Report on Collateral Pledged to Federal Home Loan Banks

Prepared for

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

Senate and

The Committee on Financial Services of the House of Representatives

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1. Background

Section 1212 of the Housing and Economic Recovery Act of 2008 requires the Federal Housing Finance Agency (FHFA) to submit an annual report to Congress on the collateral pledged to the Federal Home Loan Banks (FHLBanks) by type and by District. The information in this report is based on data collected through an annual survey, known as the Collateral Data Survey, conducted by FHFA's Division of Federal Home Loan Bank Regulation.

The Federal Home Loan Bank System (System) was created by the Federal Home Loan Bank Act of 1932 (the Bank Act) to support mortgage lending and related community investment. The FHLBanks provide liquidity to their members and eligible non-member housing associates[1] by offering them loans, referred to as advances. These members and housing associates are required to pledge collateral in the form of mortgages and other eligible assets to secure their advances from FHLBanks.

This report provides data on the levels of collateral pledged to the FHLBanks securing advances and other products offered by FHLBanks to their members and housing associates. The report includes data on the adjusted minimal level of collateral pledged to secure advances and the total collateral pledged by members and housing associates. The "adjusted minimum" level of collateral is defined as the minimum amount of collateral an FHLBank determines would be necessary to liquidate a member's outstanding advances. Total collateral includes the adjusted minimum level of collateral, plus collateral pledged by borrowers and non-borrowers to support non-advance products, plus any collateral pledged in excess of these amounts. As of December 31, 2011, FHLBank advances totaled approximately $403 billion. As of that date, the adjusted minimum level of collateral securing advances was $518 billion and the total collateral pledged to the FHLBanks was $1.5 trillion.

Collateral at the FHLBanks

The Bank Act and FHFA regulations require that FHLBanks obtain and maintain collateral from their borrowers in order to secure advances at the time these advances are originated or renewed. In general, the FHLBanks enter into collateral security agreements with each member or housing associate and through this agreement the FHLBank obtains a security interest in some or all of a member's or housing associate's assets.

Each FHLBank's collateral policy identifies the types and amounts of eligible collateral it will accept and specifies the methodology it uses to establish collateral discounts, or "haircuts," on various types of collateral. The reported book value of any collateral

[1] Entities, such as state housing finance agencies, that meet certain requirements may obtain advances if they are designated as FHLBank "housing associates." Housing associates must also provide collateral to secure those advances.

pledged is discounted, or given a "haircut," to ensure that the amount of collateral pledged will fully secure any outstanding advances should a member default. The collateral discounts, or haircuts, are designed to ensure that the liquidation value of collateral pledged exceeds the value of the advances it is securing. The amount of collateral required to secure advances differs across FHLBanks and depends on a number of factors that typically include the specific type of collateral pledged, the financial condition of the member, the quality of the member's credit underwriting policies and practices, the method of securing the collateral pledged, and recent trends in asset values.

By statute,[2] all advances made by FHLBanks to their members must be fully secured. The FHLBanks fulfill this requirement through a process that begins by requiring all members to sign a lien agreement on some or all of a member's assets. The most commonly used lien agreement is known as the blanket lien. Under the blanket lien, an FHLBank executes a security agreement that provides a secured interest in the member's assets without the member providing detailed information on the specific assets covered by the lien. FHLBanks typically have either a blanket lien on all assets of the member or a limited blanket lien that limits the security interest to only those assets specified in the security agreement. Under a blanket lien, the member maintains possession of the collateral pledged to the FHLBank.

In addition to a blanket lien, an FHLBank can require a member to enter into a "collateral listing agreement." In a listing agreement, the member provides a list of the assets pledged along with detailed information about those assets. The benefit of using the listing method is that the FHLBank can more easily assess the type and quality of assets pledged. Consequently, an FHLBank will typically lend more against each dollar of collateral pledged when a member enters into a listing agreement than they would lend under a blanket lien alone. As a precautionary measure, the FHLBanks may require members with higher risk profiles to enter into listing agreements.

FHLBanks also use the "delivery method" of securing collateral. Under this method, an FHLBank either takes possession of the collateral or requires a third-party custodian to take possession. The delivery method is the most secure type of collateral control and, therefore, FHLBanks often require the collateral to be delivered when the creditworthiness of the borrower is an issue. In addition, when securities are pledged as collateral, FHLBanks require delivery of securities regardless of the member's financial condition.

The board of directors of each FHLBank is responsible for establishing its FHLBank's collateral policy, consistent with statutory and regulatory requirements. Accordingly, collateral policies differ across FHLBanks, often reflecting differences in the types of members served by each FHLBank, differences in the risk tolerances of each FHLBank,

[2] 12 U.S.C. § 1430(a).

and differences in methods used by each FHLBank to determine collateral values. Key collateral policy differences include the various types of eligible collateral each FHLBank will accept, whether the collateral is required to be delivered to the FHLBank to receive collateral value, and the levels of collateral discounts required to secure different types of advances and different types of non-advance transactions.

Collateral Data Survey

The Collateral Data Survey collects information on the composition of collateral securing FHLBank advances. The survey instructions request the FHLBanks to review the total collateral pledged by each member or housing associate with outstanding advances and decide, among the various eligible assets pledged, the specific amounts and types of collateral that secure the outstanding advances. The FHLBank then reports the value of the collateral that the FHLBank would anticipate liquidating should it be needed to address a member's default on its outstanding advances. This adjusted minimum level of collateral is based on the individual FHLBank's choice among the types of collateral pledged and each FHLBank's collateral policy discounts for each type of collateral pledged. The reported amounts are adjusted based on member financial condition and the results of individual member collateral verification quality reviews. FHFA believes that this measure best describes the specific collateral types that the FHLBanks rely upon to secure outstanding member advances.

The Collateral Data Survey was expanded, beginning with 2010 data, to also capture total collateral pledged, because members and housing associates pledge additional collateral beyond what is necessary to support their outstanding level of advances.

The types of eligible collateral pledged to the FHLBanks are: 1-4 family residential mortgages (whole loans); U.S. government 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 and other U.S. Agency securities (excluding Agency mortgage backed securities) and cash deposits in FHLBanks (combined as securities/deposits); other real estate related collateral (ORERC); and Community Financial Institution collateral (CFI).[3]

The Collateral Data Survey also collects collateral data by member type and size. Members of the FHLBanks include: commercial banks, thrift institutions, NCUA-insured credit unions, insurance companies, and community development financial institutions. The Collateral Data Survey also collects data from housing associates and from previous members acquired by non-members or members in another FHLBank district (combined as other) that hold advances outstanding.

[3] The FHLBank Act permits members that qualify as CFIs to pledge certain CFI-specific collateral. By statute, CFI collateral includes secured loans for small business, agriculture, or community development. 12 U.S.C. § 1430(a)(3)(E). By regulation, CFI collateral includes small-business, small-farm, small-agribusiness and community development loans and securities representing a whole interest in such loans. The Glossary in Section 9 provides a full definition of CFI members. 12 C.F.R. § 1266.7(b)(1).

Section 2 of this report provides an analysis of the 2012 Collateral Data Survey.

Sections 3 through 8 provide further detail, including graphs and tables of collateral data provided by the FHLBanks.

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

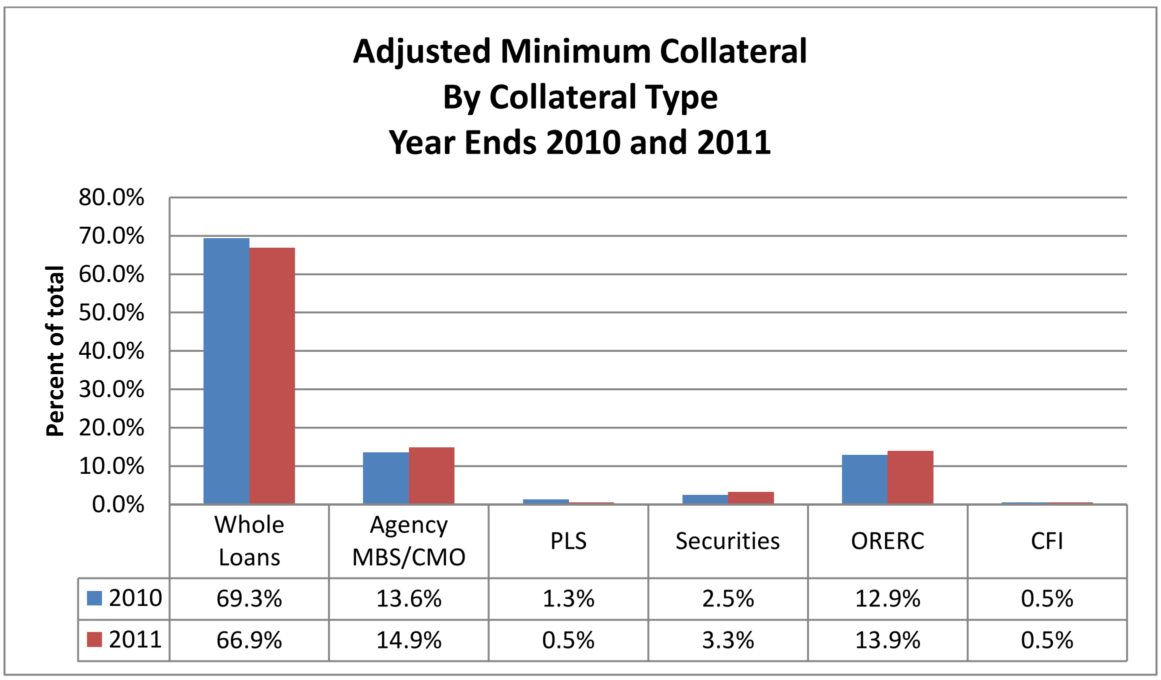
2. Analysis

Overview

Total advances at the FHLBanks were $403 billion at year-end 2011, a decrease of 13 percent from $464 billion one year earlier. Over the same period, adjusted minimum collateral securing advances decreased by 14 percent to $518 billion, from $600 billion at year-end 2010.

Collateral Composition

The table below shows the composition of collateral held by the FHLBanks. As of year-end 2011, whole loans were the most common type of collateral pledged, representing 67 percent of adjusted minimum collateral, followed by U.S. Agency MBS/CMOs, at just under 15 percent. (Graph 3.1 in Section 3 of this report compares the distribution of collateral types for the System and each of the FHLBanks from 2007 through 2011.)

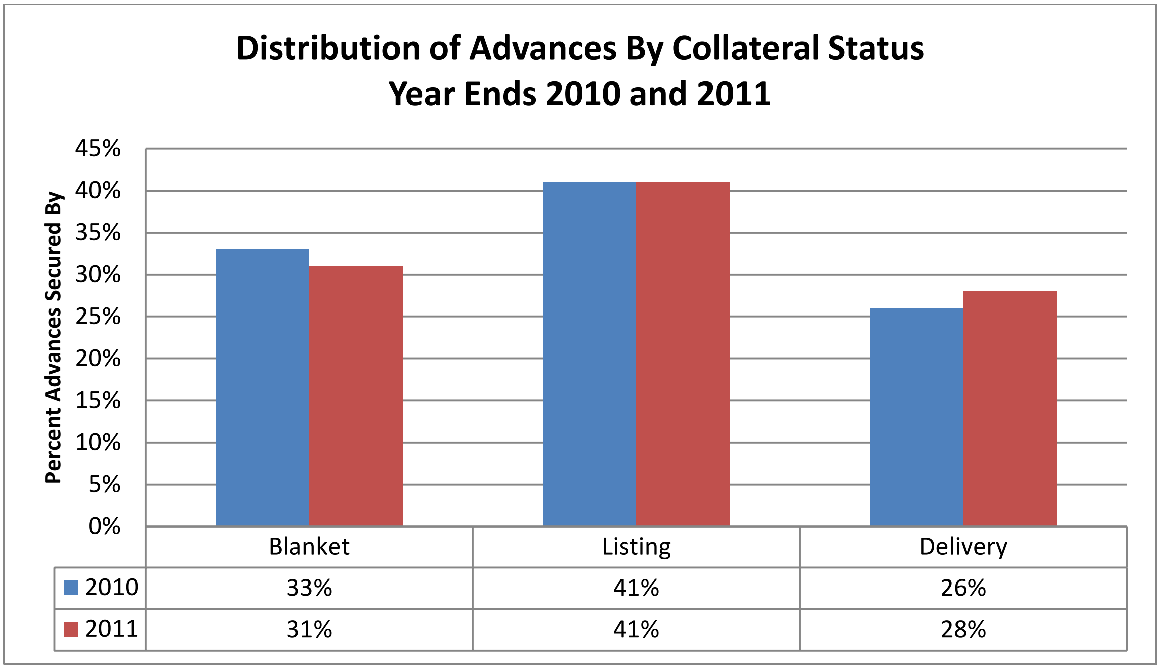


	Whole Loans	Agency MBS/CMO	PLS	Securities	ORERC	CFI
2010	69.3%	13.6%	1.3%	2.5%	12.9%	0.5%
2011	66.9%	14.9%	0.5%	3.3%	13.9%	0.5%

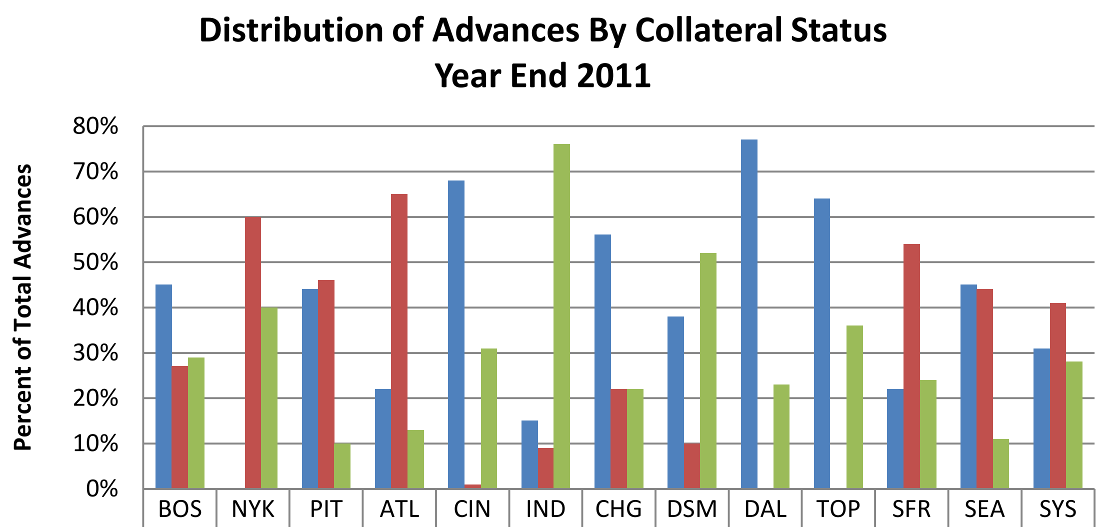
Blanket, Listing, and Delivery

The FHLBanks secure member advances through: 1) a blanket pledge or lien on all or specific categories of a member's assets, and in addition may require, 2) a specific listing of member assets pledged to the FHLBank, and/or 3) the actual delivery of assets by a member to the FHLBank or an approved safekeeping facility, or some combination of the three approaches. Typically, FHLBanks grant members greater borrowing capacity when they agree to a listing or delivery of collateral because these pledging methods provide specific information regarding the collateral and its delivery to a FHLBank generally provides a more secure lien. FHLBanks often require listing or delivery for less creditworthy members.

The System-wide distribution of advances by collateral status (i.e., blanket, listing, or delivery status) is presented below. At year-end 2011, listing was the most common form of collateral status (41 percent of collateral pledged), followed by blanket liens (31 percent of collateral).



The extent to which individual FHLBanks use the blanket, listing, and delivery methods varies considerably, as shown below. For example, the FHLBank of Dallas reported that roughly 77 percent of its advances were secured by blanket lien at year-end 2011, while the FHLBank of New York reported no advances secured solely by blanket lien. Although the FHLBank of New York files a blanket lien for each member, it only grants credit to a member based on either the assets for which the member has provided a listing, or the 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.

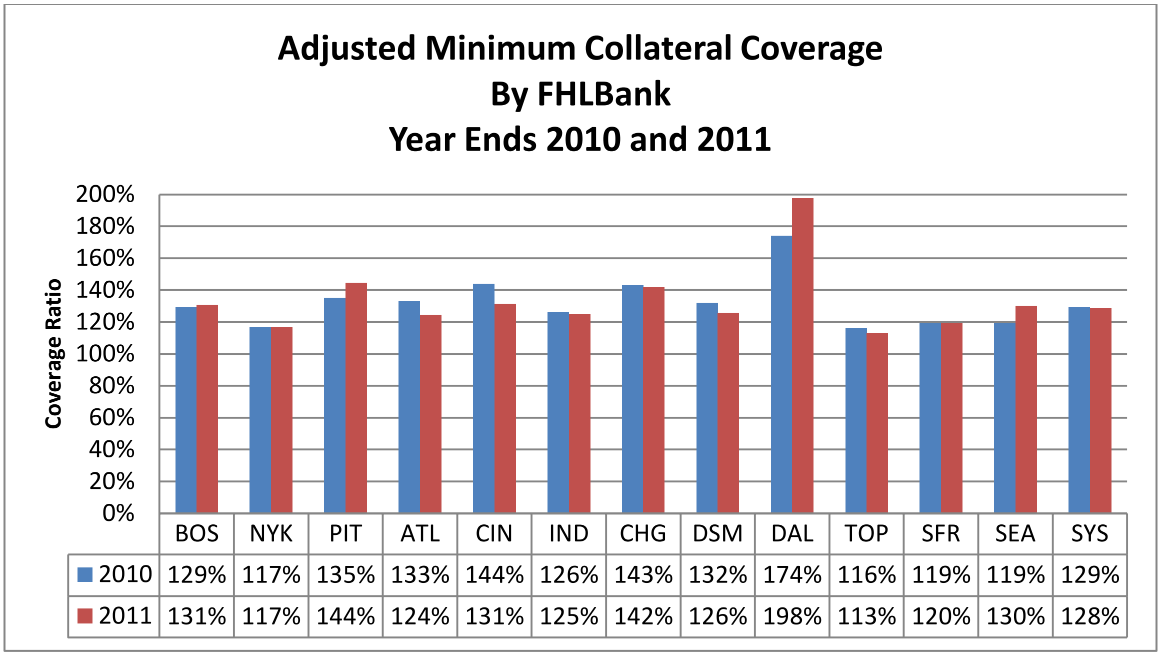


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
Blanket	45%	0%	44%	22%	68%	15%	56%	38%	77%	64%	22%	45%	31%
Listing	27%	60%	46%	65%	1%	9%	22%	10%	0%	0%	54%	44%	41%
Delivery	29%	40%	10%	13%	31%	76%	22%	52%	23%	36%	24%	11%	28%

Collateral Coverage

The System-wide adjusted minimum collateral-to-advances coverage ratio[4] was 128 percent at year-end 2011, a one percentage point decrease from year-end 2010 (see exhibit below). Between year-ends 2010 and 2011, the average collateral coverage ratio increased at five FHLBanks (Boston, Dallas, Pittsburgh, San Francisco and Seattle). The FHLBank of Dallas showed the greatest change in its collateral coverage ratio, reporting a 24 percentage point increase for the year ending December 31, 2011 and the FHLBank of Cincinnati exhibited the largest decrease in its collateral coverage ratio, reporting a 13 percentage point decrease between year-ends 2010 and 2011. Cincinnati reported increased pledges of U.S. Treasury and Agency securities at year-end 2011 compared to one year earlier.

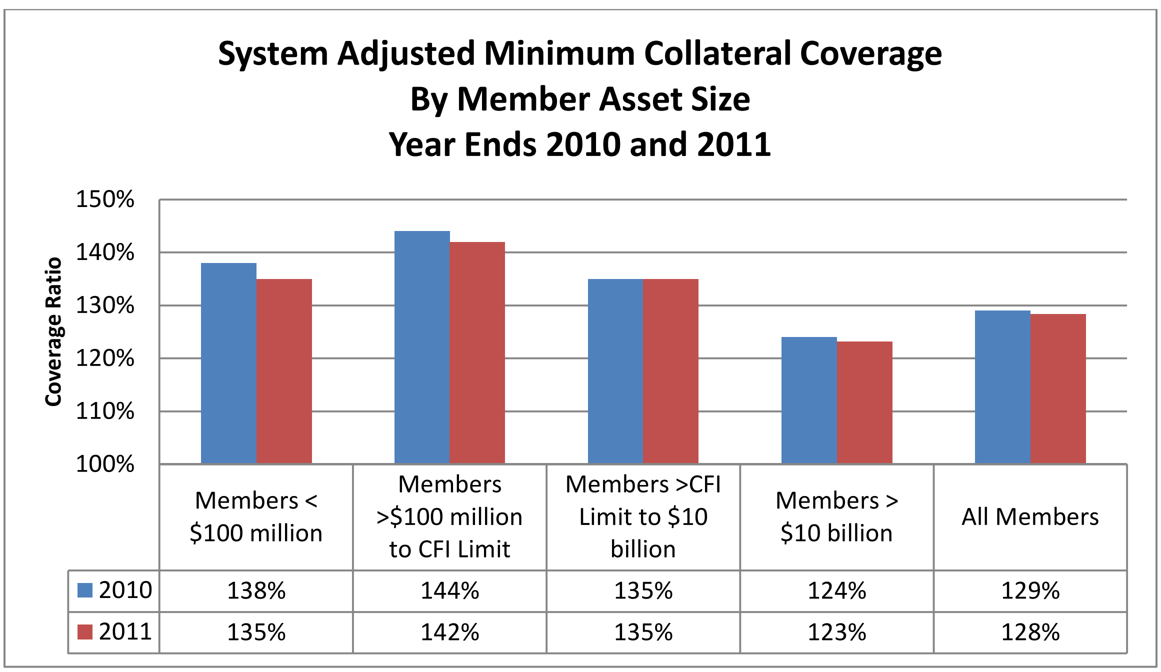
[4] For purposes of this report, the term "coverage ratio" refers to a collateral value to advance value ratio, where collateral value may be the unpaid principal balance, market value, or other valuation.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYS
2010	129%	117%	135%	133%	144%	126%	143%	132%	174%	116%	119%	119%	129%
2011	131%	117%	144%	124%	131%	125%	142%	126%	198%	113%	120%	130%	128%

Coverage of Advances by Member Asset Size

Collateral coverage ratios vary somewhat by member asset size. As the graph below indicates, for year-end 2011, average collateral coverage ratios across member asset-size categories ranged from a low of 123 percent for members with total assets greater than $10 billion, to a high of 142 percent for members with total assets between $100 million and the CFI limit.



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	138%	144%	135%	124%	129%
2011	135%	142%	135%	123%	128%

At certain FHLBanks, collateral coverage ratios across member asset-size categories differed from the System pattern and spanned a somewhat wider range. At the FHLBank of Atlanta, for example, the average minimum adjusted collateral coverage ratio for members with total assets between $100 million and the CFI limit was 150 percent, while the average collateral coverage ratio for the largest members (greater than $10 billion in assets) was 117 percent. See Section 4 of this report for individual FHLBank data.

Coverage ratios across the member asset-size groups may vary for FHLBank-specific reasons. Generally speaking, however, higher collateral coverage ratios are required for smaller members because they tend to borrow under blanket pledge agreements while larger members tend to be more likely to pledge collateral under listing agreements and to deliver securities.

Subprime and Nontraditional Collateral

Beginning with the 2009 Collateral Data Survey, we asked the FHLBanks to provide information on subprime, nontraditional and Alt-A collateral pledged to secure advances.[5] FHLBank reliance on such collateral has declined substantially during this time, from $195 billion at year-end 2009 to just under $38 billion at year-end 2011.

Overall, collateral identified as subprime, nontraditional or Alt-A accounted for 7.3 percent of adjusted minimum collateral securing advances at year-end 2011 compared to 8.6 percent at year-end 2010.[6] As the tables below illustrate, the percentage of subprime and nontraditional collateral in each collateral class declined between year-end 2010 and year-end 2011, except for the subprime mortgage loans. Similarly, the share of total collateral that was subprime or nontraditional declined substantially in every category, except again for subprime mortgage loans. The modest increase in subprime mortgage loan collateral from 2010 to 2011 is attributable to more robust identification procedures initiated at the FHLBank of Pittsburgh.

[5] Section 8 discusses how the terms “subprime,” “nontraditional,” and “Alt-A” are used in the Collateral Data Survey.
[6] The totals may differ somewhat from the sum of the shares in the table below due to rounding.

Adjusted, Minimum Collateral Securing Advances 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**
2009	$51,783	$109,714	$24,861	$415	$8,422	$195,195
2010	$10,917	$35,585	$2,714	$812	$1,733	$51,761
2011	$12,914	$23,903	$669	$45	$226	$37,757

Adjusted, Minimum Collateral Securing Advances Subprime, Nontraditional and Alt-A Collateral to Collateral Class		
Collateral Type	**Percentage of Collateral Class 2010**	**Percentage of Collateral Class 2011**
Subprime Mortgage Loans	2.5	3.7 (a)
Nontraditional Mortgage Loans	8.0	6.9 (a)
Mortgage Loans that are Both Subprime and Nontraditional	0.6	0.2 (a)
Subprime PLS	4.0	0.3 (b)
Alt-A PLS	8.4	1.4 (b)

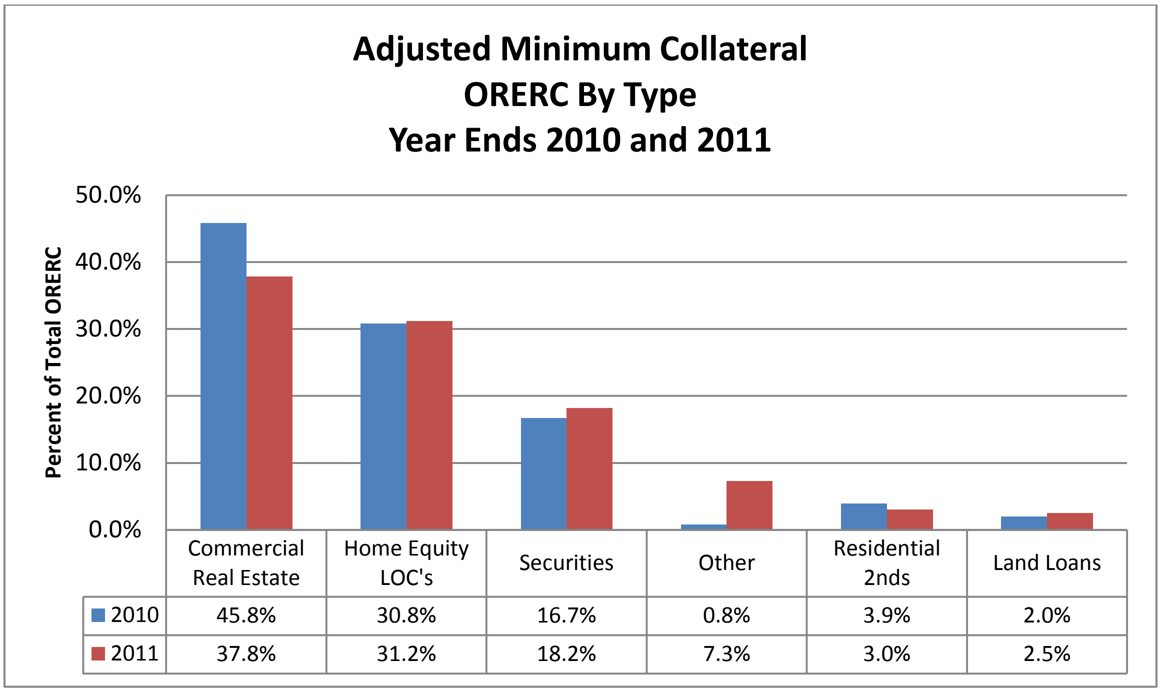
(a) Percentage of mortgage loan collateral; (b) percentage of PLS collateral

Adjusted, Minimum Collateral Securing Advances Subprime, Nontraditional and Alt-A Collateral to Total Collateral		
Collateral Type	**Percentage of Total Collateral 2010**	**Percentage of Total Collateral 2011**
Subprime Mortgage Loans	1.8	2.5
Nontraditional Mortgage Loans	5.9	4.6
Mortgage Loans that are Both Subprime and Nontraditional	0.5	0.1
Subprime PLS	0.1	0.0
Alt-A PLS	0.3	0.0
Total	8.6	7.3

Other Real Estate Related Collateral

Overall, ORERC represented 14 percent of adjusted minimum collateral at year-end 2011, compared to 13 percent at year-end 2010 (see graph at the beginning of Section 2)

As shown below, commercial real estate loans accounted for the majority of ORERC at year-end 2011, but with their share decreasing moderately from the previous year end (down 8 percentage points). Home equity lines of credit (HELOCs) were the second largest class of ORERC pledged at year-end 2011, relatively unchanged from one year earlier. ORERC securities are almost entirely commercial real estate mortgage-backed securities and this category within total ORERC increased modestly from the previous year end. The "other" category consists of reverse mortgages, residential loss sharing loans, non-agency securities, participated loans and commercial real estate second mortgage loans. Other ORERC collateral pledged to the FHLBank of San Francisco represents the majority of this collateral.



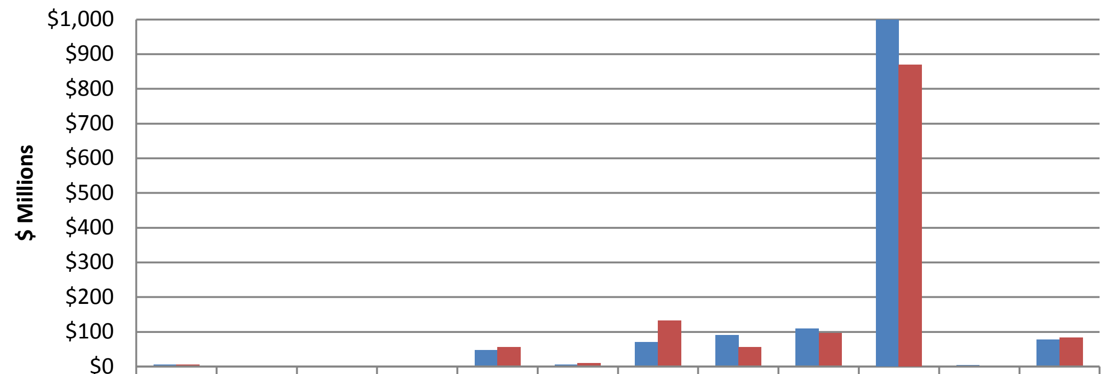
All of the FHLBanks reported outstanding advances secured by ORERC at year-end 2011. Section 5 of this report provides additional detail on ORERC by FHLBank.

Community Financial Institution Collateral

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 reported $2.4 billion of CFI collateral securing $1.3 billion of CFI member advances at year-end 2011, compared to $2.8 billion of CFI collateral securing $1.4 billion of CFI member advances at year-end 2010. CFI collateral totals are significantly higher than related advances due to the FHLBanks' considerably higher collateral coverage requirements for CFI collateral types,[7] *e.g.*, small business, farm or agri-business loans.[8]

[7] On November 30, 2010, FHFA approved a final rule expanding eligible CFI collateral types to include secured loans for community development. 75 Fed. Reg. 76617 (December 9, 2010). A "community development loan" is a loan that must have been made for the primary purpose of community development,

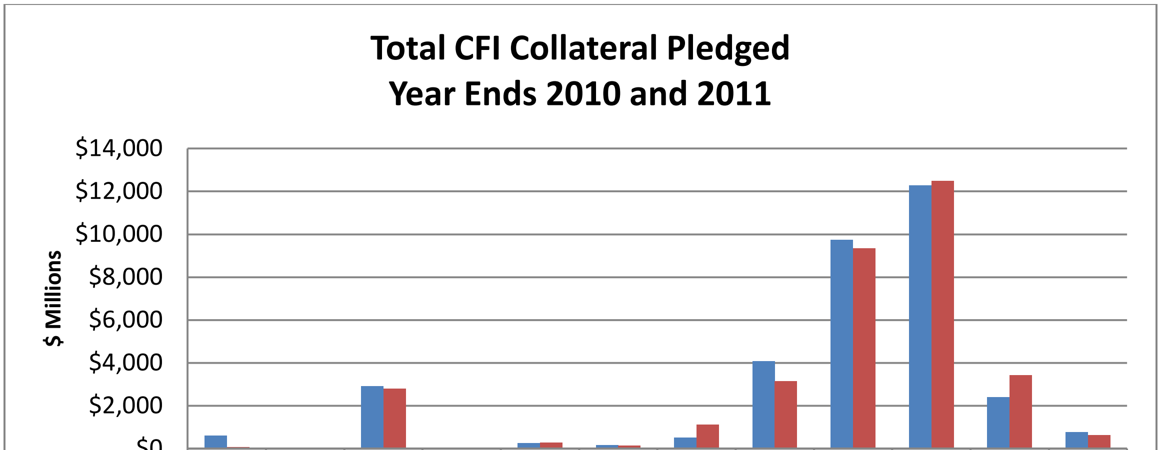
The adjusted minimum amounts of CFI collateral pledged to secure advances declined by 14 percent during 2011. CFI collateral represented less than one percent of total collateral at year end. The FHLBanks utilize a collateral hierarchy to report collateral securing advances for the Collateral Data Survey. As CFI collateral has the last place in the hierarchy, it is usually most affected when advances decline. The amounts of collateral types higher in the hierarchy were sufficient in most cases to secure the lower amounts of members' outstanding advances and only a minimal amount of CFI collateral is reported. The FHLBanks reported $24.6 billion of excess CFI collateral pledged by CFI members at year-end 2011. Members pledge substantial amounts of CFI collateral for potential FHLBank advances, to secure available lines of credit, and for other FHLBank products to meet liquidity needs.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$5	$0	$0	$0	$47	$5	$70	$90	$110	$999	$4	$77
2011	$5	$0	$0	$0	$56	$11	$132	$56	$97	$869	$2	$84

and must not otherwise be eligible as collateral under any of the other collateral categories. 12 CFR §§ 1266.1 (definition), 1266.7(b)(1).

[8] No FHLBanks applied through the FHFA's New Business Activity process to accept secured loans for community development, or securities representing a whole interest in such secured loans from CFI members during 2011.



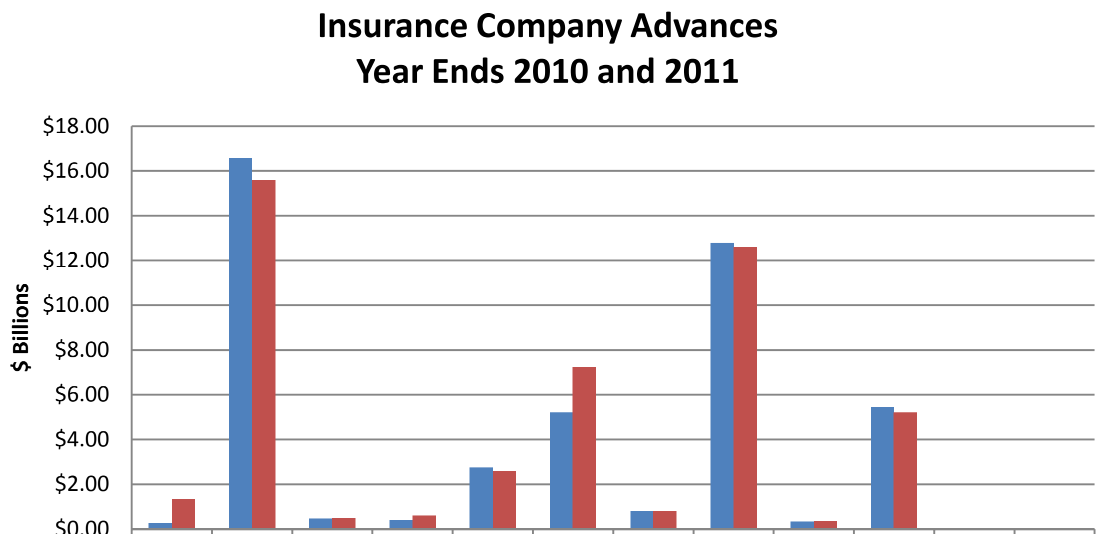
	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$600	$0	$2,912	$0	$255	$164	$526	$4,073	$9,740	$12,27	$2,404	$771
2011	$76	$0	$2,795	$0	$276	$145	$1,118	$3,152	$9,348	$12,48	$3,419	$627

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.

CFI collateral has remained at relatively low volumes over the past years as compared to other eligible collateral types. FHFA issued an Advisory Bulletin (2010-AB-02, dated November 9, 2010) to re-emphasize FHFA's regulatory requirement that an FHLBank's strategic plan establish quantitative reporting goals for serving CFI member needs for advances and CFI collateral acceptance goals, and report annually to FHFA on its performance in achieving those goals. FHFA FHLBank examiners are currently reviewing the materials presented by the FHLBanks at on site examinations and should complete this review by the fourth quarter of 2012. Section 6 of this report provides additional details on CFI collateral.

Insurance Company Collateral

There were 256 insurance company members at year-end 2011, of which 101 held outstanding advances. Advances outstanding to insurance companies increased by nearly four percent to $46.8 billion at year-end 2011 and their borrowings as a member group increased to eleven percent of total System advances, up from ten percent at year end 2010. The FHLBanks of New York, Des Moines, Indianapolis and Topeka reported the largest volume of advances outstanding to insurance companies.



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$0.27	$16.56	$0.49	$0.42	$2.75	$5.22	$0.81	$12.78	$0.34	$5.46	$0.00	$0.00
2011	$1.35	$15.58	$0.49	$0.61	$2.61	$7.23	$0.82	$12.59	$0.35	$5.21	$0.00	$0.00

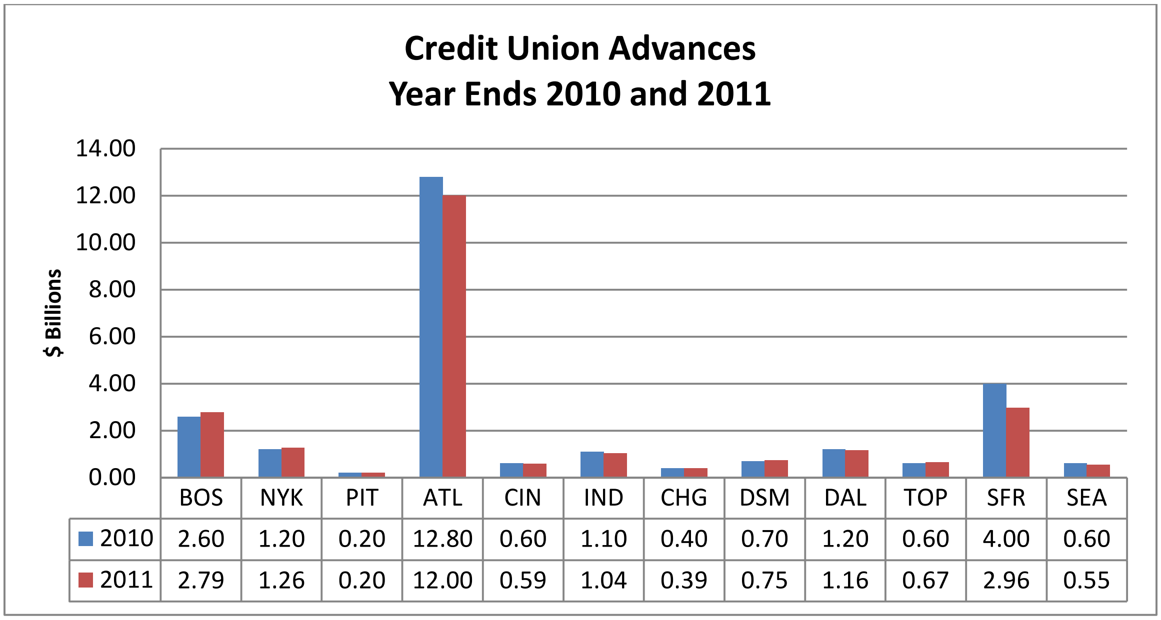
The system-wide collateral-to-advances coverage ratio for insurance companies is the lowest of any member type, 108 percent, as compared to 128 percent for all members. The lower coverage ratio results from the fact that most collateral securing advances to insurance companies consists of delivered securities. An FHLBank can generally determine the value of securities collateral more easily and precisely 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 shows the distribution of collateral securing advances to insurance companies by collateral type at year-ends 2010 and 2011. Section 7 of this report provides additional details about insurance company collateral.

Insurance Company Collateral		
Collateral Type	**Percentage of Insurance Company Collateral 2010**	**Percentage of Insurance Company Collateral 2011**
PLS	4	1
U.S. Agency MBS/CMOs	48	45
ORERC	33	32
Whole loans	1	2
Securities and deposits	14	20

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 six percent of total system advances at year-end 2011. There were 1,121 credit union members at year-end 2011, of which 382 held advances. Credit union borrowings decreased by 7 percent, from $26.1 billion at year-end 2010 to $24.3 billion at year-end 2011. The FHLBanks of Atlanta, San Francisco and Boston reported the highest levels of advances to credit unions as of year-end 2011.



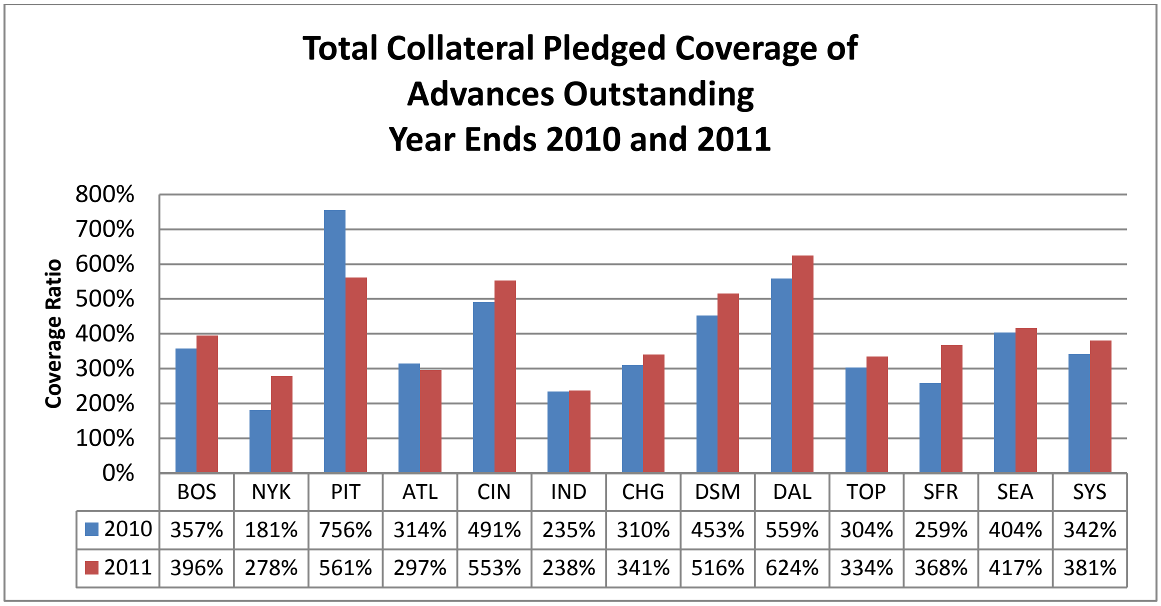
Credit unions primarily pledge whole loans to secure advances. The table below presents the distribution of collateral securing advances to credit unions at year-ends 2010 and 2011:

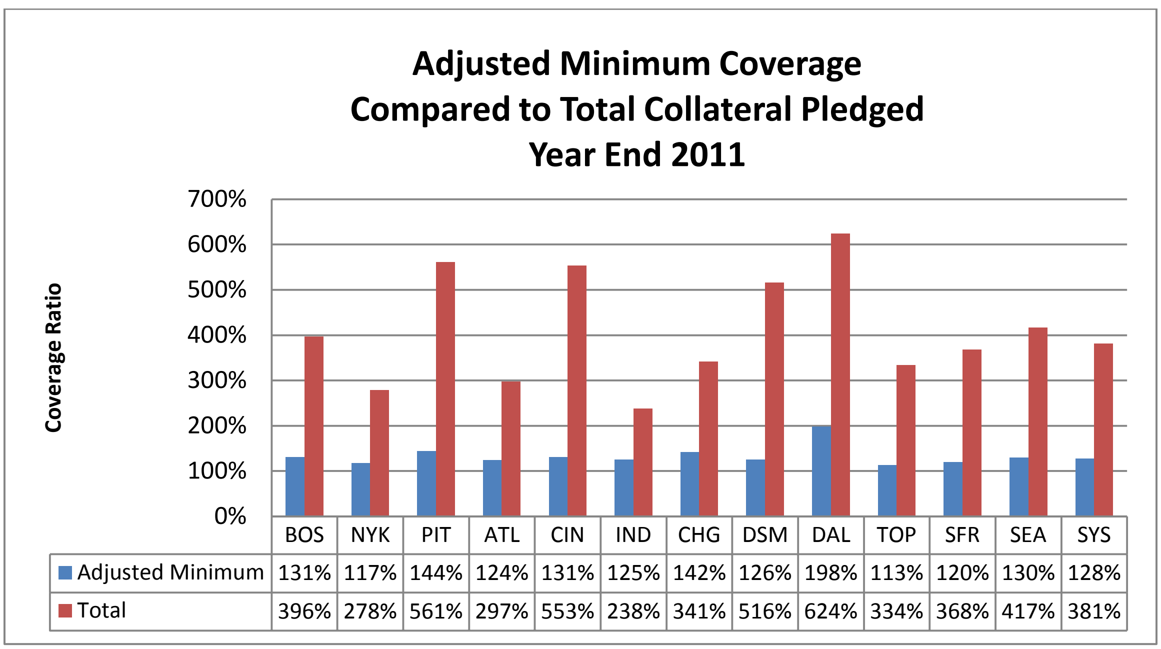
Credit Union Collateral		
Collateral Type	**Percentage of Credit Union Collateral 2010**	**Percentage of Credit Union Collateral 2011**
PLS	**0**	**0**
U.S. Agency MBS/CMOs	**15**	**17**
ORERC	**3**	**2**
Whole loans	**80**	**78**
Securities and deposits	**2**	**3**

Section 7 of this report provides additional details on credit union collateral.

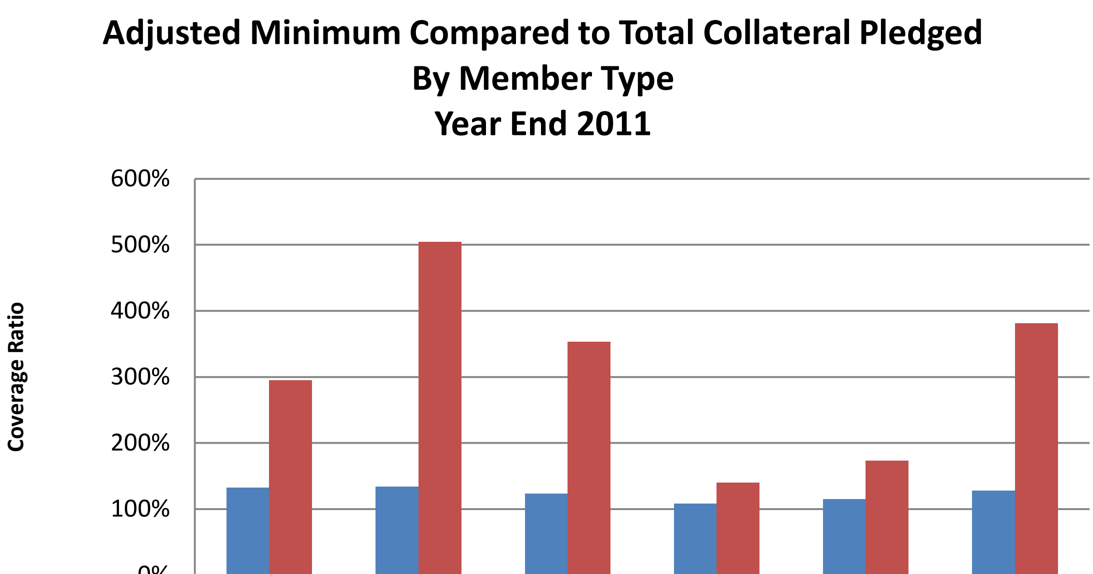
Total Collateral Pledged

While the majority of the Collateral Data Survey focuses on the minimum adjusted collateral needed to fully secure advances outstanding to members and housing associates, total collateral pledged to the FHLBanks provides additional important information. The FHLBanks also require members to pledge collateral to support non-advance FHLBank products. The total collateral measure, therefore, includes collateral securing unused lines of credit, collateral pledged under the mortgage purchase programs, and collateral pledged to secure FHLBank-issued standby letters of credit and FHLBank-issued derivative transactions. Members pledge the same types of collateral for advances as for other FHLBank products. The System-wide ratio for total collateral to advances was 381percent at year-end 2011, 253 percentage points above the System adjusted minimum advance collateral coverage ratio. The ratio of total collateral to advances ranged from a high of 561 percent at the FHLBank of Pittsburgh to a low of 238 percent at the FHLBank of Indianapolis.





Excess Collateral For brevity, this report refers to the difference between the adjusted minimum collateral to secure advances and total pledged collateral as "excess collateral" because it is in excess of the amount required to support current advance levels, even though some of this excess collateral may support other FHLBank products. As the chart below indicates, commercial bank members pledged the most excess collateral, while insurance company members pledged the least excess collateral. Members may pledge excess collateral to the FHLBanks to secure unused lines of credit, to support FHLBank letters of credit and non-advance FHLBank products, or as a result of collateral remaining after paying down advances. Insurance company members are limited by state requirements and FHLBanks to specific collateral pledges and usually deliver collateral to the FHLBank or an agreed upon eligible third party. Commercial banks, thrifts and credit unions are able to pledge additional types of assets and can utilize a specific or blanket pledge for some or all of their assets, raising the amounts of excess collateral. As there is some question whether the FHLBanks' super lien[9] protection would apply to insurance companies to the same extent that it applies to federally-insured depositories, the FHLBanks require delivery of most insurance company member collateral to enable the FHLBanks to perfect their lien on the collateral and to provide an added level of assurance on collateral securing insurance company member advances. Delivery of collateral also allows the member maximum collateral value in most cases, so that the overcollateralization margin is the smallest.

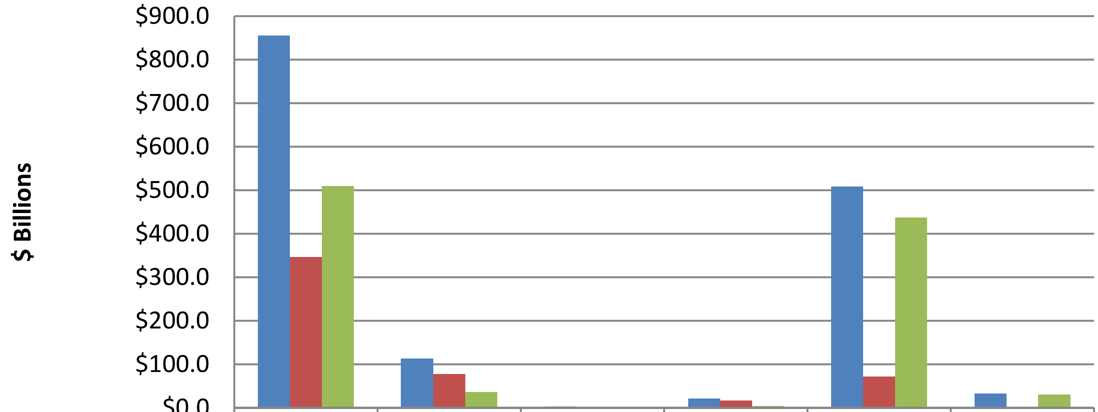


	Thrifts	Commercial Banks	Credit Unions	Insurance Companies	Others	All Members
Adj. Minimum	132%	134%	123%	108%	115%	128%
Total Collateral	295%	504%	353%	140%	173%	381%

The vast majority of excess collateral pledged consisted of whole loans (50 percent or $510 billion) and ORERC (43 percent or $438 billion). CFI members have considerable excess CFI collateral to expand advances as their liquidity needs dictate ($31 billion).

9 Statutory lien that is senior or superior to nearly all current or future liens on the same asset or property. The super lien was originally established by the Competitive Equality Banking Act of 1987 (Pub. Law 100-86).

Calculation of Excess Collateral Pledged to the FHLBanks
Year End 2011



	Whole Loans	Agency MBS/CMO	PLS	Securities/ Deposits	ORERC	CFI
Total Collateral	$856.0	$113.5	$3.5	$21.5	$509.4	$33.4
Adj. Minimum	$346.5	$77.4	$2.8	$16.9	$71.8	$2.4
Excess Collateral	$509.5	$36.1	$0.7	$4.6	$437.6	$31.0

3. Collateral by Type – Five Year Review

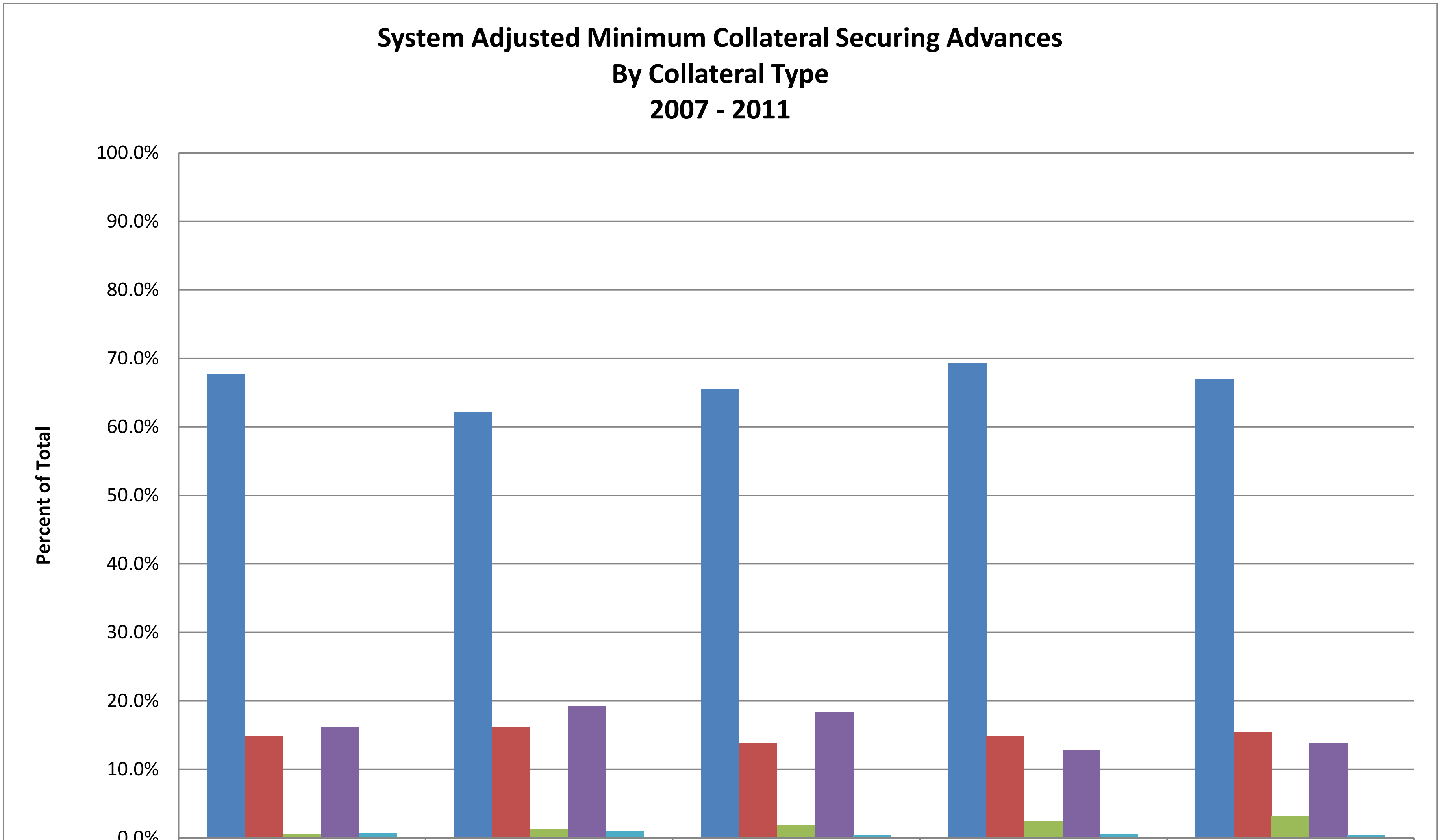
Whole loans were the largest component of adjusted minimum collateral at 67 percent of total collateral at year-end 2011. Combined PLS and U.S. Agency MBS/CMOs (collectively, MBS/CMOs), represented 16 percent; ORERC 14 percent; securities/deposits, 3 percent; and CFI collateral, less than 1 percent. Within the broader category of mortgage-backed securities, U.S. Agency MBS/CMOs accounted for 15 percent of total collateral securing advances and PLS less than 1 percent at year-end 2011 (see first graph in Section 2 of this Report).

The FHLBanks rely heavily on whole loan collateral for advances. The System percentage of whole loan collateral to total adjusted minimum collateral decreased slightly to 67 percent at year-end 2011 from 69 percent at year-end 2010. During the past five years, whole loans ranged from a low of 62 percent of collateral in 2008 to a high of 69 percent in 2010. MBS/CMOs and ORERC together accounted for more than 27 percent of collateral in each of the past five years, reaching a highpoint of 36 percent in 2008. The share of collateral in these two categories was 29 percent at year end 2011.

Whole loans were the largest component of collateral at all FHLBanks, and at six of the FHLBanks (Boston, Pittsburgh, Atlanta, Cincinnati, Chicago, and Seattle), whole loans accounted for 75 percent or more of adjusted minimum collateral. The share of ORERC collateral was markedly higher than the system percentage of 14 percent at the FHLBanks of Des Moines, San Francisco, and Dallas where it represented 24 percent or more of adjusted minimum collateral at year-end 2011.

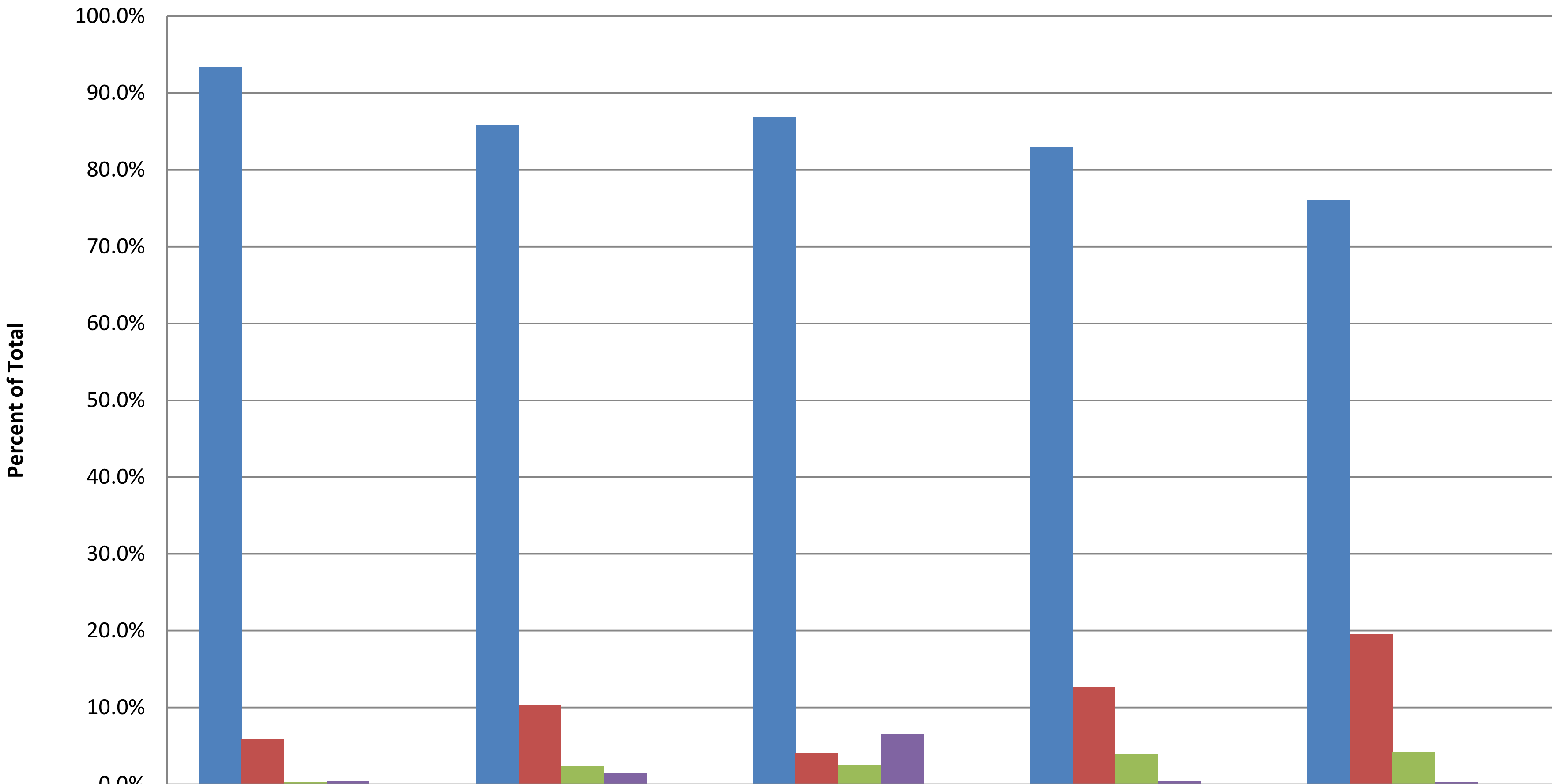
The FHLBank of New York relied more heavily on mortgage-backed securities collateral than did the other FHLBanks, with MBS/CMOs accounting for 30 percent of collateral at New York at year-end 2011 compared to a system average of 16 percent.

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.

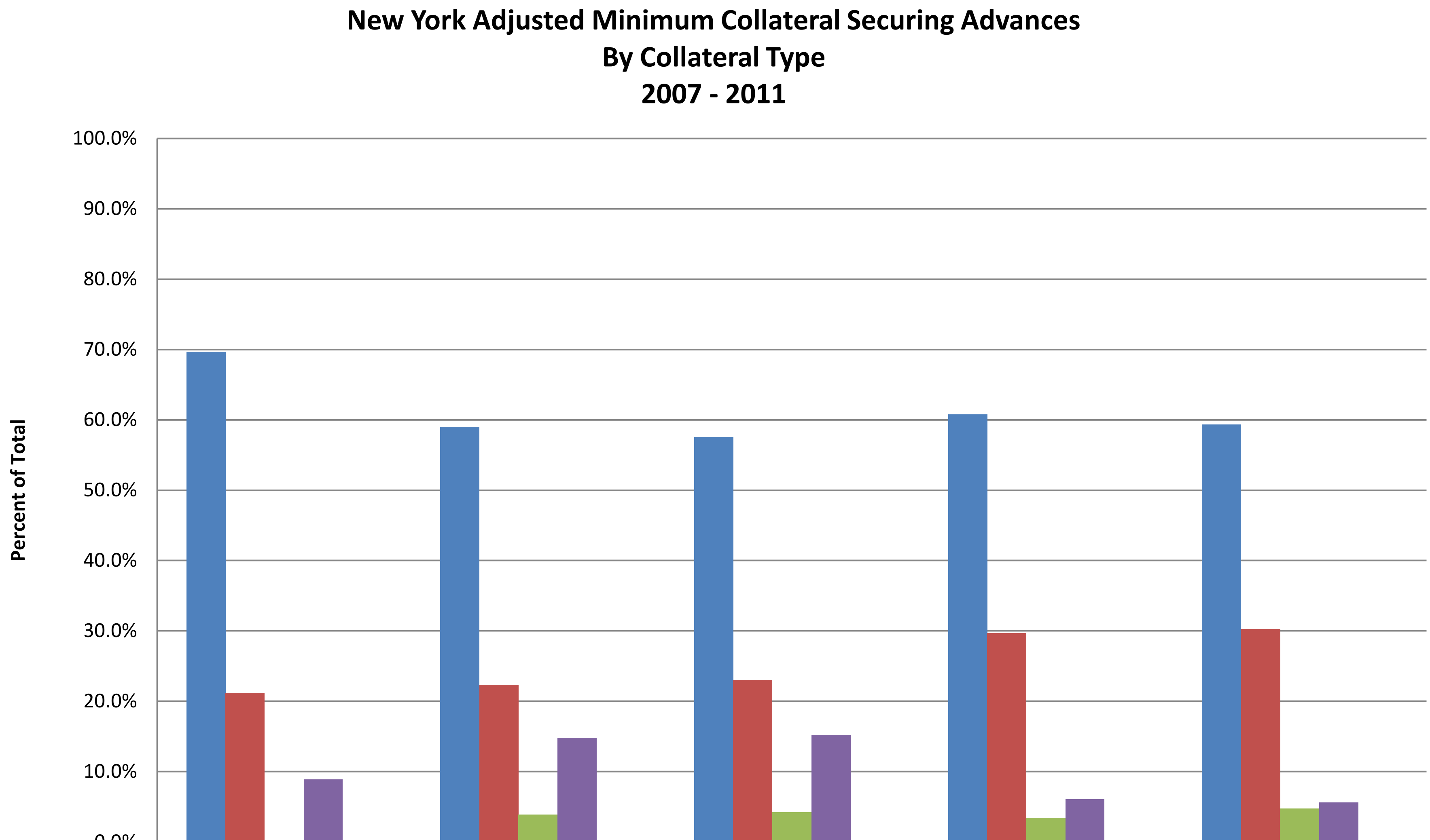


	2007	2008	2009	2010	2011
Whole Loans	67.7%	62.2%	65.6%	69.3%	66.9%
MBS/CMO	14.9%	16.2%	13.8%	14.9%	15.5%
Securities	0.5%	1.3%	1.9%	2.5%	3.3%
ORERC	16.2%	19.3%	18.3%	12.9%	13.9%
CFI	0.8%	1.0%	0.4%	0.5%	0.5%

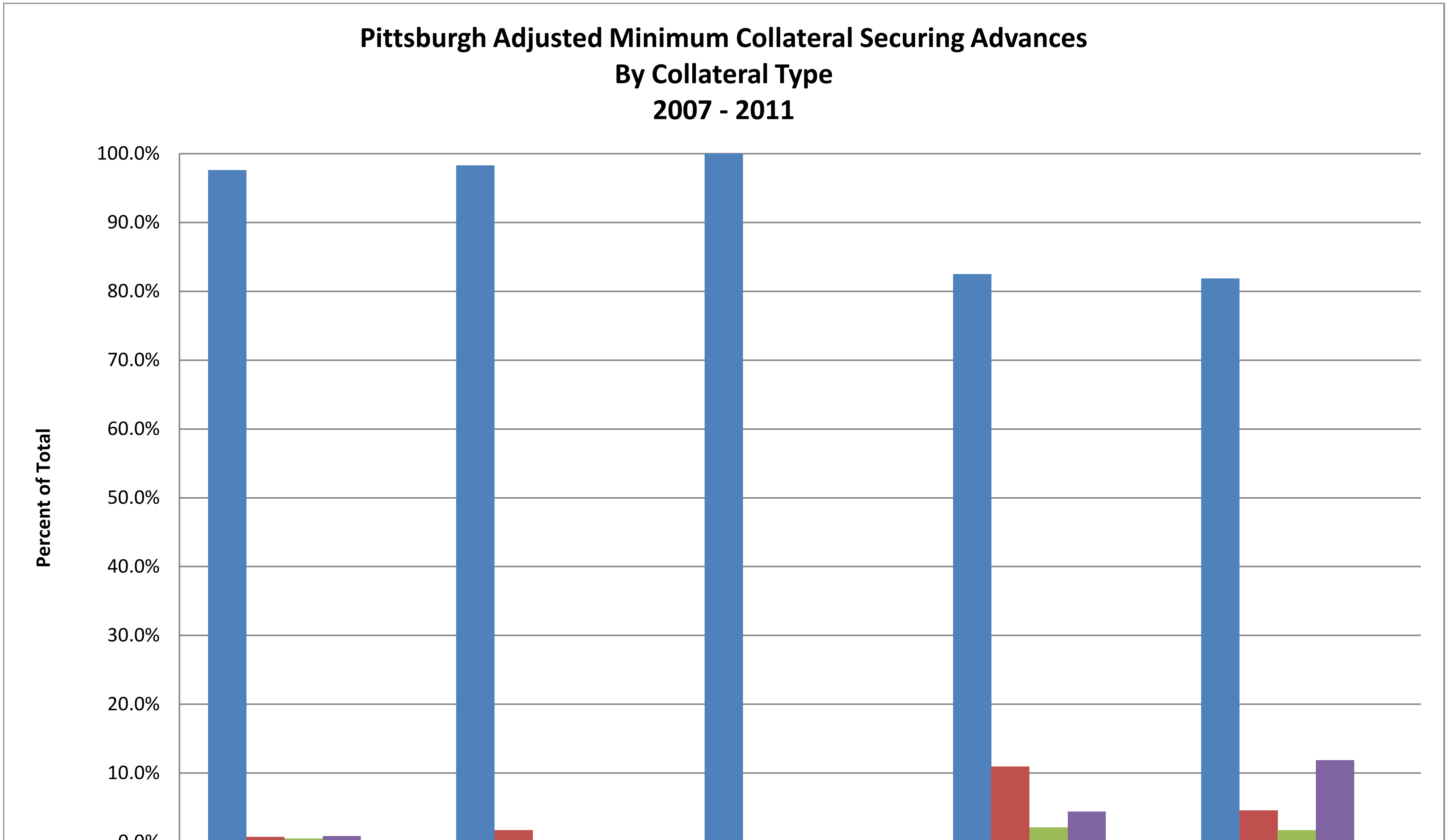
Boston Adjusted Minimum Collateral Securing Advances
By Collateral Type
2007- 2011



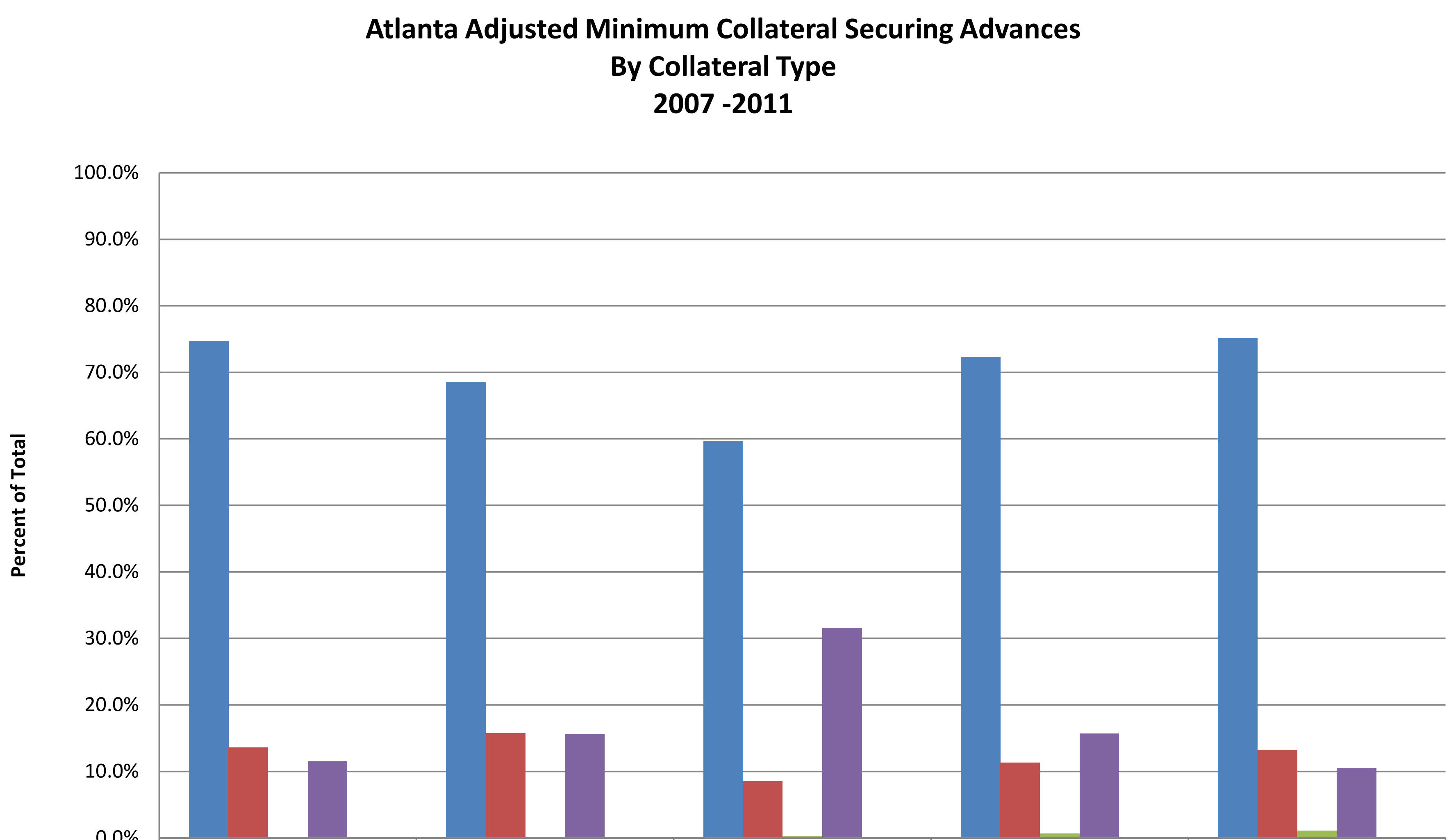
	2007	2008	2009	2010	2011
Whole Loans	93.4%	85.8%	86.9%	82.9%	76.0%
MBS/CMO	5.8%	10.3%	4.1%	12.7%	19.5%
Securities	0.3%	2.4%	2.4%	3.9%	4.2%
ORERC	0.5%	1.5%	6.6%	0.4%	0.3%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%



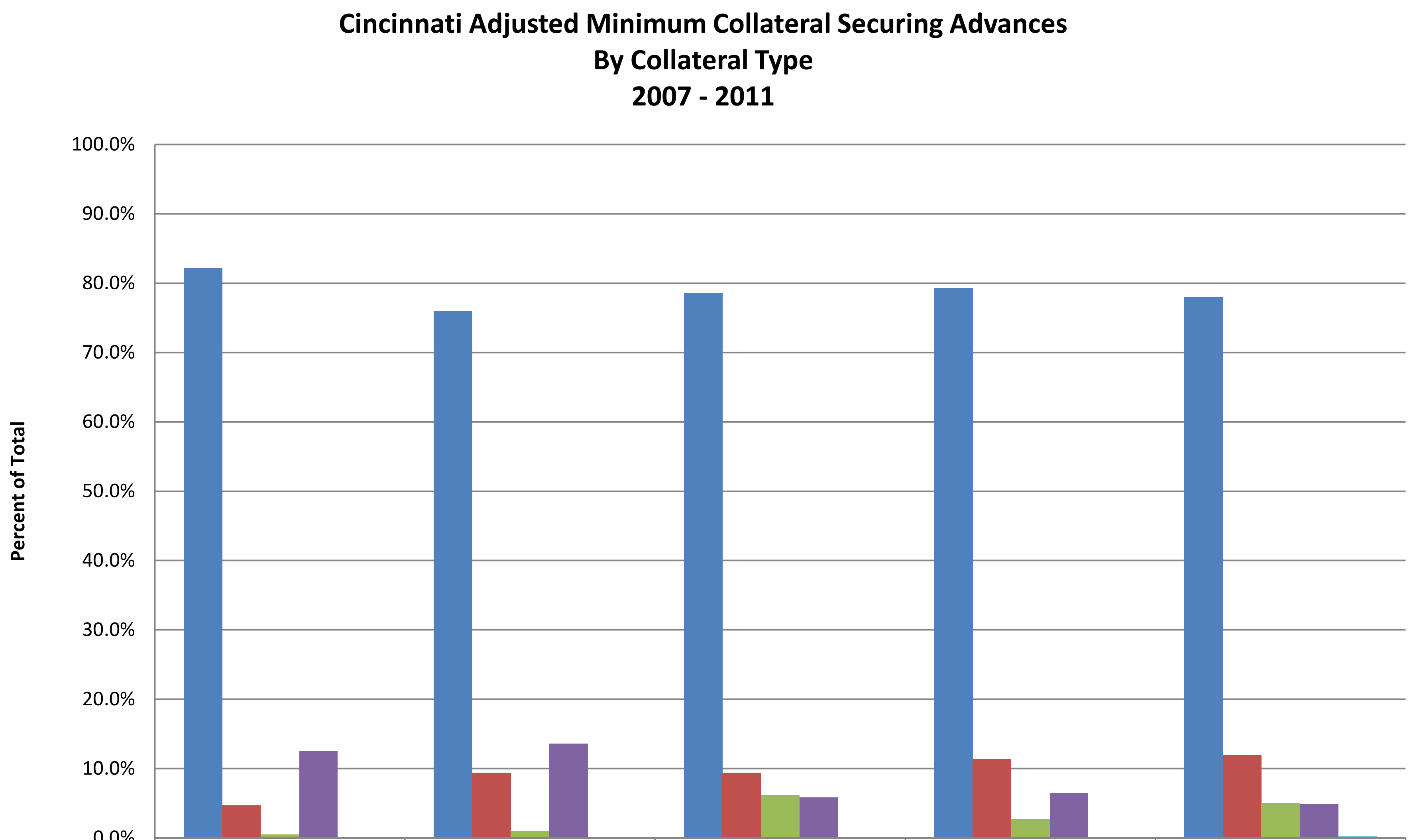
	2007	2008	2009	2010	2011
Whole Loans	69.7%	59.0%	57.6%	60.8%	59.4%
MBS/CMO	21.2%	22.3%	23.0%	29.7%	30.2%
Securities	0.2%	3.9%	4.2%	3.4%	4.7%
ORERC	8.9%	14.8%	15.2%	6.1%	5.6%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%



	2007	2008	2009	2010	2011
Whole Loans	97.6%	98.3%	100.0%	82.5%	81.8%
MBS/CMO	0.7%	1.7%	0.0%	11.0%	4.6%
Securities	0.5%	0.0%	0.0%	2.1%	1.7%
ORERC	0.8%	0.0%	0.0%	4.4%	11.9%
CFI	0.3%	0.0%	0.0%	0.0%	0.0%

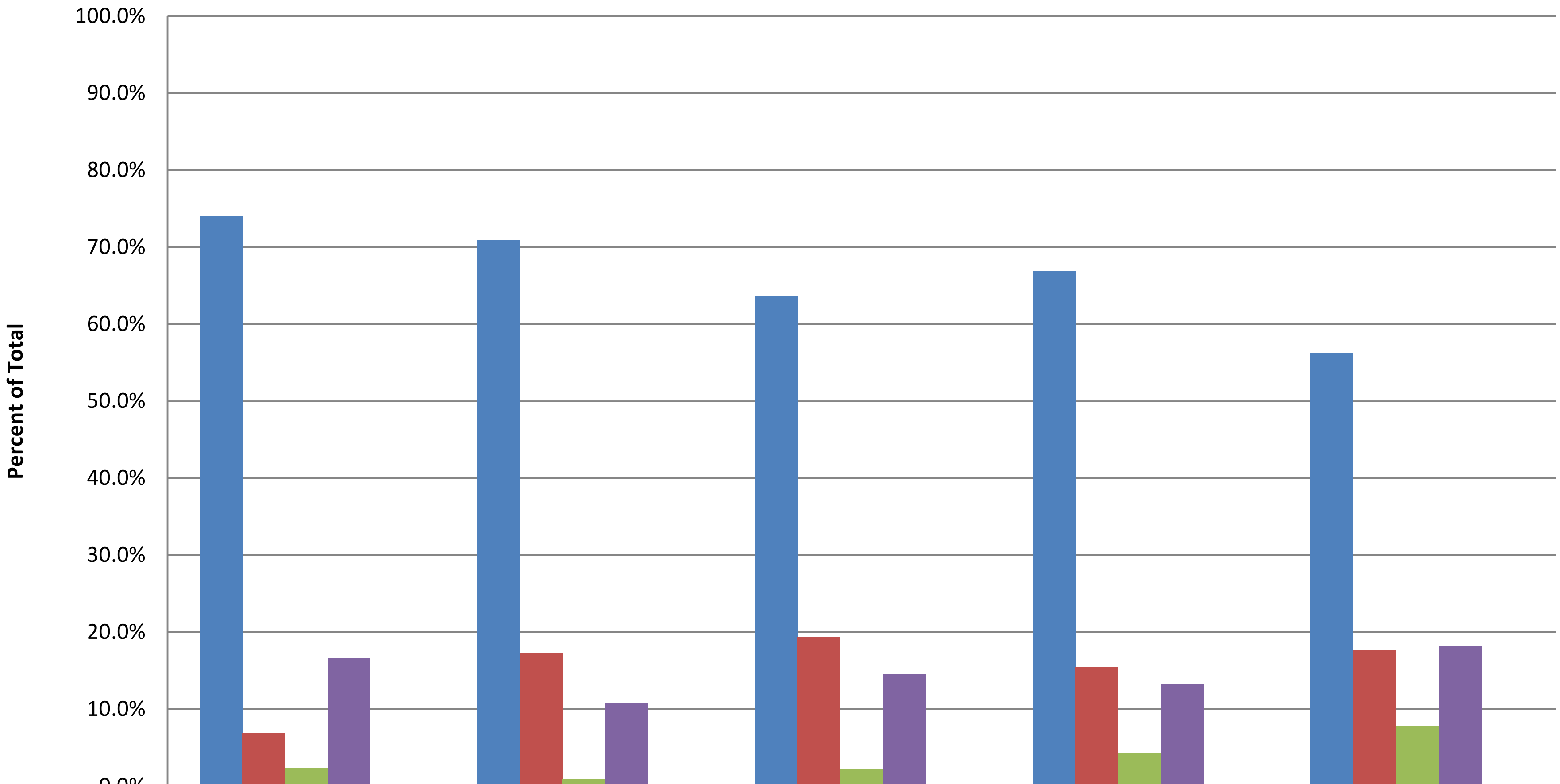


	2007	2008	2009	2010	2011
Whole Loans	74.7%	68.5%	59.6%	72.3%	75.2%
MBS/CMO	13.6%	15.8%	8.6%	11.3%	13.2%
Securities	0.2%	0.2%	0.2%	0.7%	1.1%
ORERC	11.5%	15.6%	31.6%	15.6%	10.5%
CFI	0.0%	0.0%	0.0%	0.0%	0.0%

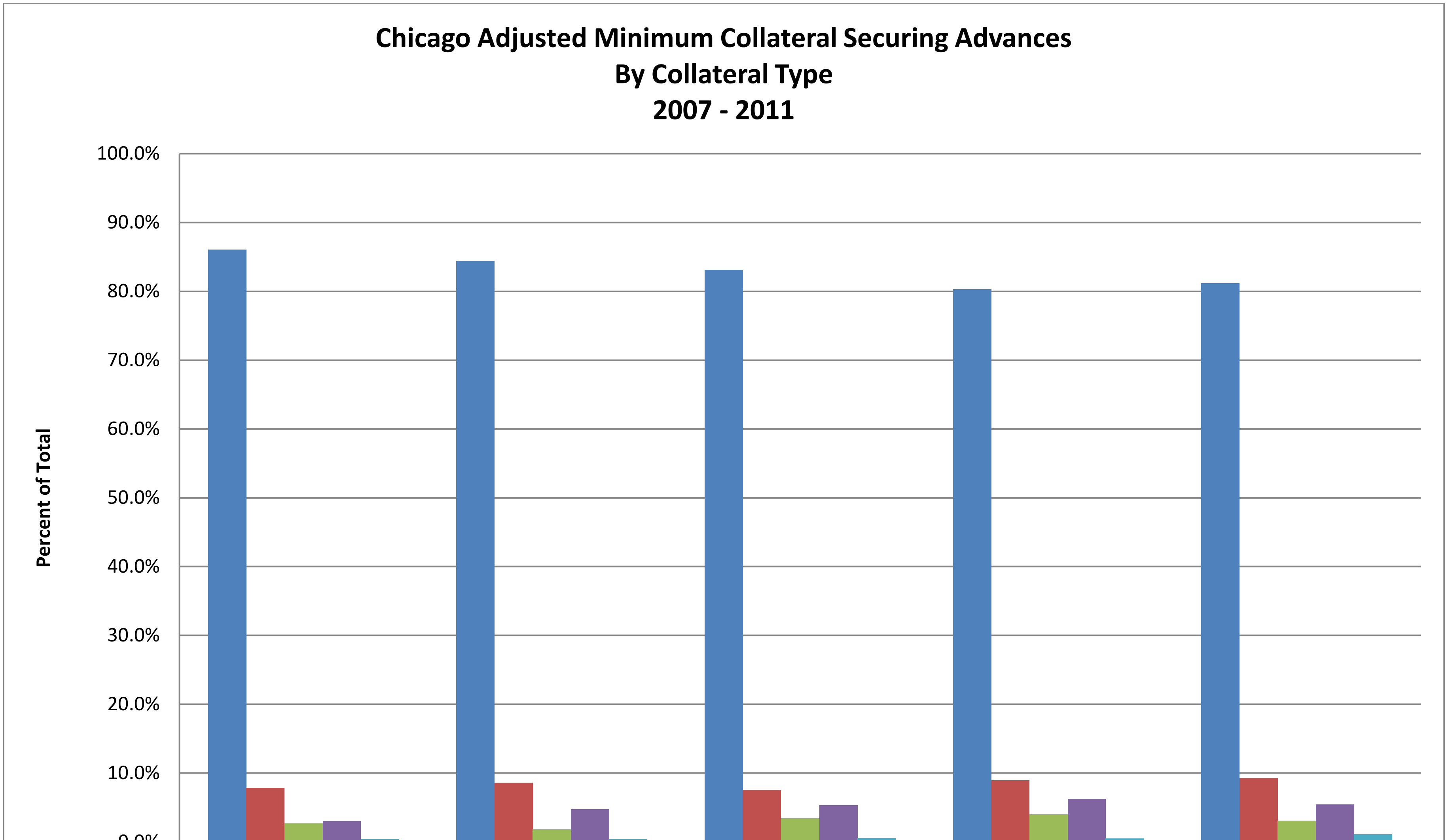


	2007	2008	2009	2010	2011
Whole Loans	82.2%	76.0%	78.6%	79.2%	78.0%
MBS/CMO	4.7%	9.4%	9.4%	11.4%	12.0%
Securities	0.5%	1.0%	6.2%	2.7%	5.0%
ORERC	12.6%	13.6%	5.8%	6.5%	4.9%
CFI	0.0%	0.0%	0.0%	0.2%	0.2%

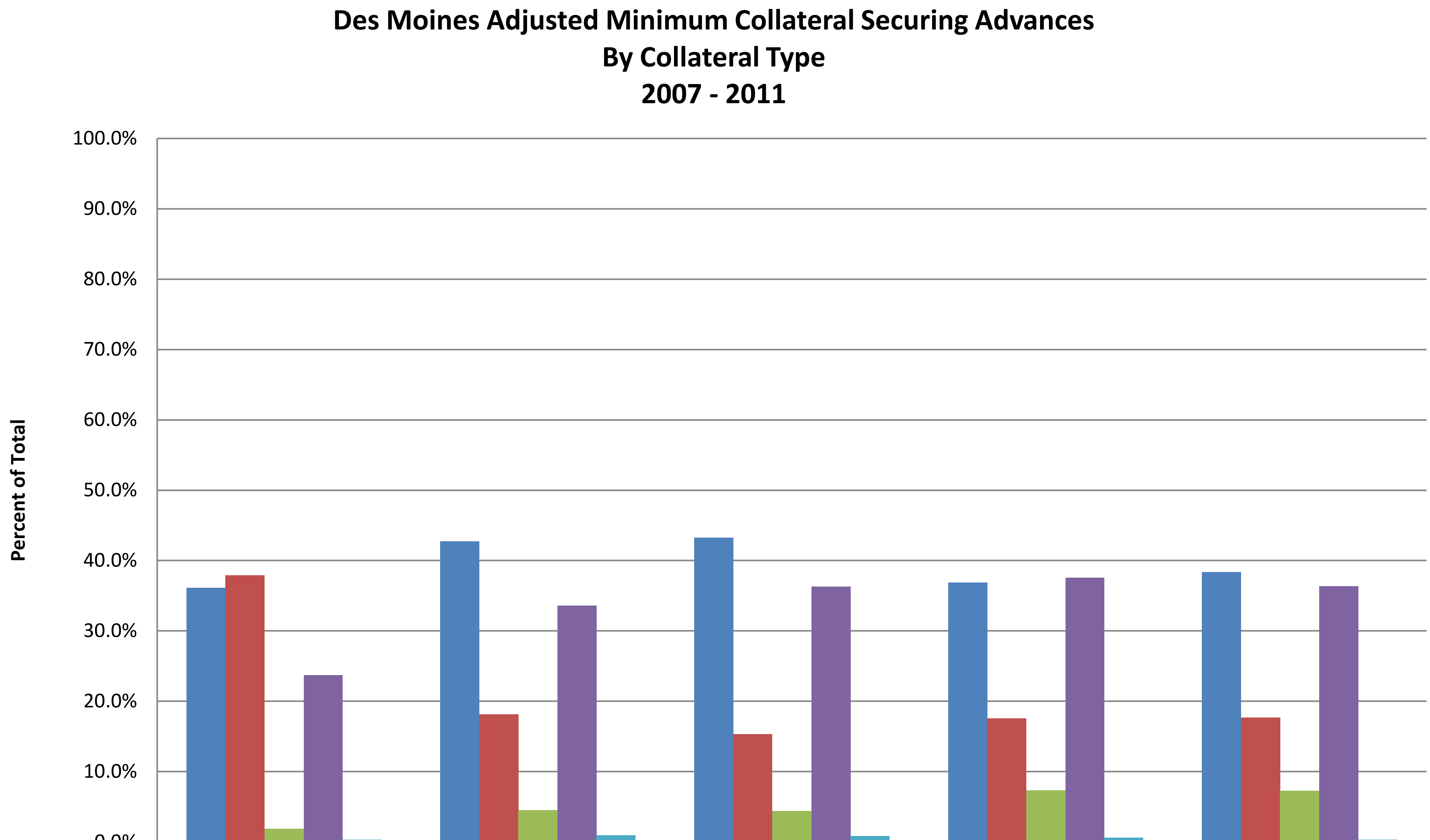
Indianapolis Adjusted Minimum Collateral Securing Advances
By Collateral Type
2007 - 2012



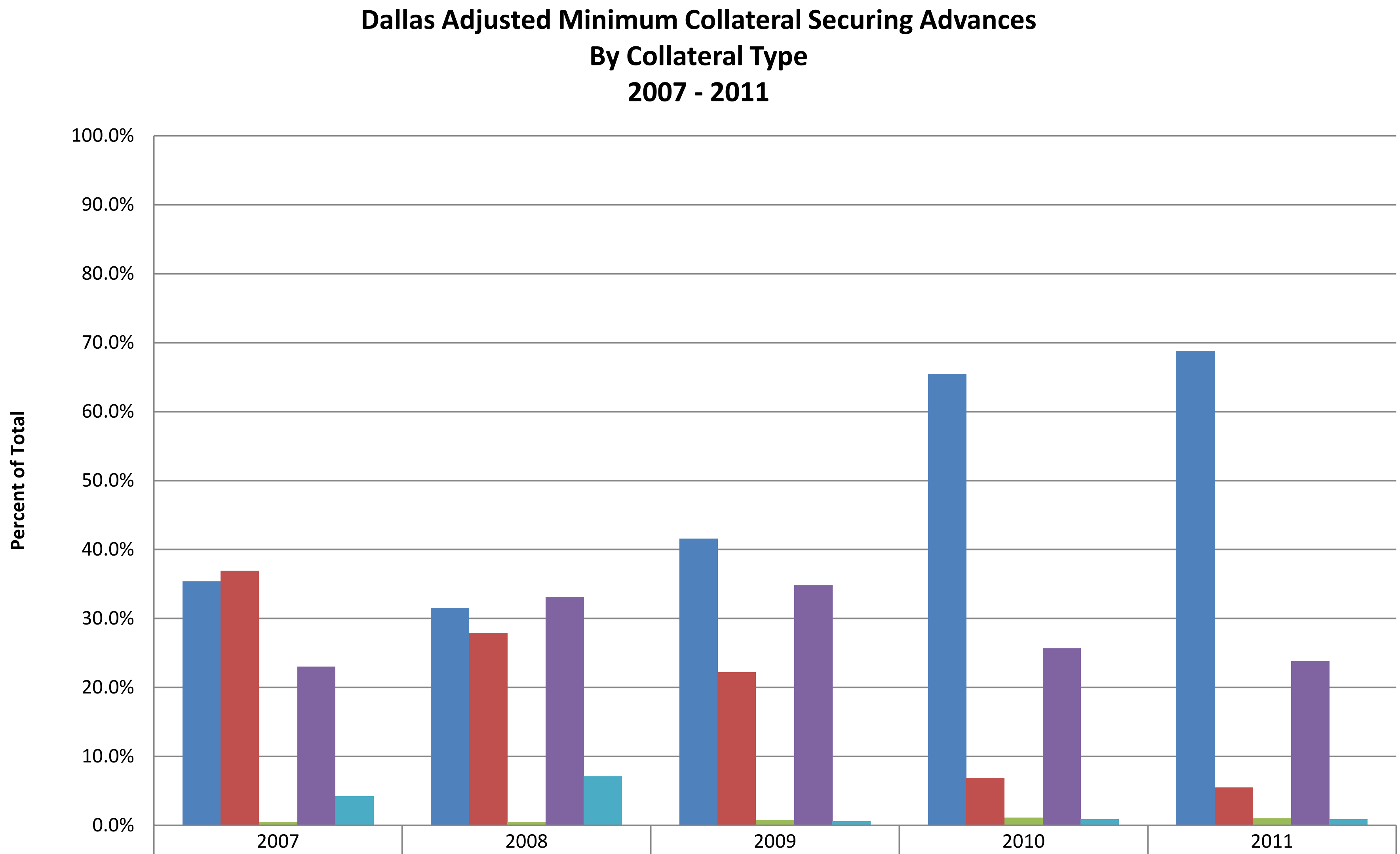
	2007	2008	2009	2010	2011
Whole Loans	74.1%	70.9%	63.7%	66.9%	56.3%
MBS/CMO	6.9%	17.2%	19.4%	15.5%	17.7%
Securities	2.3%	0.9%	2.2%	4.3%	7.8%
ORERC	16.7%	10.9%	14.5%	13.3%	18.2%
CFI	0.1%	0.1%	0.2%	0.0%	0.1%



	2007	2008	2009	2010	2011
Whole Loans	86.1%	84.4%	83.1%	80.3%	81.2%
MBS/CMO	7.9%	8.6%	7.6%	9.0%	9.2%
Securities	2.7%	1.8%	3.4%	4.0%	3.1%
ORERC	3.0%	4.8%	5.3%	6.2%	5.4%
CFI	0.4%	0.4%	0.6%	0.5%	1.1%

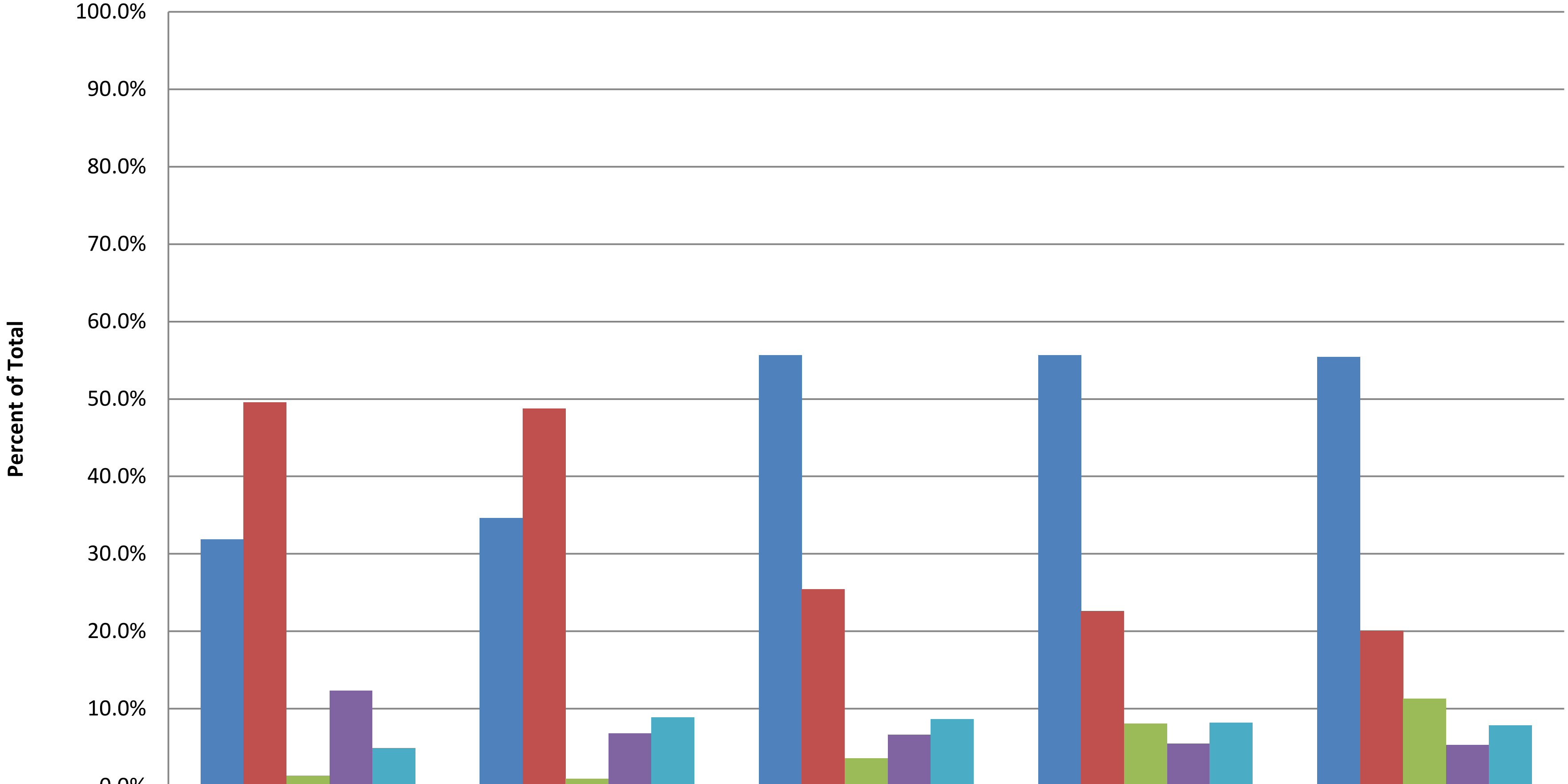


	2007	2008	2009	2010	2011
Whole Loans	36.1%	42.7%	43.2%	36.9%	38.3%
MBS/CMO	37.9%	18.2%	15.3%	17.6%	17.7%
Securities	1.9%	4.5%	4.4%	7.3%	7.3%
ORERC	23.7%	33.6%	36.3%	37.6%	36.4%
CFI	0.4%	1.0%	0.8%	0.7%	0.3%

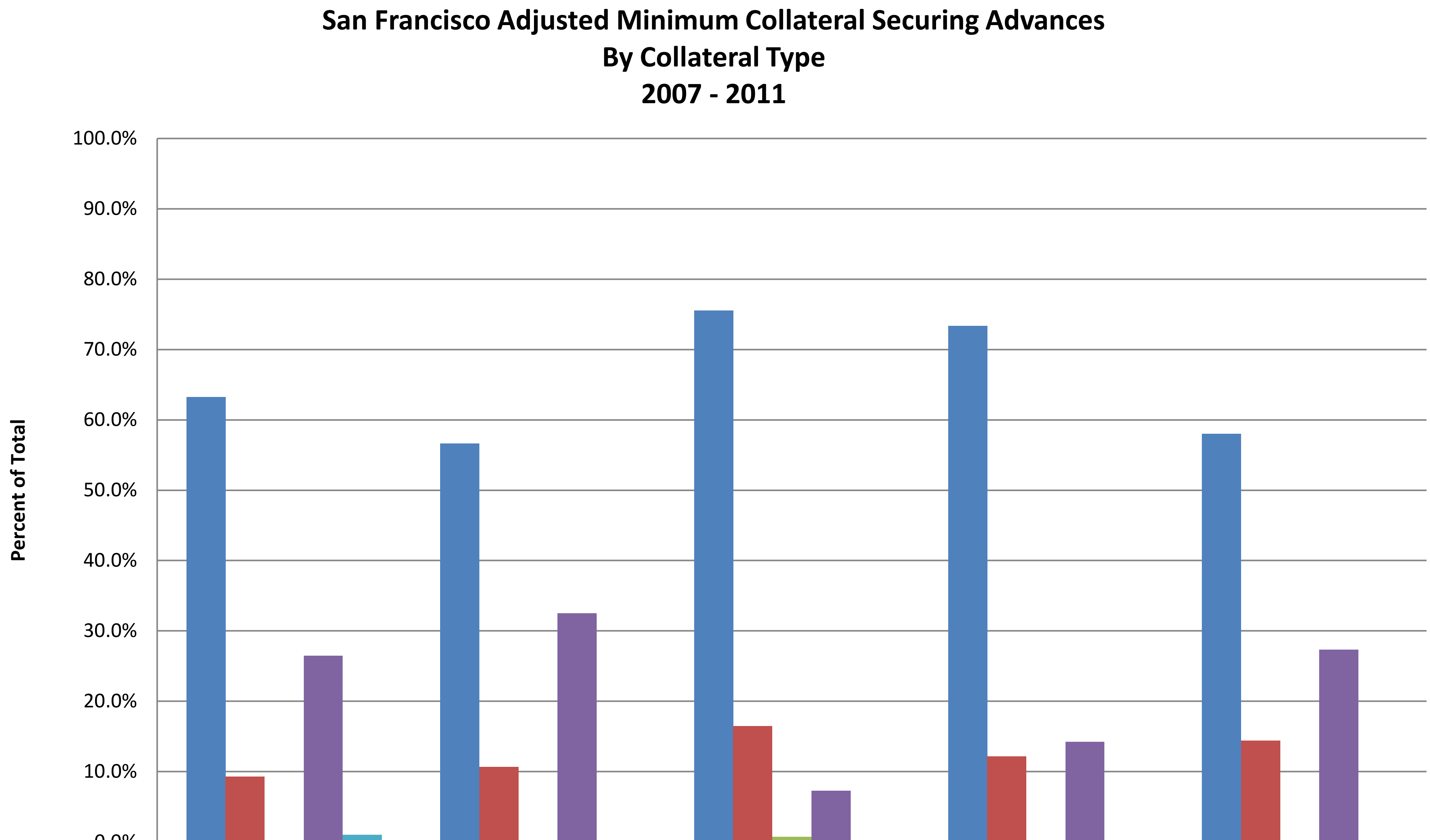


	2007	2008	2009	2010	2011
Whole Loans	35.4%	31.4%	41.6%	65.5%	68.8%
MBS/CMO	36.9%	27.9%	22.2%	6.8%	5.5%
Securities	0.4%	0.4%	0.8%	1.1%	1.0%
ORERC	23.0%	33.1%	34.8%	25.6%	23.8%
CFI	4.2%	7.1%	0.6%	0.9%	0.9%

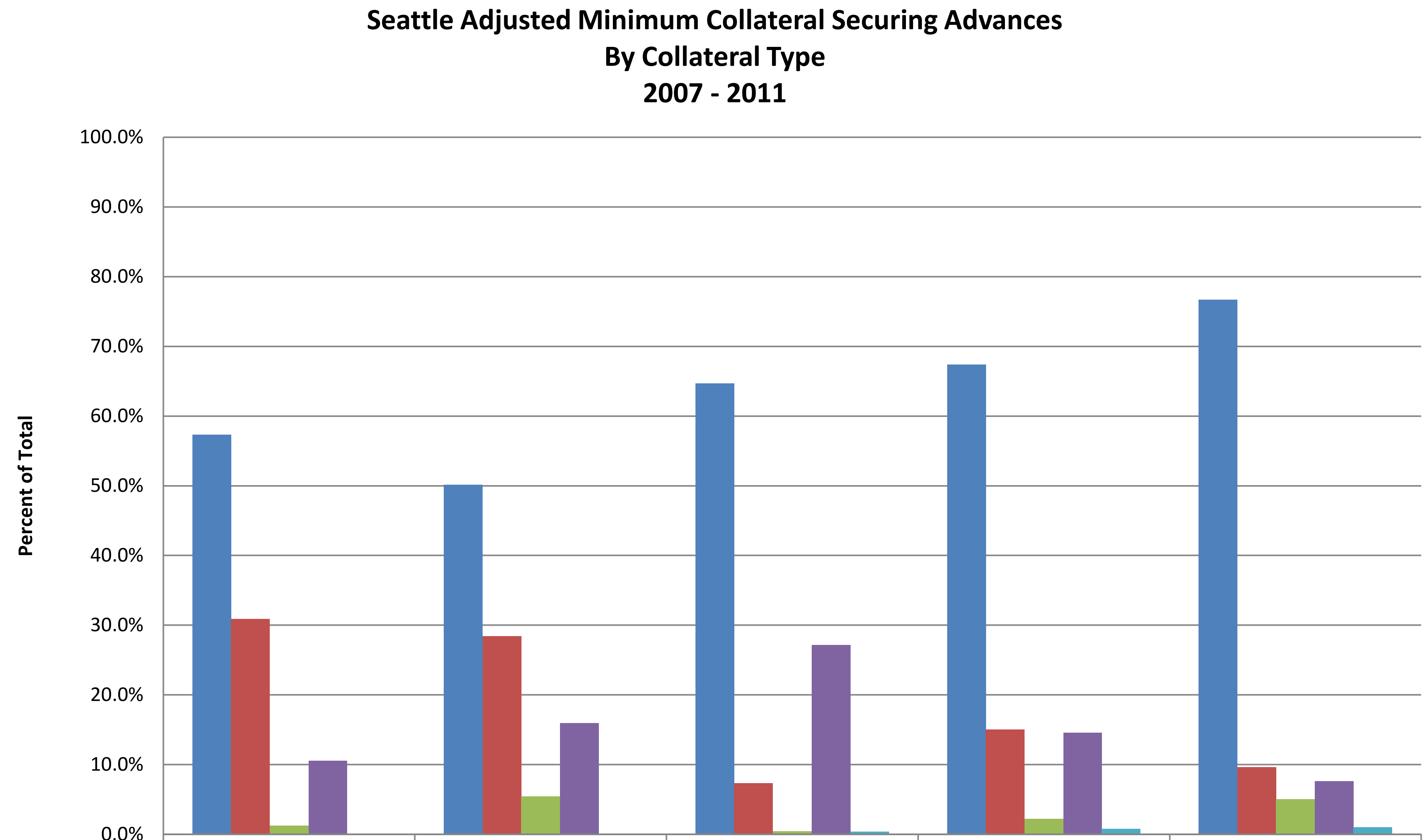
Topeka Adjusted Minimum Collateral Securing Advances
By Collateral Type
2007 - 2011



	2007	2008	2009	2010	2011
Whole Loans	31.8%	34.7%	55.6%	55.6%	55.4%
MBS/CMO	49.6%	48.7%	25.5%	22.6%	20.1%
Securities	1.4%	1.0%	3.6%	8.1%	11.3%
ORERC	12.3%	6.8%	6.6%	5.5%	5.4%
CFI	4.9%	8.9%	8.6%	8.2%	7.8%



	2007	2008	2009	2010	2011
Whole Loans	63.2%	56.6%	75.6%	73.4%	58.0%
MBS/CMO	9.3%	10.7%	16.5%	12.2%	14.4%
Securities	0.0%	0.1%	0.7%	0.2%	0.2%
ORERC	26.4%	32.5%	7.2%	14.2%	27.3%
CFI	1.0%	0.1%	0.0%	0.0%	0.0%



	2007	2008	2009	2010	2011
Whole Loans	57.3%	50.1%	64.7%	67.4%	76.7%
MBS/CMO	30.9%	28.4%	7.3%	15.0%	9.6%
Securities	1.2%	5.4%	0.4%	2.2%	5.0%
ORERC	10.6%	16.0%	27.2%	14.6%	7.6%
CFI	0.0%	0.1%	0.4%	0.8%	1.0%

4. Collateral Coverage by Member Asset Size

For year-end 2011, the FHLBanks reported adjusted minimum collateral securing advances in four member asset size categories: less than $100 million in assets; greater than $100 million but less than the CFI limit; greater than the CFI limit to $10 billion in assets; and greater than $10 billion in assets.

The System-wide average adjusted minimum collateral-to-advances coverage ratio was 128 percent for year-end 2011, a decrease of one percentage point from a year earlier. At the System level, the collateral coverage ratio was lowest for the largest member category and highest for the second smallest member size category. 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. However, higher collateral coverage ratios are required for members that tend to secure advances under blanket pledge agreements, which is often the type of pledge agreement made by small to medium-sized members. Larger members may have more sophisticated asset management systems and often provide additional information about their collateral pledged, which may allow them to obtain maximum borrowing capacity from their collateral.

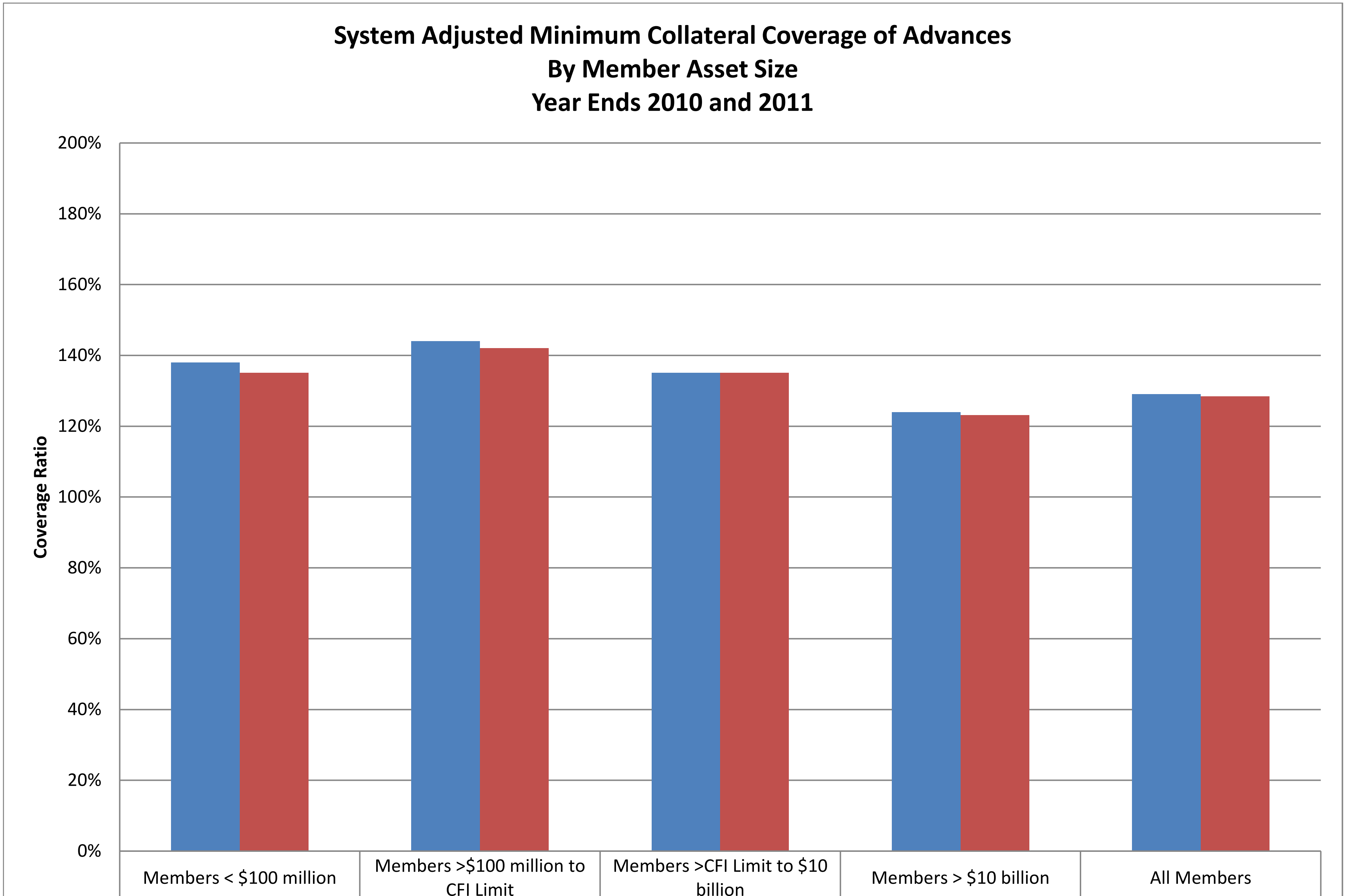
The pattern of collateral coverage ratios varied across the individual FHLBanks. The member collateral coverage ratios at the FHLBanks of Boston, Cincinnati, New York, Pittsburgh, Chicago, and San Francisco were fairly uniform across all member size categories at year-end 2011, with differences between the highest and lowest ratios of only three to fifteen percentage points. The FHLBank of Dallas reported greater variation in coverage ratios by member size and also a different pattern of coverage ratios, with the largest members having the highest average collateral coverage ratio.

As described earlier in this report, FHFA instructs the FHLBanks to report the value of member collateral securing advances under listing or delivery at the lesser of market or book value, prior to any discount. If an FHLBank does not use the lesser value in its collateral valuations, the FHLBank may appear to hold insufficient collateral in this reporting. For example, under the category of "Members > $10 billion," Topeka appears to be short collateral (99 percent advance coverage), because these members are pledging securities where the market value is above book and the FHLBank's lending value is based upon the market value. The table below provides several examples where the market and book value coverage ratios differ.

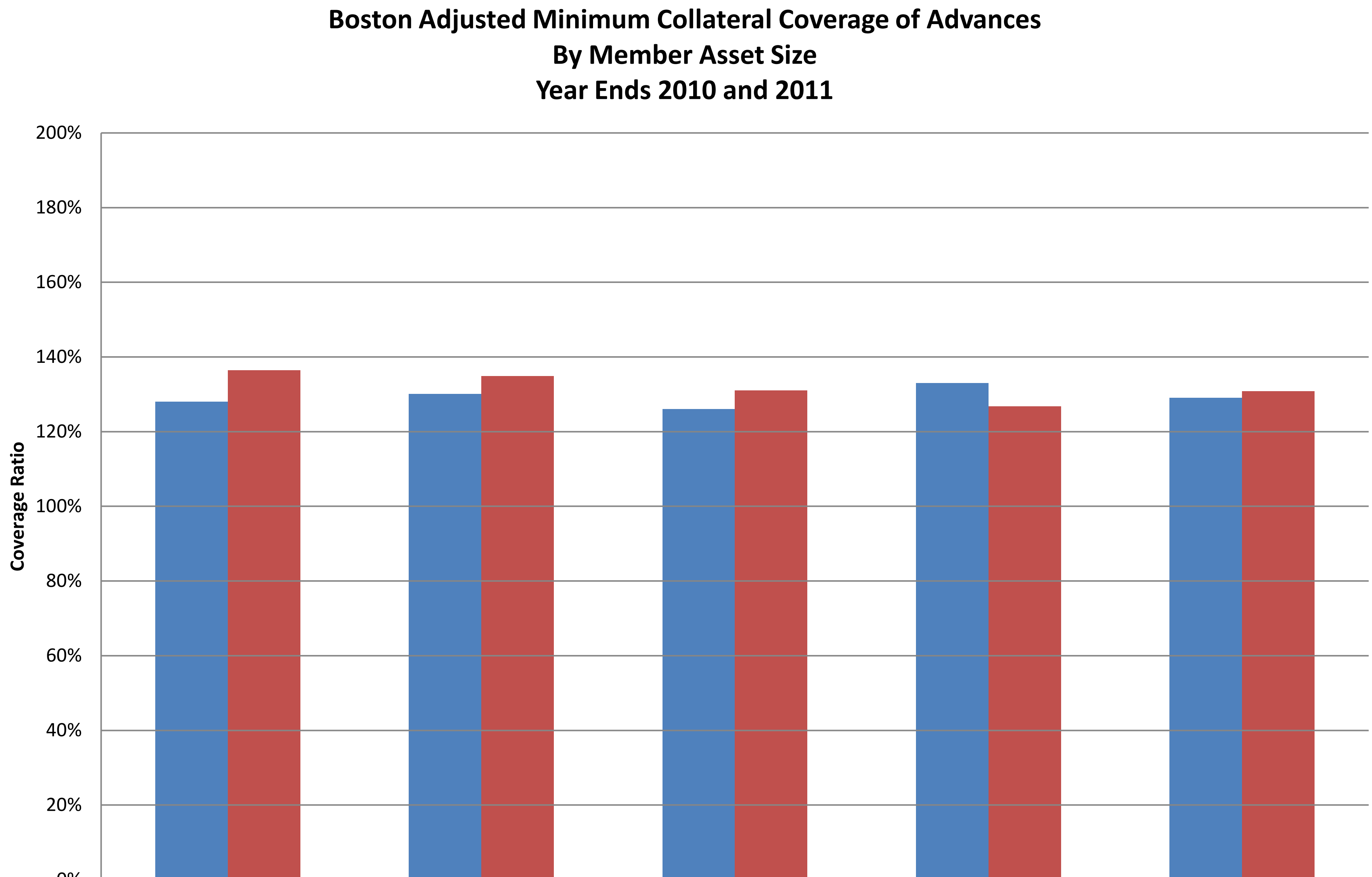
Examples of lesser of book or market value collateral reporting:

	FHLBank A	FHLBank A	FHLBank B	FHLBank B
Advances	$644,500,000	$7,611,250	$57,000,000	$13,848,550
Collateral Book Value	$621,992,810	$7,590,458	$60,109,930	$13,333,024
Collateral Market Value	$674,648,986	$7,863,348	$63,803,340	$14,125,521
Collateral Coverage Book	96.5%	99.7%	105.5%	96.3%
Collateral Coverage Market	104.7%	103.3%	111.9%	102%

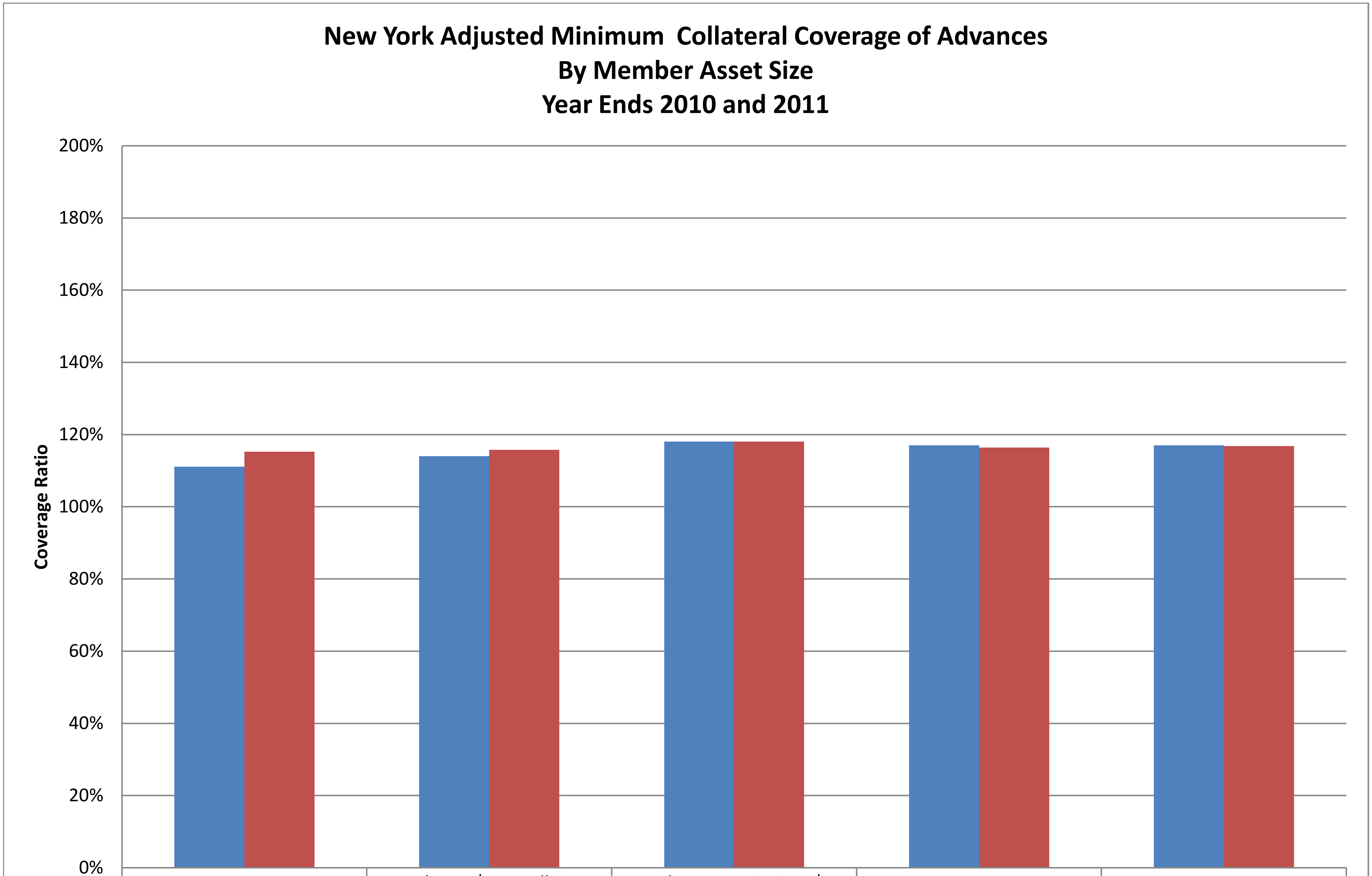
The following graphs illustrate collateral coverage ratios by FHLBank and member asset size.



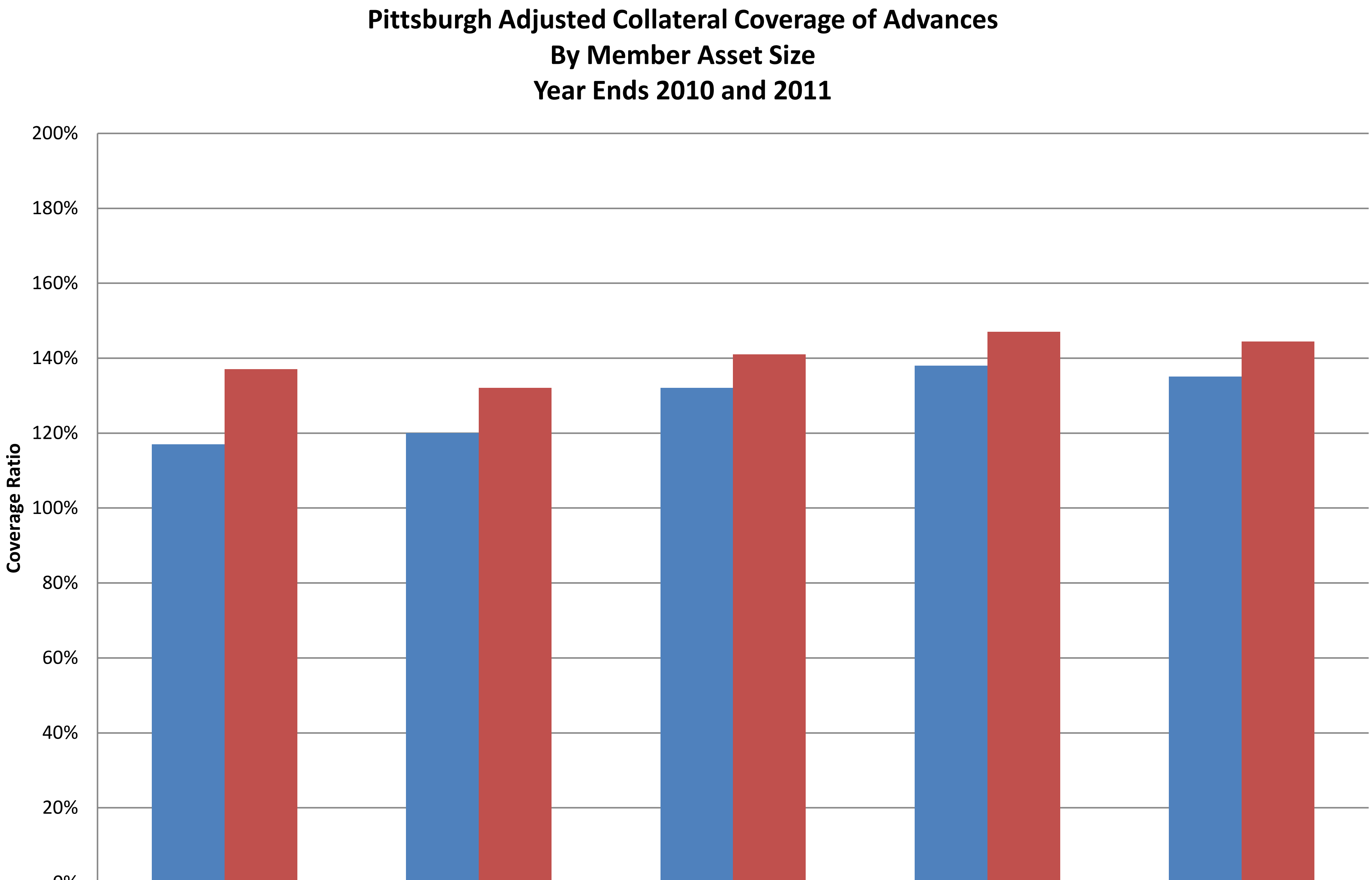
	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	138%	144%	135%	124%	129%
2011	135%	142%	135%	123%	128%



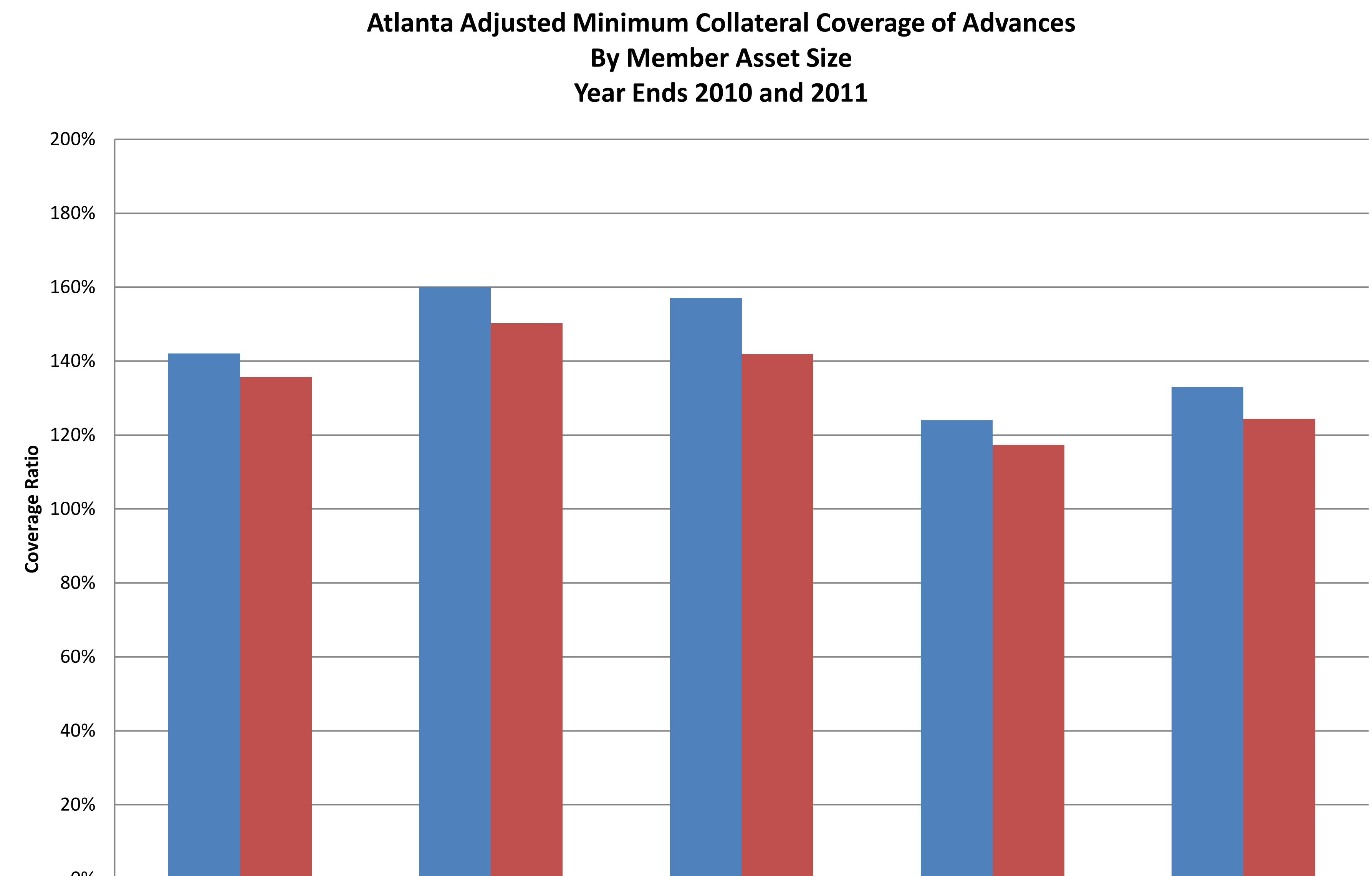
	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	128%	130%	126%	133%	129%
2011	136%	135%	131%	127%	131%



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	111%	114%	118%	117%	117%
2011	115%	116%	118%	116%	117%

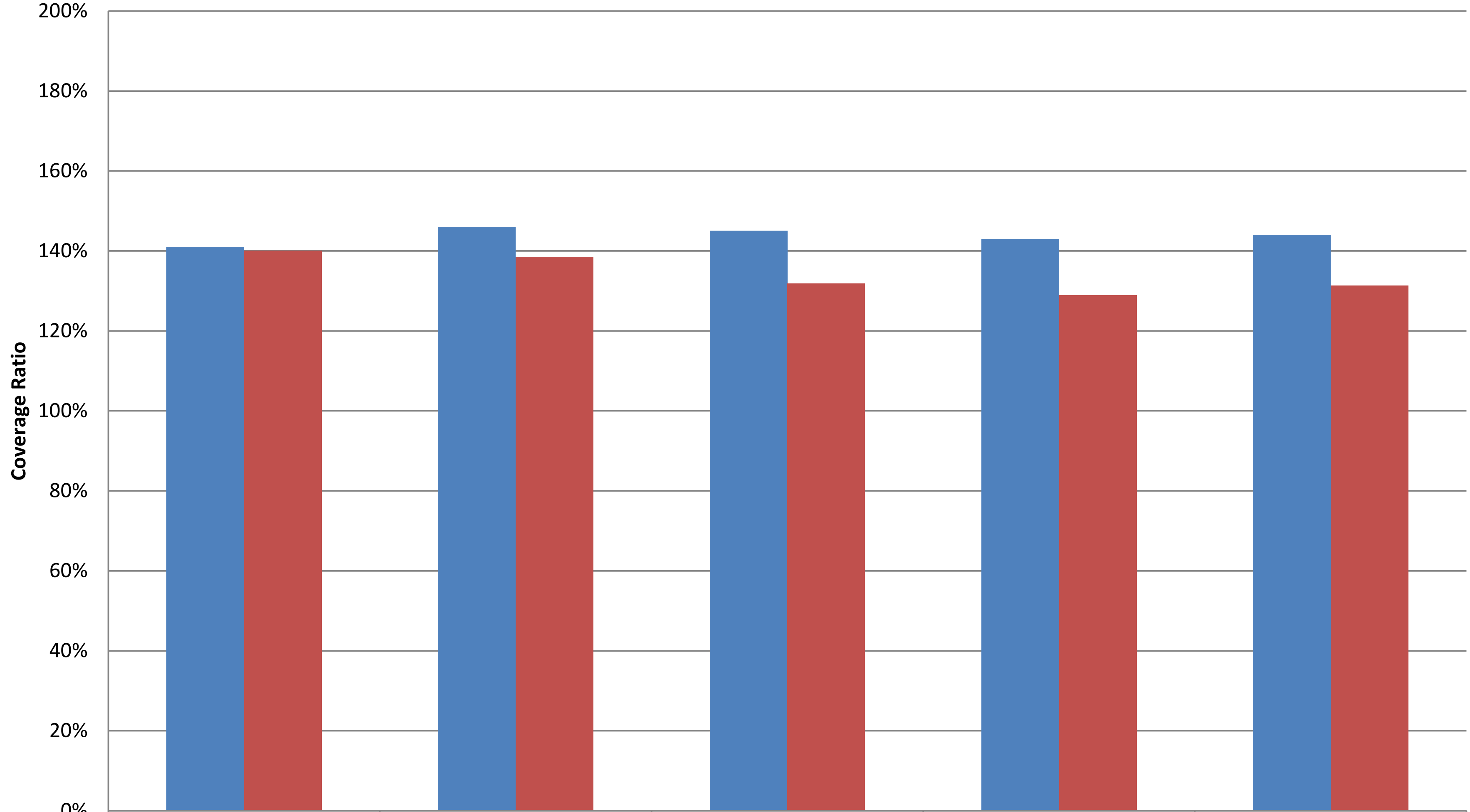


	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	117%	120%	132%	138%	135%
2011	137%	132%	141%	147%	144%

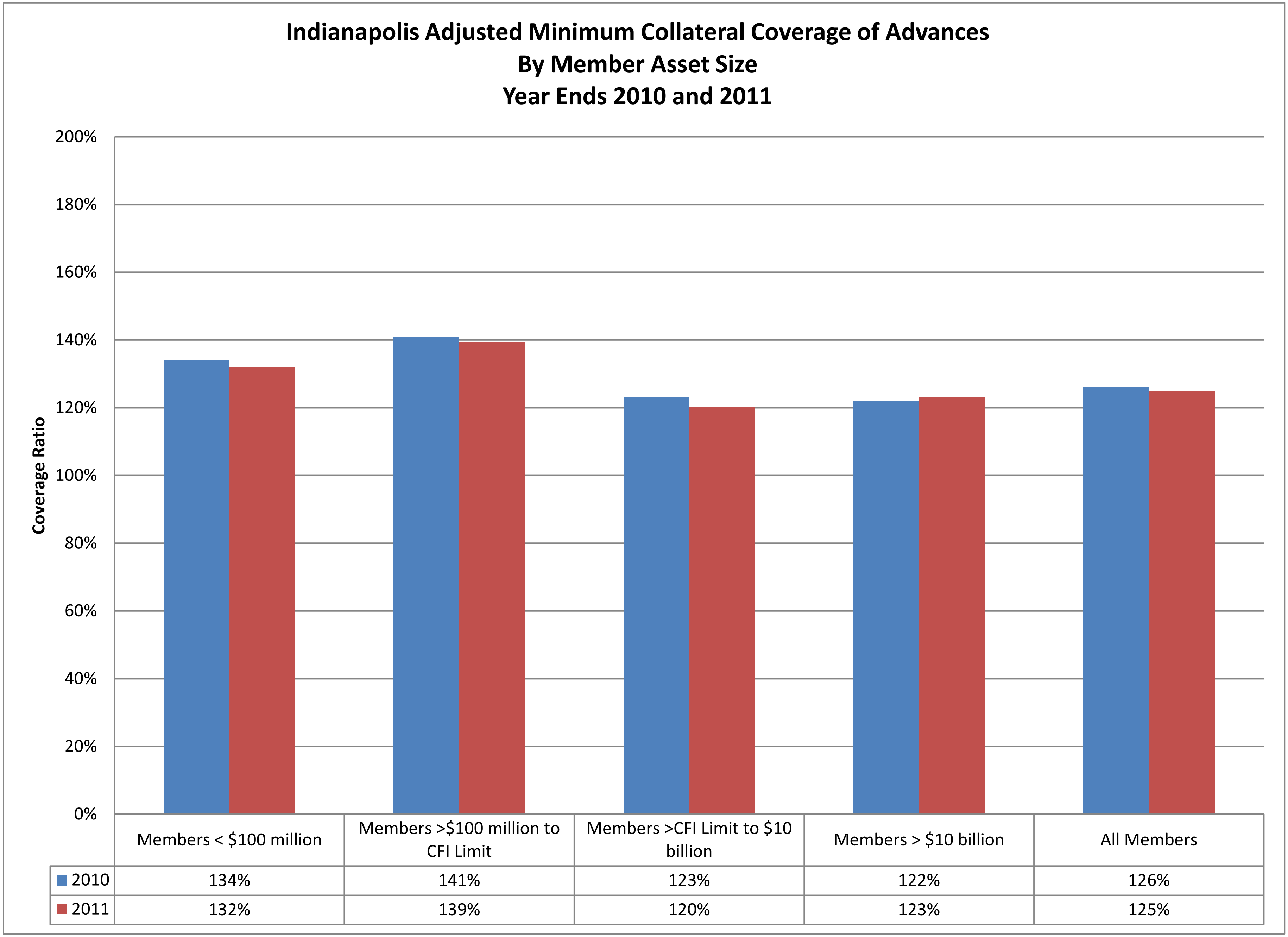


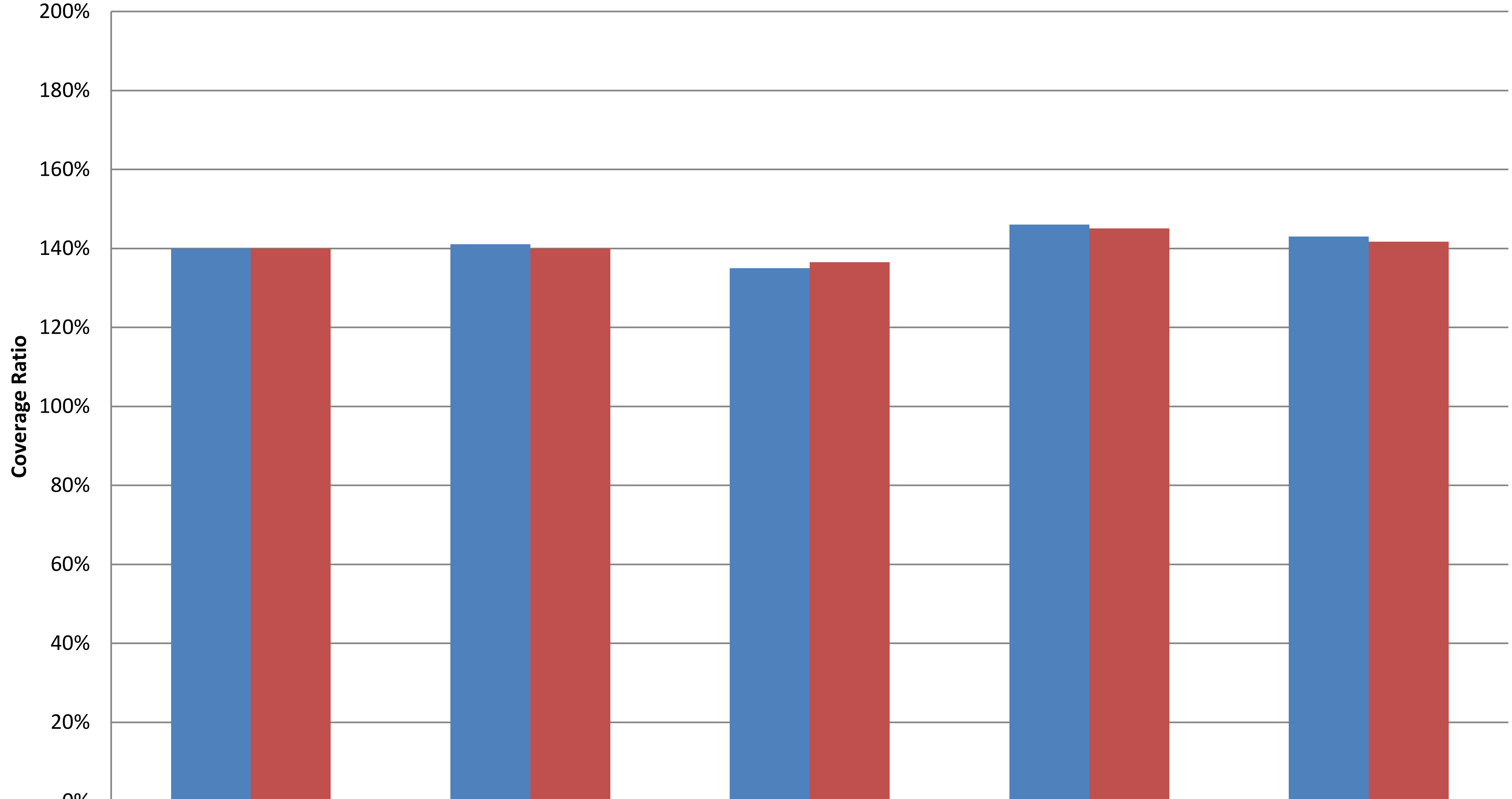
	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	142%	160%	157%	124%	133%
2011	136%	150%	142%	117%	124%

Cincinnati Adjusted Minimum Collateral Coverage of Advances
By Member Asset Size
Year Ends 2010 and 2011

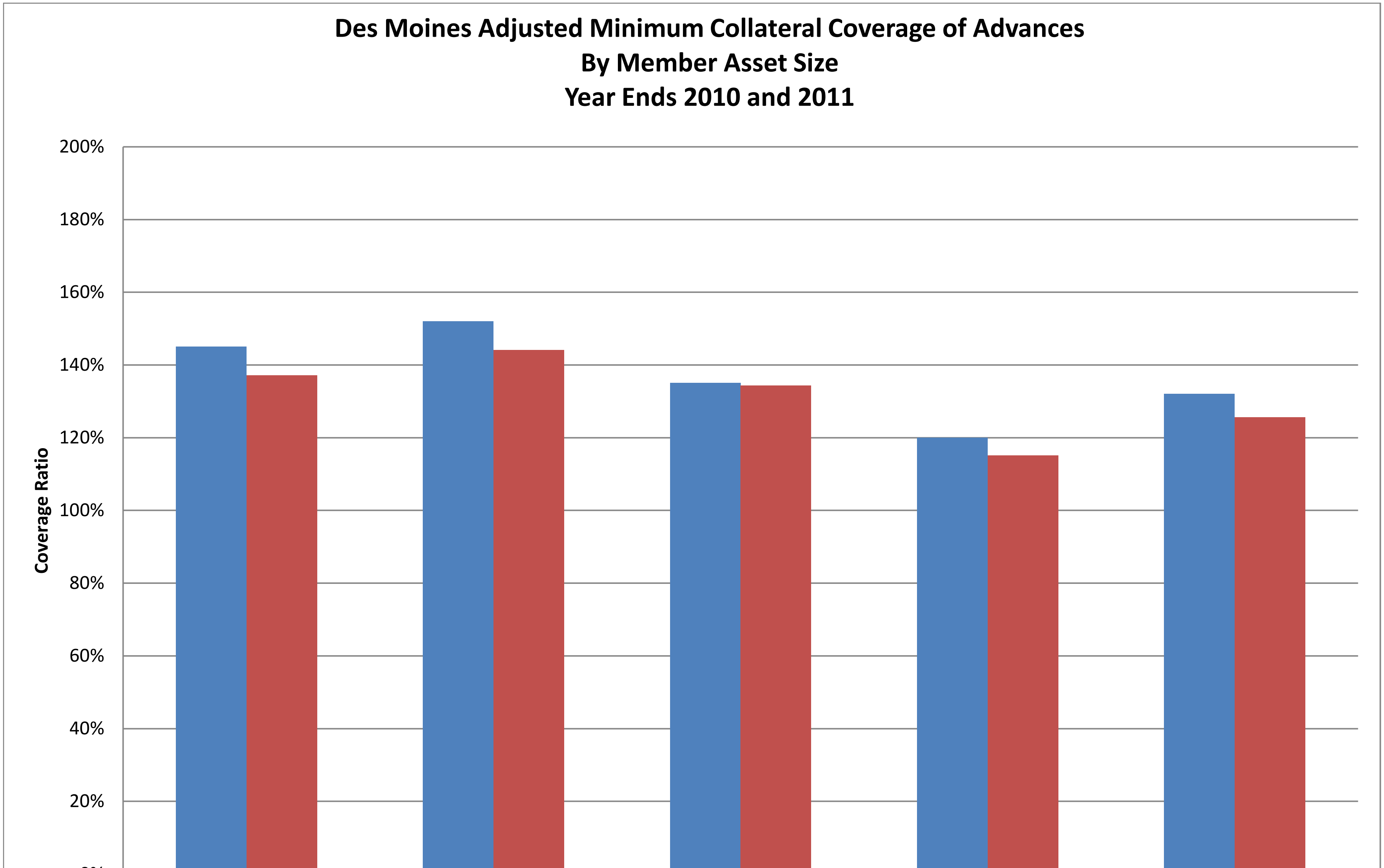


	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	141%	146%	145%	143%	144%
2011	140%	138%	132%	129%	131%

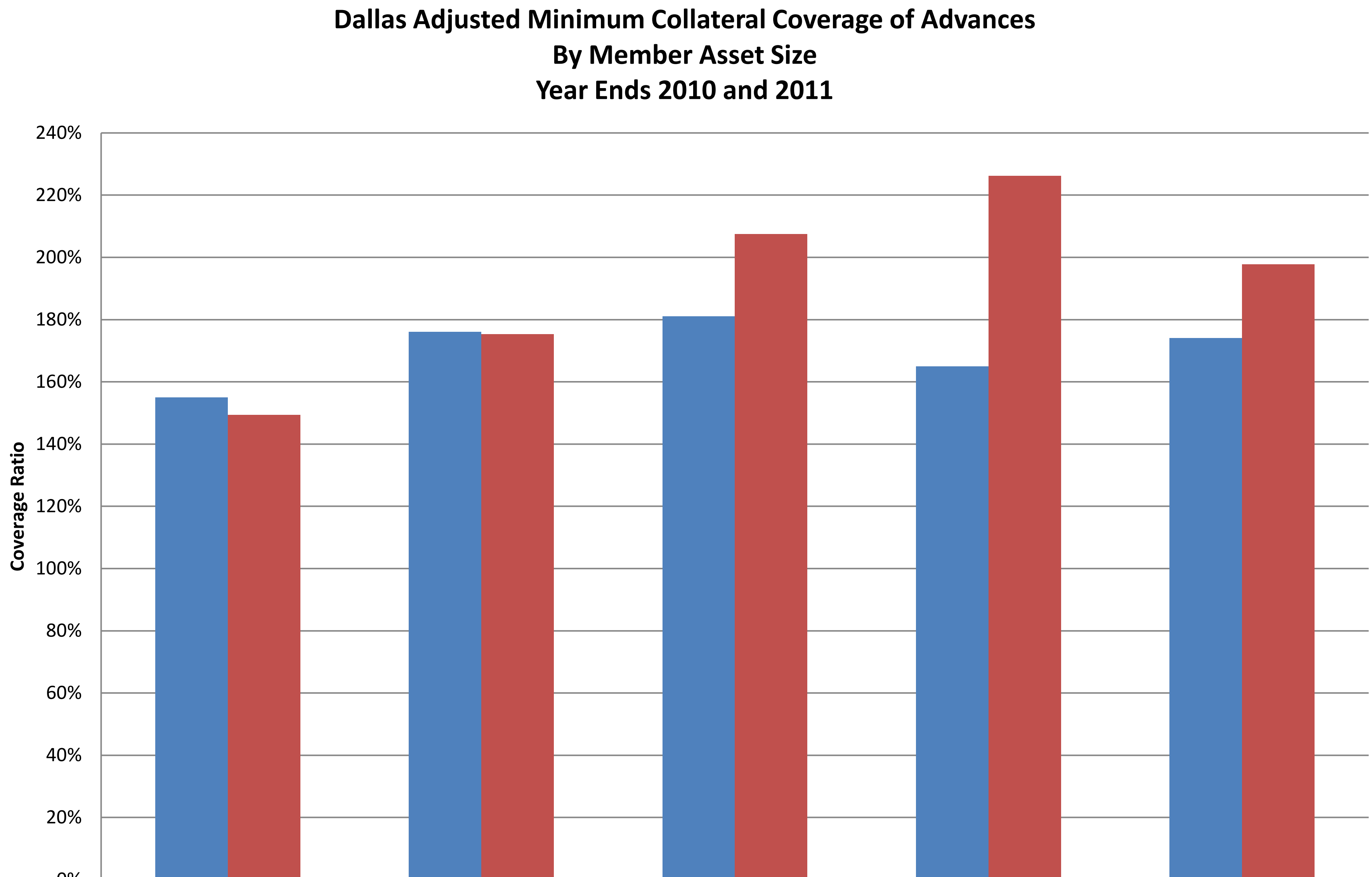

Indianapolis Adjusted Minimum Collateral Coverage of Advances
By Member Asset Size
Year Ends 2010 and 2011
Coverage Ratio
200%
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
Members < $100 million
Members >$100 million to CFI Limit
Members >CFI Limit to $10 billion
Members > $10 billion
All Members
2010
134%
141%
123%
122%
126%
2011
132%
139%
120%
123%
125%



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	140%	141%	135%	146%	143%
2011	140%	140%	136%	145%	142%

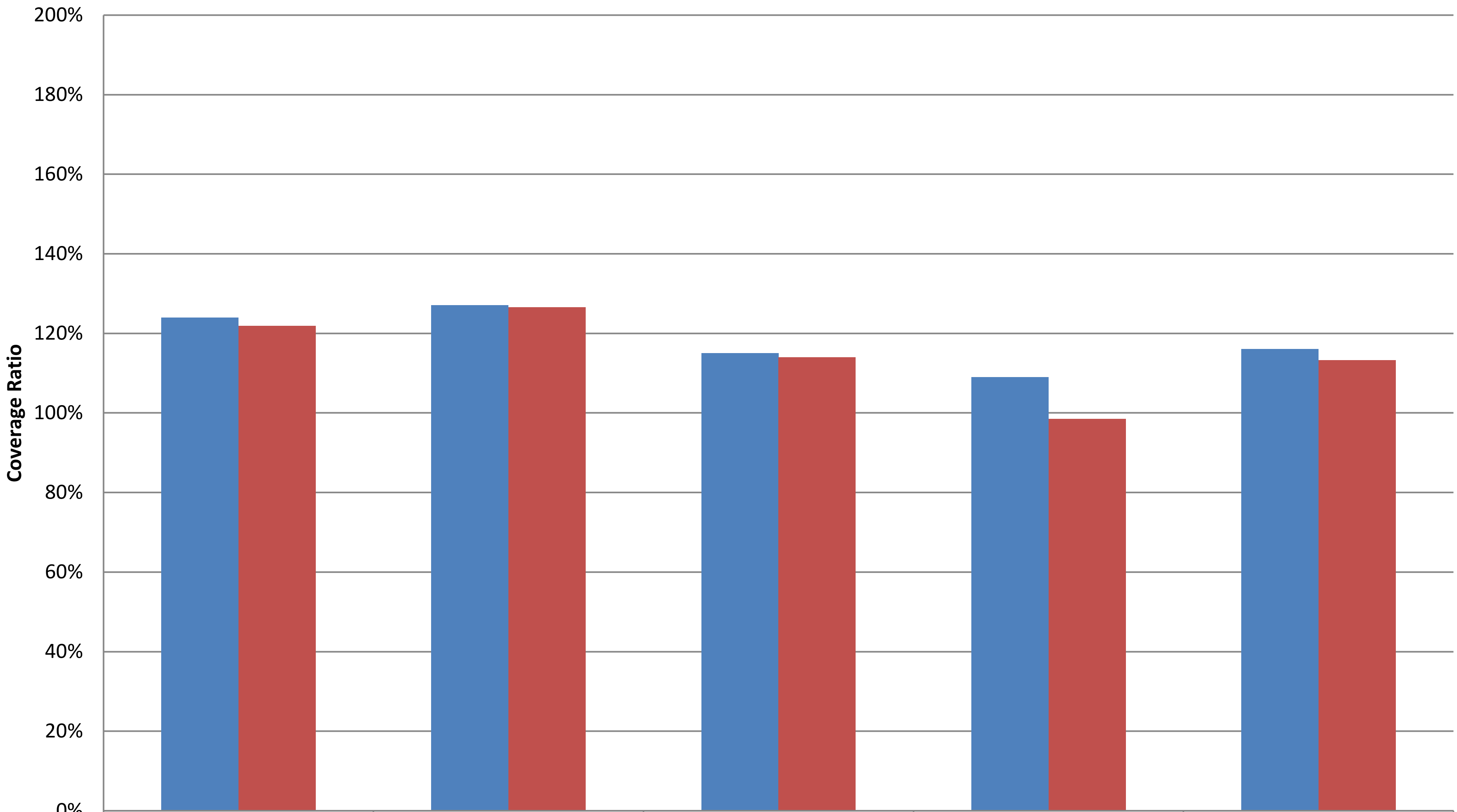


	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	145%	152%	135%	120%	132%
2011	137%	144%	134%	115%	126%

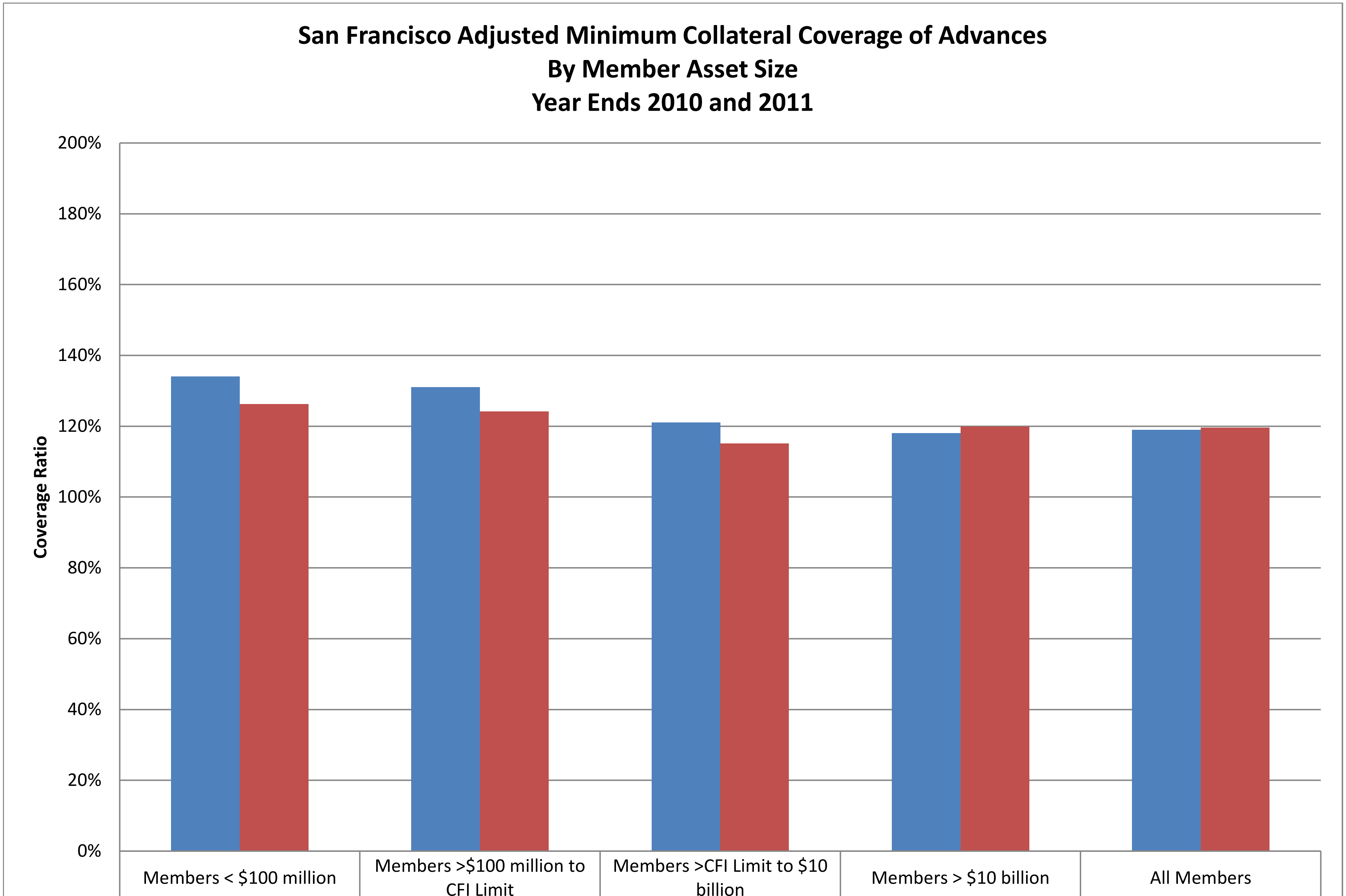


	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	155%	176%	181%	165%	174%
2011	149%	175%	207%	226%	198%

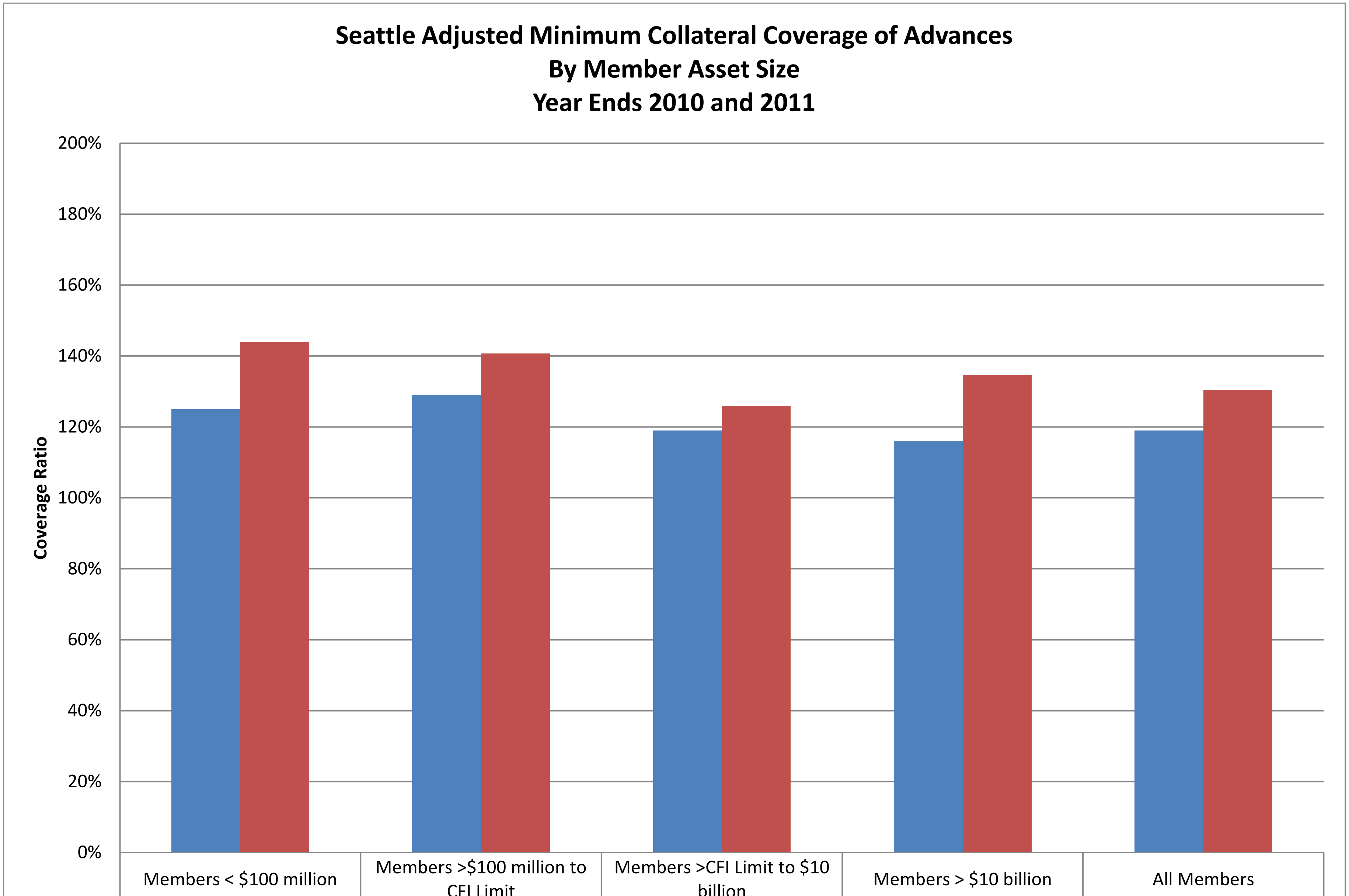
Topeka Adjusted Minimum Collateral Coverage of Advances
By Asset Size
Year Ends 2010 and 2011



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	124%	127%	115%	109%	116%
2011	122%	126%	114%	99%	113%



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	134%	131%	121%	118%	119%
2011	126%	124%	115%	120%	120%



	Members < $100 million	Members >$100 million to CFI Limit	Members >CFI Limit to $10 billion	Members > $10 billion	All Members
2010	125%	129%	119%	116%	119%
2011	144%	141%	126%	135%	130%

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. Among the eligible collateral types accepted by the FHLBanks, ORERC is the most heavily discounted in terms of its value to secure advances.

All the FHLBanks report ORERC securing advances. At several 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. Six FHLBanks (Atlanta, Cincinnati, 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 FHLBanks allow members to secure advances utilizing commercial real estate loan collateral with a blanket pledge. Under a blanket pledge, members do not generally provide details about various types of commercial property loans and this information is also not available from primary regulatory agencies' Call Report data.

The following tables provide detailed information regarding the types of ORERC securing advances at the FHLBanks for the year-ends 2010 and 2011.

Collateral Securing Advances - ORERC

Table 5.1

Adjusted Minimum Collateral
As of December 31, 2011
($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$111	$590	$3,484	$3,666	$574	$1,224	$0	$5,417	$7,184	$318	$3,690	$893	$27,151
Office	$37	$108	$0	-	-	-	$0	$850	-	-	$613	-	$1,608
Retail	$20	$191	$0	-	-	-	$0	$814	-	-	$392	-	$1,417
Industrial	$22	$55	$0	-	-	-	$0	$714	-	-	$311	-	$1,102
Lodging	$10	$18	$0	-	-	-	$0	$10	-	-	$138	-	$176
Mixed Use	$10	$217	$0	-	-	-	$0	$9	-	-	$283	-	$518
Other - No Detail Available	$13	$0	$3,484	$3,666	$574	$1,224	$0	$3,021	$7,184	$318	$1,953	$893	$22,330
2. Commercial 2nd Mortgages	$0	$1	$4	$0	$0	$0	$0	$0	$0	$0	$0	$191	$196
3. Residential Second Mortgage Loans	$0	$5	$1,543	$0	$2	$0	$58	$162	$180	$47	$180	$0	$2,176
4. Home Equity Lines of Credit	$0	$3	$0	$7,115	$98	$1	$931	$762	$0	$0	$13,501	$0	$22,410
5. Construction Loans	$0	$0	$2	$0	$0	$0	$0	$2	$306	$1	$0	$0	$311
Residential Construction (Single Family)	$0	$0	$2	$0	$0	$0	$0	$2	$0	$1	$0	$0	$5
Multi-Family Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Commercial Construction	$0	$0	$0	$0	$0	$0	$0	$0	$306	$0	$0	$0	$306
6. Securities	$0	$3,815	$0	$0	$1,113	$2,799	$173	$4,562	$15	$556	$8	$0	$13,041
CMBS	$0	$3,815	$0	$0	$1,113	$2,789	$0	$4,562	$3	$456	$8	$0	$12,746
HELOC Securities	$0	$0	$0	$0	$0	$10	$0	$0	$0	$9	$0	$0	$19
Mutual Funds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Securities (SBA, SLMA, Municipal, etc.)	$0	$0	$0	$0	$0	$0	$173	$0	$12	$91	$0	$0	$276
7. Land Loans	$0	$0	$0	$0	$0	$0	$0	$785	$918	$79	$0	$0	$1,782
Farm Real Estate	$0	$0	$0	$0	$0	$0	$0	$785	$0	$79	$0	$0	$864
Other Land Loans (Land Development)	$0	$0	$0	$0	$0	$0	$0	$0	$918	$0	$0	$0	$918
8. Other	$0	$0	$0	$0	$0	$0	$0	$36	$0	$20	$4,645	$0	$4,701
Participated loans	$0	$0	$0	$0	$0	$0	$0	$36	$0	$0	$0	$0	$36
Other (Specify)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,645	$0	$4,645
Multi-family Second Mortgage Loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$20	$0	$0	$20
Warehouse and Jr Liens deducted from Single-family	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Totals	$111	$4,413	$5,032	$10,780	$1,787	$4,024	$1,162	$11,728	$8,603	$1,021	$22,024	$1,084	$71,769

Collateral Securing Advances - ORERC

Table 5.2

Part A - Total Collateral
As of December 31, 2011
($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$5,654	$21,680	$54,105	$39,178	$17,069	$8,943	$251	$24,318	$42,563	$8,432	$57,538	$10,102	$289,833
Office	$1,351	$5,768	$0	-	-	-	$113	$1,934	-	-	$6,355	-	$15,522
Retail	$1,289	$5,939	$0	-	-	-	$69	$1,663	-	-	$7,419	-	$16,380
Industrial	$751	$1,281	$0	-	-	-	$42	$1,317	-	-	$5,044	-	$8,435
Lodging	$489	$872	$0	-	-	-	$0	$36	-	-	$2,095	-	$3,492
Mixed Use	$519	$7,820	$0	-	-	-	$21	$44	-	-	$2,201	-	$10,604
Other - No Detail Available	$1,255	$0	$54,105	$39,178	$17,069	$8,943	$6	$19,324	$42,563	$8,432	$34,424	$10,102	$235,401
2. Commercial 2nd Mortgages	$0	$70	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$70
3. Residential Second Mortgage Loans	$1,060	$841	$8,624	$0	$2,115	$258	$1,271	$1,817	$962	$1,880	$6,410	$2,482	$27,720
4. Home Equity Lines of Credit	$11,537	$420	$26,131	$44,859	$24,060	$1,019	$5,682	$2,900	$0	$0	$21,921	$0	$138,530
5. Construction Loans	$0	$0	$1,207	$0	$0	$0	$0	$28	$2,645	$379	$0	$0	$4,258
Residential Construction (Single Family)	$0	$0	$1,207	$0	$0	$0	$0	$28	$0	$366	$0	$0	$1,601
Multi-Family Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$13	$0	$0	$13
Commercial Construction	$0	$0	$0	$0	$0	$0	$0	$0	$2,645	$0	$0	$0	$2,645
6. Securities	$0	$5,654	$0	$0	$1,673	$3,348	$243	$5,857	$122	$605	$20	$0	$17,521
CMBS	$0	$5,654	$0	$0	$1,673	$3,333	$0	$5,857	$53	$492	$8	$0	$17,070
HELOC Securities	$0	$0	$0	$0	$0	$14	$0	$0	$1	$10	$0	$0	$25
Mutual Funds	$0	$0	$0	$0	$0	$0	$0	$0	$4	$0	$0	$0	$4
Other Securities (SBA, SLMA, Municipal, etc.)	$0	$0	$0	$0	$0	$0	$243	$0	$64	$103	$12	$0	$422
7. Land Loans	$0	$0	$7,070	$0	$197	$0	$0	$5,845	$10,862	$577	$0	$0	$24,550
Farm Real Estate (Non-CFI)	$0	$0	$1,658	$0	$197	$0	$0	$5,845	$10,862	$577	$0	$0	$19,139
Other Land Loans (Land Development)	$0	$0	$5,412	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,412
8. Other	$0	$911	$0	$0	$0	$0	$0	$633	$0	$425	$4,984	$0	$6,953
Participated loans	$0	$890	$0	$0	$0	$0	$0	$633	$0	$1	$339	$0	$1,863
Other (Specify)	$0	$21	$0	$0	$0	$0	$0	$0	$0	$424	$4,645	$0	$5,090
Multi-family Second Mortgage Loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$0	$0	$0	$0	$0
Totals	$18,252	$29,577	$97,137	$84,037	$45,114	$13,567	$7,448	$41,397	$57,152	$12,298	$90,873	$12,584	$509,435

Collateral Securing Advances - ORERC

Table 5.3

Adjusted Minimum Collateral

As of December 31, 2010

($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$67	$1,297	$1,697	$5,542	$1,149	$994	$6	$6,687	$10,156	$323	$5,569	$1,873	$35,360
Office	$46	$244	$0	-	-	-	$3	$880	-	-	$634	-	$1,806
Retail	$13	$455	$0	-	-	-	$3	$992	-	-	$1,115	-	$2,578
Industrial	$8	$142	$0	-	-	-	$0	$829	-	-	$503	-	$1,481
Lodging	$0	$27	$0	-	-	-	$0	$7	-	-	$637	-	$672
Mixed Use	$0	$141	$0	-	-	-	$0	$40	-	-	$369	-	$550
Other - No Detail Available	$0	$288	$1,697	$5,542	$1,149	$994	$0	$3,940	$10,156	$323	$2,311	$1,873	$28,273
2. Commercial 2nd Mortgages	$0	$2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2
3. Residential Second Mortgage Loans	$3	$29	$0	$0	$8	$0	$99	$293	$429	$34	$1,908	$219	$3,022
4. Home Equity Lines of Credit	$85	$0	$0	$12,211	$96	$3	$1,099	$1,707	$0	$0	$8,573	$0	$23,774
5. Construction Loans	$0	$0	$0	$0	$0	$0	$0	$2	$181	$10	$0	$0	$193
Residential Construction (Single Family)	$0	$0	$0	$0	$0	$0	$0	$2	$0	$10	$0	$0	$12
Multi-Family Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Commercial Construction	$0	$0	$0	$0	$0	$0	$0	$0	$181	$0	$0	$0	$181
6. Securities	$0	$4,152	$0	$0	$1,364	$1,960	$139	$4,367	$5	$754	$0	$157	$12,898
CMBS	$0	$4,152	$0	$0	$1,364	$1,960	$0	$4,364	$0	$698	$0	$157	$12,695
HELOC Securities	$0	$0	$0	$0	$0	$0	$0	$3	$0	$56	$0	$0	$59
Mutual Funds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Securities (Specifiy) - Municipal Securities	$0	$0	$0	$0	$0	$0	$139	$0	$5	$0	$0	$0	$144
7. Land Loans	$0	$0	$0	$0	$141	$0	$0	$942	$422	$58	$0	$0	$1,563
Farm Real Estate	$0	$0	$0	$0	$141	$0	$0	$942	$0	$58	$0	$0	$1,141
Other Land Loans (Land Development)	$0	$0	$0	$0	$0	$0	$0	$0	$422	$0	$0	$0	$422
8. Other	$0	$0	$0	$0	$0	$0	$312	$98	$0	$30	$5	$0	$445
Participated loans	$0	$0	$0	$0	$0	$0	$261	$98	$0	$0	$5	$0	$364
Other (Specify)	$0	$0	$0	$0	$0	$0	$51	$0	$2	$0	$0	$0	$53
Multi-family Second Mortgage Loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$30	$0	$0	$30
Warehouse and Jr Liens deducted from Single-family	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Totals	$155	$5,481	$1,697	$17,753	$2,758	$2,957	$1,655	$14,095	$11,193	$1,209	$16,055	$2,249	$77,256

Collateral Securing Advances - ORERC

Table 5.4

Part A - Total Collateral

As of December 31, 2010

($ Millions)

FHLBank	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
1. Commercial Real Estate	$6,071	$17,132	$60,947	$44,436	$15,481	$6,453	$298	$25,068	$44,004	$8,912	$40,352	$15,001	$284,156
Office	$1,821	$4,171	$0	-	-	-	$109	$1,489	-	-	$5,884	-	$13,474
Retail	$1,214	$5,083	$0	-	-	-	$85	$1,437	-	-	$6,579	-	$14,398
Industrial	$1,518	$1,016	$0	-	-	-	$41	$1,251	-	-	$4,841	-	$8,667
Lodging	$911	$657	$0	-	-	-	$7	$15	-	-	$2,170	-	$3,760
Mixed Use	$607	$1,721	$0	-	-	-	$20	$66	-	-	$2,286	-	$4,700
Other - No Detail Available	$0	$4,485	$60,947	$44,436	$15,481	$6,453	$36	$20,811	$44,004	$8,912	$18,592	$15,001	$239,158
2. Commercial 2nd Mortgages	$0	$93	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$93
3. Residential Second Mortgage Loans	$1,513	$158	$8,691	$0	$3,195	$418	$2,231	$2,198	$885	$1,933	$6,160	$2,696	$30,078
4. Home Equity Lines of Credit	$8,124	$0	$27,153	$52,367	$24,849	$1,359	$7,917	$3,890	$0	$0	$14,270	$0	$139,929
5. Construction Loans	$0	$0	$8,420	$0	$0	$0	$0	$180	$2,754	$582	$0	$0	$11,936
Residential Construction (Single Family)	$0	$0	$3,574	$0	$0	$0	$0	$67	$0	$582	$0	$0	$4,223
Multi-Family Construction	$0	$0	$1,983	$0	$0	$0	$0	$73	$0	$0	$0	$0	$2,056
Commercial Construction	$0	$0	$2,863	$0	$0	$0	$0	$40	$2,754	$0	$0	$0	$5,657
6. Securities	$0	$5,940	$0	$0	$1,420	$2,361	$169	$5,177	$6	$780	$22	$174	$16,049
CMBS	$0	$5,940	$0	$0	$1,420	$2,307	$0	$5,173	$0	$713	$22	$174	$15,749
HELOC Securities	$0	$0	$0	$0	$0	$1	$3	$4	$0	$67	$0	$0	$75
Mutual Funds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Securities (Specifiy) - Municipal Securities	$0	$0	$0	$0	$0	$53	$166	$0	$6	$0	$0	$0	$225
7. Land Loans	$0	$0	$3,432	$0	$184	$0	$0	$5,777	$12,997	$561	$0	$0	$22,951
Farm Real Estate	$0	$0	$1,679	$0	$184	$0	$0	$5,759	$0	$555	$0	$0	$8,177
Other Land Loans (Land Development)	$0	$0	$1,753	$0	$0	$0	$0	$18	$12,997	$6	$0	$0	$14,774
8. Other	$0	$26	$0	$0	$0	$0	$2,499	$603	$2	$44	$1,501	$0	$4,675
Participated loans	$0	$0	$0	$0	$0	$0	$2,435	$603	$0	$0	$30	$0	$3,068
Other (Specify)	$0	$26	$0	$0	$0	$0	$64	$0	$2	$44	$1,471	$0	$1,607
Multi-family Second Mortgage Loans	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$0	$0	$0	$0	$0
Totals	$15,708	$23,349	$108,643	$96,803	$45,129	$10,591	$13,114	$42,892	$60,648	$12,812	$62,305	$17,871	$509,865

6. Community Financial Institution Collateral

The FHLBanks are authorized to accept from CFI members and their affiliates, additional types of collateral that would not otherwise be considered eligible collateral as security for advances. These types of CFI collateral include small business loans, small farm loans, small agri-business loans and community development 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 FHLBank of Topeka reported the highest level of advances secured by CFI collateral (CFI advances) for the past three year-ends. CFI advances at the FHLBank decreased to just under $869 million at year-end 2011 from $1.0 billion at year-end 2010.

The tables in this section display the mix of CFI collateral types, the level of advances secured by CFI collateral, and the amounts of total CFI collateral pledged by CFI members at year-end 2011. The graphs illustrate CFI collateral and associated advances at year-ends 2010 and 2011.

The Collateral Data Survey also collects the total amounts of CFI collateral pledged by CFI members to their respective FHLBanks. At year-end 2011, the FHLBank of Topeka led the System with $12.5 billion pledged by CFI members to the FHLBank. The FHLBank of Dallas was second with $9.4 billion pledged by CFI members. Only the FHLBanks of New York and Atlanta report no CFI collateral pledged to the FHLBanks for year-end 2011.

Table 6.1

2011 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	35	20	115	0	200	684	0	7	1,060
Small Agri-business Loans	0	0	0	0	0	0	7	57	0	108	0	0	171
Small Business Loans	10	0	0	0	36	2	114	48	120	704	7	142	1,182
Community Development Loans/Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total CFI Collateral	10	0	0	0	70	22	235	105	320	1,496	7	149	2,413

Total CFI Advances	$5	$0	$0	$0	$56	$11	$132	$56	$97	$869	$2	$84	$1,312

CFI Pledged													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	$0	$0	$0	$0	$203	$116	$436	$0	$4,985	$3,078	$234	$132	$9,184
Small Agri-business Loans	$0	$0	$0	$0	$0	$0	$135	$1,334	$0	$2,558	$154	$140	$4,321
Small Business Loans	$76	$0	$2,795	$0	$73	$29	$547	$1,818	$4,362	$6,848	$3,031	$355	$19,934
Community Development Loans/Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Pledged CFI Collateral	$76	$0	$2,795	$0	$276	$145	$1,118	$3,152	$9,348	$12,484	$3,419	$627	$33,439

Table 6.2

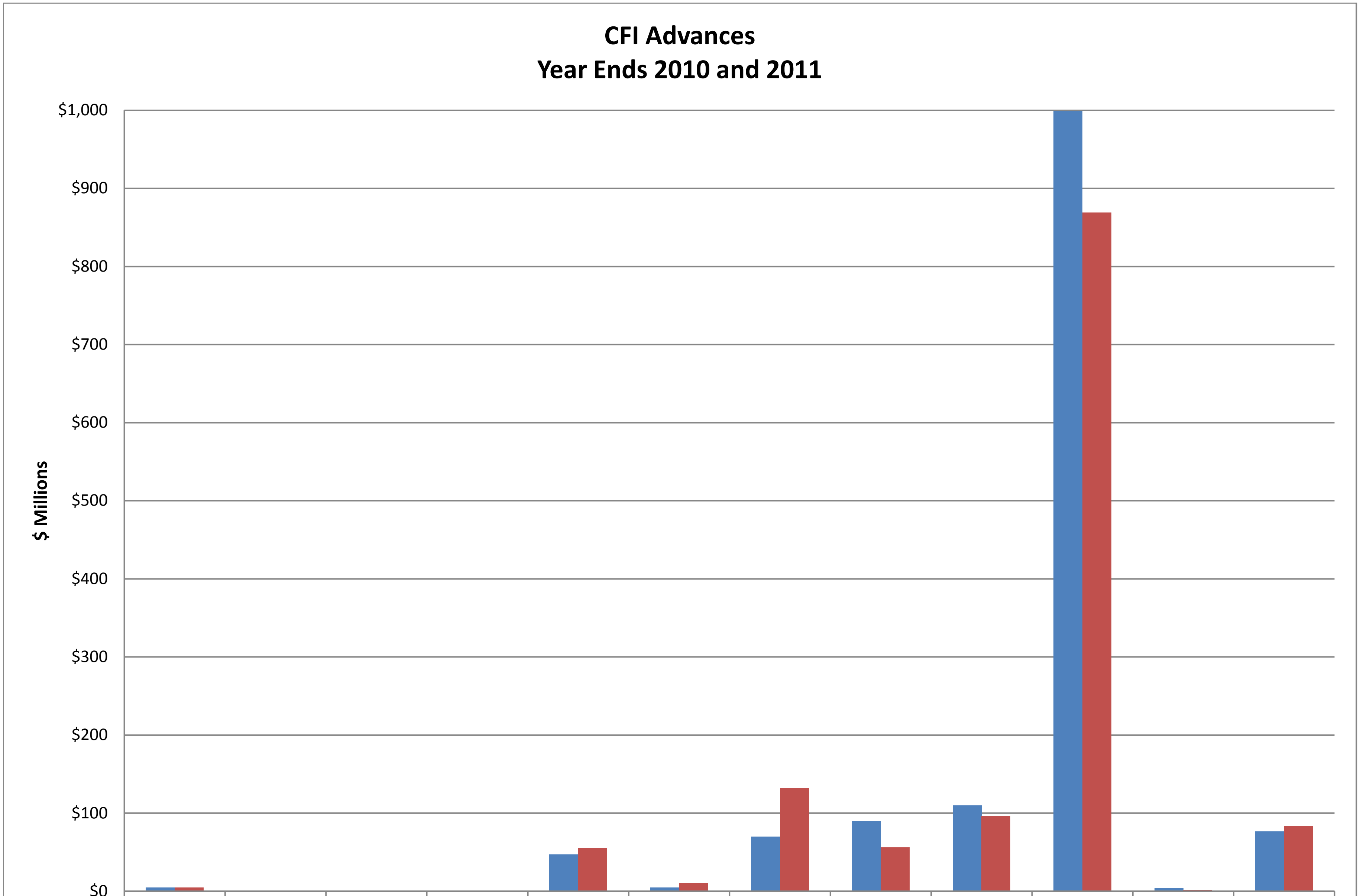
2010 CFI Collateral & Advances Activity

($ Millions)

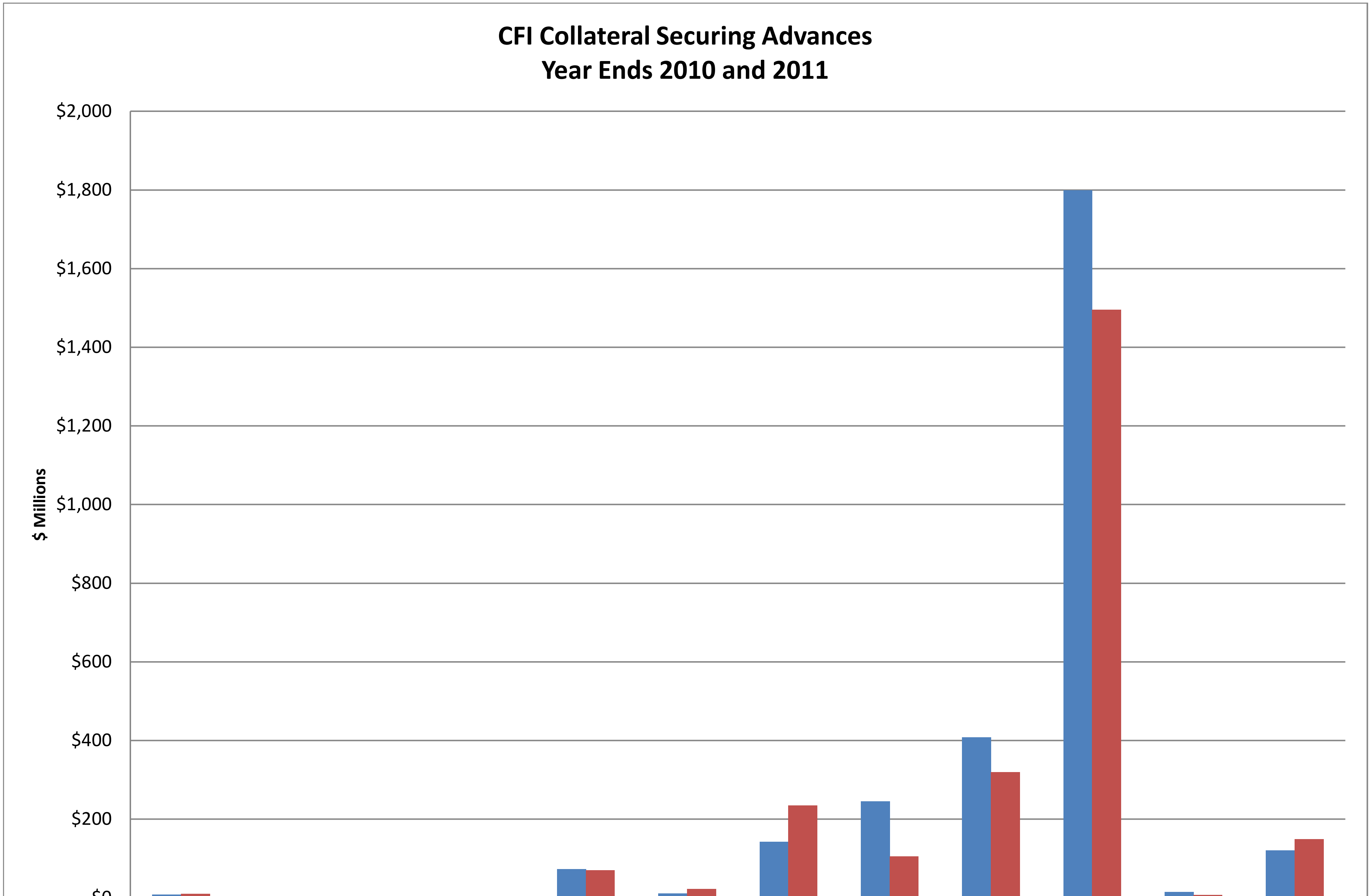
CFI Collateral Securing Advances													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	0	0	0	0	73	7	85	0	220	729	0	27	1,141
Small Agri-business Loans	0	0	0	0	0	0	0	93	0	154	0	1	248
Small Business Loans	9	0	0	0	0	4	57	152	188	917	15	92	1,434
Total CFI Collateral	9	0	0	0	73	11	142	245	408	1,800	15	120	2,823

Total CFI Advances	$5	$0	$0	$0	$47	$5	$70	$90	$110	$999	$4	$77	$1,407

CFI Pledged													
FHLBank	**BOS**	**NYK**	**PIT**	**ATL**	**CIN**	**IND**	**CHG**	**DSM**	**DAL**	**TOP**	**SFR**	**SEA**	**SYSTEM**
Small Farm Loans	$0	$0	$0	$0	$255	$126	$252	$0	$5,243	$2,845	$199	$155	$9,075
Small Agri-business Loans	$0	$0	$0	$0	$0	$0	$0	$1,552	$0	$2,673	$118	$146	$4,489
Small Business Loans	$600	$0	$2,912	$0	$0	$38	$274	$2,521	$4,497	$6,760	$2,087	$470	$20,159
Total Pledged CFI Collateral	$600	$0	$2,912	$0	$255	$164	$526	$4,073	$9,740	$12,278	$2,404	$771	$33,723

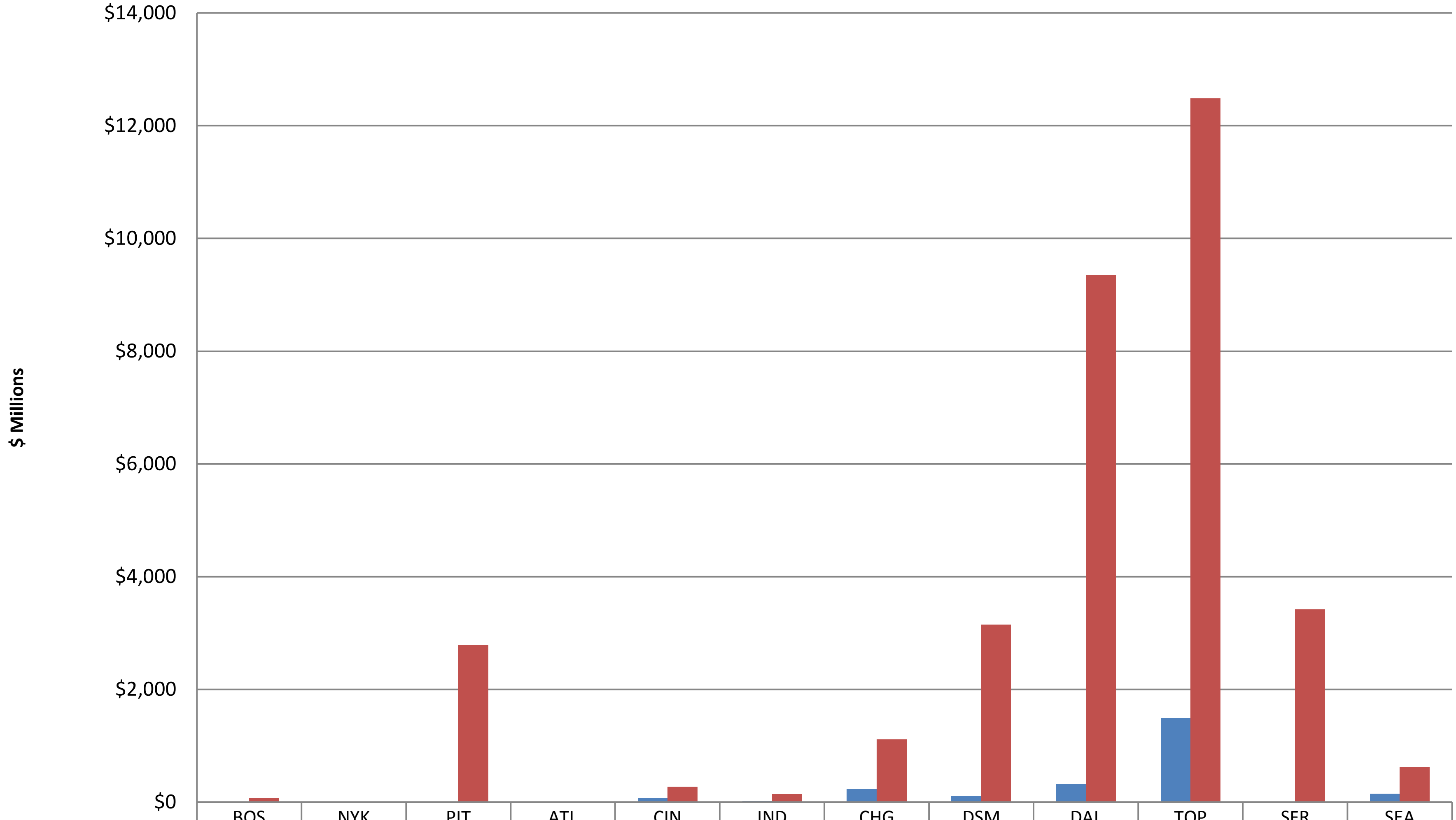


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$5	$0	$0	$0	$47	$5	$70	$90	$110	$999	$4	$77
2011	$5	$0	$0	$0	$56	$11	$132	$56	$97	$869	$2	$84

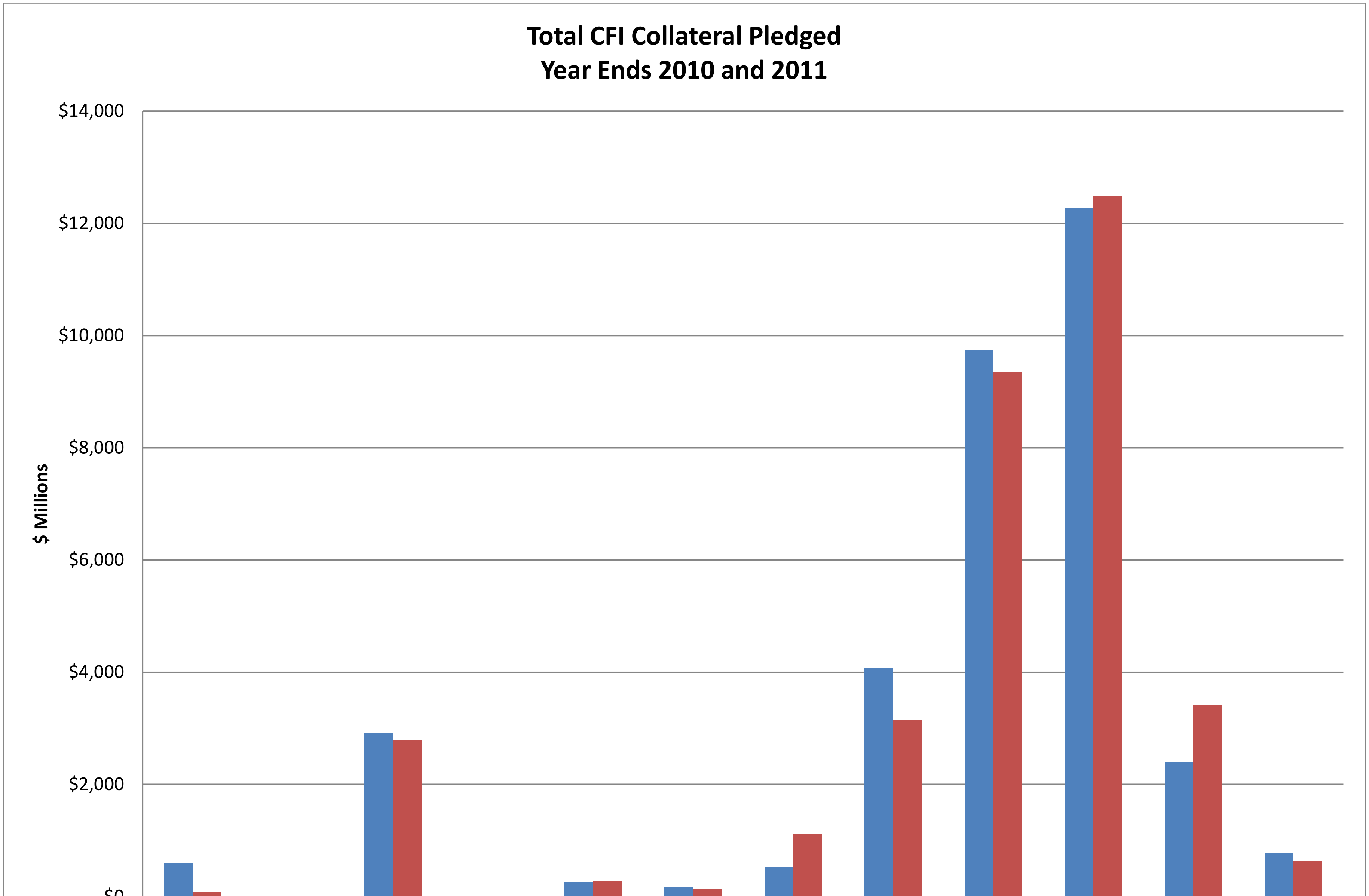


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$9	$0	$0	$0	$73	$11	$142	$245	$408	$1,800	$15	$120
2011	$10	$0	$0	$0	$70	$22	$235	$105	$320	$1,496	$7	$149

CFI Collateral Securing Advances
Compared to
Total CFI Collateral Pledged
Year End 2011



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
Adjusted Minimum	$10	$0	$0	$0	$70	$22	$235	$105	$320	$1,496	$7	$149
Total Pledged	$76	$0	$2,795	$0	$276	$145	$1,118	$3,152	$9,348	$12,484	$3,419	$627



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$600	$0	$2,912	$0	$255	$164	$526	$4,073	$9,740	$12,278	$2,404	$771
2011	$76	$0	$2,795	$0	$276	$145	$1,118	$3,152	$9,348	$12,484	$3,419	$627

7. Insurance Company and Credit Union Collateral

Insurance Companies

Insurance company membership is increasing throughout the System. During 2011, the number of insurance company members rose to 256, an increase of 27 insurance company members from year-end 2010. Advances outstanding to insurance company members increased during 2011 from $45 to $47 billion. Insurance company member advances accounted for nearly 12 percent of total advances at year-end 2011, up from 10 percent at year-end 2010. Only the FHLBanks of Seattle and San Francisco reported no advances outstanding to insurance company members.

Reported 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 the fact that most FHLBanks require insurance company members to deliver collateral rather than relying on a blanket lien or a listing. Delivered mortgage securities receive some of the highest collateral value among eligible collateral types and they represent 46 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, and thus would go through state law rehabilitation or receivership process if they were to fail, rather than a receivership process administered by the FDIC or NCUA. Because of the uncertainties of such state law processes, it is not clear that the super lien protection that legislatively places the FHLBanks first among other creditors for collateral securing advances would apply in the case of a failure of an insurance company member. Accordingly, the FHLBanks have determined that they generally must take possession of collateral pledged by insurance company members to fully protect their lien status. In addition, each insurance company member is under individual state regulation and, as such, some states may limit the amounts of collateral pledged by insurance companies to secure any advances made to them. In combination, this results in lower collateral coverage for insurance company members of the System.

The table below displays the distribution of collateral securing advances to insurance companies at year-ends 2010 and 2011:

Insurance Company Collateral		
Collateral Type	**Percentage of Collateral 2010**	**Percentage of Collateral 2011**
PLS MBS/CMO	4	1
U.S Agency MBS/CMO	48	45
ORERC	33	32
Whole loans	1	2
Securities/deposits	14	20

As described earlier in this report, FHFA instructs the FHLBanks to report the value of member collateral securing advances under listing or delivery at the lesser of market or book value, prior to any discount. If an FHLBank does not use the lesser value in its collateral valuations, the FHLBank may appear to hold insufficient collateral in this reporting. For example, in the graph below showing adjusted minimum collateral coverage for insurance companies, the FHLBanks of Dallas and Topeka appear to be short collateral (98 percent advance coverage), because members are pledging securities where the market value is above book and the FHLBank's lending value is based upon the market value.

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 $26 billion at year-end 2010 to $24 billion at year-end 2011, a decrease of 7 percent. While credit union membership at the FHLBanks increased by 91 to 1,121 at year-end 2011, 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. Whole mortgage loan collateral represents 78 percent of the collateral to secure this member group's advances. The FHLBanks generally discount whole mortgage loan collateral more than MBS/CMOs.

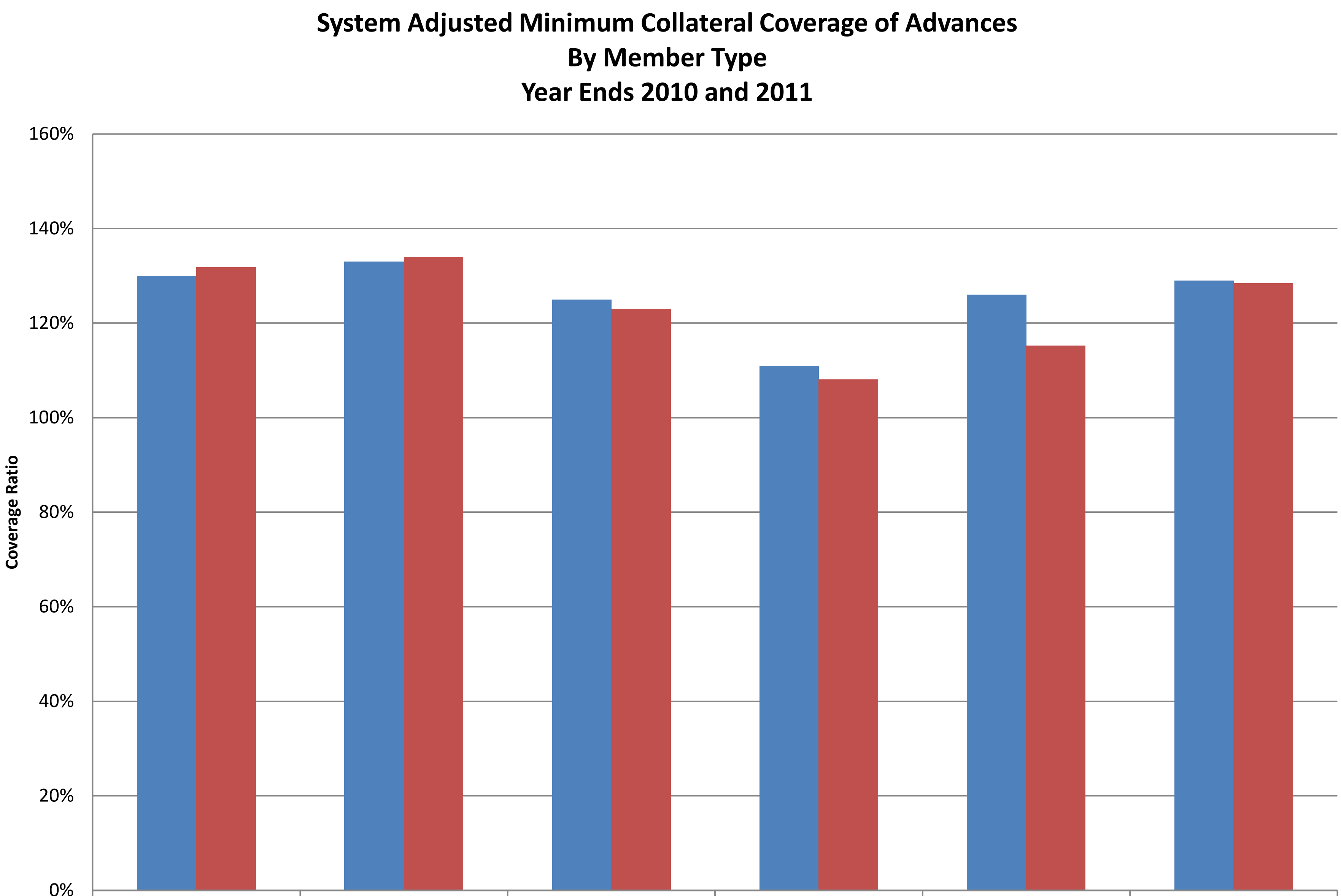
The table below displays the distribution of collateral securing advances to credit unions at year-ends 2010 and 2011:

Credit Union Collateral		
Collateral Type	**Percentage of Collateral 2010**	**Percentage of Collateral 2011**
PLS MBS/CMO	0	0
U.S. Agency MBS/CMOs	15	17
ORERC	3	2
Whole loans	80	78
Securities/Deposits	2	3

Exhibits

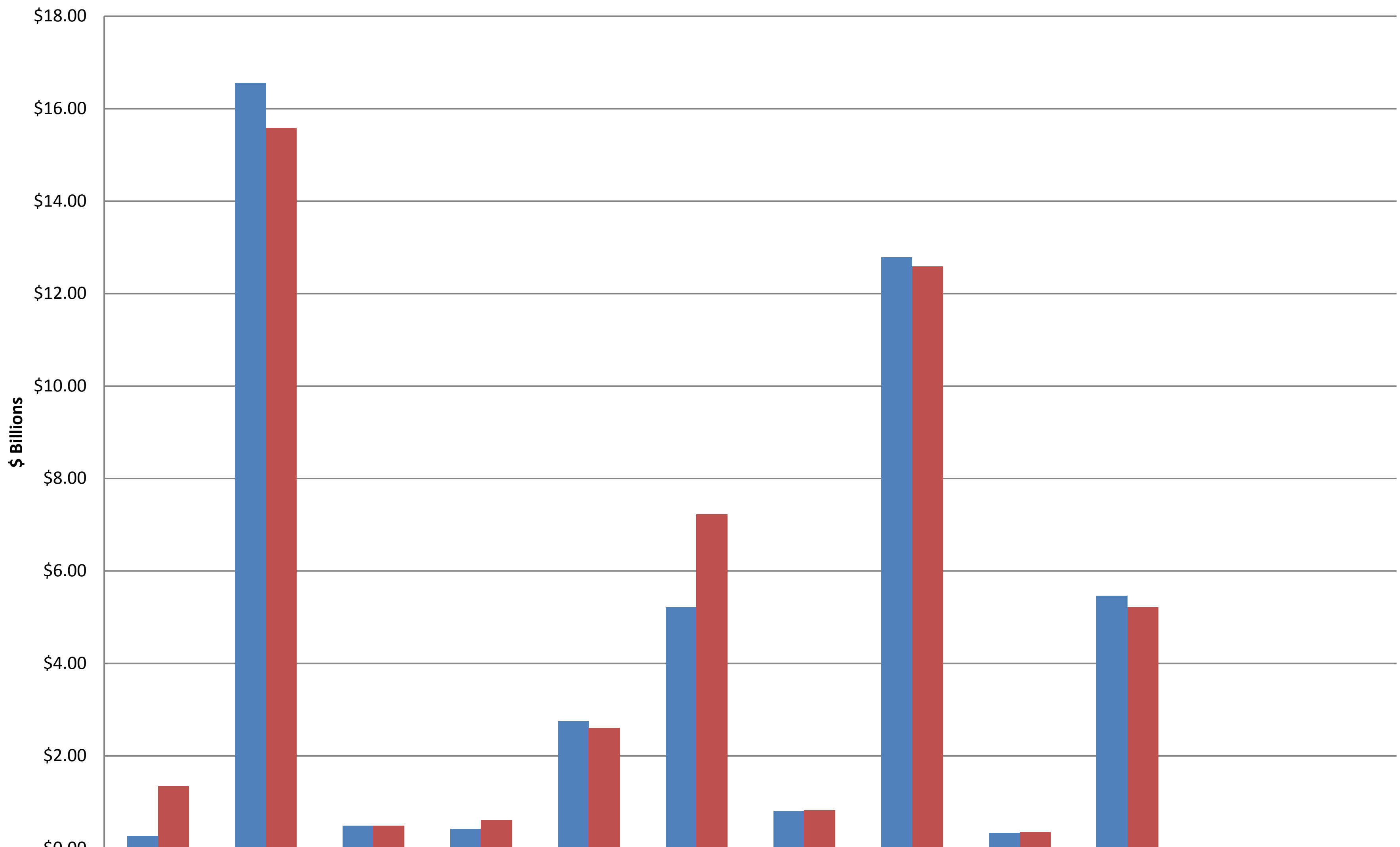
The first graph in this section shows collateral coverage of advances to the various types of FHLBank members. The "Other" category captures outstanding advances made to members that have been acquired by a member of another FHLBank or to a nonmember financial institution (but which remain outstanding to the originating FHLBank) and advances made to housing associates. Advances outstanding to housing associates were $1 billion, and advances outstanding to members acquired by out-of-district members or by nonmembers were $31 billion as of year-end 2011.

The remaining graphs in this section provide information on the volume of advances and the collateral coverage for both insurance companies and credit unions.



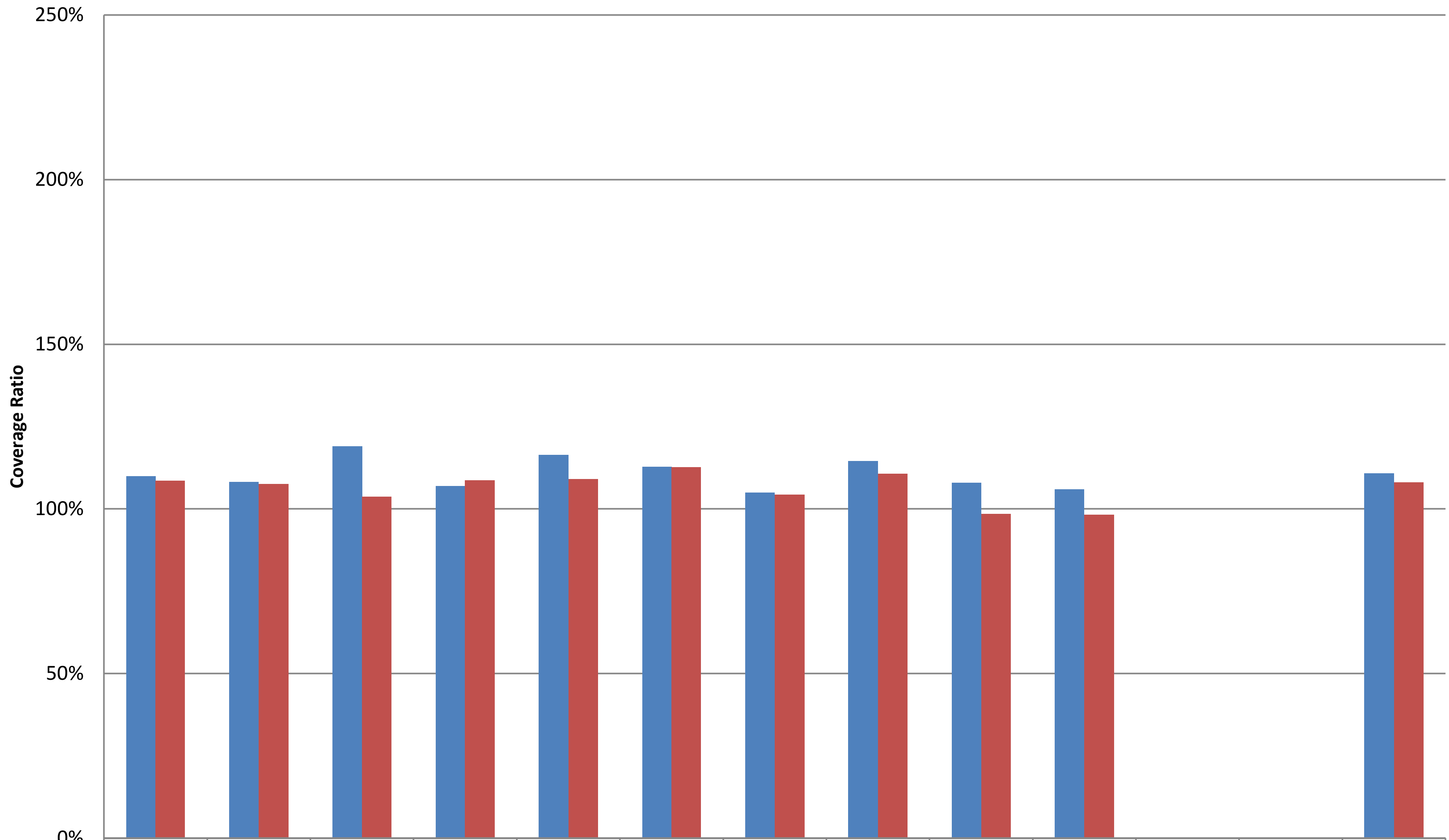
	Thrifts	Commercial Banks	Credit Unions	Insurance Companies	Others	All Members
2010	130%	133%	125%	111%	126%	129%
2011	132%	134%	123%	108%	115%	128%

Insurance Company Advances
Year Ends 2010 and 2011

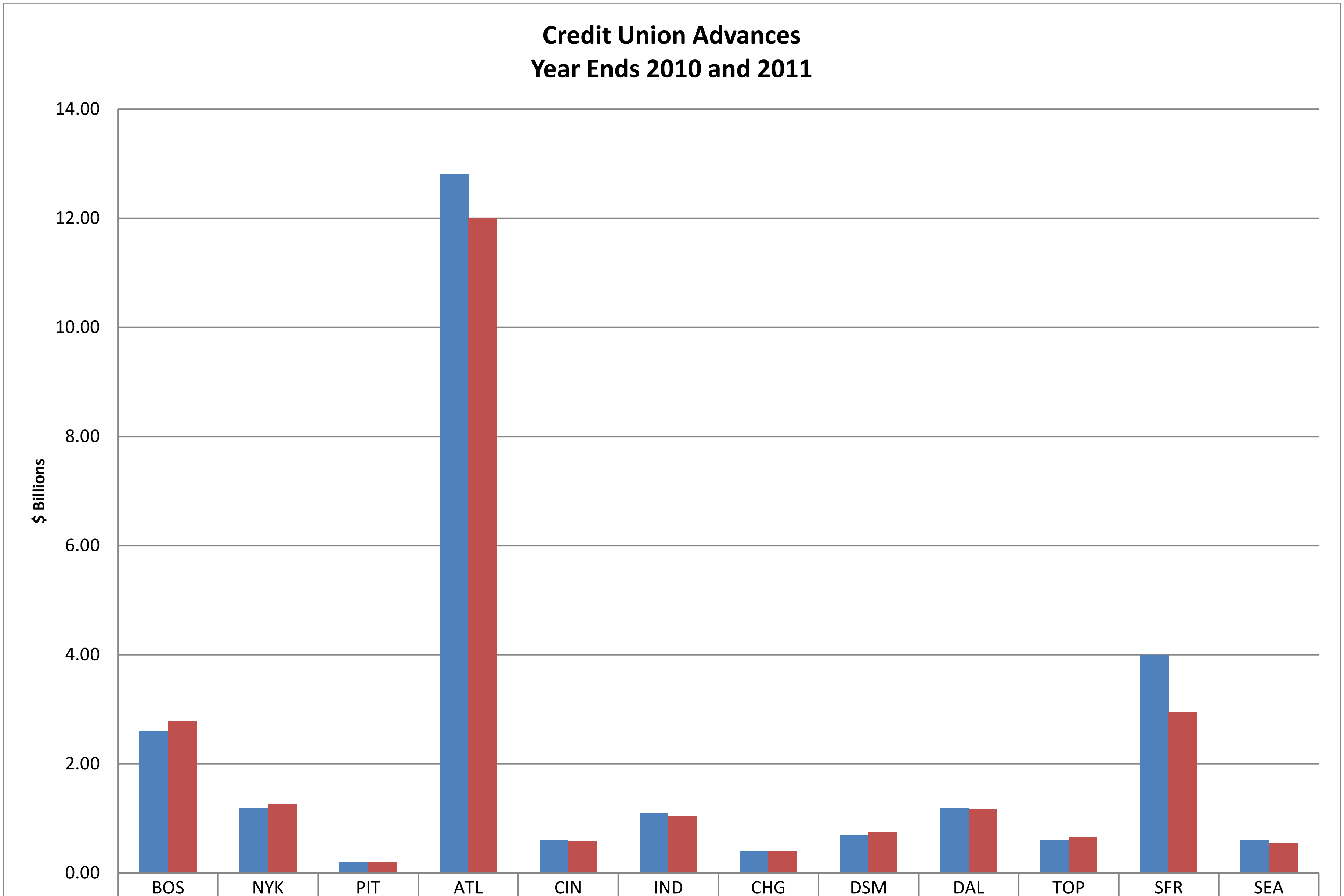


	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	$0.27	$16.56	$0.49	$0.42	$2.75	$5.22	$0.81	$12.78	$0.34	$5.46	$0.00	$0.00
2011	$1.35	$15.58	$0.49	$0.61	$2.61	$7.23	$0.82	$12.59	$0.35	$5.21	$0.00	$0.00

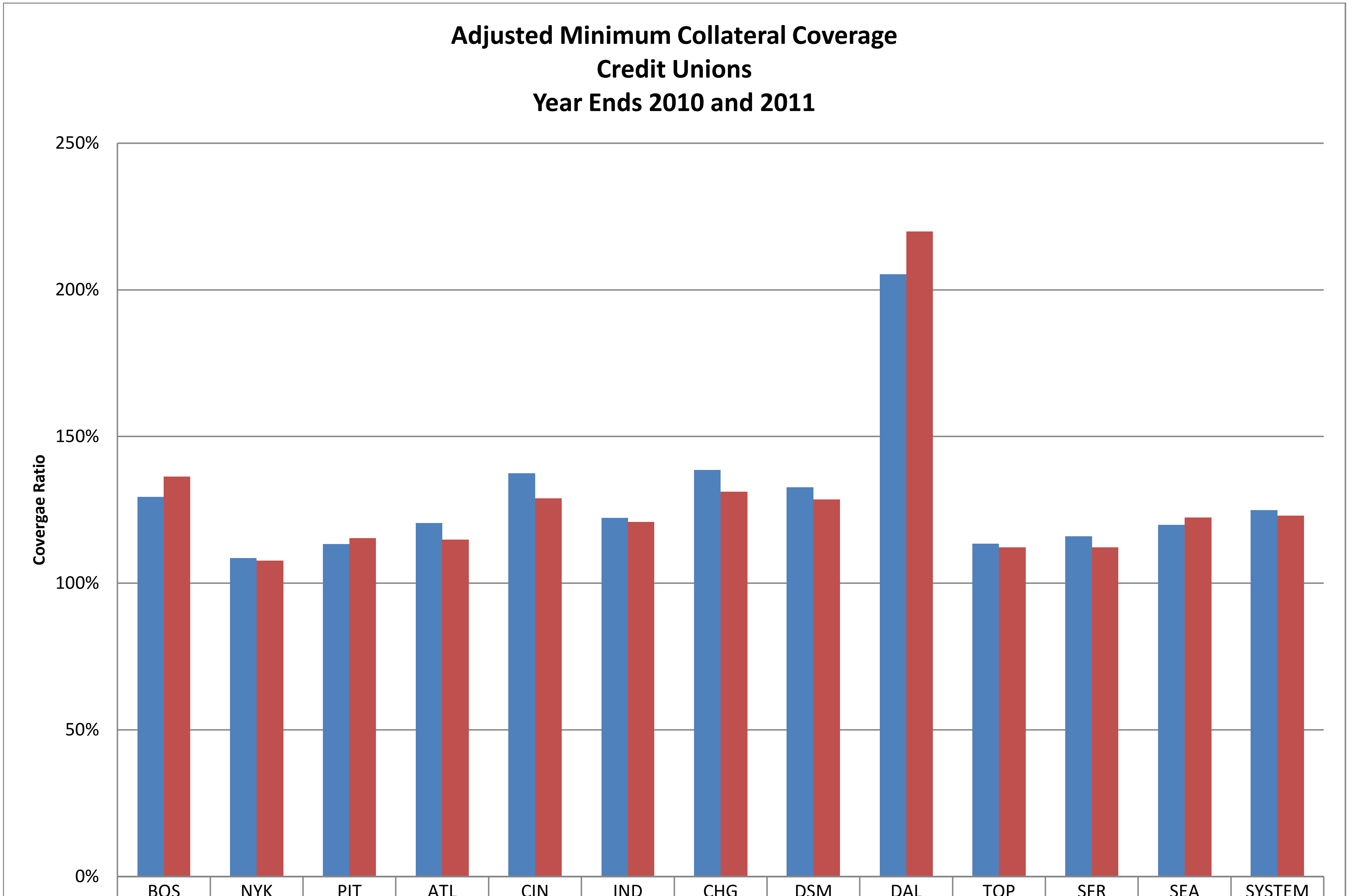
Adjusted Minimum Collateral Coverage
Insurance Companies
Year Ends 2010 and 2011



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
2010	110%	108%	119%	107%	116%	113%	105%	115%	108%	106%	0%	0%	111%
2011	109%	108%	104%	109%	109%	113%	104%	111%	98%	98%	0%	0%	108%



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA
2010	2.60	1.20	0.20	12.80	0.60	1.10	0.40	0.70	1.20	0.60	4.00	0.60
2011	2.79	1.26	0.20	12.00	0.59	1.04	0.39	0.75	1.16	0.67	2.96	0.55



	BOS	NYK	PIT	ATL	CIN	IND	CHG	DSM	DAL	TOP	SFR	SEA	SYSTEM
2010	129%	109%	113%	120%	138%	122%	139%	133%	205%	114%	116%	120%	125%
2011	136%	108%	115%	115%	129%	121%	131%	129%	220%	112%	112%	122%	123%

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.

Subprime and non-traditional mortgages that were originated or acquired by a member after July 10, 2007 may be included in eligible collateral pledged to an FHLBank only if those mortgages comply with all aspects of the 2006 and 2007 Interagency Guidance on nontraditional and subprime mortgage loans issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration (the interagency guidance). Similarly, private-label MBS that were issued after July 10, 2007 may be included only if the underlying mortgages comply with all aspects of the interagency guidance.

The FHLBank's policies and business practices require members to certify that subprime and non-traditional mortgages comply with the interagency guidance. To include private-label MBS issued after July 10, 2007, the FHLBank's policies and business practices require members to obtain an enforceable representation and warranty from the issuer that the residential mortgages included in the loan pools securitized by those private-label MBS comply with the interagency guidance.

Some portion of collateral described as nontraditional, subprime or Alt-A was originated or purchased prior to July 10, 2007, and therefore, under the guidance in FHFA's advisory bulletins, is not required to conform to the interagency guidance. The collateral survey does not contain information sufficient to allow FHFA to determine how much of the collateral would be subject to the interagency guidance. However, the guidance does require the FHLBanks to have policies in place to ensure that subprime and nontraditional loans that were originated or acquired by the FHLBank member subsequent to the issuance of the interagency guidance and certain effective dates in the FHFA advisory bulletins may not be pledged as collateral for advances if they do not conform to the guidance.

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 estimated information collected from those members on blanket lien status and added to the actual reported amounts by members on listing or delivery collateral status.

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 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 offered to a borrower having a credit score below a threshold level. The threshold under which a borrower is considered subprime has varied with market conditions, loan originators, and loan investors.

In regard to PLS serving as collateral for advances, the Collateral Data Survey requested the FHLBanks to report those securities according to how they were categorized by the issuer, rating agency, or other market participant. FHLBanks can obtain information on PLS by reviewing the securities' prospectuses, market-based sources of information, or even the names of the securities themselves. 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 is 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 adjusted minimum 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 2010 and 2011.

Table 8.1

Adjusted Minimum Collateral

Subprime, Nontraditional and Alt-A Collateral to Collateral Class

Year End 2011

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	1.1%	1.1%	0.0%	0.0%	0.0%	A
NYK	6.8%	17.5%	0.2%	0.8%	0.0%	A
PIT	7.3%	17.2%	0.0%	0.0%	0.0%	E
ATL	3.5%	3.3%	0.5%	0.1%	12.0%	A
CIN	2.2%	0.5%	0.0%	0.0%	2.7%	E
IND	1.7%	3.3%	0.0%	0.0%	0.0%	A & E
CHG	0.3%	5.7%	0.0%	0.0%	0.0%	A
DSM	2.1%	0.1%	0.0%	0.2%	0.5%	E
DAL	5.1%	3.4%	0.3%	0.0%	0.2%	A & E
TOP	0.0%	0.6%	0.0%	0.0%	0.3%	A
SFR	0.0%	3.4%	0.0%	0.0%	13.0%	A
SEA	3.0%	4.0%	0.4%	0.0%	0.0%	A & E
SYS	3.7%	6.9%	0.2%	0.3%	1.4%	A & E

Table 8.2

Adjusted Minimum Collateral

Subprime, Nontraditional and Alt-A Collateral to Total Collateral

Year End 2011

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	Combined SP and NTM Mortgage, SP and Alt-A PLS Collateral
BOS	0.8%	0.9%	0.0%	0.0%	0.0%	1.7%
NYK	4.1%	10.5%	0.1%	0.0%	0.0%	14.8%
PIT	6.9%	16.1%	0.0%	0.0%	0.0%	23.0%
ATL	3.0%	2.8%	0.4%	0.0%	0.2%	6.4%
CIN	1.8%	0.4%	0.0%	0.0%	0.1%	2.3%
IND	1.1%	2.0%	0.0%	0.0%	0.0%	3.1%
CHG	0.3%	4.9%	0.0%	0.0%	0.0%	5.2%
DSM	1.3%	0.1%	0.0%	0.0%	0.1%	1.4%
DAL	4.8%	3.1%	0.3%	0.0%	0.0%	8.1%
TOP	0.0%	0.3%	0.0%	0.0%	0.0%	0.3%
SFR	0.0%	2.9%	0.0%	0.0%	0.0%	2.9%
SEA	2.5%	3.3%	0.4%	0.0%	0.0%	6.2%
SYS	2.5%	4.6%	0.1%	0.0%	0.0%	7.3%

Table 8.3

Adjusted Minimum Collateral

Subprime, Nontraditional and Alt-A Collateral

Year End 2011

(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	$271	$281	$0	$0	$0	$552
NYK	$3,205	$8,205	$88	$32	$1	$11,531
PIT	$2,902	$6,834	$0	$0	$0	$9,736
ATL	$3,093	$2,905	$426	$1	$159	$6,584
CIN	$652	$160	$7	$0	$33	$852
IND	$236	$452	$0	$0	$	$688
CHG	$64	$1,045	$0	$0	$0	$1,109
DSM	$414	$17	$0	$12	$24	$467
DAL	$1,721	$1,122	$95	$0	$1	$2,939
TOP	$0	$61	$0	$0	$2	$63
SFR	$1	$2,345	$0	$0	$6	$2,352
SEA	$355	$476	$53	$0	$0	$884
SYS	$12,914	$23,903	$669	$45	$226	$37,757

Table 8.4

Adjusted Minimum Collateral

Subprime, Nontraditional and Alt-A Collateral

Year End 2010

(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	$185	$720	$0	$0	$0	$905
NYK	$3,089	$9,889	$423	$39	$85	$13,525
PIT	$0	$0	$0	$0	$0	$0
ATL	$5,231	$19,930	$1,258	$1	$349	$26,769
CIN	$733	$197	$18	$0	$104	$1,052
IND	$1,077	$309	$2	$0	$143	$1,531
CHG	$13	$579	$13	$0	$90	$695
DSM	$208	$12	$0	$84	$39	$343
DAL	$13	$321	$953	$688	$825	$2,800
TOP	$0	$140	$0	$0	$69	$209
SFR	$5	$2,368	$0	$0	$29	$2,402
SEA	$363	$1,120	$47	$0	$0	$1,530
SYS	$10,917	$35,585	$2,714	$812	$1,733	$51,761

9. Glossary

Adjusted Minimum Collateral – The specific types and amounts of collateral an FHLBank determines would be necessary to liquidate a member's outstanding advances. The FHLBank reviews the total amounts of collateral pledged by each member or housing associate with outstanding advances and decides, among the various eligible assets pledged, the specific amounts and types of collateral that secure the outstanding advances. The FHLBank then reports the value of the collateral that the FHLBank would anticipate liquidating should it be needed to address a member's default on its outstanding advances. The reported amounts are adjusted based on member financial condition and from the results of individual member collateral verification quality reviews.

Advance - A secured extension of credit or loan from an FHLBank 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 an FHLBank 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 pledged assets to an FHLBank or an approved safekeeping facility to secure advances.

Collateral Coverage Ratio - The ratio of collateral value to advance amount. Collateral value may be defined as the book value, adjusted book value, or market value.

Community Financial Institution - For purposes of this report, the term community financial institution (CFI) means a member, the deposits of which are insured under the Federal Deposit Insurance Act, that has average total assets of $1.041 billion or less, based on an average of total assets over the last 3 years. For calendar year 2012, the CFI asset threshold is $1.076 billion or less.[10] FHLBank members that are CFIs may pledge small business loans, small farm loans, small agri-business loans, and, for 2011 and thereafter, community development loans, all of which may be fully secured by collateral other than real estate, and securities representing a whole interest in such loans.

Excess Collateral - The difference between the minimum adjusted collateral to secure advances and a member's total pledged collateral. Some collateral deemed "excess" by

[10] 77 Fed. Reg. 14366 (March 9, 2012).

this definition may be required to support letters of credit or other non-advance FHLBank products.

Housing Associate - A housing associate is a non-member entity to which an FHLBank 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 - A financial institution that has been approved for membership and has purchased stock in an FHLBank.

Non-Advance Products – FHLBank-originated financial instruments, such as standby letters of credit and interest rate swaps, offered to members. Members may also be required to pledge collateral to additionally secure mortgage loans sold to an FHLBank under the FHLBank System's Acquired Mortgage Assets purchase program

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.

Super Lien - Statutory lien that is senior or superior to nearly all current or future liens on the same asset or property. The super lien was originally established by the Competitive Equality Banking Act of 1987 (Pub. Law 100-86). This Act amended Section 10 of the Federal Home Loan Bank Act to improve the standing of the Federal Home Loan Banks as a secured creditor by giving them priority in receivership over unsecured creditors such as the Federal Deposit Insurance Corporation acting as receiver or conservator.

The law reads: "*Notwithstanding any other provision of law, any security interest granted to a Federal Home Loan Bank by any member of any Federal Home Loan Bank or any affiliate of any such member shall be entitled to priority over the claims and rights of any party (including any receiver, conservator, trustee, or similar party having rights of a lien creditor) other than claims and rights that: (1) would be entitled to priority under otherwise applicable law; and (2) are held by actual bona fide purchasers for value or by actual secured parties that are secured by actual perfected security interests.*" 12 U.S.C. §1430(e).

Total collateral – Total collateral pledged equals the amount of adjusted minimum collateral, plus the amount of collateral pledged in excess of the adjusted minimum by borrowing members, plus collateral pledged by borrowers and non-borrowers to support non-advance products.