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FOR IMMEDIATE RELEASE:

FHLBank Mortgage Portfolio Creates Need for APLS Issuance

The FHLBank System, the nation's largest collective source of home mortgage credit, provides on demand liquidity to its members through direct lending. The System also maintains a \$100+ billion portfolio of high-quality mortgage assets, giving members an alternative to securitization. The issuance of large APLS (Amortizing Prepayment Linked Securities) has proven to be an attractive structure for investors and the FHLBanks in the current environment. As such, the FHLBanks expect to announce the intent to issue a large, 7-year Global APLS bond this month, subject to market conditions.

At this time, it is likely the 7-year bond would be approximately \$1 billion in size, and issued through the Global Debt Program to facilitate broad investor participation. A syndicate will be arranged, with Bear Stearns and UBS Securities serving as joint lead managers. Additional details concerning the status of this issue can be expected in the near future.

This announcement is neither an offer to sell, nor a solicitation of offers to buy, these securities.

The FHLBanks have delivered over 70 years of 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@fhlb-of.com) for additional information.