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FOR IMMEDIATE RELEASE:

FHLBanks Announce Joint Capital Enhancement Agreement

Today, each Federal Home Loan Bank (FHLBank) announced it has entered into a Joint Capital Enhancement Agreement (the Agreement) with the other 11 FHLBanks.

The Agreement provides that upon satisfaction of the FHLBanks' obligations under Section 21B of the Federal Home Loan Bank Act and part 997 of Federal Housing Finance Board regulations to make payments related to the Resolution Funding Corporation, each FHLBank will, on a quarterly basis, allocate at least 20 percent of its net income to a separate restricted retained earnings account established by that FHLBank. Under the Agreement, each FHLBank will build its separate restricted retained earnings account to an amount equal to 1 percent of the total outstanding consolidated obligations for which it is the primary obligor.

The Agreement also requires each FHLBank to request approval from the Federal Housing Finance Agency to amend its capital plan or capital plan submission, as applicable, consistent with the terms of the Agreement. The Agreement also contains provisions relating to its termination under certain specified conditions, including the affirmative vote of two-thirds of the boards of directors of the then-existing FHLBanks.

Each FHLBank has filed a Form 8-K with the SEC regarding this Agreement. These filings can be obtained by searching the SEC's EDGAR database.

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, 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.

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have over 7,800 members in all 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico and the U.S. Virgin Islands. Please contact Kevin Kincaid at 703-467-3608 (kkincaid@fhlb-of.com) for additional information.



Statements contained in this release may be “forward-looking statements,” including those statements related to financial performance, retained earnings and capital plans. Forward-looking statements may be identified by words such as “anticipates,” “believes,” “could,” “estimates,” “may” or comparable terminology. Any forward-looking statements are subject to risks and uncertainties related to the future operations of the FHLBanks and the business environment. These risks and uncertainties could cause actual results to differ materially from current expectations. Such risks and uncertainties include the following: changes in interest rates and housing prices; size and volatility of the residential mortgage market; demand for FHLBank advances; volatility of market prices, rates, and indices that could affect the value of investments or collateral held by the FHLBanks as security; political events, including government-sponsored enterprise reform, 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; changes in investor demand for consolidated obligations and/or the terms of interest-rate exchange agreements; implementation of accounting rules; 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 web site, www.fhllb-of.com, and in reports filed by each FHLBank with the Securities and Exchange Commission. Any duty to update these forward-looking statements is disclaimed.