

CODE OF ETHICS
Effective: March 31, 2006
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Federal Home Loan Bank of Seattle Policy
Approved by: Audit and Compliance Committee
Reviewed by: Audit and Compliance Committee
Review Cycle: annual
Maintained by: General Counsel

PURPOSE AND SCOPE

The purpose of this Code of Ethics is to establish standards that deter wrongdoing and promote honest and ethical conduct for the employees of the Federal Home Loan Bank of Seattle (Seattle Bank), including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. It is not the purpose of the Code of Ethics to address every situation that may fall under the Code of Ethics, but rather to set forth policy in several basic areas that commonly require employees to exercise sound and informed judgment.

This Code of Ethics applies to all full-time and part-time employees of the Seattle Bank and supplements and is in addition to all other Seattle Bank policies and procedures applicable to employees.

The Seattle Bank's General Counsel has been designated the Ethics Officer for the Seattle Bank. Any questions concerning the Code of Ethics should be directed to the General Counsel in accordance with the procedures described below.

II. RESPONSIBILITIES

Each employee is responsible for:

- upholding the standards in the Code of Ethics and complying with each provision of the Code of Ethics, as it may be amended from time to time
- acknowledging in writing at the time of hiring his or her receipt and understanding of, and agreement to comply with, the Code of Ethics (Initial Acknowledgement)
- certifying annually in writing that he or she has reviewed the most recent version of the Code of Ethics, agrees to be bound by its terms, and except as may have been disclosed in writing to the Ethics Officer, was in compliance with the requirements of the Code of Ethics at all times during the preceding year (Annual Acknowledgement)
- conveying the relevant provisions of the Code of Ethics to any vendor with respect to which the employee is responsible for managing the vendor relationship

Human Resources is responsible for:

- providing a copy of the Code of Ethics to each new employee at the time of hiring and obtaining and retaining copies of their Initial Acknowledgments
- obtaining from each employee, and retaining copies of, Annual Certifications
- maintaining a current copy of the Code of Ethics on the Seattle Bank's intranet site and providing copies of the Code of Ethics to employees upon request
- providing annual training regarding the Code of Ethics to Seattle Bank employees

The Ethics Officer is responsible for:

- administering the Code of Ethics as described herein
- assisting employees with questions related to the Code of Ethics
- assisting Human Resources with annual training regarding the Code of Ethics

Internal Audit is responsible for:

- presenting material changes to the Code of Ethics to the Board of Directors' Audit and Compliance Committee for review
- conducting periodic audits related to the Code of Ethics

III. DEFINITIONS

The following definitions apply to the terms used in the Code of Ethics:

“Confidential Information” means any information relating to the business or affairs of the Seattle Bank or its customers, including but not limited to information relating to financial statements, identities of members and potential members, employees, suppliers, software tools, business methods, business plans, equipment, programs, methodologies, strategies and information, analyses, reports, models, calculations, profit margins, examination reports, or other proprietary information used by the Seattle Bank in connection with its business; provided, however, that Confidential Information shall not include any information that is in the public domain or becomes known in the industry through no wrongful act on the part of the applicable employee.

“Financial Interest” means the ownership or control, directly or indirectly, by an employee, an employee's Immediate Family Member(s), or any entity controlled by an employee or employee's Immediate Family Member(s) of:

- I. Any shares of common or preferred capital stock (or options thereon);
- II. Any other equity security; or
- III. Any debt security or obligation (except deposit or savings accounts), including subordinated debt.

“Immediate Family Member” means the spouse, domestic partner, minor child, or dependent of an employee, and any other individual related to an employee by blood, marriage or adoption residing in an employee's household. This term also includes any person who is receiving benefits from the Seattle Bank as a domestic partner of an employee.

“Senior Financial Officer” means the following officers of the Seattle Bank: the President & Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Controller, and any other officer who may from time to time be designated as a Senior Financial Officer by the Board of Directors or a committee thereof.

IV. EMPLOYEE CONDUCT

In connection with business of the Seattle Bank, each employee has the obligation to comply with this Code of Ethics and with applicable laws, rules and regulations, and to avoid any action, whether or not specifically prohibited by law, rule or regulation, or by this Code of Ethics, that might result in or create the appearance of: (i) giving preferential treatment to any person or organization; (ii) losing complete independence or impartiality; or (iii) affecting adversely the confidence of the public, members, or regulators in the integrity of the Seattle Bank.

V. CONFLICTS OF INTEREST

The maintenance of high standards of honesty, integrity, impartiality and ethical conduct by employees of the Seattle Bank is essential to assure the proper performance of the Seattle Bank's business and the maintenance of confidence in the Seattle Bank by members and others. The avoidance of actual or apparent conflicts of interest on the part of employees is essential to maintaining these high ethical standards.

Conflicts of interest occur when an employee's private interests interfere, or could interfere, with his or her responsibilities as an employee of the Seattle Bank. For example, if an employee directs Seattle Bank business to a business associate, an Immediate Family Member, or any other third party as a personal favor, or in exchange for something of value, there is at least the appearance of a conflict of interest. It is important that the private interests of an employee never interfere with his or her duties and responsibilities to the Seattle Bank, or raise a reasonable question about such interference. Employees must maintain the highest ethical standards at all times and must avoid any situation involving an actual, potential, or perceived conflict of interest. Where such a conflict of interest situation arises, the affected employee must promptly disclose the situation to the employee's manager and to the Ethics Officer, and the employee shall not in any way, directly or indirectly, participate in or attempt to influence decisions by the Seattle Bank regarding the evaluation, approval, funding, monitoring, or remediation of such matter.

If an employee or any family member related by blood, marriage, adoption or domestic partnership, including but not limited to an Immediate Family Member, has a Financial Interest in, or is a director, officer, board member, or employee of an organization involved in a project that is the subject of a pending or approved Affordable Housing Program (AHP) application, it would be considered a conflict of interest. Any such connection with a pending or approved AHP project must be promptly disclosed to the Ethics Officer, and such employee shall not in any way, directly or indirectly, participate in or attempt to influence decisions by the Seattle Bank regarding the evaluation, approval, funding, monitoring, or remediation of such project.

The Seattle Bank will not hire, or offer to hire, any person to serve as chief executive officer, chief financial officer, chief accounting officer, controller, or any person serving in an equivalent position, if

that person was employed by the Seattle Bank's independent auditor at any time during the calendar year prior to the offer to hire.

VI. RECEIPT AND PAYMENT OF GIFTS, LOANS, TRAVEL, LODGING, MEALS, ENTERTAINMENT AND MISCELLANEOUS EXPENSES

Except as provided later in this section, employees shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, honorarium, entertainment, loan or any other thing of monetary value from a person who:

- a. Has or is seeking to obtain contractual or other business or financial relations with the Seattle Bank or a member of the Seattle Bank;
- b. Has interests that may be substantially affected by the performance or nonperformance by the employee of his or her official duty; or
- c. Is an officer, director, or employee of any member or an officer, director, or employee of a trade organization comprising members, or an officer, director, or employee of a corporation that holds or controls at least 10 percent of the stock of a member.

This policy does not prohibit the acceptance of gifts, gratuities, favors, entertainment or any other thing of monetary value when the basis for such gift arises solely from obvious family or personal relationships (such as those between an employee and his or her parents, children, or spouse) and when the circumstances make it clear that it is those relationships, rather than the business of the persons concerned, that are the motivating factors.

This policy also does not prohibit the acceptance of food, refreshments, lodging, and accompanying entertainment on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other function where an employee is officially representing the Seattle Bank and for which no Seattle Bank payment or reimbursement is or will be made.

This policy is also not intended to prohibit the acceptance of unsolicited gifts of nominal value (\$100 or less in any calendar year from any one person or entity) such as note pads, pens, calendars, flowers, candy, tickets, etc. An employee must report to his or her supervisor and the Ethics Officer receipt of any gift of more than nominal value. The supervisor will then make a determination, based on all the facts and circumstances, after consultation with the Ethics Officer, as to whether the gift may be retained, will be returned to the donor, or other provision for its disposition will be made.

Employees may not accept any loans or extensions of credit from the Seattle Bank.

VII. OUTSIDE EMPLOYMENT, SPEAKING ENGAGEMENTS, ACTIVITIES

Employees shall not engage in outside employment or other outside activities that are incompatible with the full-time proper discharge of the duties and responsibilities of their employment at the Seattle Bank. Incompatible activities include but are not limited to:

- a. Acceptance of a fee, compensation, gift, payment of expense or any other thing of monetary value, under circumstances in which such acceptance may result in a conflict of interest; or
- b. The use of nonpublic information gained through or incidental to his or her duties at the Seattle Bank for non-Seattle Bank purposes; or

- c. Outside employment that tends to impair the employee's mental or physical capacity to perform Seattle Bank duties and responsibilities in an acceptable manner.

Except as otherwise provided herein, an employee may not receive any compensation or anything of monetary value from a private source for services to the Seattle Bank. This provision does not prohibit the acceptance of bona fide reimbursement for actual expenses for travel to fulfill a speaking engagement, for which no Seattle Bank payment or reimbursement will be made.

Employees of the Seattle Bank may not also be employed by, or otherwise act in any capacity for, a member or an affiliate of a member. For purposes of this section, an "affiliate" means any business entity that controls, is controlled by, or is under common control with a member. If an employee is employed by or otherwise acts in any capacity for an institution that is eligible to become a member, then the employee shall promptly disclose such fact to the Ethics Officer.

Part-time employees may petition the President of the Seattle Bank for a waiver of the employment restriction set forth in this paragraph.

VIII. BUSINESS OPPORTUNITIES

Business development ideas and growth potential that arise in the conduct of the Seattle Bank's business belong to the Seattle Bank. Each employee is prohibited from engaging in a competing business or diverting business from the Seattle Bank. Business opportunities available to or developed by an employee while engaged in Seattle Bank work or through use of Seattle Bank facilities belong to the Seattle Bank and must not be acquired by any employee except after full disclosure and the prior written consent of a senior officer.

IX. FAIR DEALING

All employees are expected to deal fairly with the Seattle Bank's members, counterparties, vendors, competitors, and employees (together referred to as stakeholders). No employee may take unfair advantage of another employee or other stakeholder through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional form of unfair dealing.

Employees should weigh all facts impartially in vendor or counterparty selection. An employee should not exert influence within the Seattle Bank to obtain special treatment for any particular vendor based on personal reasons.

If there is a need for an employee to refer customers to professionals for specific advice, the employee should provide multiple names whenever possible without indicating favoritism. An employee may not accept a fee for such referrals.

X. FINANCIAL INTERESTS

No employees may have a Financial Interest that conflicts, or appears to conflict, with his or her duties and responsibilities to the Seattle Bank. Employees or their Immediate Family Members may not have any Financial Interest in a member or in an affiliate of a member.

When a Financial Interest in a member or in an affiliate of a member was acquired prior to commencement of an employee's employment with the Seattle Bank, through a change in marital

status, or through circumstances beyond an employee's control, such as inheritance, gift or change in corporate ownership, the employee must make full, written disclosure to the Ethics Officer within 30 days of the later of beginning employment or acquiring the Financial Interest. Such employees will be provided a reasonable period of time, not to exceed 12 months, to divest themselves of such Financial Interests. Until such divestiture, the employee may not participate in any significant Seattle Bank business related to the relevant member.

An employee may have a financial interest in a member that arises solely through ownership of shares or the investment units of one or more diversified mutual funds, so long as the fund does not hold more than 10 percent of the outstanding voting securities of a member and so long as the employee does not contribute to investment decisions of the fund. In addition, an Immediate Family Member who is employed by a member or an affiliate of a member may have an interest in that member or that affiliate of the member when such interest is part of a qualified benefit plan for which the Immediate Family Member does not have discretion to select an alternative investment.

This policy does not prohibit the acceptance of loans from, or other financial relations with a member or an affiliate of a member in the ordinary course of business of the member or the affiliate of the member, so long as the employee or Immediate Family Member is granted terms no more favorable than would be available in like circumstances to the general public and/or persons who are not employees.

XI. CONFIDENTIALITY

The Seattle Bank maintains documents, records, and databases that contain Confidential Information related to the Seattle Bank and customer financial institutions. Each employee must use discretion when talking about work for or service to the Seattle Bank to avoid compromising the Seattle Bank's position or the confidence of its members. In addition, care and attention must be given to any sensitive materials to ensure that confidentiality is maintained at all times.

Each employee shall keep secret and retain Confidential Information in strictest confidence, and shall not, without the prior written consent of an executive officer of the Seattle Bank, furnish, make available, or disclose Confidential Information to any third party except in the good faith exercise of his or her duties to the Seattle Bank, or use Confidential Information for his or her own benefit or the benefit any third party. Confidential Information may not be sent or forwarded to other Seattle Bank employees for other than business-related purposes.

An employee's obligation to maintain the confidentiality of Confidential Information continues after the end of his or her employment with the Seattle Bank.

XII. SENIOR FINANCIAL OFFICERS

In addition to the other provisions of this Code of Ethics, Senior Financial Officers are responsible for full, fair, accurate, timely, and understandable disclosure in reports and documents that the Seattle Bank files with, or submits to, the Federal Housing Finance Board or the Securities and Exchange Commission, or in other public communications made by the Seattle Bank.

XIII. SOLICITATION, COLLECTIONS, PETITIONS

Unless prior permission has been obtained from the Seattle Bank's Director of Human Resources (or his or her designee), no outside third party solicitations, collections or circulation of petitions by

employees is permitted during working time. Reasonable forms of solicitation are permitted during non-work time, such as before or after work or during meal or break periods. Soliciting employees who are on non-work time may not solicit other employees who are on work time. In addition, unless prior permission has been obtained from the Human Resources, no person not employed by the Seattle Bank is allowed on Seattle Bank premises at any time for these or related purposes.

XIV. BULLETIN BOARDS

There are bulletin boards located in coffee/copy centers and in the "Town Square" area of the Seattle Bank. Important information of interest to employees is regularly posted on these bulletin boards. In addition, important information is also posted on the Seattle Bank's intranet, including but not limited to current forms, policies, benefits information and links, job openings, and other important Seattle Bank-related information. Employees with questions concerning these matters are encouraged to look at the bulletin boards and the intranet to find answers and then to ask their supervisor or Human Resources. Information shall be posted on Seattle Bank bulletin boards and the intranet only in accordance with applicable Seattle Bank policies and procedures.

XV. USE OF SEATTLE BANK SYSTEMS AND RESOURCES

The Seattle Bank's computer equipment, printers, copiers, telephones, fax machines, voice mail and electronic mail (e-mail) systems, mobile communications devices, and other business systems are property of the Seattle Bank, are not confidential, and are intended to be used for Seattle Bank business purposes. Personal use of these resources should be limited to reasonable use and should not impact an employee's work productivity or result in unreasonable costs to the Seattle Bank. Such personal use must also comply with Seattle Bank policies and applicable laws and regulations and must not be for the conduct of an outside business. The Seattle Bank reserves the right to access and review e-mail and/or voice mail messages and any electronic communication involving Seattle Bank property in its sole discretion.

All Seattle Bank records and documents are Seattle Bank property and are for official purposes only. An employee may not conceal, alter, mutilate, obliterate, destroy, remove, or attempt to remove records or documents from the Seattle Bank, except in accordance with applicable Seattle Bank policies and procedures.

XVI. VIOLATION OF THE CODE OF ETHICS

Violations of this Code of Ethics include, but are not limited to, failing to report a violation, condoning a violation by someone else, intentionally making a false report, failing to cooperate fully in an investigation of any violation, and retaliating against another employee who reports in good faith a suspected violation.

Any violation of the provisions of this Code of Ethics will be grounds for corrective action. Corrective action may include, without limitation, changes in assigned duties, divestment of a conflicting Financial Interest, and/or disciplinary action, up to and including discharge from employment with the Seattle Bank. These actions may be in addition to any penalty prescribed by law.

Violations of the Code of Ethics that require corrective action shall be reported to the Audit and Compliance Committee.

XVII. REPORTING OF SUSPECTED IMPROPER ACTIVITIES

If an employee reasonably believes that conduct by any employee violates this Code of Ethics, or that conduct by any employee, Seattle Bank director, or other party that does business with the Seattle Bank constitutes a violation of the laws and regulations that are applicable to the Seattle Bank and its operations or of any applicable Seattle Bank policy, such conduct shall be reported either in accordance with the procedures outlined in the Seattle Bank's Whistleblower Policy or to the Ethics Officer, the Director of Auditing, or any other senior officer of the Seattle Bank.

Reports made in accordance with the Whistleblower Policy may be reported through EthicsPoint at www.ethicspoint.com or by phone at 1-866-384-4277. The EthicsPoint link can also be found on the Seattle Bank's intranet.

Any senior officer to whom such report has been made shall promptly advise the Ethics Officer of such report. An appropriate investigation of such reported conduct shall be conducted in accordance with relevant Seattle Bank policies and procedures.

XVIII. ADMINISTRATION OF CODE OF ETHICS

The Seattle Bank's General Counsel has been designated the Ethics Officer for the Seattle Bank, and as such is responsible for administering and interpreting the Code of Ethics. The provisions of the Code of Ethics will be interpreted and applied under a reasonableness standard.

General questions about the Code of Ethics should be directed to the Ethics Officer. Any requests for interpretation of the Code of Ethics must be delivered in writing to the Ethics Officer, and must contain a full, accurate, and complete description of the facts and issues. Following any such written request, the Ethics Officer shall review the matter and render a decision on the issues presented. If deemed necessary and appropriate, the Ethics Officer shall discuss the matter with the appropriate Seattle Bank officer, Human Resources, the Audit and Compliance Committee, and/or the Board of Directors prior to making a decision. The Ethics Officer should exercise reasonable judgment in deciding whether and to whom the resolution of the matter should be reported.

XIX. AMENDMENTS TO CODE OF ETHICS; WAIVERS

The Ethics Officer shall review the Code of Ethics annually and, if deemed appropriate, make recommendations to the Audit and Compliance Committee for amendments.

This Code of Ethics may be amended by the Seattle Bank at any time without prior notice to employees, and all employees are subject to and must comply with any such amendment. Any such amendment that applies solely to Senior Financial Officers, or makes a material change to the Code of Ethics, shall be reviewed and approved by the Audit and Compliance Committee.

In the event the Seattle Bank has granted a waiver, including an implicit waiver, from a provision in the Code of Ethics to one or more Senior Financial Officers, then such waiver shall be disclosed to the Audit and Compliance Committee.