



October 30, 2014

FOR IMMEDIATE RELEASE:

Office of Finance Announces Third Quarter 2014 Combined Operating Highlights for the Federal Home Loan Banks

These highlights are preliminary and prepared from the unaudited financial information of each Federal Home Loan Bank (FHLBank) and are subject to change. The combined and individual FHLBank balance sheet and income statement highlights are attached as Tables I and II. Each of the FHLBanks has released its unaudited financial results for the period ended September 30, 2014, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was \$627 million for the three months ended September 30, 2014, an increase of 17% compared to the same period in 2013. Net income was \$1,696 million for the nine months ended September 30, 2014, a decrease of 8% compared to the same period in 2013. Key balance sheet highlights as of September 30, 2014, compared to December 31, 2013, were:

- Total assets increased 6% to \$883.1 billion;
- Advances increased 9% to \$544.6 billion;
- Consolidated obligations increased 7% to \$817.7 billion; and
- Total GAAP capital increased 4% to \$46.7 billion.

Balance Sheet

Total assets were \$883.1 billion at September 30, 2014, an increase of 6% from \$834.2 billion at December 31, 2013.

- Advances were \$544.6 billion, an increase of 9% driven by higher member demand, particularly by large-asset members.
- Investments were \$239.3 billion, a decrease of 1% due primarily to decreases in securities purchased under agreements to resell and investment securities, partially offset by an increase in federal funds sold.
- Mortgage loans were \$43.3 billion, a decrease of 2% resulting from principal repayments continuing to exceed purchases.
- Other assets were \$55.9 billion, an increase of 16% due primarily to an increase in cash.

Total liabilities were \$836.3 billion at September 30, 2014, an increase of 6% from \$789.1 billion at December 31, 2013, driven by a 7% increase in consolidated obligations. This increase in consolidated obligations, primarily consisting of an increase in discount notes, was driven by funding needs related to the growth in advances.

Total GAAP capital was \$46.7 billion at September 30, 2014, an increase of 4% from \$45.1 billion at December 31, 2013. This increase was primarily the result of growth in retained earnings and an improvement in accumulated other comprehensive income (loss). Retained earnings grew 7% due to net income of \$1,696 million, offset by dividends of \$873 million.



The improvement in accumulated other comprehensive income (loss) of \$760 million resulted primarily from:

- Fair value improvements of \$334 million related to other-than-temporarily impaired available-for-sale private-label mortgage-backed securities, driven by increased housing prices and an improved economic outlook, as well as changes in interest rates, credit spreads, and volatility; and
- Net fair value increases of \$264 million on all other investment securities classified as available-for-sale, due primarily to changes in interest rates, credit spreads, and volatility.

<i>(Dollars in millions)</i>	September 30, 2014	December 31, 2013	Change
Assets			
Investments	\$ 239,295	\$ 242,863	\$ (3,568)
Advances	544,568	498,599	45,969
Mortgage loans held for portfolio, net	43,345	44,442	(1,097)
Other assets	55,853	48,296	7,557
Total assets	\$ 883,061	\$ 834,200	\$ 48,861
Liabilities			
Consolidated obligations			
Discount notes	\$ 327,636	\$ 293,296	\$ 34,340
Bonds	490,063	473,845	16,218
Total consolidated obligations	817,699	767,141	50,558
Mandatorily redeemable capital stock	3,051	4,998	(1,947)
Other liabilities	15,594	16,991	(1,397)
Total liabilities	836,344	789,130	47,214
Capital			
Capital stock	33,439	33,375	64
Retained earnings	13,029	12,206	823
Accumulated other comprehensive income (loss)	249	(511)	760
Total capital (GAAP)	46,717	45,070	1,647
Total liabilities and capital	\$ 883,061	\$ 834,200	\$ 48,861
Total combined regulatory capital	\$ 49,519	\$ 50,578	\$ (1,059)
Total GAAP capital-to-assets ratio	5.29%	5.40%	(0.11)%
Combined regulatory capital-to-assets ratio	5.61%	6.06%	(0.45)%

Net Income

Net income for the three months ended September 30, 2014, was \$627 million, an increase of 17% compared to the same period in 2013. This increase resulted primarily from increases in non-interest income and net interest income, partially offset by an increase in non-interest expense.

Net income for the nine months ended September 30, 2014, was \$1,696 million, a decrease of 8% compared to the same period in 2013. This decrease resulted primarily from a decline in non-interest income and an increase in non-interest expense, partially offset by an increase in net interest income.



(Dollars in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Net interest income after provision (reversal) for credit losses	\$ 871	\$ 848	\$ 23	\$ 2,602	\$ 2,540	\$ 62
Non-interest income	88	(5)	93	59	179	(120)
Non-interest expense	258	241	17	760	663	97
Affordable Housing Program assessments	74	65	9	205	209	(4)
Net income	\$ 627	\$ 537	\$ 90	\$ 1,696	\$ 1,847	\$ (151)

Net Interest Income

Net interest income after provision (reversal) for credit losses for the three and nine months ended September 30, 2014, was \$871 million and \$2,602 million, increases of 3% and 2% compared to the same periods in 2013. Net interest margin for the three and nine months ended September 30, 2014, was 0.39% and 0.41%, decreases of 4 and 3 basis points compared to the same periods in 2013.

- Interest income was \$1,973 million and \$6,008 million for the three and nine months ended September 30, 2014, a decrease of 5% for both periods compared to the same periods in 2013. These decreases were due to lower yields on interest-earning assets, which included lower prepayment fees, and decreases in the average balance of mortgage loans, partially offset by increases in the average balances of advances and investments, and accretion of prior credit impairments into interest income over the remaining lives of certain other-than-temporarily impaired private-label mortgage-backed securities.
- Interest expense was \$1,107 million and \$3,426 million for the three and nine months ended September 30, 2014, a decrease of 10% for both periods compared to the same periods in 2013. These decreases were driven by lower yields on consolidated obligations, including the cumulative effect of redemptions and refinancings of higher-cost consolidated obligations, partially offset by increases in the average balance of consolidated obligations.

(Dollars in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Interest income						
Advances	\$ 608	\$ 641	\$ (33)	\$ 1,869	\$ 1,918	\$ (49)
Prepayment fees on advances, net	16	37	(21)	48	101	(53)
Investments and other	923	948	(25)	2,799	2,893	(94)
Mortgage loans	426	450	(24)	1,292	1,419	(127)
Total interest income	1,973	2,076	(103)	6,008	6,331	(323)
Interest expense						
Consolidated obligations	1,062	1,165	(103)	3,269	3,636	(367)
Deposits and other borrowings	45	66	(21)	157	168	(11)
Total interest expense	1,107	1,231	(124)	3,426	3,804	(378)
Net interest income	866	845	21	2,582	2,527	55
Provision (reversal) for credit losses	(5)	(3)	(2)	(20)	(13)	(7)
Net interest income after provision (reversal) for credit losses	\$ 871	\$ 848	\$ 23	\$ 2,602	\$ 2,540	\$ 62
Net interest margin	0.39%	0.43%	(0.04)%	0.41%	0.44%	(0.03)%

Non-Interest Income

Non-interest income for the three months ended September 30, 2014, was \$88 million, an increase of \$93 million compared to the same period in 2013. This increase was due primarily to net gains on derivatives and hedging activities, gains on litigation settlements, and lower net losses on financial instruments held under fair value option, partially offset by net losses on debt extinguishments.

Non-interest income for the nine months ended September 30, 2014, was \$59 million, a decrease of \$120 million compared to the same period in 2013. This decrease was due to net losses on derivatives and hedging activities and net losses on financial instruments held under fair value option, partially offset by lower net losses on trading securities and gains on litigation settlements.

- Net losses on investment securities classified as trading were \$38 million and \$22 million for the three and nine months ended September 30, 2014, resulting from changes in the fair value of these securities.
- Net losses on financial instruments held under fair value option of \$1 million and \$66 million for the three and nine months ended September 30, 2014, consisted primarily of changes in the fair value of advances and consolidated bonds held under fair value option.
- The net gain on derivatives and hedging activities of \$62 million for the three months ended September 30, 2014, was due primarily to hedge ineffectiveness related to derivatives designated as qualifying accounting hedges under GAAP. The net loss on derivatives and hedging activities of \$52 million for the nine months ended September 30, 2014, was due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges under GAAP.
- Gains on litigation settlements were \$43 million and \$107 million for the three and nine months ended September 30, 2014. Several of the FHLBanks agreed to settle certain claims arising from investments in private-label mortgage-backed securities.

(Dollars in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Net other-than-temporary impairment losses	\$ (5)	\$ (7)	\$ 2	\$ (11)	\$ (13)	\$ 2
Net gains (losses) on trading securities	(38)	(33)	(5)	(22)	(225)	203
Net gains (losses) on financial instruments held under fair value option	(1)	(26)	25	(66)	—	(66)
Net gains (losses) on derivatives and hedging activities	62	12	50	(52)	305	(357)
Gains on litigation settlements, net	43	1	42	107	4	103
Net gains (losses) on debt extinguishments	(10)	22	(32)	—	10	(10)
Other	37	26	11	103	98	5
Total non-interest income (loss)	\$ 88	\$ (5)	\$ 93	\$ 59	\$ 179	\$ (120)

Non-Interest Expense

Non-interest expense for the three and nine months ended September 30, 2014, was \$258 million and \$760 million, increases of 7% and 15% compared to the same periods in 2013. The increase for the nine months ended September 30, 2014, was due primarily to the 2013 second quarter reversal into other expense of a one-time, \$50 million charge originally recorded in 2011 by the FHLBank of Chicago.



(Dollars in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Compensation and benefits	\$ 140	\$ 134	\$ 6	\$ 410	\$ 388	\$ 22
Other operating expenses	92	83	9	268	245	23
Federal Housing Finance Agency	12	12	—	41	37	4
Other expense	14	12	2	41	(7)	48
Total non-interest expense	\$ 258	\$ 241	\$ 17	\$ 760	\$ 663	\$ 97

Affordable Housing Program Assessments

Affordable Housing Program assessments for the three months ended September 30, 2014, were \$74 million, an increase of 14% compared to the same period in 2013. Affordable Housing Program assessments for the nine months ended September 30, 2014, were \$205 million, a decrease of 2% compared to the same period in 2013. Affordable Housing Program assessments result from individual FHLBank income subject to assessments.

About the FHLBanks

Each FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with GAAP. The accounting and financial reporting policies and practices of the individual FHLBanks are not always identical because different policies and presentations are permitted under GAAP in certain circumstances within a combined financial statement presentation.

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have approximately 7,400 members serving all 50 states, the District of Columbia, and U.S. territories. Please contact Nancy Nowalk at 703-467-3608 or nnowalk@fhlb-of.com for additional information.

Statements contained in this release may be “forward-looking statements,” including those statements related to financial performance. Forward-looking statements may be identified by words such as “anticipates,” “believes,” “could,” “estimates,” “may” or comparable terminology. Any forward-looking statements are subject to risks and uncertainties related to the future operations of the FHLBanks and the business environment. These risks and uncertainties could cause actual results to differ materially from current expectations. These risks and uncertainties include, but are not limited to, the following: changes in interest rates and housing prices; size and volatility of the residential mortgage market; demand for FHLBank advances; volatility of market prices, rates, and indices that could affect the value of investments, including 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; changes in investor demand for consolidated obligations, including those resulting from changes in credit ratings and/or the terms of derivative transactions; implementation of accounting rules; 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 U. S. Securities and Exchange Commission. Any duty to update these forward-looking statements is disclaimed.



FHLBanks Office of Finance
Table I to October 30, 2014 Combined Operating Highlights
Balance Sheet Highlights
 Unaudited

	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<i>(Dollars in millions)</i>														
Assets														
Investments	\$ 239,295	\$ 242,863	\$ 15,165	\$ 12,981	\$ 19,879	\$ 20,085	\$ 14,538	\$ 13,876	\$ 30,143	\$ 26,944	\$ 20,641	\$ 22,364	\$ 10,647	\$ 10,780
Advances	544,568	498,599	31,410	27,517	99,550	90,765	53,054	50,247	88,627	89,588	71,442	65,270	19,325	17,337
Mortgage loans held for portfolio, net	43,345	44,442	3,404	3,368	2,038	1,927	3,116	3,224	788	918	6,904	6,819	6,472	6,190
Other assets	55,853	48,296	1,926	772	3,901	15,556	5,692	3,324	4,879	4,866	980	8,728	4,594	3,479
Total assets	\$ 883,061	\$ 834,200	\$ 51,905	\$ 44,638	\$ 125,368	\$ 128,333	\$ 76,400	\$ 70,671	\$ 124,437	\$ 122,316	\$ 99,967	\$ 103,181	\$ 41,038	\$ 37,786
Liabilities														
Consolidated obligations														
Discount notes	\$ 327,636	\$ 293,296	\$ 22,560	\$ 16,061	\$ 36,067	\$ 45,870	\$ 31,537	\$ 28,237	\$ 26,055	\$ 32,202	\$ 36,880	\$ 38,210	\$ 10,106	\$ 7,435
Bonds	490,063	473,845	25,011	23,466	79,920	73,276	39,889	37,698	89,670	80,728	56,881	58,163	26,914	26,584
Total consolidated obligations	817,699	767,141	47,571	39,527	115,987	119,146	71,426	65,935	115,725	112,930	93,761	96,373	37,020	34,019
Mandatorily redeemable capital stock	3,051	4,998	244	977	19	24	1	—	19	24	110	116	16	17
Other liabilities	15,594	16,991	1,261	1,297	2,800	2,678	982	1,043	2,173	2,710	1,205	1,382	1,419	1,366
Total liabilities	836,344	789,130	49,076	41,801	118,806	121,848	72,409	66,978	117,917	115,664	95,076	97,871	38,455	35,402
Capital														
Capital stock	33,439	33,375	2,394	2,530	5,598	5,571	3,079	2,962	4,654	4,883	4,231	4,698	1,726	1,610
Retained earnings	13,029	12,206	876	789	1,063	999	804	686	1,739	1,657	667	621	800	752
Accumulated other comprehensive income (loss)	249	(511)	(441)	(482)	(99)	(85)	108	45	127	112	(7)	(9)	57	22
Total capital (GAAP)	46,717	45,070	2,829	2,837	6,562	6,485	3,991	3,693	6,520	6,652	4,891	5,310	2,583	2,384
Total liabilities and capital	\$ 883,061	\$ 834,200	\$ 51,905	\$ 44,638	\$ 125,368	\$ 128,333	\$ 76,400	\$ 70,671	\$ 124,437	\$ 122,316	\$ 99,967	\$ 103,181	\$ 41,038	\$ 37,786
Regulatory capital	\$ 49,519	\$ 50,578	\$ 3,514	\$ 4,297	\$ 6,680	\$ 6,594	\$ 3,884	\$ 3,648	\$ 6,412	\$ 6,563	\$ 5,008	\$ 5,435	\$ 2,542	\$ 2,379

	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Assets												
Investments	\$ 30,229	\$ 36,402	\$ 17,948	\$ 20,131	\$ 15,218	\$ 13,131	\$ 9,075	\$ 8,705	\$ 33,164	\$ 35,260	\$ 22,945	\$ 22,546
Advances	26,766	23,489	64,220	45,650	18,758	15,979	20,575	17,425	40,615	44,395	10,226	10,935
Mortgage loans held for portfolio, net	6,422	7,695	6,524	6,557	76	91	6,165	5,949	754	905	685	798
Other assets	8,614	1,211	9,707	666	3,433	1,021	2,713	1,871	8,256	5,214	1,161	1,591
Total assets	\$ 72,031	\$ 68,797	\$ 98,399	\$ 73,004	\$ 37,485	\$ 30,222	\$ 38,528	\$ 33,950	\$ 82,789	\$ 85,774	\$ 35,017	\$ 35,870
Liabilities												
Consolidated obligations												
Discount notes	\$ 30,507	\$ 31,089	\$ 62,803	\$ 38,137	\$ 17,434	\$ 5,984	\$ 15,948	\$ 10,890	\$ 24,431	\$ 24,194	\$ 13,310	\$ 14,989
Bonds	35,239	31,987	30,387	30,195	17,356	21,487	20,025	20,057	50,871	53,207	18,242	17,414
Total consolidated obligations	65,746	63,076	93,190	68,332	34,790	27,471	35,973	30,947	75,302	77,401	31,552	32,403
Mandatorily redeemable capital stock	5	5	8	9	5	3	4	5	1,076	2,071	1,544	1,748
Other liabilities	1,936	1,951	881	1,206	751	1,001	861	1,196	629	593	711	581
Total liabilities	67,687	65,032	94,079	69,547	35,546	28,475	36,838	32,148	77,007	80,065	33,807	34,732
Capital												
Capital stock	1,801	1,670	3,456	2,692	1,241	1,124	1,090	1,252	3,310	3,460	859	923
Retained earnings	2,304	2,028	712	678	690	656	615	568	2,376	2,394	327	287
Accumulated other comprehensive income (loss)	239	67	152	87	8	(33)	(15)	(18)	96	(145)	24	(72)
Total capital (GAAP)	4,344	3,765	4,320	3,457	1,939	1,747	1,690	1,802	5,782	5,709	1,210	1,138
Total liabilities and capital	\$ 72,031	\$ 68,797	\$ 98,399	\$ 73,004	\$ 37,485	\$ 30,222	\$ 38,528	\$ 33,950	\$ 82,789	\$ 85,774	\$ 35,017	\$ 35,870
Regulatory capital	\$ 4,110	\$ 3,703	\$ 4,176	\$ 3,379	\$ 1,936	\$ 1,782	\$ 1,710	\$ 1,824	\$ 6,762	\$ 7,925	\$ 2,729	\$ 2,958

(1) The sum of the individual FHLBank balance sheet amounts may not agree to the combined balance sheet amounts due to combining adjustments.



FHLBanks Office of Finance
Table II to October 30, 2014 Combined Operating Highlights
Income Statement Highlights
 Unaudited

Three Months Ended September 30,														
	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
<i>(Dollars in millions)</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses	\$ 871	\$ 848	\$ 51	\$ 59	\$ 117	\$ 106	\$ 73	\$ 48	\$ 48	\$ 85	\$ 83	\$ 92	\$ 47	\$ 52
Non-interest income	88	(5)	18	(1)	5	(15)	20	18	67	25	4	4	7	—
Non-interest expense	258	241	15	16	26	22	19	18	32	31	17	16	16	20
Affordable Housing Program assessments	74	65	6	4	10	7	7	5	9	8	8	8	4	3
Net income	\$ 627	\$ 537	\$ 48	\$ 38	\$ 86	\$ 62	\$ 67	\$ 43	\$ 74	\$ 71	\$ 62	\$ 72	\$ 34	\$ 29
	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses			\$ 140	\$ 119	\$ 66	\$ 51	\$ 27	\$ 43	\$ 56	\$ 55	\$ 134	\$ 114	\$ 40	\$ 37
Non-interest income			11	(10)	(18)	(4)	3	7	(10)	(10)	(12)	(22)	—	4
Non-interest expense			28	26	18	14	18	17	15	13	34	32	22	18
Affordable Housing Program assessments			13	8	3	3	1	3	3	3	12	11	2	2
Net income			\$ 110	\$ 75	\$ 27	\$ 30	\$ 11	\$ 30	\$ 28	\$ 29	\$ 76	\$ 49	\$ 16	\$ 21
Nine Months Ended September 30,														
	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
<i>(Dollars in millions)</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses	\$ 2,602	\$ 2,540	\$ 156	\$ 198	\$ 331	\$ 304	\$ 204	\$ 137	\$ 232	\$ 255	\$ 238	\$ 253	\$ 138	\$ 177
Non-interest income	59	179	22	(10)	8	6	64	33	100	90	14	13	23	28
Non-interest expense	760	663	49	47	74	70	55	54	95	92	51	47	49	51
Affordable Housing Program assessments	205	209	14	14	27	24	21	12	24	25	21	22	11	16
Net income	\$ 1,696	\$ 1,847	\$ 115	\$ 127	\$ 238	\$ 216	\$ 192	\$ 104	\$ 213	\$ 228	\$ 180	\$ 197	\$ 101	\$ 138
	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses			\$ 392	\$ 332	\$ 179	\$ 155	\$ 88	\$ 114	\$ 169	\$ 157	\$ 406	\$ 355	\$ 105	\$ 105
Non-interest income			12	26	(29)	(31)	9	16	(40)	(28)	(114)	10	2	4
Non-interest expense			87	26	49	43	55	52	41	38	103	93	61	57
Affordable Housing Program assessments			32	28	10	8	4	8	9	9	29	38	5	5
Net income			\$ 285	\$ 304	\$ 91	\$ 73	\$ 38	\$ 70	\$ 79	\$ 82	\$ 160	\$ 234	\$ 41	\$ 47

(1) The sum of the individual FHLBank income statement amounts may not agree to the combined income statement amounts due to combining adjustments.