FHLBank Boston
Strategic partnerships. Reliable funding.

Federal Home Loan Bank of Boston
800 Boylston Street, Boston, MA 02199
617.292.9600 ▪ fax: 617.292.9645 ▪ www.fhlbboston.com

To all Federal Home Loan Bank of Boston members:

Federal Home Loan Bank of Boston (the Bank) has instituted policies and procedures to mitigate operational risks. The Bank ensures that employees are appropriately trained for their roles and that written policies and procedures exist to support the critical functions of the Bank. The Bank maintains a system of internal controls to ensure that responsibilities are adequately segregated and that the activities of the Bank are appropriately monitored and reported to management and the Board of Directors. Periodic risk assessments review these risks and related controls for efficacy and potential opportunities for enhancement.

The Bank employs the Three Lines Model to clarify the roles, duties, and accountability for risk management. This framework combines a structure of layering and segregation of duties to manage risk efficiently and effectively. The Model outlines roles and duties consisting of day-to-day risk management on the part of business units, risk oversight by Enterprise Risk Management (ERM), and independent risk assurance provided by Internal Audit. Under the Three Lines Model, individual business units are responsible for managing their day-to-day business risks. ERM supports the risk management processes and monitors and reports on the effectiveness of risk management practices. The Bank's Internal Audit Department, which reports directly to the Audit Committee of the Bank's Board of Directors, provides independent and objective assurance on the effectiveness of the Bank's system of internal control. Additionally, the Bank's management-level Operational Risk Committee oversees the Bank's exposure to operational risk.

For additional information on how the Bank manages risk, please see the reports we file with the U.S. Securities and Exchange Commission, including our most recent annual report on Form 10-K and our quarterly reports on Form 10-Q.

Control Standards for Members

Users of the Bank's systems, products, and services have a role in mitigating operational and security risks. Pursuant to Section 9.06 of the Correspondent Services Agreement, members of the Bank agree to comply with all security procedures published by the Bank from time to time in the Internet Portal Service Guides available through the Online Banking Resource Center and any applicable policy or procedure, such as the Bank's Control Standards for Members. The Bank's Control Standards for Members are included in Appendix A below for your review and follow-up action as appropriate.

Disaster-Recovery/Business Continuity Provisions

The Bank maintains a Business Continuity Program that includes planning for interruptions that impact people, processes, and technology. The combination of remote work capabilities and disaster-recovery site availability supports continuity of operations if the Bank's Boston headquarters becomes unavailable. Critical computer systems' data is backed up regularly and stored to avoid disruption. The Bank also has a reciprocal backup agreement with the Federal Home Loan Bank of Topeka to provide overnight advances to support members' liquidity needs. The Bank has a communications plan in place to notify Members if the agreement were ever to be invoked.

Insurance Coverage

The Bank has insurance coverage for employee fraud, forgery, alteration, and embezzlement, as well as director and officer liability coverage for claims of error, misstatement, misleading statement, act, omission, neglect, or breach of duty, and securities claims. Additionally, comprehensive insurance coverage is currently in place for electronic data-processing equipment and software, personal property, leasehold improvements, fire/explosion/water damage, and personal injury, including slander and libelous actions. The Bank maintains additional insurance protection as deemed appropriate, which covers automobiles, company credit cards, and business-travel accident and supplemental traveler's coverage for both directors and staff. The Bank uses the services of an insurance consultant who reviews the Bank's insurance coverage levels annually.

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Vendor Relationships

The Bank utilizes vendors to execute or support portions of its day-to-day operations. The Bank leverages a risk-based approach across the third-party provider risk management lifecycle. The five-step lifecycle encompasses risk assessment, due diligence in third-party selection, contract negotiation, ongoing monitoring, and termination strategies and contingency plans.

The Bank has developed an internal control structure that, among other things, is intended to address Complementary User Entity Control Considerations when and as set forth by vendors.

The Bank utilizes Citibank, N.A. for the custody and clearance of securities and related transactions. The Bank will provide you with the most recent copy of Citibank, N.A.'s System and Organization Controls[1] (SOC) Report for Markets and Securities Services, Global Custody, and Securities Finance and any updates thereto upon your request.

Information Security

The Bank maintains an information security program that is designed to comply with Federal Housing Finance Agency (FHFA) on information security management for supporting a safe and sound operational environment and promoting the resilience of the Federal Home Loan Banks.

Data Privacy

The Bank maintains a privacy program that is designed to comply with the regulations promulgated by the Commonwealth of Massachusetts' Office of Consumer Affairs and Business Regulation found at 201 C.M.R. § 17.00 ('Standards for the protection of personal information of residents of the Commonwealth') (referred to below as the Data Security Regulations"). The Bank takes appropriate security measures to protect Personal Information as defined in the Data Security Regulations. Members may reference Sections 12.11 (Nonpublic Personal Information) and 12.12 (Confidentiality) of the Correspondent Services Agreement and Section 8 (Consumer Data) of the Bank's Control Standards for Members for additional information. The Bank will provide the required notices in accordance with Massachusetts General Laws Chapter 93H, Section 3 ('Duty to report known security breach or unauthorized use of personal information') as warranted.

Red Flag Rules

The Bank maintains policies and procedures to detect, prevent, and mitigate identity theft of member information. If a "red flag" has been identified with respect to a member, the Bank will take action(s) as it deems appropriate based on the circumstances, which may include contacting the member about such red flag.

Financial Condition

You may find all information made public related to our financial condition in the reports we file with the U.S. Securities and Exchange Commission, including our most recent annual report on Form 10-K and our quarterly reports on Form 10-Q, here.

Further Inquiries

If you have any further questions or related issues, please feel free to contact us at 1-800-357-3452 (option 3) or customerservice@fhlbboston.com.

Sincerely,

Rachele McDonough
Vice President/Director of Bank Operations

[1] System and Organization Controls and SOC are registered service marks of the AICPA.

March 2023

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Appendix A
Federal Home Loan Bank of Boston Correspondent Services
Control Standards for Members

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Federal Home Loan Bank of Boston
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Federal Housing Finance Agency Regulation 12 CFR 1271.3 authorizes Federal Home Loan Banks to engage in, be agents or intermediaries for, or otherwise participate or assist in the processing, collection, and settlement of checks, drafts, or any other negotiable or nonnegotiable items and instruments of payment drawn on eligible institutions or FHLBank members and be drawees of checks, drafts, and other negotiable and nonnegotiable items and instruments issued by eligible institutions or FHLBank members.

Federal Home Loan Bank of Boston (the "Bank") employs commercially reasonable control standards for the delivery of correspondent services, including the exchange of any data in connection therewith, enters into written agreements with members for correspondent services, and utilizes system(s) owned and/or operated by the Bank for communicating and/or executing instructions.

Members that utilize the Bank's correspondent and deposit services are required to adhere to commercially reasonable control standards (Standards) in order to ensure the integrity and security of interactions with the Bank. It is the member's responsibility to communicate these Standards to all staff within its organization as deemed appropriate but at minimum with those who are authorized to manage users and/or to execute and/or affect transactions with the Bank. It is the responsibility of the member to ensure adherence to these as well as other control standards that the Bank may prescribe from time to time.

The following is a list of Standards that each member, at minimum, must employ when utilizing the Bank's correspondent services.

Capitalized terms used but not defined herein shall have the meaning set forth in the Bank's Correspondent Services Agreement.

1. Account Authorization and Acceptance

1.1. Prior to utilizing the Bank's services, members are required to execute the Bank's Correspondent Services Agreement and related delegations of authority, as may be required from time to time, that dictate the terms and conditions of access and/or execution of transactions with the Bank.

1.2. Members are responsible for confirming that all accounts and applications accessible to the Member are the same as those requested or added by the Member.

1.3. Members are responsible for monitoring transaction limits and ensuring compliance with the user entity's internal policies and requirements, including, but not limited to, those established by the user entity's Board of Directors or an equivalent governance body as those limits are not monitored or validated by the Bank.

2. Internet Portal Services

2.1. The Bank's Internet Portal Services are the electronic-based information, communication and transaction services that the Bank provides to members through the member-specific portion of the Bank's website accessible through the Internet. Each user will have their own credential(s) to be used for login. See the Bank's Correspondent Services Agreement for terms of use. For additional information, reference the Online Banking page on our website.

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3. Password and Access Security

3.1. Each member is responsible for designating at least two (2) administrators at their institution who are responsible for user administration for the member with respect to all interactions with the Bank, including, without limitation, on the Internet Portal Services offered by the Bank. Such administrators will act as the point of contact on all matters relating to user administration, which includes user establishment, modification and deactivation.

3.2. Members are responsible for verifying that all user access and application functionality that may be established by the Bank from time to time match the member's requirements.

3.3. Each member is responsible for maintaining and keeping current their authorizations for all designated processes. It is each member's responsibility to immediately take action to identify and reflect any staff changes that affect its authorizations on file with the Bank and to ensure appropriate safeguarding of user access credentials (e.g. user ID, password, test key, and other access credentials that may be prescribed from time to time in part or in full as prescribed by the required credential(s)). This includes the timely removal of access for terminated employees.

3.4. Each member is responsible for implementing and maintaining its own physical and logical security and management controls to appropriately protect the hardware, software, and access used in processing transactions with the Bank.

3.5. Each member is responsible for ensuring that an appropriate segregation of duties is in place and enforced to mitigate risk of fraud or error.

3.6. Sharing of passwords and/or authentication tools is strictly prohibited. User access to Bank systems should be deactivated immediately for any user where credentials may have been compromised.

3.7. Each member shall periodically assess the adequacy and effectiveness of its own control standards with regard to the use of the Bank's correspondent services and associated systems, including, without limitation, any Internet Portal Services offered by the Bank, and make such changes in its procedures as are appropriate in response to such assessment.

3.8. The Bank reserves the right to deny the member, or any of its users, access to correspondent services if it believes that security has been compromised.

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4. Notices and Instructions

4.1. It is highly recommended that members subscribe to the Bank's offered Internet Portal Services to receive advices and reporting made available by the Bank. The Bank's alternative means of transmitting this information to the member is the United States Postal Service via first-class mail. Note that requests for transmitting information outside of the Bank's offered Internet Portal Services may result in additional charges to the member.

4.2. The Bank generates and provides notices for all transactions contracted with members. All advices are available online via an Internet Portal Service offered by the Bank on the following business day. Issues with publishing such notices will be communicated through the relevant Internet Portal Service.

4.3. The Bank generates statement notices of account activity at least monthly as of the end of each month. All statements are available online via an Internet Portal Service offered by the Bank on the following business day. Issues with publishing such notices will be communicated through the relevant Internet Portal Service.

4.4. The Bank receives instructions from the member via multiple channels that may include phone, facsimile, mail, and Internet Portal Services. The Bank reserves the right to take additional steps to authenticate any and all transactions communicated by the member via any channel as determined by the Bank from time to time.

4.5. All notices relating to correspondent services (including deposit accounts) are to be made, as appropriate, to the contact information referenced in Section 8 of this document. If the notice is of an urgent matter, members are to call the customer service line during published business hours at the telephone number listed.

5. Reconciliation and Balancing

5.1. Members are responsible for ensuring that all advices, confirmations, and statements (including, without limitation, security holdings and cash activity statements) are reviewed for accuracy, balanced, and reconciled as appropriate for their internal activity levels. It is optimal for cash and security account balances and transaction activities to be reconciled daily in order to promptly identify and investigate any discrepancies. Monthly statements and special run requests should also be promptly balanced and reconciled by members. Written notice of unresolved discrepancies must be reported to the Bank in accordance with the Correspondent Services Agreement, Section 12.07. Notice of Discrepancies.

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5.2. Upon identification by the member, disputes, defects and/or unresolved discrepancies must be reported to the Bank Operations department using the Contact Information included in Section 8 of this document. If reporting occurs outside of Bank business hours or is communicated through channels that do not have direct contact with a Bank Operations employee, the member is responsible for follow-up with the Bank to ensure that the Bank is addressing the issue.

6. Backup and Emergency Procedures

6.1. Members are responsible for having procedures to ensure continued operations during events where the Bank's services may be interrupted. Such procedures should be documented and tested periodically. For information on how the Bank manages its operational risks, see How the Bank Manages Operational Risks on the Bank's website.

6.2. Members are responsible for having plans in place to recover from a disaster that may impair their ability to do business with the Bank.

7. Consumer Data

7.1. Each member is responsible for ensuring that it will only share with the Bank consumer data, including any personal information, that it has collected (and is sharing) pursuant to the privacy provisions of the federal Gramm-Leach-Bliley Act ("GLBA"). This applies to consumer data provided in connection with wire transfers, and/or other services provided to the member by the Bank.

8. Contact Information for all correspondent services and Internet Portal Inquiries:

By Telephone 1-800-357-3452 (option 3)

By E-Mail: customerservice@fhlbboston.com

By ExtraFax: 1-617-261-3304