



March 7, 2002

President and Chief Executive Officer
Federal Home Loan Bank of

NO-ACTION LETTER: Income Statement Waiver (2002-NAL-02)

Dear Mr. :

This responds to your request of February 6, 2002, for a waiver of 12 C.F.R. § 989.4, which requires that any financial statements contained in an annual or quarterly financial report issued by an individual Federal Home Loan Bank (FHLBank) to be consistent in both form and content with the financial statements presented in the combined Federal Home Loan Bank System (Bank System) annual or quarterly financial reports prepared and issued by the Office of Finance. Your request is to add line items for 1999 presenting REFCORP payments as a reduction of net income for the 2001 annual financial statements to be prepared by the FHLBank. Such items are not consistent with the 1999 year end income statements prepared for the Bank System. You have provided a pro forma 2001 income statement that presents the disclosures you wish to make.

The Federal Housing Finance Board (Finance Board) approved a similar request for waiver for the FHLBank for its 2000 income statement. Since the facts of the current request are in substance identical to your prior request, Finance Board staff will not recommend to its Board of Directors that supervisory action be taken against the FHLBank, nor will Finance Board staff undertake any such supervisory action, if the FHLBank shows REFCORP payments on the face of its 2001 year end income statement for 1999. This letter expresses only the position of Finance Board staff, and may be modified or superseded by the Board of Directors of the Finance Board.

If you have any questions, please contact Jerry Schober at 202-408-2865, or Pat Lagos at 202-408-2563.

Sincerely,

/s/ James L. Bothwell

James L. Bothwell
Managing Director

cc: Gwen R. Grogan