

FEDERAL FINANCING BANK BORROWING POLICY
(as approved at the March 15, 2011, meeting of the board of directors)

The Secretary of the Treasury purchases obligations issued by the Federal Financing Bank under subsection 9(b) of the Federal Financing Bank Act of 1973 (12 U.S.C. 2288(b)) to provide the financing of Bank purchases under subsection 6(a) of the Act (12 U.S.C. 2285(a)) of obligations issued, sold, or guaranteed by Federal agencies.

For those obligations issued by the Bank to the Treasury that are not covered by the following paragraph, the Bank obligations shall have terms and conditions, except for the rates of interest, equivalent to the obligations purchased by the Bank, including, but not limited to, terms and conditions relating to prepayment, refinancing, rate caps, and other special loan provisions, and any fees that may be charged in consideration of such provisions. Such Bank obligations shall bear rates of interest based on the estimated Treasury new issue rates. In the case of Bank obligations purchased by the Treasury so as to allow the Bank to obtain immediately available funds without advance notice, a charge in an amount to be determined by the Secretary of the Treasury shall be added to the rate of interest in order to compensate the Treasury for the additional cost of providing such funds.

For those obligations issued by the Bank to the Treasury to finance Bank loans that have agency guarantees that are subject to the Federal Credit Reform Act, the terms and conditions, including the rates of interest, will be consistent with those commonly used by the Treasury to make loans to agency financing accounts under the Federal Credit Reform Act.