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FOR IMMEDIATE RELEASE:

Office of Finance Announces Second Quarter 2009 Combined Operating Highlights for the Federal Home Loan Banks

The Office of Finance is pleased to announce second quarter 2009 combined operating highlights for the Federal Home Loan Banks. These highlights have been prepared from unaudited financial information of each FHLBank. Current financial reports and other SEC filings for individual FHLBanks can be obtained by searching the EDGAR database.

Balance Sheet Highlights

Combined total assets were \$1.148 trillion at June 30, 2009, a decrease of 14.9% from \$1.349 trillion at year-end 2008. Advances (secured loans to members) decreased 20.4% to \$739 billion and represented 64.4% of total assets. Investments rose 6.4% to \$326 billion and member mortgage assets, at \$78 billion, were down 11.0% from year-end 2008. Consolidated obligations outstanding were \$1.061 trillion at June 30, 2009, a decrease of 15.7% from \$1.258 trillion at year-end 2008. Total consolidated obligations outstanding at June 30, 2009 consisted of discount notes (\$342 billion) and bonds (\$719 billion), decreases of 22.2% and 12.2% from year-end 2008.

Operating and Capital Results

Combined net income for the second quarter of 2009 was \$1.123 billion, a 56.4% increase from the \$718 million recorded for the same period in the previous year. The FHLBanks of Atlanta (\$192 million), Chicago (\$103 million), Cincinnati (\$75 million), Dallas (\$26 million), Des Moines (\$76 million), Indianapolis (\$53 million), New York (\$187 million), Pittsburgh (\$31 million), San Francisco (\$303 million) and Topeka (\$105 million) reported net income for the second quarter of 2009, while the FHLBanks of Boston (-\$5 million) and Seattle (-\$35 million) reported a net loss for this time period.

Combined net income for the six months ended June 30, 2009 was \$1.468 billion, a 3.7% increase from the \$1.415 billion recorded for the same period in the previous year. The FHLBanks of Atlanta (\$190 million), Chicago (\$64 million), Cincinnati (\$158 million), Dallas (\$91 million), Des Moines (\$70 million), Indianapolis (\$75 million), New York (\$335 million), Pittsburgh (\$8 million), San Francisco (\$426 million) and Topeka (\$166 million) reported net income for the six months ended June 30, 2009, while the FHLBanks of Boston (-\$88 million) and Seattle (-\$51 million) reported a net loss for this time period.

Combined net income included \$979 million of net gains on derivatives and hedging activities for the second quarter of 2009, compared to \$364 million of these gains for the same period in the previous year, and \$1.179 billion of net gains on derivatives and hedging activities for the six months ended June 30, 2009, compared to \$20 million of net losses on derivatives and hedging activities for



the same period in the previous year, that resulted primarily from a rising long-term interest-rate environment and narrowing spreads between interest rates on GSE debt securities and interest-rate swaps during the second quarter and first half of 2009. Combined net income was reduced by other-than-temporary impairment (OTTI) charges of \$437 million on certain private-label mortgage-backed securities (MBS) and home equity loan investments for the second quarter of 2009 and by OTTI charges of \$953 million for the six months ended June 30, 2009. Under FSP FAS 115-2 and FAS 124-2, only the credit portion of OTTI is recognized in earnings; the noncredit portion of OTTI is recognized in other comprehensive income. The FHLBanks recognized \$2.6 billion of OTTI in combined accumulated other comprehensive income (loss) for the three months ended June 30, 2009 and \$7.2 billion of OTTI in combined accumulated other comprehensive income (loss) for the six months ended June 30, 2009. At June 30, 2009, the net noncredit portion of OTTI included in combined accumulated other comprehensive income (loss) was \$8.6 billion, which includes the cumulative effect of initially applying FSP FAS 115-2 and FAS 124-2, totaling \$1.9 billion, as a positive adjustment to the combined retained earnings balance at January 1, 2009, with an offsetting adjustment to combined accumulated other comprehensive income (loss), as well as transfers, accretions and reclassifications. The amount of the noncredit impairment for each held-to-maturity MBS will be accreted prospectively, based on the amount and timing of future estimated cash flows, over the remaining life of the MBS as an increase in the carrying value of the MBS, with no effect on earnings unless the MBS is subsequently sold or there are additional decreases in the cash flows expected to be collected.

Each FHLBank actively monitors the credit quality of its MBS. It is not possible to predict whether the FHLBanks will have more OTTI charges in the future, because that will depend on many factors, including economic, financial market and housing market conditions and the actual and projected performance of the loan collateral underlying the FHLBanks' MBS. If delinquency and/or loss rates on mortgages and/or home equity loans continue to increase, and/or there is a rapid decline in residential real estate values, the FHLBanks could experience reduced yields or further losses on these investment securities. For additional information on individual FHLBanks, you may access all SEC filings via the EDGAR database.

At June 30, 2009, combined retained earnings totaled \$6.0 billion and combined accumulated other comprehensive income (loss) totaled \$(9.1) billion. Total combined GAAP capital was \$45.9 billion at June 30, 2009, a 10.7% decrease from December 31, 2008. At June 30, 2009, combined regulatory capital was \$61.6 billion, compared to \$59.6 billion at December 31, 2008. The difference between GAAP capital and regulatory capital relates primarily to the accumulated other comprehensive income (loss), which is excluded from regulatory capital, and mandatorily redeemable capital stock (MRCS), which qualifies as regulatory capital. MRCS is subject to redemption restrictions, such as a five-year waiting period in most cases. The FHLBanks contributed \$120 million in the second quarter of 2009 to the Affordable Housing Program, an increase of 37.9% from the same period one year ago. The FHLBanks contributed \$177 million for the six months ended June 30, 2009 to the Affordable Housing Program, compared to \$176 million for the same period one year ago. These changes reflect the increase in net income.

The Second Quarter 2009 Combined Financial Report for the FHLBanks is expected to be filed



with the FHFA and available on the Office of Finance web site on August 14, 2009.

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.

Each individual FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America. The accounting and financial reporting policies and practices of individual FHLBanks are not always identical because different policies and/or presentations are permitted under GAAP in certain circumstances.

The FHLBanks have delivered innovation and service to the U.S. housing market for 77 years, and currently have over 8,100 members in all 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Northern Mariana and U.S. Virgin Islands. Please contact Mike 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 financial performance, publication of financial reports and private-label mortgage-backed securities investments, 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 SFAS 133 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.fhlb-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.