

**SUPPLEMENT  
TO OFFERING CIRCULAR  
DATED JANUARY 1, 2001**



## **Federal Home Loan Banks**

### **Available Information**

Effective July 6, 2006, the Section "Available Information" has been replaced in its entirety with the following:

The Office of Finance is required to publish annually a combined financial report (the "Financial Report") which describes the Bank System and the FHLBanks and contains financial and other information about the FHLBanks. The Financial Report is updated from time to time to reflect quarterly and annual financial results of the FHLBanks and through unaudited combined quarterly financial reports (each a "Quarterly Financial Report"), or supplements, issued subsequent to the Financial Report. Each Quarterly Financial Report is generally expected to be superseded within one year of its date through the Quarterly Financial Report or Financial Report issued subsequent to such Quarterly Financial Report.

The FHLBanks will provide without charge copies of the latest Financial Report and any Quarterly Financial Report and any subsequent Financial Reports or Quarterly Financial Reports upon written request at the following office of the FHLBanks:

Office of Finance  
Federal Home Loan Banks  
11921 Freedom Drive  
Suite 1000  
Reston, VA 20190

The Office of Finance will prepare, in respect of each particular series of Bonds, an Offering Notice which will contain the terms of, and pricing details for, such series of Bonds and such other information as the FHLBanks consider necessary or appropriate. Each such Offering Notice should be read together with this Offering Circular. Copies of this Offering Circular may be obtained from the Dealers through which we lawfully distribute the Securities where that distribution is lawful. Copies of the applicable Offering Notice for a series of Bonds may be obtained from the applicable Dealers for that series. In connection with the primary distribution of each issue of Bonds, Dealers are required to deliver the applicable Offering Notice and, if not previously delivered, this Offering Circular. Copies of Offering Notices are also available, for information purposes only, from us.

The FHLBanks provide information on their operations on an ongoing basis. In particular, each FHLBank prepares individual financial reports containing financial information relating to its financial condition and results of operations. Some of this information is made available on the respective web sites of the FHLBanks and additional information and news about the FHLBanks (including information about the status of the combined financial reports) is

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released by the Office of Finance. The website of the Office of Finance is located at [www.fhlb-of.com](http://www.fhlb-of.com). This site also contains links to the web site of each individual FHLBank.

Pursuant to a Federal Housing Finance Board regulation, each FHLBank is expected to be subject to certain reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"); as of the date of this Supplement, the FHLBanks of Atlanta, Boston, Chicago, Cincinnati, Dallas, Indianapolis, New York, San Francisco, and Seattle are each subject to those requirements. When subject to these requirements, an FHLBank must file certain periodic reports and other information with the SEC. These periodic reports and other information filed pursuant to the Exchange Act may be inspected without charge and copied at prescribed rates at the public reference facilities of the SEC's principal office in 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at [www.sec.gov](http://www.sec.gov) that will contain the periodic reports and other information filed or furnished by the FHLBanks with the SEC.

**Please note that we are providing all of the web site addresses and identification of available information above solely as a matter of convenience. These web site addresses are not intended to be active links and their contents and the other available information are not a part of this report and are not intended to be incorporated by reference into this report, and use of the web sites is subject to the terms and conditions described on the web sites.**

This Supplement to Offering Circular dated January 1, 2001, supplements, amends and should be read in conjunction with the Offering Circular dated January 1, 2001, as supplemented and amended to date (as so further supplemented and amended, the "Offering Circular") relating to Securities issued by the Federal Home Loan Banks, acting by and through the Office of Finance and any successors and assigns acting in a similar capacity with respect to the issuance of Securities pursuant to the Federal Home Loan Bank Act, as amended. Terms used but not otherwise defined herein have the meanings attached to them in the Offering Circular.

The date of this Supplement to Offering Circular is July 6, 2006.

**SUPPLEMENT  
TO OFFERING CIRCULAR  
DATED JANUARY 1, 2001**



## **Federal Home Loan Banks**

### **Consolidated Bonds and Consolidated Discount Notes**

Effective February 8, 2006, Discount Notes issued will have maturities of 365/366 days or less.

This Supplement to Offering Circular dated January 1, 2001, supplements, amends and should be read in conjunction with the Offering Circular (as so supplemented and amended, the "Offering Circular") dated January 1, 2001, relating to securities issued by the Federal Home Loan Banks, acting by and through the Office of Finance and any successors and assigns acting in a similar capacity with respect to the issuance of securities pursuant to the Federal Home Loan Bank Act, as amended. Terms used but not otherwise defined herein have the meanings attached to them in the Offering Circular.

The date of this Supplement to Offering Circular is February 8, 2006.

# FEDERAL HOME LOAN BANKS

## Consolidated Bonds and Consolidated Discount Notes

The terms “we,” “us” and “our” are used throughout this Offering Circular and the applicable Offering Notices. The terms “we,” “us” and “our” mean the FHLBanks, acting by and through the Office of Finance, together with any successors and assigns acting in a similar capacity with respect to the issuance of Securities pursuant to Sections 2B and 11(a) of the Act. However, in connection with the reopening of any issue of Securities issued by the Finance Board prior to the date of this Offering Circular, these terms may mean the Finance Board, acting by and through the Office of Finance, together with those successors and assigns acting in a similar capacity with respect to the issuance of Securities pursuant to Section 2B and 11(c) of the Act.

**Capitalized terms used in this Offering Circular, including Appendix A hereto, which are not otherwise defined, have the meanings ascribed to them in the “Glossary of Defined Terms” beginning on page 21.**

We may offer Securities pursuant to this Offering Circular. Bonds may be offered pursuant to an Offering Notice containing the specific terms and pricing details for that series of Bonds. The general terms and provisions of the various Securities that might be issued are set forth in the “Description of the Securities” beginning on page 8.

This Offering Circular should be read in conjunction with any applicable Offering Notice and with the Bank System’s current Financial Reports, and any supplement thereto. See “Documents Incorporated by Reference” and “Available Information” on page 5.

**THE SECURITIES ARE NOT OBLIGATIONS OF THE UNITED STATES AND ARE NOT GUARANTEED BY THE UNITED STATES. THE SECURITIES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE “EXEMPTED SECURITIES” WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS OFFERING CIRCULAR OR ANY OFFERING NOTICE IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Securities may not be suitable investments for all investors. You should not purchase any of the Securities unless you understand and are able to bear the price, market, liquidity, structure, redemption and other risks associated with the Security. You should consult your own financial and legal advisors about the risks associated with an investment in the Securities, the appropriate tools to analyze that investment, and the suitability of that investment in your particular circumstances. See “Certain Investment Considerations” beginning on page 6 for discussion of certain risks that you should consider in connection with an investment in the Securities, and “Plan of Distribution” beginning on page 19 for a discussion of other matters you should consider in connection with an investment in the Securities.

We reserve the right to withdraw, cancel or modify any offer made pursuant hereto without notice.

The date of this Offering Circular is January 1, 2001.

**This Offering Circular relates only to the Securities which have been or will be issued by us pursuant to this Offering Circular. It does not relate to any other securities that might be issued by us or directly by any of the FHLBanks.**

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**NEITHER THIS OFFERING CIRCULAR NOR ANY APPLICABLE OFFERING NOTICE DESCRIBES ALL OF THE RISKS OF ANY INVESTMENT IN SECURITIES. WE, ALONG WITH THE FHLBANKS, DISCLAIM ANY RESPONSIBILITY TO ADVISE YOU OF THOSE RISKS AS THEY EXIST AT THE DATE OF THE OFFERING CIRCULAR OR ANY RELATED OFFERING NOTICE OR AS THEY MAY CHANGE FROM TIME TO TIME.**

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**THERE IS NO ASSURANCE THAT A SECONDARY MARKET FOR ANY OF THE SECURITIES WILL DEVELOP OR, IF IT DEVELOPS, THAT IT WILL CONTINUE. ANY SECONDARY MARKET FOR PARTICULAR ISSUES OF BONDS MAY BE ADVERSELY AFFECTED BY THE PARTIAL REDEMPTION OF THAT ISSUE OF BONDS OR THE SEPARATION OF BONDS INTO INTEREST COMPONENTS AND PRINCIPAL COMPONENTS. CONSEQUENTLY, YOU MAY NOT BE ABLE TO SELL YOUR SECURITIES READILY OR AT PRICES THAT WILL ENABLE YOU TO REALIZE A DESIRED RETURN.**

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**IN CONNECTION WITH THE OFFERING OF AN ISSUE OF SECURITIES, DEALERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL. IF SUCH STABILIZING OCCURS, IT MAY BE DISCONTINUED AT ANY TIME. SEE “PLAN OF DISTRIBUTION” BEGINNING ON PAGE 19.**

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**The Securities are not expected to be listed on any securities exchange.**

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**We have not authorized any person to provide you with information different from that contained in the Offering Documents. The information contained in the Offering Documents is accurate only as of the date of the Offering Documents, regardless of the time of delivery of the Offering Documents or any sale of Securities.**

**The Offering Documents are not an offer to sell or a solicitation of an offer to buy any securities. The offer, sale and delivery of the Securities in certain jurisdictions may be restricted by law. You must inform yourself about these restrictions and observe them.**

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## **DOCUMENTS INCORPORATED BY REFERENCE**

In this Offering Circular, we “incorporate by reference” certain documents. This means that we can disclose information to you by referring you to those documents. The documents that have been incorporated by reference are an integral part of the Offering Circular and you should review that information in order to understand the nature of any investment you might make in the Securities.

We are incorporating by reference the Bank System’s Financial Reports, including those published after the date of this Offering Circular and prior to the termination of the offering of the Securities pursuant to this Offering Circular. The Financial Reports contain financial and other information about the FHLBanks and are updated from time to time to reflect quarterly and annual financial results of the FHLBanks and as the Bank System otherwise determines.

Any statement contained in this Offering Circular, or in a document incorporated or deemed to be incorporated by reference in this Offering Circular, is deemed to be modified or superseded to the extent that it is modified or superseded by a subsequent incorporated document. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

## **AVAILABLE INFORMATION**

The FHLBanks do not file reports or other information with the U.S. Securities and Exchange Commission.

Copies of the Financial Reports, any or all documents incorporated in this Offering Circular by reference and other information concerning the FHLBanks may be obtained without charge from the Marketing and Debt Services Division, Office of Finance, Federal Home Loan Banks, 11921 Freedom Drive, Suite 1000, Reston, VA 20190; telephone number (703) 487-9500, or on our website ([www.fhlb-of.com](http://www.fhlb-of.com)).

For each issue of Bonds, we will prepare an Offering Notice that will contain the terms and pricing details for that issue of Bonds as well as any other information that we consider necessary or appropriate. Each Offering Notice should be read together with this Offering Circular. Copies of this Offering Circular may be obtained from the Dealers through which we lawfully distribute the Securities where that distribution is lawful. Copies of the applicable Offering Notice for an issue of Bonds may be obtained from the Dealers for that issue. In connection with the primary distribution of each issue of Bonds, Dealers are required to deliver the applicable Offering Notice and, if not previously delivered, this Offering Circular. Copies of Offering Notices are also available, for information purposes only, from us.

## **THE BANK SYSTEM**

The Bank System is comprised of the twelve FHLBanks and the Office of Finance under the supervision of the Finance Board. The Finance Board is an independent agency in the executive branch of the U.S. Government. The twelve FHLBanks are instrumentalities of the United States organized under the authority of the Act. The Office of Finance is a joint office of the Bank System established to facilitate issuing and servicing of consolidated obligations.

The Bank System serves the public by enhancing the availability of residential mortgage and community investment credit. It provides a readily available, low-cost source of funds to its member financial institutions. The FHLBanks are cooperatives and the capital stock of each FHLBank is owned by its member institutions. Each FHLBank has its own management, employees and board of directors. The Finance Board is both the safety-and-soundness regulator and mission regulator of the FHLBanks.

A more complete description of the FHLBanks and their business is contained in the Financial Reports. See “Documents Incorporated by Reference” and “Available Information” on page 5.

## USE OF PROCEEDS

The net proceeds from the sale of the Securities may be used by the FHLBanks to make credit available to their members pursuant to the Act, to retire outstanding debt securities of the FHLBanks, to increase the working capital of the FHLBanks or for general corporate purposes, including investments, as permitted by law.

## CERTAIN INVESTMENT CONSIDERATIONS

*Before buying any of the Securities being offered by this Offering Circular, you should carefully read and consider each of the investment considerations we have described in this section. The following section, however, does not describe all of the risks of an investment in the Securities. As a prospective investor, you should consult your own financial and legal advisors about the risks associated with an investment in the Securities, the appropriate tools to analyze the investment and the suitability of the investment in your particular circumstances.*

**If you are not a sophisticated investor with sufficient knowledge and experience in financial and business matters, then you should not invest in the Securities.**

You should have sufficient knowledge and experience in financial and business matters to evaluate the Securities, the merits and risks of investing in the Securities and the information contained and incorporated by reference in the Offering Documents applicable to the Securities. In addition, you should have sufficient knowledge to evaluate the impact those Securities may have on your overall investment portfolio. You should not purchase a Security unless you understand and have sufficient financial resources to bear the price, market, liquidity, structure, redemption and other risks associated with that Security.

You should not purchase any Security without sufficient experience and financial resources, relative to the potential risks, to manage investing in the Securities. Before purchasing any Security, you should thoroughly understand the terms of that Security, be familiar with the behavior of the relevant financial markets, and consider the possible effect that changes in economic, interest rate and other factors may have on your investment and your ability to bear the associated risks under a variety of scenarios. You should have knowledge of and access to appropriate analytical tools to analyze quantitatively the effect (or value) of any and all redemption, cap, floor, or other terms of a particular issue of Bonds, and the resulting impact upon the value of the Bonds.

You may be unable to sell Securities at a price satisfactory to you. There will not be an established trading market when the Securities are issued. There can be no assurance that Securities will have secondary market liquidity.

**You should also consider any legal restrictions that may apply to your investment in Securities. Some investors are restricted from investments in securities of the type being offered hereby.**

We strongly urge you to consult with a legal advisor to determine whether and to what extent Securities constitute legal investments for you and whether and to what extent Securities can be used as collateral for various types of borrowings. Financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

If your investment activities are subject to legal investment laws and regulations or to review or regulation by certain authorities, then you may be subject to restrictions on investments in certain types of debt securities, which may include some or all of the Securities. You should review and consider those restrictions before investing in Securities. In addition, if you are subject to the regulatory jurisdiction of any government agency, then you should review and consider the applicability of rules, guidelines, regulations and policy statements adopted by its regulators prior to investing in or pledging Securities.

**Certain Bonds involve significant risks not associated with other investments.**

Some Bonds may be redeemed before their stated maturity at a time when reinvestment opportunities at a similar or higher rate may not be available to you. To the extent the Bonds are redeemed in part, such redemption may adversely affect liquidity. Some Bonds may not bear interest. Also, some Bonds may refer to one or more interest rates or other indices to determine the interest, principal or timing of redemption. These Bonds involve significant risks not associated with similar investments in a conventional debt security. For example, the resulting interest rate of a Bond with a variable interest rate may be less than that payable on a conventional debt security issued by us at the same time. In addition, the weighted average life of the Bond could be different than that expected by you. You could lose all or a substantial portion of your investment principal if the amount of principal repayment is determined by reference to one or more indices.

The secondary market for these Bonds will be affected by a number of factors independent of the creditworthiness of the FHLBanks and the value of the applicable index or indices. Some of these factors include:

- the volatility of such index or indices;
- the method of calculating the interest rate or the principal amount outstanding on the Bonds;
- the time remaining to the maturity or possible redemption of the Bonds;
- the outstanding principal amount of the Bonds; and
- market interest rates.

The value of the applicable indices may depend on a number of interrelated factors, including economic and political events over which we and the FHLBanks have no control. Neither the current nor historical value of the applicable indices should be taken as an indication of the future performance of those indices during the term of any Bond. Some indices may become unavailable, or the underlying methodology of calculating the indices may change.

You should have knowledge of and access to appropriate analytical tools to analyze quantitatively the effect (or value) of any and all redemption, cap or floor, or other terms of a particular issue of Bonds, and the resulting impact upon the value of the Bonds.

**Credit ratings are only indicative of a rating agency's evaluation of the likelihood of timely payment of the principal of or interest on the Securities.**

Any credit rating assigned to the Securities only reflects a particular rating agency's evaluation of the probability that the FHLBanks will default on the Securities. Moreover, a credit rating does not reflect the potential impact of all risks associated with investment in the Securities, including without limitation the price, market, liquidity, structure, redemption and other risks associated with the Securities.

**Factors affecting the FHLBanks' business may also adversely affect investors in the Securities.**

The FHLBanks' business faces a number of risks and uncertainties. These risks and uncertainties can adversely affect the FHLBanks' ability to sell Securities under favorable conditions, which in turn could adversely affect the liquidity, financial condition and results of operations of the FHLBanks, and their ability to continue to provide liquidity to members and to perform the Bank System's mission.

Investors should review the Financial Reports in order to obtain a better understanding of these risks and uncertainties, which include but are not limited to:

- Economic and market conditions;
- Volatility of market prices, rates, and indices that could affect the value of collateral held by the FHLBanks as security for the obligations of FHLBank members and counterparties to interest-rate exchange agreements and similar agreements;

- Political events, including legislative, regulatory, judicial, or other developments that affect the FHLBanks, their members, counterparties, and/or investors in the Securities;
- Competitive forces, including without limitation other sources of capital available to FHLBank members, other entities borrowing funds in the capital markets, and the ability to attract and retain skilled individuals;
- Ability to develop and support technology and information systems, including the Internet, sufficient to manage the risks of the FHLBanks' business effectively;
- Changes in investor demand for consolidated obligations and/or the terms of interest-rate exchange agreements and similar agreements;
- Timing and value of market activity;
- Ability to introduce and manage successfully the risks associated with new FHLBank products and services, including new types of collateral securing advances;
- Risk of loss arising from litigation filed against one or more of the FHLBanks; and
- Inflation.

## DESCRIPTION OF THE SECURITIES

*The following description will apply to the Securities unless otherwise specified in this Offering Circular, or in any Offering Notice related to an issue of Bonds, or in a supplement or amendment to this Offering Circular. With respect to any particular issue of Securities, or type or category of Bonds or other Securities, the description will be supplemented, modified or superseded, in whole or in part, by an Offering Notice or by another supplement or amendment to this Offering Circular. If you invest in any Bonds, then you should carefully read the Offering Notice relating to that issue of Bonds and any other supplement or amendment to that Offering Notice, together with this Offering Circular.*

### General

#### **THE SECURITIES WILL NOT BE OBLIGATIONS OF THE UNITED STATES AND WILL NOT BE GUARANTEED BY THE UNITED STATES.**

We may issue either Bonds or Discount Notes. The Securities, issued pursuant to the Act, will be the joint and several unsecured general obligations of the FHLBanks. The Securities will not limit other indebtedness that the FHLBanks may incur and they will not contain any financial or similar restrictions on the FHLBanks or any restrictions on their ability to secure other indebtedness. Under the Act, the FHLBanks may incur other indebtedness such as secured joint and several obligations of the FHLBanks and unsecured joint and several obligations of the FHLBanks, as well as obligations of individual FHLBanks (although current Finance Board rules prohibit their issuance). In addition:

- the Securities will not be issued under an indenture, and no trustee is provided for with respect to the Securities;
- the Securities will not contain any provisions permitting the acceleration of their maturity on the occurrence of any default or other event;
- the Securities will be issued in book-entry form on the Fed Book-Entry System, pursuant to the Fiscal Agency Agreement; and
- the Securities will be denominated and payable in U.S. dollars on their respective Maturity Dates or as otherwise provided for in any Offering Notice, subject to the "Business Day" convention described under "Description of the Securities — Additional Provisions of General Applicability — Business Day Convention" on page 14.

## **Bonds**

We will prepare an Offering Notice for each issue of Bonds that describes certain terms of the Bonds of that issue and that includes any other information and disclosure that we consider appropriate. If you invest in Bonds, then you should carefully read the Offering Notice relating to those Bonds, as well as any supplement or amendment to that Offering Notice, together with this Offering Circular.

### *Types of Bonds*

Following are brief descriptions of the characteristics of some of the general categories of Bonds which may be offered by us.

(i) Fixed Rate Bonds are Bonds that bear interest at a fixed rate. The applicable Offering Notice will specify the fixed interest rate per annum payable on Fixed Rate Bonds. Interest on a Fixed Rate Bond will be calculated on the basis of a 360-day year consisting of twelve 30-day months or by any other method specified in the applicable Offering Notice.

(ii) Step Rate Bonds are Bonds that bear interest at specified fixed, or variable, rates for specified periods. The applicable Offering Notice will specify the interest rate per annum, or the method of determination of the interest rate per annum, payable on Step Rate Bonds for the respective Interest Periods. Interest on a Step Rate Bond will be calculated on the basis of a 360-day year consisting of twelve 30-day months or by any other method specified in the applicable Offering Notice.

(iii) Variable Rate Bonds are Bonds that bear interest at a variable rate determined by reference to one or more Reference Rates specified in Appendix A of this Offering Circular, or as otherwise specified in the applicable Offering Notice, (i) plus or minus a Spread, if any, and/or (ii) multiplied by a Multiplier, if any, in each case as specified in the applicable Offering Notice. The interest rate on a Variable Rate Bond may vary in the same direction as changes in the applicable Reference Rate or in the opposite direction of those changes. Variable Rate Bonds also may have (i) maximum interest rate limitations, or “caps,” on the rate at which interest may accrue during any Interest Period, (ii) minimum interest rate limitations, or “floors,” on the rate at which interest may accrue during any Interest Period, or (iii) both caps and floors.

With regard to Variable Rate Bonds:

- “Spread” means a constant or variable amount to be added to or subtracted from the relevant Reference Rate.
- “Multiplier” means a constant or variable number (which may be greater or less than 1) by which the relevant Reference Rate will be multiplied.
- The determination of the interest rate on Variable Rate Bonds or a component thereof by the Calculation Agent shall, absent manifest error, be final and binding on all parties. The initial “Calculation Agent” will be the Office of Finance but that function could be delegated to another person or entity without notice to or consent of any holder of Securities (the “Holder”).
- Unless otherwise specified in the applicable Offering Notice, the Calculation Agent shall, if necessary, round all values input into formulas for the interest rate on the Bonds and intermediate calculations expressed as a percentage to five decimal places, and any interest rate on the Bonds expressed as a percentage to three decimal places.
- The applicable Offering Notice will specify the day count convention or conventions for calculating interest on the related Variable Rate Bonds.
- The applicable Offering Notice will specify the frequency with which the Reference Rate on the related Variable Rate Bonds will reset. The applicable Offering Notice also will specify the dates on which a new Reference Rate on the related Variable Rate Bonds becomes effective.
- The Office of Finance will, upon the request of the beneficial owner of a Bond, provide (i) the interest rate then in effect, (ii) if different, the interest rate which will become effective as a result of a

determination made with respect to the most recent Determination Date for the Bonds, and (iii) the amount of interest which has accrued for the then current Interest Period, each as of the date of the beneficial owner's request and as requested by the beneficial owner.

(iv) Conversion Bonds are Bonds that bear interest at a fixed rate for one or more Interest Periods and at a variable rate for one or more other Interest Periods or Bonds that bear interest at a rate that the FHLBanks may elect to convert from a fixed rate to a variable rate or from a variable rate to a fixed rate. The method of determining the rate will be described in the applicable Offering Notice.

In the case of a Conversion Bond on which the interest rate is subject to conversion from a fixed rate to a variable rate, or from a variable rate to a fixed rate, accrued interest for each Interest Period will be calculated in the manner described in the applicable Offering Notice.

(v) Zero-Coupon Bonds are Bonds that do not bear interest and are issued at a price that is less than the amount payable on the Maturity Date. See "United States Taxation — U.S. Federal Income Taxation — Bonds Issued at a Discount" on page 17.

(vi) Indexed Bonds are Bonds for which the principal or interest (or both) payable is determined with reference to:

- the price or prices of specified stock indices;
- the exchange rate of one or more currencies or currency units (including swap indices between currencies or currency units) relative to one or more other currencies or currency units;
- to other prices or exchange rates; or
- in any other manner described in the applicable Offering Notice,

in each case as described in the applicable Offering Notice. Information as to the method for determining the timing and amount of principal and interest, if any, payable with respect to Indexed Bonds will be described in the applicable Offering Notice.

(vii) Range Bonds are Bonds that accrue interest during a particular Interest Period at a fixed or variable rate if a specific index is within a specified range during a designated period of time or at a particular point in time. The Range Bond may not bear interest if the specified index is outside the specified range. The method for determining the interest payable will be described in the applicable Offering Notice.

#### *Denominations*

Bonds will be issued in the minimum denominations determined by us and specified in the applicable Offering Notice.

#### *Payment Terms*

The payment terms for each Bond will be described in the applicable Offering Notice. Interest payable on a Bond will accrue during each Interest Period at the rate or rates per annum specified in the applicable Offering Notice. Interest on a particular issue of Bonds will be payable in arrears on the Interest Payment Dates and on the Principal Payment Date as specified in the applicable Offering Notice.

No interest on the principal of any Bond will accrue on or after the Principal Payment Date with respect to the principal repayable on such date, unless payment of principal is improperly withheld or refused, in which event interest will continue to accrue until the principal and interest is paid in full.

Payments on Bonds will be rounded to the nearest cent (with one-half cent being rounded upwards).

In the event that any jurisdiction imposes any withholding or other tax, the FHLBanks will have no obligation to pay additional interest or other amounts, or to redeem the Bonds prior to maturity, as a consequence of that imposition.

### *Maturity*

Each Bond will mature on its Maturity Date, as determined by us and specified in the applicable Offering Notice, unless redeemed prior to its Maturity Date. See “Description of the Securities — Bonds — Redemption” on page 11.

The principal amount payable on the Maturity Date of a Bond will be either:

- a fixed amount equal to 100% of its outstanding principal amount; or
- a specified amount above or below such principal amount; or
- an amount determined by reference to one or more interest rate or other indices; or otherwise,

in each case as specified in the applicable Offering Notice.

### *Redemption*

Unless otherwise specified in the applicable Offering Notice, the Bonds will not be subject to redemption prior to maturity.

(i) *Redemption at the Option of the FHLBanks:* Some Bonds are redeemable at the option of the FHLBanks. The provisions of such a redemption would be specified in the applicable Offering Notice. Redemption at the option of the FHLBanks could be in whole, in part, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time. The redemption price for callable Bonds will be specified in, or determined in a manner described in, the applicable Offering Notice, together with accrued and unpaid interest.

If the FHLBanks elect to redeem an issue of Bonds that is subject to optional redemption, then we are required to give notice of their intention to redeem those Bonds to their Holders. The manner of giving notice will be described in the applicable Offering Notice. However, failure to give any notice, or any defect therein, will not affect the validity of any proceedings for the redemption of Bonds.

(ii) *Redemption of Bonds According to Formula:* Some Bonds may be redeemed prior to maturity according to a formula. The formula will be described in the applicable Offering Notice. Formulas are dependent upon the value of one or more of the Reference Rates specified in Appendix A of this Offering Circular, or upon other criteria specified in the applicable Offering Notice. The principal amount payable on a Redemption Date for such Bonds will be an amount specified in, or determined in a manner described in, the applicable Offering Notice, together with accrued and unpaid interest to the Redemption Date.

(iii) *Redemption at the Option of a Holder:* Some Bonds may be redeemable at the option of the Holder. The method for a Holder to elect to have its Bonds redeemed will be described in the applicable Offering Notice. Under certain circumstances, the FHLBanks may elect to give the Holder of such Bonds notice that the circumstances under which their Bonds may be redeemed have been, or are soon to be, met.

(iv) *Redemption of Bonds According to Installment:* Unless previously redeemed, each Bond that provides for a specified amount to be redeemed on each Redemption Date (“Installment Amounts”) will be partially redeemed on each Redemption Date by the Installment Amount specified in the applicable Offering Notice. Upon payment of the Installment Amount, the outstanding principal amount of those Bonds will be reduced by the Installment Amount. Such Bonds may be Fixed Rate Bonds or Variable Rate Bonds as specified in the applicable Offering Notice.

(v) *Mandatory Redemption by the FHLBanks:* Some Bonds provide that the FHLBanks are required to redeem them under certain circumstances. Those circumstances would be described in the applicable Offering Notice.

(vi) *Redemption Status:* We currently plan, but are not obligated, to provide the redemption status of Bonds on sites provided by certain financial information services. If not so provided, however, then we could determine to provide redemption status by some other means, or we may elect to discontinue providing redemption status altogether.

(vii) *Partial Redemption:* Some Bond issuances may be partially redeemed by the FHLBanks. The method of a partial redemption would be described in the applicable Offering Notice. Generally, the FHLBanks will redeem a pro rata portion of the then outstanding principal amount of each Bond of that issue. The aggregate amount of a redemption payment will be derived by multiplying the difference between the Current Factor in effect prior to that redemption with respect to the particular issue of Bonds and the new Current Factor in effect following that redemption by the original principal amount of the Bonds of that issue. The “Current Factor” is a number that represents the percentage of the aggregate original principal amount of the Bonds of a particular issue that is then outstanding. The outstanding principal amount of any such Bond at any time will be equal to the original principal amount of such Bonds multiplied by the then Current Factor. Until the first redemption, the Current Factor for any particular issue of Bonds will be 1.000000000. The FHLBanks will round the Current Factor to nine decimal places.

#### *Eligibility for Stripping*

Certain issues of Bonds designated by us will be eligible to be separated or “stripped” into their separate “interest components” and “principal components” on the Fed Book-Entry System. If a Bond is stripped, then each interest component and principal component will receive a CUSIP number.

An issue of Bonds that the Fiscal Agent is capable of stripping on the Fed Book-Entry System may be designated by us as eligible to be stripped into components either at the time of original issuance of those Bonds or at any time thereafter until the “cut-off date”. The cut-off date is the Maturity Date of the Bond or, if the Bond is subject to redemption prior to the Maturity Date, the first date on which the eligible Bond is subject to redemption. We are under no obligation, however, to designate any issue of Bonds as eligible to be stripped into components.

For a Bond to be stripped into components, the principal amount of the Bond must be in an amount that, based on the stated interest rate of the Bond, will produce an interest payment of \$1,000 or an integral multiple thereof on each of its Interest Payment Dates or another minimum amount authorized by the Fiscal Agent. We may, however, also establish a higher minimum principal amount. The minimum principal amount required to strip a Bond currently may be obtained by calling the Office of Finance at (703) 487-9500. The minimum principal amount required to strip a Bond that is eligible to be stripped upon original issuance and the minimum amount of each component generally will be disclosed in the applicable Offering Notice.

In some cases, certain interest components of two or more issues of Bonds may be due on the same day. Such interest components may have the same or different CUSIP numbers. It currently is expected that most interest components due on the same day (regardless of Bond issue) will have the same CUSIP number. However, we may designate interest components from an issue of Bonds to receive CUSIP numbers different than the CUSIP numbers of interest components due on the same day from one or more other issues of Bonds. We also may designate at any time that any or all interest components of issues of Bonds originally issued on or after a specified time will have CUSIP numbers different than interest components of issues of Bonds originally issued prior to such time.

A Holder of a Bond that is eligible to be stripped may request that the Bond be separated into its components at any time from the date it becomes eligible to be stripped until the cut-off date. The Holder must make a request for separation to the Fiscal Agent and comply with any requirements and procedures, including payment of applicable fees, if any, of the Fiscal Agent in effect at such time.

The components may be maintained and transferred on the Fed Book-Entry System in integral multiples of \$1,000 or in such manner as permitted by the Fiscal Agent and us. Payments on components will be made in U.S. dollars on the applicable payment dates (or the succeeding Business Day if payment on the related Bond is made on such succeeding Business Day as described under “Description of the Securities — Additional Provisions of General Applicability — Business Day Convention” on page 14.) by credit of the payment amount to the account at the Fiscal Agent of the Holding Institutions, or “Component Holders,” whose names appear on the book-entry records of the Fiscal Agent as the entities to whose account such components have been deposited.

If any modification, amendment or supplement of the terms of an issue of Bonds requires any consent of Holders, then the consent with respect to Bonds which have been stripped is to be provided by the Component Holders of principal components. The Component Holders of interest components will have no right to give or withhold such consent; provided, however, that a Component Holder of an interest component will have the right to give or withhold consent to any such modification, amendment or supplement which would change the due date of the installment of interest relating to that interest component or would result in the material modification of the rate of interest represented by that interest component. See “Description of the Securities — Additional Provisions of General Applicability — Modification and Amendment” beginning on page 15.

Currently, a Component Holder holding a principal component and all applicable unmatured interest components on a stripped Bond, may request that the Fiscal Agent restore or “reconstitute” the principal components of a stripped Bond and the applicable unmatured interest components (all in appropriate amounts) to such Bond in fully constituted form. If available, a Fiscal Agent will reconstitute the stripped Bond upon such request and upon payment of a fee (presently the Fiscal Agent’s fee applicable to on-line book-entry securities transfers). Generally, for purposes of reconstituting a Bond, the principal component of an issue of Bonds may be combined with either interest components of such issue or interest components, if any, from other issues of Bonds that have the same CUSIP numbers as the unmatured interest components of such issue. Component Holders who wish to reconstitute components into a Bond also must comply with all applicable requirements and procedures of the Fiscal Agent relating to the stripping and reconstitution of securities.

The information provided above regarding stripping and reconstituting Bonds is based on our understanding of the manner in which the Fiscal Agent currently strips and reconstitutes eligible securities on the Fed Book-Entry System. The Fiscal Agent may cease stripping or reconstituting Eligible Bonds, may change the manner in which it is done, or may change the requirements, procedures or charges for doing so, at any time without notice to, or consent of, any Holder of Securities.

**Discount Notes**

Discount Notes will be offered on a continuous basis, will have maturities of 360 days or less and will be paid only on their Maturity Dates at 100% of their principal amounts. Discount Notes will be issued, and must be maintained and transferred on the Fed Book-Entry System, in minimum principal amounts at maturity of \$100,000 and in additional increments of \$1,000.

Discount Notes will be sold on a discounted basis. The purchase price of a Discount Note will be the difference between the principal amount of the Discount Note and the amount derived from the following formula:

$$\frac{\text{Principal Amount of Discount Note} \times \text{Percentage of Discount}}{360 \text{ Days}} \times \text{Number of Days from Issue Date to Maturity Date of Discount Note}$$

We will generally not offer a Discount Note having a Maturity Date that is not a Business Day.

The maturities and purchase prices of Discount Notes are established on a regular basis by us, and, from time to time, at auction. Information with respect to available maturities and current prices can be obtained from the Dealers through which we offer Discount Notes. See “Plan of Distribution” beginning on page 19.

## **Additional Provisions of General Applicability**

### *Business Day Convention*

If an Interest Payment Date, Principal Payment Date or Discount Note Maturity Date is not a Business Day, payment of any interest on or principal of any Security may be made on the next Business Day with the same force and effect as if made on such Interest Payment Date, Principal Payment Date or Discount Note Maturity Date, as the case may be. No interest on such interest or principal payment will accrue for the period from and after such Interest Payment Date, Principal Payment Date or Discount Note Maturity Date, as the case may be, to the date of such payment. “Business Day” means any day other than (a) a Saturday, (b) a Sunday, or (c) a day on which banking institutions in New York City are authorized or required by law or executive order to close.

### *Further Issues*

From time to time, without the consent of any Holder of a Security, additional Securities may be issued so as to form a single issue with other Securities.

### *Repurchases*

One or more FHLBanks at any time may purchase Securities at any price or prices in the open market or otherwise. Such Securities may be held, resold, refinanced or retired.

### *Fed Book-Entry System and Governing Law*

The Securities will be issued and maintained only on the Fed Book-Entry System and will be governed by the Book-Entry Regulations.

The Securities will be issued in book-entry form and the Fiscal Agent will maintain book-entry accounts with respect to the Securities and make payments, on behalf of the FHLBanks, of principal of or any interest on the Securities in U.S. dollars on the applicable payment dates by crediting Holders’ accounts at the Fiscal Agent.

Any matters concerning accounts on the books of a Federal Reserve Bank acting as Fiscal Agent are governed by the operating circulars or letters of that Federal Reserve Bank. Any matters concerning the Securities of the FHLBanks on the Fed Book-Entry System are governed by operating circulars and letters of the Federal Reserve Banks, the Book-Entry Regulations and the regulations now or hereafter prescribed by the United States Department of the Treasury for the conduct of similar transactions involving marketable United States securities. These matters shall not be affected by any inconsistent provisions of any depository or organized exchange. These regulations, operating circulars and letters may be modified, amended, supplemented, superseded, eliminated or otherwise altered without the consent of any Holder of the Securities.

### *Title*

A Holder of a Security (or a component of a Security) is not necessarily the beneficial owner of that Security. Beneficial owners ordinarily will hold Securities through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner, and each other financial intermediary holding one or more Securities directly or indirectly on behalf of the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers.

The rights of a beneficial owner of a Security with respect to the FHLBanks and the Fiscal Agent may be exercised only through the Holder thereof. The FHLBanks and the Fiscal Agent will have no obligation to any beneficial owner of a Security that is not also the Holder of that Security. The Fiscal Agent will act only upon the instructions of Holders to record transfers of Securities, and will effect transfers of Securities only to Holding Institutions. The FHLBanks and the Fiscal Agent may treat the Holders as the absolute owners of Securities for the purpose of making payments in respect thereof and for all other purposes.

### *Payments*

Payments on the Securities will be made in U.S. dollars on the applicable payment dates to the Holders of those Securities as of the end of the day preceding such payment dates. Payments on the Securities will be made by credit of the payment amount to the Holders' accounts at the Fiscal Agent. All payments to or upon the order of a Holder will be valid and effective to discharge the liability of the FHLBanks and the Fiscal Agent with respect to the related Securities. The Holders and each other financial intermediary holding Securities directly or indirectly on behalf of beneficial owners will have the responsibility of remitting payments for the accounts of their customers. All payments on the Securities are subject to any applicable law or regulation.

### *Modification and Amendment*

The terms of an issue of Securities may be modified, amended or supplemented, without the consent of any Holder of any such Security:

- for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective term(s) or, with respect to matters or questions arising with respect to such issue of Securities, making any other provision that is not inconsistent with the provisions of the terms;
- for the purpose of conforming terms of the Securities to, or curing any ambiguity or discrepancy resulting from any changes in, the Book-Entry Regulations or the Fiscal Agency Agreement or any regulation or document that the Book-Entry Regulations or the Fiscal Agency Agreement make applicable to book-entry securities of the FHLBanks;
- for the purpose of increasing the amount of such issue of Securities; or
- in any manner that we may determine and that will not adversely affect in any material respect the interests of the Holders at the time of such modification, amendment or supplement (including without limitation the designation of a different person or entity to serve as Calculation Agent with respect to any Securities).

In addition, with the written consent of the Holders of at least a majority of the aggregate then outstanding principal amount of an issue of Securities (which may include Securities owned by an FHLBank), we may from time to time and at any time modify, amend or supplement the terms of an issue of Securities for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of those Securities or of modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent of the Holder of the principal amount of that Security;

- change the Maturity Date of, or the due date of any installment of interest on, that Security;
- materially modify the redemption provisions, if any, relating to the redemption price of, or any redemption date or period for, that Security;
- reduce the principal amount of, or materially modify the rate of interest or the calculation of the rate of interest on, that Security; or
- reduce the percentage of the then outstanding principal amount of the issue of Securities of which that Security forms a part, the consent of the Holders of which is necessary to modify, amend or supplement the related terms.

The Holders need not approve the particular form of any proposed amendment, so long as their consent approves the substance of the change.

Any instrument given by or on behalf of any Holder of a Security in connection with any consent to any such modification, amendment or supplement may not be revoked by the Holder once given, and, once accepted by us, will be conclusive and binding on all subsequent Holders of that Security. Any modification, amendment or supplement of the terms of Securities will be conclusive and binding on all Holders of the

Securities subject to that modification, amendment or supplement, whether or not they have given such consent.

#### *Fiscal Agent*

The FHLBanks and the Fiscal Agent may amend, modify or supplement in any respect, or may terminate, substitute or replace, the Fiscal Agency Agreement without the consent of any Holder of Securities. The Fiscal Agent may act as fiscal agent for other debt securities issued by the FHLBanks other than the Securities, and the FHLBanks have engaged in, and in the future may engage in, other business relationships with the Fiscal Agent.

In acting under the Fiscal Agency Agreement, the Fiscal Agent acts solely as a fiscal agent of the FHLBanks and does not assume any obligation or relationship of agency or trust for or with any Holder of a Security.

### **UNITED STATES TAXATION**

The following is a summary of the taxation of the Securities and of certain anticipated United States federal income tax consequences resulting from the ownership of the Securities. This summary does not cover all of the possible tax consequences relating to the ownership of the Securities or the receipt of interest from those Securities, and it is not intended as tax advice to any person. It addresses only beneficial owners who are initial purchasers of the Securities and who hold the Securities as capital assets. It does not address special classes of beneficial owners such as dealers in securities or currencies, banks, tax-exempt entities, life insurance companies, persons holding Securities as a hedge against interest rate or currency risks or as part of a straddle or conversion transaction, beneficial owners who purchase Securities in the secondary market, or beneficial owners whose functional currency is not the U.S. dollar. This summary is based upon the United States federal income tax laws as currently in effect and as currently interpreted and does not include any description of the tax laws of any non-U.S. government that may apply. Neither we nor any of the FHLBanks are under any obligation to update this summary.

***You should consult your own tax advisors about the application of the United States federal income tax laws, as well as the possible application of the tax laws of any other jurisdiction.***

In addition, prospective purchasers of Securities:

- with variable maturities;
- with principal or interest payments that are contingent;
- subject to early redemption;
- providing for a maximum or minimum interest rate; or
- with interest rates that vary according to a fixed schedule,

should consult the applicable Offering Notice for any special United States federal income considerations with respect to such Securities at the time of issuance.

A beneficial owner other than a U.S. Holder should also consult its own tax advisor concerning the tax consequences of holding a Security. As used herein, the term “U.S. Holder” means a beneficial owner of a Security that is (for purposes of United States federal income tax) (i) a citizen or resident of the United States, (ii) a corporation, partnership, or other entity organized in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust that is treated as a “United States person” within the meaning of section 7701(a)(30) of the Code.

#### **State and Local Taxation**

Under the Act, as amended, the Securities and interest thereon are exempt from state, county, municipal, and other local income taxes in the United States. This statute has been construed as not exempting the

Securities and interest thereon from nondiscriminatory franchise taxes or other non-property taxes in lieu thereof that are imposed on corporations.

## **U.S. Federal Income Taxation**

### *Discount Notes*

Except as noted below, a cash method U.S. Holder of a Discount Note is not required to include the discount (*i.e.*, the difference between the U.S. Holder's purchase price and the principal amount of the Discount Note) in income as it accrues. Accrual method U.S. Holders, banks, regulated investment companies and certain other U.S. Holders described in section 1281(b) of the Code are required to include the discount in income as it accrues, regardless of their method of accounting, on a straight-line basis unless the U.S. Holder makes an irrevocable election to accrue such discount on the basis of the Discount Note's yield to maturity and daily compounding.

A cash method U.S. Holder of a Discount Note that is not otherwise required to account for the discount on such Discount Note as it accrues may nevertheless elect to include in income, interest (if any) and discount, as they accrue (under the rules discussed above), on all obligations having a maturity of one year or less held by the U.S. Holder in the taxable year of the election and in all subsequent years. This election is irrevocable without the consent of the Internal Revenue Service. In the case of a U.S. Holder that is not required, and that does not elect, to include discount in income currently, (i) any gain realized upon the sale, exchange or retirement of a Discount Note will be ordinary income to the extent of accrued discount, and (ii) such U.S. Holder will be required to defer deductions for interest expense on any indebtedness incurred or continued to purchase or carry the Discount Note, in an amount not exceeding the deferred interest income, until the deferred interest income is recognized.

### *Bonds — General*

Under general principles of current law, the interest paid on a Bond will be includable in income by a U.S. Holder when the interest is received or when it accrues in accordance with the U.S. Holder's regular method of tax accounting.

### *Bonds Issued at a Premium*

If a U.S. Holder purchases a Bond for an amount that is greater than the amount payable at maturity, that U.S. Holder will be considered to have purchased such a Bond with "amortizable bond premium" equal in amount to such excess. The U.S. Holder may elect, in accordance with the applicable provisions of section 171 of the Code, to amortize that premium as an offset to the interest payments on the Bond using a constant yield to maturity method over the remaining term of the Bond. Pursuant to section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Bond pursuant to section 1016(a)(5) of the Code.

### *Bonds Issued at a Discount*

In the case of Bonds that are offered to the public at a price that is less than their stated redemption price at maturity (*i.e.*, their principal amount), the Bonds may bear original issue discount, or "OID," for federal income tax purposes.

OID is defined as the excess of the Bond's stated redemption price over its issue price (which is the initial offering price to the public at which a substantial amount of the Bonds are sold), provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity).

OID will accrue to U.S. Holders of the Bonds over the period to maturity based on a constant yield to maturity method, using semi-annual compounding. The portion of OID that accrues during the time a U.S. Holder owns the Bonds (i) constitutes interest includable in the U.S. Holder's gross income for federal income tax purposes and (ii) is added to the U.S. Holder's tax basis for purposes of determining gain or loss

on the maturity, redemption, prior sale, or other disposition of the Bonds. The effect of OID is to increase the amount of taxable income above the actual interest payments during the life of the Bonds.

#### *Disposition or Retirement of a Security*

Upon the sale, exchange or other disposition of a Security, or upon the retirement of a Security (either at maturity or by redemption), a U.S. Holder will recognize gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement and the U.S. Holder's tax basis in the Security. A U.S. Holder's tax basis for determining gain or loss on the disposition or retirement of a Security will be the cost of that Security to such U.S. Holder, increased by the amount of original issue discount and any market discount includable in such U.S. Holder's gross income with respect to that Security, and decreased by the amount of any payments under the Security that are part of its stated redemption price at maturity and by the portion of any premium applied to reduce interest payments as described above.

Generally, gain or loss upon the disposition or retirement of a Security will be capital gain or loss; however, to the extent the gain represents accrued original issue discount not previously included in gross income or accrued interest, such gain or loss would be treated as ordinary income. Any capital gain or loss will be long-term capital gain or loss if at the time of disposition or retirement the Security has been held for more than one year. Long-term capital gains of U.S. Holders that are individuals are currently taxed at a maximum rate of 20 percent.

#### *Tax Consequences of Stripping a Bond*

The original U.S. Holder of a Bond is taxed on income from a Bond as if the ability to "strip" the Bond did not exist, unless and until (i) the Bond is stripped and (ii) the U.S. Holder disposes of some or all of the resulting components. The mere exchange of a Bond for interest components and principal components, absent the disposition of some or all of those components, should not be treated as a taxable event. If a U.S. Holder exchanges a Bond for interest components and principal components, and disposes of all of the components, the U.S. Holder effectively is treated as if it had disposed of the Bond. If that U.S. Holder disposes of less than all the components resulting from the stripping transaction, that U.S. Holder will be required to:

- include as income all interest and OID accrued on the Bond not previously included as income;
- increase its basis in the Bond by the same amount;
- allocate its adjusted basis in the Bond among the components in proportion to the respective fair market values of those components; and
- recognize gain or loss with respect to each component disposed of equal to the difference between the amount realized and the basis allocated to that component.

It is not clear how that U.S. Holder should determine relative fair market values for this purpose and that U.S. Holder should consult its tax advisor in these circumstances.

Any gain or loss on the disposition of a principal component will be capital gain or loss. Although it is unclear, it would appear that any gain or loss from the disposition of an interest component also would be capital gain or loss.

A U.S. Holder of a Bond who disposes of less than all of the components of a Bond after a stripping transaction will be taxed on each retained component as if that U.S. Holder had purchased the retained component in the secondary market for an amount equal to the basis allocated to that component.

## PLAN OF DISTRIBUTION

### **Bonds**

The Bonds will be offered from time to time by us, primarily to Dealers as principal, either individually or as part of a limited group. Certain Bonds also may be offered through Dealers as our agents. The applicable Dealers for an issue of Bonds will be identified in the Offering Notice for such issue. The FHLBanks may pay applicable Dealers a concession, in the form of a discount and in the amount specified in the applicable Offering Notice. This concession may be expressed as a dollar amount per thousand dollars of the principal amount (or, in certain circumstances, the initial offering price for Zero-Coupon Bonds and certain other Bonds sold at a discount) of those Bonds.

One or more Dealers may purchase Bonds as principal in underwritten transactions through negotiation or through a competitive bidding process. The purchase price is identified in the applicable Offering Notice. Those Bonds may be resold to investors at a fixed offering price or at varying offering prices related to market prices prevailing at the time of resale or otherwise as determined by the applicable Dealer or Dealers. A Dealer may sell the Bonds it has purchased as principal to other dealers at a concession. The applicable Dealer or Dealers will advise us whether an offering is on a fixed price or variable price basis and of any concessions or reallowances that will be provided to other dealers in connection with such offering, and such information, as provided by such Dealer or Dealers, will be specified in the applicable Offering Notice. After the initial offering of any issue of Bonds, the offering price (in the case of a fixed price offering), the concession and the reallowance may be changed.

Certain Bonds also may be offered through selected Dealers as our agents. These Bonds will be sold to investors at 100% of their principal amount, unless otherwise specified in the applicable Offering Notice. We will have the sole right to accept offers to purchase such Bonds and may reject any offer in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, without notice to us, to reject in whole or in part any offer to purchase Bonds through it as agent.

The size of an issue of Bonds may be increased from time to time without the consent of any Holder of a Bond by issuing additional Bonds with the same terms (other than the date of issuance, interest accrual date, offering price, and other underwriting terms which may vary). We reserve the right to reopen an issue of Bonds one or more times and an issue of Bonds may be reopened at any time when the reopening is consistent with the FHLBanks' funding needs and overall market conditions. The evaluation of these criteria and the decision whether to reopen Bond issues are in our sole discretion, and there can be no assurance that an issue of Bonds will be reopened or increased. Furthermore, we may elect to issue other series of Bonds with identical terms rather than reopen a series of Bonds. The tax consequences of any reopening issue will be set forth in the Offering Notice for such issue.

### **Discount Notes**

Under the terms of one or more agreements between certain Dealers and us, Discount Notes may be offered for sale by us through one or a combination of methods including, but not limited to;

- auction;
- allocation to selected Dealers as agent in accordance with procedures established by us for reoffering to investors; or
- sale to Dealers as principal.

Dealers may receive a concession, in the form of a discount, from the FHLBanks in connection with the sale of Discount Notes.

Discount Notes generally are offered on a continuous basis for sale to Dealers, and there may be more than one sale on a given day. Current quotations for Discount Notes of varying maturities can be obtained by contacting any Dealer for Discount Notes.

## **General**

Lists of Dealers for Bonds and Discount Notes can be obtained by writing or calling the Office of Finance at the address, phone number or website identified under the caption “Available Information” on page 3.

The Securities may also be sold by us directly to investors. However, arrangement fees may be paid to third parties in connection with these sales.

Securities with similar terms but different interest rates and yields may be offered concurrently to different investors. Securities with different variable terms also may be offered concurrently to different investors.

Payment of the purchase price of Securities to the FHLBanks must be made in immediately available funds and will be effective only upon receipt of such funds by the FHLBanks. In the case of Securities sold through a Dealer on an agency basis, that Dealer will act on behalf of the purchaser of those Securities in transmitting the purchaser’s funds to the FHLBanks.

The FHLBanks and the Dealers have agreed to indemnify each other against certain liabilities.

After an agreement is reached between one or more Dealers and us with respect to the issuance of particular Securities, the Dealers may confirm sales of those Securities on a “when-issued” basis, although the issuance and delivery of those Securities by us may not occur if certain conditions are not satisfied or waived.

The Dealers and certain of their respective affiliates engage in transactions with, and perform services for, the FHLBanks, including without limitation the purchase and sale of investment securities. In connection with any particular issue of Securities, the FHLBanks may enter into interest rate exchange agreements, hedging transactions or other transactions with, or arranged by, the applicable Dealer or any of its affiliates, or an unaffiliated third party, including hedging transactions involving the sale and purchase of Securities from time to time in connection with the issuance of Securities.

## GLOSSARY OF DEFINED TERMS

Unless otherwise defined in the applicable Offering Notice, the capitalized terms used in this Offering Circular, including Appendix A hereto or in the applicable Offering Notice, and set forth below have the meanings ascribed below.

**“Act”** means the Federal Home Loan Bank Act, as amended (12 U.S.C. §§ 1421-1449).

**“Bank System”** means the Federal Home Loan Bank System, which is comprised of the FHLBanks and the Office of Finance, under the supervision of the Finance Board pursuant to the Act.

**“Banking Day”** means any day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in the specified city or cities.

**“Bonds”** means certain consolidated obligations of the FHLBanks designated as Bonds and issued pursuant to this Offering Circular and a corresponding Offering Notice.

**“Book-Entry Regulations”** means the regulations that govern the use of the Fed Book-Entry System for the Securities issued in book-entry form and the creation of security interests in security entitlements relating to the Securities which are contained in 12 CFR Part 987, as amended, modified, supplemented or superseded from time to time.

**“Business Day”** means any day other than (a) a Saturday, (b) a Sunday, or (c) a day on which banking institutions in New York City are authorized or required by law or executive order to close.

**“Calculation Agent”** means the Office of Finance, or such other person or entity as may be delegated the functions of Calculation Agent.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Current Factor”** means a number that represents the percentage of the aggregate original principal amount of the Bonds of a particular issue that is then outstanding.

**“Dealer”** means a securities dealer or bank purchasing Securities as principal or through whom Securities are sold as agent of us.

**“Determination Date”** means, in respect of any Reset Period, the date that is the number of Banking Days (if any) specified in the applicable Offering Notice prior to each Reset Date or such other date(s) as set forth in the applicable Offering Notice.

**“Fed Book-Entry System”** means the book-entry system of the U.S. Federal Reserve Banks.

**“FHLBanks”** means the Federal Home Loan Banks established pursuant to the Act, and their successors and assigns.

**“Finance Board”** means the Federal Housing Finance Board, an independent agency in the executive branch of the U.S. government, and its successors and assigns.

**“Financial Reports”** means the Bank System’s most recent combined annual Financial Report and any combined quarterly Financial Report, or supplement, issued subsequent thereto.

**“Fiscal Agency Agreement”** means the agreement under which the Fiscal Agent maintains the Securities on the Fed Book-Entry System and receives the payments of principal of and interest on the Securities from the FHLBanks.

**“Fiscal Agent”** means each of the U.S. Federal Reserve Banks, and its successors and assigns with respect to their services as fiscal agent with respect to the Securities.

**“Holders”** means the Holding Institutions whose names appear on the book-entry records of the Fiscal Agent as the entities to whose accounts Securities have been deposited.

**“Holding Institutions”** means those entities eligible to maintain book-entry accounts with the Fiscal Agent.

**“Interest Payment Date”** means each date specified in the applicable Offering Notice for the payment of interest, in each case as adjusted by the Business Day convention described under “Description of the Securities — Additional Provisions of General Applicability — Business Day Convention” on page 14.

**“Interest Period”** means the period beginning on and including the most recent Interest Payment Date, or, if no interest has been paid or made available for payment in respect of an issue of Bonds, from and including the Issue Date of those Bonds to but excluding the next succeeding Interest Payment Date or Principal Payment Date.

**“Issue Date”** means the date of issue of a particular issue of Bonds or such other date specified in the applicable Offering Notice.

**“Maturity Date”** means the date of maturity of the particular Security.

**“Offering Circular”** means this document, any supplements or amendments to this document (but not including any Offering Notices) and any documents incorporated by reference in this document, except, and to the extent, any such document is modified or superseded by any subsequent document incorporated by reference in this Offering Circular.

**“Offering Documents”** means the Offering Circular and the applicable Offering Notice.

**“Offering Notice”** means the document prepared by us and designated as the Offering Notice relating to a specific issue of Bonds being offered thereby and any supplement or amendment to such document.

**“Office of Finance”** means the joint office of the Bank System established by the Finance Board pursuant to the Act and its regulations promulgated thereunder to facilitate the issuance of the consolidated obligations of the FHLBanks, and its successors and assigns.

**“Original Principal Amount”** means the original principal amount of Bonds specified in the applicable Offering Notice.

**“Pool”** means a pool of obligations as specified in the applicable Offering Notice.

**“Primary Source Page”** means the information source or its replacement or successor information source (or, if no replacement or successor information source is available, such different information source as selected by the Calculation Agent) as specified in the applicable Offering Notice.

**“Principal Payment Date(s)”** means the Maturity Date or, if applicable, any earlier Redemption Date(s) or date(s) of principal repayment of an issue of Bonds with respect to the principal of such as specified in the applicable Offering Notice.

**“Rate Cut Off Date”** means, in respect of any Interest Period, the date that is the number of Banking Days specified in the applicable Offering Notice prior to each Interest Payment Date or such other date(s) set forth in the applicable Offering Notice.

**“Redemption Date(s)”** means the date(s) of early redemption specified in the applicable Offering Notice.

**“Reference Rate”** means either Federal Funds Rate, LIBOR, U.S. Treasury Bill Rate, Prime Index, CMT, PSA Rate or such other index or indices in each case as specified in the applicable Offering Notice.

**“Reference Rate Date”** means Reset Dates or Redemption Dates or both as specified in the applicable Offering Notice.

**“Relevant Term”** means, with respect to a Reference Rate, the period of time specified in the applicable Offering Notice.

**“Relevant Time”** means, on a Determination Date, the local time at which it is customary to determine bid, offered and mean interest rates in respect of deposits in that currency in the interbank market in the city or cities specified in the applicable Offering Notice.

**“Reset Date”** means each date specified in the applicable Offering Notice on which the Reference Rate determined on the applicable Determination Date is first applied.

**“Reset Period”** means the period beginning on and including the most recent Reset Date to but excluding the next succeeding Reset Date.

**“Secondary Source Page”** means the information source or its replacement or successor information source (or, if no replacement or successor information source is available, such different information source as selected by the Calculation Agent) as specified in the applicable Offering Notice.

**“Securities”** means the Bonds or Discount Notes of the FHLBanks offered pursuant to this Offering Circular. The Securities are not obligations of the United States and are not guaranteed by the United States.

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## APPENDIX A

### **Determination of Reference Rate:**

#### **(i) Variable Rate Bonds:**

If, as specified in the applicable Offering Notice, the Bonds bear interest at a variable rate determined by reference to one or more Reference Rates, such Reference Rate will be adjusted on each Reset Date. For each Reset Date, the Reference Rate shall be determined on the corresponding Determination Date, subject to the Rate Cut Off Date, if any. The Reference Rate for a Saturday, Sunday or a day for which such Reference Rate is not available will be the Reference Rate applied to the immediately prior Business Day. Each Reference Rate will apply to each day (including Saturday, Sunday and other non-Business Days) in the Reset Period or as otherwise provided in the applicable Offering Notice. The Reference Rate will be one of the interest rate indices indicated below or such other exchange rate, interest rate or other index or indices specified in and determined in the manner specified in the applicable Offering Notice.

If the determination of the Reference Rate requires a Rate Cut Off Date, then the last Reference Rate actually determined and applied to a Reference Rate Date on or prior to the Rate Cut Off Date will be applied to each day from such Reference Rate Date to but not including the Interest Payment Date.

#### **(ii) Redemption of Bonds According to Formula:**

If, as specified in the applicable Offering Notice, the Bonds are to be redeemed prior to maturity according to a formula, and such formula is dependent upon the value of one or more Reference Rates, such Reference Rate for each Redemption Date shall be determined on the corresponding Determination Date. The Reference Rate will be one of the interest rate indices indicated below or such other exchange rate, interest rate or other index or indices specified in and determined in the manner specified in the applicable Offering Notice.

**Selected Reference Rates:**

**(i) Federal Funds Rate:**

(1) The Federal Funds Rate for a Reference Rate Date will be the rate appearing on Telerate Page 120 under the caption “Daily Selected Money Market Rates From The Federal Reserve,” (or its successor page, as determined by the Calculation Agent) and the column heading “EFF” and opposite the row for the Banking Day preceding the Determination Date (at such time when that rate is available) or such other Primary Source Page specified in the applicable Offering Notice. For example, if the Determination Date is a Thursday, the Federal Funds Rate for the applicable Reference Rate Date would be the rate which appears in Telerate Page 120 under the caption “Daily Selected Money Market Rates From The Federal Reserve” and under the column heading “EFF” and opposite the row for Wednesday (assuming Wednesday is the Banking Day immediately preceding the Thursday Determination Date). Telerate Page 120 means Page 120 provided by Bridge Telerate.

(2) If Telerate Page 120 (or such other Primary Source Page specified in the applicable Offering Notice) is not available or the rate does not appear on Telerate Page 120, then the Federal Funds Rate for the Reference Rate Date will be the rate on Reuters Page NYAA, “U.S. Daily Average Fed Funds Rates E-Statement Period” under the heading for the day of the week prior to the corresponding Determination Date and opposite the row dated the week containing such Determination Date (at such time when that rate is available) (or such other Secondary Source Page specified in the applicable Offering Notice). Reuters Page NYAA means the page designated as NYAA on Reuters.

(3) If Telerate Page 120 (or such other Primary Source Page specified in the applicable Offering Notice) and Reuters Page NYAA (or such other Secondary Source Page specified in the applicable Offering Notice) are not available or the rate does not appear on either page, then the Federal Funds Rate for such Reference Rate Date will be based on the arithmetic mean of the rates for the last transaction in Overnight U.S. Dollar Federal Funds arranged by three leading brokers of U.S. Dollar Federal Funds transactions in New York City selected by the Calculation Agent prior to 9:00 a.m. New York City time, on the day prior to the corresponding Determination Date.

(4) If fewer than three leading brokers selected as aforesaid by the Calculation Agent have arranged transactions as described in (3) above, then the Federal Funds Rate will be the Federal Funds Rate in effect on the previous Reference Rate Date.

(5) The last Federal Funds Rate actually determined and applied to a Reference Rate Date which falls on or before the Rate Cut Off Date, if any, will be the Federal Funds Rate for each Reference Rate Date from such Reference Rate Date to but excluding the applicable Interest Payment Date. For example, if the Rate Cut Off Date is a Tuesday, then the last Federal Funds Rate actually determined and applied to a Reference Rate Date on or before the Rate Cut Off Date is expected to be the Federal Funds Rate appearing on Telerate Page 120, “Daily Selected Money Market Rates From the Federal Reserve,” under the heading “EFF” opposite the row for the immediately preceding Monday (assuming such day is a Banking Day).

(ii) **LIBOR:**

(1) LIBOR for a Reference Rate Date is defined as the arithmetic mean of the British Bankers Association's U.S. Dollar Interest Settlement Rate for the Relevant Term as of 11:00 a.m. (London time) on the Determination Date. LIBOR currently appears on Telerate Page 3747 but may be published by such other information vendor as the British Bankers Association may select or on such other Primary Source Page specified in the applicable Offering Notice. Telerate Page 3747 means Page 3747 provided by Bridge Telerate.

(2) If such rate does not appear on Telerate Page 3747 (or such other information vendor as the British Bankers Association may select or other Primary Source Page specified in the applicable Offering Notice), then the LIBOR in respect of the applicable Reference Rate Date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by five major banks in the London interbank market at approximately 11:00 a.m. (London time) on the corresponding Determination Date to prime banks in the London interbank market for the Relevant Term commencing on the day two London Banking Days after the Determination Date and in the amount equal to the Original Principal Amount. The Calculation Agent will request the principal London office of each of the major banks to provide a quotation of its rate. If at least two such quotations are provided, the LIBOR in respect of that Reference Rate Date will be the arithmetic mean of the quotations.

(3) If fewer than two quotations are provided as requested, then the LIBOR in respect of that Reference Rate Date will be the arithmetic mean of the rates quoted by five major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m. (London time), on the corresponding Determination Date for loans in U.S. dollars to leading European banks for the Relevant Term commencing on the day two London Banking Days after the Determination Date and in an amount equal to the Original Principal Amount.

(4) If, for any Reference Rate Date, fewer than three major banks in New York City selected as aforesaid by the Calculation Agent are quoting as described in (3) above, then the LIBOR for such Reference Rate Date will be the LIBOR in effect on the previous Reference Rate Date.

**(iii) U.S. Treasury Bill Rate:**

(1) The U.S. Treasury Bill Rate for a Reference Rate Date is defined as the average bond equivalent yield of the most recent U.S. Treasury bill auction for the Relevant Term which occurs on the first New York Banking Day during the period from the Monday immediately preceding the applicable Determination Date up to and including such Determination Date. The U.S. Treasury Bill Rate currently appears on Telerate Page 56 or 57 (as specified in the applicable Offering Notice) under the heading “Investment Rate” in the row corresponding to the first New York Banking Day of the week containing the applicable Reference Rate Date (or such other Primary Source Page specified in the applicable Offering Notice). For example, if the Determination Date is a Wednesday, the U.S. Treasury Bill Rate for the Relevant Term for the corresponding Reference Rate Date would be the rate which appears on Telerate Page 56 or 57 (as specified in the applicable Offering Notice) under the heading “Investment Rate” in the row corresponding to the Monday immediately preceding the Wednesday Determination Date (assuming such day is a New York Banking Day).

(2) If there is no auction during the period from Monday immediately preceding the applicable Determination Date up to and including such Determination Date, then the U.S. Treasury Bill Rate for the corresponding Reference Rate Date will be the arithmetic mean of quotations reported by three leading U.S. Government securities dealers, according to their written records and with reference to the 3:00 p.m. (ET) closing offered side yield quotations as of the Determination Date, for actively traded bills for the Relevant Term.

(3) If the Calculation Agent cannot obtain three such quotations, then the U.S. Treasury Bill Rate for such Reference Rate Date will be the arithmetic mean of all such quotations obtained by the Calculation Agent.

(4) If, for any Determination Date, the Calculation Agent cannot obtain any quotations, then the U.S. Treasury Bill Rate for the corresponding Reference Rate Date shall be the arithmetic mean of quotations reported by three leading U.S. Government securities dealers, according to their written records and with reference to the 3:00 p.m. (ET) closing offered side yield quotations as of the Determination Date, for the U.S. Treasury security with a remaining term to maturity closest to the Relevant Term and with a price closest to par as determined by the Calculation Agent.

(5) If the Calculation Agent cannot obtain three such quotations, then the U.S. Treasury Bill Rate for such Reference Rate Date will be the arithmetic mean of all such quotations obtained by the Calculation Agent.

(6) If, for any Determination Date, the Calculation Agent cannot obtain any quotations, then the U.S. Treasury Bill Rate for the corresponding Reference Rate Date shall be the same as the U.S. Treasury Bill Rate for the immediately preceding Reference Rate Date.

(7) The last U.S. Treasury Bill Rate actually determined and applied to a Reference Rate Date which falls on or before the Rate Cut Off Date, if any, will be the U.S. Treasury Bill Rate for each Reference Rate Date from such Reference Rate Date to but excluding the applicable Interest Payment Date. For example, if the Rate Cut Off Date is a Thursday, then the last U.S. Treasury Bill Rate actually determined and applied to a Reference Rate Date on or before the Rate Cut Off Date expected to be the U.S. Treasury Bill Rate appearing on Telerate Page 56 or 57 (as specified in the applicable Offering Notice) under the heading “Investment Rate” in the row corresponding to the immediately preceding Monday.

(iv) **Prime Index:**

(1) The Prime Index for a Reference Rate Date will be the daily rate for the applicable Determination Date as set forth in the Federal Reserve Statistical Release H.15 (519) opposite the caption “Bank Prime Loan” and under the heading for the corresponding Determination Date (or such other Primary Source Page as specified in the applicable Offering Notice). The Federal Reserve Statistical Release H.15 (519) is published on Mondays at approximately 3:45 p.m. (ET) and lists rates opposite the caption “Bank Prime Loan” and under the heading for each New York Banking Day during the week ending the immediately preceding Friday. For example, if the Determination Date is a Thursday, then the Prime Index for the corresponding Reference Rate Date would be the rate published on the following Monday at approximately 3:45 p.m. (ET) in the Federal Reserve Statistical Release H.15 (519) opposite the caption “Bank Prime Loan” under the column corresponding to the Thursday Determination Date (assuming such day is a New York Banking Day).

(2) Until the Federal Reserve Statistical Release H.15 (510) (or such other Primary Source Page specified in the applicable Offering Notice), the Prime Index for a Reference Rate Date shall mean the daily rate for the corresponding Determination Date as set forth on Telerate Page 125, Prime Rate History, Source: FRB H.15 (or its successor page as determined by the Calculation Agent or such other Secondary Source Page specified in the applicable Offering Notice). Telerate Page 125 means Page 125 provided by Bridge Telerate which lists rates for each New York Banking Day as they would appear on the published Federal Reserve Statistical Release H.15 (519) when available. Where the rate, as set forth on Telerate Page 125 differs from the rate published in the Federal Reserve Statistical Release H.15 (519), the latter rate will control for the Prime Index applicable to the Bonds.

(3) If Telerate Page 125 is not available (or such other Secondary Source Page specified in the applicable Offering Notice) and the Prime Index is not published in the Federal Reserve Statistical Release H.15 (519) (or such other Primary Source Page specified in the applicable Offering Notice), then the Prime Index for the applicable Reference Rate Date will be the arithmetic mean of the first thirty prime rates appearing on Telerate Page 38 “Prime Rates — Top 30 U.S. Banks” on the corresponding Determination Date. Telerate Page 38 means Page 38 provided by Bridge Telerate.

(4) If Telerate Pages 125 (or such other Secondary Source Page specified in the applicable Offering Notice) and 38 are not available and the Prime Index is not published in the Federal Reserve Statistical Release H.15 (519), then the Prime Index for such Reference Rate Date will be based on the arithmetic mean of the prime rates or base lending rates (quoted on the basis of the actual number of days in the year divided by a 360-day year) of three major money center banks in the City of New York selected by the Calculation Agent on the corresponding Determination Date.

(5) If, for any Reference Rate Date, fewer than three major money center banks selected as aforesaid by the Calculation Agent are quoting as described in (4) above, then the Prime Index for such Reference Rate Date will be the Prime Index in effect on the previous Reference Rate Date.

(6) The last Prime Index actually determined and applied to a Reference Rate Date which falls on or before the Rate Cut Off Date, if any, will be the Prime Index for each Reference Rate Date from such Reference Rate Date to but excluding the applicable Interest Payment Date. For example, regardless of whether the Rate Cut Off Date is a Monday, Tuesday, Wednesday, Thursday, or Friday, the last Prime Index actually determined and applied to a Reference Rate Date on or before the Rate Cut Off Date is expected to be the Prime Index applied to the Friday immediately preceding the Rate Cut Off Date appearing in the Federal Reserve Statistical Release H.15 (519) published on the following Monday at approximately 3:45 p.m. (ET). That Prime Index would be applied to each Reference Rate Date from that Friday through the end of the Interest Period.

(v) **CMT:**

(1) The CMT shall be that rate published on Telerate Page 7051 for the applicable Determination Date under the column for the Relevant Term and next to the row for such Determination Date (or such other Primary Source Page specified in the applicable Offering Notice). Telerate Page 7051 means page 7051 as provided by Bridge Telerate. Currently the rates for a Determination Date are not published on Telerate Page 7051 until the following New York Banking Day. For example, if the Determination Date is a Thursday, then the CMT for the Relevant Term for the corresponding Reference Rate Date will be the rate appearing on Telerate Page 7051 under the column for the Relevant Term and next to the row for the Thursday Determination Date.

(2) If Telerate Page 7051 (or such other Primary Source Page specified in the applicable Offering Notice) is unavailable, the CMT for the applicable Reference Rate Date will be set forth in the Federal Reserve Statistical Release H.15 (519) opposite the caption "U.S. Government Securities/Treasury Constant Maturities" for the Relevant Term and under the column for the corresponding Determination Date (or such other Secondary Source Page specified in the applicable Offering Notice). The Federal Reserve Statistical Release H.15 (519) is published on Mondays at approximately 3:45 p.m. (ET) and lists those rates opposite the caption "U.S. Government Securities/Treasury Constant Maturities" for the Relevant Term and under the column for each New York Banking Day during the week ending the immediately preceding Friday. If the rate, as published in the Federal Reserve Statistical Release H.15 (519), differs from the rate set forth on Telerate Page 7051, then the latter will control as the Relevant Term CMT applicable to the Bonds.

(3) If such rate is no longer published in Telerate Page 7051 (or such other Primary Source Page specified in the applicable Offering Notice), the Federal Reserve Statistical Release H.15 (519) (or such other Secondary Source Page specified in the applicable Offering Notice), then the CMT for such Reference Rate Date will be the Constant Maturity Treasury rate (or other United States Treasury rate) for the Relevant Term on the corresponding Determination Date as published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on Telerate Page 7051 and published in the Federal Reserve Board Statistical Release H.15 (519).

(4) If such information is not provided, then the CMT for the Reference Rate Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing mid-market prices as of approximately the Relevant Time on the corresponding Determination Date reported, according to their written records, by three leading primary United States government securities dealers in New York City selected by the Calculation Agent, for the most recently issued direct non-callable fixed rate obligations of the United States (Treasury Note) with an original maturity of approximately the Relevant Term and a remaining term to maturity of not less than the Relevant Term.

(5) If the Calculation Agent cannot obtain three such Treasury Note quotations, the CMT for such Reference Rate Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market mid-market prices as of approximately the Relevant Time on the corresponding Determination Date of three leading primary United States government securities dealers in New York City (from five such dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of greater than the Relevant Term and a remaining term to maturity closest to the Relevant Term. If two Treasury Notes with an original maturity of greater than the Relevant Term have remaining terms to maturity equally close to the Relevant Term, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

(6) If three or four (and not five) of such leading primary United States government securities dealers are quoting as described in this clause, then the CMT will be based on the arithmetic mean of the mid-market prices obtained and neither the highest nor lowest of such quotes will be eliminated.

(7) If fewer than three leading primary United States government securities dealers selected by the Calculation Agent are quoting, then the CMT will be the CMT in effect on the preceding Reference Rate Date.

(vi) **PSA Rate:**

(1) The PSA Rate is defined as the PSA prepayment speed for the Relevant Term applied and calculated based on the methodology specified as the PSA Standard Prepayment Model in the Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities (as in effect on the Issue Date) of The Bond Market Association for determining the principal amount of the Pool on the Determination Date. The PSA Rate applicable to a particular Determination Date will appear on Bloomberg Page FMAC A025 <GO> (or such other Primary Source Page specified in the applicable Offering Notice) for the Pool under the column for the Relevant Term opposite the row “PSA” for the month in which such Determination Date falls. At the present time, the PSA Rate for a specific month is posted by the Federal Home Loan Mortgage Corporation (“FHLMC”) on the first Banking Day of that month.

(2) If Bloomberg page FMAC A025 (or such other Primary Source Page specified in the applicable Offering Notice) or such other page as may replace that page on that service is not accessible, or if the applicable month’s PSA Rate is not available on such page on a particular Determination Date, then the PSA Rate for the Pool with respect to a Reference Rate Date will be obtained from FHLMC.

(3) If FHLMC is unwilling or unable to provide sufficient information, then the PSA Rate for the Pool with respect to a Reference Rate Date will be determined by the Calculation Agent requesting five major securities dealers to provide a quotation of the PSA Rate for the Pool on the corresponding Determination Date.

(4) If at least two quotations are provided as requested, the PSA Rate for the Pool with respect to the Reference Rate Date will be the arithmetic mean of the quotations provided rounded to the nearest whole integer.

(5) If fewer than two quotations are provided as requested, the PSA Rate for the Pool with respect to that Reference Rate Date shall be the most recently available PSA Rate for the Pool on the corresponding Determination Date.

**FEDERAL  
HOME LOAN  
BANKS**

**Consolidated Bonds  
and  
Consolidated Discount Notes**

**OFFERING CIRCULAR**

**January 1, 2001**