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FOR IMMEDIATE RELEASE:

FHLBanks Satisfy REFCORP Obligations; Launch Joint Capital Enhancement Agreement

On Friday, August 5, the 12 Federal Home Loan Banks (FHLBanks) announced that the Federal Housing Finance Agency (FHFA) certified the satisfaction of their obligation to make payments related to the Resolution Funding Corporation. With this obligation complete, the FHLBanks have amended and launched the Joint Capital Enhancement Agreement (the Agreement) that was announced at the end of February.

Under the amended agreement, with the satisfaction of the FHLBanks' obligations under the Federal Home Loan Bank Act and the related regulations to make payments related to the Resolution Funding Corporation, each FHLBank will now, on a quarterly basis, allocate 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.

Additionally, each FHLBank amended its capital plan or capital plan submission to implement the provisions of the Agreement and the FHFA has approved the amended plans. 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 FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have over 7,700 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 or kkincaid@fhfb-of.com for additional information.

Statements contained in this release may be "forward-looking statements," including those statements related to financial performance, publication of financial reports and private-label mortgage-backed securities investments. 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, including those resulting from changes in credit ratings 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.fhlf-of.com, and in reports filed by each FHLBank with the SEC. Any duty to update these forward-looking statements is disclaimed.