



October 25, 2010

FOR IMMEDIATE RELEASE:

Office of Finance Announces Federal Housing Finance Agency Action

The Federal Housing Finance Agency (FHFA), as regulator of the Federal Home Loan Bank System, today announced that it had agreed with the Board of Directors of the FHLBank of Seattle to the issuance of a Consent Order.

According to the FHFA, this Consent Order resolves certain outstanding capital and supervisory matters and sets forth requirements for capital management, asset composition, and other operational and risk management improvements. It also establishes a stabilization period that ends with the filing of the FHLBank of Seattle's June 30, 2011 financial statements with the Securities and Exchange Commission. During this period, the FHLBank of Seattle's classification as undercapitalized will remain in place. Subsequently, the FHLBank of Seattle may begin repurchasing member stock at par upon achieving and maintaining financial thresholds established by the FHFA as part of its supervisory process, according to the FHFA. Any stock repurchases and redemptions and dividend payments will be subject to FHFA approval.

In a separate statement, the FHLBank of Seattle announced the resignation of President and Chief Executive Officer Richard M. Riccobono and the appointment of Steven R. Horton as Acting President and Chief Executive Officer, effective immediately.

For additional information on the Consent Order, please visit the FHFA web site at www.fhfa.gov. To view the FHLBank of Seattle press releases on the change in management and the Consent Order, please visit the Seattle web site at www.fhlbsea.com.

The FHLBanks have delivered innovation and service to the U.S. housing market for 78 years, and currently have over 7,900 members in all 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands. Please contact Michael Ciota at 703-467-3608 (ciota@fhlb-of.com) for additional information.

Statements contained in this release may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or their negatives or other variations on these terms. By their nature, these forward-looking statements, including those related to FHLBank of Seattle's consent order, 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 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 accounting for derivatives and other-than-temporary impairment; 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 Securities and Exchange Commission. Any duty to update these forward-looking statements is hereby disclaimed.