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FOR IMMEDIATE RELEASE:

Office of Finance Announces Second Quarter 2008 Preliminary Combined Operating Highlights for the Federal Home Loan Banks

The Office of Finance is pleased to announce second quarter 2008 preliminary combined operating highlights for the Federal Home Loan Banks. These highlights have been prepared from the unaudited financial information of each FHLBank and are subject to change. 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 \$1.344 trillion at June 30, 2008, an increase of 5.7% from \$1.272 trillion at year-end 2007. Advances (secured loans to members) increased 4.4% to \$914 billion and represented 68% of total assets. Investments rose 12.6% to \$334 billion and member mortgage assets, at \$89 billion, were down 2.7% from year-end 2007. Consolidated obligations outstanding were \$1.250 trillion at June 30, 2008, an increase of 6.0% from \$1.179 trillion at year-end 2007. Total consolidated obligations outstanding at June 30, 2008 consisted of discount notes (\$379 billion) and bonds (\$871 billion), increases of 0.6% and 8.5% from year-end.

The principal investments of the FHLBanks are mortgage-backed securities, overnight and term Federal funds sold, commercial paper and GSE securities. Approximately 98% of the total investment securities, which consists primarily of GSE securities, commercial paper, and mortgage-backed securities (MBS), were rated AAA/Aaa or the short-term equivalent at June 30, 2008. Less than 1% of total investment securities were rated below investment grade at June 30, 2008.

FHLBank mortgage purchases are restricted to fixed-rate mortgage loans with maturities ranging from 5 years to 30 years. The weighted-average FICO[®] score and loan-to-value ratio (LTV) recorded at origination for loans held in portfolio at June 30, 2008 was 739 with a 67% LTV for the Mortgage Partnership Finance[®] Program and 748 with a 69% LTV for the Mortgage Purchase Programs. Each FHLBank believes it has limited exposure to subprime loans due to its business model, conservative policies pertaining to advances collateral and investments, and low credit risk due to the design of its mortgage loan program(s).

Operating and Capital Results

Combined net income for the second quarter of 2008 was \$719 million, a 14.5% increase from the \$628 million recorded for the same period in the previous year. Combined net income for the six months ended June 30, 2008 was \$1.4 billion, a 13.4% increase from the \$1.2 billion



recorded for the same period in the previous year. Combined net income was reduced by the FHLBank of Chicago's net loss of \$74 million for the second quarter of 2008 and \$152 million for the six months ended June 30, 2008. The FHLBank of Chicago's net loss includes an other-than-temporary impairment loss of \$30 million and \$63 million for the three months and six months ended June 30, 2008 on certain private-issue MBS collateralized primarily by first lien mortgages to subprime borrowers. For additional information, please visit the FHLBank of Chicago web site (www.fhlbc.com). The remaining FHLBanks do not expect to record any material other-than-temporary impairment charges as of June 30, 2008. Each FHLBank actively monitors the credit quality of its MBS and at this time does not expect further credit losses that would have a material adverse effect on its financial condition. However, 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, some FHLBanks could experience reduced yields or losses on these investment securities.

Total combined capital was \$57 billion at June 30, 2008, a 5.7% increase from December 31, 2007. The FHLBanks contributed \$87 million in the second quarter of 2008 to the Affordable Housing Program, an increase of 22.5% from the same period one year ago. The FHLBanks contributed \$176 million for the six months ended June 30, 2008 to the Affordable Housing Program, an increase of 24.8% from the same period one year ago. These changes reflect the increase in net income.

Please refer to the Office of Finance web site for information on FHLBanks' lending and collateral policies. This document is formatted as a series of questions and answers, and the link can be found under "Frequently Asked Questions" on the main web page.

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, and providing members a viable alternative to the secondary mortgage market via the mortgage loan programs, while paying a dividend. The FHLBanks also help members with other local housing and community development needs through self-funded affordable housing programs.

The Second Quarter 2008 Combined Financial Report for the FHLBanks is expected to be filed with the Federal Housing Finance Board and available on the Office of Finance web site on August 14, 2008.

The FHLBanks have delivered innovation and service to the U.S. housing market for over 75 years, and currently have approximately 8,100 members in all 50 states including 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.” By their nature, these forward-looking statements, including those related to financial performance and preparation of combined financial reports, 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 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.fhfb-of.com, and in reports filed by each FHLBank with the Securities and Exchange Commission.