



Investor Presentation

February 2012

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Statements contained in this presentation may be “forward-looking statements,” including statements describing the objectives, projections, estimates, or future predictions of the FHLBanks and Office of Finance. 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. Investors should note that, by their nature, forward-looking statements involve risks or uncertainties. Therefore, the actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized.

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Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports and in reports filed by each FHLBank with the Securities and Exchange Commission. None of the FHLBanks or the Office of Finance undertakes any obligation to publicly update or revise any forward-looking statements contained in this presentation, whether as a result of new information, future events, changed circumstances, or any other reason.

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Key Investor Messages

Before, During, & After the Crisis: FHLBanks Continue to Perform as Designed

Durability



The fully-collateralized lending model continues to shield the FHLBanks from sustaining any credit losses on advances despite a record number of bank closures.

Scalability



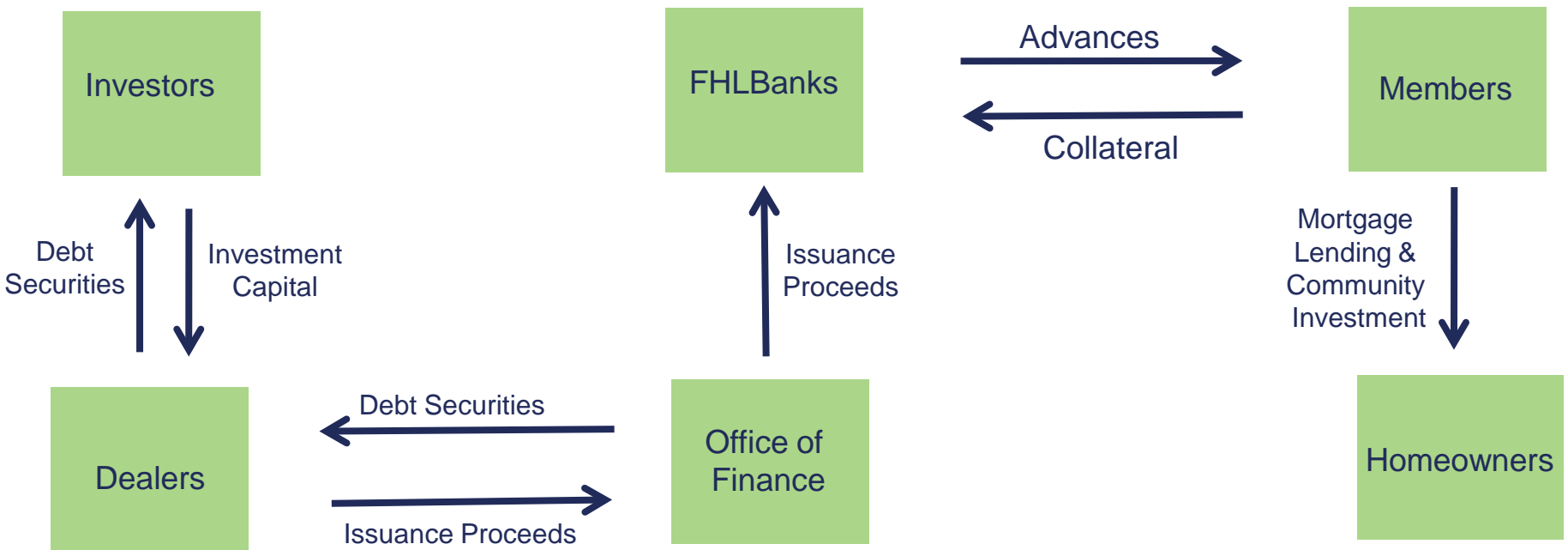
The flexible capital base is designed to expand and contract in response to members' borrowing needs.

Flexibility



The FHLBanks reacted quickly to changes within the agency debt market sparked by the credit crisis, and continue to obtain a majority of funding via highly customizable reverse inquiry based programs.

How the FHLB System Works



The 12 FHLBanks are government-sponsored enterprises (GSEs) organized under an act of Congress (Federal Home Loan Bank Act of 1932)

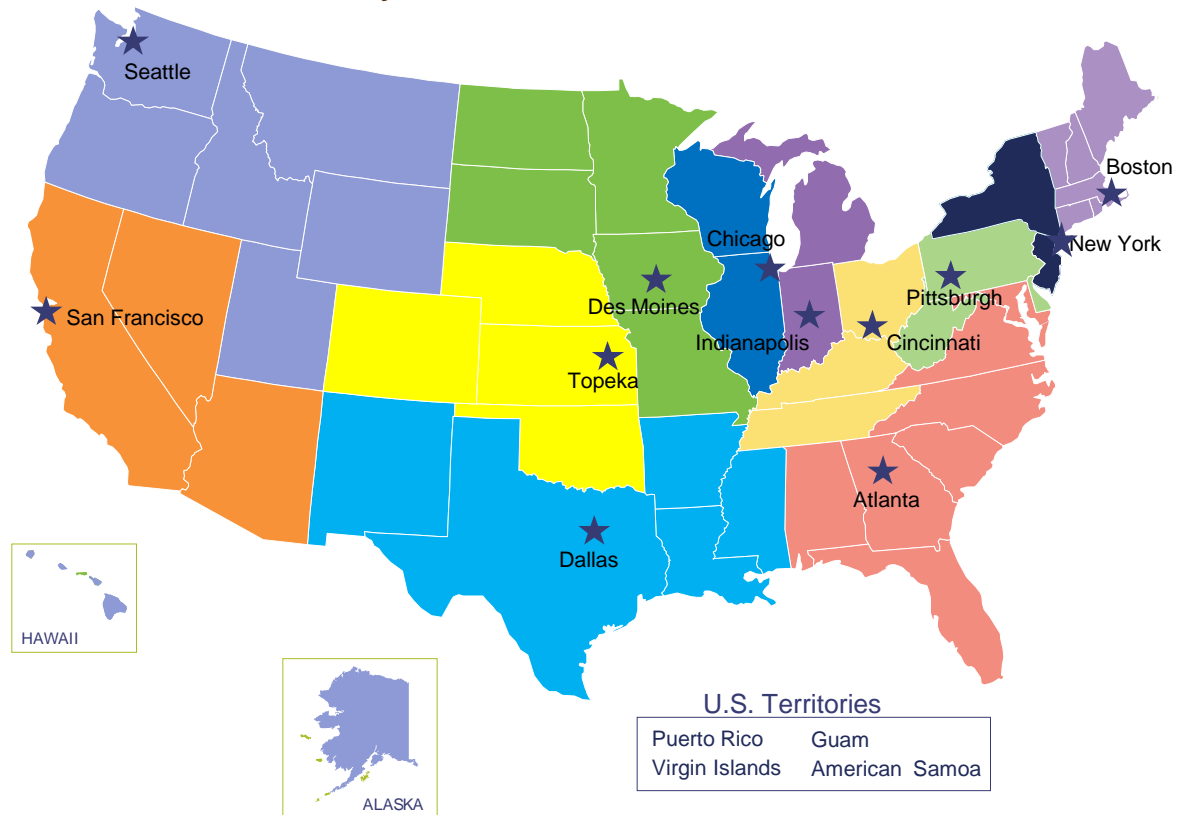
FHLBanks serve the general public by providing readily available, low-cost funding to over 7,700 members, thereby increasing the availability of credit for residential mortgage lending and investment in housing and community development

FHLBanks fund their operations principally through the sale of debt securities through the Office of Finance

All Senior Debt is Joint & Several

- The twelve FHLBanks are linked by i) a common mission to support housing, ii) a shared safety and soundness regulator (FHFA), and iii) a shared responsibility to repay debt obligations
- All senior debt securities issued through the Office of Finance (Consolidated Obligations) are joint and several obligations of the entire FHLBank System

	S&P	Moody's
Long-term Senior Debt Rating	AA+	Aaa
Outlook	Negative	Negative
Short-term Issuer Rating	A-1+	P-1



System Financial Highlights

<i>\$ in billions</i>	2007	2008	2009	2010	3Q11
Advances	875	929	631	479	415
Investments	299	306	284	330	290
Mortgage Loans Held for Portfolio ⁽¹⁾	92	87	71	61	55
Other	8	27	30	8	18
Total Assets	\$ 1,274	\$ 1,349	\$ 1,016	\$ 878	\$ 778
Retained Earnings	3.7	2.9	6.0	7.5	8.2
Total Capital (GAAP)	54	51	43	44	40
Regulatory Capital ⁽²⁾	56	60	60	57	54
Regulatory Capital Ratio	4.41%	4.42%	5.92%	6.53%	6.93%
Net Income	\$ 2.8	\$ 1.2	\$ 1.9	\$ 2.1	\$ 1.1 ⁽³⁾

(1) MPF[®]/MPP

(2) The difference between total capital (GAAP) and regulatory capital relates primarily to accumulated other comprehensive income (loss), which is excluded from regulatory capital, and mandatorily redeemable capital stock, which is included in regulatory capital.

(3) Thru 3Q11

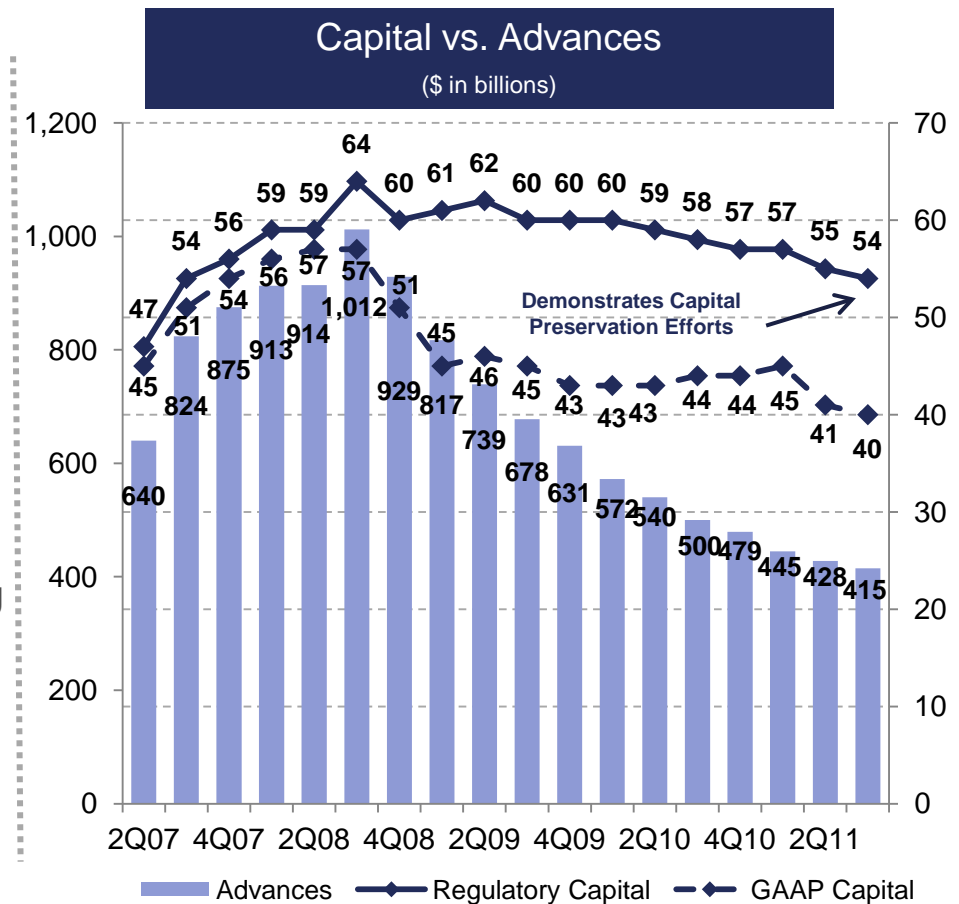
Advances are Self-Capitalizing

Capital Generally Tracks Advances

- Members are required to capitalize all advances, typically at 4.0% to 5.0% of principal borrowed
- FHLBanks typically repurchase capital stock once the associated advances have been repaid

Controlled Scalability: FHLBanks Have Ability to Hold Capital for up to 5 Years

- FHLBanks can manage the traditionally variable capital base to preserve capital during periods of economic stress
- The difference between total capital (GAAP) and regulatory capital relates primarily to accumulated other comprehensive income (loss), which is excluded from regulatory capital, and mandatorily redeemable capital stock, which is included in regulatory capital.



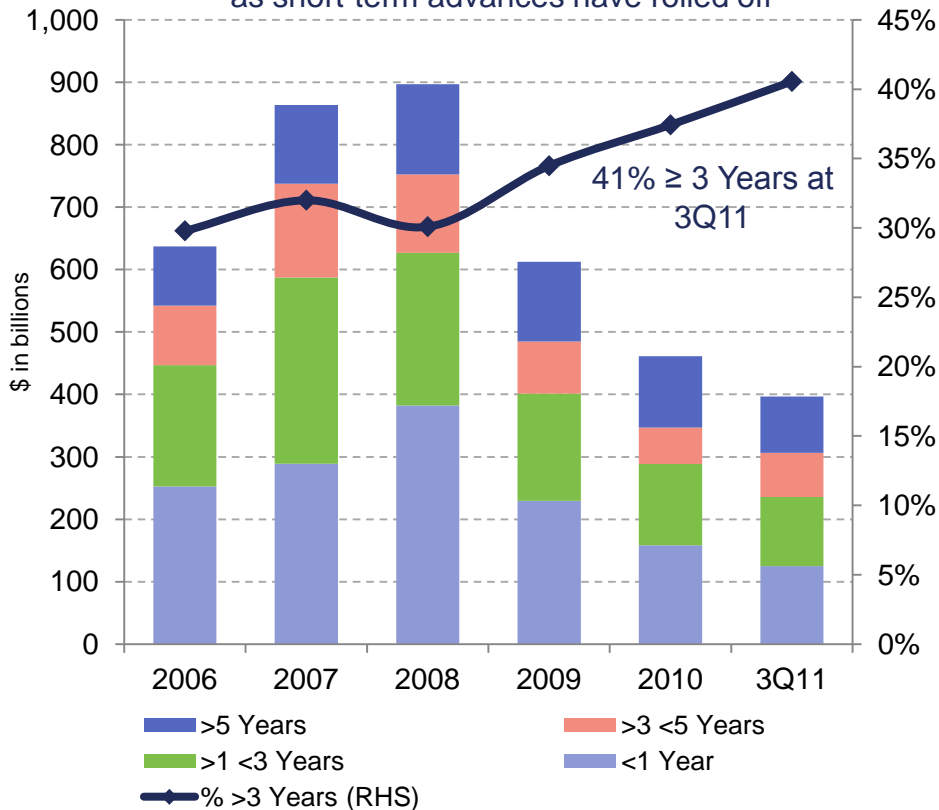
FHFA regulation prohibits member stock redemption if it could result in FHLBank undercapitalization

System Advances Portfolio

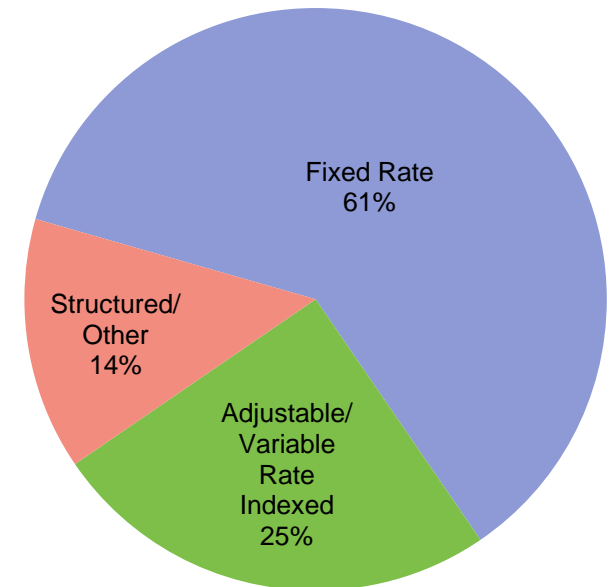
Members Have Exhibited a Strong Preference for Short- to-Intermediate Term Fixed-Rate Advances

Maturity Profile

Maturity of the portfolio has gradually lengthened as short-term advances have rolled off



Product Type



Credit Risk Management

FHLBanks Manage Credit Risk by Fully Collateralizing all Advances

- ❑ Credit limits are established for each member and borrowing capacity is subject to ongoing review of their overall creditworthiness and collateral management practices
- ❑ Advances are secured by either a blanket lien, listing (specific pledge), or physical delivery of collateral
- ❑ UCC financing statements filed on all entities pledging assets
- ❑ Lending capacity regularly adjusted based on applicable haircuts on eligible collateral
- ❑ Whole loan mortgage collateral must be performing (no greater than 90 days delinquent) - most FHLBank policies are more restrictive and use a 30-60 day cutoff
- ❑ Securities collateral generally requires all securities to be rated single-A or higher and most must be delivered to the FHLBank or a securities custodian

No Credit Losses on Advances in System History

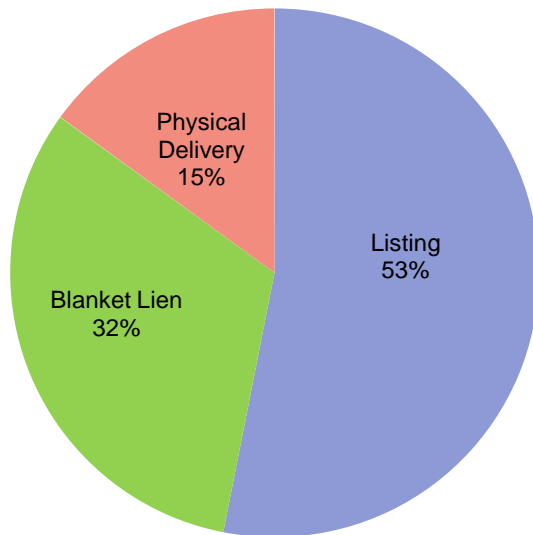
The “Super Lien” provides additional statutory support to the priority status of FHLBank security interests in member assets

FHLBanks perfect their secured interests in member assets and receive lien priority above all other creditors, including any receiver, conservator, trustee, or similar lien creditor (Competitive Equality Banking Act of 1987)

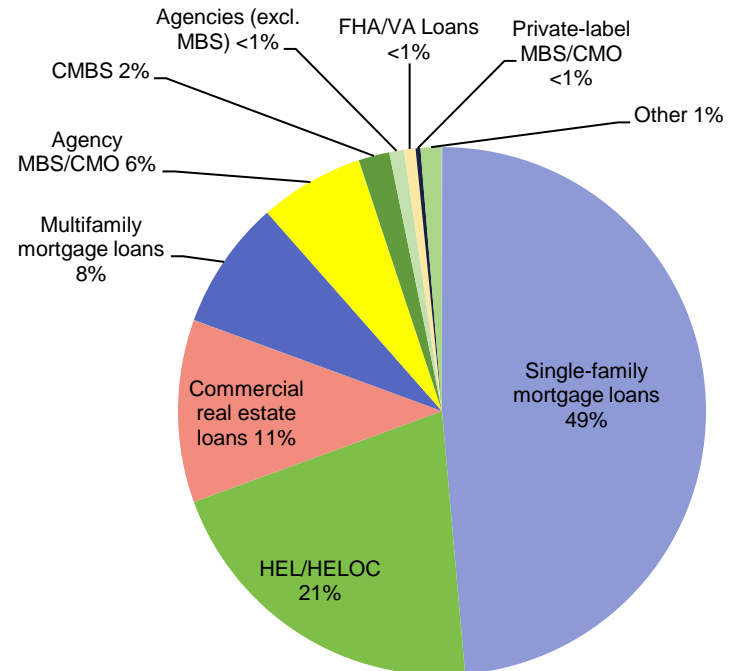
Collateral Securing Advances

At 3Q11, 65 Borrowers had Advances Outstanding of at Least \$1 Billion, Representing Approximately \$246 Billion, or 62% of Total Advances

Lien Type Securing Advances \geq \$1 Billion



Collateral Securing Advances \geq \$1 Billion



Members holding balances \geq \$1 billion had a collateralization ratio of 2.6, representing approximately 52% of the total \$1.4 trillion collateral pledged by all borrowers

Collateral Lending Values

Collateral Type	Average Effective Lending Value (3Q11) ⁽¹⁾		
	Blanket Lien	Listing	Delivery
Cash, US Government , & US Treasury Securities	N/A	N/A	96%
State & local government securities	N/A	N/A	85%
US agency securities (Excluding MBS)	N/A	N/A	95%
US agency MBS/CMO	N/A	N/A	94%
Private-label MBS/CMO	N/A	N/A	86%
CMBS	N/A	N/A	82%
FHA/VA loans	85%	71%	81%
Other US government-guaranteed mortgage loans	91%	92%	77%
Single-family mortgage loans	73%	68%	63%
Multifamily mortgage loans	60%	65%	58%
Commercial loans	54%	59%	51%
Home equity loans & LOCs	43%	32%	51%
CFI ⁽²⁾ collateral	48%	46%	46%
Other loan collateral	48%	28%	45%

(1) Please see the 3Q11 Combined Financial Report for the range of Effective Lending Values applied to collateral

(2) Community Financial Institution – Total assets capped at \$1,040 million for 2011 and adjusted annually for inflation

Interest Rate Risk Management

FHLBanks routinely use the following derivatives and embedded options to reduce identified risks inherent in normal lending, investing, and funding activities:

Interest-rate swaps and swaptions

Calls and puts

Cap and floor agreements

Futures and forward contracts

Advances

- ▣ Derivatives may be used to adjust repricing and/or options characteristics in order to more closely match the characteristics of the FHLBanks' funding liabilities
- ▣ In general, fixed-rate or option-embedded advances are executed simultaneously with an interest rate swap containing offsetting terms

Mortgage Loans & Investments

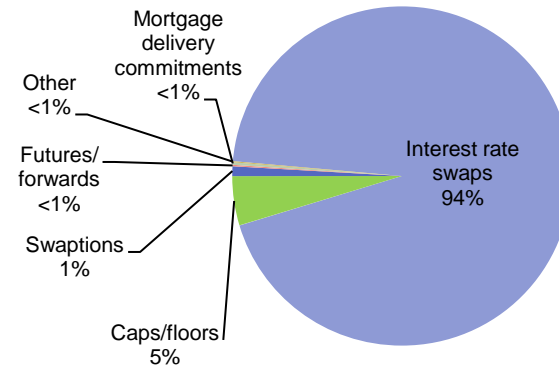
- ▣ Interest rate risk is managed through a combination of callable and non-callable debt issuance and derivatives to achieve cash flow patterns and liability durations similar to the mortgages
- ▣ A combination of swaps and options, including futures, may be used as a portfolio of derivatives linked to a portfolio of mortgage loans

Net Derivative Exposure

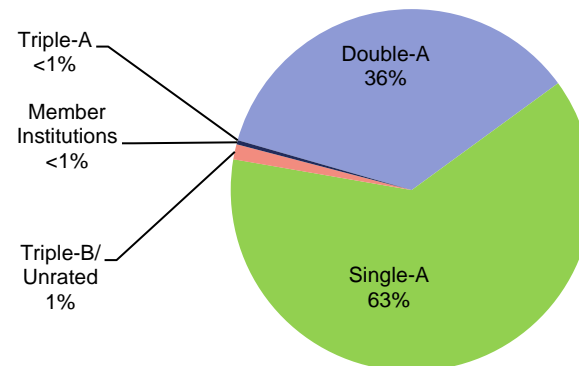
\$225 Million Net Uncollateralized Exposure
on \$734 Billion Notional at 3Q11

- The FHLBanks manage counterparty credit risk through credit analysis, collateral requirements, and adherence to policies and regulations
- Collateral agreements are required on all derivatives and typically establish collateral delivery thresholds
- Counterparty risk is partially mitigated by use of master netting agreements
- Collateral agreements may contain provisions that require posting of additional collateral if there is a deterioration in a counterparty's credit rating

Notional Outstanding by Derivative Type



Notional Outstanding by Counterparty Rating



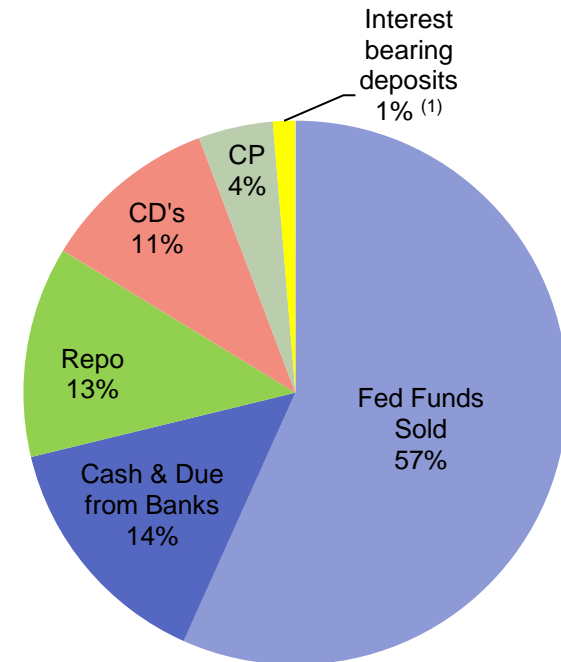
Liquidity

FHLBanks Maintain Contingent Liquidity

- FHFA requires FHLBanks to maintain sufficient liquidity, through short-term investments, under two scenarios:
 - Inability to access debt markets for 5 days and all advances are renewed except those for very large, highly rated members
 - Inability to access debt markets for 15 days and no advances are renewed
- FHLBanks generally maintain additional liquidity beyond regulatory guidelines to meet obligations in the event of longer-term disruptions to the debt markets

Cash & Liquidity Investment Portfolio

\$98 billion



(1) May include FHLBank members

Investment Portfolio

FHLBanks Invest Primarily In Highly-Rated Securities

- ❑ No FHLBank has purchased private-label MBS since 2008
- ❑ Regulation limits MBS investments to 300% of capital ⁽¹⁾
- ❑ FHLBank policies generally permit purchase of triple-A MBS only
- ❑ FHLBanks purchased private-label MBS that may contain one or more forms of credit protection or enhancement such as a guarantee of P&I, subordination, over-collateralization, or an insurance wrap

(1) Previous month-end GAAP capital plus mandatorily redeemable capital stock

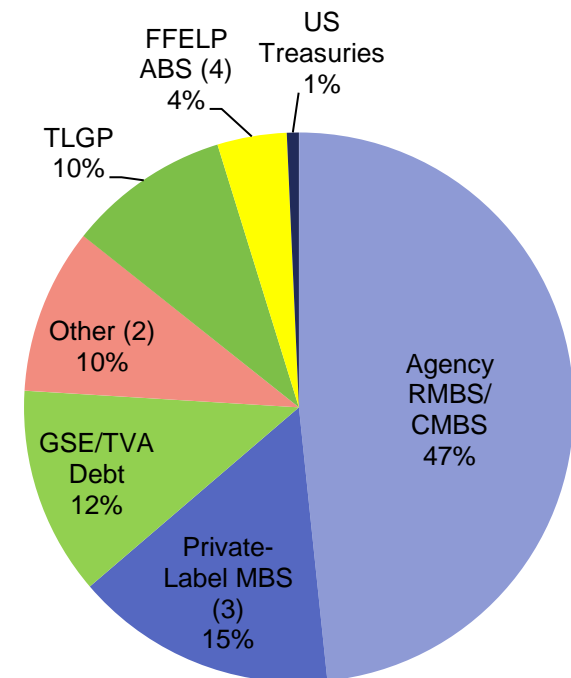
(2) Includes state/local housing agency obligations, GNMA, Ex-Im Bank, SBA, NCUA, IADB, IBRD, & taxable munis

(3) Includes RMBS, CMBS, home equity ABS, & MH loan ABS

(4) Federal Family Education Loan Program - guaranteed by a guarantee agency and re-insured by the US Dept. of Education

MBS & Investment Portfolio

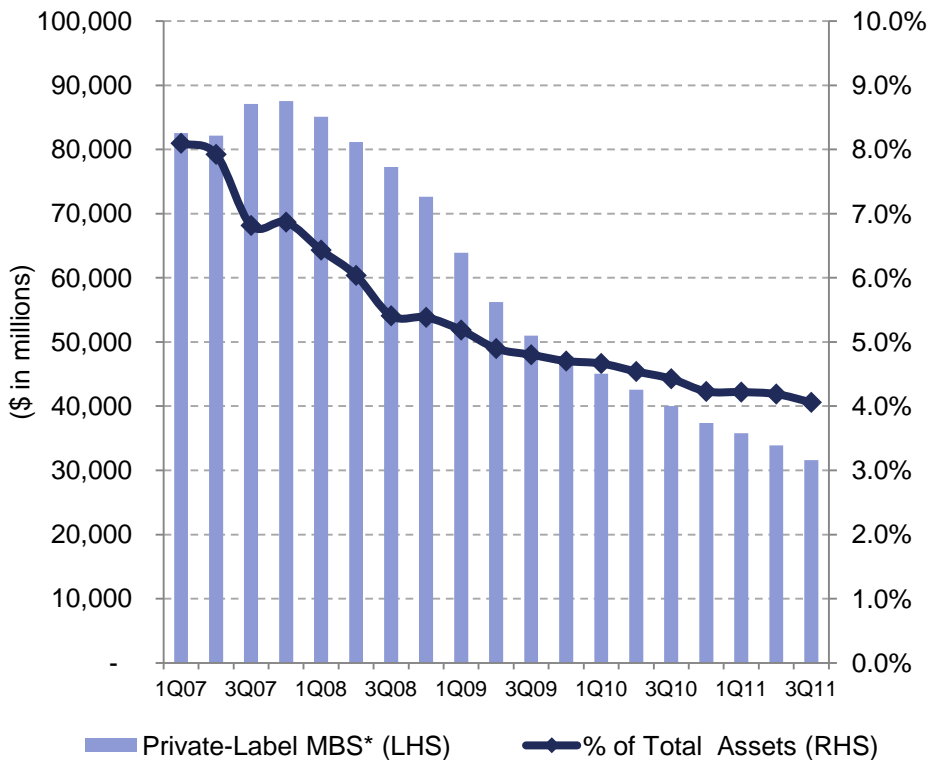
\$206 billion



Private-Label MBS

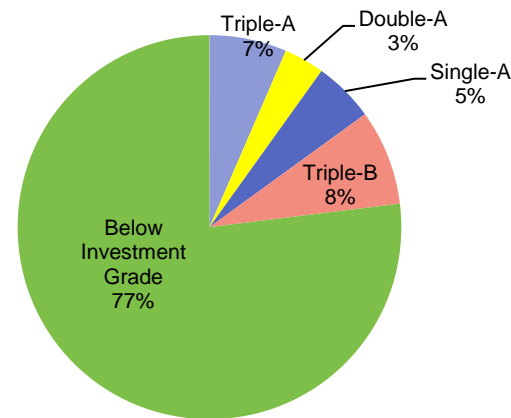
Private-Label MBS Holdings Have Decreased to Less Than 5% of Total Assets

FHLBank System Private-Label MBS Holdings

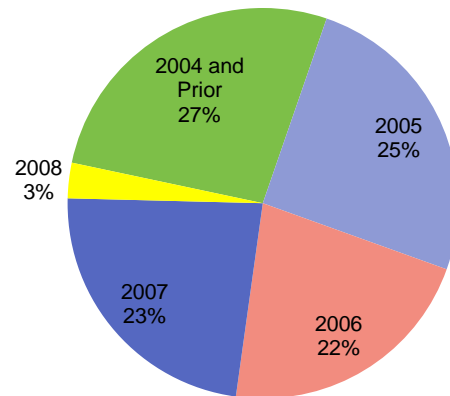


*By carrying value – Includes RMBS, CMBS, Home Equity, & Manufactured Housing Loans

PLMBS by Credit Rating (3Q11)



PLMBS by Securitization Vintage (3Q11)



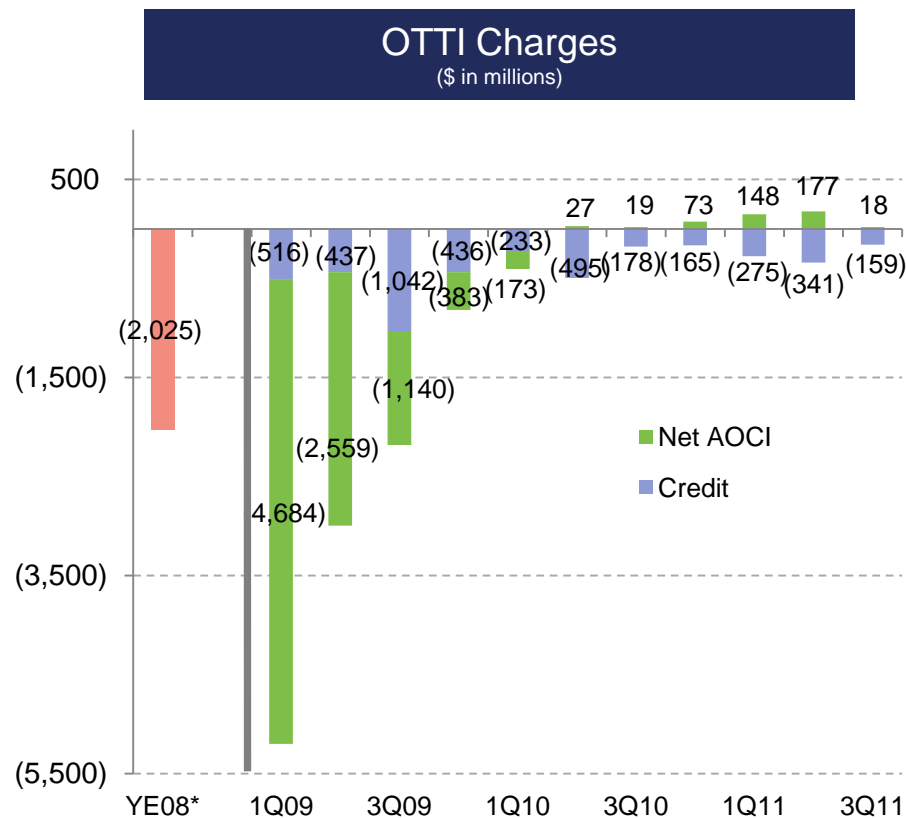
Percentages based on UPB of \$39,812 million



Private-Label MBS OTTI

Substantially all Securities were Rated Triple-A at Purchase

- The FHLBanks utilize a common modeling and valuation framework for analyzing MBS securities for OTTI
 - 3Q11 carrying value of private-label MBS holdings stood at \$31.6 billion (fair value = \$30.8 billion; amortized cost = \$35.6 billion)
- From 1Q09 thru 3Q11, total credit-related OTTI has been approximately \$4.3 billion
- The FHLBanks held an excess regulatory capital cushion of \$22.2 billion at 3Q11 to help buffer potential deterioration of the portfolio
- Combined 2011 net interest income thru 3Q11 was \$3,068 million; net income after provision for credit loss, other loss (incl OTTI), other expense, and assessments was \$1,078 million

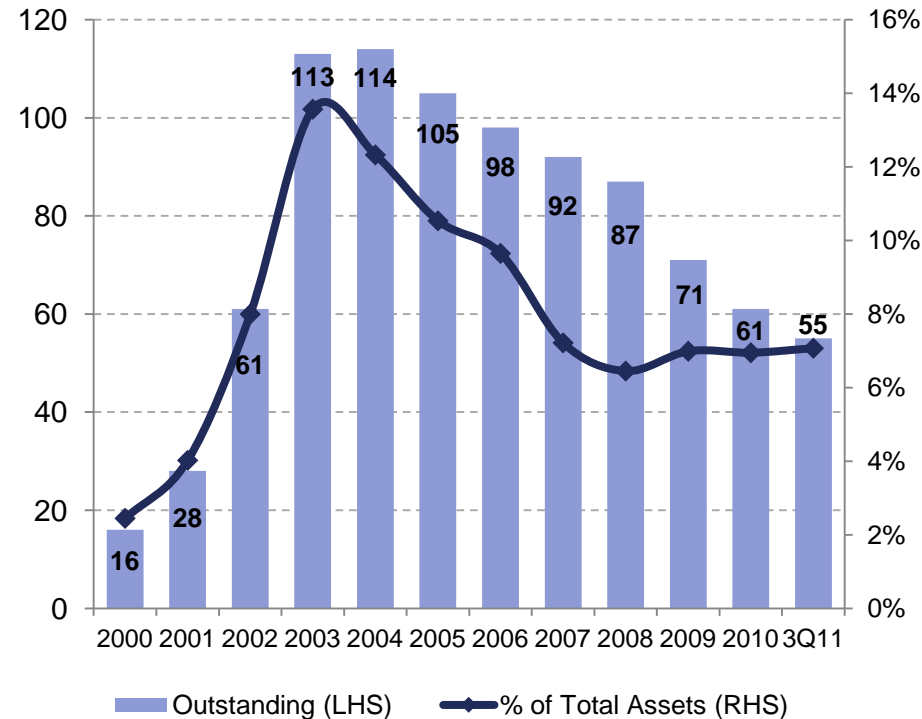


*Cumulative effect of the adjustment relating to amended other-than-temporary guidance at 1/1/09 resulted in recognition of \$1.9 billion as a positive cumulative adjustment to retained earnings.

Mortgage Purchase Programs

- Created as a risk-sharing alternative to the traditional GSE guarantee programs
 - Members retain the a portion of the credit risk and receive fees for doing so, while transferring the interest rate and funding risk to the FHLBanks
- Fund 15- to 30-yr conventional conforming and government-guaranteed fixed-rate mortgage loans secured by 1 to 4 family residential mortgages – no ARMs
- Mortgage assets are credit-enhanced by the selling member or mortgage insurer to AA equivalent
- Weighted Average FICO®/LTV is 733 and 68.6% for MPF® and 745 and 69.8% for MPP at origination (as of 12/31/10)

MPF®/MPP Outstanding
(\$ in billions)



MPF Xtra® was created in 2008 to aggregate and sell mortgage loans to Fannie Mae – members are not required to provide credit enhancement and do not receive fees

Regulatory Capital Requirements

Total Capital Ratio (4% minimum requirement)

Sum of permanent capital (5-year Class B stock plus retained earnings) and amounts paid for Class A stock (6-month redeemable), plus any general loss allowance and other sources approved by the regulator

Leverage Capital Ratio (5% minimum requirement)

Sum of permanent capital weighted by a 1.5 multiplier, plus all other capital

Risk-Based Capital (minimum requirement varies)

Credit Risk

Determined by adding together the credit risk capital charges computed for assets, off-balance sheet items, and derivatives based on percentages assigned by the regulator

Market Risk

Sum of the market value of portfolio risk from movements in interest rates that could occur during times of market stress plus any amount by which the current market value of total capital falls short of 85% of book value

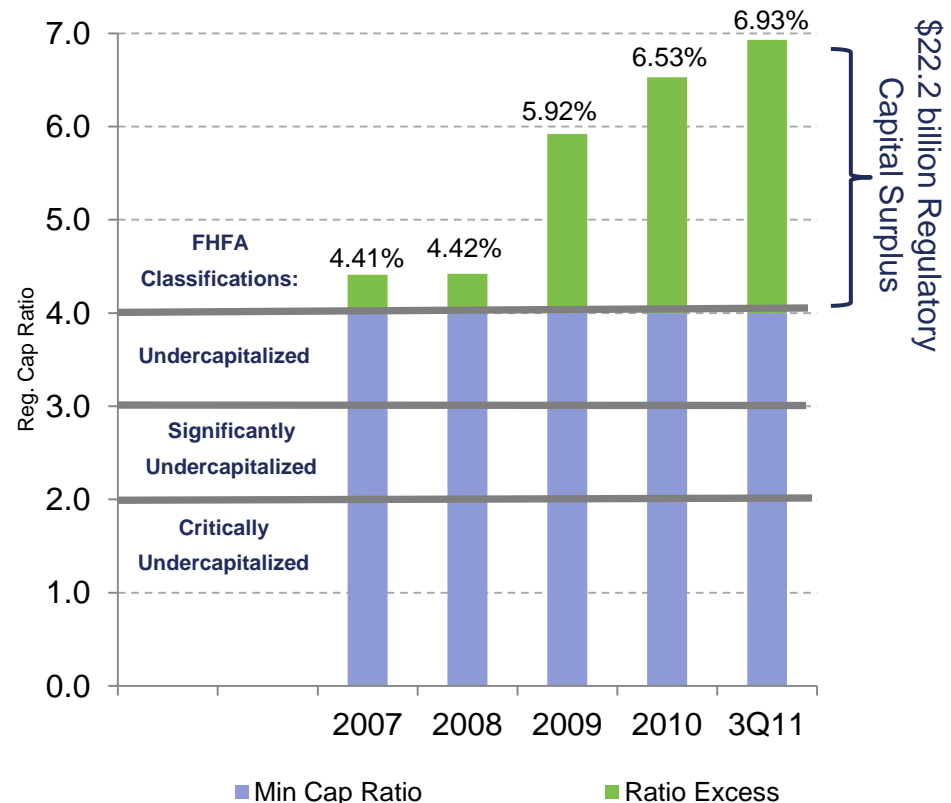
Operations Risk

Equal to 30% of the sum of the credit and market risk components

Capital Preservation

- FHLBanks may voluntarily suspend or eliminate dividends and/or early excess stock repurchases, and may increase the membership and/or activity-based stock requirements to preserve or create additional capital
- FHFA-ordered prompt corrective action for undercapitalized FHLBanks may include:
 - Development and implementation of capital restoration plans, risk management controls, and/or placing limits on dividends and stock redemptions
 - Increasing capital requirements or temporary surcharges in excess of statutory or regulatory minimums
- FHFA retains the ultimate authority to place any FHLBank into conservatorship, or merge FHLBanks

Surplus Capital Reflects Successful Preservation Efforts



FHLBanks' Joint Capital Enhancement Agreement will build retained earnings capital base

A Full Range of Debt Products

FHLBanks utilize multiple debt programs and issuance methods

Discount Notes

Window

Active window program with maturity and settlement flexibility

Auction

Twice weekly offerings of 1-, 2-, 3-, and 6-month maturities

Medium-Term Notes (MTNs)

Reverse Inquiry

Reverse inquiry method utilized for callables, floaters, and structured notes

Auction

Auction method used to distribute bullet (TAP) and American option callable securities

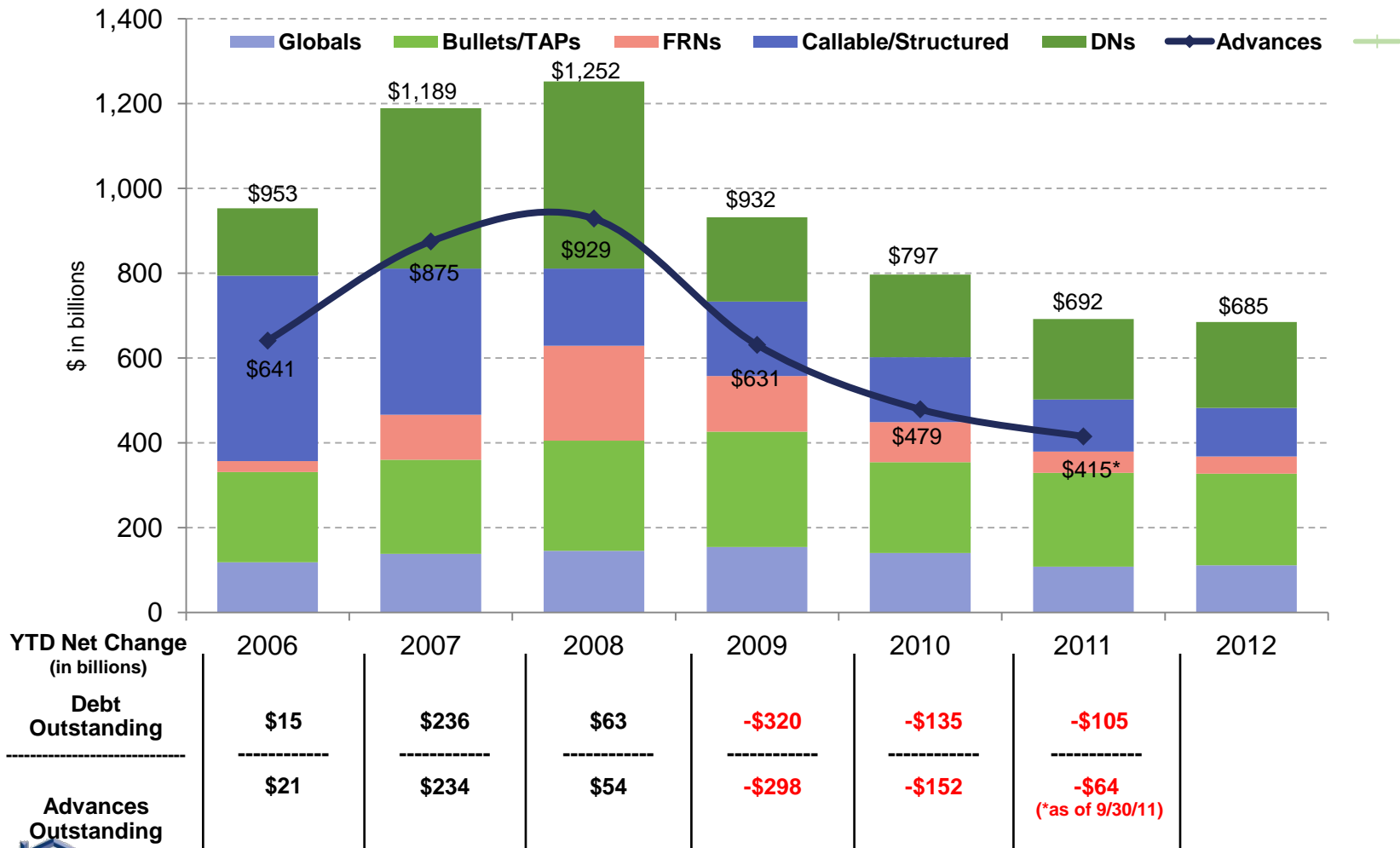
Globals

Syndication

Programmatic calendar issuance of liquid “benchmark” size bullets

Total Debt Outstanding

Debt Outstanding has Declined, Reflecting Trends in Advances



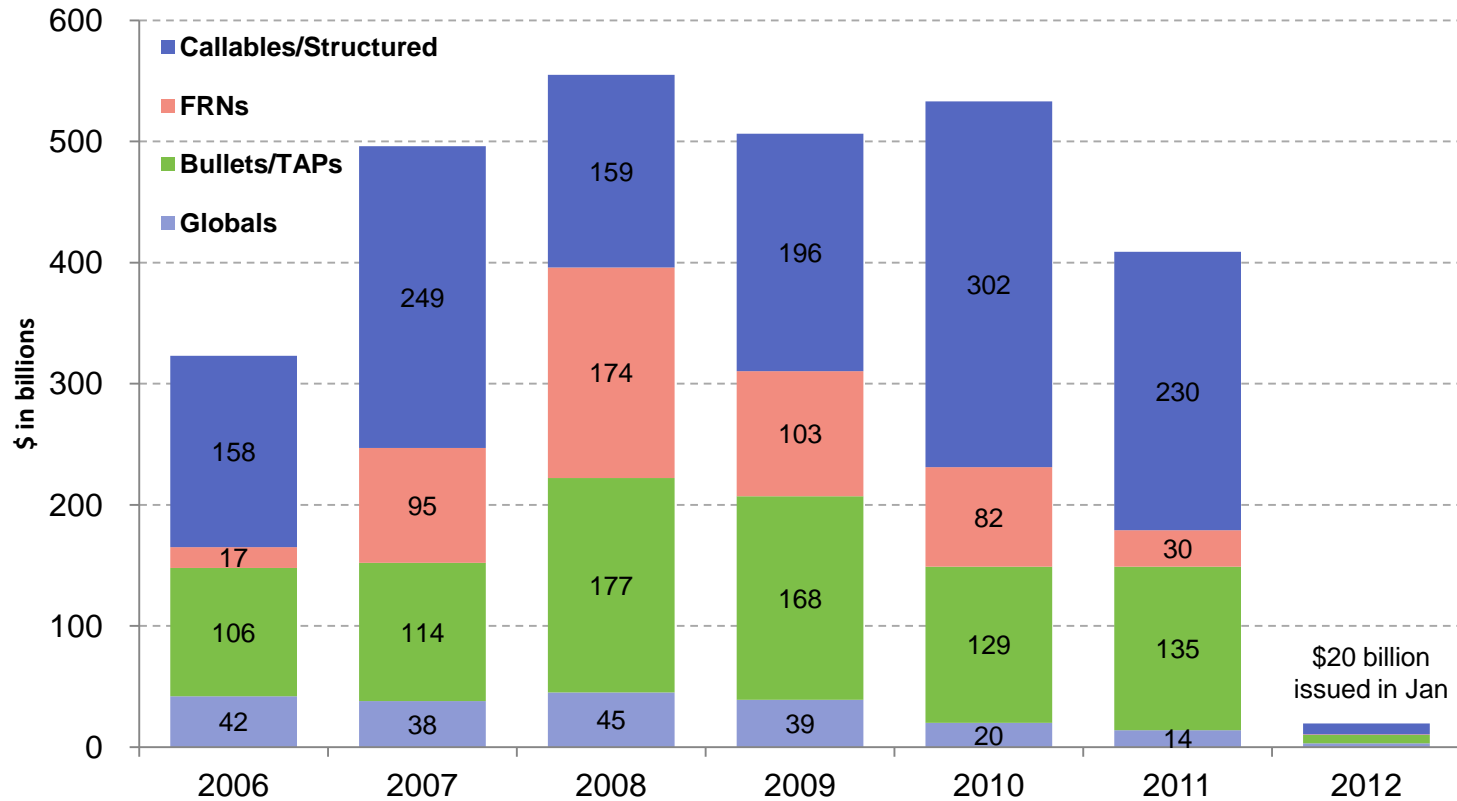
YTD Net Change (in billions)	2006	2007	2008	2009	2010	2011	2012
Debt Outstanding	\$15	\$236	\$63	-\$320	-\$135	-\$105	
Advances Outstanding	\$21	\$234	\$54	-\$298	-\$152	-\$64 (*as of 9/30/11)	



Source: FHLBanks Office of Finance – by settlement date – as of 1/31/12 and subject to rounding

Term Debt Issuance

Issuance Tracks Advances & Adapts to Shifts in Investor Preference



\$20 billion issued in Jan

**Total Term
DNs Issued**
(in billions)

\$1,346

\$1,700

\$2,732

\$1,486

\$1,194

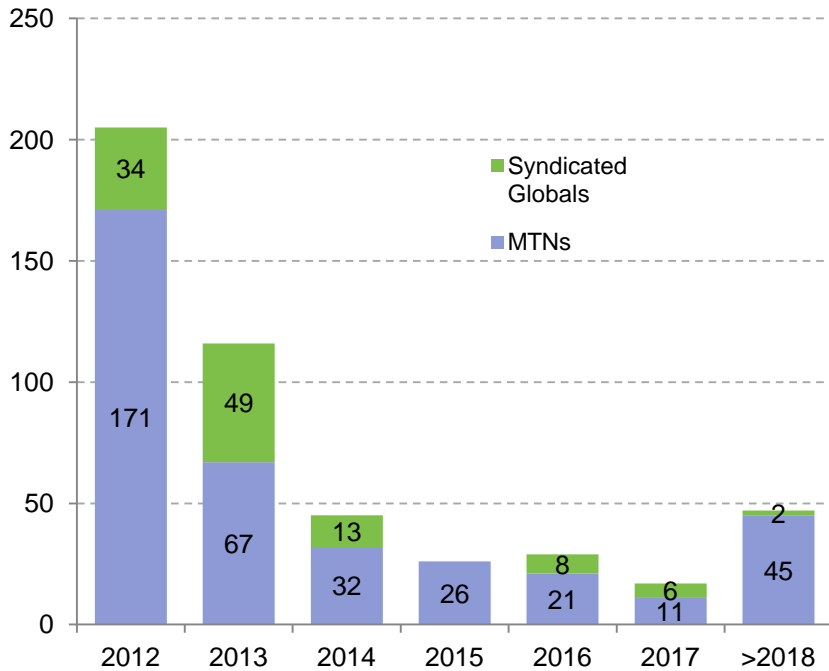
\$1,047

\$73



Term Debt Refunding

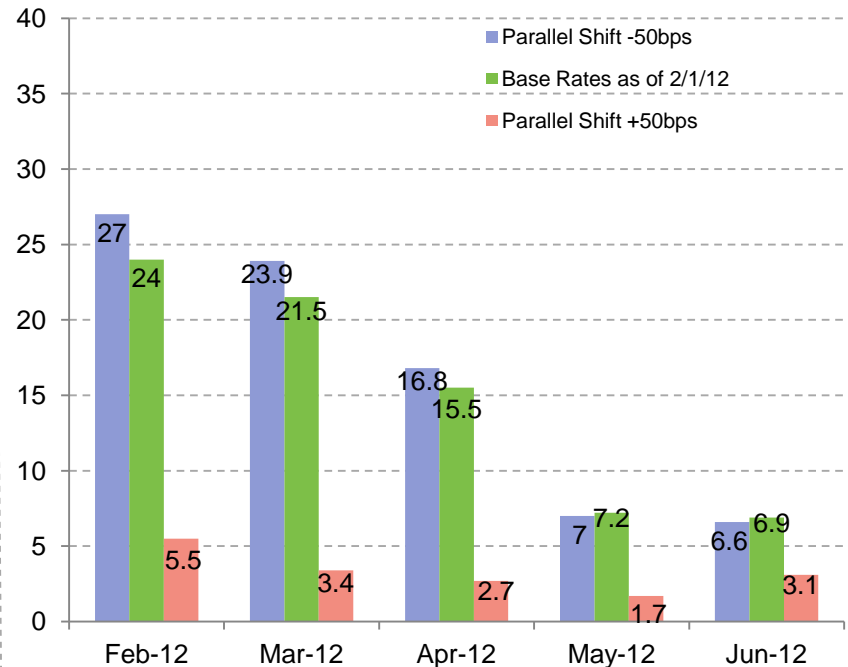
Scheduled Bond Maturities (\$ in billions)



\$253 billion maturities in 2011

\$343 billion maturities in 2010

Projected Calls (\$ in billions)

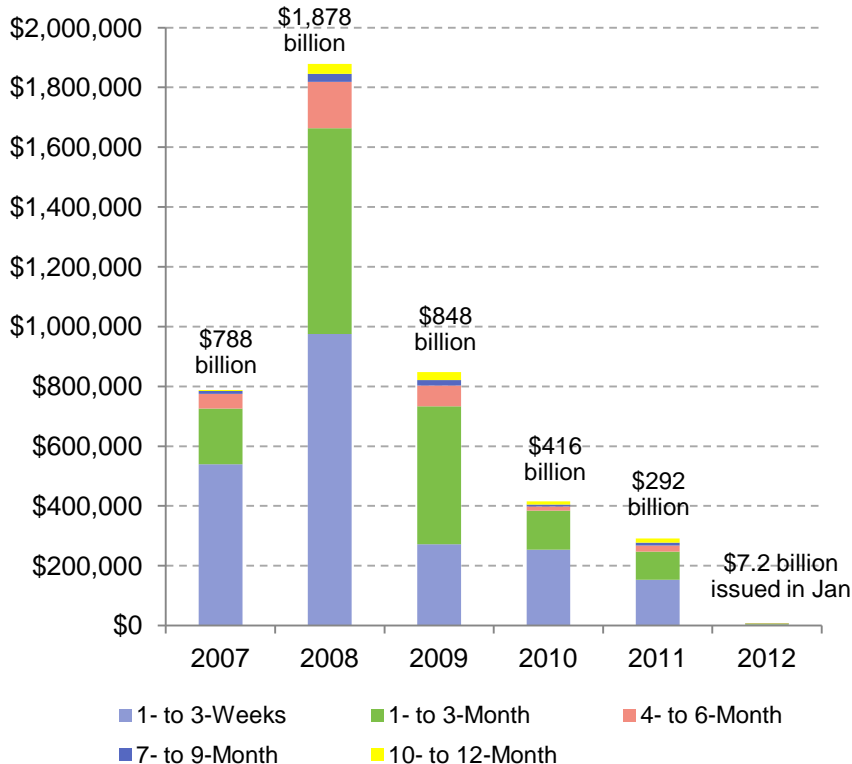


Estimates based on certain rate and volatility assumptions. Actual call activity may differ, and can be affected by a variety of factors including but not limited to shifts in the interest rate environment, the amount of callable debt outstanding, debt refunding costs, FHLBank asset/liability strategy, and the overall funding environment.

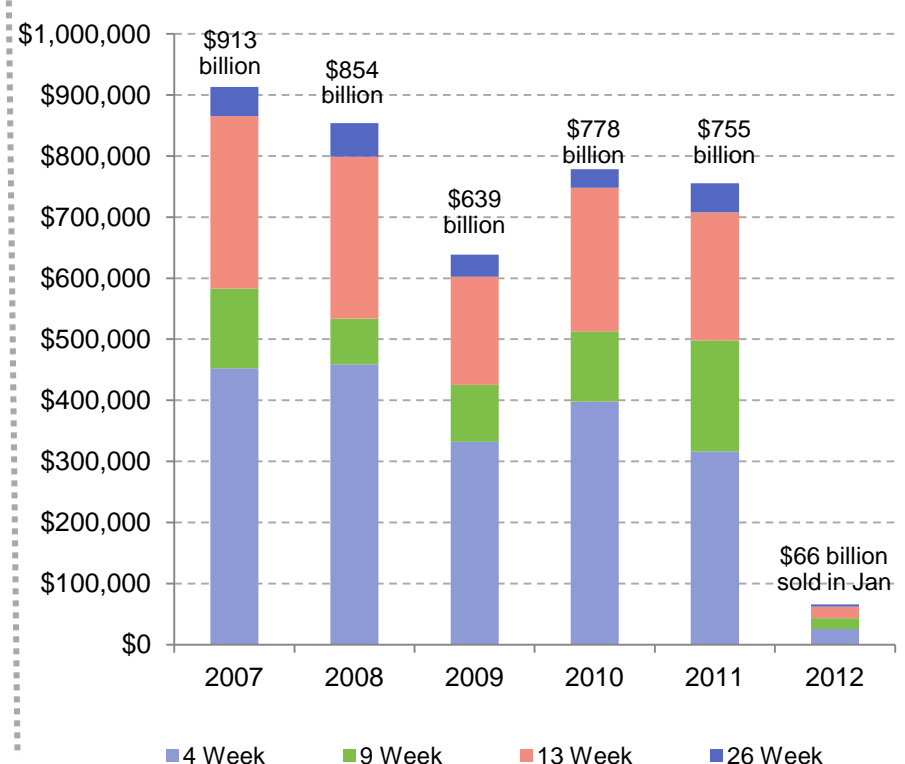
Discount Notes

- Active window program with maturity and settlement flexibility and twice weekly auction program for 1-, 2-, 3-, and 6-month maturities
- 19 member selling group (and broader reallocation group)
- Term DNs represent approximately 30% of total debt outstanding and had an outstanding WAM of 53.12 days as of 1/31
- Overnight DNs sales averaged \$22.2 billion per day in 2010 and \$12.4 billion per day in 2011

Window Sales by Maturity
(\$ in millions)



Auction Sales by Maturity
(\$ in millions)



Callable Debt

FHLBanks are a Significant Issuer of Callables

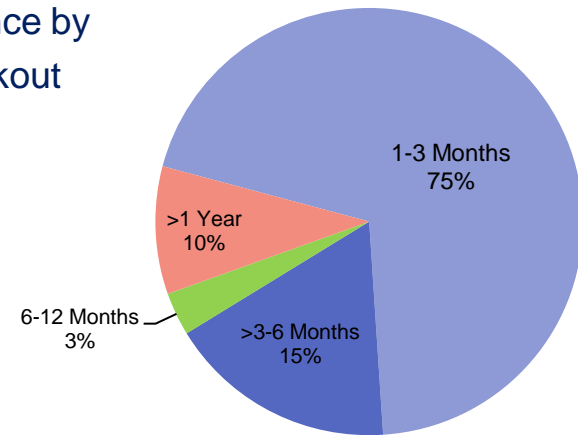
Benefits to the FHLBanks

- Essential component of core funding for both advances and investment portfolios
- Provides a natural hedge to embedded optionality in MBS investments

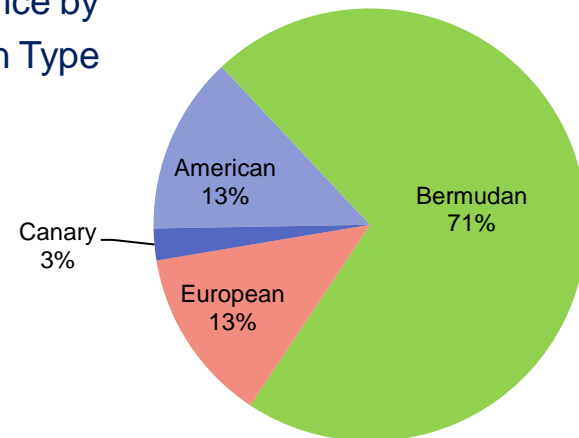
Benefits to Investors

- Flexible reverse inquiry process delivers a high degree of customization
- Callables offer enhanced yield over comparable bullets and allow investors to express views on volatility and/or the yield curve without sacrificing credit quality or utilizing derivatives

Issuance by Lockout



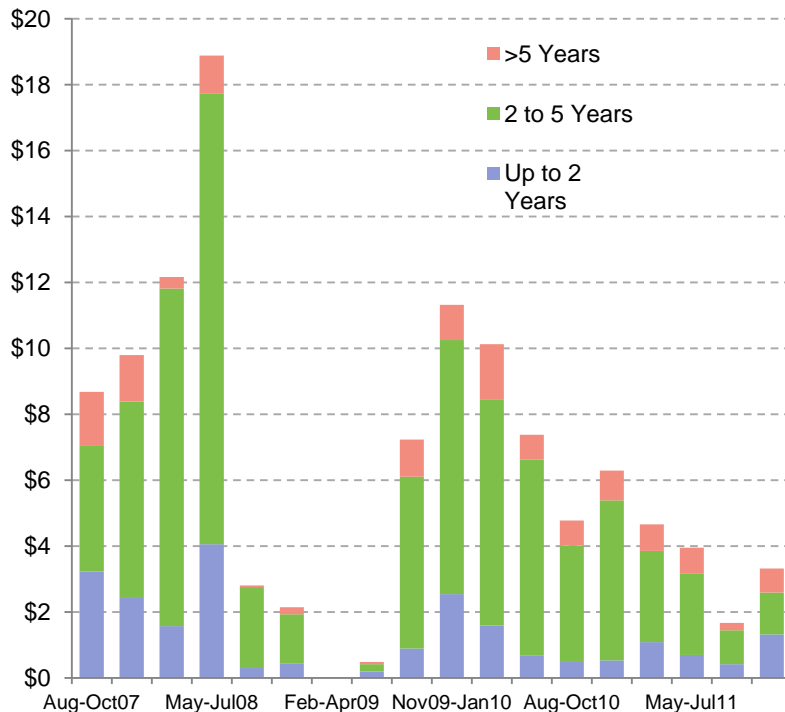
Issuance by Option Type



TAP Program

- Created to coordinate and standardize issuance of non-Global bullet debt
- New securities issued on a quarterly basis and then re-opened as frequently as daily throughout the 90-day cycle via a 20 dealer selling group
- TAPs typically offer liquidity-adjusted yield over comparable FHLB Globals and other agency benchmarks

Recent TAP Issuance Cycles
(by trade date - \$ in billions)



2-Yr TAP vs. 2-Yr Global Asset Swap Spread
(in bps)



Global Bond Program

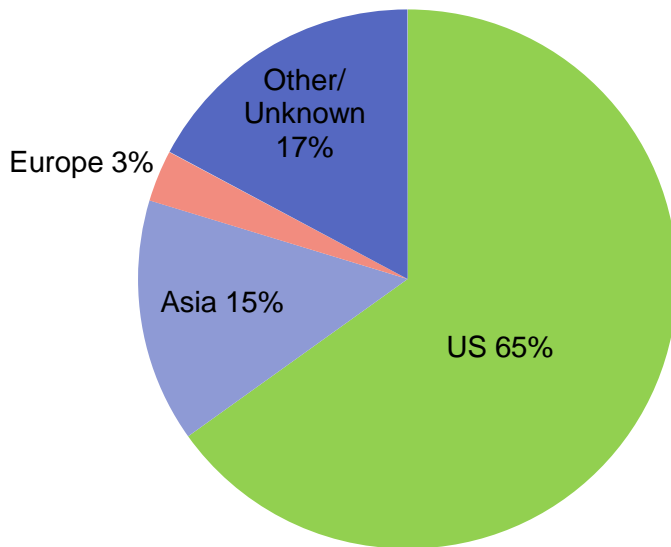
- FHLBanks announce the maturity, size, and dealer selection of Globals exclusively on predetermined dates
- FHLBanks will have the option to issue one or more new Globals, and/or one or more re-openings on the announcement dates, or may forego issuance on any given announcement date
- 2- through 3-year maturities are a minimum of \$3 billion for new issues and \$1 billion for re-openings; 5- through 10-year new issues are a minimum of \$2 billion for new issues and \$500 million for re-openings
- \$20.25 billion in new supply issued over five new transactions and five re-openings during 2010, \$14.25 billion issued in 2011 over four new transactions and two re-openings

2012 Global Calendar			
Q1	January 18 <i>\$3 billion 2-yr</i>	February 8 <i>Pass</i>	March 19
Q2	April 2	May 2	June 13
Q3	July 11	August 21	September 4
Q4	October 2	November 8	December 3

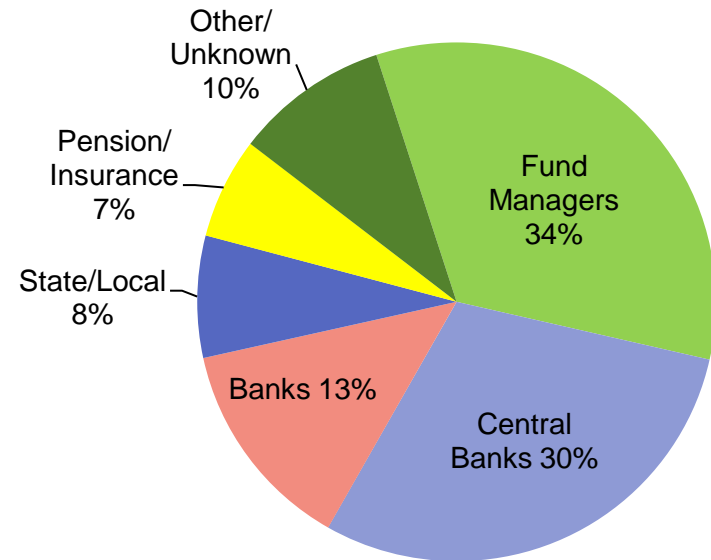
Global Bond Distribution

Bullet Issues – Feb 2011 through Jan 2012

By Region



By Investor Type



Conclusion

Well Capitalized



Self-capitalizing business model and capital preservation authority work together to provide a stable capital base

Fully Collateralized



Fully-collateralized lending model combined with the “super lien” have shielded the FHLBanks from any credit losses on advances in our 79-year history

Cooperatively Organized



No public equity - FHLBank customers are also the owners, which fosters conservative management and a long-term view of financial performance

Joint & Several Support



FHLBanks share joint & several liability to repay all senior debt obligations

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