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## FOR IMMEDIATE RELEASE:

### Office of Finance Announces 2007 Preliminary Combined Operating Highlights for the Federal Home Loan Banks

The FHLBanks Office of Finance is pleased to announce 2007 preliminary combined operating highlights for the Federal Home Loan Banks. These highlights have been prepared from unaudited annual 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 \$1.274 trillion at December 31, 2007, an increase of 25.4% from \$1.016 trillion at year-end 2006. A large percentage of this increase can be attributed to the well-documented issues impacting credit markets last year, resulting in increased member participation in FHLBank advance programs. Advances (secured loans to members) increased 36.6% to \$875 billion and represented 68.7% of total assets. Investments rose 10.3% to \$299 billion and member mortgage assets, at \$92 billion, were down 6.5% from year-end 2006. Consolidated obligations outstanding were \$1.179 trillion at December 31, 2007, an increase of 26.2% from \$934 billion at year-end 2006. Total consolidated obligations outstanding at year-end 2007 consisted of discount notes (\$376 billion) and bonds (\$803 billion), an increase of 138.9% and 3.3%, respectively, from the end of the previous year.

The principal investments of the FHLBanks are mortgage-backed securities, overnight and term Federal funds sold, commercial paper and GSE securities. More than 99% of the GSE securities, commercial paper, and mortgage-backed securities were rated AAA/Aaa or the short-term equivalent at December 31, 2007. As of February 25, 2008, less than one-half of one percent of these investments had been downgraded from triple-A, all of which are still investment grade, and less than one percent are on negative watch. 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 December 31, 2007 was 738 with a 67% LTV for the Mortgage Partnership Finance® Program and 749 with a 71% LTV for the Mortgage Purchase Programs (MPPs). 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 2007 was \$2.8 billion, an 8.2% increase from the \$2.6 billion recorded the previous year. Total combined capital was \$54 billion at year-end 2007, a 19.1% increase from December 31, 2006. The FHLBanks contributed \$318 million in 2007 to the Affordable Housing Program, an increase of 7.8% from the same period one year ago, reflecting the increase in net income.



Due to the increased interest in FHLBank lending and collateral policies, we have added additional information to the Office of Finance web site. 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 2007 Annual 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 March 31, 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, 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](mailto: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 website, [www.fhlb-of.com](http://www.fhlb-of.com), and in reports filed by each FHLBank with the Securities and Exchange Commission.*