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FOR IMMEDIATE RELEASE:

Office of Finance Publishes the FHLBanks 2008 Combined Financial Report

The Office of Finance is pleased to announce the publication of the 2008 Combined Financial Report (CFR) of the Federal Home Loan Banks (FHLBanks). This report has been prepared from the audited financial information of the 12 FHLBanks. Current financial reports and other SEC filings for individual Banks can be obtained by searching the EDGAR database.

A copy of this report can be obtained on the Office of Finance web site: www.fhlb-of.com/specialinterest/finreportframe2.html.

Balance Sheet Highlights:

Combined total assets increased 6.1% to \$1.349 trillion at December 31, 2008, compared with \$1.272 trillion at the close of 2007. Advances (secured loans to members) rose 6.1% to \$928.6 billion, and represented 68.8% of total assets. This growth in advances, which peaked at \$1.012 trillion during the third quarter of 2008, is primarily due to the turmoil in the credit markets. Investments rose 3.0% to \$305.9 billion. At year-end, total FHLBank investments consisted of \$94.7 billion in short-term instruments including Federal funds sold, deposits, and securities purchased under agreements to resell, and \$169.2 billion in mortgage-backed securities. The remaining \$42 billion was primarily certificates of deposits and bank notes, GSE securities and state or local housing agency obligations. Member mortgage assets, at \$87.4 billion, were down 4.6% from the prior year-end. FHLBank mortgage purchases are restricted to fixed-rate, 5-year to 30-year loans. The FHLBanks have minimal exposure to sub-prime loans due to their unique business models, conservative policies pertaining to advances collateral and investments, and limited credit risk in the mortgage loan programs. Consolidated obligations, the principal source of funds used by the FHLBanks to make advances and purchase investments and member mortgage assets, increased 6.7% from the prior year-end to \$1.258 trillion at December 31, 2008.

Total combined capital decreased to \$51.4 billion at year-end 2008, down 4.2% from year-end 2007. The FHLBanks' combined regulatory capital-to-assets ratio at December 31, 2008 was 4.42 percent, up from 4.41 percent at December 31, 2007. The FHLBanks' combined capital-to-assets ratio calculated in accordance with accounting principles generally accepted in the United States of America at December 31, 2008 was 3.81 percent, down from 4.21 percent at December 31, 2007.

Please refer to the Office of Finance web site for updated information on FHLBank lending and collateral policies. This document is formatted as a series of questions and answers, and the link can be found under "OF Special Interest" on the main web page. For additional information on individual FHLBanks, you may access all SEC filings via the EDGAR database.



Operating Results and Affordable Housing Activity:

For the 12 FHLBanks, the combined net loss for the fourth quarter of 2008 was \$715 million, compared to combined net income of \$846 million for the fourth quarter of the previous year. Combined net income for 2008 decreased 57.3% to \$1.2 billion, compared with \$2.8 billion for 2007. Combined net income for 2008 was reduced by other-than-temporary impairment charges of \$2.03 billion on certain private-label mortgage-backed securities (MBS) and home equity loan investments, as well as \$252 million of write-offs/reserves on receivables due from Lehman Brothers Special Financing.

FHLBank Affordable Housing Program (AHP) contribution expenses equaled \$188 million in 2008, down from \$318 million in 2007, due to the decrease in earnings.

Each FHLBank actively monitors the credit quality of its MBS. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or a rapid decline in residential real estate values continues, more FHLBanks could experience further reduced yields or additional losses on MBS investment securities.

On April 9, 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2 and FAS 124-2). FSP FAS 115-2 and FAS 124-2 is intended to provide greater clarity to investors about the credit and noncredit component of an OTTI event and to communicate more effectively when an OTTI event has occurred. The FHLBanks are currently evaluating whether or not FSP FAS 115-2 and FAS 124-2 will be adopted in the first quarter or second quarter of 2009. The FHLBanks' adoption of FSP FAS 115-2 and FAS 124-2, and the timing of that adoption, could have a material effect on certain FHLBanks' financial statements to the extent that the FHLBanks have material OTTI charges.

About the FHLBanks:

The primary purpose of the FHLBanks is to enable their member financial institutions to ensure the flow of credit and other services for housing and community development. This liquidity serves the public by enhancing the availability of residential mortgage and community investment funds. As cooperatives, the FHLBanks seek to maintain a balance between their public policy mission and their obligation to provide adequate returns on the capital supplied by members. The FHLBanks achieve this balance by delivering low-cost financing, providing members a viable alternative to the secondary mortgage market through their mortgage programs, and through the payment of dividends. Each FHLBank also helps members with other local housing and community development needs through self-funded affordable housing programs.

Each individual FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). The FHLBanks' accounting and financial reporting policies and practices are not always identical because different policies and/or presentations are permitted under GAAP in certain circumstances.

The 2008 Combined Financial Report for the FHLBanks has been filed with the Federal Housing Finance Agency. To obtain a copy, please email the Office of Finance at: info@fhlb-of.com.



The FHLBanks have delivered innovation and service to the U.S. housing market for over 76 years, and currently have over 8,100 members in all 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Northern Mariana and U.S. Virgin Islands. Please contact Michael Ciota at 703-467-3608 (ciota@fhlb-of.com) for additional information.

Statements contained in this release may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or their negatives or other variations on these terms. By their nature, these forward-looking statements, including those related to financial performance, are subject to risks and uncertainties related to the operations of the FHLBanks and the business environment, all of which are difficult to predict and many of which are beyond the control of the FHLBanks. These risks and uncertainties could cause actual results to differ materially from those expressed or implied in forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized. Such risks and uncertainties include the following: changes in interest rates, housing prices, employment rates and the general economy; the size and volatility of the residential mortgage market; demand for FHLBank advances; volatility of market prices, rates, and indices or other factors, including natural disasters, that could affect the value of investments or collateral held by the FHLBanks as security; political events, including legislative, regulatory, judicial or other developments that affect the FHLBanks, their members, counterparties and/or investors in the consolidated obligations of the FHLBanks; competitive forces, including other sources of funding available to FHLBank members, and the ability to attract and retain skilled individuals; the pace of technological change and the ability to develop and support technology and information systems; changes in investor demand for consolidated obligations and/or the terms of interest-rate exchange agreements and similar agreements; the application of accounting rules, such as SFAS 133 and other-than-temporary impairment; and the ability to introduce new FHLBank products and services and successfully manage the risks associated with those products and services. Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports posted on the Office of Finance website, www.fhlb-of.com, and in reports filed by each FHLBank with the Securities and Exchange Commission. Any duty to update these forward-looking statements is hereby disclaimed.