolidated obligations — Bonds	10,895	(5)	545	783	940	1,382
Deposits	19		1	2	1	3
Securities sold under agreements to repurchase	22					
Subordinated notes	43					
Mandatorily redeemable capital stock	30			6		2
Other borrowings	1					
Total interest expense	12,818	(5)	692	964	980	1,641
NET INTEREST INCOME (EXPENSE)	4,100	(16)	223	586	200	242
Provision for credit losses	14		1	2	3	
NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR CREDIT LOSSES	4,086	(16)	222	584	197	242
OTHER (LOSS) INCOME						
Total other-than-temporary impairment losses	(10,378)		(1,281)	(118)	(976)	(1,207)
Portion of impairment losses recognized in other comprehensive income (loss)	8,383		910	104	812	943
Net other-than-temporary impairment losses	(1,995)		(371)	(14)	(164)	(264)
Net (losses) gains on trading securities	(36)		1		1	(83)
Net realized gains (losses) from sale of available-for-sale securities	7					
Net realized gains from sale of held-to-maturity securities	6					
Net (losses) gains on advances and consolidated bonds held at fair value	(435)			9		
Net gains (losses) on derivatives and hedging activities	983		(2)	125	7	462
Service fees	24		3	3	2	2
Other, net	(23)	32			6	1
Total other (loss) income	(1,469)	32	(369)	123	(148)	118
OTHER EXPENSE						
Operating	587		41	54	42	78
Finance Agency	29		2	3	2	4
Office of Finance	25		2	3	2	3
Provision for derivative counterparty credit losses	35				35	
Other, net	8	(5)	1			1
Total other expense	684	(5)	46	60	81	86
INCOME (LOSS) BEFORE ASSESSMENTS	1,933	21	(193)	647	(32)	274
Affordable Housing Program	196			53		23
REFCORP	434			119		50
Total assessments	630			172		73
NET INCOME (LOSS)	$ 1,303	$ 21	$ (193)	$ 475	$ (32)	$ 201

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 489	$ 335	$ 455	$ 535	$560	$281	$ 2,363	$ 359
6	3	27	7	12	10	22	7
9				1	7		
1		7	2				6
9	21	4	16	4	3	18	5
1		30	50		83	1	
14	16	195	40				
438	213	559	134	117	162	1,162	163
367	317	984	349	12	119	118	181
					2		
1,334	905	2,261	1,133	706	667	3,684	721
104	82	116	127	199	70	435	63
910	605	1,633	873	481	395	1,866	487
2	1	1	2	1	4		1
		22					
		43					
5	10					7	
					1		
1,021	698	1,815	1,002	681	470	2,308	551
313	207	446	131	25	197	1,376	170
		5	1		1	1	
313	207	441	130	25	196	1,375	170
	(256)	(1,388)		(80)	(8)	(3,824)	(1,240)
	211	1,009		77	8	3,332	977
	(45)	(379)		(3)		(492)	(263)
		(11)	52		3	1	
		19	(12)				
6							
		(6)	(15)			(423)	
13		(64)	98	175	85	92	(8)
1	1	1	2	2	5	1	1
5	1	2	(76)	6	2	3	(5)
25	(43)	(438)	49	180	95	(818)	(275)
33	29	79	33	55	27	80	36
2	1	2	2	1	1	8	1
2	1	2	1	1	1	5	2
2	1	6			2		
39	32	89	36	57	31	93	39
299	132	(86)	143	148	260	464	(144)
25	12		12	12	21	38	
55	24		26	27	48	85	
80	36		38	39	69	123	
$ 219	$ 96	$ (86)	$ 105	$109	$191	$ 341	$ (144)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$22,559	$	$1,527	$2,192	$1,680	$3,566
Prepayment fees (credits) on advances, net	60		4	20	2	3
Interest-bearing deposits	59			17	8	25
Securities purchased under agreements to resell	34		11			
Federal funds sold	1,596		28	70	73	217
Trading securities	318	(28)	4			227
Available-for-sale securities	230	(2)	23	57	1	
Held-to-maturity securities	6,679	(23)	362	609	628	877
Mortgage loans held for portfolio	3,408		156	58	236	139
Other	3					
Total interest income	34,946	(53)	2,115	3,023	2,628	5,054
INTEREST EXPENSE						
Consolidated obligations—Discount notes	7,872		923	559	591	687
Consolidated obligations—Bonds	22,590	(47)	909	1,952	1,751	3,575
Deposits	384		16	34	34	103
Securities sold under agreements to repurchase	50					1
Subordinated notes	43					
Mandatorily redeemable capital stock	44		1	9		2
Other borrowings	2		1			
Total interest expense	30,985	(47)	1,850	2,554	2,376	4,368
NET INTEREST INCOME	3,961	(6)	265	469	252	686
Provision for credit losses	7				6	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	3,954	(6)	265	469	246	686
OTHER (LOSS) INCOME						
Realized losses on other-than-temporarily impaired securities	(212)					(87)
Net losses on trading securities	(121)		(1)		(1)	(51)
Net realized gains from sale of available-for-sale securities	4					
Net realized gains from sale of held-to-maturity securities	2			1		
Net gains (losses) on advances and consolidated bonds held at fair value	148			4		
Net (losses) gains on derivatives and hedging activities	(282)		(7)	(65)	75	(51)
Service fees	25		4	2	3	2
Other, net	2	(4)	(3)	1	3	(1)
Total other (loss) income	(434)	(4)	(7)	(57)	80	(188)
OTHER EXPENSE						
Operating	540		38	50	40	75
Finance Agency/Finance Board	29		2	2	2	5
Office of Finance	24		2	2	2	3
Provision for derivative counterparty credit losses	252			66		170
Other, net	10	(4)	1			1
Total other expense	855	(4)	43	120	44	254
INCOME (LOSS) BEFORE ASSESSMENTS	2,665	(6)	215	292	282	244
Affordable Housing Program	233		18	25	23	20
REFCORP	511		39	53	52	45
Total assessments	744		57	78	75	65
NET INCOME (LOSS)	$ 1,921	$ (6)	$ 158	$ 214	$ 207	$ 179

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$1,451	$ 748	$ 880	$1,090	$1,338	$ 815	$6,289	$ 983
2		13	1	2	1	(10)	22
6				2	1		
14							9
136	242	133	65	90	69	287	186
		33			80	2	
	16	25	102	8			
507	262	499	149	259	409	1,784	357
345	360	1,253	400	15	96	145	205
					3		
2,461	1,628	2,836	1,807	1,714	1,474	8,497	1,762
774	404	349	491	398	488	1,793	415
1,389	992	2,277	1,075	1,098	750	5,704	1,165
24	14	19	21	55	21	23	20
		43	2		1		3
		43					
6	8		1	1	1	14	1
					1		
2,193	1,418	2,731	1,590	1,552	1,262	7,534	1,604
268	210	105	217	162	212	963	158
		1					
268	210	104	217	162	212	963	158
		(72)		(3)			(50)
		(3)			(65)		
		1		3			
							1
		(1)				145	
9	8	(64)	(12)	71		(264)	18
1	1	1	2	3	4	1	1
5	1	7	1	12	2	3	(25)
15	10	(131)	(9)	86	(59)	(115)	(55)
29	27	84	30	44	25	66	32
2	1	2	1	2	1	7	2
2	1	2	2	1	1	5	1
			5	1			10
4	1	4			2		1
37	30	92	38	48	29	78	46
246	190	(119)	170	200	124	770	57
21	16		14	16	10	65	5
45	35		31	37	23	141	10
66	51		45	53	33	206	15
$ 180	$ 139	$ (119)	$ 125	$ 147	$ 91	$ 564	$ 42

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	468		32	44	40	76
Proceeds from sale of capital stock	238		6	37	42	46
Repurchase/redemption of capital stock	(158)		(1)	(25)	(39)	(35)
Net shares reclassified to mandatorily redeemable capital stock	(52)		(1)	(1)	(1)	
Transfer between Class B and Class A shares	(1)					
Capital stock dividends	8					
BALANCE, SEPTEMBER 30, 2008	503		36	55	42	87
BALANCE, DECEMBER 31, 2008	465		36	56	40	85
Proceeds from sale of capital stock	48			27		9
Repurchase/redemption of capital stock	(52)			(32)		(11)
Net shares reclassified to mandatorily redeemable capital stock	(8)					(1)
Transfer between Class B and Class A shares	1					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	454		36	51	40	82
CAPITAL STOCK CLASS A PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	9					
Proceeds from sale of capital stock	6					
Repurchase/redemption of capital stock	(5)					
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Transfer between Class B and Class A shares	1					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2008	10					
BALANCE, DECEMBER 31, 2008	7					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock	(1)					
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Transfer between Class B and Class A shares	(1)					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	4					

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
35	20		27	24	15	134	21
4	2		49	16	16	16	4
			(38)	(7)	(1)	(12)	
					(12)	(37)	
					(1)		
1				1	1	5	
40	22		38	34	18	106	25
40	19		28	32	16	96	17
1	1		2	4	3	1	
				(9)			
(4)	(1)			(1)	(7)	6	
					1		
37	19		30	26	13	103	17
					6		3
							6
							(5)
					(1)		
					1		
					6		4
					6		1
					(1)		
					(1)		
					(1)		
					3		1

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	27					
Proceeds from sale of capital stock	1					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(2)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2008	26					
BALANCE, DECEMBER 31, 2008	24					
Proceeds from sale of capital stock	1					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	24					
TOTAL CAPITAL STOCK PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	504		32	44	40	76
Proceeds from sale of capital stock	245		6	37	42	46
Repurchase/redemption of capital stock	(163)		(1)	(25)	(39)	(35)
Net shares reclassified to mandatorily redeemable capital stock	(55)		(1)	(1)	(1)	
Capital stock dividends	8					
BALANCE, SEPTEMBER 30, 2008	539		36	55	42	87
BALANCE, DECEMBER 31, 2008	496		36	56	40	85
Proceeds from sale of capital stock	49			27		9
Repurchase/redemption of capital stock	(53)			(32)		(11)
Net shares reclassified to mandatorily redeemable capital stock	(10)					(1)
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	482		36	51	40	82

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
		27					
		1					
		(2)					
—	—	—	—	—	—	—	—
		26					
=	=	=	=	=	=	=	=
		24					
		1					
		(1)					
—	—	—	—	—	—	—	—
		24					
=	=	=	=	=	=	=	=
35	20	27	27	24	21	134	24
4	2	1	49	16	16	16	10
			(38)	(7)	(1)	(12)	(5)
		(2)			(13)	(37)	
1	—	—	—	1	1	5	—
40	22	26	38	34	24	106	29
=	=	=	=	=	=	=	=
40	19	24	28	32	22	96	18
1	1	1	2	4	3	1	
				(9)	(1)		
(4)	(1)	(1)		(1)	(8)	6	
—	—	—	—	—	—	—	—
37	19	24	30	26	16	103	18
=	=	=	=	=	=	=	=

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 46,701	$	$3,164	$ 4,368	$ 3,995	$ 7,556
Proceeds from sale of capital stock	23,825		645	3,697	4,151	4,611
Repurchase/redemption of capital stock	(15,767)		(155)	(2,496)	(3,897)	(3,443)
Net shares reclassified to mandatorily redeemable capital stock	(5,315)		(88)	(65)	(54)	(24)
Transfer between Class B and Class A shares	(65)					
Capital stock dividends	803					
BALANCE, SEPTEMBER 30, 2008	$ 50,182	$	$3,566	$ 5,504	$ 4,195	$ 8,700
BALANCE, DECEMBER 31, 2008	$ 46,413	$	$3,585	$ 5,585	$ 3,982	$ 8,463
Proceeds from sale of capital stock	4,815		44	2,693	35	900
Repurchase/redemption of capital stock	(5,217)		(2)	(3,136)		(1,111)
Net shares reclassified to mandatorily redeemable capital stock	(864)		2		(4)	(96)
Transfer between Class B and Class A shares	132					
Capital stock dividends	38					
BALANCE, SEPTEMBER 30, 2009	$ 45,317	$	$3,629	$ 5,142	$ 4,013	$ 8,156
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 891	$	$	$	$	$
Proceeds from sale of capital stock	572					
Repurchase/redemption of capital stock	(459)					
Net shares reclassified to mandatorily redeemable capital stock	(125)					
Transfer between Class B and Class A shares	65					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2008	$ 944	$	$	$	$	$
BALANCE, DECEMBER 31, 2008	$ 752	$	$	$	$	$
Proceeds from sale of capital stock	26					
Repurchase/redemption of capital stock	(118)					
Net shares reclassified to mandatorily redeemable capital stock	(98)					
Transfer between Class B and Class A shares	(132)					
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	$ 430	$	$	$	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,473	$2,003	$	$ 2,717	$2,394	$ 1,487	$13,403	$2,141
356	214		4,903	1,611	1,648	1,587	402
			(3,810)	(694)	(76)	(1,196)	
(9)	(43)		(3)	(16)	(1,243)	(3,707)	(63)
					(65)		
148				60	68	527	
$3,968	$2,174	$	$ 3,807	$3,355	$ 1,819	$10,614	$2,480
$3,962	$1,879	$	$ 2,781	$3,224	$ 1,606	$ 9,616	$1,730
87	67		190	430	303	56	10
	(5)		(2)	(947)	(14)		
(391)	(66)		(17)	(105)	(737)	572	(22)
					132		
				7	31		
$3,658	$1,875	$	$ 2,952	$2,609	$ 1,321	$10,244	$1,718
$	$	$	$	$	$ 604	$	$ 287
					4		568
							(459)
					(125)		
					65		
$	$	$	$	$	$ 548	$	$ 396
$	$	$	$	$	$ 634	$	$ 118
					6		20
					(118)		
					(95)		(3)
					(132)		
$	$	$	$	$	$ 295	$	$ 135

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 2,661	$	$	$	$	$
Proceeds from sale of capital stock	65					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(165)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2008	$ 2,561	$	$	$	$	$
BALANCE, DECEMBER 31, 2008	$ 2,386	$	$	$	$	$
Proceeds from sale of capital stock	101					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(123)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, SEPTEMBER 30, 2009	$ 2,364	$	$	$	$	$
TOTAL CAPITAL STOCK PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 50,253	$	$3,164	$ 4,368	$ 3,995	$ 7,556
Proceeds from sale of capital stock	24,462		645	3,697	4,151	4,611
Repurchase/redemption of capital stock	(16,226)		(155)	(2,496)	(3,897)	(3,443)
Net shares reclassified to mandatorily redeemable capital stock	(5,605)		(88)	(65)	(54)	(24)
Capital stock dividends	803					
BALANCE, SEPTEMBER 30, 2008	$ 53,687	$	$3,566	$ 5,504	$ 4,195	$ 8,700
BALANCE, DECEMBER 31, 2008	$ 49,551	$	$3,585	$ 5,585	$ 3,982	$ 8,463
Proceeds from sale of capital stock	4,942		44	2,693	35	900
Repurchase/redemption of capital stock	(5,335)		(2)	(3,136)		(1,111)
Net shares reclassified to mandatorily redeemable capital stock	(1,085)		2		(4)	(96)
Capital stock dividends	38					
BALANCE, SEPTEMBER 30, 2009	$ 48,111	$	$3,629	$ 5,142	$ 4,013	$ 8,156

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$	$	$2,661	$	$	$	$	$
		65					
		(165)					
$	$	$2,561	$	$	$	$	$
$	$	$2,386	$	$	$	$	$
		101					
		(123)					
$	$	$2,364	$	$	$	$	$
$3,473	$2,003	$2,661	$ 2,717	$2,394	$ 2,091	$13,403	$2,428
356	214	65	4,903	1,611	1,652	1,587	970
			(3,810)	(694)	(76)	(1,196)	(459)
(9)	(43)	(165)	(3)	(16)	(1,368)	(3,707)	(63)
148				60	68	527	
$3,968	$2,174	$2,561	$ 3,807	$3,355	$ 2,367	$10,614	$2,876
$3,962	$1,879	$2,386	$ 2,781	$3,224	$ 2,240	$ 9,616	$1,848
87	67	101	190	430	309	56	30
	(5)		(2)	(947)	(132)		
(391)	(66)	(123)	(17)	(105)	(832)	572	(25)
				7	31		
$3,658	$1,875	$2,364	$ 2,952	$2,609	$ 1,616	$10,244	$1,853

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
RETAINED EARNINGS						
BALANCE, DECEMBER 31, 2007	$ 3,689	$(26)	$ 226	$ 418	$ 296	$ 469
Adjustment to opening balance relating to pension and postretirement benefits and fair value option guidance	16					
Net income (loss)	1,921	(6)	158	214	207	179
Dividends on capital stock:						
Cash	(953)		(107)	(250)	(121)	(287)
Stock	(803)					
BALANCE, SEPTEMBER 30, 2008	$ 3,870	$(32)	$ 277	$ 382	$ 382	$ 361
BALANCE, DECEMBER 31, 2008	$ 2,936	$(33)	$ (20)	$ 383	$ 170	$ 435
Retained earnings cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883		349		256	179
Net income (loss)	1,303	21	(193)	475	(32)	201
Dividends on capital stock:						
Cash	(441)			(191)		(16)
Stock	(38)					
BALANCE, SEPTEMBER 30, 2009	$ 5,643	$(12)	$ 136	$ 667	$ 394	$ 799
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)						
BALANCE, DECEMBER 31, 2007	$ (345)	$ (4)	$ (2)	$ (35)	$ (6)	$ (3)
Net unrealized gains (losses) on available-for-sale securities:						
Net unrealized losses on available-for-sale securities	(212)		(44)	(44)	(11)	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(1)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:						
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	42					
Net unrealized gains (losses) relating to hedging activities:						
Net unrealized losses relating to hedging activities	(17)			(2)		
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	35	1	(1)		2	
Pension and postretirement benefits	2		(1)			
BALANCE, SEPTEMBER 30, 2008	$ (496)	$ (3)	$ (48)	$ (81)	$ (15)	$ (3)
BALANCE, DECEMBER 31, 2008	$(1,137)	$ (3)	$ (135)	$(101)	$ (17)	$ (5)
Accumulated other comprehensive income (loss) cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(1,883)		(349)		(256)	(179)
Net unrealized gains (losses) on available-for-sale securities:						
Unrealized gains on available-for-sale securities	920		23	48	3	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(84)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:						
Unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	52					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments	(2,450)				(884)	(948)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	267				79	162
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:						
Net noncredit portion of impairment losses on held-to-maturity securities	(9,458)		(1,094)	(104)	(912)	(862)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	1,099		184		25	
Accretion of noncredit portion of impairment losses on held-to-maturity securities	921		226	3	30	
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities	2,819				1,086	1,041
Net unrealized gains (losses) relating to hedging activities:						
Unrealized gains relating to hedging activities	106					
Reclassification adjustment for losses included in net income relating to hedging activities	33			6	1	
Pension and postretirement benefits			3			
BALANCE, SEPTEMBER 30, 2009	$(8,795)	$ (3)	$(1,142)	$(148)	$ (845)	$ (791)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 287	$ 202	$ 659	$ 361	$212	$209	$ 227	$ 149
						16	
180	139	(119)	125	147	91	564	42
	(77)		(82)				(29)
(148)				(60)	(68)	(527)	
$ 319	$ 264	$ 540	$ 404	$299	$232	$ 280	$ 162
$ 326	$ 283	$ 540	$ 382	$216	$157	$ 176	$ (79)
		233			3	570	293
219	96	(86)	105	109	191	341	(144)
(138)	(45)		(29)			(22)	
				(7)	(31)		
$ 407	$ 334	$ 687	$ 458	$318	$320	$ 1,065	$ 70
$ (5)	$ (6)	$ (251)	$ (26)	$ (1)	$ (2)	$ (3)	$ (1)
(1)	(11)	(18)	(80)	(3)			
		(1)					
		42					
		(15)					
		32				1	
	2	1					
$ (6)	$ (15)	$ (210)	$(106)	$ (4)	$ (2)	$ (2)	$ (1)
$ (6)	$ (71)	$ (639)	$(146)	$ (2)	$ (2)	$ (7)	$ (3)
		(233)			(3)	(570)	(293)
	55	603	186	2			
		(19)	(65)				
		52					
		(34)					(584)
		26					
	(227)	(1,272)		(78)	(8)	(3,740)	(1,161)
	16	281		1		408	184
	18	160		5		309	170
							692
		106					
		26					
1	(1)	(2)	1			(1)	(1)
$ (5)	$(210)	$ (945)	$ (24)	$ (72)	$ (13)	$(3,601)	$ (996)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
TOTAL CAPITAL						
BALANCE, DECEMBER 31, 2007	$ 53,597	$(30)	$ 3,388	$ 4,751	$ 4,285	$ 8,022
Adjustment to opening balances relating to pension and postretirement benefits and fair value option guidance	16					
Proceeds from sale of capital stock	24,462		645	3,697	4,151	4,611
Repurchase/redemption of capital stock	(16,226)		(155)	(2,496)	(3,897)	(3,443)
Net shares reclassified to mandatorily redeemable capital stock	(5,605)		(88)	(65)	(54)	(24)
Comprehensive income (loss):						
Net income (loss)	1,921	(6)	158	214	207	179
Other comprehensive income (loss):						
Net unrealized gains (losses) on available-for-sale securities:						
Net unrealized losses on available-for-sale securities	(212)		(44)	(44)	(11)	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(1)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:						
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	42					
Net unrealized gains (losses) relating to hedging activities:						
Net unrealized losses relating to hedging activities	(17)			(2)		
Reclassification adjustment for losses (gains) included in net income relating to hedging activities	35	1	(1)		2	
Pension and postretirement benefits	2		(1)			
Total comprehensive income (loss)	1,770	(5)	112	168	198	179
Dividends on capital stock:						
Cash	(953)		(107)	(250)	(121)	(287)
BALANCE, SEPTEMBER 30, 2008	$ 57,061	$(35)	$ 3,795	$ 5,805	$ 4,562	$ 9,058
BALANCE, DECEMBER 31, 2008	$ 51,350	$(36)	$ 3,430	$ 5,867	$ 4,135	$ 8,893
Retained earnings cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883		349		256	179
Accumulated other comprehensive income (loss) cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(1,883)		(349)		(256)	(179)
Proceeds from sale of capital stock	4,942		44	2,693	35	900
Repurchase/redemption of capital stock	(5,335)		(2)	(3,136)		(1,111)
Net shares reclassified to mandatorily redeemable capital stock	(1,085)		2		(4)	(96)
Comprehensive income:						
Net income (loss)	1,303	21	(193)	475	(32)	201
Other comprehensive (loss) income:						
Net unrealized gains (losses) on available-for-sale securities:						
Unrealized gains on available-for-sale securities	920		23	48	3	
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(84)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:						
Unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	52					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments	(2,450)				(884)	(948)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	267				79	162
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:						
Net noncredit portion of impairment losses on held-to-maturity securities	(9,458)		(1,094)	(104)	(912)	(862)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	1,099		184		25	
Accretion of noncredit portion of impairment losses on held-to-maturity securities	921		226	3	30	
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities	2,819				1,086	1,041
Net unrealized gains (losses) relating to hedging activities:						
Unrealized gains relating to hedging activities	106					
Reclassification adjustment for losses included in net income relating to hedging activities	33			6	1	
Pension and postretirement benefits			3			
Total comprehensive (loss) income	(4,472)	21	(851)	428	(604)	(406)
Dividends on capital stock:						
Cash	(441)			(191)		(16)
BALANCE, SEPTEMBER 30, 2009	$ 44,959	$(15)	$ 2,623	$ 5,661	$ 3,562	$ 8,164

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,755	$2,199	$ 3,069	$ 3,052	$2,605	$ 2,298	$13,627	$ 2,576
						16	
356	214	65	4,903	1,611	1,652	1,587	970
			(3,810)	(694)	(76)	(1,196)	(459)
(9)	(43)	(165)	(3)	(16)	(1,368)	(3,707)	(63)
180	139	(119)	125	147	91	564	42
(1)	(11)	(18)	(80)	(3)			
		(1)					
		42					
		(15)					
		32				1	
	2	1					
179	130	(78)	45	144	91	565	42
	(77)		(82)				(29)
$4,281	$2,423	$ 2,891	$ 4,105	$3,650	$ 2,597	$10,892	$ 3,037
$4,282	$2,091	$ 2,287	$ 3,017	$3,438	$ 2,395	$ 9,785	$ 1,766
		233			3	570	293
		(233)			(3)	(570)	(293)
87	67	101	190	430	309	56	30
	(5)		(2)	(947)	(132)		
(391)	(66)	(123)	(17)	(105)	(832)	572	(25)
219	96	(86)	105	109	191	341	(144)
	55	603	186	2			
		(19)	(65)				
		52					
		(34)					(584)
		26					
	(227)	(1,272)		(78)	(8)	(3,740)	(1,161)
	16	281		1		408	184
	18	160		5		309	170
							692
		106					
		26					
1	(1)	(2)	1			(1)	(1)
220	(43)	(159)	227	39	183	(2,683)	(844)
(138)	(45)		(29)			(22)	
$4,060	$1,999	$ 2,106	$ 3,386	$2,855	$ 1,923	$ 7,708	$ 927

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES						
Net income (loss)	$ 1,303	$ 21	$ (193)	$ 475	$ (32)	$ 201
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	(1,198)	16	(244)	(87)	(234)	(186)
Change in net derivative and hedging activities	582		106	3	382	513
Other adjustments	2,049	(37)	373	15	166	263
Net change in fair value adjustments on trading securities	61		(2)			109
Change in fair value adjustments on advances and consolidated bonds held at fair value	435			(9)		
Net change in:						
Trading securities	(778)				(778)	
Accrued interest receivable	1,687	(6)	160	138	172	235
Other assets	(3)		6	5	39	2
Accrued interest payable	(2,012)	6	(76)	(95)	(201)	(261)
Other liabilities*	88		(15)	51	(14)	(13)
Total adjustments	911	(21)	308	21	(468)	662
Net cash provided by (used in) operating activities	2,214		115	496	(500)	863
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	52,577		3,279	13,471	5,909	2,188
Securities purchased under agreements to resell	(755)		2,000			
Federal funds sold	(24,515)		(5,290)	(3,900)	(2,850)	209
Deposits to other FHLBanks		2			(1)	
Premises, software and equipment	(51)		(1)	(5)	(3)	(10)
Trading securities:						
Proceeds	14,648	(236)	7			778
Purchases	(22,763)					
Available-for-sale securities:						
Proceeds	27,273		3,847	553	592	162
Purchases	(44,680)		(4,918)	(1)	(502)	
Held-to-maturity securities:						
Net (increase) decrease in short-term	(2,228)		(280)	(797)	(1,250)	
Proceeds from long-term	31,063		1,406	2,321	2,819	3,861
Purchases of long-term	(17,549)		(774)	(2,754)	(735)	(1,765)
Advances:						
Proceeds	2,851,799		272,019	320,102	117,046	91,021
Made	(2,609,964)		(253,309)	(308,325)	(97,104)	(54,501)
Mortgage loans held for portfolio:						
Principal collected	17,805		802	236	1,188	608
Purchases	(7,062)		(305)	(117)	(378)	
Mortgage loans held for sale:						
Proceeds	2,124					
Principal collected	128					
Proceeds from sales of foreclosed assets	43		6			
Principal collected on other loans	1					
Net cash provided by (used in) investing activities	267,894	(234)	18,489	20,784	24,731	42,551

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 219	$ 96	$ (86)	$ 105	$ 109	$ 191	$ 341	$ (144)
(54)	(69)	230	(29)	(127)	(60)	(232)	(122)
120	160	26	(68)	30	(69)	(597)	(24)
(6)	45	372	92	2	1	494	269
		10	(52)		(3)	(1)	
		6	15			423	
114	36	26	8	78	48	547	131
3	(7)	(86)	10	18	1	7	(1)
(103)	(81)	(60)	(27)	(306)	(82)	(585)	(141)
24	(1)	10	8	9	18	20	(9)
98	83	534	(43)	(296)	(146)	76	103
317	179	448	62	(187)	45	417	(41)
20,145	141		173	3,756	3,483		32
		(1,905)					(850)
(5,775)		(1,060)	(1,060)	(1,441)	(2,151)	2,345	(3,542)
			(1)				
(2)	(1)	(7)	(2)	(9)	(1)	(6)	(4)
		430	754		12,911	4	
(2,248)		(1,101)	(3,844)		(15,570)		
17,742		976	3,271	130			
(20,955)		(13,666)	(4,638)				
(1)		248	385		1,496	3,324	(5,353)
3,146	1,864	2,704	1,083	2,400	1,778	5,933	1,748
(2,706)	(2,764)	(14)	(1,250)	(2,710)		(406)	(1,671)
316,153	23,528	202,354	35,776	361,977	226,586	835,367	49,870
(300,605)	(17,059)	(189,874)	(30,551)	(351,288)	(213,657)	(755,682)	(38,009)
2,287	1,771	6,844	1,944	54	750	530	791
(3,391)	(504)	(27)	(1,369)		(971)		
			2,124				
			128				
		37					
					1		
23,790	6,976	5,939	2,923	12,869	14,655	91,409	3,012

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES						
Net change in:						
Deposits and pass-through reserves	$ (1,363)	$	$ 36	$ 820	$ (472)	$ (187)
Deposits from other FHLBanks		1				
Borrowings	(294)			(289)		
Net (payments) proceeds on derivative contracts with financing element	(1,165)		(20)		(158)	(797)
Net proceeds from issuance of consolidated obligations:						
Discount notes	5,699,910	(25)	976,310	814,560	122,665	106,707
Bonds	349,292		17,989	35,113	20,489	68,040
Bonds transferred from other FHLBanks		(518)				518
Payments for maturing and retiring consolidated obligations:						
Discount notes	(5,863,571)	25	(994,983)	(822,439)	(134,033)	(133,296)
Bonds	(458,505)	236	(17,954)	(47,225)	(32,452)	(84,179)
Bonds transferred to other FHLBanks		518				
Proceeds from issuance of capital stock	4,942		44	2,693	35	900
Payments for redemption of mandatorily redeemable capital stock	(1,592)			(16)		(10)
Payments for repurchase/redemption of capital stock	(5,335)		(2)	(3,136)		(1,111)
Cash dividends paid	(441)			(191)		(16)
Net cash (used in) provided by financing activities	(278,122)	237	(18,580)	(20,110)	(23,926)	(43,431)
Net (decrease) increase in cash and cash equivalents	(8,014)	3	24	1,170	305	(17)
Cash and cash equivalents at beginning of the period	20,820	(3)	6	19	68	28
Cash and cash equivalents at end of the period	$ 12,806	$	$ 30	$ 1,189	$ 373	$ 11
Supplemental Disclosures:						
Interest paid	$ 16,166	$	$ 946	$ 1,162	$ 1,359	$ 1,615
AHP payments, net	$ 203	$	$ 6	$ 31	$ 15	$ 38
REFCORP assessments paid	$ 327	$	$	$ 85	$	$ 35
Transfers of mortgage loans to real estate owned	$ 108	$	$ 5	$ 1	$ 12	$ 3
Mortgage loans held for portfolio transferred to mortgage loans held for sale	$ 2,414	$	$	$	$	$
Mortgage loans held for sale transferred to mortgage loans held for portfolio	$ 163	$	$	$	$	$
Non-cash transfer of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 4,457	$	$	$	$ 1,997	$ 1,877

* Other liabilities includes the net change in REFCORP receivable/payable.

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 468	$ 231	$ 183	$ (276)	$ (524)	$ (527)	$ (834)	$ (281)
		(1)					
					(5)		
(113)	(106)	(57)	(8)	59	(71)	106	
493,773	346,709	817,081	607,196	226,943	280,983	126,457	780,551
26,541	22,526	12,079	20,767	35,595	14,013	57,264	18,876
(513,868)	(359,416)	(815,186)	(614,334)	(232,861)	(294,380)	(174,155)	(774,645)
(27,712)	(17,924)	(19,578)	(16,089)	(39,932)	(14,004)	(114,199)	(27,493)
		(111)	(407)				
87	67	101	190	430	309	56	30
(415)	(4)	(89)	(10)	(187)	(844)	(16)	(1)
	(5)		(2)	(947)	(132)		
(138)	(45)		(29)			(22)	
(21,377)	(7,967)	(5,578)	(3,002)	(11,424)	(14,658)	(105,343)	(2,963)
2,730	(812)	809	(17)	1,258	42	(13,517)	8
3	871	130	44	21		19,632	1
$ 2,733	$ 59	$ 939	$ 27	$ 1,279	$ 42	$ 6,115	$ 9
$ 1,189	$ 769	$ 1,757	$ 1,553	$ 993	$ 603	$ 3,528	$ 692
$ 22	$ 9	$ 8	$ 11	$ 12	$ 7	$ 38	$ 6
$ 53	$ 36	$ 16	$ 17	$ 6	$ 26	$ 53	$
$	$	$ 68	$ 12	$	$ 3	$ 3	$ 1
$	$	$	$ 2,414	$	$	$	$
$	$	$	$ 163	$	$	$	$
$	$	$	$	$	$	$	$ 584

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES						
Net income (loss)	$ 1,921	$ (6)	$ 158	$ 214	$ 207	$ 179
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	(784)	6	(129)	(93)	(296)	197
Change in net derivative and hedging activities	(1,117)		(35)	(408)	(67)	(124)
Other adjustments	487		3	63	6	258
Net change in fair value adjustments on trading securities	84		1			15
Change in fair value adjustments on advances and consolidated bonds held at fair value	(148)			(4)		
Net change in:						
Trading securities					1	
Accrued interest receivable	1,205	(33)	159	111	69	60
Other assets	(202)		(8)	(49)	(42)	(25)
Accrued interest payable	(721)	33	32	(5)	(2)	(289)
Other liabilities*	19		2	(31)	12	(60)
Total adjustments	(1,177)	6	25	(416)	(319)	32
Net cash provided by (used in) operating activities	744		183	(202)	(112)	211
INVESTING ACTIVITIES						
Net change in:						
Interest-bearing deposits	(1,885)			(341)	(202)	(1,251)
Securities purchased under agreements to resell	(1,500)		500			
Federal funds sold	(7,553)		(1,333)	(2,031)	240	(1,940)
Deposits to other FHLBanks		4			(5)	
Loans to FHLBanks		(955)		55	500	
Premises, software and equipment	(33)		(1)	(4)	(2)	(4)
Trading securities:						
Proceeds	2,615	(15)	34			2,450
Purchases	(4,617)	113				(2,979)
Available-for-sale securities:						
Proceeds	4,006		3	252	5	
Purchases	(9,646)		(59)	(3,244)		
Held-to-maturity securities:						
Net decrease (increase) in short-term	23,263		3,756	5,284	3,209	800
Proceeds from long-term	21,168	(2,525)	1,853	1,958	2,508	2,690
Purchases of long-term	(47,788)		(3,430)	(2,143)	(530)	(5,405)
Advances:						
Proceeds	6,678,837		773,368	389,788	1,176,709	135,096
Made	(6,815,066)		(781,455)	(410,797)	(1,180,405)	(156,253)
Mortgage loans held for portfolio:						
Principal collected	9,698		439	136	614	354
Purchases	(6,079)		(408)	(106)	(520)	(165)
Proceeds from sales of foreclosed assets	35		4			
Principal collected on other loans	1					
Net cash (used in) provided by investing activities	(154,544)	(3,378)	(6,729)	(21,193)	2,121	(26,607)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 180	$ 139	$ (119)	$ 125	$ 147	$ 91	$ 564	$ 42
(5)	(52)	(47)	16	(31)	(120)	(230)	
(159)	(122)	(160)	54	(160)	(17)	(65)	146
5		70	(1)	(6)	1	14	74
		3			65		
		1				(145)	
				(1)			
42	42	1	8	28	44	539	135
3	4	(26)	(2)	4	1	(67)	5
(12)	55	179	67	102	(53)	(628)	(200)
2	7	29	5	18	5	36	(6)
(124)	(66)	50	147	(46)	(74)	(546)	154
56	73	(69)	272	101	17	18	196
(106)				(16)	31		
							(2,000)
(370)	1,251	9,736	(251)	1,130	(1,334)	(3,720)	(8,931)
				1			
				400			
(2)		(5)	(1)	(2)	(2)	(7)	(3)
		31			94	21	
		(825)			(926)		
		498	2,707	345	194		2
(29)	(1,580)	(781)	(3,406)	(351)	(194)		(2)
755	1,660	454	300	991	3,210	6,105	(3,261)
1,667	1,344	1,139	493	1,218	808	4,646	3,369
(2,844)	(1,508)	(7,761)	(2,545)	(4,689)	(3,775)	(12,105)	(1,053)
1,328,105	43,621	187,890	256,010	642,140	467,446	1,177,982	100,682
(1,337,731)	(47,551)	(193,137)	(279,450)	(663,851)	(472,819)	(1,190,091)	(101,526)
1,081	889	4,082	1,033	43	242	336	449
(689)	(397)	(2,313)	(813)		(668)		
		31					
					1		
(10,163)	(2,271)	(961)	(25,923)	(22,641)	(7,692)	(16,833)	(12,274)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES						
Net change in:						
Deposits and pass-through reserves	$ 6,182	$	$ 530	$ 1,129	$ 672	$ 812
Deposits from other FHLBanks		(4)				
Borrowings	690			473		260
Loans from FHLBanks		955				
Net proceeds (payments) on derivative contracts with financing element	1,810		38		288	945
Net proceeds from issuance of consolidated obligations:						
Discount notes	9,301,392		1,069,226	536,200	697,541	269,227
Bonds	492,324	(113)	21,683	55,510	28,914	95,513
Bonds transferred from other FHLBanks		(889)			314	
Payments for maturing and retiring consolidated obligations:						
Discount notes	(9,230,178)		(1,068,403)	(542,194)	(705,747)	(242,113)
Bonds	(417,591)	2,539	(16,783)	(30,051)	(24,026)	(99,040)
Bonds transferred to other FHLBanks		890				
Proceeds from issuance of capital stock	24,462		645	3,697	4,151	4,611
Payments for redemption of mandatorily redeemable capital stock	(1,816)		(26)	(160)	(54)	(44)
Payments for repurchase/redemption of capital stock	(16,226)		(155)	(2,496)	(3,897)	(3,443)
Cash dividends paid	(1,009)		(107)	(250)	(121)	(343)
Net cash provided by (used in) financing activities	160,040	3,378	6,648	21,858	(1,965)	26,385
Net increase (decrease) in cash and cash equivalents	6,240		102	463	44	(11)
Cash and cash equivalents at beginning of the period	320		7	8	67	19
Cash and cash equivalents at end of the period	$ 6,560	$	$ 109	$ 471	$ 111	$ 8
Supplemental Disclosures:						
Interest paid	$ 31,631	$	$ 2,003	$ 2,096	$ 2,062	$ 3,948
AHP payments, net	$ 202	$	$ 8	$ 21	$ 14	$ 38
REFCORP assessments paid	$ 604	$	$ 43	$ 68	$ 44	$ 87
Transfers of mortgage loans to real estate owned	$ 67	$	$ 4	$	$ 6	$ 2

* Other liabilities includes the net change in the REFCORP receivable/payable.

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 321	$ 573	$ (30)	$ 494	$ 617	$ 200	$ 428	$ 436
		4					
			(200)		(5)	(100)	262
						(955)	
229	182	120		10	114	(116)	
719,677	899,620	1,046,932	1,057,476	567,983	911,748	657,679	868,083
29,537	24,663	22,684	16,629	47,476	18,844	108,270	22,714
272				139		164	
(712,084)	(903,215)	(1,046,786)	(1,037,229)	(568,995)	(902,295)	(648,355)	(852,762)
(28,239)	(19,763)	(20,368)	(11,994)	(25,120)	(19,812)	(98,085)	(26,849)
		(116)		(487)			(287)
356	214	65	4,903	1,611	1,652	1,587	970
		(9)	(38)	(64)	(1,369)	(52)	
			(3,810)	(694)	(76)	(1,196)	(459)
	(77)		(82)				(29)
10,069	2,197	2,496	26,149	22,476	9,001	19,269	12,079
(38)	(1)	1,466	498	(64)	1,326	2,454	1
53	7	17	59	75	2	5	1
$ 15	$ 6	$ 1,483	$ 557	$ 11	$ 1,328	$ 2,459	$ 2
$ 2,215	$ 977	$ 2,592	$ 1,530	$ 1,533	$ 1,435	$ 9,437	$ 1,803
$ 21	$ 12	$ 16	$ 14	$ 10	$ 13	$ 30	$ 5
$ 45	$ 32	$ 10	$ 26	$ 26	$ 29	$ 174	$ 20
$	$	$ 43	$ 9	$	$ 1	$ 2	$

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 financial statements and the notes beginning on page 4 of this Combined Financial Report. Each FHLBank discusses 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, 2009. 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, 2008.

Each FHLBank's Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC contains, as required by applicable SEC rules, a Management's Discussion and Analysis of Financial Condition and Results of Operations, commonly called MD&A. The SEC has noted that one of the principal objectives of MD&A is to provide a narrative explanation of a registrant's financial statements that enables investors to see the registrant through the eyes of its management and that "management has a unique perspective on its business that only it can present." Because there is no centralized management of the FHLBanks that can provide a system-wide "eyes of management" view of the FHLBanks as a whole, this Combined Financial Report does not contain a conventional MD&A. It includes, instead, a "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations" prepared by the Office of Finance using information provided by the individual FHLBanks. The Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations does not generally include a separate description of how each FHLBank's operations affect the combined financial condition and combined results of operations. That level of information about each of the FHLBanks is addressed in the respective FHLBank's periodic reports filed with the SEC. (See "Explanatory Statement about FHLBanks Combined Financial Report" on page 1, "Available Information on Individual FHLBanks" on page 2 and "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios" on page 209.)

Presentation. Unless otherwise stated, amounts disclosed in this combined financial report represent values rounded to the nearest million; as such, amounts less than one million may not be reflected in this combined financial report.

Forward-Looking Information

Statements contained in this report, including statements describing the objectives, projections, estimates, or future predictions of the FHLBanks and 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. This

volatility 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 (FDIC), or a decline in liquidity in the financial markets;

- 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, as amended, or regulations that affect FHLBank operations, and regulatory oversight (including the U.S. Secretary of the Treasury's authority relating to the issuance of consolidated obligations and the passage of the Housing Act);
- 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 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 assets and liabilities;
- the ability to introduce new 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 status as cooperatives, the FHLBanks' financial strategies are designed to enable the FHLBanks to expand and contract in response to the credit needs of their members.

Each FHLBank invests its capital in primarily 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 investments and mortgage loans. 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 Federal Housing Finance Agency (Finance Agency) in its capacity as regulator (the Regulator). However, the management and board of directors of each FHLBank determine the best approach for meeting the FHLBank's business objectives and serving the needs of its members, which may not be the same as other FHLBanks due to different markets and economic characteristics. 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 continue to offer the purchase of mortgage loans from their members through the acquired member asset programs; other FHLBanks have offered a program to their members but have not actively marketed the program or their members have not invested significant resources to develop or expand the programs; and some FHLBanks that previously participated have exited the programs. At September 30, 2009, mortgage loans purchased through the acquired member asset programs as a percentage of an individual FHLBank's total assets varied from a high of 29 percent for the FHLBank of Chicago to a low of less than one percent for the FHLBank of Dallas.

Comparative Highlights

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2009 vs. 2008 Decrease		For the Nine Months Ended September 30, 2009 vs. 2008 Increase (Decrease)	
(Dollar amounts in millions)	2009	2008	2009	2008	$	%	$	%
Net interest income	$1,361	$1,422	$4,100	$3,961	(61)	(4.3)%	$ 139	3.5%
Net (loss) income	(165)	506	1,303	1,921	(671)	(132.6)%	(618)	(32.2)%

Net interest income decreased in the third quarter of 2009 compared to the third quarter of 2008 primarily due to the decline in interest rates, as the decrease in interest expense on consolidated obligations was less than the decreases in interest income on advances, investments and mortgage loans. Combined net loss for the third quarter of 2009 compared to the combined net income for the third quarter of 2008 was primarily attributable to the decreases in net interest income, increased OTTI charges on certain private-label residential MBS and home equity loan investments and net losses on advances and consolidated bonds held at fair value, which were partially offset by increased gains in trading securities, gains from sale of available-for-sale securities and smaller losses on derivatives and hedging activities.

Net interest income increased in the first nine months of 2009 compared to the first nine months of 2008 primarily due to replacement of a portion of longer-term, higher-rate debt through the issuance of new, shorter-term consolidated obligations at significantly lower interest rates. The decrease in net income in the first nine months of 2009 compared to the first nine months of 2008 can be primarily attributed to the increase in net other-than-temporary impairment losses and the increase in net losses on advances and consolidated bonds held at fair value, which more than offset the increase in net interest income, the net gains on derivatives and hedging activities, the decrease in provision for derivative counterparty credit losses and smaller losses on trading securities.

Total other loss for the three and nine months ended September 30, 2009 and 2008 was the result of 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, 2009 vs. 2008 (Decrease) Increase	For the Nine Months Ended September 30, 2009 vs. 2008 (Decrease) Increase
	2009	2008	2009	2008	$	$
Net other-than-temporary impairment losses	$(1,042)	$	$(1,995)	$	$(1,042)	$(1,995)
Realized losses on other-than-temporarily impaired securities		(149)		(212)	149	212
Net gains (losses) on trading securities	43	11	(36)	(121)	32	85
Net realized gains from sale of available-for-sale securities	31	1	7	4	30	3
Net realized gains from sale of held-to-maturity securities			6	2		4
Net (losses) gains on advances and consolidated bonds held at fair value	(68)	102	(435)	148	(170)	(583)
Net (losses) gains on derivatives and hedging activities	(196)	(262)	983	(282)	66	1,265
Service fees	7	8	24	25	(1)	(1)
Other, net	(20)	7	(23)	2	(27)	(25)
Total other loss	$(1,245)	$(282)	$(1,469)	$(434)	$ (963)	$(1,035)

In the third quarter of 2009, the FHLBanks incurred $1,042 million in OTTI charges related to certain private-label residential MBS and home equity loan investments that are recorded in "Net other-than-temporary impairment losses," which compares to $149 million recorded in "Realized losses on other-than-temporarily impaired securities" in the third quarter of 2008. In the first nine months of 2009, the FHLBanks incurred $1,995 million in OTTI charges related to certain private-label residential MBS and home equity loan investments that are recorded in "Net other-than-temporary impairment losses," which compares to $212 million recorded in "Realized losses on other-than-temporarily impaired securities" in the first nine months of 2008. Ongoing deterioration in housing prices, credit market stress, and weakness in the U.S. economy in the third quarter and first nine months of 2009 continued to affect the credit quality of the loan collateral underlying certain MBS in certain of the FHLBanks' investment portfolios, resulting in projected credit losses on some securities that required these FHLBanks to write down the securities to fair value. These trends led these FHLBanks to modify certain assumptions in the cash flow models used to analyze these MBS to reflect lower projected prepayment rates, higher projected default rates, and higher projected losses on defaulted loans than used in these FHLBanks' analyses in prior periods. As a result of the continued lack of liquidity in the MBS market, which adversely affected the valuation of MBS, the OTTI charges on the affected securities significantly reduced these FHLBanks' capital balance calculated in accordance with accounting principles generally accepted in the United States of America (GAAP). To continue building retained earnings and preserve capital, certain FHLBanks did not pay a dividend for the first, second and third quarter of 2009 and/or did not repurchase excess capital stock.

The FHLBanks recorded $196 million of net losses on derivatives and hedging activities during the third quarter of 2009 and $983 million of net gains on derivatives and hedging activities during the first nine months of 2009. The FHLBanks' costs of derivatives and hedging activities fluctuate with volatility in the overall interest rate environment, as FHLBanks hedge their asset risk exposures. Most income statement changes for derivatives and hedging activities represent unrealized market value adjustments

on derivatives that result primarily from interest rate changes that affect the market values of derivatives differently than the market values of the hedged risks. In general, derivatives and associated hedged instruments and certain assets and liabilities that are carried at fair value are held to the maturity, call, or put date. Therefore, for these financial instruments, nearly all of the cumulative net gains and losses that are unrealized gains or losses are either generally a matter of timing and will generally reverse over the remaining contractual terms or are the reversal of gains recognized in prior periods of the hedged financial instrument, associated interest-rate exchange agreement or financial instrument carried at fair value. However, there may be instances in which these instruments are terminated prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. In addition, the FHLBanks may have instances in which they may sell securities prior to maturity, which may also result in a realized gain or loss.

Hedge ineffectiveness occurs when changes in the fair value of the derivative and the related hedged item do not perfectly offset each other. Hedge ineffectiveness is driven by changes in the benchmark interest rate and volatility. As the benchmark interest rate changes and the magnitude of that change intensifies, so will the effect on the FHLBanks' net (losses) gains on derivatives and hedging activities. Additionally, volatility in the marketplace may intensify this effect.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2009 vs. 2008 Increase		For the Nine Months Ended September30, 2009 vs. 2008 Increase	
(Dollar amounts in millions)	2009	2008	2009	2008	$	%	$	%
Total operating expenses	$203	$181	$587	$540	$22	12.2%	$47	8.7%

The increase in operating expenses for the three and nine months ended September 30, 2009, as compared to the same periods in 2008, primarily relates to increases in pension plan costs, employee headcount as well as increases in professional and contract services.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30, 2009 vs. 2008 Decrease		For the Nine Months Ended September 30, 2009 vs. 2008 Decrease	
(Dollar amounts in millions)	2009	2008	2009	2008	$	%	$	%
Daily average total assets	$1,108,864	$1,360,261	$1,210,815	$1,332,721	$(251,397)	(18.5)%	$(121,906)	(9.1)%

The decreases in average assets are primarily the result of the decline in the FHLBanks' advance balances during the three and nine months ended September 30, 2009.

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

	September 30, 2009		December 31, 2008		
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	Decrease %
Advances	$ 677,880	63.8%	$ 928,638	68.8%	(27.0)%
Investments	292,605	27.6%	305,913	22.7%	(4.4)%
Mortgage loans held for portfolio, net	74,177	7.0%	87,361	6.5%	(15.1)%
Total assets	1,061,766		1,349,053		(21.3)%
Total consolidated obligations, net	979,914		1,258,267		(22.1)%
Total capital	44,959		51,350		(12.4)%

The decrease in advances outstanding at September 30, 2009 as compared to December 31, 2008 was primarily attributable to a decline in member demand, which reflected increases in their level of deposits and reduced lending activity due to the economic recession, as well as the availability of federal

government programs that provided members with more attractively priced sources of funding and liquidity and/or lower collateral requirements than were available earlier in the credit crisis. Mortgage loans held for portfolio decreased in absolute terms as a result of market conditions and lower origination volumes as well as the FHLBank of Des Moines' sale of $2.1 billion of mortgage loans in the second quarter of 2009.

Investments and the composition of investments fluctuate due to changes in the amount of the FHLBanks' asset activity, anticipated asset activity and liquidity requirements and needs in light of current market conditions. Investments in securities purchases under agreements to resell, Federal funds sold and non-MBS investment securities increased $52 billion, while MBS investment securities and interest-bearing deposits decreased by $65 billion from December 31, 2008 to September 30, 2009.

Consolidated obligations decreased in relation to the decrease in total assets. The decrease in the level of capital at September 30, 2009 compared to December 31, 2008 is primarily attributable to recognizing $6.8 billion in noncredit portion of OTTI charges on certain private-label MBS and home equity loan investments, the $5.3 billion repurchase/redemption of capital stock and an increase of $1.1 billion of reclassification of capital stock as mandatorily redeemable capital stock, partially offset by $4.9 million in proceeds from sale of capital stock. The FHLBanks' combined regulatory capital-to-assets ratio at September 30, 2009 was 5.69 percent, up from 4.42 percent at December 31, 2008. The FHLBanks' combined GAAP capital-to-assets ratio at September 30, 2009 was 4.23 percent, up from 3.81 percent at December 31, 2008.

Key ratios are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Return on average assets (basis points)	(6)	15	14	19
Return on average equity	(1.42)%	3.51%	3.63%	4.58%
Weighted average dividend rate	1.64%	3.50%	1.32%	4.47%

The decreases in return on average assets and return on average equity for the three and nine months ended are due primarily to the decrease in net income. The dividend rate has been influenced by each FHLBank's retained earnings policies, dividend policies, net income, business strategies and Finance Agency guidance.

Financial Trends

Conditions in Financial Markets.

The FHLBanks had ready access to term debt funding at desirable pricing levels during the third quarter of 2009, pricing slightly fewer bonds than in the second quarter of 2009. However, the increase in FHLBank TAP volume during the third quarter of 2009 demonstrated an increased willingness by dealers to assume risk positions in the sector. Meanwhile, agency discount note spreads deteriorated considerably during the third quarter of 2009, making discount notes a less desirable funding option for the FHLBanks. A continued decline in money market fund assets, coupled with proposed changes to the rules that govern money market funds, could further weaken the agency discount note market in the near term. See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments" for additional discussion.

During the third quarter of 2009, the Federal Reserve Bank of New York (FRBNY) continued to support the capital markets through the purchase of GSE term debt, agency MBS and U.S. Treasuries. The FRBNY purchased approximately $34.3 billion in housing GSE term debt during this quarter, including $6 billion of FHLBank mandated Global bullets. By the end of September 2009, FRBNY purchases of housing GSE debt were up to $131.2 billion, or almost 66% of the $200 billion allocated to this program at that time. During the third quarter of 2009, the Federal Reserve made two announcements regarding its agency debt purchase programs. First, it announced that on-the-run securities would be

included in the list of CUSIPs eligible for purchase through its agency debt purchase programs. Second, the Federal Reserve announced that it would slow the purchasing of agency debt and MBS, extending those operations into the first quarter of 2010.

From July 2 to September 30, 2009, the FRBNY purchased approximately $330.4 billion in agency mortgage-backed securities. This includes approximately $47.2 billion in purchases related to dollar rolls, which, similar to repurchase agreements, provide holders of mortgage-backed securities with a form of short-term financing. FRBNY purchases of U.S. Treasury securities also continued, with the FRBNY buying an additional $105 billion in U.S. Treasury securities during the third quarter of 2009. With the planned end date for the FRBNY's U.S. Treasury purchase program set for October 31, 2009, the FRBNY had purchased 95% of the allocated $300 billion by the end of the third quarter of 2009.

During the third quarter of 2009, as the FHLBanks' consolidated obligations outstanding continued to shrink, redemptions resulting from both scheduled maturities and exercised calls outpaced FHLBank debt issuance. Consolidated obligations outstanding declined an additional $82 billion during the third quarter of 2009, with consolidated discount notes decreasing significantly more than consolidated bonds. Consolidated obligations outstanding closed the third quarter of 2009 at levels last seen in late July 2007.

The volume of FHLBank consolidated bonds priced during the third quarter of 2009 was slightly less than during the second quarter of 2009. During the third quarter of 2009, the mix of bonds priced by the FHLBanks changed slightly, with the FHLBanks relying less on negotiated bullet bonds and floating-rate securities and relying more on negotiated callable bonds and step-up bonds. Furthermore, TAP issuance has been on the rise since June 2009, indicating dealers' willingness to commit balance sheet resources to the agency sector. The FHLBanks priced $4.1 billion in TAPs during the third quarter of 2009, compared to only $30 million during the second quarter of 2009. In terms of FHLBank bond funding costs, while weighted-average consolidated bond funding costs during the third quarter of 2009 deteriorated slightly compared to those of the second quarter of 2009, they were still above the average for the previous twelve months. In July 2009, the FHLBanks priced $4 billion of a new, three-year mandated Global bullet bond. In August 2009, the FHLBanks priced a $1.25 billion re-opening of its most recent two-year mandated Global bullet bond using a Dutch auction process. In September 2009, the FHLBanks priced $3 billion of a new, three-year mandated Global bullet bond.

Primary securities dealer inventories of agency debt securities, as reported by the FRBNY, were virtually unchanged at the close of the third quarter of 2009 when compared to levels at the end of the second quarter of 2009. However, the mix of securities within these inventories shifted dramatically from discount notes to bonds; dealer inventories of agency discount notes dropped $12.5 billion during the third quarter of 2009, while dealer inventories of agency bonds increased almost $12 billion.

Foreign official holdings of agency debt and MBS securities, as reported by the Federal Reserve, continued to fall during the third quarter of 2009, dropping $39 billion during this quarter to levels last seen in August 2007. Meanwhile, during the third quarter of 2009, taxable money market fund assets fell another $148 billion, with assets allocated to "U.S. other agency" securities dropping $49 billion during this time period.

Review of Interest-Rate Levels and Volatility—Third Quarter of 2009 Compared to Third Quarter of 2008.

The primary external factors that affect net interest income are market interest-rate levels and volatility, credit spreads and the general state of the economy.

Interest rates prevailing during any reporting period affect the FHLBanks' profitability for that reporting period, due primarily to the short-term structure of earning assets and the effect of interest rates on invested capital. At September 30, 2009 and December 31, 2008, the majority of investments, excluding mortgage-backed securities, and approximately 38 percent and 42 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. Generally, due to the FHLBanks' cooperative structures, the FHLBanks earn relatively narrow net spreads between the yield on assets and the cost of corresponding liabilities. As a result, compared with other financial institutions, a relatively higher proportion of FHLBank income is generated from the investment of member-supplied capital at the average asset yield. Consequently, changes in asset yields tend to have a greater effect on FHLBank profitability than on the profitability of financial institutions in general. Most FHLBanks' return on capital follows short-term rates such as the Federal funds or 3-month LIBOR rates, while certain FHLBank average asset yields and corresponding returns on capital are driven by longer-term assets, such as mortgage loans purchased through the mortgage purchase programs and mortgage-backed securities (also referred to as MBS) and collateralized mortgage obligations (CMO)-related investment holdings.

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

The following table presents information on key market interest rates at September 30, 2009 and December 31, 2008 and key average market interest rates for the three and nine months ended September 30, 2009 and 2008.

	September 30, 2009 Ending Rate	December 31, 2008 Ending Rate	Third Quarter 2009 Three-Month Average	Third Quarter 2008 Three-Month Average	First Nine Months 2009 Nine-Month Average	First Nine Months 2008 Nine-Month Average
Federal Funds Target (1)	0.25%	0.25%	0.25%	2.00%	0.25%	2.42%
3-month LIBOR (1)	0.29%	1.43%	0.41%	2.91%	0.83%	2.98%
2-year LIBOR (1)	1.29%	1.48%	1.40%	3.37%	1.48%	3.16%
5-year LIBOR (1)	2.65%	2.13%	2.85%	4.08%	2.65%	3.88%
10-year LIBOR (1)	3.46%	2.56%	3.72%	4.55%	3.39%	4.46%
3-month U.S. Treasury (1)	0.11%	0.08%	0.15%	1.54%	0.17%	1.76%
2-year U.S. Treasury (1)	0.95%	0.77%	1.01%	2.36%	0.97%	2.27%
5-year U.S. Treasury (1)	2.31%	1.55%	2.45%	3.11%	2.15%	3.00%
10-year U.S. Treasury (1)	3.31%	2.21%	3.50%	3.85%	3.17%	3.79%
15-year residential mortgage note rate (2)	4.34%	4.80%	4.58%	5.90%	4.65%	5.60%
30-year residential mortgage note rate (2)	4.94%	5.03%	5.17%	6.31%	5.06%	6.07%

(1) Source: Bloomberg.

(2) Average rates calculated using Bloomberg. September 30, 2009 and December 31, 2008 ending rates are from the last week in September 2009 and December 2008.

During the third quarter of 2009, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), left the Federal funds rate unchanged from year-end 2008, at a level of between 0.00 percent and 0.25 percent. From the end of the third quarter of 2008 to the end of the third quarter of 2009, the FOMC's actions resulted in a 175-200 basis point reduction in the Federal funds rate.

Both short-term and long-term interest rates generally followed this downward trend in the Federal funds rate. For example, due to aggressive and unprecedented action by U.S. and foreign central banks to add liquidity to the money markets, the average three-month and two-year LIBOR rates decreased approximately 250 and 197 basis points from the third quarter of 2008 to the third quarter of 2009, while the average three-month and two-year U.S. Treasury rates for the third quarter of 2009 were approximately 139 and 135 basis points lower than the corresponding three-month and two-year U.S. Treasury

rates during the third quarter of 2008. Average five-year and ten-year U.S. Treasury rates were lower by 66 and 35 basis points in the first nine months of 2009 compared to the same period in 2008, while average five-year and ten-year LIBOR rates were lower by 123 and 83 basis points over this time period.

Based on the data in the Securities Industry and Financial Markets Association's (SIFMA's) November 2009 "Research Quarterly," the latest date for which information is publicly available, securities issuance in the first nine months of 2009 reached $5.07 trillion, a 21.2 percent increase from the $4.19 trillion issued in the first nine months of 2008. Even as agency MBS volume continued to dominate the mortgage-backed sector, agency long-term debt issuance remained in decline. Agency long-term debt issuance totaled $143.3 billion in the third quarter of 2009, a 53.0 percent decrease from the $305.0 billion issued in the second quarter of 2009, and was $847.8 billion in the first nine months of 2009 compared to the $1,019.1 billion issued in the first nine months of 2008.

The dollar amounts of callable bonds redeemed prior to maturity (called) in the third quarter and first nine months of 2009 were lower than those of the corresponding periods in the prior year. During the third quarter of 2009, $19 billion of callable FHLBank consolidated bonds were redeemed prior to maturity, compared to $26 billion of callable FHLBank consolidated bonds during the third quarter of 2008. During the first nine months of 2009, $121 billion of callable FHLBank consolidated bonds were redeemed prior to maturity, compared to $227 billion of callable FHLBank consolidated bonds during the corresponding period in 2008.

Macroeconomic Factors Affecting the FHLBanks—Third Quarter of 2009 Compared to Third Quarter of 2008.

The mortgage market continued to undergo a number of changes. Mortgage loan delinquencies and defaults have increased over the past year, particularly in the nonprime sectors, 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, dealers and investors incurred significant markdowns on the value of subprime, alternative documentation and payment-option loans and securities backed by these loans. As a result, a number of high-profile originators have exited subprime and alternative documentation lending, disposed of assets or filed for bankruptcy as warehouse lenders invoked lending covenants and seized collateral. The FHLBanks have not experienced significant losses from their direct holdings of mortgage loans due primarily to conservative underwriting policies.

The FDIC's second quarter 2009 "Quarterly Banking Profile," the latest date for which information is publicly available, reported that FDIC-insured institutions reported a net loss of $3.7 billion in the second quarter of 2009, compared to net income of $4.7 billion in the second quarter of 2008. While increased expenses for bad loans were chiefly responsible for the second quarter 2009 net loss, contributing factors included write-downs of asset-backed commercial paper and higher assessments for deposit insurance. Total assets of all FDIC-insured institutions were unchanged at $13.3 trillion at June 30, 2009, compared to June 30, 2008, while total deposits for all FDIC-insured institutions increased to $9.0 trillion at June 30, 2009, representing a 5.2 percent increase over the corresponding balance of $8.6 trillion at June 30, 2008. While total loans and leases decreased 4.6%, from $8.0 trillion at June 30, 2008 to $7.6 trillion at June 30, 2009, total domestic office deposits increased from $7.0 trillion at June 30, 2008 to $7.6 trillion at June 30, 2009, representing a 7.5 percent increase. Over the past 12 months, the share of assets funded by domestic deposits increased from 52.8 percent to 56.8 percent. By contrast, over the past 12 months, FHLBank advances as a percentage of asset funding declined from 6.3 percent to 4.8 percent. For the third consecutive quarter, FDIC-insured institutions decreased their FHLBank borrowings. Based on the data in the FDIC's first and second quarter 2009 "Quarterly Banking Profile," the corresponding $153.2 billion, or 19.4 percent, decrease during the first half of 2009 resulted from these institutions increasing their participation in U.S. government programs initiated to provide capital and liquidity to the banking sector. For example, at June 30, 2009, 97 financial institutions had $339 billion in government-guaranteed debt outstanding through the TLGP.

Conditions in Financial Markets Subsequent to the Third Quarter of 2009.

At the end of October 2009, the U.S. Department of Commerce estimated that the U.S. gross domestic product (GDP) grew at an annual rate of 3.5% during the third quarter of 2009. This was the first report of positive quarterly GDP growth in over a year. While a positive GDP is one of several indicators of economic health, the market remains focused on high unemployment with growth expected to remain slow for some time.

Federal Reserve purchases of agency securities continued during October 2009; the FRBNY purchased $15.8 billion in debt issued by the housing GSEs, including $2.7 billion in FHLBank mandated Global bullet bonds. Through the end of October, the FRBNY had purchased approximately $147 billion in GSE debt securities, or almost three-quarters of the $200 billion originally allocated to this program, including $31.3 billion in FHLBank mandated Global bullet bonds. On November 4, 2009, the Federal Reserve announced that it would reduce its total purchases of agency debt from $200 billion to $175 billion to reflect the limited availability of agency debt.

In addition to purchasing agency debt securities, during October 2009, the FRBNY purchased $114 billion (gross) in agency MBS, bringing total net purchases to $977 billion, or approximately 78% of the $1.25 trillion committed to this program. Furthermore, the FRBNY purchased an additional $7.2 billion in U.S. Treasuries during October, bringing total purchases to $292 billion, or approximately 97% of the $300 billion committed to this program. As noted in a statement by the FRBNY on August 12, 2009, the Federal Reserve anticipated that the full amount of U.S. Treasury securities would be purchased by the end of October 2009. Therefore, it is possible that the Federal Reserve will end this program just shy of the full original commitment level.

In October 2009, the FHLBanks priced just over $50 billion in consolidated bonds, relying more heavily on swapped negotiable callable bonds. TAP bullet bond issuance continued to gain traction during the month as monthly volume has picked up steadily since June 2009. In October 2009, the FHLBanks also priced a new, $3.5 billion three-year mandated Global bullet bond.

FHLBank consolidated obligations outstanding continued to shrink in October 2009—dropping an additional $11.8 billion. This reduction in consolidated obligations outstanding was driven by a drop in consolidated discount notes, which fell $28.9 billion in October; consolidated bonds outstanding increased $17.1 billion during October despite the fact that October's monthly consolidated bond call volume was the highest since March 2009. Based on October month-end data, the weighted-average number of days to maturity of FHLBank consolidated bonds outstanding has been rising since the end of July 2009—increasing 21 days since the end of July 2009, from 808 days to 829 days. Meanwhile, the weighted-average number of days to maturity of FHLBank consolidated discount notes has been shrinking since the end of January 2009—dropping almost 27 days since the end of January 2009, from 73 days to 46 days.

Primary dealer inventories of both agency discount notes and bonds increased through late October 2009. Foreign investor holdings of agencies (debt and MBS), as reported by the Federal Reserve System, continued to drop in October. However, the rate of decline slowed significantly during the last three weeks of the month—with holdings down only $166 million over that period.

Taxable money market fund assets continued to drop in October 2009—falling an additional $69 billion since the end of September 2009, and taxable money market fund investments allocated to the "U.S. other agency" category also declined, dropping an additional $34 billion during the same period.

Combined Statement of Condition

Assets and liabilities hedged with derivative instruments designated under fair value hedging relationships are required to be adjusted for changes in value attributable to the risk being hedged (e.g., benchmark interest-rate risk) even as other assets and liabilities continue to be carried on a historical cost basis. The fair value option provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. In discussing changes in the Combined Statement of

Condition at September 30, 2009 as compared to December 31, 2008, the 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 hedging adjustments were less than one percent of the book value. The hedging and fair value option valuation adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations are as follows:

Hedging and Fair Value Option Valuation Adjustments
(Dollar amounts in millions)

	September 30, 2009	December 31, 2008
Advances at pre-hedging adjustments and fair value option valuation adjustments value	$658,605	$ 900,453
Hedging adjustments	18,435	26,885
Fair value option valuation adjustments (1)	840	1,300
Advances at carrying value	$677,880	$ 928,638
Available-for-sale securities at pre-hedging adjustments value (2)	$ 37,270	$ 13,969
Hedging adjustments	1,008	590
Available-for-sale securities at carrying value	$ 38,278	$ 14,559
Mortgage loans held for portfolio at pre-hedging adjustments value	$ 73,949	$ 87,065
Hedging adjustments	256	311
Mortgage loans held for portfolio at carrying value	$ 74,205	$ 87,376
Consolidated obligations at pre-hedging adjustments and fair value option valuation adjustments value	$973,116	$1,247,606
Hedging adjustments	6,706	10,595
Fair value option valuation adjustments (1)	92	66
Consolidated obligations at carrying value	$979,914	$1,258,267

(1) See "Note 13—Estimated Fair Values" to the accompanying combined financial statements for discussion about financial instruments carried at fair value on the statement of condition by the FHLBanks.

(2) Book value includes fair value adjustments.

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

Advances. Generally, the growth or decline in advances is reflective of demand by members for both short-term liquidity and long-term funding, driven by economic factors such as the availability to members of alternative funding sources that are more attractive, the interest-rate environment and the outlook for the economy. An FHLBank's ability to grow its advances portfolio may be affected by, among other things, the composition of an FHLBank's membership; current, as well as future, credit market conditions; and housing market trends. Furthermore, to the extent that an FHLBank does not pay dividends or pays dividends at less than historical spreads, such action may adversely affect member demand for advances.

At September 30, 2009, the FHLBanks had $6.8 billion of CIP housing advances and $2.8 billion of CIP commercial and economic development advances outstanding.

Advances by Redemption Term
(Dollar amounts in millions)

Redemption Term	September 30, 2009 Amount	September 30, 2009 Weighted-Average Interest Rate	December 31, 2008 Amount	December 31, 2008 Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 37		$ 30	
Due in 1 year or less	253,385	2.12%	382,493	2.44%
Due after 1 year through 2 years	116,460	3.04%	150,323	3.67%
Due after 2 years through 3 years	70,050	2.93%	94,086	3.53%
Due after 3 years through 4 years	60,616	2.57%	67,173	3.65%
Due after 4 years through 5 years	24,888	3.21%	58,127	3.13%
Thereafter	129,867	3.55%	144,578	3.78%
Index amortizing advances	3,366	4.56%	3,654	4.62%
Total par value	658,669	2.75%	900,464	3.12%
Commitment fees	(7)		(6)	
Discount on AHP advances	(65)		(68)	
Premiums	75		105	
Discounts	(67)		(42)	
Hedging adjustments	18,435		26,885	
Fair value option valuation adjustments	840		1,300	
Total	$677,880		$928,638	

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).

Member demand for the FHLBanks' advance products decreased during the first nine months of 2009, as a result of members generally having less need for liquidity from the FHLBanks. The decrease in advances outstanding at September 30, 2009 compared to December 31, 2008 was generally broad-based across the FHLBanks' membership and primarily reflected the economic recession and lower lending, as well as the availability of federal government programs that provided members with more attractively priced sources of funding and liquidity and/or with lower collateral requirements. The balance of advances also declined due to growth in demand for, and an increase in availability of, deposits to members, which allowed members the ability to prepay their advances. During the first nine months of 2009, the FHLBanks also experienced a substantial paydown of advances as a result of maturing advances.

Advance Originations
(Dollar amounts in millions)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Three Months Ended September 30, 2009 vs. 2008 Decrease $	For the Three Months Ended September 30, 2009 vs. 2008 Decrease %	For the Nine Months Ended September 30, 2009 vs. 2008 Decrease $	For the Nine Months Ended September 30, 2009 vs. 2008 Decrease %
Advances originated	$666,822	$2,275,097	$2,609,964	$6,815,066	$(1,608,275)	(70.7)%	$(4,205,102)	(61.7)%
Advances repaid	728,699	2,178,075	2,851,799	6,678,837	(1,449,376)	(66.5)%	(3,827,038)	(57.3)%
Net (decrease) increase	$ (61,877)	$ 97,022	$ (241,835)	$ 136,229				

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

Par amount of advances	September 30, 2009	Percentage of Total	December 31, 2008	Percentage of Total
Fixed-rate	$476,249	72.3%	$609,073	67.6%
Variable-rate	182,420	27.7%	291,391	32.4%
Total	$658,669	100.0%	$900,464	100.0%

Some 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).

Callable Advances Outstanding—Par Value
(Dollar amounts in millions)

	September 30, 2009		December 31, 2008		Decrease	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value	$	%
Callable advances	$29,101	4.4%	$46,098	5.1%	$(16,997)	(36.9)%

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

Year of Contractual Maturity or Next Call Date	September 30, 2009	Percentage of Total	December 31, 2008	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 37	0.0%	$ 30	0.0%
Due in 1 year or less	274,291	41.7%	414,444	46.0%
Due after 1 year through 2 years	116,084	17.6%	148,674	16.5%
Due after 2 years through 3 years	65,106	9.9%	89,636	10.0%
Due after 3 years through 4 years	56,252	8.5%	62,615	7.0%
Due after 4 years through 5 years	24,491	3.7%	53,534	5.9%
Thereafter	119,042	18.1%	127,877	14.2%
Index amortizing advances	3,366	0.5%	3,654	0.4%
Total par value	$658,669	100.0%	$900,464	100.0%

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

Convertible and Putable Advances Outstanding—Par Value
(Dollar amounts in millions)

	September 30, 2009		December 31, 2008	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value
Convertible advances	$ 37,330	5.7%	$ 47,676	5.3%
Putable advances	90,760	13.8%	94,621	10.5%
Convertible and putable advances	$128,090	19.5%	$142,297	15.8%

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

Year of Contractual Maturity or Next Put/Convert Date	September 30, 2009	Percentage of Total	December 31, 2008	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 37	0.0%	$ 30	0.0%
Due in 1 year or less	347,826	52.8%	483,174	53.7%
Due after 1 year through 2 years	117,509	17.9%	151,648	16.8%
Due after 2 years through 3 years	57,869	8.8%	96,779	10.8%
Due after 3 years through 4 years	54,690	8.3%	51,820	5.8%
Due after 4 years through 5 years	22,618	3.4%	52,660	5.8%
Thereafter	54,754	8.3%	60,699	6.7%
Index amortizing advances	3,366	0.5%	3,654	0.4%
Total par value	$658,669	100.0%	$900,464	100.0%

Investments. All securities are held by the FHLBanks for investment, liquidity or asset-liability management purposes. Certain investment securities are classified as trading for liquidity or asset-liability management purposes. 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 use short-term investments for liquidity management purposes and to manage their individual FHLBank's leverage ratio in response to fluctuations in other asset balances. The yield earned on such short-term investments is tied directly to short-term market interest rates. In the first nine months of 2009, the FHLBanks tended to maintain short-term investment balances at higher levels compared to historical trends, reflecting the FHLBanks' continuing strategy of maintaining a strong short-term liquidity position. This increase, which began in the fourth quarter of 2008, was due primarily to the ongoing financial crisis, which required the FHLBanks to increase liquidity, and was due secondarily to the decrease in advance balances. When advances decrease cyclically, for liquidity management purposes, the FHLBanks generally attempt to maintain total asset balances by increasing their short-term investment balances.

While short-term investment balances increased, long-term investments, which primarily consist of MBS, decreased during the first nine months of 2009. This decrease in MBS was driven primarily by principal repayments and maturities, as well as the continued reduction in the FHLBanks' MBS purchases. In addition, OTTI charges recorded on some of the FHLBanks' private-label MBS negatively affected long-term investment balances during the first nine months of 2009. The FHLBanks' MBS purchases during the first nine months of 2009 were concentrated primarily in agency MBS.

At September 30, 2009 and December 31, 2008, 81.2 percent and 91.1 percent of the total investment securities classified on the Combined 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). At September 30, 2009, approximately 2 percent of total

investment securities were on negative watch. Of the 2 percent of total investment securities on negative watch, approximately 1 percent of total investment securities represented private-label residential MBS, home equity loan investments and manufactured housing loans, and approximately 1 percent of total investment securities related to certificates of deposit and state or local housing agency obligation.

Investments
(Dollar amounts in millions)

	September 30, 2009	December 31, 2008	Increase (Decrease)	
			$	%
Investments (excluding mortgage-backed securities)	$140,673	$136,743	$ 3,930	2.9%
Mortgage-backed securities	151,932	169,170	(17,238)	(10.2)%
Total investments	$292,605	$305,913	$(13,308)	(4.4)%

Investments
(Dollar amounts in millions)

	September 30, 2009		December 31, 2008		(Decrease) Increase	
	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments	$	%
Held-to-maturity securities	$160,766	54.9%	$184,524	60.3%	$(23,758)	(12.9)%
Available-for-sale securities	38,278	13.1%	14,559	4.8%	23,719	162.9%
Trading securities	21,077	7.2%	12,150	4.0%	8,927	73.5%
Total investment securities	220,121	75.2%	211,233	69.1%	8,888	4.2%
Interest-bearing deposits	20	0.0%	47,486	15.5%	(47,466)	(100.0)%
Securities purchased under agreements to resell	7,650	2.6%	6,895	2.2%	755	10.9%
Federal funds sold	64,814	22.2%	40,299	13.2%	24,515	60.8%
Total investments	$292,605	100.0%	$305,913	100.0%	$(13,308)	(4.4)%

Investment Securities
(Dollar amounts in millions)

	September 30, 2009	
	Amount	Percentage of Total Investment Securities
U.S. Treasury obligations	$ 1,029	0.5%
Commercial paper	3,365	1.5%
Certificates of deposit (1)	30,226	13.7%
Other U.S. obligations (2)	1,039	0.5%
Government-sponsored enterprises (3)	12,458	5.7%
State or local housing agency obligations	2,900	1.3%
FFELP ABS (4)	7,553	3.4%
Other (5)	9,619	4.4%
	68,189	31.0%
Mortgage-backed securities:		
Other U.S. obligations residential MBS (2)	3,618	1.6%
Other U.S. obligations commercial MBS (2)	50	0.0%
Government-sponsored enterprises residential MBS (6)	95,495	43.4%
Government-sponsored enterprises commercial MBS (6)	1,471	0.7%
Private-label residential MBS	49,057	22.3%
Private-label commercial MBS	349	0.2%
Manufactured housing loans	231	0.1%
Home equity loans	1,346	0.6%
MPF Shared Funding Program mortgage-backed certificates	315	0.1%
	151,932	69.0%
Total investment securities	$220,121	100.0%

	December 31, 2008	
	Amount	Percentage of Total Investment Securities
Commercial paper	$ 1,945	0.9%
Certificates of deposits and bank notes (1)	21,011	10.0%
Other U.S. obligations (2)	737	0.4%
Government-sponsored enterprises (3)	11,497	5.4%
State or local housing agency obligations	2,985	1.4%
Other (5)	3,888	1.8%
	42,063	19.9%
Mortgage-backed securities:		
Other U.S. obligations (2)	565	0.3%
Government-sponsored enterprises (6)	95,561	45.2%
Other (7)	73,044	34.6%
	169,170	80.1%
Total investment securities	$211,233	100.0%

(1) Represents certificates of deposit and/or bank notes that meet the definition of an investment security.

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

(3) Primarily consists of debt securities issued or guaranteed by Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and/or the Tennessee Valley Authority (TVA).

(4) FFELP ABS are backed by Federal Family Education Loan Program (FFELP) student loans that are guaranteed by a guarantee agency and re-insured by the U.S. Department of Education.

(5) Primarily consists of corporate debentures and promissory notes issued or guaranteed by the FDIC under its TLGP, with total carrying values of $8,537 million and $3,401 million at September 30, 2009 and December 31, 2008.

(6) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(7) 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, 2009		December 31, 2008	
	Carrying Value	Percentage of Total	Carrying Value	Percentage of Total
Government-sponsored enterprises residential MBS (1)	$ 95,495	62.8%	$ 95,561	56.5%
Private-label residential MBS	49,057	32.3%	69,498	41.1%
Other U.S. obligations residential MBS (2)	3,618	2.4%	565	0.3%
Government-sponsored enterprises commercial MBS (1)	1,471	1.0%		
Home equity loans	1,346	0.9%	1,959	1.2%
Private-label commercial MBS	349	0.2%	935	0.6%
MPF Shared Funding Program mortgage-backed certificates	315	0.2%	398	0.2%
Manufactured housing loans	231	0.2%	254	0.1%
Other U.S. obligations commercial MBS (2)	50	0.0%		
Total mortgage-backed securities	$151,932	100.0%	$169,170	100.0%

(1) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(2) Primarily consists of Ginnie Mae and/or SBA investment pools.

Regulator policy limits 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 GAAP capital, plus its mandatorily redeemable capital stock, on the day it purchases the securities. On March 24, 2008, the Finance Board temporarily increased this limit from 300 percent to 600 percent for certain kinds of mortgage-backed securities under certain conditions. The FHLBank of Chicago may include a Designated Amount of subordinated notes in calculating compliance with these limits. The MPF Shared Funding Program mortgage-backed certificates, however, are not subject to these limits.

At September 30, 2009, the FHLBanks did not hold any collateralized debt obligation (CDO) securities.

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

	September 30, 2009	December 31, 2008	Decrease $	Decrease %
Mortgage-backed securities	$151,932	$169,170	$(17,238)	(10.2)%
Less: MPF Shared Funding Program	315	398	(83)	(20.9)%
Mortgage-backed securities (excluding MPF Shared Funding Program)	$151,617	$168,772	$(17,155)	(10.2)%
Total capital (1) and Designated Amount of applicable subordinated notes	$ 51,588	$ 58,486	$ (6,898)	(11.8)%
Ratio of MBS (excluding MPF Shared Funding Program) to total capital (1) and Designated Amount of applicable subordinated notes	2.94	2.89		

(1) Represents the sum of total GAAP 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.

Trading Securities.

Trading Securities
(Dollar amounts in millions)

	September 30, 2009 Fair Value
U.S. Treasury obligations	$ 1,029
Commercial paper	2,165
Certificates of deposit (1)	2,880
Government-sponsored enterprises (2)	8,124
State or local housing agency obligations	11
Other (3)	6,158
	20,367
Mortgage-backed securities:	
Other U.S. obligations residential MBS (4)	57
Government-sponsored enterprises residential MBS (5)	638
Government-sponsored enterprises commercial MBS (5)	15
	710
Total	$21,077

Trading Securities (continued)
(Dollar amounts in millions)

	December 31, 2008 Fair Value
Commercial paper	$ 673
Certificates of deposit (1)	2,072
Government-sponsored enterprises (2)	6,422
State or local housing agency obligations	14
Other (3)	2,161
	11,342
Mortgage-backed securities:	
Other U.S. obligations (4)	60
Government-sponsored enterprises (5)	748
	808
Total	$12,150

(1) Represents certificates of deposit that meet the definition of an investment security.
(2) Primarily consists of debt securities issued or guaranteed by Freddie Mac and/or Fannie Mae.
(3) Primarily consists of corporate debentures issued or guaranteed by the FDIC under its TLGP, with total fair values of $5,896 million and $2,151 million at September 30, 2009 and December 31, 2008.
(4) Primarily consists of Ginnie Mae investment pools.
(5) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

	September 30, 2009		December 31, 2008	
Year of Maturity	Fair Value	Yield	Fair Value	Yield
Non-mortgage-backed securities				
Due in one year or less	$ 8,558	0.35%	$ 3,489	2.34%
Due after one year through five years	9,330	1.96%	5,255	3.37%
Due after five years through ten years	2,239	4.69%	2,598	4.66%
Due after ten years	240	5.06%		
Total	$20,367		$11,342	

Available-for-Sale Securities.

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

	September 30, 2009				
	Amortized Cost (1)	OTTI Recognized in AOCI*	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit (2)	$ 6,269	$	$	$	$ 6,269
Other U.S. obligations (3)	764		15	(1)	778
Government-sponsored enterprises and TVA (4)	2,607		131	(55)	2,683
FFELP ABS (5)	7,085		468		7,553
Other (6)	1,524		5	(47)	1,482
	18,249		619	(103)	18,765
Mortgage-backed securities:					
Other U.S. obligations residential MBS (3)	1,256		14		1,270
Government-sponsored enterprises residential MBS (7)	13,136		201	(86)	13,251
Government-sponsored enterprises commercial MBS (7)	316			(4)	312
Private-label residential MBS	6,918	(2,563)	323	(5)	4,673
Home equity loans	16	(3)	1	(7)	7
	21,642	(2,566)	539	(102)	19,513
Total	$39,891	$(2,566)	$1,158	$(205)	$38,278

	December 31, 2008			
	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit and bank notes (2)	$ 2,512	$	$ (1)	$ 2,511
Government-sponsored enterprises and TVA (4)	2,711	177	(80)	2,808
State and local housing agency obligations	30			30
Other	516		(46)	470
	5,769	177	(127)	5,819
Mortgage-backed securities:				
Government-sponsored enterprises (7)	8,766	36	(214)	8,588
Other (8)	208		(56)	152
	8,974	36	(270)	8,740
Total	$14,743	$213	$(397)	$14,559

* See Note 4—Available-for-Sale Securities for reconciliation of the available-for-sale OTTI losses recognized through AOCI to the total net noncredit portion of OTTI losses on available-for-sale securities in AOCI.

(1) Amortized cost of available-for-sale securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, previous OTTI recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of the amended new OTTI guidance), and/or fair-value hedge accounting adjustments.

(2) Represents certificates of deposit and/or bank notes that meet the definition of an investment security.

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

(4) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or TVA.

(5) FFELP ABS are backed by FFELP student loans that are guaranteed by a guarantee agency and re-insured by the U.S. Department of Education.

(6) Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP, with a total fair value of $668 million at September 30, 2009.

(7) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(8) Primarily consists of private-label mortgage-backed securities.

Gross unrealized losses on the FHLBanks' available-for-sale mortgage-backed securities increased $2,074 million from December 31, 2008 to September 30, 2009 as a result of the continued deterioration in the credit performance of mortgage loans and in house prices, compounded by the effect of forced portfolio liquidations by certain large investors. These factors resulted in temporary illiquidity in portions of the mortgage-backed securities market and extraordinarily wide mortgage asset spreads relative to historical averages. These market disruptions have caused the estimated fair values on mortgage-backed securities owned by the FHLBanks to fall below amortized cost on a large number of individual securities, particularly the private-label mortgage-backed securities.

Each FHLBank evaluates its individual available-for-sale investment securities holdings for OTTI on at least a quarterly basis. See "Critical Accounting Estimates—OTTI for Investment Securities," and "Notes to Combined Financial Statements (Unaudited)—Note 6—Other-Than-Temporary-Impairment Analysis" for additional information regarding the FHLBanks' processes for evaluating available-for-sale securities for OTTI.

If the mortgage markets and general business and economic conditions continue to deteriorate, it is possible that the FHLBanks may experience additional OTTI in the value of their MBS investments. The FHLBanks could experience reduced yields or additional losses on their MBS instruments and cannot predict when or if such write-downs may occur or the size of any such write-downs if they do occur.

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

	September 30, 2009		December 31, 2008	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 6,342	$ 6,341	$ 2,577	$ 2,573
Due after one year through five years	1,073	1,078	158	164
Due after five years through ten years	2,457	2,586	1,845	2,013
Due after ten years	8,377	8,760	1,189	1,069
	18,249	18,765	5,769	5,819
Mortgage-backed securities	21,642	19,513	8,974	8,740
Total	$39,891	$38,278	$14,743	$14,559

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 Available-for-Sale Non-Mortgage-Backed Securities

Year of Maturity	September 30, 2009	December 31, 2008
Non-mortgage-backed securities		
Due in one year or less	0.30%	0.76%
Due after one year through five years	1.11%	4.07%
Due after five years through ten years	4.42%	4.55%
Due after ten years	3.07%	6.39%

Held-to-Maturity Securities.

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

	September 30, 2009					
	Amortized Cost (1)	OTTI Recognized in AOCI (3)	Carrying Value (3)	Gross Unrecognized Holding Gains (2)	Gross Unrecognized Holding Losses (2)	Estimated Fair Value
Commercial paper	$ 1,200	$	$ 1,200	$	$	$ 1,200
Certificates of deposit (4)	21,077		21,077	2		21,079
Other U.S. obligations (5)	261		261	5		266
Government-sponsored enterprises (6)	1,651		1,651	95		1,746
State or local housing agency obligations	2,889		2,889	32	(109)	2,812
Other (7)	1,979		1,979	9		1,988
	29,057		29,057	143	(109)	29,091
Mortgage-backed securities:						
Other U.S. obligations residential MBS (5)	2,291		2,291	6	(12)	2,285
Other U.S. obligations commercial MBS (5)	50		50			50
Government-sponsored enterprises residential MBS (8)	81,606		81,606	2,418	(267)	83,757
Government-sponsored enterprises commercial MBS (8)	1,144		1,144	78		1,222
Private-label residential MBS	50,388	(6,004)	44,384	732	(5,677)	39,439
Private-label commercial MBS	349		349	4	(6)	347
Manufactured housing loans	231		231		(54)	177
Home equity loans	1,778	(439)	1,339	15	(217)	1,137
MPF Shared Funding Program mortgage-backed certificates	315		315	2	(1)	316
	138,152	(6,443)	131,709	3,255	(6,234)	128,730
Total	$167,209	$(6,443)	$160,766	$3,398	$(6,343)	$157,821

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

	December 31, 2008			
	Amortized Cost (1)	Gross Unrealized Gains (2)	Gross Unrealized Losses (2)	Estimated Fair Value
Commercial paper	$ 1,272	$ 2	$	$ 1,274
Certificates of deposit (4)	16,428	6		16,434
Other U.S. obligations (5)	737	6	(2)	741
Government-sponsored enterprises (6)	2,267	90		2,357
State or local housing agency obligations	2,941	27	(194)	2,774
Other (7)	1,257	1		1,258
	24,902	132	(196)	24,838
Mortgage-backed securities:				
Other U.S. obligations (5)	505	2	(4)	503
Government-sponsored enterprises (8)	86,225	1,292	(758)	86,759
Other (9)	72,892	7	(19,350)	53,549
	159,622	1,301	(20,112)	140,811
Total	$184,524	$1,433	$(20,308)	$165,649

(1) Amortized cost of held-to-maturity securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, and/or previous OTTIs recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of the amended OTTI guidance). At December 31, 2008, carrying value equaled amortized cost.

(2) Gross unrecognized holding gains/(losses) represent the difference between estimated fair value and carrying value, while gross unrealized gains/(losses) represent the difference between estimated fair value and amortized cost.

(3) In accordance with the amended OTTI guidance, carrying value of held-to-maturity securities represents amortized cost after adjustment for noncredit-related impairment recognized in accumulated other comprehensive income/(loss) (AOCI).

(4) Represents certificates of deposit that meet the definition of an investment security.

(5) Primarily consists of Ginnie Mae and/or SBA investment pools.

(6) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or TVA.

(7) Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP, with total amortized cost of $1,973 million and $1,250 million at September 30, 2009 and December 31, 2008.

(8) Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

(9) Primarily consists of private-label mortgage-backed securities.

Gross unrealized losses on the FHLBanks' held-to-maturity mortgage-backed securities at September 30, 2009 and December 31, 2008 resulted from ongoing market volatility, extraordinarily high investor yield requirements resulting from illiquidity in applicable market sectors, continued deterioration in the credit performance of mortgage loans and in house prices as well as uncertainty about the future condition of the economy. Gross unrealized losses on the FHLBanks' held-to-maturity mortgage-backed securities decreased $7,613 million from December 31, 2008 to September 30, 2009, which is partially a result of the FHLBanks of Pittsburgh and Atlanta transferring certain private-label MBS from its held-to-maturity portfolio to its available-for-sale portfolio.

Each FHLBank evaluates its individual held-to-maturity investment securities holdings for OTTI on at least a quarterly basis. See "Critical Accounting Estimates — OTTI for Investment Securities," and "Notes to Combined Financial Statements (Unaudited) — Note 6 — Other-Than-Temporary-Impairment Analysis" for additional information regarding the FHLBanks' processes for evaluating held-to-maturity securities for OTTI.

If the mortgage markets and general business and economic conditions continue to deteriorate, it is possible that the FHLBanks may experience additional OTTI in the value of their MBS investments. The FHLBanks could experience reduced yields or additional losses on their MBS instruments and cannot predict when or if such write-downs may occur or the size of any such write-downs if they do occur.

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

	September 30, 2009			December 31, 2008	
Year of Maturity	Amortized Cost (1)	Carrying Value (1)	Estimated Fair Value	Amortized Cost (2)	Estimated Fair Value
Due in one year or less	$ 22,734	$ 22,734	$ 22,742	$ 19,866	$ 19,878
Due after one year through five years	3,140	3,140	3,233	2,052	2,152
Due after five years through ten years	354	354	359	341	337
Due after ten years	2,829	2,829	2,757	2,643	2,471
	29,057	29,057	29,091	24,902	24,838
Mortgage-backed securities	138,152	131,709	128,730	159,622	140,811
Total	$167,209	$160,766	$157,821	$184,524	$165,649

(1) In accordance with the amended OTTI guidance, carrying value of held-to-maturity securities represents amortized cost after adjustment for noncredit related impairment recognized in AOCI.

(2) At December 31, 2008, carrying value equaled amortized cost.

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 Held-to-Maturity Non-Mortgage-Backed Securities

Year of Maturity	September 30, 2009	December 31, 2008
Non-mortgage-backed securities		
Due in one year or less	0.30%	1.32%
Due after one year through five years	1.95%	4.24%
Due after five years through ten years	3.75%	4.24%
Due after ten years	2.49%	3.80%

OTTI on Investment Securities.

As of September 30, 2009, approximately 86.7 percent and 12.8 percent of the FHLBanks' mortgage-backed securities are classified as held-to-maturity and available-for-sale, and each of the FHLBanks does not intend to sell these securities and it is not more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. Each FHLBank actively monitors the credit quality of its mortgage-backed securities to evaluate its exposure to the risk of loss on these investments. During the nine months ended September 30, 2009, the FHLBanks of Boston, New York, Pittsburgh, Atlanta, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized $10,378 million of combined total OTTI losses related to private-label MBS and home equity loan investments classified as held-to-maturity securities and available-for-

sale securities, after each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities. Of the total OTTI losses recognized, $8,383 million was recognized in AOCI, resulting in net OTTI losses in earnings of $1,995 million related to held-to-maturity securities and available-for-sale securities. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or a rapid decline in residential real estate values continues, the FHLBanks could experience further reduced yields or additional losses on their investment securities.

During 2009, each of the FHLBanks of Pittsburgh, Atlanta and Seattle transferred certain private-label MBS from its held-to-maturity portfolio to its respective available-for-sale portfolio. Each of these FHLBanks recognized an OTTI loss on these private-label MBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuer's creditworthiness. The objective of these transfers was to increase financial flexibility and allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, recognizing the management's intent to hold these securities for an indefinite period of time. At September 30, 2009, the FHLBanks of Pittsburgh, Atlanta and Seattle, transferred amortized cost of $1,048 million, $212 million, and $1,248 million and fair value of $801 million, $116 million and $665 million, in private-label residential MBS, from its held-to-maturity portfolio to its available-for-sale portfolio. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities.

The following table represents a comparison of the subprime, Alt-A and prime loans backing private-label MBS owned by the FHLBanks at September 30, 2009, and OTTI charges taken on these securities during the nine months ended September 30, 2009.

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization
At and for the Nine Months Ended September 30, 2009
(Dollar amounts in millions)

	Prime (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date Credit-Related OTTI Charge Taken	Year-to-Date Noncredit-Related OTTI Charge Taken (2)	Total Year-to-Date OTTI Charge Taken
Private-label residential MBS (RMBS):						
2008	$ 719	$ (186)	$ 533	$ (4)	$ (99)	$ (103)
2007	5,211	(1,312)	3,905	(241)	(1,226)	(1,467)
2006	5,926	(1,399)	4,737	(277)	(1,005)	(1,282)
2005	5,799	(1,031)	4,773	(65)	(359)	(424)
2004 and prior	14,282	(1,125)	13,169	(1)	(9)	(10)
Total	31,937	(5,053)	27,117	(588)	(2,698)	(3,286)
Private-label commercial MBS (CMBS):						
2004 and prior	349	(6)	346			
Total	349	(6)	346			
Home equity loan investments:						
2004 and prior	4	(2)	2		(1)	(1)
Total	4	(2)	2		(1)	(1)
Total prime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$32,290	$(5,061)	$27,465	$(588)	$(2,699)	$(3,287)

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization (continued)
At and for the Nine Months Ended September 30, 2009
(Dollar amounts in millions)

	Alt-A (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date Credit-Related OTTI Charge Taken	Year-to-Date Noncredit-Related OTTI Charge Taken (2)	Total Year-to-Date OTTI Charge Taken
Private-label RMBS:						
2008	$ 1,011	$ (427)	$ 583	$ (1)	$ (28)	$ (29)
2007	7,448	(3,156)	4,434	(489)	(2,611)	(3,100)
2006	4,630	(1,762)	2,939	(519)	(1,256)	(1,775)
2005	7,990	(2,706)	5,403	(243)	(1,426)	(1,669)
2004 and prior	4,270	(647)	3,623		(13)	(13)
Total	25,349	(8,698)	16,982	(1,252)	(5,334)	(6,586)
Home equity loan investments:						
2006	23	(13)	10			
2005	5	(3)	2			
2004 and prior	37	(23)	14			
Total	65	(39)	26			
Total Alt-A private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$25,414	$(8,737)	$17,008	$(1,252)	$(5,334)	$(6,586)

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization (continued)
At and for the Nine Months Ended September 30, 2009
(Dollar amounts in millions)

	Subprime (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date Credit-Related OTTI Charge Taken	Year-to-Date Noncredit-Related OTTI Charge Taken (2)	Total Year-to-Date OTTI Charge Taken
Private-label RMBS:						
2004 and prior	$ 20	$ (7)	$ 13	$	$ (1)	$ (1)
Total	20	(7)	13		(1)	(1)
Manufactured housing loans:						
2004 and prior	231	(54)	176			
Total	231	(54)	176			
Home equity loan investments:						
2007	9	(4)	5			
2006	953	(399)	559	(135)	(244)	(379)
2005	141	(23)	118	(3)	(2)	(5)
2004 and prior	621	(189)	433	(17)	(103)	(120)
Total	1,724	(615)	1,115	(155)	(349)	(504)
Total subprime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$ 1,975	$ (676)	$ 1,304	$ (155)	$ (350)	$ (505)
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$59,679	$(14,474)	$45,777	$(1,995)	$(8,383)	$(10,378)

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

(2) Represents total gross unrealized losses including noncredit-related impairment recognized in AOCI.

The following table summarizes OTTI charges recorded by the FHLBanks during the nine months ended September 30, 2009, based on security classification and duration of credit-related and noncredit-related unrealized losses prior to impairment.

Summary of OTTIs Recorded by
Duration of Unrealized Losses Prior to Impairment (1)
For the Nine Months Ended September 30, 2009
(Dollar amounts in millions)

	Credit-Related Gross Unrealized Losses (2)			Noncredit-Related Gross Unrealized Losses (3)			Total OTTI Losses Year-to-Date
	Less than 12 months	12 months or greater	Total	Less than 12 months	12 months or greater	Total	
Prime:							
Private-label RMBS	$(18)	$ (570)	$ (588)	$ 6	$(2,704)	$(2,698)	$ (3,286)
Home equity loan investments					(1)	(1)	(1)
Total prime	(18)	(570)	(588)	6	(2,705)	(2,699)	(3,287)
Alt-A:							
Private-label RMBS	(24)	(1,228)	(1,252)	(5)	(5,329)	(5,334)	(6,586)
Total Alt-A	(24)	(1,228)	(1,252)	(5)	(5,329)	(5,334)	(6,586)
Subprime:							
Private-label RMBS					(1)	(1)	(1)
Home equity loan investments		(155)	(155)		(349)	(349)	(504)
Total subprime		(155)	(155)		(350)	(350)	(505)
Private-label MBS total	$(42)	$(1,953)	$(1,995)	$ 1	$(8,384)	$(8,383)	$(10,378)

(1) The FHLBanks classify private-label RMBS and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

(2) Credit losses were recognized in earnings upon OTTI during 2009.

(3) Noncredit losses were recognized in AOCI upon OTTI during 2009.

The remainder of the FHLBanks' private-label MBS and home equity loan investments portfolio has experienced net unrealized losses and a decrease in fair value due to interest rate volatility, illiquidity in the marketplace, and credit deterioration in the U.S. mortgage markets. However, these declines are considered temporary, as each of the FHLBanks expects to recover the entire amortized cost basis on the remaining securities in unrealized loss positions and neither intends to sell these securities, nor considers it more likely than not that it would be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. See individual FHLBanks' SEC Form 10-Qs for FHLBank-specific information relating to OTTI. The FHLBanks' portfolio monitoring is ongoing, and further deterioration in delinquency and loss rates and real estate values may cause an additional increase in actual losses on private-label MBS and home equity loan investments.

Mortgage Loans Held for Portfolio.

The factors that affect the volume of mortgage loans purchased from members include the general level of U.S. housing activity, the level of domestic refinancing activity and consumer product preferences. Mortgage loan balances at September 30, 2009 decreased compared to the mortgage loan balances at December 31, 2008. In general, principal paydowns and maturities of mortgage loans held for portfolio have been greater than purchases and fundings of new mortgage loans held for portfolio. Significantly lower mortgage interest rates during the fourth quarter of 2008 and the first nine months of

2009 increased refinancing activity, which normally results in mortgage loan balances increasing. Mortgage loan volumes also may have benefited from the financial difficulties and conservatorship of Fannie Mae and Freddie Mac. In addition, mortgage prepayments did not accelerate as much in the third quarter of 2009 as would normally have been the case given the lower mortgage rates. This was because of falling home prices, the recession and difficult mortgage refinancing conditions driven by the stringent underwriting standards. However, the credit difficulties in the mortgage market coupled with the economic condition caused the continued run-off of mortgage loans held for portfolio to more than offset the new funding activity during the third quarter of 2009. The FHLBanks anticipate that their combined outstanding mortgage loans held for portfolio will continue to decrease during 2009 due to several FHLBanks' discontinued participation in the MPF Program and/or MPP, the reduction of outstanding mortgage loan balances due to maturities and prepayments, and the continuing credit crisis in the housing market.

Mortgage Loans Held for Portfolio
(Dollar amounts in millions)

	September 30, 2009	Percentage of Total	December 31, 2008	Percentage of Total	(Decrease) Increase $	(Decrease) Increase %
Real Estate:						
Fixed-rate, medium-term* single-family mortgages	$17,773	24.1%	$20,913	24.1%	$ (3,140)	(15.0)%
Fixed-rate, long-term single-family mortgages	55,905	75.9%	65,846	75.9%	(9,941)	(15.1)%
Multifamily mortgages	26	0.0%	27	0.0%	(1)	(3.7)%
	73,704	100.0%	86,786	100.0%	(13,082)	(15.1)%
Premiums	473		516		(43)	(8.3)%
Discounts	(251)		(269)		18	6.7%
Deferred loan costs, net	23		32		(9)	(28.1)%
Hedging adjustments	256		311		(55)	(17.7)%
Total mortgage loans held for portfolio	$74,205		$87,376		$(13,171)	(15.1)%

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

On April 8, 2009, the FHLBank of Des Moines transferred $2.4 billion of mortgage loans from held for portfolio to held for sale as a result of its management identifying certain loans for which its intent to hold these loans for portfolio had changed. At the time of transfer, all loans were in a gain position and therefore, were recorded at their cost basis which included the principal amount outstanding and unamortized premiums, discounts and basis adjustments. During the three months ended June 30, 2009, the FHLBank of Des Moines received normal monthly principal payments and liquidations amounting to $0.1 billion on these mortgage loans held for sale. On June 24, 2009, in an effort to improve its risk position the FHLBank of Des Moines sold $2.1 billion of mortgage loans held for sale to the FHLBank of Chicago, which immediately resold these loans to Fannie Mae. The FHLBank of Des Moines recorded a net gain on sale of $1.8 million. This net gain on sale consisted of a $17.0 million gain on sale, partially offset by $15.2 million of credit enhancement fees paid by the FHLBank of Des Moines to settle all future credit enhancement obligations on the sold loans with the PFI. The remaining $0.2 billion of mortgage loans held for sale were reclassified back to held for portfolio on June 30, 2009 as management intends to hold these loans to maturity.

At September 30, 2009, the FHLBanks of Chicago (34 percent), Cincinnati (13 percent), Des Moines (11 percent) and Indianapolis (10 percent) held the largest percentage of the combined mortgage loans held for portfolio. No other FHLBank held 10 percent or more of the combined mortgage loans held for portfolio at September 30, 2009.

On September 23, 2008, the FHLBank of Chicago announced the launch of the MPF Xtra product which provides PFIs with a new secondary mortgage market alternative. Loans sold to the FHLBank of Chicago through the MPF Xtra product are concurrently sold to Fannie Mae, as a third party investor, and are not held on each participating FHLBank's balance sheet. Unlike other conventional MPF products, under the MPF Xtra product PFIs are not required to provide credit enhancement and do not receive credit enhancement fees. Additionally, at the present time, only PFIs that retain servicing may sell loans under the MPF Xtra product. During the first quarter of 2009, each of the FHLBanks of Boston, Pittsburgh and Des Moines announced plans to begin offering the MPF Xtra product to its members. The FHLBank of Chicago continues to increase the volume of MPF Loans purchased under the MPF Xtra product from its members and from the members of other FHLBanks. In connection with each sale, the FHLBank of Chicago makes certain customary representations and warranties to Fannie Mae regarding the eligibility of the mortgage loans. If an eligibility requirement or other representation or warranty were breached, Fannie Mae could require the FHLBank of Chicago to repurchase the MPF Loan. Such a breach would normally also be a breach of the selling PFI's representations and warranties to the FHLBank of Chicago, which in turn could require the PFI to repurchase that MPF Loan from the FHLBank. During the nine months ended September 30, 2009, the FHLBank of Chicago was required to repurchase $2 million in MPF Xtra Loans from Fannie Mae, which in turn were repurchased by the PFIs. The FHLBank of Chicago did not incur any losses on these repurchases.

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

	September 30, 2009		December 31, 2008		(Decrease) Increase	
	Amount	Percentage of Total	Amount	Percentage of Total	$	%
MPF, mortgage loans held for portfolio	$52,329	70.5%	$64,481	73.8%	$(12,152)	(18.8)%
MPP, mortgage loans held for portfolio	21,848	29.5%	22,867	26.2%	(1,019)	(4.5)%
Other mortgage loans	28	0.0%	28	0.0%		0.0%
Total mortgage loans held for portfolio	$74,205	100.0%	$87,376	100.0%	$(13,171)	(15.1)%
Allowance for credit losses—MPF	$ 27	96.4%	$ 14	93.3%	$ 13	92.9%
Allowance for credit losses—MPP		0.0%		0.0%		0.0%
Allowance for credit losses—other	1	3.6%	1	6.7%		0.0%
Total allowance for credit losses	$ 28	100.0%	$ 15	100.0%	$ 13	86.7%
MPF, mortgage loans held for portfolio, net	$52,302	70.5%	$64,467	73.8%	$(12,165)	(18.9)%
MPP, mortgage loans held for portfolio, net	21,848	29.5%	22,867	26.2%	(1,019)	(4.5)%
Other mortgage loans, net	27	0.0%	27	0.0%		0.0%
Total mortgage loans held for portfolio, net	$74,177	100.0%	$87,361	100.0%	$(13,184)	(15.1)%

Effective July 15, 2009, the FHLBank of Chicago in its capacity of the MPF Provider issued a PFI Notice introducing a temporary loan payment modification plan (the modification plan) for participating PFIs, which will be available until December 31, 2011 unless further extended by the MPF Program. Borrowers with conventional loans secured by their primary residence that were closed on prior to January 1, 2009 are eligible for the modification plan. This modification plan pertains to borrowers currently in default or in imminent danger of default. In addition, there are specific eligibility

requirements that must be met and procedures that the PFIs must follow to participate in the modification plan. During the third quarter of 2009, there has been no activity under this modification plan.

The "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 held by the FHLBank of New York. Through AMPP, members sold to the FHLBank of Atlanta participations in loans on affordable multifamily rental properties. These assets did 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 ceased 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, 2009	Percentage of Total	December 31, 2008	Percentage of Total	Decrease	
					$	%
Conventional loans	$66,077	89.7%	$78,499	90.5%	$(12,422)	(15.8)%
Government-guaranteed or -insured loans	7,623	10.3%	8,283	9.5%	(660)	(8.0)%
Other loans	4	0.0%	4	0.0%		0.0%
Total par value	$73,704	100.0%	$86,786	100.0%	$(13,082)	(15.1)%

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 the credit risk on its mortgage loan portfolio. The increase in the allowance for credit losses on mortgage loans was due to the continued deterioration in general economic and labor market conditions and the ongoing decline in house prices nationwide, which has resulted in a trend of increasing delinquencies and higher level of nonperforming loans in the FHLBanks' mortgage portfolios.

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

	September 30, 2009	December 31, 2008
Balance, beginning of period	$15	$ 8
Charge-offs	(1)	(1)
Provision for credit losses	14	8
Balance, end of period	$28	$15

Delinquent mortgage loans and real estate owned as compared to total mortgage loans held for portfolio, net are summarized below.

Delinquent Mortgage Loans and Real Estate Owned
(Dollar amounts in millions)

	September 30, 2009	December 31, 2008
Mortgage loans held for portfolio, net	$74,177	$87,361
Nonperforming mortgage loans held for portfolio (1)	313	165
Mortgage loans held for portfolio past due 30-90 days and still accruing interest (2)	1,677	1,819
Mortgage loans held for portfolio past due 90 days or more and still accruing interest (2)	714	501
Loans in foreclosure	315	164
Real estate owned	75	58

(1) Generally represents mortgage loans with contractual principal or interest payments 90 days or more past due and not accruing interest.

(2) Mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the RHS and/or HUD.

The FHLBanks' interest contractually due and actually received for nonperforming loans are as follows:

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

	For the Nine Months Ended	
	September 30, 2009	September 30, 2008
Interest contractually due during the period	$9.5	$3.7
Interest actually received during the period	6.8	2.8
Shortfall	$2.7	$0.9

Consolidated Obligations.

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

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, 2009 vs. 2008 Decrease		For the Nine Months Ended September 30, 2009 vs. 2008 (Decrease) Increase	
	2009	2008	2009	2008	$	%	$	%
Overnight consolidated discount notes	$ 22,793	$ 34,774	$ 24,244	$ 38,352	$ (11,981)	(34.5)%	$ (14,108)	(36.8)%
Term consolidated discount notes	279,673	349,561	348,207	342,078	(69,888)	(20.0)%	6,129	1.8%
Total consolidated discount notes	302,466	384,335	372,451	380,430	(81,869)	(21.3)%	(7,979)	(2.1)%
Consolidated bonds	704,060	879,571	729,894	852,857	(175,511)	(20.0)%	(122,963)	(14.4)%
Total consolidated obligations	$1,006,526	$1,263,906	$1,102,345	$1,233,287	$(257,380)	(20.4)%	$(130,942)	(10.6)%

Consolidated Obligations Outstanding (Dollar amounts in millions)

	September 30, 2009		December 31, 2008	
	Amount	Percentage of Total Consolidated Obligations, Net	Amount	Percentage of Total Consolidated Obligations, Net
Consolidated discount notes	$275,111	28.1%	$ 439,895	35.0%
Consolidated bonds	704,803	71.9%	818,372	65.0%
Total consolidated obligations, net	$979,914	100.0%	$1,258,267	100.0%

The $278.4 billion decrease in total consolidated obligations from December 31, 2008 to September 30, 2009, primarily relates to the $164.8 billion decrease in consolidated discount notes and the $75.8 billion decrease in consolidated bonds maturing in one year or less, and $58.4 billion of decreases in long-term consolidated bonds for all maturity terms except for due after 1 year through 2 years and due after 3 years through 4 years.

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

Year of Contractual Maturity	September 30, 2009 Amount	September 30, 2009 Weighted-Average Interest Rate	December 31, 2008 Amount	December 31, 2008 Weighted-Average Interest Rate
Due in 1 year or less	$330,570	1.57%	$406,355	2.62%
Due after 1 year through 2 years	139,046	2.24%	129,788	3.39%
Due after 2 years through 3 years	62,312	3.11%	68,554	4.16%
Due after 3 years through 4 years	49,247	4.04%	36,138	4.73%
Due after 4 years through 5 years	33,774	4.03%	56,818	4.24%
Thereafter	76,681	4.90%	104,405	5.18%
Index amortizing notes	6,343	5.05%	7,756	5.02%
Total par value	697,973	2.53%	809,814	3.43%
Premiums	839		719	
Discounts	(766)		(3,216)	
Hedging adjustments	6,665		10,989	
Fair value option valuation adjustments	92		66	
Total	$704,803		$818,372	

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

Year of Contractual Maturity or Next Call Date	September 30, 2009	December 31, 2008
Due in 1 year or less	$428,227	$511,099
Due after 1 year through 2 years	128,266	134,664
Due after 2 years through 3 years	38,997	52,644
Due after 3 years through 4 years	35,342	19,723
Due after 4 years through 5 years	19,038	33,591
Thereafter	41,760	50,337
Index amortizing notes	6,343	7,756
Total par value	$697,973	$809,814

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

Par amount of consolidated bonds	September 30, 2009	December 31, 2008
Noncallable/nonputable	$564,854	$643,882
Callable	133,119	165,932
Total par value	$697,973	$809,814

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

	September 30, 2009		December 31, 2008	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$417,557	59.8%	$404,298	49.9%
Single-index, non-capped variable-rate	135,979	19.5%	223,895	27.6%
Fixed-rate, callable	106,039	15.2%	157,769	19.5%
Step-up/step-down	29,315	4.2%	9,058	1.1%
Amortizing prepayment linked securities	6,346	0.9%	7,762	1.0%
Conversion	1,430	0.2%	470	0.1%
Range	857	0.1%	2,848	0.3%
Zero-coupon, callable	450	0.1%	3,583	0.4%
Capped variable-rate	205	0.0%	485	0.1%
Other	158	0.0%	257	0.0%
Total	$698,336	100.0%	$810,425	100.0%

(1) Consolidated bonds outstanding have not been adjusted for interbank holdings of consolidated bonds totaling $363 million at September 30, 2009 and $611 million at December 31, 2008.

Consolidated bonds issued through the Office of Finance often have investor-determined features. The decision to issue a consolidated 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 consolidated bonds issued to hedge the risks. The issuance of a consolidated 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 consolidated bond and interest-rate exchange markets. If conditions in these markets change, the FHLBanks may alter the types or terms of the bonds issued. The increase in funding alternatives available to the FHLBanks through negotiated debt/swap transactions is beneficial to the FHLBanks because it:

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

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

- advances with short-term maturities or repricing intervals;
- convertible advances or callable/putable advance programs;
- variable-rate advance programs; or
- money-market investments.

These consolidated 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. Historically, the FHLBanks have had diversified sources and channels of funding as the need for funding from the capital markets has grown. The Global Debt Program issued $121.9 billion and $216.6 billion at par in term funds during the first nine months of 2009 and 2008. The TAP Issue Program consolidates the issuance through daily auctions of bullet consolidated bonds of common maturities by re-opening previously issued consolidated 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 consolidated 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 2009, $4.3 billion of consolidated bonds were issued through the TAP Issue Program. This issuance represents a decrease of $34.7 billion over the first nine months of 2008. During the first half of 2009, funding costs for TAP securities rose substantially compared to funding alternatives, making TAP securities less attractive to the FHLBanks. TAP securities were perceived as less liquid relative to other larger GSE securities and were excluded from the Federal Reserve's $200 billion GSE purchase program; therefore, dealers and investors demanded a higher yield for holding TAPs. However, this trend reversed during the third quarter of 2009, as enhanced TAP funding opportunities and improvement in the market for the FHLBanks' term funding products resulted in $3.8 billion of TAP issuance.

Consolidated bonds can be negotiated individually or auctioned competitively through approximately 100 underwriters. Consolidated bonds can be offered daily through auction and 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 Consolidated Bonds Issued During Three Months Ended September 30,		Percent of Total Consolidated Bonds Issued During Nine Months Ended September 30,	
	2009	2008	2009	2008
Negotiated transactions	89.9%	90.7%	91.3%	84.7%
Competitive bid	10.1%	9.3%	8.7%	15.3%
Total	100.0%	100.0%	100.0%	100.0%

	Percent of Total Consolidated Bonds Issued During Three Months Ended September 30,		Percent of Total Consolidated Bonds Issued During Nine Months Ended September 30,	
	2009	2008	2009	2008
Fixed-rate, fixed-term, noncallable (bullet)	43.4%	40.9%	47.8%	40.7%
Fixed-rate, callable	32.6%	14.4%	20.1%	25.9%
Step-up/step-down	18.0%	0.6%	8.0%	0.7%
Single-index, variable-rate	5.0%	44.0%	23.5%	32.0%
Other	1.0%	0.1%	0.6%	0.7%
Total	100.0%	100.0%	100.0%	100.0%

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Consolidated discount notes	$1,827,123	$2,991,935	$5,801,234	$9,308,773
Consolidated bonds	$ 101,173	$ 105,872	$ 349,085	$ 492,648

Balances of the various types of consolidated obligations can fluctuate significantly based on comparative changes in their cost levels, supply and demand conditions, advance demand, money market investment balances, and the FHLBanks' individual balance sheet management strategies. The decrease in consolidated obligations outstanding paralleled the decrease in advances during the first nine months of 2009. In the first nine months of 2009, the average balance of consolidated discount notes decreased compared to the average balance for the first nine months of 2008 due to decrease in demand for advances by the FHLBanks' members during the period and the increase in liquidity from advance prepayments as a result of member failures. In the third quarter of 2009, there was also a slight shift in investor demand towards consolidated bonds from consolidated discount notes as the decrease in LIBOR rates during the period caused investors to seek this type of debt, as compared to discount notes, due to higher yields. As a result, the average balance of consolidated discount notes as a proportion of total average consolidated obligations outstanding decreased in the three months ended September 30, 2009 compared to the corresponding period in 2008.

The FHLBanks make use of callable debt. At September 30, 2009, $133.1 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $69 million). At September 30, 2009, callable consolidated bonds represented 19.1 percent of total consolidated bonds outstanding at par. This percentage has declined in 2009, reflecting, in part, less domestic bank demand for callable consolidated bonds. (See "Financial Trends" for additional discussion.)

Consolidated discount notes accounted for 94.2 percent of the proceeds from the issuance of consolidated obligations during the first nine months of 2009, compared to 95.0 percent of the proceeds from the issuance of consolidated obligations during the first nine months of 2008. Much of the consolidated discount note activity reflects the refinancing of overnight discount notes.

Deposits. At September 30, 2009, deposits totaled $14.7 billion, a decrease of $843 million or 5.4 percent from December 31, 2008. Factors that generally influence deposit levels include turnover in members' investment securities portfolios, changes in member demand for liquidity primarily due to member institution deposit growth, the slope of the yield curve and the FHLBanks' deposit pricing as compared to other short-term money market rates.

The following table presents term deposits issued in amounts of $100,000 or more (dollar amounts in millions):

	September 30, 2009
3 months or less	$751
Over 3 months through 6 months	36
Over 6 months through 12 months	52
Over 12 months	40
Total	$879

Capital.

Total Capital
(Dollar amounts in millions)

September 30, 2009	December 31, 2008	Decrease	
		$	%
$44,959	$51,350	$(6,391)	(12.4)%

The decrease in total capital was due primarily to:

- the decrease in accumulated other comprehensive income (loss) due to $6.8 billion in noncredit-related OTTI (excluding the cumulative effect of adjustment relating to amended OTTI guidance); and
- the decrease in total capital stock attributable to the $5.3 billion of repurchase/redemption of capital stock and $1.1 billion of reclassification of capital stock as mandatorily redeemable capital stock partially offset by the $4.9 billion of net proceeds from the sale of capital stock to support new advances during the first nine months of 2009,
- which was partially offset by the $824 million increase in retained earnings (excluding the cumulative effect of adjustment relating to amended OTTI guidance).

During the first nine months of 2009, total capital decreased less than total assets. This caused the FHLBanks' combined GAAP capital-to-assets ratio to increase to 4.23 percent at September 30, 2009, from 3.81 percent at December 31, 2008. During the first nine months of 2009, total regulatory capital decreased only 1.3 percent, which was significantly less than the 21.3 percent decrease in total assets. This caused the FHLBanks' combined regulatory capital-to-assets ratio to increase to 5.69 percent at September 30, 2009, from 4.42 percent at December 31, 2008. All FHLBanks except the FHLBank of Chicago have converted to their new capital plans at September 30, 2009.

Combined Results of Operations

The combined financial statements include the financial records of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles related to consolidation under GAAP. (See discussions relating to "Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" at the end of this section and Note 1 to the accompanying combined financial statements.)

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, 2009 vs. 2008	For the Nine Months Ended September 30, 2009 vs. 2008
					(Decrease) Increase	(Decrease) Increase
	2009	2008	2009	2008	$	$
INTEREST INCOME						
Advances	$1,854	$ 6,769	$ 8,324	$22,559	$(4,915)	$(14,235)
Prepayment fees (credits) on advances, net	28	(7)	141	60	35	81
Mortgage loans held for portfolio	904	1,122	2,983	3,408	(218)	(425)
Investments and other	1,735	2,889	5,470	8,919	(1,154)	(3,449)
Total interest income	4,521	10,773	16,918	34,946	(6,252)	(18,028)
INTEREST EXPENSE						
Consolidated obligations	3,121	9,209	12,703	30,462	(6,088)	(17,759)
Other	39	142	115	523	(103)	(408)
Total interest expense	3,160	9,351	12,818	30,985	(6,191)	(18,167)
NET INTEREST INCOME	$1,361	$ 1,422	$ 4,100	$ 3,961	$ (61)	$ 139

Net interest income decreased in the third quarter of 2009 compared to the third quarter of 2008 primarily due to significant reductions in interest rates. Even though the FHLBanks were able to refinance certain longer-term, higher-rate debt with new debt at significantly lower interest rates, the decreases in interest income on advances, investments and mortgage loans were more than the corresponding decrease in interest expense on consolidated obligations. The decrease in net interest income was also due to lower earnings on invested capital, resulting from the lower interest rate environment, and accelerated amortization on advances that were prepaid during the third quarter of 2009. Net interest income increased in the first nine months of 2009 compared to the first nine months of 2008 primarily due to replacement of a portion of longer-term, higher-rate debt through the issuance of new, shorter-term consolidated obligations at significantly lower interest rates. However, there were also significant decreases in yields on advances, investments and to a lesser extent, mortgage loans. The average size of the FHLBanks' combined statement of condition decreased significantly in the first nine months of 2009 as compared to the same period in 2008. The decreases in total assets for both the three- and nine-month periods ended September 30, 2009 were largely attributable to declines in the FHLBanks' advances to their member institutions. While lower average interest rates and a narrower average interest spread between the cost of short-term debt and the yield on assets in which those funds were invested adversely affected the growth of interest income during the first half of 2009, relative to the first half of 2008, the spread relationships between the yield on short-term assets and the cost of like-term consolidated discount notes continued to return closer to long-term historical norms during the third quarter of 2009. However, as market interest rates have continued to decrease, the decrease in the interest earned on the FHLBanks' assets was less than the decrease in the interest paid on the FHLBanks' debt, resulting in slightly higher net interest income during the first nine months of 2009.

Earnings Analysis.

The primary source of the FHLBanks earnings is net interest income, which is the interest earned on advances, mortgage loans and investments, less the interest paid on consolidated obligations, deposits, and other borrowings. The following average balances table presents average balances of earning asset categories and the sources that fund those earning assets (liabilities and capital) for the three and nine months ended September 30, 2009 and 2008, together with the related interest income and expense. 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). Changes in both volume and interest rates influence changes in net interest income and the net interest margin.

Spread and Yield Analysis
(Dollar amounts in millions)

	For the Three Months Ended					
	September 30, 2009			September 30, 2008		
	Average Balance (1)	Interest (2)	Annualized Yield	Average Balance (1)	Interest (2)	Annualized Yield
Advances (3)	$ 708,185	$1,882	1.05%	$ 943,525	$ 6,762	2.85%
Mortgage loans held for portfolio	75,513	904	4.75%	88,356	1,122	5.05%
Investments:						
Interest-bearing deposits and other	8,070	3	0.15%	1,702	10	2.34%
Securities purchased under agreements to resell	16,223	6	0.15%	1,984	12	2.41%
Federal funds sold	73,679	31	0.17%	78,904	436	2.20%
Trading securities	21,174	92	1.72%	8,923	111	4.95%
Available-for-sale securities (4)	35,304	199	2.24%	11,096	88	3.16%
Held-to-maturity securities (4)	168,432	1,404	3.31%	213,597	2,232	4.16%
Total investments	322,882	1,735	2.13%	316,206	2,889	3.63%
Total interest-earning assets	1,106,580	$4,521	1.62%	1,348,087	$10,773	3.18%
Non-interest earning assets	2,284			12,174		
Total assets	$1,108,864			$1,360,261		
Consolidated obligations:						
Discount notes	$ 302,254	$ 259	0.34%	$ 383,035	$ 2,257	2.34%
Bonds	709,907	2,862	1.60%	875,901	6,952	3.16%
Interest-bearing deposits and other borrowings (5)	26,885	39	0.58%	24,729	142	2.28%
Total interest-bearing liabilities	1,039,046	$3,160	1.21%	1,283,665	$ 9,351	2.90%
Non-interest-bearing liabilities	23,609			19,196		
Total liabilities	1,062,655			1,302,861		
Capital	46,209			57,400		
Total liabilities and capital	$1,108,864			$1,360,261		
Spread on:						
Total interest-bearing liabilities			0.41%			0.28%
Total funding (net interest margin) (6)			0.49%			0.42%

Spread and Yield Analysis (continued)
(Dollar amounts in millions)

	For the Nine Months Ended					
	September 30, 2009			September 30, 2008		
	Average Balance (1)	Interest (2)	Annualized Yield	Average Balance (1)	Interest (2)	Annualized Yield
Advances (3)	$ 788,090	$ 8,465	1.44%	$ 919,758	$22,619	3.28%
Mortgage loans held for portfolio	80,571	2,983	4.95%	89,710	3,408	5.07%
Investments:						
Interest-bearing deposits and other	36,211	66	0.24%	2,975	62	2.78%
Securities purchased under agreements to resell	14,582	20	0.18%	1,658	34	2.74%
Federal funds sold	67,223	109	0.22%	80,689	1,596	2.64%
Trading securities	18,102	309	2.28%	8,323	318	5.10%
Available-for-sale securities (4)	25,367	395	2.08%	9,090	230	3.38%
Held-to-maturity securities (4)	174,160	4,571	3.51%	207,162	6,679	4.31%
Total investments	335,645	5,470	2.18%	309,897	8,919	3.84%
Total interest-earning assets	1,204,306	$16,918	1.88%	1,319,365	$34,946	3.54%
Non-interest earning assets	6,509			13,356		
Total assets	$1,210,815			$1,332,721		
Consolidated obligations:						
Discount notes	$ 371,705	$ 1,808	0.65%	$ 379,235	$ 7,872	2.77%
Bonds	736,351	10,895	1.98%	848,824	22,590	3.55%
Interest-bearing deposits and other borrowings (5)	28,053	115	0.55%	26,002	523	2.69%
Total interest-bearing liabilities	1,136,109	$12,818	1.51%	1,254,061	$30,985	3.30%
Non-interest-bearing liabilities	26,707			22,589		
Total liabilities	1,162,816			1,276,650		
Capital	47,999			56,071		
Total liabilities and capital	$1,210,815			$1,332,721		
Spread on:						
Total interest-bearing liabilities			0.37%			0.24%
Total funding (net interest margin) (6)			0.46%			0.40%

(1) Average balances do not reflect the effect of reclassifications of cash collateral related to derivatives.

(2) Interest income/expense and annualized yield include the effect of associated interest-rate exchange agreements that qualify for fair-value hedge accounting.

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

(4) The average balances of held-to-maturity securities and available-for-sale securities are reflected at amortized cost; therefore, the resulting yields do not give effect to changes in fair value or the noncredit component of a previously recognized other-than-temporary impairment reflected in AOCI.

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

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

Net interest spread is the difference between the yields on interest-earning assets and interest-bearing liabilities. The FHLBanks generate net interest income from two components: 1) the net interest-rate spread and 2) funding interest-earning assets with interest-free capital. The sum of these two

components, when expressed as a percentage of the average book balance of interest-earning assets, equals the net interest margin. A significant portion of net interest income results from earnings on assets funded by invested regulatory capital because of the FHLBanks' low net interest-rate spread compared to other financial institutions.

During the third quarter and first nine months of 2009, at the combined level, the spread between asset yields and interest-bearing liabilities and the net interest margin increased. Each FHLBank's spread between asset yields interest-bearing liabilities and/or the net interest margin increased and/or decreased based on each FHLBank's investing, funding and hedging activities, among other things. See "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios" for individual FHLBank's spread between asset yields and interest-bearing liabilities and the net interest.

The increases in combined FHLBanks' net interest margin and spread between asset yields and interest-bearing liabilities during the three and nine months ended September 30, 2009 were generally related to lower funding costs and increased funding of investment portfolio with short-term consolidated obligations, particularly consolidated discount notes during most of 2009.

Items that increased the net interest margin and spread for the three and nine months ended September 30, 2009, compared to the corresponding period in the prior year, for the applicable FHLBanks included but are not limited to:

- an increase in the proportion of higher-earning assets to total assets as advance balances have declined;
- a reduction in the average funding costs of consolidated discount notes relative to the yield of short-term assets with comparable terms (e.g., advances and money market investments). In the third quarter and first nine months of 2009, average spreads on many assets, especially short-term and adjustable-rate assets indexed to short-term LIBOR, continued to widen relative to their funding costs. This widening occurred during the first six months of 2009, because the financial crisis resulted in the rates on the FHLBanks' short-term funding sources, mostly consolidated discount notes, falling significantly more than the cost of interbank lending represented by short-term LIBOR. This trend was offset during the third quarter of 2009 as the spreads from LIBOR and consolidated discount notes contracted from the wider spreads experienced during the financial crisis, causing the higher profits from this wider spread to dissipate during the third quarter;
- re-issuing of extinguished and called consolidated bonds at lower debt cost. The reduction in intermediate- and long-term interest rates enabled certain FHLBanks to retire (call) consolidated bonds before their final maturities and replace them with new debt (both consolidated bonds and discount notes) at significantly lower interest rates.
- the replacement of higher-costing debt supporting mortgage loans held for portfolio with lower-costing debt reflecting the current low interest-rate environment; and
- higher net interest spread on certain FHLBanks' fixed rate advances accounted for in accordance with the fair value option and the fixed rate mortgage portfolio resulting from the favorable impact of lower interest rates on the associated adjustable rate funding.

Items that decreased the net interest margin and spread for applicable FHLBanks included but are not limited to:

- decrease in member demand for advances, which was partially offset by increases in prepayment fee income.
- a decline in average yield on interest-bearing assets funded by non-interest-bearing capital and spreads on non-MBS investments between periods due to low interest rate environment;
- the reinvestment spreads available on newly-issued, short-term debt declined sharply from the unusually high levels experienced in the third quarter and first nine months of 2008, to levels that were closer to long-term historical norms;

- the effect of interest rate volatility on the FHLBanks' derivative and hedging activities;
- accelerated write-off of basis adjustments associated with hedging on prepaid advances reducing interest income as well as other hedging-related adjustments;
- an increase in funding options available to the FHLBanks' members through various U.S. government programs;
- the maturity of low-cost debt that was issued to fund low interest-rate mortgages and the replacement of such mortgages at lower net spreads; and
- an increase in the recognition of unamortized non-cash items associated with calling an increased amount of consolidated obligations for the three and nine months ended September 30, 2009.

For additional discussion related to an individual FHLBank's third quarter and first nine months of 2009 change in net interest margin and spread, please refer to that FHLBank's periodic report filed with the SEC.

The net interest margin and spread between total earning assets and total 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, the net interest income/expense associated with the derivative is included in the calculation of the spread between total earning assets and total interest-bearing liabilities and net interest margin. If the interest-rate exchange agreements do not qualify for fair-value hedge accounting (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-rate exchange agreements is excluded from the calculation of the spread between total earning assets and total interest-bearing liabilities and net interest margin.

The downward trend in consolidated obligations outstanding continued during the third quarter of 2009. Par values of consolidated obligations outstanding (before interbank elimination) were $354 billion lower on September 30, 2009 compared to September 30, 2008—consolidated bonds declined by $181 billion and consolidated discount notes declined by $173 billion. Total consolidated obligations issuance was 38 percent lower during the third quarter of 2009, and 37 percent lower during the first nine months of 2009, compared to the corresponding periods in the previous year. Aggregate weighted-average, new-issue funding costs for FHLBank consolidated bonds improved significantly relative to benchmark market indices for the third quarter of 2009 compared to the third quarter of 2008. As a result, for the first nine months of 2009, overall costs for FHLBank consolidated bonds were slightly more favorable compared to the corresponding period in 2008.

Based on the average two-year to ten-year spread, the U.S. Treasury curve steepened during the third quarter and first nine months of 2009. Despite the fact that U.S. Treasury yields trended generally upwards during the first nine months of 2009, yields were lower during the third quarter and first nine months of the year compared to the same periods in 2008.

The FHLBanks relied increasingly on bullet bond funding during 2009. During the first nine months of 2009, bullet bonds accounted for 48 percent of FHLBank consolidated bond issuance, compared to 41 percent during the same period during 2008. During the first nine months of 2009, FHLBank consolidated bonds with embedded call options comprised 20 percent of FHLBank consolidated bond issuance, compared to 26 percent during the corresponding period during 2008. However, during the third quarter of 2009, issuance in callable FHLBank consolidated bonds grew significantly, comprising 33 percent of FHLBank consolidated bond volume, compared to 14 percent in the third quarter of 2008. Floating-rate FHLBank debt fell dramatically during the third quarter of 2009, accounting for only 5 percent of FHLBank consolidated bond issuance, compared to 44 percent during the third quarter of 2008. As a result, floating-rate FHLBank debt accounted for 24 percent of FHLBank consolidated bond issuance during the first nine months of 2009, compared to 32 percent of FHLBank consolidated bond issuance during the first nine months of 2008.

The dollar amounts of callable bonds redeemed prior to maturity (called) in the third quarter and first nine months of 2009 were lower than those of the corresponding periods in the prior year. During the third quarter of 2009, $19 billion of callable FHLBank consolidated bonds were redeemed prior to maturity, compared to $26 billion of callable FHLBank consolidated bonds during the third quarter of 2008. During the first nine months of 2009, $121 billion of callable FHLBank consolidated bonds were redeemed prior to maturity, compared to $227 billion of callable FHLBank consolidated bonds during the corresponding period in 2008.

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, 2009 and the three and nine months ended September 30, 2008. 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, 2009 vs. 2008			For the Nine Months Ended September 30, 2009 vs. 2008		
	(Decrease) Increase Due to			(Decrease) Increase Due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income:						
Advances (1)	$(1,385)	$(3,495)	$(4,880)	$(2,868)	$(11,286)	$(14,154)
Mortgage loans held for portfolio	(156)	(62)	(218)	(340)	(85)	(425)
Investments (2)	60	(1,214)	(1,154)	689	(4,138)	(3,449)
Total interest income	(1,481)	(4,771)	(6,252)	(2,519)	(15,509)	(18,028)
Interest Expense:						
Consolidated obligations	(1,541)	(4,547)	(6,088)	(2,731)	(15,028)	(17,759)
Deposits and other borrowings (2)(3)	11	(114)	(103)	38	(446)	(408)
Total interest expense	(1,530)	(4,661)	(6,191)	(2,693)	(15,474)	(18,167)
Changes in net interest income	$ 49	$ (110)	$ (61)	$ 174	$ (35)	$ 139

(1) Includes prepayment fees (credits) on advances, net.

(2) Average balances used for this calculation do not reflect the effect of reclassifications of cash collateral.

(3) Calculations do not include the average balances of non-interest-bearing deposits and include cash and stock dividends on mandatorily redeemable capital stock as interest expense. Calculations also include the average balances of subordinated notes and related interest expense.

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Three Months Ended September 30, 2009 vs. 2008	Nine Months Ended September 30, 2009 vs. 2008
					(Decrease) Increase	Increase (Decrease)
	2009	2008	2009	2008	$	$
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	$ 1,357	$1,418	$ 4,086	$3,954	$ (61)	$ 132
OTHER LOSS						
Net other-than-temporary impairment losses	(1,042)		(1,995)		(1,042)	(1,995)
Realized losses on other-than-temporarily impaired securities		(149)		(212)	149	212
Net gains (losses) on trading securities	43	11	(36)	(121)	32	85
Net realized gains from sale of available-for-sale securities	31	1	7	4	30	3
Net realized gains from sale of held-to-maturity securities (1)			6	2		4
Net (losses) gains on advances and consolidated bonds held at fair value	(68)	102	(435)	148	(170)	(583)
Net (losses) gains on derivatives and hedging activities	(196)	(262)	983	(282)	66	1,265
Service fees	7	8	24	25	(1)	(1)
Other, net	(20)	7	(23)	2	(27)	(25)
Total other loss	(1,245)	(282)	(1,469)	(434)	(963)	(1,035)
Total other expense	220	455	684	855	(235)	(171)
Total assessments	57	175	630	744	(118)	(114)
NET (LOSS) INCOME	$ (165)	$ 506	$ 1,303	$1,921	$ (671)	$ (618)

(1) Certain FHLBanks sold securities out of their held-to-maturity securities portfolio. See Note 5 to the accompanying combined financial statements for additional information.

Combined net loss for the third quarter of 2009 compared to the combined net income for the third quarter of 2008 was primarily attributable to the increased OTTI charges on certain private-label residential MBS and home equity loan investments, net losses on advances and consolidated bonds held at fair value and decreases in net interest income, which were partially offset by increased gains in trading securities, gains from the sale of available-for-sale securities and smaller losses on derivatives and hedging activities. The decrease in net income for the first nine months of 2009 compared to the first nine months of 2008 was due to increased OTTI charges on certain private-label residential MBS and home equity loan investments and net losses on advances and consolidated bonds held at fair value, which were partially offset by the increases in net gains on derivatives and hedging activities, increases in net interest income and smaller losses on trading securities.

While all FHLBanks had positive net interest income, combined net loss for the three months ended September 30, 2009 was adversely affected by certain FHLBanks' net losses, as follows:

- the FHLBank of Boston's net loss of $105 million, which was primarily due to net credit-related OTTI losses of $174 million on its private-label MBS, partially offset by net interest income;
- the FHLBank of Chicago's net loss of $150 million, which was primarily due to net credit-related OTTI losses of $169 million on its private-label MBS and losses on derivatives and hedging activities of $114 million, partially offset by net interest income;
- the FHLBank of Pittsburgh's net loss of $40 million, which was primarily due to net credit-related OTTI losses of $94 million on its investment portfolio and a net loss of $4 million on derivatives and hedging activities, partially offset by net interest income;
- the FHLBank of San Francisco's net loss of $85 million, which was primarily due to net credit-related OTTI losses of $316 million on its held-to-maturity private-label residential MBS, net loss of $166 million on derivatives and hedging activities and net loss of $62 million related to financial instruments carried at fair value, partially offset by net interest income; and
- the FHLBank of Seattle's net loss of $93 million, which was primarily due to net credit-related OTTI losses of $130 million on its investments in private-label MBS, partially offset by net interest income.

While all FHLBanks had positive net interest income, combined net income for the nine months ended September 30, 2009 was adversely affected by certain FHLBanks' net losses, as follows:

- the FHLBank of Boston's net loss of $193 million, which was primarily due to net credit-related OTTI losses of $371 million on its private-label MBS, partially offset by net interest income;
- the FHLBank of Chicago's net loss of $86 million, which was primarily due to net credit-related OTTI losses of $379 million on its private-label MBS, and losses on derivatives and hedging activities of $64 million, partially offset by net interest income;
- the FHLBank of Pittsburgh's net loss of $32 million, which was primarily due to net credit-related OTTI losses of $164 million on its investment portfolio and a $35 million provision for derivative counterparty credit losses (discussed below), partially offset by net interest income;
- the FHLBank of Seattle's net loss of $144 million, which was primarily due to net credit-related OTTI losses of $263 million on its investments in private-label MBS, partially offset by net interest income.

Net income for the third quarter and first nine months of 2008 was negatively affected by the establishment of a provision for derivative counterparty credit losses (included in the total other expense line item of the Combined Statements of Income) due from Lehman Brothers Special Financing, Inc. (LBSF). LBSF was a counterparty to FHLBanks on multiple derivative transactions under International Swap Dealers Association, Inc. master agreements. On September 15, 2008, Lehman Brothers Holding, Inc. (LBHI), the parent company of LBSF and an LBSF guarantor, filed for protection under Chapter 11 of the United States Bankruptcy Code, which triggered termination of the agreements between the FHLBanks. Upon unwinding of the derivative transactions between the FHLBanks and LBSF, the FHLBanks netted the value of the collateral due to be returned to the FHLBanks with all other amounts due between the parties, which resulted in the establishment of a $312 million net receivable from LBSF (before provision for derivative counterparty credit losses) included in other assets in the Combined Statement of Condition, and a $252 million provision for derivative counterparty credit losses in the Combined Statement of Income to the extent that the FHLBanks were able to reasonably estimate the amount of loss that has been occurred with respect to debt settlements of derivative transactions with LBSF. In the first quarter of 2009, management of the FHLBank of Pittsburgh estimated its amount of loss as $35.3 million and recorded a contingency reserve with respect to the receivable from LBSF based on the discovery phase of the adversary proceeding filed by the FHLBank of Pittsburgh in the fourth quarter of 2008. As of September 30, 2009, the FHLBank of Pittsburgh maintained a $35.3 million

contingency reserve on this receivable as this remains the most probable estimated loss. This amount is recorded in other expense in the Combined Statement of Income and presented as "Provision for derivative counterparty credit losses."

Other Loss.

The change in total other loss for the third quarter of 2009 compared to the third quarter of 2008 relates to larger net OTTI losses and net losses on advances and consolidated bonds held at fair value, partially offset by smaller net losses on derivatives and hedging activities and larger net gains on trading securities during the third quarter of 2009. The change in total other loss for the first nine months of 2009 compared to the first nine months of 2008 relates primarily to larger net OTTI losses and net losses on advances and consolidated bonds held at fair value, partially offset by net gains on derivatives and hedging activities and smaller losses on trading securities during the first nine months of 2009.

The credit-related portion of the OTTI losses on investments in private-label residential MBS and home equity loan investments recognized in earnings for the third quarter and first nine months of 2009 primarily resulted from an increase in projected losses on the collateral underlying these investments. Each FHLBank updates its OTTI analysis quarterly to reflect the current and anticipated housing market conditions and updated information on the loans supporting an FHLBank's private-label residential MBS and home equity loan investments and revises the assumptions in its collateral projection models based on more recent information. Several factors contributed to the increases in these projected losses for the third quarter of 2009, including further declines in housing prices followed by slower house price recovery, continued rising unemployment and limited refinancing opportunities for borrowers whose houses are now worth less than the balances of their mortgages. These trends led to lower projected prepayment rates, higher projected default rates, and higher projected losses on defaulted loans. The continued lack of liquidity in the private-label residential MBS and home equity loan market adversely affected the valuation of certain private-label residential MBS and home equity loan investments, contributing to the large non-credit-related OTTI charge recorded in AOCI.

The FHLBanks' costs of derivatives and hedging activities fluctuate with volatility in the overall interest rate environment, as FHLBanks hedge their asset risk exposures. Most income statement changes for derivatives and hedging activities represent unrealized market value adjustments on derivatives that result primarily from interest rate changes that affect the market values of derivatives differently than the market values of the hedged risks.

The losses associated with advances and consolidated bonds held at fair value for the third quarter and first nine months of 2009 were primarily driven by changes in overall interest rate spreads and an increase in swaption volatilities. Net gains and losses on these financial instruments are primarily a matter of timing and will generally reverse through changes in future valuations and settlements of contractual interest cash flows over the remaining contractual terms to maturity or by the expected call or put dates. Most of the third quarter 2009 losses reflected reversals of prior-period gains on these financial instruments.

Net Other-Than-Temporary Losses on Investment Securities.

Net Other-Than-Temporary Losses on Investment Securities
For the Three and Nine Months Ended September 30, 2009
(Dollar amounts in millions)

	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009
	Total	Total
Total other-than-temporary impairment losses	$(2,182)	$(10,378)
Portion of impairment losses recognized in other comprehensive income (loss)	1,140	8,383
Net other-than-temporary impairment losses	$(1,042)	$ (1,995)

During the three and nine months ended September 30, 2009, other income (loss) was negatively affected by OTTI charges on certain held-to-maturity and available-for-sale private-label residential mortgage-backed securities and home equity loan investments as noted below (dollar amounts in millions).

	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009
	OTTI Related to Credit Losses	OTTI Related to Credit Losses
Boston	$ (174)	$ (371)
New York	(4)	(14)
Pittsburgh	(94)	(164)
Atlanta	(129)	(264)
Indianapolis	(24)	(45)
Chicago	(169)	(379)
Dallas	(2)	(3)
Topeka	*	*
San Francisco	(316)	(492)
Seattle	(130)	(263)
	$(1,042)	$(1,995)

* Represents an amount less than $1 million.

The following table presents the OTTI losses on securities newly impaired during the three and nine months ended September 30, 2009 and previously identified as other-than-temporarily impaired (dollar amounts in millions).

	For the Three Months Ended September 30, 2009			For the Nine Months Ended September 30, 2009		
	Credit Losses	Net Noncredit Losses	Total Losses	Credit Losses	Net Noncredit Losses	Total Losses
Securities newly impaired during the period	$ (61)	$(1,866)	$(1,927)	$(1,371)	$(8,513)	$ (9,884)
Securities previously impaired prior to current period*	(981)	726	(255)	(624)	130	(494)
Total	$(1,042)	$(1,140)	$(2,182)	$(1,995)	$(8,383)	$(10,378)

* For the three months ended September 30, 2009, "securities previously impaired prior to current period" relates to all securities that were also previously impaired prior to July 1, 2009. For the nine months ended September 30, 2009, "securities previously impaired prior to current period" relates to all securities that were also previously impaired prior to January 1, 2009.

The housing market continues to be depressed, with great variations in market performance from region to region throughout the country. Housing prices are low and still falling in many areas, although there are signs of increasing stability in other areas. Delinquency and foreclosure rates have continued to rise. While the agency MBS market is active in funding new mortgage originations, the private-label MBS market has not recovered. The commercial real estate market is still trending downward. If current conditions in the mortgage markets and general business and economic conditions continue or deteriorate further, the fair value of private-label MBS may decline further and the FHLBanks may incur OTTI losses on additional private-label MBS in future periods, as well as further impairment of those securities that were identified as other-than-temporarily impaired as of September 30, 2009.

Federal and state government authorities, as well as private entities, such as financial institutions and the servicers of residential mortgage loans, have begun or promoted implementation of programs designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures. These loan modification programs, as well as future legislative, regulatory, or other actions, including amendments to the bankruptcy laws, that result in the modification of outstanding mortgage loans, may adversely affect the value of, and the returns on, these mortgage loans or MBS related to these mortgage loans.

For additional information on OTTI evaluations by the FHLBanks, please refer to each individual FHLBank's periodic report filed with the SEC.

Derivatives and Hedging Activities and Fair Value Measurements. The FHLBanks are required to carry all of their derivative instruments on the statement of condition at fair value. If derivatives meet the hedging criteria, including effectiveness measures, changes in fair value of the associated hedged instruments attributable to the risk being hedged (e.g., benchmark interest-rate risk) may also be recorded so that some or all of the unrealized gains or losses recognized on the derivatives are offset by corresponding unrealized gains or losses on the associated hedged instruments. The unrealized gains or losses on the "ineffective" portion of all hedges, which represents the amounts by which the changes in the fair value of the derivatives differ from the changes in the values of the hedged items or the variability in the cash flows of the forecasted transactions, are recognized in current period earnings. In addition, certain derivatives are associated with assets or liabilities but do not qualify as fair-value or cash-flow hedges. These economic hedges are recorded on the statement of condition at fair value with the unrealized gains or losses recognized in current period earnings without any offsetting unrealized gains or losses from the associated asset or liability.

The FHLBank of San Francisco elected to carry certain advances and consolidated bonds at fair value at January 1, 2008. The FHLBanks of New York and Chicago elected the fair value option for certain newly acquired financial assets and/or financial liabilities during the three months ended September 30, 2008. During the first quarter of 2009, the FHLBank of Des Moines also elected the fair value option for certain newly acquired financial liabilities. The FHLBanks of New York, Chicago, Des Moines and San Francisco recognize changes in the unrealized gains and losses on these assets and liabilities in current period earnings. In general, transactions for which the fair value option has been elected are in economic hedge relationships.

In general, derivatives and associated hedged instruments, and certain assets and liabilities that are carried at fair value, are held to the maturity, call, or put date. Therefore, for these financial instruments nearly all of the cumulative net gains and losses that are unrealized gains or losses are primarily a matter of timing and will generally reverse over the remaining contractual terms of the hedged financial instrument, associated interest-rate exchange agreement, or financial instrument carried at fair value. However, there may be instances in which these instruments are terminated prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. In addition, the FHLBanks may have instances in which they may sell trading securities prior to maturity, which may also result in a realized gain or loss.

Hedge ineffectiveness occurs when changes in the fair value of the derivative and the related hedged item do not perfectly offset each other. Hedge ineffectiveness is driven by changes in the benchmark interest rate and volatility. As the benchmark interest rate changes and the magnitude of that change

intensifies, so will the effect on the FHLBanks' net gains (losses) on derivatives and hedging activities. Additionally, volatility in the marketplace may intensify this effect.

The decrease in net losses on derivatives and hedging activities during the third quarter of 2009 compared to the third quarter of 2008, and the increase in net gains on derivatives and hedging activities during the first nine months of 2009 compared to the first nine months of 2008 were primarily attributable to changes in interest rate spreads and a decrease in LIBOR. These movements in interest rate spreads resulted in favorable changes in the fair values of interest-rate exchange agreements used in both fair-value hedges and economic hedges. This was partially offset by higher costs incurred by certain FHLBanks related to hedging prepayment risk exposure on MPF mortgage loans. Additionally, narrowing spreads between interest rates on GSE debt securities and interest-rate swaps since year-end 2008 also resulted in net gains on derivatives and hedging activities.

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

Earnings Effect for the Three Months Ended September 30, 2009	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions/Other	Total
Amortization/accretion of derivatives and hedging activities in net margin	$(202)	$	$ (3)	$ 45	$ 1	$	$	$(159)
Net (losses)/gains on derivatives and hedging activities	(54)	(132)	(128)	103	(6)	21		(196)
Net gains on trading securities		43						43
Net (losses)/gains on advances and consolidated bonds held at fair value	(71)			3				(68)
Total	$(327)	$ (89)	$(131)	$151	$(5)	$21	$	$(380)

Earnings Effect for the Three Months Ended September 30, 2008	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions/Other	Total
Amortization/accretion of derivatives and hedging activities in net margin	$ (52)	$	$(1)	$ 19	$ (1)	$	$	$ (35)
Net (losses) gains on derivatives and hedging activities	(402)	(148)	4	(5)	(49)	13	325	(262)
Net gains on trading securities		11						11
Net (losses) gains on advances and consolidated bonds held at fair value	(144)			246				102
Total	$(598)	$(137)	$ 3	$260	$(50)	$13	$325	$(184)

Effect of Hedging, Trading Securities Activities and Fair Value Measurements on Earnings by Product (continued)
(Dollar amounts in millions)

Earnings Effect for the Nine Months Ended September 30, 2009	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions/Other	Total
Amortization/accretion of derivatives and hedging activities in net margin	$(609)	$	$ 4	$ 80	$ 3	$	$	$(522)
Net gains/(losses) on derivatives and hedging activities	198	154	(125)	454	161	141		983
Net losses on trading securities		(36)						(36)
Net losses on advances and consolidated bonds held at fair value	(394)			(41)				(435)
Total	$(805)	$118	$(121)	$493	$164	$141	$	$ (10)

Earnings Effect for the Nine Months Ended September 30, 2008	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions/Other	Total
Amortization/accretion of derivatives and hedging activities in net margin	$ (90)	$	$ (1)	$ 22	$(7)	$	$	$ (76)
Net (losses)/gains on derivatives and hedging activities	(456)	(103)	(61)	(16)	4	25	325	(282)
Net losses on trading securities		(121)						(121)
Net (losses)/gains on advances and consolidated bonds held at fair value	(161)			309				148
Total	$(707)	$(224)	$(62)	$315	$(3)	$25	$325	$(331)

Other Expense.

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, 2009 vs. 2008 Increase		For the Nine Months Ended September 30, 2009 vs. 2008 Increase	
	2009	2008	2009	2008	$	%	$	%
Salaries and employee benefits	$123	$111	$357	$339	$12	10.8%	$18	5.3%
Cost of quarters	10	9	29	28	1	11.1%	1	3.6%
Other	70	61	201	173	9	14.8%	28	16.2%
Total operating expenses	$203	$181	$587	$540	$22	12.2%	$47	8.7%
Operating expenses as a percentage of average assets (basis points) (1)	7.3	5.3	6.5	5.4				

(1) Operating expense ratio is annualized.

The increase in salaries and employee benefits reflects higher pension costs and staffing levels at several of the FHLBanks as well as annual merit increases, partially offset by decreased incentive compensation. Cost of quarters remained relatively flat from third quarter 2008 to third quarter 2009 and for the nine months ended September 30, 2008 as compared to the nine months ended September 30, 2009. The increase in other operating expense includes a general increase in consulting and professional fees.

Other 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, 2009 vs. 2008	For the Nine Months Ended September 30, 2009 vs. 2008
					(Decrease) Increase	Increase (Decrease)
	2009	2008	2009	2008	$	$
Finance Agency/Finance Board expenses	$ 9	$ 9	$ 29	$ 29	$	$
Office of Finance expenses	7	8	25	24	(1)	1
Provision for derivative counterparty credit losses		252	35	252	(252)	(217)
Other, net	1	5	8	10	(4)	(2)
Affordable Housing Program	19	57	196	233	(38)	(37)

Finance Agency/Finance Board Expenses. The FHLBanks funded the costs of operating the Finance Board, and fund a portion of the costs of operating the Finance Agency since it was created on July 30, 2008. These costs are under the sole control of the Regulator. Finance Board expenses were allocated among the FHLBanks based on each FHLBank's percentage of total combined regulatory capital stock plus retained earnings through July 29, 2008. Each FHLBank pays a pro rata share of the Finance Agency's expenses and working capital fund through annual assessments based on the ratio between that FHLBank's minimum required regulatory capital and the aggregate minimum required regulatory capital of all FHLBanks. Each FHLBank must pay an amount equal to one-half of its annual assessment twice each year.

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 generally 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.

Affordable Housing Program (AHP). Annually, the FHLBanks must set aside for the AHP the greater of $100 million or 10 percent of regulatory income, after the assessment for Resolution Funding Corporation (REFCORP). (See "REFCORP Payment" for a detailed discussion on REFCORP.) Regulatory income is income before assessments, plus interest expense related to mandatorily redeemable capital stock, less the assessment for REFCORP. Any FHLBank with a net loss for a quarter is not required to pay the AHP assessment for that quarter. The Regulator requires each FHLBank to add back interest expense related to mandatorily redeemable capital stock before the calculation of its AHP assessment. The decrease in the AHP assessments for the third quarter and first nine months of 2009 compared to the corresponding periods in 2008 reflects the overall trend of the FHLBanks' net income. AHP helps members provide subsidized and other low-cost funding to create affordable rental and home ownership opportunities. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects.

Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income. Combined net income of the FHLBanks is 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 funds held by one FHLBank to another FHLBank that needs 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.

As part of its overall asset/liability management strategy, an FHLBank may issue more debt than it needs at the time of issuance to fund its business. This allows the FHLBank to take advantage of favorable funding prices for large-size transactions in anticipation of using the proceeds at a later time to fund the acquisition of assets, such as advances or mortgages. 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. The assuming FHLBank assumes this liability at fair value which represents an all-in cost equal to or lower than it would have otherwise obtained for the same amount and maturity in the capital markets at that time. In this type of transaction, the FHLBank that transfers a liability for the consolidated bond also unwinds the related portion of any hedge transactions it entered into when the consolidated bond was issued. It can also take other steps in order to manage its interest rate exposure on the debt transferred. For example, it can:

— terminate the interest-rate exchange agreement entered into with respect to the transferred debt; or

— eliminate the underlying assets (e.g., through the sale of investment securities with similar characteristics to those consolidated bonds being offered for transfer or through the prepayment of mortgages).

The transferring FHLBank treats the transfer as a debt extinguishment because that 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 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 contingent liability because it still has joint and several liability with respect to repaying the transferred consolidated obligation.

The initial carrying amount for the consolidated bond is the amount (including any premium or discount) the assuming FHLBank paid the transferring FHLBank. Under this transfer scenario, no transaction with a third party independent of the FHLBanks takes place. Under the principles of combination accounting, combining adjustments are required to reflect the transaction as if the transferring FHLBank still holds the consolidated bond for purposes of the combined financial statements of the FHLBanks. This has the following results:

(1) the debt extinguishment transaction (including any gain or loss) is eliminated;

(2) all statement of condition and statement of income effects with respect to the premium or discount related to the purchase of the consolidated bonds by the assuming FHLBank are eliminated; and

(3) the original premium or discount, concession fees and derivative basis adjustments of the transferring FHLBank are reinstated and amortized over the life of the consolidated bond.

These amounts are eliminated as combining adjustments in the combining schedules accompanying the combined financial statements and will reverse over the remaining term of the consolidated bonds. Due to different discount accretion and/or premium amortization periods used by the assuming FHLBank and the transferring FHLBank, timing differences will affect net interest income as these transactions are

reversed. These transactions do not affect the holders of the consolidated bonds, as the consolidated bonds are the joint and several obligation of all 12 FHLBanks. (See Note 1 to the accompanying combined financial statements and the related combining schedules.)

Total interbank consolidated bonds of $480 million and $861 million at par value were transferred from one FHLBank to another FHLBank during the first nine months of 2009 and 2008. The combining adjustments for the third quarter and first nine months of 2009 and 2008 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in the following effect on the Combined Statement of Income:

Effect of Combining Adjustments on Combined Statement of 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, 2009 vs. 2008	For the Nine Months Ended September 30, 2009 vs. 2008
	2009	2008	2009	2008	(Decrease)	(Decrease) Increase
Effect on:						
Net interest income (expense)	$(3)	$(2)	$(16)	$(6)	$(1)	$(10)
Total other (loss) income	(2)	(2)	32	(4)	—	36
Total other expense	(2)	(1)	(5)	(4)	(1)	(1)
Net (loss) income	(3)	(3)	21	(6)	—	27

REFCORP Payment

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

The REFCORP assessment of the FHLBanks was $38 million (cash payment of $79 million) for the third quarter of 2009 compared with $118 million (cash payment of $181 million) for the third quarter of 2008. The REFCORP assessment of the FHLBanks was $434 million (cash payment of $473 million, which includes the application of certain credits due to FHLBanks that overpaid their 2008 annual REFCORP assessment) for the first nine months of 2009 and $511 million (cash payment of $576 million) for the first nine months of 2008. 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 applicable regulation that implements section 607 of the Gramm-Leach-Bliley Act of 1999 (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 U.S. Treasury bonds to "defease" all or a portion of the most-distant remaining quarterly benchmark payment. 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. The $4 million by which the third quarter 2009 REFCORP payment exceeded the $75 million quarterly benchmark will defease an additional $4 million of the $75 million benchmark payment due on April 15, 2012.

As a result of the REFCORP payments of $473 million made by the FHLBanks through the third quarter of 2009, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to April 15, 2012, effective at September 30, 2009, from April 15, 2013, effective at December 31, 2008. This date assumes that the FHLBanks will pay exactly $300 million annually after September 30, 2009 (including the application of credits due to FHLBanks that overpaid

their 2008 annual REFCORP assessment) until the annuity is fully satisfied. This compares to the outside date of July 15, 2012, effective at September 30, 2008, based on REFCORP payments made through September 30, 2008.

REFCORP Defeasance Summary
For Third Quarter 2009 Payment
(Dollar amounts in millions)

Payment Due Date	Amount of Benchmark Payment Defeased*	Interest Rate Used to Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased**
April 15, 2012 (most distant remaining payment)	$4	1.28%	$4

* Subject to possible subsequent reinstatement.

** Actual third quarter 2009 contribution of $79 million.

Capital Adequacy

The FHLBank Act prescribes minimum capital 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, or may limit dividend payments as part of their retained earnings policies.

Regulator guidance calls 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 ensure 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 Regulator either to maintain higher total capital-to-assets ratios or limit dividend payments as part of their retained earnings policies. As these limitations may be revised from time to time, they are more flexible than the minimum requirements prescribed by statute. At September 30, 2009, each of the FHLBanks was in compliance with its statutory minimum capital requirements and any internally-established or supervisory limitations. (See "Note 12—Capital" to the accompanying combined financial statements.)

At September 30, 2009, 107.0 percent of the capital of the FHLBanks consisted of capital stock, while 12.6 percent consisted of retained earnings and (19.6) percent consisted of AOCI. At September 30, 2009, the FHLBanks had a combined regulatory capital-to-assets ratio of 5.69 percent, up from 4.42 percent at December 31, 2008. At September 30, 2009, the FHLBanks had a combined GAAP capital-to-assets ratio of 4.23 percent, up from 3.81 percent at December 31, 2008. Following the passage of the Housing Act, the Director of the Finance Agency is responsible for setting the risk-based capital standards for the FHLBanks.

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 or under an FHLBank's excess stock repurchase program.

Each FHLBank is required to maintain liquidity in accordance with the FHLBank Act and certain regulations and 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 obligations. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, may also provide liquidity. The GSE status and favorable credit rating have historically provided the FHLBanks with excellent access to capital markets. Consolidated obligations enjoy GSE status; however, they are not obligations of the United States and the United States does not guarantee them. The FHLBanks' consolidated obligations are rated Aaa/P-1 by Moody's and AAA/A-1+ by S&P. These are the highest ratings available for such debt from an 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. These ratings have not been affected by rating actions taken with respect to individual FHLBanks. (See "Recent Rating Agency Actions.") 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. Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. As a supplement to the existing $4 billion limit, the Housing Act provided temporary authority to the U.S. Secretary of the Treasury to purchase obligations issued by FHLBanks in any amount deemed appropriate under certain conditions. Pursuant to that authority, during the third quarter of 2008, each FHLBank entered into a lending agreement with the U.S. Treasury in connection with the U.S. Treasury's establishment of the Government Sponsored Enterprise Credit Facility (GSECF), as authorized by the Housing Act. The GSECF is designed to serve as a contingent source of liquidity for the housing government-sponsored enterprises, including each of the 12 FHLBanks. Any borrowings by one or more of the FHLBanks under the GSECF are considered consolidated obligations with the same joint and several liability as all other consolidated obligations. The terms of any borrowings are agreed to at the time of issuance. Loans under the lending agreement are to be secured by collateral acceptable to the U.S. Treasury, which consists of FHLBank advances to members that have been collateralized in accordance with regulatory standards and mortgage-backed securities issued by Fannie Mae or Freddie Mac. Each FHLBank is required to submit to the Federal Reserve Bank of New York, acting as fiscal agent of the U.S. Treasury, a list of eligible collateral updated on a weekly basis. As of September 30, 2009, the FHLBanks had provided the U.S. Treasury with listings of advance and MBS collateral amounting to $209.0 billion. The amount of collateral can be increased or decreased (subject to the approval of the U.S. Treasury) at any time through the delivery of an updated listing of collateral. As of September 30, 2009, no FHLBank has drawn on this available source of liquidity. This temporary authorization expires on December 31, 2009. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, also provide liquidity.

To protect the FHLBanks against temporary disruptions in access to the debt markets in response to a rise in capital markets volatility, effective March 6, 2009, the Finance Agency requires each FHLBank to maintain sufficient liquidity, through short-term investments, in an amount at least equal to an FHLBank's anticipated cash outflows under two different scenarios. One scenario assumes that an FHLBank cannot access the capital markets for a period of between ten to twenty days, with initial guidance set at fifteen days, and that during that time members do not renew any maturing, prepaid and called advances. The second scenario assumes that an FHLBank cannot access the capital markets for a period of between three to seven days, with initial guidance set at five days, and that during that period an FHLBank will automatically renew maturing and called advances for all members except very large

members provided the member is well-rated by its primary Federal regulator or its state regulator equivalent for insurance companies; has a rating assigned by an NRSRO that is investment quality; and is well-rated by the individual FHLBank's internal credit rating system. The Finance Agency's formalized guidance revises and finalizes guidance previously communicated to the FHLBanks early in the fourth quarter of 2008.

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 Estimates

For a discussion of Critical Accounting Estimates, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates" in the Federal Home Loan Banks' 2008 Combined Financial Report. Other than the other-than-temporary impairment for investment securities and the fair value methodology used to estimate the fair value of private-label MBS discussed below, there have been no material changes from the critical accounting estimates disclosed in the "Critical Accounting Estimates" section of the Federal Home Loan Banks' 2008 Combined Financial Report. Each FHLBank describes its critical accounting 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.")

OTTI for Investment Securities. Each individual FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with U.S. GAAP. As such, individual FHLBank accounting and financial reporting policies and practices are not necessarily always identical because different policies and/or presentations are permitted under U.S. GAAP in certain circumstances. Accordingly, until the first quarter of 2009, each of the 12 FHLBanks had employed different methodologies and processes for making OTTI determinations on private-label MBS. While each of these methodologies was in compliance with U.S. GAAP, the FHLBanks and the Office of Finance recognized the importance of enhanced consistency in financial reporting. Working with the Finance Agency, the 12 FHLBanks developed a uniform framework for completing their OTTI analyses, which was adopted in the first quarter of 2009, concurrent with FASB guidance on the recognition and presentation of OTTI in the financial statements. Implementation of this uniform OTTI analytical framework and adoption of FASB's guidance provided greater consistency among the 12 FHLBanks regarding OTTI analyses, including the calculation of any expected credit losses for impaired securities.

On April 9, 2009, FASB issued guidance which amended existing OTTI guidance in U.S. GAAP for debt securities in order to make its guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This OTTI guidance did not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.

For debt securities in an unrealized loss position, an entity is required to assess whether (a) it has the intent to sell the debt security, or (b) it is more likely than not that it will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an OTTI on the security must be recognized. For securities in an unrealized loss position that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are other-than-temporarily impaired. Each FHLBank considers whether or not it will recover the entire amortized cost of the security by comparing its best estimate of the present value of the cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis of the security (that is, a credit loss exists), the entire amortized cost basis of the security will not be recovered, and an OTTI is considered to have occurred. In these instances, the impairment is separated into (a) the amount of the total impairment related to the credit loss, and (b) the amount of the total impairment related to all other factors. If an FHLBank determines that an OTTI exists, it accounts for the investment security as if it had been purchased on the

measurement date of the OTTI at an amortized cost basis equal to the previous amortized cost basis, less the OTTI recognized in non-interest income. For investment securities classified as held-to-maturity, the difference between the new amortized cost basis and the cash flows expected to be collected is accreted into interest income prospectively over the remaining life of the investment security based on the amount and timing of future estimated cash flows (with no additional effect on earnings unless the security is subsequently sold or there are additional decreases in cash flows expected to be collected). Subsequent non-OTTI-related increases and decreases in the fair value of available-for-sale securities will be included in AOCI. See additional discussion regarding the recognition and presentation of OTTI in Note 2 to the accompanying combined financial statements and "Risk Management—Credit Risk—Investments."

On April 28, 2009 and May 7, 2009, the Finance Agency provided the FHLBanks with guidance on the process for determining OTTI with respect to the FHLBanks' holdings of private-label MBS and the FHLBanks' first quarter 2009 adoption of new U.S. GAAP regarding OTTI on investment securities. The goal of the Finance Agency's guidance was to promote consistency among all FHLBanks in the process for determining OTTI for private-label MBS.

Each FHLBank closely monitors the performance of its investment securities classified as available-for-sale or held-to-maturity on at least a quarterly basis (or more frequently if a loss-triggering event occurs, such as a material downgrade by a rating agency) to evaluate its exposure to the risk of loss on these investments in order to determine whether a loss is other-than-temporary.

Beginning in the first quarter of 2009, to ensure consistency in determination of the OTTI for private-label MBS among all FHLBanks, the FHLBanks used the same key modeling assumptions for purposes of their cash flow analyses for the majority of private-label residential MBS and home equity loan investments. During the second quarter of 2009, the FHLBanks, consistent with the objectives of the guidance issued by the Finance Agency, enhanced their overall OTTI process by creating an OTTI Governance Committee. The OTTI Governance Committee charter was approved on June 11, 2009 and established a formal process by which the FHLBanks can provide input on and approve key OTTI assumptions. The OTTI Governance Committee is responsible for reviewing and approving these key OTTI assumptions, including interest rate and housing prices, along with related modeling inputs and methodologies to be used to generate cash flow projections.

Beginning with the third quarter of 2009, the OTTI process was changed to select 100 percent of the FHLBanks' private-label MBS portfolios for purposes of OTTI cash flow analysis to be run using the FHLBanks' common framework and approved assumptions. However, most of the FHLBanks own certain private-label MBS where underlying loan-level collateral data is not available. These securities could not be modeled by the third-party models approved by the OTTI Governance Committee. For these private-label MBS where underlying loan level collateral data is not available, alternative procedures, as determined by each FHLBank, are used to assess these securities for OTTI. These private-label MBS, which are backed by residential, multi-family and commercial real estate loans, home equity lines of credit, and manufactured housing loans, represent less than 3 percent of the FHLBanks' total private-label MBS unpaid principal balance.

Each FHLBank is responsible for making its own determination of impairment and the reasonableness of assumptions, inputs and methodologies used, as well as for performing the required present value calculations using appropriate historical cost bases and yields. Two or more FHLBanks that hold the same private-label MBS are required to consult with one another to ensure any decision that a commonly-held private-label MBS is other-than-temporarily impaired, including the determination of fair value and the credit loss component of the unrealized loss, is consistent among those FHLBanks. For additional details on the FHLBanks' process for determining OTTI with respect to private-label MBS, see "Legislative and Regulatory Developments—Guidance for Determining Other-Than-Temporary Impairment."

In performing the cash flow analysis for private-label MBS, each FHLBank uses two third-party models. The first model considers borrower characteristics and the particular attributes of the loans underlying an FHLBank's securities, in conjunction with assumptions about future changes in home

prices and interest rates, to project prepayments, defaults and loss severities. A significant input to the first model is the forecast of future housing price changes for the relevant states and core based statistical areas (CBSAs), which are based upon an assessment of the individual housing markets. CBSA refers collectively to metropolitan and micropolitan statistical areas as defined by the United States Office of Management and Budget; as currently defined, a CBSA must contain at least one urban area with a population of 10,000 or more people. The FHLBanks' housing price forecast assumed CBSA level current-to-trough home price declines ranging from 0 percent to 20 percent over the next 9 to 15 months. Thereafter, home prices are projected to remain flat in the first six months, and to increase 0.5 percent in the next six months, 3 percent in the second year and 4 percent in each subsequent year.

The month-by-month projections of future loan performance derived from the first model, which reflect projected prepayments, defaults and loss severities, are then input into a second model that allocates the projected loan level cash flows and losses to the various security classes in the securitization structure in accordance with its prescribed cash flow and loss allocation rules. In a securitization in which the credit enhancement for the senior securities is derived from the presence of subordinate securities, losses are generally allocated first to the subordinate securities until their principal balance is reduced to zero. Please refer to individual FHLBanks' periodic reports filed with the SEC for summaries of significant inputs used to measure the amount of credit loss on other-than-temporarily impaired securities recognized in earnings during the three months ended September 30, 2009.

In addition to evaluating the risk-based selection of its private-label MBS under a base case (or best estimate) scenario, each FHLBank performed a cash flow analysis for each of these securities under a more stressful housing price scenario. This more stressful scenario was based on a housing price forecast that was 5 percentage points lower at the trough than the base case scenario, followed by a flatter recovery path and had housing prices increase at a long-term annual rate of 3 percent, compared to 4 percent in the base case. Under this scenario, current-to-trough home price declines were projected to range from 5 percent to 25 percent over the next 9 to 15 months. Thereafter, home prices were projected to remain unchanged from trough levels in the first year, and to increase 1 percent in the second year, 2 percent in each of the third and fourth years and 3 percent in each subsequent year.

Certain FHLBanks' investment securities are insured by third-party bond insurers (monoline insurers). The bond insurance on these investments guarantees the timely payments of principal and interest if these payments cannot be satisfied from the cash flows of the underlying mortgage pool(s). Private-label MBS insured by monoline insurers are cash flow tested for credit impairment. For private-label MBS protected by such third-party insurance, an FHLBank's OTTI analysis would look first to the performance of the underlying security, considering its embedded credit enhancements in the form of excess spread, overcollateralization and credit subordination, to determine the collectability of all amounts due. If these protections are deemed insufficient to make timely payment of all amounts due, then an FHLBank may consider the capacity of the third-party monoline insurer to cover any shortfalls.

In determining monoline insurer support, an FHLBank would consider the contractual terms of the insurance guarantee, and whether the credit protection under the terms of the agreement travels with the security if it is projected that the security would have to rely on insurance protection for cash flow sufficiency, either currently or in the future. FHLBanks that have investments insured by third-party bond insurers follow the guidelines provided by the FHLBank of New York when performing their OTTI analysis.

In estimating an insurer's capacity to provide credit protection in the future to cover any decrease in cash flows expected to be collected for securities deemed to be OTTI, the FHLBank of New York has developed a methodology to assess the ability of a monoline insurer to meet its future insurance obligations. The methodology establishes boundaries that can be used on a consistent basis, and includes both quantitative and qualitative factors. This methodology calculates the length of time that a monoline insurer is expected to remain financially viable in order to pay claims for insured securities and it primarily employs information that is publicly available to identify cash flows used up by a monoline insurer for insurance claims. Based on the monoline insurer's existing insurance reserves, the methodology attempts to predict the length of time over which the monoline insurer's claims-paying resources

could sustain bond insurance losses and estimate a future point in time when the monoline insurer's claim-paying resources may be exhausted.

For the FHLBank of New York's insured securities that are deemed to be credit-impaired without insurer protection, this methodology compares the timing and the amount of cash flow shortfalls to the estimated timing for when a monoline insurer's claim-paying resources would be exhausted in order to quantify both the timing and the amount of cash flow shortfalls that the monoline insurer is unlikely to be able to cover. However, estimating a monoline insurer's financial strength to remain viable over a long-term horizon requires significant judgment and assumptions. Predicting when a monoline insurer may no longer have the ability to perform under its contractual agreement, then comparing the timing and the amounts of cash flow shortfalls for securities that are credit-impaired without insurer protection, requires significant judgment.

The FHLBank of New York believes that bond insurance is an inherent aspect of credit support within the structure of the security itself and it is appropriate to include such bond insurance in its evaluation of expected cash flows and its determination of OTTI. If the security is insured by a monoline insurer and the security relies on the monoline insurer for support, either currently or potentially in future periods, the FHLBank of New York performs an analysis to assess the financial strength of the monoline insurers. The results of the monoline insurer financial analysis, which projects the time horizon of credit protection provided by a monoline insurer as a function of claim-paying resources and anticipated claims in the future (monoline burn-out period), are incorporated as a key input in the third-party cash flow model. If this cash flow model projects cash flow shortfalls (credit impairment) on a monoline-insured security, the monoline "burn-out" date is then input into the cash flow model. That input then provides the necessary information to the cash flow model for the continuation of cash flows until the burn-out date. The FHLBank of New York deems any cash flow shortfalls beyond the "burn-out" date to be unrecoverable and the monoline-insured security will be credit impaired. Please see the FHLBank of New York's periodic reports filed with the SEC for additional details regarding its monoline analysis and methodology.

Fair Value Methodology Used to Estimate the Fair Value of Private-label MBS. During the quarter ended September 30, 2009, in an effort to achieve consistency among all the FHLBanks in determining the fair value of MBS, the FHLBanks formed the FHLBank System MBS Pricing Governance Committee, which was responsible for developing a fair value methodology for MBS. All FHLBanks adopted this fair value methodology for private-label MBS (residential, commercial, manufactured housing loans and home equity loan investments) during the third quarter of 2009 and seven FHLBanks adopted it for all other MBS. The remaining five FHLBanks expect to adopt the fair value methodology for all other MBS in a future financial reporting period. To the extent that an FHLBank's existing MBS pricing methodology prior to the third quarter of 2009 was inconsistent with this fair value methodology, each of those FHLBanks changed its methodologies used to estimate the fair value of MBS to the methodology approved by the FHLBank System MBS Pricing Governance Committee during the quarter ended September 30, 2009.

Under this fair value methodology approved by the MBS Pricing Governance Committee, each FHLBank requests prices for either all MBS, or only for private-label MBS, as applicable, from four specific third-party vendors and depending on the number of prices received for each security, selects a median or average price as defined by the fair value methodology. This methodology also incorporates variance thresholds to assist in identifying median or average prices that may require further review. In certain limited instances (i.e., a security's price is outside of established variance thresholds or the third-party vendors do not provide a price for a security), an FHLBank will obtain a price from securities dealers or internally model a price that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. Prices for MBS held in common with other FHLBanks are reviewed for consistency. In adopting this common fair value methodology, each FHLBank remains responsible for the selection and application of its fair value methodology and the reasonableness of assumptions and inputs used.

Legislative and Regulatory Developments

Principles for Executive Compensation at the FHLBanks and Office of Finance. On October 27, 2009, the Finance Agency issued Advisory Bulletin 2009-AB-02, which is effective immediately, outlining five guiding principles for sound incentive compensation practices to which the FHLBanks and the Office of Finance should adhere in setting executive compensation policies and practices. These principles are: 1) executive compensation must be reasonable and comparable to that offered to executives in similar positions at other comparable financial institutions; 2) executive incentive compensation should be consistent with sound risk management and preservation of the par value of the FHLBank's capital stock; 3) a significant percentage of an executive's incentive-based compensation should be tied to longer-term performance and outcome-indicators; 4) a significant percentage of an executive's incentive-based compensation should be deferred and made contingent upon performance over several years; and 5) the board of directors of each FHLBank and the Office of Finance should promote accountability and transparency in the process of setting compensation. In evaluating compensation at the FHLBanks and the Office of Finance, the Finance Agency will consider the extent to which an executive's compensation is consistent with these principles.

FHLBank Directors' Compensation and Expenses. On October 23, 2009, the Finance Agency issued a proposed rule to implement Section 1202 of the Housing Act, allowing each FHLBank to pay its directors reasonable compensation and expenses, subject to the authority of the Director of the Finance Agency (Director) to object to, and to prohibit prospectively, compensation and/or expenses that the Director determines are not reasonable. The proposed rule would add section 1261 to Title 12 of the Code of Federal Regulations, to articulate the general standard under which the FHLBanks may compensate their directors and to establish reporting requirements with respect to how the FHLBanks compensate their directors. The Finance Agency will accept written comments on or before December 7, 2009.

Temporary Liquidity Guarantee Program. On October 23, 2009, the FDIC published in the Federal Register a final rule concerning the termination of the Debt Guarantee Program (DGP), a component of the Temporary Liquidity Guarantee Program (TLGP). For most insured depository institutions and other entities participating in this program, the DGP concluded on October 31, 2009, with the FDIC's guarantee expiring no later than December 31, 2012. The final rule establishes a limited six-month emergency guarantee facility for entities that (following the termination of the DGP) become unable to issue non-guaranteed debt to replace maturing senior unsecured debt due to market disruptions or other circumstances beyond their control. This emergency guarantee facility is available to qualified entities on an application basis and is subject to such restrictions and conditions as the FDIC deems appropriate. If an entity's application is approved, the FDIC will guarantee the applicant's senior unsecured debt issued on or before April 20, 2010. The FDIC's guarantee of such debt will extend through the earliest of the mandatory conversion date (for mandatory convertible debt), the stated maturity date or December 31, 2012. Debt guaranteed under the emergency guarantee facility will be subject to an annualized assessment rate equal to a minimum of 300 basis points.

Proposed Federal Legislation to Regulate U.S. Markets for Financial Derivatives. On October 15, 2009, the U.S. House of Representatives Financial Services Committee passed the Over-the-Counter Derivatives Markets Act of 2009. On October 21, 2009, the U.S. House of Representatives Agriculture Committee passed similar legislation. The proposed legislation would regulate the U.S. market for financial derivatives by providing for, in certain circumstances, centralized clearing of derivatives, trading of standardized products on regulated exchanges, and regulation of swap dealers and major swap participants. The proposed legislation may also require higher margin and capital requirements for non-standardized derivatives.

FHLBanks' Boards of Directors: Eligibility and Elections. On October 7, 2009, the Finance Agency adopted a final regulation, which became effective on November 6, 2009. The final regulation largely codifies the interim final regulation previously issued by the Finance Agency on September 26, 2008. Changes in the final regulation included provisions: (1) requiring each FHLBank's board of directors to annually determine how many of its independent directors should be designated public interest directors (provided that each FHLBank at all times has at least two public interest directors);

(2) stating that where an FHLBank's board of directors acts to fill a member director vacancy that occurs mid-term, that eligible candidates for such a position must be officers or directors of a member institution at the time the FHLBank board of directors acts, not as of the prior year-end; and (3) permitting an FHLBank that nominates more than one nominee for each open independent director position to declare elected the nominee who receives the highest number of votes, even if the total votes received is less than 20 percent of the eligible votes.

Statement of Policy on Qualifications for Failed Bank Acquisitions. On September 2, 2009, the FDIC issued a final statement of policy, effective on August 26, 2009, providing guidance to private capital investors interested in acquiring or investing in failed insured depository institutions regarding the terms and conditions for such investments or acquisitions. This guidance applies to 1) private capital investors in certain companies that seek to assume deposit liabilities or both such deposit liabilities and assets from a failed insured depository institution and 2) private capital investors involved in applications for deposit insurance in conjunction with *de novo* charters issued in connection with the resolution of failed insured depository institutions. Additionally, this final statement of policy provides, among other measures, standards for capital support of an acquired depository institution; an agreement to a cross guarantee over substantially commonly-owned depository institutions; limits on transactions with affiliates; maintenance of continuity of ownership; and avoidance of secrecy law jurisdictions as investment channels, absent consolidated home country supervision.

Capital Classifications and Critical Capital Levels for the FHLBanks. The Finance Agency issued a final rule, effective August 4, 2009, to implement certain provisions of the Housing Act that require the Director of the Finance Agency to establish criteria based on the amount and type of capital held by an FHLBank for each of the following capital classifications: adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. This regulation defines critical capital levels for the FHLBanks, establishes the criteria for each of the capital classifications identified in the Housing Act and implements the Finance Agency's prompt corrective action authority over the FHLBanks. The Finance Agency may, in its discretion, otherwise determine to classify an FHLBank as less-than-adequately capitalized. On July 20, 2009, the Finance Agency published Advisory Bulletin 2009-AB-01 which identified preliminary FHLBank capital classifications as a form of supervisory correspondence that should be treated by an FHLBank as unpublished information. Under this Advisory Bulletin, preliminary FHLBank capital classifications should be publicly disclosed only if the information is material to that FHLBank's financial condition and business operations, provided that the disclosure is limited to a recital of the factual content of the unpublished information. (See Note 12—Capital for the FHLBanks' compliance with the final rule requirements.)

Board of Directors of FHLBank System Office of Finance. On August 4, 2009, the Finance Agency issued a proposed rule related to the reconstitution and strengthening of the Office of Finance Board of Directors. To achieve this goal, the proposed regulation would increase the size of the Office of Finance Board of Directors, create a fully independent audit committee, provide for the creation of other committees and set a method for electing independent directors, along with setting qualifications for these directors. The Office of Finance is governed by a board of directors, the composition and functions of which are determined by the Finance Agency's regulations. Under existing Finance Agency regulation, the Office of Finance Board of Directors is made up of two FHLBank Presidents and one independent director. The Finance Agency has proposed that all twelve FHLBank Presidents be members of the Office of Finance Board of Directors, along with three to five independent directors. The independent directors would comprise the audit committee of the Office of Finance Board of Directors with oversight responsibility for the combined financial reports. Under the proposed rule, the audit committee of the Office of Finance would be responsible for ensuring that the FHLBanks adopt consistent accounting policies and procedures so that the combined financial reports will continue to be accurate and meaningful. On October 2, 2009, the Finance Agency extended the comment period for this proposed rule from October 5, 2009 to November 4, 2009.

FHLBank Collateral for Advances and Interagency Guidance on Nontraditional Mortgage Products. On August 4 2009, the Finance Agency issued a notice of study and recommendations related to the FHLBanks' advances collateral. The Housing Act requires the Director of the Finance

Agency to conduct a study, which must be submitted to the U.S. Congress, on the extent to which loans and securities used as collateral to support FHLBank advances are consistent with the federal financial institution regulatory agencies' interagency guidance on nontraditional mortgage products and the Finance Agency also addressed their statement on subprime mortgage lending. Furthermore, the study must consider and recommend any additional regulations, guidance, advisory bulletins or other administrative actions necessary to ensure that the FHLBanks are not supporting loans with predatory characteristics. Comments on this study and recommendations were due to the Finance Agency by October 5, 2009.

Affordable Housing Program Amendments: FHLBank Mortgage Refinancing Authority. On August 4, 2009, the Finance Agency published a second interim final rule related to authorization for the FHLBanks to provide the existing AHP subsidy through their members to assist in the refinancing of low or moderate income households' mortgages under certain federal, state and local programs for targeted refinancing. The first interim final rule authorized such subsidies to those qualifying under the Hope for Homeowners Program. The second interim final rule expands the program to other government eligible programs, including the Making Home Affordable Refinancing program. The authority was provided in the Housing Act on a temporary basis until July 30, 2010. While this rule is effective immediately, the Finance Agency accepted public comments on the second interim final rule by October 5, 2009.

Record Retention. On August 4, 2009, the Finance Agency issued a proposed rule that would require Freddie Mac, Fannie Mae, the FHLBanks and the Office of Finance to establish and maintain a record retention program to ensure that records are readily accessible for examination and other supervisory purposes. This proposed regulation seeks to assure strong record maintenance and availability for the security of these entities and to facilitate effective supervision. Comments on this proposed rule were due to the Finance Agency by October 5, 2009.

Money Market Fund Reform. On July 8, 2009, the Securities and Exchange Commission (SEC) published a proposed rule on money market fund reform. The proposed reforms include the imposition of new liquidity requirements for money market funds. As proposed, agency securities, including certain FHLBank securities, would not be considered liquid assets for purposes of meeting the proposed liquidity requirements. If these requirements were adopted as proposed, money market fund demand for FHLBank consolidated discount notes could decrease. Comments on this proposed rule were due to the SEC by September 8, 2009.

FHLBank Membership for Community Development Financial Institutions (CDFIs). On May 15, 2009, the Finance Agency published a proposed rule to amend its membership regulations to authorize non-federally insured CDFIs to become members of an FHLBank. The newly-eligible CDFIs include community development loan funds, community development venture capital funds and state-chartered credit unions without federal insurance. The proposed rule sets forth the eligibility and procedural requirements for CDFIs that wish to become members of an FHLBank. Comments on this proposed rule were due to the Finance Agency by July 14, 2009.

Guidance for Determining Other-Than-Temporary Impairment. On April 28, 2009 and May 7, 2009, the Finance Agency provided the FHLBanks with guidance on the process for determining OTTI with respect to the FHLBanks' holdings of private-label MBS and the FHLBanks' first quarter 2009 adoption of new U.S. GAAP regarding OTTI on investment securities. The goal of this guidance was to promote consistency among all FHLBanks for determining OTTI for private-label MBS, based on the understanding that investors in the FHLBanks' consolidated obligations could better understand and utilize the information in the FHLBanks' combined financial reports if it is prepared on a more consistent basis. In order to achieve this goal and move to a common analytical framework, and recognizing that several FHLBanks intended to early adopt the new U.S. GAAP regarding OTTI on investment securities, the Finance Agency guidance required all FHLBanks to early adopt this new accounting treatment effective January 1, 2009 and, for purposes of making OTTI determinations beginning with the first quarter of 2009, to use a consistent set of key modeling assumptions and specified third-party models. For

a discussion of the FHLBanks' implementation of this OTTI guidance, see "Critical Accounting Estimates—OTTI for Investment Securities."

Recent Rating Agency Actions

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At November 13, 2009

	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 (1)	AA+/A-1+	Stable	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+	Stable	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 (2)	AA+/A-1+	Stable	Aaa/P-1	Stable
Topeka	AAA/A-1+	Stable	Aaa/P-1	Stable

(1) On July 1, 2009, S&P announced the long-term counterparty credit rating for the FHLBank of Chicago was upgraded to AA+ with a stable outlook.

(2) On July 1, 2009, S&P announced the FHLBank of Seattle's counterparty credit ratings of AA+/A1+ were affirmed and it was removed from CreditWatch negative.

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' 2008 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' 2008 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 collateral and 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, 2009		December 31, 2008	
	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)
Advances				
Fair Value-existing cash item	$330,284	$(18,251)	$358,142	$(26,382)
Cash Flow-existing cash item	2,675	268	2,675	338
Economic	36,175	(948)	58,233	(1,580)
Total	369,134	(18,931)	419,050	(27,624)
Investments				
Fair Value-existing cash item	2,680	(461)	2,572	(701)
Economic (includes trading securities hedges)	15,870	(502)	13,155	(717)
Total	18,550	(963)	15,727	(1,418)
MPF/MPP Loans Held for Portfolio				
Fair Value-existing cash item	5,618	(48)	8,452	(184)
Standalone-delivery commitments	303	2	1,481	7
Economic (including TBAs)	24,666	275	20,414	133
Total	30,587	229	30,347	(44)
Consolidated Bonds				
Fair Value-existing cash item	354,413	6,649	338,284	10,746
Cash Flow-anticipated transaction			6,447	(757)
Economic	117,218	649	137,749	334
Total	471,631	7,298	482,480	10,323
Consolidated Discount Notes				
Fair Value-existing cash item	24,216	46	22,799	67
Cash Flow-anticipated transaction	8,472	(580)		
Economic	57,950	47	88,698	84
Total	90,638	(487)	111,497	151
Deposits				
Fair Value	20	5	20	6
Total	20	5	20	6

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

	September 30, 2009		December 31, 2008	
	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)
Balance Sheet				
Economic	$ 21,779	$ 105	$ 25,491	$ 55
Total	21,779	105	25,491	55
Intermediary Positions				
Intermediaries	4,155	1	4,146	1
Total	4,155	1	4,146	1
Total notional and estimated fair value	$1,006,494	$(12,743)	$1,088,758	$(18,550)
Total derivatives excluding collateral and accrued interest		$(12,743)		$(18,550)
Accrued interest		897		1,067
Net cash collateral and related accrued interest		6,200		10,653
Net derivative balances		$ (5,646)		$ (6,830)
Net derivative assets balances		$ 679		$ 902
Net derivative liabilities balances		(6,325)		(7,732)
Net derivative balances		$ (5,646)		$ (6,830)

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.

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 FHLBanks also offset cash collateral and related accrued interest against the net fair value of derivatives. The $223 million decrease in combined derivative assets and the $1,407 million decrease in combined derivative liabilities from December 31, 2008 to September 30, 2009 are largely the result of changes in interest rates.

Quantitative Disclosure about Market Risk

Each FHLBank has an internal modeling system for measuring duration of equity (to provide to the Regulator) and duration gap and, therefore, individual FHLBank measurements may not be directly comparable. Each FHLBank reports the results of its duration of equity calculations to the Regulator each quarter; however, each FHLBank that has converted to its new capital structure is no longer subject by regulation to the duration of equity requirements. Not all FHLBanks manage to the duration of equity risk measure. The capital adequacy rules of the Regulator require each FHLBank that has implemented a new capital plan to hold permanent capital in an amount sufficient to cover the sum of its credit, market and

operational risk-based capital requirements, as these metrics are defined by applicable regulations. Each of these FHLBanks has developed a market risk model that calculates the market risk component of this requirement.

On February 20, 2009, the FHLBank of Chicago received a non-objection letter from the Finance Agency related to the FHLBank of Chicago's proposal to apply temporarily direct dollar limits on changes in fair value under parallel interest rate shocks instead of the duration and convexity limits that were applied in the past. As a result, the interest rate risk policy in effect as of September 30, 2009, places limits on fair value changes for all measured parallel interest rates scenarios between -200 basis points and +200 basis points. Some scenarios, however, may not be measured when swap rates are less than 2 percent. The table below shows the FHLBank of Chicago's fair value changes as of September 30, 2009 with respect to the interest-rate risk policy limits (dollar amounts in millions).

Scenario	Change in Market Value	Change in Market Value must be greater than
−200 bp	*	$(185.0)
−100 bp	*	(77.5)
−50 bp	*	(30.0)
−25 bp	*	(12.5)
+25 bp	$ (1.3)	(25.0)
+50 bp	(15.8)	(60.0)
+100 bp	(43.3)	(155.0)
+200 bp	(117.1)	(370.0)

* Due to the low interest-rate environment at September 30, 2009, these values cannot be calculated.

The FHLBank of Chicago continues to work with the Finance Agency to develop a set of interest-rate risk management policies and submitted revised policies to the Deputy Director on July 16, 2009 pursuant to the C&D Order. The interest-rate risk policy in effect on December 31, 2008 set dollar duration limits to which the FHLBank of Chicago was required to manage. The following table summarizes the FHLBank of Chicago's duration as of December 31, 2008 in comparison to the interest-rate risk policy limits.

		Duration Policy Limits	
Scenario	Actual Duration (in whole $)	Market Value of Equity is Less Than $700 Million (in whole $)	Market Value of Equity Equals or Exceeds $700 Million (in years)
−200 bp	*	−$490,000	−7 years
−100 bp	*	−420,000	−6 years
Base case	−$228,106	±350,000	±5 years
+100 bps	176,716	+420,000	+6 years
+200 bp	293,218	+490,000	+7 years

* Due to the low interest-rate environment at December 31, 2008, these values cannot be calculated.

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 (1)
(In months)

FHLBank	September 30, 2009	December 31, 2008
Boston	2.2	(0.7)
New York	(0.4)	(1.2)
Pittsburgh	7.3	3.5
Atlanta	3.2	5.7
Cincinnati	(0.3)	(0.2)
Indianapolis	(1.2)	(0.2)
Chicago	(0.6)	(0.3)
Des Moines	0.2	(7.3)
Dallas	2.4	2.3
Topeka	1.2	2.9
San Francisco	3.9	3.4
Seattle	0.2	0.2

(1) Duration gap values include the effect of interest-rate exchange agreements.

Credit Risk

Credit risk is the risk of loss due to default or non-performance of an obligor or counterparty. The FHLBanks are subject to credit risk on advances, investments (including mortgage-backed securities), mortgage loans held for portfolio and interest-rate exchange agreements. Each FHLBank follows guidelines established by the Regulator and its board of directors regarding unsecured extensions of credit, whether on- or off-balance sheet. Applicable regulation limits the amounts and terms of unsecured credit exposure to any counterparty other than the U.S. government. Unsecured credit exposure to any counterparty is limited by the credit quality and capital level of that counterparty and by the capital level of the FHLBank.

Managing Credit Risk

Advances. Each FHLBank manages its credit exposure to advances through an integrated approach that provides for the ongoing review of the financial condition of its borrowers coupled with conservative collateral/lending policies and procedures to limit its risk of loss while balancing its borrowers' needs for a reliable source of funding. The FHLBanks protect against credit risk on advances by collateralizing all advances. The FHLBank Act requires that FHLBanks obtain and maintain collateral from their borrowers to secure advances at the time the advances are originated or renewed. Collateral arrangements will vary depending upon borrower credit quality, financial condition and performance; borrowing capacity; collateral availability; and overall credit exposure to the borrower.

Each FHLBank establishes each borrower's borrowing capacity by determining the amount it will lend against each collateral type. Borrowers are also required to collateralize the face amount of any letters of credit issued for their benefit by an FHLBank. Each FHLBank can call for additional or substitute collateral during the life of an advance to protect its security interest.

Residential mortgage loans are the principal form of collateral for advances. As a matter of course and through different means, the FHLBanks perfect the security interests granted to them by their borrowers. In addition, the FHLBanks must take any steps necessary to ensure that their security interests

in all collateral pledged by non-depository member institutions (i.e., insurance companies and housing associates) is as secure as their security interests in collateral pledged by depository member institutions.

The FHLBanks generally establish an overall FHLBank credit limit for each borrower, which caps the amount of FHLBank credit availability to such borrower. This limit is designed to mitigate the FHLBanks' credit exposure to an individual borrower, while encouraging borrowers to diversify their funding sources. A borrower's total credit limit with an FHLBank includes the face amount of outstanding letters of credit, the principal amount of outstanding advances, the total exposure of the FHLBank to the borrower under any derivative contract and credit enhancement obligation of the borrower on mortgage loans sold to the FHLBank (if any). Each FHLBank determines the credit limit of a borrower by evaluating a wide variety of factors, including, but not limited to, the borrower's overall creditworthiness and collateral management practices. Most of the FHLBanks impose those credit limits on borrowers within a maximum range of between 30 to 55 percent of a borrower's total assets.

At September 30, 2009, 23 individual FHLBank members held advance balances of at least $5 billion. In the aggregate, these advances represented approximately $313 billion, or 47 percent, of total FHLBank advances outstanding at September 30, 2009, with collateralization ratios (i.e., a member's eligible collateral divided by that member's advances outstanding) ranging from 1.80 to 2.55 (weighted-average collateralization ratio of 2.33). Eligible collateral values include (a) market values for securities and (b) the unpaid principal balance for all other collateral pledged by delivery, specific identification or blanket lien. At September 30, 2009, approximately 56 percent of these 23 individual FHLBank members' eligible collateral was pledged by specific identification, with approximately 29 percent pledged in the form of a blanket lien and approximately 15 percent pledged by delivery. On a combined basis, the eligible collateral securing these 23 individual FHLBank members' advances was comprised of residential first mortgages (51 percent), home equity lines of credit/second mortgages (20 percent), private-label and government/agency securities (12 percent), commercial real estate (10 percent) and other collateral (7 percent).

All borrower obligations to the FHLBanks are secured with eligible collateral, the value of which is discounted to protect the FHLBanks from default in adverse circumstances. Collateral discounts, or haircuts, used in determining lending values of the collateral are calculated to estimate that the lending value of collateral securing each borrower's obligations exceeds the amount the borrower may borrow from the FHLBanks. The collateral lending values for the blanket, listing and delivery methods of pledging collateral range across the 12 FHLBanks as shown below. Collateral lending values are determined by subtracting the collateral haircut from 100 percent. Certain collateral haircuts may also reflect haircuts applied to advances outstanding based upon members' actual financial performance.

	September 30, 2009 Range of Collateral Lending Values By Pledging Method		
Collateral Type	**Blanket**	**Listing**	**Delivery**
Single-family mortgage loans (1)	45%-93%	39%-88%	38%-90%
FHA/VA loans (2)	45%-93%	39%-91%	45%-93%
Multifamily mortgage loans (3)	33%-80%	36%-80%	32%-80%
U.S. government/U.S. Treasury securities (4)	80%-99%	80%-97%	80%-99.5%
U.S. agency securities (excluding MBS) (5)	80%-97%	80%-97%	80%-100%
U.S. agency MBS/CMOs (6)	65%-97%	67%-95%	55%-98%
Non-agency MBS/CMOs (7)	50%-90%	65%-90%	25%-98%
Other U.S. government-guaranteed mortgage loans(8)	45%-90%	45%-90%	30%-95%
Community financial institution collateral—loans (e.g., small-business, small-farm, small-agribusiness loans) (9)	20%-67%	20%-67%	5%-67%
Community financial institution collateral—securities (backed by community financial institution loan collateral) (10)	N/A (11)	N/A (11)	93%-95%
Other real estate related collateral—loans (e.g., commercial real estate, construction loans, home equity lines of credit) (12)	9%-80%	19%-80%	5%-80%
Other real estate related collateral—securities (backed by other real estate related loan collateral) (13)	60%-65%	N/A (11)	50%-91%

(1) Most lending values of single-family mortgage loan collateral are in the 47 percent — 92 percent range.

(2) Most lending values of FHA/VA loan collateral are in the 28 percent — 93 percent range. The lower level of this range, compared to that noted above, reflects additional haircuts applied to advances outstanding based upon members' actual financial performance.

(3) Most lending values of multifamily mortgage loan collateral are in the 40 percent — 80 percent range.

(4) Most lending values of U.S. government/U.S. Treasury securities collateral are in the 87 percent—99.5 percent range, with the lowest end of the range assigned to mixed-use municipal securities collateral where the majority of the proceeds are real estate related.

(5) Most lending values of U.S. agency securities collateral, excluding U.S. agency MBS, are in the 80 percent—98 percent range.

(6) Most lending values of U.S. agency MBS/CMO collateral are in the 55 percent—98 percent range.

(7) Most lending values of non-agency MBS/CMO collateral are in the 25 percent—95 percent range.

(8) Most lending values of other U.S. government-guaranteed mortgage loan collateral are in the 70 percent—95 percent range. However, certain pledged loans guaranteed by the Bureau of Indian Affairs are required to be delivered to an FHLBank; their collateral lending value is 27 percent, which reflects additional haircuts applied to outstanding advances which are collateralized by these loans.

(9) Most lending values of community financial institution collateral—loans are in the 15 percent—60 percent range.

(10) Most lending values of community financial institution collateral—securities are in the 93 percent—95 percent range.

(11) Certain collateral types are not allowed to be pledged using blanket and/or listing methods, based upon the FHLBanks' lending and collateral policies.

(12) Most lending values of other real estate related collateral—loans are in the 23 percent—80 percent range.

(13) Most lending values of other real estate related collateral—securities are in the 50 percent—91 percent range.

The FHLBank Act permitted borrowers that qualify as a "community financial institution" (which is defined in the FHLBank Act as an FDIC-insured depository institution that had average assets for the past three calendar years totaling no more than $599 million during 2007 and $625 million during 2008, up until the passage of the Housing Act) also to pledge certain CFI-specific collateral, which consists of small-business, small-farm, and small-agribusiness loans, to the extent that its FHLBank accepts such loans as collateral for advances. The Housing Act defined community financial institutions for 2008 as depository institutions insured by the FDIC with average total assets over the preceding three-year period of less than $1.0 billion (the total average asset cap), which the average total assets cap shall be adjusted annually for inflation. Beginning January 1, 2009, the Finance Agency adjusted the average total asset cap to $1.011 billion. The FHLBanks that accept CFI-specific collateral mitigate the potential increased credit risk through higher haircuts (lower lending values) on such collateral.

Under the FHLBank Act, an FHLBank has a statutory lien on that FHLBank's capital stock held by its members, which serves as further collateral for the indebtedness of these members to the FHLBank. The FHLBank Act also allows FHLBanks to further protect their security position with respect to advances by allowing them to require the posting of additional collateral, whether or not such additional collateral is eligible to originate or renew an advance. In order to borrow from its FHLBank, a borrower must pledge collateral using a blanket lien or specific identification method, or, if required, deliver such collateral to the FHLBank or its agent (acceptable third party). The FHLBanks perfect their security interests by filing applicable financing statements or taking delivery of collateral. In addition, under the FHLBank Act, a security interest granted to an FHLBank by a member, or any affiliate of the member to an FHLBank, is entitled to a priority over the claims and rights of any party (including any receiver, conservator, trustee or similar lien creditor), except the claims and rights of a party that would be entitled to priority under otherwise applicable law and is an actual bona fide purchaser for value of such collateral or is an actual secured party whose security interest in such collateral is perfected in accordance with applicable state law.

No FHLBank has ever experienced a credit loss on an advance. However, the expanded eligible collateral for community financial institutions and lending to non-member housing associates increases the credit risk to the FHLBanks. Advances to community financial institutions secured with expanded eligible collateral represented approximately $10.0 billion of the total $658.7 billion of advances outstanding at par value at September 30, 2009. Advances to housing associates represented $873 million of the total $658.7 billion of advances outstanding at par value at September 30, 2009.

During the nine months ended September 30, 2009, 86 of the 95 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these 86 members at the time of their failure was $13.1 billion, all of which were either assumed by another member or a non-member institution and/or repaid by the acquiring institution or the FDIC. During October 2009, 19 of the 20 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these 19 members at the time of their failure was $1.7 billion, all of which were either assumed by another member or a non-member institution and/or repaid by the acquiring institution or the FDIC. No FHLBank incurred any credit loss on any of the related advances outstanding.

In light of the deterioration in the housing and mortgage markets, the FHLBanks continue to evaluate and make changes to their collateral guidelines when reviewing their borrowers' financial condition to further mitigate the credit risk of advances. The management of each FHLBank believes it has adequate policies and procedures in place to manage its credit risk on advances effectively. For additional information related to the FHLBanks' advances collateral/lending policies, refer to the Federal Home Loan Banks' 2008 Combined Financial Report and each individual FHLBank's periodic filings with the SEC.

Investments.

The FHLBanks are subject to credit risk on investments consisting of investment securities, interest-bearing deposits, securities purchased under agreements to resell and Federal funds sold. At September 30, 2009 and December 31, 2008, the carrying value of the FHLBanks' investments was $292.6 billion and $305.9 billion.

Investment Securities Credit Ratings. In order to minimize credit risk on investments, the FHLBanks are required to operate within certain statutory and regulatory limits that are described in the Federal Home Loan Banks' 2008 Combined Financial Report. The FHLBanks further mitigate credit risk on investment securities by investing in highly-rated investment securities. At September 30, 2009 and December 31, 2008, 76.6 percent and 93.0 percent of all investments held by the FHLBanks in mortgage-backed securities were rated triple-A.

Investment Securities Ratings
(Dollar amounts in millions)

	September 30, 2009*		December 31, 2008**	
Investment Rating	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments
Long-term rating:				
Triple-A	$145,887	66.3%	$174,425	82.6%
Double-A	22,426	10.2%	12,619	6.0%
Single-A	15,777	7.2%	13,084	6.2%
Triple-B	4,712	2.1%	3,144	1.5%
Below investment grade				
Double-B	4,782	2.2%	1,576	0.8%
Single-B	4,688	2.1%	645	0.3%
Triple-C	8,640	3.9%	312	0.1%
Double-C	2,512	1.1%		
Single-C	383	0.2%		
Single-D	24	0.0%		
Short-term rating:				
A-1 or higher/P-1	10,091	4.6%	5,372	2.5%
A-2/P-2	150	0.1%		
Unrated investment securities	49	0.0%	56	0.0%
Total	$220,121	100.0%	$211,233	100.0%

* This chart does not reflect any changes in rating, outlook or watch status occurring after September 30, 2009. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

** This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2008. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

The following table represents rating agency actions taken with respect to the following investment securities during the month ended October 31, 2009:

Investment Securities
Downgraded and/or Placed on Negative Watch (1)
from October 1, 2009 through October 31, 2009
(Dollar amounts in millions)

	Based on Carrying Values as of September 30, 2009		
	Downgraded and Stable	Downgraded and Placed on Negative Watch	Not Downgraded but Placed on Negative Watch
Private-label residential MBS (RMBS):			
Percentage of total private-label RMBS	2%	0%	0%(2)
Amount of private-label RMBS rated below investment grade:			
Single-B	$114	$	$
Triple-C	162		
Total	$276	$	$
Private-label commercial MBS (CMBS):			
Percentage of total private-label CMBS	0%	0%	0%
Total private-label CMBS rated below investment grade	$	$	$
Manufactured housing loan investments:			
Percentage of total manufactured housing loan investments	0%	0%	0%
Total manufactured housing loan investments rated below investment grade	$	$	$
Home equity loan investments:			
Percentage of total home equity loan investments	1%	0%	0%(2)
Amount of home equity loan investments rated below investment grade:			
Triple-C	$ 12	$	$
Total	$ 12	$	$
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments:			
Percentage of total investment securities	1%	0%	0%(2)
Amount of total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments rated below investment grade:			
Single-B	$114	$	$
Triple-C	174		
Total	$288	$	$
Total non-MBS:			
Percentage of total investment securities	0%	0%	3%

(1) Represents the lowest rating available for each security based on NRSROs used by each FHLBank.

(2) Represents less than one-half of one percent.

Mortgage-Backed Securities. The FHLBanks invest in and are subject to credit risk related to MBS issued by Federal agencies, GSEs and private-label issuers that are directly supported by underlying mortgage loans.

Private-label MBS. The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS. In some cases, the NRSROs may have changed their classification subsequent to origination, which would not necessarily be reflected in the tables noted on the following pages.

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments by Fixed Rate or Variable Rate (1) (Dollar amounts in millions)

	September 30, 2009			December 31, 2008		
	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total
Private-label RMBS:						
Prime	$12,270	$20,392	$32,662	$18,442	$23,024	$41,466
Alt-A	10,985	15,667	26,652	13,345	16,697	30,042
Subprime		21	21		21	21
Total private-label RMBS	23,255	36,080	59,335	31,787	39,742	71,529
Private-label CMBS:						
Prime	338	10	348	924	10	934
Total private-label CMBS	338	10	348	924	10	934
Manufactured housing loans:						
Prime					1	1
Subprime	231		231	254		254
Total manufactured housing loans	231		231	254	1	255
Home equity loan investments:						
Prime		6	6		11	11
Alt-A		66	66		72	72
Subprime	471	1,476	1,947	521	1,625	2,146
Total home equity loan investments	471	1,548	2,019	521	1,708	2,229
Total private-label MBS, manufactured housing loans and home equity loan investments	$24,295	$37,638	$61,933	$33,486	$41,461	$74,947

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

At September 30, 2009, the carrying values of the FHLBanks' total private-label RMBS, private-label CMBS, manufactured housing loans and home equity loan investments reported on the Combined Statement of Condition were $49,057 million, $349 million, $231 million and $1,346 million. The following two tables present credit ratings of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments at September 30, 2009. Of the total unpaid principal balance of

private-label RMBS and CMBS, manufactured housing loans and home equity loan investments, prime represented 53 percent, Alt-A represented 43 percent and subprime represented 4 percent. Of the $151,932 million in mortgage-backed securities investments held by the FHLBanks at September 30, 2009, less than two percent were categorized as subprime by the originator at the time of origination or based on classification by an NRSRO upon issuance of the MBS. The following table discloses the lowest ratings available for each security based on NRSROs used by each FHLBank.

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization At September 30, 2009 * (Dollar amounts in millions)

	Prime (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2008	$	$ 94	$	$ 44	$ 580	$	$ 718
2007	193	70	96	229	4,884		5,472
2006	408	205	437	526	4,677		6,253
2005	533	571	1,485	654	2,644		5,887
2004 and prior	11,022	1,410	1,663	144	93		14,332
Total	12,156	2,350	3,681	1,597	12,878		32,662
Private-label CMBS:							
2004 and prior	348						348
Total	348						348
Home equity loan investments:							
2004 and prior					6		6
Total					6		6
Total prime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$12,504	$2,350	$3,681	$1,597	$12,884	$	$33,016

	Alt-A (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2008	$ 328	$	$	$ 396	$ 288	$	$ 1,012
2007	30	118	78	68	7,673		7,967
2006	30		37	164	4,971		5,202
2005	150	528	1,070	2,167	4,306		8,221
2004 and prior	2,165	970	934	154	27		4,250
Total	2,703	1,616	2,119	2,949	17,265		26,652
Home equity loan investments:							
2006		24					24
2005			5				5
2004 and prior					37		37
Total		24	5		37		66
Total Alt-A private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$2,703	$1,640	$2,124	$2,949	$17,302	$	$26,718

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization At September 30, 2009 * (continued) (Dollar amounts in millions)

	Subprime (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2004 and prior	$ 11	$	$ 6	$	$ 4	$	$ 21
Total	11		6		4		21
Manufactured housing loans:							
2004 and prior		231					231
Total		231					231
Home equity loan investments:							
2007					10		10
2006	34		20	66	1,031		1,151
2005	3	23	8	19	93		146
2004 and prior	254	99	53	51	177	6	640
Total	291	122	81	136	1,311	6	1,947
Total subprime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$ 302	$ 353	$ 87	$ 136	$ 1,315	$ 6	$ 2,199
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$15,509	$4,343	$5,892	$4,682	$31,501	$ 6	$61,933

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

The following table stratifies the FHLBanks' private-label RMBS and CMBS, manufactured housing loans and home equity loan investments by credit rating.

Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)
At September 30, 2009*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Private-label RMBS Triple-A:				
Prime	$12,156	$12,096	$ (759)	2%
Alt-A	2,703	2,707	(402)	8%
Subprime	11	11	(3)	30%
Total Private-label RMBS Triple-A	14,870	14,814	(1,164)	3%
Private-label RMBS Double-A:				
Prime	2,350	2,336	(309)	6%
Alt-A	1,616	1,621	(420)	14%
Total Private-label RMBS Double-A	3,966	3,957	(729)	9%
Private-label RMBS Single-A:				
Prime	3,681	3,668	(563)	7%
Alt-A	2,119	2,126	(564)	14%
Subprime	6	5	(2)	19%
Total Private-label RMBS Single-A	5,806	5,799	(1,129)	9%
Private-label RMBS Triple-B:				
Prime	1,597	1,587	(222)	8%
Alt-A	2,949	2,948	(922)	16%
Total Private-label RMBS Triple-B	4,546	4,535	(1,144)	13%
Private-label RMBS Below Investment Grade:				
Prime	12,878	12,250	(3,200)	14%
Alt-A	17,265	15,947	(6,390)	32%
Subprime	4	4	(2)	29%
Total Private-label RMBS Below Investment Grade	30,147	28,201	(9,592)	24%
Total Private-label RMBS prime	32,662	31,937	(5,053)	8%
Total Private-label RMBS Alt-A	26,652	25,349	(8,698)	25%
Total Private-label RMBS subprime	21	20	(7)	27%
Total Private-label RMBS	$59,335	$57,306	$(13,758)	16%

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Private-label CMBS Triple-A:				
Prime	$ 348	$ 349	$ (6)	3%
Total Private-label CMBS Triple-A	348	349	(6)	3%
Total Private-label CMBS prime	348	349	(6)	3%
Total Private-label CMBS	$ 348	$ 349	$ (6)	3%

Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1) (continued)
At September 30, 2009*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Manufactured housing loans Triple-A:				
Prime	$ **	$ **	$ **	3%
Total Manufactured housing loans Triple-A	**	**	**	3%
Manufactured housing loans Double-A:				
Subprime	231	231	(54)	3%
Total Manufactured housing loans Double-A	231	231	(54)	3%
Total manufactured housing loans prime	**	**	**	3%
Total manufactured housing loans subprime	231	231	(54)	3%
Total manufactured housing loans	$ 231	$ 231	$ (54)	3%

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Home equity loan investments Triple-A:				
Subprime	$ 291	$ 288	$ (76)	21%
Total home equity investments Triple-A	291	288	(76)	21%
Home equity loan investments Double-A:				
Alt-A	24	23	(13)	3%
Subprime	122	122	(29)	17%
Total home equity investments Double-A	146	145	(42)	15%
Home equity loan investments Single-A:				
Alt-A	5	5	(3)	0%
Subprime	81	78	(21)	23%
Total home equity investments Single-A	86	83	(24)	22%
Home equity loan investments Triple-B:				
Prime	**	**	**	32%
Subprime	136	128	(33)	32%
Total home equity investments Triple-B	136	128	(33)	32%
Home equity loan investments Below Investment Grade:				
Prime	6	4	(2)	35%
Alt-A	37	37	(23)	10%
Subprime	1,311	1,103	(456)	46%
Total home equity investments Below Investment Grade	1,354	1,144	(481)	45%

Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1) (continued)
At September 30, 2009*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Home equity loan investments Unrated:				
Subprime	$ 6	$ 5	$ **	0%
Total home equity investments Unrated	6	5	**	0%
Total Home equity loan investments prime	6	4	(2)	35%
Total Home equity loan investments Alt-A	66	65	(39)	7%
Total Home equity loan investments subprime	1,947	1,724	(615)	39%
Total Home equity loan investments	$2,019	$1,793	$(656)	38%

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

** Represents an amount less than $1 million.

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

The following table summarizes rating agency actions on private-label RMBS and CMBS, manufactured housing loans and home equity loan investments held by the FHLBanks subsequent to September 30, 2009.

Rating Agency Actions* on Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments from October 1, 2009 through October 31, 2009
(Dollar amounts in millions)

	Total Downgraded		Downgraded from AAA					
			To AA		To A		Total Downgraded from AAA	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Private-label RMBS	$621	$519	$299	$265	$87	$78	$386	$343
Total	$621	$519	$299	$265	$87	$78	$386	$343

	Downgraded from AA					
	To A		To BBB		Total Downgraded from AA	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Private-label RMBS	$117	$101	$33	$30	$150	$131
Total	$117	$101	$33	$30	$150	$131

	Downgraded from A					
	To BBB		To Below Investment Grade		Total Downgraded from A	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Private-label RMBS	$7	$8	$78	$37	$85	$45
Total	$7	$8	$78	$37	$85	$45

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

Of the $220.1 billion of total investment securities held by the FHLBanks at September 30, 2009, a total of $21.1 billion of MBS investments was rated below investment grade as of October 31, 2009; $21.0 billion of this amount was rated below investment grade at September 30, 2009, and an additional $78 million was downgraded to below investment grade from October 1, 2009 through October 31, 2009.

The broad-based deterioration of credit performance related to residential mortgage loans and the accompanying decline in U.S. residential real estate values as well as increasing collateral delinquency rates have increased the level of credit risk to which the FHLBanks are exposed in their investments in mortgage-related securities. The fair value of the FHLBanks' investments in private-label RMBS and CMBS, manufactured housing loans and home equity loan investments with a total carrying value of $51.0 billion, was $45.8 billion at September 30, 2009. The following table summarizes private-label RMBS and CMBS, home equity loan investments and manufactured housing loans fair values as a percentage of unpaid principal balances.

Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans and Home Equity Loan Investments
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization

Year of Securitization	September 30, 2009	December 31, 2008
Private-label RMBS:		
Prime (1):		
2008	74.3%	67.9%
2007	71.4%	73.0%
2006	75.8%	70.7%
2005	81.1%	73.0%
2004 and earlier	91.9%	84.3%
Weighted-average of all prime	83.0%	77.8%
Alt-A (1):		
2008	57.6%	78.4%
2007	55.6%	53.2%
2006	56.5%	54.4%
2005	65.7%	63.3%
2004 and earlier	85.2%	80.2%
Weighted-average of all Alt-A	63.7%	62.0%
Subprime (1):		
2004 and earlier	62.9%	73.5%
Weighted-average of all subprime	62.9%	73.5%

Year of Securitization	September 30, 2009	December 31, 2008
Private-label CMBS:		
Prime (1):		
2004 and earlier	99.4%	95.4%
Weighted-average of all prime	99.4%	95.4%

Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans and Home Equity Loan Investments
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization (continued)

Year of Securitization	September 30, 2009	December 31, 2008
Manufactured Housing Loans:		
Prime (1):		
2004 and earlier	93.7%	98.1%
Weighted-average of all prime	93.7%	98.1%
Subprime (1):		
2004 and earlier	76.4%	66.9%
Weighted-average of all subprime	76.4%	66.9%

Year of Securitization	September 30, 2009	December 31, 2008
Home Equity Loan Investments:		
Prime (1):		
2004 and earlier	41.5%	53.3%
Weighted-average of all prime	41.5%	53.3%
Alt-A (1):		
2006	43.5%	59.3%
2005	43.2%	41.2%
2004 and earlier	38.5%	36.7%
Weighted-average of all Alt-A	40.7%	44.9%
Subprime (1):		
2007	51.5%	33.6%
2006	48.5%	52.8%
2005	81.1%	86.2%
2004 and earlier	67.7%	65.5%
Weighted-average of all subprime	57.3%	60.1%

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

The table below summarizes, by loan type, characteristics of private-label RMBS and CMBS, home equity loan investments and manufactured housing loans in a gross unrealized loss position at September 30, 2009. The lowest ratings available for each security is reported as of October 31, 2009 based on the securities' unpaid principal balances at September 30, 2009. The FHLBanks held a total of $6,284 million in Alt-A Option ARMs based on unpaid principal balance at September 30, 2009 as disclosed in the following table:

Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments in a Loss Position at September 30, 2009 and Credit Ratings as of October 31, 2009 (1)
(Dollar amounts in millions)

	September 30, 2009					October 31, 2009 MBS Ratings Based on September 30, 2009 Unpaid Principal Balance(2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Private-label RMBS backed by:									
Prime loans:									
First lien	$31,851	$31,143	$ (5,053)	8%	36%	35%	25%	40%	2%
Total private-label RMBS backed by prime loans	31,851	31,143	(5,053)	8%	36%	35%	25%	40%	2%
Alt-A and other loans:									
Alt-A option arm	6,284	5,805	(2,891)	40%	0%	0%	6%	94%	3%
Alt-A other	20,362	19,539	(5,807)	20%	13%	13%	31%	56%	2%
Total private-label RMBS backed by Alt-A and other loans	26,646	25,344	(8,698)	25%	10%	10%	25%	65%	3%
Subprime loans:									
First lien	21	20	(7)	27%	52%	52%	27%	21%	34%
Total private-label RMBS backed by subprime loans	21	20	(7)	27%	52%	52%	27%	21%	34%
Private-label CMBS backed by:									
Prime loans:									
First lien	192	192	(6)	3%	100%	100%	0%	0%	0%
Total private-label CMBS backed by prime loans	192	192	(6)	3%	100%	100%	0%	0%	0%
Manufactured housing loans backed by:									
Prime loans:									
First lien	*	*	*	3%	100%	100%	0%	0%	0%
Total manufactured housing loans backed by prime loans	*	*	*	3%	100%	100%	0%	0%	0%

Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments in a Loss Position at September 30, 2009 and Credit Ratings as of October 31, 2009 (1) (continued)
(Dollar amounts in millions)

	September 30, 2009					October 31, 2009 MBS Ratings Based on September 30, 2009 Unpaid Principal Balance(2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Subprime loans:									
First lien	$ 231	$ 231	$ (54)	3%	0%	0%	100%	0%	91%
Total manufactured housing loans backed by subprime loans	231	231	(54)	3%	0%	0%	100%	0%	91%
Home equity loan investments backed by:									
Prime loans:									
First lien	6	4	(2)	35%	0%	0%	2%	98%	55%
Total home equity loan investments backed by prime loans	6	4	(2)	35%	0%	0%	2%	98%	55%
Alt-A and other loans:									
Alt-A other	66	65	(39)	7%	0%	0%	44%	56%	44%
Total home equity loan investments backed by Alt-A loans	66	65	(39)	7%	0%	0%	44%	56%	44%
Subprime loans:									
First lien	1,566	1,361	(512)	44%	9%	9%	15%	76%	6%
Second lien	5	5	(2)	22%	18%	18%	0%	82%	0%
Total home equity loan investments backed by subprime loans	1,571	1,366	(514)	44%	9%	9%	15%	76%	6%
Other—Not Classified (4)	353	344	(101)	16%	42%	42%	31%	27%	38%
Total private-label RMBS, private-label CMBS, manufactured housing loans, home equity loan investments, and other—not classified	$60,937	$58,709	$(14,474)	16%	24%	23%	25%	52%	3%

* Represents an amount less than $1 million.

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

(2) Excludes paydowns in full subsequent to September 30, 2009.

(3) Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

(4) The FHLBank of New York owns certain private-label securities that were acquired prior to 2004 for which only the original lien information is available. The current lien information is not available. In certain instances, the servicer is no longer in business to provide this information. In other instances, the servicers were never required to track the information subsequent to origination. As a result, third-party providers of such information or existing servicers do not have current lien information.

Other-Than-Temporarily Impaired Securities. The housing market continues to be depressed, with great variations in market performance from region to region throughout the country. Housing prices are low and still falling in many areas, although there are signs of increasing stability in other areas. Delinquency and foreclosure rates have continued to rise. While the agency MBS market is active in funding new mortgage originations, the private-label MBS market has not recovered. The commercial real estate market is still trending downward.

As a result of each FHLBank's evaluations, at September 30, 2009, the FHLBanks recognized OTTI losses related to an aggregate amount of $16,941 million of unpaid principal balance in held-to-maturity MBS investments and $7,489 million of unpaid principal balance related to available-for-sale securities, as described in Note 6—Other-Than-Temporary Impairment Analysis. The FHLBanks recognized total OTTI charges of $1,042 million and $1,995 million during the three and nine months ended September 30, 2009 related to the credit losses on MBS instruments and the impairment related to net noncredit portion of $1,140 million and $8,383 million.

If current conditions in the mortgage markets and general business and economic conditions continue or deteriorate further, the fair value of private-label MBS may decline further and the FHLBanks may incur OTTI losses on additional private-label MBS in future periods, as well as further impairment of those securities that were identified as other-than-temporarily impaired as of September 30, 2009. Furthermore, federal and state government authorities, as well as private entities, such as financial institutions and the servicers of residential mortgage loans, have begun or promoted implementation of programs designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures. These loan modification programs, as well as future legislative, regulatory, or other actions, including amendments to the bankruptcy laws, that result in the modification of outstanding mortgage loans, may adversely affect the value of, and the returns on, these mortgage loans or MBS related to these mortgage loans.

Private-label MBS Collateral Statistics. The FHLBanks generally purchase private-label MBS rated triple-A (or its equivalent) by an NRSRO, such as Moody's or S&P, at the time of purchase based on structural credit enhancements designed to withstand a significant increase in defaults combined with a sharp downturn in housing prices. The FHLBanks typically require credit enhancement above the amounts required for a triple-A credit rating by an NRSRO for non-agency mortgage-backed securities. Structural credit enhancements include subordination and over-collateralization that are designed to absorb losses before an FHLBank will incur a loss on a security. Credit enhancement achieved through senior-subordinated features results in the subordination of payments to junior classes to ensure cash flows are received by senior classes held by investors such as the FHLBanks. In addition, monoline financial guarantors provide credit protection on some of the FHLBanks' securities in a form of secondary guarantees based on certain performance triggers. See the "Monoline Insurance Credit Ratings and Outlook Table" for downgrades and outlook status as of November 13, 2009. New loan modifications could affect the valuations and credit enhancements of the FHLBanks' mortgage-backed securities.

Credit Enhancement and Collateral Performance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)

	Weighted-Average Market Price at September 30, 2009 (2)	Original Weighted-Average Credit Support	Weighted-Average Credit Support at September 30, 2009	Weighted-Average Collateral Delinquency at September 30, 2009 (3)
Private-label RMBS by Year of Securitization				
Prime:				
2008	$74.30	24%	25%	15%
2007	71.36	12%	12%	13%
2006	75.75	9%	9%	12%
2005	81.08	7%	10%	9%
2004 and earlier	91.88	3%	7%	4%
Total prime	83.02	7%	9%	8%
Alt-A:				
2008	57.62	33%	34%	21%
2007	55.65	32%	31%	33%
2006	56.50	25%	24%	37%
2005	65.72	16%	19%	19%
2004 and earlier	85.24	7%	13%	8%
Total Alt-A	63.72	22%	23%	25%
Subprime:				
2004 and earlier	62.89	26%	48%	27%
Total subprime	62.89	26%	48%	27%
Total private-label RMBS	74.34	14%	16%	16%
Private-label CMBS by Year of Securitization				
Prime:				
2004 and earlier	99.41	24%	33%	3%
Total prime	99.41	24%	33%	3%
Total private-label CMBS	99.41	24%	33%	3%
Manufactured housing loans by Year of Securitization				
Prime:				
2004 and earlier	93.73	22%	94%	3%
Total prime	93.73	22%	94%	3%
Subprime:				
2004 and earlier	76.42	55%	53%	3%
Total subprime	76.42	55%	53%	3%
Total manufactured housing loans	76.45	55%	53%	3%

Credit Enhancement and Collateral Performance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1) (continued)

	Weighted-Average Market Price at September 30, 2009 (2)	Original Weighted-Average Credit Support	Weighted-Average Credit Support at September 30, 2009	Weighted-Average Collateral Delinquency at September 30, 2009 (3)
Home equity loan investments by Year of Securitization				
Prime:				
2004 and earlier	41.51	37%	33%	35%
Total prime	41.51	37%	33%	35%
Alt-A:				
2006	43.53	0%	0%	3%
2005	43.23	3%	11%	0%
2004 and earlier	38.49	0%	3%	10%
Total Alt-A	40.68	0%	3%	7%
Subprime:				
2007	51.54	23%	38%	48%
2006	48.54	23%	32%	50%
2005	81.10	22%	48%	44%
2004 and earlier	67.72	55%	64%	17%
Total subprime	57.30	33%	44%	39%
Total home equity loan investments	56.71	32%	42%	38%

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

(2) Weighted-average market price is calculated based on $100.00.

(3) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due. The reported delinquency percentage represents weighted-average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

Monoline Insurance. Certain FHLBanks' investment securities portfolios include a limited number of investments which are insured by third-party monoline bond insurers/guarantors. The bond insurance on these investments generally guarantees the timely payments of principal and interest if these payments cannot be satisfied from the cash flows of the underlying mortgage collateral. The affected FHLBanks closely monitor the financial condition of these bond insurers/guarantors on an ongoing basis.

The following table shows the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments covered by monoline insurance and related gross unrealized losses.

Monoline Insurance Coverage and Related Unrealized Losses of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization At September 30, 2009 (Dollar amounts in millions)

	Prime (1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS total	$	$	$	$	$	$	$	$	$	$
Private-label CMBS total										
Manufactured housing loans total										
Home equity loan investments:										
2004 and prior					2	(1)	4	(1)	6	(2)
Total					2	(1)	4	(1)	6	(2)
Total private-label MBS, manufactured housing loans and home equity loan investments	$	$	$	$	$2	$(1)	$4	$(1)	$6	$(2)

	Alt-A (1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:										
2007	$ 93	$(19)	$30	$ (5)	$	$	$	$	$123	$(24)
2006	19	(9)							19	(9)
2005	39	(15)							39	(15)
2004 and prior	2								2	
Total	153	(43)	30	(5)					183	(48)
Private-label CMBS total										
Manufactured housing loans total										
Home equity loan investments:										
2006			24	(13)					24	(13)
2005	5	(3)							5	(3)
2004 and prior	15	(9)			18	(12)	4	(2)	37	(23)
Total	20	(12)	24	(13)	18	(12)	4	(2)	66	(39)
Total private-label MBS, manufactured housing loans and home equity loan investments	$173	$(55)	$54	$(18)	$18	$(12)	$4	$(2)	$249	$(87)

Monoline Insurance Coverage and Related Unrealized Losses of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization (continued) At September 30, 2009 (Dollar amounts in millions)

	Subprime (1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:										
2004 and prior	$	$	$	$	$ 4	$ (2)	$	$	$ 4	$ (2)
Total					4	(2)			4	(2)
Private-label CMBS total										
Manufactured housing loans:										
2004 and prior			209	(47)					209	(47)
Total			209	(47)					209	(47)
Home equity loan investments:										
2004 and prior	224	(69)	89	(23)	58	(15)	15	(3)	386	(110)
Total	224	(69)	89	(23)	58	(15)	15	(3)	386	(110)
Total private-label MBS, manufactured housing loans and home equity loan investments	$224	$(69)	$298	$(70)	$62	$(17)	$15	$(3)	$599	$(159)

(1) The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments as prime, Alt-A and subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

The monoline bond insurers/guarantors have been subject to adverse ratings, rating downgrades and weakening financial performance measures. A rating downgrade implies an increased risk that the insurer/guarantor will fail to fulfill its obligations to reimburse the investor for claims made under the related insurance policies. The following table provides the credit ratings of these third-party insurers/guarantors. (Please see "Critical Accounting Estimates—OTTI for Investment Securities" for information regarding the FHLBanks' processes for evaluating monoline insurance for purposes of OTTI analysis.)

Monoline Insurance Credit Ratings and Outlook As of November 13, 2009

	Moody's		S&P		Fitch	
	Credit Rating	Outlook	Credit Rating	Outlook	Credit Rating	Outlook
AMBAC Assurance Corporation	Caa2	Developing	CC	Developing	Not Rated	Not Rated
Financial Security Assurance, Inc.	Aa3	Negative	AAA	Negative	AA	Negative
MBIA Insurance Corporation	B3	Negative	BB+	Negative	Not Rated	Not Rated
XL Capital Assurance, Inc. (Syncora Guarantee Inc.)	Ca	Developing	R(1)	R(1)	Not Rated	Not Rated
Financial Guaranty Insurance Company (FGIC) (2)	Withdrawn	Withdrawn	Not Rated	Not Rated	Not Rated	Not Rated
Fannie Mae/Freddie Mac	Aaa	Stable	N/A(3)	N/A(3)	AAA	Stable

(1) Under regulatory supervision, as of April 27, 2009, due to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

(2) Ratings withdrawn by Moody's on April 14, 2009 and by S&P on April 22, 2009.

(3) Not applicable

Unsecured Credit Exposure. The following table represents the FHLBanks' exposure to unsecured credit.

Unsecured Credit Exposure
(Dollar amounts in billions)

	September 30, 2009	December 31, 2008	Increase $	Increase %
Unsecured credit exposure of FHLBanks to counterparties, excluding U.S. government, U.S. government agencies, and instrumentalities (1)	$98.4	$66.1	$32.3	48.8%
Maturities of unsecured credit exposure:				
Overnight	53.7%	40.7%		
2-30 days	30.7%	39.6%		
31-90 days	14.5%	14.3%		
91-270 days	1.1%	5.4%		

(1) Included in this total at September 30, 2009 is unsecured credit exposure of $204 million to Citibank, N.A. In addition to the unsecured credit exposure included in the table above, Citibank, N.A. had advances totaling $49 billion from the FHLBanks of San Francisco, New York and Dallas at September 30, 2009.

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

	September 30, 2009	December 31, 2008	Increase $	Increase %
Federal funds sold	$64,814	$40,299	$24,515	60.8%
Commercial paper	3,365	1,945	1,420	73.0%

At September 30, 2009, the FHLBanks had aggregate unsecured credit exposure of $1 billion or more to a total of 32 counterparties. The aggregate unsecured credit exposure to these 32 counterparties represented 87.3 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio.

MPF. The FHLBanks are exposed to the risk of non-performance of mortgage insurers. The policy of the MPF FHLBanks is generally to limit each FHLBank's credit exposure to each mortgage insurance (MI) company to 10 percent of the MI company's regulatory capital. Credit exposure is defined as the total of primary mortgage insurance (PMI) and supplemental mortgage insurance (SMI) coverage written by an MI company on MPF loans held by the FHLBank that are more than 60 days delinquent. At September 30, 2009, none of the MI companies were in excess of these limits.

The MI companies provide PMI on conventional MPF loans with a loan-to-value ratio greater than 80 percent and SMI on the MPF Plus product. The MPF FHLBanks receive PMI coverage information only at acquisition of MPF loans and do not receive notification of any subsequent changes in PMI coverage. Historically, the MPF FHLBanks have depended on the PMI policies for loss coverage. No losses in excess of the policy deductible on the SMI policies have ever been claimed. If an MI company was to default on its insurance obligations and loan level losses for MPF loans were to increase, an MPF FHLBank may experience increased credit losses. As of November 13, 2009, all of the FHLBanks' MI providers have had their external ratings for claims-paying ability or insurer financial strength downgraded below double-A minus by one or more NRSROs. On October 28, 2009, S&P announced that all MI companies are being placed on watch. Rating downgrades imply an increased risk that these mortgage insurers will fail to fulfill their obligations to reimburse the FHLBanks for claims under insurance policies. If a mortgage insurer fails to fulfill its obligations, the FHLBanks may bear any remaining loss of the borrower default on the related mortgage loans not covered by the member. The FHLBanks have

analyzed their potential loss exposure to all MI providers and have not increased their loan loss reserves due to the aforementioned rating agency actions, but they will continue to monitor the financial condition of their MI providers. The following table summarizes the MPF FHLBanks' credit exposure (dollar amounts in millions) to their MI providers based upon PMI and SMI credit exposure as of September 30, 2009.

	MI Ratings (Moody's/S&P/Fitch) As of November 13, 2009	As of September 30, 2009				As of December 31, 2008			
		PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
Mortgage Guaranty Insurance Co. (MGIC)	Ba2/B+/BB−	$274	$ 80	$ 354	27%	$ 314	$105	$ 419	24%
Genworth Mortgage Insurance (Genworth) (1)	Baa2/BBB+/NR	166	119	285	22%	200	231	431	25%
United Guaranty Residential Insurance	A3/BBB+/NR	134	84	218	16%	162	125	287	16%
PMI Mortgage Insurance Co. (2)	Ba3/BB-/NR	106	24	130	10%	134	101	235	13%
Other		280	47	327	25%	331	57	388	22%
Total MPF MI Coverage		$960	$354	$1,314	100%	$1,141	$619	$1,760	100%

(1) On November 20, 2008, Fitch withdrew its rating of Genworth and will no longer provide ratings or analytical coverage of this insurer.

(2) On May 12, 2009, Fitch withdrew its rating of PMI Mortgage Insurance Co. and will no longer provide ratings or analytical coverage of this insurer.

The FHLBank of Chicago acts as "MPF Provider" and provides programmatic and operational support to the MPF FHLBanks and their PFIs. The MPF Provider performs a quarterly analysis evaluating the financial condition and concentration risk regarding the MI companies. Based on an analysis using the latest available results as of September 30, 2009, none of the MI companies passed all of the primary early warning financial tests, which include rating level tests, ratings watch/outlook tests and profitability tests.

If a PMI provider is downgraded, an MPF FHLBank can request the servicer to obtain replacement PMI coverage with a different provider. However, it is possible that replacement coverage may be unavailable or result in additional cost to the MPF FHLBank.

PMI for MPF loans must be issued by an MI company on the approved MI company list whenever PMI coverage is required. However, no MI company on the approved MI company list currently has a double-A minus or better claims paying ability rating from more than one NRSRO, so the current criteria for MI companies to remain on the approved MI company list at this time is acceptability for use in S&P's LEVELS® modeling software.

If an SMI provider fails to maintain a credit rating of at least double-A minus or its equivalent from an NRSRO under the MPF Plus product, the PFI has six months to either replace the SMI policy or provide at its own undertaking an equivalent to the SMI coverage, or it will forfeit its performance based CE fees. As a result, some PFIs have elected to not replace their SMI policies and some of the MPF FHLBanks have begun withholding performance-based credit enhancement fees from these PFIs.

The following table summarizes the property types of the underlying mortgage assets:

	As of September 30, 2009	As of December 31, 2008
Single-family residence	88.31%	88.70%
Planned unit development	1.32%	5.56%
Condominium	5.73%	4.29%
Two-to-four unit property	4.37%	1.21%
Manufactured housing	0.27%	0.24%
Total	100.00%	100.00%

MPP. The FHLBanks' MPPs also use MI companies to provide PMI and SMI. If a PMI provider is downgraded, an FHLBank may request that the servicer obtain replacement PMI coverage with a different provider. When SMI is used as a form of credit enhancement in conjunction with an AMA program (such as MPP), Finance Agency regulations require the FHLBanks' members that sell loans to the FHLBanks through such a program to always maintain SMI with an insurer rated no lower than the second-highest rating category by any NRSRO. None of the mortgage insurers that currently underwrite SMI are currently rated in at least the second-highest rating category by any NRSRO. On August 6, 2009, the Director of the Finance Agency granted a temporary waiver of this requirement as follows.

With regard to any MPP loans that are credit-enhanced with SMI and were purchased, or will be purchased, under master commitments that were executed on or before August 6, 2009, the requirement described above is waived for a period of one year, provided that an FHLBank must evaluate the claims-paying ability of its SMI providers, hold additional retained earnings and take any other steps necessary to mitigate any attendant risk associated with using an SMI provider having a rating below the regulatory standard. In addition, an FHLBank that relies on this waiver for existing business must, by April 8, 2010, submit to the Finance Agency a written analysis of credit enhancement alternatives that do not rely on SMI for existing pools of loans that presently rely upon SMI for credit enhancement. Such alternatives must consider requirements of the AMA regulation and existing AMA programs, as well as any accounting or other legal requirements.

With regard to new MPP business, the regulatory requirement is waived for a period of nine months from August 6, 2009 to allow FHLBanks to enter into new master commitments during the nine-month period, assuming the other requirements of the existing program are met, and provided that an FHLBank must also evaluate the claims-paying ability of its SMI providers, hold additional retained earnings, and take any other steps necessary to mitigate any attendant risk associated with using an SMI provider having a rating below the regulatory standard.

To date, NRSRO downgrades have not had a material effect on any FHLBank's MPP. Each MPP FHLBank continues to closely monitor the financial condition of its mortgage insurers. The MPP FHLBanks have either discontinued obtaining coverage on new loans from the MI providers that have been downgraded below double A-minus and are already using supplemental providers, or continue to evaluate the need for alternative insurance on their mortgage loan portfolios and review other options that may be available.

The following table summarizes the MPP FHLBanks' credit exposure (dollar amounts in millions) to their MI providers based upon PMI and SMI credit exposure as of September 30, 2009 and December 31, 2008. Credit exposure is defined as the total of PMI and SMI coverage written by a MI company on MPP loans held by an MPP FHLBank that are more than 60 days delinquent. The MPP FHLBanks believe this is a conservative measure since most delinquent loans never go to claim and other credit protection layers (such as borrower equity and lender risk account) are called upon before insurance claims are made.

	MI Ratings (Moody's/S&P/Fitch) As of November 13, 2009	As of September 30, 2009				As of December 31, 2008			
		PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
MGIC	Ba2/B+/BB-	$ 3	$47	$50	75%	$2	$29	$31	74%
Genworth (1)	Baa2/BBB+/NR	2	9	11	16%	1	5	6	14%
United Guaranty Residential Insurance	A3/BBB+/NR	1		1	1%	1		1	2%
Other		5		5	8%	4		4	10%
Total MPP MI Coverage		$11	$56	$67	100%	$8	$34	$42	100%

(1) On November 20, 2008, Fitch withdrew its rating of Genworth and will no longer provide ratings or analytical coverage of this insurer.

The following table presents the property types of the underlying mortgage assets:

	As of September 30, 2009	As of December 31, 2008
Single-family residence	86.14%	85.23%
Planned unit development	0.60%	9.07%
Condominium	8.32%	5.05%
Two-to-four unit property	4.84%	0.62%
Manufactured housing	0.10%	0.03%
Total	100.00%	100.00%

The following tables set out the geographic concentration of mortgage loans held for portfolio by program by the FHLBanks. These tables show the geographic concentration on an aggregated basis for all 12 FHLBanks that purchased or funded 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, 2009	December 31, 2008
Midwest	37%	35%
Northeast	17%	16%
Southeast	17%	19%
Southwest	16%	16%
West	13%	14%
Total	100%	100%

Geographic Concentration of MPP (1) (2)

	September 30, 2009	December 31, 2008
Midwest	44%	38%
Northeast	10%	11%
Southeast	19%	21%
Southwest	13%	14%
West	14%	16%
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 following tables provide the percentage of unpaid principal balance of conventional mortgage loans held for portfolio outstanding at September 30, 2009 for the ten largest state concentrations. These tables show the state concentration on an aggregated basis for all 12 FHLBanks that purchased or funded loans under the MPF Program and MPP. As a result, the tables do not necessarily reflect the actual state concentration with respect to each individual FHLBank.

State Concentration of MPF Program (1)
September 30, 2009

	Percentage of Conventional Loans - Unpaid Principal Balance
California	11%
Wisconsin	11%
Illinois	7%
Pennsylvania	5%
Minnesota	5%
New York	4%
Texas	4%
Massachusetts	4%
Florida	4%
Iowa	3%
All other	42%
	100%

State Concentration of MPP(1)
September 30, 2009

	Percentage of Conventional Loans - Unpaid Principal Balance
Ohio	22%
California	10%
Indiana	9%
Michigan	6%
Illinois	4%
Texas	4%
Kentucky	4%
Florida	4%
Georgia	3%
Pennsylvania	3%
All other	31%
	100%

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

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, 2009. The median size of an MPF loan was approximately $102 thousand at September 30, 2009. The MPF loan statistics have been compiled and

obtained from the FHLBank of Chicago and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual MPF FHLBanks.

The FHLBanks' MPP mortgage loans held for portfolio are dispersed across all 50 states and the District of Columbia. No single zip code accounted for more than one percent of MPP loans outstanding at September 30, 2009. The median size of an MPP loan was approximately $139 thousand at September 30, 2009. 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 ratios at origination for MPF loans and MPP conventional loans outstanding

	September 30, 2009		December 31, 2008	
	MPF	MPP	MPF	MPP
Weighted-average FICO® score at origination (1)	738	749	739	749
Weighted-average loan-to-value at origination	67%	69%	67%	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 ratio 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, collateral requirements and other credit enhancements are used and are effective to mitigate the risk. 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 applicable 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 presently does not anticipate any credit losses on its interest-rate exchange agreements with counterparties as of September 30, 2009.

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 interest-rate swaps, forward agreements and purchased caps and floors if the counterparty defaults, *minus* the value of any related collateral. In determining maximum credit risk, the FHLBanks consider, with respect to each counterparty, accrued interest receivables and payables as well as the legal right to offset assets and liabilities. This calculation of maximum credit risk excludes circumstances where an FHLBank's pledged collateral to a counterparty exceeds the FHLBanks' net position.

Derivative Counterparty Credit Exposure
(Dollar amounts in millions)
At September 30, 2009

Credit Rating *	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 19,314	$ 3	$	$ 3
Double-A	332,577	1,389	1,300	89
Single-A	652,465	1,420	1,345	75
Triple-B	34			
Unrated (1)	25			
	1,004,415	2,812	2,645	167
Intermediaries (2)	1,776	19	19	
Delivery commitments	303	2		2
Total derivatives	$1,006,494	$2,833	$2,664	$169

At December 31, 2008

Credit Rating**	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 16,509	$ 7	$	$ 7
Double-A	409,516	1,647	1,557	90
Single-A	659,451	1,985	1,821	164
Unrated (1)	78			
	1,085,554	3,639	3,378	261
Intermediaries (2)	1,723	21	21	
Delivery commitments	1,481	10	3	7
Total derivatives	$1,088,758	$3,670	$3,402	$268

* This chart does not reflect any changes in rating, outlook or watch status occurring after September 30, 2009. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

** This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2008. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

(1) Represents one broker-dealer utilized to purchase or sell forward contracts relating to TBA MBS to hedge the market value of commitments on fixed-rate mortgage loans. All broker-dealer counterparties are subjected to thorough credit review procedures in accordance with an FHLBank's risk management policy. There was no exposure at September 30, 2009 and December 31, 2008 related to this unrated counterparty.

(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 pledged to the FHLBank under a blanket lien or by specific identification, 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, 99.994 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements at September 30, 2009 were with counterparties rated single-A or higher.

CONTROLS AND PROCEDURES

FHLBanks

The management of each FHLBank is required under applicable laws and regulations to establish and maintain controls and procedures, which include disclosure controls and procedures as well as adequate internal control over financial reporting, as such controls and procedures and internal control over financial reporting relate to that FHLBank only.

See each FHLBank's Third Quarter 2009 SEC Form 10-Q "Item 4/4T Controls and Procedures" for more information regarding each FHLBank's evaluation of its disclosure controls and procedures as well as disclosure of any changes in its internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Office of Finance Controls and Procedures over Combined Financial Reporting Combining Process

The Office of Finance is not responsible for the preparation, accuracy or adequacy of the information or financial data provided by the FHLBanks to the Office of Finance for use in preparing the combined financial reports, or for the quality or effectiveness of the disclosure controls and procedures or internal control over financial reporting of the FHLBanks as they relate to such information and financial data. Each FHLBank is responsible for establishing and maintaining those controls and procedures and internal control over financial reporting with respect to the information and financial data provided to the Office of Finance. Although the Office of Finance is not an SEC registrant, Finance Agency regulations require that the combined financial report form and content generally be consistent with SEC Regulations S-K and S-X, as interpreted by the Finance Agency. The Office of Finance is not required to establish and maintain, and in light of the nature of its role has not established and maintained, disclosure controls and procedures and internal control over financial reporting at the FHLBank System level comparable to those maintained by each FHLBank with respect to its financial reporting. The Office of Finance has established procedures concerning the FHLBanks' submission of information and financial data to the Office of Finance, the process of combining the financial statements of the individual FHLBanks and the review of such information.

However, the Office of Finance does not have the authority to ensure consistency in the adoption or application of accounting policies by the FHLBanks or to verify independently the financial information submitted by each FHLBank, including the disclosures in the financial statements of the individual FHLBanks that comprise the combining schedules included in this Combined Financial Report. As a consequence of this lack of authority, the Office of Finance may be unable to detect or prevent a significant misstatement in the combining schedules included in this Combined Financial Report resulting from the inconsistent adoption or application of accounting policies by the individual FHLBanks, including the inconsistent application of accounting policies used to value private-label mortgage-backed securities or to calculate related credit losses.

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.

See the Federal Home Loan Banks' 2008 Combined Financial Report and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations — Combined Results of Operations" for discussion about Lehman Brothers Special Financing (LBSF) and Lehman Brothers Holdings, Inc. with respect to derivative contracts with the FHLBanks of Atlanta and Pittsburgh.

FHLBank of Pittsburgh. The FHLBank of Pittsburgh terminated multiple interest rate swap transactions with LBSF effective September 19, 2008. On October 7, 2008, the FHLBank of Pittsburgh

filed an adversary proceeding against J.P. Morgan Chase Bank, N.A. (JP Morgan) and LBSF in the United States Bankruptcy Court in the Southern District of New York alleging constructive trust, conversion, breach of contract, unjust enrichment and injunction claims (Complaint) relating to the right of the FHLBank of Pittsburgh to the return of the $41.5 million in FHLBank of Pittsburgh posted cash collateral held by JP Morgan in a custodial account established by LBSF as a fiduciary for the benefit of the FHLBank of Pittsburgh. Chase Bank USA, N.A. (Chase Bank), an affiliate of JP Morgan, is a FHLBank of Pittsburgh member and was a greater than 5 percent shareholder as of October 6, 2008.

During discovery in the FHLBank of Pittsburgh's adversary proceeding against LBSF, the FHLBank of Pittsburgh learned that LBSF had failed to keep the FHLBank of Pittsburgh's posted collateral in a segregated account in violation of the Master Agreement between the FHLBank of Pittsburgh and LBSF. In fact, the posted collateral was held in a general operating account of LBSF, the balances of which were routinely swept to other Lehman Brother entities, including Lehman Brothers Holdings, Inc. among others. After discovering that the FHLBank of Pittsburgh's posted collateral was transferred to other Lehman entities and not held by JP Morgan, the FHLBank of Pittsburgh agreed to discontinue the LBSF adversary proceeding against JP Morgan. JP Morgan was dismissed from the FHLBank of Pittsburgh's proceeding on June 26, 2009. In addition, the FHLBank of Pittsburgh discontinued its LBSF adversary proceeding and pursued that claim in the LBSF bankruptcy through the proof of claim process, which made pursuing the adversary proceeding against LBSF unnecessary. Other FHLBanks have filed proofs of claim in this proceeding.

The FHLBank of Pittsburgh has filed a new complaint against Lehman Brothers Holding Inc., Lehman Brothers, Inc., Lehman Brothers Commercial Corporation, Woodlands Commercial Bank, formerly known as Lehman Brothers Commercial Bank, and Aurora Bank FSB (Aurora), formerly known as Lehman Brothers Bank FSB, alleging unjust enrichment, constructive trust, and conversion claims. Aurora is a member of the FHLBank of Pittsburgh. Aurora did not hold more than 5 percent of the FHLBank of Pittsburgh's capital stock as of September 30, 2009.

On September 23, 2009, the FHLBank of Pittsburgh filed two complaints in state court, the Court of Common Pleas of Allegheny County, Pennsylvania, relating to nine private-label MBS bonds purchased from J.P. Morgan Securities, Inc. (JP Morgan) in an aggregate original principal amount of approximately $1.68 billion. In addition to JP Morgan, the parties include: J.P. Morgan Mortgage Acquisition Corp.; J.P. Morgan Mortgage Acceptance Corporation I; Chase Home Finance L.L.C.; Chase Mortgage Finance Corporation; J.P. Morgan Chase & Co.; Moody's Corporation; Moody's Investors Service Inc.; The McGraw-Hill Companies, Inc.; and Fitch, Inc. The FHLBank of Pittsburgh's complaints assert claims for fraud, negligent misrepresentation and violations of state and federal securities laws. Chase Bank USA, N.A. (Chase Bank), which is affiliated with J.P. Morgan Chase & Co., is a member of the FHLBank of Pittsburgh but is not a defendant in these actions. Chase Bank held 6.02 percent of the FHLBank of Pittsburgh's capital stock as of September 30, 2009.

On October 2, 2009, the FHLBank of Pittsburgh also filed a complaint in the Court of Common Pleas of Allegheny County, Pennsylvania against: The McGraw-Hill Companies, Inc.; Fitch Inc., Moody's Corporation; and Moody's Investors Service, Inc., the rating agencies for certain private-label MBS bonds purchased by the FHLBank of Pittsburgh in the aggregate original principal amount of approximately $640.0 million. The FHLBank of Pittsburgh's complaint asserts claims for fraud, negligent misrepresentation and violations of federal securities laws.

On October 13, 2009, the FHLBank of Pittsburgh filed an additional complaint in the Court of Common Pleas of Allegheny County, Pennsylvania against: Countrywide Securities Corporation, Countrywide Home Loans, Inc., various other Countrywide related entities; Moody's Corporation; Moody's Investors Service, Inc.; The McGraw-Hill Companies, Inc.; and Fitch, Inc. in regard to five Countrywide private-label MBS bonds in the aggregate original principal amount of approximately $366.0 million purchased by the FHLBank of Pittsburgh. The FHLBank of Pittsburgh's complaint asserts claims for fraud, negligent misrepresentation and violations of state and federal securities laws.

Defendants in these lawsuits include entities that buy, sell and/or distribute FHLBanks' consolidated obligations and their affiliates. Affiliates of the defendants may be members of FHLBanks other than the FHLBank of Pittsburgh.

RISK FACTORS

This item is intended to update the risk factors set forth in the Federal Home Loan Banks' 2008 Combined Financial Report. Each FHLBank describes risk factors it faces in its business in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

Continuing or broader economic downturns, including the downturn in the U.S. housing market, and changes in Federal monetary policy could have an adverse effect on the FHLBanks' business and their results of operations.

The FHLBanks' businesses and results of operations are sensitive to general international, domestic and district-specific business and economic conditions. Continued or deepening financial crisis and economic recession, unfavorable effects on the competitiveness of the FHLBanks' business model from current or future federal governmental actions to mitigate the financial crisis, and recessionary and earnings pressures, as well as capital adequacy issues at some FHLBanks, could result in additional unfavorable consequences for the FHLBanks' business, including further reductions in the FHLBanks' statutory mission activities and lower profitability compared to 2008 results.

Most FHLBanks are subject to increased credit and liquidity risk exposures related to 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.

In the first nine months of 2009, the U.S. mortgage market generally continued to deteriorate, with delinquency and foreclosure rates on mortgage loans increasing nationwide. The MBS market, which had for the most part ceased operating during much of 2008, continued to experience uncertainty over the effect of new or proposed governmental actions (including mortgage loan modification programs), further home-price deterioration, and changes in borrower, lender, and investor behavior depressed and complicated the pricing of private-label MBS. The uncertainty as to the depth and duration of these trends has resulted in a change in the markets for private-label MBS, such that what had been generally functioning markets in early to mid-2007 have become highly illiquid markets, with prices reflecting a lack of dealer and investor sponsorship. In addition, during the first nine months of 2009, the NRSROs downgraded a significant number of private-label MBS, including some owned by the FHLBanks. Over the last two and a half years, these and other factors have led to the deterioration of the fair value of many of the FHLBanks' private-label MBS.

Throughout 2008 and continuing through the first nine months of 2009, MBS backed by subprime and Alt-A mortgage loans generally experienced increased delinquencies and loss severities due to market uncertainty and illiquidity. The significant widening of credit spreads that occurred during 2008 and much of 2009 further reduced the fair value of the FHLBanks' MBS portfolios. It is not possible to predict whether the FHLBanks will have more OTTI charges in the future, because that will depend on many factors, including economic, financial market and housing market conditions and the actual and projected performance of the loan collateral underlying the FHLBanks' MBS. Further declines in the fair value of the FHLBanks' MBS portfolios, as well as increased loan default rates, loss severities and prepayment speeds, may result in additional material other-than-temporary impairments in future periods, which could materially adversely affect the FHLBanks' financial condition and operating results.

The FHLBanks' financial condition and results of operations, ability to pay dividends, and/or ability to redeem or repurchase FHLBank capital stock and the value of FHLBank membership, could be adversely affected by FHLBank exposure to credit risk.

Although the financial markets have stabilized somewhat during the third quarter of 2009, many financial institutions continue to be under financial stress, thereby exposing the FHLBanks to increased member and counterparty risk, as well as the risk of default. During 2009, the financial services industry has continued to experience an increase in the number of both financial institution failures and the number of mergers and consolidations compared to prior years. If the number of member institution failures and mergers or consolidations, particularly into out-of-district acquirers, increases, this activity may reduce the number of current and potential members in an FHLBank's district. The resulting loss of business could negatively affect an FHLBank's financial condition and results of operations, as well as that FHLBank's operations in general. Additionally, if an FHLBank's member fails and the FDIC or the member (or another applicable entity) does not either (1) promptly repay all of the failed institution's obligations to that FHLBank or (2) assume the outstanding advances that FHLBank may be required to liquidate the collateral pledged by the failed institution. The volatility of market prices and interest rates could affect the value of the collateral held by the FHLBank as security for the obligations of its members as well as the ability of the FHLBank to liquidate the collateral in the event of a default by the obligor. Volatility within collateral indices may affect the method used in determining collateral weightings, which would ultimately affect the eventual collateral value. The proceeds realized from the liquidation of pledged collateral may not be sufficient to fully satisfy the amount of the failed institution's obligations or the operational cost of liquidating the collateral.

A loss or change of business activities with large members could adversely affect the FHLBanks' results of operations, financial condition, and the value of FHLBank membership.

The reclassification of an FHLBank's large member into a non-member shareholder (which cannot take out new advances and therefore, is no longer able to enter into new borrowing arrangements with an FHLBank) and/or the combination of parent entities of other large members would significantly change the potential concentration of that FHLBank's advances among its members, particularly that FHLBank's largest borrowers. These changes may lead to adverse effects on that FHLBank's business, including lower advance balances and related interest income, and possibly, lower net income. Furthermore, the loss of an additional large member could have a significant adverse effect on that FHLBank's financial condition and results of operations.

FHLBanks may fail to meet minimum regulatory capital requirements, which could affect the FHLBanks' ability to conduct business "as usual."

Each FHLBank that has converted to a new capital structure under the Gramm-Leach-Bliley Act of 1999 is subject to certain minimum capital requirements, including a risk-based capital requirement which is the sum of an FHLBank's credit-risk, market-risk, and operations-risk capital requirements. Only permanent capital, defined as retained earnings plus Class B stock, can satisfy the risk- based capital requirement. Each individual FHLBank's investments carries a credit-risk capital requirement that is based on the rating of the investment, and, for non-mortgage investments and advances, based on the term. The total credit-risk capital requirement is the sum of each investment's individual credit-risk capital requirement. Accordingly, ratings downgrades on individual investments cause the total credit-risk-based capital requirement to rise. As a result of the downgrades of a number of the FHLBanks' private-label MBS during 2009, the credit-risk component of some FHLBanks' risk-based capital increased significantly. One component of the market-risk capital requirement is that each FHLBank maintains capital equal to the amount by which the current market value of its total capital is less than 85 percent of the book value of total capital. Declines in the fair value of an FHLBank's investments below this level increase that FHLBank's market-risk capital requirement. The operations-risk capital requirement is affected by increases in credit-risk and market-risk capital requirements because the operations-risk capital requirement is equal to 30 percent of the sum of the credit-risk and market-risk capital requirements.

A continued decline in the market value of private-label MBS may significantly increase an FHLBank's market-risk, credit-risk, and operations-risk capital requirements, which could lead to a risk-based capital deficiency. If an FHLBank is unable to satisfy its risk-based capital requirement, that FHLBank would be subject to certain capital restoration requirements and prohibited from paying dividends and redeeming or repurchasing capital stock without the prior approval of the Finance Agency, which could adversely affect a member's investment in FHLBank capital stock. Furthermore, any suspension of dividends and/or capital stock repurchases and redemptions could decrease FHLBank member confidence, which in turn could reduce advance demand and net income should that FHLBank's members elect to use alternative sources of wholesale funding. As a result of a risk-based capital shortfall, the NRSROs could perceive an increased level of risk or deterioration in the performance at an FHLBank, which could result in a downgrade in that FHLBank's outlook or short- or long-term credit ratings. (See Note 12 — Capital and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations — Legislative and Regulatory Developments — Capital Classifications and Critical Capital Levels for the FHLBanks" for additional information on the FHLBanks' capital requirements.)

FHLBanks are governed by and subject to Federal laws and regulations and their members are governed by Federal and/or state laws and regulations, which could change or be applied in a manner detrimental to the FHLBanks' operations.

Changes in statutory or regulatory requirements or policies or in their application could result in changes in, among other things, the FHLBanks' cost of funds, retained earnings and capital requirements, debt issuance, dividend payment limits, form of dividend payments, capital redemption and repurchase limits, permissible business activities, and the size, scope and nature of the FHLBanks' lending, investment and mortgage purchase programs activities. Changes that limit or restrict dividend payments, the growth of the FHLBanks' current business, the demand for consolidated obligations or the creation of new products or services could also negatively affect an FHLBank's financial condition, results of operations, ability to pay dividends, or ability to redeem or repurchase capital stock. In addition, given the relationship among the FHLBanks, an FHLBank could be affected by events other than another FHLBank's default on a consolidated obligation. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations — Legislative and Regulatory Developments" for additional 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, 2009, the FHLBanks had 482 million shares of capital stock outstanding. The FHLBanks are not required to register their securities under the Securities Act of 1933 (as amended). Each FHLBank is an SEC registrant as required by the Housing Act and is subject to certain reporting requirements of the 1934 Act.

Voting Rights for Election of FHLBank Directors. 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 as "member directors" 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.

Eligible members may elect independent directors from among eligible persons nominated by their FHLBank's board of directors after consultation with their FHLBank's Advisory Council. The election is at-large and subject to the same voting limitations as in a member-director election. All directors will be elected for four-year terms, unless a shorter term is assigned to achieve statutorily-required staggering.

For a description of recent changes to the law regarding the composition of the boards of directors of the FHLBanks, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations — Legislative and Regulatory Developments — FHLBanks' Boards of Directors: Eligibility and Elections."

Regulatory Capital Stock. The information on capital stock presented in the following 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 Stockholders at September 30, 2009(1) (Dollar amounts in millions)

Name	City	State	Capital Stock
Citibank, N.A.* (2)	Las Vegas	NV	$ 3,877
JPMorgan Chase Bank, National Association (3)	Columbus	OH	2,695
Bank of America, National Association (4)	Charlotte	NC	1,928
Wachovia Mortgage, FSB* (5)	North Las Vegas	NV	1,572
Bank of America Rhode Island, NA	Providence	RI	1,083
Hudson City Savings Bank*	Paramus	NJ	877
Wachovia Bank, FSB (6)	Houston	TX	829
JPMorgan Chase Bank, National Association (7)	Columbus	OH	772
Metropolitan Life Insurance Company	New York	NY	769
Bank of America California, N.A.	San Francisco	CA	706
Sovereign Bank* (8)	Reading	PA	671
			$15,779

* Indicates that an officer or director of the member was an FHLBank director at September 30, 2009.

(1) Includes FHLBank members' capital stock that is considered to be mandatorily redeemable, which is reclassified as a liability.

(2) 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.

(3) On September 25, 2008, JPMorgan Chase Bank, National Association, acquired the deposits, assets, and certain liabilities of Washington Mutual Bank's banking operations. Washington Mutual Bank was a member of the FHLBank of San Francisco. JPMorgan Chase Bank, National Association, is not a member of any FHLBank. A *de minimis* amount of 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, is also included. In aggregate, JPMorgan Chase Bank, National Association owned capital stock of $3,467 million at September 30, 2009.

(4) On July 1, 2008, Bank of America Corporation, the parent of Bank of America, National Association, a member of the FHLBank of Atlanta, completed its acquisition of Countrywide Financial Corporation, the parent of Countrywide Bank, FSB, which is also a member of the FHLBank of Atlanta. In February 2009, Countrywide Bank, FSB relocated its principal place of business to Colorado, which action resulted in its termination of membership pursuant to the

FHLBank of Atlanta's Capital Plan. The FHLBank of Atlanta reclassified $1.8 billion in capital stock held by Countrywide Bank, FSB, from capital to mandatorily redeemable capital stock upon termination of its membership with the FHLBank of Atlanta during the first quarter of 2009. Bank of America Corporation converted Countrywide Bank, FSB into a national bank and merged it into Bank of America, NA, a member of the FHLBank of Atlanta, on April 27, 2009. Upon the merger, all Countrywide Bank, FSB mandatorily redeemable capital stock became Bank of America, National Association capital stock under the FHLBank of Atlanta's Capital Plan. Also includes $9 million of FHLBank of New York capital stock from the merger of Fleet National Bank, a former member of the FHLBank of New York, into Bank of America, National Association.

(5) On December 31, 2008, Wells Fargo & Company, a nonmember, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, continued to operate as a separate entity and continued to be a member of the FHLBank of San Francisco. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. Also, effective November 1, 2009, Wachovia Mortgage, FSB, merged into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco has reclassified the capital stock transferred to Wells Fargo Bank, N.A., totaling $1,567 million, to mandatorily redeemable capital stock (a liability).

(6) On December 31, 2008, Wells Fargo & Company acquired Wachovia Corporation, the parent company of Wachovia Bank, FSB (Wachovia), the FHLBank of Dallas's largest borrower and stockholder. On November 1, 2009, Wachovia's thrift charter was converted to a national bank charter with the name Wells Fargo Bank South, National Association (Wells Fargo Bank South). Wells Fargo & Company then merged Wells Fargo Bank South into an out-of-district national bank affiliate, Wells Fargo Bank South Central, National Association (WFSC). WFSC retained the main office of Wells Fargo Bank South in Houston, Texas as its main office. On November 2, 2009, WFSC applied for membership in the FHLBank of Dallas and its application is currently being reviewed.

(7) On September 25, 2008, JPMorgan Chase Bank, National Association, acquired the deposits, assets, and certain liabilities of Washington Mutual Bank FSB's banking operations. Washington Mutual Bank FSB was a member of the FHLBank of Seattle. JPMorgan Chase Bank, National Association, is not a member of any FHLBank. In aggregate, JPMorgan Chase Bank, National Association owned capital stock of $3,467 million at September 30, 2009.

(8) Includes $23 million of 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.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Each FHLBank is a cooperative. The members and former members own all the stock of the FHLBanks, all 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
September 30, 2009	5,753	1,154	996	204	8,107
December 31, 2008	5,849	1,167	952	184	8,152

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 subclasses. 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 applies to the FHLBank of Chicago at September 30, 2009, is redeemable at the option of a member upon six months' written notice of withdrawal from membership, provided that the FHLBank of Chicago is in compliance with its regulatory capital requirements and the Finance Agency's Deputy Director for FHLBank Regulation has approved the redemption as necessary. See "Note 12—Capital" to the accompanying combined financial statements for discussions of restrictions placed on redemptions or repurchases of capital stock of the FHLBanks of Chicago and Seattle. If a member withdraws its membership from an FHLBank, it may not acquire shares of any FHLBank for five

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 on an uninterrupted basis from one FHLBank to another.

During the nine months ended September 30, 2009, 31 FHLBank members withdrew from membership for reasons other than merger or acquisition and 46 members gave notice of intent to withdraw from membership for reasons other than merger or acquisition. None of the affected FHLBanks expect these withdrawals to have a material adverse effect on its 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 (2)
September 30, 2009	$29.9	$12.4	$2.8	$3.5	$5.1	$53.7
December 31, 2008	28.8	14.6	3.1	3.6	5.6	55.7

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

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

The holdings of commercial bank members and non-members at September 30, 2009 represented 55.7 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members and non-members at September 30, 2009 represented 23.0 percent of the total regulatory capital stock of the FHLBanks.

Member and Non-Member Borrowers.

Member and Non-Member Borrowers

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
September 30, 2009	4,319	894	481	84	5,778
December 31, 2008	4,581	946	521	74	6,122

The percentage of total members and non-members borrowing decreased to 71.3 percent at September 30, 2009, as compared to 75.1 percent at December 31, 2008. The 89 borrowers with advance holdings of $1 billion or more at September 30, 2009 held 66.4 percent of total advances. The 110 borrowers with advance holdings of $1 billion or more at December 31, 2008 held 71.6 percent of total advances.

Advances at Par Value
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other (1)	Total (2)
September 30, 2009	$370.8	$167.1	$28.3	$47.5	$45.0	$658.7
December 31, 2008	464.4	247.1	40.6	54.9	93.5	900.5

(1) The other category includes advances to housing associates and members involved in mergers with a non-member. Advances to a member involved in a merger 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 Combined Statement of Condition. The differences between the par value and book value amounts primarily relate to basis adjustments arising from hedging activities.

The information presented on advances in the following table is for individual FHLBank borrowers. 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 Advance Holding Borrowers at Par Value
at September 30, 2009
(Dollar amounts in millions)

Name	City	State	Advances (1)	Percentage of Total Advances
Citibank, N.A.* (2)	Las Vegas	NV	$ 49,027	7.4%
Bank of America, National Association (3)	Charlotte	NC	39,140	5.9%
JPMorgan Chase Bank, National Association (4)	Columbus	OH	29,126	4.4%
Wachovia Bank, FSB (5)	Houston	TX	18,997	2.9%
Hudson City Savings Bank*	Paramus	NJ	17,325	2.6%
Wachovia Mortgage, FSB* (6)	North Las Vegas	NV	16,231	2.5%
Metropolitan Life Insurance Company	New York	NY	14,280	2.2%
Sovereign Bank* (7)	Reading	PA	10,925	1.7%
Branch Banking and Trust Company*	Winston Salem	NC	10,867	1.6%
Bank of America California, N.A.	San Francisco	CA	10,404	1.6%
			$216,322	32.8%

* An asterisk indicates that an officer or director of the member was an FHLBank director at September 30, 2009.

(1) Member advance amounts and the total advance amounts are at par value, and the total advance amount will not agree to the Combined Statement of Condition. The differences between the par value and book value amounts primarily relate to basis adjustments arising from hedging activities.

(2) 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) In 2008, Bank of America Corporation, parent of Bank of America, National Association (a top 10 borrower of the FHLBank of Atlanta at December 31, 2008), acquired Countrywide Financial Corporation, parent of Countrywide Bank, FSB. On April 27, 2009, Countrywide Bank, FSB was merged with and into Bank of America, National Association and Bank of America, National Association assumed all of the outstanding advances of Countrywide Bank, FSB, making Bank of America, National Association the FHLBank of Atlanta's largest borrower. Also includes $201 million of FHLBank of New York advances from the merger of Fleet National Bank, a former member of the FHLBank of New York, into Bank of America, National Association.

(4) On September 25, 2008, JPMorgan Chase Bank, National Association, acquired the deposits, assets, and certain liabilities of Washington Mutual Bank's banking operations and assumed the advances outstanding from the FHLBank of San Francisco to Washington Mutual Bank. JPMorgan Chase Bank, National Association, is not a member of any FHLBank. The table also includes $3 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. In aggregate, JPMorgan Chase Bank, National Association held advances of $32,306 million at September 30, 2009.

(5) On December 31, 2008, Wells Fargo & Company acquired Wachovia Corporation, the parent company of Wachovia Bank, FSB (Wachovia), the FHLBank of Dallas's largest borrower and stockholder. On November 1, 2009, Wachovia's thrift charter was converted to a national bank charter with the name Wells Fargo Bank South, National Association (Wells Fargo Bank South). Wells Fargo & Company then merged Wells Fargo Bank South into an out-of-district national bank affiliate, Wells Fargo Bank South Central, National Association (WFSC). WFSC retained the main office of Wells Fargo Bank South in Houston, Texas as its main office. On November 2, 2009, WFSC applied for membership in the FHLBank of Dallas and its application is currently being reviewed.

(6) On December 31, 2008, Wells Fargo & Company, a nonmember, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, continued to operate as a separate entity and continued to be a member of the FHLBank of San Francisco. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. Also, effective November 1, 2009, Wachovia Mortgage, FSB, merged into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco has reclassified the capital stock transferred to Wells Fargo Bank, N.A., totaling $1,567 million, to mandatorily redeemable capital stock (a liability).

(7) Includes $510 million in FHLBank of New York advances from the acquisition of Independence Community Bank, a former member of the FHLBank of New York and $20 million in FHLBank of Boston advances from the acquisition of former members of the FHLBank of Boston.

Housing Associates. At September 30, 2009, the FHLBanks had $873 million in advances outstanding to 18 housing associates, compared to $760 million in advances outstanding to 20 housing associates at year-end 2008. Housing associates eligible to borrow include 42 state housing finance agencies, 10 county housing finance agencies, 4 housing development corporations, 3 city housing authorities, 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 its 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, 2009, the FHLBanks had $140.7 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represents 21.4 percent of total advances at par value 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.

Recent Developments. The following is a discussion of recently announced transactions regarding certain significant FHLBank activities including certain advance holders and stockholders as disclosed in each FHLBank's recent SEC filings.

FHLBank of Pittsburgh. On October 13, 2008, Sovereign Bancorp, the holding company of the FHLBank of Pittsburgh's largest member and borrower, Sovereign Bank, entered into an agreement to be acquired by Banco Santander, S.A. The holding company acquisition was completed on January 30, 2009. During 2008, GMAC Financial Services, the holding company for the FHLBank of Pittsburgh's member GMAC Bank (effective May 15, 2009, known as Ally Bank), announced that its application to become a bank holding company was approved by the Federal Reserve and GMAC Bank received approval from the Utah Department of Financial Institutions to convert to a state-chartered bank. On June 1, 2009, General Motors (GM) filed for bankruptcy under Chapter 11 in the U.S. Bankruptcy Court in New York's Southern District. Ally Bank (formerly known as GMAC Bank) is a member and one of the top ten borrowers of the FHLBank of Pittsburgh. Ally Bank and its parent, GMAC, LLC Bank Holding Company, are not part of the GM bankruptcy although GM holds a minority ownership interest in GMAC, LLC. On July 10, 2009, GM exited from bankruptcy protection. The FHLBank of Pittsburgh cannot predict the effect on its outstanding loans to Sovereign Bank and Ally Bank as a result of these acquisitions and restructuring actions.

Also in 2008, PNC Financial Services Group, Inc., the holding company for the FHLBank of Pittsburgh's member PNC Bank, N.A., completed its acquisition of National City Corporation (NCC). On November 6, 2009, the assets of NCC were merged into the FHLBank Pittsburgh's member, PNC Bank, N.A. NCC had certain fully secured outstanding advances and other credit obligations with other FHLBanks, and PNC Bank, N.A., the FHLBank of Pittsburgh's member, is responsible for these obligations post-merger. The FHLBank of Pittsburgh has entered into an agreement to serve as the collateral agent for two other FHLBanks and, under the agreement, the FHLBank of Pittsburgh has subordinated its security interest in the underlying collateral to these two FHLBanks. All of PNC's outstanding loans from and other credit obligations to the FHLBank of Pittsburgh remain fully secured by eligible collateral.

FHLBank of Atlanta. The FHLBank of Atlanta reclassified $1.8 billion in capital stock held by Countrywide Bank, FSB (Countrywide), from capital to mandatorily redeemable capital stock upon termination of its membership with FHLBank of Atlanta during the first quarter of 2009. Bank of America Corporation converted Countrywide into a national bank and merged it into Bank of America,

N.A., a member of the FHLBank of Atlanta, on April 27, 2009. Upon the merger, the mandatorily redeemable capital stock of the FHLBank of Atlanta owned by Countrywide was transferred to Bank of America, N.A. under the FHLBank of Atlanta's Capital Plan and was reclassified from mandatorily redeemable capital stock to capital stock.

FHLBank of Cincinnati. On November 6, 2009, National City Bank, which was acquired in January 2009 by PNC Financial Services Group, Inc., notified FHLBank of Cincinnati of its decision to withdraw from membership in this FHLBank. On September 30, 2009, National City was FHLBank of Cincinnati's second largest stockholder with $404 million of its capital stock, its second largest advance borrower with current principal outstanding of $4,409 million, and its largest historical seller of loans in the Mortgage Purchase Program with current unpaid principal balances of $3,763 million. PNC Bank currently is not a member of FHLBank of Cincinnati because it is chartered outside FHLBank of Cincinnati's district.

FHLBank of Dallas. Effective December 31, 2008, Wells Fargo & Company acquired Wachovia Corporation, the holding company for Wachovia Bank, FSB (Wachovia), the FHLBank of Dallas's largest borrower and shareholder. As of September 30, 2009, Wachovia had $19.0 billion of advances outstanding, which represented 38.3 percent of the FHLBank of Dallas's total outstanding advances at that date. In October 2009, $750 million of Wachovia's advances matured and were repaid. Wachovia's remaining advances are scheduled to mature between March 2010 and October 2013.

Wells Fargo & Company (Wells Fargo) is headquartered in the Eleventh District of the FHLBank System and affiliates of Wells Fargo have historically maintained charters in the Fourth, Eighth, Eleventh and Twelfth Districts of the FHLBank System, which are served by the FHLBanks of Atlanta, Des Moines, San Francisco and Seattle, respectively. On November 1, 2009, Wachovia's thrift charter was converted to a national bank charter with the name Wells Fargo Bank South, National Association (Wells Fargo Bank South). Wells Fargo then merged Wells Fargo Bank South into an out-of-district national bank affiliate, Wells Fargo Bank South Central, National Association (WFSC). WFSC retained the main office of Wells Fargo Bank South in Houston, Texas as its main office. On November 2, 2009, WFSC applied for membership in the FHLBank of Dallas and its application is currently being reviewed. While this series of events indicates that Wells Fargo intends to maintain a membership relationship with the FHLBank of Dallas, the FHLBank of Dallas is currently unable to predict whether WFSC will alter its predecessor's borrowing relationship with the FHLBank of Dallas.

FHLBank of San Francisco. On July 11, 2008, the OTS closed IndyMac Bank, F.S.B., and appointed the FDIC as receiver for IndyMac Bank, F.S.B. In connection with the receivership, the OTS chartered IndyMac Federal Bank, FSB, and appointed the FDIC as conservator for IndyMac Federal Bank, FSB. IndyMac Federal Bank, FSB assumed the outstanding FHLBank of San Francisco advances of IndyMac Bank, F.S.B., and acquired the associated FHLBank of San Francisco capital stock. The FHLBank of San Francisco capital stock acquired by IndyMac, FSB, was classified as mandatorily redeemable capital stock (a liability). On March 19, 2009, OneWest Bank, FSB, became a member of the FHLBank of San Francisco, assumed the outstanding advances of IndyMac Federal Bank, FSB, and acquired the associated FHLBank of San Francisco capital stock. The FHLBank of San Francisco capital stock acquired by OneWest Bank, FSB, is no longer classified as mandatorily redeemable capital stock (a liability). However, the residual capital stock remaining with IndyMac Federal Bank, FSB, totaling $49 million, remains classified as mandatorily redeemable capital stock (a liability).

During 2008, JPMorgan Chase Bank, National Association, a non-member, assumed Washington Mutual Bank's outstanding FHLBank of San Francisco advances and acquired the associated FHLBank of San Francisco capital stock. JPMorgan Bank and Trust Company, National Association, an affiliate of JPMorgan Chase Bank, National Association, became a member of the FHLBank of San Francisco. During the first quarter of 2009, the FHLBank of San Francisco allowed the transfer of excess stock totaling $300 million from JPMorgan Chase Bank, National Association, to JPMorgan Bank and Trust Company, National Association, to enable JPMorgan Bank and Trust Company, National Association, to satisfy its activity-based stock requirement. The capital stock transferred is no longer classified as mandatorily redeemable capital stock (a liability). However, as of September 30, 2009, the residual

capital stock remaining with JPMorgan Chase Bank, National Association, totaling $2,695 million, remains classified as mandatorily redeemable capital stock (a liability).

On December 31, 2008, Wells Fargo & Company, a nonmember, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, continued to operate as a separate entity and continued to be a member of the FHLBank of San Francisco. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. Also effective November 1, 2009, Wachovia Mortgage, FSB, merged into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco has reclassified the capital stock transferred to Wells Fargo Bank, N.A., of $1,567 million to mandatorily redeemable capital stock (a liability).

FHLBank of Seattle. In January 2009, Bank of America, N.A. (BANA) completed the acquisition of Merrill Lynch & Co. (Merrill Lynch). On July 1, 2009, the assets of Merrill Lynch Bank USA, previously a member of the FHLBank of Seattle, were transferred to BANA, a non-member, as part of its purchase of Merrill Lynch. As part of this restructuring, outstanding advances of $411.2 million and FHLBank of Seattle Class B capital stock of $146.3 million held by Merrill Lynch Bank USA were transferred to BANA. Immediately subsequent to the asset transfer, BANA transferred substantially all of the FHLBank of Seattle Class B capital stock to its subsidiary, Bank of America Oregon, N.A., a member of the FHLBank of Seattle. Since that date, Bank of America Oregon, N.A. has begun utilizing the transferred Class B stock for new advances with the FHLBank of Seattle.

In September 2008, in a transaction facilitated by the FDIC, Washington Mutual Bank, F.S.B. was acquired by JPMorgan Chase, a non-member. In October 2008, JPMorgan Chase notified the FHLBank of Seattle that it had merged Washington Mutual Bank, F.S.B. into a non-member entity, JPMorgan Chase Bank, N.A., that assumed the fully collateralized, related advances and stock of the FHLBank of Seattle. Effective October 7, 2008, the FHLBank of Seattle reclassified the membership to that of a non-member shareholder that is no longer able to enter into new borrowing arrangements with the FHLBank of Seattle and transferred its Class A and Class B stock to "mandatorily redeemable stock" on its Statement of Condition. Per the FHLBank of Seattle's Capital Plan, Class A stock is redeemable six months after notification and Class B stock is redeemable five years after notification, subject to certain requirements. As a non-member, JPMorgan Chase Bank, N.A. is not eligible to initiate new advances or renew maturing advances. As of September 30, 2009, approximately 75.0 percent of advances outstanding to JPMorgan Chase Bank, N.A., as of December 31, 2008 had matured.

SUPPLEMENTAL INFORMATION

Finance Agency Information

The following table reflects the duration of equity reported by the FHLBanks to the Finance Agency in accordance with the Finance Agency's guidance. This information is being provided under Finance Agency guidance. As noted in the Federal Home Loan Banks' 2008 Combined Financial Report under "Quantitative Disclosures about Market Risk," the FHLBanks use various methods to measure their market and interest-rate risk exposure. The more commonly used methods include market value of equity and duration of equity.

Duration of Equity
(In Years)

	September 30, 2009			December 31, 2008		
FHLBank	Down*	Base	Up**	Down*	Base	Up**
Boston	3.2	4.3	6.7	(6.2)	(2.4)	3.8
New York	0.0	(0.4)	3.9	0.0	(2.1)	1.4
Pittsburgh	5.3	15.3	6.2	9.1	26.8	0.6
Atlanta	6.9	6.9	6.5	21.3	21.3	22.2
Cincinnati	(1.6)	(3.9)	4.8	(4.2)	(3.1)	6.4
Indianapolis	(0.7)	(0.7)	2.2	0.6	0.6	4.2
Des Moines	(14.3)	1.3	6.0	(96.5)	(23.8)	6.1
Dallas	5.2	5.2	9.5	6.4	6.4	14.4
Topeka	(0.9)	2.6	1.2	(0.3)	7.8	3.2
San Francisco	5.8	7.2	3.4	9.2	12.4	4.7
Seattle	10.2	7.4	6.2	0.0	23.6	60.3

* Applicable regulation restricts the down rate from assuming a negative interest rate. Therefore, each FHLBank adjusts the down rate accordingly.

** Up = 200 basis points.

Please see "Risk Management—Quantitative Disclosure about Market Risk" for the FHLBank of Chicago's changes in reporting duration of equity information.

Individual FHLBank Selected Financial Data and Financial Ratios

The following individual FHLBank selected financial data and financial ratios are provided as a convenience to the reader. Each FHLBank provides the Office of Finance with its selected financial data and financial ratios, which may not be calculated on a consistent basis. Please refer to "Explanatory Statement about FHLBanks Combined Financial Report" and "Available Information on Individual FHLBanks," which discusses the independent management and operation of the FHLBanks and their use of different models or assumptions; identifies the availability of other information about the FHLBanks; and describes where to find the periodic reports and other information filed by each FHLBank with the SEC.

Individual FHLBank Selected Financial Data and Financial Ratios
(Dollar amounts in millions)

	Boston	New York	Pittsburgh	Atlanta
Selected Statement of Condition Data				
At September 30, 2009				
Assets				
Advances	$37,936	$ 95,945	$41,364	$125,823
Mortgage loans, net	3,645	1,335	5,340	2,644
Investments, including MBS (1)	18,603	18,741	19,039	34,165
Other assets	264	1,583	768	778
Total assets	60,448	117,604	66,511	163,410
Total consolidated obligations	55,728	108,056	60,485	150,195
Retained earnings	136	667	394	799
Total capital stock	3,629	5,142	4,013	8,156
Asset composition (as a percentage of total assets):				
Advances	62.8%	81.6%	62.2%	77.0%
Mortgage loans, net	6.0%	1.1%	8.0%	1.6%
Investments, including MBS (1)	30.8%	15.9%	28.6%	20.9%
Other assets	0.4%	1.4%	1.2%	0.5%
Total assets	100.0%	100.0%	100.0%	100.0%
Retained earnings as a percentage of bank's total assets	0.2%	0.6%	0.6%	0.5%
Bank's total assets as a percentage of system's total assets	5.7%	11.1%	6.3%	15.4%
At December 31, 2008				
Assets				
Advances	$56,926	$109,153	$62,153	$165,856
Mortgage loans, net	4,154	1,457	6,165	3,251
Investments, including MBS (1)	18,864	26,365	21,798	38,376
Other assets	409	565	690	1,081
Total assets	80,353	137,540	90,806	208,564
Total consolidated obligations	74,726	128,587	84,263	193,376
Retained earnings	(20)	383	170	435
Total capital stock	3,585	5,585	3,982	8,463
Asset composition (as a percentage of total assets):				
Advances	70.8%	79.4%	68.4%	79.5%
Mortgage loans, net	5.2%	1.1%	6.8%	1.6%
Investments, including MBS (1)	23.5%	19.2%	24.0%	18.4%
Other assets	0.5%	0.3%	0.8%	0.5%
Total assets	100.0%	100.0%	100.0%	100.0%
Retained earnings as a percentage of bank's total assets	0.0%	0.3%	0.2%	0.2%
Bank's total assets as a percentage of system's total assets	6.0%	10.2%	6.7%	15.5%

(1) Investments include: held-to-maturity securities, available-for-sale securities, trading securities, interest-bearing deposits, securities purchased under agreements to resell and Federal funds sold.

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$38,082	$24,432	$25,457	$36,303	$50,035	$22,633	$154,962	$ 24,908
9,736	7,508	25,156	7,838	272	3,238	3,172	4,293
26,225	16,381	34,902	21,134	15,512	17,627	45,943	24,708
2,941	232	1,388	151	1,442	244	7,135	178
76,984	48,553	86,903	65,426	67,261	43,742	211,212	54,087
70,372	43,967	78,558	59,792	62,810	40,098	198,770	51,432
407	334	687	458	318	320	1,065	70
3,658	1,875	2,364	2,952	2,609	1,616	10,244	1,853
49.5%	50.3%	29.3%	55.5%	74.4%	51.7%	73.4%	46.1%
12.6%	15.5%	28.9%	12.0%	0.4%	7.4%	1.5%	7.9%
34.1%	33.7%	40.2%	32.3%	23.1%	40.3%	21.8%	45.7%
3.8%	0.5%	1.6%	0.2%	2.1%	0.6%	3.3%	0.3%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.5%	0.7%	0.8%	0.7%	0.5%	0.7%	0.5%	0.1%
7.2%	4.6%	8.2%	6.1%	6.3%	4.1%	19.9%	5.1%
$53,916	$31,249	$38,140	$41,897	$60,920	$35,820	$235,664	$ 36,944
8,632	8,780	32,087	10,685	327	3,024	3,712	5,087
35,325	15,757	21,183	15,368	17,388	19,436	60,671	16,005
333	1,074	719	179	298	277	21,197	326
98,206	56,860	92,129	68,129	78,933	58,557	321,244	58,362
91,729	52,163	84,771	62,784	73,360	53,683	304,933	54,469
326	283	540	382	216	157	176	(79)
3,962	1,879	2,386	2,781	3,224	2,240	9,616	1,848
54.9%	55.0%	41.4%	61.5%	77.2%	61.2%	73.4%	63.3%
8.8%	15.4%	34.8%	15.7%	0.4%	5.2%	1.2%	8.7%
36.0%	27.7%	23.0%	22.6%	22.0%	33.2%	18.9%	27.4%
0.3%	1.9%	0.8%	0.2%	0.4%	0.4%	6.5%	0.6%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.3%	0.5%	0.6%	0.6%	0.3%	0.3%	0.1%	(0.1)%
7.3%	4.2%	6.8%	5.0%	5.8%	4.3%	23.8%	4.3%

Individual FHLBank Selected Financial Data and Financial Ratios (continued)
(Dollar amounts in millions)

	Boston	New York	Pittsburgh	Atlanta
SELECTED OTHER DATA				
At September 30, 2009				
Advance concentrations (%): top five borrowers	45%	53%	63%	58%
Capital stock concentrations (%): top five stockholders	51%	49%	57%	45%
Regulatory capital ratio (%)	6.4%	5.1%	6.6%	5.6%
Cash and stock dividends				
Q3 2009	$	$ 73	$	$ 16
Q3 2008	25	76	34	59
Decrease	(25)	(3)	(34)	(43)
Year-to-date September 30, 2009		191		16
Year-to-date September 30, 2008	107	250	121	287
Decrease	(107)	(59)	(121)	(271)
Weighted-average dividend rate				
Q3 2009	0.00%	5.60%	0.00%	0.84%
Q3 2008	3.05%	3.50%	3.50%	2.89%
Year-to-date September 30, 2009	0.00%	5.60%	0.00%	0.84%
Year-to-date September 30, 2008	4.35%	5.93%	4.07%	2.89%
Return on average assets				
Q3 2009	(0.67)%	0.46%	(0.23)%	0.03%
Q3 2008	0.24%	0.13%	0.40%	(0.09)%
Year-to-date September 30, 2009	(0.36)%	0.50%	(0.05)%	0.14%
Year-to-date September 30, 2008	0.26%	0.25%	0.28%	0.12%
Return on average equity				
Q3 2009	(10.74)%	9.79%	(4.39)%	0.55%
Q3 2008	5.19%	2.95%	8.99%	(2.13)%
Year-to-date September 30, 2009	(6.61)%	11.06%	(1.09)%	3.45%
Year-to-date September 30, 2008	5.82%	5.68%	6.36%	2.84%
Net interest income as a percentage of average earning assets				
Q3 2009	0.51%	0.51%	0.39%	0.24%
Q3 2008	0.41%	0.52%	0.31%	0.47%
Increase (decrease)	0.10%	(0.01)%	0.08%	(0.23)%
Year-to-date September 30, 2009	0.41%	0.61%	0.35%	0.17%
Year-to-date September 30, 2008	0.44%	0.55%	0.34%	0.47%
(Decrease) increase	(0.03)%	0.06%	0.01%	(0.30)%
Net interest spread				
Q3 2009	0.44%	0.45%	0.29%	0.17%
Q3 2008	0.27%	0.37%	0.19%	0.32%
Increase (decrease)	0.17%	0.08%	0.10%	(0.15)%
Year-to-date September 30, 2009	0.33%	0.53%	0.25%	0.08%
Year-to-date September 30, 2008	0.29%	0.37%	0.21%	0.28%
Increase (decrease)	0.04%	0.16%	0.04%	(0.20)%

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
53%	44%	39%	38%	57%	44%	73%	65%
48%	44%	30%	35%	48%	31%	70%	60%
5.4%	5.8%	5.2%	5.2%	4.4%	4.5%	6.9%	5.3%
$ 49	$ 15	$	$ 14	$ 1	$ 11	$ 22	$
51	27		30	14	22	127	9
(2)	(12)		(16)	(13)	(11)	(105)	(9)
138	45		29	7	31	22	
148	77		82	60	68	527	29
(10)	(32)		(53)	(53)	(37)	(505)	(29)
5.00%	3.25%	0.00%	2.00%	0.18%	2.89%	0.00%	0.00%
5.50%	5.25%	0.00%	4.00%	2.09%	4.40%	3.85%	1.50%
4.67%	3.12%	0.00%	1.34%	0.29%	2.52%	0.28%	0.00%
5.42%	5.09%	0.00%	4.17%	3.25%	4.70%	5.24%	1.52%
0.30%	0.17%	(0.67)%	0.21%	0.10%	0.21%	(0.15)%	(0.72)%
0.28%	0.33%	0.14%	0.24%	0.39%	0.14%	0.12%	(0.11)%
0.34%	0.24%	(0.13)%	0.20%	0.20%	0.50%	0.17%	(0.35)%
0.26%	0.32%	(0.18)%	0.24%	0.27%	0.21%	0.23%	0.08%
5.70%	4.09%	(32.68)%	4.17%	2.37%	4.86%	(3.84)%	(43.94)%
6.26%	8.07%	4.61%	5.15%	9.12%	3.27%	2.96%	(2.75)%
6.75%	6.19%	(5.81)%	4.34%	4.69%	11.81%	4.77%	(15.94)%
5.92%	8.03%	(5.44)%	5.08%	6.47%	5.11%	5.44%	2.08%
0.45%	0.52%	0.64%	0.34%	0.19%	0.52%	0.81%	0.34%
0.39%	0.48%	0.23%	0.42%	0.33%	0.52%	0.48%	0.25%
0.06%	0.04%	0.41%	(0.08)%	(0.14)%	0.00%	0.33%	0.09%
0.48%	0.52%	0.66%	0.25%	0.04%	0.52%	0.72%	0.39%
0.39%	0.48%	0.16%	0.42%	0.31%	0.50%	0.40%	0.31%
0.09%	0.04%	0.50%	(0.17)%	(0.27)%	0.02%	0.32%	0.08%
0.35%	0.42%	0.55%	0.24%	0.16%	0.46%	0.76%	0.31%
0.23%	0.33%	0.09%	0.26%	0.19%	0.40%	0.36%	0.13%
0.12%	0.09%	0.46%	(0.02)%	(0.03)%	0.06%	0.40%	0.18%
0.38%	0.39%	0.55%	0.13%	(0.02)%	0.45%	0.67%	0.35%
0.21%	0.30%	0.02%	0.25%	0.16%	0.35%	0.26%	0.17%
0.17%	0.09%	0.53%	(0.12)%	(0.18)%	0.10%	0.41%	0.18%