FEDERAL HOME LOAN BANKS

Quarterly Combined Financial Report
For the Three Months Ended March 31, 2011

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

Consolidated obligations are the joint and several obligations of all 12 FHLBanks, even though each FHLBank is a separately chartered entity with its own board of directors and management. This means that each individual FHLBank is responsible for the payment of principal and interest on all consolidated obligations issued by the FHLBanks. There is no centralized, system-wide management or oversight by a single board of directors of the FHLBanks.

The FHLBanks' consolidated obligations are not obligations of the United States and are not guaranteed by either the United States or any government agency.

The Securities Act of 1933 does not require the registration of consolidated obligations; therefore, no registration statement has been filed with the U.S. Securities and Exchange Commission (SEC). Neither the SEC, the Federal Housing Finance Agency nor any state securities commission has approved or disapproved of these securities or determined if this report is truthful or complete.

Carefully consider the risk factors provided in the Combined Financial Report. Neither the Combined Financial Report nor any offering material provided on behalf of the FHLBanks describes all the risks of investing in the FHLBanks' consolidated obligations. Investors should consult with their financial and legal advisors about the risks of investing in these consolidated obligations.

The financial information contained in this Combined Financial Report is for the quarterly period ended March 31, 2011. This Combined Financial Report should be read in conjunction with the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010, issued on March 30, 2011. Combined financial reports are available on the FHLBanks Office of Finance web site at www.fhlb-of.com. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

Investors should direct questions about the FHLBanks' consolidated obligations or their combined financial reports to the FHLBanks Office of Finance at (703) 467-3600. The FHLBanks Office of Finance is located at 1818 Library Street, Suite 200, Reston, VA 20190.

This Combined Financial Report was issued on May 13, 2011.

TABLE OF CONTENTS

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

EXPLANATORY STATEMENT ABOUT FHLBANKS COMBINED FINANCIAL REPORT

The Federal Home Loan Banks Office of Finance (Office of Finance) is responsible for preparing the combined financial report of the 12 Federal Home Loan Banks (FHLBanks). Each FHLBank is responsible for the financial information and underlying data it provides to the Office of Finance for inclusion in the combined financial report. The Office of Finance is responsible for combining the financial information it receives from each of the FHLBanks.

The FHLBanks' combined financial report is intended to be used by investors in the consolidated bonds and consolidated discount notes of the FHLBanks. These consolidated bonds and discount notes are joint and several obligations of the FHLBanks. This combined financial report is provided using combination accounting principles generally accepted in the United States of America. This combined presentation in no way indicates that these assets and liabilities are under joint management and control as each individual FHLBank manages its operations independently.

Because of the FHLBank system's structure, the Office of Finance does not prepare consolidated financial statements. Consolidated financial statements are generally considered to be appropriate when a controlling financial interest rests directly or indirectly in one of the enterprises included in the consolidation. This is the case in the typical holding company structure, where there is a parent corporation that owns, directly or indirectly, one or more subsidiaries. However, the FHLBanks do not have a parent company that controls each of the FHLBanks. Instead, each of the FHLBanks is owned by its respective members and former members and is managed independently.

Each FHLBank is a separately chartered cooperative with individual boards of directors and management and 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 identical because alternative policies and presentations are permitted under GAAP in certain circumstances. 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, but may not be applicable to all FHLBanks or transactions as a result of their different business practices and accounting and financial reporting policies under GAAP.

An investor may not be able to obtain easily a system-wide view of the FHLBanks' business, risk profile and financial information because there is no centralized, system-wide management or centralized board of director oversight 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. For example, a conventional Management's Discussion and Analysis is not provided in this combined financial report; instead, this report includes a "Financial Discussion and Analysis" prepared by the Office of Finance using information provided by each FHLBank.

Each FHLBank is subject to reporting requirements of the Securities Exchange Act of 1934 as amended, and must file periodic reports and other information with the SEC. Each FHLBank prepares financial reports containing financial information annually with the SEC on Form 10-K and quarterly on Form 10-Q. Those reports contain additional information that is not contained in the combined financial report. FHLBank financial reports are made available on the web site of each FHLBank and on the SEC's web site at www.sec.gov. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

An investor should review available information on individual FHLBanks to obtain additional detail on each FHLBank's business, risk profile, and accounting and financial reporting policies.

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FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CONDITION

(Dollars in millions)
(Unaudited)

	March 31, 2011	December 31, 2010
ASSETS		
Cash and due from banks	$ 12,981	$ 3,801
Interest-bearing deposits	8	9
Securities purchased under agreements to resell	11,900	16,400
Federal funds sold	80,811	75,855
Investment securities:		
Trading securities	31,631	28,291
Available-for-sale securities	74,626	71,459
Held-to-maturity securities(1)	129,480	138,456
Total investment securities	235,737	238,206
Advances, includes $9,714 and $10,494 at fair value under fair value option at March 31, 2011 and December 31, 2010	445,090	478,589
Mortgage loans held for portfolio:		
Mortgage loans held for portfolio	58,530	61,277
Less allowance for credit losses on mortgage loans	(104)	(86)
Mortgage loans held for portfolio, net	58,426	61,191
Accrued interest receivable	1,755	1,921
Premises, software and equipment, net	221	229
Derivative assets, net	893	897
Other assets	921	1,011
Total assets	$ 848,743	$ 878,109
LIABILITIES		
Deposits:		
Interest-bearing	$ 14,772	$ 13,980
Non-interest-bearing	239	421
Total deposits	15,011	14,401
Securities sold under agreements to repurchase	1,200	1,200
Consolidated obligations:		
Discount notes, includes $3,476 and $5,820 at fair value under fair value option at March 31, 2011 and December 31, 2010	184,325	194,431
Bonds, includes $46,767 and $47,395 at fair value under fair value option at March 31, 2011 and December 31, 2010	585,221	606,567
Total consolidated obligations	769,546	800,998
Mandatorily redeemable capital stock	6,427	7,066
Accrued interest payable	2,842	2,471
Affordable Housing Program payable	762	773
Payable to REFCORP	87	159
Derivative liabilities, net	4,856	5,467
Other liabilities, includes $15 and $11 at fair value under fair value option at March 31, 2011 and December 31, 2010	2,208	833
Subordinated notes	1,000	1,000
Total liabilities	803,939	834,368
Commitments and contingencies (*Note 15*)		
CAPITAL		
Capital Stock:		
Class B putable ($100 par value) issued and outstanding	38,220	38,683
Class A putable ($100 par value) issued and outstanding	726	719
Pre-conversion ($100 par value) issued and outstanding	2,332	2,333
Total capital stock	41,278	41,735
Retained earnings	7,749	7,552
Accumulated other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities	738	841
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(7)	(8)
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(2,082)	(1,310)
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	(2,314)	(4,441)
Net unrealized losses relating to hedging activities	(509)	(579)
Pension and postretirement benefits	(49)	(49)
Total accumulated other comprehensive income (loss)	(4,223)	(5,546)
Total capital	44,804	43,741
Total liabilities and capital	$ 848,743	$ 878,109

(1) Fair values: $130,717 and $140,266 at March 31, 2011 and December 31, 2010

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF INCOME

(Dollars in millions)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
INTEREST INCOME		
Advances	$ 898	$ 1,212
Prepayment fees on advances, net	58	32
Interest-bearing deposits	2	2
Securities purchased under agreements to resell	8	3
Federal funds sold	38	29
Trading securities	99	86
Available-for-sale securities	325	281
Held-to-maturity securities	923	1,184
Mortgage loans held for portfolio	701	845
Other	2	1
Total interest income	3,054	3,675
INTEREST EXPENSE		
Consolidated obligations—Discount notes	160	153
Consolidated obligations—Bonds	1,798	2,254
Deposits	2	1
Securities sold under agreements to repurchase	4	4
Subordinated notes	14	14
Mandatorily redeemable capital stock	14	14
Total interest expense	1,992	2,440
NET INTEREST INCOME	1,062	1,235
Provision for credit losses	21	8
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,041	1,227
OTHER INCOME (LOSS)		
Total other-than-temporary impairment losses	(127)	(406)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive loss	(148)	173
Net other-than-temporary impairment losses	(275)	(233)
Net (losses) gains on trading securities	(71)	29
Net realized gains from sale of available-for-sale securities	8	–
Net losses on advances, consolidated obligations and other liabilities held under fair value option	(60)	(104)
Net gains (losses) on derivatives and hedging activities	130	(254)
Service fees	7	7
Other, net	(29)	6
Total other income (loss)	(290)	(549)
OTHER EXPENSE		
Compensation and benefits	156	122
Other operating expenses	72	73
Finance Agency	21	14
Office of Finance	14	12
Other	(2)	2
Total other expense	261	223
INCOME BEFORE ASSESSMENTS	490	455
ASSESSMENTS		
Affordable Housing Program	41	40
REFCORP	91	90
Total assessments	132	130
NET INCOME	$ 358	$ 325

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL
THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars and shares in millions)
(Unaudited)

	Capital Stock[1]										
	Class B		Class A		Pre-conversion		Total				
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital
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 adjustments:											
Net unrealized gains/losses on available-for-sale securities:											
Unrealized gains	–	–	–	–	–	–	–	–	–	255	255
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities:											
Reclassification of losses included in net income	–	–	–	–	–	–	–	–	–	9	9
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:											
Non-credit portion, including losses transferred from held-to-maturity securities and subsequent fair value adjustments	–	–	–	–	–	–	–	–	–	130	130
Reclassification of non-credit portion included in net income	–	–	–	–	–	–	–	–	–	89	89
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Non-credit portion	–	–	–	–	–	–	–	–	–	(391)	(391)
Reclassification of non-credit portion included in net income	–	–	–	–	–	–	–	–	–	129	129
Accretion of non-credit portion	–	–	–	–	–	–	–	–	–	375	375
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	–	–	–	–	–	–	–	–	–	119	119
Net unrealized gains/losses relating to hedging activities:											
Unrealized losses	–	–	–	–	–	–	–	–	–	(111)	(111)
Reclassification of losses included in net income	–	–	–	–	–	–	–	–	–	8	8
Total other comprehensive income adjustments											612
Total comprehensive income											937
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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CAPITAL (continued)
THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars and shares in millions)
(Unaudited)

	Capital Stock[(1)]										
	Class B		Class A		Pre-conversion		Total				
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital
BALANCE, DECEMBER 31, 2010	387	$38,683	7	$ 719	23	$ 2,333	417	$41,735	$ 7,552	$ (5,546)	$43,741
Proceeds from sale of capital stock	8	766	–	1	–	–	8	767	–	–	767
Repurchase/redemption of capital stock	(16)	(1,555)	–	–	–	–	(16)	(1,555)	–	–	(1,555)
Net shares reclassified from/(to) mandatorily redeemable capital stock	4	393	(1)	(70)	–	(1)	3	322	–	–	322
Comprehensive income:											
Net income	–	–	–	–	–	–	–	–	358	–	358
Other comprehensive income adjustments:											
Net unrealized gains/losses on available-for-sale securities:											
Unrealized losses	–	–	–	–	–	–	–	–	–	(95)	(95)
Reclassification of gains included in net income	–	–	–	–	–	–	–	–	–	(8)	(8)
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities:											
Reclassification of losses included in net income	–	–	–	–	–	–	–	–	–	1	1
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:											
Non-credit portion, including losses transferred from held-to-maturity securities and subsequent fair value adjustments	–	–	–	–	–	–	–	–	–	(884)	(884)
Reclassification of non-credit portion included in net income	–	–	–	–	–	–	–	–	–	112	112
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:											
Non-credit portion	–	–	–	–	–	–	–	–	–	(111)	(111)
Reclassification of non-credit portion included in net income	–	–	–	–	–	–	–	–	–	151	151
Accretion of non-credit portion	–	–	–	–	–	–	–	–	–	292	292
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	–	–	–	–	–	–	–	–	–	1,795	1,795
Net unrealized gains/losses relating to hedging activities:											
Unrealized gains	–	–	–	–	–	–	–	–	–	78	78
Reclassification of gains included in net income	–	–	–	–	–	–	–	–	–	(8)	(8)
Total other comprehensive income adjustments											1,323
Total comprehensive income											1,681
Transfer between Class B and Class A shares	(1)	(76)	1	76	–	–	–	–	–	–	–
Dividends on capital stock:											
Cash	–	–	–	–	–	–	–	–	(152)	–	(152)
Stock	–	9	–	–	–	–	–	9	(9)	–	–
BALANCE, MARCH 31, 2011	382	$38,220	7	$ 726	23	$ 2,332	412	$41,278	$ 7,749	$ (4,223)	$44,804

(1) Putable

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

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS

(Dollars in millions)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
OPERATING ACTIVITIES		
Net income	$ 358	$ 325
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13	(124)
Change in net derivative and hedging activities	24	495
Net other-than-temporary impairment losses	275	233
Other adjustments	58	12
Net change in fair value adjustments on trading securities	70	(29)
Net change in fair value adjustments on advances, consolidated obligations and other liabilities held under fair value option	60	104
Net change in:		
Accrued interest receivable	191	270
Other assets	11	(309)
Accrued interest payable	379	22
Other liabilities[1]	(138)	(89)
Total adjustments	943	585
Net cash provided by operating activities	1,301	910
INVESTING ACTIVITIES		
Net change in:		
Interest-bearing deposits	1,467	258
Securities purchased under agreements to resell	4,500	(3,375)
Federal funds sold	(4,956)	(24,369)
Premises, software and equipment	(9)	(12)
Trading securities:		
Net (increase) decrease in short-term	(2,004)	4,504
Proceeds from long-term	1,208	1,241
Purchases of long-term	(2,605)	(151)
Available-for-sale securities:		
Net decrease in short-term	490	2,495
Proceeds from long-term	3,412	1,343
Purchases of long-term	(595)	(5,551)
Held-to-maturity securities:		
Net decrease in short-term	3,049	627
Proceeds from long-term	9,191	10,084
Purchases of long-term	(7,385)	(8,481)
Advances:		
Proceeds	408,758	409,911
Made	(377,981)	(350,763)
Mortgage loans held for portfolio:		
Principal collected	4,088	3,240
Purchases	(1,391)	(621)
Proceeds from sales of foreclosed assets	36	20
Net cash provided by investing activities	39,273	40,400

FEDERAL HOME LOAN BANKS

COMBINED STATEMENT OF CASH FLOWS (continued)

(Dollars in millions)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
FINANCING ACTIVITIES		
Net change in:		
Deposits and pass-through reserves	461	5,163
Borrowings	57	(115)
Net payments on derivative contracts with financing element	(367)	(370)
Net proceeds from issuance of consolidated obligations:		
Discount notes	1,708,124	1,651,518
Bonds	76,354	148,499
Payments for maturing and retiring consolidated obligations:		
Discount notes	(1,718,221)	(1,661,743)
Bonds	(96,545)	(197,535)
Proceeds from issuance of capital stock	767	665
Payments for repurchase/redemption of mandatorily redeemable capital stock	(317)	(325)
Payments for repurchase/redemption of capital stock	(1,555)	(1,135)
Cash dividends paid	(152)	(143)
Net cash used in financing activities	(31,394)	(55,521)
Net increase (decrease) in cash and cash equivalents	9,180	(14,211)
Cash and due from banks at beginning of the period	3,801	24,330
Cash and due from banks at end of the period	$ 12,981	$ 10,119
Supplemental Disclosures:		
Interest paid	$ 1,859	$ 2,678
AHP payments, net	$ 53	$ 50
REFCORP assessments paid	$ 154	$ 105
Transfers of mortgage loans to real estate owned	$ 42	$ 58
Transfers of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 5,723	$ 507

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS (Unaudited)

Background Information

These financial statements present the combined financial position and 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.

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 Federal Housing Finance Agency (Finance Agency) was established and became the 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 with the passage of the "Housing and Economic Recovery Act of 2008" (the Housing Act). Pursuant to the Housing Act, all regulations, orders, determinations, and resolutions that were issued, made, prescribed, or allowed to become effective by the former Federal Housing Finance Board will remain in effect until modified, terminated, set aside, or superseded by the Finance Agency Director, any court of competent jurisdiction, or operation of law. The Finance Agency's stated 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.

The Office of Finance is a joint office of the FHLBanks established to facilitate the issuance and servicing of the debt instruments of the FHLBanks, known as consolidated obligations, and to prepare the combined quarterly and annual financial reports of all 12 FHLBanks. As provided by the amended FHLBank Act and applicable regulations, consolidated obligations are backed only by the financial resources of all 12 FHLBanks. Consolidated obligations are the primary source of funds for the FHLBanks in addition to deposits, other borrowings and capital stock issued to members. 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.

Note 1—Summary of Significant Accounting Policies

These unaudited quarterly combined financial statements do not include all disclosures associated with annual combined financial statements, and accordingly, should be read in conjunction with the audited combined financial statements for the year ended December 31, 2010 included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

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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.

Basis of Presentation

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

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

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

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

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

Cash Flows. In the Combined Statement of Cash Flows, the FHLBanks consider non-interest-bearing cash and due from banks as cash and cash equivalents.

Segment Reporting. Finance Agency regulations consider each FHLBank to be a segment. (See the ***Federal Home Loan Banks Combining Schedules*** for segment information.)

Reclassifications and Revisions to Prior Period Amounts. Certain amounts in the 2010 financial statements have been reclassified to conform to the financial statement presentation for the three months ended March 31, 2011. Additionally, certain prior period amounts have been revised and may not agree to the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010. These amounts were not deemed to be material.

Subsequent Events. For purposes of this Combined Financial Report, subsequent events have been evaluated through the date of this Combined Financial Report. (See ***Note 16—Subsequent Events*** for more information.)

Use of Estimates

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.

Fair Value. The fair value amounts, recorded on the Combined Statement of Condition and presented in the note disclosures, have been determined by the FHLBanks using available market information and each FHLBank's best judgment of appropriate valuation methods. These estimates are based on pertinent information available to the FHLBanks at March 31, 2011 and December 31, 2010. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any valuation technique. Therefore, these fair values may not be indicative of the amounts that would have been realized in market transactions at the reporting dates. (See ***Note 14—Fair Value*** for more information.)

Variable Interest Entities

Certain FHLBanks have investments in variable interest entities (VIEs) that include, but are not limited to, senior interests in private-label mortgage- and asset-backed securities. The carrying amounts and classification of the assets that relate to the FHLBanks' investments in VIEs are included in investment securities on the Combined Statement of Condition. The affected FHLBanks have no liabilities related to these VIEs. The maximum loss exposure for these VIEs is limited to the carrying value of the FHLBanks' investments in the VIEs.

If an FHLBank determines it is the primary beneficiary of a VIE, it would be required to consolidate that VIE. On an ongoing basis, each affected FHLBank performs a quarterly evaluation to determine whether it is the primary beneficiary in any VIEs. To perform this evaluation, an FHLBank considers whether it possesses both of the following characteristics:

- the power to direct the VIE's activities that most significantly affect the VIE's economic performance; and
- the obligation to absorb the VIE's losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Based on an evaluation of the above characteristics, each affected FHLBank has determined that consolidation is not required for its VIEs as of March 31, 2011. In addition, each of these FHLBanks has not provided financial or other support (explicitly or implicitly) during the three months ended March 31, 2011. Furthermore, each affected FHLBank was not previously contractually required to provide, nor does it intend to provide, such support in the future.

Office of Finance Expenses

As approved by the Office of Finance Board of Directors, effective January 1, 2011, each FHLBank's proportionate share of Office of Finance operating and capital expenditures is calculated using a formula that is based upon the following components: (1) two-thirds based upon each FHLBank's share of total consolidated obligations outstanding and (2) one-third based upon an equal pro-rata allocation.

Prior to January 1, 2011, the FHLBanks were assessed for Office of Finance operating and capital expenditures based equally on each FHLBank's percentage of the following components: (1) percentage of capital stock, (2) percentage of consolidated obligations issued and (3) percentage of consolidated obligations outstanding.

Note 2—Recently Adopted and Issued Accounting Guidance

Reconsideration of Effective Control for Repurchase Agreements

On April 29, 2011, the Financial Accounting Standards Board (FASB) issued guidance to improve the accounting for repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. This guidance amends the existing criteria for determining whether or not a transferor has retained effective control over financial assets transferred under a repurchase agreement. A secured borrowing is recorded when effective control over the transferred financial assets is maintained, while a sale is recorded when effective control over the transferred financial assets has not been maintained. The new guidance removes from the assessment of effective control:
(1) the criterion requiring the transferor to have the ability to repurchase or redeem financial assets before

their maturity on substantially the agreed terms, even in the event of the transferee's default, and (2) the collateral maintenance implementation guidance related to that criterion. This guidance is effective for the FHLBanks for interim and annual periods beginning on January 1, 2012. This guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. Each FHLBank is currently evaluating the effect of the adoption of this guidance on its financial condition, results of operations and cash flows.

A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring

On January 19, 2011, the FASB issued guidance to defer temporarily the effective date of disclosures about troubled debt restructurings required by the amended guidance on disclosures about the credit quality of financing receivables and the allowance for credit losses. The effective date for these new disclosures was deferred in order to be coordinated with the effective date of the guidance for determining what constitutes a troubled debt restructuring.

On April 5, 2011, the FASB issued guidance to clarify which debt modifications constitute troubled debt restructurings. It is intended to help creditors determine whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for presenting previously deferred disclosures related to troubled debt restructurings. This guidance is effective for the FHLBanks for interim and annual periods beginning on July 1, 2011 and applies retrospectively to troubled debt restructurings occurring on or after the beginning of the annual period of adoption. Early adoption is permitted. The adoption of this amended guidance may result in increased annual and interim financial statement disclosures, but is not expected to have a material effect on the FHLBanks' combined financial condition, combined results of operations or combined cash flows.

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

On July 21, 2010, the FASB issued amended guidance to enhance disclosures about an entity's allowance for credit losses and the credit quality of its financing receivables. The required disclosures as of the end of a reporting period became effective for interim and annual reporting periods as of December 31, 2010. The required disclosures about activity that occurs during a reporting period became effective for interim and annual reporting periods as of January 1, 2011. The adoption of this amended guidance resulted in increased annual and interim financial statement disclosures, but did not affect the FHLBanks' combined financial condition, combined results of operations or combined cash flows. (See ***Note 9—Allowance for Credit Losses*** for additional disclosures required under this amended guidance.)

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 FHLBanks adopted this amended guidance as of January 1, 2010, except for required disclosures about purchases, sales, issuances, and settlements in the rollforward of activity for Level 3 fair value measurements; the related guidance on these required disclosures was adopted as of January 1, 2011. In the period of initial adoption, entities are not required to provide the amended disclosures for any previous periods presented for comparative purposes. The adoption of this amended guidance resulted in increased annual and interim financial statement disclosures, but did not affect the FHLBanks' combined financial condition, combined results of operations or combined cash flows. (See ***Note 14—Fair Value*** for additional disclosures required under this amended guidance.)

Note 3—Trading Securities

Table 3.1 - Trading Securities by Major Security Type (dollars in millions)

	March 31, 2011 Fair Value	December 31, 2010 Fair Value
U.S. Treasury obligations	$ 3,075	$ 3,068
Commercial paper	2,179	2,349
Certificates of deposit[1]	7,690	7,075
Government-sponsored enterprises[2]	13,592	12,355
State or local housing agency obligations	3	3
TLGP[3]	3,858	2,126
Other[4]	268	271
Total non-mortgage-backed securities	30,665	27,247
Mortgage-backed securities:		
Other U.S. obligations residential MBS[5]	47	49
Government-sponsored enterprises residential MBS[6]	691	765
Government-sponsored enterprises commercial MBS[6]	228	230
Total mortgage-backed securities	966	1,044
Total	$ 31,631	$ 28,291

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

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

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

(4) Primarily consists of taxable municipal bonds.

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

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

At March 31, 2011 and December 31, 2010, 29.7 percent and 27.1 percent of the FHLBanks' fixed-rate trading securities were swapped to a variable rate and 44.3 percent and 46.0 percent of the FHLBanks' variable-rate trading securities were swapped to a different variable-rate index.

Table 3.2 - Net (Losses) Gains on Trading Securities (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net unrealized (losses) gains on trading securities held at period end	$ (66)	$ 18
Net unrealized and realized (losses) gains on trading securities sold/matured during the period	(5)	11
Net (losses) gains on trading securities	$ (71)	$ 29

Note 4—Available-for-Sale Securities

Table 4.1 - AFS Securities by Major Security Type (dollars in millions)

	March 31, 2011				
	Amortized Cost[1]	OTTI Recognized in AOCI	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit[2]	$ 5,300	$ –	$ –	$ –	$ 5,300
Other U.S. obligations[3]	919	–	27	(5)	941
Government-sponsored enterprises and TVA[4]	10,240	–	224	(45)	10,419
TLGP[5]	9,943	–	16	(2)	9,957
FFELP ABS[6]	8,176	–	517	(5)	8,688
Other[7]	613	–	1	(40)	574
Total non-mortgage-backed securities	35,191	–	785	(97)	35,879
Mortgage-backed securities:					
Other U.S. obligations residential MBS[3]	3,083	–	74	(7)	3,150
Government-sponsored enterprises residential MBS[8]	20,823	–	278	(13)	21,088
Government-sponsored enterprises commercial MBS[8]	301	–	–	(1)	300
Private-label residential MBS	16,266	(4,226)	2,155	(2)	14,193
Home equity loans	21	(13)	8	–	16
Total mortgage-backed securities	40,494	(4,239)	2,515	(23)	38,747
Total	$75,685	$(4,239)	$3,300	$(120)	$74,626

	December 31, 2010				
	Amortized Cost[1]	OTTI Recognized in AOCI	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit[2]	$ 5,790	$ –	$ –	$ –	$ 5,790
Other U.S. obligations[3]	955	–	31	(2)	984
Government-sponsored enterprises and TVA[4]	10,980	–	253	(56)	11,177
TLGP[5]	10,560	–	18	(2)	10,576
FFELP ABS[6]	8,310	–	505	(16)	8,799
Other[7]	623	–	1	(47)	577
Total non-mortgage-backed securities	37,218	–	808	(123)	37,903
Mortgage-backed securities:					
Other U.S. obligations residential MBS[3]	3,101	–	83	(5)	3,179
Government-sponsored enterprises residential MBS[8]	21,612	–	408	(8)	22,012
Government-sponsored enterprises commercial MBS[8]	304	–	–	(1)	303
Private-label residential MBS	9,349	(2,590)	1,291	(3)	8,047
Home equity loans	22	(13)	6	–	15
Total mortgage-backed securities	34,388	(2,603)	1,788	(17)	33,556
Total	$71,606	$(2,603)	$2,596	$(140)	$71,459

(1) Amortized cost of AFS 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 that meet the definition of an investment security.

(3) Primarily consists of securities issued or guaranteed by Ginnie Mae, Small Business Administration (SBA) and Export-Import Bank of the U.S. (Ex-Im Bank).

(4) Primarily consists of debt securities issued or guaranteed by Freddie Mac, Fannie Mae, Federal Farm Credit Bank (FFCB) and 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 Inter-American Development Bank and taxable municipal bonds.

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

Subsequent related increases and decreases in the fair value of AFS securities that are not additional OTTI are netted against the non-credit component of OTTI recognized previously in accumulated other comprehensive income (loss) (AOCI); however, OTTI recognized in AOCI noted in the AFS securities by major security type disclosures (table 4.1) excludes the subsequent unrealized changes in fair value. Table 4.2 reconciles the net non-credit portion of OTTI losses on AFS securities per the Combined Statement of Condition to the OTTI recognized in the AOCI amount from table 4.1.

Table 4.2 - Reconciliation of Net Non-credit Portion of OTTI Losses on AFS Securities to Table 4.1 (dollars in millions)

	March 31, 2011	December 31, 2010
Other-than-temporary impairment loss recognized in AOCI (Table 4.1)	$ (4,239)	$ (2,603)
Subsequent unrealized gains in fair value of previously other-than-temporarily impaired securities	2,157	1,293
Net non-credit portion of OTTI losses on AFS securities	$ (2,082)	$ (1,310)

Table 4.3 - Reconciliation of Net Unrealized Gains on AFS Securities to Table 4.1 (dollars in millions)

	March 31, 2011	December 31, 2010
Unrealized gains and losses on AFS securities (Table 4.1)	$ 3,180	$ 2,456
Less:		
Subsequent unrealized gains in fair value of previously other-than-temporarily impaired securities	2,157	1,293
Net hedging gains on AFS securities	285	322
Net unrealized gains on AFS securities	$ 738	$ 841

See ***Note 6—Other-Than-Temporary-Impairment Analysis*** for information on the transfers between the AFS portfolio and HTM portfolio.

Table 4.4 presents the AFS securities with unrealized losses by major security type and length of time that individual securities have been in a continuous unrealized loss position.

Table 4.4 - AFS Securities in a Continuous Unrealized Loss Position (dollars in millions)

	March 31, 2011					
	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]	$ 185	$ (5)	$ –	$ –	$ 185	$ (5)
Government-sponsored enterprises and TVA[3]	2,129	(11)	339	(34)	2,468	(45)
TLGP	1,970	(2)	–	–	1,970	(2)
FFELP ABS	1,316	(5)	9	–	1,325	(5)
Other[4]	150	(9)	398	(31)	548	(40)
Total non-mortgage-backed securities	5,750	(32)	746	(65)	6,496	(97)
Mortgage-backed securities:						
Other U.S. Obligations residential MBS[2]	1,166	(7)	–	–	1,166	(7)
Government-sponsored enterprises residential MBS[5]	2,495	(9)	462	(4)	2,957	(13)
Government-sponsored enterprises commercial MBS[5]	50	–	225	(1)	275	(1)
Private-label residential MBS[6]	39	(2)	12,576	(2,099)	12,615	(2,101)
Home equity loans[6]	–	–	14	(5)	14	(5)
Total mortgage-backed securities	3,750	(18)	13,277	(2,109)	17,027	(2,127)
Total	$ 9,500	$ (50)	$14,023	$ (2,174)	$23,523	$ (2,224)

	December 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]	$ 161	$ (2)	$ –	$ –	$ 161	$ (2)
Government-sponsored enterprises and TVA[3]	3,242	(13)	341	(43)	3,583	(56)
TLGP	4,572	(2)	–	–	4,572	(2)
FFELP ABS	1,332	(16)	10	–	1,342	(16)
Other[4]	149	(9)	401	(37)	550	(46)[a]
Total non-mortgage-backed securities	9,456	(42)	752	(80)	10,208	(122)
Mortgage-backed securities:						
Other U.S. Obligations residential MBS[2]	1,126	(5)	–	–	1,126	(5)
Government-sponsored enterprises residential MBS[5]	979	(5)	506	(3)	1,485	(8)
Government-sponsored enterprises commercial MBS[5]	50	–	227	(1)	277	(1)
Private-label residential MBS[6]	17	(1)	7,321	(1,313)	7,338	(1,314)
Home equity loans[6]	–	–	15	(7)	15	(7)
Total mortgage-backed securities	2,172	(11)	8,069	(1,324)	10,241	(1,335)
Total	$11,628	$ (53)	$ 8,821	$ (1,404)	$20,449	$ (1,457)

(a) Does not include $1 million of unrealized losses in mutual funds in two grantor trusts designated as AFS securities at December 31, 2010.

(1) As a result of amended OTTI guidance, the total unrealized losses amount will not agree to the total gross unrealized losses amount included in table 4.1. Total unrealized losses in table 4.4 includes non-credit-related OTTI losses recorded in AOCI and subsequent unrealized gains in fair value related to other-than-temporarily impaired securities. Total unrealized losses in table 4.4 also excludes $22 million and $8 million in net unrealized gain positions of certain previously other-than-temporarily impaired AFS securities at March 31, 2011 and December 31, 2010.

(2) Primarily consists of securities issued or guaranteed by Ginnie Mae investment pools.

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

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

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

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

Table 4.5 - AFS Securities by Contractual Maturity (dollars in millions)

	March 31, 2011		December 31, 2010	
Year of Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 9,344	$ 9,349	$ 8,384	$ 8,393
Due after one year through five years	13,497	13,548	16,162	16,220
Due after five years through ten years	2,488	2,670	2,640	2,840
Due after ten years	1,686	1,624	1,722	1,651
FFELP ABS	8,176	8,688	8,310	8,799
Total non-mortgage-backed securities	35,191	35,879	37,218	37,903
Mortgage-backed securities	40,494	38,747	34,388	33,556
Total	$ 75,685	$ 74,626	$ 71,606	$ 71,459

FFELP ABS and mortgage-backed securities are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

At March 31, 2011 and December 31, 2010, the amortized cost of the FHLBanks' mortgage-backed securities classified as AFS included credit losses and OTTI-related accretion adjustments, and net purchased premiums of $2,190 million and $1,244 million.

At March 31, 2011 and December 31, 2010, 30.0 percent and 29.6 percent of the FHLBanks' fixed-rate AFS securities were swapped to a variable rate and none of the FHLBanks' variable-rate AFS securities were swapped to a different variable-rate index.

Table 4.6 - Proceeds from Sale and Gross Gains and Losses on AFS Securities (dollars in millions)

	Three Months Ended March 31,	
	2011	2010
Proceeds from sale of available-for-sale securities	$1,379	$33
Gross gains on available-for-sale securities	8	–

Note 5—Held-to-Maturity Securities

Table 5.1 - HTM Securities by Major Security Type (dollars in millions)

	March 31, 2011					
	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	$ 1,900	$ –	$ 1,900	$ –	$ –	$ 1,900
Certificates of deposit(4)	10,715	–	10,715	1	–	10,716
Other U.S. obligations(5)	1,559	–	1,559	10	(17)	1,552
Government-sponsored enterprises and TVA(6)	3,068	–	3,068	80	(2)	3,146
State or local housing agency obligations	2,426	–	2,426	6	(284)	2,148
TLGP(7)	3,771	–	3,771	4	–	3,775
Other	4	–	4	–	–	4
Total non-mortgage-backed securities	23,443	–	23,443	101	(303)	23,241
Mortgage-backed securities:						
Other U.S. obligations residential MBS(5)	9,343	–	9,343	43	(33)	9,353
Other U.S. obligations commercial MBS(5)	49	–	49	1	–	50
Government-sponsored enterprises residential MBS(8)	72,774	–	72,774	1,833	(236)	74,371
Government-sponsored enterprises commercial MBS(8)	2,067	–	2,067	65	(21)	2,111
Private-label residential MBS	23,129	(2,226)	20,903	836	(1,055)	20,684
Private-label commercial MBS	106	–	106	2	–	108
Manufactured housing loans	189	–	189	–	(20)	169
Home equity loans	484	(88)	396	55	(34)	417
MPF Shared Funding Program mortgage-backed certificates	210	–	210	4	(1)	213
Total mortgage-backed securities	108,351	(2,314)	106,037	2,839	(1,400)	107,476
Total	$131,794	$(2,314)	$129,480	$2,940	$(1,703)	$130,717

	December 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
Commercial paper	$ 2,500	$ –	$ 2,500	$ –	$ –	$ 2,500
Certificates of deposit(4)	13,176	–	13,176	–	–	13,176
Other U.S. obligations(5)	1,468	–	1,468	6	(13)	1,461
Government-sponsored enterprises and TVA(6)	3,171	–	3,171	94	(5)	3,260
State or local housing agency obligations	2,477	–	2,477	7	(297)	2,187
TLGP(7)	3,379	–	3,379	5	–	3,384
Other	4	–	4	–	–	4
Total non-mortgage-backed-securities	26,175	–	26,175	112	(315)	25,972
Mortgage-backed securities:						
Other U.S. obligations residential MBS(5)	8,547	–	8,547	64	(29)	8,582
Other U.S. obligations commercial MBS(5)	53	–	53	2	–	55
Government-sponsored enterprises residential MBS(8)	72,361	–	72,361	2,050	(195)	74,216
Government-sponsored enterprises commercial MBS(8)	1,780	–	1,780	77	(17)	1,840
Private-label residential MBS	32,895	(4,348)	28,547	1,476	(1,408)	28,615
Private-label commercial MBS	160	–	160	4	–	164
Manufactured housing loans	196	–	196	–	(23)	173
Home equity loans	501	(93)	408	54	(40)	422
MPF Shared Funding Program mortgage-backed certificates	229	–	229	–	(2)	227
Total mortgage-backed securities	116,722	(4,441)	112,281	3,727	(1,714)	114,294
Total	$142,897	$(4,441)	$138,456	$3,839	$(2,029)	$140,266

(1) Amortized cost of HTM 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 HTM securities represents amortized cost after adjustment for non-credit-related impairment recognized in AOCI.

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

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

(5) Primarily consists of securities issued or guaranteed by Ginnie Mae, National Credit Union Administration and/or SBA investment pools.

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

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

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

See ***Note 6—Other-Than-Temporary-Impairment Analysis*** for information on the transfers between the AFS portfolio and HTM portfolio.

Table 5.2 presents the HTM 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. The unrealized losses include other-than-temporary impairments recognized in AOCI and gross unrecognized holding losses at March 31, 2011 and December 31, 2010.

Table 5.2 - HTM Securities in a Continuous Unrealized Loss Position (dollars in millions)

	March 31, 2011					
	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)	$ 808	$ (17)	$ 1	$ –	$ 809	$ (17)
Government-sponsored enterprises(3)	1,124	(2)	–	–	1,124	(2)
State or local housing agency obligations	177	(7)	1,288	(277)	1,465	(284)
Total non-mortgage-backed securities	2,109	(26)	1,289	(277)	3,398	(303)
Mortgage-backed securities:						
Other U.S. obligations residential MBS(2)	3,213	(33)	5	–	3,218	(33)
Government-sponsored enterprises residential MBS(4)	13,408	(221)	2,001	(15)	15,409	(236)
Government-sponsored enterprises commercial MBS(4)	767	(21)	–	–	767	(21)
Private-label residential MBS(5)	855	(5)	15,777	(3,141)	16,632	(3,146)
Manufactured housing loans	–	–	169	(20)	169	(20)
Home equity loans(5)	2	–	413	(69)	415	(69)
MPF Shared Funding Program mortgage-backed certificates	–	–	10	(1)	10	(1)
Total mortgage-backed securities	18,245	(280)	18,375	(3,246)	36,620	(3,526)
Total	$20,354	$(306)	$19,664	$(3,523)	$40,018	$(3,829)

	December 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]	$ 555	$ (13)	$ –	$ –	$ 555	$ (13)
Government-sponsored enterprises[3]	1,809	(5)	–	–	1,809	(5)
State or local housing agency obligations	150	(16)	1,295	(281)	1,445	(297)
Total non-mortgage-backed securities	2,514	(34)	1,295	(281)	3,809	(315)
Mortgage-backed securities:						
Other U.S. obligations residential MBS[2]	4,075	(29)	5	–	4,080	(29)
Government-sponsored enterprises residential MBS[4]	10,603	(184)	2,133	(11)	12,736	(195)
Government-sponsored enterprises commercial MBS[4]	468	(17)	–	–	468	(17)
Private-label residential MBS[5]	718	(7)	23,150	(5,624)	23,868	(5,631)
Manufactured housing loans	–	–	173	(23)	173	(23)
Home equity loans[5]	2	–	418	(78)	420	(78)
MPF Shared Funding Program mortgage-backed certificates	195	(1)	8	(1)	203	(2)
Total mortgage-backed securities	16,061	(238)	25,887	(5,737)	41,948	(5,975)
Total	$18,575	$(272)	$27,182	$(6,018)	$45,757	$(6,290)

(1) Unrealized losses represent the difference between fair value and amortized cost. As a result of amended OTTI guidance, there are differences in the definitions of unrealized losses and unrecognized holding losses. Total unrealized losses in table 5.2 will not agree with total gross unrecognized holding losses in the major security types table as previously noted.

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

(3) Primarily consists of debt securities issued or guaranteed by Fannie Mae.

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

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

Table 5.3 - HTM Securities by Contractual Maturity (dollars in millions)

	March 31, 2011			December 31, 2010		
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	$ 15,682	$ 15,682	$ 15,689	$ 17,930	$ 17,930	$ 17,932
Due after one year through five years	3,775	3,775	3,831	4,745	4,745	4,813
Due after five years through ten years	738	738	731	545	545	539
Due after ten years	3,248	3,248	2,990	2,955	2,955	2,688
Total non-mortgage-backed securities	23,443	23,443	23,241	26,175	26,175	25,972
Mortgage-backed securities	108,351	106,037	107,476	116,722	112,281	114,294
Total	$131,794	$129,480	$130,717	$142,897	$138,456	$140,266

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

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.

At March 31, 2011 and December 31, 2010, the amortized cost of the FHLBanks' mortgage-backed securities classified as HTM included net purchased discounts, credit losses and OTTI-related accretion adjustments of $1,451 million and $2,171 million.

Realized Gains and Losses. Certain FHLBanks each sold securities out of their respective HTM securities portfolio 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. These sales are considered maturities for the purposes of security classification.

Table 5.4 - Proceeds and Gains (Losses) from Sale of HTM Securities (dollars in millions)

	Three Months Ended March 31,	
	2011	2010
Proceeds from sale of long-tem HTM securities	$ –	$ 1
Gains (losses) from sale of HTM securities	–	–

Note 6—Other-Than-Temporary-Impairment Analysis

In addition to all of its previously impaired securities, each FHLBank evaluates its individual AFS and HTM 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 it will be required to sell the security before its anticipated recovery. If either of these conditions is met, an FHLBank recognizes an OTTI charge to earnings equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. For securities in unrealized loss position that meet neither of these conditions, each FHLBank performs analysis to determine if any of these securities are other-than-temporarily impaired.

Private-label RMBS and home equity loan investments

The FHLBanks invested in private-label RMBS, which at the date of purchase were substantially all rated triple-A. Each private-label RMBS may contain one or more forms of credit protection/enhancements, including but not limited to, guarantee of principal and interest, subordination, over-collateralization and excess interest, and insurance wrap.

To ensure consistency in the determination of OTTI for private-label RMBS and certain home equity loan investments (including home equity asset-backed securities) among all FHLBanks, the FHLBanks enhanced their overall OTTI process in 2009 by implementing a system-wide governance committee and establishing a formal process to ensure consistency in 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 evaluated using the FHLBanks' common framework and approved assumptions for purposes of OTTI cash flow analyses. For certain private-label RMBS and home equity loan investments where underlying collateral data is not available, alternative procedures as determined by each FHLBank are used to assess these securities for OTTI.

Each FHLBank's evaluation includes estimating the projected cash flows that the FHLBank is likely to collect based on an assessment of all available information, including the structure of the applicable security and certain assumptions 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.

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 current-to-trough home price declines ranging from 0 percent (for those housing markets that are believed to have reached their trough) to 10.0 percent. For those markets for which further home price declines are anticipated, such declines were projected to occur over the 3- to 9-month period beginning January 1, 2011. From the trough, home prices were projected to recover using one of five different recovery paths that vary by housing market. Under those recovery paths, home prices were projected to increase within a range of 0 percent to 2.8 percent in the first year, 0 percent to 3.0 percent in the second year, 1.5 percent to 4.0 percent in the third year, 2.0 percent to 5.0 percent in the fourth year, 2.0 percent to 6.0 percent in each of the fifth and sixth years, and 2.3 percent to 5.6 percent in each subsequent year.

The month-by-month projections of future loan performance derived from the first model, which reflect projected prepayments, defaults and loss severities, are then input into a second model that allocates the projected loan level cash flows and losses to the various security classes in the securitization structure in accordance with its prescribed cash flow and loss allocation rules. In a securitization in which the credit enhancement for the senior securities is derived from the presence of subordinate securities, losses are generally allocated first to the subordinate securities until their principal balance is reduced to zero. The projected cash flows are based on a number of assumptions and expectations, and the results of these models can vary significantly with changes in assumptions and expectations. The scenario of cash flows determined based on the model approach described above reflects a best estimate scenario and includes a base case current-to-trough housing price forecast and a base case housing price recovery path described in the prior paragraph.

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 loss is considered to have occurred. For variable-rate and hybrid private-label RMBS, the affected FHLBank uses the effective interest rate derived from a variable-rate index (e.g., one month LIBOR) plus the contractual spread, plus or minus a fixed spread adjustment when there is an existing discount or premium on the security. As the implied forward curve of the index changes over time, the effective interest rates derived from that index will also change over time.

As a result of each FHLBank's evaluations, during the three months ended March 31, 2011, the FHLBanks recognized OTTI credit losses related to an aggregate amount of $3,259 million of unpaid principal balance in HTM MBS investments. Additionally, the FHLBanks determined that $14,574 million of unpaid principal balance in AFS securities, including those transferred from HTM, were other-than-temporarily impaired during the three months ended March 31, 2011. Each of the affected FHLBanks determined that it was likely that it would not recover the entire amortized cost of each of these securities.

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 $275 million for the three months ended March 31, 2011 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." The net amount of impairment losses reclassified from AOCI of $148 million is reflected in the Combined Statement of Condition as "Accumulated other comprehensive income (loss)—Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities" and "Accumulated other comprehensive income (loss)—Net non-credit 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 AFS securities, including securities transferred from HTM to AFS, are included in AOCI. The OTTI recognized in AOCI related to HTM 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, 2011, the FHLBanks accreted $292 million of non-credit impairment from AOCI to the carrying value of HTM securities. During the three months ended March 31, 2011, $263 million of non-credit AFS and HTM losses, previously deferred in AOCI, were reclassified to earnings.

Table 6.1 presents the significant inputs used to measure the amount of credit loss recognized in earnings during the three months ended March 31, 2011 for those securities for which an OTTI was determined to have occurred as well as related current credit enhancement for each affected FHLBank. Credit enhancement is defined as the percentage of subordinated tranches, excess spread and over-collateralization, if any, in a security structure that will generally absorb losses before each affected 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 security, which may not necessarily be the same as the classification at the time of origination.

Table 6.1 - Significant Inputs for OTTI

	Significant Inputs for OTTI Private-label RMBS						Current Credit Enhancement	
	Prepayment Rates		Default Rates		Loss Severities			
Year of Securitization	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Prime								
2008	9.7	7.4 - 10.4	52.2	46.4 - 57.8	43.8	41.0 - 47.6	30.4	29.8 - 31.1
2007	6.7	5.2 - 8.7	45.8	31.1 - 62.3	42.5	37.7 - 47.4	4.5	0.4 - 11.6
2006	8.8	5.1 - 10.4	31.2	16.1 - 49.2	43.4	33.0 - 48.7	5.9	0.0 - 15.8
2005	8.5	4.9 - 10.7	34.5	10.4 - 50.2	36.0	27.4 - 43.6	7.7	1.2 - 15.8
2004 and prior	11.8	10.7 - 13.5	24.2	8.1 - 30.0	32.5	26.4 - 34.2	8.8	5.7 - 11.0
Total prime	8.9	4.9 - 13.5	36.4	8.1 - 62.3	39.9	26.4 - 48.7	10.2	0.0 - 31.1
Alt-A								
2008	10.7	10.7	52.4	52.4	47.8	47.8	25.9	25.9
2007	8.8	3.7 - 13.3	60.6	25.8 - 87.4	51.8	43.4 - 65.0	13.9	0.0 - 46.3
2006	8.6	3.2 - 13.2	62.0	21.4 - 89.7	53.3	40.3 - 68.2	20.2	0.0 - 46.4
2005	9.8	6.1 - 14.9	42.7	13.9 - 80.1	47.4	31.8 - 61.2	15.3	1.5 - 48.9
2004 and prior	13.9	7.4 - 15.1	32.3	27.4 - 60.9	42.3	35.6 - 50.7	15.0	10.2 - 35.4
Total Alt-A	9.1	3.2 - 15.1	54.4	13.9 - 89.7	50.7	31.8 - 68.2	16.7	0.0 - 48.9
Subprime								
2007	5.2	5.2	79.9	79.9	69.3	69.3	40.0	40.0
2006	5.0	4.0 - 5.8	82.2	78.1 - 88.8	71.7	67.0 - 74.9	19.7	(8.0) - 42.9[(a)]
2005	5.0	5.0	80.7	80.7	65.9	65.9	15.7	15.7
2004 and prior	11.2	10.1 - 14.0	40.5	25.1 - 42.6	87.4	70.0 - 97.4	22.2	15.0 - 78.3
Total subprime	5.0	4.0 - 14.0	81.8	25.1 - 88.8	71.7	65.9 - 97.4	20.1	(8.0) - 78.3[(a)]
Total OTTI Private-label RMBS	9.0	3.2 - 15.1	51.7	8.1 - 89.7	49.2	26.4 - 97.4	15.6	(8.0) - 78.3[(a)]

	Significant Inputs for OTTI Home Equity Loan Investments					
	Prepayment Rates		Default Rates		Loss Severities	
Year of Securitization	Weighted-Average %	Range %	Weighted-Average %	Range %	Weighted-Average %	Range %
Alt-A						
2004 and prior	11.6	5.7 - 15.4	4.5	3.6 - 5.8	100.0	100.0
Total Alt-A	11.6	5.7 - 15.4	4.5	3.6 - 5.8	100.0	100.0
Subprime						
2004 and prior	12.0	2.0 - 12.3	51.1	5.7 - 52.4	94.8	94.7 - 100.0
Total subprime	12.0	2.0 - 12.3	51.1	5.7 - 52.4	94.8	94.7 - 100.0
Total OTTI Home equity loan investments	11.6	2.0 - 15.4	9.1	3.6 - 52.4	99.5	94.7 - 100.0

(a) 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 monoline bond insurers. The FHLBanks performed analyses to assess the financial strength of these monoline bond insurers to establish an expected case regarding the time horizon of the monoline bond insurers' ability to fulfill their financial obligations and provide credit support. The projected time horizon of credit protection provided by an insurer is a function of claims paying resources and anticipated claims in the future. This assumption is referred to as the "burn-out period" and is expressed in months. Of the five monoline bond insurers, the financial guarantees from Assured Guaranty Municipal Corp. are considered sufficient to cover all future claims; this monoline bond insurer is, therefore, excluded from the burn-out analysis discussed above. Conversely, the key burn-out period for three monoline bond insurers, Syncora Guarantee Inc. (Syncora), Financial Guarantee Insurance Corp. and Ambac Assurance Corp. (Ambac), are not considered applicable due to regulatory intervention that has suspended all claims payments to effectively zero. For the remaining monoline bond insurer, MBIA Insurance Corp. (MBIA), table 6.2 presents the key burn-out period assumptions used by those FHLBanks that have relied on credit protection from this insurer during the three months ended March 31, 2011.

Table 6.2 - OTTI Securities Insured by MBIA

	Protection time horizon calculation MBIA
Burn-out period (months)	3
Coverage ignore date	June 30, 2011
Number of other-than-temporarily impaired securities	5

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 an HTM 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, non-recurring, and unusual for an FHLBank that could not have been reasonably anticipated may cause an FHLBank to sell or transfer a HTM security without necessarily calling into question its intent to hold other debt securities to maturity.

During the three months ended March 31, 2011, each of the FHLBanks of Pittsburgh, Atlanta and San Francisco elected to transfer from their respective HTM portfolio to their respective AFS portfolio all private-label RMBS that had credit-related OTTI. The FHLBank of Seattle elected to transfer certain private-label RMBS that had credit-related OTTI during the three months ended March 31, 2011 from its HTM portfolio to its AFS portfolio. Each of these FHLBanks recognized an OTTI credit loss on these private-label RMBS HTM 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 the AFS portfolio. These transfers allow management the option to decide to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk or other factors, while recognizing management's intent to hold these securities for an indefinite period of time.

Table 6.3 - Unpaid Principal Balance of HTM Securities Transferred to AFS Securities (dollars in millions)

	Unpaid Principal Balance at the Time of Transfer
	March 31, 2011
FHLBank of Pittsburgh	$ 95
FHLBank of Atlanta	330
FHLBank of San Francisco	7,906
FHLBank of Seattle	14

Table 6.4 presents the balance of the total HTM and AFS securities with OTTI charges during the three months ended March 31, 2011 based on each individual FHLBank's impairment analyses of its investment portfolio at March 31, 2011.

Table 6.4 - Total Securities Other-than-Temporarily Impaired At March 31, 2011 (dollars in millions)

	March 31, 2011(1)						
	Held-to-Maturity Securities				Available-for-Sale Securities		
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Private-label RMBS:							
Prime	$ 980	$ 815	$ 602	$ 734	$ 4,663	$ 4,081	$ 3,777
Alt-A	1,724	1,268	863	958	9,898	8,616	7,181
Subprime	523	327	247	296	3	2	2
Total OTTI Private-label RMBS	3,227	2,410	1,712	1,988	14,564	12,699	10,960
Home equity loan investments:							
Alt-A	–	–	–	–	10	7	6
Subprime	32	22	15	19	–	–	–
Total OTTI Home equity loan investments	32	22	15	19	10	7	6
Total OTTI investments	$3,259	$2,432	$1,727	$2,007	$14,574	$12,706	$10,966

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

Table 6.5 presents the balance of the total HTM and AFS securities with OTTI charges during the life of the security (which represent securities impaired prior to and at March 31, 2011), based on each individual FHLBank's impairment analyses of its investment portfolio.

Table 6.5 - Total Securities Other-than-Temporarily Impaired During the Life of the Security (dollars in millions)

	March 31, 2011[1]						
	Held-to-Maturity Securities				Available-for-Sale Securities		
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Private-label RMBS:							
Prime	$2,653	$ 2,289	$ 1,674	$ 2,020	$ 7,207	$ 6,378	$ 6,000
Alt-A	5,336	4,563	3,111	3,477	11,382	9,878	8,184
Subprime	937	633	474	556	3	2	2
Total OTTI Private-label RMBS	8,926	7,485	5,259	6,053	18,592	16,258	14,186
Home equity loan investments:							
Alt-A	–	–	–	–	27	21	17
Subprime	276	243	155	209	–	–	–
Total OTTI Home equity loan investments	276	243	155	209	27	21	17
Total OTTI investments	$9,202	$ 7,728	$ 5,414	$ 6,262	$18,619	$16,279	$14,203
Total MBS		$108,351	$106,037	$107,476		$40,494	$38,747
Total investment securities		$131,794	$129,480	$130,717		$75,685	$74,626

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

Table 6.6 presents the credit losses and net amount of impairment losses reclassified (to)/from AOCI during the three months ended March 31, 2011.

Table 6.6 - Credit Losses and Net Amount of Impairment Losses (dollars in millions)

	Three Months Ended March 31, 2011[1]		
	OTTI Related to Credit Loss	AOCI[2]	Total OTTI Losses
Private-label RMBS:			
Prime	$ (88)	$ 49	$ (39)
Alt-A	(179)	91	(88)
Subprime	(8)	8	–
Total OTTI Private-label RMBS	(275)	148	(127)
Total	$(275)	$148	$(127)

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

(2) Represents the net amount of impairment losses reclassified (to)/from AOCI.

Table 6.7 - Rollforward of the Amounts Related to Credit Losses Recognized into Earnings (dollars in millions)

	Three Months Ended March 31,	
	2011	2010
Balance, at beginning of period	$3,487	$2,555
Additions:		
Credit losses for which OTTI was not previously recognized	7	5
Additional OTTI credit losses for which an OTTI charge was previously recognized(1)	268	228
Reductions:		
Securities sold, matured, paid down or prepaid during the period	(13)	(2)
Increases in cash flows expected to be collected, recognized over the remaining life of the securities	(6)	(1)
Balance, at end of the period	$3,743	$2,785

(1) For the three months ended March 31, 2011 and 2010, “Additional OTTI credit losses for securities which an OTTI charge was previously recognized” relates to all securities that were also previously impaired prior to January 1, 2011 and 2010.

All other AFS and HTM Investments

The remainder of the FHLBanks’ AFS and HTM 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 AFS and HTM securities in unrealized loss positions 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. As a result, each FHLBank does not consider any of the following investments to be other-than-temporarily impaired at March 31, 2011:

- State and local housing agency obligations. Certain FHLBanks invest in state or local government bonds. Each of these FHLBanks has determined that, as of March 31, 2011, all of the gross unrealized losses on these bonds owned by it are temporary because the strength of the underlying collateral and credit enhancements was sufficient to protect an FHLBank from losses based on current expectations.

- Debentures issued by a supranational entity. Debentures issued by a supranational entity that were in an unrealized loss position as of March 31, 2011 are expected to return contractual principal and interest, and such supranational entity is rated triple-A by each of three nationally recognized statistical rating organizations used by the affected FHLBank. The affected FHLBank has determined that the decline in market value of these securities is largely attributable to illiquidity in the credit markets and not to deterioration in the fundamental credit quality of these securities.

- Other U.S. obligations, GSE, FFELP ABS and TLGP investments. For other U.S. obligations non-MBS and MBS, GSE non-MBS and MBS, FFELP ABS and TLGP investments, each FHLBank, as applicable, determined that the strength of the issuers’ guarantees through direct obligations or support from the U.S. government is sufficient to protect that FHLBank from losses based on current expectations. As a result, each of these FHLBanks has determined that, as of March 31, 2011 all of these gross unrealized losses are temporary.

- MPF shared funding program mortgage-backed certificates. For its MPF shared funding program mortgage-backed certificates in an unrealized loss position, each of the affected FHLBanks determined that credit enhancements resulting from subordination were sufficient to protect that FHLBank from losses based on current expectations. As a result, each of the affected FHLBanks determined that, as of March 31, 2011, all of the gross unrealized losses on its MPF shared funding program mortgage-backed certificates are temporary.

- Private-label commercial MBS (CMBS). Based upon each FHLBank's assessment of the creditworthiness of the issuers of its private-label CMBS, the credit ratings assigned by the nationally recognized statistical rating organizations, 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.

Note 7—Advances

FHLBanks offer a wide range of fixed- and variable-rate advance products with different maturities, interest rates, payment characteristics and optionality. Fixed-rate advances generally have maturities ranging from one day to 30 years. Variable-rate advances generally have maturities ranging from less than 30 days to 10 years, where the interest rates reset periodically at a fixed spread to the London Interbank Offered Rate (LIBOR) or other specified index.

Table 7.1 - Advances Redemption Terms (dollars in millions)

	March 31, 2011		December 31, 2010	
Redemption Term	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Overdrawn demand and overnight deposit accounts	$ 20	0.00%	$ 7	0.00%
Due in 1 year or less	144,440	1.49%	158,293	1.60%
Due after 1 year through 2 years	66,156	2.75%	64,723	2.88%
Due after 2 years through 3 years	54,730	2.36%	65,617	2.28%
Due after 3 years through 4 years	28,631	2.79%	27,273	2.88%
Due after 4 years through 5 years	33,235	3.02%	31,141	2.96%
Thereafter	103,371	3.26%	114,219	3.29%
Index amortizing advances[1]	2,630	4.37%	2,713	4.40%
Total par value	433,213	2.44%	463,986	2.47%
Commitment fees	(8)		(8)	
Discount on AHP advances	(60)		(61)	
Premiums	204		214	
Discounts	(114)		(130)	
Hedging adjustments	11,611		14,261	
Fair value option valuation adjustments	244		327	
Total	$445,090		$478,589	

(1) 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).

Table 7.2 - Advances by Year of Contractual Maturity, Next Call Date, or Next Put or Convert Date (dollars in millions)

	Year of Contractual Maturity or Next Call Date		Year of Contractual Maturity or Next Put or Convert Date	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Overdrawn demand and overnight deposit accounts	$ 20	$ 7	$ 20	$ 7
Due in 1 year or less	168,133	181,195	211,575	235,562
Due after 1 year through 2 years	61,896	63,788	58,817	56,119
Due after 2 years through 3 years	53,404	61,793	53,542	63,330
Due after 3 years through 4 years	26,596	25,762	25,855	25,149
Due after 4 years through 5 years	30,521	29,281	26,007	24,705
Thereafter	90,013	99,447	54,767	56,401
Index amortizing advances	2,630	2,713	2,630	2,713
Total par value	$433,213	$463,986	$433,213	$463,986

The FHLBanks offer advances to members that provide a member the right, based upon predetermined option exercise dates, to call the advance prior to maturity without incurring prepayment or termination fees (callable advances). In exchange for receiving the right to call the advance on a predetermined call schedule, the member pays a higher fixed rate for the advance relative to an equivalent maturity, non-callable, fixed-rate advance. If the call option is exercised, replacement funding may be available. 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, 2011 and December 31, 2010, the FHLBanks had callable advances of $27.1 billion and $27.8 billion.

Some of the FHLBanks' advances contain embedded options allowing the FHLBanks to offer putable and convertible advances. A member can either sell an embedded option to an FHLBank or it can purchase an embedded option from an FHLBank.

With a putable advance to a member, an FHLBank effectively purchases a put option from the member that allows that FHLBank to put or extinguish the fixed-rate advance to the member on predetermined exercise dates, and offer, subject to certain conditions, replacement funding at prevailing market rates. Generally, such put options are exercised when interest rates increase. At March 31, 2011 and December 31, 2010, the FHLBanks had putable advances outstanding totaling $59.8 billion and $66.0 billion.

Convertible advances allow an FHLBank to convert an advance from one interest-payment term structure to another. When issuing convertible advances, an FHLBank may purchase put options from a member that allow that FHLBank to convert the fixed-rate advance to a variable-rate advance at the current market rate or another structure after an agreed-upon lockout period. A convertible advance carries a lower interest rate than a comparable-maturity fixed-rate advance without the conversion feature. Variable- to fixed-rate convertible advances have a defined lockout period during which the interest rates adjust based on a spread to LIBOR. At the end of the lockout period, these advances may convert to fixed-rate advances. The fixed rates on the converted advances are determined at origination. At March 31, 2011 and December 31, 2010, the FHLBanks had convertible advances outstanding totaling $20.9 billion and $22.8 billion.

Table 7.3 - Advances by Interest Rate Payment Terms (dollars in millions)

	March 31, 2011			December 31, 2010		
	Par Value	Amount Swapped (Par Value)	Percent Swapped	Par Value	Amount Swapped (Par Value)	Percent Swapped
Total fixed-rate	$313,439	$229,103	73.1%	$341,484	$243,536	71.3%
Total variable-rate	119,774	3,220	2.7%	122,502	3,471	2.8%
Total par value	$433,213	$232,323	53.6%	$463,986	$247,007	53.2%

Credit Risk Exposure and Security Terms

The FHLBanks' potential credit risk from advances is concentrated in commercial banks and savings institutions. At March 31, 2011 and December 31, 2010, the FHLBanks had $272.5 billion and $291.8 billion of advances outstanding that were greater than or equal to $1.0 billion per borrower. These advances were made to 66 and 68 borrowers (members and non-members), which represented 62.9 percent of total advances outstanding at both March 31, 2011 and December 31, 2010.

The FHLBanks lend to financial institutions involved in housing finance within their districts according to Federal statutes, including the FHLBank Act. The FHLBank Act requires each FHLBank to hold, or have access to, collateral to secure their advances, and the FHLBanks do not expect to incur any credit losses on advances. The management of each FHLBank has the policies and procedures in place to manage its credit risk, including requirements for physical possession or control of pledged collateral, restrictions on borrowing, verifications of collateral and continuous monitoring of borrowings and the member's financial condition. Each FHLBank continues to monitor the collateral and creditworthiness of its borrowers. Based on the collateral pledged as security for advances and each FHLBank management's credit analyses of its members' financial condition and its credit extension and collateral policies, each FHLBank expects to collect all amounts due according to the contractual terms of its advances. (See ***Note 9—Allowance for Credit Losses*** for information related to FHLBanks' credit risk on advances and allowance methodology for credit losses.)

Note 8—Mortgage Loans

Mortgage Loans Held for Portfolio. Mortgage loans held for portfolio primarily consist of loans obtained through the MPP and MPF Program and are conforming conventional and government-guaranteed or -insured loans. The MPP and MPF Program involve the purchase by the FHLBanks of single-family mortgage loans that are originated or acquired by participating financial institutions (PFIs). These mortgage loans are credit-enhanced by PFIs or are guaranteed or insured by Federal agencies. FHLBanks are authorized to hold acquired member assets, such as assets acquired under the MPF Program developed by the FHLBank of Chicago and the MPP developed by the FHLBanks of Cincinnati, Indianapolis and Seattle.

Currently, each of the FHLBanks of Atlanta, Chicago, Dallas, San Francisco and Seattle is not accepting additional master commitments or purchasing additional mortgages under either the MPP or MPF Program, except in certain cases for immaterial amounts of MPF Loans to support affordable housing. Each of these FHLBanks plans to retain its existing portfolio of mortgage loans. The remaining FHLBanks participating in the MPF Program and MPP continue to have the ability to purchase and fund mortgage loans.

Table 8.1 - Mortgage Loans Held for Portfolio (dollars in millions)

	March 31, 2011	December 31, 2010
Unpaid principal balance:		
Fixed-rate, medium-term(1) single-family mortgages	$13,217	$13,873
Fixed-rate, long-term single-family mortgages	44,793	46,858
Multifamily mortgages	22	25
Total unpaid principal balance	58,032	60,756
Premiums	463	471
Discounts	(187)	(198)
Deferred loan costs, net	14	15
Hedging adjustments	208	233
Total mortgage loans held for portfolio	$58,530	$61,277

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

At March 31, 2011 and December 31, 2010, 16.5 percent and 19.0 percent of the FHLBanks' fixed-rate mortgage loans were swapped to a variable rate.

Table 8.2 - Mortgage Loans Held for Portfolio by Collateral/Guarantee Type (dollars in millions)

	March 31, 2011	December 31, 2010
Unpaid principal balance:		
Conventional loans	$50,834	$53,449
Government-guaranteed or-insured loans	7,176	7,282
Multifamily mortgages	22	25
Total unpaid principal balance	$58,032	$60,756

See ***Note 9—Allowance for Credit Losses*** for information related to FHLBanks' credit risk on mortgage loans and allowance methodology for credit losses.

Mortgage Loans Held for Sale. At March 31, 2011 and December 31, 2010, $110 million and $121 million of mortgage loans were classified as held for sale based on the FHLBank of Topeka's intent to sell specifically identified mortgage loans. All of these loans were classified as conventional mortgage loans. The mortgage loans held for sale are included within other assets on the Combined Statement of Condition at March 31, 2011 and December 31, 2011. These loans are accounted for at the lower of cost or fair value. The individual loan basis is used to determine the lower of cost or fair value adjustments. On May 6, 2011, the FHLBank of Topeka sold all of its mortgage loans held for sale.

Note 9—Allowance for Credit Losses

The FHLBanks have established an allowance methodology for each of the FHLBanks' portfolio segments:

- credit products (advances, letters of credit and other extensions of credit to borrowers);
- government mortgage loans held for portfolio;
- conventional MPF Loans held for portfolio; conventional MPP Loans held for portfolio; and other loans;
- term securities purchased under agreements to resell; and
- term federal funds sold.

See ***Note 11—Allowance for Credit Losses*** to the combined financial statements in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010 for a description of allowance methodologies related to the FHLBanks' portfolio segments.

Credit Products

Using a risk-based approach and taking into consideration each borrower's financial strength, the FHLBanks consider the types and level of collateral to be the primary tool for managing the credit products. At March 31, 2011, each of the FHLBanks had rights to collateral on a borrower-by-borrower basis with an estimated value in excess of its outstanding extensions of credit.

At March 31, 2011 and December 31, 2010, none of the FHLBanks had any credit products that were past due, on non-accrual status, or considered impaired. In addition, there have been no troubled debt restructurings related to credit products at any of the FHLBanks during the three months ended March 31, 2011 and 2010.

Based upon the collateral held as security, their credit extension and collateral policies, management's credit analysis and the repayment history on credit products, the FHLBanks have not recorded any allowance for credit losses on credit products at March 31, 2011 and December 31, 2010. At March 31, 2011 and December 31, 2010, no liability to reflect an allowance for credit losses for off-balance sheet credit exposures was recorded. See ***Note 15—Commitments and Contingencies*** for additional information on the FHLBanks' off-balance sheet credit exposure.

Government Mortgage Loans

The FHLBanks invest in fixed-rate government mortgage loans which are insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the Rural Housing Service of the Department of Agriculture (RHS), and/or by the Department of Housing and Urban Development (HUD). The servicer provides and maintains insurance or a guaranty from the applicable government agency (i.e., the FHA, VA, RHS, or HUD). The servicer is responsible for compliance with all government agency requirements and for obtaining the benefit of the applicable insurance or guaranty with respect to defaulted mortgage government loans. Any losses incurred on such loans that are not recovered from the issuer or guarantor are absorbed by the servicers. Therefore, FHLBanks only have credit risk for these loans if the servicer fails to pay for losses not covered by FHA or HUD insurance, or VA or RHS guarantees. In this regard, based on FHLBanks' assessment of their servicers, the FHLBanks did not establish an allowance for credit losses for government mortgage loan portfolio as of March 31, 2011 and December 31, 2010. Further, due to the government guarantee or insurance, these mortgage loans have not been placed on non-accrual status.

Mortgage Loans—Conventional MPP, Conventional MPF and Other Loans

Rollforward of Allowance for Credit Losses on Mortgage Loans. As of March 31, 2011 and 2010, the FHLBanks established an allowance for credit losses on their conventional mortgage loans held for portfolio. Table 9.1 presents a rollforward of the allowance for credit losses on mortgage loans for the three months ended March 31, 2011 and 2010 and the recorded investment in mortgage loans by impairment methodology at March 31, 2011. The recorded investment in a loan is the unpaid principal balance (UPB) of the loan, adjusted for accrued interest, net deferred loan fees or costs, unamortized premiums or discounts and direct write-downs. The recorded investment is not net of any valuation allowance.

Table 9.1 - Allowance Rollforward for Credit Losses on Mortgage Loans (dollars in millions)

	Total	Conventional MPP	Conventional MPF	Other
Allowance for credit losses, March 31, 2011:				
Balance, December 31, 2010	$ 86	$ 15	$ 70	$ 1
Charge-offs	(4)	(1)	(3)	–
Recoveries	–	–	–	–
Provision for credit losses(1)	22	3	19	–
Balance, March 31, 2011	$ 104	$ 17	$ 86	$ 1
Ending balance, individually evaluated for impairment(2)	$ 21	$ –	$ 21	$ –
Ending balance, collectively evaluated for impairment	$ 83	$ 17	$ 65	$ 1
Recorded investment, March 31, 2011(3):				
Individually evaluated for impairment:				
Impaired, with or without a related allowance	$ 160	$ –	$ 160	$ –
Not impaired, no related allowance	1,250	–	1,250	–
Total recorded investment amount of loans individually evaluated for impairment	1,410	–	1,410	–
Collectively evaluated for impairment	49,855	14,564	35,268	23
Total recorded investment	$51,265	$14,564	$36,678	$23
Allowance for credit losses, March 31, 2010:				
Balance, December 31, 2009	$ 32			
Charge-offs	–			
Recoveries	–			
Provision for credit losses	8			
Balance, March 31, 2010	$ 40			

(1) The provision for credit losses includes only the provision related specifically to mortgage loans and does not include the reversal for credit losses related to Banking on Business loans specific to the FHLBank of Pittsburgh of $1 million for the three months ended March 31, 2011.

(2) A level of imprecision is not used when determining the estimated credit losses on specifically identified mortgage loans.

(3) Excludes government mortgage loans.

Credit Quality Indicators. Key credit quality indicators for mortgage loans include the migration of past due loans, non-accrual loans, loans in process of foreclosure, and impaired loans. Table 9.2 presents the FHLBanks' key credit quality indicators for mortgage loans at March 31, 2011 and December 31, 2010.

Table 9.2 - Recorded Investment in Delinquent Mortgage Loans (dollars in millions)

	March 31, 2011				
Mortgage loans:	Conventional MPP	Conventional MPF	Government	Other	Total
Past due 30-59 days delinquent	$ 200	$ 583	$ 383	$ –	$ 1,166
Past due 60-89 days delinquent	63	194	148	–	405
Past due 90 days or more delinquent	274	710	382	–	1,366
Total past due	537	1,487	913	–	2,937
Total current loans	14,027	35,191	6,374	23	55,615
Total mortgage loans	$14,564	$36,678	$7,287	$23	$58,552
Other delinquency statistics:					
In process of foreclosure, included above(1)	$ 193	$ 473	$ 131	$ –	$ 797
Serious delinquency rate(2)	1.88%	1.96%	5.26%	–	2.35%
Past due 90 days or more still accruing interest	$ 257	$ 190	$ 382	$ –	$ 829
Loans on non-accrual status(3)	$ 16	$ 557	$ –	$ –	$ 573
Troubled debt restructurings	$ –	$ 7	$ –	$ –	$ 7

	December 31, 2010				
Mortgage loans:	Conventional MPP	Conventional MPF	Government	Other	Total
Past due 30-59 days delinquent	$ 197	$ 583	$ 423	$ –	$ 1,203
Past due 60-89 days delinquent	69	204	154	–	427
Past due 90 days or more delinquent	255	696	387	–	1,338
Total past due	521	1,483	964	–	2,968
Total current loans	14,868	37,031	6,438	27	58,364
Total mortgage loans	$15,389	$38,514	$7,402	$27	$61,332
Other delinquency statistics:					
In process of foreclosure, included above(1)	$ 178	$ 446	$ 133	$ –	$ 757
Serious delinquency rate(2)	1.66%	1.83%	5.23%	–	2.19%
Past due 90 days or more still accruing interest	$ 241	$ 206	$ 387	$ –	$ 834
Loans on non-accrual status(3)	$ 15	$ 522	$ –	$ –	$ 537
Troubled debt restructurings	$ –	$ 6	$ –	$ –	$ 6

(1) Includes loans where the decision of foreclosure or similar alternative such as pursuit of deed-in-lieu has been reported. Loans in process of foreclosure are included in past due or current loans dependent on their delinquency status.

(2) Loans that are 90 days or more past due or in process of foreclosure expressed as a percentage of the total loan portfolio class recorded investment amount for those FHLBanks with such loans.

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

The FHLBanks had $119 million in real estate owned recorded in other assets at both March 31, 2011 and December 31, 2010.

Table 9.3 presents the recorded investment, UPB and related allowance of impaired loans individually assessed for impairment at March 31, 2011 and December 31, 2010, and the average recorded investment of impaired loans and related interest for the period ended March 31, 2011:

Table 9.3 - Individually Evaluated Impaired Loan Statistics by Product Class Level (dollars in millions)

	March 31, 2011			December 31, 2010		
	Recorded Investment	UPB	Related Allowance	Recorded Investment	UPB	Related Allowance
With no related allowance:						
Conventional MPP Loans	$ –	$ –	$ –	$ –	$ –	$ –
Conventional MPF Loans	4	4	–	6	6	–
Other Loans	–	–	–	–	–	–
With an allowance:						
Conventional MPP Loans	$ –	$ –	$ –	$ –	$ –	$ –
Conventional MPF Loans	156	156	21	129	129	17
Other Loans	–	–	–	–	–	–
Total:	–	–	–	–	–	–
Conventional MPP Loans	$ –	$ –	$ –	$ –	$ –	$ –
Conventional MPF Loans	160	160	21	135	135	17
Other Loans	–	–	–	–	–	–

	March 31, 2011	
	Average Recorded Investment	Interest Income Recognized
Conventional MPP Loans	$ –	$ –
Conventional MPF Loans	148	2
Other Loans	–	–
Total	$ 148	$ 2

The average recorded investment of impaired mortgage loans for the three months ended March 31, 2010 was $86 million. The interest income recognized during the three months ended March 31, 2010 was $1 million.

Credit Enhancements. The FHLBanks' allowance for credit losses process considers the credit enhancements associated with conventional mortgage loans under the MPF Program and MPP. Credit enhancements considered include primary mortgage insurance (PMI), supplemental mortgage insurance (SMI), CEP Amount (for MPF Loans) and Lender Risk Account (LRA) (for MPP Loans). Any incurred losses that would be recovered from the credit enhancements are not reserved as part of the FHLBanks' allowance for loan losses. In such cases, a receivable is generally established to reflect the expected recovery from credit enhancement fees.

At March 31, 2011 and December 31, 2010, the MPF FHLBanks' exposure under the FLA, excluding amounts that may be recovered through performance-based CE fees, was $533 million and $517 million. The FHLBanks record CE fees paid to the participating members as a reduction to mortgage interest income. CE fees totaled $9 million and $13 million for the three months ended March 31, 2011 and 2010.

The conventional mortgage loans under the MPP are supported by some combination of primary and supplemental mortgage insurance and LRA in addition to the associated property as collateral. The LRA is funded by an FHLBank either up front as a portion of the purchase proceeds or through a portion of the net interest remitted monthly by the member. The LRA is a lender-specific account funded by an FHLBank in an amount approximately sufficient to cover expected losses on the pool of mortgages. The LRA funds are used to offset any losses that may occur. Typically after five years, excess funds over required balances are distributed to the member in accordance with a step-down schedule that is established at the time of a master commitment contract. The LRA is released in accordance with Master Commitment Contracts.

Table 9.4 - Changes in the MPP LRA (dollars in millions)

LRA at December 31, 2010	$ 78
Additions	4
Claims	(4)
Scheduled distributions	(1)
LRA at March 31, 2011	$ 77

Term Securities Purchased Under Agreements to Resell and Term Federal Funds Sold

These investments are generally short-term and the recorded balance approximates fair value. The FHLBanks invest in Federal funds with highly rated counterparties and are only evaluated for purposes of an allowance for credit losses if the investment is not paid when due. All investments in Federal funds as of March 31, 2011 and December 31, 2010 were repaid according to the contractual terms. Securities purchased under agreements to resell are considered collateralized financing arrangements and effectively represent short-term loans with highly rated counterparties. The terms of these loans are structured such that if the market value of the underlying securities decrease below the market value required as collateral, the counterparty must place an equivalent amount of additional securities as collateral or remit an equivalent amount of cash, or the dollar value of the resale agreement will be decreased accordingly. If an agreement to resell is deemed to be impaired, the difference between the fair value of the collateral and the amortized cost of the agreement is charged to earnings. Based upon the collateral held as security, the FHLBanks determined that no allowance for credit losses was needed for the securities under agreements to resell at March 31, 2011 and December 31, 2010.

Note 10—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. The goal of each FHLBank's 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 interest income, net interest margin and average maturity of interest-earning assets and funding sources.

Consistent with Finance Agency regulation, an FHLBank enters into derivatives to (1) manage the interest-rate risk exposures inherent in its otherwise unhedged assets and funding positions, (2) to achieve the FHLBank's risk management objectives, and (3) 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 use of derivatives is 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 because 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 and liabilities;
- 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.

Application of Derivatives

Derivative financial instruments may be used by an FHLBank as follows:

1. As a fair-value or cash-flow hedge of an associated financial instrument, a firm commitment or an anticipated transaction.
2. As an economic hedge to manage certain defined risks in the course of its balance sheet. These hedges are primarily used to manage mismatches between the coupon features of its assets and liabilities. For example, an FHLBank may use derivatives in its overall interest-rate risk management activities to adjust the interest-rate sensitivity of consolidated obligations to approximate more closely the interest-rate sensitivity of its assets (both advances and investments), and to adjust the interest-rate sensitivity of advances or investments to approximate more closely the interest-rate sensitivity of its liabilities. In addition, to reduce its exposure to reset risk, an FHLBank may occasionally enter into forward-rate agreements, which are also treated as economic hedges.
3. As an intermediary hedge to meet the asset or liability management needs of their members. An FHLBank acts as an intermediary by entering into derivatives with its members and offsetting derivatives with 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.

Derivative financial instruments are used by an FHLBank when they are considered to be the most cost-effective alternative to achieve the FHLBank's financial and risk management objectives. Each FHLBank reevaluates its hedging strategies from time to time and may change the hedging techniques it uses or adopt new strategies.

Types of Derivatives

An FHLBank may use the following instruments to reduce funding costs and to manage its exposure to interest-rate risks inherent in the normal course of business:

- interest-rate swaps;
- swaptions;
- interest-rate cap and floor agreements;
- options; and
- futures and forwards contracts.

Types of Hedged Items

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

- consolidated obligations;
- advances;

- mortgage loans;
- anticipated streams of future cash flows;
- firm commitments;
- investments;
- anticipated debt issuances; and
- variable cash streams.

Managing Credit Risk on Derivatives

The FHLBanks are subject to credit risk due to nonperformance by counterparties to the derivative agreements. The degree of counterparty risk depends on the extent to which master netting arrangements are included in such contracts to mitigate the risk. The FHLBanks manage counterparty credit risk through credit analysis, collateral requirements and adherence to the requirements set forth in FHLBank policies and Finance Agency regulations. The FHLBanks require collateral agreements on all derivatives that establish collateral delivery thresholds. 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. Based on credit analyses and collateral requirements, the management of each FHLBank does not anticipate any credit losses on its derivative agreements. (See ***Note 14—Fair Value*** for discussion regarding the FHLBanks' fair value methodology for derivative assets and liabilities, including an evaluation of the potential for the fair value of these instruments to be affected by counterparty credit risk.)

Table 10.1 presents credit risk exposure on derivative instruments, excluding circumstances where a counterparty's pledged collateral to an FHLBank exceeds the FHLBank's net position.

Table 10.1 - Credit Risk Exposure (dollars in millions)

	March 31, 2011	December 31, 2010
Total net exposure at fair value(1)	$1,939	$2,055
Cash collateral held	1,052	1,164
Net exposure after cash collateral	887	891
Other collateral held	727	721
Net exposure after collateral	$ 160	$ 170

(1) Includes net accrued interest receivable of $442 million and $376 million at March 31, 2011 and December 31, 2010.

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, 2011 was $10.3 billion for which the FHLBanks have posted collateral of $6.8 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 $2.4 billion of collateral (at fair value) to their derivatives counterparties at March 31, 2011.

None of the FHLBanks' senior credit ratings was lowered during the twelve months ended March 31, 2011 and 2010. However, on April 20, 2011, Standard & Poor's Ratings Services revised its outlooks on the debt issues of the FHLBank System to negative from stable while affirming its respective debt issue ratings. It also revised its outlook to negative from stable for 10 of the 12 individual FHLBanks while affirming their triple-A long-term counterparty credit ratings. The outlooks on the FHLBank of Chicago and FHLBank of Seattle, which are rated double-A plus, were not revised. These rating actions reflect S&P's revision of the outlook on the long-term sovereign credit rating on the United States of America to negative from stable. In the application of S&P's Government Related Entities criteria, the ratings of the FHLBank System and the FHLBanks are constrained by the long-term sovereign rating of the United States.

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.

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. However, the notional amount of derivatives represents neither the actual amounts exchanged nor the overall exposure of the FHLBanks to credit and market risk. The risks of derivatives can be measured meaningfully on a portfolio basis that takes into account the derivatives, the item being hedged and any offsets between the two.

Table 10.2 presents the fair value of derivative instruments. For purposes of this disclosure, the derivative values include the fair value of derivatives and the related accrued interest.

Table 10.2 - Derivative Instruments Fair Value (dollars in millions)

	March 31, 2011		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$532,693	$ 5,652	$ 14,658
Interest-rate swaptions	870	28	–
Interest-rate caps or floors	342	1	2
Interest-rate futures or forwards	211	2	–
Total derivatives in hedging relationships	534,116	5,683	14,660
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	182,806	930	1,265
Interest-rate swaptions	8,260	217	–
Interest-rate caps or floors	32,937	555	73
Interest-rate futures or forwards	244	1	–
Mortgage delivery commitments	639	1	3
Other	633	6	6
Total derivatives not designated as hedging instruments	225,519	1,710	1,347
Total derivatives before netting and collateral adjustments	$759,635	7,393	16,007
Netting adjustments		(5,520)	(5,520)
Cash collateral and related accrued interest		(980)	(5,631)
Total netting adjustments and cash collateral[1]		(6,500)	(11,151)
Derivative assets and derivative liabilities as reported on the combined statement of condition		$ 893	$ 4,856

	December 31, 2010		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives Designated as Hedging Instruments:			
Interest-rate swaps	$548,259	$ 6,562	$ 17,379
Interest-rate swaptions	870	29	–
Interest-rate caps or floors	292	1	2
Total derivatives in hedging relationships	549,421	6,592	17,381
Derivatives Not Designated as Hedging Instruments:			
Interest-rate swaps	192,019	1,031	1,592
Interest-rate swaptions	9,570	227	–
Interest-rate caps or floors	34,592	610	63
Interest-rate futures or forwards	166	–	1
Mortgage delivery commitments	750	2	4
Other	646	7	6
Total derivatives not designated as hedging instruments	237,743	1,877	1,666
Total derivatives before netting and collateral adjustments	$787,164	8,469	19,047
Netting adjustments		(6,411)	(6,411)
Cash collateral and related accrued interest		(1,161)	(7,169)
Total netting adjustments and cash collateral[1]		(7,572)	(13,580)
Derivative assets and derivative liabilities as reported on the combined statement of condition		$ 897	$ 5,467

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

Table 10.3 presents the components of net gains (losses) on derivatives and hedging activities for the three months ended March 31, 2011 and 2010 as presented in the Combined Statement of Income.

Table 10.3 - Net Gains (Losses) on Derivatives and Hedging Instruments (dollars in millions)

	Three Months Ended March 31,	
	2011	2010
Derivatives and Hedged Items in Fair-Value Hedging Relationships:		
Interest-rate swaps	$125	$ 66
Other[1]	(5)	4
Total net gains related to fair-value hedge ineffectiveness	120	70
Total net gains related to cash-flow hedge ineffectiveness:	2	1
Derivatives Not Designated as Hedging Instruments:		
Economic hedges		
Interest-rate swaps	118	82
Interest-rate swaptions	(47)	(187)
Interest-rate caps or floors	(43)	(141)
Interest-rate futures or forwards	1	(2)
Net interest settlements	(17)	(81)
Mortgage delivery commitments	(4)	4
Total net gains (losses) related to derivatives not designated as hedging instruments	8	(325)
Net gains (losses) on derivatives and hedging activities	$130	$(254)

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

Table 10.4 presents by type of hedged item, the gains (losses) on derivatives and the related hedged items in fair-value hedging relationships and the effect of those derivatives on the FHLBanks' net interest income.

Table 10.4 - Effect of Fair-Value Hedge Related Derivative Instruments (dollars in millions)

	Three Months Ended March 31, 2011			
Hedged Item Type:	**Gains (Losses) on Derivative**	**(Losses) Gains on Hedged Item**	**Net Fair-Value Hedge Ineffectiveness**	**Effect of Derivatives on Net Interest Income or Interest Expense(1)**
Advances	$ 2,013	$(1,894)	$119	$(1,792)
Consolidated bonds	(1,120)	1,112	(8)	1,166
Consolidated discount notes	(2)	2	–	2
Available-for-sale securities	77	(63)	14	(83)
Mortgage loans held for portfolio	(1)	(4)	(5)	(3)
Total	$ 967	$ (847)	$120	$ (710)

	Three Months Ended March 31, 2010			
Hedged Item Type:	**(Losses) Gains on Derivative**	**Gains (Losses) on Hedged Item**	**Net Fair-Value Hedge Ineffectiveness**	**Effect of Derivatives on Net Interest Income/Interest Expense(1)**
Advances	$(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)

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

Table 10.5 presents by type of hedged item in cash-flow hedging relationships, the gains (losses) recognized in AOCI, reclassified from AOCI into income, and the effect of those hedging activities on the FHLBanks' net gains (losses) on derivatives and hedging activities on the Combined Statement of Income. (See the ***Combined Statement of Capital*** for more details on the effect of cash-flow hedges on AOCI.)

Table 10.5 - Effect of Cash-Flow Hedge Related Derivative Instruments (dollars in millions)

	Three Months Ended March 31, 2011			
Derivatives and Hedged Items in Cash Flow Hedging Relationships:	**Amount of Gains Recognized in AOCI on Derivative (Effective Portion)**	**Location of Gains Reclassified from AOCI into Income (Effective Portion)**	**Amount of (Losses) Gains Reclassified from AOCI into Income (Effective Portion)**	**Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)**
Interest-rate swaps				
Consolidated bonds	$ 1	Interest expense	$ (2)	$ –
Consolidated discount notes	79	Interest expense	(1)	2
Interest-rate caps or floors				
Advances	–	Interest income	13	–
Consolidated discount notes	–	Interest expense	(4)	–
Total	$ 80		$ 6	$ 2

Derivatives and Hedged Items in Cash Flow Hedging Relationships:	Three Months Ended March 31, 2010 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

There were no material amounts for the three months ended March 31, 2011 and 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, 2011, the deferred net gains on derivative instruments in AOCI that are expected to be reclassified to earnings during the next twelve months are $22 million. The maximum length of time over which the FHLBanks are hedging their exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is generally no more than six months. For the FHLBank of Chicago, the maximum length of time over which forecasted transactions are hedged is 10 years.

Note 11—Deposits

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

Table 11.1 - Deposits (dollars in millions)

	March 31, 2011	December 31, 2010
Interest-bearing:		
Demand and overnight	$13,803	$12,776
Term	916	1,129
Other	53	75
Total interest-bearing	14,772	13,980
Non-interest-bearing:		
Demand and overnight	102	160
Other	137	261
Total non-interest-bearing	239	421
Total deposits	$15,011	$14,401

Note 12—Consolidated Obligations

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.

Consolidated obligations are issued with either fixed-rate coupon payment terms or variable-rate coupon payment terms that use a variety of indices for interest-rate resets including the LIBOR, Treasury Bills (T-Bills), the Prime rate, and others. To meet the expected specific needs of certain investors in consolidated obligations, both fixed-rate consolidated bonds and variable-rate consolidated bonds may contain features that result in complex coupon payment terms and call or put options. When such consolidated obligations are issued, the FHLBanks enter into derivatives containing offsetting features that effectively convert the terms of the consolidated bond to those of a simple variable-rate consolidated bond or a fixed-rate consolidated bond. At March 31, 2011 and December 31, 2010, 67.4 percent and 67.2 percent of the FHLBanks' fixed-rate consolidated bonds were swapped to a variable-rate and 48.3 percent and 43.5 percent of the FHLBanks' variable-rate consolidated bonds were swapped to a different variable-rate index. At March 31, 2011 and December 31, 2010, 12.7 percent and 11.5 percent of the FHLBanks' fixed-rate consolidated discount notes were swapped to a variable-rate.

Table 12.1 - Consolidated Bonds Outstanding by Contractual Maturity (dollars in millions)

	March 31, 2011		December 31, 2010	
Year of Contractual Maturity	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Due in 1 year or less	$247,986	1.10%	$264,479	1.21%
Due after 1 year through 2 years	95,809	2.00%	102,481	1.74%
Due after 2 years through 3 years	73,613	2.59%	80,387	2.60%
Due after 3 years through 4 years	37,692	3.05%	34,203	3.04%
Due after 4 years through 5 years	41,590	2.33%	38,750	2.40%
Thereafter	80,576	3.94%	76,864	4.01%
Index amortizing notes	4,159	4.82%	4,539	4.82%
Total par value	581,425	2.07%	601,703	2.05%
Premiums	820		761	
Discounts	(252)		(278)	
Hedging adjustments	3,318		4,489	
Fair value option valuation adjustments	(90)		(108)	
Total	$585,221		$606,567	

Table 12.2 - Consolidated Bonds Outstanding by Call Features (dollars in millions)

Par values of consolidated bonds	March 31, 2011	December 31, 2010
Noncallable/nonputable	$440,205	$455,512
Callable	141,220	146,191
Total par value	$581,425	$601,703

Table 12.3 - Consolidated Bonds Outstanding by Contractual Maturity or Next Call Date (dollars in millions)

Year of Contractual Maturity or Next Call Date	March 31, 2011	December 31, 2010
Due in 1 year or less	$364,283	$369,833
Due after 1 year through 2 years	81,248	92,154
Due after 2 years through 3 years	52,022	59,638
Due after 3 years through 4 years	24,074	20,423
Due after 4 years through 5 years	17,025	17,173
Thereafter	38,614	37,943
Index amortizing notes	4,159	4,539
Total par value	$581,425	$601,703

Note 13—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. As of March 31, 2011, 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. 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. Mandatorily redeemable capital stock is considered capital for determining an FHLBank's compliance with its regulatory requirements.

2. Total regulatory capital. Each FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total regulatory capital is the sum of permanent capital, Class A stock, any general loss allowance, if consistent with GAAP and not established for specific assets, and other amounts from sources determined by the Finance Agency as available to absorb losses.

3. Leverage capital. 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 permanent capital weighted 1.5 times and all other capital without a weighting factor.

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

At March 31, 2011, all of the FHLBanks that have implemented their respective capital plans under the GLB Act were in compliance with their regulatory capital rules. (See ***FHLBank of Seattle Capital Classification and Consent Arrangement*** within this note for a description of this FHLBank's agreement with the Finance Agency.)

Table 13.1 - Risk-Based Capital Requirements as of March 31, 2011 (dollars in millions)

FHLBank(1)	Risk-Based Capital Requirement	Actual Risk-Based Capital
Boston	$1,199	$ 4,022
New York	549	5,099
Pittsburgh	1,640	4,238
Atlanta	2,279	8,954
Cincinnati	450	3,872
Indianapolis	927	2,709
Des Moines	834	2,689
Dallas	404	1,908
Topeka	274	1,166
San Francisco	4,182	13,261
Seattle	1,624	2,701

Table 13.2 - Total Regulatory Capital Requirements as of March 31, 2011 (dollars in millions)

FHLBank(1)	Minimum Regulatory Capital Ratio Requirement	Minimum Regulatory Capital Requirement	Actual Regulatory Capital Ratio	Actual Regulatory Capital
Boston	4.0%	$2,224	7.2%	$ 4,022
New York	4.0%	3,875	5.3%	5,106
Pittsburgh	4.0%	2,088	8.1%	4,238
Atlanta	4.0%	4,945	7.2%	8,954
Cincinnati	4.0%	2,853	5.4%	3,872
Indianapolis	4.0%	1,756	6.2%	2,709
Des Moines	4.0%	2,114	5.1%	2,689
Dallas	4.0%	1,327	5.8%	1,908
Topeka	4.0%	1,521	4.7%	1,778
San Francisco	4.0%	6,058	8.8%	13,261
Seattle	4.0%	1,838	6.2%	2,860

Table 13.3 - Leverage Capital Requirements as of March 31, 2011 (dollars in millions)

FHLBank(1)	Minimum Leverage Capital Ratio Requirement	Minimum Leverage Capital Requirement	Actual Leverage Capital Ratio	Actual Leverage Capital
Boston	5.0%	$2,780	10.9%	$ 6,033
New York	5.0%	4,844	7.9%	7,656
Pittsburgh	5.0%	2,610	12.2%	6,356
Atlanta	5.0%	6,182	10.9%	13,431
Cincinnati	5.0%	3,566	8.1%	5,807
Indianapolis	5.0%	2,195	9.3%	4,064
Des Moines	5.0%	2,642	7.6%	4,034
Dallas	5.0%	1,658	8.6%	2,862
Topeka	5.0%	1,901	6.2%	2,361
San Francisco	5.0%	7,572	13.1%	19,891
Seattle	5.0%	2,297	9.2%	4,210

(1) Excludes the FHLBank of Chicago, which had not implemented a new capital plan as of March 31, 2011, but was in compliance with all of its minimum regulatory capital requirements. (See ***FHLBank of Chicago Regulatory Actions*** within this note for a description of this FHLBank's regulatory capital requirements.)

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 canceled 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). The FHLBank of Seattle will not pay dividends except upon compliance with capital restoration and retained earnings plans approved by the Finance Agency and prior written approval of the Finance Agency.

At March 31, 2011, combined regulatory capital was $56.5 billion compared to $57.4 billion at December 31, 2010. These amounts include $1.0 billion in subordinated notes, subject to 20 percent annual phase-outs of $200 million beginning on June 14, 2011 (Designated Amount), which the FHLBank of Chicago is allowed to include in determining compliance with its regulatory capital requirements, as further discussed in this note. Combined regulatory capital does not include AOCI, but does include mandatorily redeemable capital stock.

Mandatorily Redeemable Capital Stock. An FHLBank reclassifies 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.

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 capital according to the terms of its capital plan. After the reclassification, dividends on the capital stock would no longer be classified as interest expense. For each of the three months ended March 31, 2011 and 2010, dividends on mandatorily redeemable capital stock in the amount of $14 million were recorded as interest expense.

At March 31, 2011 and December 31, 2010, the FHLBanks had $6.4 billion and $7.1 billion in capital stock subject to mandatory redemption with payment subject to each FHLBank's waiting period and capital plan terms, 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, 2011, 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, 2011, each of these FHLBanks was in compliance with the Finance Agency's excess stock rules.

Capital Classification Determination. The Finance Agency implemented the prompt corrective action (PCA) provisions of the Housing Act. The rule established four capital classifications: adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, for the FHLBanks and implemented the PCA provisions that apply to FHLBanks that are not deemed to be adequately capitalized. The Finance Agency determines each FHLBank's capital classification on at least a quarterly basis. If an FHLBank is determined to be other than adequately capitalized, the FHLBank becomes subject to additional supervisory authority by the Finance Agency. Before implementing a reclassification, the Finance Agency Director is required to provide the FHLBank with written notice of the proposed action and an opportunity to submit a response. For a discussion of an individual FHLBank's capital classification, see that FHLBank's periodic report filed with the SEC.

FHLBank of Chicago Regulatory Actions. As required by the Consent Cease and Desist Order (C&D Order) the FHLBank of Chicago submitted to the Finance Board a capital plan and implementation strategies to provide for the conversion of its capital stock under the GLB Act. The FHLBank of Chicago has subsequently submitted revisions to the capital plan and implementation strategies to the Finance Agency as a result of on-going discussions with the Finance Agency regarding the FHLBank of Chicago's anticipated capital stock conversion. No final decision has yet been received 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, 2011, the FHLBank of Chicago was in compliance with all of its minimum regulatory capital requirements. Table 13.4 presents the FHLBank of Chicago's regulatory capital requirements at March 31, 2011, as a percentage of its total assets.

Table 13.4 - FHLBank of Chicago Regulatory Capital Requirements (dollars in millions)

	Regulatory Capital plus Designated Amount of Subordinated Notes(1)			
	Requirement in Effect		Actual	
Non-Mortgage Asset Ratio	Ratio(2)	Amount	Ratio	Amount
24.35%	4.76%	$3,999	5.94%	$4,988

(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 the Designated Amount of subordinated notes (subject to 20 percent annual phase-outs of $200 million beginning on June 14, 2011) in calculating 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. The C&D Order includes a minimum regulatory capital ratio of 4.5 percent, which currently supersedes the 4.0 percent regulatory requirement. These ratios apply to the FHLBank of Chicago when its non-mortgage assets (defined as total assets less advances, acquired member assets, standby letters of credit, intermediary derivative contracts with members, certain MBS, and other investments specified by Finance Agency regulation) after deducting its amount of deposits and capital are not greater than 11 percent of the FHLBank of Chicago's total assets. If the non-mortgage asset ratio is greater than 11 percent of its total assets, the Finance Agency regulations require a regulatory capital ratio of 4.76 percent. The FHLBank of Chicago's non-mortgage asset ratio on an average monthly basis was above 11 percent at March 31, 2011, thus it was subject to the 4.76 percent ratio at that date.

Under the C&D Order, the FHLBank of Chicago is also required to maintain an aggregate amount of regulatory capital stock plus a Designated Amount of subordinated notes of at least $3.600 billion. At March 31, 2011, the FHLBank of Chicago had an aggregate amount of $3.863 billion of regulatory capital stock plus the Designated Amount of subordinated notes.

During the three months ended March 31, 2011, the FHLBank of Chicago redeemed less than $1 million in excess capital stock exceeding a member's capital stock floor as permitted under the C&D Order. From April 24, 2008 through March 31, 2011 the Deputy Director has denied requests of 22 members to redeem capital stock totaling $50 million in connection with membership withdrawals and other terminations. 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 and Consent Arrangement. In August 2009, under the Finance Agency's prompt corrective action (PCA) regulation, the FHLBank of Seattle received a capital classification of "undercapitalized" from the Finance Agency, due to among other things, the FHLBank of Seattle's risk-based capital deficiencies as of March 31, 2009 and June 30, 2009, the deterioration in the value of its private-label MBS and the amount of accumulated other comprehensive loss (AOCL) stemming from that deterioration, the level of its retained earnings in comparison to AOCL, and its market value of equity (MVE) compared to the par value of capital stock (PVCS). This classification subjects the FHLBank of Seattle to a range of mandatory and discretionary restrictions, including limitations on asset growth and new business activities. In accordance with the PCA regulations, the FHLBank of Seattle submitted a proposed capital restoration plan to the Finance Agency in August 2009, and in subsequent months worked with the Finance Agency on the plan and, among other things, submitted a proposed business plan to the Finance Agency on August 16, 2010.

On October 25, 2010, the FHLBank of Seattle entered into a Stipulation and Consent to the Issuance of a Consent Order (Stipulation and Consent) with the Finance Agency, relating to the Consent Order, effective as of the same date, issued by the Finance Agency to the FHLBank of Seattle. The Stipulation and Consent, the Consent Order, and the related understandings with the Finance Agency are collectively referred to as the Consent Arrangement. The Consent Arrangement sets forth requirements for capital management, asset composition, and other operational and risk management improvements and the FHLBank of Seattle has agreed to address, among other things:

- risk management and asset improvement;
- capital adequacy and retained earnings;
- remediation of examination findings;
- information technology; and
- senior management and compensation practices.

The Consent Arrangement also provides for a Stabilization Period commencing on the date of the Consent Order and continuing through the filing of the FHLBank of Seattle's 2011 Second Quarter SEC Form 10-Q. The Consent Arrangement requires the FHLBank of Seattle to meet certain minimum financial metrics by the end of the Stabilization Period and maintain them for each quarter-end thereafter. These financial metrics relate to retained earnings, AOCL and the MVE to PVCS ratio.

Through March 31, 2011, the FHLBank of Seattle had met the minimum financial metrics pursuant to the Consent Arrangement at each reporting period-end. In addition, the FHLBank of Seattle has continued taking the specified actions within the timeframes noted in the Consent Order and meeting the agreed-upon milestones and timelines for developing its plans to address the requirements for asset composition, capital management, and other operational and risk management objectives.

The Finance Agency will continue to classify the FHLBank of Seattle as "undercapitalized" at least through the Stabilization Period unless the Finance Agency takes additional action.

The Consent Arrangement clarifies, among other things, the steps the FHLBank of Seattle must take to stabilize its business, improve its capital classification, and return to normal operations. In the actions taken by the FHLBank of Seattle and the improvements proposed thus far, it has coordinated, and will continue coordinating with the Finance Agency so that actions taken and improvements proposed are aligned with the Finance Agency's expectations. However, there is a risk that implementation of approved plans, policies, and procedures designed to enhance the FHLBank of Seattle 's safety and soundness may, to varying degrees, reduce its flexibility in managing the FHLBank of Seattle, negatively affecting advance volumes, its cost of funds, and net income, further affecting its financial condition and results of operations.

The Consent Arrangement will remain in effect until modified or terminated by the Finance Agency and does not prevent the Finance Agency from taking any other action affecting the FHLBank of Seattle that, at the sole discretion of the Finance Agency, it deems appropriate in fulfilling its supervisory responsibilities. The FHLBank of Seattle cannot predict whether it will be able to develop and execute plans acceptable to the Finance Agency, achieve the minimum financial metrics by the end of the Stabilization Period and maintain them thereafter, and meet the requirements for asset composition, capital management, and other operational and risk management objectives pursuant to the Consent Arrangement. Failure to successfully execute such plans, meet and maintain the metrics, or meet the requirements could result in additional actions under the PCA provisions or imposition of additional requirements or conditions by the Finance Agency, which could have a material adverse consequence to the FHLBank of Seattle's business, including its financial condition and results of operations.

Note 14—Fair Value

The fair value amounts, recorded on the Combined Statement of Condition and presented in the note disclosures, have been determined by the FHLBanks using available market information and each FHLBank's best judgment of appropriate valuation methods. These estimates are based on pertinent information available to the FHLBanks at March 31, 2011 and December 31, 2010. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any valuation technique. Therefore, these fair values may not be indicative of the amounts that would have been realized in market transactions at the reporting dates.

Table 14.1 presents the carrying value and estimated fair value of financial assets and liabilities of the FHLBanks. This table 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 and liabilities.

Table 14.1 - Fair Value Summary Table (dollars in millions)

	March 31, 2011		December 31, 2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets:				
Cash and due from banks	$ 12,981	$ 12,981	$ 3,801	$ 3,801
Interest-bearing deposits	8	8	9	9
Securities purchased under agreements to resell	11,900	11,900	16,400	16,400
Federal funds sold	80,811	80,812	75,855	75,855
Trading securities	31,631	31,631	28,291	28,291
Available-for-sale securities	74,626	74,626	71,459	71,459
Held-to-maturity securities	129,480	130,717	138,456	140,266
Advances(1)	445,090	446,957	478,589	480,420
Mortgage loans held for portfolio, net	58,426	61,214	61,191	64,289
Accrued interest receivable	1,755	1,755	1,921	1,921
Derivative assets, net	893	893	897	897
Other assets(2)	126	134	134	143
Liabilities:				
Deposits	15,011	15,011	14,401	14,401
Securities sold under repurchase agreements	1,200	1,210	1,200	1,213
Consolidated obligation discount notes(3)	184,325	184,329	194,431	194,435
Consolidated obligation bonds(4)	585,221	591,488	606,567	613,573
Mandatorily redeemable capital stock	6,427	6,427	7,066	7,066
Accrued interest payable	2,842	2,842	2,471	2,471
Derivative liabilities, net	4,856	4,856	5,467	5,467
Optional advance commitments(5)	15	15	11	11
Subordinated notes	1,000	1,076	1,000	1,065

(1) Includes $9,714 million and $10,494 million of advances recorded under the fair value option at March 31, 2011 and December 31, 2010.

(2) Other assets primarily includes mortgage loans held for sale.

(3) Includes $3,476 million and $5,820 million of consolidated obligation discount notes recorded under the fair value option at March 31, 2011 and December 31, 2010.

(4) Includes $46,767 million and $47,395 million of consolidated obligation bonds recorded under the fair value option at March 31, 2011 and December 31, 2010.

(5) Recorded in other liabilities under the fair value option at March 31, 2011 and December 31, 2010.

Fair Value Hierarchy

The FHLBanks record trading securities, available-for-sale securities, derivative assets, derivative liabilities, certain advances, certain consolidated obligations and certain other liabilities at fair value on a recurring basis and on occasion certain private-label MBS and other financial assets on a non-recurring basis. The fair value hierarchy is used to prioritize the fair value valuation techniques as well as the inputs to valuation techniques used to measure fair value for assets and liabilities that are carried at fair value, both on a recurring and non-recurring basis, on the Combined Statement of Condition. The inputs are evaluated and an overall level for the fair value measurement is determined. This overall level is an indication of market observability of the fair value measurement for the asset or liability.

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

- Level 1. Defined as those instruments for which fair value is determined from quoted prices for identical assets or liabilities in active markets. The types of assets and liabilities carried at Level 1 fair value generally include certain types of derivative contracts that are traded in an open exchange market and investments such as publicly-traded mutual funds.

- Level 2. Defined as those instruments for which fair value is determined from quoted prices for similar assets and liabilities in active markets, or, if a valuation methodology is used, inputs are selected that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The types of assets and liabilities carried at Level 2 fair value generally include trading and available-for-sale investment securities, including U.S. government and agency mortgage-backed securities, derivative contracts and certain advances, certain consolidated obligations and certain other liabilities elected to be carried at fair value under the fair value option.

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

For instruments that are carried at fair value, each FHLBank reviews its fair value hierarchy classifications on a quarterly basis. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. These reclassifications are reported as transfers in/out at fair value as of the beginning of the quarter in which the changes occur. There were no such transfers during the three months ended March 31, 2011 and 2010.

Valuation Techniques and Significant Inputs

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

Interest-bearing deposits. The fair value is determined based on each security's quoted price or prices obtained from a pricing service for instruments with more than three months to maturity. When quoted prices are not available, the fair value is determined by calculating the present value of the expected future cash flows and reducing the amount for accrued interest receivable. For certain FHLBanks, the fair value approximates the carrying value for interest-bearing deposits with variable rates and fixed rates with three months or less to maturity or repricing.

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

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

Investment securities—non-MBS. The FHLBanks use either an income approach based on a market-observable interest rate curve adjusted for a spread, or prices received from pricing services to determine the estimated fair value of non-MBS investment securities. Each FHLBank believes that its methodologies result in fair values that are reasonable and similar in all material respects based on the nature of the financial instruments being measured. The significant inputs include either a market-observable interest rate curve and a discount spread, if applicable, or the price received from a pricing service. Differing spreads may be applied to distinct term points along the discount curve in determining the fair value of instruments with varying maturities; therefore, the spread adjustment is presented as a range in table 14.2.

Table 14.2 presents the significant inputs for non-MBS financial assets and liabilities carried at levels 2 and 3 within the fair value hierarchy at March 31, 2011.

Table 14.2 - Significant Inputs for Non-MBS (dollars in millions)

	Interest Rate Curve/ Pricing Services	Spread Range to the Interest Rate Curve (basis points)	Fair Value Levels 2 and 3
U.S. Treasury obligations	Treasury Curve	–	$ 2,982
	Pricing Service	N/A	93
Total U.S. Treasury obligations			3,075
Commercial paper	LIBOR Swap Curve	(5) to (4)	2,179
Certificates of deposit	LIBOR Swap Curve	(4) to (2)	2,335
	Pricing Service	N/A	10,655
Total certificates of deposit			12,990
Other U.S. obligations	Pricing Service	N/A	941
Government-sponsored enterprises and TVA	Agency Discount Note Curve	–	5,857
	Pricing Service	N/A	18,154
Total Government-sponsored enterprises and TVA			24,011
State or local housing agency obligations	Pricing Service	N/A	3
TLGP	LIBOR Swap Curve	(5)	250
	Pricing Service	N/A	13,565
Total TLGP			13,815
FFELP ABS	LIBOR Swap Curve	60 to 81	3,115
	Pricing Service	N/A	5,573
Total FFELP ABS			8,688
Other	Pricing Service	N/A	830

Investment securities—MBS. The FHLBanks' valuation technique incorporates prices from up to four designated third-party pricing vendors, when available. These pricing vendors use methods that generally employ, but are not limited to benchmark yields, recent trades, dealer estimates, valuation models, benchmarking of like securities, sector groupings, and/or matrix pricing. Each FHLBank establishes a price for each of its MBS using a formula that is based upon the number of prices received. If four prices are received, the average of the middle two prices is used; if three prices are received, the middle price is used; if two prices are received, the average of the two prices is used; and if one price is received, it is used subject to some type of validation as described below. The computed prices are tested for reasonableness using specified tolerance thresholds. Computed prices within the established thresholds are generally accepted unless strong evidence suggests that using the formula-driven price would not be appropriate. Preliminary estimated fair values that are outside the tolerance thresholds, or that management believes may not be appropriate based on all available information (including those limited instances in which only one price is received), are subject to further analysis including, but not limited to, a comparison to the prices for similar securities and/or to non-binding dealer estimates or the use of an internal model that is deemed most appropriate after consideration of all relevant facts and circumstances that a market participant would consider. As of March 31, 2011, substantially all of the FHLBanks' MBS holdings were priced using this valuation technique. The relative lack of dispersion among the vendor prices received for each of the securities supports each FHLBank's conclusion that the final computed prices are reasonable estimates of fair value. Based on the current lack of significant market activity for private-label RMBS, the recurring and non-recurring fair value measurements for those securities as of March 31, 2011 fell within Level 3 of the fair value hierarchy.

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

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

- *CO Curve.* The Office of Finance constructs a market-observable curve referred to as the CO Curve. This curve is constructed using the U.S. Treasury Curve as a base curve, which is then adjusted by adding indicative spreads obtained largely from market observable sources. These market indications are generally derived from pricing indications from dealers, historical pricing relationships, recent GSE trades, and secondary market activity. The FHLBanks use 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, 2011 the spread adjustment to the CO Curve was 4 to 30 basis points for advances carried at fair value.

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

Accrued interest receivable and payable. The fair value approximates the carrying value.

Derivative assets/liabilities. The FHLBanks base the fair values of derivatives with similar terms on available market prices when available. However, active markets do not exist for many of the FHLBanks' derivatives. Consequently, fair values for these instruments are generally estimated using standard valuation techniques such as discounted cash-flow analysis and comparisons to similar instruments. Estimates developed using these methods are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows, volatility of interest rates, and the selection of discount rates that appropriately reflect market and credit risks. The use of different assumptions could have a material effect on the fair value estimates. Because these estimates are made at a specific point in time, they are susceptible to material near-term changes. The FHLBanks are subject to credit risk in derivatives transactions due to the potential nonperformance of their derivatives counterparties, which are generally highly rated institutions. To mitigate this risk, the FHLBanks have entered into master netting agreements for interest-rate exchange agreements with their derivative counterparties. In addition, each FHLBank has entered into bilateral security agreements with all of its active derivatives counterparties that provide for the delivery of collateral at specified levels tied to those counterparties' credit ratings to limit that FHLBank's net unsecured credit exposure to those counterparties. Each FHLBank has evaluated the potential for the fair value of the instruments to be affected by counterparty and its own credit risk and has determined that no adjustments were significant to the overall fair value measurements.

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

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

Interest-rate related:

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

TBAs:

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

Mortgage delivery commitments:

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

<u>Deposits.</u> The FHLBanks determine the fair values of deposits by calculating the present value of expected future cash flows from the deposits. The discount rates used in these calculations are the cost of deposits with similar terms. For certain FHLBanks, the fair value equals the carrying value for deposits with variable rates and fixed rates with three months or less to maturity or repricing.

<u>Securities sold under agreements to repurchase.</u> 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.

<u>Consolidated obligations.</u> The FHLBanks estimate fair values based on the cost of raising comparable term debt, independent market-based prices received from a third-party pricing service, or internal valuation models. The FHLBanks' internal valuation models use standard valuation techniques and estimate fair values based on the following significant inputs for those consolidated obligations carried at fair value on the Combined Statement of Condition.

- *CO Curve and LIBOR Swap Curve.* 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, 2011, the spread adjustment to the LIBOR Swap Curve was (45) to 5 basis points for certain callable consolidated obligations carried at fair value for the affected FHLBank using the LIBOR Swap Curve to value certain callable consolidated obligations. There was no spread adjustment to the CO Curve used to value the non-callable consolidated obligations carried at fair value and certain callable consolidated obligations for those FHLBanks not using the LIBOR Swap Curve.

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

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

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

Commitments. The fair value of the FHLBanks' commitments to extend credit for advances, letters of credit and standby bond purchase agreements was immaterial at March 31, 2011 and December 31, 2010.

Fair Value on a Recurring Basis

Table 14.3 presents the fair value of financial assets and liabilities by level within the fair value hierarchy, which are recorded on a recurring basis at March 31, 2011 and December 31, 2010.

Table 14.3 - Hierarchy Level for Financial Assets and Liabilities - Recurring (dollars in millions)

	March 31, 2011				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral[1]
Assets:					
Trading securities:					
U.S. Treasury obligations	$ 3,075	$ –	$ 3,075	$ –	$ –
Commercial paper	2,179	–	2,179	–	–
Certificates of deposit	7,690	–	7,690	–	–
Government-sponsored enterprises	13,592	–	13,592	–	–
State or local housing agency obligations	3	–	3	–	–
TLGP	3,858	–	3,858	–	–
Other non-MBS	268	10	258	–	–
Other U.S. obligations RMBS	47	–	47	–	–
Government-sponsored enterprises RMBS	691	–	691	–	–
Government-sponsored enterprises CMBS	228	–	228	–	–
Total trading securities	31,631	10	31,621	–	–

	March 31, 2011				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral[1]
Available-for-sale securities:					
Certificates of deposit	5,300	–	5,300	–	–
Other U.S. obligations	941	–	941	–	–
Government-sponsored enterprises and TVA	10,419	–	10,419	–	–
TLGP	9,957	–	9,957	–	–
FFELP ABS	8,688	–	8,688	–	–
Other non-MBS	574	2	572	–	–
Other U.S. obligations RMBS	3,150	–	3,150	–	–
Government-sponsored enterprises RMBS	21,088	–	21,088	–	–
Government-sponsored enterprises CMBS	300	–	300	–	–
Private-label RMBS	14,193	–	–	14,193	–
Home equity loans	16	–	–	16	–
Total available-for-sale securities	74,626	2	60,415	14,209	–
Advances[2]	10,512	–	10,512	–	–
Derivative assets, net:					
Interest-rate related	891	–	7,367	24	(6,500)
TBAs	1	–	1	–	–
Mortgage delivery commitments	1	–	1	–	–
Total derivative assets, net	893	–	7,369	24	(6,500)
Other assets	16	16	–	–	–
Total assets at fair value	$117,678	$28	$109,917	$14,233	$ (6,500)
Liabilities:					
Consolidated Obligations:					
Discount notes[3]	$ 3,476	$ –	$ 3,476	$ –	$ –
Bonds[4]	46,839	–	46,767	72	–
Derivative liabilities, net:					
Interest-rate related	4,852	–	16,003	–	(11,151)
TBAs	1	–	1	–	–
Mortgage delivery commitments	3	–	3	–	–
Total derivative liabilities, net	4,856	–	16,007	–	(11,151)
Optional advance commitments[5]	15	–	15	–	–
Total liabilities at fair value	$ 55,186	$ –	$ 66,265	$ 72	$(11,151)

	December 31, 2010				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral[1]
Assets:					
Trading securities:					
U.S. Treasury obligations	$ 3,068	$ –	$ 3,068	$ –	$ –
Commercial paper	2,349	–	2,349	–	–
Certificates of deposit	7,075	–	7,075	–	–
Government-sponsored enterprises	12,355	–	12,355	–	–
State or local housing agency obligations	3	–	3	–	–
TLGP	2,126	–	2,126	–	–
Other non-MBS	271	11	260	–	–
Other U.S. obligations RMBS	49	–	49	–	–
Government-sponsored enterprises RMBS	765	–	765	–	–
Government-sponsored enterprises CMBS	230	–	230	–	–
Total trading securities	28,291	11	28,280	–	–
Available-for-sale securities:					
Certificates of deposit	5,790	–	5,790	–	–
Other U.S. obligations	984	–	984	–	–
Government-sponsored enterprises and TVA	11,177	–	11,177	–	–
TLGP	10,576	–	10,576	–	–
FFELP ABS	8,799	–	8,799	–	–
Other non-MBS	577	2	575	–	–
Other U.S. obligations RMBS	3,179	–	3,179	–	–
Government-sponsored enterprises RMBS	22,012	–	22,012	–	–
Government-sponsored enterprises CMBS	303	–	303	–	–
Private-label RMBS	8,047	–	–	8,047	–
Home equity loans	15	–	–	15	–
Total available-for-sale securities	71,459	2	63,395	8,062	–
Advances[2]	11,301	–	11,301	–	–
Derivative assets, net:					
Interest-rate related	894	–	8,437	29	(7,572)
TBAs	1	1	–	–	–
Mortgage delivery commitments	2	–	2	–	–
Total derivative assets, net	897	1	8,439	29	(7,572)
Other assets	13	13	–	–	–
Total assets at fair value	$111,961	$27	$111,415	$8,091	$ (7,572)
Liabilities:					
Consolidated Obligations:					
Discount notes[3]	$ 5,820	$ –	$ 5,820	$ –	$ –
Bonds[4]	47,986	–	47,908	78	–
Derivative liabilities, net:					
Interest-rate related	5,462	–	19,042	–	(13,580)
TBAs	1	–	1	–	–
Mortgage delivery commitments	4	–	4	–	–
Total derivative liabilities, net	5,467	–	19,047	–	(13,580)
Optional advance commitments[5]	11	–	11	–	–
Total liabilities at fair value	$ 59,284	$ –	$ 72,786	$ 78	$(13,580)

(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 $9,714 million and $10,494 million of advances recorded under the fair value option and $798 million and $807 million of hedged advances recorded at fair value at March 31, 2011 and December 31, 2010.

(3) Represents $3,476 million and $5,820 million of consolidated discount notes recorded under the fair value option at March 31, 2011 and December 31, 2010.

(4) Includes $46,767 million and $47,395 million of consolidated bonds recorded under the fair value option and $72 million and $591 million of hedged consolidated bonds recorded at fair value at March 31, 2011 and December 31, 2010.

(5) Recorded in other liabilities under the fair value option at March 31, 2011 and December 31, 2010.

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

Table 14.4 presents a reconciliation of assets and liabilities measured at fair value on a recurring basis which used Level 3 significant inputs during the three months ended March 31, 2011 and 2010.

Table 14.4 - Reconciliation of Level 3 Assets and Liabilities (dollars in millions)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities		Derivatives, Net[2]	
	Private-Label RMBS	Home Equity Loans	Interest-Rate Related	Consolidated Bonds
Balance, December 31, 2010	$ 8,047	$15	$29	$(78)
Total gains or losses (realized/unrealized):				
Included in net (losses) gains on changes in fair value included in earnings related to assets and liabilities still held at March 31, 2011	(106)[a]	–	(5)	6
Included in AOCI	1,017	2	–	–
Purchases, issuances, sales and settlements:				
Settlements	(488)	(1)	–	–
Transfers from held-to-maturity to available-for-sale securities[1]	5,723	–	–	–
Balance, March 31, 2011	$14,193	$16	$24	$(72)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities			
	Private-Label RMBS	Home Equity Loans	Derivatives, Net[2]	Consolidated Bonds
Balance, 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 related to assets and liabilities still held at March 31, 2010	(87)[a]		1	(2)
Included in AOCI	332	3	–	–
Purchases, issuances and settlements	(266)	(1)	–	–
Transfers from held-to-maturity to available-for-sale securities[1]	507	–	–	–
Balance, March 31, 2010	$6,181	$16	$24	$(73)

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

(1) During the three months ended March 31, 2011, each of the FHLBanks of Pittsburgh, Atlanta and San Francisco elected to transfer from their respective HTM portfolio to their respective AFS portfolio all private-label RMBS that had credit-related OTTI. The FHLBank of Seattle elected to transfer certain private-label RMBS that had credit-related OTTI during the three months ended March 31, 2011 and 2010 from its HTM portfolio to its AFS portfolio. 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 OTTI from their respective HTM portfolio to their respective AFS portfolio. (See ***Note 6—Other-Than-Temporary Impairment Analysis*** for additional information on these transfers.) As of March 31, 2011 and 2010, the fair value of these securities continued to be determined using significant unobservable inputs (Level 3).

(2) Balances exclude netting adjustments and cash collateral.

Fair Value on a Non-Recurring Basis. The FHLBanks measure certain held-to-maturity securities, mortgage loans and real estate owned at fair value on a non-recurring 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).

Table 14.5 presents the fair value of financial assets and liabilities by level within the fair value hierarchy that are recorded on a non-recurring basis at March 31, 2011 and December 31, 2010.

Table 14.5 - Hierarchy Level for Financial Assets and Liabilities—Non-Recurring (dollars in millions)

	March 31, 2011			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities:				
Private-label RMBS	$213	$ –	$ –	$213
Total held-to-maturity securities	213	–	–	213
Mortgage loans held for portfolio	118	–	–	118
Real estate owned	24	–	3	21
Total non-recurring assets at fair value	$355	$ –	$ 3	$352

	December 31, 2010			
	Total	Level 1	Level 2	Level 3
Held-to-maturity securities:				
Private-label RMBS	$738	$ –	$ –	$738
Total held-to-maturity securities	738	–	–	738
Mortgage loans held for portfolio	96	–	–	96
Real estate owned	22	–	2	20
Total non-recurring assets at fair value	$856	$ –	$ 2	$854

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 obligations (consolidated discount notes and consolidated bonds) at fair value are recognized solely on the contractual amount of interest due or unpaid. Any transaction fees or costs are immediately recognized into other non-interest income or other non-interest expense.

Each of the FHLBanks of New York, Cincinnati, Chicago, Des Moines, Dallas, and San Francisco (Electing FHLBanks) has elected the fair value option for certain advances, certain optional advance commitments and certain consolidated obligations transactions. Each of the Electing FHLBanks has elected some or all of these items for the fair value option to allow it to fair value the financial asset or financial liability to assist in mitigating potential income statement volatility that can arise from economic hedging relationships. This risk associated with using fair value only for the derivative is the primary reason that the Electing FHLBanks have elected the fair value option for financial assets and financial liabilities that do not qualify for hedge accounting or for items that have not previously met or may be at risk for not meeting hedge effectiveness requirements.

Table 14.6 - Fair Value Option Financial Assets and Liabilities (dollars in millions)

	Three Months Ended March 31,					
	2011				2010	
	Advances	Consolidated Discount Notes	Consolidated Bonds	Other Liabilities	Advances	Consolidated Bonds
Balance, at beginning of period	$10,494	$(5,820)	$(47,395)	$(11)	$21,620	$(53,805)
New transactions elected for fair value option	518	(243)	(20,400)	(3)	73	(17,611)
Maturities and terminations	(1,240)	2,589	21,046	–	(4,134)	28,567
Net gains (losses) on instruments held under fair value option	(51)	1	(9)	(1)	(80)	(24)
Change in accrued interest and other	(7)	(3)	(9)	–	(16)	(18)
Balance, at end of period	$ 9,714	$(3,476)	$(46,767)	$(15)	$17,463	$(42,891)

For items recorded under the fair value option, the related contractual interest income, contractual interest expense and the discount amortization on fair value option discount notes are 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 are recorded as “Net (losses) gains on advances, consolidated obligations and other liabilities held under fair value option” in the Combined Statement of Income. The change in fair value does not include changes in instrument-specific credit risk. Each of the Electing FHLBanks determined that no adjustments to the fair values of its instruments recorded under the fair value option for instrument-specific credit risk were necessary as of March 31, 2011 and December 31, 2010.

Table 14.7 presents the difference between the aggregate unpaid balance outstanding and the aggregate fair value for advances and consolidated obligations for which the fair value option has been elected as of March 31, 2011 and December 31, 2010.

Table 14.7 - Aggregate Unpaid Balance and Aggregate Fair Value (dollars in millions)

	Aggregate Unpaid Principal Balance	Aggregate Fair Value	Fair Value Over/(Under) Aggregate Unpaid Principal Balance
March 31, 2011:			
Advances[1]	$ 9,470	$ 9,714	$ 244
Consolidated discount notes	3,472	3,476	4
Consolidated bonds	46,857	46,767	(90)
December 31, 2010:			
Advances[1]	$10,167	$10,494	$ 327
Consolidated discount notes	5,816	5,820	4
Consolidated bonds	47,503	47,395	(108)

(1) At March 31, 2011 and December 31, 2010, none of the advances were 90 days or more past due or had been placed on non-accrual status.

Note 15—Commitments and Contingencies

Off-Balance-Sheet Commitments

Table 15.1 - Off-Balance-Sheet Commitments (dollars in millions)

	March 31, 2011			December 31, 2010
Notional amount	Expire Within One Year	Expire After One Year	Total	Total
Standby letters of credit outstanding(1)	$30,818	$23,362	$54,180	$63,098
Commitments for standby bond purchases	974	2,453	3,427	3,475
Unused lines of credit	2,086	–	2,086	2,098
Commitments to fund additional advances	1,723	257	1,980	2,182
Unsettled consolidated bonds, at par(2)	12,545	–	12,545	2,619
Unsettled consolidated discount notes, at par	2,845	–	2,845	42

(1) Excludes unconditional commitments to issue standby letters of credit of $393 million and $503 million at March 31, 2011 and December 31, 2010.

(2) Unsettled consolidated bonds of $11,712 million and $1,758 million were hedged with associated interest-rate swaps at March 31, 2011 and December 31, 2010.

Commitments to Extend Credit. Standby letters of credit are executed for members for a fee. A standby letter of credit is a financing arrangement between the FHLBank and its member. If the FHLBank is required to make payment for a beneficiary's draw, the payment amount is converted into a collateralized advance to the member. The original terms of these standby letters of credit, including related commitments, range from less than one month to 20 years, including a final expiration in 2030. The carrying value of guarantees related to standby letters of credit are recorded in other liabilities and were $128 million and $138 million at March 31, 2011 and December 31, 2010.

Each FHLBank monitors the creditworthiness of its members that have standby letters of credit agreements outstanding based on an evaluation of the financial condition of those members. Each of the FHLBanks has established parameters for the measurement, review, classification, and monitoring of credit risk related to these standby letters of credit. Based on credit analyses performed by each FHLBank's management as well as collateral requirements, the FHLBanks have not deemed it necessary to record any additional liability on these commitments. Commitments to extend credit are fully collateralized at the time of issuance.

Standby Bond-Purchase Agreements. Certain FHLBanks have entered into standby bond purchase agreements with state housing authorities within their district whereby the FHLBanks agree to provide liquidity for a fee. If required, these FHLBanks will purchase and hold the authority's bonds until the designated marketing agent can find a suitable investor or the housing authority repurchases the bond according to a schedule established by the standby agreement. Each standby agreement dictates the specific terms that would require the FHLBank to purchase the bond. The bond purchase commitments entered into by these FHLBanks have expiration periods up to 7 years, currently no later than 2016, although some are renewable at the option of an FHLBank. At March 31, 2011 and December 31, 2010, the FHLBanks had standby bond purchase commitments with 12 state housing authorities. During the three months ended March 31, 2011, the FHLBanks were not required to purchase any bonds under these agreements.

Commitments to Fund or Purchase Mortgage Loans. The FHLBanks enter into commitments that unconditionally obligate them to fund or purchase mortgage loans. Commitments are generally for periods not to exceed 365 days. Of these outstanding commitments, $570 million and $610 million at March 31, 2011 and December 31, 2010 represent commitments that obligate the FHLBanks to purchase closed mortgage loans from their members, as well as net delivery commitments related to the MPF Xtra product. In addition, $3 million and $5 million represent commitments that obligate the FHLBanks to table fund mortgage loans that are not considered derivatives.

The delivery commitments are recorded at fair value as derivatives. Under the MPF Xtra product, the FHLBank of Chicago enters into delivery commitments to purchase MPF Xtra mortgage loans from the PFIs, and simultaneously enters into delivery commitments to resell these loans to Fannie Mae. The outstanding delivery commitments issued by the FHLBank of Chicago were $69 million and $140 million at March 31, 2011 and December 31, 2010. For derivative and hedging activities disclosure purposes, the delivery commitments issued by the FHLBank of Chicago and by Fannie Mae are considered separate derivatives.

Pledged Collateral

The FHLBanks generally execute derivatives with large banks and major broker-dealers and generally enter into bilateral pledge (collateral) agreements. At March 31, 2011, the FHLBanks had pledged, as collateral, securities with a carrying value of $795 million, which cannot be sold or repledged, and securities with a carrying value of $500 million, which can be sold or repledged to counterparties who have market risk exposure from the FHLBanks related to derivatives.

Lehman Bankruptcy

On September 15, 2008, LBHI, the parent company of LBSF and a guarantor of LBSF's obligations, announced it had filed a petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. This filing precipitated the termination of the FHLBanks' derivatives transactions with LBSF. Each affected FHLBank calculated its resulting settlement amount, including in that calculation any unreturned collateral pledged in connection with those transactions. Each of the FHLBanks of Boston, New York, Pittsburgh, Cincinnati and Topeka has disclosed information regarding certain legal proceedings in connection with LBHI's insolvency in its individual 2011 First Quarter SEC Form 10-Q.

Additionally, a number of FHLBanks, including the FHLBanks of Boston, New York, Cincinnati and Topeka, have received a derivatives alternative dispute resolution (ADR) notice from the LBHI bankruptcy estate relating to the unwinding of derivatives transactions between LBSF and individual FHLBanks in 2008. Under the derivatives ADR notice, an FHLBank may agree to the demand, deny the demand or make a counteroffer to the demand.

Other Legal Proceedings

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

Further discussion and additional information for the above and other commitments and contingencies are provided in ***Note 7—Advances***; ***Note 10—Derivatives and Hedging Activities***; ***Note 12—Consolidated Obligations***; ***Note 13—Capital*****;** and ***Note 14—Fair Value***.

Note 16—Subsequent Events

Subsequent events have been evaluated through the date of this Combined Financial Report. From April 1 to May 13, 2011, no significant subsequent events were identified, except for the declaration of dividends or repurchase of excess capital stock, which generally occur in the normal course of business unless there are regulatory or self-imposed restrictions.

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FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
MARCH 31, 2011

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
ASSETS				
Cash and due from banks	$ 12,981	$ –	$ 391	$ 2,954
Interest-bearing deposits	8	–	–	–
Deposits with other FHLBanks	–	(15)	–	–
Securities purchased under agreements to resell	11,900	–	250	–
Federal funds sold	80,811	–	7,135	5,093
Investment securities:				
Trading securities	31,631	(192)	5,612	–
Available-for-sale securities	74,626	–	6,293	3,719
Held-to-maturity securities	129,480	–	6,618	8,043
Total investment securities	235,737	(192)	18,523	11,762
Advances	445,090	–	25,939	75,487
Mortgage loans held for portfolio:				
Mortgage loans held for portfolio	58,530	–	3,174	1,278
Less allowance for credit losses on mortgage loans	(104)	–	(9)	(7)
Mortgage loans held for portfolio, net	58,426	–	3,165	1,271
Accrued interest receivable	1,755	(2)	126	250
Premises, software and equipment, net	221	–	4	15
Derivative assets, net	893	–	12	25
Other assets	921	3	51	17
Total assets	$ 848,743	$ (206)	$ 55,596	$ 96,874
LIABILITIES				
Deposits:				
Interest-bearing:				
Demand and overnight	$ 13,803	$ –	$ 762	$ 2,441
Term	916	–	29	44
Deposits from other FHLBanks	–	(15)	–	–
Other	53	–	3	25
Total interest-bearing	14,772	(15)	794	2,510
Non-interest-bearing:				
Demand and overnight	102	–	–	3
Other	137	–	16	–
Total non-interest-bearing	239	–	16	3
Total deposits	15,011	(15)	810	2,513
Securities sold under agreements to repurchase	1,200	–	–	–
Consolidated obligations:				
Discount notes	184,325	–	16,493	19,507
Bonds	585,221	(263)	34,020	68,530
Total consolidated obligations	769,546	(263)	50,513	88,037
Mandatorily redeemable capital stock	6,427	–	107	59
Accrued interest payable	2,842	(2)	159	230
Affordable Housing Program payable	762	–	24	135
Payable to REFCORP	87	–	–	19
Derivative liabilities, net	4,856	–	625	840
Other liabilities	2,208	–	13	98
Subordinated notes	1,000	–	–	–
Total liabilities	803,939	(280)	52,251	91,931
CAPITAL				
Capital Stock:				
Class B putable ($100 par value) issued and outstanding	38,220	–	3,647	4,323
Class A putable ($100 par value) issued and outstanding	726	–	–	–
Pre-conversion putable ($100 par value) issued and outstanding	2,332	–	–	–
Total capital stock	41,278	–	3,647	4,323
Retained earnings	7,749	76	269	717
Accumulated other comprehensive income (loss):				
Net unrealized gains (losses) on available-for-sale securities	738	–	(20)	15
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(7)	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(2,082)	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	(2,314)	–	(550)	(89)
Net unrealized losses relating to hedging activities	(509)	(2)	–	(11)
Pension and postretirement benefits	(49)	–	(1)	(12)
Total accumulated other comprehensive income (loss)	(4,223)	(2)	(571)	(97)
Total capital	44,804	74	3,345	4,943
Total liabilities and capital	$ 848,743	$ (206)	$ 55,596	$ 96,874
Supplemental Disclosures:				
Advances held at fair value under fair value option included in advances	$ 9,714	$ –	$ –	$ –
Consolidated discount notes held at fair value under fair value option included in consolidated discount notes	$ 3,476	$ –	$ –	$ 732
Consolidated bonds held at fair value under fair value option included in consolidated bonds	$ 46,767	$ –	$ –	$ 12,605
Other liabilities held at fair value under fair value option included in other liabilities	$ 15	$ –	$ –	$ –

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 190	$ 14	$ 3,324	$ 315	$ 1,311	$ 150	$ 512	$ 31	$ 3,762	$ 27
–	–	–	–	–	8	–	–	–	–
12	2	–	–	–	–	1	–	–	–
–	–	1,875	125	4,425	1,600	375	–	–	3,250
4,420	16,663	3,730	7,521	4,055	2,152	2,326	2,944	14,966	9,806
1,134	3,300	7,961	–	2,580	1,269	6	6,411	3,550	–
2,344	3,466	5,300	3,169	24,189	5,883	–	–	7,938	12,325
12,903	16,445	13,214	8,459	12,245	6,468	7,839	6,189	25,959	5,098
16,381	23,211	26,475	11,628	39,014	13,620	7,845	12,600	37,447	17,423
26,659	81,257	28,292	17,679	17,893	27,963	21,805	17,779	92,005	12,332
4,262	1,916	7,473	6,469	16,998	7,220	194	4,374	2,208	2,964
(8)	(1)	(14)	(1)	(38)	(18)	–	(3)	(3)	(2)
4,254	1,915	7,459	6,468	16,960	7,202	194	4,371	2,205	2,962
146	357	138	98	181	85	41	80	171	84
19	34	10	11	41	10	24	12	25	16
13	4	4	15	12	5	29	27	739	8
105	176	19	41	119	46	18	172	124	30
$ 52,199	$ 123,633	$ 71,326	$ 43,901	$ 84,011	$ 52,841	$ 33,170	$ 38,016	$ 151,444	$ 45,938
$ 1,076	$ 2,955	$ 1,096	$ 609	$ 600	$ 687	$ 1,231	$ 1,940	$ 126	$ 280
–	–	204	15	10	487	92	–	10	25
–	–	–	–	15	–	–	–	–	–
–	–	24	–	–	–	–	–	1	–
1,076	2,955	1,324	624	625	1,174	1,323	1,940	137	305
32	–	–	–	–	67	–	–	–	–
–	–	11	10	78	–	–	20	2	–
32	–	11	10	78	67	–	20	2	–
1,108	2,955	1,335	634	703	1,241	1,323	1,960	139	305
–	–	–	–	1,200	–	–	–	–	–
13,157	15,700	35,160	8,489	22,685	3,928	500	12,558	22,951	13,197
33,018	94,854	30,155	31,287	53,534	44,289	29,302	21,302	115,464	29,729
46,175	110,554	65,315	39,776	76,219	48,217	29,802	33,860	138,415	42,926
33	531	331	658	531	7	18	17	3,102	1,033
189	394	190	144	447	232	118	122	497	122
12	127	88	35	46	44	39	38	169	5
–	13	10	5	7	6	3	6	18	–
562	391	199	576	745	318	1	240	142	217
59	568	325	82	91	29	33	33	842	35
–	–	–	–	1,000	–	–	–	–	–
48,138	115,533	67,793	41,910	80,989	50,094	31,337	36,276	143,324	44,643
3,804	7,263	3,096	1,614	–	2,118	1,428	791	8,496	1,640
–	–	–	–	–	–	–	601	–	125
–	–	–	–	2,332	–	–	–	–	–
3,804	7,263	3,096	1,614	2,332	2,118	1,428	1,392	8,496	1,765
400	1,160	445	437	1,125	565	462	369	1,663	61
(1)	6	(1)	–	671	65	–	–	–	3
–	–	–	–	(7)	–	–	–	–	–
(142)	(319)	–	(44)	(26)	–	–	–	(1,079)	(472)
–	–	–	(6)	(580)	–	(58)	(18)	(952)	(61)
–	–	–	–	(495)	–	–	–	(1)	–
–	(10)	(7)	(10)	2	(1)	1	(3)	(7)	(1)
(143)	(323)	(8)	(60)	(435)	64	(57)	(21)	(2,039)	(531)
4,061	8,100	3,533	1,991	3,022	2,747	1,833	1,740	8,120	1,295
$ 52,199	$ 123,633	$ 71,326	$ 43,901	$ 84,011	$ 52,841	$ 33,170	$ 38,016	$ 151,444	$ 45,938
$ –	$ –	$ –	$ –	$ 6	$ –	$ –	$ –	$ 9,708	$ –
$ –	$ –	$ –	$ –	$ 2,501	$ 243	$ –	$ –	$ –	$ –
$ –	$ –	$ 1,132	$ –	$ 5,479	$ 2,608	$ –	$ –	$ 24,943	$ –
$ –	$ –	$ –	$ –	$ –	$ –	$ 15	$ –	$ –	$ –

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CONDITION
December 31, 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
ASSETS				
Cash and due from banks	$ 3,801	$ –	$ 6	$ 661
Interest-bearing deposits	9	–	–	–
Deposits with other FHLBanks	–	(13)	–	–
Securities purchased under agreements to resell	16,400	–	2,175	–
Federal funds sold	75,855	–	5,585	4,988
Investment securities:				
Trading securities	28,291	(195)	5,580	–
Available-for-sale securities	71,459	–	7,335	3,990
Held-to-maturity securities	138,456	–	6,459	7,761
Total investment securities	238,206	(195)	19,374	11,751
Advances	478,589	–	28,035	81,200
Mortgage loans held for portfolio:				
Mortgage loans held for portfolio	61,277	–	3,255	1,272
Less allowance for credit losses on mortgage loans	(86)	–	(9)	(6)
Mortgage loans held for portfolio, net	61,191	–	3,246	1,266
Accrued interest receivable	1,921	(3)	145	288
Premises, software and equipment, net	229	–	5	15
Derivative assets, net	897	–	15	22
Other assets	1,011	3	61	21
Total assets	$ 878,109	$ (208)	$ 58,647	$ 100,212
LIABILITIES				
Deposits:				
Interest-bearing:				
Demand and overnight	$ 12,776	$ –	$ 677	$ 2,361
Term	1,129	–	29	43
Deposits from other FHLBanks	–	(13)	–	–
Other	75	–	5	41
Total interest-bearing	13,980	(13)	711	2,445
Non-interest-bearing:				
Demand and overnight	160	–	–	10
Other	261	–	34	–
Total non-interest-bearing	421	–	34	10
Total deposits	14,401	(13)	745	2,455
Securities sold under agreements to repurchase	1,200	–	–	–
Consolidated obligations:				
Discount notes	194,431	–	18,525	19,391
Bonds	606,567	(254)	35,103	71,743
Total consolidated obligations	800,998	(254)	53,628	91,134
Mandatorily redeemable capital stock	7,066	–	90	63
Accrued interest payable	2,471	(3)	141	197
Affordable Housing Program payable	773	–	23	138
Payable to REFCORP	159	–	–	22
Derivative liabilities, net	5,467	–	729	955
Other liabilities	833	–	15	104
Subordinated notes	1,000	–	–	–
Total liabilities	834,368	(270)	55,371	95,068
CAPITAL				
Capital Stock:				
Class B putable ($100 par value) issued and outstanding	38,683	–	3,665	4,529
Class A putable ($100 par value) issued and outstanding	719	–	–	–
Pre-conversion putable ($100 par value) issued and outstanding	2,333	–	–	–
Total capital stock	41,735	–	3,665	4,529
Retained earnings	7,552	64	249	712
Accumulated other comprehensive income (loss):				
Net unrealized gains (losses) on available-for-sale securities	841	–	(15)	23
Net unrealized losses on held-to-maturity securities transferred from available-for-sale securities	(8)	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(1,310)	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	(4,441)	–	(622)	(93)
Net unrealized losses relating to hedging activities	(579)	(2)	–	(15)
Pension and postretirement benefits	(49)	–	(1)	(12)
Total accumulated other comprehensive income (loss)	(5,546)	(2)	(638)	(97)
Total capital	43,741	62	3,276	5,144
Total liabilities and capital	$ 878,109	$ (208)	$ 58,647	$ 100,212
Supplemental Disclosures:				
Advances held at fair value under fair value option included in advances	$ 10,494	$ –	$ –	$ –
Consolidated discount notes held at fair value under fair value option included in consolidated discount notes	$ 5,820	$ –	$ –	$ 956
Consolidated bonds held at fair value under fair value option included in consolidated bonds	$ 47,395	$ –	$ –	$ 14,281
Other liabilities held at fair value under fair value option included in other liabilities	$ 11	$ –	$ –	$ –

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 143	$ 5	$ 198	$ 12	$ 282	$ 106	$ 1,632	$ –	$ 755	$ 1
–	–	–	–	–	9	–	–	–	–
10	2	–	–	–	–	1	–	–	–
–	–	2,950	750	4,225	1,550	–	–	–	4,750
3,330	15,701	5,480	7,325	3,018	2,025	3,767	1,755	16,312	6,569
1,136	3,383	6,403	–	1,652	1,473	5	6,335	2,519	–
2,218	3,319	5,790	3,238	24,567	6,357	–	–	1,927	12,718
12,058	17,474	12,691	8,472	12,777	7,226	8,496	6,756	31,824	6,462
15,412	24,176	24,884	11,710	38,996	15,056	8,501	13,091	36,270	19,180
29,708	89,258	30,181	18,275	18,901	29,253	25,456	19,368	95,599	13,355
4,486	2,040	7,782	6,703	18,327	7,434	207	4,176	2,384	3,211
(3)	(1)	(12)	(1)	(33)	(13)	–	(3)	(3)	(2)
4,483	2,039	7,770	6,702	18,294	7,421	207	4,173	2,381	3,209
154	388	132	99	189	79	43	93	228	86
19	35	11	11	45	9	25	13	25	16
23	5	2	6	16	12	39	26	718	13
105	189	23	40	150	49	19	187	135	29
$ 53,387	$ 131,798	$ 71,631	$ 44,930	$ 84,116	$ 55,569	$ 39,690	$ 38,706	$ 152,423	$ 47,208
$ 1,128	$ 3,093	$ 1,200	$ 560	$ 627	$ 600	$ 990	$ 1,130	$ 110	$ 300
–	–	211	15	15	470	80	47	16	203
–	–	–	–	13	–	–	–	–	–
–	–	27	–	–	–	–	–	2	–
1,128	3,093	1,438	575	655	1,070	1,070	1,177	128	503
39	–	–	–	–	111	–	–	–	–
–	–	14	10	164	–	–	33	6	–
39	–	14	10	164	111	–	33	6	–
1,167	3,093	1,452	585	819	1,181	1,070	1,210	134	503
–	–	–	–	1,200	–	–	–	–	–
13,082	23,915	35,003	8,925	18,421	7,208	5,132	13,705	19,527	11,597
34,129	95,198	30,697	31,875	57,849	43,791	31,316	21,521	121,120	32,479
47,211	119,113	65,700	40,800	76,270	50,999	36,448	35,226	140,647	44,076
34	529	357	658	530	7	8	19	3,749	1,022
168	357	190	134	281	187	94	129	467	129
14	126	88	36	44	45	41	39	174	5
–	20	11	10	33	12	6	8	37	–
608	455	228	657	883	278	1	256	163	254
24	159	82	103	107	30	32	36	104	37
–	–	–	–	1,000	–	–	–	–	–
49,226	123,852	68,108	42,983	81,167	52,739	37,700	36,923	145,475	46,026
3,986	7,224	3,092	1,610	–	2,183	1,601	861	8,282	1,650
–	–	–	–	–	–	–	593	–	126
–	–	–	–	2,333	–	–	–	–	–
3,986	7,224	3,092	1,610	2,333	2,183	1,601	1,454	8,282	1,776
397	1,124	438	427	1,099	556	452	352	1,609	73
(1)	4	–	(4)	748	92	–	–	(1)	(5)
–	–	–	–	(8)	–	–	–	–	–
(221)	(396)	–	(69)	(34)	–	–	–	–	(590)
–	–	–	(7)	(630)	–	(64)	(20)	(2,934)	(71)
–	–	–	–	(561)	–	–	–	(1)	–
–	(10)	(7)	(10)	2	(1)	1	(3)	(7)	(1)
(222)	(402)	(7)	(90)	(483)	91	(63)	(23)	(2,943)	(667)
4,161	7,946	3,523	1,947	2,949	2,830	1,990	1,783	6,948	1,182
$ 53,387	$ 131,798	$ 71,631	$ 44,930	$ 84,116	$ 55,569	$ 39,690	$ 38,706	$ 152,423	$ 47,208
$ –	$ –	$ –	$ –	$ 4	$ –	$ –	$ –	$ 10,490	$ –
$ –	$ –	$ –	$ –	$ 4,864	$ –	$ –	$ –	$ –	$ –
$ –	$ –	$ –	$ –	$ 9,425	$ 2,817	$ –	$ –	$ 20,872	$ –
$ –	$ –	$ –	$ –	$ –	$ –	$ 11	$ –	$ –	$ –

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2011

(Dollars in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York
INTEREST INCOME				
Advances	$ 898	$ –	$ 87	$ 116
Prepayment fees on advances, net	58	–	1	43
Interest-bearing deposits	2	–	–	1
Securities purchased under agreements to resell	8	–	1	–
Federal funds sold	38	–	2	2
Trading securities	99	(4)	5	–
Available-for-sale securities	325	–	18	9
Held-to-maturity securities	923	–	40	71
Mortgage loans held for portfolio	701	–	38	15
Other	2	–	–	–
Total interest income	3,054	(4)	192	257
INTEREST EXPENSE				
Consolidated obligations — Discount notes	160	–	5	8
Consolidated obligations — Bonds	1,798	1	120	114
Deposits	2	–	–	–
Securities sold under agreements to repurchase	4	–	–	–
Subordinated notes	14	–	–	–
Mandatorily redeemable capital stock	14	–	–	1
Total interest expense	1,992	1	125	123
NET INTEREST INCOME	1,062	(5)	67	134
Provision for credit losses	21	–	–	2
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,041	(5)	67	132
OTHER INCOME (LOSS)				
Total other-than-temporary impairment losses	(127)	–	(7)	–
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive loss	(148)	–	(24)	–
Net other-than-temporary impairment losses	(275)	–	(31)	–
Net losses on trading securities	(71)	–	(2)	–
Net realized gains from sale of available-for-sale securities	8	–	8	–
Net (losses) gains on advances, consolidated obligations and other liabilities held under fair value option	(60)	–	–	1
Net gains (losses) on derivatives and hedging activities	130	–	2	64
Service fees	7	–	2	1
Other, net	(29)	15	–	(52)
Total other income (loss)	(290)	15	(21)	14
OTHER EXPENSE				
Compensation and benefits	156	–	8	39
Other operating expenses	72	–	4	7
Finance Agency	21	–	1	2
Office of Finance	14	–	1	1
Other	(2)	(2)	1	–
Total other expense	261	(2)	15	49
INCOME (LOSS) BEFORE ASSESSMENTS	490	12	31	97
ASSESSMENTS				
Affordable Housing Program	41	–	2	8
REFCORP	91	–	6	18
Total assessments	132	–	8	26
NET INCOME (LOSS)	$ 358	$ 12	$ 23	$ 71

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 64	$ 73	$ 61	$ 41	$ 68	$ 70	$ 60	$ 42	$ 186	$ 30
–	2	–	1	–	3	1	1	6	–
–	1	–	–	–	–	–	–	–	–
–	–	1	1	3	1	–	–	–	1
2	8	2	3	2	1	1	1	8	6
1	41	9	–	14	6	–	22	5	–
35	45	3	15	165	36	–	–	1	(2)
52	113	110	45	135	51	24	29	227	26
52	26	91	80	199	83	3	48	28	38
–	–	–	1	–	–	–	1	–	–
206	309	277	187	586	251	89	144	461	99
5	7	12	3	98	2	1	4	11	4
162	169	191	119	345	187	46	79	191	74
–	1	–	–	–	–	–	1	–	–
–	–	–	–	4	–	–	–	–	–
–	–	–	–	14	–	–	–	–	–
–	1	4	5	–	–	–	–	3	–
167	178	207	127	461	189	47	84	205	78
39	131	70	60	125	62	42	60	256	21
3	–	2	1	6	6	–	1	–	–
36	131	68	59	119	56	42	59	256	21
(3)	(25)	–	(3)	–	–	–	(1)	(88)	–
(17)	(27)	–	(15)	(20)	–	(1)	–	(21)	(23)
(20)	(52)	–	(18)	(20)	–	(1)	(1)	(109)	(23)
–	(34)	(3)	–	(11)	(3)	–	(17)	(1)	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	(5)	(1)	(1)	–	(54)	–
1	46	5	–	(14)	2	(7)	3	20	8
1	–	–	–	–	–	1	1	–	1
2	1	2	–	3	(4)	2	1	2	(1)
(16)	(39)	4	(18)	(47)	(6)	(6)	(13)	(142)	(15)
9	17	8	9	15	9	11	7	17	7
5	9	4	2	9	4	7	3	10	8
1	3	1	1	4	1	1	1	3	2
1	2	1	1	1	1	1	1	2	1
–	(9)	–	–	7	–	–	1	–	–
16	22	14	13	36	15	20	13	32	18
4	70	58	28	36	35	16	33	82	(12)
–	6	5	3	3	3	1	3	7	–
1	13	11	5	7	6	3	6	15	–
1	19	16	8	10	9	4	9	22	–
$ 3	$ 51	$ 42	$ 20	$ 26	$ 26	$ 12	$ 24	$ 60	$ (12)

FEDERAL HOME LOAN BANKS

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

(Dollars in millions) (Unaudited)

	Combined	Combining Adjustments	Boston	New York
INTEREST INCOME				
Advances	$ 1,212	$ –	$ 103	$ 149
Prepayment fees on advances, net	32	–	1	1
Interest-bearing deposits	2	–	–	1
Securities purchased under agreements to resell	3	–	–	–
Federal funds sold	29	–	3	1
Trading securities	86	(5)	2	–
Available-for-sale securities	281	–	13	6
Held-to-maturity securities	1,184	–	46	99
Mortgage loans held for portfolio	845	–	43	16
Other	1	–	–	–
Total interest income	3,675	(5)	211	273
INTEREST EXPENSE				
Consolidated obligations—Discount notes	153	–	6	10
Consolidated obligations—Bonds	2,254	(4)	137	155
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
NET INTEREST INCOME	1,235	(1)	68	106
Provision for credit losses	8	–	–	1
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,227	(1)	68	105
OTHER INCOME (LOSS)				
Total other-than-temporary impairment losses	(406)	–	(21)	(3)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive income (loss)	173	–	(2)	–
Net other-than-temporary impairment losses	(233)	–	(23)	(3)
Net gains (losses) on trading securities	29	–	2	–
Net (losses) gains on advances and consolidated obligations held under fair value option	(104)	–	–	(8)
Net (losses) gains on derivatives and hedging activities	(254)	–	(3)	–
Service fees	7	–	2	1
Other, net	6	(2)	–	–
Total other income (loss)	(549)	(2)	(22)	(10)
OTHER EXPENSE				
Compensation and benefits	122	–	8	13
Other operating expenses	73	–	5	6
Finance Agency	14	–	1	1
Office of Finance	12	–	1	1
Other	2	(2)	–	–
Total other expense	223	(2)	15	21
INCOME (LOSS) BEFORE ASSESSMENTS	455	(1)	31	74
ASSESSMENTS				
Affordable Housing Program	40	–	2	6
REFCORP	90	–	6	14
Total assessments	130	–	8	20
NET INCOME (LOSS)	$ 325	$ (1)	$ 23	$ 54

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 73	$ 69	$ 71	$ 50	$ 93	$ 107	$ 81	$ 49	$ 321	$ 46
1	3	2	1	5	2	3	–	11	2
–	1	–	–	–	–	–	–	–	–
–	–	–	–	1	–	–	–	–	2
1	5	3	3	1	1	1	1	5	4
1	42	1	–	6	16	–	23	–	–
43	39	3	2	145	25	–	–	1	4
63	172	134	63	158	42	38	41	288	40
64	32	112	91	263	92	4	42	36	50
–	–	–	–	–	–	–	1	–	–
246	363	326	210	672	285	127	157	662	148
3	3	7	2	94	3	4	4	13	4
184	207	245	142	418	230	59	90	289	102
–	–	–	–	–	–	–	–	–	–
–	–	–	–	4	–	–	–	–	–
–	–	–	–	14	–	–	–	–	–
–	–	6	4	–	–	–	–	3	–
187	210	258	148	530	233	63	94	305	106
59	153	68	62	142	52	64	63	357	42
–	–	–	–	6	–	–	1	–	–
59	153	68	62	136	52	64	62	357	42
(2)	(64)	–	(14)	(29)	–	(7)	(17)	(192)	(57)
(26)	18	–	8	(15)	–	6	15	132	37
(28)	(46)	–	(6)	(44)	–	(1)	(2)	(60)	(20)
–	4	–	–	(1)	21	–	3	–	–
–	–	–	–	(2)	6	–	–	(100)	–
(4)	(17)	2	(1)	(63)	(24)	(27)	(85)	(36)	4
1	–	–	–	–	–	1	1	–	1
2	–	2	1	4	(1)	2	1	1	(4)
(29)	(59)	4	(6)	(106)	2	(25)	(82)	(195)	(19)
9	14	8	7	14	8	10	6	17	8
5	11	3	3	10	4	6	3	12	5
1	2	1	1	1	1	1	–	3	1
1	2	1	1	1	–	–	1	2	1
–	–	–	–	2	–	–	–	2	–
16	29	13	12	28	13	17	10	36	15
14	65	59	44	2	41	22	(30)	126	8
1	5	5	4	–	3	2	–	11	1
3	12	11	8	1	8	4	–	22	1
4	17	16	12	1	11	6	–	33	2
$ 10	$ 48	$ 43	$ 32	$ 1	$ 30	$ 16	$ (30)	$ 93	$ 6

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
CAPITAL STOCK CLASS B PUTABLE SHARES				
BALANCE, DECEMBER 31, 2009	422	–	36	51
Proceeds from sale of capital stock	5	–	–	4
Repurchase/redemption of capital stock	(11)	–	–	(6)
Net shares reclassified to mandatorily redeemable capital stock	(3)	–	–	–
Transfer between Class B and Class A shares	–	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2010	413	–	36	49
BALANCE, DECEMBER 31, 2010	387	–	36	46
Proceeds from sale of capital stock	8	–	–	5
Repurchase/redemption of capital stock	(16)	–	–	(7)
Net shares reclassified from/(to) mandatorily redeemable capital stock	4	–	–	–
Transfer between Class B and Class A shares	(1)	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2011	382	–	36	44
CAPITAL STOCK CLASS A PUTABLE SHARES				
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	–	–	–
BALANCE, DECEMBER 31, 2010	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	1	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2011	7	–	–	–

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
40	81	31	17	–	25	25	13	86	17
–	–	–	–	–	–	1	–	–	–
	–	–	–	–	(2)	(3)	–	–	–
–	(3)	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
40	78	31	17	–	23	23	13	86	17
40	72	31	16	–	22	16	9	83	16
–	1	–	–	–	1	1	–	–	–
(2)	–	–	–	–	(2)	(2)	–	(3)	–
–	–	–	–	–	–	(1)	–	5	–
–	–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	–	–	–	–
38	73	31	16	–	21	14	8	85	16
–	–	–	–	–	–	–	3	–	1
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	3	–	1
–	–	–	–	–	–	–	6	–	1
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	(1)	–	–
–	–	–	–	–	–	–	1	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	6	–	1

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Shares in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
CAPITAL STOCK PRE-CONVERSION PUTABLE SHARES				
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	–	–	–
BALANCE, DECEMBER 31, 2010	23	–	–	–
Proceeds from sale of capital stock	–	–	–	–
Repurchase/redemption of capital stock	–	–	–	–
Net shares reclassified from mandatorily redeemable capital stock	–	–	–	–
Conversion to Class B or Class A shares	–	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2011	23	–	–	–
TOTAL CAPITAL STOCK PUTABLE SHARES				
BALANCE, DECEMBER 31, 2009	449	–	36	51
Proceeds from sale of capital stock	5	–	–	4
Repurchase/redemption of capital stock	(11)	–	–	(6)
Net shares reclassified to mandatorily redeemable capital stock	(3)	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2010	440	–	36	49
BALANCE, DECEMBER 31, 2010	417	–	36	46
Proceeds from sale of capital stock	8	–	–	5
Repurchase/redemption of capital stock	(16)	–	–	(7)
Net shares reclassified from/(to) mandatorily redeemable capital stock	3	–	–	–
Transfer between Class B and Class A shares	–	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2011	412	–	36	44

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	–								
–	–	–	–	23	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	23	–	–	–	–	–
–	–	–	–	23	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–		–	–	–	–	–
–	–	–	–	23	–	–	–	–	–
40	81	31	17	23	25	25	16	86	18
–	–	–	–	–	–	1	–	–	–
–	–	–	–	–	(2)	(3)	–	–	–
–	(3)	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
40	78	31	17	23	23	23	16	86	18
40	72	31	16	23	22	16	15	83	17
–	1	–	–	–	1	1	–	–	–
(2)	–	–	–	–	(2)	(2)		(3)	–
–	–	–	–	–	–	(1)	(1)	5	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
38	73	31	16	23	21	14	14	85	17

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
CAPITAL STOCK CLASS B PUTABLE PAR VALUE				
BALANCE, DECEMBER 31, 2009	$ 42,227	$ –	$ 3,643	$ 5,059
Proceeds from sale of capital stock	657	–	3	364
Repurchase/redemption of capital stock	(1,135)	–	–	(594)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(338)	–	–	(1)
Transfer between Class B and Class A shares	–	–	–	–
Capital stock dividends	12	–	–	–
BALANCE, MARCH 31, 2010	$ 41,423	$ –	$ 3,646	$ 4,828
BALANCE, DECEMBER 31, 2010	$ 38,683	$ –	$ 3,665	$ 4,529
Proceeds from sale of capital stock	766	–	2	505
Repurchase/redemption of capital stock	(1,555)	–	–	(711)
Net shares reclassified from/(to) mandatorily redeemable capital stock	393	–	(20)	–
Transfer between Class B and Class A shares	(76)	–	–	–
Capital stock dividends	9	–	–	–
BALANCE, MARCH 31, 2011	$ 38,220	$ –	$ 3,647	$ 4,323
CAPITAL STOCK CLASS A PUTABLE PAR VALUE				
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	$ –	$ –	$ –
BALANCE, DECEMBER 31, 2010	$ 719	$ –	$ –	$ –
Proceeds from sale of capital stock	1	–	–	–
Repurchase/redemption of capital stock	–	–	–	–
Net shares reclassified to mandatorily redeemable capital stock	(70)	–	–	–
Transfer between Class B and Class A shares	76	–	–	–
Capital stock dividends	–	–	–	–
BALANCE, MARCH 31, 2011	$ 726	$ –	$ –	$ –

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 4,018	$ 8,124	$ 3,063	$ 1,726	$ –	$ 2,461	$ 2,532	$ 1,309	$ 8,575	$ 1,717
17	25	21	4	–	86	99	34	4	–
–	(4)	–	–	–	(215)	(322)	–	–	–
–	(293)	(5)	2	–	(1)	–	(20)	(18)	(2)
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	2	10	–	–
$ 4,035	$ 7,852	$ 3,079	$ 1,732	$ –	$ 2,331	$ 2,311	$ 1,333	$ 8,561	$ 1,715
$ 3,986	$ 7,224	$ 3,092	$ 1,610	$ –	$ 2,183	$ 1,601	$ 861	$ 8,282	$ 1,650
3	41	4	14	–	78	74	11	34	–
(184)	–	–	(10)	–	(143)	(188)	(2)	(317)	–
(1)	(2)	–	–	–	–	(61)	(10)	497	(10)
–	–	–	–	–	–	–	(76)	–	–
–	–	–	–	–	–	2	7	–	–
$ 3,804	$ 7,263	$ 3,096	$ 1,614	$ –	$ 2,118	$ 1,428	$ 791	$ 8,496	$ 1,640
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 294	$ –	$ 133
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 294	$ –	$ 133
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 593	$ –	$ 126
–	–	–	–	–	–	–	1	–	–
–	–	–	–	–	–	–		–	–
–	–	–	–	–	–	–	(69)	–	(1)
–	–	–	–	–	–	–	76	–	–
–	–	–	–	–	–	–		–	–
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 601	$ –	$ 125

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
CAPITAL STOCK PRE-CONVERSION PUTABLE PAR VALUE				
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	$ –	$ –	$ –
BALANCE, DECEMBER 31, 2010	$ 2,333	$ –	$ –	$ –
Proceeds from sale of capital stock	–	–	–	–
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, 2011	$ 2,332	$ –	$ –	$ –
TOTAL CAPITAL STOCK PUTABLE PAR VALUE				
BALANCE, DECEMBER 31, 2009	$ 44,982	$ –	$ 3,643	$ 5,059
Proceeds from sale of capital stock	665	–	3	364
Repurchase/redemption of capital stock	(1,135)	–	–	(594)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(342)	–	–	(1)
Capital stock dividends	12	–	–	–
BALANCE, MARCH 31, 2010	$ 44,182	$ –	$ 3,646	$ 4,828
BALANCE, DECEMBER 31, 2010	$ 41,735	$ –	$ 3,665	$ 4,529
Proceeds from sale of capital stock	767	–	2	505
Repurchase/redemption of capital stock	(1,555)	–	–	(711)
Net shares reclassified from/(to) mandatorily redeemable capital stock	322	–	(20)	–
Capital stock dividends	9	–	–	–
BALANCE, MARCH 31, 2011	$ 41,278	$ –	$ 3,647	$ 4,323
RETAINED EARNINGS				
BALANCE, DECEMBER 31, 2009	$ 6,033	$ (15)	$ 142	$ 689
Net income (loss)	325	(1)	23	54
Dividends on capital stock:				
Cash	(143)	–	–	(71)
Stock	(12)	–	–	–
BALANCE, MARCH 31, 2010	$ 6,203	$ (16)	$ 165	$ 672
BALANCE, DECEMBER 31, 2010	$ 7,552	$ 64	$ 249	$ 712
Net income (loss)	358	12	23	71
Dividends on capital stock:				
Cash	(152)	–	(3)	(66)
Stock	(9)	–	–	–
BALANCE, MARCH 31, 2011	$ 7,749	$ 76	$ 269	$ 717

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ –	$ –	$ –	$ –	$ 2,328	$ –	$ –	$ –	$ –	$ –
–	–	–	–	8	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	(4)	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$ –	$ 2,332	$ –	$ –	$ –	$ –	$ –
$ –	$ –	$ –	$ –	$ 2,333	$ –	$ –	$ –	$ –	$ –
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	(1)	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
$ –	$ –	$ –	$ –	$ 2,332	$ –	$ –	$ –	$ –	$ –
$ 4,018	$ 8,124	$ 3,063	$ 1,726	$ 2,328	$ 2,461	$ 2,532	$ 1,603	$ 8,575	$ 1,850
17	25	21	4	8	86	99	34	4	–
–	(4)	–	–	–	(215)	(322)	–	–	–
–	(293)	(5)	2	(4)	(1)	–	(20)	(18)	(2)
–	–	–	–	–	–	2	10	–	–
$ 4,035	$ 7,852	$ 3,079	$ 1,732	$ 2,332	$ 2,331	$ 2,311	$ 1,627	$ 8,561	$ 1,848
$ 3,986	$ 7,224	$ 3,092	$ 1,610	$ 2,333	$ 2,183	$ 1,601	$ 1,454	$ 8,282	$ 1,776
3	41	4	14	–	78	74	12	34	–
(184)	–	–	(10)	–	(143)	(188)	(2)	(317)	–
(1)	(2)	–	–	(1)	–	(61)	(79)	497	(11)
–	–	–	–	–	–	2	7	–	–
$ 3,804	$ 7,263	$ 3,096	$ 1,614	$ 2,332	$ 2,118	$ 1,428	$ 1,392	$ 8,496	$ 1,765
$ 389	$ 873	$ 412	$ 349	$ 708	$ 484	$ 356	$ 355	$ 1,239	$ 52
10	48	43	32	1	30	16	(30)	93	6
–	(5)	(39)	(8)	–	(14)	–	–	(6)	–
–	–	–	–	–	–	(2)	(10)	–	–
$ 399	$ 916	$ 416	$ 373	$ 709	$ 500	$ 370	$ 315	$ 1,326	$ 58
$ 397	$ 1,124	$ 438	$ 427	$ 1,099	$ 556	$ 452	$ 352	$ 1,609	$ 73
3	51	42	20	26	26	12	24	60	(12)
–	(15)	(35)	(10)	–	(17)	–	–	(6)	–
–	–	–	–	–	–	(2)	(7)	–	–
$ 400	$ 1,160	$ 445	$ 437	$ 1,125	$ 565	$ 462	$ 369	$ 1,663	$ 61

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
BALANCE, DECEMBER 31, 2009	$ (8,206)	$ (2)	$ (1,021)	$ (145)
Net unrealized gains/losses on available-for-sale securities:				
Unrealized gains (losses)	255	–	15	15
Net unrealized gains/losses on held-to-maturity securities transferred from available-to-sale securities:				
Reclassification of losses included in net income (loss)	9	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:				
Non-credit portion, including losses transferred from held-to-maturity securities and subsequent fair value adjustments	130	–	–	–
Reclassification of non-credit portion included in net income (loss)	89	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:				
Non-credit portion	(391)	–	(17)	(2)
Reclassification of non-credit portion included in net income (loss)	129	–	19	2
Accretion of non-credit portion	375	–	78	4
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	119	–	–	–
Net unrealized gains/losses relating to hedging activities:				
Unrealized losses	(111)	–	–	–
Reclassification of losses included in net income (loss)	8	–	–	2
BALANCE, MARCH 31, 2010	$ (7,594)	$ (2)	$ (926)	$ (124)
BALANCE, DECEMBER 31, 2010	$ (5,546)	$ (2)	$ (638)	$ (97)
Net unrealized gains/losses on available-for-sale securities:				
Unrealized (losses) gains	(95)	–	3	(8)
Reclassification of gains included in net income (loss)	(8)	–	(8)	–
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities:				
Reclassification of losses included in net income (loss)	1	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:				
Non-credit portion, including losses transferred from held-to-maturity securities and subsequent fair value adjustments	(884)	–	–	–
Reclassification of non-credit portion included in net income (loss)	112	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:				
Non-credit portion	(111)	–	(5)	–
Reclassification of non-credit portion included in net income (loss)	151	–	29	–
Accretion of non-credit portion	292	–	48	4
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	1,795	–	–	–
Net unrealized gains/losses relating to hedging activities:				
Unrealized gains	78	–	–	3
Reclassification of (gains) losses included in net income (loss)	(8)	–	–	1
BALANCE, MARCH 31, 2011	$ (4,223)	$ (2)	$ (571)	$ (97)

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ (694)	$ (744)	$ (8)	$ (329)	$ (658)	$ (34)	$ (66)	$ (12)	$ (3,584)	$ (909)
–	–	–	(21)	189	57	–	–	–	–
–	–	–	–	9	–	–	–	–	–
70	35	–	–	5	–	–	–	–	20
28	40	–	–	4	–	–	–	–	17
(2)	(58)	–	(14)	(29)	–	(7)	(16)	(191)	(55)
–	–	–	6	40	–	1	1	59	1
–	–	–	14	47	–	4	1	215	12
2	58	–	–	–	–	–	–	–	59
–	–	–	–	(111)	–	–	–	–	–
–	–	–	–	6	–	–	–	–	–
$ (596)	$ (669)	$ (8)	$ (344)	$ (498)	$ 23	$ (68)	$ (26)	$ (3,501)	$ (855)
$ (222)	$ (402)	$ (7)	$ (90)	$ (483)	$ 91	$ (63)	$ (23)	$ (2,943)	$ (667)
–	2	(1)	4	(77)	(27)	–	–	1	8
–	–	–	–	–	–	–	–	–	–
–	–	–	–	1	–	–	–	–	–
59	30	–	7	3	–	–	–	(1,079)	96
20	47	–	18	5	–	–	–	–	22
(3)	(19)	–	–	–	–	–	(1)	(83)	–
–	–	–	–	15	–	1	1	104	1
–	–	–	1	35	–	5	2	193	4
3	19	–	–	–	–	–	–	1,768	5
–	–	–	–	75	–	–	–	–	–
–	–	–	–	(9)	–	–	–	–	–
$ (143)	$ (323)	$ (8)	$ (60)	$ (435)	$ 64	$ (57)	$ (21)	$ (2,039)	$ (531)

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
TOTAL CAPITAL				
BALANCE, DECEMBER 31, 2009	$ 42,809	$ (17)	$ 2,764	$ 5,603
Proceeds from sale of capital stock	665	–	3	364
Repurchase/redemption of capital stock	(1,135)	–	–	(594)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(342)	–	–	(1)
Comprehensive income (loss):				
Net income (loss)	325	(1)	23	54
Other comprehensive income (loss) adjustments:				
Net unrealized gains/losses on available-for-sale securities:				
Unrealized gains (losses)	255	–	15	15
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities:				
Reclassification of losses included in net income (loss)	9	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:				
Non-credit portion, including losses transferred from held-to maturity securities and subsequent fair value adjustments	130	–	–	–
Reclassification of non-credit portion included in net income (loss)	89	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:				
Non-credit portion	(391)	–	(17)	(2)
Reclassification of non-credit portion included in net income (loss)	129	–	19	2
Accretion of non-credit portion	375	–	78	4
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	119	–	–	–
Net unrealized gains/losses relating to hedging activities:				
Unrealized losses	(111)	–	–	–
Reclassification of losses included in net income (loss)	8	–	–	2
Total other comprehensive income (loss) adjustments	612	–	95	21
Total comprehensive income (loss)	937	(1)	118	75
Dividends on capital stock:				
Cash	(143)	–	–	(71)
BALANCE, MARCH 31, 2010	$ 42,791	$ (18)	$ 2,885	$ 5,376

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3,713	$ 8,253	$ 3,467	$ 1,746	$ 2,378	$ 2,911	$ 2,822	$ 1,946	$ 6,230	$ 993
17	25	21	4	8	86	99	34	4	–
–	(4)	–	–	–	(215)	(322)	–	–	–
–	(293)	(5)	2	(4)	(1)	–	(20)	(18)	(2)
10	48	43	32	1	30	16	(30)	93	6
–	–	–	(21)	189	57	–	–	–	–
–	–	–	–	9	–	–	–	–	–
70	35	–	–	5	–	–	–	–	20
28	40	–	–	4	–	–	–	–	17
(2)	(58)	–	(14)	(29)	–	(7)	(16)	(191)	(55)
–	–	–	6	40	–	1	1	59	1
–	–	–	14	47	–	4	1	215	12
2	58	–	–	–	–	–	–	–	59
–	–	–	–	(111)	–	–	–	–	–
–	–	–	–	6	–	–	–	–	–
98	75	–	(15)	160	57	(2)	(14)	83	54
108	123	43	17	161	87	14	(44)	176	60
–	(5)	(39)	(8)	–	(14)	–	–	(6)	–
$ 3,838	$ 8,099	$ 3,487	$ 1,761	$ 2,543	$ 2,854	$ 2,613	$ 1,916	$ 6,386	$ 1,051

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CAPITAL (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
BALANCE, DECEMBER 31, 2010	$ 43,741	$ 62	$ 3,276	$ 5,144
Proceeds from sale of capital stock	767	–	2	505
Repurchase/redemption of capital stock	(1,555)	–		(711)
Net shares reclassified from/(to) mandatorily redeemable capital stock	322	–	(20)	–
Comprehensive income (loss):				
Net income (loss)	358	12	23	71
Other comprehensive income (loss) adjustments:				
Net unrealized gains/losses on available-for-sale securities:				
Unrealized (losses) gains	(95)	–	3	(8)
Reclassification of gains included in net income (loss)	(8)	–	(8)	–
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities:				
Reclassification of losses included in net income (loss)	1	–	–	–
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities:				
Non-credit portion, including losses transferred from held-to-maturity securities and subsequent fair value adjustments	(884)	–	–	–
Reclassification of non-credit portion included in net income (loss)	112	–	–	–
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:				
Non-credit portion	(111)	–	(5)	–
Reclassification of non-credit portion included in net income (loss)	151	–	29	–
Accretion of non-credit portion	292	–	48	4
Reclassification of non-credit portion from held-to-maturity securities to available-for-sale securities	1,795	–	–	–
Net unrealized gains/losses relating to hedging activities:				
Unrealized gains	78	–	–	3
Reclassification of (gains) losses included in net income (loss)	(8)	–	–	1
Total other comprehensive income (loss) adjustments	1,323	–	67	–
Total comprehensive income (loss)	1,681	12	90	71
Dividends on capital stock:				
Cash	(152)	–	(3)	(66)
BALANCE, MARCH 31, 2011	$ 44,804	$ 74	$ 3,345	$ 4,943

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 4,161	$ 7,946	$ 3,523	$ 1,947	$ 2,949	$ 2,830	$ 1,990	$ 1,783	$ 6,948	$ 1,182
3	41	4	14	–	78	74	12	34	–
(184)	–	–	(10)	–	(143)	(188)	(2)	(317)	–
(1)	(2)	–	–	(1)	–	(61)	(79)	497	(11)
3	51	42	20	26	26	12	24	60	(12)
–	2	(1)	4	(77)	(27)	–	–	1	8
–	–	–	–	–	–	–	–	–	–
–	–	–	–	1	–	–	–	–	–
59	30	–	7	3	–	–	–	(1,079)	96
20	47	–	18	5	–	–	–	–	22
(3)	(19)	–	–	–	–	–	(1)	(83)	–
–	–	–	–	15	–	1	1	104	1
–	–	–	1	35	–	5	2	193	4
3	19	–	–	–	–	–	–	1,768	5
–	–	–	–	75	–	–	–	–	–
–	–	–	–	(9)	–	–	–	–	–
79	79	(1)	30	48	(27)	6	2	904	136
82	130	41	50	74	(1)	18	26	964	124
–	(15)	(35)	(10)	–	(17)	–	–	(6)	–
$ 4,061	$ 8,100	$ 3,533	$ 1,991	$ 3,022	$ 2,747	$ 1,833	$ 1,740	$ 8,120	$ 1,295

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
OPERATING ACTIVITIES				
Net income (loss)	$ 358	$ 12	$ 23	$ 71
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	13	5	–	(10)
Change in net derivative and hedging activities	24	–	(21)	59
Net other-than-temporarily impairment losses	275	–	31	–
Other adjustments	58	(17)	(8)	54
Net change in fair value adjustments on trading securities	70	–	2	–
Net change in fair value adjustments on advances, consolidated obligations and other liabilities held under fair value option	60	–	–	(1)
Net change in:				
Trading securities	–	–	–	–
Accrued interest receivable	191	(1)	19	37
Other assets	11	–	1	4
Accrued interest payable	379	1	18	33
Other liabilities (1)	(138)	–	4	(10)
Total adjustments	943	(12)	46	166
Net cash provided by operating activities	1,301	–	69	237
INVESTING ACTIVITIES				
Net change in:				
Interest-bearing deposits	1,467	–	–	795
Securities purchased under agreements to resell	4,500	–	1,925	–
Federal funds sold	(4,956)	–	(1,550)	(105)
Deposits to other FHLBanks	–	1	–	–
Premises, software and equipment	(9)	–	–	(1)
Trading securities:				
Net increase in short-term	(2,004)	–	(35)	–
Proceeds from long-term	1,208	–	1	–
Purchases of long-term	(2,605)	–		–
Available-for-sale securities:				
Net decrease in short-term	490	–	–	–
Proceeds from long-term	3,412	–	1,507	264
Purchases of long-term	(595)	–	(492)	–
Held-to-maturity securities:				
Net decrease (increase) in short-term	3,049	–	–	–
Proceeds from long-term	9,191	–	376	713
Purchases of long-term	(7,385)	–	(490)	(988)
Advances:				
Proceeds	408,758	–	44,134	93,771
Made	(377,981)	–	(42,131)	(89,132)
Mortgage loans held for portfolio:				
Principal collected	4,088	–	212	78
Purchases	(1,391)	–	(136)	(86)
Proceeds from sales of foreclosed assets	36	–	3	–
Net cash provided by investing activities	39,273	1	3,324	5,309

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3	$ 51	$ 42	$ 20	$ 26	$ 26	$ 12	$ 24	$ 60	$ (12)
–	(4)	2	9	33	3	(17)	(7)	(4)	3
32	44	34	11	(14)	17	15	(7)	(148)	2
20	52	–	18	20	–	1	1	109	23
3	–	3	–	13	8	–	2	–	–
–	34	3	–	11	3	–	16	1	–
–	–	–	–	5	1	1	–	54	–
1	–	–	–	–	–	(1)	–	–	–
7	31	(6)	1	26	(6)	2	14	64	3
(1)	15	3	–	(19)	6	2	(1)	3	(2)
21	37	(1)	10	171	45	23	(7)	35	(7)
(4)	(32)	(5)	(7)	(35)	(7)	(4)	(4)	(31)	(3)
79	177	33	42	211	70	22	7	83	19
82	228	75	62	237	96	34	31	143	7
46	515	59	16	–	19	27	25	–	(35)
–	–	1,075	625	(200)	(50)	(375)	–	–	1,500
(1,090)	(962)	1,750	(196)	(1,037)	(127)	1,441	(1,189)	1,346	(3,237)
(1)	–	–	–	–	–	–	–	–	–
(1)	–	–	–	–	(1)	(2)	–	(2)	(2)
–	–	(1,559)	–	–	–	–	(410)	–	–
–	50	–	–	639	200	–	317	1	–
–	–	–	–	(1,572)	–	–	–	(1,033)	–
–	–	490	–	–	–	–	–	–	–
168	204	–	57	276	441	–	–	–	495
(103)	–	–	–	–	–	–	–	–	–
(900)	495	(780)	–	467	235	–	–	2,524	1,008
486	1,458	1,055	516	682	524	670	573	1,737	401
(518)	(819)	(555)	(525)	(583)	–	–	–	(2,860)	(47)
26,340	19,070	61,440	4,613	24,874	8,279	59,402	8,073	44,738	14,024
(23,464)	(11,733)	(59,647)	(4,111)	(23,908)	(7,099)	(55,827)	(6,559)	(41,319)	(13,051)
279	124	554	413	1,316	464	12	214	177	245
(60)	–	(250)	(181)	(9)	(262)	–	(407)	–	–
–	–	–	–	21	9	–	3	–	–
1,182	8,402	3,632	1,227	966	2,632	5,348	640	5,309	1,301

FEDERAL HOME LOAN BANKS

COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2011

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
FINANCING ACTIVITIES				
Net change in:				
Deposits and pass-through reserves	461	–	65	57
Deposits from other FHLBanks	–	(1)	–	–
Borrowings	57	–	–	62
Net (payments) proceeds on derivative contracts with financing element	(367)	–	(8)	(108)
Net proceeds from issuance of consolidated obligations:				
Discount notes	1,708,124	–	225,523	41,572
Bonds	76,354	–	1,925	16,160
Bonds transferred from other FHLBanks	–	(167)	–	–
Payments for maturing and retiring consolidated obligations:				
Discount notes	(1,718,221)	–	(227,554)	(41,455)
Bonds	(96,545)	–	(2,955)	(19,098)
Bonds transferred to other FHLBanks	–	167	–	(167)
Proceeds from sale of capital stock	767	–	2	505
Payments for repurchase/redemption of mandatorily redeemable capital stock	(317)	–	(3)	(4)
Payments for repurchase/redemption of capital stock	(1,555)	–	–	(711)
Cash dividends paid	(152)	–	(3)	(66)
Net cash used in by financing activities	(31,394)	(1)	(3,008)	(3,253)
Net increase (decrease) in cash and cash equivalents	9,180	–	385	2,293
Cash and due from banks at beginning of the period	3,801	–	6	661
Cash and due from banks equivalents at end of the period	$ 12,981	$ –	$ 391	$ 2,954
Supplemental Disclosures:				
Interest paid	$ 1,859	$ –	$ 128	$ 127
AHP payments, net	$ 53	$ –	$ 2	$ 11
REFCORP assessments paid	$ 154	$ –	$ –	$ 21
Transfers of mortgage loans to real estate owned	$ 42	$ –	$ 3	$ 1
Transfers of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 5,723	$ –	$ –	$ –

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

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
(66)	(158)	(116)	49	(117)	69	238	761	(119)	(202)
–	–	–	–	1	–	–	–	–	–
–	–	–	–	–	–	–	(5)	–	–
(20)	(137)	(42)	(27)	(13)	(2)	(5)	(26)	24	(3)
38,410	258,897	230,098	159,641	325,596	120,666	89,715	22,960	18,148	176,898
2,308	15,045	2,702	4,527	5,803	6,948	1,182	1,475	12,914	5,365
–	–	–	–	–	–	167	–	–	–
(38,334)	(267,115)	(229,941)	(160,076)	(321,333)	(123,945)	(94,344)	(24,105)	(14,728)	(175,291)
(3,332)	(15,179)	(3,225)	(5,094)	(10,111)	(6,338)	(3,290)	(1,629)	(18,245)	(8,049)
–	–	–	–	–	–	–	–	–	–
3	41	4	14	–	78	74	12	34	–
(2)	–	(26)	–	–	–	(51)	(81)	(150)	–
(184)	–	–	(10)	–	(143)	(188)	(2)	(317)	–
–	(15)	(35)	(10)	–	(17)	–	–	(6)	–
(1,217)	(8,621)	(581)	(986)	(174)	(2,684)	(6,502)	(640)	(2,445)	(1,282)
47	9	3,126	303	1,029	44	(1,120)	31	3,007	26
143	5	198	12	282	106	1,632	–	755	1
$ 190	$ 14	$ 3,324	$ 315	$ 1,311	$ 150	$ 512	$ 31	$ 3,762	$ 27
$ 155	$ 148	$ 213	$ 114	$ 265	$ 317	$ 29	$ 97	$ 181	$ 85
$ 2	$ 5	$ 6	$ 4	$ 1	$ 3	$ 3	$ 4	$ 12	$ –
$ –	$ 20	$ 11	$ 10	$ 33	$ 12	$ 5	$ 8	$ 34	$ –
$ 4	$ 4	$ –	$ –	$ 19	$ 8	$ –	$ 1	$ 1	$ 1
$ 91	$ 302	$ –	$ –	$ –	$ –	$ –	$ –	$ 5,322	$ 8

FEDERAL HOME LOAN BANKS

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

(Dollars in millions)
(Unaudited)

	Combined	Combining Adjustments	Boston	New York
OPERATING ACTIVITIES				
Net income (loss)	$ 325	$ (1)	$ 23	$ 54
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	(124)	1	(4)	(16)
Change in net derivative and hedging activities	495	–	(3)	108
Net other-than-temporary impairment losses	233	–	23	3
Other adjustments	12	–	–	–
Net change in fair value adjustments on trading securities	(29)	–	(2)	–
Net change in fair value adjustments on advances and consolidated obligations held under fair value option	104	–	–	8
Net change in:				
Accrued interest receivable	270	–	10	20
Other assets	(309)	–	2	3
Accrued interest payable	22	–	12	54
Other liabilities(1)	(89)	–	4	(41)
Total adjustments	585	1	42	139
Net cash provided by (used in) operating activities	910	–	65	193
INVESTING ACTIVITIES				
Net change in:				
Interest-bearing deposits	258	–	–	4
Securities purchased under agreements to resell	(3,375)	–	(250)	–
Federal funds sold	(24,369)	–	231	320
Deposits to other FHLBanks	–	(2)	–	–
Loans to FHLBanks	–	35	–	–
Premises, software and equipment	(12)	–	–	(1)
Trading securities:				
Net decrease in short-term	4,504	–	–	–
Proceeds from long-term	1,241	(9)	1	–
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
Purchases of long-term	(5,551)	–	(1,226)	(582)
Held-to-maturity securities:				
Net decrease (increase) in short-term	627	–	–	–
Proceeds from long-term	10,084	–	491	916
Purchases of long-term	(8,481)	–	(483)	–
Advances:				
Proceeds	409,911	–	45,070	66,265
Made	(350,763)	–	(42,664)	(60,622)
Mortgage loans held for portfolio:				
Principal collected	3,240	–	159	49
Purchases	(621)	–	(50)	(20)
Proceeds from sales of foreclosed assets	20	–	2	–
Net cash provided by (used in) investing activities	40,400	24	921	6,526

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 10	$ 48	$ 43	$ 32	$ 1	$ 30	$ 16	$ (30)	$ 93	$ 6
6	(34)	4	(20)	16	(2)	(29)	2	(4)	(44)
55	212	66	54	42	14	49	(31)	(115)	44
28	46	–	6	44	–	1	2	60	20
(1)	–	–	–	6	4	–	–	–	3
–	(4)	–	–	1	(21)	–	(3)	–	–
–	–	–	–	2	(6)	–	–	100	–
23	50	7	4	(47)	(14)	5	15	152	45
1	(311)	2	1	(10)	(2)	(2)	–	3	4
(71)	7	(52)	(23)	142	39	12	2	(39)	(61)
(2)	–	(12)	2	(13)	(2)	(9)	(13)	3	(6)
39	(34)	15	24	183	10	27	(26)	160	5
49	14	58	56	184	40	43	(56)	253	11
20	188	14	(23)	–	(6)	7	34	–	20
–	–	–	–	875	–	–	–	–	(4,000)
(1,100)	(5,187)	(3,815)	(1,351)	(1,980)	(422)	(1,439)	(1,003)	(9,675)	1,052
1	1	–	–	–	–	–	–	–	–
–	–	–	(35)	–	–	–	–	–	–
(1)	(3)	(1)	–	(2)	(1)	(1)	–	(2)	–
–	–	2,250	–	–	–	–	2,254	–	–
–	200	–	–	1	1,007	–	40	1	–
–	–	–	–	–	–	–	–	–	–
–	–	2,745	–	–	–	–	–	–	–
122	95	–	–	269	573	–	–	–	46
–	–	–	–	(2,826)	(123)	–	–	–	(794)
1,450	(355)	–	(411)	220	(340)	–	–	(51)	114
521	1,449	885	491	826	344	1,167	772	1,786	436
–	(481)	(1,241)	(534)	–	(2,476)	(954)	(2,175)	–	(137)
24,379	19,278	67,654	5,116	20,474	8,117	67,227	8,757	68,372	9,202
(20,046)	(10,203)	(64,800)	(4,224)	(17,618)	(5,385)	(62,572)	(8,685)	(47,113)	(6,831)
213	104	463	362	1,168	287	11	118	127	179
(44)	–	(133)	(82)	(8)	(134)	–	(150)	–	–
–	–	–	–	12	4	–	2	–	–
5,515	5,086	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

(Dollars in millions)
(Unaudited)

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

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

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
135	(64)	(511)	(272)	(170)	109	51	738	(129)	33
–	–	–	–	(2)	–	–	–	–	–
–	–	–	–	–	–	–	(5)	–	–
–	35	–	–	–	–	–	–	–	–
(32)	(201)	(42)	(43)	(30)	(3)	(5)	(34)	30	–
14,649	231,348	150,336	147,423	298,123	115,515	29,212	30,061	38,827	267,338
6,147	24,696	4,623	8,110	9,722	12,087	11,579	4,779	30,973	12,523
(14,868)	(230,667)	(148,486)	(142,136)	(302,509)	(120,222)	(32,338)	(27,022)	(32,279)	(268,334)
(12,779)	(30,724)	(9,787)	(12,751)	(8,252)	(8,975)	(14,837)	(8,890)	(56,453)	(11,588)
17	25	21	4	8	86	99	34	4	–
–	–	(269)	(2)	–	(2)	(1)	(26)	(3)	–
–	(4)	–	–	–	(215)	(322)	–	–	–
–	(5)	(39)	(8)	–	(14)	–	–	(6)	–
(6,731)	(5,561)	(4,154)	325	(3,110)	(1,634)	(6,562)	(365)	(19,036)	(28)
(1,167)	(461)	(75)	(310)	(1,515)	(149)	(3,073)	(457)	(5,338)	(730)
1,419	465	1,808	1,722	2,823	299	3,908	495	8,280	731
$ 252	$ 4	$ 1,733	$ 1,412	$ 1,308	$ 150	$ 835	$ 38	$ 2,942	$ 1
$ 255	$ 209	$ 276	$ 175	$ 388	$ 424	$ 66	$ 104	$ 344	$ 168
$ 4	$ 3	$ 5	$ 3	$ 2	$ 4	$ 4	$ 2	$ 14	$ 2
$ –	$ 19	$ 12	$ 6	$ –	$ 10	$ 10	$ 12	$ 12	$ –
$ 5	$ 10	$ –	$ –	$ 32	$ 5	$ –	$ 1	$ 1	$ 1
$ 21	$ 409	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 77

SELECTED FINANCIAL DATA
(Dollars in millions)

	2011	2010			
	March 31,	December 31,	September 30,	June 30,	March 31,
Selected Combined Statement of Condition data at:					
Investments[1]	$ 328,456	$ 330,470	$ 330,758	$ 308,701	$ 309,130
Advances	445,090	478,589	499,616	540,318	572,043
Mortgage loans held for portfolio	58,530	61,277	64,365	66,847	68,830
Allowance for credit losses on mortgage loans	(104)	(86)	(64)	(52)	(40)
Total assets	848,743	878,109	903,574	937,111	965,747
Consolidated obligations[2]:					
Discount notes	184,325	194,431	184,303	181,474	188,167
Bonds	585,221	606,567	629,635	671,467	687,782
Total consolidated obligations	769,546	800,998	813,938	852,941	875,949
Mandatorily redeemable capital stock[3]	6,427	7,066	7,012	8,051	8,155
Subordinated notes[4]	1,000	1,000	1,000	1,000	1,000
Total capital stock[3][5]:					
Capital stock-Class B putable[6]	38,220	38,683	40,359	40,897	41,423
Capital stock-Class A putable[6]	726	719	708	440	427
Capital stock-Preconversion putable[6]	2,332	2,333	2,318	2,331	2,332
Total capital stock	41,278	41,735	43,385	43,668	44,182
Retained earnings[2]	7,749	7,552	7,020	6,399	6,203
Accumulated other comprehensive loss	(4,223)	(5,546)	(6,057)	(6,881)	(7,594)
Total capital[2][5]	44,804	43,741	44,348	43,186	42,791
Selected Combined Statement of Income data for the quarter ended at:					
Net interest income[2][3]	$ 1,062	$ 1,266	$ 1,407	$ 1,326	$ 1,235
Provision for credit losses	21	25	14	11	8
Net interest income after provision for credit losses[2][3]	1,041	1,241	1,393	1,315	1,227
Total other income (loss)[2]	(290)	1	(209)	(679)	(549)
Total other expense	261	308	228	173	223
Total assessments	132	236	224	137	130
Net income[2][3]	$ 358	$ 698	$ 732	$ 326	$ 325
Selected other data for the quarter ended at:					
Cash and stock dividends[3]	$ 161	$ 166	$ 136	$ 130	$ 155
Dividend payout ratio[3][7]	44.97%	23.78%	18.58%	39.88%	47.69%
Return on average equity[8]	3.29%	6.38%	6.70%	3.04%	3.07%
Return on average assets	0.17%	0.31%	0.31%	0.14%	0.13%
Average equity to average assets	5.08%	4.82%	4.68%	4.45%	4.25%
Net interest margin[3][9]	0.49%	0.56%	0.60%	0.55%	0.49%
Selected other data at:					
Total regulatory capital ratio[3][10]	6.65%	6.53%	6.47%	6.31%	6.17%

(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***.

(3) The FHLBanks classify certain outstanding capital stock as "mandatorily redeemable capital stock" and include it in the liability section of the Combined Statement of Condition. For the periods presented, dividends on mandatorily redeemable capital stock in the amounts of $14 million, $15 million, $14 million, $11 million, and $14 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 13—Capital*** to the accompanying combined financial statements for information on the significant restrictions on stock redemption.)

(4) 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.

(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 13—Capital*** to the accompanying combined financial statements.)

(6) Each of the FHLBanks, except for the FHLBank of Chicago, implemented its respective capital plan prior to 2006. The corresponding balances for capital stock—pre-conversion putable relate solely to the FHLBank of Chicago. (See ***Note 13—Capital*** to the accompanying combined financial statements.)

(7) 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 because there are no shareholders at the FHLBank system-wide level.

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

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

(10) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets at period end. (See ***Note 13—Capital*** to the accompanying combined financial statements for definition and discussion of regulatory 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 accompanying notes in this Combined Financial Report. Each FHLBank discusses its financial condition and results of operations in its periodic reports filed with the SEC. The results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2011. The unaudited financial statements should be read in conjunction with the FHLBanks' audited financial statements and related notes to the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

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. This Financial Discussion and Analysis 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 each respective FHLBank's periodic reports filed with the SEC. (See ***Explanatory Statement about FHLBanks Combined Financial Report*** and ***Supplemental Information—Individual FHLBank Selected Financial Data and Financial Ratios***.)

The combined financial statements include the financial records of the 12 FHLBanks. (See ***Individual FHLBank Selected Financial Data and Financial Ratios*** for information regarding each individual FHLBank's results.) Material transactions among the FHLBanks have been eliminated in accordance with combination accounting principles related to consolidation under GAAP. (See ***Interbank Transfers of Liability on Outstanding Consolidated Bonds and Their Effect on Combined Net Income***.)

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 risks or uncertainties, including those set forth in the ***Risk Factors*** section of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010 along with any changes disclosed in this report. Therefore, the 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 the general economy, employment rates, housing market activity and housing prices, and the size and volatility of the residential mortgage market;
- volatility of market prices, interest rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks resulting 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 or investors in the consolidated obligations of the FHLBanks, including

changes in the FHLBank Act, housing GSE reform or regulations that affect FHLBank operations, and regulatory oversight;

- competitive forces, including other sources of funding available to FHLBank members, and other entities borrowing funds in the capital markets;
- demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands;
- loss of large members and repayment of advances made to those members due to institutional failures, mergers, consolidations, or withdrawals from membership;
- changes in domestic and foreign investor demand for consolidated obligations 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 and changes resulting from any modification of credit ratings;
- the availability, from acceptable counterparties, of derivative financial instruments of the types and in the quantities needed for risk management purposes;
- 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; and
- the effect of new accounting standards, including the development of supporting systems and related internal controls.

Neither the FHLBanks nor the Office of Finance undertakes any obligation to publicly update or revise any forward-looking statements contained in this report, whether as a result of new information, future events, changed circumstances, or any other reason.

Executive Summary

This overview highlights selected information and may not contain all of the information that is important to readers of this Combined Financial Report. For a more complete understanding of events, trends and uncertainties, this executive summary should be read together with the Financial Discussion and Analysis section in its entirety and the FHLBanks' combined financial statements and related notes.

Overview

The FHLBanks are government-sponsored enterprises (GSEs), federally-chartered but privately capitalized and independently managed. Twelve regional FHLBanks together with the Office of Finance, the fiscal agent of the FHLBanks, comprise the FHLBank System. All FHLBanks operate under the supervisory and regulatory framework of the Federal Housing Finance Agency (Finance Agency or Regulator). The Finance Agency's stated 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.

The FHLBanks are cooperative institutions, which means that their stockholders are also the FHLBanks' primary customers. FHLBank capital stock is not publicly traded. It is purchased and redeemed by members or repurchased by an FHLBank at a par value of $100 per share. The FHLBank System is designed to expand and contract in asset size as the needs of member financial institutions and their communities change over time.

Each FHLBank's primary business is to serve as a financial intermediary between the capital markets and its members. This intermediation process involves raising funds by issuing debt, known as consolidated obligations, in the capital markets and lending those proceeds to member institutions in the form of loans, known as advances. The risks associated with the intermediation of the members' credit needs with the investment requirements of each FHLBank's creditors is managed through the use of interest-rate exchange agreements. Each FHLBank's principal funding derives from consolidated obligations issued through the Office of Finance on behalf of each FHLBank. Consolidated obligations are the joint and several obligation of each FHLBank.

As member-owned cooperatives, the FHLBanks seek to maintain a balance between their public policy mission and their goal of providing adequate returns on member capital. The FHLBanks achieve this balance by providing value to their members through advances and other low-cost services, and through dividend payments to members. The interest spread between the cost of each FHLBank's liabilities and the yield on its assets, combined with the earnings on its invested capital, are the FHLBanks' primary sources of earnings. Generally, due to the FHLBanks' cooperative structures, the FHLBanks earn relatively narrow net spreads between the yield on assets and the cost of liabilities incurred to fund those assets.

The FHLBank System's ability to raise funds in the capital markets at narrow spreads to the U.S. Treasury yield curve is due largely to the FHLBank System's GSE status, which is acknowledged in its consolidated obligations receiving the highest credit rating available from nationally recognized statistical rating organizations. In addition to ratings on the FHLBanks' consolidated obligations, each FHLBank is rated individually by Standard & Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's). Investors should note that a rating issued by a rating agency is not a recommendation to buy, sell or hold securities and that the ratings may be revised or withdrawn by the rating agency at any time. Investors should evaluate the rating of each rating agency independently. However, FHLBank debt is not guaranteed by, nor is it the obligation of, the United States or any government agency.

On April 20, 2011, S&P affirmed its triple-A rating on the debt issues of the FHLBank System, but revised its outlook on these debt issues from stable to negative. Concurrently, S&P revised its outlooks from stable to negative for the 10 of 12 FHLBanks whose issuer credit ratings are currently constrained by the long-term sovereign credit rating of the United States of America, while affirming their triple-A long-term counterparty credit ratings. The outlooks of the other two FHLBanks, which are rated double-A plus, were not revised. These rating actions reflect S&P's revision of the outlook on the long-term sovereign credit rating on the United States of America to negative from stable. In the application of S&P's Government Related Entities criteria, the ratings of the FHLBank System and the FHLBanks are constrained by the long-term sovereign rating of the United States. (See ***Recent Rating Agency Actions*** for additional information.)

Business Environment

The primary external factors that affected the FHLBanks' combined financial condition and performance during the first quarter of 2011 were: 1) the general state of the economy and capital markets; 2) the conditions in the credit and housing markets; 3) interest-rate levels and volatility; and 4) the legislative and regulatory environment. During the first quarter of 2011, the FHLBanks continued to face challenges with respect to decreasing advance portfolios, run-off of higher-yielding assets, including mortgage-backed securities (MBS) and mortgage loans, lower yields on interest-earning assets in the current low interest-rate environment, and the ongoing effect of other-than-temporary impairment (OTTI) related to FHLBanks' private-label MBS portfolios.

<u>Economy and Capital Markets.</u> The domestic economic recovery is continuing at a moderate pace. The labor market has shown signs of improvement and the unemployment rate has declined from its peak. However, long-term unemployment rates remain at historically high levels. Despite continued signs of economic improvement, the sustainability and extent of improved economic conditions, and the prospects for and potential timing of further improvements (in particular, employment growth and housing market conditions), remain uncertain.

Beginning in mid-to-late January 2011, financial markets volatility increased due to global unrest in North Africa and the Middle East and the major earthquake and subsequent events affecting Japan's economy. Market participants feared that a significant increase in oil prices could translate into higher gas prices that could ultimately stifle U.S. economic recovery. As such, there was a flight to quality during late February and March as investors moved assets into short-term U.S. Treasuries. While FHLBank liability balances continued to shrink, the FHLBanks had ready access to capital at relatively attractive funding costs during the first quarter of 2011.

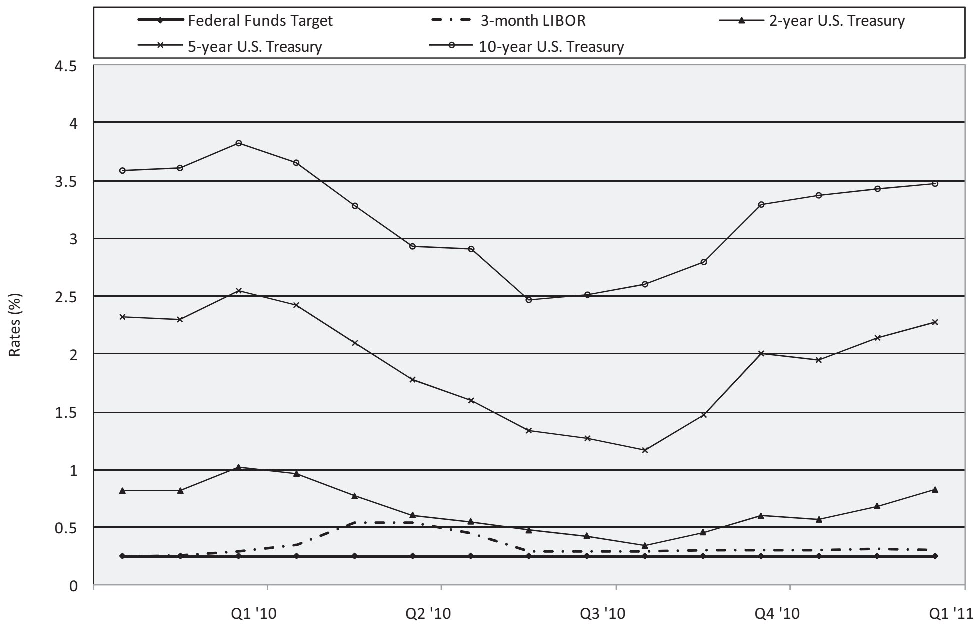
<u>Conditions in Credit and Housing Markets.</u> Historically, credit markets recover slowly following financial crises. Recent measures of aggregate credit outstanding have indicated some signs of improvement after declining in recent years. Over the last several months, non-revolving consumer credit outstanding has grown, corporate bond issuance has been robust, and new issuance of commercial mortgage-backed securities has increased. On average, commercial and industrial loans have resumed modest growth. While credit availability seemed to improve for large companies throughout 2010, small businesses still reported difficulty in gaining access to credit.

During the first quarter of 2011, credit availability somewhat improved for small businesses, but data was scarce for this market. The relatively weak economic recovery has resulted in minimal growth for new consumer, mortgage and commercial loans, which has reduced members' demand for advances.

The housing market continued to hold back the recovery as foreclosure rates remained very high. Delays in processing problem loans contributed to the build-up of the distressed properties backlog, putting ongoing downward pressure on home prices. Many FHLBank members continue to experience financial difficulties that result in hesitancy to increase lending. To the extent these conditions continue, advance demand across FHLBank membership is expected to remain weak. The economy also negatively affected the FHLBanks' mortgage loan balances in the first quarter of 2011, as ongoing difficulties in the mortgage and housing markets continued to result in relatively low refinancing levels of mortgage loans and modest amounts of new loan originations.

Interest Rates. Although interest rates fluctuated in 2010, the interest-rate environment was relatively stable in the first three months of 2011 compared to 2010. Relatively stable short-term interest rates and a steep consolidated obligation yield curve benefited the FHLBanks' earnings. The following chart presents key market interest rates from January 1, 2010 to March 31, 2011.

Key Market Interest Rates



Source: Bloomberg.

In the first quarter of 2011, short-term interest rates remained at historic lows while intermediate- and long-term rates showed a generally modest upward trend. The Federal Reserve Board, through its Federal Open Market Committee, indicated that it will maintain the target range for the federal funds rate at 0.00-0.25 percent, as it continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period. Levels of other short-term interest rates remained very low during the first three months of 2011 and, on average, were consistent with their historical relationship to federal funds target rates. Changes in short-term interest rates affect the FHLBanks' interest income and expense because a considerable portion of the FHLBanks' assets and liabilities are either directly or indirectly tied to short-term interest rates such as the federal funds or three-month LIBOR rates.

Based on the average 2-year to 10-year spread, the U.S. Treasury curve flattened very slightly during the first quarter of 2011 compared to the first quarter of 2010. Flattening of the yield curve tends to compress an FHLBank's net interest margin, while steepening of the yield curve offers better opportunities to purchase assets with wider net interest spreads. The spread between 2-year and 10-year U.S. Treasuries remained steep, reflecting the uncertain path of the economic expansion as the economy continued to recover following its emergence from the recent recession. A steep yield curve allowed the FHLBanks to continue retiring higher-cost, longer-term consolidated bonds before their final maturities. However, the interest-rate environment over the last several years has also harmed the FHLBanks' profitability by resulting in a lower return on interest-earning assets.

On average, U.S. Treasury yields trended higher during the first quarter of 2011 compared to year-end 2010. As the FHLBanks issue debt at spreads above U.S. Treasuries, these higher interest rates increase the cost of issuing FHLBank consolidated obligations and, therefore increase the cost of long-term advances to members.

Legislative and Regulatory Environment. On February 11, 2011, the Administration of the U.S. President Obama (Obama Administration) delivered a report to Congress that discussed housing GSE reform. The report outlined the current U.S. housing finance system and broad steps to move to a new housing finance regime. While the publication focused more on the other housing GSEs, it did suggest some changes to the FHLBank System. However, initial market reaction to this report has been positive for agency debt and as such, FHLBank funding costs have generally improved since mid-February. (See ***Legislative and Regulatory Developments*** for additional information.)

During the first quarter of 2011, the Federal Reserve continued a $600 billion bond purchase program which was announced in November 2010 to promote a stronger pace of economic recovery and to foster maximum employment and price stability. Under this program, the Federal Reserve will continue expanding its holdings of securities by maintaining its existing policy of reinvesting principal payments from its securities holdings into longer-term U.S. Treasury securities. The Federal Reserve will complete this program by the end of the second quarter of 2011. During the first quarter of 2011, the Federal Reserve purchased an additional $320 billion in U.S. Treasury securities as part of its efforts to support interest rates. Market participants are focused on the potential effect of this program's conclusion on interest rates and on the debt markets in general.

First Quarter 2011 FHLBanks' Financial Highlights

Financial Condition. At March 31, 2011 the FHLBanks' total assets were $848.7 billion, a decrease of 3 percent from $878.1 billion at December 31, 2010, driven by a $33.5 billion decline in advances. Advances declined 7 percent during the three months ended March 31, 2011 due to decreased member demand, regular maturities and continuing prepayments. Advance demand remained weak because of continued availability of alternative funding sources as well as high deposit balances and low demand for loans at member institutions.

During the first quarter of 2011, the FHLBanks maintained continual access to funding and adapted their debt issuance to meet the needs of market participants. At March 31, 2011, the FHLBanks' total consolidated obligations outstanding were $769.5 billion, a decline of 4 percent from $801.0 billion at December 31, 2010. The decline in consolidated obligations was comprised of maturities, redemptions and repurchases of higher-cost, longer-term debt and was consistent with the decline in total assets. During the first quarter of 2011, consolidated bonds declined $21.4 billion, while consolidated discount notes declined $10.1 billion.

Total consolidated obligations issuance was one percent lower during the first quarter of 2011 than during the corresponding period in the previous year due to a significant decrease in consolidated bond issuance. Aggregate weighted-average, new-issue funding costs for FHLBank consolidated bonds increased relative to benchmark market indices in the first quarter of 2011, as compared to the first quarter of 2010. The FHLBanks relied more on callable funding during the first quarter of 2011, such that fixed-rate consolidated bonds with an embedded call option represented 49 percent of consolidated bond issuance during this period, compared to 42 percent during the first quarter of 2010.

Total combined GAAP capital increased $1.1 billion during the first quarter of 2011, because of an improvement in combined accumulated other comprehensive loss and growth in combined retained earnings, partially offset by a decrease in combined capital stock outstanding.

Total combined regulatory capital decreased $901 million during the first quarter of 2011, primarily because of decreases in mandatorily redeemable capital stock (MRCS) and capital stock outstanding, partially offset by retained earnings growth. The difference between GAAP capital and regulatory capital relates primarily to accumulated other comprehensive income (loss), which is excluded from regulatory capital, and MRCS, which is included in regulatory capital.

Operating Results. Combined net income for the three months ended March 31, 2011 increased $33 million to $358 million from $325 million for the three months ended March 31, 2010. Changes in net income were primarily the result of improvements in other non-interest loss, partially offset by a decrease in net interest income.

During the three months ended March 31, 2011, the FHLBanks experienced declines in both interest income and interest expense and an increase in the provision for credit losses on mortgage loans held for portfolio, leading to an overall decrease in net interest income after provision for credit losses from $1,227 million in the three months ended March 31, 2010 to $1,041 million in the three months ended March 31, 2011. The decrease in interest income was due primarily to declines in the average balance of advances, run-off of higher-yielding investments and mortgage loans, and lower yields on other interest-earning assets, partially offset by higher prepayment fees. Interest expense also decreased, driven primarily by declines in average debt outstanding, ongoing retirement of higher-cost consolidated bonds prior to maturity, lower interest rates on newer issuances and shifts from consolidated bonds to consolidated discount notes.

The FHLBanks recognized $290 million of other non-interest losses during the three months ended March 31, 2011, compared to other non-interest losses of $549 million for the same period in 2010. The improvement in other non-interest loss was primarily the result of lower net losses in the mark-to-market of certain financial instruments carried at fair value, partially offset by an increase in net other-than-temporary impairment losses.

Other non-interest loss was positively affected by mark-to-market gains on derivatives and lower mark-to-market losses on advances and consolidated obligations held under the fair value option, partially offset by mark-to-market losses on trading securities. Mark-to-market adjustments create variability due to changes in the fair value of derivatives and certain other financial instruments that are carried at fair value. The FHLBanks recognized $275 million of credit-related OTTI charges on private-label MBS during the three months ended March 31, 2011 and $233 million of credit-related OTTI charges for the same period in 2010. Continued uncertainty about the future condition of the U.S. housing markets and the domestic economy, as well as ongoing deterioration in the credit performance of loan collateral underlying certain private-label MBS, resulted in additional other-than-temporary impairment losses during the first quarter of 2011. Assumptions regarding collateral performance included higher projected loss severities compared to prior quarters, reflecting anticipated increases in foreclosure and liquidation costs.

Business Outlook

The FHLBanks' first quarter 2011 net income reflects consistent performance in the FHLBanks' core lending activities and continued strength and stability, despite the slow economic recovery. The FHLBanks' primary challenge continues to be the weak economic recovery and housing market fundamentals that adversely affect advance demand. Another ongoing challenge is uncertainty with respect to the FHLBanks' private-label MBS portfolios, which continue to experience OTTI losses. Furthermore, as the FHLBanks are governed by Federal laws and Finance Agency regulations, changes in regulatory or statutory requirements, or in their application, could negatively affect the FHLBanks' ability to conduct business or their cost of doing business. Each of the FHLBanks continues to follow a conservative capital and financial management approach in light of these challenges.

Combined Statement of Condition

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

Advances

The change in advance balances reflects the member demand for liquidity and funding, which is driven by economic factors such as the interest-rate environment, the availability of alternative funding to members and general economic conditions. The outstanding carrying value of advances, as reported on the Combined Statement of Condition, declined $33.5 billion from December 31, 2010 to March 31, 2011. This reduction is primarily attributable to decreased member demand, regular maturities and continuing prepayments. The demand for advances remained weak because of the high levels of deposits at member institutions, which serve as a liquidity alternative to advances, and low demand for loans at member institutions.

Table 1 - Advance Originations and Repayments (dollars in millions)

	Three Months Ended March 31,		2011 vs. 2010 Increase (Decrease)	
	2011	2010	$	%
Advances originated	$377,981	$350,763	$27,218	7.8%
Advances repaid	408,758	409,911	(1,153)	(0.3)%
Net decrease	$ (30,777)	$ (59,148)		

Table 2 presents the par value of advances outstanding by product type, some of which include advances that contain embedded callable or putable options. A member can either sell an embedded option to an FHLBank or it can purchase an embedded option from an FHLBank. (See ***Note 7—Advances*** to the accompanying combined financial statements for additional information on putable and callable advances.)

Table 2 - Advances Outstanding by Product Type (dollars in millions)

	March 31, 2011		December 31, 2010	
	Balance	Percent of Total	Balance	Percent of Total
Adjustable/variable-rate indexed	$117,904	27.2%	$119,955	25.8%
Fixed-rate	245,728	56.7%	269,387	58.1%
Convertible	20,921	4.8%	22,881	4.9%
Hybrid(1)	36,281	8.4%	39,414	8.5%
Amortizing(2)/mortgage matched	12,334	2.9%	12,334	2.7%
Other advances	45	0.0%	15	0.0%
Total par value	$433,213	100.0%	$463,986	100.0%

(1) A hybrid advance contains a one-time option to embed either a floor or cap at any time during the life of the advance. A hybrid may be either fixed or variable rate at the date of issuance.

(2) Amortizing advances include index amortizing advances, which require repayment in accordance with predetermined amortization schedules linked to various indices. (See ***Note 7—Advances*** to the accompanying combined financial statements for additional information regarding amortizing advances.)

Investments

The FHLBanks hold all their securities 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; however, none of the FHLBanks currently hold trading securities for speculative purposes.

The FHLBanks use short-term investments for liquidity management and to manage their individual FHLBank's leverage ratio in response to fluctuations in other asset balances. The yield earned on such short-term investments is tied directly to short-term market interest rates. At March 31, 2011, the FHLBanks continued to maintain relatively high short-term investment balances as part of their ongoing strategies, which include maintaining a strong short-term liquidity position, and to satisfy their regulatory liquidity requirements.

Table 3 - Total Investment Securities (dollars in millions)

	March 31, 2011 Carrying Value	December 31, 2010 Carrying Value
Non-mortgage-backed securities:		
U.S. Treasury obligations	$ 3,075	$ 3,068
Commercial paper	4,079	4,849
Certificates of deposit(1)	23,705	26,041
Other U.S. obligations(2)	2,500	2,452
Government-sponsored enterprises and TVA(3)	27,079	26,703
State or local housing agency obligations	2,429	2,480
TLGP(4)	17,586	16,081
FFELP ABS(5)	8,688	8,799
Other(6)	846	852
Total non-mortgage-backed securities	89,987	91,325
Mortgage-backed securities:		
Other U.S. obligations residential MBS(2)	12,540	11,775
Other U.S. obligations commercial MBS(2)	49	53
Government-sponsored enterprises residential MBS(3)	94,553	95,138
Government-sponsored enterprises commercial MBS(3)	2,595	2,313
Private-label residential MBS	35,096	36,594
Private-label commercial MBS	106	160
Manufactured housing loans	189	196
Home equity loans	412	423
MPF Shared Funding Program mortgage-backed certificates	210	229
Total mortgage-backed securities	145,750	146,881
Total investment securities	235,737	238,206
Interest-bearing deposits	8	9
Securities purchased under agreements to resell	11,900	16,400
Federal funds sold	80,811	75,855
Total investments	$328,456	$330,470

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

(2) Primarily consists of securities issued or guaranteed by Government National Mortgage Association (Ginnie Mae), Small Business Administration (SBA) investment pools and Export-Import Bank of the U.S. (Ex-Im Bank).

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

(4) Represents corporate debentures and/or promissory notes issued or guaranteed by the FDIC under its Temporary Liquidity Guarantee Program.

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

(6) Primarily consists of taxable municipal bonds and/or debentures issued by Inter-American Development Bank, a supranational entity, and taxable municipal bonds.

Gross Unrealized Losses on Mortgage-backed Securities. Gross unrealized losses, including the net effect of non-credit-related OTTI recognized in AOCI, on the FHLBanks' AFS mortgage-backed securities increased $792 million from December 31, 2010 to March 31, 2011. The increase was primarily a result of transfers of certain private-label RMBS that had OTTI losses recorded during the three months ended March 31, 2011 from the affected FHLBanks' HTM portfolio to their respective AFS portfolio.

Gross unrealized losses, including the net effect of non-credit-related OTTI recognized in AOCI, on the FHLBanks' HTM mortgage-backed securities decreased $2,449 million from December 31, 2010 to March 31, 2011. The decrease is primarily related to the transfers of certain private-label RMBS that had OTTI losses from the affected FHLBanks' HTM portfolio to their respective AFS portfolio, improvement in non-credit OTTI in AOCI as a result of the accretion of the non-credit portion of impairment losses on HTM securities and the reclassification of previous non-credit losses out of AOCI to credit losses, recorded in earnings, during the three months ended March 31, 2011.

Each FHLBank evaluates its individual AFS and HTM 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 HTM and AFS securities for OTTI.)

OTTI on Investment Securities

Table 4 - Percentage of Total Mortgage-Backed Securities by Investment Classification

	March 31, 2011
Mortgage-backed securities:	
Held-to-maturity securities	72.8%
Available-for-sale securities	26.5%
Trading securities	0.7%
Total	100.0%

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. For the three months ended March 31, 2011, the affected FHLBanks recognized $127 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.

For the three months ended March 31, 2011, the FHLBanks of Pittsburgh, Atlanta and San Francisco transferred all private-label RMBS that had OTTI credit losses, while the FHLBank of Seattle transferred certain private-label RMBS that had OTTI credit losses, from their respective held-to-maturity portfolio to their respective available-for-sale portfolio. (See ***Note 6—Other-Than-Temporary Impairment Analysis*** to the accompanying combined financial statements for additional information.)

Table 5 presents selected summary information relating to private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments at March 31, 2011.

Table 5 - Private-Label Mortgage-Related Investment Securities by Year of Securitization and by Classification (dollars in millions)

	Total by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Unpaid Principal Balance (UPB) by credit rating(2)						
Triple-A	$ 6,018	$ –	$ –	$ 106	$ 176	$ 5,736
Double-A	2,062	–	46	199	210	1,607
Single-A	2,301	–	–	150	444	1,707
Triple-B	2,462	164	146	185	314	1,653
Double-B	2,001	–	689	272	624	416
Single-B	5,119	475	846	574	2,451	773
Triple-C	14,521	655	4,501	3,479	5,680	206
Double-C	5,786	–	2,404	2,736	629	17
Single-C	2,905	–	1,383	1,240	279	3
Single-D	859	–	330	501	5	23
Unrated	4	–	–	–	–	4
Total	$ 44,038	$ 1,294	$ 10,345	$ 9,442	$ 10,812	$ 12,145
Amortized cost	$ 40,195	$ 1,249	$ 8,930	$ 7,791	$ 10,142	$ 12,083
Gross unrealized losses(3)	(5,341)	(215)	(1,637)	(1,278)	(1,541)	(670)
Fair value (FV)	35,587	1,035	7,480	6,889	8,698	11,485
OTTI losses:						
Credit loss	$ (275)	$ (4)	$ (62)	$ (98)	$ (107)	$ (4)
AOCI(4)	148	(40)	61	94	60	(27)
Total OTTI losses	$ (127)	$ (44)	$ (1)	$ (4)	$ (47)	$ (31)
FV to UPB:						
Private-label RMBS	80.7%	80.0%	72.3%	73.0%	80.4%	95.3%
Private-label CMBS	102.4%	–	–	–	–	102.4%
Manufactured housing loans	89.4%	–	–	–	–	89.4%
Home equity loan investments	79.7%	–	–	74.1%	78.1%	79.9%
Grand total	80.8%	80.0%	72.3%	73.0%	80.4%	94.6%

	Total Prime(1) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(2)						
Triple-A	$ 5,289	$ –	$ –	$ 85	$ 148	$ 5,056
Double-A	1,350	–	36	91	209	1,014
Single-A	1,524	–	–	150	333	1,041
Triple-B	974	34	146	82	170	542
Double-B	1,023	–	168	192	476	187
Single-B	2,590	224	225	501	1,341	299
Triple-C	3,635	283	1,242	897	1,141	72
Double-C	3,030	–	1,382	1,515	133	–
Single-C	990	–	500	474	16	–
Single-D	153	–	–	153	–	–
Total	$ 20,558	$ 541	$ 3,699	$ 4,140	$ 3,967	$ 8,211
Amortized cost	$ 19,328	$ 504	$ 3,210	$ 3,650	$ 3,784	$ 8,180
Gross unrealized losses(3)	(1,476)	(28)	(287)	(491)	(302)	(368)
Fair value	18,241	475	2,986	3,417	3,494	7,869
OTTI losses:						
Credit loss	$ (88)	$ (3)	$ (21)	$ (23)	$ (37)	$ (4)
AOCI(4)	49	3	21	20	32	(27)
Total OTTI losses	$ (39)	$ –	$ –	$ (3)	$ (5)	$ (31)
Weighted-average FV to UPB	88.7%	87.8%	80.8%	82.5%	88.1%	95.8%

	Total Alt-A[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating[2]						
Triple-A	$ 648	$ –	$ –	$ 21	$ 28	$ 599
Double-A	416	–	10	105	–	301
Single-A	655	–	–	–	109	546
Triple-B	1,461	130	–	88	144	1,099
Double-B	838	–	521	–	96	221
Single-B	2,437	251	621	64	1,110	391
Triple-C	10,416	372	3,249	2,229	4,515	51
Double-C	2,268	–	1,022	759	483	4
Single-C	1,796	–	883	650	263	–
Single-D	683	–	330	348	5	–
Total	$ 21,618	$ 753	$ 6,636	$ 4,264	$ 6,753	$ 3,212
Amortized cost	$ 19,348	$ 745	$ 5,710	$ 3,401	$ 6,274	$ 3,218
Gross unrealized losses[3]	(3,605)	(187)	(1,348)	(623)	(1,232)	(215)
Fair value	16,005	560	4,486	2,818	5,124	3,017
OTTI losses:						
Credit loss	$ (179)	$ (1)	$ (41)	$ (67)	$ (70)	$ –
AOCI[4]	91	(43)	40	66	28	–
Total OTTI losses	$ (88)	$ (44)	$ (1)	$ (1)	$ (42)	$ –
Weighted-average FV to UPB	74.0%	74.4%	67.6%	66.1%	75.9%	93.9%

	Total Subprime[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating[2]						
Triple-A	$ 81	$ –	$ –	$ –	$ –	$ 81
Double-A	296	–	–	3	1	292
Single-A	122	–	–	–	2	120
Triple-B	27	–	–	15	–	12
Double-B	140	–	–	80	52	8
Single-B	92	–	–	9	–	83
Triple-C	470	–	10	353	24	83
Double-C	488	–	–	462	13	13
Single-C	119	–	–	116	–	3
Single-D	23	–	–	–	–	23
Unrated	4	–	–	–	–	4
Total	$ 1,862	$ –	$ 10	$ 1,038	$ 92	$ 722
Amortized cost	$ 1,519	$ –	$ 10	$ 740	$ 84	$ 685
Gross unrealized losses[3]	(260)	–	(2)	(164)	(7)	(87)
Fair value	1,341	–	8	654	80	599
OTTI losses:						
Credit loss	$ (8)	$ –	$ –	$ (8)	$ –	$ –
AOCI[4]	8	–	–	8	–	–
Total OTTI losses	$ –	$ –	$ –	$ –	$ –	$ –
Weighted-average FV to UPB	72.0%	–	77.1%	62.9%	86.5%	83.2%

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

(2) Represents the lowest rating available for each security owned by an individual FHLBank based on nationally recognized statistical rating organizations used by that FHLBank.

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

(4) Represents the net amount of impairment losses reclassified (to)/from AOCI.

In addition to those securities with OTTI, the FHLBanks' have certain private-label RMBS and CMBS, manufactured housing loans and home equity loan investment securities in unrealized loss positions at March 31, 2011. 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' 2011 First Quarter 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 the investment securities. (See ***Critical Accounting Estimates—OTTI for Investment Securities***, and ***Note 6—Other-Than-Temporary-Impairment Analysis*** to the accompanying combined financial statements for additional information regarding the FHLBanks' processes for evaluating investment securities for OTTI. See ***Risk Management—Credit Risk—Private-label MBS*** for additional information regarding the investment securities.)

Mortgage Loans Held for Portfolio, Net

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, 2011 decreased compared to the mortgage loan balances at December 31, 2010. In general, maturities and principal paydowns of mortgage loans held for portfolio have been greater than purchases and fundings of new mortgage loans held for portfolio. Historically, a decline in interest rates generally resulted in accelerated mortgage refinancing activity, thus increasing prepayments and thereby shortening the effective maturity of the mortgage-related assets. However, borrowers may not be able to obtain new mortgage loans at current lower rates because of reductions in borrower incomes, declines in the values of their homes, tighter lending standards, and/or delays in obtaining approval of new loans. In addition, the FHLBanks anticipate that their combined outstanding mortgage loans held for portfolio will continue to decrease due to several FHLBanks' discontinued participation in the Mortgage Purchase Program (MPP) and/or Mortgage Partnership Finance (MPF®)[1] Program.

At March 31, 2011, the FHLBanks of Chicago (29.0 percent), Cincinnati (12.8 percent), Des Moines (12.3 percent) and Indianapolis (11.1 percent) held the largest percentage of the combined mortgage loans held for portfolio. No other FHLBank held 10.0 percent or more of the combined mortgage loans held for portfolio at March 31, 2011.

Each of the FHLBanks of Boston, Pittsburgh, Chicago and Des Moines offers the MPF Xtra product. Loans sold to the FHLBank of Chicago under the MPF Xtra product are concurrently resold to Fannie Mae, as a third party investor, and are not held on each participating FHLBank's balance sheet. Unlike other conventional MPF products, under the MPF Xtra product participating financial institutions (PFIs) are not required to provide credit enhancement and do not receive credit enhancement fees (CE Fees). The system-wide volume of MPF Xtra product since it was introduced in the fourth quarter of 2008 is in excess of $7.2 billion.

Management of each FHLBank believes that it has the policies and procedures in place to manage appropriately the credit risk on its mortgage loan portfolio. Each of the FHLBanks has either established an allowance for credit losses for mortgage loan programs or has determined that no loan loss allowance is necessary. The FHLBanks generally increased the allowance for credit losses on mortgage loans during 2011 primarily in response to the ongoing deterioration in home prices nationwide, the delay in foreclosure proceedings, and the increase in loan foreclosures in many areas of the country.

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

Table 6 - Mortgage Loans Held for Portfolio and Allowance for Credit Losses (dollars in millions)

	March 31, 2011[1]	December 31, 2010[1]
Total unpaid principal balance past due 90 days or more and still accruing interest	$819	$820
Non-accrual loans, unpaid principal balance[2]	$571	$535
Troubled debt restructurings (not included above)	$ 7	$ 7

	Three Months Ended March 31, 2011	Year Ended December 31, 2010
Allowance for credit losses on mortgage loans, beginning of period	$ 86	$32
Charge-offs	(4)	(6)
Provision for credit losses[3]	22	60
Allowance for credit losses on mortgage loans, end of period	$104	$86

(1) Balances reflect unpaid principal balance.

(2) Non-accrual mortgage loans are defined as conventional mortgage loans where either (a) the collection of interest or principal is doubtful, or (b) interest or principal is past due for 90 days or more, except when the loan is well secured and in the process of collection.

(3) The provision for credit losses includes only the provision related specifically to mortgage loans and does not include the reversal for credit losses related to Banking on Business loans specific to the FHLBank of Pittsburgh of $1 million and $2 million for the periods ended March 31, 2011 and December 31, 2010.

See ***Note 9—Allowance for Credit Losses*** to the accompanying combined financial statements and ***Net Interest Income after Provision for Credit Losses*** for more information.

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 to purchase mortgages and investments. Consolidated obligations consist of consolidated bonds and consolidated discount notes, which generally differ, among other ways, in their maturities. An FHLBank is generally prohibited by regulatory guidance from purchasing, directly or indirectly, a consolidated obligation as part of the consolidated obligation's initial issuance.

Total consolidated obligations outstanding, as reported on the Combined Statement of Condition, decreased $31.5 billion from December 31, 2010 to March 31, 2011. This decline consists of a $10.1 billion decrease in consolidated discount notes, a $16.5 billion decrease in consolidated bonds maturing in one year or less and a $4.9 billion decrease in long-term consolidated bonds. (See ***Note 12—Consolidated Obligations*** to the accompanying combined financial statements.) The decline in consolidated obligations at March 31, 2011 compared to December 31, 2010, was comprised of maturities, redemptions and repurchases of higher-cost, longer-term debt and was consistent with the decline in total assets.

Table 7 - Par Value of Consolidated Bonds Outstanding[1] by Payment Terms (dollars in millions)

	March 31, 2011		December 31, 2010	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate, noncallable	$338,501	58.2%	$354,082	58.7%
Fixed-rate, callable	99,255	17.1%	109,687	18.2%
Single-index, non-capped variable-rate	95,700	16.5%	94,957	15.8%
Step-up/step-down	41,100	7.1%	36,507	6.1%
Amortizing prepayment linked securities	4,160	0.7%	4,540	0.8%
Conversion	1,230	0.2%	1,025	0.2%
Capped variable-rate	825	0.1%	785	0.1%
Range	820	0.1%	306	0.1%
Other	26	0.0%	7	0.0%
Total	$581,617	100.0%	$601,896	100.0%

(1) Consolidated bonds outstanding have not been adjusted for interbank holdings of consolidated bonds totaling $192 million at March 31, 2011 and $193 million at December 31, 2010.

Balances of the various types of consolidated obligations can fluctuate significantly based on comparative changes in their cost levels, supply and demand conditions, advance demand, money market investment balances, and the FHLBanks' individual balance sheet management strategies.

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

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

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

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

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

Debt Financing Activity. The FHLBanks have diversified sources and channels of funding based on the need for funding from the capital markets. The Global Debt Program issued $35.3 billion and $92.3 billion at par in term funds during the three months ended March 31, 2011 and 2010. 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 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, and secondary market activity, 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, 2011, $4.6 billion of consolidated bonds were issued through the TAP Issue Program. This issuance represents a decrease of $6.5 billion over the three months ended March 31, 2010. The decline in TAP issuances during the three months ended March 31, 2011 is due to more attractive funding opportunities available through the bond negotiation process and the increased issuance of shorter-term bonds.

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, which are bonds that are redeemable continuously on and after the first redemption date through maturity. 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 when an FHLBank needs funds of a particular structure and size. Dealers are invited to bid and the trade is executed by the Office of Finance if the FHLBank's funding parameters are satisfied.

Table 8 - Percent of Total Consolidated Bonds Issued by Transaction Type

	During the Three Months Ended March 31,	
	2011	2010
Negotiated transactions	88.0%	85.8%
Competitive bid	12.0%	14.2%
Total	100.0%	100.0%

Table 9 - Percent of Total Consolidated Bonds Issued by Bond Type

	During the Three Months Ended March 31,	
	2011	2010
Fixed-rate, callable	49.4%	41.6%
Fixed-rate, fixed-term, noncallable (bullet)	31.7%	15.8%
Step-up/step-down[1]	10.4%	14.7%
Single-index, variable-rate	7.4%	27.2%
Other	1.1%	0.7%
Total	100.0%	100.0%

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

The FHLBanks may use callable swaps to hedge against the interest-rate risk associated with the callable bonds. The hedged callable bond is generally called if the call feature of the derivative is exercised. These call features could require the FHLBanks to refinance a substantial portion of outstanding liabilities during times of decreasing interest rates. Call options on unhedged callable consolidated bonds generally are exercised when the bond can be replaced at a lower cost. The callable bond enables the FHLBanks to meet its funding needs at costs not otherwise directly attainable solely through the issuance of non-callable debt. At March 31, 2011, $141.2 billion of callable debt at par was outstanding (excluding an interbank holding adjustment of $47 million) and represented 24.3 percent of total consolidated bonds outstanding at par. Callable debt as a percentage of total consolidated bonds outstanding at par has remained constant from December 31, 2010, to March 31, 2011.

Table 10 - Par Value of Consolidated Discount Notes and Consolidated Bonds Issued (dollars in millions)

	Three Months Ended March 31,	
	2011	2010
Consolidated discount notes	$1,708,190	$1,651,575
Consolidated bonds	$ 76,226	$ 148,441

Consolidated discount notes accounted for 95.7 percent of the proceeds from the issuance of consolidated obligations during the three months ended March 31, 2011, compared to 91.8 percent of the proceeds from the issuance of consolidated obligations during the three months ended March 31, 2010. Much of the consolidated discount note activity reflects the refinancing of overnight discount notes.

Deposits

At March 31, 2011, deposits totaled $15.0 billion, an increase of $610 million or 4.2 percent from December 31, 2010. Factors that influence deposit levels include turnover in members' investment securities portfolios, changes in members demand for liquidity primarily due to member institutions deposit growth, the slope of the yield curve and the FHLBanks' deposit pricing as compared to other short-term money market rates.

Table 11 - Term Deposits Issued in Amounts of $100,000 or More (dollars in millions)

	March 31, 2011	December 31, 2010
3 months or less	$732	$ 511
Over 3 months through 6 months	117	525
Over 6 months through 12 months	27	58
Over 12 months	38	31
Total	$914	$1,125

Capital

Table 12 - Total Capital and Capital-to-Assets Ratios (dollars in millions)

	March 31, 2011	December 31, 2010	(Decrease) Increase
Capital stock	$ 41,278	$ 41,735	$ (457)
Retained earnings	7,749	7,552	197
AOCI	(4,223)	(5,546)	1,323
Total GAAP capital	44,804	43,741	1,063
Exclude:			
AOCI	4,223	5,546	(1,323)
Add:			
Mandatorily redeemable capital stock	6,427	7,066	(639)
Subordinated notes	1,000	1,000	–
General loss allowance	7	9	(2)
Total regulatory capital	$ 56,461	$ 57,362	$ (901)
Total assets	$848,743	$878,109	$(29,366)
GAAP capital-to-assets ratio	5.28%	4.98%	
Regulatory capital-to-assets ratio	6.65%	6.53%	

The increase in GAAP capital was due primarily to:

- an improvement in AOCI that was driven primarily by: $800 million in net fair value gains on previously impaired available-for-sale securities and non-credit portion of OTTI on held-to-maturity and available-for-sale securities, $292 million in accretion of the non-credit portion of impairment losses on held-to-maturity securities, and $263 million in reclassification of previous non-credit losses on held-to-maturity and available-for-sale securities from AOCI into credit losses during the three months ended March 31, 2011, and

- an improvement in retained earnings consisting primarily of net income of $358 million, less cash dividends of $152 million; which were partially offset by

- a decrease in total capital stock outstanding, driven primarily by capital stock repurchases/redemptions of $1,555 million, which were partially offset by capital stock issuances of $767 million and net shares reclassified from mandatorily redeemable capital stock of $322 million during the three months ended March 31, 2011. Net shares were reclassified from mandatorily redeemable capital stock (a liability) to capital stock primarily due to the transfer of excess stock from a non-member to an affiliate, which is a member, to satisfy its activity-based stock requirement.

Although total GAAP capital increased 2.4 percent from December 31, 2010 to March 31, 2011, total assets decreased by 3.3 percent. The decrease in total assets was the primary driver of the increase in the FHLBanks' combined GAAP capital-to-assets ratio at March 31, 2011, when compared to December 31, 2010. Over the same period, total regulatory capital decreased 1.6 percent. However, the FHLBanks' combined regulatory capital-to-assets ratio increased because, on a percentage basis, total assets decreased more than total regulatory capital.

Table 13 - GAAP Capital Components as a Percentage of Total Capital

	March 31, 2011	December 31, 2010
Capital stock	92.1%	95.4%
Retained earnings	17.3%	17.3%
AOCI	(9.4)%	(12.7)%
Total capital	100.0%	100.0%

Combined Results of Operations

Net Income

The primary source of each FHLBank's earnings is net interest income, which is the interest earned on advances, investments and mortgage loans, less interest paid on consolidated obligations, deposits and other borrowings. Combined net income for the three months ended March 31, 2011 increased 10 percent compared to the same period in the prior year. The increase was primarily the result of improvements in other income (loss) partially offset by a decrease in net interest income.

Table 14 - Changes in Net Income (dollars in millions)

	Three Months Ended March 31,		(Decrease) Increase
	2011	2010	2011 vs. 2010
Net interest income after provision for credit losses	$ 1,041	$ 1,227	$ (186)
Total other income (loss)	(290)	(549)	259
Total other expense	261	223	38
Total assessments	132	130	2
Net income	$ 358	$ 325	$ 33

Net Interest Income after Provision for Credit Losses

The decrease in net interest income for the three months ended March 31, 2011 compared to the same period in the prior year was driven by a decline in interest income and an increase in the provision for credit losses on mortgage loans, partially offset by a decline in interest expense. Changes in interest income and interest expense have been driven primarily by: 1) declines in average balances of interest-earning assets; 2) declines in average balances of interest-bearing liabilities and changes in the mix of debt; and 3) declines in the effective yields of both interest-earning assets and interest-bearing liabilities.

Table 15 - Net Interest Income after Provision for Credit Losses (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	(Decrease) Increase 2011 vs. 2010
Interest Income			
Advances	$ 898	$ 1,212	$ (314)
Prepayment fees on advances, net	58	32	26
Interest-bearing deposits	2	2	–
Securities purchased under agreements to resell	8	3	5
Federal funds sold	38	29	9
Trading securities	99	86	13
Available-for-sale securities	325	281	44
Held-to-maturity securities	923	1,184	(261)
Mortgage loans held for portfolio	701	845	(144)
Other	2	1	1
Total interest income	3,054	3,675	(621)
Interest Expense			
Consolidated obligations—Discount notes	160	153	7
Consolidated obligations—Bonds	1,798	2,254	(456)
Deposits	2	1	1
Securities sold under agreements to repurchase	4	4	–
Subordinated notes	14	14	–
Mandatorily redeemable capital stock	14	14	–
Total interest expense	1,992	2,440	(448)
Net interest income before provision for credit losses	1,062	1,235	(173)
Provision for credit losses	21	8	13
Net interest income after provision for credit losses	$ 1,041	$ 1,227	$ (186)

Table 16 presents average balances and yields of the major categories of interest-earning assets and interest-bearing liabilities. It also presents spreads between yields on total interest-earning assets and the cost of interest-bearing liabilities and spreads between yields on total earning assets and the cost of total funding sources (interest-bearing liabilities, plus capital, plus other interest-free liabilities). Net interest income before the provision for credit losses when expressed as a percentage of the average balance of interest-earning assets equals the net interest margin. Net interest spread, when expressed as a percentage, is the difference between the annualized yield on interest-earning assets and the annualized yield on interest-bearing liabilities.

Table 16 - Spread and Yield Analysis (dollars in millions)

	Three Months Ended March 31,					
	2011			2010		
	Average Balance	Interest	Annualized Yield	Average Balance	Interest	Annualized Yield
Advances[1]	$ 460,844	$ 956	0.84%	$ 606,989	$1,244	0.83%
Mortgage loans held for portfolio	59,677	701	4.76%	69,854	845	4.91%
Investments:						
Interest-bearing deposits and other	6,397	4	0.25%	7,243	3	0.17%
Securities purchased under agreements to resell	18,454	8	0.18%	13,307	3	0.09%
Federal funds sold	83,285	38	0.19%	83,708	29	0.14%
Trading securities	29,310	99	1.37%	20,074	86	1.74%
Available-for-sale securities[2]	71,163	325	1.85%	56,470	281	2.02%
Held-to-maturity securities[2]	146,986	923	2.55%	153,354	1,184	3.13%
Total investments	355,595	1,397	1.59%	334,156	1,586	1.92%
Total interest-earning assets	876,116	3,054	1.41%	1,010,999	3,675	1.47%
Other non-interest-earning assets	7,057			9,619		
Fair-value adjustment on investment securities[2]	(13,386)			(9,114)		
Total assets	$ 869,787			$1,011,504		
Consolidated obligations:						
Discount notes	$ 185,989	160	0.35%	$ 199,475	153	0.31%
Bonds	597,223	1,798	1.22%	717,809	2,254	1.27%
Interest-bearing deposits and other borrowings[3]	24,411	34	0.56%	30,214	33	0.44%
Total interest-bearing liabilities	807,623	1,992	1.00%	947,498	2,440	1.04%
Non-interest-bearing liabilities	17,994			21,049		
Total liabilities	825,617			968,547		
Capital	44,170			42,957		
Total liabilities and capital	$ 869,787			$1,011,504		
Net interest income before provision for credit losses		$1,062			$1,235	
Net interest spread			0.41%			0.43%
Net interest margin			0.49%			0.49%

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

(2) 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 non-credit component of a previously recognized other-than-temporary impairment reflected in AOCI.

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

Changes in both interest-earning assets and interest-bearing liabilities and effective interest rates have a direct influence on changes in net interest income, net interest margin and net interest spread. Table 17 presents changes in interest income and interest expense due to volume-related and rate-related factors. Changes in interest income and interest expense not identifiable as either volume-related or rate-related, but rather 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.

Table 17 - Rate and Volume Analysis (dollars in millions)

	Three Months Ended March 31, 2011 vs. 2010 (Decrease) Increase due to		
	Volume	Rate	Total
Interest Income:			
Advances[1]	$(303)	$ 15	$(288)
Mortgage loans held for portfolio	(120)	(24)	(144)
Investments	97	(286)	(189)
Total interest income	(326)	(295)	(621)
Interest Expense:			
Consolidated obligations	(339)	(110)	(449)
Deposits and other borrowings[2]	(7)	8	1
Total interest expense	(346)	(102)	(448)
Changes in net interest income	$ 20	$(193)	$(173)

(1) Includes prepayment fees on advances, net.

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

Decline in Average Balance of Interest-Earning Assets. Total interest-earning assets declined 13 percent during the three months ended March 31, 2011 when compared to the same period in 2010, negatively affecting net interest income. This decline was primarily due to a 24 percent decrease in the average outstanding advance balance and a 15 percent decrease in the average outstanding mortgage loan balance, partially offset by a 6 percent increase in the average outstanding investment balance. Average advance volumes decreased because of the continued availability of alternative funding sources as well as high deposit balances and low demand for loans at member institutions. The decline in advances due to prepayments and restructurings resulted in a corresponding increase in prepayment fee income. Prepayment fees vary from period to period based on the level of advances prepaid prior to their scheduled maturity or repricing dates.

Decline in Average Balance of Interest-Bearing Liabilities and Change in Mix of Debt. The average balance of consolidated obligations declined 15 percent, consistent with the decline in total assets, driven primarily by ongoing retirement of higher-cost consolidated bonds prior to maturity and shifts from consolidated bonds to consolidated discount notes. Both the reduction of debt and change in the mix of debt reduced interest expense and positively affected net income.

Decline in Effective Yields. The low interest-rate environment resulted in a decline in average yield on total interest-earning assets and negatively affected net interest income. However, the reduction in intermediate- and long-term interest rates enabled certain FHLBanks to redeem (call) consolidated bonds before their final maturities and replace them with newly issued consolidated bonds and discount notes at significantly lower interest rates.

Increase in Provision for Credit Losses. For the three months ended March 31, 2011, the FHLBanks recorded a $21 million net provision driven by an increase in estimated losses resulting from increased loss severities as a result of falling historical home prices and an expectation of higher foreclosure rates. The FHLBanks' non-accrual and impaired loans grew as their mortgage loans held for portfolio experienced some additional deterioration. (***Note 9—Allowance for Credit Losses*** to the accompanying combined financial statements for details on the allowance for credit losses.)

Other Income (Loss)

Other income (loss) continued to improve on a quarterly basis. The primary drivers of other income (loss) were positively affected by mark-to-market gains on derivatives and lower mark-to-market losses on advances, consolidated obligations, and other liabilities held under the fair value option, partially offset by mark-to-market losses on trading securities and an increase in net other-than-temporary impairment losses.

Table 18 - Changes in Other Income (Loss) (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	(Decrease) Increase 2011 vs. 2010
Net other-than-temporary impairment losses	$(275)	$(233)	$ (42)
Net (losses) gains on trading securities	(71)	29	(100)
Net realized gains from sale of available-for-sale securities	8	–	8
Net losses on advances, consolidated obligations, and other liabilities held under fair value option	(60)	(104)	44
Net gains (losses) on derivatives and hedging activities	130	(254)	384
Service fees	7	7	–
Other, net	(29)	6	(35)
Total other income (loss)	$(290)	$(549)	$ 259

Other-Than-Temporary Impairment Losses. Credit-related OTTI losses increased during the three months ended March 31, 2011 compared to the three months ended March 31, 2010. Continued uncertainty about the future of the U.S. housing markets and the domestic economy, as well as on-going deterioration in the credit performance of loan collateral underlying certain private-label MBS, resulted in additional other-than-temporary impairment losses in the three months ended March 31, 2011. Assumptions regarding collateral performance included higher projected loss severities compared to prior quarters, reflecting anticipated increases in foreclosure and liquidation costs.

Table 19 - Other-Than-Temporary Impairment Losses (dollars in millions)

	Three Months Ended March 31,					
	2011			2010		
	Credit Loss	AOCI[1]	Total Losses	Credit Loss	AOCI[1]	Total Losses
OTTI by Collateral type:[2]						
Private-label RMBS:						
Prime	$ (88)	$ 49	$ (39)	$(100)	$ (44)	$(144)
Alt-A	(179)	91	(88)	(121)	(108)	(229)
Subprime	(8)	8	–	(8)	(21)	(29)
Total OTTI Private-label RMBS	(275)	148	(127)	(229)	(173)	(402)
Home equity loan investments:						
Subprime	–	–	–	(4)	–	(4)
Total OTTI Home equity loan investments	–	–	–	(4)	–	(4)
Total	$(275)	$ 148	$(127)	$(233)	$(173)	$(406)
OTTI by Period:						
Securities newly impaired during the period	$ (7)	$(105)	$(112)	$ (5)	$(305)	$(310)
Securities previously impaired prior to current period[3]	(268)	253	(15)	(228)	132	(96)
Total	$(275)	$ 148	$(127)	$(233)	$(173)	$(406)

(1) Represents the net amount of impairment losses reclassified (to)/from AOCI.

(2) 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 a nationally recognized statistical rating organization upon issuance of the MBS.

(3) For the three months ended March 31, 2011 and 2010, "securities previously impaired prior to current period" represents all securities that were also impaired prior to January 1, 2011 and 2010.

(See ***Note 6—Other-Than-Temporary Impairment Analysis*** to the accompanying combined financial statements and ***Critical Accounting Estimates—OTTI for Investment Securities*** for additional information.)

Gains (Losses) on Trading Securities. The FHLBanks carry trading securities at fair value. The net losses on trading securities for the three months ended March 31, 2011 were due to increases in interest rates during the period. Conversely, decreases in interest rates for the three months ended March 31, 2010 drove the increases in fair value of the fixed-rate trading securities in the prior period.

Gains (Losses) on Financial Instruments Held Under Fair Value Option. Certain FHLBanks elected the fair value option for certain financial assets and liabilities and recognize the changes in fair value on these assets and liabilities in the unrealized gains and losses in the current period earnings. The use of the fair value option allows these FHLBanks to mitigate potential income statement volatility that can arise from economic hedging relationships.

Table 20 - Gains (Losses) on Financial Instruments Held Under Fair Value Option (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Increase (Decrease) 2011 vs. 2010
Advances	$(51)	$ (80)	$ 29
Consolidated obligations:			
Consolidated bonds	(9)	(24)	15
Consolidated discount notes	1	–	1
Other liabilities[1]	(1)	–	(1)
Total	$(60)	$(104)	$ 44

(1) Represents optional advance commitments.

During the three months ended March 31, 2011, the net unrealized fair value losses on advances were driven primarily by the increased interest rate environment relative to the actual coupon rates on the advances and by lower swaption volatilities used in pricing fair value option putable advances. The net unrealized fair value losses on consolidated bonds were primarily driven by decreased interest rate spreads on consolidated bonds relative to the actual spreads on the FHLBanks' outstanding consolidated bonds and by lower swaption volatilities used in pricing fair value option callable bonds.

During the three months ended March 31, 2010, the net unrealized fair value losses on advances were driven primarily by advances with a maturity of less than six months where interest rates increased relative to the actual coupon rates on the advances, partially offset by gains resulting from the decreased swaption volatilities used in pricing fair value option putable advances. The net unrealized fair value losses on consolidated bonds were driven primarily by the decrease long-term interest rate environment relative to the actual coupon rates on consolidated bond and lower swaption volatilities used in pricing fair value option callable bonds.

Gains (Losses) on Derivative and Hedging Activities. The FHLBanks' costs of derivatives and hedging activities fluctuate with volatility in the overall interest rate environment, as FHLBanks hedge their asset risk exposures. 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, as a matter of timing, nearly all of the cumulative net gains and losses for these financial instruments will generally reverse over the remaining contractual terms of the hedged financial instruments. 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.

Table 21 - Gains (Losses) on Derivatives and Hedging Activities (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Increase 2011 vs. 2010
Net gains (losses) on derivatives and hedging activities:			
Gains on fair-value hedges	$120	$ 70	$ 50
Gains on cash-flow hedges	2	1	1
Gains (losses) on derivatives not receiving hedge accounting (including economic hedges)	8	(325)	333
Total net gains (losses) on derivatives and hedging activities	$130	$(254)	$ 384

The increase in net gains on derivatives and hedging activities during the three months ended March 31, 2011 compared to the net losses in the three months ended March 31, 2010 were due primarily to gains from economic hedging activities compared to net losses in the same period in the prior year and gains on fair-value hedge ineffectiveness. During the three months ended March 31, 2011, gains on economic hedges were driven primarily by changes in interest rates and decreased swaptions volatilities. The gains from fair-value hedge ineffectiveness during the three months ended March 31, 2011 were due primarily to normal mark-to-market activities resulting from changes in the benchmark interest rate and volatility. Hedge ineffectiveness occurs when changes in fair value of the derivative and the associated hedged financial instrument do not perfectly match each other. In addition, an FHLBank terminated some hedges with the prepayments of hedged advances, which resulted in realized gains in the three months ended March 31, 2011. (See ***Note 10—Derivative and Hedging Activities*** to the accompanying combined financial statements for the earnings effect resulting from derivatives and hedging activities and ***Risk Management—Market Risk—Use of Derivatives to Manage Interest-Rate Risk.***)

Other Expense

Table 22 presents the components and changes in other expense for the three months ended March 31, 2011 and 2010. Other expense increased 17.0 percent when compared to the same period in 2010, due primarily to increases in compensation and benefits, Finance Agency expenses and Office of Finance expenses.

Table 22 - Changes in Other Expense (dollars in millions)

	Three Months Ended March 31,		Increase (Decrease)
	2011	2010	2011 vs. 2010
Compensation and benefits	$ 156	$ 122	$ 34
Other operating expenses	72	73	(1)
Finance Agency	21	14	7
Office of Finance	14	12	2
Other	(2)	2	(4)
Total other expense	$ 261	$ 223	$ 38

Compensation and Benefits. These expenses include costs for FHLBank employees including salaries, incentives, and health and retirement benefits. For the three months ended March 31, 2011, compensation and benefits expenses increased 27.9 percent when compared to the same period in 2010, due primarily to additional pension fund contributions, which were expensed in the current period to eliminate a funding shortfall.

Finance Agency Expenses. The FHLBanks fund the portion of the Finance Agency's operating costs and working capital fund that relate to the FHLBanks, as determined by the Finance Agency. These costs are based on the Finance Agency's annual budget and are under the sole control of the Finance Agency. Each FHLBank pays its pro-rata share based on the ratio of each FHLBank's minimum required regulatory capital to the aggregate minimum required regulatory capital of all FHLBanks.

Office of Finance Expenses. The FHLBanks also fund the costs of the Office of Finance, a joint office of the FHLBanks that issues and services consolidated obligations, prepares the FHLBanks' combined quarterly and annual financial reports, and fulfills certain other functions. As approved by the Office of Finance Board of Directors, effective January 1, 2011, each FHLBank's proportionate share of the Office of Finance's operating and capital expenditures is calculated using a formula that is based upon two-thirds of each FHLBank's share of total consolidated obligations outstanding, and one-third of an equal pro-rata allocation. Prior to January 1, 2011, the Office of Finance's expenses were 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. The increase in the Office of Finance expenses for the three months ended March 31, 2011 compared to the same period in 2010 was due primarily to increases in Office of Finance compensation and benefit expenses related to additional staffing to support business initiatives and increased regulatory requirements.

Assessments

Table 23 - Assessments (dollars in millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Increase 2011 vs. 2010
AHP	$ 41	$ 40	$ 1
REFCORP	91	90	1
Total assessments	$132	$130	$ 2

Affordable Housing Program (AHP). By regulation, the FHLBanks must annually set aside for the AHP the greater of the aggregate 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 that each FHLBank add back interest expense related to mandatorily redeemable capital stock before the calculation of its AHP assessment.

AHP helps members provide subsidized and other low-cost funding as well as grants to create affordable rental and home ownership opportunities. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects. Only FHLBanks with net income are required to make contributions to the AHP.

REFCORP Payment. Each FHLBank is required to make payments to REFCORP (20 percent of annual GAAP net income before REFCORP assessments and 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 made relative to the referenced annuity. 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 $91 million (cash payment of $87 million, which includes the application of certain credits due to FHLBanks that overpaid their annual assessments in prior periods) for the three months ended March 31, 2011, compared with $90 million (cash payment of $101 million, which includes the application of certain credits due to FHLBanks that overpaid their annual assessments in prior periods) for the three months ended March 31, 2010. After the payment made for the three months ended March 31, 2011, there are no remaining credits due to FHLBanks that overpaid their annual assessments in prior periods. 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 $12 million by which the first quarter 2011 REFCORP payment exceeded the $75 million quarterly benchmark had the effect of defeasing the remaining $10 million of the benchmark payment due on October 15, 2011, and $2 million of the $75 million benchmark payment due on July 15, 2011. Until the FHLBanks' REFCORP obligation is fully satisfied, the defeased benchmark payments (or portions thereof) can be reinstated if future actual REFCORP payments fall short of the $75 million benchmark in any quarter.

As a result of the REFCORP payment of $87 million made by the FHLBanks in the first quarter of 2011, the overall period during which the FHLBanks must continue to make quarterly payments was shortened to July 15, 2011, effective at March 31, 2011, from October 15, 2011, effective at December 31, 2010. The July 15, 2011 date assumes that the FHLBanks will pay the remaining $73 million for the July 15, 2011 quarterly payment. The FHLBanks' contributions toward the payment of interest on REFCORP obligations will end upon satisfaction of the requirements specified by the GLB Act.

Effective February 28, 2011, the FHLBanks entered into a Joint Capital Enhancement Agreement, which provides that upon satisfaction of the FHLBanks' obligations to REFCORP, each FHLBank will, on a quarterly basis, allocate at least 20 percent of its net income to a separate restricted retained earnings account. (See ***Capital Adequacy—Joint Capital Enhancement Agreement*** for further discussion.)

Table 24 - REFCORP Defeasance Summary for the First Quarter 2011 Payment (dollars in millions)

Payment Due Date	Amount of Benchmark Payment Defeased(1)	Interest Rate Used to Discount the Future Benchmark Payment	Present Value of Benchmark Payment Defeased(2)
October 15, 2011(3)	$10	0.17%	$10
July 15, 2011	2	0.12%	2
Total	$12		$12

(1) Subject to possible subsequent reinstatement.

(2) Actual first quarter 2011 contribution of $87 million.

(3) Most distant remaining payment.

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. Because the consolidated bonds are the joint and several obligation of all 12 FHLBanks, these interbank transactions have no effect on the holders of the consolidated bonds.

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

The transferring FHLBank treats the transfer as a debt extinguishment because that FHLBank has been released from being the primary obligor. Specifically, the release is made effective by the Office of Finance recording the transfer in its records. The Office of Finance provides release by acting within the confines of the regulations that govern the determination of which FHLBank is the primary obligor. The assuming FHLBank becomes the primary obligor because it now is directly responsible for repaying the debt.

The initial carrying amount for the consolidated bond is the amount (including any premium or discount) the assuming FHLBank received from the transferring FHLBank. Under this transfer scenario, no transaction with a third party independent of the FHLBanks takes place. Under the principles of combination accounting, combining adjustments are required to reflect the transaction as if the transferring FHLBank still holds the consolidated bond for purposes of the combined financial statements of the FHLBanks. 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. The following amounts are eliminated as combining adjustments in the combining schedules accompanying the combined financial statements and will reverse over the remaining term of the consolidated bonds:

1. the debt extinguishment transaction (including any gain or loss) is eliminated;
2. all statement of condition and statement of income effects with respect to the premium or discount related to the purchase of the consolidated bonds by the assuming FHLBank are eliminated; and

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

Total interbank consolidated bonds of $150 million at par value were transferred from an FHLBank to another FHLBank during the three months ended March 31, 2011. There were no consolidated bonds transferred from an 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 3) current market conditions.

The combining adjustments 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.

Table 25 - Effect of Combining Adjustments on Combined Statement of Income (dollars in millions)

	Three Months Ended March 31,		(Decrease) Increase
Effect on:	**2011**	**2010**	**2011 vs. 2010**
Net interest income	$ (5)	$(1)	$ (4)
Total other income (loss)	15	(2)	17
Total other expense	(2)	(2)	–
Net income	12	(1)	13

Capital Adequacy

The FHLBank Act prescribes minimum capital requirements for the FHLBanks, and following the passage of the Housing Act, the Finance Agency Director is responsible for setting the risk-based capital standards for the FHLBanks. In addition, on March 3, 2011, the Finance Agency issued a final rule authorizing the Finance Agency Director to temporarily increase the minimum capital level for an FHLBank if the Finance Agency Director determines that the current level is insufficient to address that FHLBank's risks. At March 31, 2011, each of the FHLBanks was in compliance with its statutory minimum capital requirements. (See ***Note 13—Capital*** to the accompanying combined financial statements for more information on each FHLBanks' minimum capital requirements and regulatory actions related to the FHLBanks of Chicago and Seattle.)

Regulatory guidance requires 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 on a periodic basis to ensure the capital structure supports the risk associated with its assets and addresses applicable regulatory and supervisory matters. In addition, an individual FHLBank may institute a higher capital requirement to meet internally-established thresholds or to address supervisory matters, or may limit dividend payments as part of its retained earnings policies. As of March 31, 2011, some FHLBanks have limited dividend payments and/or restricted excess capital stock redemptions and repurchases. These limitations may be revised from time to time. (See ***Dividend and Excess Stock Limitations*** for more information on certain FHLBank's limits on dividend payments and excess capital stock repurchases.)

Joint Capital Enhancement Agreement

Effective February 28, 2011, the FHLBanks entered into a Joint Capital Enhancement Agreement (the JCE Agreement). The JCE Agreement provides that upon satisfaction of the FHLBanks' obligations to the Resolution Funding Corporation (REFCORP), each FHLBank will, on a quarterly basis, allocate at least 20 percent of its net income to a Separate Restricted Retained Earnings Account (RRE Account). Under the JCE Agreement, each

FHLBank will be required to build its RRE Account to one percent of its total outstanding consolidated obligations, which for this purpose is based on the most recent quarter's average carrying value of all consolidated obligations for which an FHLBank is the primary obligor, excluding fair value option and hedging adjustments.

The JCE Agreement further requires each FHLBank to submit an application to the Finance Agency for approval to amend its capital plan or capital plan submission, as applicable, consistent with the terms of the JCE Agreement. Under the JCE Agreement, if the FHLBanks' REFCORP obligations terminate before the Finance Agency has approved all proposed capital plan amendments, each FHLBank will nevertheless be required to commence the required allocation to its RRE Account beginning as of the end of the calendar quarter in which the final payments are made by the FHLBanks with respect to their REFCORP obligations.

Depending on the earnings of the FHLBanks, the REFCORP obligations could be satisfied as of the end of the second quarter of 2011. The FHLBanks are considering capital plan amendments incorporating the terms of the JCE Agreement, which if approved by the Finance Agency, would result in conforming amendments to the JCE Agreement, including among other things, possible revisions to the termination provisions and related provisions affecting restrictions on the RRE Account.

For additional details on the JCE Agreement, see ***Financial Discussion and Analysis—Capital Adequacy—Joint Capital Enhancement Agreement*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Dividend and Excess Stock Limitations

A number of FHLBanks have implemented voluntary actions related to suspensions of dividend payments and/or repurchases or redemptions of excess capital stock. These actions were implemented as a capital preservation measure and to reflect a conservative approach to financial management during a period of severe market volatility and due to impairment of private-label MBS. (See ***Note 13—Capital—Excess Capital Stock*** to the accompanying combined financial statements for information on the regulatory restrictions related to excess capital stock.)

<u>FHLBank of Boston.</u> Effective December 8, 2008, the FHLBank of Boston suspended the practice of repurchasing excess capital stock, except in limited instances of former member insolvency. The FHLBank of Boston continues its moratorium on excess stock repurchases. At March 31, 2011 and December 31, 2010, members and non-members of the FHLBank of Boston with capital stock outstanding held $2.0 billion and $1.9 billion in excess capital stock.

On January 22, 2011, the FHLBank of Boston amended its capital plan, which, among other things, allow members to satisfy certain activity-based stock-investment requirements using stock from the FHLBank of Boston's excess stock pool and gave the FHLBank of Boston authority to issue Class A stock, $100 par value, although the FHLBank of Boston does not plan to issue Class A capital stock at this time.

The FHLBank of Boston paid dividends (including dividends on mandatorily redeemable capital stock) totaling $2.8 million at an annualized rate of 0.30 percent in the first quarter of 2011, the first dividend that the FHLBank of Boston has paid since the fourth quarter of 2008. Additionally, on April 21, 2011, the FHLBank of Boston's board of directors approved payment of a cash dividend at an annualized rate of 0.31 percent based on capital stock balances outstanding during the first quarter of 2011. The dividend (including dividends on mandatorily redeemable capital stock) amounted to $2.9 million and was paid on May 3, 2011.

<u>FHLBank of Pittsburgh.</u> On December 23, 2008, the FHLBank of Pittsburgh announced its decision to voluntarily suspend excess capital stock repurchases and payment of dividends until further notice. There were no dividends declared or paid in 2010 or in the first quarter 2011.

Effective July 1, 2010, changes to the FHLBank of Pittsburgh's capital plan were implemented. The amended capital plan replaced the unused borrowing capacity membership stock purchase requirement with an annual Membership Asset Value stock purchase requirement. This calculation is not affected by the amount the member borrows from the FHLBank of Pittsburgh. All members fully transitioned to the amended capital plan effective April 8, 2011.

Beginning in first quarter 2010, the FHLBank of Pittsburgh began measuring capital adequacy with a key risk indicator—Market Value of Equity to Par Value of Common Stock (MV/CS). An initial floor of 85 percent was established by the FHLBank of Pittsburgh's board of directors, representing the estimated level from which the MV/CS would recover to par through the retention of earnings over the 5-year redemption period of the FHLBank of Pittsburgh's capital stock. When MV/CS is below the established floor, excess capital repurchases and dividend payouts are required to be restricted. In April 2011, the FHLBank of Pittsburgh's board of directors increased the 85 percent floor to 87.5 percent, effective for the second quarter of 2011. This increase demonstrates the FHLBank of Pittsburgh's board of directors' commitment to move the FHLBank of Pittsburgh toward par value capital stock. The FHLBank of Pittsburgh's board of directors will re-evaluate the floor at least annually, with the objective of moving it to 95 percent over time.

Because the MV/CS ratio was above 85 percent at September 30, 2010, December 31, 2010 and March 31, 2011, the FHLBank of Pittsburgh performed additional analysis of the adequacy of capital taking into consideration the effect of potential excess capital stock repurchases and/or dividend payouts. As a result of this analysis, the FHLBank of Pittsburgh executed partial repurchases of excess capital stock on October 29, 2010, February 23, 2011 and April 29, 2011. The amount repurchased on April 29, 2011 was approximately $185 million. In all instances, the amount of excess capital stock repurchased from any member was the lesser of 5 percent of the member's total capital stock outstanding or its excess capital stock outstanding on October 28, 2010, February 22, 2011, and April 28, 2011.

Decisions regarding any future repurchases of excess capital stock or dividend payments will be made on a quarterly basis. The FHLBank of Pittsburgh will continue to monitor the condition of its private-label MBS portfolio, its overall financial performance and retained earnings, developments in the mortgage and credit markets and other relevant information as the basis for determining the status of dividends and excess capital stock repurchases in future quarters.

FHLBank of Chicago. Under the terms of the Consent Cease and Desist Order (C&D Order), the FHLBank of Chicago's dividend declarations and capital stock repurchases and redemptions are subject to the prior written approval of the Deputy Director, Division of FHLBank Regulation of the Finance Agency (Deputy Director). In addition to the restrictions under the C&D Order, the FHLBank of Chicago may not pay dividends if it fails to satisfy its minimum capital and liquidity requirements under the FHLBank Act and Finance Agency regulations.

Based on fourth quarter 2010 results, the FHLBank of Chicago's board of directors declared a cash dividend at an annualized rate of 0.10 percent in an amount of $719 thousand paid to members on February 14, 2011, of which $589 thousand was recorded as a dividend and $130 thousand was recorded as interest expense related to mandatorily redeemable capital stock. On May 12, 2011, the FHLBank of Chicago announced that its board of directors has declared a cash dividend at an annualized rate of 0.10 percent per share, based on the FHLBank of Chicago's financial results for the first quarter of 2011. Although the FHLBank of Chicago's board of directors' decision to restore a dividend considered the importance of sustaining a dividend, any future dividend determination by the FHLBank of Chicago's board of directors will depend on the FHLBank of Chicago's future operating results and be reviewed in accordance with its retained earnings and dividend policy as well as remain subject to the prior written approval of the Deputy Director under terms of the C&D Order. (See ***Note 13—Capital—FHLBank of Chicago Regulatory Actions*** to the accompanying combined financial statements for more information on the FHLBank of Chicago's restricted dividends and repurchases and redemptions of capital stock.)

FHLBank of San Francisco. On a quarterly basis, the FHLBank of San Francisco determines whether it will repurchase excess capital stock, including surplus capital stock, which is defined as any stock holdings in excess of 115 percent of the member's minimum capital stock requirement. Because of a decision to preserve capital in view of the possibility of future OTTI charges on the FHLBank of San Francisco's private-label RMBS portfolio, the FHLBank of San Francisco did not fully repurchase excess stock created by declining advance balances in 2010 and the first quarter of 2011. The FHLBank of San Francisco opted to maintain its strong regulatory capital position, while repurchasing $445 million in excess capital stock in the first quarter of 2011. The FHLBank of San Francisco did not repurchase excess capital stock in the first quarter of 2010. Also, on April 28, 2011, the FHLBank of San Francisco announced that it plans to repurchase up to $500 million in excess capital stock on May 16, 2011. 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.

The FHLBank of San Francisco paid dividends (including dividends on mandatorily redeemable capital stock) totaling $9 million at an annualized rate of 0.29 percent in the first quarter of 2011, and $9 million at an annualized rate of 0.27 percent in the first quarter of 2010. Also, on April 28, 2011, the FHLBank of San Francisco's board of directors declared a cash dividend for the first quarter of 2011 at an annualized dividend rate of 0.31 percent. The FHLBank of San Francisco paid dividends (including dividends on mandatorily redeemable capital stock) totaling $9 million on May 12, 2011.

The FHLBank of San Francisco will continue to monitor the condition of its private-label RMBS portfolio, its overall financial performance and retained earnings, developments in the mortgage and credit markets, and other relevant information as the basis for determining the status of dividends and capital stock repurchases in future quarters.

FHLBank of Seattle. As a result of its undercapitalized classification and the Consent Arrangement, the FHLBank of Seattle is currently unable to declare or pay dividends, or redeem or repurchase capital stock, without prior approval of the Finance Agency. The FHLBank of Seattle has been unable to redeem Class A or Class B capital stock at the end of the statutory six-month or five-year redemption period since March 2009. Also, there can be no assurance of when or if the FHLBank of Seattle board of directors will declare dividends in the future. (See ***Note 13—Capital—FHLBank of Seattle Capital Classification and Consent Arrangement*** to the accompanying combined financial statements for a description of the FHLBank of Seattle's Consent Arrangement with the Finance Agency.)

Liquidity

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. Each FHLBank seeks to be in a position to meet the credit and liquidity needs of its members by managing holdings of liquid investments and obtaining cost-effective source of funds.

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 capital plan. (See ***Capital Adequacy—Dividend and Excess Stock Limitations*** for a discussion of certain FHLBanks' dividend payment suspensions and/or excess stock purchase restrictions.)

The FHLBanks' primary sources of liquidity are the issuance of new consolidated obligations and holdings of short-term investments. 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 assigned the highest ratings available for debt from nationally recognized statistical rating organizations. These ratings indicate that the FHLBanks have an extremely strong capacity to meet their commitments to pay principal of and interest on consolidated obligations. The ratings also reflect the FHLBanks' status as GSEs. These ratings have not been affected by rating actions taken with respect to individual FHLBanks.

On April 20, 2011, S&P revised its outlook on the debt issues of the FHLBank System from stable to negative, which reflects S&P's revision of the outlook on the long-term sovereign credit rating on the United States of America to negative from stable. In the application of S&P's Government Related Entities criteria, the ratings of the FHLBank System and the FHLBanks are constrained by the long-term sovereign rating of the United States. (See ***Recent Rating Agency Actions*** and ***Risk Factors—Market Risk***.) Investors should note that a rating issued by a nationally recognized statistical rating organization is not a recommendation to buy, sell or hold securities and that the ratings may be revised or withdrawn by the nationally recognized statistical rating organization at any time. Investors should evaluate the rating of each nationally recognized statistical rating organization independently.

Other short-term borrowings, such as member deposits and securities sold under agreements to repurchase may also provide liquidity. In addition, by regulation, under certain circumstances the U.S. Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks.

For liquidity purposes, each FHLBank holds investments that are 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.

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 may not be 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 to be prepared to fund its members' credit needs and its investment opportunities.

To protect the FHLBanks against temporary disruptions in access to the debt markets in response to a rise in capital markets volatility, 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 or 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 a nationally recognized statistical rating organization 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

The preparation of financial statements in accordance with GAAP requires each FHLBank's management to make a number of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities (if applicable), and the reported amounts of income and expense during the reported periods. Although each FHLBank's management believes that its judgments, estimates and assumptions are reasonable, actual results may differ, and may differ substantially, from the estimates and other parties could arrive at different conclusions as to the likelihood of various default and severity outcomes.

In the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010, the following accounting estimates and assumptions were identified as critical because they are generally considered by each FHLBank's management to be the most critical to an understanding of its financial statements and the financial data it provides to the Office of Finance for preparing the annual combined financial report. These estimates and assumptions include those used in conjunction with: (1) OTTI determinations; (2) fair value estimates; (3) derivative hedging relationships; (4) amortization of premium and accretion of discount on investment securities and purchased mortgage loans; and (5) calculation of allowances for credit losses on advances and mortgage loans.

For a detailed 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 Combined Financial Report for the year ended December 31, 2010. Other than the other-than-temporary impairment methodology for investment securities discussed below, there have been no significant changes in the critical accounting estimates disclosed in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010. 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

Uniform OTTI Framework. The 12 FHLBanks have developed a uniform framework for completing their OTTI analyses concurrent with FASB guidance on the recognition and presentation of OTTI in the financial statements. (See ***Note 6—Other-Than-Temporary Impairment Analysis*** to the accompanying combined financial statements for additional discussion regarding the recognition and presentation of OTTI.)

To assess whether the entire amortized cost bases of the FHLBanks' private-label RMBS and certain home equity loan investments would be recovered, the FHLBanks performed a cash flow analysis for each such security where fair value was less than amortized cost as of the balance sheet date, except for certain private-label RMBS and home equity loan investments where underlying loan-level collateral data was not available using the uniform OTTI modeling methodology under the FHLBanks' common framework. At March 31, 2011, nine FHLBanks owned certain private-label MBS where underlying loan-level collateral data was not available. For private-label RMBS and home equity loan investments that could not be modeled under the FHLBanks' common framework, alternative procedures were determined and approved by the OTTI Governance Committee. These alternative procedures established a formal process by which the FHLBanks could provide input on and approve key OTTI assumptions. Each applicable FHLBank considered the approved alternative procedures 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, represent approximately 3 percent of the FHLBanks' total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments.

In performing the cash flow analysis for the private-label RMBS and certain home equity loan investments under the common framework, each FHLBank uses two third-party models. The first model forecasts loan-level prepayments, default and severity behavior. The second model is used to determine the resulting cash flows. The FHLBanks also assess the potential mitigation of projected credit losses through the application of existing monoline bond insurance from third parties. The FHLBanks perform a qualitative assessment of the respective insurer's ability to cover the security's projected shortfall of contractual principal or interest. (See ***Note 6—Other-Than-Temporary Impairment Analysis*** to the accompanying combined financial statements for additional information.)

Table 26 presents the significant inputs used to assess private-label RMBS and home equity loan investments under the FHLBanks' common framework for OTTI as well as related current credit enhancements as of March 31, 2011. Credit enhancement is defined as the percentage of subordinated tranches, excess spread 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 below 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 individual securities, which may not necessarily be the same as the classification at the time of origination.

Table 26 - Significant Inputs (dollars in millions)

Year of Securitization	Unpaid Principal Balance	Significant Inputs for All 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	$ 888	8.9	5.9 - 10.4	45.7	20.8 - 57.8	43.5	36.3 - 48.4	25.6	14.2 - 41.8
2007	2,032	8.0	5.2 - 16.3	30.6	0.8 - 62.3	38.6	25.4 - 47.4	5.9	0.4 - 22.7
2006	2,952	8.7	3.6 - 32.1	25.7	1.2 - 57.1	41.5	21.7 - 72.0	6.9	0.0 - 21.3
2005	3,236	9.9	4.7 - 37.0	17.7	0.5 - 50.2	31.5	3.1 - 43.6	7.6	1.2 - 29.2
2004 and prior	7,747	16.1	1.3 - 59.6	7.5	0.0 - 56.1	24.4	0.0 - 77.9	8.4	2.2 - 69.6
Total prime	16,855	12.3	1.3 - 59.6	17.5	0.0 - 62.3	31.5	0.0 - 77.9	8.6	0.0 - 69.6
Alt-A									
2008	406	10.2	9.6 - 10.7	53.6	47.7 - 55.9	47.8	45.2 - 53.9	35.6	25.9 - 39.8
2007	7,625	8.3	3.7 - 13.8	65.4	25.8 - 87.6	52.9	30.4 - 65.0	24.1	0.0 - 49.2
2006	6,000	8.8	3.2 - 13.2	60.6	17.9 - 89.7	52.8	36.7 - 68.2	18.5	0.0 - 59.2
2005	7,572	10.0	4.6 - 18.1	39.6	9.8 - 80.1	45.1	23.9 - 61.2	17.2	0.0 - 79.8
2004 and prior	3,518	13.1	2.0 - 24.5	15.5	0.0 - 64.5	32.6	17.8 - 110.6	14.6	1.5 - 87.2
Total Alt-A	25,121	9.6	2.0 - 24.5	49.3	0.0 - 89.7	47.6	17.8 - 110.6	19.5	0.0 - 87.2
Subprime									
2007	10	5.2	5.2	79.9	79.9	69.3	69.3	40.0	40.0
2006	1,037	5.6	3.8 - 7.3	79.1	70.9 - 88.8	70.7	65.2 - 79.0	26.9	(14.5) - 101.0[(a)]
2005	88	5.1	3.2 - 6.7	78.9	66.0 - 88.2	66.4	61.1 - 70.4	48.0	15.7 - 79.8
2004 and prior	16	11.4	6.4 - 14.6	42.7	34.7 - 47.7	87.4	73.8 - 97.4	45.8	15.0 - 100.0
Total subprime	1,151	5.6	3.2 - 14.6	78.6	34.7 - 88.8	70.6	61.1 - 97.4	28.9	(14.5) - 101.0[(a)]
Total All Private-label RMBS	$43,127	10.5	1.3 - 59.6	37.6	0.0 - 89.7	42.0	0.0 - 110.6	15.5	(14.5) - 101.0[(a)]

Year of Securitization	Unpaid Principal Balance	Significant Inputs for All 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							
2006	$ 18	16.4	16.4	7.7	7.7	100.0	100.0
2005	4	8.3	8.3	0.4	0.4	100.0	100.0
2004 and prior	27	11.8	5.7 - 15.7	3.9	0.8 - 5.8	100.0	100.0
Total Alt-A	49	13.2	5.7 - 16.4	5.1	0.4 - 7.7	100.0	100.0
Subprime							
2004 and prior	495	4.8	0.0 - 17.6	5.8	1.0 - 52.4	70.3	30.0 - 102.8
Total subprime	495	4.8	0.0 - 17.6	5.8	1.0 - 52.4	70.3	30.0 - 102.8
Total All Home equity loan investments	$544	5.5	0.0 - 17.6	5.7	0.4 - 52.4	73.0	30.0 - 102.8

(a) 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.

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 as discussed in ***Note 6—Other-Than-Temporary-Impairment Analysis*** to the accompanying combined financial statements, each FHLBank performed a cash-flow analysis for each of these securities under a more stressful housing price scenario. This more stressful scenario was based on a housing price forecast that was 5 percentage points lower at the trough than the base case scenario, followed by a flatter recovery path. Under this scenario, current-to-trough home price declines were projected to range from 5.0 percent to 15.0 percent over the 3- to 9-month period beginning January 1, 2011. Thereafter, home prices were projected to increase within a range of 0 percent to 1.9 percent in the first year, 0 percent to 2.0 percent in the second year, 1.0 percent to 2.7 percent in the third year, 1.3 percent to 3.4 percent in the fourth year, 1.3 percent to 4.0 percent in each of the fifth and sixth years, and 1.5 percent to 3.8 percent in each subsequent year. 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.

Table 27 presents the combined credit losses under the base case and adverse case scenario for other-than-temporarily impaired private-label RMBS and home equity loan investments for the three months ended March 31, 2011. The base case scenario represents actual OTTI-related credit losses recognized in earnings for the three months ended March 31, 2011. The adverse case scenario's estimated cash flows were generated to show what the OTTI charges could have been under the more stressful housing price scenario at March 31, 2011.

Table 27 - Base Case and Adverse Case Scenarios (dollars in millions)

	March 31, 2011					
	Base Case(1)			Adverse Case		
	Number of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss	Number of Securities	Unpaid Principal Balance	OTTI Related to Credit Loss
Private-label RMBS:						
Prime(2)	93	$ 5,643	$ (88)	151	$ 8,484	$ (302)
Alt-A(2)	242	11,622	(179)	343	16,668	(737)
Subprime(2)	25	526	(8)	43	1,109	(53)
Total private-label RMBS	360	17,791	(275)	537	26,261	(1,092)
Home equity loan investments:						
Alt-A(2)	2	10	–	5	27	(2)
Subprime(2)	3	32	–	5	37	(1)
Total home equity loan investments	5	42	–	10	64	(3)
Total	365	$17,833	$(275)	547	$26,325	$(1,095)

(1) Represent securities and related OTTI credit losses for the three months ended March 31, 2011.

(2) Based on the originator's classification at the time of origination or based on classification by a nationally recognized statistical rating organization upon issuance of the MBS.

Legislative and Regulatory Developments

The legislative and regulatory environment for the FHLBanks continues to change as financial regulators issue proposed and/or final rules to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted in July 2010 and Congress continues to debate proposals for housing finance and GSE reform.

See ***Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010 for a description of certain legislative and regulatory developments that occurred prior to the publication of that report.

Dodd-Frank Act

As discussed under **Legislative and Regulatory Developments** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010, the Dodd-Frank Act will likely affect the FHLBanks' business operations, funding costs, rights, obligations, and/or the environment in which the FHLBanks carry out their housing finance mission. Certain regulatory actions that may have an important effect on the FHLBanks are summarized below, although the full effect of the Dodd-Frank Act will become known only after the required regulations, studies and reports are issued and finalized.

New Requirements for the Banks' Derivatives Transactions. The Dodd-Frank Act provides for new statutory and regulatory requirements for derivative transactions, including those utilized by the FHLBanks to hedge their interest rate and other risks. As a result of these requirements, certain derivative transactions will be required to be cleared through a third-party central clearinghouse and traded on regulated exchanges or new swap execution facilities. Such cleared trades are expected to be subject to initial and variation margin requirements established by the clearinghouse and their clearing members. While clearing swaps may reduce counterparty credit risk, the margin requirements for cleared trades have the potential of making derivative transactions more costly.

The Dodd-Frank Act will also change the regulatory landscape for derivative transactions that are not subject to mandatory clearing requirements (uncleared trades). While the FHLBanks expect to continue to enter into uncleared trades on a bilateral basis, such trades are expected to be subject to new regulatory requirements, including new mandatory reporting requirements, new documentation requirements and new minimum margin and capital requirements imposed by bank and other federal regulators. Under the proposed margin rules, the FHLBanks will have to post both initial margin and variation margin to their swap dealer counterparties, but may be eligible in both instances for modest unsecured thresholds as “low risk financial end users.” Pursuant to additional Finance Agency provisions, the FHLBanks will be required to collect both initial margin and variation margin from their swap dealer counterparties, without any thresholds. These margin requirements and any related capital requirements could adversely affect the liquidity and pricing of certain uncleared derivative transactions entered into by the FHLBanks and thus also make uncleared trades more costly.

The Commodity Futures Trading Commission (CFTC) has issued a proposed rule requiring that collateral posted by swaps customers to a clearinghouse in connection with cleared swaps be legally segregated on a customer basis. However, in connection with this proposed rule, the CFTC has left open the possibility that customer collateral would not have to be legally segregated but could instead be commingled with all collateral posted by other customers of the clearing member. This commingling would put an FHLBank’s collateral at risk in the event of a default by another customer of that FHLBank’s clearing member. The FHLBanks may be adversely affected to the extent the CFTC’s final rule places the FHLBanks’ required posted collateral at greater risk of loss in the clearing structure than under the current over-the-counter market structure.

The Dodd-Frank Act will require swap dealers and certain other large users of derivatives to register as “swap dealers” or “major swap participants,” as the case may be, with the CFTC and/or the SEC. Based on the definitions in the proposed rules jointly issued by the CFTC and SEC, it does not appear likely that an FHLBank will be required to register as a “major swap participant,” although this remains a possibility. Also, based on the definitions in the proposed rules, it does not appear likely that an FHLBank will be required to register as a “swap dealer” as a result of the derivative transactions that it enters into with dealer counterparties for the purpose of hedging and managing its interest rate risk, which constitute the great majority of the FHLBanks’ derivative transactions. However, based on the proposed rules, it is possible that an FHLBank could be required to register with the CFTC as a swap dealer based on the intermediated “swaps” that the FHLBank has historically entered into with its members.

It is also unclear how the final rule will treat certain advance products with FHLBank members that may contain terms and conditions similar in manner to certain derivatives. The CFTC and SEC have issued joint proposed rules further defining the term “swap” under the Dodd-Frank Act. These proposed rules and accompanying interpretive guidance clarify that certain products will or will not be regulated as “swaps.” However, at this time it remains unclear whether certain transactions between the FHLBanks and their members will be treated as “swaps.” Depending on how the terms “swap” and “swap dealer” are defined in the final regulations, an FHLBank may be faced with the business decision of whether to continue to offer “swaps” to its customers if those transactions would require that FHLBank to register as a swap dealer. Designation as a swap dealer would subject the FHLBanks to significant additional regulation and cost including, without limitation, registration with the CFTC, new internal and external business conduct standards, additional reporting requirements and additional swap-based capital and margin requirements. Even if an FHLBank is designated as a swap dealer, the proposed regulation would permit that FHLBank to apply to the CFTC to limit such designation to those specified activities for which that FHLBank is acting as a swap dealer. Upon such a designation, the hedging activities of an FHLBank would not be subject to the full requirements that will generally be imposed on traditional swap dealers.

The FHLBanks are actively participating in the development of the regulations under the Dodd-Frank Act by formally commenting to the regulators regarding a variety of rulemakings that could affect the FHLBanks. It is not expected that final rules implementing the Dodd-Frank Act will become effective until the latter half of 2011 and delays beyond that time are possible.

FDIC Regulatory Actions.

Assessments, Large Bank Pricing. On February 25, 2011, the FDIC issued a final rule to revise the assessment system applicable to FDIC-insured financial institutions. The rule, among other things, implements a provision in the Dodd-Frank Act to redefine the assessment base used for calculating deposit insurance assessments. Specifically, the rule changes the assessment base for most institutions from adjusted domestic deposits to average consolidated total assets minus average tangible equity. This rule became effective on April 1, 2011, resulting in FHLBank advances being included in their members' assessment base. The rule also eliminates an adjustment to the base assessment rate paid for secured liabilities, including FHLBank advances, in excess of 25 percent of an institution's domestic deposits since these are now part of the assessment base. To the extent that increased assessments increase the cost of advances for some members, it may negatively affect their demand for FHLBank advances.

Orderly Liquidation Authority Provisions of Dodd-Frank Act. For a description of the FDIC's interim final rule on how the FDIC would treat certain creditor claims under the new orderly liquidation authority established by the Dodd-Frank Act, see ***Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—FDIC Regulatory Actions*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Joint Regulatory Actions.

Credit Risk Retention for Asset-Backed Securities. On April 29, 2011, the Federal banking agencies, the Finance Agency, the Department of Housing and Urban Development (HUD) and the SEC jointly issued a proposed rule that would: (1) require a securitizer to retain not less than five percent of the credit risk of any asset that the securitizer, through the issuance of an asset-backed security (ABS), transfers, sells, or conveys to a third party, and (2) prohibit a securitizer from directly or indirectly hedging or otherwise transferring the credit risk that the securitizer is required to retain under the proposed rule.

However, a securitizer would be exempt from the risk retention requirements if the ABS is collateralized by qualified residential mortgages, commercial real estate, automobile and commercial loans. Qualified residential mortgages are described in the proposed rule as mortgages with underwriting and product features that are associated with low risk even in periods of decline of housing prices and high unemployment based on historical data.

Key issues in the proposed rule include: (1) the appropriate terms for treatment as a qualified residential mortgage; (2) the extent to which Fannie Mae- and Freddie Mac-related securitizations will be exempt from the risk retention rules; and (3) the possibility of creating a category of high quality, non-qualified residential mortgage loans that would have less than a five percent credit risk retention requirement.

If adopted as proposed, the rule could reduce the number of loans originated by FHLBank members, which could negatively affect member demand for the FHLBanks' products. Comments on this proposed rule are due by June 10, 2011.

Incentive-based Compensation Arrangements. On April 14, 2011, seven federal financial regulators, including the Finance Agency, published a proposed rule that would prohibit "covered financial institutions" from entering into incentive-based compensation arrangements that encourage inappropriate risks.

Applicable to the FHLBanks and the Office of Finance, the rule could:

- prohibit excessive compensation;
- prohibit incentive compensation that could lead to material financial loss;
- require an annual report;
- require policies and procedures related to incentive compensation; and
- require mandatory deferrals of 50 percent of incentive compensation over three years for executive officers.

Covered persons under the rule would include senior management responsible for the oversight of firm-wide activities or material business lines and non-executive employees or groups of those employees whose activities may expose the institution to a material loss.

Under the proposed rule, covered financial institutions would be required to comply with three key risk management principles related to the design and governance of incentive-based compensation: (1) balanced design; (2) independent risk management controls; and (3) strong governance.

The proposed rule identifies four methods to balance compensation design and make it more sensitive to risk: (1) risk adjustment of awards; (2) deferral of payment; (3) longer performance periods; and (4) reduced sensitivity to short-term performance. Larger covered financial institutions, like the FHLBanks, would also be subject to a mandatory 50 percent deferral of incentive-based compensation for executive officers and board oversight of incentive-based compensation for certain risk-taking employees who are not executive officers. The proposed rule could affect the design of the FHLBanks' and the Office of Finance's compensation policies and practices, including their incentive compensation policies and practices, if adopted as proposed. Comments on the proposed rule are due by May 31, 2011.

Housing Finance and GSE Reform

In the wake of the financial crisis and related housing problems, both Congress and the Obama Administration are considering changes to the U.S. housing finance structure, specifically reforming or eliminating Fannie Mae and Freddie Mac. These efforts may have implications for the FHLBanks.

On February 11, 2011, the U.S. Treasury and HUD issued a report to Congress titled *Reforming America's Housing Finance Market*. The report's primary focus is to provide options for Congressional consideration regarding the long-term structure of housing finance, including reforms specific to Fannie Mae and Freddie Mac. In addition, the Obama Administration noted it would work, in consultation with the Finance Agency and Congress, to restrict the areas of mortgage finance in which Fannie Mae, Freddie Mac and the FHLBanks operate so that overall government support of the mortgage market will be substantially reduced over time.

Although the FHLBanks are not the primary focus of this report, they are recognized as playing a vital role in helping smaller financial institutions access liquidity and capital to compete in an increasingly competitive marketplace. The report suggests the following possible reforms for the FHLBank System:

- focus the FHLBanks on small- and medium-sized financial institutions;
- restrict membership by allowing each institution eligible for membership to be an active member in only a single FHLBank;
- limit the level of outstanding advances to larger members; and
- reduce FHLBank investment portfolios and their composition, focusing FHLBanks on providing liquidity for insured depository institutions.

The report also supports exploring additional means to provide funding to housing lenders, including the potential development of a covered bond market.

In response, several bills have been introduced in Congress. While none propose specific changes to the FHLBanks, they could nonetheless be affected in numerous ways by changes to the U.S. housing finance structure and to Fannie Mae and Freddie Mac. For example, the FHLBanks traditionally have allocated a significant portion of their investment portfolio to investments in Fannie Mae and Freddie Mac debt securities. Accordingly, the FHLBanks' investment strategies would likely be affected by winding down those entities. Winding down these two GSEs, or limiting the amount of mortgages they purchase, also could increase demand for FHLBank advances if FHLBank members responded by retaining more of their mortgage loans in portfolio, using advances to fund the loans. Legislation has also been introduced to assist the development of a covered bond market.

It is also possible that Congress will consider any or all of the specific changes to the FHLBanks suggested by the Obama Administration's proposal. If legislation is enacted incorporating these changes, the FHLBanks could be significantly limited in their ability to make advances to their members and subject to additional limitations on their investment authority. Additionally, if Congress enacts legislation that has been introduced in the U.S. House of Representatives, encouraging the development of a covered bond market, FHLBank advances could be reduced in time as larger members use covered bonds as an alternative form of wholesale mortgage financing.

The potential effect of housing finance and GSE reform on the FHLBanks is unknown at this time and will depend on the legislation, if any, that is ultimately enacted.

Finance Agency Actions

Final Rules.

FHLBank Liabilities. On April 4, 2011, the Finance Agency issued a final rule that would, among other things:

- reorganize and re-adopt Finance Board regulations dealing with consolidated obligations, as well as related regulations addressing other authorized FHLBank liabilities and book entry procedures for consolidated obligations;
- implement recent statutory amendments that removed authority from the Finance Agency to issue consolidated obligations;
- specify that the FHLBanks issue consolidated obligations that are the joint and several obligations of the FHLBanks as provided for in the statute rather than as joint and several obligations of the FHLBanks as provided for in the current regulation; and
- provide that consolidated obligations are issued under Section 11(c) of the FHLBank Act rather than under Section 11(a) of the FHLBank Act.

This rule is not expected to have any adverse affect on the FHLBanks' joint and several liability for the principal and interest payments on consolidated obligations. This rule became effective on May 4, 2011.

Minimum Capital. For a description of the Finance Agency's final rule authorizing the Finance Agency Director to temporarily increase the minimum capital level for an FHLBank if the Finance Agency Director determines that the current level is insufficient to address that FHLBank's risks, see ***Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Finance Agency*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Regulatory Policy Guidance on Reporting of Fraudulent Financial Instruments. On January 27, 2010, the Finance Agency issued a regulation requiring the FHLBanks to report to the Finance Agency upon the discovery of any fraud or possible fraud related to the purchase or sale of financial instruments or loans. On March 29, 2011, the Finance Agency issued immediately effective final guidance which sets forth fraud reporting requirements for the FHLBanks under the regulation. The guidance, among other things, provides examples of fraud that should be reported to the Finance Agency and the Finance Agency's Office of Inspector General. In addition, the guidance requires FHLBanks to establish and maintain effective internal controls, policies, procedures and operational training to discover and report fraud or possible fraud. Although complying with the guidance will increase the FHLBanks' regulatory requirements, the FHLBanks do not expect any material incremental costs or adverse effect to their business.

Proposed Rule.

For a description of the Finance Agency's proposed rule regarding private transfer fee covenants that would restrict the FHLBanks from acquiring, or taking security interests in, mortgages on properties encumbered by certain private transfer fee covenants and related securities, see ***Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Finance Agency*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Advanced Notices of Proposed Rulemaking.

For a description of the Finance Agency's advance notices of proposed rulemaking regarding the use of credit ratings and addressing its regulations on FHLBank membership to ensure those regulations are consistent with maintaining a nexus between FHLBank membership and the FHLBanks' housing and community development mission, see ***Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations—Legislative and Regulatory Developments—Finance Agency*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Recent Rating Agency Actions

Table 28 - FHLBanks' Long-Term and Short-Term Credit Ratings at May 13, 2011

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

On April 20, 2011, S&P affirmed the triple-A rating on the debt issues of the FHLBank System, but revised its outlook on these debt issues from stable to negative. Concurrently, S&P revised its outlooks from stable to negative for the 10 of 12 FHLBanks whose issuer credit ratings are currently constrained by the long-term sovereign credit rating of the United States of America, while affirming their triple-A issuer credit ratings. The outlooks of the other two FHLBanks, which are rated double-A plus, were not revised. These rating actions reflect S&P's revision of the outlook on the long-term sovereign credit rating on the United States of America to negative from stable. In the application of S&P's Government Related Entities criteria, the ratings of the FHLBank System and the FHLBanks are constrained by the long-term sovereign rating of the United States. When taking its recent rating actions, S&P said that it will not raise these outlooks and ratings above those on the U.S. government as long as the ratings and outlook on the United States remain unchanged. S&P also said that if it were to lower the ratings on the United States, then it would also likely lower the ratings on the debt issues of the FHLBanks and their individual ratings. On April 21, 2011, Moody's announced that it maintains its stable outlook on the triple-A rating of the U.S. government.

RISK MANAGEMENT

The fundamental business of each FHLBank is to provide a readily available, competitively-priced source of funds in a wide range of maturities to meet the borrowing demands of its members and housing associates. The principal sources of funds for these activities are the proceeds from the issuance of consolidated obligations and, to a lesser extent, capital and deposits from members. Lending and investing funds, and engaging in interest-rate exchange agreements, can potentially expose the FHLBanks to a number of risks, including market risk and credit risk. The FHLBanks are also subject to liquidity risk, operational risk and business risk. Each FHLBank has established policies and procedures to evaluate, manage and control these risks. The Finance Agency has established regulations governing the risk management practices of the FHLBanks. The FHLBanks must file periodic compliance reports with the Finance Agency. The Finance Agency conducts an annual on-site examination of each FHLBank and the Office of Finance as well as off-site analyses.

Market Risk

Each FHLBank is responsible for establishing its own risk management philosophies, practices and policies. Each FHLBank describes its risk management policies for its business, including quantitative and qualitative disclosures about its market risk, in its periodic reports filed with the SEC. (See ***Explanatory Statement about FHLBanks Combined Financial Report***.)

Interest-Rate Risk

Interest-rate risk is the risk that relative and absolute changes in interest rates may adversely affect an institution's financial condition. The goal of an interest-rate risk management strategy is not necessarily to eliminate interest-rate risk, but to manage it by setting, and operating within, an appropriate framework and limits. The FHLBanks generally approach managing interest-rate risk by acquiring and maintaining a portfolio of assets and liabilities and entering into related interest-rate exchange agreements to limit the expected mismatches in duration. The FHLBanks manage interest-rate risk with commonly used methods of measuring and monitoring interest rate-risk, which include the calculation of market value of equity, duration of equity and duration gap. For a discussion of managing interest-rate risk exposure, see ***Risk Management—Market Risk—Interest-Rate Risk*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010.

Market Value of Equity and Duration of Equity

Each FHLBank has an internal modeling system for measuring its duration of equity, and therefore, individual FHLBank measurements may not be directly comparable. Each FHLBank reports the results of its duration of equity calculations to the Finance Agency each quarter. However, not all FHLBanks manage to the duration of equity risk measure. The capital adequacy rules of the Regulator require each FHLBank (except for the FHLBank of Chicago) to hold permanent capital in an amount sufficient to cover the sum of its credit, market and operational risk-based capital requirements, which are defined by applicable regulations. Each of these FHLBanks has developed a market risk model that calculates the market risk component of this requirement. (See ***FHLBank of Chicago's Fair Value Changes*** for its regulatory measurement of market changes.)

Table 29 presents each FHLBank that includes quantitative market value of equity and duration of equity information in its individual 2011 First Quarter SEC Form 10-Q.

Table 29 - Individual FHLBank's Market Value of Equity and Duration of Equity Disclosure

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

(1) The FHLBank of Pittsburgh's market value of equity volatility metrics are monitored. The FHLBank of Pittsburgh measures market value of equity to par value of capital stock (MV/CS), as described in its 2011 First Quarter SEC Form 10-Q. The FHLBank of Pittsburgh also 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 2011 First Quarter SEC Form 10-Q, as presented in Table 32 - FHLBank of Chicago's Fair Value Changes.

(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 disclosed, in its 2011 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.

(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 2011 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.

Table 30 presents the duration of equity reported by each FHLBank to the Finance Agency in accordance with the Regulator's guidance. (See Table 29 for each FHLBank's market and interest-rate risk measurement disclosure in its individual 2011 First Quarter SEC Form 10-Q.)

Table 30 - Duration of Equity (in years)

	March 31, 2011			December 31, 2010		
FHLBank	Down(1)	Base	Up(2)	Down(1)	Base	Up(2)
Boston	2.6	1.8	4.6	2.6	1.6	4.8
New York	1.6	(0.3)	3.5	2.2	(1.1)	2.9
Pittsburgh	2.2	3.2	4.3	1.8	3.0	4.5
Atlanta	(2.1)	0.3	3.1	(1.0)	0.2	3.2
Cincinnati	(0.2)	2.8	6.7	(1.2)	1.7	6.5
Indianapolis	(0.3)	0.6	2.5	(1.0)	0.6	2.9
Des Moines	(14.3)	2.6	5.4	(12.7)	(0.0)	2.9
Dallas	3.8	3.4	6.6	3.6	3.6	5.8
Topeka	(2.9)	(1.0)	1.8	(1.0)	(1.7)	1.4
San Francisco	1.9	2.0	2.1	1.9	2.0	1.7
Seattle	1.2	1.1	4.9	1.2	1.3	5.6

(1) Down equals 200 basis points; however, applicable regulation restricts the down rate from assuming a negative interest rate. Therefore, each FHLBank adjusts the down rate accordingly in periods of very low levels of interest rates.

(2) Up equals 200 basis points.

Duration Gap

A related measure of interest-rate risk is duration gap, which is the difference between the estimated durations (market value sensitivity) of assets and liabilities and reflects the extent to which estimated maturity and repricing cash flows for assets and liabilities are matched. Duration gap determines the sensitivity of assets and liabilities to interest rate changes. Duration generally indicates the expected change in an instrument's market value resulting from an increase or decrease in interest rates. Higher duration numbers, whether positive or negative, indicate greater volatility in the market value of equity in response to changing interest rates. Each FHLBank has an internal modeling system for measuring its duration gap, therefore, individual FHLBank measurements may not be directly comparable.

Table 31 - Duration Gap[1] (in months)

FHLBank	March 31, 2011	December 31, 2010
Boston	1.4	1.1
New York	(0.4)	(0.9)
Pittsburgh	1.9	1.7
Atlanta	(0.2)	(0.2)
Cincinnati	0.1	0.1
Indianapolis	(0.7)	(0.6)
Chicago	(0.1)	0.0
Des Moines	(0.3)	(0.6)
Dallas	2.0	2.0
Topeka	(0.6)	(1.0)
San Francisco	1.4	1.4
Seattle	0.0	0.0

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

FHLBank of Chicago's Fair Value Changes

The FHLBank of Chicago's Asset/Liability Management Committee provides oversight of risk management practices and policies. This includes routine reporting to the FHLBank of Chicago's senior management and its board of directors, as well as maintaining the market risk policy, which defines its interest-rate risk limits. Table 32 presents the change in market risk limits under the Market Risk Policy. Some scenarios will not be measured when swap rates are less than 2 percent.

Table 32 - FHLBank of Chicago's Fair Value Changes (dollars in millions)

	March 31, 2011		December 31, 2010	
Scenario	Change in Fair Value	Limit	Change in Fair Value	Limit
-200 bp	$ 144.5	$(185.0)	$ [a]	$(185.0)
-100 bp	(40.9)	(77.5)	[a]	(77.5)
-50 bp	(13.0)	(30.0)	[a]	(30.0)
-25 bp	(3.7)	(15.0)	0.7	(15.0)
+25 bp	(0.7)	(30.0)	2.0	(30.0)
+50 bp	(4.3)	(60.0)	2.0	(60.0)
+100 bp	(23.0)	(155.0)	(22.7)	(155.0)
+200 bp	(123.9)	(370.0)	(173.2)	(370.0)

(a) Due to the low interest rate environment, these values cannot be calculated.

Use of Derivatives to Manage Interest-Rate Risk

An FHLBank enters into derivatives to manage interest-rate risk, prepayment risk and exposure inherent in otherwise unhedged assets and funding positions. An FHLBank attempts to use derivatives to reduce interest-rate exposure in the most cost-efficient manner. Derivatives are used to adjust the effective maturity, repricing frequency, or option characteristics of financial instruments to achieve risk-management objectives. For a discussion of managing interest-rate risk exposure, see ***Risk Management—Market Risk—Use of Derivatives to Manage Interest-Rate Risk*** in the Federal Home Loan Banks Combined Financial Report for the year ended

December 31, 2010 and see ***Note 10—Derivatives and Hedging Activities*** to the accompanying combined financial statements for a discussion of qualitative disclosure about market risk, including "Application of Derivatives," "Types of Derivatives," "Types of Hedged Items," and "Managing Credit Risk on Derivatives." Table 33 presents the net effect of derivatives and hedging activities on the Combined Statement of Income resulting from applying different hedging strategies.

Table 33 - Net Effect of Derivatives and Hedging Activities (dollars in millions)

	Three Months Ended March 31, 2011							
Net Effect of Derivatives and Hedging Activities	Advances	Investments	Mortgage Loans	CO Bonds	CO DNs	Balance Sheet	Optional Advance Commitments	Total
Net interest income:								
Amortization and accretion of hedging activities in net interest income(1)	$ (83)	$ 3	$(15)	$ 39	$ (5)	$ –	$ –	$ (61)
Net interest settlements included in net interest income(2)	(1,780)	(85)	(3)	1,175	(79)	–	–	(772)
Total net interest income	(1,863)	(82)	(18)	1,214	(84)	–	–	(833)
Net gains (losses) on derivatives and hedging activities:								
Gains (losses) on fair-value hedges	119	14	(5)	(8)	–	–	–	120
Gains on cash-flow hedges	–	–	–	–	2	–	–	2
Gains (losses) on derivatives not receiving hedge accounting	9	(2)	(33)	46	(4)	(9)	1	8
Total net gains (losses) on derivatives and hedging activities	128	12	(38)	38	(2)	(9)	1	130
Subtotal	(1,735)	(70)	(56)	1,252	(86)	(9)	1	(703)
Net losses on trading securities(3)	–	(58)	–	–	–	–	–	(58)
Net (losses) gains on financial instruments held at fair value(3)	(51)	–	–	(9)	1	–	(1)	(60)
Total net effect of derivatives and hedging activities	$(1,786)	$(128)	$(56)	$1,243	$(85)	$ (9)	$ –	$(821)

	Three Months Ended March 31, 2010							
Net Effect of Derivatives and Hedging Activities	Advances	Investments	Mortgage Loans	CO Bonds	CO DNs	Balance Sheet	Optional Advance Commitments	Total
Net interest income:								
Amortization and accretion of hedging activities in net interest income(1)	$ (110)	$ 2	$ –	$ 41	$ (4)	$ –	$ –	$ (71)
Net interest settlements included in net interest income(2)	(2,601)	(54)	(25)	1,831	(72)	–	–	(921)
Total net interest income	(2,711)	(52)	(25)	1,872	(76)	–	–	(992)
Net gains (losses) on derivatives and hedging activities:								
Gains (losses) on fair-value hedges	66	–	4	2	(2)	–	–	70
Gains on cash-flow hedges	–	–	–	–	1	–	–	1
(Losses) gains on derivatives not receiving hedge accounting	(105)	(214)	(82)	159	(38)	(45)	–	(325)
Total net (losses) gains on derivatives and hedging activities	(39)	(214)	(78)	161	(39)	(45)	–	(254)
Subtotal	(2,750)	(266)	(103)	2,033	(115)	(45)	–	(1,246)
Net gains on trading securities(3)	–	29	–	–	–	–	–	29
Net losses on financial instruments held at fair value(3)	(80)	–	–	(24)	–	–	–	(104)
Total net effect of derivatives and hedging activities	$(2,830)	$(237)	$(103)	$2,009	$(115)	$(45)	$ –	$(1,321)

(1) Represents the amortization and accretion of hedging fair-value adjustments for both open and closed hedge positions, which includes hedges previously terminated and those currently failing effectiveness testing.

(2) Represents interest income or expense on derivatives included in net interest income.

(3) Includes only those gains or losses on trading securities or financial instruments held at fair value that have an economic derivative "assigned;" therefore, this line item may not agree to the Combined Statement of Income.

At March 31, 2011, certain FHLBanks had full fair-value hedges with a notional amount of $1.1 billion and an estimated fair value loss of $20 million for advances and had full fair-value hedges with a notional amount $9.7 billion and an estimated fair value gain of $544 million for consolidated bonds. The remaining fair-value hedges at March 31, 2011 represent benchmark interest-rate hedges.

Credit Risk

General

For a detail discussion of the FHLBanks' credit risk management, see ***Risk Management—Credit Risk*** in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010. There have been no substantial changes to the FHLBanks' credit risk management.

Managing Credit Risk

Advances. At March 31, 2011, 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 in Table 34. 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 borrowers' actual financial performance. Effective lending value percentages represent collateral lending value divided by unpaid principal balance of eligible loan collateral or market value of eligible securities collateral. Average effective lending values are the percentages of the averages of total collateral lending values to eligible collateral for all borrowers. These percentages are calculated without regard to the amount of the outstanding extensions of credit to any particular borrower.

Table 34 - Lending Values by Type of Collateral for All Borrowers

	March 31, 2011	
Type of Collateral Type	Effective Lending Values Applied to Collateral	Average Effective Lending Value
Blanket Lien		
Single-family mortgage loans	17%-95%	73%
FHA[1] and VA[2] loans	67%-93%	86%
Multifamily mortgage loans	6%-80%	60%
Other U.S. government-guaranteed mortgage loans	78%-93%	84%
Home equity loans and lines of credit	5%-85%	44%
Community financial institution (CFI) collateral	6%-68%	46%
Commercial loans	12%-70%	54%
Other loan collateral	18%-72%	46%
Listing		
Single-family mortgage loans	1%-95%	67%
FHA[1] and VA[2] loans	19%-95%	48%
Multifamily mortgage loans	43%-74%	65%
Other U.S. government-guaranteed mortgage loans	74%-89%	89%
Home equity loans and lines of credit	17%-74%	33%
CFI collateral	29%-81%	52%
Commercial loans	20%-70%	59%
Other loan collateral	21%-50%	34%

Type of Collateral Type	March 31, 2011 Effective Lending Values Applied to Collateral	March 31, 2011 Average Effective Lending Value
Delivered Collateral		
Cash, U.S. government and U.S. Treasury securities	89%-100%	96%
State and local government securities	68%-98%	88%
U.S. agency securities	76%-99%	96%
U.S. agency MBS and CMOs(3)	55%-98%	94%
Private-label MBS and CMOs(3)	25%-98%	86%
CFI securities	95%	95%
Commercial MBS	56%-90%	82%
Equity securities	72%-97%	78%
Other securities	74%-90%	76%
Single-family mortgage loans	2%-95%	64%
FHA(1) and VA(2) loans	57%-93%	79%
Multi-family mortgage loans	17%-85%	59%
Other government-guaranteed mortgage loans	74%-93%	75%
Home equity loans and lines of credit	2%-77%	46%
CFI collateral	4%-68%	41%
Commercial loans	9%-70%	54%
Other loan collateral	4%-68%	33%

(1) FHA - Federal Housing Administration

(2) VA - Department of Veterans Affairs

(3) CMOs - Collateralized mortgage obligations

As of March 31, 2011, 61 individual FHLBank members and 5 non-member financial institutions held advance balances of at least $1.0 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 66 individual FHLBank borrowers (members and non-members) with at least $1.0 billion of advances outstanding represented approximately $272.5 billion, or 62.9 percent, of total advances outstanding at March 31, 2011, while other credit products to these borrowers represented approximately $21.6 billion, or 39.4 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 2.4 at March 31, 2011 (i.e., the total of these 66 individual FHLBank borrowers' eligible collateral divided by these borrowers' advances and other credit products outstanding at March 31, 2011, although the borrowers' credit obligations to the FHLBanks are not cross-collateralized between borrowers).

Collateral pledged by FHLBank borrowers with at least $1.0 billion of outstanding advances represented approximately 50.7 percent of total collateral pledged by all FHLBank borrowers with advances outstanding at March 31, 2011. Eligible collateral values include market values for securities and the unpaid principal balance for all other collateral pledged by delivery, listing or blanket lien method. At March 31, 2011, approximately 53.8 percent of these 66 individual FHLBank members' eligible collateral was pledged by the listing method, with approximately 29.0 percent pledged in the form of a blanket lien and the remaining 17.2 percent pledged by the delivery method. On a combined basis, the eligible collateral securing these 66 individual FHLBank members' advances was comprised of the following collateral categories.

Table 35 - Type of Collateral Securing Advances to Borrowers with at least $1.0 Billion of Advances Outstanding

Collateral Type	March 31, 2011 Blanket	Listing	Delivery	Total
Single-family mortgage loans	11.9%	35.8%	2.8%	50.5%
Home equity loans and lines of credit	7.4%	11.3%	0.3%	19.0%
Commercial real estate loans	6.9%	2.7%	1.4%	11.0%
Multifamily mortgage loans	2.1%	3.4%	0.4%	5.9%
U.S. agency MBS and CMOs	N/A	N/A	5.8%	5.8%
Private-label MBS and CMOs	N/A	N/A	2.0%	2.0%
CMBS	N/A	N/A	2.0%	2.0%
U.S. agency securities (excluding MBS)	N/A	N/A	1.8%	1.8%
FHA and VA loans	0.5%	0.8%	0.1%	1.4%
U.S. government and U.S. Treasury securities	N/A	N/A	0.6%	0.6%

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

The FHLBanks that accept CFI-specific collateral mitigate the potential increased credit risk through higher haircuts (lower lending values) on such collateral. CFI-specific collateral consists of small business, small farm, and small agri-business loans. Furthermore, on December 9, 2010, the Finance Agency issued a final rule that provided the FHLBanks with regulatory authority to receive community development loans as collateral for advances from CFI members. Advances to CFIs secured with expanded eligible collateral represented approximately $3.0 billion of the $433.2 billion of total advances outstanding at par value at March 31, 2011. Advances to housing associates represented $1.3 billion of the total advances outstanding at par value at March 31, 2011.

No FHLBank incurred any credit loss on any of its advances, including advances to failed members. During the three months ended March 31, 2011, 24 of the 26 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these members at the time of their failure was approximately $1.0 billion, all of which were either assumed by another member or a non-member institution or repaid by the acquiring institution or the FDIC. From April 1, 2011 to April 30, 2011, all of the 13 FDIC-insured institutions that failed were members of the FHLBanks. The total amount of advances outstanding to these 13 members at the time of their failure was approximately $583 million, all of which were either assumed by another member or a non-member institution or repaid by the acquiring institution or the FDIC. 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 or non-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, 2011, the carrying value of the FHLBanks' investments was $328.5 billion, as compared to $330.5 billion at December 31, 2010.

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 Acquired Member Asset (AMA) 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 a nationally recognized statistical rating organization;
    4) mortgage-backed securities (which include agency and private-label pools of commercial and residential mortgage loans), or asset-backed securities collateralized by manufactured housing loans or home equity loans, that meet the definition of the term "securities" under the Securities Act of 1933; and
    5) certain foreign housing loans authorized under section 12(b) of the FHLBank Act; and
- non-U.S. dollar-denominated securities.

The FHLBanks further mitigate credit risk on investment securities by investing in highly-rated investment securities. At March 31, 2011 and December 31, 2010, 84.6 percent and 85.3 percent of total investments securities held by the FHLBanks were rated in the two highest investment rating categories for long-term and short-term investments.

Table 36 - Investment Ratings (dollars in millions)

	March 31. 2011[1][2]											
	Carrying Value											
	Investment Grade[3]				Below Investment Grade[3]							
	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Double-C	Single-C	Single-D	Unrated	Total
	A-1 or higher Rating/P-1	A-2/P-2	A-3/P-3		B-1	B-2	B-3	C		D		
Interest-bearing deposits	$ 8	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 8
Securities purchased under agreements to resell	3,975	–	975	3,000	–	–	–	–	–	–	3,950	11,900
Federal funds sold	13,756	36,038	30,520	497	–	–	–	–	–	–	–	80,811
Investment Securities:												
U.S. Treasury obligations	3,075	–	–	–	–	–	–	–	–	–	–	3,075
Commercial paper	4,079	–	–	–	–	–	–	–	–	–	–	4,079
Certificates of deposit[4]	6,785	9,145	7,775	–	–	–	–	–	–	–	–	23,705
Other U.S. obligations[5]	2,488	–	–	–	–	–	–	–	–	–	12	2,500
Government- sponsored enterprises and TVA[6]	27,055	24	–	–	–	–	–	–	–	–	–	27,079
State or local housing agency obligations	303	1,404	530	190	–	–	–	–	–	–	2	2,429
TLGP[7]	17,586	–	–	–	–	–	–	–	–	–	–	17,586
FFELP ABS[8]	8,688	–	–	–	–	–	–	–	–	–	–	8,688
Other	707	113	–	–	–	–	–	–	–	–	26	846
Total non mortgage- backed securities	70,766	10,686	8,305	190	–	–	–	–	–	–	40	89,987
Mortgage-backed securities												
Other U.S. obligations residential MBS[5]	12,540	–	–	–	–	–	–	–	–	–	–	12,540
Other U.S. obligations commercial MBS[5]	49	–	–	–	–	–	–	–	–	–	–	49
Government- sponsored enterprises residential MBS[9]	94,553	–	–	–	–	–	–	–	–	–	–	94,553
Government- sponsored enterprises commercial MBS[9]	2,595	–	–	–	–	–	–	–	–	–	–	2,595
Private-label residential MBS	5,811	1,735	2,128	2,445	1,841	4,533	10,412	3,774	1,988	425	4	35,096
Private-label commercial MBS	106	–	–	–	–	–	–	–	–	–	–	106
Manufactured housing loans	–	189	–	–	–	–	–	–	–	–	–	189
Home equity loans	61	112	101	5	6	62	47	8	10	–	–	412
MPF Shared Funding Program mortgage- backed certificates	199	11	–	–	–	–	–	–	–	–	–	210
Total mortgage- backed securities	115,914	2,047	2,229	2,450	1,847	4,595	10,459	3,782	1,998	425	4	145,750
Total investments	$204,419	$48,771	$42,029	$6,137	$1,847	$4,595	$10,459	$3,782	$1,998	$425	$3,994	$328,456

	December 31. 2010[10][2]											
	Carrying Value											
	Investment Grade[3]				Below Investment Grade[3]							
	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Double-C	Single-C	Single-D	Unrated	Total
	A-1 or higher Rating/P-1	A-2/P-2	A-3/P-3		B-1	B-2	B-3	C		D		
Interest-bearing deposits	$ 9	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 9
Securities purchased under agreements to resell	6,025	225	1,500	4,750	–	–	–	–	–	–	3,900	16,400
Federal funds sold	10,833	36,354	28,313	326	–	–	–	–	–	–	29	75,855
Investment Securities:												
U.S. Treasury obligations	3,068	–	–	–	–	–	–	–	–	–	–	3,068
Commercial paper	4,849	–	–	–	–	–	–	–	–	–	–	4,849
Certificates of deposit[4]	5,640	12,597	7,804	–	–	–	–	–	–	–	–	26,041
Other U.S. obligations[5]	2,439	–	–	–	–	–	–	–	–	–	13	2,452
Government-sponsored enterprises and TVA[6]	26,678	25	–	–	–	–	–	–	–	–	–	26,703
State or local housing agency Obligations	297	1,444	547	190	–	–	–	–	–	–	2	2,480
TLGP[7]	16,081	–	–	–	–	–	–	–	–	–	–	16,081
FFELP ABS[8]	8,799	–	–	–	–	–	–	–	–	–	–	8,799
Other	711	114	–	–	–	–	–	–	–	–	27	852
Total non mortgage-backed securities	68,562	14,180	8,351	190	–	–	–	–	–	–	42	91,325
Mortgage-backed securities:												
Other U.S. obligations residential MBS[5]	11,775	–	–	–	–	–	–	–	–	–	–	11,775
Other U.S. obligations commercial MBS[5]	53	–	–	–	–	–	–	–	–	–	–	53
Government-sponsored enterprises residential MBS[9]	95,138	–	–	–	–	–	–	–	–	–	–	95,138
Government-sponsored enterprises commercial MBS[9]	2,313	–	–	–	–	–	–	–	–	–	–	2,313
Private-label residential MBS	7,823	2,506	2,829	1,566	1,579	4,076	9,993	3,871	2,020	327	4	36,594
Private-label commercial MBS	160	–	–	–	–	–	–	–	–	–	–	160
Manufactured housing loans	–	196	–	–	–	–	–	–	–	–	–	196
Home equity loans	124	104	74	17	14	38	34	7	–	11	–	423
MPF Shared Funding Program mortgage-backed certificates	218	11	–	–	–	–	–	–	–	–	–	229
Total mortgage-backed securities	117,604	2,817	2,903	1,583	1,593	4,114	10,027	3,878	2,020	338	4	146,881
Total investments	$203,033	$53,576	$41,067	$6,849	$1,593	$4,114	$10,027	$3,878	$2,020	$338	$3,975	$330,470

(1) This chart does not reflect any changes in ratings, outlook or watch status occurring after March 31, 2011. These ratings represent the lowest rating available for each security owned by an individual FHLBank, based on the nationally recognized statistical rating organization(s) used by that FHLBank.

(2) Investment amounts noted in the above table represent the carrying value and do not include related accrued interest.

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

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

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

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

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

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

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

(10) This chart does not reflect any changes in ratings, outlook or watch status occurring after December 31, 2010. These ratings represent the lowest rating available for each security owned by an individual FHLBank based on the nationally recognized statistical rating organizations used by that FHLBank.

Table 37 presents rating agency actions for investments downgrades taken with respect to the following categories of investments during the period from April 1, 2011 to April 30, 2011.

Table 37 - Subsequent Downgrades (dollars in millions)

Investment Ratings[1]		Downgrades - Balances Based on Values At March 31, 2011[2]			
At March 31, 2011	At April 30, 2011	Private-Label RMBS		Home Equity Loan Investments	
From	To	Carrying Value	Fair Value	Carrying Value	Fair Value
Triple-A	Double-A	$ 463	$ 446	$ –	$ –
	Single-A	830	814	–	–
	Triple-B	623	591	51	51
	Double-B	126	120	–	–
Double-A	Single-A	113	107	–	–
	Triple-B	316	293	–	–
	Double-B	384	364	–	–
Single-A	Triple-B	146	133	–	–
	Double-B	489	468	–	–
	Single-B	211	209	18	18
Triple-B	Double-B	48	41	–	–
	Single-B	27	24	–	–
	Triple-C	83	83	–	–
Total		$3,859	$3,693	$69	$69

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

(2) Represents investment amounts at March 31, 2011 that were subsequently downgraded during the period from April 1, 2011 to April 30, 2011.

Of the $328.5 billion of total investment held by the FHLBanks at March 31, 2011, $23.1 billion of this amount was rated below investment grade at March 31, 2011, and an additional $1.4 billion was downgraded to below investment grade from April 1, 2011 through April 30, 2011.

At March 31, 2011, 3.3 percent of total investment securities were on negative watch by S&P, Moody's and/or Fitch, which consisted of private-label residential MBS, home equity loan investments, commercial paper, other U.S. obligations, certificates of deposit and state or local housing agency obligations.

Table 38 presents rating agency actions for investments on negative watch at April 30, 2011. Values are based on March 31, 2011 balances.

Table 38 - Investments on Negative Watch (dollars in millions)

	Private-Label RMBS		Home Equity Loan Investments		Non-MBS[2]	
Investment Ratings[1]	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Triple-A	$ 563	$ 553	$ –	$ –	$ 550	$ 550
Double-A	31	29	18	14	2,880	2,880
Single-A	149	140	–	–	507	420
Double-B	10	9	–	–	–	–
Single-B	402	402	37	37	–	–
Triple-C	29	32	31	31	–	–
Double-C	19	19	–	–	–	–
Total	$1,203	$1,184	$86	$82	$3,937	$3,850

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

(2) Includes interest-bearing deposits, securities purchased under agreements to resell, Federal funds sold and non-MBS investment securities.

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.

Current regulator policy prohibits an FHLBank from purchasing MBS if its investment in MBS exceeds 300 percent of that FHLBank's previous month-end regulatory capital on the day it purchases the securities. As of March 31, 2011, each of the FHLBanks of Des Moines, Dallas and Topeka had MBS holdings in excess of the current investment limit and are precluded from additional investments in MBS until their respective MBS ratio declines below 300 percent. Each of these FHLBanks was not required to sell any previously purchased MBS and was in compliance with the applicable limit at the time of purchase.

Table 39 presents the mortgage-backed securities to total regulatory capital ratio for the FHLBanks on a combined basis at March 31, 2011 and December 31, 2010.

Table 39 - Mortgage-Backed Securities to Total Regulatory Capital Ratio (dollars in millions)

	March 31, 2011	December 31, 2010	Decrease	
			$	%
Mortgage-backed securities	$145,750	$146,881	$(1,131)	(0.8)%
Less: MPF Shared Funding Program	210	229	(19)	(8.3)%
Mortgage-backed securities (excluding MPF Shared Funding Program)	$145,540	$146,652	$(1,112)	(0.8)%
Total regulatory capital[1] and Designated Amount of applicable subordinated notes	$ 56,461	$ 57,362	$ (901)	(1.6)%
Ratio of MBS (excluding MPF Shared Funding Program) to total regulatory capital[1] and Designated Amount of applicable subordinated notes	2.58	2.56		

(1) Total regulatory capital is defined as the sum of permanent capital, the amounts paid for Class A capital stock, any general allowance for losses and any other amount from sources available to absorb losses that the Finance Agency has determined by regulation to be appropriate to include in determining total capital. Total regulatory capital also includes mandatorily redeemable capital stock.

Private-label MBS. Table 40 presents unpaid principal balance of private-label mortgage-backed securities, manufactured housing loans and home equity loan investments by fixed- or variable-rate.

Table 40 - Unpaid Principal Balance by Fixed- or Variable-Rate (dollars in millions)

	March 31, 2011[1]			December 31, 2010[1]		
	Fixed-Rate[2]	Variable-Rate[2]	Total	Fixed-Rate[2]	Variable-Rate[2]	Total
Private-label RMBS:						
Prime	$ 5,499	$14,953	$20,452	$ 6,488	$15,777	$22,265
Alt-A	7,096	14,473	21,569	7,495	14,833	22,328
Subprime	–	1,178	1,178	–	1,202	1,202
Total private-label RMBS	12,595	30,604	43,199	13,983	31,812	45,795
Private-label CMBS:						
Prime	76	30	106	91	70	161
Total private-label CMBS	76	30	106	91	70	161
Manufactured housing loans:						
Subprime	189	–	189	196	–	196
Total manufactured housing loans	189	–	189	196	–	196
Home equity loan investments:						
Alt-A	–	49	49	–	51	51
Subprime	380	115	495	389	119	508
Total home equity loan investments	380	164	544	389	170	559
Total private-label MBS, manufactured housing loans, and home equity loan investments	$13,240	$30,798	$44,038	$14,659	$32,052	$46,711

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

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

At March 31, 2011, 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 $35,096 million;
- combined private-label CMBS of $106 million;
- combined manufactured housing loans of $189 million; and
- combined home equity loan investments of $412 million.

The FHLBanks generally purchased private-label MBS rated triple-A (or its equivalent) by a nationally recognized statistical rating organization, such as Moody's or S&P. Table 41 presents certain information related to private-label RMBS and CMBS, manufactured housing loans and home equity loan investments. No FHLBank has purchased private-label MBS since 2008. In addition, each FHLBank typically requires, at the time of purchase, credit enhancement that it believes to be above the amounts required for a triple-A credit rating by a nationally recognized statistical rating organization for non-agency mortgage backed securities. Structural credit enhancements include subordination and over-collateralization that are designed to absorb losses before an FHLBank will incur a loss on a security. Credit enhancement achieved through senior-subordinated features results in the subordination of payments to junior classes to ensure cash flows are received by senior classes held by investors such as the FHLBanks. Of the total unpaid principal balance of private-label RMBS and CMBS, manufactured housing loans and home equity loan investments, prime represented 46.7 percent, Alt-A represented 49.1 percent and subprime represented 4.2 percent. Of the $145.8 billion carrying value of total mortgage-backed securities investments held by the FHLBanks at March 31, 2011, less than 2.0 percent were categorized as subprime by the originator at the time of origination or based on classification by a nationally recognized statistical rating organization upon issuance of the MBS.

Table 41 - Private-Label Mortgage-Related Securities by Year of Securitization and by Investment Type (dollars in millions)

	Prime(1) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
Unpaid Principal Balance (UPB) by credit rating(2)						
Triple-A	$ 5,183	$ –	$ –	$ 85	$ 148	$4,950
Double-A	1,350	–	36	91	209	1,014
Single-A	1,524	–	–	150	333	1,041
Triple-B	974	34	146	82	170	542
Double-B	1,023	–	168	192	476	187
Single-B	2,590	224	225	501	1,341	299
Triple-C	3,635	283	1,242	897	1,141	72
Double-C	3,030	–	1,382	1,515	133	–
Single-C	990	–	500	474	16	–
Single-D	153	–	–	153	–	–
Total	$20,452	$ 541	$3,699	$4,140	$3,967	$8,105
Amortized cost	$19,222	$ 504	$3,210	$3,650	$3,784	$8,074
Gross unrealized losses(3)	(1,476)	(28)	(287)	(491)	(302)	(368)
Fair value (FV)	18,133	475	2,986	3,417	3,494	7,761
OTTI losses:						
Credit loss	$ (88)	$ (3)	$ (21)	$ (23)	$ (37)	$ (4)
AOCI(4)	49	3	21	20	32	(27)
Total OTTI losses	$ (39)	$ –	$ –	$ (3)	$ (5)	$ (31)
Weighted-average FV to UPB	88.7%	87.8%	80.8%	82.5%	88.1%	95.8%
Original weighted-average credit support(5)	8.1%	24.1%	12.9%	9.9%	8.2%	3.7%
Weighted-average credit support(6)	9.2%	23.4%	9.5%	6.8%	9.9%	9.0%
Weighted-average collateral delinquency(7)	13.2%	24.0%	20.1%	17.8%	13.9%	6.5%
Private-label CMBS						
UPB by credit rating(2)						
Triple-A	$ 106	$ –	$ –	$ –	$ –	$ 106
Total	$ 106	$ –	$ –	$ –	$ –	$ 106
Amortized cost	$ 106	$ –	$ –	$ –	$ –	$ 106
Fair value	108	–	–	–	–	108
Weighted-average FV to UPB	102.4%	–	–	–	–	102.4%
Original weighted-average credit support(5)	21.2%	–	–	–	–	21.2%
Weighted-average credit support(6)	31.7%	–	–	–	–	31.7%
Weighted-average collateral delinquency(7)	3.4%	–	–	–	–	3.4%

	Alt-A[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
UPB by credit rating[2]						
Triple-A	$ 648	$ –	$ –	$ 21	$ 28	$ 599
Double-A	398	–	10	87	–	301
Single-A	651	–	–	–	105	546
Triple-B	1,461	130	–	88	144	1,099
Double-B	838	–	521	–	96	221
Single-B	2,423	251	621	64	1,110	377
Triple-C	10,407	372	3,249	2,229	4,515	42
Double-C	2,264	–	1,022	759	483	–
Single-C	1,796	–	883	650	263	–
Single-D	683	–	330	348	5	–
Total	$21,569	$ 753	$ 6,636	$4,246	$ 6,749	$3,185
Amortized cost	$19,306	$ 745	$ 5,710	$3,383	$ 6,271	$3,197
Gross unrealized losses[3]	(3,594)	(187)	(1,348)	(618)	(1,231)	(210)
Fair value	15,972	560	4,486	2,805	5,121	3,000
OTTI losses:						
Credit loss	$ (179)	$ (1)	$ (41)	$ (67)	$ (70)	$ –
AOCI[4]	91	(43)	40	66	28	–
Total OTTI losses	$ (88)	$ (44)	$ (1)	$ (1)	$ (42)	$ –
Weighted-average FV to UPB	74.1%	74.4%	67.6%	66.1%	75.9%	94.2%
Original weighted-average credit support[5]	22.4%	33.4%	32.6%	26.4%	16.2%	6.8%
Weighted-average credit support[6]	20.8%	32.5%	27.5%	19.5%	16.9%	13.8%
Weighted-average collateral delinquency[7]	29.5%	21.9%	39.0%	40.3%	23.6%	9.9%
Home equity loan investments						
UPB by credit rating[2]						
Double-A	$ 18	$ –	$ –	$ 18	$ –	$ –
Single-A	4	–	–	–	4	–
Single-B	14	–	–	–	–	14
Triple-C	9	–	–	–	–	9
Double-C	4	–	–	–	–	4
Total	$ 49	$ –	$ –	$ 18	$ 4	$ 27
Amortized cost	$ 42	$ –	$ –	$ 18	$ 3	$ 21
Gross unrealized losses[3]	(11)	–	–	(5)	(1)	(5)
Fair value	33	–	–	13	3	17
Weighted-average FV to UPB	66.9%	–	–	74.1%	78.1%	60.7%
Original weighted-average credit support[5][8]	(0.6)%	–	–	–	3.1%	(1.5)%
Weighted-average credit support[6]	3.9%	–	–	–	35.3%	2.6%
Weighted-average collateral delinquency[7]	8.2%	–	–	4.3%	0.6%	11.8%

	Subprime[1] by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Private-label RMBS						
UPB by credit rating[2]						
Triple-A	$ 1	$ –	$ –	$ –	$ –	$ 1
Double-A	13	–	–	3	1	9
Single-A	6	–	–	–	2	4
Triple-B	22	–	–	15	–	7
Double-B	134	–	–	80	52	2
Single-B	11	–	–	9	–	2
Triple-C	389	–	10	353	24	2
Double-C	479	–	–	462	13	4
Single-C	119	–	–	116	–	3
Unrated	4	–	–	–	–	4
Total	$ 1,178	$ –	$ 10	$1,038	$ 92	$ 38
Amortized cost	$ 867	$ –	$ 10	$ 740	$ 84	$ 33
Gross unrealized losses[3]	(177)	–	(2)	(164)	(7)	(4)
Fair value	772	–	8	654	80	30
OTTI losses:						
Credit loss	$ (8)	$ –	$ –	$ (8)	$ –	$ –
AOCI[4]	8	–	–	8	–	–
Total OTTI losses	$ –	$ –	$ –	$ –	$ –	$ –
Weighted-average percentage of FV to UPB	65.5%	–	77.1%	62.9%	86.5%	80.1%
Original weighted-average credit support[5]	23.0%	–	23.0%	22.7%	22.1%	35.0%
Weighted-average credit support[6]	29.2%	–	40.0%	26.9%	48.0%	42.0%
Weighted-average collateral delinquency[7]	42.5%	–	40.5%	43.1%	43.4%	23.0%
Manufactured housing loans						
UPB by credit rating[2]						
Double-A	$ 189	$ –	$ –	$ –	$ –	$ 189
Total	$ 189	$ –	$ –	$ –	$ –	$ 189
Amortized cost	$ 189	$ –	$ –	$ –	$ –	$ 189
Gross unrealized losses[3]	(20)	–	–	–	–	(20)
Fair value	169	–	–	–	–	169
Weighted-average FV to UPB	89.4%	–	–	–	–	89.4%
Original weighted-average credit support[5]	93.0%	–	–	–	–	93.0%
Weighted-average credit support[6]	27.3%	–	–	–	–	27.3%
Weighted-average collateral delinquency[7]	3.1%	–	–	–	–	3.1%

	Subprime(1) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Home equity loan investments						
UPB by credit rating(2)						
Triple-A	$ 80	$ –	$ –	$ –	$ –	$ 80
Double-A	94	–	–	–	–	94
Single-A	116	–	–	–	–	116
Triple-B	5	–	–	–	–	5
Double-B	6	–	–	–	–	6
Single-B	81	–	–	–	–	81
Triple-C	81	–	–	–	–	81
Double-C	9	–	–	–	–	9
Single-D	23	–	–	–	–	23
Unrated	–	–	–	–	–	–
Total	$ 495	$ –	$ –	$ –	$ –	$ 495
Amortized cost	$ 463	$ –	$ –	$ –	$ –	$ 463
Gross unrealized losses(3)	(63)	–	–	–	–	(63)
Fair value	400	–	–	–	–	400
Weighted-average FV to UPB	81.0%	–	–	–	–	81.0%
Original weighted-average credit support(5)	54.7%	–	–	–	–	54.7%
Weighted-average credit support(6)	32.9%	–	–	–	–	32.9%
Weighted-average collateral delinquency(7)	17.8%	–	–	–	–	17.8%

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

(2) Represents the lowest rating available for each security owned by an individual FHLBank based on the nationally recognized statistical rating organizations used by that FHLBank.

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

(4) Represents the net amount of impairment losses reclassified (to)/from AOCI.

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

(6) Weighted-average credit support is based on the credit support as of March 31, 2011. 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, 2011.

(7) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due. The reported delinquency percentage represents the weighted average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

(8) Negative original credit enhancement exists due to over-collateralization and excess spread.

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

Table 42 presents, 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, 2011. The lowest ratings available for each security is reported as of April 30, 2011 based on the security's unpaid principal balance at March 31, 2011. The FHLBanks held a total of $5,436 million in Alt-A Option ARMs, of which $5,388 million is in a gross unrealized loss position based on unpaid principal balance at March 31, 2011, as disclosed in table 42.

Table 42 - Private-Label Mortgage-Related Securities in a Loss Position (dollars in millions)

	March 31, 2011[1]					April 30, 2011 MBS Ratings Based on March 31, 2011 Unpaid Principal Balance[1][2][3]			
	Unpaid Principal Balance	Amortized Cost	Gross Unrealized Losses	Weighted-Average Collateral Delinquency Rate[4]	Percentage Rated Triple-A[3]	Percentage Rated Triple-A	Percentage Rated Investment Grade[6]	Percentage Rated Below Investment Grade	Percentage on Watchlist
Private-label RMBS backed by:									
Prime loans:									
First lien	$15,759	$14,832	$(1,476)	14.5%	17.1%	8.4%	23.2%	68.4%	5.8%
Total private-label RMBS backed by prime loans	15,759	14,832	(1,476)	14.5%	17.1%	8.4%	23.2%	68.4%	5.8%
Alt-A and other loans:									
Alt-A option arm	5,388	4,571	(1,352)	46.7%	–	–	–	100.0%	–
Alt-A other	15,175	13,827	(2,242)	24.5%	2.1%	1.6%	13.9%	84.5%	2.8%
Total private-label RMBS backed by Alt-A and other loans	20,563	18,398	(3,594)	30.3%	1.6%	1.2%	10.3%	88.5%	2.1%
Subprime loans:									
First lien	1,131	838	(177)	41.9%	0.1%	0.1%	3.5%	96.4%	1.0%
Total private-label RMBS backed by subprime loans	1,131	838	(177)	41.9%	0.1%	0.1%	3.5%	96.4%	1.0%
Private-label CMBS backed by:									
Prime loans:									
First lien	30	30	–	4.4%	100.0%	100.0%	–	–	–
Total private-label CMBS backed by prime loans	30	30	–	4.4%	100.0%	100.0%	–	–	–
Manufactured housing loans backed by:									
Subprime loans:									
First lien	189	189	(20)	3.1%	–	–	100.0%	–	–
Total manufactured housing loans backed by subprime loans	189	189	(20)	3.1%	–	–	100.0%	–	–
Home equity loan investments backed by:									
Alt-A and other loans:									
Alt-A other	45	41	(11)	7.5%	–	–	48.3%	51.7%	64.9%
Total home equity loan investments backed by Alt-A loans	45	41	(11)	7.5%	–	–	48.3%	51.7%	64.9%
Subprime loans:									
First lien	195	186	(34)	19.9%	13.4%	13.4%	33.0%	53.6%	56.7%
Second lien	4	4	(1)	28.5%	12.9%	12.9%	–	87.1%	–
Total home equity loan investments backed by subprime loans	199	190	(35)	20.1%	13.4%	13.4%	32.3%	54.3%	55.4%
Other—Not Classified[5]	293	272	(28)	16.0%	18.5%	1.1%	62.6%	36.3%	20.9%
Total private-label RMBS, private-label CMBS, manufactured housing loans, home equity loan investments, and other-not classified	$38,209	$34,790	$(5,341)	23.8%	8.2%	4.3%	16.4%	79.3%	4.1%

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

(2) The percentages include the effect of paydowns in full subsequent to March 31, 2011.

(3) Represents the lowest ratings available for each security owned by an individual FHLBank based on the nationally recognized statistical rating organizations used by that FHLBank.

(4) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due. The reported delinquency percentage represents the weighted average based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.

(5) The FHLBank of New York owns certain private-label securities that were acquired prior to 2004 for which only the original lien information is available. The current lien information is not available. In certain instances, the servicer is no longer in business to provide this information. In other instances, the servicers were never required to track the information subsequent to origination. As a result, third-party providers of such information or existing servicers do not have current lien information.

(6) Represents investment grade from double-A to triple-B.

Other-Than-Temporarily Impaired Securities. The housing market continues to be depressed, with significant variations in market performance from region to region throughout the country. Housing prices remain low, although there are signs of increasing stability in many areas. Delinquency and foreclosure rates have continued to rise. While the agency MBS market is active in funding new mortgage originations, the private-label MBS market has not recovered. The commercial real estate market is still trending downward.

As a result of each FHLBank's evaluations, during the three months ended March 31, 2011, the FHLBanks recognized OTTI losses related to an aggregate amount of $3,259 million of unpaid principal balance in held-to-maturity MBS investments and $14,574 million of unpaid principal balance related to available-for-sale securities. The FHLBanks recognized total OTTI charges of $275 million during the three months ended March 31, 2011 related to the credit losses on total MBS instruments and the net amount of impairment losses reclassified from accumulated other comprehensive loss was $148 million.

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

As of March 31, 2011, the total monoline bond insurance coverage was $675 million, of which $351 million represents the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments covered by the monoline bond insurers the FHLBanks are relying on at March 31, 2011 for modeling the cash flows, as presented in Table 43.

Table 43 - Monoline Bond Insurance Coverage and Related Unrealized Losses of Certain MBS (dollars in millions)

	Alt-A[1]					
	Assured Guaranty Municipal Corp.		MBIA Insurance Corp.[2]		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:						
2007	$10	$ –	$ –	$ –	$10	$ –
Home equity loan investments:						
2006	18	(5)	–	–	18	(5)
2004 and prior	–	–	14	(3)	14	(3)
Total	18	(5)	14	(3)	32	(8)
Total Alt-A	$28	$(5)	$14	$(3)	$42	$(8)

	Subprime[1]					
	Assured Guaranty Municipal Corp.		MBIA Insurance Corp.[2]		Total	
Year of Securitization	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses	Insurance Coverage	Gross Unrealized Losses
Private-label RMBS:						
2004 and prior	$ 1	$ –	$ –	$ –	$ 1	$ –
Manufactured housing loans:						
2004 and prior	171	(19)	–	–	171	(19)
Home equity loan investments:						
2004 and prior	85	(5)	52	(7)	137	(12)
Total subprime	$257	$(24)	$52	$(7)	$309	$(31)

(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 a nationally recognized statistical rating organization upon issuance of the MBS.

(2) MBIA Insurance Corp.'s burn-out period ends on June 30, 2011. (See ***Note 6—Other-Than-Temporary-Impairment Analysis*** to the accompanying combined financial statements.)

The monoline bond insurers have been subject to adverse ratings, rating downgrades and weakening financial performance measures. A rating downgrade implies an increased risk that the monoline bond insurer will fail to fulfill its obligations to reimburse the insured investor for claims made under the related insurance policies. Table 44 presents the financial strength ratings of monoline bond insurers that provide monoline bond insurance coverage for the FHLBanks' private-label RMBS and CMBS, manufactured housing loans, and home equity loan investments. (See ***Critical Accounting Estimates—OTTI for Investment Securities*** for information regarding the FHLBanks' processes for evaluating monoline bond insurance for purposes of OTTI analysis.)

Table 44 - Monoline Bond Insurers' Financial Strength Ratings as of May 13, 2011

	Moody's Credit Rating	S&P Credit Rating	Fitch Credit Rating
Assured Guaranty Municipal Corp.	Aa3	AA+	Not Rated
MBIA Insurance Corporation	B3	B	Not Rated
AMBAC Assurance Corporation (Ambac)(1)	Withdrawn	Not Rated	Not Rated
Financial Guaranty Insurance Company	Withdrawn	Not Rated	Not Rated
Syncora Guarantee Inc.	Ca	Not Rated	Not Rated

(1) On November 8, 2010, Ambac Financial Group, Inc., the holding company of Ambac, filed its petition for chapter 11 protection in U.S. Bankruptcy Court in Manhattan. Ratings withdrawn by Moody's on April 7, 2011.

Unsecured Credit Exposure. Table 45 presents the FHLBanks' unsecured credit exposure of investments with private counterparties that have maturities generally ranging between overnight and 9 months.

Table 45 - Unsecured Credit Exposure (dollars in millions)

	March 31, 2011 Carrying Value(1)	December 31, 2010 Carrying Value (1)
Federal funds sold	$ 80,811	$ 75,855
Commercial paper	4,079	4,849
Certificates of deposit	23,705	26,041
Other(2)	4	4
Total	$108,599	$106,749

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

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

At March 31, 2011, the FHLBanks had aggregate unsecured credit exposure of $1 billion or more to each of 33 counterparties. The aggregate unsecured credit exposure to these 33 counterparties represented 90.6 percent of the FHLBanks' unsecured credit exposure to non-government counterparties.

Mortgage Loans Held for Portfolio. All 12 FHLBanks have established or participated in Acquired Member Asset (AMA) programs (such as the MPF Program and MPP) as services to their members. The mortgage loans purchased or funded under these programs may carry more credit risk than advances, even though the respective member or housing associate provides credit enhancement and continues to bear a portion of the credit risk.

Management at each FHLBank believes that it has adequate policies and procedures in place to manage credit risk on mortgage loans appropriately. All of the FHLBanks participating in AMA programs have established loan loss allowances under each program or have determined that no loan loss allowances are necessary. See ***Note 9—Allowance for Credit Losses*** to the accompanying combined financial statements for information on credit risk associated with mortgage loans, including information on mortgage loans credit quality indicators, allowance for credit losses, and delinquency statistics by AMA program and type of loan. See ***Risk Management—Credit Risk—Mortgage Loans Held for Portfolio*** section of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010 for information on loss allocation structures for MPF and MPP Loans.

In addition to credit risk associated with mortgage loans purchased or funded through the AMA programs, 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.

PMI is issued by qualified companies for mortgage loans with LTVs greater than 80 percent and covers all types of losses except those generally classified as special hazard losses. When SMI is used as a form of credit enhancement in conjunction with an AMA program, Finance Agency regulations require the FHLBanks' members that sell loans to the FHLBanks through such a program to maintain SMI with an insurer rated no lower than the second-highest rating category by any nationally recognized statistical rating organization, unless this requirement is waived by the Finance Agency.

As of May 13, 2011, 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 nationally recognized statistical rating organizations. Due to the aforementioned rating agency actions, certain MPF FHLBanks increased their estimated allowance for credit losses on mortgage loans and discontinued paying the associated performance credit enhancement fees as the relevant PFIs have elected not to assume the credit enhancement obligations as their own. Other MPF FHLBanks have analyzed their potential loss exposure to all MI providers and have not increased their loan loss reserves, but they will continue to monitor the financial condition of their MI providers. Certain MPF FHLBanks discontinued obtaining coverage on new loans from MI insurers that have a nationally recognized statistical rating organization rating below triple-B and exceed those FHLBanks' internal exposure limits.

The MPP FHLBanks discontinued obtaining SMI on new loans from the MI providers downgraded below double-A minus as part of the approved new business activity plan or continued using the downgraded insurance providers in compliance with the temporary waiver issued by the Finance Agency (discussed in detail in ***Risk Management—Credit Risk—Mortgage Loans Held for Portfolio*** section of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2010). The Finance Agency approved notices of new business activity plan for certain MPP FHLBanks that use an enhanced fixed LRA account for additional credit enhancement for new MPP business consistent with Finance Agency regulations. At this time, the MPP FHLBanks expect each of the insurance providers to fulfill their obligations provided in the MI contracts.

For a conventional loan, PMI, if applicable, covers losses or exposure down to approximately an LTV of between 65 percent and 80 percent based upon the original appraisal, original LTV, term and amount of PMI coverage, and characteristics of the loan. An FHLBank is exposed to credit risk if a PMI provider fails to fulfill its claims payment obligations to that FHLBank. Each 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 nationally recognized statistical rating organization's ratings, or limiting its credit exposure to a certain percentage of the MI company's regulatory capital. The FHLBanks receive PMI coverage information only at acquisition of mortgage loans and generally 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, FHLBanks have depended on the PMI policies for loss coverage. Tables 46 and 47 present the FHLBanks' PMI coverage for seriously delinquent loans (conventional loans 90 days or more delinquent or in the process of foreclosure) by MPF Program and MPP.

Table 46 - MPF Seriously Delinquent Conventional Loans with PMI (dollars in millions)

		March 31, 2011	
Insurance Provider	Credit Rating[(1)] by Moody's/S&P/Fitch	Unpaid Principal Balance[(2)]	Maximum Coverage Outstanding[(3)]
Mortgage Guaranty Insurance Co.	Ba3/B+/NR[(4)]	$ 50	$14
Genworth Mortgage Insurance	Baa2/BB+/NR[(4)]	30	8
Republic Mortgage Insurance	Ba1/BBB-/BB	28	8
United Guaranty Residential Insurance	Baa1/BBB/NR[(4)]	26	7
PMI Mortgage Insurance Co.	B2/B+/NR[(4)]	24	7
Radian Guaranty, Inc.	Ba3/B+/NR[(4)]	16	4
Other		20	5
Total		$194	$53

(1) Represents the credit rating as of May 13, 2011.

(2) Represents the unpaid principal balance of conventional loans 90 days or more delinquent or in the process of foreclosure. Assumes PMI in effect at time of origination. Insurance coverage may be discontinued once a certain LTV ratio is met.

(3) Represents the estimated contractual limit for reimbursement of principal losses (i.e., risk in force) assuming the PMI at origination is still in effect. The amount of expected claims under these insurance contracts is substantially less than the contractual limit for reimbursement.

(4) Not rated by Fitch.

If a PMI provider is downgraded, an MPF FHLBank can request the servicer to obtain replacement PMI coverage with a different provider. However, it is possible that replacement coverage may be unavailable or result in additional cost to the MPF FHLBank. PMI for MPF Loans must be issued by an MI company on the approved MI company list whenever PMI coverage is required. However, no MI company on the approved MI company list currently has a double-A minus or better claims-paying ability rating from any nationally recognized statistical rating organization. The current criteria for MI companies to remain on the approved MI company list is acceptability for use in modeling software licensed from a nationally recognized statistical rating organization.

Table 47 — MPP Seriously Delinquent Conventional Loans with PMI (dollars in millions)

		March 31, 2011	
Insurance Provider	CreditRating(1) by Moody's/S&P/Fitch	Unpaid Principal Balance(2)	Maximum Coverage Outstanding(3)
Mortgage Guaranty Insurance Co.	Ba3/B+/NR(4)	$13	$ 3
Republic Mortgage Insurance	Ba1/BBB-/BB	9	2
Radian Guaranty, Inc.	Ba3/B+/NR(4)	8	2
Genworth Mortgage Insurance	Baa2/BB+/NR(4)	7	2
United Guaranty Residential Insurance	Baa1/BBB/NR(4)	7	2
PMI Mortgage Insurance Co.	B2/B+/NR(4)	5	1
Other		1	–
Total		$50	$12

(1) Represents the credit rating as of May 13, 2011.

(2) Represents the unpaid principal balance of conventional loans 90 days or more delinquent or in the process of foreclosure. Assumes PMI in effect at time of origination. Insurance coverage may be discontinued once a certain LTV ratio is met.

(3) Represents the estimated contractual limit for reimbursement of principal losses (i.e., risk in force) assuming the PMI at origination is still in effect. The amount of expected claims under these insurance contracts is substantially less than the contractual limit for reimbursement.

(4) Not rated by Fitch.

As of March 31, 2011, the MPP FHLBanks have analyzed their potential loss exposure to all of the MI companies and do not expect incremental losses due to the lower MI company ratings. This expectation is based on the credit enhancement features of the MPP Loans Master Commitment Contracts, the underwriting characteristics of the MPP Loans, the seasoning of the MPP Loans and the performance of these loans to date. The MPP FHLBanks closely monitor the financial conditions of these MI companies.

Geographic Concentrations. Tables 48 and 49 provide the percentage of unpaid principal balance of conventional mortgage loans held for portfolio outstanding at March 31, 2011 for the five largest state concentrations. These tables show the state concentration on an aggregated basis for all 12 FHLBanks that purchased or funded loans under the MPF Program and MPP. As a result, the tables do not necessarily reflect the actual state concentration with respect to each individual FHLBank.

Table 48 - State Concentration of MPF Program

	March 31, 2011[1]	December 31, 2010[1]
California	9.8%	9.2%
Wisconsin	8.0%	7.6%
Illinois	6.2%	6.1%
Pennsylvania	5.3%	5.0%
Minnesota	5.1%	4.7%
All other	65.6%	67.4%
Total	100.0%	100.0%

Table 49 - State Concentration of MPP

	March 31, 2011[1]	December 31, 2010[1]
Ohio	21.6%	21.2%
California	10.1%	10.2%
Indiana	10.0%	9.8%
Michigan	8.7%	8.4%
Kentucky	4.1%	4.0%
All other	45.5%	46.4%
Total	100.0%	100.0%

(1) Calculated percentage based on unpaid principal balance of conventional loans at the end of the period. The state concentrations reflect the top five states at March 31, 2011.

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 does not anticipate any credit losses on its interest-rate exchange agreements with counterparties as of March 31, 2011. For additional discussion regarding derivatives and counterparty ratings, please refer to each individual FHLBank's 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 a counterparty's pledged collateral to an FHLBank exceeds the FHLBank's net position.

Table 50 - Derivative Counterparty Credit Exposure at March 31, 2011 (dollars in millions)

Credit Rating[(1)]	Notional Amount	Credit Exposure Net of Cash Collateral	Other Collateral Held	Net Exposure After Collateral
Triple-A	$ 171	$ 2	$ –	$ 2
Double-A	268,750	373	272	101
Single-A	487,922	499	443	56
Triple-B	128	–	–	–
Unrated[(2)]	23	–	–	–
	756,994	874	715	159
Member institutions[(3)]	2,641	13	12	1
Total derivatives	$759,635	$887	$727	$160

(1) This chart does not reflect any changes in rating, outlook or watch status occurring after March 31, 2011. The ratings were obtained from S&P, Moody's and/or Fitch.

(2) Represents one broker-dealer used 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 subject to thorough credit review procedures in accordance with an FHLBank's risk management policy. There was no exposure at March 31, 2011 related to this unrated counterparty.

(3) Member institutions include mortgage delivery commitments and derivatives with members where an FHLBank is acting as an intermediary. Collateral held with respect to derivatives with member institutions where an FHLBank is acting as an intermediary represents the amount of eligible collateral physically held by or on behalf of the FHLBank or collateral assigned to the FHLBank, as evidenced by a written security agreement, and held by the member institution for the benefit of that FHLBank.

Excluding fully collateralized interest-rate exchange agreements in which the FHLBanks are intermediaries for members, 99.980 percent of the notional amount of the FHLBanks' outstanding interest-rate exchange agreements at March 31, 2011 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 assessed the effectiveness of their individual internal control over financial reporting as of December 31, 2010, 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, 2010, 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, 2010. (See *Item 8—Financial Statements and Supplementary Data* or *Item 9A—Controls and Procedures* of each FHLBank's 2010 SEC Form 10-K for its *Management's Report 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, 2011 that materially affected, or are reasonably likely to affect, its internal control over financial reporting. Additionally, management of each FHLBank concluded that its disclosure controls and procedures were effective at a reasonable assurance level as of the fiscal quarter ended March 31, 2011. (See *Part I. Item 4—Controls and Procedures* of each FHLBank's 2011 First Quarter SEC Form 10-Q.)

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 disclosure controls and procedures and internal control over financial reporting with respect to the information and financial data provided to the Office of Finance. Although the Office of Finance is not an SEC registrant, Finance Agency regulations require that the combined financial report form and content generally be consistent with SEC Regulations S-K and S-X, as interpreted by the Finance Agency. The Office of Finance is not required to establish and maintain, and in light of the nature of its role has not established and maintained, disclosure controls and procedures and internal control over financial reporting at the FHLBank System level comparable to those maintained by each FHLBank. The Office of Finance has established procedures and controls concerning the FHLBanks' submission of information, and financial data to the Office of Finance, the process of combining the financial statements of the individual FHLBanks and the review of such information.

The Office of Finance does not independently verify the financial information submitted by each FHLBank, including the disclosures in the financial statements of the individual FHLBanks that comprise the combining schedules included in this Combined Financial Report. Therefore, the Office of Finance may be unable to detect or prevent a significant misstatement in this Combined Financial Report.

Audit Committee Charter, Combined Financial Reports and General Office of Finance Operations

In July 2010, the Office of Finance's audit committee was restructured to implement the Finance Agency's regulations affecting the Office of Finance's board of directors that were effective June 2, 2010. The charter of the audit committee of the Office of Finance's board of directors is available on the Office of Finance's website at www.fhlb-of.com. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

LEGAL PROCEEDINGS

The FHLBanks are subject to various pending legal proceedings arising in the normal course of business. The FHLBanks and the Office of Finance are not a party to, nor are they subject to, any pending legal proceedings, except those proceedings noted below, where the ultimate liability of the FHLBanks, if any, arising out of these proceedings is likely to have a material effect on the results of operations or financial condition of the FHLBanks or that are otherwise material to the FHLBanks. (See each FHLBank's 2011 First Quarter SEC Form 10-Q under *Part II. Item 1—Legal Proceedings* for additional information, including updates, to its legal proceedings.)

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

FHLBank of Boston. On April 20, 2011, the FHLBank of Boston filed a complaint in the Superior Court Department of the Commonwealth of Massachusetts in Suffolk County, against various securities dealers, underwriters, control persons, issuers/depositors and credit rating agencies based on the FHLBank of Boston's investments in certain private-label mortgage-backed securities issued by 115 securitization trusts for which the FHLBank of Boston originally paid approximately $5.8 billion. The complaint asserts claims based on untrue or misleading statements in the sale of securities, signing or circulating securities documents that contained material misrepresentations and omissions, negligent misrepresentation, unfair or deceptive trade practices, fraud by the rating agencies, and controlling person liability. The FHLBank of Boston is seeking various forms of relief including rescission, recovery of damages, recovery of purchase consideration plus interest (less income received to date) and recovery of reasonable attorneys' fees and costs of the lawsuit.

Prior to the three months ended March 31, 2011, each of the FHLBanks of Pittsburgh, Atlanta, Indianapolis, Chicago, San Francisco and Seattle filed legal proceedings that relate to the purchase of certain private-label MBS.

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

Legal Proceedings Relating to the Lehman Bankruptcy

See ***Note 15—Commitments and Contingencies—Lehman Bankruptcy*** to the accompanying combined financial statements for information on legal proceedings relating to bankruptcy proceedings involving Lehman Brothers Holdings, Inc.

RISK FACTORS

There were no material changes to the risk factors disclosed in the Federal Home Loan Banks' 2010 Combined Financial Report except for the following risk factor. (See each FHLBank's 2011 First Quarter SEC Form 10-Q for updates to risk factors included in its 2010 SEC Form 10-K under *Item 1A—Risk Factors*.)

Market Risk

The FHLBanks' ability to access the capital markets, as their primary source of funding, may be adversely affected by any market disruptions that could occur if the U.S. Congress does not increase the statutory debt limit or if credit ratings on FHLBank System consolidated obligations change.

The U.S. Treasury has projected that the statutory limit on the total amount of U.S. debt outstanding will be reached no later than May 16, 2011. Although the U.S. Treasury has announced it is using its authority to take certain extraordinary measures to temporarily postpone the date the debt limit will be reached, it currently projects that such measures would be exhausted by August 2, 2011. If the U.S. Congress does not increase the debt limit, the U.S. Treasury would have no remaining borrowing authority once the debt limit is reached and a broad range of U.S. government payments would have to be stopped. If the U.S. Treasury is not able to make interest payments on U.S. debt and meet other obligations, disruptions may occur in the capital markets that could result in higher interest rates and borrowing costs for the FHLBanks even though the obligations of the FHLBanks are not obligations of the United States and are not guaranteed by the United States or any government agency.

On April 18, 2011, S&P affirmed its triple-A rating on long-term U.S. debt, although S&P revised its outlook to negative from stable based on the overall U.S. debt burden and related fiscal challenges in reducing the federal deficit. As a result, on April 20, 2011, S&P affirmed the triple-A rating on the debt issues of the FHLBank System, but revised its outlook on the debt issues from stable to negative. (See ***Financial Discussion and Analysis—Recent Rating Agency Actions*** for additional information.)

To the extent that the FHLBanks cannot access funding when needed on acceptable terms to effectively manage their cost of funds, their financial condition and results of operations and the value of FHLBank membership may be negatively affected.

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. The members and certain nonmembers own all the FHLBanks' capital stock. 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. (See ***Financial Discussion and Analysis—Capital Adequacy—Dividend and Excess Stock Limitations*** for a discussion of certain Banks' actions regarding dividends and excess capital stock.)

At March 31, 2011, the FHLBanks had 412 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 Securities Exchange Act of 1934.

Top 10 Regulatory Capital Stockholders

The information on capital stock presented in Table 51 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 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 Table 51 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 an individual FHLBank.

Table 51 - Top 10 Regulatory Capital Stockholders by Holding Company at March 31, 2011 (dollars in millions)

Holding Company Name	FHLBank Districts[1]	Regulatory Capital Stock[2]	Percentage of Total Regulatory Capital Stock	Mandatorily Redeemable Capital Stock
Bank of America Corporation	Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco, Seattle	$ 4,545	9.5%	$ 540
JPMorgan Chase & Co.	New York, Pittsburgh, Chicago, San Francisco, Seattle	3,722	7.8%	1,796
Citigroup Inc.	New York, Pittsburgh, Des Moines, Dallas, San Francisco	3,493	7.3%	–
Wells Fargo & Company	Atlanta, Des Moines, Dallas, Topeka, San Francisco, Seattle	1,992	4.2%	1,662
The PNC Financial Services Group, Inc.	New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago, Des Moines	1,100	2.3%	503
Metlife, Inc.	Boston, New York, Des Moines	984	2.1%	–
U.S. Bancorp	Cincinnati, Chicago, Des Moines, Dallas, San Francisco, Seattle	900	1.9%	296
Hudson City Bancorp, Inc.	New York	804	1.7%	–
UK Financial Investments Limited	Boston, New York, Pittsburgh, Cincinnati	713	1.5%	71
Banco Santander, S.A.	New York, Pittsburgh	614	1.3%	2
		$18,867	39.6%	$4,870

(1) Each holding company had subsidiaries with regulatory capital stock holdings at March 31, 2011 in the FHLBank districts as presented in Table 51.

(2) Includes FHLBank capital stock that is considered to be mandatorily redeemable, which is classified as a liability under GAAP.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Each FHLBank is a cooperative; therefore, 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

Table 52 - Membership by Type of Member

	March 31, 2011	
	Number	Percent of Total Members
Commercial banks	5,454	69.9%
Thrifts	1,078	13.8%
Credit unions	1,042	13.3%
Insurance companies	228	2.9%
CDFI(1)	5	0.1%
Total	7,807	100.0%

(1) Community Development Financial Institutions.

During the three months ended March 31, 2011, nine FHLBank members withdrew from FHLBank membership for reasons other than merger or acquisition and 30 members gave notice of intent to withdraw from FHLBank 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.

Table 53 - Regulatory Capital Stock Held by Type of Member (dollars in millions)

	March 31, 2011	
	Amount	Percent of Regulatory Capital Stock
Commercial banks	$26,647	55.8%
Thrifts	8,770	18.4%
Credit unions	2,525	5.3%
Insurance companies	3,334	7.0%
CDFI	2	–
Total GAAP capital stock	41,278	86.5%
MRCS(1)	6,427	13.5%
Total regulatory capital stock	$47,705	100.0%

(1) Mandatorily redeemable capital stock, which is considered capital for regulatory purposes.

Table 54 - Member Borrowers by Type of Member

	March 31, 2011	
	Number	Percent of Total Member Borrowers
Commercial banks	3,653	74.0%
Thrifts	786	15.9%
Credit unions	403	8.2%
Insurance companies	93	1.9%
CDFI(1)	1	–
Total	4,936	100.0%

The percentage of total members borrowing decreased to 63.2 percent at March 31, 2011, as compared to 64.9 percent at December 31, 2010. The 66 borrowers with advance holdings of $1.0 billion or more at March 31, 2011 held 62.9 percent of total advances. The 68 borrowers with advance holdings of $1.0 billion or more at December 31, 2010 also held 62.9 percent of total advances.

Table 55 - Advances at Par Value by Type of Borrower (dollars in millions)

	March 31, 2011	
	Par Value(1)	Percent of Total Par Value of Advances
Commercial bank members	$245,307	56.5%
Thrift members	100,317	23.3%
Credit union members	23,693	5.5%
Insurance company members	45,540	10.5%
CDFI members	1	–
Total member advances	414,858	95.8%
Non-member borrowers	17,094	3.9%
Housing associates	1,261	0.3%
Total par value of advances	$433,213	100.0%

(1) Total advance amounts are at par value and differ from that reported in the Combined Statement of Condition. The differences between the par value and book value amounts relate primarily to basis adjustments arising from hedging activities.

Housing Associates

The FHLBanks are permitted to make advances to non-members that are approved mortgagees under Title II of the National Housing Act, which are generally state and local housing agencies. Housing associates are not subject to certain provisions applicable to members under the FHLBank Act. For example, they are not required to purchase capital stock in an FHLBank. However, the same regulatory lending requirements that apply to members also generally apply to housing associates.

At March 31, 2011, the FHLBanks had $1.3 billion in advances outstanding to 24 housing associates, up from $1.1 billion to 23 housing associates at December 31, 2010. Housing associates eligible to borrow include 43 state housing finance agencies, 10 county housing finance agencies, 4 housing development corporations, 3 city housing authorities, and 1 tribal housing corporation.

Top 10 Advance Holding Borrowers by Holding Company

The information on advances presented in Table 56 is accumulated at the holding-company level. Holding company information was obtained from the Federal Reserve System's web site, the NIC and SEC filings. The percentage of total advances presented in Table 56 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 an individual FHLBank.

Table 56 - Top 10 Advance Holding Borrowers by Holding Company at March 31, 2011 (dollars in millions)

Holding Company Name	FHLBank Districts[1]	Advances[2]	Percent of Total Advances
Bank of America Corporation	Boston, New York, Atlanta, Indianapolis, Chicago, San Francisco, Seattle	$ 37,935	8.8%
Citigroup Inc.	New York, Dallas, San Francisco	26,694	6.2%
JPMorgan Chase & Co.	New York, San Francisco, Seattle	25,884	6.0%
MetLife, Inc.	Boston, New York, Des Moines	17,440	4.0%
Hudson City Bancorp, Inc.	New York	15,525	3.6%
Banco Santander, S.A.	New York, Pittsburgh	10,420	2.4%
BB&T Corporation	Atlanta	10,262	2.4%
U.S. Bancorp	Cincinnati, Chicago, Des Moines, Dallas, Topeka, San Francisco	8,430	1.9%
New York Community Bancorp, Inc.	New York, Cincinnati	8,052	1.9%
Navy Federal Credit Union	Atlanta	6,597	1.5%
		$167,239	38.7%

(1) Each holding company had subsidiaries with advance borrowings at March 31, 2011 in the FHLBank districts as presented in Table 56.

(2) Member advance amount 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 relate primarily to basis adjustments arising from hedging activities.

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, 2011, the FHLBanks had $69.3 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks. This represented 16.0 percent of total advances at par value at that date.

An FHLBank may also purchase short-term investments, Federal funds and mortgage-backed securities from members. All investments are market-rate transactions and all mortgage-backed securities are purchased through securities brokers or dealers.

Recent Development

The following is a discussion of a recently announced transaction regarding certain significant activities involving an advance holder and stockholder.

FHLBank of San Francisco. On April 4, 2011, Citibank (South Dakota), National Association (Citibank South Dakota) filed a Form 8-K with the SEC, reporting that it had entered into a Plan of Merger (Merger Agreement) with an affiliate Citibank, N.A., a national banking association (Citibank, N.A.) on March 29, 2011. Citibank, N.A., is a member and one of the largest borrowers of the FHLBank of San Francisco. According to the Form 8-K, subject to the terms of the Merger Agreement and stockholder and regulatory approvals, Citibank South Dakota will be merged into Citibank, N.A. In accordance with the Merger Agreement, the main office of Citibank, N.A., will be in Sioux Falls, South Dakota. In that case, Citibank, N.A., would no longer be eligible for membership in the FHLBank of San Francisco and would no longer be able to take out new advances from the FHLBank of San Francisco. A decrease in advances to any departing member, if not replaced with advances to other members, results in a reduction of the FHLBank of San Francisco's total assets and net income. The timing and magnitude of the effect of a decrease in the amount of advances would depend on a number of factors, including: the amount and the period over which the advances were prepaid or repaid; the amount and timing of any corresponding decreases in activity-based capital stock; the profitability of the advances; the extent to which consolidated obligations mature as the advances are prepaid or repaid; and the FHLBank of San Francisco's ability to extinguish consolidated obligations or transfer them to other FHLBanks and the associated costs.

SUPPLEMENTAL INFORMATION

INDIVIDUAL FHLBANK SELECTED FINANCIAL DATA AND FINANCIAL RATIOS

The following individual FHLBank selected financial data and financial ratios are provided as a convenience to the reader. Each FHLBank provides the Office of Finance with its selected financial data and financial ratios. Please refer to **Explanatory Statement about FHLBanks Combined Financial Report** which discusses the independent management and operation of the FHLBanks; 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
(Dollars in millions)

	Boston	New York	Pittsburgh
SELECTED STATEMENT OF CONDITION DATA [1]			
At March 31, 2011			
Assets			
Investments [2]	$ 25,908	$ 16,855	$ 20,813
Advances	25,939	75,487	26,659
Mortgage loans held for portfolio	3,174	1,278	4,262
Allowance for credit losses on mortgage loans	(9)	(7)	(8)
Total assets	55,596	96,874	52,199
Consolidated obligations: [3]			
Discount notes	16,493	19,507	13,157
Bonds	34,020	68,530	33,018
Total consolidated obligations	50,513	88,037	46,175
Mandatorily redeemable capital stock	107	59	33
Subordinated notes [4]	–	–	–
Total capital:			
Total capital stock: [5]			
Class B putable	3,647	4,323	3,804
Class A putable	–	–	–
Preconversion putable [6]	–	–	–
Total capital stock	3,647	4,323	3,804
Retained earnings	269	717	400
Accumulated other comprehensive income (loss)	(571)	(97)	(143)
Total capital	3,345	4,943	4,061
Asset composition (as a percentage of the individual FHLBanks' total assets):			
Investments [2]	46.6%	17.4%	39.9%
Advances	46.7%	77.9%	51.1%
Mortgage loans, net	5.7%	1.3%	8.1%
Retained earnings as a percentage of FHLBanks' total assets	0.5%	0.7%	0.8%
FHLBank's total assets as a percentage of FHLBank System's total assets	6.6%	11.4%	6.2%
At March 31, 2010			
Assets			
Investments [2]	$ 22,300	$ 15,562	$ 16,241
Advances	35,175	88,859	36,824
Mortgage loans held for portfolio	3,395	1,293	4,993
Allowance for credit losses on mortgage loans	(2)	(6)	(2)
Total assets	61,569	107,239	58,656
Consolidated obligations: [3]			
Discount notes	19,078	19,816	9,991
Bonds	37,840	72,408	42,477
Total consolidated obligations	56,918	92,224	52,468
Mandatorily redeemable capital stock	91	105	8
Subordinated notes [4]	–	–	–
Total capital:			
Total capital stock: [5]			
Class B putable	3,646	4,828	4,035
Class A putable	–	–	–
Preconversion putable [6]	–	–	–
Total capital stock	3,646	4,828	4,035
Retained earnings	165	672	399
Accumulated other comprehensive income (loss)	(926)	(124)	(596)
Total capital	2,885	5,376	3,838
Asset composition (as a percentage of the individual FHLBanks' total assets):			
Investments [2]	36.2%	14.5%	27.7%
Advances	57.1%	82.9%	62.8%
Mortgage loans, net	5.5%	1.2%	8.5%
Retained earnings as a percentage of FHLBanks' total assets	0.3%	0.6%	0.7%
FHLBank's total assets as a percentage of FHLBank System's total assets	6.3%	11.1%	6.1%

(1) The sum or recalculation of individual FHLBank amounts may not agree or may not be recalculated from the Combined Statement of Condition amounts due to interbank combining adjustments.
(2) Investments consist of interest-bearing deposits, deposits with other FHLBanks, securities purchased under agreements to resell, federal funds sold, trading securities, available-for-sale securities, held-to-maturity securities and loans to other FHLBanks.
(3) See **Financial Discussion and Analysis—Results of Operations—Interbank Transfers of Liabilities on Outstanding Consolidated Bonds and Their Effect on Combined Net Income**.

	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ 39,876	$ 32,080	$ 19,274	$ 47,494	$ 17,380	$ 10,547	$ 15,544	$ 52,413	$ 30,479
	81,257	28,292	17,679	17,893	27,963	21,805	17,779	92,005	12,332
	1,916	7,473	6,469	16,998	7,220	194	4,374	2,208	2,964
	(1)	(14)	(1)	(38)	(18)	–	(3)	(3)	(2)
	123,633	71,326	43,901	84,011	52,841	33,170	38,016	151,444	45,938
	15,700	35,160	8,489	22,685	3,928	500	12,558	22,951	13,197
	94,854	30,155	31,287	53,534	44,289	29,302	21,302	115,464	29,729
	110,554	65,315	39,776	76,219	48,217	29,802	33,860	138,415	42,926
	531	331	658	531	7	18	17	3,102	1,033
	–	–	–	1,000	–	–	–	–	–
	7,263	3,096	1,614	–	2,118	1,428	791	8,496	1,640
	–	–	–	–	–	–	601	–	125
	–	–	–	2,332	–	–	–	–	–
	7,263	3,096	1,614	2,332	2,118	1,428	1,392	8,496	1,765
	1,160	445	437	1,125	565	462	369	1,663	61
	(323)	(8)	(60)	(435)	64	(57)	(21)	(2,039)	(531)
	8,100	3,533	1,991	3,022	2,747	1,833	1,740	8,120	1,295
	32.3%	45.0%	43.9%	56.5%	32.9%	31.8%	40.9%	34.6%	66.3%
	65.7%	39.7%	40.3%	21.3%	52.9%	65.7%	46.8%	60.8%	26.8%
	1.5%	10.5%	14.7%	20.2%	13.6%	0.6%	11.5%	1.5%	6.4%
	0.9%	0.6%	1.0%	1.3%	1.1%	1.4%	1.0%	1.1%	0.1%
	14.6%	8.4%	5.2%	9.9%	6.2%	3.9%	4.5%	17.8%	5.4%
	$ 37,337	$ 23,875	$ 16,860	$ 40,319	$ 23,236	$ 14,855	$ 16,652	$ 54,383	$ 27,896
	105,474	32,969	21,582	21,291	33,027	42,627	22,211	112,139	19,865
	2,419	9,032	6,990	22,698	7,559	249	3,366	2,911	3,925
	(1)	–	–	(20)	(2)	(1)	(3)	(2)	(1)
	146,281	67,796	47,072	86,069	64,623	58,697	42,458	173,851	51,822
	17,778	25,038	11,537	17,739	4,706	5,627	14,626	24,764	17,467
	115,492	36,061	31,267	59,874	53,623	48,269	23,470	136,588	30,734
	133,270	61,099	42,804	77,613	58,329	53,896	38,096	161,352	48,201
	481	412	751	470	7	8	16	4,858	948
	–	–	–	1,000	–	–	–	–	–
	7,852	3,079	1,732	–	2,331	2,311	1,333	8,561	1,715
	–	–	–	–	–	–	294	–	133
	–	–	–	2,332	–	–	–	–	–
	7,852	3,079	1,732	2,332	2,331	2,311	1,627	8,561	1,848
	916	416	373	709	500	370	315	1,326	58
	(669)	(8)	(344)	(498)	23	(68)	(26)	(3,501)	(855)
	8,099	3,487	1,761	2,543	2,854	2,613	1,916	6,386	1,051
	25.5%	35.2%	35.8%	46.8%	36.0%	25.3%	39.2%	31.3%	53.8%
	72.1%	48.6%	45.8%	24.7%	51.1%	72.6%	52.3%	64.5%	38.3%
	1.7%	13.3%	14.9%	26.4%	11.7%	0.4%	7.9%	1.7%	7.6%
	0.6%	0.6%	0.8%	0.8%	0.8%	0.6%	0.7%	0.8%	0.1%
	15.1%	7.0%	4.9%	8.9%	6.7%	6.1%	4.4%	18.0%	5.4%

(4) 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.
(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 13—Capital*** to the accompanying combined financial statements.)
(6) 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 13—Capital*** to the accompanying combined financial statements.)

Individual FHLBank Selected Financial Data and Financial Ratios (continued)
(Dollars in millions)

	Boston	New York	Pittsburgh
SELECTED OTHER DATA[1]			
At March 31, 2011			
Advance concentrations (%): top five borrowers	33%	58%	66%
Capital stock concentrations (%): top five stockholders	51%	52%	54%
Regulatory capital ratio (%) [7]	7.2%	5.3%	8.1%
Cash and stock dividends			
Q1 2011	$ 3	$ 66	$ –
Q1 2010	–	71	–
Weighted-average dividend rate			
Q1 2011	0.30%	4.40%	0.00%
Q1 2010	0.00%	4.25%	0.00%
Return on average equity [8]			
Q1 2011	2.83%	5.74%	0.25%
Q1 2010	3.28%	3.99%	1.07%
Return on average assets			
Q1 2011	0.17%	0.28%	0.02%
Q1 2010	0.15%	0.19%	0.06%
Net interest margin [9]			
Q1 2011	0.49%	0.54%	0.30%
Q1 2010	0.43%	0.38%	0.37%
Net interest spread			
Q1 2011	0.41%	0.49%	0.16%
Q1 2010	0.37%	0.33%	0.26%

(7) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets held at period end. Total regulatory capital is defined under the GLB Act except for the FHLBank of Chicago's regulatory capital, which has not implemented a capital plan under the GLB Act, and is the sum of the paid-in value of capital stock and mandatorily redeemable capital stock plus retained earnings. (See **Note 13—Capital** to the accompanying combined financial statements.)

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

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

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
58%	54%	46%	45%	45%	38%	53%	77%	60%
44%	47%	42%	30%	32%	28%	34%	67%	61%
7.2%	5.4%	6.2%	5.9%	5.1%	5.8%	4.7%	8.8%	6.2%
$ 15	$ 35	$ 10	$ –	$ 17	$ 2	$ 7	$ 6	$ –
5	39	8	–	14	2	10	6	–
0.79%	4.50%	2.50%	0.08%	3.00%	0.38%	2.76%	0.29%	0.00%
0.27%	4.50%	2.00%	0.00%	2.00%	0.38%	2.88%	0.27%	0.00%
2.56%	4.80%	4.08%	3.54%	3.79%	2.45%	5.52%	3.26%	(3.88)%
2.36%	4.98%	7.42%	0.17%	4.25%	2.30%	(6.16)%	5.96%	2.34%
0.16%	0.24%	0.18%	0.12%	0.19%	0.13%	0.25%	0.16%	(0.10)%
0.13%	0.24%	0.28%	0.00%	0.19%	0.10%	(0.27)%	0.20%	0.05%
0.41%	0.40%	0.55%	0.58%	0.46%	0.46%	0.63%	0.69%	0.18%
0.41%	0.38%	0.53%	0.65%	0.32%	0.41%	0.58%	0.78%	0.33%
0.36%	0.33%	0.48%	0.52%	0.37%	0.43%	0.57%	0.65%	0.14%
0.36%	0.29%	0.45%	0.59%	0.23%	0.39%	0.52%	0.75%	0.28%

INDEX OF TABLES CONTAINED IN THE COMBINED FINANCIAL REPORT