FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Three Months Ended March 31, 2009

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

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

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

Neither this Combined Financial Report nor any offering material provided by the Office of Finance on behalf of the Federal Home Loan Banks concerning any offering of consolidated obligations describes all the risks of investing in consolidated obligations. Prior to investing in consolidated obligations investors should consult their financial and legal advisors about the risks of investing in any particular issue of consolidated obligations. The combined financial reports of the FHLBanks are intended to be used by investors who invest in the consolidated obligations of the FHLBanks. Even though the consolidated obligations are the joint and several obligations of all of the FHLBanks, each FHLBank is a separately chartered entity with its own board of directors and management. There is no centralized system-wide management or oversight by a single board of directors of the FHLBanks. Please see "Explanatory Statement about FHLBanks Combined Financial Report" on page 2 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 March 31, 2009. You should read this Combined Financial Report in conjunction with the 2008 Combined Financial Report dated April 21, 2009. The 2008 Combined Financial Report contains financial and other information about the Federal Home Loan Banks as of and for the periods ended on or before December 31, 2008. These documents are available on the Federal Home Loan Banks Office of Finance web site at: www.fhlb-of.com.

Investors should direct questions about the Federal Home Loan Banks' combined financial reports to the Federal Home Loan Banks Office of Finance, Chief Accounting Officer & Senior Director of Accounting Policy & Financial Reporting. Investors should direct questions about the Federal Home Loan Banks' consolidated obligations to the Federal Home Loan Banks Office of Finance, Marketing & Corporate Communications Division. The address is Federal Home Loan Banks Office of Finance, 1818 Library Street, Suite 200, Reston, VA 20190, (703) 467-3600, and the web site is www.fhlb-of.com. The Office of Finance will provide additional copies of this Combined Financial Report upon request. Please contact the Office of Finance to receive subsequent annual and quarterly combined financial reports.

Investors should not assume, based on the delivery of this Combined Financial Report, that there has been no change in the financial condition of the Federal Home Loan Banks since March 31, 2009.

The date of this Combined Financial Report is July 2, 2009.

TABLE OF CONTENTS

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

EXPLANATORY STATEMENT ABOUT FHLBANKS COMBINED FINANCIAL REPORT

The Federal Home Loan Banks Office of Finance (Office of Finance) assumed responsibility for the preparation of the combined financial reports of the Federal Home Loan Banks (FHLBanks) in 2001, which previously had been prepared by the Federal Housing Finance Board (Finance Board), the former regulator of the FHLBanks. The Office of Finance does not have the same access to information about the FHLBanks as the Finance Board had, or the new regulator (the Federal Housing Finance Agency (Finance Agency)) has, in its capacity as regulator (the Regulator) of the FHLBanks. See "Notes to Combined Financial Statements—Background Information" for more information regarding the change in the FHLBanks' regulator. In connection with its responsibilities in preparing combined financial reports, the Office of Finance is responsible for combining the financial information it receives from each of the FHLBanks. Each FHLBank is responsible for the financial information it provides to the Office of Finance and the underlying data it provides to the Office of Finance for inclusion in the combined financial reports.

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

Even though the consolidated obligations are the joint and several obligations of all of the FHLBanks, each FHLBank is a separately chartered entity. Each has its own board of directors and management. This is the case even though some financial institution holding companies may have one or more affiliates, each of which may be a member of a different FHLBank. There is no system-wide centralized management 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, each FHLBank's board of directors and management is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). The FHLBanks' accounting and financial reporting policies and practices are not necessarily always identical because different policies and/or presentations are permitted under GAAP in certain circumstances. However, all 12 FHLBanks' accounting and financial reporting policies conform to GAAP. The FHLBanks may not use the same dealer prices, models and assumptions in determining the fair values (including impairments) of their respective assets, liabilities and derivatives. The use of different models or assumptions by individual FHLBanks, as well as changes in market conditions, could result in materially different valuation estimates, impairment determinations or other estimates even when similar or identical assets and liabilities are being measured, and could have materially different effects on the net income and retained earnings of the respective FHLBanks. Statements in this report may be qualified by a term such as "generally," "primarily," "typically" or words of similar meaning to indicate that the statement is generally applicable to all FHLBanks or the kinds of transactions described but which may not be applicable to all 12 FHLBanks as a result of their differing business practices and accounting and financial reporting policies under GAAP. 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" for more information.)

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

The FHLBanks occasionally engage in transactions in which one FHLBank transfers its direct liability on outstanding consolidated obligations to another FHLBank that assumes the direct liability on those outstanding consolidated obligations. By engaging in these transactions, two FHLBanks are able to better match their funding needs. Excess funds held by one FHLBank are transferred to another FHLBank that needs those funds. These transfers generally result in costs for the FHLBank that assumes the liability for the debt that are equal to or lower than those available for a similarly-sized transaction in the capital markets at that time. Because the consolidated obligations are the joint and several obligation of all 12 FHLBanks, these interbank transactions have no effect on the holders of the consolidated obligations. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Combined Results of Operations—Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" and Note 1 to the accompanying combined financial statements.)

AVAILABLE INFORMATION ON INDIVIDUAL FHLBANKS

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

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

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

Please note that 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)

	March 31, 2009	December 31, 2008
ASSETS		
Cash and due from banks	$ 3,295	$ 20,820
Interest-bearing deposits	42,317	47,486
Securities purchased under agreements to resell	8,980	6,895
Federal funds sold	63,402	40,299
Trading securities	18,931	12,150
Available-for-sale securities	18,621	14,559
Held-to-maturity securities(a)	168,904	184,524
Advances includes $35,676 and $38,774 at fair value under fair value option at March 31, 2009 and December 31, 2008	817,407	928,638
Mortgage loans held for portfolio	85,051	87,376
Less: allowance for credit losses on mortgage loans	19	15
Mortgage loans held for portfolio, net	85,032	87,361
Accrued interest receivable	3,232	4,261
Premises, software, and equipment, net	199	199
Derivative assets	768	902
Other assets	1,107	959
Total assets	$1,232,195	$1,349,053
LIABILITIES		
Deposits:		
Interest-bearing	18,382	15,183
Non-interest-bearing	609	313
Total deposits	18,991	15,496
Borrowings:		
Securities sold under agreements to repurchase	1,200	1,200
Total borrowings	1,200	1,200
Consolidated obligations, net:		
Discount notes	407,027	439,895
Bonds includes $38,185 and $31,285 at fair value under fair value option at March 31, 2009 and December 31, 2008	735,035	818,372
Total consolidated obligations, net	1,142,062	1,258,267
Mandatorily redeemable capital stock	7,371	6,136
Accrued interest payable	5,434	6,331
Affordable Housing Program	804	808
Payable to REFCORP	68	37
Derivative liabilities	7,914	7,732
Other liabilities	2,429	696
Subordinated notes	1,000	1,000
Total liabilities	1,187,273	1,297,703
CAPITAL		
Capital Stock:		
Capital stock Class B putable ($100 par value per share) issued and outstanding	44,174	46,413
Capital stock Class A putable ($100 par value per share) issued and outstanding	717	752
Capital stock Pre-conversion ($100 par value per share) issued and outstanding	2,355	2,386
Total capital stock	47,246	49,551
Retained earnings	5,037	2,936
Accumulated other comprehensive income:		
Net unrealized losses on available-for-sale securities	(1,103)	(410)
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(57)	(76)
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(93)	
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,557)	
Net unrealized losses relating to hedging activities	(514)	(612)
Pension and postretirement benefits	(37)	(39)
Total capital	44,922	51,350
Total liabilities and capital	$1,232,195	$1,349,053

(a) Fair values: $155,026 and $165,649 at March 31, 2009 and December 31, 2008.

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF INCOME

(Dollar amounts in millions)
(Unaudited)

	For the Three Months Ended March 31,	
	2009	**2008**
INTEREST INCOME		
Advances	$ 3,795	$ 9,074
Prepayment fees on advances, net	41	41
Interest-bearing deposits	32	34
Securities purchased under agreements to resell	9	17
Federal funds sold	41	691
Trading securities	108	98
Available-for-sale securities	60	64
Held-to-maturity securities	1,689	2,302
Mortgage loans held for portfolio	1,068	1,153
Other	1	1
Total interest income	6,844	13,475
INTEREST EXPENSE		
Consolidated obligations—Discount notes	1,042	3,349
Consolidated obligations—Bonds	4,516	8,706
Deposits	8	177
Securities sold under agreements to repurchase	10	21
Subordinated notes	14	14
Mandatorily redeemable capital stock	8	13
Total interest expense	5,598	12,280
NET INTEREST INCOME	1,246	1,195
Provision for credit losses	4	1
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,242	1,194
OTHER LOSS		
Total other-than-temporary impairment losses	(5,200)	
Portion of impairment losses recognized in other comprehensive income	4,684	
Net other-than-temporary impairment losses	(516)	
Realized losses on other-than-temporarily impaired securities		(33)
Net (losses) gains on trading securities	(11)	134
Net realized gains from sale of available-for-sale securities	19	
Net realized gains from sale of held-to-maturity securities	6	
Net (losses) gains on advances and consolidated bonds held at fair value	(178)	274
Net gains (losses) on derivatives and hedging activities	200	(384)
Service fees	8	7
Other, net	3	(11)
Total other loss	(469)	(13)
OTHER EXPENSE		
Operating	188	181
Finance Agency/Finance Board	13	10
Office of Finance	9	8
Provision for derivative counterparty credit losses	35	
Other, net	2	1
Total other expense	247	200
INCOME BEFORE ASSESSMENTS	526	981
Affordable Housing Program	57	89
REFCORP	124	195
Total assessments	181	284
NET INCOME	$ 345	$ 697

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*		Retained Earnings	Accumulated Other Comprehensive Income	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2007	468	$46,701	9	$ 891	27	$2,661	504	$50,253	$3,689	$(345)	$53,597
Adjustment to opening balance relating to SFAS 158 and SFAS 159									16		16
Proceeds from sale of capital stock	73	7,291	3	253		24	76	7,568			7,568
Repurchase/redemption of capital stock	(47)	(4,651)	(1)	(97)			(48)	(4,748)			(4,748)
Net shares reclassified to mandatorily redeemable capital stock	(5)	(620)		(10)	(2)	(160)	(7)	(790)			(790)
Comprehensive income:											
Net income									697		697
Other comprehensive income:											
Net unrealized losses on available-for-sale securities										(218)	(218)
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities											
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities											
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities										20	20
Net unrealized gains relating to hedging activities										74	74
Reclassification adjustment for losses included in net income relating to hedging activities										10	10
Pension and postretirement benefits										(1)	(1)
Total comprehensive income											582
Transfer between Class B and Class A shares		(20)		20							
Dividends on capital stock:											
Cash									(359)		(359)
Stock	2	290					2	290	(290)		
BALANCE, MARCH 31, 2008	491	$48,991	11	$1,057	25	$2,525	527	$52,573	$3,753	$(460)	$55,866

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL (continued)

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*			Accumulated Other	
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value	Retained Earnings	Comprehensive Income	Total Capital
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									1,883	(1,883)	
Proceeds from sale of capital stock	21	2,195		21	1	62	22	2,278			2,278
Repurchase/redemption of capital stock	(27)	(2,774)					(27)	(2,774)			(2,774)
Net shares reclassified to mandatorily redeemable capital stock	(17)	(1,666)	(1)	(64)	(1)	(93)	(19)	(1,823)			(1,823)
Comprehensive income:											
Net income									345		345
Other comprehensive income:											
Net unrealized losses on available-for-sale securities										(674)	(674)
Reclassification adjustment for gains included in net income relating to available-for-sale securities										(19)	(19)
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities											
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities										19	19
Noncredit portion of other-than-temporary impairment losses on available-for-sale securities										(41)	(41)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities										6	6
Net unrealized gains on noncredit portion of impairment losses on available-for-sale securities										1	1
Noncredit portion of other-than-temporary impairment losses on held-to-maturity securities										(4,643)	(4,643)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities										22	22
Accretion of noncredit portion of impairment losses on held-to-maturity securities										101	101
Reclassification of noncredit portion of other-than-temporary impairment losses to unrealized losses on available-for-sale securities										787	787
Net unrealized gains relating to hedging activities										88	88
Reclassification adjustment for losses included in net income relating to hedging activities										9	9
Pension and postretirement benefits										3	3
Total comprehensive income											(3,996)
Transfer between Class B and Class A shares		(8)		8							
Dividends on capital stock:											
Cash									(113)		(113)
Stock		14						14	(14)		
BALANCE, MARCH 31, 2009	442	$44,174	6	$717	24	$2,355	472	$47,246	$5,037	$(7,361)	$44,922

* 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 Three Months Ended March 31,	
	2009	**2008**
OPERATING ACTIVITIES		
Net income	$ 345	$ 697
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	(406)	(203)
Change in net derivative and hedging activities	(35)	42
Other adjustments	503	57
Net change in fair value adjustments on trading securities	38	(135)
Net change in fair value adjustments on advances and consolidated bonds held at fair value	178	(274)
Net change in:		
Trading securities	(3,134)	(1)
Accrued interest receivable	1,047	953
Other assets	(33)	(42)
Accrued interest payable	(906)	(359)
Other liabilities	19	(5)
Total adjustments	(2,729)	33
Net cash (used in) provided by operating activities	(2,384)	730
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	7,770	(4,043)
Securities purchased under agreements to resell	(2,085)	650
Federal funds sold	(23,103)	(6,782)
Premises, software and equipment	(15)	(7)
Trading securities:		
Proceeds	3,072	294
Purchases	(6,946)	(1,595)
Available-for-sale securities:		
Proceeds	4,969	1,283
Purchases	(6,470)	(4,325)
Held-to-maturity securities:		
Net decrease in short-term	3,993	8,495
Proceeds from long-term	8,929	6,056
Purchases of long-term	(3,158)	(14,998)
Advances:		
Proceeds	1,279,546	2,174,481
Made	(1,171,956)	(2,203,163)
Mortgage loans held for portfolio:		
Principal collected	5,629	3,371
Purchases	(3,352)	(2,456)
Proceeds from sales of foreclosed assets	15	8
Net cash provided by (used in) investing activities	96,838	(42,731)

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ 3,427	$ 6,730
Borrowings	(16)	(314)
Net (payments) proceeds on derivative contracts with financing element	(335)	130
Net proceeds from issuance of consolidated obligations:		
Discount notes	1,687,508	3,135,608
Bonds	127,202	216,968
Payments for maturing and retiring consolidated obligations:		
Discount notes	(1,719,985)	(3,117,758)
Bonds	(208,583)	(201,197)
Proceeds from issuance of capital stock	2,278	7,568
Payments for redemption of mandatorily redeemable capital stock	(588)	(701)
Payments for repurchase/redemption of capital stock	(2,774)	(4,748)
Cash dividends paid	(113)	(359)
Net cash (used in) provided by financing activities	(111,979)	41,927
Net decrease in cash and cash equivalents	(17,525)	(74)
Cash and cash equivalents at beginning of the period	20,820	320
Cash and cash equivalents at end of the period	$ 3,295	$ 246
Supplemental Disclosures:		
Interest paid	$ 7,324	$ 12,741
AHP payments, net	$ 62	$ 57
REFCORP assessments paid	$ 35	$ 211
Transfers of mortgage loans to real estate owned	$ 32	$ 18

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 provide a readily available, competitively-priced source of funds to their member institutions. The FHLBanks are cooperatives whose member institutions own nearly all of the capital stock of each FHLBank. Former members[(1)] own the remaining capital stock to support business transactions still carried on the FHLBanks' Combined Statement of Condition. All holders of an FHLBank's capital stock are entitled to receive dividends on their capital stock, to the extent declared by the FHLBank's board of directors. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership. State and local housing authorities that meet certain statutory and regulatory criteria may also borrow from the FHLBanks; while eligible to borrow, housing associates are not members of the FHLBanks and, as such, are not required to hold capital stock. All members must purchase stock in their district's FHLBank.

The former Federal Housing Finance Board (Finance Board) was an independent agency in the executive branch of the U.S. government that supervised and regulated the FHLBanks and the Federal Home Loan Banks' Office of Finance (Office of Finance) through July 29, 2008. With the passage of the "Housing and Economic Recovery Act of 2008" (the Housing Act), the Federal Housing Finance Agency (Finance Agency) was established and became the new independent Federal regulator (the Regulator) of the FHLBanks, effective July 30, 2008. The Finance Board was merged into the Finance Agency as of October 27, 2008. Pursuant to the Housing Act, all regulations, orders, determinations, and resolutions that were issued, made, prescribed, or allowed to become effective by the Finance Board will remain in effect until modified, terminated, set aside, or superseded by the Director of the Finance Agency, any court of competent jurisdiction, or operation of law. References throughout this document to regulations of the Finance Agency also include the regulations of the Finance Board where they remain applicable. The Office of Finance is a joint office of the FHLBanks established by the Finance Board to facilitate the issuance and servicing of the debt instruments of the FHLBanks, known as consolidated obligations, and to prepare the combined quarterly and annual financial reports of all 12 FHLBanks. The Finance Agency's principal purpose is to ensure that the FHLBanks operate in a safe and sound manner including maintenance of adequate capital and internal controls. In addition, the Regulator ensures that the operations and activities of each FHLBank foster liquid, efficient, competitive, and resilient national housing finance markets; each FHLBank complies with the title and the rules, regulations, guidelines, and orders issued under the Federal Housing Enterprises Financial Safety and Soundness Act and the FHLBank Act; each FHLBank carries out its statutory mission only through activities that are authorized under and consistent with the Federal Housing Enterprises Financial Safety and Soundness Act and the FHLBank Act; and the activities of each FHLBank and the manner in which such regulated entity is operated are consistent with the public interest. Each FHLBank operates as a separate entity with its own management, employees and board of directors. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits.

As provided by the Federal Home Loan Bank Act of 1932 (FHLBank Act), as amended, and applicable regulations, consolidated obligations are backed only by the financial resources of all 12 FHLBanks and are the primary source of funds for the FHLBanks. Deposits, other borrowings and capital stock issued to members provide other funds. Each FHLBank primarily uses these funds to provide advances to members. Certain FHLBanks also use these funds to purchase loans from members through their respective FHLBank's Mortgage Purchase Program (MPP) or the Mortgage Partnership Finance

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

(MPF®)[2] Program. In addition, some FHLBanks offer their member institutions correspondent services, such as wire transfer, security safekeeping, and settlement services.

Note 1—Summary of Significant Accounting Policies

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

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

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

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

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

Derivatives. Accounting for derivatives is addressed in SFAS 133. All derivatives are recognized on the balance sheet at their fair values. Due to the application of FASB Staff Position (FSP) No. FIN 39-1, *Amendment of FASB Interpretation No. 39* (FSP FIN 39-1), derivative assets and derivative liabilities reported on the Combined Statement of Condition include the net cash collateral and accrued interest from counterparties.

(2) "Mortgage Partnership Finance," "MPF," "MPF Shared Funding" and "eMPF" are registered trademarks of the FHLBank of Chicago. "MPF Xtra" is a trademark of the Federal Home Loan Bank of Chicago.

In accordance with SFAS 133 each derivative is designated as one of the following:

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

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

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

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

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

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

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

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

The derivatives used in intermediary activities do not qualify for SFAS 133 hedge accounting treatment and are separately marked-to-market through earnings. The net result of the accounting for these derivatives does not significantly affect the operating results of the FHLBanks. These amounts are recorded in other income and presented as “Net gains (losses) on derivatives and hedging activities.”

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

The FHLBanks may issue debt, make advances, or purchase financial instruments in which a derivative instrument is “embedded.” Upon execution of these transactions, the FHLBank assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the advance or debt (the host contract) and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When the FHLBank determines that (1) the embedded derivative has economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value, and designated as a stand-alone derivative instrument pursuant to an economic hedge. However, if the entire contract (the host contract and the embedded derivative) is to be measured at fair value, with changes in fair value reported in current-period earnings (such as an investment security classified as "trading" under SFAS 115 as well as hybrid financial instruments accounted for under SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Statements No. 133 and 140* (SFAS 155), or if the FHLBank cannot reliably identify and measure the embedded derivative for purposes of separating that derivative from its host contract, the entire contract is carried on the balance sheet at fair value and no portion of the contract is designated as a hedging instrument.

If hedging relationships meet certain criteria specified in SFAS 133, they are eligible for hedge accounting and the offsetting changes in fair value of the hedged items may be recorded in earnings. The application of hedge accounting requires an FHLBank to evaluate the effectiveness of the hedging relationships on an ongoing basis and to calculate the changes in fair value of the derivatives and related hedged items independently. This is known as the "long-haul" method of accounting. Transactions that meet more stringent criteria qualify for the "short-cut" method of hedge accounting in which an assumption can be made that the change in fair value of a hedged item exactly offsets the change in fair value of the related derivative.

Derivatives are typically executed at the same time as the hedged advances or consolidated obligations, and the FHLBanks designate the hedged item in a qualifying hedge relationship at the trade date. In many hedging relationships, the FHLBank may designate the hedging relationship upon its commitment to disburse an advance or trade a consolidated obligation in which settlement occurs within the shortest period of time possible for the type of instrument based on market settlement conventions. The FHLBank defines market settlement conventions for advances to be five business days or less and for consolidated obligations to be thirty calendar days or less, using a next business day convention. The FHLBank then records the changes in fair value of the derivative and the hedged item beginning on the trade date. When the hedging relationship is designated on the trade date and the fair value of the derivative is zero on that date, the hedge meets the criteria within SFAS 133 for applying the short-cut method provided all the other criteria of paragraph 68 of SFAS 133 are also met.

An FHLBank may discontinue hedge accounting prospectively when: (1) it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions); (2) the derivative and/or the hedged item expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur in the originally expected period; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designating the derivative as a hedging instrument in accordance with SFAS 133 is no longer appropriate.

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

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

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

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

Segment Reporting. For the purposes of SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information,* the Finance Agency regulations consider each FHLBank to be a segment.

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

Reclassifications. Certain amounts in the 2008 financial statements of the FHLBanks have been reclassified to conform to the first quarter 2009 presentation. During the third quarter of 2008, on a retrospective basis, the FHLBanks reclassified their investments in certain certificates of deposit and bank notes, previously reported as interest-bearing deposits, as held-to-maturity securities in their statements of condition and income as they meet the definition of a security under SFAS 115. These financial instruments have been classified as held-to-maturity securities based on their short-term nature and the FHLBanks' history of holding them until maturity. This reclassification had no effect on total assets or net interest income and net income. The certificates of deposit and bank notes that do not meet the definition of a security will continue to be classified as interest-bearing deposits on the statements of condition and income. Applicable prior year amounts have been reclassified to conform to this presentation.

Certain prior period amounts have been revised and may not agree to the 2008 Annual Combined Financial Report. These amounts were not deemed to be material.

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

SFAS 167. On June 12, 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167), which is intended to amend certain requirements of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. SFAS 167 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (January 1, 2010 for the FHLBanks), for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. Each FHLBank is evaluating the effect of the adoption of SFAS 167 on its financial condition, results of operations and cash flows.

SFAS 166. On June 12, 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (SFAS 166), which is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (January 1, 2010 for the FHLBanks), for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. Each FHLBank is evaluating the effect of the adoption of SFAS 166 on its financial condition, results of operations and cash flows.

FASB Accounting Standards Codification (ASC). On June 3, 2009, the FASB approved the ASC as the single source of authoritative nongovernmental GAAP. The ASC does not change current GAAP; rather, its intent is to organize all accounting literature by topic in one place in order to enable users to quickly identify appropriate GAAP. The ASC will be effective for interim and annual periods ending after September 15, 2009 (September 30, 2009 for the FHLBanks). The FHLBanks' adoption of the ASC is not expected to have a material effect on either the FHLBanks' combined statement of operations or the FHLBanks' combined statement of condition.

SFAS 165. On May 28, 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS 165), which is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date, including disclosure of the date through which an entity has evaluated subsequent events and whether that represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. SFAS 165 does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. SFAS 165 is effective for interim and annual financial periods ending after June 15, 2009 (June 30, 2009 for the FHLBanks). The FHLBanks adopted SFAS 165 for the period ended June 30, 2009. Its adoption may result in increased financial statement disclosures.

FSP FAS 115-2 and FAS 124-2. On April 9, 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2 and FAS 124-2). FSP FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment (OTTI) guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of OTTI on debt and equity securities in the financial statements. This FSP clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired and changes the presentation and calculation of the OTTI on debt securities recognized in earnings in the financial statements. FSP FAS 115-2 and FAS 124-2 does not amend existing recognition and measurement guidance related to OTTI of equity securities. This FSP expands and increases the frequency of existing disclosures about OTTI for debt and equity securities and requires new disclosures to help users of financial statements understand the significant inputs used in determining a credit loss, as well as a rollforward of that amount each period.

For debt securities, FSP FAS 115-2 and FAS 124-2 requires an entity to assess whether (a) it has the intent to sell the debt security, or (b) it is more likely than not that it will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an OTTI on the security must be recognized.

In instances in which a determination is made that a credit loss (defined by FSP FAS 115-2 and FAS 124-2 as the difference between the present value of the cash flows expected to be collected and the amortized cost basis) exists but the entity does not intend to sell the debt security and it is not more likely than not that the entity will be required to sell the debt security before the anticipated recovery of its remaining amortized cost basis (i.e., the amortized cost basis less any current-period credit loss), FSP FAS 115-2 and FAS 124-2 changes the presentation and amount of the OTTI recognized in the income statement. In these instances, the impairment is separated into (a) the amount of the total impairment related to the credit loss, and (b) the amount of the total impairment related to all other factors. The amount of the total OTTI related to the credit loss is recognized in earnings. The amount of the total impairment related to all other factors is recognized in AOCI. Subsequent non-OTTI-related increases and decreases in the fair value of available-for-sale securities will be included in accumulated other comprehensive income. The OTTI recognized in AOCI for debt securities classified as held-to-maturity will be amortized over the remaining life of the debt security as an increase in the carrying value of the security (with no effect on earnings unless the security is subsequently sold or there is additional OTTI recognized). The total OTTI is presented in the income statement with an offset for the amount of the total OTTI that is recognized in AOCI. Previously, in all cases, if an impairment was determined to be other-than-temporary, an impairment loss was recognized in earnings in an amount equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date of the reporting period for which the assessment was made. The new presentation provides additional information about the amounts that the entity does not expect to collect related to a debt security.

FSP FAS 115-2 and FAS 124-2 is effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for reporting periods ending after March 15, 2009. Early adoption of FSP FAS 115-2 and FAS 124-2 also requires early adoption of FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. When adopting FSP FAS 115-2 and FAS 124-2, an entity is required to record a cumulative-effect adjustment as of the beginning of the period of adoption to reclassify the noncredit component of a previously recognized OTTI from retained earnings to AOCI if the entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis.

The FHLBanks adopted FSP FAS 115-2 and FAS 124-2 as of January 1, 2009, and recognized the effects of applying FSP FAS 115-2 and FAS 124-2 as a change in accounting principle. The FHLBanks recognized the $1,883 million cumulative effect of initially applying FSP FAS 115-2 and FAS 124-2 as an adjustment to their retained earnings at January 1, 2009, with an offsetting adjustment to AOCI. This adjustment did not affect either the FHLBanks' AHP or REFCORP expense or accruals, as these assessments are calculated based on GAAP net income. Had the FHLBanks not early adopted FSP FAS 115-2 and FAS 124-2, the FHLBanks would have recognized approximately the entire OTTI amount in net income for the three months ended March 31, 2009. (See FHLBanks' Combining Schedules—Statements of Condition—March 31, 2009 for individual detail by FHLBank and that FHLBank's periodic report filed with the SEC.)

FSP FAS 157-4. On April 9, 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4). FSP FAS 157-4 is intended to provide additional guidance for estimating fair value in accordance with SFAS 157 when the volume and level of activity for the asset or liability have significantly decreased. FSP FAS 157-4 also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP FAS 157-4 is effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for reporting periods ending after March 15, 2009. Early adoption of FSP FAS 157-4 also requires early adoption of FSP FAS 115-2 and FAS 124-2. The FHLBanks adopted FSP FAS 157-4 as of January 1, 2009. Its adoption did not have a material effect on the FHLBanks' financial condition, results of operations or cash flows.

FSP FAS 107-1 and APB 28-1. On April 9, 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1 and APB 28-1). FSP FAS 107-1 and APB 28-1 amends the disclosure requirements in SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* (SFAS 107), and APB Opinion No. 28, *Interim Financial Reporting*, to require disclosures about the fair value of financial instruments within the scope of SFAS 107, including disclosure of the method(s) and significant assumptions used to estimate the fair value of financial instruments, in interim financial statements as well as in annual financial statements. Previously, these disclosures were required only in annual financial statements. FSP FAS 107-1 and APB 28-1 is effective and should be applied prospectively for financial statements issued for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for reporting periods ending after March 15, 2009. Early adoption of FSP FAS 107-1 and APB 28-1 is only permitted if an election is also made to early adopt FSP FAS 115-2 and FAS 124-2 and FSP FAS 157-4. In periods after initial adoption, FSP FAS 107-1 and APB 28-1 requires comparative disclosures only for periods ending subsequent to initial adoption and does not require earlier periods to be disclosed for comparative purposes at initial adoption. The FHLBanks adopted FSP FAS 107-1 and APB 28-1 on January 1, 2009. Its adoption resulted in increased interim financial statement disclosures, but did not affect the FHLBanks' financial condition, results of operations or cash flows.

FSP FAS 157-2. On February 12, 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP FAS 157-2), which delayed the effective date of SFAS No. 157, *Fair Value Measurements* (SFAS 157) until January 1, 2009, for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The requirements of SFAS 157 apply to non-financial assets and non-financial liabilities addressed by FSP FAS 157-2 for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The FHLBanks adopted FSP FAS 157-2 on January 1, 2009. Its adoption did not have a material effect on the FHLBanks' financial condition, results of operations or cash flows.

SFAS 161. On March 19, 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—An Amendment of FASB Statement No. 133* (SFAS 161), which is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption allowed. The FHLBanks adopted SFAS 161 on January 1, 2009. Its adoption resulted in increased financial statement disclosures.

Note 3—Trading Securities

Major Security Types. Trading securities, excluding interbank holdings of consolidated bonds totaling $475 million and $617 million, at March 31, 2009 and December 31, 2008, were as follows (dollar amounts in millions):

	March 31, 2009
	Estimated Fair Value
U.S. Treasury obligations	$ 435
Commercial paper	2,283
Certificates of deposits (1)	3,201
Government-sponsored enterprises*	6,826
State or local housing agency obligations	14
Other**	5,370
	18,129
Mortgage-backed securities:	
Other U.S. obligations residential mortgage-backed securities***	60
Government-sponsored enterprises residential mortgage-backed securities****	727
Government-sponsored enterprises commercial mortgage-backed securities****	15
	802
Total	$18,931

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

(1) Represents certificates of deposit that meet the definition of a security under SFAS 115. (See "Note 1— Summary of Significant Accounting Policies.")

* Primarily consists of debt securities issued or guaranteed by Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae).

** Primarily consists of corporate debentures issued or guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP).

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

**** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

Net losses on trading securities during the three months ended March 31, 2009 includes a change in net unrealized holding losses of $7 million for securities held on March 31, 2009. Net gains on trading securities during the three months ended March 31, 2008 includes a change in net unrealized holding gains of $132 million for securities held on March 31, 2008.

Note 4—Available-for-Sale Securities

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

	March 31, 2009			
	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificates of deposits (2)	$ 5,280	$	$ (1)	$ 5,279
Other U.S. obligations*	210	4		214
Government-sponsored enterprises**	2,528	131	(100)	2,559
Other	493		(73)	420
	8,511	135	(174)	8,472
Mortgage-backed securities:				
Government-sponsored enterprises residential mortgage-backed securities***	8,184	49	(110)	8,123
Government-sponsored enterprises commercial mortgage-backed securities***	321		(7)	314
Private-label residential mortgage-backed securities	2,585		(881)	1,704
Private-label commercial mortgage-backed securities	2			2
Home equity loans	18		(12)	6
	11,110	49	(1,010)	10,149
Total	$19,621	$184	$(1,184)	$18,621

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

(1) Amortized cost of available-for-sale securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, previous OTTI recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of FSP FAS 115-2 and FAS 124-2), and/or fair value hedge accounting adjustments.

(2) Represents certificates of deposit and/or bank notes that meet the definition of a security under SFAS 115. (See "Note 1—Summary of Significant Accounting Policies.")

* Primarily consists of SBA investment pools.

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

*** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

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).

	March 31, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposits (1)	$3,509	$ (1)	$	$	$ 3,509	$ (1)
Government-sponsored enterprises*			339	(100)	339	(100)
Other	9	(1)	401	(68)	410	(69)[2]
Mortgage-backed securities:						
Government-sponsored enterprises residential mortgage-backed securities**	967	(9)	5,002	(101)	5,969	(110)
Government-sponsored enterprises commercial mortgage-backed securities**			314	(7)	314	(7)
Private-label residential mortgage-backed securities (3)			1,704	(881)	1,704	(881)
Home equity loans (3)			7	(12)	7	(12)
Total	$4,485	$(11)	$7,767	$(1,169)	$12,252	$(1,180)

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

(1) Represents certificates of deposit and/or bank notes that meet the definition of a security under SFAS 115.

(2) Does not include $4 million and $3 million of unrealized losses in mutual funds in two grantor trusts designated as available-for-sale securities at March 31, 2009 and December 31, 2008.

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

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

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

Each FHLBank evaluates its individual available-for-sale investment securities holdings for OTTI on at least a quarterly basis. As part of this process, an FHLBank considers its intent to sell each debt security and whether it is more likely than not that an FHLBank will be required to sell the security before its anticipated recovery. If either of these conditions is met, an FHLBank recognizes an OTTI charge to earnings equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. For securities that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are at risk for OTTI. To determine which individual securities are at risk for OTTI and should be quantitatively evaluated utilizing a detailed cash flow analysis, an FHLBank uses indicators, or "screens", which consider various characteristics of each security including, but not limited to, the following: the credit rating and related outlook or status; the creditworthiness of the issuers of the agency debt securities; the strength of the government-sponsored enterprises' guarantees of the holdings of agency mortgage-backed securities; the value and type of underlying collateral; the duration and level of the unrealized loss; any credit enhancements or insurance; and certain other collateral-related characteristics such as FICO® credit scores, the ratio of credit enhancement to expected credit losses, the ratio of seriously delinquent loans (loans that are more than 60 days delinquent, including loans in foreclosure and real estate owned) to credit enhancement, and cumulative losses to date. The relative importance of this information varies based on the facts and circumstances surrounding each security, as well as the economic environment at the time of assessment.

As a result of this security-level review, an FHLBank identifies individual securities which should be subjected to a detailed cash flow analysis to determine the cash flows that are likely to be collected. Beginning in the first quarter of 2009, to ensure consistency in determination of the OTTI for investment securities among all FHLBanks, the FHLBanks used the same key modeling assumptions for purposes of their cash flow analysis. At-risk securities are evaluated by estimating projected cash flows that an FHLBank is likely to collect based on a careful assessment of all available information about each individual security, the structure of the security and certain assumptions, such as the remaining payment terms of the security, prepayment speeds, default rates, loss severity on the collateral supporting an 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. A significant input to such analysis is the forecast of housing price changes for the relevant states and metropolitan statistical areas, which are based on an assessment of the relevant housing market. In response to the ongoing deterioration in housing prices, credit market stress, and weakness in the U.S. economy in the first quarter of 2009, which continued to affect the credit quality of the collateral, most of the FHLBanks modified certain assumptions in their cash flow analyses to reflect higher default rates, more extreme loss severities and more moderate rates of housing price recovery than the FHLBanks used in their analyses as of December 31, 2008. The loan-level cash flows and losses are allocated to various security classes, including the security classes owned by each FHLBank, based on the cash flow and loss allocation rules of the individual security. In performing a detailed cash flow analysis, an FHLBank identifies its best estimate of the cash flows expected to be collected. If this estimate results in a present value of expected cash flows that is less than the amortized cost basis of a security (that is, a credit loss exists), an OTTI is considered to have occurred. If there is no credit loss, any impairment is considered temporary.

Investments in government-sponsored enterprise securities, specifically debentures issued by Fannie Mae and Freddie Mac, were additionally affected by investor concerns regarding those entities' capital levels that are needed to offset expected credit losses that may result from declining home prices. The Housing Act contains provisions allowing the U.S. Treasury to provide support to Fannie Mae and Freddie Mac. Additionally, in September 2008, the U.S. Treasury and the Finance Agency announced that Fannie Mae and Freddie Mac were placed into conservatorship, with the Finance Agency named as conservator. The Finance Agency will manage Fannie Mae and Freddie Mac in an attempt to stabilize their financial conditions and their ability to support the secondary mortgage market.

As a result of these evaluations, the FHLBanks of Pittsburgh and Chicago determined that $197 million of unpaid principal balance related to available-for-sale securities were other-than-temporarily impaired at March 31, 2009, because each of these FHLBanks determined it was likely that it would not recover the entire amortized cost basis of each of these securities. These securities included 3 securities that had previously been identified as other-than-temporarily impaired in 2008 and 3 securities that were newly identified as other-than-temporarily impaired in the first quarter of 2009. Because of continued credit deterioration in the non-agency mortgage-backed securities (also referred to as MBS) market, an additional impairment of $6 million related to credit loss and an additional impairment of $5 million related to all other factors were recorded in the first quarter of 2009 on the 3 non-agency MBS previously identified as other-than-temporarily impaired. For the 3 newly identified non-agency MBS with OTTI, the FHLBanks recorded an impairment of $5 million related to credit loss and an impairment of $36 million related to all other factors. 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 $11 million in the first quarter of 2009 related to the credit losses on MBS instruments in their available-for-sale portfolios, which are reported in the Combined Statement of Income as a part of the "Net other-than-temporary impairment losses", and the impairment related to noncredit portion of $41 million, which was reflected in the Combined Statement of Condition as "Accumulated other comprehensive income—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 are included in "Accumulated other comprehensive income."

The following FHLBanks recognized an OTTI charge, based on each individual FHLBank's impairment analysis of its investment portfolio at March 31, 2009, as follows (dollar amounts in millions).

	March 31, 2009 (1)				For the Three Months Ended March 31, 2009		
	Unpaid Principal Balance	Amortized Cost (2)	Gross Unrealized Losses (2)	Fair Value (2)	OTTI Related to Credit Loss	OTTI Related to Noncredit Loss	Total OTTI Losses
FHLBank of Pittsburgh							
Other-than-temporarily-impaired investments							
Home equity loan investments—Alt-A	$ 4	$ 4	$ (2)	$ 2	$ —	$ —	$ —
Total AFS OTTI investments	$ 4	$ 4	$ (2)	$ 2	$ —	$ —	$ —
Available-for-sale MBS		35	(17)	18			
Total available-for-sale investment securities		535	(17)	518			
FHLBank of Chicago							
Other-than-temporarily-impaired investments							
Private-label RMBS—Alt-A	$193	$ 179	$ (91)	$ 88	$(11)	$(41)	$(52)
Total AFS OTTI investments	$193	$ 179	$ (91)	$ 88	$(11)	$(41)	$(52)
Available-for-sale MBS		1,880	(93)	1,832			
Total available-for-sale investment securities		2,474	(93)	2,434			
Total							
Other-than-temporarily-impaired investments							
Private-label RMBS—Alt-A	$193	$ 179	$ (91)	$ 88	$(11)	$(41)	$(52)
Home equity loan investments—Alt-A	4	4	(2)	2	—	—	—
Total AFS OTTI investments	$197	$ 183	$ (93)	$ 90	$(11)	$(41)	$(52)
Available-for-sale MBS*		11,110	(1,010)	10,149			
Total available-for-sale investment securities*		19,621	(1,184)	18,621			

(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) This table does not include gross unrealized gains; therefore, amortized cost net of gross unrealized losses will not necessary equal the fair value.

* Represents the FHLBanks' combined total.

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

For the Three Months Ended March 31, 2009	Amount
Balance as of January 1, 2009 (1)	$ 3
Additions:	
Credit losses for which OTTI was not previously recognized	5
Additional OTTI credit losses for which an OTTI charge was previously recognized	6
Reductions:	
Securities sold, matured, paid down or prepaid during the period	
Securities for which the amount previously recognized in AOCI was recognized in earnings because each FHLBank intends to sell the security or more likely than not it will be required to sell the security before the recovery of its amortized cost basis	
Increases in cash flows expected to be collected, recognized over the remaining life of the securities	
Balance as of March 31, 2009	$14

(1) The FHLBanks adopted FSP FAS 115-2 and FAS 124-2 as of January 1, 2009 and recognized the cumulative effect of initially applying this FSP, totaling $59 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 FSP FAS 115-2 and FAS 124-2.

The remainder of the FHLBanks' available-for-sale securities portfolio has experienced 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, the decline is considered temporary as each of the FHLBanks expects to recover the entire amortized cost basis on the remaining available-for-sale securities in unrealized loss position and neither intends to sell these securities nor is it 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.

At March 31, 2009, the FHLBank of Atlanta transferred certain private-label MBS from its held-to-maturity portfolio to an available-for-sale portfolio, in accordance with the provisions of SFAS 115. All of these securities represent private-label MBS in the FHLBank of Atlanta's held-to-maturity portfolio for which it has recorded an OTTI loss. The amortized cost basis of the securities prior to transfer was $2.4 billion. This amortized cost basis reflects the effect of the credit loss related to the OTTI loss. The carrying value established by the transfer was $1.6 billion, which represents the fair value of the securities at the time of transfer.

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

	March 31, 2009		December 31, 2008	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 5,400	$ 5,397	$ 2,577	$ 2,573
Due after one year through five years			158	164
Due after five years through ten years	1,910	2,039	1,845	2,013
Due after ten years	1,201	1,036	1,189	1,069
	8,511	8,472	5,769	5,819
Mortgage-backed securities	11,110	10,149	8,974	8,740
Total	$19,621	$18,621	$14,743	$14,559

The amortized cost of the FHLBanks' mortgage-backed securities classified as available-for-sale includes net discounts of $35 million at March 31, 2009 and net premiums of $2 million at December 31, 2008.

Gains and Losses. The FHLBanks received $639 million in proceeds from the sale of available-for-sale securities during the three months ended March 31, 2009. There was no sale of available-for-sale securities during the three months ended March 31, 2008. The FHLBanks realized $20 million in gross gains and no gross losses on the sale of available-for-sale securities during the three months ended March 31, 2009.

Note 5—Held-to-Maturity Securities

Major Security Types.

Held-to-maturity (or HTM) securities, excluding interbank holdings of consolidated bonds totaling $25 million at March 31, 2009 were as follows (dollar amounts in millions). There were no held-to-maturity interbank holdings of consolidated bonds at December 31, 2008.

	March 31, 2009					
	Amortized Cost (1)	OTTI Recognized in AOCI (2)	Carrying Value (3)	Gross Unrecognized Holding Gains (2)	Gross Unrecognized Holding Losses (2)	Estimated Fair Value
Commercial paper	$ 2,099	$	$ 2,099	$	$	$ 2,099
Certificates of deposits (4)	12,580		12,580			12,580
Other U.S. obligations*	312		312	5	(1)	316
Government-sponsored enterprises**	1,639		1,639	88		1,727
State or local housing agency obligations	2,909		2,909	26	(273)	2,662
Other***	2,780		2,780	1	(1)	2,780
	22,319		22,319	120	(275)	22,164
Mortgage-backed securities:						
Other U.S. obligations residential mortgage-backed securities*	734		734	4	(4)	734
Other U.S. obligations commercial mortgage-backed securities*	50		50			50
Government-sponsored enterprises residential mortgage-backed securities****	81,996		81,996	1,978	(336)	83,638
Government-sponsored enterprises commercial mortgage-backed securities****	1,220		1,220	66		1,286
Private-label residential mortgage-backed securities	64,824	(5,291)	59,533	22	(14,802)	44,753
Private-label commercial mortgage-backed securities	675		675	1	(29)	647
Manufactured housing loans	247		247		(81)	166
Home equity loans	2,014	(266)	1,748		(529)	1,219
MPF Shared Funding Program mortgage-backed certificates	382		382	1	(14)	369
	152,142	(5,557)	146,585	2,072	(15,795)	132,862
Total	$174,461	$(5,557)	$168,904	$2,192	$(16,070)	$155,026

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

(1) Amortized cost of held-to-maturity securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, and/or previous OTTIs recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of FSP FAS 115-2 and FAS 124-2). At December 31, 2008, carrying value equaled amortized cost.

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

(3) In accordance with FSP 115-2 and FAS 124-2, carrying value of held-to-maturity securities represent amortized cost after adjustment for noncredit related impairment recognized in AOCI.

(4) Represents certificates of deposit that meet the definition of a security under SFAS 115. (See "Note 1—Summary of Significant Accounting Policies.")

* Primarily consists of Ginnie Mae and/or SBA investment pools.

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

*** Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under TLGP.

**** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

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 March 31, 2009.

	March 31, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (2)
Other U.S. obligations*	$ 41	$ (1)	$ 12	$	$ 53	$ (1)
State or local housing agency obligations	1,245	(119)	484	(154)	1,729	(273)
Other****	724	(1)			724	(1)
Mortgage-backed securities:						
Other U.S. obligations residential mortgage-backed securities*	376	(2)	75	(2)	451	(4)
Government-sponsored enterprises residential mortgage-backed securities**	11,079	(162)	8,057	(174)	19,136	(336)
Private-label residential mortgage-backed securities (1)	1,315	(356)	43,210	(19,726)	44,525	(20,082)
Private-label commercial mortgage-backed securities	271	(2)	169	(27)	440	(29)
Manufactured housing loans	82	(34)	84	(47)	166	(81)
Home equity loans (1)	73	(20)	1,143	(775)	1,216	(795)
MPF Shared Funding Program mortgage-backed certificates			324	(14)	324	(14)
Total	$15,206	$(697)	$53,558	$(20,919)	$68,764	$(21,616)

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

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

(2) As a result of differences in the definitions of unrealized losses and unrecognized holding losses, total unrealized losses in the table above will not agree with total gross unrecognized holding losses in the March 31, 2009 major security types table as previously noted.

* Primarily consists of Ginnie Mae and/or SBA investment pools.

** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

**** Primarily consists of corporate debentures issued or guaranteed by FDIC under TLGP.

Each FHLBank evaluates its individual held-to-maturity investment securities holdings for OTTI on at least a quarterly basis. As part of this process, an FHLBank considers its intent to sell each debt security and whether it is more likely than not that an FHLBank will be required to sell the security before its anticipated recovery. If either of these conditions is met, an FHLBank recognizes an OTTI charge to earnings equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. For securities that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are at risk for OTTI. To determine which individual securities are at risk for OTTI and should be quantitatively evaluated utilizing a detailed cash flow analysis, an FHLBank uses indicators, or "screens", which consider various characteristics of each security including, but not limited to, the following: the credit rating and related outlook or status; the creditworthiness of the issuers of the agency debt securities; the strength of the government-sponsored enterprises' guarantees of the holdings of agency mortgage-backed securities; the underlying type of collateral; the duration and level of the unrealized loss; any credit enhancements or insurance; and certain other collateral-related characteristics such as FICO® credit scores, delinquency rates and the security's performance. The relative importance of this information varies based on the facts and circumstances surrounding each security, as well as the economic environment at the time of assessment.

As a result of this security-level review, an FHLBank identifies individual securities which should be subjected to a detailed cash flow analysis to determine the cash flows that are likely to be collected. Beginning in the first quarter of 2009, to ensure consistency in determination of the OTTI for investment securities among all FHLBanks, the FHLBanks used the same key modeling assumptions for purposes of their cash flow analysis. At-risk securities are evaluated by estimating projected cash that an FHLBank is likely to collect based on a careful assessment of all available information about each individual security, the structure of the security and certain assumptions, such as the remaining payment terms of the security, prepayment speeds, default rates, loss severity on the collateral supporting an 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. A significant input to such analysis is the forecast of housing price changes for the relevant states and metropolitan statistical areas, which are based on an assessment of the relevant housing market. In response to the ongoing deterioration in housing prices, credit market stress, and weakness in the U.S. economy in the first quarter of 2009, which continued to affect the credit quality of the collateral, most of the FHLBanks modified certain assumptions in their cash flow analyses to reflect more extreme loss severities and more moderate rates of housing price recovery than the FHLBanks used in their analyses as of December 31, 2008. The loan-level cash flows and losses are allocated to various security classes, including the security classes owned by each FHLBank, based on the cash flow and loss allocation rules of the individual security. In performing a detailed cash flow analysis, an FHLBank identifies its best estimate of the cash flows expected to be collected. If this estimate results in a present value of expected cash flows that is less than the amortized cost basis of a security (that is, a credit loss exists), an OTTI is considered to have occurred. If there is no credit loss, any impairment is considered temporary.

Investments in government-sponsored enterprise securities, specifically debentures issued by Fannie Mae and Freddie Mac, were additionally affected by investor concerns regarding those entities' capital levels needed to offset expected credit losses that may result from declining home prices. The Housing Act contains provisions allowing the U.S. Treasury to provide support to Fannie Mae and Freddie Mac. Additionally, in September 2008, the U.S. Treasury and the Finance Agency announced that Fannie Mae and Freddie Mac were placed into conservatorship, with the Finance Agency named as conservator. The Finance Agency will manage Fannie Mae and Freddie Mac in an attempt to stabilize their financial conditions and their ability to support the secondary mortgage market.

As a result of its evaluations, at March 31, 2009, each of the FHLBanks of Boston, New York, Pittsburgh, Atlanta, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized OTTI losses related to MBS instruments in its held-to-maturity portfolio, as further described in this footnote. Each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities. These securities included 79 securities that had previously been identified as other-than-temporarily impaired in 2008 and 157 securities that were newly identified as other-than-temporarily impaired in the first quarter of 2009. Because of continued credit deterioration in the non-agency mortgage-backed securities market, an additional impairment of $189 million related to credit loss and an additional impairment of $168 million related to all other factors were recorded in the first quarter of 2009 on the 79 non-agency MBS previously identified as other-than-temporarily impaired. For the 157 newly identified non-agency MBS with OTTI, the FHLBanks recorded an impairment of $316 million related to credit loss and an impairment of $4,475 million related to all other factors. 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 $505 million in the first quarter of 2009 related to the credit losses on MBS instruments in their held-to-maturity portfolios, which are reported in the Combined Statement of Income as a part of the "Net other-than-temporary impairment losses", and the impairment related to noncredit portion of $4,643 million, which was reflected in the Combined Statement of Condition as "Accumulated other comprehensive income—Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities." 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.

The following FHLBanks recognized an OTTI charge on its held-to-maturity securities, based on each individual FHLBank's impairment analysis of its investment portfolio at March 31, 2009, as follows (dollar amounts in millions).

	March 31, 2009 (1)				For the Three Months Ended March 31, 2009		
	Unpaid Principal Balance	Amortized Cost (2)	Gross Unrealized Losses (2)	Fair Value (2)	OTTI Related to Credit Loss	OTTI Related to Noncredit Loss	Total OTTI Losses
FHLBank of Boston							
Other-than-temporarily-impaired investments							
Private-label RMBS—Alt-A	$ 2,147	$ 1,983	$ (1,077)	$ 906	$(127)	$ (767)	$ (894)
Home equity loan investments—Subprime	1	1		1		(1)	(1)
Total HTM OTTI investments	$ 2,148	$ 1,984	$ (1,077)	$ 907	$(127)	$ (768)	$ (895)
Held-to-maturity MBS		8,156	(1,895)	6,379			
Total held-to-maturity investment securities		9,032	(1,959)	7,195			
FHLBank of New York							
Other-than-temporarily-impaired investments							
Home equity loan investments—Subprime	$ 37	$ 32	$ (10)	$ 22	$ (5)	$ (10)	$ (15)
Total HTM OTTI investments	$ 37	$ 32	$ (10)	$ 22	$ (5)	$ (10)	$ (15)
Held-to-maturity MBS		9,142	(341)	9,052			
Total held-to-maturity investment securities		10,245	(416)	10,084			
FHLBank of Pittsburgh							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 196	$ 191	$ (60)	$ 131	$ (2)	$ (33)	$ (35)
Private-label RMBS—Alt-A	1,133	1,090	(469)	621	(29)	(261)	(290)
Total HTM OTTI investments	$ 1,329	$ 1,281	$ (529)	$ 752	$ (31)	$ (294)	$ (325)
Held-to-maturity MBS		10,588	(2,278)	8,373			
Total held-to-maturity investment securities		11,676	(2,332)	9,424			

	March 31, 2009 (1)				For the Three Months Ended March 31, 2009		
	Unpaid Principal Balance	Amortized Cost (2)	Gross Unrealized Losses (2)	Fair Value (2)	OTTI Related to Credit Loss	OTTI Related to Noncredit Loss	Total OTTI Losses
FHLBank of Atlanta							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 2,385	$ 2,293	$ (757)	$ 1,536	$ (87)	$ (611)	$ (698)
Private-label RMBS—Alt-A	95	93	(25)	68	(2)	2	
Total HTM OTTI investments	$ 2,480	$ 2,386	$ (782)	$ 1,604	$ (89)	$ (609)	$ (698)
Held-to-maturity MBS		19,922	(2,934)	17,198			
Total held-to-maturity investment securities		20,016	(2,934)	17,294			
FHLBank of Indianapolis							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 323	$ 304	$ (129)	$ 175	$ (18)	$ (129)	$ (147)
Total HTM OTTI investments	$ 323	$ 304	$ (129)	$ 175	$ (18)	$ (129)	$ (147)
Held-to-maturity MBS		6,205	(697)	5,561			
Total held-to-maturity investment securities		7,978	(699)	7,333			
FHLBank of Chicago							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 2,015	$ 1,958	$ (808)	$ 1,150	$ (52)	$ (770)	$ (822)
Home equity loan investments—Subprime	526	456	(246)	210	(23)	(145)	(168)
Total HTM OTTI investments	$ 2,541	$ 2,414	$ (1,054)	$ 1,360	$ (75)	$ (915)	$ (990)
Held-to-maturity MBS		15,051	(1,499)	13,994			
Total held-to-maturity investment securities		15,656	(1,499)	14,625			
FHLBank of Dallas							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 21	$ 21	$ (13)	$ 8	$ *	$ (13)	$ (13)
Private-label RMBS—Alt-A	19	18	(13)	5	*	(13)	(13)
Total HTM OTTI investments	$ 40	$ 39	$ (26)	$ 13	$	$ (26)	$ (26)
Held-to-maturity MBS		11,052	(379)	10,728			
Total held-to-maturity investment securities		11,119	(381)	10,794			
FHLBank of Topeka							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 3	$ 3	$ (2)	$ 1	$ *	$	$
Home equity loan investments—Prime	6	5	(2)	3	*	(1)	(1)
Total HTM OTTI investments	$ 9	$ 8	$ (4)	$ 4	$	$ (1)	$ (1)
Held-to-maturity MBS		8,955	(439)	8,538			
Total held-to-maturity investment securities		9,251	(440)	8,834			

	March 31, 2009 (1)				For the Three Months Ended March 31, 2009		
	Unpaid Principal Balance	Amortized Cost (2)	Gross Unrealized Losses (2)	Fair Value (2)	OTTI Related to Credit Loss	OTTI Related to Noncredit Loss	Total OTTI Losses
FHLBank of San Francisco							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 144	$ 143	$ (57)	$ 87	$	$	$
Private-label RMBS—Alt-A	3,649	3,552	(1,551)	2,009	(88)	(1,068)	(1,156)
Total HTM OTTI investments	$ 3,793	$ 3,695	$ (1,608)	$ 2,096	$ (88)	$(1,068)	$(1,156)
Held-to-maturity MBS		37,932	(8,324)	29,942			
Total held-to-maturity investment securities		48,791	(8,402)	40,723			
FHLBank of Seattle							
Other-than-temporarily-impaired investments							
Private-label RMBS—Alt-A	$ 1,759	$ 1,681	$ (1,102)	$ 579	$ (72)	$ (823)	$ (895)
Total HTM OTTI investments	$ 1,759	$ 1,681	$ (1,102)	$ 579	$ (72)	$ (823)	$ (895)
Held-to-maturity MBS		7,652	(2,488)	5,187			
Total held-to-maturity investment securities		11,874	(2,488)	9,470			
Total							
Other-than-temporarily-impaired investments							
Private-label RMBS—Prime	$ 5,087	$ 4,913	$ (1,826)	$ 3,088	$(159)	$(1,556)	$(1,715)
Private-label RMBS—Alt-A	8,802	8,417	(4,237)	4,188	(318)	(2,930)	(3,248)
Home equity loan investments—Prime	6	5	(2)	3		(1)	(1)
Home equity loan investments—Subprime	564	489	(256)	233	(28)	(156)	(184)
Total HTM OTTI investments	$14,459	$ 13,824	$ (6,321)	$ 7,512	$(505)	$(4,643)	$(5,148)
Held-to-maturity MBS**		152,142	(21,352)	132,862			
Total held-to-maturity investment securities**		174,461	(21,627)	155,026			

* Represents an amount less than $1 million.

** Represents the FHLBanks' combined total.

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

(2) This table does not include gross unrealized gains; therefore, amortized cost net of gross unrealized losses will not necessary equal the fair value.

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

For the Three Months Ended March 31, 2009	Amount
Balance as of January 1, 2009 (1)	$128
Additions:	
Credit losses for which OTTI was not previously recognized	316
Additional OTTI credit losses for which an OTTI charge was previously recognized	189
Reductions:	
Securities sold, matured, paid down or prepaid during the period	
Securities for which the amount previously recognized in AOCI was recognized in earnings because an FHLBank intends to sell the security or more likely than not it will be required to sell the security before the recovery of its amortized cost basis	
Increases in cash flows expected to be collected, recognized over the remaining life of the securities	
Balance as of March 31, 2009	$633

(1) The FHLBanks adopted FSP FAS 115-2 and FAS 124-2 as of January 1, 2009 and recognized the cumulative effect of initially applying this FSP, totaling $1,824 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 FSP FAS 115-2 and FAS 124-2.

The remainder of the FHLBanks' held-to-maturity securities portfolio has experienced 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, the decline is considered temporary as each of the FHLBanks expects to recover the entire amortized cost basis on the remaining held-to-maturity securities in unrealized loss position and neither intends to sell these securities nor is it more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of the remaining amortized cost basis.

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

	March 31, 2009			December 31, 2008	
Year of Maturity	Amortized Cost	Carrying Value	Estimated Fair Value	Amortized Cost*	Estimated Fair Value
Due in one year or less	$ 16,061	$ 16,061	$ 16,063	$ 19,866	$ 19,878
Due after one year through five years	3,311	3,311	3,407	2,052	2,152
Due after five years through ten years	341	341	337	341	337
Due after ten years	2,606	2,606	2,357	2,643	2,471
	22,319	22,319	22,164	24,902	24,838
Mortgage-backed securities	152,142	146,585	132,862	159,622	140,811
Total	$174,461	$168,904	$155,026	$184,524	$165,649

* At December 31, 2008, carrying value equaled amortized cost.

The amortized cost of the FHLBanks' mortgage-backed securities classified as held-to-maturity includes net discounts of $4,508 million and $2,127 million at March 31, 2009 and December 31, 2008.

Gains and Losses. The FHLBanks of New York, Cincinnati and Des Moines each sold securities out of its held-to-maturity securities portfolio during the three months ended March 31, 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. In accordance with SFAS 115, such sales are considered as maturities for the purposes of security classification. These FHLBanks recognized $229 million in proceeds from the sale of held-to-maturity securities during the three months ended March 31, 2009. There was no sale of held-to-maturity securities during the three months ended March 31, 2008.

Under SFAS 115, changes in circumstances may cause an FHLBank to change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future. Thus, the sale or transfer of a held-to-maturity security due to certain changes in circumstances, such as evidence of significant deterioration in the issuer's creditworthiness 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—Advances

Redemption Terms. At March 31, 2009 and December 31, 2008, the FHLBanks had advances outstanding, as summarized below (dollar amounts in millions).

	March 31, 2009		December 31, 2008	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 11		$ 30	
Due in 1 year or less	312,706	2.12%	382,493	2.44%
Due after 1 year through 2 years	136,087	3.42%	150,323	3.67%
Due after 2 years through 3 years	84,533	2.97%	94,086	3.53%
Due after 3 years through 4 years	70,221	3.21%	67,173	3.65%
Due after 4 years through 5 years	43,933	2.91%	58,127	3.13%
Thereafter	141,844	3.63%	144,578	3.78%
Index amortizing advances	3,601	4.59%	3,654	4.62%
Total par value	792,936	2.86%	900,464	3.12%
Commitment fees	(6)		(6)	
Discount on AHP advances	(67)		(68)	
Premiums	77		105	
Discounts	(72)		(42)	
SFAS 133 hedging adjustments	23,455		26,885	
SFAS 159 valuation adjustments	1,084		1,300	
Total	$817,407		$928,638	

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

The FHLBanks offer advances to members that may be prepaid on pertinent dates (call dates) without incurring prepayment or termination fees (callable advances). Other advances may only be prepaid by paying a fee to the FHLBank (prepayment fee) that makes the FHLBank financially indifferent to the prepayment of the advance. At March 31, 2009 and December 31, 2008, the FHLBanks had callable advances of $40,342 million and $46,098 million.

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

Year of Contractual Maturity or Next Call Date	March 31, 2009	December 31, 2008
Overdrawn demand and overnight deposit accounts	$ 11	$ 30
Due in 1 year or less	343,256	414,444
Due after 1 year through 2 years	133,142	148,674
Due after 2 years through 3 years	79,402	89,636
Due after 3 years through 4 years	64,135	62,615
Due after 4 years through 5 years	42,422	53,534
Thereafter	126,967	127,877
Index amortizing advances	3,601	3,654
Total par value	$792,936	$900,464

The FHLBanks also offer putable and convertible advances. With a putable advance, an FHLBank has the right to terminate the advance at predetermined exercise dates, which the FHLBank typically would exercise when interest rates increase, and the borrower may then apply for a new advance at the prevailing market rate. At March 31, 2009 and December 31, 2008, the FHLBanks had putable advances outstanding totaling $93,183 million and $94,621 million.

Convertible advances allow the FHLBanks to convert the fixed-rate advance to a variable-rate advance at the current market rate or another structure after an agreed-upon lockout period. At March 31, 2009 and December 31, 2008, the FHLBanks had convertible advances outstanding totaling $45,312 million and $47,676 million.

The following table summarizes advances at March 31, 2009 and December 31, 2008, 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	March 31, 2009	December 31, 2008
Overdrawn demand and overnight deposit accounts	$ 11	$ 30
Due in 1 year or less	414,370	483,174
Due after 1 year through 2 years	134,511	151,648
Due after 2 years through 3 years	84,558	96,779
Due after 3 years through 4 years	54,875	51,820
Due after 4 years through 5 years	41,008	52,660
Thereafter	60,002	60,699
Index amortizing advances	3,601	3,654
Total par value	$792,936	$900,464

Interest-Rate Payment Terms. The following table details additional interest-rate payment terms for advances at March 31, 2009 and December 31, 2008 (dollar amounts in millions):

Par Amount of Advances	March 31, 2009 Amount	December 31, 2008 Amount
Fixed-rate	$546,088	$609,073
Variable-rate	246,848	291,391
Total	$792,936	$900,464

Note 7—Mortgage Loans Held for Portfolio

Under two programs, the FHLBanks hold single-family mortgage loans that are funded through and primarily serviced by PFIs. These mortgage loans are guaranteed or insured by Federal agencies or are credit-enhanced by PFIs. In addition, the Regulator previously authorized different and much smaller mortgage loan purchase programs not confined to single-family mortgage loans at the FHLBanks of New York and Atlanta. The FHLBanks of New York and Atlanta suspended acquisitions under these programs prior to 2007.

The following table presents information at March 31, 2009 and December 31, 2008 on mortgage loans held by all FHLBanks under all programs (dollar amounts in millions):

	March 31, 2009	December 31, 2008
Real Estate:		
Fixed-rate, medium-term* single-family mortgages	$20,393	$20,913
Fixed-rate, long-term single-family mortgages	64,056	65,846
Multifamily mortgages	27	27
	84,476	86,786
Premiums	506	516
Discounts	(258)	(269)
Deferred loan costs, net	29	32
SFAS 133 hedging adjustments	298	311
Total mortgage loans held for portfolio	$85,051	$87,376

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

The following table details the par value of mortgage loans held for portfolio outstanding at March 31, 2009 and December 31, 2008 (dollar amounts in millions):

	March 31, 2009	December 31, 2008
Conventional loans	$76,373	$78,499
Government-guaranteed or-insured loans	8,099	8,283
Other loans	4	4
Total par value	$84,476	$86,786

The allowances for credit losses on mortgage loans were as follows (dollar amounts in millions):

	March 31, 2009	December 31, 2008
Balance, beginning of period	$15	$ 8
Charge-offs		(1)
Provision for credit losses	4	8
Balance, end of period	$19	$15

Note 8—Derivatives and Hedging Activities

Nature of Business Activity

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

Consistent with Finance Agency regulation, an FHLBank enters into derivatives to manage the interest-rate risk exposures inherent in otherwise unhedged assets and funding positions, to achieve the

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

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

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

Types of Interest-Rate Exchange Agreements

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

— interest-rate swaps;

— swaptions;

— interest-rate cap and floor agreements;

— calls;

— puts; and

— futures and forward contracts.

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

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

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

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

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

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

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

Futures. The FHLBanks use futures contracts in order to hedge interest-rate risk. SFAS 133 permits the benchmark interest rate to be the designated risk in a hedge of interest-rate risk. The benchmark interest rate encompasses both U.S. Treasury rates and LIBOR. In order to hedge benchmark interest-rate risk, the FHLBanks enter into Eurodollar futures contracts that they can demonstrate are highly correlated to LIBOR.

Eurodollar futures contracts are based on three-month Eurodollar interest rates. All futures contracts are standardized, with specific value dates and fixed contract sizes. Eurodollar futures contracts are traded through the Chicago Mercantile Exchange. They provide for daily cash settlements in order to reduce the risk of default by a counterparty.

Foreign Currencies. At times, the FHLBanks have issued some consolidated obligations denominated in currencies other than U.S. dollars. The FHLBanks use forward exchange contracts to hedge currency risk on such consolidated obligations. These contracts exchange different currencies at specified rates on specified dates in the future. These contracts effectively simulate the conversion of consolidated obligations denominated in foreign currencies into ones denominated in U.S. dollars. At March 31, 2009, there were no outstanding consolidated obligations denominated in foreign currencies.

Application of Interest-Rate Exchange Agreements

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

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

— in asset/liability management (i.e., non-SFAS 133 "economic" hedges); or

— by acting as an intermediary.

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

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

Types of Assets and Liabilities Hedged

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

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

For instance, in a typical transaction, fixed-rate consolidated obligations are issued for one or more FHLBanks, and each FHLBank simultaneously enters into a matching derivative in which the counterparty pays fixed cash flows to the FHLBank designed to mirror in timing and amount the cash outflows the FHLBank pays on the consolidated obligation. The FHLBank pays a variable cash flow that closely matches the interest payments it receives on short-term or variable-rate advances (typically one- or three-month the London Interbank Offered Rate (LIBOR)). These transactions are treated as fair-value hedges under SFAS 133. The FHLBanks may issue variable-rate consolidated bonds indexed to LIBOR, the U.S. Prime rate, or federal funds rate and simultaneously execute interest-rate swaps to hedge the basis risk of the variable rate debt.

This strategy of issuing bonds while simultaneously entering into interest rate exchange agreements enables an FHLBank to offer a wider range of attractively priced advances to its members and may allow an FHLBank to reduce its funding costs. The continued attractiveness of such debt depends on yield relationships between the bond and interest rate exchange markets. If conditions in these markets change, an FHLBank may alter the types or terms of the bonds that it issues. By acting in both the capital and the swap markets, the FHLBanks can raise funds at lower costs than through the issuance of simple fixed- or variable-rate consolidated obligations in the capital markets alone.

Advances—The FHLBanks offer a wide array of advance structures to meet members' funding needs. These advances may have maturities up to 30 years with variable or fixed rates and may include early termination features or options. An FHLBank may use derivatives to adjust the repricing and/or options characteristics of advances in order to match more closely the characteristics of that FHLBank's funding liabilities. In general, whenever a member executes a fixed-rate advance or a variable-rate advance with embedded options, the FHLBank will simultaneously execute a derivative with terms that offset the terms and embedded options, if any, in the advance. For example, the FHLBank may hedge a fixed-rate advance with an interest-rate swap where the FHLBank pays a fixed-rate coupon and receives a variable-rate coupon, effectively converting the fixed-rate advance to a variable-rate advance. This type of hedge is treated as a fair-value hedge under SFAS 133.

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

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

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

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

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

Firm Commitment Strategies—In accordance with SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (SFAS 149), certain mortgage purchase commitments are considered derivatives. The FHLBanks normally hedge these commitments by selling to be announced (TBA) mortgage-backed securities or other derivatives for forward settlement. A TBA represents a forward contract for the sale of mortgage-backed securities at a future agreed upon date for an established price. The mortgage purchase commitment and the TBA used in the firm commitment hedging strategy (economic hedge) are recorded as a derivative asset or derivative liability at fair value, with changes in fair value recognized in current-period earnings. When the mortgage purchase commitment derivative settles, the current market value of the commitment is included with the basis of the mortgage loan and amortized accordingly.

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

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

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

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

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

Variable Cash Streams—Certain FHLBanks use derivatives to hedge the variability of cash flows over a specified period of time as a result of the issuances and maturities of short-term, fixed-rate instruments such as discount notes. The maturity dates of the cash flow streams are matched to the maturity dates of the derivatives. The change in the fair value of the derivatives is recorded in AOCI. If the derivatives are terminated prior to their maturity dates, the amount in AOCI is recognized over the remaining lives of the specified cash streams as unrealized gains or losses on hedging activities.

Intermediation—To meet the asset/liability management needs of their members, the FHLBanks may enter into interest-rate exchange agreements with their members and offsetting interest-rate exchange agreements with other counterparties. Under these agreements, the FHLBank acts as an intermediary between members and other counterparties. This intermediation grants smaller members indirect access to the derivatives market. The derivatives used in intermediary activities do not receive SFAS 133 hedge accounting treatment and are separately marked-to-market through earnings. The net result of the accounting for these derivatives does not significantly affect the operating results of the FHLBanks.

Managing Credit Risk on Derivatives

The FHLBanks are subject to credit risk due to nonperformance by counterparties to the derivative agreements. The degree of counterparty risk depends on the extent to which master netting arrangements are included in such contracts to mitigate the risk. The FHLBanks manage counterparty credit risk through credit analysis, collateral requirements and adherence to the requirements set forth in FHLBank policies and regulations. Based on credit analyses and collateral requirements, the management of each FHLBank does not anticipate any credit losses on its derivative agreements. (See "Note 12—Estimated Fair Values" for discussion regarding the FHLBanks' estimated fair value methodology for derivative assets/liabilities, including an evaluation of the potential for the fair value of these instruments to be affected by counterparty credit risk.)

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

At March 31, 2009 and December 31, 2008, the FHLBanks' maximum credit risk, as defined above, was approximately $3,523 million and $3,670 million. These totals include $1,093 million and $902 million of net accrued interest receivable. In determining maximum credit risk, the FHLBanks consider accrued interest receivables and payables, and the legal right to offset derivative assets and liabilities by counterparty. The FHLBanks held securities and cash with a fair value of $3,592 million and $3,429 million as collateral at March 31, 2009 and December 31, 2008. Additionally, collateral related to derivatives with member institutions includes collateral assigned to an FHLBank, as evidenced by a written security agreement and held by the member institution for the benefit of the FHLBank.

Certain of the FHLBanks' derivative instruments contain provisions that require an FHLBank to post additional collateral with its counterparties if there is deterioration in that FHLBank's credit rating. If an FHLBank's credit rating is lowered by a major credit rating agency, that FHLBank would be required to deliver additional collateral on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position (before cash collateral and related accrued interest) at March 31, 2009 was $14,133 million for which the FHLBanks have posted collateral of $10,444 million in the normal course of business. If each of the FHLBanks' credit ratings had been lowered from its current rating to the next lower rating that would have triggered additional collateral to be delivered, the FHLBanks would have been required to deliver up to an additional $3,379 million of collateral (at fair value) to their derivatives counterparties at March 31, 2009. While none of the FHLBanks' senior credit ratings have changed during the previous 12 months, on May 15, 2009, Moody's lowered the FHLBank of Chicago's subordinated debt rating from Aa2 with negative outlook to A2 with a stable outlook.

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

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

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

Total notional principal of derivatives for the FHLBanks' intermediary positions was $4,088 million and $4,146 million at March 31, 2009 and December 31, 2008.

Financial Statement Effect and Additional Financial Information

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

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

The following table summarizes fair value of derivative instruments without effect of netting arrangements or collateral as of March 31, 2009 (dollar amounts in millions). For purposes of this disclosure, the derivative values include fair value of derivatives and related accrued interest.

	March 31, 2009		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments under SFAS 133:			
Interest rate swaps	$ 696,520	$ 11,020	$ 25,728
Interest rate swaptions	3,605	114	
Interest rate caps or floors	2,921	305	
Interest rate futures/forwards	859		
Total derivatives in SFAS 133 hedging relationships	703,905	11,439	25,728
Derivatives Not Designated as Hedging Instruments under SFAS 133:			
Interest rate swaps	315,707	1,541	2,829
Interest rate swaptions	15,852	249	
Interest rate caps or floors	21,829	164	51
Interest rate futures/forwards	2,806	2	5
Mortgage delivery commitments	994	4	1
Other	487	2	3
Total derivatives not designated as hedging instruments under SFAS 133	357,675	1,962	2,889
Total derivatives before netting and collateral adjustments	$1,061,580	13,401	28,617
Netting adjustments		(9,900)	(9,937)
Cash collateral and related accrued interest		(2,733)	(10,766)
Total netting adjustments and cash collateral(1)		(12,633)	(20,703)
Derivative assets and derivative liabilities as reported on the statement of condition		$ 768	$ 7,914

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

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

	Three Months Ended March 31, 2009
	Net Gains/(Losses)
Derivatives and Hedged Items in SFAS 133 Fair Value Hedging Relationships:	
Interest rate swaps	$ 195
Other(1)	(14)
Total net gain related to fair value hedge ineffectiveness	181
Total Net Gain Related to Cash Flow Hedge Ineffectiveness	2
Derivatives Not Designated as Hedging Instruments under SFAS 133:	
Economic hedges	
Interest rate swaps	488
Interest rate swaptions	(311)
Interest rate caps/floors	4
Interest rate futures/forwards	(2)
Net interest settlements	(154)
Mortgage delivery commitments	(1)
Other	(7)
Total net gain related to derivatives not designated as hedging instruments under SFAS 133	17
Net gains on derivatives and hedging activities	$ 200

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

The following table presents, by type of hedged item, the gains (losses) on derivatives and the related hedged items in fair value hedging relationships and the effect of those derivatives on the Bank's net interest income for the quarter ended March 31, 2009 (dollar amounts in millions).

	For the Three Months Ended March 31, 2009			
Hedged Item Type:	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	$ 3,059	$(3,072)	$ (13)	$(2,060)
Consolidated bonds	(1,555)	1,767	212	1,546
Consolidated discount notes	(34)	34		14
Available-for-sale securities	87	(90)	(3)	(22)
Mortgage loans held for portfolio	1	(16)	(15)	(18)
Total	$ 1,558	$(1,377)	$181	$ (540)

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

Effect of Cash Flow Hedge Related Derivative Instruments for the Three Months Ended March 31, 2009
(Dollar amounts in millions)

Derivatives and Hedged Items in SFAS 133 Cash Flow Hedging Relationships:	Three Months Ended March 31, 2009 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 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	(120)	Interest expense	(1)	2
Interest rate caps or floors				
Advances	33	Interest income	(3)	
Consolidated discount notes		Interest expense	(5)	
Total	$ (87)		$(13)	$2

There was no reclassification from other comprehensive income 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 March 31, 2009, the deferred net gains (losses) on derivative instruments in AOCI that are expected to be reclassified to earnings during the next twelve months are not material. The maximum length of time over which the FHLBanks are hedging their exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is generally no more than three months. For the FHLBank of Chicago, the maximum length of time over which forecasted transactions are hedged is 10 years.

Note 9—Deposits

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

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

	March 31, 2009	December 31, 2008
Interest-bearing:		
Demand and overnight	$17,014	$13,260
Term	1,332	1,885
Other	36	38
Total interest-bearing	18,382	15,183
Non-interest-bearing:		
Demand and overnight	127	129
Other	482	184
Total non-interest-bearing	609	313
Total deposits	$18,991	$15,496

The aggregate amount of time deposits with a denomination of $100 thousand or more was $1,328 million and $1,883 million as of March 31, 2009 and December 31, 2008.

Note 10—Consolidated Obligations

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

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

During the third quarter of 2008, each FHLBank entered into a Lending Agreement with the U.S. Treasury in connection with the U.S. Treasury's establishment of the Government Sponsored Enterprise Credit Facility (GSECF), as authorized by the Housing Act. The GSECF is designed to serve as a contingent source of liquidity for the housing government-sponsored enterprises, including each of the 12 FHLBanks. Any borrowings by one or more of the FHLBanks under the GSECF are considered consolidated obligations with the same joint and several liability as all other consolidated obligations. The terms of any borrowings are agreed to at the time of issuance. Loans under the Lending Agreement are to be secured by collateral acceptable to the U.S. Treasury, which consists of FHLBank advances to members that have been collateralized in accordance with regulatory standards and mortgage-backed securities issued by Fannie Mae or Freddie Mac. Each FHLBank is required to submit to the Federal Reserve Bank of New York, acting as fiscal agent of the U.S. Treasury, a list of eligible collateral updated on a weekly basis. As of March 31, 2009 the FHLBanks had provided the U.S. Treasury with listings of advance and MBS collateral amounting to $236.9 billion. The amount of collateral can be increased or decreased (subject to the approval of the U.S. Treasury) at any time through the delivery of an updated listing of collateral. As of March 31, 2009, no FHLBank has drawn on this available source of liquidity.

Redemption Terms. The following is a summary of the FHLBanks' consolidated bonds outstanding, excluding interbank holding of $447 million and $577 million, at March 31, 2009 and December 31, 2008, by year of contractual maturity (dollar amounts in millions):

	March 31, 2009		December 31, 2008	
Year of Contractual Maturity	Amount	Weighted - Average Interest Rate	Amount	Weighted - Average Interest Rate
Due in 1 year or less	$380,189	1.98%	$406,355	2.62%
Due after 1 year through 2 years	113,256	3.15%	129,788	3.39%
Due after 2 years through 3 years	56,886	4.10%	68,554	4.16%
Due after 3 years through 4 years	40,713	4.30%	36,138	4.73%
Due after 4 years through 5 years	43,673	4.18%	56,818	4.24%
Thereafter	85,025	5.07%	104,405	5.18%
Index amortizing notes	7,454	5.02%	7,756	5.02%
Total par value	727,196	2.98%	809,814	3.43%
Premiums	845		719	
Discounts	(2,011)		(3,216)	
SFAS 133 hedging adjustments	8,965		10,989	
SFAS 159 valuation adjustments	40		66	
Total	$735,035		$818,372	

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

Par Amount of Consolidated Bonds	March 31, 2009	December 31, 2008
Noncallable/nonputable	$622,486	$643,882
Callable	104,710	165,932
Total par value	$727,196	$809,814

The following table summarizes consolidated bonds outstanding at March 31, 2009 and December 31, 2008 by year of contractual maturity or next call date (dollar amounts in millions):

Year of Contractual Maturity or Next Call Date	March 31, 2009	December 31, 2008
Due in 1 year or less	$451,920	$511,099
Due after 1 year through 2 years	117,525	134,664
Due after 2 years through 3 years	44,718	52,644
Due after 3 years through 4 years	25,856	19,723
Due after 4 years through 5 years	29,626	33,591
Thereafter	50,097	50,337
Index amortizing notes	7,454	7,756
Total par value	$727,196	$809,814

Note 11—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 March 31, 2009, all of the FHLBanks, except for the FHLBank of Chicago, had implemented their respective capital plans. Each conversion was considered a capital transaction and was accounted for at par value. Each FHLBank that has converted to a new capital structure is subject to three capital requirements under its capital plan and the Finance Agency rules and regulations: (1) risk-based capital, (2) total capital and (3) leverage capital. First, under the risk-based capital requirement, each FHLBank must maintain at all times permanent capital, defined as Class B stock and retained earnings, in an amount at least equal to the sum of its credit risk, market risk, and operations risk capital requirements, all of which are calculated in accordance with the rules and regulations of the Finance Agency. The Finance Agency may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirements as defined. Second, an FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total regulatory capital is the sum of permanent capital, Class A stock, any general loss allowance, if consistent with GAAP and not established for specific assets, and other amounts from sources determined by the Finance Agency as available to absorb losses. Third, each FHLBank is required to maintain at all times a leverage capital-to-assets ratio of at least five percent. Leverage capital is defined as the sum of (i) permanent capital weighted 1.5 times and (ii) all other capital without a weighting factor. Mandatorily redeemable capital stock is considered capital for determining an FHLBank's compliance with its regulatory requirements. If the FHLBank of Chicago is not in compliance with the capital requirements at the effective date of its capital conversion, it must come into compliance within a transition period of up to three years. During that period, the existing leverage limit established by Finance Agency regulations will continue to apply. For the 11 FHLBanks that have implemented their respective capital plans, each FHLBank was in compliance with these capital requirements at the effective date of its capital conversion.

At March 31, 2009, all of the FHLBanks that have implemented their respective capital plans, except for the FHLBank of Seattle, were in compliance with their risk-based capital rules as follows (dollar amounts in millions):

Regulatory Capital Requirements

		At March 31, 2009				
FHLBank*	Minimum Regulatory Capital Ratio Requirement	Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital (1)	Permanent Capital (2)	Required Risk-Based Capital
Boston	4.0%	$ 3,055	5.2%	$ 3,941	$ 3,941	$ 2,662
New York	4.0%	5,134	4.7%	6,044	6,042	595
Pittsburgh	4.0%	3,332	5.3%	4,410	4,410	4,054
Atlanta	4.0%	7,578	4.6%	8,702	8,702	5,999
Cincinnati	4.0%	3,669	4.9%	4,462	4,462	600
Indianapolis	4.0%	2,240	4.9%	2,721	2,721	1,098
Des Moines	4.0%	3,037	4.3%	3,250	3,250	1,623
Dallas	4.0%	2,747	4.7%	3,233	3,233	489
Topeka	4.0%	2,077	4.2%	2,176	1,568	1,293
San Francisco	4.0%	10,811	5.3%	14,252	14,252	11,004
Seattle(3)	4.0%	2,278	5.2%	2,987	2,829	3,295

FHLBank*	Minimum Leverage Ratio Requirement	At March 31, 2009 Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$ 3,819	7.7%	$ 5,912
New York	5.0%	6,418	7.1%	9,065
Pittsburgh	5.0%	4,165	7.9%	6,615
Atlanta	5.0%	9,472	6.9%	13,053
Cincinnati	5.0%	4,586	7.3%	6,693
Indianapolis	5.0%	2,800	7.3%	4,082
Des Moines	5.0%	3,797	6.4%	4,875
Dallas	5.0%	3,433	7.1%	4,849
Topeka	5.0%	2,596	5.7%	2,960
San Francisco	5.0%	13,514	7.9%	21,378
Seattle	5.0%	2,847	7.7%	4,401

* Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of March 31, 2009. See this note for a description of this FHLBank's regulatory capital requirements.

(1) Total regulatory capital is defined as the sum of permanent capital, the amounts paid for Class A capital stock, any general allowance for losses and any other amount from sources available to absorb losses that the Finance Agency has determined by regulation to be appropriate to include in determining total capital. Total regulatory capital also includes mandatorily redeemable capital stock. Total capital does not include AOCI.

(2) Permanent capital is defined as retained earnings and regulatory capital Class B stock. The mandatorily redeemable capital stock is considered capital for regulatory purposes. Permanent capital does not include AOCI.

(3) At March 31, 2009, due to increases in the market-risk and credit-risk components of the FHLBank of Seattle's risk-based capital, the FHLBank of Seattle was out of compliance with its risk-based capital requirement. Under Finance Agency regulations, an FHLBank that fails to meet any regulatory capital requirement may not declare a dividend or redeem or repurchase capital stock.

On May 27, 2009, the FHLBank of Seattle received preliminary notification that based on its reported risk-based capital deficiency as of March 31, 2009, it is "undercapitalized." Under the interim final rule, the FHLBank of Seattle has 30 calendar days (response period) to submit information for consideration and will receive its final capital classification after the expiration of the response period or after review of any additional information submitted. The FHLBank of Seattle plans to submit information to the Finance Agency for consideration during the response period. Restrictions applicable to FHLBanks whose final capital classification is "undercapitalized" include, among other things, submission to the Finance Agency of a capital restoration plan, as well as restrictions on dividends and redemptions and repurchases of capital stock. The FHLBank of Seattle previously suspended dividend payments, stock redemptions, and stock repurchases.

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.

Until the FHLBank of Chicago implements its new capital plan, the pre-GLB Act capital rules remain in effect. In particular, the pre-GLB Act rules require members to purchase capital stock equal to the greater of $500, 1 percent of its mortgage-related assets or 5 percent of its outstanding FHLBank advances. After entering into the Consent Cease and Desist Order (C&D Order) with the Finance Board on October 10, 2007, the FHLBank of Chicago's capital stock repurchases or redemptions, including redemptions upon membership withdrawal or other termination, except for certain redemptions of excess stock above a member's capital stock floor, require prior approval of the Deputy Director, Division of FHLBank Regulation of the Finance Agency (Deputy Director). On July 24, 2008, the Finance Board amended the C&D Order to allow the FHLBank of Chicago to redeem a member's capital stock that becomes excess capital stock above a member's capital stock floor (the amount of capital stock a member held as of the close of business on July 23, 2008) in connection with the repayment of advances, subject to certain conditions as further described in "Note 17—Capital—FHLBank of Chicago Regulatory Actions" in the Federal Home Loan Banks' 2008 Combined Financial Report. During the first quarter of 2009, the FHLBank of Chicago redeemed $85 million in excess capital stock above the member's capital stock floor. As of April 30, 2009, the Deputy Director has denied the FHLBank of Chicago's requests to redeem capital stock totaling $19 million in connection with 12 membership withdrawals or other membership terminations. The FHLBank of Chicago does not believe the denial of stock redemption requests affects the FHLBank of Chicago's reclassification of mandatorily redeemable capital stock as a liability; rather, this denial delays the timing of an eventual mandatory redemption.

As of March 31, 2009, the FHLBank of Chicago was in compliance with all of its minimum regulatory capital requirements. The following table summarizes the FHLBank of Chicago's regulatory capital requirements at March 31, 2009 as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital (1)			
Requirement in Effect		Actual	
Ratio (2)	Amount	Ratio	Amount
4.50%	$3,769	5.37%	$4,498

(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 (Designated Amount) of subordinated notes in determining compliance with its regulatory capital ratio.

(2) The regulatory capital ratio required by Finance Agency regulations for the FHLBank of Chicago, which has not implemented a capital plan under the GLB Act, is 4.0 percent provided that its non-mortgage assets (defined as total assets less advances, acquired member assets, standby letters of credit, intermediary derivative contracts, certain MBS, and other investments specified by Finance Agency regulation) after deducting its amount of deposits and capital are not greater than 11 percent of the FHLBank of Chicago's total assets. If the non-mortgage asset ratio is greater than 11 percent of its total assets, the Finance Agency regulations require a regulatory capital ratio of 4.76 percent. The C&D Order includes an additional minimum regulatory capital ratio of 4.5 percent, which supersedes the 4.0 percent regulatory requirement discussed above. The FHLBank of Chicago's non-mortgage assets on an average monthly basis was below 11 percent at March 31, 2009; thus, it was subject to the 4.5 percent ratio at that date.

Under the C&D Order, the FHLBank of Chicago is also required to maintain an aggregate amount of regulatory capital stock plus a percentage of the outstanding principal amount of the subordinated notes (Designated Amount) of at least $3.600 billion. At March 31, 2009, the FHLBank of Chicago had an aggregate amount of $3.764 billion of regulatory capital stock plus the Designated Amount of subordinated notes.

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

At March 31, 2009 and December 31, 2008, the 10 largest holders of capital stock held $15.3 billion and $15.9 billion of the aggregate capital stock of the FHLBanks. At March 31, 2009 and December 31, 2008, the largest capital stock holder, Citibank, N.A. held $3.9 billion of the FHLBanks' capital stock.

Mandatorily Redeemable Capital Stock. In accordance with SFAS 150, the FHLBanks reclassify capital stock subject to redemption from equity to liability once a member exercises a written redemption right, gives notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, charter termination, or involuntary termination from membership. Shares of capital stock meeting these definitions are reclassified to a liability at fair value. Dividends related to capital stock classified as a liability are accrued at the expected dividend rate and reported as interest expense in the Combined Statement of Income. The repayment of these mandatorily redeemable financial instruments is reflected as a financing cash outflow in the Combined Statement of Cash Flows.

Each FHLBank is a cooperative whose member financial institutions and former members own all of the relevant FHLBank's capital stock. Member shares cannot be purchased or sold except between an FHLBank and its members at its $100 per share par value. If a member cancels its written notice of redemption or notice of withdrawal, the FHLBank will reclassify mandatorily redeemable capital stock from a liability to equity in accordance with SFAS 150. After the reclassification, dividends on the capital stock would no longer be classified as interest expense. For the three months ended March 31, 2009 and 2008, dividends on mandatorily redeemable capital stock in the amount of $8 million and $13 million were recorded as interest expense.

At March 31, 2009 and December 31, 2008, the FHLBanks had $7.4 billion and $6.1 billion in capital stock subject to mandatory redemption with payment subject to each FHLBank's waiting period and the FHLBank continuing to meet its minimum regulatory capital requirements. These amounts have been classified as a liability in the Combined Statement of Condition in accordance with SFAS 150.

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 March 31, 2009, each of the FHLBanks of Boston, Pittsburgh, Cincinnati, Indianapolis, Chicago, San Francisco and Seattle had excess capital stock outstanding totaling more than one percent of its total assets.

Note 12—Estimated Fair Values

The FHLBanks adopted SFAS 157 and SFAS 159 on January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. SFAS 157 applies whenever other accounting pronouncements require or permit assets or liabilities to be measured at fair value. Accordingly, SFAS 157 does not expand the use of fair value in any new circumstances. SFAS 159 provides entities with an option to report selected financial assets and financial liabilities at fair value. The FHLBanks do not necessarily use the same dealer prices, models and assumptions in determining the fair values of their respective assets, liabilities and derivatives.

The FHLBanks record trading securities, available-for-sale securities, derivative assets, and derivative liabilities as well as certain advances and certain consolidated bonds at fair value. Fair value is a market-based measurement and is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. In general, the transaction price will equal the exit price and, therefore, represents the fair value of the asset or liability at initial recognition. In determining whether a transaction price represents the fair value of the asset or liability at initial recognition, each reporting entity is required to consider factors specific to the asset or liability, the principal or most advantageous market for the asset or liability, and market participants with whom the entity would transact in that market.

Fair Value Option. SFAS 159 provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. It requires entities to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the statement of condition. Under SFAS 159, fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes in fair value recognized in net income. The FHLBanks adopted SFAS 159 on January 1, 2008. The FHLBank of San Francisco was the only

FHLBank that elected the fair value option for certain financial assets and financial liabilities at the time of adoption. Upon adoption of SFAS 159, the FHLBank of San Francisco elected certain advances and consolidated bonds that are economically hedged to transition to the fair value option. During the third quarter of 2008, the FHLBanks of New York and Chicago elected the fair value option for certain newly acquired financial assets and financial liabilities. During the first quarter of 2009, the FHLBank of Des Moines also elected the fair value option for certain newly acquired financial liabilities.

The FHLBanks of New York, Chicago, Des Moines and San Francisco have elected the fair value option in accordance with SFAS 159 for certain additional categories for new transactions entered into after their respective election date, including, but not limited to, adjustable rate credit advances, fixed-rate short-term consolidated bonds and adjustable rate consolidated bonds indexed to Federal funds, Treasury Bill, CMT, Constant Maturity Swap, 12-month Moving Treasury Average of a one-year CMT and Prime Rate. Each of the FHLBanks of New York, Chicago, Des Moines and San Francisco has elected some or all of these items for the fair value option in accordance with SFAS 159 to allow it to fair value the financial asset or financial liability to assist in mitigating potential income statement volatility that can arise from economic hedging relationships. This risk associated with using fair value only for the derivative is the FHLBanks of New York, Chicago, Des Moines and San Francisco's primary driver for electing the fair value option for financial assets and financial liabilities that do not qualify for hedge accounting under the provisions of SFAS 133 or for items that have not previously met or may be at risk for not meeting the SFAS 133 hedge effectiveness requirements.

Fair Value Hierarchy. SFAS 157 established a fair value hierarchy to prioritize the inputs of valuation techniques used to measure fair value. The inputs are evaluated and an overall level for the fair value measurement is determined. This overall level is an indication of market observability of the fair value measurement for the asset or liability. SFAS 157 clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability at the measurement date (an exit price). In order to determine the fair value or the exit price, entities must determine the unit of account, highest and best use, principal market, and market participants. These determinations allow the reporting entity to define the inputs for fair value and level of hierarchy.

Outlined below is the application of the fair value hierarchy established by SFAS 157 to the FHLBanks' financial assets and financial liabilities that are carried at fair value.

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

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

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

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

Fair Value on a Recurring Basis. The following table presents, for each SFAS 157 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 March 31, 2009				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral (1)
Assets					
Trading securities:					
U.S. Treasury Obligation	$ 435	$	$ 435	$	$
Commercial paper	2,283		2,283		
Certificates of deposit	3,201		3,201		
Non MBS government-sponsored enterprises debt	6,826		6,826		
State or local housing agency obligations	14		14		
Other non-MBS	5,370	8	5,362		
Other U.S. obligations residential mortgage-backed securities	60		60		
Government-sponsored enterprises residential mortgage-backed securities	727		727		
Government-sponsored enterprises commercial mortgage-backed securities	15		15		
Available-for-sale securities:					
Certificates of deposit	5,279		5,279		
Other U.S. obligations	214		214		
Non MBS government-sponsored enterprises debt	2,559		2,559		
Other non-MBS	420		420		
Government-sponsored enterprises residential mortgage-backed securities	8,123		8,123		
Government-sponsored enterprises commercial mortgage-backed securities	314		314		
Private-label residential mortgage-backed securities	1,704			1,704	
Private-label commercial mortgage-backed securities	2		2		
Home equity loans	6			6	
Advances (2)	37,935		37,935		
Derivative assets	768	2	13,360	39	(12,633)
Other assets	16	16			
Total assets at fair value	$ 76,271	$26	$ 87,129	$1,749	$(12,633)
Liabilities					
Consolidated bonds (3)	$(39,763)	$	$(39,678)	$ (85)	$
Derivative liabilities	(7,914)	(1)	(28,616)		20,703
Total liabilities at fair value	$(47,677)	$ (1)	$(68,294)	$ (85)	$ 20,703

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

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

(2) Includes $35,676 million and $38,774 million of advances recorded under the fair value option in accordance with SFAS 159 and $2,259 million and $3,026 million of advances recorded at fair value in accordance with SFAS 133 at March 31, 2009 and December 31, 2008.

(3) Includes $38,185 million and $31,285 million of consolidated bonds recorded under the fair value option in accordance with SFAS 159 and $1,578 million and $2,049 million of consolidated bonds recorded at fair value in accordance with SFAS 133 at March 31, 2009 and December 31, 2008.

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

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities			
	Private-Label Residential Mortgage-Backed Securities	Home Equity Loans	Derivative Assets	Consolidated Bonds
Balance at December 31, 2008	$ 117	$ 6	$46	$(91)
Total gains or losses (realized/unrealized):				
Included in net (losses) gains on changes in fair value			(7)	6
Included in AOCI	(16)	1		
Purchases, issuances and settlements	(1)	(1)		
Transfers from held-to-maturity to available-for-sale securities (1)	1,604	—	—	—
Balance at March 31, 2009	$1,704	$ 6	$39	$(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 March 31, 2009	$ —	$ —	$ (7)	$ 6

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Available-for-Sale Securities	Derivative Assets	Consolidated Bonds
Balance at December 31, 2007	$247	$20	$(69)
Effect of SFAS 157 and SFAS 159 adoption	—	—	—
Balance at January 1, 2008	247	20	(69)
Total gains or losses (realized/unrealized):			
Included in net gains (losses) on changes in fair value		6	(6)
Included in other comprehensive income	(75)		
Purchases, issuances and settlements			
Transfers out of Level 3	(20)	—	—
Balance at March 31, 2008	$152	$26	$(75)
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets and liabilities still held at March 31, 2008	$ —	$ 6	$ (6)

(1) At March 31, 2009, the FHLBank of Atlanta transferred certain private-label MBS from its held-to-maturity portfolio to an available-for-sale portfolio. These securities represented private-label MBS in the FHLBank of Atlanta's held-to-maturity portfolio for which the FHLBank of Atlanta recorded an other-than-temporary impairment loss of $88.9 million prior to the transfer. As of March 31, 2009, the fair value of these securities continued to be determined using significant unobservable inputs (Level 3).

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

	Interest Income/ (Interest Expense)	Net (Losses) Gains on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Value Included in Current Period Earnings
Three months ended March 31, 2009:			
Advances	$319	$(192)	$127
Consolidated bonds	(47)	14	$ (33)
Total		$(178)	

	Interest Income/ (Interest Expense)	Net Gains on Changes in Fair Value Under Fair Value Option	Total Changes in Fair Values Included in Current Period Earnings
Three months ended March 31, 2008:			
Advances	$190	$239	$429
Consolidated bonds	(68)	35	(33)
Total		$274	

For items recorded under the fair value option, the related contractual interest income and contractual interest expense is recorded as part of net interest income on the Combined Statement of Income. The remaining changes in fair value for instruments in which the fair value option has been elected is recorded as "Net (losses) gains on advances and consolidated bonds held at fair value" in the Combined Statement of Income. The change in fair value, as shown in the table above, does not include changes in instrument-specific credit risk. The FHLBanks of New York, Chicago, Des Moines and San Francisco, the FHLBanks that have elected to record certain financial assets and financial liabilities at fair value in accordance with SFAS 159 as of March 31, 2009, determined that no adjustments to the fair values of instruments recorded under the fair value option for instrument-specific credit risk were necessary.

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

	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over Aggregate Unpaid Principal Balance
At March 31, 2009:			
Advances (1)	$34,592	$35,676	$1,084
Consolidated bonds	38,145	38,185	40

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

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

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

In accordance with the provisions of SFAS 115, as amended by FSP No. 115-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* (FSP 115-1), the following FHLBanks recognized OTTI charges during the three months ended March 31, 2009, which were included in other non-interest income (dollar amounts in millions).

	During Three Months Ended March 31, 2009		
	Carrying Value Prior to Write-down *	Fair Value at Write-down	Credit loss
Boston	$ 1,802	$ 907	$127
New York	37	22	5
Pittsburgh (1)	778	468	16
Atlanta (2)			
Indianapolis	322	175	18
Chicago	2,330	1,360	75
Dallas	40	14	**
Topeka	2	1	**
San Francisco	3,244	2,096	88
Seattle	1,474	579	72
	$10,029	$5,622	$401

* May not include certain adjustment related to previously impaired investment securities.

** Represents an amount less than $1 million.

(1) In addition to the credit loss reported above, the FHLBank of Pittsburgh recognized an additional $15 million OTTI charge during the three months ended March 31, 2009 as a result of an increase in credit losses on certain of its private-label residential MBS. These securities were not adjusted to fair value because their carrying value is less than fair value. As of March 31, 2009, these securities had a carrying value of $273 million and a fair value of $285 million, which represented an unrecognized holding gain of $12 million.

(2) At March 31, 2009, the FHLBank of Atlanta transferred certain private-label MBS from its held-to-maturity portfolio to an available-for-sale portfolio. These securities represented private-label MBS in the FHLBank of Atlanta's held-to-maturity portfolio for which the FHLBank of Atlanta recorded an OTTI loss of $89 million prior to the transfer. The carrying value of these securities prior to write-down was $2,297 million and the fair value of these securities after write-down was $1,604 million.

The following table presents these investment securities and mortgage loans by level within the SFAS 157 valuation hierarchy at March 31, 2009, for which a nonrecurring change in fair value has been recorded in the three months ended March 31, 2009 (dollar amounts in millions):

	Fair Value Measurements at March 31, 2009 Using				For the Three Months Ended March 31, 2009
	Total	Level 1	Level 2	Level 3	Credit Loss
Held-to-maturity securities					
Private-label residential mortgage-backed securities	$5,410	$	$	$5,410	$(378)
Home equity loan investments	212		1	211	(23)
Total	5,622		1	5,621	(401)
Mortgage loans held for portfolio	22			22	*
Real estate owned	40			40	(1)
Total non-recurring assets at fair value	$5,684	$	$ 1	$5,683	$(402)

* The effect of impaired mortgage loans held for portfolio was less than $1 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adjustments may be necessary to reflect the FHLBanks' credit quality when valuing consolidated bonds measured at fair value. Due to the joint and several liability of consolidated obligations, each

FHLBank monitors its own creditworthiness and the creditworthiness of the other FHLBanks to determine whether any credit adjustments are necessary in its fair value measurement of consolidated bonds. The credit ratings of the FHLBanks and any changes to these credit ratings are the basis for the FHLBanks to determine whether the fair values of consolidated bonds have been significantly affected during the reporting period by changes in the instrument-specific credit risk. For applicable FHLBanks, either no adjustment or an immaterial adjustment was made during the period ended March 31, 2009 and December 31, 2008, as deemed appropriate by each FHLBank.

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

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

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

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

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

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

Financial Instruments	March 31, 2009 Carrying Value	March 31, 2009 Estimated Fair Value
Assets:		
Cash and due from banks	$ 3,295	$ 3,295
Interest-bearing deposits	42,317	42,318
Securities purchased under agreements to resell	8,980	8,980
Federal funds sold	63,402	63,403
Trading securities	18,931	18,931
Available-for-sale securities	18,621	18,621
Held-to-maturity securities	168,904	155,026
Advances	817,407	816,267
Mortgage loans held for portfolio, net	85,032	87,541
Accrued interest receivable	3,232	3,232
Derivative assets	768	768
Other assets	16	16
Liabilities:		
Deposits	(18,991)	(18,991)
Securities sold under repurchase agreements	(1,200)	(1,235)
Consolidated obligations:		
Discount notes	(407,027)	(407,604)
Bonds	(735,035)	(742,377)
Mandatorily redeemable capital stock	(7,371)	(7,371)
Accrued interest payable	(5,434)	(5,434)
Derivative liabilities	(7,914)	(7,914)
Subordinated notes	(1,000)	(1,012)

Financial Instruments	December 31, 2008	
	Carrying Value	Estimated Fair Value
Assets:		
Cash and due from banks	$ 20,820	$ 20,820
Interest-bearing deposits	47,486	47,486
Securities purchased under agreements to resell	6,895	6,897
Federal funds sold	40,299	40,299
Trading securities	12,150	12,150
Available-for-sale securities	14,559	14,559
Held-to-maturity securities	184,524	165,649
Advances	928,638	928,988
Mortgage loans held for portfolio, net	87,361	89,183
Accrued interest receivable	4,261	4,261
Derivative assets	902	902
Other assets	16	16
Liabilities:		
Deposits	(15,496)	(15,498)
Securities sold under repurchase agreements	(1,200)	(1,243)
Consolidated obligations:		
Discount notes	(439,895)	(440,888)
Bonds	(818,372)	(827,373)
Mandatorily redeemable capital stock	(6,136)	(6,136)
Accrued interest payable	(6,331)	(6,331)
Derivative liabilities	(7,732)	(7,732)
Subordinated notes	(1,000)	(1,083)

Note 13—Subsequent Events

FHLBank of Des Moines. On April 8, 2009, FHLBank of Des Moines transferred approximately $2.4 billion of MPF loans with a fair value of $2.5 billion from its held for investment portfolio to its held for sale portfolio. As part of its risk management strategies, FHLBank of Des Moines's management identified specific loans for which its intent has changed as it is now considering the sale of these loans. Loans transferred to the held for sale portfolio are recorded at the lower of cost basis or fair value. This measurement is performed at the date of transfer and each subsequent reporting period prior to sale. On April 8, 2009 and April 30, 2009, all loans transferred to the held for sale portfolio were in a gain position. Therefore, no provision to the allowance was recorded on the transfer date and no loss was recorded in other income as of April 30, 2009. Loan fair values were based on the FHLBank of Des Moines's internal models in accordance with SFAS 157. On June 24, 2009, the FHLBank of Des Moines completed the sale of these MPF loans held for sale.

FHLBank of Seattle. Between March 31, 2009 and May 8, 2009, three of the FHLBank of Seattle's triple-A rated, private-label mortgage-backed securities were downgraded by one or more Nationally Recognized Statistical Rating Organizations (NRSRO), including one investment with a par value of $15.6 million to single-A and two securities with a total par value of $268.2 million to triple-B. Each of these securities was evaluated for other-than-temporary impairment using cash flow analysis. In addition, four of the FHLBank of Seattle's triple-A rated, private-label mortgage-backed securities with a total par value of $191.3 million were placed on watch for possible downgrade.

On May 12, 2009, the FHLBank of Seattle's Board of Directors suspended the issuance of Class A capital stock to support new advances, effective June 1, 2009. New advances will have to be supported by Class B capital stock, which can be used to reduce the FHLBank of Seattle's risk-based capital deficiency.

The FHLBank of Seattle's Capital Plan provides that it may impose a redemption cancellation fee upon a member or a successor to a former member that has given notice of its intent to redeem Class A or Class B capital stock and subsequently revokes or cancels such redemption request. On May 12, 2009, the FHLBank of Seattle's Board of Directors determined that, effective immediately, any member that has previously notified the FHLBank of Seattle of its intent to withdraw its membership and rescinds its notice of intent to withdraw from membership on or before December 31, 2009, shall not be subject to a redemption cancellation fee. The FHLBank of Seattle's Board of Directors also determined that any redemption cancellation fees applicable to the transfer of excess Class A or Class B capital stock from a member or successor to a another member shall also be waived. As of March 31, 2009, ten members holding $58.9 million of mandatorily redeemable capital stock are eligible for the cancellation fee waiver should they rescind their notices of intent to withdraw from membership.

On May 27, 2009, the FHLBank of Seattle received preliminary notification that based on its reported risk-based capital deficiency as of March 31, 2009, it is "undercapitalized." Under the interim final rule, the FHLBank of Seattle has 30 calendar days (response period) to submit information for consideration and will receive its final capital classification after the expiration of the response period or after review of any additional information submitted. The FHLBank of Seattle plans to submit information to the Finance Agency for consideration during the response period. Restrictions applicable to FHLBanks whose final capital classification is "undercapitalized" include, among other things, submission to the Finance Agency of a capital restoration plan, as well as restrictions on dividends and redemptions and repurchases of capital stock. The FHLBank of Seattle previously suspended dividend payments, stock redemptions, and stock repurchases.

On June 5, 2009, S&P announced that it affirmed both its long-term (AA+) and short-term (A1+) counterparty credit ratings for the FHLBank of Seattle, but placed the FHLBank of Seattle on CreditWatch with negative implications.

FHLBank of Topeka. On June 17, 2009, the FHLBank of Topeka announced to its members a mandatory redemption of all excess Class A capital stock on June 24, 2009, which would allow the FHLBank of Topeka to continue to pay dividends in the form of stock, rather than cash. Finance Agency regulations do not permit an FHLBank to pay stock dividends if that FHLBank's excess stock would exceed one percent of its total assets following the stock dividend. On June 26, 2009, the FHLBank of Topeka announced the declaration of a dividend in the form of Class B capital stock for the quarter ended June 30, 2009.

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
MARCH 31, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 3,295	$	$ 6	$ 32	$ 69	$ 8
Interest-bearing deposits	42,317		11,552	8,602	9,229	
Deposits with other FHLBanks		(7)			2	3
Securities purchased under agreements to resell	8,980		1,000			
Federal funds sold	63,402		900	500		11,745
Trading securities	18,931	(475)	62		3,641	4,000
Available-for-sale securities	18,621		1,089	2,642	518	1,604
Held-to-maturity securities	168,904	(25)	7,954	10,235	11,135	20,016
Advances	817,407		49,433	104,464	52,260	148,090
Mortgage loans held for portfolio	85,051		4,067	1,433	5,928	3,081
Less: allowance for credit losses on mortgage loans	19			2	5	1
Mortgage loans held for portfolio, net	85,032		4,067	1,431	5,923	3,080
Accrued interest receivable	3,232	(4)	199	411	361	643
Premises, software, and equipment, net	199		5	14	23	29
Derivative assets	768		28	12	23	50
Other assets	1,107	4	84	16	111	177
Total assets	$1,232,195	$(507)	$76,379	$128,359	$83,295	$189,445
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 17,014	$	$ 767	$ 2,305	$ 1,844	$ 4,896
Term	1,332		31	58	14	
Deposits from other FHLBanks		(7)				
Other	36		3	2		
Total interest-bearing	18,382	(7)	801	2,365	1,858	4,896
Non-interest-bearing:						
Demand and overnight	127			7	41	
Other	482		40			
Total non-interest-bearing	609		40	7	41	
Total deposits	18,991	(7)	841	2,372	1,899	4,896
Borrowings:						
Securities sold under agreements to repurchase	1,200					
Total borrowings	1,200					
Consolidated obligations, net:						
Discount notes	407,027	(25)	41,147	48,722	14,382	49,523
Bonds	735,035	(447)	30,365	69,582	61,831	124,780
Total consolidated obligations, net	1,142,062	(472)	71,512	118,304	76,213	174,303
Mandatorily redeemable capital stock	7,371		91	140	8	1,901
Accrued interest payable	5,434	(4)	234	385	412	1,044
Affordable Housing Program	804		33	128	36	132
Payable to REFCORP	68			42		
Derivative liabilities	7,914		1,055	1,032	862	1,068
Other liabilities	2,429		21	133	23	86
Subordinated notes	1,000					
Total liabilities	1,187,273	(483)	73,787	122,536	79,453	183,430
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value per share) issued and outstanding	44,174		3,605	5,413	3,999	6,189
Capital stock Class A putable ($100 par value per share) issued and outstanding	717					
Capital stock Pre-conversion putable ($100 par value per share) issued and outstanding	2,355					
Total capital stock	47,246		3,605	5,413	3,999	6,189
Retained earnings	5,037	(21)	246	489	403	612
Accumulated other comprehensive income:						
Net unrealized (losses) gains on available-for-sale securities	(1,103)		(177)	(34)	(15)	(781)
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(57)					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(93)				(2)	
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,557)		(1,078)	(10)	(540)	
Net unrealized losses relating to hedging activities	(514)	(3)		(28)	(1)	
Pension and postretirement benefits	(37)		(4)	(7)	(2)	(5)
Total capital	44,922	(24)	2,592	5,823	3,842	6,015
Total liabilities and capital	$1,232,195	$(507)	$76,379	$128,359	$83,295	$189,445
Supplemental Disclosures:						
Advances held at fair value under fair value option included in Advances total	$ 35,676	$	$	$	$	$
Consolidated bonds held at fair value under fair value option included in consolidated bonds total	$ 38,185	$	$	$ 25	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 2	$ 14	$ 1,120	$ 34	$ 22	$	$ 1,987	$ 1
6,123			15	185	6,611		
			1	1			
1,000			1,980				5,000
10,755	9,814	3,010	9,247	491	365	12,384	4,191
3		1,032	5,262	3	5,369	34	
4,779	1,807	2,434	3,738	10			
11,893	7,849	14,596	6,956	11,093	9,247	47,183	10,772
47,112	27,899	31,197	37,783	56,402	27,015	203,904	31,848
9,773	8,436	29,833	10,588	311	3,115	3,587	4,899
		8		1	1	1	
9,773	8,436	29,825	10,588	310	3,114	3,586	4,899
226	138	317	89	100	105	505	142
10	10	26	9	20	16	21	16
10	3	67	3	10	16	508	38
27	39	126	226	17	65	175	40
$91,713	$56,009	$83,750	$75,931	$68,664	$51,923	$270,287	$56,947
$ 1,561	$ 782	$ 893	$ 692	$ 1,244	$ 1,440	$ 104	$ 486
212	55	38	367	59	185	128	185
		7					
28						3	
1,801	837	938	1,059	1,303	1,625	235	671
		3	76				
6	1	411			20	4	
6	1	414	76		20	4	
1,807	838	1,352	1,135	1,303	1,645	239	671
		1,200					
		1,200					
42,619	20,633	31,195	29,095	21,029	20,444	66,239	22,024
41,490	30,293	44,967	41,633	42,703	26,999	189,382	31,457
84,109	50,926	76,162	70,728	63,732	47,443	255,621	53,481
99	538	409	11	78	30	3,145	921
313	254	609	360	272	213	1,124	218
105	38	19	36	47	33	182	15
20	5		1				
315	1,087	972	467	22	377	393	264
589	340	575	32	81	42	91	416
		1,000					
87,357	54,026	82,298	72,770	65,535	49,783	260,795	55,986
3,998	1,897		2,871	2,878	1,353	10,238	1,733
					582		135
		2,355					
3,998	1,897	2,355	2,871	2,878	1,935	10,238	1,868
365	286	734	368	277	211	869	198
(1)	(69)	51	(77)				
		(57)					
		(91)					
	(129)	(1,060)		(26)	(4)	(1,608)	(1,102)
		(481)				(1)	
(6)	(2)	1	(1)		(2)	(6)	(3)
4,356	1,983	1,452	3,161	3,129	2,140	9,492	961
$91,713	$56,009	$83,750	$75,931	$68,664	$51,923	$270,287	$56,947
$	$	$	$	$	$	$ 35,676	$
$	$	$	$ 1,898	$	$	$ 36,262	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2008

(Dollar amounts in millions)

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

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

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 3,795	$	$ 251	$483	$ 241	$ 432
Prepayment fees on advances, net	41		1	19	1	3
Interest-bearing deposits	32		2	9	6	3
Securities purchased under agreements to resell	9		3			
Federal funds sold	41		2			8
Trading securities	108	(8)	1		6	54
Available-for-sale securities	60		3	9		
Held-to-maturity securities	1,689		61	127	147	275
Mortgage loans held for portfolio	1,068		53	19	77	42
Other	1					
Total interest income	6,844	(8)	377	666	478	817
INTEREST EXPENSE						
Consolidated obligations—Discount notes	1,042		100	89	25	163
Consolidated obligations—Bonds	4,516		220	344	396	615
Deposits	8			1		2
Securities sold under agreements to repurchase	10					
Subordinated notes	14					
Mandatorily redeemable capital stock	8			1		2
Total interest expense	5,598		320	435	421	782
NET INTEREST INCOME (EXPENSE)	1,246	(8)	57	231	57	35
Provision for credit losses	4				1	
NET INTEREST INCOME (EXPENSE) AFTER PROVISION FOR CREDIT LOSSES	1,242	(8)	57	231	56	35
OTHER (LOSS) INCOME						
Total other-than-temporary impairment losses	(5,200)		(895)	(15)	(325)	(698)
Portion of impairment losses recognized in other comprehensive income	4,684		768	10	294	609
Net other-than-temporary impairment losses	(516)		(127)	(5)	(31)	(89)
Net (losses) gains on trading securities	(11)		1			(34)
Net realized gains from sale of available-for-sale securities	19					
Net realized gains from sale of held-to-maturity securities	6					
Net (losses) gains on advances and consolidated bonds held at fair value	(178)			8		
Net gains (losses) on derivatives and hedging activities	200			(13)	(1)	112
Service fees	8		1	1	1	1
Other, net	3	18			2	
Total other (loss) income	(469)	18	(125)	(9)	(29)	(10)
OTHER EXPENSE						
Operating	188		14	18	13	24
Finance Agency	13			1	1	2
Office of Finance	9		1	1	1	1
Provision for derivative counterparty credit losses	35				35	
Other, net	2	(2)				
Total other expense	247	(2)	15	20	50	27
INCOME (LOSS) BEFORE ASSESSMENTS	526	12	(83)	202	(23)	(2)
Affordable Housing Program	57			17		
REFCORP	124			37		
Total assessments	181			54		
NET INCOME (LOSS)	$ 345	$12	$ (83)	$148	$ (23)	$ (2)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$222	$ 151	$ 189	$209	$256	$123	$ 1,063	$ 175
4		3	2	1	1	2	4
8				1	3		
		2	1				3
3	11	1	6	1	1	7	1
		10	14		31		
5	8	24	11				
156	77	194	46	41	62	435	68
117	113	365	131	4	40	43	64
					1		
515	360	788	420	304	262	1,550	315
62	57	42	69	99	48	256	32
339	238	578	341	227	149	860	209
			1	1	3		
		10					
		14					
1	4						
402	299	644	411	327	200	1,116	241
113	61	144	9	(23)	62	434	74
		3					
113	61	141	9	(23)	62	434	74
	(147)	(1,042)		(26)	(1)	(1,156)	(895)
	129	956		26	1	1,068	823
	(18)	(86)				(88)	(72)
		(9)	20		10	1	
		19					
6							
		(1)	(2)			(183)	
4	(1)	(72)	(7)	127	20	34	(3)
			1	1	1		1
2		(2)	(15)	2	1		(5)
12	(19)	(151)	(3)	130	32	(236)	(79)
10	11	24	11	17	9	26	11
1	1	1	1	1	1	3	
1				1	1	2	
		4					
12	12	29	12	19	11	31	11
113	30	(39)	(6)	88	83	167	(16)
9	3			7	7	14	
21	5			16	15	30	
30	8			23	22	44	
$ 83	$ 22	$ (39)	$ (6)	$ 65	$ 61	$ 123	$ (16)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2008

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$ 9,074	$	$611	$ 864	$ 722	$1,476
Prepayment fees on advances, net	41		4	8		1
Interest-bearing deposits	34			9	4	17
Securities purchased under agreements to resell	17		9			
Federal funds sold	691		15	29	33	78
Trading securities	98	(9)	2			68
Available-for-sale securities	64	(1)	10	9		
Held-to-maturity securities	2,302	(20)	135	236	232	274
Mortgage loans held for portfolio	1,153		52	20	79	47
Other	1					
Total interest income	13,475	(30)	838	1,175	1,070	1,961
INTEREST EXPENSE						
Consolidated obligations—Discount notes	3,349		415	271	295	271
Consolidated obligations—Bonds	8,706	(28)	320	731	670	1,433
Deposits	177		7	16	15	48
Securities sold under agreements to repurchase	21					
Subordinated notes	14					
Mandatorily redeemable capital stock	13			4		1
Total interest expense	12,280	(28)	742	1,022	980	1,753
NET INTEREST INCOME	1,195	(2)	96	153	90	208
Provision for credit losses	1				1	
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,194	(2)	96	153	89	208
OTHER (LOSS) INCOME						
Realized losses on other-than-temporarily impaired securities	(33)					
Net gains on trading securities	134					106
Net gains on advances and consolidated bonds held at fair value	274					
Net (losses) gains on derivatives and hedging activities	(384)		(4)	1	4	(129)
Service fees	7		1	1	1	1
Other, net	(11)	(5)	(3)			
Total other (loss) income	(13)	(5)	(6)	2	5	(22)
OTHER EXPENSE						
Operating	181		13	16	14	24
Finance Agency/Finance Board	10			1		2
Office of Finance	8		1	1	1	1
Other, net	1	(1)				
Total other expense	200	(1)	14	18	15	27
INCOME (LOSS) BEFORE ASSESSMENTS	981	(6)	76	137	79	159
Affordable Housing Program	89		6	12	7	13
REFCORP	195		14	25	14	29
Total assessments	284		20	37	21	42
NET INCOME (LOSS)	$ 697	$ (6)	$ 56	$ 100	$ 58	$ 117

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$575	$293	$326	$387	$488	$323	$2,584	$425
		12	1				15
3				1			
8							
53	104	67	22	48	37	132	73
		11			25	1	
		6	36	4			
169	95	147	47	91	154	617	125
117	122	429	134	5	31	49	68
					1		
925	614	998	627	637	571	3,383	706
316	180	137	161	173	194	790	146
518	356	788	390	389	305	2,348	486
10	6	9	9	27	11	10	9
		19	2				
		14					
1	3			1		3	
845	545	967	562	590	510	3,151	641
80	69	31	65	47	61	232	65
80	69	31	65	47	61	232	65
		(33)					
		15			13		
						274	
(3)		(62)	(13)	5	(34)	(155)	6
			1	1	1		
2		2		7	1	1	(16)
(1)		(78)	(12)	13	(19)	120	(10)
10	9	28	10	17	8	21	11
1		1		1	1	2	1
1	1					2	
		2					
12	10	31	10	18	9	25	12
67	59	(78)	43	42	33	327	43
6	5		4	3	3	27	3
12	11		8	8	6	60	8
18	16		12	11	9	87	11
$ 49	$ 43	$ (78)	$ 31	$ 31	$ 24	$ 240	$ 32

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Shares in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	468		32	44	40	76
Proceeds from sale of capital stock	73		1	9	17	15
Repurchase/redemption of capital stock	(47)			(8)	(15)	(11)
Net shares reclassified to mandatorily redeemable capital stock	(5)					
Transfer between Class B and Class A shares						
Capital stock dividends	2		—	—	—	—
BALANCE, MARCH 31, 2008	491		33	45	42	80
BALANCE, DECEMBER 31, 2008	465		36	56	40	85
Proceeds from sale of capital stock	21			10		7
Repurchase/redemption of capital stock	(27)			(12)		(11)
Net shares reclassified to mandatorily redeemable capital stock	(17)					(19)
Transfer between Class B and Class A shares						
Capital stock dividends	—		—	—	—	—
BALANCE, MARCH 31, 2009	442		36	54	40	62
CAPITAL STOCK CLASS A PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	9					
Proceeds from sale of capital stock	3					
Repurchase/redemption of capital stock	(1)					
Net shares reclassified to mandatorily redeemable capital stock						
Transfer between Class B and Class A shares						
Capital stock dividends	—		—	—	—	—
BALANCE, MARCH 31, 2008	11		—	—	—	—
BALANCE, DECEMBER 31, 2008	7					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Conversion to Class B and Class A shares						
Capital stock dividends	—		—	—	—	—
BALANCE, MARCH 31, 2009	6		—	—	—	—

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
35	20		27	24	15	134	21
2	1		13	5	4	6	
			(10)	(2)		(1)	
					(5)		
—	—	—	—	—	—	2	—
37	21		30	27	14	141	21
40	19		28	32	16	96	17
			1	1	2		
				(4)			
					(4)	6	
—	—	—	—	—	—	—	—
40	19		29	29	14	102	17
					6		3
							3
							(1)
—	—	—	—	—	—	—	—
					6		5
					6		1
					(1)		
—	—	—	—	—	—	—	—
					5		1

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	27					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(2)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2008	25					
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, MARCH 31, 2009	24					
TOTAL CAPITAL STOCK PUTABLE SHARES						
BALANCE, DECEMBER 31, 2007	504		32	44	40	76
Proceeds from sale of capital stock	76		1	9	17	15
Repurchase/redemption of capital stock	(48)			(8)	(15)	(11)
Net shares reclassified to mandatorily redeemable capital stock	(7)					
Capital stock dividends	2					
BALANCE, MARCH 31, 2008	527		33	45	42	80
BALANCE, DECEMBER 31, 2008	496		36	56	40	85
Proceeds from sale of capital stock	22			10		7
Repurchase/redemption of capital stock	(27)			(12)		(11)
Net shares reclassified to mandatorily redeemable capital stock	(19)					(19)
Capital stock dividends						
BALANCE, MARCH 31, 2009	472		36	54	40	62

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
		27					
		(2)					
—	—	—	—	—	—	—	—
		25					
		24					
		1					
		(1)					
—	—	—	—	—	—	—	—
		24					
35	20	27	27	24	21	134	24
2	1		13	5	4	6	3
			(10)	(2)		(1)	(1)
		(2)			(5)		
—	—	—	—	—	—	2	—
37	21	25	30	27	20	141	26
40	19	24	28	32	22	96	18
		1	1	1	2		
				(4)			
		(1)			(5)	6	
—	—	—	—	—	—	—	—
40	19	24	29	29	19	102	18

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$46,701	$	$3,164	$ 4,368	$ 3,995	$ 7,556
Proceeds from sale of capital stock	7,291		144	929	1,677	1,459
Repurchase/redemption of capital stock	(4,651)			(763)	(1,466)	(1,045)
Net shares reclassified to mandatorily redeemable capital stock	(620)		(2)	(58)		(8)
Transfer between Class B and Class A shares	(20)					
Capital stock dividends	290					
BALANCE, MARCH 31, 2008	$48,991	$	$3,306	$ 4,476	$ 4,206	$ 7,962
BALANCE, DECEMBER 31, 2008	$46,413	$	$3,585	$ 5,585	$ 3,982	$ 8,463
Proceeds from sale of capital stock	2,195		19	1,042	21	655
Repurchase/redemption of capital stock	(2,774)		(1)	(1,214)		(1,062)
Net shares reclassified to mandatorily redeemable capital stock	(1,666)		2		(4)	(1,867)
Transfer between Class B and Class A shares	(8)					
Capital stock dividends	14					
BALANCE, MARCH 31, 2009	$44,174	$	$3,605	$ 5,413	$ 3,999	$ 6,189
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 891	$	$	$	$	$
Proceeds from sale of capital stock	253					
Repurchase/redemption of capital stock	(97)					
Net shares reclassified to mandatorily redeemable capital stock	(10)					
Transfer between Class B and Class A shares	20					
Capital stock dividends						
BALANCE, MARCH 31, 2008	$ 1,057	$	$	$	$	$
BALANCE, DECEMBER 31, 2008	$ 752	$	$	$	$	$
Proceeds from sale of capital stock	21					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(64)					
Transfer between Class B and Class A shares	8					
Capital stock dividends						
BALANCE, MARCH 31, 2009	$ 717	$	$	$	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,473	$2,003	$	$ 2,717	$2,394	$1,487	$13,403	$2,141
206	93		1,333	489	403	554	4
			(1,037)	(228)	(15)	(97)	
	(43)		(1)	(13)	(493)	(2)	
					(20)		
47				26	26	191	
$3,726	$2,053	$	$ 3,012	$2,668	$1,388	$14,049	$2,145
$3,962	$1,879	$	$ 2,781	$3,224	$1,606	$ 9,616	$1,730
48	18		90	135	143	20	4
				(484)	(13)		
(12)				(1)	(385)	602	(1)
					(8)		
				4	10		
$3,998	$1,897	$	$ 2,871	$2,878	$1,353	$10,238	$1,733
$	$	$	$	$	$ 604	$	$ 287
							253
							(97)
					(10)		
					20		
$	$	$	$	$	$ 614	$	$ 443
$	$	$	$	$	$ 634	$	$ 118
					2		19
					(62)		(2)
					8		
$	$	$	$	$	$ 582	$	$ 135

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$ 2,661	$	$	$	$	$
Proceeds from sale of capital stock	24					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(160)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2008	$ 2,525	$	$	$	$	$
BALANCE, DECEMBER 31, 2008	$ 2,386	$	$	$	$	$
Proceeds from sale of capital stock	62					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(93)					
Conversion to Class B or Class A shares Capital stock dividends						
BALANCE, MARCH 31, 2009	$ 2,355	$	$	$	$	$
TOTAL CAPITAL STOCK PUTABLE PAR VALUE						
BALANCE, DECEMBER 31, 2007	$50,253	$	$3,164	$ 4,368	$ 3,995	$ 7,556
Proceeds from sale of capital stock	7,568		144	929	1,677	1,459
Repurchase/redemption of capital stock	(4,748)			(763)	(1,466)	(1,045)
Net shares reclassified to mandatorily redeemable capital stock	(790)		(2)	(58)		(8)
Capital stock dividends	290					
BALANCE, MARCH 31, 2008	$52,573	$	$3,306	$ 4,476	$ 4,206	$ 7,962
BALANCE, DECEMBER 31, 2008	$49,551	$	$3,585	$ 5,585	$ 3,982	$ 8,463
Proceeds from sale of capital stock	2,278		19	1,042	21	655
Repurchase/redemption of capital stock	(2,774)		(1)	(1,214)		(1,062)
Net shares reclassified to mandatorily redeemable capital stock	(1,823)		2		(4)	(1,867)
Capital stock dividends	14					
BALANCE, MARCH 31, 2009	$47,246	$	$3,605	$ 5,413	$ 3,999	$ 6,189

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$	$	$2,661	$	$	$	$	$
		24					
		(160)					
$	$	$2,525	$	$	$	$	$
$	$	$2,386	$	$	$	$	$
		62					
		(93)					
$	$	$2,355	$	$	$	$	$
$3,473	$2,003	$2,661	$ 2,717	$2,394	$2,091	$13,403	$2,428
206	93	24	1,333	489	403	554	257
			(1,037)	(228)	(15)	(97)	(97)
	(43)	(160)	(1)	(13)	(503)	(2)	
47				26	26	191	
$3,726	$2,053	$2,525	$ 3,012	$2,668	$2,002	$14,049	$2,588
$3,962	$1,879	$2,386	$ 2,781	$3,224	$2,240	$ 9,616	$1,848
48	18	62	90	135	145	20	23
				(484)	(13)		
(12)		(93)		(1)	(447)	602	(3)
				4	10		
$3,998	$1,897	$2,355	$ 2,871	$2,878	$1,935	$10,238	$1,868

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued) FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
RETAINED EARNINGS						
BALANCE, DECEMBER 31, 2007	$ 3,689	$(26)	$ 226	$ 418	$ 296	$ 469
Adjustment to opening balance relating to SFAS 158 and SFAS 159	16					
Net income (loss)	697	(6)	56	100	58	117
Dividends on capital stock:						
Cash	(359)		(50)	(89)	(48)	(115)
Stock	(290)					
BALANCE, MARCH 31, 2008	$ 3,753	$(32)	$ 232	$ 429	$ 306	$ 471
BALANCE, DECEMBER 31, 2008	$ 2,936	$(33)	$ (20)	$ 383	$ 170	$ 435
Retained earnings cumulative effect of adjustment	1,883		349		256	179
Net income (loss)	345	12	(83)	148	(23)	(2)
Dividends on capital stock:						
Cash	(113)			(42)		
Stock	(14)					
BALANCE, MARCH 31, 2009	$ 5,037	$(21)	$ 246	$ 489	$ 403	$ 612
ACCUMULATED OTHER COMPREHENSIVE INCOME						
BALANCE, DECEMBER 31, 2007	$ (345)	$ (4)	$ (2)	$ (35)	$ (6)	$ (3)
Net unrealized losses on available-for-sale securities	(218)		(37)	(17)	(4)	
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities						
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	20					
Net unrealized gains (losses) relating to hedging activities	74			(5)		
Reclassification adjustment for losses included in net income relating to hedging activities	10				1	
Pension and postretirement benefits	(1)					
BALANCE, MARCH 31, 2008	$ (460)	$ (4)	$ (39)	$ (57)	$ (9)	$ (3)
BALANCE, DECEMBER 31, 2008	$(1,137)	$ (3)	$ (135)	$(101)	$ (17)	$ (5)
Accumulated other comprehensive income cumulative effect of adjustment	(1,883)		(349)		(256)	(179)
Net unrealized (losses) gains on available-for-sale securities	(674)		(46)	30	(1)	(781)
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(19)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	19					
Noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(41)					
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	6					
Net unrealized gains on noncredit portion of impairment losses on available-for-sale securities	1				1	
Noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(4,643)		(768)	(10)	(294)	(609)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	22					1
Accretion of noncredit portion of impairment losses on held-to-maturity securities	101		39		7	
Reclassification of noncredit portion of other-than-temporary impairment losses to unrealized losses on available-for-sale securities	787					787
Net unrealized gains relating to hedging activities	88			2		
Reclassification adjustment for losses included in net income relating to hedging activities	9					
Pension and postretirement benefits	3					
BALANCE, MARCH 31, 2009	$(7,361)	$ (3)	$(1,259)	$ (79)	$(560)	$(786)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$287	$ 202	$ 659	$ 361	$212	$209	$ 227	$ 149
						16	
49	43	(78)	31	31	24	240	32
	(23)		(25)				(9)
(47)				(26)	(26)	(191)	
$289	$ 222	$ 581	$ 367	$217	$207	$ 292	$ 172
$326	$ 283	$ 540	$ 382	$216	$157	$ 176	$ (79)
		233			3	570	293
83	22	(39)	(6)	65	61	123	(16)
(44)	(19)		(8)				
				(4)	(10)		
$365	$ 286	$ 734	$ 368	$277	$211	$ 869	$ 198
$ (5)	$ (6)	$ (251)	$ (26)	$ (1)	$ (2)	$ (3)	$ (1)
	(3)	(57)	(96)	(4)			
		20					
		79					
		8				1	
		(1)					
$ (5)	$ (9)	$ (202)	$(122)	$ (5)	$ (2)	$ (2)	$ (1)
$ (6)	$ (71)	$ (639)	$(146)	$ (2)	$ (2)	$ (7)	$ (3)
		(233)			(3)	(570)	(293)
(1)	(2)	58	67	2			
		(19)					
		19					
		(41)					
		6					
	(129)	(915)		(26)	(1)	(1,068)	(823)
		21					
		11				30	14
		86					
		9					
	2		1				
$ (7)	$(200)	$(1,637)	$ (78)	$ (26)	$ (6)	$(1,615)	$(1,105)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued) FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
TOTAL CAPITAL						
BALANCE, DECEMBER 31, 2007	$53,597	$(30)	$3,388	$ 4,751	$ 4,285	$ 8,022
Adjustment to opening balances relating to SFAS 158 and SFAS 159	16					
Proceeds from sale of capital stock	7,568		144	929	1,677	1,459
Repurchase/redemption of capital stock	(4,748)			(763)	(1,466)	(1,045)
Net shares reclassified to mandatorily redeemable capital stock	(790)		(2)	(58)		(8)
Comprehensive income:						
Net income (loss)	697	(6)	56	100	58	117
Other comprehensive income:						
Net unrealized losses on available-for-sale securities	(218)		(37)	(17)	(4)	
Reclassification adjustment for losses (gains) included in net income relating to available-for-sale securities						
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	20					
Net unrealized gains (losses) relating to hedging activities	74			(5)		
Reclassification adjustment for losses included in net income relating to hedging activities	10				1	
Pension and postretirement benefits	(1)					
Total comprehensive income	582	(6)	19	78	55	117
Dividends on capital stock:						
Cash	(359)		(50)	(89)	(48)	(115)
BALANCE, MARCH 31, 2008	$55,866	$(36)	$3,499	$ 4,848	$ 4,503	$ 8,430
BALANCE, DECEMBER 31, 2008	$51,350	$(36)	$3,430	$ 5,867	$ 4,135	$ 8,893
Retained earnings cumulative effect of adjustment	1,883		349		256	179
Accumulated other comprehensive income cumulative effect of adjustment	(1,883)		(349)		(256)	(179)
Proceeds from sale of capital stock	2,278		19	1,042	21	655
Repurchase/redemption of capital stock	(2,774)		(1)	(1,214)		(1,062)
Net shares reclassified to mandatorily redeemable capital stock	(1,823)		2		(4)	(1,867)
Comprehensive income:						
Net income (loss)	345	12	(83)	148	(23)	(2)
Other comprehensive income (loss):						
Net unrealized (losses) gains on available-for-sale securities	(674)		(46)	30	(1)	(781)
Reclassification adjustment for gains included in net income relating to available-for-sale securities	(19)					
Net unrealized gains (losses) on held-to-maturity securities transferred from available-for-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred from available-for-sale securities	19					
Noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(41)					
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	6					
Net unrealized gains on noncredit portion of impairment losses on available-for-sale securities	1				1	
Noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(4,643)		(768)	(10)	(294)	(609)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	22					1
Accretion of noncredit portion of impairment losses on held-to-maturity securities	101		39		7	
Reclassification of noncredit portion of other-than-temporary impairment losses to unrealized losses on available-for-sale securities	787					787
Net unrealized gains relating to hedging activities	88			2		
Reclassification adjustment for losses included in net income relating to hedging activities	9					
Pension and postretirement benefits	3					
Total comprehensive income	(3,996)	12	(858)	170	(310)	(604)
Dividends on capital stock:						
Cash	(113)			(42)		
BALANCE, MARCH 31, 2009	$44,922	$(24)	$2,592	$ 5,823	$ 3,842	$ 6,015

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,755	$2,199	$3,069	$ 3,052	$2,605	$2,298	$13,627	$2,576
						16	
206	93	24	1,333	489	403	554	257
			(1,037)	(228)	(15)	(97)	(97)
	(43)	(160)	(1)	(13)	(503)	(2)	
49	43	(78)	31	31	24	240	32
	(3)	(57)	(96)	(4)			
		20					
		79					
		8				1	
		(1)					
49	40	(29)	(65)	27	24	241	32
	(23)		(25)				(9)
$4,010	$2,266	$2,904	$ 3,257	$2,880	$2,207	$14,339	$2,759
$4,282	$2,091	$2,287	$ 3,017	$3,438	$2,395	$ 9,785	$1,766
		233			3	570	293
		(233)			(3)	(570)	(293)
48	18	62	90	135	145	20	23
				(484)	(13)		
(12)		(93)		(1)	(447)	602	(3)
83	22	(39)	(6)	65	61	123	(16)
(1)	(2)	58	67	2			
		(19)					
		19					
		(41)					
		6					
	(129)	(915)		(26)	(1)	(1,068)	(823)
		21					
		11				30	14
		86					
		9					
	2		1				
82	(107)	(804)	62	41	60	(915)	(825)
(44)	(19)		(8)				
$4,356	$1,983	$1,452	$ 3,161	$3,129	$2,140	$ 9,492	$ 961

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income (loss)	$ 345	$ 12	$ (83)	$ 148	$ (23)	$ (2)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:						
Depreciation and amortization	(406)		(138)	(13)	(125)	21
Change in net derivative and hedging activities	(35)	8	33	(51)	191	37
Other adjustments	503	(20)	127	5	31	89
Net change in fair value adjustments on trading securities	38		(1)			60
Change in fair value adjustments on advances and consolidated bonds held at fair value	178			(8)		
Net change in:						
Trading securities	(3,134)				(3,134)	
Accrued interest receivable	1,047	(4)	90	81	73	132
Other assets	(33)		3	2	40	(20)
Accrued interest payable	(906)	4	(24)	(48)	(82)	5
Other liabilities	19		(6)	41	(9)	(8)
Total adjustments	(2,729)	(12)	84	9	(3,015)	316
Net cash (used in) provided by operating activities	(2,384)		1	157	(3,038)	314
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	7,770		(8,273)	4,328	(3,524)	849
Securities purchased under agreements to resell	(2,085)		1,500			
Federal funds sold	(23,103)		1,640	(500)	1,250	(976)
Deposits to other FHLBanks		1			1	
Premises, software and equipment	(15)			(1)	(2)	(1)
Trading securities:						
Proceeds	3,072	(135)	2			428
Purchases	(6,946)					
Available-for-sale securities:						
Proceeds	4,969		21	252	2	
Purchases	(6,470)				(500)	
Held-to-maturity securities:						
Net decrease (increase) in short-term	3,993	25		903	2,700	
Proceeds from long-term	8,929		452	626	1,029	1,036
Purchases of long-term	(3,158)			(395)	(275)	(227)
Advances:						
Proceeds	1,279,546		135,786	159,760	58,740	37,080
Made	(1,171,956)		(128,416)	(155,769)	(49,197)	(20,678)
Mortgage loans held for portfolio:						
Principal collected	5,629		210	54	352	171
Purchases	(3,352)		(127)	(28)	(113)	
Proceeds from sales of foreclosed assets	15		2			
Net cash provided by (used in) investing activities	96,838	(109)	2,797	9,230	10,463	17,682

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 83	$ 22	$ (39)	$ (6)	$ 65	$ 61	$ 123	$ (16)
(21)	(33)	46	(6)	33	(28)	(83)	(59)
55	51	15	(37)	21	(46)	(284)	(28)
(6)	19	79	16	(1)		88	76
		9	(20)		(10)		
		1	2			183	
49	14	56	3	46	34	374	99
1		(94)	(1)	17	1	19	(1)
(81)	(29)	43	40	(242)	(41)	(332)	(119)
9	(15)	(12)	(6)		14	15	(4)
6	7	143	(9)	(126)	(76)	(20)	(36)
89	29	104	(15)	(61)	(15)	103	(52)
13,871	61		98	3,513	(3,197)		44
(1,000)		495	(1,980)				(1,100)
(10,755)	(2,591)	(1,925)	(5,822)	1,381	19	(2,953)	(1,871)
			(1)	(1)			
(1)		(2)	(1)	(2)	(1)	(2)	(2)
		2	125		2,649	1	
		(175)	(3,417)		(3,354)		
3,932		429	214	119			
(5,705)		(220)	(45)				
1		414	(820)		1,346	1,269	(1,845)
1,021	608	645	294	590	461	1,622	545
	(1,611)	(10)	(461)				(179)
138,294	9,270	124,038	19,184	170,243	84,497	316,521	26,133
(131,607)	(6,041)	(117,174)	(15,223)	(165,789)	(75,799)	(285,150)	(21,113)
795	543	2,231	684	17	261	124	187
(1,938)	(199)	(4)	(590)		(353)		
		13					
6,908	40	8,757	(7,761)	10,071	6,529	31,432	799

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES:						
Net change in:						
Deposits and pass-through reserves	$ 3,427	$	$ 209	$ 930	$ 435	$ 1,324
Deposits from other FHLBanks		2				
Borrowings	(16)			(11)		
Net (payments) proceeds on derivative contracts with financing element	(335)		(5)		(57)	(199)
Net proceeds from issuance of consolidated obligations:						
Discount notes	1,687,508	(25)	338,164	190,144	25,597	54,706
Bonds	127,202		7,396	5,795	11,257	23,034
Bonds transferred from other FHLBanks		(351)				351
Payments for maturing and retiring consolidated obligations:						
Discount notes	(1,719,985)		(339,390)	(187,742)	(34,049)	(60,346)
Bonds	(208,583)	133	(9,190)	(18,273)	(10,628)	(36,469)
Bonds transferred to other FHLBanks		353				
Proceeds from issuance of capital stock	2,278		19	1,042	21	655
Payments for redemption of mandatorily redeemable capital stock	(588)			(3)		(10)
Payments for repurchase/redemption of capital stock	(2,774)		(1)	(1,214)		(1,062)
Cash dividends paid	(113)			(42)		
Net cash (used in) provided by financing activities	(111,979)	112	(2,798)	(9,374)	(7,424)	(18,016)
Net (decrease) increase in cash and cash equivalents	(17,525)	3		13	1	(20)
Cash and cash equivalents at beginning of the period	20,820	(3)	6	19	68	28
Cash and cash equivalents at end of the period	$ 3,295	$	$ 6	$ 32	$ 69	$ 8
Supplemental Disclosures:						
Interest paid	$ 7,324	$	$ 470	$ 584	$ 583	$ 623
AHP payments, net	$ 62	$	$ 2	$ 11	$ 7	$ 8
REFCORP assessments paid	$ 35	$	$	$	$	$ 3
Transfers of mortgage loans to real estate owned	$ 32	$	$ 2	$	$ 3	$ 1

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 620	$ 233	$ 596	$ (361)	$ (115)	$ (32)	$ (501)	$ 89
		(2)					
					(5)		
(34)	(26)	(25)	(2)		(23)	36	
237,898	25,834	177,653	299,268	95,116	54,575	47,064	141,514
12,365	10,891	160	4,279	10,641	6,446	23,623	11,315
(244,584)	(28,630)	(175,915)	(290,215)	(90,873)	(60,359)	(72,566)	(135,316)
(13,243)	(9,226)	(10,203)	(5,044)	(24,416)	(6,796)	(46,856)	(18,372)
		(112)	(241)				
48	18	62	90	135	145	20	23
(24)	(1)	(85)		(13)	(452)		
				(484)	(13)		
(44)	(19)		(8)				
(6,998)	(926)	(7,871)	7,766	(10,009)	(6,514)	(49,180)	(747)
(1)	(857)	990	(10)	1		(17,645)	
3	871	130	44	21		19,632	1
$ 2	$ 14	$ 1,120	$ 34	$ 22	$	$ 1,987	$ 1
$ 512	$ 324	$ 667	$ 551	$ 464	$ 281	$ 1,905	$ 360
$ 7	$ 1	$ 4	$ 4	$ 3	$ 2	$ 12	$ 1
$ 15	$ 17	$	$	$	$	$	$
$	$	$ 22	$ 4	$	$	$	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES						
Net income (loss)	$ 697	$ (6)	$ 56	$ 100	$ 58	$ 117
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	(203)	2	(62)	(114)	(4)	118
Change in net fair value adjustment on derivative and hedging activities	42		(79)			102
Other adjustments	57	4	3		1	
Net change in fair value adjustments on trading securities	(135)					(107)
Change in fair value adjustments on advances and consolidated bonds held at fair value	(274)					
Net change in:						
Trading securities	(1)					
Accrued interest receivable	953	(31)	109	94	13	99
Other assets	(42)			1	(1)	(5)
Accrued interest payable	(359)	31	34	20	25	(173)
Other liabilities	(5)		(1)	5	(3)	(2)
Total adjustments	33	6	4	6	31	32
Net cash provided by (used in) operating activities	730		60	106	89	149
INVESTING ACTIVITIES						
Net change in:						
Interest-bearing deposits	(4,043)			(1,335)	(585)	(1,724)
Securities purchased under agreements to resell	650		500			
Federal funds sold	(6,782)		561	436	285	5,967
Deposits to other FHLBanks		(2)			2	1
Loans to FHLBanks		(955)		55	500	
Premises, software and equipment	(7)			(1)	(1)	
Trading securities:						
Proceeds	294	(5)	12			250
Purchases	(1,595)	113				(762)
Available-for-sale securities:						
Proceeds	1,283			36	2	
Purchases	(4,325)		(31)	(2,034)		
Held-to-maturity securities:						
Net decrease (increase) in short-term	8,495		1,060	5,330	(391)	325
Proceeds from long-term	6,056	(2,025)	574	659	706	740
Purchases of long-term	(14,998)		(1,046)		(30)	(2,839)
Advances:						
Proceeds	2,174,481		233,688	97,002	432,567	51,833
Made	(2,203,163)		(236,849)	(99,325)	(436,173)	(57,978)
Mortgage loans held for portfolio:						
Principal collected	3,371		139	44	203	117
Purchases	(2,456)		(104)	(21)	(113)	(107)
Proceeds from sales of foreclosed assets	8		1			
Net cash (used in) provided by investing activities	(42,731)	(2,874)	(1,495)	846	(3,028)	(4,177)

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ 49	$ 43	$ (78)	$ 31	$ 31	$ 24	$ 240	$ 32
	6	(20)	15	(8)	(36)	(27)	(77)	4
	3	(42)	122	30	26	7	(203)	76
	2		33	(1)	(4)		3	16
			(15)			(13)		
							(274)	
					(1)			
	56	5	26	19	28	48	436	51
		4	(6)	(1)	3	1	(45)	7
	(12)	36	190	9	39	(30)	(426)	(102)
	(7)	2	(26)	(1)	(2)	(6)	33	3
	48	(15)	339	47	53	(20)	(553)	55
	97	28	261	78	84	4	(313)	87
	(251)	(28)		(15)	(74)	(31)		
	150							
	(1,619)	1,181	3,387	(1,810)	1,810	811	(7,943)	(9,848)
					(1)			
					400			
	(1)		(1)		(1)	(1)	(1)	
			2			33	2	
			(20)			(926)		
			436	778	31			
		(474)		(1,529)	(257)			
	2,066	933	1,409	(130)	443	(199)	2,109	(4,460)
	535	331	176	136	294	233	1,425	2,272
		(631)	(1,114)		(939)	(277)	(7,524)	(598)
	511,791	12,550	60,210	71,832	152,677	150,800	360,475	39,056
	(519,811)	(15,916)	(62,422)	(78,095)	(159,790)	(149,014)	(356,740)	(31,050)
	448	312	1,434	334	14	78	107	141
	(345)	(177)	(1,198)	(241)		(150)		
			7					
	(7,037)	(1,919)	2,306	(8,740)	(5,393)	1,357	(8,090)	(4,487)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2008

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES						
Net change in:						
Deposits and pass-through reserves	$ 6,730	$	$ 605	$ 968	$ 875	$ 930
Deposits from other FHLBanks		2				
Borrowings	(314)			(9)		
Loans from FHLBanks		955				
Net proceeds on derivative contracts with financing element	130		2			12
Net proceeds from issuance of consolidated obligations:						
Discount notes	3,135,608		366,200	179,164	302,247	87,739
Bonds	216,968	(113)	9,276	22,215	13,580	39,337
Bonds transferred from other FHLBanks		(471)			314	
Payments for maturing and retiring consolidated obligations:						
Discount notes	(3,117,758)		(365,857)	(187,515)	(302,791)	(85,408)
Bonds	(201,197)	2,030	(8,884)	(15,712)	(11,444)	(38,855)
Bonds transferred to other FHLBanks		471				
Proceeds from issuance of capital stock	7,568		144	929	1,677	1,459
Payments for redemption of mandatorily redeemable capital stock	(701)			(115)		(26)
Payments for repurchase/redemption of capital stock	(4,748)			(763)	(1,466)	(1,045)
Cash dividends paid	(359)		(50)	(89)	(48)	(115)
Net cash provided by (used in) financing activities	41,927	2,874	1,436	(927)	2,944	4,028
Net (decrease) increase in cash and cash equivalents	(74)		1	25	5	
Cash and cash equivalents at beginning of the period	320		7	8	67	19
Cash and cash equivalents at end of the period	$ 246	$	$ 8	$ 33	$ 72	$ 19
Supplemental Disclosures:						
Interest paid	$ 12,741	$	$ 863	$ 767	$ 651	$ 1,642
AHP payments, net	$ 57	$	$ 2	$ 6	$ 3	$ 9
REFCORP assessments paid	$ 211	$	$ 16	$ 24	$ 17	$ 31
Transfers of mortgage loans to real estate owned	$ 18	$	$ 1	$	$ 1	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 650	$ 476	$ 216	$ 416	$ (27)	$ 343	$ 946	$ 332
		(2)					
			(200)		(5)	(100)	
						(955)	
	39			7	70		
199,047	287,226	371,185	336,097	255,023	274,949	212,110	264,621
16,161	10,839	12,144	4,876	17,802	5,431	52,238	13,182
157							
(194,679)	(287,238)	(375,635)	(325,223)	(257,086)	(271,264)	(205,531)	(259,531)
(14,652)	(9,513)	(10,491)	(7,608)	(10,202)	(10,771)	(50,740)	(14,355)
				(471)			
206	93	24	1,333	489	403	554	257
		(6)	(4)	(25)	(504)	(21)	
			(1,037)	(228)	(15)	(97)	(97)
	(23)		(25)				(9)
6,890	1,899	(2,565)	8,625	5,282	(1,363)	8,404	4,400
(50)	8	2	(37)	(27)	(2)	1	
53	7	17	59	75	2	5	1
$ 3	$ 15	$ 19	$ 22	$ 48	$	$ 6	$ 1
$ 875	$ 333	$ 783	$ 573	$ 597	$ 601	$ 4,313	$ 743
$ 6	$ 4	$ 5	$ 4	$ 4	$ 4	$ 8	$ 2
$ 17	$ 10	$ 10	$ 6	$ 8	$ 12	$ 55	$ 5
$	$	$ 14	$ 1	$	$ 1	$	$

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

Investors should read this financial discussion and analysis of combined financial condition and combined results of operations together with the combined financial statements and the notes beginning on page 4 of this Combined Financial Report. Each FHLBank discusses its financial condition and results of operations in its periodic reports filed with the SEC. The results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2009. The unaudited financial statements should be read in conjunction with the FHLBanks' audited financial statements and related notes to the FHLBanks' annual combined financial report for the year ended December 31, 2008.

Each FHLBank's Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC contains, as required by applicable SEC rules, a Management's Discussion and Analysis of Financial Condition and Results of Operations, commonly called MD&A. The SEC has noted that one of the principal objectives of MD&A is to provide a narrative explanation of a registrant's financial statements that enables investors to see the registrant through the eyes of its management and that "management has a unique perspective on its business that only it can present." Because there is no centralized management of the FHLBanks that can provide a system-wide "eyes of management" view of the FHLBanks as a whole, this Combined Financial Report does not contain a conventional MD&A. It includes, instead, a "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations" prepared by the Office of Finance using information provided by the individual FHLBanks. The Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations does not generally include a separate description of how each FHLBank's operations affect the combined financial condition and combined results of operations. That level of information about each of the FHLBanks is addressed in the respective FHLBank's periodic reports filed with the SEC. (See "Explanatory Statement about FHLBanks Combined Financial Report" on page 2 and "Available Information on Individual FHLBanks" on page 3.)

Forward-Looking Information

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

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

- changes in interest rates, housing prices, employment rates and the general economy;
- the size and volatility of the residential mortgage market;
- demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands;
- volatility of market prices, rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks as security for the obligations of FHLBank members and counterparties to interest-rate exchange agreements and similar agreements. This volatility could result from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve Board and the FDIC, or a decline in liquidity in the financial markets;
- political events, including legislative, regulatory, judicial, or other developments that affect the FHLBanks, their members, counterparties and/or investors in the consolidated obligations of the FHLBanks, such as changes in the FHLBank Act, as amended, or regulations that affect FHLBank

operations, and regulatory oversight (including the U.S. Secretary of the Treasury's authority relating to the issuance of consolidated obligations and the passage of the Housing Act);

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

Business Overview

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

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

Different FHLBank Business Strategies. Each FHLBank is operated as a separate entity with its own management, employees and board of directors but under the supervisory and regulatory framework of the Finance Agency in its capacity as regulator (the Regulator). However, the management and board of directors of each FHLBank determine the best approach for meeting the FHLBank's business objectives and serving the needs of its members, which may not be the same as other FHLBanks due to different markets and economic characteristics. As such, the management and board of directors of each FHLBank have developed their own business strategies and initiatives to fulfill the FHLBank's mission and they reevaluate these strategies and initiatives from time to time. For example, some FHLBanks continue to offer the purchase of mortgage loans from their members through the acquired member asset programs; other FHLBanks have offered a program to their members but have not actively marketed the program or their members have not invested significant resources to develop or expand the programs; and some FHLBanks that previously participated have exited the programs. At March 31, 2009, mortgage loans purchased through the acquired member asset programs as a percentage of an individual FHLBank's total assets varied from a high of 36 percent for the FHLBank of Chicago to a low of less than one percent for the FHLBank of Dallas.

Comparative Highlights

(Dollar amounts in millions)	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008	Increase (Decrease) $	Increase (Decrease) %
Net interest income	$1,246	$1,195	$ 51	4.3%
Net income	345	697	(352)	(50.5)%

Net interest income increased in the first quarter of 2009 compared to the first quarter of 2008 primarily due to the decline in interest rates, as the decrease in interest expense on consolidated obligations was greater than the decreases in interest income on advances and investments. The decrease in net income in the first quarter of 2009 compared to the first quarter of 2008 can be primarily attributed to the increases in net other-than-temporary impairment losses, net losses on advances and consolidated bonds held at fair value and net losses on trading securities, which were partially offset by the increase in net interest income and the net gains on derivatives and hedging activities.

Total other loss for the three months ended March 31, 2009 and 2008 was the result of the following (dollar amounts in millions):

	March 31, 2009	March 31, 2008	(Decrease) Increase $
Net other-than-temporary impairment losses	$(516)	$	$(516)
Realized losses on other-than-temporarily impaired securities		(33)	33
Net (losses) gains on trading securities	(11)	134	(145)
Net realized gains from sale of available-for-sale securities	19		19
Net realized gains from sale of held-to-maturity securities	6		6
Net (losses) gains on advances and consolidated bonds held at fair value	(178)	274	(452)
Net gains (losses) on derivatives and hedging activities	200	(384)	584
Service fees	8	7	1
Other, net	3	(11)	14
Total other loss	$(469)	$ (13)	$(456)

In the first quarter of 2009, the FHLBanks incurred $516 million in OTTI charges related to certain private-label MBS and home equity loan investments that is recorded in "Net other-than-temporary impairment losses", which compares to $33 million recorded in "Realized losses on other-than-temporarily impaired securities" in the first quarter of 2008. Ongoing deterioration in housing prices, credit market stress, and weakness in the U.S. economy in the first quarter of 2009 continued to affect the credit quality of the loan collateral underlying certain MBS in certain of the FHLBanks' investment portfolios, resulting in projected credit losses on some securities that required these FHLBanks to write down the securities to fair value. These factors also led these FHLBanks to modify certain assumptions in the cash flow models used to analyze these MBS to reflect higher default rates, more extreme loss severities, and more moderate rates of housing price recovery than used in these FHLBanks' December 31, 2008 analyses. As a result of the severe lack of liquidity in the MBS market, which adversely affected the valuation of MBS, the OTTI charge on the affected securities significantly exceeded the credit losses and significantly reduced these FHLBanks' capital levels. To continue building retained earnings and preserve these FHLBanks' capital levels, certain FHLBanks did not pay a dividend for the first quarter of 2009 and/or did not repurchase excess capital stock.

The FHLBanks recorded $200 million of net gains on derivatives and hedging activities during the first quarter of 2009, primarily as the result of favorable changes in the fair values of interest rate swaps used in fair value hedges and economic hedges during the first quarter of 2009, as well as narrowing spreads between interest rates on Government Sponsored Enterprise (GSE) debt securities and interest rate swaps since year-end 2008. In general, derivatives and associated hedged instruments and certain assets and liabilities that are carried at fair value are held to the maturity, call, or put date. Therefore, for these financial instruments, nearly all of the cumulative net gains and losses that are unrealized gains or losses are either generally a matter of timing and will generally reverse over the remaining contractual terms or are the reversal of gains recognized in prior periods of the hedged financial instrument, associated interest-rate exchange agreement or financial instrument carried at fair value. However, there may be instances in which these instruments are terminated prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. In addition, the FHLBanks may have instances in which they may sell trading securities prior to maturity, which may also result in a realized gain or loss.

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

	March 31,		Increase	
	2009	2008	$	%
(Dollar amounts in millions)				
Total operating expenses	$188	$181	$7	3.9%

The increase in operating expenses for the first quarter of 2009 as compared to the first quarter of 2008 is primarily attributable to increases in employee headcount and professional and contract services.

	For the Three Months Ended March 31,		Increase	
	2009	2008	$	%
(Dollar amounts in millions)				
Daily average total assets	$1,321,116	$1,295,698	$25,418	2.0%

The increases in average assets are primarily the result of the growth in the FHLBanks' investment portfolios during the three months ended March 31, 2009.

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

	March 31, 2009		December 31, 2008		
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets	(Decrease) Increase %
Advances	$ 817,407	66.3%	$ 928,638	68.8%	(12.0)%
Investments	321,155	26.1%	305,913	22.7%	5.0%
Mortgage loans held for portfolio, net	85,032	6.9%	87,361	6.5%	(2.7)%
Total assets	1,232,195		1,349,053		(8.7)%
Total consolidated obligations, net	1,142,062		1,258,267		(9.2)%
Total capital	44,922		51,350		(12.5)%

Advances decreased as a percentage of total assets due to decreased member demand during the first quarter of 2009. Investments increased at March 31, 2009 from December 31, 2008, and mortgage loans held for portfolio increased as a percentage of total assets. Consolidated obligations decreased in relation to the decrease in total assets.

The decrease in advances outstanding was primarily attributable to a decline in member demand, which reflected the economic recession and the availability of federal government programs that provided members with alternative sources of funding and liquidity, and an increase in availability of deposits to members. Mortgage loans held for portfolio decreased in absolute terms as a result of market conditions and lower origination 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. Investments in securities purchases under agreements to resell, Federal funds sold and non-MBS investment securities increased $32.0 billion while MBS investment securities interest-bearing deposits decreased by $16.8 billion from December 31, 2008 to March 31, 2009.

The decrease in the level of capital at March 31, 2009 compared to December 31, 2008 is primarily attributable to recognizing $4.7 billion in noncredit portion of OTTI charges on certain private-label MBS and home equity loan investments, the $2.8 billion repurchase/redemption of capital stock and an increase of $1.8 billion in mandatorily redeemable capital stock. The FHLBanks' combined regulatory capital- to-assets ratio at March 31, 2009 was 4.92 percent, up from 4.42 percent at December 31, 2008. The FHLBanks' combined capital-to-assets ratio calculated in accordance with accounting principles generally accepted in the United States of America (GAAP) at March 31, 2009 was 3.65 percent, down from 3.81 percent at December 31, 2008.

Key ratios are as follows:

	For the Three Months Ended March 31,	
	2009	2008
Return on average assets (basis points)	11	22
Return on average equity	2.76%	5.14%
Weighted average dividend rate	1.06%	5.13%

The decreases in return on average assets and return on average equity for the three months ended March 31, 2009 are due primarily to the decrease in net income. The dividend rate has been influenced by each FHLBank's retained earnings policies, dividend policies, net income, business strategies and Finance Agency guidance.

Financial Trends

Conditions in Financial Markets.

During the second half of 2008, the credit markets deteriorated and, by November 2008, the FHLBanks were only able to price an unusually low $8.8 billion in consolidated bonds. However, beginning in 2009, the effect of government initiatives, in combination with other positive developments, resulted in improved investor demand for GSE bonds. Improved access to bond funding, plus falling demand for FHLBank advances, provided the FHLBanks with greater flexibility to access term funding during the first quarter of 2009.

On February 3, 2009, the Board of Governors of the Federal Reserve System announced the extension of multiple liquidity programs through October 30, 2009, which were previously scheduled to expire on April 30, 2009. These facilities are the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), the Commercial Paper Funding Facility (CPFF), the Money Market Investor Funding Facility (MMIFF), the Primary Dealer Credit Facility (PDCF) and the Term Securities Lending Facility (TSLF).

On February 18, 2009, the U.S. Treasury announced the Homeowner Affordability and Stability Plan. As part of that plan, the U.S. Treasury amended the senior preferred stock purchase agreements with Fannie Mae and Freddie Mac to increase the U.S. Treasury's funding authority from $100 billion each to $200 billion each.

In addition, the U.S. Treasury announced an increase in Fannie Mae's investment portfolio cap and Freddie Mac's investment portfolio cap to $900 billion from $850 billion. On February 26, 2009, Fannie Mae announced a fourth quarter 2008 loss of $25.2 billion. On March 11, 2009, Freddie Mac announced a fourth quarter 2008 loss of $23.9 billion.

On February 25, 2009, the Director of the Finance Agency submitted a request for $15.2 billion from the U.S. Department of the Treasury on Fannie Mae's behalf under the terms of the senior preferred stock purchase agreement in order to eliminate Fannie Mae's net worth deficit as of December 31, 2008. On March 11, 2009, Freddie Mac announced that the Director of the Finance Agency had submitted a request for $30.8 billion from the U.S. Department of the Treasury on Freddie Mac's behalf under the terms of the senior preferred stock purchase agreement in order to eliminate Freddie Mac's net worth deficit as of December 31, 2008.

On March 18, 2009, the Federal Reserve Board announced that economic conditions had continued to deteriorate in the first quarter as indicated by job losses, declining equity and housing wealth, tight credit conditions and slumping U.S. exports. On this same day, to provide greater support to mortgage lending and the housing market, the Federal Reserve Board announced that it would purchase up to an additional $750 billion of agency mortgage-backed securities, increasing its total purchase authority to $1.25 trillion since the inception of this program. The Federal Reserve Board also announced that it would purchase up to an additional $100 billion in agency debt issued by Fannie Mae, Freddie Mac and the FHLBanks, increasing its total purchase authority to a total of up to $200 billion since the inception of this program. Additionally, to help improve conditions in private credit markets, the Federal Reserve Board announced that it would purchase up to $300 billion of longer-term U.S. Treasury securities over the next six months.

During the first quarter of 2009, the Federal Reserve Bank of New York (FRBNY) continued to purchase both GSE term debt and MBS. Since the inception of the program through March 31, 2009, the FRBNY has purchased approximately $53 billion in GSE term debt, including $12 billion of FHLBank term debt, and approximately $424 billion in GSE mortgage-backed securities. This includes approximately $121 billion in purchases related to dollar rolls, which, similar to repurchase agreements, provide holders of mortgage-backed securities with a form of short-term financing. Starting in late March 2009, the FRBNY commenced purchasing U.S. Treasury securities. Through March 31, 2009, the FRBNY had purchased approximately $17.5 billion in U.S. Treasury securities with various maturities.

After slowing down in February 2009, TLGP issuance ramped up considerably during March as the FDIC announced plans to raise fees associated with the TLGP on April 1, 2009. Through March 31, 2009, approximately $230 billion in TLGP-wrapped bonds have been priced. On February 10, 2009, in a joint statement, the U.S. Treasury, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency and the Office of Thrift Supervision announced the Capital Assistance Program, the Public-Private Investment Fund, an expansion of the Term Asset-Backed Securities Lending Facility (TALF) and the extension of the TLGP by four months to October 31, 2009. In order to gradually phase out the program, the FDIC is assessing a surcharge on TLGP debt that is issued beginning in the second quarter of 2009 with a maturity date of one year or longer. On March 19, 2009, the Federal Reserve Board announced that the range of eligible collateral for TALF funding commencing in April 2009 will be expanded to include asset-backed securities backed by mortgage servicing advances, loans or leases relating to business equipment, leases of vehicle fleets and floor-plan loans.

Government initiatives have helped revive the GSE term debt markets, especially for large, fixed-rate, non-callable issues (bullet bonds). During the first quarter of 2009, Fannie Mae priced a combined total of $37 billion in new two-year, three-year and five-year Benchmark Notes® while Freddie Mac priced a combined total of $24.5 billion in new two-year, three-year, five-year and ten-year Reference Notes®.

On March 23, 2009, the U.S. Treasury, Federal Reserve and FDIC announced a framework for the Public-Private Investment Program (PPIP). The PPIP is a two-part program designed to remove "toxic" assets from bank balance sheets and improve credit availability to households and businesses. The first part of the PPIP, known as the legacy loan program, is designed to attract private capital to purchase troubled loans from banks. These transactions will be facilitated by FDIC guarantees and equity provided by the U.S. Treasury using TARP funds. The second part of the PPIP, known as the legacy securities program, includes (1) an expansion of the TALF to include legacy securitization assets and (2) Public-Private Investment Funds (PPIF), whereby prequalified fund managers will purchase legacy securities with a combination of private capital and U.S. Treasury funds.

During the first quarter of 2009, FHLBank bond retirements, resulting from both scheduled maturities and exercised calls, reached historically high levels, resulting in lower debt outstanding. The volume of FHLBank bonds priced in January 2009 rose sharply relative to the monthly run rate during the fourth quarter of 2008. On January 14, 2009, the FHLBanks announced a mandated global bond issue under a new monthly calendar-date format. The inaugural issue was a $3.5 billion, two-year bullet bond. The volume of FHLBank bonds priced in February 2009 slowed from the January 2009 pace. The February 2009 calendar-date mandated global bond issue was a $3 billion, two-year bullet bond. The volume of FHLBank bonds priced in March 2009 was comparable to the volume priced in February 2009. The March 2009 calendar-date mandated global bond issue was a $3 billion, three-year bullet bond. The dollar volume of FHLBank bonds priced in the first quarter of 2009 was more than double the dollar volume priced during the fourth quarter of 2008.

As noted earlier, since the end of 2008, there has been an increase in the amount of term FHLBank debt priced relative to the pace during the fourth quarter of 2008. Volume increased in negotiated bullets, auctioned callable bonds and variable-rate bonds. In the first quarter of 2009, the weighted-average number of days to maturity of all outstanding bonds, as well as the outstanding balance, continued to decline, following a trend that commenced last fall. The weighted-average number of days to maturity of all outstanding consolidated discount notes was approximately unchanged at the end of the first quarter of 2009 compared with the end of 2008, while the outstanding balance of consolidated discount notes declined between these two points in time.

Overall, FHLBank debt outstanding continued to shrink during the first quarter of 2009, falling an additional $116 billion from year-end 2008 through March 31, 2009 due to a sharp decline in consolidated bonds outstanding. Additionally, as FHLBank bond issuance has not kept pace with bond retirements, consolidated discount notes, as a percentage of total debt outstanding, has increased from approximately 35 percent at year-end 2008 to approximately 36 percent at March 31, 2009.

Foreign official holdings of GSE debt and MBS securities, as reported by the Federal Reserve Board, stabilized during the first quarter of 2009 following a sharp and sustained decline during the second half of 2008. In addition, primary securities dealer inventories of GSE debt securities, as reported by the FRBNY, which declined sharply during the fourth quarter of 2008, stabilized during the first quarter of 2009. Since late September 2008, money market funds, in the aggregate, had been increasing their asset allocation to short-term GSE debt. During the first quarter of 2009, the rate of increase in that allocation declined.

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

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

Interest rates prevailing during any reporting period affect the FHLBanks' profitability for that reporting period, due primarily to the short-term structure of earning assets and the effect of interest rates on invested capital. At March 31, 2009 and December 31, 2008, the majority of investments, excluding mortgage-backed securities, and approximately 39 percent and 42 percent of the outstanding advances, had stated maturities of less than one year. Additionally, a significant portion of the FHLBanks' advances has been hedged with interest-rate exchange agreements in which a short-term, variable rate is received. The demand for FHLBank debt, as well as current short-term interest rates, as represented, for example, by the overnight Federal funds target rate, has an effect on the FHLBanks' profitability as measured by net interest income and return on average equity.

Interest rates also directly affect the FHLBanks through earnings on invested capital. Generally, due to the FHLBanks' cooperative structures, the FHLBanks earn relatively narrow net spreads between the yield on assets and the cost of corresponding liabilities. As a result, compared with other financial institutions, a relatively higher proportion of FHLBank income is generated from the investment of member-supplied capital at the average asset yield. Consequently, changes in asset yields tend to have a greater effect on FHLBank profitability than on the profitability of financial institutions in general. Most FHLBanks' return on capital follows short-term rates such as the Federal funds or 3-month LIBOR rates, while certain FHLBank average asset yields and corresponding returns on capital are driven by longer-term assets, such as mortgage loans purchased through the mortgage purchase programs and mortgage-backed securities (also referred to as MBS) and collateralized mortgage obligations (CMO)-related investment holdings.

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

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

	March 31, 2009 Ending Rate	December 31, 2008 Ending Rate	March 31, 2009 Three-Month Average	March 31, 2008 Three-Month Average	Ending Rate March 31, 2009 vs. December 31, 2008 Variance	Three-Month Average Rate March 31, 2009 vs. March 31, 2008 Variance
Federal Funds Target (1)	0.25%	0.25%	0.25%	3.19%	0.00%	(2.94)%
3-month LIBOR (1)	1.19%	1.43%	1.24%	3.29%	(0.24)%	(2.05)%
2-year LIBOR (1)	1.38%	1.48%	1.54%	2.84%	(0.10)%	(1.30)%
5-year LIBOR (1)	2.21%	2.13%	2.37%	3.57%	0.08%	(1.20)%
10-year LIBOR (1)	2.86%	2.56%	2.93%	4.32%	0.30%	(1.39)%
3-month U.S. Treasury (1)	0.21%	0.08%	0.20%	2.09%	0.13%	(1.89)%
2-year U.S. Treasury (1)	0.80%	0.77%	0.89%	2.04%	0.03%	(1.15)%
5-year U.S. Treasury (1)	1.66%	1.55%	1.75%	2.75%	0.11%	(1.00)%
10-year U.S. Treasury (1)	2.67%	2.21%	2.70%	3.65%	0.46%	(0.95)%
15-year residential mortgage note rate (2)	4.45%	4.80%	4.73%	5.28%	(0.35)%	(0.55)%
30-year residential mortgage note rate (2)	4.61%	5.03%	5.02%	5.84%	(0.42)%	(0.82)%

(1) Source: Bloomberg.

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

During the first quarter of 2009, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), left the Federal funds rate unchanged from year-end 2008, at a level of between 0.00 and 0.25 percent. From the end of the first quarter of 2008 to the end of the first quarter of 2009, the FOMC's actions resulted in a 200-225 basis point reduction in the Federal funds rate.

Both short-term and long-term interest rates generally followed this downward trend in the Federal funds rate. For example, due to aggressive and unprecedented action by U.S. and foreign central banks to add liquidity to the money markets, the average three-month and two-year LIBOR rates decreased approximately 205 and 130 basis points from the first quarter of 2008 to the first quarter of 2009, while the average three-month and two-year U.S. Treasury rates for the first quarter of 2009 were approximately 189 and 115 basis points lower than the corresponding three-month and two-year U.S. Treasury rates during the first quarter of 2008. Average five-year and ten-year U.S. Treasury rates were lower by 100 and 95 basis points in the first three months of 2009 compared to the same period in 2008, while average five-year and ten-year LIBOR rates were lower by 120 and 139 basis points over this time period.

The Securities Industry and Financial Markets Association's (SIFMA's) May 2009 "Research Quarterly," the latest date for which information is publicly available, noted that capital market issuance in the first quarter of 2009 reached $1.42 trillion, a 2.8 percent increase from the $1.38 trillion issued in the first quarter of 2008, and 70.2 percent above issuance in the fourth quarter of 2008. Agency MBS volume continued to dominate the mortgage-backed sector as high delinquency rates, rising foreclosures, declining home prices and tighter mortgage underwriting guidelines continued to depress private-label MBS and non-agency MBS issuance. During the first quarter of 2009, agency debt issuance started to shift more toward longer-term debt as the credit markets began to unfreeze and very short-term debt securities started to mature. Agency long-term debt issuance rose 52.9 percent in the first quarter of 2009 compared to the fourth quarter of 2008; however, agency long-term debt issuance of $146.3 billion during the first quarter of 2009 was substantially lower than the

$432.4 billion issued during the first quarter of 2008. The FHLBanks' debt issuance reached $110.7 billion in the first quarter of 2009, an increase of nearly four times the $22.5 billion issued during the fourth quarter of 2008, but a decrease of 49.0 percent compared to the $217.2 billion issued by the FHLBanks during the first quarter of 2008.

During the first quarter of 2009, the dollar amount of callable FHLBank consolidated bonds redeemed prior to maturity (called) was 43 percent lower than during the first quarter of 2008. However, while bond calls decreased, the volume of bond maturities during the first quarter of 2009 was nearly double the volume of bond maturities during the first quarter of 2008.

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

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

The FDIC's first quarter 2009 "Quarterly Banking Profile," the latest date for which information is publicly available, reported that while the $7.6 billion of first quarter 2009 net income for FDIC-insured institutions was $11.7 billion, or 60.8 percent, lower than in the first quarter of 2008, these earnings represented a significant recovery from the $36.9 billion net loss the industry reported in the fourth quarter of 2008. Sharply higher trading revenues at large banks, as well as increased servicing fees and realized gains on securities and other assets at a few large institutions, contributed to first quarter 2009 net income. Total assets of all FDIC-insured institutions increased slightly to $13.5 trillion at March 31, 2009, compared to $13.4 trillion at March 31, 2008, while total deposits for all FDIC-insured institutions increased to $9.0 trillion at March 31, 2009, representing a 4.5 percent increase over the corresponding balance of $8.6 trillion at March 31, 2008. Total loans and leases of $7.7 trillion at March 31, 2009 decreased 2.9 percent from $8.0 trillion at March 31, 2008; however, total domestic office deposits increased from $7.1 trillion at March 31, 2008 to $7.5 trillion at March 31, 2009, representing a 6.6 percent increase. Over the past 12 months, the share of assets funded by domestic deposits increased from 52.9 percent to 55.7 percent. By contrast, over the past 12 months, FHLBank advances as a percentage of total assets declined from 6.3 percent to 5.1 percent. For the second consecutive quarter, FDIC-insured institutions decreased their FHLBank borrowings. The corresponding $91.0 billion, or 11.6 percent, decrease during the first quarter of 2009 resulted from these institutions increasing their participation in U.S. government programs initiated to provide capital and liquidity to the banking sector. For example, at March 31, 2009, 97 financial institutions had $336 billion in government-guaranteed debt outstanding through the TLGP.

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

In early April 2009, financial institutions began to focus on the scrutiny and limitations associated with the acceptance of TARP funds. As a result, some organizations began to raise money to pay off TARP borrowings. Through mid-June 2009, 32 financial institutions have redeemed preferred shares sold under the TARP. In addition, in late April 2009, market participants turned their attention to bank stress-testing, with almost half the banks tested directed to raise additional capital. Several financial institutions tapped the equity markets to raise necessary funds. During May 2009, the U.S. Treasury announced plans to inject TARP funds into several insurance companies and the markets focused on the U.S. auto industry and the then impending bankruptcies of Chrysler and General Motors.

In the agency market, as the Federal Reserve's programs continued to support and stabilize the fixed-income markets, the capital markets remained accessible to the FHLBanks. In April and May 2009, the Federal Reserve purchased $28.4 billion in additional agency debt, including $7.2 billion in FHLBank mandated Global bonds. Furthermore, since the end of the first quarter of 2009 through May 27, 2009, the Federal Reserve has purchased $375 billion in additional agency MBS and $105.3 billion in U.S. Treasury securities, including $3.1 billion in U.S. Treasury Inflation-Protected Securities. Since the first quarter of 2009, TLGP issuance has slowed, with only $16.7 billion and $10 billion in additional debt priced in April and May, respectively. In mid-May 2009, the FDIC noted that it would not be extending the TLGP to include bonds with maturities of longer than three years; instead, the FDIC plans to extend the TLGP to include mandatorily convertible securities. The Federal Reserve's programs appear to have lowered swapped funding costs as aggregate FHLBank bond funding costs for April and May 2009 were much improved over first quarter 2009 levels. On June 25, 2009, the Board of Governors of the Federal Reserve System announced the extension of multiple liquidity programs through February 1, 2010, which were previously scheduled to expire on October 30, 2009. These facilities are the AMLF, the CPFF, the PDCF and the TSLF.

During the months of April and May 2009, the FHLBanks had $82.3 billion in scheduled bond maturities and $16.2 billion in exercised calls. The total book of FHLBank consolidated obligations outstanding shrank more slowly in April 2009 and, after hitting a low of $1.1 trillion on April 25, 2009, reversed course and grew almost $14 billion through month-end to close the month down $21 billion. However, in May 2009, consolidated obligations outstanding began to shrink more rapidly—dropping an additional $37 billion. May's drop was driven by consolidated discount notes shrinking $41 billion during the month. Since the end of the first quarter of 2009 through May 31, 2009, consolidated bonds outstanding dropped almost $21 billion and consolidated discount notes outstanding dropped $37 billion.

The FHLBanks priced $46.3 billion in consolidated bonds in April 2009 and $39.2 billion in consolidated bonds in May 2009—a majority of which were short-term bullet bonds and variable-rate bonds. The weighted-average number of days to maturity for FHLBank consolidated bonds outstanding started to increase in late March 2009, peaked in April 2009, and declined through the end of May 2009. The weighted-average number of days to maturity for FHLBank consolidated discount notes outstanding has remained relatively stable since the end of the first quarter of 2009.

During April 2009, Fannie Mae priced $6 billion of new, two-year Benchmark Notes® and $4 billion of new, three-year Benchmark Notes® while Freddie Mac priced $4.5 billion of new, five-year Reference Notes®. In addition, the FHLBanks priced $3 billion of a new, two-year mandated Global bond, as well as a $750 million re-opening of a ten-year mandated Global bond with a remaining maturity of approximately five years. The $750 million funding was the first re-opening by the FHLBanks that was completed through a Dutch auction process.

In May 2009, Fannie Mae priced $5 billion of new, five-year Benchmark Notes® and Freddie Mac priced $6 billion of new, three-year Reference Notes®. Freddie Mac stated that it would pass on its additional Reference Notes® calendar date in May. On June 2, 2009, Fannie Mae announced that it would also pass on its first Benchmark Notes® calendar date in June 2009. The FHLBanks priced $3 billion of a new, three-year mandated Global bond on May 28, 2009. The FHLBanks priced $5 billion of a new, two-year mandated Global bond on June 11, 2009.

In mid-May 2009, Fannie Mae and Freddie Mac each announced first quarter 2009 financial results. Fannie Mae reported a first quarter 2009 loss of $23.2 billion and the Director of the Finance Agency submitted a request for an additional $19 billion from the U.S. Treasury on Fannie Mae's behalf. Freddie Mac reported a first quarter 2009 loss of $9.9 billion and the Director of the Finance Agency submitted a request for $6.1 billion from the U.S. Treasury on Freddie Mac's behalf.

Dealer inventory holdings of agency debt hit a 2009 low in late April 2009, but have since rebounded; however, dealer inventories of agencies remain significantly below levels at the end of the first quarter of 2009. Similarly, after dropping for four straight weeks, foreign official holdings of agency paper (debt and MBS) vacillated during May 2009 to end the month slightly above the level reported at the end of March 2009. Taxable money market fund assets invested in "U.S. other agency" assets have declined almost $100 billion since March 31, 2009.

Combined Statement of Condition

SFAS 133 and SFAS 159. SFAS 133 requires that assets and liabilities hedged with derivative instruments designated under fair value hedging relationships be adjusted for changes in value attributable to the risk being hedged (e.g., benchmark interest rate risk) even as other assets and liabilities continue to be carried on a historical cost basis. SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115* (SFAS 159), provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. In discussing changes in the Combined Statement of Condition at March 31, 2009 as compared to December 31, 2008, the SFAS 133 and SFAS 159 fair value adjustments and basis adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations have been included. All other SFAS 133 hedging adjustments were less than one percent of the book value. The SFAS 133 and SFAS 159 hedging and valuation adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations are as follows:

SFAS 133 Hedging and SFAS 159 Valuation Adjustments
(Dollar amounts in millions)

	March 31, 2009	December 31, 2008
Advances at pre-SFAS 133 and 159 value	$ 792,868	$ 900,453
SFAS 133 hedging adjustments	23,455	26,885
SFAS 159 valuation adjustments (1)	1,084	1,300
Advances at carrying value	$ 817,407	$ 928,638
Available-for-sale securities at pre-SFAS 133 value (2)	$ 18,184	$ 13,969
SFAS 133 hedging adjustments	437	590
Available-for-sale securities at carrying value	$ 18,621	$ 14,559
Mortgage loans held for portfolio at pre-SFAS 133 value	$ 84,753	$ 87,065
SFAS 133 hedging adjustments	298	311
Mortgage loans held for portfolio at carrying value	$ 85,051	$ 87,376
Consolidated obligations at pre-SFAS 133 and 159 value	$1,133,029	$1,247,606
SFAS 133 hedging adjustments	8,993	10,595
SFAS 159 valuation adjustments (1)	40	66
Consolidated obligations at carrying value	$1,142,062	$1,258,267

(1) See “Note 12—Estimated Fair Values” to the accompanying combined financial statements for discussion about financial instruments carried at fair value on the statement of condition by the FHLBanks.

(2) Book value includes fair value adjustments under SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS 115).

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

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

At March 31, 2009, the FHLBanks had $6.9 billion of CIP housing advances and $2.7 billion of CIP commercial and economic development advances outstanding.

Advances by Contractual Maturity
(Dollar amounts in millions)

	March 31, 2009		December 31, 2008	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 11		$ 30	
Due in 1 year or less	312,706	2.12%	382,493	2.44%
Due after 1 year through 2 years	136,087	3.42%	150,323	3.67%
Due after 2 years through 3 years	84,533	2.97%	94,086	3.53%
Due after 3 years through 4 years	70,221	3.21%	67,173	3.65%
Due after 4 years through 5 years	43,933	2.91%	58,127	3.13%
Thereafter	141,844	3.63%	144,578	3.78%
Index amortizing advances	3,601	4.59%	3,654	4.62%
Total par value	792,936	2.86%	900,464	3.12%
Commitment fees	(6)		(6)	
Discount on AHP advances	(67)		(68)	
Premiums	77		105	
Discounts	(72)		(42)	
SFAS 133 hedging adjustments	23,455		26,885	
SFAS 159 valuation adjustments	1,084		1,300	
Total	$817,407		$928,638	

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

Member demand for advance borrowings in the first quarter of 2009 was concentrated in longer-term advance products that are due after one year. The decrease in advances outstanding during the first quarter of 2009 was generally broad-based across the FHLBanks' membership, with the majority of the decline occurring in short-term advances. This decrease in advances outstanding was primarily attributable to a decline in member demand, which reflected the economic recession and lower lending, as well as the availability of federal government programs that provided members with more attractively priced sources of funding and liquidity. The balance of advances also declined due to growth in demand for, and an increase in availability of, deposits to members, which allowed members the ability to prepay their advances. During the first quarter of 2009, the FHLBanks also experienced a substantial paydown of advances as a result of maturing advances.

Advance Originations
(Dollar amounts in millions)

	For the Three Months Ended March 31,		2009 vs. 2008 Decrease	
	2009	2008	$	%
Advances originated	$1,171,956	$2,203,163	$(1,031,207)	(46.8)%
Advances repaid	1,279,546	2,174,481	(894,935)	(41.2)%
Net (decrease) increase	$ (107,590)	$ 28,682		

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

	March 31, 2009		December 31, 2008	
Par amount of advances	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate	$546,088	68.9%	$609,073	67.6%
Variable-rate	246,848	31.1%	291,391	32.4%
Total	$792,936	100.0%	$900,464	100.0%

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

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

	March 31, 2009		December 31, 2008		Decrease	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value	$	%
Callable advances	$40,342	5.1%	$46,098	5.1%	$(5,756)	(12.5)%

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

Year of Contractual Maturity or Next Call Date	March 31, 2009	Percentage of Total	December 31, 2008	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 11	0.0%	$ 30	0.0%
Due in 1 year or less	343,256	43.3%	414,444	46.0%
Due after 1 year through 2 years	133,142	16.8%	148,674	16.5%
Due after 2 years through 3 years	79,402	10.0%	89,636	10.0%
Due after 3 years through 4 years	64,135	8.1%	62,615	7.0%
Due after 4 years through 5 years	42,422	5.3%	53,534	5.9%
Thereafter	126,967	16.0%	127,877	14.2%
Index amortizing advances	3,601	0.5%	3,654	0.4%
Total par value	$792,936	100.0%	$900,464	100.0%

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

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

	March 31, 2009		December 31, 2008	
	Amount	Percentage of Par Value	Amount	Percentage of Par Value
Convertible advances	$ 45,312	5.7%	$ 47,676	5.3%
Putable advances	93,183	11.8%	94,621	10.5%
Convertible and putable advances	$138,495	17.5%	$142,297	15.8%

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

Year of Contractual Maturity or Next Put/Convert Date	March 31, 2009	Percentage of Total	December 31, 2008	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 11	0.0%	$ 30	0.0%
Due in 1 year or less	414,370	52.2%	483,174	53.7%
Due after 1 year through 2 years	134,511	17.0%	151,648	16.8%
Due after 2 years through 3 years	84,558	10.7%	96,779	10.8%
Due after 3 years through 4 years	54,875	6.9%	51,820	5.8%
Due after 4 years through 5 years	41,008	5.2%	52,660	5.8%
Thereafter	60,002	7.6%	60,699	6.7%
Index amortizing advances	3,601	0.4%	3,654	0.4%
Total par value	$792,936	100.0%	$900,464	100.0%

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

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

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

At March 31, 2009 and December 31, 2008, 85.4 percent and 91.1 percent of the total investment securities classified on the Combined Statement of Condition as held-to-maturity, available-for-sale or trading securities were rated in the two highest investment rating categories for long-term or short-term investments as defined by Standard & Poor's Rating Services (S&P), Moody's Investors Service (Moody's) and/or Fitch Ratings (Fitch). At March 31, 2009, approximately 9 percent of total investment securities were on negative watch. Of the 9 percent, majority of this percentage on negative watch represented private-label residential MBS and home equity loan investments, with less than 0.5 percent related to certificates of deposit and state or local housing agency obligation.

Investments
(Dollar amounts in millions)

	March 31, 2009	December 31, 2008	Increase (Decrease) $	Increase (Decrease) %
Investments (excluding mortgage-backed securities)	$163,619	$136,743	$ 26,876	19.7%
Mortgage-backed securities	157,536	169,170	(11,634)	(6.9)%
Total investments	$321,155	$305,913	$ 15,242	5.0%

Investments
(Dollar amounts in millions)

	March 31, 2009		December 31, 2008		(Decrease) Increase	
	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments	$	%
Held-to-maturity securities	$168,904	52.6%	$184,524	60.3%	$(15,620)	(8.5)%
Available-for-sale securities	18,621	5.8%	14,559	4.8%	4,062	27.9%
Trading securities	18,931	5.9%	12,150	4.0%	6,781	55.8%
Total investment securities	206,456	64.3%	211,233	69.1%	(4,777)	(2.3)%
Interest-bearing deposits	42,317	13.2%	47,486	15.5%	(5,169)	(10.9)%
Securities purchased under agreements to resell	8,980	2.8%	6,895	2.2%	2,085	30.2%
Federal funds sold	63,402	19.7%	40,299	13.2%	23,103	57.3%
Total investments	$321,155	100.0%	$305,913	100.0%	$ 15,242	5.0%

Investment Securities
(Dollar amounts in millions)

	March 31, 2009	
	Amount	Percentage of Total Investment Securities
U.S. Treasury obligations	$ 435	0.2%
Commercial paper	4,382	2.1%
Certificates of deposits (1)	21,060	10.2%
Other U.S. obligations*	526	0.3%
Government-sponsored enterprises**	11,024	5.3%
State or local housing agency obligations	2,923	1.4%
Other***	8,570	4.2%
	48,920	23.7%
Mortgage-backed securities:		
Other U.S. obligations residential mortgage-backed securities*	794	0.4%
Other U.S. obligations commercial mortgage-backed securities*	50	0.0%
Government-sponsored enterprises residential mortgage-backed securities****	90,846	44.0%
Government-sponsored enterprises commercial mortgage-backed securities****	1,549	0.8%
Private-label residential mortgage-backed securities	61,237	29.7%
Private-label commercial mortgage-backed securities	677	0.3%
Manufactured housing loans	247	0.1%
Home equity loans	1,754	0.8%
MPF Shared Funding Program mortgage-backed certificates	382	0.2%
	157,536	76.3%
Total investment securities	$206,456	100.0%

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

(1) Represents certificates of deposit and/or bank notes that meet the definition of a security under SFAS 115. (See "Note 1—Summary of Significant Accounting Policies" to the accompanying combined financial statements.)

* Primarily consists of Government National Mortgage Association (Ginnie Mae) and/or Small Business Administration (SBA) investment pools.

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

*** Primarily consists of corporate debentures and promissory notes issued or guaranteed by the FDIC under the TLGP.

**** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

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

	March 31, 2009		December 31, 2008	
	Carrying Value	Percentage of Total	Carrying Value	Percentage of Total
Government-sponsored enterprises residential mortgage-backed securities*	$ 90,846	57.7%	$ 95,561	56.5%
Private-label residential mortgage-backed securities	61,237	38.9%	69,498	41.1%
Home equity loans	1,754	1.1%	1,959	1.2%
Government-sponsored enterprises commercial mortgage-backed securities*	1,549	1.0%		
Other U.S. obligations residential mortgage-backed securities**	794	0.5%	565	0.3%
Private-label commercial mortgage-backed securities	677	0.4%	935	0.6%
MPF Shared Funding Program mortgage-backed certificates	382	0.2%	398	0.2%
Manufactured housing loans	247	0.2%	254	0.1%
Other U.S. obligations commercial mortgage-backed securities**	50	0.0%		
Total mortgage-backed securities	$157,536	100.0%	$169,170	100.0%

* Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

** Primarily consists of Ginnie Mae and/or SBA investment pools.

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

At March 31, 2009, the FHLBanks did not hold any collateralized debt obligation (CDO) securities.

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

	March 31, 2009	December 31, 2008	Decrease $	Decrease %
Mortgage-backed securities	$157,536	$169,170	$(11,634)	(6.9)%
Less: MPF Shared Funding Program	382	398	(16)	(4.0)%
Mortgage-backed securities (excluding MPF Shared Funding Program)	$157,154	$168,772	$(11,618)	(6.9)%
Total capital (1) and Designated Amount of applicable subordinated notes	$ 53,293	$ 58,486	$ (5,193)	(8.9)%
Ratio of mortgage-backed securities (excluding MPF Shared Funding Program) to total capital(1) and Designated Amount of applicable subordinated notes	2.95	2.89		

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

Historically, the FHLBanks have been one of the major providers of Federal funds, allowing the FHLBanks to warehouse and provide balance sheet liquidity to meet unexpected borrowing demands from members. The FHLBanks also invest in U.S. agency obligations, some of which are structured debt issued by other GSEs.

Trading Securities.

Trading Securities
(Dollar amounts in millions)

	March 31, 2009 Estimated Fair Value
U.S. Treasury obligations	$ 435
Commercial paper	2,283
Certificates of deposits (1)	3,201
Government-sponsored enterprises*	6,826
State or local housing agency obligations	14
Other**	5,370
	18,129
Mortgage-backed securities:	
Other U.S. obligations residential mortgage-backed securities***	60
Government-sponsored enterprises residential mortgage-backed securities****	727
Government-sponsored enterprises commercial mortgage-backed securities****	15
	802
Total	$18,931

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

(1) Represents certificates of deposit that meet the definition of a security under SFAS 115. (See "Note 1—Summary of Significant Accounting Policies" to the accompanying combined financial statements.)

* Primarily consists of debt securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

** Primarily consists of corporate debentures issued or guaranteed by the FDIC under TLGP.

*** Primarily consists of Ginnie Mae investment pools.

**** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

	March 31, 2009		December 31, 2008	
Year of Maturity	Estimated Fair Value	Yield	Estimated Fair Value	Yield
Non-mortgage-backed securities				
Due in one year or less	$ 7,569	1.35%	$ 3,489	2.34%
Due after one year through five years	8,313	2.37%	5,255	3.37%
Due after five years through ten years	2,247	4.00%	2,598	4.66%
Due after ten years				
Total	$18,129		$11,342	

Available-for-Sale Securities.

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

	March 31, 2009			
	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificates of deposits (2)	$ 5,280	$	$ (1)	$ 5,279
Other U.S. obligations*	210	4		214
Government-sponsored enterprises**	2,528	131	(100)	2,559
Other	493		(73)	420
	8,511	135	(174)	8,472
Mortgage-backed securities:				
Government-sponsored enterprises residential mortgage-backed securities***	8,184	49	(110)	8,123
Government-sponsored enterprises commercial mortgage-backed securities***	321		(7)	314
Private-label residential mortgage-backed securities	2,585		(881)	1,704
Private-label commercial mortgage-backed securities	2			2
Home equity loans	18		(12)	6
	11,110	49	(1,010)	10,149
Total	$19,621	$184	$(1,184)	$18,621

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

(1) Amortized cost of available-for-sale securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, previous OTTI recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of FSP FAS 115-2 and FAS 124-2), and/or fair value hedge accounting adjustments.
(2) Represents certificates of deposit and/or bank notes that meet the definition of a security under SFAS 115. (See "Note 1— Summary of Significant Accounting Policies.")
* Primarily consists of SBA investment pools.
** Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae and/or TVA.
*** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.
**** Primarily consists of private-label mortgage-backed securities.

The $740 million increase in gross unrealized losses on the FHLBanks' available-for-sale mortgage-backed securities from December 31, 2008 to March 31, 2009 is due to continued deterioration in the credit performance of mortgage loans and in house prices, compounded by the effect of forced portfolio liquidations by certain large investors. These factors resulted in temporary illiquidity in portions of the mortgage-backed securities market and extraordinarily wide mortgage asset spreads relative to historical averages. These market disruptions have caused the estimated fair values on mortgage-backed securities owned by the FHLBanks to fall below amortized cost on a large number of individual securities, particularly the private-label mortgage-backed securities.

Each FHLBank evaluates its individual available-for-sale investment securities holdings for OTTI on at least a quarterly basis. See "Critical Accounting Estimates—OTTI for Investment Securities," and "Notes to Combined Financial Statements (Unaudited)—Note 4—Available-for-Sale Securities" for additional information regarding the FHLBanks' processes for evaluating available-for-sale securities for OTTI.

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

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

	March 31, 2009		December 31, 2008	
Year of Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 5,400	$ 5,397	$ 2,577	$ 2,573
Due after one year through five years			158	164
Due after five years through ten years	1,910	2,039	1,845	2,013
Due after ten years	1,201	1,036	1,189	1,069
	8,511	8,472	5,769	5,819
Mortgage-backed securities	11,110	10,149	8,974	8,740
Total	$19,621	$18,621	$14,743	$14,559

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

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

Year of Maturity	March 31, 2009	December 31, 2008
Non-mortgage-backed securities		
Due in one year or less	0.72%	0.76%
Due after one year through five years		4.07%
Due after five years through ten years	4.54%	4.55%
Due after ten years	5.80%	6.39%

Held-to-Maturity Securities.

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

	March 31, 2009					
	Amortized Cost (1)	OTTI Recognized in AOCI (2)	Carrying Value (3)	Gross Unrecognized Holding Gains (2)	Gross Unrecognized Holding Losses (2)	Estimated Fair Value
Commercial paper	$ 2,099	$	$ 2,099	$	$	$ 2,099
Certificates of deposits (4)	12,580		12,580			12,580
Other U.S. obligations*	312		312	5	(1)	316
Government-sponsored enterprises**	1,639		1,639	88		1,727
State or local housing agency obligations	2,909		2,909	26	(273)	2,662
Other***	2,780		2,780	1	(1)	2,780
	22,319		22,319	120	(275)	22,164
Mortgage-backed securities:						
Other U.S. obligations residential mortgage-backed securities*	734		734	4	(4)	734
Other U.S. obligations commercial mortgage-backed securities*	50		50			50
Government-sponsored enterprises residential mortgage-backed securities****	81,996		81,996	1,978	(336)	83,638
Government-sponsored enterprises commercial mortgage-backed securities****	1,220		1,220	66		1,286
Private-label residential mortgage-backed securities	64,824	(5,291)	59,533	22	(14,802)	44,753
Private-label commercial mortgage-backed securities	675		675	1	(29)	647
Manufactured housing loans	247		247		(81)	166
Home equity loans	2,014	(266)	1,748		(529)	1,219
MPF Shared Funding Program mortgage-backed certificates	382		382	1	(14)	369
	152,142	(5,557)	146,585	2,072	(15,795)	132,862
Total	$174,461	$(5,557)	$168,904	$2,192	$(16,070)	$155,026

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

(1) Amortized cost of held-to-maturity securities includes adjustments made to the cost basis of an investment for accretion, amortization, collection of cash, and/or previous OTTIs recognized in earnings (excluding any cumulative-effect adjustments recognized in accordance with the transition provisions of FSP FAS 115-2 and FAS 124-2). At December 31, 2008, carrying value equaled amortized cost.

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

(3) In accordance with FSP 115-2 and FAS 124-2, carrying value of held-to-maturity securities represent amortized cost after adjustment for noncredit related impairment recognized in AOCI.

(4) Represents certificates of deposit that meet the definition of a security under SFAS 115. (See “Note 1—Summary of Significant Accounting Policies.”)

* Primarily consists of Ginnie Mae and/or SBA investment pools.

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

*** Primarily consists of corporate debentures and/or promissory notes issued or guaranteed by FDIC under TLGP.

**** Primarily consists of securities issued or guaranteed by Freddie Mac and/or Fannie Mae.

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

The $1,240 million increase in gross unrealized losses on the FHLBanks’ held-to-maturity mortgage-backed securities from December 31, 2008 to March 31, 2009 is due to continued deterioration in the credit performance of mortgage loans and in house prices, compounded by the effect of forced portfolio liquidations by certain large investors. These factors resulted in temporary illiquidity in portions of the mortgage-backed securities market and extraordinarily wide mortgage asset spreads relative to historical averages. These market disruptions have caused the estimated fair values on mortgage-backed securities owned by the FHLBanks to fall below amortized cost on a large number of individual securities, particularly the private-label mortgage-backed securities.

Each FHLBank evaluates its individual held-to-maturity investment securities holdings for OTTI on at least a quarterly basis. See “Critical Accounting Estimates—OTTI for Investment Securities,” and “Notes to Combined Financial Statements (Unaudited)—Note 5—Held-to-Maturity Securities” for additional information regarding the FHLBanks’ processes for evaluating held-to-maturity securities for OTTI.

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

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

	March 31, 2009			December 31, 2008	
Year of Maturity	Amortized Cost	Carrying Value	Estimated Fair Value	Amortized Cost*	Estimated Fair Value
Due in one year or less	$ 16,061	$ 16,061	$ 16,063	$ 19,866	$ 19,878
Due after one year through five years	3,311	3,311	3,407	2,052	2,152
Due after five years through ten years	341	341	337	341	337
Due after ten years	2,606	2,606	2,357	2,643	2,471
	22,319	22,319	22,164	24,902	24,838
Mortgage-backed securities	152,142	146,585	132,862	159,622	140,811
Total	$174,461	$168,904	$155,026	$184,524	$165,649

* At December 31, 2008, carrying value equaled amortized cost.

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

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

Year of Maturity	March 31, 2009	December 31, 2008
Non-mortgage-backed securities		
Due in one year or less	0.50%	1.32%
Due after one year through five years	2.83%	4.24%
Due after five years through ten years	4.00%	4.24%
Due after ten years	2.74%	3.80%

OTTI on Investment Securities.

As of March 31, 2009, approximately 93 percent of the FHLBanks' mortgage-backed securities are classified as held-to-maturity and each of the FHLBanks does not intend to sell these securities and it is not more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. Each FHLBank actively monitors the credit quality of its mortgage-backed securities to evaluate its exposure to the risk of loss on these investments. During the three months ended March 31, 2009, the FHLBanks of Boston, New York, Pittsburgh, Atlanta, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized $5,148 million of combined total OTTI losses related to private-label MBS and home equity loan investments classified as held-to-maturity securities, after each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities. Of the total OTTI losses recognized, $4,643 million was recognized in AOCI, resulting in net OTTI losses in earnings of $505 million related to held-to-maturity securities. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or a rapid decline in residential real estate values continues, the FHLBanks could experience further reduced yields or additional losses on their investment securities.

As of March 31, 2009, approximately 6 percent of the FHLBanks' mortgage-backed securities are classified as available-for-sale. As a result of the FHLBanks' OTTI assessment at March 31, 2009, each of the FHLBanks of Chicago and Pittsburgh determined that it was likely that it would not recover the entire amortized cost of each of these securities owned by it. During the three months ended March 31, 2009, the FHLBank of Chicago recognized $52 million in total OTTI losses related to impairment of available-for-sale private-label MBS classified as available-for-sale, of which $41 million was recognized in AOCI. The FHLBank of Chicago recognized net OTTI losses in earnings of $11 million related to available-for-sale securities. The FHLBank of Pittsburgh determined that there was no credit loss on its other-than-temporarily impaired available-for-sale securities upon adoption of FSP FAS 115-2 and FAS 124-2 as of March 31, 2009.

Each FHLBank evaluates its individual securities portfolio to determine whether any of the investment securities are other-than-temporarily impaired. As part of this process, an FHLBank considers whether it intends to sell each debt security and whether it is more likely than not that it will be required to sell the security before its anticipated recovery. If either of these conditions is met, an FHLBank recognizes an OTTI in earnings equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. For securities that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are at risk for OTTI. The difference between an FHLBank's best estimate of the present value of the cash flows likely to be collected and the amortized cost basis is considered the credit loss.

If an FHLBank determines that an OTTI exists, it accounts for the investment security as if it had been purchased on the measurement date of the OTTI at an amortized cost basis equal to the previous amortized cost basis less the OTTI recognized in non-interest income. The difference between the new amortized cost basis and the cash flows expected to be collected is accreted into interest income prospectively over the remaining life of the investment security based on the amount and timing of future estimated cash flows (with no additional effect on earnings unless the security is subsequently sold or there are additional decreases in cash flows expected to be collected). Cash flows expected to be collected represent the cash flows that an FHLBank is likely to collect after a careful assessment of all available information about each individual security at risk for OTTI, such as various security's characteristics including, but not limited to, the following: the credit rating and related outlook or status; the creditworthiness of the issuers of the agency debt securities; the strength of the government-sponsored enterprises' guarantees of the holdings of agency mortgage-backed securities; the underlying type of collateral; the duration and level of the unrealized loss; any credit enhancements or insurance; and certain other collateral-related characteristics such as FICO® credit scores, delinquency rates and the security's performance. The relative importance of this information varies based on the facts and circumstances surrounding each security, as well as the economic environment at the time of assessment. Beginning in the first quarter of 2009, to ensure consistency in determination of the OTTI for investment securities among all FHLBanks, the FHLBanks used the same key modeling assumptions for purposes of their cash flow analysis. A significant input to such analysis is the forecast of housing price changes for the relevant states and metropolitan statistical areas, which are based on an assessment of the relevant housing market. In response to the ongoing deterioration in housing prices, credit market stress, and weakness in the U.S. economy in the first quarter of 2009, which continued to affect the credit quality of the collateral, most of the FHLBank modified certain assumptions in its cash flow analysis to reflect more extreme loss severities and more moderate rates of housing price recovery than it used in its analysis as of December 31, 2008. The loan level cash flows and losses are allocated to various security classes, including the security classes owned by each FHLBank, based on the cash flow and loss allocation rules of the individual security. These assumptions have a significant effect on determining whether any of the investment securities are other-than-temporarily impaired and the reported fair values of their private-label mortgage-backed securities and home equity loan investments, and the income and expense related thereto. The use of different assumptions, as well as changes in market conditions, could result in materially different net income and retained earnings.

The following table represents a comparison of the subprime, Alt-A and prime loans backing private-label MBS owned by the FHLBanks at March 31, 2009, and OTTI charges taken on these securities during the three months ended March 31, 2009.

OTTI of
Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and
Manufactured Housing Loans by Year of Securitization
At and for the Three Months Ended March 31, 2009
(Dollar amounts in millions)

	Prime (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date OTTI Charge Taken Related to Credit	Year-to-Date OTTI Charge Taken Related to Noncredit (2)	Total Year-to-Date OTTI Charge Taken
Private-label RMBS:						
2008	$ 797	$ (289)	$ 508	$	$	$
2007	5,921	(1,740)	4,182	(69)	(357)	(426)
2006	7,145	(2,438)	4,707	(75)	(928)	(1,003)
2005	6,735	(1,970)	4,765	(15)	(270)	(285)
2004 and prior	18,125	(2,590)	15,537		(1)	(1)
Total	38,723	(9,027)	29,699	(159)	(1,556)	(1,715)
Private-label CMBS:						
2004 and prior	676	(29)	647			
Total	676	(29)	647			
Manufactured housing loans:						
2004 and prior	1		1			
Total	1		1			
Home equity loan investments:						
2004 and prior	9	(4)	5		(1)	(1)
Total	9	(4)	5		(1)	(1)
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$39,409	$(9,060)	$30,352	$(159)	$(1,557)	$(1,716)

OTTI of
Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and
Manufactured Housing Loans by Year of Securitization (continued)
At and for the Three Months Ended March 31, 2009
(Dollar amounts in millions)

	Alt-A (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date OTTI Charge Taken Related to Credit	Year-to-Date OTTI Charge Taken Related to Noncredit (2)	Year-to-Date OTTI Charge Taken
Private-label RMBS:						
2008	$ 1,120	$ (474)	$ 646	$	$	$
2007	8,336	(4,111)	4,233	(131)	(1,391)	(1,522)
2006	5,418	(2,629)	2,790	(155)	(963)	(1,118)
2005	8,969	(3,669)	5,300	(43)	(617)	(660)
2004 and prior	4,823	(1,046)	3,777			
Total	28,666	(11,929)	16,746	(329)	(2,971)	(3,300)
Private-label CMBS total						
Manufactured housing loans total						
Home equity loan investments:						
2006	24	(14)	10			
2005	6	(3)	3			
2004 and prior	40	(25)	15			
Total	70	(42)	28			
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$28,736	$(11,971)	$16,774	$(329)	$(2,971)	$(3,300)

**OTTI of
Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and
Manufactured Housing Loans by Year of Securitization (continued)
At and for the Three Months Ended March 31, 2009
(Dollar amounts in millions)**

	Subprime (1)					
Year of Securitization	Amortized Cost	Gross Unrealized Losses (2)	Fair Value	Year-to-Date OTTI Charge Taken Related to Credit	Year-to-Date OTTI Charge Taken Related to Noncredit (2)	Year-to-Date OTTI Charge Taken
Private-label RMBS:						
2004 and prior	$ 19	$ (7)	$ 12	$	$	$
Total	19	(7)	12			
Private-label CMBS total						
Manufactured housing loans:						
2004 and prior	247	(81)	166			
Total	247	(81)	166			
Home equity loan investments:						
2007	9	(4)	5			
2006	1,083	(468)	615	(21)	(143)	(164)
2005	177	(25)	152		(2)	(2)
2004 and prior	685	(264)	421	(7)	(11)	(18)
Total	1,954	(761)	1,193	(28)	(156)	(184)
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$2,220	$(849)	$1,371	$(28)	$(156)	$(184)

(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 total gross unrealized losses including noncredit related impairment recognized in AOCI.

The following table summarizes OTTI charges recorded by the FHLBanks at March 31, 2009, based on security type and duration of noncredit-related and credit-related unrealized losses prior to impairment.

Summary of OTTIs Recorded by Security Type and Duration of Unrealized Losses Prior to Impairment (1) For the Three Months Ended March 31, 2009 (Dollar amounts in millions)

	Noncredit-Related Gross Unrealized Losses (2)			Credit-Related Gross Unrealized Losses (3)		
Held-to-Maturity Securities	Less Than 12 Months	12 Months or Greater	Total	Less Than 12 Months	12 Months or Greater	Total
Prime:						
Private-label RMBS	$	$1,556	$1,556	$	$159	$159
Private-label CMBS						
Home equity loan investments		1	1			
Manufactured housing loans						
Total prime		1,557	1,557		159	159
Alt-A:						
Private-label RMBS		2,930	2,930		318	318
Private-label CMBS						
Home equity loan investments						
Manufactured housing loans						
Total Alt-A		2,930	2,930		318	318
Subprime:						
Private-label RMBS						
Private-label CMBS						
Home equity loan investments		156	156		28	28
Manufactured housing loans						
Total subprime		156	156		28	28
Private-label MBS total	$	$4,643	$4,643	$	$505	$505

Summary of OTTIs Recorded by Security Type and Duration of Unrealized Losses Prior to Impairment (1) (continued) For the Three Months Ended March 31, 2009 (Dollar amounts in millions)

Available-for-Sale Securities	Noncredit-Related Gross Unrealized Losses (2)			Credit-Related Gross Unrealized Losses (3)		
	Less Than 12 Months	12 Months or Greater	Total	Less Than 12 Months	12 Months or Greater	Total
Prime:						
Private-label RMBS	$	$	$	$	$	$
Private-label CMBS						
Home equity loan investments						
Manufactured housing loans						
Total prime						
Alt-A:						
Private-label RMBS		41	41		11	11
Private-label CMBS						
Home equity loan investments						
Manufactured housing loans						
Total Alt-A		41	41		11	11
Subprime:						
Private-label RMBS						
Private-label CMBS						
Home equity loan investments						
Manufactured housing loans						
Total subprime						
Private-label MBS total	$	$ 41	$ 41	$	$ 11	$ 11

(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) Noncredit losses were recognized in AOCI upon OTTI at March 31, 2009.

(3) Credit losses were recognized in earnings upon OTTI at March 31, 2009.

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

Mortgage Loans Held for Portfolio.

The factors that affect the volume of mortgage loans purchased from members include the general level of U.S. housing activity, the level of domestic refinancing activity and consumer product preferences. Although the current economic conditions have led to increased purchases of mortgage loans from FHLBank members during the first quarter of 2009, this increase has not been large enough to offset the reduction of mortgage loan balances due to maturities and prepayments. Significantly lower mortgage interest rates during the fourth quarter of 2008 and the first quarter of 2009 increased refinancing activity, which normally results in mortgage loan balances increasing. Mortgage loan volumes also may have benefited from the financial difficulties and conservatorship of Fannie Mae and Freddie Mac. However, the credit difficulties in the mortgage market coupled with the economic recession caused the continued run-off of mortgage loans held for portfolio to more than offset the new funding activity during the first quarter of 2009. The FHLBanks anticipate that their combined outstanding mortgage loans held for portfolio will continue to decrease during 2009 due to several FHLBanks' discontinued participation in the MPF and/or MPP programs, the reduction of outstanding mortgage loan balances due to maturities and prepayments, and the continuing credit crisis in the housing market.

Mortgage Loans Held for Portfolio
(Dollar amounts in millions)

	March 31, 2009	Percentage of Total	December 31, 2008	Percentage of Total	(Decrease) Increase $	(Decrease) Increase %
Real Estate:						
Fixed-rate, medium-term* single-family mortgages	$20,393	24.1%	$20,913	24.1%	$ (520)	(2.5)%
Fixed-rate, long-term single-family mortgages	64,056	75.9%	65,846	75.9%	(1,790)	(2.7)%
Multifamily mortgages	27	0.0%	27	0.0%		0.0%
	84,476	100.0%	86,786	100.0%	(2,310)	(2.7)%
Premiums	506		516		(10)	(1.9)%
Discounts	(258)		(269)		11	4.1%
Deferred loan costs, net	29		32		(3)	(9.4)%
SFAS 133 hedging adjustments	298		311		(13)	(4.2)%
Total mortgage loans held for portfolio	$85,051		$87,376		$ (2,325)	(2.7)%

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

In 2009 and 2008, principal paydowns and maturities of mortgage loans held for portfolio have been greater than purchases and fundings of new mortgage loans held for portfolio.

At March 31, 2009, the FHLBanks of Chicago, Des Moines and Cincinnati held the largest percentage of the mortgage loans held for portfolio balance with 35 percent, 12 percent and 11 percent 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 March 31, 2009.

On September 23, 2008, the FHLBank of Chicago announced the launch of the MPF Xtra product which provides its members with a new statement of condition mortgage sale alternative. Loans sold to the FHLBank of Chicago through the MPF Xtra product will concurrently be sold to Fannie Mae, as a third party investor, and will not be held on each participating FHLBank's statement of condition. Unlike other MPF products, under the MPF Xtra product PFIs are not required to provide credit enhancement and do not receive credit enhancement fees. In the first quarter of 2009, each of the FHLBanks of Boston, Pittsburgh and Des Moines announced plans to begin offering the MPF Xtra product to its members.

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

	March 31, 2009		December 31, 2008		(Decrease) Increase	
	Amount	Percentage of Total	Amount	Percentage of Total	$	%
MPF, mortgage loans held for portfolio	$61,566	72.4%	$64,481	73.8%	$(2,915)	(4.5)%
MPP, mortgage loans held for portfolio	23,457	27.6%	22,867	26.2%	590	2.6%
Other mortgage loans	28	0.0%	28	0.0%		0.0%
Total mortgage loans held for portfolio	$85,051	100.0%	$87,376	100.0%	$(2,325)	(2.7)%
Allowance for credit losses—MPF	$ 18	94.7%	$ 14	93.3%	$ 4	28.6%
Allowance for credit losses—MPP		0.0%		0.0%		0.0%
Allowance for credit losses—other	1	5.3%	1	6.7%		0.0%
Total allowance for credit losses	$ 19	100.0%	$ 15	100.0%	$ 4	26.7%
MPF, mortgage loans held for portfolio, net	$61,548	72.4%	$64,467	73.8%	$(2,919)	(4.5)%
MPP, mortgage loans held for portfolio, net	23,457	27.6%	22,867	26.2%	590	2.6%
Other mortgage loans, net	27	0.0%	27	0.0%		0.0%
Total mortgage loans held for portfolio, net	$85,032	100.0%	$87,361	100.0%	$(2,329)	(2.7)%

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

The "Other mortgage loans, net" balances relate to the Affordable Multifamily Participation Program (AMPP) established by the FHLBank of Atlanta, and the Community Mortgage Asset (CMA) program held by the FHLBank of New York. Through AMPP, members sold to the FHLBank of Atlanta participations in loans on affordable multifamily rental properties. These assets did not carry external CEs. Through the CMA program, the FHLBank of New York participated in residential, multifamily and community economic development mortgage loans originated by its members. The FHLBank of Atlanta ceased acquisitions under AMPP in 2006. The FHLBank of New York suspended acquisitions under the CMA program in 2001.

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

	March 31, 2009	Percentage of Total	December 31, 2008	Percentage of Total	Decrease $	Decrease %
Conventional loans	$76,373	90.4%	$78,499	90.5%	$(2,126)	(2.7)%
Government-guaranteed or-insured loans	8,099	9.6%	8,283	9.5%	(184)	(2.2)%
Other loans	4	0.0%	4	0.0%		0.0%
Total par value	$84,476	100.0%	$86,786	100.0%	$(2,310)	(2.7)%

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

	March 31, 2009	December 31, 2008
Balance, beginning of period	$15	$ 8
Charge-offs		(1)
Provision for credit losses	4	8
Balance, end of period	$19	$15

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

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

	March 31, 2009	December 31, 2008
Mortgage loans held for portfolio, net	$85,032	$87,361
Nonperforming mortgage loans held for portfolio (1)	215	165
Mortgage loans held for portfolio past due 30-90 days and still accruing interest (2)	1,651	1,819
Mortgage loans held for portfolio past due 90 days or more and still accruing interest (2)	575	501
Loans in foreclosure	213	164
Real estate owned	62	58

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

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

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

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

	For the Three Months Ended March 31,	
	2009	2008
Interest contractually due during the period	$2.5	$1.0
Interest actually received during the period	1.3	0.5
Shortfall	$1.2	$0.5

Consolidated Obligations.

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

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

	For the Three Months Ended March 31,		(Decrease) Increase	
	2009	2008	$	%
Overnight consolidated discount notes	$ 21,781	$ 41,342	$(19,561)	(47.3)%
Term consolidated discount notes	410,014	333,901	76,113	22.8%
Total consolidated discount notes	431,795	375,243	56,552	15.1%
Consolidated bonds	775,088	819,766	(44,678)	(5.5)%
Total consolidated obligations	$1,206,883	$1,195,009	$ 11,874	1.0%

Consolidated Obligations Outstanding (Dollar amounts in millions)

	March 31, 2009		December 31, 2008	
	Amount	Percentage of Total Consolidated Obligations, Net	Amount	Percentage of Total Consolidated Obligations, Net
Consolidated discount notes	$ 407,027	35.6%	$ 439,895	35.0%
Consolidated bonds	735,035	64.4%	818,372	65.0%
Total consolidated obligations, net	$1,142,062	100.0%	$1,258,267	100.0%

The $116.2 billion decrease in total consolidated obligations from December 31, 2008 to March 31, 2009, primarily relates to the $32.9 billion decrease in consolidated discount notes and the $26.2 billion decrease in consolidated bonds maturing in one year or less, and $61.0 billion of decreases in long-term consolidated bonds for all maturity terms except for due after 3 years through 4 years.

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

Year of Contractual Maturity	March 31, 2009 Amount	March 31, 2009 Weighted-Average Interest Rate	December 31, 2008 Amount	December 31, 2008 Weighted-Average Interest Rate
Due in 1 year or less	$380,189	1.98%	$406,355	2.62%
Due after 1 year through 2 years	113,256	3.15%	129,788	3.39%
Due after 2 years through 3 years	56,886	4.10%	68,554	4.16%
Due after 3 years through 4 years	40,713	4.30%	36,138	4.73%
Due after 4 years through 5 years	43,673	4.18%	56,818	4.24%
Thereafter	85,025	5.07%	104,405	5.18%
Index amortizing notes	7,454	5.02%	7,756	5.02%
Total par value	727,196	2.98%	809,814	3.43%
Premiums	845		719	
Discounts	(2,011)		(3,216)	
SFAS 133 hedging adjustments	8,965		10,989	
SFAS 159 valuation adjustments	40		66	
Total	$735,035		$818,372	

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

Year of Contractual Maturity or Next Call Date	March 31, 2009	December 31, 2008
Due in 1 year or less	$451,920	$511,099
Due after 1 year through 2 years	117,525	134,664
Due after 2 years through 3 years	44,718	52,644
Due after 3 years through 4 years	25,856	19,723
Due after 4 years through 5 years	29,626	33,591
Thereafter	50,097	50,337
Index amortizing notes	7,454	7,756
Total par value	$727,196	$809,814

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

Par amount of consolidated bonds	March 31, 2009	December 31, 2008
Noncallable/nonputable	$622,486	$643,882
Callable	104,710	165,932
Total par value	$727,196	$809,814

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

	March 31, 2009		December 31, 2008	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$406,133	55.8%	$404,298	49.9%
Single-index, non-capped variable-rate	201,599	27.7%	223,895	27.6%
Fixed-rate, callable	104,703	14.4%	157,769	19.5%
Amortizing prepayment linked securities	7,459	1.0%	7,762	1.0%
Step-up / step-down	3,996	0.6%	9,058	1.1%
Zero-coupon, callable	2,000	0.3%	3,583	0.4%
Conversion	1,180	0.2%	470	0.1%
Range	282	0.0%	2,848	0.3%
Capped variable-rate	145	0.0%	485	0.1%
Other	169	0.0%	257	0.0%
Total	$727,666	100.0%	$810,425	100.0%

(1) Consolidated bonds outstanding have not been adjusted for interbank holdings of consolidated bonds totaling $470 million at March 31, 2009 and $611 million at December 31, 2008.

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

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

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

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

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

Debt Financing Activity. Historically, the FHLBanks have had diversified sources and channels of funding as the need for funding from the capital markets has grown. The Global Debt Program issued $35.1 billion and $101.4 billion at par in term funds during the first three months of 2009 and 2008. The TAP Issue Program consolidates the issuance through daily auctions of bullet consolidated bonds of common maturities by re-opening previously issued consolidated bonds. TAP issues generally remain open for three months, after which they are closed and a new series of TAP issues is opened to replace them. This program has reduced the number of separate bullet consolidated bonds issued, but more importantly has enhanced market awareness through increased issue size, secondary market activity, and utility, while providing enhanced funding diversification for the FHLBanks. Through this program, the Office of Finance seeks to enhance the liquidity of these issues. During the first three months of 2009, $564 million of consolidated bonds were issued through the TAP Issue Program. This issuance represents a decrease of $9.3 billion over the first three months of 2008. Toward the end of 2008 and in the first quarter of 2009, funding costs for TAP securities rose substantially compared to funding alternatives. This made TAP securities less attractive to the FHLBanks. TAP securities were perceived as less liquid relative to other larger GSE issues, and dealers and investors began to demand a higher yield for holding less liquid TAPs during the market volatility that started in the fourth quarter of 2008 and continued during the first quarter of 2009. The FHLBank System did not issue any TAP securities during February and March 2009.

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

	Percent of Total Consolidated Bonds Issued During Three Months Ended March 31,	
	2009	2008
Negotiated transactions	89.5%	85.5%
Competitive bid	10.5%	14.5%
Total	100.0%	100.0%

	Percent of Total Consolidated Bonds Issued During Three Months Ended March 31,	
	2009	2008
Fixed-rate, fixed-term, noncallable (bullet)	45.1%	22.7%
Single-index, variable-rate	37.1%	40.3%
Fixed-rate, callable	16.7%	34.8%
Step-up/step-down	0.4%	1.0%
Other	0.7%	1.2%
Total	100.0%	100.0%

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

	For the Three Months Ended March 31,	
	2009	2008
Consolidated discount notes	$1,787,994	$3,138,240
Consolidated bonds	$ 127,194	$ 217,257

Balances of the various types of consolidated obligations can fluctuate significantly based on comparative changes in their cost levels, supply and demand conditions, advance demand, money market investment balances, and the FHLBanks' individual balance sheet management strategies. The decrease in consolidated obligations outstanding paralleled the decrease in advances during the first quarter of 2009. In the first three months of 2009, the average balance of consolidated discount notes increased substantially compared to the average balance for the first three months of 2008 due to lower interest cost of consolidated discount notes compared to the net interest cost of consolidated bonds; the increase of short-term investments balances, which are funded with consolidated discount notes; replacement of higher cost consolidated bonds with lower cost consolidated discount notes; and the FHLBanks' usage of consolidated discount notes in managing volatile advance levels and continued volatility and uncertainty in the global capital markets. As a result, the balance of consolidated discount notes as a proportion of total consolidated obligations increased in the first quarter of 2009 compared to the corresponding period in 2008.

The FHLBanks make use of callable debt. At March 31, 2009, $104.7 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $68 million). At March 31, 2009, callable consolidated bonds represented 14.4 percent of total consolidated bonds outstanding at par. This percentage has declined in 2009, reflecting, in part, less domestic bank demand for callable consolidated bonds. (See "Financial Trends" for additional discussion.)

Consolidated discount notes accounted for 93.0 percent of the proceeds from the issuance of consolidated obligations during the first three months of 2009, compared to 93.5 percent of the proceeds from the issuance of consolidated obligations during the first three months of 2008. Much of the consolidated discount note activity reflects the refinancing of overnight discount notes.

Deposits. At March 31, 2009, deposits totaled $19.0 billion, an increase of $3.5 billion or 22.6 percent from December 31, 2008. Factors that generally influence deposit levels include turnover in members' investment securities portfolios, changes in member demand for liquidity primarily due to member institution deposit growth, the slope of the yield curve and the FHLBanks' deposit pricing as compared to other short-term money market rates.

The following table presents term deposits issued in amounts of $100,000 or more at March 31, 2009 (dollar amounts in millions):

	March 31, 2009
3 months or less	$ 982
Over 3 months through 6 months	177
Over 6 months through 12 months	123
Over 12 months	46
Total	$1,328

Capital.

Total Capital
(Dollar amounts in millions)

March 31, 2009	December 31, 2008	Decrease $	Decrease %
$44,922	$51,350	$(6,428)	(12.5)%

The decrease in total capital was due primarily to:

- the decrease in accumulated other comprehensive income due to $4.7 billion in noncredit related OTTI;
- the decrease in total capital stock attributable to the $2.8 billion of repurchase/redemption of capital stock and $1.8 billion of reclassification of capital stock as mandatorily redeemable capital partially offset by the $2.3 billion of net proceeds from the sale of capital stock to support increases in advances during the first three months of 2009; and

- the decrease in retained earnings due to $516 million in credit-related OTTI charges and $113 million of cash dividends.

During the first quarter of 2009, total capital decreased more than total assets. This caused the FHLBanks' combined GAAP capital-to-assets ratio to decrease to 3.65 percent at March 31, 2009, from 3.81 percent at December 31, 2008. The FHLBanks' combined regulatory capital-to-assets ratio increased to 4.92 percent at March 31, 2009, from 4.42 percent at December 31, 2008. All FHLBanks except the FHLBank of Chicago have converted to their new capital plans at March 31, 2009.

Combined Results of Operations

The combined financial statements include the financial records of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles under GAAP, including Accounting Research Bulletin No. 51, *Consolidated Financial Statements.* (See discussions relating to "Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" at the end of this section and Note 1 to the accompanying combined financial statements.)

Net Interest Income.

Changes in Net Interest Income
(Dollar amounts in millions)

	For the Three Months Ended March 31,		(Decrease) Increase	
	2009	2008	$	%
INTEREST INCOME				
Advances	$3,795	$ 9,074	$(5,279)	(58.2)%
Prepayment fees on advances	41	41		0.0%
Mortgage loans held for portfolio	1,068	1,153	(85)	(7.4)%
Investments and other	1,940	3,207	(1,267)	(39.5)%
Total interest income	6,844	13,475	(6,631)	(49.2)%
INTEREST EXPENSE				
Consolidated obligations	5,558	12,055	(6,497)	(53.9)%
Other	40	225	(185)	(82.2)%
Total interest expense	5,598	12,280	(6,682)	(54.4)%
NET INTEREST INCOME	$1,246	$ 1,195	$ 51	4.3%

Net interest income increased in the first quarter of 2009 compared to the first quarter of 2008 due to the decline in interest rates, as the decrease in interest expense on consolidated obligations was greater than the decreases in interest income on advances and investments.

Net interest income increased for the three months ended March 31, 2009, compared to the same period in 2008, due to replacement of a portion of longer-term, higher-rate debt in anticipation of an increase in mortgage asset prepayment activity through the issuance of shorter-term, lower yielding consolidated discount notes. However, there were also significant decreases in yields on advances and investments. The average size of the FHLBanks' combined statement of condition decreased significantly in the first quarter of 2009 as compared to the same period in 2008. Lower average interest rates and a narrower average interest spread between the cost of short-term debt and the yield on assets in which those funds were invested adversely affected the growth of interest income during the first quarter of 2009. During the first quarter of 2008, the FHLBanks had realized unusually wide spreads between the yield on short-term assets and the cost of like-term consolidated discount notes. These spread relationships returned closer to long-term historical norms during the quarter ended March 31, 2009. As market interest rates have decreased, the corresponding decrease in the interest earned on the FHLBanks' assets was less than the decrease in the interest paid on the FHLBanks' debt, resulting in slightly higher net interest income.

Earnings Analysis.

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 earning assets and the cost of interest-bearing liabilities and spreads between yields on total earning assets and the cost of total funding sources (i.e., interest-bearing liabilities, plus capital, plus other interest-free liabilities funding earning assets). The primary source of FHLBank earnings is net interest income. This is the interest earned on advances, mortgages, investments and invested capital, minus interest paid on consolidated obligations, deposits and other borrowings.

Spread and Yield Analysis
(Dollar amounts in millions)

	For the Three Months Ended					
	March 31, 2009			March 31, 2008		
	Average Balance (1)	Interest (2)	Annualized Yield	Average Balance (1)	Interest (2)	Annualized Yield
Advances (3)	$ 876,907	$3,836	1.77%	$ 888,548	$ 9,115	4.13%
Mortgage loans held for portfolio	86,251	1,068	5.02%	91,035	1,153	5.09%
Investments:						
Interest-bearing deposits and other	50,930	33	0.26%	4,344	35	3.24%
Securities purchased under agreements to resell	14,801	9	0.25%	1,945	17	3.52%
Federal funds sold	68,908	41	0.24%	81,989	691	3.39%
Trading securities	15,171	108	2.89%	7,452	98	5.29%
Available-for-sale securities (4)	14,602	60	1.67%	6,441	64	4.00%
Held-to-maturity securities (4)	182,814	1,689	3.75%	199,000	2,302	4.65%
Total investments	347,226	1,940	2.27%	301,171	3,207	4.28%
Total interest-earning assets	1,310,384	$6,844	2.12%	1,280,754	$13,475	4.23%
Non-interest earning assets	10,732			14,944		
Total assets	$1,321,116			$1,295,698		
Consolidated obligations:						
Discount notes	$ 430,874	$1,042	0.98%	$ 373,639	$ 3,349	3.60%
Bonds	782,614	4,516	2.34%	815,036	8,706	4.30%
Interest-bearing deposits and other borrowings (5)	28,544	40	0.57%	26,705	225	3.39%
Total interest-bearing liabilities	1,242,032	$5,598	1.83%	1,215,380	$12,280	4.06%
Non-interest-bearing liabilities	28,298			25,783		
Total liabilities	1,270,330			1,241,163		
Capital	50,786			54,535		
Total liabilities and capital	$1,321,116			$1,295,698		
Spread on:						
Total interest-bearing liabilities			0.29%			0.17%
Total funding (net interest margin) (6)			0.39%			0.37%

(1) Average balances do not reflect the effect of reclassifications of cash collateral under FSP FIN 39-1.

(2) Interest income/expense and annualized yield include the effect of associated interest-rate exchange agreements that qualify for fair-value hedge accounting under SFAS 133.

(3) Interest income for advances includes prepayment (credits) 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 accumulated other comprehensive loss.

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

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

The primary source of earnings for the FHLBanks 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. Net interest spread is the difference between the yields on interest-earning assets and interest-bearing liabilities. The FHLBanks generate net interest income from two components: 1) the net interest rate spread and 2) funding interest-earning assets with interest-free capital. The sum of these two components, when expressed as a percentage of the average book balance of interest-earning assets, equals the net interest margin. A significant portion of net interest income results from earnings on assets funded by invested regulatory capital because of the FHLBanks' low net interest rate spread compared to other financial institutions.

During the first quarter of 2009, at the combined level, the spread between asset yields and interest-bearing liabilities and the net interest margin increased. During the first quarter of 2009, the FHLBanks of Chicago, Cincinnati, New York, San Francisco and Seattle experienced an increase in both the net interest margin and spread between asset yields and interest-bearing liabilities, while the FHLBanks of Atlanta, Boston, Dallas, Des Moines, Indianapolis and Pittsburgh experienced a decrease in both the net interest margin and spread between asset yields and interest-bearing liabilities. The FHLBank of Topeka's net interest margin remained stable as the spread between asset yields and interest-bearing liabilities increased in the first quarter of 2009 compared to the same period in 2008. The FHLBanks' net interest margin and spread between asset yields and interest-bearing liabilities during the first quarter of 2009 were primarily affected by decreased member demand for advances and a significant decline in interest rates.

Items that increased the net interest margin and spread for the three months ended March 31, 2009, compared to the corresponding period in the prior year, included:

- an increase in the volume of interest-earning assets (specifically, agency MBS);
- a reduction in the average funding costs of consolidated discount notes relative to the yield of short-term assets with comparable terms (e.g., advances and money market investments). In the first quarter of 2009, average spreads on many assets, especially short-term and adjustable-rate assets indexed to short-term LIBOR, continued to widen relative to their funding costs. This widening occurred because the financial crisis resulted in the rates on the FHLBanks' short-term funding sources, mostly consolidated discount notes, falling significantly more than the cost of interbank lending represented by short-term LIBOR;
- the replacement of higher-costing debt supporting mortgage loans held for portfolio with lower-costing debt reflecting the current low interest rate environment;
- the reinvestment of proceeds from maturing low-yield investments into higher-yield, market-rate investments; and
- increases in prepayment fee income.

Items that decreased the net interest margin and spread included:

- a decline in interest rates between periods. The average yield on interest-bearing assets funded by non-interest-bearing capital and spreads on non-MBS investments were negatively affected by the lower interest rates;
- the effect of the FHLBanks' replacement of short-term liabilities that were issued to fund overnight and short-term assets with newly-issued consolidated discount notes with extended maturities in order to

ensure the FHLBanks' ability to provide liquidity to their members and meet their demand for advances;

- the reinvestment spreads available on newly — issued, short-term debt declined sharply from the unusually high levels experienced in the first quarter of 2008, to levels that were closer to long-term historical norms;
- the effect of interest rate volatility on the FHLBanks' derivative and hedging activities;
- an increase in funding options available to the FHLBanks' members through various U.S. government programs;
- the maturity of low-cost debt that was issued to fund low interest rate mortgages and the replacement of such mortgages at lower net spreads; and
- an increase in the recognition of unamortized non-cash items associated with calling an increased amount of consolidated obligations for the first quarter of 2009.

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

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

The downward trend in consolidated obligations that accelerated during the fourth quarter of 2008 continued into the first quarter of 2009. During the first quarter of 2009, combined consolidated bond and consolidated discount note issuance was 43 percent lower than the corresponding period in the previous year. Consolidated obligations outstanding were approximately $85 billion lower on March 31, 2009 compared to March 31, 2008, due to a decrease in consolidated bonds, which fell by $97.7 billion, while consolidated discount notes increased by $12.7 billion. Aggregate weighted-average new-issue funding costs for FHLBank consolidated bonds increased relative to benchmark market indices for the first quarter of 2009 compared to the first quarter of 2008 (see Rate and Volume Analysis below).

Continuing a trend that existed throughout 2008, the U.S. Treasury curve remained relatively steep during the first quarter of 2009. U.S. Treasury yields were mixed with 2-year U.S. Treasury yields relatively flat at the end of the first quarter of 2009, compared to the end of 2008. On the other hand, 10-year U.S. Treasury yields increased 50 basis points during the first quarter of 2009.

During the first quarter of 2009, consolidated bonds with embedded call options comprised a significantly lower portion of issuance volume as the FHLBanks relied more on bullet and floating-rate bond funding. In the first quarter of 2009, 17 percent of the FHLBanks' consolidated bonds issued were callable, compared to 35 percent during the corresponding period in 2008. In the first quarter of 2009, bullet bonds were the dominant funding vehicle, accounting for 45 percent of total FHLBank issuance, compared to 23 percent during the first quarter of 2008.

The dollar amount of callable bonds redeemed prior to maturity in the first quarter of 2009 was forty-three percent less than the volume redeemed during the first quarter of 2008. However, while bond calls decreased, the volume of bond maturities during the first quarter of 2009 was nearly double that of the first quarter of 2008.

Changes in both volume and interest rates have a direct influence on changes in net interest income and net interest margin. The following table summarizes changes in interest income and interest expense between the three months ended 2009 and the three months ended 2008. Changes in interest income and interest expense not identifiable as either volume-related or rate-related, but rather equally attributable to both volume and rate changes, have been allocated to the volume and rate categories based upon the proportion of the absolute value of the volume and rate changes.

Rate and Volume Analysis
(Dollar amounts in millions)

	For the Three Months Ended March 31, 2009 vs. 2008		
	(Decrease) Increase Due to		
	Volume	Rate	Total
Interest Income:			
Advances (1)	$(118)	$(5,161)	$(5,279)
Mortgage loans held for portfolio	(60)	(25)	(85)
Investments	434	(1,701)	(1,267)
Total interest income	256	(6,887)	(6,631)
Interest Expense:			
Consolidated obligations	247	(6,744)	(6,497)
Deposits and other borrowings (2)(3)	15	(200)	(185)
Total interest expense	262	(6,944)	(6,682)
Changes in net interest income	$ (6)	$ 57	$ 51

(1) Includes prepayment fees on advances, net.

(2) Average balances used for this calculation do not reflect the effect of reclassifications of cash collateral under FSP FIN 39-1.

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

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Three Months Ended March 31,		Increase (Decrease)
	2009	2008	$
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	$1,242	$1,194	$ 48
OTHER LOSS			
Net other-than-temporary impairment losses	(516)		(516)
Realized losses on other-than-temporarily impaired securities		(33)	33
Net (losses) gains on trading securities	(11)	134	(145)
Net realized gains from sale of held-to-maturity securities (1)	6		6
Net (losses) gains on advances and consolidated bonds held at fair value	(178)	274	(452)
Net gains (losses) on derivatives and hedging activities	200	(384)	584
Other	30	(4)	34
Total other loss	(469)	(13)	(456)
Total other expense	247	200	47
Total assessments	181	284	(103)
NET INCOME	$ 345	$ 697	$(352)

(1) Certain FHLBanks sold securities out of their held-to-maturity securities portfolio in compliance with SFAS 115. See Note 5 to the accompanying combined financial statements for additional information.

The decrease in net income in the first quarter of 2009 compared to the first quarter of 2008 can be primarily attributed to the increases in net other-than-temporary impairment losses, net losses on advances and consolidated bonds held at fair value and net losses on trading securities, which were partially offset by the increase in net interest income and the net gains on derivatives and hedging activities.

Combined net income for the three months ended March 31, 2009 was adversely affected by certain FHLBanks' net losses, as follows:

- the FHLBank of Boston's net loss of $83 million, which was primarily due to net credit-related OTTI losses of $127 million on its held-to-maturity private-label MBS, partially offset by net interest income;
- the FHLBank of Pittsburgh's net loss of $23 million, which was primarily due to net credit-related OTTI losses of $31 million on its held-to-maturity private-label MBS and $35 million of contingency reserve recorded in first quarter 2009 related to Lehman Brothers Special Financing (LBSF) receivable, partially offset by net interest income;
- the FHLBank of Atlanta's net loss of $2 million, which was primarily due to net credit-related OTTI losses of $89 million on its held-to-maturity private-label MBS, partially offset by net interest income and net gain on derivatives and hedging activities;
- the FHLBank of Chicago's net loss of $39 million, which was primarily due to net credit-related OTTI losses of $86 million on its available-for-sale and held-to-maturity private-label MBS and $72 million of net loss on derivatives and hedging activities, partially offset by net interest income;
- the FHLBank of Des Moines's net loss of $6 million, which was primarily due to $16 million of loss on extinguishment of debt and $7 million of net loss on derivatives and hedging activities; and
- the FHLBank of Seattle's net loss of $16 million, which was primarily due to net credit-related OTTI losses of $72 million on its held-to-maturity private-label MBS partially offset by net interest income.

On September 15, 2008, Lehman Brothers Holding, Inc. (LBHI) filed for protection under Chapter 11 of the United States Bankruptcy Code, which triggered termination of the agreements between the FHLBanks and LBSF, LBHI's subsidiary and the FHLBanks' derivative counterparty on multiple derivative transactions. As of March 31, 2008, management of the FHLBank of Pittsburgh estimated the amount of loss of $35.3 million and recorded a contingency reserve with respect to the receivable from LBSF based on the discovery phase of the adversary proceeding filed by the FHLBank of Pittsburgh in the fourth quarter of 2008. This amount is recorded in other expense in the Combined Statement of Income and presented as "Provision for derivative counterparty credit loss."

Other (Loss) Income.

The change in total other (loss) income for the first quarter of 2009 compared to the first quarter of 2008 relates primarily to the net OTTI losses and net losses on advances and consolidated bonds held at fair value offset by the net gains on derivatives and hedging activities during the first quarter of 2009.

Net Other-Than-Temporary Losses on Investment Securities.

Net Other-Than-Temporary Losses on Investment Securities
For the Three Months Ended March 31, 2009
(Dollar amounts in millions)

	Held-to-Maturity Securities	Available-for-Sale Securities	Total
Total other-than-temporary impairment losses	$(5,148)	$(52)	$(5,200)
Portion of impairment losses recognized in other comprehensive income	4,643	41	4,684
Net other-than-temporary impairment losses	$ (505)	$(11)	$ (516)

During the first quarter of 2009, other (loss) income was negatively affected by OTTI charges on certain held-to-maturity and available-for-sale private-label residential mortgage-backed securities and home equity loan investments of $488 million and $28 million as noted below (dollar amounts in millions).

	OTTI Charge-Held-to-Maturity Securities	OTTI Charge-Available-for-Sale Securities	Total
Boston	$(127)	$	$(127)
New York	(5)		(5)
Pittsburgh	(31)		(31)
Atlanta	(89)		(89)
Indianapolis	(18)		(18)
Chicago	(75)	(11)	(86)
San Francisco	(88)		(88)
Seattle	(72)		(72)
	$(505)	$(11)	$(516)

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

Derivatives and Hedging Activities and Fair Value Measurements. Under SFAS 133, the FHLBanks are required to carry all of their derivative instruments on the statement of condition at fair value. If derivatives meet the hedging criteria, including effectiveness measures, as specified in SFAS 133, 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 under SFAS 133. These economic hedges are recorded on the statement of condition at fair value with the unrealized gains or losses recognized in current period earnings without any offsetting unrealized gains or losses from the associated asset or liability.

Upon adoption of SFAS 159, the FHLBank of San Francisco elected to carry certain advances and consolidated bonds at fair value. The FHLBanks of New York and Chicago elected the fair value option for certain newly acquired financial assets and/or financial liabilities during the three months ended September 30, 2008. During the first quarter of 2009, the FHLBank of Des Moines also elected the fair value option for certain newly acquired financial liabilities. The FHLBanks of New York, Chicago, Des Moines and San Francisco recognize changes in the unrealized gains and losses on these assets and liabilities in current period earnings. In general, transactions for which the fair value option has been elected in accordance with SFAS 159 are in economic hedge relationships.

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

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

The net gains on derivatives and hedging activities during the first quarter of 2009, compared to the net losses on derivatives and hedging activities during the first quarter 2008, resulted primarily from two factors. First, the rising long-term interest rate environment experienced during the first quarter of 2009, compared to first quarter 2008, resulted in favorable changes in the fair values of interest rate swaps used in fair value hedges and economic hedges during the first quarter of 2009. Second, narrowing spreads between interest rates on GSE debt securities and interest rate swaps since year-end 2008 also resulted in net gains on derivatives and hedging activities.

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

Earnings Effect for the Three Months Ended March 31, 2009	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of derivatives and hedging activities in net margin	$(216)	$	$ 2	$ 20	$ 2	$	$(192)
Net (losses) gains on derivatives and hedging activities	(35)	13	(86)	175	54	79	200
Net (losses) on trading securities		(11)					(11)
Net (losses) gains on advances and consolidated bonds held at fair value	(192)			14			(178)
Total	$(443)	$ 2	$(84)	$209	$56	$79	$(181)

Earnings Effect for the Three Months Ended March 31, 2008	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of derivatives and hedging activities in net margin	$ (25)	$	$	$ (7)	$ (6)	$	$ (38)
Net (losses) gains on derivatives and hedging activities	(289)	(179)	(30)	73	48	(7)	(384)
Net gains on trading securities		134					134
Net gains on advances and consolidated bonds held at fair value	239			35			274
Total	$ (75)	$ (45)	$(30)	$101	$42	$(7)	$ (14)

Other Expense.

Operating Expenses (Dollar amounts in millions)

	For the Three Months Ended March 31,		For the Three Months Ended March 31, 2009 vs. 2008 Increase (Decrease)	
	2009	2008	$	%
Salaries and employee benefits	$118	$116	$ 2	1.7%
Cost of quarters	9	10	(1)	(10.0)%
Other	61	55	6	10.9%
Total operating expenses	$188	$181	$ 7	3.9%
Operating expenses as a percentage of average assets (basis points) (1)	5.8	5.6		

(1) Operating expense ratio is annualized.

The increase in salaries and employee benefits reflects higher staffing levels among several of the FHLBanks as well as annual merit increases and increased incentive compensation. Cost of quarters remained relatively flat from first quarter 2008 to first quarter 2009. The increase in other operating expense includes a general increase in consulting and professional fees.

Other Expenses
(Dollar amounts in millions)

	For the Three Months Ended March 31,		2009 vs. 2008 Increase (Decrease)	
	2009	2008	$	%
Finance Agency/Finance Board expenses	$13	$10	$ 3	30.0%
Office of Finance expenses	9	8	1	12.5%
Other, net	2	1	1	100.0%
Affordable Housing Program	57	89	(32)	(36.0)%

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

Office of Finance Expenses. The FHLBanks also fund the costs of the Office of Finance. The Office of Finance, a joint office of the FHLBanks, issues and services consolidated obligations, prepares the FHLBanks' combined quarterly and annual financial reports, and fulfills certain other functions. The expenses of the Office of Finance are generally allocated among the FHLBanks based on each FHLBank's percentage of total capital stock, percentage of consolidated obligations issued, and percentage of consolidated obligations outstanding.

Affordable Housing Program (AHP). Annually, the FHLBanks must set aside for the AHP the greater of $100 million or 10 percent of regulatory income, after the assessment for Resolution Funding Corporation (REFCORP). (See "REFCORP Payment" for detail discussion on REFCORP.) Regulatory income is income before assessments, plus interest expense related to mandatorily redeemable capital stock under SFAS No. 150, *Accounting for Certain Financial Instruments and Characteristics of both Liabilities and Equity* (SFAS 150), less the assessment for REFCORP. Any FHLBank with a net loss for a quarter is not required to pay the AHP assessment for that quarter. The Regulator requires each FHLBank to add back interest expense related to mandatorily redeemable capital stock before the calculation of its AHP assessment. The decrease in the AHP assessments for the first three months 2009 compared to the first three months of 2008 reflects the overall trend of the FHLBanks' net income. AHP helps members provide subsidized and other low-cost funding to create affordable rental and home ownership opportunities. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects.

Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income. Combined net income of the FHLBanks is affected by interbank transfers of liability on outstanding consolidated bonds. These transactions arise when one FHLBank transfers its direct liability on outstanding consolidated bonds to another FHLBank that assumes the direct liability on those outstanding consolidated bonds. By engaging in these transactions, two FHLBanks are able to better match their funding needs by transferring funds held by one FHLBank to another FHLBank that needs funds. Transfer transactions allow the assuming FHLBank to achieve equal or lower funding costs than would be available to it for a similarly sized transaction in the capital markets at the time of the transfer. Because the consolidated bonds are the joint and several obligation of all 12 FHLBanks, these interbank transactions have no effect on the holders of the consolidated bonds.

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

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

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

The transferring FHLBank treats the transfer as a debt extinguishment because that FHLBank has been released from being the primary obligor. Specifically, the release is made effective by the Office of Finance recording the transfer in its records. The Office of Finance provides release by acting within the confines of the regulations that govern the determination of which FHLBank is the primary obligor. The assuming FHLBank becomes the primary obligor because it now is directly responsible for repaying the debt. The transferring FHLBank continues to disclose the transferred debt as a contingent liability because it still has joint and several liability with respect to repaying the transferred consolidated obligation.

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

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

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

(3) the original premium or discount, concession fees and SFAS 133 basis adjustments of the transferring FHLBank are reinstated and amortized over the life of the consolidated bond.

These amounts are eliminated as combining adjustments in the combining schedules accompanying the combined financial statements and will reverse over the remaining term of the consolidated bonds. Due to different discount accretion and/or premium amortization periods used by the assuming FHLBank and the transferring FHLBank, timing differences will affect net interest income as these transactions are reversed. These transactions do not affect the holders of the consolidated bonds, as the consolidated bonds are the joint and several obligation of all 12 FHLBanks. (See Note 1 to the accompanying combined financial statements and the related FHLBanks combining schedules.)

Total interbank consolidated bonds of $330 billion and $450 billion at par value were transferred from one FHLBank to another FHLBank during the first three months of 2009 and 2008. The combining adjustments for the first three months of 2009 and 2008 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in the following effect on the Combined Statement of Income:

Effect of Combining Adjustments on Combined Statement of Income
(Dollar amounts in millions)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008	For the Three Months Ended 2009 vs. 2008 (Decrease) Increase
Effect on:			
Net interest income	$ (8)	$(2)	$ (6)
Total other loss	18	(5)	23
Total other expense	(2)	(1)	(1)
Net income	12	(6)	18

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 $124 million (cash payment of $107 million, which includes the application of certain credits due to FHLBanks that overpaid their 2008 annual REFCORP assessment) for the first quarter of 2009 compared with $195 million (cash payment of $199 million) for the first quarter of 2008. The cash payments are made based on preliminary GAAP net income amounts due to the timing requirement of the payment. Any FHLBank with a net loss for a quarter is not required to pay the REFCORP assessment for that quarter. As specified in the applicable regulation that implements section 607 of the Gramm-Leach-Bliley Act of 1999 (GLB Act), the amount by which the REFCORP payment for any quarter exceeds the $75 million benchmark payment is used to simulate the purchase of zero-coupon U.S. Treasury bonds to "defease" all or a portion of the most-distant remaining quarterly benchmark payment. The defeased benchmark payments (or portions thereof) can be reinstated if future actual REFCORP payments fall short of the $75 million benchmark in any quarter. The $32 million by which the first quarter 2009 REFCORP payment exceeded the $75 million quarterly benchmark will fully defease the remaining $32 million portion of the benchmark payment due on April 15, 2013 and $2 million of the $75 million benchmark payment due on January 15, 2013.

As a result of the REFCORP payments of $107 million made by the FHLBanks in the first quarter of 2009, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to January 15, 2013, effective at March 31, 2009, from April 15, 2013, effective at December 31, 2008. This date assumes that the FHLBanks will pay exactly $300 million annually after March 31, 2009 (including the application of credits due to FHLBanks that overpaid their 2008 annual REFCORP assessment) until the annuity is fully satisfied. This compares to the outside date of April 15, 2013, effective at March 31, 2008, based on REFCORP payments made through March 31, 2008.

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

Payment Due Date	Amount of Benchmark Payment Defeased*	Interest Rate Used To Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased**
April 15, 2013 (most distant remaining payment)	$32	1.47%	$30
January 15, 2013	2	1.41%	2
Total	$34		$32

* Subject to possible subsequent reinstatement.

** Actual first quarter 2009 contribution of $107 million.

Capital Adequacy

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

Regulator guidance calls for each FHLBank to assess, at least once a year, the adequacy of its retained earnings under various future financial and economic scenarios, including:

—parallel and non-parallel interest-rate shifts;

—changes in the basis relationship between different yield curves; and

—changes in the credit quality of the FHLBank's assets.

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

Some boards of directors and/or management teams of FHLBanks have agreed with the Regulator either to maintain higher total capital-to-assets ratios or limit dividend payments as part of their retained earnings policies. As these limitations may be revised from time to time, they are more flexible than the minimum requirements prescribed by statute. At March 31, 2009, each of the FHLBanks was in compliance with its statutory minimum capital requirements and any internally-established or supervisory limitations. As these limitations may be revised from time to time, they are more flexible than the minimum requirements prescribed by statute.

At March 31, 2009, 105.2 percent of the capital of the FHLBanks consisted of capital stock, while (5.2) percent consisted of retained earnings and accumulated other comprehensive income. At March 31, 2009, the FHLBanks had a combined regulatory capital-to-assets ratio of 4.92 percent, up from 4.42 percent at December 31, 2008. At March 31, 2009, the FHLBanks had a combined GAAP capital-to-assets ratio of 3.65 percent, down from 3.81 percent at December 31, 2008. Following the passage of the Housing Act, the Director of the Finance Agency is responsible for setting the risk-based capital standards for the FHLBanks.

Liquidity

The FHLBanks need liquidity to:

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

The FHLBanks also maintain liquidity to repurchase excess capital stock at their discretion upon the request of a member or under an FHLBank's excess stock repurchase program.

Each FHLBank is required to maintain liquidity in accordance with the FHLBank Act and certain regulations and policies established by its management and board of directors. The FHLBanks seek to be in a position to meet the credit and liquidity needs of their members without maintaining excessive holdings of low-yielding liquid investments or being forced to incur unnecessarily high borrowing costs. The FHLBanks' primary sources of liquidity are short-term investments and the issuance of new consolidated obligations. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, may also provide liquidity. The GSE status and favorable credit rating have historically provided the FHLBanks with excellent access to capital markets. Consolidated obligations enjoy GSE status; however, they are not obligations of the United States and the United States does not guarantee them. The FHLBanks' consolidated obligations are rated Aaa/P-1 by Moody's and AAA/A-1+ by S&P. These are the highest ratings available for such debt from an NRSRO. These ratings indicate that the FHLBanks have an extremely strong capacity to meet their commitments to pay principal of and interest on consolidated obligations and that the consolidated obligations are judged to be of the highest quality with minimal credit risk. The ratings also reflect the FHLBanks' status as GSEs. These ratings have not been affected by rating actions taken with respect to individual FHLBanks. (See "Recent Rating Agency Actions.") Investors should note that a rating issued by an NRSRO is not a recommendation to buy, sell or hold securities and that the ratings may be revised or withdrawn by the NRSRO at any time. Investors should evaluate the rating of each NRSRO independently.

In addition, under certain circumstances the U.S. Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. As a supplement to the existing $4 billion limit, the Housing Act provided temporary authority to the U.S. Secretary of the Treasury to purchase obligations issued by FHLBanks in any amount deemed appropriate under certain conditions. Pursuant to that authority, during the third quarter of 2008 each FHLBank entered into a lending agreement with the U.S. Treasury in connection with the U.S. Treasury's establishment of the Government Sponsored Enterprise Credit Facility (GSECF), as authorized by the Housing Act. The GSECF is designed to serve as a contingent source of liquidity for the housing government-sponsored enterprises, including each of the 12 FHLBanks. Any borrowings by one or more of the FHLBanks under the GSECF are considered consolidated obligations with the same joint and several liability as all other consolidated obligations. The terms of any borrowings are agreed to at the time of issuance. Loans under the lending agreement are to be secured by collateral acceptable to the U.S. Treasury, which consists of FHLBank advances to members that have been collateralized in accordance with regulatory standards and mortgage-backed securities issued by Fannie Mae or Freddie Mac. Each FHLBank is required to submit to the Federal Reserve Bank of New York, acting as fiscal agent of the U.S. Treasury, a list of eligible collateral updated on a weekly basis. As of March 31, 2009, the FHLBanks had provided the U.S. Treasury with listings of advance and MBS collateral amounting to $236.9 billion. The amount of collateral can be increased or decreased (subject to the approval of the U.S. Treasury) at any time through the delivery of an updated listing of collateral. As of March 31, 2009, no FHLBank has drawn on this available source of liquidity. This temporary authorization expires on December 31, 2009. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, also provide liquidity.

To protect the FHLBanks against temporary disruptions in access to the debt markets in response to a rise in capital markets volatility, effective March 6, 2009, the Finance Agency requires each FHLBank to maintain sufficient liquidity, through short-term investments, in an amount at least equal to an FHLBank's anticipated cash outflows under two different scenarios. One scenario assumes that an FHLBank cannot access the capital markets for a period of between ten to twenty days, with initial guidance set at fifteen days, and that during that time members do not renew any maturing, prepaid and called advances. The second scenario assumes that an FHLBank cannot access the capital markets for a period of between three to seven days, with initial guidance set at five days, and that during that period an FHLBank will automatically renew maturing and called advances for all members except very large members provided the member is well-rated by its primary Federal regulator or its state regulator equivalent for insurance companies; has a rating assigned by an NRSRO that is investment quality; and is well-rated by the individual FHLBank's internal credit rating system. The Finance

Agency's formalized guidance revises and finalizes guidance previously communicated to the FHLBanks early in the fourth quarter of 2008. See "Risk Factors" for more information.

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

Critical Accounting Estimates

For a discussion of Critical Accounting Estimates, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates" in the Federal Home Loan Banks' 2008 Combined Financial Report. Other than the other-than-temporary impairment for investment securities discussed below, there have been no material changes from the critical accounting estimates disclosed in the "Critical Accounting Estimates" section of the Federal Home Loan Banks' 2008 Combined Financial Report. Each FHLBank describes its critical accounting estimates in its Management's Discussion and Analysis of Financial Condition and Results of Operations in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

OTTI for Investment Securities. Each individual FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with GAAP. As such, individual FHLBank accounting and financial reporting policies and practices are not necessarily always identical because different policies and/or presentations are permitted under GAAP in certain circumstances. Accordingly, until the first quarter of 2009, each of the 12 FHLBanks had employed different methodologies and processes for making OTTI determinations on private-label mortgage-backed securities. While each of these methodologies was in compliance with GAAP, the FHLBanks and the Office of Finance recognize the importance of enhanced consistency in financial reporting. Working with the Finance Agency, the 12 FHLBanks have developed a uniform framework for completing their OTTI analyses, which was adopted in the first quarter of 2009, concurrent with new FASB guidance (FSP FAS 115-2 and FAS 124-2) concerning the recognition and presentation of OTTI. Implementing this uniform OTTI analytical framework and adopting new FASB guidance delayed the First Quarter 2009 Combined Financial Report because the majority of FHLBanks had to modify their OTTI determination process in order to promote consistency among all 12 FHLBanks. While this effort delayed the First Quarter 2009 Combined Financial Report, going forward, it will provide greater consistency among the 12 FHLBanks regarding OTTI analyses, including the calculation of any expected credit losses for impaired securities.

The continued broad-based deterioration of credit performance related to residential mortgage loans and the accompanying decline in U.S. residential real estate values have increased the level of credit risk to which the FHLBanks are exposed in their investments in mortgage-related securities, primarily private-label MBS and home equity loan investments. The FHLBanks' investments in mortgage-related securities are directly or indirectly supported by underlying mortgage loans. Due to the decline in values of residential U.S. real estate and difficult conditions in the credit markets, 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 the rating agencies) to evaluate their exposure to the risk of loss on these investments in order to determine whether a loss is other-than-temporary, consistent with SFAS 115 (as amended by FSP FAS 115-1, *The Meaning of Other-than-Temporary Impairment and its Application to Certain Investments and FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments).*

For debt securities, FSP FAS 115-2 and FAS 124-2 requires an entity to assess whether (a) it has the intent to sell the debt security, or (b) it is more likely than not that it will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an OTTI on the security must be recognized. If the present value of cash flows expected to be collected is less than the amortized cost basis of the security, the entire amortized cost basis of the security will not be recovered, and an OTTI is considered to have occurred. Each FHLBank considers whether or not it will recover the entire amortized cost of the security by comparing its best estimate of the present value of the cash flows expected to be collected from the security with the amortized cost basis of the security. These evaluations are inherently subjective and consider a number of qualitative factors. In addition to monitoring the credit ratings of these securities for downgrades, as well as for placement on negative outlook or credit watch, an FHLBank's management evaluates other factors that may be indicative of OTTI. These include, but are not limited to, an evaluation of the type of security, the length of time and extent to which the fair value of a security has been less than its cost, any credit enhancement or insurance, and certain other collateral-related characteristics such as FICO credit scores, loan-to-value ratios, delinquency and foreclosure rates, geographic concentrations and the security's performance. If an FHLBank's initial analysis identifies securities at risk of OTTI, the FHLBank performs additional testing of these investments, which are typically private-label MBS and home equity loans.

Beginning in the first quarter of 2009, to ensure consistency in determination of the OTTI for private-label MBS among all FHLBanks, the FHLBanks used the same key modeling assumptions for purposes of their cash flow analyses. For additional details on the Finance Agency guidance related to the FHLBanks' process for determining OTTI with respect to private-label MBS, see "Legislative and Regulatory Developments—Finance Agency Guidance for Determining Other-Than-Temporary Impairment." At-risk securities are evaluated by estimating projected cash flows using models that incorporate projections and assumptions typically based on the structure of the security and certain economic environment assumptions such as delinquency and default rates, loss severity on the collateral supporting an FHLBank's security (based on underlying loan-level borrower and loan characteristics), home price appreciation/depreciation, interest rates and security prepayment speeds, while factoring in the underlying collateral and credit enhancement. A significant input to such analysis is the forecast of housing price changes for the relevant states and metropolitan statistical areas, which are based on an assessment of the relevant housing market. In response to the ongoing deterioration in housing prices, credit market stress and weakness in the U.S. economy during the first quarter of 2009, which continued to affect the credit quality of the underlying collateral, most of the FHLBanks modified certain assumptions in their cash flow analyses to reflect more extreme loss severities and more moderate rates of housing price recovery than the FHLBanks previously used in their analyses at December 31, 2008. The loan-level cash flows and losses are allocated to various security classes, including the security classes owned by each FHLBank, based on the cash flows and loss allocation rules for each individual security.

In instances in which a determination is made that a credit loss (defined by FSP FAS 115-2 and FAS 124-2 as the difference between the present value of the cash flows expected to be collected and the amortized cost basis) exists, but the entity does not intend to sell the debt security and it is not more likely than not that the entity will be required to sell the debt security before the anticipated recovery of its remaining amortized cost basis (i.e., the amortized cost basis less any current-period credit loss), FSP FAS 115-2 and FAS 124-2 changes the presentation and amount of the OTTI recognized in the income statement. In these instances, the impairment is separated into (a) the amount of the total impairment related to the credit loss, and (b) the amount of the total impairment related to all other factors. If an FHLBank's cash flow analysis results in a present value of expected cash flows that is less than the amortized cost basis of that security (that is, a credit loss exists), an OTTI is considered to have occurred. If there is no credit loss, any impairment is not considered to be other-than-temporary. If an FHLBank determines that an OTTI exists, it accounts for the investment security as if it had been purchased on the measurement date of the OTTI at an amortized cost basis equal to the previous amortized cost basis, less the OTTI recognized in non-interest income. The difference between the new amortized cost basis and the cash flows expected to be collected is accreted into interest income prospectively over the remaining life of the investment security based on the amount and timing of future estimated cash flows (with no additional effect on earnings unless the security is subsequently sold or there are additional decreases in cash flows expected to be collected). See additional discussion regarding the recognition and presentation of OTTI in Note 2 to the accompanying combined financial statements and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Risk Management—Credit Risk—Investments."

Legislative and Regulatory Developments

Proposed Rule to Amend FHLBank Membership for Community Development Financial Institutions (CDFIs). On May 15, 2009, the Finance Agency published a proposed rule to amend its membership regulations to authorize non-federally insured CDFIs to become members of an FHLBank. The newly eligible

CDFIs include community development loan funds, venture capital funds and state-chartered credit unions without federal insurance. The proposed rule sets forth the eligibility and procedural requirements for CDFIs that wish to become members of an FHLBank. The Finance Agency requested comments on this proposed rule on or before July 14, 2009.

Finance Agency Guidance for Determining Other-Than-Temporary Impairment. On April 28, 2009 and May 7, 2009, the Finance Agency provided the FHLBanks with guidance regarding the process for determining OTTI with respect to private-label MBS and the FHLBanks' adoption of FSP FAS 115-2 and 124-2. The goal of this guidance is to promote consistency among all FHLBanks in the determination of OTTI for private-label MBS, based on the understanding that investors in the FHLBanks' consolidated obligations can better understand and utilize the information in the FHLBanks' combined financial reports if it is prepared on a more consistent basis. In order to achieve this goal and move to a common analytical framework, and recognizing that several FHLBanks intended to early adopt FSP FAS 115-2 and FAS 124-2, the Finance Agency guidance requires all FHLBanks to early adopt FSP FAS 115-2 and FAS 124-2 effective January 1, 2009 and, for purposes of making OTTI determinations for the first quarter of 2009, to use a consistent set of key modeling assumptions and specified third-party models. For a discussion of FSP FAS 115-2 and FAS 124-2, see "Notes to Combined Financial Statements (Unaudited)—Note 2—Recently Issued and Adopted Accounting Standards and Interpretations—FSP FAS 115-2 and FAS 124-2."

Under the Finance Agency guidance, each FHLBank continues to identify, in a manner consistent with its internal policies and other Finance Agency requirements, private-label MBS it holds that should be subject to a cash flow analysis to determine whether those individual securities are other-than-temporarily impaired. To effect consistency in the cash flow analysis by ensuring the use of consistent key modeling assumptions, the Finance Agency guidance requires that for the first quarter of 2009, the FHLBank of San Francisco develop, in consultation with the other FHLBanks and the Finance Agency, FHLBank system-wide modeling assumptions to be used by all FHLBanks for purposes of producing cash flow analyses used in the OTTI assessment for private-label MBS, including those held commonly by two or more FHLBanks, other than securities backed by subprime and home equity loans.

In addition to using the modeling assumptions provided by the FHLBank of San Francisco, the Finance Agency guidance requires that for the first quarter of 2009, each FHLBank conducts its own OTTI analysis utilizing a specified third-party risk model and a specified third-party detailed underlying loan performance data source. The guidance provides that an FHLBank may use the assumptions provided by the FHLBank of San Francisco in an alternative risk model with alternative loan performance data if certain conditions are met. An FHLBank that does not have access to the required risk model and loan performance data sources or does not meet the conditions for using an alternative risk model is required under the Finance Agency guidance to engage the FHLBank of San Francisco or another FHLBank to perform the cash flow analysis underlying its OTTI determination. The guidance requires FHLBanks performing their own cash flow analysis to perform certain control checks to ensure they can accurately replicate the FHLBank of San Francisco's cash flow results for a sample of private-label MBS.

With respect to subprime private-label MBS and home equity loan investments, the guidance provides that for the first quarter of 2009, the OTTI analysis be run on a common framework. Consistent with that provision, FHLBanks with these types of private-label MBS selected the FHLBank of Chicago's framework and the FHLBank of Chicago has provided such FHLBanks with the related modeling assumptions and cash flow analyses for purposes of analyzing credit losses and determining OTTI on such private-label MBS.

Each FHLBank is responsible for making its own determination of OTTI, determining the reasonableness of assumptions used in its cash flow analysis and performing the required present value calculations using appropriate historical cost bases and yields. The FHLBanks that hold common private-label MBS are required to consult with one another to make sure that any decision that a commonly-held private-label MBS is other-than-temporarily impaired, including the determination of fair value and the credit loss component of the unrealized loss, is consistent among those FHLBanks.

With respect to assessing the potential mitigation of projected credit losses through the application of existing credit insurance from third parties in the event of loss of contractual principal or interest, under the FHLBank System-wide modeling assumptions provided pursuant to the Finance Agency's guidance, each

FHLBank is directed to provide a qualitative assessment as to the ability of the respective issuer to cover such projected shortfall of principal or interest for the bond.

Interim Final Rule Regarding Capital Classifications and Critical Capital Levels for the FHLBanks. On January 27, 2009, the Finance Agency issued an interim final rule, effective January 30, 2009, with a request for comment to implement certain provisions of the Housing Act that require the Finance Agency Director to establish criteria based on the amount and type of capital held by an FHLBank for each of the following capital classifications: adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. This interim rule defines critical capital for the FHLBanks, and establishes the criteria for each of the capital classifications identified in the Housing Act. The interim final rule provides for comments to be received on or before May 15, 2009, following which the Finance Agency is expected to promulgate a final rule on capital classifications and critical levels for the FHLBanks. See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments" in the Federal Home Loan Banks' 2008 Combined Financial Report for additional information on the capital categories and other requirements of the interim final rule. (See Note 11—Capital and Note 13—Subsequent Events for the FHLBanks' compliance with the interim final rule requirements at and subsequent to March 31, 2009.)

Temporary Liquidity Guarantee Program. On November 21, 2008, the FDIC adopted a final rule implementing the TLGP, which was previously announced in October 2008. The TLGP has two primary components: the Debt Guarantee Program, by which the FDIC will guarantee payment of certain newly-issued senior unsecured debt where such debt is issued on or before June 30, 2009 (under the original rule); and the Transaction Account Guarantee Program, by which the FDIC will guarantee funds in non-interest-bearing transaction deposit accounts held by FDIC-insured banks until December 31, 2009. While the TLGP has enabled participating entities to offer more competitive pricing on debt and therefore compete more effectively for funds, the TLGP is believed to have caused wider spreads on FHLBank consolidated obligations with maturities of greater than six months. Participation for eligible institutions is voluntary: institutions were permitted to opt out of the program on or before December 5, 2008. The Board of Directors of the FDIC voted on March 17, 2009, to extend the deadline for issuing debt under the debt guarantee portion of the program from June 30, 2009 through October 31, 2009, and to impose a surcharge on debt issued with a maturity of one year or more beginning in the second quarter of 2009 to gradually phase-out the TLGP. The guarantee on debt issued before April 1, 2009, will expire no later than June 30, 2012. The guarantee on debt issued on or after April 1, 2009, will expire no later than December 31, 2012.

Term Asset-Backed Securities Loan Facility. On March 3, 2009, the U.S. Treasury and the Federal Reserve announced the launch of the Term Asset-Backed Securities Loan Facility (TALF) as part of carrying out the mission of the Financial Stability Plan. The TALF is designed to catalyze the securitization markets by providing financing to investors to support their purchases of certain triple-A-rated asset-backed securities. Under the TALF, the Federal Reserve Bank of New York will lend up to $200 billion to eligible owners of certain triple-A-rated asset-backed securities backed by newly- and recently-originated auto loans, credit card loans, student loans and small business loans guaranteed by the Small Business Administration. Issuers and investors in the private sector are expected to begin arranging and marketing new securitizations of recently generated loans, and subscriptions for funding in March will be accepted on March 17, 2009. On March 25, 2009, these new securitizations were funded by the program, creating new lending capacity for additional future loans. Additionally, on March 19, 2009, the Federal Reserve announced that the range of eligible collateral for TALF funding commencing in April 2009 will be expanded to include asset-backed securities backed by mortgage servicing advances, loans or leases relating to business equipment, leases of vehicle fleets and floor-plan loans. The program will hold monthly subscriptions on the first Tuesday of every month through December 2009 or longer if the Federal Reserve Board chooses to extend this facility. In May 2009, the Federal Reserve announced the expansion of the TALF to include commercial mortgage-backed securities, including legacy assets issued before January 1, 2009.

Financial Stability Plan. On February 10, 2009, the U.S. Treasury announced a comprehensive plan to restore stability to the U.S. financial system and support an effective and lasting economic recovery. The plan requires certain financial institutions to undergo a comprehensive stress test, the provision of capital injections to certain financial institutions, controls on the use of capital injections, a purchase program for certain illiquid assets, limits on executive compensation, anti-foreclosure and housing support requirements, and small-business and community-lending initiatives to provide government capital and government financing to assist the private markets with illiquid assets. On March 23, 2009, in accordance with the Financial Stability Plan's initiative to purchase illiquid assets, the U.S. Treasury announced the Public-Private Investment Program, which is a program designed to attract private investors to purchase certain real estate loans and illiquid MBS (originally rated triple-A) owned by financial institutions using up to $100 billion in funds from the Troubled Asset Relief Program. These funds can be levered with debt funding also provided by the U.S. Treasury to expand the capacity of the program. If this program is used to purchase classes of assets the same as, or similar to, assets in the FHLBanks' investment portfolios, the fair value of such assets may rise, which would likely benefit the FHLBanks.

Helping Families Save Their Homes Act of 2009 (Cram-down Legislation). The Helping Families Save Their Homes Act of 2009 was proposed, among other things, to allow bankruptcy cram-downs on first mortgages of owner-occupied homes. This Act amends federal bankruptcy law governing a Chapter 13 debtor, specifically the adjustment of debts of an individual with regular income. This legislation, if enacted, will authorize bankruptcy courts to modify the terms of some mortgages on principal residences during Chapter 13 bankruptcy proceedings. The Act allows judges to modify the rights of a mortgage holder—whether that mortgage holder is a primary lender or an investor in a mortgage-backed security with regard to delinquent mortgages on primary residences if the borrower has entered Chapter 13 bankruptcy proceedings. Among other modifications, the bill would allow bankruptcy judges to reduce the principal amount contractually owed by the borrower under the original mortgage and to alter mortgage loans owed by individuals participating in Chapter 13 proceedings in a number of additional ways. Specifically, the bill would allow a judge to require a mortgage holder to lower the interest rates on a loan or extend a repayment period of the loan (often 30 years) to up to 40 years in an effort to reduce the borrower's monthly payment. Furthermore, the act expands eligibility for Chapter 13 bankruptcy by excluding home mortgage debt from the current maximum debt limitations. Under current law, debtors may only enter into a Chapter 13 bankruptcy if they have less than a predetermined maximum amount of debt. This provision excludes home debt from a Chapter 13 eligibility evaluation if the value of the debtor's home is less than the mortgage owed and will allow a reduction of a claim secured by the debtor's principal residence in specified circumstances.

On March 5, 2009, the United States House of Representatives approved legislation that would allow judges in certain situations to modify the terms of mortgage loans on primary residences during bankruptcy proceedings and would allow servicers of residential mortgages in certain situations to modify the terms of those mortgages without threat of monetary damages or other equitable relief from investors or other parties to whom the servicer owes certain duties. Similar legislation was introduced in the United States Senate on April 24, 2009. The United States Senate did not approve the portion of the legislation allowing bankruptcy judges to modify the terms of mortgage loans. The United States Senate did, however, on May 6, 2009, approve the portion of the legislation regarding modifications of the terms of residential mortgages by servicers. If a servicer of residential mortgages agrees to enter into a residential loan modification, workout, or other loss mitigation plan with respect to a residential mortgage originated before the date of enactment of the legislation, including mortgages held in a securitization or other investment vehicle, to the extent that the servicer owes a duty to investors or other parties to maximize the net present value of such mortgages, the servicer is deemed to have satisfied that duty, and will not be liable to those investors or other parties, if certain criteria are met. Those criteria are (1) default on the mortgage has occurred, is imminent, or is reasonably foreseeable, (2) the mortgagor occupies the property securing the mortgage as his or her principal residence and (3) the servicer reasonably determined that the application of the loss mitigation plan to the mortgage will likely provide an anticipated recovery on the outstanding principal mortgage debt that will exceed the anticipated recovery through foreclosure. This bill became law on May 20, 2009. Among other things, the Act extended the temporary increase in the FDIC's standard maximum deposit insurance amount to $250,000 through December 31, 2013.

Executive Compensation. On June 5, 2009, the Finance Agency published a proposed rule with a request for comment to set forth requirements and processes with respect to compensation provided to executive officers by Fannie Mae, Freddie Mac, FHLBanks (regulated entities) and the Office of Finance. The Executive Compensation rule addresses the authority of the Finance Agency Director (the Director) to approve, disapprove, modify, prohibit or withhold compensation of executive officers of the regulated entities. The proposed regulation also addresses the Director's authority to prior approve agreements or contracts of executive officers that provide compensation in connection with termination of employment. Additionally, the proposed regulation is issued to ensure that the regulated entities and the Office of Finance comply with processes used by the Finance Agency in its oversight of executive compensation. The processes require the submission of relevant information by the regulated entities and the Office of Finance on a timely basis, in a format deemed appropriate by the Finance Agency. The proposed rule prohibits a regulated entity or the Office of Finance to pay compensation to an executive officer that is not reasonable and comparable with compensation paid by such similar businesses involving similar duties and responsibilities. Failure by a regulated entity or the Office of Finance to comply with the requirements of this part may result in supervisory action by the Finance Agency, including an enforcement action to require an individual to make restitution to or reimbursement of excessive compensation or inappropriately paid termination benefits. Comments are to be received on or before August 4, 2009.

Recent Rating Agency Actions

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At July 1, 2009

	S&P		Moody's	
	Long-Term/ Short-Term Rating	Outlook	Long-Term/ Short-Term Rating	Outlook
Atlanta	AAA/A-1+	Stable	Aaa/P-1	Stable
Boston	AAA/A-1+	Stable	Aaa/P-1	Stable
Chicago (1)	AA+/A-1+	Stable	Aaa/P-1	Stable
Cincinnati	AAA/A-1+	Stable	Aaa/P-1	Stable
Dallas	AAA/A-1+	Stable	Aaa/P-1	Stable
Des Moines	AAA/A-1+	Stable	Aaa/P-1	Stable
Indianapolis	AAA/A-1+	Stable	Aaa/P-1	Stable
New York	AAA/A-1+	Stable	Aaa/P-1	Stable
Pittsburgh	AAA/A-1+	Stable	Aaa/P-1	Stable
San Francisco	AAA/A-1+	Stable	Aaa/P-1	Stable
Seattle (2)	AA+/A-1+	Stable	Aaa/P-1	Stable
Topeka	AAA/A-1+	Stable	Aaa/P-1	Stable

(1) On May 15, 2009, Moody's announced that it downgraded the FHLBank of Chicago's subordinated debt rating to A2 with a stable outlook from Aa2 with a negative outlook. On July 1, 2009, S&P announced the long-term counterparty credit rating for the FHLBank of Chicago was upgraded to AA+.

(2) On June 5, 2009, S&P announced that it affirmed both its long-term and short-term counterparty credit ratings for the FHLBank of Seattle, but placed the FHLBank of Seattle on CreditWatch with negative implications. On July 1, 2009, S&P announced the FHLBank of Seattle's counterparty credit ratings of AA+/A1+ were affirmed and it was removed from CreditWatch negative.

RISK MANAGEMENT

For a discussion of "Risk Management," including "Quantitative and Qualitative Disclosures about Market Risk, Liquidity Risk, Credit Risk, Operational Risk and Business Risk," see "Risk Management" in the Federal Home Loan Banks' 2008 Combined Financial Report. Each FHLBank includes a discussion of its risk management in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.") The following quantitative information should be read in conjunction with the discussion of "Risk Management" included in the Federal Home Loan Banks' 2008 Combined Financial Report.

Interest-Rate Exchange Agreements

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

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

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

	March 31, 2009		December 31, 2008	
	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)
Advances				
Fair Value-existing cash item	$356,533	$(23,119)	$358,142	$(26,382)
Cash Flow-existing cash item	2,675	304	2,675	338
Economic	55,336	(1,405)	58,233	(1,580)
Total	414,544	(24,220)	419,050	(27,624)
Investments				
Fair Value-existing cash item	2,543	(612)	2,572	(701)
Economic (includes trading securities hedges)	13,451	(622)	13,155	(717)
Total	15,994	(1,234)	15,727	(1,418)
MPF/MPP Loans Held for Portfolio				
Fair Value-existing cash item	7,237	(118)	8,452	(184)
Standalone-delivery commitments	994	4	1,481	7
Economic (including TBAs)	23,184	198	20,414	133
Total	31,415	84	30,347	(44)
Consolidated Bonds				
Fair Value-existing cash item	289,311	8,820	338,284	10,746
Cash Flow-anticipated transaction	6,447	(636)	6,447	(757)
Economic	148,752	574	137,749	334
Total	444,510	8,758	482,480	10,323
Consolidated Discount Notes				
Fair Value-existing cash item	39,140	36	22,799	67
Economic	86,650	39	88,698	84
Total	125,790	75	111,497	151
Deposits				
Fair Value	20	6	20	6
Total	20	6	20	6
Balance Sheet				
Firm Commitments-Economic	25,219	73	25,491	55
Total	25,219	73	25,491	55

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

	March 31, 2009		December 31, 2008	
	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)
Intermediary Positions				
Intermediaries	$ 4,088	$ 1	$ 4,146	$ 1
Total	4,088	1	4,146	1
Total notional and estimated fair value	$1,061,580	$(16,457)	$1,088,758	$(18,550)
Total derivatives excluding collateral and accrued interest		$(16,457)		$(18,550)
Accrued interest		1,206		1,067
Net cash collateral and related accrued interest		8,105		10,653
Net derivative balances		$ (7,146)		$ (6,830)
Net derivative asset balances		$ 768		$ 902
Net derivative liability balances		(7,914)		(7,732)
Net derivative balances		$ (7,146)		$ (6,830)

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

In accordance with SFAS 133, each FHLBank classifies derivative assets and derivative liabilities according to the net fair value of derivatives with each of its counterparties because these swaps are covered by a master netting agreement. If the net fair value of derivatives with one of its counterparties is positive, it is classified as an asset by that FHLBank. If the net fair value of derivatives with one of its counterparties is negative, it is classified as a liability by that FHLBank. In accordance with FSP FIN 39-1, the FHLBanks also offset cash collateral and related accrued interest against the net fair value of derivatives. The $134 million decrease in combined derivative assets and the $182 million increase in combined derivative liabilities from December 31, 2008 to March 31, 2009 are largely the result of changes in interest rates.

Quantitative Disclosure about Market Risk

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

On February 20, 2009, the FHLBank of Chicago received a non-objection letter from the Finance Agency related to the FHLBank of Chicago's recent proposal to apply temporarily direct dollar limits on changes in fair value under parallel interest rate shocks instead of the duration and convexity limits that were applied in the past. As a result, the new interest rate risk policy in effect as of March 31, 2009, places limits on the change in the FHLBank of Chicago's market value for all measured parallel interest rates scenarios between -200 basis points and +200 basis points. Some scenarios, however, may not be measured when swap rates are less than 2 percent. The table below shows the FHLBank of Chicago's market value changes for all measured scenarios as of March 31, 2009 with respect to the interest rate risk policy limits (dollar amounts in millions).

Scenario	Change in Market Value	Change in Market Value Must be Greater Than
–200 bp	*	$(185.0)
–100 bp	*	(77.5)
–50 bp	$ 9.6	(30.0)
–25 bp	0.7	(12.5)
+25 bp	2.5	(25.0)
+50 bp	(2.1)	(60.0)
+100 bp	(67.9)	(155.0)
+200 bp	(317.1)	(370.0)

* Due to the low interest rate environment at March 31, 2009, these values cannot be calculated.

The interest rate risk policy in effect on December 31, 2008 set specific duration limits to which the FHLBank of Chicago must manage depending on its market value of equity. When the FHLBank of Chicago's market value of equity equals or exceeds $700 million, the FHLBank of Chicago's duration limits are based in years. Otherwise, the FHLBank of Chicago's duration limits are dollar-based. Duration measures the change in market value of equity relative to interest rate changes. At December 31, 2008, the FHLBank of Chicago's market value of equity was less than $700 million, and therefore the dollar-based duration limits applied. The following table summarizes the FHLBank of Chicago's duration as of December 31, 2008 in comparison to the interest rate risk policy limits.

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

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

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

Duration Gap
(In months)

FHLBank	March 31, 2009	December 31, 2008
Boston	(1.0)	(0.7)
New York	(1.4)	(1.2)
Pittsburgh	2.4	3.5
Atlanta	4.0	5.7
Cincinnati	(0.3)	(0.2)
Indianapolis	(2.9)	(0.2)
Chicago	(0.1)	(0.3)
Des Moines	(7.5)	(7.3)
Dallas	2.0	2.3
Topeka	1.4	2.9
San Francisco	3.8	3.4
Seattle	0.1	0.2

Credit Risk

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

Managing Credit Risk

Advances. Each FHLBank manages its credit exposure to advances through an integrated approach that provides for the ongoing review of the financial condition of its borrowers coupled with conservative collateral/lending policies and procedures to limit its risk of loss while balancing its borrowers' needs for a reliable source of funding. The FHLBanks protect against credit risk on advances by collateralizing all advances. The FHLBank Act requires that FHLBanks obtain and maintain collateral from their borrowers to secure advances at the time the advances are originated or renewed. Collateral arrangements will vary depending upon borrower credit quality, financial condition and performance; borrowing capacity; collateral availability; and overall credit exposure to the borrower. Each FHLBank establishes each borrower's borrowing capacity by determining the amount it will lend against each collateral type. Borrowers are also required to collateralize the face amount of any letters of credit issued for their benefit by an FHLBank. Each FHLBank can call for additional or substitute collateral during the life of an advance to protect its security interest.

Residential mortgage loans are the principal form of collateral for advances. As a matter of course and through different means, the FHLBanks perfect the security interests granted to them by their borrowers. In addition, the FHLBanks must take any steps necessary to ensure that their security interests in all collateral pledged by non-depository member institutions (i.e., insurance companies and housing associates) is as secure as their security interests in collateral pledged by depository member institutions.

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

At March 31, 2009, 29 individual FHLBank members held advance balances of at least $5 billion. In the aggregate, these advances represented approximately 53 percent of total FHLBank advances outstanding at March 31, 2009, with collateralization ratios (i.e., a member's eligible collateral divided by that member's advances outstanding) ranging from 1.58 to 2.45 (weighted-average collateralization ratio of 2.15). Eligible collateral values include (a) market values for private-label and agency securities and (b) the unpaid principal balance for all other collateral pledged by delivery, specific identification or blanket lien. At March 31, 2009, approximately 51 percent of these 29 individual FHLBank members' eligible collateral was pledged by specific identification, with approximately 30 percent pledged in the form of a blanket lien and approximately 19 percent pledged by delivery. On a combined basis, the eligible collateral securing these 29 individual FHLBank members' advances was comprised of residential first mortgages (54 percent), home equity lines of credit/second mortgages (19 percent), private-label and government/agency securities (13 percent), commercial real estate (8 percent) and other collateral (6 percent) comprising the remainder.

All borrower obligations to the FHLBanks are secured with eligible collateral, the value of which is discounted to protect the FHLBanks from default in adverse circumstances. Collateral discounts, or haircuts, used in determining lending values of the collateral are calculated to estimate that the lending value of collateral securing each borrower's obligations exceeds the amount the borrower may borrow from the FHLBanks. The following collateral lending values have been combined for the blanket, listing and delivery methods of pledging collateral and 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.

Collateral Type	March 31, 2009 Range of Collateral Lending Values
Single-family mortgage loans	40-93%(1)
FHA/VA loans	45.5-93%(2)
Multifamily mortgage loans	32-80%(3)
U.S. government/U.S. Treasury securities	55-99.5%(4)
U.S. agency securities (excluding MBS)	80-99%(5)
U.S. agency MBS securities	55-98%(6)
Non-agency MBS/CMOs	25-97%(7)
Other U.S. government-guaranteed mortgage loans	40-90%(8)
Community financial institution collateral—loans (e.g., small-business, small-farm, small-agribusiness loans)	5-66.7%(9)
Community financial institution collateral—securities (backed by community financial institution loan collateral)	50-95%(10)
Other real estate related collateral—loans (e.g., commercial real estate, construction loans, home equity lines of credit)	12-87%(11)
Other real estate related collateral—securities (backed by other real estate related loan collateral)	50-97% (12)

(1) Most lending values of single-family mortgage loan collateral are in the 50 percent—90 percent range.

(2) Most lending values of FHA/VA loan collateral are in the 41 percent—93 percent range. The lower level of this range, compared to that noted above, reflects additional haircuts applied to advances outstanding based upon members' actual financial performance.

(3) Most lending values of multifamily mortgage loan collateral are in the 40 percent—80 percent range.

(4) Most lending values of U.S. government/U.S. Treasury securities collateral are in the 55 percent—99 percent range, with the lowest end of the range assigned to mixed-use municipal securities collateral where the majority of the proceeds are real estate related.

(5) Most lending values of U.S. agency securities collateral, excluding U.S. agency MBS, are in the 90 percent—99 percent range.

(6) Most lending values of U.S. agency MBS collateral are in the 70 percent—98 percent range.

(7) Most lending values of non-agency MBS/CMO collateral are in the 50 percent—95 percent range, with the highest end of the range assigned to triple-A securities.

(8) All lending values of other U.S. government-guaranteed mortgage loan collateral are in the 40 percent—90 percent range.

(9) Most lending values of community financial institution collateral—loans are in the 17 percent—60 percent range.

(10) Most lending values of community financial institution collateral—securities are in the 50 percent—90 percent range.

(11) Most lending values of other real estate related collateral—loans are in the 25 percent—80 percent range.

(12) Most lending values of other real estate related collateral—securities are in the 60 percent—97 percent range.

The FHLBank Act permitted borrowers that qualify as a "community financial institution" (which is defined in the FHLBank Act as an FDIC-insured depository institution that had average assets for the past three calendar years totaling no more than $599 million during 2007 and $625 million during 2008, up until the passage of the Housing Act) also to pledge certain CFI-specific collateral, which consists of small-business, small-farm, and small-agribusiness loans, to the extent that its FHLBank accepts such loans as collateral for advances. The Housing Act defined community financial institutions for 2008 as depository institutions insured by the FDIC with average total assets over the preceding three-year period of less than $1.0 billion (the total average asset cap), which the average total assets cap shall be adjusted annually for inflation. Beginning January 1, 2009, the Finance Agency adjusted the average total asset cap to $1.011 billion. The FHLBanks that accept CFI-specific collateral mitigate the potential increased credit risk through higher haircuts (lower lending values) on such collateral.

Under the FHLBank Act, an FHLBank has a statutory lien on that FHLBank's capital stock held by its members, which serves as further collateral for the indebtedness of these members to the FHLBank. The FHLBank Act also allows FHLBanks to further protect their security position with respect to advances by allowing them to require the posting of additional collateral, whether or not such additional collateral is eligible to originate or renew an advance. In order to borrow from its FHLBank, a borrower must pledge collateral using a blanket lien or specific identification method, or, if required, deliver such collateral to the FHLBank or its agent (acceptable third party). The FHLBanks perfect their security interests by filing applicable financing statements or taking delivery of collateral. In addition, under the FHLBank Act, a security interest granted to an FHLBank by a member, or any affiliate of the member to an FHLBank, is entitled to a priority over the claims and rights of any party (including any receiver, conservator, trustee or similar lien creditor), except the claims and rights of a party that would be entitled to priority under otherwise applicable law and is an actual bona fide purchaser for value of such collateral or is an actual secured party whose security interest in such collateral is perfected in accordance with applicable state law.

No FHLBank has ever experienced a credit loss on an advance. However, the expanded eligible collateral for community financial institutions and lending to non-member housing associates increases the credit risk to the FHLBanks. Advances to community financial institutions secured with expanded eligible collateral represented approximately $11.5 billion of the total $792.9 billion of advances outstanding at par value at March 31, 2009. Advances to housing associates represented $673 million of the total $792.9 billion of advances outstanding at par value at March 31, 2009.

In light of the deterioration in the housing and mortgage markets, the FHLBanks continue to evaluate and make changes to their collateral guidelines when reviewing their borrowers' financial condition to further mitigate the credit risk of advances. The management of each FHLBank believes it has adequate policies and procedures in place to manage its credit risk on advances effectively. For additional information related to the FHLBanks' advances collateral/lending policies, refer to the Federal Home Loan Banks' 2008 Combined Financial Report and each individual FHLBank's periodic filings with the SEC.

Investments. In order to minimize credit risk on investments, the FHLBanks are required to operate within certain statutory and regulatory limits that are described in the Federal Home Loan Banks' 2008 Combined Financial Report. The FHLBanks further mitigate credit risk on investment securities by investing in highly-rated investment securities. At March 31, 2009 and December 31, 2008, 83.0 percent and 93.0 percent of all investments held by the FHLBanks in mortgage-backed securities were rated triple-A.

Investment Securities Ratings
(Dollar amounts in millions)

Investment Rating	March 31, 2009* Amount	March 31, 2009* Percentage of Total Investments	December 31, 2008** Amount	December 31, 2008** Percentage of Total Investments
Long-term rating				
Triple-A	$150,907	73.1%	$174,425	82.6%
Double-A	10,944	5.3%	12,619	6.0%
Single-A	8,172	4.0%	13,084	6.2%
Triple-B	6,036	2.9%	3,144	1.5%
Below investment grade				
Double-B	4,946	2.4%	1,576	0.8%
Single-B	4,749	2.3%	645	0.3%
Triple-C	3,825	1.8%	312	0.1%
Double-C	62	0.0%		
Short-term rating				
A-1 or higher/P-1	14,396	7.0%	5,372	2.5%
Unrated investment securities	2,419	1.2%	56	0.0%
Total	$206,456	100.0%	$211,233	100.0%

* This chart does not reflect any changes in rating, outlook or watch status occurring after March 31, 2009. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

** This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2008. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

Investment Securities
Downgraded and/or Placed on Negative Watch (1)
from April 1, 2009 through May 31, 2009
(Dollar amounts in millions)

	Based on Carrying Values as of March 31, 2009		
	Downgraded and Stable	Downgraded and Placed on Negative Watch	Not Downgraded but Placed on Negative Watch
Private-label residential MBS (RMBS):			
Percentage of total private-label RMBS	12%	8%	1%
Amount of private-label RMBS rated below investment grade:			
Double-B	$1,387	$1,456	$
Single-B	660	580	10
Triple-C	316		
Double-C	64		
Total	$2,427	$2,036	$10
Private-label commercial MBS (CMBS):			
Percentage of total private-label CMBS	0%	0%	0%
Total private-label CMBS rated below investment grade	$	$	$
Manufactured housing loan investments:			
Percentage of total manufactured housing loan investments	0%	0%	90%
Total manufactured housing loan investments rated below investment grade	$	$	$
Home equity loan investments:			
Percentage of total home equity loan investments	4%	0%	6%
Amount of home equity loan investments rated below investment grade:			
Double-B	$ 50	$	$ 1
Total	$ 50	$	$ 1
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments:			
Percentage of total investment securities	3%	2%	1%
Amount of total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments rated below investment grade:			
Double-B	$1,437	$1,456	$ 1
Single-B	660	580	10
Triple-C	316		
Double-C	64		
Total	$2,477	$2,036	$11
Total non-MBS:			
Percentage of total investment securities	0% (2)	0%	1%

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

(2) Represents less than one-half of one percent.

The FHLBanks' investments in private-label MBS include investment securities backed by residential, commercial, manufactured housing and home equity loans. 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. 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.

The following table represents FHLBanks' composition of private-label MBS at March 31, 2009.

Unpaid Principal Balance of Private-Label Mortgage Backed Securities Home Equity Loan Investments and Manufactured Housing Loans by Fixed Rate or Variable Rate (1) (Dollar amounts in millions)

	March 31, 2009			December 31, 2008		
	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total
Private-label RMBS:						
Prime	$16,612	$22,425	$39,037	$18,442	$23,024	$41,466
Alt-A	12,540	16,511	29,051	13,345	16,697	30,042
Subprime		20	20		21	21
Total private-label RMBS	29,152	38,956	68,108	31,787	39,742	71,529
Private-label CMBS:						
Prime	666	10	676	924	10	934
Total private-label CMBS	666	10	676	924	10	934
Manufactured housing loans:						
Prime		1	1		1	1
Subprime	247		247	254		254
Total manufactured housing loans	247	1	248	254	1	255
Home equity loan investments:						
Prime		10	10		11	11
Alt-A		71	71		72	72
Subprime	505	1,579	2,084	521	1,625	2,146
Total home equity loan investments	505	1,660	2,165	521	1,708	2,229
Total private-label MBS, manufactured housing loans and home equity loan investments	$30,570	$40,627	$71,197	$33,486	$41,461	$74,947

(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.

At March 31, 2009, the carrying values of the FHLBanks' total private-label RMBS, private-label CMBS, manufactured housing loans and home equity loan investments reported on the Combined Statement of Condition were $61,237 million, $677 million, $247 million and $1,754 million. The following two tables present credit ratings of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments at March 31, 2009. Of the total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments, prime represented 56 percent, Alt-A represented 41 percent and subprime represented 3 percent. Of the $157.5 billion in mortgage-backed securities investments held by the FHLBanks at March 31, 2009, less than two percent were categorized as subprime by the originator at the time of origination or based on classification by an NRSRO upon issuance of the MBS. The following table discloses the lowest ratings available for each security based on NRSROs used by each FHLBank.

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans By Year of Securitization At March 31, 2009 * (Dollar amounts in millions)

	Prime (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2008	$ 792	$	$	$	$	$	$ 792
2007	1,987	680	140	1,248	1,959		6,014
2006	2,965	1,103	1,340	960	905		7,273
2005	5,146	123	480	213	813		6,775
2004 and prior	17,596	445	93	38	11	_	18,183
Total	28,486	2,351	2,053	2,459	3,688	_	39,037
Private-label CMBS:							
2004 and prior	676					_	676
Total	676					_	676
Manufactured housing loans:							
2004 and prior	1					_	1
Total	1					_	1
Home equity loan investments:							
2004 and prior			4	1	5	_	10
Total			4	1	5	_	10
Total prime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$29,163	$2,351	$2,057	$2,460	$3,693	$	$39,724

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans By Year of Securitization (continued) At March 31, 2009 * (Dollar amounts in millions)

	Alt-A (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2008	$1,120	$	$	$	$	$	$ 1,120
2007	2,535	40	309	443	5,169		8,496
2006	313	13	102	430	4,776		5,634
2005	525	686	1,284	2,739	3,767		9,001
2004 and prior	4,526	242	31		1	—	4,800
Total	9,019	981	1,726	3,612	13,713	—	29,051
Home equity loan investments:							
2006		25					25
2005		6					6
2004 and prior				16	24	—	40
Total		31		16	24	—	71
Total Alt-A private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$9,019	$1,012	$1,726	$3,628	$13,737	$	$29,122

	Subprime (1)						
Year of Securitization	Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2004 and prior	$ 13	$	$ 7	$	$	$	$ 20
Total	13		7				20
Manufactured housing loans:							
2004 and prior		247					247
Total		247					247
Home equity loan investments:							
2007				10			10
2006	49	117	34	116	885		1,201
2005	22	61	31	26	40		180
2004 and prior	310	79	128	128	42	6	693
Total	381	257	193	280	967	6	2,084
Total subprime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$ 394	$ 504	$ 200	$ 280	$ 967	$6	$ 2,351
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$38,576	$3,867	$3,983	$6,368	$18,397	$6	$71,197

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

(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.

Credit Ratings of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans (1) At March 31, 2009* (Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Private-label RMBS Triple-A:				
Prime	$28,486	$28,328	$ (5,512)	3%
Alt-A	9,019	9,022	(2,866)	10%
Subprime	13	12	(4)	7%
Total Private-label RMBS Triple-A	37,518	37,362	(8,382)	5%
Private-label RMBS Double-A:				
Prime	2,351	2,340	(735)	6%
Alt-A	981	982	(338)	14%
Total Private-label RMBS Double-A	3,332	3,322	(1,073)	8%
Private-label RMBS Single-A:				
Prime	2,053	2,033	(721)	8%
Alt-A	1,726	1,717	(668)	13%
Subprime	7	7	(3)	27%
Total Private-label RMBS Single-A	3,786	3,757	(1,392)	10%
Private-label RMBS Triple-B:				
Prime	2,459	2,426	(858)	9%
Alt-A	3,612	3,581	(1,502)	15%
Total Private-label RMBS Triple-B	6,071	6,007	(2,360)	13%
Private-label RMBS Below Investment Grade:				
Prime	3,688	3,596	(1,201)	14%
Alt-A	13,713	13,364	(6,555)	27%
Total Private-label RMBS Below Investment Grade	17,401	16,960	(7,756)	24%
Total Private-label RMBS prime	39,037	38,723	(9,027)	5%
Total Private-label RMBS Alt-A	29,051	28,666	(11,929)	19%
Total Private-label RMBS subprime	20	19	(7)	14%
Total Private-label RMBS	$68,108	$67,408	$(20,963)	11%

Credit Ratings of Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and Manufactured Housing Loans (1) (continued)
At March 31, 2009*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Home equity loan investments Triple-A:				
Subprime	$ 381	$ 378	$(134)	22%
Total home equity investments Triple-A	381	378	(134)	22%
Home equity loan investments Double-A:				
Alt-A	31	30	(17)	2%
Subprime	257	247	(60)	31%
Total home equity investments Double-A	288	277	(77)	28%
Home equity loan investments Single-A:				
Prime	4	4	(2)	0%
Subprime	193	190	(66)	23%
Total home equity investments Single-A	197	194	(68)	22%
Home equity loan investments Triple-B:				
Prime	1	1		24%
Alt-A	16	16	(10)	14%
Subprime	280	268	(115)	32%
Total home equity investments Triple-B	297	285	(125)	31%
Home equity loan investments Below Investment Grade:				
Prime	5	4	(2)	34%
Alt-A	24	24	(15)	9%
Subprime	967	865	(385)	47%
Total home equity investments Below Investment Grade	996	893	(402)	46%
Home equity loan investments Unrated:				
Subprime	6	6	(1)	0%
Total home equity investments Unrated	6	6	(1)	0%
Total Home equity loan investments prime	10	9	(4)	20%
Total Home equity loan investments Alt-A	71	70	(42)	7%
Total Home equity loan investments subprime	2,084	1,954	(761)	36%
Total Home equity loan investments	$2,165	$2,033	$(807)	35%

Credit Ratings of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans (1) (continued)
At March 31, 2009*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage
Private-label CMBS Triple-A:				
Prime	$676	$676	$(29)	1%
Total Private-label CMBS Triple-A	676	676	(29)	1%
Total Private-label CMBS prime	676	676	(29)	1%
Total Private-label CMBS	$676	$676	$(29)	1%
Manufactured housing loans Triple-A:				
Prime	$ 1	$ 1	$	3%
Total Manufactured housing loans Triple-A	1	1		3%
Manufactured housing loans Double-A:				
Subprime	247	247	(81)	4%
Total Manufactured housing loans Double-A	247	247	(81)	4%
Total manufactured housing loans prime	1	1		3%
Total manufactured housing loans subprime	247	247	(81)	4%
Total manufactured housing loans	$248	$248	$(81)	4%

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

(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 summarizes rating agency actions on private-label MBS held by the FHLBanks subsequent to March 31, 2009.

Rating Agency Actions* on Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans from April 1, 2009 through May 31, 2009
(Dollar amounts in millions)

	Total Downgraded		Downgraded from AAA									
			To AA		To A		To BBB		To Below Investment Grade		Total Downgraded from AAA	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Private-label RMBS	$11,778	$8,565	$2,032	$1,478	$2,537	$1,903	$1,932	$1,450	$1,823	$1,262	$8,324	$6,093
Home equity loan investments	73	44	22	13	1	1					23	14
Total	$11,851	$8,609	$2,054	$1,491	$2,538	$1,904	$1,932	$1,450	$1,823	$1,262	$8,347	$6,107

	Downgraded from AA							
	To A		To BBB		To Below Investment Grade		Total Downgraded from AA	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Private-label RMBS	$457	$319	$403	$287	$630	$455	$1,490	$1,061
Total	$457	$319	$403	$287	$630	$455	$1,490	$1,061

	Downgraded from A						Downgraded from BBB	
	To BBB		To Below Investment Grade		Total Downgraded from A		To Below Investment Grade	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value**	Fair Value**
Private-label RMBS	$382	$315	$518	$382	$900	$697	$1,064	$ 714
Home equity loan investments							50	30
Total	$382	$315	$518	$382	$900	$697	$1,114	$ 744

* Represents the lowest ratings available for each security based on NRSROs used by each FHLBank.

** Does not include downgrades within below investment grades.

Of the $206.5 billion of total investment securities held by the FHLBanks at March 31, 2009, a total of $14.7 billion of MBS investments was rated below investment grade as of May 31, 2009. As noted in the previous two tables, $13.6 billion of this amount was rated below investment grade at March 31, 2009, and an additional $1.1 billion was downgraded to below investment grade from April 1, 2009 through May 31, 2009.

The broad-based deterioration of credit performance related to residential mortgage loans and the accompanying decline in U.S. residential real estate values as well as increasing collateral delinquency rates have increased the level of credit risk to which the FHLBanks are exposed in their investments in mortgage-related securities. The estimated fair value of the FHLBanks' investments in private-label MBS, manufactured housing loans and home equity loan investments with a total carrying value of $63.9 billion, was $48.5 billion at March 31, 2009. The following table summarizes private-label MBS, home equity loan investments and manufactured housing loans fair values as a percentage of unpaid principal balances.

Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and Manufactured Housing Loans
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization

Year of Securitization	March 31, 2009	December 31, 2008
Private-label RMBS:		
Prime (1):		
2008	64.1%	67.9%
2007	69.5%	73.0%
2006	64.7%	70.7%
2005	70.3%	73.0%
2004 and earlier	85.5%	84.3%
Weighted-average of all prime	76.1%	77.8%
Alt-A (1):		
2008	57.7%	78.4%
2007	49.8%	53.2%
2006	49.5%	54.4%
2005	58.9%	63.3%
2004 and earlier	78.7%	80.2%
Weighted-average of all Alt-A	57.6%	62.0%
Subprime (1):		
2004 and earlier	63.8%	73.5%
Weighted-average of all subprime	63.8%	73.5%
Private-label CMBS:		
Prime (1):		
2004 and earlier	95.9%	95.4%
Weighted-average of all prime	95.9%	95.4%

Private-Label Mortgage-Backed Securities,
Home Equity Loan Investments and Manufactured Housing Loans
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization (continued)

Year of Securitization	March 31, 2009	December 31, 2008
Home Equity Loan Investments:		
Prime (1):		
2004 and earlier	45.4%	53.3%
Weighted-average of all prime	45.4%	53.3%
Alt-A (1):		
2006	42.3%	59.3%
2005	56.8%	41.2%
2004 and earlier	38.1%	36.7%
Weighted-average of all Alt-A	41.1%	44.9%
Subprime (1):		
2007	45.1%	33.6%
2006	51.2%	52.8%
2005	84.6%	86.2%
2004 and earlier	60.6%	65.5%
Weighted-average of all subprime	57.2%	60.1%
Manufactured Housing Loans:		
Prime (1):		
2004 and earlier	98.4%	98.1%
Weighted-average of all prime	98.4%	98.1%
Subprime(1):		
2004 and earlier	67.2%	66.9%
Weighted-average of all subprime	67.2%	66.9%

(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 table below summarizes, by loan type, characteristics of private-label MBS, home equity loan investments and manufactured housing loans in a gross unrealized loss position at March 31, 2009. The lowest ratings available for each security is reported as of May 31, 2009 based on the securities unpaid principal balances at March 31, 2009.

Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans in a Loss Position at March 31, 2009 and Credit Ratings as of May 31, 2009 (1)
(Dollar amounts in millions)

	March 31, 2009					May 31, 2009 MBS Ratings Based on March 31, 2009 Unpaid Principal Balance (2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Private-label RMBS backed by:									
Prime loans:									
First lien	$38,822	$38,515	$ (9,027)	4.9%	72%	56%	25%	19%	35%
Total private-label RMBS backed by prime loans	38,822	38,515	(9,027)	4.9%	72%	56%	25%	19%	35%
Alt-A and other loans:									
Alt-A option ARM	6,650	6,552	(3,932)	31.5%	14%	11%	15%	74%	0%
Alt-A other	22,383	22,095	(7,997)	15.4%	36%	24%	32%	44%	6%
Total private-label RMBS backed by Alt-A and other loans	29,033	28,647	(11,929)	19.1%	31%	21%	28%	51%	5%
Subprime loans:									
First lien	19	19	(7)	14.1%	65%	65%	35%	0%	0%
Total private-label RMBS backed by subprime loans	19	19	(7)	14.1%	65%	65%	35%	0%	0%
Private-label CMBS backed by:									
Prime loans:									
First lien	469	471	(29)	1.3%	100%	95%	0%	0%	0%
Total private-label CMBS backed by prime loans	469	471	(29)	1.3%	100%	95%	0%	0%	0%
Home equity loan investments backed by:									
Prime loans:									
First lien	10	9	(4)	19.9%	0%	0%	49%	51%	33%
Total home equity loan investments backed by prime loans	10	9	(4)	19.9%	0%	0%	49%	51%	33%
Alt-A and other loans:									
Alt-A other	70	70	(42)	7.1%	0%	0%	43%	57%	43%
Total home equity loan investments backed by Alt-A loans	70	70	(42)	7.1%	0%	0%	43%	57%	43%
Subprime loans:									
First lien	1,696	1,573	(622)	41.1%	11%	11%	33%	55%	6%
Second lien	5	5	(1)	21.8%	19%	19%	0%	81%	0%
Total home equity loan investments backed by subprime loans	1,701	1,578	(623)	41.1%	11%	11%	33%	55%	6%
Manufactured housing loans backed by:									
Prime loans:									
First lien	1	1		3.1%	100%	100%	0%	0%	0%
Total manufactured housing loans backed by prime loans	1	1		3.1%	100%	100%	0%	0%	0%

Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans in a Loss Position at March 31, 2009 and Credit Ratings as of May 31, 2009 (1) (continued)
(Dollar amounts in millions)

	March 31, 2009					May 31, 2009 MBS Ratings Based on March 31, 2009 Unpaid Principal Balance (2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Subprime loans:									
First lien	247	247	(81)	3.6%	0%	0%	100%	0%	91%
Total manufactured housing loans backed by subprime loans	247	247	(81)	3.6%	0%	0%	100%	0%	91%
Other—Not Classified (4)	379	373	(138)	14.5%	50%	44%	39%	17%	38%
Total private-label RMBS, private label CMBS, home equity loan investments, manufactured housing loans, and other—not classified	$70,751	$69,930	$(21,880)	11.6%	53%	40%	26%	33%	22%

(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) Excludes paydowns in full subsequent to March 31, 2009.

(3) Represents the lowest ratings available for each security based on NRSROs used by each FHLBank

(4) The FHLBank of New York owns certain private-label securities that were acquired prior to 2004 for which only the original lien information is available. The current lien information is not available. In certain instances, the servicer is no longer in business to provide this information. In other instances, the servicers were never required to track the information subsequent to origination. As a result, third-party providers of such information or existing servicers do not have current lien information.

The FHLBanks generally purchase private-label MBS rated triple-A (or its equivalent) by an NRSRO, such as Moody's or S&P, at the time of purchase based on structural credit enhancements designed to withstand a significant increase in defaults combined with a sharp downturn in housing prices. The FHLBanks typically require credit enhancement above the amounts required for a triple-A credit rating by an NRSRO for non-agency mortgage-backed securities. Structural credit enhancements include subordination and over-collateralization that are designed to absorb losses before an FHLBank will incur a loss on a security. Credit enhancement achieved through senior-subordinated features results in the subordination of payments to junior classes to ensure cash flows are received by senior classes held by investors such as the FHLBanks. In addition, monoline financial guarantors provide credit protection on some of the FHLBanks' securities in a form of secondary guarantees based on certain performance triggers. See the monoline insurance credit ratings and outlook table for downgrades and outlook status as of June 30, 2009. Proposed legislation related to mortgage cram-downs and/or new loan modifications could affect the valuations and credit enhancements of the FHLBanks' mortgage-backed securities.

Credit Enhancement and Collateral Performance of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans (1)

	Weighted-Average Market Price at March 31, 2009 (2)	Original Weighted-Average Credit Support	Weighted-Average Credit Support at March 31, 2009	Weighted-Average Collateral Delinquency at March 31, 2009
Private-label RMBS by Year of Securitization				
Prime:				
2008	$64.12	23.6%	24.5%	8.8%
2007	69.54	11.5%	11.7%	8.5%
2006	64.73	8.8%	9.7%	7.9%
2005	70.32	7.1%	9.2%	5.6%
2004 and earlier	85.45	3.4%	6.7%	2.1%
Total prime	76.08	6.7%	8.8%	4.9%
Alt-A:				
2008	57.67	32.9%	34.1%	13.1%
2007	49.81	31.7%	32.1%	24.8%
2006	49.52	24.9%	25.6%	30.4%
2005	58.89	15.7%	19.6%	14.6%
2004 and earlier	78.67	6.6%	12.7%	5.4%
Total Alt-A	57.64	21.3%	23.8%	19.1%
Subprime:				
2004 and earlier	63.83	11.0%	21.7%	14.1%
Total subprime	63.83	11.0%	21.7%	14.1%
Total private-label RMBS	68.21	13.0%	15.2%	11.0%
Private-label CMBS by Year of Securitization				
Prime:				
2004 and earlier	95.95	24.7%	37.9%	1.2%
Total prime	95.95	24.7%	37.9%	1.2%
Total private-label CMBS	95.95	24.7%	37.9%	1.2%
Manufactured housing loans by Year of Securitization				
Prime:				
2004 and earlier	98.37	22.0%	78.1%	3.1%
Total prime	98.37	22.0%	78.1%	3.1%
Subprime:				
2004 and earlier	67.16	55.4%	53.3%	3.6%
Total subprime	67.16	55.4%	53.3%	3.6%
Total manufactured housing loans	67.22	55.3%	53.4%	3.6%

Credit Enhancement and Collateral Performance of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans (1) (continued)

	Weighted-Average Market Price at March 31, 2009 (2)	Original Weighted-Average Credit Support (3)	Weighted-Average Credit Support at March 31, 2009 (3)	Weighted-Average Collateral Delinquency at March 31, 2009
Home equity loan investments by Year of Securitization				
Prime:				
2004 and earlier	$45.38	23.1%	22.2%	19.9%
Total prime	45.38	23.1%	22.2%	19.9%
Alt-A:				
2006	42.33	0.0%	-0.1%	2.6%
2005	56.82	3.1%	10.4%	0.2%
2004 and earlier	38.07	-0.3%	6.8%	10.8%
Total Alt-A	41.05	0.1%	4.7%	7.1%
Subprime:				
2007	45.14	23.0%	37.4%	44.4%
2006	51.21	23.0%	34.5%	47.1%
2005	84.55	22.8%	49.1%	43.0%
2004 and earlier	60.64	55.2%	64.4%	15.5%
Total subprime	57.19	33.7%	45.7%	36.2%
Total home equity loan investments	56.61	32.5%	44.3%	35.2%

(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) Weighted-average market price is calculated based on $100.00.

(3) Negative original and average credit support is related to certain home equity loans that rely on over-collateralization, excess spread and bond insurance. Over-collateralization builds up over time and could be negative at the security's origination and over a certain period of time thereafter.

The following table shows the FHLBanks' private-label mortgage-backed securities and home equity loan investments covered by monoline insurance and related gross unrealized losses.

Monoline Insurance Coverage and Related Unrealized Losses of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans By Year of Securitization At March 31, 2009 (Dollar amounts in millions)

	Prime (1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:										
2004 and prior	$1	$	$	$	$	$	$	$	$ 1	$
Total	1								1	
Private-label CMBS:										
2004 and prior	—				4				4	
Total	—				4				4	
Manufactured housing loans total	—								—	
Home equity loan investments:										
2004 and prior	4	(2)			2	(1)	5	(1)	11	(4)
Total	4	(2)			2	(1)	5	(1)	11	(4)
Total private-label RMBS, and CMBS, manufactured housing loans and home equity loan investments	$5	$ (2)	$	$	$ 6	$ (1)	$ 5	$ (1)	$16	$ (4)

Monoline Insurance Coverage and Related Unrealized Losses of Private-Label Mortgage-Backed Securities, Home Equity Loan Investments and Manufactured Housing Loans By Year of Securitization (continued) At March 31, 2009 (Dollar amounts in millions)

	Alt-A (1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:										
2007	$102	$(43)	$38	$ (7)	$	$	$	$	$140	$ (50)
2006	20	(13)							20	(13)
2005	42	(18)							42	(18)
2004 and prior	2				4	(2)			6	(2)
Total	166	(74)	38	(7)	4	(2)			208	(83)
Private-label CMBS total										
Manufactured housing loans total										
Home equity loan investments:										
2006			25	(14)					25	(14)
2005	6	(2)							6	(2)
2004 and prior	16	(10)			20	(12)	4	(2)	40	(24)
Total	22	(12)	25	(14)	20	(12)	4	(2)	71	(40)
Total private-label RMBS, and CMBS, manufactured housing loans and home equity loan investments	$188	$(86)	$63	$(21)	$24	$(14)	$4	$ (2)	$279	$(123)

	Subprime(1)									
	AMBAC Assurance Corp.		Financial Security Assurance, Inc.		MBIA Insurance Corp.		Other		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS total										
Private-label CMBS total										
Manufactured housing loans:										
2004 and prior			223	(73)					223	(73)
Total			223	(73)					223	(73)
Home equity loan investments:										
2004 and prior	246	(101)	93	(31)	61	(18)	17	(3)	417	(153)
Total	246	(101)	93	(31)	61	(18)	17	(3)	417	(153)
Total private-label RMBS, and CMBS, manufactured housing loans and home equity loan investments	$246	$(101)	$316	$(104)	$61	$(18)	$17	$(3)	$640	$(226)

(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 provides the credit ratings of the third-party insurers.

Monoline Insurance Credit Ratings and Outlook
As of June 30, 2009

	Moody's		S&P		Fitch	
	Credit Rating	Outlook	Credit Rating	Outlook	Credit Rating	Outlook
AMBAC Assurance Corporation	Ba3	Developing	BBB	Negative Watch	Not Rated	Not Rated
Financial Security Assurance, Inc.	Aa3	Negative Watch	AAA	Negative	AA+	Negative Watch
MBIA Insurance Corporation	B3	Negative	BBB	Negative	Not Rated	Not Rated
XL Capital Assurance, Inc. (Syncora Guarantee Inc.)	Ca	Developing	R (1)	R (1)	Not Rated	Not Rated
Financial Guaranty Insurance Company (FGIC) (2)	Withdrawn	Withdrawn	Not Rated	Not Rated	Not Rated	Not Rated
Fannie Mae/Freddie Mac	Aaa	Stable	N/A (3)	N/A (3)	AAA	Stable

(1) Under regulatory supervision, as of April 27, 2009, due to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

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

(3) Not applicable

Unsecured Credit Exposure. The following table represents the FHLBanks' exposure to unsecured credit.

Unsecured Credit Exposure
(Dollar amounts in billions)

	March 31, 2009	December 31, 2008	Increase $	Increase %
Unsecured credit exposure of FHLBanks to counterparties, excluding U.S. government, U.S. government agencies, and instrumentalities (1)	$86.3	$66.1	$20.2	30.6%
Maturities of unsecured credit exposure:				
Overnight	58.5%	40.7%		
2-30 days	26.9%	39.6%		
31-90 days	14.6%	14.3%		
91-270 days	0.0%	5.4%		

(1) Included in this total at March 31, 2009 is unsecured credit exposure of $404.0 million to Citibank, N.A. In addition to the unsecured credit exposure included in the table above, Citibank, N.A. had advances totaling $71.8 billion from the FHLBanks of San Francisco, New York and Dallas at March 31, 2009.

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

	March 31, 2009	December 31, 2008	Increase $	Increase %
Federal funds sold	$63,402	$40,299	$23,103	57.3%
Commercial paper	4,382	1,945	2,437	125.3%

At March 31, 2009, the FHLBanks had aggregate unsecured credit exposure of $66.8 billion or more to each of 26 counterparties. The aggregate unsecured credit exposure to these 26 counterparties represented 77.3 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio.

MPF. The FHLBanks are exposed to the risk of non-performance of mortgage insurers. The policy of the MPF FHLBanks is generally to limit each FHLBank's credit exposure to each mortgage insurance (MI) company to 10 percent of the MI company's regulatory capital. Credit exposure is defined as the total of primary mortgage insurance (PMI) and supplemental mortgage insurance (SMI) coverage written by an MI company on MPF Loans held by the FHLBank that are more than 60 days delinquent. At March 31, 2009, none of the MI companies were in excess of these limits.

The MI companies provide PMI on conventional MPF loans with an LTV greater than 80 percent and SMI on the MPF Plus product. The MPF FHLBanks receive PMI coverage information only at acquisition of MPF Loans and do not receive notification of any subsequent changes in PMI coverage. Historically, the MPF FHLBanks have depended on the PMI policies for loss coverage. No losses in excess of the policy deductible on the SMI policies have ever been claimed. If an MI company was to default on its insurance obligations and loan level losses for MPF Loans were to increase, an MPF FHLBank may experience increased credit losses. As of March 31, 2009, most of the FHLBanks' mortgage insurance providers have had their external ratings for claims-paying ability or insurer financial strength downgraded below AA- by one or more NRSROs. Rating downgrades imply an increased risk that these mortgage insurers will fail to fulfill their obligations to reimburse the FHLBanks for claims under insurance policies. If a mortgage insurer fails to fulfill its obligations, the FHLBanks may bear any remaining loss of the borrower default on the related mortgage loans not covered by the member. The FHLBanks have analyzed their potential loss exposure to all mortgage insurance providers and have not increased their loan loss reserves due to the aforementioned rating agency actions, but they will continue to monitor the financial condition of their mortgage insurance providers. The following table summarizes the MPF FHLBanks' credit exposure (dollar amounts in millions) to their mortgage insurance providers based upon PMI and SMI credit exposure as of March 31, 2009.

		As of March 31, 2009				As of December 31, 2008			
	MI Ratings (Moody's/S&P/Fitch) As of June 30, 2009	PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
Mortgage Guaranty Insurance Co. (MGIC)	Ba2/BB/BBB	$ 304	$ 86	$ 390	26%	$ 314	$105	$ 419	24%
Genworth Mortgage Insurance (Genworth) (1)	Baa2/BBB+/NR	193	130	323	21%	200	231	431	25%
United Guaranty Residential Insurance	A3/BBB+/BBB	155	124	279	18%	162	125	287	16%
PMI Mortgage Insurance Co. (2)	Ba3/BB-/NR	126	24	150	10%	134	101	235	13%
Other		321	57	378	25%	331	57	388	22%
Total MPF MI Coverage		$1,099	$421	$1,520	100%	$1,141	$619	$1,760	100%

(1) On November 20, 2008, Fitch withdrew its rating of Genworth and will no longer provide ratings or analytical coverage of this insurer.

(2) On May 12, 2009, Fitch withdrew its rating of PMI Mortgage Insurance Co. and will no longer provide ratings or analytical coverage of this insurer.

The FHLBank of Chicago acts as "MPF Provider" and provides programmatic and operational support to the MPF FHLBanks and their PFIs. The MPF Provider performs a quarterly analysis evaluating the financial condition and concentration risk regarding the MI companies. Based on an analysis using the latest available results as of March 31, 2009, most of the MI companies do not pass any of the primary early warning financial tests, which include rating level tests, ratings watch/outlook tests and profitability tests. All of the above MI companies where the MPF FHLBanks have concentration exposure have failed to pass the MPF Provider's profitability test and all have failed its ratings watch/outlook tests.

If a PMI provider is downgraded, an MPF FHLBank can request the servicer to obtain replacement PMI coverage with a different provider. However, it is possible that replacement coverage may be unavailable or result in additional cost to the MPF FHLBank.

PMI for MPF Loans must be issued by an MI company on the approved MI company list whenever PMI coverage is required. Although Triad Guaranty Insurance Company (Triad), was removed from the list of approved mortgage insurers June 30, 2008, PFIs were permitted to deliver MPF Loans with PMI provided by Triad that were in process on that date . However, no MI company on the approved MI company list currently has an AA- or better claims paying ability rating from more than one NRSRO, so the current criteria for MI companies to remain on the approved MI company list at this time is acceptability for use in S&P's LEVELS® modeling software.

If an SMI provider fails to maintain a credit rating of at least AA- or its equivalent from a NRSRO under the MPF Plus product, the PFI has six months to either replace the SMI policy or provide its own undertaking equivalent to the SMI coverage, or it will forfeit its performance based CE fees. The MPF Provider has requested all of the downgraded MI companies to provide remediation plans.

MPP. The FHLBanks' MPP Programs also use mortgage insurance companies to provide PMI and SMI. If a PMI provider is downgraded, an FHLBank may request the servicer to obtain replacement PMI coverage with a different provider. If an SMI provider is downgraded below AA- subsequent to the purchase of mortgage loans, Finance Agency regulations require an MPP FHLBank to re-evaluate the covered mortgage loans for deterioration in credit quality and to allocate risk-based capital to cover any potential loan quality issues. The MPP FHLBanks continue to closely monitor the financial condition of their mortgage insurers. The MPP FHLBanks have either discontinued obtaining coverage on new loans from the mortgage insurance providers that have been downgraded below AA- and are already using supplemental providers, or continue to evaluate the need for alternative insurance on their mortgage loan portfolios and reviewing other options that may be available, including obtaining regulatory relief. To date, rating agency downgrades have not had a material effect on the FHLBanks' MPP programs.

The following table summarizes the MPP FHLBanks' credit exposure (dollar amounts in millions) to their mortgage insurance providers based upon PMI and SMI credit exposure as of March 31, 2009. Credit exposure is defined as the total of PMI and SMI 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 lender risk account) are called upon before insurance claims are made.

		As of March 31, 2009				As of December 31, 2008			
	MI Ratings (Moody's/S&P/Fitch) As of June 30, 2009	PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
MGIC	Ba2/BB/BBB	$2	$37	$39	76%	$2	$29	$31	74%
Genworth (1)	Baa2/BBB+/NR	1	6	7	14%	1	5	6	14%
United Guaranty Residential Insurance	A3/BBB+/BBB	1		1	2%	1		1	2%
Other		4		4	8%	4		4	10%
Total MPP MI Coverage		$8	$43	$51	100%	$8	$34	$42	100%

(1) On November 20, 2008, Fitch withdrew its rating of Genworth and will no longer provide ratings or analytical coverage of this insurer.

The following tables set out the geographic concentration of mortgage loans held for portfolio by program by the FHLBanks. These tables show the geographic concentration on an aggregated basis for all 12 FHLBanks that purchased or funded loans under the MPF Program and MPP. As a result, the tables do not necessarily reflect the actual geographic concentration with respect to each individual FHLBank.

Geographic Concentration of MPF Program (1)(2)

	March 31, 2009	December 31, 2008
Midwest	36%	35%
Northeast	16%	16%
Southeast	18%	19%
Southwest	16%	16%
West	14%	14%
Total	100%	100%

Geographic Concentration of MPP (1)(2)

	March 31, 2009	December 31, 2008
Midwest	41%	38%
Northeast	10%	11%
Southeast	20%	21%
Southwest	14%	14%
West	15%	16%
Total	100%	100%

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

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

The following tables provide the percentage of unpaid principal balance of conventional mortgage loans held for portfolio outstanding at March 31, 2009 for the ten largest state concentrations. These tables show the state concentration on an aggregated basis for all 12 FHLBanks that purchased or funded loans under the MPF Program and MPP. As a result, the tables do not necessarily reflect the actual state concentration with respect to each individual FHLBank.

State Concentration of MPF Program (1)
March 31, 2009

	Percentage of Conventional Loans - Unpaid Principal Balance
Wisconsin	12%
Illinois	11%
California	8%
Texas	5%
Pennsylvania	5%
Florida	4%
Minnesota	4%
Ohio	4%
Michigan	3%
Virginia	3%
All other	41%
	100%

State Concentration of MPP Program (1)
March 31, 2009

	Percentage of Conventional Loans - Unpaid Principal Balance
Ohio	19%
California	11%
Indiana	9%
Michigan	6%
Illinois	5%
Texas	4%
Florida	4%
Georgia	3%
Pennsylvania	3%
Virginia	3%
All other	33%
	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 March 31, 2009. The median size of an MPF loan was approximately $107 thousand at March 31, 2009. The MPF loan statistics have been compiled and obtained from the FHLBank of Chicago and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual MPF FHLBanks.

The FHLBanks' MPP mortgage loans held for portfolio are dispersed across all 50 states, the District of Columbia, and the U.S. Virgin Islands. No single zip code accounted for more than one percent of MPP loans outstanding at March 31, 2009. The median size of an MPP loan was approximately $141 thousand at March 31, 2009. The MPP mortgage loan statistics have been compiled on a combined basis by aggregating each participating FHLBank's information and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual participating FHLBanks.

The following table provides the weighted-average FICO® scores and weighted-average loan-to-value ratios at origination for MPF loans and MPP conventional loans outstanding:

	March 31, 2009		December 31, 2008	
	MPF	MPP	MPF	MPP
Weighted-average FICO® score at origination (1)	739	751	739	749
Weighted-average loan-to-value at origination	67%	69%	67%	69%

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

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

Derivatives and Counterparty Ratings. In addition to market risk, each FHLBank is subject to credit risk because of the potential non-performance by counterparties to derivative agreements. The amount of counterparty credit risk on derivatives depends on the extent to which netting procedures, collateral requirements and other credit enhancements are used and are effective to mitigate the risk. Each FHLBank manages counterparty credit risk through credit analysis, collateral management and other credit enhancements. The FHLBanks are also required to follow the requirements set forth by applicable regulation. The FHLBanks require collateral on interest-rate exchange agreements. The amount of net unsecured credit exposure that is permissible with respect to each counterparty, before a collateral requirement is triggered, depends on the credit rating of that counterparty. A counterparty must deliver collateral to an FHLBank if the total market value of the FHLBank's exposure to that counterparty rises above a specific trigger point. As a result of these risk mitigation initiatives, the management of each FHLBank presently does not anticipate any credit losses on its interest-rate exchange agreements with counterparties as of March 31, 2009.

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

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

Credit Rating*	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 18,701	$ 3	$	$ 3
Double-A	365,793	1,724	1,611	113
Single-A	674,282	1,793	1,714	79
Triple-B	54			
Unrated (1)	66			
	1,058,896	3,520	3,325	195
Intermediaries (2)	1,690	12	12	
Delivery commitments	994	4		4
Total derivatives	$1,061,580	$3,536	$3,337	$199

At December 31, 2008

Credit Rating**	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 16,509	$ 7	$	$ 7
Double-A	409,516	1,647	1,557	90
Single-A	659,451	1,985	1,821	164
Unrated (1)	78			
	1,085,554	3,639	3,378	261
Intermediaries (2)	1,723	21	21	
Delivery commitments	1,481	10	3	7
Total derivatives	$1,088,758	$3,670	$3,402	$268

* This chart does not reflect any changes in rating, outlook or watch status occurring after March 31, 2009. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

** This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2008. These ratings represent the lowest rating available for each security based on NRSROs used by each FHLBank.

(1) Represents one broker-dealer utilized to purchase or sell forward contracts relating to TBA MBS to hedge the market value of commitments on fixed-rate mortgage loans. All broker-dealer counterparties are subjected to thorough credit review procedures in accordance with an FHLBank's risk management policy. There was no exposure at March 31, 2009 and December 31, 2008 related to this unrated counterparty.

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

Excluding fully collateralized interest-rate exchange agreements in which the FHLBanks are intermediaries for members, 99.989 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements at March 31, 2009 were with counterparties rated single-A or higher.

CONTROLS AND PROCEDURES

FHLBanks

The management of each FHLBank is required under applicable laws and regulations to establish and maintain controls and procedures, which include disclosure controls and procedures as well as adequate internal control over financial reporting, as such controls and procedures and internal control over financial reporting relate to that FHLBank only.

See each FHLBank's First Quarter 2009 SEC Form 10-Q "Item 4/4T Controls and Procedures" for more information regarding each FHLBank's evaluation of its disclosure controls and procedures as well as disclosure of any changes in its internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Office of Finance Controls and Procedures over Combined Financial Reporting Combining Process

The Office of Finance is not responsible for the preparation, accuracy or adequacy of the information or financial data provided by the FHLBanks to the Office of Finance for use in preparing the combined financial reports, or for the quality or effectiveness of the disclosure controls and procedures or internal control over financial reporting of the FHLBanks as they relate to such information and financial data. Each FHLBank is responsible for establishing and maintaining those controls and procedures and internal control over financial reporting with respect to the information and financial data provided to the Office of Finance. Although the Office of Finance is not an SEC registrant, Finance Agency regulations require that the combined financial report form and content generally be consistent with SEC Regulations S-K and S-X, as interpreted by the Finance Agency. The Office of Finance is not required to establish and maintain, and in light of the nature of its role has not established and maintained, disclosure controls and procedures and internal control over financial reporting at the FHLBank System level comparable to those maintained by each FHLBank with respect to its financial reporting. The Office of Finance has established procedures concerning the FHLBanks' submission of information and financial data to the Office of Finance, the process of combining the financial statements of the individual FHLBanks and the review of such information.

However, the Office of Finance does not have the authority to ensure consistency in the adoption or application of accounting policies by the FHLBanks or to verify independently the financial information submitted by each FHLBank, including the disclosures in the financial statements of the individual FHLBanks that comprise the combining schedules included in this Combined Financial Report. As a consequence of this lack of authority, the Office of Finance may be unable to detect or prevent a significant misstatement in the combining schedules included in this Combined Financial Report resulting from the inconsistent adoption or application of accounting policies by the individual FHLBanks, including the inconsistent application of accounting policies used to value private-label mortgage-backed securities or to calculate related credit losses.

LEGAL PROCEEDINGS

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

See the Federal Home Loan Banks' 2008 Combined Financial Report for discussion about Lehman Brothers Special Financing and Lehman Brothers Holdings, Inc. with respect to derivative contracts with the FHLBanks of Atlanta and Pittsburgh.

RISK FACTORS

This item is intended to update the risk factors set forth in the Federal Home Loan Banks' 2008 Combined Financial Report. Each FHLBank describes risk factors it faces in its business in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

Continuing or broader economic downturns, including the downturn in the U.S. housing market, and changes in Federal monetary policy could have an adverse effect on the FHLBanks' business and their results of operations.

The FHLBanks' businesses and results of operations are sensitive to general international, domestic and district-specific business and economic conditions. Continued or deepening financial crisis and economic recession, unfavorable effects on the competitiveness of the FHLBanks' business model from current or future federal governmental actions to mitigate the financial crisis, and recessionary and earnings pressures, as well as capital adequacy issues at some FHLBanks, could result in additional unfavorable consequences for the FHLBanks' business, including further reductions in the FHLBanks' statutory mission activities and lower profitability compared to 2008 results.

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

In the first quarter of 2009, the U.S. mortgage market generally continued to deteriorate, with delinquency and foreclosure rates on mortgage loans increasing nationwide. The MBS market, which had for the most part ceased operating during much of 2008, continued its lack of activity as uncertainty over the effect of new or proposed governmental actions (including mortgage loan modification programs), further home-price deterioration, and changes in borrower, lender, and investor behavior depressed and complicated the pricing of private-label MBS. The uncertainty as to the depth and duration of these trends has resulted in a change in the markets for private-label MBS, such that what had been generally functioning markets in early to mid-2007 have become highly illiquid markets, with prices reflecting a lack of dealer and investor sponsorship. In addition, during the first quarter of 2009, the NRSROs downgraded a significant number of private-label MBS, including some owned by the FHLBanks. Over the last two years, these and other factors have led to the deterioration of the fair value of many of the FHLBanks' private-label MBS.

Throughout 2008 and continuing through the first quarter of 2009, MBS backed by subprime and Alt-A mortgage loans experienced increased delinquencies and loss severities due to market uncertainty and illiquidity. The significant widening of credit spreads that occurred during 2008 and the first quarter of 2009 further reduced the fair value of the FHLBanks' MBS portfolios. Further declines in the fair value of the FHLBanks' MBS portfolios, as well as increased loan default rates, loss severities and prepayment speeds, may result in additional material other-than-temporary impairments in future periods, which could materially adversely affect the FHLBanks' financial condition and operating results.

The FHLBanks' financial condition and results of operations, ability to pay dividends, and/or ability to redeem or repurchase FHLBank capital stock and the value of FHLBank membership, could be adversely affected by FHLBank exposure to credit risk.

The continuing instability of the financial markets has resulted in many financial institutions becoming significantly less creditworthy, exposing the FHLBanks to increased member and counterparty risk and the risk of default. The financial services industry has experienced an increase in both the number of financial institution failures and the number of mergers and consolidations in the first quarter of 2009 and beyond. If the number of member institution failures and mergers or consolidations, particularly into out-of-district acquirers, increases, this activity may reduce the number of current and potential members in an FHLBank's district. The resulting loss of business could negatively affect an FHLBank's financial condition and results of operations, as well as that FHLBank's operations in general. Additionally, if an FHLBank's member fails and the FDIC or the member (or another applicable entity) does not either (1) promptly repay all of the failed institution's obligations to that FHLBank or (2) assume the outstanding advances, that FHLBank may be required to liquidate the collateral pledged by the failed institution. The volatility of market prices and interest rates could affect the value of the collateral held by the FHLBank as security for the obligations of its members as well as the ability of the FHLBank to liquidate the collateral in the event of a default by the obligor. Volatility within collateral indices may affect the method used in determining collateral weightings, which would ultimately affect the eventual collateral value. The proceeds realized from the liquidation of pledged collateral may not be sufficient to fully satisfy the amount of the failed institution's obligations or the operational cost of liquidating the collateral.

A loss or change of business activities with large members could adversely affect the FHLBanks' results of operations, financial condition, and the value of FHLBank membership.

The reclassification of an FHLBank's large member into a non-member shareholder (which cannot take out new advances and therefore, is no longer able to enter into new borrowing arrangements with an FHLBank) and/or the combination of parent entities of other large members would significantly change the potential concentration of that FHLBank's advances among its members, particularly that FHLBank's largest borrowers. These changes may lead to adverse effects on that FHLBank's business, including lower advance balances and related interest income, and possibly, lower net income. Furthermore, the loss of an additional large member could have a significant adverse effect on that FHLBank's financial condition and results of operations.

FHLBanks may fail to meet minimum regulatory capital requirements, which could affect the FHLBanks' ability to conduct business "as usual."

Each FHLBank that has converted to a new capital structure under the Gramm-Leach-Bliley Act of 1999 is subject to certain minimum capital requirements, including a risk-based capital requirement which is the sum of an FHLBank's credit-risk, market-risk, and operations-risk capital requirements. Only permanent capital, defined as retained earnings plus Class B stock, can satisfy the risk- based capital requirement. Each of an FHLBank's investments carries a credit-risk capital requirement that is based on the rating of the investment, and, for non-mortgage investments and advances, based on the term. The total credit-risk capital requirement is the sum of each investment's individual credit-risk capital requirement. Accordingly, ratings downgrades on individual investments cause the total credit-risk-based capital requirement to rise. As a result of the downgrades of a number of the FHLBanks' private-label MBS during the first quarter of 2009, the credit-risk component of some FHLBanks' risk-based capital increased significantly. One component of the market-risk capital requirement is that each FHLBank maintains capital equal to the amount by which the market value of its assets is less than 85 percent of their book value. Declines in the fair value of an FHLBank's investments below this level increase that FHLBank's market-risk capital requirement. The operations-risk capital requirement is affected by increases in credit-risk and market-risk capital requirements because the operations-risk capital requirement is equal to 30 percent of the sum of the credit-risk and market-risk capital requirements.

A continued decline in the market value of private-label MBS may significantly increase an FHLBank's market-risk, credit-risk, and operations-risk capital requirements, which could lead to a risk-based capital deficiency. If an FHLBank is unable to satisfy its risk-based capital requirement, that FHLBank would be subject to certain capital restoration requirements and prohibited from paying dividends and redeeming or repurchasing capital stock without the prior approval of the Finance Agency, which could adversely affect a member's investment in FHLBank capital stock. Furthermore, any suspension of dividends and/or capital stock repurchases and redemptions could decrease FHLBank member confidence, which in turn could reduce advance demand and net income should that FHLBank's members elect to use alternative sources of wholesale funding. As a result of a risk-based capital shortfall, the NRSROs could perceive an increased level of risk or deterioration in the performance at an FHLBank, which could result in a downgrade in that FHLBank's outlook or short- or long-term credit ratings. (See Note 11—Capital and Note 13—Subsequent Events for additional information on the interim final rule requirements.)

FHLBanks are governed by Federal laws and regulations and their members are governed by Federal and/or state laws and regulations, which could change or be applied in a manner detrimental to the FHLBanks' operations.

Changes in statutory or regulatory requirements or policies or in their application could result in changes in, among other things, the FHLBanks' cost of funds, retained earnings and capital requirements, debt issuance, dividend payment limits, form of dividend payments, capital redemption and repurchase limits, permissible business activities, and the size, scope and nature of the FHLBanks' lending, investment and mortgage purchase programs activities. Changes that restrict dividend payments, the growth of the FHLBanks' current business or the creation of new products or services could also negatively affect an FHLBank's financial condition, results of operations, ability to pay dividends, or ability to redeem or repurchase capital stock. In addition, given the relationship among the FHLBanks, an FHLBank could be affected by events other than another FHLBank's default on a consolidated obligation. Events, that affect other FHLBanks, such as member failures, capital deficiencies and OTTI charges, could lead the Finance Agency to consider whether it may require or request that an FHLBank provide capital or other assistance to another FHLBank or purchase assets from the other FHLBank. If an FHLBank was called upon by the Finance Agency to take any of these steps, it could affect the FHLBank's financial condition, results of operations, ability to pay dividends or ability to redeem or repurchase capital stock.

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

None.

MARKET FOR FHLBANKS' CAPITAL STOCK AND RELATED STOCKHOLDER MATTERS

As a cooperative, each FHLBank conducts its advances business and acquired member asset programs almost exclusively with its members. There is no established marketplace for the FHLBanks' stock and it is not publicly traded. FHLBank stock is purchased by members at the stated par value of $100 per share and may be redeemed at its stated par value of $100 per share upon the request of a member subject to applicable redemption periods as well as certain conditions and limitations. At March 31, 2009, the FHLBanks had 472 million shares of capital stock outstanding. The FHLBanks are not required to register their securities under the Securities Act of 1933 (as amended). Each FHLBank is an SEC registrant as required by the Housing Act and is subject to certain reporting requirements of the 1934 Act.

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

Eligible members may elect independent directors from among eligible persons nominated by their FHLBank's board of directors after consultation with their FHLBank's Advisory Council. The election is at-large and subject to the same voting limitations as in a member-director election. All directors will be elected for four-year terms, unless a shorter term is assigned to achieve statutorily-required staggering.

For a description of recent changes to the law regarding the composition of the boards of directors of the FHLBanks, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Changes to Regulation of GSEs."

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

Top 10 Regulatory Capital Stockholders at March 31, 2009(1) (Dollar amounts in millions)

Name	City	State	Capital Stock
Citibank, N.A.* (2)	Las Vegas	NV	$ 3,877
Washington Mutual Bank (3)	Henderson	NV	2,695
Countrywide Bank, FSB (4)	Alexandria	VA	1,848
Wachovia Mortgage, FSB (5)	North Las Vegas	NV	1,572
Bank of America Rhode Island, NA	Providence	RI	1,083
Wachovia Bank, FSB (5)	Houston	TX	926
Hudson City Savings Bank*	Paramus	NJ	868
U.S. Bank, NA (6)	Cincinnati	OH	846
Metropolitan Life Insurance Company	New York	NY	830
Washington Mutual Bank FSB (3)	Salt Lake City	UT	772
			$15,317

* Indicates that an officer or director of the member was an FHLBank director at March 31, 2009.

(1) Includes FHLBank members' capital stock that is considered to be mandatorily redeemable, which is reclassified as a liability in accordance with Statement of Financial Accounting Standards (SFAS) No. 150, *Accounting for Certain Financial Instruments and Characteristics of both Liabilities and Equity* (SFAS 150).

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

(3) On September 25, 2008, JPMorgan Chase Bank, N.A., acquired the deposits, assets, and certain liabilities of Washington Mutual Bank and Washington Mutual Bank FSB's banking operations. Washington Mutual Bank was a member of the FHLBank of San Francisco and Washington Mutual Bank FSB was a member of the FHLBank of Seattle. Also includes a *de minimis* amount of FHLBank of New York capital stock from the acquisition of Dime Savings Bank of New York, FSB, a former member of the FHLBank of New York.

(4) On July 1, 2008, Bank of America Corporation, the parent of Bank of America, National Association, a member of the FHLBank of Atlanta, completed its acquisition of Countrywide Financial Corporation, the parent of Countrywide Bank, FSB, which is also a member of the FHLBank of Atlanta. In February 2009, Countrywide Bank, FSB relocated its principal place of business to Colorado, which action resulted in its termination of membership pursuant to the FHLBank of Atlanta's Capital Plan. The FHLBank of Atlanta reclassified $1.8 billion in capital stock held by Countrywide Bank, FSB, from capital to mandatorily redeemable capital stock upon termination of its membership with the FHLBank of Atlanta during the first quarter of 2009. Bank of America Corporation converted Countrywide Bank, FSB into a national bank and merged it into Bank of America, NA, a member of the FHLBank of Atlanta, on April 27, 2009. Upon the merger, all Countrywide Bank, FSB mandatorily redeemable capital stock became Bank of America, NA capital stock under the FHLBank of Atlanta's Capital Plan.

(5) On December 31, 2008, Wells Fargo & Company (Wells Fargo) completed its merger with Wachovia Corporation. Wachovia Mortgage, FSB, is a member of the FHLBank of San Francisco; Wachovia Bank, FSB, is a member of the FHLBank of Dallas; and Wachovia Bank, National Association, is a member of the FHLBank of Atlanta, which had capital stock outstanding of $274 million at March 31, 2009. Wells Fargo is a non-member and is the bank holding company of Wells Fargo Bank, N.A., a member of the FHLBank of Des Moines.

(6) Includes $1 million in FHLBank of Des Moines capital stock acquired through a merger with a former member of the FHLBank of Des Moines and $4 million in FHLBank of Seattle capital stock acquired through a merger with a former member of the FHLBank of Seattle.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

Members.

Membership by Type of Member

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
March 31, 2009	5,829	1,164	965	195	8,153
December 31, 2008	5,849	1,167	952	184	8,152

Membership in an FHLBank is voluntary. A member must give notice of its intent to withdraw. The GLB Act permits each FHLBank to issue one or more of two classes of capital stock, each with 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 March 31, 2009, is redeemable at the option of a member upon six months' written notice of withdrawal from membership, provided that the FHLBank of Chicago is in compliance with its regulatory capital requirements and the Finance Agency's Deputy Director for FHLBank Regulation has approved the redemption as necessary. See "Note 11—Capital" to the accompanying combined financial statements for discussions of restrictions placed on the redemption of the FHLBank of Chicago'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 three months ended March 31, 2009, 12 FHLBank members withdrew from membership for reasons other than merger or acquisition and 37 members gave notice of intent to withdraw from membership for reasons other than merger or acquisition. None of the affected FHLBanks expect these withdrawals to have a material adverse effect on its results of operations or financial condition.

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

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other (1)	Total (2)
March 31, 2009	$28.5	$12.8	$2.8	$3.7	$6.8	$54.6
December 31, 2008	28.8	14.6	3.1	3.6	5.6	55.7

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

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

The holdings of commercial bank members and non-members at March 31, 2009 represented 52.2 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members and non-members at March 31, 2009 represented 23.4 percent of the total regulatory capital stock of the FHLBanks.

Member and Non-Member Borrowers.

Member and Non-Member Borrowers

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
March 31, 2009	4,408	922	489	79	5,898
December 31, 2008	4,581	946	521	74	6,122

The percentage of total members and non-members borrowing decreased to 72.3 percent at March 31, 2009, as compared to 75.1 percent at December 31, 2008. The 96 borrowers with advance holdings of $1 billion or more at March 31, 2009 held 70.2 percent of total advances. The 110 borrowers with advance holdings of $1 billion or more at December 31, 2008 held 71.6 percent of total advances.

Advances at Par Value
(Dollar amounts in billions)

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other (1)	Total (2)
March 31, 2009	$408.0	$192.0	$30.3	$52.5	$110.1	$729.9
December 31, 2008	464.4	247.1	40.6	54.9	93.5	900.5

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

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

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

Top 10 Advance Holding Borrowers at Par Value
at March 31, 2009
(Dollar amounts in millions)

Name	City	State	Advances (1)	Percentage of Total Advances
Citibank, N.A. * (2)	Las Vegas	NV	$ 71,802	9.1%
Washington Mutual Bank (3)	Henderson	NV	44,631	5.6%
Countrywide Bank, FSB (4)	Alexandria	VA	40,500	5.1%
Wachovia Bank, FSB (5)	Houston	TX	22,263	2.8%
Wachovia Mortgage, FSB (5)	North Las Vegas	NV	20,007	2.5%
Hudson City Savings Bank*	Paramus	NJ	17,575	2.2%
Metropolitan Life Insurance Company	New York	NY	15,105	1.9%
RBS Citizens, N.A.* (6)	Providence	RI	14,508	1.9%
U.S. Bank, NA (7)	Cincinnati	OH	14,475	1.8%
Sovereign Bank* (8)	Reading	PA	11,135	1.4%
			$272,001	34.3%

* An asterisk indicates that an officer or director of the member was an FHLBank director at March 31, 2009.

(1) Member advance amounts and the total advance amounts are at par value, and the total advance amount will not agree to the Combined Statement of Condition. The differences between the par value and book value amounts primarily relate to basis adjustments arising from hedging activities.

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

(3) On September 25, 2008, JPMorgan Chase Bank, National Association, acquired the deposits, assets, and certain liabilities of Washington Mutual Bank and Washington Mutual Bank FSB's banking operations and assumed the advances outstanding from the FHLBank of San Francisco to Washington Mutual Bank and the FHLBank of Seattle to Washington Mutual Bank FSB. Also includes $3 million in FHLBank of New York advances from the acquisition of Dime Savings Bank of New York, FSB, a former member of the FHLBank of New York.

(4) In 2008, Bank of America Corporation, parent of Bank of America, National Association (a top 10 borrower of the FHLBank of Atlanta at December 31, 2008), acquired Countrywide Financial Corporation, parent of Countrywide Bank, FSB. On April 27, 2009, Countrywide Bank, FSB was merged with and into Bank of America, National Association and Bank of America, National Association assumed all of the outstanding advances of Countrywide Bank, FSB, making Bank of America, National Association the FHLBank of Atlanta's largest borrower, with $40.7 billion of the FHLBank of Atlanta's total advances then outstanding.

(5) On December 31, 2008, Wells Fargo completed its merger with Wachovia Corporation. Wachovia Mortgage, FSB, is a member of the FHLBank of San Francisco; Wachovia Bank, FSB, is a member of the FHLBank of Dallas; and Wachovia Bank, National Association, is a member of the FHLBank of Atlanta, which had advances outstanding of $4,508 million at March 31, 2009. Wells Fargo is a non-member and is the bank holding company of Wells Fargo Bank, N.A., a member of the FHLBank of Des Moines.

(6) Includes $1,500 million in FHLBank of New York advances from the acquisition of Citizens Bank, N.A., a former member of the FHLBank of New York and $1,894 million in FHLBank of Cincinnati advances from the acquisition of Charter One, a former member of the FHLBank of Cincinnati.

(7) Includes $17 million in FHLBank of Des Moines advances acquired through a merger with a former member of the FHLBank of Des Moines and $2 million in FHLBank of Seattle advances from acquisition of a former member of the FHLBank of Seattle.

(8) Includes $510 million in FHLBank of New York advances from the acquisition of Independence Community Bank, a former member of the FHLBank of New York and $30 million in FHLBank of Boston advances from the acquisition of former members of the FHLBank of Boston.

Housing Associates. At March 31, 2009, the FHLBanks had $673 million in advances outstanding to 20 housing associates, down from $760 million at year-end 2008. Housing associates eligible to borrow include 42 state housing finance agencies, 10 county housing finance agencies, 4 housing development corporations, 3 city housing authorities, and 1 tribal housing corporation.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Each FHLBank is a member-owned cooperative, whose members elect a majority of that FHLBank's directors from among its members. The FHLBanks conduct their advances and mortgage loan business almost exclusively with members. As a result, in the normal course of business, the FHLBanks regularly extend credit to members whose officers and/or directors may serve as directors of the FHLBanks. This credit is extended on market terms that are no more favorable to these "related" members than comparable transactions with other members of the same FHLBank. As of March 31, 2009, the FHLBanks had $151.7 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represents 19.1 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.

Recent Developments. The following is a discussion of recently announced transactions regarding certain significant FHLBank activities including certain advance holders and stockholders as disclosed in FHLBank's recent SEC filings.

FHLBank of Boston. The Board of Directors of the FHLBank of Boston announced on May 26, 2009 the appointment of Edward A. Hjerpe, III as president and chief executive officer of the FHLBank of Boston, which became effective July 1, 2009. A 20-year veteran of the banking industry, Mr. Hjerpe had served as the interim chief executive officer of Strata Bank and Service Bancorp, Inc. Prior to joining Strata Bank, Mr. Hjerpe served as senior vice president of Webster Financial Corporation, as well as president and chief operating officer of the Massachusetts and Rhode Island division of Webster Bank N.A. from 2004 to 2007. Webster Financial Corp acquired FIRSTFED AMERICA BANCORP, where Mr. Hjerpe had served as executive vice president, chief operating officer, and chief financial officer from 1997 to 2004. Mr. Hjerpe worked at the FHLBank of Boston from 1988 to 1997, first as senior vice president and director of financial analysis and economic research, and ultimately as executive vice president and chief financial officer.

FHLBank of Atlanta. In 2008, Bank of America Corporation, parent of Bank of America, National Association (a top 10 borrower of the FHLBank of Atlanta at December 31, 2008) acquired Countrywide Financial Corporation, parent of Countrywide Bank, FSB. On April 27, 2009, Countrywide Bank, FSB was merged with and into Bank of America, National Association, and Bank of America, National Association assumed all of the outstanding advances of Countrywide Bank, FSB, making Bank of America, National Association the FHLBank of Atlanta's largest borrower, with $40.7 billion of the FHLBank of Atlanta's total advances then outstanding. As of March 31, 2009 and December 31, 2008, 10 of the FHLBank of Atlanta's member institutions (including Countrywide Bank, FSB and Bank of America, National Association) collectively accounted for $93.9 billion and $102.7 billion respectively, of FHLBank of Atlanta's total advances then outstanding.

FHLBank of Cincinnati. In October 2008, PNC Financial Services Group, Inc. announced its intention to purchase National City Bank. On March 31, 2009, National City was FHLBank of Cincinnati's second largest stockholder with $404 million of its capital stock, its second largest advance borrower with current principal outstanding of $5,910 million, and its largest historical seller of loans in the MPP. National City has not submitted a membership termination notice to date. If FHLBank of Cincinnati loses National City Bank as a member, it believes there would be no material effect on the adequacy of its liquidity.

FHLBank of Dallas. Effective December 31, 2008, Wells Fargo & Company acquired Wachovia Corporation, the holding company for Wachovia Bank, FSB, the FHLBank of Dallas's largest borrower and shareholder. Wachovia Bank, FSB had $22.3 billion of advances outstanding as of March 31, 2009, which represented 39.9 percent of the FHLBank of Dallas's total outstanding advances at that date. Wachovia Bank, FSB's advances are scheduled to mature between April 2009 and October 2013. Wachovia Bank, FSB repaid $0.5 billion of maturing advances and prepaid an additional $2.0 billion of its advances in April 2009 (along with associated prepayment fees) and its total outstanding advances balance fell to $19.7 billion at April 30, 2009.

FHLBank of San Francisco. On July 11, 2008, the OTS closed IndyMac Bank, F.S.B., and appointed the FDIC as receiver for the IndyMac Bank, F.S.B. In connection with the receivership, the OTS chartered IndyMac Federal Bank, FSB, and appointed the FDIC as conservator for IndyMac Federal Bank, FSB. IndyMac Federal Bank, FSB, assumed the outstanding FHLBank of San Francisco advances of IndyMac, F.S.B., and acquired the associated FHLBank of San Francisco capital stock. FHLBank of San Francisco stock acquired by IndyMac Federal Bank, FSB, was classified as mandatorily redeemable capital stock (a liability). On March 19, 2009, OneWest Bank, FSB, became a member of the FHLBank of San Francisco, assumed the outstanding advances of IndyMac Federal Bank, FSB, and acquired the associated FHLBank of San Francisco capital stock. FHLBank of San Francisco capital stock acquired by OneWest Bank, FSB, is no longer classified as mandatorily redeemable capital stock (a liability). However, the residual capital stock remaining with IndyMac Federal Bank, FSB, totaling $49 million, remains classified as mandatorily redeemable capital stock (a liability).

FHLBank of Seattle. In September 2008, Bank of America Corporation (BofA) announced that it had agreed to purchase Merrill Lynch & Co. (Merrill Lynch). The transaction closed on January 1, 2009. Bank of America Oregon, N.A., a wholly owned subsidiary of BofA, and Merrill Lynch Bank USA, a wholly owned subsidiary of Merrill Lynch, are both members of the Seattle Bank. In March 2009, Merrill Lynch Bank USA prepaid its outstanding advances totaling $2.9 billion and had no outstanding advances as of March 31, 2009.

In September 2008, in a transaction facilitated by the FDIC, Washington Mutual Bank, F.S.B. was acquired by JPMorgan Chase, a non-member. In early October 2008, JPMorgan Chase notified the FHLBank of Seattle that it had merged Washington Mutual Bank, F.S.B. into a non-member entity, JPMorgan Chase

Bank, National Association, that assumed the fully collateralized, related advances and capital stock of the FHLBank of Seattle. Effective October 7, 2008, FHLBank of Seattle reclassified the membership to Class B capital stock to "mandatorily redeemable capital stock" on the Statement of Condition. Per FHLBank of Seattle's capital plan, Class A capital stock is redeemable six months after notification and Class B capital stock is redeemable five years after notification, subject to certain requirements. As a non-member, JP Morgan Chase Bank, N.A. is not eligible to initiate new advances or renew maturing advances. Approximately 83 percent of the advances outstanding as of December 31, 2008 with JPMorgan Chase Bank, National Association, mature by the end of 2009.

SUPPLEMENTAL INFORMATION

Finance Agency Information

The following table reflects the duration of equity reported by the FHLBanks to the Finance Agency in accordance with the Regulator's guidance. This information is being provided under Finance Agency guidance. As noted in the Federal Home Loan Banks' 2008 Combined Financial Report under "Quantitative Disclosures about Market Risk", the FHLBanks use various methods to measure their market and interest rate risk exposure. The more commonly used methods include market value of equity and duration of equity.

Duration of Equity
(In Years)

	March 31, 2009			December 31, 2008		
FHLBank	Down*	Base	Up**	Down*	Base	Up**
Boston	1.1	(3.4)	3.8	(6.2)	(2.4)	3.8
New York	0.0	(2.2)	1.2	0.0	(2.1)	1.4
Pittsburgh	5.7	13.9	(2.2)	9.1	26.8	0.6
Atlanta	23.2	23.2	47.7	21.3	21.3	22.2
Cincinnati	(2.4)	(6.1)	2.6	(4.2)	(3.1)	6.4
Indianapolis	(6.3)	(6.3)	2.3	0.6	0.6	4.2
Des Moines	(39.4)	(20.5)	5.0	(96.5)	(23.8)	6.1
Dallas	4.6	4.6	9.0	6.4	6.4	14.4
Topeka	(1.6)	3.6	(2.2)	(0.3)	7.8	3.2
San Francisco	8.8	13.6	1.6	9.2	12.4	4.7
Seattle	17.9	8.0	8.0	0.0	23.6	60.3

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

** Up = 200 basis points.

Please see "Risk Management—Quantitative Disclosure about Market Risk" for the FHLBank of Chicago's changes in reporting duration of equity information.