



February 20, 2015

FOR IMMEDIATE RELEASE:

Office of Finance Announces Fourth Quarter and Annual 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 December 31, 2014, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was \$550 million and \$2,245 million for the three months and year ended December 31, 2014, decreases of 19% and 11% compared to the same periods in 2013. Key balance sheet highlights as of December 31, 2014, compared to December 31, 2013, were:

- Total assets increased 9% to \$913.3 billion;
- Advances increased 14% to \$570.7 billion;
- Consolidated obligations increased 11% to \$848.3 billion; and
- Total GAAP capital increased 4% to \$47.0 billion.

Balance Sheet

Total assets were \$913.3 billion at December 31, 2014, an increase of 9% from \$834.2 billion at December 31, 2013.

- Advances were \$570.7 billion, an increase of 14% due to higher member demand from a wide range of members, particularly by large asset members.
- Investments were \$270.2 billion, an increase of 11% due mainly to increases in federal funds sold and securities purchased under agreements to resell.
- Other assets were \$28.8 billion, a decrease of 40% due primarily to a decrease in cash.

Total liabilities were \$866.3 billion at December 31, 2014, an increase of 10% from \$789.1 billion at December 31, 2013, driven by an 11% increase in consolidated obligations. This increase in consolidated obligations, primarily consisting of an increase in discount notes, was the result of funding needs related to the growth in advances.

Total GAAP capital was \$47.0 billion at December 31, 2014, an increase of 4% from \$45.0 billion at December 31, 2013. This increase was principally the result of growth in retained earnings and an improvement in accumulated other comprehensive income (loss). Retained earnings grew 9% due to net income of \$2,245 million, offset by dividends of \$1,185 million.



The improvement in accumulated other comprehensive income (loss) of \$565 million resulted primarily from:

- Net fair value increase of \$277 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.
- Net fair value increase of \$198 million on all other investment securities classified as available-for-sale, due to changes in interest rates, credit spreads, and volatility.

<i>(Dollars in millions)</i>	December 31, 2014	December 31, 2013	Change
Assets			
Investments	\$ 270,217	\$ 242,863	\$ 27,354
Advances	570,726	498,599	72,127
Mortgage loans held for portfolio, net	43,563	44,420	(857)
Other assets	28,837	48,296	(19,459)
Total assets	\$ 913,343	\$ 834,178	\$ 79,165
Liabilities			
Consolidated obligations			
Discount notes	\$ 362,303	\$ 293,296	\$ 69,007
Bonds	486,031	473,845	12,186
Total consolidated obligations	848,334	767,141	81,193
Mandatorily redeemable capital stock	2,631	4,998	(2,367)
Other liabilities	15,375	16,991	(1,616)
Total liabilities	866,340	789,130	77,210
Capital			
Capital stock	33,705	33,375	330
Retained earnings	13,244	12,184	1,060
Accumulated other comprehensive income (loss)	54	(511)	565
Total capital (GAAP)	47,003	45,048	1,955
Total liabilities and capital	\$ 913,343	\$ 834,178	\$ 79,165
Combined regulatory capital	\$ 49,577	\$ 50,556	\$ (979)
Combined GAAP capital-to-assets ratio	5.15%	5.40%	(0.25)%
Combined regulatory capital-to-assets ratio	5.43%	6.06%	(0.63)%

Net Income

Net income for the three months and year ended December 31, 2014, was \$550 million and \$2,245 million, decreases of 19% and 11% compared to the same periods in 2013. These decreases resulted primarily from declines in non-interest income (loss) and increases in non-interest expense, partially offset by increases in net interest income.

<i>(Dollars in millions)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Net interest income after provision (reversal) for credit losses	\$ 942	\$ 892	\$ 50	\$ 3,543	\$ 3,419	\$ 124
Non-interest income (loss)	(42)	150	(192)	17	329	(312)
Non-interest expense	286	280	6	1,046	943	103
Affordable Housing Program assessments	64	84	(20)	269	293	(24)
Net income (loss)	\$ 550	\$ 678	\$ (128)	\$ 2,245	\$ 2,512	\$ (267)



Net Interest Income

Net interest income after provision (reversal) for credit losses for the three months and year ended December 31, 2014, was \$942 million and \$3,543 million, increases of 6% and 4% compared to the same periods in 2013. Net interest margin for the three months and year ended December 31, 2014, was 0.42% and 0.41%, decreases of 1 and 3 basis points compared to the same periods in 2013.

- Interest income was \$2,025 million and \$8,032 million for the three months and year ended December 31, 2014, decreases of 3% and 4% compared to the same periods in 2013. These decreases were due to lower yields on interest-earning assets and decreases in the average balance of mortgage loans, partially offset by increases in the average balances of advances and investments.
- Interest expense was \$1,084 million and \$4,510 million for the three months and year ended December 31, 2014, decreases of 9% and 10% compared to the same periods in 2013. These decreases were driven by lower yields on consolidated obligations, including a shift from consolidated bonds to consolidated discount notes and the cumulative effect of redemptions and refinancings of higher-yield consolidated obligations, partially offset by increases in the average balances of consolidated obligations.

<i>(Dollars in millions)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Interest income						
Advances	\$ 672	\$ 641	\$ 31	\$ 2,541	\$ 2,559	\$ (18)
Prepayment fees on advances, net	31	37	(6)	79	138	(59)
Investments and other	909	957	(48)	3,707	3,849	(142)
Mortgage loans	413	445	(32)	1,705	1,852	(147)
Total interest income	2,025	2,080	(55)	8,032	8,398	(366)
Interest expense						
Consolidated obligations	1,046	1,123	(77)	4,315	4,759	(444)
Deposits and other borrowings	38	71	(33)	195	239	(44)
Total interest expense	1,084	1,194	(110)	4,510	4,998	(488)
Net interest income	941	886	55	3,522	3,400	122
Provision (reversal) for credit losses	(1)	(6)	5	(21)	(19)	(2)
Net interest income after provision (reversal) for credit losses	\$ 942	\$ 892	\$ 50	\$ 3,543	\$ 3,419	\$ 124
Net interest margin	0.42%	0.43%	(0.01)%	0.41%	0.44%	(0.03)%

Non-Interest Income

Non-interest income for the three months ended December 31, 2014, was a loss of \$42 million, a decline of \$192 million compared to the same period in 2013. Non-interest income for the year ended December 31, 2014, was \$17 million, a decline of \$312 million compared to the same period in 2013. These declines were due mainly to net losses on derivatives and hedging activities and lower gains on litigation settlements, partially offset by increases in the fair values of trading securities and lower net losses on debt extinguishments.

- Net losses on derivatives and hedging activities of \$96 million and \$148 million for the three months and year ended December 31, 2014, were due primarily to changes in fair values of derivatives not designated as qualifying accounting hedges under GAAP.



- Gains on litigation settlements were \$28 million and \$135 million for the three months and year ended December 31, 2014. Several of the FHLBanks agreed to settle certain claims arising from investments in private-label mortgage-backed securities.
- Net gains (losses) on investment securities classified as trading were a net gain of \$5 million for the three months ended December 31, 2014, and a net loss of \$17 million for the year ended December 31, 2014, resulting from changes in fair values of these securities.

<i>(Dollars in millions)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Net other-than-temporary impairment losses	\$ (4)	\$ (2)	\$ (2)	\$ (15)	\$ (15)	\$ —
Net gains (losses) on derivatives and hedging activities	(96)	111	(207)	(148)	416	(564)
Net gains (losses) on trading securities	5	(59)	64	(17)	(284)	267
Gains on litigation settlements, net	28	198	(170)	135	202	(67)
Net gains (losses) on financial instruments held under fair value option	(10)	(18)	8	(76)	(18)	(58)
Net gains (losses) on debt extinguishments	—	(113)	113	—	(103)	103
Other	35	33	2	138	131	7
Total non-interest income (loss)	\$ (42)	\$ 150	\$ (192)	\$ 17	\$ 329	\$ (312)

Non-Interest Expense

Non-interest expense for the three months and year ended December 31, 2014, was \$286 million and \$1,046 million, increases of 2% and 11% compared to the same periods in 2013. The increase for the year ended December 31, 2014, was due largely 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.

<i>(Dollars in millions)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Compensation and benefits	\$ 149	\$ 156	\$ (7)	\$ 559	\$ 544	\$ 15
Other operating expenses	105	100	5	373	345	28
Federal Housing Finance Agency	17	15	2	58	52	6
Other expense	15	9	6	56	2	54
Total non-interest expense	\$ 286	\$ 280	\$ 6	\$ 1,046	\$ 943	\$ 103

Affordable Housing Program Assessments

Affordable Housing Program assessments for the three months and year ended December 31, 2014, were \$64 million and \$269 million, decreases of 24% and 8% compared to the same periods 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 February 20, 2015 Combined Operating Highlights
Balance Sheet Highlights
 Unaudited

	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<i>(Dollars in millions)</i>														
Assets														
Investments	\$ 270,217	\$ 242,863	\$ 16,879	\$ 12,981	\$ 25,201	\$ 20,085	\$ 16,529	\$ 13,876	\$ 36,502	\$ 26,944	\$ 26,007	\$ 22,364	\$ 10,539	\$ 10,780
Advances	570,726	498,599	33,482	27,517	98,797	90,765	63,408	50,247	99,644	89,588	70,406	65,270	20,790	17,337
Mortgage loans held for portfolio, net	43,563	44,420	3,484	3,368	2,129	1,927	3,124	3,224	746	918	6,984	6,819	6,820	6,168
Other assets	28,837	48,296	1,262	772	6,698	15,556	2,616	3,324	1,452	4,866	3,243	8,728	3,705	3,479
Total assets	\$ 913,343	\$ 834,178	\$ 55,107	\$ 44,638	\$ 132,825	\$ 128,333	\$ 85,677	\$ 70,671	\$ 138,344	\$ 122,316	\$ 106,640	\$ 103,181	\$ 41,854	\$ 37,764
Liabilities														
Consolidated obligations														
Discount notes	\$ 362,303	\$ 293,296	\$ 25,309	\$ 16,061	\$ 50,044	\$ 45,870	\$ 37,058	\$ 28,237	\$ 37,162	\$ 32,202	\$ 41,232	\$ 38,210	\$ 12,568	\$ 7,435
Bonds	486,031	473,845	25,506	23,466	73,535	73,276	43,715	37,698	92,088	80,728	59,217	58,163	25,503	26,584
Total consolidated obligations	848,334	767,141	50,815	39,527	123,579	119,146	80,773	65,935	129,250	112,930	100,449	96,373	38,071	34,019
Mandatorily redeemable capital stock	2,631	4,998	299	977	19	24	1	—	19	24	63	116	16	17
Other liabilities	15,375	16,991	1,115	1,297	2,701	2,678	901	1,043	2,084	2,710	1,189	1,382	1,391	1,366
Total liabilities	866,340	789,130	52,229	41,801	126,299	121,848	81,675	66,978	131,353	115,664	101,701	97,871	39,478	35,402
Capital														
Capital stock	33,705	33,375	2,413	2,530	5,580	5,571	3,041	2,962	5,150	4,883	4,267	4,698	1,551	1,610
Retained earnings	13,244	12,184	902	789	1,083	999	838	686	1,746	1,657	689	621	778	730
Accumulated other comprehensive income (loss)	54	(511)	(437)	(482)	(137)	(85)	123	45	95	112	(17)	(9)	47	22
Total capital (GAAP)	47,003	45,048	2,878	2,837	6,526	6,485	4,002	3,693	6,991	6,652	4,939	5,310	2,376	2,362
Total liabilities and capital	\$ 913,343	\$ 834,178	\$ 55,107	\$ 44,638	\$ 132,825	\$ 128,333	\$ 85,677	\$ 70,671	\$ 138,344	\$ 122,316	\$ 106,640	\$ 103,181	\$ 41,854	\$ 37,764
Regulatory capital	\$ 49,577	\$ 50,556	\$ 3,613	\$ 4,297	\$ 6,682	\$ 6,594	\$ 3,879	\$ 3,648	\$ 6,914	\$ 6,563	\$ 5,019	\$ 5,435	\$ 2,344	\$ 2,357

	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
	December 31, 2014	December 31, 2013										
Assets												
Investments	\$ 32,745	\$ 36,402	\$ 23,079	\$ 20,131	\$ 17,422	\$ 13,131	\$ 9,620	\$ 8,705	\$ 31,949	\$ 35,260	\$ 24,046	\$ 22,546
Advances	32,485	23,489	65,168	45,650	18,942	15,979	18,303	17,425	38,986	44,395	10,314	10,935
Mortgage loans held for portfolio, net	6,057	7,695	6,562	6,557	72	91	6,231	5,949	708	905	647	798
Other assets	554	1,211	715	666	1,610	1,021	2,700	1,871	4,164	5,214	122	1,591
Total assets	\$ 71,841	\$ 68,797	\$ 95,524	\$ 73,004	\$ 38,046	\$ 30,222	\$ 36,854	\$ 33,950	\$ 75,807	\$ 85,774	\$ 35,129	\$ 35,870
Liabilities												
Consolidated obligations												
Discount notes	\$ 31,054	\$ 31,089	\$ 57,773	\$ 38,137	\$ 19,132	\$ 5,984	\$ 14,220	\$ 10,890	\$ 21,811	\$ 24,194	\$ 14,940	\$ 14,989
Bonds	34,251	31,987	32,362	30,195	16,079	21,487	20,221	20,057	47,045	53,207	16,851	17,414
Total consolidated obligations	65,305	63,076	90,135	68,332	35,211	27,471	34,441	30,947	68,856	77,401	31,791	32,403
Mandatorily redeemable capital stock	9	5	24	9	5	3	4	5	719	2,071	1,454	1,748
Other liabilities	2,002	1,951	1,053	1,206	910	1,001	823	1,196	539	593	678	581
Total liabilities	67,316	65,032	91,212	69,547	36,126	28,475	35,268	32,148	70,114	80,065	33,923	34,732
Capital												
Capital stock	1,902	1,670	3,469	2,692	1,223	1,124	974	1,252	3,278	3,460	858	923
Retained earnings	2,406	2,028	720	678	701	656	628	568	2,359	2,394	346	287
Accumulated other comprehensive income (loss)	217	67	123	87	(4)	(33)	(16)	(18)	56	(145)	2	(72)
Total capital (GAAP)	4,525	3,765	4,312	3,457	1,920	1,747	1,586	1,802	5,693	5,709	1,206	1,138
Total liabilities and capital	\$ 71,841	\$ 68,797	\$ 95,524	\$ 73,004	\$ 38,046	\$ 30,222	\$ 36,854	\$ 33,950	\$ 75,807	\$ 85,774	\$ 35,129	\$ 35,870
Regulatory capital	\$ 4,317	\$ 3,703	\$ 4,213	\$ 3,379	\$ 1,928	\$ 1,782	\$ 1,605	\$ 1,824	\$ 6,356	\$ 7,925	\$ 2,659	\$ 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 February 20, 2015 Combined Operating Highlights
Income Statement Highlights
 Unaudited

Three Months Ended December 31,														
<i>(Dollars in millions)</i>	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses	\$ 942	\$ 892	\$ 58	\$ 60	\$ 113	\$ 118	\$ 83	\$ 61	\$ 96	\$ 81	\$ 79	\$ 82	\$ 48	\$ 63
Non-interest income (loss)	(42)	150	(2)	53	(1)	7	12	15	5	76	9	7	(10)	41
Non-interest expense	286	280	17	18	27	26	24	27	37	35	17	17	19	17
Affordable Housing Program assessments	64	84	4	10	8	10	7	5	6	12	7	8	2	9
Net income	\$ 550	\$ 678	\$ 35	\$ 85	\$ 77	\$ 89	\$ 64	\$ 44	\$ 58	\$ 110	\$ 64	\$ 64	\$ 17	\$ 78
			Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
			2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses			\$ 136	\$ 120	\$ 74	\$ 64	\$ 33	\$ 34	\$ 58	\$ 59	\$ 133	\$ 128	\$ 41	\$ 33
Non-interest income (loss)			17	(46)	(22)	(4)	(1)	4	(16)	(3)	(40)	(5)	(1)	6
Non-interest expense			34	30	18	19	20	18	12	15	41	35	19	23
Affordable Housing Program assessments			12	5	4	4	1	2	3	4	7	14	2	2
Net income			\$ 107	\$ 39	\$ 30	\$ 37	\$ 11	\$ 18	\$ 27	\$ 37	\$ 45	\$ 74	\$ 19	\$ 14

Year Ended December 31,														
<i>(Dollars in millions)</i>	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses	\$ 3,543	\$ 3,419	\$ 214	\$ 258	\$ 444	\$ 422	\$ 287	\$ 198	\$ 328	\$ 336	\$ 317	\$ 335	\$ 185	\$ 227
Non-interest income (loss)	17	329	20	43	7	13	76	48	105	166	23	20	13	69
Non-interest expense	1,046	943	66	65	101	96	79	81	132	127	68	64	68	68
Affordable Housing Program assessments	269	293	18	24	35	34	28	17	30	37	28	30	13	25
Net income	\$ 2,245	\$ 2,512	\$ 150	\$ 212	\$ 315	\$ 305	\$ 256	\$ 148	\$ 271	\$ 338	\$ 244	\$ 261	\$ 117	\$ 203
			Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
			2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income after provision (reversal) for credit losses			\$ 528	\$ 452	\$ 253	\$ 219	\$ 121	\$ 148	\$ 227	\$ 216	\$ 539	\$ 483	\$ 146	\$ 138
Non-interest income (loss)			29	(20)	(51)	(35)	8	20	(56)	(31)	(154)	5	1	10
Non-interest expense			121	56	67	62	75	70	53	53	144	128	80	80
Affordable Housing Program assessments			44	33	14	12	5	10	12	13	36	52	7	7
Net income			\$ 392	\$ 343	\$ 121	\$ 110	\$ 49	\$ 88	\$ 106	\$ 119	\$ 205	\$ 308	\$ 60	\$ 61

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