FHLBANKS OFFICE OF FINANCE

Debt Investor Update

March 2018

FORWARD-LOOKING STATEMENTS

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.

These forward-looking statements involve risks and uncertainties including, but not limited to, the following: changes in the general economy, employment rates, housing market activity and housing prices, and the size and volatility of the residential mortgage market; volatility of market prices, interest rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks resulting from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve Board and the FDIC, or a decline in liquidity in the financial markets; political events, including legislative, regulatory, judicial, or other developments that affect the FHLBanks, their members, counterparties or investors in the consolidated obligations of the FHLBanks, including changes in the FHLBank Act, housing GSE reform, Finance Agency actions or regulations that affect FHLBank operations, and regulatory oversight; competitive forces, including other sources of funding available to FHLBank members, and other entities borrowing funds in the capital markets; demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands; loss of large members and repayment of advances made to those members due to institutional failures, mergers, consolidations, or withdrawals from membership; changes in domestic and foreign investor demand for consolidated obligations or the terms of interest-rate exchange agreements and similar agreements, including changes in the relative attractiveness of consolidated obligations as compared to other investment opportunities and changes resulting from any modification of credit ratings; the availability, from acceptable counterparties, of derivative financial instruments of the types and in the quantities needed for risk management purposes; the ability to introduce new products and services and successfully manage the risks associated with those products and services, including new types of collateral used to secure advances; and the effect of new accounting guidance, including the development of supporting systems and related internal controls.

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.

This data has not been audited and has been prepared for informational purposes only. While it is believed to be correct, accuracy cannot be guaranteed.

FHLBanks are High-Quality, Low-Risk Housing GSEs

Durable	**Solid Asset Quality**	The FHLBanks are reliable liquidity providers through a fully-collateralized lending model that has shielded the FHLBanks from sustaining any credit losses on advances for 85 years.
Scalable	**Dynamic Capital Base**	Cooperative member-provided capital base is designed to expand and contract in response to member borrowing needs.
Flexible	**Investor and Market Driven Issuance Model**	The FHLBanks maintain issuance programs designed to meet changing investor needs, and continue to obtain a majority of funding via reverse inquiry.

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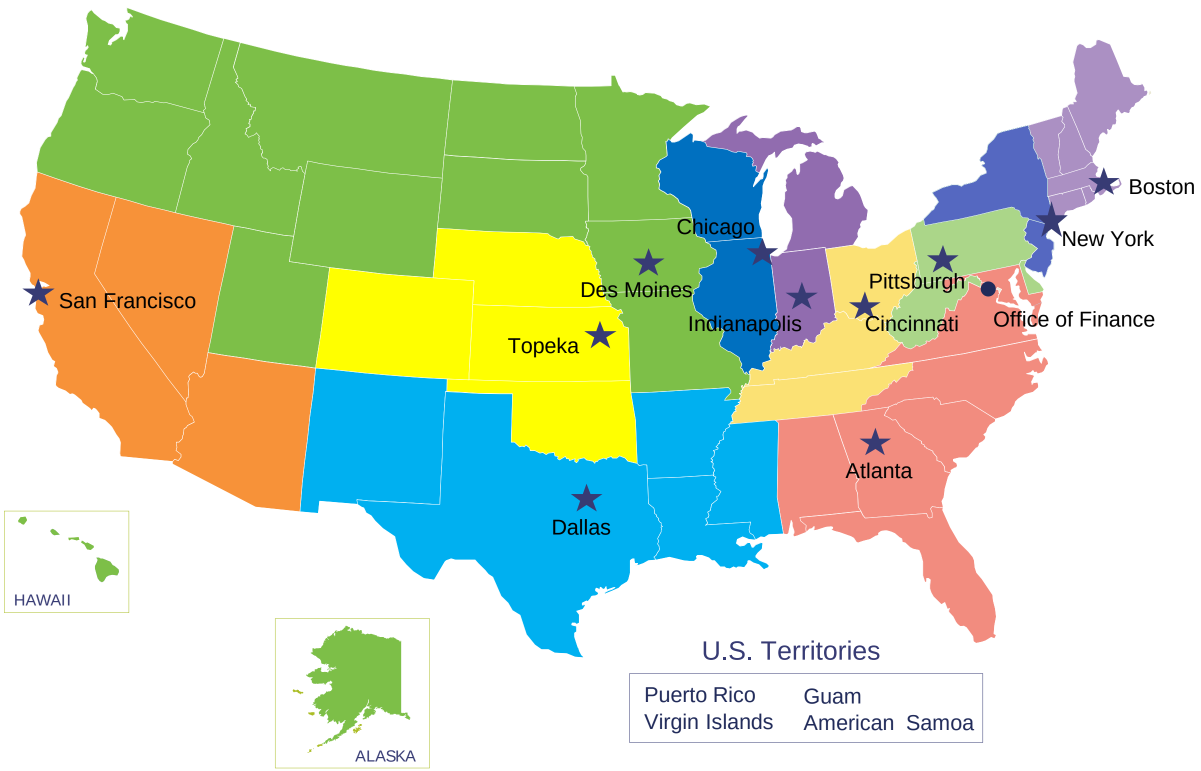
FHLB System Overview

The 11 FHLBanks are government-sponsored enterprises (GSEs) organized as cooperatives 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 approximately 7,000 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



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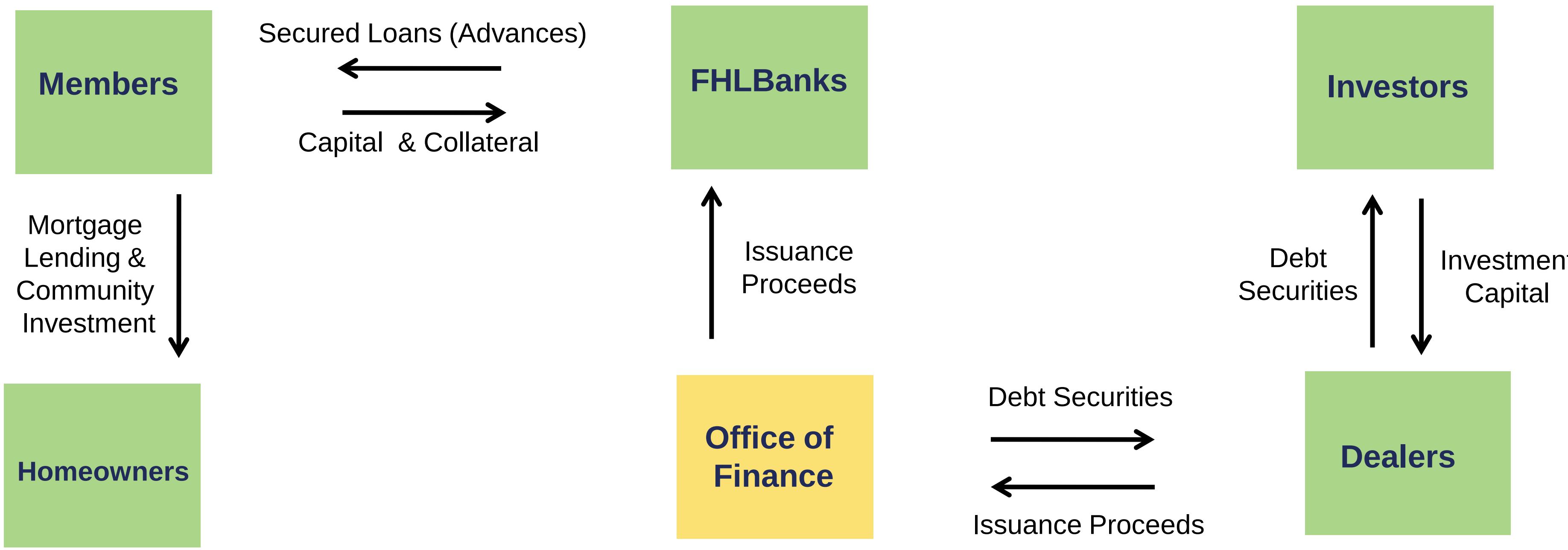
FHLBanks Provide Liquidity



Membership is voluntary and generally limited to:

- Federally-insured depository institutions
- Insurance companies
- Community Development Financial Institutions

All senior unsecured debt securities issued through the Office of Finance (“Consolidated Obligations”) are the **joint and several** obligations of the entire FHLBank System.

Current ratings:

- S&P: AA+ / A-1+ / stable outlook
- Moody’s: Aaa / P-1 / stable outlook

Combined Financial Highlights

($ in billions)	2012	2013	2014	2015	2016	2017[4]
Advances (Secured Loans)	426	499	571	634	705	719
Cash & Liquidity	103	101	108	107	115	141
Term Investments	182	188	188	181	185	182
Mortgage Loans Held for Portfolio[1]	50	45	44	44	48	52
Total Assets	**763**	**834**	**913**	**969**	**1,056**	**1,098**
Retained Earnings	10.5	12.2	13.2	14.3	16.3	17.7
Total Capital (GAAP)	43	45	47	48	53	55
Regulatory Capital[2]	51	51	50	49	54	56
Regulatory Capital Ratio[3]	6.69%	6.06%	5.43%	5.10%	5.14%	5.11%
Net Income	2.6	2.5	2.3	2.9	3.4	2.5

(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) Each FHLBank maintains a minimum 4% regulatory capital-to-asset ratio

(4) For the nine months ended 9/30/17

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Source: Combined Financial Reports – subject to rounding

A Self-Capitalizing Model

Capital Generally Tracks Advances

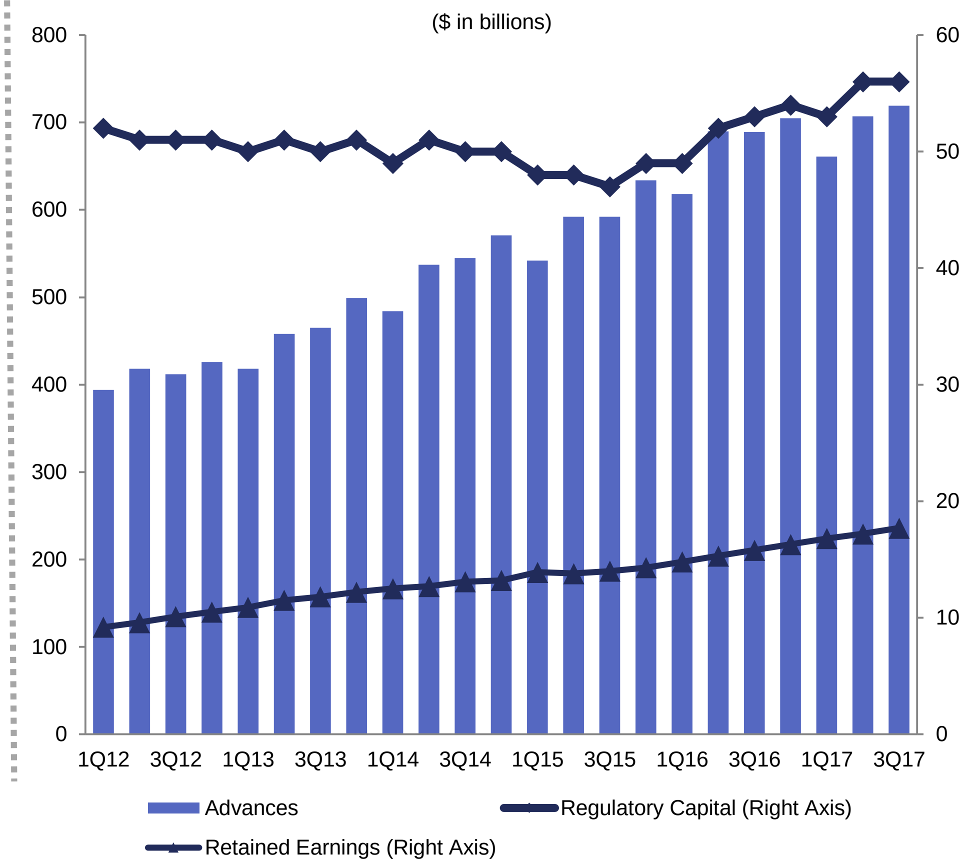
- Members are required to capitalize all advances, typically at 4.0% to 5.0% of principal borrowed
- FHLBanks typically repurchase capital stock once the associated advances have been repaid

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

Retained Earnings have grown over 500% since 2008 as the FHLBanks strengthened this component of capital as a risk mitigant for both investors and members

Capital vs. Advances



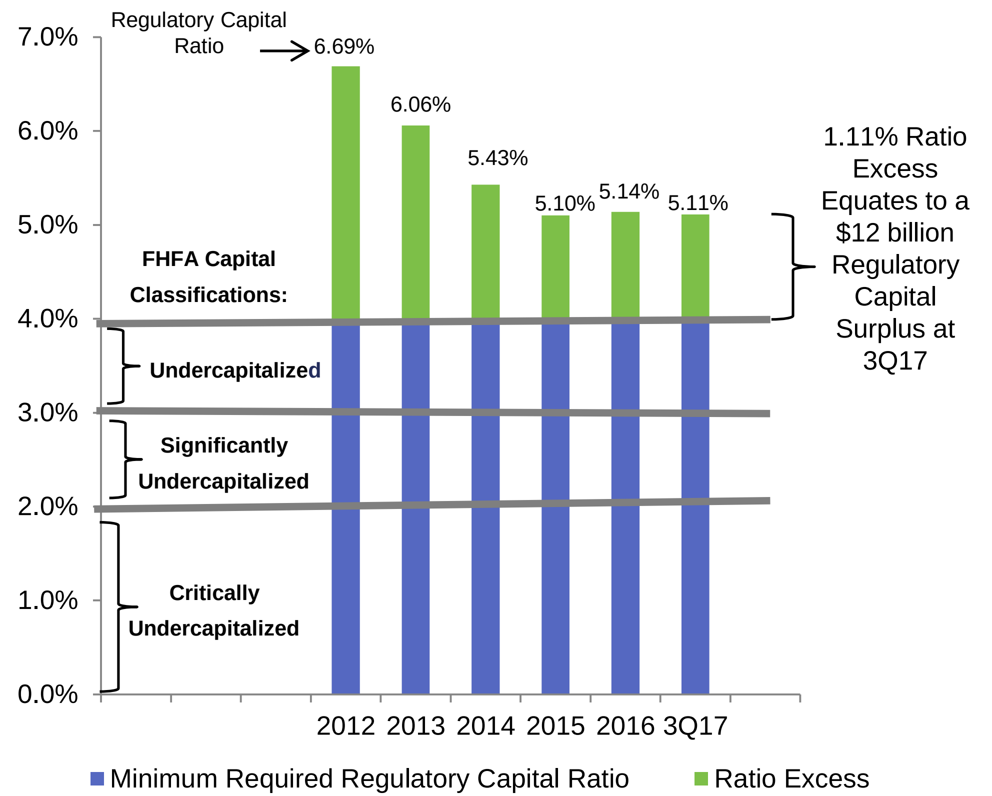
FHFA regulation prohibits member stock redemption if it could result in FHLBank undercapitalization

Source: Historical Combined Financial Reports

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

Regulatory Capital Ratio Reflects Successful Preservation Efforts



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

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Source: Historical Combined Financial Reports and subject to rounding

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

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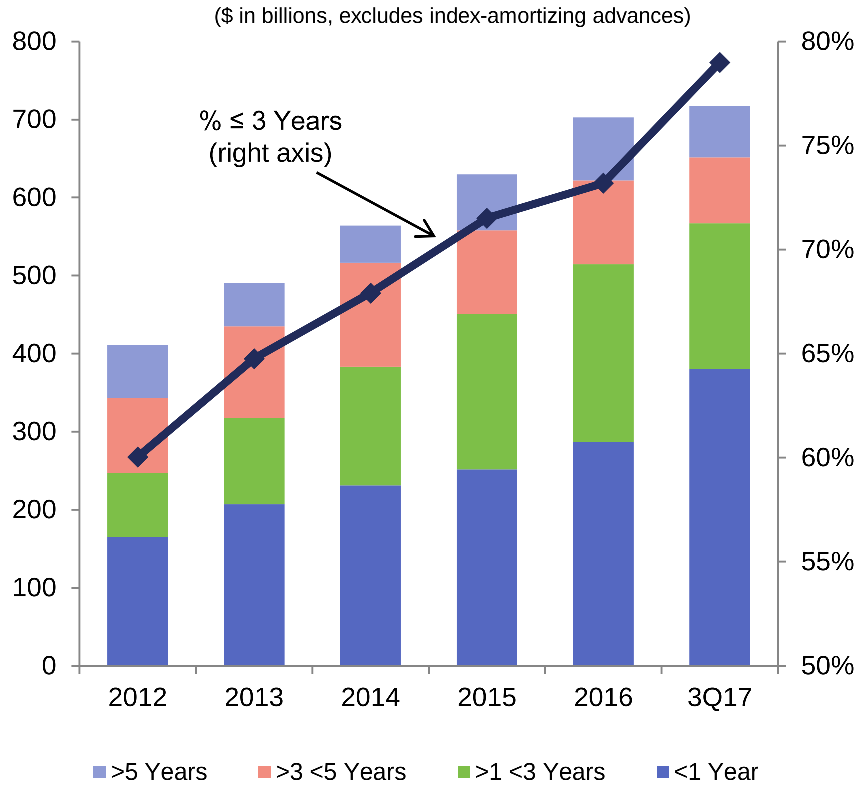
Source: Historical Combined Financial Report

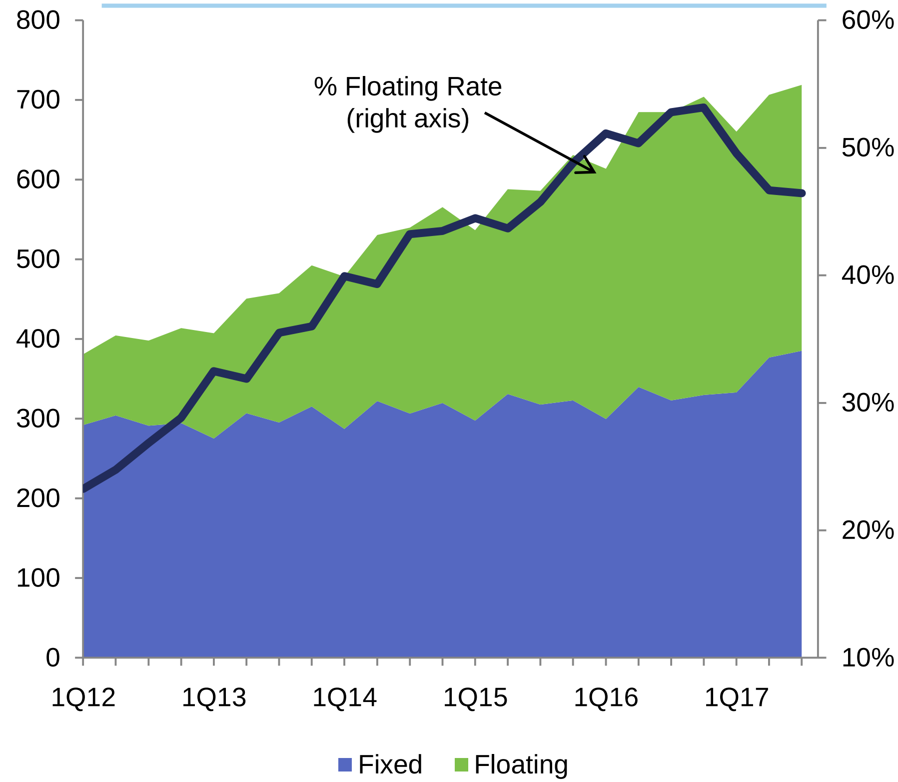
Advances - Reliable Liquidity Source

Members Have Recently Exhibited a Preference for Fixed Rate Advances

Advances by Maturity



Advances by Structure



Advances represent approximately 65% of total assets at 3Q17

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Source: Combined Financial Reports – based on par value, excludes accounting adjustments

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

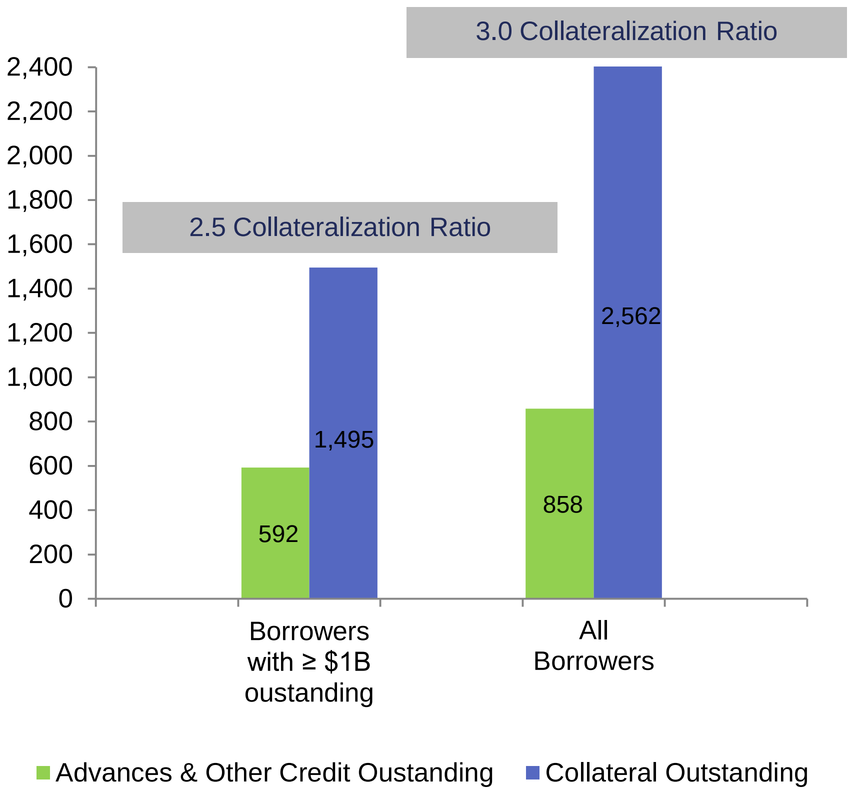
FHLBanks perfect their secured interests in member assets and receive lien priority over other creditors, including any receiver, conservator, trustee, or similar lien creditor (Competitive Equality Banking Act of 1987)

Collateral Securing Advances

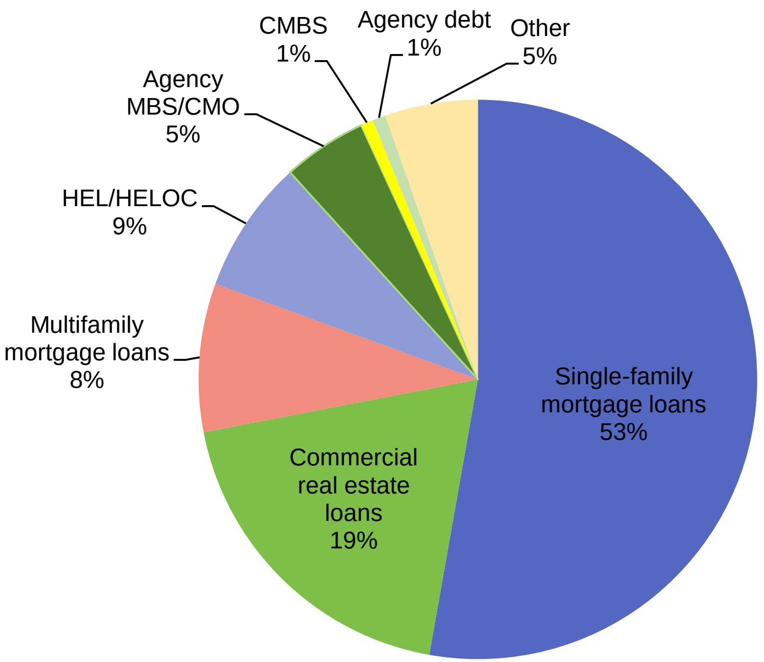
At 3Q17, 107 Borrowers had Advances Outstanding of at Least $1 Billion, Representing $513 Billion, or 71% of Total Advances

Total Credit Exposure vs. Collateral Outstanding

($ in billions)



Type of Collateral Securing Advances and Other Credit Products Outstanding



Source: 3Q 2017 Combined Financial Report

Collateral Lending Values

Collateral Type	Average Effective Lending Value[1] Blanket Lien	Listing	Delivery
Cash, U.S. government, & U.S. Treasury securities	N/A	N/A	93%
State & local government securities	N/A	N/A	89%
U.S. agency securities	N/A	N/A	95%
U.S. agency MBS/CMO	N/A	N/A	95%
Private-label MBS/CMO	N/A	N/A	83%
CMBS	N/A	N/A	84%
Single-family mortgage loans	80%	86%	78%
Multifamily mortgage loans	74%	82%	75%
Other US government-guaranteed mortgage loans	84%	91%	N/A
Home equity loans & LOCs	64%	65%	63%
CFI [2] collateral	55%	68%	57%
Commercial real estate loans	68%	73%	71%
Other loan collateral	49%	79%	72%

(1) Please see the pg 82 of the 2016 Combined Financial Report for the range of effective lending values applied to collateral

(2) Community Financial Institution – Total assets capped at $1.148 billion for 2017 by FHFA and adjusted annually for inflation

Source: 2016 Combined Financial Report

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

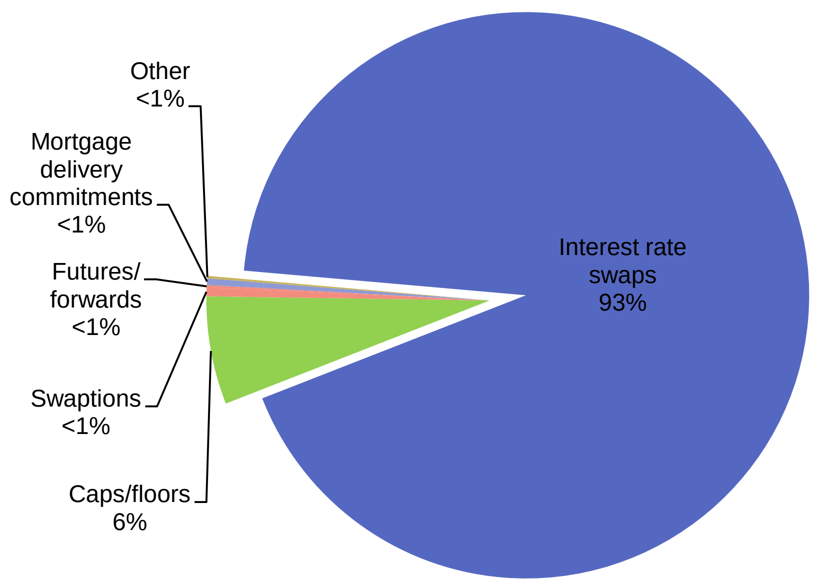
- Interest rate risk is managed through a combination of callable and non-callable debt issuance and derivatives to achieve cash flow patterns and liability durations similar to the mortgages
- A combination of swaps and options, including futures, may be used as a portfolio of derivatives linked to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

Derivatives

$1.8 Billion Net Credit Exposure to Counterparties on $401 Billion Derivative Notional at 3Q17

- 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
- The FHLBanks, as required under Dodd-Frank legislation, clear certain types of derivative transactions through derivative clearing houses

Derivative Notional Outstanding by Instrument Type



Source: 3Q 2017 Combined Financial Report

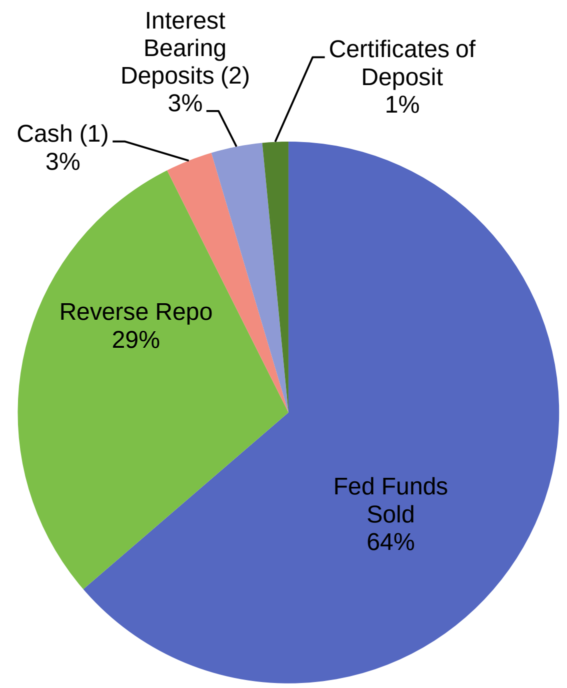
Liquidity Portfolio

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
- Liquidity portfolio represents 13% of total assets at 3Q17

Liquidity Portfolio

$141 billion



(1) Includes collected cash balances with commercial banks in return for services, and pass-through reserves deposited with Federal Reserve Banks on behalf of members

(2) May include FHLBank members

Source: 3Q 2017 Combined Financial Report - Based on carrying value and subject to rounding

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Investment Portfolio

FHLBanks Invest Primarily In Highly-Rated Securities

- FHLBanks maintain long-term investment portfolios to enhance interest income, cover operating expenses and bolster capacity to meet affordable housing commitments
- Approximately 94% of investment securities are rated double-A or higher
- Regulation limits MBS investments to 300% of capital (1)
- FHLBank policies generally permit purchase of triple-A rated MBS only
- Investment portfolio represents approximately 17% of total assets at 3Q17

(1) Current regulatory policy prohibits an FHLBank from purchasing MBS if its investment exceeds 300% of previous month-end regulatory capital on the day it purchases the securities

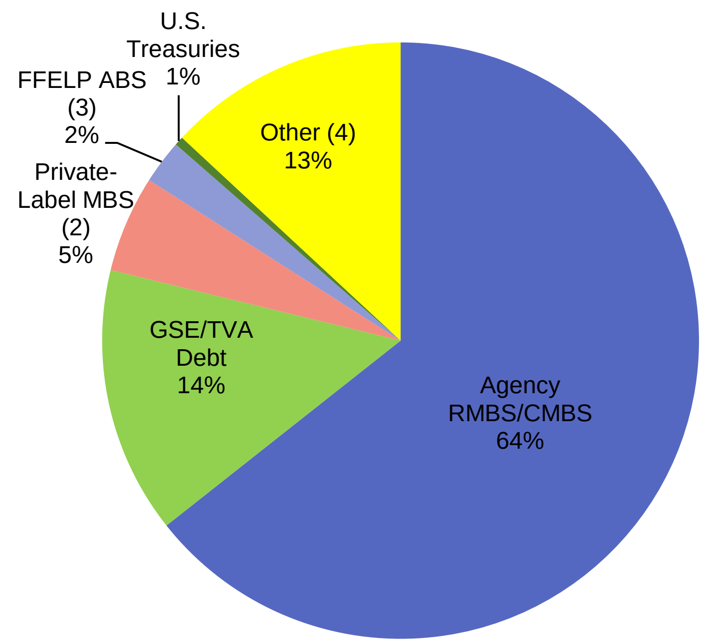
(2) Includes non-agency RMBS, home equity ABS, & MH loan ABS

(3) Federal Family Education Loan Program

(4) Includes state/local housing agency obligations & GNMA securities

MBS & Term Investment Portfolio

$182 billion



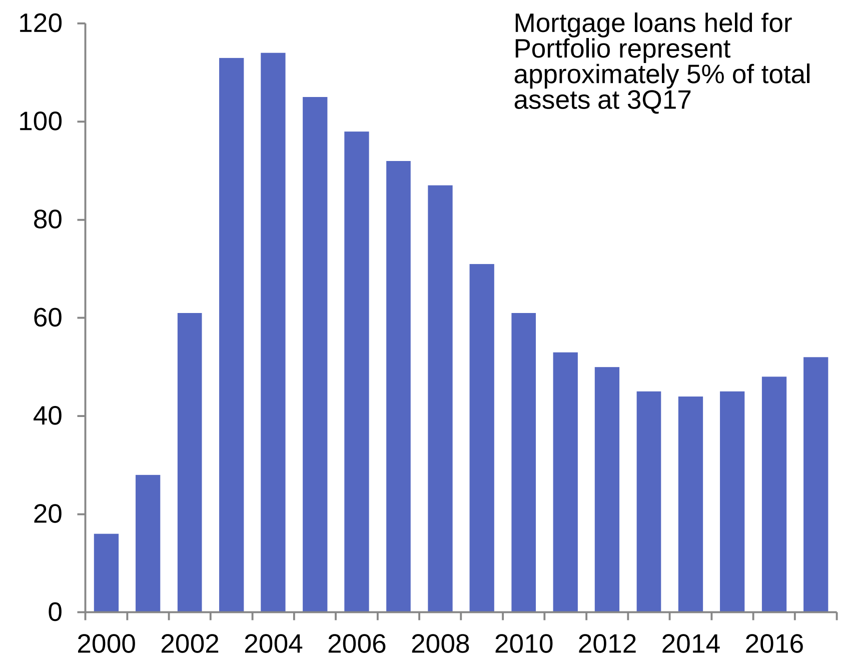
Source: 3Q 2017 Combined Financial Report - Based on carrying value and subject to rounding

Mortgage Purchase Programs

- MPF® (Mortgage Partnership Finance) and MPP (mortgage purchase program) were created as alternatives to traditional GSE guarantee programs
  - Members ***retain*** 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
  - Loans credit-enhanced to double-A equivalent
- Additional programs provide a conduit that enables members to leverage their FHLBank membership to transfer credit risk and gain access to liquidity for a variety of other loans
  - Programs available for non-agency jumbo, agency conforming, and government guaranteed loans
  - Members are not required to provide credit enhancement and do not receive fees

Mortgage Loans Held for Portfolio

($ in billions)



Source: Combined Financial Reports and subject to rounding

Debt Issuance Programs

FHLBanks Use 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, bullets, floaters, and structured notes
	Auction	Auction method used to distribute bullet (TAP) and American option callable securities
Globals	Syndication	Strategic calendar issuance of liquid “benchmark” size bullets

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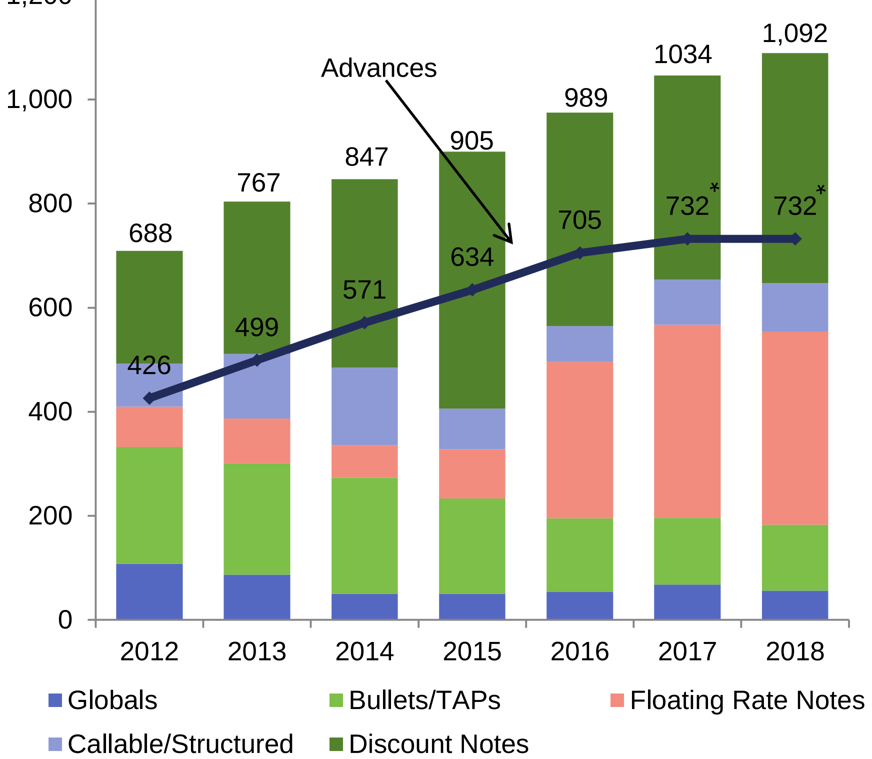
Debt Profile Reflects Member and Investor Demand

Total Debt Outstanding

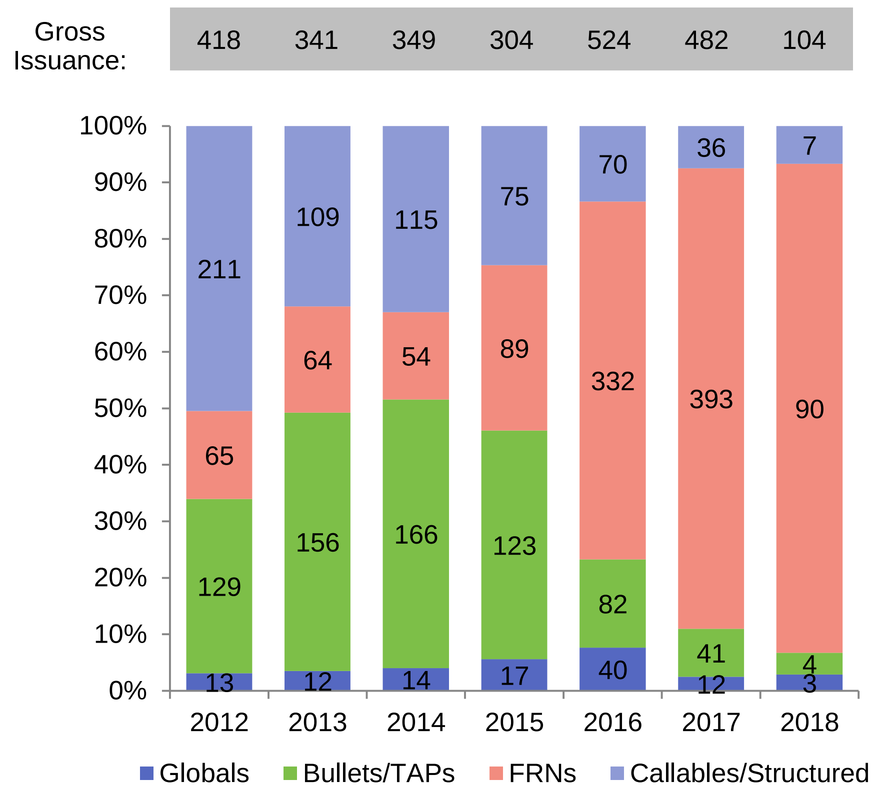
($ in billions)



*As of 12/31/17

Bond Issuance*

($ in billions)



*Coupon debt only – excludes discount notes

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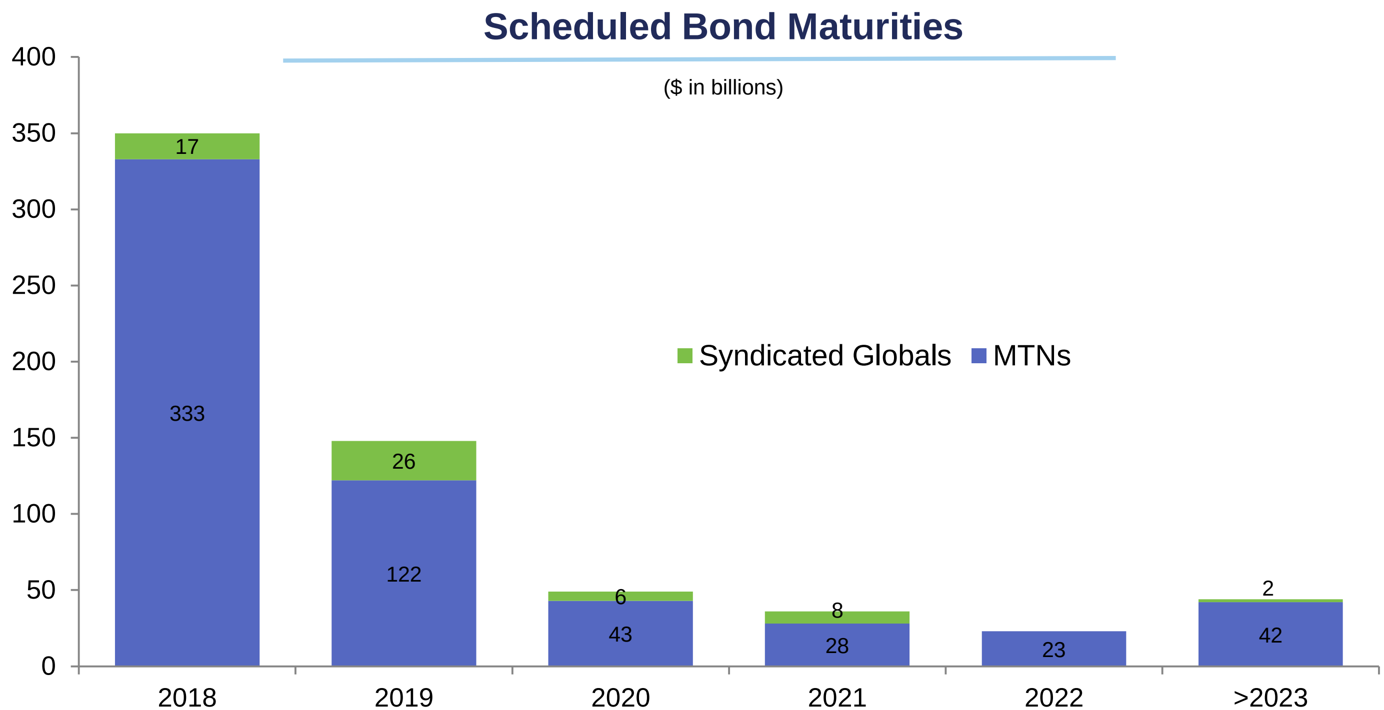
Source: FHLBanks Office of Finance – by settlement date – as of 2/28/18

Term Debt Refunding



Historical Bond Redemption Activity
($ in billions)

	2012	2013	2014	2015	2016	2017	2018
Maturities	$198	$272	$247	$234	$281	$405	$96
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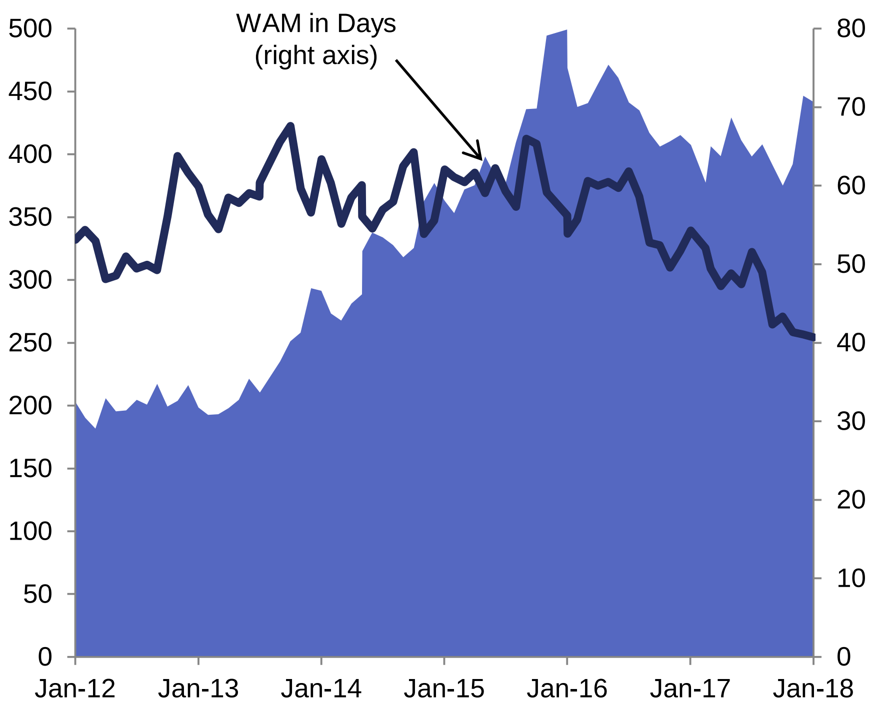
Calls/Retirements	$250	$67	$90	$144	$75	$14	$.17

Source: FHLBanks Office of Finance and subject to rounding – as of 2/28/18

Discount Note Program

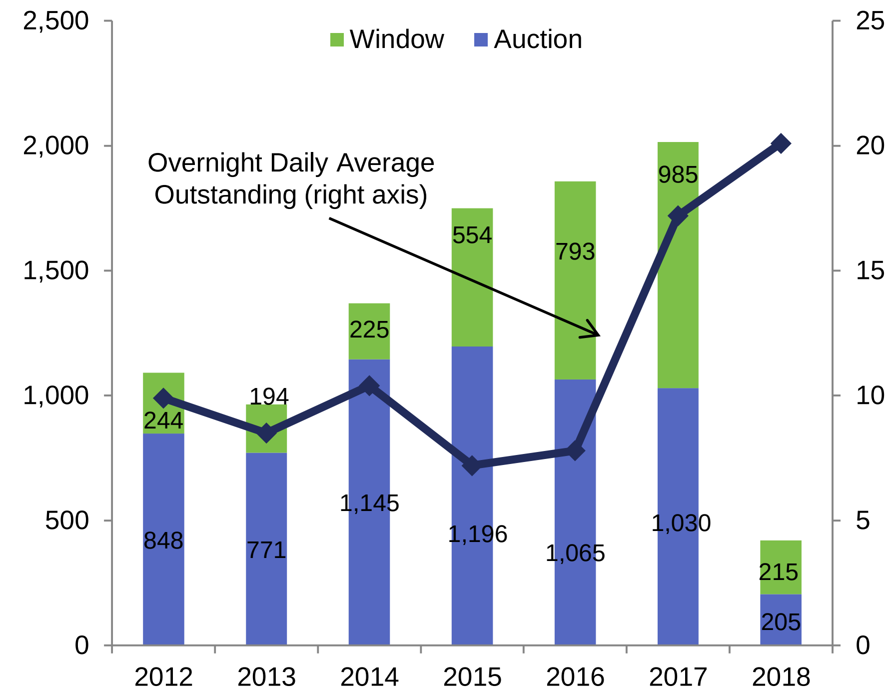
Discount Notes Outstanding

($ in billions)



Discount Note Issuance

($ in billions)



Gross DN Issuance:	1,092	965	1,370	1,750	1,858	2,015	420

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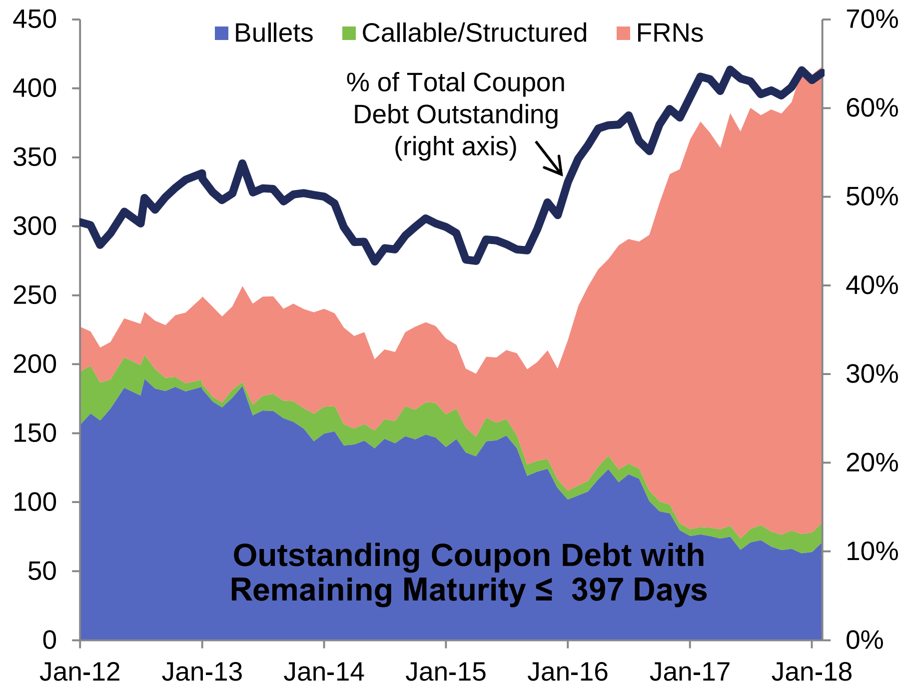
Source: FHLBanks Office of Finance – by settlement date – as of 2/28/18 and subject to rounding

Short-Term Debt

FHLBank Debt has Consistently Met Investors' Needs for Safety and Liquidity

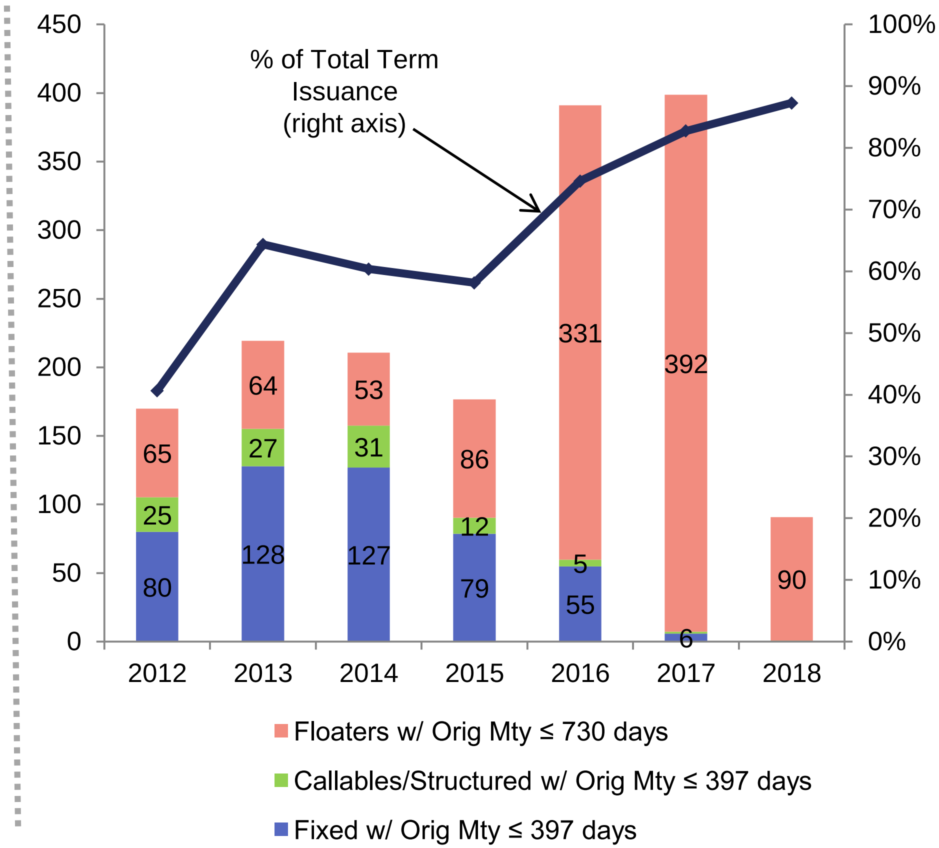
2a-7 Eligible Coupon Debt Outstanding

($ in billions)



Short-term Coupon Debt Issuance

($ in billions)



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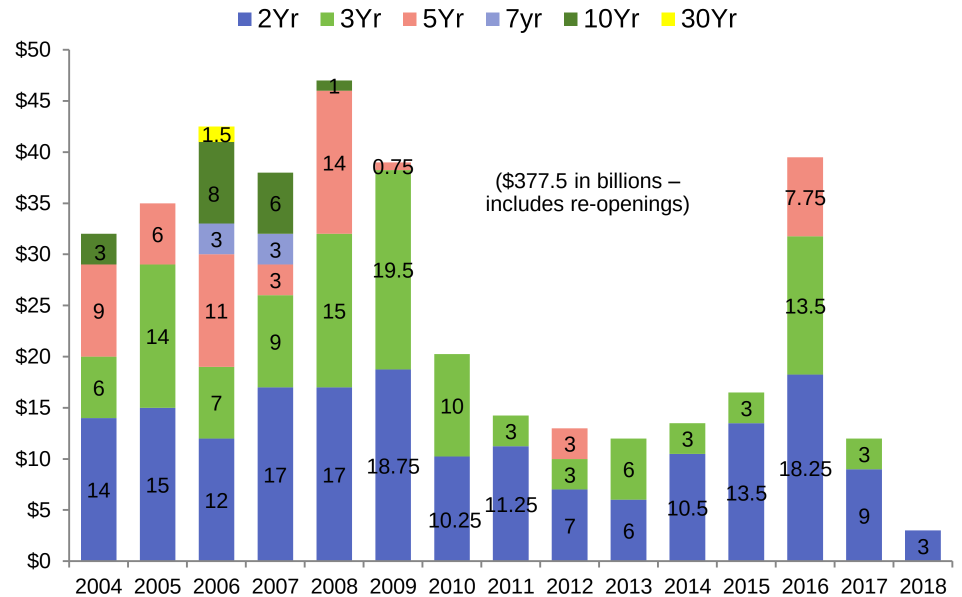
Source: FHLBanks Office of Finance – by settlement date – as of 2/28/18 and subject to rounding

Global Bond Program

- Maturity, size, and dealer syndicate announced exclusively on predetermined dates
- Issuance calendar available at www.fhlb-of.com
- FHLBanks may issue one or more new Globals and/or one or more re-openings on announcement dates, or may forego issuance
- 2- through 3-year maturities are a minimum of $3 billion for new issues and $500 million for re-openings
- 5- through 7-year maturities are a minimum of $2 billion for new issues and $500 million for re-openings
- 10- through 30-year maturities are a minimum of $1 billion for new issues and $500 million for re-openings

Mandated Global Bullet Issuance



Historical Global Bullet Issuance ($ in billions – includes re-openings – 2004 to present)					
	2-Yr	3-Yr	5-Yr	7-Yr	10-Yr
Total Issuance	$182.5	$115	$54.5	$6	$18
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# of New Issues	51	35	17	2	5

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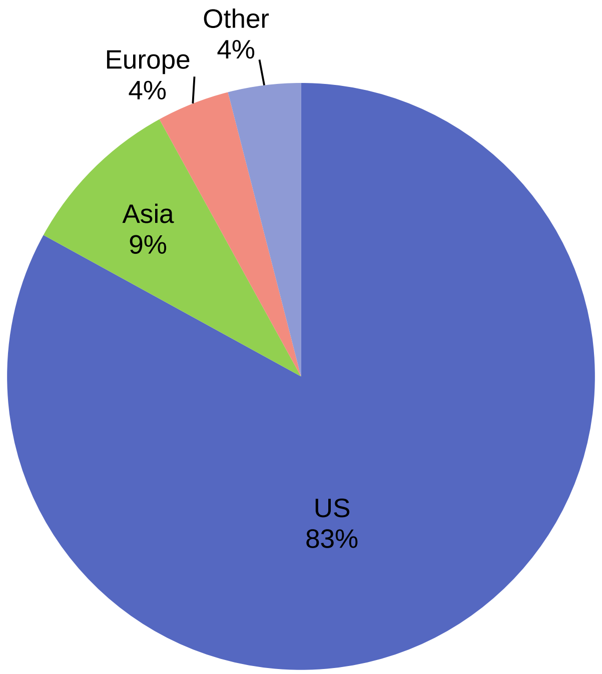
Source: FHLBanks Office of Finance – as of 2/28/18

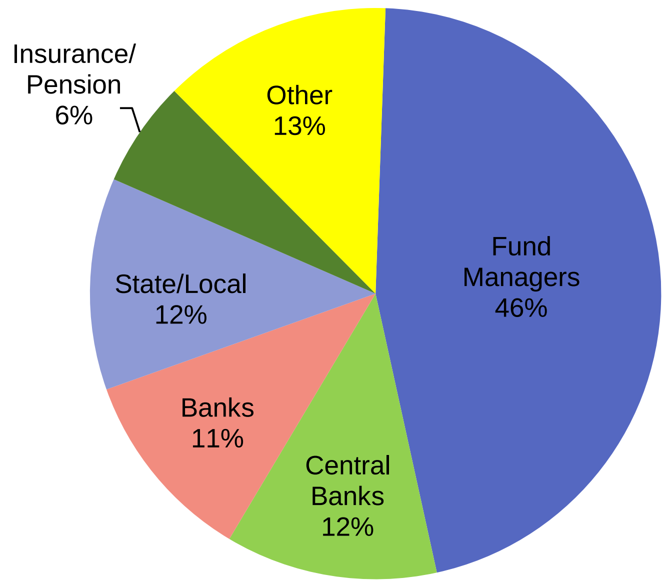
Global Bond Investor Distribution

Mandated Global Bullet Issues – March 2017 through February 2018

By Region



By Investor Type



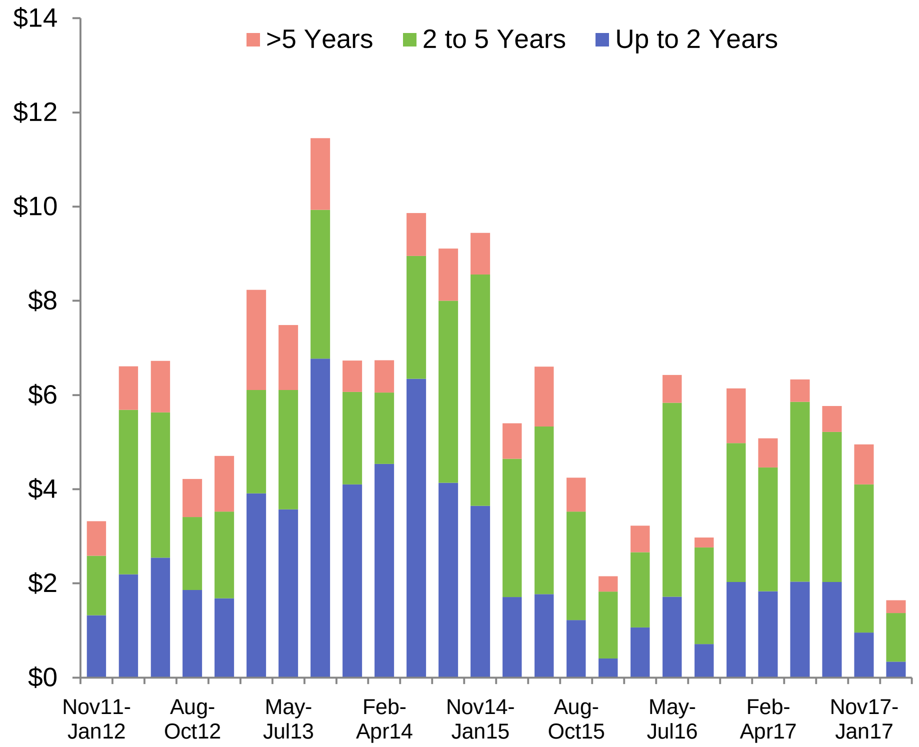
Source: FHLBanks Office of Finance – subject to rounding – “Other” may include investors not specified by underwriters

TAP Program

- The TAP program is designed to coordinate and standardize the issuance of non-Global bullet debt
- New TAP securities are created on a quarterly basis and then re-opened via daily auction throughout a 90-day cycle
- TAPs typically offer liquidity-adjusted yield over comparable FHLB Globals and other agency benchmarks
- TAPs are available to investors through a 21 member dealer bidding group

Recent TAP Issuance Cycles

($ in billions – by trade date)

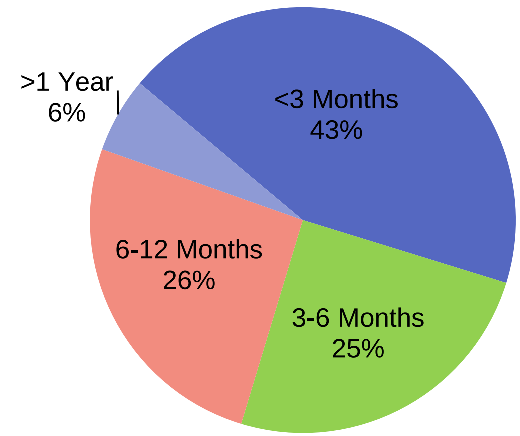


Source: FHLBanks Office of Finance – as of 2/28/18

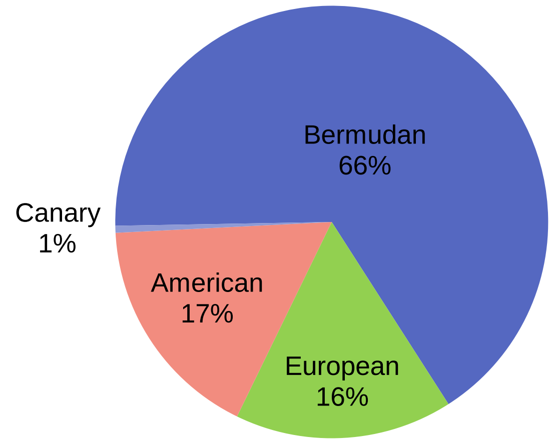
Callable Bond Program

- Essential component of FHLBank core funding, supporting both advances and investment portfolios
- 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
- Flexible reverse inquiry process delivers a high degree of customization
- Approximately 15% of fixed rate callable bonds outstanding as of January 1, 2018 are SEC Rule 2a-7 eligible

Callable Issuance by Lockout



Callable Issuance by Option Type



Source: FHLBanks Office of Finance – by settlement date – 3/17 thru 2/18 and subject to rounding

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 the System’s 85 year operational 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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