FHLBANKS
OFFICE OF FINANCE

July 29, 2016

FOR IMMEDIATE RELEASE:

Office of Finance Announces Second Quarter 2016 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 June 30, 2016, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was $792 million for the three months ended June 30, 2016, an increase of 16% compared to the same period in 2015. This increase was due primarily to higher net interest income, gains on trading securities, and higher gains on litigation settlements, partially offset by losses on derivatives and hedging activities.

Net income was $1,617 million for the six months ended June 30, 2016, a decrease of 5% compared to the same period in 2015. This decrease was due primarily to losses on derivatives and hedging activities, partially offset by gains on trading securities and higher net interest income.

Key balance sheet highlights as of June 30, 2016, compared to December 31, 2015, were:

- Total assets increased 6% to $1.031 trillion;
- Advances increased 9% to $689.8 billion;
- Consolidated obligations increased 7% to $965.2 billion; and
- Total GAAP capital increased 3% to $49.5 billion.

Balance Sheet

Total assets were $1.031 trillion at June 30, 2016, an increase of 6% from $969.3 billion at December 31, 2015.

- Advances were $689.8 billion, an increase of 9% driven primarily by higher member demand, particularly by large members.
- Investments were $285.8 billion, an increase of 4% as a result of increases in investment securities and federal funds sold.
- Mortgage loans held for portfolio, net were $45.7 billion, an increase of 2%.

Total liabilities were $981.1 billion at June 30, 2016, an increase of 7% from $921.2 billion at December 31, 2015.

- Total consolidated obligations were $965.2 billion, an increase of 7% due primarily to increased funding needs related to the growth in advances and consisted of a 20% increase in consolidated bonds, partially offset by a 5% decrease in consolidated discount notes.
- Mandatorily redeemable capital stock was $1.8 billion at June 30, 2016, an increase of $1.1 billion due primarily to the Federal Housing Finance Agency rule on FHLBank membership that, among other things, requires the FHLBanks to terminate the membership of captive insurance companies by specified dates, resulting in a reclassification of capital stock held by these members to mandatorily redeemable capital stock.

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Total GAAP capital was $49.5 billion at June 30, 2016, an increase of 3% from $48.1 billion at December 31, 2015. This increase was due primarily to growth in retained earnings and an increase in capital stock outstanding.

(Dollars in millions)	June 30, 2016	December 31, 2015	Change
Assets			
Cash and due from banks	$ 6,199	$ 14,289	$ (8,090)
Investments	285,789	273,684	12,105
Advances	689,792	634,022	55,770
Mortgage loans held for portfolio, net	45,690	44,585	1,105
Other assets	3,186	2,687	499
Total assets	**$ 1,030,656**	**$ 969,267**	**$ 61,389**
Liabilities			
Consolidated obligations			
Discount notes	$ 471,032	$ 494,045	$ (23,013)
Bonds	494,158	411,851	82,307
Total consolidated obligations	965,190	905,896	59,294
Mandatorily redeemable capital stock	1,845	745	1,100
Other liabilities	14,075	14,556	(481)
Total liabilities	**981,110**	**921,197**	**59,913**
Capital			
Capital stock	34,813	34,185	628
Additional capital from merger	128	194	(66)
Retained earnings	15,310	14,325	985
Accumulated other comprehensive income (loss)	(705)	(634)	(71)
Total capital (GAAP)	**49,546**	**48,070**	**1,476**
Total liabilities and capital	**$ 1,030,656**	**$ 969,267**	**$ 61,389**
Combined regulatory capital	**$ 52,098**	**$ 49,449**	**$ 2,649**
Combined GAAP capital-to-assets ratio	**4.81%**	**4.96%**	**(0.15)%**
Combined regulatory capital-to-assets ratio	**5.05%**	**5.10%**	**(0.05)%**

Net Income

Net income was $792 million for the three months ended June 30, 2016, an increase of 16% compared to the same period in 2015. This increase was due primarily to higher net interest income, gains on trading securities, and higher gains on litigation settlements, partially offset by losses on derivatives and hedging activities.

Net income was $1,617 million for the six months ended June 30, 2016, a decrease of 5% compared to the same period in 2015. This decrease was due primarily to losses on derivatives and hedging activities, partially offset by gains on trading securities and higher net interest income.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2016	2015	Change	2016	2015	Change
Net interest income after provision (reversal) for credit losses	$ 899	$ 735	$ 164	$ 1,826	$ 1,659	$ 167
Non-interest income (loss)	254	391	(137)	522	871	(349)
Non-interest expense	270	359	(89)	546	632	(86)
Affordable Housing Program assessments	91	83	8	185	199	(14)
Net income (loss)	**$ 792**	**$ 684**	**$ 108**	**$ 1,617**	**$ 1,699**	**$ (82)**

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Net Interest Income

Net interest income after provision for credit losses was $899 million and $1,826 million for the three and six months ended June 30, 2016, increases of 22% and 10% compared to the same periods in 2015. Net interest margin was 0.37% for both the three and six months ended June 30, 2016, an increase of 4 basis points compared to the three months ended June 30, 2015, and unchanged when compared to the six months ended June 30, 2015.

- Interest income was $2,629 million and $5,166 million for the three and six months ended June 30, 2016, increases of 41% and 33% compared to the same periods in 2015. These increases were due primarily to higher yields on advances and investments and increases in the average balances of advances.

- Interest expense was $1,729 million and $3,338 million for the three and six months ended June 30, 2016, increases of 54% and 51% compared to the same periods in 2015. These increases were due primarily to higher yields on consolidated obligations and increases in the average balances of consolidated obligations.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Interest income						
Advances	$ 1,236	$ 546	$ 690	$ 2,378	$ 1,226	$ 1,152
Prepayment fees on advances, net	35	23	12	47	49	(2)
Investments and other	971	880	91	1,955	1,777	178
Mortgage loans	387	410	(23)	786	819	(33)
Total interest income	**2,629**	**1,859**	**770**	**5,166**	**3,871**	**1,295**
Interest expense						
Discount notes	513	166	347	1,002	331	671
Bonds	1,179	901	278	2,264	1,792	472
Total consolidated obligations	1,692	1,067	625	3,266	2,123	1,143
Deposits and other borrowings	37	54	(17)	72	87	(15)
Total interest expense	**1,729**	**1,121**	**608**	**3,338**	**2,210**	**1,128**
Net interest income	**900**	**738**	**162**	**1,828**	**1,661**	**167**
Provision (reversal) for credit losses	1	3	(2)	2	2	—
Net interest income after provision (reversal) for credit losses	**$ 899**	**$ 735**	**$ 164**	**$ 1,826**	**$ 1,659**	**$ 167**
Net interest margin	**0.37%**	**0.33%**	**0.04%**	**0.37%**	**0.37%**	—

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Non-Interest Income

Non-interest income was $254 million for the three months ended June 30, 2016, a decrease of 35% compared to the same period in 2015. This decrease was due primarily to losses on derivatives and hedging activities, partially offset by gains on trading securities and higher gains on litigation settlements. Non-interest income was $522 million for the six months ended June 30, 2016, a decrease of 40% compared to the same period in 2015. This decrease was due primarily to losses on derivatives and hedging activities, partially offset by gains on trading securities.

- Net losses on derivatives and hedging activities were $73 million and $310 million for the three and six months ended June 30, 2016, due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges under GAAP.

- Net gains on investment securities classified as trading were $46 million and $148 million for the three and six months ended June 30, 2016, resulting from changes in fair values of these securities due primarily to changes in interest rates and credit spreads.

- Gains on litigation settlements were $252 million and $600 million for the three and six months ended June 30, 2016, resulting primarily from the FHLBank of San Francisco's $211 million settlement during the first quarter of 2016, and the FHLBank of Des Moines' settlements of $137 million during the first quarter of 2016 and $200 million during the second quarter of 2016, of certain claims arising from investments in private-label mortgage-backed securities.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2016	2015	Change	2016	2015	Change
Net other-than-temporary impairment losses	$ (6)	$ (12)	$ 6	$ (15)	$ (67)	$ 52
Net gains (losses) on trading securities	46	(76)	122	148	(67)	215
Net gains (losses) on derivatives and hedging activities	(73)	326	(399)	(310)	285	(595)
Gains on litigation settlements, net	252	143	109	600	623	(23)
Other	35	10	25	99	97	2
Total non-interest income (loss)	**$ 254**	**$ 391**	**$ (137)**	**$ 522**	**$ 871**	**$ (349)**

Non-Interest Expense

Non-interest expense for the three and six months ended June 30, 2016, was $270 million and $546 million, decreases of 25% and 14% compared to the same period in 2015. These decreases were due primarily to expenses incurred during the three and six months ended June 30, 2015, related to certain private-label mortgage-backed securities litigation expenses, and related charges, incurred by the FHLBank of Seattle and expenses incurred in connection with the merger of the FHLBank of Des Moines and the FHLBank of Seattle.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2016	2015	Change	2016	2015	Change
Compensation and benefits	$ 151	$ 174	$ (23)	$ 304	$ 325	$ (21)
Other operating expenses	88	153	(65)	176	247	(71)
Other expense	31	32	(1)	66	60	6
Total non-interest expense	**$ 270**	**$ 359**	**$ (89)**	**$ 546**	**$ 632**	**$ (86)**

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Affordable Housing Program Assessments

Affordable Housing Program assessments for the three months ended June 30, 2016, were $91 million, an increase of 10% as compared to the same period in 2015. Affordable Housing Program assessments for the six months ended June 30, 2016, were $185 million, a decrease of 7% compared to the same period in 2015. 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 7,200 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, underwriters, 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 short-term funding and 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 Combined Operating Highlights

Balance Sheet Highlights

Unaudited

(Dollars in millions)	Combined(1) June 30, 2016	Combined(1) December 31, 2015	Boston June 30, 2016	Boston December 31, 2015	New York June 30, 2016	New York December 31, 2015	Pittsburgh June 30, 2016	Pittsburgh December 31, 2015	Atlanta June 30, 2016	Atlanta December 31, 2015	Cincinnati June 30, 2016	Cincinnati December 31, 2015
Assets												
Cash and due from banks	$ 6,199	$ 14,289	$ 414	$ 254	$ 345	$ 327	$ 2,646	$ 2,377	$ 1,164	$ 1,751	$ 12	$ 10
Investments	285,789	273,684	19,676	18,019	29,988	26,167	14,529	16,144	36,842	35,175	22,850	37,356
Advances	689,792	634,022	38,242	36,076	95,273	93,874	66,336	74,505	106,926	104,168	74,563	73,292
Mortgage loans held for portfolio, net	45,690	44,585	3,628	3,582	2,631	2,525	3,154	3,087	518	584	8,510	7,980
Other assets	3,186	2,687	200	172	489	345	241	217	643	568	207	146
Total assets	$ 1,030,656	$ 969,267	$ 62,160	$ 58,103	$ 128,726	$ 123,238	$ 86,906	$ 96,330	$ 146,093	$ 142,246	$ 106,142	$ 118,784
Liabilities												
Consolidated obligations												
Discount notes	$ 471,032	$ 494,045	$ 30,484	$ 28,479	$ 49,072	$ 46,850	$ 20,814	$ 42,276	$ 68,585	$ 69,434	$ 48,894	$ 77,199
Bonds	494,158	411,851	27,139	25,427	70,900	67,716	60,769	48,601	68,560	63,953	50,458	35,092
Total consolidated obligations	965,190	905,896	57,623	53,906	119,972	114,566	81,583	90,877	137,145	133,387	99,352	112,291
Mandatorily redeemable capital stock	1,845	745	35	42	30	19	6	6	9	14	96	38
Other liabilities	14,075	14,556	1,341	1,132	1,950	1,934	1,027	946	1,767	1,829	1,696	1,274
Total liabilities	981,110	921,197	58,999	55,080	121,952	116,519	82,616	91,829	138,921	135,230	101,144	113,603
Capital												
Capital stock	34,813	34,185	2,354	2,337	5,666	5,585	3,232	3,540	5,240	5,101	4,227	4,429
Additional capital from merger	128	194	—	—	—	—	—	—	—	—	—	—
Retained earnings	15,310	14,325	1,165	1,129	1,322	1,270	925	881	1,839	1,840	783	765
Accumulated other comprehensive income (loss)	(705)	(634)	(358)	(443)	(214)	(136)	133	80	93	75	(12)	(13)
Total capital (GAAP)	49,546	48,070	3,161	3,023	6,774	6,719	4,290	4,501	7,172	7,016	4,998	5,181
Total liabilities and capital	$ 1,030,656	$ 969,267	$ 62,160	$ 58,103	$ 128,726	$ 123,238	$ 86,906	$ 96,330	$ 146,093	$ 142,246	$ 106,142	$ 118,784
Regulatory capital	$ 52,098	$ 49,449	$ 3,554	$ 3,507	$ 7,019	$ 6,875	$ 4,163	$ 4,427	$ 7,088	$ 6,956	$ 5,106	$ 5,232

	Indianapolis June 30, 2016	Indianapolis December 31, 2015	Chicago June 30, 2016	Chicago December 31, 2015	Des Moines June 30, 2016	Des Moines December 31, 2015	Dallas June 30, 2016	Dallas December 31, 2015	Topeka June 30, 2016	Topeka December 31, 2015	San Francisco June 30, 2016	San Francisco December 31, 2015
Assets												
Cash and due from banks	$ 431	$ 4,932	$ 375	$ 499	$ 460	$ 982	$ 124	$ 837	$ 214	$ 683	$ 15	$ 1,637
Investments	16,040	10,415	28,964	28,324	44,143	40,167	22,982	16,323	13,444	13,606	36,578	32,275
Advances	26,465	26,909	46,424	36,778	116,294	89,173	31,123	24,747	26,183	23,580	61,963	50,919
Mortgage loans held for portfolio, net	8,772	8,146	4,667	4,828	6,640	6,755	67	55	6,473	6,391	632	655
Other assets	293	206	232	242	323	297	142	120	177	166	242	212
Total assets	$ 52,001	$ 50,608	$ 80,662	$ 70,671	$ 167,860	$ 137,374	$ 54,438	$ 42,082	$ 46,491	$ 44,426	$ 99,430	$ 85,698
Liabilities												
Consolidated obligations												
Discount notes	$ 15,920	$ 19,251	$ 45,876	$ 41,564	$ 92,521	$ 98,990	$ 30,047	$ 20,541	$ 26,888	$ 21,813	$ 41,930	$ 27,647
Bonds	32,467	27,862	29,091	22,582	66,599	31,208	20,748	18,025	16,754	19,866	50,924	51,827
Total consolidated obligations	48,387	47,113	74,967	64,146	159,120	130,198	50,795	38,566	43,642	41,679	92,854	79,474
Mandatorily redeemable capital stock	178	14	302	8	698	103	3	9	4	3	486	488
Other liabilities	1,167	1,095	886	1,865	1,538	1,448	1,169	1,308	828	902	728	840
Total liabilities	49,732	48,222	76,155	66,019	161,356	131,749	51,967	39,883	44,474	42,584	94,068	80,802
Capital												
Capital stock	1,401	1,528	1,774	1,950	5,241	4,714	1,811	1,540	1,347	1,209	2,520	2,253
Additional capital from merger	—	—	—	—	128	194	—	—	—	—	—	—
Retained earnings	853	835	2,884	2,730	1,220	801	784	762	685	652	2,828	2,628
Accumulated other comprehensive income (loss)	15	23	(151)	(28)	(85)	(84)	(124)	(103)	(15)	(19)	14	15
Total capital (GAAP)	2,269	2,386	4,507	4,652	6,504	5,625	2,471	2,199	2,017	1,842	5,362	4,896
Total liabilities and capital	$ 52,001	$ 50,608	$ 80,662	$ 70,671	$ 167,860	$ 137,374	$ 54,438	$ 42,082	$ 46,491	$ 44,426	$ 99,430	$ 85,698
Regulatory capital	$ 2,432	$ 2,377	$ 4,960	$ 4,688	$ 7,287	$ 5,812	$ 2,598	$ 2,311	$ 2,037	$ 1,863	$ 5,834	$ 5,369

(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 Combined Operating Highlights
Income Statement Highlights
Unaudited

Three Months Ended June 30,

(Dollars in millions)	Combined[1] 2016	Combined[1] 2015	Boston 2016	Boston 2015	New York 2016	New York 2015	Pittsburgh 2016	Pittsburgh 2015	Atlanta 2016	Atlanta 2015	Cincinnati 2016	Cincinnati 2015	Indianapolis 2016	Indianapolis 2015
Net interest income after provision (reversal) for credit losses	$ 899	$ 735	$ 55	$ 56	$ 129	$ 105	$ 93	$ 81	$ 80	$ (48)	$ 77	$ 84	$ 46	$ 48
Non-interest income (loss)	254	391	17	131	—	3	1	26	17	176	7	6	(2)	8
Non-interest expense	270	359	19	21	27	25	19	17	31	31	21	19	19	18
Affordable Housing Program assessments	91	83	6	17	10	8	8	9	6	10	6	7	3	4
Net income (loss)	$ 792	$ 684	$ 47	$ 149	$ 92	$ 75	$ 67	$ 81	$ 60	$ 87	$ 57	$ 64	$ 22	$ 34

	Chicago 2016	Chicago 2015	Des Moines 2016	Des Moines 2015	Dallas 2016	Dallas 2015	Topeka 2016	Topeka 2015	San Francisco 2016	San Francisco 2015	Seattle(2) 2016	Seattle(2) 2015
Net interest income after provision (reversal) for credit losses	$ 111	$ 117	$ 93	$ 79	$ 38	$ 31	$ 64	$ 59	$ 117	$ 108	$ —	$ 19
Non-interest income (loss)	45	24	192	6	5	13	(15)	(14)	(9)	(2)	—	8
Non-interest expense	41	33	27	56	20	19	14	16	37	34	—	70
Affordable Housing Program assessments	11	11	26	3	2	2	3	3	8	11	—	(1)
Net income (loss)	$ 104	$ 97	$ 232	$ 26	$ 21	$ 23	$ 32	$ 26	$ 63	$ 61	$ —	$ (42)

Six Months Ended June 30,

(Dollars in millions)	Combined[1] 2016	Combined[1] 2015	Boston 2016	Boston 2015	New York 2016	New York 2015	Pittsburgh 2016	Pittsburgh 2015	Atlanta 2016	Atlanta 2015	Cincinnati 2016	Cincinnati 2015	Indianapolis 2016	Indianapolis 2015
Net interest income after provision (reversal) for credit losses	$ 1,826	$ 1,659	$ 111	$ 111	$ 255	$ 224	$ 175	$ 157	$ 173	$ 57	$ 157	$ 162	$ 95	$ 96
Non-interest income (loss)	522	871	13	131	(5)	9	2	47	14	196	3	14	(3)	12
Non-interest expense	546	632	38	38	56	52	39	35	65	65	43	37	37	36
Affordable Housing Program assessments	185	199	9	21	19	18	14	17	12	19	12	14	6	7
Net income (loss)	$ 1,617	$ 1,699	$ 77	$ 183	$ 175	$ 163	$ 124	$ 152	$ 110	$ 169	$ 105	$ 125	$ 49	$ 65

	Chicago 2016	Chicago 2015	Des Moines 2016	Des Moines 2015	Dallas 2016	Dallas 2015	Topeka 2016	Topeka 2015	San Francisco 2016	San Francisco 2015	Seattle(2) 2016	Seattle(2) 2015
Net interest income after provision (reversal) for credit losses	$ 231	$ 247	$ 196	$ 147	$ 74	$ 60	$ 129	$ 116	$ 240	$ 238	$ —	$ 57
Non-interest income (loss)	42	19	324	(3)	(2)	28	(21)	(23)	162	430	—	10
Non-interest expense	81	66	54	76	40	37	28	30	73	68	—	99
Affordable Housing Program assessments	19	20	47	7	3	5	8	6	35	65	—	—
Net income (loss)	$ 173	$ 180	$ 419	$ 61	$ 29	$ 46	$ 72	$ 57	$ 294	$ 535	$ —	$ (32)

(1) The sum of the individual FHLBank income statement amounts may not agree to the combined income statement amounts due to combining adjustments.
(2) The FHLBank of Seattle ceased operations on May 31, 2015, in connection with the FHLBank of Des Moines and FHLBank of Seattle merger.