FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Three Months Ended March 31, 2010

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

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

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

Neither this Combined Financial Report nor any offering material provided by the Office of Finance on behalf of the Federal Home Loan Banks concerning any offering of consolidated obligations describes all the risks of investing in consolidated obligations. Investors should consult their financial and legal advisors about the risks of investing in any particular issue of consolidated obligations prior to investing in consolidated obligations. The combined financial reports of the Federal Home Loan Banks are intended to be used by investors who invest in the consolidated obligations of the Federal Home Loan Banks. Even though the consolidated obligations are the joint and several obligations of all of the Federal Home Loan Banks, each Federal Home Loan Bank is a separately chartered entity with its own board of directors and management. There is no centralized system-wide management or oversight by a single board of directors of the Federal Home Loan Banks. Please see "Explanatory Statement about Federal Home Loan Banks Combined Financial Report" on page 1 for important background information regarding the publication of this Combined Financial Report.

The financial information contained in this Combined Financial Report is as of and for periods ended on or before March 31, 2010. You should read this Combined Financial Report in conjunction with the 2009 Combined Financial Report dated March 30, 2010. The 2009 Combined Financial Report contains financial and other information about the Federal Home Loan Banks as of and for the periods ended on or before December 31, 2009. This document is available on the Federal Home Loan Banks Office of Finance web site at: www.fhlb-of.com.

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

The financial condition of the Federal Home Loan Banks may have changed since March 31, 2010.

The date of this Combined Financial Report is May 14, 2010.

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

EXPLANATORY STATEMENT ABOUT FHLBANKS COMBINED FINANCIAL REPORT

The Federal Home Loan Banks Office of Finance (Office of Finance) assumed responsibility for the preparation of the combined financial reports of the Federal Home Loan Banks (FHLBanks) in 2001, which previously had been prepared by the Federal Housing Finance Board, the former regulator of the FHLBanks (Finance Board). As regulator of the FHLBanks, the Finance Board had, and the new regulator (the Federal Housing Finance Agency (Finance Agency)) has, access to different information about the FHLBanks than the Office of Finance. The Finance Agency, when referred to in its capacity as the regulator of the FHLBanks, is referred to herein as the "Regulator." See "Notes to Combined Financial Statements—Background Information" for more information regarding the change in the FHLBanks' regulator. In connection with its responsibilities in preparing combined financial reports, the Office of Finance is responsible for combining the financial information it receives from each of the FHLBanks. Each FHLBank is responsible for the financial information it provides to the Office of Finance and the underlying data it provides to the Office of Finance for inclusion in the combined financial reports.

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

Even though the consolidated obligations are the joint and several obligations of all of the FHLBanks, each FHLBank is a separately chartered cooperative with its own board of directors and management. As a cooperative, only members and former members own the capital stock in each of the FHLBanks. Each financial institution that becomes a member of an FHLBank may only be a member of one FHLBank, and generally may purchase capital stock only in the FHLBank whose district includes the state where the member's principal place of business is located. Some financial institution holding companies may have one or more affiliates, each of which may be a member of the same or a different FHLBank. There is no centralized system-wide management or oversight by a single board of directors of the FHLBanks. All FHLBanks are subject to regulations issued by the Regulator, which periodically examines each FHLBank's operations.

Although each FHLBank has publicly available financial information, the financial information relating to the FHLBanks is presented to investors in consolidated obligations on a "combined" basis in this report because this is considered more convenient for investors in the consolidated obligations of the FHLBanks than providing financial information on each FHLBank on a stand-alone basis only. Investors should note, however, that this combined presentation describes a combination of assets and liabilities for this purpose only. This combined presentation in no way indicates that these assets and liabilities are under joint management and control. Each individual FHLBank manages its operations independently and with only minimal consideration as to how the transactions it enters into might affect the combined financial results. In addition to the other information relating to the FHLBanks contained in this Combined Financial Report, please see "Available Information on Individual FHLBanks" and "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios."

In addition, each FHLBank's board of directors and management is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). The FHLBanks' accounting and financial reporting policies and practices are not necessarily always identical because alternative policies and/or presentations are permitted under GAAP in certain circumstances. However, all 12 FHLBanks' accounting and financial reporting policies conform to GAAP. The FHLBanks may use different pricing sources, models and assumptions in determining the fair values of their respective assets, liabilities and derivatives. The use of different models or assumptions by individual FHLBanks, as well as changes in market conditions, could result in materially different valuation estimates or other estimates even when similar or identical assets and liabilities are being measured, and could have materially different effects on the net income and retained earnings of the respective FHLBanks. Statements in this report may be qualified by a term such as "generally," "primarily," "typically" or words of similar meaning to indicate that the statement is generally applicable to all FHLBanks or the kinds of transactions described but which may not be applicable to all 12 FHLBanks or all such transactions as a result of their differing business practices and accounting and financial reporting policies under GAAP.

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

An investor should review available information on individual FHLBanks to obtain more specific information on each FHLBank's business practices and accounting and financial reporting policies. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates—OTTI for Investment Securities" and "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates—Fair Value Methodology Used to Estimate the Fair Value of Private-Label MBS" for more information.)

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

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

AVAILABLE INFORMATION ON INDIVIDUAL FHLBANKS

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

Each FHLBank prepares financial reports containing financial information relating to its financial condition and results of operations and files this information with the SEC annually on Form 10-K and quarterly on Form 10-Q. Those reports contain information that is not contained in the combined financial reports. All of this information is made available on the respective web site of each FHLBank. The web site of the Office of Finance is located at www.fhlb-of.com. This web site also contains links to the web sites of each FHLBank.

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

Please note that the web site addresses and the identification of available information above are provided solely as a matter of convenience. These web site addresses are not intended to be active links and their contents and the other available information are not a part of this report and are not intended to be incorporated by reference into this report.

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CONDITION

(Dollar amounts in millions)
(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Cash and due from banks	$ 10,119	$ 24,330
Interest-bearing deposits	12	11
Securities purchased under agreements to resell	10,550	7,175
Federal funds sold	78,966	54,597
Trading securities	16,175	22,247
Available-for-sale securities	56,750	52,488
Held-to-maturity securities(a)	146,677	147,833
Advances (includes $17,463 and $21,620 at fair value under fair value option at March 31, 2010 and December 31, 2009)	572,043	631,159
Mortgage loans held for portfolio	68,830	71,469
Less: allowance for credit losses on mortgage loans	40	32
Mortgage loans held for portfolio, net	68,790	71,437
Accrued interest receivable	2,157	2,466
Premises, software, and equipment, net	204	208
Derivative assets	673	674
Other assets	2,631	958
Total assets	$965,747	$1,015,583
LIABILITIES		
Deposits:		
Interest-bearing	$ 20,914	$ 15,589
Non-interest-bearing	226	308
Total deposits	21,140	15,897
Borrowings:		
Securities sold under agreements to repurchase	1,200	1,200
Total borrowings	1,200	1,200
Consolidated obligations, net:		
Discount notes	188,167	198,532
Bonds (includes $42,891 and $53,805 at fair value under fair value option at March 31, 2010 and December 31, 2009)	687,782	736,344
Total consolidated obligations, net	875,949	934,876
Mandatorily redeemable capital stock	8,155	8,138
Accrued interest payable	3,805	3,802
Affordable Housing Program payable	783	791
Payable to REFCORP	94	121
Derivative liabilities	5,358	5,228
Other liabilities	5,472	1,721
Subordinated notes	1,000	1,000
Total liabilities	922,956	972,774
CAPITAL		
Capital stock:		
Capital stock Class B putable ($100 par value) issued and outstanding	41,423	42,227
Capital stock Class A putable ($100 par value) issued and outstanding	427	427
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,332	2,328
Total capital stock	44,182	44,982
Retained earnings	6,203	6,033
Accumulated other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities	708	453
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(13)	(22)
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(1,963)	(2,182)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,917)	(6,149)
Net unrealized losses relating to hedging activities	(370)	(267)
Pension and postretirement benefits	(39)	(39)
Total accumulated other comprehensive income (loss)	(7,594)	(8,206)
Total capital	42,791	42,809
Total liabilities and capital	$965,747	$1,015,583

(a) Fair values: $146,603 and $146,191 at March 31, 2010 and December 31, 2009.

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF INCOME

(Dollar amounts in millions)
(Unaudited)

	For the Three Months Ended March 31,	
	2010	2009
INTEREST INCOME		
Advances	$1,209	$ 3,795
Prepayment fees on advances, net	35	41
Interest-bearing deposits	2	32
Securities purchased under agreements to resell	3	9
Federal funds sold	29	41
Trading securities	86	108
Available-for-sale securities	281	60
Held-to-maturity securities	1,184	1,689
Mortgage loans held for portfolio	845	1,068
Other	1	1
Total interest income	3,675	6,844
INTEREST EXPENSE		
Consolidated obligations—Discount notes	153	1,081
Consolidated obligations—Bonds	2,254	4,477
Deposits	1	8
Securities sold under agreements to repurchase	4	10
Subordinated notes	14	14
Mandatorily redeemable capital stock	14	8
Total interest expense	2,440	5,598
NET INTEREST INCOME	1,235	1,246
Provision for credit losses	8	4
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,227	1,242
OTHER (LOSS) INCOME		
Total other-than-temporary impairment losses	(406)	(5,200)
Portion of impairment losses recognized in other comprehensive income (loss)	173	4,684
Net other-than-temporary impairment losses	(233)	(516)
Net gains (losses) on trading securities	29	(11)
Net realized gains from sale of available-for-sale securities		19
Net realized gains from sale of held-to-maturity securities		6
Net losses on advances and consolidated bonds held at fair value	(104)	(178)
Net (losses) gains on derivatives and hedging activities	(254)	200
Service fees	7	8
Other, net	6	3
Total other loss	(549)	(469)
OTHER EXPENSE		
Operating	195	188
Finance Agency	14	13
Office of Finance	12	9
Provision for derivative counterparty credit losses		35
Other, net	2	2
Total other expense	223	247
INCOME BEFORE ASSESSMENTS	455	526
Affordable Housing Program	40	57
REFCORP	90	124
Total assessments	130	181
NET INCOME	$ 325	$ 345

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, 2010 AND 2009

(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2008	465	$46,413	7	$752	24	$2,386	496	$49,551	$2,936	$(1,137)	$51,350
Cumulative effect of adjustment relating to amended other-than-temporary impairment guidance									1,883	(1,883)	
Proceeds from sale of capital stock	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 (loss) income:											
Net unrealized (losses) on available-for-sale securities:											
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:											
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
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:											
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments										(40)	(40)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities										6	6
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Noncredit portion of impairment losses on held-to-maturity securities										(4,693)	(4,693)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities										72	72
Accretion of noncredit portion of impairment losses on held-to-maturity securities										101	101
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities										787	787
Net unrealized gains relating to hedging activities:											
Unrealized gains relating to hedging activities										86	86
Reclassification adjustment for losses included in net income relating to hedging activities										11	11
Pension and postretirement benefits										3	3
Total comprehensive loss											(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

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts and shares in millions)
(Unaudited)

	Capital Stock Class B*		Capital Stock Class A*		Capital Stock Pre-conversion*		Total Capital Stock*		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value			
BALANCE, DECEMBER 31, 2009	422	$42,227	4	$427	23	$2,328	449	$44,982	$6,033	$(8,206)	$42,809
Proceeds from sale of capital stock	5	657				8	5	665			665
Repurchase/redemption of capital stock	(11)	(1,135)					(11)	(1,135)			(1,135)
Net shares reclassified to mandatorily redeemable capital stock	(3)	(338)				(4)	(3)	(342)			(342)
Comprehensive income:											
Net income									325		325
Other comprehensive income (loss):											
Net unrealized gains on available-for-sale securities:											
Unrealized gains on available-for-sale securities										255	255
Reclassification adjustment for gains included in net income relating to available-for-sale securities											
Net unrealized gains on held-to-maturity securities transferred from available-for-sale securities:											
Unrealized gains 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										9	9
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:											
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments										130	130
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities										89	89
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Noncredit portion of impairment losses on held-to-maturity securities										(391)	(391)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities										129	129
Accretion of noncredit portion of impairment losses on held-to-maturity securities										375	375
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities										119	119
Net unrealized (losses) gains relating to hedging activities:											
Unrealized losses relating to hedging activities										(111)	(111)
Reclassification adjustment for losses included in net income relating to hedging activities										8	8
Pension and postretirement benefits											
Total comprehensive income											937
Transfer between Class B and Class A shares											
Dividends on capital stock:											
Cash									(143)		(143)
Stock		12						12	(12)		
BALANCE, MARCH 31, 2010	413	$41,423	4	$427	23	$2,332	440	$44,182	$6,203	$(7,594)	$42,791

* 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, 2010	For the Three Months Ended March 31, 2009 (As Revised)
OPERATING ACTIVITIES		
Net income	$ 325	$ 345
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	(117)	(413)
Change in net derivative and hedging activities	488	(86)
Other adjustments*	245	500
Net change in fair value adjustments on trading securities	(29)	38
Net change in fair value adjustments on advances and consolidated bonds held at fair value	104	178
Net change in:		
Trading securities		(3,134)
Accrued interest receivable	270	1,047
Other assets	(309)	28
Accrued interest payable	22	(906)
Other liabilities**	(89)	38
Total adjustments	585	(2,710)
Net cash provided by (used in) operating activities	910	(2,365)
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	258	7,770
Securities purchased under agreements to resell	(3,375)	(2,085)
Federal funds sold	(24,369)	(23,103)
Premises, software and equipment	(12)	(15)
Trading securities:		
Net decrease (increase) in short-term	4,504	(742)
Proceeds from long-term	1,241	460
Purchases of long-term	(151)	(3,592)
Available-for-sale securities:		
Net decrease (increase) in short-term	2,495	(2,273)
Proceeds from long-term	1,343	1,045
Purchases of long-term	(5,551)	(265)
Held-to-maturity securities:		
Net decrease in short-term	627	3,983
Proceeds from long-term	10,084	8,935
Purchases of long-term	(8,481)	(3,158)
Advances:		
Proceeds	409,911	1,279,548
Made	(350,763)	(1,171,956)
Mortgage loans held for portfolio:		
Principal collected	3,240	5,629
Purchases	(621)	(3,352)
Proceeds from sales of foreclosed assets	20	15
Net cash provided by investing activities	40,400	96,844

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollar amounts in millions)
(Unaudited)

	For the Three Months Ended March 31, 2010	2009 (As Revised)
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	$ 5,163	$ 3,427
Borrowings	(115)	(16)
Net payments on derivative contracts with financing element	(370)	(353)
Net proceeds from issuance of consolidated obligations:		
Discount notes	1,651,518	1,687,508
Bonds	148,499	127,202
Payments for maturing and retiring consolidated obligations:		
Discount notes	(1,661,743)	(1,719,985)
Bonds	(197,535)	(208,590)
Proceeds from issuance of capital stock	665	2,278
Payments for repurchase/redemption of mandatorily redeemable capital stock	(325)	(588)
Payments for repurchase/redemption of capital stock	(1,135)	(2,774)
Cash dividends paid	(143)	(113)
Net cash used in financing activities	(55,521)	(112,004)
Net decrease in cash and cash equivalents	(14,211)	(17,525)
Cash and cash equivalents at beginning of the period	24,330	20,820
Cash and cash equivalents at end of the period	$ 10,119	$ 3,295
Supplemental Disclosures:		
Interest paid	$ 2,678	$ 7,319
AHP payments, net	$ 50	$ 62
REFCORP assessments paid	$ 105	$ 35
Transfers of mortgage loans to real estate owned	$ 58	$ 32
Non-cash transfer of other-than-temporarily impaired held- to-maturity securities to available-for-sale securities	$ 507	$ 1,604

* Other adjustments primarily relate to the non-cash adjustments for "Net other-than-temporary impairment losses" of $233 million and $516 million for March 31, 2010 and 2009 as reported on the Combined Statement of Income.

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

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

Federal Home Loan Banks

Notes to Combined Financial Statements (Unaudited)

Background Information

These financial statements present the combined financial position and combined results of operations of the 12 Federal Home Loan Banks (FHLBanks). The FHLBanks serve the public by enhancing the availability of credit for residential mortgages and targeted community development. They are financial cooperatives that provide a readily available, competitively-priced source of funds to their member institutions. All members must purchase stock in their district's FHLBank. Member institutions own nearly all of the capital stock of each FHLBank. Former members[1] own the remaining capital stock to support business transactions still carried on the FHLBanks' Combined Statement of Condition. All holders of an FHLBank's capital stock may, to the extent declared by the FHLBank's board of directors, receive dividends on their capital stock. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership. Additionally, effective February 4, 2010, authorized Community Development Financial Institutions are eligible to be members of an FHLBank. State and local housing authorities that meet certain statutory and regulatory criteria may also borrow from the FHLBanks; while eligible to borrow, housing associates are not members of the FHLBanks and, as such, are not allowed to hold capital stock.

The former Federal Housing Finance Board (Finance Board) was an independent agency in the executive branch of the U.S. government that supervised and regulated the FHLBanks and the Federal Home Loan Banks' Office of Finance (Office of Finance) through July 29, 2008. With the passage of the "Housing and Economic Recovery Act of 2008" (the Housing Act), the Federal Housing Finance Agency (Finance Agency) was established and became the new independent Federal regulator (the Regulator) of the FHLBanks, Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae), effective July 30, 2008. The Finance Board was merged into the Finance Agency as of October 27, 2008. Pursuant to the Housing Act, all regulations, orders, determinations, and resolutions that were issued, made, prescribed, or allowed to become effective by the Finance Board will remain in effect until modified, terminated, set aside, or superseded by the Director of the Finance Agency, any court of competent jurisdiction, or operation of law. References throughout this document to regulations of the Finance Agency also include the regulations of the Finance Board where they remain applicable. The Finance Agency's mission with respect to the FHLBanks is to provide effective supervision, regulation and housing mission oversight of the FHLBanks to promote their safety and soundness, support housing finance and affordable housing, and support a stable and liquid mortgage market. Each FHLBank operates as a separate entity with its own management, employees and board of directors. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits.

The Office of Finance is a joint office of the FHLBanks established by the predecessor of the Finance Board, the former regulator of the FHLBanks, to facilitate the issuance and servicing of the debt instruments of the FHLBanks, known as consolidated obligations, and to prepare the combined quarterly and annual financial reports of all 12 FHLBanks. As provided by the FHLBank Act, as amended, and applicable regulations, consolidated obligations are backed only by the financial resources of all 12 FHLBanks and are the primary source of funds for the FHLBanks. Deposits, other borrowings and capital stock issued to members provide other funds. Each FHLBank primarily uses these funds to provide advances to members. Certain FHLBanks also use these funds to acquire mortgage loans from members (acquired member assets (AMA)) through their respective FHLBank's Mortgage Purchase Program (MPP) or the Mortgage Partnership Finance (MPF®)[2] Program. In addition, some FHLBanks offer their member institutions correspondent services, such as wire transfer, security safekeeping, and settlement services.

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

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

Note 1—Summary of Significant Accounting Policies

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

Principles of Combination. The combined financial statements include the financial statements and records of the 12 FHLBanks. Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles similar to consolidation under generally accepted accounting principles in the United States of America (GAAP). The most significant transactions between the FHLBanks are: 1) transfers of direct liability on consolidated bonds between FHLBanks, which occur when consolidated bonds issued on behalf of one FHLBank and transferred to and assumed by another FHLBank and 2) purchases of consolidated bonds and discount notes, which occur when consolidated obligations issued on behalf of one FHLBank are purchased by another FHLBank in the open market.

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

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

Purchases of Consolidated Obligations. All purchase transactions occur at market prices with third parties, and the purchasing FHLBanks treat these consolidated bonds and discount notes as investments. 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.

Subsequent Events. For purposes of this combined financial report, subsequent events have been evaluated through May 14, 2010, the date of this Combined Financial Report.

Segment Reporting. Finance Agency regulations consider each FHLBank to be a segment.

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

Reclassifications and Revisions to Prior Period Amounts. The FHLBank of Chicago reclassified $38 million from consolidated bond interest expense to consolidated discount note interest expense to reflect properly the interest expense incurred relative to certain cash flow hedges during the three months ended March 31, 2009. Additionally, certain other amounts in the 2009 financial statements have been reclassified to conform to the financial statement presentation for the three months ended March 31, 2010.

Subsequent to filing its SEC Form 10-Q for the quarter ended September 30, 2009, and as a result of ongoing enhancement to its statement of cash flow preparation process, the FHLBank of Chicago became aware of calculation errors in the cash flows from certain derivative and investment activities in its condensed statements of cash flows for the three months ended March 31, 2009, June 30, 2009 and September 30, 2009. These errors resulted in the misclassification of cash flows primarily between operating activities and investing activities. Given the nature and structure of the FHLBank System as a whole, coupled with the immaterial effect of the restatement on the Combined Statement of Cash Flows for each of the three months ended March 31, 2009, June 30, 2009 and September 30, 2009, the FHLBank's Office of Finance concluded that the FHLBank of Chicago's misstatements in each corresponding period's combined statement of cash flows was not material to the FHLBank System. In order to reflect the 2009 prior period restated amounts included for the FHLBank of Chicago, the Combined Financial Report's Combined Statement of Cash Flows and Combining Schedules—Statements of Cash Flows for each of the three months ended March 31, 2009, June 30, 2009 and September 30, 2009 have been or will be labeled "as revised," consistent with past practice, and will be accompanied with the appropriate related footnote disclosure.

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

Note 2—Recently Issued and Adopted Accounting Standards and Interpretations

Scope Exception Related to Embedded Credit Derivatives. On March 5, 2010, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify that the only type of embedded credit derivative feature related to the transfer of credit risk that is exempt from derivative bifurcation requirements is one that is in the form of subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination will need to assess those embedded credit derivatives to determine if bifurcation and separate accounting as a derivative is required. Upon adoption, entities are permitted to irrevocably elect the fair value option for any investment in a beneficial interest in a securitized financial asset. Any impairment would be recognized prior to applying the fair value option election. This amended guidance is effective at the beginning of the first interim reporting period beginning after June 15, 2010 (July 1, 2010 for the FHLBanks). Early adoption is permitted at the beginning of an entity's first interim reporting period beginning after issuance of this amended guidance. Each FHLBank is currently evaluating the effect of the adoption of this amended guidance on its financial condition, results of operations and cash flows.

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

Accounting for the Consolidation of Variable Interest Entities. On June 12, 2009, the FASB issued guidance that is intended to improve financial reporting by enterprises involved with variable interest entities (VIEs) by providing more relevant and reliable information to users of financial statements. This guidance amends the manner in which entities evaluate whether consolidation is required for VIEs. An entity must first perform a qualitative analysis in determining whether it must consolidate a VIE, and if the qualitative analysis is not determinative, the entity should perform a quantitative analysis. This guidance also requires that an entity continually evaluate VIEs for consolidation, rather than making such an assessment based upon the occurrence of triggering events. Additionally, the guidance requires enhanced disclosures about how an entity's involvement with a VIE affects its financial statements and its exposure to risks. The FHLBanks adopted this guidance as of January 1, 2010. Its adoption has not had a material effect on the FHLBanks' financial condition, results of operations or cash flows.

Accounting for Transfers of Financial Assets. On June 12, 2009, the FASB issued guidance that is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. Key provisions of the guidance include (i) the removal of the concept of qualifying special purpose entities, (ii) the introduction of the concept of a participating interest, in circumstances in which a portion of a financial asset has been transferred and (iii) the requirement that to qualify for sale accounting, the transferor must evaluate whether it maintains effective control over transferred financial assets either directly or indirectly. The guidance also requires enhanced disclosures about transfers of financial assets and a transferor's continuing involvement. This guidance 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. The FHLBanks adopted this guidance as of January 1, 2010. Its adoption has not had a material effect on the FHLBanks' financial condition, results of operations or cash flows.

Note 3—Trading Securities

Major Security Types. Trading securities, excluding interbank holdings of consolidated bonds totaling $342 million and $353 million, at March 31, 2010 and December 31, 2009 were as follows (dollar amounts in millions):

	March 31, 2010	December 31, 2009
	Fair Value	Fair Value
U.S. Treasury obligations	$ 1,030	$ 1,029
Commercial paper	1,530	2,590
Certificates of deposit and bank notes (1)	2,005	3,200
Government-sponsored enterprises (2)	7,003	9,452
State or local housing agency obligations	10	10
TLGP (3)	3,191	4,479
Other (4)	549	752
	15,318	21,512
Mortgage-backed securities:		
Other U.S. obligations residential MBS (5)	53	55
Government-sponsored enterprises residential MBS (6)	579	607
Government-sponsored enterprises commercial MBS (6)	225	73
Total mortgage-backed securities	857	735
Total	$16,175	$22,247

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

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

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

(4) Primarily consists of taxable municipal bonds.

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

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

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

	For the Three Months Ended March 31,	
	2010	2009
Net unrealized gains on trading securities of securities held at period end	$18	$ 10
Net unrealized and realized gains (losses) on trading securities sold/matured during the year	11	(21)
Net gains (losses) on trading securities	$29	$(11)

Note 4—Available-for-Sale Securities

Major Security Types. Available-for-sale (AFS) securities were as follows (dollar amounts in millions). There were no available-for-sale interbank holdings of consolidated bonds at March 31, 2010 and December 31, 2009.

	March 31, 2010				
	Amortized Cost (1)	OTTI Recognized in AOCI	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit and bank notes (2)	$ 6,775	$	$	$	$ 6,775
Other U.S. obligations (3)	821		16		837
Government-sponsored enterprises and TVA (4)	5,523		105	(50)	5,578
TLGP (5)	4,499		7	(2)	4,504
FFELP ABS (6)	8,695		589		9,284
Other (7)	435			(34)	401
	26,748		717	(86)	27,379
Mortgage-backed securities:					
Other U.S. obligations residential MBS (3)	2,327		85	(3)	2,409
Government-sponsored enterprises residential MBS (8)	20,314		201	(60)	20,455
Government-sponsored enterprises commercial MBS (8)	313			(3)	310
Private-label residential MBS	8,138	(2,700)	746	(3)	6,181
Home equity loans	26	(14)	4		16
Total mortgage-backed securities	31,118	(2,714)	1,036	(69)	29,371
Total	$57,866	$(2,714)	$1,753	$(155)	$56,750

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

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

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

(3) Other U.S. obligations primarily consist of SBA investment pools.

(4) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae, Federal Farm Credit Bank (FFCB), Export-Import Bank of the U.S. (Ex-Im Bank) and/or Tennessee Valley Authority (TVA).

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

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

(7) Primarily consists of debentures issued by a supranational entity.

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

The following table presents a reconciliation of the available-for-sale OTTI losses recognized through accumulated other comprehensive income (AOCI) to the total net noncredit portion of OTTI losses on available-for-sale securities in AOCI as of March 31, 2010 and December 31, 2009 (dollar amounts in millions).

	March 31, 2010	December 31, 2009
Total other-than-temporary impairment loss recognized in AOCI	$(2,714)	$(2,775)
Subsequent unrealized gains in fair value	751	593
Other-than-temporary impairment-related component of AOCI	$(1,963)	$(2,182)

During the three months ended March 31, 2010, each of the FHLBanks of Pittsburgh and Atlanta elected to transfer all private-label RMBS, that had credit-related other than temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio. Each of these FHLBanks recognized an OTTI credit loss on these private-label RMBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuers' creditworthiness. The decline in the issuers' creditworthiness is the basis for the transfers to available-for-sale securities. These transfers allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, while recognizing the management's intent to hold these securities for an indefinite period of time. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities. See "Note 6—Other-Than-Temporary-Impairment Analysis" for additional information on these transfers.

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

	March 31, 2010					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (5)
Government-sponsored enterprises and TVA (1)	$ 1,769	$ (6)	$ 318	$ (44)	$ 2,087	$ (50)
Other	3,024	(2)	386	(33)	3,410	(35)*
Mortgage-backed securities:						
Other U.S. obligations residential MBS (2)	454	(3)			454	(3)
Government-sponsored enterprises residential MBS (3)	5,670	(45)	2,714	(15)	8,384	(60)
Government-sponsored enterprises commercial MBS (3)	54		255	(3)	309	(3)
Private-label residential MBS (4)			6,182	(1,955)	6,182	(1,955)
Home equity loans (4)			16	(11)	16	(11)
Total	$10,971	$(56)	$9,871	$(2,061)	$20,842	$(2,117)

	December 31, 2009					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (5)
Government-sponsored enterprises and TVA (1)	$ 1,798	$ (11)	$ 319	$ (42)	$ 2,117	$ (53)
Other	1,582	(3)	381	(35)	1,963	(38)*
Mortgage-backed securities:						
Other U.S. obligations residential MBS (2)	288	(3)			288	(3)
Government-sponsored enterprises residential MBS (3)	8,040	(102)	4,602	(44)	12,642	(146)
Government-sponsored enterprises commercial MBS (3)			254	(4)	254	(4)
Private-label residential MBS (4)			5,696	(2,172)	5,696	(2,172)
Home equity loans (4)			14	(13)	14	(13)
Total	$11,708	$(119)	$11,266	$(2,310)	$22,974	$(2,429)

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

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

(2) Primarily consists of Ginnie Mae investment pools.

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

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

(5) As a result of amended OTTI guidance, the total unrealized losses amount will not agree to the total gross unrealized losses amount included in the major security types table. The total unrealized losses amounts include noncredit-related OTTI losses recorded in AOCI and subsequent unrealized changes in fair value related to other-than-temporarily impaired securities.

Redemption Terms. The amortized cost and fair value of available-for-sale securities by contractual maturity are shown below (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, 2010		December 31, 2009	
Year of Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 6,791	$ 6,790	$ 9,343	$ 9,341
Due after one year through five years	7,362	7,365	4,972	4,964
Due after five years through ten years	2,491	2,597	2,506	2,599
Due after ten years	1,409	1,343	1,202	1,133
FFELP ABS (1)	8,695	9,284	8,790	9,323
	26,748	27,379	26,813	27,360
Mortgage-backed securities	31,118	29,371	27,321	25,128
Total	$57,866	$56,750	$54,134	$52,488

(1) The FFELP ABS held by the FHLBank of Chicago is not presented based on contractual maturities because the expected maturities of these securities will likely differ from contractual maturities, as borrowers of the underlying loans have the right to prepay.

At March 31, 2010 and December 31, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as available-for-sale included net purchased premiums, credit losses and OTTI-related accretion adjustments of $887 million and $831 million.

Realized Gains and Losses. The FHLBanks received $33 million and $658 million in proceeds from the sale of available-for-sale securities for the three months ended March 31, 2010 and 2009. The FHLBanks realized $1 million and $20 million in gross gains and no gross losses on the sale of available-for-sale securities during the three months ended March 31, 2010 and 2009.

On December 27, 2007, the FHLBank of Chicago transferred certain privately issued investment grade collateralized mortgage obligations at fair value with $138 million of unrealized losses from its available-for-sale portfolio to its held-to-maturities portfolio. The transfer reflected a change in the FHLBank of Chicago's management's intent to hold these securities to maturity rather than as available for sale due to the illiquidity in the credit markets related to subprime investments at that time. The FHLBank of Chicago determined that there was no other-than-temporary impairment at the time of transfer. At March 31, 2010, $13 million of the original $138 million unrealized loss remained in AOCI and is being amortized over the remaining life of the securities as a yield adjustment, offset by the interest income accretion related to the discount on the transferred securities. During the three months ended March 31, 2010, the FHLBank of Chicago recognized $9 million from AOCI into realized losses on held-to-maturity securities due to other-than-temporary impairment.

Note 5—Held-to-Maturity Securities

Major Security Types.

Held-to-maturity securities (HTM) were as follows (dollar amounts in millions). There were no held-to-maturity interbank holdings of consolidated bonds at March 31, 2010 and December 31, 2009.

	March 31, 2010					
	Amortized Cost (1)	OTTI Recognized in AOCI (2)	Carrying Value (2)	Gross Unrecognized Holding Gains (3)	Gross Unrecognized Holding Losses (3)	Fair Value
U.S. Treasury obligations	$ 27	$	$ 27	$	$	$ 27
Commercial paper	1,500		1,500			1,500
Certificates of deposit (4)	12,456		12,456			12,456
Other U.S. obligations (5)	241		241	6	(2)	245
Government-sponsored enterprises and TVA (6)	1,582		1,582	71	(3)	1,650
State or local housing agency obligations	2,712		2,712	24	(259)	2,477
TLGP (7)	2,372		2,372	7		2,379
Other	46		46			46
	20,936		20,936	108	(264)	20,780
Mortgage-backed securities:						
Other U.S. obligations residential MBS (5)	4,483		4,483	38	(1)	4,520
Other U.S. obligations commercial MBS (5)	55		55	1		56
Government-sponsored enterprises residential MBS (8)	80,826		80,826	2,258	(99)	82,985
Government-sponsored enterprises commercial MBS (8)	1,227		1,227	76		1,303
Private-label residential MBS	43,724	(5,810)	37,914	1,110	(3,226)	35,798
Private-label commercial MBS	271		271	4	(4)	271
Manufactured housing loans	217		217		(40)	177
Home equity loans	570	(107)	463	30	(63)	430
MPF Shared Funding Program mortgage-backed certificates	285		285	1	(3)	283
Total mortgage-backed securities	131,658	(5,917)	125,741	3,518	(3,436)	125,823
Total	$152,594	$(5,917)	$146,677	$3,626	$(3,700)	$146,603

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

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

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

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

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

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

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

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

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

During the three months ended March 31, 2010, each of the FHLBanks of Pittsburgh and Atlanta elected to transfer all private-label RMBS, that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio. Each of these FHLBanks recognized an OTTI credit loss on these private-label RMBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuers' creditworthiness. The decline in the issuers' creditworthiness is the basis for the transfers to available-for-sale securities. These transfers allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, while recognizing the management's intent to hold these securities for an indefinite period of time. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities. See "Note 6—Other-Than-Temporary-Impairment Analysis" for additional information on these transfers.

The following tables summarize the held-to-maturity securities with unrealized losses, which are aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position (dollar amounts in millions). The unrealized losses include other-than-temporary impairments recognized in AOCI and gross unrecognized holding losses at March 31, 2010.

	March 31, 2010					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses (1)
Other U.S. obligations (2)	$ 75	$ (2)	$ 12	$	$ 87	$ (2)
Government-sponsored enterprises and TVA (3)	327	(3)			327	(3)
State or local housing agency obligations	213	(11)	1,268	(248)	1,481	(259)
Mortgage-backed securities:						
Other U.S. obligations residential MBS (4)	953	(1)	8		961	(1)
Government-sponsored enterprises residential MBS (5)	8,601	(45)	5,693	(54)	14,294	(99)
Private-label residential MBS (6)	718	(7)	32,462	(8,812)	33,180	(8,819)
Private-label commercial MBS			125	(4)	125	(4)
Manufactured housing loans			177	(40)	177	(40)
Home equity loans (6)			429	(140)	429	(140)
MPF Shared Funding Program mortgage-backed certificates	184	(1)	8	(2)	192	(3)
Total	$11,071	$(70)	$40,182	$(9,300)	$51,253	$(9,370)

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

(1) As a result of amended OTTI guidance, there are differences in the definitions of unrealized losses and unrecognized holding losses. Total unrealized losses in the table above will not agree with total gross unrecognized holding losses in the major security types table as previously noted.

(2) Primarily consists of SBA investment pools.

(3) Primarily consists of debt securities issued or guaranteed by Freddie Mac and TVA.

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

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

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

Redemption Terms. The amortized cost, carrying value and fair value of held-to-maturity securities by contractual maturity are shown below (dollar amounts in millions). Expected maturities of 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, 2010			December 31, 2009		
Year of Maturity	Amortized Cost (1)	Carrying Value (1)	Fair Value	Amortized Cost (1)	Carrying Value (1)	Fair Value
Due in one year or less	$ 14,786	$ 14,786	$ 14,789	$ 15,022	$ 15,022	$ 15,027
Due after one year through five years	3,110	3,110	3,189	3,546	3,546	3,627
Due after five years through ten years	341	341	341	352	352	352
Due after ten years	2,699	2,699	2,461	2,748	2,748	2,552
	20,936	20,936	20,780	21,668	21,668	21,558
Mortgage-backed securities	131,658	125,741	125,823	132,314	126,165	124,633
Total	$152,594	$146,677	$146,603	$153,982	$147,833	$146,191

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

At March 31, 2010 and December 31, 2009, the amortized cost of the FHLBanks' mortgage-backed securities classified as held-to-maturity includes net purchased discounts, credit losses and OTTI-related accretion adjustments of $2,090 million and $2,038 million.

Realized Gains and Losses. Certain FHLBanks each sold securities out of its held-to-maturity securities portfolio during the three months ended March 31, 2010 and 2009 that were either within three months of maturity or had less than 15 percent of the acquired principal outstanding at the time of the sale. Such sales are considered maturities for purposes of security classification. These FHLBanks recognized $1 million and $229 million in proceeds from the sale of held-to-maturity securities during the three months ended March 31, 2010 and 2009. No FHLBank realized a gain from the sale of held-to-maturity securities during the three months ended March 31, 2010 and the FHLBank of Cincinnati realized a gain of $6 million on the sale of held-to-maturity securities for the three months ended March 31, 2009.

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

Note 6—Other-Than-Temporary-Impairment Analysis

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

The declines in market value of certain investment securities are not attributable to credit quality, and each FHLBank does not intend to sell these investments and it is not more likely than not that an FHLBank will be required to sell these investments before recovery of their amortized cost bases. As a result, each FHLBank does not consider any of the following investments to be other-than-temporarily impaired at March 31, 2010:

- Certain FHLBanks invest in state or local government bonds. Each of these FHLBanks has determined that, as of March 31, 2010, all of the gross unrealized losses on these bonds are temporary because the strength of the underlying collateral and credit enhancements is sufficient to protect an FHLBank from losses based on current expectations.
- Debentures issued by a supranational entity that were in an unrealized loss position as of March 31, 2010 are viewed as being likely to return contractual principal and interest because such supranational entity is rated the highest long-term rating by the three Nationally Recognized Statistical Rating Organizations (NRSROs) used by the affected FHLBank. The decline in market value of these securities is largely attributable to illiquidity in the credit markets and not to deterioration in the fundamental credit quality of these securities.
- For its agency MBS, GSE debt obligations and TLGP investments, each FHLBank, as applicable, determined that the strength of the issuers' guarantees through direct obligations or support from the U.S. government is sufficient to protect an FHLBank from losses based on current expectations. As a result, each of these FHLBanks has determined that, as of March 31, 2010, all of the gross unrealized losses on its agency MBS, GSE debt obligations and TLGP investments are temporary.
- Based upon each FHLBank's assessment of the creditworthiness of the issuers of its private-label commercial MBS (CMBS), the credit ratings assigned by the NRSROs, and the performance of the underlying loans and the credit support provided by the subordinate securities, each FHLBank expects that its holdings of private-label CMBS would not be settled at an amount less than the amortized cost bases in these investments.

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

Seven FHLBanks owned certain private-label MBS backed by multi-family and commercial real estate loans, home equity lines of credit and manufactured housing loans that were outside of the scope of the FHLBanks' OTTI Governance Committee. These securities and certain private-label RMBS and home equity loan investments, where the underlying collateral data is not available, were analyzed for OTTI using alternative procedures as determined by each of these seven FHLBanks owning securities backed by such collateral. Of these seven FHLBanks, for the FHLBank of New York, approximately 50 percent of its private-label MBS were outside the scope of the common framework because sufficient loan-level collateral data was not available for analysis under the common framework. The FHLBank of New York performed OTTI analysis by cash flow testing 100 percent of its private-label RMBS, home equity loan investments and manufactured housing loans using its own techniques and assumptions that were determined primarily using historical performance data for these securities. At March 31, 2010, the FHLBank of New York's assumptions and performance measures were benchmarked by comparing them to (1) performance parameters from market consensus, and (2) the assumptions and performance measures provided by the OTTI Governance Committee for the FHLBank's private-label MBS that were within the scope of the common framework. Please see each FHLBank's periodic reports filed with the SEC for additional details regarding its OTTI cash flow analysis.

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

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

The first third-party model considers borrower characteristics and the particular attributes of the loans underlying an FHLBank's securities, in conjunction with assumptions about future changes in home prices and interest rates, to project prepayments, defaults and loss severities. A significant input to the first model is the forecast of future housing price changes for the relevant states and core based statistical areas (CBSAs), which are based upon an assessment of the individual housing markets. CBSA refers collectively to metropolitan and micropolitan statistical areas as defined by the United States Office of Management and Budget; as currently defined, a CBSA must contain at least one urban area with a population of 10,000 or more people. The FHLBanks' housing price forecast assumed CBSA level current-to-trough home price declines ranging from 0 percent to 12 percent over the 6- to 12-month period beginning January 1, 2010. Thereafter, home prices are projected to remain flat in the first six months, and to increase 0.5 percent in the next six months, 3 percent in the second year and 4 percent in each subsequent year.

The month-by-month projections of future loan performance derived from the first model, which reflect projected prepayments, defaults and loss severities, are then input into a second model that allocates the projected loan-level cash flows and losses to the various security classes in the securitization structure in accordance with its prescribed cash flow and loss allocation rules. In a securitization in which the credit enhancement for the senior securities is derived from the presence of subordinate securities, losses are generally allocated first to the subordinate securities until their principal balance is reduced to zero. The projected cash flows are based on a number of assumptions and expectations, and the results of these models can vary significantly with changes in assumptions and expectations. Refer to an individual FHLBank's periodic reports filed with the SEC for summaries of significant inputs used to measure the amount of credit loss on other-than-temporarily impaired securities recognized in earnings during the three months ended March 31, 2010. The scenario of cash flows determined based on the model approach described above reflects a best estimate scenario and includes a base case current to trough housing price forecast and a base case housing price recovery path described in the prior paragraph.

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

As a result of each FHLBank's evaluations, at March 31, 2010, the FHLBanks of Boston, New York, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized OTTI credit losses related to an aggregate amount of $12,248 million of unpaid principal balance in held-to-maturity MBS investments, as further described in this footnote. Additionally, each of the FHLBanks of Pittsburgh, Atlanta, Chicago and Seattle determined that $7,099 million of unpaid principal balance related to available-for-sale securities, including those transferred from held-to-maturity securities during the three months ended March 31, 2010, were other-than-temporarily impaired at March 31, 2010. Each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities owned by it.

Despite some stabilization in certain factors affecting the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, an additional impairment related to credit loss and all other factors (noncredit losses) were recorded in the three months ended March 31, 2010 on HTM and AFS private-label MBS, reflecting an increase in projected losses on the collateral underlying these investments. Each of these FHLBanks does not intend to sell these securities and it is not more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. The FHLBanks recognized total OTTI charges of $233 million for the three months ended March 31, 2010 related to the credit losses on MBS instruments, which are reported in the Combined Statement of Income as a part of the "Net other-than-temporary impairment losses," and the impairment related to net noncredit portion of $173 million is reflected in the Combined Statement of Condition as "Accumulated other comprehensive income (loss)—Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities" and "Accumulated other comprehensive income (loss)—Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities." Subsequent increases and decreases (if not an additional OTTI) in the fair value of available-for-sale securities and transfers are included in "Accumulated other comprehensive income (loss)." The OTTI recognized in AOCI related to held-to-maturity securities is accreted to the carrying value of each security on a prospective basis, over the remaining life of each security. That accretion increases the carrying value of each security and continues until this security is sold or matures, or there is an additional OTTI that is recognized in earnings. For the three months ended March 31, 2010, the FHLBanks accreted $375 million of noncredit impairment from AOCI to the carrying value of held-to-maturity securities. For certain other-than-temporarily impaired securities that were previously impaired and have subsequently incurred additional credit losses during the three months ended March 31, 2010, the additional credit losses, up to the amount in AOCI, were reclassified out of noncredit losses in AOCI and charged to earnings. This amount was $218 million for the three months ended March 31, 2010.

For those securities for which an OTTI was determined to have occurred during the three months ended March 31, 2010 (that is, securities for which each FHLBank determined that it was more likely than not that the entire amortized cost basis would not be recovered), the following tables present the significant inputs used to measure the amount of credit loss recognized in earnings during this period as well as related current credit enhancement for each of the applicable FHLBank. Credit enhancement is defined as the percentage of subordinated tranches and over-collateralization, if any, in a security structure that will generally absorb losses before each FHLBank will experience a loss on the security. The calculated averages represent the dollar-weighted averages of all the private-label RMBS and home equity loan investments in each category shown. The classification (prime, Alt-A and subprime) is based on the model used to run the estimated cash flows for the CUSIP, which may not necessarily be the same as the classification at the time of origination.

FHLBank of Boston

Year of Securitization	Significant Inputs for OTTI Private-label RMBS						Current Credit Enhancement	
	Prepayment Rates		Default Rates		Loss Severities			
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Alt-A								
2007	6.7	4.4 - 12.6	79.3	37.5 - 89.7	50.5	44.2 - 55.3	19.4	0.0 - 48.3
2006	6.8	3.5 - 13.1	78.6	48.1 - 91.4	52.6	43.4 - 56.9	22.9	0.0 - 48.0
2005	10.5	7.4 - 12.2	52.9	30.6 - 77.5	46.3	36.1 - 57.3	20.5	8.7 - 48.6
2004 and prior	8.6	8.4 - 8.9	63.5	63.1 - 63.9	53.3	52.8 - 53.7	35.9	31.4 - 41.2
Total Alt-A	7.4	3.5 - 13.1	74.4	30.6 - 91.4	51.0	36.1 - 57.3	21.7	0.0 - 48.6
Total OTTI Private-label RMBS	7.4	3.5 - 13.1	74.4	30.6 - 91.4	51.0	36.1 - 57.3	21.7	0.0 - 48.6

FHLBank of New York

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments*					
	Prepayment Rates		Default Rates		Loss Severities	
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Subprime						
2004 and prior	4.8	2.0 - 7.5	6.7	6.1 - 7.8	91.5	72.6 - 100.0
Total Subprime	4.8	2.0 - 7.5	6.7	6.1 - 7.8	91.5	72.6 - 100.0
Total OTTI Home equity loan investments	4.8	2.0 - 7.5	6.7	6.1 - 7.8	91.5	72.6 - 100.0

FHLBank of Pittsburgh

Year of Securitization	Significant Inputs for OTTI Private-label RMBS						Current Credit Enhancement	
	Prepayment Rates		Default Rates		Loss Severities			
	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Prime								
2007	9.5	5.5 - 11.6	29.2	14.3 - 36.3	42.3	37.8 - 47.0	6.5	4.0 - 7.8
2006	9.8	9.8	27.8	27.8	43.6	43.6	14.3	14.3
2005	6.1	6.0 - 6.3	12.2	7.9 - 14.4	57.3	56.5 - 58.9	4.2	4.1 - 4.3
Total prime	9.3	5.5 - 11.6	27.5	7.9 - 36.3	43.8	37.8 - 58.9	7.5	4.0 - 14.3
Alt-A								
2007	10.4	8.8 - 11.4	50.7	35.3 - 55.9	46.7	42.6 - 51.3	7.2	3.4 - 15.1
2006	11.5	7.4 - 13.0	40.2	15.9 - 72.6	43.3	31.9 - 52.0	7.5	3.3 - 10.5
2005	8.9	7.9 - 10.4	21.4	20.6 - 34.4	36.3	34.9 - 46.0	5.2	4.8 - 6.2
2004 and prior	12.3	12.3	6.2	6.2	10.0	10.0	4.8	4.8
Total Alt-A	10.9	7.4 - 13.0	43.3	6.2 - 72.6	44.1	10.0 - 52.0	7.2	3.3 - 15.1
Subprime								
2004 and prior	13.3	13.3	36.3	36.3	90.8	90.8	16.2	16.2
Total Subprime	13.3	13.3	36.3	36.3	90.8	90.8	16.2	16.2
Total OTTI Private-label RMBS	10.4	5.5 - 13.3	38.1	6.2 - 72.6	44.0	10.0 - 90.8	7.3	3.3 - 16.2

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments* Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %
Alt-A						
2004 and prior	8.5	8.5	12.7	12.7	100.0	100.0
Total Alt-A	8.5	8.5	12.7	12.7	100.0	100.0
Total OTTI Home equity loan investments	8.5	8.5	12.7	12.7	100.0	100.0

FHLBank of Atlanta

Year of Securitization	Significant Inputs for OTTI Private-label RMBS Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2008	9.4	9.4	27.7	27.7	43.9	43.9	15.8	15.8
2006	8.3	8.1 - 9.0	12.6	12.2 - 12.7	40.1	39.9 - 40.6	8.3	7.2 - 8.6
2005	9.9	9.9	14.4	14.4	52.1	52.1	8.0	8.0
Total prime	9.0	8.1 - 9.9	19.1	12.2 - 27.7	43.2	39.9 - 52.1	11.3	7.2 - 15.8
Alt-A								
2007	10.0	8.2 - 13.3	55.2	51.8 - 59.8	46.3	43.9 - 48.5	15.0	8.1 - 19.4
2006	9.8	8.9 - 11.7	55.6	52.9 - 58.8	48.6	46.2 - 52.1	10.8	6.7 - 13.0
2005	11.1	6.7 - 13.8	42.2	24.3 - 69.9	45.7	35.5 - 51.2	9.4	4.5 - 13.3
2004 and prior	16.0	15.1 - 19.8	27.4	9.6 - 32.5	47.9	41.6 - 49.4	13.3	11.6 - 15.5
Total Alt-A	10.7	6.7 - 19.8	49.8	9.6 - 69.9	46.7	35.5 - 52.1	12.5	4.5 - 19.4
Total OTTI Private-label RMBS	10.4	6.7 - 19.8	43.9	9.6 - 69.9	46.0	35.5 - 52.1	12.3	4.5 - 19.4

FHLBank of Indianapolis

Year of Securitization	Significant Inputs for OTTI Private-label RMBS Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2007	6.0	5.6 - 6.1	22.3	18.6 - 28.9	41.5	39.9 - 43.9	4.2	2.8 - 7.2
2005	12.7	12.6 - 12.7	19.0	16.9 - 20.1	50.4	48.4 - 53.7	9.2	8.4 - 9.7
Total prime	8.4	5.6 - 12.7	21.1	16.9 - 28.9	44.7	39.9 - 53.7	6.1	2.8 - 9.7
Alt-A								
2007	11.3	10.6 - 11.8	49.3	46.1 - 53.3	45.7	44.9 - 46.9	8.1	3.4 - 13.0
2006	10.7	10.7 - 10.7	20.3	20.3 - 20.3	38.9	38.9 - 38.9	4.7	4.7 - 4.7
2005	9.9	6.9 - 13.0	43.3	42.7 - 43.9	44.4	38.9 - 50.3	6.7	6.7 - 6.8
Total Alt-A	10.9	6.9 - 13.0	44.3	20.3 - 53.3	44.6	38.9 - 50.3	7.3	3.4 - 13.0
Total OTTI Private-label RMBS	9.5	5.6 - 13.0	31.7	16.9 - 53.3	44.7	38.9 - 53.7	6.6	2.8 - 13.0

FHLBank of Chicago

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range** %
Alt-A								
2006	11.4	6.3 - 14.5	50.6	40.4 - 80.0	46.7	37.3 - 58.7	8.9	3.8 - 16.5
Total Alt-A	11.4	6.3 - 14.5	50.6	40.4 - 80.0	46.7	37.3 - 58.7	8.9	3.8 - 16.5
Subprime								
2006	5.9	4.5 - 6.9	79.5	73.4 - 87.1	70.1	67.2 - 73.3	25.4	(1.2) - 37.0
2005	5.3	5.3 - 5.4	81.6	78.5 - 82.7	68.2	65.3 - 69.2	28.5	17.3 - 32.6
2004 and prior	13.3	12.2 - 14.1	49.6	45.6 - 54.8	99.9	97.6 - 103.0	100.0	100.0
Total Subprime	5.9	4.5 - 14.1	79.5	45.6 - 87.1	70.1	65.3 - 103.0	25.7	(1.2) - 100.0
Total OTTI Private-label RMBS	9.8	4.5 - 14.5	59.1	40.4 - 87.1	53.6	37.3 - 103.0	13.8	(1.2) - 100.0

FHLBank of Dallas

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Alt-A								
2006	12.6	12.6	31.8	31.8	44.0	44.0	8.3	8.3
2005	8.8	7.3 - 11.5	67.9	56.5 - 76.0	44.9	36.1 - 49.3	42.3	37.2 - 47.7
2004 and prior	8.5	8.5	60.3	60.3	51.0	51.0	33.8	33.8
Total Alt-A	10.8	7.3 - 12.6	48.3	31.8 - 76.0	44.9	36.1 - 51.0	23.7	8.3 - 47.7
Total OTTI Private-label RMBS	10.8	7.3 - 12.6	48.3	31.8 - 76.0	44.9	36.1 - 51.0	23.7	8.3 - 47.7

FHLBank of Topeka

Year of Securitization	Significant Inputs for OTTI Private-label RMBS: Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2005	6.0	6.0	10.6	10.6	48.6	48.6	3.4	3.4
Total prime	6.0	6.0	10.6	10.6	48.6	48.6	3.4	3.4
Alt-A								
2005	9.7	9.6 - 10.2	20.9	11.5 - 57.8	38.0	37.7 - 39.3	7.9	3.9 - 24.0
Total Alt-A	9.7	9.6 - 10.2	20.9	11.5 - 57.8	38.0	37.7 - 39.3	7.9	3.9 - 24.0
Total OTTI Private-label RMBS	9.0	6.0 - 10.2	18.9	10.6 - 57.8	40.1	37.7 - 48.6	7.0	3.4 - 24.0

Year of Securitization	Significant Inputs for OTTI Home Equity Loan Investments* Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %
Subprime						
2004 and prior	4.3	3.0 - 6.6	6.1	5.0 - 8.0	91.7	87.5 - 100.6
Total Subprime	4.3	3.0 - 6.6	6.1	5.0 - 8.0	91.7	87.5 - 100.6
Total OTTI Home equity loan investments	4.3	3.0 - 6.6	6.1	5.0 - 8.0	91.7	87.5 - 100.6

FHLBank of San Francisco

Year of Securitization	Significant Inputs for OTTI Private-label RMBS Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Prime								
2006	9.4	9.4	22.2	22.2	41.2	41.2	21.8	21.8
2004 and prior	10.7	10.7	8.2	8.2	37.3	37.3	11.3	11.3
Total prime	9.6	9.4 - 10.7	19.7	8.2 - 22.2	40.5	37.3 - 41.2	19.9	11.3 - 21.8
Alt-A								
2008	12.0	11.0 - 12.3	51.1	46.9 - 52.4	42.1	41.8 - 42.9	31.1	31.1
2007	8.1	4.1 - 12.0	63.6	22.4 - 90.7	48.0	41.2 - 59.1	29.4	9.5 - 46.4
2006	9.4	5.3 - 13.8	51.4	27.8 - 88.1	47.1	36.6 - 60.7	24.6	8.4 - 40.6
2005	10.2	7.6 - 15.2	35.0	15.9 - 72.4	43.5	28.5 - 53.7	14.5	5.7 - 30.2
2004 and prior	14.0	9.2 - 17.3	38.7	26.2 - 52.3	48.7	41.1 - 52.3	19.7	14.5 - 25.5
Total Alt-A	9.3	4.1 - 17.3	52.4	15.9 - 90.7	46.5	28.5 - 60.7	24.5	5.7 - 46.4
Total OTTI Private-label RMBS	9.3	4.1 - 17.3	51.8	8.2 - 90.7	46.3	28.5 - 60.7	24.4	5.7 - 46.4

FHLBank of Seattle

Year of Securitization	Significant Inputs for OTTI Private-label RMBS Prepayment Rates Weighted-Average %	Prepayment Rates Range %	Default Rates Weighted-Average %	Default Rates Range %	Loss Severities Weighted-Average %	Loss Severities Range %	Current Credit Enhancement Weighted-Average %	Current Credit Enhancement Range %
Alt-A								
2008	10.8	10.6 - 11.1	49.4	45.4 - 52.3	41.9	39.5 - 45.4	33.6	28.8 - 40.3
2007	7.5	5.3 - 11.8	77.6	36.6 - 86.9	52.4	43.5 - 59.3	35.4	9.2 - 44.3
2006	5.2	3.5 - 8.4	86.6	72.2 - 91.4	53.6	47.1 - 61.9	43.1	37.7 - 47.9
2005	8.5	6.9 - 12.1	70.4	45.3 - 80.1	47.1	34.2 - 53.8	31.6	0.0 - 50.8
Total Alt-A	6.9	3.5 - 12.1	78.5	36.6 - 91.4	51.9	34.2 - 61.9	37.8	0.0 - 50.8
Total OTTI Private-label RMBS	6.9	3.5 - 12.1	78.5	36.6 - 91.4	51.9	34.2 - 61.9	37.8	0.0 - 50.8

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

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

Certain private-label MBS owned by the FHLBanks are insured by third-party bond insurers ("monoline insurers"). The FHLBanks performed analyses to assess the financial strength of these monoline insurers to establish an expected case regarding the time horizon of the bond insurers' ability to fulfill their financial obligations and provide credit support. The projected time horizon of credit protection provided by an insurer is a function of claims paying resources and anticipated claims in the future. This assumption is referred to as the "burn-out period" and is expressed in months.

There are five monoline insurers that insure certain FHLBanks' private-label RMBS, home equity investments and manufactured housing loans held by the applicable FHLBanks. Furthermore, Fannie Mae and Freddie Mac provide third-party guarantees on limited home equity loan investments; the financial guarantees from Fannie Mae and Freddie Mac are considered sufficient to protect an FHLBank from losses on these mortgage-backed securities based on current expectations. Of the five monoline insurers, the financial guarantees from Assured Guaranty Municipal Corp. are considered sufficient to cover all future claims and are, therefore, excluded from the burn-out analysis discussed above. Conversely, the key burn-out period is not considered applicable to Syncora Guarantee Inc (Syncora) and Financial Guarantee Insurance Corp. as each of these entities was ordered by the New York State Insurance Department to suspend all claim payments during 2009. On March 24, 2010, Ambac Assurance Corp (Ambac), with the consent of the Commissioner of Insurance for the State of Wisconsin, entered into a temporary injunction to suspend payments to bond holders and create a segregated account for the bond holders. Payments under the insurance policies will be suspended until September 2010. Through the three months ended March 31, 2010, Ambac had been paying claims in order to meet any current cash flow deficiency within the structure of the securities. In the three months ended March 31, 2010, the burn-out period for Ambac was reduced to less than three months, and eleven securities guaranteed by Ambac were determined to have an other-than-temporary impairment credit loss at March 31, 2010 due to expected losses beyond the burn-out period. For the remaining monoline insurer, MBIA Insurance Corp (MBIA), the FHLBanks have established a 15-month burn-out period ending June 2011, and three securities guaranteed by MBIA were determined to have an other-than-temporary impairment credit loss due to expected losses beyond the burn-out period.

During the three months ended March 31, 2010, each of the FHLBanks of Pittsburgh and Atlanta elected to transfer all private-label RMBS that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio. Each of these FHLBanks recognized an OTTI credit loss on these private-label RMBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuers' creditworthiness. The decline in the issuers' creditworthiness is the basis for the transfers to available-for-sale securities. These transfers allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, while recognizing the management's intent to hold these securities for an indefinite period of time. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities. The following FHLBanks transferred all or certain private-label RMBS that had OTTI credit losses from their respective held-to maturity portfolio to available-for-sale portfolio at March 31, 2010 (dollar amounts in millions):

	Unpaid Principal Balance at the Time of Transfer March 31, 2010
FHLBank of Pittsburgh	$ 23
FHLBank of Atlanta	471
FHLBank of Seattle	139

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

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

The following FHLBanks recognized an OTTI charge on its held-to-maturity and/or available-for-sale securities during the three months ended March 31, 2010, based on each individual FHLBank's impairment analysis of its investment portfolio at March 31, 2010, as follows (dollar amounts in millions).

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Total							
Private-label RMBS:							
Prime	$ 2,805	$ 2,541	$1,783	$2,013	$3,946	$3,607	$2,968
Alt-A	8,796	8,018	5,106	5,516	3,146	2,711	1,837
Subprime	575	445	276	293	3	2	2
Total OTTI Private-label RMBS	12,176	11,004	7,165	7,822	7,095	6,320	4,807
Home equity loan investments:							
Alt-A					4	3	2
Subprime	72	59	36	38			
Total OTTI Home equity loan investments	72	59	36	38	4	3	2
Total OTTI investments	$12,248	$11,063	$7,201	$7,860	$7,099	$6,323	$4,809
FHLBank of Boston							
Private-label RMBS:							
Prime	$ 87	$ 81	$ 54	$ 60			
Alt-A	1,672	1,349	776	853			
Total OTTI Private-label RMBS	1,759	1,430	830	913			
Total OTTI investments	$ 1,759	$ 1,430	$ 830	$ 913			
FHLBank of New York							
Home equity loan investments:							
Subprime	$ 67	$ 56	$ 34	$ 36			
Total OTTI Home equity loan investments	67	56	34	36			
Total OTTI investments	$ 67	$ 56	$ 34	$ 36			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Pittsburgh							
Private-label RMBS:							
Prime					$1,706	$1,597	$1,312
Alt-A					1,187	1,052	803
Subprime					3	2	2
Total OTTI Private-label RMBS					2,896	2,651	2,117
Home equity loan investments:							
Alt-A					4	3	2
Total OTTI Home equity loan investments					4	3	2
Total OTTI investments					$2,900	$2,654	$2,119
FHLBank of Atlanta							
Private-label RMBS:							
Prime					$2,240	$2,010	$1,656
Alt-A					266	245	152
Total OTTI Private-label RMBS					2,506	2,255	1,808
Total OTTI investments					$2,506	$2,255	$1,808
FHLBank of Indianapolis							
Private-label RMBS:							
Prime	$ 703	$ 662	$ 514	$ 561			
Alt-A	45	41	34	34			
Total OTTI Private-label RMBS	748	703	548	595			
Total OTTI investments	$ 748	$ 703	$ 548	$ 595			
FHLBank of Chicago							
Private-label RMBS:							
Prime	$ 1,216	$ 1,025	$ 709	$ 847	$	$	$
Alt-A					169	127	81
Subprime	575	445	276	293			
Total OTTI Private-label RMBS	1,791	1,470	985	1,140	169	127	81
Total OTTI investments	$ 1,791	$ 1,470	$ 985	$1,140	$ 169	$ 127	$ 81
FHLBank of Dallas							
Private-label RMBS:							
Prime	$ 70	$ 67	$ 43	$ 48			
Alt-A	17	16	7	10			
Total OTTI Private-label RMBS	87	83	50	58			
Total OTTI investments	$ 87	$ 83	$ 50	$ 58			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Topeka							
Private-label RMBS:							
Prime	$ 10	$ 10	$ 10	$ 10			
Alt-A	42	41	22	22			
Total OTTI Private-label RMBS	52	51	32	32			
Home equity loan investments:							
Subprime	5	3	2	2			
Total OTTI Home equity loan investments	5	3	2	2			
Total OTTI investments	$ 57	$ 54	$ 34	$ 34			
FHLBank of San Francisco							
Private-label RMBS:							
Prime	$ 719	$ 696	$ 453	$ 487			
Alt-A	6,748	6,301	4,113	4,443			
Total OTTI Private-label RMBS	7,467	6,997	4,566	4,930			
Total OTTI investments	$ 7,467	$ 6,997	$4,566	$4,930			
FHLBank of Seattle							
Private-label RMBS:							
Alt-A	$ 272	$ 270	$ 154	$ 154	$1,524	$1,287	$ 801
Total OTTI Private-label RMBS	272	270	154	154	1,524	1,287	801
Total OTTI investments	$ 272	$ 270	$ 154	$ 154	$1,524	$1,287	$ 801

(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 FHLBanks recognized an OTTI charge on its held-to-maturity and/or available-for-sale securities during the life of the security as of March 31, 2010, based on each individual FHLBank's impairment analysis of its investment portfolio as follows (dollar amounts in millions). (Life of the security represents securities impaired prior to March 31, 2010 as well as at March 31, 2010.)

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Total							
Private-label RMBS:							
Prime	$ 5,010	$ 4,594	$ 3,200	$ 3,614	$5,066	$ 4,630	$ 3,821
Alt-A	12,646	11,511	7,396	8,039	4,070	3,497	2,354
Subprime	960	739	439	475	3	2	2
Total OTTI Private-label RMBS	18,616	16,844	11,035	12,128	9,139	8,129	6,177
Home equity loan investments:							
Alt-A					32	26	16
Subprime	314	288	181	210			
Total OTTI Home equity loan investments	314	288	181	210	32	26	16
Total OTTI investments	$18,930	$ 17,132	$ 11,216	$ 12,338	$9,171	$ 8,155	$ 6,193
Total MBS*		$131,658	$125,741	$125,823		$31,118	$29,371
Total investment securities*		$152,594	$146,677	$146,603		$57,866	$56,750
FHLBank of Boston							
Private-label RMBS:							
Prime	$ 96	$ 89	$ 59	$ 65			
Alt-A	2,420	1,946	1,127	1,241			
Total OTTI Private-label RMBS	2,516	2,035	1,186	1,306			
Home equity loan investments:							
Subprime	3	3	2	2			
Total OTTI Home equity loan investments	3	3	2	2			
Total OTTI investments	$ 2,519	$ 2,038	$ 1,188	$ 1,308			
Total MBS		$ 7,600	$ 6,750	$ 6,835			
Total investment securities		$ 7,946	$ 7,096	$ 7,149			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of New York							
Private-label RMBS:							
Prime	$ 51	$ 49	$ 47	$ 49			
Total OTTI Private-label RMBS	51	49	47	49			
Home equity loan investments:							
Subprime	306	282	177	206			
Total OTTI Home equity loan investments	306	282	177	206			
Total OTTI investments	$ 357	$ 331	$ 224	$ 255			
Total MBS		$ 9,133	$ 9,026	$ 9,237			
Total investment securities		$ 9,883	$ 9,776	$ 9,934			
FHLBank of Pittsburgh							
Private-label RMBS:							
Prime					$1,844	$ 1,734	$ 1,428
Alt-A					1,346	1,194	918
Subprime					3	2	2
Total OTTI Private-label RMBS					3,193	2,930	2,348
Home equity loan investments:							
Alt-A					32	26	16
Total OTTI Home equity loan investments					32	26	16
Total OTTI investments					$3,225	$ 2,956	$ 2,364
Total MBS						$ 2,963	$ 2,367
Total investment securities						$ 2,965	$ 2,369
FHLBank of Atlanta							
Private-label RMBS:							
Prime					$3,222	$ 2,896	$ 2,393
Alt-A					474	428	267
Total OTTI Private-label RMBS					3,696	3,324	2,660
Total OTTI investments					$3,696	$ 3,324	$ 2,660
Total MBS						$ 3,324	$ 2,660
Total investment securities						$ 3,324	$ 2,660

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Indianapolis							
Private-label RMBS:							
Prime	$ 1,324	$ 1,253	$ 944	$ 1,037			
Alt-A	67	63	54	55			
Total OTTI Private-label RMBS	1,391	1,316	998	1,092			
Total OTTI investments	$ 1,391	$ 1,316	$ 998	$ 1,092			
Total MBS		$ 5,893	$ 5,574	$ 5,667			
Total investment securities		$ 8,496	$ 8,178	$ 8,278			
FHLBank of Chicago							
Private-label RMBS:							
Prime	$ 2,034	$ 1,768	$ 1,203	$ 1,424	$	$	$
Alt-A					169	127	81
Subprime	960	739	439	475			
Total OTTI Private-label RMBS	2,994	2,507	1,642	1,899	169	127	81
Total OTTI investments	$ 2,994	$ 2,507	$ 1,642	$ 1,899	$ 169	$ 127	$ 81
Total MBS		$ 11,986	$ 11,121	$ 11,823		$13,069	$13,212
Total investment securities		$ 12,543	$ 11,677	$ 12,402		$22,710	$23,459
FHLBank of Dallas							
Private-label RMBS:							
Prime	$ 122	$ 119	$ 69	$ 78			
Alt-A	40	38	19	23			
Total OTTI Private-label RMBS	162	157	88	101			
Total OTTI investments	$ 162	$ 157	$ 88	$ 101			
Total MBS		$ 11,358	$ 11,289	$ 11,331			
Total investment securities		$ 11,417	$ 11,349	$ 11,390			

	Held-to-Maturity Securities				Available-for-Sale Securities		
	At March 31, 2010 (1)						
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
FHLBank of Topeka							
Private-label RMBS:							
Prime	$ 23	$ 22	$ 21	$ 21			
Alt-A	45	44	23	23			
Total OTTI Private-label RMBS	68	66	44	44			
Home equity loan investments:							
Subprime	5	3	2	2			
Total OTTI Home equity loan investments	5	3	2	2			
Total OTTI investments	$ 73	$ 69	$ 46	$ 46			
Total MBS		$ 8,899	$ 8,875	$ 8,768			
Total investment securities		$ 9,007	$ 8,983	$ 8,876			
FHLBank of San Francisco							
Private-label RMBS:							
Prime	$ 1,360	$ 1,294	$ 857	$ 940			
Alt-A	9,623	8,977	5,922	6,440			
Total OTTI Private-label RMBS	10,983	10,271	6,779	7,380			
Total OTTI investments	$10,983	$ 10,271	$ 6,779	$ 7,380			
Total MBS		$ 29,356	$ 25,864	$ 25,343			
Total investment securities		$ 38,078	$ 34,586	$ 33,923			
FHLBank of Seattle							
Private-label RMBS:							
Alt-A	$ 451	$ 443	$ 251	$ 257	$2,081	$ 1,748	$ 1,088
Total OTTI Private-label RMBS	451	443	251	257	2,081	1,748	1,088
Total OTTI investments	$ 451	$ 443	$ 251	$ 257	$2,081	$ 1,748	$ 1,088
Total MBS		$ 5,519	$ 5,326	$ 4,981		$ 1,748	$ 1,088
Total investment securities		$ 8,948	$ 8,756	$ 8,457		$ 3,301	$ 2,641

* 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.

The following FHLBanks recognized credit and noncredit OTTI losses on its securities for the three months ended March 31, 2010 (dollar amounts in millions).

	Three Months Ended March 31, 2010 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
Total			
Private-label RMBS:			
Prime	$(100)	$ (44)	$(144)
Alt-A	(121)	(108)	(229)
Subprime	(8)	(21)	(29)
Total OTTI Private-label RMBS	(229)	(173)	(402)
Home equity loan investments:			
Alt-A	*	*	
Subprime	(4)		(4)
Total OTTI Home equity loan investments	(4)		(4)
Total	$(233)	$(173)	$(406)
FHLBank of Boston			
Private-label RMBS:			
Prime	$ (1)	$ 1	$
Alt-A	(22)	1	(21)
Total OTTI Private-label RMBS	(23)	2	(21)
Total	$ (23)	$ 2	$ (21)
FHLBank of New York			
Home equity loan investments:			
Subprime	$ (3)	$	$ (3)
Total OTTI Home equity loan investments	(3)		(3)
Total	$ (3)	$	$ (3)
FHLBank of Pittsburgh			
Private-label RMBS:			
Prime	$ (14)	$ 12	$ (2)
Alt-A	(14)	14	
Subprime	*	*	
Total OTTI Private-label RMBS	(28)	26	(2)
Home equity loan investments:			
Alt-A	*	*	
Total OTTI Home equity loan investments	*	*	
Total	$ (28)	$ 26	$ (2)

	Three Months Ended March 31, 2010 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
FHLBank of Atlanta			
Private-label RMBS:			
Prime	$ (40)	$ (22)	$ (62)
Alt-A	(6)	4	(2)
Total OTTI Private-label RMBS	(46)	(18)	(64)
Total	$ (46)	$ (18)	$ (64)
FHLBank of Indianapolis			
Private-label RMBS:			
Prime	$ (6)	$ (8)	$ (14)
Alt-A	*	*	
Total OTTI Private-label RMBS	(6)	(8)	(14)
Total	$ (6)	$ (8)	$ (14)
FHLBank of Chicago			
Private-label RMBS:			
Prime	$ (32)	$ 32	$
Alt-A	(4)	4	
Subprime	(8)	(21)	(29)
Total OTTI Private-label RMBS	(44)	15	(29)
Total	$ (44)	$ 15	$ (29)
FHLBank of Dallas			
Private-label RMBS:			
Prime	$ (1)	$ (6)	$ (7)
Alt-A	*	*	
Total OTTI Private-label RMBS	(1)	(6)	(7)
Total	$ (1)	$ (6)	$ (7)
FHLBank of Topeka			
Private-label RMBS:			
Prime	$ *	$ *	$ *
Alt-A	(1)	(15)	(16)
Total OTTI Private-label RMBS	(1)	(15)	(16)
Home equity loan investments:			
Subprime	(1)		(1)
Total OTTI Home equity loan investments	(1)		(1)
Total	$ (2)	$ (15)	$ (17)

	Three Months Ended March 31, 2010 (1)		
	OTTI Related to Credit Loss	OTTI Related to Net Noncredit Loss	Total OTTI Losses
FHLBank of San Francisco			
Private-label RMBS:			
Prime	$ (6)	$ (53)	$ (59)
Alt-A	(54)	(79)	(133)
Total OTTI Private-label RMBS	(60)	(132)	(192)
Total	$ (60)	$(132)	$(192)
FHLBank of Seattle			
Private-label RMBS:			
Alt-A	$ (20)	$ (37)	$ (57)
Total OTTI Private-label RMBS	(20)	(37)	(57)
Total	$ (20)	$ (37)	$ (57)

* Represents an amount less than $1 million.

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

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

	For the Three Months Ended March 31, 2010	For the Three Months Ended March 31, 2009
Balance, at beginning of period	$2,555	$131(1)
Additions:		
Credit losses for which OTTI was not previously recognized	5	321
Additional OTTI credit losses for which an OTTI charge was previously recognized*	228	195
Reductions:		
Securities sold, matured, paid down or prepaid during the period	(2)	
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 they 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	(1)	
Balance, at end of period	$2,785	$647

* For the three months ended March 31, 2010, "Additional OTTI credit losses for which an OTTI charge was previously recognized" relates to all securities that were also previously impaired prior to January 1, 2010. For the three months

ended March 31, 2009, "Additional OTTI credit losses for which an OTTI change was previously recognized" relates to all securities that were also previously impaired prior to January 1, 2009.

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

Note 7—Advances

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

	March 31, 2010		December 31, 2009	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 31		$ 18	
Due in 1 year or less	187,710	2.26%	229,407	2.09%
Due after 1 year through 2 years	97,388	2.38%	99,684	2.73%
Due after 2 years through 3 years	75,276	2.78%	72,387	2.95%
Due after 3 years through 4 years	46,939	2.62%	60,363	2.41%
Due after 4 years through 5 years	24,136	2.92%	22,941	3.04%
Thereafter	122,143	3.51%	127,818	3.47%
Index amortizing advances	3,163	4.52%	3,282	4.53%
Total par value	556,786	2.70%	615,900	2.66%
Commitment fees	(8)		(8)	
Discount on AHP advances	(63)		(64)	
Premiums	123		141	
Discounts	(79)		(71)	
Hedging adjustments	14,767		14,644	
Fair value option valuation adjustments	517		617	
Total	$572,043		$631,159	

Index-amortizing advances require repayment according to predetermined amortization schedules linked to the level of various indices. Usually, as market interest rates rise (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, 2010 and December 31, 2009, the FHLBanks had callable advances of $30,169 million and $31,702 million.

The following table summarizes advances at March 31, 2010 and December 31, 2009 by year of contractual maturity or next call date for callable advances (dollar amounts in millions):

Year of Contractual Maturity or Next Call Date	March 31, 2010	December 31, 2009
Overdrawn demand and overnight deposit accounts	$ 31	$ 18
Due in 1 year or less	209,415	254,272
Due after 1 year through 2 years	97,558	98,731
Due after 2 years through 3 years	70,367	67,971
Due after 3 years through 4 years	44,860	55,672
Due after 4 years through 5 years	21,004	20,433
Thereafter	110,388	115,521
Index amortizing advances	3,163	3,282
Total par value	$556,786	$615,900

The FHLBanks also offer putable and convertible advances. With a putable advance, an FHLBank has the right to terminate the advance at predetermined exercise dates, which the FHLBank typically would exercise when interest rates increase. At March 31, 2010 and December 31, 2009, the FHLBanks had putable advances outstanding totaling $82,899 million and $87,605 million.

Convertible advances allow the FHLBanks to convert to/from a 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, 2010 and December 31, 2009, the FHLBanks had convertible advances outstanding totaling $32,472 million and $34,921 million.

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

Year of Contractual Maturity or Next Put/Convert Date	March 31, 2010	December 31, 2009
Overdrawn demand and overnight deposit accounts	$ 31	$ 18
Due in 1 year or less	273,827	319,469
Due after 1 year through 2 years	98,339	103,179
Due after 2 years through 3 years	62,813	59,195
Due after 3 years through 4 years	44,524	56,021
Due after 4 years through 5 years	20,485	20,263
Thereafter	53,604	54,473
Index amortizing advances	3,163	3,282
Total par value	$556,786	$615,900

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

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

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

	March 31, 2010	December 31, 2009
Par amount of advances		
Fixed-rate	$408,202	$444,529
Variable-rate	148,584	171,371
Total	$556,786	$615,900

Note 8—Mortgage Loans Held for Portfolio, Net

Under two programs, the FHLBanks hold single-family mortgage loans that are funded through and primarily serviced by participating financial institutions (PFIs). These mortgage loans are guaranteed or insured by Federal agencies or are credit-enhanced by PFIs. Currently, the FHLBanks of Chicago, Atlanta, San Francisco, Dallas and Seattle are not accepting additional master commitments and discontinued purchasing additional mortgages. Each of these FHLBanks plans to retain its existing portfolio of mortgage loans.

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

	March 31, 2010	December 31, 2009
Real Estate:		
Fixed-rate, medium-term* single-family mortgages	$15,922	$16,826
Fixed-rate, long-term single-family mortgages	52,404	54,148
Multifamily mortgages	26	26
	68,352	71,000
Premiums	439	460
Discounts	(236)	(245)
Deferred loan costs, net	19	21
Hedging adjustments	256	233
Total mortgage loans held for portfolio	$68,830	$71,469

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

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

	March 31, 2010	December 31, 2009
Conventional loans	$61,046	$63,476
Government-guaranteed or-insured loans	7,280	7,498
Other loans	26	26
Total par value	$68,352	$71,000

Each of the FHLBanks has either established an appropriate allowance for credit losses for mortgage loan programs or has determined that no loan loss allowance is necessary, and the management of each FHLBank believes that it has the policies and procedures in place to manage appropriately the credit risk on its mortgage loan portfolio. The allowances for credit losses on mortgage loans were as follows (dollar amounts in millions):

	March 31, 2010	December 31, 2009
Balance, beginning of period	$32	$15
Charge-offs		(1)
Provision for credit losses	8	18
Balance, end of period	$40	$32

Note 9—Derivatives and Hedging Activities

Nature of Business Activity

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

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

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

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

Types of Interest-Rate Exchange Agreements

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

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

— interest-rate swaps;

— swaptions;

— interest-rate cap and floor agreements;

— calls;

— puts; and

— futures and forward contracts.

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

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

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

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

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

Eurodollar futures contracts are based on three-month Eurodollar interest rates. All futures contracts are standardized, with specific value dates and fixed contract sizes. Eurodollar futures contracts are traded through the Chicago Mercantile Exchange. They provide for daily cash settlements in order to reduce the risk of default by a counterparty. At March 31, 2010, there were no outstanding Eurodollar futures contracts.

Application of Interest-Rate Exchange Agreements

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

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

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

— by acting as an intermediary.

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

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

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

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

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

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

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

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

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

The FHLBanks may also hedge a firm commitment for a forward starting advance through the use of an interest-rate swap. In this case, the swap will function as the hedging instrument for both the firm commitment and the subsequent advance. The basis movement associated with the firm commitment will be rolled into the basis of the advance at the time the commitment is terminated and the advance is issued. The basis adjustment will then be amortized into interest income over the life of the advance. In addition, if a hedged firm commitment no longer qualified as a fair value hedge, the hedge would be terminated and net gains and losses would be recognized in current-period earnings. There were no material amounts of gains and losses recognized due to disqualification of firm commitment hedges for the three months ended March 31, 2010.

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

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

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

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

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

Balance Sheet Management—From time to time, each FHLBank may enter into interest-rate basis swaps to reduce its exposure to widening spreads between one-month and three-month LIBOR. In addition, to reduce its exposure to reset risk, an FHLBank may occasionally enter into forward rate agreements. These derivatives are treated as economic hedges.

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

Managing Credit Risk on Derivatives

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

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

At March 31, 2010 and December 31, 2009, the FHLBanks' maximum credit risk, as defined above, was approximately $2.6 billion and $2.5 billion. These totals include $760 million and $768 million of net accrued interest receivable. In determining maximum credit risk, the FHLBanks consider accrued interest receivables and payables, and the legal right to offset derivative assets and liabilities by counterparty. The FHLBanks held securities and cash with a fair value of $2.4 billion as collateral at both March 31, 2010 and December 31, 2009 for net uncollateralized balances of $125 million and $76 million. 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, 2010 was $8.9 billion for which the FHLBanks have posted collateral of $6.0 billion in the normal course of business. If each of the FHLBanks' credit ratings had been lowered from its current rating to the next lower rating that would have triggered additional collateral to be delivered, the FHLBanks would have been required to deliver up to an additional $2.6 billion of collateral (at fair value) to their derivatives counterparties at March 31,

2010. None of the FHLBanks' senior credit ratings was lowered during the twelve months ended March 31, 2010.

On September 15, 2008, Lehman Brothers Holdings, Inc. (LBHI), the parent company of Lehman Brothers Special Financing (LBSF) and a guarantor of LBSF's obligations filed for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court in the Southern District of New York. LBSF was a counterparty to FHLBanks on multiple derivative transactions under International Swap Dealers Association, Inc. master agreements with a total notional amount of $123 billion at the time of termination of the FHLBanks' derivative transactions with LBSF. As a result, each affected FHLBank notified LBSF of the FHLBank's intent to early terminate all outstanding derivative positions with LBSF. The provision for derivative counterparty credit losses in total other expense section of the Combined Statement of Income for the year ended December 31, 2008 relates to certain FHLBanks' provision for outstanding receivable with LBSF. Unwinding of the derivative transactions between LBSF and FHLBanks resulted in $343 million of net gains on derivatives and hedging activities during the third quarter of 2008. In addition, upon unwinding of the derivative transactions between the FHLBanks and LBSF, the FHLBanks in a net receivable position netted the value of the collateral due to be returned to the FHLBanks with all other amounts due between the parties, which resulted in an establishment of a $312 million receivable from LBSF (before provision) included in "Other assets" in the Combined Statement of Condition and a $252 million provision for derivative counterparty credit losses in the Combined Statement of Income to the extent that the FHLBanks were able to reasonably estimate the amount of loss that has been occurred with respect to debt settlements of derivative transactions with LBSF.

In the first quarter of 2009, management of the FHLBank of Pittsburgh estimated its amount of loss as $35.3 million and recorded a contingency reserve related to the $41.5 million receivable from LBSF based on the discovery phase of the adversary proceeding filed by the FHLBank of Pittsburgh in the fourth quarter of 2008. As of March 31, 2010, the FHLBank of Pittsburgh and the FHLBank of Atlanta maintained $6.2 million and $18.9 million net receivable balances with respect to LBSF.

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 $4.2 billion and $3.9 billion at March 31, 2010 and December 31, 2009.

Financial Statement Effect and Additional Financial Information

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

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

The following table summarizes the fair value of derivative instruments without the effect of netting arrangements or collateral at March 31, 2010 (dollar amounts in millions). For purposes of this disclosure, the derivative values include fair value of derivatives and related accrued interest.

	March 31, 2010		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$653,762	$ 7,335	$ 17,212
Interest-rate swaptions	2,175	42	
Interest-rate caps or floors	1,745	127	1
Interest-rate futures/forwards	280		
Total derivatives in hedging relationships	657,962	7,504	17,213
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	181,396	944	1,419
Interest-rate swaptions	8,475	135	
Interest-rate caps or floors	28,532	440	62
Interest-rate futures/forwards	3,023		
Mortgage delivery commitments	415	1	2
Other	406	2	2
Total derivatives not designated as hedging instruments	222,247	1,522	1,485
Total derivatives before netting and collateral adjustments	$880,209	9,026	18,698
Netting adjustments (1)		(6,452)	(6,452)
Cash collateral and related accrued interest		(1,901)	(6,888)
Total netting adjustments and cash collateral		(8,353)	(13,340)
Derivative assets and derivative liabilities as reported on the statement of condition		$ 673	$ 5,358

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

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

The following table presents the components of net gains (losses) on derivatives and hedging activities for the three months ended March 31, 2010 and March 31, 2009 as presented in the Combined Statement of Income (dollar amounts in millions).

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Derivatives and Hedged Items in Fair-Value Hedging Relationships:		
Interest-rate swaps	$ 66	$ 195
Other (1)	4	(14)
Total net gains related to fair-value hedge ineffectiveness	70	181
Total Net Gains Related to Cash-Flow Hedge Ineffectiveness:	1	2
Derivatives Not Designated as Hedging Instruments:		
Economic hedges		
Interest-rate swaps	46	488
Interest-rate swaptions	(187)	(311)
Interest-rate caps/floors	(141)	4
Interest-rate futures/forwards	(2)	(2)
Net interest settlements	(45)	(154)
Mortgage delivery commitments	4	(1)
Other		(7)
Total net (losses) gains related to derivatives not designated as hedging instruments	(325)	17
Net (losses) gains on derivatives and hedging activities	$(254)	$ 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 losses or the gains on derivatives and the related hedged items in fair-value hedging relationships and the effect of those derivatives on the FHLBanks' net interest income (dollar amounts in millions).

	For the Three Months Ended March 31, 2010			
Hedged Item Type:	(Losses) Gains on Hedged Item	Gains (Losses) on Derivative	Net Fair-Value Hedge Ineffectiveness	Effect of Derivatives on Net Interest Income/Interest Expense (1)
Advances	$(172)	$ 237	$65	$(2,623)
Consolidated bonds	503	(500)	3	1,824
Consolidated discount notes	(10)	8	(2)	10
Available-for-sale securities	(61)	61		(50)
Mortgage loans held for portfolio	(19)	23	4	(26)
Total	$ 241	$(171)	$70	$ (865)

	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, 2010 and 2009 (Dollar amounts in millions)

	Three Months Ended March 31, 2010			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Amount of Losses Recognized in AOCI on Derivative (Effective Portion)	Location of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$	Interest expense	$(4)	$
Consolidated discount notes	(108)	Interest expense	(1)	1
Interest-rate caps or floors				
Advances	(4)	Interest income		
Consolidated discount notes		Interest expense	(4)	
Total	$(112)		$(9)	$1

	Three Months Ended March 31, 2009			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Amount of (Losses) Gains Recognized in AOCI on Derivative (Effective Portion)	Location of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Losses Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net (Losses) Gains on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$	Interest expense	$ (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 were no material amounts for the three months ended March 31, 2010 that were reclassified from AOCI into earnings as a result of the discontinuance of cash-flow hedges because the original forecasted transactions occurred by the end of the originally specified time period or within a two-month period thereafter. At March 31, 2010, 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 six months. For the FHLBank of Chicago, the maximum length of time over which forecasted transactions are hedged is 10 years.

Note 10—Deposits

The FHLBanks offer demand and overnight deposits to members and qualifying non-members. In addition, the FHLBanks offer short-term interest-bearing deposit programs to members. A member that services mortgage loans may deposit in its FHLBank funds amounts 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 and non-interest-bearing deposits with the FHLBanks (dollar amounts in millions):

	March 31, 2010	December 31, 2009
Interest-bearing:		
Demand and overnight	$19,641	$14,559
Term	1,199	936
Other	74	94
Total interest-bearing	20,914	15,589
Non-interest-bearing:		
Demand and overnight	76	113
Other	150	195
Total non-interest-bearing	226	308
Total deposits	$21,140	$15,897

The aggregate amount of time deposits with a denomination of $100 thousand or more was $1,195 million and $933 million as of March 31, 2010 and December 31, 2009.

Note 11—Consolidated Obligations

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

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

Redemption Terms. The following is a summary of the FHLBanks' consolidated bonds outstanding, excluding interbank holding of $321 million and $333 million, at March 31, 2010 and December 31, 2009, by year of contractual maturity (dollar amounts in millions):

	March 31, 2010		December 31, 2009	
Year of Contractual Maturity	**Amount**	**Weighted - Average Interest Rate**	**Amount**	**Weighted - Average Interest Rate**
Due in 1 year or less	$246,495	1.56%	$336,359	1.40%
Due after 1 year through 2 years	163,756	1.62%	139,782	2.13%
Due after 2 years through 3 years	97,333	2.40%	82,354	2.56%
Due after 3 years through 4 years	52,529	3.45%	54,103	3.58%
Due after 4 years through 5 years	38,249	3.56%	33,797	3.67%
Thereafter	78,448	4.57%	79,318	4.67%
Index amortizing notes	5,579	5.08%	5,978	5.07%
Total par value	682,389	2.32%	731,691	2.32%
Premiums	922		910	
Discounts	(513)		(746)	
Hedging adjustments	4,988		4,534	
Fair value option valuation adjustments	(4)		(45)	
Total	$687,782		$736,344	

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

Par values of consolidated bonds	March 31, 2010	December 31, 2009
Noncallable/nonputable	$502,685	$565,840
Callable	179,704	165,851
Total par value	$682,389	$731,691

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

Year of Contractual Maturity or Next Call Date	March 31, 2010	December 31, 2009
Due in 1 year or less	$385,409	$467,856
Due after 1 year through 2 years	136,932	116,010
Due after 2 years through 3 years	61,018	46,537
Due after 3 years through 4 years	34,390	39,944
Due after 4 years through 5 years	17,965	14,091
Thereafter	41,096	41,275
Index amortizing notes	5,579	5,978
Total par value	$682,389	$731,691

Note 12—Capital

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

As of March 31, 2010, all of the FHLBanks, except for the FHLBank of Chicago, had implemented their respective capital plans. Each conversion was considered a capital transaction and was accounted for at par value. Each FHLBank that has converted to a new capital structure is subject to three capital requirements under its capital plan and the Finance Agency rules and regulations: (1) risk-based capital, (2) total capital and (3) leverage capital. First, under the risk-based capital requirement, each FHLBank must maintain at all times permanent capital, defined as Class B stock and retained earnings, in an amount at least equal to the sum of its credit risk, market risk, and operations risk capital requirements, all of which are calculated in accordance with the rules and regulations of the Finance Agency. The Finance Agency may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirements as defined. Second, an FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total regulatory capital is the sum of permanent capital, Class A stock, any general loss allowance, if consistent with GAAP and not established for specific assets, and other amounts from sources determined by the Finance Agency as available to absorb losses. Third, each FHLBank is required to maintain at all times a leverage capital-to-assets ratio of at least five percent. Leverage capital is defined as the sum of (i) permanent capital weighted 1.5 times and (ii) all other capital without a weighting factor. Mandatorily redeemable capital stock is considered capital for determining an FHLBank's compliance with its regulatory requirements. If the FHLBank of Chicago is not in compliance with the capital requirements at the effective date of its capital conversion, it must come into compliance within a transition period of up to three years. During that period, the existing leverage limit established by Finance Agency regulations will continue to apply. For the 11 FHLBanks that have implemented their respective capital plans, each FHLBank was in compliance with these capital requirements at the effective date of its capital conversion.

The pre-GLB Act capital rules remain in effect until the FHLBank of Chicago implements its new capital plan. In particular, the pre-GLB Act rules require members to purchase capital stock equal to the greater of $500, 1 percent of its mortgage-related assets or 5 percent of its outstanding FHLBank advances.

At March 31, 2010, all of the FHLBanks that have implemented their respective capital plans were in compliance with their risk-based capital rules as follows (dollar amounts in millions):

Regulatory Capital Requirements

FHLBank*	Minimum Regulatory Capital Ratio Requirement	At March 31, 2010				
		Minimum Regulatory Capital Requirement	Actual Capital Ratio	Total Regulatory Capital (1)	Permanent Capital (2)	Required Risk-Based Capital
Boston	4.0%	$2,463	6.3%	$ 3,903	$ 3,903	$1,362
New York	4.0%	4,290	5.2%	5,610	5,604	529
Pittsburgh	4.0%	2,346	7.6%	4,442	4,442	2,537
Atlanta	4.0%	5,851	6.3%	9,249	9,249	2,716
Cincinnati	4.0%	2,712	5.8%	3,907	3,907	417
Indianapolis	4.0%	1,883	6.1%	2,856	2,856	919
Des Moines	4.0%	2,585	4.4%	2,838	2,838	852
Dallas	4.0%	2,348	4.6%	2,688	2,688	517
Topeka	4.0%	1,698	4.6%	1,959	1,652	462
San Francisco	4.0%	6,954	8.5%	14,745	14,745	5,610
Seattle	4.0%	2,073	5.5%	2,855	2,696	2,206

FHLBank*	Minimum Leverage Ratio Requirement	At March 31, 2010 Minimum Weighted Leverage Capital Requirement	Actual Leverage Ratio	Actual Weighted Leverage Capital
Boston	5.0%	$3,078	9.5%	$ 5,854
New York	5.0%	5,362	7.8%	8,412
Pittsburgh	5.0%	2,933	11.4%	6,663
Atlanta	5.0%	7,314	9.5%	13,873
Cincinnati	5.0%	3,390	8.6%	5,860
Indianapolis	5.0%	2,354	9.1%	4,284
Des Moines	5.0%	3,231	6.6%	4,257
Dallas	5.0%	2,935	6.9%	4,032
Topeka	5.0%	2,123	6.6%	2,785
San Francisco	5.0%	8,693	12.7%	22,117
Seattle	5.0%	2,591	8.1%	4,204

* Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of March 31, 2010. See "FHLBank of Chicago Regulatory Actions" within 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.

(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.

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

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

At March 31, 2010, the 10 largest holders of regulatory capital stock at the holding-company level held $21.4 billion of the regulatory capital stock of the FHLBanks. At March 31, 2010, the largest regulatory capital stockholder at the holding-company level, Bank of America Corporation, held $4.9 billion of the FHLBanks' regulatory capital stock.

At March 31, 2010, combined regulatory capital was $59.5 billion, compared to $60.2 billion at December 31, 2009. These amounts include $1.0 billion in subordinated notes, subject to 20 percent annual phaseouts (Designated Amount), which the FHLBank of Chicago is allowed to include in determining compliance with its regulatory capital requirements, as further discussed below in this note. Combined regulatory capital does not include AOCI.

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

Each FHLBank is a cooperative whose member financial institutions and former members own all of the relevant FHLBank's capital stock. Member shares cannot be purchased or sold except between an FHLBank and its members at its $100 per share par value, as mandated by each FHLBank's capital plan or by regulation. If a member cancels its written notice of redemption or notice of withdrawal, the FHLBank will reclassify mandatorily redeemable capital stock from a liability to equity. After the reclassification, dividends on the capital stock would no longer be classified as interest expense. For the three months ended March 31, 2010 and 2009, dividends on mandatorily redeemable capital stock in the amount of $14 million and $8 million were recorded as interest expense.

At March 31, 2010 and December 31, 2009, the FHLBanks had $8.2 billion and $8.1 billion in capital stock subject to mandatory redemption with payment subject to each FHLBank's waiting period and the FHLBank continuing to meet its minimum regulatory capital requirements. These amounts have been classified as a liability in the Combined Statement of Condition.

Excess Capital Stock. Excess stock is defined as the amount of stock held by a member (or former member) in excess of that institution's minimum investment requirement. Finance Agency rules limit the ability of an FHLBank to create member excess stock under certain circumstances. An FHLBank may not pay dividends in the form of capital stock or issue new excess stock to members if that FHLBank's excess stock exceeds one percent of its total assets or if the issuance of excess stock would cause that FHLBank's excess stock to exceed one percent of its total assets. At March 31, 2010, each of the FHLBanks of Boston, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago, San Francisco and Seattle had excess capital stock outstanding totaling more than one percent of its total assets. At March 31, 2010, each of these FHLBanks was in compliance with the Finance Agency's excess stock rules.

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

As of March 31, 2010, the FHLBank of Chicago was in compliance with all of its minimum regulatory capital requirements. The following table summarizes the FHLBank of Chicago's regulatory capital requirements at March 31, 2010 as a percentage of its total assets (dollar amounts in millions):

Regulatory Capital (1)				
Non-mortgage	Requirement in effect		Actual	
Asset Ratio	Ratio (2)	Amount	Ratio	Amount
16.66%	4.76%	$4,097	5.24%	$4,511

(1) Regulatory capital is defined as the sum of the paid-in value of capital stock and mandatorily redeemable capital stock (together defined as regulatory capital stock) plus retained earnings. The Finance Agency allows the FHLBank of Chicago to include a Designated Amount of subordinated notes in determining compliance with its regulatory capital ratio.

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

4.0 percent regulatory requirement discussed above. The FHLBank of Chicago's non-mortgage asset ratio on an average monthly basis was above 11 percent at March 31, 2010, thus it was subject to the 4.76 percent ratio at that date.

Under the C&D Order, the FHLBank of Chicago is required to maintain an aggregate amount of regulatory capital stock plus a Designated Amount of subordinated notes of at least $3.600 billion. At March 31, 2010, the FHLBank of Chicago had an aggregate amount of $3.802 billion of regulatory capital stock plus the Designated Amount of subordinated notes.

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

During the three months ended March 31, 2010, the FHLBank of Chicago redeemed less than $1 million in excess capital stock as permitted under the C&D Order, however; the Deputy Director has denied all other requests submitted to them to redeem mandatorily redeemable capital stock since April 24, 2008. The FHLBank of Chicago does not believe a denial of a stock redemption request by the Deputy Director affects the reclassification of mandatorily redeemable capital stock as a liability. Rather, this denial delays the timing of an eventual mandatory redemption.

FHLBank of Seattle Capital Classification Determination. In August 2009, the FHLBank of Seattle received a capital classification of undercapitalized from the Finance Agency. In accordance with the prompt corrective action provisions, the FHLBank of Seattle submitted a capital restoration plan to the Finance Agency in August 2009. The Finance Agency determined that it was unable to approve the FHLBank of Seattle's plan and required it to submit a new plan by October 31, 2009. The FHLBank of Seattle subsequently requested and received an extension to prepare a revised capital restoration plan. The FHLBank of Seattle's revised capital restoration plan was submitted on December 5, 2009 and then deemed complete, but not approved, by the Finance Agency. On February 26, 2010, the Finance Agency notified the FHLBank of Seattle that it was extending the time it wanted to review the plan by 30 days, as allowed by regulation. On March 24, 2010, the FHLBank of Seattle entered into an agreement with the Finance Agency to provide additional information to supplement its capital restoration plan submission. Following the FHLBank of Seattle's timely submission of this information, the Finance Agency announced on April 19, 2010 that it had requested, and the FHLBank of Seattle had agreed to provide within 120 days, a further supplement in the form of a business plan specifying steps the FHLBank of Seattle will take to resume repurchases and redemptions of member capital stock. It is unknown whether the Finance Agency will accept the FHLBank of Seattle's revised capital restoration plan as supplemented.

Although the FHLBank of Seattle has met all of its regulatory capital requirements (including the risk-based capital requirement) since September 30, 2009, the Finance Agency has continued to deem the FHLBank of Seattle as undercapitalized, due in part to the Finance Agency's concern that even modest declines in the values of its private-label MBS could cause its risk-based capital to fall below the required level, as well as concern that the value of property underlying the mortgages owned by the FHLBank of Seattle has decreased significantly. All mandatory actions and restrictions in place as a result of the undercapitalized classification remain in effect, including the inability to redeem or repurchase capital stock or pay dividends without Finance Agency approval, limitations on asset growth, and the FHLBank of Seattle's need to obtain Finance Agency approval before engaging in any new business activity. The FHLBank of Seattle's capital classification will remain undercapitalized unless the Finance Agency determines otherwise.

See "Note 14—Subsequent Events" for Finance Agency approval granted to the FHLBank of Seattle regarding Class B capital stock transfers from the FDIC.

Note 13—Fair Value

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

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

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

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

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

Level 1—defined as those instruments for which 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—defined as those instruments for which 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—defined as those instruments for which 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 and an inverse variable-rate consolidated bond along with the derivative instrument hedging that consolidated bond.

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

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

	Fair Value Measurements at March 31, 2010				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral (1)
Assets					
Trading securities:					
U.S. Treasury obligations	$ 1,030	$	$ 1,030	$	$
Commercial paper	1,530		1,530		
Certificates of deposit and bank notes	2,005		2,005		
Government-sponsored enterprises	7,003		7,003		
State or local housing agency obligations	10		10		
TLGP	3,191		3,191		
Other non-MBS	549	11	538		
Other U.S. obligations residential MBS	53		53		
Government-sponsored enterprises residential MBS	579		579		
Government-sponsored enterprises commercial MBS	225		225		
Total trading securities	16,175	11	16,164		
Available-for-sale securities:					
Certificates of deposit and bank notes	6,775		6,775		
Other U.S. obligations	837		837		
Government-sponsored enterprises and TVA	5,578		5,578		
FFELP ABS	9,284		9,284		
TLGP	4,504		4,504		
Other non-MBS	401	2	399		
Other U.S. obligations residential MBS	2,409		2,409		
Government-sponsored enterprises residential MBS	20,455		20,455		
Government-sponsored enterprises commercial MBS	310		310		
Private-label RMBS	6,181			6,181	
Home equity loans	16			16	
Total available securities	56,750	2	50,551	6,197	
Advances (2)	18,607		18,607		
Derivative assets					
Interest-rate related	673		9,002	24	(8,353)
Total derivative assets	673		9,002	24	(8,353)
Other assets	18	18			
Total assets at fair value	$ 92,223	$31	$ 94,324	$6,221	$ (8,353)
Liabilities					
Consolidated bonds (3)	$(43,587)	$	$(43,514)	$ (73)	$
Derivative liabilities					
Interest-rate related	(5,357)		(18,697)		13,340
Mortgage delivery commitments	(1)		(1)		
Total derivative liabilities	(5,358)		(18,698)		13,340
Total liabilities at fair value	$(48,945)	$	$(62,212)	$ (73)	$13,340

	Fair Value Measurements at December 31, 2009				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral (1)
Assets					
Trading securities:					
U.S. Treasury obligations	$ 1,029	$	$ 1,029	$	$
Commercial paper	2,590		2,590		
Certificates of deposit and bank notes	3,200		3,200		
Government-sponsored enterprises	9,452		9,452		
State or local housing agency obligations	10		10		
TLGP	4,479		4,479		
Other non-MBS	752	11	741		
Other U.S. obligations residential MBS	55		55		
Government-sponsored enterprises residential MBS	607		607		
Government-sponsored enterprises commercial MBS	73		73		
Available-for-sale securities:					
Certificates of deposit	9,270		9,270		
Other U.S. obligations	762		762		
Government-sponsored enterprises and TVA	4,310		4,310		
FFELP ABS	9,323		9,323		
TLGP	3,299		3,299		
Other non-MBS	396	2	394		
Other U.S. obligations residential MBS	1,620		1,620		
Government-sponsored enterprises residential MBS	17,489		17,489		
Government-sponsored enterprises commercial MBS	310		310		
Private-label RMBS	5,695			5,695	
Home equity loans	14			14	
Advances (2)	22,956		22,956		
Derivative assets	674	1	9,509	23	(8,859)
Other assets	18	18			
Total assets at fair value	$ 98,383	$32	$101,478	$5,732	$ (8,859)
Liabilities					
Consolidated bonds (3)	$(55,026)	$	$ (54,955)	$ (71)	$
Derivative liabilities	(5,228)		(19,315)		14,087
Other liabilities					
Total liabilities at fair value	$(60,254)	$	$ (74,270)	$ (71)	$14,087

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

(2) Includes $17,463 million and $21,620 million of advances recorded under the fair value option and $1,144 million and $1,336 million of hedged advances recorded at fair value at March 31, 2010 and December 31, 2009.

(3) Includes $42,891 million and $53,805 million of consolidated bonds recorded under the fair value option and $696 million and $1,221 million of hedged consolidated bonds recorded at fair value at March 31, 2010 and December 31, 2009.

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 at fair value as of the beginning of the quarter in which the changes occur. There were no such transfers during the three months ended March 31, 2010 and 2009.

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 (Level 3) (dollar amounts in millions):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities		Derivative Assets	
	Private-label RMBS	Home equity loans	Interest rate related	Consolidated Bonds
Balance at December 31, 2009	$5,695	$14	$23	$(71)
Total gains or losses (realized/unrealized):				
Included in net (losses) gains on changes in fair value included in earnings	(87)*		1	(2)
Included in AOCI	232	3		
Purchases, issuances and settlements	(166)	(1)		
Transfers from held-to-maturity to available-for-sale securities (1)	507			
Balance at March 31, 2010	$6,181	$16	$24	$(73)
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, 2010	$ (87)	$	$ 1	$ (2)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities			
	Private-label RMBS	Home equity loans	Derivative Assets	Consolidated Bonds
Beginning Balance, 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 other comprehensive income				
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 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, 2009	$	$	$ (7)	$ 6

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

(1) At March 31, 2010, the FHLBanks of Atlanta, Pittsburgh and Seattle, and at March 31, 2009, the FHLBank of Atlanta transferred certain private-label RMBS from their respective held-to-maturity portfolio to their available-for-sale portfolio. These securities represented private-label RMBS in each FHLBank's held-to-maturity portfolio for which an other-than-temporary impairment loss was recorded on the held-to-maturity securities that were subsequently transferred to available-for sale securities. As of March 31, 2010 and 2009, the fair value of these securities continued to be determined using significant unobservable inputs (Level 3).

The following table summarizes the activity related to financial assets and liabilities for which certain FHLBanks elected the fair value option during the three months ended March 31, 2010 and 2009 (dollars amounts in millions):

	For The Three Months Ended March 31, 2010		For The Three Months Ended March 31, 2009	
	Advances	Consolidated Bonds	Advances	Consolidated Bonds
Balance, beginning of the period	$21,620	$(53,805)	$38,774	$(31,285)
New transactions elected for fair value option	73	(17,611)	44	(15,555)
Maturities and terminations	(4,134)	28,567	(2,936)	8,629
Net (losses) gains on instruments held at fair value	(80)	(24)	(192)	14
Change in accrued interest	(16)	(18)	(14)	12
Balance, end of the period	$17,463	$(42,891)	$35,676	$(38,185)

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, 2010:			
Advances	$166	$ (80)	$ 86
Consolidated bonds	(92)	(24)	(116)
Total		$(104)	
Three months ended March 31, 2009:			
Advances	$319	$(192)	$ 127
Consolidated bonds	(47)	14	(33)
Total		$(178)	

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 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. Each of the FHLBanks of New York, Chicago, Des Moines and San Francisco, which are the FHLBanks that have elected to record certain financial assets and financial liabilities at fair value in accordance with the fair value option, determined that no adjustments to the fair values of its instruments recorded under the fair value option for instrument-specific credit risk were necessary as of March 31, 2010.

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):

At March 31, 2010:	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over (Under) Aggregate Unpaid Principal Balance
Advances (1)	$16,946	$17,463	$517
Consolidated bonds	42,895	42,891	(4)

At December 31, 2009:	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over (Under) Aggregate Unpaid Principal Balance
Advances (1)	$21,003	$21,620	$617
Consolidated bonds	53,850	53,805	(45)

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

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

The following FHLBanks recorded certain held-to-maturity securities at fair value as of March 31, 2010 and recognized OTTI charges on those held-to-maturity securities during the three months ended March 31, 2010 (dollar amounts in millions).

	During the Three Months Ended March 31, 2010	
	Carrying Value Prior to Write-down*	Fair Value at Write-down*
Boston	$ 152	$ 131
New York	27	23
Indianapolis	146	131
Chicago	93	64
Dallas	20	13
Topeka	44	28
San Francisco	1,370	1,178
Seattle	193	144
	$2,045	$1,712

* This table excludes impaired securities with carrying values less than their fair values at March 31, 2010. Additionally, "Carrying Value Prior to Write-down" may not include certain adjustments related to previously impaired investment securities. This table also excludes certain private-label RMBS transferred from a held-to-maturity portfolio to an available-for-sale portfolio for which an other-than-temporary impairment loss was recorded on the held-to-maturity securities that were subsequently transferred to available-for sale as discussed earlier in this note.

The following table presents these investment securities, mortgage loans and real estate owned by level within the fair value hierarchy at March 31, 2010, for which a nonrecurring change in fair value has been recorded in the three months ended March 31, 2010 and the assets were recorded at fair value at March 31, 2010 (dollar amounts in millions):

	Fair Value Measurements at March 31, 2010			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities				
Private-label RMBS	$1,689	$	$	$1,689
Home equity loan investments	23			23
Total held-to-maturity securities	1,712			1,712
Mortgage loans held for portfolio	60			60
Real estate owned	58		2	56
Total non-recurring assets at fair value	$1,830	$	$2	$1,828

Significant Inputs of Recurring and Non-Recurring Fair Value Measurements. The following represents the significant inputs used to determine the fair value of those instruments carried on the Combined Statement of Condition at fair value which are classified as Level 2 or Level 3 within the fair value hierarchy. These disclosures do not differentiate between recurring and non-recurring fair value measurements. A description of the valuation methodologies and techniques are disclosed below for all financial instruments under the section entitled "Fair Value Methodologies and Techniques."

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

See the following table for the inputs used for each non-MBS investment security class at March 31, 2010 (dollar amounts in millions):

	Interest Rate Curve/ Pricing Services	Spread Range to the Interest Rate Curve (basis points)	Fair Value Levels 2 and 3
U.S. Treasury obligations	US Treasury Curve	0	$ 1,030
Commercial paper	LIBOR Swap Curve	(9) to (6)	1,530
Certificates of deposit and bank notes	LIBOR Swap Curve	(5) to 1	4,855
	Pricing Service	N/A	3,925
			8,780
Other U.S. obligations	LIBOR Swap Curve	12 to 158	837
Government-sponsored enterprises	Agency DN Curve	0	1,550
	LIBOR Swap Curve	(4) to 84	833
	Pricing Service	N/A	10,198
			12,581
State or local housing agency obligations	Pricing Service	N/A	10
TLGP	LIBOR Swap Curve	(4) to 5	886
	Pricing Service	N/A	6,809
			7,695
FFELP ABS	LIBOR Swap Curve	28 to 102	9,284
Other	Pricing Service	N/A	937

Investment securities—MBS. During 2009, in an effort to achieve consistency among all the FHLBanks in determining the fair value of MBS, the FHLBanks formed the FHLBank System MBS Pricing Governance Committee, which was responsible for developing a fair value methodology for these investment types. As of March 31, 2010, all FHLBanks had adopted the common fair value methodology for all MBS. Prices for MBS held in common with other FHLBanks are reviewed for consistency. In adopting this common fair value methodology, each FHLBank remains responsible for the selection and application of its fair value methodology and the reasonableness of assumptions and inputs used.

The FHLBanks' valuation technique incorporates prices from up to four designated third-party pricing vendors, when available. These pricing vendors use methods that generally employ, but are not limited to, benchmark yields, recent trades, dealer estimates, valuation models, benchmarking of like securities, sector groupings, and/or matrix pricing. Each FHLBank establishes a price for each of its MBS using a formula that is based upon the number of prices received. If four prices are received, the average of the middle two prices is used; if three prices are received, the middle price is used; if two prices are received, the average of the two prices is used; and if one price is received, it is used subject to some type of validation as described below. The computed prices are tested for reasonableness using specified tolerance thresholds. Prices within the established thresholds are generally accepted unless strong evidence suggests that using the formula-driven price would not be appropriate. Preliminary estimated fair values that are outside the tolerance thresholds, or that management believes may not be appropriate based on all available information (including those limited instances in which only one price is received), are subject to further analysis including but not limited to a comparison to the prices for similar securities and/or to non-binding dealer estimates or use of an internal model that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. As of March 31, 2010, substantially all of the FHLBanks' MBS holdings were priced using this valuation technique. The relative proximity of the prices received supports each FHLBank's conclusion that the final computed prices are reasonable estimates of fair value. Based on the current lack of significant market activity for private-label RMBS, the recurring and non-recurring fair value measurements for such securities as of March 31, 2010 fell within Level 3 of the fair value hierarchy.

Advances carried at fair value. Advances are carried at fair value on the Combined Statement of Condition if an FHLBank elects the fair value option. For such advances, the FHLBanks use an income approach and estimate fair values based on the following inputs:

- CO Curve. The FHLBanks utilize the CO Curve as the input to fair value for advances because the FHLBanks price advances using the CO Curve as it represents the FHLBanks' cost of funds.
- Volatility assumption. Market-based expectations of future interest rate volatility implied from current market prices for similar options.
- Spread assumption. As of March 31, 2010, the spread adjustment to the CO Curve was 1 to 30 basis points for advances carried at fair value.

Derivative assets/liabilities. The fair value of derivatives is generally determined using discounted cash-flow analysis (the income approach) and comparisons to similar instruments (the market approach). The discounted cash flow model utilizes market-observable inputs (inputs that are actively quoted and can be validated to external sources). Inputs by class of derivative are as follows:

Interest-rate related:

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

TBAs:

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

Mortgage delivery commitments:

- TBA price. Market-based prices of TBAs by coupon class and expected term until settlement.

Consolidated obligations carried at fair value. Consolidated obligations are carried at fair value on the Combined Statement of Condition if an FHLBank elects the fair value option. For such consolidated obligations, the FHLBanks use an income approach and estimate fair values based on the following inputs.

- CO Curve and LIBOR Swap Curve for certain callable consolidated obligations.
- Volatility assumption. Market-based expectations of future interest rate volatility implied from current market prices for similar options.
- Spread assumption. As of March 31, 2010, the spread adjustment to the LIBOR Swap Curve was (12) to 16 basis points for certain callable consolidated obligations carried at fair value for those FHLBanks using the LIBOR Swap Curve to value certain callable consolidated obligations and there was no spread adjustment to the CO Curve used to value the non-callable consolidated obligations carried at fair value and certain callable consolidated obligations for those FHLBanks not using the LIBOR Swap Curve.

The Office of Finance constructs a market-observable curve referred to as the CO Curve. This curve is constructed using the U.S. Treasury Curve as a base curve which is then adjusted by adding indicative spreads obtained largely from market observable sources. These market indications are generally derived from pricing indications from dealers, historical pricing relationships, market color such as recent GSE trades, and secondary market activity.

Fair Value Methodologies and Techniques.

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

Interest-bearing deposits and investment securities. The fair value is determined based on each security's quoted price or prices obtained from pricing services, excluding accrued interest, at the last business day of the period for instruments with more than three months to maturity. When quoted prices are not available, the fair value is determined by calculating the present value of the expected future cash flows and reducing the amount for accrued interest receivable. For certain FHLBanks, the fair value approximates the 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 fair value is determined by calculating the present value of the future cash flows for instruments with more than three months to maturity. The discount rates used in these calculations are the rates for securities with similar terms. For certain FHLBanks, the fair value approximates the 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 fair value of overnight Federal funds approximates the recorded book balances. The 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 fair value of advances by calculating the present value of expected future cash flows from the advances and excluding the amount of the accrued interest receivable. The discount rates used in these calculations are the replacement advance rates for advances with similar terms. In accordance with the Finance Agency's advances regulations, advances with a maturity or repricing period greater than nine months require a prepayment fee sufficient to make the FHLBanks financially indifferent to the borrower's decision to prepay the advances. Therefore, the fair value of advances does not assume prepayment risk.

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

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

Derivative assets/liabilities. The FHLBanks base the 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 standard valuation techniques such as discounted cash-flow analysis and comparisons to similar instruments. Estimates developed using these methods are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows, volatility of interest rates, and the selection of discount rates that appropriately reflect market and credit risks. 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, each FHLBank has entered into bilateral security agreements with all of its active derivatives dealer counterparties that provide for delivery of collateral at specified levels tied to those counterparties' credit ratings to limit that FHLBank's net unsecured credit exposure to those counterparties. Each FHLBank has evaluated the potential for the fair value of the instruments to be affected by counterparty credit risk and has determined that no adjustments were significant to the overall fair value measurements. If these netted amounts are positive, they are classified as an asset and if negative, they are classified as a liability.

Deposits. The FHLBanks determine fair values of deposits by calculating the present value of expected future cash flows from the deposits and reducing this amount for accrued interest payable. The discount rates used in these calculations are the cost of deposits with similar terms. For certain FHLBanks, the 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 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 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 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 use standard valuation techniques. For fair values of consolidated bonds and consolidated discount notes without embedded options, the models use market-based yield curve inputs obtained from the Office of Finance, referred to as the CO Curve. For fair values of consolidated obligations with embedded options, the internal valuation models use market-based inputs obtained from the Office of Finance and derivative dealers. The fair value is then estimated by calculating the present value of expected cash flows using discount rates that are based on replacement funding rates for liabilities with similar terms.

Adjustments may be necessary to reflect the FHLBanks' credit quality when valuing consolidated bonds measured at fair value. Due to the joint and several liability of consolidated obligations, each FHLBank monitors its own creditworthiness and the creditworthiness of the other FHLBanks to determine whether any credit adjustments are necessary in its fair value measurement of consolidated bonds. The credit ratings of the FHLBanks and any changes to these credit ratings are the basis for the FHLBanks to determine whether the fair values of consolidated bonds have been significantly affected during the reporting period by changes in the instrument-specific credit risk. For each applicable FHLBanks, either no adjustment or an immaterial adjustment was made during the periods ended March 31, 2010 and December 31, 2009, as deemed appropriate by that FHLBank.

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

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

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

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

The 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 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, 2010 and December 31, 2009.

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

The following 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, 2010 and December 31, 2009. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique or valuation methodology. Therefore, these fair values are not necessarily indicative of the amounts that would be realized in current market transactions, although they do reflect the FHLBank's judgment of how a market participant would estimate the fair values. The Fair Value Summary Table included in this note does not represent an estimate of the overall market value of the FHLBanks as going concerns, which would take into account future business opportunities and the net profitability of assets versus liabilities.

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

FAIR VALUE SUMMARY TABLE

Financial Instruments	March 31, 2010 Carrying Value	March 31, 2010 Fair Value	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Assets:				
Cash and due from banks	$ 10,119	$ 10,119	$ 24,330	$ 24,330
Interest-bearing deposits	12	12	11	11
Securities purchased under agreements to resell	10,550	10,550	7,175	7,175
Federal funds sold	78,966	78,966	54,597	54,597
Trading securities	16,175	16,175	22,247	22,247
Available-for-sale securities	56,750	56,750	52,488	52,488
Held-to-maturity securities	146,677	146,603	147,833	146,191
Advances	572,043	573,551	631,159	633,079
Mortgage loans held for portfolio, net	68,790	71,586	71,437	73,816
Accrued interest receivable	2,157	2,157	2,466	2,466
Derivative assets	673	673	674	674
Other assets	18	18	18	18
Liabilities:				
Deposits	(21,140)	(21,140)	(15,897)	(15,897)
Securities sold under repurchase agreements	(1,200)	(1,223)	(1,200)	(1,225)
Consolidated obligations:				
Discount notes	(188,167)	(188,168)	(198,532)	(198,544)
Bonds	(687,782)	(695,039)	(736,344)	(743,312)
Mandatorily redeemable capital stock	(8,155)	(8,155)	(8,138)	(8,138)
Accrued interest payable	(3,805)	(3,805)	(3,802)	(3,802)
Derivative liabilities	(5,358)	(5,358)	(5,228)	(5,228)
Subordinated notes	(1,000)	(1,036)	(1,000)	(1,011)

Note 14—Subsequent Events

For purposes of this combined financial report, subsequent events have been evaluated through May 14, 2010, the date of this Combined Financial Report. From March 31, 2010 through May 14, 2010, no significant subsequent events were identified, other than the events discussed below.

FHLBank of San Francisco. On April 29, 2010, the FHLBank of San Francisco announced that it plans to repurchase up to $500 million in excess capital stock on May 14, 2010. The amount of excess capital stock to be repurchased from any shareholder will be based on the shareholder's pro-rata ownership share of total capital stock outstanding as of the repurchase date, up to the amount of the shareholder's excess capital stock.

FHLBank of Seattle. In April 2010, the FHLBank of Seattle received Finance Agency approval to facilitate transfers of Class B capital stock from the FDIC (acquired as a result of receivership actions on former FHLBank of Seattle members) to current members requiring additional membership stock as a result of the FHLBank of Seattle's annual membership stock recalculation. These transfers, which will occur in May 2010, will be transacted at par value of $100 per share and are expected to total approximately $2.5 million.

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FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
MARCH 31, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 10,119	$	$ 277	$ 1,167	$ 252	$ 4
Interest-bearing deposits	12					
Deposits with other FHLBanks		(9)			7	2
Securities purchased under agreements to resell	10,550		1,500			
Federal funds sold	78,966		5,445	3,130	4,100	15,230
Trading securities	16,175	(342)	259		1,286	3,358
Available-for-sale securities	56,750		8,000	2,655	2,369	2,660
Held-to-maturity securities	146,677		7,096	9,777	8,479	16,087
Advances	572,043		35,175	88,859	36,824	105,474
Mortgage loans held for portfolio	68,830		3,395	1,293	4,993	2,419
Less: allowance for credit losses on mortgage loans	40		2	6	2	1
Mortgage loans held for portfolio, net	68,790		3,393	1,287	4,991	2,418
Loans to other FHLBanks		(35)				
Accrued interest receivable	2,157	(3)	138	321	206	465
Premises, software, and equipment, net	204		5	14	21	34
Derivative assets	673		14	9	14	23
Other assets	2,631	3	267	20	107	526
Total assets	$965,747	$(386)	$61,569	$107,239	$58,656	$146,281
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 19,641	$	$ 617	$ 7,899	$ 1,389	$ 2,941
Term	1,199		30	28	5	
Deposits from other FHLBanks		(9)				
Other	74		4	44		
Total interest-bearing	20,914	(9)	651	7,971	1,394	2,941
Non-interest-bearing:						
Demand and overnight	76			6	24	
Other	150		14			
Total non-interest-bearing	226		14	6	24	
Total deposits	21,140	(9)	665	7,977	1,418	2,941
Borrowings:						
Loans from other FHLBanks		(35)				35
Securities sold under agreements to repurchase	1,200					
Total borrowings	1,200	(35)				35
Consolidated obligations, net:						
Discount notes	188,167		19,078	19,816	9,991	17,778
Bonds	687,782	(321)	37,840	72,408	42,477	115,492
Total consolidated obligations, net	875,949	(321)	56,918	92,224	52,468	133,270
Mandatorily redeemable capital stock	8,155		91	105	8	481
Accrued interest payable	3,805	(3)	190	331	231	619
Affordable Housing Program payable	783		24	145	22	128
Payable to REFCORP	94			14		14
Derivative liabilities	5,358		718	851	650	469
Other liabilities	5,472		78	216	21	225
Subordinated notes	1,000					
Total liabilities	922,956	(368)	58,684	101,863	54,818	138,182
CAPITAL						
Capital stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	41,423		3,646	4,828	4,035	7,852
Capital stock Class A putable ($100 par value) issued and outstanding	427					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,332					
Total capital stock	44,182		3,646	4,828	4,035	7,852
Retained earnings	6,203	(16)	165	672	399	916
Accumulated other comprehensive income (loss):						
Net unrealized gains (losses) on available-for-sale securities	708		(75)	12	(2)	
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(13)					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(1,963)				(593)	(664)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(5,917)		(849)	(107)		
Net unrealized losses relating to hedging activities	(370)	(2)		(21)		
Pension and postretirement benefits	(39)		(2)	(8)	(1)	(5)
Total accumulated other comprehensive (loss) income	(7,594)	(2)	(926)	(124)	(596)	(669)
Total capital	42,791	(18)	2,885	5,376	3,838	8,099
Total liabilities and capital	$965,747	$(386)	$61,569	$107,239	$58,656	$146,281
Supplemental Disclosures:						
Advances held at fair value under fair value option included in Advances total	$ 17,463	$	$	$	$	$
Consolidated Bonds held at fair value under fair value option included in Consolidated Bonds total	$ 42,891	$	$	$ 6,781	$	$

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ 1,733	$ 1,412	$ 1,308	$ 150	$ 835	$ 38	$ 2,942	$ 1
				12				
	100		1,450					7,500
	5,965	6,883	2,370	3,555	3,502	1,948	17,839	8,999
	1,552		1,363	2,945	4	5,721	29	
	3,925	1,764	23,459	7,348			1,929	2,641
	12,333	8,178	11,677	9,376	11,349	8,983	34,586	8,756
	32,969	21,582	21,291	33,027	42,627	22,211	112,139	19,865
	9,032	6,990	22,698	7,559	249	3,366	2,911	3,925
			20	2	1	3	2	1
	9,032	6,990	22,678	7,557	248	3,363	2,909	3,924
		35						
	145	110	234	99	56	88	220	78
	11	11	25	9	25	14	21	14
	3	6	5	6	30	29	529	5
	28	101	209	539	21	63	708	39
	$67,796	$47,072	$86,069	$64,623	$58,697	$42,458	$173,851	$51,822
	$ 1,312	$ 531	$ 694	$ 795	$ 1,409	$ 1,639	$ 92	$ 323
	248	15	19	484	162	124	36	48
			9					
	25						1	
	1,585	546	722	1,279	1,571	1,763	129	371
				46				
	6	3	108			17	2	
	6	3	108	46		17	2	
	1,591	549	830	1,325	1,571	1,780	131	371
			1,200					
			1,200					
	25,038	11,537	17,739	4,706	5,627	14,626	24,764	17,467
	36,061	31,267	59,874	53,623	48,269	23,470	136,588	30,734
	61,099	42,804	77,613	58,329	53,896	38,096	161,352	48,201
	412	751	470	7	8	16	4,858	948
	257	189	515	279	191	155	705	146
	98	39	11	41	42	42	183	8
	11	8		8	4		35	
	245	764	697	321		224	110	309
	596	207	1,190	1,459	372	229	91	788
			1,000					
	64,309	45,311	83,526	61,769	56,084	40,542	167,465	50,771
	3,079	1,732		2,331	2,311	1,333	8,561	1,715
						294		133
			2,332					
	3,079	1,732	2,332	2,331	2,311	1,627	8,561	1,848
	416	373	709	500	370	315	1,326	58
		(19)	769	24			(1)	
			(13)					
			(46)					(660)
		(319)	(865)		(69)	(24)	(3,492)	(192)
			(346)				(1)	
	(8)	(6)	3	(1)	1	(2)	(7)	(3)
	(8)	(344)	(498)	23	(68)	(26)	(3,501)	(855)
	3,487	1,761	2,543	2,854	2,613	1,916	6,386	1,051
	$67,796	$47,072	$86,069	$64,623	$58,697	$42,458	$173,851	$51,822
	$	$	$ 4	$	$	$	$ 17,459	$
	$	$	$ 5,939	$ 5,930	$	$	$ 24,241	$

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
ASSETS						
Cash and due from banks	$ 24,330	$	$ 191	$ 2,189	$ 1,419	$ 465
Interest-bearing deposits	11					
Deposits with other FHLBanks		(11)			8	3
Securities purchased under agreements to resell	7,175		1,250			
Federal funds sold	54,597		5,676	3,450	3,000	10,043
Trading securities	22,247	(353)	107		1,286	3,553
Available-for-sale securities	52,488		6,487	2,253	2,397	2,256
Held-to-maturity securities	147,833		7,427	10,519	10,482	17,085
Advances	631,159		37,591	94,349	41,177	114,580
Mortgage loans held for portfolio	71,469		3,508	1,322	5,165	2,523
Less: allowance for credit losses on mortgage loans	32		2	5	2	1
Mortgage loans held for portfolio, net	71,437		3,506	1,317	5,163	2,522
Accrued interest receivable	2,466	(3)	148	341	229	515
Premises, software, and equipment, net	208		6	15	22	34
Derivative assets	674		17	8	8	39
Other assets	958	3	81	20	100	216
Total assets	$1,015,583	$(364)	$62,487	$114,461	$65,291	$151,311
LIABILITIES						
Deposits:						
Interest-bearing:						
Demand and overnight	$ 14,559	$	$ 721	$ 2,556	$ 1,247	$ 2,989
Term	936		30	7	11	
Deposits from other FHLBanks		(11)				
Other	94		4	62		
Total interest-bearing	15,589	(11)	755	2,625	1,258	2,989
Non-interest-bearing:						
Demand and overnight	113			6	26	
Other	195		18			
Total non-interest-bearing	308		18	6	26	
Total deposits	15,897	(11)	773	2,631	1,284	2,989
Borrowings:						
Securities sold under agreements to repurchase	1,200					
Total borrowings	1,200					
Consolidated obligations, net:						
Discount notes	198,532		22,278	30,828	10,209	17,127
Bonds	736,344	(333)	35,409	74,008	49,104	121,450
Total consolidated obligations, net	934,876	(333)	57,687	104,836	59,313	138,577
Mandatorily redeemable capital stock	8,138		91	126	8	188
Accrued interest payable	3,802	(3)	178	278	301	612
Affordable Housing Program payable	791		24	144	25	125
Payable to REFCORP	121			24		21
Derivative liabilities	5,228		768	746	624	409
Other liabilities	1,721		202	73	23	137
Subordinated notes	1,000					
Total liabilities	972,774	(347)	59,723	108,858	61,578	143,058
CAPITAL						
Capital Stock:						
Capital stock Class B putable ($100 par value) issued and outstanding	42,227		3,643	5,059	4,018	8,124
Capital stock Class A putable ($100 par value) issued and outstanding	427					
Capital stock Pre-conversion putable ($100 par value) issued and outstanding	2,328					
Total capital stock	44,982		3,643	5,059	4,018	8,124
Retained earnings	6,033	(15)	142	689	389	873
Accumulated other comprehensive income (loss):						
Net unrealized gains (losses) on available-for-sale securities	453		(90)	(3)	(2)	
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(22)					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities	(2,182)				(691)	(739)
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities	(6,149)		(929)	(111)		
Net unrealized losses relating to hedging activities	(267)	(2)		(23)		
Pension and postretirement benefits	(39)		(2)	(8)	(1)	(5)
Total accumulated other comprehensive loss	(8,206)	(2)	(1,021)	(145)	(694)	(744)
Total capital	42,809	(17)	2,764	5,603	3,713	8,253
Total liabilities and capital	$1,015,583	$(364)	$62,487	$114,461	$65,291	$151,311
Supplemental Disclosures:						
Advances held at fair value under fair value option included in Advances total	$ 21,620	$	$	$	$	$
Consolidated Bonds held at fair value under fair value option included in Consolidated Bonds total	$ 53,805	$	$	$ 6,036	$	$

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

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2010

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
INTEREST INCOME						
Advances	$1,209	$	$103	$149	$ 73	$ 69
Prepayment fees on advances, net	35		1	1	1	3
Interest-bearing deposits	2			1		1
Securities purchased under agreements to resell	3					
Federal funds sold	29		3	1	1	5
Trading securities	86	(5)	2		1	42
Available-for-sale securities	281		13	6	43	39
Held-to-maturity securities	1,184		46	99	63	172
Mortgage loans held for portfolio	845		43	16	64	32
Other	1					
Total interest income	3,675	(5)	211	273	246	363
INTEREST EXPENSE						
Consolidated obligations—Discount notes	153		6	10	3	3
Consolidated obligations—Bonds	2,254	(4)	137	155	184	207
Deposits	1			1		
Securities sold under agreements to repurchase	4					
Subordinated notes	14					
Mandatorily redeemable capital stock	14			1		
Total interest expense	2,440	(4)	143	167	187	210
NET INTEREST INCOME	1,235	(1)	68	106	59	153
Provision for credit losses	8			1		
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,227	(1)	68	105	59	153
OTHER (LOSS) INCOME						
Total other-than-temporary impairment losses	(406)		(21)	(3)	(2)	(64)
Portion of impairment losses recognized in other comprehensive income (loss)	173		(2)		(26)	18
Net other-than-temporary impairment losses	(233)		(23)	(3)	(28)	(46)
Net gains (losses) on trading securities	29		2			4
Net (losses) gains on advances and consolidated bonds held at fair value	(104)			(8)		
Net (losses) gains on derivatives and hedging activities	(254)		(3)		(4)	(17)
Service fees	7		2	1	1	
Other, net	6	(2)			2	
Total other (loss) income	(549)	(2)	(22)	(10)	(29)	(59)
OTHER EXPENSE						
Operating	195		13	19	14	25
Finance Agency	14		1	1	1	2
Office of Finance	12		1	1	1	2
Other, net	2	(2)				
Total other expense	223	(2)	15	21	16	29
INCOME (LOSS) BEFORE ASSESSMENTS	455	(1)	31	74	14	65
Affordable Housing Program	40		2	6	1	5
REFCORP	90		6	14	3	12
Total assessments	130		8	20	4	17
NET INCOME (LOSS)	$ 325	$(1)	$ 23	$ 54	$ 10	$ 48

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 71	$ 50	$ 90	$107	$ 81	$ 49	$ 321	$ 46
2	1	8	2	3		11	2
		1					2
3	3	1	1	1	1	5	4
1		6	16		23		
3	2	145	25			1	4
134	63	158	42	38	41	288	40
112	91	263	92	4	42	36	50
					1		
326	210	672	285	127	157	662	148
7	2	94	3	4	4	13	4
245	142	418	230	59	90	289	102
		4					
		14					
6	4					3	
258	148	530	233	63	94	305	106
68	62	142	52	64	63	357	42
		6			1		
68	62	136	52	64	62	357	42
	(14)	(29)		(7)	(17)	(192)	(57)
	8	(15)		6	15	132	37
	(6)	(44)		(1)	(2)	(60)	(20)
		(1)	21		3		
		(2)	6			(100)	
2	(1)	(63)	(24)	(27)	(85)	(36)	4
				1	1		1
2	1	4	(1)	2	1	1	(4)
4	(6)	(106)	2	(25)	(82)	(195)	(19)
11	10	24	12	16	9	29	13
1	1	1	1	1		3	1
1	1	1			1	2	1
		2				2	
13	12	28	13	17	10	36	15
59	44	2	41	22	(30)	126	8
5	4		3	2		11	1
11	8	1	8	4		22	1
16	12	1	11	6		33	2
$ 43	$ 32	$ 1	$ 30	$ 16	$ (30)	$ 93	$ 6

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	1,081		100	89	25	163
Consolidated obligations—Bonds	4,477		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 (reversal) for credit losses	4				1	
NET INTEREST INCOME (EXPENSE) AFTER PROVISION (REVERSAL) 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	81	69	99	48	256	32
339	238	539	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 CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE SHARES						
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
BALANCE, DECEMBER 31, 2009	422		36	51	40	81
Proceeds from sale of capital stock	5			4		
Repurchase/redemption of capital stock	(11)			(6)		
Net shares reclassified to mandatorily redeemable capital stock	(3)					(3)
Transfer between Class B and Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2010	413		36	49	40	78
CAPITAL STOCK CLASS A PUTABLE SHARES						
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)					
Transfer between Class B and Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2009	6					
BALANCE, DECEMBER 31, 2009	4					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Transfer between Class B and Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2010	4					

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
40	19		28	32	16	96	17
			1	1	2		
				(4)			
					(4)	6	
40	19		29	29	14	102	17
31	17		25	25	13	86	17
				1			
			(2)	(3)			
31	17		23	23	13	86	17
					6		1
					(1)		
					5		1
					3		1
					3		1

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES						
BALANCE, DECEMBER 31, 2008	24					
Proceeds from sale of capital stock	1					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(1)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2009	24					
BALANCE, DECEMBER 31, 2009	23					
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2010	23					
TOTAL CAPITAL STOCK PUTABLE SHARES						
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
BALANCE, DECEMBER 31, 2009	449		36	51	40	81
Proceeds from sale of capital stock	5			4		
Repurchase/redemption of capital stock	(11)			(6)		
Net shares reclassified to mandatorily redeemable capital stock	(3)					(3)
Capital stock dividends						
BALANCE, MARCH 31, 2010	440		36	49	40	78

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
		24					
		1					
		(1)					
		24					
		23					
		23					
40	19	24	28	32	22	96	18
		1	1	1	2		
				(4)			
		(1)			(5)	6	
40	19	24	29	29	19	102	18
31	17	23	25	25	16	86	18
				1			
			(2)	(3)			
31	17	23	23	23	16	86	18

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK CLASS B PUTABLE PAR VALUE						
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
BALANCE, DECEMBER 31, 2009	$42,227	$	$3,643	$ 5,059	$4,018	$ 8,124
Proceeds from sale of capital stock	657		3	364	17	25
Repurchase/redemption of capital stock	(1,135)			(594)		(4)
Net shares reclassified to mandatorily redeemable capital stock	(338)			(1)		(293)
Transfer between Class B and Class A shares						
Capital stock dividends	12					
BALANCE, MARCH 31, 2010	$41,423	$	$3,646	$ 4,828	$4,035	$ 7,852
CAPITAL STOCK CLASS A PUTABLE PAR VALUE						
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	$	$	$	$	$
BALANCE, DECEMBER 31, 2009	$ 427	$	$	$	$	$
Proceeds from sale of capital stock						
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock						
Transfer between Class B and Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2010	$ 427	$	$	$	$	$

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$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
$3,063	$1,726	$	$2,461	$2,532	$1,309	$ 8,575	$1,717
21	4		86	99	34	4	
			(215)	(322)			
(5)	2		(1)		(20)	(18)	(2)
				2	10		
$3,079	$1,732	$	$2,331	$2,311	$1,333	$ 8,561	$1,715
$	$	$	$	$	$ 634	$	$ 118
					2		19
					(62)		(2)
					8		
$	$	$	$	$	$ 582	$	$ 135
$	$	$	$	$	$ 294	$	$ 133
$	$	$	$	$	$ 294	$	$ 133

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE						
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	$	$	$	$	$
BALANCE, DECEMBER 31, 2009	$ 2,328	$	$	$	$	$
Proceeds from sale of capital stock	8					
Repurchase/redemption of capital stock						
Net shares reclassified to mandatorily redeemable capital stock	(4)					
Conversion to Class B or Class A shares						
Capital stock dividends						
BALANCE, MARCH 31, 2010	$ 2,332	$	$	$	$	$
TOTAL CAPITAL STOCK PUTABLE PAR VALUE						
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
BALANCE, DECEMBER 31, 2009	$44,982	$	$3,643	$ 5,059	$4,018	$ 8,124
Proceeds from sale of capital stock	665		3	364	17	25
Repurchase/redemption of capital stock	(1,135)			(594)		(4)
Net shares reclassified to mandatorily redeemable capital stock	(342)			(1)		(293)
Capital stock dividends	12					
BALANCE, MARCH 31, 2010	$44,182	$	$3,646	$ 4,828	$4,035	$ 7,852

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$	$	$2,386	$	$	$	$	$
		62					
		(93)					
$	$	$2,355	$	$	$	$	$
$	$	$2,328	$	$	$	$	$
		8					
		(4)					
$	$	$2,332	$	$	$	$	$
$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
$3,063	$1,726	$2,328	$2,461	$2,532	$1,603	$ 8,575	$1,850
21	4	8	86	99	34	4	
			(215)	(322)			
(5)	2	(4)	(1)		(20)	(18)	(2)
				2	10		
$3,079	$1,732	$2,332	$2,331	$2,311	$1,627	$ 8,561	$1,848

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
RETAINED EARNINGS						
BALANCE, DECEMBER 31, 2008	$ 2,936	$(33)	$ (20)	$ 383	$ 170	$ 435
Retained earnings cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883		349		256	179
Net income (loss)	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
BALANCE, DECEMBER 31, 2009	$ 6,033	$(15)	$ 142	$ 689	$ 389	$ 873
Net income (loss)	325	(1)	23	54	10	48
Dividends on capital stock:						
Cash	(143)			(71)		(5)
Stock	(12)					
BALANCE, MARCH 31, 2010	$ 6,203	$(16)	$ 165	$ 672	$ 399	$ 916
ACCUMULATED OTHER COMPREHENSIVE INCOME						
BALANCE, DECEMBER 31, 2008	$(1,137)	$ (3)	$ (135)	$(101)	$ (17)	$ (5)
Accumulated other comprehensive income cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(1,883)		(349)		(256)	(179)
Net unrealized (losses) gains on available-for-sale securities:						
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:						
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					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of other-than-temporary impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to-maturity securities and subsequent fair value adjustments	(40)				1	
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	6					
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:						
Noncredit portion of impairment losses on held-to-maturity securities	(4,693)		(768)	(10)	(294)	(609)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	72					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 from held-to-maturity securities to available-for-sale securities	787					787
Net unrealized gains (losses) relating to hedging activities:						
Unrealized gains relating to hedging activities	86					
Reclassification adjustment for losses included in net income relating to hedging activities	11			2		
Pension and postretirement benefits	3					
BALANCE, MARCH 31, 2009	$(7,361)	$ (3)	$(1,259)	$ (79)	$(560)	$(786)
BALANCE, DECEMBER 31, 2009	$(8,206)	$ (2)	$(1,021)	$(145)	$(694)	$(744)
Net unrealized gains (losses) on available-for-sale securities:						
Unrealized gains (losses) on available-for-sale securities	255		15	15		
Reclassification adjustments for (gains) losses included in net income relating to available-for-sale securities						
Net unrealized gains (losses) on held-to-maturity securities transferred from available-to-sale securities:						
Unrealized gains (losses) on held-to-maturity securities transferred from available-to-sale securities						
Reclassification adjustment for losses included in net income relating to held-to-maturity securities transferred form available-for-sale securities	9					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments	130				70	35
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	89				28	40
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:						
Noncredit portion of impairment losses on held-to-maturity securities	(391)		(17)	(2)	(2)	(58)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	129		19	2		
Accretion of noncredit portion of impairment losses on held-to-maturity securities	375		78	4		
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities	119				2	58
Net unrealized gains (losses) relating to hedging activities:						
Unrealized losses relating to hedging activities	(111)					
Reclassification adjustment for losses included in net income relating to hedging activities	8			2		
Pension and postretirement benefits						
BALANCE, MARCH 31, 2010	$(7,594)	$ (2)	$ (926)	$(124)	$(596)	$(669)

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$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
$412	$ 349	$ 708	$ 484	$356	$355	$ 1,239	$ 52
43	32	1	30	16	(30)	93	6
(39)	(8)		(14)			(6)	
				(2)	(10)		
$416	$ 373	$ 709	$ 500	$370	$315	$ 1,326	$ 58
$ (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)	(1,118)	(823)
		21				50	
		11				30	14
		86					
		9					
	2		1				
$ (7)	$(200)	$(1,637)	$ (78)	$ (26)	$ (6)	$(1,615)	$(1,105)
$ (8)	$(329)	$ (658)	$ (34)	$ (66)	$ (12)	$(3,584)	$ (909)
	(21)	189	57				
		9					
		5					20
		4					17
	(14)	(29)		(7)	(16)	(191)	(55)
	6	40		1	1	59	1
	14	47		4	1	215	12
							59
		(111)					
		6					
$ (8)	$(344)	$ (498)	$ 23	$ (68)	$ (26)	$(3,501)	$ (855)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
TOTAL CAPITAL						
BALANCE, DECEMBER 31, 2008	$51,350	$(36)	$3,430	$ 5,867	$4,135	$ 8,893
Retained earnings cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	1,883		349		256	179
Accumulated other comprehensive income cumulative effect of adjustment relating to amended other-than-temporary impairment guidance	(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 (loss) income:						
Net unrealized gains (losses) on available-for-sale securities:						
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:						
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					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of other-than-temporary impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to-maturity securities and fair value adjustments	(40)				1	
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	6					
Net noncredit portion of other-than-temporary losses on held-to-maturity securities:						
Noncredit portion of impairment losses on held-to-maturity securities	(4,693)		(768)	(10)	(294)	(609)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	72					1
Accretion of noncredit portion of impairment losses on held-to-maturity securities	101		39		7	
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities	787					787
Net unrealized gains (losses) relating to hedging activities:						
Unrealized gains relating to hedging activities	86					
Reclassification adjustment for losses included in net income relating to hedging activities	11			2		
Pension and postretirement benefits	3					
Total comprehensive (loss) 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
$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)	(1,118)	(823)
		21				50	
		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 CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
BALANCE, DECEMBER 31, 2009	$42,809	$(17)	$2,764	$5,603	$3,713	$8,253
Proceeds from sale of capital stock	665		3	364	17	25
Repurchase/redemption of capital stock	(1,135)			(594)		(4)
Net shares reclassified to mandatorily redeemable capital stock	(342)			(1)		(293)
Comprehensive income:						
Net income (loss)	325	(1)	23	54	10	48
Other comprehensive income (loss):						
Net unrealized gains (losses) on available-for-sale securities:						
Unrealized gains (losses) on available-for-sale securities	255		15	15		
Reclassification adjustment for (gains) losses 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:						
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	9					
Net noncredit portion of other-than-temporary impairment losses on available-for-sale securities:						
Noncredit portion of impairment losses on available-for-sale securities, including noncredit impairment losses transferred from held-to maturity securities and subsequent fair value adjustments	130				70	35
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to available-for-sale securities	89				28	40
Net noncredit portion of other-than-temporary impairment losses on held-to-maturity securities:						
Noncredit portion of impairment losses on held-to-maturity securities	(391)		(17)	(2)	(2)	(58)
Reclassification adjustment of noncredit portion of impairment losses included in net income relating to held-to-maturity securities	129		19	2		
Accretion of noncredit portion of impairment losses on held-to-maturity securities	375		78	4		
Reclassification of noncredit portion of impairment losses from held-to-maturity securities to available-for-sale securities	119				2	58
Net unrealized gains (losses) relating to hedging activities:						
Unrealized losses relating to hedging activities	(111)					
Reclassification adjustment for losses included in net income relating to hedging activities	8			2		
Pension and postretirement benefits						
Total comprehensive income (loss)	937	(1)	118	75	108	123
Dividends on capital stock:						
Cash	(143)			(71)		(5)
Stock						
BALANCE, MARCH 31, 2010	$42,791	$(18)	$2,885	$5,376	$3,838	$8,099

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$3,467	$1,746	$2,378	$2,911	$2,822	$1,946	$6,230	$ 993
21	4	8	86	99	34	4	
			(215)	(322)			
(5)	2	(4)	(1)		(20)	(18)	(2)
43	32	1	30	16	(30)	93	6
	(21)	189	57				
		9					
		5					20
		4					17
	(14)	(29)		(7)	(16)	(191)	(55)
	6	40		1	1	59	1
	14	47		4	1	215	12
							59
		(111)					
		6					
43	17	161	87	14	(44)	176	60
(39)	(8)		(14)			(6)	
$3,487	$1,761	$2,543	$2,854	$2,613	$1,916	$6,386	$1,051

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2010

(Dollar amounts in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
OPERATING ACTIVITIES:						
Net income (loss)	$ 325	$ (1)	$ 23	$ 54	$ 10	$ 48
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	(117)	1	(4)	(16)	6	(27)
Change in net derivative and hedging activities	488		(3)	108	55	205
Other adjustments*	245		23	3	27	46
Net change in fair value adjustments on trading securities	(29)		(2)			(4)
Net change in fair value adjustments on advances and consolidated bonds held at fair value	104			8		
Net change in:						
Accrued interest receivable	270		10	20	23	50
Other assets	(309)		2	3	1	(311)
Accrued interest payable	22		12	54	(71)	7
Other liabilities**	(89)		4	(41)	(2)	
Total adjustments	585	1	42	139	39	(34)
Net cash provided by (used in) operating activities	910		65	193	49	14
INVESTING ACTIVITIES:						
Net change in:						
Interest-bearing deposits	258			4	20	188
Securities purchased under agreements to resell	(3,375)		(250)			
Federal funds sold	(24,369)		231	320	(1,100)	(5,187)
Deposits to other FHLBanks		(2)			1	1
Loans to FHLBanks		35				
Premises, software and equipment	(12)			(1)	(1)	(3)
Trading securities:						
Net decrease in short-term	4,504					
Proceeds from long-term	1,241	(9)	1			200
Purchases of long-term	(151)		(151)			
Available-for-sale securities:						
Net decrease (increase) in short-term	2,495		(250)			
Proceeds from long-term	1,343		41	197	122	95
Purchases of long-term	(5,551)		(1,226)	(582)		
Held-to-maturity securities:						
Net decrease (increase) in short-term	627				1,450	(355)
Proceeds from long-term	10,084		491	916	521	1,449
Purchases of long-term	(8,481)		(483)			(481)
Advances:						
Proceeds	409,911		45,070	66,265	24,379	19,278
Made	(350,763)		(42,664)	(60,622)	(20,046)	(10,203)
Mortgage loans held for portfolio:						
Principal collected	3,240		159	49	213	104
Purchases	(621)		(50)	(20)	(44)	
Proceeds from sales of foreclosed assets	20		2			
Net cash provided by (used in) investing activities	40,400	24	921	6,526	5,515	5,086

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ 43	$ 32	$ 1	$ 30	$ 16	$ (30)	$ 93	$ 6
	4	(20)	16	(2)	(29)	2	(4)	(44)
	66	54	42	14	49	(31)	(115)	44
		6	50	4	1	2	60	23
			1	(21)		(3)		
			2	(6)			100	
	7	4	(47)	(14)	5	15	152	45
	2	1	(10)	(2)	(2)		3	4
	(52)	(23)	142	39	12	2	(39)	(61)
	(12)	2	(13)	(2)	(9)	(13)	3	(6)
	15	24	183	10	27	(26)	160	5
	58	56	184	40	43	(56)	253	11
	14	(23)		(6)	7	34		20
			875					(4,000)
	(3,815)	(1,351)	(1,980)	(422)	(1,439)	(1,003)	(9,675)	1,052
		(35)						
	(1)		(2)	(1)	(1)		(2)	
	2,250					2,254		
			1	1,007		40	1	
	2,745							
			269	573				46
			(2,826)	(123)				(794)
		(411)	220	(340)			(51)	114
	885	491	826	344	1,167	772	1,786	436
	(1,241)	(534)		(2,476)	(954)	(2,175)		(137)
	67,654	5,116	20,474	8,117	67,227	8,757	68,372	9,202
	(64,800)	(4,224)	(17,618)	(5,385)	(62,572)	(8,685)	(47,113)	(6,831)
	463	362	1,168	287	11	118	127	179
	(133)	(82)	(8)	(134)		(150)		
			12	4		2		
	4,021	(691)	1,411	1,445	3,446	(36)	13,445	(713)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2010

(Dollar amounts in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York	Pittsburgh	Atlanta
FINANCING ACTIVITIES:						
Net change in:						
Deposits and pass-through reserves	$ 5,163	$	$ (105)	$ 5,348	$ 135	$ (64)
Deposits from other FHLBanks		2				
Borrowings	(115)			(110)		
Loans from FHLBanks		(35)				35
Net (payments) proceeds on derivative contracts with financing element	(370)		(10)		(32)	(201)
Net proceeds from issuance of consolidated obligations:						
Discount notes	1,651,518		301,531	27,155	14,649	231,348
Bonds	148,499		9,156	14,104	6,147	24,696
Payments for maturing and retiring consolidated obligations:						
Discount notes	(1,661,743)		(304,724)	(38,158)	(14,868)	(230,667)
Bonds	(197,535)	9	(6,751)	(15,757)	(12,779)	(30,724)
Proceeds from issuance of capital stock	665		3	364	17	25
Payments for repurchase/redemption of mandatorily redeemable capital stock	(325)			(22)		
Payments for repurchase/redemption of capital stock	(1,135)			(594)		(4)
Cash dividends paid	(143)			(71)		(5)
Net cash (used in) provided by financing activities	(55,521)	(24)	(900)	(7,741)	(6,731)	(5,561)
Net (decrease) increase in cash and cash equivalents	(14,211)		86	(1,022)	(1,167)	(461)
Cash and cash equivalents at beginning of the period	24,330		191	2,189	1,419	465
Cash and cash equivalents at end of the period	$ 10,119	$	$ 277	$ 1,167	$ 252	$ 4
Supplemental Disclosures:						
Interest paid	$ 2,678	$	$ 132	$ 137	$ 255	$ 209
AHP payments, net	$ 50	$	$ 2	$ 5	$ 4	$ 3
REFCORP assessments paid	$ 105	$	$	$ 24	$	$ 19
Transfers of mortgage loans to real estate owned	$ 58	$	$ 3	$	$ 5	$ 10
Non-cash transfer of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 507	$	$	$	$ 21	$ 409

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

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

	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ (511)	$ (272)	$ (170)	$ 109	$ 51	$ 738	$ (129)	$ 33
			(2)					
						(5)		
	(42)	(43)	(30)	(3)	(5)	(34)	30	
	150,336	147,423	298,123	115,515	29,212	30,061	38,827	267,338
	4,623	8,110	9,722	12,087	11,579	4,779	30,973	12,523
	(148,486)	(142,136)	(302,509)	(120,222)	(32,338)	(27,022)	(32,279)	(268,334)
	(9,787)	(12,751)	(8,252)	(8,975)	(14,837)	(8,890)	(56,453)	(11,588)
	21	4	8	86	99	34	4	
	(269)	(2)		(2)	(1)	(26)	(3)	
				(215)	(322)			
	(39)	(8)		(14)			(6)	
	(4,154)	325	(3,110)	(1,634)	(6,562)	(365)	(19,036)	(28)
	(75)	(310)	(1,515)	(149)	(3,073)	(457)	(5,338)	(730)
	1,808	1,722	2,823	299	3,908	495	8,280	731
	$ 1,733	$ 1,412	$ 1,308	$ 150	$ 835	$ 38	$ 2,942	$ 1
	$ 276	$ 175	$ 388	$ 424	$ 66	$ 104	$ 344	$ 168
	$ 5	$ 3	$ 2	$ 4	$ 4	$ 2	$ 14	$ 2
	$ 12	$ 6	$	$ 10	$ 10	$ 12	$ 12	$
	$	$	$ 32	$ 5	$	$ 1	$ 1	$ 1
	$	$	$	$	$	$	$	$ 77

FEDERAL HOME LOAN BANKS

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

(Dollar amounts in millions) (Unaudited)

	Combined (As Revised)	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	(413)		(138)	(13)	(125)	21
Change in net derivative and hedging activities	(86)	8	33	(51)	191	37
Other adjustments*	500	(20)	127	5	31	89
Net change in fair value adjustments on trading securities	38		(1)			60
Net 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	28		3	2	40	(20)
Accrued interest payable	(906)	4	(24)	(48)	(82)	5
Other liabilities**	38		(6)	41	(9)	(8)
Total adjustments	(2,710)	(12)	84	9	(3,015)	316
Net cash (used in) provided by operating activities	(2,365)		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:						
Net increase in short-term	(742)					
Proceeds from long-term	460	(135)	2			428
Purchases of long-term	(3,592)					
Available-for-sale securities:						
Net increase in short-term	(2,273)				(500)	
Proceeds from long-term	1,045		21	252	2	
Purchases of long-term	(265)					
Held-to-maturity securities:						
Net decrease (increase) in short-term	3,983	25		903	2,700	
Proceeds from long-term	8,935		452	626	1,029	1,036
Purchases of long-term	(3,158)			(395)	(275)	(227)
Advances:						
Proceeds	1,279,548		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	96,844	(109)	2,797	9,230	10,463	17,682

Cincinnati	Indianapolis	Chicago (As Revised)	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 83	$ 22	$ (39)	$ (6)	$ 65	$ 61	$ 123	$ (16)
(21)	(33)	39	(6)	33	(28)	(83)	(59)
55	51	(36)	(37)	21	(46)	(284)	(28)
(6)	19	76	16	(1)		88	76
		9	(20)		(10)		
		1	2			183	
49	14	56	3	46	34	374	99
1		(17)	(1)	1	1	19	(1)
(81)	(29)	43	40	(242)	(41)	(332)	(119)
9	(15)	(9)	(6)	16	14	15	(4)
6	7	162	(9)	(126)	(76)	(20)	(36)
89	29	123	(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)
					(742)		
		2	125		37	1	
		(175)	(3,417)				
(1,773)							
		437	214	119			
		(220)	(45)				
1		404	(820)		1,346	1,269	(1,845)
1,021	608	651	294	590	461	1,622	545
	(1,611)	(10)	(461)				(179)
138,294	9,270	124,040	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	8,763	(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 (As Revised)	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	(353)		(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	(208,590)	134	(9,190)	(18,273)	(10,628)	(36,469)
Bonds transferred to other FHLBanks		352				
Proceeds from issuance of capital stock	2,278		19	1,042	21	655
Payments for repurchase/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	(112,004)	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	$ 7,319	$	$ 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
Non-cash transfer of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 1,604	$	$	$	$	$ 1,604

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

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

Cincinnati	Indianapolis	Chicago (As Revised)	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 620	$ 233	$ 596	$ (361)	$ (115)	$ (32)	$ (501)	$ 89
		(2)					
					(5)		
(34)	(26)	(43)	(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)	(10,211)	(5,044)	(24,416)	(6,796)	(46,856)	(18,372)
		(111)	(241)				
48	18	62	90	135	145	20	23
(24)	(1)	(85)		(13)	(452)		
				(484)	(13)		
(44)	(19)		(8)				
(6,998)	(926)	(7,896)	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	$ 662	$ 551	$ 464	$ 281	$ 1,905	$ 360
$ 7	$ 1	$ 4	$ 4	$ 3	$ 2	$ 12	$ 1
$ 15	$ 17	$	$	$	$	$	$
$	$	$ 22	$ 4	$	$	$	$
$	$	$	$	$	$	$	$

SELECTED FINANCIAL DATA
(Dollar amounts in millions)

	2010	2009			
	March 31,	December 31,	September 30,	June 30,	March 31,
Selected Statement of Condition Data at:					
Investments (1)	$309,130	$ 284,351	$ 292,605	$ 325,593	$ 321,155
Advances	572,043	631,159	677,880	738,812	814,407
Mortgage loans held for portfolio	68,830	71,469	74,205	77,779	85,051
Allowance for credit losses on mortgage loans	40	32	28	24	19
Total assets	965,747	1,015,583	1,061,766	1,147,896	1,232,195
Consolidated obligations (2):					
Discount notes	188,167	198,532	275,111	342,259	407,027
Bonds	687,782	736,344	704,803	718,409	735,035
Total consolidated obligations	875,949	934,876	979,914	1,060,668	1,142,062
Mandatorily redeemable capital stock (6)	8,155	8,138	5,629	5,628	7,371
Subordinated notes (3)	1,000	1,000	1,000	1,000	1,000
Total capital stock (5)(6):					
Capital stock—Class B putable (4)	41,423	42,227	45,317	46,162	44,174
Capital stock—Class A putable (4)	427	427	430	429	717
Capital stock—Preconversion putable (4)	2,332	2,328	2,364	2,375	2,355
Total capital stock	44,182	44,982	48,111	48,966	47,246
Retained earnings (2)	6,203	6,033	5,643	6,009	5,037
Accumulated other comprehensive income (loss) (AOCI)	(7,594)	(8,206)	(8,795)	(9,098)	(7,361)
Total capital (2)(5)	42,791	42,809	44,959	45,877	44,922
Selected Statement of Income Data for the three months ended at:					
Net interest income (2)(6)	$ 1,235	$ 1,332	$ 1,361	$ 1,493	$ 1,246
Provision for credit losses	8	4	4	6	4
Net interest income after provision for credit losses (2)(6)	1,227	1,328	1,357	1,487	1,242
Total other (loss) income (2)	(549)	(317)	(1,245)	245	(469)
Total other expense	(223)	(259)	(220)	(217)	(247)
Total assessments	(130)	(200)	(57)	(392)	(181)
Net income (loss) (2)(6)	$ 325	$ 552	$ (165)	$ 1,123	$ 345
Selected other data for the three months ended at:					
Cash and stock dividends (6)	$ 155	$ 162	$ 201	$ 151	$ 127
Dividend payout ratio (6)(9)	47.69%	29.35%	(121.82)%	13.45%	36.81%
Return on average equity (10)	3.07%	5.01%	(1.42)%	9.57%	2.76%
Return on average assets	0.13%	0.21%	(0.06)%	0.37%	0.11%
Average equity to average assets	4.25%	4.13%	4.17%	3.91%	3.84%
Net interest margin (6)(7)	0.49%	0.49%	0.49%	0.50%	0.39%
Selected other data at:					
Total regulatory capital ratio (6)(8)	6.17%	5.92%	5.69%	5.37%	4.92%

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

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

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

(4) All FHLBanks, except for the FHLBank of Chicago, implemented its respective capital plan prior to 2006. The corresponding balances for capital stock—pre-conversion putable for years 2006 and beyond relate solely to the FHLBank of Chicago, which has not yet implemented its new capital plan. (See Note 12—Capital to the accompanying combined financial statements.)

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

(6) The FHLBanks classify certain outstanding capital stock as "mandatorily redeemable capital stock" and include it in the liability section of the Combined Statement of Condition. For the three months ended March 31, 2010, December 31, 2009, September 30, 2009, June 30, 2009, and March 31, 2009, dividends on mandatorily redeemable capital stock in the amounts of $14 million, $10 million, $15 million, $7 million and $8 million were recorded as interest expense. Although the mandatorily redeemable capital stock is not included in capital for financial reporting purposes, it is considered capital for regulatory purposes. (See Note 12—Capital to the accompanying combined financial statements for information on the significant restrictions on stock redemption.)

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

(8) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets at period end. Total regulatory capital, under the GLB Act, is the defined as the sum of permanent capital, the amounts paid for Class A capital stock, any general allowance for losses and any other amount from sources available to absorb losses that the Finance Agency has determined by regulation to be appropriate to include in determining total capital. Total regulatory capital for the FHLBank of Chicago, which has not implemented a capital plan under the GLB Act, is defined as the sum of the paid-in value of capital stock and mandatorily redeemable capital stock plus retained earnings. The Finance Agency allows the FHLBank of Chicago to include a Designated Amount of subordinated notes in determining compliance with its regulatory capital ratio. (See Note 12—Capital to the accompanying combined financial statements.)

(9) Dividend payout ratio is dividends declared in the period expressed as a percent of net income in the period. This ratio may not be as relevant to the combined balances of the FHLBanks. Please refer to periodic reports and other information filed with the SEC by each of the FHLBanks.

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

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

Investors should read this financial discussion and analysis of combined financial condition and combined results of operations together with the combined financial statements and the notes beginning on page 4 in this Combined Financial Report. Each FHLBank discusses its financial condition and results of operations in its periodic reports filed with the SEC. Each FHLBank's Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC contains, as required by applicable SEC rules, a Management's Discussion and Analysis of Financial Condition and Results of Operations, commonly called MD&A. The SEC has noted that one of the principal objectives of MD&A is to provide a narrative explanation of a registrant's financial statements that enables investors to see the registrant through the eyes of its management and that "management has a unique perspective on its business that only it can present." Because there is no centralized management of the FHLBanks that can provide a system-wide "eyes of management" view of the FHLBanks as a whole, this Combined Financial Report does not contain a conventional MD&A. It includes, instead, a "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations" prepared by the Office of Finance using information provided by the individual FHLBanks. The Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations does not generally include a separate description of how each FHLBank's operations affect the combined financial condition and combined results of operations. That level of information about each of the FHLBanks is addressed in the respective FHLBank's periodic reports filed with the SEC. (See "Explanatory Statement about FHLBanks Combined Financial Report" on page 1, "Available Information on Individual FHLBanks" on page 3 and "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios on pages 221-223.)

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

Forward-Looking Information

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

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

- changes in interest rates, housing prices, employment rates and the general economy;
- the size and volatility of the residential mortgage market;
- demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands;
- volatility of market prices, rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks as security for the obligations of FHLBank members and counterparties to interest-rate exchange agreements and similar agreements. This volatility could result from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve Board and the 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 strive to achieve this balance by delivering low-cost financing to members to help them meet the credit needs of their communities and by paying dividends. In view of their status as cooperatives, the FHLBanks' financial strategies are designed to enable the FHLBanks to expand and contract in response to the credit needs of their members. As cooperatives, the FHLBanks balance the needs of their members and do not necessarily seek to maximize earnings.

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

Different FHLBank Business Strategies. Each FHLBank is operated as a separate entity with its own management, employees and board of directors but under the supervisory and regulatory framework of the Finance Agency in its capacity as the Regulator. However, the management and board of directors of each FHLBank determine the best approach for achieving that FHLBank's business objectives and serving the needs of its members, which may be different from other FHLBanks due to different markets and economic characteristics. As such, the management and board of directors of each FHLBank have developed their own business strategies and initiatives to fulfill that FHLBank's mission and they reevaluate these strategies and initiatives from time to time. For example, certain FHLBanks continue to offer the purchase of mortgage loans from their members through the acquired member asset programs; other FHLBanks have offered such programs to their members but do not actively market the programs to their members or have not invested significant resources to develop or expand the programs; and some FHLBanks no longer offer the programs. At March 31, 2010, mortgage loans purchased through the acquired member asset programs as a percentage of an individual FHLBank's total assets varied from a high of 26 percent for the FHLBank of Chicago to a low of less than one percent for the FHLBank of Dallas.

Comparative Highlights

	For the Three Months Ended March 31,		Decrease	
(Dollar amounts in millions)	2010	2009	$	%
Net interest income	$1,235	$1,246	(11)	(0.9)%
Net income	325	345	(20)	(5.8)%

The FHLBanks' net interest income decreased in the first three months of 2010 compared to the first three months of 2009 as the decrease in interest income on advances, investments and mortgage loans was greater than the decrease in interest expense on consolidated obligations. The decrease in net interest income was primarily due to the FHLBanks' lower advance volumes and lower returns on invested capital. Also, during the first three months of 2010, several FHLBanks experienced narrower portfolio spreads on many of their short-term and adjustable-rate assets indexed to LIBOR relative to their short-term funding costs compared to the first three months of 2009.

The decrease in net income for the first three months of 2010 as compared to the first three months of 2009 was primarily attributable to the net losses on derivatives and hedging activities, which were partially offset by lower net other-than-temporary impairment losses, lower net losses on advances and consolidated bonds held at fair value, and net gains on trading securities.

Total combined other loss for the three months ended March 31, 2010 and 2009 was the result of the following (dollar amounts in millions):

	For the Three Months Ended March 31, 2010	2009	Increase (Decrease)
Net other-than-temporary impairment losses	$(233)	$(516)	$ 283
Net gains (losses) on trading securities	29	(11)	40
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 on advances and consolidated bonds held at fair value	(104)	(178)	74
Net (losses) gains on derivatives and hedging activities	(254)	200	(454)
Service fees	7	8	(1)
Other, net	6	3	3
Total other loss	$(549)	$(469)	$ (80)

In the three months ended March 31, 2010, the FHLBanks incurred $233 million in net OTTI charges related to certain private-label RMBS and home equity loan investments that are recorded in "Net other-than-temporary impairment losses," which compares to $516 million recorded for the same period in 2009. The reduction in credit losses attributable to OTTI compared with the same three months a year ago primarily reflects some stabilization in certain factors affecting the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, such as home prices and unemployment rates. The credit portion of FHLBank OTTI charges for the three months ended March 31, 2010 resulted primarily from an increase in projected losses on the collateral underlying certain of the FHLBanks' private-label RMBS and home equity loan investments. Each quarter, working with the FHLBank System OTTI Governance Committee, each FHLBank updates its OTTI analysis to reflect current loan performance and current housing market assumptions in its collateral loss projection models, which generate the projected losses. Several factors affected the projected losses, including additional expected declines in housing prices compared to price levels at the end of 2009, followed by a slow housing price recovery, and limited refinancing opportunities for borrowers whose homes are now worth less than the balances on their mortgages. These trends led to lower projected prepayment rates, higher projected default rates and higher projected losses on defaulted loans.

The FHLBanks recorded $254 million of net losses on derivatives and hedging activities during the three months ended March 31, 2010 and recorded $200 million of net gains on derivatives and hedging activities during the three months ended March 31, 2009. The FHLBanks' costs of derivatives and hedging activities fluctuate with volatility in the overall interest rate environment, as FHLBanks hedge their asset risk exposures. Most income statement changes for derivatives and hedging activities represent unrealized market value adjustments on derivatives that result primarily from interest rate changes that affect the market values of derivatives differently than the market values of the hedged risks. In general, derivatives and associated hedged instruments and certain assets and liabilities that are carried at fair value are held to the maturity, call, or put date. Therefore, for these financial instruments, nearly all of the cumulative net gains and losses that are unrealized gains or losses are either generally a matter of timing and will generally reverse over the remaining contractual terms or are the reversal of gains recognized in prior periods of the hedged financial instrument, associated interest-rate exchange agreement or financial instrument carried at fair value. However, there may be instances in which these instruments are terminated prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. In addition, the FHLBanks may have instances in which they may sell securities prior to maturity, which may also result in a realized gain or loss. (See

"Combined Results of Operations—Provision for Derivative Counterparty Credit Losses" for further discussion.)

The following table represents total operating expenses for the three months ended March 31, 2010 and 2009, as follows:

(Dollar amounts in millions)	For the Three Months Ended Ended March 31, 2010	2009	Increase $	%
Total operating expenses	$195	$188	$7	3.7%

The increase in operating expenses for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009, primarily relates to increases in salaries and benefits from additional employees at certain FHLBanks as well as increases in consulting and legal fees.

The decrease in average assets for the first three months of 2010 compared to the same period in 2009, as summarized in the table below, is primarily the result of the decline in the FHLBanks' advances, investments and mortgage loans held for portfolio.

(Dollar amounts in millions)	For the Three Months Ended March 31, 2010	2009	Decrease $	%
Daily average total assets	$1,011,504	$1,321,116	$(309,612)	(23.4)%

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

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets
Advances	$572,043	59.2%	$ 631,159	62.1%
Investments	309,130	32.0%	284,351	28.0%
Mortgage loans held for portfolio, net	68,790	7.1%	71,437	7.0%
Total assets	965,747		1,015,583	
Total consolidated obligations, net	875,949		934,876	
Total capital	42,791		42,809	

The decrease in advances outstanding at March 31, 2010 as compared to December 31, 2009 was primarily attributable to the high deposit level at member financial institutions, low loan demand by FHLBank members and continued availability of more attractively priced sources of funding and/or sources of liquidity with lower collateral requirements. In addition, the financial condition of certain FHLBank members weakened in the first three months of 2010, which reduced those members' borrowing capacity from FHLBanks due to tightened credit and collateral terms for advances. Mortgage loans held for portfolio decreased due to the reduction of outstanding mortgage loan balances related to lower origination volumes, maturities and prepayments, and the continued effects of the credit crisis in the housing market.

Investments and the composition of investments fluctuate due to changes in the amount of the FHLBanks' asset activity, anticipated asset activity and liquidity requirements and needs in light of current market conditions. The increase in investments is primarily attributable to short-term investments and investments in other U.S. obligations and government-sponsored enterprise MBS. Investments in Federal funds sold, MBS investment securities, securities purchases under agreements to resell, and interest-bearing deposits increased $31.7 billion, while total non-MBS investment securities decreased by $6.9 billion from December 31, 2009 to March 31, 2010.

Consolidated obligations are the principal source of funds used by the FHLBanks to make advances and purchase investments and mortgage loans. The decrease in the consolidated obligations balance paralleled the decrease in total assets during the three months ended March 31, 2010.

Generally, an FHLBank's capital stock level is primarily determined by member usage of advances. As advance usage declines, capital stock generally decreases; as advances increase, capital stock generally does as well. The decrease in the level of capital at March 31, 2010 compared to December 31, 2009 is primarily attributable to:

- the decrease in total capital stock attributable to the $1.1 billion of repurchase/redemption of capital stock and the $342 million reclassification of capital stock as mandatorily redeemable capital stock, partially offset by the $665 million of net proceeds from the sale of capital stock to support new advances during the three months ended March 31, 2010,
- which was partially offset by the improvement in AOCI due to $451 million in net noncredit-related OTTI activity on held-to-maturity and available-for-sale securities; and
- a $182 million increase in retained earnings.

The FHLBanks' combined regulatory capital-to-assets ratio at March 31, 2010 was 6.17 percent, up from 5.92 percent at December 31, 2009. The FHLBanks' combined GAAP capital-to-assets ratio at March 31, 2010 was 4.43 percent, up from 4.22 percent at December 31, 2009.

Key annualized ratios are as follows:

	For the Three Months Ended March 31,	
	2010	2009
Return on average assets (basis points)	13	11
Return on average equity	3.07%	2.76%
Weighted-average dividend rate	1.41%	1.06%

The increases in return on average assets and return on average equity for the three months ended March 31, 2010 are due primarily to the decrease in average assets and average capital. The dividend rate has been influenced by each FHLBank's retained earnings policies, dividend policies, net income, interest rates, business strategies and Finance Agency guidance.

Financial Trends

Conditions in Financial Markets.

During the first three months of 2010, the agency debt markets continued to function relatively well. However, by the end of this period, FHLBank swapped funding levels had deteriorated due to a variety of factors in the interest-rate swaps market. Other events during the first three months of 2010 included the end of several U.S. government support programs, including the Federal Reserve's agency debt purchase program. The U.S. Treasury Secretary testified on Capitol Hill about the criteria needed to support a well-functioning U.S. housing market, but specific GSE legislation has yet to be proposed. Fannie Mae and Freddie Mac also announced plans to purchase delinquent loans out of mortgage pools and on March 4, 2010, the SEC published in the Federal Register its final rule on money market fund reform which stipulated amendments to SEC Rule 2a-7, which will likely have a major effect on money market funds.

In early February 2010, the Federal Reserve Bank of New York announced the scheduled expiration of several lending programs. These programs included the Money Market Investor Funding Facility, which expired on October 30, 2009, as well as the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, and the Term Securities Lending Facility, each of which expired on February 1, 2010. The expiration of these programs does not appear to have had a major effect on the agency debt markets.

Furthermore, the Federal Reserve's purchasing of agency debt and agency MBS ended during the first three months of 2010. During the first three months of 2010, the Federal Reserve purchased $12.2 billion in debt issued by the housing GSEs, including $3.2 billion in FHLBank mandated Global bullet bonds. The Federal Reserve purchased a total of $172.1 billion in agency debt securities from the program's inception to its expiration; this was just shy of the $175 billion committed to the program. The Federal Reserve also purchased $207 billion in gross agency MBS during the first three months of 2010. From the program's inception to its expiration, the Federal Reserve's total net purchases of agency MBS equaled $1.25 trillion—exactly the amount committed to the program.

During the first three months of 2010, Fannie Mae and Freddie Mac announced plans to purchase loans that are at least 120 days delinquent out of mortgage pools. The initial purchases were slated to occur from February 2010 through May 2010, with additional delinquency purchases as needed thereafter. As Fannie Mae and Freddie Mac may need to raise additional funds to complete these loan purchases, funding costs in the short-end of the agency debt market may continue to be affected.

During the first three months of 2010, the FHLBanks priced $154 billion of consolidated bonds—just $2.4 billion more than during the fourth quarter of 2009. However, weighted-average bond funding costs deteriorated significantly during the first three months of 2010, with March 2010 witnessing the lowest weighted-average monthly bond pricing spreads to three-month LIBOR since February 2009. Swapped funding levels have been driven lower by a variety of factors, including recent compression of the interest-rate swap curve. During the first three months of 2010, the FHLBanks relied heavily on swapped negotiated callable bonds, floating-rate bonds and step-up callable bonds. In 2010, the FHLBanks continued to use an issuance calendar for FHLBank mandated Global bullet bond pricing; as such, the FHLBanks priced a $1 billion reopening of the most recent two-year mandated Global bullet bond in January 2010, priced $3 billion of a new, three-year mandated Global bullet bond in February 2010, and priced $3 billion of a new, two-year mandated Global bond in March 2010.

FHLBank debt outstanding continued to shrink during the first three months of 2010. Although consolidated obligations outstanding increased slightly in early January 2010, they soon reversed course, and through the first three months of 2010 have dropped just less than $60 billion since year-end 2009, to $871 billion at March 31, 2010. Contrary to the fourth quarter of 2009, the main driver of this decline was consolidated bonds outstanding, which fell $49 billion, while consolidated discount notes dropped $10 billion. The drop in consolidated bonds outstanding may be attributed in part to increased consolidated bond redemptions during the first three months of 2010—consolidated bond maturities were $127 billion and consolidated bond calls were $70.5 billion during this period.

Primary dealer inventories of agency discount notes and bonds increased during the first three months of 2010, compared to year-end 2009. During the first three months of 2010, agency discount note inventories increased $4 billion, to $16 billion, and agency bond inventories increased $6 billion, to $62 billion. However, similar to the previous two calendar quarters, dealer inventories increased during the quarter and then sold off toward the end of the quarter. During the first three months of 2010, dealer inventories of agency discount notes were as high as $38 billion in early March 2010 and dealer inventories of agency bonds were as high as $83 billion in mid-February 2010.

Overall, foreign investor holdings of agencies (both debt and MBS), as reported by the Federal Reserve System, were flat to lower for much of the first three months of 2010, but started to increase in late February 2010—closing the quarter up $10 billion compared to year-end 2009.

On March 4, 2010, the SEC published in the Federal Register its final rule on money market fund reform, which contained amendments to SEC Rule 2a-7. The rule became effective on May 5, 2010, with certain aspects of the rule phased in over the remainder of 2010. In its final rule, the SEC included FHLBank consolidated discount notes with remaining maturities of 60 days or less in its definition of weekly liquid assets, which should help maintain investor demand for shorter-term FHLBank consolidated discount notes. However, this new rule, combined with shrinking yields in the money market sector, have driven investors to seek riskier investment categories that offer a higher rate of return. As such, taxable money market fund assets declined $276 billion during the first three months of 2010. As a subset of those assets, taxable money market fund investments allocated to the "U.S. Other Agency" category have also declined, dropping an additional $68 billion since year-end 2009.

Review of Interest-Rate Levels and Volatility—First Three Months of 2010 Compared to First Three Months of 2009.

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

Interest rates prevailing during any reporting period affect the FHLBanks' profitability for that reporting period, due primarily to the short-term structure of earning assets and the effect of interest rates on invested capital. At March 31, 2010 and December 31, 2009, the majority of investments, excluding mortgage-backed securities, and approximately 34 percent and 37 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 FHLBanks' profitability, as measured by net interest income and return on average equity, is affected by the demand for FHLBank debt, as well as current short-term interest rates, as represented, for example, by the overnight Federal funds target rate.

Interest rates also directly affect the FHLBanks through earnings on invested capital. Generally, due to the FHLBanks' cooperative structures, the FHLBanks earn relatively narrow net spreads between the yield on assets and the cost of corresponding liabilities. As a result, compared with other financial institutions, a relatively higher proportion of FHLBank income is generated from the investment of member-supplied capital 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 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, 2010 and December 31, 2009 and key average market interest rates for the three months ended March 31, 2010 and 2009.

	March 31, 2010 Ending Rate	December 31, 2009 Ending Rate	March 31, 2010 Three-Month Average	March 31, 2009 Three-Month Average	Ending Rate March 31, 2010 vs. December 31, 2009 Variance	Three-Month Average Rate March 31, 2010 vs. March 31, 2009 Variance
Federal Funds Target (1)	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%
3-month LIBOR (1)	0.29%	0.25%	0.26%	1.24%	0.04%	(0.98)%
2-year LIBOR (1)	1.19%	1.42%	1.15%	1.54%	(0.23)%	(0.39)%
5-year LIBOR (1)	2.73%	2.98%	2.70%	2.37%	(0.25)%	0.33%
10-year LIBOR (1)	3.82%	3.97%	3.78%	2.93%	(0.15)%	0.85%
3-month U.S. Treasury (1)	0.16%	0.05%	0.10%	0.20%	0.11%	(0.10)%
2-year U.S. Treasury (1)	1.02%	1.14%	0.91%	0.89%	(0.12)%	0.02%
5-year U.S. Treasury (1)	2.55%	2.68%	2.42%	1.75%	(0.13)%	0.67%
10-year U.S. Treasury (1)	3.83%	3.84%	3.70%	2.70%	(0.01)%	1.00%
15-year residential mortgage note rate (2)	4.34%	4.57%	4.35%	4.73%	(0.23)%	(0.38)%
30-year residential mortgage note rate (2)	5.04%	5.08%	5.01%	5.02%	(0.04)%	(0.01)%

(1) Source: Bloomberg.

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

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

Due to continued efforts by U.S. and foreign central banks to add liquidity to the money markets over much of the past year, the average three-month and two-year LIBOR rates decreased approximately 98 and 39 basis points from the first three months of 2009 to the first three months of 2010. During the last year, the spread between short-term and long-term rates widened, causing some additional steepening of the yield curve. This steepening was evidenced by average three-month and two-year U.S. Treasury rates decreasing approximately 10 basis points and increasing two basis points from the first three months of 2009 to the first three months of 2010, while the average five-year and ten-year U.S. Treasury rates were higher by 67 and 100 basis points over this time period. Similar to the trend observed in long-term U.S. Treasury rates, the average five-year and ten-year LIBOR rates increased by 33 and 85 basis points from the first three months of 2009 to the first three months of 2010.

Based on the data in the Securities Industry and Financial Markets Association’s February 2010 “Research Quarterly,” the latest date for which information is publicly available, securities issuance in 2009 reached $6.92 trillion, a 39.2 percent increase from the $4.97 trillion issued in 2008. As a result of agency support, total mortgage-related securities issuance increased 45.0 percent to $1.95 trillion in 2009 from $1.34 trillion in 2008. The shift toward GSE or agency mortgage financing led to higher agency debt issuance in 2009. Long-term federal agency debt issuance rose 13.5 percent from $984.4 billion in 2008 to $1.12 trillion in 2009. Consistent with the prior year, the FHLBanks’ debt issuance accounted for almost half of total agency debt issuance during 2009.

The dollar amount of callable bonds redeemed prior to maturity in the first three months of 2010 decreased slightly to $70 billion, compared to $76 billion during the first three months of 2009. Call volume may be driven by a variety of factors, including but not limited to the following: 1) shifts in the interest rate environment, 2) the amount of callable debt outstanding, 3) debt refunding costs, 4) FHLBank asset/liability management strategies and 5) the overall funding environment.

The mortgage market continued to undergo a number of changes. Mortgage loan delinquencies and defaults have increased over the past year, particularly in the non-prime sector, reflecting the combination of a softening residential real estate market in many areas of the nation, the effect of less rigorous loan underwriting standards and interest-rate resets on variable-rate loans. In addition, mortgage originators, 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 holdings of mortgage loans due primarily to conservative underwriting policies.

The FDIC's fourth quarter 2009 "Quarterly Banking Profile," the latest date for which information is publicly available, reported that the benefits of a recovering economy and stable financial markets resulted in FDIC-insured institutions reporting net income of $914 million in the fourth quarter of 2009, compared to a net loss of $37.8 billion in the fourth quarter of 2008. While much of the year-over-year earnings improvement was concentrated among the largest banks, there was also evidence of a broader improving trend. For the first time in three years, more than half of insured institutions reported year-over-year improvement in net income. During 2009, mergers absorbed 179 FDIC-insured institutions and failures claimed another 140 FDIC-insured institutions, the largest number of bank failures in a year since 1992. Total assets of all FDIC-insured institutions decreased 5.3 percent to $13.1 trillion at December 31, 2009, compared to $13.8 trillion at December 31, 2008, while total deposits for all FDIC-insured institutions increased to $9.2 trillion at December 31, 2009, representing a 2.1 percent increase over the corresponding balance of $9.0 trillion at December 31, 2008. While total loans and leases decreased 7.5 percent, from $7.9 trillion at December 31, 2008 to $7.3 trillion at December 31, 2009, total domestic office deposits increased from $7.5 trillion at December 31, 2008 to $7.7 trillion at December 31, 2009, representing a 2.7 percent increase. Over the past 12 months, the share of assets of FDIC-insured institutions funded by domestic deposits increased from 54.2 percent to 58.7 percent. By contrast, over the past 12 months, FHLBank advances as a percentage of asset funding of these institutions declined from 5.8 percent to 4.1 percent, the smallest percentage on record, dating to 2001. FDIC-insured institutions decreased their FHLBank borrowings during 2009 by $263.3 billion, or 33.1 percent, partly due to FDIC-insured institutions' increased participation in U.S. government programs initiated to provide capital and liquidity to the banking sector. For example, at December 31, 2009, 84 financial institutions, including 54 FDIC-insured institutions and 30 bank and thrift holding companies and nonbank affiliates, had $309 billion in government-guaranteed debt outstanding through the Temporary Liquidity Guarantee Program (TLGP).

Conditions in Financial Markets Subsequent to the First Three Months of 2010.

In April 2010, the FHLBanks maintained consistent access to funding; however, swapped funding costs continued to deteriorate across all maturities. Several factors outside of the agency debt markets continued to affect interest-rate swaps, resulting in increased FHLBank consolidated bond funding costs. At the same time, low yields and money fund outflows had a direct effect on consolidated discount note demand and pricing.

During April 2010, the FHLBanks priced just under $53 billion in consolidated bonds—similar to the monthly average during the first three months of 2010. During the month of April, the FHLBanks relied on a mix of consolidated bond funding, including swapped negotiated callable bonds, negotiated bullet bonds and floating-rate bonds. While still above the 12-month average, TAP bullet bond issuance was at its lowest monthly level since September 2009. In addition, aggregated consolidated bond funding costs continued to deteriorate during the month of April, continuing a trend that began in November 2009. In April 2010, the FHLBanks also priced $3 billion of a new, three-year mandated Global bullet bond.

After hitting a low in mid-April 2010, FHLBank consolidated obligations outstanding closed the month around the same level as at the end of March 2010. A drop of almost $3.7 billion in consolidated bonds outstanding was offset by a larger increase in consolidated discount notes. April's bond maturities of $27 billion were lower than the lofty levels observed during the first three months of 2010. However, April's call volume was still elevated at almost $25 billion.

Primary dealer inventories of both agency discount notes and bonds have increased since the end of the first quarter of 2010 as agency discount note inventories increased $22 billion and agency bond inventories rose $6 billion through April 21, 2010. Continuing a trend that began in late February 2010, foreign investor holdings of agencies (both debt and MBS), as reported by the Federal Reserve System, increased $8.5 billion from the end of first quarter 2010 through April 28, 2010.

Driven by reduced yields and recent money market fund reforms, taxable money market fund assets continued to drop in April 2010—falling an additional $95 billion since the end of March 2010, and taxable money market fund investments allocated to the "U.S. other agency" category also declined, dropping an additional $14 billion during the same period. Decreases in money fund assets have resulted in reduced demand for FHLBank consolidated discount notes, contributing to the deterioration in consolidated discount note funding costs.

Combined Statement of Condition

The following discussion contains information on the major categories of the FHLBanks' Combined Statement of Condition: advances, investments, mortgage loans held for portfolio, consolidated obligations and capital. In discussing changes in the Combined Statement of Condition at March 31, 2010 as compared to December 31, 2009, the fair value adjustments and basis adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations have been included. Assets and liabilities hedged with derivative instruments designated under fair value hedging relationships are required to be adjusted for changes in value attributable to the risk being hedged (e.g., benchmark interest-rate risk) even as other assets and liabilities continue to be carried on a historical cost basis. The fair value option provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. The following table summarizes the hedging and fair value option valuation adjustments for advances, available-for-sale securities, mortgage loans held for portfolio and consolidated obligations. All other hedging adjustments were less than one percent of the book value.

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

	March 31, 2010	December 31, 2009
Advances at pre-hedging adjustments and fair value option valuation adjustments	$556,759	$615,898
Hedging adjustments	14,767	14,644
Fair value option valuation adjustments (1)	517	617
Advances at carrying value	$572,043	$631,159
Available-for-sale securities at pre-hedging adjustments value (2)	$ 55,693	$ 51,681
Hedging adjustments	1,057	807
Available-for-sale securities at carrying value	$ 56,750	$ 52,488
Mortgage loans held for portfolio at pre-hedging adjustments value	$ 68,574	$ 71,236
Hedging adjustments	256	233
Mortgage loans held for portfolio at carrying value	$ 68,830	$ 71,469
Consolidated obligations at pre-hedging adjustments and fair value option valuation adjustments	$870,964	$930,378
Hedging adjustments	4,989	4,543
Fair value option valuation adjustments (1)	(4)	(45)
Consolidated obligations at carrying value	$875,949	$934,876

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

(2) Book value includes fair value adjustments.

Advances. Generally, the growth or decline in advances reflects demand by members for liquidity and funding, driven by economic factors such as the availability to members of alternative funding, the interest-rate environment and the current state of the economy. Members generally continued to decrease their use of FHLBank advances for a variety of reasons, including high deposit level at member financial institutions, low loan demand by FHLBank members and continued availability of more attractively priced sources of funding and/or source of liquidity with lower collateral requirements. In addition, the financial condition of certain FHLBank members weakened in the first three months of 2010, which reduced those members' borrowing capacity from FHLBanks due to tightened credit and collateral terms for advances. During the first three months of 2010, the FHLBanks also experienced paydown of advances as a result of maturing advances.

At March 31, 2010 and December 31, 2009, the FHLBanks had $2.8 billion of CIP commercial and economic development advances outstanding and had $6.1 billion and $6.2 billion of CIP housing advances outstanding.

Advances by Contractual Maturity
(Dollar amounts in millions)

	March 31, 2010		December 31, 2009	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 31		$ 18	
Due in 1 year or less	187,710	2.26%	229,407	2.09%
Due after 1 year through 2 years	97,388	2.38%	99,684	2.73%
Due after 2 years through 3 years	75,276	2.78%	72,387	2.95%
Due after 3 years through 4 years	46,939	2.62%	60,363	2.41%
Due after 4 years through 5 years	24,136	2.92%	22,941	3.04%
Thereafter	122,143	3.51%	127,818	3.47%
Index amortizing advances	3,163	4.52%	3,282	4.53%
Total par value	556,786	2.70%	615,900	2.66%
Commitment fees	(8)		(8)	
Discount on AHP advances	(63)		(64)	
Premiums	123		141	
Discounts	(79)		(71)	
Hedging adjustments	14,767		14,644	
Fair value option valuation adjustments	517		617	
Total	$572,043		$631,159	

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

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

Par amount of advances	March 31, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Fixed-rate	$408,202	73.3%	$444,529	72.2%
Variable-rate	148,584	26.7%	171,371	27.8%
Total	$556,786	100.0%	$615,900	100.0%

Advance Originations
(Dollar amounts in millions)

	For the Three Months Ended March 31,		2010 vs. 2009 Decrease	
	2010	2009	$	%
Advances originated	$350,763	$1,171,956	$(821,193)	(70.1)%
Advances repaid	409,911	1,279,548	(869,637)	(68.0)%
Net decrease	$ (59,148)	$ (107,592)		

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

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

	March 31, 2010		December 31, 2009		Decrease	
	Amount	Percentage of Total Par Value	Amount	Percentage of Total Par Value	$	%
Callable advances	$30,169	5.4%	$31,702	5.1%	$(1,533)	(4.8)%

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

Year of Contractual Maturity or Next Call Date	March 31, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 31	0.0%	$ 18	0.0%
Due in 1 year or less	209,415	37.6%	254,272	41.3%
Due after 1 year through 2 years	97,558	17.5%	98,731	16.0%
Due after 2 years through 3 years	70,367	12.6%	67,971	11.0%
Due after 3 years through 4 years	44,860	8.1%	55,672	9.0%
Due after 4 years through 5 years	21,004	3.8%	20,433	3.3%
Thereafter	110,388	19.8%	115,521	18.8%
Index amortizing advances	3,163	0.6%	3,282	0.6%
Total par value	$556,786	100.0%	$615,900	100.0%

The FHLBanks also offer convertible and putable advances. Convertible advances allow an FHLBank to convert a fixed-rate advance to an open-line advance or another structure after an agreed-upon lockout period. A convertible advance carries an interest rate lower than a comparable maturity advance that does not have a conversion feature. With a putable advance, an FHLBank has the right to terminate the advance at its discretion, which the FHLBank normally would exercise when interest rates increase, and the borrower may then apply for a new advance. If an FHLBank terminates a putable advance prior to the stated maturity date of such advance, the FHLBank shall offer to provide replacement funding to its member, provided the member is able to satisfy the FHLBank's normal credit and collateral requirements for the requested replacement funding.

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

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Total Par Value	Amount	Percentage of Total Par Value
Convertible advances	$ 32,472	5.8%	$ 34,921	5.7%
Putable advances	82,899	14.9%	87,605	14.2%
Convertible and putable advances	$115,371	20.7%	$122,526	19.9%

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

Year of Contractual Maturity or Next Put/Convert Date	March 31, 2010	Percentage of Total	December 31, 2009	Percentage of Total
Overdrawn demand and overnight deposit accounts	$ 31	0.0%	$ 18	0.0%
Due in 1 year or less	273,827	49.2%	319,469	51.9%
Due after 1 year through 2 years	98,339	17.7%	103,179	16.8%
Due after 2 years through 3 years	62,813	11.2%	59,195	9.6%
Due after 3 years through 4 years	44,524	8.0%	56,021	9.1%
Due after 4 years through 5 years	20,485	3.7%	20,263	3.3%
Thereafter	53,604	9.6%	54,473	8.8%
Index amortizing advances	3,163	0.6%	3,282	0.5%
Total par value	$556,786	100.0%	$615,900	100.0%

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

The FHLBanks use short-term investments for liquidity management 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. During the three months ended March 31, 2010, 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.

At March 31, 2010, 83.1 percent of the total investment securities classified on the Combined Statement of Condition as held-to-maturity, available-for-sale or trading securities were rated in the two highest investment rating categories for long-term or short-term investments as defined by S&P, Moody's and/or Fitch Ratings (Fitch), compared to 82.4 percent at December 31, 2009. At March 31, 2010, approximately 5 percent of total investment securities were on negative watch, which consisted of private-label residential MBS, home equity loan investments, and state or local housing agency obligations. See “Risk Management—Credit Risk—Managing Credit Risk—Investments” for investment securities downgraded and/or placed on negative watch subsequent to March 31, 2010.

Investments
(Dollar amounts in millions)

	March 31, 2010	December 31, 2009	Increase	
			$	%
Investments (excluding mortgage-backed securities)	$153,161	$132,323	$20,838	15.7%
Mortgage-backed securities	155,969	152,028	3,941	2.6%
Total investments	$309,130	$284,351	$24,779	8.7%

Investments
(Dollar amounts in millions)

	March 31, 2010		December 31, 2009		(Decrease) Increase	
	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments	$	%
Held-to-maturity securities	$146,677	47.5%	$147,833	52.0%	$ (1,156)	(0.8)%
Available-for-sale securities	56,750	18.4%	52,488	18.5%	4,262	8.1%
Trading securities	16,175	5.2%	22,247	7.8%	(6,072)	(27.3)%
Total investment securities	219,602	71.1%	222,568	78.3%	(2,966)	(1.3)%
Interest-bearing deposits	12	0.0%	11	0.0%	1	9.1%
Securities purchased under agreements to resell	10,550	3.4%	7,175	2.5%	3,375	47.0%
Federal funds sold	78,966	25.5%	54,597	19.2%	24,369	44.6%
Total investments	$309,130	100.0%	$284,351	100.0%	$24,779	8.7%

Investment Securities
(Dollar amounts in millions)

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Total Investment Securities	Amount	Percentage of Total Investment Securities
U.S. Treasury obligations	$ 1,057	0.5%	$ 1,029	0.5%
Commercial paper	3,030	1.4%	3,690	1.6%
Certificates of deposit (1)	21,236	9.7%	25,733	11.6%
Other U.S. obligations (2)	1,078	0.5%	1,236	0.6%
Government-sponsored enterprises and TVA (3)	14,163	6.4%	15,424	6.9%
State or local housing agency obligations	2,722	1.2%	2,799	1.2%
TLGP (4)	10,067	4.6%	10,151	4.6%
FFELP ABS (5)	9,284	4.2%	9,323	4.2%
Other	996	0.5%	1,155	0.5%
	63,633	29.0%	70,540	31.7%
Mortgage-backed securities:				
Other U.S. obligations residential MBS (2)	6,945	3.2%	5,784	2.6%
Other U.S. obligations commercial MBS (2)	55	0.0%	55	0.0%
Government-sponsored enterprises residential MBS (6)	101,860	46.4%	96,632	43.4%
Government-sponsored enterprises commercial MBS (6)	1,762	0.8%	1,489	0.7%
Private-label residential MBS	44,095	20.1%	45,991	20.7%
Private-label commercial MBS	271	0.1%	284	0.1%
Manufactured housing loans	217	0.1%	224	0.1%
Home equity loans	479	0.2%	1,271	0.6%
MPF Shared Funding Program mortgage-backed certificates	285	0.1%	298	0.1%
	155,969	71.0%	152,028	68.3%
Total investment securities	$219,602	100.0%	$222,568	100.0%

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

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

(3) Primarily consists of debt securities issued or guaranteed by Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), Federal Farm Credit Bank (FFCB), Export-Import Bank of the U.S. (Ex-Im Bank) and/or the Tennessee Valley Authority (TVA).

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

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

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

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

	March 31, 2010		December 31, 2009	
	Carrying Value	Percentage of Total	Carrying Value	Percentage of Total
Government-sponsored enterprises residential MBS (1)	$101,860	65.3%	$ 96,632	63.6%
Private-label residential MBS	44,095	28.3%	45,991	30.3%
Other U.S. obligations residential MBS (2)	6,945	4.5%	5,784	3.8%
Government-sponsored enterprises commercial MBS (1)	1,762	1.1%	1,489	1.0%
Home equity loans	479	0.3%	1,271	0.8%
Private-label commercial MBS	271	0.2%	284	0.2%
MPF Shared Funding Program mortgage-backed certificates	285	0.2%	298	0.2%
Manufactured housing loans	217	0.1%	224	0.1%
Other U.S. obligations commercial MBS (2)	55	0.0%	55	0.0%
Total mortgage-backed securities	$155,969	100.0%	$152,028	100.0%

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

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

Regulator policy limits additional investments in mortgage-backed securities if an FHLBank's investments in mortgage-backed securities exceed 300 percent of the sum of that FHLBank's previous month-end 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; this temporary increase expired on March 31, 2010. 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 owned by the FHLBank, however, are not subject to these limits.

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

	March 31, 2010	December 31, 2009	Increase (Decrease) $	Increase (Decrease) %
Mortgage-backed securities	$155,969	$152,028	$3,941	2.6%
Less: MPF Shared Funding Program	285	298	(13)	(4.4)%
Mortgage-backed securities (excluding MPF Shared Funding Program)	$155,684	$151,730	$3,954	2.6%
Total capital (1) and Designated Amount of applicable subordinated notes	$ 51,946	$ 51,947	$ (1)	(0.0)%
Ratio of MBS (excluding MPF Shared Funding Program) to total capital (1) and Designated Amount of applicable subordinated notes	3.00	2.92		

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

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

Trading Securities.

Trading Securities
(Dollar amounts in millions)

	March 31, 2010 Fair Value	December 31, 2009 Fair Value
U.S. Treasury obligations	$ 1,030	$ 1,029
Commercial paper	1,530	2,590
Certificates of deposit and bank notes (1)	2,005	3,200
Government-sponsored enterprises (2)	7,003	9,452
State or local housing agency obligations	10	10
TLGP (3)	3,191	4,479
Other (4)	549	752
	15,318	21,512
Mortgage-backed securities:		
Other U.S. obligations residential MBS(5)	53	55
Government-sponsored enterprises residential MBS (6)	579	607
Government-sponsored enterprises commercial MBS (6)	225	73
Total mortgage-backed securities	857	735
Total	$16,175	$22,247

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

(2) Primarily consists of debt securities issued or guaranteed by Freddie Mac and Fannie Mae.
(3) Represents corporate debentures issued or guaranteed by the FDIC under the TLGP.
(4) Primarily consists of taxable municipal bonds.
(5) Primarily consists of Ginnie Mae investment pools.
(6) 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, 2010		December 31, 2009	
Year of Maturity	Fair Value	Yield	Fair Value	Yield
Non-mortgage-backed securities				
Due in one year or less	$ 6,666	0.40%	$10,830	0.24%
Due after one year through five years	6,036	2.41%	7,870	2.14%
Due after five years through ten years	2,089	4.64%	2,082	4.64%
Due after ten years	527	4.93%	730	4.98%
Total	$15,318		$21,512	

Available-for-Sale Securities.

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

	March 31, 2010				
	Amortized Cost (1)	OTTI Recognized in AOCI*	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit and bank notes (2)	$ 6,775	$	$	$	$ 6,775
Other U.S. obligations (3)	821		16		837
Government-sponsored enterprises and TVA (4)	5,523		105	(50)	5,578
TLGP (5)	4,499		7	(2)	4,504
FFELP ABS (6)	8,695		589		9,284
Other (7)	435			(34)	401
	26,748		717	(86)	27,379
Mortgage-backed securities:					
Other U.S. obligations residential MBS (3)	2,327		85	(3)	2,409
Government-sponsored enterprises residential MBS (8)	20,314		201	(60)	20,455
Government-sponsored enterprises commercial MBS (8)	313			(3)	310
Private-label residential MBS	8,138	(2,700)	746	(3)	6,181
Home equity loans	26	(14)	4		16
Total mortgage-backed securities	31,118	(2,714)	1,036	(69)	29,371
Total	$57,866	$(2,714)	$1,753	$(155)	$56,750

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

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

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

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

(3) Other U.S. obligations primarily consist of SBA investment pools.

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

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

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

(7) Primarily consists of debentures issued by supranational entity.

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

Gross unrealized losses on the FHLBanks' available-for-sale mortgage-backed securities decreased $306 million from December 31, 2009 to March 31, 2010. (See "Note 4—Available-for-Sale Securities" to the accompanying combined financial statements.) The decrease in gross unrealized losses in the first three months of 2010 compared with the first three months of 2009 primarily reflects the stabilization in certain factors affecting the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, such as home prices and unemployment rates. However, despite some signs of economic recovery, the FHLBanks again increased the severity of their assumptions for the OTTI assessment of the first three months of 2010, based on trends affecting the underlying loans of certain private-label RMBS and home equity loan investments. The improvement in the AOCI component of the total OTTI losses in the first three months of 2010 was due to accretion of the non-credit portion of impairment losses and to the reclassification of previous non-credit losses out of AOCI into credit losses at March 31, 2010.

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 "Note 6—Other-Than-Temporary-Impairment Analysis" to the accompanying combined financial statements for additional information regarding the FHLBanks' processes for evaluating available-for-sale securities for OTTI.

If current conditions in the mortgage markets and general business and economic conditions continue or deteriorate further than currently anticipated, 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 Fair Value of
Available-for-Sale Securities by Contractual Maturity
(Dollar amounts in millions)

	March 31, 2010		December 31, 2009	
Year of Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 6,791	$ 6,790	$ 9,343	$ 9,341
Due after one year through five years	7,362	7,365	4,972	4,964
Due after five years through ten years	2,491	2,597	2,506	2,599
Due after ten years	1,409	1,343	1,202	1,133
FFELP ABS (1)	8,695	9,284	8,790	9,323
	26,748	27,379	26,813	27,360
Mortgage-backed securities	31,118	29,371	27,321	25,128
Total	$57,866	$56,750	$54,134	$52,488

(1) The FFELP ABS held by the FHLBank of Chicago is not presented based on contractual maturities because the expected maturities of these securities will likely differ from contractual maturities, as borrowers of the underlying loans have the right to prepay.

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(1)	March 31, 2010	December 31, 2009
Non-mortgage-backed securities		
Due in one year or less	0.20%	0.21%
Due after one year through five years	0.90%	0.93%
Due after five years through ten years	4.43%	4.44%
Due after ten years	5.18%	5.45%

(1) The FFELP ABS held by the FHLBank of Chicago is excluded from the yield calculation because the expected maturities of these securities will likely differ from contractual maturities, as borrowers of the underlying loans have the right to prepay.

Held-to-Maturity Securities.

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

	March 31, 2010					
	Amortized Cost (1)	OTTI Recognized in AOCI (2)	Carrying Value (2)	Gross Unrecognized Holding Gains (3)	Gross Unrecognized Holding Losses (3)	Fair Value
U.S. Treasury obligations	$ 27		$ 27	$	$	$ 27
Commercial paper	1,500		1,500			1,500
Certificates of deposit (4)	12,456		12,456			12,456
Other U.S. obligations (5)	241		241	6	(2)	245
Government-sponsored enterprises and TVA (6)	1,582		1,582	71	(3)	1,650
State or local housing agency obligations	2,712		2,712	24	(259)	2,477
TLGP (7)	2,372		2,372	7		2,379
Other	46		46			46
	20,936		20,936	108	(264)	20,780
Mortgage-backed securities:						
Other U.S. obligations residential MBS (5)	4,483		4,483	38	(1)	4,520
Other U.S. obligations commercial MBS (5)	55		55	1		56
Government-sponsored enterprises residential MBS (8)	80,826		80,826	2,258	(99)	82,985
Government-sponsored enterprises commercial MBS (8)	1,227		1,227	76		1,303
Private-label residential MBS	43,724	(5,810)	37,914	1,110	(3,226)	35,798
Private-label commercial MBS	271		271	4	(4)	271
Manufactured housing loans	217		217		(40)	177
Home equity loans	570	(107)	463	30	(63)	430
MPF Shared Funding Program mortgage-backed certificates	285		285	1	(3)	283
Total mortgage-backed securities	131,658	(5,917)	125,741	3,518	(3,436)	125,823
Total	$152,594	$(5,917)	$146,677	$3,626	$(3,700)	$146,603

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

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

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

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

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

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

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

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

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

Gross unrealized losses on the FHLBanks' held-to-maturity mortgage-backed securities at March 31, 2010 and December 31, 2009 resulted from ongoing market volatility, extraordinarily high investor yield requirements resulting from illiquidity in applicable market sectors, continued deterioration in the credit performance of mortgage loans and in home prices as well as uncertainty about the future condition of the economy. Gross unrealized losses on the FHLBanks' held-to-maturity mortgage-backed securities decreased $1,550 million from December 31, 2009 to March 31, 2010, which is partially a result of each of the FHLBanks of Pittsburgh and Atlanta election to transfer all private-label RMBS, that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio. See "Note 5—Held-to-Maturity Securities" to the accompanying combined financial statements for additional information regarding gross unrealized losses on the FHLBanks' held-to-maturity 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 "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements 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 or deteriorate further than currently anticipated, 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, 2010			December 31, 2009		
Year of Maturity	Amortized Cost (1)	Carrying Value (1)	Fair Value	Amortized Cost (1)	Carrying Value (1)	Fair Value
Due in one year or less	$ 14,786	$ 14,786	$ 14,789	$ 15,022	$ 15,022	$ 15,027
Due after one year through five years	3,110	3,110	3,189	3,546	3,546	3,627
Due after five years through ten years	341	341	341	352	352	352
Due after ten years	2,699	2,699	2,461	2,748	2,748	2,552
	20,936	20,936	20,780	21,668	21,668	21,558
Mortgage-backed securities	131,658	125,741	125,823	132,314	126,165	124,633
Total	$152,594	$146,677	$146,603	$153,982	$147,833	$146,191

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

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, 2010	December 31, 2009
Non-mortgage-backed securities		
Due in one year or less	0.29%	0.27%
Due after one year through five years	1.89%	1.96%
Due after five years through ten years	3.57%	3.65%
Due after ten years	2.24%	2.29%

OTTI on Investment Securities.

As of March 31, 2010, approximately 80.6 percent, 18.8 percent and 0.6 percent of the FHLBanks' mortgage-backed securities are classified as held-to-maturity, available-for-sale and trading securities. For the held-to-maturity and available-for-sale securities, each of the FHLBanks does not intend to sell these securities and it is not more likely than not that the FHLBank will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. Each FHLBank actively monitors the credit quality of its mortgage-backed securities to evaluate its exposure to the risk of loss on these investments. During the three months ended March 31, 2010, the FHLBanks of Boston, New York, Pittsburgh, Atlanta, Indianapolis, Chicago, Dallas, Topeka, San Francisco and Seattle recognized $406 million of combined total OTTI losses related to private-label RMBS and home equity loan investments classified as held-to-maturity securities and available-for-sale securities, after each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities. Of the total OTTI losses recognized, $173 million was recognized in AOCI, resulting in net OTTI losses in earnings of $233 million related to held-to-maturity securities and available-for-sale securities. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or a rapid decline in residential real estate values continues, the FHLBanks could experience further reduced yields or additional losses on their investment securities.

During the three months ended March 31, 2010, each of the FHLBanks of Pittsburgh and Atlanta elected to transfer all private-label RMBS, that had credit-related other-than-temporary impairment recorded this period from its held-to-maturity portfolio to its available-for-sale portfolio, while the FHLBank of Seattle elected to transfer certain private-label RMBS from its held-to-maturity portfolio to its available-for-sale portfolio. Each of these FHLBanks recognized an OTTI loss on these private-label RMBS held-to-maturity securities, which each FHLBank believes is evidence of a significant decline in the issuer's creditworthiness. The objective of these transfers was to increase financial flexibility and allow management the option to choose to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, recognizing the management's intent to hold these securities for an indefinite period of time. During the first three months of 2010, the FHLBanks of Pittsburgh, Atlanta and Seattle transferred all or certain private-label RMBS that had OTTI credit losses with an aggregate amortized cost of $23 million, $467 million, and $137 million and fair value of $21 million, $409 million and $77 million, at the applicable transfer date, from its held-to-maturity portfolio to its available-for-sale portfolio. The FHLBanks have no current plans to sell these securities nor are they under any requirement to sell these securities.

The following table represents a comparison of the prime, Alt-A and subprime loans backing private-label MBS, manufactured housing loans and home equity loan investments owned by the FHLBanks at March 31, 2010, and OTTI charges taken on these securities during the three months ended March 31, 2010.

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization
At March 31, 2010
(Dollar amounts in millions)

	Prime (1)					
	At March 31, 2010			Year-to-Date		
Year of Securitization	Amortized Cost	Gross Unrealized Losses	Fair Value	Credit-Related OTTI Charge Taken (2)	Noncredit-Related OTTI Charge Taken	Total OTTI Charge Taken (2)
Private-label RMBS:						
2008	$ 649	$ (120)	$ 555	$ (7)	$(11)	$ (18)
2007	4,651	(952)	3,746	(38)	(20)	(58)
2006	5,177	(989)	4,406	(41)	11	(30)
2005	5,008	(684)	4,335	(12)	(14)	(26)
2004 and prior	12,025	(760)	11,289	(2)	(10)	(12)
Total	27,510	(3,505)	24,331	(100)	(44)	(144)
Private-label CMBS:						
2004 and prior	271	(4)	271	—	—	—
Total	271	(4)	271	—	—	—
Manufactured housing loans:						
2004 and prior	**	**	**	—	—	—
Manufactured housing loan total	**	**	**	—	—	—
Total prime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$27,781	$(3,509)	$24,602	$(100)	$(44)	$(144)

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization (continued)
At March 31, 2010
(Dollar amounts in millions)

	Alt-A (1)					
	At March 31, 2010			Year-to-Date		
Year of Securitization	Amortized Cost	Gross Unrealized Losses	Fair Value	Credit-Related OTTI Charge Taken (2)	Noncredit-Related OTTI Charge Taken	Total OTTI Charge Taken (2)
Private-label RMBS:						
2008	$ 921	$ (301)	$ 620	$ (1)	$	$ (1)
2007	6,813	(2,562)	4,486	(44)	(26)	(70)
2006	4,153	(1,340)	2,926	(51)	25	(26)
2005	7,437	(2,238)	5,376	(24)	(94)	(118)
2004 and prior	3,970	(486)	3,487	(1)	(13)	(14)
Total	23,294	(6,927)	16,895	(121)	(108)	(229)
Home equity loan investments:						
2006	23	(8)	15			
2005	5	(3)	2			
2004 and prior	26	(11)	16			
Total	54	(22)	33			
Total Alt-A private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$23,348	$(6,949)	$16,928	$(121)	$(108)	$(229)

OTTI of
Private-Label Mortgage-Backed Securities,
Manufactured Housing Loans
and Home Equity Loan Investments
by Year of Securitization (continued)
At March 31, 2010
(Dollar amounts in millions)

	Subprime (1)					
	At March 31, 2010			Year-to-Date		
Year of Securitization	Amortized Cost	Gross Unrealized Losses	Fair Value	Credit-Related OTTI Charge Taken (2)	Noncredit-Related OTTI Charge Taken	Total OTTI Charge Taken (2)
Private-label RMBS:						
2007	$ 9	$ (2)	$ 7	$	$	$
2006	891	(314)	611	(8)	(22)	(30)
2005	117	(16)	102		1	1
2004 and prior	41	(10)	33			
Total	1,058	(342)	753	(8)	(21)	(29)
Manufactured housing loans:						
2004 and prior	217	(40)	177			
Total	217	(40)	177			
Home equity loan investments:						
2004 and prior	542	(129)	413	(4)		(4)
Total	542	(129)	413	(4)		(4)
Total subprime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$ 1,817	$ (511)	$ 1,343	$ (12)	$ (21)	$ (33)
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$52,946	$(10,969)	$42,873	$(233)	$(173)	$(406)

** Represents amounts less than $1 million

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

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

The following table summarizes OTTI charges recorded by the FHLBanks during the three months ended March 31, 2010, based on security classification and duration of credit-related and noncredit-related unrealized losses prior to impairment.

Summary of OTTIs Recorded by
Duration of Unrealized Losses Prior to Impairment (1)
For the Three Months Ended March 31, 2010
(Dollar amounts in millions)

	Credit-Related Gross Unrealized Losses (2)			Noncredit-Related Gross Unrealized Losses (3)			
	Less than 12 months	12 months or greater	Total	Less than 12 months	12 months or greater	Total	Total OTTI losses Year-to-Date
Prime:							
Private-label RMBS	$	$(100)	$(100)	$	$ (44)	$ (44)	$(144)
Total prime		(100)	(100)		(44)	(44)	(144)
Alt-A:							
Private-label RMBS		(121)	(121)		(108)	(108)	(229)
Total Alt-A		(121)	(121)		(108)	(108)	(229)
Subprime:							
Private-label RMBS		(8)	(8)		(21)	(21)	(29)
Home equity loan investments		(4)	(4)				(4)
Total subprime		(12)	(12)		(21)	(21)	(33)
Private-label MBS total	$	$(233)	$(233)	$	$(173)	$(173)	$(406)

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

(2) Credit losses were recognized in earnings upon OTTI at March 31, 2010.

(3) Noncredit losses were recognized in AOCI upon OTTI at March 31, 2010.

The remainder of the FHLBanks' private-label RMBS and home equity loan investments portfolio has experienced net unrealized losses and a decrease in fair value due to interest rate volatility, illiquidity in the marketplace, and credit deterioration in the U.S. mortgage markets. However, these declines are considered temporary, as each of the FHLBanks expects to recover the entire amortized cost basis on the remaining securities in unrealized loss positions and neither intends to sell these securities, nor considers it more likely than not that it would be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. See individual FHLBanks' SEC Form 10-Qs for FHLBank-specific information relating to OTTI. The FHLBanks' portfolio monitoring is ongoing, and further deterioration in delinquency and loss rates and real estate values may cause an additional increase in recognized losses on private-label RMBS and home equity loan investments. See "Critical Accounting Estimates—OTTI for Investment Securities," and "Note 6—Other-Than-Temporary-Impairment Analysis" to the accompanying combined financial statements for additional information regarding the FHLBanks' processes for evaluating investment securities for OTTI.

Mortgage Loans Held for Portfolio.

The factors that affect the volume of mortgage loans purchased from members include the general level of U.S. housing activity, the level of domestic refinancing activity and consumer product preferences. Mortgage loan balances at March 31, 2010 decreased compared to the mortgage loan balances at December 31, 2009. In general, principal paydowns and maturities of mortgage loans held for portfolio have been greater than purchases and fundings of new mortgage loans held for portfolio. Historically, a decline in interest rates has generally resulted in accelerated mortgage refinancing activity, thus increasing prepayments and thereby shortening the effective maturity of the mortgage-related assets. However, current economic and credit market conditions appear to have had a negative effect on mortgage prepayment activity, as borrowers may not be able to obtain new mortgage loans at current lower rates due to reductions in their incomes, declines in the values of their homes, tighter lending standards, a general lack of credit availability, and/or delays in obtaining approval of new loans. The FHLBanks anticipate that their combined outstanding mortgage loans held for portfolio will continue to decrease due to several FHLBanks' discontinued participation in the MPF Program and/or MPP, the reduction of outstanding mortgage loan balances due to maturities and prepayments, and the continuing credit crisis in the housing market.

Mortgage Loans Held for Portfolio
(Dollar amounts in millions)

	March 31, 2010	Percentage of Total	December 31, 2009	Percentage of Total	(Decrease) Increase $	(Decrease) Increase %
Real Estate:						
Fixed-rate, medium-term* single-family mortgages	$15,922	23.3%	$16,826	23.7%	$ (904)	(5.4)%
Fixed-rate, long-term single-family mortgages	52,404	76.7%	54,148	76.3%	(1,744)	(3.2)%
Multifamily mortgages	26	0.0%	26	0.0%		
	68,352	100.0%	71,000	100.0%	(2,648)	(3.7)%
Premiums	439		460		(21)	(4.6)%
Discounts	(236)		(245)		9	3.7%
Deferred loan costs, net	19		21		(2)	(9.5)%
Hedging adjustments	256		233		23	9.9%
Total mortgage loans held for portfolio	$68,830		$71,469		$(2,639)	(3.7)%

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

At March 31, 2010, the FHLBanks of Chicago (33 percent), Cincinnati (13 percent), Des Moines (11 percent) and Indianapolis (10 percent) held the largest percentage of the combined mortgage loans held for portfolio. No other FHLBank held 10 percent or more of the combined mortgage loans held for portfolio at March 31, 2010.

The FHLBanks of Chicago, Boston, Pittsburgh, and Des Moines offer the MPF Xtra product. Loans sold to the FHLBank of Chicago under the MPF Xtra product are concurrently sold to Fannie Mae, as a third party investor, and are not held on each participating FHLBank's balance sheet. Unlike other conventional MPF products, under the MPF Xtra product PFIs are not required to provide credit enhancement and do not receive CE Fees. Additionally, at the present time, only PFIs that retain servicing may sell loans under the MPF Xtra product. The volume of MPF Loans purchased under the MPF Xtra product from the FHLBank of Chicago members and from the members of other FHLBanks since the product was introduced in the fourth quarter of 2008 is in excess of $3.7 billion.

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

	March 31, 2010		December 31, 2009		(Decrease) Increase	
	Amount	Percentage of Total	Amount	Percentage of Total	$	%
MPF, mortgage loans held for portfolio	$48,572	70.5%	$50,399	70.5%	$(1,827)	(3.6)%
MPP, mortgage loans held for portfolio	20,231	29.5%	21,042	29.5%	(811)	(3.9)%
Other mortgage loans	27	0.0%	28	0.0%	(1)	(3.6)%
Total mortgage loans held for portfolio	$68,830	100.0%	$71,469	100.0%	$(2,639)	(3.7)%
Allowance for credit losses—MPF	$ 37	92.5%	$ 29	90.6%	$ 8	27.6%
Allowance for credit losses—MPP	1	2.5%	1	3.1%		
Allowance for credit losses—other	2	5.0%	2	6.3%		
Total allowance for credit losses	$ 40	100.0%	$ 32	100.0%	$ 8	25.0%
MPF, mortgage loans held for portfolio, net	$48,535	70.6%	$50,370	70.5%	$(1,835)	(3.6)%
MPP, mortgage loans held for portfolio, net	20,230	29.4%	21,041	29.5%	(811)	(3.9)%
Other mortgage loans, net	25	0.0%	26	0.0%	(1)	(3.8)%
Total mortgage loans held for portfolio, net	$68,790	100.0%	$71,437	100.0%	$(2,647)	(3.7)%

Loan Modification. In 2009, the MPF FHLBanks began to offer the temporary loan payment modification plan (the modification plan) for conventional MPF Loans, which will be available until December 31, 2011 unless further extended by the MPF Program. Borrowers with conventional loans secured by their primary residence that were originated prior to January 1, 2009 are eligible for the modification plan. This modification plan pertains to borrowers currently in default or in imminent danger of default. In addition, there are specific eligibility requirements that must be met and procedures that the PFIs must follow to modify loans under the modification plan.

The “Other mortgage loans” 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 participations in loans on affordable multifamily rental properties to the FHLBank of Atlanta. These assets did not carry external credit enhancements. Through the CMA program, the FHLBank of New York participated in residential, multifamily and community economic development mortgage loans originated by its members. The FHLBank of Atlanta ceased acquisitions under AMPP in 2006. The FHLBank of New York suspended acquisitions under the CMA program in 2001.

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

	March 31, 2010	Percentage of Total	December 31, 2009	Percentage of Total	Decrease $	Decrease %
Conventional loans	$61,046	89.3%	$63,476	89.4%	$(2,430)	(3.8)%
Government-guaranteed or-insured loans	7,280	10.7%	7,498	10.6%	(218)	(2.9)%
Other loans	26	0.0%	26	0.0%		
Total par value	$68,352	100.0%	$71,000	100.0%	$(2,648)	(3.7)%

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 FHLBanks generally increased the allowance for credit losses on mortgage loans as home prices continued to be depressed nationwide and due to continued difficult credit and housing market conditions that have resulted in a trend of increasing delinquencies and higher level of nonperforming loans in the FHLBanks' mortgage portfolios.

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

	March 31, 2010	December 31, 2009
Balance, beginning of period	$32	$15
Charge-offs		(1)
Provision for credit losses	8	18
Balance, end of period	$40	$32

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, 2010	December 31, 2009
Mortgage loans held for portfolio, net	$68,790	$71,437
Nonperforming mortgage loans held for portfolio (1)	501	372
Mortgage loans held for portfolio past due 30- 90 days and still accruing interest (2)	1,737	1,736
Mortgage loans held for portfolio past due 90 days or more and still accruing interest (2)	733	773
Loans in foreclosure	563	540
Real estate owned	104	90

(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, 2010	March 31, 2009
Interest contractually due during the period	$5.6	$2.5
Interest actually received during the period	2.7	1.3
Shortfall	$2.9	$1.2

Consolidated Obligations.

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

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

	For the Three Months Ended March 31,		Decrease	
	2010	2009	$	%
Overnight consolidated discount notes	$ 21,692	$ 21,781	$ (89)	(0.4)%
Term consolidated discount notes	177,819	410,014	(232,195)	(56.6)%
Total consolidated discount notes	199,511	431,795	(232,284)	(53.8)%
Consolidated bonds	712,510	775,088	(62,578)	(8.1)%
Total consolidated obligations	$912,021	$1,206,883	$(294,862)	(24.4)%

Total Outstanding Consolidated Obligations, at Carrying Value
(Dollar amounts in millions)

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Total Consolidated Obligations, Net	Amount	Percentage of Total Consolidated Obligations, Net
Consolidated discount notes	$188,167	21.5%	$198,532	21.2%
Consolidated bonds	687,782	78.5%	736,344	78.8%
Total consolidated obligations, net	$875,949	100.0%	$934,876	100.0%

The $58.9 billion decrease in total consolidated obligations from December 31, 2009 to March 31, 2010, primarily relates to the $10.4 billion decrease in consolidated discount notes and the $89.9 billion decrease in consolidated bonds maturing in one year or less, and $2.8 billion of decreases in long-term consolidated bonds for all maturity terms except for due after 1 year through 2 years, due after 2 years through 3 years and due after 4 years through 5 years.

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

	March 31, 2010		December 31, 2009	
Year of Contractual Maturity	Amount	Weighted - Average Interest Rate	Amount	Weighted - Average Interest Rate
Due in 1 year or less	$246,495	1.56%	$336,359	1.40%
Due after 1 year through 2 years	163,756	1.62%	139,782	2.13%
Due after 2 years through 3 years	97,333	2.40%	82,354	2.56%
Due after 3 years through 4 years	52,529	3.45%	54,103	3.58%
Due after 4 years through 5 years	38,249	3.56%	33,797	3.67%
Thereafter	78,448	4.57%	79,318	4.67%
Index amortizing notes	5,579	5.08%	5,978	5.07%
Total par value	682,389	2.32%	731,691	2.32%
Premiums	922		910	
Discounts	(513)		(746)	
Hedging adjustments	4,988		4,534	
Fair value option valuation adjustments	(4)		(45)	
Total	$687,782		$736,344	

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, 2010	December 31, 2009
Due in 1 year or less	$385,409	$467,856
Due after 1 year through 2 years	136,932	116,010
Due after 2 years through 3 years	61,018	46,537
Due after 3 years through 4 years	34,390	39,944
Due after 4 years through 5 years	17,965	14,091
Thereafter	41,096	41,275
Index amortizing notes	5,579	5,978
Total par value	$682,389	$731,691

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

Par values of consolidated bonds	March 31, 2010	December 31, 2009
Noncallable/nonputable	$502,685	$565,840
Callable	179,704	165,851
Total par value	$682,389	$731,691

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

	March 31, 2010		December 31, 2009	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$380,060	55.7%	$424,998	58.1%
Fixed-rate, callable	130,085	19.1%	120,545	16.5%
Single-index, non-capped variable-rate	113,677	16.6%	130,524	17.8%
Step-up/step-down	49,963	7.3%	45,986	6.3%
Amortizing prepayment linked securities	5,582	0.8%	5,981	0.8%
Conversion	1,853	0.3%	2,325	0.3%
Range	1,144	0.2%	983	0.1%
Zero-coupon, callable	200	0.0%	450	0.1%
Capped variable-rate	155	0.0%	205	0.0%
Other	9	0.0%	44	0.0%
Total	$682,728	100.0%	$732,041	100.0%

(1) Consolidated bonds outstanding in this table have not been adjusted for interbank holdings of consolidated bonds totaling $339 million at March 31, 2010 and $350 million at December 31, 2009.

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

- diversify the investor base;
- reduce funding costs; and
- provide additional asset/liability management tools.

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

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

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

Debt Financing Activity. Historically, the FHLBanks have had diversified sources and channels of funding as the need for funding from the capital markets has grown. The Global Debt Program issued $92.3 billion and $35.1 billion at par in term funds during the three months ended March 31, 2010 and 2009. The TAP Issue Program consolidates the issuance through daily auctions of bullet consolidated bonds of common maturities by re-opening previously issued consolidated bonds. TAP issues generally remain open for three months, after which they are closed and a new series of TAP issues is opened to replace them. This program has reduced the number of separate bullet consolidated bonds issued, but more importantly has enhanced market awareness through increased issue size, secondary market activity, and utility, while providing enhanced funding diversification for the FHLBanks. Through this program, the Office of Finance seeks to enhance the liquidity of these issues. During the three months ended March 31, 2010, $11.1 billion of consolidated bonds were issued through the TAP Issue Program. This issuance represents an increase of $10.5 billion over the three months ended March 31, 2009. During the three months ended March 31, 2009, funding costs for TAP securities rose substantially compared to funding alternatives, making TAP securities less attractive to the FHLBanks. TAP securities were perceived as less liquid relative to other larger GSE securities and were excluded from the Federal Reserve's $175 billion GSE purchase program; therefore, dealers and investors demanded a higher yield for holding TAPs. However, this trend reversed during the first three months of 2010, as enhanced TAP funding opportunities and improvement in the market for the FHLBanks' term funding products resulted in $11.1 billion of TAP issuance.

Consolidated bonds can be negotiated individually or auctioned competitively through approximately 75 underwriters. Consolidated bonds can be offered daily through auction and include fixed-rate bullets (through the TAP Issue Program discussed above) and American-style callables. Underwriters may contact the Office of Finance if there is a structure/dollar target they need to meet investor demand, although many times they negotiate directly with the FHLBanks. Competitively-bid transactions are generally initiated by an FHLBank need for funds of a particular structure and size. Dealers are invited to bid and the trade is executed if the FHLBank's funding parameters are satisfied.

	Percent of Total Consolidated Bonds Issued During Three Months Ended March 31,	
	2010	2009
Negotiated transactions	85.8%	89.5%
Competitive bid	14.2%	10.5%
Total	100.0%	100.0%

	Percent of Total Consolidated Bonds Issued During Three Months Ended March 31,	
	2010	2009
Fixed-rate, callable	41.6%	16.7%
Single-index, variable-rate	27.2%	37.1%
Fixed-rate, fixed-term, noncallable (bullet)	15.8%	45.1%
Step-up/step-down	14.7%	0.4%
Other	0.7%	0.7%
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,	
	2010	2009
Consolidated discount notes	$1,651,575	$1,787,994
Consolidated bonds	$ 148,441	$ 127,194

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 corresponds to the decrease in advances during the first three months of 2009. In the three months ended March 31, 2010, the average balance of consolidated discount notes decreased compared to the average balance for the three months ended March 31, 2009 due to decrease in demand for advances by the FHLBanks' members during the year and the increase in liquidity from advance prepayments as a result of member failures. As a result, the average balance of consolidated discount notes as a proportion of total average consolidated obligations outstanding decreased in the first three months of 2010 compared to the first three months of 2009.

The FHLBanks make use of callable debt. At March 31, 2010, $179.7 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $89 million). At March 31, 2010, callable consolidated bonds represented 26.3 percent of total consolidated bonds outstanding at par. This percentage has increased slightly in 2010, reflecting, in part, recent compression of the interest-rate swap curve. (See "Financial Trends" for additional discussion).

Consolidated discount notes accounted for 91.8 percent of the proceeds from the issuance of consolidated obligations during the three months ended March 31, 2010, compared to 93.0 percent of the proceeds from the issuance of consolidated obligations during the three months ended March 31, 2009. Much of the consolidated discount note activity reflects the refinancing of overnight discount notes.

Deposits.

At March 31, 2010, deposits totaled $21,140 million, an increase of $5,243 million or 33.0 percent from December 31, 2009. Factors that generally influence deposit levels include turnover in members' investment securities portfolios, changes in member demand for liquidity primarily due to member institution deposit growth, the slope of the yield curve and the FHLBanks' deposit pricing as compared to other short-term money market rates.

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

	March 31, 2010	December 31, 2009
3 months or less	$ 968	$401
Over 3 months through 6 months	163	352
Over 6 months through 12 months	32	149
Over 12 months	32	31
Total	$1,195	$933

Capital.

Total Capital
(Dollar amounts in millions)

March 31, 2010	December 31, 2009	Decrease $	Decrease %
$42,791	$42,809	$(18)	(0.0)%

The decrease in total capital was due primarily to:

- the decrease in total capital stock attributable to the $1.1 billion of repurchase/redemption of capital stock and the $342 million reclassification of capital stock as mandatorily redeemable capital stock, partially offset by the $665 million of net proceeds from the sale of capital stock to support new advances during the three months ended March 31, 2010,

- which was partially offset by the improvement in AOCI due to $451 million in net noncredit-related OTTI activity on held-to-maturity and available-for-sale securities; and
- a $182 million increase in retained earnings.

Over the same period, total capital decreased less than total assets as a percentage. This caused the FHLBanks' combined GAAP capital-to-assets ratio to increase to 4.43 percent at March 31, 2010, from 4.22 percent at December 31, 2009. During the three months ended March 31, 2010, total regulatory capital decreased 1.0 percent, whereas total assets decreased 4.9 percent. This caused the FHLBanks' combined regulatory capital-to-assets ratio to increase to 6.17 percent at March 31, 2010, from 5.92 percent at December 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 related to consolidation under GAAP. (See discussions relating to "Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income" at the end of this section and in 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	
	2010	2009	$	%
INTEREST INCOME				
Advances	$1,209	$3,795	$(2,586)	(68.1)%
Prepayment fees on advances	35	41	(6)	(14.6)%
Mortgage loans held for portfolio	845	1,068	(223)	(20.9)%
Investments and other	1,586	1,940	(354)	(18.2)%
Total interest income	3,675	6,844	(3,169)	(46.3)%
INTEREST EXPENSE				
Consolidated obligations	2,407	5,558	(3,151)	(56.7)%
Other	33	40	(7)	(17.5)%
Total interest expense	2,440	5,598	(3,158)	(56.4)%
NET INTEREST INCOME	$1,235	$1,246	$ (11)	(0.9)%

As interest rates continued to remain low during the first three months of 2010, the interest earned on the FHLBanks' assets declined slightly more than the interest paid on the FHLBanks' debt, resulting in lower net interest income during the first three months of 2010 compared to the same period in 2009. Net interest income decreased primarily due to lower advance volumes and lower returns on invested capital. As each FHLBank shifted its funding mix during 2009, it funded a significant percentage of its assets using consolidated discount notes and other short-term debt at advantageous spreads. However, during the first three months of 2010, several FHLBanks experienced narrower portfolio spreads on many of their short-term and adjustable-rate assets indexed to LIBOR relative to their short-term funding costs compared to the first three months of 2009, ending the relative funding advantage observed during the first three months of 2009. The average balances of the FHLBanks' combined statement of condition and yields on advances, investments and to a lesser extent, mortgage loans generally decreased in the first three months of 2010 compared to the same period in 2009, as the FHLBanks' advances to their member institutions declined.

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, 2010			March 31, 2009		
	Average Balance (1)	Interest (2)	Annualized Yield	Average Balance (1)	Interest (2)	Annualized Yield
Advances (3)	$ 606,989	$1,244	0.83%	$ 876,907	$3,836	1.77%
Mortgage loans held for portfolio	69,854	845	4.91%	86,251	1,068	5.02%
Investments:						
Interest-bearing deposits and other	7,243	3	0.17%	50,930	33	0.26%
Securities purchased under agreements to resell	13,307	3	0.09%	14,801	9	0.25%
Federal funds sold	83,708	29	0.14%	68,908	41	0.24%
Trading securities	20,074	86	1.74%	15,171	108	2.89%
Available-for-sale securities (4)	56,470	281	2.02%	14,602	60	1.67%
Held-to-maturity securities (4)	153,354	1,184	3.13%	182,814	1,689	3.75%
Total investments	334,156	1,586	1.92%	347,226	1,940	2.27%
Total interest-earning assets	1,010,999	$3,675	1.47%	1,310,384	$6,844	2.12%
Non-interest earning assets	505			10,732		
Total assets	$1,011,504			$1,321,116		
Consolidated obligations:						
Discount notes	$ 199,475	$ 153	0.31%	$ 430,874	$1,081	1.02%
Bonds	717,809	2,254	1.27%	782,614	4,477	2.32%
Interest-bearing deposits and other borrowings (5)	30,214	33	0.44%	28,544	40	0.57%
Total interest-bearing liabilities	947,498	$2,440	1.04%	1,242,032	$5,598	1.83%
Non-interest-bearing liabilities	21,049			28,298		
Total liabilities	968,547			1,270,330		
Capital	42,957			50,786		
Total liabilities and capital	$1,011,504			$1,321,116		
Spread on:						
Total interest-bearing liabilities			0.43%			0.29%
Total funding (net interest margin) (6)			0.49%			0.39%

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

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

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

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

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

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

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

During the first three months of 2010, at the combined level, the spread between asset yields and interest-bearing liabilities and the net interest margin increased compared to the same period in 2009. Each FHLBank's spread between asset yields interest-bearing liabilities and/or the net interest margin increased and/or decreased based on each FHLBank's investing, funding and hedging activities, among other things. See "Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios" for each individual FHLBank's spread between asset yields and interest-bearing liabilities and the net interest margin for those periods.

The increases in combined FHLBanks' net interest margin and spread between asset yields and interest-bearing liabilities during the three months ended March 31, 2010 were generally related to lower funding costs and increased funding of investment portfolios with short-term consolidated obligations, particularly consolidated discount notes during most of 2009.

Items that increased the net interest margin and spread for the three months ended March 31, 2010, compared to the prior year, included:

- an increase in the proportion of higher-earning assets to total assets as advance balances have declined;
- a reduction in the average funding costs of consolidated discount notes relative to the yield of short-term assets with comparable terms (e.g., advances and money market investments). In the first three months of 2010, average spreads on many assets, especially short-term and variable-rate assets indexed to short-term LIBOR, continued to widen relative to their funding costs.
- refinancing retired and called consolidated bonds at lower debt cost. The reduction in intermediate-and long-term interest rates enabled certain FHLBanks to retire (call) consolidated bonds before their final maturities and replace them with new debt (both consolidated bonds and discount notes) at significantly lower interest rates;
- the replacement of higher-costing debt supporting mortgage loans held for portfolio with lower-costing debt reflecting the current low interest-rate environment; and
- higher net interest spread on certain FHLBanks' fixed-rate advances accounted for in accordance with the fair value option and the fixed-rate mortgage portfolio resulting from the favorable effect of lower interest rates on the associated variable-rate funding.

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

- decrease in member demand for advances;
- a decline in average yield on interest-earning assets funded by non-interest-bearing capital and spreads on non-MBS investments between periods due to the low interest rate environment;

- the reinvestment spreads available on newly-issued, short-term debt continued to decline sharply from the unusually high levels experienced in 2008 and the first three months of 2009, to levels that were closer to long-term historical norms;

- the effect of interest rate volatility on the FHLBanks' derivative and hedging activities;

- accelerated write-off of basis adjustments associated with hedging on prepaid advances reducing interest income as well as other hedging-related adjustments;

- 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 2009.

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

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

The downward trend in consolidated obligations outstanding continued during the first three months of 2010. Consolidated obligations outstanding (par value) were $264 billion lower on March 31, 2010, compared to December 31, 2009, as a result of a $219 billion decline in consolidated discount notes (par value) and a $45 billion decline in consolidated bonds (par value).

Total issuance of consolidated obligations during the first three months of 2010 was six percent lower than in the first three months of 2009, due to a decrease in consolidated discount note issuance. For the first three months of 2010, aggregate weighted-average new-issue funding costs for FHLBank consolidated bonds improved significantly relative to benchmark market indices as compared to the first three months of 2009.

Based on the average two-year to 10-year U.S. Treasury yield spread, the U.S. Treasury curve steepened slightly during the first three months of 2010. In general, U.S. Treasury yields trended upward during the first three months of 2010, particularly in the intermediate and longer end of the U.S. Treasury curve. The average yields for the five-year U.S. Treasury and the 10-year U.S. Treasury were higher for the first three months of 2010 compared to the first three months of 2009, while the average yield for the two-year U.S. Treasury was flat during the first three months of 2010.

FHLBanks relied less on bullet bond funding during the first three months of 2010, such that bullet bonds represented 16 percent of consolidated bond issuance compared to 45 percent during the first three months of 2009. Consolidated bond issuance also shifted into bonds with an embedded call option during the first three months of 2010, with callable bonds accounting for 42 percent of consolidated bond issuance volume during the first three months of 2010, compared to 17 percent during the first three months of 2009. Variable-rate consolidated bond issuance diminished during the first three months of 2010, with these bonds accounting for 27 percent of consolidated bond issuance compared to 37 percent during the first three months of 2009. Continuing a trend that intensified during the latter half of 2009, the step-up/step-down and other bond categories remained a significant portion of consolidated bond issuance during the first three months of 2010. These categories accounted for slightly over 15 percent of consolidated bond issuance during the first three months of 2010, compared to only one percent of consolidated bond issuance during the first three months of 2009. The majority of this category was comprised of callable step-up bonds.

The dollar amount of callable bonds redeemed prior to maturity in the first three months of 2010 decreased slightly to $70 billion, compared to $76 billion during the first three months of 2009. Call volume may be driven by a variety of factors including, but not limited to, the following: 1) shifts in the interest rate environment, 2) the amount of callable debt outstanding, 3) debt refunding costs, 4) FHLBank asset/liability management strategies and 5) the overall funding environment.

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 March 31, 2010 and 2009. Changes in interest income and interest expense not identifiable as either volume-related or rate-related, but rather equally attributable to both volume and rate changes, have been allocated to the volume and rate categories based upon the proportion of the absolute value of the volume and rate changes.

Rate and Volume Analysis
(Dollar amounts in millions)

	2010 vs. 2009		
	(Decrease) Increase Due to		
	Volume	Rate	Total
Interest Income:			
Advances (1)	$ (951)	$(1,641)	$(2,592)
Mortgage loans held for portfolio	(199)	(24)	(223)
Investments (2)	(71)	(283)	(354)
Total interest income	(1,221)	(1,948)	(3,169)
Interest Expense:			
Consolidated obligations	(1,146)	(2,005)	(3,151)
Deposits and other borrowings (2)(3)	2	(9)	(7)
Total interest expense	(1,144)	(2,014)	(3,158)
Changes in net interest income	$ (77)	$ 66	$ (11)

(1) Includes prepayment fees on advances, net.

(2) Average balances used for this calculation do not reflect the effect of reclassifications of cash collateral. Calculations do not include the average balances of non-interest-bearing deposits and include cash and stock dividends on mandatorily redeemable capital stock as interest expense.

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

Net Income.

Changes in Net Income
(Dollar amounts in millions)

	For the Three Months Ended March 31, 2010	2009	(Decrease) Increase $
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	$1,227	$1,242	$ (15)
OTHER (LOSS) INCOME			
Net other-than-temporary impairment losses	(233)	(516)	283
Net gains (losses) on trading securities	29	(11)	40
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 on advances and consolidated bonds held at fair value	(104)	(178)	74
Net (losses) gains on derivatives and hedging activities	(254)	200	(454)
Service fees	7	8	(1)
Other, net	6	3	3
Total other loss	(549)	(469)	(80)
Total other expense	223	247	(24)
Total assessments	130	181	(51)
NET INCOME	$ 325	$ 345	$ (20)

Combined net income for the first three months of 2010 was $325 million, compared to combined net income of $345 million recorded for the same period in the previous year. The $20 million decrease in combined net income was primarily attributable to the net losses on derivative and hedging activities, which were partially offset by lower net other-than-temporary impairment losses, lower net losses on advances and consolidated bonds held at fair value, and net gains on trading securities. The change in net (losses) gains on derivatives and hedging activities during the first three months of 2010 when compared to the same period in 2009 was primarily due to changes in interest rates and the reversal of prior period net gains. The reduction in credit losses attributable to OTTI during the first three months of 2010 compared to the first three months of 2009 primarily reflects some stabilization in certain factors affecting the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, such as home prices and unemployment rates. The improvement in the AOCI component of the total OTTI losses during the first three months of 2010 was due to generally smaller differences between amortized cost and fair value of securities that have incurred a credit loss in the period (which is primarily due to a reduction in the number of securities incurring a first-time credit loss in the period and/or securities that have incurred a subsequent credit loss in the period but for which fair value has not significantly changed since the prior other-than-temporary impairment), and the reclassification of previous noncredit losses out of AOCI and into credit losses at March 31, 2010.

Other (Loss) Income.

The increase in total other loss for the first three months of 2010 compared to the first three months of 2009 primarily relates to the net losses on derivative and hedging activities, which were partially offset by lower net other-than-temporary impairment losses, the decrease in net losses on advances and consolidated bonds held at fair value, and net gains on trading securities.

The FHLBanks' net losses on derivatives and hedging activities for the first three months of 2010 compared to net gains on derivatives and hedging activities for first three months of 2009 were due to changes in interest rates, the reversal of prior period gains on derivatives and hedging activities and decrease in swaption volatilities. Most income statement changes for derivatives and hedging activities represent unrealized market value adjustments on derivatives that result primarily from interest rate changes that affect the market values of derivatives differently than the market values of the hedged risks.

The credit-related portion of the OTTI losses on investments in private-label RMBS and home equity loan investments recognized in earnings for the first three months of 2010 decreased as compared to the first three months of 2009. During the first three months of 2010, the FHLBanks recognized an increase in yield on certain private-label RMBS and home equity loan investments and this incremental increase in yield resulted in additional interest income whereas the FHLBanks had not recognized any additional interest income during the first three months of 2009.

For the first three months of 2010, net losses on advances and consolidated bonds held at fair value compared to net losses on advances and consolidated bonds held at fair value for the first three months of 2009, were primarily due to net losses on advances held at fair value. The unrealized net losses on advances held at fair value were driven by advances with a maturity of less than six months where interest rates increased relative to the actual coupon rates on the FHLBank advances, partially offset by gains resulting from decreased swaption volatilities used in pricing fair value option putable advances during the first three months of 2010. The unrealized net losses on consolidated bonds held at fair value were primarily driven by the decreased long-term interest rate environment relative to the actual coupon rates on the consolidated bonds and lower swaption volatilities used in pricing fair value option callable bonds during the first three months of 2010.

The FHLBanks recognized net gains on trading securities for the first three months of 2010 compared to net losses on trading securities for the first three months of 2009 primarily due to an increase in the fair value of trading securities.

Net Other-Than-Temporary Impairment Losses on Investment Securities.

Net Other-Than-Temporary Impairment Losses on Investment Securities
(Dollar amounts in millions)

	For the Three Months Ended March 31, 2010
	Total
Total other-than-temporary impairment losses	$(406)
Portion of impairment losses recognized in other comprehensive income (loss)	173
Net other-than-temporary impairment losses	$(233)

During the three months ended March 31, 2010, other (loss) income was negatively affected by OTTI related to credit losses on certain held-to-maturity and available-for-sale private-label RMBS of $229 million and home equity loan on investments of $4 million.

	For the Three Months Ended March 31, 2010
	(Dollar amounts in millions)
	OTTI Related to Credit Losses
Boston	$ (23)
New York	(3)
Pittsburgh	(28)
Atlanta	(46)
Indianapolis	(6)
Chicago	(44)
Dallas	(1)
Topeka	(2)
San Francisco	(60)
Seattle	(20)
	$(233)

The following table presents the OTTI losses on securities newly impaired during the three months ended March 31, 2010 and previously identified as other-than-temporarily impaired (dollar amounts in millions).

	For the Three Months Ended March 31, 2010		
	Credit Losses	Net Noncredit Losses	Total Losses
Securities newly impaired during the period	$ (5)	$(305)	$(310)
Securities previously impaired prior to current period*	(228)	132	(96)
Total	$(233)	$(173)	$(406)

* For the three months ended March 31, 2010, "securities previously impaired prior to current period" represents all securities that were also previously impaired prior to January 1, 2010.

The first quarter 2010 OTTI charges resulted primarily from an increase in projected losses on the collateral underlying certain private-label RMBS and home equity loan investments. The reduction in credit losses attributable to OTTI compared with the same quarter a year ago primarily reflects some stabilization in certain factors affecting the expected performance of the mortgage loans underlying the FHLBanks' private-label MBS, such as home prices and unemployment rates. While the price levels of most private-label RMBS and home equity loan investments have improved, weak housing markets, uncertain housing demand and depressed home prices adversely affected the valuation of certain private-label RMBS, contributing to the additional noncredit-related OTTI charges recorded in accumulated other comprehensive income (loss) during the first three months of 2010. Several factors affected the projected losses including additional expected declines in housing prices compared to price levels at the end of 2009, followed by a slow housing price recovery, and limited refinancing opportunities for borrowers whose homes are now worth less than the balances on their mortgages. These trends led to lower projected prepayment rates, higher projected default rates and higher projected losses on defaulted loans.

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

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

The FHLBanks of New York, Chicago, Des Moines and San Francisco recognize changes in the unrealized gains and losses on the assets and liabilities elected under the fair value option in current period earnings. In general, the mark to market on the fair value option item is offset by the mark to market on an economic derivative.

In general, an FHLBank holds derivatives and associated hedged instruments, and certain assets and liabilities that are carried at fair value, to the maturity, call, or put date. Therefore, for these financial instruments nearly all of the cumulative net gains and losses that are unrealized gains or losses are primarily a matter of timing and will generally reverse over the remaining contractual terms of the hedged financial instrument, associated interest rate-exchange agreement, or financial instrument carried at fair value. However, there may be instances in which an FHLBank terminates these instruments prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. In addition, an FHLBank may have instances in which it sells 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 increase in net losses on derivatives and hedging activities during the first three months of 2010 compared to the net gains on derivatives and hedging activities during the first three months of 2009 was primarily attributable to changes in interest rate spreads and a decrease in LIBOR. These movements in interest rate spreads resulted in favorable changes in the fair values of interest-rate exchange agreements used in both fair-value hedges and economic hedges. This was partially offset by higher costs incurred by certain FHLBanks related to hedging prepayment risk exposure on MPF mortgage loans. Additionally, narrowing spreads between interest rates on GSE debt securities and interest-rate swaps since year-end 2008 also resulted in net gains on derivatives and hedging activities for the first three months of 2009.

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

Earnings Effect for the Three Months Ended March 31, 2010	Advances	Investments	MPF/ MPP Loans	COs- Bonds	COs- Discount Notes	Balance Sheet	Total
Amortization/accretion of derivatives and hedging activities in net margin	$ (93)	$	$	$ 17	$(10)	$	$ (86)
Net (losses) gains on derivatives and hedging activities	(39)	(185)	(78)	164	(41)	(75)	(254)
Net gains on trading securities		29					29
Net (losses) on advances and consolidated bonds held at fair value	(80)			(24)			(104)
Total	$(212)	$(156)	$(78)	$157	$(51)	$(75)	$(415)

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)

Other Expense.

Operating Expenses (Dollar amounts in millions)

	For the Three Months Ended March 31,		Increase	
	2010	2009	$	%
Salaries and employee benefits	$121	$118	$3	2.5%
Cost of quarters	9	9		
Other	65	61	4	6.6%
Total operating expenses	$195	$188	$7	3.7%
Operating expenses as a percentage of average assets (basis points)	7.8	5.8		

The increase in operating expenses for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009, primarily relates to increases in salaries and benefits from additional employees at certain FHLBanks as well as increases in consulting and legal fees.

Other Expenses
(Dollar amounts in millions)

	For the Three Months Ended March 31, 2010	2009	Increase (Decrease) $	%
Finance Agency expenses	$14	$13	$ 1	7.7%
Office of Finance expenses	12	9	3	33.3%
Provision for derivative counterparty credit losses		35	(35)	(100.0)%
Other, net	2	2		

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

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

Provision for Derivative Counterparty Credit Losses. The FHLBanks are subject to credit risk due to nonperformance by counterparties to the derivative agreements. The degree of counterparty credit risk depends on the extent to which master netting arrangements are included in such contracts to mitigate the risk. The FHLBanks manage counterparty credit risk through credit analyses, collateral requirements, and adherence to the requirements set forth in FHLBanks policies and regulations. Based on credit analyses and collateral requirements, the FHLBanks do not anticipate any credit losses on their derivative agreements. Thus, no provision for derivative counterparty credit losses was reserved for the first quarter of 2010.

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

Affordable Housing Program (AHP). By regulation, the FHLBanks must set aside for the AHP annually the greater of $100 million or 10 percent of net earnings, after the assessment for the Resolution Funding Corporation (REFCORP). For purposes of the AHP calculation, net earnings is defined as net income before assessments, plus interest expense related to mandatorily redeemable capital stock, less the assessment for REFCORP. Any FHLBank with a net loss for a quarter is not required to pay the AHP assessment for that quarter. The Regulator requires each FHLBank to add back interest expense related to mandatorily redeemable capital stock before the calculation of its AHP assessment. The FHLBanks contributed $40 million during the first quarter of 2010 to the AHP, compared to a contribution of $57 million for the same period a year ago. The decrease in AHP assessments reflects the fact that only FHLBanks with net income are required to make contributions to the AHP and the level of aggregate gross net income among the FHLBanks was lower during the first quarter of 2010 compared to the first quarter of 2009. AHP helps members provide subsidized and other low-cost funding as well as grants to create affordable rental and home ownership opportunities. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects.

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

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

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

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

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

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

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

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

(3) the original premium or discount, concession fees and derivative-related 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 obligations of all 12 FHLBanks. (See "Note 1—Summary of Significant Accounting Policies" to the accompanying combined financial statements and the related FHLBanks combining schedules.)

Total interbank consolidated bonds of $330 million at par value were transferred from one FHLBank to another FHLBank during the three months ended March 31, 2009. There were no consolidated bonds transferred from one FHLBank to another FHLBank during the three months ended March 31, 2010. The amount of total interbank consolidated bonds transferred during a period depends on a variety of factors, such as 1) whether or not an assuming FHLBank can obtain equal or lower funding costs through interbank transfers as compared to issuing new debt, 2) an FHLBank's overall asset/liability management strategy and/or 3) current market conditions. The combining adjustments for the three months ended March 31, 2010 and 2009 for the elimination of the transfers of interbank consolidated bond liabilities and interbank fees and commissions related to the MPF Program resulted in the following effect on the Combined Statement of Income:

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

	For the Three Months Ended March 31,		
	2010	**2009**	**Increase (Decrease)**
Effect on:			
Net interest income	$(1)	$ (8)	$ 7
Total other loss	(2)	18	(20)
Total other expense	(2)	(2)	
Net income	(1)	12	(13)

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 $90 million (cash payment of $101 million, which includes the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment in 2008 and/or 2009) for the first three months of 2010 compared with $124 million (cash payment of $107 million, which includes the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment in 2008) for the first three months of 2009. The cash payments are made based on preliminary GAAP net income amounts due to the timing requirement of the payment. Any FHLBank with a net loss for a quarter is not required to pay the REFCORP assessment for that quarter. As specified in the applicable regulation that implements section 607 of the Gramm-Leach-Bliley Act of 1999 (GLB Act), the amount by which the REFCORP payment for any quarter exceeds the $75 million benchmark payment is used to simulate the purchase of zero-coupon U.S. Treasury bonds to "defease" all or a portion of the most-distant remaining quarterly benchmark payment. The defeased benchmark payments (or portions thereof) can be reinstated if future actual REFCORP payments fall short of the $75 million benchmark in any quarter. The $26 million by which the first quarter 2010 REFCORP payment exceeded the $75 million quarterly benchmark had the effect of defeasing an additional $27 million of the benchmark payment due on April 15, 2012.

As a result of the REFCORP payments of $101 million made by the FHLBanks in the first three months of 2010, the overall period during which the FHLBanks must continue to make quarterly payments remained April 15, 2012, effective at March 31, 2010, unchanged from April 15, 2012, effective at December 31, 2009. This date assumes that the FHLBanks will pay exactly $300 million annually after March 31, 2010 (including the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment as referred to in the preceding paragraph) until the annuity is fully satisfied. This compares to the outside date of January 15, 2013, effective at March 31, 2009, based on REFCORP payments made through March 31, 2009 (including the application of certain credits due to FHLBanks that overpaid their annual REFCORP assessment as referred to in the preceding paragraph).

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

Payment Due Date	Amount of Benchmark Payment Defeased*	Interest Rate Used to Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased**
April 15, 2012 (most distant remaining payment)	$27	0.98%	$26

* Subject to possible subsequent reinstatement.

** Actual first quarter 2010 contribution of $101 million.

Capital Adequacy

The FHLBank Act prescribes minimum capital requirements for the FHLBanks. (See “Note 12—Capital” to the accompanying combined financial statements for more information.) In addition, an individual FHLBank, at the discretion of its board of directors and/or management, may institute a higher capital requirement in order to meet internally-established thresholds or to address supervisory matters, or may limit dividend payments as part of their retained earnings policies.

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

— parallel and non-parallel interest-rate shifts;

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

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

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

Some boards of directors and/or management teams of FHLBanks have agreed with the Regulator either to maintain higher total capital-to-assets ratios and/or to limit dividend payments as part of their retained earnings policies. These limitations may be revised from time to time. At March 31, 2010, each of the FHLBanks was in compliance with its statutory minimum capital requirements and any internally-established or supervisory limitations. (See “Note 12—Capital” to the accompanying combined financial statements for more information.)

At March 31, 2010, 103.3 percent of the capital of the FHLBanks consisted of capital stock, while (3.3) percent consisted of retained earnings and AOCI. At March 31, 2010, the FHLBanks had a combined regulatory capital-to-assets ratio of 6.17 percent, up from 5.92 percent at December 31, 2009. At March 31, 2010, the FHLBanks had a combined GAAP capital-to-assets ratio of 4.43 percent, up from 4.22 percent at December 31, 2009. Following the passage of the Housing Act, the Director of the Finance Agency is responsible for setting the risk-based capital standards for the FHLBanks. (See "Note 12—Capital" and "Note 14—Subsequent Events" to the accompanying combined financial statements.)

Liquidity

The FHLBanks need liquidity to:

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

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

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

Each FHLBank is required to maintain liquidity in accordance with the FHLBank Act and certain regulations and policies established by its management and board of directors. The FHLBanks seek to be in a position to meet the credit and liquidity needs of their members without maintaining excessive holdings of low-yielding liquid investments or being forced to incur unnecessarily high borrowing costs. The FHLBanks' primary sources of liquidity are short-term investments and the issuance of new consolidated obligations. Other short-term borrowings, such as Federal funds purchased, securities sold under agreements to repurchase, and loans from other FHLBanks, may also provide liquidity. In addition, under certain circumstances the U.S. Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. The GSE status and favorable credit rating have historically provided the FHLBanks with excellent access to capital markets. Consolidated obligations enjoy GSE status; however, they are not obligations of the United States and the United States does not guarantee them. The FHLBanks' consolidated obligations are rated Aaa/P-1 by Moody's and AAA/A-1+ by S&P. These are the highest ratings available for such debt from these NRSROs. These ratings indicate that the FHLBanks have an extremely strong capacity to meet their commitments to pay principal of and interest on consolidated obligations and that the consolidated obligations are judged to be of the highest quality with minimal credit risk. The ratings also reflect the FHLBanks' status as GSEs. These ratings have not been affected by rating actions taken with respect to individual FHLBanks. (See "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Recent Rating Agency Actions.") Investors should note that a rating issued by an NRSRO is not a recommendation to buy, sell or hold securities and that the ratings may be revised or withdrawn by the NRSRO at any time. Investors should evaluate the rating of each NRSRO independently.

To protect the FHLBanks against temporary disruptions in access to the debt markets in response to a rise in capital markets volatility, effective March 6, 2009, the Finance Agency requires each FHLBank to maintain sufficient liquidity, through short-term investments, in an amount at least equal to an FHLBank's anticipated cash outflows under two different scenarios. One scenario assumes that an

FHLBank cannot access the capital markets for a period of between 10 to 20 days, with initial guidance set at fifteen days, and that during that time members do not renew any maturing, prepaid and called advances. The second scenario assumes that an FHLBank cannot access the capital markets for a period of between three to seven days, with initial guidance set at five days, and that during that period an FHLBank will automatically renew maturing and called advances for all members except very large members provided the member is well-rated by its primary Federal regulator or its state regulator equivalent for insurance companies; has a rating assigned by an NRSRO that is investment quality; and is well-rated by the individual FHLBank's internal credit rating system.

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

Critical Accounting Estimates

For a discussion of Critical Accounting Estimates, see "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Critical Accounting Estimates" in the Federal Home Loan Banks' 2009 Combined Financial Report. Other than the other-than-temporary impairment for investment securities and the fair value methodology used to estimate the fair value of private-label MBS discussed below, there have been no material changes from the critical accounting estimates disclosed in the "Critical Accounting Estimates" section of the Federal Home Loan Banks' 2009 Combined Financial Report. Each FHLBank describes its critical accounting estimates in its Management's Discussion and Analysis of Financial Condition and Results of Operations in its periodic reports filed with the SEC.

OTTI for Investment Securities.

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

For investment securities classified as held-to-maturity, the difference between the new amortized cost basis and the cash flows expected to be collected is accreted into interest income prospectively over the remaining life of the investment security based on the amount and timing of future estimated cash flows (with no additional effect on earnings unless the security is subsequently sold or there are additional decreases in cash flows expected to be collected).

Subsequent non-OTTI-related increases and decreases in the fair value of available-for-sale securities will be included in AOCI. See additional discussion regarding the recognition and presentation of OTTI in "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements and "Risk Management—Credit Risk—Investments."

Each FHLBank closely monitors the performance of its investment securities classified as available-for-sale or held-to-maturity on at least a quarterly basis (or more frequently if a loss-triggering event occurs, such as a material downgrade by a rating agency) to evaluate its exposure to the risk of loss on these investments in order to determine whether a loss is other-than-temporary. In doing so, an FHLBank considers many factors including, but not limited to: the credit ratings assigned to the securities by the NRSROs; other indicators of the credit quality of the issuer; the strength of the provider of any guarantees; the duration and magnitude of the unrealized loss; and whether the FHLBank has the intent to sell the security or more likely than not will be required to sell the security before the recovery of its amortized cost basis. In the case of its private-label RMBS and certain home equity loan investments, each FHLBank also considers prepayment speeds, the historical and projected performance of the underlying loans and the credit support provided by the subordinate securities.

Uniform OTTI Framework. Working with the Finance Agency, the 12 FHLBanks developed a uniform framework for completing their OTTI analyses, which was adopted in the first quarter of 2009, concurrent with FASB guidance on the recognition and presentation of OTTI in the financial statements. To ensure consistency in determination of the OTTI for private-label RMBS and certain home equity loan investments (including home equity ABS) among all FHLBanks, the FHLBanks enhanced their overall OTTI process by creating an OTTI Governance Committee and established a formal process by which the FHLBanks can provide input on and approve key OTTI modeling assumptions used for purposes of their cash flow analyses for the majority of these securities. The OTTI Governance Committee is responsible for reviewing and approving these key OTTI assumptions, including interest rate and housing prices, along with related modeling inputs and methodologies to be used to generate cash flow projections.

Most of the FHLBanks select all of their private-label RMBS and certain home equity loan investments for purposes of OTTI cash flow analysis to be run using the FHLBanks' common framework and approved assumptions. Seven FHLBanks own certain private-label MBS where underlying loan-level collateral data is not available using the third-party models approved by the OTTI Governance Committee. For the private-label MBS that could not be modeled under the FHLBanks' common framework, alternative procedures were determined and approved by the OTTI Governance Committee and considered by each applicable FHLBank to assess these securities for OTTI. These investments, which are backed by residential, home equity and commercial real estate loans, home equity lines of credit, and manufactured housing loans, represented approximately three percent of the FHLBanks' total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as of March 31, 2010. Approximately 50 percent of the private-label MBS owned by the FHLBank of New York were outside the scope of the common framework because sufficient loan-level collateral data was not available for analysis under the common framework. The FHLBank of New York performed OTTI analysis by cash flow testing 100 percent of its private-label RMBS, home equity loan investments and manufactured housing loans using its own techniques and assumptions that were determined primarily using historical performance data for these securities. At March 31, 2010, the FHLBank of New York's assumptions and performance measures were benchmarked by comparing them to (1) performance parameters from market consensus, and (2) the assumptions and performance measures provided by the OTTI Governance Committee for the FHLBank's private-label MBS that were within the scope of the common framework. Please see each FHLBank's periodic reports filed with the SEC for additional details regarding its OTTI cash flow analysis.

To determine the present value of estimated cash flows expected to be collected for their variable rate and hybrid private-label RMBS and home equity loan investments, the FHLBanks employ a technique that allows an FHLBank to update the effective interest rate used in its present value calculation, which isolates the subsequent movements in the underlying interest rate indices from the FHLBank's measurement of credit loss. To determine the present value of estimated cash flows expected to be collected for their fixed rate, private-label RMBS and home equity loan investments, each of the FHLBanks determines the effective interest rate on each security prior to that security's first impairment and continues to use this effective interest rate for calculating the present value of cash flows expected to be collected.

Each FHLBank is responsible for making its own determination of impairment and the reasonableness of assumptions, inputs and methodologies used, as well as for performing the required present value calculations using appropriate historical cost bases and yields. Two or more FHLBanks that hold the same private-label RMBS or home equity loan investment are required to consult with one another to ensure any decision that a commonly-held private-label RMBS or home equity loan investment 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.

In performing the cash flow analysis for private-label RMBS and certain home equity loan investments (including home equity asset-backed securities) under the common framework described above, each FHLBank uses two third-party models. The first model considers borrower characteristics and the particular attributes of the loans underlying an FHLBank's securities, in conjunction with assumptions about future changes in home prices and interest rates, to project prepayments, defaults and loss severities. A significant input to the first model is the forecast of future housing price changes for the relevant states and core based statistical areas (CBSAs), which are based upon an assessment of the individual housing markets. CBSA refers collectively to metropolitan and micropolitan statistical areas as defined by the United States Office of Management and Budget; as currently defined, a CBSA must contain at least one urban area with a population of 10,000 or more people. The FHLBanks' first quarter 2010 housing price forecast assumed CBSA level current-to-trough home price declines ranging from 0 percent to 12 percent over the 6- to 12-month period beginning January 1, 2010. Thereafter, home prices are projected to remain flat in the first six months, and to increase 0.5 percent in the next six months, 3 percent in the second year and 4 percent in each subsequent year.

The month-by-month projections of future loan performance derived from the first model, which reflect projected prepayments, defaults and loss severities, are then input into a second model that allocates the projected loan-level cash flows and losses to the various security classes in the securitization structure in accordance with its prescribed cash flow and loss allocation rules. In a securitization in which the credit enhancement for the senior securities is derived from the presence of subordinate securities, losses are generally allocated first to the subordinate securities until their principal balance is reduced to zero.

Adverse Case Scenario. In addition to evaluating its private-label RMBS and certain home equity loan investments under a base case (or best estimate) scenario, each FHLBank performed a cash flow analysis for each of these securities under a more stressful housing price scenario. This more stressful scenario was based on a housing price forecast that was 5 percentage points lower at the trough than the base case scenario, followed by a flatter recovery path and had housing prices increase at a long-term annual rate of 3 percent, compared to 4 percent in the base case. Under this scenario, current-to-trough home price declines were projected to range from 5 percent to 17 percent over the 6- to 12-month period beginning January 1, 2010. Thereafter, home prices were projected to remain unchanged from trough levels in the first year, and to increase 1 percent in the second year, 2 percent in each of the third and fourth years and 3 percent in each subsequent year.

The following table shows combined credit loss and each individual FHLBank's credit losses under the base case and an adverse case scenario for each FHLBank that recognized OTTI of its private-label RMBS and/or home equity loan investments for the three months ended March 31, 2010. The base case scenario represents actual OTTI-related credit losses recognized in earnings for the three months ended March 31, 2010. The adverse case scenario estimated cash flows were generated to show what the OTTI charges could have been under the more stressful housing price scenario at March 31, 2010. The stress test scenario and associated results do not represent each FHLBank's current expectations, and therefore should not be construed as a prediction of each FHLBank's future results, market conditions or the actual performance of these securities. Rather, the results from this hypothetical stress test scenario provide a measure of the credit losses that the FHLBanks might incur if home price declines (and subsequent recoveries) are more adverse than those projected in each FHLBank's OTTI assessment.

Housing Price Scenarios
At March 31, 2010
(Dollar amounts in millions)

	Base Case**			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
Total						
Private-label RMBS:						
Prime*	80	$ 6,670	$(100)	132	$10,648	$ (407)
Alt-A*	191	11,834	(121)	313	17,564	(761)
Subprime*	22	578	(8)	34	873	(54)
Total Private-label RMBS	293	19,082	(229)	479	29,085	(1,222)
Home equity loan investments:						
Alt-A*	1	4	***	4	27	(2)
Subprime*	9	72	(4)	15	75	(6)
Total Home equity loan investments	10	76	(4)	19	102	(8)
Total	303	$19,158	$(233)	498	$29,187	$(1,230)
FHLBank of Boston						
Private-label RMBS:						
Prime*	4	$ 87	$ (1)	5	$ 96	$ (4)
Alt-A*	64	1,672	(22)	103	2,451	(129)
Total	68	$ 1,759	$ (23)	108	$ 2,547	$ (133)
Home equity loan investments:						
Subprime*	—	$ —	$ —	5	$ 3	$ ***
Total	—	$ —	$ —	5	$ 3	$ ***
FHLBank of New York						
Home equity loan investments:						
Subprime*	5	$ 67	$ (3)	5	$ 67	$ (5)
Total	5	$ 67	$ (3)	5	$ 67	$ (5)
FHLBank of Pittsburgh						
Private-label RMBS:						
Prime*	17	$ 1,625	$ (14)	21	$ 1,882	$ (52)
Alt-A*	17	1,079	(14)	18	1,170	(59)
Subprime*	1	3	***	1	3	***
Total	35	$ 2,707	$ (28)	40	$ 3,055	$ (111)
Home equity loan investments:						
Alt-A*	1	$ 4	$ ***	4	$ 27	$ (2)
Total	1	$ 4	$ ***	4	$ 27	$ (2)

Housing Price Scenarios (continued)
At March 31, 2010
(Dollar amounts in millions)

	Base Case**			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
FHLBank of Atlanta						
Private-label RMBS:						
Prime*	21	$ 2,240	$ (40)	40	$ 3,698	$ (161)
Alt-A*	2	266	(6)	3	474	(21)
Total	23	$ 2,506	$ (46)	43	$ 4,172	$ (182)
FHLBank of Indianapolis						
Private-label RMBS:						
Prime*	12	$ 703	$ (6)	22	$ 1,407	$ (36)
Alt-A*	1	45	***	2	67	(2)
Total	13	$ 748	$ (6)	24	$ 1,474	$ (38)
FHLBank of Chicago						
Private-label RMBS:						
Prime*	14	$ 1,216	$ (32)	23	$ 1,978	$ (101)
Alt-A*	5	169	(4)	5	169	(12)
Subprime*	21	575	(8)	33	870	(54)
Total	40	$ 1,960	$ (44)	61	$ 3,017	$ (167)
FHLBank of Dallas						
Private-label RMBS:						
Prime*	4	$ 70	$ (1)	8	$ 132	$ (3)
Alt-A*	1	17	***	2	40	(2)
Total	5	$ 87	$ (1)	10	$ 172	$ (5)
FHLBank of Topeka						
Private-label RMBS:						
Prime*	1	$ 10	$ ***	2	$ 22	$ ***
Alt-A*	2	42	(1)	4	53	(1)
Total	3	$ 52	$ (1)	6	$ 75	$ (1)
Home equity loan investments:						
Subprime*	4	$ 5	$ (1)	5	$ 5	$ (1)
Total	4	$ 5	$ (1)	5	$ 5	$ (1)

Housing Price Scenarios (continued)
At March 31, 2010
(Dollar amounts in millions)

	Base Case**			Adverse Case		
	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	# of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
FHLBank of San Francisco						
Private-label RMBS:						
Prime*	7	$ 719	$ (6)	11	$ 1,433	$ (50)
Alt-A*	73	6,748	(54)	133	10,277	(371)
Total	80	$ 7,467	$ (60)	144	$11,710	$ (421)
FHLBank of Seattle						
Private-label RMBS:						
Alt-A*	26	$ 1,796	$ (20)	43	$ 2,863	$ (164)
Total	26	$ 1,796	$ (20)	43	$ 2,863	$ (164)

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

** Represent securities and related OTTI credit losses for the first three months of 2010.

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

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

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

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

For insured securities that are deemed to be credit-impaired without insurer protection, this methodology compares the timing and the amount of cash flow shortfalls to the estimated timing for when a monoline insurer's claim-paying resources would be exhausted in order to quantify both the timing and the amount of cash flow shortfalls that the monoline insurer is unlikely to be able to cover. However, an FHLBank must use significant judgment and assumptions when estimating a monoline insurer's financial strength to remain viable over a long-term horizon, predicting when a monoline insurer may no longer have the ability to perform under its contractual agreement and comparing the timing and the amounts of cash flow shortfalls for securities that are credit-impaired without insurer protection. The results of the monoline insurer financial analysis, which projects the time horizon of credit protection provided by a monoline insurer as a function of claim-paying resources and anticipated claims in the future (monoline burn-out period), are incorporated as a key input in the third-party cash flow model. If this cash flow model projects cash flow shortfalls (credit impairment) on a monoline-insured security, the monoline "burn-out" date is then input into the cash flow model. That input then provides the necessary information to the cash flow model for the continuation of cash flows until the burn-out date. Any cash flow shortfalls beyond the "burn-out" date are deemed to be unrecoverable and the monoline-insured security will be credit impaired.

Fair Value Methodology Used to Estimate the Fair Value of MBS.

During 2009, in an effort to achieve consistency among all the FHLBanks in determining the fair value of MBS, manufactured housing loans and home equity loan investments, the FHLBanks formed the FHLBank System MBS Pricing Governance Committee, which was responsible for developing a fair value methodology for these investment types. All FHLBanks adopted this fair value methodology for private-label MBS, manufactured housing loans and home equity loan investments during the third quarter of 2009. As of March 31, 2010, all FHLBanks had adopted the common fair value methodology for all other MBS (U.S. obligations MBS and GSE MBS).

Under this fair value methodology approved by the MBS Pricing Governance Committee, each FHLBank requests prices for all MBS from four specific third-party vendors. These pricing vendors use methods that generally employ, but are not limited to, benchmark yields, recent trades, dealer estimates, valuation models, benchmarking of like securities, sector groupings, and/or matrix pricing. Depending on the number of prices received for each security, each FHLBank selects a median price as defined by the fair value methodology. If four prices are received, the average of the middle two prices is used; if three prices are received, the middle price is used; if two prices are received, the average of the two prices is used; and if one price is received, it is used subject to some type of validation as described below. The computed prices are tested for reasonableness using specified tolerance thresholds. Prices within the established thresholds are generally accepted unless strong evidence suggests that using the formula-driven price would not be appropriate.

This fair value methodology also incorporates variance thresholds to assist in identifying median prices that may require further review. Preliminary estimated fair values that are outside of the tolerance thresholds, or that management believes may not be appropriate based on all available information (including those limited instances in which only one price is received), are subject to further analysis including, but not limited to, a comparison to the prices for similar securities and/or to non-binding dealer estimates or use of an internal model that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. As of March 31, 2010, substantially all of the FHLBanks' MBS holdings were priced using this valuation technique. The relative proximity of the prices received supports each FHLBank's conclusion that the final computed prices are reasonable estimates of fair value.

Prices for MBS held in common with other FHLBanks are reviewed for consistency. In adopting the common fair value methodology, each FHLBank remains responsible for the selection and application of its fair value methodology and the reasonableness of assumptions and inputs used.

For further discussion regarding how the FHLBanks measure financial assets and financial liabilities at fair value, see "Note 13—Fair Values," to the accompanying combined financial statements.

Legislative and Regulatory Developments

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

Board of Directors of the FHLBank System's Office of Finance. On May 3, 2010, the Finance Agency issued a final rule which reconstitutes the board of directors of the FHLBanks' Office of Finance and enhances the responsibility of the Office of Finance's audit committee for the FHLBanks' combined financial reports. Under the new rule, the Office of Finance's board of directors will expand from the current three members to 17 members. The composition of the new board of directors will include the president of each FHLBank, as well as five independent directors. Each independent director must be a United States citizen and meet independence requirements set forth in, or adopted pursuant, to the final rule. The final rule also provides that the five independent directors will serve as the Office of Finance's audit committee and gives the Office of Finance's audit committee increased authority over the form and content of the information that the FHLBanks provide to the Office of Finance for use in the combined financial reports. Also, the Office of Finance's audit committee will have the responsibility to ensure that the FHLBanks adopt consistent accounting policies and procedures to the extent necessary for information submitted by the FHLBanks to the Office of Finance to be combined to create accurate and meaningful combined financial reports. The rule will be effective on June 2, 2010, but subject to a transition period.

FDIC Assessment System Applicable to Financial Institutions. On May 3, 2010, the FDIC issued a proposed regulation to revise the assessment system applicable to financial institutions that would, among other things, revise the initial base assessment rates for all insured depository institutions. The FDIC's proposed regulation continues to classify FHLBank advances as secured liabilities and does not change their corresponding assessment rate unless an institution's secured liabilities exceed 25 percent of its domestic deposits. This proposed regulation, if enacted in its current form, may have a negative effect on the demand for the FHLBanks' advances to their members. The FDIC will accept comments on the proposed regulation on or before July 2, 2010.

Correspondent Concentration Risks Guidance for Financial Institutions. On May 4, 2010, the FDIC, Federal Reserve, Office of the Comptroller of the Currency, and Office of Thrift Supervision (the Agencies) issued final guidance on correspondent credit and funding concentration risks and due diligence that institutions should exercise to manage such exposures (CCR Guidance). The CCR Guidance is effective upon issuance. The CCR Guidance outlines the Agencies' expectations for financial institutions to identify, monitor, and manage credit and funding concentrations to other institutions on both a standalone and organization-wide basis. In addition, financial institutions need to take into account exposures to the correspondents' affiliates, as part of their prudent risk management practices. Institutions also should be aware of their affiliates' exposures to correspondents as well as the correspondents' subsidiaries and affiliates. Unless otherwise indicated, references to "correspondent" include the correspondent's holding company, subsidiaries, and affiliates. For purposes of this guidance, the term "total capital" means the total risk-based capital as reported for commercial banks and thrifts in the Report of Condition and the Thrift Financial Report, respectively.

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

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

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

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

Pending Legislation on Financial System Reform. On December 11, 2009, the U.S. House of Representatives passed the Wall Street Reform and Consumer Protection Act (Reform Act), which, if passed by the U.S. Senate and signed into law by the President of the United States, would, among other things: (1) create a consumer financial protection agency; (2) create an inter-agency oversight council that will identify and regulate systemically-important financial institutions; (3) regulate the over-the-counter derivatives market; (4) reform the credit rating agencies; (5) provide shareholders with an advisory vote on the compensation practices of the entity in which they invest, including for executive compensation and golden parachutes; and (6) create a federal insurance office that will monitor the insurance industry.

Depending on whether the Reform Act, or similar legislation, such as the Restoring American Financial Stability Act of 2010 being deliberated by the U.S. Senate, is signed into law and the final content of any such legislation, the FHLBanks' business operations, funding costs, rights, obligations, and/or the manner in which FHLBanks carry out their housing-finance mission may be affected. For example, regulations on the over-the-counter derivatives market that may be issued under the Reform Act could materially affect an FHLBank's ability to hedge its interest-rate risk exposure from advances, achieve the FHLBank's risk management objectives, and act as an intermediary between its members and counterparties. In addition, the proposed Financial Stability Act pending in the U.S. Senate has a provision that would prohibit the FHLBanks from lending an amount that exceeds 25 percent of capital stock and surplus to a member financial institution. These limitations outlined in the proposed legislation may cause a significant decrease in the aggregate amount of FHLBank advances, affect the ability of the FHLBanks to raise funds in the capital markets and increase advance rates for FHLBanks' member financial institutions. Although the pending legislation includes proposals that do not explicitly treat FHLBank System debt in the same manner as Fannie Mae and Freddie Mac with regard to any proprietary trading limits, an amendment has been drafted that would exempt FHLBank System debt from the proposed proprietary trading limits. However, FHLBanks cannot predict whether any such legislation will be enacted and what the content of any such legislation or regulations issued under any such legislation would be, and therefore, cannot predict the effects of the Reform Act or similar legislation.

Recent Rating Agency Actions

Federal Home Loan Banks
Long-Term and Short-Term Credit Ratings
At May 14, 2010

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

RISK MANAGEMENT

For a discussion of "Risk Management," including "Quantitative and Qualitative Disclosures about Market Risk, Liquidity Risk, Credit Risk, Operational Risk and Business Risk," see "Risk Management" in the Federal Home Loan Banks' 2009 Combined Financial Report. Each FHLBank includes a discussion of its risk management in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.") The following quantitative information should be read in conjunction with the discussion of "Risk Management" included in the Federal Home Loan Banks' 2009 Combined Financial Report.

Interest-Rate Exchange Agreements

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

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

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

	March 31, 2010		December 31, 2009	
	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	$287,931	$(14,611)	$304,671	$(14,512)
Fair Value-firm commitments	142		108	2
Cash Flow-existing cash item	1,500	122	2,175	170
Economic	24,387	(493)	28,920	(591)
Total	313,960	(14,982)	335,874	(14,931)
Investments				
Fair Value-existing cash item	5,999	(399)	4,656	(340)
Economic (includes trading securities hedges)	16,120	(317)	15,105	(278)
Total	22,119	(716)	19,761	(618)
MPF/MPP Loans Held for Portfolio				
Fair Value-existing cash item	5,642	(63)	6,614	(18)
Standalone-delivery commitments	415	(1)	329	(2)
Economic (including TBAs)	22,422	229	25,547	264
Total	28,479	165	32,490	244
Consolidated Bonds				
Fair Value-existing cash item	345,317	5,095	373,251	4,578
Cash Flow-anticipated transaction	150			
Economic	111,712	444	140,737	461
Total	457,179	5,539	513,988	5,039

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

	March 31, 2010		December 31, 2009	
	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)	Total Notional	Total Estimated Fair Value (excludes collateral and accrued interest)
Consolidated Discount Notes				
Fair Value-existing cash item	2,289	1	11,183	11
Cash Flow-anticipated transaction	8,972	(452)	8,772	(345)
Economic	19,905	40	24,420	66
Total	31,166	(411)	44,375	(268)
Deposits				
Fair Value	20	5	20	5
Total	20	5	20	5
Balance Sheet				
Economic	23,078	132	24,679	199
Total	23,078	132	24,679	199
Intermediary Positions				
Intermediaries	4,208	1	3,921	1
Total	4,208	1	3,921	1
Total notional and estimated fair value	$880,209	$(10,267)	$975,108	$(10,329)
Total derivatives excluding collateral and accrued interest		$(10,267)		$(10,329)
Accrued interest		595		547
Net cash collateral and related accrued interest		4,987		5,228
Net derivative balances		$ (4,685)		$ (4,554)
Net derivative assets balances		$ 673		$ 674
Net derivative liabilities balances		(5,358)		(5,228)
Net derivative balances		$ (4,685)		$ (4,554)

At March 31, 2010, certain FHLBanks had full fair value hedges with a notional amount of $1.7 billion and an estimated fair value loss of $67 million for advances-existing cash item and had full fair value hedges with a notional amount $16.3 billion and an estimated fair value gain of $938 million for consolidated obligations-bonds-existing cash item. The remaining fair value hedges at March 31, 2010 represent benchmark interest-rate hedges.

Each FHLBank classifies derivative assets and derivative liabilities according to the net fair value of derivatives with each of its counterparties because these swaps are covered by a master netting agreement. If the net fair value of derivatives with one of its counterparties is positive, it is classified as an asset by that FHLBank. If the net fair value of derivatives with one of its counterparties is negative, it is classified as a liability by that FHLBank. Each FHLBank also offsets cash collateral and related accrued interest against the net fair value of its derivatives. The $1 million decrease in combined derivative assets and the $130 million increase in combined derivative liabilities from December 31, 2009 to March 31, 2010 are largely the result of changes in interest rates.

Quantitative Disclosure about Market Risk

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

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

	Change in Fair Value as of		
Scenario	March 31, 2010	December 31, 2009	Change in Fair Value Greater Than
−200 bp	$ *	$ *	$(185.0)
−100 bp	*	*	(77.5)
−50 bp	*	*	(30.0)
−25 bp	*	*	(12.5)
+25 bp	(24.1)	(9.8)	(25.0)
+50 bp	(42.1)	(23.6)	(60.0)
+100 bp	(93.2)	(85.7)	(155.0)
+200 bp	(263.6)	(280.8)	(370.0)

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

The FHLBank of Chicago continues to work with the Finance Agency to develop appropriate interest-rate risk policies and submitted revised policies to the Deputy Director on April 9, 2010.

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

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

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

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

(3) Although the FHLBank of Des Moines measures and monitors market value of equity and duration of equity, those measures are not disclosed as key market risk measures. The FHLBank of Des Moines discloses, in its 2010 First Quarter SEC Form 10-Q, market value of capital stock (MVCS) and economic value of capital stock (EVCS) as key risk measures. The FHLBank of Des Moines measures and limits movements in MVCS, where capital stock accounts for approximately 82 percent of total equity.

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

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

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

Duration of Equity
(In Years)

	March 31, 2010			December 31, 2009		
FHLBank	Down*	Base	Up**	Down*	Base	Up**
Boston	3.6	3.1	6.1	4.6	4.7	6.9
New York	0.4	(0.5)	3.8	0.2	0.4	3.7
Pittsburgh	4.4	7.7	6.0	5.1	11.6	4.7
Atlanta	(0.3)	1.9	3.2	0.0	3.7	4.7
Cincinnati	(1.8)	1.7	4.4	(0.8)	0.6	4.1
Indianapolis	(6.5)	(1.9)	0.4	(4.1)	(1.2)	0.8
Des Moines	(25.1)	2.6	7.0	(17.1)	3.6	6.6
Dallas	1.8	4.1	7.9	1.7	3.7	7.9
Topeka	(0.7)	2.2	1.8	(1.3)	0.1	0.1
San Francisco	4.1	4.9	2.9	4.8	5.6	3.2
Seattle	2.6	0.0	1.8	3.7	0.3	1.5

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

** Up = 200 basis points

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

Duration Gap (1)
(In months)

FHLBank	March 31, 2010	December 31, 2009
Boston	1.9	2.6
New York	(0.4)	0.1
Pittsburgh	4.7	6.1
Atlanta	0.8	1.8
Cincinnati	0.1	(0.0)
Indianapolis	(2.2)	(1.8)
Chicago	1.3	1.0
Des Moines	0.6	1.2
Dallas	2.0	1.8
Topeka	1.1	0.0
San Francisco	3.6	3.7
Seattle	0.0	0.0

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

Credit Risk

General

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.

Collateral eligible to secure new or renewed advances includes:

1) one-to-four family and multifamily mortgage loans (delinquent for no more than 90 days) and securities representing such mortgages;

2) securities issued, insured or guaranteed by the U.S. government or any U.S. government agency (for example, mortgage-backed securities issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae);

3) cash or deposits in the FHLBank;

4) certain other collateral that is real estate-related, provided that the collateral has a readily ascertainable value and that the FHLBank can perfect a security interest in it; and

5) certain qualifying securities representing undivided equity interests in eligible advances collateral.

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 borrowing limits on borrowers within a maximum range of between 30 to 55 percent of a borrower's total assets.

Based upon the financial condition of the member, most of the FHLBanks classify each member by the method of pledging collateral into one of three collateral categories: blanket lien status, listing (specific identification) pledge status, or delivery (possession) status. The assignment of a member to a collateral status category reflects an FHLBank's increasing level of control over the collateral pledged by the member as a member's financial condition deteriorates.

The least restrictive collateral status, and the most widely used by the FHLBanks' members, is the blanket lien status. This status is generally assigned to lower risk institutions pledging collateral. Under the blanket lien status, an individual FHLBank allows a member to retain possession of eligible collateral pledged to the FHLBank, provided the member executes a written security agreement and agrees to hold the collateral for the benefit of the FHLBank. Origination of new advances or renewal of advances must only be supported by certain eligible collateral categories. The blanket pledge is typically accepted by the FHLBanks only for loan collateral; most securities collateral must be delivered to the FHLBank or an FHLBank-approved third-party custodian and pledged for the benefit of the applicable FHLBank.

An FHLBank may require members to provide a detailed listing of eligible advance collateral being pledged to the FHLBank due to their high usage of FHLBank credit products, the type of assets being pledged and/or the credit condition of the member. Under listing pledge status, the member retains physical possession of specific collateral pledged to an FHLBank, but the member provides listings of loans pledged to the FHLBank with detailed loan information such as loan amount, payments, maturity date, interest rate, loan-to-value, collateral type, FICO® scores, etc. From a member's perspective, the benefit of listing collateral in lieu of a blanket pledge security agreement is that, in some cases, the discount or haircut applicable to such collateral may be lower than that for blanket lien collateral. From an FHLBank's perspective, the benefit of listing collateral is that it provides more detailed loan information to arrive at a more precise valuation.

For members in delivery status, an FHLBank requires the member to place physical possession of eligible collateral with the FHLBank or a third-party custodian to sufficiently secure all outstanding obligations. Typically, an FHLBank would take physical possession/control of collateral if the financial condition of the member was deteriorating or if the member exceeded certain credit product usage triggers. Delivery of collateral may also be required if there is a regulatory action taken against the member by its regulator that would indicate inadequate controls or other conditions that would be of concern to the FHLBank.

At March 31, 2010, the FHLBanks had rights to collateral with an estimated value greater than the related outstanding advances. All borrower obligations to the FHLBanks are secured with eligible collateral, the value of which is discounted to protect the FHLBanks from default in adverse circumstances. Collateral discounts, or haircuts, used in determining lending values of the collateral are calculated to project that the lending value of collateral securing each borrower's obligations exceeds the amount the borrower may borrow from the FHLBanks. The collateral lending values for the blanket, listing and delivery methods of pledging collateral range across the 12 FHLBanks as shown below. Collateral lending values are determined by subtracting the collateral haircut from 100 percent. Certain collateral haircuts may also reflect haircuts applied to advances outstanding based upon members' actual financial performance.

Collateral Type	March 31, 2010 Range of Collateral Lending Values By Pledging Method		
	Blanket	Listing	Delivery
Single-family mortgage loans (1)	30%-95%	30%-92%	30%-90%
FHA/VA loans (2)	30%-95%	30%-92%	30%-93%
Multifamily mortgage loans (3)	33%-80%	28%-80%	38%-80%
U.S. government/U.S. Treasury securities (4)	N/A (6)	N/A (6)	80%-99.5%
State and local government securities (5)	N/A (6)	N/A (6)	60%-98%
U.S. agency securities (excluding MBS) (7)	N/A (6)	N/A (6)	80%-100%
U.S. agency MBS/CMOs (8)	N/A (6)	N/A (6)	53%-98%
Non-agency MBS/CMOs (9)	N/A (6)	N/A (6)	25%-98%
Other U.S. government-guaranteed mortgage loans (10)	30%-90%	30%-90%	30%-95%
Community financial institution (CFI) collateral—loans (e.g., small-business, small-farm, small-agribusiness loans) (11)	20%-69%	20%-69%	5%-69%
CFI collateral—securities (e.g., backed by small-business, small-farm, small-agribusiness loans) (12)	N/A (6)	N/A (6)	95%
Other real estate related collateral—commercial real estate loans (13)	9%-60%	25%-67%	25%-80%
Other real estate related collateral—CMBS (14)	N/A (6)	N/A (6)	49%-91%
Other real estate related collateral—home equity loans and lines of credit (15)	9%-77%	20%-77%	15%-69%
Other real estate related collateral—equity securities (16)	N/A (6)	N/A (6)	67%-91%
Other real estate related collateral—other loans (e.g., construction loans) (17)	35%-80%	40%-80%	25%-71%
Other real estate related collateral—other securities (18)	N/A (6)	N/A (6)	50%-75%

(1) Most lending values of single-family mortgage loan collateral are in the 38 percent—90 percent range.

(2) Most lending values of FHA/VA loan collateral are in the 28 percent—93 percent range. The lower level of this range, compared to that noted above, reflects additional haircuts applied to advances outstanding based upon members' actual financial performance.

(3) Most lending values of multifamily mortgage loan collateral are in the 35 percent—80 percent range.

(4) Most lending values of U.S. government/U.S. Treasury securities collateral are in the 87 percent—99.5 percent range, with the lowest end of the range assigned to mixed-use municipal securities collateral where the majority of the proceeds are real estate related.

(5) Most lending values of state and local government securities collateral are in the 65 percent—90 percent range.

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

(7) Most lending values of U.S. agency securities collateral, excluding U.S. agency MBS, are in the 80 percent—99 percent range.

(8) Most lending values of U.S. agency MBS/CMO collateral are in the 55 percent—98 percent range.

(9) Most lending values of non-agency MBS/CMO collateral are in the 50 percent—95 percent range.

(10) Most lending values of other U.S. government-guaranteed mortgage loan collateral are in the 70 percent—95 percent range. However, certain pledged loans guaranteed by the Bureau of Indian Affairs are required to be delivered to an FHLBank; their collateral lending value is 27 percent, which reflects additional haircuts applied to outstanding advances which are collateralized by these loans.

(11) Most lending values of CFI collateral—loans are in the 10 percent—65 percent range.

(12) Most lending values of CFI collateral—securities are at 95 percent.

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

(14) Most lending values of other real estate related collateral—CMBS are in the 25 percent—91 percent range.

(15) Most lending values of other real estate related collateral—home equity loans and lines of credit are in the 16 percent—71 percent range.

(16) Most lending values of other real estate related collateral—equity securities are in the 71 percent—91 percent range.

(17) Most lending values of other real estate related collateral—other loans are in the 25 percent—70 percent range.

(18) Most lending values of other real estate related collateral—other securities are in the 50 percent—75 percent range.

As of March 31, 2010, 68 individual FHLBank members and 8 non-member financial institutions held advance balances of at least $1 billion. When a non-member financial institution acquires some or all of the assets and liabilities of an FHLBank member, including outstanding advances and FHLBank capital stock, an FHLBank may allow those advances to remain outstanding to that non-member financial institution. The non-member borrower would be required to meet all of that FHLBank's credit and collateral requirements, including requirements regarding creditworthiness and collateral borrowing capacity.

In the aggregate, the advances to the 76 individual FHLBank borrowers with advances of at least $1 billion represented approximately $358 billion, or 64 percent, of total FHLBank advances outstanding at March 31, 2010, while other credit products to these borrowers represented approximately $18 billion, or 34 percent, of total other credit obligations to the FHLBanks. A borrower's total credit obligation to an FHLBank includes outstanding advances, outstanding letters of credit, collateralized derivative contracts and credit enhancement obligation on mortgage loans sold to the FHLBank (if any). The weighted-average collateralization ratio was 2.6 at March 31, 2010 (i.e., the total of these 76 individual FHLBank borrowers' eligible collateral divided by these borrowers' advances and other credit products outstanding at March 31, 2010, although the borrowers' credit obligations to the FHLBanks are not cross-collateralized between borrowers). Collateral pledged by FHLBank borrowers with at least $1 billion of outstanding advances represented approximately 53 percent of total collateral pledged by all FHLBank borrowers with advances outstanding at March 31, 2010. Eligible collateral values include (a) market values for securities and (b) the unpaid principal balance for all other collateral pledged by delivery, listing or blanket lien. At March 31, 2010, approximately 53 percent of these 76 individual FHLBank borrowers' eligible collateral was pledged by the listing method, with approximately 34 percent pledged in the form of a blanket lien and the remaining 13 percent pledged by the delivery method. On a combined basis, the eligible collateral securing these 76 individual FHLBank borrowers' advances was comprised of the following collateral categories.

	March 31, 2010 Collateral Securing Advances of at Least $1 Billion By Pledging Method			
Collateral Type	**Blanket**	**Listing**	**Delivery**	**Total**
Single-family mortgage loans	19%	29%	2%	50%
Other real estate related collateral—home equity loans and lines of credit	6%	10%	**	16%
Other real estate related collateral—commercial real estate loans	6%	2%	1%	9%
Multifamily mortgage loans	1%	5%	**	6%
FHA/VA loans	1%	5%	**	6%
U.S. agency MBS/CMOs	N/A	N/A	4%	4%
U.S. government/U.S. Treasury securities	N/A	N/A	3%	3%
U.S. agency (excluding MBS)	N/A	N/A	2%	2%
Non-agency MBS/CMOs	N/A	N/A	2%	2%
Other real estate related collateral—other loans	1%	**	**	1%
Other real estate related securities collateral—CMBS	N/A	N/A	1%	1%

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

** Amount represents less than one percent of total.

The FHLBank Act permitted borrowers that qualify as a "community financial institution" (which is defined in the FHLBank Act as an FDIC-insured depository institution that had average assets for the past three calendar years totaling no more than $599 million during 2007 and $625 million during 2008, up until the passage of the Housing Act) 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 average total asset cap), with the average total asset cap adjusted annually for inflation. As of January 1, 2009, the Finance Agency adjusted the average total asset cap to $1.011 billion. Effective January 1, 2010, the average total asset cap was adjusted to $1.029 billion. The FHLBanks that accept CFI-specific collateral mitigate the potential increased credit risk through higher haircuts (lower lending values) on such collateral. Advances to community financial institutions secured with expanded eligible collateral represented approximately $3.5 billion of the $556.8 billion of total advances outstanding at par value at March 31, 2010.

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 listing 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. During the three months ended March 31, 2010, 35 of the 41 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these 35 members at the time of their failure was approximately $2 billion, all of which were either assumed by another member or a non-member institution and/or repaid by the acquiring institution or the FDIC. For the month of April 2010, 21 of the 23 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these 21 members at the time of their failure was approximately $4 billion, all of which were either assumed by another member or a non-member institution and/or repaid by the acquiring institution or the FDIC. No FHLBank incurred any credit loss on any of the related advances outstanding. All extensions of credit by the FHLBanks to members are secured by eligible collateral. However, if a member were to default, and the value of the collateral pledged by the member declined to a point such that an FHLBank was unable to realize sufficient value from the pledged collateral to cover the member's obligations and an FHLBank was unable to obtain additional collateral to make up for the reduction in value of such collateral, that FHLBank could incur losses. A default by a member with significant obligations to an FHLBank could result in significant financial losses, which would adversely affect the FHLBank's results of operations and financial condition.

In light of the deterioration in the housing and mortgage markets, the FHLBanks continue to evaluate and make changes to their collateral guidelines when reviewing their borrowers' financial condition to further mitigate the credit risk of advances. The management of each FHLBank believes it has adequate policies and procedures in place to manage its credit risk on advances effectively.

Investments. The FHLBanks are subject to credit risk on investments consisting of investment securities, interest-bearing deposits, securities purchased under agreements to resell and Federal funds sold. At March 31, 2010, the carrying value of the FHLBanks' investments was $309.1 billion, as compared to $284.4 billion at December 31, 2009.

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

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

The FHLBanks further mitigate credit risk on investment securities by investing in highly-rated investment securities. At March 31, 2010 and December 31, 2009, 83.1 percent and 82.4 percent of MBS held by FHLBanks were rated triple A. During the three months ended March 31, 2010, most of the FHLBanks purchases of MBS were concentrated in GSE and U.S. obligations.

Investment Securities Ratings
(Dollar amounts in millions)

Investment Rating	March 31, 2010* Amount	March 31, 2010* Percentage of Total Investments	December 31, 2009** Amount	December 31, 2009** Percentage of Total Investments
Long-term rating				
Triple-A	$158,092	72.0%	$152,302	68.4%
Double-A	18,822	8.6%	21,022	9.5%
Single-A	12,492	5.7%	14,476	6.5%
Triple-B	4,127	1.9%	4,384	2.0%
Below investment grade				
Double-B	3,325	1.5%	4,325	1.9%
Single-B	4,061	1.8%	4,408	2.0%
Triple-C	9,645	4.4%	8,732	3.9%
Double-C	3,028	1.4%	2,452	1.1%
Single-C	378	0.2%	393	0.2%
Single-D	63	0.0%	59	0.0%
Short-term rating				
A-1 or higher/P-1	5,270	2.4%	9,715	4.4%
A-2/P-2	250	0.1%	250	0.1%
Unrated investment securities	49	0.0%	50	0.0%
Total	$219,602	100.0%	$222,568	100.0%

* This chart does not reflect any changes in rating, outlook or watch status occurring after March 31, 2010. These ratings represent the lowest NRSRO rating available for each security owned by each applicable FHLBank.

** This chart does not reflect any changes in rating, outlook or watch status occurring after December 31, 2009. These ratings represent the lowest NRSRO rating available for each security owned by each applicable FHLBank.

The following table represents rating agency actions taken with respect to the following categories of investment securities during the period from March 31, 2010 through April 30, 2010:

Investment Securities
Downgraded and/or Placed on Negative Watch (1)
from March 31, 2010 through April 30, 2010
(Dollar amounts in millions)

	Based on Carrying Values as of March 31, 2010		
	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	10%	0%	16%
Amount of private-label RMBS rated below investment grade:			
Double-B	$ 389	$	$ 5
Single-B	1,159		17
Triple-C	2,216		
Double-C	196		
Single-C	10		
Single-D	23		
Total	$3,993	$	$22
Private-label commercial MBS (CMBS):			
Percentage of total private-label CMBS	0%	0%	0%
Total private-label CMBS rated below investment grade	$	$	$
Manufactured housing loan investments:			
Percentage of total manufactured housing loan investments	0%	0%	0%
Total manufactured housing loan investments rated below investment grade	$	$	$

Investment Securities
Downgraded and/or Placed on Negative Watch (1)
from March 31, 2010 through April 30, 2010 (continued)
(Dollar amounts in millions)

	Based on Carrying Values as of March 31, 2010		
	Downgraded and Stable	Downgraded and Placed on Negative Watch	Not Downgraded but Placed on Negative Watch
Home equity loan investments:			
Percentage of total home equity loan investments	0%	0% (2)	34%
Amount of home equity loan investments rated below investment grade:			
Double-B	$	$	$14
Single-B			8
Triple-C			21
Double-C		2	
Total	$	$2	$43
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments:			
Percentage of total investment securities	3%	0%	5%
Amount of total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments rated below investment grade:			
Double-B	$ 389	$	$19
Single-B	1,159		25
Triple-C	2,216		21
Double-C	196	2	
Single-C	10		
Single-D	23		
Total	$3,993	$2	$65
Total non-MBS:			
Percentage of total investment securities	0% (2)	1%	0%

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

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

Mortgage-Backed Securities. The FHLBanks invest in and are subject to credit risk related to MBS issued by Federal agencies, GSEs and private-label issuers that are directly supported by underlying mortgage loans.

Private-label MBS. The FHLBanks classify private-label RMBS and CMBS, manufactured housing loans and home equity loan investments as prime, Alt-A or subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance of the MBS. In some cases, the NRSROs may have changed their classification subsequent to origination, which would not necessarily be reflected in the tables noted on the following pages.

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

	March 31, 2010			December 31, 2009		
	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total
Private-label RMBS:						
Prime	$ 9,903	$18,548	$28,451	$10,915	$19,559	$30,474
Alt-A	9,138	15,849	24,987	9,908	15,923	25,831
Subprime		1,291	1,291		1,320	1,320
Total private-label RMBS	19,041	35,688	54,729	20,823	36,802	57,625
Private-label CMBS:						
Prime	261	10	271	274	10	284
Total private-label CMBS	261	10	271	274	10	284
Manufactured housing loans:						
Prime		**	**		**	**
Subprime	217		217	224		224
Total manufactured housing loans	217	**	217	224	**	224
Home equity loan investments:						
Alt-A		60	60		61	61
Subprime	441	127	568	454	134	588
Total home equity loan investments	441	187	628	454	195	649
Total private-label MBS, manufactured housing loans and home equity loan investments	$19,960	$35,885	$55,845	$21,775	$37,007	$58,782

** Represents an amount less than $1 million.

(1) The FHL Banks 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, 2010, the carrying values of the private-label mortgage-backed securities, manufactured housing loans and home equity loan investments were as follows:

- combined private-label RMBS of $44,095 million;
- combined private-label CMBS of $271 million;
- combined manufactured housing loans of $217 million; and
- combined home equity loan investments of $479 million.

The following tables present credit ratings of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments at March 31, 2010. Of the total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments, prime represented 51.4 percent, Alt-A represented 44.9 percent and subprime represented 3.7 percent. Of the $156.0 billion carrying value of total mortgage-backed securities investments held by the FHLBanks at March 31, 2010, less than 2 percent were categorized as subprime by the originator at the time of origination or based on classification by an NRSRO upon issuance of the MBS.

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization* At March 31, 2010 (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	$	$	$ 83	$ 42	$ 534	$	$ 659
2007	170	54	84	98	4,617		5,023
2006	340	181	316	358	4,384		5,579
2005	386	449	1,269	446	2,569		5,119
2004 and prior	8,735	1,242	1,624	341	129		12,071
Total	9,631	1,926	3,376	1,285	12,233		28,451
Private-label CMBS:							
2004 and prior	271						271
Total	271						271
Manufactured housing loans:							
2004 and prior	**						**
Manufactured housing loan total	**						**
Total prime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$9,902	$1,926	$3,376	$1,285	$12,233	$	$28,722

Unpaid Principal Balance of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization* At March 31, 2010 (continued) (Dollar amounts in millions)

Year of Securitization	Alt-A (1) Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2008	$	$	$	$ 457	$ 466	$	$ 923
2007	21				7,487		7,508
2006	27		1	116	4,709		4,853
2005	92	462	693	1,952	4,546		7,745
2004 and prior	1,957	923	851	151	76		3,958
Total	2,097	1,385	1,545	2,676	17,284		24,987
Home equity loan investments:							
2006		23					23
2005			5				5
2004 and prior					32		32
Total		23	5		32		60
Total Alt-A private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$2,097	$1,408	$1,550	$2,676	$17,316	$	$25,047

Year of Securitization	Subprime (1) Triple-A	Double-A	Single-A	Triple-B	Below Investment Grade	Unrated	Total
Private-label RMBS:							
2007	$	$	$	$	$ 10	$	$ 10
2006	16	9	20	66	1,002		1,113
2005	2	18	7	17	78		122
2004 and prior	24	3	3	1	10	5	46
Total	42	30	30	84	1,100	5	1,291
Manufactured housing loans:							
2004 and prior		124	93			—	217
Total		124	93			—	217
Home equity loan investments:							
2004 and prior	216	93	47	41	171	—	568
Total	216	93	47	41	171	—	568
Total subprime private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$ 258	$ 247	$ 170	$ 125	$ 1,271	$5	$ 2,076
Total private-label RMBS and CMBS, manufactured housing loans and home equity loan investments	$12,257	$3,581	$5,096	$4,086	$30,820	$5	$55,845

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

** Represents amounts less than $1 million.

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

Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)
At March 31, 2010*
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage (2)
Private-label RMBS Triple-A:				
Prime	$ 9,631	$ 9,580	$ (416)	3%
Alt-A	2,097	2,099	(190)	7%
Subprime	42	41	(6)	32%
Total Private-label RMBS Triple-A	11,770	11,720	(612)	4%
Private-label RMBS Double-A:				
Prime	1,926	1,916	(197)	9%
Alt-A	1,385	1,389	(254)	13%
Subprime	30	29	(3)	43%
Total Private-label RMBS Double-A	3,341	3,334	(454)	11%
Private-label RMBS Single-A:				
Prime	3,376	3,363	(369)	9%
Alt-A	1,545	1,549	(318)	15%
Subprime	30	28	(4)	37%
Total Private-label RMBS Single-A	4,951	4,940	(691)	11%
Private-label RMBS Triple-B:				
Prime	1,285	1,277	(131)	12%
Alt-A	2,676	2,676	(672)	19%
Subprime	84	80	(7)	43%
Total Private-label RMBS Triple-B	4,045	4,033	(810)	17%
Private-label RMBS Below Investment Grade:				
Prime	12,233	11,374	(2,392)	18%
Alt-A	17,284	15,581	(5,493)	35%
Subprime	1,100	875	(322)	51%
Total Private-label RMBS Below Investment Grade	30,617	27,830	(8,207)	29%
Private-label RMBS Unrated:				
Subprime	5	5		0%
Total Private-label RMBS Unrated	5	5		0%
Total Private-label RMBS prime	28,451	27,510	(3,505)	11%
Total Private-label RMBS Alt-A	24,987	23,294	(6,927)	29%
Total Private-label RMBS subprime	1,291	1,058	(342)	49%
Total Private-label RMBS	$54,729	$51,862	$(10,774)	20%

Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)
At March 31, 2010* (continued)
(Dollar amounts in millions)

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage (2)
Private-label CMBS Triple-A:				
Prime	271	271	(4)	4%
Total Private-label CMBS Triple-A	271	271	(4)	4%
Total Private-label CMBS prime	271	271	(4)	4%
Total Private-label CMBS	$271	$271	$(4)	4%

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage (2)
Manufactured housing loans Triple-A:				
Prime	$ **	$ **	$ **	3%
Total Manufactured housing loans Triple-A	**	**	**	3%
Manufactured housing loans Double-A:				
Subprime	124	124	(18)	2%
Total manufactured housing loans Double-A	124	124	(18)	2%
Manufactured housing loans Single-A:				
Subprime	93	93	(22)	5%
Total manufactured housing loans Single-A	93	93	(22)	5%
Total manufactured housing loans prime	**	**	**	3%
Total manufactured housing loans subprime	217	217	(40)	3%
Total manufactured housing loans	$217	$217	$(40)	3%

**Credit Ratings of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)
At March 31, 2010* (continued)
(Dollar amounts in millions)**

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Percentage (2)
Home equity loan investments Triple-A:				
Subprime	$216	$215	$ (49)	20%
Total home equity investments Triple-A	216	215	(49)	20%
Home equity loan investments Double-A:				
Alt-A	23	23	(8)	3%
Subprime	93	93	(12)	7%
Total home equity investments Double-A	116	116	(20)	6%
Home equity loan investments Single-A:				
Alt-A	5	5	(3)	1%
Subprime	47	45	(11)	17%
Total home equity investments Single-A	52	50	(14)	15%
Home equity loan investments Triple-B:				
Subprime	41	39	(12)	15%
Total home equity investments Triple-B	41	39	(12)	15%
Home equity loan investments Below Investment Grade:				
Alt-A	32	26	(11)	12%
Subprime	171	150	(45)	23%
Total home equity investments Below Investment Grade	203	176	(56)	21%
Total Home equity loan investments Alt-A	60	54	(22)	8%
Total Home equity loan investments subprime	568	542	(129)	18%
Total Home equity loan investments	$628	$596	$(151)	17%

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

** Represents an amount less than $1 million.

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

(2) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due. The reported delinquency percentage represents the weighted-average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

The following table summarizes rating agency actions on private-label MBS held by the FHLBanks subsequent to March 31, 2010.

Rating Agency Actions* on Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments from March 31, 2010 to April 30, 2010
(Dollar amounts in millions)

	Total Downgraded		Downgraded from AAA							
			To AA		To A		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
Private-label RMBS	$2,390	$1,985	$2	$2	$31	$31	$95	$92	$128	$125
Total	$2,390	$1,985	$2	$2	$31	$31	$95	$92	$128	$125

	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	$5	$4	$147	$136	$191	$169	$343	$309
Total	$5	$4	$147	$136	$191	$169	$343	$309

	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	$19	$17	$691	$565	$710	$582	$1,209	$969
Total	$19	$17	$691	$565	$710	$582	$1,209	$969

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

Of the $219.6 billion of total investment securities held by the FHLBanks at March 31, 2010, a total of $22.7 billion of MBS investments was rated below investment grade as of April 30, 2010; $20.5 billion of this amount was rated below investment grade at March 31, 2010, and an additional $2.2 billion was downgraded to below investment grade from March 31, 2010 through April 30, 2010.

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 $45.1 billion, was $42.9 billion at March 31, 2010. The following table summarizes private-label RMBS and CMBS, manufactured housing loans and home equity loan investments fair values as a percentage of unpaid principal balances.

Private-Label Mortgage Backed Securities,
Manufactured Housing Loans and Home Equity Loan Investments
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization (1)

Year of Securitization	March 31, 2010	December 31, 2009
Private-label RMBS:		
Prime (1):		
2008	84.3%	79.7%
2007	74.6%	74.0%
2006	79.0%	76.6%
2005	84.7%	82.7%
2004 and earlier	93.5%	92.2%
Weighted-average of all prime	85.5%	84.0%
Alt-A (1):		
2008	67.1%	59.5%
2007	59.8%	57.8%
2006	60.3%	58.6%
2005	69.4%	67.8%
2004 and earlier	88.1%	86.3%
Weighted-average of all Alt-A	67.6%	65.7%
Subprime (1):		
2007	67.3%	49.9%
2006	54.9%	52.9%
2005	83.7%	82.8%
2004 and earlier	70.8%	67.9%
Weighted-average of all subprime	58.3%	56.3%

Year of Securitization	March 31, 2010	December 31, 2009
Private-label CMBS		
Prime (1):		
2004 and earlier	100.2%	99.6%
Weighted-average of all prime	100.2%	99.6%

Private-Label Mortgage Backed Securities,
Manufactured Housing Loans and Home Equity Loan Investments
Fair Value as a Percentage of Unpaid Principal Balance by Year of Securitization (1)
(continued)

Year of Securitization	March 31, 2010	December 31, 2009
Manufactured Housing Loans:		
Prime (1):		
2004 and earlier	96.9%	95.5%
Weighted-average of all prime	96.9%	95.5%
Subprime (1):		
2004 and earlier	81.7%	80.7%
Weighted-average of all subprime	81.7%	80.7%

Year of Securitization	March 31, 2010	December 31, 2009
Home Equity Loan Investments:		
Alt-A (1):		
2006	63.7%	44.3%
2005	43.5%	43.2%
2004 and earlier	48.6%	42.8%
Weighted-average of all Alt-A	53.9%	43.4%
Subprime (1):		
2004 and earlier	72.7%	68.1%
Weighted-average of all subprime	72.7%	68.1%

	March 31, 2010	December 31, 2009
Totals:		
Private-label RMBS:	76.7%	75.2%
Private-label CMBS	100.2%	99.6%
Manufactured Housing Loans:	81.7%	80.7%
Home Equity Loan Investments:	70.9%	65.7%
Grand total	76.8%	75.2%

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

The table below summarizes, by loan type, characteristics of private-label RMBS and CMBS, home equity loan investments and manufactured housing loans in a gross unrealized loss position at March 31, 2010. The lowest ratings available for each security is reported as of April 30, 2010 based on the security's unpaid principal balance at March 31, 2010. The FHLBanks held a total of $5,977 million in Alt-A Option ARMs based on unpaid principal balance at March 31, 2010 as disclosed in the following table:

Private-Label Mortgage Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments in a Loss Position at March 31, 2010 and Credit Ratings as of April 30, 2010 (1)
(Dollar amounts in millions)

	March 31, 2010					April 30, 2010 MBS Ratings Based on March 31, 2010 Unpaid Principal Balance (2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate (4)	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Private-label RMBS backed by:									
Prime loans:									
First lien	$26,036	$25,126	$ (3,505)	11%	28%	27%	23%	50%	31%
Total private-label RMBS backed by prime loans	26,036	25,126	(3,505)	11%	28%	27%	23%	50%	31%
Alt-A and other loans:									
Alt-A option arm	5,977	5,372	(2,296)	45%	0%	0%	4%	96%	28%
Alt-A other	18,887	17,810	(4,631)	24%	10%	10%	22%	68%	30%
Total private-label RMBS backed by Alt-A and other loans	24,864	23,182	(6,927)	29%	8%	8%	17%	75%	29%
Subprime loans:									
First lien	1,275	1,049	(342)	49%	3%	3%	10%	87%	6%
Total private-label RMBS backed by subprime loans	1,275	1,049	(342)	49%	3%	3%	10%	87%	6%
Private-label CMBS backed by:									
Prime loans:									
First lien	129	129	(4)	5%	100%	100%	0%	0%	0%
Total private-label CMBS backed by prime loans	129	129	(4)	4%	100%	100%	0%	0%	0%
Manufactured housing loans backed by:									
Prime loans:									
First lien	**	**	**	3%	100%	100%	0%	0%	0%
Total manufactured housing loans backed by prime loans	**	**	**	3%	100%	100%	0%	0%	0%
Subprime loans:									
First lien	217	217	(40)	3%	0%	0%	100%	0%	0%
Total manufactured housing loans backed by subprime loans	217	217	(40)	3%	0%	0%	100%	0%	0%

Private-Label Mortgage Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments in a Loss Position at March 31, 2010 and Credit Ratings as of April 30, 2010 (1) (continued)
(Dollar amounts in millions)

	March 31, 2010					April 30, 2010 MBS Ratings Based on March 31, 2010 Unpaid Principal Balance (2)(3)			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate (4)	Percentage Rated Triple-A	Percentage Rated Triple-A	Percentage Rated Investment Grade	Percentage Rated Below Investment Grade	Percentage on Watchlist
Home equity loan investments backed by:									
Alt-A and other loans:									
Alt-A other	60	54	(22)	7%	0%	0%	47%	53%	86%
Total home equity loan investments backed by Alt-A loans	60	54	(22)	8%	0%	0%	47%	53%	86%
Subprime loans:									
First lien	225	217	(60)	21%	35%	35%	34%	31%	57%
Second lien	8	7	(3)	30%	9%	9%	0%	91%	0%
Total home equity loan investments backed by subprime loans	233	224	(63)	21%	34%	34%	33%	33%	55%
Other—Not Classified (5)	334	318	(66)	16%	41%	41%	32%	27%	56%
Total private-label RMBS, private-label CMBS, manufactured housing loans, home equity loan investments, and other—not classified	$53,148	$50,299	$(10,969)	20%	18%	18%	20%	62%	30%

** Represents an amount less than $1 million.

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

(2) Excludes securities sold or paydowns in full subsequent to March 31, 2010.

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

(4) Weighted-average credit support is based on the credit support as of March 31, 2010. The reported credit support percentage represents the weighted-average based on the unpaid principal balance of the individual securities in the category and their respective credit support as of March 31, 2010.

(5) The FHLBank of New York owns certain private-label securities that were acquired prior to 2004 for which only the original lien information is available. The current lien information is not available. In certain instances, the servicer is no longer in business to provide this information. In other instances, the servicers were never required to track the information subsequent to origination. As a result, third-party providers of such information or existing servicers do not have current lien information.

Other-Than-Temporarily Impaired Securities. The housing market continues to be depressed, with great variations in market performance from region to region throughout the country. Housing prices are low and still falling in many areas, although there are signs of increasing stability in other areas. Delinquency and foreclosure rates have continued to rise. While the agency MBS market is active in funding new mortgage originations, the private-label MBS market has not recovered. The commercial real estate market is still trending downward.

As a result of each FHLBank's evaluations, at March 31, 2010, the FHLBanks recognized OTTI losses related to an aggregate amount of $12,248 million of unpaid principal balance in held-to-maturity MBS investments and $7,099 million of unpaid principal balance related to available-for-sale securities, as described in "Note 6—Other-Than-Temporary Impairment Analysis" to the accompanying combined financial statements. The FHLBanks recognized total OTTI charges of $233 million during the three months ended March 31, 2010 related to the credit losses on total MBS instruments and the impairment related to net noncredit portion of $173 million.

If current conditions in the mortgage markets and general business and economic conditions continue or deteriorate further than currently anticipated, the fair value of private-label MBS may decline further and the FHLBanks may incur OTTI losses on additional private-label MBS in future periods, as well as further impairment of those securities that were identified as other-than-temporarily impaired as of March 31, 2010. Furthermore, federal and state government authorities, as well as private entities, such as financial institutions and the servicers of residential mortgage loans, have begun or promoted implementation of programs designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures. These loan modification programs, as well as future legislative, regulatory, or other actions, including amendments to the bankruptcy laws, that result in the modification of outstanding mortgage loans, may adversely affect the value of, and the returns on, these mortgage loans or MBS related to these mortgage loans.

Private-label MBS Collateral Statistics. The FHLBanks generally purchase private-label MBS rated triple-A (or its equivalent) by an NRSRO, such as Moody's or S&P, at the time of purchase based on structural credit enhancements designed to withstand a significant increase in defaults combined with a sharp downturn in housing prices. Each FHLBank typically requires, at the time of purchase, credit enhancement that it believes to be above the amounts required for a triple-A credit rating by an NRSRO for non-agency mortgage-backed securities. Structural credit enhancements include subordination and over-collateralization that are designed to absorb losses before an FHLBank will incur a loss on a security. Credit enhancement achieved through senior-subordinated features results in the subordination of payments to junior classes to ensure cash flows are received by senior classes held by investors such as the FHLBanks. 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/Third-party Guarantors Credit Ratings and Outlook Table" for ratings and outlook status as of March 31, 2010. New loan modifications could affect the valuations and credit enhancements of the FHLBanks' mortgage-backed securities.

Credit Enhancement and Collateral Performance of Private-Label Mortgage Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1)

	Original Weighted-Average Credit Support (2)	Weighted-Average Credit Support (3) at March 31, 2010	Weighted-Average Collateral Delinquency (4) at March 31, 2010
Private-label RMBS by Year of Securitization			
Prime:			
2008	53%	24%	20%
2007	19%	11%	17%
2006	23%	9%	15%
2005	12%	10%	11%
2004 and earlier	26%	7%	5%
Total prime	22%	9%	11%
Alt-A:			
2008	47%	34%	25%
2007	51%	31%	38%
2006	42%	23%	41%
2005	58%	16%	22%
2004 and earlier	38%	10%	9%
Total Alt-A	49%	22%	29%
Subprime:			
2007	23%	40%	45%
2006	23%	30%	50%
2005	22%	48%	48%
2004 and earlier	40%	59%	23%
Total subprime	23%	33%	49%
Total private-label RMBS	35%	15%	20%

	Original Weighted-Average Credit Support (2)	Weighted-Average Credit Support (3) at March 31, 2010	Weighted-Average Collateral Delinquency (4) at March 31, 2010
Private-label CMBS by Year of Securitization			
Prime:			
2004 and earlier	22%	28%	4%
Total prime	22%	28%	4%
Total private-label CMBS	22%	28%	4%

Credit Enhancement and Collateral Performance of Private-Label Mortgage Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments (1) (continued)

	Original Weighted-Average Credit Support (2)	Weighted-Average Credit Support (3) at March 31, 2010	Weighted-Average Collateral Delinquency (4) at March 31, 2010
Manufactured housing loans by Year of Securitization			
Prime:			
2004 and earlier	22%	87%	3%
Total prime	22%	87%	3%
Subprime:			
2004 and earlier	93%	93%	3%
Total subprime	93%	93%	3%
Total manufactured housing loans	93%	93%	3%

	Original Weighted-Average Credit Support (2)	Weighted-Average Credit Support (3) at March 31, 2010	Weighted-Average Collateral Delinquency (4) at March 31, 2010
Home equity loan investments by Year of Securitization			
Alt-A:			
2005	3%	11%	1%
2004 and earlier	0%	3%	12%
Total Alt-A	0%	2%	8%
Subprime:			
2004 and earlier	55%	64%	19%
Total subprime	55%	64%	18%
Total home equity loan investments	50%	58%	17%

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

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

(3) Weighted-average credit support is based on the credit support as March 31, 2010. The reported credit support percentage represents the weighted-average based on the unpaid principal balance of the individual securities in the category and their respective credit support as of March 31, 2010.

(4) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due. The reported delinquency percentage represents the weighted-average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

Monoline Insurance. Certain FHLBanks' investment securities portfolios include a limited number of investments that are insured by third-party monoline bond insurers/guarantors. The bond insurance on these investments generally guarantees the timely payments of principal and interest if these payments cannot be satisfied from the cash flows of the underlying mortgage collateral. The affected FHLBanks closely monitor the financial condition of these bond insurers/guarantors on an ongoing basis.

The following table shows the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments covered by monoline insurance and related gross unrealized losses.

Monoline Insurance Coverage and Related Unrealized Losses of Private-Label Mortgage-Backed Securities, Manufactured Housing Loans and Home Equity Loan Investments By Year of Securitization At March 31, 2010 (1) (Dollar amounts in millions)

	Alt-A (2)									
	Ambac Assurance Corp.		Assured Guaranty Municipal Corp.		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	$ 85	$(19)	$21	$ (2)	$	$	$	$	$106	$(21)
2006	18	(8)							18	(8)
2005	36	(15)							36	(15)
2004 and prior	2								2	
Total	141	(42)	21	(2)					162	(44)
Home equity loan investments:										
2006			23	(8)					23	(8)
2005	5	(3)							5	(3)
2004 and prior	12	(3)			17	(6)	3	(1)	32	(10)
Total	17	(6)	23	(8)	17	(6)	3	(1)	60	(21)
Total private-label MBS, manufactured housing loans and home equity loan investments	$158	$(48)	$44	$(10)	$17	$(6)	$3	$(1)	$222	$(65)

	Subprime (2)									
	Ambac Assurance Corp.		Assured Guaranty Municipal Corp.		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	$ 3	$ (1)	$	$	$ 3	$ (1)	$ 8	$	$ 14	$ (2)
Total	3	(1)			3	(1)	8		14	(2)
Manufactured housing loans:										
2004 and prior			196	(36)					196	(36)
Total			196	(36)					196	(36)
Home equity loan investments:										
2004 and prior	206	(52)	86	(9)	57	(17)	10	(3)	359	(81)
Total	206	(52)	86	(9)	57	(17)	10	(3)	359	(81)
Total private-label MBS, manufactured housing loans and home equity loan investments	$209	$(53)	$282	$(45)	$60	$(18)	$18	$(3)	$569	$(119)

(1) At March 31, 2010 the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments covered by monoline insurance and related gross unrealized losses were less than $1 million.

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

The monoline bond insurers/guarantors have been subject to adverse ratings, rating downgrades and weakening financial performance measures. A rating downgrade implies an increased risk that the insurer/guarantor will fail to fulfill its obligations to reimburse the insured investor for claims made under the related insurance policies. The following table provides the credit ratings of these third-party insurers/guarantors. (Please see "Critical Accounting Estimates—OTTI for Investment Securities" for information regarding the FHLBanks' processes for evaluating monoline insurance for purposes of OTTI analysis.)

Monoline Insurance/Third-party Guarantors Credit Ratings and Outlook
As of May 14, 2010

	Moody's		S&P		Fitch	
	Credit Rating	Outlook	Credit Rating	Outlook	Credit Rating	Outlook
Ambac Assurance Corporation (Ambac)	Caa2	Under review	R(1)	R(1)	Not Rated	Not Rated
Assured Guaranty Municipal Corp.	Aa3	Negative	AAA	Negative	Not Rated	Not Rated
MBIA Insurance Corporation	B3	Negative	BB+	Negative	Not Rated	Not Rated
Syncora Guarantee Inc.	Ca	Developing	R(2)	R(2)	Not Rated	Not Rated
Financial Guaranty Insurance Company(3)	Withdrawn	Withdrawn	Not Rated	Not Rated	Not Rated	Not Rated
Fannie Mae/Freddie Mac	Aaa	Stable	N/A(4)	N/A(4)	AAA	Stable

(1) Ambac's regulatory rehabilitation proceedings commenced on March 24, 2010, due to its financial condition.

(2) 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.

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

(4) Not applicable

Unsecured Credit Exposure
(Dollar amounts in billions)

	March 31, 2010	December 31, 2009	Increase $	Increase %
Unsecured credit exposure of FHLBanks to counterparties, excluding U.S. government, U.S. government agencies, and instrumentalities (1)	$103.5	$84.0	$19.5	23.2%
Maturities of unsecured credit exposure:				
Overnight	60.8%	35.9%		
2-30 days	30.8%	46.4%		
31-90 days	8.0%	17.2%		
91-270 days	0.4%	0.5%		

(1) Included in this total at March 31, 2010 is unsecured credit exposure of $455.0 million to Bank of America Corporation. In addition to the unsecured credit exposure included in the table above, Bank of America Corporation had advances totaling $64.8 billion at the holding-company level at March 31, 2010. See details in the table of "Top 10 Advance Holding Borrowers by Holding Company at Par Value at March 31, 2010" included in the "Security Ownership of Certain Beneficial Owners" section.

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

	March 31, 2010	December 31, 2009	Increase (Decrease) $	Increase (Decrease) %
Federal funds sold	$78,966	$54,597	$24,369	44.6%
Commercial paper	3,030	3,690	(660)	(17.9)%

At March 31, 2010, the FHLBanks had aggregate unsecured credit exposure of $1 billion or more to each of 35 counterparties. The aggregate unsecured credit exposure to these 35 counterparties represented 90.43 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio.

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

When SMI is used as a form of credit enhancement in conjunction with an Acquired Member Asset (AMA) program (such as the MPF Program and MPP), Finance Agency regulations require the FHLBanks' members that sell loans to the FHLBanks through such a program to always maintain SMI with an insurer rated no lower than the second-highest rating category by any NRSRO. Rating downgrades imply an increased risk that the affected mortgage insurer(s) will fail to fulfill their obligations to reimburse the FHLBanks for claims under insurance policies. If a mortgage insurer fails to fulfill its obligations, the FHLBanks may bear any remaining loss of the borrower default on the related mortgage loans not covered by the member. On August 6, 2009, the Director of the Finance Agency granted a temporary waiver of this requirement as follows.

With regard to any MPF or MPP Loans that are credit-enhanced with SMI and were purchased, or will be purchased, under master commitments that were executed on or before August 6, 2009, the requirement described above is waived for a period of one year, provided that an FHLBank must evaluate the claims-paying ability of its SMI providers, hold additional retained earnings and take any other steps necessary to mitigate any attendant risk associated with using an SMI provider having a rating below the regulatory standard. In addition, an FHLBank that relies on this waiver for existing business was required, by April 8, 2010, to submit to the Finance Agency a written analysis of credit enhancement alternatives that do not rely on SMI for existing pools of loans that presently rely upon SMI for credit enhancement. Such alternatives considered the requirements of the AMA regulation and existing AMA programs, as well as any accounting or other legal requirements.

With regard to new MPP business, the regulatory requirement is waived for a period of twelve months—the initial waiver of six months from August 6, 2009, in addition to a six-month extension—to allow FHLBanks to enter into new master commitments during the twelve-month period, assuming the other requirements of the existing program are met, and provided that an FHLBank must also evaluate the claims-paying ability of its SMI providers, hold additional retained earnings, and take any other steps necessary to mitigate any attendant risk associated with using an SMI provider having a rating below the regulatory standard.

As of May 14, 2010, all of the FHLBanks' mortgage insurance (MI) providers have had their external ratings for claims-paying ability or insurer financial strength downgraded below double-A-minus by all relevant NRSROs. The MPF FHLBanks have analyzed their potential loss exposure to all MI providers and have not increased their loan loss reserves due to the aforementioned rating agency actions, but they will continue to monitor the financial condition of their MI providers. The MPP FHLBanks have either discontinued obtaining coverage on new loans from the MI providers that have been downgraded below double A-minus or continue using the downgraded insurance providers in compliance with the temporary waiver issued by the Finance Agency while they evaluate the need for alternative credit enhancements for their mortgage loan portfolios. The FHLBank of Seattle cancelled its SMI policies in 2008 due to its SMI provider's rating downgrade below double A-minus. The FHLBank of Seattle is currently considering other credit enhancement options to achieve at least double-A-minus rating for its conventional mortgage loans. To date, NRSRO downgrades have not had a material effect on any FHLBank's MPF Program or MPP.

MPF. Each MPF FHLBank has policies to limit its credit exposure to each MI company based on certain criteria, including, but not limited to, the MI company's NRSRO ratings, or limiting its credit exposure to a certain percentage of the MI company's regulatory capital. Credit exposure is defined as the total of PMI and SMI coverage written by an MI company on MPF Loans held by the FHLBank that are more than 60 days delinquent. The MI companies provide PMI on conventional MPF Loans with a loan-to-value ratio greater than 80 percent and SMI on the MPF Plus product. The MPF FHLBanks receive PMI coverage information only at acquisition of MPF Loans and do not receive notification of any subsequent changes in PMI coverage and therefore they can only estimate the amount of PMI in force at any time subsequent to acquisition. Historically, the MPF FHLBanks have depended on the PMI policies for loss coverage. No losses in excess of the policy deductible on the SMI policies have ever been claimed. The following table summarizes the MPF FHLBanks' credit exposure (dollar amounts in millions) to their MI providers based upon PMI and SMI credit exposure as of March 31, 2010 and December 31, 2009.

	MI Ratings (Moody's/S&P/Fitch) As of May 14, 2010	March 31, 2010				December 31, 2009			
		PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
Mortgage Guaranty Insurance Co. (MGIC)	Ba3/B+/NR (1)	$258	$ 50	$ 308	26%	$267	$ 50	$ 317	26%
Genworth Mortgage Insurance (Genworth)	Baa2/BBB−/NR (1)	155	115	270	22%	162	114	276	22%
United Guaranty Residential Insurance	A3/BBB/NR(1)	124	82	206	17%	130	84	214	17%
Republic Mortgage Insurance Company (RMIC)	Ba1/BBB−/BBB−	104	42	146	12%	108	42	150	12%
PMI Mortgage Insurance Co.	B2/B+/NR (1)	96	24	120	10%	101	24	125	10%
Other		156	5	161	13%	161	5	166	13%
Total MPF MI Coverage		$893	$318	$1,211	100%	$929	$319	$1,248	100%

(1) Not rated by Fitch.

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, 2010, none of the MI companies passed all of the primary early warning financial tests, which include rating level tests, ratings watch/outlook tests and profitability tests. However, no claim has ever been filed under an SMI policy in the history of the MPF Program and no MI company that has issued an SMI policy has stopped paying claims. MPF FHLBanks expect that, based on each MI provider's public filings, each MI provider would pay the claims should they ever be filed under the SMI policies. If an SMI provider fails to maintain a credit rating of at least double-A minus or its equivalent from an NRSRO under the MPF Plus product, the PFI has six months to either replace the SMI policy or provide at its own undertaking an equivalent to the SMI coverage, or it will forfeit its performance-based CE Fees. As a result, some PFIs have elected to not replace their SMI policies and some of the MPF FHLBanks have begun withholding performance-based CE Fees from these PFIs.

If a PMI provider is downgraded, an MPF FHLBank can request the servicer to obtain replacement PMI coverage with a different provider. However, it is possible that replacement coverage may be unavailable or result in additional cost to the MPF FHLBank. PMI for MPF Loans must be issued by an MI company on the approved MI company list whenever PMI coverage is required. However, no MI company on the approved MI company list currently has a double-A minus or better claims-paying ability rating from any NRSRO, so the current criteria for MI companies to remain on the approved MI company list at this time is acceptability for use in modeling software licensed from an NRSRO.

The following table summarizes the property types of the underlying mortgage assets at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Single-family residence	88.38%	88.35%
Planned unit development	5.60%	5.66%
Condominium	4.33%	4.34%
Two-to-four unit property	1.41%	1.37%
Manufactured housing	0.28%	0.28%
Total	100.00%	100.00%

Another indication of credit quality is data on actual delinquencies. An analysis of real estate mortgages past due 90 days or more and still accruing interest and the percentage of those loans to the total real estate mortgages outstanding as of March 31, 2010 and December 31, 2009 is presented below (dollar amounts in millions):

	March 31, 2010	December 31, 2009
Total Conventional MPF Mortgage Loan Delinquencies, at par	$ 760	$ 693
Total Conventional MPF Mortgage Loans Outstanding, at par	$43,229	$44,921
Percentage of Delinquent MPF Conventional Loans	1.76%	1.54%
Total Conventional MPF Loans in Foreclosure	$ 313	$ 278
Percentage of Conventional MPF Loans in Foreclosure	0.72%	0.62%
Total Government-guaranteed MPF Mortgage Loan Delinquencies, at par	$ 441	$ 457
Total Government-guaranteed MPF Mortgage Loans Outstanding, at par	$ 5,081	$ 5,221
Percentage of Delinquent Government-guaranteed MPF Loans	8.67%	8.75%
Total Government-guaranteed MPF Loans in Foreclosure	$ 116	$ 106
Percentage of Government-guaranteed MPF Loans in Foreclosure	2.28%	2.04%

MPP. 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, 2010 and December 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 LRA) are called upon before insurance claims are made.

	MI Ratings (Moody's/S&P/Fitch) As of May 14, 2010	March 31, 2010				December 31, 2009			
		PMI	SMI	Total	Percentage of Total	PMI	SMI	Total	Percentage of Total
MGIC	Ba3/B+/NR (1)	$ 3	$56	$59	73%	$ 3	$53	$56	73%
Genworth	Baa2/BBB−/NR (1)	2	12	14	17%	2	11	13	17%
United Guaranty Residential Insurance	A3/BBB/NR (1)	2		2	3%	2		2	2%
Other		6		6	7%	6		6	8%
Total MPP MI Coverage		$13	$68	$81	100%	$13	$64	$77	100%

(1) Not rated by Fitch.

Each MPP FHLBank believes this level of supplemental insurance (if applicable) constitutes an acceptable amount of exposure for it under the very extreme scenario that all of the conventional loans more than 60 days late default and the SMI providers are financially unable to pay the resulting claims. Each MPP FHLBank believes it has a very small amount of credit exposure to its remaining SMI providers and that the downgrades discussed above will not affect the creditworthiness of the program.

The following table presents the property types of the underlying mortgage assets:

	March 31, 2010	December 31, 2009
Single-family residence	85.93%	85.93%
Planned unit development	8.42%	8.46%
Condominium	4.91%	4.88%
Two-to-four unit property	0.61%	0.61%
Manufactured housing	0.13%	0.12%
Total	100.00%	100.00%

Another indication of credit quality is data on actual delinquencies. An analysis of real estate mortgages past due 90 days or more and still accruing interest and the percentage of those loans to the total real estate mortgages outstanding as of March 31, 2010 and December 31, 2009 is presented below (dollar amounts in millions):

	March 31, 2010	December 31, 2009
Total Conventional MPP Mortgage Loan Delinquencies, at par	$ 109	$ 104
Total Conventional MPP Mortgage Loans Outstanding, at par	$17,908	$18,640
Percentage of Delinquent MPP Conventional Loans	0.61%	0.56%
Total Conventional MPP Loans in Foreclosure	$ 144	$ 134
Percentage of Conventional MPP Loans in Foreclosure	0.80%	0.72%
Total Government-guaranteed MPP Mortgage Loan Delinquencies, at par	$ 89	$ 107
Total Government-guaranteed MPP Mortgage Loans Outstanding, at par	$ 2,222	$ 2,296
Percentage of Delinquent Government-guaranteed MPP Loans	4.01%	4.66%
Total Government-guaranteed MPP Loans in Foreclosure	$ 22	$ 53
Percentage of Government-guaranteed MPP Loans in Foreclosure	0.99%	2.31%

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

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

Concentrations. The following tables set out the geographic concentration of mortgage loans held for portfolio by program. 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, 2010	December 31, 2009
Midwest	37%	37%
Northeast	17%	17%
Southeast	17%	17%
Southwest	16%	16%
West	13%	13%
Total	100%	100%

Geographic Concentration of MPP (1) (2)

	March 31, 2010	December 31, 2009
Midwest	44%	44%
Northeast	10%	10%
Southeast	19%	19%
Southwest	13%	13%
West	14%	14%
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, 2010 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, 2010

	Percentage of Conventional Loans - Unpaid Principal Balance
California	10%
Wisconsin	9%
Illinois	7%
Pennsylvania	5%
Minnesota	5%
New York	5%
Texas	4%
Massachusetts	4%
Florida	3%
Virginia	3%
All other	45%
	100%

State Concentration of MPP Program (1)
March 31, 2010

	Percentage of Conventional Loans - Unpaid Principal Balance
Ohio	21%
California	10%
Indiana	9%
Michigan	7%
Illinois	4%
Texas	4%
Kentucky	4%
Florida	4%
Georgia	3%
Pennsylvania	3%
All other	31%
	100%

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

The FHLBanks' MPF Loans held for portfolio are dispersed across all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. No single zip code represented more than one percent of MPF Loans outstanding at March 31, 2010. The median size of an MPF loan was approximately $100 thousand at March 31, 2010. The MPF loan statistics have been compiled and obtained from the FHLBank of Chicago and therefore do not reflect the concentration levels and mortgage loan portfolio information at individual MPF FHLBanks.

The FHLBanks' MPP mortgage loans held for portfolio are dispersed across all 50 states and the District of Columbia. No single zip code accounted for more than one percent of MPP Loans outstanding at March 31, 2010. The median size of an MPP Loan was approximately $138 thousand at March 31, 2010. 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, 2010		December 31, 2009	
	MPF	MPP	MPF	MPP
Weighted-average FICO® score at origination (1)	738	749	738	749
Weighted-average loan-to-value at origination	68%	69%	68%	69%

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

The MPF loan statistics were compiled and obtained from the FHLBank of Chicago and MPP mortgage loan statistics were compiled on a combining basis by aggregating each participating MPP FHLBank's information; therefore, they do not reflect the weighted-average FICO® score and weighted-average loan-to-value 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. For additional discussion regarding derivatives and counterparty ratings, please refer to the individual FHLBanks' periodic reports filed with the SEC.

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

Derivative Counterparty Credit Exposure
(Dollar amounts in millions)
At March 31, 2010

Credit Rating*	Notional Amount	Total Net Exposure at Fair Value	Total Net Exposure Collateralized	Net Exposure After Collateral
Triple-A	$ 2,942	$ 3	$	$ 3
Double-A	321,499	1,308	1,226	82
Single-A	552,507	1,230	1,182	48
Triple-B	923	1	1	
Unrated (1)	23			
	877,894	2,542	2,409	133
Intermediaries (2)	1,900	16	16	
Delivery commitments	415	1		1
Total derivatives	$880,209	$2,559	$2,425	$134

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

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

* This chart does not reflect any changes in rating, outlook or watch status occurring after March 31, 2010. The ratings were obtained from S&P, Moody's and/or Fitch.

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

(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 $1 million of exposure at December 31, 2009 and less than $1 million of exposure at March 31, 2010 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, 99.892 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements at March 31, 2010 were with counterparties rated single-A or higher.

CONTROLS AND PROCEDURES

FHLBanks

The management of each FHLBank is required under applicable laws and regulations to establish and maintain controls and procedures, which include disclosure controls and procedures as well as adequate internal control over financial reporting, as such controls and procedures and internal control over financial reporting relate to that FHLBank only. Each of the FHLBank's management had assessed the effectiveness of their individual internal control over financial reporting as of December 31, 2009, based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on their assessment, each FHLBank's management concluded, as of December 31, 2009, that their individual internal control over financial reporting is effective based on the criteria established in *Internal Control—Integrated Framework.* Additionally, the independent registered public accounting firm of each FHLBank opined that the individual FHLBank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009.

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

Each of the FHLBanks indicated that there were no changes to its internal control over financial reporting during the fiscal quarter ended March 31, 2010 that have materially affected, or are reasonably likely to affect, its internal control over financial reporting. See each FHLBank's First Quarter 2010 SEC Form 10-Q "Part I, Item 4—Controls and Procedures" for more information regarding each FHLBank's evaluation of its disclosure controls and procedures.

Office of Finance Controls and Procedures over Combined Financial Reporting 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 currently 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 where the ultimate liability of the FHLBanks, if any, arising out of these proceedings is likely to have a material effect on the results of operations or financial condition of the FHLBanks.

See the Federal Home Loan Banks' 2009 Combined Financial Report for discussion about legal proceedings filed by the FHLBanks of New York and Pittsburgh related to the LBSF bankruptcy and the legal proceedings filed by the FHLBanks of Pittsburgh, San Francisco and Seattle related to the purchase of certain private-label MBS. See the First Quarter 2010 SEC Form 10-Q for each of these FHLBanks for updates to these legal proceedings.

RISK FACTORS

There were no material changes to the risk factors disclosed in the Federal Home Loan Banks' 2009 Combined Financial Report. Each FHLBank describes risk factors it faces in its business in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

MARKET FOR FHLBANKS' CAPITAL STOCK AND RELATED STOCKHOLDER MATTERS

As a cooperative, each FHLBank conducts its advances business and acquired member asset programs almost exclusively with its members. There is no established marketplace for the FHLBanks' stock and it is not publicly traded. FHLBank stock is purchased by members at the stated par value of $100 per share and may be redeemed at its stated par value of $100 per share upon the request of a member subject to applicable redemption periods and certain conditions and limitations. At March 31, 2010, the FHLBanks had 427 million shares of capital stock outstanding. The FHLBanks are not required to register their securities under the Securities Act of 1933 (as amended). Each FHLBank is an SEC registrant as required by the Housing Act and is subject to certain reporting requirements of the 1934 Act.

Regulatory Capital Stock. The information on capital stock presented in the following table is accumulated at the holding-company level. Holding company information was obtained from the Federal Reserve System's web site, the National Information Center (NIC) and/or SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States. The percentage of total regulatory capital stock identified in the table below for each holding company was computed by dividing all regulatory capital stock owned by subsidiaries of that holding company by total combined regulatory capital stock. These percentage concentrations do not represent ownership concentrations in any particular FHLBank. For information on the top five holders of regulatory capital stock of each FHLBank and their holdings at March 31, 2010, please refer to "Supplemental Information—Top 5 Regulatory Capital Stockholders by FHLBank."

Top 10 Regulatory Capital Stockholders by Holding Company at March 31, 2010 (Dollar amounts in millions)

Holding Company Name	Regulatory Capital Stock*	Percentage of Total Regulatory Capital Stock	Mandatorily Redeemable Capital Stock
Bank of America Corporation (1)	$ 4,945	9.4%	$ 642
JPMorgan Chase & Co. (2)	4,182	8.0%	3,468
Citigroup Inc. (3)	4,081	7.8%	
Wells Fargo & Company (4)	2,931	5.6%	1,950
The PNC Financial Services Group, Inc. (5)	995	1.9%	543
U.S. Bancorp (6)	963	1.8%	335
MetLife, Inc. (7)	906	1.7%	
Hudson City Bancorp, Inc. (8)	875	1.7%	
UK Financial Investments Limited (9)	759	1.5%	69
Banco Santander, S.A. (10)	721	1.4%	4
	$21,358	40.8%	$7,011

* Includes FHLBank capital stock that is considered to be mandatorily redeemable, which is classified as a liability under GAAP.

(1) Bank of America Corporation had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco and Seattle.

(2) JPMorgan Chase & Co. had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: New York, Pittsburgh, Chicago, San Francisco and Seattle.

(3) Citigroup Inc. had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: New York, Pittsburgh, Dallas and San Francisco.

(4) Wells Fargo & Company had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Atlanta, Des Moines, Dallas, Topeka, San Francisco, and Seattle. On March 20, 2010, Wachovia Bank, National Association, a member of the FHLBank of Atlanta as of December 31, 2009, merged with and into Wells Fargo Bank, National Association, a non-member. Upon the merger, Wachovia Bank, National Association's membership automatically terminated under the FHLBank of Atlanta's capital plan, and the FHLBank of Atlanta reclassified $273.9 million in capital stock held by Wachovia Bank, National Association from capital to mandatorily redeemable capital stock upon termination of its membership with the FHLBank of Atlanta.

(5) The PNC Financial Services Group, Inc. had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago and Des Moines.

(6) U.S. Bancorp had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Cincinnati, Chicago, Des Moines, Dallas, San Francisco and Seattle.

(7) MetLife, Inc. had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Boston and New York.

(8) Hudson City Bancorp, Inc. had a subsidiary with regulatory capital stock holdings at March 31, 2010 in the FHLBank of New York district.

(9) UK Financial Investments Limited had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Boston, New York, Pittsburgh and Cincinnati.

(10) Banco Santander, S.A. had subsidiaries with regulatory capital stock holdings at March 31, 2010 in the following FHLBank districts: Boston, New York and Pittsburgh.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

Members.

Membership by Type of Members

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
March 31, 2010	5,667	1,129	1,015	210	8,021
December 31, 2009	5,706	1,139	1,003	209	8,057

Membership in an FHLBank is voluntary. A member must give notice of its intent to withdraw. The GLB Act permits each FHLBank to issue one or more of two classes of capital stock, each with sub-classes. Class A capital stock is redeemable on six months' written notice from a member and Class B capital stock is redeemable on five years' written notice from a member. Capital stock outstanding under the pre-GLB Act rules, which only applies to the FHLBank of Chicago at March 31, 2010, is redeemable at the option of a member upon six months' written notice of withdrawal from membership, provided that the FHLBank of Chicago is in compliance with its regulatory capital requirements and the Regulator has approved the redemption. In addition, the Finance Agency has deemed the FHLBank of Seattle as undercapitalized at March 31, 2010. The FHLBank of Seattle has restrictions in place as a result of the undercapitalized classification, including the inability to redeem or repurchase capital stock or pay dividends without Finance Agency approval. See "Note 12—Capital" to the accompanying combined financial statements for discussions of restrictions placed on the redemption of the FHLBank of Chicago's and the FHLBank of Seattle's capital stock. If a member withdraws its membership from an FHLBank, it may not acquire shares of any FHLBank for five years after the date on which its divestiture of capital stock is completed. This restriction does not apply if the member is transferring its membership on an uninterrupted basis from one FHLBank to another.

During the three months ended March 31, 2010, two FHLBank members withdrew from membership for reasons other than merger or acquisition and 28 members gave notice of intent to withdraw from membership for reasons other than merger or acquisition. None of the affected FHLBanks expect these withdrawals to have a material adverse effect on its results of operations or financial condition.

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

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Other (1)	Total (2)
March 31, 2010	$28.5	$9.6	$2.8	$3.3	$8.1	$52.3
December 31, 2009	29.2	9.7	2.8	3.4	8.0	53.1

(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, 2010 represented 54.5 percent of the total regulatory capital stock of the FHLBanks. The regulatory capital stock held by thrift institution members at March 31, 2010 represented 18.4 percent of the total regulatory capital stock of the FHLBanks.

Member Borrowers.

Member Borrowers

	Commercial Banks	Thrifts	Credit Unions	Insurance Companies	Total
March 31, 2010	4,095	862	443	86	5,486
December 31, 2009	4,220	877	464	86	5,647

The percentage of total members borrowing decreased to 68.4 percent at March 31, 2010, as compared to 70.1 percent at December 31, 2009. The 76 borrowers with advance holdings of $1 billion or more at March 31, 2010 held 64.3 percent of total advances. The 85 borrowers with advance holdings of $1 billion or more at December 31, 2009 held 66.1 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, 2010	$322.8	$118.9	$25.4	$45.6	$44.1	$556.8
December 31, 2009	355.9	126.1	26.5	48.3	59.1	615.9

(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 differ from that reported in the Combined Statement of Condition. The differences between the par value and book value amounts primarily relate to basis adjustments arising from hedging activities.

The information on advances presented in the following table is accumulated at the holding-company level. Holding company information was obtained from the Federal Reserve System's web site, the NIC and/or SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States. The percentage of total advances identified in the table below for each holding company was computed by dividing the par amount of advances by subsidiaries of that holding company by the total combined par amount of advances. These percentage concentrations do not represent borrowing concentrations in any particular FHLBank. For information on the top five advance holding borrowers of each FHLBank at March 31, 2010, please refer to "Supplemental Information—Top 5 Advance Holding Borrowers by FHLBank."

Top 10 Advance Holding Borrowers by Holding Company at Par Value at March 31, 2010*
(Dollar amounts in millions)

Holding Company Name	Advances	Percentage of Total Advances
Bank of America Corporation (1)	$ 64,780	11.6%
Citigroup Inc. (2)	34,761	6.2%
Wells Fargo & Company (3)	29,620	5.3%
JPMorgan Chase & Co. (4)	19,770	3.6%
Hudson City Bancorp, Inc. (5)	17,275	3.1%
MetLife, Inc. (6)	15,450	2.8%
UK Financial Investments Limited (7)	12,540	2.3%
Banco Santander, S.A. (8)	11,800	2.1%
BB&T Corporation (9)	10,686	1.9%
U.S. Bancorp (10)	9,929	1.8%
	$226,611	40.7%

* Member advance amounts and the total advance amount are at par value, and the total advance amount will differ from that reported in the Combined Statement of Condition. The differences between the par value and book value amounts primarily relate to basis adjustments arising from hedging activities.

(1) Bank of America Corporation had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco and Seattle.

(2) Citigroup Inc. had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: New York, Pittsburgh, Dallas and San Francisco.

(3) Wells Fargo & Company had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: Des Moines, Dallas and San Francisco.

(4) JPMorgan Chase & Co. had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: New York, San Francisco and Seattle.

(5) Hudson City Bancorp, Inc. had a subsidiary with advance borrowings at March 31, 2010 in the FHLBank of New York district.

(6) MetLife, Inc. had subsidiaries with advance borrowings at March 31, 2010 in the FHLBank of New York district.

(7) UK Financial Investments Limited had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: Boston, New York, Pittsburgh and Cincinnati.

(8) Banco Santander, S.A. had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: Boston, New York and Pittsburgh.

(9) BB&T Corporation had a subsidiary with advance borrowings at March 31, 2010 in the FHLBank of Atlanta district.

(10) U.S. Bancorp had subsidiaries with advance borrowings at March 31, 2010 in the following FHLBank districts: Cincinnati, Chicago, Des Moines, Dallas and San Francisco.

Housing Associates. At March 31, 2010, the FHLBanks had $750 million in advances outstanding to 18 housing associates, up from $608 million to 13 housing associates at year-end 2009. 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 the officers and directors of its members. The FHLBanks conduct their advances and mortgage loan business almost exclusively with members. As a result, in the normal course of business, the FHLBanks regularly extend credit to members whose officers and/or directors may serve as directors of the FHLBanks. This credit is extended on market terms that are no more favorable to these "related" members than comparable transactions with other members of the same FHLBank. As of March 31, 2010, the FHLBanks had $94.0 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represented 16.9 percent of total advances at par value at that date.

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

SUPPLEMENTAL INFORMATION

FIVE LARGEST REGULATORY CAPITAL STOCKHOLDERS OF AND BORROWERS FROM EACH FHLBANK

Each FHLBank describes its risk management policies, including disclosures about its concentration risk, if any, in its periodic reports filed with the SEC. (See "Available Information on Individual FHLBanks.")

The following table presents information on the five largest regulatory capital stockholders by FHLBank at March 31, 2010. The information presented on capital stock in the table is for individual FHLBank members. The data is 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 may have affiliates that are members but that are not listed in the tables.

Top 5 Regulatory Capital Stockholders by FHLBank at March 31, 2010 (Dollar amounts in millions)

District	Name	Holding Company Name (1)	City	State	Capital Stock	Percent of FHLBank Capital Stock (2)	Mandatorily Redeemable Capital Stock
Boston	Bank of America Rhode Island, N.A.	Bank of America Corporation	Providence	RI	$1,085	29.0%	$
	RBS Citizens, N.A.*	UK Financial Investments Limited	Providence	RI	516	13.8%	
	NewAlliance Bank	**	New Haven	CT	121	3.2%	
	Webster Bank, National Association	**	Waterbury	CT	93	2.5%	
	TD Bank, N.A. (3)	**	Wilmington	DE	86	2.3%	86
					$1,901	50.8%	$ 86
New York	Hudson City Savings Bank*	Hudson City Bancorp, Inc	Paramus	NJ	$ 875	17.7%	$
	Metropolitan Life Insurance Company	MetLife, Inc.	New York	NY	736	14.9%	
	New York Community Bank*	**	Westbury	NY	378	7.7%	
	Manufacturers and Traders Trust Company	**	Buffalo	NY	284	5.8%	
	The Prudential Insurance Co. of America	**	Newark	NJ	221	4.5%	
					$2,494	50.6%	$
Pittsburgh	Sovereign Bank	Banco Santander, S.A.	Reading	PA	$ 644	15.9%	$
	Ally Bank	**	Horsham	PA	496	12.3%	
	ING Bank, FSB*	**	Wilmington	DE	479	11.8%	
	PNC Bank, National Association	The PNC Financial Services Group, Inc.	Pittsburgh	PA	442	10.9%	
	Chase Bank USA, N.A.	JPMorgan Chase & Co.	Newark	DE	242	6.0%	
					$2,303	56.9%	$

District	Name	Holding Company Name (1)	City	State	Capital Stock	Percent of FHLBank Capital Stock (2)	Mandatorily Redeemable Capital Stock
Atlanta	Bank of America, National Association	Bank of America Corporation	Charlotte	NC	$1,919	23.0%	$
	Branch Banking and Trust Company*	**	Winston Salem	NC	656	7.9%	
	Regions Bank	**	Birmingham	AL	466	5.6%	
	Navy Federal Credit Union	**	Vienna	VA	380	4.6%	
	SunTrust Bank	**	Atlanta	GA	333	4.0%	
					$3,754	45.1%	$
Cincinnati	U.S. Bank, N.A.	U.S. Bancorp	Cincinnati	OH	$ 591	16.9%	$
	Fifth Third Bank	**	Cincinnati	OH	401	11.5%	
	PNC Bank, National Association	The PNC Financial Services Group, Inc.	Pittsburgh	PA	285	8.2%	285
	Keybank, NA	**	Brooklyn	OH	179	5.1%	
	The Huntington National Bank	**	Columbus	OH	166	4.7%	
					$1,622	46.4%	$ 285
Indianapolis	Flagstar Bank, FSB*	**	Troy	MI	$ 373	15.0%	$
	LaSalle Bank Midwest NA (4)	Bank of America Corporation	Charlotte	NC	334	13.5%	334
	Fifth Third Bank	**	Cincinnati	OH	150	6.1%	150
	Citizens Bank	**	Flint	MI	123	5.0%	
	Jackson National Life Insurance Co.	**	Lansing	MI	118	4.7%	
					$1,098	44.3%	$ 484
Chicago	Bank of America, National Association (5)	Bank of America Corporation	Chicago	IL	$ 230	8.2%	$ 230
	One Mortgage Partners Corp.	JPMorgan Chase & Co.	Chicago	IL	172	6.1%	
	M & I Marshall & Ilsley Bank	**	Milwaukee	WI	152	5.4%	
	PNC Bank, National Association (6)	The PNC Financial Services Group, Inc.	Clarendon Hills	IL	146	5.2%	146
	Harris National Association	**	Chicago	IL	140	5.0%	
					$ 840	29.9%	$ 376
Des Moines	Transamerica Life Insurance Company	**	Cedar Rapids	IA	$ 253	10.8%	$
	Superior Guaranty Insurance Company	Wells Fargo & Company	Minneapolis	MN	189	8.1%	
	Aviva Life and Annuity Company	**	Des Moines	IA	139	5.9%	
	TCF National Bank (7)	**	Sioux Falls	SD	119	5.1%	
	ING USA Annuity and Life Insurance Company	**	Des Moines	IA	67	2.9%	
					$ 767	32.8%	$
Dallas	Wells Fargo Bank South Central, NA (8)	Wells Fargo & Company	Houston	TX	$ 746	32.2%	$
	Comerica Bank	**	Dallas	TX	230	9.9%	
	Beal Bank Nevada (9)	**	Las Vegas	NV	53	2.3%	
	Southside Bank*	**	Tyler	TX	36	1.5%	
	Arvest Bank	**	Rogers	AR	30	1.3%	
					$1,095	47.2%	$
Topeka	MidFirst Bank	**	Oklahoma City	OK	$ 180	11.0%	$
	Capitol Federal Savings Bank	**	Topeka	KS	135	8.2%	
	Pacific Life Insurance Company	**	Omaha	NE	77	4.7%	
	Security Life of Denver Insurance	**	Denver	CO	76	4.6%	
	Security Benefit Life	**	Topeka	KS	65	4.0%	
					$ 533	32.5%	$
San Francisco	Citibank, NA*	Citigroup Inc.	Las Vegas	NV	$3,877	28.9%	$
	JPMorgan Chase Bank National Association	JPMorgan Chase & Co.	Columbus	OH	2,695	20.1%	2,695
	Wells Fargo Bank, NA (10)	Wells Fargo & Company	Sioux Falls	SD	1,567	11.7%	1,567
	Bank of America California, N.A.	Bank of America Corporation	San Francisco	CA	706	5.3%	
	OneWest Bank, FSB	**	Pasadena	CA	498	3.7%	
					$9,343	69.7%	$4,262
Seattle	JPMorgan Chase Bank, National Association (11)	JPMorgan Chase & Co.	Columbus	OH	$ 772	27.6%	$ 772
	Bank of America Oregon, NA	Bank of America Corporation	Portland	OR	584	20.9%	
	Washington Federal Savings and Loan Association	**	Seattle	WA	143	5.1%	47
	American Savings Bank, F.S.B.	**	Honolulu	HI	98	3.5%	
	Sterling Savings Bank	**	Spokane	WA	89	3.2%	
					$1,686	60.3%	$ 819

* An asterisk indicates that an officer or director of the member was an FHLBank director at March 31, 2010.

** See note (1) as to which holding company names are listed.

(1) The holding company name is only shown for each Top 5 regulatory capital stockholder that has its holding company listed in the "Top 10 Regulatory Capital Stockholders by Holding Company" table.

(2) For consistency with the individual FHLBank's presentation of its top 5 capital stockholders at March 31, 2010, amounts used to calculate percentages of FHLBank regulatory capital stock are based on numbers in thousands. Accordingly, recalculations using the amounts in millions as disclosed in this report may not produce the same results.

(3) TD Bank, N.A. is classified as a non-member shareholder of the FHLBank of Boston.

(4) As of October 17, 2008, the North American bank holding company of the LaSalle Bank charter was consolidated into a Bank of America Corporation charter located in another FHLBank district. Therefore, Bank of America is a non-member borrower with respect to FHLBank of Indianapolis.

(5) On October 17, 2008, LaSalle Bank, N.A. was merged into Bank of America, National Association and became ineligible for membership in the FHLBank of Chicago because Bank of America, N.A. has its principal place of business in Charlotte, North Carolina, outside the FHLBank of Chicago's membership district.

(6) MidAmerica Bank, FSB became ineligible for membership in the FHLBank of Chicago due to an out-of-district merger with National City Bank, effective February 9, 2008. Its capital stock was reclassified to mandatorily redeemable capital stock at the time. Effective November 6, 2009, National City Bank merged into PNC Bank, National Association.

(7) Effective April 6, 2009, TCF National Bank relocated their charter from Wayzata, MN to Sioux Falls, SD.

(8) Wells Fargo Bank South Central, NA formerly Wachovia Bank, FSB

(9) Beal Bank Nevada is chartered in Nevada, but maintains its home office in Plano, TX.

(10) On December 31, 2008, Wells Fargo & Company, a non-member, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, operated as a separate entity and continued to be a member of the FHL Bank of San Francisco until its merger into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company, on November 1, 2009. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco reclassified the capital stock transferred to Wells Fargo Bank, N.A., totaling $1.6 billion, to mandatorily redeemable capital stock (a liability).

(11) As of October 7, 2008, JPMorgan Chase Bank, N.A. (formerly Washington Mutual Bank, F.S.B.) was classified as a non-member shareholder and no longer could enter into new advances or renew existing advances with the FHLBank of Seattle.

Top 5 Advance Holding Borrowers by FHLBank at March 31, 2010 (Dollar amounts in millions)

District	Name	Holding Company Name (1)	City	State	Advances (2)	Percent of FHLBank Advances (3)
Boston	RBS Citizens, N.A.*	UK Financial Investments Limited	Providence	RI	$ 9,403	27.2%
	Bank of America Rhode Island, N.A.	Bank of America Corporation	Providence	RI	3,259	9.4%
	NewAlliance Bank	**	New Haven	CT	1,788	5.2%
	Salem Five Cents Savings Bank	**	Salem	MA	610	1.8%
	Washington Trust Company	**	Westerly	RI	578	1.7%
					$15,638	45.3%
New York	Hudson City Savings Bank*	Hudson City Bancorp, Inc	Paramus	NJ	$17,275	20.3%
	Metropolitan Life Insurance Company	MetLife, Inc.	New York	NY	13,555	15.9%
	New York Community Bank*	**	Westbury	NY	7,343	8.6%
	Manufacturers and Traders Trust Company	**	Buffalo	NY	4,756	5.6%
	The Prudential Insurance Co. of America	**	Newark	NJ	3,500	4.1%
					$46,429	54.5%

District	Name	Holding Company Name (1)	City	State	Advances (2)	Percent of FHLBank Advances (3)
Pittsburgh	Sovereign Bank	Banco Santander, S.A.	Reading	PA	$10,345	29.2%
	Ally Bank (4)	**	Horsham	PA	4,816	13.6%
	PNC Bank, National Association	**	Pittsburgh	PA	4,000	11.3%
	ING Bank, FSB*	**	Wilmington	DE	1,563	4.4%
	Citizens Bank of Pennsylvania	UK Financial Investments Limited	Philadelphia	PA	1,130	3.2%
					$21,854	61.7%
Atlanta	Bank of America, National Association	Bank of America Corporation	Charlotte	NC	$37,063	36.8%
	Branch Banking and Trust Company*	BB&T Corporation	Winston Salem	NC	10,686	10.6%
	Navy Federal Credit Union	**	Vienna	VA	6,607	6.6%
	Regions Bank	**	Birmingham	AL	4,483	4.5%
	E*TRADE Bank	**	Arlington	VA	2,304	2.3%
					$61,143	60.8%
Cincinnati	U.S. Bank, N.A.	U.S. Bancorp	Cincinnati	OH	$ 8,315	25.8%
	PNC Bank, National Association (5)	**	Pittsburgh	PA	4,001	12.4%
	Fifth Third Bank	**	Cincinnati	OH	2,538	7.9%
	New York Community Bank (6)	**	Westbury	NY	1,359	4.2%
	RBS Citizens, N.A. (7)	UK Financial Investments Limited	Providence	RI	1,258	3.9%
					$17,471	54.2%
Indianapolis	Flagstar Bank*	**	Troy	MI	$ 3,900	18.7%
	Jackson National Life Insurance Company	**	Lansing	MI	1,750	8.4%
	LaSalle Bank Midwest, N.A. (8)	Bank of America Corporation	Charlotte	NC	1,450	7.0%
	Citizens Bank	**	Flint	MI	1,105	5.3%
	First Indiana (9)	**	Milwaukee	WI	800	3.8%
					$ 9,005	43.2%
Chicago	Harris National Association	**	Chicago	IL	$ 2,375	11.3%
	Bank of America, National Association	Bank of America Corporation	Chicago	IL	2,251	10.7%
	M & I Marshall & Ilsley Bank	**	Milwaukee	WI	1,741	8.3%
	State Farm Bank, F.S.B	**	Bloomington	IL	1,400	6.7%
	Associated Bank, National Association	**	Green Bay	WI	1,001	4.8%
					$ 8,768	41.8%
Des Moines	Transamerica Life Insurance Company	**	Cedar Rapids	IA	$ 5,450	16.9%
	Aviva Life and Annuity Company (10)	**	Des Moines	IA	2,899	9.0%
	TCF National Bank (11)	**	Sioux Falls	SD	2,450	7.6%
	ING USA Annuity and Life Insurance Company	**	Des Moines	IA	1,279	3.9%
	Principal Life Insurance Company	**	Des Moines	IA	1,000	3.1%
					$13,078	40.5%
Dallas	Wells Fargo Bank South Central, NA (12)	Wells Fargo & Company	Houston	TX	$17,747	42.0%
	Comerica Bank	**	Dallas	TX	5,000	11.8%
	Beal Bank Nevada (13)	**	Las Vegas	NV	1,245	2.9%
	Southside Bank*	**	Tyler	TX	784	1.9%
	Bank of Texas, N.A.	**	Dallas	TX	651	1.5%
					$25,427	60.1%
Topeka	MidFirst Bank	**	Oklahoma City	OK	$ 3,335	15.3%
	Capitol Federal Savings Bank	**	Topeka	KS	2,426	11.1%
	Pacific Life Insurance Co.	**	Omaha	NE	1,500	6.9%
	Security Life of Denver Insurance	**	Denver	CO	1,350	6.2%
	Security Benefit Life (14)	**	Topeka	KS	1,259	5.8%
					$ 9,870	45.3%

District	Name	Holding Company Name (1)	City	State	Advances (2)	Percent of FHLBank Advances (3)
San Francisco	Citibank, NA*	Citigroup Inc.	Las Vegas	NV	$34,159	30.8%
	JPMorgan Chase Bank, National Association	JPMorgan Chase & Co.	Columbus	OH	13,615	12.3%
	Bank of America California, NA	Bank of America Corporation	San Francisco	CA	13,404	12.1%
	Wells Fargo Bank, NA (15)	Wells Fargo & Company	Sioux Falls	SD	11,173	10.1%
	OneWest Bank, FSB	**	Pasadena	CA	6,427	5.8%
					$78,778	71.1%
Seattle	Bank of America Oregon, NA	Bank of America Corporation	Portland	OR	$ 6,611	33.9%
	Washington Federal Savings and Loan Association	**	Seattle	WA	2,050	10.5%
	Sterling Savings Bank	**	Spokane	WA	1,120	5.8%
	Capmark Bank	**	Midvale	UT	996	5.1%
	Central Pacific Bank	**	Honolulu	HI	749	3.8%
					$11,526	59.1%

* An asterisk indicates that an officer or director of the member was an FHLBank director at March 31, 2010.

** See note (1) below as to which holding company names are listed.

(1) The holding company name is only shown for each Top 5 regulatory capital stockholder that has its holding company listed in the "Top 10 Advance Holding Borrowers at Par Value by Holding Company" table.

(2) 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 difference between the par and book value amounts primarily relates to basis adjustments arising from hedging adjustments.

(3) For consistency with the individual FHLBank's presentation of its top 5 advance holders at March 31, 2010, amounts used to calculate percentages of FHLBank advances are based on numbers in thousands. Accordingly, recalculations using the amounts in millions as disclosed in this report may not produce the same results.

(4) Ally Bank, formerly known as GMAC Bank. For FHLBank of Pittsburgh membership purposes, principal place of business is Horsham, PA.

(5) PNC Bank, National Association, formerly National City Bank.

(6) New York Community Bank assumed advances of AmTrust Bank during 2009.

(7) RBS Citizens, N.A., does not have a charter in the FHLBank of Cincinnati's district, and therefore is not a member.

(8) The parent company of Bank of America, National Association purchased FHLBank of Indianapolis member, La Salle Bank Midwest, N.A. on October 1, 2007. As of October 17, 2008, the North American bank holding company of the LaSalle Bank charter was consolidated into a Bank of America Corporation charter located in another FHLBank district. Therefore, Bank of America is a non-member borrower with respect to FHLBank of Indianapolis.

(9) On January 2, 2008, M&I acquired FHLBank of Indianapolis former member, First Indiana. M&I does not have a charter in its district and is not a member of FHLBank of Indianapolis.

(10) Transamerica Life Insurance Company and Aviva Life and Annuity Company have not signed a new Advances, Pledge, and Security Agreement with the FHLBank of Des Moines and therefore cannot initiate new advances. At March 31, 2010 the remaining weighted average life of advances held by Transamerica Life Insurance Company and Aviva Life and Annuity Company was 4.76 years and 4.30 years.

(11) Effective April 6, 2009, TCF National Bank relocated its charter from Wayzata, MN to Sioux Falls, SD.

(12) Wells Fargo Bank South Central, NA was formerly Wachovia Bank, FSB.

(13) Beal Bank Nevada is chartered in Nevada, but maintains its home office in Plano, TX.

(14) Security Benefit Life Insurance Co. has received the following rating downgrades: CCC by Fitch Ratings (Fitch) as of June 1, 2009; B by A.M. Best Company as of February 27, 2009; and BB by S&P as of February 24, 2009 (placed on CreditWatch Negative on June 9, 2009). Moody's downgraded Security Benefit Life Insurance Co. to Baa3 on October 8, 2008 and subsequently withdrew its rating. On February 16, 2010, subsequent to the announcement of the agreement for Guggenheim Partners, LLC to acquire Security Benefit Corporation, holding company for Security Benefit Life Insurance Co., S&P revised the CreditWatch status of its BB counterparty credit and financial strength ratings on Security Benefit Life Insurance Co. to positive from negative. On February 17, 2010, Fitch placed the CCC rating for Security Benefit Life Insurance Co. on Rating Watch Positive.

(15) On December 31, 2008, Wells Fargo & Company, a non-member, acquired Wachovia Corporation, the parent company of Wachovia Mortgage, FSB. Wachovia Mortgage, FSB, continued to operate as a separate entity and continued to be a member of the FHLBank of San Francisco until its merger into Wells Fargo Bank, N.A., a subsidiary of Wells Fargo & Company, on November 1, 2009. Effective November 1, 2009, Wells Fargo Financial National Bank, an affiliate of Wells Fargo & Company, became a member of the FHLBank of San Francisco, and the

FHLBank of San Francisco allowed the transfer of excess capital stock totaling $5 million from Wachovia Mortgage, FSB, to Wells Fargo Financial National Bank to enable Wells Fargo Financial National Bank to satisfy its initial membership stock requirement. As a result of the merger, Wells Fargo Bank, N.A., assumed all outstanding FHLBank of San Francisco advances and the remaining FHLBank of San Francisco capital stock of Wachovia Mortgage, FSB. The FHLBank of San Francisco reclassified the capital stock transferred to Wells Fargo Bank, N.A., totaling $1.6 billion, to mandatorily redeemable capital stock (a liability).

INDIVIDUAL FHLBANK SELECTED FINANCIAL DATA AND FINANCIAL RATIOS

The following individual FHLBank selected financial data and financial ratios are provided as a convenience to the reader. Each FHLBank provides the Office of Finance with its selected financial data and financial ratios, which may not be calculated on a consistent basis. Please refer to "Explanatory Statement about FHLBanks Combined Financial Report" and "Available Information on Individual FHLBanks," which discusses the independent management and operation of the FHLBanks and their use of different models or assumptions; identifies the availability of other information about the FHLBanks; and describes where to find the periodic reports and other information filed by each FHLBank with the SEC.

Individual FHLBank Selected Financial Data and Financial Ratios
(Dollar amounts in millions)

	Boston	New York	Pittsburgh	Atlanta
SELECTED STATEMENT OF CONDITION DATA				
At March 31, 2010				
Assets				
Advances	$35,175	$ 88,859	$36,824	$105,474
Mortgage loans, net	3,393	1,287	4,991	2,418
Investments, including MBS (1)	22,300	15,562	16,241	37,337
Other assets	701	1,531	600	1,052
Total assets	61,569	107,239	58,656	146,281
Total consolidated obligations	56,918	92,224	52,468	133,270
Total capital stock	3,646	4,828	4,035	7,852
Retained earnings	165	672	399	916
Asset composition (as a percentage of total assets):				
Advances	57.1%	82.9%	62.8%	72.1%
Mortgage loans, net	5.5%	1.2%	8.5%	1.7%
Investments, including MBS (1)	36.2%	14.5%	27.7%	25.5%
Other assets	1.2%	1.4%	1.0%	0.7%
Total assets	100.0%	100.0%	100.0%	100.0%
Retained earnings as a percentage of FHLBank's total assets	0.3%	0.6%	0.7%	0.6%
Bank's total assets as a percentage of FHLBank System's total assets	6.3%	11.1%	6.1%	15.1%
At March 31, 2009				
Assets				
Advances	$49,433	$104,464	$52,260	$148,090
Mortgage loans, net	4,067	1,431	5,923	3,080
Investments, including MBS (1)	22,557	21,979	24,525	37,368
Other assets	322	485	587	907
Total assets	76,379	128,359	83,295	189,445
Total consolidated obligations	71,512	118,304	76,213	174,303
Total capital stock	3,605	5,413	3,999	6,189
Retained earnings	246	489	403	612
Asset composition (as a percentage of total assets):				
Advances	64.7%	81.4%	62.7%	78.2%
Mortgage loans, net	5.3%	1.1%	7.1%	1.6%
Investments, including MBS (1)	29.5%	17.1%	29.5%	19.7%
Other assets	0.5%	0.4%	0.7%	0.5%
Total assets	100.0%	100.0%	100.0%	100.0%
Retained earnings as a percentage of FHLBank's total assets	0.3%	0.4%	0.5%	0.3%
Bank's total assets as a percentage of FHLBank System's total assets	6.2%	10.4%	6.8%	15.4%
SELECTED OTHER DATA				
At March 31, 2010				
Advance concentrations (%): top five borrowers	45%	55%	62%	61%
Capital stock concentrations (%): top five stockholders	51%	50%	57%	45%
Regulatory capital ratio (%)	6.3%	5.2%	7.6%	6.3%
Cash and stock dividends				
Q1 2010		71		5
Q1 2009		42		
Increase (decrease) 2010 vs. 2009		29		5
Weighted-average dividend rate				
Q1 2010	0.00%	4.50%	0.00%	0.27%
Q1 2009	0.00%	5.60%	0.00%	0.00%
Return on average assets				
Q1 2010	0.15%	0.19%	0.06%	0.13%
Q1 2009	(0.43)%	0.45%	(0.11)%	0.00%
Return on average equity				
Q1 2010	3.28%	3.99%	1.07%	2.36%
Q1 2009	(9.80)%	10.37%	(2.30)%	(0.08)%
Net interest spread (2)				
Q1 2010	0.37%	0.33%	0.26%	0.36%
Q1 2009	0.19%	0.60%	0.12%	(0.05)%
Increase (decrease) 2010 vs. 2009	0.18%	(0.27)%	0.14%	0.41%
Net interest income as a percentage of average earning assets (net interest margin) (2)				
Q1 2010	0.43%	0.38%	0.37%	0.41%
Q1 2009	0.29%	0.70%	0.26%	0.07%
Increase (decrease) 2010 vs. 2009	0.14%	(0.32)%	0.11%	0.34%

(1) Investments include: interest-bearing deposits, securities purchased under agreements to resell, Federal Funds sold, trading securities, available-for-sale securities and held-to-maturity securities.

(2) Net interest spread/income include effect of associated interest-rate exchange agreements that qualify for fair-value hedge accounting.

Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$32,969	$21,582	$21,291	$33,027	$42,627	$22,211	$112,139	$ 19,865
9,032	6,990	22,678	7,557	248	3,363	2,909	3,924
23,875	16,825	40,319	23,236	14,855	16,652	54,383	27,896
1,920	1,675	1,781	803	967	232	4,420	137
67,796	47,072	86,069	64,623	58,697	42,458	173,851	51,822
61,099	42,804	77,613	58,329	53,896	38,096	161,352	48,201
3,079	1,732	2,332	2,331	2,311	1,627	8,561	1,848
416	373	709	500	370	315	1,326	58
48.6%	45.8%	24.7%	51.1%	72.6%	52.3%	64.5%	38.3%
13.3%	14.9%	26.4%	11.7%	0.4%	7.9%	1.7%	7.6%
35.2%	35.7%	46.8%	36.0%	25.3%	39.2%	31.3%	53.8%
2.9%	3.6%	2.1%	1.2%	1.7%	0.6%	2.5%	0.3%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.6%	0.8%	0.8%	0.8%	0.6%	0.7%	0.8%	0.1%
7.0%	4.9%	8.9%	6.7%	6.1%	4.4%	18.0%	5.4%
$47,112	$27,899	$31,197	$37,783	$56,402	$27,015	$203,904	$ 31,848
9,773	8,436	29,825	10,588	310	3,114	3,586	4,899
34,553	19,470	21,072	27,199	11,783	21,592	59,601	19,963
275	204	1,656	361	169	202	3,196	237
91,713	56,009	83,750	75,931	68,664	51,923	270,287	56,947
84,109	50,926	76,162	70,728	63,732	47,443	255,621	53,481
3,998	1,897	2,355	2,871	2,878	1,935	10,238	1,868
365	286	734	368	277	211	869	198
51.4%	49.8%	37.2%	49.8%	82.1%	52.0%	75.4%	55.9%
10.6%	15.1%	35.6%	13.9%	0.5%	6.0%	1.3%	8.6%
37.7%	34.7%	25.2%	35.8%	17.2%	41.6%	22.1%	35.1%
0.3%	0.4%	2.0%	0.5%	0.2%	0.4%	1.2%	0.4%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.4%	0.5%	0.9%	0.5%	0.4%	0.4%	0.3%	0.3%
7.4%	4.5%	6.8%	6.2%	5.7%	4.2%	21.9%	4.6%
54%	43%	42%	41%	60%	45%	71%	59%
46%	44%	30%	33%	47%	32%	70%	60%
5.8%	6.1%	5.2%	4.4%	4.6%	4.6%	8.5%	5.5%
39	8		14	2	10	9	
44	19		8	4	10		
(5)	(11)		6	(2)		9	
4.50%	2.00%	0.00%	2.00%	0.38%	2.88%	0.26%	0.00%
4.50%	3.85%	0.00%	1.00%	0.50%	2.31%	0.00%	0.00%
0.24%	0.28%	0.00%	0.19%	0.10%	(0.27)%	0.20%	0.05%
0.35%	0.15%	(0.17)%	(0.03)%	0.36%	0.44%	0.17%	(0.11)%
4.98%	7.42%	0.17%	4.25%	2.30%	(6.16)%	5.96%	2.34%
7.78%	4.18%	(6.42)%	(0.77)%	8.28%	10.63%	4.95%	(3.64)%
0.29%	0.45%	0.59%	0.23%	0.39%	0.52%	0.75%	0.28%
0.37%	0.30%	0.53%	(0.08)%	(0.20)%	0.37%	0.55%	0.43%
(0.08)%	0.15%	0.06%	0.31%	0.59%	0.15%	0.20%	(0.15)%
0.38%	0.53%	0.65%	0.32%	0.41%	0.58%	0.78%	0.33%
0.48%	0.44%	0.64%	0.06%	(0.12)%	0.45%	0.59%	0.49%
(0.10)%	0.09%	0.01%	0.26%	0.53%	0.13%	0.19%	(0.16)%