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FOR IMMEDIATE RELEASE:

Office of Finance Publishes the FHLBanks Third Quarter 2008 Combined Financial Report

The Office of Finance is pleased to announce the publication of the Third Quarter 2008 Combined Financial Report of the Federal Home Loan Banks (FHLBanks). 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: <http://www.fhllb-of.com/specialinterest/finreportframe2.html>.

Balance Sheet Highlights:

Combined total assets increased 12.3% to \$1.429 trillion at September 30, 2008, compared with \$1.272 trillion at year-end 2007. Advances (secured loans to members) rose 15.6% to \$1.012 trillion, and represented 70.8% of total assets. Investments rose 6.4% to \$316.0 billion. Member mortgage assets, at \$87.9 billion, were down 4.0% from year-end. Consolidated obligations, the principal source of funds used by the FHLBanks to make advances and purchase investments and member mortgage assets, increased 12.2% from year-end to \$1.323 trillion at September 30, 2008. Total combined capital rose to \$57.1 billion at September 30, 2008, a 6.5% increase from year-end 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:

Combined net income for the third quarter of 2008 was \$506 million, a 30.9% decrease from the \$732 million recorded for the same period in the previous year. Combined net income for the nine months ended September 30, 2008 was \$1.921 billion, a 3.0% decrease from the \$1.981 billion recorded for the same period in the previous year. Combined net income for the third quarter of 2008 was reduced by \$252 million due primarily to write-offs/reserves on receivables due from Lehman Brothers Special Financing (LBSF), which filed bankruptcy on October 3, 2008, subsequent to its parent company Lehman Brothers Holdings, Inc. that filed bankruptcy on September 15, 2008, and other-than-temporary impairment charges of \$146 million on certain private-label mortgage-backed securities (MBS). Combined net income for the nine months ended September 30, 2008 was reduced by the third quarter LBSF losses and cumulative other-than-temporary impairment charges of \$209 million. 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 reduced yields or additional losses on MBS investment securities. FHLBank Affordable Housing Program



contributions of \$57 million in the third quarter of 2008 and \$233 million for the nine months ended September 30, 2008 decreased 31.3% and increased 4.0% from the same periods one year ago.

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 via the mortgage programs and through the payment of dividends. The FHLBanks also help members with other local housing and community development needs through self-funded affordable housing programs.

The Third Quarter 2008 Combined Financial Report for the FHLBanks has been filed with its regulator, 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 76 years, and currently have more than 8,100 members in all 50 states including 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@fhlb-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 the future performance of the FHLBank investment, 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 U.S. 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, as amended; 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.