FHLBANKS
OFFICE OF FINANCE

July 30, 2014

FOR IMMEDIATE RELEASE:

Office of Finance Announces Second 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 June 30, 2014, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was $514 million and $1,069 million for the three and six months ended June 30, 2014, decreases of 30% and 18% compared to the same periods in 2013. Key balance sheet highlights as of June 30, 2014, compared to December 31, 2013, were:

- Total assets increased 4% to $865.9 billion;
- Advances increased 8% to $536.6 billion;
- Consolidated obligations increased 4% to $801.3 billion; and
- Total GAAP capital increased 2% to $46.1 billion.

Balance Sheet

Total assets were $865.9 billion at June 30, 2014, an increase of 4% from $834.2 billion at December 31, 2013.

- Advances were $536.6 billion, an increase of 8% driven by higher member demand, particularly by large-asset members during the three months ended June 30, 2014.
- Investments were $262.5 billion, an increase of 8% due primarily to the purchase of additional short-term investments, largely as a result of investing cash held at year-end.
- Mortgage loans were $43.3 billion, a decrease of 3% resulting from principal repayments continuing to exceed purchases.
- Other assets were $23.5 billion, a decrease of $24.8 billion due primarily to a decrease in cash, resulting largely from the purchase of short-term investments.

Total liabilities were $819.8 billion at June 30, 2014, an increase of 4% from $789.1 billion at December 31, 2013, driven by a 4% 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 $46.1 billion at June 30, 2014, an increase of 2% from $45.1 billion at December 31, 2013. This increase was primarily the result of an improvement in accumulated other comprehensive income (loss) and growth in retained earnings. Retained earnings grew 4% due to net income of $1,069 million, offset by dividends of $580 million.

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The improvement in accumulated other comprehensive income (loss) of $632 million resulted primarily from:

- Fair value improvements of $264 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; and
- Net fair value increases of $340 million on all other investment securities classified as available-for-sale, due primarily to changes in interest rates, credit spreads, and volatility.

(Dollars in millions)	June 30, 2014	December 31, 2013	Change
Assets			
Investments	$ 262,475	$ 242,863	$ 19,612
Advances	536,634	498,599	38,035
Mortgage loans held for portfolio, net	43,314	44,442	(1,128)
Other assets	23,468	48,296	(24,828)
Total assets	**$ 865,891**	**$ 834,200**	**$ 31,691**
Liabilities			
Consolidated obligations			
Discount notes	$ 322,832	$ 293,296	$ 29,536
Bonds	478,448	473,845	4,603
Total consolidated obligations	801,280	767,141	34,139
Mandatorily redeemable capital stock	3,614	4,998	(1,384)
Other liabilities	14,913	16,991	(2,078)
Total liabilities	**819,807**	**789,130**	**30,677**
Capital			
Capital stock	33,268	33,375	(107)
Retained earnings	12,695	12,206	489
Accumulated other comprehensive income (loss)	121	(511)	632
Total capital (GAAP)	**46,084**	**45,070**	**1,014**
Total liabilities and capital	**$ 865,891**	**$ 834,200**	**$ 31,691**
Total combined regulatory capital	**$ 49,576**	**$ 50,578**	**$ (1,002)**
Total GAAP capital-to-assets ratio	**5.32%**	**5.40%**	**(0.08)%**
Combined regulatory capital-to-assets ratio	**5.73%**	**6.06%**	**(0.33)%**

Net Income

Net income for the three and six months ended June 30, 2014, was $514 million and $1,069 million, decreases of 30% and 18% compared to the same periods in 2013. These decreases for the three and six months ended June 30, 2014, resulted primarily from declines in non-interest income and increases in non-interest expense, partially offset by increases in net interest income.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2014	2013	Change	2014	2013	Change
Net interest income after provision (reversal) for credit losses	$ 864	$ 838	$ 26	$ 1,731	$ 1,692	$ 39
Non-interest income	(35)	156	(191)	(29)	184	(213)
Non-interest expense	252	188	64	502	422	80
Affordable Housing Program assessments	63	76	(13)	131	144	(13)
Net income	**$ 514**	**$ 730**	**$ (216)**	**$ 1,069**	**$ 1,310**	**$ (241)**

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Net Interest Income

Net interest income after provision (reversal) for credit losses for the three and six months ended June 30, 2014, was $864 million and $1,731 million, increases of 3% and 2% compared to the same periods in 2013. Net interest margin for both the three and six months ended June 30, 2014, was 0.41%, decreases of 3 and 4 basis points compared to the same periods in 2013.

- Interest income was $2,008 million and $4,035 million for the three and six months ended June 30, 2014, decreases of 4% and 5% 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.
- Interest expense was $1,148 million and $2,319 million for the three and six months ended June 30, 2014, decreases of 9% and 10% 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.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2014	2013	Change	2014	2013	Change
Interest income						
Advances	$ 626	$ 632	$ (6)	$ 1,261	$ 1,277	$ (16)
Prepayment fees on advances, net	21	34	(13)	32	64	(32)
Investments and other	932	947	(15)	1,876	1,945	(69)
Mortgage loans	429	476	(47)	866	969	(103)
Total interest income	**2,008**	**2,089**	**(81)**	**4,035**	**4,255**	**(220)**
Interest expense						
Consolidated obligations	1,097	1,199	(102)	2,207	2,471	(264)
Deposits and other borrowings	51	58	(7)	112	102	10
Total interest expense	**1,148**	**1,257**	**(109)**	**2,319**	**2,573**	**(254)**
Net interest income	**860**	**832**	**28**	**1,716**	**1,682**	**34**
Provision (reversal) for credit losses	(4)	(6)	2	(15)	(10)	(5)
Net interest income after provision (reversal) for credit losses	**$ 864**	**$ 838**	**$ 26**	**$ 1,731**	**$ 1,692**	**$ 39**
Net interest margin	**0.41%**	**0.44%**	**(0.03)%**	**0.41%**	**0.45%**	**(0.04)%**

Non-Interest Income

Non-interest income for the three and six months ended June 30, 2014, was a loss of $35 million and a loss of $29 million, declines of $191 million and $213 million compared to the same periods in 2013. These declines were due primarily to net losses on derivatives and hedging activities and net losses on financial instruments held under fair value option, partially offset by net gains on trading securities and gains on litigation settlements.

- Net losses from derivatives and hedging activities of $56 million and $114 million for the three and six months ended June 30, 2014, were due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges under GAAP. The fair values are based on a wide range of factors, including current and projected levels of interest rates, credit spreads, and volatility.

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- Net losses on financial instruments held under fair value option of $32 million and $65 million for the three and six months ended June 30, 2014, were due to changes in a wide range of factors, including the current and projected levels of interest rates, volatility, and credit spreads.
- Net gains on investment securities classified as trading of $6 million and $16 million for the three and six months ended June 30, 2014, were due primarily to changes in interest rates, credit spreads, and volatility.
- Gains on litigation settlements were $21 million and $64 million for the three and six months ended June 30, 2014. Several of the FHLBanks agreed to settle certain claims arising from investments in private-label mortgage-backed securities.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2014	2013	Change	2014	2013	Change
Net other-than-temporary impairment losses	$ (4)	$ (1)	$ (3)	$ (6)	$ (6)	$ —
Net gains (losses) on trading securities	6	(144)	150	16	(192)	208
Net gains (losses) on financial instruments held under fair value option	(32)	30	(62)	(65)	26	(91)
Net gains (losses) on derivatives and hedging activities	(56)	228	(284)	(114)	293	(407)
Gains on litigation settlements, net	21	3	18	64	3	61
Net gains (losses) on debt extinguishments	(3)	(4)	1	10	(12)	22
Other	33	44	(11)	66	72	(6)
Total non-interest income (loss)	**$ (35)**	**$ 156**	**$ (191)**	**$ (29)**	**$ 184**	**$ (213)**

Non-Interest Expense

Non-interest expense for the three and six months ended June 30, 2014, was $252 million and $502 million, increases of 34% and 19% compared to the same periods in 2013. These increases were due primarily to the 2013 reversal into other expense of a one-time, $50 million charge originally recorded by the FHLBank of Chicago.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2014	2013	Change	2014	2013	Change
Compensation and benefits	$ 133	$ 128	$ 5	$ 270	$ 254	$ 16
Other operating expenses	94	85	9	176	162	14
Federal Housing Finance Agency	13	9	4	29	25	4
Other expense	12	(34)	46	27	(19)	46
Total non-interest expense	**$ 252**	**$ 188**	**$ 64**	**$ 502**	**$ 422**	**$ 80**

Affordable Housing Program Assessments

Affordable Housing Program assessments for the three and six months ended June 30, 2014, were $63 million and $131 million, decreases of 17% and 9% compared to the same periods in 2013. Affordable Housing Program assessments result from individual FHLBank income subject to assessments.

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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.

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

(Dollars in millions)	Combined[1] June 30, 2014	Combined[1] December 31, 2013	Boston June 30, 2014	Boston December 31, 2013	New York June 30, 2014	New York December 31, 2013	Pittsburgh June 30, 2014	Pittsburgh December 31, 2013	Atlanta June 30, 2014	Atlanta December 31, 2013	Cincinnati June 30, 2014	Cincinnati December 31, 2013	Indianapolis June 30, 2014	Indianapolis December 31, 2013
Assets														
Investments	$ 262,475	$ 242,863	$ 18,534	$ 12,981	$ 21,518	$ 20,085	$ 14,401	$ 13,876	$ 30,894	$ 26,944	$ 24,735	$ 22,364	$ 10,801	$ 10,780
Advances	536,634	498,599	32,299	27,517	96,848	90,765	54,624	50,247	95,128	89,588	69,485	65,270	19,248	17,337
Mortgage loans held for portfolio, net	43,314	44,442	3,354	3,368	1,959	1,927	3,140	3,224	832	918	6,696	6,819	6,251	6,190
Other assets	23,468	48,296	396	772	7,507	15,556	1,464	3,324	2,088	4,866	342	8,728	2,755	3,479
Total assets	$ 865,891	$ 834,200	$ 54,583	$ 44,638	$ 127,832	$ 128,333	$ 73,629	$ 70,671	$ 128,942	$ 122,316	$ 101,258	$ 103,181	$ 39,055	$ 37,786
Liabilities														
Consolidated obligations														
Discount notes	$ 322,832	$ 293,296	$ 26,063	$ 16,061	$ 43,225	$ 45,870	$ 31,218	$ 28,237	$ 30,679	$ 32,202	$ 35,390	$ 38,210	$ 9,001	$ 7,435
Bonds	478,448	473,845	23,796	23,466	75,395	73,276	37,501	37,698	89,438	80,728	59,653	58,163	26,250	26,584
Total consolidated obligations	801,280	767,141	49,859	39,527	118,620	119,146	68,719	65,935	120,117	112,930	95,043	96,373	35,251	34,019
Mandatorily redeemable capital stock	3,614	4,998	604	977	23	24	3	—	21	24	112	116	17	17
Other liabilities	14,913	16,991	1,238	1,297	2,446	2,678	952	1,043	2,060	2,710	1,250	1,382	1,291	1,366
Total liabilities	819,807	789,130	51,701	41,801	121,089	121,848	69,674	66,978	122,198	115,664	96,405	97,871	36,559	35,402
Capital														
Capital stock	33,268	33,375	2,490	2,530	5,822	5,571	3,071	2,962	4,906	4,883	4,215	4,698	1,667	1,610
Retained earnings	12,695	12,206	837	789	1,033	999	765	686	1,708	1,657	647	621	782	752
Accumulated other comprehensive income (loss)	121	(511)	(445)	(482)	(112)	(85)	119	45	130	112	(9)	(9)	47	22
Total capital (GAAP)	46,084	45,070	2,882	2,837	6,743	6,485	3,955	3,693	6,744	6,652	4,853	5,310	2,496	2,384
Total liabilities and capital	$ 865,891	$ 834,200	$ 54,583	$ 44,638	$ 127,832	$ 128,333	$ 73,629	$ 70,671	$ 128,942	$ 122,316	$ 101,258	$ 103,181	$ 39,055	$ 37,786
Regulatory capital	$ 49,576	$ 50,578	$ 3,931	$ 4,297	$ 6,878	$ 6,594	$ 3,839	$ 3,648	$ 6,635	$ 6,563	$ 4,974	$ 5,435	$ 2,466	$ 2,379

	Chicago June 30, 2014	Chicago December 31, 2013	Des Moines June 30, 2014	Des Moines December 31, 2013	Dallas June 30, 2014	Dallas December 31, 2013	Topeka June 30, 2014	Topeka December 31, 2013	San Francisco June 30, 2014	San Francisco December 31, 2013	Seattle June 30, 2014	Seattle December 31, 2013
Assets												
Investments	$ 36,125	$ 36,402	$ 23,490	$ 20,131	$ 13,938	$ 13,131	$ 8,774	$ 8,705	$ 34,085	$ 35,260	$ 25,486	$ 22,546
Advances	24,782	23,489	51,714	45,650	18,246	15,979	17,450	17,425	46,595	44,395	10,214	10,935
Mortgage loans held for portfolio, net	6,894	7,695	6,486	6,557	81	91	6,091	5,949	805	905	724	798
Other assets	256	1,211	527	666	1,386	1,021	1,006	1,871	5,741	5,214	125	1,591
Total assets	$ 68,057	$ 68,797	$ 82,217	$ 73,004	$ 33,651	$ 30,222	$ 33,321	$ 33,950	$ 87,226	$ 85,774	$ 36,549	$ 35,870
Liabilities												
Consolidated obligations												
Discount notes	$ 23,795	$ 31,089	$ 59,331	$ 38,137	$ 11,953	$ 5,984	$ 11,463	$ 10,890	$ 23,492	$ 24,194	$ 17,220	$ 14,989
Bonds	38,021	31,987	18,252	30,195	18,959	21,487	19,406	20,057	56,242	53,207	15,894	17,414
Total consolidated obligations	61,816	63,076	77,583	68,332	30,912	27,471	30,869	30,947	79,734	77,401	33,114	32,403
Mandatorily redeemable capital stock	5	5	8	9	3	3	5	5	1,176	2,071	1,635	1,748
Other liabilities	2,002	1,951	833	1,206	826	1,001	986	1,196	554	593	613	581
Total liabilities	63,823	65,032	78,424	69,547	31,741	28,475	31,860	32,148	81,464	80,065	35,362	34,732
Capital												
Capital stock	1,796	1,670	2,954	2,692	1,228	1,124	877	1,252	3,385	3,460	858	923
Retained earnings	2,198	2,028	705	678	681	656	600	568	2,361	2,394	312	287
Accumulated other comprehensive income (loss)	240	67	134	87	1	(33)	(16)	(18)	16	(145)	17	(72)
Total capital (GAAP)	4,234	3,765	3,793	3,457	1,910	1,747	1,461	1,802	5,762	5,709	1,187	1,138
Total liabilities and capital	$ 68,057	$ 68,797	$ 82,217	$ 73,004	$ 33,651	$ 30,222	$ 33,321	$ 33,950	$ 87,226	$ 85,774	$ 36,549	$ 35,870
Regulatory capital	$ 3,999	$ 3,703	$ 3,667	$ 3,379	$ 1,912	$ 1,782	$ 1,482	$ 1,824	$ 6,922	$ 7,925	$ 2,805	$ 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.

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Table II to July 30, 2014 Combined Operating Highlights
Income Statement Highlights
Unaudited

Three Months Ended June 30,

(Dollars in millions)	Combined[(1)] 2014	Combined[(1)] 2013	Boston 2014	Boston 2013	New York 2014	New York 2013	Pittsburgh 2014	Pittsburgh 2013	Atlanta 2014	Atlanta 2013	Cincinnati 2014	Cincinnati 2013	Indianapolis 2014	Indianapolis 2013
Net interest income after provision (reversal) for credit losses	$ 864	$ 838	$ 50	$ 61	$ 106	$ 95	$ 65	$ 44	$ 90	$ 85	$ 78	$ 83	$ 43	$ 61
Non-interest income	(35)	156	2	(6)	2	22	2	11	10	41	6	1	10	33
Non-interest expense	252	188	17	15	23	24	17	19	32	31	17	16	17	16
Affordable Housing Program assessments	63	76	4	4	8	9	5	4	6	9	6	7	3	8
Net income	$ 514	$ 730	$ 31	$ 36	$ 77	$ 84	$ 45	$ 32	$ 62	$ 86	$ 61	$ 61	$ 33	$ 70

	Chicago 2014	Chicago 2013	Des Moines 2014	Des Moines 2013	Dallas 2014	Dallas 2013	Topeka 2014	Topeka 2013	San Francisco 2014	San Francisco 2013	Seattle 2014	Seattle 2013
Net interest income after provision (reversal) for credit losses	$ 122	$ 100	$ 60	$ 51	$ 32	$ 36	$ 59	$ 52	$ 138	$ 114	$ 34	$ 34
Non-interest income	11	35	(14)	(19)	3	5	(14)	(8)	(54)	36	2	(2)
Non-interest expense	29	(25)	16	14	19	16	12	13	37	31	20	21
Affordable Housing Program assessments	10	11	3	2	2	3	4	3	8	15	2	1
Net income	$ 94	$ 149	$ 27	$ 16	$ 14	$ 22	$ 29	$ 28	$ 39	$ 104	$ 14	$ 10

Six Months Ended June 30,

(Dollars in millions)	Combined[(1)] 2014	Combined[(1)] 2013	Boston 2014	Boston 2013	New York 2014	New York 2013	Pittsburgh 2014	Pittsburgh 2013	Atlanta 2014	Atlanta 2013	Cincinnati 2014	Cincinnati 2013	Indianapolis 2014	Indianapolis 2013
Net interest income after provision (reversal) for credit losses	$ 1,731	$ 1,692	$ 105	$ 139	$ 214	$ 198	$ 131	$ 89	$ 184	$ 170	$ 155	$ 161	$ 91	$ 125
Non-interest income	(29)	184	4	(9)	3	21	44	15	33	65	10	9	16	28
Non-interest expense	502	422	34	31	48	48	36	36	63	61	34	31	33	31
Affordable Housing Program assessments	131	144	8	10	17	17	14	7	15	17	13	14	7	13
Net income	$ 1,069	$ 1,310	$ 67	$ 89	$ 152	$ 154	$ 125	$ 61	$ 139	$ 157	$ 118	$ 125	$ 67	$ 109

	Chicago 2014	Chicago 2013	Des Moines 2014	Des Moines 2013	Dallas 2014	Dallas 2013	Topeka 2014	Topeka 2013	San Francisco 2014	San Francisco 2013	Seattle 2014	Seattle 2013
Net interest income after provision (reversal) for credit losses	$ 252	$ 213	$ 113	$ 104	$ 61	$ 71	$ 113	$ 102	$ 272	$ 241	$ 65	$ 68
Non-interest income	1	36	(11)	(27)	6	9	(30)	(18)	(102)	32	2	—
Non-interest expense	59	—	31	29	37	35	26	25	69	61	39	39
Affordable Housing Program assessments	19	20	7	5	3	5	6	6	17	27	3	3
Net income	$ 175	$ 229	$ 64	$ 43	$ 27	$ 40	$ 51	$ 53	$ 84	$ 185	$ 25	$ 26

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