FEDERAL HOUSING FINANCE AGENCY
Office of the Director

August 24, 2010

The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington D.C. 20510

The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington D.C. 20510

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives
Washington D.C. 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington D.C. 20515

Dear Chairmen and Ranking Members:

Enclosed please find the Federal Housing Finance Agency's (FHFA) report on Federal Home Loan Bank (FHLBank) collateral securing advances, as required by Section 1212 of the Housing and Economic Recovery Act of 2008 (HERA).

Section 1212 of HERA requires that FHFA provide an annual report on the collateral pledged to the FHLBanks to secure advances made to their members and housing associates, including an analysis by type and by FHLBank district. The report is based on FHFA's 2010 annual collateral data survey, which collected information as of December 31, 2009. It is the second update of the initial report that FHFA submitted to your committees on January 26, 2009. Should you have any questions about the enclosed report, please feel free to contact me at (202) 414-3802.

Yours truly,

Edward J. DeMarco

Edward J. DeMarco
Acting Director

1700 G Street, N.W., Washington, D.C. 20552-0003 • 202-414-3800 • 202-414-3823 (fax)

Report on Federal Home Loan Bank Collateral Securing Advances

Prepared for

The Committee on Banking, Housing, and Urban Affairs of the Senate

and

The Committee on Financial Services of the House of Representatives

August 2010

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1. Background

This report describes the collateral that secures outstanding advances at the Federal Home Loan Banks (FHLBanks) as of December 31, 2009. It is based upon an annual survey conducted by the Federal Housing Finance Agency's (FHFA) Division of Federal Home Loan Bank Regulation, herein known as the Collateral Data Survey.

Section 1212 of the Housing and Economic Recovery Act of 2008 requires the FHFA to report on the collateral pledged to the FHLBanks, including an analysis of collateral by type and by FHLBank district. This annual report of the Collateral Data Survey results fulfills this statutory requirement to the Committee on Banking, Housing, and Urban Affairs of the Senate and to the Committee on Financial Services of the House of Representatives.

The purpose of the Collateral Data Survey is to better understand the composition of the collateral on which the FHLBanks rely to secure outstanding advances. The Collateral Data Survey does not collect information on all available collateral securing advances, but instead collects information on the minimum levels of collateral required by the FHLBanks' policies. The responsibility for establishing an FHLBank's collateral policy rests with each FHLBank's board of directors, consistent with statutory and regulatory requirements. Variations in collateral policies between FHLBanks exist because of differences in the types of members and the risk tolerances at the FHLBanks. Each FHLBank is able to designate the types of collateral it will accept from a statutory listing of types of eligible collateral, and each FHLBank is empowered to designate the amounts it will require to fully secure its advances.

The Collateral Data Survey focuses on minimum levels of collateral required by FHLBank policies to better clarify the types and amounts of collateral. The FHLBanks may lend to members by filing a type of blanket lien on the assets of their borrowing members. The volume of collateral securing advances under a blanket lien, however, is generally not the most meaningful indicator of collateral protection because it does not indicate the specific attributes or liquidity of the collateral. In general, the FHLBanks that utilize a blanket lien establish a "collateral hierarchy" in which they first consider the highest quality and most liquid collateral when calculating collateral coverage before they look to other types of collateral. Thus, the amounts reported in the Collateral Data Survey do not reflect all eligible collateral that a member may have pledged to an FHLBank to establish a maximum borrowing capacity, *i.e.*, for unused lines of credit, nor do they reflect all collateral that an FHLBank's lien on a member's assets may cover.

As of December 31, 2009, FHLBank advances totaled approximately $616 billion. The FHLBanks reported that the book value of collateral securing those advances totaled approximately $969 billion. Given the preceding discussion about the contents of the

Collateral Data Survey responses, one must view aggregations of Collateral Data Survey information, particularly FHLBank System-wide aggregations, in the proper context. The FHFA collects data provided by the FHLBanks of the types and amounts of collateral delivered, listed, or secured by blanket lien. The types of collateral securing advances are: residential, 1-4 family whole loans (whole loans); U.S. Agency mortgage backed securities and collateralized mortgage obligations (U.S. Agency MBS/CMOs); private label mortgage backed securities and collateralized mortgage obligations (PLS); U.S. Treasury securities, other U.S. Agency (non mortgage backed securities) and cash deposits in FHLBanks (securities/deposits); other real estate related collateral (ORERC); and Community Financial Institution collateral (CFI). The data is also tabulated by type and size of member. The member size categories are less than $100 million in total assets, $100 million to $1.011 billion ($1.011 billion was the 2009 cutoff for CFI designated members), greater than $1.011 billion to $10 billion, and greater than $10 billion.

The FHLBanks also provided data regarding ORERC and CFI collateral with additional detail regarding the various types of ORERC and CFI collateral along with CFI-associated advances. ORERC includes, for example, commercial real estate loans, residential second mortgage loans, and home equity lines of credit; see Section 5 of this report for further information.

Section 2 of this report provides an analysis from the 2009 Collateral Data Survey.

Sections 3 through 8 of this report provide combined and individual graphs and tables of collateral securing advances data as provided by the FHLBanks.

Section 9 of this report provides a glossary of common terms and defines those terms used in this report.

Please note that the FHFA requested that the FHLBank of San Francisco re-submit its collateral securing advances data for year-end 2008, as the FHLBank had incorrectly reported some excess collateral not directly securing outstanding advances to members in its data submission. As a result, year-end 2008 data for the FHLBank of San Francisco and System totals are restated from the previous Report on FHLBank Collateral Securing Advances dated July 2009.

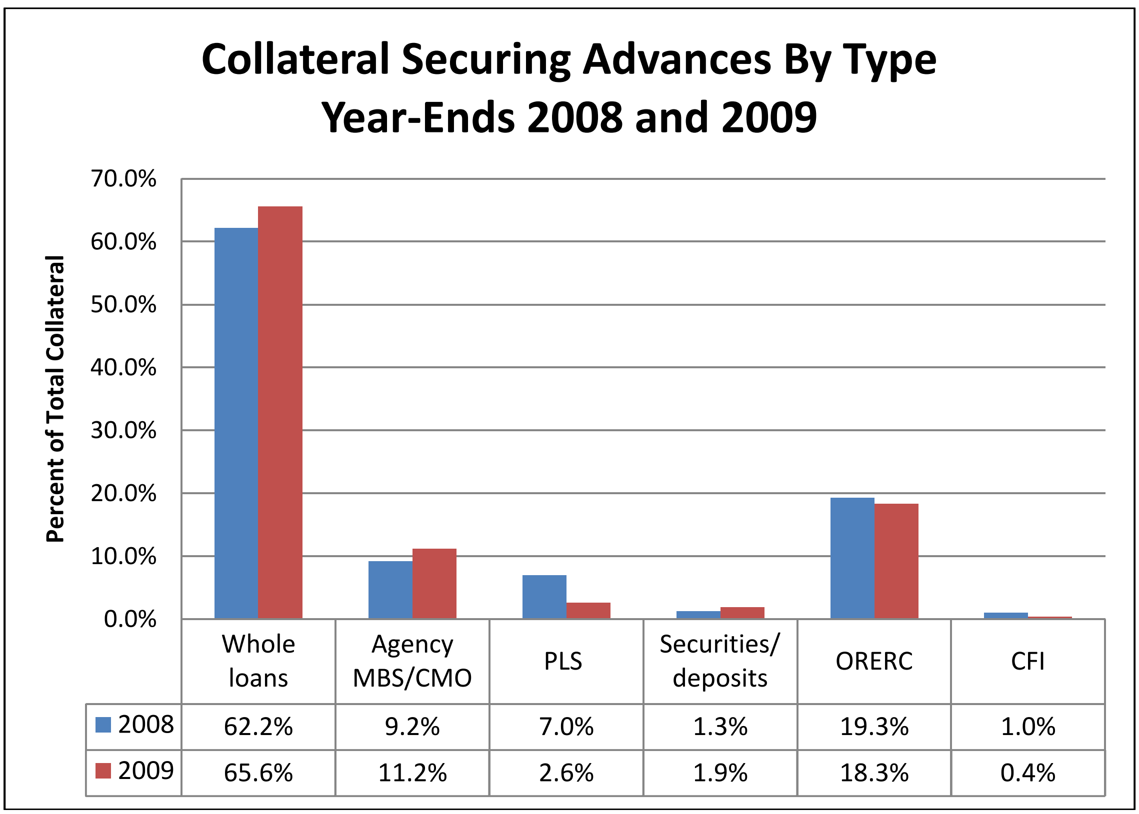
2. Analysis

Overview

Total advances at the FHLBanks decreased 32 percent to $616 billion at year-end 2009, from $901 billion one year earlier. Total collateral securing advances decreased by 27 percent to $969 billion, from $1.3 trillion at year-end 2008.

Collateral Composition

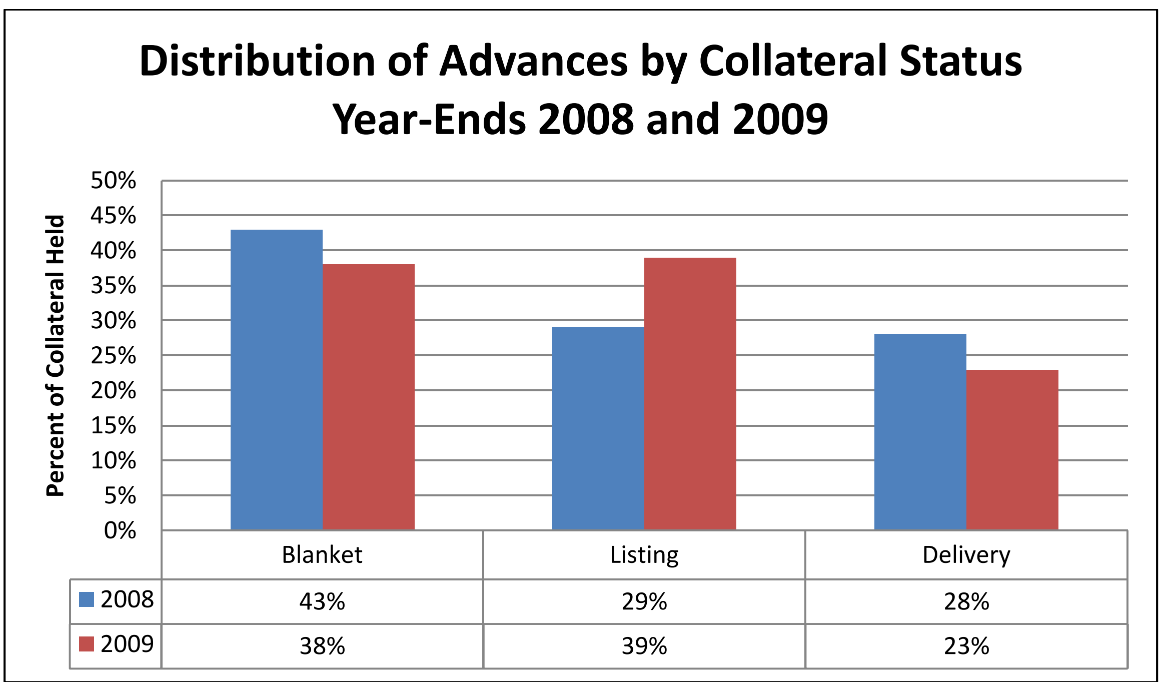
The System percentage of whole loans to total collateral increased from year-end 2008 to year-end 2009. Whole loans remained the largest component of collateral at 66 percent of total collateral. (Graph 3.1 in Section 3 of this report compares the distribution of collateral types at the System and FHLBank level from 2004 through 2009.)



Blanket, Listing and Delivery

The FHLBanks secure member advances by: a blanket lien on all or specific categories of a member's assets (blanket), a lien on specific member assets or categories of assets for which the FHLBank has received a listing of asset characteristics (listing), assets that a member delivers to the FHLBank or an approved safekeeping facility (delivery), or some combination of the three approaches. Members are generally granted greater borrowing capacity through a listing or delivery of collateral; however, an FHLBank might require listing or delivery for insurance company members or for less creditworthy members. Under listing and delivery, the FHLBank has more information regarding the specific attributes of the assets pledged, allowing for more accurate valuation, and, in the case of delivery, more control, as the FHLBank has possession of the collateral. Greater confidence about collateral value generally enables the FHLBank to increase the member's borrowing capacity relative to the collateral pledged. Conversely, with a blanket lien, FHLBanks typically require higher collateral coverage levels since they have less information about the collateral and, therefore, less certainty about the collateral value.

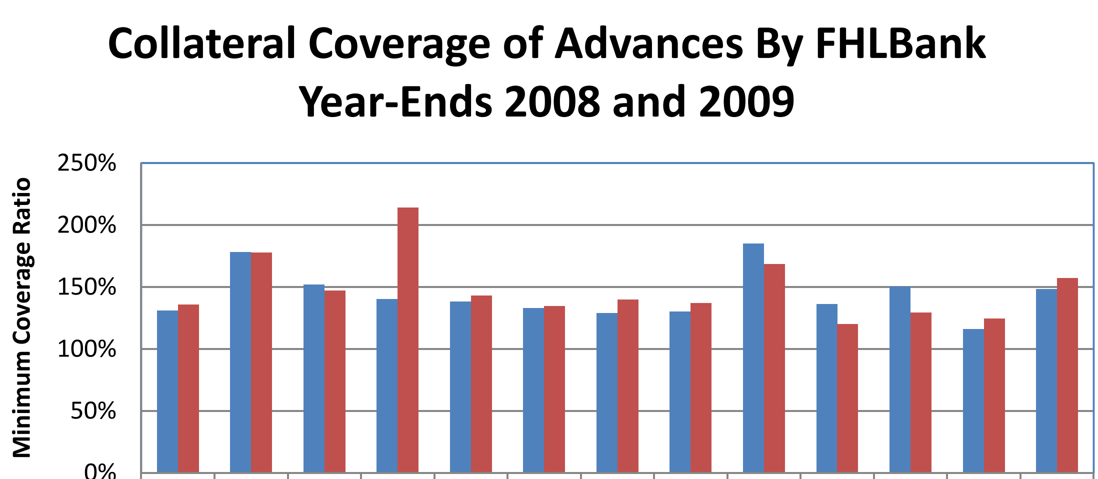
The System-wide distribution of collateral status is presented below. At year-end 2009, the amount of advances secured under blanket and delivery of collateral was slightly lower than year-end 2008, while members securing advances under listing was higher. This difference was in part attributable to the FHLBanks' changes in lending practices. For example, the FHLBank of Atlanta reported enhanced credit underwriting practices and associated collateral policy changes requiring more members to provide a specific listing of collateral to secure their outstanding advances. FHLBank of Atlanta advances represent 18 percent of System advances.



The extent to which individual FHLBanks use the blanket, listing, and delivery methods varies. On a comparative FHLBank basis, two FHLBanks (Boston and Pittsburgh) reported in excess of 74 percent of total advances secured by blanket lien at year-end 2009. Seven FHLBanks (Atlanta, Chicago, Dallas, Des Moines, Indianapolis, San Francisco and Seattle) reported that advances secured by listing and delivery methods were greater than 50 percent of total advances. The FHLBank of New York reports no advances secured only by blanket lien, even though the FHLBank of New York files a blanket lien on some or all of the assets for each member. The FHLBank of New York only grants credit to a member based on the assets for which the member has provided a listing or assets the member has delivered to the FHLBank. All FHLBanks require members to deliver securities when seeking to receive borrowing capacity against that form of collateral.

Collateral Coverage

The System-wide collateral-to-advances average coverage ratio[1] was 157 percent at year-end 2009, a nine percentage point increase from year-end 2008. The average collateral coverage ratio ranged from a high of 214 percent at the FHLBank of Atlanta to a low of 120 percent at the FHLBank of Topeka. The average ratio increased at seven FHLBanks (Atlanta, Boston, Chicago, Cincinnati, Des Moines, Indianapolis, and Seattle), decreased at four FHLBanks (Dallas, Pittsburgh, San Francisco and Topeka), and remained unchanged at the FHLBank of New York. The greatest changes to coverage ratios occurred at the FHLBanks of Atlanta and San Francisco.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
2008	131%	178%	152%	140%	138%	133%	129%	130%	185%	136%	150%	116%	148%
2009	136%	178%	147%	214%	143%	135%	140%	137%	168%	120%	129%	124%	157%

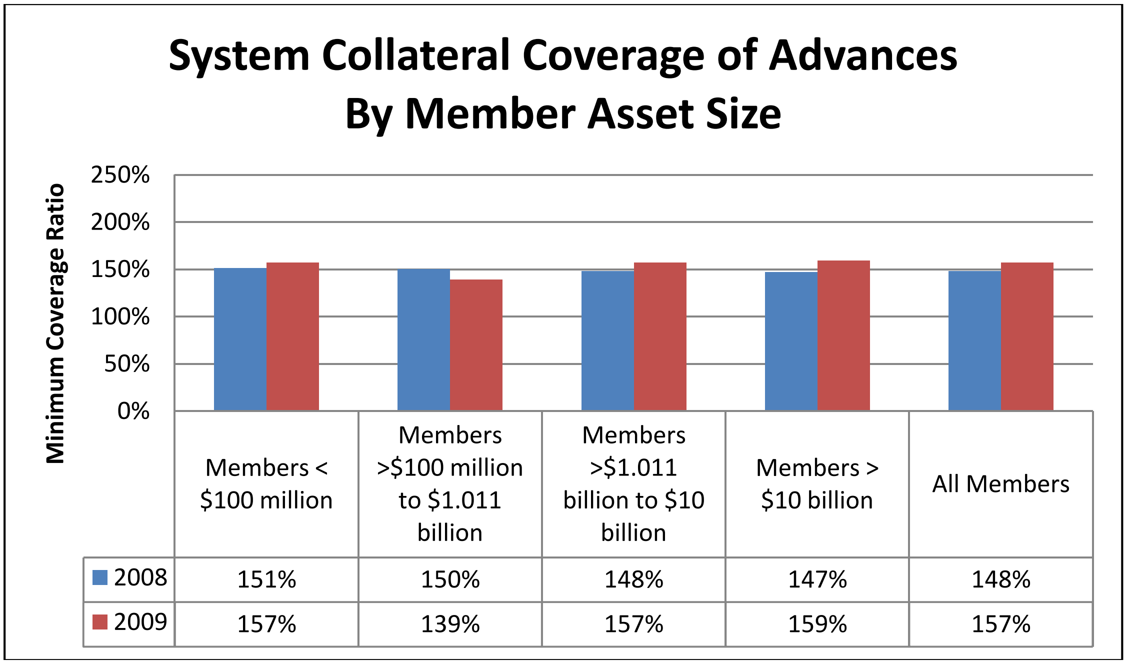
[1] For purposes of this report, the term "coverage ratio" refers to a collateral value to advance value ratio, where collateral value may be the unpaid principal balance, market value, or other valuation.

The average coverage ratio is the result of a number of factors. Lower coverage ratios generally occur for three reasons: 1) the eligible collateral is considered relatively less risky, 2) the FHLBank believes it has members deserving of lower collateral coverage requirement owing to their financial condition, and/or 3) the FHLBank may have a larger portion of its advances secured by collateral on a listing or delivery basis.

At the FHLBank of Atlanta, changes in the management of member risk explain the increase in the collateral coverage ratio in 2009. During the 12 month period in question, the FHLBank of Atlanta required more coverage for residential first mortgage, home equity lines of credit, and second mortgage collateral. The FHLBank applied additional discounts to collateral for interest only mortgages, adjustable-rate mortgages and other types of hybrid mortgages (such as payment option mortgages and negative amortization option, adjustable-rate mortgages.) The FHLBank of Atlanta had also implemented an over-collateralization requirement in 2008 for members whose credit rating (based on its internal credit rating model) was in the lowest two categories. In 2009, more of the FHLBank of Atlanta's members were in these categories, which increased the collateral that they were required to pledge in support of their outstanding advances.

The FHLBank of San Francisco's collateral coverage ratio decreased from 150 percent to 129 percent at year-end 2009. The FHLBank of San Francisco's advances outstanding declined 43 percent, while collateral pledged declined 51 percent during that time. A primary reason for the lower ratio at year-end 2009 was that members curtailed use or paid down advances secured by collateral that require higher coverage, such ORERC, and reported increased amounts of Agency MBS/CMO collateral that has a lower collateral coverage requirement.

The Collateral Data Survey also measures collateral coverage ratios by asset-size groupings among its members. As the graph on the following page indicates, for year-end 2009, average collateral coverage ratios across member asset-size categories ranged from a low of about 139 percent for members with total assets between $100 million and $1.011 billion, to a high of about 159 percent for members with total assets greater than $10 billion.



At certain FHLBanks, average collateral coverage ratios across member asset- size categories differed from the System trend and spanned an even wider range. At the FHLBank of San Francisco, for example, the average collateral coverage ratio for the smallest members (less than $100 million in assets) was 171 percent, while the average collateral coverage ratio for the largest members (greater than $10 billion in assets) was 126 percent. See Section 4 of this report for individual FHLBank data.

One would need additional information at the FHLBank level to determine the exact reasons for differences in coverage ratios across the member asset-size groups. Generally speaking, however, higher collateral coverage ratios are required for smaller members that tend to borrow under blanket pledge agreements. Larger members may have more sophisticated asset management systems and often provide additional information about the indentified collateral to achieve maximum borrowing capacity.

Subprime and Nontraditional Collateral

As in the 2008 Collateral Data Survey, we again asked the FHLBanks to provide the amounts of subprime and nontraditional residential mortgage loans on which they rely to secure advances. We also asked them to provide amounts of collateral on which they rely to secure advances that consist of PLS identified as subprime or Alt-A.[2]

For means of comparison, we first present the information on subprime and nontraditional collateral in the same format as provided in the July 2009 Report on FHLBank Collateral Securing Advances. The numbers reported in the first table on the following page reflect the FHLBanks' own categorization of mortgage loans as subprime

[2] Section 8 discusses how the terms "subprime," "nontraditional," and "Alt-A" are used in the Collateral Data Survey.

or nontraditional. Some FHLBanks estimated the amounts reported for subprime or nontraditional mortgage loans since actual data were not available for all members. Thus, the reported levels of subprime and nontraditional mortgage loan collateral at each FHLBank are a function of actual differences in types of collateral pledged by members in each FHLBank district and the different ways in which the FHLBanks categorize and measure such exposures. The FHLBanks are continuing to improve their methods to identify subprime and nontraditional loans pledged by members.

As the ratios show, the percentage of subprime and nontraditional collateral to its respective collateral class went up in every category except subprime PLS. Similarly, the ratio of subprime and nontraditional mortgage loan collateral as a percentage of total collateral went up, while the percentage of both subprime and Alt-A PLS to total collateral declined.

Subprime, Nontraditional and Alt-A Collateral to Collateral Class

Collateral Type	Percentage of Collateral Class 2008	Percentage of Collateral Class 2009
Subprime Mortgage Loans	5.2	7.8 (a)
Nontraditional Mortgage Loans	15.9	17.1 (a)
Mortgage Loans that are Both Subprime and Nontraditional	1.9	2.0 (a)
Subprime PLS	10.1	1.7 (b)
Alt-A PLS	20.0	33.6 (b)

(a) percentage of mortgage loan collateral; (b) percentage of PLS collateral.

Subprime, Nontraditional and Alt-A Collateral to Total Collateral

Collateral Type	Percentage of Total Collateral 2008	Percentage of Total Collateral 2009
Subprime Mortgage Loans	3.7	5.7
Nontraditional Mortgage Loans	11.2	12.6
Mortgage Loans that are Both Subprime and Nontraditional	1.4	1.5
Subprime PLS	0.7	0.0
Alt-A PLS	1.4	0.9

In drawing conclusions about the composition of FHLBank collateral for advances it is important, however, to understand the components of those ratios. With the exception of subprime mortgage loans, the volume of all collateral categories identified (subprime mortgage loans, nontraditional mortgage loans, mortgage loans that are both subprime and nontraditional, subprime PLS and Alt-A PLS) went down between year-end 2008 and year-end 2009. The decline in volume on a System-wide basis is largely explained by the decline in System advances during this period and associated decline in collateral, and the general practice of FHLBanks applying the collateral hierarchy described earlier in this report. The increase in subprime mortgage loan collateral is mostly attributable to the FHLBank of Atlanta imposing a more stringent member loan reporting process, resulting in an increase in subprime mortgage collateral from $17 billion to $34 billion for that FHLBank. Volumes of all other subprime and nontraditional mortgage loan and PLS collateral declined on a System-wide basis.

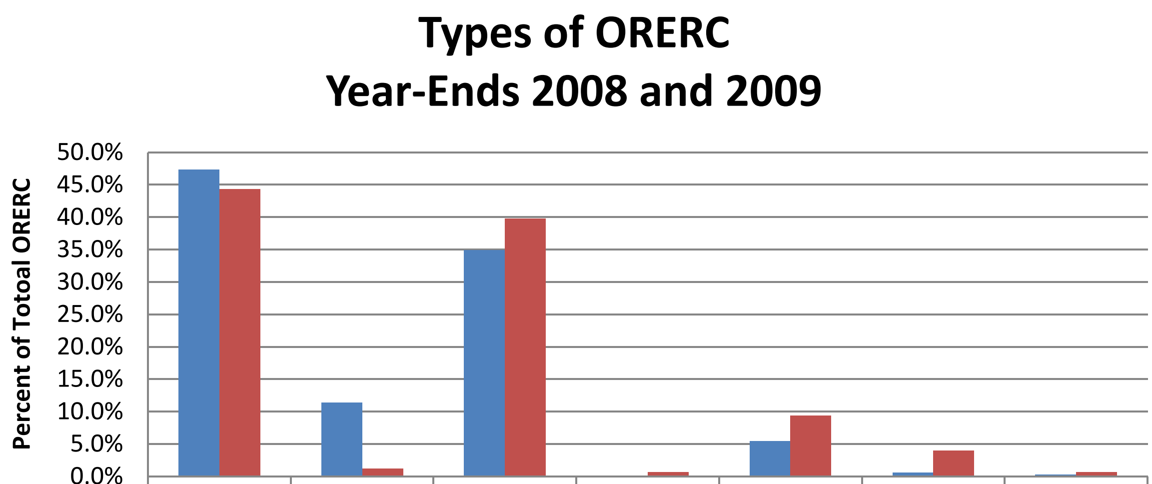
Subprime, Nontraditional and Alt-A Collateral (in millions)						
	Mortgage Loan Collateral that is Subprime (SP)	Mortgage Loan Collateral that is Nontraditional (NTM)	Mortgage Loan Collateral that is both SP and NTM	PLS Collateral that is SP	PLS Collateral that is Alt-A	Total of all SP, NTM, SP and Alt-A PLS collateral
2008	$49,124	$149,518	$18,020	$9,439	$18,663	$244,764
2009	$55,548	$121,905	$14,289	$428	$8,464	$200,634

Other Real Estate Related Collateral

ORERC represented 18 percent of total collateral at year-end 2009, compared to 19 percent at year-end 2008.

Commercial real estate loans represented the majority of ORERC at year-ends 2008 and 2009. Home equity lines of credit (HELOCs) were the second largest class of ORERC. Eleven of the FHLBanks reported some amount of outstanding advances secured by ORERC, while the FHLBank of Pittsburgh reported no ORERC securing advances at year-ends 2008 or 2009. The FHLBank of Pittsburgh indicated that whole loans and U.S. Agency MBS/CMOs secured all of the FHLBank’s advances at year-end 2009.

The graph on the following page provides a view of ORERC for year-ends 2008 and 2009. Section 5 of this report provides additional detail on ORERC by FHLBank.

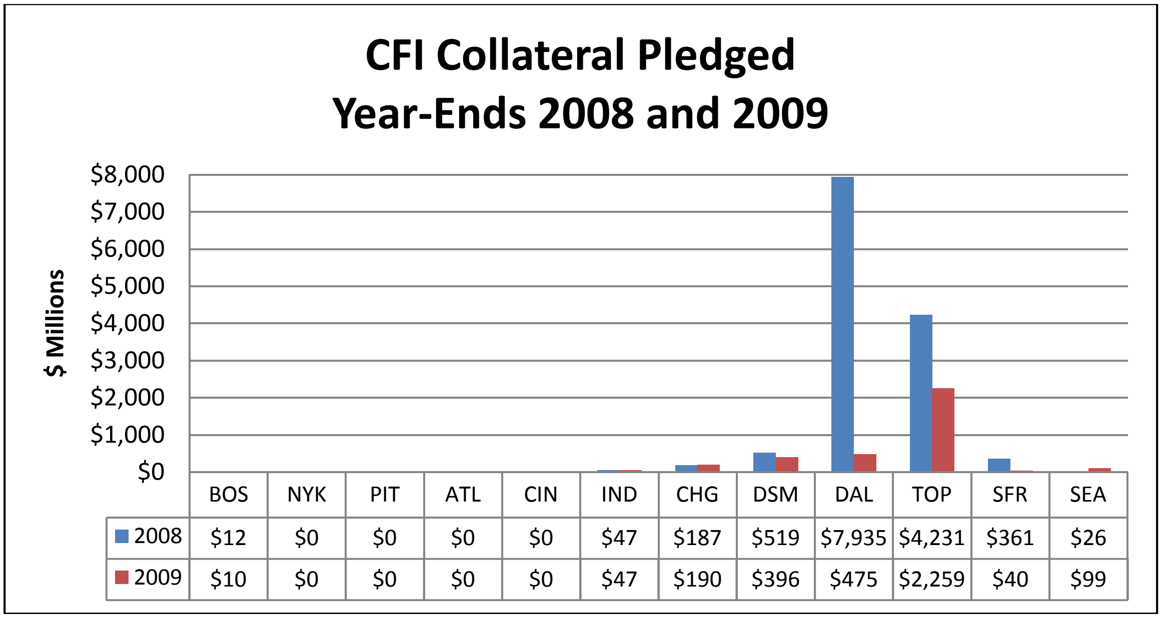


	Commercial Real Estate	Residential 2nds	Home Equity LOCs	Construction	Securities	Land Loans	Other
2008	47.3%	11.4%	34.9%	0.1%	5.4%	0.6%	0.3%
2009	44.3%	1.2%	39.8%	0.7%	9.4%	4.0%	0.7%

Community Financial Institution Collateral

The amounts of CFI collateral pledged to secure advances declined by 74 percent during 2009, and CFI collateral represented less than one percent of total collateral. The decline in CFI collateral reported by the FHLBanks as of year-end 2009 was mainly due to the decline in total advances. As total advances decreased by 32 percent between year-ends 2008 and 2009, the decrease in advances outstanding affected CFI pledged collateral disproportionally. The FHLBanks utilize a collateral hierarchy to report collateral securing advances for the Collateral Data Survey. As CFI collateral has the last place in the hierarchy, it was the most affected when advances declined. The amounts of collateral types higher in the hierarchy were sufficient in most cases to secure the lower amounts of members' outstanding advances and, therefore, only minimal amounts of CFI collateral are reported. The FHLBanks however, reported an additional $125 billion of unutilized CFI collateral at year-end 2009. Members pledge substantial amounts of CFI collateral for potential FHLBank advances and to secure available lines of credit for their liquidity needs.

The FHLBanks reported $3.5 billion of CFI collateral securing $1.8 billion of advances to CFI members at year-end 2009, compared to $13.3 billion of CFI collateral securing $5.7 billion of advances to CFI members at year-end 2008. CFI collateral totals are significantly higher than related advances due to the FHLBanks' considerably higher collateral coverage requirements for CFI collateral types, *e.g.*, small business, farm or agri-business loans.

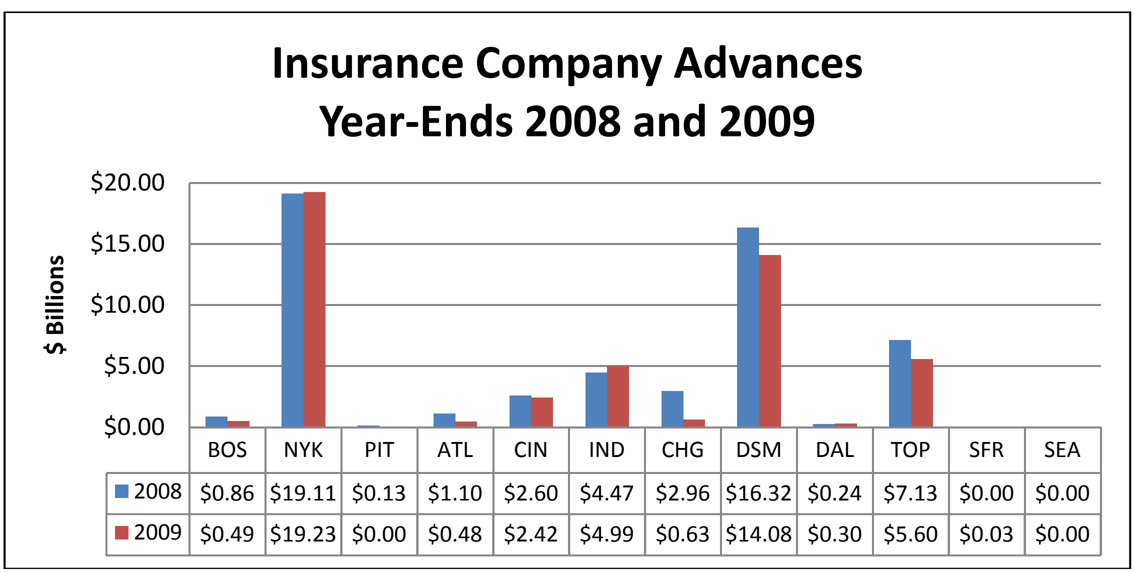


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$12	$0	$0	$0	$0	$47	$187	$519	$7,935	$4,231	$361	$26
2009	$10	$0	$0	$0	$0	$47	$190	$396	$475	$2,259	$40	$99

While the boards of directors of all the FHLBanks have approved acceptance of CFI collateral, the FHLBanks of New York and Atlanta have yet to submit new business activity notices requesting approval to accept CFI collateral. Section 6 of this report provides additional details on CFI collateral.

Insurance Company Collateral

There were 210 insurance company members at year-end 2009, of which 86 held outstanding advances. While advances to insurance companies fell by 12 percent to $48.3 billion at year-end 2009, their borrowings as a member group increased to eight percent of total System advances, up from six percent at year end 2008. The FHLBanks of New York, Des Moines and Topeka reported the largest volume of advances to insurance companies.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$0.86	$19.11	$0.13	$1.10	$2.60	$4.47	$2.96	$16.32	$0.24	$7.13	$0.00	$0.00
2009	$0.49	$19.23	$0.00	$0.48	$2.42	$4.99	$0.63	$14.08	$0.30	$5.60	$0.03	$0.00

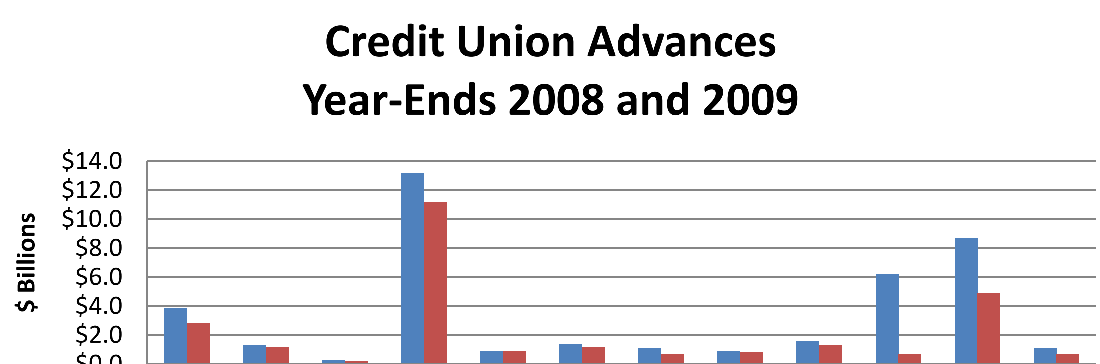
The system-wide collateral-to-advances coverage ratio for insurance companies is the lowest of any member type, 124 percent, as compared to 157 percent for all members. The lower coverage ratio results from the fact that most collateral securing advances to insurance companies consists of delivered securities. An FHLBank can generally determine the value of securities collateral more easily and accurately than other forms of collateral, reducing the need for higher coverage levels. Additionally, an FHLBank has greater control over collateral in delivery status.

The table below displays the distribution of collateral securing advances to insurance companies at year-ends 2008 and 2009. Section 7 of this report provides additional details for insurance company collateral.

Insurance Company Collateral		
Collateral Type	**Percentage of Collateral 2008**	**Percentage of Collateral 2009**
PLS	**27**	**6**
U.S. Agency MBS/CMOs	**30**	**47**
ORERC	**23**	**30**
Whole loans	**11**	**6**
Securities and deposits	**9**	**11**

Credit Union Collateral

While all FHLBanks report advances outstanding to credit union members, advances to credit unions are not a significant component of their advance business, accounting for only four percent of total system advances at year-end 2009. There were 1,003 credit union members at year-end 2009, of which 462 held outstanding advances. Credit union borrowings decreased during 2009 from $40.6 billion to $26.6 billion, or 34 percent. The FHLBanks of Atlanta, Boston and San Francisco reported the highest levels of advances to credit unions as of year-end 2009.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$3.9	$1.3	$0.3	$13.2	$0.9	$1.4	$1.1	$0.9	$1.6	$6.2	$8.7	$1.1
2009	$2.8	$1.2	$0.2	$11.2	$0.9	$1.2	$0.7	$0.8	$1.3	$0.7	$4.9	$0.7

Credit unions primarily pledge whole loans to secure advances. The table below displays the distribution of collateral securing advances to credit unions at year-ends 2008 and 2009:

Credit Union Collateral		
Collateral Type	**Percentage of Collateral 2008**	**Percentage of Collateral 2009**
PLS	**15**	**1**
U.S. Agency MBS/CMOs	**17**	**15**
ORERC	**5**	**4**
Whole loans	**62**	**79**
Securities and deposits	**1**	**1**

See Section 7 of this report for additional details for credit union collateral.

3. Collateral by Type – Five Year Review

Whole loans remained the largest component of collateral at 66 percent of total collateral at year-end 2009. ORERC represented 18 percent; combined PLS and U.S. Agency MBS/CMOs, 14 percent; securities/deposits, 2 percent; and CFI collateral, less than 1 percent. While the graphs report PLS and U.S. Agency MBS/CMOs into one category, specific data from the Collateral Data Survey indicates that U.S. Agency MBS/CMOs were 11 percent of total collateral securing advances and PLS were 3 percent at year-end 2009.

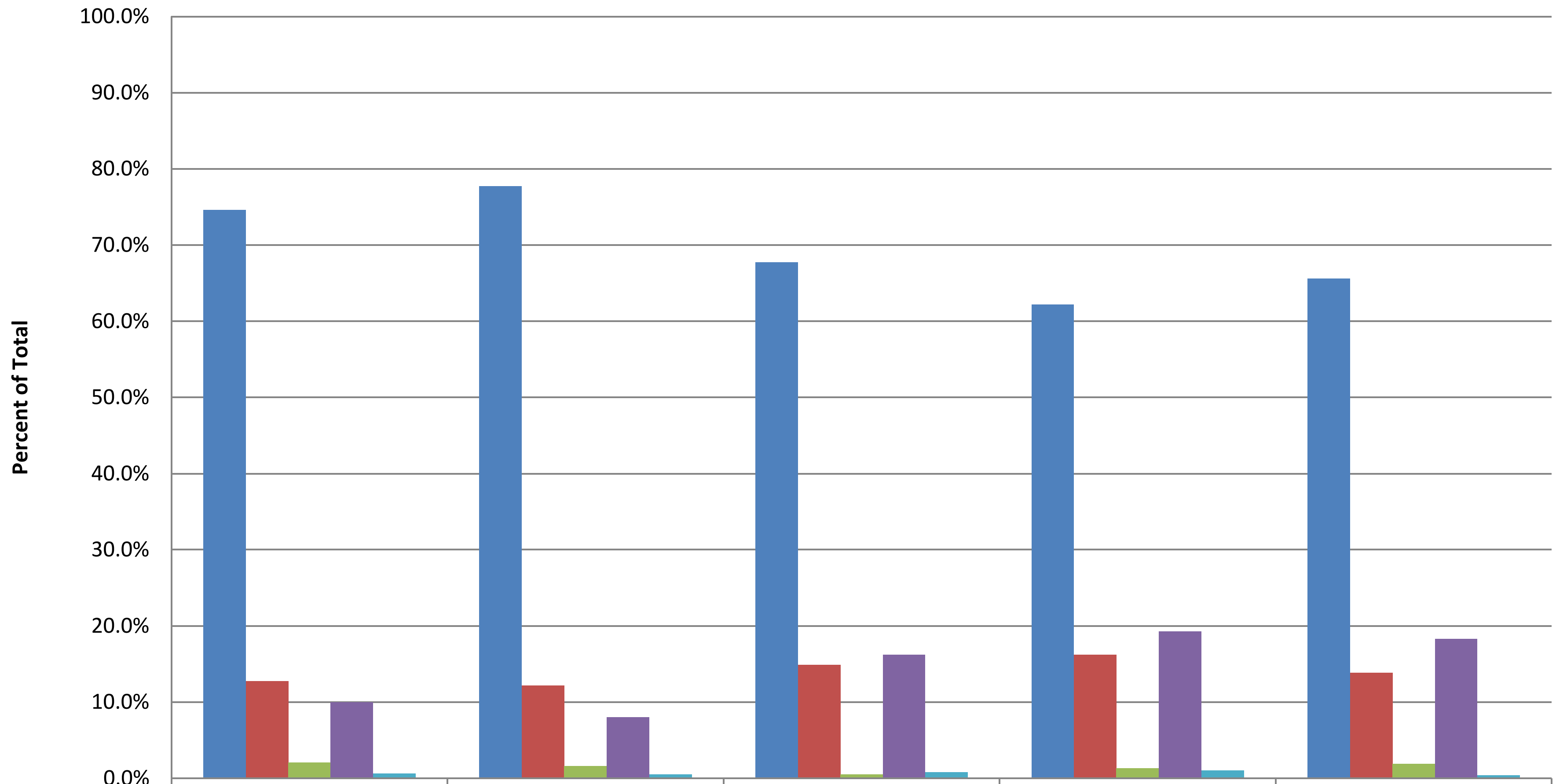
The System percentage of whole loan collateral to total collateral remained essentially constant between year-ends 2008 and 2009, but during the past five years, whole loan collateral has ranged from a low of 63 percent in 2008 to a high of 78 percent in 2006.

The FHLBanks rely heavily on whole loan collateral for advances. However, at the FHLBanks of Des Moines and Dallas whole loans represented less than 50 percent of total collateral at year-end 2009. During the past five years increased amounts of ORERC is present at most of the FHLBanks. ORERC represents 30 percent or greater of the total collateral of the FHLBanks of Atlanta, Dallas, Des Moines and Seattle.

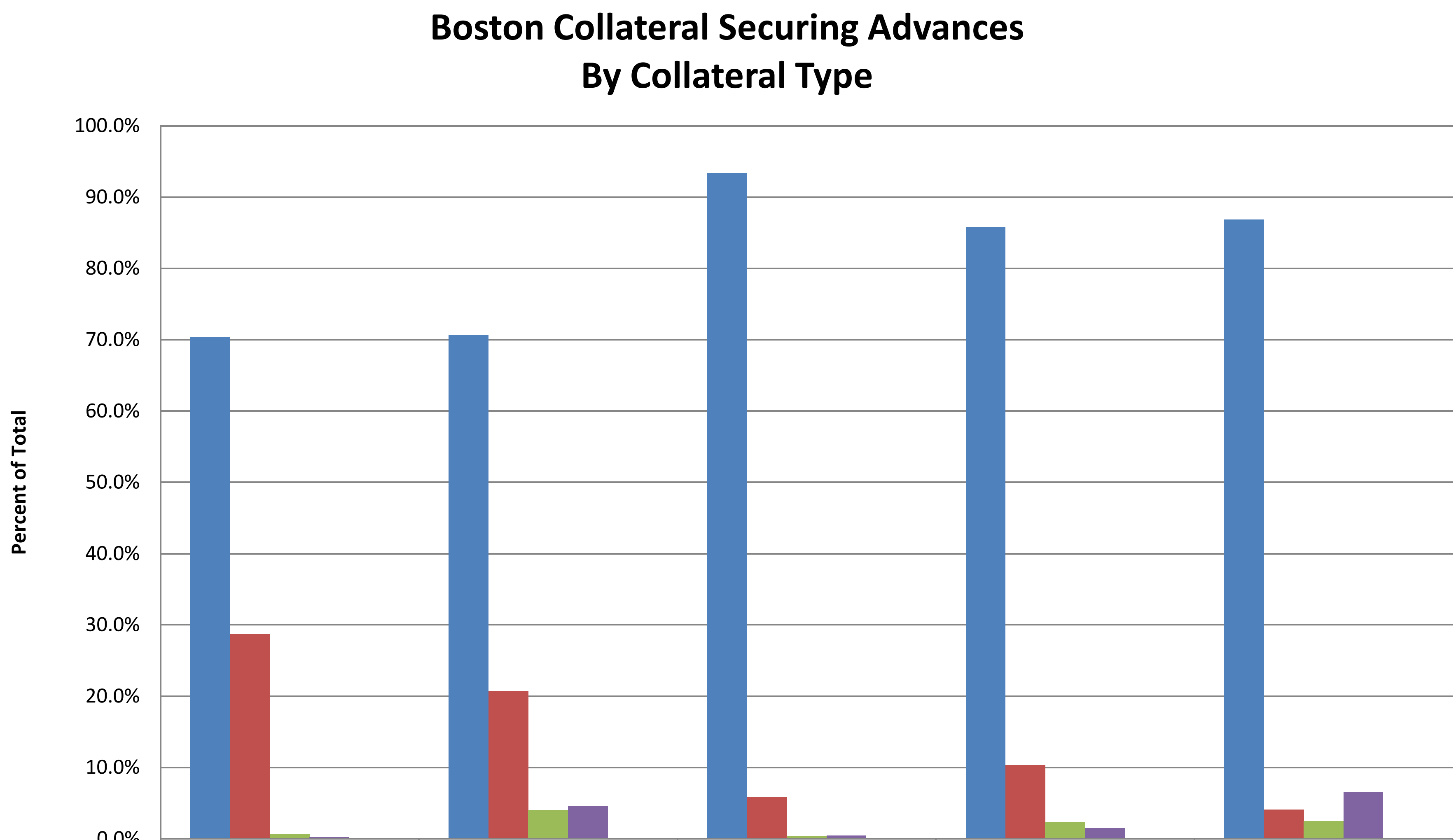
The FHLBank of Pittsburgh has, in fact, focused nearly entirely on whole loans for securing its advances. FHLBank of Pittsburgh members do hold eligible collateral of the other types noted above, but the FHLBank of Pittsburgh indicates that member pledged whole loans were adequate to secure nearly all of the FHLBank's advances at year-end 2009.

The graphs on the following pages present data on the types of collateral that secured advances over the past five years at the System and FHLBank level.

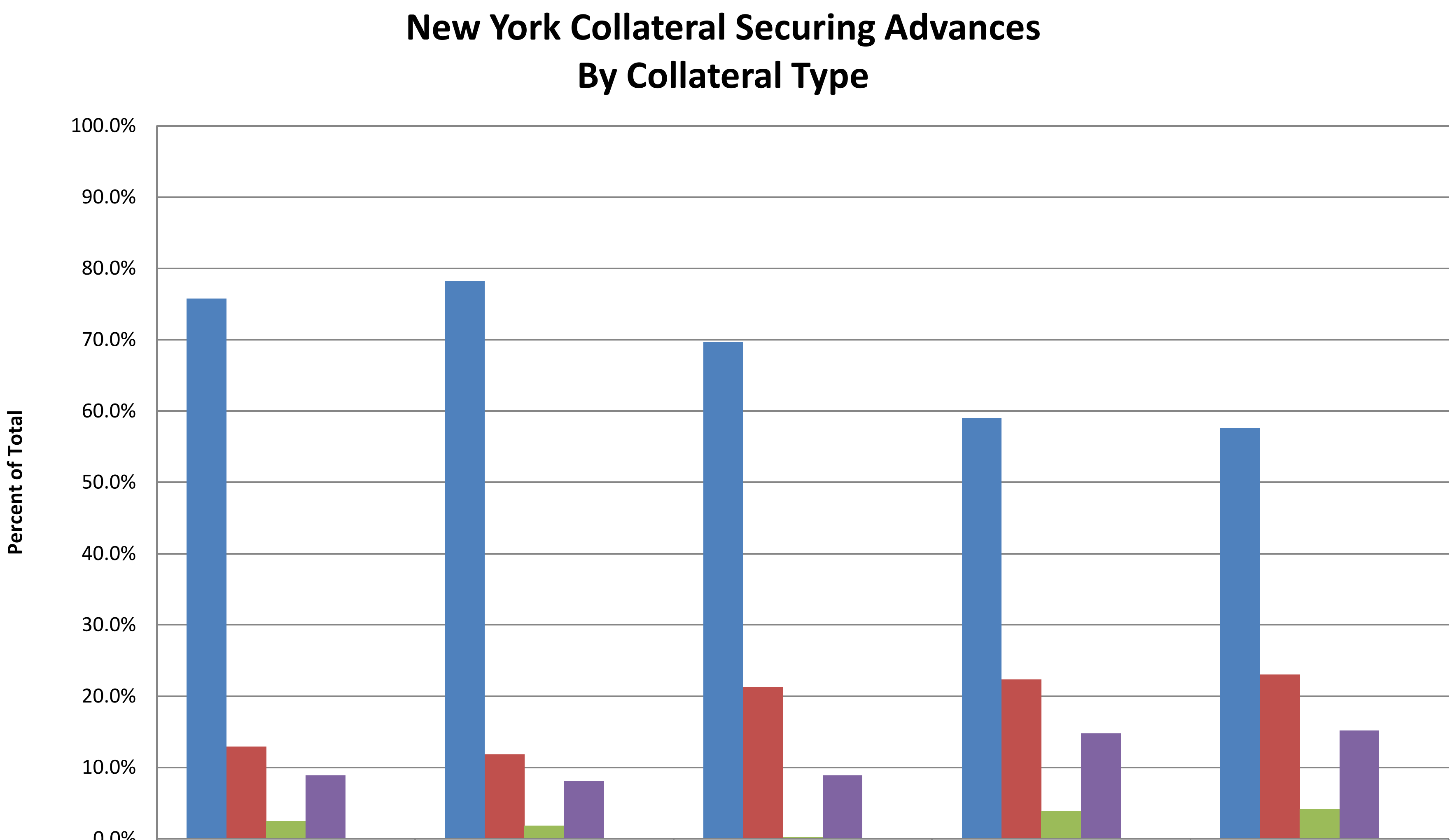
System Collateral Securing Advances
By Collateral Type



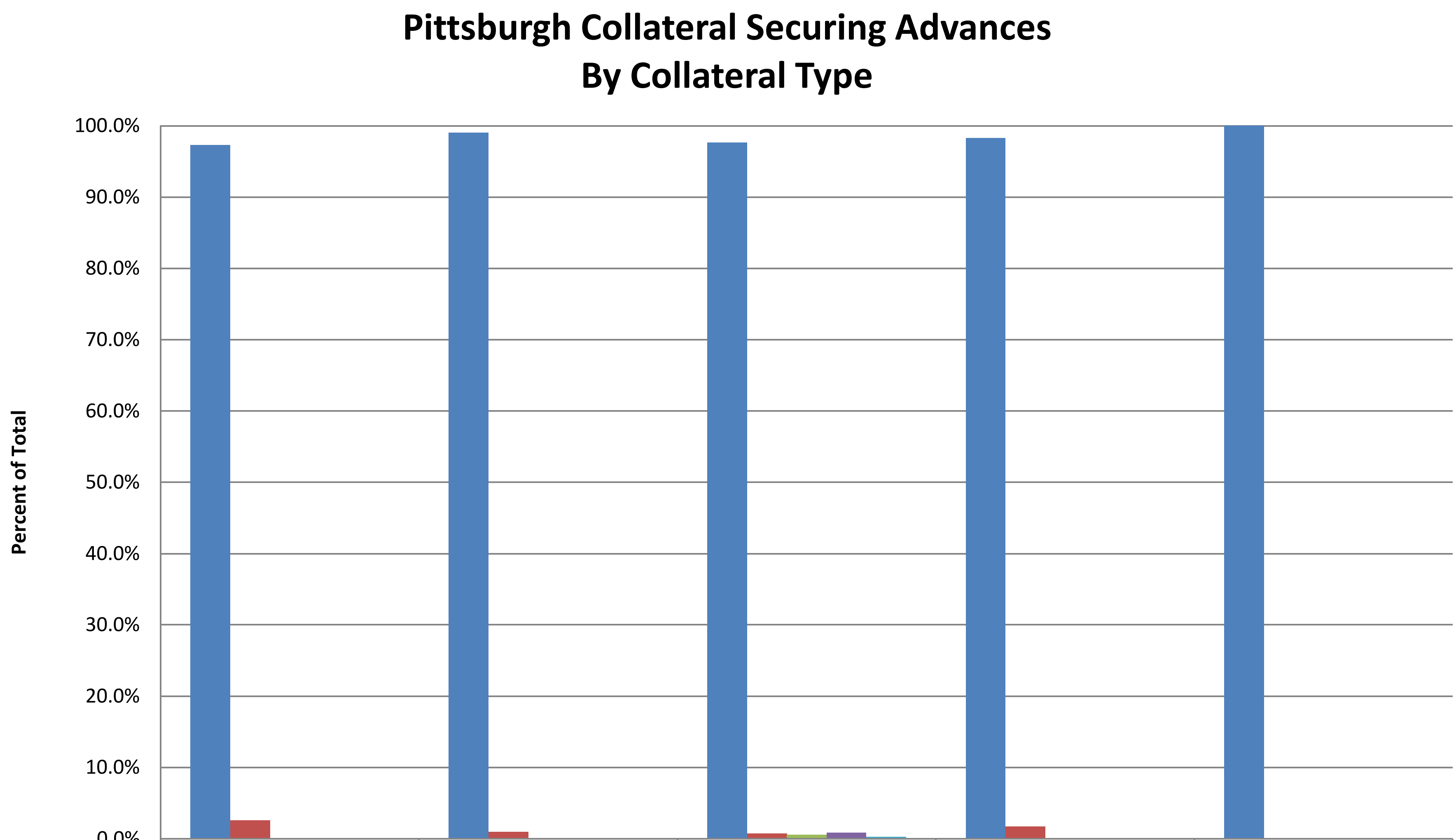
	2005	2006	2007	2008	2009
Whole Loans	74.6%	77.7%	67.7%	62.2%	65.6%
MBS/CMO	12.8%	12.1%	14.9%	16.2%	13.8%
Securities	2.0%	1.6%	0.5%	1.3%	1.9%
ORERC	10.0%	8.0%	16.2%	19.3%	18.3%
CFI	0.6%	0.5%	0.8%	1.0%	0.4%



	2005	2006	2007	2008	2009
Whole Loans	70.3%	70.7%	93.4%	85.8%	86.9%
MBS/CMO	28.8%	20.7%	5.8%	10.3%	4.1%
Securities	0.7%	4.0%	0.3%	2.4%	2.4%
ORERC	0.3%	4.6%	0.5%	1.5%	6.6%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%

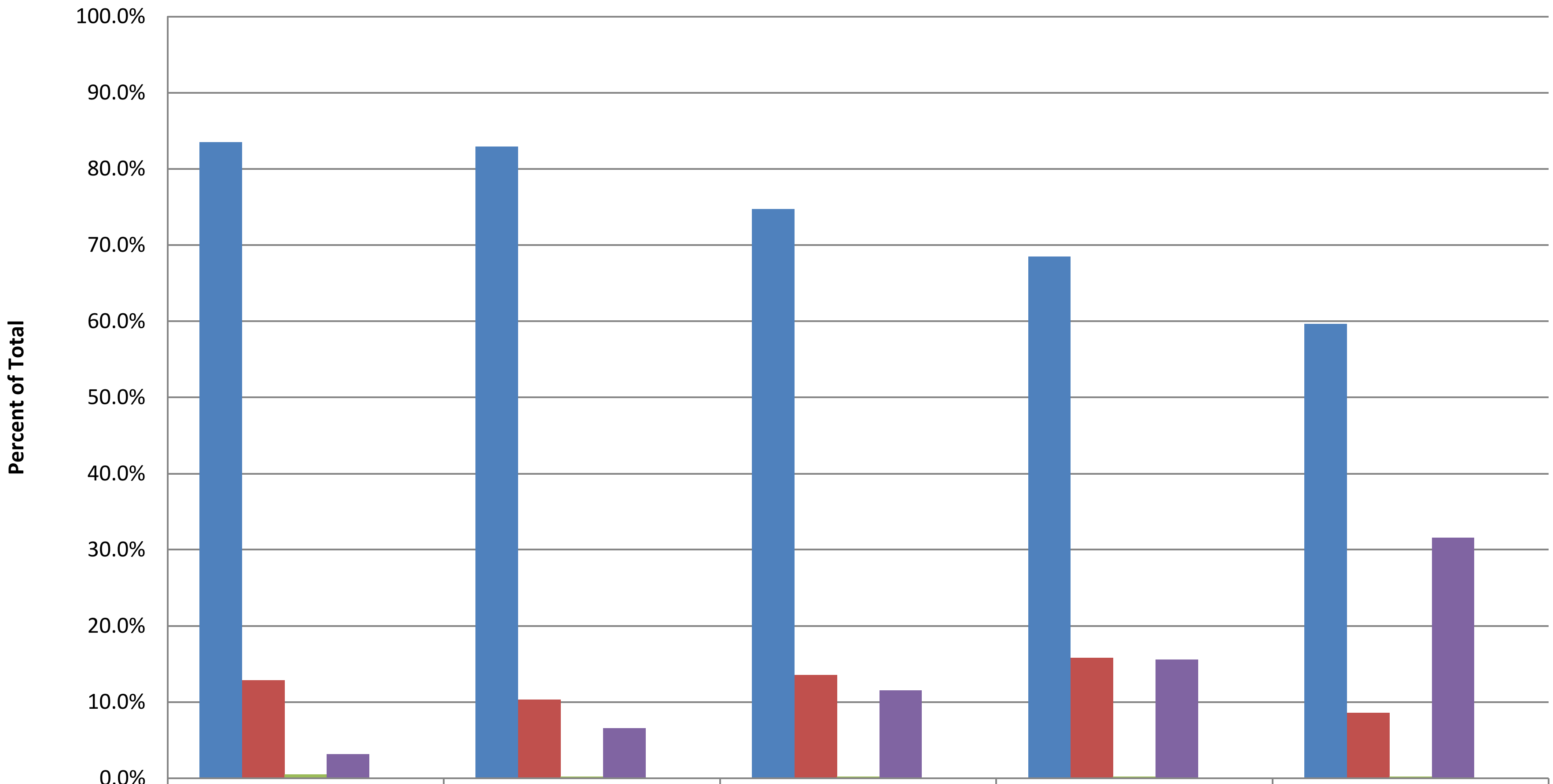


	2005	2006	2007	2008	2009
Whole Loans	75.8%	78.3%	69.7%	59.0%	57.6%
MBS/CMO	12.9%	11.8%	21.2%	22.3%	23.0%
Securities	2.4%	1.8%	0.2%	3.9%	4.2%
ORERC	8.9%	8.1%	8.9%	14.8%	15.2%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%



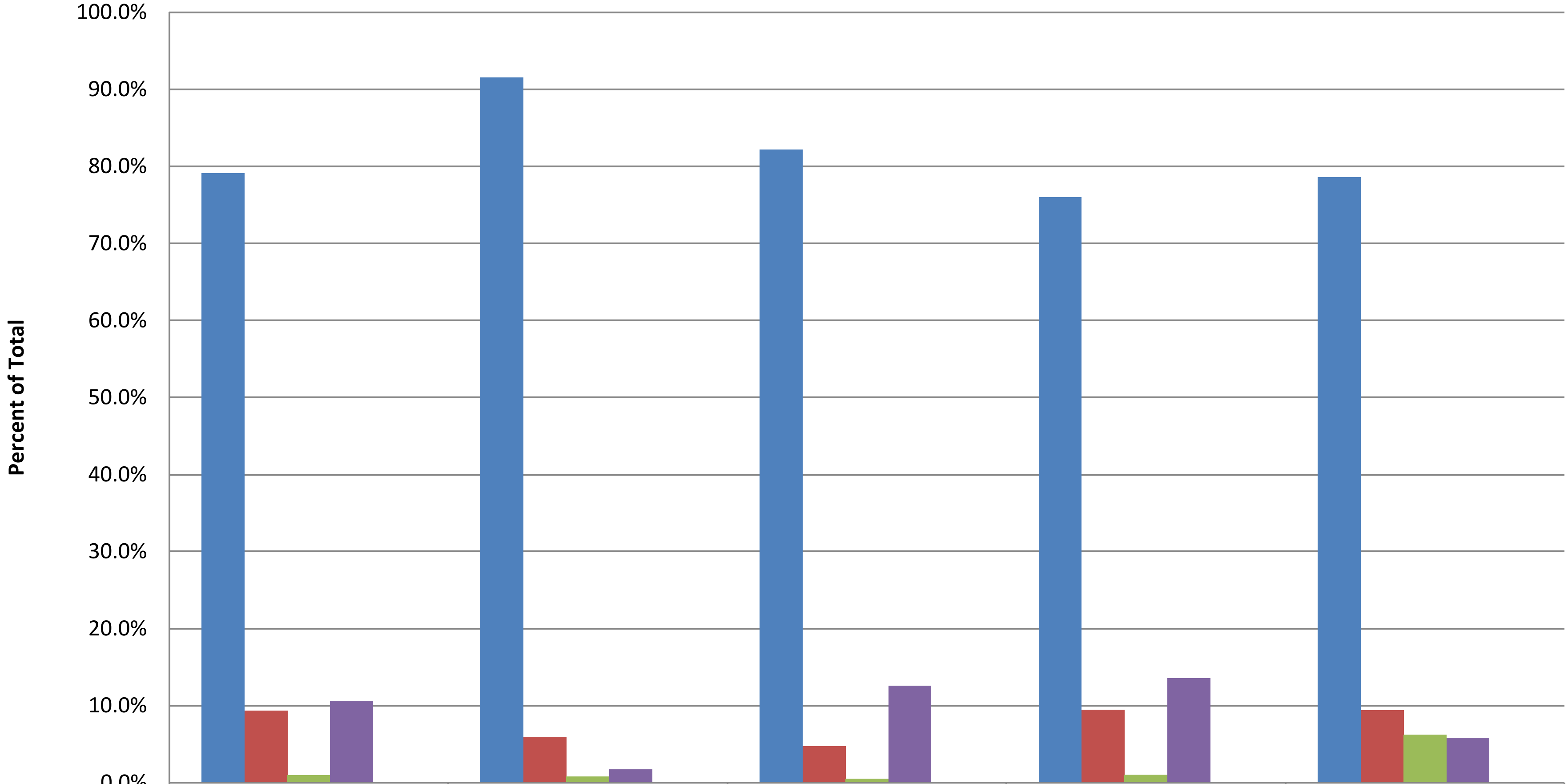
	2005	2006	2007	2008	2009
Whole Loans	97.3%	99.0%	97.6%	98.3%	100.0%
MBS/CMO	2.6%	1.0%	0.7%	1.7%	0.0%
Securities	0.0%	0.0%	0.5%	0.0%	0.0%
ORERC	0.0%	0.0%	0.8%	0.0%	0.0%
CFI	0.0%	0.0%	0.3%	0.0%	0.0%

Atlanta Collateral Securing Advances
By Collateral Type

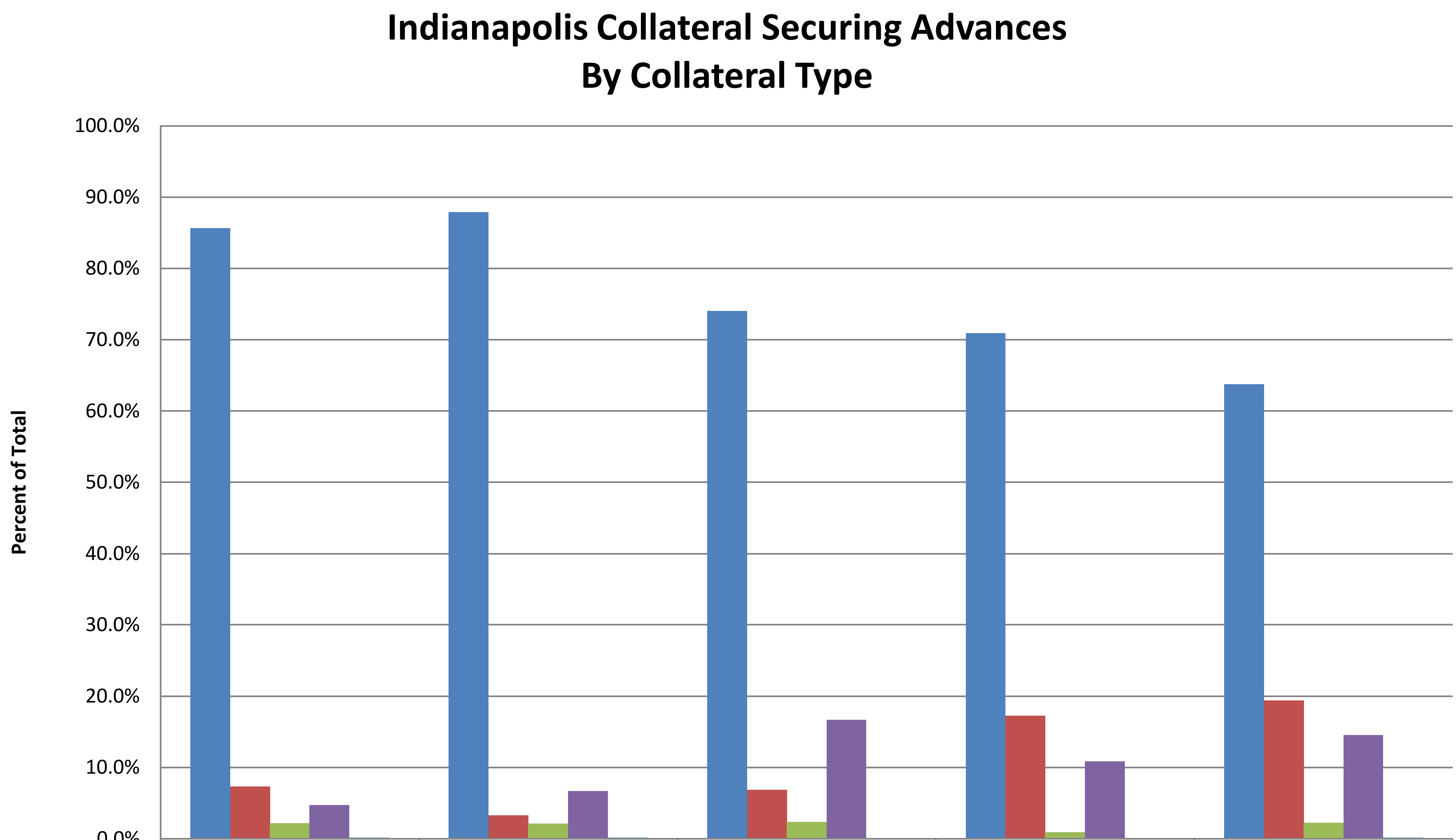


	2005	2006	2007	2008	2009
Whole Loans	83.5%	83.0%	74.7%	68.5%	59.6%
MBS/CMO	12.9%	10.3%	13.6%	15.8%	8.6%
Securities	0.5%	0.2%	0.2%	0.2%	0.2%
ORERC	3.2%	6.5%	11.5%	15.6%	31.6%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%

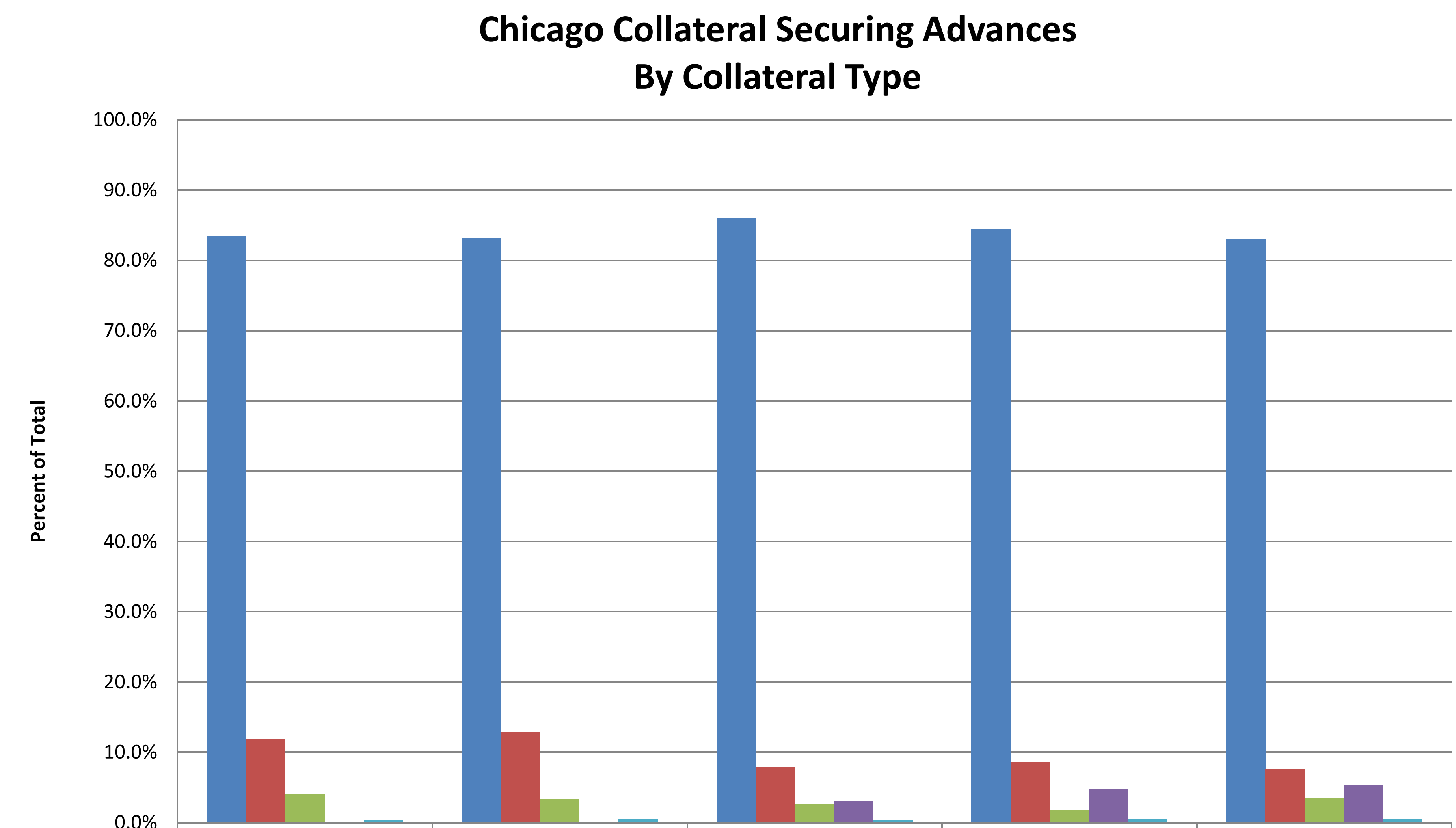
Cincinnati Collateral Securing Advances
By Collateral Type



	2005	2006	2007	2008	2009
Whole Loans	79.1%	91.5%	82.2%	76.0%	78.6%
MBS/CMO	9.3%	5.9%	4.7%	9.4%	9.4%
Securities	1.0%	0.8%	0.5%	1.0%	6.2%
ORERC	10.6%	1.7%	12.6%	13.6%	5.8%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%

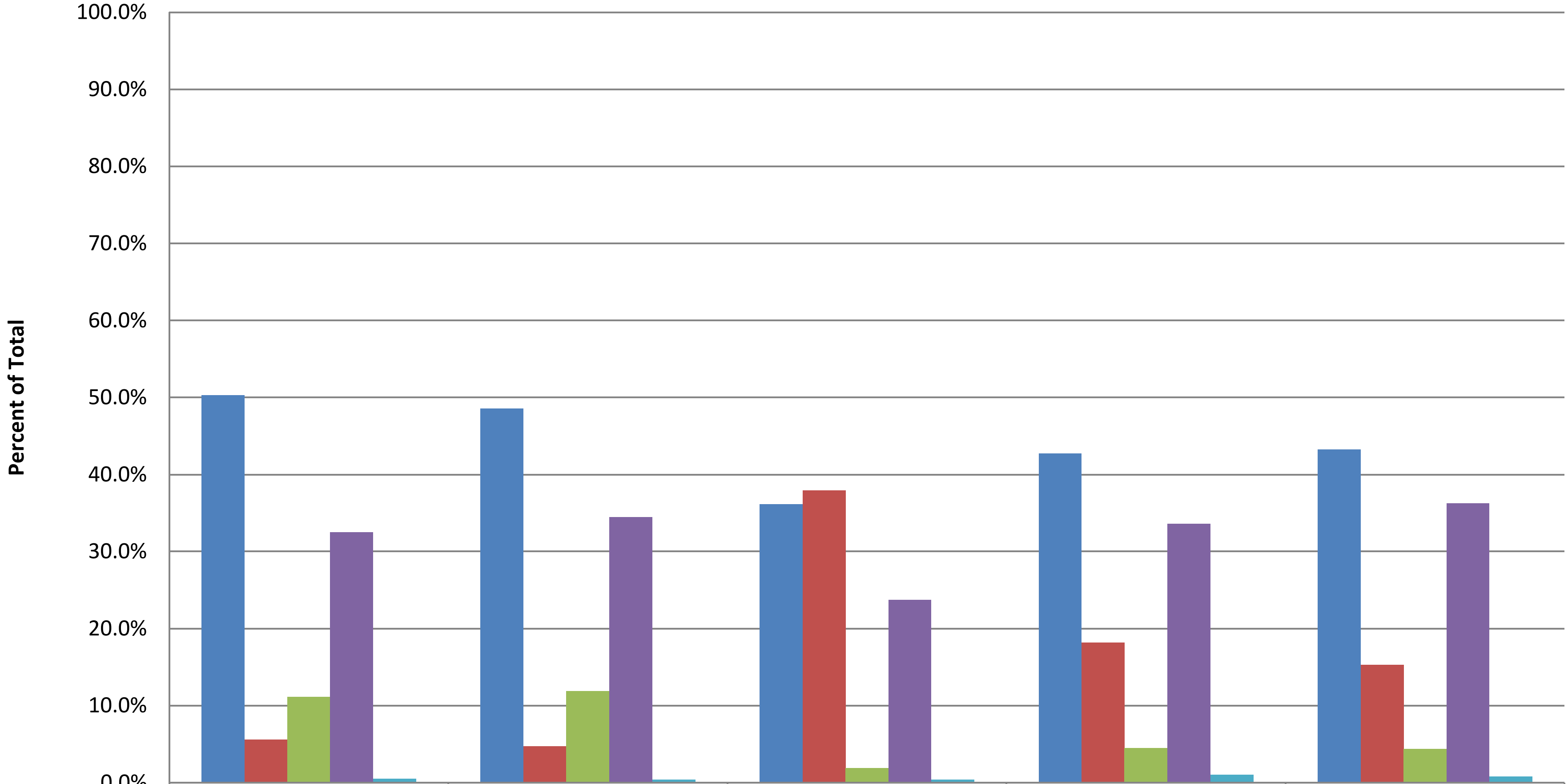


	2005	2006	2007	2008	2009
Whole Loans	85.6%	87.9%	74.1%	70.9%	63.7%
MBS/CMO	7.3%	3.3%	6.9%	17.2%	19.4%
Securities	2.2%	2.1%	2.3%	0.9%	2.2%
ORERC	4.7%	6.6%	16.7%	10.9%	14.5%
CFI	0.1%	0.1%	0.1%	0.1%	0.2%

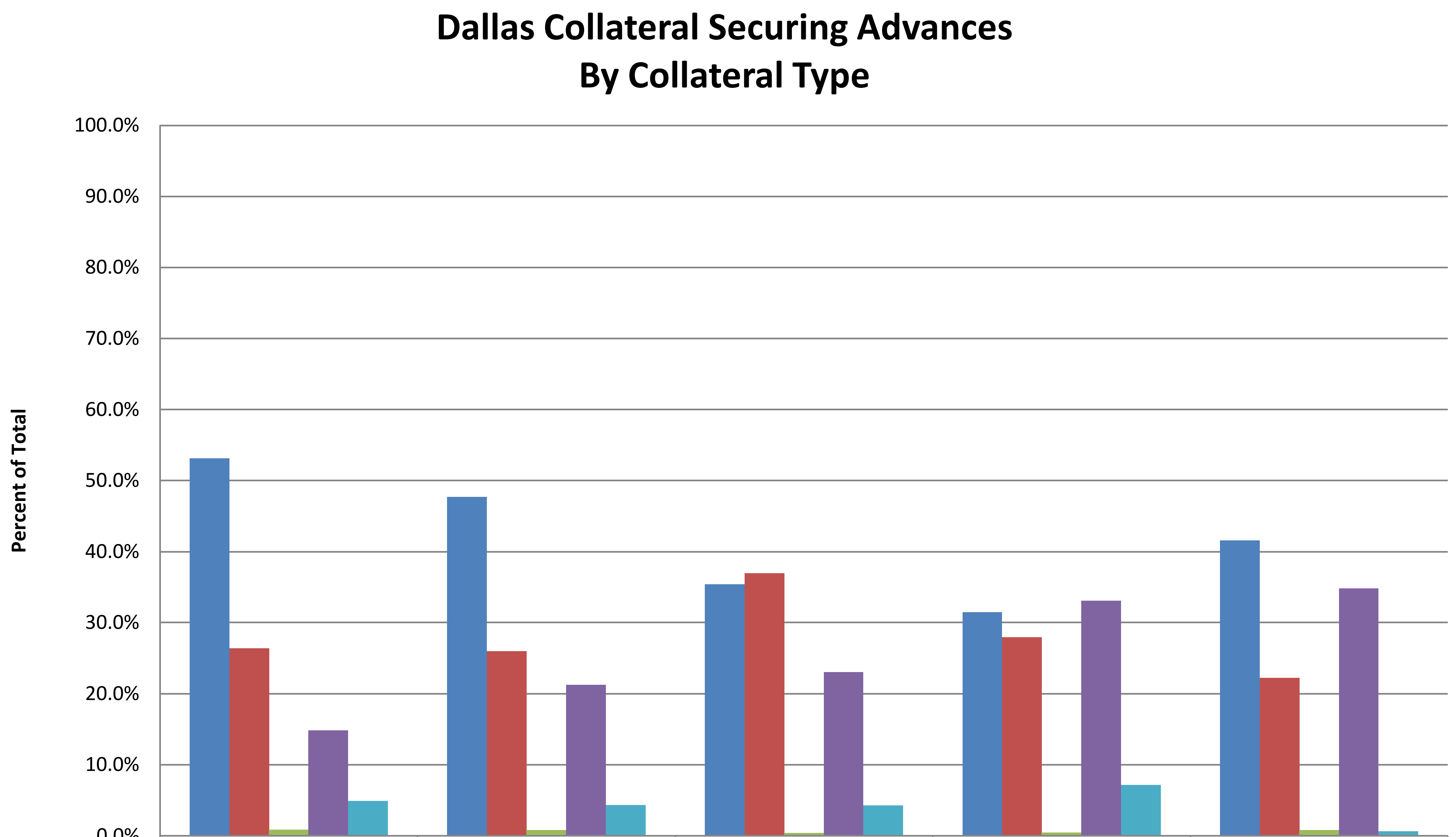


	2005	2006	2007	2008	2009
Whole Loans	83.4%	83.1%	86.1%	84.4%	83.1%
MBS/CMO	11.9%	12.9%	7.9%	8.6%	7.6%
Securities	4.1%	3.4%	2.7%	1.8%	3.4%
ORERC	0.1%	0.1%	3.0%	4.8%	5.3%
CFI	0.4%	0.4%	0.4%	0.4%	0.6%

Des Moines Collateral Securing Advances
By Collateral Type

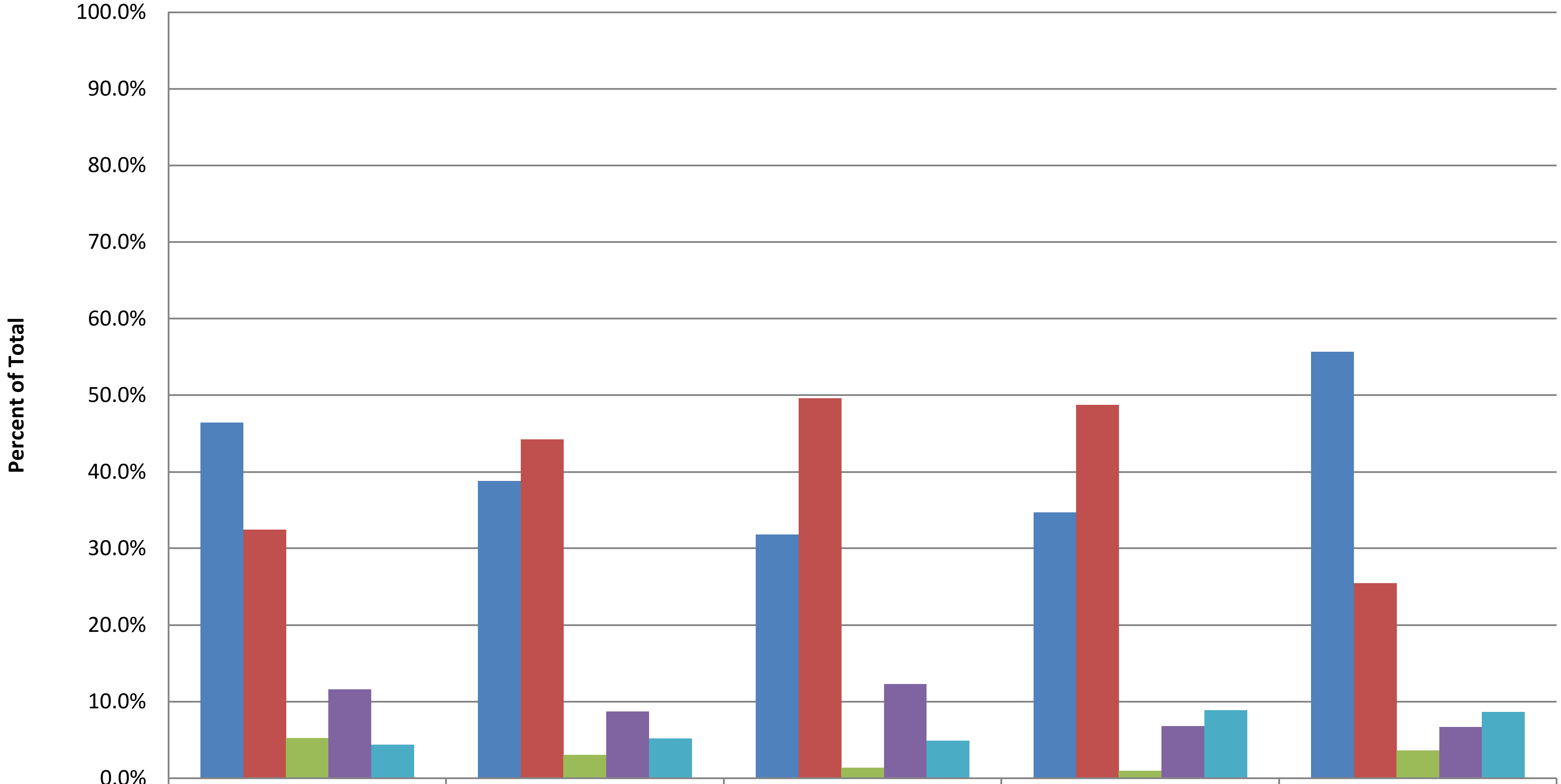


	2005	2006	2007	2008	2009
Whole Loans	50.3%	48.6%	36.1%	42.7%	43.2%
MBS/CMO	5.6%	4.7%	37.9%	18.2%	15.3%
Securities	11.1%	11.9%	1.9%	4.5%	4.4%
ORERC	32.5%	34.5%	23.7%	33.6%	36.3%
CFI	0.5%	0.4%	0.4%	1.0%	0.8%

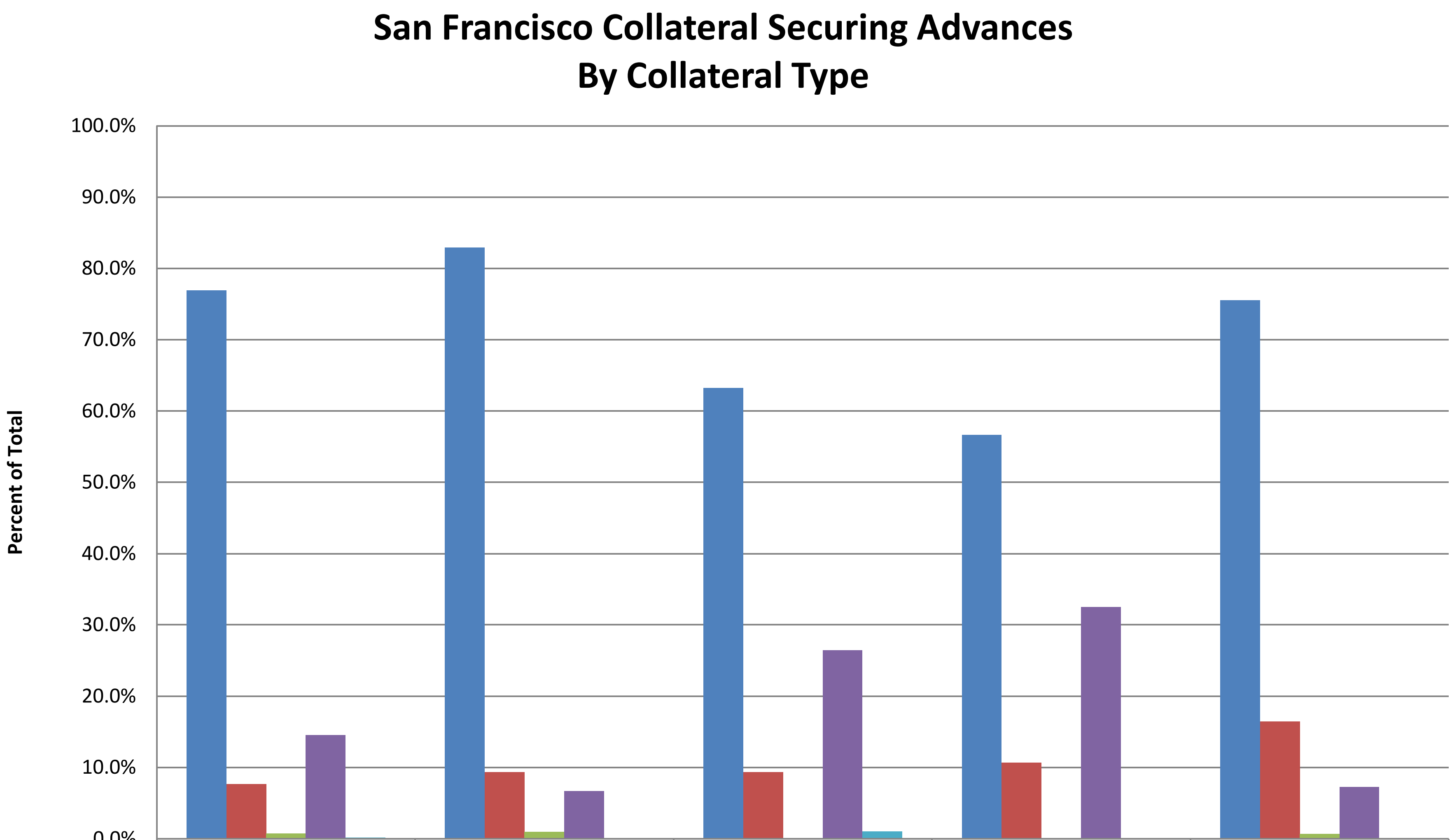


	2005	2006	2007	2008	2009
Whole Loans	53.1%	47.7%	35.4%	31.4%	41.6%
MBS/CMO	26.3%	25.9%	36.9%	27.9%	22.2%
Securities	0.9%	0.8%	0.4%	0.4%	0.8%
ORERC	14.8%	21.3%	23.0%	33.1%	34.8%
CFI	4.9%	4.3%	4.2%	7.1%	0.6%

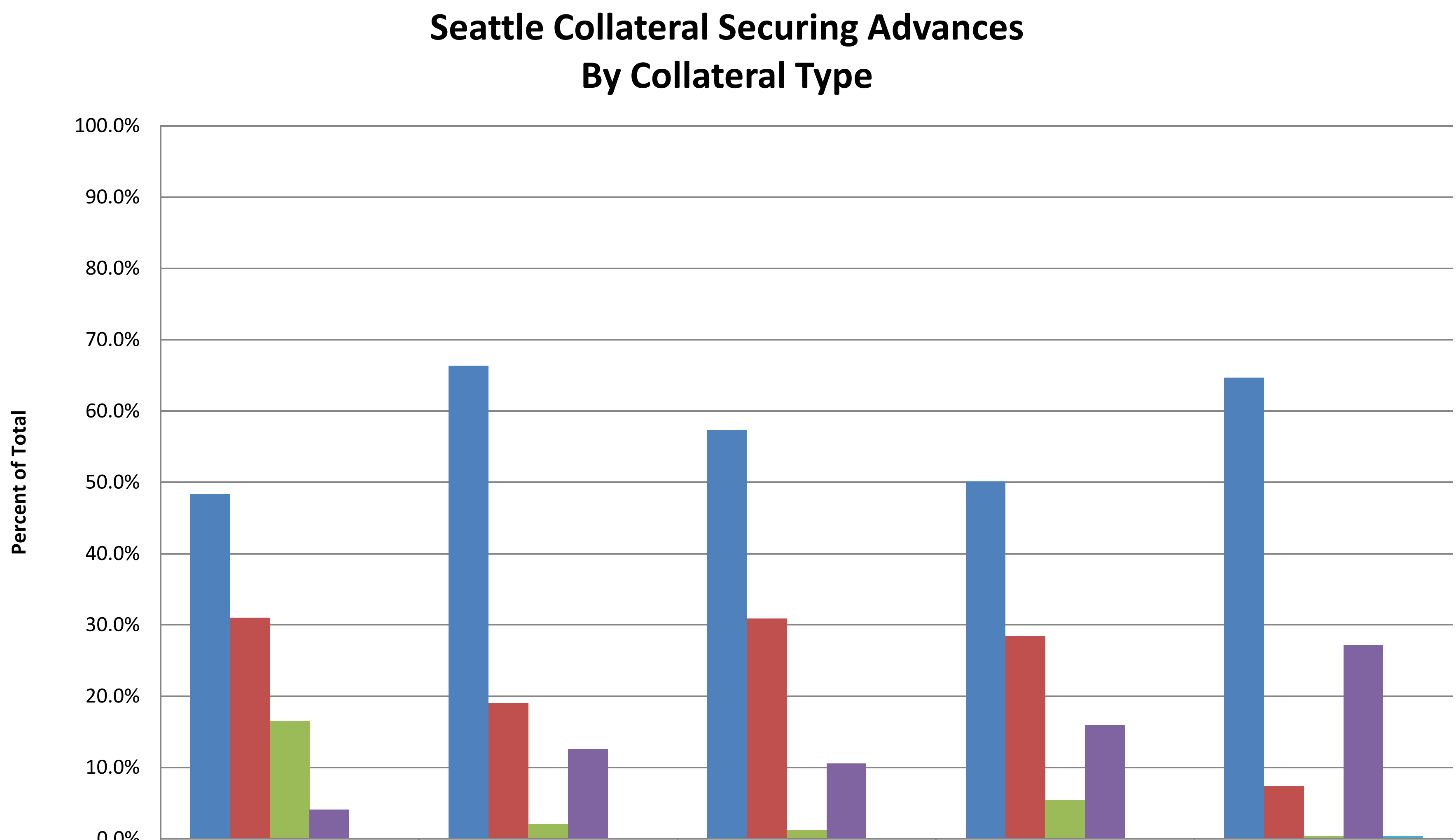
Topeka Collateral Securing Advances
By Collateral Type



	2005	2006	2007	2008	2009
Whole Loans	46.4%	38.8%	31.8%	34.7%	55.6%
MBS/CMO	32.4%	44.3%	49.6%	48.7%	25.5%
Securities	5.3%	3.1%	1.4%	1.0%	3.6%
ORERC	11.6%	8.7%	12.3%	6.8%	6.6%
CFI	4.4%	5.2%	4.9%	8.9%	8.6%



	2005	2006	2007	2008	2009
Whole Loans	76.9%	82.9%	63.2%	56.6%	75.6%
MBS/CMO	7.7%	9.3%	9.3%	10.7%	16.5%
Securities	0.7%	1.0%	0.0%	0.1%	0.7%
ORERC	14.5%	6.7%	26.4%	32.5%	7.2%
CFI	0.1%	0.1%	1.0%	0.1%	0.0%



	2005	2006	2007	2008	2009
Whole Loans	48.4%	66.4%	57.3%	50.1%	64.7%
MBS/CMO	31.0%	19.0%	30.9%	28.4%	7.3%
Securities	16.5%	2.0%	1.2%	5.4%	0.4%
ORERC	4.1%	12.6%	10.6%	16.0%	27.2%
CFI	0.0%	0.0%	0.0%	0.1%	0.4%

4. Collateral Coverage by Member Asset Size

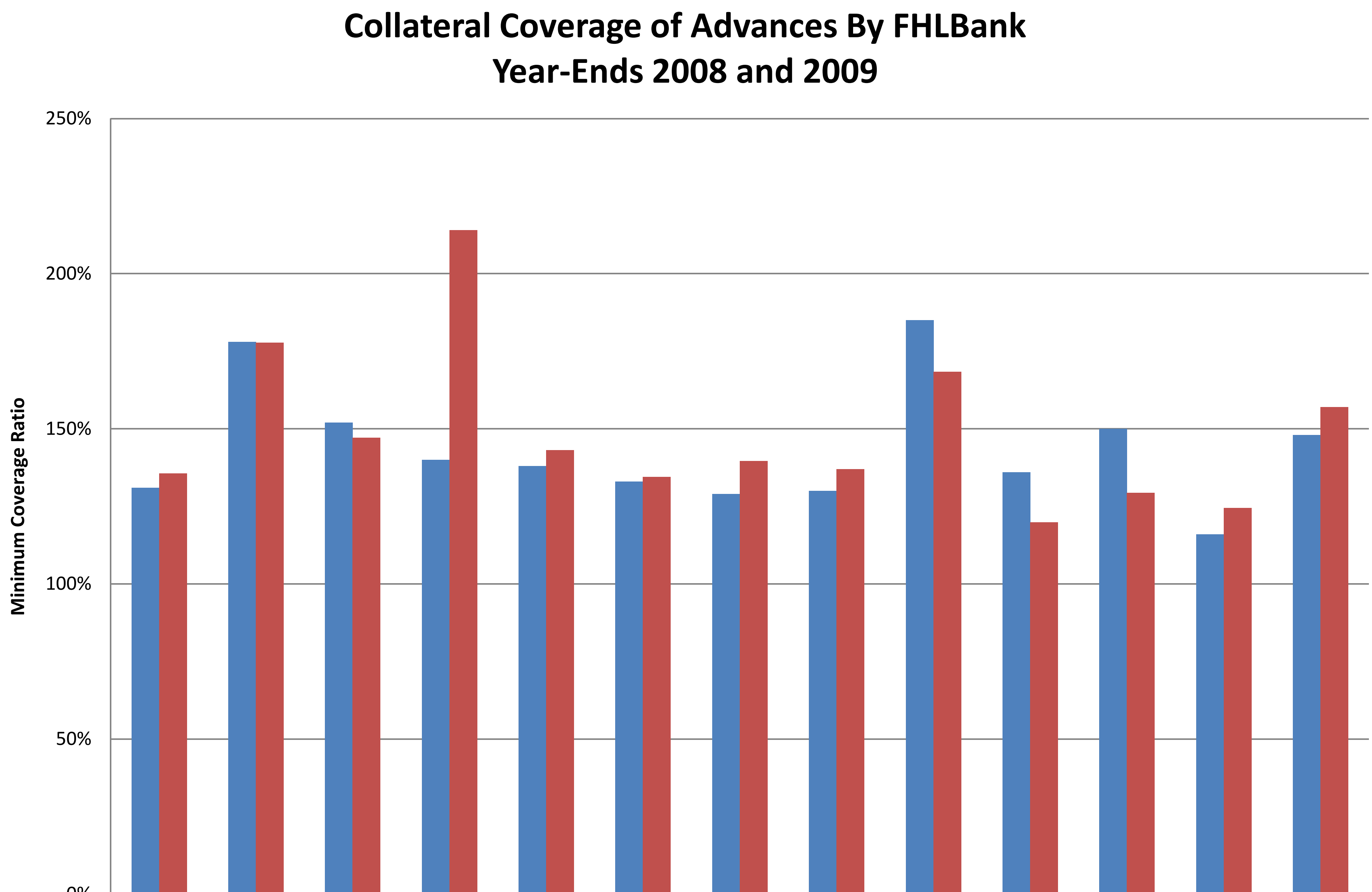
For year-end 2009, the FHLBanks report collateral securing advances according to four member asset size categories: less than $100 million in assets; greater than $100 million but less than $1.011 billion in assets ($1.011 billion was the cut-off for CFI designated commercial bank and thrift members for 2009); greater than $1.011 billion to $10 billion in assets; and greater than $10 billion in assets.

The System-wide average collateral-to-advances coverage ratio was 157 percent for year-end 2009, a nine percentage point coverage increase from year-end 2008. Seven FHLBanks reported increases in their average coverage ratios, four reported decreases, and the FHLBank of New York's average coverage ratio remained constant. The average coverage ratios ranged from a high of 214 percent at the FHLBank of Atlanta to a low of 120 percent at the FHLBank of Topeka.

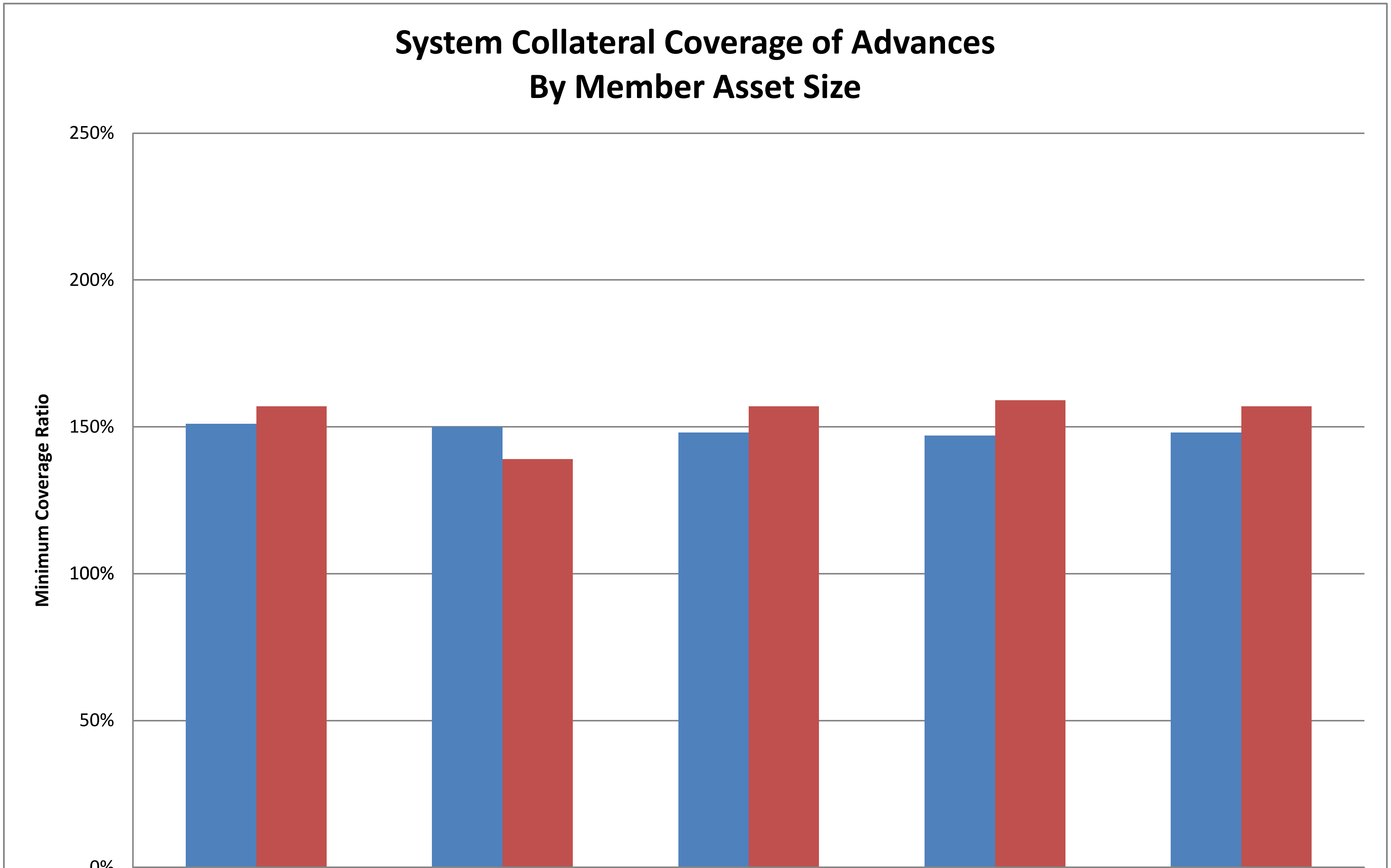
At the System level, at year-end 2009, average collateral coverage ratios appear to reward smaller members. At the individual FHLBank level, the survey data do not indicate any strong pattern for coverage by member asset size, with the possible exception that certain FHLBanks report somewhat lower coverage ratios for larger members and somewhat higher coverage ratios for smaller members. One would need additional information at the FHLBank level to determine the exact reasons for differences in coverage ratios across the member asset-size groups. Generally speaking, however, higher collateral coverage ratios are required for smaller members that tend to borrow under blanket pledge agreements. Larger members may have more sophisticated asset management systems and often provide additional information about the collateral necessary to obtain maximum borrowing capacity.

Some individual FHLBank trends are noted: The FHLBank of Atlanta's member collateral coverage ratios were up markedly for all except the smallest members. The FHLBank of Pittsburgh's member collateral coverage ratios were uniform across all member size categories at year-end 2009, and the FHLBank of Cincinnati ratios were nearly uniform across member assets sizes. The FHLBanks of Chicago, Des Moines and Seattle member collateral coverage ratios increased across all member sizes. Conversely, the FHLBanks of Dallas and San Francisco member collateral coverage ratios decreased for all except the smallest members. The FHLBank of Topeka member collateral coverage ratios decreased for all members, especially notable for the smallest member size category.

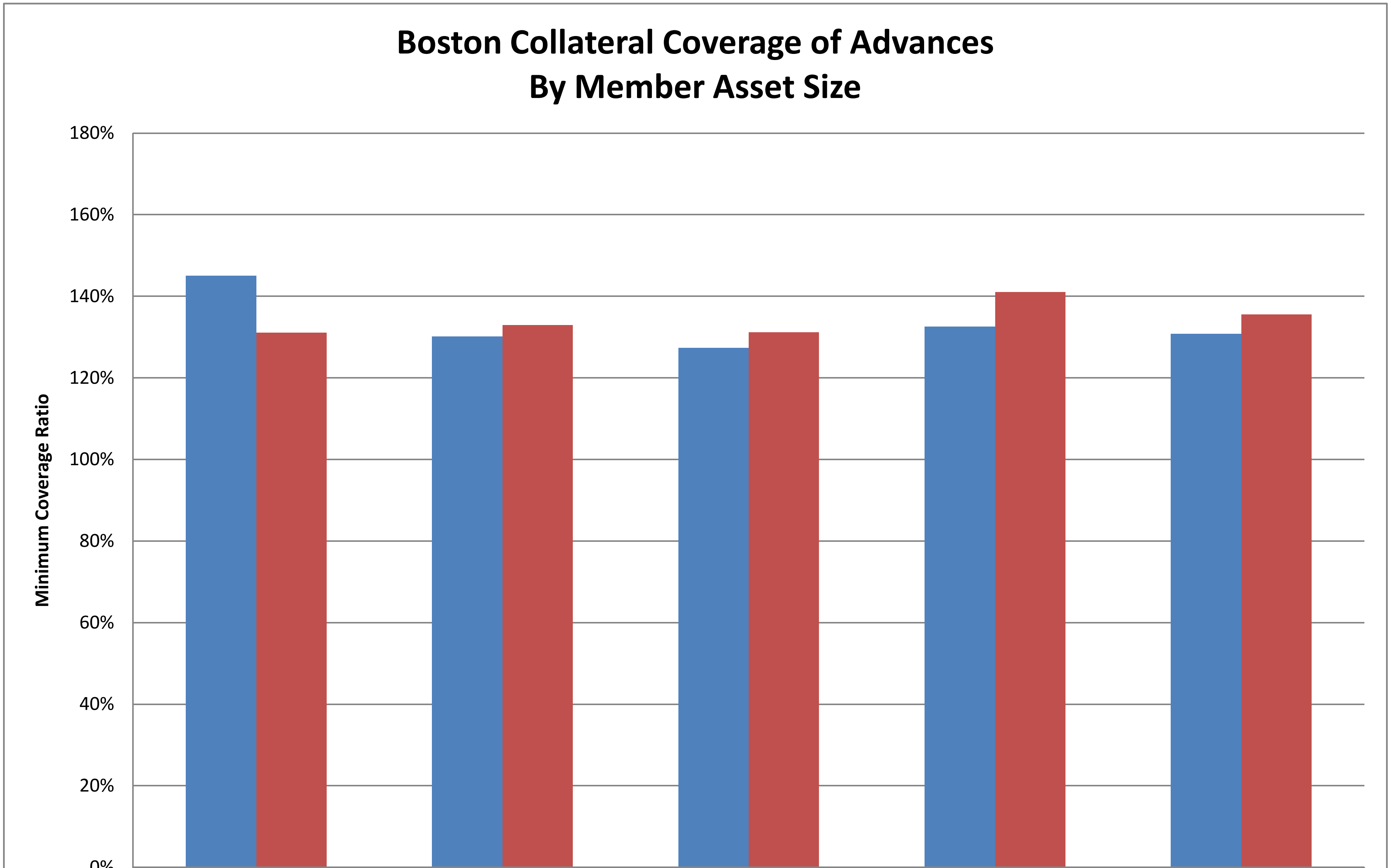
The following System graph and twelve individual FHLBank graphs illustrate advance collateralization ratios by groups based on member asset size.



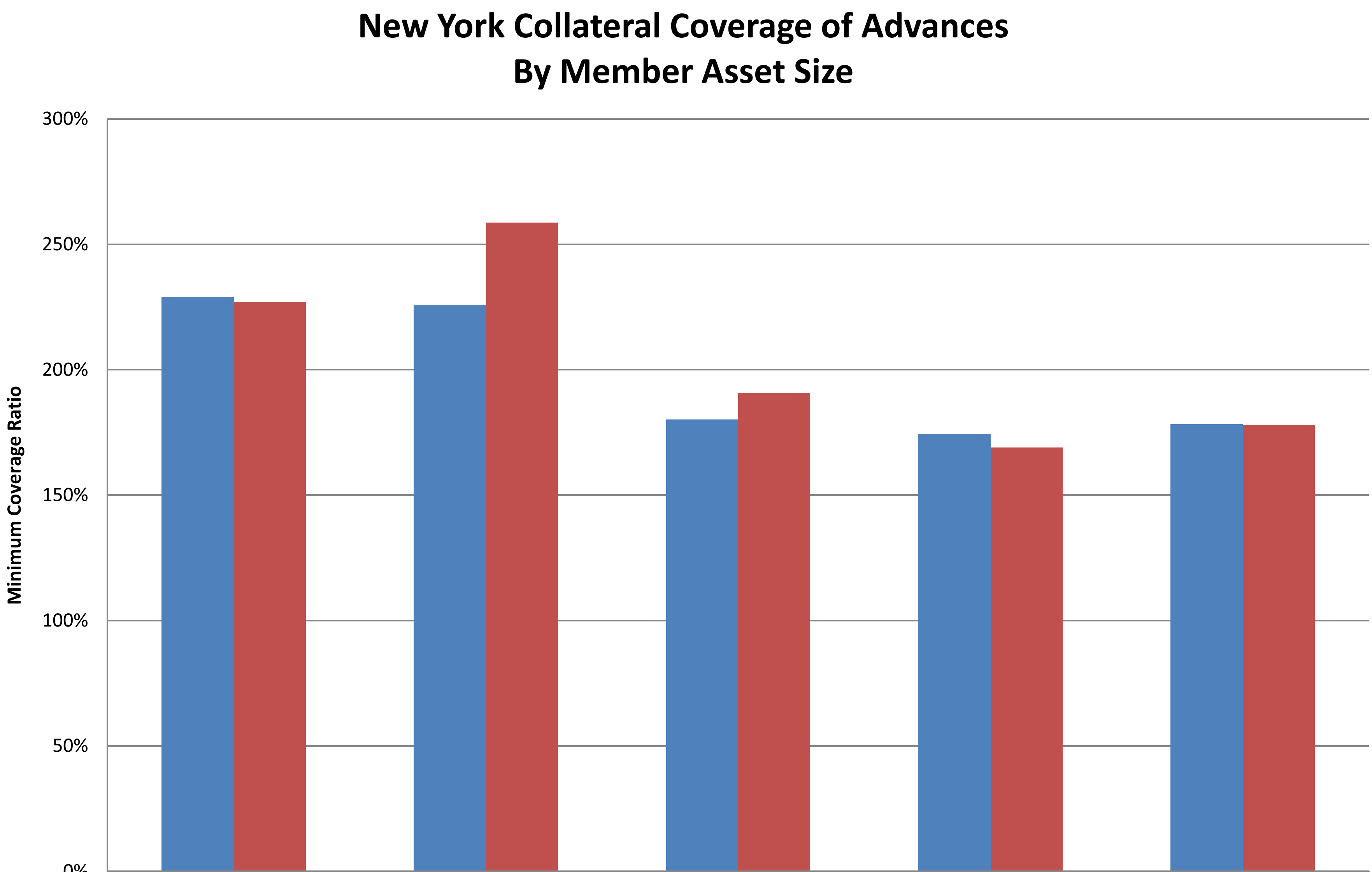
	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
2008	131%	178%	152%	140%	138%	133%	129%	130%	185%	136%	150%	116%	148%
2009	136%	178%	147%	214%	143%	135%	140%	137%	168%	120%	129%	125%	157%



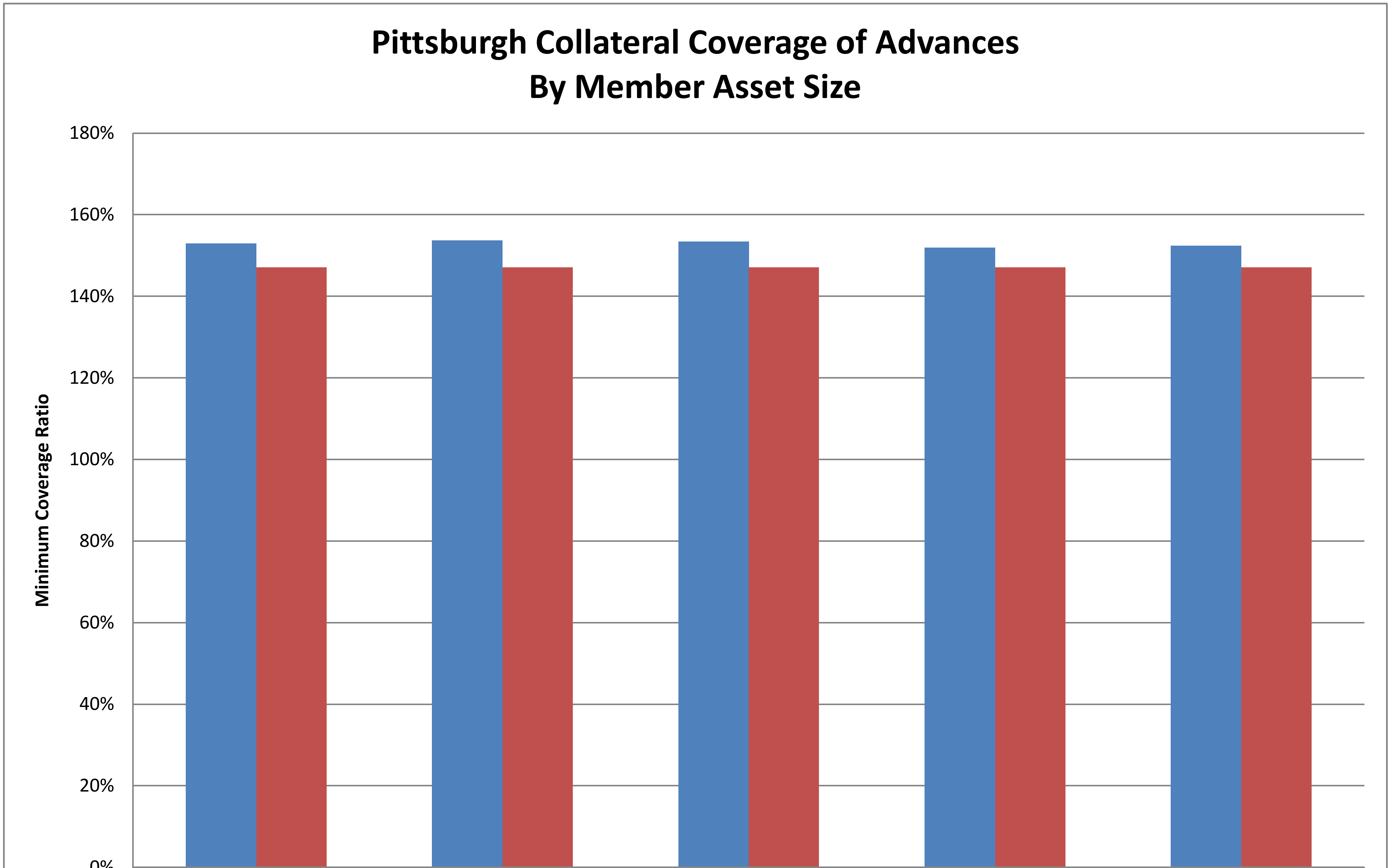
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	151%	150%	148%	147%	148%
2009	157%	139%	157%	159%	157%



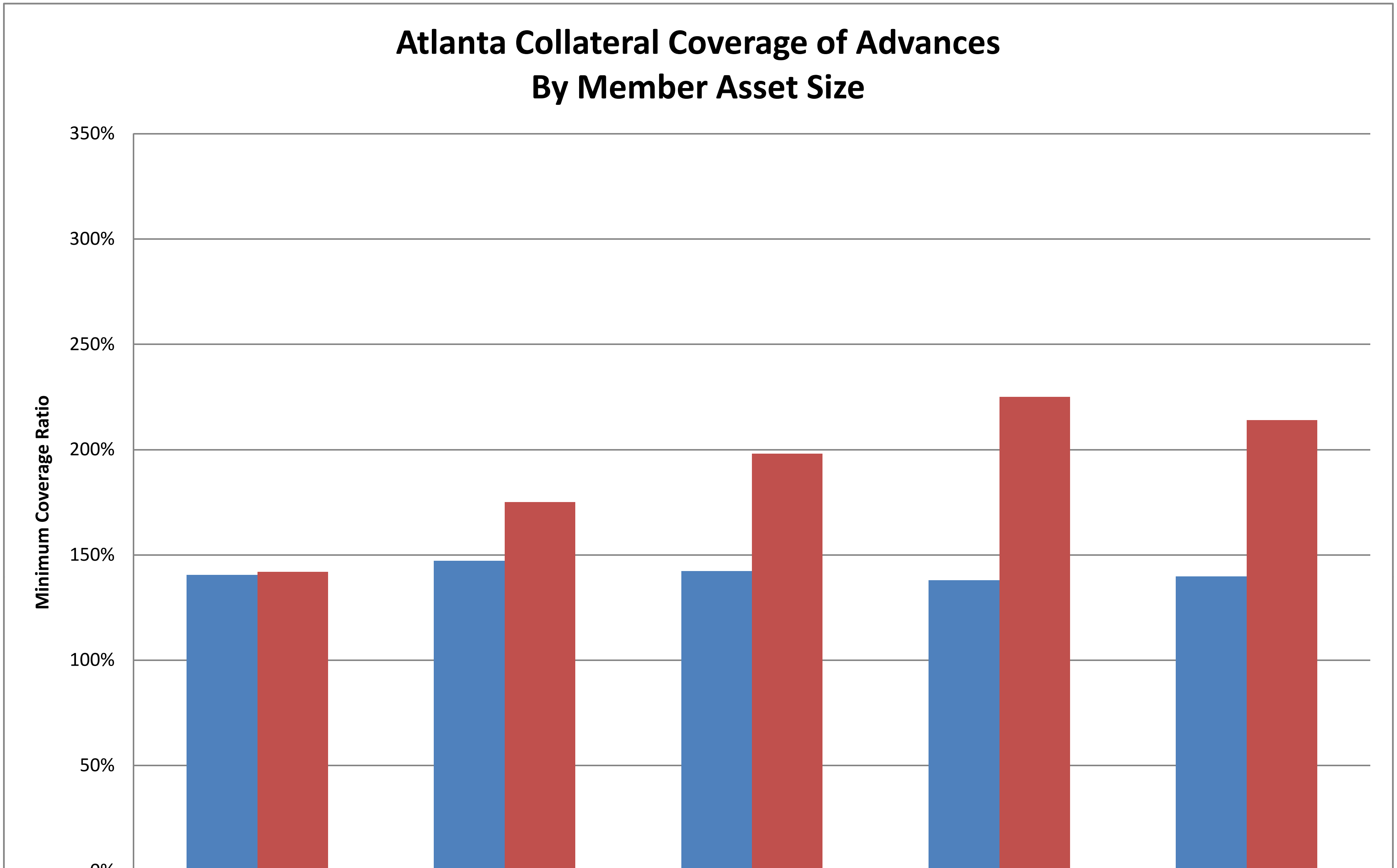
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	145%	130%	127%	133%	131%
2009	131%	133%	131%	141%	136%



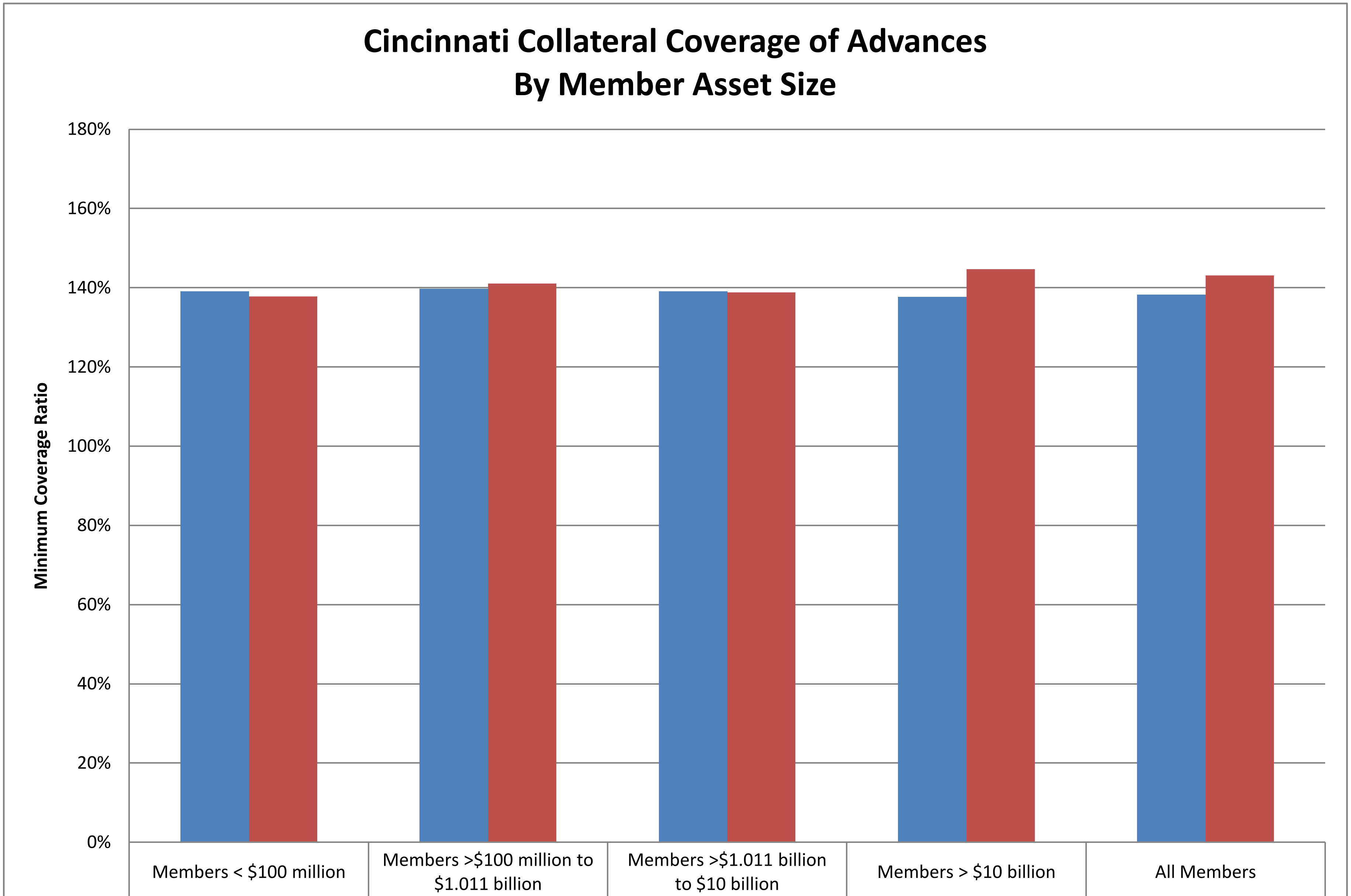
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	229%	226%	180%	174%	178%
2009	227%	259%	191%	169%	178%



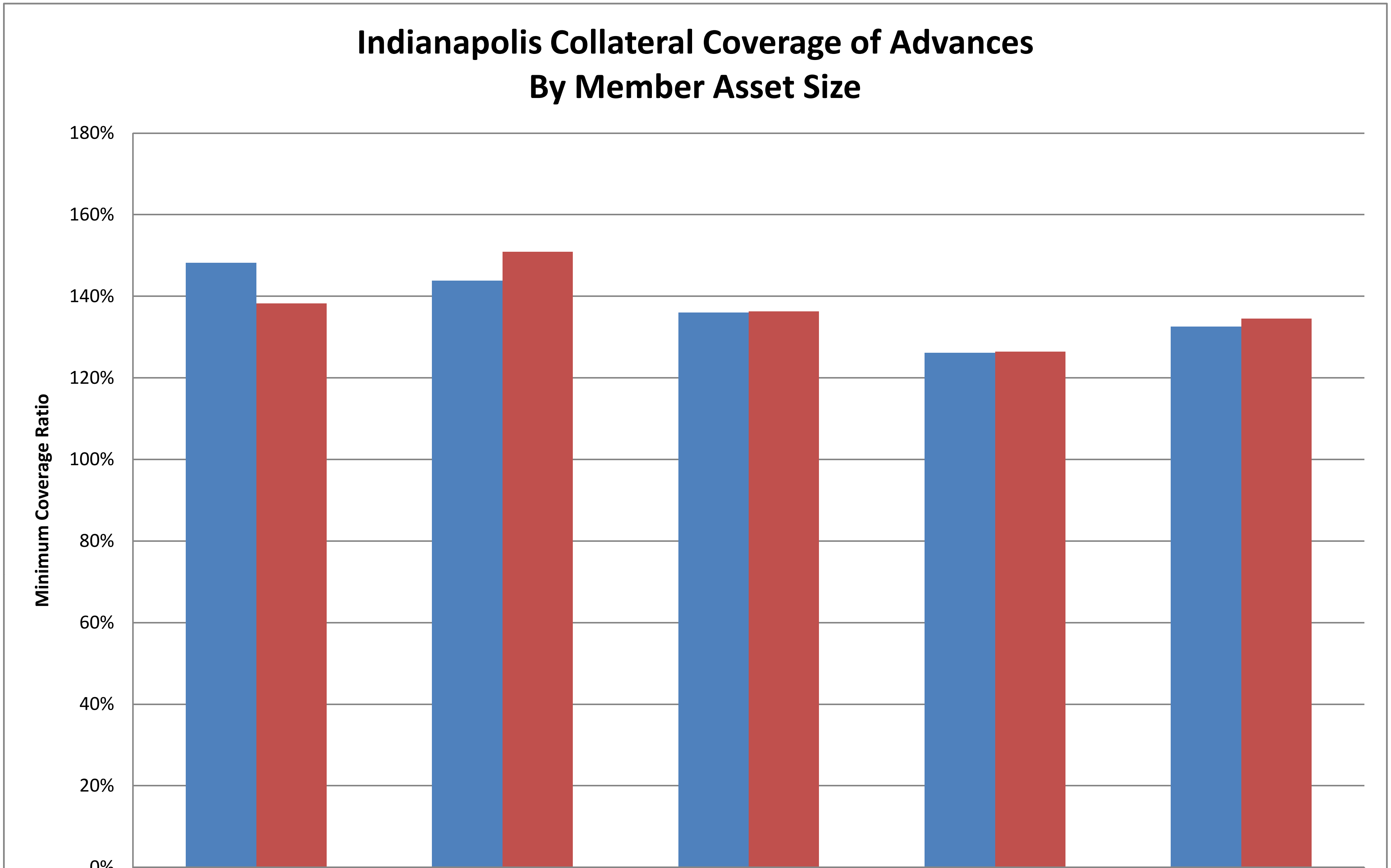
	Members < \$100 million	Members >\$100 million to \$1.011 billion	Members >\$1.011 billion to \$10 billion	Members > \$10 billion	All Members
2008	153%	154%	153%	152%	152%
2009	147%	147%	147%	147%	147%



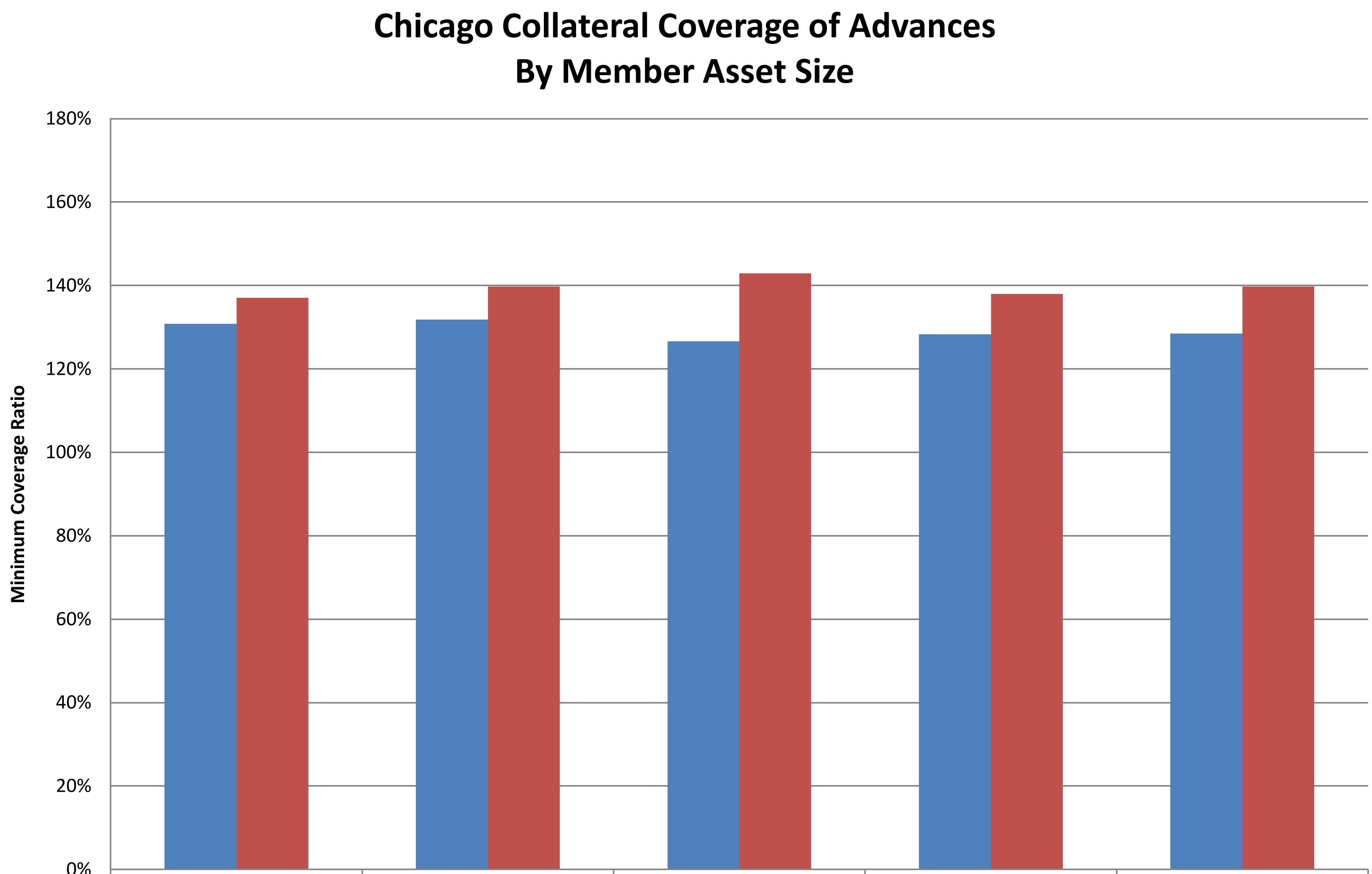
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	140%	147%	142%	138%	140%
2009	142%	175%	198%	225%	214%



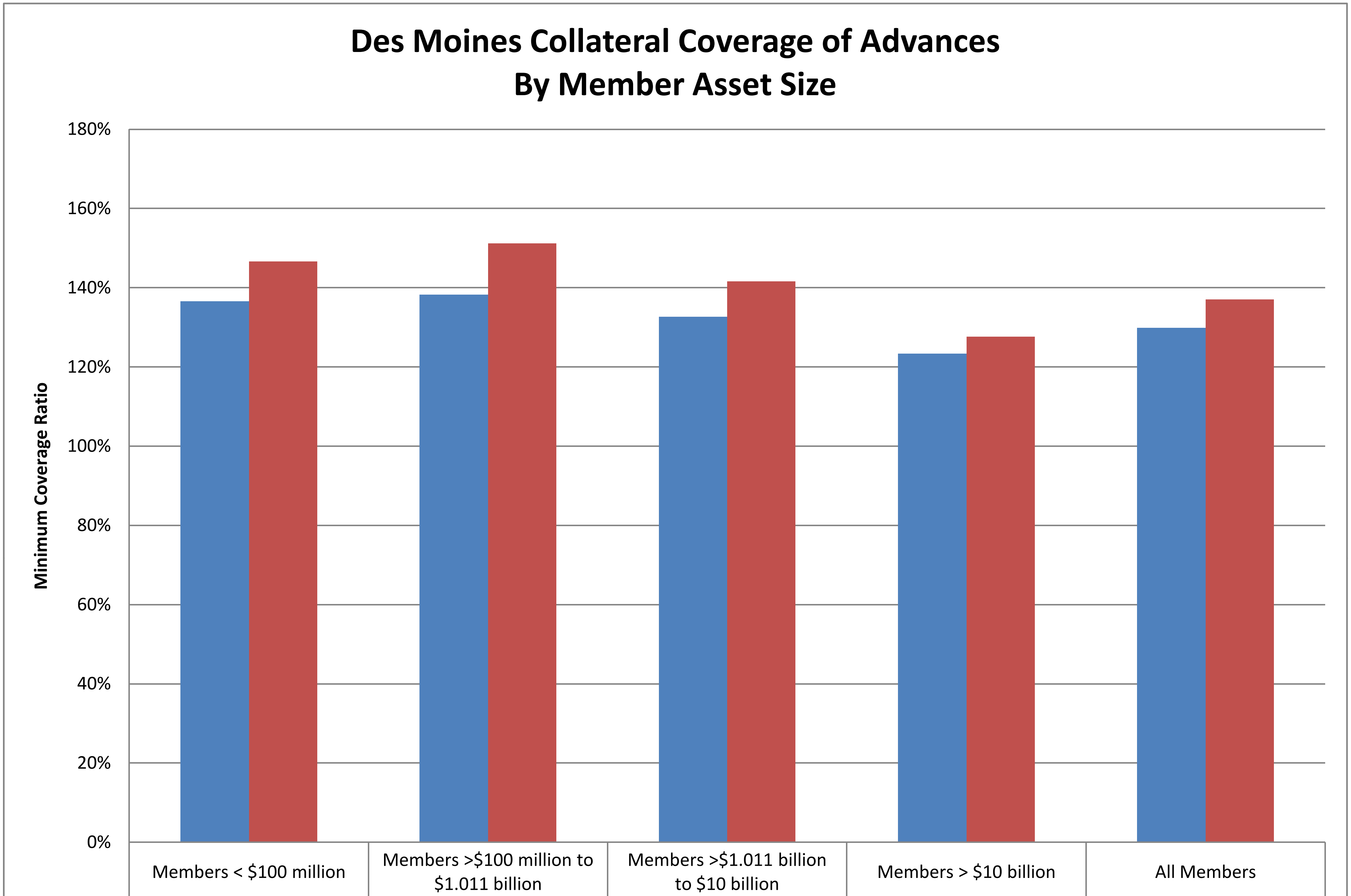
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	139%	140%	139%	138%	138%
2009	138%	141%	139%	145%	143%



	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	148%	144%	136%	126%	133%
2009	138%	151%	136%	126%	135%

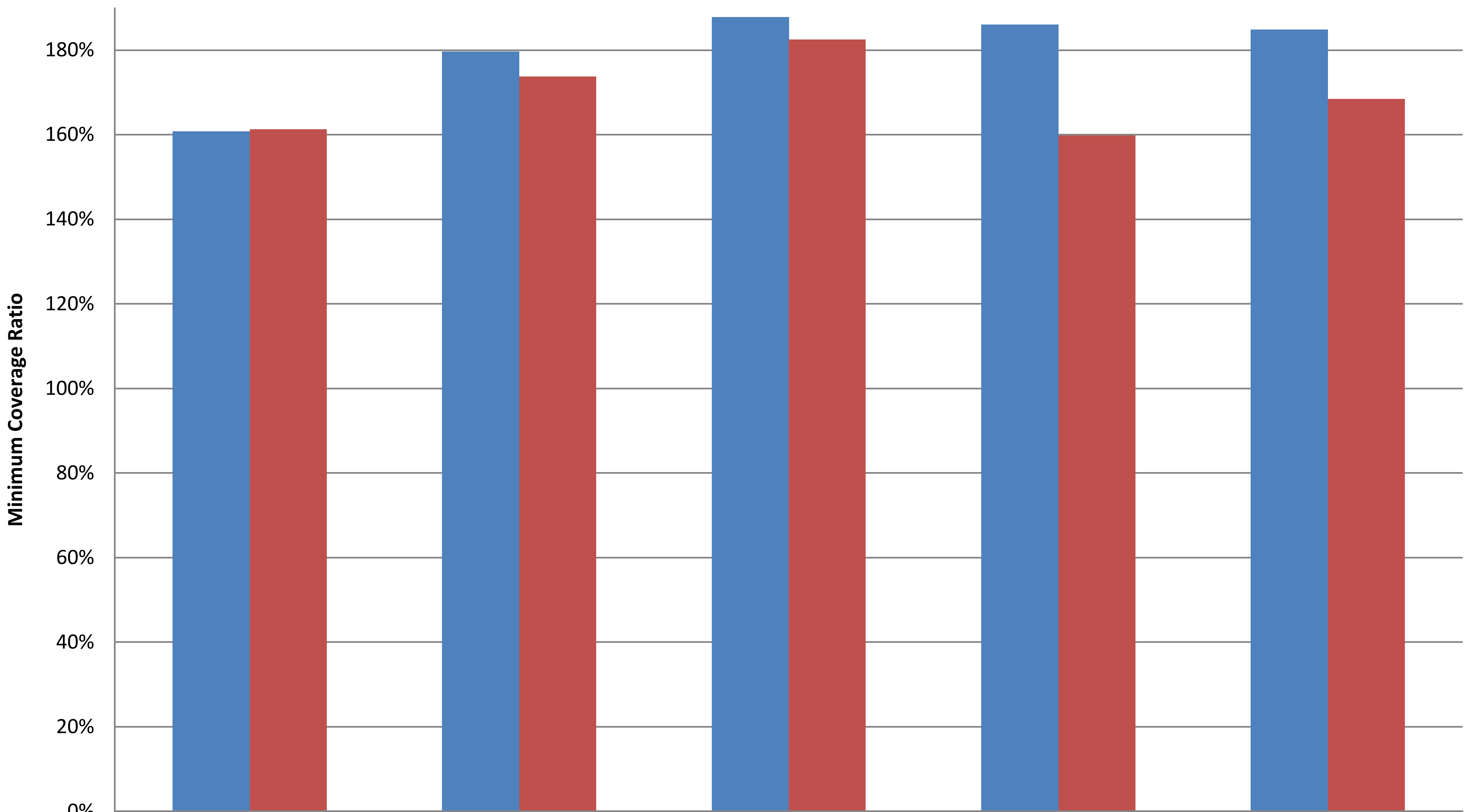


	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	131%	132%	127%	128%	129%
2009	137%	140%	143%	138%	140%



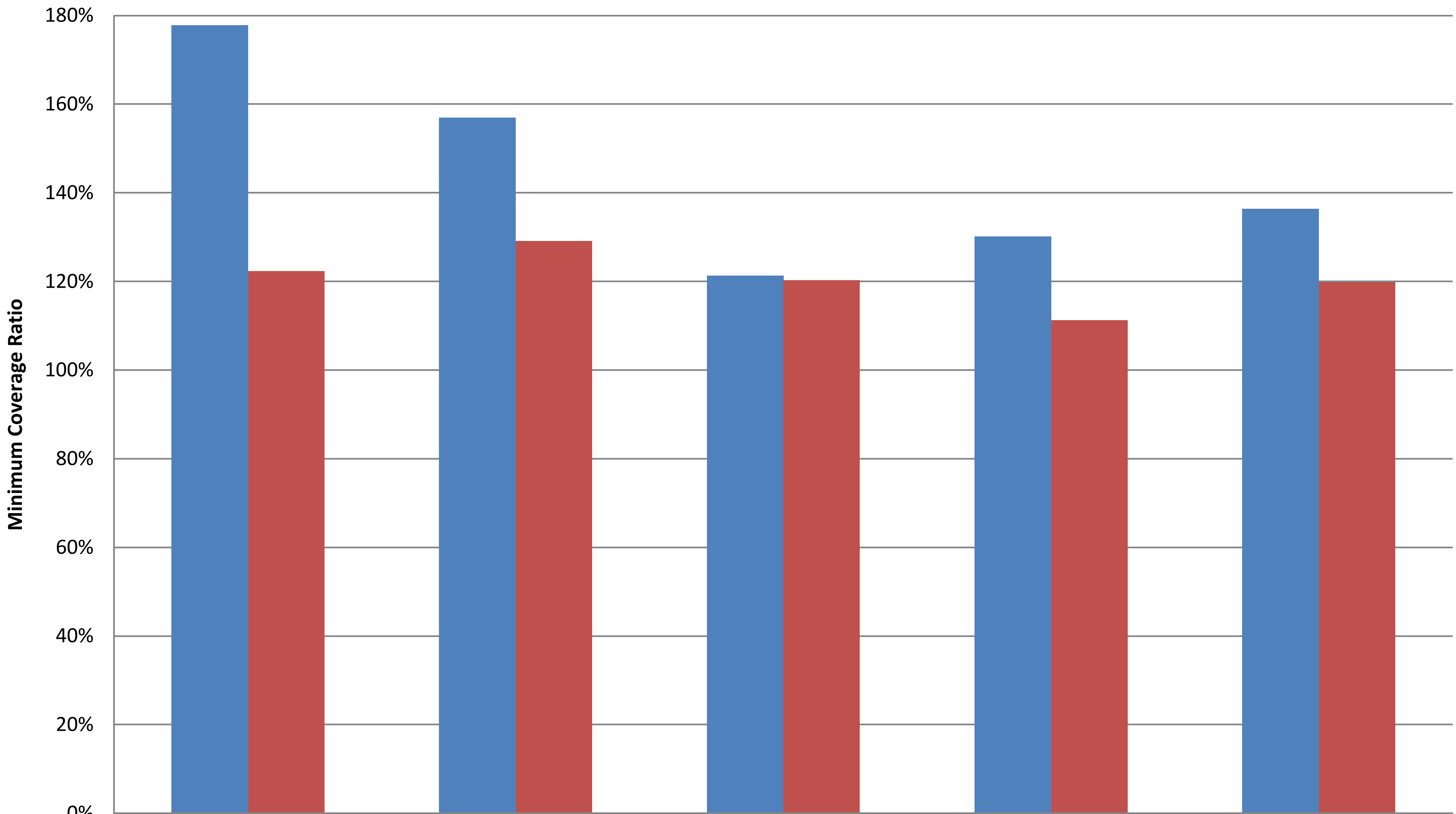
	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	137%	138%	133%	123%	130%
2009	147%	151%	142%	128%	137%

Dallas Collateral Coverage of Advances
By Member Asset Size

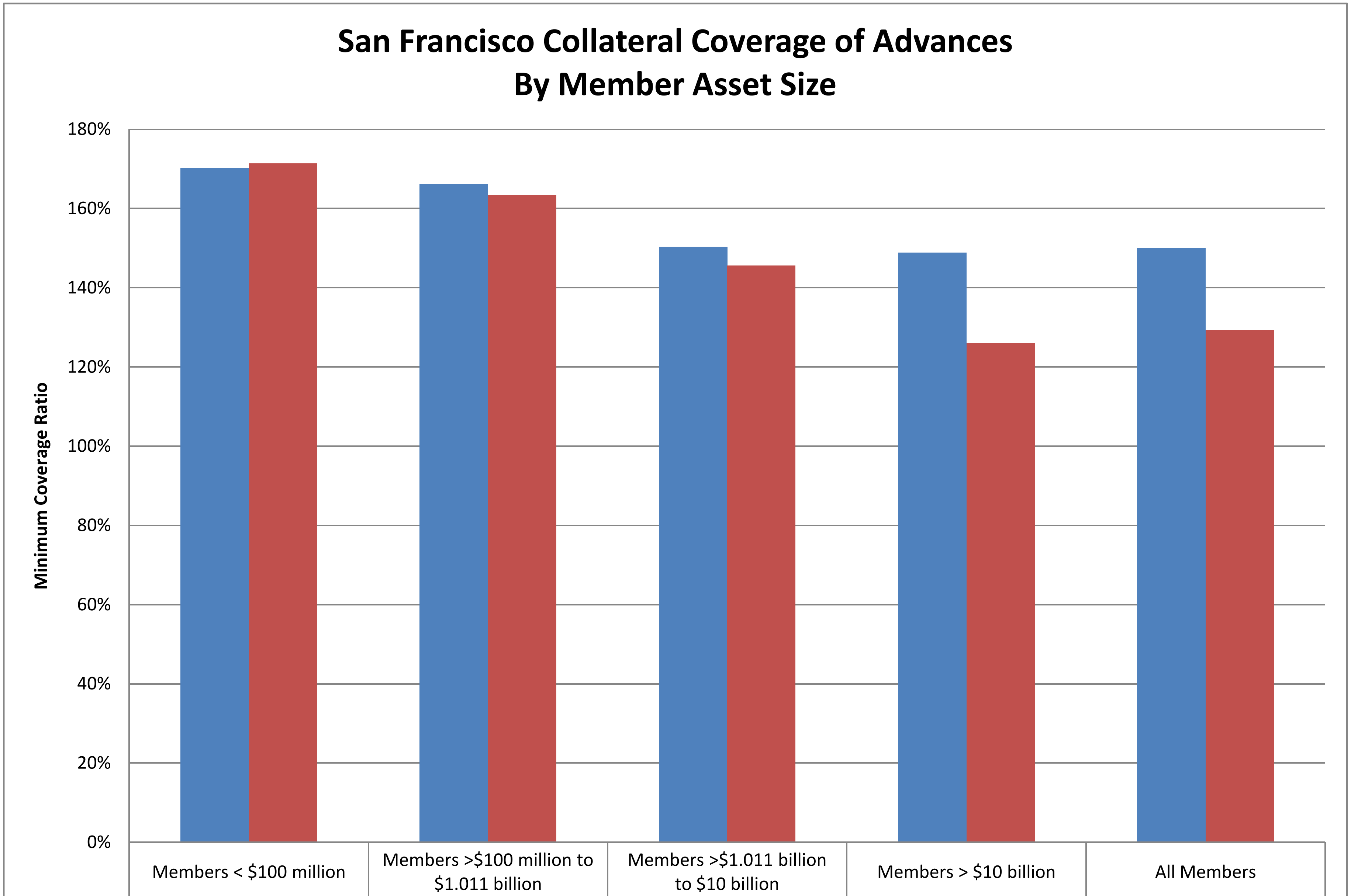


	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	161%	180%	188%	186%	185%
2009	161%	174%	183%	160%	168%

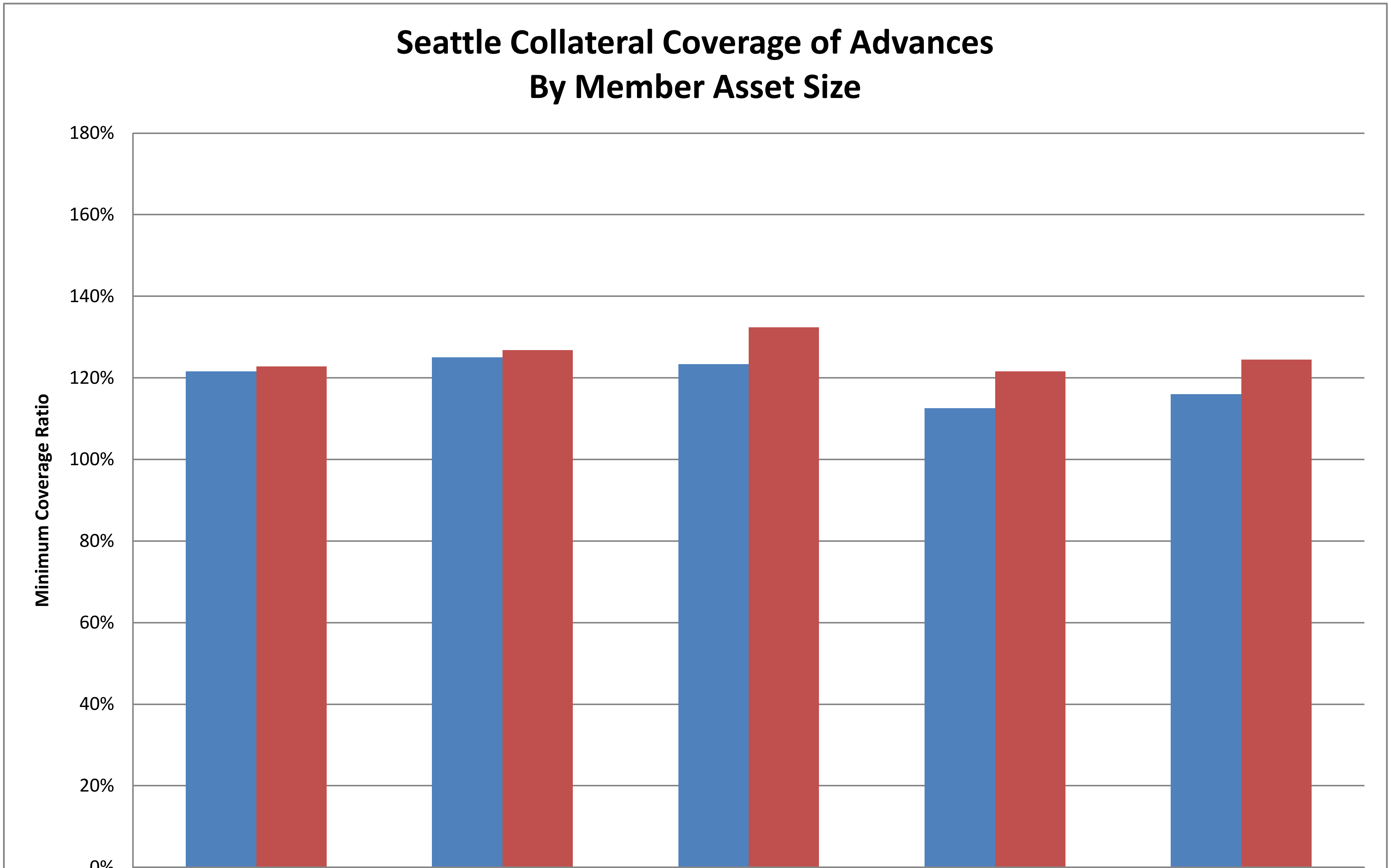
Topeka Collateral Coverage of Advances
By Member Asset Size



	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	178%	157%	121%	130%	136%
2009	122%	129%	120%	111%	120%



	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	170%	166%	150%	149%	150%
2009	171%	164%	146%	126%	129%



	Members < $100 million	Members >$100 million to $1.011 billion	Members >$1.011 billion to $10 billion	Members > $10 billion	All Members
2008	122%	125%	123%	113%	116%
2009	123%	127%	132%	122%	125%

5. Other Real Estate Related Collateral

The FHLBanks provide information as part of the Collateral Data Survey detailing the specific types of ORERC that they accept as collateral. Eligible ORERC at the FHLBanks may include commercial real estate loans, commercial mortgage-backed securities, second mortgage loans, home equity lines of credit, and mortgage loan participations. By regulation, to be eligible collateral, ORERC must have a readily ascertainable value, be able to be reliably discounted to account for liquidation and other risks, and be able to be liquidated in due course. Also, each FHLBank must be able to perfect a security interest in such collateral.

All the FHLBanks report ORERC securing advances except the FHLBank of Pittsburgh. As mentioned earlier in Section 3, the FHLBank of Pittsburgh was able to secure all its year-end 2009 advances with whole loans and U.S. Agency MBS/CMO collateral. At most FHLBanks, members must first exhaust their whole loans, U.S. Agency MBS/CMOs, PLS and securities/deposits collateral prior to receiving borrowing capacity for ORERC.

The largest ORERC category is commercial real estate loans, followed by home equity lines of credit and securities. Seven FHLBanks (Atlanta, Cincinnati, Des Moines, Dallas, Indianapolis, Topeka and Seattle) are not able to provide information regarding the specific type of commercial real estate loans pledged, *e.g.,* office, retail, industrial, lodging, or mixed-use. These seven FHLBanks allow members to secure advances utilizing commercial real estate loan collateral using a blanket pledge. Under a blanket pledge, details for various types of commercial property loans are not generally provided by members and are also not available from regulatory agencies' Call Report data. Commercial real estate loans were not eligible member collateral at the FHLBank of Chicago at year-end 2008, but the FHLBank requested to add this collateral to its eligible collateral list late in 2008 and received approval from the FHFA in August 2009.

The following tables provide detailed information regarding the types of ORERC securing advances at the FHLBanks for the year-ends 2008 and 2009.

Table 5.1

Collateral Securing Advances - ORERC

As of December 31, 2008

($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$1,059	$18,614	$0	$8,928	$4,727	$3,493	$0	$8,613	$33,877	$1,710	$37,474	$4,801	$123,296
Office	$235	$1,983	$0	-	-	-	$0	-	-	-	$1,403	-	$3,621
Retail	$235	$3,117	$0	-	-	-	$0	-	-	-	$3,754	-	$7,106
Industrial	$0	$1,179	$0	-	-	-	$0	-	-	-	$1,608	-	$2,787
Lodging	$118	$784	$0	-	-	-	$0	-	-	-	$929	-	$1,831
Mixed Use	$0	$2,579	$0	-	-	-	$0	-	-	-	$1,688	-	$4,267
Other	$471	$8,972	$0	$8,928	$4,727	$3,493	$0	$8,613	$33,877	$1,710	$28,092	$4,801	$103,684
2. Commercial 2nd Mortgages	$0	$191	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$191
3. Residential Second Mortgage Loans	$0	$570	$0	$0	$2	$36	$804	$699	$2,979	$330	$19,847	$543	$25,810
4. Home Equity Lines of Credit	$28	$0	$0	$25,101	$4,418	$294	$1,182	$2,414	$0	$0	$53,302	$0	$86,739
5. Construction Loans	$0	$0	$0	$0	$0	$0	$0	$26	$0	$381	$0	$0	$407
Residential Construction (Single Family)	$0	$0	$0	$0	$0	$0	$0	$26	$0	$232	$0	$0	$258
Multi-Family Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$149	$0	$0	$149
Commercial Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6. Securities	$0	$7,811	$0	$0	$586	$499	$308	$4,554	$0	$460	$2,175	$1,378	$17,771
CMBS	$0	$7,811	$0	$0	$586	$498	$0	$4,554	$0	$368	$2,175	$1,378	$17,370
HELOC Securities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$92	$0	$0	$92
Mutual Funds	$0	$0	$0	$0	$0	$1	$0	$0	$0	$0	$0	$0	$1
Other Securities (Specifiy) - Mutual Securities	$0	$0	$0	$0	$0	$0	$308	$0	$0	$0	$0	$0	$308
7. Land Loans	$0	$0	$0	$0	$180	$0	$0	$1,317	$0	$362	$0	$0	$1,859
Farm Real Estate	$0	$0	$0	$0	$180	$0	$0	$1,317	$0	$362	$0	$0	$1,859
Other Land Loans (Specifiy)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
8. Other	$0	$71	$0	$0	$0	$0	$0	$129	$14	$0	$483	$0	$697
Participated loans	$0	$0	$0	$0	$0	$0	$0	$129	$0	$0	$483	$0	$612
Other (Specify)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Multi-family Second Mortgage Loans	$0	$71	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$71
Ineligible CRE Loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Guaranteed portions of FSA & SBA loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warehouse and Jr Liens deducted from Single-family	$0	$0	$0	$0	$0	$0	$0	$0	$14	$0	$0	$0	$14
Totals	$1,087	$27,257	$0	$34,029	$9,913	$4,322	$2,294	$17,752	$36,870	$3,243	$113,281	$6,722	$256,770

Collateral Securing Advances - ORERC

Table 5.2

As of December 31, 2009

($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$262	$17,082	$0	$10,470	$1,601	$2,715	$0	$9,288	$20,333	$856	$11,450	$4,561	$78,618
Office	$79	$1,910	$0	-	-	-	$0	-	-	-	$467	-	$2,456
Retail	$77	$2,621	$0	-	-	-	$0	-	-	-	$1,586	-	$4,283
Industrial	$28	$1,091	$0	-	-	-	$0	-	-	-	$1,126	-	$2,245
Lodging	$11	$644	$0	-	-	-	$0	-	-	-	$705	-	$1,360
Mixed Use	$32	$1,871	$0	-	-	-	$0	-	-	-	$746	-	$2,649
Other	$36	$8,947	$0	$10,470	$1,601	$2,715	$0	$9,288	$20,333	$856	$6,820	$4,561	$65,626
2. Commercial 2nd Mortgages	$0	$210	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$210
3. Residential Second Mortgage Loans	$0	$434	$0	$0	$8	$27	$74	$384	$101	$183	$589	$342	$2,142
4. Home Equity Lines of Credit	$3,038	$0	$0	$63,768	$168	$277	$1,142	$2,099	$0	$0	$89	$0	$70,582
5. Construction Loans	$0	$0	$0	$0	$0	$0	$0	$5	$1,167	$47	$0	$0	$1,220
Residential Construction (Single Family)	$0	$0	$0	$0	$0	$0	$0	$5	$0	$25	$0	$0	$30
Multi-Family Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22	$0	$0	$22
Commercial Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6. Securities	$0	$6,735	$0	$0	$1,102	$1,226	$194	$4,386	$0	$475	$32	$2,507	$16,657
CMBS	$0	$6,735	$0	$0	$1,102	$1,224	$0	$4,349	$0	$436	$25	$2,507	$16,377
HELOC Securities	$0	$0	$0	$0	$0	$0	$0	$38	$0	$40	$7	$0	$84
Mutual Funds	$0	$0	$0	$0	$0	$2	$0	$0	$0	$0	$0	$0	$2
Other Securities (Specifiy) - Mutual Securities	$0	$0	$0	$0	$0	$0	$194	$0	$0	$0	$0	$0	$194
7. Land Loans	$0	$0	$0	$0	$54	$0	$0	$1,099	$5,763	$143	$0	$0	$7,059
Farm Real Estate	$0	$0	$0	$0	$54	$0	$0	$1,099	$0	$143	$0	$0	$1,295
Other Land Loans (Specifiy)	$0	$0	$0	$0	$0	$0	$0	$0	$5,763	$0	$0	$0	$5,763
8. Other	$0	$69	$0	$0	$0	$0	$368	$154	$125	$33	$229	$0	$978
Participated loans	$0	$0	$0	$0	$0	$0	$0	$154	$0	$0	$229	$0	$383
Other (Specify)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Multi-family Second Mortgage Loans	$0	$69	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$69
Ineligible CRE Loans	$0	$0	$0	$0	$0	$0	$368	$0	$0	$0	$0	$0	$368
Guaranteed portions of FSA & SBA loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$33	$0	$0	$33
Warehouse and Jr Liens deducted from Single-family	$0	$0	$0	$0	$0	$0	$0	$0	$125	$0	$0	$0	$125
Totals	$3,300	$24,529	$0	$74,238	$2,932	$4,246	$1,778	$17,416	$27,489	$1,738	$12,389	$7,410	$177,463

6. Community Financial Institution Collateral

The FHLBanks are authorized to accept additional types of collateral from CFI members and their affiliates as security for advances that would not be otherwise considered eligible collateral. These types of CFI collateral include small business loans, small farm loans or small agri-business loans fully secured by collateral other than real estate, and securities representing a whole interest in such loans. The FHLBanks report data on the types of CFI collateral that they accept, as well as the associated advances secured solely by CFI collateral. The FHLBanks were also requested to provide estimates of the unutilized CFI collateral.

This section provides tables displaying the mix of CFI collateral types, the level of advances secured by CFI collateral, and the amounts of unutilized CFI collateral at year-ends 2008 and 2009. Also provided are graphs that display changes of CFI collateral and associated advances at year-ends 2008 and 2009.

Table 6.1

2008 CFI Collateral & Advances Activity

($ Millions)

CFI Collateral Securing Advances													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	0	0	0	0	0	21	107	0	436	1,367	68	2	2,001
Small Agri-business Loans	0	0	0	0	0	0	0	127	0	315	6	2	450
Small Business Loans	12	0	0	0	0	26	80	392	7,499	2,549	287	22	10,867
Total CFI Collateral	12	0	0	0	0	47	187	519	7,935	4,231	361	26	13,318

Total CFI Advances	6	0	0	0	0	18	94	201	2,889	2,442	72	15	5,737

Unutilized CFI Collateral													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	1,863	0	0	0	0	873	148	12,027	9,981	2,823	316	2,280	30,311
Small Agri-business Loans	515	0	0	0	1	0	0	11,527	0	4,629	301	1,446	18,419
Small Business Loans	3,826	0	4,634	0	9	3,928	217	47,451	35,918	5,146	4,148	4,091	109,368
Total Unutilized CFI Collateral	6,204	0	4,634	0	10	4,801	365	71,005	45,899	12,598	4,765	7,817	158,098

Table 6.2

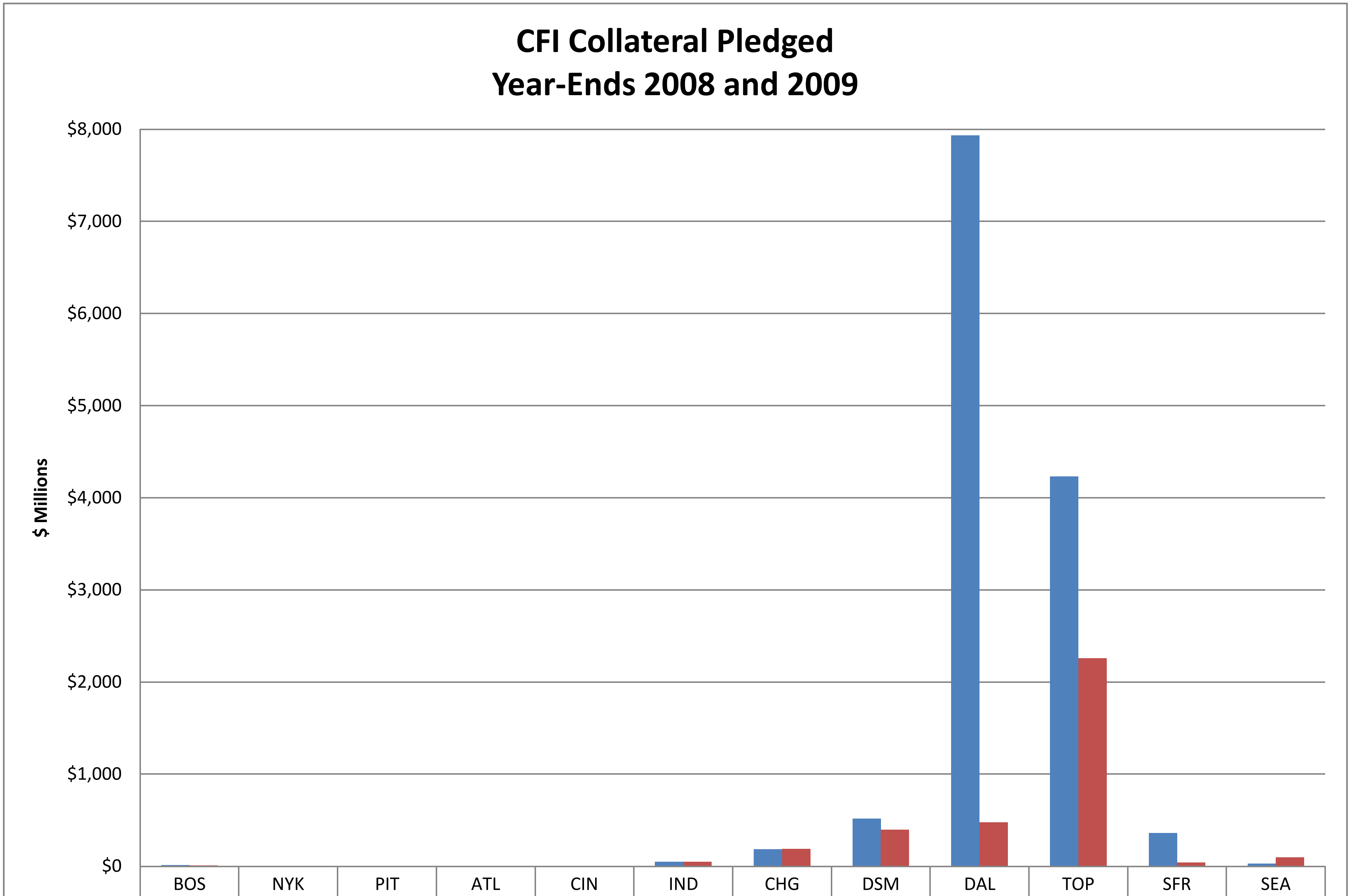
2009 CFI Collateral & Advances Activity

($ Millions)

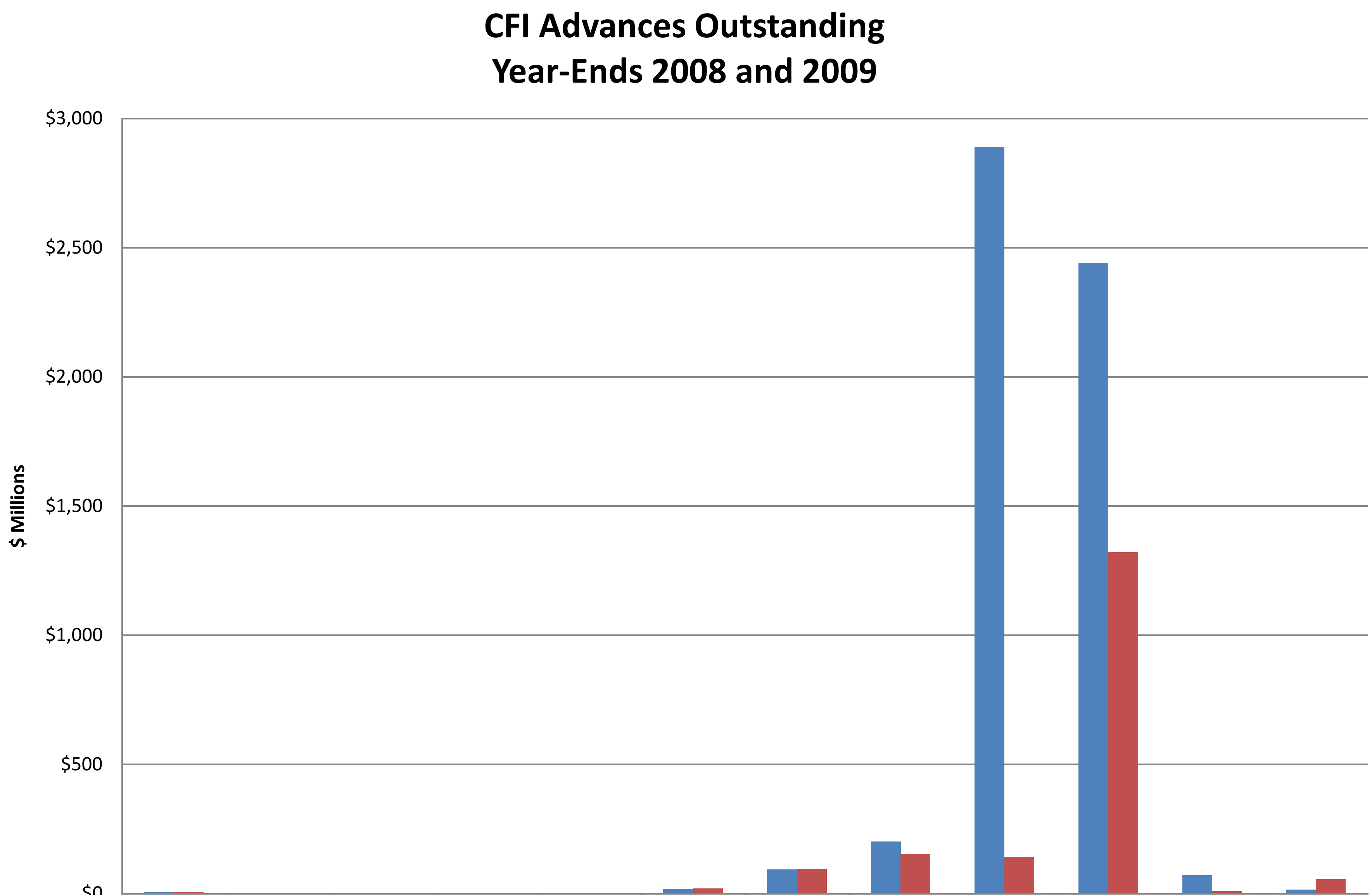
CFI Collateral Securing Advances													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	0	0	0	0	0	27	88	0	219	885	0	32	1,251
Small Agri-business Loans	0	0	0	0	0	0	0	129	0	210	1	10	350
Small Business Loans	10	0	0	0	0	20	102	267	256	1,164	39	57	1,915
Total CFI Collateral	10	0	0	0	0	47	190	396	475	2,259	40	99	3,516

Total CFI Advances	5	0	0	0	0	20	95	151	141	1,321	9	55	1,797

Unutilized CFI Collateral													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	5,402	0	0	0	0	1,369	142	0	8,365	2,671	207	2,390	20,546
Small Agri-business Loans	521	0	0	0	737	0	0	11,726	0	2,776	180	1,641	17,581
Small Business Loans	15,543	0	5,875	0	5,225	2,767	200	19,694	14,381	15,174	2,961	4,892	86,712
Total Unutilized CFI Collateral	21,466	0	5,875	0	5,962	4,136	342	31,420	22,746	20,621	3,348	8,923	124,839

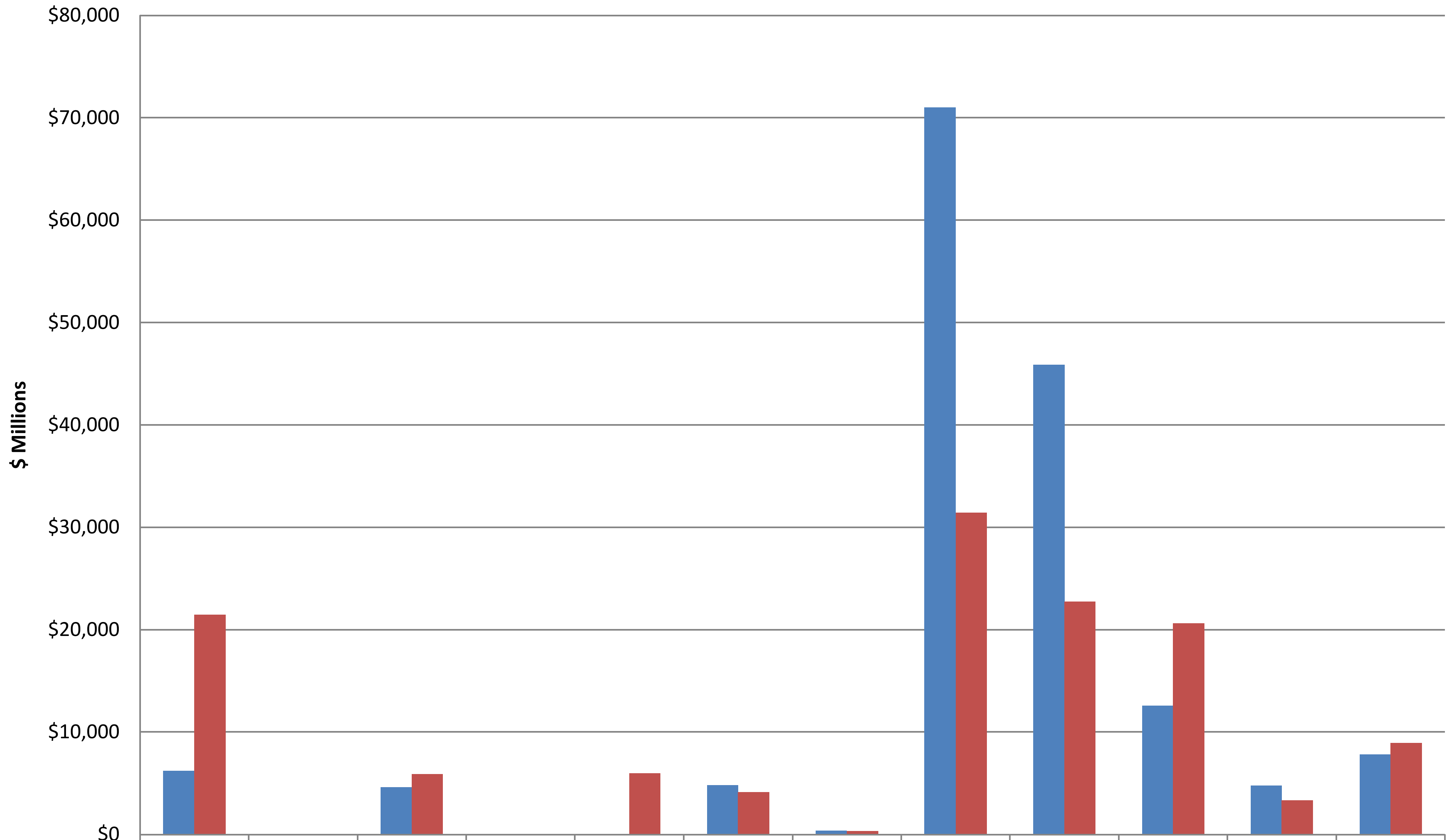


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$12	$0	$0	$0	$0	$47	$187	$519	$7,935	$4,231	$361	$26
2009	$10	$0	$0	$0	$0	$47	$190	$396	$475	$2,259	$40	$99



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$6	$0	$0	$0	$0	$18	$94	$201	$2,889	$2,442	$72	$15
2009	$5	$0	$0	$0	$0	$20	$95	$151	$141	$1,321	$9	$55

Unutilized CFI Collateral
Year-Ends 2008 and 2009



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$6,204	$0	$4,634	$0	$10	$4,801	$365	$71,005	$45,899	$12,598	$4,765	$7,817
2009	$21,466	$0	$5,875	$0	$5,962	$4,136	$342	$31,420	$22,746	$20,621	$3,348	$8,923

7. Insurance Company and Credit Union Collateral

Insurance Companies

Insurance company membership is increasing throughout the System. While advances to insurance company members decreased from $55 billion at year-end 2008 to $48 billion at year-end 2009, insurance company member advances represented eight percent of total System advances, up from six percent at year-end 2008. The member count for this group increased to 210, an increase of 26 insurance company members during 2009.

Collateral coverage for advances to insurance companies is lower than the collateral coverage for commercial bank, thrift or credit union members. This is principally a result of the type of collateral pledged and lien status imposed by the FHLBanks for insurance company members. U.S. Agency MBS/CMO and PLS collateral represented 53 percent of the collateral securing advances to insurance company members. The FHLBanks generally require the delivery of collateral from insurance companies as they are not federally insured as other members of the System.

The table below displays the distribution of collateral securing advances to insurance companies at year-ends 2008 & 2009:

Insurance Company Collateral		
Collateral Type	**Percentage of Collateral 2008**	**Percentage of Collateral 2009**
PLS	27	6
U.S. Agency MBS/CMOs	30	47
ORERC	23	30
Whole loans	11	6
Securities/deposits	9	11

Credit Unions

Although all FHLBanks report advances outstanding to credit union members, advances to credit unions are not currently a significant component of their advance business. Credit union borrowings decreased from $41 billion at year-end 2008 to $27 billion at year-end 2009, a decrease of 34 percent. While credit union membership increased by 52 new credit unions during 2009, most credit union members tend to be of small asset size.

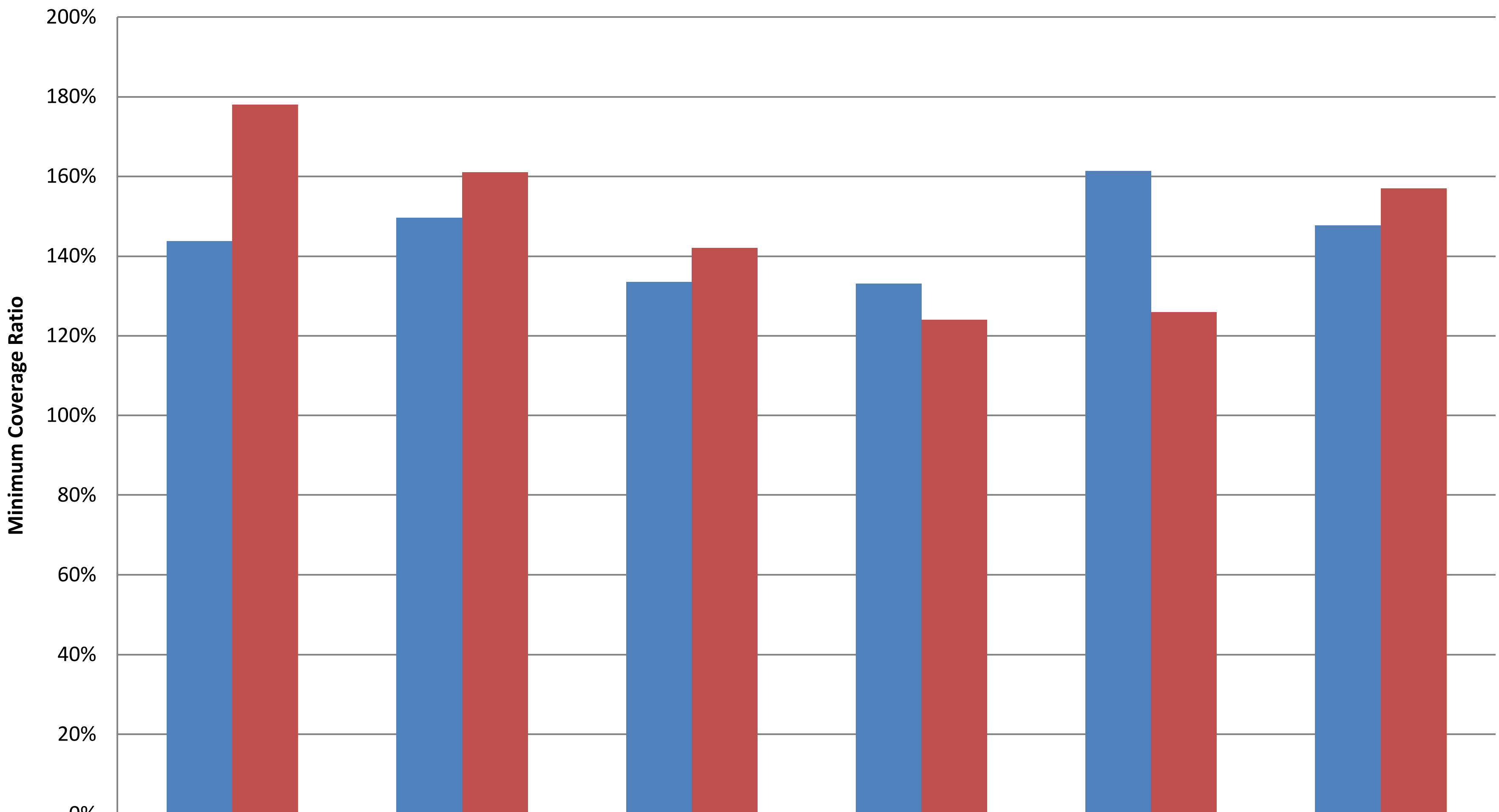
Collateral coverage for advances to credit unions is higher than the collateral coverage for other members. This is principally a result of the type of collateral credit unions pledge. Almost 80 percent of the collateral for advances to credit unions is whole mortgage loan collateral. The FHLBanks generally discount whole mortgage loan collateral more than U.S. Agency MBS/CMOs.

The table below displays the distribution of collateral securing advances to credit unions at year-ends 2008 and 2009:

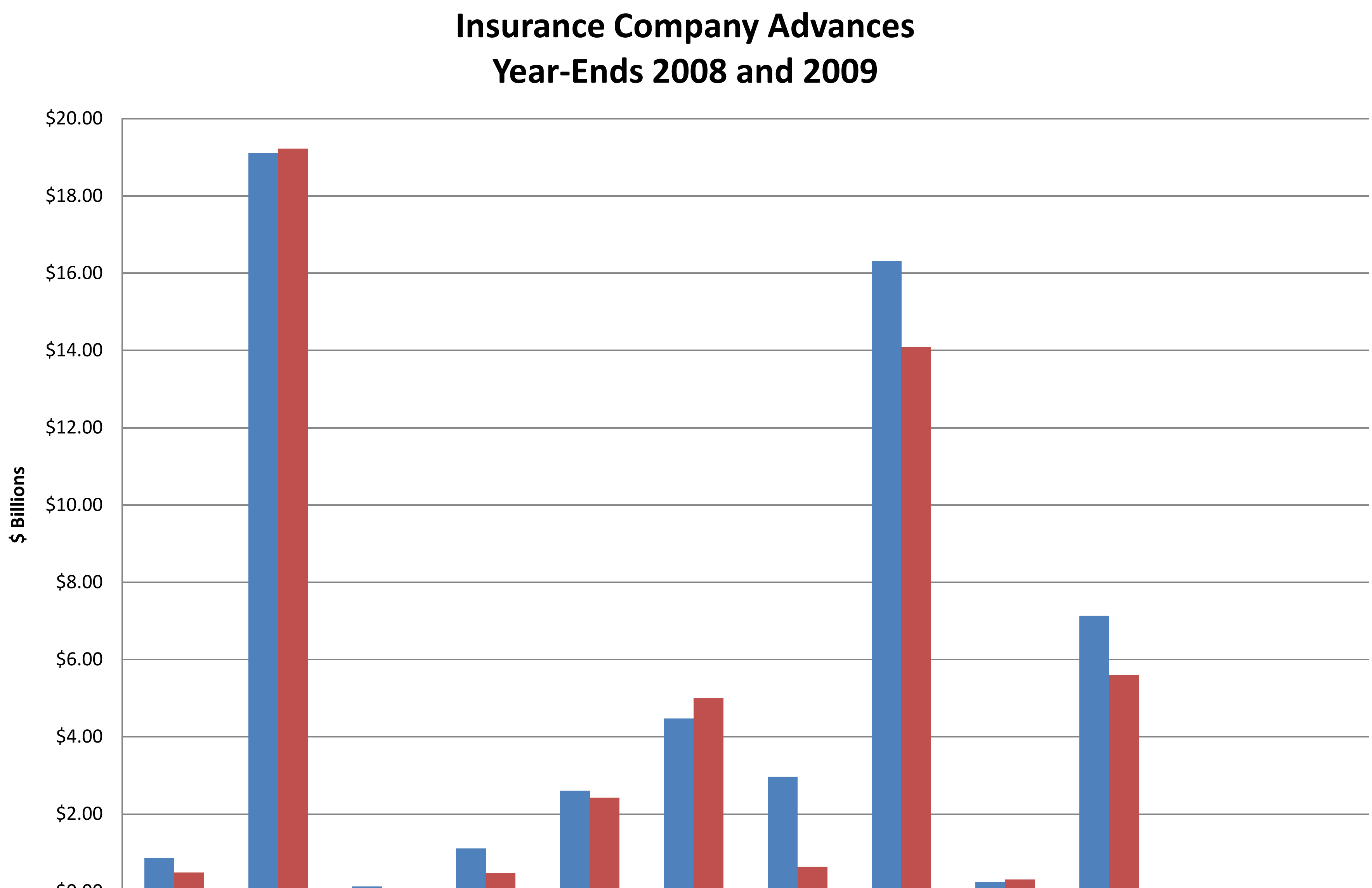
Credit Union Collateral		
Collateral Type	**Percentage of Collateral 2008**	**Percentage of Collateral 2009**
PLS	15	1
U.S. Agency MBS/CMOs	17	15
ORERC	**4**	5
Whole loans	62	79
Securities/Deposits	1	1

The first graph in this section exhibits collateral coverage of advances to the various types of FHLBank members. The "others" category captures outstanding advances made to members that have been acquired by a member of another FHLBank (but remain outstanding to the originating FHLBank) and advances made to housing associates. The other graphs in this section provide information on the volume of advances and the collateral coverage for both insurance companies and credit unions.

System Collateral Coverage of Advances
By Member Type
Year-Ends 2008 and 2009

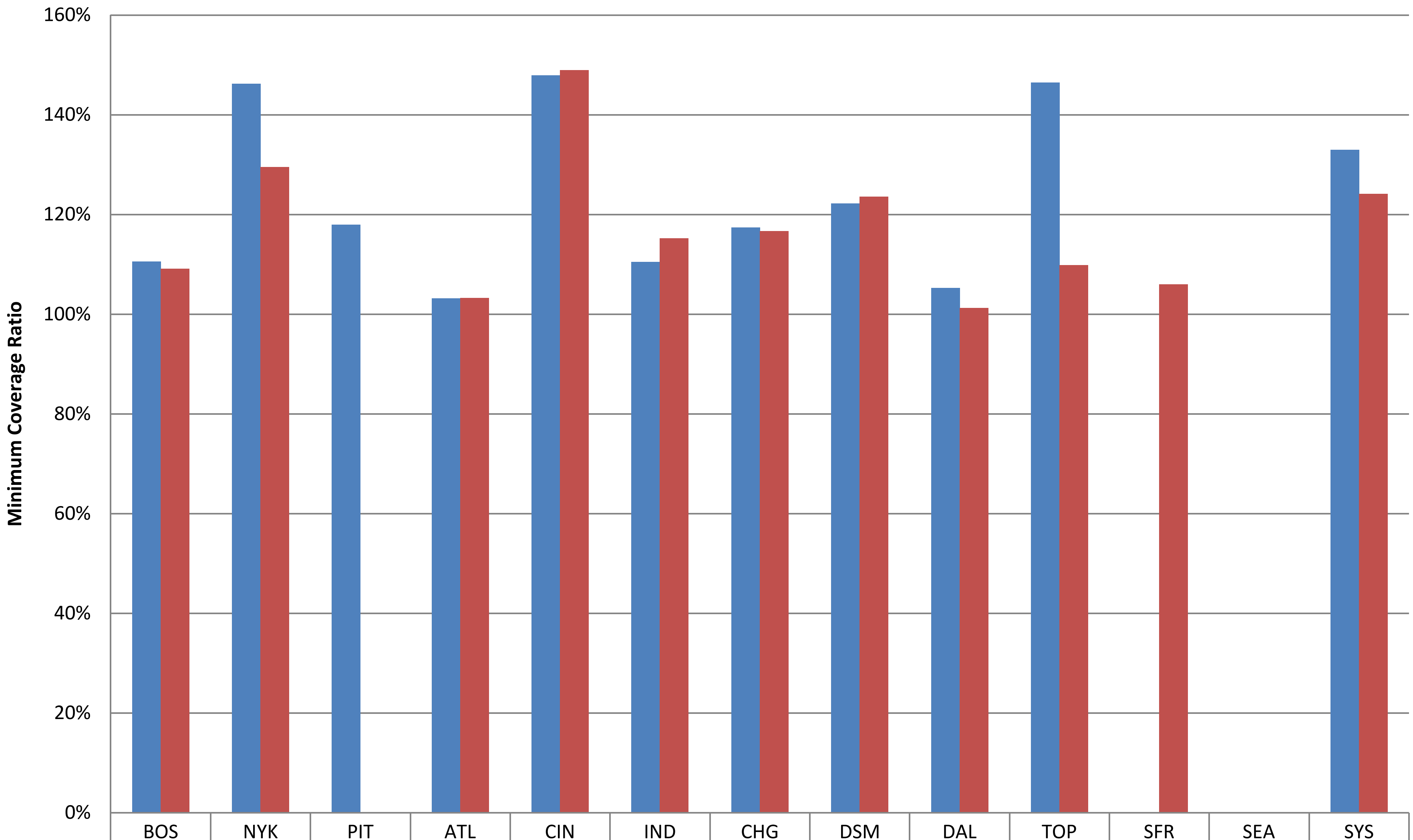


	Thrifts	Commercial Banks	Credit Unions	Insurance Companies	Others	All Members
2008	144%	150%	134%	133%	161%	148%
2009	178%	161%	142%	124%	126%	157%

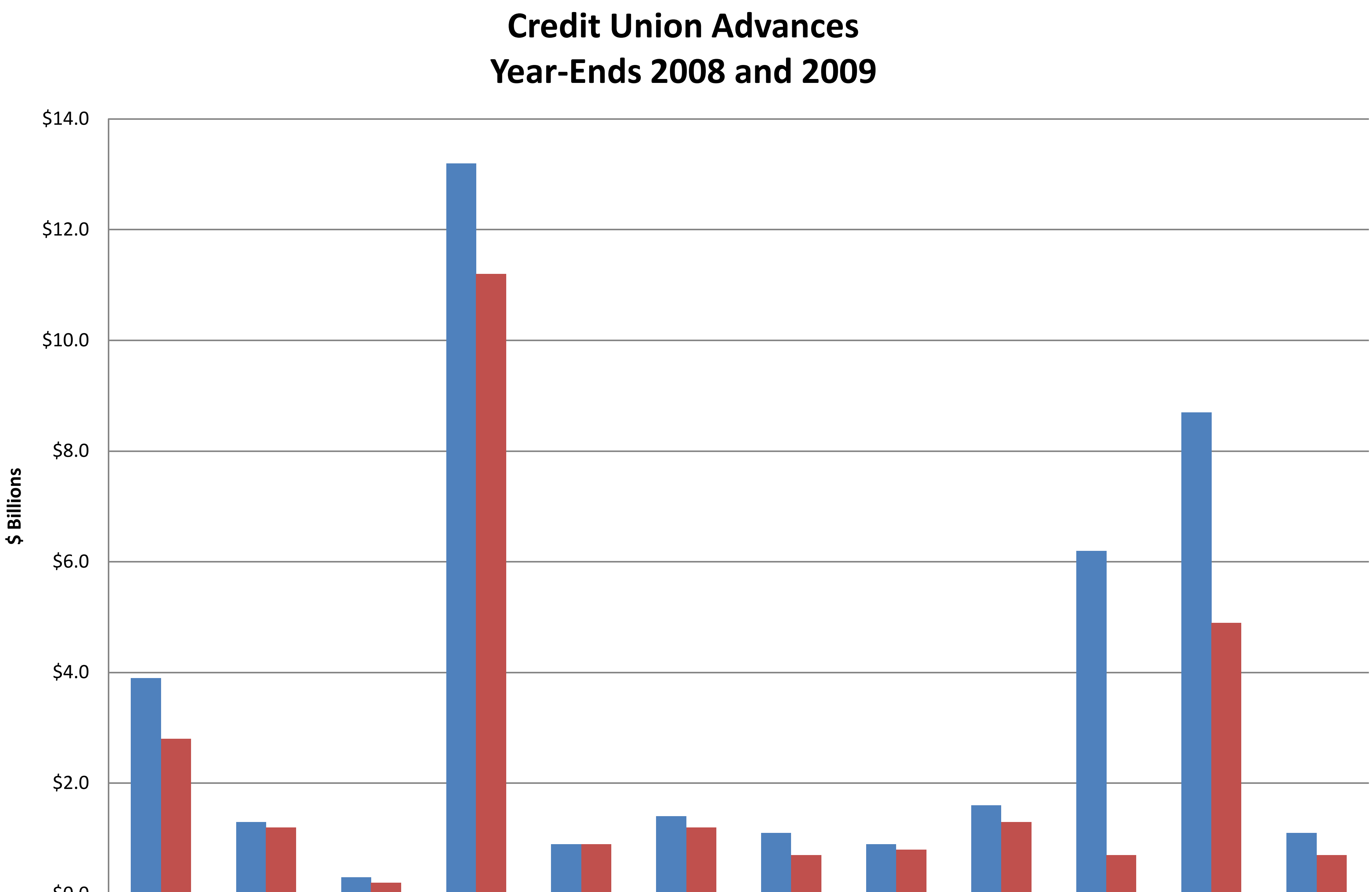


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$0.86	$19.11	$0.13	$1.10	$2.60	$4.47	$2.96	$16.32	$0.24	$7.13	$0.00	$0.00
2009	$0.49	$19.23	$0.00	$0.48	$2.42	$4.99	$0.63	$14.08	$0.30	$5.60	$0.03	$0.00

Collateral Coverage of Insurance Companies
Year-Ends 2008 and 2009

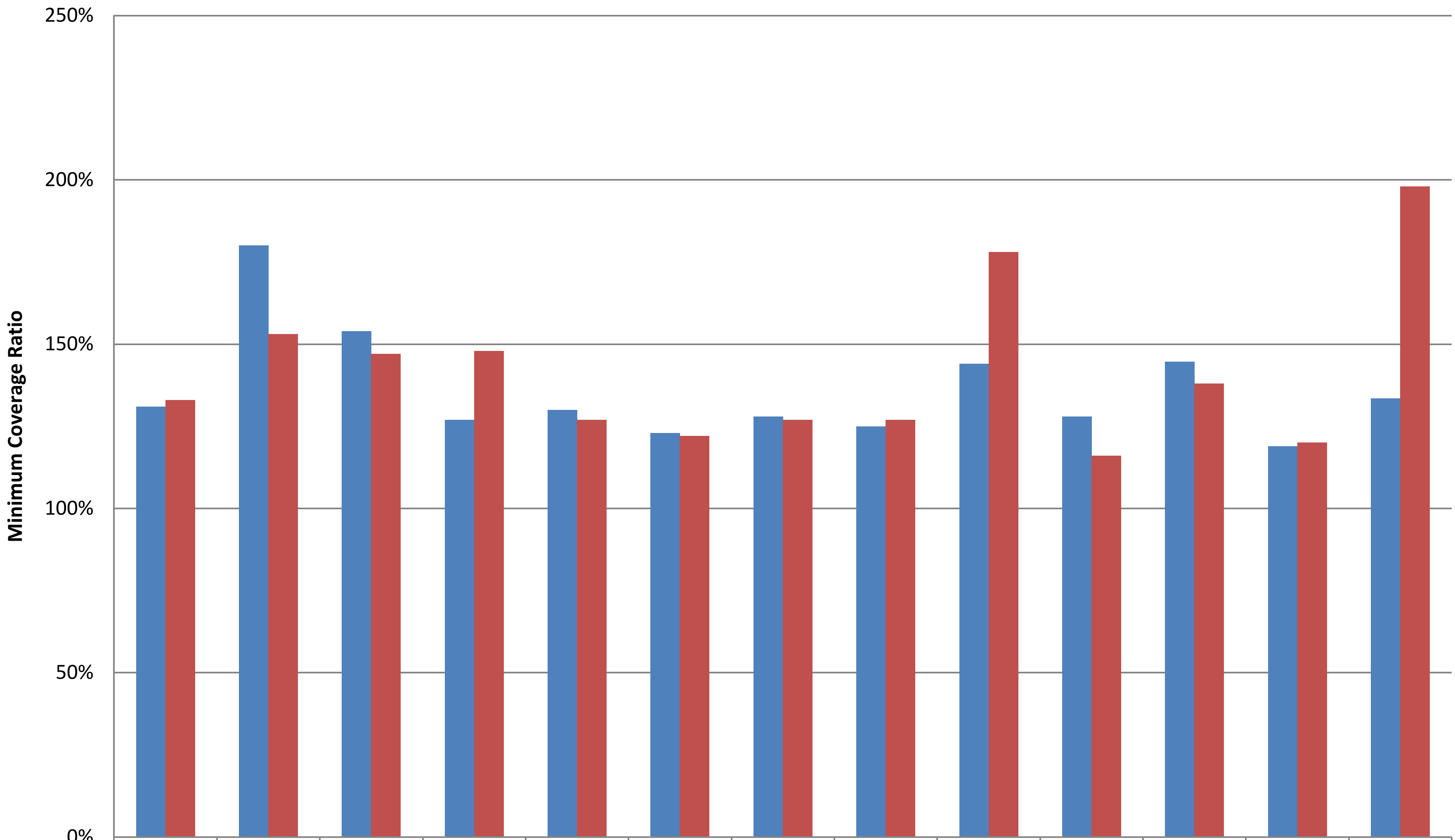


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
2008	111%	146%	118%	103%	148%	111%	117%	122%	105%	147%	0%	0%	133%
2009	109%	129%	0%	103%	149%	115%	117%	124%	101%	110%	106%	0%	124%



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2008	$3.9	$1.3	$0.3	$13.2	$0.9	$1.4	$1.1	$0.9	$1.6	$6.2	$8.7	$1.1
2009	$2.8	$1.2	$0.2	$11.2	$0.9	$1.2	$0.7	$0.8	$1.3	$0.7	$4.9	$0.7

Collateral Coverage of Credit Unions
Year-Ends 2008 and 2009



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
2008	131%	180%	154%	127%	130%	123%	128%	125%	144%	128%	145%	119%	134%
2009	133%	153%	147%	148%	127%	122%	127%	127%	178%	116%	138%	120%	198%

8. Subprime and Nontraditional Mortgage Collateral

Each FHLBank reports for the Collateral Data Survey the amounts of subprime and nontraditional mortgage loans and securities that it relies on to secure advances. The FHLBanks are requested to provide the amounts of subprime and nontraditional first lien residential mortgage loans, second mortgages, home equity lines of credit and residential construction loans. The FHLBanks also report the amounts of subprime and Alt-A PLS which FHLBank members have pledged.

The varying levels of subprime and nontraditional mortgage loan collateral reported by each FHLBank are a function of the ways in which the FHLBanks measure and categorize such exposures, in addition to actual differences in collateral pledged by members in each FHLBank district. The FHLBanks report either actual or estimated amounts, depending on data availability. For example, the amounts of subprime and nontraditional mortgage loans are most often extrapolated from collateral verification reviews and information collected from those members on listing or delivery collateral status, resulting in estimated amounts.

The FHLBanks used their own categorizations of subprime and nontraditional mortgage loans when responding to the Collateral Data Survey. The Collateral Data Survey did not establish specific definitions of these terms to allow for flexibility in reporting based on imperfect information about collateral, particularly information available about collateral accepted through a blanket lien. This approach is consistent with the three Advisory Bulletins the FHFA has issued since 2007 regarding restrictions related to subprime and nontraditional mortgage loan and PLS collateral. Generally speaking, however, nontraditional mortgage loans include those that allow negative amortization or the deferment of payments of principal or interest. Subprime loans generally are those to a borrower having a credit score below some threshold level. The threshold under which a borrower is considered subprime has varied with market conditions, loan originators, and loan investors.

Regarding PLS serving as collateral for advances, the Collateral Data Survey requests the FHLBanks to report those securities according to how they were categorized by the issuer, rating agency, or other market participant. Information on PLS can be obtained by reviewing the securities' prospectuses, market-based sources of information, or even the names of the securities themselves, allowing the FHLBanks to provide actual amounts in some cases. There is no standard definition of an Alt-A security. Alt-A PLS traditionally have been considered to be those backed by mortgage loans to borrowers with prime credit scores but with features that included, for example, low or no borrower income or asset verification. Subprime PLS are generally backed by mortgage loans to subprime borrowers. Rating agencies often have identified securities backed by home equity loans as subprime.

Table 8.1 presents the percentages of mortgage loan collateral that is subprime, nontraditional, or both, as a percent of whole loan collateral, and subprime and Alt-A PLS collateral as a percent of total PLS collateral. Table 8.2 presents subprime and nontraditional mortgage loans and subprime and Alt-A PLS collateral to total collateral securing advances. Tables 8.3 and 8.4 present the volume of mortgage loan collateral that is subprime, nontraditional, or both, and subprime and Alt-A PLS collateral for year-ends 2008 and 2009.

Table 8.1

Subprime, Nontraditional and Alt-A Collateral to Collateral Class

Year End 2009

FHLBank	Percent of Mortgage Loan Collateral that is Subprime (SP)	Percent of Mortgage Loan Collateral that is Nontraditional (NTM)	Percent of Mortgage Loan Collateral that is both SP and NTM	Percent of PLS Collateral that is SP	Percent of PLS Collateral that is Alt-A	FHLBank Reporting Standard: Actual (A) or Estimate (E)
BOS	1.2%	2.6%	0.0%	0.0%	0.0%	A
NYK	4.1%	13.1%	0.6%	2.9%	12.9%	A & E
PIT	0.0%	29.7%	0.0%	0.0%	0.0%	A
ATL	16.8%	14.1%	3.3%	06%	8.6%	A & E
CIN	0.7%	2.4%	0.0%	0.0%	0.3%	E
IND	6.2%	10.0%	0.2%	0.0%	17.0%	A & E
CHG	0.0%	7.0%	0.0%	0.0%	63.7%	E
DSM	11.8%	0.6%	0.0%	14.6%	10.2%	E
DAL	2.9%	4.7%	0.0%	1.0%	74.2%	A & E
TOP	0.0%	1.4%	0.0%	6.9%	26.3%	A
SFR	8.6%	41.2%	5.3%	1.0%	4.5%	A
SEA	2.5%	10.9%	0.7%	0.0%	1.0%	A & E
SYS	7.8%	17.7%	2.0%	1.7%	33.6%	A & E

Table 8.2

Subprime, Nontraditional and Alt-A Collateral to Total Collateral

Year End 2009

FHLBank	Subprime (SP) Mortgage Loan Collateral as a Percent of Total Collateral	Nontraditional (NTM) Mortgage Loan Collateral as a Percent of Total Collateral	Mortgage Loan Collateral that is both SP and NTM as a Percent of Total Collateral	Subprime PLS Collateral as a Percent of Total Collateral	Alt-A PLS Collateral as a Percent of Total Collateral	Combined SP and NTM Mortgage, SP and Alt-A PLS Collateral as a Percent of Total Collateral
BOS	1.1 %	2.4%	0.0%	0.0%	0.0%	3.5%
NYK	2.3%	7.6%	0.3%	0.1%	0.3%	10.6%
PIT	0.0%	29.7%	0.0%	0.0%	0.0%	29.7%
ATL	14.6%	12.2%	2.8%	0.0%	0.3%	29.9%
CIN	0.6%	1.9%	0.1%	0.0%	0.0%	2.5%
IND	4.0%	6.4%	0.0%	0.0%	0.6%	11.2%
CHG	0.0%	6.0%	0.0%	0.0%	0.5%	6.5%
DSM	5.7%	0.3%	0.0%	0.2%	0.2%	6.4%
DAL	1.4%	2.3%	0.0%	0.1%	8.4%	12.2%
TOP	0.0%	0.8%	0.0%	0.3%	1.2%	2.3%
SFR	6.5%	31.3%	4.0%	0.0%	0.0%	41.9%
SEA	1.7%	7.2%	0.4%	0.0%	0.0%	9.3%
SYS	5.7%	12.6%	1.5%	0.0%	0.9%	20.7%

Table 8.3

Subprime, Nontraditional and Alt-A Collateral

Year End 2008

(Millions)

FHLBank	Mortgage Loan Collateral that is Subprime (SP)	Mortgage Loan Collateral that is Nontraditional (NTM)	Mortgage Loan Collateral that is both SP and NTM	PLS Collateral that is SP	PLS Collateral that is Alt-A	Total of all SP, NTM and Alt-A Collateral
BOS	$35	$472	$0	$0	$0	$507
NYK	$4,933	$17,639	$559	$262	$4,072	$27,465
PIT	$0	$24,164	$0	$0	$0	$24,164
ATL	$17,049	$45,655	$6,196	$106	$1,976	$70,983
CIN	$6,027	$394	$40	$0	$1,487	$7,498
IND	$2,003	$3,164	$9	$2	$619	$5,796
CHG	$0	$27	$0	$0	$163	$191
DSM	$4,166	$56	$0	$550	$828	$5,599
DAL	$2,125	$40	$0	$6,424	$0	$8,589
TOP	$0	$642	$0	$948	$7,220	$8,811
SFR	$12,637	$55,533	$10,529	$1,147	$2,268	$82,114
SEA	$149	$1,732	$687	$0	$31	$2,599
SYS	$49,124	$149,518	$18,020	$9,439	$18,663	$244,764

Table 8.4

Subprime, Nontraditional and Alt-A Collateral

Year End 2009

(Millions)

FHLBank	Mortgage Loan Collateral that is Subprime (SP)	Mortgage Loan Collateral that is Nontraditional (NTM)	Mortgage Loan Collateral that is both SP and NTM	PLS Collateral that is SP	PLS Collateral that is Alt-A	Total of all SP, NTM and Alt-A Collateral
BOS	$567	$1,196	$0	$0	$0	$1,762
NYK	$3,779	$12,191	$557	$95	$428	$17,051
PIT	$0	$17,348	$0	$0	$0	$17,348
ATL	$34,239	$28,701	$6,657	$44	$671	$70,311
CIN	$294	$948	$8	$0	$3	$1,253
IND	$1,176	$1,883	$30	$0	$172	$3,261
CHG	$2	$2,011	$0	$0	$153	$2,166
DSM	$2,753	$142	$0	$112	$78	$3,085
DAL	$1,127	$1,802	$11	$90	$6,616	$9,646
TOP	$0	$211	$0	$81	$308	$599
SFR	$11,156	$53,522	$6,903	$7	$32	$71,621
SEA	$455	$1,951	$122	$0	$3	$2,531
SYS	$55,548	$121,905	$14,289	$428	$8,464	$200,634

9. Glossary

Advance – An extension of credit from a Federal Home Loan Bank to a member or housing associate.

Alt-A PLS - Alt-A private-label mortgage-backed securities traditionally have been considered to be those backed by mortgage loans to borrowers with prime credit scores but with features that included, for example, low or no borrower income or asset verification. However, there is no standard definition of an Alt-A PLS.

Blanket – A form of collateral control under which the member grants the Federal Home Loan Bank a security interest in all or most of its assets, or one or more broad categories of assets, to secure advances.

Delivery – A form of collateral control under which the member delivers assets to the Federal Home Loan Bank or an approved safekeeping facility to secure advances.

Collateral Coverage Ratio - A collateral value to advance value ratio, where collateral value may be the unpaid principal balance, market value, or other valuation.
For example, a coverage ratio of 125 percent implies that $1,000,000 of collateral pledged supports $800,000 of advances from a Federal Home Loan Bank.

Community Financial Institution - A financial institution that has its deposits insured under the Federal Deposit Insurance Act and whose three-year average assets are $1.011 billion or less.

Housing Associate – A housing associate is a non-member entity to which a Federal Home Loan Bank may make advances if it meets specific requirements in Federal Housing Finance Agency regulations. Housing associates are often state housing finance agencies.

Listing - A form of collateral control under which the member agrees to provide the Federal Home Loan Bank with specific details of the mortgage loans or other eligible collateral pledged, but held by the member, to secure advances.

Member – Any financial institution that has been approved for membership and has purchased stock in a Federal Home Loan Bank.

Nontraditional Mortgage Loans – Nontraditional mortgage loans include those that allow negative amortization or the deferment of payments of principal or interest.

Subprime Mortgage Loan - Subprime loans generally are those to a borrower having a credit score below a threshold level. Currently, there is no consistent or standard threshold score that defines a subprime loan.

Subprime PLS – Subprime private-label mortgage-backed securities generally are backed by residential first or second mortgage loans to subprime borrowers. Rating agencies often have identified securities backed by home equity loans as subprime.