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## FOR IMMEDIATE RELEASE:

### Office of Finance Publishes the Federal Home Loan Banks Second Quarter 2007 Combined Financial Report

The FHLBanks Office of Finance is pleased to announce publication of the Second Quarter (Q2) 2007 Combined Financial Report of the Federal Home Loan Banks. This report has been prepared from unaudited quarterly financial information of each FHLBank. Current financial reports and other SEC filings for individual FHLBanks can be obtained by searching the EDGAR database.

A copy of this report can be obtained on the Office of Finance web site: [www.fhlf-of.com/specialinterest/finreportframe.html](http://www.fhlf-of.com/specialinterest/finreportframe.html).

#### Balance Sheet Highlights

Combined total assets were \$1.037 trillion at June 30, 2007, an increase from the \$1.016 trillion at year-end 2006. Advances (secured loans to members) remained relatively flat at \$640 billion and represented 61.7% of total assets. Investments rose 9.1% to \$295 billion, and member mortgage assets, at \$94.4 billion, were down 3.7% from year-end.

The principal investments of the FHLBanks are mortgage-backed securities, overnight and term Federal funds sold, commercial paper and GSE securities. At June 30, 2007, 99.2% of the GSE securities, commercial paper and mortgage-backed securities were rated AAA/Aaa or the short-term equivalent. There have been no changes in these ratings since that time. FHLBank mortgage purchases are restricted to fixed-rate mortgage loans with maturities ranging from five years to 30 years. The weighted-average FICO® score and loan-to-value ratio (LTV) recorded at origination for loans held in portfolio at June 30, 2007 was 738 with a 67% LTV for the Mortgage Partnership Finance® Program, and 747 with a 69% LTV for the Mortgage Purchase Programs. Each FHLBank believes it has limited exposure to subprime loans due to its business model, conservative policies pertaining to advances collateral and investments, and low credit risk due to the design of its mortgage loan program(s).

#### Operating and Capital Results

Combined net income for the three months ended June 30, 2007 was \$628 million, a 2.8 percent decrease from the \$646 million recorded during the three months ended June 30, 2006. Combined net income for the six months ended June 30, 2007 was \$1.249 billion, a 1.3% decrease from the \$1.265 billion recorded during the six months ended June 30, 2006. Total combined capital declined slightly to \$45 billion at June 30, 2007, a 0.9% decrease from December 31, 2006. FHLBank Affordable Housing Program contributions of \$71 million in the second quarter of 2007 and \$141 million for the six months ended June 30, 2007 decreased 1.4% from the same periods one year ago, reflecting the decrease in net income.



## About the FHLBanks

The primary purpose of the FHLBanks is to ensure the flow of credit and other services for housing and community development to member financial institutions. 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, and providing members a viable alternative to the secondary mortgage market via the mortgage programs, while paying a dividend. The FHLBanks also help members with other local housing and community development needs through self-funded affordable housing programs.

The Q2 2007 Combined Financial Report for the FHLBanks has been filed with the Federal Housing Finance Board. To obtain a copy, please email the Office of Finance at: [info@fhfb-of.com](mailto:info@fhfb-of.com).

In 2007, the FHLBanks celebrate 75 years of delivering innovation and service to the U.S. housing market, 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 Mike Ciota at 703-467-3608 ([ciota@fhfb-of.com](mailto:ciota@fhfb-of.com)) for additional information.

*Statements contained in this release may be "forward-looking statements." By their nature, these forward-looking statements, including those related to financial performance and preparation of combined financial reports, 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: 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 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.fhfb-of.com](http://www.fhfb-of.com), and in reports filed by each FHLBank with the SEC.*