FHLBANKS OFFICE OF FINANCE

July 30, 2015

FOR IMMEDIATE RELEASE:

Office of Finance Announces Second Quarter 2015 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, 2015, filing a Form 8-K with the U. S. Securities and Exchange Commission, except for the FHLBank of Seattle whose corporate existence ceased effective May 31, 2015.

FHLBanks of Des Moines and Seattle Merger

Effective May 31, 2015, the FHLBank of Des Moines and the FHLBank of Seattle completed the previously announced merger pursuant to the definitive merger agreement dated September 25, 2014. At closing, the FHLBank of Seattle merged with and into the FHLBank of Des Moines, with the FHLBank of Des Moines surviving the merger as the continuing FHLBank. The first date of operations for the combined FHLBank was June 1, 2015.

Highlights

Net income was $678 million and $1,693 million for the three and six months ended June 30, 2015, increases of 32% and 58% compared to the same periods in 2014. These increases were due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

Key balance sheet highlights as of June 30, 2015, compared to December 31, 2014, were:

- Total assets were generally flat at $916.9 billion;
- Advances increased 4% to $592.4 billion;
- Consolidated obligations increased 1% to $854.1 billion; and
- Total GAAP capital was generally flat at $47.2 billion.

Balance Sheet

Total assets were $916.9 billion at June 30, 2015, an increase of less than 1% from $913.3 billion at December 31, 2014.

- Advances were $592.4 billion, an increase of 4% due to higher member demand.
- Investments were $265.2 billion, a decrease of 2% due to decreases in federal funds sold and investment securities, partially offset by an increase in securities purchased under agreements to resell.
- Other assets were $14.5 billion, a decrease of 50% due primarily to a decrease in cash.

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Total liabilities were $869.7 billion at June 30, 2015, an increase of less than 1% from $866.3 billion at December 31, 2014. This increase was due primarily to an increase in consolidated obligations, partially offset by a decrease in mandatorily redeemable capital stock.

- Total consolidated obligations were $854.1 billion at June 30, 2015, an increase of 1% from $848.3 billion at December 31, 2014. This increase resulted primarily from increased funding needs related to the growth in advances and consisted of a 10% increase in consolidated discount notes and a 6% decrease in consolidated bonds.

- Mandatorily redeemable capital stock was $450 million at June 30, 2015, a decrease of 83% from $2.6 billion at December 31, 2014. This decrease was due to repurchases/redemptions in connection with the merger, as well as additional repurchases/redemptions by certain other FHLBanks.

Total GAAP capital was $47.2 billion at June 30, 2015, an increase of less than 1% from $47.0 billion at December 31, 2014. This increase consisted primarily of an increase in retained earnings and the recognition of additional capital from merger, partially offset by a decline in capital stock outstanding. Additional capital from merger primarily represents the amount of the FHLBank of Seattle's closing retained earnings balance, adjusted for fair value and other purchase accounting adjustments, and identified intangible assets.

(Dollars in millions)	**June 30, 2015**	**December 31, 2014**	**Change**
Assets			
Investments	$ 265,218	$ 270,217	$ (4,999)
Advances	592,383	570,726	21,657
Mortgage loans held for portfolio, net	44,784	43,563	1,221
Other assets	14,540	28,837	(14,297)
Total assets	**$ 916,925**	**$ 913,343**	**$ 3,582**
Liabilities			
Consolidated obligations			
Discount notes	$ 398,093	$ 362,303	$ 35,790
Bonds	456,012	486,031	(30,019)
Total consolidated obligations	854,105	848,334	5,771
Mandatorily redeemable capital stock	450	2,631	(2,181)
Other liabilities	15,143	15,375	(232)
Total liabilities	**869,698**	**866,340**	**3,358**
Capital			
Capital stock	33,168	33,705	(537)
Additional capital from merger	246	—	246
Retained earnings	13,791	13,244	547
Accumulated other comprehensive income (loss)	22	54	(32)
Total capital (GAAP)	**47,227**	**47,003**	**224**
Total liabilities and capital	**$ 916,925**	**$ 913,343**	**$ 3,582**
Combined regulatory capital	**$ 47,653**	**$ 49,577**	**$ (1,924)**
Combined GAAP capital-to-assets ratio	**5.15%**	**5.15%**	**— %**
Combined regulatory capital-to-assets ratio	**5.20%**	**5.43%**	**(0.23)%**

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Net Income

Net income for the three and six months ended June 30, 2015, was $678 million and $1,693 million, increases of 32% and 58% compared to the same periods in 2014. These increases were due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2015	2014	Change	2015	2014	Change
Net interest income after provision (reversal) for credit losses	$ 735	$ 864	$ (129)	$ 1,659	$ 1,732	$ (73)
Non-interest income (loss)	385	(35)	420	865	(29)	894
Non-interest expense	359	252	107	632	502	130
Affordable Housing Program assessments	83	63	20	199	131	68
Net income	**$ 678**	**$ 514**	**$ 164**	**$ 1,693**	**$ 1,070**	**$ 623**

Net Interest Income

Net interest income after provision (reversal) for credit losses for the three and six months ended June 30, 2015, was $735 million and $1,659 million, decreases of 15% and 4% compared to the same periods in 2014. Net interest margin for the three and six months ended June 30, 2015, was 0.33% and 0.37%, decreases of 8 and 4 basis points compared to the same periods in 2014.

- Interest income was $1,859 million and $3,871 million for the three and six months ended June 30, 2015, decreases of 7% and 4% compared to the same periods in 2014. These decreases were due primarily to lower yields on interest-earning assets, partially offset by an increase in the average balance of interest-earning assets.

- Interest expense was $1,121 million and $2,210 million for the three and six months ended June 30, 2015, decreases of 2% and 5% compared to the same periods in 2014. These decreases were due to lower yields on consolidated obligations, driven by the ongoing shift toward lower-yielding short-term consolidated obligations, partially offset by an increase in the average balance of consolidated obligations.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2015	2014	Change	2015	2014	Change
Interest income						
Advances	$ 546	$ 626	$ (80)	$ 1,226	$ 1,261	$ (35)
Prepayment fees on advances, net	23	21	2	49	32	17
Investments and other	880	932	(52)	1,777	1,876	(99)
Mortgage loans	410	429	(19)	819	867	(48)
Total interest income	**1,859**	**2,008**	**(149)**	**3,871**	**4,036**	**(165)**
Interest expense						
Consolidated obligations	1,067	1,097	(30)	2,123	2,207	(84)
Deposits and other borrowings	54	51	3	87	112	(25)
Total interest expense	**1,121**	**1,148**	**(27)**	**2,210**	**2,319**	**(109)**
Net interest income	**738**	**860**	**(122)**	**1,661**	**1,717**	**(56)**
Provision (reversal) for credit losses	3	(4)	7	2	(15)	17
Net interest income after provision (reversal) for credit losses	**$ 735**	**$ 864**	**$ (129)**	**$ 1,659**	**$ 1,732**	**$ (73)**
Net interest margin	**0.33%**	**0.41%**	**(0.08)%**	**0.37%**	**0.41%**	**(0.04)%**

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Non-Interest Income

Non-interest income for the three and six months ended June 30, 2015, was $385 million and $865 million, increases of $420 million and $894 million compared to the same periods in 2014. During the three and six months ended June 30, 2015, the increases were due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

- Gains on litigation settlements were $143 million and $623 million for the three and six months ended June 30, 2015, driven by the FHLBank of San Francisco's $459 million settlement during the first quarter of 2015, and the FHLBank of Boston's $135 million settlement during the second quarter of 2015, of certain claims arising from investments in private-label mortgage-backed securities.

- Net gains on derivatives and hedging activities were $320 million and $279 million for the three and six months ended June 30, 2015, due primarily to fair value hedge ineffectiveness and to changes in the fair value of derivatives not designated as qualifying accounting hedges under GAAP.

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions)	2015	2014	Change	2015	2014	Change
Net other-than-temporary impairment losses	$ (12)	$ (4)	$ (8)	$ (67)	$ (6)	$ (61)
Net gains (losses) on derivatives and hedging activities	320	(56)	376	279	(114)	393
Net gains (losses) on trading securities	(76)	6	(82)	(67)	16	(83)
Net realized gains (losses) from sale of available-for-sale securities	3	—	3	58	1	57
Gains on litigation settlements, net	143	21	122	623	64	559
Net gains (losses) on financial instruments held under fair value option	(30)	(32)	2	(39)	(65)	26
Net gains (losses) on debt extinguishments	—	(3)	3	(2)	10	(12)
Other	37	33	4	80	65	15
Total non-interest income (loss)	**$ 385**	**$ (35)**	**$ 420**	**$ 865**	**$ (29)**	**$ 894**

Non-Interest Expense

Non-interest expense for the three and six months ended June 30, 2015, was $359 million and $632 million, increases of 42% and 26% compared to the same periods in 2014.

- To reduce potential future costs related to private-label mortgage-backed securities litigation, during the second quarter of 2015, the FHLBank of Seattle terminated an arrangement related to incurrence of certain private-label mortgage-backed securities litigation expenses and related charges, resulting in $58 million recorded in other operating expenses.

- Expenses incurred in connection with the merger of the FHLBank of Des Moines and the FHLBank of Seattle were $35 million and $48 million for the three and six months ended June 30, 2015. During the three months ended June 30, 2015, $29 million of these expenses were recorded in compensation and benefits and $6 million were recorded in other operating expenses. During the six months ended June 30, 2015, $30 million of these expenses were recorded in compensation and benefits and $18 million were recorded in other operating expenses.

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(Dollars in millions)	Three Months Ended June 30, 2015	2014	Change	Six Months Ended June 30, 2015	2014	Change
Compensation and benefits	$ 174	$ 133	$ 41	$ 325	$ 270	$ 55
Other operating expenses	153	94	59	247	176	71
Federal Housing Finance Agency	14	13	1	30	29	1
Other expense	18	12	6	30	27	3
Total non-interest expense	**$ 359**	**$ 252**	**$ 107**	**$ 632**	**$ 502**	**$ 130**

Affordable Housing Program Assessments

Affordable Housing Program assessments for the three and six months ended June 30, 2015, were $83 million and $199 million, increases of 32% and 52% compared to the same periods in 2014. 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 7,300 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 the Combined Operating Highlights
Balance Sheet Highlights
Unaudited

(Dollars in millions)	Combined[1]		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Assets														
Investments	$ 265,218	$ 270,217	$ 17,768	$ 16,879	$ 25,566	$ 25,201	$ 13,915	$ 16,529	$ 35,806	$ 36,502	$ 20,811	$ 26,007	$ 12,147	$ 10,539
Advances	592,383	570,726	34,106	33,482	91,296	98,797	71,489	63,408	102,208	99,644	71,108	70,406	24,318	20,790
Mortgage loans held for portfolio, net	44,784	43,563	3,575	3,484	2,380	2,129	3,053	3,124	662	746	7,730	6,984	7,933	6,820
Other assets	14,540	28,837	1,001	1,262	325	6,698	5,582	2,616	1,040	1,452	153	3,243	838	3,705
Total assets	$ 916,925	$ 913,343	$ 56,450	$ 55,107	$ 119,567	$ 132,825	$ 94,039	$ 85,677	$ 139,716	$ 138,344	$ 99,802	$ 106,640	$ 45,236	$ 41,854
Liabilities														
Consolidated obligations														
Discount notes	$ 398,093	$ 362,303	$ 25,973	$ 25,309	$ 42,456	$ 50,044	$ 41,061	$ 37,058	$ 49,759	$ 37,162	$ 48,263	$ 41,232	$ 11,803	$ 12,568
Bonds	456,012	486,031	26,075	25,506	68,945	73,535	47,553	43,715	80,814	92,088	45,230	59,217	29,647	25,503
Total consolidated obligations	854,105	848,334	52,048	50,815	111,401	123,579	88,614	80,773	130,573	129,250	93,493	100,449	41,450	38,071
Mandatorily redeemable capital stock	450	2,631	57	299	19	19	1	1	16	19	65	63	14	16
Other liabilities	15,143	15,375	1,194	1,115	1,836	2,701	1,033	901	2,185	2,084	1,196	1,189	1,531	1,391
Total liabilities	869,698	866,340	53,299	52,229	113,256	126,299	89,648	81,675	132,774	131,353	94,754	101,701	42,995	39,478
Capital														
Capital stock	33,168	33,705	2,482	2,413	5,309	5,580	3,425	3,041	5,052	5,150	4,335	4,267	1,388	1,551
Additional capital from merger	246	—	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	13,791	13,244	1,064	902	1,126	1,083	855	838	1,813	1,746	729	689	810	778
Accumulated other comprehensive income (loss)	22	54	(395)	(437)	(124)	(137)	111	123	77	95	(16)	(17)	43	47
Total capital (GAAP)	47,227	47,003	3,151	2,878	6,311	6,526	4,391	4,002	6,942	6,991	5,048	4,939	2,241	2,376
Total liabilities and capital	$ 916,925	$ 913,343	$ 56,450	$ 55,107	$ 119,567	$ 132,825	$ 94,039	$ 85,677	$ 139,716	$ 138,344	$ 99,802	$ 106,640	$ 45,236	$ 41,854
Regulatory capital	$ 47,653	$ 49,577	$ 3,603	$ 3,613	$ 6,454	$ 6,682	$ 4,281	$ 3,879	$ 6,881	$ 6,914	$ 5,129	$ 5,019	$ 2,212	$ 2,344

	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle[2]	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Assets												
Investments	$ 28,080	$ 32,745	$ 42,754	$ 23,079	$ 20,339	$ 17,422	$ 14,846	$ 9,620	$ 33,480	$ 31,949	$ —	$ 24,046
Advances	34,553	32,485	68,181	65,168	21,648	18,942	23,288	18,303	50,188	38,986	—	10,314
Mortgage loans held for portfolio, net	5,374	6,057	7,029	6,562	63	72	6,315	6,231	671	708	—	647
Other assets	1,753	554	794	715	502	1,610	1,057	2,700	1,623	4,164	—	122
Total assets	$ 69,760	$ 71,841	$ 118,758	$ 95,524	$ 42,552	$ 38,046	$ 45,506	$ 36,854	$ 85,962	$ 75,807	$ —	$ 35,129
Liabilities												
Consolidated obligations												
Discount notes	$ 34,552	$ 31,054	$ 70,227	$ 57,773	$ 18,634	$ 19,132	$ 21,507	$ 14,220	$ 33,859	$ 21,811	$ —	$ 14,940
Bonds	28,672	34,251	41,974	32,362	20,618	16,079	21,212	20,221	45,597	47,045	—	16,851
Total consolidated obligations	63,224	65,305	112,201	90,135	39,252	35,211	42,719	34,441	79,456	68,856	—	31,791
Mandatorily redeemable capital stock	8	9	119	24	4	5	4	4	142	719	—	1,454
Other liabilities	1,979	2,002	1,453	1,053	1,147	910	839	823	892	539	—	678
Total liabilities	65,211	67,316	113,773	91,212	40,403	36,126	43,562	35,268	80,490	70,114	—	33,923
Capital												
Capital stock	1,835	1,902	3,885	3,469	1,402	1,223	1,304	974	2,751	3,278	—	858
Additional capital from merger	—	—	246	—	—	—	—	—	—	—	—	—
Retained earnings	2,575	2,406	726	720	745	701	654	628	2,653	2,359	—	346
Accumulated other comprehensive income (loss)	139	217	128	123	2	(4)	(14)	(16)	68	56	—	2
Total capital (GAAP)	4,549	4,525	4,985	4,312	2,149	1,920	1,944	1,586	5,472	5,693	—	1,206
Total liabilities and capital	$ 69,760	$ 71,841	$ 118,758	$ 95,524	$ 42,552	$ 38,046	$ 45,506	$ 36,854	$ 85,962	$ 75,807	$ —	$ 35,129
Regulatory capital	$ 4,418	$ 4,317	$ 4,976	$ 4,213	$ 2,151	$ 1,928	$ 1,961	$ 1,605	$ 5,546	$ 6,356	$ —	$ 2,659

(1) The sum of the individual FHLBank balance sheet amounts may not agree to the combined balance sheet amounts due to combining adjustments.
(2) Effective May 31, 2015, the FHLBank of Seattle merged with and into the FHLBank of Des Moines, with the FHLBank of Des Moines surviving the merger as the continuing FHLBank.

FHLBanks Office of Finance
Table II to the Combined Operating Highlights
Income Statement Highlights
Unaudited

Three Months Ended June 30,

(Dollars in millions)	Combined[1] 2015	Combined[1] 2014	Boston 2015	Boston 2014	New York 2015	New York 2014	Pittsburgh 2015	Pittsburgh 2014	Atlanta 2015	Atlanta 2014	Cincinnati 2015	Cincinnati 2014	Indianapolis 2015	Indianapolis 2014
Net interest income after provision (reversal) for credit losses	$ 735	$ 864	$ 56	$ 50	$ 105	$ 106	$ 81	$ 65	$ (48)	$ 90	$ 84	$ 78	$ 48	$ 44
Non-interest income (loss)	385	(35)	131	2	3	2	26	2	176	10	6	6	8	10
Non-interest expense	359	252	21	17	25	23	17	17	31	32	19	17	18	17
Affordable Housing Program assessments	83	63	17	4	8	8	9	5	10	6	7	6	4	3
Net income	$ 678	$ 514	$ 149	$ 31	$ 75	$ 77	$ 81	$ 45	$ 87	$ 62	$ 64	$ 61	$ 34	$ 34

	Chicago 2015	Chicago 2014	Des Moines 2015	Des Moines 2014	Dallas 2015	Dallas 2014	Topeka 2015	Topeka 2014	San Francisco 2015	San Francisco 2014	Seattle[2] 2015	Seattle[2] 2014
Net interest income after provision (reversal) for credit losses	$ 117	$ 122	$ 79	$ 60	$ 31	$ 32	$ 59	$ 59	$ 108	$ 138	$ 19	$ 34
Non-interest income (loss)	24	11	—	(14)	13	3	(14)	(14)	(2)	(54)	8	2
Non-interest expense	33	29	56	16	19	19	16	12	34	37	70	20
Affordable Housing Program assessments	11	10	2	3	2	2	3	4	11	8	(1)	2
Net income	$ 97	$ 94	$ 21	$ 27	$ 23	$ 14	$ 26	$ 29	$ 61	$ 39	$ (42)	$ 14

Six Months Ended June 30,

(Dollars in millions)	Combined[1] 2015	Combined[1] 2014	Boston 2015	Boston 2014	New York 2015	New York 2014	Pittsburgh 2015	Pittsburgh 2014	Atlanta 2015	Atlanta 2014	Cincinnati 2015	Cincinnati 2014	Indianapolis 2015	Indianapolis 2014
Net interest income after provision (reversal) for credit losses	$ 1,659	$ 1,732	$ 111	$ 105	$ 224	$ 214	$ 157	$ 131	$ 57	$ 184	$ 162	$ 155	$ 96	$ 92
Non-interest income (loss)	865	(29)	131	4	9	3	47	44	196	33	14	10	12	16
Non-interest expense	632	502	38	34	52	48	35	36	65	63	37	34	36	33
Affordable Housing Program assessments	199	131	21	8	18	17	17	14	19	15	14	13	7	7
Net income	$ 1,693	$ 1,070	$ 183	$ 67	$ 163	$ 152	$ 152	$ 125	$ 169	$ 139	$ 125	$ 118	$ 65	$ 68

	Chicago 2015	Chicago 2014	Des Moines 2015	Des Moines 2014	Dallas 2015	Dallas 2014	Topeka 2015	Topeka 2014	San Francisco 2015	San Francisco 2014	Seattle[3] 2015	Seattle[3] 2014
Net interest income after provision (reversal) for credit losses	$ 247	$ 252	$ 147	$ 113	$ 60	$ 61	$ 116	$ 113	$ 238	$ 272	$ 57	$ 65
Non-interest income (loss)	19	1	(9)	(11)	28	6	(23)	(30)	430	(102)	10	2
Non-interest expense	66	59	76	31	37	37	30	26	68	69	99	39
Affordable Housing Program assessments	20	19	6	7	5	3	6	6	65	17	—	3
Net income	$ 180	$ 175	$ 56	$ 64	$ 46	$ 27	$ 57	$ 51	$ 535	$ 84	$ (32)	$ 25

(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 three months ended June 30, 2015 amounts reflect the FHLBank of Seattle’s activities for the two months ended May 31, 2015.
(3) The six months ended June 30, 2015 amounts reflect the FHLBank of Seattle’s activities for the five months ended May 31, 2015.