

Rollover Cash Manager Primer

I. Product Information

Available Structures

The Rollover Cash Manager (RCM) is an overnight borrowing program offered by the Federal Home Loan Bank of Boston (the Bank). This program is available to provide members with same day funding until 4 p.m. (a RCM advance) with no minimum amount. The RCM advance automatically rolls over at a new rate each day unless the member repays the advance by 3 p.m. with the Customer Service Department at 800-358-9709. Members may repay a RCM advance on any business day, in part or in whole, until 3 p.m. Interest on the RCM advance is calculated on an actual/360-day basis and is charged on a monthly basis on the second business day of the month. The Bank sets the rate on the RCM advance each day at 3 p.m. Typically the rate is set at 30 basis points over the average rate of the Banks' Fed Funds sold position. The Bank reserves the right to change the pricing of the RCM advance at any time, without prior notice.

Additional Characteristics

A member can borrow RCM advances up to the maximum of its available collateral, subject to credit approval by the Bank. Members may have to purchase additional activity capital stock in some cases. The activity stock capitalization requirement on RCM advances is three percent.

II. Uses

The RCM advance is the perfect tool for members to manage their daily liquidity needs. Since the RCM advance can be paid down or increased each day, members can easily match their liquidity needs. The RCM advance also gives members the flexibility to take down same day funding until 4 p.m. at very competitive prices. Some members may use the RCM advance to "bridge" a funding gap for one or two days when an existing advance matures prior to settlement of a new advance. Many members like the RCM advance because the advance rolls on a daily basis, eliminating the need to call the Money Desk every day to renew the advance. At the same time, members do not have to worry about being "over or under funded" because they can pay down the advance by 3 p.m. or increase the amount by 4 p.m. each day.

A member should review the Products Policy and the advance applications prior to taking an advance so as to understand the terms of the contract.

This statement does not purport to disclose all of the risks and other material considerations associated with RCM advances. Members should not construe this

disclosure statement as business, legal, tax, or accounting advice from the Bank. Members should consult with their own business, legal, tax, and accounting advisers with respect to RCM advances and should refrain from using the RCM advance unless they have fully understood the terms and risks of the RCM advance.