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## FOR IMMEDIATE RELEASE:

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

### FHLBank of Atlanta Announces 2008 Operating Highlights

On Friday, March 13<sup>th</sup>, the Federal Home Loan Bank of Atlanta announced unaudited financial highlights for the quarter and year ended December 31, 2008, filing a Form 8-K with the SEC that can be viewed by searching the EDGAR database. For additional information, please refer to the FHLBank of Atlanta's web site ([www.fhlbatl.com](http://www.fhlbatl.com)).

With this action, the Office of Finance is pleased to announce 2008 preliminary combined operating highlights for the Federal Home Loan Banks. These highlights have been prepared from the unaudited financial information of each FHLBank. 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 (GAAP). The FHLBanks' accounting and financial reporting policies and practices are not necessarily always identical because different policies and/or presentations are permitted under GAAP in certain circumstances.

#### Balance Sheet Highlights

Combined total assets were \$1.349 trillion at December 31, 2008, an increase of 6.1% from \$1.272 trillion at year-end 2007. Advances (secured loans to members) increased 6.1% to \$929 billion and represented 68.8% of total assets. Investments rose 3.0% to \$306 billion and member mortgage assets, at \$87 billion, were down 4.6% from year-end 2007. Consolidated obligations outstanding were \$1.258 trillion at December 31, 2008, an increase of 6.7% from \$1.179 trillion at year-end 2007. Total consolidated obligations outstanding at the end of 2008 consisted of discount notes (\$440 billion) and bonds (\$818 billion), representing increases of 16.9% and 2.0% from the previous year-end.

#### Operating and Capital Results

For the 12 FHLBanks, the combined net loss for the fourth quarter of 2008 was \$672 million, compared to combined net income of \$846 million for the fourth quarter of last year. The FHLBank of Atlanta reported \$75 million of net income in the fourth quarter of 2008 and net income totaling \$254 million for the year ended December 31, 2008. The FHLBank of Atlanta's fourth quarter 2008 results included \$99 million in other-than-temporary impairment (OTTI) charges on certain private-label residential mortgage-backed securities. The FHLBank of Atlanta's 2008 results included \$186 million in OTTI charges on certain private-label residential mortgage-backed securities. The remaining FHLBanks' unaudited financial results for 2008 were previously



released on March 9, 2009 and February 27, 2009. See ([www.fhlb-of.com](http://www.fhlb-of.com)) for these releases.

The combined net loss for the fourth quarter of 2008 resulted primarily from \$1.773 billion in OTTI charges on certain private-label residential mortgage-backed securities and home equity loan investments, and net losses on derivatives and hedging activities related to SFAS 133. The following FHLBanks each reported a net loss for the fourth quarter of 2008: Boston (\$232 million), Dallas (\$68 million), Pittsburgh (\$188 million), San Francisco (\$103 million), Seattle (\$241 million) and Topeka (\$63 million).

Combined net income for 2008 was \$1.249 billion, a 55.8% decrease from the \$2.827 billion recorded in the previous year. Combined net income for the year was reduced by \$1.982 billion in OTTI charges on certain private-label residential mortgage-backed securities and home equity loan investments, and \$252 million in write-offs/reserves on receivables due from Lehman Brothers Special Financing and Lehman Brothers Holdings, Inc., as well as net losses on derivatives and hedging activities related to SFAS 133. The following FHLBanks each reported a net loss for 2008: Boston (\$73 million), Chicago (\$119 million) and Seattle (\$199 million). The FHLBanks could recognize additional OTTI charges on their private-label residential mortgage-backed securities and home equity loan investments if delinquency and/or loss rates on mortgages and/or home equity loans continue to increase after December 31, 2008, and/or residential real estate values continue to decline, which was the case during the fourth quarter of 2008. The FHLBanks' assumptions may have a significant effect on reported fair values and non-GAAP estimated economic losses of private-label residential mortgage-backed securities and home equity loan investments, and the related income and expense. The use of different assumptions, as well as changes in market conditions, could result in materially different net income and retained earnings. The FHLBanks do not necessarily use the same dealer prices, models and assumptions in determining the fair values of their respective assets, liabilities and derivatives, including the fair values and estimated economic losses of their private-label residential mortgage-backed securities and home equity loan investments.

Total GAAP combined capital was \$51.4 billion at December 31, 2008, a 4.1% decrease from December 31, 2007. Total regulatory combined capital was \$59.7 billion at December 31, 2008, compared to \$56.1 billion at December 31, 2007. The difference between GAAP and regulatory capital relates primarily to mandatorily redeemable capital stock that is classified as a liability for GAAP purposes. Total combined retained earnings was \$2.979 billion at December 31, 2008, a 19.2% decrease from December 31, 2007. As a result of previously announced OTTI charges related to the fourth quarter of 2008, the FHLBank of Seattle reported negative retained earnings of \$79 million at year-end. In 2008, the FHLBanks contributed \$188 million to the Affordable Housing Program, a decrease of 40.9% from the same period one year ago.

For additional information on individual FHLBanks, you may access all SEC filings via the EDGAR database.

#### 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 long-term returns on the capital supplied by members. The FHLBanks achieve this balance by supplying low-cost financing, and providing members a viable alternative to the secondary mortgage market via the mortgage loan programs, while historically paying a dividend. The FHLBanks also help members with other local housing and community development needs through self-funded affordable housing programs.

The FHLBanks have delivered innovation and service to the U.S. housing market for over 76 years, and currently have more than 8,000 members in all 50 states including 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](mailto: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 and private-label mortgage-backed investment securities and the related estimated economic losses, 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.fhlb-of.com](http://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.*