



COVER STATEMENT

FEDERAL HOME LOAN BANK OF BOSTON/MEMBER RELATIONSHIP

Dear Member:

The Federal Home Loan Bank of Boston (“Bank”) is providing the Member (“Member”) the attached statement of Generic Risks Associated with Interest Rate Derivative Transactions in order to identify, in general terms, certain of the principal risks associated with individually negotiated Interest Rate Derivative Transactions (each an “IRD Transaction”). The attached statement does not purport to identify the nature of the specific market or other risks associated with a particular IRD transaction.

Before entering into an IRD Transaction, the Member should ensure that it fully understands the terms of the IRD Transaction, relevant risk factors, the nature and extent of its risk of loss and the nature of the contractual relationship into which it is entering. The Member should also carefully evaluate whether the IRD Transaction is appropriate for it in light of its experience, objectives, financial resources, and other relevant circumstances and whether it has the operational resources in place to monitor the associated risks and contractual obligations over the term of the IRD Transaction.

If Member believes it needs assistance in evaluating and understanding the terms or risk of a particular IRD Transaction, it should consult with appropriate advisers before entering into such IRD Transaction.

The Bank is acting in the capacity of an arm’s length contractual counterparty to Member in connection with an IRD Transaction and not as the Member’s financial adviser or fiduciary. The Member should not regard transaction proposals, suggestions or other written or oral communications from the Bank as recommendations, advice or as expressing the Bank’s view as to whether a particular transaction is appropriate for the Member or meets its financial objectives.