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FOR IMMEDIATE RELEASE:

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

FHLBanks of Pittsburgh and Topeka File First Quarter 2009 Form 10-Qs with the SEC – Completing First Quarter Filings for the 12 Banks

On Friday, June 12th, the FHLBanks of Pittsburgh and Topeka each filed a first quarter 2009 Form 10-Q with the SEC that can be viewed by searching the EDGAR database. For additional information, please refer to the web sites of these FHLBanks.

With this action, the Office of Finance announces first 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.

While the First Quarter 2009 Combined Financial Report for the FHLBanks has been delayed, the Office of Finance has now resumed working on its completion. As noted in previous announcements, each individual FHLBank manages its operations independently and is responsible for establishing accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as part of an ongoing effort to enhance consistency in financial reporting, the 12 FHLBanks have been working with the Federal Housing Finance Agency (FHFA) to develop a uniform framework for completing other-than-temporary impairment (OTTI) analyses. This framework was adopted in the first quarter of 2009 concurrent with new FASB guidance (FSP FAS 115-2 and FAS 124-2) concerning the recognition and presentation of OTTI. While this effort has delayed the First Quarter 2009 Combined Financial Report, going forward it will provide greater consistency among the 12 FHLBanks regarding OTTI analyses, including the calculation of any expected credit losses for impaired securities.

Balance Sheet Highlights

Combined total assets were \$1.232 trillion at March 31, 2009, a decrease of 8.7% from \$1.349 trillion at year-end 2008. Advances (secured loans to members) decreased 12.0% to \$817 billion and represented 66.3% of total assets. Investments rose 5.0% to \$321 billion and member mortgage assets, at \$85 billion, were down 2.7% from year-end 2008. Consolidated obligations outstanding were \$1.142 trillion at March 31, 2009, a decrease of 9.2% from \$1.258 trillion at year-end 2008. Total consolidated obligations outstanding at March 31, 2009 consisted of discount notes (\$407 billion) and bonds (\$735 billion), decreases of 7.5% and 10.2% from year-end 2008.



Operating and Capital Results

Combined net income for the first quarter of 2009 was \$345 million, a 50.5% decrease from the \$697 million recorded for the same period in the previous year. Combined net income for the three months ended March 31, 2009 was reduced by OTTI charges of \$516 million on certain private-label mortgage-backed securities (MBS). 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. For the three months ended March 31, 2009, the FHLBanks recognized \$4.7 billion of OTTI in accumulated other comprehensive income (loss). Additionally, the FHLBanks recognized the cumulative effect of initially applying FSP FAS 115-2 and FAS 124-2, totaling \$1.9 billion, as a positive adjustment to the retained earnings balance at January 1, 2009, with an offsetting adjustment to accumulated other comprehensive income (loss).

At March 31, 2009, combined retained earnings totaled \$5.0 billion and combined accumulated other comprehensive income (loss) totaled \$(7.4) billion, of which \$(5.7) billion represented the noncredit portion of OTTI, net of transfers, accretion and reclassifications. Total combined GAAP capital was \$45 billion at March 31, 2009, a 12.5% decrease from December 31, 2008. At March 31, 2009, combined regulatory capital was \$61 billion, compared to \$60 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 \$57 million in the first quarter of 2009 to the Affordable Housing Program, a decrease of 36.0% from the same period one year ago.

Each FHLBank actively monitors the credit quality of its 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.

The First 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 as soon as is practicable.

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.