

Dear Seattle Bank Members,

There are critical turning points in every company's history—times when decisions are made or actions are taken that substantially change a company's business direction and affect its prospects for future success. In this regard, 2005 was a watershed in the history of the Federal Home Loan Bank of Seattle.

Last year, our cooperative was facing some very serious challenges. With its entrance into the mortgage purchase business in 2001, the Seattle Bank had not foreseen—or adequately prepared to manage—the risks associated with this line of business. As a consequence, our risk profile and our expenses increased. At the same time, we lost our focus on our core advances business, and our income began a steady decline.

At the end of 2004, the Federal Housing Finance Board intervened, and we entered into a written agreement with our regulator that required the bank to prepare a three-year business and capital management plan. The plan called for a transition in our business focus—from mortgage acquisition to advances growth—and for substantial improvement in our overall risk management. It also called for an indefinite suspension of dividend payments and repurchases of our capital stock.

When the plan was approved in May 2005, our Board of Directors acted quickly to assemble a new management team with the experience and expertise required to turn the bank around. Together, we have accomplished most, if not all, of the restructuring we believe is required to return the bank to solid financial footing:

- We have refocused our organization on our traditional business of providing advances and liquidity to our members.
- We have exited the mortgage-purchase business, greatly reducing our interest-rate risk profile and our hedging expenses.
- We have enhanced our risk management program and reduced our exposure to market fluctuations.
- We have upgraded our information technology systems to support our business going forward.
- We have reduced our operating expenses to a level that is more appropriate for our advances-focused business.

Our 2005 financial results reflect the challenges we have faced—and the progress we have made—in our business transition. In spite of initial projections for net losses in 2005 and 2006, the Seattle Bank earned \$1.7 million in net income in 2005, and we expect increasing profitability going forward.

Our positive net income in 2005 was largely due to strong advances growth. Advances outstanding were \$21.4 billion as of December 31, 2005, a 44 percent increase compared to \$14.9 billion as of December 31, 2004.

Although our 2005 net income exceeded our initial projections, the costs associated with our business transition were steep. We incurred \$9.4 million in expense due to the retirement of \$335 million of long-term, high-cost debt, and \$5.4 million in expense relating to the abandonment of leased space. We also incurred substantial costs associated with reductions in our workforce and improvements in our information technology infrastructure. Although they reduced our net income, these expenses were the result of considered business strategies that we believe have better positioned our cooperative for the future.

*Continued on next page*

We saw an increase in total interest income and total interest expense for the year, with net interest income declining due to our reduced volume of higher earning assets and increases in our interest expense that outpaced the increases in our interest income. The mismatches in the cash flows of our short- and long-term assets and liabilities were reflected in unrealized market-value losses of approximately \$360 million at the end of December 31, 2005, compared to approximately \$400 million at September 30, 2005, and approximately \$260 million at December 31, 2004.

In addition, as of December 31, 2005:

- Total capital was \$2.2 billion, compared to \$2.1 billion as of December 31, 2004.
- Retained earnings were \$68.8 million, compared to \$75.3 million as of December 31, 2004, with the decline due, in large part, to an \$8.6-million dividend payment in the first quarter of 2005.
- Our capital-to-assets ratio was 4.32 percent, exceeding the 4.25 percent ratio required by our three-year business and capital management plan.
- We continued to exceed all regulatory capital requirements.

The decisions we have made and the actions we have taken have affected nearly every aspect of our business. Our management team, our products and services, our organizational structure, our facilities, our entire business direction—all are very different than they were one year ago. The changes are the result of tough decisions on the part of our Board of Directors and management and a great deal of hard work by everyone at the Seattle Bank.

The details regarding our 2005 results can be found in our Form 10 registration statement, which is included in this annual report. We are very pleased to have filed our Form 10 registration statement with the Securities and Exchange Commission, along with our 2005 audited financial statements, on March 31, 2006. We plan to update our registration statement with our first-quarter 2006 results before our registration statement becomes effective.

We have made good progress, but a great deal of work remains. We continue to address the mismatches in our assets and liabilities that depress our earnings, but it will take some time to work through our existing high-cost debt. We are making significant changes in our Affordable Housing Program (AHP) to improve its efficiency and effectiveness. We continue to take actions to simplify our business and operations, reduce our risk, decrease our expenses, and streamline our systems in every way that we can.

We are also reviewing our long-term business plan and applying greater rigor in our business analysis. Our goal now is to increase our profitability, so that we can begin paying a market-rate dividend in the near future

and repurchase stock as soon as possible. That means we must continue to increase our advances volumes.

To encourage advances growth, we have taken a number of actions to facilitate our members' access to our funding products. In June 2005, we amended our capital plan to allow our members to use their membership stock to support their borrowings. In March 2006, our board voted to reduce the amount of stock that our members must hold to support their membership and new borrowing activity with the Seattle Bank. In addition, we have made a number of changes to our collateral verification policy—moving from a standardized program to a more risk-based approach—reducing the burden of the collateral verification process for many of our members. We are also working to develop new advance structures to address our members' funding needs.

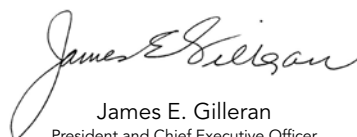
It's been a challenging transition for all involved—our board, our management team, our staff, and our shareholders—but we have made good progress. We have increased our advance volumes, reduced our risk profile, and positioned ourselves to strengthen our earnings and profitability going forward. Now, our future success as a cooperative depends on your use of our products and services.

We encourage you to fully utilize the Seattle Bank—to maximize your investment through your use of all of our products and services. After all, that's why the Seattle Bank cooperative exists—to provide the liquidity, funding, and services you need to support the people and businesses in your communities.

We look forward to working with you to help you grow your business in 2006.



Mike C. Daly  
Chairman, Board of Directors



James E. Gilleran  
President and Chief Executive Officer



Richard M. Riccobono  
Executive Vice President  
Chief Operating Officer

March 31, 2006

## 2006 Board of Directors\*

**Mike C. Daly – Chairman**  
Chairman and Chief Executive Officer  
First State Bank  
Wheatland, WY  
Committees: Executive (Chair); Governance,  
Budget and Compensation

**Craig E. Dahl – Vice Chair**  
President, Chief Executive Officer  
and Director  
Alaska Pacific Bank  
Juneau, AK  
Committees: Audit and Compliance (Chair);  
Executive (Vice Chair)

**Daniel R. Fauske**  
Chief Executive Officer  
and Executive Director  
Alaska Housing Finance Corporation  
Anchorage, AK  
Committees: Executive; Financial  
Operations and Affordable Housing/AHP  
Subcommittee; Governance, Budget and  
Compensation

**Harold B. Gilkey**  
Chairman and Chief Executive Officer  
Sterling Financial Corporation  
Spokane, WA  
Committees: Financial Operations and  
Affordable Housing; Governance, Budget  
and Compensation

**W. David Hemingway**  
Executive Vice President  
Zions First National Bank  
Salt Lake City, UT  
Committees: Executive; Financial  
Operations and Affordable Housing (Chair)

**William V. Humphreys**  
President and Chief Executive Officer  
Citizens Bank  
Corvallis, OR  
Committees: Audit and Compliance;  
Governance, Budget and Compensation

**Russell J. Lau**  
Vice Chairman and Chief Executive Officer  
Finance Factors, Ltd.  
Honolulu, HI  
Committees: Audit and Compliance;  
Financial Operations and Affordable  
Housing (Vice Chair)/AHP Subcommittee

**William A. Longbrake**  
Vice Chair  
Washington Mutual, Inc.  
Seattle, WA  
Committees: Executive; Financial  
Operations and Affordable Housing;  
Governance, Budget and Compensation  
(Chair)

**Michael M. Mooney**  
President and Chief Operating Officer  
Farmers & Merchants State Bank  
Boise, ID  
Committees: Audit and Compliance  
(Vice Chair); Financial Operations and  
Affordable Housing

**Donald V. Rhodes**  
Chairman  
Heritage Bank  
Olympia, WA  
Committees: Audit and Compliance;  
Governance, Budget and Compensation  
(Vice Chair)

**Jack T. Riggs, MD**  
Coeur d'Alene, ID  
Committees: Audit and Compliance;  
Governance, Budget and Compensation

**James H. Strosahl**  
Executive Vice President and  
Chief Financial Officer  
Glacier Bancorp, Inc.  
Kalispell, MT  
Committees: Audit and Compliance;  
Financial Operations and Affordable  
Housing

## 2006 Officer Listing\*

**James Gilleran**  
President and Chief Executive Officer

**Richard M. Riccobono**  
Executive Vice President  
Chief Operating Officer

**Erin L. Dunlap**  
Senior Vice President  
Director of Auditing

**Steven R. Horton**  
Senior Vice President  
Chief Risk Officer

**Sheryl A. Symonds**  
Senior Vice President  
General Counsel and Corporate Secretary

**Mark R. Szczepaniak**  
Senior Vice President  
Chief Financial Officer

**Karen L. Aliabadi**  
Vice President  
Director of Strategy and Administration

**Vincent L. Beatty**  
Vice President  
Treasurer

**John W. Blizzard**  
Vice President  
Managing Director of Member Services

**Lenore A. Cote**  
Vice President  
Operations and Compliance Risk Officer

**Gregory E. Eller**  
Vice President  
Controller

**Jennifer H. Ernst**  
Vice President  
Community Investment Officer

**Dale A. Jeschke**  
Vice President  
Credit Risk Officer

**Robert E. Jones**  
Vice President  
Chief Information Officer

**Connie R. Waks**  
Vice President  
Director of Corporate Relations

**James D. Zaikoski**  
Vice President  
Market Risk Officer

**Arthur T. Zhang**  
Vice President  
Assistant Treasurer

## **2005 Affordable Housing Advisory Council**

**Doris Koo – Chair**  
Executive Vice President/Western  
Regional Director  
The Enterprise Foundation  
Seattle, WA  
Representing Community Economic  
Development (at-large position)

**C. Ty Tippetts – Vice Chair**  
Executive Director  
Color Country Community Housing, Inc.  
St. George, UT  
Representing Southern Utah

**John Berdes**  
President and Managing Director  
Shorebank Enterprise Pacific  
Ilwaco, WA  
Representing Western Washington

**Ren Essene**  
Executive Director  
homeWORD  
Missoula, MT  
Representing Montana

**Carol Gore**  
President and Chief Executive Officer  
Cook Inlet Housing Authority  
Anchorage, AK  
Representing Alaska

**Peter Hainley**  
Executive Director  
CASA of Oregon  
Newberg, OR  
Representing Rural Oregon

**Kendall Hirai**  
Executive Director  
Hawaii Homeownership Center  
Honolulu, HI  
Representing Rural Hawaii

**Daniel Lofgren**  
President and Chief Executive Officer  
Cowboy Partners and Properties  
Salt Lake City, UT  
Representing Northern Utah

**Terry McDonald**  
Executive Director  
St. Vincent de Paul  
Eugene, OR  
Representing Urban Oregon

**Dianne Quast**  
Executive Director  
Northeast Washington  
Housing Solutions  
Spokane, WA  
Representing Eastern Washington

**Zeny Santos**  
President  
Habitat for Humanity – Guam, Inc.  
Mangilao, GU  
Representing Guam (at-large position)

**Michael Stanfield**  
Executive Director  
Cheyenne Housing Authority  
Cheyenne, WY  
Representing Wyoming

**Donald L. Tarleton**  
President and Director  
Hawaii Community Reinvestment  
Corporation  
Honolulu, HI  
Representing Urban Hawaii

**Mario Villanueva**  
Executive Director  
Diocese of Yakima  
Housing Services  
Yakima, WA  
Representing Central Washington

**Alice Whitney**  
Board Member  
Hispanic Business Association  
Meridian, ID  
Representing Idaho

## Introductory Note – Form 10 Registration Statement

The Federal Home Loan Bank of Seattle (Seattle Bank) filed the following Form 10 registration statement with the Securities and Exchange Commission (SEC) on March 31, 2006. The registration statement includes the Seattle Bank's audited financial statements and the related notes for the year ended December 31, 2005. It also contains Management's Discussion and Analysis of Financial Condition and Results of Operations reviewing the Seattle Bank's financial condition as of December 31, 2005 and 2004, and the results of operations for the years ended December 31, 2005, 2004, and 2003.

Federal Housing Finance Board regulation requires that each Federal Home Loan Bank register a class of its equity securities with the SEC under the Exchange Act. Following the filing of a registration statement

such as this, the purpose of which is to register a company's equity securities, the SEC typically provides registrants with comments and questions that must be addressed before the registration statement becomes effective. The Seattle Bank expects to receive and respond to comments from the SEC and to amend and update this registration statement as necessary prior to effectiveness.

Once the registration statement is effective, the Seattle Bank will file current, quarterly, and annual reports with the SEC and will provide access to all those reports—including the final Form 10 registration statement—through its Web site: [www.fhlbsea.com](http://www.fhlbsea.com).

Form 10 Registration Statement.

## Audit and Compliance Committee Report

The Federal Home Loan Bank of Seattle (Seattle Bank) Audit and Compliance Committee consists of six directors, one representing the public sector and five representing industry members. The Audit and Compliance Committee members are independent, as defined by the Federal Housing Finance Board.

The Audit and Compliance Committee: oversees the Seattle Bank's financial reporting process; reviews compliance with laws, regulations, policies, and procedures; and evaluates the adequacy of administrative, operating, and internal accounting controls. The Audit and Compliance Committee has adopted and is governed by a written charter.

In fulfilling its responsibilities, the Audit and Compliance Committee has reviewed and discussed with the Seattle Bank's management and its independent auditor the 2005 audited financial statements and the independent auditor's report thereon. In addition, the Audit and Compliance Committee has discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, "Communication with Audit Committees," as amended by SAS No. 90. The Audit and Compliance Committee has also received the written disclosures and the letter from the independent auditor required by Independence Standards Board (ISB) Standard No. 1, "Independence Discussions with Audit Committees," as amended, and has discussed with the independent auditor its independence.

Based on the review and discussions referred to above, the Audit and Compliance Committee recommended to the Board of Directors that the 2005 audited financial statements be included in this Annual Report.

Craig E. Dahl, Chair  
Michael M. Mooney, Vice Chair  
William V. Humphreys  
Russell J. Lau  
Donald V. Rhodes  
Jack T. Riggs, MD  
James H. Strosahl

March 31, 2006

## **2006 Committee Charter**

### **Audit and Compliance Committee**

#### **PURPOSE**

The Audit and Compliance Committee (committee) of the Federal Home Loan Bank of Seattle oversees (1) the integrity and adequacy of the Seattle Bank's financial reporting, (2) the establishment of an effective administrative, operating, and internal accounting control system, (3) the Seattle Bank's compliance with legal and regulatory requirements, (4) the independent auditor's qualifications and independence, (5) the performance and effectiveness of the Seattle Bank's internal audit function and independent auditors, and (6) the Seattle Bank's compliance with internal policies and procedures.

#### **PRINCIPLES**

The committee is guided by the following principles:

- Internal controls, policies, and procedures exist and are effective in achieving the bank's financial, operational and risk management objectives.
- Management and board members comply with all applicable laws and regulations.
- Financial reporting and disclosure is informative and timely and complies with Generally Accepted Accounting Principles (GAAP) and other applicable laws and regulations.
- Internal audits are timely and independent.

#### **MEMBERSHIP AND ORGANIZATION**

The committee shall consist of five or more directors of the Seattle Bank's Board of Directors, who are recommended by the Governance, Budget and Compensation Committee and approved by the board and who meet the criteria of independence as defined by the Federal Housing Finance Board. The committee shall include a balance of representatives from Community Financial Institutions and other members and will also include a balance of appointive and elective directors.

A majority of the committee members shall be necessary to constitute a quorum, and the affirmative vote of a majority of the committee members in attendance at a meeting at which a quorum is present shall be necessary for any action taken.

The board is responsible for evaluating the performance and effectiveness of the committee and the external auditors.

The committee will review the charter annually and the board will approve any amendments. The committee and board will re-adopt and re-approve the charter not less than every 3 years.

No committee member can be a current or former member of senior management or serving as a consultant, advisor, promoter, underwriter or legal counsel of or to the bank in the past five years. All members must be or become financially literate. At least one member of the committee must have extensive accounting or related financial management experience. Terms of committee members shall be staggered to provide for continuity of service. Membership requirements for the committee are determined by regulation.

The committee routinely meets in accordance with a published schedule, generally in conjunction with meetings of the board, and at least four times a year. All committee members are expected to attend each meeting, in person or via teleconference or video-conference.

All matters of significance to come before the committee are regularly reported to the board with recommendation for action, as required.

The committee shall meet in executive session with both the director of auditing and the external auditors at least twice annually. The director of auditing and the external auditors shall have unlimited access to the committee without the need for prior management knowledge or approval. Written minutes shall be prepared for each meeting and a copy of such minutes forwarded to the Finance Board.

## **AUTHORITY**

The committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the public accounting firm employed by the Seattle Bank to conduct the annual audit. This firm will report directly to the committee.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all audit and non-audit services performed by the Seattle Bank's external audit firm. The committee may delegate pre-approval authority to subcommittees or to a member of the committee; however, any decisions made by a designated member must be presented to the full committee for review at the next scheduled meeting.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation. The bank shall provide for appropriate funding, as determined by the committee, for payment of compensation to the independent accountants and any counsel, accountants or other advisers retained by the committee.
- Seek any information the committee deems necessary from employees—all of whom are directed to cooperate with the committee's requests—or external parties.
- Meet with Seattle Bank officers, external auditors, or outside counsel, as necessary to conduct the committee's responsibilities.
- Hire, compensate, evaluate, and where appropriate, dismiss the director of auditing. The director of auditing may be dismissed only with the approval of the committee. The director of auditing shall report directly to the committee on substantive matters and is ultimately accountable to the committee and the board.

## **DELEGATED AUTHORITY**

Any responsibilities that are normally delegated to the committee by the board, and are not the sole responsibility of the committee, may be addressed by the board without a committee meeting. The chairman of the committee and the chairman of the board must agree that a committee meeting is not necessary for a specific responsibility and must determine that such meeting does not violate any laws or regulations requiring specific committee action.

## **RESPONSIBILITIES**

### *FINANCIAL STATEMENTS*

1. Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include: complex or unusual transactions and highly judgmental areas, major issues regarding accounting principles and financial statement presentations, including any significant changes in the Seattle Bank's selection or application of accounting principles, and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the bank.
2. Review analysis prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements.
3. Review the basis for the bank's financial statements including the nature and extent of any significant changes in accounting principles or the application of such principles. The committee shall ensure policies are in place that are reasonably designed to achieve disclosure and transparency regarding the bank's financial performance and governance practices.



4. Direct management to maintain the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the bank.
  5. Review with management and the external auditors the results of the audit, including the external auditor's opinion and any difficulties encountered. The review will include any restrictions on the scope of the independent auditor's activities or access to requested information, and any significant disagreements with management.
  6. Discuss the annual audited financial statements, quarterly financial statements, and other reports requiring approval by the board prior to submission to the Securities and Exchange Commission (if required) with management and the external auditors, including the bank's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
  7. Review disclosures made by the chief executive officer and chief financial officer during the certification process about significant deficiencies in the design or operation of internal controls, or any fraud that involves management or other employees who have a significant role in the bank's internal controls.
3. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
  4. Review policies and procedures established by management to assess and monitor implementation of the Seattle Bank's Strategic Business Plan.

#### *INTERNAL AUDIT*

1. Oversee the internal audit function by:
  - Reviewing the scope of audit services required, significant accounting policies, significant risks and exposures, audit activities and audit findings.
  - Assessing the performance of the director of auditing.
  - Reviewing and approving the audit work plan.
2. Review with management and the director of auditing the charter, plans, activities, staffing, and organizational structure of the internal audit function.
3. Ensure there are no unjustified restrictions or limitations placed on the director of auditing.
4. Hire, replace, or dismiss the director of auditing.
5. Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
6. Meet on a regular basis separately with the director of auditing to discuss any matters that the committee or the director of auditing believes should be discussed privately.

#### *INTERNAL CONTROL*

1. Consider the effectiveness of the Seattle Bank's internal control system, including information technology security and control.
2. Ensure that management has established and is maintaining an adequate internal control system within the bank. This includes the adequacy of the bank's internal controls, the resolution of identified material weaknesses and reportable conditions and the prevention or detection of management override or compromise of the internal control system.

## EXTERNAL AUDIT

1. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
2. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee will, at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Seattle Bank. Take into account the opinions of management and internal audit. Review and evaluate the lead partner of the independent auditor. Present its conclusions with respect to the external auditor to the board.
3. Review the results of any Public Company Accounting Oversight Board (PCAOB) examinations.
4. Ensure the rotation of the lead external audit partner every five years and consider whether there should be regular rotation of the audit firm itself.
5. Present the committee's conclusions with respect to the independent auditor to the board.
6. Set clear hiring policies for employees or former employees of the independent auditors.
7. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
8. Approve the external audit engagement letter.
9. Review the audit, audit-related, and other services and fees billed by the external auditors.
10. Discuss with the external auditors the requirements of Statement of Accounting Standards (SAS) 61 regarding communications with audit committees and Staff Accounting Bulletin 99 and 90 pertaining to uncorrected misstatements and the quality of the Seattle Bank's accounting principles and underlying estimates in the financial statements.
11. Obtain annually a formal written statement from the external auditors regarding their independence for consistency with Independence Standards Board (ISB) Standard 1.

## COMPLIANCE

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) or any instances of noncompliance.
2. Establish procedures for: (a) the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
3. Review the findings of any examinations by regulatory agencies, and any internal and external auditor observations.
4. Annually review the code of ethics and anti-fraud policy.
5. Obtain regular compliance reports from management and Seattle Bank legal counsel.

## *REPORTING RESPONSIBILITIES*

1. Regularly report to the board committee activities and issues that arise with respect to the quality or integrity of the Seattle Bank's financial statements, the bank's compliance with legal or regulatory requirements, the performance and independence of the bank's independent auditors, and the performance of the internal audit function.
2. Provide an independent, direct communication channel between internal audit, external auditors, the board, and Finance Board examiners.
3. Report annually to the board, describing the committee's composition and qualifications, responsibilities and how they were discharged, and any other information required by applicable laws and regulations and by board policies.
4. Review any other reports the bank issues that relate to committee responsibilities.
5. The committee shall prepare a written report to be included in the bank's Annual Report that will indicate that the committee is governed by a charter, which will be included as an appendix to the annual report at least once every three years and that all the members of the committee are independent. The report will include that the committee has complied with the requirements of the Communication with Audit Committees (SAS 61) and has received the written disclosures and letter from the external auditors as required by ISB Standard 1.

## *OTHER RESPONSIBILITIES*

1. Review the annual risk assessment performed by the Seattle Bank's management.
2. Perform other activities related to this charter as requested by the board.
3. Institute and oversee special investigations as needed.
4. Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
5. Confirm annually that all responsibilities outlined in this charter have been carried out.
6. Perform an annual self-evaluation process and report the results to the board.

The above responsibilities of the committee will be discharged through review of audit reports and discussions with the internal and external auditors and management. The internal and external auditors shall have unrestricted access to the committee without the need for any prior management knowledge or approval. The director of auditing shall report directly to the committee on substantive matters.

1501 Fourth Avenue  
Suite 1800  
Seattle, Washington 98101-1693

ph: 206.340.2300  
fx: 206.340.2485

[www.fhlbsea.com](http://www.fhlbsea.com)



#### **Mission Statement**

The Federal Home Loan Bank of Seattle is a financial cooperative that provides liquidity, funding, and services to enhance our members' success and support the availability of affordable homes and economic development in their communities.