FEDERAL HOME LOAN BANK OF DALLAS CORPORATE GOVERNANCE

February, 14 2014

CORPORATE GOVERNANCE PRINCIPLES

The Federal Home Loan Bank of Dallas ("Bank") has adopted the following set of corporate governance principles as a framework for its corporate governance structure. The Bank's Board of Directors ("Board") reviews, and where appropriate revises, these principles from time to time but no less frequently than once every three years.

1. The Board is accountable to the Bank's shareholders and other stakeholders to ensure that the Bank is managed in a safe and sound manner, and with an appropriate balance between financial performance and fulfillment of its public purpose. The Board's primary responsibilities are to:

   (a) Select, employ, and regularly evaluate a highly qualified President to provide leadership for the management of the Bank;

   (b) Ensure that the Bank maintains a highly qualified Senior Management team committed to fulfilling the Bank's mission with the highest standards of ethics and integrity;

   (c) Oversee the establishment of a strong system of internal controls and monitor its ongoing effectiveness;

   (d) Establish appropriate policies for the Bank's safe and sound management;

   (e) Provide strategic direction for the Bank's business; and

   (f) Review regularly the effectiveness of the Board's corporate governance structure and the performance of the Board.

2. The Bank's Senior Management team is accountable to the Board to manage the Bank in accordance with the policies and principles established by the Board and with applicable legal requirements. Senior Management's primary responsibilities are to:

   (a) Manage the Bank safely and soundly, and in accordance with the highest standards of ethics and integrity;

   (b) Implement the strategic direction established by the Board;

   (c) Establish and maintain a strong system of internal controls;

(d) Implement the policies established by the Board; and

(e) Ensure the Bank's compliance with applicable legal and regulatory requirements.

The Bank has designed and implemented an effective corporate governance structure based on these principles to ensure that the Bank is well managed and satisfies all legal and regulatory requirements. In order to carry out these objectives, the Bank and the Board are committed to operating in accordance with the following standards:

1. Directors should be independent (within the meaning of the Finance Agency's regulations) of management and accountable to the Bank's shareholder members;

2. Directors' oversight should be active and engaged;

3. Directors should be knowledgeable about the business and operations of the Bank;

4. Directors and employees should act with absolute integrity and honesty;

5. The Bank should maintain a strong control environment; and

6. The governance and operations of the Bank should be transparent to its constituencies.

By adopting these principles and standards, the Bank has demonstrated its fundamental commitment to strong and effective corporate governance. By following these principles and standards, the Bank's management fulfills its role and responsibility for executing the Bank's business plans and its directors may best carry out their role of overseeing and holding accountable management for executing business plans in accordance with the policies and directives of the Board.

BACKGROUND

Clearly, the starting point in any consideration of the Bank's corporate governance system is its unique status as a government-sponsored enterprise. It is one of twelve Federal Home Loan Banks ("FHLBanks"). All of these entities operate as financial institution cooperatives and all are established to provide services that aid their member financial institutions in meeting the housing and economic development credit needs of their communities. Each FHLBank is federally chartered and operates under the Federal Home Loan Bank Act (the "Bank Act") and the regulations of the Federal Housing Finance Agency ("Finance Agency"). The Bank Act and these regulations provide the overall framework for all of the FHLBanks' required corporate governance structures. Each FHLBank is wholly owned by its member financial institutions, each of which is required to purchase stock in its FHLBank based primarily on the extent of the member's use of its FHLBank's services. The Bank currently serves financial institutions in the five-state area of Arkansas, Louisiana, Mississippi, New Mexico, and Texas.

Additionally, the Bank has registered its capital stock with the Securities and Exchange Commission (the "SEC"). Therefore, the Bank is required to comply with any corporate governance and disclosure policies and procedures (including the SEC's periodic and current reporting requirements) required by the SEC of its registrants. The Bank's capital stock is not, however, listed on a national securities exchange or listed in an inter-dealer quotation system; therefore, the Bank is not a “listed company” and is not required to comply with any corporate governance requirements imposed by a national securities exchange or inter-dealer quotation system, or any SEC requirements that are only applicable to listed companies.

In addition to the requirements set forth above, the Bank also considers and, if appropriate, incorporates into its governance standards relevant “best practices” of companies generally, including listed companies.

GOVERNANCE STRUCTURE

The linchpin of effective corporate governance is an active and engaged Board of Directors that is independent of management, operates with integrity, and has the requisite expertise to properly oversee and direct management. Another key element in an effective corporate governance structure is that management acts with integrity and prudence in carrying out the day-to-day business of the corporation and the appropriate related monitoring controls are in place. Finally, in order to ensure an effective corporate governance model, it is necessary for the corporation to act in an open and transparent manner. The following addresses how the Bank has successfully integrated all these elements into its corporate governance structure.

1. Board of Directors.

(a) Independence of the Board of Directors.

The crucial measure of a director’s independence is that he or she is independent of the management of the corporation. The purpose of such independence is to avoid a situation where management of the corporation controls the directors and usurps the responsibility directors have to oversee the management of the corporation. It is clear under traditional corporate law that directors may delegate to management the day-to-day responsibility for executing business plans. It is equally clear, however, that directors may not delegate their duty to oversee and hold management accountable for executing business plans in accordance with the policies and directives of the board. Such oversight, discharged with diligence, represents a director’s fulfillment of his or her fiduciary duty of care.

The Bank Act and Finance Agency regulations establish a scheme that ensures the management of the Bank cannot control its directors. In this regard, under the Finance Agency’s regulations each “independent director” is nominated by the Bank’s Board and elected by the Bank’s stockholder-members at large and each “member director” is nominated and elected by the stockholder-members of the state to which such member director’s directorship is allocated. No officer of the Bank may also serve as one of its directors, thereby ensuring the separation of the roles of chairman and chief executive officer. In addition, an independent director may not serve as (i) an officer of any FHLBank, (ii) an officer or director of any member of an FHLBank on whose board the independent director serves, or (iii) an officer or director of a holding company that controls one or more members of the FHLBank on whose board the independent director serves if the assets of all such members constitute 35% or more of the assets of the holding company, on a consolidated basis. Also, subject to certain exceptions set forth in the Finance Agency regulations and the Bank’s policies, no director may own any debt or equity securities issued by, or have any other financial interest in, a member of the FHLBank on whose board the director serves.

Member directors become Board members of the Bank through a nomination and election process mandated by law, and management of the Bank is expressly prohibited from participating in this process other than conducting ministerial and administrative functions. In this regard, the management of the Bank may not nominate directors (this being exclusively the province of the Bank's member-stockholders) and is expressly prohibited from promoting or endorsing the candidacy of any person as a director. Thus the law governing the Bank mandates that directors of the Bank are independent of the management they oversee. This legal structure also obviates the need for a separate nominating or governance committee consisting solely of unaffiliated and independent directors that some corporations have adopted in situations where corporate officers also serve as directors (including chairmen) and otherwise may control or significantly influence the corporation's directors.

Additionally, the Finance Agency regulations prohibit directors from serving as members of the Board's Audit Committee if they have one or more disqualifying relationships with the Bank or the Bank's management that would interfere with the exercise of that director's independent judgment. Disqualifying relationships include employment with the Bank currently or at any time during the last five years; acceptance of compensation from the Bank other than for service as a director; being a consultant, advisor, promoter, underwriter or legal counsel for the Bank currently or at any time within the last five years; and being an immediate family member of an individual who is or who has been within the past five years, one of the Bank's executive officers. The Board complies with the Finance Agency regulations described above when appointing directors to serve on its Audit Committee.

As an SEC registrant, the SEC's rules and regulations require the Bank's Board to determine whether each of its directors is independent under a definition of independence of a national securities exchange or of an inter-dealer quotation system. Because the Bank is not a listed issuer whose securities are listed on a national securities exchange or listed in an inter-dealer quotation system, the Bank may choose which national securities exchange's or inter-dealer quotation system's definition of independence to apply. The Board selected the independence standards of the New York Stock Exchange (the "NYSE") to determine which of its directors are independent.

The NYSE independence standards contain a "subjective test," meaning that no director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Bank, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Bank. After applying the NYSE subjective test, the Board determined that presumptively its member directors are not independent. The Board determined that, under the NYSE independence standards, member directors have a material relationship with the Bank through such directors' member institutions' relationships with the Bank. This determination was based upon the fact that the Bank is a member-owned cooperative and each member director is required to be an officer or director of a member institution. Also, a member director's member institution may routinely engage in transactions with the Bank that could occur frequently and in large dollar amounts and that the Bank encourages. Furthermore, because the level of each member institution's business with the Bank is dynamic and the Bank's desire is to increase its level of business with each of its members, the Board determined it would be inappropriate to make a determination of independence with respect to each member director based on the director's member's given level of business as of a particular date. As the scope and breadth of the member director's member's business with the Bank changes, such member's relationship with the Bank might, at any time, constitute a disqualifying transaction or business relationship with respect to the member's member director under the NYSE's objective independence standards. Therefore, the Bank's member directors are presumed to be not independent under the NYSE's independence standards.

The Board could, however, in the future, determine that a member director is independent under the NYSE's independence standards based on the particular facts and circumstances applicable to that member director. Furthermore, the determination by the Board of its member directors' independence under the NYSE's standards is not necessarily determinative of any member director's independence with respect to his or her service on any special or *ad hoc* committee of the Board to which he or she may be appointed in the future.

With respect to the Bank's independent directors, the Board applies the NYSE subjective test described above and the NYSE's objective independence tests, under which a director is not independent if any of a set of circumstances applies, including that the director is an employee of a company that has made payments to, or received payments from, the Bank for property or services in an amount that, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues. The Board applies both the subjective test and the objective tests to each independent director to determine whether each of the Bank's independent directors is independent within the meaning of the NYSE's objective independence tests.

The Board also assesses the independence of the members of its Audit Committee under the NYSE standards for audit committees using the same standards set forth above with respect to member and independent directors generally and applicable SEC rules.

(b) Involvement of the Board of Directors.

In order to carry out its oversight responsibilities effectively, the Bank's Board must be not only independent of management but also actively engaged in directing and overseeing management. In this regard, in order to meet his or her duty of care, the director must be fully informed about the business of the Bank and the performance of management.

The Finance Agency's regulations are structured to promote and ensure the active engagement of the Board in directing the business of the Bank. These regulations expressly place upon the Board the responsibility for the Bank's Risk Management Policy, Member Products & Credit Policy, internal control system, budget preparation, Bylaws and Strategic Business Plan.

(c) Expertise of the Board of Directors.

To carry out its responsibilities effectively, a board of directors must be more than independent and involved. It must also possess the requisite insight or expertise and knowledge required to oversee the operation of the corporation's business. With regard to the Bank, where there is a need to develop, augment, or maintain such expertise, this need is met through on-going training.

In this regard, the Finance Board's applicable regulation provides that each director of the Bank shall "[a]t the time of appointment or election, or within a reasonable time thereafter, have a working familiarity with basic finance and accounting practices, including the ability to read and understand the Bank's balance sheet and income statement, and to ask substantive questions of management and the internal and external auditors." The Finance Agency based this regulation on its belief that any individual who merits consideration as either a member or independent Bank director is capable of learning and that the regulation's purpose was to "require that those who do not possess such familiarity become so educated to the extent that they can effectively carry out their duties as directors."

The Bank has both an orientation program for new directors and an on-going formal training program for its Board that are designed to address the requirements of this regulation. At virtually every meeting of the Board, there is a formal presentation and discussion of information regarding a topic that is important for members of the Board to understand in order to be effective as directors. These presentations encompass a broad range of topics related to the business and operations of the Bank.

In addition, as discussed below, the Bank has implemented an annual self-assessment process designed to maximize the benefits of the specific talents and expertise of its existing directors and to address any specific areas where additional training may be advisable. Under this self-assessment, directors evaluate in writing the Board and its Committees with respect to their organization and governance processes, their accountabilities, and their standards of performance.

The Bank, through the Board, may conduct an annual assessment of the skills and experience possessed by the members of the Board as a whole and determine whether the capabilities of the Board would be enhanced through the addition of persons with particular skills and experience. If the Board determines that the Bank could benefit by the addition to the Board of persons with particular qualifications, the Board may identify those qualifications and inform the Bank's members as part of the announcement of elections. Additionally, in connection with the election of independent directors, the Finance Agency requires the Board to submit to the Finance Agency annually a list of nominees who meet the statutory eligibility requirements and are otherwise well-qualified to fill the appointive directorships that will become vacant at the end of each calendar year. The nominations must be accompanied by a completed eligibility form, which sets forth the qualifications of each nominee to serve on the Board.

(d) Integrity of the Board of Directors.

Another crucial aspect of any effective corporate governance structure is the integrity of the board of the corporation. Without integrity in the corporate culture, all other controls and systems combined will not prevent abuses. A substantive measure of integrity for a board of directors is that the personal interests of the directors be independent of and separate from the interests of the corporation. Every FHLBank is required to have a conflict of interest policy for its directors that meets certain minimum regulatory requirements and obligates each director to advise his or her FHLBank when circumstances arise that lead or could lead to a conflict between the interests of the director and the FHLBank.

The Bank's Board has adopted a Code of Conduct and Conflict of Interest Policy for Bank directors, which policy complies with the requirements for such a policy established by the Finance Agency's regulations. It applies to all directors and to members of their immediate family. Under the policy, directors are required to administer the affairs of the Bank fairly and impartially and without discrimination in favor of, or against, any member or nonmember borrower. The policy prohibits use of confidential information for personal gain, disclosure of such confidential information to others or holding any financial interest that conflicts with, or appears to conflict with, the Bank's interest. Under the policy, a director may not accept any substantial gift that the director believes to be intended to influence his or her actions as a director or accept, from any source other than the Bank, any compensation for services performed for the Bank. A director must recuse himself or herself from the consideration of any matter in which he, she or an immediate family member holds an interest that does, or appears to, conflict with the interests of the Bank. Finally, the policy restricts a director's activities, in his or her official capacity, with respect to the election of directors of the Bank. Directors provide an annual certification regarding their compliance with this policy . This policy is administered and enforced by the Audit Committee in connection with the Bank's Corporate Secretary.

The Board has adopted a Code of Conduct and Ethics for Employees . The Board has taken this step in order to articulate clearly in a single document standards of ethical behavior that apply to all its employees . Under the Audit Committee's oversight, senior management of the Bank enforces employees' compliance with this code.

The Board has also adopted a written policy for the review and approval or ratification of a "related person transaction" as defined by policy (the "Transactions with Related Persons Policy"). The Transactions with Related Persons Policy requires that each related person transaction must be presented to the Audit Committee of the Board of Directors for review and consideration. Those members of the Audit Committee who are not related persons with respect to the related person transaction in question will consider the transaction to determine whether, if practicable, the related person transaction will be conducted on terms that are no less favorable than the terms that could be obtained from a non-related person or an otherwise unaffiliated third party on an arms'-length basis. After review, the Audit Committee will approve such transaction only if the Audit Committee reasonably believes that the transaction is in, or is not opposed to, the Bank's best interests. If a related person transaction is not presented to the Audit Committee for review in advance of such transaction, the Audit Committee may ratify such transaction only if the Audit Committee reasonably believes that the transaction is in, or is not opposed to, the Bank's best interests.

A "related person" is defined by the Transactions with Related Persons Policy to be (i) any person who was one of the Bank's directors or executive officers at any time since the beginning of the Bank's last fiscal year, (ii) any immediate family member of any of the foregoing persons and (iii) any of the Bank's members or non-member institutions owning more than 5% of the Bank's total outstanding capital stock when the transaction occurred or existed. A "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Bank was, is or will be a participant and in which any related person has or will have a direct or indirect material interest, subject to certain exceptions outlined in the policy.

(e) Audit Committee.

The Bank's Audit Committee oversees the Bank's internal financial control and disclosure systems and thereby plays a crucial role in enabling the Board to carry out its fiduciary duties and ensuring the Bank's compliance with applicable laws, rules and regulations. Its committee charter specifies the composition, duties, and procedures of the Audit Committee, all of which fully comply with the requirements of the Finance Agency's regulations. These regulations require, among other things, that the Audit Committee (i) direct senior management to maintain the reliability and integrity of the Bank's accounting policies and financial reporting and disclosure practices, (ii) review the Bank's financial statements and external auditor's opinions thereon, (iii) oversee the internal audit function and the external audit function, (iv) provide an independent channel of communication between the Board and the internal and external auditors, and (v) ensure that senior management establishes and maintains an adequate system of internal controls.

In addition, the Audit Committee complies with any SEC requirements applicable to Audit Committees and follows, to the extent not inconsistent with the Bank Act and the Finance Agency's regulations, the legal requirements and best practices applicable to and employed by companies with securities listed on a national securities exchange. In this regard, it is especially noteworthy to discuss the role of the Bank's independent auditor. The independent auditor issues to the Audit Committee prior to the auditor's issuance of its opinion on the annual financial statements of the Bank a report regarding all critical accounting policies and practices of the Bank, alternative treatments (and their effects) under generally accepted accounting principles, and other material communications between the independent auditor and the management of the Bank. In connection with the Bank's compliance with Section 404 of the Sarbanes-Oxley Act of 2002, the Bank's independent auditor issues an attestation report expressing an opinion as to whether the Bank maintains, in all material respects, effective internal control over financial reporting. As a result of the work of the Audit Committee, the Board is provided with a high level of assurance that the Bank's internal control systems are effective in producing accurate financial statements that comply with generally accepted accounting principles.

(f) Risk Management Committee.

The Risk Management Committee has three primary functions. First, it oversees the process by which the Bank manages its credit, market, liquidity, and operational risks. Second, it oversees the process used to determine, and the adequacy of, the Bank's loss reserves. Finally, it monitors the performance of the Bank's internal control function.

(g) Affordable Housing and Economic Development Committee.

The Affordable Housing and Economic Development Committee oversees the Bank's programs and activities with respect to affordable housing and economic development to ensure that the Bank meets its statutory mandates in these areas. It reviews and recommends to the Board annually the Community Lending Plan, the Affordable Housing Program Implementation Plan, and the Affordable Housing Program Conflict of Interest Policy. It approves recommendations to the Board regarding, and monitors grants under, the Bank's Affordable Housing Program.

(h) Compensation and Human Resources Committee.

The Compensation and Human Resources Committee reviews and makes recommendations to the Board with respect to all human resources policies and procedures of the Bank to ensure they comply with applicable law and are competitive with the marketplace. These include recommendations regarding the appointment of officers and the compensation of the President of the Bank. This committee also monitors the Bank's progress in achieving the objectives of its Affirmative Action Plan.

(i) Strategic Planning Committee.

The Committee assists the Board in monitoring, evaluating, and reviewing the development and implementation of long-term strategic plans and in responding to changes in market conditions, external business risks in the financial market, and significant opportunities which may require the Board's attention.

(i) Government Relations Committee.

The Government Relations Committee advises management of the Bank regarding maintaining positive relations with legislative bodies and executive agencies that impact the Bank and its operations and the Bank's relationship with its members and other constituents.

(j) Whistleblower Policy and Procedures.

The Audit Committee shall receive, retain, investigate and act on complaints and concerns of employees and shareholders regarding (i) questionable accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Bank's accounting policies; (ii) compliance with legal and regulatory requirements; and/or (iii) retaliation against employees who submit complaints or concerns regarding the Bank's accounting or auditing or the Bank's legal or regulatory compliance.

Any employee of the Bank may submit a good faith report regarding accounting or auditing matters to the management of the Bank without fear of dismissal or retaliation of any kind. Furthermore, the Bank will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding accounting, auditing, legal or regulatory matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

Complaints may be submitted:

- By calling the Fraud Hotline at (877) 888-0002, a toll-free line managed by The Network, an outside, independent service provider, which allows anyone to make a report without divulging his or her name.

- Orally, in writing or by email to the following:
  Mr. Ron Wiser
  President and CEO
  Bank of the Southwest
  226 N. Main Street
  Roswell, NM 88201
  575/627-2300
  rwiser@bankofsw.com
  or

  Joe Schlemme, Director of Internal Audit
  Federal Home Loan Bank of Dallas
  8500 Freeport Parkway South
  Irving, TX 75063
  214.441.8434
  Joe.Schlemme@fhlb.com
  or

  Sandra Damholt, Vice President and General Counsel

Federal Home Loan Bank of Dallas
8500 Freeport Parkway South
Irving, TX 75063
213.441.8731
Sandra.Damholt@fhlb.com

(k) Board of Directors Self-Assessment.

The Board has established a procedure by which annually all directors will participate in a formal written assessment of the Board's performance. This self-assessment has three goals. First, it assesses how well the Board functions by asking questions related to the Board's organization and process, with particular emphasis on identifying techniques that have proven valuable for individual directors and might be employed broadly by the Board. Second, it asks the Board for an assessment of the Board's accountability regarding the role of the Board versus the role of the Bank's management, internal and external auditors and the Finance Agency. Finally, it requests the Board's assessment of the standards of performance of the Board in discharging its duties. The Board completes this self-assessment each year. Each of the Board's committees listed above also completes a self-evaluation of that committee each year, which evaluates the committee's effectiveness.

In addition to the self-assessment, the Board also periodically completes a skills assessment, which provides a forum for identifying skills of individual directors that can be used to enhance the selection of directors particularly suited for service on individual committees of the Board.

2. Management.

(a) Internal Controls.

Another significant element in any effective corporate governance structure is the existence of strong internal controls that act to prevent abuses or problems from occurring. With regard to the Bank's financial operations, the management certification process acts as such a control. The management of the Bank is primarily responsible for the financial statements of the Bank. In this regard the President and the principal financial officer of the Bank confirm in connection with the annual independent audit of the Bank's financial statements that management (i) is responsible for the fair presentation in the financial statements of financial position, results of operations and cash flows in conformity with generally accepted accounting principles, and (ii) has established and maintained effective internal control over financial reporting and compliance and designed and implemented programs and controls to provide reasonable assurance that fraud is prevented and detected. Additionally, the President and the principal financial officer of the Bank provide more limited confirmations in connection with the quarterly review of the Bank's interim financial statements, including their confirmation that management is responsible for the fair presentation of the interim financial statements in conformity with generally accepted accounting principles. In addition, the President, at the end of each quarter, prior to the Bank's declaring or paying a dividend, certifies to the Finance Agency that the Bank will remain in compliance with the liquidity requirements under the Finance Agency's regulations and will remain capable of meeting all current obligations on a timely basis.

As an SEC registrant, the Bank complies with the requirements of Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002. The Bank's principal executive officer and the Bank's principal financial officer each makes the certifications required by Sections 302 and 906 with respect to the Bank's financial statements, internal controls and disclosure controls in each Form 10-Q and Form 10-K that the Bank files with the SEC. In connection with the Bank's compliance with Section 404 of the Sarbanes-Oxley Act of 2002, each of the Bank's Form 10-Ks will contain a report of management's assessment of the Bank's internal control over financial reporting and a report of the Bank's independent auditor expressing an opinion as to whether the Bank maintains, in all material respects, effective internal control over financial reporting.

(b) Integrity.

No corporation can have effective corporate governance without a corporate culture based on honesty and fair dealing. The Bank is committed to having such a culture. In establishing this culture, as mentioned above, the Bank has adopted comprehensive Codes of Conduct and Ethics that apply to all employees and directors of the Bank. The codes set standards with respect to (i) the use of official information (including a prohibition on trading securities based on inside information) by an employee or director, (ii) the acceptance by employees and directors of gifts and other items of monetary value, (iii) outside employment activities in the case of employees, and (iv) the holding of any financial interest that conflicts, or appears to conflict, with an employee's or director's duties and responsibilities to the Bank. In addition, the codes prohibit employees' and directors' engaging in acts that are criminal, dishonest or prejudicial to the interests of the Bank. Violations of the codes subject offenders to disciplinary action, including immediate termination of employment. All employees are provided with a copy of the code and sign an acknowledgement that they have reviewed it and agree to be bound by its provisions. The supervisors and mangers of the Bank have the primary responsibility for enforcing employees' compliance with the code.

(c) No Personal Loans to Employees or Directors.

The Bank does not make, or arrange for others to make, personal loans to any employee or director.

3. Disclosure and Transparency.

The Bank has a number of constituencies that have an interest in its performance and require timely and accurate reporting of information. These include the Board, members, public investors (including rating agencies), the Office of Finance ("OF"), the Finance Agency, organizations devoted to providing affordable housing and community development financing, and the general public. The Bank makes available regularly information that enables these constituencies to monitor its financial and mission-related performance, including its periodic and current filings with the SEC. In addition, it provides information to the OF to be used by that office to provide information about the Federal Home Loan Bank System. All constituencies have access to the Bank's general Web site, which provides substantial information about the Bank and its programs and services, including the Bank's press releases and member bulletins and a link to the Bank's SEC filings. Such information provides transparency with respect to the operations and financial performance of the Bank.

CONCLUSION

The Bank's corporate governance procedures fully comply with all the requirements of law regarding corporate governance that are applicable to the Bank. In addition to any applicable requirements, the Bank also considers and, if appropriate, incorporates into its governance standards relevant "best practices" of companies generally, including listed companies.