



# NEWS

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## **FEDERAL HOUSING FINANCE BOARD APPROVES WAIVERS DEALING WITH THE COMBINED FINANCIAL REPORTS OF THE FEDERAL HOME LOAN BANKS**

The Board of Directors of the Federal Housing Finance Board (Finance Board) today passed a resolution waiving some requirements dealing with the Federal Home Loan Banks' combined financial reports for prior periods. By regulation, the Federal Home Loan Banks' Office of Finance (OF) must prepare and distribute both annual and quarterly combined financial reports. These combined financial reports must generally consistent with the requirements of the Securities and Exchange Commission (SEC) Regulations S-K and S-X.

After the publication by the OF of the second quarter 2004 combined financial report and in light of the then-pending accounting restatements by a number of Banks brought about by the accounting reviews associated with the Banks' SEC registrations, the OF determined that the then-existing combined financial reports going back to 2001 could no longer be relied upon, and it placed on its web site a legend to that effect on each financial report from the first quarter of 2001 through the second quarter of 2004. Furthermore, the OF determined that it would not provide any combined financial statements until all Banks became SEC registrants as the OF could not be sure that any financial statement information provided by a Bank would not be subject to subsequent restatement.

In granting the waiver, the Board considered the fact that each Bank and the OF is providing current financial information to members, investors, and the public. The OF issued the FHLBank System combined financial report for 2005 on November 8, 2006. Each FHLBank submitted its 2006 Form 10-K with the SEC on time, and the OF met the Finance Board's March 30, 2007 deadline for the 2006 annual combined financial report.

Federal Housing Finance Board Chairman Ronald A. Rosenfeld said, "Today's actions bring to a close a very important phase in the history of the Federal Home Loan Banks. All the FHLBanks are registered with the SEC, and all filed their Form 10-K for 2006 on schedule. Furthermore, the OF filed the 2006 combined financial report. This brings financial reporting up to date by the Banks and the Office of Finance, and all future financial reports are expected to be on schedule."

The waiver has three principal effects:

- ▶ The OF must place on its web site restated core financial statements for 2001, 2002, and 2003, and return to its web site the previously issued combined financial reports for those years with an appropriate disclaimer. The OF will not have to re-issue combined financial reports for those years with restated financial information.
- ▶ The OF must place on its web site core financial statements for 2004 with an abbreviated financial discussion and analysis. The OF will not have to issue an audited 2004 combined financial report.
- ▶ The OF will not have to re-issue quarterly financial reports for periods up through the second quarter of 2004 or issue quarterly financial reports for periods up through the third quarter of 2006.

In approving the waiver the Board of Directors of the Finance Board noted that all Banks and the OF are now current with their financial reporting and the costs associated with issuing or re-issuing past financial reports would be excessive in light of the benefits. However, the waivers will provide that the OF will have on its web site a full annual time series of correct core financial statements for the Banks.

*The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>*

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