FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Nine Months Ended September 30, 2010

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. Investors should consult their financial and legal advisors about the risks of investing in any particular issue of consolidated obligations prior to investing in consolidated obligations. The combined financial reports of the Federal Home Loan Banks are intended to be used by investors who invest in the consolidated obligations of the Federal Home Loan Banks. Even though the consolidated obligations are the joint and several obligations of all of the Federal Home Loan Banks, each Federal Home Loan Bank 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 Federal Home Loan Banks. Please see "Explanatory Statement about Federal Home Loan Banks 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, 2010. You should read this Combined Financial Report in conjunction with the 2009 Combined Financial Report dated March 30, 2010. The 2009 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, 2009. This document is 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.

The financial condition of the Federal Home Loan Banks may have changed since September 30, 2010.

The date of this Combined Financial Report is November 12, 2010.

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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, the former regulator of the FHLBanks (Finance Board). As regulator of the FHLBanks, the Finance Board had, and the new regulator (the Federal Housing Finance Agency (Finance Agency)) has, access to different information about the FHLBanks than the Office of Finance. The Finance Agency, when referred to in its capacity as the regulator of the FHLBanks, is referred to herein as the "Regulator." 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 cooperative with its own board of directors and management. As a cooperative, only members and former members own the capital stock in each of the FHLBanks. Each financial institution that becomes a member of an FHLBank may only be a member of one FHLBank, and generally may purchase capital stock only in the FHLBank whose district includes the state where the member's principal place of business is located. Some financial institution holding companies may have one or more affiliates, each of which may be a member of the same or 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 alternative 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 use different pricing sources, models and assumptions in determining the fair values 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 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 or all such transactions as a result of their differing business practices and accounting and financial reporting policies under GAAP.

During 2009, the FHLBanks developed a uniform framework for completing their other-than-temporary-impairment (OTTI) analyses and a fair value methodology for mortgage-backed securities (MBS), manufactured housing loans and home equity loan investments to enhance the FHLBanks' overall OTTI processes and to ensure greater consistency among all the FHLBanks.

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" in the Federal Home Loan Banks' 2009 Combined Financial Report for more information.)

An investor may not be able to obtain easily a "system-wide" view of the business, risk profile, financial condition, results of operations and liquidity of the FHLBanks due to the absence of centralized management or centralized board of director oversight over the 12 FHLBanks. There is no centralized system-wide management or centralized board of director oversight to direct consistency in the operations, risk management, accounting and financial disclosure policies of the individual FHLBanks. This decentralized structure is not conducive to preparing 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 the registrant's management. Because there is no centralized management of the 12 FHLBanks and Office of Finance (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 each FHLBank. 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 each FHLBank 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 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 contains 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 with the SEC annually on Form 10-K and quarterly on Form 10-Q. Those reports contain information that is not contained in the combined financial reports. 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 web site also contains links to the web sites of each 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, 2010	December 31, 2009
ASSETS		
Cash and due from banks	$ 5,002	$ 24,330
Interest-bearing deposits	11	11
Securities purchased under agreements to resell	24,450	7,175
Federal funds sold	75,162	54,597
Trading securities	23,452	22,247
Available-for-sale securities	70,844	52,488
Held-to-maturity securities[1]	136,839	147,833
Advances (includes $11,094 and $21,620 at fair value under fair value option at September 30, 2010 and December 31, 2009)	499,616	631,159
Mortgage loans held for portfolio	64,365	71,469
Less allowance for credit losses on mortgage loans	64	32
Mortgage loans held for portfolio, net	64,301	71,437
Accrued interest receivable	2,002	2,466
Premises, software, and equipment, net	228	208
Derivative assets, net	714	674
Other assets	953	958
Total assets	$903,574	$1,015,583
LIABILITIES		
Deposits:		
Interest-bearing	$ 19,203	$ 15,589
Non-interest-bearing	484	308
Total deposits	19,687	15,897
Borrowings:		
Securities sold under agreements to repurchase	1,200	1,200
Total borrowings	1,200	1,200
Consolidated obligations, net:		
Discount notes (includes $6,968 at fair value under fair value option at September 30, 2010)	184,303	198,532
Bonds (includes $37,423 and $53,805 at fair value under fair value option at September 30, 2010 and December 31, 2009)	629,635	736,344
Total consolidated obligations, net	813,938	934,876
Mandatorily redeemable capital stock	7,012	8,138
Accrued interest payable	3,159	3,802
Affordable Housing Program payable	763	791
Payable to REFCORP	140	121
Derivative liabilities, net	6,141	5,228
Other liabilities	6,186	1,721
Subordinated notes	1,000	1,000
Total liabilities	859,226	972,774
Commitments and contingencies (Note 14)		
CAPITAL		
Capital stock:		
Class B putable ($100 par value) issued and outstanding	40,359	42,227
Class A putable ($100 par value) issued and outstanding	708	427
Pre-conversion putable ($100 par value) issued and outstanding	2,318	2,328
Total capital stock	43,385	44,982
Retained earnings	7,020	6,033
Accumulated other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities	1,408	453
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(10)	(22)
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(1,374)	(2,182)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,074)	(6,149)
Net unrealized losses relating to hedging activities	(967)	(267)
Pension and postretirement benefits	(40)	(39)
Total accumulated other comprehensive income (loss)	(6,057)	(8,206)
Total capital	44,348	42,809
Total liabilities and capital	$903,574	$1,015,583

(1) Fair values: $139,376 and $146,191 at September 30, 2010 and December 31, 2009.

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,	
	2010	2009	2010	2009
INTEREST INCOME				
Advances	$1,219	$ 1,854	$ 3,595	$ 8,324
Prepayment fees on advances, net	223	28	399	141
Interest-bearing deposits	4	3	10	64
Securities purchased under agreements to resell	15	6	27	20
Federal funds sold	37	31	109	109
Trading securities	88	92	253	309
Available-for-sale securities	341	199	939	395
Held-to-maturity securities	1,039	1,404	3,389	4,571
Mortgage loans held for portfolio	785	904	2,444	2,983
Other	2		4	2
Total interest income	3,753	4,521	11,169	16,918
INTEREST EXPENSE				
Consolidated obligations—Discount notes	174	328	495	1,966
Consolidated obligations—Bonds	2,132	2,793	6,598	10,737
Deposits	6	4	12	19
Securities sold under agreements to repurchase	4	5	13	22
Subordinated notes	15	15	43	43
Mandatorily redeemable capital stock	14	15	39	30
Other borrowings	1		1	1
Total interest expense	2,346	3,160	7,201	12,818
NET INTEREST INCOME	1,407	1,361	3,968	4,100
Provision for credit losses	14	4	33	14
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,393	1,357	3,935	4,086
OTHER (LOSS) INCOME				
Total other-than-temporary impairment losses	(159)	(2,182)	(1,031)	(10,378)
Net amount of impairment losses reclassified (from)/to accumulated other comprehensive loss	(19)	1,140	125	8,383
Net other-than-temporary impairment losses	(178)	(1,042)	(906)	(1,995)
Net gains (losses) on trading securities	79	43	265	(36)
Net realized gains from sale of available-for-sale securities	9	31	9	7
Net realized gains from sale of held-to-maturity securities	2		8	6
Net gains (losses) on advances, consolidated obligations and other liabilities held under fair value option	67	(68)	(75)	(435)
Net (losses) gains on derivatives and hedging activities	(128)	(196)	(706)	983
Service fees	8	7	23	24
Other, net	(68)	(20)	(55)	(23)
Total other loss	(209)	(1,245)	(1,437)	(1,469)
OTHER EXPENSE				
Operating	206	203	602	587
Finance Agency	15	9	39	29
Office of Finance	6	7	25	25
(Reversal) provision for derivative counterparty credit losses	(2)		(55)	35
Other, net	3	1	13	8
Total other expense	228	220	624	684
INCOME (LOSS) BEFORE ASSESSMENTS	956	(108)	1,874	1,933
Affordable Housing Program	70	19	153	196
REFCORP	154	38	338	434
Total assessments	224	57	491	630
NET INCOME (LOSS)	$ 732	$ (165)	$ 1,383	$ 1,303

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, 2010 AND 2009

(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B[1]		Capital Stock Class A[1]		Capital Stock Pre-conversion[1]		Total Capital Stock[1]		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) income:											
Net unrealized gains on available-for-sale securities:											
Unrealized gains										920	920
Reclassification of gains included in net income										(84)	(84)
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:											
Reclassification of losses included in net income										52	52
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:											
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments										(2,450)	(2,450)
Reclassification of noncredit portion included in net income										267	267
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Noncredit portion										(9,458)	(9,458)
Reclassification of noncredit portion included in net income										1,099	1,099
Accretion of noncredit portion										921	921
Reclassification of noncredit portion from held-to-maturity securities to available-for-sale securities										2,819	2,819
Net unrealized gains (losses) relating to hedging activities:											
Unrealized gains										106	106
Reclassification of losses included in net income										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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B[1]		Capital Stock Class A[1]		Capital Stock Pre-conversion[1]		Total Capital Stock[1]		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2009	422	$42,227	4	$ 427	23	$2,328	449	$44,982	$6,033	$(8,206)	$42,809
Adjustment for cumulative effect of accounting change—fair value option guidance for scope exception related to embedded credit derivatives									25		25
Proceeds from sale of capital stock	27	2,683		4		35	27	2,722			2,722
Repurchase/redemption of capital stock	(44)	(4,442)					(44)	(4,442)			(4,442)
Net shares reclassified from/(to) mandatorily redeemable capital stock	4	219	(1)	(87)		(45)	3	87			87
Comprehensive income:											
Net income									1,383		1,383
Other comprehensive income (loss):											
Net unrealized gains on available-for-sale securities:											
Unrealized gains										956	956
Reclassification of gains included in net income										(1)	(1)
Net unrealized gains on held-to-maturity securities transferred from available-for-sale securities:											
Reclassification of losses included in net income										12	12
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:											
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments										507	507
Reclassification of gains included in net income										(8)	(8)
Reclassification of noncredit portion included in net income										309	309
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Noncredit portion										(962)	(962)
Reclassification of noncredit portion included in net income										526	526
Accretion of noncredit portion										1,102	1,102
Reclassification of noncredit portion from held-to- maturity securities to available-for-sale securities										409	409
Net unrealized (losses) gains relating to hedging activities:											
Unrealized losses										(697)	(697)
Reclassification of gains included in net income										(3)	(3)
Pension and postretirement benefits										(1)	(1)
Total comprehensive income											3,532
Transfer between Class B and Class A shares	(4)	(364)	4	364							
Dividends on capital stock:											
Cash									(385)		(385)
Stock		36						36	(36)		
BALANCE, SEPTEMBER 30, 2010	405	$40,359	7	$ 708	23	$2,318	435	$43,385	$7,020	$(6,057)	$44,348

(1) 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,	
	2010	2009 (As Revised)
OPERATING ACTIVITIES		
Net income	$ 1,383	$ 1,303
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	(42)	(1,263)
Change in net derivative and hedging activities	1,766	274
Other adjustments[1]	968	2,051
Net change in fair value adjustments on trading securities	(265)	61
Net change in fair value adjustments on advances, consolidated obligations and other liabilities held under fair value option	75	435
Net change in:		
Trading securities	149	(778)
Accrued interest receivable	465	1,683
Other assets	(57)	9
Accrued interest payable	(650)	(2,012)
Other liabilities[2]	37	102
Total adjustments	2,446	562
Net cash provided by operating activities	3,829	1,865
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	(2,975)	52,577
Securities purchased under agreements to resell	(17,275)	(755)
Federal funds sold	(20,565)	(24,515)
Premises, software and equipment	(39)	(51)
Trading securities:		
Net decrease (increase) in short-term	692	(5,049)
Proceeds from long-term	3,362	1,879
Purchases of long-term	(1,737)	(4,950)
Available-for-sale securities:		
Net decrease (increase) in short-term	3,415	(3,758)
Proceeds from long-term	5,069	5,263
Purchases of long-term	(22,695)	(18,250)
Held-to-maturity securities:		
Net decrease (increase) in short-term	1,032	(2,228)
Proceeds from long-term	32,024	30,754
Purchases of long-term	(22,116)	(17,549)
Advances:		
Proceeds	1,191,627	2,851,800
Made	(1,055,340)	(2,609,964)
Mortgage loans held for portfolio:		
Principal collected	10,548	17,805
Purchases	(3,535)	(7,062)
Mortgage loans held for sale:		
Proceeds		2,124
Principal collected		128
Proceeds from sales of foreclosed assets	108	43
Principal collected on other loans	1	1
Net cash provided by investing activities	101,601	268,243

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Nine Months Ended September 30,	
	2010	2009 (As Revised)
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ 3,405	$ (1,363)
Borrowings	49	(294)
Net payments on derivative contracts with financing element	(1,294)	(1,165)
Net proceeds from issuance of consolidated obligations:		
Discount notes	5,010,636	5,699,910
Bonds	408,072	349,292
Payments for maturing and retiring consolidated obligations:		
Discount notes	(5,024,726)	(5,863,571)
Bonds	(517,756)	(458,505)
Proceeds from issuance of capital stock	2,722	4,942
Payments for repurchase/ redemption of mandatorily redeemable capital stock	(1,039)	(1,592)
Payments for repurchase/redemption of capital stock	(4,442)	(5,335)
Cash dividends paid	(385)	(441)
Net cash used in financing activities	(124,758)	(278,122)
Net decrease in cash and cash equivalents	(19,328)	(8,014)
Cash and cash equivalents at beginning of the period	24,330	20,820
Cash and cash equivalents at end of the period	$ 5,002	$ 12,806
Supplemental Disclosures:		
Interest paid	$ 8,346	$ 16,166
AHP payments, net	$ 182	$ 203
REFCORP assessments paid	$ 305	$ 327
Transfers of mortgage loans to real estate owned	$ 173	$ 108
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	$ 1,937	$ 4,457
Transfer from held-to-maturity securities to trading securities	$ 390	$

(1) Other adjustments primarily relate to the non-cash adjustments for "Net other-than-temporary impairment losses" of $906 million and $1,995 million for the nine months ended September 30, 2010 and 2009 as reported on the Combined Statement of Income.

(2) Other liabilities includes the net change in the REFCORP receivable/payable.

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

Federal Home Loan Banks

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 are financial cooperatives that provide a readily available, competitively-priced source of funds to their member institutions. All members must purchase stock in their district's FHLBank. 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 may, to the extent declared by the FHLBank's board of directors, receive dividends on their capital stock. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership. Additionally, effective February 4, 2010, authorized Community Development Financial Institutions are eligible to be members of an FHLBank. 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 allowed to hold capital stock.

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 Finance Agency's mission with respect to the FHLBanks is to provide effective supervision, regulation and housing mission oversight of the FHLBanks to promote their safety and soundness, support housing finance and affordable housing, and support a stable and liquid mortgage market. Each FHLBank operates as a separate entity with its own management, employees and board of directors. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits.

The Office of Finance is a joint office of the FHLBanks established 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. 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 acquire mortgage loans from members (acquired member assets (AMA)) through their respective FHLBank's Mortgage Purchase Program (MPP) or the 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.

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

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

Note 1—Summary of Significant Accounting Policies

These unaudited quarterly financial statements do not include all disclosures associated with annual financial statements, and accordingly should be read in conjunction with the audited financial statements for the year ended December 31, 2009 included in the FHLBanks' 2009 Combined Financial Report.

Principles of Combination. The combined financial statements include the financial statements and records of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles 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 are 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. (See the "Federal Home Loan Banks Combining Schedules" provided on pages 74-107 for the combining adjustments made to the combined financial statements.)

Transfers of Direct Liability on Consolidated Bonds between FHLBanks. The transferring FHLBank treats the transfer as a debt extinguishment because it is released from being the primary obligor when the Office of Finance records the transfer, pursuant to its duties under applicable regulations. The assuming FHLBank then becomes the primary obligor while the transferring FHLBank has a contingent liability because it still has joint and several liability with respect to repaying the transferred consolidated bonds.

The FHLBank assuming the consolidated bond liability initially records the consolidated bond at fair value, which represents the amount paid to the assuming FHLBank by the transferring FHLBank to assume the debt. A premium or discount exists for the amount paid above or below par. Because these transfers represent inter-company transfers under combination accounting principles, an inter-company elimination is made for any gain or loss on transfer. As a result, the subsequent amortization of premium or discount, amortization of concession fees and recognition of hedging related adjustments represent those of the transferring FHLBank in the combined financial statements.

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. The investment and the consolidated bonds and discount notes and related contractual interest income and expense are eliminated in combination.

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

Subsequent Events. For purposes of this combined financial report, subsequent events have been evaluated through the date of this Combined Financial Report.

Segment Reporting. Finance Agency regulations consider each FHLBank to be a segment. Segment information is provided in the "Federal Home Loan Banks Combining Schedules."

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 include the determination of other-than-temporary impairments of securities and 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 and Revisions to Prior Period Amounts. The FHLBank of Chicago reclassified $69 million and $158 million from consolidated bond interest expense to consolidated discount note interest expense to reflect properly the interest expense incurred relative to certain cash-flow hedges during the three and nine months ended September 30, 2009. Additionally, certain other amounts in the

2009 financial statements have been reclassified to conform to the financial statement presentation for the three months and nine months ended September 30, 2010.

Subsequent to filing its SEC Form 10-Q for the quarter ended September 30, 2009, and as a result of ongoing enhancement to its statement of cash flow preparation process, the FHLBank of Chicago became aware of calculation errors in the cash flows from certain derivative and investment activities in its condensed statements of cash flows for the nine months ended September 30, 2009. These errors resulted in the misclassification of cash flows primarily between operating activities and investing activities. Given the nature and structure of the FHLBank System as a whole, coupled with the immaterial effect of the restatement on the Combined Statement of Cash Flows for the nine months ended September 30, 2009, the Office of Finance concluded that the FHLBank of Chicago's misstatements in the combined statement of cash flows were not material to the FHLBank System. In order to reflect the 2009 prior period restated amounts included for the FHLBank of Chicago, the Combined Statement of Cash Flows and Combining Schedules—Statements of Cash Flows for the nine months ended September 30, 2009 have been labeled "as revised."

Additionally, certain prior period amounts have been revised and may not agree to the 2009 Combined Financial Report. These amounts were not deemed to be material.

Note 2—Recently Issued and Adopted Accounting Guidance

Issued but Effective after September 30, 2010

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. On July 21, 2010, the Financial Accounting Standards Board (FASB) issued amended guidance to enhance disclosures about an entity's allowance for credit losses and the credit quality of its financing receivables. The amended guidance requires all public and nonpublic entities with financing receivables, including loans, lease receivables and other long-term receivables, to provide disclosure of the following: (i) the nature of credit risk inherent in financing receivables, (ii) how that risk is analyzed and assessed in arriving at the allowance for credit losses, and (iii) the changes and reasons for those changes in the allowance for credit losses. Both new and existing disclosures must be disaggregated by portfolio segment or class of financing receivable. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. Short-term accounts receivable, receivables measured at fair value or at the lower of cost or fair value, and debt securities are exempt from this amended guidance. For public entities, the required disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010 (December 31, 2010 for the FHLBanks). The required disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010 (January 1, 2011 for the FHLBanks). The adoption of this amended guidance will result in increased financial statement disclosures, but will not affect the FHLBanks' combined financial condition, combined results of operations or combined cash flows.

Adopted in 2010

Scope Exception Related to Embedded Credit Derivatives. On March 5, 2010, the FASB issued amended guidance to clarify that the only type of embedded credit derivative feature related to the transfer of credit risk that is exempt from derivative bifurcation requirements is one that is in the form of subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination will need to assess those embedded credit derivatives to determine if bifurcation and separate accounting as a derivative is required. Upon adoption, entities are permitted to irrevocably elect the fair value option for any investment in a beneficial interest in a securitized financial asset. Any impairment would be recognized prior to applying the fair value option election. This amended guidance became effective at the beginning of the first interim reporting period beginning after June 15, 2010 (July 1, 2010 for the FHLBanks). The adoption of this amended guidance resulted in a $25 million cumulative effect adjustment to the July 1, 2010 retained earnings balance and represented the difference between the amortized cost and fair value

of certain held-to-maturity MBS with a carrying value of $390 million for which the fair value option was elected. Consistent with the guidance for fair value option accounting, once these MBS were reclassified from held-to-maturity to trading, subsequent fair value changes are immediately recognized in earnings. See "FHLBanks Combining Schedules—Statements of Capital—For the Nine Months Ended September 30, 2010 and 2009" for additional information by each FHLBank.

Fair Value Measurements and Disclosures—Improving Disclosures about Fair Value Measurements. On January 21, 2010, the FASB issued amended guidance for fair value measurements and disclosures. The update requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. Furthermore, this update requires a reporting entity to present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs; clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value; and amends guidance on employers' disclosures about postretirement benefit plan assets to require that disclosures be provided by classes of assets instead of by major categories of assets. The amended guidance became effective for interim and annual reporting periods beginning after December 15, 2009 (January 1, 2010 for the FHLBanks), except for the disclosures about purchases, sales, issuances, and settlements in the roll-forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 (January 1, 2011 for the FHLBanks), and for interim periods within those fiscal years. In the period of initial adoption, entities are not required to provide the amended disclosures for any previous periods presented for comparative purposes. Early adoption is permitted. The FHLBanks adopted this amended guidance as of January 1, 2010 with the exception of the required changes noted above related to the reconciliation of Level 3 fair values. Its adoption resulted in increased financial statement disclosures but did not have any effect on the FHLBanks' combined financial condition, combined results of operations or combined cash flows.

Accounting for the Consolidation of Variable Interest Entities. On June 12, 2009, the FASB issued guidance that is intended to improve financial reporting by enterprises involved with variable interest entities (VIEs) by providing 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 should 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. The FHLBanks adopted this guidance as of January 1, 2010. Its adoption has not had a material effect on the FHLBanks' combined financial condition, combined results of operations or combined cash flows.

Accounting for Transfers of Financial Assets. On June 12, 2009, the FASB issued guidance that 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 became 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. The FHLBanks adopted this guidance as of January 1, 2010. Its adoption has not had a material effect on the FHLBanks' combined financial condition, combined results of operations or combined cash flows.

Note 3—Trading Securities

Major Security Types. Trading securities were as follows (dollar amounts in millions):

	September 30, 2010 Fair Value	December 31, 2009 Fair Value
U.S. Treasury obligations	$ 6,586	$ 1,029
Commercial paper	810	2,590
Certificates of deposit and bank notes[1]	5,380	3,200
Government-sponsored enterprises[2]	7,066	9,452
State or local housing agency obligations	3	10
TLGP[3]	2,130	4,479
Other[4]	291	752
	22,266	21,512
Mortgage-backed securities:		
Other U.S. obligations residential MBS[5]	51	55
Government-sponsored enterprises residential MBS[6]	893	607
Government-sponsored enterprises commercial MBS[6]	242	73
Total mortgage-backed securities	1,186	735
Total	$23,452	$22,247

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

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

(3) Represents corporate debentures issued or guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP).

(4) Primarily consists of taxable municipal bonds.

(5) Primarily consists of securities issued or guaranteed by Government National Mortgage Association (Ginnie Mae).

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

Net realized and unrealized gains (losses) on trading securities during the periods noted below were as follows (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net unrealized gains (losses) on trading securities of securities held at period end	$81	$50	$234	$(22)
Net unrealized and realized (losses) gains on trading securities sold/matured during the period	(2)	(7)	31	(14)
Net gains (losses) on trading securities	$79	$43	$265	$(36)

Note 4—Available-for-Sale Securities

Major Security Types. Available-for-sale securities were as follows (dollar amounts in millions):

	September 30, 2010				
	Amortized Cost[1]	OTTI Recognized in AOCI[2]	Gross Unrealized Gains[3]	Gross Unrealized Losses	Fair Value
Certificates of deposit and bank notes[4]	$ 5,855	$	$	$	$ 5,855
Other U.S. obligations[5]	853		53		906
Government-sponsored enterprises and TVA[6]	10,199		380	(62)	10,517
TLGP[7]	10,441		32	(1)	10,472
FFELP ABS[8]	8,457		539	(21)	8,975
Other[9]	522		1	(45)	478
	36,327		1,005	(129)	37,203
Mortgage-backed securities:					
Other U.S. obligations residential MBS[5]	2,934		157		3,091
Government-sponsored enterprises residential MBS[10]	21,919		1,025	(4)	22,940
Government-sponsored enterprises commercial MBS[10]	310			(1)	309
Private-label residential MBS	8,651	(2,414)	1,050	(2)	7,285
Home equity loans	24	(13)	5		16
Total mortgage-backed securities	33,838	(2,427)	2,237	(7)	33,641
Total	$70,165	$(2,427)	$3,242	$(136)	$70,844

	December 31, 2009				
	Amortized Cost[1]	OTTI Recognized in AOCI[2]	Gross Unrealized Gains[3]	Gross Unrealized Losses	Fair Value
Certificates of deposit[4]	$ 9,270	$	$	$	$ 9,270
Other U.S. obligations[5]	752		10		762
Government-sponsored enterprises and TVA[6]	4,271		92	(53)	4,310
TLGP[7]	3,298		4	(3)	3,299
FFELP ABS[8]	8,790		534	(1)	9,323
Other[9]	432			(36)	396
	26,813		640	(93)	27,360
Mortgage-backed securities:					
Other U.S. obligations residential MBS[5]	1,579		44	(3)	1,620
Government-sponsored enterprises residential MBS[10]	17,533		102	(146)	17,489
Government-sponsored enterprises commercial MBS[10]	314			(4)	310
Private-label residential MBS	7,868	(2,762)	592	(3)	5,695
Home equity loans	27	(13)			14
Total mortgage-backed securities	27,321	(2,775)	738	(156)	25,128
Total	$54,134	$(2,775)	$1,378	$(249)	$52,488

(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) OTTI recognized in Accumulated Other Comprehensive Income (AOCI) does not include $1,053 million and $593 million in unrealized gains in fair value of previously impaired AFS securities at September 30, 2010 and December 31, 2009.

(3) Gross unrealized gains include $1,053 million and $593 million in unrealized gains in fair value of previously impaired AFS securities and $645 million and $83 million in hedging adjustments at September 30, 2010 and December 31, 2009.

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

(5) Other U.S. obligations primarily consist of securities issued or guaranteed by Ginnie Mae, Small Business Administration (SBA) and Export-Import Bank of the U.S. (Ex-Im Bank).

(6) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae, Federal Farm Credit Bank (FFCB), and Tennessee Valley Authority (TVA).

(7) Represents corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP.

(8) 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.

(9) Primarily consists of debentures issued by a supranational entity (Inter-American Development Bank).

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

During the three months ended September 30, 2010, the FHLBank of Atlanta elected to transfer all private-label RMBS that had credit-related other than temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS that had credit-related other than temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio. 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, 2010					
	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[6]
Government-sponsored enterprises and TVA[1]	$ 870	$ *	$ 373	$ (62)	$ 1,243	$ (62)
FFELP ABS	1,383	(21)			1,383	(21)
Other[2]	1,391	(1)	436	(44)	1,827	(45)[a]
Mortgage-backed securities:						
Government-sponsored enterprises residential MBS[3]	191	*	548	(4)	739	(4)
Government-sponsored enterprises commercial MBS[3]	53	*	230	(1)	283	(1)
Private-label residential MBS[4]			7,161	(1,368)	7,161	(1,368)
Home equity loans[4]			16	(8)	16	(8)
Total	$3,888	$(22)	$8,764	$(1,487)	$12,652	$(1,509)

	December 31, 2009					
	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[6]
Government-sponsored enterprises and TVA[1]	$ 1,798	$ (11)	$ 319	$ (42)	$ 2,117	$ (53)
FFELP ABS	1,703	(1)			1,703	(1)
Other[2]	1,582	(2)	381	(35)	1,963	(37)[a]
Mortgage-backed securities:						
Other U.S. Obligations residential MBS[5]	288	(3)			288	(3)
Government-sponsored enterprises residential MBS[3]	8,040	(102)	4,602	(44)	12,642	(146)
Government-sponsored enterprises commercial MBS[3]			254	(4)	254	(4)
Private-label residential MBS[4]			5,696	(2,173)	5,696	(2,173)
Home equity loans[4]			14	(13)	14	(13)
Total	$13,411	$(119)	$11,266	$(2,311)	$24,677	$(2,430)

* Represents amounts less than $1 million.

(a) Does not include $1 million and $2 million of unrealized losses in mutual funds in two grantor trusts designated as available-for-sale securities at September 30, 2010 and December 31, 2009.

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

(2) Primarily consists of debentures issued by Inter-American Development Bank and includes TLGP.

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

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

(5) Primarily consists of securities issued or guaranteed by Ginnie Mae.

(6) As a result of amended OTTI guidance, the total unrealized losses amount will not agree to the total gross unrealized losses amount included in the major security types table. The total unrealized losses amounts 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. FFELP ABS and mortgage-backed securities are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees (dollar amounts in millions).

	September 30, 2010		December 31, 2009	
Year of Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 7,331	$ 7,335	$ 9,343	$ 9,341
Due after one year through five years	16,511	16,615	4,972	4,964
Due after five years through ten years	2,456	2,759	2,506	2,599
Due after ten years	1,572	1,519	1,202	1,133
FFELP ABS	8,457	8,975	8,790	9,323
	36,327	37,203	26,813	27,360
Mortgage-backed securities	33,838	33,641	27,321	25,128
Total	$70,165	$70,844	$54,134	$52,488

At September 30, 2010 and December 31, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as available-for-sale included credit losses and OTTI-related accretion adjustments, and net purchased premiums of $1,078 million and $831 million.

Realized Gains and Losses. During the three months ended September 30, 2010 and 2009 the FHLBanks received $223 million and $1,875 million in proceeds from the sale of available-for-sale securities. During the same periods, the FHLBanks realized $9 million and $31 million in gross gains and less than $1 million in gross losses on the sale of available-for-sale securities.

During the nine months ended September 30, 2010 and 2009 the FHLBanks received $359 million and $3,298 million in proceeds from the sale of available-for-sale securities. During the same periods, the FHLBanks realized $9 million and $50 million in gross gains and less than $1 million and $43 million in gross losses on the sale of available-for-sale securities.

Note 5—Held-to-Maturity Securities

Major Security Types. Held-to-maturity securities were as follows (dollar amounts in millions):

	September 30, 2010					
	Amortized Cost[1]	OTTI Recognized in AOCI[2]	Carrying Value[2]	Gross Unrecognized Holding Gains[3]	Gross Unrecognized Holding Losses[3]	Fair Value
U.S. Treasury obligations	$ 28	$	$ 28	$	$	$ 28
Commercial paper	2,260		2,260			2,260
Certificates of deposit[4]	10,820		10,820			10,820
Other U.S. obligations[5]	558		558	9		567
Government-sponsored enterprises and TVA[6]	2,266		2,266	128	(1)	2,393
State or local housing agency obligations	2,612		2,612	24	(288)	2,348
TLGP[7]	2,369		2,369	7		2,376
Other	4		4			4
	20,917		20,917	168	(289)	20,796
Mortgage-backed securities:						
Other U.S. obligations residential MBS[5]	6,859		6,859	96	(2)	6,953
Other U.S. obligations commercial MBS[5]	54		54	2		56
Government-sponsored enterprises residential MBS[8]	74,701		74,701	2,547	(28)	77,220
Government-sponsored enterprises commercial MBS[8]	1,344		1,344	114		1,458
Private-label residential MBS	36,863	(4,979)	31,884	1,609	(1,661)	31,832
Private-label commercial MBS	201		201	5	(1)	205
Manufactured housing loans	202		202		(25)	177
Home equity loans	518	(96)	422	47	(46)	423
MPF Shared Funding Program mortgage-backed certificates	255		255	3	(2)	256
Total mortgage-backed securities	120,997	(5,075)	115,922	4,423	(1,765)	118,580
Total	$141,914	$(5,075)	$136,839	$4,591	$(2,054)	$139,376

	December 31, 2009					
	Amortized Cost[1]	OTTI Recognized in AOCI[2]	Carrying Value[2]	Gross Unrecognized Holding Gains[3]	Gross Unrecognized Holding Losses[3]	Fair Value
Commercial paper	$ 1,100	$	$ 1,100	$	$	$ 1,100
Certificates of deposit[4]	13,263		13,263	1		13,264
Other U.S. obligations[5]	474		474	6	(2)	478
Government-sponsored enterprises and TVA[6]	1,662		1,662	72	(6)	1,728
State or local housing agency obligations	2,789		2,789	25	(213)	2,601
TLGP[7]	2,373		2,373	8	(1)	2,380
Other	7		7			7
	21,668		21,668	112	(222)	21,558
Mortgage-backed securities:						
Other U.S. obligations residential MBS[5]	4,109		4,109	9	(15)	4,103
Other U.S. obligations commercial MBS[5]	55		55			55
Government-sponsored enterprises residential MBS[8]	78,536		78,536	2,141	(171)	80,506
Government-sponsored enterprises commercial MBS[8]	1,106		1,106	66		1,172
Private-label residential MBS	46,038	(5,742)	40,296	916	(4,322)	36,890
Private-label commercial MBS	284		284	4	(5)	283
Manufactured housing loans	224		224		(43)	181
Home equity loans	1,664	(407)	1,257	48	(158)	1,147
MPF Shared Funding Program mortgage-backed certificates	298		298	2	(4)	296
Total mortgage-backed securities	132,314	(6,149)	126,165	3,186	(4,718)	124,633
Total	$153,982	$(6,149)	$147,833	$3,298	$(4,940)	$146,191

(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 OTTI recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of the amended OTTI guidance).

(2) 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.

(3) Gross unrecognized holding gains (losses) represent the difference between fair value and carrying value.

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

(5) Primarily consists of securities issued or guaranteed by Ginnie Mae and/or SBA investment pools.

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

(7) Represents corporate debentures and/or promissory notes issued or guaranteed by FDIC under its TLGP.

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

During the three months ended September 30, 2010, the FHLBank of Atlanta elected to transfer all private-label RMBS that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio. 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, 2010.

	September 30, 2010					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Government-sponsored enterprises and TVA[2]	$ 899	$ (1)	$	$	$ 899	$ (1)
State or local housing agency obligations	183	(23)	1,183	(265)	1,366	(288)
Mortgage-backed securities:						
Other U.S. obligations residential MBS[3]	1,371	(2)	5	*	1,376	(2)
Government-sponsored enterprises residential MBS[4]	3,977	(11)	3,158	(17)	7,135	(28)
Private-label residential MBS[5]	136	(1)	26,139	(6,376)	26,275	(6,377)
Private-label commercial MBS			92	(1)	92	(1)
Manufactured housing loans			177	(25)	177	(25)
Home equity loans[5]			420	(95)	420	(95)
MPF Shared Funding Program mortgage-backed certificates	1	*	9	(2)	10	(2)
Total	$6,567	$(38)	$31,183	$(6,781)	$37,750	$(6,819)

	December 31, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Other U.S. obligations[3]	$ 58	$ (2)	$ 24	$ *	$ 82	$ (2)
Government-sponsored enterprises and TVA[2]	299	(6)			299	(6)
State or local housing agency obligations	295	(16)	1,084	(197)	1,379	(213)
Mortgage-backed securities:						
Other U.S. obligations residential MBS[3]	2,254	(15)	61	*	2,315	(15)
Government-sponsored enterprises residential MBS[4]	9,894	(67)	10,733	(104)	20,627	(171)
Private-label residential MBS[5]	817	(40)	34,864	(9,831)	35,681	(9,871)
Private-label commercial MBS			127	(5)	127	(5)
Manufactured housing loans			181	(43)	181	(43)
Home equity loans[5]	3	(1)	1,130	(546)	1,133	(547)
MPF Shared Funding Program mortgage-backed certificates	190	(2)	9	(2)	199	(4)
Total	$13,810	$(149)	$48,213	$(10,728)	$62,023	$(10,877)

* Represents amounts less than $1 million.

(1) Unrealized losses represent the difference between fair value and amortized cost. As a result of amended OTTI guidance, there are 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 major security types table as previously noted.

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

(3) Primarily consists of securities issued or guaranteed by Ginnie Mae and/or SBA investment pools.

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

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

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

	September 30, 2010			December 31, 2009		
Year of Maturity	Amortized Cost[1]	Carrying Value[1]	Fair Value	Amortized Cost[1]	Carrying Value[1]	Fair Value
Due in one year or less	$ 13,793	$ 13,793	$ 13,797	$ 15,022	$ 15,022	$ 15,027
Due after one year through five years	3,881	3,881	3,965	3,546	3,546	3,627
Due after five years through ten years	532	532	536	352	352	352
Due after ten years	2,711	2,711	2,498	2,748	2,748	2,552
	20,917	20,917	20,796	21,668	21,668	21,558
Mortgage-backed securities	120,997	115,922	118,580	132,314	126,165	124,633
Total	$141,914	$136,839	$139,376	$153,982	$147,833	$146,191

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

At September 30, 2010 and December 31, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as held-to-maturity included net purchased discounts, credit losses and OTTI-related accretion adjustments of $2,248 million and $2,038 million.

Realized Gains and Losses. Certain FHLBanks each sold securities out of its held-to-maturity securities portfolio during the nine months ended September 30, 2010 and 2009 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 maturities for purposes of security classification. These certain FHLBanks recognized $111 million and $2 million in proceeds from the sale of held-to-maturity securities during the three months ended September 30, 2010 and 2009 and realized a gain of $2 million and less than $1 million from the sale of held-to-maturity securities during the three months ended September 30, 2010 and 2009.

During the nine months ended September 30, 2010 and 2009, certain FHLBanks recognized $325 million and $266 million in proceeds from the sale of held-to-maturity securities and these certain FHLBanks realized a gain of $8 million and $6 million from the sale of held-to-maturity 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 issuers' creditworthiness or changes in regulatory requirements, is not considered to be inconsistent with its original classification. Other events that are isolated, nonrecurring, and unusual for the FHLBanks 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.

Note 6—Other-Than-Temporary-Impairment Analysis

Each FHLBank evaluates its individual available-for-sale and held-to-maturity investment securities 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 the FHLBank will be required to sell the security before its anticipated recovery. If either of these conditions is met, the 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 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.

The declines in market value of certain investment securities are not attributable to credit quality and do not require an OTTI charge if an FHLBank does not intend to sell these securities and it is not more likely than not that an FHLBank will be required to sell these securities before recovery of their amortized cost bases. As a result, the FHLBank does not consider any of the following investments to be other-than-temporarily impaired at September 30, 2010:

- *State or local housing agency obligations.* Certain FHLBanks invest in state or local government bonds. Each of these FHLBanks has determined that, as of September 30, 2010, all of the gross unrealized losses on these bonds are temporary because the strength of the underlying collateral and credit enhancements is sufficient to protect that FHLBank from losses based on current expectations.

- *Debentures issued by a supranational entity.* Debentures issued by a supranational entity that were in an unrealized loss position as of September 30, 2010 are expected to return contractual principal and interest, and such supranational entity is rated triple-A by each of the three Nationally Recognized Statistical Rating Organizations (NRSROs) used by the affected FHLBank. The decline in market value of these securities is largely attributable to illiquidity in the credit markets and not to deterioration in the fundamental credit quality of these securities.

- *Other U.S. obligations, GSE, FFELP ABS and TLGP investments.* For other U.S. obligations MBS, non-MBS and MBS GSE, FFELP ABS and TLGP investments, each FHLBank, as applicable, 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 of these FHLBanks has determined that, as of September 30, 2010, all of the gross unrealized losses on its other U.S. obligations, GSE, FFELP ABS and TLGP investments are temporary.

- *MPF shared funding program.* For its MPF shared funding program in an unrealized loss position, the affected FHLBanks determined that credit enhancements resulting from subordination were sufficient to protect the FHLBanks from losses based on current expectations. As a result, each of the applicable FHLBanks determined that, as of September 30, 2010, all of the gross unrealized losses on its MPF shared funding program are temporary.

- *Private-label commercial MBS (CMBS).* Based upon each FHLBank's assessment of the creditworthiness of the issuers of its private-label 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.

To ensure consistency in determination of the OTTI for private-label RMBS and certain home equity loan investments (including home equity asset-backed securities) among all FHLBanks, the FHLBanks enhanced their overall OTTI process in 2009 and established a formal process by which the FHLBanks can provide input on and approve key OTTI modeling assumptions used for purposes of their cash flow analyses for the majority of these securities. Most of the FHLBanks select all of their private-label RMBS and certain home equity loan investments to be run using the FHLBanks' common framework and approved assumptions for purposes of OTTI cash flow analysis.

For certain private-label RMBS and home equity loan investments where underlying collateral data is not available, alternative procedures as determined by each FHLBank that owns such investments are used to assess these securities for OTTI.

Each FHLBank's evaluation includes estimating projected cash flows that the FHLBank is likely to collect based on an assessment of all available information about the applicable security on an individual basis, the structure of the security and certain assumptions as determined by the FHLBanks, such as the remaining payment terms for the security, prepayment speeds, default rates, loss severity on the collateral supporting each FHLBank's security based on underlying loan-level borrower and loan characteristics, expected housing price changes, and interest-rate assumptions, to determine whether the FHLBank will recover the entire amortized cost basis of the security. In performing a detailed cash flow analysis, each FHLBank identifies the best estimate of the cash flows expected to be collected. If this estimate results in a present value of expected cash flows (discounted at the security's effective yield) that is less than the amortized cost basis of a security (that is, a credit loss exists), an OTTI is considered to have occurred.

Each FHLBank performed a cash flow analysis using two third-party models to assess whether the entire amortized cost basis of its private-label RMBS securities will be recovered.

The first third-party 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 10 percent over the 3- to 9-month period beginning July 1, 2010. Thereafter, home prices are projected to remain flat in the first year, and to increase 1 percent in the second year, 3 percent in the third year, 4 percent in the fourth year, 5 percent in the fifth year, 6 percent in the sixth 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. The scenario of cash flows determined based on the 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.

At quarter end, each FHLBank compares the present value of the cash flows expected to be collected with respect to its private-label RMBS to the amortized cost basis of the security to determine whether a credit loss exists. For the FHLBank's variable rate and hybrid private-label RMBS, the FHLBank uses a forward interest rate curve to project the future estimated cash flows. The FHLBank then uses the effective interest rate for the security prior to impairment to determine the present value of the future estimated cash flows. For securities previously identified as other-than-temporarily impaired, the FHLBank updates its estimate of future estimated cash flows on a quarterly basis.

As a result of each FHLBank's evaluations, at September 30, 2010, the FHLBanks of Boston, New York, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized OTTI credit losses related to an aggregate amount of $10,114 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 $3,117 million of unpaid principal balance related to available-for-sale securities, including those transferred from held-to-maturity securities during the three

months ended September 30, 2010, were other-than-temporarily impaired at September 30, 2010. Each of these FHLBanks determined that it would not likely recover the entire amortized cost of each of these securities owned by it.

Despite the slower pace of decline in certain factors such as home prices, which affected the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, an additional impairment related to credit loss and all other factors (noncredit losses) were recorded in the three months ended September 30, 2010 on held-to-maturity and available-for-sale private-label MBS, reflecting an increase in projected losses on the collateral underlying these investments. 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 $178 million and $906 million during the three and nine months ended September 30, 2010 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 net amount of impairment losses reclassified (from)/to accumulated other comprehensive loss of $(19) million and $125 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, 2010, the FHLBanks accreted $1,102 million of noncredit impairment from AOCI to the carrying value of held-to-maturity securities. For certain other-than-temporarily impaired securities that were previously impaired and have subsequently incurred $835 million of additional credit losses during the nine months ended September 30, 2010, the additional credit losses, up to the amount in AOCI, were reclassified out of noncredit losses in AOCI and charged to earnings.

For securities where OTTI occurred during the three months ended September 30, 2010, the following tables present the significant inputs used to measure the amount of credit loss recognized in earnings during this period as well as related current credit enhancement for each applicable FHLBank. 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.

FHLBank of Boston

	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 %
Alt-A								
2007	5.8	2.9 - 13.1	81.9	47.4 - 91.6	51.7	46.6 - 56.3	13.4	0.0 - 47.4
2006	7.6	4.1 - 9.9	73.8	60.2 - 86.8	52.0	46.4 - 55.1	10.6	0.0 - 45.3
2005	10.2	8.8 - 10.9	56.6	48.8 - 72.3	46.6	37.5 - 52.9	22.8	11.4 - 47.6
2004 and prior	8.3	8.3	63.7	63.7	46.9	46.9	40.5	40.5
Total Alt-A	7.5	2.9 - 13.1	73.3	47.4 - 91.6	50.8	37.5 - 56.3	14.2	0.0 - 47.6
Total OTTI Private-label RMBS	7.5	2.9 - 13.1	73.3	47.4 - 91.6	50.8	37.5 - 56.3	14.2	0.0 - 47.6

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments[1]					
	Prepayment Rates		Default Rates		Loss Severities	
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Subprime						
2004 and prior	12.7	12.7	34.9	34.9	91.4	91.4
Total Subprime	12.7	12.7	34.9	34.9	91.4	91.4
Total OTTI Home equity loan investments	12.7	12.7	34.9	34.9	91.4	91.4

FHLBank of New York

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments[1]					
	Prepayment Rates		Default Rates		Loss Severities	
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Subprime						
2004 and prior	2.3	2.0 - 3.0	6.3	5.8 - 6.5	100.0	100.0
Total Subprime	2.3	2.0 - 3.0	6.3	5.8 - 6.5	100.0	100.0
Total OTTI Home equity loan investments	2.3	2.0 - 3.0	6.3	5.8 - 6.5	100.0	100.0

FHLBank of Pittsburgh

Year of Securitization	Significant Inputs for OTTI Private-label RMBS						Current Credit Enhancement	
	Prepayment Rates		Default Rates		Loss Severities			
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Prime								
2006	9.7	9.7	17.4	17.4	36.2	36.2	3.4	3.4
2005	7.4	7.2 - 8.8	7.8	7.1 - 14.2	34.5	34.1 - 38.2	4.7	4.6 - 5.6
Total prime	8.4	7.2 - 9.7	11.9	7.1 - 17.4	35.2	34.1 - 38.2	4.1	3.4 - 5.6
Alt-A								
2007	9.5	8.9 - 11.9	59.5	51.8 - 61.4	48.0	48.0 - 48.2	1.7	0.0 - 8.8
2006	12.8	11.1 - 15.6	43.2	34.8 - 51.0	45.5	38.2 - 54.1	5.6	2.6 - 7.9
2005	8.1	8.1	36.5	36.5	51.6	51.6	4.8	4.8
Total Alt-A	11.8	8.1 - 15.6	47.8	34.8 - 61.4	46.3	38.2 - 54.1	4.5	0.0 - 8.8
Subprime								
2004 and prior	10.3	10.3	19.3	19.3	81.0	81.0	14.8	14.8
Total Subprime	10.3	10.3	19.3	19.3	81.0	81.0	14.8	14.8
Total OTTI Private-label RMBS	11.0	7.2 - 15.6	39.8	7.1 - 61.4	43.9	34.1 - 81.0	4.4	0.0 - 14.8

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments[1]					
	Prepayment Rates		Default Rates		Loss Severities	
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Alt-A						
2004 and prior	10.3	8.9 - 14.5	4.9	0.9 - 6.5	100.0	100.0
Total Alt-A	10.3	8.9 - 14.5	4.9	0.9 - 6.5	100.0	100.0
Total OTTI Home equity loan investments	10.3	8.9 - 14.5	4.9	0.9 - 6.5	100.0	100.0

FHLBank of Atlanta

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2006	5.9	5.9	20.9	20.9	40.0	40.0	6.6	6.6
2005	9.3	7.9 - 11.1	21.7	5.9 - 34.2	36.6	32.9 - 38.9	7.9	4.4 - 10.4
Total prime	8.9	5.9 - 11.1	21.6	5.9 - 34.2	37.0	32.9 - 40.0	7.8	4.4 - 10.4
Alt-A								
2007	10.0	9.9 - 10.4	61.9	60.6 - 64.8	48.2	48.0 - 48.5	15.2	9.8 - 17.8
2006	9.7	9.3 - 10.3	58.9	56.1 - 61.6	48.6	47.1 - 51.3	10.4	10.0 - 10.9
2005	13.2	13.2	25.4	25.4	42.3	42.3	3.9	3.9
Total Alt-A	10.7	9.3 - 13.2	52.6	25.4 - 64.8	47.0	42.3 - 51.3	11.1	3.9 - 17.8
Total OTTI Private-label RMBS	10.2	5.9 - 13.2	45.3	5.9 - 64.8	44.6	32.9 - 51.3	10.3	3.9 - 17.8

FHLBank of Indianapolis

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2005	9.7	8.3 - 10.1	37.8	35.6 - 45.3	37.2	35.6 - 42.6	9.3	5.8 - 10.4
Total prime	9.7	8.3 - 10.1	37.8	35.6 - 45.3	37.2	35.6 - 42.6	9.3	5.8 - 10.4
Alt-A								
2006	17.0	17.0	22.8	22.8	41.3	41.3	4.5	4.5
Total Alt-A	17.0	17.0	22.8	22.8	41.3	41.3	4.5	4.5
Total OTTI Private-label RMBS	10.8	8.3 - 17.0	35.5	22.8 - 45.3	37.8	35.6 - 42.6	8.6	4.5 - 10.4

FHLBank of Chicago

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range[2] %
Prime								
2006	9.1	9.1	37.8	37.8	43.9	43.9	16.8	16.8
2004 and prior	13.0	13.0	3.6	3.6	28.3	28.3	9.5	9.5
Total prime	9.4	9.1 - 13.0	35.3	3.6 - 37.8	42.7	28.3 - 43.9	16.2	9.5 - 16.8
Alt-A								
2006	10.2	5.6 - 14.5	58.0	41.2 - 73.3	46.9	44.2 - 54.7	9.6	0.0 - 18.4
Total Alt-A	10.2	5.6 - 14.5	58.0	41.2 - 73.3	46.9	44.2 - 54.7	9.6	0.0 - 18.4
Subprime								
2006	5.2	3.0 - 6.0	81.6	77.3 - 91.7	71.3	67.2 - 78.6	23.5	(8.2) - 46.3
2005	4.2	4.1 - 4.6	84.2	81.0 - 85.4	69.4	65.5 - 70.9	26.4	16.8 - 30.0
2004 and prior	13.6	13.6	26.7	26.7	75.1	75.1	78.9	78.9
Total Subprime	5.2	3.0 - 13.6	81.6	26.7 - 91.7	71.3	65.5 - 78.6	23.6	(8.2) - 78.9
Total OTTI Private-label RMBS	7.3	3.0 - 14.5	71.0	3.6 - 91.7	60.7	28.3 - 78.6	17.7	(8.2) - 78.9

FHLBank of Dallas

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Alt-A								
2006	14.3	14.3	34.9	34.9	46.6	46.6	8.0	8.0
2005	9.7	9.7	56.2	56.2	37.5	37.5	26.8	26.8
Total Alt-A	12.9	9.7 - 14.3	41.4	34.9 - 56.2	43.9	37.5 - 46.6	13.7	8.0 - 26.8
Total OTTI Private-label RMBS	12.9	9.7 - 14.3	41.4	34.9 - 56.2	43.9	37.5 - 46.6	13.7	8.0 - 26.8

FHLBank of Topeka

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Alt-A								
2005	13.9	13.9	12.9	12.9	38.9	38.9	3.5	3.5
Total Alt-A	13.9	13.9	12.9	12.9	38.9	38.9	3.5	3.5
Total OTTI Private-label RMBS	13.9	13.9	12.9	12.9	38.9	38.9	3.5	3.5

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments[1]: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %
Subprime						
2004 and prior	2.5	1.7 - 4.2	8.5	6.5 - 11.3	85.5	81.4 - 96.4
Total Subprime	2.5	1.7 - 4.2	8.5	6.5 - 11.3	85.5	81.4 - 96.4
Total OTTI Home equity loan investments	2.5	1.7 - 4.2	8.5	6.5 - 11.3	85.5	81.4 - 96.4

FHLBank of San Francisco

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2005	5.1	5.1	28.2	28.2	31.4	31.4	17.1	17.1
Total prime	5.1	5.1	28.2	28.2	31.4	31.4	17.1	17.1
Alt-A								
2007	8.8	4.7 - 15.4	64.9	23.9 - 87.7	48.0	41.2 - 59.2	28.7	8.9 - 46.6
2006	12.9	6.5 - 15.2	45.1	27.1 - 80.0	47.7	40.7 - 52.6	22.9	8.6 - 34.1
2005	12.9	6.9 - 16.8	34.4	13.5 - 74.5	44.5	31.3 - 57.7	15.0	6.4 - 28.2
Total Alt-A	11.0	4.7 - 16.8	50.5	13.5 - 87.7	46.8	31.3 - 59.2	22.8	6.4 - 46.6
Total OTTI Private-label RMBS	11.0	4.7 - 16.8	50.4	13.5 - 87.7	46.7	31.3 - 59.2	22.8	6.4 - 46.6

FHLBank of Seattle

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Alt-A								
2008	9.2	8.2 - 10.4	57.6	51.8 - 63.0	47.4	45.0 - 50.5	36.9	27.5 - 41.8
2007	7.1	4.2 - 15.7	78.9	35.6 - 89.7	52.3	44.7 - 59.5	35.6	5.7 - 44.7
2006	5.2	3.6 - 6.4	86.0	76.7 - 90.1	52.9	44.4 - 61.6	41.4	35.8 - 47.2
2005	8.0	6.6 - 10.4	69.7	49.4 - 78.4	46.3	32.6 - 54.0	29.9	0.0 - 49.7
Total Alt-A	6.8	3.6 - 15.7	78.4	35.6 - 90.1	51.7	32.6 - 61.6	37.3	0.0 - 49.7
Total OTTI Private-label RMBS	6.8	3.6 - 15.7	78.4	35.6 - 90.1	51.7	32.6 - 61.6	37.3	0.0 - 49.7

(1) 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. See discussion below related to third-party bond insurers.

(2) A negative current credit enhancement exists when the remaining principal balance on the supporting collateral is less than the remaining principal balance of the security.

Certain private-label MBS owned by the FHLBanks are insured by five third-party bond insurers ("monoline insurers"). The FHLBanks performed analyses to assess the financial strength of these monoline insurers to establish an expected case regarding the time horizon of the bond insurers' ability to fulfill their financial obligations and provide credit support. The projected time horizon of credit protection provided by an insurer is a function of claims paying resources and anticipated claims in the future. This assumption is referred to as the "burn-out period" and is expressed in months. Of the five monoline insurers, the financial guarantees from Assured Guaranty Municipal Corp. are considered sufficient to cover all future claims and are, therefore, excluded from the burn-out analysis discussed above. Conversely, the key burn-out period for three of the monoline insurers, Syncora Guarantee Inc. (Syncora), Financial Guarantee Insurance Corp. and Ambac Assurance Corp. (Ambac), are not considered applicable due to regulatory intervention that has suspended all claims payments to effectively zero. For the remaining monoline insurer, MBIA Insurance Corp. (MBIA), the FHLBanks have established a 9-month burn-out period ending June 2011. Five securities guaranteed by MBIA were determined to have an other-than-temporary impairment credit loss due to expected losses beyond the burn-out period.

During the three months ended September 30, 2010 the FHLBank of Atlanta elected to transfer from its held-to-maturity portfolio to its available-for-sale portfolio all private-label RMBS that had credit-related other-than-temporary impairment recorded in the current quarter, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio that had credit-related other-than-temporary impairment recorded in the current quarter. Each of these FHLBanks recognized an OTTI credit loss on these private-label RMBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuers' creditworthiness. The decline in the issuers' creditworthiness is the basis for the transfers to available-for-sale securities. These transfers 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, while recognizing 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. The unpaid principal balance of the private-label RMBS transferred by the FHLBanks from their respective held-to maturity portfolio to available-for-sale portfolio that had OTTI credit losses during the three month ended September 30, 2010 was as follows (dollar amounts in millions):

	Unpaid Principal Balance
FHLBank of Atlanta	$ 84
FHLBank of Seattle	206

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 issuers' 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 and held-to-maturity 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.

Each of the following FHLBanks recognized an OTTI charge on its held-to-maturity and/or available-for-sale securities during the three months ended September 30, 2010 based on each individual FHLBank's impairment analysis of its investment portfolio at September 30, 2010, as follows (dollar amounts in millions).

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Total							
Private-label RMBS:							
Prime	$ 1,721	$1,521	$1,033	$1,235	$1,053	$ 931	$ 851
Alt-A	7,418	6,816	4,582	5,036	2,035	1,765	1,261
Subprime	923	641	445	500	3	2	1
Total OTTI Private-label RMBS	10,062	8,978	6,060	6,771	3,091	2,698	2,113
Home equity loan investments:							
Alt-A					26	21	14
Subprime	52	37	24	25			
Total OTTI Home equity loan investments	52	37	24	25	26	21	14
Total OTTI investments	$10,114	$9,015	$6,084	$6,796	$3,117	$2,719	$2,127
FHLBank of Boston							
Private-label RMBS:							
Prime	$ 9	$ 8	$ 4	$ 5			
Alt-A	706	536	341	367			
Total OTTI Private-label RMBS	715	544	345	372			
Home equity loan investments							
Subprime	1	1	1	1			
Total OTTI Home equity loan investments	1	1	1	1			
Total OTTI investments	$ 716	$ 545	$ 346	$ 373			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of New York							
Home equity loan investments:							
Subprime	$ 48	$ 34	$ 22	$ 23			
Total OTTI Home equity loan investments	48	34	22	23			
Total OTTI investments	$ 48	$ 34	$ 22	$ 23			
FHLBank of Pittsburgh							
Private-label RMBS:							
Prime					$ 185	$ 178	$ 167
Alt-A					626	518	438
Subprime					3	2	1
Total OTTI Private-label RMBS					814	698	606
Home equity loan investments:							
Alt-A					26	21	14
Total OTTI Home equity loan investments					26	21	14
Total OTTI investments					$ 840	$ 719	$ 620
FHLBank of Atlanta							
Private-label RMBS:							
Prime					$ 868	$ 753	$ 684
Alt-A					183	170	102
Total OTTI Private-label RMBS					1,051	923	786
Total OTTI investments					$1,051	$ 923	$ 786
FHLBank of Indianapolis							
Private-label RMBS:							
Prime	$ 221	$ 209	$ 167	$ 186			
Total OTTI Private-label RMBS	221	209	167	186			
Total OTTI investments	$ 221	$ 209	$ 167	$ 186			
FHLBank of Chicago							
Private-label RMBS:							
Prime	$ 605	$ 504	$ 351	$ 432	$	$	$
Alt-A					92	67	42
Subprime	923	641	445	500			
Total OTTI Private-label RMBS	1,528	1,145	796	932	92	67	42
Total OTTI investments	$ 1,528	$1,145	$ 796	$ 932	$ 92	$ 67	$ 42
FHLBank of Dallas							
Private-label RMBS:							
Prime	$ 60	$ 56	$ 38	$ 44			
Total OTTI Private-label RMBS	60	56	38	44			
Total OTTI investments	$ 60	$ 56	$ 38	$ 44			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Topeka							
Private-label RMBS:							
Alt-A	$ 32	$ 32	$ 17	$ 17			
Total OTTI Private-label RMBS	32	32	17	17			
Home equity loan investments:							
Subprime	3	2	1	1			
Total OTTI Home equity loan investments	3	2	1	1			
Total OTTI investments	$ 35	$ 34	$ 18	$ 18			
FHLBank of San Francisco							
Private-label RMBS:							
Prime	$ 826	$ 744	$ 473	$ 568			
Alt-A	6,386	5,955	4,062	4,485			
Total OTTI Private-label RMBS	7,212	6,699	4,535	5,053			
Total OTTI investments	$ 7,212	$6,699	$4,535	$5,053			
FHLBank of Seattle							
Private-label RMBS:							
Alt-A	$ 294	$ 293	$ 162	$ 167	$1,134	$1,010	$ 679
Total OTTI Private-label RMBS	294	293	162	167	1,134	1,010	679
Total OTTI investments	$ 294	$ 293	$ 162	$ 167	$1,134	$1,010	$ 679

(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.

Each of the following FHLBanks recognized an OTTI charge on its held-to-maturity and/or available-for-sale securities during the life of the security through September 30, 2010 based on each individual FHLBank's impairment analysis of its investment portfolio as follows (dollar amounts in millions). Life of the security represents securities impaired prior to and at September 30, 2010.

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Total							
Private-label RMBS:							
Prime	$ 4,766	$ 4,222	$ 3,083	$ 3,695	$5,624	$ 5,070	$ 4,672
Alt-A	12,755	11,436	7,795	8,639	4,237	3,570	2,605
Subprime	993	702	502	563	3	2	1
Total OTTI Private-label RMBS	18,514	16,360	11,380	12,897	9,864	8,642	7,278
Home equity loan investments:							
Alt-A					30	23	16
Subprime	293	262	166	212			
Total OTTI Home equity loan investments	293	262	166	212	30	23	16
Total OTTI investments	$18,807	$ 16,622	$ 11,546	$ 13,109	$9,894	$ 8,665	$ 7,294
Total MBS[2]		$120,997	$115,922	$118,580		$33,838	$33,641
Total investment securities[2]		$141,914	$136,839	$139,376		$70,165	$70,844
FHLBank of Boston							
Private-label RMBS:							
Prime	$ 90	$ 83	$ 56	$ 64			
Alt-A	2,269	1,775	1,106	1,208			
Total OTTI Private-label RMBS	2,359	1,858	1,162	1,272			
Home equity loan investments:							
Subprime	3	2	1	2			
Total OTTI Home equity loan investments	3	2	1	2			
Total OTTI investments	$ 2,362	$ 1,860	$ 1,163	$ 1,274			
Total MBS		$ 6,988	$ 6,292	$ 6,464			
Total investment securities		$ 7,323	$ 6,627	$ 6,756			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of New York							
Private-label RMBS:							
Subprime	$ 45	$ 44	$ 42	$ 43			
Total OTTI Private-label RMBS	45	44	42	43			
Home equity loan investments:							
Subprime	285	257	163	208			
Total OTTI Home equity loan investments	285	257	163	208			
Total OTTI investments	$ 330	$ 301	$ 205	$ 251			
Total MBS		$ 7,577	$ 7,481	$ 7,733			
Total investment securities		$ 8,317	$ 8,221	$ 8,390			
FHLBank of Pittsburgh							
Private-label RMBS:							
Prime					$1,673	$ 1,542	$ 1,457
Alt-A					1,233	1,058	894
Subprime					3	2	1
Total OTTI Private-label RMBS					2,909	2,602	2,352
Home equity loan investments:							
Alt-A					30	23	16
Total OTTI Home equity loan investments					30	23	16
Total OTTI investments					$2,939	$ 2,625	$ 2,368
Total MBS						$ 2,631	$ 2,372
Total investment securities						$ 2,633	$ 2,374
FHLBank of Atlanta							
Private-label RMBS:							
Prime					$3,951	$ 3,528	$ 3,215
Alt-A					453	404	271
Total OTTI Private-label RMBS					4,404	3,932	3,486
Total OTTI investments					$4,404	$ 3,932	$ 3,486
Total MBS						$ 3,932	$ 3,486
Total investment securities						$ 3,932	$ 3,486

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Indianapolis							
Private-label RMBS:							
Prime	$ 1,299	$ 1,164	$ 933	$ 1,079			
Alt-A	59	53	46	48			
Total OTTI Private-label RMBS	1,358	1,217	979	1,127			
Total OTTI investments	$ 1,358	$ 1,217	$ 979	$ 1,127			
Total MBS		$ 7,018	$ 6,780	$ 7,054			
Total investment securities		$ 9,379	$ 9,141	$ 9,421			
FHLBank of Chicago							
Private-label RMBS:							
Prime	$ 1,900	$ 1,606	$ 1,124	$ 1,421	$	$	$
Alt-A					156	112	74
Subprime	948	658	460	520			
Total OTTI Private-label RMBS	2,848	2,264	1,584	1,941	156	112	74
Total OTTI investments	$ 2,848	$ 2,264	$ 1,584	$ 1,941	$ 156	$ 112	$ 74
Total MBS		$ 11,861	$ 11,181	$ 12,035		$14,631	$15,635
Total investment securities		$ 12,742	$ 12,062	$ 12,949		$24,159	$25,739
FHLBank of Dallas							
Private-label RMBS:							
Prime	$ 114	$ 110	$ 68	$ 77			
Alt-A	38	36	20	23			
Total OTTI Private-label RMBS	152	146	88	100			
Total OTTI investments	$ 152	$ 146	$ 88	$ 100			
Total MBS		$ 9,325	$ 9,267	$ 9,359			
Total investment securities		$ 9,378	$ 9,320	$ 9,412			
FHLBank of Topeka							
Private-label RMBS:							
Prime	$ 19	$ 19	$ 17	$ 18			
Alt-A	43	40	22	22			
Total OTTI Private-label RMBS	62	59	39	40			
Home equity loan investments:							
Subprime	5	3	2	2			
Total OTTI Home equity loan investments	5	3	2	2			
Total OTTI investments	$ 67	$ 62	$ 41	$ 42			
Total MBS		$ 7,411	$ 7,390	$ 7,367			
Total investment securities		$ 7,513	$ 7,492	$ 7,459			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	September 30, 2010[1]						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of San Francisco							
Private-label RMBS:							
Prime	$ 1,344	$ 1,240	$ 885	$ 1,036			
Alt-A	10,025	9,213	6,423	7,156			
Total OTTI Private-label RMBS	11,369	10,453	7,308	8,192			
Total OTTI investments	$11,369	$ 10,453	$ 7,308	$ 8,192			
Total MBS		$ 25,953	$ 22,808	$ 23,249			
Total investment securities		$ 33,372	$ 30,227	$ 30,559			
FHLBank of Seattle							
Private-label RMBS:							
Alt-A	$ 321	$ 319	$ 178	$ 182	$2,395	$ 1,996	$ 1,366
Total OTTI Private-label RMBS	321	319	178	182	2,395	1,996	1,366
Total OTTI investments	$ 321	$ 319	$ 178	$ 182	$2,395	$ 1,996	$ 1,366
Total MBS		$ 5,095	$ 4,954	$ 4,845		$ 1,996	$ 1,366
Total investment securities		$ 7,197	$ 7,056	$ 6,993		$12,385	$11,779

(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.

(2) Represents the FHLBanks' combined total.

Each of the following FHLBanks recognized credit and noncredit OTTI losses on its securities for the three and nine months ended September 30, 2010 (dollar amounts in millions).

	Three Months Ended September 30, 2010[1]			Nine Months Ended September 30, 2010[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	$ (27)	$ 22	$ (5)	$(402)	$ 86	$ (316)
Alt-A	(77)	(74)	(151)	(411)	(264)	(675)
Subprime	(70)	68	(2)	(83)	48	(35)
Total OTTI Private-label RMBS	(174)	16	(158)	(896)	(130)	(1,026)
Home equity loan investments:						
Alt-A	(1)	1		(1)	1	
Subprime	(3)	2	(1)	(9)	4	(5)
Total OTTI Home equity loan investments	(4)	3	(1)	(10)	5	(5)
Total	$(178)	$ 19	$(159)	$(906)	$(125)	$(1,031)

	Three Months Ended September 30, 2010[1]			Nine Months Ended September 30, 2010[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 Boston						
Private-label RMBS:						
Prime	$ *	$ *	$	$ (2)	$ 2	$
Alt-A	(6)	4	(2)	(57)	16	(41)
Total OTTI Private-label RMBS	(6)	4	(2)	(59)	18	(41)
Home equity loan investments:						
Subprime	*	*		*	*	
Total OTTI Home equity loan investments	*	*		*	*	
Total	$ (6)	$ 4	$ (2)	$ (59)	$ 18	$ (41)
FHLBank of New York						
Home equity loan investments:						
Subprime	$ (3)	$ 2	$ (1)	$ (8)	$ 3	$ (5)
Total OTTI Home equity loan investments	(3)	2	(1)	(8)	3	(5)
Total	$ (3)	$ 2	$ (1)	$ (8)	$ 3	$ (5)
FHLBank of Pittsburgh						
Private-label RMBS:						
Prime	$ *	$ *	$	$(107)	$ 85	$ (22)
Alt-A	(6)	6		(37)	37	
Subprime	*	*		(1)		(1)
Total OTTI Private-label RMBS	(6)	6		(145)	122	(23)
Home equity loan investments:						
Alt-A	(1)	1		(1)	1	
Total OTTI Home equity loan investments	(1)	1		(1)	1	
Total	$ (7)	$ 7	$	$(146)	$ 123	$ (23)
FHLBank of Atlanta						
Private-label RMBS:						
Prime	$ (12)	$ 7	$ (5)	$(122)	$ (76)	$ (198)
Alt-A	(2)	2		(10)	8	(2)
Total OTTI Private-label RMBS	(14)	9	(5)	(132)	(68)	(200)
Total	$ (14)	$ 9	$ (5)	$(132)	$ (68)	$ (200)

	Three Months Ended September 30, 2010[1]			Nine Months Ended September 30, 2010[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 Indianapolis						
Private-label RMBS:						
Prime	$ *	$ *	$	$ (66)	$ 45	$ (21)
Alt-A				(2)	1	(1)
Total OTTI Private-label RMBS	*	*		(68)	46	(22)
Total	$ *	$ *	$	$ (68)	$ 46	$ (22)
FHLBank of Chicago						
Private-label RMBS:						
Prime	$ (5)	$ 5	$	$ (59)	$ 54	$ (5)
Alt-A	(1)	1		(6)	6	
Subprime	(70)	68	(2)	(82)	48	(34)
Total OTTI Private-label RMBS	(76)	74	(2)	(147)	108	(39)
Total	$ (76)	$ 74	$ (2)	$(147)	$ 108	$ (39)
FHLBank of Dallas						
Private-label RMBS:						
Prime	$ *	$ *	$	$ (2)	$ (5)	$ (7)
Alt-A				*	*	
Total OTTI Private-label RMBS	*	*		(2)	(5)	(7)
Total	$ *	$ *	$	$ (2)	$ (5)	$ (7)
FHLBank of Topeka						
Private-label RMBS:						
Prime	$	$	$	$ *	$ *	$
Alt-A	*	*		(3)	(15)	(18)
Total OTTI Private-label RMBS	*	*		(3)	(15)	(18)
Home equity loan investments:						
Subprime	*	*		(1)	1	
Total OTTI Home equity loan investments	*	*		(1)	1	
Total	$ *	$ *	$	$ (4)	$ (14)	$ (18)

	Three Months Ended September 30, 2010[1]			Nine Months Ended September 30, 2010[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 San Francisco						
Private-label RMBS:						
Prime	$ (10)	$ 10	$	$ (44)	$ (19)	$ (63)
Alt-A	(46)	(41)	(87)	(214)	(192)	(406)
Total OTTI Private-label RMBS	(56)	(31)	(87)	(258)	(211)	(469)
Total	$ (56)	$(31)	$ (87)	$(258)	$(211)	$ (469)
FHLBank of Seattle						
Private-label RMBS:						
Alt-A	$ (16)	$(46)	$ (62)	$ (82)	$(125)	$ (207)
Total OTTI Private-label RMBS	(16)	(46)	(62)	(82)	(125)	(207)
Total	$ (16)	$(46)	$ (62)	$ (82)	$(125)	$ (207)

* 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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Balance, at beginning of period	$3,272	$1,084	$2,555	$ 131[a]
Additions:				
Credit losses for which OTTI was not previously recognized		61	69	1,371
Additional OTTI credit losses for which an OTTI charge was previously recognized[1]	178	981	837	624
Reductions:				
Securities sold, matured, paid down or prepaid during the period	(83)	(3)	(92)	(3)
Increases in cash flows expected to be collected, recognized over the remaining life of the securities	(2)		(4)	
Balance, at end of the period	$3,365	$2,123	$3,365	$2,123

(a) 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.

(1) For the three months ended September 30, 2010 and 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, 2010 and 2009. For the nine months ended September 30, 2010 and 2009, "Additional OTTI credit losses for which an OTTI change was previously recognized" relates to all securities that were also previously impaired prior to January 1, 2010 and 2009.

Note 7—Advances

Redemption Terms. At September 30, 2010 and December 31, 2009, the FHLBanks had advances outstanding, as summarized below (dollar amounts in millions).

	September 30, 2010		December 31, 2009	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 17		$ 18	
Due in 1 year or less	161,673	2.03%	229,407	2.09%
Due after 1 year through 2 years	72,086	2.71%	99,684	2.73%
Due after 2 years through 3 years	67,153	2.44%	72,387	2.95%
Due after 3 years through 4 years	29,923	3.00%	60,363	2.41%
Due after 4 years through 5 years	28,853	2.93%	22,941	3.04%
Thereafter	117,088	3.35%	127,818	3.47%
Index amortizing advances	2,927	4.46%	3,282	4.53%
Total par value	479,720	2.64%	615,900	2.66%
Commitment fees	(8)		(8)	
Discount on AHP advances	(62)		(64)	
Premiums	50		35	
Discounts	(116)		(71)	
Hedging adjustments	19,505		14,750	
Fair value option valuation adjustments	527		617	
Total	$499,616		$631,159	

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

The FHLBanks offer callable advances to members that may be prepaid on certain dates (call dates) without incurring prepayment or termination fees. At September 30, 2010 and December 31, 2009, the FHLBanks had callable advances of $27.9 billion and $31.7 billion. Other advances may only be prepaid by paying a fee to the FHLBank (prepayment fee) that makes the FHLBank financially indifferent to the prepayment of the advance. Net prepayment fees on advances, recognized in net interest income, increased to $223 million from $28 million during the three months ended and to $399 million from $141 million during the nine months ended September 30, 2010 and September 30, 2009.

The following table summarizes advances at September 30, 2010 and December 31, 2009 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, 2010	December 31, 2009
Overdrawn demand and overnight deposit accounts	$ 17	$ 18
Due in 1 year or less	186,168	254,272
Due after 1 year through 2 years	69,992	98,731
Due after 2 years through 3 years	63,224	67,971
Due after 3 years through 4 years	29,371	55,672
Due after 4 years through 5 years	25,809	20,433
Thereafter	102,212	115,521
Index amortizing advances	2,927	3,282
Total par value	$479,720	$615,900

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. At September 30, 2010 and December 31, 2009, the FHLBanks had putable advances outstanding totaling $73.2 billion and $87.6 billion.

Convertible advances allow the FHLBanks to convert to/from a fixed-rate advance from/to a variable-rate advance at the current market rate or another structure after an agreed-upon lockout period. At September 30, 2010 and December 31, 2009, the FHLBanks had convertible advances outstanding totaling $26.1 billion and $34.9 billion.

The following table summarizes advances 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, 2010	December 31, 2009
Overdrawn demand and overnight deposit accounts	$ 17	$ 18
Due in 1 year or less	244,497	319,469
Due after 1 year through 2 years	61,705	103,179
Due after 2 years through 3 years	63,656	59,195
Due after 3 years through 4 years	28,080	56,021
Due after 4 years through 5 years	24,031	20,263
Thereafter	54,807	54,473
Index amortizing advances	2,927	3,282
Total par value	$479,720	$615,900

Credit Risk. Credit risk from advances is concentrated in commercial banks and savings institutions. The FHLBanks hold collateral to cover advances, and the FHLBanks do not expect to incur any credit losses on advances. Each FHLBank has policies and procedures in place to manage credit risk. These policies and procedures include requirements for physical possession or control of pledged collateral, restrictions on borrowing, specific review of each advance request, verifications of collateral and continuous monitoring of borrowings and the borrower's financial condition. Each FHLBank regularly monitors the collateral and creditworthiness of its borrowers.

Based on the collateral pledged as security for advances, each FHLBank management's credit analyses of borrower's financial condition, and credit extension and collateral policies, each FHLBank expects to collect all amounts due according to the contractual terms of the advances. Accordingly, the FHLBanks have not provided any allowances for losses on advances. To date, the FHLBanks have not experienced a credit loss on an advance to a borrower.

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

	September 30, 2010	December 31, 2009
	Amount	Amount
Par amount of advances		
Fixed-rate	$353,315	$444,529
Variable-rate	126,405	171,371
Total	$479,720	$615,900

Note 8—Mortgage Loans Held for Portfolio, Net

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. Currently, the FHLBanks of Chicago, Atlanta, San Francisco, Dallas and Seattle are not accepting additional master commitments and discontinued purchasing additional mortgages. Each of these FHLBanks plans to retain its current portfolio of mortgage loans.

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

	September 30, 2010	December 31, 2009
Real Estate:		
Fixed-rate, medium-term[1] single-family mortgages	$14,508	$16,826
Fixed-rate, long-term single-family mortgages	49,321	54,148
Multifamily mortgages	26	26
	63,855	71,000
Premiums	408	460
Discounts	(188)	(245)
Deferred loan costs, net	17	21
Hedging adjustments	273	233
Total mortgage loans held for portfolio	$64,365	$71,469

(1) Medium-term is defined as a term of 15 years or less.

The following table details the unpaid principal balance of mortgage loans held for portfolio outstanding (dollar amounts in millions):

	September 30, 2010	December 31, 2009
Conventional loans	$56,863	$63,476
Government-guaranteed or-insured loans	6,966	7,498
Other loans	26	26
Total unpaid principal balance	$63,855	$71,000

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. Each FHLBank has either established an appropriate allowance for credit losses for its mortgage loan programs or has determined that no loan

loss allowance is necessary. The change in the allowances for credit losses on mortgage loans were as follows (dollar amounts in millions):

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009
Allowance for credit losses on mortgage loans, beginning of period	$32	$15
Charge-offs	(5)	(1)
Provision for credit losses	37	18
Allowance for credit losses on mortgage loans, end of period	$64	$32

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.

An FHLBank enters into derivatives to manage the interest-rate risk exposures inherent in otherwise unhedged assets and funding positions, to achieve that 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 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;
- reduce interest-rate sensitivity and repricing gaps of assets, liabilities, and interest-rate exchange the agreements;
- 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
- manage its overall asset/liability management.

Types of Interest-Rate Exchange Agreements

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.

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

- interest-rate swaps;
- swaptions;
- interest-rate cap and floor agreements;
- calls;
- puts; and
- futures and forward contracts.

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.

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

Types of Hedged Items

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. The types of hedged items are:

- Consolidated obligations
- Advances
- Mortgage loans
- Anticipated streams of future cash flows
- Firm commitment
- Investments

- Anticipated debt issuance
- Variable cash streams

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—Fair Value" for discussion regarding the FHLBanks' 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 is of no value to the FHLBanks. This collateral has not been sold or repledged. This calculation of maximum credit risk excludes circumstances where an FHLBank's pledged collateral to a counterparty exceeds the FHLBanks' net position.

At September 30, 2010 and December 31, 2009, the FHLBanks' maximum credit risk, as defined above, was approximately $2.6 billion and $2.5 billion. These totals include $577 million and $768 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. As collateral, the FHLBanks held securities with a fair value of $510 million at September 30, 2010 and $458 million at December 31, 2009 and cash of $1.9 billion for both periods totaling $2.4 billion at September 30, 2010 and December 31, 2009. The total net uncollateralized balances are $260 million and $76 million at September 30, 2010 and December 31, 2009. 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, 2010 was $11.4 billion for which the FHLBanks have posted collateral of $8.5 billion 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 $2.6 billion of collateral (at fair value) to their derivatives counterparties at September 30, 2010. None of the FHLBanks' senior credit ratings was lowered during the twelve months ended September 30, 2010.

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.

Lehman Brothers Holdings, Inc. Bankruptcy. On September 15, 2008, Lehman Brothers Holdings, Inc. (LBHI), the parent company of Lehman Brothers Special Financing (LBSF) and a guarantor of

LBSF's obligations, filed for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court in the Southern District of New York. LBSF was a counterparty to FHLBanks on multiple derivative transactions under International Swap Dealers Association, Inc. master agreements with a total notional amount of $123 billion at the time of termination of the FHLBanks' derivative transactions with LBSF. As a result, each affected FHLBank notified LBSF of the FHLBank's intent to early terminate all outstanding derivative positions with LBSF. Unwinding of the derivative transactions between LBSF and the FHLBanks resulted in $343 million of net gains on derivatives and hedging activities during the third quarter of 2008. In addition, upon unwinding of the derivative transactions between the FHLBanks and LBSF, the FHLBanks in a net receivable position netted the value of the collateral due to be returned to the FHLBanks with all other amounts due between the parties, which resulted in an establishment of a $312 million receivable from LBSF (before provision) 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 incurred with respect to debt settlements of derivative transactions with LBSF.

- *FHLBank of Pittsburgh.* In the first quarter of 2009, management of the FHLBank of Pittsburgh estimated its amount of loss as $35.3 million as reported in "(Reversal) provision for derivative counterparty credit losses" on the Combined Statement of Income and recorded a contingency reserve related to the $41.5 million 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, 2010, the FHLBank of Pittsburgh maintained a $6.2 million net receivable balance with respect to LBSF.

- *FHLBank of Atlanta.* During the second quarter of 2010, the FHLBank of Atlanta and management of the Lehman bankruptcy estate concluded that the agreed-upon amount of the FHLBank of Atlanta's claims on the Lehman estate is $175 million. Based on a financial disclosure report made available by the Lehman bankruptcy estate during the second quarter of 2010 and market prices for the sale of claims on the Lehman bankruptcy estate, the estimate by the FHLBank of Atlanta's management of the probable amount to be realized was $68 million as of June 30, 2010. The FHLBank of Atlanta increased its estimate of the probable amount to be realized related to the net receivable due from LBSF by $49 million, with a corresponding reduction to other expense as reported in "(Reversal) provision of derivative counterparty credit losses" on the Combined Statement of Income.

  During the third quarter of 2010, the FHLBank of Atlanta management began negotiations with a third party for the sale of its claim on the Lehman bankruptcy estate. Based on these negotiations, the FHLBank of Atlanta management's estimate of the probable amount to be realized as of August 30, 2010 was $70 million. The FHLBank of Atlanta therefore increased its estimate of the probable amount to be realized related to the net receivable due from LBSF by $2 million, with a corresponding reduction to other expense as reported in "(Reversal) provision of derivative counterparty credit losses" on the Combined Statement of Income. For the nine months ended September 30, 2010, the total reduction to other expense related to the net receivable due from LBSF was $51 million. On September 30, 2010, the FHLBank of Atlanta sold its claim on the Lehman bankruptcy estate for $70 million, the carrying value of the net receivable due from LBSF.

- *FHLBank of Seattle.* In June 2010, as a result of negotiations with the bankruptcy administrator for LBSF and market indications of sales of LBHI receivables to third parties, the FHLBank of Seattle reduced its provision for credit losses on receivables by $3.9 million as reported in "(Reversal) provision of derivative counterparty credit losses" on the Combined Statement of Income. During the third quarter of 2010, the FHLBank Seattle and the bankruptcy administrator for LBHI concluded that the agreed-upon amount of the FHLBank of Seattle's claim is $10.1 million. Based on market prices for the sale of claims on LBHI, as of September 30, 2010, the FHLBank of Seattle continues to estimate the probable amount that will be realized on the receivable is $3.9 million.

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 (dollar amounts in millions). For purposes of this disclosure, the derivative values include fair value of derivatives and related accrued interest.

	September 30, 2010		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$568,413	$ 9,117	$ 22,599
Interest-rate swaptions	810	58	
Interest-rate caps or floors	295	1	3
Interest-rate futures/forwards	93		
Total derivatives in hedging relationships	569,611	9,176	22,602
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	184,481	1,154	2,267
Interest-rate swaptions	13,730	430	
Interest-rate caps or floors	36,678	558	45
Interest-rate futures/forwards	159		
Mortgage delivery commitments	2,087	6	6
Other	805	11	11
Total derivatives not designated as hedging instruments	237,940	2,159	2,329
Total derivatives before netting and collateral adjustments	$807,551	11,335	24,931
Netting adjustments		(8,747)	(8,747)
Cash collateral and related accrued interest		(1,874)	(10,043)
Total netting adjustments and cash collateral[1]		(10,621)	(18,790)
Derivative assets and derivative liabilities as reported on the statement of condition		$ 714	$ 6,141

	December 31, 2009		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$706,125	$ 7,519	$ 17,617
Interest-rate swaptions	2,855	67	
Interest-rate caps or floors	2,370	178	
Interest-rate futures/forwards	100	2	
Total derivatives in hedging relationships	711,450	7,766	17,617
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	226,186	1,151	1,628
Interest-rate swaptions	10,802	158	
Interest-rate caps or floors	25,547	455	67
Interest-rate futures/forwards	446	1	
Mortgage delivery commitments	329		2
Other	348	2	1
Total derivatives not designated as hedging instruments	263,658	1,767	1,698
Total derivatives before netting and collateral adjustments	$975,108	9,533	19,315
Netting adjustments[1]		(6,993)	(6,993)
Cash collateral and related accrued interest		(1,866)	(7,094)
Total netting adjustments and cash collateral		(8,859)	(14,087)
Derivative assets and derivative liabilities as reported on the statement of condition		$ 674	$ 5,228

(1) Amounts represent the effect of legally enforceable master netting agreements that allow the FHLBank to settle positive and negative positions by counterparties.

The following table presents the components of net gains (losses) on derivatives and hedging activities for the three and nine months ended September 30, 2010 and 2009 as presented in the Combined Statement of Income (dollar amounts in millions).

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Derivatives and Hedged Items in Fair-Value Hedging Relationships:				
Interest-rate swaps	$ 43	$ 134	$ 153	$ 650
Interest-rate caps or floors	(1)		(1)	
Other	1			(11)
Total net gains related to fair-value hedge ineffectiveness	43	134	152	639
Total Net Gains Related to Cash-Flow Hedge Ineffectiveness:	1	1	3	5
Derivatives Not Designated as Hedging Instruments:				
Economic hedges				
Interest-rate swaps	(154)	81	(399)	1,406
Interest-rate swaptions	17	(302)	(160)	(729)
Interest-rate caps or floors	(12)	18	(211)	125
Interest-rate futures or forwards	(2)	(3)	(3)	2
Net interest settlements	(30)	(137)	(110)	(460)
Other	(4)	(1)	(9)	2
Mortgage delivery commitments	11	10	29	(3)
Intermediary transactions				
Interest-rate swaps	1		1	
Other	1	3	1	(4)
Total net (losses) gains related to derivatives not designated as hedging instruments	(172)	(331)	(861)	339
Net (losses) gains on derivatives and hedging activities	$(128)	$(196)	$(706)	$ 983

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

	Three Months Ended September 30, 2010			
Hedged Item Type:	(Losses) Gains on Derivatives	Gains (Losses) on Hedged Item	Net Fair Value Hedge Ineffectiveness	Effect of Derivatives on Net Interest Income/Interest Expense[1]
Advances	$(2,220)	$ 2,308	$ 88	$(2,120)
Consolidated bonds	1,212	(1,256)	(44)	1,313
Consolidated discount notes	5	(6)	(1)	2
Available-for-sale securities	(254)	254		(65)
Mortgage loans held for portfolio	(4)	4		(6)
Deposits	1	(1)		
Total	$(1,260)	$ 1,303	$ 43	$ (876)

Hedged Item Type:	Three Months Ended September 30, 2009			
	(Losses) Gains on Derivatives	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:	Nine Months Ended September 30, 2010			
	(Losses) Gains on Derivatives	Gains (Losses) on Hedged Item	Net Fair Value Hedge Ineffectiveness	Effect of Derivatives on Net Interest Income/Interest Expense[1]
Advances	$(4,909)	$ 5,094	$185	$(7,144)
Consolidated bonds	3,012	(3,032)	(20)	4,786
Consolidated discount notes	(6)	3	(3)	13
Available-for-sale securities	(707)	697	(10)	(177)
Mortgage loans held for portfolio	(39)	39		(48)
Deposits	1	(1)		1
Total	$(2,648)	$ 2,800	$152	$(2,569)

Hedged Item Type:	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.

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.

In addition, if a hedged firm commitment no longer qualified as a fair value hedge, the hedge would be terminated and net gains and losses would be recognized in current-period earnings. There were no material amounts of gains and losses recognized due to disqualification of firm commitment hedges for the three and the nine months ended September 30, 2010.

Effect of Cash-Flow Hedge Related Derivative Instruments for the Three and Nine Months Ended September 30, 2010 and 2009
(Dollar amounts in millions)

	Three Months Ended September 30, 2010			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Amount of Gains/(Losses) Recognized in AOCI on Derivative (Effective Portion)	Location of (Losses) Gains Reclassified from AOCI into Income (Effective Portion)	Amount of (Losses) Gains Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains/(Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest rate swaps				
Consolidated bonds	$ 1	Interest expense	$ (3)	$
Consolidated discount notes	(235)	Interest expense	(1)	1
Interest rate caps or floors				
Advances		Interest income	16	
Consolidated discount notes		Interest expense	(3)	
Total	$(234)		$ 9	$1

	Three Months Ended September 30, 2009			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	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 Gains/(Losses) 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

	Nine Months Ended September 30, 2010			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Amount of (Losses)/Gains Recognized in AOCI on Derivative (Effective Portion)	Location of (Losses) Gains Reclassified from AOCI into Income (Effective Portion)	Amount of (Losses) Gains Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains/(Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest rate swaps				
Consolidated bonds	$	Interest expense	$(10)	$
Consolidated discount notes	(702)	Interest expense	(3)	3
Interest rate caps or floors				
Advances	8	Interest income	23	
Consolidated discount notes		Interest expense	(10)	
Total	$(694)		$	$3

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 Gains/(Losses) 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 were no material amounts for the three and nine months ended September 30, 2010, that were reclassified 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, 2010, the deferred net gains on derivative instruments in AOCI that are expected to be reclassified to earnings during the next twelve months are $26 million. 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 six months. For the FHLBank of Chicago, the maximum length of time over which forecasted transactions are hedged is 10 years.

See the Combined Statement of Capital for more details on the effect of cash flow hedges on AOCI.

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 funds in its FHLBank from the collection of mortgage loans, pending disbursement of such funds. The FHLBanks classify these items as other deposits.

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

	September 30, 2010	December 31, 2009
Interest-bearing:		
Demand and overnight	$18,079	$14,559
Term	1,049	936
Other	75	94
Total interest-bearing	19,203	15,589
Non-interest-bearing:		
Demand and overnight	180	113
Other	304	195
Total non-interest-bearing	484	308
Total deposits	$19,687	$15,897

Note 11—Consolidated Obligations

General. Consolidated obligations (CO) 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.

Redemption Terms. The following is a summary of the FHLBanks' consolidated bonds outstanding at September 30, 2010 and December 31, 2009, by year of contractual maturity (dollar amounts in millions):

	September 30, 2010		December 31, 2009	
Year of Contractual Maturity	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Due in 1 year or less	$279,492	1.24%	$336,359	1.40%
Due after 1 year through 2 years	104,538	1.76%	139,782	2.13%
Due after 2 years through 3 years	83,740	2.72%	82,354	2.56%
Due after 3 years through 4 years	40,075	3.32%	54,103	3.58%
Due after 4 years through 5 years	32,176	2.53%	33,797	3.67%
Thereafter	75,880	4.24%	79,318	4.67%
Index amortizing notes	5,545	4.81%	5,978	5.07%
Total par value	621,446	2.13%	731,691	2.32%
Premiums	765		631	
Discounts	(289)		(745)	
Hedging adjustments	7,674		4,812	
Fair value option valuation adjustments	39		(45)	
Total	$629,635		$736,344	

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

Par values of consolidated bonds	September 30, 2010	December 31, 2009
Noncallable/nonputable	$496,503	$565,840
Callable	124,943	165,851
Total par value	$621,446	$731,691

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, 2010	December 31, 2009
Due in 1 year or less	$376,257	$467,856
Due after 1 year through 2 years	96,276	116,010
Due after 2 years through 3 years	62,005	46,537
Due after 3 years through 4 years	25,958	39,944
Due after 4 years through 5 years	15,156	14,091
Thereafter	40,249	41,275
Index amortizing notes	5,545	5,978
Total par value	$621,446	$731,691

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, 2010 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 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. The pre-GLB Act capital rules remain in effect until the FHLBank of Chicago implements its new capital plan. 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.

At September 30, 2010 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):

Minimum Regulatory Capital Requirements

FHLBank[1]	Minimum Regulatory Capital Ratio Requirement	September 30, 2010				
		Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital	Permanent Capital	Required Risk-Based Capital
Boston	4.0%	$2,480	6.4%	$ 3,974	$ 3,974	$1,021
New York	4.0%	4,124	5.3%	5,438	5,432	473
Pittsburgh	4.0%	2,206	8.3%	4,559	4,559	1,840
Atlanta	4.0%	5,660	6.4%	9,023	9,023	2,091
Cincinnati	4.0%	2,655	5.9%	3,902	3,902	495
Indianapolis	4.0%	1,794	6.5%	2,911	2,911	768
Des Moines	4.0%	2,403	4.7%	2,830	2,830	520
Dallas	4.0%	2,066	4.4%	2,274	2,274	346
Topeka	4.0%	1,520	4.8%	1,824	1,229	356
San Francisco	4.0%	5,708	9.8%	13,980	13,980	5,194
Seattle [2]	4.0%	1,997	5.8%	2,875	2,716	1,763

Minimum Regulatory Leverage Requirements

FHLBank[1]	Minimum Leverage Ratio Requirement	September 30, 2010		
		Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$3,100	9.6%	$ 5,962
New York	5.0%	5,155	7.9%	8,154
Pittsburgh	5.0%	2,757	12.4%	6,838
Atlanta	5.0%	7,075	9.6%	13,535
Cincinnati	5.0%	3,319	8.8%	5,853
Indianapolis	5.0%	2,243	9.7%	4,367
Des Moines	5.0%	3,003	7.1%	4,245
Dallas	5.0%	2,582	6.6%	3,411
Topeka	5.0%	1,900	6.4%	2,438
San Francisco	5.0%	7,135	14.7%	20,970
Seattle[2]	5.0%	2,496	8.5%	4,233

(1) Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of September 30, 2010, but was in compliance with all of its minimum regulatory capital requirements. See "FHLBank of Chicago Regulatory Actions" within this note for a description of this FHLBank's regulatory capital requirements.

(2) See "FHLBank of Seattle Consent Arrangement" within this note for a description of this FHLBank's agreement with the Finance Agency.

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

readmitted to membership in any FHLBank. This restriction does not apply if the member is transferring its membership from one FHLBank to another 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, Division of FHLBank Regulation of the Finance Agency (Deputy Director).

At September 30, 2010 combined regulatory capital was $58.4 billion, compared to $60.2 billion at December 31, 2009. These amounts include $1.0 billion in subordinated notes, subject to 20 percent annual phase-outs (Designated Amount), which the FHLBank of Chicago is allowed to include in determining compliance with its regulatory capital requirements, as further discussed below in this note. Currently, 100 percent of the $1.0 billion outstanding subordinated notes are considered the Designated Amount, with the first 20 percent annual phase-out beginning on June 14, 2011. Combined regulatory capital does not include AOCI.

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, as mandated by each FHLBank's capital plan or by regulation. 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, 2010 and 2009, dividends on mandatorily redeemable capital stock in the amount of $39 million and $30 million were recorded as interest expense.

At September 30, 2010 and December 31, 2009, the FHLBanks had $7.0 billion and $8.1 billion in capital stock subject to mandatory redemption with payment subject to each FHLBank's waiting period and the FHLBank continuing to meet 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, 2010, each of the FHLBanks of Boston, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago, San Francisco and Seattle had excess capital stock outstanding totaling more than one percent of its total assets. At September 30, 2010, each of these FHLBanks was in compliance with the Finance Agency's excess stock rules.

FHLBank of Chicago Regulatory Actions. As required by the Consent Cease and Desist Order (C&D Order), the FHLBank of Chicago submitted to the Finance Board a capital plan and implementation strategies to provide for the conversion of its capital stock under the GLB Act. The FHLBank of Chicago has subsequently submitted revisions to the capital plan and implementation strategies to the Finance Agency as a result of on-going discussions with the Finance Agency regarding the FHLBank of Chicago's anticipated capital stock conversion. The FHLBank of Chicago has not yet received a final decision on its capital plan from the Finance Agency. Until such time as the FHLBank of Chicago fully implements a new capital plan, the following minimum capital requirements remain in effect.

As of September 30, 2010, 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, 2010, as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital plus Designated Amount of Subordinated Notes[1]				
	Requirement in effect		Actual	
Non-Mortgage Asset Ratio	Ratio[2]	Amount	Ratio	Amount
20.84%	4.76%	$4,219	5.41%	$4,796

(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 with members, 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, Finance Agency regulations require a regulatory capital ratio of 4.76 percent. The C&D Order includes a minimum regulatory capital ratio of 4.5 percent, which currently supersedes the 4.0 percent regulatory requirement discussed above. The FHLBank of Chicago's non-mortgage asset ratio on an average monthly basis was above 11 percent at September 30, 2010, thus, it was subject to the 4.76 percent ratio at that date.

Under the C&D Order, the FHLBank of Chicago is required to maintain an aggregate amount of regulatory capital stock plus the Designated Amount of subordinated notes of at least $3.600 billion. At September 30, 2010, the FHLBank of Chicago had an aggregate amount of $3.829 billion of regulatory capital stock plus the Designated Amount of subordinated notes.

Effective with the July 24, 2008 amendment to the C&D Order, the FHLBank of Chicago is permitted to repurchase or redeem excess capital stock above a member's capital stock floor under the following conditions: (1) subsequent to the redemption or repurchase of stock, the FHLBank of Chicago remains in compliance with any applicable minimum capital requirements and (2) the redemption or repurchase does not otherwise cause the FHLBank of Chicago to violate a provision of the FHLBank Act. The Deputy Director may, however, direct the FHLBank of Chicago not to redeem or repurchase stock if, in its sole discretion, the continuation of such transactions would be inconsistent with maintaining the capital adequacy of the FHLBank of Chicago and its continued safe and sound operation.

During the nine months ended September 30, 2010, the FHLBank of Chicago redeemed less than $1 million in excess capital stock as permitted under the C&D Order; however, the Deputy Director has denied all other requests submitted to the Finance Agency to redeem mandatorily redeemable capital stock since April 24, 2008. The FHLBank of Chicago does not believe the denial of stock redemption requests affects the reclassification of mandatorily redeemable capital stock as a liability. Rather, this denial delays the timing of an eventual mandatory redemption.

FHLBank of Seattle Consent Arrangement. On October 25, 2010, the FHLBank of Seattle entered into a Stipulation and Consent to the Issuance of a Consent Order (Stipulation and Consent) with the Finance Agency, relating to the Consent Order dated and effective October 25, 2010, as issued by the Finance Agency to the FHLBank of Seattle. (The Stipulation and Consent, the Consent Order, and the related understandings with the Finance Agency are collectively referred to as the Consent Arrangement.) The Consent Arrangement, among other things, constitutes the FHLBank of Seattle's capital restoration plan and fulfills the Finance Agency's April 19, 2010 request of the FHLBank of Seattle for a business plan.

The Consent Arrangement sets forth requirements for capital management, asset composition, and other operational and risk management improvements (identified below). It also provides that following the Stabilization Period (defined as the period commencing on the date of the Consent Order and continuing through the filing of the FHLBank of Seattle's second quarter 2011 Quarterly Report on Form 10-Q with the SEC), and once the FHLBank of Seattle reaches and maintains certain thresholds, it may begin repurchasing member capital stock at par. Further, after the FHLBank of Seattle achieves and

maintains certain other financial and operational metrics, remediates certain concerns, and returns to a "safe and sound" condition as determined by the Finance Agency, the FHLBank of Seattle may again be in position to redeem certain capital stock from members and begin paying dividends. Capital stock repurchases and redemptions and dividend payments will be subject to prior Finance Agency approval.

The Finance Agency will continue to deem the FHLBank of Seattle "undercapitalized" under the Finance Agency's Prompt Corrective Action rule at least through the Stabilization Period unless the Finance Agency takes additional action. The Consent Arrangement clarifies the steps the FHLBank of Seattle must take to improve its capital classification, and the FHLBank of Seattle will be working closely with the Finance Agency as it develops and implements its plans to address the requirements of the Consent Arrangement.

The Consent Order provides:

- *Oversight.* The board of directors of the FHLBank of Seattle will monitor the FHLBank of Seattle's adherence to the Consent Order and provide related reports to the Finance Agency as requested.
- *Asset Improvement Program.* The FHLBank of Seattle may not resume purchasing mortgage loans under the acquired member asset program. In addition, the FHLBank of Seattle must submit to the Finance Agency, and implement once approved by the Finance Agency, plans relating to: (1) mitigating risk relating to potential further declines in the credit quality of the FHLBank of Seattle's private-label MBS portfolio; (2) increasing advances as a percentage of FHLBank of Seattle assets, which satisfy requirements the Finance Agency may provide; and (3) collateral risk management policies, which satisfy requirements the Finance Agency may provide.
- *Capital Adequacy and Retained Earnings.* The FHLBank of Seattle must submit to the Finance Agency for review and approval a capital stock repurchase plan consistent with guidance the Finance Agency may provide. In addition, the FHLBank of Seattle will not resume capital stock repurchases or redemptions without prior written approval of the Finance Agency. Further, the FHLBank of Seattle will not pay dividends except upon compliance with capital restoration and retained earnings plans approved by the Finance Agency and prior written approval of the Finance Agency.
- *Risk Management.* Within 45 days of the Consent Order, the FHLBank of Seattle board of directors must engage an independent consultant to evaluate the FHLBank of Seattle's credit risk management, which consultant and the scope of which engagement must be acceptable to the Finance Agency. The consultant's report must be provided to the FHLBank of Seattle's board of directors and the Finance Agency within 90 days of the consultant's engagement.
- *Senior Management.* The FHLBank of Seattle will not take personnel action regarding compensation or make a material change to the duties and responsibilities of senior management, without consultation with and non-objection from the Finance Agency.
- *Remediation of Examination Findings.* The FHLBank of Seattle will remediate the findings of the Finance Agency's 2010 Report of Examination, pursuant to an examination remediation plan approved by the Finance Agency.
- *Compensation Practices.* The FHLBank of Seattle will not pay executive officers any incentive-based compensation awards without the Finance Agency's prior written approval. Further, the FHLBank of Seattle will develop and submit to the Finance Agency for review and approval, and implement following Finance Agency approval, a revised executive incentive compensation plan satisfying requirements the Finance Agency may provide.
- *Information Technology.* The FHLBank of Seattle will develop an enterprise-wide information technology policy satisfying requirements the Finance Agency may provide.

The Consent Arrangement will remain in effect until modified or terminated by the Finance Agency. Notwithstanding the Consent Arrangement, the Finance Agency is not prevented from taking any other action affecting the FHLBank of Seattle that the Finance Agency deems appropriate in fulfilling its supervisory responsibilities.

Note 13—Fair Value

The fair value amounts, recorded on the Statement of Condition and presented in the note disclosures, 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, 2010 and December 31, 2009. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any valuation technique. Therefore, these fair values may not be indicative of the amounts that would have been realized in market transactions at the reporting dates.

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.

The carrying values and fair values of the FHLBanks' financial instruments at September 30, 2010 and December 31, 2009 were as follows (dollar amounts in millions):

FAIR VALUE SUMMARY TABLE

	September 30, 2010		December 31, 2009	
Financial Instruments	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets:				
Cash and due from banks	$ 5,002	$ 5,002	$ 24,330	$ 24,330
Interest-bearing deposits	11	11	11	11
Securities purchased under agreements to resell	24,450	24,450	7,175	7,175
Federal funds sold	75,162	75,162	54,597	54,597
Trading securities	23,452	23,452	22,247	22,247
Available-for-sale securities	70,844	70,844	52,488	52,488
Held-to-maturity securities	136,839	139,376	147,833	146,191
Advances[(1)]	499,616	502,758	631,159	633,079
Mortgage loans held for portfolio, net	64,301	67,905	71,437	73,816
Accrued interest receivable	2,002	2,002	2,466	2,466
Derivative assets	714	714	674	674
Other assets	18	18	18	18
Liabilities:				
Deposits	19,687	19,687	15,897	15,897
Securities sold under repurchase agreements	1,200	1,217	1,200	1,225
Consolidated obligations:				
Discount notes[(2)]	184,303	184,310	198,532	198,544
Bonds[(3)]	629,635	640,514	736,344	743,312
Mandatorily redeemable capital stock	7,012	7,012	8,138	8,138
Accrued interest payable	3,159	3,159	3,802	3,802
Derivative liabilities	6,141	6,141	5,228	5,228
Optional advance commitments (other liabilities)	2	2		
Subordinated notes	1,000	1,109	1,000	1,011

(1) Includes $11,094 million and $21,620 million of advances recorded under the fair value option at September 30, 2010 and December 31, 2009.

(2) Includes $6,968 million of consolidated discount notes recorded under the fair value option at September 30, 2010.

(3) Includes $37,423 million and $53,805 million of consolidated bonds recorded under the fair value option at September 30, 2010 and December 31, 2009.

Fair Value Hierarchy. The FHLBanks record trading securities, available-for-sale securities, derivative assets, and derivative liabilities as well as certain advances, certain consolidated obligations and certain other liabilities at fair value. The fair value hierarchy is used to prioritize the fair value valuation techniques as well as the inputs to valuation techniques used to measure fair value for assets and liabilities that are carried at fair value, both on a recurring and non-recurring basis, on the Statement of Condition. 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.

Outlined below is the application of the fair value hierarchy to the FHLBanks' financial assets and financial liabilities that are carried at fair value either on a recurring or non-recurring basis.

Level 1—defined as those instruments for which fair value is determined from quoted prices for identical assets or liabilities in active markets. 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—defined as those instruments for which fair value is determined from quoted prices for similar assets and liabilities in active markets, or, if a valuation methodology is utilized, inputs are selected 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 trading and available-for-sale investment securities, including U.S. government and agency mortgage-backed securities, derivative contracts, certain advances, certain consolidated obligations and certain other liabilities elected to be carried at fair value.

Level 3—defined as those instruments for which inputs to the valuation methodology are unobservable and significant to the fair value measurement. The types of assets and liabilities that are either carried at Level 3 fair value on a recurring basis or measured at Level 3 fair value on a non-recurring basis generally include private-label RMBS, home equity loans and certain consolidated bonds along with the derivative instruments hedging those consolidated bonds.

For a discussion of an individual FHLBank's fair value measurement techniques, see that FHLBank's periodic report filed with the SEC.

For instruments that are carried at fair value, each FHLBank reviews its 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. These reclassifications are reported as transfers in/out at fair value as of the beginning of the quarter in which the changes occur. There were no such transfers during the nine months ended September 30, 2010 and 2009.

Valuation Techniques and Significant Inputs.

Cash and due from banks. The fair value equals the carrying value.

Interest-bearing deposits. The fair value is determined based on each security's quoted price or prices obtained from a pricing service for instruments with more than three months to maturity. When quoted prices are not available, the 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 fair value approximates the carrying value for interest-bearing deposits with variable rates and fixed rates with three months or less to maturity or repricing.

Securities purchased under agreements to resell. The 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 fair value approximates the carrying value 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 fair value of overnight Federal funds sold approximates the carrying value. The fair value of term Federal funds sold 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.

Investment securities—non-MBS. The FHLBanks use either an income approach based on a market-observable interest rate curve adjusted for a spread, or prices received from pricing services to determine the estimated fair value of non-MBS investment securities. Each FHLBank believes that its methodologies result in fair values that are reasonable and similar in all material respects based on the nature of the financial instruments being measured. The significant inputs include either a market-observable interest rate curve and a discount spread, if applicable, or the price received from a pricing service. Differing spreads may be applied to distinct term points along the discount curve in determining the fair value of instruments with varying maturities; therefore, the spread adjustment is presented as a range in the table below.

The following table presents (for those fair value measurements that fell in either Level 2 or Level 3) the significant inputs used to measure fair value for each class of non-MBS investment securities that are carried at fair value as of September 30, 2010 (dollar amounts in millions):

	Interest Rate Curve/ Pricing Services	Spread Range to the Interest Rate Curve (basis points)	Fair Value Levels 2 and 3
U.S. Treasury obligations	Treasury	0	$ 2,586
	Pricing Service	N/A	4,000
Total U.S. Treasury obligations			6,586
Commercial paper	LIBOR Swap Curve	(7) to (3)	810
Certificates of deposit and bank notes	LIBOR Swap Curve	(1) to 2	1,170
	Pricing Service	N/A	10,065
Total certificates of deposit and bank notes			11,235
Other U.S. obligations	Pricing Service	N/A	906
Government-sponsored enterprises and TVA	Pricing Service	N/A	17,583
State or local housing agency obligations	Pricing Service	N/A	3
TLGP	LIBOR Swap Curve	(4)	250
	Pricing Service	N/A	12,352
Total TLGP			12,602
FFELP ABS	LIBOR Swap Curve	55 to 101	6,436
	Pricing Service	N/A	2,539
Total FFELP ABS			8,975
Other	Pricing Service	N/A	756

Investment securities—MBS. The FHLBanks' valuation technique incorporates prices from up to four designated third-party pricing vendors, when available. These pricing vendors use methods that generally employ, but are not limited to benchmark yields, recent trades, dealer estimates, valuation models, benchmarking of like securities, sector groupings, and/or matrix pricing. Each FHLBank establishes a price for each of its MBS using a formula that is based upon the number of prices received. If four prices are received, the average of the middle two prices is used; if three prices are received, the middle price is used; if two prices are received, the average of the two prices is used; and if one price is received, it is used subject to some type of validation as described below. The computed prices are tested for reasonableness using specified tolerance thresholds. Computed prices within the established thresholds are generally accepted unless strong evidence suggests that using the formula-driven price would not be appropriate. Preliminary estimated fair values that are outside the tolerance thresholds, or that management believes may not be appropriate based on all available information (including those limited instances in which only one price is received), are subject to further analysis including, but not limited to, a comparison to the prices for similar securities and/or to non-binding dealer estimates or the use of an

internal model that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. As of September 30, 2010 substantially all of the FHLBanks' MBS holdings were priced using this valuation technique. The relative lack of dispersion among vendor prices received for each of the securities supports each FHLBank's conclusion that the final computed prices are reasonable estimates of fair value. Based on the current lack of significant market activity for private-label RMBS, the recurring and non-recurring fair value measurements for such securities as of September 30, 2010 fell within Level 3 of the fair value hierarchy.

Advances. The FHLBanks generally determine the fair value of advances by calculating the present value of expected future cash flows from the advances (excluding the amount of the accrued interest receivable). The discount rates used in these calculations are equivalent to 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 six months require a prepayment fee sufficient to make the FHLBanks financially indifferent to the borrower's decision to prepay the advances. Therefore, the fair value of advances does not assume prepayment risk.

The significant inputs used to determine fair value for those advances carried at fair value on the Combined Statement of Condition are as follows:

- *CO Curve.* The Office of Finance constructs a market-observable curve referred to as the CO Curve. This curve is constructed using the U.S. Treasury Curve as a base curve which is then adjusted by adding indicative spreads obtained largely from market observable sources. These market indications are generally derived from pricing indications from dealers, historical pricing relationships, recent GSE trades, and secondary market activity. The FHLBanks utilize the CO Curve as the input to fair value for advances because the FHLBanks price advances using the CO Curve as it represents the FHLBanks' cost of funds.
- *Volatility assumption.* Market-based expectations of future interest rate volatility implied from current market prices for similar options.
- *Spread assumption.* As of September 30, 2010 the spread adjustment to the CO Curve was 7 to 30 basis points for advances carried at fair value.

Mortgage loans held for portfolio. The fair values of mortgage loans are determined based on quoted market prices for similar mortgage loans, if available, or model 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 referenced 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. 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 fair value approximates the carrying value.

Derivative assets/liabilities. The FHLBanks base the fair values of derivatives with similar terms on available market prices when available. However, active markets do not exist for many of the FHLBanks' derivatives. Consequently, fair values for these instruments are generally estimated using standard valuation 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. The use of different assumptions could 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 the potential nonperformance of their derivatives counterparties, which are generally highly rated institutions. To mitigate this risk, the FHLBanks have entered into master netting agreements for interest-rate exchange agreements with their derivative

counterparties. In addition, each FHLBank has entered into bilateral security agreements with all of its active derivatives counterparties that provide for the delivery of collateral at specified levels tied to those counterparties' credit ratings to limit that FHLBank's net unsecured credit exposure to those counterparties. Each FHLBank has evaluated the potential for the fair value of the instruments to be affected by counterparty and its own credit risk and has determined that no adjustments were significant to the overall fair value measurements.

The fair values of each of the FHLBank's derivative assets and liabilities include accrued interest receivable/payable and cash collateral remitted to/received from counterparties; the estimated fair values of the accrued interest receivable/payable and cash collateral approximate their carrying values due to their short-term nature. The fair values of derivatives are netted by counterparty pursuant to the provisions of each of the FHLBank's master netting agreements. If these netted amounts are positive, they are classified as an asset and, if negative, they are classified as a liability.

A discounted cash flow analysis utilizes market-observable inputs (inputs that are actively quoted and can be validated to external sources). Inputs by class of derivative are as follows:

Interest-rate related:

- LIBOR Swap Curve.
- *Volatility assumption.* Market-based expectations of future interest rate volatility implied from current market prices for similar options.
- Prepayment assumption, if applicable.
- In limited instances, fair value estimates for interest-rate related derivatives are obtained from dealers and are corroborated by the FHLBanks using a pricing model and observable market data (e.g., the LIBOR Swap Curve).

TBAs:

- *TBA securities prices.* Market-based prices of TBAs are determined by coupon class and expected term until settlement.
- *TBA "drops."* TBA price "drops" are utilized to adjust base TBA prices and are a function of current short-term interest rates, prepayment estimates, and the supply and demand for pass-throughs in the current delivery month. TBA drops are obtained from a market-observable source.

Mortgage delivery commitments:

- *TBA securities prices.* Prices are then adjusted for differences in coupon, average loan rate and seasoning.

Deposits. The FHLBanks determine the 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 fair value equals the carrying value 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 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.

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 use standard valuation techniques and estimate fair values based on the following significant inputs for those consolidated obligations carried at fair value on the Combined Statement of Condition.

- CO Curve and LIBOR Swap Curve for certain callable consolidated obligations.

- *Volatility assumption.* Market-based expectations of future interest rate volatility implied from current market prices for similar options.
- *Spread assumption.* As of September 30, 2010 the spread adjustment to the LIBOR Swap Curve was (8) to (11) basis points for certain callable consolidated obligations carried at fair value for those FHLBanks using the LIBOR Swap Curve to value certain callable consolidated obligations. There was no spread adjustment to the CO Curve used to value the non-callable consolidated obligations carried at fair value and certain callable consolidated obligations for those FHLBanks not using the LIBOR Swap Curve.

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 stock subject to mandatory redemption is generally equal to its par value as indicated by contemporaneous member purchases and sales at par value. Fair value also includes an 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 and redeemed at par value. FHLBank stock is not traded and no market mechanism exists for the exchange of stock outside the FHLBank System's cooperative structure.

Subjectivity of estimates. Estimates of the fair value of advances with options, mortgage instruments, derivatives with embedded options and consolidated obligations with options using the methods described above 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, possible distributions of future interest rates used to value options, and the selection of discount rates that appropriately reflect market and credit risks. The use of different assumptions could 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.

Commitments. The fair value of the FHLBanks' commitments to extend credit for advances, letters of credit and standby bond purchase agreements was immaterial at September 30, 2010 and December 31, 2009.

Fair Value on a Recurring Basis. The following tables present, 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, 2010				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral[1]
Assets					
Trading securities:					
U.S. Treasury obligations	$ 6,586	$	$ 6,586	$	$
Commercial paper	810		810		
Certificates of deposit	5,380		5,380		
Government-sponsored enterprises	7,066		7,066		
State or local housing agency obligations	3		3		
TLGP	2,130		2,130		
Other non-MBS	291	11	280		
Other U.S. obligations RMBS	51		51		
Government-sponsored enterprises RMBS	893		893		
Government-sponsored enterprises CMBS	242		242		
Total trading securities	23,452	11	23,441		
Available-for-sale securities:					
Certificates of deposit and bank notes	5,855		5,855		
Other U.S. obligations	906		906		
Government-sponsored enterprises and TVA	10,517		10,517		
TLGP	10,472		10,472		
FFELP ABS	8,975		8,975		
Other non-MBS	478	2	476		
Other U.S. obligations RMBS	3,091		3,091		
Government-sponsored enterprises RMBS	22,940		22,940		
Government-sponsored enterprises CMBS	309		309		
Private-label RMBS	7,285			7,285	
Home equity loans	16			16	
Total available-for-sale securities	70,844	2	63,541	7,301	
Advances[2]	11,968		11,968		
Derivative assets:					
Interest-rate related	707		11,292	36	(10,621)
Mortgage delivery commitments	7		7		
Total derivative assets	714		11,299	36	(10,621)
Other assets	18	18			
Total assets at fair value	$106,996	$31	$110,249	$7,337	$(10,621)
Liabilities					
Consolidated Obligations:					
Discount notes[3]	$ 6,968	$	$ 6,968	$	$
Bonds[4]	38,020		37,935	85	
Derivative liabilities:					
Interest-rate related	6,133		24,923		(18,790)
TBAs	2	1	1		
Mortgage delivery commitments	6		6		
Total derivative liabilities	6,141	1	24,930		(18,790)
Optional advance commitments (other liabilities)	2		2		
Total liabilities at fair value	$ 51,131	$ 1	$ 69,835	$ 85	$(18,790)

	Fair Value Measurements at December 31, 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	2,590		2,590		
Certificates of deposit and bank notes	3,200		3,200		
Government-sponsored enterprises	9,452		9,452		
State or local housing agency obligations	10		10		
TLGP	4,479		4,479		
Other non-MBS	752	11	741		
Other U.S. obligations RMBS	55		55		
Government-sponsored enterprises RMBS	607		607		
Government-sponsored enterprises CMBS	73		73		
Total trading securities	22,247	11	22,236		
Available-for-sale securities:					
Certificates of deposit	9,270		9,270		
Other U.S. obligations	762		762		
Government-sponsored enterprises and TVA	4,310		4,310		
TLGP	3,299		3,299		
FFELP ABS	9,323		9,323		
Other non-MBS	396	2	394		
Other U.S. obligations RMBS	1,620		1,620		
Government-sponsored enterprises RMBS	17,489		17,489		
Government-sponsored enterprises CMBS	310		310		
Private-label RMBS	5,695			5,695	
Home equity loans	14			14	
Total available-for-sale securities	52,488	2	46,777	5,709	
Advances[2]	22,956		22,956		
Derivative assets	674	1	9,509	23	(8,859)
Other assets	18	18			
Total assets at fair value	$98,383	$32	$101,478	$5,732	$ (8,859)
Liabilities					
Consolidated bonds[4]	$55,026	$	$ 54,955	$ 71	$
Derivative liabilities	5,228		19,315		(14,087)
Total liabilities at fair value	$60,254	$	$ 74,270	$ 71	$(14,087)

(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 $11,094 million and $21,620 million of advances recorded under the fair value option and $874 million and $1,336 million of hedged advances recorded at fair value at September 30, 2010 and December 31, 2009.

(3) Includes $6,968 million of consolidated discount notes recorded under the fair value option at September 30, 2010.

(4) Includes $37,423 million and $53,805 million of consolidated bonds recorded under the fair value option and $597 million and $1,221 million of hedged consolidated bonds recorded at fair value at September 30, 2010 and December 31, 2009.

Level 3 Disclosures for All Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities		Derivative Assets[2]	
	Private-Label RMBS	Home Equity Loans	Interest-Rate Related	Consolidated Bonds
Balance at December 31, 2009	$5,695	$14	$23	$(71)
Total gains or losses (realized/unrealized):				
Included in net gains on sale of AFS securities	8			
Included in net (losses) gains on changes in fair value	(318)[a]	(1)	13	(14)
Included in AOCI	764	6		
Purchases, issuances and settlements	(814)	(3)		
Transfers from held-to-maturity to available-for-sale securities[1]	1,950			
Balance at September 30, 2010	$7,285	$16	$36	$(85)
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, 2010	$ (287)	$ (1)	$13	$(14)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities			
	Private-Label RMBS	Home Equity Loans	Derivative Assets[2]	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 relating to assets and liabilities still held at period end	(244)[a]		(16)	13
Included in AOCI	330	4		
Purchases, issuances and settlements	(110)	(3)		
Transfers from held-to-maturity to available-for-sale securities[1]	4,580			
Balance at September 30, 2009	$4,673	$ 7	$ 30	$(78)

(a) Primarily represents OTTI related to the credit loss recognized in earnings for available-for-sale securities previously transferred from held-to-maturity securities.

(1) For the nine months ended September 30, 2010 and 2009 the FHLBanks of Atlanta, Pittsburgh and Seattle transferred all or certain private-label RMBS that had other-than-temporary impairment credit losses from their respective held-to-maturity portfolio to their available-for-sale portfolio. See "Note 6—Other-Than-Temporary Impairment Analysis" for additional information on these transfers. As of September 30, 2010 and 2009, the fair value of these securities continued to be determined using significant unobservable inputs (Level 3).

(2) Balances exclude netting adjustments and cash collateral.

Fair Value on a Nonrecurring Basis. The FHLBanks measure certain held-to-maturity securities, mortgage loans and real estate owned at fair value 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 tables present those investment securities, mortgage loans and real estate owned by level within the fair value hierarchy at September 30, 2010 and December 31, 2009, which were recorded at fair value as the result of a nonrecurring change in fair value recorded during the three months ended September 30, 2010 and December 31, 2009 (dollar amounts in millions):

	Fair Value Measurements at September 30, 2010			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities:				
Private-label RMBS	$631	$	$	$631
Home equity loan investments	8			8
Total held-to-maturity securities	639			639
Mortgage loans held for portfolio	74			74
Real estate owned	25		2	23
Total non-recurring assets at fair value	$738	$	$2	$736

	Fair Value Measurements at December 31, 2009			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities				
Private-label RMBS	$2,915	$	$	$2,915
Home equity loan investments	105			105
Total held-to-maturity securities	3,020			3,020
Mortgage loans held for portfolio	17			17
Real estate owned	57		2	55
Total non-recurring assets at fair value	$3,094	$	$2	$3,092

Fair Value Option. The fair value option provides an irrevocable 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. 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 Combined 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. Interest income and interest expense carried on advances and consolidated obligations (consolidated discount notes and consolidated bonds) at fair value are recognized solely on the contractual amount of interest due or unpaid. Any transaction fees or costs are immediately recognized into other non-interest income or other non-interest expense.

The FHLBanks of New York, Chicago, Des Moines, Dallas and San Francisco (Electing FHLBanks) have elected the fair value option for certain additional advances, optional advance commitments and consolidated obligations transactions. Each of the Electing FHLBanks 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 primary reason that the Electing FHLBanks have elected 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.

The following tables summarize the activity related to financial assets and liabilities for which certain FHLBanks elected the fair value option during the three and nine months ended September 30, 2010 and 2009 (dollars amounts in millions):

	Three Months Ended September 30,					
	2010				2009	
	Advances	Consolidated Discount Notes	Consolidated Bonds	Other Liabilities	Advances	Consolidated Bonds
Balance at June 30	$12,823	$(4,963)	$(45,613)	$	$34,869	$(42,129)
New transactions elected for fair value option	3,152	(2,002)	(14,019)	(2)	50	(6,272)
Maturities and terminations	(4,934)		22,188		(7,427)	11,840
Net gains (losses) on instruments held under fair value option	64	(2)	5		(71)	3
Change in accrued interest and other	(11)	(1)	16		(40)	
Balance at September 30	$11,094	$(6,968)	$(37,423)	$(2)	$27,381	$(36,558)

	Nine Months Ended September 30,					
	2010				2009	
	Advances	Consolidated Discount Notes	Consolidated Bonds	Other Liabilities	Advances	Consolidated Bonds
Balance at December 31	$ 21,620	$	$(53,805)	$	$ 38,774	$(31,285)
New transactions elected for fair value option	3,352	(6,962)	(54,924)	(2)	243	(31,812)
Maturities and terminations	(13,849)		71,390		(11,188)	26,569
Net gains (losses) on instruments held under fair value option	20	(4)	(91)		(394)	(41)
Change in accrued interest and other	(49)	(2)	7		(54)	11
Balance at September 30	$ 11,094	$(6,968)	$(37,423)	$(2)	$ 27,381	$(36,558)

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 gains (losses) on advances, consolidated obligations and other liabilities held under fair value option" in the Combined Statement of Income. The change in fair value does not include any changes in instrument-specific credit risk. Each of the Electing FHLBanks determined that no adjustments to the fair values of its instruments recorded under the fair value option for instrument-specific credit risk were necessary as of September 30, 2010.

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

	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over/(Under) Aggregate Unpaid Principal Balance
At September 30, 2010:			
Advances[1]	$10,567	$11,094	$527
Consolidated discount notes	6,968	6,968	
Consolidated bonds	37,384	37,423	39
At December 31, 2009:			
Advances[1]	$21,003	$21,620	$617
Consolidated bonds	53,850	53,805	(45)

(1) At September 30, 2010 and December 31, 2009, no advances were 90 days or more past due and none had been placed on nonaccrual status.

Note 14—Commitments and Contingencies

Commitments to Extend Credit. Standby letters of credit are executed for members for a fee. A standby letter of credit is a short-term financing arrangement between the FHLBank and its member. If the FHLBank is required to make payment for a beneficiary's draw, the payment amount is converted into a collateralized advance to the member. Outstanding standby letters of credit were as follows (dollar amounts in millions):

	September 30, 2010	December 31, 2009
Outstanding notional:		
Expire within one year	$ 33,229	$ 29,083
Expire after one year	24,533	23,910
Total	$ 57,762	$ 52,993
Original terms (minimum)	1 day	5 days
Original terms (maximum)	20 years	20 years
Final expiration year	2030	2029

Commitments that legally bind the FHLBanks for additional advances totaled approximately $2,642 million and $776 million at September 30, 2010 and December 31, 2009. These commitments generally are for periods up to 12 months. In addition, the FHLBanks had commitments for unused lines of credit that totaled $2,042 million and $1,605 million at September 30, 2010 and December 31, 2009.

Unearned fees and the value of the guarantees related to standby letters of credit are recorded in other liabilities and amounted to $131 million and $133 million at September 30, 2010 and December 31, 2009. Based on credit analyses performed by each FHLBank's management as well as collateral requirements, the FHLBanks have not deemed it necessary to record any additional liability on these commitments. Commitments are fully collateralized at the time of issuance (see "Note 7—Advances").

An FHLBank monitors the creditworthiness of its standby letters of credit based on an evaluation of its members. Each FHLBank has established parameters for the measurement, review, classification, and monitoring of credit risk related to these standby letters of credit.

Standby Bond-Purchase Agreements. Certain FHLBanks have entered into standby bond purchase agreements with state housing authorities within their district whereby the FHLBank, for a fee, agrees as a liquidity provider if required, to purchase and hold the authorities' bonds until the designated marketing agent can find a suitable investor or the housing authority repurchases the bond according to a schedule

established by the standby agreement. Each standby agreement dictates the specific terms that would require the FHLBank to purchase the bond. The bond purchase commitments entered into by these FHLBanks had expiration periods up to 7 years, currently no later than 2016, although some are renewable at the option of an FHLBank. At September 30, 2010 and December 31, 2009, the total commitments for standby bond purchases were $3,487 million with twelve state housing authorities and $3,466 million with twelve state housing authorities. During nine months ended September 30, 2010 and the year ended December 31, 2009, the FHLBanks were not required to purchase any bonds under these agreements.

Commitments to Fund or Purchase Mortgage Loans. At September 30, 2010 and December 31, 2009, commitments that unconditionally obligate the FHLBanks to fund or purchase mortgage loans totaled $1,569 million and $261 million. Commitments are generally for periods not to exceed 365 days. Of these amounts, $1,557 million and $259 million at September 30, 2010 and December 31, 2009, represent commitments that obligate the FHLBanks to purchase closed mortgage loans from their members, as well as net delivery commitments related to the MPF Xtra product. The remaining balances of $12 million and $2 million represent commitments that obligate the FHLBanks to table fund mortgage loans and are not considered derivatives.

The delivery commitments are recorded at fair value as derivatives. Under the MPF Xtra product, the FHLBank of Chicago enters into delivery commitments to purchase MPF Xtra mortgage loans from the PFIs, and simultaneously enters into delivery commitments to resell these loans to Fannie Mae. The outstanding delivery commitments issued by the FHLBank of Chicago were $531 million and $70 million at September 30, 2010 and December 31, 2009. For derivative and hedging activities disclosure purposes, the delivery commitments issued by the FHLBank of Chicago and by Fannie Mae are considered separate derivatives (see "Note 9—Derivatives and Hedging Activities").

Pledged Collateral. The FHLBanks generally execute derivatives with large banks and major broker-dealers and generally enter into bilateral pledge (collateral) agreements. At September 30, 2010, the FHLBanks had pledged, as collateral, securities with a carrying value of $722 million, which cannot be sold or repledged, and securities with a carrying value of $3,064 million, which can be sold or repledged to counterparties who have market risk exposure from the FHLBanks related to derivatives.

Unsettled Consolidated Obligations. The FHLBanks committed to issue $9,752 million (par value) of consolidated bonds of which $7,125 million were hedged with associated interest rate swaps, and $6,711 million (par value) of consolidated discount notes that had traded but not settled at September 30, 2010.

Lehman Bankruptcy. As previously reported, on September 15, 2008, LBHI, the parent company of LBSF and a guarantor of LBSF's obligations, announced it had filed a petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. This filing precipitated the termination of the FHLBanks' derivatives transactions with LBSF. Each affected FHLBank calculated its resulting settlement amount, including in that calculation any unreturned collateral pledged in connection with those transactions. Each FHLBank in a net receivable position, including the FHLBanks of Pittsburgh, Atlanta and Seattle, has made a provision (reversal) for derivative counterparty credit losses due to LBHI's bankruptcy. (See "Note 9—Derivatives and Hedging Activities—Managing Credit Risk on Derivatives—Lehman Brothers Holdings, Inc. Bankruptcy" for additional information regarding the net receivable and the provision for derivative counterparty credit losses.)

Additionally, a number of FHLBanks, including the FHLBanks of Boston, New York, Cincinnati and Topeka, have received a derivatives alternative dispute resolution (ADR) notice from the LBHI bankruptcy estate relating to the unwinding of derivatives transactions between LBSF and individual FHLBanks in 2008. Under the derivatives ADR notice, an FHLBank may agree to the demand, deny the demand or make a counteroffer to the demand. The FHLBanks of Boston, New York, Cincinnati and Topeka have disclosed information regarding these proceedings in their individual Third Quarter 2010 SEC Form 10-Q.

Legal Proceedings. The FHLBanks are subject to other legal proceedings arising in the normal course of business. After consultation with legal counsel, management of each FHLBank does not anticipate that the ultimate liability, if any, arising out of these matters will have a material effect on its FHLBank's financial condition or results of operations.

Further discussion of other commitments and contingencies is provided in "Note 7—Advances"; "Note 9—Derivatives and Hedging Activities"; "Note 11—Consolidated Obligations"; "Note 12—Capital"; and "Note 13—Fair Value".

Note 15—Subsequent Events

For purposes of this combined financial report, subsequent events have been evaluated through the date of this Combined Financial Report. From October 1, 2010 through November 12, 2010, no significant subsequent events were identified, other than the events discussed below.

FHLBank of Pittsburgh. On October 29, 2010, the FHLBank of Pittsburgh repurchased approximately $200 million in excess capital stock. The amount of excess capital stock repurchased from any member was the lesser of 5 percent of the member's total capital stock outstanding or its excess capital stock outstanding through October 28, 2010.

FHLBank of Atlanta. On October 29, 2010, the FHLBank of Atlanta sent a notice to each current shareholder of the FHLBank of Atlanta announcing that it will repurchase up to $300 million subclass B2 activity-based excess capital stock on November 15, 2010. The amount of activity-based excess stock to be repurchased from any individual shareholder will be based on the shareholder's total capital stock as of November 5, 2010.

FHLBank of Indianapolis. On October 28, 2010, the FHLBank of Indianapolis announced that it will repurchase up to $250 million in par value of excess stock on a pro rata basis from all shareholders with excess stock (provided that no fractional shares will be repurchased). This is in accordance with Section VI.C. of the FHLBank of Indianapolis' capital plan dated September 19, 2002 (as amended). Letters of repurchase were sent only to shareholders that held excess stock as of September 30, 2010. The repurchase will occur on November 18, 2010, provided that such repurchase meets all of the terms and conditions of the FHLBank of Indianapolis' capital plan as of the date of the repurchase.

FHLBank of San Francisco. On October 28, 2010, the FHLBank of San Francisco announced that it plans to repurchase up to $500 million in excess capital stock on November 15, 2010. The amount of excess capital stock to be repurchased from any shareholder will be based on the shareholder's pro rata ownership share of total capital stock outstanding as of the repurchase date, up to the amount of the shareholder's excess capital stock.

FHLBank of Seattle. On October 25, 2010, the FHLBank of Seattle entered into a Stipulation and Consent dated October 25, 2010, with the Finance Agency, relating to the Consent Order dated October 25, 2010 issued by the Finance Agency to the FHLBank of Seattle. See "Note 12—Capital—FHLBank of Seattle Consent Arrangement" for additional information regarding this arrangement.

On October 25, 2010, Richard M. Riccobono resigned from his positions as President and Chief Executive Officer of the FHLBank of Seattle, effective immediately. As a result of this resignation, in October 2010, the FHLBank of Seattle recorded severance expense of $554 thousand based on the terms of Mr. Riccobono's employment agreement.

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FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
SEPTEMBER 30, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
ASSETS					
Cash and due from banks	$ 5,002	$ –	$ 6	$ 69	$ 161
Interest-bearing deposits	11		–	–	–
Deposits with other FHLBanks	–	(15)	–	–	12
Securities purchased under agreements to resell	24,450	–	5,200	–	–
Federal funds sold	75,162	–	4,440	4,095	3,810
Trading securities	23,452	(209)	4,483	–	1,136
Available-for-sale securities	70,844	–	7,533	3,374	2,374
Held-to-maturity securities	136,839	–	6,627	8,222	10,967
Advances	499,616	–	30,205	85,697	31,595
Mortgage loans held for portfolio	64,365	–	3,277	1,274	4,744
Less allowance for credit losses on mortgage loans	64	–	3	6	3
Mortgage loans held for portfolio, net	64,301	–	3,274	1,268	4,741
Loans to other FHLBanks	–	(120)	–	–	–
Accrued interest receivable	2,002	(2)	145	306	188
Premises, software, and equipment, net	228	–	5	15	20
Derivative assets, net	714	–	18	32	39
Other assets	953	2	67	16	97
Total assets	$903,574	$(344)	$62,003	$103,094	$55,140
LIABILITIES					
Deposits:					
Interest-bearing:					
Demand and overnight	$ 18,079	$ –	$ 679	$ 3,618	$ 1,118
Term	1,049	–	29	60	1
Deposits from other FHLBanks	–	(15)	–	–	–
Other	75	–	4	42	–
Total interest-bearing	19,203	(15)	712	3,720	1,119
Non-interest-bearing:					
Demand and overnight	180	–	–	10	45
Other	304	–	32	–	–
Total non-interest-bearing	484	–	32	10	45
Total deposits	19,687	(15)	744	3,730	1,164
Borrowings:					
Loans from other FHLBanks	–	(120)	–	–	–
Securities sold under agreements to repurchase	1,200	–	–	–	–
Total borrowings	1,200	(120)	–	–	–
Consolidated obligations, net:					
Discount notes	184,303	–	17,751	17,788	12,252
Bonds	629,635	(243)	39,032	74,919	36,401
Total consolidated obligations, net	813,938	(243)	56,783	92,707	48,653
Mandatorily redeemable capital stock	7,012	–	87	67	36
Accrued interest payable	3,159	(2)	170	278	208
Affordable Housing Program payable	763	–	23	138	15
Payable to REFCORP	140	–	–	21	–
Derivative liabilities, net	6,141	–	906	785	701
Other liabilities	6,186	–	115	101	99
Subordinated notes	1,000	–	–	–	–
Total liabilities	859,226	(380)	58,828	97,827	50,876
CAPITAL					
Capital stock:					
Class B putable ($100 par value) issued and outstanding	40,359	–	3,662	4,664	4,147
Class A putable ($100 par value) issued and outstanding	708	–	–	–	–
Pre-conversion putable ($100 par value) issued and outstanding	2,318	–	–	–	–
Total capital stock	43,385	–	3,662	4,664	4,147
Retained earnings	7,020	38	225	701	376
Accumulated other comprehensive income (loss):					
Net unrealized gains (losses) on available-for-sale securities	1,408	–	(15)	24	(1)
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(10)	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(1,374)	–	–	–	(257)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,074)	–	(696)	(96)	–
Net unrealized losses relating to hedging activities	(967)	(2)	–	(18)	–
Pension and postretirement benefits	(40)	–	(1)	(8)	(1)
Total accumulated other comprehensive (loss) income	(6,057)	(2)	(712)	(98)	(259)
Total capital	44,348	36	3,175	5,267	4,264
Total liabilities and capital	$903,574	$(344)	$62,003	$103,094	$55,140
Supplemental Disclosures:					
Advances held at fair value under fair value option included in advances total	$ 11,094	$ –	$ –	$ –	$ –
Consolidated discount notes held at fair value under fair value option included in consolidated discount notes total	$ 6,968	$ –	$ –	$ 1,756	$ –
Consolidated bonds held at fair value under fair value option included in consolidated bonds total	$ 37,423	$ –	$ –	$ 10,761	$ –

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 10	$ 39	$ 12	$ 22	$ 106	$ 4,573	$ 1	$ 2	$ 1
–	–	–	–	11	–	–	–	–
2	–	–	–	–	1	–	–	–
–	2,500	1,250	4,500	2,250	–	–	–	8,750
15,775	5,965	6,677	5,222	2,036	6,060	1,869	16,001	3,212
3,468	1,709	–	1,741	1,497	4,005	4,010	1,612	–
3,486	5,855	2,226	25,739	6,549	–	–	1,929	11,779
16,395	11,433	9,141	12,062	7,897	9,320	7,492	30,227	7,056
99,425	30,375	18,914	18,803	32,014	27,341	20,506	89,327	15,414
2,195	8,331	6,487	20,166	7,556	222	3,940	2,627	3,546
1	3	–	32	7	–	3	4	2
2,194	8,328	6,487	20,134	7,549	222	3,937	2,623	3,544
–	–	–	–	–	–	–	120	–
410	137	104	203	89	46	81	198	97
34	11	10	48	9	25	13	23	15
34	3	3	7	9	25	28	505	11
259	24	38	145	52	26	64	128	35
$141,492	$66,379	$44,862	$88,626	$60,068	$51,644	$38,001	$142,695	$49,914
$ 6,201	$ 1,239	$ 569	$ 752	$ 789	$ 918	$ 1,729	$ 148	$ 319
–	249	15	24	590	57	4	8	12
–	–	–	15	–	–	–	–	–
–	25	–	1	–	–	–	3	–
6,201	1,513	584	792	1,379	975	1,733	159	331
–	–	–	–	125	–	–	–	–
–	11	6	209	–	–	43	3	–
–	11	6	209	125	–	43	3	–
6,201	1,524	590	1,001	1,504	975	1,776	162	331
–	–	–	–	–	–	120	–	–
–	–	–	1,200	–	–	–	–	–
–	–	–	1,200	–	–	120	–	–
27,599	28,468	9,728	24,254	7,471	3,301	10,538	11,138	14,015
97,942	31,504	30,548	55,077	47,518	41,920	23,292	118,764	32,961
125,541	59,972	40,276	79,331	54,989	45,221	33,830	129,902	46,976
492	368	782	511	5	7	26	3,627	1,004
464	207	162	442	235	139	132	598	126
127	88	35	37	41	40	38	173	8
19	9	11	29	10	7	–	34	–
416	236	883	1,284	271	–	270	152	237
152	449	249	924	41	3,045	33	846	132
–	–	–	1,000	–	–	–	–	–
133,412	62,853	42,988	85,759	57,096	49,434	36,225	135,494	48,814
7,480	3,109	1,733	–	2,296	1,836	890	8,875	1,667
–	–	–	–	–	–	581	–	127
–	–	–	2,318	–	–	–	–	–
7,480	3,109	1,733	2,318	2,296	1,836	1,471	8,875	1,794
1,051	425	395	967	529	432	327	1,478	76
2	(1)	(7)	1,253	148	–	–	1	4
–	–	–	(10)	–	–	–	–	–
(448)	–	–	(38)	–	–	–	–	(631)
–	–	(238)	(680)	–	(58)	(21)	(3,145)	(140)
–	–	–	(946)	–	–	–	(1)	–
(5)	(7)	(9)	3	(1)	–	(1)	(7)	(3)
(451)	(8)	(254)	(418)	147	(58)	(22)	(3,152)	(770)
8,080	3,526	1,874	2,867	2,972	2,210	1,776	7,201	1,100
$141,492	$66,379	$44,862	$88,626	$60,068	$51,644	$38,001	$142,695	$49,914
$ –	$ –	$ –	$ 4	$ –	$ –	$ –	$ 11,090	$ –
$ –	$ –	$ –	$ 5,212	$ –	$ –	$ –	$ –	$ –
$ –	$ –	$ –	$ 8,189	$ 1,511	$ –	$ –	$ 16,962	$ –

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
ASSETS					
Cash and due from banks	$ 24,330	$ –	$ 191	$ 2,189	$ 1,419
Interest-bearing deposits	11	–	–	–	–
Deposits with other FHLBanks	–	(11)	–	–	8
Securities purchased under agreements to resell	7,175	–	1,250	–	–
Federal funds sold	54,597	–	5,676	3,450	3,000
Trading securities	22,247	(353)	107	–	1,286
Available-for-sale securities	52,488	–	6,487	2,253	2,397
Held-to-maturity securities	147,833	–	7,427	10,519	10,482
Advances	631,159	–	37,591	94,349	41,177
Mortgage loans held for portfolio	71,469	–	3,508	1,322	5,165
Less allowance for credit losses on mortgage loans	32	–	2	5	2
Mortgage loans held for portfolio, net	71,437	–	3,506	1,317	5,163
Accrued interest receivable	2,466	(3)	148	341	229
Premises, software, and equipment, net	208	–	6	15	22
Derivative assets	674	–	17	8	8
Other assets	958	3	81	20	100
Total assets	$1,015,583	$(364)	$62,487	$114,461	$65,291
LIABILITIES					
Deposits:					
Interest-bearing:					
Demand and overnight	$ 14,559	$ –	$ 721	$ 2,556	$ 1,247
Term	936	–	30	7	11
Deposits from other FHLBanks	–	(11)	–	–	–
Other	94	–	4	62	–
Total interest-bearing	15,589	(11)	755	2,625	1,258
Non-interest-bearing:					
Demand and overnight	113	–	–	6	26
Other	195	–	18	–	–
Total non-interest-bearing	308	–	18	6	26
Total deposits	15,897	(11)	773	2,631	1,284
Borrowings:					
Securities sold under agreements to repurchase	1,200	–	–	–	–
Total borrowings	1,200	–	–	–	–
Consolidated obligations, net:					
Discount notes	198,532	–	22,278	30,828	10,209
Bonds	736,344	(333)	35,409	74,008	49,104
Total consolidated obligations, net	934,876	(333)	57,687	104,836	59,313
Mandatorily redeemable capital stock	8,138	–	91	126	8
Accrued interest payable	3,802	(3)	178	278	301
Affordable Housing Program payable	791	–	24	144	25
Payable to REFCORP	121	–	–	24	–
Derivative liabilities	5,228	–	768	746	624
Other liabilities	1,721	–	202	73	23
Subordinated notes	1,000	–	–	–	–
Total liabilities	972,774	(347)	59,723	108,858	61,578
CAPITAL					
Capital Stock:					
Class B putable ($100 par value) issued and outstanding	42,227	–	3,643	5,059	4,018
Class A putable ($100 par value) issued and outstanding	427	–	–	–	–
Pre-conversion putable ($100 par value) issued and outstanding	2,328	–	–	–	–
Total capital stock	44,982	–	3,643	5,059	4,018
Retained earnings	6,033	(15)	142	689	389
Accumulated other comprehensive income (loss):					
Net unrealized gains (losses) on available-for-sale securities	453	–	(90)	(3)	(2)
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(22)	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(2,182)	–	–	–	(691)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(6,149)	–	(929)	(111)	–
Net unrealized losses relating to hedging activities	(267)	(2)	–	(23)	–
Pension and postretirement benefits	(39)	–	(2)	(8)	(1)
Total accumulated other comprehensive loss	(8,206)	(2)	(1,021)	(145)	(694)
Total capital	42,809	(17)	2,764	5,603	3,713
Total liabilities and capital	$1,015,583	$(364)	$62,487	$114,461	$65,291
Supplemental Disclosures:					
Advances held at fair value under fair value option included in Advances total	$ 21,620	$ –	$ –	$ –	$ –
Consolidated Bonds held at fair value under fair value option included in Consolidated Bonds total	$ 53,805	$ –	$ –	$ 6,036	$ –

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 465	$ 1,808	$ 1,722	$ 2,823	$ 299	$ 3,908	$ 495	$ 8,280	$ 731
–	–	–	–	11	–	–	–	–
3	–	–	–	–	–	–	–	–
–	100	–	2,325	–	–	–	–	3,500
10,043	2,150	5,532	390	3,133	2,063	945	8,164	10,051
3,553	3,802	–	1,370	4,434	4	8,013	31	–
2,256	6,670	1,761	20,019	7,737	–	–	1,931	977
17,085	11,471	7,701	12,689	5,475	11,425	7,390	36,880	9,289
114,580	35,818	22,443	24,148	35,720	47,263	22,254	133,559	22,257
2,523	9,366	7,272	23,852	7,719	260	3,336	3,039	4,107
1	–	–	14	2	1	2	2	1
2,522	9,366	7,272	23,838	7,717	259	3,334	3,037	4,106
515	152	114	247	82	61	102	355	123
34	10	11	25	9	25	15	21	15
39	9	1	44	11	65	16	452	4
216	31	42	156	29	19	68	152	41
$151,311	$71,387	$46,599	$88,074	$64,657	$65,092	$42,632	$192,862	$51,094
$ 2,989	$ 1,970	$ 806	$ 828	$ 660	$ 1,306	$ 1,021	$ 192	$ 263
–	80	15	15	484	156	32	29	77
–	–	–	11	–	–	–	–	–
–	27	–	–	–	–	–	1	–
2,989	2,077	821	854	1,144	1,462	1,053	222	340
–	–	–	–	81	–	–	–	–
–	8	4	148	–	–	15	2	–
–	8	4	148	81	–	15	2	–
2,989	2,085	825	1,002	1,225	1,462	1,068	224	340
–	–	–	1,200	–	–	–	–	–
–	–	–	1,200	–	–	–	–	–
17,127	23,187	6,250	22,139	9,417	8,762	11,587	18,246	18,502
121,450	41,222	35,908	58,225	50,495	51,516	27,525	162,053	29,762
138,577	64,409	42,158	80,364	59,912	60,278	39,112	180,299	48,264
188	676	755	466	8	9	22	4,843	946
612	309	212	376	244	179	154	754	208
125	99	37	13	41	44	44	186	9
21	12	7	–	10	10	12	25	–
409	228	713	713	280	1	241	205	300
137	102	146	562	26	287	33	96	34
–	–	–	1,000	–	–	–	–	–
143,058	67,920	44,853	85,696	61,746	62,270	40,686	186,632	50,101
8,124	3,063	1,726	–	2,461	2,532	1,309	8,575	1,717
–	–	–	–	–	–	294	–	133
–	–	–	2,328	–	–	–	–	–
8,124	3,063	1,726	2,328	2,461	2,532	1,603	8,575	1,850
873	412	349	708	484	356	355	1,239	52
–	–	2	580	(33)	–	–	(1)	–
–	–	–	(22)	–	–	–	–	–
(739)	–	–	(55)	–	–	–	–	(697)
–	–	(325)	(923)	–	(67)	(10)	(3,575)	(209)
–	–	–	(241)	–	–	–	(1)	–
(5)	(8)	(6)	3	(1)	1	(2)	(7)	(3)
(744)	(8)	(329)	(658)	(34)	(66)	(12)	(3,584)	(909)
8,253	3,467	1,746	2,378	2,911	2,822	1,946	6,230	993
$151,311	$71,387	$46,599	$88,074	$64,657	$65,092	$42,632	$192,862	$51,094
$ –	$ –	$ –	$ 4	$ –	$ –	$ –	$ 21,616	$ –
$ –	$ –	$ –	$ 4,749	$ 5,998	$ –	$ –	$ 37,022	$ –

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
INTEREST INCOME					
Advances	$1,219	$ –	$106	$170	$ 86
Prepayment fees on advances, net	223	–	5	4	–
Interest-bearing deposits	4	–	–	2	–
Securities purchased under agreements to resell	15	–	3	–	–
Federal funds sold	37	–	2	3	2
Trading securities	88	(3)	5	–	1
Available-for-sale securities	341	(1)	20	7	42
Held-to-maturity securities	1,039	–	40	83	54
Mortgage loans held for portfolio	785	–	42	17	60
Other	2	–	–	–	–
Total interest income	3,753	(4)	223	286	245
INTEREST EXPENSE					
Consolidated obligations—Discount notes	174	–	8	11	5
Consolidated obligations—Bonds	2,132	(4)	139	148	189
Deposits	6	–	1	1	1
Securities sold under agreements to repurchase	4	–	–	–	–
Subordinated notes	15	–	–	–	–
Mandatorily redeemable capital stock	14	–	–	1	–
Other borrowings	1	–	–	–	–
Total interest expense	2,346	(4)	148	161	195
NET INTEREST INCOME	1,407	–	75	125	50
Provision (reversal) for credit losses	14	–	1	–	(2)
NET INTEREST INCOME AFTER PROVISION (REVERSAL) FOR CREDIT LOSSES	1,393	–	74	125	52
OTHER (LOSS) INCOME					
Total other-than-temporary impairment losses	(159)	–	(2)	(1)	–
Net amount of impairment losses reclassified (from)/to accumulated other comprehensive loss	(19)	–	(4)	(2)	(7)
Net other-than-temporary impairment losses	(178)	–	(6)	(3)	(7)
Net gains (losses) on trading securities	79	–	9	–	1
Net realized gains from sale of available-for-sale securities	9	–	–	1	8
Net realized gains from sale of held-to-maturity securities	2	–	–	–	–
Net gains (losses) on advances, consolidated obligations and other liabilities held under fair value option	67	–	–	(1)	–
Net (losses) gains on derivatives and hedging activities	(128)	–	(9)	9	4
Service fees	8	–	2	1	1
Other, net	(68)	52	–	(1)	2
Total other (loss) income	(209)	52	(4)	6	9
OTHER EXPENSE					
Operating	206	–	12	22	14
Finance Agency	15	–	1	1	1
Office of Finance	6	–	–	1	1
Reversal of derivative counterparty credit losses	(2)	–	–	–	–
Other, net	3	(2)	1	(1)	–
Total other expense	228	(2)	14	23	16
INCOME BEFORE ASSESSMENTS	956	54	56	108	45
Affordable Housing Program	70	–	4	9	–
REFCORP	154	–	11	20	–
Total assessments	224	–	15	29	–
NET INCOME	$ 732	$54	$ 41	$ 79	$ 45

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$107	$ 77	$ 52	$ 85	$ 100	$ 87	$ 51	$255	$ 43
2	1	13	45	133	4	4	11	1
2	–	–	–	–	–	–	–	–
–	1	2	4	–	–	–	–	5
9	3	3	2	1	1	1	8	2
42	–	–	11	7	–	23	2	–
50	3	3	181	24	–	–	2	10
130	125	62	137	63	30	32	249	34
30	94	90	235	89	3	44	33	48
–	–	1	–	–	–	1	–	–
372	304	226	700	417	125	156	560	143
10	11	4	98	3	3	6	8	7
222	227	138	370	210	67	91	241	94
1	1	–	–	–	1	–	–	–
–	–	–	4	–	–	–	–	–
–	–	–	15	–	–	–	–	–
1	5	2	–	–	–	–	5	–
–	–	–	–	–	–	1	–	–
234	244	144	487	213	71	98	254	101
138	60	82	213	204	54	58	306	42
–	4	–	9	2	–	–	–	–
138	56	82	204	202	54	58	306	42
(5)	–	–	(2)	–	–	–	(87)	(62)
(9)	–	–	(74)	–	–	–	31	46
(14)	–	–	(76)	–	–	–	(56)	(16)
38	–	–	(5)	9	–	27	–	–
–	–	–	–	–	–	–	–	–
–	2	–	–	–	–	–	–	–
–	–	–	(1)	3	–	–	66	–
(30)	4	2	62	(24)	(3)	(53)	(98)	8
–	–	–	1	–	1	1	–	1
1	2	(1)	2	(125)	2	1	2	(5)
(5)	8	1	(17)	(137)	–	(24)	(86)	(12)
30	11	13	24	11	16	10	28	15
2	1	1	2	1	1	–	3	1
1	1	–	–	–	–	–	1	1
(2)	–	–	–	–	–	–	–	–
1	1	–	2	–	–	1	1	(1)
32	14	14	28	12	17	11	33	16
101	50	69	159	53	37	23	187	14
9	5	6	13	4	3	–	16	1
18	9	12	29	10	7	1	34	3
27	14	18	42	14	10	1	50	4
$ 74	$ 36	$ 51	$117	$ 39	$ 27	$ 22	$137	$ 10

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
INTEREST INCOME					
Advances	$ 1,854	$ –	$ 133	$240	$ 114
Prepayment fees on advances, net	28	–	1	–	2
Interest-bearing deposits	3	–	–	1	1
Securities purchased under agreements to resell	6	–	1	–	–
Federal funds sold	31	–	4	2	2
Trading securities	92	(6)	–	–	1
Available-for-sale securities	199	–	3	7	28
Held-to-maturity securities	1,404	–	57	112	98
Mortgage loans held for portfolio	904	–	46	18	68
Total interest income	4,521	(6)	245	380	314
INTEREST EXPENSE					
Consolidated obligations—Discount notes	328	–	15	31	6
Consolidated obligations—Bonds	2,793	(3)	148	191	240
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
NET INTEREST INCOME (EXPENSE)	1,361	(3)	81	155	68
Provision for credit losses	4	–	–	1	1
NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR CREDIT LOSSES	1,357	(3)	81	154	67
OTHER (LOSS) INCOME					
Total other-than-temporary impairment losses	(2,182)	–	(176)	(30)	(191)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive loss	1,140	–	2	26	97
Net other-than-temporary impairment losses	(1,042)	–	(174)	(4)	(94)
Net gains (losses) on trading securities	43	–	–	–	1
Net realized gains from sale of available-for-sale securities	31	–	–	–	–
Net (losses) gains on advances and consolidated obligations held under fair value option	(68)	–	–	1	–
Net (losses) gains on derivatives and hedging activities	(196)	–	–	60	(4)
Service fees	7	–	1	–	1
Other, net	(20)	(2)	–	–	2
Total other (loss) income	(1,245)	(2)	(173)	57	(94)
OTHER EXPENSE					
Operating	203	–	12	18	14
Finance Agency	9	–	1	1	1
Office of Finance	7	–	–	1	1
Other, net	1	(2)	–	–	–
Total other expense	220	(2)	13	20	16
(LOSS) INCOME BEFORE ASSESSMENTS	(108)	(3)	(105)	191	(43)
Affordable Housing Program	19	–	–	16	(1)
REFCORP	38	–	–	35	(2)
Total assessments	57	–	–	51	(3)
NET (LOSS) INCOME	$ (165)	$(3)	$(105)	$140	$ (40)

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 97	$110	$ 77	$ 120	$149	$125	$ 69	$ 546	$ 74
2	1	1	13	4	1	–	2	1
1	–	–	–	–	–	–	–	–
–	–	–	3	1	–	–	–	1
4	3	3	1	3	1	1	5	2
47	1	–	8	15	–	26	–	–
35	4	3	101	18	–	–	–	–
208	147	68	178	42	39	46	358	51
36	115	93	296	95	4	40	39	54
430	381	245	720	327	170	182	950	183
16	15	8	103	19	32	7	67	9
312	271	168	454	248	105	115	418	126
–	1	–	–	1	–	–	–	–
–	–	–	5	–	–	–	–	–
–	–	–	15	–	–	–	–	–
–	3	3	–	–	–	–	7	–
328	290	179	577	268	137	122	492	135
102	91	66	143	59	33	60	458	48
–	–	–	–	1	–	1	–	–
102	91	66	143	58	33	59	458	48
(105)	–	(73)	(102)	–	(28)	(7)	(1,385)	(85)
(24)	–	49	(67)	–	26	7	1,069	(45)
(129)	–	(24)	(169)	–	(2)	–	(316)	(130)
25	–	–	–	(2)	–	19	–	–
–	–	–	–	31	–	–	–	–
–	–	–	(4)	(3)	–	–	(62)	–
45	5	(3)	(114)	1	14	(37)	(166)	3
1	–	–	1	1	–	2	–	–
–	2	–	1	(27)	2	1	1	–
(58)	7	(27)	(285)	1	14	(15)	(543)	(127)
27	12	9	29	10	23	10	26	13
1	1	–	–	1	–	–	3	–
1	–	–	1	–	–	–	2	1
–	1	1	1	–	–	–	–	–
29	14	10	31	11	23	10	31	14
15	84	29	(173)	48	24	34	(116)	(93)
2	7	3	(7)	4	2	3	(10)	–
2	16	5	(16)	9	4	6	(21)	–
4	23	8	(23)	13	6	9	(31)	–
$ 11	$ 61	$ 21	$(150)	$ 35	$ 18	$ 25	$ (85)	$ (93)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
INTEREST INCOME					
Advances	$ 3,595	$ –	$314	$468	$ 239
Prepayment fees on advances, net	399	–	7	10	2
Interest-bearing deposits	10	–	–	4	1
Securities purchased under agreements to resell	27	–	4	–	–
Federal funds sold	109	–	9	7	5
Trading securities	253	(13)	10	–	3
Available-for-sale securities	939	(1)	53	23	126
Held-to-maturity securities	3,389	–	131	274	175
Mortgage loans held for portfolio	2,444	–	127	50	186
Other	4	–	–	–	–
Total interest income	11,169	(14)	655	836	737
INTEREST EXPENSE					
Consolidated obligations—Discount notes	495	–	23	33	13
Consolidated obligations—Bonds	6,598	(13)	413	449	554
Deposits	12	–	1	3	1
Securities sold under agreements to repurchase	13	–	–	–	–
Subordinated notes	43	–	–	–	–
Mandatorily redeemable capital stock	39	–	–	3	–
Other borrowings	1	–	–	–	–
Total interest expense	7,201	(13)	437	488	568
NET INTEREST INCOME	3,968	(1)	218	348	169
Provision (reversal) for credit losses	33	–	1	1	(3)
NET INTEREST INCOME AFTER PROVISION (REVERSAL) FOR CREDIT LOSSES	3,935	(1)	217	347	172
OTHER (LOSS) INCOME					
Total other-than-temporary impairment losses	(1,031)	–	(41)	(5)	(23)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive loss	125	–	(18)	(3)	(123)
Net other-than-temporary impairment losses	(906)	–	(59)	(8)	(146)
Net gains (losses) on trading securities	265	–	19	–	–
Net realized gains from sale of available-for-sale securities	9	–	–	1	8
Net realized gains from sale of held-to-maturity securities	8	–	–	–	–
Net (losses) gains on advances, consolidated obligations and other liabilities held under fair value option	(75)	–	–	(13)	–
Net (losses) gains on derivatives and hedging activities	(706)	–	(26)	(3)	(8)
Service fees	23	–	5	3	2
Other, net	(55)	49	–	(1)	6
Total other (loss) income	(1,437)	49	(61)	(21)	(138)
OTHER EXPENSE					
Operating	602	–	37	62	42
Finance Agency	39	–	3	3	3
Office of Finance	25	–	2	3	2
Reversal of derivative counterparty credit losses	(55)	–	–	–	–
Other, net	13	(5)	1	–	–
Total other expense	624	(5)	43	68	47
INCOME (LOSS) BEFORE ASSESSMENTS	1,874	53	113	258	(13)
Affordable Housing Program	153	–	9	21	–
REFCORP	338	–	21	48	–
Total assessments	491	–	30	69	–
NET INCOME (LOSS)	$ 1,383	$ 53	$ 83	$189	$ (13)

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 255	$220	$152	$ 246	$ 308	$249	$ 150	$ 861	$ 133
7	4	16	115	152	10	12	50	14
5	–	–	–	–	–	–	–	–
–	2	3	8	1	–	–	–	9
22	9	10	5	4	4	3	21	10
125	1	–	22	33	–	69	3	–
134	9	6	490	74	–	–	4	21
450	397	189	445	167	108	116	819	118
93	310	264	751	273	10	128	108	144
–	–	1	–	–	–	3	–	–
1,091	952	641	2,082	1,012	381	481	1,866	449
19	28	11	289	7	9	16	30	17
642	716	421	1,189	675	184	270	799	299
2	1	–	–	1	1	2	–	–
–	–	–	13	–	–	–	–	–
–	–	–	43	–	–	–	–	–
1	15	9	–	–	–	–	11	–
–	–	–	–	–	–	1	–	–
664	760	441	1,534	683	194	289	840	316
427	192	200	548	329	187	192	1,026	133
–	4	–	20	6	–	1	2	1
427	188	200	528	323	187	191	1,024	132
(200)	–	(22)	(39)	–	(7)	(18)	(469)	(207)
68	–	(46)	(108)	–	5	14	211	125
(132)	–	(68)	(147)	–	(2)	(4)	(258)	(82)
118	–	–	(8)	62	–	75	(1)	–
–	–	–	–	–	–	–	–	–
–	8	–	–	–	–	–	–	–
–	–	–	(9)	2	–	–	(55)	–
(105)	3	–	28	(113)	(28)	(232)	(257)	35
1	1	1	1	1	2	4	–	2
1	4	–	8	(124)	5	3	5	(11)
(117)	16	(67)	(127)	(172)	(23)	(154)	(566)	(56)
82	33	33	71	35	49	29	86	43
6	3	2	3	2	2	1	9	2
4	2	1	2	1	1	1	4	2
(51)	–	–	–	–	–	–	–	(4)
1	1	1	6	–	–	3	5	–
42	39	37	82	38	52	34	104	43
268	165	96	319	113	112	3	354	33
22	15	9	26	9	9	–	30	3
49	30	17	59	21	21	1	65	6
71	45	26	85	30	30	1	95	9
$ 197	$120	$ 70	$ 234	$ 83	$ 82	$ 2	$ 259	$ 24

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
INTEREST INCOME					
Advances	$ 8,324	$ –	$ 551	$1,073	$ 523
Prepayment fees on advances, net	141	–	9	21	5
Interest-bearing deposits	64	–	11	19	11
Securities purchased under agreements to resell	20	–	4	–	–
Federal funds sold	109	–	7	2	2
Trading securities	309	(21)	2	–	12
Available-for-sale securities	395	–	8	23	29
Held-to-maturity securities	4,571	–	175	357	383
Mortgage loans held for portfolio	2,983	–	148	55	215
Other	2	–	–	–	–
Total interest income	16,918	(21)	915	1,550	1,180
INTEREST EXPENSE					
Consolidated obligations — Discount notes	1,966	–	146	173	39
Consolidated obligations — Bonds	10,737	(5)	545	783	940
Deposits	19	–	1	2	1
Securities sold under agreements to repurchase	22	–	–	–	–
Subordinated notes	43	–	–	–	–
Mandatorily redeemable capital stock	30	–	–	6	–
Other borrowings	1	–	–	–	–
Total interest expense	12,818	(5)	692	964	980
NET INTEREST INCOME (EXPENSE)	4,100	(16)	223	586	200
Provision for credit losses	14	–	1	2	3
NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR CREDIT LOSSES	4,086	(16)	222	584	197
OTHER (LOSS) INCOME					
Total other-than-temporary impairment losses	(10,378)	–	(1,281)	(118)	(976)
Net amount of impairment losses reclassified to accumulated other comprehensive loss	8,383	–	910	104	812
Net other-than-temporary impairment losses	(1,995)	–	(371)	(14)	(164)
Net (losses) gains on trading securities	(36)	–	1	–	1
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 obligations held under fair value option	(435)	–	–	9	–
Net gains (losses) on derivatives and hedging activities	983	–	(2)	125	7
Service fees	24	–	3	3	2
Other, net	(23)	32	–	–	6
Total other (loss) income	(1,469)	32	(369)	123	(148)
OTHER EXPENSE					
Operating	587	–	41	54	42
Finance Agency	29	–	2	3	2
Office of Finance	25	–	2	3	2
Provision for derivative counterparty credit losses	35	–	–	–	35
Other, net	8	(5)	1	–	–
Total other expense	684	(5)	46	60	81
INCOME (LOSS) BEFORE ASSESSMENTS	1,933	21	(193)	647	(32)
Affordable Housing Program	196	–	–	53	–
REFCORP	434	–	–	119	–
Total assessments	630	–	–	172	–
NET INCOME (LOSS)	$ 1,303	$ 21	$ (193)	$ 475	$ (32)

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 800	$ 489	$ 335	$ 455	$ 535	$560	$281	$ 2,363	$ 359
12	6	3	27	7	12	10	22	7
6	9	–	–	–	1	7	–	–
–	1	–	7	2	–	–	–	6
18	9	21	4	16	4	3	18	5
151	1	–	30	50	–	83	1	–
70	14	16	195	40	–	–	–	–
708	438	213	559	134	117	162	1,162	163
118	367	317	984	349	12	119	118	181
–	–	–	–	–	–	2	–	–
1,883	1,334	905	2,261	1,133	706	667	3,684	721
254	104	82	274	127	199	70	435	63
1,382	910	605	1,475	873	481	395	1,866	487
3	2	1	1	2	1	4	–	1
–	–	–	22	–	–	–	–	–
–	–	–	43	–	–	–	–	–
2	5	10	–	–	–	–	7	–
–	–	–	–	–	–	1	–	–
1,641	1,021	698	1,815	1,002	681	470	2,308	551
242	313	207	446	131	25	197	1,376	170
–	–	–	5	1	–	1	1	–
242	313	207	441	130	25	196	1,375	170
(1,207)	–	(256)	(1,388)	–	(80)	(8)	(3,824)	(1,240)
943	–	211	1,009	–	77	8	3,332	977
(264)	–	(45)	(379)	–	(3)	–	(492)	(263)
(83)	–	–	(11)	52	–	3	1	–
–	–	–	19	(12)	–	–	–	–
–	6	–	–	–	–	–	–	–
–	–	–	(6)	(15)	–	–	(423)	–
462	13	–	(64)	98	175	85	92	(8)
2	1	1	1	2	2	5	1	1
1	5	1	2	(76)	6	2	3	(5)
118	25	(43)	(438)	49	180	95	(818)	(275)
78	33	29	79	33	55	27	80	36
4	2	1	2	2	1	1	8	1
3	2	1	2	1	1	1	5	2
–	–	–	–	–	–	–	–	–
1	2	1	6	–	–	2	–	–
86	39	32	89	36	57	31	93	39
274	299	132	(86)	143	148	260	464	(144)
23	25	12	–	12	12	21	38	–
50	55	24	–	26	27	48	85	–
73	80	36	–	38	39	69	123	–
$ 201	$ 219	$ 96	$ (86)	$ 105	$109	$191	$ 341	$ (144)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
CAPITAL STOCK CLASS B PUTABLE SHARES					
BALANCE, DECEMBER 31, 2008	465	–	36	56	40
Proceeds from sale of capital stock	48	–	–	27	–
Repurchase/redemption of capital stock	(52)	–	–	(32)	–
Net shares reclassified to mandatorily redeemable capital stock	(8)	–	–	–	–
Transfer between Class B and Class A shares	1	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2009	454	–	36	51	40
BALANCE, DECEMBER 31, 2009	422	–	36	51	40
Proceeds from sale of capital stock	27	–	–	14	2
Repurchase/redemption of capital stock	(44)	–	–	(18)	–
Net shares reclassified to mandatorily redeemable capital stock	4	–	–	–	–
Transfer between Class B and Class A shares	(4)	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	405	–	36	47	42
CAPITAL STOCK CLASS A PUTABLE SHARES					
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	–	–	–	–
BALANCE, DECEMBER 31, 2009	4	–	–	–	–
Proceeds from sale of capital stock	–	–	–	–	–
Repurchase/redemption of capital stock	–	–	–	–	–
Net shares reclassified to mandatorily redeemable capital stock	(1)	–	–	–	–
Transfer between Class B and Class A shares	4	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	7	–	–	–	–

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
85	40	19	–	28	32	16	96	17
9	1	1	–	2	4	3	1	–
(11)	–	–	–	–	(9)	–	–	–
(1)	(4)	(1)	–	–	(1)	(7)	6	–
–	–	–	–	–	–	1	–	–
–	–	–	–	–	–	–	–	–
82	37	19	–	30	26	13	103	17
81	31	17	–	25	25	13	86	17
2	1	–	–	4	3	1	–	–
(5)	–	–	–	(5)	(10)	–	(6)	–
(3)	–	–	–	–	–	(1)	9	(1)
–	–	–	–	–	–	(4)	–	–
–	–	–	–	–	–	–	–	–
75	32	17	–	24	18	9	89	16
–	–	–	–	–	–	6	–	1
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	3	–	1
–	–	–	–	–	–	3	–	1
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	4	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	6	–	1

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES					
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	–	–	–	–
BALANCE, DECEMBER 31, 2009	23	–	–	–	–
Proceeds from sale of capital stock	–	–	–	–	–
Repurchase/redemption of capital stock	–	–	–	–	–
Net shares reclassified to mandatorily redeemable capital stock	–	–	–	–	–
Conversion to Class B or Class A shares	–	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	23	–	–	–	–
TOTAL CAPITAL STOCK PUTABLE SHARES					
BALANCE, DECEMBER 31, 2008	496	–	36	56	40
Proceeds from sale of capital stock	49	–	–	27	–
Repurchase/redemption of capital stock	(53)	–	–	(32)	–
Net shares reclassified to mandatorily redeemable capital stock	(10)	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2009	482	–	36	51	40
BALANCE, DECEMBER 31, 2009	449	–	36	51	40
Proceeds from sale of capital stock	27	–	–	14	2
Repurchase/redemption of capital stock	(44)	–	–	(18)	–
Net shares reclassified to mandatorily redeemable capital stock	3	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	435	–	36	47	42

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
–	–	–	24	–	–	–	–	–
–	–	–	1	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	(1)	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	24	–	–	–	–	–
–	–	–	23	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	23	–	–	–	–	–
85	40	19	24	28	32	22	96	18
9	1	1	1	2	4	3	1	–
(11)	–	–	–	–	(9)	(1)	–	–
(1)	(4)	(1)	(1)	–	(1)	(8)	6	–
–	–	–	–	–	–	–	–	–
82	37	19	24	30	26	16	103	18
81	31	17	23	25	25	16	86	18
2	1	–	–	4	3	1	–	–
(5)	–	–	–	(5)	(10)	–	(6)	–
(3)	–	–	–	–	–	(2)	9	(1)
–	–	–	–	–	–	–	–	–
75	32	17	23	24	18	15	89	17

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
CAPITAL STOCK CLASS B PUTABLE PAR VALUE					
BALANCE, DECEMBER 31, 2008	$46,413	$ –	$3,585	$ 5,585	$3,982
Proceeds from sale of capital stock	4,815	–	44	2,693	35
Repurchase/redemption of capital stock	(5,217)	–	(2)	(3,136)	–
Net shares reclassified to mandatorily redeemable capital stock	(864)	–	2	–	(4)
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
BALANCE, DECEMBER 31, 2009	$42,227	$ –	$3,643	$ 5,059	$4,018
Proceeds from sale of capital stock	2,683	–	19	1,390	161
Repurchase/redemption of capital stock	(4,442)	–	–	(1,755)	–
Net shares reclassified to mandatorily redeemable capital stock	219	–	–	(30)	(32)
Transfer between Class B and Class A shares	(364)	–	–	–	–
Capital stock dividends	36	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	$40,359	$ –	$3,662	$ 4,664	$4,147
CAPITAL STOCK CLASS A PUTABLE PAR VALUE					
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	$ –	$ –	$ –	$ –
BALANCE, DECEMBER 31, 2009	$ 427	$ –	$ –	$ –	$ –
Proceeds from sale of capital stock	4	–	–	–	–
Repurchase/redemption of capital stock	–	–	–	–	–
Net shares reclassified to mandatorily redeemable capital stock	(87)	–	–	–	–
Transfer between Class B and Class A shares	364	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	$ 708	$ –	$ –	$ –	$ –

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 8,463	$3,962	$1,879	$ –	$2,781	$ 3,224	$1,606	$ 9,616	$1,730
900	87	67	–	190	430	303	56	10
(1,111)	–	(5)	–	(2)	(947)	(14)	–	–
(96)	(391)	(66)	–	(17)	(105)	(737)	572	(22)
–	–	–	–	–	–	132	–	–
–	–	–	–	–	7	31	–	–
$ 8,156	$3,658	$1,875	$ –	$2,952	$ 2,609	$1,321	$10,244	$1,718
$ 8,124	$3,063	$1,726	$	$2,461	$ 2,532	$1,309	$ 8,575	$1,717
203	66	37	–	363	326	62	54	2
(507)	–	–	–	(523)	(1,028)	(11)	(618)	–
(340)	(20)	(30)	–	(5)	–	(136)	864	(52)
–	–	–	–	–	–	(364)	–	–
–	–	–	–	–	6	30	–	–
$ 7,480	$3,109	$1,733	$ –	$2,296	$ 1,836	$ 890	$ 8,875	$1,667
$ –	$ –	$ –	$ –	$ –	$ –	$ 634	$ –	$ 118
–	–	–	–	–	–	6	–	20
–	–	–	–	–	–	(118)	–	–
–	–	–	–	–	–	(95)	–	(3)
–	–	–	–	–	–	(132)	–	–
–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$ –	$ –	$ –	$ 295	$ –	$ 135
$ –	$ –	$ –	$ –	$ –	$ –	$ 294	$ –	$ 133
–	–	–	–	–	–	4	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(81)	–	(6)
–	–	–	–	–	–	364	–	–
–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$ –	$ –	$ –	$ 581	$ –	$ 127

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE					
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	$ –	$ –	$ –	$ –
BALANCE, DECEMBER 31, 2009	$ 2,328	$ –	$ –	$ –	$ –
Proceeds from sale of capital stock	35	–	–	–	–
Repurchase/redemption of capital stock	–	–	–	–	–
Net shares reclassified to mandatorily redeemable capital stock	(45)	–	–	–	–
Conversion to Class B or Class A shares	–	–	–	–	–
Capital stock dividends	–	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	$ 2,318	$ –	$ –	$ –	$ –
TOTAL CAPITAL STOCK PUTABLE PAR VALUE					
BALANCE, DECEMBER 31, 2008	$49,551	$ –	$3,585	$ 5,585	$3,982
Proceeds from sale of capital stock	4,942	–	44	2,693	35
Repurchase/redemption of capital stock	(5,335)	–	(2)	(3,136)	–
Net shares reclassified to mandatorily redeemable capital stock	(1,085)	–	2	–	(4)
Capital stock dividends	38	–	–	–	–
BALANCE, SEPTEMBER 30, 2009	$48,111	$ –	$3,629	$ 5,142	$4,013
BALANCE, DECEMBER 31, 2009	$44,982	$ –	$3,643	$ 5,059	$4,018
Proceeds from sale of capital stock	2,722	–	19	1,390	161
Repurchase/redemption of capital stock	(4,442)	–	–	(1,755)	–
Net shares reclassified to mandatorily redeemable capital stock	87	–	–	(30)	(32)
Capital stock dividends	36	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	$43,385	$ –	$3,662	$ 4,664	$4,147
RETAINED EARNINGS					
BALANCE, DECEMBER 31, 2008	$ 2,936	$(33)	$ (20)	$ 383	$ 170
Cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883	–	349	–	256
Net income (loss)	1,303	21	(193)	475	(32)
Dividends on capital stock:					
Cash	(441)	–	–	(191)	–
Stock	(38)	–	–	–	–
BALANCE, SEPTEMBER 30, 2009	$ 5,643	$(12)	$ 136	$ 667	$ 394
BALANCE, DECEMBER 31, 2009	$ 6,033	$(15)	$ 142	$ 689	$ 389
Adjustment for cumulative effect of accounting change—fair value option guidance for scope exception related to embedded credit derivatives	25	–	–	–	–
Net income (loss)	1,383	53	83	189	(13)
Dividends on capital stock:					
Cash	(385)	–	–	(177)	–
Stock	(36)	–	–	–	–
BALANCE, SEPTEMBER 30, 2010	$ 7,020	$ 38	$ 225	$ 701	$ 376

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ –	$ –	$ –	$2,386	$ –	$ –	$ –	$ –	$ –
–	–	–	101	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	(123)	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$2,364	$ –	$ –	$ –	$ –	$ –
$ –	$ –	$ –	$2,328	$ –	$ –	$ –	$ –	$ –
–	–	–	35	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	(45)	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$2,318	$ –	$ –	$ –	$ –	$ –
$ 8,463	$3,962	$1,879	$2,386	$2,781	$ 3,224	$2,240	$ 9,616	$1,848
900	87	67	101	190	430	309	56	30
(1,111)	–	(5)	–	(2)	(947)	(132)	–	–
(96)	(391)	(66)	(123)	(17)	(105)	(832)	572	(25)
–	–	–	–	–	7	31	–	–
$ 8,156	$3,658	$1,875	$2,364	$2,952	$ 2,609	$1,616	$10,244	$1,853
$ 8,124	$3,063	$1,726	$2,328	$2,461	$ 2,532	$1,603	$ 8,575	$1,850
203	66	37	35	363	326	66	54	2
(507)	–	–	–	(523)	(1,028)	(11)	(618)	–
(340)	(20)	(30)	(45)	(5)	–	(217)	864	(58)
–	–	–	–	–	6	30	–	–
$ 7,480	$3,109	$1,733	$2,318	$2,296	$ 1,836	$1,471	$ 8,875	$1,794
$ 435	$ 326	$ 283	$ 540	$ 382	$ 216	$ 157	$ 176	$ (79)
179	–	–	233	–	–	3	570	293
201	219	96	(86)	105	109	191	341	(144)
(16)	(138)	(45)	–	(29)	–	–	(22)	–
–	–	–	–	–	(7)	(31)	–	–
$ 799	$ 407	$ 334	$ 687	$ 458	$ 318	$ 320	$ 1,065	$ 70
$ 873	$ 412	$ 349	$ 708	$ 484	$ 356	$ 355	$ 1,239	$ 52
–	–	–	25	–	–	–	–	–
197	120	70	234	83	82	2	259	24
(19)	(107)	(24)	–	(38)	–	–	(20)	–
–	–	–	–	–	(6)	(30)	–	–
$ 1,051	$ 425	$ 395	$ 967	$ 529	$ 432	$ 327	$ 1,478	$ 76

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)					
BALANCE, DECEMBER 31, 2008	$(1,137)	$(3)	$ (135)	$(101)	$ (17)
Cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(1,883)	–	(349)	–	(256)
Net unrealized gains (losses) on available-for-sale securities:					
Unrealized gains	920	–	23	48	3
Reclassification of gains included in net income	(84)	–	–	–	–
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:					
Reclassification of losses included in net income	52	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:					
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments	(2,450)	–	–	–	(884)
Reclassification of noncredit portion included in net income	267	–	–	–	79
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:					
Net noncredit portion	(9,458)	–	(1,094)	(104)	(912)
Reclassification of noncredit portion included in net income	1,099	–	184	–	25
Accretion of noncredit portion	921	–	226	3	30
Reclassification of noncredit portion from held-to-maturity securities to available-for-sale securities	2,819	–	–	–	1,086
Net unrealized gains (losses) relating to hedging activities:					
Unrealized gains	106	–	–	–	–
Reclassification of gains included in net income	33	–	–	6	1
Pension and postretirement benefits	–	–	3	–	–
BALANCE, SEPTEMBER 30, 2009	$(8,795)	$(3)	$(1,142)	$(148)	$ (845)
BALANCE, DECEMBER 31, 2009	$(8,206)	$(2)	$(1,021)	$(145)	$ (694)
Net unrealized gains (losses) on available-for-sale securities:					
Unrealized gains (losses)	956	–	75	28	1
Reclassification of losses included in net income	(1)	–	–	(1)	–
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:					
Reclassification of losses included in net income	12	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:					
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments	507	–	–	–	300
Reclassification of gains included in net income	(8)	–	–	–	(8)
Reclassification of noncredit portion included in net income	309	–	–	–	142
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:					
Noncredit portion	(962)	–	(32)	(2)	(20)
Reclassification of noncredit portion included in net income	526	–	50	5	–
Accretion of noncredit portion	1,102	–	215	12	–
Reclassification of noncredit portion from held-to-maturity securities to available-for-sale securities	409	–	–	–	20
Net unrealized gains (losses) relating to hedging activities:					
Unrealized losses	(697)	–	–	–	–
Reclassification of (gains) losses included in net income	(3)	–	–	5	–
Pension and postretirement benefits	(1)	–	1	–	–
BALANCE, SEPTEMBER 30, 2010	$(6,057)	$(2)	$ (712)	$ (98)	$ (259)

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (5)	$(6)	$ (71)	$ (639)	$(146)	$ (2)	$ (2)	$ (7)	$ (3)
(179)	–	–	(233)	–	–	(3)	(570)	(293)
–	–	55	603	186	2	–	–	–
–	–	–	(19)	(65)	–	–	–	–
–	–	–	52	–	–	–	–	–
(948)	–	–	(34)	–	–	–	–	(584)
162	–	–	26	–	–	–	–	–
(862)	–	(227)	(1,272)	–	(78)	(8)	(3,740)	(1,161)
–	–	16	281	–	1	–	408	184
–	–	18	160	–	5	–	309	170
1,041	–	–	–	–	–	–	–	692
–	–	–	106	–	–	–	–	–
–	–	–	26	–	–	–	–	–
–	1	(1)	(2)	1	–	–	(1)	(1)
$ (791)	$(5)	$(210)	$ (945)	$ (24)	$(72)	$(13)	$(3,601)	$ (996)
$ (744)	$(8)	$(329)	$ (658)	$ (34)	$(66)	$(12)	$(3,584)	$ (909)
2	(1)	(9)	673	181	–	–	2	4
–	–	–	–	–	–	–	–	–
–	–	–	12	–	–	–	–	–
199	–	–	11	–	–	–	–	(3)
–	–	–	–	–	–	–	–	–
92	–	–	6	–	–	–	–	69
(161)	–	(21)	(34)	–	(7)	(16)	(466)	(203)
–	–	67	136	–	2	2	255	9
–	–	41	141	–	14	3	641	35
161	–	–	–	–	–	–	–	228
–	–	–	(697)	–	–	–	–	–
–	–	–	(8)	–	–	–	–	–
–	1	(3)	–	–	(1)	1	–	–
$ (451)	$(8)	$(254)	$ (418)	$ 147	$(58)	$(22)	$(3,152)	$ (770)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
TOTAL CAPITAL					
BALANCE, DECEMBER 31, 2008	$51,350	$(36)	$ 3,430	$ 5,867	$4,135
Retained earnings cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883	–	349	–	256
Accumulated other comprehensive income (loss) cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(1,883)	–	(349)	–	(256)
Proceeds from sale of capital stock	4,942	–	44	2,693	35
Repurchase/redemption of capital stock	(5,335)	–	(2)	(3,136)	–
Net shares reclassified to (from) mandatorily redeemable capital stock	(1,085)	–	2	–	(4)
Comprehensive income:					
Net income (loss)	1,303	21	(193)	475	(32)
Other comprehensive (loss) income:					
Net unrealized gains (losses) on available-for-sale securities:					
Unrealized gains	920	–	23	48	3
Reclassification of gains included in net income	(84)	–	–	–	–
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:					
Reclassification of losses included in net income	52	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:					
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments	(2,450)	–	–	–	(884)
Reclassification of noncredit portion included in net income	267	–	–	–	79
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:					
Net noncredit portion	(9,458)	–	(1,094)	(104)	(912)
Reclassification of noncredit portion included in net income	1,099	–	184	–	25
Accretion of noncredit portion	921	–	226	3	30
Reclassification of noncredit portion from held-to-maturity securities to available-for-sale securities	2,819	–	–	–	1,086
Net unrealized gains (losses) relating to hedging activities:					
Unrealized gains	106	–	–	–	–
Reclassification of losses included in net income	33	–	–	6	1
Pension and postretirement benefits	–	–	3	–	–
Total comprehensive (loss) income	(4,472)	21	(851)	428	(604)
Dividends on capital stock:					
Cash	(441)	–	–	(191)	–
BALANCE, SEPTEMBER 30, 2009	$44,959	$(15)	$ 2,623	$ 5,661	$3,562

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 8,893	$4,282	$2,091	$ 2,287	$3,017	$3,438	$2,395	$ 9,785	$ 1,766
179	–	–	233	–	–	3	570	293
(179)	–	–	(233)	–	–	(3)	(570)	(293)
900	87	67	101	190	430	309	56	30
(1,111)	–	(5)	–	(2)	(947)	(132)	–	–
(96)	(391)	(66)	(123)	(17)	(105)	(832)	572	(25)
201	219	96	(86)	105	109	191	341	(144)
–	–	55	603	186	2	–	–	–
–	–	–	(19)	(65)	–	–	–	–
–	–	–	52	–	–	–	–	–
(948)	–	–	(34)	–	–	–	–	(584)
162	–	–	26	–	–	–	–	–
(862)	–	(227)	(1,272)	–	(78)	(8)	(3,740)	(1,161)
–	–	16	281	–	1	–	408	184
–	–	18	160	–	5	–	309	170
1,041	–	–	–	–	–	–	–	692
–	–	–	106	–	–	–	–	–
–	–	–	26	–	–	–	–	–
–	1	(1)	(2)	1	–	–	(1)	(1)
(406)	220	(43)	(159)	227	39	183	(2,683)	(844)
(16)	(138)	(45)	–	(29)	–	–	(22)	–
$ 8,164	$4,060	$1,999	$ 2,106	$3,386	$2,855	$1,923	$ 7,708	$ 927

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
TOTAL CAPITAL					
BALANCE, DECEMBER 31, 2009	$42,809	$(17)	$2,764	$ 5,603	$3,713
Adjustment for cumulative effect of accounting change—fair value option guidance for scope exception related to embedded credit derivatives	25	–	–	–	–
Proceeds from sale of capital stock	2,722	–	19	1,390	161
Repurchase/redemption of capital stock	(4,442)	–	–	(1,755)	–
Net shares reclassified to (from) mandatorily redeemable capital stock	87	–	–	(30)	(32)
Comprehensive income:					
Net income (loss)	1,383	53	83	189	(13)
Other comprehensive income (loss):					
Net unrealized gains (losses) on available-for-sale securities:					
Unrealized gains (losses)	956	–	75	28	1
Reclassification of gains included in net income	(1)	–	–	(1)	–
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities:					
Reclassification of gains included in net income	12	–	–	–	–
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:					
Noncredit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments	507	–	–	–	300
Reclassification of gains included in net income	(8)	–	–	–	(8)
Reclassification of noncredit portion included in net income	309	–	–	–	142
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:					
Noncredit portion	(962)	–	(32)	(2)	(20)
Reclassification of noncredit portion included in net income	526	–	50	5	–
Accretion of noncredit portion	1,102	–	215	12	–
Reclassification of noncredit portion from held-to-maturity securities to available-for-sale securities	409	–	–	–	20
Net unrealized gains (losses) relating to hedging activities:					
Unrealized losses	(697)	–	–	–	–
Reclassification of (gains) losses included in net income	(3)	–	–	5	–
Pension and postretirement benefits	(1)	–	1	–	–
Total comprehensive income (loss)	3,532	53	392	236	422
Conversion to Class B shares	–		–	–	–
Dividends on capital stock:					
Cash	(385)	–	–	(177)	–
BALANCE, SEPTEMBER 30, 2010	$44,348	$ 36	$3,175	$ 5,267	$4,264

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$8,253	$3,467	$1,746	$2,378	$2,911	$ 2,822	$1,946	$6,230	$ 993
–	–	–	25	–	–	–	–	–
203	66	37	35	363	326	66	54	2
(507)	–	–	–	(523)	(1,028)	(11)	(618)	–
(340)	(20)	(30)	(45)	(5)	–	(217)	864	(58)
197	120	70	234	83	82	2	259	24
2	(1)	(9)	673	181	–	–	2	4
–	–	–	–	–	–	–	–	–
–	–	–	12	–	–	–	–	–
199	–	–	11	–	–	–	–	(3)
–	–	–	–	–	–	–	–	–
92	–	–	6	–	–	–	–	69
(161)	–	(21)	(34)	–	(7)	(16)	(466)	(203)
–	–	67	136	–	2	2	255	9
–	–	41	141	–	14	3	641	35
161	–	–	–	–	–	–	–	228
–	–	–	(697)	–	–	–	–	–
–	–	–	(8)	–	–	–	–	–
–	1	(3)	–	–	(1)	1	–	–
490	120	145	474	264	90	(8)	691	163
–	–	–	–	–	–	–	–	–
(19)	(107)	(24)	–	(38)	–	–	(20)	–
$8,080	$3,526	$1,874	$2,867	$2,972	$ 2,210	$1,776	$7,201	$1,100

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
OPERATING ACTIVITIES:					
Net income (loss)	$ 1,383	$ 53	$ 83	$ 189	$ (13)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	(42)	1	7	(32)	17
Change in net derivative and hedging activities	1,766	–	29	408	37
Other adjustments[1]	968	(54)	60	8	134
Net change in fair value adjustments on trading securities	(265)		(19)	–	–
Net change in fair value adjustments on advances, consolidated obligations and other liabilities held under fair value option	75	–	–	13	–
Net change in:					
Trading securities	149	–	–	–	150
Accrued interest receivable	465	(1)	3	35	42
Other assets	(57)	–	3	3	1
Accrued interest payable	(650)	1	(8)	3	(93)
Other liabilities[2]	37	–	21	(2)	(10)
Total adjustments	2,446	(53)	96	436	278
Net cash provided by operating activities	3,829	–	179	625	265
INVESTING ACTIVITIES:					
Net change in:					
Interest-bearing deposits	(2,975)	–	–	(1,607)	22
Securities purchased under agreements to resell	(17,275)	–	(3,950)	–	–
Federal funds sold	(20,565)	–	1,236	(645)	(810)
Deposits to other FHLBanks	–	4	–	–	(4)
Loans to FHLBanks	–	120	–	–	–
Premises, software and equipment	(39)	–	–	(4)	(3)
Trading securities:					
Net decrease (increase) in short-term	692	–	(4,210)	–	–
Proceeds from long-term	3,362	(154)	4	–	–
Purchases of long-term	(1,737)	–	(151)	–	–
Available-for-sale securities:					
Net decrease in short-term	3,415	–	2,600	–	–
Proceeds from long-term	5,069	–	370	871	660
Purchases of long-term	(22,695)	–	(3,827)	(1,958)	–
Held-to-maturity securities:					
Net decrease (increase) in short-term	1,032	–	–	–	50
Proceeds from long-term	32,024	–	1,694	2,483	1,481
Purchases of long-term	(22,116)	–	(812)	(174)	(2,270)
Advances:					
Proceeds	1,191,627	–	114,511	165,793	75,396
Made	(1,055,340)	–	(106,953)	(155,158)	(65,528)
Mortgage loans held for portfolio:					
Principal collected	10,548	–	495	156	691
Purchases	(3,535)	–	(276)	(107)	(275)
Proceeds from sales of foreclosed assets	108	–	7	–	–
Principal collected on other loans	1	–	–	–	–
Net cash provided by (used in) investing activities	101,601	(30)	738	9,650	9,410

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 197	$ 120	$ 70	$ 234	$ 83	$ 82	$ 2	$ 259	$ 24
(25)	29	(29)	99	37	(71)	1	(7)	(69)
745	165	125	(55)	(39)	124	130	59	38
81	(4)	71	175	135	2	5	260	95
(118)	–	–	8	(62)	–	(75)	1	–
–	–	–	9	(2)	–	–	55	–
–	–	–	–	–	(1)	–	–	–
105	14	11	(6)	(7)	15	22	206	26
(4)	4	3	(55)	1	(10)	(2)	–	(1)
(148)	(101)	(50)	67	(9)	(40)	(22)	(169)	(81)
6	(26)	6	45	5	–	(13)	(5)	10
642	81	137	287	59	19	46	400	18
839	201	207	521	142	101	48	659	42
(752)	(144)	(150)	–	(126)	(110)	(108)	–	–
–	(2,400)	(1,250)	(2,175)	(2,250)	–	–	–	(5,250)
(5,732)	(3,815)	(1,145)	(4,832)	1,097	(3,997)	(924)	(7,837)	6,839
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	(120)	–
(8)	(2)	(1)	(4)	(2)	(5)	(1)	(7)	(2)
–	2,093	–	–	–	(1,000)	3,809	–	–
207	–	–	34	2,999	–	268	4	–
–	–	–	–	–	–	–	(1,586)	–
–	815	–	–	–	–	–	–	–
407	–	–	781	1,590	–	–	–	390
–	–	(318)	(5,865)	(190)	–	–	–	(10,537)
(1,350)	(1)	–	196	(335)	–	–	1,239	1,233
3,904	3,024	1,347	2,398	1,819	3,231	2,266	6,857	1,520
(3,333)	(2,610)	(2,643)	(1,394)	(3,904)	(1,079)	(2,375)	(520)	(1,002)
51,654	250,313	16,227	66,170	30,921	202,765	32,429	159,970	25,478
(35,417)	(244,702)	(12,532)	(60,735)	(26,860)	(182,589)	(30,454)	(115,894)	(18,518)
329	1,528	1,113	3,695	1,062	37	473	415	554
–	(514)	(330)	(36)	(920)	–	(1,077)	–	–
–	–	–	77	17	–	7	–	–
–	–	–	–	–	–	1	–	–
9,909	3,585	318	(1,690)	4,918	17,253	4,314	42,521	705

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh
FINANCING ACTIVITIES:					
Net change in:					
Deposits and pass-through reserves	$ 3,405	$ –	$ (17)	$ 1,121	$ (91)
Deposits from other FHLBanks	–	(4)	–	–	–
Borrowings	49	–	–	54	–
Loans from FHLBanks	–	(120)	–	–	–
Net (payments) proceeds on derivative contracts with financing element	(1,294)	–	(29)	(330)	(113)
Net proceeds from issuance of consolidated obligations:					
Discount notes	5,010,636	–	939,739	89,819	47,116
Bonds	408,072	–	26,304	52,284	12,493
Bonds transferred from other FHLBanks	–	(502)	115	225	–
Payments for maturing and retiring consolidated obligations:					
Discount notes	(5,024,726)	–	(944,261)	(102,849)	(45,076)
Bonds	(517,756)	154	(22,968)	(52,088)	(25,419)
Bonds transferred to other FHLBanks	–	502	–	–	–
Proceeds from issuance of capital stock	2,722	–	19	1,390	161
Payments for repurchase/redemption of mandatorily redeemable capital stock	(1,039)	–	(4)	(89)	(4)
Payments for repurchase/redemption of capital stock	(4,442)	–	–	(1,755)	–
Cash dividends paid	(385)	–	–	(177)	–
Net cash (used in) provided by financing activities	(124,758)	30	(1,102)	(12,395)	(10,933)
Net (decrease) increase in cash and cash equivalents	(19,328)	–	(185)	(2,120)	(1,258)
Cash and cash equivalents at beginning of the period	24,330	–	191	2,189	1,419
Cash and cash equivalents at end of the period	$ 5,002	$ –	$ 6	$ 69	$ 161
Supplemental Disclosures:					
Interest paid	$ 8,346	$ –	$ 439	$ 493	$ 668
AHP payments, net	$ 182	$ –	$ 8	$ 28	$ 9
REFCORP assessments paid	$ 305	$ –	$ –	$ 51	$ –
Transfers of mortgage loans to real estate owned	$ 173	$ –	$ 10	$ 1	$ 17
Non-cash transfer of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 1,937	$ –	$ –	$ –	$ 319
Transfer from held-to-maturity securities to trading securities	$ 390	$	$	$	$

(1) Other adjustments primarily relate to the non-cash adjustments for "Net other-than-temporary impairment losses" as reported on the Combining Schedules—Statement of Income.

(2) Other liabilities includes the net change in REFCORP receivable/payable.

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3,167	$ (587)	$ (229)	$ (5)	$ 337	$ (889)	$ 710	$ (118)	$ 6
–	–	–	4	–	–	–	–	–
–	–	–	–	–	–	(5)	–	–
–	–	–	–	–	–	120	–	–
(556)	(132)	(111)	(95)	21	(15)	(80)	64	82
792,078	447,681	520,524	951,770	247,310	100,424	74,034	69,708	730,433
69,127	14,427	25,459	35,959	31,277	23,190	15,598	65,299	36,655
162	–	–	–	–	–	–	–	–
(781,575)	(442,405)	(517,045)	(949,650)	(249,251)	(105,877)	(75,085)	(76,781)	(734,871)
(93,247)	(24,170)	(30,843)	(39,650)	(34,239)	(32,818)	(19,990)	(108,694)	(33,784)
–	–	–	–	(502)	–	–	–	–
203	66	37	35	363	326	66	54	2
(36)	(328)	(3)	–	(8)	(2)	(213)	(352)	–
(507)	–	–	–	(523)	(1,028)	(11)	(618)	–
(19)	(107)	(24)	–	(38)	–	–	(20)	–
(11,203)	(5,555)	(2,235)	(1,632)	(5,253)	(16,689)	(4,856)	(51,458)	(1,477)
(455)	(1,769)	(1,710)	(2,801)	(193)	665	(494)	(8,278)	(730)
465	1,808	1,722	2,823	299	3,908	495	8,280	731
$ 10	$ 39	$ 12	$ 22	$ 106	$ 4,573	$ 1	$ 2	$ 1
$ 827	$ 800	$ 485	$ 1,436	$ 1,366	$ 195	$ 302	$ 938	$ 397
$ 20	$ 25	$ 11	$ 7	$ 9	$ 12	$ 6	$ 43	$ 4
$ 51	$ 33	$ 14	$ 43	$ 21	$ 24	$ 12	$ 56	$ –
$ 13	$ –	$ –	$ 100	$ 21	$ –	$ 5	$ 4	$ 2
$ 1,298	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 320
$	$	$	$ 390	$	$	$	$	$

FEDERAL HOME LOAN BANKS

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

(Dollar amounts in millions) (Unaudited)

	Combined (As Revised)	Combining Adjustments	Boston	New York	Pittsburgh
OPERATING ACTIVITIES					
Net income (loss)	$ 1,303	$ 21	$ (193)	$ 475	$ (32)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	(1,263)	16	(244)	(87)	(234)
Change in net derivative and hedging activities	274	–	106	3	382
Other adjustments[1]	2,051	(37)	373	15	166
Net change in fair value adjustments on trading securities	61	–	(2)	–	–
Change in fair value adjustments on advances and consolidated bonds held under fair value option	435	–	–	(9)	–
Net change in:					
Trading securities	(778)	–	–	–	(778)
Accrued interest receivable	1,683	(6)	160	138	172
Other assets	9	–	6	5	39
Accrued interest payable	(2,012)	6	(76)	(95)	(201)
Other liabilities[2]	102	–	(15)	51	(14)
Total adjustments	562	(21)	308	21	(468)
Net cash provided by (used in) operating activities	1,865	–	115	496	(500)
INVESTING ACTIVITIES					
Net change in:					
Interest-bearing deposits	52,577	–	3,279	13,471	5,909
Securities purchased under agreements to resell	(755)	–	2,000	–	–
Federal funds sold	(24,515)	–	(5,290)	(3,900)	(2,850)
Deposits to other FHLBanks	–	2	–	–	(1)
Premises, software and equipment	(51)	–	(1)	(5)	(3)
Trading securities:					
Net increase in short-term	(5,049)	–	–	–	–
Proceeds from long-term	1,879	(236)	7	–	–
Purchases of long-term	(4,950)	–	–	–	–
Available-for-sale securities:					
Net increase in short-term	(3,758)	–	(545)	–	–
Proceeds from long-term	5,263	–	57	553	92
Purchases of long-term	(18,250)	–	(583)	(1)	(2)
Held-to-maturity securities:					
Net (increase) decrease in short-term	(2,228)	–	(280)	(797)	(1,250)
Proceeds from long-term	30,754	–	1,406	2,321	2,819
Purchases of long-term	(17,549)	–	(774)	(2,754)	(735)
Advances:					
Proceeds	2,851,800	–	272,019	320,102	117,046
Made	(2,609,964)	–	(253,309)	(308,325)	(97,104)
Mortgage loans held for portfolio:					
Principal collected	17,805	–	802	236	1,188
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	268,243	(234)	18,489	20,784	24,731

Atlanta	Cincinnati	Indianapolis	Chicago (As Revised)	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 201	$ 219	$ 96	$ (86)	$ 105	$ 109	$ 191	$ 341	$ (144)
(186)	(54)	(69)	165	(29)	(127)	(60)	(232)	(122)
513	120	160	(282)	(68)	30	(69)	(597)	(24)
264	(6)	45	373	92	2	1	494	269
109	–	–	10	(52)	–	(3)	(1)	–
–	–	–	6	15	–	–	423	–
–	–	–	–	–	–	–	–	–
235	114	36	22	8	78	48	547	131
2	3	(7)	(57)	10	1	1	7	(1)
(261)	(103)	(81)	(60)	(27)	(306)	(82)	(585)	(141)
(14)	24	(1)	8	8	26	18	20	(9)
662	98	83	185	(43)	(296)	(146)	76	103
863	317	179	99	62	(187)	45	417	(41)
2,188	20,145	141	–	173	3,756	3,483	–	32
–	–	–	(1,905)	–	–	–	–	(850)
209	(5,775)	–	(1,060)	(1,060)	(1,441)	(2,151)	2,345	(3,542)
–	–	–	–	(1)	–	–	–	–
(10)	(2)	(1)	(7)	(2)	(9)	(1)	(6)	(4)
–	(2,248)	–	–	–	–	(2,801)	–	–
778	–	–	430	754	–	142	4	–
–	–	–	(1,106)	(3,844)	–	–	–	–
–	(3,213)	–	–	–	–	–	–	–
162	–	–	998	3,271	130	–	–	–
–	–	–	(13,026)	(4,638)	–	–	–	–
–	(1)	–	248	385	–	1,496	3,324	(5,353)
3,861	3,146	1,864	2,395	1,083	2,400	1,778	5,933	1,748
(1,765)	(2,706)	(2,764)	(14)	(1,250)	(2,710)	–	(406)	(1,671)
91,021	316,153	23,528	202,355	35,776	361,977	226,586	835,367	49,870
(54,501)	(300,605)	(17,059)	(189,874)	(30,551)	(351,288)	(213,657)	(755,682)	(38,009)
608	2,287	1,771	6,844	1,944	54	750	530	791
–	(3,391)	(504)	(27)	(1,369)	–	(971)	–	–
–	–	–	–	2,124	–	–	–	–
–	–	–	–	128	–	–	–	
–	–	–	37	–	–	–	–	–
–	–	–	–	–	–	1	–	–
42,551	23,790	6,976	6,288	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 (As Revised)	Combining Adjustments	Boston	New York	Pittsburgh
FINANCING ACTIVITIES					
Net change in:					
Deposits and pass-through reserves	$ (1,363)	$ –	$ 36	$ 820	$ (472)
Deposits from other FHLBanks	–	1	–	–	–
Borrowings	(294)	–	–	(289)	–
Net (payments) proceeds on derivative contracts with financing element	(1,165)	–	(20)	–	(158)
Net proceeds from issuance of consolidated obligations:					
Discount notes	5,699,910	(25)	976,310	814,560	122,665
Bonds	349,292	–	17,989	35,113	20,489
Bonds transferred from other FHLBanks	–	(518)	–	–	–
Payments for maturing and retiring consolidated obligations:					
Discount notes	(5,863,571)	25	(994,983)	(822,439)	(134,033)
Bonds	(458,505)	236	(17,954)	(47,225)	(32,452)
Bonds transferred to other FHLBanks	–	518	–	–	–
Proceeds from issuance of capital stock	4,942	–	44	2,693	35
Payments for repurchase/redemption of mandatorily redeemable capital stock	(1,592)	–	–	(16)	–
Payments for repurchase/redemption of capital stock	(5,335)	–	(2)	(3,136)	–
Cash dividends paid	(441)	–	–	(191)	–
Net cash used in financing activities	(278,122)	237	(18,580)	(20,110)	(23,926)
Net (decrease) increase in cash and cash equivalents	(8,014)	3	24	1,170	305
Cash and cash equivalents at beginning of the period	20,820	(3)	6	19	68
Cash and cash equivalents at end of the period	$ 12,806	$ –	$ 30	$ 1,189	$ 373
Supplemental Disclosures:					
Interest paid	$ 16,166	$ –	$ 946	$ 1,162	$ 1,359
AHP payments, net	$ 203	$ –	$ 6	$ 31	$ 15
REFCORP assessments paid	$ 327	$ –	$ –	$ 85	$ –
Transfers of mortgage loans to real estate owned	$ 108	$ –	$ 5	$ 1	$ 12
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) Other adjustments primarily relate to non-cash adjustments for "Net other-than-temporary impairment losses" as reported on the Combining Schedule — Statement of Income.

(2) Other liabilities includes the net change in REFCORP receivable/payable.

Atlanta	Cincinnati	Indianapolis	Chicago (As Revised)	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (187)	$ 468	$ 231	$ 183	$ (276)	$ (524)	$ (527)	$ (834)	$ (281)
–	–	–	(1)	–	–	–	–	–
–	–	–	–	–	–	(5)	–	–
(797)	(113)	(106)	(57)	(8)	59	(71)	106	–
106,707	493,773	346,709	817,081	607,196	226,943	280,983	126,457	780,551
68,040	26,541	22,526	12,079	20,767	35,595	14,013	57,264	18,876
518	–	–	–	–	–	–	–	–
(133,296)	(513,868)	(359,416)	(815,186)	(614,334)	(232,861)	(294,380)	(174,155)	(774,645)
(84,179)	(27,712)	(17,924)	(19,578)	(16,089)	(39,932)	(14,004)	(114,199)	(27,493)
–	–	–	(111)	(407)	–	–	–	–
900	87	67	101	190	430	309	56	30
(10)	(415)	(4)	(89)	(10)	(187)	(844)	(16)	(1)
(1,111)	–	(5)	–	(2)	(947)	(132)	–	–
(16)	(138)	(45)	–	(29)	–	–	(22)	–
(43,431)	(21,377)	(7,967)	(5,578)	(3,002)	(11,424)	(14,658)	(105,343)	(2,963)
(17)	2,730	(812)	809	(17)	1,258	42	(13,517)	8
28	3	871	130	44	21	–	19,632	1
$ 11	$ 2,733	$ 59	$ 939	$ 27	$ 1,279	$ 42	$ 6,115	$ 9
$ 1,615	$ 1,189	$ 769	$ 1,757	$ 1,553	$ 993	$ 603	$ 3,528	$ 692
$ 38	$ 22	$ 9	$ 8	$ 11	$ 12	$ 7	$ 38	$ 6
$ 35	$ 53	$ 36	$ 16	$ 17	$ 6	$ 26	$ 53	$ –
$ 3	$ –	$ –	$ 68	$ 12	$ –	$ 3	$ 3	$ 1
$ –	$ –	$ –	$ –	$ 2,414	$ –	$ –	$ –	$ –
$ –	$ –	$ –	$ –	$ 163	$ –	$ –	$ –	$ –
$ 1,876	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 584

SELECTED FINANCIAL DATA

(Dollar amounts in millions)

	2010			2009	
	September 30,	June 30,	March 31,	December 31,	September 30,
Selected Statement of Condition Data at:					
Investments[1]	$330,758	$308,701	$309,130	$ 284,351	$ 292,605
Advances	499,616	540,318	572,043	631,159	677,880
Mortgage loans held for portfolio	64,365	66,847	68,830	71,469	74,205
Allowance for credit losses on mortgage loans	64	52	40	32	28
Total assets	903,574	937,111	965,747	1,015,583	1,061,766
Consolidated obligations[2]:					
Discount notes	184,303	181,474	188,167	198,532	275,111
Bonds	629,635	671,467	687,782	736,344	704,803
Total consolidated obligations	813,938	852,941	875,949	934,876	979,914
Mandatorily redeemable capital stock[6]	7,012	8,051	8,155	8,138	5,629
Subordinated notes[3]	1,000	1,000	1,000	1,000	1,000
Capital stock[5][6]:					
Class B putable	40,359	40,897	41,423	42,227	45,317
Class A putable	708	440	427	427	430
Preconversion putable[4]	2,318	2,331	2,332	2,328	2,364
Total capital stock	43,385	43,668	44,182	44,982	48,111
Retained earnings[2]	7,020	6,399	6,203	6,033	5,643
Accumulated other comprehensive loss	(6,057)	(6,881)	(7,594)	(8,206)	(8,795)
Total capital[2][5]	44,348	43,186	42,791	42,809	44,959
Selected Statement of Income Data for the quarter ended at:					
Net interest income[2][6]	$ 1,407	$ 1,326	$ 1,235	$ 1,332	$ 1,361
Provision for credit losses	14	11	8	4	4
Net interest income after provision for credit losses[2][6]	1,393	1,315	1,227	1,328	1,357
Total other (loss) income[2]	(209)	(679)	(549)	(317)	(1,245)
Total other expense	228	173	223	259	220
Total assessments	224	137	130	200	57
Net income (loss)[2][6]	$ 732	$ 326	$ 325	$ 552	$ (165)
Selected other data for the quarter ended at:					
Cash and stock dividends[6]	$ 136	$ 130	$ 155	$ 162	$ 201
Dividend payout ratio[6][9]	18.58%	39.88%	47.69%	29.35%	N/A
Return on average equity[10]	6.70%	3.04%	3.07%	5.01%	(1.42)%
Return on average assets	0.31%	0.14%	0.13%	0.21%	(0.06)%
Average equity to average assets	4.68%	4.45%	4.25%	4.13%	4.17%
Net interest margin[6][7]	0.60%	0.55%	0.49%	0.49%	0.49%
Selected other data at:					
Total regulatory capital ratio[6][8]	6.47%	6.31%	6.17%	5.92%	5.69%

(1) Investments consist of interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, trading securities, available-for-sale securities and held-to-maturity securities.

(2) See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Combined Results of Operations—Interbank Transfers of Liabilities on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" and "Explanatory Statement about FHLBanks Combined Financial Report."

(3) On June 13, 2006, the FHLBank of Chicago issued $1.0 billion of subordinated notes that mature on June 13, 2016. The subordinated notes are not obligations of, and are not guaranteed by, the United States government or any of the FHLBanks other than the FHLBank of Chicago.

(4) All FHLBanks, except for the FHLBank of Chicago, implemented its respective capital plan prior to 2006. The corresponding balances for capital stock—pre-conversion putable relate solely to the FHLBank of Chicago. (See "Note 12—Capital" to the accompanying combined financial statements.)

(5) FHLBank capital stock is redeemable at the request of a member subject to the statutory redemption periods and other conditions and limitations. (See "Note 12—Capital" to the accompanying combined financial statements.)

(6) The FHLBanks classify certain outstanding capital stock as "mandatorily redeemable capital stock" and include it in the liability section of the Combined Statement of Condition. For the periods and in the order as presented, dividends on mandatorily redeemable capital stock in the amounts of $14 million, $11 million, $14 million, $10 million, and $15 million were recorded as interest expense. Although the mandatorily redeemable capital stock is not included in capital for financial reporting purposes, it is considered capital for regulatory purposes. (See "Note 12—Capital" to the accompanying combined financial statements for information on the significant restrictions on stock redemption.)

(7) Net interest margin is net interest income before provision for credit losses, represented as a percentage of average interest-earning assets.

(8) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets at period end. Total regulatory capital, under the GLB Act, is the 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 for the FHLBank of Chicago, which has not implemented a capital plan under the GLB Act, is defined as the sum of the paid-in value of capital stock and mandatorily redeemable 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. (See "Note 12—Capital" to the accompanying combined financial statements.)

(9) Dividend payout ratio is dividends declared in the period expressed as a percent of net income in the period. This ratio may not be as relevant to the combined balances of the FHLBanks.

(10) Return on average equity is net income expressed as a percentage of average total capital.

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 in this Combined Financial Report. Each FHLBank discusses its financial condition and results of operations in its periodic reports filed with the SEC. 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, 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 3 and "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios on pages 197-201.)

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 (including issues relating to foreclosure policies) 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 (such as quantitative easing) and the 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 enactment of the Housing Act and the Dodd-Frank 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 strive to 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. As cooperatives, the FHLBanks balance the needs of their members and do not necessarily seek to maximize earnings.

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.

Different FHLBank Business Strategies. Each FHLBank is operated as a separate entity with its own management, employees and board of directors, but under the supervisory and regulatory framework of the Finance Agency in its capacity as the Regulator. However, the management and board of directors of each FHLBank determine the best approach for achieving that FHLBank's business objectives and serving the needs

of its members, which may be different from 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 that FHLBank's mission and they reevaluate these strategies and initiatives from time to time. For example, certain FHLBanks continue to offer the purchase of mortgage loans from their members through the acquired member asset programs while some FHLBanks no longer offer the programs. At September 30, 2010, mortgage loans purchased through the acquired member asset programs as a percentage of an individual FHLBank's total assets varied from a high of 23 percent for the FHLBank of Chicago to a low of less than one percent for the FHLBank of Dallas.

Comparative Highlights

(Dollar amounts in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Three Months Ended September 30, 2010 vs. 2009 Increase	Nine Months Ended September 30, 2010 vs. 2009 (Decrease) Increase
Net interest income after provision for credit losses	$1,393	$ 1,357	$ 3,935	$ 4,086	$ 36	$(151)
Total other (loss) income	(209)	(1,245)	(1,437)	(1,469)	1,036	32
Total other expense	228	220	624	684	8	(60)
Total assessments	224	57	491	630	167	(139)
Net income (loss)	$ 732	$ (165)	$ 1,383	$ 1,303	$ 897	$ 80

Net interest income after provision for credit losses increased in the three months ended September 30, 2010, compared to the same period in 2009. This increase was the result of an improvement in the combined net interest margin through higher prepayment fees and lower funding costs, which was partially offset by a decrease in interest-bearing assets, primarily advances.

The increase in net income for the three months ended September 30, 2010, compared to the same period in 2009, was primarily driven by a reduction in credit-related OTTI charges; fair value increases on advances, consolidated obligations and other liabilities held at fair value; and a reduction in net losses on derivatives and hedging activities, which was partially offset by increases in losses on debt extinguishments included in total other loss.

Net interest income after provision for credit losses decreased in the nine months ended September 30, 2010 compared to the same period in 2009. This decline was the result of a net decrease in interest-bearing assets, primarily advances, which was partially offset by improvement in the combined net interest margin, through lower funding costs and higher prepayment fees.

The increase in net income for the nine months ended September 30, 2010 compared to the same period in 2009, was primarily driven by a reduction in credit-related OTTI charges; fair value increases on advances, consolidated obligations and other liabilities held at fair value; and net gains on trading securities, which was partially offset by increases in net losses on derivatives and hedging activities and lower net interest income after provision for credit losses.

The decrease in average assets for the three and nine months ended September 30, 2010 compared to the same periods in 2009, as summarized in the table below, was primarily the result of the decline in the average balances of the FHLBanks' advances and mortgage loans held for portfolio, which was partially offset by the increase in certain investments.

(Dollar amounts in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Three Months Ended September 30, 2010 vs. 2009 Decrease $	Three Months Ended September 30, 2010 vs. 2009 Decrease %	Nine Months Ended September 30, 2010 vs. 2009 Decrease $	Nine Months Ended September 30, 2010 vs. 2009 Decrease %
Daily average total assets	$925,721	$1,108,864	$967,698	$1,210,815	$(183,143)	(16.5)%	$(243,117)	(20.1)%

Combined Statement of Condition and capital highlights are as follows (dollar amounts in millions):

	September 30, 2010		December 31, 2009			
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	(Decrease) Increase $	%
Advances	$499,616	55.3%	$ 631,159	62.1%	$(131,543)	(20.8)%
Investments	330,758	36.6%	284,351	28.0%	46,407	16.3%
Mortgage loans held for portfolio, net	64,301	7.1%	71,437	7.0%	(7,136)	(10.0)%
Total assets	903,574		1,015,583		(112,009)	(11.0)%
Consolidated discount notes	184,303		198,532		(14,229)	(7.2)%
Consolidated bonds	629,635		736,344		(106,709)	(14.5)%
Total consolidated obligations, net	813,938		934,876		(120,938)	(12.9)%
Total GAAP capital	44,348		42,809		1,539	3.6%
Total regulatory capital	58,424		60,161		(1,737)	(2.9)%

The decrease in advances outstanding at September 30, 2010 as compared to December 31, 2009 was primarily attributable to the high deposit levels at member financial institutions, low loan demand by FHLBank members and continued availability of alternate funding sources. As a result, during the first nine months of 2010, the FHLBanks experienced significant advance prepayments. As advances declined, the FHLBanks generally deployed excess funds by investing in other assets and reducing debt outstanding. Mortgage loans held for portfolio decreased as maturities and prepayments continued to outpace purchase volumes.

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. The increase in investments was primarily attributable to growth in high-quality short-term investments and investments in other U.S. obligations and government-sponsored enterprises. Investments in Federal funds sold, securities purchased under agreements to resell, and non-MBS investment securities increased $47.7 billion, while total MBS investment securities decreased by $1.3 billion, primarily due to the decline in private-label MBS, from December 31, 2009 to September 30, 2010.

Consolidated obligations are the principal source of funds used by the FHLBanks to make advances and purchase investments and mortgage loans. The decrease in the consolidated obligations balance largely paralleled the decrease in total assets during the nine months ended September 30, 2010 and was primarily driven by the maturity or early extinguishment of consolidated bonds as advances matured or were prepaid.

The increase in the level of GAAP capital at September 30, 2010 compared to December 31, 2009 is primarily attributable to:

- a $2.1 billion improvement in AOCI, driven by $1.9 billion in accretion of the noncredit portion of impairment losses on held-to-maturity securities, the reclassification of previous noncredit losses out of AOCI into credit losses and subsequent fair value adjustments on previously impaired available-for-sale securities at September 30, 2010; and
- a $1.0 billion increase in retained earnings, consisting of net income of $1.4 billion less cash dividends of $0.4 billion;
- partially offset by a $1.6 billion decrease in total capital stock outstanding as the FHLBanks repurchased/redeemed capital stock of $4.4 billion and issued new capital stock of $2.7 billion during the nine months ended September 30, 2010.

The FHLBanks' combined regulatory capital-to-assets ratio at September 30, 2010 was 6.47 percent, up from 5.92 percent at December 31, 2009. Mandatorily redeemable capital stock is considered capital when calculating the regulatory capital-to-assets ratio. (See "Note 12—Capital" to the accompanying combined

financial statements.) The FHLBanks' combined GAAP capital-to-assets ratio at September 30, 2010 was 4.91 percent, up from 4.22 percent at December 31, 2009.

Key annualized ratios are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Return on average assets (basis points)	31	(6)	19	14
Return on average equity	6.70%	(1.42)%	4.29%	3.63%
Weighted-average dividend rate	1.25%	1.64%	1.28%	1.32%

The increases in return on average assets and return on average equity for the three and nine months ended September 30, 2010 were primarily driven by increases in net income relative to the changes in average assets and average capital. The dividend rate has been influenced by each FHLBank's retained earnings policies, dividend policies, net income, interest rates, business strategies and Finance Agency guidance.

Financial Trends

Conditions in Financial Markets.

During the third quarter of 2010, the FHLBanks maintained continual access to funding and adapted their debt issuance to meet the needs of market participants. Swapped funding costs improved slightly compared to those of the second quarter of 2010. The market continued to be focused on the still generally weak economic and employment data, the European sovereign debt crisis and the timing of future actions by the Federal Reserve Board's Federal Open Market Committee. On July 21, 2010, "The Dodd-Frank Wall Street Reform and Consumer Protection Act" was signed into law. While this legislation will likely have a profound effect on the banking industry, the precise effects of its implementation are yet to be determined. On August 10, 2010, the Federal Reserve Bank of New York released a statement concerning the reinvestment of principal payments from agency debt and agency mortgage-backed securities into longer-term U.S. Treasury securities, with the goal of keeping the Federal Reserve's securities holdings at their then-current level, signaling an intention to extend stimulative monetary policy. On August 17, 2010, the U.S. Treasury held a conference on the future of U.S. housing finance at which the U.S. Treasury Secretary affirmed a role for the U.S. government in housing finance.

Over the course of the third quarter of 2010, the FHLBanks issued $114 billion of consolidated bonds, which was $24 billion less than during the second quarter of 2010. Aggregate weighted-average bond funding costs relative to three-month LIBOR declined slightly during the third quarter of 2010 when compared to the second quarter of 2010. However, on a monthly basis, the weighted-average bond funding costs have trended upward each month since the end of the second quarter of 2010. During the third quarter of 2010, the FHLBanks relied heavily on swapped callable bonds (including callable step-up bonds), negotiated bullet bonds and single-index, variable-rate bonds—the issuance of which increased after waning during the second quarter of 2010. Using the issuance calendar for FHLBank mandated Global bullet bond pricing, the FHLBanks auctioned a $1.25 billion reopening of the most recent three-year mandated Global bullet bond in July 2010 and auctioned a $1 billion reopening of this same security in September 2010. In August 2010, the FHLBanks passed on a calendar date for the first time since the FHLBank mandated Global bullet bond calendar was established.

Reflecting declining advances balances, FHLBank debt outstanding continued to contract during the third quarter of 2010, although the pace of decline slowed during the quarter. Consolidated obligations outstanding fell slightly more than $40 billion from the end of the second quarter of 2010 to the end of the third quarter of 2010, and stood at $806 billion on September 30, 2010. This drop was driven by a decline of approximately $43 billion in consolidated bonds, which was offset by an almost $3 billion increase in consolidated discount notes. The decline in consolidated bonds outstanding may be attributed in part to significant consolidated bond redemptions during the third quarter of 2010; consolidated bond maturities were $56 billion and consolidated bond calls were $103 billion during this period.

Compared to the end of the second quarter of 2010, primary dealer inventories of agency discount notes and bonds were mixed at the end of the third quarter of 2010. Agency discount note inventories reached a 2010 peak of $46 billion on September 8, 2010, before declining sharply toward month-end. Since the end of the second quarter of 2010, agency discount note inventories decreased by $8 billion, to $29 billion, while agency bond inventories increased $15 billion, to $72 billion.

Foreign investor holdings of agencies (both debt and MBS), as reported by the Federal Reserve System, began to decline beginning in mid-August 2010 and fell $75 billion during the third quarter of 2010. Foreign investor holdings reached a quarterly low of $750 billion on September 29, 2010—the lowest level in more than two years.

Taxable money market fund assets reversed course and increased slightly during the third quarter of 2010—rising $3.5 billion to $2.45 trillion. Conversely, the subset of taxable money market fund investments allocated to the "U.S. Other Agency" category declined, dropping $14 billion during the third quarter of 2010. After contracting during the second quarter of 2010, the weighted-average number of days to maturity of taxable money market funds increased from 36 days to as high as 45 days during the third quarter of 2010, before ending the quarter at 44 days.

Review of Interest-Rate Levels and Volatility—Third Quarter of 2010 Compared to Third Quarter of 2009.

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. For example, at September 30, 2010 and December 31, 2009, approximately 34 percent and 37 percent of 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 FHLBanks' profitability, as measured by net interest income and return on average equity, is affected by the demand for FHLBank debt, as well as current short-term interest rates, such as the overnight Federal funds target rate.

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. 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 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, 2010 and December 31, 2009 and key average market interest rates for the three and nine months ended September 30, 2010 and 2009.

	September 30, 2010 Ending Rate	December 31, 2009 Ending Rate	Third Quarter 2010 Three-Month Average	Third Quarter 2009 Three-Month Average	First Nine Months 2010 Nine-Month Average	First Nine Months 2009 Nine-Month Average
Federal Funds Target[1]	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
3-month LIBOR[1]	0.29%	0.25%	0.39%	0.41%	0.36%	0.83%
2-year LIBOR[1]	0.60%	1.42%	0.75%	1.40%	1.02%	1.48%
5-year LIBOR[1]	1.52%	2.98%	1.76%	2.85%	2.31%	2.65%
10-year LIBOR[1]	2.57%	3.97%	2.78%	3.72%	3.35%	3.39%
3-month U.S. Treasury[1]	0.16%	0.05%	0.15%	0.15%	0.13%	0.17%
2-year U.S. Treasury[1]	0.43%	1.14%	0.53%	1.01%	0.76%	0.97%
5-year U.S. Treasury[1]	1.27%	2.68%	1.54%	2.45%	2.06%	2.15%
10-year U.S. Treasury[1]	2.51%	3.84%	2.77%	3.50%	3.31%	3.17%
15-year residential mortgage note rate[2]	3.77%	4.57%	3.98%	4.58%	4.21%	4.65%
30-year residential mortgage note rate[2]	4.37%	5.08%	4.55%	5.17%	4.83%	5.06%

(1) Source: Bloomberg.

(2) Average rates calculated using Bloomberg. September 30, 2010 and December 31, 2009 ending rates are from the last week in September 2010 and December 2009.

During the first nine months of 2010, the Federal Reserve Board, through the Federal Open Market Committee, left the Federal funds rate unchanged from year-end 2009, at a level of between 0.00 percent and 0.25 percent. The Federal funds rate was last changed in December 2008.

Due to continued efforts by U.S. and foreign central banks to add liquidity to the money markets over much of the past year, the average three-month and two-year LIBOR rates decreased approximately two and 65 basis points from the third quarter of 2009 to the third quarter of 2010. During the last year, the yield curve flattened slightly as the spread between short-term and long-term rates contracted. Average three-month U.S. Treasury rates remained steady and average two-year U.S. Treasury rates decreased approximately 48 basis points from the third quarter of 2009 to the third quarter of 2010, while the average five-year and ten-year U.S. Treasury rates were lower by 91 and 73 basis points over this time period. Similar to the declines observed in long-term U.S. Treasury rates, the average five-year and ten-year LIBOR rates for the third quarter of 2010 were 109 and 94 basis points lower than in the third quarter of 2009.

Based on the data in the Securities Industry and Financial Markets Association's May and August 2010 "Research Quarterly" publications, the latter being the latest date for which information is publicly available, securities issuance in the first half of 2010 totaled just under $3.4 trillion, compared to securities issuance of just over $3.6 trillion in the first half of 2009. Total mortgage-related securities issuance decreased 45.7 percent to $356.5 billion in the second quarter of 2010 from $656.1 billion in the second quarter of 2009, and decreased 27.1 percent to $745.7 billion in the first half of 2010 from just over $1.0 trillion in the first half of 2009, primarily due to one-off issuances of mortgage-backed securities collateralized by seasoned mortgages from agency portfolios during May and June of 2009. Even as agency MBS volume continued to dominate the mortgage-backed sector, long-term federal agency debt issuance remained in decline, falling 25.8 percent from $313.8 billion in the second quarter of 2009 to $232.7 billion in the second quarter of 2010. Continuing the trend observed in 2008 and 2009, the FHLBanks' debt issuance accounted for approximately half of total agency debt issuance during the first half of 2010.

During the three and nine months ended September 30, 2010, the amount of callable FHLBank consolidated bonds redeemed prior to maturity (called) increased substantially compared to the corresponding prior-year periods. During the three months ended September 30, 2010, $103 billion of callable consolidated

bonds were redeemed prior to maturity, compared to $19 billion during the three months ended September 30, 2009. During the nine months ended September 30, 2010, $258 billion of callable consolidated bonds were redeemed prior to maturity, compared to $121 billion during the same period in 2009. Call volume may be driven by a variety of factors including, but not limited to the following: 1) shifts in the interest rate environment, 2) the amount of callable debt outstanding, 3) debt refunding costs, 4) FHLBank asset/liability management strategies and 5) the overall funding environment.

The mortgage market continues to undergo a number of changes. Continued mortgage loan delinquencies and defaults reflect the combination of a fragile 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 in recent years 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 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 holdings of mortgage loans due primarily to conservative underwriting policies.

The FDIC's second quarter 2010 "Quarterly Banking Profile," the latest date for which information is publicly available, reported that FDIC-insured institutions reported their highest quarterly earnings since the third quarter of 2007. Reductions in loan-loss provisions underscored improvement in asset quality indicators during the second quarter of 2010. Additionally, new accounting rules regarding the accounting for transfers of financial assets as well as the accounting for securitizations and special purpose entities continued to have a major effect on several components of the banking industry's balance sheet and income statement. Net income totaled $21.6 billion in the second quarter of 2010, compared to a net loss of $4.4 billion in the second quarter of 2009. Nearly two-thirds of FDIC-insured institutions reported year-over-year improvement in quarterly net income. An additional 20 percent of institutions reported a quarterly net loss during the second quarter of 2010, down from more than 29 percent during the second quarter of 2009. During the second quarter of 2010, failures claimed 45 FDIC-insured institutions and mergers absorbed another 57 FDIC-insured institutions, including 29 charters that were consolidated as part of a single corporate reorganization. Total assets of all FDIC-insured institutions decreased 0.6 percent to $13.2 trillion at June 30, 2010, compared to $13.3 trillion at June 30, 2009, while total deposits for all FDIC-insured institutions increased to $9.1 trillion at June 30, 2010, representing a 1.3 percent increase over the corresponding balance of $9.0 trillion at June 30, 2009. While total loans and leases decreased 3.0 percent, from $7.6 trillion at June 30, 2009 to $7.4 trillion at June 30, 2010, total domestic office deposits increased from $7.6 trillion at June 30, 2009 to $7.7 trillion at June 30, 2010, representing a 1.5 percent increase. Over the past 12 months, the share of assets of FDIC-insured institutions funded by domestic deposits increased from 56.8 percent to 58.0 percent. By contrast, over the past 12 months, FHLBank advances as a percentage of asset funding of these institutions declined from 4.8 percent to 3.4 percent, the smallest percentage on record, dating to 2001. FDIC-insured institutions decreased their FHLBank borrowings during the first quarter of 2010 by $35.0 billion, or 7.3 percent, partly due to FDIC-insured institutions' increased participation in U.S. government programs initiated to provide capital and liquidity to the banking sector. For example, at June 30, 2010, 71 financial institutions, including 42 FDIC-insured institutions and 29 bank and thrift holding companies and nonbank affiliates, had $304 billion in government-guaranteed debt outstanding through the Temporary Liquidity Guarantee Program (TLGP).

Conditions in Financial Markets Subsequent to the Third Quarter of 2010.

While the FHLBanks retained funding access in October 2010, swapped funding costs trended slightly higher during the month. The recently enacted Dodd-Frank Act set the expiration date for the Troubled Asset Relief Program (TARP), which ended two years after its creation on October 3, 2008. Many economists attribute TARP with helping to stabilize the financial sector and forestalling further damage to the U.S. economy. On October 25-26, 2010, the FDIC and the Federal Reserve System hosted a symposium entitled "Mortgages and the Future of Housing Finance," at which both the FDIC Chairwoman and the Federal Reserve Chairman noted that the problems stemming from irregularities surrounding mortgage foreclosures could negatively affect the U.S. housing market. Economic data released during October 2010 indicated that the U.S. economy continues to face challenges, and the announcement of a second round of quantitative easing is expected at the Federal Reserve Board's Federal Open Market Committee meeting in early November 2010.

During October 2010, the FHLBanks priced just under $50 billion in consolidated bonds—approximately $12 billion more than the monthly average during the third quarter of 2010. During October 2010, the FHLBanks relied heavily on swapped callable bonds and negotiated bullet bonds for a significant portion of consolidated bond funding. On a monthly basis, weighted-average consolidated bond funding costs increased in October 2010 when compared to the previous month and was higher than the weighted-average consolidated bond funding costs for the entire third quarter of 2010. In October 2010, the FHLBanks auctioned a $1 billion reopening of its latest, two-year mandated Global bullet bond.

FHLBank consolidated obligations outstanding continued to decline during October 2010, falling $7 billion to end the month at $799 billion. This decrease was driven by consolidated bonds outstanding, which fell almost $30 billion during the month. Conversely, consolidated discount notes outstanding increased by more than $22 billion. The decline in consolidated bonds outstanding was attributed primarily to increased consolidated bond maturities during the month. At $32 billion, October's consolidated bond maturities exceeded the consolidated bond maturity volume of $14.3 billion observed during September 2010. October's bond call volume was $31 billion, slightly less than the volume of bonds called during September 2010.

Primary dealer inventories of both agency discount notes and bonds have increased since the end of the third quarter of 2010. Through October 20, 2010, agency discount note inventories increased $15 billion following the sell-off at the end of the third quarter of 2010. Agency bond inventories rose $6 billion over this same period. Foreign investor holdings of agencies (both debt and MBS), as reported by the Federal Reserve System, continued to decline, falling an additional $18 billion from the end of the third quarter of 2010 through October 27, 2010, with holdings reaching a more than two-year low of $732 billion on October 27, 2010.

During October 2010, taxable money market fund assets continued to increase, rising an additional $8 billion. Meanwhile, taxable money market fund investments allocated to the "U.S. other agency" category declined by $11 billion during the same period. After falling to 35 days in early July 2010, the weighted-average days to maturity for taxable money market funds began trending upward, and stood at 47 days at the end of October 2010.

Combined Statement of Condition

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

Advances.

The change in advance balances reflects the member demand for liquidity and funding, which is driven by economic factors such as interest-rate environment, the availability of alternative funding to members and general economic conditions. During the first nine months of 2010, the FHLBanks continued to experience significant prepayments of advances for a variety of reasons, including high deposit levels at member financial institutions, low loan demand by FHLBank members and availability of alternative funding sources.

At September 30, 2010 and December 31, 2009, the FHLBanks had $2.8 billion of Community Investment Program (CIP) commercial and economic development advances outstanding and had $5.9 billion and $6.2 billion of CIP housing advances outstanding.

Advances by Contractual Maturity
(Dollar amounts in millions)

Redemption Term	September 30, 2010 Amount	September 30, 2010 Weighted-Average Interest Rate	December 31, 2009 Amount	December 31, 2009 Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 17		$ 18	
Due in 1 year or less	161,673	2.03%	229,407	2.09%
Due after 1 year through 2 years	72,086	2.71%	99,684	2.73%
Due after 2 years through 3 years	67,153	2.44%	72,387	2.95%
Due after 3 years through 4 years	29,923	3.00%	60,363	2.41%
Due after 4 years through 5 years	28,853	2.93%	22,941	3.04%
Thereafter	117,088	3.35%	127,818	3.47%
Index amortizing advances	2,927	4.46%	3,282	4.53%
Total par value	479,720	2.64%	615,900	2.66%
Commitment fees	(8)		(8)	
Discount on AHP advances	(62)		(64)	
Premiums	50		35	
Discounts	(116)		(71)	
Hedging adjustments	19,505		14,750	
Fair value option valuation adjustments	527		617	
Total	$499,616		$631,159	

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

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

Par amount of advances	September 30, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Fixed-rate	$353,315	73.7%	$444,529	72.2%
Variable-rate	126,405	26.3%	171,371	27.8%
Total	$479,720	100.0%	$615,900	100.0%

Advance Originations
(Dollar amounts in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009 Decrease		Nine Months Ended September 30, 2010 vs. 2009 Decrease	
	2010	2009	2010	2009	$	%	$	%
Advances originated	$403,183	$666,822	$1,055,340	$2,609,964	$(263,639)	(39.5)%	$(1,554,624)	(59.6)%
Advances repaid	446,164	728,702	1,191,627	2,851,800	(282,538)	(38.8)%	(1,660,173)	(58.2)%
Net decrease	$ (42,981)	$ (61,880)	$ (136,287)	$ (241,836)				

The FHLBanks' offer advances that are callable at the option of the member borrowing the advance. Although, the FHLBanks charge a prepayment fee when members terminate certain advances, members may repay other advances on specified dates without incurring prepayment fees (callable advances).

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

	September 30, 2010		December 31, 2009		Decrease	
	Amount	Percentage of Total Par Value	Amount	Percentage of Total Par Value	$	%
Callable advances	$27,901	5.8%	$31,702	5.1%	$(3,801)	(12.0)%

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

Year of Contractual Maturity or Next Call Date	September 30, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 17	0.0%	$ 18	0.0%
Due in 1 year or less	186,168	38.8%	254,272	41.3%
Due after 1 year through 2 years	69,992	14.6%	98,731	16.0%
Due after 2 years through 3 years	63,224	13.2%	67,971	11.0%
Due after 3 years through 4 years	29,371	6.1%	55,672	9.0%
Due after 4 years through 5 years	25,809	5.4%	20,433	3.3%
Thereafter	102,212	21.3%	115,521	18.8%
Index amortizing advances	2,927	0.6%	3,282	0.6%
Total par value	$479,720	100.0%	$615,900	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. If an FHLBank terminates a putable advance prior to the stated maturity date of such advance, the FHLBank shall offer to provide replacement funding at the current market rate, provided the member is able to satisfy the FHLBank's normal credit and collateral requirements for the requested replacement funding.

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

	September 30, 2010		December 31, 2009	
	Amount	Percentage of Total Par Value	Amount	Percentage of Total Par Value
Convertible advances	$26,116	5.4%	$ 34,921	5.7%
Putable advances	73,212	15.3%	87,605	14.2%
Convertible and putable advances	$99,328	20.7%	$122,526	19.9%

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, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 17	0.0%	$ 18	0.0%
Due in 1 year or less	244,497	51.0%	319,469	51.9%
Due after 1 year through 2 years	61,705	12.9%	103,179	16.8%
Due after 2 years through 3 years	63,656	13.3%	59,195	9.6%
Due after 3 years through 4 years	28,080	5.8%	56,021	9.1%
Due after 4 years through 5 years	24,031	5.0%	20,263	3.3%
Thereafter	54,807	11.4%	54,473	8.8%
Index amortizing advances	2,927	0.6%	3,282	0.5%
Total par value	$479,720	100.0%	$615,900	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 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. The FHLBanks started increasing their short-term investments in the fourth quarter of 2008 in response to the financial crisis that triggered a decrease in advance balances and required the FHLBanks to increase liquidity. At September 30, 2010, the FHLBanks continued to maintain relatively high short-term investment balances as part of their continuing strategies to maintain a strong short-term liquidity position and satisfy their regulatory liquidity requirements.

At September 30, 2010, 84.1 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 S&P, Moody's and/or Fitch Ratings (Fitch), compared to 82.4 percent at December 31, 2009. At September 30, 2010 approximately 5 percent of total investment securities were on negative watch, which consisted of private-label residential MBS, home equity loan investments, and state or local housing agency obligations. See "Risk Management—Credit Risk—Managing Credit Risk—Investments" for investment securities downgraded and/or placed on negative watch subsequent to September 30, 2010.

The following table represents total investments by investment and major security type at September 30, 2010 and December 31, 2009:

Investments
(Dollar amounts in millions)

	September 30, 2010 Carrying Value	December 31, 2009 Carrying Value
Trading Securities:		
Non-mortgage-backed securities:		
U.S. Treasury obligations	$ 6,586	$ 1,029
Commercial paper	810	2,590
Certificates of deposit and bank notes[1]	5,380	3,200
Government-sponsored enterprises[2]	7,066	9,452
State or local housing agency obligations	3	10
TLGP[3]	2,130	4,479
Other[4]	291	752
Total non-mortgage-backed securities	22,266	21,512
Mortgage-backed securities:		
Other U.S. obligations residential MBS[5]	51	55
Government-sponsored enterprises residential MBS[6]	893	607
Government-sponsored enterprises commercial MBS[6]	242	73
Total mortgage-backed securities	1,186	735
Total trading securities	23,452	22,247
Available-for-Sale Securities:		
Non-mortgage-backed securities:		
Certificates of deposit and bank notes[1]	5,855	9,270
Other U.S. obligations[5]	906	762
Government-sponsored enterprises[2]	10,517	4,310
TLGP[3]	10,472	3,299
FFELP ABS[7]	8,975	9,323
Other[4]	478	396
Total non-mortgage-backed securities	37,203	27,360
Mortgage-backed securities:		
Other U.S. obligations residential MBS[5]	3,091	1,620
Government-sponsored enterprises residential MBS[6]	22,940	17,489
Government-sponsored enterprises commercial MBS[6]	309	310
Private-label residential MBS	7,285	5,695
Home equity loans	16	14
Total mortgage-backed securities	33,641	25,128
Total available-for-sale securities	70,844	52,488

	September 30, 2010 Carrying Value	December 31, 2009 Carrying Value
Held-to-Maturity Securities:		
Non-mortgage-backed securities:		
U.S. Treasury obligations	28	
Commercial paper	2,260	1,100
Certificates of deposit[1]	10,820	13,263
Other U.S. obligations[5]	558	474
Government-sponsored enterprises[2]	2,266	1,662
State or local housing agency obligations	2,612	2,789
TLGP[3]	2,369	2,373
Other[4]	4	7
Total non-mortgage-backed securities	20,917	21,668
Mortgage-backed securities:		
Other U.S. obligations residential MBS[5]	6,859	4,109
Other U.S. obligations commercial MBS[5]	54	55
Government-sponsored enterprises residential MBS[6]	74,701	78,536
Government-sponsored enterprises commercial MBS[6]	1,344	1,106
Private-label residential MBS	31,884	40,296
Private-label commercial MBS	201	284
Manufactured housing loans	202	224
Home equity loans	422	1,257
MPF Shared Funding Program mortgage-backed certificates	255	298
Total mortgage-backed securities	115,922	126,165
Total held-to-maturity securities	136,839	147,833
Total investment securities	231,135	222,568
Interest-bearing deposits	11	11
Securities purchased under agreements to resell	24,450	7,175
Federal funds sold	75,162	54,597
Total investments	$330,758	$284,351

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

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

(3) Represents corporate debentures and/or promissory notes issued or guaranteed by the FDIC under its TLGP.

(4) Primarily consists of taxable municipal bonds and/or debentures issued by supranational entity.

(5) Primarily consists of securities issued or guaranteed by Government National Mortgage Association (Ginnie Mae) and/or Small Business Administration (SBA) investment pools.

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

(7) Represents FFELP ABS, which 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.

The carrying value and yield of investment securities by contractual maturity are shown below. FFELP ABS are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

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

	September 30, 2010		December 31, 2009	
	Carrying Value	Yield	Carrying Value	Yield
Trading securities:				
Due in one year or less	$14,867	0.52%	$10,830	0.24%
Due after one year through five years	4,900	2.20%	7,870	2.14%
Due after five years through ten years	2,243	4.57%	2,082	4.64%
Due after ten years	256	4.89%	730	4.98%
Total non-MBS trading securities	$22,266		$21,512	
Available-for-sale securities:				
Due in one year or less	7,335	0.34%	9,341	0.21%
Due after one year through five years	16,615	0.79%	4,964	0.93%
Due after five years through ten years	2,759	4.46%	2,599	4.44%
Due after ten years	1,519	5.30%	1,133	5.45%
FFELP ABS	8,975	4.92%	9,323	2.20%
Total non-MBS AFS securities	$37,203		$27,360	
Held-to-maturity securities:				
Due in one year or less	13,793	0.36%	15,022	0.27%
Due after one year through five years	3,881	1.64%	3,546	1.96%
Due after five years through ten years	532	3.25%	352	3.65%
Due after ten years	2,711	2.36%	2,748	2.29%
Total non-MBS HTM securities	$20,917		$21,668	

Gross Unrealized Losses on Mortgage-backed Securities. Gross unrealized losses, including the net effect of noncredit related OTTI recognized in AOCI, on the FHLBanks' available-for-sale mortgage-backed securities decreased $958 million from December 31, 2009 to September 30, 2010. This decrease primarily reflects the slower pace of decline in certain factors, such as home prices, which affected the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS. The reduction in current period credit losses attributable to OTTI primarily reflects the cumulative losses recognized to date and the relative stabilization in projected factors, such as home prices, that affect the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS. Each quarter, the FHLBanks collectively update their OTTI analyses to reflect assumptions pertaining to current economic, financial and housing market conditions, as well as actual and projected loan performance in their models which generate these projected losses.

Gross unrealized losses, including the net effect of noncredit related OTTI recognized in AOCI, on the FHLBanks' held-to-maturity mortgage-backed securities decreased $4,126 million from December 31, 2009 to September 30, 2010. This decrease is partially a result of the FHLBanks of Atlanta's and Seattle's election to transfer all or certain private-label RMBS that had credit-related OTTI recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio. The primary factor for the improvement in noncredit OTTI in AOCI is the accretion of the noncredit portion of impairment losses on held-to-maturity securities, reclassification of previous noncredit losses out of AOCI into credit losses and subsequent fair value adjustments on previously impaired available-for-sale securities at September 30, 2010.

Each FHLBank evaluates its individual available-for-sale and held-to-maturity investment securities holdings for OTTI on at least a quarterly basis. See "Critical Accounting Estimates—OTTI for Investment Securities," "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Combined Results of Operations—Net Income and "Note 6—Other-Than-Temporary-Impairment Analysis" to the accompanying combined financial statements for additional information regarding the FHLBanks' processes for evaluating available-for-sale and held-to-maturity securities for OTTI.

OTTI on Investment Securities. As of September 30, 2010, approximately 76.9 percent, 22.3 percent and 0.8 percent of the FHLBanks' mortgage-backed securities are classified as held-to-maturity, available-for-sale and trading securities. For the held-to-maturity and available-for-sale securities, 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, 2010, all FHLBanks except for the FHLBanks of Cincinnati and Des Moines recognized $1,031 million of combined total OTTI losses related to private-label RMBS 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 combined total OTTI losses recognized during the nine months ended September 30, 2010, $125 million was recognized in AOCI, resulting in net OTTI losses in earnings of $906 million related to held-to-maturity securities and available-for-sale securities. During the nine months ended September 30, 2010, the $1.9 billion improvement in AOCI is primarily due to the accretion of noncredit impairment losses on held-to-maturity securities, the reclassification of previous noncredit losses out of AOCI into credit losses, and subsequent fair value adjustments on available-for-sale securities at September 30, 2010.

Additionally, during the three months ended September 30, 2010, the FHLBanks of Atlanta and Seattle transferred private-label RMBS that had OTTI credit losses with an aggregate amortized cost of $83 million and $199 million, and fair value of $78 million and $136 million, from its respective held-to-maturity portfolio to its respective available-for-sale portfolio. These 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" to the accompanying combined financial statements for additional information.

The following tables present selected summary information relating to private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments at September 30, 2010.

Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (Dollar amounts in millions)

	Total by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Unpaid Principal Balance (UPB) by credit rating[2]						
Triple-A	$ 9,529	$	$ 15	$ 167	$ 265	$ 9,082
Double-A	3,027		41	141	519	2,326
Single-A	3,131			185	580	2,366
Triple-B	2,146	185	169	289	924	579
Below investment grade	32,085	1,243	11,101	9,717	9,638	386
Unrated	5					5
Total	$49,923	$1,428	$11,326	$10,499	$11,926	$14,744
Amortized cost	$46,459	$1,387	$10,021	$ 8,982	$11,390	$14,679
Gross unrealized losses[3]	(7,874)	(295)	(2,518)	(1,888)	(2,275)	(898)
Fair value (FV)	39,938	1,135	7,919	7,587	9,399	13,898
OTTI losses (Year-to-date)[4]:						
Credit loss	$ (906)	$ (36)	$ (397)	$ (310)	$ (148)	$ (15)
Net noncredit loss	(125)	(68)	18	187	(241)	(21)
Total OTTI losses	$ (1,031)	$ (104)	$ (379)	$ (123)	$ (389)	$ (36)
Weighted average FV to UPB:						
Private-label RMBS	80%	80%	70%	72%	79%	95%
Private-label CMBS	102%					102%
Manufactured Housing Loans	87%					87%
Home equity loan investments	76%			71%	61%	76%
Grand total	80%	80%	70%	72%	79%	94%

	Total Prime[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating[2]						
Triple-A	$ 7,584	$	$	$ 131	$ 228	$ 7,225
Double-A	1,727		41	114	331	1,241
Single-A	2,051			185	398	1,468
Triple-B	923	38	169	107	296	313
Below investment grade	12,399	558	4,067	4,333	3,323	118
Total	$24,684	$596	$4,277	$4,870	$4,576	$10,365
Amortized cost	$23,528	$561	$3,797	$4,408	$4,432	$10,330
Gross unrealized losses[3]	(2,087)	(71)	(457)	(646)	(441)	(472)
Fair value	21,982	533	3,438	4,052	4,008	9,951
OTTI losses (Year-to-date)[4]:						
Credit loss	$ (402)	$ (31)	$ (216)	$ (105)	$ (47)	$ (3)
Net noncredit loss	86	(10)	82	48	(24)	(10)
Total OTTI losses	$ (316)	$ (41)	$ (134)	$ (57)	$ (71)	$ (13)
Weighted average FV to UPB	89%	89%	80%	83%	88%	96%

	Total Alt-A[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating[2]						
Triple-A	$ 1,719	$	$ 15	$ 23	$ 37	$1,644
Double-A	989			21	186	782
Single-A	1,023				174	849
Triple-B	1,109	147		104	622	236
Below investment grade	18,439	685	7,024	4,406	6,225	99
Total	$23,279	$ 832	$ 7,039	$ 4,554	$ 7,244	$3,610
Amortized cost	$21,303	$ 826	$ 6,215	$ 3,786	$ 6,860	$3,616
Gross unrealized losses[3]	(5,450)	(224)	(2,059)	(1,038)	(1,823)	(306)
Fair value	16,605	602	4,474	2,896	5,301	3,332
OTTI losses (Year-to-date):						
Credit loss	$ (412)	$ (5)	$ (181)	$ (126)	$ (97)	$ (3)
Net noncredit loss	(263)	(58)	(64)	93	(219)	(15)
Total OTTI losses	$ (675)	$ (63)	$ (245)	$ (33)	$ (316)	$ (18)
Weighted average FV to UPB	71%	72%	64%	64%	73%	92%

	Total Subprime[1] by Year of Securitization				
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating[2]						
Triple-A	$ 226		$	$ 13	$	$ 213
Double-A	311			6	2	303
Single-A	57				8	49
Triple-B	114			78	6	30
Below investment grade	1,247		10	978	90	169
Unrated	5					5
Total	$1,960		$10	$1,075	$106	$ 769
Amortized cost	$1,628		$ 9	$ 788	$ 98	$ 733
Gross unrealized losses[3]	(337)		(2)	(204)	(11)	(120)
Fair value	1,351		7	639	90	615
OTTI losses (Year-to-date):						
Credit loss	$ (92)			$ (79)	$ (4)	$ (9)
Net noncredit loss	52			46	2	4
Total OTTI losses	$ (40)			$ (33)	$ (2)	$ (5)
Weighted average FV to UPB	69%		74%	59%	85%	80%

(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 the lowest rating available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

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

(4) OTTI losses include $(31) million and $31 million of credit and noncredit related losses taken on securities sold in the third quarter of 2010.

In addition to those with other-than-temporary impairment, the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, 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 bases 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 bases. 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 recognized losses on private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments. See "Critical Accounting Estimates—OTTI for Investment Securities," and "Note 6—Other-Than-Temporary-Impairment Analysis" to the accompanying combined financial statements for additional information regarding the FHLBanks' processes for evaluating investment securities for OTTI.

See "Risk Management—Credit Risk—Private-label MBS" for additional information regarding investments in private-label MBS and CMBS, Manufactured Housing Loans 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, 2010 decreased compared to the mortgage loan balances at December 31, 2009

and may continue to decrease. In general, maturities and principal paydowns of mortgage loans held for portfolio have been greater than purchases and fundings of new mortgage loans held for portfolio. Historically, a decline in interest rates has generally resulted in accelerated mortgage refinancing activity, thus increasing prepayments and thereby shortening the effective maturity of the mortgage-related assets. However, current economic and credit market conditions appear to have reduced mortgage prepayment activity, as borrowers may not be able to obtain new mortgage loans at current lower rates due to reductions in their incomes, declines in the values of their homes, tighter lending standards, and/or delays in obtaining approval of new loans. In addition, the combined outstanding mortgage loans held for portfolio is expected to continue to decrease due to several FHLBanks' discontinued participation in the MPF and/or MPP Programs.

At September 30, 2010, the FHLBanks of Chicago (31 percent), Cincinnati (13 percent), Des Moines (12 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, 2010.

The FHLBanks of Chicago, Boston, Pittsburgh, and Des Moines offer the MPF Xtra product. Loans sold to the FHLBank of Chicago under 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 Participating Financial Institutions (PFIs) are not required to provide credit enhancement and do not receive Credit Enhancement Fees (CE Fees). The volume of MPF Loans purchased under the MPF Xtra product from the FHLBank of Chicago members and from the members of other FHLBanks since the product was introduced in the fourth quarter of 2008 is in excess of $5.4 billion.

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. 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. The FHLBanks generally increased the allowance for credit losses on mortgage loans during the nine months ended September 30, 2010, as a result home price declines nationwide and general housing market conditions that have resulted in a trend of increasing delinquencies and nonperforming loans in the FHLBanks' mortgage portfolios.

The following table summarizes certain information related to the mortgage loan portfolio as of September 30, 2010 and December 31, 2009.

Mortgage Loans Held for Portfolio and Allowance for Credit Losses
(Dollar amounts in millions)

	September 30, 2010	December 31, 2009
Total unpaid principal balance past due 90 days or more and still accruing interest	$864	$946
Nonaccrual loans, unpaid principal balance	494	371
Troubled debt restructurings (not included above)	2	*
Allowance for credit losses on mortgage loans, beginning of period	$ 32	$ 15
Charge-offs	(5)	(1)
Provision for credit losses	37	18
Allowance for credit losses on mortgage loans, end of period	$ 64	$ 32

* Represents an amount less than $1 million.

Interest Shortfall on Nonaccrual Loans and Loans Modified in Troubled Debt Restructurings
(Dollar amounts in millions)

	Nine Months Ended September 30,	
	2010	2009
Gross amount of interest that would have been recorded based on original terms	$18	$9
Interest actually recognized in income during the period	7	3
Shortfall	$11	$6

The table below provides an analysis of conventional loans delinquent or in foreclosure, as well as real estate owned inventory. The FHLBanks' conventional loan portfolio consists only of fixed-rate prime mortgage loans and represents 90 percent of the total mortgage loan held for portfolio.

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

	September 30, 2010	December 31, 2009
30 to 59 days delinquent and not in foreclosure	$ 509	$ 802
60 to 89 days delinquent and not in foreclosure	168	272
90 days or more delinquent and not in foreclosure	245	388
In process of foreclosure	607	446
Real estate owned inventory (units)	119	89
Serious delinquency rate[1]	1.50%	1.31%

(1) Conventional loans that are 90 days or more past due or in the process of foreclosure expressed as a percentage of the total conventional loan portfolio unpaid principal balance.

Consolidated Obligations.

General. Consolidated obligations issued through the Office of Finance are the principal source of funds used by the FHLBanks to make advances and investments and to 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.

Total consolidated obligations outstanding, as reported on the Combined Statement of Condition, decreased $120.9 billion from December 31, 2009 to September 30, 2010. This decline primarily consists of a $14.2 billion decrease in consolidated discount notes, a $56.9 billion decrease in consolidated bonds maturing in one year or less and a $54.8 billion decrease in long-term consolidated bonds. (See "Note 11—Consolidated Obligations" to the accompanying combined financial statements.) The decrease in consolidated obligations outstanding corresponds to the decrease in advances during the same period. Total consolidated obligations outstanding declined at September 30, 2010 compared to December 31, 2009 due to reduced member funding needs and extinguishment of consolidated bonds as advances matured or were prepaid.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009 Decrease		Nine Months Ended September 30, 2010 vs. 2009 Decrease	
	2010	2009	2010	2009	$	%	$	%
Overnight consolidated discount notes	$ 22,341	$ 22,793	$ 21,810	$ 24,244	$ (452)	(2.0)%	$ (2,434)	(10.0)%
Term consolidated discount notes	164,296	279,673	168,379	348,207	(115,377)	(41.3)%	(179,828)	(51.6)%
Total consolidated discount notes	186,637	302,466	190,189	372,451	(115,829)	(38.3)%	(182,262)	(48.9)%
Consolidated bonds	635,867	704,060	677,028	729,894	(68,193)	(9.7)%	(52,866)	(7.2)%
Total consolidated obligations	$822,504	$1,006,526	$867,217	$1,102,345	$(184,022)	(18.3)%	$(235,128)	(21.3)%

During the three and nine months ended September 30, 2010 the average balance of consolidated obligations decreased when compared to the average balance for the same periods in 2009 due to a decrease in demand for advances by the FHLBanks' members during 2010. As a result, the average balance of consolidated discount notes as a proportion of total average consolidated obligations outstanding decreased during the three and nine months ended September 30, 2010 when compared to the same periods in 2009.

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

	September 30, 2010		December 31, 2009	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$373,083	60.0%	$424,998	58.1%
Single-index, non-capped variable-rate	115,804	18.6%	130,524	17.8%
Fixed-rate, callable	92,194	14.9%	120,545	16.5%
Step-up/step-down	33,204	5.3%	45,986	6.3%
Amortizing prepayment linked securities	5,547	0.9%	5,981	0.8%
Conversion	1,083	0.2%	2,325	0.3%
Capped variable-rate	565	0.1%	205	0.0%
Range	166	0.0%	983	0.1%
Other	7	0.0%	44	0.0%
Zero-coupon, callable			450	0.1%
Total	$621,653	100.0%	$732,041	100.0%

(1) Consolidated bonds outstanding in this table have not been adjusted for interbank holdings of consolidated bonds totaling $207 million at September 30, 2010 and $350 million at December 31, 2009.

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.

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 may:

- diversify the investor base;
- reduce funding costs; and
- provide 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 fund, 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 based on the need for funding from the capital markets. The Global Debt Program issued $209.4 billion and $121.9 billion at par in term funds during the nine months ended September 30, 2010 and 2009. 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 nine months ended September 30, 2010, $25.3 billion of consolidated bonds were issued through the TAP Issue Program. This issuance represents an increase of $21.0 billion over the nine months ended September 30, 2009. 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 $175 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 $25.3 billion of TAP issuance.

Consolidated bonds can be negotiated individually or auctioned competitively through approximately 75 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 need for funds of a particular structure and size. Dealers are invited to bid and the trade is executed if the FHLBank's funding parameters are satisfied.

	Percent of Total Consolidated Bonds Issued During Three Months Ended September 30,		Percent of Total Consolidated Bonds Issued During Nine Months Ended September 30,	
	2010	2009	2010	2009
Negotiated transactions	79.9%	89.9%	83.9%	91.3%
Competitive bid	20.1%	10.1%	16.1%	8.7%
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,	
	2010	2009	2010	2009
Fixed-rate, callable	41.2%	32.6%	39.1%	20.1%
Fixed-rate, fixed-term, noncallable (bullet)	26.9%	43.4%	27.2%	47.8%
Single-index, variable-rate	17.9%	5.0%	18.7%	23.5%
Step-up/step-down[1]	13.3%	18.0%	13.9%	8.0%
Other	0.7%	1.0%	1.1%	0.6%
Total	100.0%	100.0%	100.0%	100.0%

(1) Primarily consists of callable step-up bonds.

The FHLBanks may use callable swaps to hedge against the interest-rate risk associated with the callable bonds. The hedged callable bond is generally called if the call feature of the derivative is exercised. These call features could require the FHLBanks to refinance a substantial portion of outstanding liabilities during times of decreasing interest rates. Call options on unhedged callable consolidated bonds generally are exercised when the bond can be replaced at a lower cost. The callable bond enables the FHLBanks to meet its funding needs at costs not otherwise directly attainable solely through the issuance of non-callable debt. At September 30, 2010, $124.9 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $42 million) and represented 20.1 percent of total consolidated bonds outstanding at par. This percentage has decreased in 2010, largely driven by comparatively more attractive funding opportunities available in non-callable debt products.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Consolidated discount notes	$1,728,081	$1,827,123	$5,010,904	$5,801,234
Consolidated bonds	$ 115,851	$ 101,173	$ 407,843	$ 349,085

Consolidated discount notes accounted for 92.5 percent of the proceeds from the issuance of consolidated obligations during the nine months ended September 30, 2010, compared to 94.2 percent of the proceeds from the issuance of consolidated obligations during the nine months ended September 30, 2009. Much of the consolidated discount note activity reflects the refinancing of overnight discount notes.

Deposits.

At September 30, 2010, deposits totaled $19.7 billion, an increase of $3.8 billion or 23.8 percent from December 31, 2009. 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, 2010	December 31, 2009
3 months or less	$ 714	$401
Over 3 months through 6 months	228	352
Over 6 months through 12 months	76	149
Over 12 months	27	31
Total	$1,045	$933

Capital.

Total Capital
(Dollar amounts in millions)

September 30, 2010	December 31, 2009	Increase	
		$	%
$44,348	$42,809	$1,539	3.6%

The increase in total GAAP capital was due primarily to:

- a $2.1 billion improvement in AOCI, driven by $1.9 billion in accretion of the noncredit portion of impairment losses on held-to-maturity securities, the reclassification of previous noncredit losses out of AOCI into credit losses and subsequent fair value adjustments on previously impaired available-for-sale securities at September 30, 2010; and

- a $1.0 billion increase in retained earnings, consisting of net income of $1.4 billion less cash dividends of $0.4 billion;

- partially offset by a $1.6 billion decrease in total capital stock outstanding as the FHLBanks repurchased/redeemed capital stock of $4.4 billion and issued new capital stock of $2.7 billion during the nine months ended September 30, 2010.

Over the same period, while total GAAP capital increased, total assets decreased. This caused the FHLBanks' combined GAAP capital-to-assets ratio to increase to 4.91 percent at September 30, 2010, from 4.22 percent at December 31, 2009. During the nine months ended September 30, 2010, total regulatory capital decreased 2.9 percent, whereas total assets decreased 11.0 percent. This caused the FHLBanks' combined regulatory capital-to-assets ratio to increase to 6.47 percent at September 30, 2010, from 5.92 percent at December 31, 2009. Mandatorily redeemable capital stock is considered capital when calculating the regulatory capital-to-assets ratio. (See "Note 12—Capital" to the accompanying combined financial statements.)

Combined Results of Operations

Net Income.

For the three months ended September 30, 2010, the FHLBanks' net income was $732 million compared to net loss of $165 million for the same period in 2009. For the nine months ended September 30, 2010, the FHLBanks net income increased to $1,383 million compared to $1,303 million for the same period in 2009. The primary source of each FHLBank's earnings is net interest income, which is the interest earned on advances, mortgage loans and investments, less interest paid on consolidated obligations, deposits and other borrowings. However, the period over period improvements were primarily driven by lower OTTI credit losses

on the FHLBanks' private-label MBS. The components of net income, including the effect of net interest income and other loss on the results of operations, are presented as follows:

Changes in Net Income
(Dollar amounts in millions)

(Dollar amounts in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Three Months Ended September 30, 2010 vs. 2009 Increase $	Nine Months Ended September 30, 2010 vs. 2009 (Decrease) Increase $
Net interest income after provision for credit losses	$1,393	$ 1,357	$ 3,935	$ 4,086	$ 36	$(151)
Total other (loss) income	(209)	(1,245)	(1,437)	(1,469)	1,036	32
Total other expense	228	220	624	684	8	(60)
Total assessments	224	57	491	630	167	(139)
Net income (loss)	$ 732	$ (165)	$ 1,383	$ 1,303	$ 897	$ 80

Net Interest Income.

The FHLBanks generate net interest income from two components: 1) the net interest 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. The following table represents changes in net interest income for the three and nine months ended September 30, 2010 and 2009.

Changes in Net Interest Income
(Dollar amounts in millions)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Three Months Ended September 30, 2010 vs. 2009 (Decrease) Increase	Nine Months Ended September 30, 2010 vs. 2009 (Decrease) Increase
INTEREST INCOME						
Advances	$1,219	$1,854	$ 3,595	$ 8,324	$(635)	$(4,729)
Prepayment fees on advances, net	223	28	399	141	195	258
Mortgage loans held for portfolio	785	904	2,444	2,983	(119)	(539)
Investments and other	1,526	1,735	4,731	5,470	(209)	(739)
Total interest income	3,753	4,521	11,169	16,918	(768)	(5,749)
INTEREST EXPENSE						
Consolidated obligations	2,306	3,121	7,093	12,703	(815)	(5,610)
Other	40	39	108	115	1	(7)
Total interest expense	2,346	3,160	7,201	12,818	(814)	(5,617)
NET INTEREST INCOME	$1,407	$1,361	$ 3,968	$ 4,100	$ 46	$ (132)

The following table presents average balances and yields of major categories of earning assets and the funding sources for those earning assets. It also presents spreads between yields on total interest-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).

Spread and Yield Analysis
(Dollar amounts in millions)

	Three Months Ended					
	September 30, 2010			September 30, 2009		
	Average Balance[1]	Interest[2]	Annualized Yield	Average Balance[1]	Interest[2]	Annualized Yield
Advances[3]	$522,675	$1,442	1.09%	$ 708,185	$1,882	1.05%
Mortgage loans held for portfolio	65,511	785	4.75%	75,513	904	4.75%
Investments:						
Interest-bearing deposits and other	9,076	6	0.26%	8,070	3	0.15%
Securities purchased under agreements to resell	29,413	15	0.20%	16,223	6	0.15%
Federal funds sold	68,494	37	0.21%	73,679	31	0.17%
Trading securities	19,421	88	1.80%	21,174	92	1.72%
Available-for-sale securities[4]	69,205	341	1.95%	35,304	199	2.24%
Held-to-maturity securities[4]	141,978	1,039	2.90%	168,432	1,404	3.31%
Total investments	337,587	1,526	1.79%	322,882	1,735	2.13%
Total interest-earning assets	925,773	$3,753	1.61%	1,106,580	$4,521	1.62%
Other non-interest-earning assets	7,747			10,453		
Fair-value adjustment on investment securities[4]	(7,799)			(8,169)		
Total assets	$925,721			$1,108,864		
Consolidated obligations:						
Discount notes	$186,573	$ 174	0.37%	$ 302,254	$ 328	0.43%
Bonds	643,492	2,132	1.31%	709,907	2,793	1.56%
Interest-bearing deposits and other borrowings[5]	30,495	40	0.52%	26,885	39	0.58%
Total interest-bearing liabilities	860,560	$2,346	1.08%	1,039,046	$3,160	1.21%
Non-interest-bearing liabilities	21,835			23,609		
Total liabilities	882,395			1,062,655		
Capital	43,326			46,209		
Total liabilities and capital	$925,721			$1,108,864		
Net interest spread[6]			0.53%			0.41%
Net interest margin[7]			0.60%			0.49%

	Nine Months Ended					
	September 30, 2010			September 30, 2009		
	Average Balance[1]	Interest[2]	Annualized Yield	Average Balance[1]	Interest[2]	Annualized Yield
Advances[3]	$562,148	$ 3,994	0.95%	$ 788,090	$ 8,465	1.44%
Mortgage loans held for portfolio	67,635	2,444	4.83%	80,571	2,983	4.95%
Investments:						
Interest-bearing deposits and other	7,805	14	0.24%	36,211	66	0.24%
Securities purchased under agreements to resell	19,998	27	0.18%	14,582	20	0.18%
Federal funds sold	79,373	109	0.18%	67,223	109	0.22%
Trading securities	18,343	253	1.84%	18,102	309	2.28%
Available-for-sale securities[4]	63,061	939	1.99%	25,367	395	2.08%
Held-to-maturity securities[4]	149,019	3,389	3.04%	174,160	4,571	3.51%
Total investments	337,599	4,731	1.87%	335,645	5,470	2.18%
Total interest-earning assets	967,382	$11,169	1.54%	1,204,306	$16,918	1.88%
Other non-interest-earning assets	8,780			11,746		
Fair-value adjustment on investment securities[4]	(8,464)			(5,237)		
Total assets	$967,698			$1,210,815		
Consolidated obligations:						
Discount notes	$190,155	$ 495	0.35%	$ 371,705	$ 1,966	0.71%
Bonds	683,055	6,598	1.29%	736,351	10,737	1.95%
Interest-bearing deposits and other borrowings[5]	30,333	108	0.48%	28,053	115	0.55%
Total interest-bearing liabilities	903,543	$ 7,201	1.07%	1,136,109	$12,818	1.51%
Non-interest-bearing liabilities	21,042			26,707		
Total liabilities	924,585			1,162,816		
Capital	43,113			47,999		
Total liabilities and capital	$967,698			$1,210,815		
Net interest spread[6]			0.47%			0.37%
Net interest margin[7]			0.54%			0.46%

(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 hedge accounting.

(3) Interest income for advances includes prepayment fees 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 balances do not include non-interest bearing deposits and include mandatorily redeemable capital stock and subordinated notes averages balances and related interest expenses.

(6) Net interest spread is the difference between interest-earning assets and interest-bearing liabilities.

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

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 during the three and nine months ended September 30, 2010 and 2009. 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)

	Three Months Ended September 30, 2010 vs. 2009			Nine Months Ended September 30, 2010 vs. 2009		
	(Decrease) Increase Due to			(Decrease) Increase Due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income:						
Advances[1]	$(509)	$ 69	$(440)	$(2,050)	$(2,421)	$(4,471)
Mortgage loans held for portfolio	(120)	1	(119)	(469)	(70)	(539)
Investments	76	(285)	(209)	32	(771)	(739)
Total interest income	(553)	(215)	(768)	(2,487)	(3,262)	(5,749)
Interest Expense:						
Consolidated obligations	(526)	(289)	(815)	(2,362)	(3,248)	(5,610)
Deposits and other borrowings[2][3]	5	(4)	1	9	(16)	(7)
Total interest expense	(521)	(293)	(814)	(2,353)	(3,264)	(5,617)
Changes in net interest income	$ (32)	$ 78	$ 46	$ (134)	$ 2	$ (132)

(1) Includes prepayment fees on advances, net.

(2) 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.

(3) Calculations also include the average balances of subordinated notes and related interest expense.

At the combined level, during the three and nine months ended September 30, 2010, the net interest margin increased compared to the same periods in 2009. These increases were related to the changes in the average interest-earning assets and interest-bearing liabilities (volume variance) and changes in the net interest spread (rate variance).

The change in the average interest-earning assets and interest-bearing liabilities balances negatively affected the net interest income for both the three and nine months ended September 30, 2010. Demand for advances declined during the three and nine months ended September 30, 2010 primarily due to high deposit levels at member financial institutions, low loan demand by FHLBank members and continued availability of alternative funding sources. As advances declined, the FHLBanks generally deployed excess funds by investing in other assets and reducing debt outstanding.

On a combined basis, the improvements in both the quarter-over-quarter and year-over-year comparisons in the net interest spread were affected by an increase in advance prepayment fees and a reduction in funding costs, which were partially offset by a decline in average yield on interest-earning assets. The decline in advances due to prepayments and restructurings resulted in a corresponding increase in prepayment fee income. For the three and nine months ended September 30, 2010, the FHLBanks experienced an increase in prepayment fees that are included in the total yield on advances. Prepayment fee income varies from period to period based on the level of member advances prepaid prior to their scheduled maturity or repricing dates.

The continued low interest-rate environment which resulted in a greater reduction in the rate paid for interest-bearing liabilities compared to the reduction in the yield earned on interest-earning assets allowed the FHLBanks to experience an improvement in their net interest spread, driven by improved funding costs. 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 increase in the proportion of higher-yielding assets to total assets as advance balances have declined resulted in a positive effect on the net interest spread and margin. The continued low interest-rate environment and resultant decline in average yield on interest-earning assets funded by non-interest-bearing capital negatively affected net interest income despite an increase in non-interest bearing capital as this increase was insufficient to offset the negative effect of the lower asset yields. The change in the interest spread has positively affected the net interest income for both the three and nine months ended September 30, 2010, with the increase in prepayment fees having the greatest effect on net interest spread and net interest income in the three months ended September 30, 2010.

The net interest margin and spread between total interest-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 an interest-rate exchange agreement qualifies 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 an interest-rate exchange agreement does not qualify for fair-value hedge accounting (economic hedges) or if an FHLBank has not designated the derivative in such qualifying hedge relationship, the net interest income/expense associated with the interest-rate exchange agreement is excluded from the calculation of the spread between total interest-earning assets and total interest-bearing liabilities and net interest margin.

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 each individual FHLBank's spread between asset yields and interest-bearing liabilities and the net interest margin for those periods. For additional discussion related to an individual FHLBank's changes in net interest margin and spread, please refer to that FHLBank's periodic report filed with the SEC.

Other (Loss) Income.

Changes in Other (Loss) Income
(Dollar amounts in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009	Nine Months Ended September 30, 2010 vs. 2009
	2010	2009	2010	2009	Increase (Decrease)	(Decrease) Increase
Net other-than-temporary impairment losses	$(178)	$(1,042)	$ (906)	$(1,995)	$ 864	$ 1,089
Net gains (losses) on trading securities	79	43	265	(36)	36	301
Net realized gains from sale of available-for-sale securities	9	31	9	7	(22)	2
Net realized gains from sale of held-to-maturity securities	2		8	6	2	2
Net gains (losses) on advances, consolidated obligations and other liabilities held under fair value option	67	(68)	(75)	(435)	135	360
Net (losses) gains on derivatives and hedging activities	(128)	(196)	(706)	983	68	(1,689)
Service fees	8	7	23	24	1	(1)
Other, net	(68)	(20)	(55)	(23)	(48)	(32)
Total other loss	$(209)	$(1,245)	$(1,437)	$(1,469)	$1,036	$ 32

Combined other loss for the three months ended September 30, 2010 was $209 million, compared to combined other loss of $1,245 million recorded during the same period in the previous year. The decrease in combined other loss was primarily due to lower credit-related OTTI charges, fair value net gains on those advances, consolidated obligations and other liabilities held under fair value option and lower net losses on derivatives and hedging activities, which was partially offset by higher losses in other, net.

Combined other loss for the nine months ended September 30, 2010 was $1,437 million, compared to combined other loss of $1,469 million recorded during the same period in the previous year. The decrease in combined other loss was primarily due to lower credit-related OTTI charges, lower fair value net losses on those advances, consolidated obligations and other liabilities held under fair value option and net gains on trading securities, which was partially offset by net losses on derivatives and hedging activities.

The reductions in credit losses attributable to OTTI during the three and nine months ended September 30, 2010 compared to the corresponding periods in 2009 primarily reflect the cumulative losses recognized to date and the relative stabilization in projected factors, such as home prices, that affect the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS. See "Net Other-Than-Temporary Impairment Losses" section for additional information.

The changes in fair value net gains (losses) on those advances, consolidated obligations and other liabilities held under fair value option during the three and nine months ended September 30, 2010, when compared to the same periods in the previous year, were driven by the decreased interest rate environment relative to the actual coupon rates on the FHLBanks' advances and increased interest rates on newly issued consolidated bonds.

The changes in net gains (losses) on derivatives and hedging activities during the three and nine months ended September 30, 2010 when compared to the same periods in 2009 were primarily driven by lower interest rates and increases in swaption volatilities.

The losses in other, net for the three months ended September 30, 2010 compared to the losses in other, net during the same period in 2009 were primarily driven by losses on the extinguishment of debt. The majority of the debt extinguishments were due to advance prepayments and, therefore, the losses are offset by the advance prepayment fees income recorded in net interest income.

Net Other-Than-Temporary Impairment Losses. During the three and nine months ended September 30, 2010, total other (loss) income was negatively affected by credit-related OTTI losses on certain held-to-maturity and available-for-sale private-label RMBS of $174 million and $896 million, and home equity loan investments of $4 million and $10 million. The credit-related OTTI charges recorded for the three months ended September 30, 2010 were due to updated assumptions which reflected the effect of large inventories of unsold homes on current and forecasted housing prices, which in turn affected projected borrower default rates and projected loss severities. The greatest effect of changes in the assumptions was felt on subprime collateral as a result of changes in the foreclosure timeframes.

The following table presents the OTTI losses on securities newly and previously identified as other-than-temporarily impaired during the three and nine months ended September 30, 2010 and 2009 (dollar amounts in millions).

	Three Months Ended September 30,					
	2010			2009		
	Credit Losses	Net Noncredit Losses	Total Losses	Credit Losses	Net Noncredit Losses	Total Losses
Securities newly impaired during the period	$	$(148)	$(148)	$ (61)	$(1,866)	$(1,927)
Securities previously impaired prior to current period[1]	(178)	167	(11)	(981)	726	(255)
Total	$(178)	$ 19	$(159)	$(1,042)	$(1,140)	$(2,182)

	Nine Months Ended September 30,					
	2010			2009		
	Credit Losses	Net Noncredit Losses	Total Losses	Credit Losses	Net Noncredit Losses	Total Losses
Securities newly impaired during the period	$ (69)	$(830)	$ (899)	$(1,371)	$(8,513)	$ (9,884)
Securities previously impaired prior to current period[1]	(837)	705	(132)	(624)	130	(494)
Total	$(906)	$(125)	$(1,031)	$(1,995)	$(8,383)	$(10,378)

(1) For the three months ended September 30, 2010 and 2009, "securities previously impaired prior to current period" represents all securities that were also previously impaired prior to July 1, 2010 and 2009. For the nine months ended September 30, 2010 and 2009, "securities previously impaired prior to current period" represents all securities that were also previously impaired prior to January 1, 2010 and 2009.

For the three months ended September 30, 2010, the reduction in credit losses attributable to OTTI primarily reflects the cumulative losses recognized to date and the relative stabilization in projected factors, such as home prices, that affect the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS. Each FHLBank actively monitors the credit quality of its private-label MBS. Potential credit-related OTTI charges in the future 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' private-label MBS. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or there is a further decline in residential real estate values, the FHLBanks could experience reduced yields or additional credit-related losses on these investment securities. The FHLBanks are currently unable to predict the effect, if any, that recent foreclosure moratoriums may have on the collectability of their investments in private-label MBS. For a discussion of accounting policies related to other-than-temporarily impaired investment securities, see "Note 1—Summary of Significant Accounting Policies" in the Federal Home Loan Banks' 2009 Combined Financial Report. See "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements for additional information.

For additional information on OTTI evaluations by the FHLBanks, please refer to each individual FHLBank's periodic reports 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 Combined 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 Combined 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 unless the associated asset or liability is marked-to-market through earnings on a recurring basis (i.e., trading securities and assets and liabilities elected under the fair value option). The FHLBanks of New York, Chicago, Des Moines, Dallas and San Francisco recognize changes in the unrealized gains and losses on the assets and liabilities elected under the fair value option in current period earnings.

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, an FHLBank holds derivatives and associated hedged instruments, and certain assets and liabilities that are carried at fair value, 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 an FHLBank terminates these instruments 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. (See "Combined Results of Operations—(Reversal) Provision for Derivative Counterparty Credit Losses" for a discussion of terminated derivative transactions related to the Lehman Brothers Holdings, Inc. (LBHI), the parent company of Lehman Brothers Special Financing (LBSF) bankruptcy proceedings and the effect on the Combined Statement of Income.)

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 changes in the net losses on derivatives and hedging activities were primarily due to the effect of lower interest rates throughout the three months and nine months ended September 30, 2010. Additionally, narrowing spreads between interest rates on GSE debt securities and interest-rate swaps also resulted in net gains on derivatives and hedging activities for the nine months ended September 30, 2009.

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, 2010	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of derivatives and hedging activities in net margin	$(106)	$	$(12)	$ 3	$(4)	$	$	$(119)
Net (losses) gains on derivatives and hedging activities	(96)	(167)	52	95	8	(21)	1	(128)
Net gains on trading securities		79						79
Net gains (losses) on advances and consolidated obligations under fair value option	64			5	(2)			67
Total	$(138)	$ (88)	$ 40	$103	$ 2	$(21)	$1	$(101)

Earnings Effect for the Three Months Ended September 30, 2009	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	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 obligations under fair value option	(71)			3				(68)
Total	$(327)	$ (89)	$(131)	$151	$(5)	$21	$	$(380)

Earnings Effect for the Nine Months Ended September 30, 2010	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	Total
Amortization/accretion of derivatives and hedging activities in net margin	$(299)	$	$(22)	$ 43	$(13)	$	$	$(291)
Net (losses) gains on derivatives and hedging activities	(271)	(624)	7	387	(80)	(126)	1	(706)
Net gains on trading securities		265						265
Net gains (losses) on advances and consolidated obligations under fair value option	20			(91)	(4)			(75)
Total	$(550)	$(359)	$(15)	$339	$(97)	$(126)	$1	$(807)

Earnings Effect for the Nine Months Ended September 30, 2009	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Intermediary Positions	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 obligations under fair value option	(394)			(41)				(435)
Total	$(805)	$118	$(121)	$493	$164	$141	$	$ (10)

Other Expense.

Operating Expenses
(Dollar amounts in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009 Increase (Decrease)		Nine Months Ended September 30, 2010 vs. 2009 Increase	
	2010	2009	2010	2009	$	%	$	%
Salaries and employee benefits	$128	$123	$369	$357	$ 5	4.1%	$12	3.4%
Cost of quarters	11	10	29	29	1	10.0%		
Other	67	70	204	201	(3)	(4.3)%	3	1.5%
Total operating expenses	$206	$203	$602	$587	$ 3	1.5%	$15	2.6%
Operating expenses as a percentage of average assets (basis points)	8.8	7.3	8.3	6.5				

The increase in operating expenses for the three and nine months ended September 30, 2010, as compared to the same periods in 2009, primarily relates to increases in salaries and benefits from additional employees at certain FHLBanks.

Other Expenses
(Dollar amounts in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009	Nine Months Ended September 30, 2010 vs. 2009
	2010	2009	2010	2009	Increase (Decrease)	Increase (Decrease)
Finance Agency expenses	$15	$9	$ 39	$29	$ 6	$ 10
Office of Finance expenses	6	7	25	25	(1)	
(Reversal) provision for derivative counterparty credit losses	(2)		(55)	35	(2)	(90)
Other, net	3	1	13	8	2	5

Finance Agency Expenses. The FHLBanks 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. 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 GAAP capital stock, percentage of consolidated obligations issued, and percentage of consolidated obligations outstanding.

(Reversal) Provision for Derivative Counterparty Credit Losses. The FHLBanks are subject to credit risk due to nonperformance by counterparties to the derivative agreements. The degree of counterparty credit 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 analyses, collateral requirements, and adherence to the requirements set forth in FHLBanks policies and regulations. Based on credit analyses and collateral requirements, the FHLBanks do not anticipate any credit losses on their derivative agreements. Thus,

no provision for derivative counterparty credit losses was reserved for the three and nine months ended September 30, 2010.

However, during the second quarter of 2010, the FHLBank of Atlanta and management of the Lehman bankruptcy estate concluded that the agreed-upon amount of the FHLBank of Atlanta's claims on the Lehman estate is $175 million. Based on a financial disclosure report made available by the Lehman bankruptcy estate during the second quarter of 2010 and market prices for the sale of claims on the Lehman bankruptcy estate, the estimate by the FHLBank of Atlanta's management of the probable amount to be realized was $68 million as of June 30, 2010. The FHLBank of Atlanta therefore increased its estimate of the probable amount to be realized related to the net receivable due from LBSF by $49 million, with a corresponding reduction to other expense as reported in "(Reversal) provision for derivative counterparty credit losses" on the Combined Statement of Income.

During the third quarter of 2010, FHLBank of Atlanta management began negotiations with a third party for the sale of its claim on the Lehman bankruptcy estate. Based on these negotiations FHLBank of Atlanta management's estimate of the probable amount to be realized as of August 30, 2010 was $70 million. The FHLBank of Atlanta therefore increased its estimate of the probable amount to be realized related to the net receivable due from LBSF by $2 million, with a corresponding reduction to other expense as reported in "(Reversal) provision of derivative counterparty credit losses" on the Combined Statement of Income. For the nine months ended September 30, 2010, the total reduction to other expense related to the net receivable due from LBSF was $51 million. On September 30, 2010, the FHLBank of Atlanta sold its claim on the Lehman bankruptcy estate for $70 million, the carrying value of the net receivable due from LBSF.

In addition, in June 2010, as a result of negotiations with the bankruptcy administrator for LBSF and market indications of sales of Lehman receivables to third parties, the FHLBank of Seattle reduced its provision for credit losses on receivables by $3.9 million as reported in "(Reversal) provision for derivative counterparty credit losses" on the Combined Statement of Income.

For the nine months ended September 30, 2009, the provision of $35.3 million for derivative counterparty credit losses was recorded in "(Reversal) provision for derivative counterparty credit losses" in the Combined Statement of Income related to the FHLBank of Pittsburgh's provision for its outstanding receivable with LBSF. The FHLBank of Pittsburgh did not record a reserve with respect to the receivable of $41.5 million from LBSF as of December 31, 2008 because at that time the FHLBank of Pittsburgh was unable to reasonably estimate the amount of loss that had been incurred. As of September 30, 2010, the FHLBank of Pittsburgh maintained a $35.3 million reserve on this receivable as this remains the most probable estimated loss.

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. 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 advances and 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 may also unwind the related portion of any hedge transactions it entered into when the consolidated bond was issued.

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 initial carrying amount for the consolidated bond is the amount (including any premium or discount) the assuming FHLBank received from 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. The following 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:

(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-related basis adjustments of the transferring FHLBank are reinstated and amortized over the life of the consolidated bond.

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. (See "Note 1—Summary of Significant Accounting Policies" to the accompanying combined financial statements and the related FHLBanks combining schedules.)

Total interbank consolidated bonds of $434 million and $480 million at par value were transferred from one FHLBank to another FHLBank during the nine months ended September 30, 2010 and 2009. The amount of total interbank consolidated bonds transferred during a period depends on a variety of factors, such as 1) whether or not an assuming FHLBank can obtain equal or lower funding costs through interbank transfers as compared to issuing new debt, 2) an FHLBank's overall asset/liability management strategy and/or 3) current market conditions. The combining adjustments for the three and nine months ended September 30, 2010 and 2009 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)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009	Nine Months Ended September 30, 2010 vs. 2009
	2010	2009	2010	2009	Increase	Increase
Effect on:						
Net interest income	$	$(3)	$ (1)	$(16)	$ 3	$15
Total other loss	52	(2)	49	32	54	17
Total other expense	(2)	(2)	(5)	(5)		
Net income (loss)	54	(3)	53	21	57	32

Affordable Housing Program (AHP)

By regulation, the FHLBanks must contribute to the AHP annually the greater of $100 million or 10 percent of net earnings, after the assessment for the Resolution Funding Corporation (REFCORP). For purposes of the AHP calculation, net earnings is defined as net 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.

AHP helps members provide subsidized and other low-cost funding as well as grants 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.

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30, 2010 vs. 2009	Nine Months Ended September 30, 2010 vs. 2009
(Dollar amounts in millions)	2010	2009	2010	2009	Increase	Decrease
Affordable Housing Program	$70	$19	$153	$196	$51	$(43)

The change in AHP assessments reflects the fact that only FHLBanks with net income are required to make contributions to the AHP.

REFCORP Payment

Each FHLBank is required to make payments to REFCORP (20 percent of annual GAAP net income after payment of AHP assessments) until the total amount of payments actually made is equivalent to a $300 million annual annuity whose final maturity date is April 15, 2030. The 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 $154 million (cash payment of $152 million, which includes the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment in 2008 and/or 2009) compared with $38 million (cash payment of $79 million) for the three months ended September 30, 2010 and 2009. The REFCORP assessment of the FHLBanks was $338 million (cash payment of $351 million, which includes the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment in 2008 and/or 2009) compared with $434 million (cash payment of $473 million, which includes the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment in 2008) for the nine months ended September 30, 2010 and 2009. 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 $77 million by which the third quarter 2010 REFCORP payment exceeded the $75 million quarterly benchmark had the effect of defeasing the remaining $23 million portion of the benchmark payment due on April 15, 2012 and $54 million of the benchmark payment due on January 15, 2012.

As a result of the REFCORP payments of $152 million made by the FHLBanks for the three months ended September 30, 2010, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to January 15, 2012, effective at September 30, 2010, from April 15, 2012, effective at December 31, 2009. This date assumes that the FHLBanks will pay exactly $300 million annually after September 30, 2010 (including the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment as referred to in the preceding paragraph) until the annuity is fully satisfied. This compares to the outside date of April 15, 2012, effective at September 30, 2009, based on REFCORP payments

made through September 30, 2009 (including the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment as referred to in the preceding paragraph).

REFCORP Defeasance Summary
For Third Quarter 2010 Payment
(Dollar amounts in millions)

Payment Due Date	Amount of Benchmark Payment Defeased[1]	Interest Rate Used to Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased[2]
April 15, 2012 (most distant remaining payment)	$23	0.23%	$23
January 15, 2012	54	0.29%	54
Total	$77		$77

(1) Subject to possible subsequent reinstatement.

(2) Actual third quarter 2010 contribution of $152 million.

Capital Adequacy

The FHLBank Act prescribes minimum capital requirements for the FHLBanks. (See "Note 12—Capital" to the accompanying combined financial statements for more information.) 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.

Regulatory 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 and/or to limit dividend payments as part of their retained earnings policies. These limitations may be revised from time to time. At September 30, 2010, 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 for more information.)

At September 30, 2010, 97.8 percent of the total capital of the FHLBanks consisted of capital stock, while 2.2 percent consisted of retained earnings and AOCI. At September 30, 2010, the FHLBanks had a combined regulatory capital-to-assets ratio of 6.47 percent, up from 5.92 percent at December 31, 2009. Mandatorily redeemable capital stock is considered capital when calculating the regulatory capital-to-assets ratio. At September 30, 2010, the FHLBanks had a combined GAAP capital-to-assets ratio of 4.91 percent, up from 4.22 percent at December 31, 2009. 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. (See "Note 12—Capital" to the accompanying combined financial statements.)

Dividends and Retained Earnings.

The board of directors of each FHLBank may declare and pay dividends in either cash or capital stock. However, Finance Agency regulation prohibits an FHLBank from issuing additional excess stock, including through the issuance of stock dividends, if the amount of excess stock exceeds one percent of the FHLBank's total assets. Excess stock is defined by the Regulator as any FHLBank stock owned by a member or other institution in excess of that member's or other institution's minimum investment in capital stock required under the FHLBank Act, Finance Agency regulations, or the FHLBank's capital plan. There is also a provision permitting the FHLBanks to declare and pay dividends only from previously retained earnings or current net earnings. The regulation also prohibits an FHLBank from declaring or paying a dividend if that FHLBank's total permanent capital is below the par value of its stock or is projected to be in this situation after payment of the dividend.

The board of directors of each FHLBank has adopted a retained earnings policy that includes a retained earnings target, as well as a plan that will enable the FHLBank to reach the retained earnings target. Certain FHLBanks have implemented policies to suspend dividend payments and/or prohibit repurchases of excess capital stock. These actions were implemented as a capital preservation measure and to reflect a conservative financial management approach during a period of severe market volatility and due to OTTI exposure on private-label MBS and home equity loan investments for certain FHLBanks as follows.

FHLBank of Boston. Effective December 8, 2008, the FHLBank of Boston suspended the practice of repurchasing excess capital stock from members. The FHLBank of Boston continues its moratorium on such excess stock repurchases. At September 30, 2010, the FHLBank of Boston had excess capital stock outstanding totaling $1.8 billion or 2.9 percent of its total assets.

The FHLBank of Boston's retained earnings target is $925 million, a target adopted to preserve capital in light of the various challenges to the FHLBank of Boston, including the potential for additional losses from its investments in private-label MBS. At September 30, 2010, the FHLBank of Boston had retained earnings of $225 million.

The FHLBank of Boston has not declared any dividends since the fourth quarter of 2008. The FHLBank of Boston had previously adopted a dividend payout restriction under which it may only pay up to 50 percent of the prior quarter's net income while its retained earnings are less than its targeted retained earnings level. However, the FHLBank of Boston's board of directors has announced that it does not expect to declare any dividends until the FHLBank of Boston demonstrates a consistent pattern of positive net income as the FHLBank of Boston continues to focus on building retained earnings.

FHLBank of Pittsburgh. On December 23, 2008, the FHLBank of Pittsburgh announced its voluntary decision to temporarily suspend payment of dividends until further notice. Therefore, there were no dividends declared or paid in 2009 or the first nine months of 2010.

Effective July 1, 2010, changes to the FHLBank of Pittsburgh's capital plan were implemented. The amended capital plan replaced the unused borrowing capacity membership stock purchase requirement with an annual Membership Asset Value (MAV) stock purchase requirement. This calculation is not affected by the amount the member borrows from the FHLBank of Pittsburgh. All members will be required to fully transition to the amended capital plan by the first MAV re-calculation date of April 10, 2011.

Beginning in first quarter 2010, the FHLBank of Pittsburgh began measuring capital adequacy with a key risk indicator—Market Value of Equity to Par Value of Common Stock (MV/CS). This metric provides a current assessment of the fair value of the FHLBank of Pittsburgh's assets less liabilities on a liquidation basis compared to the par value of the capital stock. The term liquidation basis is used because this calculation assumes no intangibles or going-concern value. An initial floor of 85 percent was established by the FHLBank of Pittsburgh's board of directors, representing the estimated level from which the MV/CS would recover to par through the retention of earnings over the 5-year redemption period of the FHLBank of Pittsburgh's capital stock. When MV/CS is below the established floor, excess capital repurchases and dividend payouts are required to be restricted.

Because the MV/CS ratio was above 85 percent at September 30, 2010, the FHLBank of Pittsburgh performed additional analysis of the adequacy of retained earnings taking into consideration the effect of excess capital stock repurchases and/or dividend payouts. As a result of this analysis, the FHLBank of Pittsburgh repurchased approximately $200 million in excess capital stock on October 29, 2010. The amount of excess capital stock repurchased from any member was the lesser of 5 percent of the member's total capital stock outstanding or its excess capital stock outstanding through October 28, 2010. Decisions regarding any future repurchases of excess capital stock will be made on a quarterly basis. The FHLBank of Pittsburgh will continue to monitor the condition of its private label MBS portfolio, its overall financial performance and retained earnings, developments in the mortgage and credit markets and other relevant information as the basis for determining the status of dividends and excess capital stock repurchases in future quarters.

FHLBank of Chicago. The FHLBank of Chicago did not pay any dividends in the first nine months of 2010 or 2009. Although the FHLBank of Chicago currently has a retained earnings and dividends policy in effect, the policy has been effectively superseded by its regulatory requirements. See "Note 12—Capital" to the accompanying combined financial statements for a description of the restrictions on the FHLBank of Chicago's dividends and repurchases and redemptions of capital stock.

FHLBank of Seattle. As a result of its undercapitalized classification and the Consent Arrangement, the FHLBank of Seattle is currently unable to declare or pay dividends, or redeem or repurchase capital stock, without approval of the Finance Agency. In addition, FHLBank of Seattle board of director-approved dividend policy limitations restrict the payment of dividends unless certain market value and retained earnings targets are met. There can be no assurance of when or if the FHLBank of Seattle board of directors will declare dividends in the future. See "Note 12—Capital" to the accompanying combined financial statements for a description of the FHLBank of Seattle's Consent Arrangement with the Finance Agency.

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.

An FHLBank's ability to expand its balance sheet and corresponding liquidity requirements in response to its members' increased credit needs is correlated to its members' capital stock requirements for advances and mortgage loans. Similarly, each FHLBank can generally contract its balance sheet and corresponding liquidity requirements in response to its members' reduced credit needs. An FHLBank may allow its consolidated obligations to mature without replacement, or repurchase and retire outstanding consolidated obligations, allowing its balance sheet to shrink. The FHLBanks are not able to predict future trends in member credit needs because they are driven by complex interactions among a number of factors, including members' mortgage loan originations, other loan portfolio growth, and deposit growth, as well as the attractiveness of advances compared to other wholesale borrowing alternatives. Each FHLBank regularly monitors current trends and anticipates future debt issuance needs in order to be prepared to fund its members' credit needs and its investment opportunities.

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. In addition, under certain circumstances the U.S. Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. 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 these NRSROs. 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.

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 10 to 20 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.

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 and/or the Office of Finance, or short-term capital market disruptions. Each FHLBank was in compliance with its liquidity requirements at September 30, 2010.

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' 2009 Combined Financial Report. Other than the other-than-temporary impairment methodology for investment securities 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' 2009 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.

OTTI for Investment Securities.

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. In doing so, an FHLBank considers many factors including, but not limited to: the credit ratings assigned to the securities by the NRSROs; other indicators of the credit quality of the issuer; the strength of the provider of any guarantees; the duration and magnitude of the unrealized loss; and whether the FHLBank has the intent to sell the security or more likely than not will be required to sell the security before the recovery of its amortized cost basis. In the case of its private-label RMBS and certain home equity loan investments, each FHLBank also considers prepayment speeds, the historical and projected performance of the underlying loans and the credit support provided by the subordinate securities. See additional discussion regarding the recognition and presentation of OTTI in "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates" in the Federal Home Loan Banks' 2009 Combined Financial Report.

Most of the FHLBanks select all of their private-label RMBS and certain home equity loan investments (including home equity ABS) for purposes of OTTI cash flow analysis to be run using the common framework developed by the 12 FHLBanks for the purpose of completing their OTTI analyses. In 2009, as part of ensuring consistency in determining the OTTI for private-label RMBS and certain home equity loan investments among all FHLBanks, the FHLBanks enhanced their overall OTTI process by creating a formal process by which the FHLBanks can provide input on and approve key OTTI modeling assumptions used for purposes of their cash flow analyses for the majority of these securities. For additional discussion of the FHLBanks' uniform OTTI framework, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates" in the Federal Home Loan Banks' 2009 Combined Financial Report.

At September 30, 2010, seven FHLBanks own certain private-label MBS where underlying loan-level collateral data is not available using the third-party models. For the private-label MBS that could not be modeled under the FHLBanks' common framework, alternative procedures, as determined and approved by the FHLBanks, were considered by each applicable FHLBank to assess these securities for OTTI. These investments, which are backed by residential, home equity and commercial real estate loans, home equity lines of credit, and manufactured housing loans, represented approximately 3 percent of the FHLBanks' total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as of September 30, 2010. Approximately 50 percent of the private-label MBS owned by the FHLBank of New York were outside the scope of the common framework because sufficient loan-level collateral data was not available for analysis under the common framework. The FHLBank of New York performed OTTI analysis by cash flow testing 100 percent of its private-label MBS using its own techniques and assumptions that were determined primarily using historical performance data for these securities. At September 30, 2010, the FHLBank of New York's assumptions and performance measures were benchmarked by comparing them to (1) performance parameters from market consensus, and (2) the assumptions and performance measures provided by the uniform OTTI framework for the FHLBank's private-label MBS that were within the scope of the common framework. Please see each FHLBank's periodic reports filed with the SEC for additional details regarding its OTTI cash flow analysis.

Base Case Scenario. In performing the cash flow analysis for private-label RMBS and certain home equity loan investments (including home equity asset-backed securities) under the common framework described above, 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 as of September 30, 2010 assumed CBSA level current-to-trough home price declines ranging from 0 percent to 10 percent over the 3- to 9-month period beginning July 1, 2010. Thereafter, home prices were projected to remain flat in the first year, and to increase 1 percent in the second year, 3 percent in the third year, 4 percent in the fourth year, 5 percent in the fifth year, 6 percent in the sixth 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.

Adverse Case Scenario. In addition to evaluating its private-label RMBS and certain home equity loan investments 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. Under this scenario, current-to-trough home price declines were projected

to range from 5 percent to 15 percent over the 3- to 9-month period beginning July 1, 2010. Thereafter, home prices were projected to remain unchanged from trough levels in each of the first and second years, and to increase 1 percent in the third year, 2 percent in each of the fourth and fifth years and 3 percent in each subsequent year.

The following table shows combined credit loss and each individual FHLBank's credit losses under the base case and an adverse case scenario for each FHLBank that recognized OTTI of its private-label RMBS and/or home equity loan investments for the three months ended September 30, 2010. The base case scenario represents actual OTTI-related credit losses recognized in earnings for the three months ended September 30, 2010. The adverse case scenario estimated cash flows were generated to show what the OTTI charges could have been under the more stressful housing price scenario at September 30, 2010. The stress test scenario and associated results do not represent each FHLBank's current expectations, and therefore should not be construed as a prediction of each FHLBank's future results, market conditions or the actual performance of these securities. Rather, the results from this hypothetical stress test scenario provide a measure of the credit losses that the FHLBanks might incur if home price declines (and subsequent recoveries) are more adverse than those projected in each FHLBank's OTTI assessment.

Housing Price Scenarios
At September 30, 2010
(Dollar amounts in millions)

	Base Case[2]			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
Total						
Private-label RMBS:						
Prime[1]	34	$ 2,774	$ (27)	104	$ 7,697	$ (236)
Alt-A[1]	143	9,453	(77)	316	16,971	(637)
Subprime[1]	34	926	(70)	39	958	(122)
Total Private-label RMBS	211	13,153	(174)	459	25,626	(995)
Home equity loan investments:						
Alt-A[1]	4	26	(1)	6	34	(3)
Subprime[1]	8	52	(3)	16	126	(6)
Total Home equity loan investments	12	78	(4)	22	160	(9)
Total	223	$13,231	$(178)	481	$25,786	$(1,004)
FHLBank of Boston						
Private-label RMBS:						
Prime[1]	1	$ 9	$ *	5	$ 90	$ (2)
Alt-A[1]	35	706	(6)	98	2,170	(90)
Total	36	715	(6)	103	2,260	(92)
Home equity loan investments:						
Subprime[1]	1	1	*	5	3	*
Total	1	$ 1	$ *	5	$ 3	$ *

	Base Case[2]			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
FHLBank of New York						
Private-label RMBS:						
Alt-A[1]		$	$	1	$ 3	$ *
Subprime[1]				2	28	(1)
Total				3	31	(1)
Home equity loan investments:						
Subprime[1]	4	48	(3)	6	118	(6)
Total	4	$ 48	$ (3)	6	$ 118	$ (6)
FHLBank of Pittsburgh						
Private-label RMBS:						
Prime[1]	4	$ 185	$ *	14	$ 923	$ (7)
Alt-A[1]	8	626	(6)	19	1,211	(40)
Subprime[1]	1	3	*	1	3	*
Total	13	814	(6)	34	2,137	(47)
Home equity loan investments:						
Alt-A[1]	4	26	(1)	6	34	(3)
Total	4	$ 26	$ (1)	6	$ 34	$ (3)
FHLBank of Atlanta						
Private-label RMBS:						
Prime[1]	11	$ 868	$ (12)	36	$ 3,224	$ (104)
Alt-A[1]	1	183	(2)	3	453	(12)
Total	12	$ 1,051	$ (14)	39	$ 3,677	$ (116)
FHLBank of Indianapolis						
Private-label RMBS:						
Prime[1]	3	$ 221	$ *	6	$ 410	$ (13)
Alt-A[1]				2	59	(1)
Total	3	$ 221	$ *	8	$ 469	$ (14)
FHLBank of Chicago						
Private-label RMBS:						
Prime[1]	8	$ 605	$ (5)	19	$ 1,568	$ (53)
Alt-A[1]	4	92	(1)	5	156	(8)
Subprime[1]	33	923	(70)	36	927	(121)
Total	45	$ 1,620	$ (76)	60	$ 2,651	$ (182)
FHLBank of Dallas						
Private-label RMBS:						
Prime[1]	2	$ 60	$ *	8	$ 117	$ (2)
Alt-A[1]				3	65	(1)
Total	2	$ 60	$ *	11	$ 182	$ (3)

	Base Case[2]			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
FHLBank of Topeka						
Private-label RMBS:						
Prime[1]		$	$	6	$ 92	$ *
Alt-A[1]	1	32	*	4	57	(1)
Total	1	32	*	10	149	(1)
Home equity loan investments:						
Subprime[1]	3	3	*	5	5	*
Total	3	$ 3	$ *	5	$ 5	$ *
FHLBank of San Francisco						
Private-label RMBS:						
Prime[1]	5	$ 826	$ (10)	10	$ 1,273	$ (55)
Alt-A[1]	75	6,386	(46)	136	10,063	(346)
Total	80	$ 7,212	$ (56)	146	$11,336	$ (401)
FHLBank of Seattle						
Private-label RMBS:						
Alt-A[1]	19	$ 1,428	$ (16)	45	$ 2,734	$ (138)
Total	19	$ 1,428	$ (16)	45	$ 2,734	$ (138)

* Represents an amount less than $1 million.

(1) Based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

(2) Represent securities and related OTTI credit losses for the three months ended September 30, 2010.

Legislative and Regulatory Developments

Legislative Developments.

Dodd-Frank Wall Street Reform and Consumer Protection Act. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was signed into law. The Dodd-Frank Act, among other things: (1) creates a consumer financial protection agency; (2) creates an inter-agency oversight council that will identify and regulate systemically important financial institutions; (3) regulates the over-the-counter derivatives market; (4) reforms the credit rating agencies; (5) provides shareholders with an advisory vote on the compensation practices of entities that are subject to the proxy rules under the Securities Exchange Act of 1934, as amended, including executive compensation and golden parachutes; (6) establishes new requirements, including a risk-retention requirement, for MBS; (7) makes a number of changes to the federal deposit insurance system; and (8) creates a federal insurance office that will monitor the insurance industry.

The FHLBanks' business operations, funding costs, rights and obligations, and/or the manner in which the FHLBanks carry out their housing finance mission are all likely to be affected by the passage of the Dodd-Frank Act and implementing regulations. For example, under the derivatives regulation portion of the Dodd-Frank Act, if an FHLBank is considered to be a "major swap participant," it will be required to trade certain of its standardized derivatives transactions through an exchange and clear those transactions through a centralized clearing house, and it will be subject to additional swap-based capital and margin requirements. In addition, all derivatives transactions not subject to exchange trading or centralized clearing will also be subject to additional margin requirements, and all derivatives transactions will be subject to new reporting requirements. Such additional requirements will likely increase the cost of the FHLBanks' hedging activities and may adversely

affect the FHLBanks' ability to hedge their interest rate risk exposure from advances, to achieve the FHLBanks' risk management objectives, and to act as an intermediary between the FHLBanks' members and counterparties.

In addition, if an FHLBank is identified as being a systemically important financial institution by the Federal Reserve, this FHLBank would be subject to heightened prudential standards established by the Federal Reserve. These standards could include risk-based capital, liquidity, and risk management requirements. Other standards could encompass such matters as a requirement to issue contingent capital instruments, additional required public disclosures, and limits on short-term debt. The Dodd-Frank Act also requires systemically important financial institutions to report to the Federal Reserve on the nature and extent of their credit exposures to other significant companies and to undergo semi-annual stress tests.

The Dodd-Frank Act also makes a number of changes to the federal deposit insurance program. First, it requires the FDIC to base future assessments for deposit insurance on the amount of assets held by an institution, instead of on the amount of deposits that institution holds. Second, it permanently increases deposit insurance coverage for insured banks, savings associations, and credit unions to $250,000. Third, it increases the reserve ratio for the FDIC insurance fund, which will cause an increase in the assessments imposed on federally-insured institutions. Fourth, it requires insured depository institutions with assets of $10 billion or more to pay an additional deposit insurance assessment. The Dodd-Frank Act may provide an incentive for some members of the FHLBanks to hold more deposits than they would if non-deposit liabilities were not a factor in determining an institution's deposit insurance assessments.

Several proposed regulations have been issued subsequent to the enactment of the Dodd-Frank Act. It is not possible to predict the exact effect of the legislation on the FHLBanks or their members until the implementing regulations are drafted and/or finalized.

Regulatory Developments—Final.

Investments in Unsecured Debt Issued by Fannie Mae and Freddie Mac. On November 9, 2010, the Finance Agency issued a regulatory interpretation to address whether an FHLBank may consider the U.S. Treasury's financial support to be provided to Fannie Mae and Freddie Mac (Enterprises) under the Senior Preferred Stock Purchase Agreements when calculating the maximum amount that an FHLBank may invest in unsecured debt instruments issued by the Enterprises. The Finance Agency concluded that the applicable regulations would allow an FHLBank to deem the U.S. Treasury's financial support to constitute a "similar comparable measure" that could be used in lieu of the total capital of the Enterprises in calculating the maximum amount of unsecured credit that an FHLBank may extend to an Enterprise. Under such an approach, the unsecured credit limit would be equal to the total capital of the investing FHLBank.

Finance Agency Issues Consent Order for the FHLBank of Seattle. On October 25, 2010, the Finance Agency and the board of directors of the FHLBank of Seattle agreed to the stipulation and issuance of a consent order by the Finance Agency (Consent Order) that resolves certain outstanding capital and supervisory matters. This Consent Order sets forth requirements for capital management, asset composition, and other operational and risk management improvements. Additionally, the Finance Agency and the FHLBank of Seattle's board of directors have agreed to a stabilization period that ends upon the filing of the FHLBank of Seattle's June 30, 2011 financial statements with the SEC. During this period, the FHLBank of Seattle's classification as undercapitalized will remain in place. Subsequently, the FHLBank of Seattle may begin repurchasing member stock at par, upon achieving and maintaining financial thresholds established by the Finance Agency as part of its supervisory process.

The Consent Order and associated agreement with the FHLBank of Seattle's board of directors constitute the capital restoration plan and fulfill the Finance Agency's April 19, 2010 request to the FHLBank of Seattle. The request called for a business plan with steps the FHLBank of Seattle would take to resume timely repurchases and redemptions of member capital stock and to refocus the FHLBank of Seattle's business on advances supporting housing finance and community development. (See "Note 12—Capital—FHLBank of Seattle Consent Arrangement" for additional information regarding the terms of this Consent Order.)

Reporting of Security-Based Swap Transaction Data. On October 20, 2010, the SEC adopted an interim final temporary rule (interim rule), effective upon adoption through January 12, 2012, requiring certain swap dealers and other parties to report any security-based swaps entered into prior to the July 21, 2010 passage of the Dodd-Frank Act. This interim rule applies only to swaps whose terms had not expired as of this date and requires parties to report security-based swap information to the SEC or to a registered security-based swap data repository. Parties also are required to maintain data related to the terms of pre-enactment security-based swaps in support of the reporting requirements. This interim rule will terminate if the SEC publishes permanent recordkeeping and reporting rules for security-based transactions before January 12, 2012. The SEC will, however, continue to seek public comment on this interim rule and consider those comments as it develops permanent reporting rules, as required by the Dodd-Frank Act. Comments on the interim rule are due to the SEC by December 20, 2010.

Basel III Framework. On September 12, 2010, members of the Basel Committee on Banking Supervision endorsed a new capital framework for internationally-active banks, known as "Basel III." Banks subject to the new regime will be required to hold increased amounts of capital, with core capital being more strictly defined to include only common equity and other capital assets that are able to absorb losses fully. While it is uncertain how Basel III or other standards being developed by the Basel Committee, such as liquidity standards, will be implemented by U.S. regulators, the new framework could require some of the FHLBanks' members to divest assets in order to comply with the more stringent capital requirements, thereby decreasing their need for FHLBank advances. Likewise, any new liquidity requirements may also affect adversely member demand for advances or investor demand for consolidated obligations.

Acceptance of FDIC Guarantee as Collateral for FHLBank Advances. On August 23, 2010, the FHFA issued a regulatory interpretation to address whether an FHLBank may accept a guarantee from the FDIC as collateral to secure advances held by an FHLBank's member that is in receivership. The FHFA concluded that an FHLBank has the statutory authority to accept an FDIC corporate guarantee as collateral for advances held by an FHLBank member in receivership, and may release its lien on the collateral securing those advances in exchange for the FDIC guarantee. In issuing this regulatory interpretation, FHFA noted that it is generally in the interest of the FHLBanks to facilitate the FDIC's resolution of failed members.

Bridge Depository Institution as Member of an FHLBank. On August 23, 2010, the Finance Agency issued a regulatory interpretation to address whether an FHLBank may accept a bridge depository institution, organized by the FDIC, to carry on temporarily the business of a failed member, as a member for the period during which it operates pending resolution by the FDIC. The Finance Agency concluded that an FHLBank may treat a bridge depository institution as continuing the membership of the failed member in order to facilitate the FDIC's resolution of that failed member. However, the Finance Agency noted that maintaining the bridge bank as a member of the FHLBank would be unsatisfactory as a long-term arrangement.

Board of Directors of the FHLBank System's Office of Finance. On May 3, 2010, the Finance Agency issued a final rule which reconstituted the board of directors of the FHLBanks' Office of Finance and enhanced the responsibility of the Office of Finance's audit committee for the FHLBanks' combined financial reports. Under the new rule, the Office of Finance's board of directors expanded from three members to 17 members. The composition of the new board of directors includes the president of each FHLBank, as well as five independent directors. Each independent director must be a United States citizen and meet independence requirements set forth in, or adopted pursuant, to the final rule. The final rule also provides that the five independent directors serve as the Office of Finance's audit committee. In addition, the Office of Finance's audit committee has more detailed responsibilities with respect to the form and content of the information that the FHLBanks provide to the Office of Finance for use in the combined financial reports. Also, the Office of Finance's audit committee has the responsibility to ensure that the FHLBanks adopt consistent accounting policies and procedures to the extent necessary for information submitted by the FHLBanks to the Office of Finance to be combined to create accurate and meaningful combined financial reports.

This rule became effective on June 2, 2010 and provided a transitional period for the Office of Finance's new board of directors (the Board). As provided in this rule, the Office of Finance audit committee in existence immediately prior to the effective date of the rule continued to have responsibility and oversight authority with regard to the preparation and publication of the combined financial report for the six months ended June 30,

2010. The reconstituted Office of Finance audit committee assumed the responsibility and oversight authority noted above beginning with the combined financial report for the nine months ended September 30, 2010.

On July 9, 2010, the Finance Agency appointed H Ronald Weissman, J. Michael Davis, Kathleen C. McKinney, Walter H. Morris, Jr., and Jonathan A. Scott, Ph.D. as the five independent directors of the Board, serving as the Office of Finance's reconstituted audit committee. Additionally, H Ronald Weissman was appointed Chair and Terry Smith, Chief Executive Officer and President of the FHLBank of Dallas, was appointed Vice-Chair of the Board.

The first meeting of the Office of Finance's new Board was held on July 20, 2010, and on this date, the Board approved an interim Audit Committee Charter to address the responsibilities of the Audit Committee under this Finance Agency rule. This interim charter is available on the Office of Finance's website under "Investor Relations—FHLBank Financial Data."

Amendment of the Temporary Liquidity Guarantee Program. On June 28, 2010, the FDIC issued a final rule, and made effective, the extension of the Transaction Account Guarantee (TAG) component of the Temporary Liquidity Guarantee Program through December 31, 2010, for insured depository institutions currently participating in the TAG program. An extension of another 12 months is possible without additional rulemaking upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension. This rule did not change the existing tiered-pricing assessment, which ranges from 15 to 25 basis points based on the insured depository institution's deposit insurance risk profile.

In addition, the Dodd-Frank Act requires the FDIC and the National Credit Union Administration to provide unlimited deposit insurance for non-interest bearing transaction accounts. This Dodd-Frank Act requirement is effective for FDIC-insured institutions from December 31, 2010 until January 1, 2013 and for insured credit unions from the effective date of the Dodd-Frank Act until January 1, 2013. These TAG programs provide an alternative source of funds for many members of FHLBanks and therefore, compete with the FHLBanks' advance business.

Affordable Housing Program Amendments: FHLBank Mortgage Refinancing Authority. On May 28, 2010, the Finance Agency issued, and made effective, a final rule that adopts its interim final rule with certain changes regarding the FHLBanks' use of Affordable Housing Program (AHP) funds set aside to refinance low- or moderate-income households' mortgage loans. The final rule provides the FHLBanks with greater flexibility to manage the timing of the counseling required for households, and gives the FHLBanks discretion to permit their members to determine, prior to counseling, whether a household could qualify, in conjunction with AHP subsidy, for refinancing under an eligible targeted refinancing program, or to refer households directly to eligible targeted refinancing programs for such determinations. The final rule also permits an FHLBank, in its discretion, to allow members to enroll households in the AHP refinancing set-aside program prior to counseling. In all cases, the household must obtain the counseling prior to disbursement of the AHP subsidy on behalf of the household.

The final rule also permits an FHLBank to commit AHP subsidies under its set-aside refinancing program to members by the sunset date of July 30, 2010, where an FHLBank's set-aside operating procedure is to commit subsidies to members rather than directly to households. In order to accommodate this change as well as the earlier enrollment of, and commitment of AHP subsidy to, households, and determinations of whether households could qualify for an eligible targeted refinancing program, the final rule extends the date by which households must have submitted applications for refinancing to an eligible targeted refinancing program from July 30, 2010 to December 31, 2010, which are subsequently approved by the eligible targeted refinancing program. In addition, the final rule makes the payment of counseling costs for assisted households an eligible use of AHP subsidy under the set-aside refinancing program where the costs have not been covered by another source, including the counseling organization, a funding source, or the member.

Correspondent Concentration Risks Guidance for Financial Institutions. On May 4, 2010, the FDIC, Federal Reserve, Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (the Agencies) issued final guidance on correspondent credit and funding concentration risks and due diligence that institutions should exercise to manage such exposures (CCR Guidance). The CCR Guidance is effective upon issuance. The CCR Guidance outlines the Agencies' expectations for financial institutions to identify, monitor,

and manage credit and funding concentrations to other institutions on both a standalone and organization-wide basis. In addition, financial institutions need to take into account exposures to the correspondents' affiliates, as part of their prudent risk management practices. Institutions also should be aware of their affiliates' exposures to correspondents as well as the correspondents' subsidiaries and affiliates. Unless otherwise indicated, references to "correspondent" include the correspondent's holding company, subsidiaries, and affiliates. For purposes of this guidance, the term "total capital" means the total risk-based capital as reported for commercial banks and thrifts in the Report of Condition and the Thrift Financial Report, respectively.

The Agencies generally consider credit exposures arising from direct and indirect obligations in an amount equal to or greater than 25 percent of total capital as concentrations. While the Agencies have not established a funding concentration threshold, the CCR Guidance indicates that the Agencies have seen instances where funding exposures of five percent of an institution's liabilities have posed an elevated risk to the recipient, particularly when aggregated with other similar-sized funding concentrations. This guidance does not supplant or amend applicable regulations such as the Board's *Limitations on Interbank Liabilities* (Regulation F) which applies to all depository institutions insured by the FDIC. It is not clear that the CCR Guidance applies to the level of funding that a member institution obtains from an FHLBank, or what effect, if any, the CCR Guidance would have on FHLBank advance levels.

FHLBank Directors' Eligibility, Elections, Compensation and Expenses. On April 5, 2010, the Finance Agency issued a final rule that implements two separate proposed rules that relate to an FHLBank's election of directors and director compensation. Amendments to director elections relate to the process by which an FHLBank's successor directors are chosen after a directorship is redesignated to a new state prior to the end of the term as a result of the annual designation of an FHLBank's directorships. Under this rule, the redesignation causes the original directorship to terminate and creates a new directorship that will be filled by an election of the members. As to director compensation and expenses, Finance Agency is implementing section 1202 of the Housing Act by repealing the statutory caps on the annual compensation that can be paid to FHLBank directors. This amendment allows each FHLBank to pay its directors reasonable compensation and expenses, subject to the authority of the Director of the Finance Agency. As such, the Director of the Finance Agency may object to, and prohibit prospectively, compensation and/or expenses if determined to be unreasonable. This rule became effective on May 5, 2010.

Money Market Fund Reform. On March 4, 2010, the SEC published a final rule, amending the rules governing money market funds under the Investment Company Act. These amendments will result in tightened liquidity requirements, such as: maintaining certain financial instruments for short-term liquidity; reducing the maximum weighted-average maturity of portfolio holdings and improving the quality of portfolio holdings. The final rule includes overnight FHLBank consolidated discount notes in the definition of "daily liquid assets" and "weekly liquid assets" and will encompass FHLBank consolidated discount notes with remaining maturities of up to 60 days in the definition of "weekly liquid assets." These provisions reflect changes to the SEC's proposed rule that would have excluded certain FHLBank consolidated discount notes, other than overnight FHLBank consolidated discount notes, from the definition of both "daily liquid assets" and "weekly liquid assets." The final rule's requirements became effective on May 5, 2010 unless another compliance date is specified for a requirement (e.g., daily and weekly liquidity requirements became effective on May 28, 2010).

FHLBank Membership for Community Development Financial Institutions (CDFIs). On January 5, 2010, the Finance Agency issued a final rule to amend its membership regulations to implement provisions of the Housing Act that authorized CDFIs that have been certified by the CDFI Fund of the U.S. Treasury Department to become members of an FHLBank. CDFIs are private institutions that provide financial services dedicated to economic development and community revitalization in underserved markets. The newly-eligible CDFIs include community development loan funds, venture capital funds, and State-chartered credit unions without Federal insurance. This final rule sets out the eligibility and procedural requirements that will enable CDFIs to become members of an FHLBank. The Finance Agency also amended its community support regulations to provide that certified CDFIs may be presumed to be in compliance with the statutory community support requirements by virtue of their certification by the CDFI Fund. This rule became effective on February 4, 2010.

Regulatory Developments—Proposed.

FHLBank Liabilities. On November 8, 2010, the Finance Agency issued a proposed rule that would reorganize and re-adopt existing Finance Board regulations dealing with consolidated obligations, as well as related regulations addressing other authorized FHLBank liabilities and book-entry procedures for consolidated obligations, as a new part of the Finance Agency's regulations. The proposed rule would also make changes to the regulations governing consolidated obligations to reflect recent statutory amendments which removed authority from the Finance Agency to issue consolidated obligations on which the FHLBanks are jointly and severally liable and provided this authority to the FHLBanks. Additionally, the Dodd-Frank Act requires the Finance Agency to review its current regulations that require credit ratings, or make reference to such ratings, in assessing the credit-worthiness of a security or money market instrument. Although the proposed rule would carry over without change a number of existing provisions that reference credit ratings or otherwise impose specific credit rating requirements, the Finance Agency is requesting comments on potential credit-worthiness standards that could be applied across regulations governing the FHLBanks that could be used to replace current credit-ratings requirements. Comments on this proposed rule are due to the Finance Agency by January 7, 2011.

Prohibition Against Fraud, Manipulation and Deception in Connection with Security-Based Swaps. On November 8, 2010, the SEC issued a proposed rule to prohibit fraud, manipulation and deception in connection with the offer, purchase or sale of any security-based swap, the exercise of any right or performance of any obligation under a security-based swap, or the avoidance of such exercise or performance. Under the Dodd-Frank Act, security-based swaps, as securities, will be subject to the general anti-fraud and anti-manipulation provisions under the federal securities laws. Comments are due to the SEC by December 23, 2010.

Investments of Customer Funds and Funds Held in Account for Foreign Futures and Foreign Options Transactions. On November 3, 2010, the Commodity Futures Trading Commission (CFTC) issued a proposed rule that would amend its regulations regarding permitted investments for segregated funds and funds held in an account for foreign futures and foreign options transactions. The CFTC proposal would eliminate the ability of futures commission merchants and derivatives clearing organizations to invest customer funds in GSE securities that are not explicitly guaranteed by the U.S. government. Currently, GSE securities are eligible investments under CFTC regulations. If this change is adopted as proposed, then the demand for FHLBank debt may be adversely affected. Comments on this proposed rule are due to the CFTC by December 3, 2010.

Implementing Certain Orderly Liquidation Authority Provisions of the Dodd-Frank Act. On October 19, 2010, the FDIC issued a proposed rule to implement certain provisions of the FDIC's authority to resolve covered financial companies under Title II of the Dodd-Frank Act. The FDIC is authorized, in consultation with the Financial Stability Oversight Council (FSOC), to prescribe rules and regulations to implement the liquidation process under the Dodd-Frank Act's mandate of transparency in the liquidation of failing systemic financial companies. The Dodd-Frank Act provides a process for the appointment of the FDIC as receiver of a failing financial company that poses significant risk to the financial stability of the United States (covered financial company). No FHLBank is considered to be a covered financial company pursuant to Title II of the Dodd-Frank Act. While ensuring that creditors bear the losses of the company's failure under a specific claims priority, the FDIC needs to incorporate procedural and other protections for creditors to ensure they are treated fairly. Specifically, creditors are guaranteed that they will receive no less than the amount they would have received if the covered financial company had been liquidated under Chapter 7 of the U.S. Bankruptcy Code. Comments on the proposed rule are due to the FDIC by November 18, 2010, and comments on the additional questions posed by the FDIC are due to the FDIC by January 18, 2011.

Authority to Require Supervision and Regulation of Certain Nonbank Financial Companies. On October 6, 2010, the FSOC issued a proposed rule on the criteria that should be used to inform the FSOC's designation of nonbank financial companies subject to supervision by the Federal Reserve under Section 113 of the Dodd-Frank Act. Pursuant to the Dodd-Frank Act, in making a determination on whether a company should be subject to supervision by the Federal Reserve, the FSOC must consider: (1) the extent of the leverage of the company; (2) the extent and nature of the off-balance-sheet exposures of the company; (3) the extent and

nature of the transactions and relationships of the company with other significant nonbank financial companies and significant bank holding companies; (4) the importance of the company as a source of credit for households, businesses, and state and local governments and as a source of liquidity for the United States financial system; (5) the importance of the company as a source of credit for low-income, minority, or underserved communities, and the impact that the failure of such company would have on the availability of credit in such communities; (6) the extent to which assets are managed rather than owned by the company, and the extent to which ownership of assets under management is diffuse; (7) the nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company; (8) the degree to which the company is already regulated by one or more primary financial regulatory agencies; (9) the amount and nature of the financial assets of the company; (10) the amount and types of the liabilities of the company, including the degree of reliance on short-term funding; and (11) any other risk-related factors that the FSOC deems appropriate. Comments on the proposed rule were due to the FSOC by November 5, 2010.

FSOC Study: Implementation of the Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds. On October 6, 2010, the FSOC published a request for information regarding banking entities' prohibited proprietary trading activities and certain prohibited relationships with hedge funds and private equity funds. Pursuant to a set of provisions under Section 619 of the Dodd-Frank Act, known as the "Volcker Rule," the FSOC is required to conduct a study and make recommendations on implementing the Volcker Rule. In addition to prohibiting banking entities from engaging in proprietary trading and from maintaining certain relationships with hedge funds and private equity funds, the Volcker Rule imposes additional capital requirements for, and additional quantitative limits with regard to, proprietary trading. The OCC, FDIC, Federal Reserve, SEC and CFTC must consider the recommendations of the FSOC study in developing and adopting regulations to implement the Volcker Rule. Comments on this request for information were due to the FSOC by November 5, 2010.

Information Sharing Among FHLBanks. On September 30, 2010, the Finance Agency issued a proposed rule to implement Section 1207 of the Housing Act that requires the Finance Agency to make available to each FHLBank information relating to the financial condition of all other FHLBanks. In addition, the Finance Agency would promulgate regulations to facilitate the sharing of such information among the FHLBanks. Pursuant to the proposed rule, the Finance Agency would distribute final reports of examination and any other supervisory reports that the Finance Agency reports to the board of directors of any FHLBank to each of the other FHLBanks and to the Office of Finance. Within ten business days of the Finance Agency's presentation of the report of examination or other supervisory report to an FHLBank's board of directors, an FHLBank would have the ability to request in writing that particular information contained in the reports not be shared with the other FHLBanks or the Office of Finance because it is proprietary and the public interest requires that it not be shared. After the expiration of the ten business day period and after the Finance Agency has made a determination on the request to withhold information, the Finance Agency would be required to distribute a copy of the report of examination or other supervisory report to each FHLBank and to the Office of Finance. Comments on this proposed rule are due to the Finance Agency by November 29, 2010.

Disclosures for Short-term Borrowings. On September 28, 2010, the SEC issued a proposed rule to enhance the disclosures that registrants provide about short-term borrowings. Specifically, the proposed amendments would require a separately captioned subsection in an FHLBank's MD&A that provides a comprehensive explanation of its short-term borrowings, including both quantitative and qualitative information. For each of the FHLBanks, the proposed amendments would be applicable to annual and quarterly reports, as well as registration statements under the Securities Exchange Act of 1934. Comments on this proposed rule are due to the SEC by November 29, 2010.

Definitions of Swap and Major Swap Participant. On August 20, 2010, the SEC and CFTC jointly issued a proposed rule, requesting comment on certain key terms necessary to regulate the use and clearing of derivatives as required by the Dodd-Frank Act. The definitions of those terms may adversely affect an FHLBank. For example, in addition to the clearing and exchange trading requirements for certain standardized derivatives transactions where an FHLBank is determined to be a "major swap participant," an FHLBank will also have to register with the CFTC and will be subject to new standards of conduct and additional reporting and swap-based capital and margin requirements. In addition, derivatives transactions not subject to exchange trading or centralized clearing will also be subject to additional margin requirements, and all derivatives

transactions could be subject to new reporting requirements. Such additional requirements would likely increase the cost of an FHLBank's hedging activities and may adversely affect an FHLBank's ability to hedge its interest rate risk exposure, to achieve its risk management objectives, and to act as an intermediary between its members and counterparties. Comments were due to the SEC or CFTC by September 20, 2010.

Guidance on Private Transfer Fee Covenants. On August 16, 2010, the Finance Agency issued proposed guidance that would prohibit the FHLBanks from dealing in mortgages on properties encumbered by private transfer fee covenants since such covenants appear adverse to liquidity, affordability and stability in the housing finance market and to financially safe and sound investments. Pursuant to the proposed guidance, the FHLBanks would be prohibited from: (1) purchasing or investing in mortgages on properties encumbered by private transfer fee covenants or securities backed by such mortgages, and (2) accepting such encumbered mortgages and securities as collateral for advances. Comments on the proposed guidance were due to the Finance Agency by October 15, 2010.

Rules of Practice and Procedure. On August 12, 2010, the Finance Agency issued a proposed rule to implement the Housing Act provisions pertaining to the civil enforcement powers of the Finance Agency, which includes revising the rules of practice and procedure governing enforcement proceedings. Currently, the Finance Agency is authorized to initiate enforcement proceedings against Fannie Mae, Freddie Mac, and the FHLBanks (collectively, the regulated entities), and entity-affiliated parties that include directors, officers and employees of the regulated entities. This proposed rule would govern the conduct of administrative hearings that the Finance Agency must conduct on the record for: (1) cease and desist proceedings, (2) proceedings for civil money penalties, and (3) removal and suspension proceedings. In addition, this proposed rule addresses the specific enforcement authority of the Director of the Finance Agency. Comments on this proposed rule were due to the Finance Agency by October 12, 2010.

Conservatorship and Receivership. On July 9, 2010, the Finance Agency issued a proposed rule to establish a framework for conservatorship and receivership operations for Fannie Mae, Freddie Mac and the FHLBanks (collectively, the regulated entities), as contemplated by the Housing Act with regard to Section 1367—Authority Over Critically Undercapitalized Regulated Entities. Among the key issues addressed in the proposed rule are: 1) the status and priority of claims, 2) the relationships among various classes of creditors and equity-holders, and 3) the priorities for contract parties and other claimants under conservatorships or receiverships. In particular, the proposed rule would clarify:

- that all claims arising from an equity interest in a regulated entity in receivership would be given the same treatment as the interests of shareholders;
- that claims by shareholders would receive the lowest priority in a receivership, behind administrative expenses of the receiver, general liabilities of the regulated entity and liabilities subordinated to those of general creditors;
- that the ability of a regulated entity to make capital distributions during a conservatorship would be restricted;
- that the powers of the conservator or receiver include continuing the missions of a regulated entity and ensuring that the operations of the regulated entity foster liquid, efficient, competitive and resilient national housing finance markets; and
- the status of claims against the conservator or receiver for breach of contract.

Comments on this proposed rule were due to the Finance Agency by September 7, 2010.

FHLBank Housing Goals. On May 28, 2010, the Finance Agency issued a proposal to establish a framework for affordable housing goals for the twelve FHLBanks. The proposed rule implements the Housing Act provisions that require the Finance Agency to establish housing goals for the FHLBanks' purchases of mortgages consistent with the housing goals established for Fannie Mae and Freddie Mac, taking into account the unique mission and ownership structure of the FHLBanks. The Finance Agency is issuing and seeking comment on a proposed rule that would establish three single-family owner-occupied purchase money mortgage goals and one single-family refinancing mortgage goal applicable to the FHLBanks' purchases of mortgages under their Acquired Member Assets (AMA) programs. An FHLBank would be subject to the

proposed housing goals if its AMA-approved mortgage purchases in a given year exceed a volume threshold of $2.5 billion. An FHLBank may participate in an AMA program at its discretion. To date, the Finance Agency has approved two AMA programs, the Mortgage Partnership Finance (MPF) program and the Mortgage Purchase Program (MPP). A majority of the FHLBanks currently offer AMA programs. Under the AMA programs, the FHLBanks are approved to purchase only single-family, fixed-rate mortgages below the conforming loan limit. Comments on this proposed rule were due to the Finance Agency by July 12, 2010.

FHLBank Investments. On May 4, 2010, the Finance Agency issued a proposed rule regarding FHLBank investments that would, among other things, incorporate certain current limitations regarding the level of an FHLBank's MBS investments that are applicable to an FHLBank as a matter of Finance Agency financial management policy and order, including without limitation, the provision limiting the level of an FHLBank's MBS investments to no more than 300 percent of that FHLBank's total capital, as defined. The proposal also requests comment on whether additional limitations on an FHLBank's MBS investments, including its private-label MBS investments, should be adopted as part of a final rule. In addition, comments are requested as to whether such limitations should be based on an FHLBank's level of retained earnings, some other basis or prohibited entirely. Comments on this proposed rule were due to the Finance Agency by July 6, 2010.

FDIC Assessment System Applicable to Financial Institutions. On May 3, 2010, the FDIC issued a proposed regulation to revise the assessment system applicable to financial institutions that would, among other things, revise the initial base assessment rates for all insured depository institutions. The FDIC's proposed regulation continues to classify FHLBank advances as secured liabilities and does not change their corresponding assessment rate unless an institution's secured liabilities exceed 25 percent of its domestic deposits. This proposed regulation, if enacted in its current form, may have a negative effect on the demand for the FHLBanks' advances to their members. Comments on this proposed regulation were due to the FDIC by July 2, 2010. (See further discussion about changes in the federal deposit insurance program under "Dodd-Frank Wall Street Reform and Consumer Protection Act.")

Recent Rating Agency Actions

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At November 12, 2010

	S&P		Moody's	
	Long-Term/ Short-Term Rating	Outlook	Long-Term/ Short-Term Rating	Outlook
Atlanta	AAA/A-1+	Stable	Aaa/P-1	Stable
Boston	AAA/A-1+	Stable	Aaa/P-1	Stable
Chicago	AA+/A-1+	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[(1)]	AA+/A-1+	Negative	Aaa/P-1	Stable
Topeka	AAA/A-1+	Stable	Aaa/P-1	Stable

(1) On July 2, 2010, S&P announced that it affirmed both its long-term and short-term counterparty credit ratings for the FHLBank of Seattle, and revised the outlook to negative. On October 29, 2010, S&P reported that it would be making no immediate change to the FHLBank of Seattle's "AA+/A-1" counterparty credit rating or its negative outlook, as a result of third quarter 2010 results.

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' 2009 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' 2009 Combined Financial Report.

Interest-Rate Exchange Agreements

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 Instruments by Product
(Dollar amounts in millions)

	September 30, 2010		December 31, 2009	
	Total Notional	Total Estimated Fair Value[1]	Total Notional	Total Estimated Fair Value[1]
Advances				
Fair Value-existing cash item	$249,864	$(19,132)	$304,671	$(14,512)
Fair Value-firm commitments			108	2
Cash Flow-existing cash item			2,175	170
Economic	14,573	(743)	28,920	(591)
Total	264,437	(19,875)	335,874	(14,931)
Investments				
Fair Value-existing cash item	9,873	(1,132)	4,656	(340)
Economic (includes trading securities hedges)	16,902	(598)	15,105	(278)
Total	26,775	(1,730)	19,761	(618)
MPF/MPP Loans Held for Portfolio				
Fair Value-existing cash item	3,178	36	6,614	(18)
Standalone-delivery commitments	2,087	1	329	(2)
Economic (including TBAs)	34,655	567	25,547	264
Total	39,920	604	32,490	244
Consolidated Bonds				
Fair Value-existing cash item	294,243	7,501	373,251	4,578
Economic	118,521	489	140,737	461
Total	412,764	7,990	513,988	5,039
Consolidated Discount Notes				
Fair Value-existing cash item	3,922	5	11,183	11
Cash Flow-anticipated transaction	8,511	(1,049)	8,772	(345)
Economic	19,291	(3)	24,420	66
Total	31,724	(1,047)	44,375	(268)
Deposits				
Fair Value	20	5	20	5
Total	20	5	20	5

	September 30, 2010		December 31, 2009	
	Total Notional	Total Estimated Fair Value[1]	Total Notional	Total Estimated Fair Value[1]
Balance Sheet				
Economic	$ 27,808	$ 137	$ 24,679	$ 199
Total	27,808	137	24,679	199
Intermediary Positions				
Intermediaries	4,103	1	3,921	1
Total	4,103	1	3,921	1
Total notional and estimated fair value, net	$807,551	$(13,915)	$975,108	$(10,329)
Total derivatives excluding collateral and accrued interest		$(13,915)		$(10,329)
Accrued interest		319		547
Net cash collateral and related accrued interest		8,169		5,228
Net derivative balances		$ (5,427)		$ (4,554)
Net derivative assets balances		$ 714		$ 674
Net derivative liabilities balances		(6,141)		(5,228)
Net derivative balances		$ (5,427)		$ (4,554)

(1) Excludes collateral and accrued interest.

At September 30, 2010, certain FHLBanks had full fair value hedges for existing cash items related to advances, consolidated bonds and consolidated discount notes. The notional amount for these existing cash items related to advances was $1.2 billion with an estimated fair value loss of $47 million. The notional amount for the consolidated bonds and consolidated discount notes were $14.7 billion and $50 million at September 30, 2010, with estimated fair value gains of $897 million and $36 million. The remaining fair value hedges at September 30, 2010 represent benchmark interest-rate hedges.

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. Each FHLBank also offsets cash collateral and related accrued interest against the net fair value of its derivatives. The $40 million increase in combined derivative assets and the $913 million increase in combined derivative liabilities from December 31, 2009 to September 30, 2010 are largely the result of changes in interest rates.

Quantitative Disclosure about Market Risk

Each FHLBank has an internal modeling system for measuring its 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. The FHLBank of Chicago's interest rate risk policy in effect reflects this proposal and places direct dollar limits on fair value changes for select parallel interest rates scenarios between -200 and +200 basis points. Some scenarios will not be measured when swap rates are less than 2 percent. The FHLBank of Chicago continues to

work with the Finance Agency to develop appropriate interest-rate risk policies and submitted revised policies to the Deputy Director on September 23, 2010. The following table shows the FHLBank of Chicago's fair value changes with respect to the interest-rate risk policy limits (dollar amounts in millions).

Scenario	Change in Fair Value as of September 30, 2010	Change in Fair Value as of December 31, 2009	Change in Fair Value Must be Greater Than
-200 bp	$ *	$ *	$(185.0)
-100 bp	*	*	(77.5)
-50 bp	*	*	(30.0)
-25 bp	10.1	*	(12.5)
+25 bp	(0.4)	(9.8)	(25.0)
+50 bp	(14.1)	(23.6)	(60.0)
+100 bp	(48.8)	(85.7)	(155.0)
+200 bp	(48.0)	(280.8)	(370.0)

* Due to the low interest rate environment, these values cannot be calculated.

The following table denotes which FHLBanks include quantitative market value of equity and duration of equity information in its individual 2010 Third Quarter SEC Form 10-Q.

FHLBank	Market and Interest Rate Risk Measurements: Market Value of Equity	Market and Interest Rate Risk Measurements: Duration of Equity
Boston	✓	✓
New York	✓	✓
Pittsburgh	✓ (1)	✓
Atlanta	✓	✓
Cincinnati	✓	✓
Indianapolis	✓	✓
Chicago	(2)	(2)
Des Moines	(3)	(3)
Dallas	✓	✓
Topeka	✓ (4)	✓
San Francisco	✓	(5)
Seattle	✓	✓

(1) The FHLBank of Pittsburgh's market value of equity volatility metrics are monitored. In the first quarter of 2010, the FHLBank of Pittsburgh transitioned from using the Projected Capital Stock Price metric described in its 2009 SEC Form 10-K and replaced it with a new key risk indicator, market value of equity to par value of capital stock (MV/CS), as described in its 2010 Third Quarter SEC Form 10-Q. The FHLBank of Pittsburgh also added and monitors the earned dividend spread (EDS) volatility metric relative to a predetermined EDS Floor, established and approved by its Board of Directors.

(2) The FHLBank of Chicago disclosed the dollar limits on changes in fair value under parallel interest rate shocks instead of the duration and convexity limits in its 2010 Third Quarter SEC Form 10-Q, consistent with the information noted above within this section.

(3) Although the FHLBank of Des Moines measures and monitors market value of equity and duration of equity, those measures are not disclosed as key market risk measures. The FHLBank of Des Moines discloses, in its 2010 Third Quarter SEC Form 10-Q, market value of capital stock (MVCS) and economic value of capital stock (EVCS) as key risk measures. The FHLBank of Des Moines measures and limits movements in MVCS, where capital stock accounts for approximately 77 percent of total equity.

(4) The FHLBank of Topeka measures and monitors market value of equity (MVE); however, the FHLBank of Topeka measures market value risk in terms of its MVE in relation to its total regulatory capital stock outstanding instead of to its book value of equity. As described in its 2010 Third Quarter SEC Form 10-Q, the FHLBank of Topeka believes this is a reasonable metric because as a cooperative, the metric reflects the market value of the FHLBank of Topeka relative to the book value of its capital stock.

(5) Although the FHLBank of San Francisco measures duration of equity, this measure is not disclosed as a key market risk measure.

The following table reflects the duration of equity reported by the FHLBanks to the Finance Agency in accordance with the Regulator's guidance.

Duration of Equity
(In years)

	September 30, 2010			December 31, 2009		
FHLBank	Down[1]	Base	Up[2]	Down[1]	Base	Up[2]
Boston	2.8	2.5	4.7	4.6	4.7	6.9
New York	5.8	(2.1)	1.5	0.2	0.4	3.7
Pittsburgh	1.0	4.2	5.8	5.1	11.6	4.7
Atlanta	(1.4)	0.2	2.9	0.0	3.7	4.7
Cincinnati	(2.2)	(6.4)	4.0	(0.8)	0.6	4.1
Indianapolis	(5.2)	0.1	1.8	(4.1)	(1.2)	0.8
Des Moines	3.6	(1.5)	7.1	(17.1)	3.6	6.6
Dallas	1.7	3.2	5.0	1.7	3.7	7.9
Topeka	0.3	(1.8)	(1.4)	(1.3)	0.1	0.1
San Francisco	6.8	8.7	3.9	4.8	5.6	3.2
Seattle	1.1	1.2	3.7	3.7	0.3	1.5

(1) Applicable regulation restricts the down rate from assuming a negative interest rate. Therefore, each FHLBank adjusts the down rate accordingly.

(2) Up = 200 basis points.

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

Duration Gap
(In months)

FHLBank	September 30, 2010	December 31, 2009
Boston	1.6	2.6
New York	(1.6)	0.1
Pittsburgh	2.6	6.1
Atlanta	(0.2)	1.8
Cincinnati	(0.4)	(0.0)
Indianapolis	(0.9)	(1.8)
Chicago	0.3	1.0
Des Moines	(1.1)	1.2
Dallas	1.4	1.8
Topeka	(1.0)	0.0
San Francisco	6.8	3.7
Seattle	0.0	0.0

Credit Risk

General.

For a detailed discussion of the FHLBanks' credit risk management, see "Risk Management—Credit Risk" in the Federal Home Loan Banks' 2009 Combined Financial Report. There have been no substantial changes to the FHLBanks' credit risk management.

Managing Credit Risk.

Advances. At September 30, 2010, the FHLBanks had rights to collateral with an estimated value greater than the related outstanding advances. 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 project 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, 2010 Range of Collateral Lending Values By Pledging Method			September 30, 2010 Weighted-Average Collateral Lending Values
Collateral Type	Blanket	Listing	Delivery	
Single-family mortgage loans	29%-95%	8%-94%	18%-93%	69%
FHA/VA loans	57%-95%	60%-92%	60%-93%	72%
Multifamily mortgage loans	5%-80%	40%-80%	28%-80%	59%
U.S. government/U.S. Treasury securities	N/A	N/A	80%-100%	95%
State and local government securities	N/A	N/A	60%-98%	84%
U.S. agency securities (excluding MBS)	N/A	N/A	76%-99%	96%
U.S. agency MBS/CMOs	N/A	N/A	53%-100%	94%
Non-agency MBS/CMOs	N/A	N/A	25%-98%	83%
Other U.S. government-guaranteed mortgage loans	50%-90%	50%-90%	40%-95%	83%
Community financial institution (CFI) collateral—loans (e.g., small-business, small-farm, small-agribusiness loans)	20%-69%	20%-69%	15%-69%	41%
CFI collateral—securities (e.g., backed by small-business, small-farm, small-agribusiness loans)	N/A	N/A	95%	95%
Other real estate related collateral—commercial real estate loans	12%-70%	25%-68%	14%-70%	53%
Other real estate related collateral—CMBS	N/A	N/A	49%-91%	82%
Other real estate related collateral—home equity loans and lines of credit	5%-77%	13%-77%	5%-69%	39%
Other real estate related collateral—equity securities	N/A	N/A	33%-90%	55%
Other real estate related collateral—other loans (e.g., construction loans)	35%-80%	18%-80%	22%-80%	35%
Other real estate related collateral—other securities	N/A	N/A	50%-90%	82%

N/A Certain collateral types are not pledged using blanket and/or listing methods, based upon the FHLBanks' lending and collateral policies.

As of September 30, 2010, 62 individual FHLBank members and 6 non-member financial institutions held advance balances of at least $1 billion. When a non-member financial institution acquires some or all of the assets and liabilities of an FHLBank member, including outstanding advances and FHLBank capital stock, an FHLBank may allow those advances to remain outstanding to that non-member financial institution. The

non-member borrower would be required to meet all of that FHLBank's credit and collateral requirements, including requirements regarding creditworthiness and collateral borrowing capacity.

In the aggregate, the advances to the 68 individual FHLBank borrowers with advances of at least $1 billion represented approximately $297.4 billion, or 62 percent, of total FHLBank advances outstanding at September 30, 2010, while other credit products to these borrowers represented approximately $26.8 billion, or 47 percent, of total other credit obligations to the FHLBanks. A borrower's total credit obligation to an FHLBank includes outstanding advances, outstanding letters of credit, collateralized derivative contracts and credit enhancement obligation on mortgage loans sold to the FHLBank (if any). The weighted-average collateralization ratio was 2.6 at September 30, 2010 (i.e., the total of these 68 individual FHLBank borrowers' eligible collateral divided by these borrowers' advances and other credit products outstanding at September 30, 2010, although the borrowers' credit obligations to the FHLBanks are not cross-collateralized between borrowers). Collateral pledged by FHLBank borrowers with at least $1 billion of outstanding advances represented approximately 53 percent of total collateral pledged by all FHLBank borrowers with advances outstanding at September 30, 2010. Eligible collateral values include (a) market values for securities and (b) the unpaid principal balance for all other collateral pledged by delivery, listing or blanket lien. At September 30, 2010, approximately 55 percent of these 68 individual FHLBank borrowers' eligible collateral was pledged by the listing method, with approximately 29 percent pledged in the form of a blanket lien and the remaining 16 percent pledged by the delivery method. On a combined basis, the eligible collateral securing these 68 individual FHLBank borrowers' advances was comprised of the following collateral categories.

	September 30, 2010 Collateral Securing Advances of at Least $1 Billion By Pledging Method			
Collateral Type	Blanket	Listing	Delivery	Total
Single-family mortgage loans	14%	36%	3%	53%
Other real estate related collateral—home equity loans and lines of credit	7%	11%	*	18%
Other real estate related collateral—commercial real estate loans	6%	3%	1%	10%
Multifamily mortgage loans	2%	5%	*	7%
U.S. agency MBS/CMOs	N/A	N/A	6%	6%
Non-agency MBS/CMOs	N/A	N/A	2%	2%
FHA/VA loans	1%	1%	*	2%
U.S. agency (excluding MBS)	N/A	N/A	1%	1%
Other real estate related securities collateral—CMBS	N/A	N/A	1%	1%

N/A Collateral is not pledged using this pledging method.

* Amount represents less than one percent of total.

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) to pledge certain CFI-specific collateral, that 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 average total asset cap), with the average total asset cap adjusted annually for inflation. As of January 1, 2009, the Finance Agency adjusted the average total asset cap to $1.011 billion. Effective January 1, 2010, the average total asset cap was adjusted to $1.029 billion. The FHLBanks that accept CFI-specific collateral mitigate the potential increased credit risk through higher haircuts (lower lending values) on such collateral. Advances to community financial institutions secured with expanded eligible collateral represented approximately $3.3 billion of the $479.7 billion of total advances outstanding at par value at September 30, 2010.

No FHLBank has ever experienced a credit loss on an advance. During the nine months ended September 30, 2010, 115 of the 127 FDIC-insured institutions that failed were members of the FHLBanks.

The total amount of advances outstanding to these 115 members at the time of their failure was approximately $9.2 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. For the month of October 2010, 12 FDIC-insured institutions failed, all of which were members of the FHLBanks. The total amount of advances outstanding to these 12 members at the time of their failure was $388 million, 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. All extensions of credit by the FHLBanks to members are secured by eligible collateral. However, if a member were to default, and the value of the collateral pledged by the member declined to a point such that an FHLBank was unable to realize sufficient value from the pledged collateral to cover the member's obligations and an FHLBank was unable to obtain additional collateral to make up for the reduction in value of such collateral, that FHLBank could incur losses. A default by a member with significant obligations to an FHLBank could result in significant financial losses, which would adversely affect the FHLBank's results of operations and financial condition. 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.

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, 2010, the carrying value of the FHLBanks' investments was $330.8 billion, as compared to $284.4 billion at December 31, 2009.

In order to minimize credit risk on investments, the FHLBanks are required to operate within certain statutory and regulatory limits. Under Finance Agency regulations, the FHLBanks are prohibited from investing in certain types of securities, which include:

- instruments, such as common stock, that represent an ownership in an entity, other than stock in small business investment companies, or certain investments targeted at low-income persons or communities;
- instruments issued by non-U.S. entities, other than those issued by U.S. branches and agency offices of foreign commercial banks (e.g., Federal funds);
- non-investment grade debt instruments, other than certain investments targeted at low-income persons or communities and instruments that were downgraded after their purchase by the FHLBank;
- whole mortgages or other whole loans, or interests in mortgages or loans, other than:
    1) whole mortgages or loans acquired under an FHLBank's mortgage purchase program;
    2) certain investments targeted to low-income persons or communities;
    3) certain marketable direct obligations of state, local, or tribal government units or agencies, having at least the second-highest credit rating from an NRSRO;
    4) mortgage-backed securities (which include agency and private-label pools of commercial and residential mortgage loans), or asset-backed securities collateralized by manufactured housing loans or home equity loans, that meet the definition of the term "securities" under the Securities Act of 1933; and
    5) certain foreign housing loans authorized under section 12(b) of the FHLBank Act; and
- non-U.S. dollar-denominated securities.

The FHLBanks further mitigate credit risk by investing in highly-rated investment securities. At September 30, 2010 and December 31, 2009, 84.1 percent and 82.4 percent of total investment securities held by FHLBanks were rated in the two highest investment rating categories for long-term and short-term investments. During the nine months ended September 30, 2010, most of the FHLBanks' purchases of MBS were concentrated in GSE and U.S. obligations. The following table presents security ratings for total investments by investment type at September 30, 2010 and December 31, 2009.

Investment Ratings
(Dollar amounts in millions)

	September 30, 2010[1][2]											
	Carrying Value											
	Investment Grade[3]				Below Investment Grade[3]						Unrated	Total
	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Double-C	Single-C	Single-D		
	A-1 or higher Rating/P-1	A-2/P-2	A-3/P-3		B-1	B-2	B-3	C		D		
Interest-bearing deposits	$ 11	$	$	$	$	$	$	$	$	$	$	$ 11
Securities purchased under agreements to resell	6,750	250	4,800	7,500							5,150	24,450
Federal funds sold	6,337	42,419	26,019	358							29	75,162
Investment Securities:												
U.S. Treasury obligations	6,614											6,614
Commercial paper	3,070											3,070
Certificates of deposit and bank notes[4]	4,555	9,028	8,472									22,055
Other U.S. obligations[5]	1,451										13	1,464
Government-sponsored enterprises and TVA[6]	19,824	25										19,849
State or local housing agency obligations	336	1,531	567	179							2	2,615
TLGP[7]	14,971											14,971
FFELP ABS[8]	8,975											8,975
Other	641	102									30	773
Total non mortgage-backed securities	60,437	10,686	9,039	179							45	80,386
Mortgage-backed securities:												
Other U.S. obligations residential MBS[5]	10,001											10,001
Other U.S. obligations commercial MBS[5]	54											54
Government-sponsored enterprises residential MBS[9]	98,534											98,534
Government-sponsored enterprises commercial MBS[9]	1,895											1,895
Private-label residential MBS	9,099	2,658	3,037	2,034	2,327	5,018	8,825	3,863	2,062	241	5	39,169
Private-label commercial MBS	201											201
Manufactured housing loans		202										202
Home equity loans	179	106	28	18	15	39	35	7		11		438
MPF Shared Funding Program mortgage-backed certificates	243	12										255
Total mortgage-backed securities	120,206	2,978	3,065	2,052	2,342	5,057	8,860	3,870	2,062	252	5	150,749
Total investments	$193,741	$56,333	$42,923	$10,089	$2,342	$5,057	$8,860	$3,870	$2,062	$252	$5,229	$330,758

	December 31, 2009[2][10]											
	Carrying Value											
	Investment Grade[3]				Below Investment Grade[3]						Unrated	Total
	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Double-C	Single-C	Single-D		
	A-1 or higher Rating/P-1	A-2/P-2	A-3/P-3		B-1	B-2	B-3	C		D		
Interest-bearing deposits	$ 11	$	$	$	$	$	$	$	$	$	$	$ 11
Securities purchased under agreements to resell	850	425	4,750								1,150	7,175
Federal funds sold	6,614	27,977	19,642	337							27	54,597
Investment Securities:												
U.S. Treasury obligations	1,029											1,029
Commercial paper	2,590	1,000	100									3,690
Certificates of deposit and bank notes[4]	3,300	13,662	8,771									25,733
Other U.S. obligations[5]	1,222										14	1,236
Government-sponsored enterprises and TVA[6]	15,398	26										15,424
State or local housing agency obligations	368	2,171	24	234							2	2,799
TLGP[7]	10,151											10,151
FFELP ABS[8]	9,323											9,323
Other	703	420		3							29	1,155
Total non mortgage-backed securities	44,084	17,279	8,895	237							45	70,540
Mortgage-backed securities:												
Other U.S. obligations residential MBS[5]	5,784											5,784
Other U.S. obligations commercial MBS[5]	55											55
Government-sponsored enterprises residential MBS[9]	96,632											96,632
Government-sponsored enterprises commercial MBS[9]	1,489											1,489
Private-label residential MBS	13,153	3,625	5,521	4,035	4,248	4,234	8,413	2,334	369	59		45,991
Private-label commercial MBS	284											284
Manufactured housing loans		224										224
Home equity loans	250	133	60	112	76	174	319	117	25		5	1,271
MPF Shared Funding Program mortgage-backed certificates	285	13										298
Total mortgage-backed securities	117,932	3,995	5,581	4,147	4,324	4,408	8,732	2,451	394	59	5	152,028
Total investments	$169,491	$49,676	$38,868	$4,721	$4,324	$4,408	$8,732	$2,451	$394	$59	$1,227	$284,351

(1) This chart does not reflect any changes in ratings, outlook or watch status occurring after September 30, 2010. These ratings represent the lowest rating available for each security owned by an individual FHLBank, based on NRSROs used by that FHLBank.

(2) Investment amounts noted in the above table represent the carrying value and do not include related accrued interest receivable of $827 million and $566 million at September 30, 2010 and December 31, 2009.

(3) Dollar amounts include both short-term and long-term ratings.

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

(5) Primarily consists of securities issued or guaranteed by Ginnie Mae, Ex-Im Bank and/or SBA investment pools.

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

(7) Represents corporate debentures and promissory notes issued or guaranteed by the FDIC under its TLGP.

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

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

(10) This chart does not reflect any changes in ratings, outlook or watch status occurring after December 31, 2009. These ratings represent the lowest rating available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

The following tables represents rating agency actions taken with respect to the following categories of investment securities during the period from October 1, 2010 through October 31, 2010:

Rating Agency Actions
Investments Downgrades[1]
From October 1, 2010 to October 31, 2010
(Dollar amounts in millions)

Investment Ratings		Downgrades—Balances Based on Values at September 30, 2010			
At September 30, 2010	At October 31, 2010	Private-label RMBS		Non-MBS Investments	
From	To	Carrying Value	Fair Value	Carrying Value	Fair Value
Triple-A	Double-A	$ 15	$ 14	$25	$21
Triple-B	Single-B	5	5		
	Triple-C	96	89		
Double-B	Triple-C	198	225		
Single-B	Triple-C	350	410		
Triple-C	Double-C	6	7		
Double-C	Single-D	74	76		
Total		$744	$826	$25	$21

(1) Represents the lowest rating available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

Of the $231.1 billion of total investment securities held by the FHLBanks at September 30, 2010, a total of $22.5 billion of MBS investments was rated below investment grade as of October 31, 2010; $22.4 billion of this amount was rated below investment grade at September 30, 2010, and an additional $0.1 billion was downgraded to below investment grade from October 1, 2010 through October 31, 2010.

Rating Agency Actions
Investments on Negative Watch[1]
From October 1, 2010 to October 31, 2010
(Dollar amounts in millions)

Investment Ratings	On Negative Watch—Balances Based on Values at September 30, 2010	
	Private-label RMBS	
	Carrying Value	Fair Value
Triple-A	$299	$281
Double-A	126	113
Single-A	36	31
Triple-B	87	66
Double-B	24	26
Single-B	10	11
Total	$582	$528

(1) Represents the lowest rating available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

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.

Regulator policy limits additional investments in MBS if an FHLBank's investments in MBS exceed 300 percent of the sum of that FHLBank's previous month-end capital plus its mandatorily redeemable capital stock on the day it purchases the securities. On March 24, 2008, the Finance Board temporarily increased this limit from 300 percent to 600 percent for certain kinds of MBS under certain conditions; this temporary increase expired on March 31, 2010. At the time of its respective MBS purchases and as of September 30, 2010, each of the FHLBanks was in compliance with the applicable regulatory limit, except as noted below. While certain FHLBanks' investments in MBS exceeded the 300 percent threshold at September 30, 2010, these FHLBanks are not required to sell any MBS that were purchased in accordance with the terms of the temporary increase. For the purpose of calculating compliance with this regulatory limit, the FHLBank of Chicago may include a Designated Amount of subordinated notes. The MPF Shared Funding Program mortgage-backed certificates owned by the FHLBank, however, are not subject to this limit.

The FHLBank of Chicago determined that it inadvertently exceeded the investment limit in MBS by 2 percent of its total MBS investments as of October 31, 2010, and notified the Finance Agency. The FHLBank of Chicago expects to return to full compliance through the divestiture of a portion of its trading and available-for-sale MBS investments.

The following table represents the mortgage-backed securities to total regulatory capital ratio for the FHLBanks on a combined basis at September 30, 2010 and December 31, 2009.

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

	September 30, 2010	December 31, 2009	Decrease	
			$	%
Mortgage-backed securities	$150,749	$152,028	$(1,279)	(0.8)%
Less: MPF Shared Funding Program	255	298	(43)	(14.4)%
Mortgage-backed securities (excluding MPF Shared Funding Program)	$150,494	$151,730	$(1,236)	(0.8)%
Total regulatory capital[1] and Designated Amount of applicable subordinated notes	$ 58,424	$ 60,161	$(1,737)	(2.9)%
Ratio of MBS (excluding MPF Shared Funding Program) to total regulatory capital[1] and Designated Amount of applicable subordinated notes	2.58	2.52		

(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.

Private-label MBS. The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A or 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 or Variable Rate[1] (Dollar amounts in millions)

	September 30, 2010			December 31, 2009		
	Fixed Rate[2]	Variable Rate[2]	Total	Fixed Rate[2]	Variable Rate[2]	Total
Private-label RMBS:						
Prime	$ 7,798	$16,685	$24,483	$10,928	$19,546	$30,474
Alt-A	7,917	15,307	23,224	9,881	15,950	25,831
Subprime		1,234	1,234		1,320	1,320
Total private-label RMBS	15,715	33,226	48,941	20,809	36,816	57,625
Private-label CMBS:						
Prime	108	93	201	152	132	284
Total private-label CMBS	108	93	201	152	132	284
Manufactured housing loans:						
Prime		*	*		*	*
Subprime	202		202	224		224
Total manufactured housing loans	202	*	202	224	*	224
Home equity loan investments:						
Alt-A		55	55		61	61
Subprime	400	124	524	437	151	588
Total home equity loan investments	400	179	579	437	212	649
Total private-label MBS, manufactured housing loans and home equity loan investments	$16,425	$33,498	$49,923	$21,622	$37,160	$58,782

* 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) The determination of fixed or variable rate is based upon the contractual coupon type of the security.

At September 30, 2010, the carrying values of the private-label mortgage-backed securities, manufactured housing loans and home equity loan investments were as follows:

- combined private-label RMBS of $39,169 million;
- combined private-label CMBS of $201 million;
- combined manufactured housing loans of $202 million; and
- combined home equity loan investments of $438 million.

The FHLBanks generally purchased private-label MBS rated triple-A (or its equivalent) by an NRSRO, such as Moody's or S&P. The following tables present certain information related to private-label RMBS and CMBS, manufactured housing loans and home equity loan investments. In addition, each FHLBank typically requires, at the time of purchase, credit enhancement that it believes to be 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. Of the total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments, prime represented 49.5 percent, Alt-A represented 46.6 percent and subprime represented 3.9 percent. Of the $150.7 billion carrying value of total mortgage-backed securities investments held by the FHLBanks at September 30, 2010, less than 2 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.

Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans and Home Equity Loan Investments
By Year of Securitization
At September 30, 2010
(Dollar amounts in millions)

	Prime[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
UPB by credit rating[2]						
Triple-A	$ 7,383	$	$	$ 131	$ 228	$ 7,024
Double-A	1,727		41	114	331	1,241
Single-A	2,051			185	398	1,468
Triple-B	923	38	169	107	296	313
Below investment grade	12,399	558	4,067	4,333	3,323	118
Total	$24,483	$596	$4,277	$4,870	$4,576	$10,164
Amortized cost	$23,327	$561	$3,797	$4,408	$4,432	$10,129
Gross unrealized losses[3]	(2,086)	(71)	(457)	(646)	(441)	(471)
Fair value	21,777	533	3,438	4,052	4,008	9,746
OTTI losses (Year-to-date)[4]:						
Credit loss	$ (402)	$ (31)	$ (216)	$ (105)	$ (47)	$ (3)
Net noncredit loss	86	(10)	82	48	(24)	(10)
Total OTTI losses	$ (316)	$ (41)	$ (134)	$ (57)	$ (71)	$ (13)
Weighted average FV to UPB	89%	89%	80%	83%	88%	96%
Original weighted average credit support[5]	9%	24%	14%	10%	8%	5%
Weighted average credit support[6]	9%	24%	10%	8%	10%	8%
Weighted average collateral delinquency[7]	11%	23%	18%	16%	12%	5%
Private-label CMBS						
UPB by credit rating[2]						
Triple-A	$ 201					$ 201
Total	$ 201					$ 201
Amortized cost	$ 201					$ 201
Gross unrealized losses[3]	(1)					(1)
Fair value	205					205
Weighted average FV to UPB	102%					102%
Original weighted average credit support[5]	22%					22%
Weighted average credit support[6]	32%					32%
Weighted average collateral delinquency[7]	4%					4%

	Alt-A[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
UPB by credit rating[2]						
Triple-A	$ 1,719	$	$ 15	$ 23	$ 37	$1,644
Double-A	968				186	782
Single-A	1,019				170	849
Triple-B	1,109	147		104	622	236
Below investment grade	18,409	685	7,024	4,406	6,225	69
Total	$23,224	$ 832	$ 7,039	$ 4,533	$ 7,240	$3,580
Amortized cost	$21,254	$ 826	$ 6,215	$ 3,765	$ 6,856	$3,592
Gross unrealized losses[3]	(5,434)	(224)	(2,059)	(1,032)	(1,821)	(298)
Fair value	16,572	602	4,474	2,881	5,298	3,317
OTTI losses (Year-to-date):						
Credit loss	$ (411)	$ (5)	$ (181)	$ (126)	$ (97)	$ (2)
Net noncredit loss	(264)	(58)	(64)	93	(219)	(16)
Total OTTI losses	$ (675)	$ (63)	$ (245)	$ (33)	$ (316)	$ (18)
Weighted average FV to UPB	71%	72%	64%	64%	73%	93%
Original weighted average credit support[5]	19%	27%	27%	24%	15%	6%
Weighted average credit support[6]	22%	33%	29%	21%	18%	13%
Weighted average collateral delinquency[7]	28%	23%	37%	39%	23%	9%
Home equity loan investments						
UPB by credit rating[2]						
Double-A	$ 21			$ 21	$	$
Single-A	4				4	
Below investment grade	30					30
Total	$ 55			$ 21	$ 4	$ 30
Amortized cost	$ 49			$ 21	$ 4	$ 24
Gross unrealized losses[3]	(16)			(6)	(2)	(8)
Fair value	33			15	3	15
OTTI losses (Year-to-date):						
Credit loss	$ (1)					$ (1)
Net noncredit loss	1					1
Total OTTI losses	$					$
Weighted average FV to UPB	60%			71%	61%	52%
Original weighted average credit support[5]					3%	
Weighted average credit support[6]	3%				21%	2%
Weighted average collateral delinquency[7]	7%			4%	1%	11%

	Subprime[1] by Year of Securitization				
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
UPB by credit rating[2]						
Triple-A	$ 26		$	$ 13	$	$ 13
Double-A	17			6	2	9
Single-A	14				8	6
Triple-B	85			78	6	1
Below investment grade	1,087		10	978	90	9
Unrated	5					5
Total	$1,234		$10	$1,075	$106	$ 43
Amortized cost	$ 933		$ 9	$ 788	$ 98	$ 38
Gross unrealized losses[3]	(225)		(2)	(204)	(11)	(8)
Fair value	768		7	639	90	32
OTTI losses (Year-to-date):						
Credit loss	$ (83)			$ (79)	$ (4)	
Net noncredit loss	48			46	2	
Total OTTI losses	$ (35)			$ (33)	$ (2)	
Weighted average percentage of FV to UPB	62%		74%	59%	85%	75%
Original weighted average credit support[5]	23%		23%	23%	22%	40%
Weighted average credit support[6]	31%		40%	29%	48%	59%
Weighted average collateral delinquency[7]	43%		39%	44%	43%	20%
Manufactured housing loans						
UPB by credit rating[2]						
Double-A	$ 202					$202
Total	$ 202					$202
Amortized cost	$ 202					$202
Gross unrealized losses[3]	(25)					(25)
Fair value	177					177
Weighted average FV to UPB	87%					87%
Original weighted average credit support[5]	93%					93%
Weighted average credit support[6]	93%					93%
Weighted average collateral delinquency[7]	3%					3%

	Subprime[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Home equity loan investments						
UPB by credit rating[2]						
Triple-A	$ 200					$200
Double-A	92					92
Single-A	43					43
Triple-B	29					29
Below investment grade	160					160
Total	$ 524					$524
Amortized cost	$ 493					$493
Gross unrealized losses[3]	(87)					(87)
Fair value	406					406
OTTI losses (Year-to-date):						
Credit loss	$ (9)					$ (9)
Net noncredit loss	4					4
Total OTTI losses	$ (5)					$ (5)
Weighted average FV to UPB	78%					78%
Original weighted average credit support[5]	54%					54%
Weighted average credit support[6]	63%					63%
Weighted average collateral delinquency[7]	18%					18%

(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 the lowest rating available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

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

(4) OTTI losses include $(31) million and $31 million of credit and noncredit related losses taken on securities sold in the third quarter of 2010.

(5) Original weighted-average credit support is based on the credit support at the time of issuance. The reported original credit support percentage represents the weighted average based on the unpaid principal balance of the individual securities in the category and their respective original credit support.

(6) Weighted-average credit support is based on the credit support as of September 30, 2010. The reported credit support percentage represents the weighted average based on the unpaid principal balance of the individual securities in the category and their respective credit support as of September 30, 2010.

(7) 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 the weighted average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

Current credit enhancement percentages reflect the ability of subordinated classes of securities to absorb principal losses and interest shortfalls before the senior classes held by the FHLBanks are impacted (i.e., the losses, expressed as a percentage of the outstanding principal balances, that could be incurred in the underlying loan pools before the securities held by the FHLBanks would be affected, assuming that all of those losses occurred on the measurement date). Depending upon the timing and amount of losses in the underlying loan pools, it is possible that the senior classes held by the FHLBanks could bear losses in scenarios where the cumulative loan losses do not exceed the current credit enhancement percentage.

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, 2010. The lowest ratings available for each security is reported as of October 31, 2010 based on the security's unpaid principal balance at September 30, 2010. The FHLBanks held a total of $5,659 million in Alt-A Option ARMs based on unpaid principal balance at September 30, 2010 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, 2010 and Credit Ratings as of October 31, 2010[1] (Dollar amounts in millions)

	September 30, 2010					October 31, 2010 MBS Ratings Based on September 30, 2010 Unpaid Principal Balance[2][3]			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate[4]	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	$20,003	$18,915	$(2,086)	11%	18%	18%	22%	60%	23%
Total private-label RMBS backed by prime loans	20,003	18,915	(2,086)	11%	18%	18%	22%	60%	23%
Alt-A and other loans:									
Alt-A option arm	5,659	4,936	(1,830)	44%	0%	0%	4%	96%	38%
Alt-A other	16,664	15,441	(3,604)	24%	6%	6%	16%	78%	20%
Total private-label RMBS backed by Alt-A and other loans	22,323	20,377	(5,434)	29%	5%	5%	12%	83%	25%
Subprime loans:									
First lien	1,212	925	(225)	43%	2%	2%	10%	88%	2%
Total private-label RMBS backed by subprime loans	1,212	925	(225)	43%	2%	2%	10%	88%	2%
Private-label CMBS backed by:									
Prime loans:									
First lien	93	93	(1)	4%	100%	100%	0%	0%	0%
Total private-label CMBS backed by prime loans	93	93	(1)	4%	100%	100%	0%	0%	0%
Manufactured housing loans backed by:									
Prime loans:									
First lien	*	*	*	2%	100%	100%	0%	0%	0%
Total manufactured housing loans backed by prime loans	*	*	*	2%	100%	100%	0%	0%	0%
Subprime loans:									
First lien	202	202	(25)	3%	0%	0%	100%	0%	0%
Total manufactured housing loans backed by subprime loans	202	202	(25)	3%	0%	0%	100%	0%	0%
Home equity loan investments backed by:									
Alt-A and other loans:									
Alt-A other	55	49	(16)	7%	0%	0%	46%	54%	59%
Total home equity loan investments backed by Alt-A loans	55	49	(16)	7%	0%	0%	46%	54%	59%

	September 30, 2010					October 31, 2010 MBS Ratings Based on September 30, 2010 Unpaid Principal Balance[2][3]			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate[4]	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Subprime loans:									
First lien	209	200	(45)	20%	35%	35%	34%	31%	57%
Second lien	7	6	(2)	31%	9%	9%	0%	91%	0%
Total home equity loan investments backed by subprime loans	216	206	(47)	21%	34%	34%	33%	33%	55%
Other—Not Classified[5]	307	287	(40)	16%	42%	42%	30%	28%	53%
Total private-label RMBS, private-label CMBS, manufactured housing loans, home equity loan investments, and other—not classified	$44,411	$41,054	$(7,874)	21%	11%	11%	17%	72%	24%

* 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) The percentages include the effect of paydowns in full subsequent to September 30, 2010.

(3) Represents the lowest ratings available for each security owned by an individual FHLBank based on NRSROs used by that FHLBank.

(4) 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 the weighted average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

(5) 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 remain low, although there are signs of increasing stability in many 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, 2010, the FHLBanks recognized OTTI losses related to an aggregate amount of $10,114 million of unpaid principal balance in held-to-maturity MBS investments and $3,117 million of unpaid principal balance related to available-for-sale securities, as described in "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements. The FHLBanks recognized total OTTI charges of $178 million and $906 million during the three and nine months ended September 30, 2010 related to the credit losses on total MBS instruments and the net amount of impairment losses reclassified (from)/to accumulated other comprehensive loss of $(19) million and $125 million.

If current conditions in the mortgage markets and general business and economic conditions continue or deteriorate further than currently anticipated, 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, 2010. 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.

Monoline Insurance. Certain FHLBanks' investment securities portfolios include a limited number of investments that are insured by third-party monoline bond insurers. 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 on an ongoing basis.

As of September 30, 2010, the total monoline insurance coverage was $726 million, of which $379 million represents the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments covered by the monoline insurers the FHLBanks are relying on at September 30, 2010 for modeling the cash flows, as shown in the tables below (dollar amounts in millions).

	Alt-A[1]					
	Assured Guaranty Municipal Corp.		MBIA Insurance Corp.[2]		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:						
2007	$15	$(1)	$	$	$15	$ (1)
Total	15	(1)			15	(1)
Home equity loan investments:						
2006	21	(6)			21	(6)
2004 and prior			16	(5)	16	(5)
Total	21	(6)	16	(5)	37	(11)
Total private-label RMBS, and CMBS, manufactured housing loans and home equity loan investments	$36	$(7)	$16	$(5)	$52	$(12)

	Subprime[1]					
	Assured Guaranty Municipal Corp.		MBIA Insurance Corp.[2]		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:						
2004 and prior	$ 1	$	$ 3	$ (2)	$ 4	$ (2)
Total	1		3	(2)	4	(2)
Manufactured housing loans:						
2004 and prior	183	(22)			183	(22)
Total	183	(22)			183	(22)
Home equity loan investments:						
2004 and prior	85	(5)	55	(14)	140	(19)
Total	85	(5)	55	(14)	140	(19)
Total private-label RMBS, and CMBS, manufactured housing loans and home equity loan investments	$269	$(27)	$58	$(16)	$327	$(43)

(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) MBIA Insurance Corp.'s burn-out period ends in June 2011. See "Note 6—Other-Than-Temporary-Impairment Analysis" to the accompanying combined financial statements.

At September 30, 2010, the FHLBanks private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments that were classified as prime were covered by MBIA Insurance Corp. monoline insurance with related gross unrealized losses of less than $1 million.

The monoline bond insurers have been subject to adverse ratings, rating downgrades and weakening financial performance measures. A rating downgrade implies an increased risk that the insurer will fail to fulfill its obligations to reimburse the insured investor for claims made under the related insurance policies. The following table provides the financial strength ratings of monoline insurers that provide insurance coverage for the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments. (Please see "Critical Accounting Estimates—OTTI for Investment Securities" in the Federal Home Loan Banks' 2009 Combined Financial Report for information regarding the FHLBanks' processes for evaluating monoline insurance for purposes of OTTI analysis.)

Third-party Monoline Insurers Financial Strength Ratings
As of November 12, 2010

	Moody's Credit Rating	S&P Credit Rating	Fitch Credit Rating
Ambac Assurance Corporation (Ambac)[1]	Caa2	R	Not Rated
Assured Guaranty Municipal Corp.	Aa3	AA+	Not Rated
MBIA Insurance Corporation	B3	BB+	Not Rated
Syncora Guarantee Inc.[2]	Ca	Withdrawn	Not Rated
Financial Guaranty Insurance Company[3]	Withdrawn	Withdrawn	Not Rated

(1) Ambac's regulatory rehabilitation proceedings commenced on March 24, 2010, due to its financial condition. On November 8, 2010, Ambac Financial Group Inc., the holding company of Ambac, filed its petition for chapter 11 protection in U.S. Bankruptcy court in Manhattan.

(2) Ratings withdrawn by S&P on July 28, 2010.

(3) Ratings withdrawn by Moody's on April 14, 2009 and by S&P on April 22, 2009.

Unsecured Credit Exposure. The following table represents the FHLBanks' unsecured credit exposure of investments with private counterparties that have maturities generally ranging between overnight and 9 months.

Unsecured Credit Exposure
of Investments at Carrying Value[1]
(Dollar amounts in millions)

	September 30, 2010 Carrying Value	December 31, 2009 Carrying Value
Federal funds sold	$ 75,162	$54,597
Commercial paper	3,070	3,690
Certificates of deposit and bank notes	22,055	25,733
Other[2]	4	4
Total	$100,291	$84,024

(1) Excludes unsecured credit exposure related to U.S. government, U.S. government agencies, and instrumentalities, and does not include related accrued interest receivable.

(2) Primarily consists of Small Business Investment Company (SBIC) equity investment.

At September 30, 2010, the FHLBanks had aggregate unsecured credit exposure of $1.0 billion or more to each of 32 counterparties. The aggregate unsecured credit exposure to these 32 counterparties represented 87.2 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio.

The FHLBanks are exposed to the risk of non-performance of mortgage insurers that provide primary mortgage insurance (PMI) and supplemental mortgage insurance (SMI) coverage on mortgage loans.

When SMI is used as a form of credit enhancement in conjunction with an Acquired Member Asset (AMA) program (such as the MPF Program and MPP), Finance Agency regulations require the FHLBanks' members that sell loans to the FHLBanks through such a program to maintain SMI with an insurer rated no lower than the second-highest rating category by any NRSRO. Rating downgrades imply an increased risk that the affected mortgage insurer(s) 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. On August 6, 2009, the Director of the Finance Agency granted a temporary waiver of this requirement subject to certain conditions described below. On July 29, 2010, the Finance Agency extended the waiver on existing business granted by the Director of the Finance Agency on August 6, 2009 subject to the same conditions until such time as the AMA regulation has been amended or for an additional year, whichever comes sooner.

With regard to any MPF or 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 to maintain SMI with an insurer rated no lower than the second-highest rating category by any NRSRO is waived for the period described above, 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. The FHLBanks have evaluated the claims-paying ability of their SMI providers and either determined that it is not necessary to hold retained earnings to mitigate the risk of using these SMI providers or increased the amount of required risk-based capital as a result of assigning a higher risk weighting to the assets covered by a downgraded SMI provider under the credit risk-based capital calculations. In addition, an FHLBank that relies on this waiver for existing business was required, by April 8, 2010, to 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 considered the requirements of the AMA regulation and existing AMA programs, as well as any accounting or other legal requirements. Consistent with the extended waiver granted by the Director of Finance Agency, the Finance Agency also agreed to consider a formal request to cancel SMI coverage related to existing pools that can achieve a triple-B rating without SMI. The Finance Agency will require those FHLBanks that wish to cancel and replace SMI with an alternative means of credit enhancement for existing pools of AMA to file a notice of new business activity.

With regard to new MPP business, the regulatory requirement is waived for a period of twelve months—the initial waiver of six months from August 6, 2009, in addition to a six-month extension—to allow FHLBanks to enter into new master commitments during the twelve-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.

As of November 12, 2010, all of the FHLBanks' mortgage insurance (MI) providers have had their external ratings for claims-paying ability or insurer financial strength downgraded below double-A-minus by all relevant NRSROs. Due to the aforementioned rating agency actions, certain MPF FHLBanks have increased their estimated allowance for credit losses on mortgage loans and discontinued paying the associated performance credit enhancement fees as the relevant PFIs have elected not to assume the credit enhancement obligations as their own. Other MPF FHLBanks have analyzed their potential loss exposure to all MI providers and have not increased their loan loss reserves, but they will continue to monitor the financial condition of their MI providers. The FHLBank of Topeka has discontinued obtaining coverage on new loans from MI insurers

that have an NRSRO rating below triple-B and fail the internal financial analysis whereby the FHLBank determines the viability of the MI company to pay claims beyond two years from the date of analysis. As of September 30, 2010, the FHLBank of Topeka has suspended acceptance of MI coverage from three MI insurers that fail these tests. The MPP FHLBanks have either discontinued obtaining SMI on new loans from the MI providers that have been downgraded below double-A-minus or continue using the downgraded insurance providers in compliance with the temporary waiver issued by the Finance Agency while they evaluate the need for alternative credit enhancements for their mortgage loan portfolios. The Finance Agency approved notices of new business activity plan that will utilize an enhanced fixed LRA account for additional credit enhancement for new MPP business consistent with Finance Agency regulations for the FHLBank of Cincinnati on March 30, 2010 and for the FHLBank of Indianapolis on June 4, 2010, subject to certain technical and operational conditions, which are being addressed with the Finance Agency. Until such final approval by the Finance Agency, an extension of the waiver has been requested. The FHLBank of Seattle cancelled its SMI policies in 2008 due to its SMI provider's rating downgrade below double-A-minus. The FHLBank of Seattle is currently considering other credit enhancement options to achieve at least double-A-minus rating for its conventional mortgage loans. To date, NRSRO downgrades have not had a material effect on any FHLBank's MPF Program or MPP.

MPF Program. Each MPF FHLBank has policies to limit its credit exposure to each MI company based on certain criteria, including, but not limited to, the MI company's NRSRO ratings, or limiting its credit exposure to a certain percentage of the MI company's regulatory capital. Credit exposure is defined as the total PMI coverage written by an MI company on all MPF Loans held by the FHLBank. The MI companies provide PMI on conventional MPF Loans with a loan-to-value ratio greater than 80 percent. 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 and therefore they can only estimate the amount of PMI in force at any time subsequent to acquisition. Historically, the MPF FHLBanks have depended on the PMI policies for loss coverage. The following table summarizes the MPF FHLBanks' credit exposure (dollar amounts in millions) to their MI providers based upon PMI credit exposure as of September 30, 2010.

	MI Ratings (Moody's/S&P/Fitch) As of November 12, 2010	September 30, 2010	
		PMI	Percentage of Total
Mortgage Guaranty Insurance Co. (MGIC)	Ba3/B+/NR[1]	$246	29%
Genworth Mortgage Insurance (Genworth)	Baa2/BBB-/NR[1]	156	18%
United Guaranty Residential Insurance	A3/BBB/NR[1]	117	14%
Republic Mortgage Insurance Company (RMIC)	Ba1/BBB-/BBB-	98	12%
PMI Mortgage Insurance Co.	B2/B+/NR[1]	86	10%
Other		146	17%
Total MPF PMI Coverage		$849	100%

(1) Not rated by Fitch.

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 any NRSRO, so the current criteria for MI companies to remain on the approved MI company list at this time is acceptability for use in modeling software licensed from an NRSRO.

Another indication of credit quality is data on actual delinquencies. The following table (dollar amounts in millions) provides an analysis of conventional MPF Loans delinquent or MPF Loans in foreclosure, as well as real estate owned inventory. The FHLBanks' conventional loan portfolio consists only of fixed-rate prime conventional mortgage loans.

	September 30, 2010	December 31, 2009
30 to 59 days delinquent and not in foreclosure	$ 325	$ 619
60 to 89 days delinquent and not in foreclosure	109	206
90 days or more delinquent and not in foreclosure	183	286
In process of foreclosure[1]	427	313
Real estate owned inventory (units)	117	86
Serious delinquency rate[2]	1.51%	1.34%

(1) Includes loans where the decision of foreclosure or similar alternative such as pursuit of deed-in-lieu has been reported.

(2) Conventional loans that are 90 days or more past due or in the process of foreclosure expressed as a percentage of the total conventional loan portfolio unpaid principal balance.

MPP. The following table summarizes the MPP FHLBanks' credit exposure (dollar amounts in millions) to their mortgage insurance providers based upon PMI credit exposure as of September 30, 2010. Credit exposure is defined as the total PMI coverage written by a mortgage insurance 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 LRA) are called upon before insurance claims are made.

	MI Ratings (Moody's/S&P/Fitch) As of November 12, 2010	September 30, 2010	
		PMI	Percentage of Total
MGIC	Ba3/B+/NR[1]	$ 3	25%
RMIC	Ba1/BBB-/BBB-	3	25%
Genworth	Baa2/BBB-/NR[1]	2	17%
Other		4	33%
Total MPP PMI Coverage		$12	100%

(1) Not rated by Fitch.

For a conventional loan, PMI, if applicable, covers losses or exposure down to approximately an LTV ratio of between 65 percent and 80 percent based upon the original appraisal, original LTV ratio, term, amount of PMI coverage, and characteristics of the loan. An MPP FHLBank is exposed to credit risk if a PMI provider fails to fulfill its claims payment obligations to that MPP FHLBank. As of September 30, 2010, the MPP FHLBanks have analyzed their potential loss exposure to all of the mortgage insurance companies and do not expect incremental losses due to the lower mortgage insurance company ratings. This expectation is based on the credit enhancement features of the MPP Loans master commitments (exclusive of mortgage insurance), the underwriting characteristics of the MPP Loans, the seasoning of the MPP Loans and the performance of these loans to date. The MPP FHLBanks closely monitor the financial conditions of these mortgage insurance companies.

Another indication of credit quality is data on actual delinquencies. The table below (dollar amounts in millions) provides an analysis of conventional loans delinquent or in foreclosure, as well as real estate owned inventory. The FHLBanks' conventional loan portfolio consists only of fixed-rate prime conventional mortgage loans.

	September 30, 2010	December 31, 2009
30 to 59 days delinquent and not in foreclosure	$ 184	$ 183
60 to 89 days delinquent and not in foreclosure	59	66
90 days or more delinquent and not in foreclosure	62	102
In process of foreclosure	180	133
Real estate owned inventory (units)	2	3
Serious delinquency rate[1]	1.47%	1.26%

(1) Conventional loans that are 90 days or more past due or in the process of foreclosure expressed as a percentage of the total conventional loan portfolio unpaid principal balance.

The MPP Loans delinquency percentages are well below the comparable national averages, based on a nationally recognized delinquency survey.

For government-guaranteed and government-insured mortgages, the delinquency rate is generally higher than for the conventional mortgages held in the MPP portfolio. The MPP FHLBanks rely on government insurance, which generally provides a 100 percent guarantee, as well as quality control processes, to maintain the credit quality of this portfolio.

Concentrations. The following tables provide the percentage of unpaid principal balance of conventional mortgage loans held for portfolio outstanding at September 30, 2010 for the five 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, 2010

	Percentage of Conventional Loans - Unpaid Principal Balance
California	9%
Wisconsin	8%
Illinois	7%
Texas	5%
Pennsylvania	5%
All other	66%
	100%

State Concentration of MPP Program[1]
September 30, 2010

	Percentage of Conventional Loans - Unpaid Principal Balance
Ohio	21%
California	10%
Indiana	9%
Michigan	8%
Illinois	4%
All other	48%
	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, 2010. The MPF loan statistics have been compiled and obtained from the FHLBank of Chicago.

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, 2010. The MPP mortgage loan statistics have been compiled on a combined basis by aggregating each participating FHLBank's information.

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. For additional discussion regarding derivatives and counterparty ratings, please refer to the individual FHLBanks' periodic reports filed with the SEC.

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, 2010

Credit Rating[1]	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 2,632	$ 2	$	$ 2
Double-A	274,138	1,512	1,395	117
Single-A	526,247	1,099	1,051	48
Triple-B	258			
Unrated[3]	225	*		*
	803,500	2,613	2,446	167
Intermediaries[4]	1,964	23	23	
Delivery commitments	2,087	6	1	5
Total derivatives	$807,551	$2,642	$2,470	$172

Derivative Counterparty Credit Exposure
(Dollar amounts in millions)
At December 31, 2009

Credit Ratings[2]	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 3,278	$	$	$
Double-A	336,988	1,297	1,212	85
Single-A	632,701	1,170	1,112	58
Triple-B	34			
Unrated[3]	41	1		1
	973,042	2,468	2,324	144
Intermediaries[4]	1,737	15	15	
Delivery commitments	329			
Total derivatives	$975,108	$2,483	$2,339	$144

* Represents an amount less than $1 million.

(1) This chart does not reflect any changes in rating, outlook or watch status occurring after September 30, 2010. The ratings were obtained from S&P, Moody's and/or Fitch.

(2) This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2009. The ratings were obtained from S&P, Moody's and/or Fitch.

(3) 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.

(4) 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, 99.94 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements at September 30, 2010 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. Each of the FHLBank's management had assessed the effectiveness of their individual internal control over financial reporting as of December 31, 2009, based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on their assessment, each FHLBank's management concluded, as of December 31, 2009, that their individual internal control over financial reporting is effective based on the criteria established in *Internal Control—Integrated Framework.* Additionally, the independent registered public accounting firm of each FHLBank opined that the individual FHLBank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009.

See Item 9A—Controls and Procedures of each FHLBank's 2009 SEC Form 10-K for its "Report of Management on Internal Control over Financial Reporting."

Each of the FHLBanks indicated that there were no changes to its internal control over financial reporting during the fiscal quarter ended September 30, 2010 that have materially affected, or are reasonably likely to

affect, its internal control over financial reporting. Additionally, management of each FHLBank concluded that its disclosure controls and procedures were effective at a reasonable assurance level as of the fiscal quarter ended September 30, 2010. See each FHLBank's Third Quarter 2010 SEC Form 10-Q "Part I, Item 4—Controls and Procedures" for more information regarding each FHLBank's evaluation of its disclosure controls and procedures.

Office of Finance Controls and Procedures over Combined Financial Reporting 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 disclosure 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 and controls 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.

The Office of Finance does not 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. Therefore, 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.

In July 2010, the Office of Finance's audit committee was restructured to implement the Finance Agency's regulations that were effective June 2, 2010. See "Legislative and Regulatory Developments" for more discussion about the restructuring of the Office of Finance's board of directors and its audit committee.

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 proceedings, except those proceedings noted below, where the ultimate liability of the FHLBanks, if any, arising out of these proceedings is likely to have a material effect on the results of operations or financial condition of the FHLBanks or that are otherwise material to the FHLBanks. See each FHLBank's Third Quarter 2010 SEC Form 10-Q under "Part II. Item I—Legal Proceedings" for additional information, including updates, to its legal proceedings.

Legal Proceedings Relating to the Purchase of Certain Private-Label MBS

The FHLBanks of Indianapolis and Chicago filed legal proceedings that relate to the purchase of certain private-label MBS described in the individual FHLBank's Third Quarter 2010 SEC Form 10-Q.

FHLBank of Indianapolis. On October 15, 2010, the FHLBank of Indianapolis filed a complaint in the Superior Court of Marion County, Indiana, relating to 32 private-label MBS purchased by the FHLBank of Indianapolis in the aggregate original principal amount of approximately $2.96 billion. The FHLBank of Indianapolis' complaint is an action for rescission and damages and asserts claims for negligent misrepresentation and violations of state and federal securities laws.

FHLBank of Chicago. On October 15, 2010, the FHLBank of Chicago instituted litigation relating to sixty-four private-label MBS bonds purchased by the FHLBank of Chicago in an aggregate original principal

amount of approximately $4.29 billion. The FHLBank of Chicago's complaints assert claims for untrue or misleading statements in the sale of securities, signing or circulating securities documents that contained material misrepresentations, negligent misrepresentation, market manipulation, untrue or misleading statements in registration statements, controlling person liability, and rescission of contract. In these actions, the FHLBank of Chicago seeks the remedies of rescission, recovery of damages, recovery of purchase consideration plus interest (less income received to date) and recovery of reasonable attorneys' fees and costs of suit. The litigation was brought in state court in the states of Washington, California and Illinois.

Prior to the three months ended September 30, 2010, the FHLBanks of Pittsburgh, San Francisco and Seattle initiated legal proceedings related to the purchase of certain private-label MBS. Additional information, regarding the details of these legal proceedings, is available in the individual FHLBank's 2009 SEC Form 10-K under "Item 3—Legal Proceedings."

Defendants in the above lawsuits include entities and affiliates that buy, sell and/or distribute the FHLBanks' consolidated obligations. Affiliates of the defendants may be members or former members of the plaintiff FHLBanks and/or other FHLBanks.

Legal Proceedings Relating to the Lehman Bankruptcy

Each of the FHLBanks of Boston, New York and Pittsburgh has reported legal proceedings in Part II, Item 1 of its Third Quarter 2010 SEC Form 10-Q that relate to bankruptcy proceedings involving the LBHI bankruptcy estate as a result of the unwinding of derivatives transactions between LBSF and individual FHLBanks in 2008. (See "Note 14—Commitments and Contingencies—Lehman Bankruptcy" to the accompanying combined financial statements.)

RISK FACTORS

There were no material changes to the risk factors disclosed in the Federal Home Loan Banks' 2009 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.")

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 and certain conditions and limitations. At September 30, 2010, the FHLBanks had 435 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.

Regulatory Capital Stock

The information on regulatory capital stock presented in the following table is accumulated at the holding-company level. Regulatory capital stock includes capital stock that is considered to be mandatorily redeemable, which is classified as a liability under GAAP. Holding company information was obtained from the Federal Reserve System's web site, the National Information Center (NIC) and/or SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States. The percentage of total regulatory capital stock identified in the table below for each holding company was computed by dividing all regulatory capital stock owned by subsidiaries of that holding company by total combined regulatory capital stock. These percentage concentrations do not represent ownership concentrations in any particular FHLBank. For information on the top five holders of regulatory stock of each FHLBank and their holdings at March 31, 2010, please refer to "Supplemental Information—Top

5 Regulatory Capital Stockholders by FHLBank" in the Federal Home Loan Banks' Quarterly Combined Financial Report For the Three Months Ended March 31, 2010.

Top 10 Regulatory Capital Stockholders by Holding Company at September 30, 2010 (Dollar amounts in millions)

Holding Company Name	Regulatory Capital Stock	Percentage of Total Regulatory Capital Stock	Mandatorily Redeemable Capital Stock
Bank of America Corporation[1]	$ 4,718	9.4%	$ 613
JPMorgan Chase & Co.[2]	3,963	7.9%	2,403
Citigroup Inc.[3]	3,794	7.5%	
Wells Fargo & Company[4]	2,383	4.7%	1,809
MetLife, Inc.[5]	1,043	2.1%	
The PNC Financial Services Group, Inc.[6]	980	1.9%	538
U.S. Bancorp[7]	917	1.8%	312
Hudson City Bancorp, Inc.[8]	879	1.7%	
UK Financial Investments Limited[9]	727	1.4%	71
Banco Santander, S.A.[10]	710	1.4%	19
	$20,114	39.8%	$5,765

(1) Bank of America Corporation had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco and Seattle.

(2) JPMorgan Chase & Co. had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: New York, Pittsburgh, Chicago, San Francisco and Seattle.

(3) Citigroup Inc. had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: New York, Pittsburgh, Des Moines, Dallas and San Francisco.

(4) Wells Fargo & Company had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: Atlanta, Des Moines, Dallas, Topeka, San Francisco and Seattle.

(5) MetLife, Inc. had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: Boston and New York.

(6) The PNC Financial Services Group, Inc. had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago and Des Moines.

(7) U.S. Bancorp had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: Cincinnati, Chicago, Des Moines, Topeka, San Francisco and Seattle.

(8) Hudson City Bancorp, Inc. had a subsidiary with regulatory capital stock holdings at September 30, 2010 in the FHLBank of New York district.

(9) UK Financial Investments Limited had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: Boston, New York, Pittsburgh and Cincinnati.

(10) Banco Santander, S.A. had subsidiaries with regulatory capital stock holdings at September 30, 2010 in the following FHLBank districts: New York and Pittsburgh.

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 are elected by the membership, and the FHLBanks conduct their advances almost exclusively with members.

Members

Membership by Type of Members

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	CDFI	Total
September 30, 2010	5,573	1,103	1,017	222	1	7,916
December 31, 2009	5,706	1,139	1,003	209		8,057

Membership in an FHLBank is voluntary. A member must give notice of its intent to withdraw. The GLB Act permits each FHLBank to issue one or more of two classes of capital stock, each with sub-classes. Class A capital stock is redeemable on six months' written notice from a member and Class B capital stock is redeemable on five years' written notice from a member. Capital stock outstanding under the pre-GLB Act rules, which only applies to the FHLBank of Chicago at September 30, 2010, 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 Regulator has approved the redemption. In addition, the Finance Agency and the FHLBank of Seattle have entered into a Consent Order as of October 25, 2010 and the Finance Agency continues to classify the FHLBank of Seattle as undercapitalized at September 30, 2010. The FHLBank of Seattle has restrictions in place as a result of the Consent Order, including the inability to redeem or repurchase capital stock or pay dividends without Finance Agency approval. See "Note 12—Capital" to the accompanying combined financial statements for discussions of restrictions placed on the redemption of the FHLBank of Chicago's and the FHLBank of Seattle's capital stock.

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, 2010, 30 FHLBank members withdrew from membership for reasons other than merger or acquisition and 34 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 Members[1]
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other[2]	Total
September 30, 2010	$27.9	$9.4	$2.8	$3.4	$6.9	$50.4
December 31, 2009	29.2	9.7	2.8	3.4	8.0	53.1

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

(2) 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.

The holdings of commercial bank members and non-members at September 30, 2010 represented 55.3 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members at September 30, 2010 represented 18.7 percent of the total regulatory capital stock of the FHLBanks.

Member Borrowers

Member Borrowers

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
September 30, 2010	3,895	832	424	94	5,245
December 31, 2009	4,220	877	464	86	5,647

The percentage of total members borrowing decreased to 66.3 percent at September 30, 2010, as compared to 70.1 percent at December 31, 2009. The 68 borrowers with advance holdings of $1.0 billion or more at September 30, 2010 held 62 percent of total advances. The 85 borrowers with advance holdings of $1.0 billion or more at December 31, 2009 held 66.1 percent of total advances.

Advances at Par Value[1]
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other[2]	Total
September 30, 2010	$274.4	$112.0	$25.2	$45.3	$22.8	$479.7
December 31, 2009	355.9	126.1	26.5	48.3	59.1	615.9

(1) Total advance amounts are at par value and differ from that reported in 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) 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.

The information on advances presented in the following table is accumulated at the holding-company level. Member advance amounts and the total advance amount are at par value, and the total advance amount will not agree to the Combined Statement of Condition. Holding company information was obtained from the Federal Reserve System's web site, the NIC and/or SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States. The percentage of total advances identified in the table below for each holding company was computed by dividing the par amount of advances by subsidiaries of that holding company by the total combined par amount of advances. These percentage concentrations do not represent borrowing concentrations in any particular FHLBank. For information on the top five advance holding borrowers of each FHLBank at March 31, 2010, please refer to "Supplemental Information—Top 5 Advance Holding Borrowers by FHLBank" in the Federal Home Loan Banks' Quarterly Combined Financial Report For the Three Months Ended March 31, 2010. See Financial Discussion and Analysis of Combined Financial Condition for discussions on FHLBanks' decline in advances.

Top 10 Advance Holding Borrowers by Holding Company at Par Value at September 30, 2010 (Dollar amounts in millions)

Holding Company Name	Advances	Percent of Total Advances
Bank of America Corporation[1]	$ 52,226	10.9%
Citigroup Inc.[2]	30,365	6.3%
MetLife, Inc.[3]	18,300	3.8%
Hudson City Bancorp, Inc.[4]	17,175	3.6%
JPMorgan Chase & Co.[5]	15,845	3.3%
Banco Santander, S.A.[6]	12,075	2.5%
BB&T Corporation[7]	10,614	2.2%
Wells Fargo & Company[8]	8,862	1.8%
New York Community Bancorp, Inc.[9]	8,617	1.8%
U.S. Bancorp[10]	8,435	1.8%
	$182,514	38.0%

(1) Bank of America Corporation had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco and Seattle.

(2) Citigroup Inc. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: New York, Pittsburgh, Dallas and San Francisco.

(3) MetLife, Inc. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: Boston and New York.

(4) Hudson City Bancorp, Inc. had a subsidiary with advance borrowings at September 30, 2010 in the FHLBank of New York district.

(5) JPMorgan Chase & Co. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: New York, San Francisco and Seattle.

(6) Banco Santander, S.A. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: New York and Pittsburgh.

(7) BB&T Corporation had a subsidiary with advance borrowings at September 30, 2010 in the FHLBank of Atlanta district.

(8) Wells Fargo & Company had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: Des Moines, Dallas, and San Francisco.

(9) New York Community Bancorp, Inc. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: New York and Cincinnati.

(10) U.S. Bancorp, Inc. had subsidiaries with advance borrowings at September 30, 2010 in the following FHLBank districts: Cincinnati, Chicago, Des Moines, Topeka and San Francisco.

Housing Associates. At September 30, 2010, the FHLBanks had $1.4 billion in advances outstanding to 27 housing associates, up from $608 million to 13 housing associates at year-end 2009. Housing associates eligible to borrow include 41 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 the officers and directors of 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, 2010, the FHLBanks had $82.0 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represented 17.1 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.

SUPPLEMENTAL 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
Selected Statement of Condition Data at September 30, 2010:			
Assets			
Investments, including MBS[1]	$28,283	$ 15,691	$18,299
Advances	30,205	85,697	31,595
Mortgage loans held for portfolio	3,277	1,274	4,744
Allowance for credit losses on mortgage loans	3	6	3
Total assets	62,003	103,094	55,140
Consolidated obligations:[2]			
Discount notes	17,751	17,788	12,252
Bonds	39,032	74,919	36,401
Total consolidated obligations	56,783	92,707	48,653
Mandatorily redeemable capital stock	87	67	36
Subordinated notes[3]			
Total capital stock:[5]			
Class B putable	3,662	4,664	4,147
Class A putable			
Preconversion putable[4]			
Total capital stock	3,662	4,664	4,147
Retained earnings	225	701	376
Accumulated other comprehensive income (loss) (AOCI)	(712)	(98)	(259)
Total capital	3,175	5,267	4,264
Asset composition (as a percentage of the individual FHLBanks' total assets):			
Investments, including MBS[1]	45.6%	15.2%	33.2%
Advances	48.7%	83.1%	57.3%
Mortgage loans, net	5.3%	1.2%	8.6%
Retained earnings (as a percentage of FHLBank's total assets)	0.4%	0.7%	0.7%
FHLBanks' total assets (as a percentage of FHLBank System's total assets)	6.9%	11.4%	6.1%
Selected Statement of Condition Data at September 30, 2009:			
Assets			
Investments, including MBS[1]	$18,603	$ 18,741	$19,039
Advances	37,936	95,945	41,364
Mortgage loans held for portfolio	3,646	1,339	5,347
Allowance for credit losses on mortgage loans	1	4	7
Total assets	60,448	117,604	66,511
Consolidated obligations:[2]			
Discount notes	23,645	38,385	11,463
Bonds	32,083	69,671	49,022
Total consolidated obligations	55,728	108,056	60,485
Mandatorily redeemable capital stock	91	127	8
Subordinated notes[3]			
Total capital stock:[5]			
Class B putable	3,629	5,142	4,013
Class A putable			
Preconversion putable[4]			
Total capital stock	3,629	5,142	4,013
Retained earnings	136	667	394
Accumulated other comprehensive income (loss) (AOCI)	(1,142)	(148)	(845)
Total capital[5]	2,623	5,661	3,562
Asset composition (as a percentage of the individual FHLBanks' total assets):			
Investments, including MBS[1]	30.8%	15.9%	28.6%
Advances	62.8%	81.6%	62.2%
Mortgage loans, net	6.0%	1.1%	8.0%
Retained earnings (as a percentage of FHLBank's total assets)	0.2%	0.6%	0.6%
FHLBanks' total assets (as a percentage of FHLBank System's total assets)	5.7%	11.1%	6.3%

(1) Investments consist of interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, trading securities, available-for-sale securities and held-to-maturity securities and loans to other FHLBanks.

(2) See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Combined Results of Operations—Interbank Transfers of Liabilities on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" and "Explanatory Statement about FHLBanks Combined Financial Report."

(3) On June 13, 2006, the FHLBank of Chicago issued $1.0 billion of subordinated notes that mature on June 13, 2016. The subordinated notes are not obligations of, and are not guaranteed by, the United States government or any of the FHLBanks other than the FHLBank of Chicago.

(4) The corresponding balances for capital stock—pre-conversion putable for years 2006 and beyond relate solely to the FHLBank of Chicago, which has not yet implemented its new capital plan. (See "Note 12—Capital" to the accompanying combined financial statements.)

(5) FHLBank capital stock is redeemable at the request of a member subject to the statutory redemption periods and other conditions and limitations. (See "Note 12—Capital" to the accompanying combined financial statements.)

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 39,126	$27,462	$19,294	$49,264	$20,240	$19,386	$13,371	$ 49,889	$30,797
99,425	30,375	18,914	18,803	32,014	27,341	20,506	89,327	15,414
2,195	8,331	6,487	20,166	7,556	222	3,940	2,627	3,546
1	3		32	7		3	4	2
141,492	66,379	44,862	88,626	60,068	51,644	38,001	142,695	49,914
27,599	28,468	9,728	24,254	7,471	3,301	10,538	11,138	14,015
97,942	31,504	30,548	55,077	47,518	41,920	23,292	118,764	32,961
125,541	59,972	40,276	79,331	54,989	45,221	33,830	129,902	46,976
492	368	782	511	5	7	26	3,627	1,004
			1,000					
7,480	3,109	1,733		2,296	1,836	890	8,875	1,667
						581		127
			2,318					
7,480	3,109	1,733	2,318	2,296	1,836	1,471	8,875	1,794
1,051	425	395	967	529	432	327	1,478	76
(451)	(8)	(254)	(418)	147	(58)	(22)	(3,152)	(770)
8,080	3,526	1,874	2,867	2,972	2,210	1,776	7,201	1,100
27.7%	41.4%	43.0%	55.6%	33.7%	37.5%	35.2%	35.0%	61.7%
70.3%	45.8%	42.2%	21.2%	53.3%	52.9%	54.0%	62.6%	30.9%
1.6%	12.5%	14.5%	22.7%	12.6%	0.4%	10.4%	1.8%	7.1%
0.7%	0.6%	0.9%	1.1%	0.9%	0.8%	0.9%	1.0%	0.2%
15.7%	7.3%	5.0%	9.8%	6.6%	5.7%	4.2%	15.8%	5.5%
$ 34,165	$26,225	$16,381	$34,902	$21,134	$15,512	$17,627	$ 45,943	$24,708
125,823	38,082	24,432	25,457	36,303	50,035	22,633	154,962	24,908
2,645	9,736	7,508	25,165	7,839	273	3,240	3,174	4,293
1			9	1	1	2	2	
163,410	76,984	48,553	86,903	65,426	67,261	43,742	211,212	54,087
28,418	29,170	10,687	31,367	12,874	10,727	12,796	43,901	21,678
121,777	41,202	33,280	47,191	46,918	52,083	27,302	154,869	29,754
150,195	70,372	43,967	78,558	59,792	62,810	40,098	198,770	51,432
130	87	601	435	18	8	23	3,159	942
			1,000					
8,156	3,658	1,875		2,952	2,609	1,321	10,244	1,718
						295		135
			2,364					
8,156	3,658	1,875	2,364	2,952	2,609	1,616	10,244	1,853
799	407	334	687	458	318	320	1,065	70
(791)	(5)	(210)	(945)	(24)	(72)	(13)	(3,601)	(996)
8,164	4,060	1,999	2,106	3,386	2,855	1,923	7,708	927
20.9%	34.1%	33.7%	40.2%	32.3%	23.1%	40.3%	21.8%	45.7%
77.0%	49.5%	50.3%	29.3%	55.5%	74.4%	51.7%	73.4%	46.1%
1.6%	12.6%	15.5%	28.9%	12.0%	0.4%	7.4%	1.5%	7.9%
0.5%	0.5%	0.7%	0.8%	0.7%	0.5%	0.7%	0.5%	0.1%
15.4%	7.3%	4.6%	8.2%	6.2%	6.3%	4.1%	19.9%	5.1%

Individual FHLBank Selected Financial Data and Financial Ratios
(Dollar amounts in millions)

	Boston	New York	Pittsburgh
Selected Other Data at September 30, 2010:			
Advance concentrations(%): top five borrowers	40%	58%	65%
Capital stock concentrations(%): top five stockholders	51%	53%	55%
Regulatory capital ratio(%)[6]	6.4%	5.3%	8.3%
Selected Financial Ratios:			
Cash and stock dividends:			
Q3 2010	$	$ 55	$
Q3 2009		73	
Year-to-date September 30, 2010		177	
Year-to-date September 30, 2009		191	
Weighted average dividend rate:			
Q3 2010	0.00%	6.50%	0.00%
Q3 2009	0.00%	5.60%	0.00%
Year-to-date September 30, 2010	0.00%	5.12%	0.00%
Year-to-date September 30, 2009	0.00%	5.60%	0.00%
Return on average equity:[7]			
Q3 2010	5.30%	6.03%	4.39%
Q3 2009	(15.55)%	9.79%	(4.39)%
Year-to-date September 30, 2010	3.75%	4.77%	(0.45)%
Year-to-date September 30, 2009	(8.79)%	11.06%	(1.09)%
Return on average assets:[8]			
Q3 2010	0.26%	0.29%	0.31%
Q3 2009	(0.67)%	0.46%	(0.23)%
Year-to-date September 30, 2010	0.17%	0.23%	(0.03)%
Year-to-date September 30, 2009	(0.36)%	0.50%	(0.05)%
Net interest margin:[9]			
Q3 2010	0.48%	0.47%	0.35%
Q3 2009	0.51%	0.51%	0.38%
Year-to-date September 30, 2010	0.46%	0.43%	0.37%
Year-to-date September 30, 2009	0.41%	0.61%	0.34%
Net interest spread			
Q3 2010	0.41%	0.41%	0.21%
Q3 2009	0.44%	0.45%	0.26%
Year-to-date September 30, 2010	0.39%	0.38%	0.25%
Year-to-date September 30, 2009	0.33%	0.53%	0.21%

(6) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets at period end. Total regulatory capital, under the GLB Act, is the 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 for the FHLBank of Chicago, which has not implemented a capital plan under the GLB Act, is defined as the sum of the paid-in value of capital stock and mandatorily redeemable 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. (See "Note 12—Capital" to the accompanying combined financial statements.)

(7) Return on average equity is net income expressed as a percentage of average total capital.

(8) Return on average assets is net income represented as a percentage of average assets.

(9) Net interest margin is net interest income before provision for credit losses, represented as a percentage of average interest-earning assets.

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
56%	54%	43%	43%	42%	38%	49%	72%	66%
44%	46%	44%	30%	33%	34%	33%	68%	61%
6.4%	5.9%	6.5%	5.4%	4.7%	4.4%	4.8%	9.8%	5.8%
$ 8	$ 34	$ 7	$	$ 11	$ 2	$ 10	$ 9	$
16	49	15		14	1	11	22	
19	107	24		38	6	30	20	
16	138	45		29	7	31	22	
0.44%	4.50%	1.50%	0.00%	2.00%	0.38%	2.78%	0.39%	0.00%
0.84%	5.00%	3.25%	0.00%	2.00%	0.18%	2.89%	0.00%	0.00%
0.33%	4.50%	1.83%	0.00%	2.00%	0.38%	2.85%	0.36%	0.00%
0.84%	4.67%	3.12%	0.00%	1.34%	0.29%	2.52%	0.28%	0.00%
3.71%	4.11%	10.96%	17.61%	5.32%	4.28%	4.62%	8.38%	3.71%
0.55%	5.70%	4.09%	(32.68)%	4.17%	2.35%	4.86%	(3.84)%	(43.94)%
3.23%	4.58%	5.22%	12.17%	3.82%	4.20%	0.14%	5.44%	3.01%
3.45%	6.75%	6.19%	(5.81)%	4.34%	4.70%	11.81%	4.77%	(15.84)%
0.21%	0.22%	0.45%	0.52%	0.26%	0.21%	0.21%	0.36%	0.08%
0.03%	0.30%	0.17%	(0.67)%	0.21%	0.10%	0.21%	(0.15)%	(0.72)%
0.18%	0.23%	0.20%	0.35%	0.18%	0.19%	0.01%	0.21%	0.06%
0.14%	0.34%	0.24%	(0.13)%	0.20%	0.20%	0.50%	0.17%	(0.35)%
0.39%	0.36%	0.73%	0.97%	1.35%	0.42%	0.56%	0.81%	0.33%
0.24%	0.45%	0.52%	0.64%	0.34%	0.19%	0.52%	0.80%	0.37%
0.39%	0.37%	0.58%	0.83%	0.70%	0.44%	0.60%	0.82%	0.35%
0.17%	0.48%	0.52%	0.66%	0.25%	0.04%	0.52%	0.71%	0.42%
0.32%	0.25%	0.62%	0.90%	1.27%	0.39%	0.50%	0.76%	0.29%
0.17%	0.35%	0.43%	0.55%	0.24%	0.16%	0.46%	0.76%	0.31%
0.33%	0.27%	0.48%	0.77%	0.61%	0.41%	0.55%	0.79%	0.31%
0.08%	0.38%	0.40%	0.55%	0.13%	(0.02)%	0.45%	0.67%	0.35%