FEDERAL HOME LOAN BANKS

Combined Financial Report
for the Quarterly Period Ended September 30, 2015

This Combined Financial Report provides financial information on the Federal Home Loan Banks. Investors should use this Combined Financial Report with other information provided by the Federal Home Loan Banks when considering whether or not to purchase Federal Home Loan Bank consolidated bonds and consolidated discount notes (collectively referred to as consolidated obligations).

Consolidated obligations are the joint and several obligations of all Federal Home Loan Banks, even though each Federal Home Loan Bank is a separately chartered entity with its own board of directors and management. This means that each individual Federal Home Loan Bank is responsible for the payment of principal and interest on all consolidated obligations issued by the Federal Home Loan Banks. There is no centralized, system-wide management or oversight by a single board of directors of the Federal Home Loan Banks.

Federal Home Loan Bank consolidated obligations are not obligations of the United States and are not guaranteed by either the United States or any government agency.

The Securities Act of 1933, as amended, does not require the registration of consolidated obligations; therefore, no registration statement has been filed with the U.S. Securities and Exchange Commission. Neither the U.S. Securities and Exchange Commission, nor the Federal Housing Finance Agency, nor any state securities commission has approved or disapproved of these securities or determined if this report is truthful or complete.

Carefully consider the risk factors provided in the Combined Financial Reports. Neither the Combined Financial Reports nor any offering materials provided on behalf of the Federal Home Loan Banks describe all the risks of investing in Federal Home Loan Bank consolidated obligations. Investors should consult with their financial and legal advisors about the risks of investing in these consolidated obligations.

The financial information contained in this Combined Financial Report is for the quarterly period ended September 30, 2015. This Combined Financial Report should be read in conjunction with the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, issued on March 27, 2015. Combined Financial Reports are available on the Federal Home Loan Banks Office of Finance web site at www.fhlb-of.com. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

Investors should direct questions about Federal Home Loan Bank consolidated obligations or the Combined Financial Report to the Federal Home Loan Banks Office of Finance at (703) 467-3600.

This Combined Financial Report was issued on November 13, 2015.

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Consolidated obligations issued under the Federal Home Loan Banks' Global Debt Program may be listed on the Euro MTF market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated the number 2306 to the Federal Home Loan Banks' Global Debt Program for listing purposes. Under the Federal Home Loan Banks' agreement with the underwriter(s) of a particular series of consolidated obligations, any series of consolidated obligations listed on the Luxembourg Stock Exchange may be delisted if the continuation of the listing has become unduly onerous in the opinion of the issuer, and the issuer has agreed with the underwriter(s) that it will use reasonable efforts to list the consolidated obligations on another stock exchange.

EXPLANATORY STATEMENT ABOUT
FEDERAL HOME LOAN BANKS COMBINED FINANCIAL REPORT

The Federal Home Loan Banks (FHLBanks) are government-sponsored enterprises (GSEs), federally-chartered but privately capitalized and independently managed. The FHLBanks together with the Federal Home Loan Banks Office of Finance (Office of Finance), the fiscal agent of the FHLBanks, comprise the FHLBank System.

The Office of Finance is responsible for preparing the Combined Financial Report of the FHLBanks. Each FHLBank is responsible for the financial information and underlying data it provides to the Office of Finance for inclusion in the Combined Financial Report. The Office of Finance is responsible for combining the financial information it receives from each of the FHLBanks.

The FHLBanks Combined Financial Report is intended to be used by investors in consolidated obligations (consolidated bonds and consolidated discount notes) of the FHLBanks as these are the joint and several obligations of all FHLBanks. This Combined Financial Report is provided using combination accounting principles generally accepted in the United States of America. This combined presentation in no way indicates that these assets and liabilities are under joint management and control as each individual FHLBank manages its operations independently.

Because of the FHLBank System's structure, the Office of Finance does not prepare consolidated financial statements. Consolidated financial statements are generally considered to be appropriate when a controlling financial interest rests directly or indirectly in one of the enterprises included in the consolidation. This is the case in the typical holding company structure, where there is a parent corporation that owns, directly or indirectly, one or more subsidiaries. However, the FHLBanks do not have a parent company that controls each of the FHLBanks. Instead, each of the FHLBanks is owned by its respective members and former members.

Each FHLBank is a separately chartered cooperative with its own board of directors and management and is responsible for establishing its own accounting and financial reporting policies in accordance with accounting principles generally accepted in the United States of America (GAAP). Although the FHLBanks work together in an effort to achieve consistency on significant accounting policies, the FHLBanks' accounting and financial reporting policies and practices are not necessarily identical because alternative policies and presentations are permitted under GAAP in certain circumstances. Statements in this report may be qualified by a term such as "generally," "primarily," "typically," or words of similar meaning to indicate that the statement is generally applicable, but may not be applicable to all FHLBanks or transactions as a result of their different business practices and accounting and financial reporting policies under GAAP.

An investor may not be able to obtain easily a system-wide view of the FHLBanks' business, risk profile, and financial information because there is no centralized, system-wide management or centralized board of director oversight of the individual FHLBanks. This decentralized structure is not conducive to preparing disclosures from a system-wide view in the same manner that is generally expected of U.S. Securities and Exchange Commission (SEC) registrants. For example, a conventional Management's Discussion and Analysis is not provided in this Combined Financial Report; instead, this report includes a "Financial Discussion and Analysis" prepared by the Office of Finance using information provided by each FHLBank.

Each FHLBank is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and must file periodic reports and other information with the SEC. Each FHLBank prepares an annual financial report, filed on SEC Form 10-K, and quarterly financial reports, filed on SEC Form 10-Q. Those reports contain additional information that is not contained in this Combined Financial Report. An investor should review available information on individual FHLBanks to obtain additional detail on each FHLBank's business, risk profile, and accounting and financial reporting policies. FHLBank financial reports are made available on the web site of each FHLBank and on the SEC's web site at www.sec.gov. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CONDITION
(Unaudited)

(dollars in millions, except par value)	September 30, 2015	December 31, 2014
Assets		
Cash and due from banks	$ 17,480	$ 26,421
Interest-bearing deposits	1,696	1,569
Securities purchased under agreements to resell	51,319	25,419
Federal funds sold	31,011	52,773
Investment securities		
Trading securities *(Note 4)*	8,524	9,600
Available-for-sale securities *(Note 5)*	75,117	75,008
Held-to-maturity securities, fair value of $97,420 and $107,839 *(Note 6)*	95,494	105,848
Total investment securities	179,135	190,456
Advances, includes $10,921 and $20,890 at fair value held under fair value option *(Note 8)*	591,457	570,726
Mortgage loans held for portfolio, net		
Mortgage loans held for portfolio *(Note 9)*	44,867	43,615
Allowance for credit losses on mortgage loans *(Note 10)*	(20)	(52)
Total mortgage loans held for portfolio, net	44,847	43,563
Accrued interest receivable	1,103	1,095
Premises, software, and equipment, net	210	222
Derivative assets, net *(Note 11)*	742	500
Other assets	627	599
Total assets	$ 919,627	$ 913,343
Liabilities		
Deposits *(Note 12)*	$ 8,253	$ 9,064
Consolidated obligations *(Note 13)*		
Discount notes, includes $18,409 and $10,189 at fair value held under fair value option	409,381	362,303
Bonds, includes $27,274 and $34,734 at fair value held under fair value option	448,906	486,031
Total consolidated obligations	858,287	848,334
Mandatorily redeemable capital stock	794	2,631
Accrued interest payable	1,350	1,110
Affordable Housing Program payable	833	794
Derivative liabilities, net *(Note 11)*	1,310	1,599
Other liabilities	1,601	1,864
Subordinated notes	944	944
Total liabilities	873,372	866,340
Commitments and contingencies *(Note 17)*		
Capital *(Note 14)*		
Capital stock		
Class B putable ($100 par value) issued and outstanding shares	32,215	33,464
Class A putable ($100 par value) issued and outstanding shares	217	241
Total capital stock	32,432	33,705
Additional capital from merger	221	—
Retained earnings		
Unrestricted	10,246	9,736
Restricted	3,719	3,508
Total retained earnings	13,965	13,244
Accumulated other comprehensive income (loss) *(Note 15)*	(363)	54
Total capital	46,255	47,003
Total liabilities and capital	$ 919,627	$ 913,343

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF INCOME
(Unaudited)

(dollars in millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Interest income				
Advances	$ 738	$ 608	$ 1,964	$ 1,869
Prepayment fees on advances, net	8	16	57	48
Interest-bearing deposits	3	3	8	7
Securities purchased under agreements to resell	9	4	23	11
Federal funds sold	19	17	57	43
Investment securities				
Trading securities	50	48	132	146
Available-for-sale securities	354	348	1,072	1,039
Held-to-maturity securities	439	502	1,356	1,551
Total investment securities	843	898	2,560	2,736
Mortgage loans held for portfolio	403	424	1,222	1,291
Other	(3)	1	—	2
Total interest income	2,020	1,971	5,891	6,007
Interest expense				
Consolidated obligations				
Discount notes	198	138	529	398
Bonds	919	924	2,711	2,871
Total consolidated obligations	1,117	1,062	3,240	3,269
Deposits	—	1	2	2
Subordinated notes	14	14	41	41
Mandatorily redeemable capital stock	9	30	67	114
Total interest expense	1,140	1,107	3,350	3,426
Net interest income	880	864	2,541	2,581
Provision (reversal) for credit losses	1	(5)	3	(20)
Net interest income after provision (reversal) for credit losses	879	869	2,538	2,601
Non-interest income				
Other-than-temporary impairment losses				
Total other-than-temporary impairment losses	(6)	(1)	(28)	(5)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive income (loss)	—	(4)	(45)	(6)
Net other-than-temporary impairment losses	(6)	(5)	(73)	(11)
Net gains (losses) on trading securities	28	(38)	(39)	(22)
Net realized gains (losses) from sale of available-for-sale securities	2	—	60	1
Net realized gains (losses) from sale of held-to-maturity securities	3	7	13	9
Net gains (losses) on financial instruments held under fair value option	5	(1)	(34)	(66)
Net gains (losses) on derivatives and hedging activities	(158)	62	127	(52)
Gains on litigation settlements, net	14	43	637	107
Net gains (losses) on debt extinguishments	—	(10)	(2)	—
Other, net	33	30	103	93
Total non-interest income (loss)	(79)	88	792	59
Non-interest expense				
Compensation and benefits	143	140	468	410
Other operating expenses	93	92	340	268
Federal Housing Finance Agency	13	12	43	41
Office of Finance	11	11	34	33
Other	—	3	7	8
Total non-interest expense	260	258	892	760
Net income before assessments	540	699	2,438	1,900
Affordable Housing Program assessments	56	74	255	205
Net income	$ 484	$ 625	$ 2,183	$ 1,695

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in millions)	2015	2014	2015	2014
Net income	$ 484	$ 625	$ 2,183	$ 1,695
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities				
Unrealized gains (losses)	(281)	(76)	(361)	265
Reclassification of realized net (gains) losses included in net income	(2)	—	(8)	(1)
Total net unrealized gains/losses on available-for-sale securities	(283)	(76)	(369)	264
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities				
Unrealized gains (losses)	1	—	1	—
Total net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities	1	—	1	—
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities				
Non-credit portion of other-than-temporary impairment losses transferred from held-to-maturity securities	—	—	(12)	—
Net change in fair value of other-than-temporarily impaired securities	(40)	70	(55)	334
Net amount of impairment losses reclassified to (from) non-interest income	(1)	3	44	4
Reclassification of (gains) losses included in net income	—	—	(52)	—
Total net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(41)	73	(75)	338
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities				
Net amount of impairment losses reclassified to (from) non-interest income	1	1	1	2
Accretion of non-credit portion	26	34	89	102
Non-credit portion of other-than-temporary impairment losses transferred to available-for-sale securities	—	—	12	—
Total net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	27	35	102	104
Net unrealized gains/losses relating to hedging activities				
Unrealized gains (losses)	(88)	94	(35)	44
Reclassification of (gains) losses included in net income	5	2	13	—
Total net unrealized gains/losses relating to hedging activities	(83)	96	(22)	44
Pension and postretirement benefits	1	—	(3)	10
Total other comprehensive income (loss)	(378)	128	(366)	760
Comprehensive income	$ 106	$ 753	$ 1,817	$ 2,455

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited)

	Capital Stock - Putable			
	Class B		Class A	
(dollars and shares in millions)	Shares	Par Value	Shares	Par Value
Balance, December 31, 2013	330	$ 32,900	5	$ 475
Proceeds from issuance of capital stock	126	12,570	—	1
Repurchases/redemptions of capital stock	(116)	(11,605)	(6)	(590)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(3)	(335)	—	(12)
Transfers between Class B and Class A shares	(3)	(313)	3	313
Comprehensive income	—	—	—	—
Dividends on capital stock				
Cash	—	—	—	—
Stock	—	35	—	—
Balance, September 30, 2014	334	$ 33,252	2	$ 187
Balance, December 31, 2014	335	$ 33,464	3	$ 241
Proceeds from issuance of capital stock	145	14,517	—	1
Capital stock issued from merger	9	863	—	31
Repurchases/redemptions of capital stock	(148)	(14,750)	(3)	(347)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(7)	(745)	—	(2)
Transfers between Class B and Class A shares	(3)	(324)	3	324
Additional capital from merger	—	—	—	—
Comprehensive income	—	—	—	—
Transfers to/(from) restricted retained earnings	—	—	—	—
Capital stock canceled and other merger activity	(9)	(863)	—	(31)
Dividends on capital stock				
Cash	—	—	—	—
Stock	1	53	—	—
Balance, September 30, 2015	323	$ 32,215	3	$ 217

Capital Stock - Putable							
Total			Retained Earnings				
Shares	Par Value	Additional Capital from Merger	Unrestricted	Restricted	Total	Accumulated Other Comprehensive Income (Loss)	Total Capital
335	$ 33,375	$ —	$ 9,080	$ 3,104	$ 12,184	$ (511)	$ 45,048
126	12,571	—	—	—	—	—	12,571
(122)	(12,195)	—	—	—	—	—	(12,195)
(3)	(347)	—	—	—	—	—	(347)
—	—	—	—	—	—	—	—
—	—	—	1,384	311	1,695	760	2,455
—	—	—	(838)	—	(838)	—	(838)
—	35	—	(35)	—	(35)	—	—
336	$ 33,439	$ —	$ 9,591	$ 3,415	$ 13,006	$ 249	$ 46,694
338	$ 33,705	$ —	$ 9,736	$ 3,508	$ 13,244	$ 54	$ 47,003
145	14,518	—	—	—	—	—	14,518
9	894	—	—	—	—	—	894
(151)	(15,097)	—	—	—	—	—	(15,097)
(7)	(747)	—	—	—	—	—	(747)
—	—	—	—	—	—	—	—
—	—	246	—	—	—	—	246
—	—	—	1,759	424	2,183	(366)	1,817
—	—	—	150	(150)	—	—	—
(9)	(894)	—	(250)	(63)	(313)	(51)	(1,258)
—	—	(25)	(1,096)	—	(1,096)	—	(1,121)
1	53	—	(53)	—	(53)	—	—
326	$ 32,432	$ 221	$ 10,246	$ 3,719	$ 13,965	$ (363)	$ 46,255

The accompanying notes are an integral part of these combined financial statements.

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CASH FLOWS
(Unaudited)

(dollars in millions)	Nine Months Ended September 30, 2015	2014
Operating activities		
Net income	$ 2,183	$ 1,695
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	(116)	(137)
Net change in derivatives and hedging activities	481	642
Net other-than-temporary impairment losses	73	11
Other adjustments	(60)	(41)
Net change in fair value adjustments on trading securities	46	39
Net change in fair value adjustments on financial instruments held under fair value option	34	66
Net change in		
Trading securities	(119)	(47)
Accrued interest receivable	(9)	53
Other assets	(41)	24
Accrued interest payable	237	225
Other liabilities	45	(46)
Total adjustments	571	789
Net cash provided by (used in) operating activities	2,754	2,484
Investing activities		
Net change in		
Interest-bearing deposits	(640)	156
Securities purchased under agreements to resell	(25,900)	11,760
Federal funds sold	21,762	(10,348)
Premises, software, and equipment	(37)	(35)
Trading securities		
Net decrease (increase) in short-term	297	809
Proceeds from long-term	2,816	4,368
Purchases of long-term	(1,303)	(2,562)
Available-for-sale securities		
Net decrease (increase) in short-term	589	40
Proceeds from long-term	11,401	7,067
Purchases of long-term	(9,770)	(11,618)
Held-to-maturity securities		
Net decrease (increase) in short-term	785	668
Proceeds from long-term	16,420	11,988
Purchases of long-term	(10,013)	(6,907)
Advances		
Principal collected	3,893,911	3,454,466
Made	(3,914,448)	(3,501,688)
Mortgage loans held for portfolio		
Principal collected	6,251	5,227
Purchases	(7,650)	(4,199)
Proceeds from sales of foreclosed assets	94	138
Principal collected on other loans	2	2
Net cash provided by (used in) investing activities	(15,433)	(40,668)

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CASH FLOWS (continued)
(Unaudited)

(dollars in millions)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Financing activities		
Net change in		
Deposits and pass-through reserves	$ (666)	$ (981)
Net proceeds (payments) on derivative contracts with financing element	(581)	(589)
Net proceeds from issuance of consolidated obligations		
Discount notes	2,839,049	2,909,303
Bonds	243,853	285,864
Payments for maturing and retiring consolidated obligations		
Discount notes	(2,792,064)	(2,874,974)
Bonds	(281,568)	(269,967)
Proceeds from issuance of capital stock	14,518	12,571
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(2,585)	(2,295)
Payments for repurchases/redemptions of capital stock	(15,097)	(12,195)
Cash dividends paid	(1,121)	(838)
Net cash provided by (used in) financing activities	3,738	45,899
Net increase (decrease) in cash and due from banks	(8,941)	7,715
Cash and due from banks at beginning of the period	26,421	45,773
Cash and due from banks at end of the period	$ 17,480	$ 53,488
Supplemental disclosures		
Interest paid	$ 3,643	$ 3,663
Affordable Housing Program payments, net	$ 216	$ 200
Transfers of mortgage loans to real estate owned	$ 59	$ 102
Transfers of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 70	$ —
Non-cash merger activity, net	$ 118	$ —
Transfer of held-to-maturity securities to available-for-sale securities that are not other-than-temporarily impaired	$ 8,963	$ —

The accompanying notes are an integral part of these combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS (Unaudited)

Background Information

These financial statements present the combined financial position and combined results of operations of the Federal Home Loan Banks (FHLBanks). The FHLBanks are government-sponsored enterprises (GSEs) that were organized under the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act), to serve the public by enhancing the availability of credit for residential mortgages and targeted community development. They are financial cooperatives that provide a readily available, competitively-priced source of funds to their member institutions. Each FHLBank operates as a separate entity with its own management, employees, and board of directors. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits.

The Federal Housing Finance Agency (FHFA) is the independent Federal regulator of the FHLBanks, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). The FHFA's stated mission is to ensure that the housing GSEs operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment.

The Office of Finance is a joint office of the FHLBanks established to facilitate the issuance and servicing of the debt instruments of the FHLBanks, known as consolidated obligations (consolidated bonds and consolidated discount notes), and to prepare the quarterly and annual combined financial reports of the FHLBanks. As provided by the FHLBank Act and applicable regulations, consolidated obligations are backed only by the financial resources of the FHLBanks. Consolidated obligations are the primary source of funds for the FHLBanks in addition to deposits, other borrowings, and capital stock issued to members. The FHLBanks primarily use these funds to provide advances to members. Certain FHLBanks also use these funds to acquire mortgage loans from members (acquired member assets) through their respective FHLBank's Mortgage Purchase Program (MPP) or the Mortgage Partnership Finance® (MPF®) Program. "Mortgage Partnership Finance," "MPF," and "MPF Xtra" are registered trademarks of the FHLBank of Chicago.

Unless otherwise stated, dollar amounts disclosed in this Combined Financial Report represent values rounded to the nearest million. Dollar amounts rounding to less than one million are not reflected in this Combined Financial Report.

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. Thus, the combined statements of income, comprehensive income, capital, and cash flows, along with the supporting condensed combining schedules, for the period ended September 30, 2015, reflect the FHLBank of Seattle's activities through May 31, 2015. (See *Note 3 - FHLBanks of Des Moines and Seattle Merger* for additional information regarding the merger.)

Note 1 - Summary of Significant Accounting Policies

These unaudited quarterly combined financial statements do not include all disclosures associated with annual combined financial statements, and therefore should be read in conjunction with the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. In addition, the results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2015, or for other interim periods.

Basis of Presentation

These combined financial statements include the financial statements and records of the FHLBanks that are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The information contained in these combined financial statements is not audited. Each FHLBank's financial statements, in the opinion of its management, contain all the necessary adjustments for a fair presentation of its interim financial information.

Principles of Combination. Transactions between the FHLBanks have been eliminated in accordance with combination accounting principles similar to consolidation under GAAP. The most significant transactions between the FHLBanks are:

1. *Transfers of Direct Liability on Consolidated Bonds between FHLBanks.* These transfers occur when the primary obligation under consolidated bonds issued on behalf of one FHLBank are transferred to and assumed by another FHLBank. The transferring FHLBank treats the transfer as a debt extinguishment because it is released from being the primary obligor when the Office of Finance records the transfer, pursuant to its duties under applicable regulations. The assuming FHLBank then becomes the primary obligor while the transferring FHLBank has a contingent liability because it still has joint and several liability with respect to repaying the transferred consolidated bonds.

   The FHLBank assuming the consolidated bond liability initially records the consolidated bond at fair value, which represents the amount paid to the assuming FHLBank by the transferring FHLBank to assume the debt. A premium or discount exists for the amount paid above or below par. Because these transfers represent inter-company transfers under combination accounting principles, an inter-company elimination is made for any gain or loss on transfer. As a result, the subsequent amortization of premium or discount, amortization of concession fees, and recognition of hedging-related adjustments in the combined financial statements represent those of the transferring FHLBank.

2. *Purchases of Consolidated Bonds.* These purchases occur when consolidated bonds issued on behalf of one FHLBank are purchased by another FHLBank in the open market. All purchase transactions occur at market prices with third parties and the purchasing FHLBanks treat these consolidated bonds as investments. Under combination accounting principles, the investment and the consolidated bonds, and related contractual interest income and expense, are eliminated in combination.

No other transactions among the FHLBanks had a material effect on operating results. (See the *Condensed Combining Schedules* for the combining adjustments made to the combined financial statements.)

Segment Reporting. FHFA regulations consider each FHLBank to be a segment. However, there is no single chief operating decision maker because there is no centralized, system-wide management or centralized board of director oversight of the individual FHLBanks. (See the *Condensed Combining Schedules* for segment information.)

Reclassifications and Revisions to Prior Period Amounts. Certain amounts in the 2014 combined financial statements have been reclassified or revised to conform to the financial statement presentation for the three and nine months ended September 30, 2015. Additionally, certain other prior period amounts have been revised and may not agree to the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. These amounts were not deemed to be material.

Subsequent Events. For purposes of this Combined Financial Report, subsequent events have been evaluated from October 1, 2015, through the time of publication. (See *Note 18 - Subsequent Events* for more information.)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires each FHLBank's management to make subjective assumptions and estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. The most significant of these estimates include the determination of other-than-temporary impairments of certain mortgage-backed securities (MBS) and fair value of derivatives, certain advances, certain investment securities, and certain consolidated obligations that are reported at fair value on the Combined Statement of Condition. Actual results could differ from these estimates significantly.

Fair Value. The fair value amounts, recorded on the Combined Statement of Condition and in the footnotes for the periods presented, have been determined by the FHLBanks using available market and other pertinent information, and reflect each FHLBank's best judgment of appropriate valuation methods. Although an FHLBank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any valuation technique. Therefore, these fair values may not be indicative of the amounts that would have been realized in market transactions at the reporting dates. (See *Note 16 - Fair Value* for more information.)

Financial Instruments Meeting Netting Requirements

The FHLBanks present certain financial instruments on a net basis when they have a legal right of offset and all other requirements for netting are met (collectively referred to as the netting requirements). For these financial instruments, each of the affected FHLBanks has elected to offset its asset and liability positions, as well as cash collateral received or pledged, when it has met the netting requirements.

The net exposure for these financial instruments can change on a daily basis; therefore, there may be a delay between the time this exposure change is identified and additional collateral is requested, and the time when this collateral is received or pledged. Likewise, there may be a delay for excess collateral to be returned. For derivative instruments that meet the netting requirements, any excess cash collateral received or pledged is recognized as a derivative liability or derivative asset. (See *Note 11 - Derivatives and Hedging Activities* for additional information regarding these agreements.)

At September 30, 2015 and December 31, 2014, the FHLBanks had $51.3 billion and $25.4 billion in securities purchased under agreements to resell. Based on the fair value of the related collateral held, the securities purchased under agreements to resell were fully collateralized for the periods presented. There were no offsetting liabilities related to these securities at September 30, 2015 and December 31, 2014.

Allowance for Credit Losses

Charge-off Policy. A charge-off is recorded if it is estimated that the recorded investment in a loan will not be recovered. The FHLBanks evaluate whether to record a charge-off on a conventional mortgage loan upon the occurrence of a confirming event. Confirming events include, but are not limited to, the occurrence of foreclosure or notification of a claim against any of the credit enhancements. As a result of adopting Advisory Bulletin 2012-02, the FHLBanks charge off the portion of outstanding conventional mortgage loan balances in excess of fair value of the underlying property, less cost to sell and adjusted for any available credit enhancements, for loans that are 180 days or more delinquent and/or certain loans that the borrower has filed for bankruptcy.

Note 2 - Recently Issued and Adopted Accounting Guidance

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

On April 15, 2015, the Financial Accounting Standards Board (FASB) issued amendments to clarify a customer's accounting for fees paid in a cloud computing arrangement. The amendments provide guidance to customers on determining whether a cloud computing arrangement includes a software license. If the arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the arrangement does not contain a software license, the customer should account for the arrangement as a service contract. This guidance becomes effective for the FHLBanks for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted. The FHLBanks can elect to adopt the amendments either (1) prospectively to all arrangements entered into or materially modified after the effective date or (2) retrospectively. The FHLBanks are in the process of evaluating this guidance, and its effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows has not yet been determined.

Simplifying the Presentation of Debt Issuance Costs

On April 7, 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. This guidance requires that debt issuance costs related to a recognized debt liability be presented on the statement of condition as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts. This guidance becomes effective for the FHLBanks for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted for financial statements that have not been previously issued. The guidance is required to be applied on a retrospective basis to each individual period presented on the statement of condition. The adoption of this guidance will result in a reclassification of unamortized debt issuance costs from other assets to consolidated obligations on the Combined Statement of Condition. The FHLBanks are in the process of evaluating this guidance, and its effect on the FHLBanks' combined financial condition and combined cash flows has not yet been determined.

Amendments to the Consolidation Analysis

On February 18, 2015, the FASB issued amended guidance intended to enhance consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The new guidance primarily focuses on the following:

- Placing more emphasis on risk of loss when determining a controlling financial interest. A reporting organization may no longer have to consolidate a legal entity in certain circumstances based solely on its fee arrangement, when certain criteria are met.

- Reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a VIE.

- Changing consolidation conclusions for entities in several industries that typically make use of limited partnerships or VIEs.

This guidance becomes effective for the FHLBanks for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted, including adoption in an interim period. The FHLBanks are in the process of evaluating this guidance, but its effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows is not expected to be material.

Revenue from Contracts with Customers

On May 28, 2014, the FASB issued guidance on revenue from contracts with customers. This guidance outlines a comprehensive model for recognizing revenue arising from contracts with customers and supersedes most current revenue recognition guidance. In addition, this guidance amends the existing requirements for the recognition of a gain or loss on the transfer of non-financial assets that are not in a contract with a customer. This guidance applies to all contracts with customers except those that are within the scope of certain other standards, such as financial instruments, certain guarantees, insurance contracts, and lease contracts. The guidance provides entities with the option of using either of the following adoption methods: a full retrospective method, retrospectively to each prior reporting period presented; or a modified retrospective method, retrospectively with the cumulative effect of initially applying this guidance recognized at the date of initial application. The FHLBanks are in the process of evaluating this guidance and its effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows has not yet been determined.

On August 12, 2015, the FASB issued an amendment to defer the effective date of the guidance issued in May 2014 by one year. The guidance is effective for the FHLBanks for interim and annual periods beginning on January 1, 2018. Early application is permitted only as of the interim and annual reporting periods beginning after December 15, 2016.

Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure

On August 8, 2014, the FASB issued amended guidance relating to the classification and measurement of certain government-guaranteed mortgage loans upon foreclosure. The amendments in this guidance require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if certain conditions are met. This guidance became effective for the FHLBanks for the interim and annual periods beginning on January 1, 2015, and was adopted prospectively. However, this guidance did not have a material effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows.

Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures

On June 12, 2014, the FASB issued amended guidance for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings. This amendment requires secured borrowing accounting treatment for repurchase-to-maturity transactions and provides guidance on accounting for repurchase financing arrangements. In addition, this guidance requires additional disclosures, particularly on transfers accounted for as sales that are economically similar to repurchase agreements and on the nature of collateral pledged in repurchase agreements accounted for as secured borrowings. This guidance became effective for the FHLBanks for the interim and annual periods beginning on January 1, 2015. The changes in accounting for transactions outstanding on the effective date are required to be presented as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. However, this guidance did not have a material effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

On January 17, 2014, the FASB issued guidance clarifying when consumer mortgage loans collateralized by real estate should be reclassified to real estate owned (REO). Specifically, these collateralized mortgage loans should be reclassified to REO when either the creditor obtains legal title to the residential real estate property upon completion of a foreclosure, or the borrower conveys all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. This guidance became effective for FHLBanks for interim and annual periods beginning on January 1, 2015, and was adopted prospectively. However, this guidance did not have a material effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows.

Framework for Adversely Classifying Certain Assets

On April 9, 2012, the FHFA issued Advisory Bulletin 2012-02 that establishes a standard and uniform methodology for adversely classifying loans, other real estate owned, and certain other assets (excluding investment securities), and prescribes the timing of asset charge-offs based on these classifications. This guidance is generally consistent with the *Uniform Retail Credit Classification and Account Management Policy* issued by the federal banking regulators in June 2000. The adverse classification requirements were implemented as of January 1, 2014; this implementation did not have a material effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows. The charge-off requirements were implemented by January 1, 2015. However, the adoption of these requirements did not have a material effect on the FHLBanks' combined financial condition, combined results of operations, and combined cash flows.

Note 3 - 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.

As part of the merger, on the effective date of the merger, each share of FHLBank of Seattle Class A stock outstanding was converted into one share of FHLBank of Des Moines Class A stock and each share of FHLBank of Seattle Class B stock outstanding was converted into one share of FHLBank of Des Moines Class B stock. Immediately following the merger, all shares of FHLBank of Des Moines Class A stock and excess shares of Class B stock were repurchased and FHLBank of Des Moines Class B stock was issued as needed to meet the FHLBank of Des Moines' activity and membership stock requirements in accordance with the combined FHLBank's capital plan. No shares of FHLBank of Seattle capital stock remain outstanding. The merger did not have an impact on the total capital stock held by FHLBank of Des Moines stockholders.

At the time of the merger, the corporate existence of the FHLBank of Seattle ceased, and each member of the FHLBank of Seattle automatically ceased to be a member of the FHLBank of Seattle and automatically became a member of the FHLBank of Des Moines.

Consideration Transferred and Assets Acquired and Liabilities Assumed

The merger purchase accounting entries were recorded in accordance with business combination accounting guidance under GAAP with the FHLBank of Des Moines considered the acquirer of the FHLBank of Seattle for accounting purposes. Consideration transferred included (1) equity interests of the FHLBank of Des Moines (i.e., par value of capital stock to be exchanged on a one-for-one basis for FHLBank of Seattle capital stock outstanding) and (2) member interests in the FHLBank of Des Moines (i.e., the post-merger interest of FHLBank of Seattle members in the FHLBank of Des Moines, including a proportionate interest in the liquidation value of the FHLBank of Des Moines). The amount of consideration transferred was compared to the acquisition date fair value of the net identifiable assets acquired. Based on the consideration transferred, no goodwill was recorded.

The FHLBank of Des Moines recognized net assets acquired by recording the par value of capital stock issued in the transaction as capital stock, with the remaining portion of net assets acquired recorded as additional capital from merger. As of the effective date of the merger, additional capital from merger primarily represented 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. The FHLBank of Des Moines treats this additional capital from merger as a component of total capital for regulatory capital purposes, and subject to the FHLBank of Des Moines' board of directors' discretion and applicable regulatory requirements, plans to distribute dividends to the FHLBank of Des Moines' members from this account until the additional capital from merger balance is depleted.

Table 3.1 presents the fair value of the consideration transferred and the total identifiable net assets acquired relating to the merger.

Table 3.1 - Consideration Transferred and Assets Acquired and Liabilities Assumed
(dollars in millions)

		May 31, 2015
Fair value of consideration transferred		
Fair value of shares issued	$	894
Member interests		246
Total fair value of consideration transferred	$	1,140
Assets acquired		
Investments	$	16,205
Advances		9,191
Mortgage loans held for portfolio, net		615
Other assets		2,453
Total assets acquired		28,464
Liabilities assumed		
Consolidated obligations		
Discount notes		12,449
Bonds		13,613
Total consolidated obligations		26,062
Mandatorily redeemable capital stock		725
Other liabilities		537
Total liabilities assumed		27,324
Net assets acquired	$	1,140

Intangible Asset

On the merger date, the FHLBank of Des Moines recognized a customer relationship intangible asset of $3 million, recorded in other assets on the Combined Statement of Condition, and determined that amortization would be calculated on a straight-line basis using an estimated life of 20 years (with no residual value). The FHLBank of Des Moines will assess the customer relationship intangible asset for impairment on at least an annual basis.

Merger-Related Expenses

Expenses incurred in connection with the merger by the FHLBank of Des Moines and the FHLBank of Seattle were $3 million and $51 million for the three and nine months ended September 30, 2015, and was $4 million for both the three and nine months ended September 30, 2014. Table 3.2 presents where the merger-related expenses are recorded on the Combined Statement of Income for the three and nine months ended September 30, 2015 and 2014.

Table 3.2 - Merger-Related Expenses
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Non-interest expense				
Compensation and benefits	$ 2	$ 2	$ 32	$ 2
Other operating expenses	1	2	19	2
Total merger-related expenses included in non-interest expense	$ 3	$ 4	$ 51	$ 4

Gain Contingencies

As a result of the merger, the FHLBank of Des Moines is currently involved in a number of legal proceedings initiated by the FHLBank of Seattle against various entities relating to its purchases and subsequent impairment of certain private-label MBS. Although the FHLBank of Seattle sold all private-label MBS during the three months ended March 31, 2015, the FHLBank of Des Moines continues to be involved in these proceedings. After consultation with its legal counsel, other than the private-label MBS legal proceedings, the FHLBank of Des Moines does not believe any legal proceedings to which it is a party could have a material impact on its financial condition, results of operations, or cash flows.

Note 4 - Trading Securities

Table 4.1 - Trading Securities by Major Security Type
(dollars in millions)

Fair Value	September 30, 2015	December 31, 2014
Non-mortgage-backed securities		
U.S. Treasury obligations	$ 307	$ 526
Other U.S. obligations	245	256
GSE and Tennessee Valley Authority obligations	5,923	7,601
State or local housing agency obligations	1	1
Other	295	294
Total non-mortgage-backed securities	6,771	8,678
Mortgage-backed securities		
Other U.S. obligations single-family MBS	25	28
GSE single-family MBS	167	201
GSE multifamily MBS	1,561	693
Total mortgage-backed securities	1,753	922
Total	$ 8,524	$ 9,600

Table 4.2 - Net Gains (Losses) on Trading Securities
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net unrealized gains (losses) on trading securities held at period-end	$ 29	$ (26)	$ (38)	$ (7)
Net unrealized and realized gains (losses) on trading securities sold/ matured during the period	(1)	(12)	(1)	(15)
Net gains (losses) on trading securities	$ 28	$ (38)	$ (39)	$ (22)

Note 5 - Available-for-Sale Securities

Table 5.1 - Available-for-Sale (AFS) Securities by Major Security Type
(dollars in millions)

	September 30, 2015				
	Amortized Cost(1)	OTTI Recognized in AOCI(2)	Gross Unrealized Gains(3)	Gross Unrealized Losses(3)	Fair Value
Non-mortgage-backed securities					
Certificates of deposit	$ 1,000	$ —	$ —	$ —	$ 1,000
Other U.S. obligations	4,567	—	29	(24)	4,572
GSE and Tennessee Valley Authority obligations	13,324	—	56	(113)	13,267
State or local housing agency obligations	1,211	—	1	(3)	1,209
Federal Family Education Loan Program ABS	5,268	—	274	(22)	5,520
Other	1,202	—	5	(32)	1,175
Total non-mortgage-backed securities	26,572	—	365	(194)	26,743
Mortgage-backed securities					
Other U.S. obligations single-family MBS	4,748	—	81	(3)	4,826
Other U.S. obligations multifamily MBS	758	—	3	—	761
GSE single-family MBS	9,706	—	86	(7)	9,785
GSE multifamily MBS	23,892	—	557	(110)	24,339
Private-label residential MBS	8,376	(192)	481	(12)	8,653
Home equity loan ABS	8	—	2	—	10
Total mortgage-backed securities	47,488	(192)	1,210	(132)	48,374
Total	$ 74,060	$ (192)	$ 1,575	$ (326)	$ 75,117

	December 31, 2014				
	Amortized Cost(1)	OTTI Recognized in AOCI(2)	Gross Unrealized Gains(3)	Gross Unrealized Losses(3)	Fair Value
Non-mortgage-backed securities					
Certificates of deposit	$ 1,350	$ —	$ —	$ —	$ 1,350
Other U.S. obligations	4,967	—	39	(11)	4,995
GSE and Tennessee Valley Authority obligations	15,051	—	102	(60)	15,093
State or local housing agency obligations	139	—	1	(1)	139
Federal Family Education Loan Program ABS	5,824	—	408	(11)	6,221
Other	1,078	—	10	(25)	1,063
Total non-mortgage-backed securities	28,409	—	560	(108)	28,861
Mortgage-backed securities					
Other U.S. obligations single-family MBS	4,806	—	88	(5)	4,889
Other U.S. obligations multifamily MBS	875	—	—	(4)	871
GSE single-family MBS	9,660	—	70	(16)	9,714
GSE multifamily MBS	19,011	—	637	(23)	19,625
Private-label residential MBS	10,686	(247)	600	(3)	11,036
Home equity loan ABS	9	—	3	—	12
Total mortgage-backed securities	45,047	(247)	1,398	(51)	46,147
Total	$ 73,456	$ (247)	$ 1,958	$ (159)	$ 75,008

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(1) Amortized cost of AFS securities includes adjustments made to the cost basis of an investment for accretion, amortization, previous other-than-temporary impairment (OTTI) recognized in earnings, and/or fair value hedge accounting adjustments.

(2) OTTI recognized in accumulated other comprehensive income (loss) (AOCI) does not include $466 million and $596 million in subsequent unrealized gains (losses) in fair value of previously other-than-temporarily impaired AFS securities at September 30, 2015 and December 31, 2014, which is included in net non-credit portion of OTTI losses on AFS securities in *Note 15 - Accumulated Other Comprehensive Income (Loss)*.

(3) Gross unrealized gains and gross unrealized losses on AFS securities include $466 million and $596 million in subsequent unrealized gains (losses) in fair value of previously other-than-temporarily impaired AFS securities at September 30, 2015 and December 31, 2014, which is not included in net unrealized gains (losses) on AFS securities in *Note 15 - Accumulated Other Comprehensive Income (Loss)*.

Table 5.2 presents the AFS securities with unrealized losses by major security type and length of time that individual securities have been in a continuous unrealized loss position.

Table 5.2 - AFS Securities in a Continuous Unrealized Loss Position
(dollars in millions)

	September 30, 2015					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses(1)
Non-mortgage-backed securities						
Other U.S. Obligations	$ 4,025	$ (24)	$ —	$ —	$ 4,025	$ (24)
GSE and Tennessee Valley Authority obligations	3,478	(41)	674	(72)	4,152	(113)
State or local housing agency obligations	265	(3)	10	—	275	(3)
Federal Family Education Loan Program ABS	90	—	800	(22)	890	(22)
Other	319	(2)	490	(30)	809	(32)
Total non-mortgage-backed securities	8,177	(70)	1,974	(124)	10,151	(194)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	1,246	(1)	122	(2)	1,368	(3)
GSE single-family MBS	784	(3)	585	(4)	1,369	(7)
GSE multifamily MBS	11,239	(74)	2,915	(36)	14,154	(110)
Private-label residential MBS	316	(4)	2,303	(200)	2,619	(204)
Total mortgage-backed securities	13,585	(82)	5,925	(242)	19,510	(324)
Total	$ 21,762	$ (152)	$ 7,899	$ (366)	$ 29,661	$ (518)

	December 31, 2014					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses(1)
Non-mortgage-backed securities						
Other U.S. Obligations	$ 2,176	$ (10)	$ 740	$ (1)	$ 2,916	$ (11)
GSE and Tennessee Valley Authority obligations	2,883	(8)	841	(52)	3,724	(60)
State or local housing agency obligations	5	—	18	(1)	23	(1)
Federal Family Education Loan Program ABS	14	—	877	(11)	891	(11)
Other	163	—	448	(25)	611	(25)
Total non-mortgage-backed securities	5,241	(18)	2,924	(90)	8,165	(108)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	1,698	(4)	155	(1)	1,853	(5)
Other U.S. obligations multifamily MBS	610	(4)	24	—	634	(4)
GSE single-family MBS	472	(1)	1,252	(15)	1,724	(16)
GSE multifamily MBS	2,210	(13)	2,256	(10)	4,466	(23)
Private-label residential MBS	777	(19)	3,004	(231)	3,781	(250)
Total mortgage-backed securities	5,767	(41)	6,691	(257)	12,458	(298)
Total	$ 11,008	$ (59)	$ 9,615	$ (347)	$ 20,623	$ (406)

(1) Total unrealized losses in Table 5.2 will not agree to total gross unrealized losses in Table 5.1. Total unrealized losses in Table 5.2 includes non-credit-related OTTI recognized in AOCI.

Table 5.3 - AFS Securities by Contractual Maturity
(dollars in millions)

	September 30, 2015		December 31, 2014	
Year of Maturity	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Non-mortgage-backed securities				
Due in one year or less	$ 2,321	$ 2,323	$ 1,992	$ 1,995
Due after one year through five years	7,655	7,685	10,906	10,957
Due after five years through ten years	6,970	6,964	5,771	5,811
Due after ten years	4,358	4,251	3,916	3,877
Federal Family Education Loan Program ABS(1)	5,268	5,520	5,824	6,221
Total non-mortgage-backed securities	26,572	26,743	28,409	28,861
Mortgage-backed securities(1)	47,488	48,374	45,047	46,147
Total	$ 74,060	$ 75,117	$ 73,456	$ 75,008

(1) Federal Family Education Loan Program ABS and MBS are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

Table 5.4 - Proceeds from Sale and Gross Gains and Losses on AFS Securities
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Proceeds from sale of AFS securities	$ 201	$ —	$ 2,357	$ 98
Gross gains on sale of AFS securities	$ 2	$ —	$ 74	$ 1
Gross losses on sale of AFS securities	—	—	(14)	—
Net realized gains/(losses) from sale of AFS securities	$ 2	$ —	$ 60 [(a)]	$ 1

(a) The nine months ended September 30, 2015 includes $52 million of net realized gains relating to sales of previously other-than-temporarily impaired securities.

See *Note 7 - Other-than-Temporary Impairment Analysis* for analysis related to OTTI and information on the transfers of securities between the AFS portfolio and the held-to-maturity (HTM) portfolio.

Note 6 - Held-to-Maturity Securities

Table 6.1 - HTM Securities by Major Security Type
(dollars in millions)

	September 30, 2015					
	Amortized Cost(1)	**OTTI Recognized in AOCI(2)**	**Carrying Value(2)**	**Gross Unrecognized Holding Gains(3)**	**Gross Unrecognized Holding Losses(3)**	**Fair Value**
Non-mortgage-backed securities						
Other U.S. obligations	$ 1,441	$ —	$ 1,441	$ 78	$ (1)	$ 1,518
GSE and Tennessee Valley Authority obligations	6,587	—	6,587	66	(3)	6,650
State or local housing agency obligations	2,667	—	2,667	12	(126)	2,553
Total non-mortgage-backed securities	10,695	—	10,695	156	(130)	10,721
Mortgage-backed securities						
Other U.S. obligations single-family MBS	10,547	—	10,547	103	(7)	10,643
Other U.S. obligations multifamily MBS	33	—	33	—	—	33
GSE single-family MBS	50,310	—	50,310	785	(78)	51,017
GSE multifamily MBS	17,961	—	17,961	454	(17)	18,398
Private-label residential MBS	6,164	(514)	5,650	683	(87)	6,246
Manufactured housing loan ABS	91	—	91	2	(1)	92
Home equity loan ABS	246	(39)	207	67	(4)	270
Total mortgage-backed securities	85,352	(553)	84,799	2,094	(194)	86,699
Total	$ 96,047	$ (553)	$ 95,494	$ 2,250	$ (324)	$ 97,420

	December 31, 2014					
	Amortized Cost(1)	OTTI Recognized in AOCI(2)	Carrying Value(2)	Gross Unrecognized Holding Gains(3)	Gross Unrecognized Holding Losses(3)	Fair Value
Non-mortgage-backed securities						
Certificates of deposit	$ 356	$ —	$ 356	$ —	$ —	$ 356
Other U.S. obligations	2,271	—	2,271	75	(1)	2,345
GSE and Tennessee Valley Authority obligations	7,280	—	7,280	73	(13)	7,340
State or local housing agency obligations	3,830	—	3,830	13	(137)	3,706
Total non-mortgage-backed securities	13,737	—	13,737	161	(151)	13,747
Mortgage-backed securities						
Other U.S. obligations single-family MBS	9,401	—	9,401	99	(8)	9,492
Other U.S. obligations multifamily MBS	117	—	117	—	—	117
GSE single-family MBS	58,499	—	58,499	902	(173)	59,228
GSE multifamily MBS	16,755	—	16,755	407	(19)	17,143
Private-label residential MBS	7,614	(610)	7,004	809	(108)	7,705
Manufactured housing loan ABS	105	—	105	2	(1)	106
Home equity loan ABS	275	(45)	230	75	(4)	301
Total mortgage-backed securities	92,766	(655)	92,111	2,294	(313)	94,092
Total	$ 106,503	$ (655)	$ 105,848	$ 2,455	$ (464)	$ 107,839

(1) Amortized cost of HTM securities includes adjustments made to the cost basis of an investment for accretion, amortization, and/or previous OTTI recognized in earnings.
(2) Carrying value of HTM securities represents amortized cost after adjustment for the non-credit-related OTTI recognized in AOCI.
(3) Gross unrecognized holding gains (losses) represent the difference between fair value and carrying value.

Table 6.2 presents the HTM securities with unrealized losses, which are aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position.

Table 6.2 - HTM Securities in a Continuous Unrealized Loss Position
(dollars in millions)

	September 30, 2015					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses(1)
Non-mortgage-backed securities						
Other U.S. obligations	$ 15	$ —	$ 16	$ (1)	$ 31	$ (1)
GSE and Tennessee Valley Authority obligations	2,486	(2)	749	(1)	3,235	(3)
State or local housing agency obligations	191	—	804	(126)	995	(126)
Total non-mortgage-backed securities	2,692	(2)	1,569	(128)	4,261	(130)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	1,833	(4)	626	(3)	2,459	(7)
GSE single-family MBS	5,045	(25)	3,600	(53)	8,645	(78)
GSE multifamily MBS	5,967	(13)	1,162	(4)	7,129	(17)
Private-label residential MBS	631	(5)	4,048	(366)	4,679	(371)
Manufactured housing loan ABS	—	—	9	(1)	9	(1)
Home equity loan ABS	—	—	62	(4)	62	(4)
Total mortgage-backed securities	13,476	(47)	9,507	(431)	22,983	(478)
Total	$ 16,168	$ (49)	$ 11,076	$ (559)	$ 27,244	$ (608)

	December 31, 2014					
	Less than 12 Months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses(1)
Non-mortgage-backed securities						
Other U.S. obligations	$ 14	$ (1)	$ 5	$ —	$ 19	$ (1)
GSE and Tennessee Valley Authority obligations	899	(1)	1,233	(12)	2,132	(13)
State or local housing agency obligations	219	—	1,110	(137)	1,329	(137)
Total non-mortgage-backed securities	1,132	(2)	2,348	(149)	3,480	(151)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	659	(1)	994	(7)	1,653	(8)
GSE single-family MBS	2,108	(4)	10,648	(169)	12,756	(173)
GSE multifamily MBS	2,224	(2)	1,439	(17)	3,663	(19)
Private-label residential MBS	845	(6)	4,582	(440)	5,427	(446)
Manufactured housing loan ABS	—	—	10	(1)	10	(1)
Home equity loan ABS	—	—	69	(4)	69	(4)
Total mortgage-backed securities	5,836	(13)	17,742	(638)	23,578	(651)
Total	$ 6,968	$ (15)	$ 20,090	$ (787)	$ 27,058	$ (802)

(1) Total unrealized losses in Table 6.2 will not agree to total gross unrecognized holding losses in Table 6.1. Total unrealized losses in Table 6.2 includes non-credit-related OTTI recognized in AOCI and gross unrecognized holding gains on previously other-than-temporarily impaired securities.

Table 6.3 - HTM Securities by Contractual Maturity
(dollars in millions)

	September 30, 2015			December 31, 2014		
Year of Maturity	Amortized Cost	Carrying Value(1)	Fair Value	Amortized Cost	Carrying Value(1)	Fair Value
Non-mortgage-backed securities						
Due in one year or less	$ 1,102	$ 1,102	$ 1,102	$ 2,574	$ 2,574	$ 2,575
Due after one year through five years	5,694	5,694	5,700	6,031	6,031	6,021
Due after five years through ten years	546	546	549	978	978	986
Due after ten years	3,353	3,353	3,370	4,154	4,154	4,165
Total non-mortgage-backed securities	10,695	10,695	10,721	13,737	13,737	13,747
Mortgage-backed securities(2)	85,352	84,799	86,699	92,766	92,111	94,092
Total	$ 96,047	$ 95,494	$ 97,420	$ 106,503	$ 105,848	$ 107,839

(1) Carrying value of HTM securities represents amortized cost after adjustment for non-credit-related OTTI recognized in AOCI.
(2) MBS are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

Realized Gains and Losses

Certain FHLBanks sold securities out of their respective HTM portfolio that were either within three months of maturity or had less than 15% of the acquired principal outstanding at the time of the sale. These sales are considered maturities for purposes of security classification.

Table 6.4 - Proceeds from Sale and Gains and Losses on HTM Securities
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Proceeds from sale of HTM securities	$ 163	$ 52	$ 762	$ 75
Carrying value of HTM securities sold	160	45	749	66
Net realized gains (losses) from sale of HTM securities	$ 3	$ 7	$ 13	$ 9

Note 7 - Other-than-Temporary Impairment Analysis

Each FHLBank evaluates its individual AFS and HTM investment securities holdings in an unrealized loss position for OTTI on a quarterly basis. A description of the OTTI evaluation process is disclosed in *Note 1 - Summary of Significant Accounting Policies*, pages F-14 to F-15, of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. The FHLBanks' uniform framework is disclosed in *Note 7 - Other-than-Temporary Impairment Analysis*, pages F-30 to F-31, of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014.

Certain Private-label MBS

The FHLBanks' system-wide governance committee developed a short-term housing price forecast with projected changes ranging from a decrease of 3.0% to an increase of 8.0% over the twelve-month period beginning July 1, 2015. For the vast majority of markets, the projected short-term housing price changes range from an increase of 2.0% to an increase of 5.0%. Thereafter, a unique path is projected for each geographic area based on an internally developed framework derived from historical data.

Table 7.1 presents the significant inputs used to measure the amount of credit loss recognized in earnings during the three months ended September 30, 2015, for those securities for which an OTTI was determined to have occurred, as well as related current credit enhancement for each affected FHLBank. Credit enhancement is defined as the percentage of credit subordination, excess spread, and over-collateralization, if any, in a security structure that will generally absorb losses before an FHLBank will experience a credit loss on the security. The calculated averages represent the dollar-weighted averages for OTTI private-label residential MBS in the category shown.

Table 7.1 - Significant Inputs for OTTI

	Significant Inputs for OTTI Private-label Residential MBS(1)			
Year of Securitization	**Prepayment Rates Weighted-Average(2)**	**Default Rates Weighted-Average(2)**	**Loss Severities Weighted-Average(2)**	**Current Credit Enhancement Weighted-Average(2)**
Prime				
2006	17.9%	11.6%	42.9%	—
2004 and prior	12.4%	6.5%	23.6%	11.0%
Total prime	15.7%	9.6%	35.2%	4.4%
Alt-A				
2007	10.6%	28.5%	36.4%	5.6%
2006	9.2%	29.6%	39.7%	0.2%
2005	12.6%	15.2%	37.3%	8.1%
2004 and prior	12.2%	12.0%	27.5%	11.6%
Total Alt-A	11.0%	23.8%	37.3%	5.4%
Total OTTI private-label residential MBS	11.1%	23.5%	37.3%	5.4%

(1) The classification (prime and Alt-A) in this table is based on the model used to run the estimated cash flows for the CUSIP, which may not necessarily be the same as the classification at the time of origination.
(2) Weighted-average percentage is based on unpaid principal balance.

HTM Securities Transferred to AFS Securities. Certain changes in circumstances may cause an FHLBank to change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future. Thus, the sale or transfer of an HTM security due to certain changes in circumstances, such as evidence of significant deterioration in the issuer's creditworthiness, is not considered to be inconsistent with its original classification. Additionally, other events that are isolated, nonrecurring, or unusual for an FHLBank that could not have been reasonably anticipated may cause an FHLBank to sell or transfer an HTM security without necessarily calling into question its intent to hold other debt securities to maturity.

During the three months ended September 30, 2015, there was no transfer of securities from HTM to AFS. During the nine months ended September 30, 2015, the FHLBanks of Pittsburgh and San Francisco elected to transfer private-label MBS with fair values of $3 million and $4 million that experienced credit-related OTTI from their respective HTM portfolio to their respective AFS portfolio. Each of these FHLBanks recognized an OTTI credit loss on these HTM private-label residential MBS, which that FHLBank believes is evidence of a significant deterioration in the issuer's creditworthiness. This deterioration is the basis for the transfers to the AFS portfolio. These transfers allow management the option to decide to sell these securities prior to maturity in response to changes in interest rates, changes in prepayment risk, or other factors. For the AFS securities in an unrealized loss position, each of the affected FHLBanks asserted as of September 30, 2015, that it has no intent to sell and believes it is not more likely than not that it will be required to sell any security before its anticipated recovery of the remaining amortized cost basis. During the three and nine months ended September 30, 2014, there were no transfers of securities from HTM to AFS.

In connection with the merger with the FHLBank of Des Moines, the FHLBank of Seattle changed its intent to hold its HTM securities to maturity and consequently transferred its entire HTM portfolio, with a fair value of $9.1 billion, to its AFS portfolio in March 2015. Based on its intent to sell its private-label MBS, the FHLBank of Seattle recorded a $52 million OTTI charge in March 2015. The FHLBank of Seattle subsequently sold all of its private-label MBS and realized a $52 million gain on sale in March 2015.

Table 7.2 presents the September 30, 2015 balance of the total HTM and AFS MBS with OTTI charges during the life of the security, which represents securities other-than-temporarily impaired prior to and at September 30, 2015, based on each individual FHLBank's impairment analyses of its investment portfolio.

Table 7.2 - Total MBS Other-than-Temporarily Impaired during the Life of the Security
(dollars in millions)

	September 30, 2015(1)						
	Held-to-Maturity Securities				Available-for-Sale Securities		
	Unpaid Principal Balance	Amortized Cost	Carrying Value	Fair Value	Unpaid Principal Balance	Amortized Cost	Fair Value
Private-label residential MBS(2)							
Prime	$ 1,059	$ 863	$ 667	$ 909	$ 3,143	$ 2,589	$ 2,787
Alt-A	1,522	1,160	901	1,191	6,920	5,780	5,859
Subprime	570	350	291	431	2	1	1
Total private-label residential MBS	3,151	2,373	1,859	2,531	10,065	8,370	8,647
Home equity loan ABS(2)							
Alt-A	—	—	—	—	11	8	10
Subprime	158	124	85	149	—	—	—
Total home equity loan ABS	158	124	85	149	11	8	10
Total	$ 3,309	$ 2,497	$ 1,944	$ 2,680	$ 10,076	$ 8,378	$ 8,657

(1) Table 7.2 does not include all HTM and AFS securities that are in an unrealized loss position as of September 30, 2015. This table includes only HTM and AFS MBS with OTTI charges during the life of the security.
(2) The FHLBanks classify securities as prime, Alt-A, and subprime based on the originator's classification at the time of origination or based on classification by a nationally recognized statistical rating organization upon issuance of the securities.

Table 7.3 presents a rollforward of the amounts related to credit losses recognized in earnings. The rollforward relates to the amount of credit losses on investment securities held by the FHLBanks for which a portion of OTTI losses was recognized in accumulated other comprehensive income (loss).

Table 7.3 - Rollforward of the Amounts Related to Credit Losses Recognized into Earnings
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance, at beginning of period	$ 3,351	$ 3,960	$ 3,836	$ 4,075
Additions				
Additional OTTI credit losses for securities upon which an OTTI charge was previously recognized (1)(2)	6	5	21	11
Reductions				
Credit losses on securities that an FHLBank intends to sell before recovery of its amortized cost basis	—	—	(368)	—
Increases in cash flows expected to be collected (accreted as interest income over the remaining lives of the applicable securities)	(60)	(63)	(192)	(184)
Balance, at end of period	$ 3,297	$ 3,902	$ 3,297	$ 3,902

(1) For the three months ended September 30, 2015 and 2014, additional OTTI credit losses for securities upon which an OTTI charge was previously recognized relates to all securities that were also previously impaired prior to July 1, 2015 and 2014. For the nine months ended September 30, 2015 and 2014, additional OTTI credit losses for securities upon which an OTTI charge was previously recognized relates to all securities that were also previously impaired prior to January 1, 2015 and 2014.
(2) Does not include $52 million of OTTI charges related to AFS private-label mortgage-backed securities for the nine months ended September 30, 2015, that the FHLBank of Seattle intended to sell and subsequently sold.

All other AFS and HTM Investment Securities

At September 30, 2015, the FHLBanks held certain other AFS and HTM securities in unrealized loss positions. These unrealized losses are due primarily to interest rate volatility and/or illiquidity. These losses are considered temporary as each FHLBank expects to recover the entire amortized cost basis on its remaining AFS and HTM securities in unrealized loss positions and neither intends to sell these securities nor considers it more likely than not that it will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. As a result, each FHLBank does not consider these other AFS and HTM investment securities to be other-than-temporarily impaired at September 30, 2015.

Note 8 - Advances

The FHLBanks offer a wide range of fixed- and variable-rate advance products with different maturities, interest rates, payment characteristics, and optionality. Fixed-rate advances generally have maturities ranging from one day to 30 years. Variable-rate advances generally have maturities ranging from less than 30 days to 20 years, where the interest rates reset periodically at a fixed spread to LIBOR or other specified index.

Table 8.1 - Advances Redemption Terms
(dollars in millions)

	September 30, 2015		December 31, 2014	
Redemption Term	**Amount**	**Weighted-Average Interest Rate**	**Amount**	**Weighted-Average Interest Rate**
Overdrawn demand and overnight deposit accounts	$ 22	1.40%	$ 99	3.32%
Due in 1 year or less	232,061	0.63%	231,241	0.50%
Due after 1 year through 2 years	95,610	1.20%	78,381	1.32%
Due after 2 years through 3 years	90,438	1.28%	73,374	1.58%
Due after 3 years through 4 years	62,394	0.87%	76,177	1.10%
Due after 4 years through 5 years	43,526	1.16%	57,344	0.85%
Thereafter	60,655	1.90%	47,328	2.39%
Index-amortizing advances(1)	1,527	3.20%	1,728	3.45%
Total par value	586,233	1.03%	565,672	1.04%
Commitment fees	(2)		(5)	
Discounts on AHP advances	(33)		(37)	
Premiums	227		103	
Discounts	(71)		(84)	
Hedging adjustments	5,023		4,980	
Fair value option valuation adjustments	80		97	
Total	$ 591,457		$ 570,726	

(1) Index-amortizing advances require repayment according to predetermined amortization schedules linked to the level of various indices. Generally, as market interest rates rise (fall), the maturity of an index-amortizing advance extends (contracts).

Table 8.2 - Advances by Year of Contractual Maturity or Next Call Date and Next Put or Convert Date
(dollars in millions)

	Year of Contractual Maturity or Next Call Date		Year of Contractual Maturity or Next Put or Convert Date	
Redemption Term	**September 30, 2015**	**December 31, 2014**	**September 30, 2015**	**December 31, 2014**
Overdrawn demand and overnight deposit accounts	$ 22	$ 99	$ 22	$ 99
Due in 1 year or less	308,590	295,224	252,087	254,411
Due after 1 year through 2 years	86,402	75,027	90,981	76,089
Due after 2 years through 3 years	77,664	67,752	85,103	66,331
Due after 3 years through 4 years	40,690	54,948	61,778	70,773
Due after 4 years through 5 years	37,262	36,071	40,143	55,410
Thereafter	34,076	34,823	54,592	40,831
Index-amortizing advances	1,527	1,728	1,527	1,728
Total par value	$ 586,233	$ 565,672	$ 586,233	$ 565,672

The FHLBanks offer advances to members and eligible non-members that provide the right, based upon predetermined option exercise dates, to call the advance prior to maturity without incurring prepayment or termination fees (callable advances). If the call option is exercised, replacement funding may be available. Other advances may only be prepaid by paying a fee to the FHLBank (prepayment fee) that makes the FHLBank financially indifferent to the prepayment of the advance. At September 30, 2015 and December 31, 2014, the FHLBanks had callable advances outstanding totaling $108.2 billion and $73.2 billion.

Some advances contain embedded options allowing an FHLBank to offer putable and convertible advances. A member either can sell an embedded option to an FHLBank or can purchase an embedded option from an FHLBank.

With a putable advance to a member, an FHLBank effectively purchases a put option from the member that allows that FHLBank to put or extinguish the fixed-rate advance to the member on predetermined exercise dates, and offer, subject to certain conditions, replacement funding at prevailing market rates. Generally, these put options are exercised when interest rates increase. At September 30, 2015 and December 31, 2014, the FHLBanks had putable advances outstanding totaling $23.4 billion and $24.3 billion.

Convertible advances allow an FHLBank to convert an advance from one interest-payment term structure to another. When issuing convertible advances, an FHLBank may purchase put options from a member that allow that FHLBank to convert the fixed-rate advance to a variable-rate advance at the current market rate or another structure after an agreed-upon lockout period. A convertible advance carries a lower interest rate than a comparable-maturity fixed-rate advance without the conversion feature. Variable- to fixed-rate convertible advances have a defined lockout period during which the interest rates adjust based on a spread to LIBOR. At the end of the lockout period, these advances may convert to fixed-rate advances. The fixed rates on the converted advances are determined at origination. At September 30, 2015 and December 31, 2014, the FHLBanks had convertible advances outstanding totaling $5.6 billion and $6.5 billion.

Table 8.3 - Advances by Current Interest Rate Terms
(dollars in millions)

	September 30, 2015	December 31, 2014
Total fixed-rate	$ 317,895	$ 319,732
Total variable-rate	268,338	245,940
Total par value	$ 586,233	$ 565,672

Credit Risk Exposure and Security Terms

The FHLBanks' potential credit risk from advances is concentrated in commercial banks. The FHLBanks' advances outstanding that were greater than or equal to $1.0 billion per borrower were $398.3 billion and $388.2 billion at September 30, 2015 and December 31, 2014. These advances were made to 86 and 79 borrowers (members and non-members) at September 30, 2015 and December 31, 2014, which represented 67.9% and 68.6% of total advances outstanding at September 30, 2015 and December 31, 2014. (See *Note 10 - Allowance for Credit Losses* for information related to the FHLBanks' credit risk on advances and allowance methodology for credit losses.)

Note 9 - Mortgage Loans

Mortgage Loans Held for Portfolio

Mortgage loans held for portfolio consist of loans obtained through the MPP and MPF Program and are either conventional or government-guaranteed or -insured mortgage loans. The MPP and MPF Program involve the purchase by the FHLBanks of single-family mortgage loans that are originated or acquired by participating financial institutions. These mortgage loans are credit-enhanced by participating financial institutions or are guaranteed or insured by Federal agencies. The FHLBanks are authorized to hold acquired member assets, such as assets acquired under the MPP and MPF Program.

Table 9.1 - Mortgage Loans Held for Portfolio
(dollars in millions)

	September 30, 2015	December 31, 2014
Fixed-rate, long-term single-family mortgage loans	$ 36,346	$ 34,738
Fixed-rate, medium-term(1) single-family mortgage loans	7,685	8,134
Total unpaid principal balance	44,031	42,872
Premiums	774	692
Discounts	(55)	(69)
Deferred loan costs, net	(1)	(1)
Hedging adjustments	118	121
Total mortgage loans held for portfolio	$ 44,867	$ 43,615

(1) Medium-term is defined as a term of 15 years or less.

Table 9.2 - Mortgage Loans Held for Portfolio by Collateral/Guarantee Type
(dollars in millions)

	September 30, 2015	December 31, 2014
Conventional mortgage loans	$ 39,471	$ 37,945
Government-guaranteed or -insured mortgage loans	4,560	4,927
Total unpaid principal balance	$ 44,031	$ 42,872

Note 10 - Allowance for Credit Losses

Each FHLBank has established an allowance methodology for its applicable portfolio segments:

- credit products (advances, letters of credit, and other extensions of credit to borrowers);
- government-guaranteed or -insured mortgage loans held for portfolio;
- conventional MPF loans held for portfolio and conventional MPP loans held for portfolio;
- term federal funds sold; and
- term securities purchased under agreements to resell.

See *Note 1 - Summary of Significant Accounting Policies* and *Note 10 - Allowance for Credit Losses* on pages F-16 to F-17 and pages F-35 to F-43 of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for a description of allowance methodologies related to the FHLBanks' portfolio segments as well as the FHLBanks' policies for impairing financing receivables, placing them on non-accrual status, and charging them off when necessary.

Credit Products

Using a risk-based approach and taking into consideration each borrower's financial strength, the FHLBanks consider the types and level of collateral to be the primary indicator of credit quality on their credit products. At September 30, 2015 and December 31, 2014, each FHLBank had rights to collateral on a borrower-by-borrower basis with an estimated value equal to, or greater than, its outstanding extensions of credit.

Each FHLBank continues to evaluate and make changes to its collateral guidelines, as necessary, based on current market conditions. At September 30, 2015 and December 31, 2014, none of the FHLBanks had any credit products that were past due, on non-accrual status, or considered impaired. In addition, there were no troubled debt restructurings related to credit products at any FHLBank during the nine months ended September 30, 2015 and 2014.

Based on the collateral held as security, each FHLBank management's credit extension and collateral policies and repayment history on credit products, no FHLBank has incurred any losses on its credit products. Accordingly, at September 30, 2015 and December 31, 2014, no FHLBank recorded any allowance for credit losses on these credit products, and no FHLBank recorded any liability to reflect an allowance for credit losses for off-balance sheet credit exposures. (See *Note 17 - Commitments and Contingencies* for additional information on the FHLBanks' off-balance sheet credit exposure.)

Government-Guaranteed or -Insured Mortgage Loans Held for Portfolio

An FHLBank invests in fixed-rate mortgage loans that are insured or guaranteed by the Federal Housing Administration, the Department of Veterans Affairs, the Rural Housing Service of the Department of Agriculture, and/or the Department of Housing and Urban Development. The servicer provides and maintains insurance or a guarantee from the applicable government agency. The servicer is responsible for compliance with all government agency requirements and for obtaining the benefit of the applicable guarantee or insurance with respect to defaulted government-guaranteed or -insured mortgage loans. Any losses incurred on these loans that are not recovered from the issuer or the guarantor are absorbed by the servicer. Therefore, each FHLBank only has credit risk for these loans if the servicer fails to pay for losses not covered by the guarantee or insurance. Based on each FHLBank's assessment of its servicers, no FHLBank established an allowance for credit losses for its government-guaranteed or -insured mortgage loan portfolio at September 30, 2015 and December 31, 2014. Furthermore, none of these mortgage loans has been placed on non-accrual status because of the U.S. government guarantee or insurance on these loans and the contractual obligation of the loan servicer to repurchase the loans when certain criteria are met.

Mortgage Loans Held for Portfolio - Conventional MPF and Conventional MPP

Rollforward of Allowance for Credit Losses on Mortgage Loans. Each FHLBank established an allowance for credit losses on its conventional mortgage loans held for portfolio. Table 10.1 presents a rollforward of the allowance for credit losses on mortgage loans for the three and nine months ended September 30, 2015 and 2014, and Table 10.2 presents the recorded investment in mortgage loans by impairment methodology at September 30, 2015 and December 31, 2014. The recorded investment in a loan is the unpaid principal balance of the loan, adjusted for accrued interest, net deferred loan fees or costs, unamortized premiums or discounts, fair value hedge adjustments, and direct write-downs. The recorded investment is not net of any valuation allowance.

Table 10.1 - Rollforward of Allowance for Credit Losses on Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance, at beginning of period	$ 21	$ 63	$ 52	$ 88
Charge-offs, net of recoveries	(2)	(2)	(35)	(12)
Provision (reversal) for credit losses	1	(5)	3	(20)
Balance, at end of period	$ 20	$ 56	$ 20	$ 56

Table 10.2 - Allowance for Credit Losses and Recorded Investment by Impairment Methodology on Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	September 30, 2015	December 31, 2014
Allowances for credit losses, end of period		
Individually evaluated for impairment	$ 6	$ 29
Collectively evaluated for impairment	14	23
Total allowances for credit losses	$ 20	$ 52
Recorded investment, end of period		
Individually evaluated for impairment	$ 2,628	$ 2,347
Collectively evaluated for impairment	37,775	36,436
Total recorded investment	$ 40,403	$ 38,783

Credit Quality Indicators. Key credit quality indicators for mortgage loans include the migration of past due loans, non-accrual loans, loans in process of foreclosure, and impaired loans. Table 10.3 presents the FHLBanks' key credit quality indicators for mortgage loans at September 30, 2015 and December 31, 2014.

Table 10.3 - Recorded Investment in Delinquent Mortgage Loans
(dollars in millions)

	September 30, 2015		
	Conventional MPF/ MPP	Government-Guaranteed or -Insured	Total
Past due 30-59 days	$ 391	$ 198	$ 589
Past due 60-89 days	115	59	174
Past due 90 days or more	355	99	454
Total past due mortgage loans	861	356	1,217
Total current mortgage loans	39,542	4,311	43,853
Total mortgage loans(1)	$ 40,403	$ 4,667	$ 45,070
Other delinquency statistics			
In process of foreclosure, included above(2)	$ 204	$ 31	$ 235
Serious delinquency rate(3)	0.89%	2.12%	1.02%
Past due 90 days or more and still accruing interest	$ 65	$ 99	$ 164
Loans on non-accrual status	$ 335	$ —	$ 335

	December 31, 2014		
	Conventional MPF/ MPP	Government-Guaranteed or -Insured	Total
Past due 30-59 days	$ 516	$ 265	$ 781
Past due 60-89 days	146	73	219
Past due 90 days or more	503	119	622
Total past due mortgage loans	1,165	457	1,622
Total current mortgage loans	37,618	4,579	42,197
Total mortgage loans(1)	$ 38,783	$ 5,036	$ 43,819
Other delinquency statistics			
In process of foreclosure, included above(2)	$ 283	$ 37	$ 320
Serious delinquency rate(3)	1.31%	2.38%	1.43%
Past due 90 days or more and still accruing interest	$ 113	$ 119	$ 232
Loans on non-accrual status	$ 444	$ —	$ 444

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(1) The difference between the recorded investment and the carrying value of total mortgage loans of $203 million and $204 million at September 30, 2015 and December 31, 2014, primarily relates to accrued interest. (See *Note 9 - Mortgage Loans* for details on the carrying values of total mortgage loans.)
(2) Includes loans where the decision of foreclosure or a similar alternative, such as pursuit of deed-in-lieu, has been reported. Loans in the process of foreclosure are included in past due or current loans depending on their delinquency status.
(3) Represents seriously delinquent loans as a percentage of total mortgage loans. Seriously delinquent loans are comprised of all loans past due 90 days or more delinquent or loans that are in the process of foreclosure (including past due or current loans in the process of foreclosure).

Individually Evaluated Impaired Loans. Certain conventional mortgage loans, primarily impaired mortgage loans that are considered collateral-dependent, may be specifically identified for purposes of calculating the allowance for credit losses. The estimated credit losses on impaired collateral-dependent loans may be separately determined because sufficient information exists to make a reasonable estimate of the inherent loss on these loans on an individual loan basis. An FHLBank may estimate the fair value of this collateral by applying an appropriate loss severity rate or using third party estimates or property valuation model(s).

Table 10.4 presents the recorded investment, unpaid principal balance, and related allowance of impaired conventional MPF/MPP mortgage loans individually assessed for impairment at September 30, 2015 and December 31, 2014, and Table 10.5 presents the average recorded investment and related interest income recognized on these loans during the three and nine months ended September 30, 2015 and 2014.

Table 10.4 - Individually Evaluated Impaired Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	September 30, 2015			December 31, 2014		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance	$ 330	$ 341	$ —	$ 141	$ 140	$ —
With an allowance	39	38	6	256	253	28
Total	$ 369	$ 379	$ 6	$ 397	$ 393	$ 28

Table 10.5 - Average Recorded Investment of Individually Impaired Conventional MPF/MPP Mortgage Loans and Related Interest Income Recognized
(dollars in millions)

	Three Months Ended September 30,			
	2015		2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance	$ 363	$ 1	$ 145	$ —
With an allowance	40	—	276	—
Total	$ 403	$ 1	$ 421	$ —

	Nine Months Ended September 30,			
	2015		2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance	$ 362	$ 3	$ 142	$ 2
With an allowance	44	1	291	1
Total	$ 406	$ 4	$ 433	$ 3

Credit Enhancements. An FHLBank's allowance for credit losses considers the credit enhancements associated with conventional mortgage loans under the MPF Program and MPP. These credit enhancements apply after a homeowner's equity is exhausted. Credit enhancements may include primary mortgage insurance, supplemental mortgage insurance, the credit enhancement amount plus any recoverable performance-based credit enhancement fees (for MPF loans), and Lender Risk Account (for MPP loans). The amount of credit enhancements estimated to protect an FHLBank against credit losses is determined through the use of a validated model. Any incurred losses that would be recovered from the credit enhancements are not reserved as part of an FHLBank's allowance for credit losses on mortgage loans. (See *Note 10 - Allowance for Credit Losses* on pages F-40 to F-41 of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for additional information on credit enhancements for the Mortgage Partnership Finance Program and Mortgage Purchase Program.)

At September 30, 2015 and December 31, 2014, the amounts of First Loss Account remaining to cover the losses under the MPF Program were $386 million and $389 million. This balance excludes amounts that may be recovered through the recapture of performance-based credit enhancement fees. The First Loss Account represents the first layer or portion of credit losses that each MPF FHLBank absorbs with respect to its MPF loans after considering the borrower's equity, primary mortgage insurance, and recoverable credit enhancement fees. An FHLBank records credit enhancement fees paid to the participating financial institutions as a reduction to mortgage interest income. Credit enhancement fees totaled $5 million for each of the three months ended September 30, 2015 and 2014, and $16 million for each of the nine months ended September 30, 2015 and 2014.

At September 30, 2015 and December 31, 2014, the amounts of Lender Risk Account remaining to cover the losses under the MPP were $242 million and $191 million. The Lender Risk Account is a lender-specific account funded by an MPP FHLBank in an amount approximately sufficient to cover expected losses on the pool of mortgages.

Troubled debt restructurings. A troubled debt restructuring is considered to have occurred when a concession is granted to a borrower for economic or legal reasons related to the borrower's financial difficulties and that concession would not have been considered otherwise. An FHLBank has granted a concession when it does not expect to collect all amounts due to the

FHLBank under the original contract as a result of the restructuring. Loans outstanding as of September 30, 2015 and December 31, 2014 that are discharged in Chapter 7 bankruptcy and have not been reaffirmed by the borrowers are also considered to be troubled debt restructurings, except in certain cases where supplemental mortgage insurance policies are held or where all contractual amounts due are still expected to be collected as a result of certain credit enhancements or government guarantees.

An FHLBank's MPF loan troubled debt restructurings primarily involve modifying the borrower's monthly payment for a period of up to 36 months to achieve a housing expense ratio of no more than 31% of their qualifying monthly income. The outstanding principal balance is first re-amortized to reflect a principal and interest payment for a term not to exceed 40 years. This would result in a balloon payment at the original maturity date of the loan as the maturity date and the number of remaining monthly payments are not adjusted. If the 31% housing expense ratio is not achieved through re-amortization, the interest rate is reduced in 0.125% increments below the original note rate, to a floor rate of 3.00%, resulting in reduced principal and interest payments, for the temporary payment modification period of up to 36 months, until the desired 31% housing expense ratio is met.

An FHLBank's MPP loan troubled debt restructurings primarily involve loans where an agreement permits the recapitalization of past due amounts up to the original loan amount. Under this type of modification, no other terms of the original loan are modified, including the borrower's original interest rate and contractual maturity.

An MPF or MPP loan considered to be a troubled debt restructuring is individually evaluated for impairment when determining its related allowance for credit losses. Credit loss is measured by factoring in expected cash shortfalls (i.e., loss severity rate) incurred as of the reporting date, as well as the economic loss attributable to delaying the original contractual principal and interest due dates, if applicable. As of September 30, 2015 and December 31, 2014, the recorded investment balances of mortgage loans classified as troubled debt restructurings were $173 million and $179 million.

Real Estate Owned. The FHLBanks had $59 million and $73 million of real estate owned recorded in other assets on the Combined Statement of Condition at September 30, 2015 and December 31, 2014.

Term Federal Funds Sold and Term Securities Purchased Under Agreements to Resell

These investments are generally short-term, their recorded balance approximates fair value, and they are generally transacted with counterparties that are considered by an individual FHLBank to be of investment quality. FHLBank investments in federal funds are evaluated for purposes of a reserve for credit losses only if the investment is not paid when due. All investments in federal funds sold are unsecured and were repaid, or expected to be repaid, according to the contractual terms as of September 30, 2015 and December 31, 2014. Securities purchased under agreements to resell are considered collateralized financing arrangements and effectively represent short-term loans. The terms of these loans are structured such that if the market value of the underlying securities decreases below the market value required as collateral, the counterparty must place an equivalent amount of additional securities as collateral or remit an equivalent amount of cash. If an agreement to resell is deemed to be impaired, the difference between the fair value of the collateral and the amortized cost of the agreement is charged to earnings. Based upon the collateral held as security, each FHLBank determined that no allowance for credit losses was needed for its securities purchased under agreements to resell at September 30, 2015 and December 31, 2014.

Note 11 - Derivatives and Hedging Activities

Nature of Business Activity

The FHLBanks are exposed to interest-rate risk primarily from the effect of interest rate changes on their interest-earning assets and their funding sources that finance these assets. The goal of each FHLBank's interest-rate risk management strategy is not to eliminate interest-rate risk, but to manage it within appropriate limits. To mitigate the risk of loss, each FHLBank has established policies and procedures, which include guidelines on the amount of exposure to interest rate changes it is willing to accept. In addition, each FHLBank monitors the risk to its interest income, net interest margin and average maturity of interest-earning assets, and funding sources. (See *Note 11 - Derivatives and Hedging Activities* on pages F-43 to F-51 of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for additional information on the FHLBanks' derivative transactions.)

Derivative financial instruments are used by an FHLBank when they are considered to be the most cost-effective alternative to achieve the FHLBank's financial and risk management objectives. Each FHLBank reevaluates its hedging strategies from time to time and may change the hedging techniques it uses or may adopt new strategies.

Each FHLBank transacts most of its derivatives with large banks and major broker-dealers. Some of these banks and broker-dealers, or their affiliates, buy, sell, and distribute consolidated obligations. Derivative transactions may be either executed with a counterparty (bilateral derivatives) or cleared through a Futures Commission Merchant (i.e., clearing agent) with a Derivative Clearing Organization (cleared derivatives).

Once a derivative transaction has been accepted for clearing by a Derivative Clearing Organization (Clearinghouse), the derivative transaction is novated and the executing counterparty is replaced with the Clearinghouse. FHLBanks are not derivative dealers and do not trade derivatives for short-term profit.

Financial Statement Effect and Additional Financial Information

Derivative Notional Amounts. The notional amount of derivatives serves as a factor in determining periodic interest payments or cash flows received and paid. However, the notional amount of derivatives reflects the FHLBanks' involvement in the various classes of financial instruments and represents neither the actual amounts exchanged nor the overall exposure of the FHLBanks to credit and market risk; the overall risk is much smaller. The risks of derivatives can be measured meaningfully on a portfolio basis that takes into account the counterparties, the types of derivatives, the items being hedged, and any offsets between the derivatives and the items being hedged.

Table 11.1 presents the fair value of derivative instruments, including the effect of netting adjustments and cash collateral. For purposes of this disclosure, the derivative values include the fair value of derivatives and the related accrued interest.

Table 11.1 - Fair Value of Derivative Instruments
(dollars in millions)

	September 30, 2015			December 31, 2014		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments						
Interest-rate swaps	$ 393,929	$ 2,041	$ 8,194	$ 409,722	$ 1,946	$ 8,413
Interest-rate swaptions	4	—	—	—	—	—
Interest-rate caps or floors	60	—	—	222	—	1
Total derivatives designated as hedging instruments	393,993	2,041	8,194	409,944	1,946	8,414
Derivatives not designated as hedging instruments						
Interest-rate swaps	124,133	770	955	110,906	654	841
Interest-rate swaptions	1,495	43	—	2,250	57	—
Interest-rate caps or floors	29,190	134	13	31,054	159	16
Interest-rate futures or forwards	328	—	3	759	—	7
Mortgage delivery commitments	1,149	4	—	1,172	9	3
Other	180	—	1	220	1	1
Total derivatives not designated as hedging instruments	156,475	951	972	146,361	880	868
Total derivatives before netting and collateral adjustments	$ 550,468	2,992	9,166	$ 556,305	2,826	9,282
Netting adjustments and cash collateral(1)		(2,250)	(7,856)		(2,326)	(7,683)
Total derivative assets and total derivative liabilities		$ 742	$ 1,310		$ 500	$ 1,599

(1) Amounts represent the application of the netting requirements that allow an FHLBank to settle positive and negative positions and also cash collateral and related accrued interest held or placed by that FHLBank with the same clearing agent and/or counterparty. Cash collateral posted and related accrued interest was $6,017 million and $5,855 million at September 30, 2015 and December 31, 2014. Cash collateral received and related accrued interest was $404 million and $498 million at September 30, 2015 and December 31, 2014.

Table 11.2 presents the components of net gains (losses) on derivatives and hedging activities as presented on the Combined Statement of Income.

Table 11.2 - Net Gains (Losses) on Derivatives and Hedging Activities
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Derivatives designated as hedging instruments				
Total net gains related to fair value hedge ineffectiveness(1)	$ (25)	$ 66	$ 206	$ 85
Total net gains related to cash flow hedge ineffectiveness	—	—	1	1
Derivatives not designated as hedging instruments				
Economic hedges				
Interest-rate swaps	(129)	41	(59)	38
Interest-rate swaptions	4	(2)	7	(21)
Interest-rate caps or floors	(7)	(35)	(22)	(108)
Interest-rate futures or forwards	(9)	(1)	(9)	(14)
Net interest settlements	(9)	(12)	(16)	(59)
Other	(1)	—	(1)	—
Mortgage delivery commitments	18	5	19	25
Intermediary transactions				
Interest-rate swaps	—	—	1	1
Total net gains (losses) related to derivatives not designated as hedging instruments	(133)	(4)	(80)	(138)
Net gains (losses) on derivatives and hedging activities	$ (158)	$ 62	$ 127	$ (52)

(1) Consists of interest-rate swaps.

Table 11.3 presents, by type of hedged item, the gains (losses) on derivatives and the related hedged items in fair value hedging relationships and the effect of those derivatives on the FHLBanks' net interest income.

Table 11.3 - Effect of Fair Value Hedge-Related Derivative Instruments
(dollars in millions)

	Three Months Ended September 30, 2015			
Hedged Item Type	Gains (Losses) on Derivatives	Gains (Losses) on Hedged Items	Net Fair Value Hedge Ineffectiveness	Net Effect of Derivatives on Net Interest Income(1)
Advances	$ (1,024)	$ 1,050	$ 26	$ (713)
Consolidated bonds	530	(559)	(29)	486
Consolidated discount notes	(1)	1	—	3
Available-for-sale securities	(549)	527	(22)	(173)
Total	$ (1,044)	$ 1,019	$ (25)	$ (397)

	Three Months Ended September 30, 2014			
Hedged Item Type	Gains (Losses) on Derivatives	Gains (Losses) on Hedged Items	Net Fair Value Hedge Ineffectiveness	Net Effect of Derivatives on Net Interest Income(1)
Advances	$ 1,146	$ (1,064)	$ 82	$ (806)
Consolidated bonds	(539)	539	—	503
Available-for-sale securities	126	(142)	(16)	(167)
Total	$ 733	$ (667)	$ 66	$ (470)

Hedged Item Type	Nine Months Ended September 30, 2015 Gains (Losses) on Derivatives	Gains (Losses) on Hedged Items	Net Fair Value Hedge Ineffectiveness	Net Effect of Derivatives on Net Interest Income(1)
Advances	$ (204)	$ 467	$ 263	$ (2,165)
Consolidated bonds	548	(596)	(48)	1,489
Consolidated discount notes	2	(2)	—	7
Available-for-sale securities	(356)	347	(9)	(512)
Total	$ (10)	$ 216	$ 206	$ (1,181)

Hedged Item Type	Nine Months Ended September 30, 2014 Gains (Losses) on Derivative	Gains (Losses) on Hedged Item	Net Fair Value Hedge Ineffectiveness	Net Effect of Derivatives on Net Interest Income(1)
Advances	$ 1,052	$ (913)	$ 139	$ (2,405)
Consolidated bonds	438	(450)	(12)	1,529
Available-for-sale securities	(309)	267	(42)	(488)
Deposits	(1)	1	—	1
Total	$ 1,180	$ (1,095)	$ 85	$ (1,363)

(1) The net effect of derivatives, in fair value hedge relationships, on net interest income is included in the interest income or interest expense line item of the respective hedged item type. These amounts include the effect of net interest settlements attributable to designated fair value hedges but do not include $(79) million and $(63) million of amortization/accretion related to fair value hedging activities for the three months ended September 30, 2015 and 2014 and $(281) million and $(108) million for the nine months ended September 30, 2015 and 2014.

An FHLBank may also hedge a firm commitment for a forward-starting advance through the use of an interest-rate swap. In this case, the swap functions as the hedging instrument for both the firm commitment and the subsequent advance. If the hedge relationship is de-designated when the commitment is terminated and the advance is issued, the fair value change associated with the firm commitment is recorded as a basis adjustment of the advance. The basis adjustment is then amortized into interest income over the life of the advance. In addition, if a hedged firm commitment no longer qualifies as a fair value hedge, the hedge would be terminated and net gains and losses would be recognized in current period earnings. There were no material amounts of gains and losses recognized due to disqualification of firm commitment hedges during the three and nine months ended September 30, 2015 and 2014.

Table 11.4 presents by type of hedged item in cash flow hedging relationships, the gains (losses) recognized in OCI, the gains (losses) reclassified from AOCI into income, and the effect of those hedging activities on the FHLBanks' net gains (losses) on derivatives and hedging activities on the Combined Statement of Income. (See Note 15 - Accumulated Other Comprehensive Income (Loss) for more details on the effect of cash flow hedges on AOCI.)

Table 11.4 - Effect of Cash Flow Hedge-Related Derivative Instruments
(dollars in millions)

Derivatives and Hedged Items in Cash Flow Hedging Relationships(1)	Three Months Ended September 30, 2015 Amount of Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)	Location of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$ (17)	Interest expense	$ (8)	$ —
Consolidated discount notes	(71)	Interest expense	—	—
Interest-rate caps or floors				
Advances	—	Interest income	3	—
Total	$ (88)		$ (5)	$ —

Derivatives and Hedged Items in Cash Flow Hedging Relationships(1)	Three Months Ended September 30, 2014 Amount of Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)	Location of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$ (1)	Interest expense	$ (5)	$ —
Consolidated discount notes	95	Interest expense	—	—
Interest-rate caps or floors				
Advances	—	Interest income	3	—
Total	$ 94		$ (2)	$ —

Derivatives and Hedged Items in Cash Flow Hedging Relationships(1)	Nine Months Ended September 30, 2015 Amount of Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)	Location of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$ (17)	Interest expense	$ (21)	$ —
Consolidated discount notes	(18)	Interest expense	(1)	1
Interest-rate caps or floors				
Advances	—	Interest income	8	—
Total	$ (35)		$ (14)	$ 1

Derivatives and Hedged Items in Cash-Flow Hedging Relationships(1)	Nine Months Ended September 30, 2014 Amount of Gains (Losses) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains (Losses) Reclassified from AOCI into Income (Effective Portion)	Amount of Gains Recognized in Net Gains (Losses) on Derivatives and Hedging Activities (Ineffective Portion)
Interest-rate swaps				
Consolidated bonds	$ (21)	Interest expense	$ (8)	$ —
Consolidated discount notes	65	Interest expense	(1)	1
Interest-rate caps or floors				
Advances	—	Interest income	8	—
Total	$ 44		$ (1)	$ 1

(1) Table 11.4 does not include $(69) million and $(70) million for the effect of net interest settlements on net interest income attributable to open cash flow hedges for the three months ended September 30, 2015 and 2014 and $(211) million and $(210) million for the nine months ended September 30, 2015 and 2014.

For the three and nine months ended September 30, 2015 and 2014, no material amounts were reclassified from AOCI into earnings as a result of discontinued cash flow hedges because the original forecasted transactions occurred by the end of the originally specified time period or within a two-month period thereafter. At September 30, 2015, $33 million of deferred net losses on derivative instruments in AOCI is expected to be reclassified to earnings during the next twelve months. At September 30, 2015, the maximum length of time over which an FHLBank is hedging its exposure to the variability in future cash flows for forecasted transactions is 13 years, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments.

Managing Credit Risk on Derivatives

Each FHLBank is subject to credit risk due to the risk of non-performance by counterparties to its derivative transactions, and manages credit risk through credit analysis, collateral requirements, and adherence to the requirements set forth in its policies, U.S. Commodity Futures Trading Commission regulations, and FHFA regulations. For bilateral derivatives, the degree of credit risk depends on the extent to which master netting arrangements are included in these contracts to mitigate the risk. Each FHLBank requires collateral agreements with collateral delivery thresholds on the majority of its bilateral derivatives. Additionally, collateral related to derivatives with member institutions includes collateral assigned to an FHLBank, as evidenced by a written security agreement and held by the member institution for the benefit of that FHLBank.

For cleared derivatives, the Clearinghouse is an FHLBank's counterparty. The Clearinghouse notifies the clearing agent of the required initial and variation margin and the clearing agent notifies the FHLBank of the required initial and variation margin. The requirement that an FHLBank post initial and variation margin, through the clearing agent to the Clearinghouse, exposes an FHLBank to credit risk if the clearing agent or the Clearinghouse fails to meet its obligations. The use of cleared derivatives is intended to mitigate credit risk exposure because a central counterparty is substituted for individual counterparties and collateral is posted daily through a clearing agent, for changes in the value of cleared derivatives.

Each FHLBank has analyzed the enforceability of offsetting rights incorporated in its cleared derivative transactions and determined that the exercise of those offsetting rights by a non-defaulting party under these transactions should be upheld under applicable law upon an event of default including a bankruptcy, insolvency, or similar proceeding involving the Clearinghouse or that FHLBank's clearing agent, or both. Based on this analysis, each FHLBank presents a net derivative receivable or payable for all of its transactions through a particular clearing agent with a particular Clearinghouse.

Certain of the FHLBanks' bilateral derivative instruments contain provisions that require an FHLBank to post additional collateral with its counterparties if there is deterioration in that FHLBank's credit rating. If an FHLBank's credit rating is lowered by a nationally recognized statistical rating organization, that FHLBank may be required to deliver additional collateral on bilateral derivative instruments in net liability positions. The aggregate fair value of all bilateral derivative instruments with credit-risk-related contingent features that were in a net liability position (before cash collateral and related accrued interest) at September 30, 2015, was $3.5 billion, for which the FHLBanks have posted collateral with a fair value of $2.9 billion in the normal course of business. If each FHLBank's credit rating had been lowered from its current rating to the next lower rating that would have triggered additional collateral to be delivered, the FHLBanks would have been required to deliver an additional $0.4 billion of collateral at fair value to their bilateral derivatives counterparties at September 30, 2015.

For cleared derivatives, the Clearinghouse determines initial margin requirements and generally credit ratings are not factored into the initial margin. However, clearing agents may require additional initial margin to be posted based on credit considerations, including, but not limited to, credit rating downgrades. None of the FHLBanks were required to post additional initial margin by its clearing agents, based on credit considerations, at September 30, 2015.

Offsetting of Derivative Assets and Derivative Liabilities

An FHLBank presents derivative instruments, related cash collateral, including initial and variation margin, received or pledged, and associated accrued interest, on a net basis by clearing agent and/or by counterparty when it has met the netting requirements.

Table 11.5 presents separately the fair value of derivative instruments meeting or not meeting netting requirements, with and without the legal right of offset, including the related collateral received from or pledged to counterparties.

Table 11.5 - Offsetting of Derivative Assets and Derivative Liabilities
(dollars in millions)

	September 30, 2015		December 31, 2014	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative instruments meeting netting requirements				
Gross recognized amount				
Bilateral derivatives	$ 1,991	$ 6,682	$ 2,278	$ 7,879
Cleared derivatives	997	2,482	539	1,393
Total gross recognized amount	2,988	9,164	2,817	9,272
Gross amounts of netting adjustments and cash collateral				
Bilateral derivatives	(1,923)	(5,385)	(2,166)	(6,293)
Cleared derivatives	(327)	(2,471)	(160)	(1,390)
Total gross amounts of netting adjustments and cash collateral	(2,250)	(7,856)	(2,326)	(7,683)
Net amounts after netting adjustments and cash collateral				
Bilateral derivatives	68	1,297	112	1,586
Cleared derivatives	670	11	379	3
Total net amounts after netting adjustments and cash collateral	738	1,308	491	1,589
Derivative instruments not meeting netting requirements(1)				
Bilateral derivatives	4	2	9	10
Total derivative instruments not meeting netting requirements(1)	4	2	9	10
Total derivative assets and total derivative liabilities				
Bilateral derivatives	72	1,299	121	1,596
Cleared derivatives	670	11	379	3
Total derivative assets and total derivative liabilities presented on the Combined Statement of Condition	742	1,310	500	1,599
Non-cash collateral received or pledged not offset				
Can be sold or repledged				
Bilateral derivatives	19	78	26	66
Cleared derivatives	—	9	—	3
Total can be sold or repledged	19	87	26	69
Cannot be sold or repledged				
Bilateral derivatives	21	341	44	393
Cleared derivatives(2)	—	2	(67)	—
Total cannot be sold or repledged	21	343	(23)	393
Net amount(3)				
Bilateral derivatives	32	880	51	1,137
Cleared derivatives	670	—	446	—
Total net amount(3)	$ 702	$ 880	$ 497	$ 1,137

(1) Represents derivatives that are not subject to an enforceable netting agreement (e.g., mortgage delivery commitments and certain interest-rate futures or forwards).
(2) The $67 million represents non-cash collateral pledged for initial margin for cleared derivatives at December 31, 2014.
(3) Any overcollateralization at an FHLBank's individual clearing agent and/or counterparty level is not included in the determination of the net amount. At September 30, 2015 and December 31, 2014, the FHLBanks had additional net credit exposure of $248 million and $41 million due to instances where an FHLBank's non-cash collateral to a counterparty exceeded the FHLBank's net derivative liability position.

Note 12 - Deposits

The FHLBanks offer demand and overnight deposit programs to members and qualifying non-members. In addition, certain FHLBanks offer short-term interest-bearing deposit programs to members, and in certain cases, qualifying non-members. A member that services mortgage loans may deposit in its FHLBank funds collected in connection with the mortgage loans, pending disbursement of these funds to the owners of the mortgage loans. The FHLBanks classify these items as other deposits.

Table 12.1 - Deposits
(dollars in millions)

	September 30, 2015	December 31, 2014
Interest-bearing		
Demand and overnight	$ 7,445	$ 7,302
Term	431	403
Other	15	619
Total interest-bearing	7,891	8,324
Non-interest-bearing		
Demand and overnight	211	595
Other	151	145
Total non-interest-bearing	362	740
Total deposits	$ 8,253	$ 9,064

Note 13 - Consolidated Obligations

Consolidated obligations consist of consolidated bonds and consolidated discount notes. The FHLBanks issue consolidated obligations through the Office of Finance as their agent. In connection with each debt issuance, an FHLBank specifies the amount of debt it wants issued on its behalf. The Office of Finance tracks the amount of debt issued on behalf of each FHLBank. In addition, each FHLBank records as a liability its specific portion of consolidated obligations for which it is the primary obligor.

The FHFA and the U.S. Secretary of the Treasury oversee the issuance of FHLBank debt through the Office of Finance. Consolidated bonds are issued primarily to raise intermediate- and long-term funds for the FHLBanks and are not subject to any statutory or regulatory limits on their maturity. Consolidated discount notes are issued primarily to raise short-term funds and have original maturities of up to one year. These notes generally sell at or below their face value and are redeemed at par when they mature.

Table 13.1 - Consolidated Discount Notes Outstanding
(dollars in millions)

	Book Value	Par Value	Weighted-Average Interest Rate(1)
September 30, 2015	$ 409,381	$ 409,511	0.16%
December 31, 2014	$ 362,303	$ 362,363	0.09%

(1) Represents yield to maturity excluding concession fees.

Table 13.2 - Consolidated Bonds Outstanding by Contractual Maturity
(dollars in millions)

	September 30, 2015		December 31, 2014	
Year of Contractual Maturity	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Due in 1 year or less	$ 191,650	0.61%	$ 220,231	0.44%
Due after 1 year through 2 years	94,014	1.23%	78,195	1.42%
Due after 2 years through 3 years	54,295	1.67%	55,369	1.80%
Due after 3 years through 4 years	24,248	1.79%	32,758	1.61%
Due after 4 years through 5 years	26,007	1.90%	30,383	1.80%
Thereafter	56,219	2.70%	67,069	2.58%
Index-amortizing notes	285	4.93%	516	4.53%
Total par value	446,718	1.27%	484,521	1.22%
Net premiums	709		513	
Hedging adjustments	1,459		1,011	
Fair value option valuation adjustments	20		(14)	
Total	$ 448,906		$ 486,031	

Consolidated obligations outstanding were issued with either fixed-rate coupon payment terms or variable-rate coupon payment terms that may use a variety of indices for interest-rate resets, including the federal funds effective rate, LIBOR, and others. To meet the specific needs of certain investors in consolidated obligations, both fixed-rate consolidated bonds and variable-rate consolidated bonds may contain features that result in complex coupon payment terms and call options. When these consolidated obligations are issued, an FHLBank typically enters into derivatives containing features that offset the terms and embedded options, if any, of the consolidated bond obligations.

Table 13.3 - Consolidated Bonds Outstanding by Call Features
(dollars in millions)

Par Values of Consolidated Bonds	September 30, 2015	December 31, 2014
Non-callable/non-putable	$ 347,600	$ 339,841
Callable	99,118	144,680
Total par value	$ 446,718	$ 484,521

Table 13.4 - Consolidated Bonds Outstanding by Contractual Maturity or Next Call Date
(dollars in millions)

Year of Contractual Maturity or Next Call Date	September 30, 2015	December 31, 2014
Due in 1 year or less	$ 282,762	$ 341,839
Due after 1 year through 2 years	86,465	65,682
Due after 2 years through 3 years	32,005	31,662
Due after 3 years through 4 years	14,560	13,162
Due after 4 years through 5 years	10,315	10,022
Thereafter	20,326	21,638
Index-amortizing notes	285	516
Total par value	$ 446,718	$ 484,521

Note 14 - Capital

Each FHLBank is subject to three capital requirements under its capital plan and the FHFA rules and regulations. Regulatory capital does not include AOCI, but does include mandatorily redeemable capital stock.

1. *Risk-based capital.* Each FHLBank must maintain at all times permanent capital, defined as Class B stock and retained earnings, in an amount at least equal to the sum of its credit risk, market risk, and operations risk capital requirements, all of which are calculated in accordance with the rules and regulations of the FHFA.

2. *Total regulatory capital.* Each FHLBank is required to maintain at all times a total capital-to-assets ratio of at least four percent. Total regulatory capital is the sum of permanent capital, Class A stock, any general loss allowance, if consistent with GAAP and not established for specific assets, and other amounts from sources determined by the FHFA as available to absorb losses (including additional capital from merger).

3. *Leverage capital.* Each FHLBank is required to maintain at all times a leverage capital-to-assets ratio of at least five percent. Leverage capital is defined as the sum of permanent capital weighted 1.5 times and all other capital without a weighting factor.

The FHFA may require an FHLBank to maintain greater minimum capital levels than are required based on FHFA rules and regulation. At September 30, 2015, each FHLBank was in compliance with its regulatory capital rules.

Table 14.1 - Risk-Based Capital Requirements at September 30, 2015
(dollars in millions)

	Risk-Based Capital	
FHLBank	Minimum Requirement	Actual
Boston	$ 587	$ 3,659
New York	611	6,461
Pittsburgh	788	4,167
Atlanta	1,633	6,229
Cincinnati	532	5,201
Indianapolis	493	2,289
Chicago	1,040	4,541
Des Moines	913	5,002
Dallas	457	2,218
Topeka	292	1,777
San Francisco	2,810	5,387

Table 14.2 - Regulatory Capital Requirements at September 30, 2015
(dollars in millions)

	Regulatory Capital Ratio		Regulatory Capital	
FHLBank	Minimum Requirement	Actual	Minimum Requirement	Actual
Boston	4.0%	6.4%	$ 2,296	$ 3,659
New York	4.0%	5.3%	4,918	6,461
Pittsburgh	4.0%	4.5%	3,697	4,167
Atlanta	4.0%	5.0%	4,997	6,229
Cincinnati	4.0%	4.7%	4,426	5,201
Indianapolis	4.0%	4.9%	1,869	2,289
Chicago	4.0%	6.5%	2,793	4,541
Des Moines	4.0%	4.3%	4,814	5,223
Dallas	4.0%	5.2%	1,720	2,218
Topeka	4.0%	4.4%	1,831	1,998
San Francisco	4.0%	6.3%	3,436	5,387

Table 14.3 - Leverage Capital Requirements at September 30, 2015
(dollars in millions)

	Leverage Capital Ratio		Leverage Capital	
FHLBank	Minimum Requirement	Actual	Minimum Requirement	Actual
Boston	5.0%	9.6%	$ 2,870	$ 5,489
New York	5.0%	7.9%	6,147	9,691
Pittsburgh	5.0%	6.8%	4,622	6,251
Atlanta	5.0%	7.5%	6,246	9,344
Cincinnati	5.0%	7.1%	5,533	7,801
Indianapolis	5.0%	7.4%	2,337	3,434
Chicago	5.0%	9.8%	3,491	6,813
Des Moines	5.0%	6.4%	6,018	7,724
Dallas	5.0%	7.7%	2,150	3,326
Topeka	5.0%	6.3%	2,289	2,886
San Francisco	5.0%	9.4%	4,295	8,081

The Gramm-Leach-Bliley Act amendments made FHLBank membership voluntary for all members. Members can redeem Class A stock by giving six months written notice, and members can redeem Class B stock by giving five years written notice, subject to certain restrictions. Any member that withdraws from membership may not be readmitted to membership in any FHLBank until five years from the divestiture date for all capital stock that is held as a condition of membership, as that requirement is set out in an FHLBank's capital plan, unless the institution has canceled its notice of withdrawal prior to that date. This restriction does not apply if the member is transferring its membership from one FHLBank to another on an uninterrupted basis.

An FHLBank's board of directors may declare and pay dividends in either cash or capital stock, assuming the FHLBank is in compliance with FHFA rules.

FHLBanks of Des Moines and Seattle Merger

As part of the merger, on the effective date of the merger, each share of FHLBank of Seattle Class A stock outstanding was converted into one share of FHLBank of Des Moines Class A stock and each share of FHLBank of Seattle Class B stock outstanding was converted into one share of FHLBank of Des Moines Class B stock. Immediately following the merger, all shares of FHLBank of Des Moines Class A stock and excess shares of Class B stock were repurchased and FHLBank of Des Moines Class B stock was issued as needed to meet the FHLBank of Des Moines' activity and membership stock requirements in accordance with the combined FHLBank's capital plan. No shares of FHLBank of Seattle capital stock remain outstanding. The merger did not have an impact on the total capital stock held by FHLBank of Des Moines stockholders.

The FHLBank of Des Moines assumed the FHLBank of Seattle's mandatorily redeemable capital stock. The FHLBank of Des Moines redeemed all shares of the assumed mandatorily redeemable capital stock, with the exception of shares required to meet members' activity and membership stock requirements, and shares subject to the mandatory five-year waiting period upon written notice of a member's intent to withdraw from membership in accordance with the combined FHLBank's capital plan.

The FHLBank of Des Moines recognized net assets acquired by recording the par value of capital stock issued in the transaction as capital stock, with the remaining portion of net assets acquired recorded as additional capital from merger. As of the effective date of the merger, additional capital from merger primarily represented 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. The FHLBank of Des Moines treats this additional capital from merger as a component of total capital for regulatory capital purposes, and subject to the FHLBank of Des Moines' board of directors' discretion and applicable regulatory requirements, plans to distribute dividends to the FHLBank of Des Moines' members from this account until the additional capital from merger balance is depleted. As of the effective date of the merger, the FHLBank of Des Moines' additional capital from merger totaled $246 million. During the three months ended September 30, 2015, the FHLBank of Des Moines began distributing dividends from additional capital from merger in the amount of $25 million, resulting in an additional capital from merger balance of $221 million at September 30, 2015.

See *Note 3 - FHLBanks of Des Moines and Seattle Merger* for additional information.

Restricted Retained Earnings

The Joint Capital Enhancement Agreement, as amended (Capital Agreement), is intended to enhance the capital position of each FHLBank. The Capital Agreement provides that each FHLBank will allocate 20% of its net income each quarter to a separate restricted retained earnings account until the balance of that account equals at least one percent of that FHLBank's average balance of outstanding consolidated obligations for the previous quarter. These restricted retained earnings are not available to pay dividends.

The FHLBank of San Francisco's Excess Stock Repurchase, Retained Earnings, and Dividend Framework establishes amounts to be retained in restricted retained earnings, which are not made available for dividends in the current dividend period. These amounts are not related to the Capital Agreement; however, they are also classified as restricted retained earnings on the Combined Statement of Condition. The FHLBank of San Francisco retains in restricted retained earnings any cumulative net gains in earnings (net of applicable assessments) resulting from gains or losses on derivatives and associated hedged items and financial instruments carried at fair value (valuation adjustments). In addition to any cumulative net gains resulting from valuation adjustments, the FHLBank of San Francisco holds an additional amount in restricted retained earnings intended to protect paid-in capital from the effects of an extremely adverse credit event, an extremely adverse operations risk event, a cumulative net loss related to the FHLBank of San Francisco's derivatives and associated hedged items and financial instruments carried at fair value, an extremely adverse change in the market value of the FHLBank of San Francisco's capital, a significant amount of additional credit-related OTTI on private-label residential MBS, or some combination of these effects, especially in periods of extremely low net income resulting from an adverse interest-rate environment, and to maintain capital compliance.

Table 14.4 presents the components of retained earnings, including the restricted amounts related to the Capital Agreement and the restricted amounts related to the FHLBank of San Francisco's Excess Stock Repurchase, Retained Earnings, and Dividend Framework.

Table 14.4 - Retained Earnings
(dollars in millions)

	Unrestricted Retained Earnings	Capital Agreement Restricted Retained Earnings	Other Restricted Retained Earnings(1)	Total Restricted Retained Earnings	Total Retained Earnings
Balance, December 31, 2013	$ 9,080	$ 1,216	$ 1,888	$ 3,104	$ 12,184
Net income	1,384	347	(36)	311	1,695
Dividends on capital stock					
Cash	(838)	—	—	—	(838)
Stock	(35)	—	—	—	(35)
Balance, September 30, 2014	$ 9,591	$ 1,563	$ 1,852	$ 3,415	$ 13,006
Balance, December 31, 2014	$ 9,736	$ 1,673	$ 1,835	$ 3,508	$ 13,244
Net income	1,759	446	(22)	424	2,183
Transfers to unrestricted/(from) restricted retained earnings	150	—	(150)	(150)	—
Merger activity(2)	(250)	(63)	—	(63)	(313)
Dividends on capital stock					
Cash	(1,096)	—	—	—	(1,096)
Stock	(53)	—	—	—	(53)
Balance, September 30, 2015	$ 10,246	$ 2,056	$ 1,663	$ 3,719	$ 13,965

(1) Represents retained earnings restricted by the FHLBank of San Francisco's Excess Stock Repurchase, Retained Earnings, and Dividend Framework related to valuation adjustments and the retained earnings targeted buildup. As of July 31, 2015, the FHLBank of San Francisco's board of directors reduced the amount of the retained earnings targeted buildup from $1.8 billion to $1.65 billion.
(2) Represents the elimination of the FHLBank of Seattle's closing retained earnings balance in connection with the merger.

Mandatorily Redeemable Capital Stock

Each FHLBank is a cooperative whose member financial institutions and former members own all of the FHLBank's capital stock. Shares of capital stock cannot be purchased or sold except between an FHLBank and its members at its $100 per share par value, as mandated by each FHLBank's capital plan.

An FHLBank generally reclassifies capital stock subject to redemption from capital to the mandatorily redeemable capital stock liability upon expiration of a grace period, if applicable, after a member exercises a written redemption right, or gives notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, relocation, charter termination, or involuntary termination from membership. Shares of capital stock meeting these definitions are reclassified to mandatorily redeemable capital stock at fair value. Dividends related to capital stock classified as mandatorily redeemable capital stock are accrued at the expected dividend rate and reported as interest expense on the Combined Statement of Income. For the three months ended September 30, 2015 and 2014, dividends on mandatorily redeemable capital stock in the amount of $9 million and $30 million were recorded as interest expense. For the nine months ended September 30, 2015 and 2014, dividends on mandatorily redeemable capital stock in the amount of $67 million and $114 million were recorded as interest expense.

A member may cancel or revoke its written notice of redemption or its notice of withdrawal from membership prior to the end of the applicable redemption period. Each FHLBank's capital plan provides the terms for cancellation fees that may be incurred by the member upon cancellation.

Table 14.5 presents capital stock subject to mandatory redemption. Payment is contingent on each FHLBank's waiting period and the FHLBank's ability to meet its minimum regulatory capital requirements. These amounts have been classified as a liability on the Combined Statement of Condition.

Table 14.5 - Mandatorily Redeemable Capital Stock Rollforward
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance, at beginning of period	$ 450	$ 3,614	$ 2,631	$ 4,998
Net capital stock subject to mandatory redemption reclassified (to)/ from capital	610	68	747	347
Redemption/repurchase of mandatorily redeemable capital stock	(266)	(631)	(2,585) [a]	(2,295)
Accrued stock dividend classified as mandatorily redeemable capital stock	—	—	1	1
Balance, at end of period	$ 794	$ 3,051	$ 794	$ 3,051

(a) Consists primarily of mandatorily redeemable capital stock redeemed in connection with the merger of the FHLBanks of Des Moines and Seattle, as well as additional repurchases/redemptions by certain other FHLBanks.

Excess Capital Stock

Excess capital stock is defined as the amount of stock held by a member (or former member) in excess of that institution's minimum investment requirement. FHFA rules limit the ability of an FHLBank to create member excess capital stock under certain circumstances. An FHLBank may not pay dividends in the form of capital stock or issue new excess capital stock to members if that FHLBank's excess capital stock exceeds one percent of its total assets or if the issuance of excess capital stock would cause that FHLBank's excess capital stock to exceed one percent of its total assets. At September 30, 2015, no FHLBanks had excess capital stock outstanding totaling more than one percent of its total assets.

Capital Classification Determination

The FHFA has implemented the prompt corrective action provisions of the Housing Act. The FHFA rule defined four capital classifications for the FHLBanks: adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, and the FHFA issued a regulation implementing the prompt corrective action provisions that apply to FHLBanks that are not deemed to be adequately capitalized. The FHFA determines each FHLBank's capital classification on at least a quarterly basis. If an FHLBank is determined to be other than adequately capitalized, that FHLBank becomes subject to additional supervisory authority by the FHFA. Before implementing a reclassification, the Director of the FHFA is required to provide that FHLBank with written notice of the proposed action and an opportunity to submit a response. Each FHLBank is classified by the FHFA as adequately capitalized as of the date of the FHFA's most recent notification to each FHLBank.

Note 15 - Accumulated Other Comprehensive Income (Loss)

Table 15.1 presents a summary of changes in accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2015 and 2014.

Table 15.1 - Accumulated Other Comprehensive Income (Loss)
(dollars in millions)

	Three Months Ended September 30,						
	Net Unrealized Gains (Losses) on AFS Securities (Note 5)	Net Unrealized Gains (Losses) on HTM Securities Transferred from AFS Securities	Net Non-Credit Portion of OTTI Losses on AFS Securities (Notes 5 and 7)	Net Non-Credit Portion of OTTI Losses on HTM Securities (Notes 6 and 7)	Net Unrealized Gains (Losses) Relating to Hedging Activities (Note 11)	Pension and Postretirement Benefits	Total Accumulated Other Comprehensive Income (Loss)
Balance, June 30, 2014	$ 1,345	$ (1)	$ 340	$ (720)	$ (800)	$ (43)	$ 121
Other comprehensive income before reclassifications							
Unrealized gains (losses)	(76)	—	13	—	94	—	31
Change in fair value of other-than-temporarily impaired securities	—	—	57	—	—	—	57
Accretion of non-credit loss	—	—	—	34	—	—	34
Reclassifications from accumulated other comprehensive income (loss) to net income							
Non-credit OTTI to credit OTTI	—	—	3	1	—	—	4
Amortization on hedging activities(1)	—	—	—	—	2	—	2
Net current period other comprehensive income (loss)	(76)	—	73	35	96	—	128
Balance, September 30, 2014	$ 1,269	$ (1)	$ 413	$ (685)	$ (704)	$ (43)	$ 249
Balance, June 30, 2015	$ 1,066	$ (1)	$ 315	$ (580)	$ (688)	$ (97)	$ 15
Other comprehensive income before reclassifications							
Unrealized gains (losses)	(281)	1	(45)	—	(88)	—	(413)
Non-credit OTTI losses	—	—	(3)	—	—	—	(3)
Change in fair value of other-than-temporarily impaired securities	—	—	5	—	—	—	5
Accretion of non-credit loss	—	—	—	26	—	—	26
Reclassifications from accumulated other comprehensive income (loss) to net income							
Net gains (losses) on securities	(2)	—	—	—	—	—	(2)
Non-credit OTTI to credit OTTI	—	—	2	1	—	—	3
Amortization on hedging activities(1)	—	—	—	—	5	—	5
Amortization - pension and postretirement	—	—	—	—	—	1	1
Net current period other comprehensive income (loss)	(283)	1	(41)	27	(83)	1	(378)
Balance, September 30, 2015	$ 783	$ —	$ 274	$ (553)	$ (771)	$ (96)	$ (363)

	Nine Months Ended September 30,						
	Net Unrealized Gains (Losses) on AFS Securities (Note 5)	Net Unrealized Gains (Losses) on HTM Securities Transferred from AFS Securities	Net Non-Credit Portion of OTTI Losses on AFS Securities (Notes 5 and 7)	Net Non-Credit Portion of OTTI Losses on HTM Securities (Notes 6 and 7)	Net Unrealized Gains (Losses) Relating to Hedging Activities (Note 11)	Pension and Postretirement Benefits	Total Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2013	$ 1,005	$ (1)	$ 75	$ (789)	$ (748)	$ (53)	$ (511)
Other comprehensive income before reclassifications							
Unrealized gains (losses)	265	—	163	—	44	—	472
Change in fair value of other-than-temporarily impaired securities	—	—	171	—	—	—	171
Accretion of non-credit loss	—	—	—	102	—	—	102
Reclassifications from accumulated other comprehensive income (loss) to net income							
Net gains (losses) on securities	(1)	—	—	—	—	—	(1)
Non-credit OTTI to credit OTTI	—	—	4	2	—	—	6
Amortization - pension and postretirement	—	—	—	—	—	10	10
Net current period other comprehensive income (loss)	264	—	338	104	44	10	760
Balance, September 30, 2014	$ 1,269	$ (1)	$ 413	$ (685)	$ (704)	$ (43)	$ 249
Balance, December 31, 2014	$ 1,203	$ (1)	$ 349	$ (655)	$ (749)	$ (93)	$ 54
Other comprehensive income before reclassifications							
Unrealized gains (losses)	(361)	1	(130)	—	(35)	—	(525)
Non-credit OTTI losses	—	—	(16)	(2)	—	—	(18)
Non-credit OTTI losses transferred	—	—	(12)	12	—	—	—
Change in fair value of other-than-temporarily impaired securities	—	—	75	—	—	—	75
Accretion of non-credit loss	—	—	—	89	—	—	89
Reclassifications from accumulated other comprehensive income (loss) to net income							
Net gains (losses) on securities	(8)	—	(52)	—	—	—	(60)
Non-credit OTTI to credit OTTI	—	—	60	3	—	—	63
Amortization on hedging activities(1)	—	—	—	—	13	—	13
Amortization - pension and postretirement	—	—	—	—	—	(3)	(3)
Net current period other comprehensive income (loss)	(369)	1	(75)	102	(22)	(3)	(366)
Merger activity(2)	(51)	—	—	—	—	—	(51)
Balance, September 30, 2015	$ 783	$ —	$ 274	$ (553)	$ (771)	$ (96)	$ (363)

(1) Amortization on hedging activities consists of amortization to:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Interest income - Advances	$ 3	$ 3	$ 8	$ 8
Interest expense - Consolidated bonds	(8)	(5)	(21)	(8)
Interest expense - Consolidated discount notes	—	—	(1)	(1)
Net gains (losses) on derivatives and hedging activities	—	—	1	1
Total amortization on hedging activities	$ (5)	$ (2)	$ (13)	$ —

(2) Represents the elimination of the FHLBank of Seattle's closing AOCI balance in connection with the merger.

Note 16 - Fair Value

The fair value amounts recorded on the Combined Statement of Condition and presented in the note disclosures for the periods presented have been determined by the FHLBanks using available market and other pertinent information and reflect each FHLBank's best judgment of appropriate valuation methods. Although each FHLBank uses its best judgment in estimating the fair value of its financial instruments, there are inherent limitations in any valuation technique. Therefore, the fair values may not be indicative of the amounts that would have been realized in market transactions at September 30, 2015 and December 31, 2014.

Fair Value Hierarchy

The FHLBanks record trading securities, available-for-sale securities, derivative assets, derivative liabilities, certain advances, certain consolidated obligations, and certain other assets at fair value on a recurring basis, and on occasion certain private-label MBS, certain mortgage loans held for portfolio, and certain other assets on a non-recurring basis. GAAP establishes a fair value hierarchy and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The inputs are evaluated and an overall level for the fair value measurement is determined. This overall level is an indication of market observability of the fair value measurement for the asset or liability. An entity must disclose the level within the fair value hierarchy in which the measurements are classified.

The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels:

- Level 1 Inputs. Quoted prices (unadjusted) for identical assets or liabilities in an active market that the reporting entity can access on the measurement date.

- Level 2 Inputs. Inputs other than quoted prices within Level 1, that are observable inputs for the asset or liability, either directly or indirectly. If the asset or liability has a specified or contractual term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active; (3) inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves that are observable at commonly quoted intervals, and implied volatilities); and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 Inputs. Unobservable inputs for the asset or liability.

Each FHLBank reviews its fair value hierarchy classifications on a quarterly basis. Changes in the observability of the valuation inputs may result in a reclassification of certain assets or liabilities. These reclassifications are reported as transfers in/out at fair value at the beginning of the quarter in which the changes occur. The FHLBanks had no transfers of assets or liabilities recorded at fair value on a recurring basis during the three and nine months ended September 30, 2015, or 2014.

Table 16.1 presents the carrying value, fair value, and fair value hierarchy of financial assets and liabilities of the FHLBanks at September 30, 2015 and December 31, 2014. These values do not represent an estimate of the overall market value of the FHLBanks as going concerns, which would take into account future business opportunities and the net profitability of assets and liabilities.

Table 16.1 - Fair Value Summary
(dollars in millions)

	September 30, 2015					
		Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustment and Cash Collateral(1)**
Assets						
Cash and due from banks	$ 17,480	$ 17,480	$ 17,480	$ —	$ —	$ —
Interest-bearing deposits	1,696	1,696	560	1,136	—	—
Securities purchased under agreements to resell	51,319	51,319	—	51,319	—	—
Federal funds sold	31,011	31,011	—	31,011	—	—
Trading securities	8,524	8,524	14	8,510	—	—
Available-for-sale securities	75,117	75,117	30	66,424	8,663	—
Held-to-maturity securities	95,494	97,420	—	89,518	7,902	—
Advances(2)	591,457	591,478	—	591,478	—	—
Mortgage loans held for portfolio, net	44,847	46,581	—	46,332	249	—
Mortgage loans held for sale(3)	21	21	—	21	—	—
Accrued interest receivable	1,103	1,103	—	1,103	—	—
Derivative assets, net	742	742	—	2,988	4	(2,250)
Other assets	84	84	75	9	—	—
Liabilities						
Deposits	8,253	8,253	—	8,253	—	—
Consolidated obligations						
Discount notes(4)	409,381	409,406	—	409,406	—	—
Bonds(5)	448,906	451,398	—	451,344	54	—
Total consolidated obligations	858,287	860,804	—	860,750	54	—
Mandatorily redeemable capital stock	794	794	794	—	—	—
Accrued interest payable	1,350	1,350	—	1,350	—	—
Derivative liabilities, net	1,310	1,310	—	9,166	—	(7,856)
Other liabilities	45	45	45	—	—	—
Subordinated notes	944	980	—	980	—	—

Financial Instruments	December 31, 2014					
		Fair Value				
	Carrying Value	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral(1)
Assets						
Cash and due from banks	$ 26,421	$ 26,421	$ 26,421	$ —	$ —	$ —
Interest-bearing deposits	1,569	1,569	560	1,009	—	—
Securities purchased under agreements to resell	25,419	25,419	—	25,419	—	—
Federal funds sold	52,773	52,773	—	52,773	—	—
Trading securities	9,600	9,600	14	9,586	—	—
Available-for-sale securities	75,008	75,008	20	63,940	11,048	—
Held-to-maturity securities	105,848	107,839	—	98,401	9,438	—
Advances(2)	570,726	571,332	—	571,332	—	—
Mortgage loans held for portfolio, net	43,563	45,770	—	45,474	296	—
Accrued interest receivable	1,095	1,095	—	1,095	—	—
Derivative assets, net	500	500	—	2,813	13	(2,326)
Other assets	77	77	71	6	—	—
Liabilities						
Deposits	9,064	9,064	—	9,064	—	—
Consolidated obligations						
Discount notes(4)	362,303	362,300	—	362,300	—	—
Bonds(5)	486,031	488,536	—	488,474	62	—
Total consolidated obligations	848,334	850,836	—	850,774	62	—
Mandatorily redeemable capital stock	2,631	2,631	2,631	—	—	—
Accrued interest payable	1,110	1,110	—	1,110	—	—
Derivative liabilities, net	1,599	1,599	—	9,282	—	(7,683)
Other liabilities	38	38	38	—	—	—
Subordinated notes	944	1,013	—	1,013	—	—

(1) Amounts represent the application of the netting requirements that allow an FHLBank to settle positive and negative positions and also cash collateral and related accrued interest held or placed by that FHLBank with the same clearing agent and/or counterparty.
(2) Includes $10,921 million and $20,890 million of advances recorded under fair value option at September 30, 2015 and December 31, 2014.
(3) Represents mortgage loans held for sale recorded under fair value option, included in other assets on the Combined Statement of Condition at September 30, 2015.
(4) Includes $18,409 million and $10,189 million of consolidated discount notes recorded under fair value option at September 30, 2015 and December 31, 2014.
(5) Includes $27,274 million and $34,734 million of consolidated bonds recorded under fair value option and $54 million and $62 million of consolidated bonds that are carried at fair value under a full fair value hedge strategy at September 30, 2015 and December 31, 2014.

Summary of Valuation Methodologies and Primary Inputs

A description of the valuation methodologies and primary inputs is disclosed in *Note 19 - Fair Value*, pages F-72 to F-75, of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. There have been no significant changes in these valuation methodologies and primary inputs during the three and nine months ended September 30, 2015.

Fair Value Measurements

Table 16.2 presents the fair value of assets and liabilities that are recorded on a recurring or non-recurring basis at September 30, 2015 and December 31, 2014, by level within the fair value hierarchy. The FHLBanks measure certain held-to-maturity securities and mortgage loans at fair value on a non-recurring basis due to the recognition of a credit loss. Real estate owned is measured using fair value when the asset's fair value less costs to sell is lower than its carrying amount.

Table 16.2 - Fair Value Measurements
(dollars in millions)

	September 30, 2015				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral(1)
Recurring fair value measurements - Assets					
Trading securities					
U.S. Treasury obligations	$ 307	$ —	$ 307	$ —	$ —
Other U.S. obligations	245	—	245	—	—
GSE and Tennessee Valley Authority obligations	5,923	—	5,923	—	—
State or local housing agency obligations	1	—	1	—	—
Other non-MBS	295	14	281	—	—
Other U.S. obligations single-family MBS	25	—	25	—	—
GSE single-family MBS	167	—	167	—	—
GSE multifamily MBS	1,561	—	1,561	—	—
Total trading securities	8,524	14	8,510	—	—
Available-for-sale securities					
Certificates of deposit	1,000	—	1,000	—	—
Other U.S. obligations	4,572	—	4,572	—	—
GSE and Tennessee Valley Authority obligations	13,267	—	13,267	—	—
State or local housing agency obligations	1,209	—	1,209	—	—
Federal Family Education Loan Program ABS	5,520	—	5,520	—	—
Other non-MBS	1,175	30	1,145	—	—
Other U.S. obligations single-family MBS	4,826	—	4,826	—	—
Other U.S. obligations multifamily MBS	761	—	761	—	—
GSE single-family MBS	9,785	—	9,785	—	—
GSE multifamily MBS	24,339	—	24,339	—	—
Private-label residential MBS	8,653	—	—	8,653	—
Home equity loan ABS	10	—	—	10	—
Total available-for-sale securities	75,117	30	66,424	8,663	—
Advances(2)	10,921	—	10,921	—	—
Mortgage loans held for sale(3)	21	—	21	—	—
Derivative assets, net					
Interest-rate related	738	—	2,984	4	(2,250)
Mortgage delivery commitments	4	—	4	—	—
Total derivative assets, net	742	—	2,988	4	(2,250)
Other assets	84	75	9	—	—
Total recurring assets at fair value	$ 95,409	$ 119	$ 88,873	$ 8,667	$ (2,250)
Recurring fair value measurements - Liabilities					
Consolidated Obligations					
Discount notes(4)	$ 18,409	$ —	$ 18,409	$ —	$ —
Bonds(5)	27,328	—	27,274	54	—
Total consolidated obligations	45,737	—	45,683	54	—
Derivative liabilities, net					
Interest-rate related	1,310	—	9,166	—	(7,856)
Total recurring liabilities at fair value	$ 47,047	$ —	$ 54,849	$ 54	$ (7,856)
Non-recurring fair value measurements - Assets(6)					
Held-to-maturity securities					
Private-label residential MBS	$ 29	$ —	$ —	$ 29	
Mortgage loans held for portfolio	122	—	9	113	
Real estate owned	28	—	2	26	
Total non-recurring assets at fair value	$ 179	$ —	$ 11	$ 168	

	December 31, 2014				
	Total	Level 1	Level 2	Level 3	Netting Adjustment and Cash Collateral(1)
Recurring fair value measurements - Assets					
Trading securities					
U.S. Treasury obligations	$ 526	$ —	$ 526	$ —	$ —
Other U.S. obligations	256	—	256	—	—
GSE and Tennessee Valley Authority obligations	7,601	—	7,601	—	—
State or local housing agency obligations	1	—	1	—	—
Other non-MBS	294	14	280	—	—
Other U.S. obligations single-family MBS	28	—	28	—	—
GSE single-family MBS	201	—	201	—	—
GSE multifamily MBS	693	—	693	—	—
Total trading securities	9,600	14	9,586	—	—
Available-for-sale securities					
Certificates of deposit	1,350	—	1,350	—	—
Other U.S. obligations	4,995	—	4,995	—	—
GSE and Tennessee Valley Authority obligations	15,093	—	15,093	—	—
State or local housing agency obligations	139	—	139	—	—
Federal Family Education Loan Program ABS	6,221	—	6,221	—	—
Other non-MBS	1,063	20	1,043	—	—
Other U.S. obligations single-family MBS	4,889	—	4,889	—	—
Other U.S. obligations multifamily MBS	871	—	871	—	—
GSE single-family MBS	9,714	—	9,714	—	—
GSE multifamily MBS	19,625	—	19,625	—	—
Private-label residential MBS	11,036	—	—	11,036	—
Home equity loan ABS	12	—	—	12	—
Total available-for-sale securities	75,008	20	63,940	11,048	—
Advances(2)	20,890	—	20,890	—	—
Derivative assets, net					
Interest-rate related	491	—	2,804	13	(2,326)
Mortgage delivery commitments	9	—	9	—	—
Total derivative assets, net	500	—	2,813	13	(2,326)
Other assets	77	71	6	—	—
Total recurring assets at fair value	$ 106,075	$ 105	$ 97,235	$ 11,061	$ (2,326)
Recurring fair value measurements - Liabilities					
Consolidated Obligations					
Discount notes(4)	$ 10,189	$ —	$ 10,189	$ —	$ —
Bonds(5)	34,796	—	34,734	62	—
Total consolidated obligations	44,985	—	44,923	62	—
Derivative liabilities, net					
Interest-rate related	1,596	—	9,279	—	(7,683)
Mortgage delivery commitments	3	—	3	—	—
Total derivative liabilities, net	1,599	—	9,282	—	(7,683)
Total recurring liabilities at fair value	$ 46,584	$ —	$ 54,205	$ 62	$ (7,683)
Non-recurring fair value measurements - Assets					
Held-to-maturity securities					
Private-label residential MBS	$ 35	$ —	$ —	$ 35	
Mortgage loans held for portfolio	166	—	—	166	
Real estate owned	22	—	—	22	
Total non-recurring assets at fair value	$ 223	$ —	$ —	$ 223	

(1) Amounts represent the application of the netting requirements that allow an FHLBank to settle positive and negative positions and also cash collateral and related accrued interest held or placed by that FHLBank with the same clearing agent and/or counterparty.
(2) Represents advances recorded under fair value option at September 30, 2015 and December 31, 2014.
(3) Represents mortgage loans held for sale recorded under fair value option, included in other assets on the Combined Statement of Condition at September 30, 2015.
(4) Represents consolidated discount notes recorded under fair value option at September 30, 2015 and December 31, 2014.
(5) Represents $27,274 million and $34,734 million of consolidated bonds recorded under fair value option and $54 million and $62 million of consolidated bonds that are carried at fair value under a full fair value hedge strategy at September 30, 2015 and December 31, 2014.
(6) The fair value information presented is as of the date the fair value adjustment was recorded during the nine months ended September 30, 2015.

Level 3 Disclosures for All Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Table 16.3 presents a rollforward of assets and liabilities measured at fair value on a recurring basis and classified as Level 3 during the three and nine months ended September 30, 2015 and 2014.

Table 16.3 - Rollforward of Level 3 Assets and Liabilities
(dollars in millions)

	Three Months Ended September 30, 2015			
	Available-for-Sale Securities		Derivative Assets(1)	
	Private-Label Residential MBS	Home Equity Loan ABS	Interest-Rate Related	Consolidated Bonds
Balance, at beginning of period	$ 9,114	$ 10	$ 9	$ (59)
Total gains or losses (realized/unrealized) included in				
Net gains (losses) on derivatives and hedging activities	—	—	(5)	5
Interest income	40	—	—	—
Net other-than-temporary impairment losses	(5)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	1	—	—	—
Net change in fair value of other-than-temporarily impaired securities	(40)	—	—	—
Purchases, issuances, sales, and settlements				
Sales	(1)	—	—	—
Settlements	(456)	—	—	—
Balance, at end of period	$ 8,653	$ 10	$ 4	$ (54)
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities still held at end of the period	$ 24	$ —	$ —	$ 4

	Three Months Ended September 30, 2014			
	Available-for-Sale Securities		Derivative Assets(1)	
	Private-Label Residential MBS	Home Equity Loan ABS	Interest-Rate Related	Consolidated Bonds
Balance, at beginning of period	$ 11,799	$ 13	$ 16	$ (67)
Total gains or losses (realized/unrealized) included in				
Net gains (losses) on derivatives and hedging activities	—	—	(4)	5
Interest income	38	1	—	—
Net other-than-temporary impairment losses	(5)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	2	—	—	—
Net amount of impairment losses reclassified to (from) non-interest income	3	—	—	—
Net change in fair value of other-than-temporarily impaired securities	70	—	—	—
Purchases, issuances, sales, and settlements				
Settlements	(431)	(1)	—	—
Balance, at end of period	$ 11,476	$ 13	$ 12	$ (62)
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities still held at end of the period	$ 18	$ —	$ —	$ 5

	Nine Months Ended September 30, 2015			
	Available-for-Sale Securities		Derivative Assets(1)	
	Private-Label Residential MBS	Home Equity Loan ABS	Interest-Rate Related	Consolidated Bonds
Balance, at beginning of period	$ 11,036	$ 12	$ 13	$ (62)
Total gains or losses (realized/unrealized) included in				
Net gains (losses) on sale of AFS securities	52	—	—	—
Net gains (losses) on derivatives and hedging activities	—	—	(9)	8
Interest income	121	1	—	—
Net other-than-temporary impairment losses	(68)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	(45)	—	—	—
Net amount of impairment losses reclassified to (from) non-interest income	45	—	—	—
Net change in fair value of other-than-temporarily impaired securities	(54)	(1)	—	—
Purchases, issuances, sales, and settlements				
Sales	(1,561)	—	—	—
Settlements	(1,204)	(2)	—	—
Transfers from held-to-maturity to available-for-sale securities(2)	331	—	—	—
Balance, at end of period	$ 8,653	$ 10	$ 4	$ (54)
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities still held at end of the period	$ 67	$ 1	$ —	$ 8

	Nine Months Ended September 30, 2014			
	Available-for-Sale Securities		Derivative Assets(1)	
	Private-Label Residential MBS	Home Equity Loan ABS	Interest-Rate Related	Consolidated Bonds
Balance, at beginning of period	$ 12,290	$ 15	$ 19	$ (68)
Total gains or losses (realized/unrealized) included in				
Net gains (losses) on derivatives and hedging activities	—	—	(7)	6
Interest income	105	1	—	—
Net other-than-temporary impairment losses	(10)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	4	—	—	—
Net amount of impairment losses reclassified to (from) non-interest income	4	—	—	—
Net change in fair value of other-than-temporarily impaired securities	334	—	—	—
Purchases, issuances, sales, and settlements				
Settlements	(1,251)	(3)	—	—
Balance, at end of period	$ 11,476	$ 13	$ 12	$ (62)
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities still held at end of the period	$ 55	$ 1	$ —	$ 7

(1) Balances exclude netting adjustments and cash collateral.

(2) In March 2015, the FHLBank of Seattle transferred $323 million of its private-label residential MBS from its HTM portfolio to its AFS portfolio based on its intent to sell its private-label residential MBS in connection with the merger with the FHLBank of Des Moines. The FHLBank of Seattle subsequently sold these private-label residential MBS. The remaining balance relates to certain FHLBanks that elected to transfer certain private-label residential MBS that had credit-related OTTI from their respective HTM portfolio to their respective AFS portfolio during the nine months ended September 30, 2015. (See *Note 7 - Other-than-Temporary Impairment Analysis* for additional information on these transfers.)

Fair Value Option

The fair value option provides an irrevocable option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. It requires entities to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the statement of condition. Fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes in fair value recognized in net income. Interest income and interest expense on advances and consolidated obligations at fair value are recognized solely on the contractual amount of interest due or unpaid. Any transaction fees or costs are immediately recognized into non-interest income or non-interest expense.

The FHLBanks of New York, Cincinnati, Chicago, Des Moines, and San Francisco (Electing FHLBanks) have each elected the fair value option for certain financial instruments that either do not qualify for hedge accounting or may be at risk for not meeting hedge effectiveness requirements. These fair value elections were made primarily in an effort to mitigate the potential income statement volatility that can arise from economic hedging relationships in which the carrying value of the hedged item is not adjusted for changes in fair value.

Table 16.4 - Fair Value Option - Financial Assets and Liabilities
(dollars in millions)

	Three Months Ended September 30,						
	2015				2014		
	Advances	Mortgage Loans Held for Sale	Consolidated Discount Notes	Consolidated Bonds	Advances	Consolidated Discount Notes	Consolidated Bonds
Balance, at beginning of period	$ 12,417	$ 11	$ (29,494)	$ (35,997)	$ 25,039	$ (4,649)	$ (32,683)
New transactions elected for fair value option	1,643	19	(2,069)	(4,637)	5,325	(6,981)	(15,232)
Maturities and terminations	(3,153)	(10)	13,158	13,375	(4,898)	2,699	10,768
Net gains (losses) on financial instruments held under fair value option	17	—	2	(14)	(18)	(1)	18
Change in accrued interest and other	(3)	1	(6)	(1)	(2)	—	(9)
Balance, at end of period	$ 10,921	$ 21 (a)	$ (18,409)	$ (27,274)	$ 25,446	$ (8,932)	$ (37,138)

	Nine Months Ended September 30,						
	2015				2014		
	Advances	Mortgage Loans Held for Sale	Consolidated Discount Notes	Consolidated Bonds	Advances	Consolidated Discount Notes	Consolidated Bonds
Balance, at beginning of period	$ 20,890	$ —	$ (10,189)	$ (34,734)	$ 26,305	$ (5,336)	$ (38,573)
New transactions elected for fair value option	6,473	30	(26,494)	(28,833)	15,583	(11,628)	(36,215)
Maturities and terminations	(16,440)	(10)	18,301	36,323	(16,436)	8,033	37,723
Net gains (losses) on instruments held under fair value option	5	—	(5)	(34)	(3)	(1)	(62)
Change in accrued interest and other	(7)	1	(22)	4	(3)	—	(11)
Balance, at end of period	$ 10,921	$ 21 (a)	$ (18,409)	$ (27,274)	$ 25,446	$ (8,932)	$ (37,138)

(a) Included in other assets on the Combined Statement of Condition at September 30, 2015.

For instruments for which the fair value option has been elected, the related contractual interest income, contractual interest expense, and the discount amortization on fair value option discount notes are recorded as part of net interest income on the Combined Statement of Income. The remaining changes in fair value for instruments for which the fair value option has been elected are recorded as net gains (losses) on financial instruments held under fair value option on the Combined Statement of Income. The change in fair value does not include changes in instrument-specific credit risk. Each of the Electing FHLBanks determined that no adjustments to the fair values of its instruments recorded under fair value option for instrument-specific credit risk were necessary during the three and nine months ended September 30, 2015 and 2014.

Table 16.5 presents the difference between the aggregate fair value and the aggregate unpaid principal balance outstanding for advances, mortgage loans held for sale, and consolidated obligations for which the fair value option has been elected as of September 30, 2015 and December 31, 2014.

Table 16.5 - Aggregate Fair Value and Aggregate Unpaid Balance
(dollars in millions)

	September 30, 2015			December 31, 2014		
	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Aggregate Fair Value Over/(Under) Aggregate Unpaid Principal Balance	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Aggregate Fair Value Over/(Under) Aggregate Unpaid Principal Balance
Advances(1)	$ 10,921	$ 10,841	$ 80	$ 20,890	$ 20,793	$ 97
Mortgage loans held for sale(2)	21	20	1	—	—	—
Consolidated discount notes	18,409	18,393	16	10,189	10,187	2
Consolidated bonds	27,274	27,254	20	34,734	34,748	(14)

(1) At September 30, 2015 and December 31, 2014, none of the advances were 90 days or more past due or had been placed on non-accrual status.
(2) Included in other assets on the Combined Statement of Condition at September 30, 2015.

Note 17 - Commitments and Contingencies

Off-Balance Sheet Commitments

Table 17.1 - Off-Balance Sheet Commitments
(dollars in millions)

	September 30, 2015			December 31, 2014
Notional amount	Expire Within One Year	Expire After One Year	Total	Total
Standby letters of credit outstanding(1)	$ 87,155	$ 27,719	$ 114,874	$ 103,276
Unsettled consolidated bonds, at par(2)	3,726	—	3,726	663
Commitments for standby bond purchases	586	2,053	2,639	2,707
Unused lines of credit - advances	2,304	—	2,304	6,102
Unsettled consolidated discount notes, at par	1,819	—	1,819	2,309
Commitments to fund additional advances	839	544	1,383	1,339
Commitments to purchase mortgage loans	613	—	613	890
Other(3)	407	—	407	296

(1) Excludes unconditional commitments to issue standby letters of credit of $106 million and $179 million at September 30, 2015 and December 31, 2014.
(2) Unsettled consolidated bonds of $2,040 million and $636 million were hedged with associated interest-rate swaps at September 30, 2015 and December 31, 2014.
(3) Consists primarily of commitments related to the MPF Xtra product and commitments to purchase investments not yet traded.

Standby Letters of Credit. A standby letter of credit is a financing arrangement between an FHLBank and its member. Standby letters of credit are executed for members for a fee. If an FHLBank is required to make payment for a beneficiary's draw, the payment amount is converted into a collateralized advance to the member. Substantially all of these standby letters of credit range from less than one month to 20 years. The carrying values of guarantees related to standby letters of credit are recorded in other liabilities and were $154 million and $185 million at September 30, 2015 and December 31, 2014.

Each FHLBank monitors the creditworthiness of its members that have standby letters of credit. In addition, standby letters of credit are fully collateralized at the time of issuance. As a result, each FHLBank has deemed it unnecessary to record any additional liability on these commitments.

Standby Bond-Purchase Agreements. Certain FHLBanks have entered into standby bond-purchase agreements with state housing authorities within their district whereby these FHLBanks agree to provide liquidity for a fee. If required, the affected FHLBanks will purchase and hold the state housing authority's bonds until the designated marketing agent can find a suitable investor or the state housing authority repurchases the bond according to a schedule established by the standby bond-purchase agreement. Each standby bond-purchase agreement dictates the specific terms that would require the affected FHLBank to purchase the bond. The standby bond-purchase commitments entered into by these FHLBanks have original expiration periods of up to seven years, currently expiring no later than 2020, although some are renewable at the option of the affected FHLBank. At September 30, 2015 and December 31, 2014, the FHLBanks had standby bond-purchase commitments with 12 and 11 state housing authorities. During the three and nine months ended September 30, 2015 and 2014, the FHLBanks were not required to purchase any bonds under these agreements.

Pledged Collateral

Certain FHLBanks pledged securities, as collateral, related to derivatives. (See *Note 11 - Derivatives and Hedging Activities* for additional information about the FHLBanks' pledged collateral and other credit-risk-related contingent features.)

Lehman Bankruptcy

On September 15, 2008, Lehman Brothers Holdings, Inc. (LBHI), the parent company of Lehman Brothers Special Financing (LBSF) and a guarantor of LBSF's obligations, announced it had filed a petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. This filing precipitated the termination of the FHLBanks' derivatives transactions with LBSF. Each affected FHLBank calculated its resulting settlement amount, including in that calculation any unreturned collateral pledged in connection with those transactions.

Several FHLBanks received a derivatives alternative dispute resolution (ADR) notice from the LBHI bankruptcy estate relating to the unwinding of derivatives transactions between LBSF and individual FHLBanks in 2008. Under the derivatives ADR notice, an FHLBank may agree to the demand, deny the demand, or make a counteroffer and ultimately arrive at a settlement of the demand. Some of these FHLBanks have settled their disputes with the LBHI bankruptcy estate. Each of the FHLBanks of New York and Cincinnati has disclosed information regarding its legal proceedings in connection with LBHI's insolvency in its individual 2015 Third Quarter SEC Form 10-Q.

Other Legal Proceedings

The FHLBanks are subject to other legal proceedings arising in the normal course of business. The FHLBanks would record an accrual for a loss contingency when it is probable that a loss has been incurred and the amount can be reasonably estimated. After consultation with legal counsel, management of each FHLBank does not anticipate that the ultimate liability, if any, arising out of these matters will have a material effect on its FHLBank's financial condition, results of operations, or cash flows.

Note 18 - Subsequent Events

Subsequent events have been evaluated from October 1, 2015, through the time of publication of this Combined Financial Report. No significant subsequent events were identified, except for the declaration of dividends or repurchase or redemption of excess capital stock, which generally occur in the normal course of business unless there are regulatory or self-imposed restrictions, and the following event:

FHLBank of Boston

On October 16, 2015, the FHLBank of Boston agreed with certain defendants to settle its claims against them arising out of certain investments in private-label mortgage-backed securities, for an aggregate amount of $50.2 million, which is net of legal fees and expenses. The $50.2 million will be recognized in the FHLBank of Boston's financial statements for the quarter ending December 31, 2015.

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FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CONDITION
SEPTEMBER 30, 2015
(Unaudited)

(dollars in millions, except par value)	Combined	Combining Adjustments	Boston	New York
Assets				
Cash and due from banks	$ 17,480	$ 1	$ 320	$ 1,015
Investments	263,161	(294)	19,376	28,436
Advances	591,457	1	33,955	90,745
Mortgage loans held for portfolio, net	44,847	2	3,580	2,462
Other assets	2,682	(8)	166	288
Total assets	$ 919,627	$ (298)	$ 57,397	$ 122,946
Liabilities				
Deposits	$ 8,253	$ (16)	$ 496	$ 1,108
Consolidated obligations				
Discount notes	409,381	1	26,538	47,060
Bonds	448,906	(320)	26,413	67,839
Total consolidated obligations	858,287	(319)	52,951	114,899
Mandatorily redeemable capital stock	794	—	43	19
Other liabilities	6,038	(3)	686	642
Total liabilities	873,372	(338)	54,176	116,668
Capital				
Capital stock				
Class B putable ($100 par value) issued and outstanding	32,215	1	2,543	5,286
Class A putable ($100 par value) issued and outstanding	217	—	—	—
Total capital stock	32,432	1	2,543	5,286
Additional capital from merger	221	—	—	—
Retained earnings				
Unrestricted	10,246	37	895	887
Restricted	3,719	2	179	269
Total retained earnings	13,965	39	1,074	1,156
Accumulated other comprehensive income (loss)	(363)	—	(396)	(164)
Total capital	46,255	40	3,221	6,278
Total liabilities and capital	$ 919,627	$ (298)	$ 57,397	$ 122,946

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 4,946	$ 1,287	$ 971	$ 3,431	$ 606	$ 765	$ 1,265	$ 672	$ 2,201	$ —
15,381	34,662	24,203	10,714	28,883	37,911	18,773	13,107	32,009	—
68,804	87,762	77,320	24,297	35,044	74,484	22,770	25,482	50,793	—
3,068	618	8,013	8,084	5,079	6,878	59	6,336	668	—
236	585	145	210	212	322	123	175	228	—
$ 92,435	$ 124,914	$ 110,652	$ 46,736	$ 69,824	$ 120,360	$ 42,990	$ 45,772	$ 85,899	$ —
$ 587	$ 1,173	$ 756	$ 749	$ 510	$ 1,006	$ 982	$ 729	$ 173	$ —
33,961	41,867	60,086	14,425	37,290	77,247	20,253	20,611	30,042	—
53,273	74,965	44,143	28,873	26,062	36,488	19,130	22,225	49,815	—
87,234	116,832	104,229	43,298	63,352	113,735	39,383	42,836	79,857	—
6	17	59	14	9	106	4	3	514	—
333	609	481	374	1,380	395	477	223	441	—
88,160	118,631	105,525	44,435	65,251	115,242	40,846	43,791	80,985	—
3,294	4,388	4,395	1,453	1,892	4,126	1,464	1,127	2,246	—
—	—	—	—	—	—	—	217	—	—
3,294	4,388	4,395	1,453	1,892	4,126	1,464	1,344	2,246	—
—	—	—	—	—	221	—	—	—	—
715	1,583	550	698	2,336	675	689	563	618	—
152	241	197	124	304	95	60	87	2,009	—
867	1,824	747	822	2,640	770	749	650	2,627	—
114	71	(15)	26	41	1	(69)	(13)	41	—
4,275	6,283	5,127	2,301	4,573	5,118	2,144	1,981	4,914	—
$ 92,435	$ 124,914	$ 110,652	$ 46,736	$ 69,824	$ 120,360	$ 42,990	$ 45,772	$ 85,899	$ —

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CONDITION
DECEMBER 31, 2014
(Unaudited)

(dollars in millions, except par value)	Combined	Combining Adjustments	Boston	New York
Assets				
Cash and due from banks	$ 26,421	$ —	$ 1,125	$ 6,459
Investments	270,217	(301)	16,879	25,201
Advances	570,726	1	33,482	98,797
Mortgage loans held for portfolio, net	43,563	(1)	3,484	2,129
Other assets	2,416	(4)	137	239
Total assets	$ 913,343	$ (305)	$ 55,107	$ 132,825
Liabilities				
Deposits	$ 9,064	$ (12)	$ 369	$ 1,999
Consolidated obligations				
Discount notes	362,303	—	25,309	50,044
Bonds	486,031	(342)	25,506	73,535
Total consolidated obligations	848,334	(342)	50,815	123,579
Mandatorily redeemable capital stock	2,631	(1)	299	19
Other liabilities	6,311	1	746	702
Total liabilities	866,340	(354)	52,229	126,299
Capital				
Capital stock				
Class B putable ($100 par value) issued and outstanding	33,464	(1)	2,413	5,580
Class A putable ($100 par value) issued and outstanding	241	—	—	—
Total capital stock	33,705	(1)	2,413	5,580
Retained earnings				
Unrestricted	9,736	51	765	863
Restricted	3,508	(3)	137	220
Total retained earnings	13,244	48	902	1,083
Accumulated other comprehensive income (loss)	54	2	(437)	(137)
Total capital	47,003	49	2,878	6,526
Total liabilities and capital	$ 913,343	$ (305)	$ 55,107	$ 132,825

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 2,451	$ 915	$ 3,110	$ 3,551	$ 342	$ 495	$ 1,508	$ 2,545	$ 3,920	$ —
16,529	36,502	26,007	10,539	32,745	23,079	17,422	9,620	31,949	24,046
63,408	99,644	70,406	20,790	32,485	65,168	18,942	18,303	38,986	10,314
3,124	746	6,984	6,820	6,057	6,562	72	6,231	708	647
165	537	133	154	212	220	102	155	244	122
$ 85,677	$ 138,344	$ 106,640	$ 41,854	$ 71,841	$ 95,524	$ 38,046	$ 36,854	$ 75,807	$ 35,129
$ 641	$ 1,110	$ 730	$ 1,084	$ 666	$ 513	$ 797	$ 596	$ 160	$ 411
37,058	37,162	41,232	12,568	31,054	57,773	19,132	14,220	21,811	14,940
43,715	92,088	59,217	25,503	34,251	32,362	16,079	20,221	47,045	16,851
80,773	129,250	100,449	38,071	65,305	90,135	35,211	34,441	68,856	31,791
1	19	63	16	9	24	5	4	719	1,454
260	974	459	307	1,336	540	113	227	379	267
81,675	131,353	101,701	39,478	67,316	91,212	36,126	35,268	70,114	33,923
3,041	5,150	4,267	1,551	1,902	3,469	1,223	766	3,278	825
—	—	—	—	—	—	—	208	—	33
3,041	5,150	4,267	1,551	1,902	3,469	1,223	974	3,278	858
727	1,551	529	672	2,152	645	650	554	294	283
111	195	160	106	254	75	51	74	2,065	63
838	1,746	689	778	2,406	720	701	628	2,359	346
123	95	(17)	47	217	123	(4)	(16)	56	2
4,002	6,991	4,939	2,376	4,525	4,312	1,920	1,586	5,693	1,206
$ 85,677	$ 138,344	$ 106,640	$ 41,854	$ 71,841	$ 95,524	$ 38,046	$ 36,854	$ 75,807	$ 35,129

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2015 and 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
September 30, 2015				
Interest income				
Advances	$ 746	$ (2)	$ 61	$ 128
Investments	874	(3)	52	72
Mortgage loans held for portfolio	403	—	31	21
Other interest income	(3)	(2)	—	—
Total interest income	2,020	(7)	144	221
Interest expense				
Consolidated obligations - Discount notes	198	1	7	25
Consolidated obligations - Bonds	919	3	81	85
Other interest expense	23	(2)	—	1
Total interest expense	1,140	2	88	111
Net interest income	880	(9)	56	110
Provision (reversal) for credit losses	1	(2)	—	—
Net interest income after provision (reversal) for credit losses	879	(7)	56	110
Non-interest income (loss)	(79)	(1)	(6)	9
Non-interest expense	260	—	16	27
Affordable Housing Program assessments	56	1	3	9
Net income	$ 484	$ (9)	$ 31	$ 83
September 30, 2014				
Interest income				
Advances	$ 624	$ 2	$ 59	$ 127
Investments	922	(5)	50	73
Mortgage loans held for portfolio	424	1	31	18
Other interest income	1	1	—	—
Total interest income	1,971	(1)	140	218
Interest expense				
Consolidated obligations - Discount notes	138	—	5	19
Consolidated obligations - Bonds	924	7	82	82
Other interest expense	45	—	2	—
Total interest expense	1,107	7	89	101
Net interest income	864	(8)	51	117
Provision (reversal) for credit losses	(5)	3	—	—
Net interest income after provision (reversal) for credit losses	869	(11)	51	117
Non-interest income (loss)	88	(7)	18	5
Non-interest expense	258	(2)	15	26
Affordable Housing Program assessments	74	(4)	6	10
Net income	$ 625	$ (12)	$ 48	$ 86

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 93	$ 72	$ 93	$ 33	$ 45	$ 81	$ 32	$ 36	$ 74	$ —
56	105	85	37	197	80	21	32	140	—
29	9	60	69	62	62	1	51	8	—
—	—	—	(1)	—	—	—	—	—	—
178	186	238	138	304	223	54	119	222	—
13	15	15	4	72	22	6	5	13	—
82	75	145	86	96	112	19	52	83	—
—	1	1	—	14	1	—	—	7	—
95	91	161	90	182	135	25	57	103	—
83	95	77	48	122	88	29	62	119	—
—	1	—	—	1	1	—	—	—	—
83	94	77	48	121	87	29	62	119	—
(11)	7	9	—	(8)	(12)	(3)	(30)	(33)	—
17	33	18	17	33	32	19	14	34	—
5	7	7	3	8	4	1	2	6	—
$ 50	$ 61	$ 61	$ 28	$ 72	$ 39	$ 6	$ 16	$ 46	$ —
$ 67	$ 11	$ 79	$ 27	$ 39	$ 60	$ 31	$ 31	$ 75	$ 16
55	111	86	41	216	48	15	25	162	45
32	12	63	56	78	60	2	51	10	10
—	—	—	—	—	—	—	—	—	—
154	134	228	124	333	168	48	107	247	71
6	8	6	2	68	13	3	2	4	2
76	80	137	77	114	91	18	48	84	28
—	—	2	—	13	—	—	1	26	1
82	88	145	79	195	104	21	51	114	31
72	46	83	45	138	64	27	56	133	40
(1)	(2)	—	—	(2)	(2)	—	—	(1)	—
73	48	83	45	140	66	27	56	134	40
20	67	4	7	11	(18)	3	(10)	(12)	—
19	32	17	16	28	18	18	15	34	22
7	9	8	4	13	3	1	3	12	2
$ 67	$ 74	$ 62	$ 32	$ 110	$ 27	$ 11	$ 28	$ 76	$ 16

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
September 30, 2015				
Interest income				
Advances	$ 2,021	$ (1)	$ 181	$ 379
Investments	2,648	(13)	155	214
Mortgage loans held for portfolio	1,222	—	92	60
Other interest income	—	—	—	—
Total interest income	5,891	(14)	428	653
Interest expense				
Consolidated obligations - Discount notes	529	2	17	71
Consolidated obligations - Bonds	2,711	6	243	246
Other interest expense	110	1	1	1
Total interest expense	3,350	9	261	318
Net interest income	2,541	(23)	167	335
Provision (reversal) for credit losses	3	(3)	—	1
Net interest income after provision (reversal) for credit losses	2,538	(20)	167	334
Non-interest income (loss)	792	—	125	18
Non-interest expense	892	(7)	54	79
Affordable Housing Program assessments	255	1	24	27
Net income	$ 2,183	$ (14)	$ 214	$ 246
September 30, 2014				
Interest income				
Advances	$ 1,917	$ 1	$ 175	$ 354
Investments	2,797	(13)	145	215
Mortgage loans held for portfolio	1,291	—	94	53
Other interest income	2	1	—	—
Total interest income	6,007	(11)	414	622
Interest expense				
Consolidated obligations - Discount notes	398	(2)	12	53
Consolidated obligations - Bonds	2,871	25	238	237
Other interest expense	157	—	8	1
Total interest expense	3,426	23	258	291
Net interest income	2,581	(34)	156	331
Provision (reversal) for credit losses	(20)	2	—	—
Net interest income after provision (reversal) for credit losses	2,601	(36)	156	331
Non-interest income (loss)	59	(12)	22	8
Non-interest expense	760	(9)	49	74
Affordable Housing Program assessments	205	(2)	14	27
Net income	$ 1,695	$ (37)	$ 115	$ 238

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 249	$ 54	$ 266	$ 91	$ 132	$ 219	$ 98	$ 103	$ 222	$ 28
171	322	250	113	605	191	57	81	438	64
90	30	181	195	197	182	3	153	25	14
—	—	—	(1)	—	—	—	1	—	—
510	406	697	398	934	592	158	338	685	106
32	33	35	11	216	52	13	12	29	6
238	221	421	243	304	302	56	150	239	42
—	1	2	—	41	2	—	—	60	1
270	255	458	254	561	356	69	162	328	49
240	151	239	144	373	236	89	176	357	57
—	—	—	—	5	2	—	(2)	—	—
240	151	239	144	368	234	89	178	357	57
36	203	23	12	11	(15)	25	(53)	397	10
52	98	55	53	99	108	56	44	102	99
22	26	21	10	28	11	6	8	71	—
$ 202	$ 230	$ 186	$ 93	$ 252	$ 100	$ 52	$ 73	$ 581	$ (32)
$ 194	$ 120	$ 234	$ 81	$ 116	$ 170	$ 98	$ 90	$ 234	$ 50
168	340	268	118	665	138	48	75	502	128
98	38	181	172	252	184	4	153	32	30
—	—	—	—	—	—	—	1	—	—
460	498	683	371	1,033	492	150	319	768	208
18	22	21	5	201	32	7	6	16	7
242	247	421	229	408	283	55	145	247	94
—	1	4	1	40	—	—	1	99	2
260	270	446	235	649	315	62	152	362	103
200	228	237	136	384	177	88	167	406	105
(4)	(4)	(1)	(1)	(8)	(2)	—	(2)	—	—
204	232	238	137	392	179	88	169	406	105
64	100	14	23	12	(29)	9	(40)	(114)	2
55	95	51	49	87	49	55	41	103	61
21	24	21	11	32	10	4	9	29	5
$ 192	$ 213	$ 180	$ 100	$ 285	$ 91	$ 38	$ 79	$ 160	$ 41

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
September 30, 2015				
Net income	$ 484	$ (9)	$ 31	$ 83
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	(283)	(2)	(2)	(2)
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities	1	1	—	—
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(41)	(1)	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	27	—	11	2
Net unrealized gains/losses relating to hedging activities	(83)	—	(10)	(40)
Pension and postretirement benefits	1	—	—	—
Total other comprehensive income (loss)	(378)	(2)	(1)	(40)
Comprehensive income	$ 106	$ (11)	$ 30	$ 43
September 30, 2014				
Net income	$ 625	$ (12)	$ 48	$ 86
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	(76)	1	(10)	1
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	73	3	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	35	(1)	12	3
Net unrealized gains/losses relating to hedging activities	96	—	2	9
Pension and postretirement benefits	—	(2)	—	—
Total other comprehensive income (loss)	128	1	4	13
Comprehensive income	$ 753	$ (11)	$ 52	$ 99

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 50	$ 61	$ 61	$ 28	$ 72	$ 39	$ 6	$ 16	$ 46	$ —
5	—	—	(13)	(79)	(120)	(70)	—	—	—
—	—	—	—	—	—	—	—	—	—
(3)	(7)	—	(3)	—	—	—	—	(27)	—
—	—	—	—	11	—	1	1	1	—
—	—	—	—	(31)	—	(2)	—	—	—
1	1	1	(1)	1	(1)	—	—	(1)	—
3	(6)	1	(17)	(98)	(121)	(71)	1	(27)	—
$ 53	$ 55	$ 62	$ 11	$ (26)	$ (82)	$ (65)	$ 17	$ 19	$ —
$ 67	$ 74	$ 62	$ 32	$ 110	$ 27	$ 11	$ 28	$ 76	$ 16
(6)	—	—	10	(99)	18	5	—	—	4
(5)	(3)	—	—	—	—	—	—	77	1
—	—	—	—	15	—	2	1	2	1
—	—	—	—	85	—	—	—	—	—
—	—	2	—	(2)	—	—	—	1	1
(11)	(3)	2	10	(1)	18	7	1	80	7
$ 56	$ 71	$ 64	$ 42	$ 109	$ 45	$ 18	$ 29	$ 156	$ 23

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
September 30, 2015				
Net income	$ 2,183	$ (14)	$ 214	$ 246
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	(369)	(2)	4	(4)
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities	1	1	—	—
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(75)	(2)	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	102	—	36	6
Net unrealized gains/losses relating to hedging activities	(22)	1	1	(30)
Pension and postretirement benefits	(3)	—	—	1
Total other comprehensive income (loss)	(366)	(2)	41	(27)
Comprehensive income	$ 1,817	$ (16)	$ 255	$ 219
September 30, 2014				
Net income	$ 1,695	$ (37)	$ 115	$ 238
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	264	2	20	1
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	338	2	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	104	(1)	38	8
Net unrealized gains/losses relating to hedging activities	44	—	(17)	(30)
Pension and postretirement benefits	10	(3)	—	7
Total other comprehensive income (loss)	760	—	41	(14)
Comprehensive income	$ 2,455	$ (37)	$ 156	$ 224

	Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
	$ 202	$ 230	$ 186	$ 93	$ 252	$ 100	$ 52	$ 73	$ 581	$ (32)
	3	—	—	(15)	(214)	(122)	(67)	—	—	48
	—	—	—	—	—	—	—	—	—	—
	(13)	(26)	—	(4)	—	—	—	—	(20)	(10)
	—	—	—	—	37	—	4	3	5	11
	—	—	—	—	8	—	(2)	—	—	—
	1	2	2	(2)	(7)	—	—	—	—	—
	(9)	(24)	2	(21)	(176)	(122)	(65)	3	(15)	49
	$ 193	$ 206	$ 188	$ 72	$ 76	$ (22)	$ (13)	$ 76	$ 566	$ 17
	$ 192	$ 213	$ 180	$ 100	$ 285	$ 91	$ 38	$ 79	$ 160	$ 41
	49	—	—	22	37	65	35	—	—	33
	14	14	—	13	—	—	—	—	235	60
	—	—	—	—	43	—	6	3	5	2
	—	—	—	—	91	—	—	—	—	—
	—	1	2	—	1	—	—	—	1	1
	63	15	2	35	172	65	41	3	241	96
	$ 255	$ 228	$ 182	$ 135	$ 457	$ 156	$ 79	$ 82	$ 401	$ 137

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
Balance, December 31, 2013	$ 45,048	$ 91	$ 2,837	$ 6,485
Proceeds from issuance of capital stock	12,571	—	130	3,063
Repurchases/redemptions of capital stock	(12,195)	—	(266)	(3,036)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(347)	(1)	—	—
Dividends of capital stock	35	1	—	—
Comprehensive income	2,455	(37)	156	224
Dividends				
Cash	(838)	3	(28)	(174)
Stock	(35)	(1)	—	—
Balance, September 30, 2014	$ 46,694	$ 56	$ 2,829	$ 6,562
Balance, December 31, 2014	$ 47,003	$ 49	$ 2,878	$ 6,526
Proceeds from issuance of capital stock	14,518	2	163	2,800
Capital stock issued from merger	894	—	—	—
Repurchases/redemptions of capital stock	(15,097)	(1)	(33)	(3,086)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(747)	1	—	(8)
Dividends of capital stock	53	—	—	—
Additional capital from merger	246	—	—	—
Comprehensive income	1,817	(16)	255	219
Capital stock canceled and other merger activity	(1,258)	—	—	—
Dividends				
Cash	(1,121)	5	(42)	(173)
Stock	(53)	—	—	—
Balance, September 30, 2015	$ 46,255	$ 40	$ 3,221	$ 6,278

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 3,693	$ 6,652	$ 5,310	$ 2,362	$ 3,765	$ 3,457	$ 1,747	$ 1,802	$ 5,709	$ 1,138
1,355	3,415	48	116	277	2,029	857	629	624	28
(1,230)	(3,640)	(498)	—	(146)	(1,260)	(740)	(594)	(771)	(14)
(8)	(4)	(17)	—	—	(5)	(3)	(228)	(3)	(78)
—	—	—	—	—	—	3	31	—	—
255	228	182	135	457	156	79	82	401	137
(74)	(131)	(134)	(53)	(9)	(57)	(1)	(1)	(178)	(1)
—	—	—	—	—	—	(3)	(31)	—	—
$ 3,991	$ 6,520	$ 4,891	$ 2,560	$ 4,344	$ 4,320	$ 1,939	$ 1,690	$ 5,782	$ 1,210
$ 4,002	$ 6,991	$ 4,939	$ 2,376	$ 4,525	$ 4,312	$ 1,920	$ 1,586	$ 5,693	$ 1,206
2,318	3,845	152	142	243	2,234	894	965	708	52
—	—	—	—	—	894	—	—	—	—
(2,028)	(4,596)	—	(240)	(252)	(2,546)	(655)	(323)	(1,325)	(12)
(37)	(11)	(24)	—	(1)	75	(1)	(322)	(415)	(4)
—	—	—	—	—	—	3	50	—	—
—	—	—	—	—	246	—	—	—	—
193	206	188	72	76	(22)	(13)	76	566	17
—	—	—	—	—	—	—	—	—	(1,258)
(173)	(152)	(128)	(49)	(18)	(75)	(1)	(1)	(313)	(1)
—	—	—	—	—	—	(3)	(50)	—	—
$ 4,275	$ 6,283	$ 5,127	$ 2,301	$ 4,573	$ 5,118	$ 2,144	$ 1,981	$ 4,914	$ —

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2015
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
Operating activities				
Net cash provided by (used in) operating activities	$ 2,754	$ 8	$ 194	$ 463
Investing activities				
Net change/net proceeds and payments in				
Premises, software, and equipment	(37)	(1)	(1)	(2)
Investments	6,444	1	(2,509)	(3,128)
Advances	(20,537)	(1)	(489)	8,073
Mortgage loans held for portfolio	(1,399)	(1)	(112)	(340)
Proceeds from sales of foreclosed assets	94	—	6	2
Principal collected on other loans	2	—	—	—
Cash transferred for merger	—	—	—	—
Net cash provided by (used in) investing activities	(15,433)	(2)	(3,105)	4,605
Financing activities				
Net change in				
Deposits and pass-through reserves	(666)	(4)	128	(1,077)
Net proceeds (payments) on derivative contracts with financing element	(581)	(1)	(14)	(175)
Net proceeds from issuance of consolidated obligations				
Discount notes	2,839,049	(3)	110,228	157,268
Bonds	243,853	(1)	8,525	39,373
Bonds transferred from other FHLBanks	—	(123)	88	35
Payments for maturing and retiring consolidated obligations				
Discount notes	(2,792,064)	(2)	(109,000)	(160,266)
Bonds	(281,568)	(1)	(7,681)	(45,115)
Bonds transferred to other FHLBanks	—	123	—	(88)
Proceeds from issuance of capital stock	14,518	2	163	2,800
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(2,585)	1	(256)	(8)
Payments for repurchases/redemptions of capital stock	(15,097)	(1)	(33)	(3,086)
Cash dividends paid	(1,121)	5	(42)	(173)
Net cash provided by (used in) financing activities	3,738	(5)	2,106	(10,512)
Net increase (decrease) in cash and due from banks	(8,941)	1	(805)	(5,444)
Cash and due from banks at beginning of the period	26,421	—	1,125	6,459
Cash and due from banks at end of the period	$ 17,480	$ 1	$ 320	$ 1,015

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 86	$ 248	$ 255	$ 193	$ 375	$ 115	$ 122	$ 162	$ 579	$ (46)
(3)	(2)	(1)	(3)	(8)	(5)	(4)	—	(7)	—
1,330	1,547	1,774	(235)	3,705	978	(961)	(3,544)	(333)	7,819
(5,395)	11,827	(6,904)	(3,470)	(2,508)	(101)	(3,819)	(7,170)	(11,783)	1,203
39	116	(1,055)	(1,278)	968	279	12	(122)	40	55
10	12	—	—	47	10	—	4	3	—
—	—	—	—	—	—	—	2	—	—
—	—	—	—	—	2,341	—	—	—	(2,341)
(4,019)	13,500	(6,186)	(4,986)	2,204	3,502	(4,772)	(10,830)	(12,080)	6,736
(51)	99	24	(337)	(156)	123	199	131	295	(40)
(24)	(70)	(18)	(45)	(47)	(6)	(138)	(42)	9	(10)
123,435	511,046	210,126	58,752	210,023	198,088	625,013	214,417	88,511	332,145
27,067	54,630	16,068	17,397	8,503	15,564	13,362	11,088	29,625	2,652
—	—	—	—	—	—	—	—	—	—
(126,538)	(506,358)	(191,280)	(56,898)	(203,798)	(191,074)	(623,891)	(208,027)	(80,293)	(334,639)
(17,546)	(71,807)	(31,124)	(14,047)	(16,777)	(25,087)	(10,374)	(9,090)	(26,815)	(6,104)
—	—	—	—	(35)	—	—	—	—	—
2,318	3,845	152	142	243	2,234	894	965	708	52
(32)	(13)	(28)	(2)	(1)	(568)	(2)	(323)	(620)	(733)
(2,028)	(4,596)	—	(240)	(252)	(2,546)	(655)	(323)	(1,325)	(12)
(173)	(152)	(128)	(49)	(18)	(75)	(1)	(1)	(313)	(1)
6,428	(13,376)	3,792	4,673	(2,315)	(3,347)	4,407	8,795	9,782	(6,690)
2,495	372	(2,139)	(120)	264	270	(243)	(1,873)	(1,719)	—
2,451	915	3,110	3,551	342	495	1,508	2,545	3,920	—
$ 4,946	$ 1,287	$ 971	$ 3,431	$ 606	$ 765	$ 1,265	$ 672	$ 2,201	$ —

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
Operating activities				
Net cash provided by (used in) operating activities	$ 2,484	$ (2)	$ 40	$ 445
Investing activities				
Net change/net proceeds and payments in				
Premises, software, and equipment	(35)	1	(1)	(2)
Investments	5,421	—	(2,050)	573
Advances	(47,222)	—	(3,977)	(9,280)
Mortgage loans held for portfolio	1,028	(2)	(48)	(115)
Proceeds from sales of foreclosed assets	138	—	7	2
Principal collected on other loans	2	—	—	—
Net cash provided by (used in) investing activities	(40,668)	(1)	(6,069)	(8,822)
Financing activities				
Net change in				
Deposits and pass-through reserves	(981)	1	4	274
Net proceeds (payments) on derivative contracts with financing element	(589)	(1)	(13)	(178)
Net proceeds from issuance of consolidated obligations				
Discount notes	2,909,303	2	97,204	142,137
Bonds	285,864	1	9,192	51,924
Payments for maturing and retiring consolidated obligations				
Discount notes	(2,874,974)	—	(90,706)	(151,941)
Bonds	(269,967)	(1)	(7,596)	(45,334)
Proceeds from issuance of capital stock	12,571	—	130	3,063
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(2,295)	(3)	(733)	(5)
Payments for repurchases/redemptions of capital stock	(12,195)	—	(266)	(3,036)
Cash dividends paid	(838)	3	(28)	(174)
Net cash provided by (used in) financing activities	45,899	2	7,188	(3,270)
Net increase (decrease) in cash and due from banks	7,715	(1)	1,159	(11,647)
Cash and due from banks at beginning of the period	45,773	—	641	15,310
Cash and due from banks at end of the period	$ 53,488	$ (1)	$ 1,800	$ 3,663

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 188	$ 247	$ 208	$ 188	$ 592	$ 123	$ 142	$ 152	$ 124	$ 37
(2)	(3)	(1)	(4)	(8)	(3)	(2)	(1)	(8)	(1)
(455)	(3,001)	1,750	339	6,235	2,291	(1,927)	(330)	2,146	(150)
(2,959)	797	(6,229)	(2,044)	(3,224)	(18,660)	(2,820)	(3,218)	3,707	685
99	119	(100)	(285)	1,289	21	15	(227)	151	111
14	19	—	—	76	13	—	4	3	—
—	—	—	—	—	—	—	2	—	—
(3,303)	(2,069)	(4,580)	(1,994)	4,368	(16,338)	(4,734)	(3,770)	5,999	645
(18)	(491)	(163)	(47)	(14)	(297)	(265)	(283)	288	30
(25)	(72)	(23)	(46)	(46)	(6)	(126)	(49)	6	(10)
91,600	353,466	208,015	35,623	924,591	159,080	190,366	41,056	83,632	582,531
14,441	64,255	35,648	15,948	16,891	21,537	9,754	7,182	28,729	10,362
(88,300)	(359,620)	(209,344)	(32,952)	(925,174)	(134,416)	(178,918)	(35,999)	(83,393)	(584,211)
(12,240)	(55,339)	(36,892)	(15,656)	(13,888)	(21,361)	(13,926)	(7,237)	(30,966)	(9,531)
1,355	3,415	48	116	277	2,029	857	629	624	28
(7)	(9)	(23)	(1)	—	(4)	(1)	(229)	(998)	(282)
(1,230)	(3,640)	(498)	—	(146)	(1,260)	(740)	(594)	(771)	(14)
(74)	(131)	(134)	(53)	(9)	(57)	(1)	(1)	(178)	(1)
5,502	1,834	(3,366)	2,932	2,482	25,245	7,000	4,475	(3,027)	(1,098)
2,387	12	(7,738)	1,126	7,442	9,030	2,408	857	3,096	(416)
3,121	4,374	8,599	3,319	971	448	911	1,714	4,906	1,459
$ 5,508	$ 4,386	$ 861	$ 4,445	$ 8,413	$ 9,478	$ 3,319	$ 2,571	$ 8,002	$ 1,043

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SELECTED FINANCIAL DATA

	2015			2014	
(dollars in millions)	September 30,	June 30,	March 31,	December 31,	September 30,
Selected Statement of Condition Data at					
Investments(1)	$ 263,161	$ 265,218	$ 275,907	$ 270,217	$ 239,295
Advances	591,457	592,383	542,189	570,726	544,568
Mortgage loans held for portfolio	44,867	44,805	44,238	43,615	43,378
Allowance for credit losses on mortgage loans	(20)	(21)	(25)	(52)	(56)
Total assets	919,627	916,925	879,896	913,343	883,038
Consolidated obligations					
Discount notes	409,381	398,093	353,097	362,303	327,636
Bonds	448,906	456,012	460,712	486,031	490,063
Total consolidated obligations	858,287	854,105	813,809	848,334	817,699
Mandatorily redeemable capital stock	794	450	1,959	2,631	3,051
Subordinated notes(2)	944	944	944	944	944
Capital					
Total capital stock(3)	32,432	33,168	32,450	33,705	33,439
Additional capital from merger(4)	221	246	—	—	—
Retained earnings	13,965	13,797	13,867	13,244	13,006
Accumulated other comprehensive income (loss)	(363)	15	116	54	249
Total capital	46,255	47,226	46,433	47,003	46,694
Selected Statement of Income Data for the quarter ended					
Net interest income	$ 880	$ 738	$ 923	$ 941	$ 864
Provision (reversal) for credit losses	1	3	(1)	(1)	(5)
Net interest income after provision (reversal) for credit losses	879	735	924	942	869
Non-interest income (loss)	(79)	391	480	(42)	88
Non-interest expense	260	359	273	286	258
Assessments	56	83	116	64	74
Net income	$ 484	$ 684	$ 1,015	$ 550	$ 625
Selected Other Data for the quarter ended					
Cash and stock dividends	$ 341	$ 441	$ 392	$ 312	$ 293
Dividend payout ratio(5)	70.45%	64.47%	38.62%	56.73%	46.88%
Return on average equity(6)	4.10%	5.88%	8.72%	4.69%	5.38%
Return on average assets	0.21%	0.30%	0.45%	0.24%	0.28%
Average equity to average assets	5.09%	5.17%	5.15%	5.20%	5.21%
Net interest margin(7)	0.38%	0.33%	0.41%	0.42%	0.39%
Selected Other Data at					
Combined GAAP capital-to-asset ratio	5.03%	5.15%	5.28%	5.15%	5.29%
Combined regulatory capital-to-assets ratio(8)	5.16%	5.20%	5.49%	5.43%	5.61%

(1) Investments consist of interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, trading securities, available-for-sale securities, and held-to-maturity securities.

(2) The subordinated notes outstanding, issued by the FHLBank of Chicago, mature on June 13, 2016. The subordinated notes are not obligations of, and are not guaranteed by, the U. S. government or any of the FHLBanks other than the FHLBank of Chicago.

(3) FHLBank capital stock is redeemable at the request of a member subject to the statutory redemption periods and other conditions and limitations. (See *Note 14 - Capital* to the accompanying combined financial statements for additional information on the statutory redemption periods and other conditions and limitations.)

(4) Additional capital from merger primarily represents the amount of the FHLBank of Seattle's closing retained earnings balance as of the merger date, adjusted for fair value and other purchase accounting adjustments, and identified intangible assets, and is net of dividends paid by the FHLBank of Des Moines subsequent to the merger date. (See *Note 3 - FHLBanks of Des Moines and Seattle Merger* and *Note 14 - Capital* to the accompanying combined financial statements for additional information.)

(5) Dividend payout ratio is equal to dividends declared in the period expressed as a percentage of net income in the period. This ratio may not be as relevant to the combined balances because there are no shareholders at the FHLBank System-wide level.

(6) Return on average equity is equal to net income expressed as a percentage of average total capital.

(7) Net interest margin is equal to net interest income represented as a percentage of average interest-earning assets.

(8) The combined regulatory capital-to-assets ratio is calculated based on the FHLBanks' combined regulatory capital as a percentage of combined total assets. (See *Note 14 - Capital* to the accompanying combined financial statements for a definition and discussion of regulatory capital.)

FINANCIAL DISCUSSION AND ANALYSIS OF COMBINED FINANCIAL CONDITION AND COMBINED RESULTS OF OPERATIONS

Investors should read this financial discussion and analysis of combined financial condition and combined results of operations together with the combined financial statements and the accompanying notes in this Combined Financial Report of the Federal Home Loan Banks (FHLBanks). Each FHLBank discusses its financial condition and results of operations in its periodic reports filed with the U.S. Securities and Exchange Commission (SEC). The results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2015, or for other interim periods. The unaudited financial statements, included in this Combined Financial Report, should be read in conjunction with the audited combined financial statements for the year ended December 31, 2014, included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014.

Each FHLBank's Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC contains, as required by applicable SEC rules, a "Management's Discussion and Analysis of Financial Condition and Results of Operations," commonly called MD&A. The SEC notes that one of the principal objectives of MD&A is "to provide a narrative explanation of a company's financial statements that enables investors to see the company through the eyes of management." Because there is no centralized management of the FHLBanks that can provide a system-wide "eyes of management" view of the FHLBanks as a whole, this Combined Financial Report does not contain a conventional MD&A. Instead, a "Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations" is prepared by the Office of Finance using information provided by the individual FHLBanks. This Financial Discussion and Analysis does not generally include a separate description of how each FHLBank's operations affect the combined financial condition and combined results of operations. That level of information about each of the FHLBanks is addressed in each respective FHLBank's periodic reports filed with the SEC. (See *Explanatory Statement about Federal Home Loan Banks Combined Financial Report* and *Supplemental Information - Individual FHLBank Selected Financial Data and Financial Ratios*.)

The combined financial statements include the financial records of the FHLBanks. (See the *Condensed Combining Schedules* for information regarding each individual FHLBank's results.) Transactions among the FHLBanks have been eliminated in accordance with combination accounting principles related to consolidation under accounting principles generally accepted in the United States of America (GAAP). (See *Note 1 - Summary of Significant Accounting Policies* to the accompanying combined financial statements and *Interbank Transfers of Consolidated Bonds and Their Effect on Combined Net Income* for more information.)

Unless otherwise stated, dollar amounts disclosed in this Combined Financial Report represent values rounded to the nearest million. Dollar amounts rounding to less than one million are not reflected in this Combined Financial Report.

Forward-Looking Information

Statements contained in this report, including statements describing the objectives, projections, estimates, or future predictions of the FHLBanks and Office of Finance, may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or their negatives, or other variations on these terms. Investors should note that forward-looking statements, by their nature, involve risks or uncertainties, including those set forth in *Risk Factors* on pages 20 to 29 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, along with any changes disclosed in this report. Therefore, the actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized.

These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- changes in the general economy, money and capital markets, the rate of inflation (or deflation), employment rates, housing market activity and housing prices, the size and volatility of the residential mortgage market, and uncertainty regarding the global economy;

- volatility of market prices, interest rates, and indices or other factors that could affect the value of investments or collateral held by the FHLBanks resulting from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC), or a decline in liquidity in the financial markets;

- political events, including legislative, regulatory, judicial, or other developments that affect the FHLBanks, their members, counterparties, or investors in the consolidated obligations of the FHLBanks, including changes in the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act), housing finance and government-sponsored enterprise (GSE) reform, Federal Housing Finance Agency (FHFA) actions, or regulations that affect FHLBank operations, and regulatory oversight;

- competitive forces, including other sources of funding available to FHLBank members and other entities borrowing funds in the capital markets;

- demand for FHLBank advances resulting from changes in FHLBank members' deposit flows and credit demands;

- loss of members and repayment of advances made to those members due to institutional failures, consolidations, or withdrawals from FHLBank membership, and changes in the financial health of members;

- changes in domestic and foreign investor demand for consolidated obligations or the terms of derivative transactions and similar transactions, including changes in the relative attractiveness of consolidated obligations as compared to other investment opportunities, changes in support from FHLBank debt underwriters, and changes resulting from any modification of credit ratings;

- the availability of acceptable institutional counterparties for business transactions, including derivative transactions used to manage interest-rate risk;

- the ability to introduce new products and services and successfully manage the risks associated with those products and services, including new types of collateral used to secure advances; and

- the effect of new accounting guidance, including the development of supporting systems and related internal controls.

Neither the FHLBanks nor the Office of Finance undertakes any obligation to publicly update or revise any forward-looking statements contained in this Combined Financial Report, whether as a result of new information, future events, changed circumstances, or any other reason.

Executive Summary

This overview highlights selected information and may not contain all of the information that is important to readers of this Combined Financial Report. For a more complete understanding of events, trends, and uncertainties, this executive summary should be read together with the Financial Discussion and Analysis section in its entirety and the accompanying combined financial statements and related notes.

Overview

The FHLBanks are GSEs, federally-chartered, but privately capitalized and independently managed. The FHLBanks together with the Office of Finance, the fiscal agent of the FHLBanks, comprise the FHLBank System. All FHLBanks and the Office of Finance operate under the supervisory and regulatory framework of the FHFA.

The FHLBanks are cooperative institutions, meaning that their stockholders are also the FHLBanks' primary customers. FHLBank capital stock is not publicly traded; it is purchased and redeemed by members or repurchased by an FHLBank at the stated par value of $100 per share. The FHLBanks are generally designed to expand and contract in asset size as the needs of member financial institutions and their communities change over time.

Each FHLBank's primary business is to serve as a financial intermediary between the capital markets and its members. This intermediation process involves raising funds by issuing debt, known as consolidated obligations, in the capital markets and lending those proceeds to member institutions in the form of secured loans, known as advances. Each FHLBank's funding is principally obtained from consolidated obligations issued through the Office of Finance on behalf of the FHLBanks. Consolidated obligations are the joint and several obligation of each FHLBank.

The FHLBanks seek to maintain a balance between their public policy mission and their goal of providing adequate returns on member capital. The FHLBanks strive to achieve this balance by providing value to their members through advances, other services, and dividend payments. The net interest spread between the annualized yield on total interest-earning assets and the annualized yield on total interest-bearing liabilities, combined with earnings on invested capital, are the FHLBanks' primary sources of earnings. However, due to the FHLBanks' cooperative structures, the FHLBanks generally earn a narrow net interest spread.

Credit Ratings

The FHLBank System's ability to raise funds in the capital markets at narrow spreads to the U.S. Treasury yield curve is due largely to the FHLBanks' status as GSEs, which is reflected in its consolidated obligations receiving the same credit rating as the government bond credit rating of the United States, even though the consolidated obligations are not obligations of the United States. In addition to ratings on the FHLBanks' consolidated obligations, each FHLBank is rated individually by Moody's Investors Service (Moody's) and Standard & Poor's Ratings Services (S&P). (See *Recent Rating Agency Actions* for more information.) Investors should note that a rating issued by a rating agency is not a recommendation to buy, sell, or hold securities, and that the ratings may be revised or withdrawn by the rating agency at any time. Investors should evaluate the rating of each rating agency independently. FHLBank consolidated obligations are not obligations of the United States and are not guaranteed by either the United States or any government agency. Moody's, S&P, or other rating organizations could downgrade or upgrade the credit rating of the U.S. government and, in turn, GSEs, including the FHLBanks.

Business Environment

The primary external factors that affect the FHLBanks' combined financial condition and results of operations include (1) the general state of the economy and financial markets; (2) the conditions in the housing markets; (3) interest rate levels and volatility; and (4) the legislative and regulatory environment.

Economy and Financial Markets. As part of their overall business strategy, the FHLBanks' members typically use wholesale funding in the form of advances along with other sources of funding, such as retail deposits, as sources of liquidity to make residential mortgage loans. The FHLBanks' overall results of operations are influenced by the economy and financial markets, and, in particular, by the FHLBanks' member demand for wholesale funding and the FHLBanks' ability to maintain sufficient access to funding.

The FHLBanks' flexibility in utilizing various funding tools, in combination with a diverse investor base, has helped ensure relatively stable issuance costs and demand for FHLBank consolidated obligations, despite recent market volatility and new regulations affecting debt underwriters. The FHLBank System continued to meet its funding needs in response to growth in advances during the nine months ended September 30, 2015.

In October 2015, the Federal Open Market Committee expressed its view that, since it met in September 2015, information received suggests that economic activity has been expanding moderately. Household spending and business investments in fixed capital have increased in recent months and the housing sector has shown additional improvement; however, net exports have been soft, due in part to a strengthening U.S. dollar and weak demand in foreign markets. The pace of job gains slowed and the unemployment rate held steady. Inflation continued to run below the Federal Open Market Committee's longer-run objective of two percent. The Federal Open Market Committee continues to expect that, with appropriate policy accommodation, economic activity will expand at a moderate pace, but it is monitoring global economic and financial developments and inflation developments closely. The Federal Open Market Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities (MBS) back into agency MBS, and of rolling over maturing Treasury securities at auction. Uncertainty regarding the Federal Open Market Committee's policy decisions on the target federal funds rate may contribute to volatile market conditions.

The unemployment rate declined to 5.1% in September 2015, compared to 5.6% in December 2014. U.S. real gross domestic product increased at an annual rate of 1.5% in the third quarter of 2015, according to the advance estimate released by the Bureau of Economic Analysis, compared to an increase of 2.1% in the fourth quarter of 2014.

Conditions in Housing Markets. Conditions in the U.S. housing markets primarily affect the FHLBanks through the creation of demand for, and yield on, advances and mortgage loans, as well as the yield on investments in mortgage-backed securities. For 12 consecutive months, existing home sales have increased on a year-over-year basis. Home sales were supported by a slight moderation in home prices in some markets, mortgage rates remaining below four percent, and increased buyer confidence resulting from greater stability in the job market and an improving economy. Additionally, the increased equity that has been gained from rising home prices has reduced the number of homeowners whose mortgage loan balances exceed the fair market value of their homes and has reduced the number of distressed sales of homes. However, limited housing inventory and strong demand have continued to push home prices higher, approximately double the pace of wages, leading to declining affordability for prospective buyers in many markets, particularly first-time buyers. To encourage first-time buyers to purchase a home, in January 2015, the Federal Housing Administration reduced annual mortgage insurance premiums.

Interest Rate Levels and Volatility. The level and volatility of interest rates affect FHLBank member demand for wholesale funding. They also impact the FHLBanks' combined results of operations primarily through net interest income and the valuation of certain assets and liabilities. In general, average short-term rates were higher and average long-term rates were lower in the three and nine months ended September 30, 2015, compared to the same periods in 2014. During the nine months ended September 30, 2015, volatility of Treasury rates was generally low, resulting in a fairly stable interest-rate environment for debt issuance.

The Federal Reserve Board, acting through its Federal Open Market Committee, reaffirmed in October 2015 that it will maintain its target range for the federal funds rate at zero to one quarter percent. In determining whether it will be appropriate to raise the target range at its next meeting, the Federal Open Market Committee will assess progress, both realized and expected, toward its objectives of maximum employment and two percent inflation. The Federal Open Market Committee stated that it anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen some further improvement in the labor market and is reasonably confident that inflation will move back to its two percent objective over the medium term. However, economic conditions may, for some time, keep the target federal funds rate below levels that the Federal Open Market Committee views as normal during periods of maximum employment and inflation of two percent.

Legislative and Regulatory Environment. The legislative and regulatory environment in which each FHLBank and its members operate continues to evolve as a result of regulations enacted pursuant to the Housing and Economic Recovery Act of 2008, as amended (Housing Act), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), and deliberations by the U.S. Congress regarding housing finance and GSE reform. The FHLBanks' business operations, funding costs, rights, obligations, and/or the environment in which the FHLBanks carry out their mission are likely to continue to be significantly affected by these changes. (See *Legislative and Regulatory Developments* for more information.)

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. (See *Note 3- FHLBanks of Des Moines and Seattle Merger* to the accompanying combined financial statements for additional information regarding the merger.)

FHLBanks' Financial Highlights

Combined Financial Condition. Total assets were $919.6 billion at September 30, 2015, an increase of 0.7% from $913.3 billion at December 31, 2014. Advances were $591.5 billion, an increase of 3.6% from $570.7 billion at December 31, 2014, as a result of higher member demand from a wide range of members. Investments were $263.2 billion, a decrease of 2.6% from $270.2 billion at December 31, 2014, driven by decreases in federal funds sold and investment securities, partially offset by an increase in securities purchased under agreements to resell. Mortgage loans held for portfolio were $44.9 billion at September 30, 2015, an increase of 2.9% from $43.6 billion at December 31, 2014.

FHLBank debt issuance is generally driven by members' needs for advances. During the nine months ended September 30, 2015, the FHLBanks maintained continual access to funding and adapted their debt issuance to meet the needs of their members. Total liabilities were $873.4 billion at September 30, 2015, an increase of 0.8% from $866.3 billion at December 31, 2014, resulting primarily from an increase in consolidated obligations, partially offset by a decrease in mandatorily redeemable capital stock. Total consolidated obligations were $858.3 billion at September 30, 2015, an increase of 1.2% from $848.3 billion at December 31, 2014, driven by increased funding needs related to growth in advances. Mandatorily redeemable capital stock was $794 million at September 30, 2015, a decrease of 69.8% from $2.6 billion at December 31, 2014, due to repurchases and redemptions in connection with the merger, as well as additional repurchases and redemptions by certain other FHLBanks.

Total GAAP capital was $46.3 billion at September 30, 2015, a decrease of 1.6% from $47.0 billion at December 31, 2014. This decrease was the result of declines in capital stock outstanding and accumulated other comprehensive income, partially offset by growth in retained earnings and the recognition of additional capital from merger. Capital stock outstanding was $32.4 billion at September 30, 2015, a decrease of 3.8% from $33.7 billion at December 31, 2014. Retained earnings was $14.0 billion at September 30, 2015, an increase of 5.4% from $13.2 billion at December 31, 2014.

Combined Results of Operations. Net income for the three months ended September 30, 2015, was $484 million, a decrease of $141 million or 22.6% compared to the same period in 2014. This decrease was due primarily to net losses on derivatives and hedging activities. Net income for the nine months ended September 30, 2015, was $2,183 million, an increase of $488 million or 28.8% compared to the same period in 2014. This increase was due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

Net interest income after provision (reversal) for credit losses for the three months ended September 30, 2015, was $879 million, an increase of $10 million or 1.2% compared to the same period in 2014. Net interest income after provision (reversal) for credit losses for the nine months ended September 30, 2015, was $2,538 million, a decrease of $63 million or 2.4% compared to the same period in 2014. Net interest margin for the three and nine months ended September 30, 2015, was 0.38% and 0.37%, decreases of 1 and 4 basis points compared to the same periods in 2014.

Interest income was $2,020 million for the three months ended September 30, 2015, an increase of $49 million or 2.5% compared to the same period in 2014. This increase was due primarily to an increase in the average balance of advances and higher yields on advances, partially offset by a decrease in the average balance of investments and lower yields on mortgage loans. Interest income was $5,891 million for the nine months ended September 30, 2015, a decrease of $116 million or 1.9% compared to the same period in 2014. This decrease was due primarily to lower yields on interest-earning assets, and a decrease in the average balance of investments, partially offset by increases in the average balances of advances and mortgage loans.

Interest expense was $1,140 million for the three months ended September 30, 2015, an increase of $33 million or 3.0% compared to the same period in 2014. This increase was due to an increase in the average balance of consolidated obligations. Interest expense was $3,350 million for the nine months ended September 30, 2015, a decrease of $76 million or 2.2% compared to the same period in 2014. This decrease was 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.

Non-interest income for the three months ended September 30, 2015, was a loss of $79 million, a decrease of $167 million compared to the same period in 2014. This decrease was due mainly to net losses on derivatives and hedging activities. Non-interest income for the nine months ended September 30, 2015, was $792 million, an increase of $733 million compared to the same period in 2014. This increase was due mainly to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

Non-interest expense for the three and nine months ended September 30, 2015, was $260 million and $892 million, increases of $2 million and $132 million, or 0.8% and 17.4% compared to the same periods in 2014, due primarily to the FHLBank of Seattle terminating an arrangement related to the incurrence of certain private-label mortgage-backed securities litigation expenses and related charges during the second quarter of 2015, as well as merger-related expenses.

Affordable Housing Program assessments for the three months ended September 30, 2015, were $56 million, a decrease of $18 million or 24.3% compared to the same period in 2014. Affordable Housing Program assessments for the nine months ended September 30, 2015, were $255 million, an increase of $50 million or 24.4% compared to the same period in 2014. Affordable Housing Program assessments result from individual FHLBank income subject to assessments.

See *Combined Financial Condition* and *Combined Results of Operations* for further information.

Combined Financial Condition

Total assets were $919.6 billion at September 30, 2015, an increase of 0.7% from $913.3 billion at December 31, 2014, consisting of increases in advances and mortgage loans, partially offset by decreases in investments and cash. Total liabilities were $873.4 billion at September 30, 2015, an increase of 0.8% 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.

The following discussion contains information on the major categories of the Combined Statement of Condition: advances, investments, mortgage loans, consolidated obligations, deposits, and capital.

Advances

The FHLBanks provide liquidity to members and eligible non-members through secured loans (advances), which may be used for residential mortgages, community investments, and other services for housing and community development. Each FHLBank makes advances based on the security of mortgage loans and other types of eligible collateral pledged by, and the creditworthiness and financial condition of, the borrowing institutions.

Table 1 presents advances outstanding by product type, some of which include advances that contain embedded put or call options. A member either can sell an embedded option to an FHLBank or can purchase an embedded option from an FHLBank. (See *Note 8 - Advances* to the accompanying combined financial statements for additional information on putable and callable advances and their potential effect on advance maturities.)

Table 1 - Advances Outstanding by Product Type
(dollars in millions)

	September 30, 2015		December 31, 2014	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate	$ 280,910	47.9%	$ 284,310	50.2%
Adjustable/variable-rate indexed	267,120	45.6%	244,782	43.3%
Hybrid(1)	19,681	3.4%	17,679	3.1%
Amortizing/mortgage-matched(2)	11,376	1.9%	11,498	2.0%
Convertible	5,622	1.0%	6,549	1.2%
Other advances	1,524	0.2%	854	0.2%
Total par value	586,233	100.0%	565,672	100.0%
Other(3)	5,224		5,054	
Total	$ 591,457		$ 570,726	

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(1) A hybrid advance contains a one-time option to embed either a floor or cap at any time during the life of the advance. A hybrid advance may be either fixed- or variable-rate at the date of issuance.
(2) Amortizing advances are medium- or long-term loans with amortization schedules. These include but are not limited to index-amortizing advances, which require repayment in accordance with predetermined amortization schedules linked to various indices. Generally, as market interest rates rise (fall), the maturity of an index-amortizing advance extends (contracts).
(3) Other consists of hedging and fair value option valuation adjustments, unamortized premiums, discounts, and commitment fees.

The outstanding carrying value of advances was $591.5 billion at September 30, 2015, an increase of $20.7 billion or 3.6%, from $570.7 billion at December 31, 2014. This increase was due to higher member demand from a wide range of members. The percentage of members with outstanding advances was 59.5% at September 30, 2015, compared to 58.6% at December 31, 2014.

Table 2 presents cash flows related to advance originations and advance repayments. During the three months ended September 30, 2015, advance repayments exceeded originations, due primarily to a decline in advances with maturities of one year or less. During the nine months ended September 30, 2015, advance originations exceeded repayments, due to an increase in advances with maturities ranging from one to three years.

Table 2 - Advance Originations and Repayments
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Advances originated	$ 1,418,420	$ 1,302,529	$ 115,891	$ 3,914,448	$ 3,501,688	$ 412,760
Advances repaid	1,420,344	1,293,307	127,037	3,893,911	3,454,466	439,445
Net change	$ (1,924)	$ 9,222		$ 20,537	$ 47,222	

The FHLBanks make advances primarily to their members. Table 3 presents advances at par value by type of borrower and Table 4 presents member borrowers by type of member.

Table 3 - Advances at Par Value by Type of Borrower
(dollars in millions)

	September 30, 2015		December 31, 2014	
	Par Value	Percentage of Total Par Value of Advances	Par Value	Percentage of Total Par Value of Advances
Commercial bank members	$ 345,066	58.9%	$ 370,832	65.5%
Insurance company members	91,587	15.6%	71,820	12.7%
Thrift members	82,055	14.0%	77,086	13.6%
Credit union members	44,872	7.7%	35,397	6.3%
Community development financial institution members	96	—	111	—
Total member advances	563,676	96.2%	555,246	98.1%
Non-member borrowers	21,925	3.7%	10,083	1.8%
Housing associates	632	0.1%	343	0.1%
Total par value	$ 586,233	100.0%	$ 565,672	100.0%

Table 4 - Member Borrowers by Type of Member

	September 30, 2015		December 31, 2014	
	Number	Percentage of Total Member Borrowers	Number	Percentage of Total Member Borrowers
Commercial banks	3,028	70.1%	3,065	71.0%
Thrifts	584	13.5%	620	14.4%
Credit unions	531	12.3%	493	11.4%
Insurance companies	162	3.8%	129	3.0%
Community development financial institutions	12	0.3%	11	0.2%
Total member borrowers	4,317	100.0%	4,318	100.0%
Total members	7,255		7,367	

Table 5 presents the FHLBanks' top 10 advance holding borrowers at the holding-company level on a combined basis based on advances outstanding at par at September 30, 2015. The percentage of total advances for each holding company was computed by dividing the par value of advances by subsidiaries of that holding company by the total combined par value of advances. These percentage concentrations do not represent borrowing concentrations in an individual FHLBank.

Table 5 - Top 10 Advance Holding Borrowers by Holding Company at September 30, 2015
(dollars in millions)

Holding Company Name(1)	FHLBank Districts(2)	Par Value	Percentage of Total Par Value of Advances
JPMorgan Chase & Co.	Pittsburgh, Cincinnati, Chicago, Des Moines, San Francisco	$ 73,496	12.5%
Wells Fargo & Company	Des Moines, San Francisco	26,596	4.5%
The PNC Financial Services Group, Inc.	New York, Pittsburgh, Atlanta, Cincinnati	21,664	3.7%
Bank of America Corporation	Boston, New York, Atlanta, Des Moines, San Francisco	20,924	3.6%
Citigroup Inc.	New York, Dallas, San Francisco	17,251	2.9%
MetLife, Inc.	Boston, New York, Pittsburgh, Des Moines	15,485	2.6%
Navy Federal Credit Union	Atlanta	14,164	2.4%
Banco Santander, S.A.	Pittsburgh	13,335	2.3%
New York Community Bancorp, Inc.	New York, Cincinnati	10,750	1.8%
U.S. Bancorp	Cincinnati, Des Moines, Topeka	9,259	1.6%
		$ 222,924	37.9%

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(1) Holding company information was obtained from the Federal Reserve System's web site, the National Information Center (NIC), and SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States.

(2) At September 30, 2015, each holding company had subsidiaries with advance borrowings in these FHLBank districts.

Investments

The FHLBanks maintain investment portfolios for liquidity purposes and to generate additional earnings. This investment income bolsters the FHLBanks' capacity to meet their commitments to affordable housing and community investment. Table 6 presents the composition of investments and investment securities as of September 30, 2015 and December 31, 2014.

Table 6 - Total Investments
(dollars in millions)

Carrying Value	September 30, 2015	December 31, 2014	Change
Interest-bearing deposits	$ 1,696	$ 1,569	$ 127
Securities purchased under agreements to resell	51,319	25,419	25,900
Federal funds sold	31,011	52,773	(21,762)
Total Investment Securities by Major Security Type			
Investment securities non-mortgage-backed securities			
U.S. Treasury obligations	307	526	(219)
Certificates of deposit	1,000	1,706	(706)
Other U.S. obligations	6,258	7,522	(1,264)
GSE and Tennessee Valley Authority obligations	25,777	29,974	(4,197)
State or local housing agency obligations	3,877	3,970	(93)
Federal Family Education Loan Program ABS	5,520	6,221	(701)
Other	1,470	1,357	113
Total investment securities non-mortgage-backed securities	44,209	51,276	(7,067)
Investment securities mortgage-backed securities			
Other U.S. obligations single-family MBS	15,398	14,318	1,080
Other U.S. obligations multifamily MBS	794	988	(194)
GSE single-family MBS	60,262	68,414	(8,152)
GSE multifamily MBS	43,861	37,073	6,788
Private-label residential MBS	14,303	18,040	(3,737)
Manufactured housing loan ABS	91	105	(14)
Home equity loan ABS	217	242	(25)
Total investment securities mortgage-backed securities	134,926	139,180	(4,254)
Total investment securities	179,135	190,456	(11,321)
Total investments	$ 263,161	$ 270,217	$ (7,056)

Total investments were $263.2 billion at September 30, 2015, a decrease of $7.1 billion or 2.6% from $270.2 billion at December 31, 2014, due to decreases in federal funds sold and investment securities, partially offset by an increase in securities purchased under agreements to resell.

Amortized Cost. The amortized cost of available-for-sale (AFS) and held-to-maturity (HTM) securities includes adjustments made to the cost basis. At September 30, 2015 and December 31, 2014, the amortized cost of the FHLBanks' AFS MBS included credit losses, accretion adjustments related to other-than-temporary impairment (OTTI), and purchased premiums and discounts totaling $1,577 million and $2,147 million. At September 30, 2015 and December 31, 2014, the amortized cost of the FHLBanks' HTM MBS included credit losses, accretion adjustments related to OTTI, and purchased premiums and discounts totaling $577 million and $793 million.

See *Note 5 - Available-for-Sale Securities* and *Note 6 - Held-to-Maturity Securities* to the accompanying combined financial statements for additional information.

Short-term Investments. The FHLBanks maintain short-term investment portfolios, which may provide funds to meet the credit needs of their members and to maintain liquidity. These portfolios may include:

- interest-bearing deposits;
- securities purchased under agreements to resell;
- federal funds sold;

- U.S. Treasury obligations;
- commercial paper;
- certificates of deposit; and
- GSE obligations.

The yield earned on these short-term investments is tied directly to short-term market interest rates. At September 30, 2015, the FHLBanks continued to maintain significant short-term investment balances as part of their ongoing strategy and to satisfy regulatory liquidity requirements. (See *Liquidity* for further discussion related to liquidity management.)

Long-term Investments. The FHLBanks maintain long-term investment portfolios primarily to provide additional liquidity and to earn interest income. These investments generally provide the FHLBanks with higher returns than those available on short-term investments.

Net Unrealized Gains on Investment Securities. Net unrealized gains, including the net effect of non-credit-related OTTI recognized in accumulated other comprehensive income (loss) (AOCI), on AFS securities were $1,057 million at September 30, 2015, a decrease of $495 million from December 31, 2014. This decrease was due primarily to lower net unrealized gains on non-MBS GSE obligations, GSE multifamily MBS, and Federal Family Education Loan Program ABS, partially offset by the recognition of an OTTI charge into earnings related to certain private-label residential MBS that the FHLBank of Seattle intended to sell and subsequently sold.

Net unrealized gains, including the net effect of non-credit-related OTTI recognized in AOCI, on HTM securities were $1,373 million, an increase of $37 million from December 31, 2014. This increase was due primarily to the accretion of the non-credit portion of OTTI losses, recorded in AOCI, on certain private-label residential MBS that had experienced non-credit-related OTTI in previous periods, partially offset by lower net unrealized gains on certain MBS.

See *Note 5 - Available-for-Sale Securities* and *Note 6 - Held-to-Maturity Securities* to the accompanying combined financial statements for discussion of those securities with unrealized losses.

OTTI on Investment Securities. Each FHLBank evaluates its individual AFS and HTM investment securities holdings for OTTI on a quarterly basis. Private-label residential MBS, private-label commercial MBS, manufactured housing loan asset-backed securities (ABS), and home equity loan ABS (collectively referred to as private-label mortgage-backed securities) are those investment securities that generally carry the greatest risk of loss. For the three months ended September 30, 2015, affected FHLBanks recognized $6 million of net OTTI losses related to AFS and HTM private-label mortgage-backed securities. For the nine months ended September 30, 2015, affected FHLBanks recognized $73 million of net OTTI losses related to AFS and HTM private-label mortgage-backed securities, which was due primarily to the FHLBank of Seattle classifying all investment securities as available-for-sale and recording a $52 million OTTI charge based on the FHLBank of Seattle's intent to sell its private-label mortgage backed securities in connection with its merger with the FHLBank of Des Moines. The FHLBank of Seattle subsequently sold these private-label mortgage backed securities and realized a $52 million gain from the sale of available-for-sale securities in March 2015. For the three and nine months ended September 30, 2014, affected FHLBanks recognized $5 million and $11 million of net OTTI losses related to AFS and HTM private-label mortgage-backed securities. The net OTTI losses related to AFS and HTM private-label mortgage-backed securities for the three and nine months ended September 30, 2015 and 2014, were recognized after each of these FHLBanks determined that it was likely that it would not recover the entire amortized cost basis of each of these securities.

In addition to those securities with OTTI, the FHLBanks had certain other AFS and HTM securities in unrealized loss positions at September 30, 2015. However, these declines are considered temporary, as each of the affected FHLBanks asserted as of September 30, 2015, that it has no intent to sell and believes it is not more likely than not that it will be required to sell any security before its anticipated recovery of the remaining amortized cost basis. The FHLBanks' portfolio monitoring is ongoing, and further deterioration in delinquency rates, loss rates, and real estate values may cause an increase in recognized losses on investment securities.

See *Note 7 - Other-than-Temporary Impairment Analysis* to the accompanying combined financial statements, *Critical Accounting Estimates - OTTI for Investment Securities*, and *Risk Management - Credit Risk - Investments* for additional information.

Mortgage-Backed Securities to Total Regulatory Capital Limit. Current regulatory policy prohibits an FHLBank from purchasing MBS if its investment in MBS exceeds 300% of that FHLBank's previous month-end regulatory capital on the day it intends to purchase the securities. At September 30, 2015, each of the FHLBanks of Atlanta, Chicago, Des Moines, and San Francisco was precluded from purchasing additional MBS investments until its respective MBS to total regulatory capital percentage declines below 300%. Each of these FHLBanks was not required to sell any previously purchased MBS. Each of the FHLBanks was in compliance with the regulatory limit at the time of its respective MBS purchases. On a combined basis, at September 30, 2015, the FHLBanks' percentage of MBS (net of regulatory excluded MBS) was 284% of total combined regulatory capital.

In addition to this limitation, the FHLBank of Chicago is required to obtain FHFA approval for any new investments that have a term to maturity in excess of 270 days, until such time as the FHLBank of Chicago's MBS portfolio is less than three times its total regulatory capital and its advances represent more than 50% of its total assets.

For disclosures related to an individual FHLBank's investment holdings that exceed 10% of its respective total capital, see that FHLBank's 2014 SEC Form 10-K or its 2015 Third Quarter SEC Form 10-Q for any updates.

Mortgage Loans Held for Portfolio, Net

An FHLBank may purchase mortgage loans to support the FHLBank's housing mission, diversify its investments, and provide an additional source of liquidity to FHLBank members. The two primary programs are the Mortgage Purchase Program (MPP) and the Mortgage Partnership Finance® (MPF) Program. (See *Risk Management - Credit Risk - Mortgage Loans Held for Portfolio* for more information.)

Table 7 - Mortgage Loans Held for Portfolio, Net
(dollars in millions)

	September 30, 2015	December 31, 2014	Change
Mortgage loans held for portfolio	$ 44,867	$ 43,615	$ 1,252
Allowance for credit losses on mortgage loans	(20)	(52)	32
Total mortgage loans held for portfolio, net	$ 44,847	$ 43,563	$ 1,284

Mortgage Loans Held for Portfolio. Mortgage loans were $44.9 billion at September 30, 2015, an increase of 2.9% from $43.6 billion at December 31, 2014, due to mortgage purchases exceeding principal repayments, including increased member use of the MPP Advantage product.

As of September 30, 2015, each of the FHLBanks of Atlanta and Dallas were not accepting additional master commitments to acquire loans for their own portfolio or purchasing additional mortgage loans under either the MPP or MPF Program. The FHLBank of Dallas intends to resume acquiring mortgage loans under the MPF program in the fourth quarter of 2015. The remaining FHLBanks participating in the MPP and MPF Program continue to have the ability to purchase both conventional and government-guaranteed or -insured fixed-rate mortgage loans.

Allowance for Credit Losses on Mortgage Loans. Table 8 presents the characteristics and credit losses of mortgage loans held for portfolio. Periodically, each FHLBank evaluates the allowance for credit losses for its mortgage loans based on its policies and procedures to determine if an allowance for credit losses is necessary. The allowance for credit losses on mortgage loans was $20 million at September 30, 2015, a decrease of $32 million or 61.5% from $52 million at December 31, 2014, due substantially to net charge-offs during the nine months ended September 30, 2015. The increase in net charge-offs was, in part, due to the adoption of FHFA Advisory Bulletin 2012-02. (See *Note 2 - Recently Issued and Adopted Accounting Guidance* to the accompanying combined financial statements for additional information relating to the FHFA Advisory Bulletin 2012-02.)

Table 8 - Mortgage Loans Held for Portfolio - Characteristics and Credit Losses
(dollars in millions)

Unpaid Principal Balance	September 30, 2015	December 31, 2014
Total past due 90 days or more and still accruing interest	$ 161	$ 228
Non-accrual loans	$ 349	$ 438
Troubled debt restructurings (not included above)(1)	$ 116	$ 114

	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
Allowance for credit losses, beginning of period	$ 52	$ 88
Charge-offs, net of recoveries	(35)	(15)
Provision (reversal) for credit losses	3	(21)
Allowance for credit losses, end of period	$ 20	$ 52

(1) Represents troubled debt restructured loans that are still performing as of the period-end presented.

See *Note 10 - Allowance for Credit Losses* to the accompanying combined financial statements for more information.

Consolidated Obligations

Consolidated obligations consist of consolidated bonds and consolidated discount notes, which are debt instruments issued through the Office of Finance. Consolidated obligations are the principal funding source used by the FHLBanks to make advances and to purchase mortgage loans and investments. The carrying value of consolidated obligations was $858.3 billion at September 30, 2015, an increase of $10.0 billion or 1.2% from $848.3 billion at December 31, 2014. This increase was driven by increased funding needs related to the growth of advances.

Consolidated bonds are issued primarily to raise intermediate- and long-term funds. Consolidated bonds generally carry fixed- or variable-rate payment terms and have maturities ranging from one month to 30 years. The carrying value of consolidated bonds was $448.9 billion at September 30, 2015, a decrease of $37.1 billion or 7.6% from $486.0 billion at December 31, 2014. Consolidated bonds represented 52.3% and 57.3% of total consolidated obligations outstanding at September 30, 2015 and December 31, 2014.

Consolidated discount notes are issued primarily to provide short-term funding. These consolidated discount notes have a maturity range of one day to one year, are generally issued at or below par, and mature at par. A significant portion of consolidated discount note activity typically results from the refinancing of overnight discount notes. The carrying value of consolidated discount notes was $409.4 billion at September 30, 2015, an increase of $47.1 billion or 13.0% from $362.3 billion at December 31, 2014. Consolidated discount notes represented 47.7% and 42.7% of total consolidated obligations outstanding at September 30, 2015 and December 31, 2014.

Table 9 - Consolidated Obligations Outstanding
(dollars in millions)

	September 30, 2015	December 31, 2014	Change
Par value of consolidated obligations due in 1 year or less			
Consolidated discount notes	$ 409,511	$ 362,363	$ 47,148
Consolidated bonds	191,650	220,231	(28,581)
Total	601,161	582,594	18,567
Par value of long-term consolidated bonds(1)	255,068	264,290	(9,222)
Total par value	856,229	846,884	9,345
Other(2)	2,058	1,450	608
Total consolidated obligations	$ 858,287	$ 848,334	$ 9,953

(1) Includes $285 million and $516 million of index-amortizing notes as of September 30, 2015 and December 31, 2014.
(2) Consists of hedging and fair value option valuation adjustments, and unamortized premiums and discounts.

Table 10 presents cash flows related to consolidated obligations, which illustrates proceeds exceeding payments for the three and nine months ended September 30, 2015 and 2014, resulting in higher consolidated obligation balances. Although the proceeds exceeded payments for consolidated obligations, the volume of proceeds and payments for consolidated discount notes decreased for the three and nine months ended September 30, 2015, as compared to the same periods in 2014, due to declines in the use of overnight consolidated discount notes.

Table 10 - Net Proceeds and Payments for Consolidated Obligations
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Net proceeds from issuance of consolidated obligations						
Discount notes	$ 573,230	$ 1,135,172	$ (561,942)	$ 2,839,049	$ 2,909,303	$ (70,254)
Bonds	88,250	100,206	(11,956)	243,853	285,864	(42,011)
Net proceeds	661,480	1,235,378	$ (573,898)	3,082,902	3,195,167	$ (112,265)
Net payments for maturing and retiring consolidated obligations						
Discount notes	561,980	1,130,375	$ (568,395)	2,792,064	2,874,974	$ (82,910)
Bonds	95,846	87,987	7,859	281,568	269,967	11,601
Net payments	657,826	1,218,362	$ (560,536)	3,073,632	3,144,941	$ (71,309)
Net change	$ 3,654	$ 17,016		$ 9,270	$ 50,226	

Consolidated Bonds. Consolidated bonds often have investor-determined features. The decision to issue a consolidated bond using a particular structure is based on the desired amount of funding and the ability of the FHLBank(s) receiving the proceeds of the consolidated bonds issued to hedge the risks. This strategy of issuing consolidated obligations while simultaneously entering into derivative transactions enables an FHLBank to offer a wider range of attractively-priced advances to its members and may allow an FHLBank to reduce its funding costs. The continued attractiveness of this strategy depends on yield relationships between the FHLBanks' consolidated obligations and the derivatives markets. If conditions change, an FHLBank may alter the types or terms of the consolidated obligations that it issues. The increase in funding alternatives available to the FHLBanks through negotiated debt/swap transactions is beneficial to the FHLBanks because it may diversify the investor base, reduce funding costs, and/or provide additional asset/liability management tools.

Table 11 - Par Value of Consolidated Bonds Outstanding by Payment Terms
(dollars in millions)

	September 30, 2015		December 31, 2014	
	Par Value(1)	Percentage of Total	Par Value(1)	Percentage of Total
Fixed-rate, non-callable	$ 254,612	56.9%	$ 271,239	55.9%
Single-index, non-capped variable-rate	86,707	19.4%	63,001	13.0%
Fixed-rate, callable	78,180	17.5%	109,345	22.7%
Step-up/step-down(2)	23,204	5.2%	37,040	7.6%
Index-amortizing notes	285	0.1%	516	0.1%
Other(3)	4,012	0.9%	3,670	0.7%
Total	$ 447,000	100.0%	$ 484,811	100.0%

(1) Consolidated bonds outstanding have not been adjusted for interbank holdings totaling $282 million at September 30, 2015, and $290 million at December 31, 2014.
(2) Consists primarily of callable step-up bonds.
(3) Consists primarily of capped variable-rate and conversion consolidated bonds.

The types of consolidated bonds issued can fluctuate based on comparative changes in their cost levels, supply and demand conditions, advance demand, and the FHLBanks' individual balance sheet management strategies. Table 12 presents the bond types the FHLBanks relied on for their bond funding needs.

Table 12 - Percentage of Total Consolidated Bonds Issued by Bond Type

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Single-index, variable-rate	53.3%	3.7%	24.3%	15.2%
Fixed-rate, fixed-term, non-callable (bullet)	34.6%	62.6%	49.5%	51.7%
Fixed-rate, callable	8.8%	26.7%	18.9%	25.2%
Step-up/step-down (1)	2.6%	5.8%	6.4%	7.3%
Other	0.7%	1.2%	0.9%	0.6%
Total	100.0%	100.0%	100.0%	100.0%

(1) Consists primarily of callable step-up bonds.

Deposits

The FHLBanks offer demand and overnight deposit programs to members and qualifying non-members. In addition, certain FHLBanks offer short-term interest-bearing deposit programs to members, and in certain cases, qualifying non-members. At September 30, 2015, deposits totaled $8.3 billion, a decrease of $0.8 billion or 8.9% from December 31, 2014. These deposits represent a relatively small portion of the FHLBanks' funding. Deposits vary depending on market factors, such as the attractiveness of the FHLBanks' deposit pricing relative to the rates available on alternative money market instruments, FHLBank members' investment preferences with respect to the maturity of their investments, and FHLBank members' liquidity. Interest-bearing demand and overnight deposits represented 90.2% and 80.6% of deposits at September 30, 2015 and December 31, 2014, with the remaining deposits primarily being term deposits and non-interest bearing deposits.

Capital

Table 13 - Total Capital and Capital-to-Assets Ratios
(dollars in millions)

	September 30, 2015	December 31, 2014	Change
Capital stock	$ 32,432	$ 33,705	$ (1,273)
Additional capital from merger	221	—	221
Retained earnings	13,965	13,244	721
AOCI	(363)	54	(417)
Total GAAP capital	46,255	47,003	(748)
Exclude: AOCI	363	(54)	417
Add: Mandatorily redeemable capital stock	794	2,631	(1,837)
Other(1)	—	(3)	3
Total combined regulatory capital(2)	$ 47,412	$ 49,577	$ (2,165)
Total assets	$ 919,627	$ 913,343	$ 6,284
Combined GAAP capital-to-assets ratio	5.03%	5.15%	
Combined regulatory capital-to-assets ratio(3)	5.16%	5.43%	

(1) Represents rounding adjustments.
(2) Regulatory capital requirements apply to individual FHLBanks, and the combined amounts are for analysis only. The sum of the individual FHLBank regulatory capital amounts does not agree to the total combined regulatory capital due to combining adjustments.
(3) The combined regulatory capital-to-assets ratio is calculated based on the FHLBanks' combined regulatory capital as a percentage of combined total assets. (See *Note 14 - Capital* to the accompanying combined financial statements for a definition and discussion of regulatory capital.)

GAAP Capital. Total GAAP capital was $46.3 billion at September 30, 2015, a decrease of 1.6% from $47.0 billion at December 31, 2014. This decrease was the result of declines in capital stock outstanding and AOCI, partially offset by growth in retained earnings and the recognition of additional capital from merger. The combined GAAP capital-to-assets ratio was 5.03% at September 30, 2015, a decrease of 12 basis points from 5.15% at December 31, 2014.

Capital Stock. Capital stock declined 3.8% due primarily to net transfers of capital stock to mandatorily redeemable capital stock and net repurchases of excess capital stock, including repurchases of capital stock in connection with the merger.

Additional Capital From Merger. Additional capital from merger of $221 million at September 30, 2015, primarily represents the amount of the FHLBank of Seattle's closing retained earnings balance as of the merger date, adjusted for fair value and other purchase accounting adjustments, and identified intangible assets, and is net of $25 million in dividends paid by the FHLBank of Des Moines subsequent to the merger date. (See *Note 3 - FHLBanks of Des Moines and Seattle Merger* and *Note 14 - Capital* to the accompanying combined financial statements for additional information.)

Retained Earnings. Retained earnings grew 5.4% due to net income of $2,183 million, offset by dividends of $1,149 million and merger activity of $313 million representing the elimination of the FHLBank of Seattle's closing retained earnings balance in connection with the merger. Unrestricted retained earnings was $10.2 billion at September 30, 2015, an increase of 5.2% from $9.7 billion at December 31, 2014. Restricted retained earnings was $3.7 billion at September 30, 2015, an increase of 6.0% from $3.5 billion at December 31, 2014.

Regulatory Capital. Total combined regulatory capital was $47.4 billion at September 30, 2015, a decrease of 4.4% from $49.6 billion at December 31, 2014. This decrease is the result of a decline in regulatory stock outstanding, which consists of capital stock and mandatorily redeemable capital stock, partially offset by growth in retained earnings and the recognition of additional capital from merger.

Mandatorily Redeemable Capital Stock. Mandatorily redeemable capital stock was $794 million at September 30, 2015, a decrease of 69.8% from $2,631 million at December 31, 2014. This decrease was due to repurchases and redemptions in connection with the merger, as well as additional repurchases and redemptions by certain other FHLBanks.

Table 14 - GAAP Capital Components as a Percentage of Total Capital

	September 30, 2015	December 31, 2014
Capital stock	70.1%	71.7%
Additional capital from merger	0.5%	—
Retained earnings	30.2%	28.2%
AOCI	(0.8)	0.1%
Total GAAP capital	100.0%	100.0%

Combined Results of Operations

Net Income

Net income for the three months ended September 30, 2015, was $484 million, a decrease of 22.6% compared to the same period in 2014. This decrease was due primarily to net losses on derivatives and hedging activities.

Net income for the nine months ended September 30, 2015, was $2,183 million, an increase of 28.8% compared to the same period in 2014. This increase was due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

Table 15 - Changes in Net Income
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Net interest income after provision (reversal) for credit losses	$ 879	$ 869	$ 10	$ 2,538	$ 2,601	$ (63)
Non-interest income	(79)	88	(167)	792	59	733
Non-interest expense	260	258	2	892	760	132
Affordable Housing Program assessments	56	74	(18)	255	205	50
Net income	$ 484	$ 625	$ (141)	$ 2,183	$ 1,695	$ 488

Net Interest Income after Provision (Reversal) for Credit Losses

The primary source of each FHLBank's earnings is net interest income, which is the interest income on advances, mortgage loans, and investments, less the interest expense on consolidated obligations and other borrowings. Net interest income after provision (reversal) for credit losses for the three months ended September 30, 2015, was $879 million, an increase of 1.2% compared to the same period in 2014. Net interest margin for the three months ended September 30, 2015, was 0.38%, a decrease of 1 basis point compared to the same period in 2014.

Net interest income after provision (reversal) for credit losses for the nine months ended September 30, 2015, was $2,538 million, a decrease of 2.4% compared to the same period in 2014. Net interest margin for the nine months ended September 30, 2015, was 0.37%, a decrease of 4 basis points compared to the same period in 2014.

Interest income for the three months ended September 30, 2015, was $2,020 million, an increase of 2.5% compared to the same period in 2014. This increase was due primarily to an increase in the average balance of advances and higher yields on advances, partially offset by a decrease in the average balance of investments and lower yields on mortgage loans. Interest expense for the three months ended September 30, 2015, was $1,140 million, an increase of 3.0% compared to the same period in 2014. This increase was due to an increase in the average balance of consolidated obligations.

Interest income for the nine months ended September 30, 2015, was $5,891 million, a decrease of 1.9% compared to the same period in 2014. This decrease was due primarily to lower yields on interest-earning assets and a decrease in the average balance of investments, partially offset by increases in the average balances of advances and mortgage loans. Interest expense for the nine months ended September 30, 2015, was $3,350 million, a decrease of 2.2% compared to the same period in 2014. This decrease was 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.

Net interest spread for both the three months ended September 30, 2015 and 2014, was 0.36%. Net interest spread for the nine months ended September 30, 2015, was 0.35%, a decrease of 2 basis points compared to the same period in 2014. This decrease was the net result of declines in yields on interest-earning assets that were larger than the declines in yields on interest-bearing liabilities.

Table 16 - Net Interest Income after Provision (Reversal) for Credit Losses
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Interest income						
Advances	$ 738	$ 608	$ 130	$ 1,964	$ 1,869	$ 95
Prepayment fees on advances, net	8	16	(8)	57	48	9
Mortgage loans held for portfolio	403	424	(21)	1,222	1,291	(69)
Investments and other	871	923	(52)	2,648	2,799	(151)
Total interest income	2,020	1,971	49	5,891	6,007	(116)
Interest expense						
Consolidated obligations - Discount notes	198	138	60	529	398	131
Consolidated obligations - Bonds	919	924	(5)	2,711	2,871	(160)
Other borrowings	23	45	(22)	110	157	(47)
Total interest expense	1,140	1,107	33	3,350	3,426	(76)
Net interest income	880	864	16	2,541	2,581	(40)
Provision (reversal) for credit losses	1	(5)	6	3	(20)	23
Net interest income after provision (reversal) for credit losses	$ 879	$ 869	$ 10	$ 2,538	$ 2,601	$ (63)

Table 17 presents average balances and yields of the major categories of interest-earning assets and interest-bearing liabilities; net interest spread, which is the difference between the annualized yield on total interest-earning assets and the annualized yield on total interest-bearing liabilities; and net interest margin, which is net interest income expressed as a percentage of the average balance of total interest-earning assets. Due to the FHLBanks' cooperative structures, the FHLBanks generally earn a narrow net interest spread.

Table 17 - Spread and Yield Analysis
(dollars in millions)

	Three Months Ended September 30,					
	2015			2014		
	Average Balance	Interest	Annualized Yield	Average Balance	Interest	Annualized Yield
Advances(1)	$ 591,990	$ 746	0.50%	$ 533,055	$ 624	0.46%
Mortgage loans	44,798	403	3.57%	43,282	424	3.89%
Investments						
Interest-bearing deposits and other	7,288	—	—%	7,843	4	0.20%
Securities purchased under agreements to resell	28,969	9	0.12%	30,158	4	0.05%
Federal funds sold	60,566	19	0.12%	74,789	17	0.09%
Trading securities	9,177	50	2.16%	10,389	48	1.83%
Available-for-sale securities(2)	73,643	354	1.91%	71,556	348	1.93%
Held-to-maturity securities(2)	97,035	439	1.79%	107,559	502	1.85%
Total investments and other interest income	276,678	871	1.25%	302,294	923	1.21%
Total interest-earning assets	913,466	2,020	0.88%	878,631	1,971	0.89%
Other non-interest-earning assets	5,789			4,877		
Fair-value adjustment on investment securities(2)	994			890		
Total assets	$ 920,249			$ 884,398		
Consolidated obligations						
Discount notes	$ 385,671	198	0.20%	$ 333,468	138	0.16%
Bonds	468,163	919	0.78%	479,600	924	0.76%
Other borrowings(3)	10,380	23	0.88%	13,680	45	1.31%
Total interest-bearing liabilities	864,214	1,140	0.52%	826,748	1,107	0.53%
Non-interest-bearing liabilities	9,202			11,532		
Total liabilities	873,416			838,280		
Capital	46,833			46,118		
Total liabilities and capital	$ 920,249			$ 884,398		
Net interest income		$ 880			$ 864	
Net interest spread			0.36%			0.36%
Net interest margin			0.38%			0.39%

	Nine Months Ended September 30,					
	2015			2014		
	Average Balance	Interest	Annualized Yield	Average Balance	Interest	Annualized Yield
Advances(1)	$ 574,279	$ 2,021	0.47%	$ 510,597	$ 1,917	0.50%
Mortgage loans	44,337	1,222	3.68%	43,574	1,291	3.96%
Investments						
Interest-bearing deposits and other	7,478	8	0.14%	8,015	9	0.15%
Securities purchased under agreements to resell	31,341	23	0.10%	27,519	11	0.05%
Federal funds sold	65,711	57	0.12%	70,026	43	0.08%
Trading securities	9,491	132	1.86%	11,253	146	1.73%
Available-for-sale securities(2)	75,641	1,072	1.89%	69,534	1,039	2.00%
Held-to-maturity securities(2)	100,131	1,356	1.81%	110,477	1,551	1.88%
Total investments and other interest income	289,793	2,648	1.22%	296,824	2,799	1.26%
Total interest-earning assets	908,409	5,891	0.87%	850,995	6,007	0.94%
Other non-interest-earning assets	5,568			4,969		
Fair-value adjustment on investment securities(2)	(753)			608		
Total assets	$ 913,224			$ 856,572		
Consolidated obligations						
Discount notes	$ 378,662	529	0.19%	$ 301,367	398	0.18%
Bonds	465,144	2,711	0.78%	483,270	2,871	0.79%
Other borrowings(3)	11,673	110	1.26%	14,950	157	1.40%
Total interest-bearing liabilities	855,479	3,350	0.52%	799,587	3,426	0.57%
Non-interest-bearing liabilities	10,832			11,725		
Total liabilities	866,311			811,312		
Capital	46,913			45,260		
Total liabilities and capital	$ 913,224			$ 856,572		
Net interest income		$ 2,541			$ 2,581	
Net interest spread			0.35%			0.37%
Net interest margin			0.37%			0.41%

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(1) Interest income for advances includes prepayment fees on advances, net.

(2) The average balances of AFS securities and HTM securities are reflected at amortized cost; therefore, the resulting yields do not give effect to changes in fair value or the non-credit component of previously recognized OTTI reflected in AOCI.

(3) The average balances do not include non-interest-bearing deposits, but do include the average balances and the related interest expense of mandatorily redeemable capital stock and subordinated notes.

Changes in both interest rates and average balances of interest-earning assets and interest-bearing liabilities have a direct influence on changes in net interest income, net interest margin, and net interest spread. Table 18 presents changes in interest income and interest expense due to volume-related and rate-related factors. Changes in interest income and interest expense not identifiable as either volume-related or rate-related, but rather attributable to both volume and rate changes, have been allocated to the volume and rate categories based on the proportion of the absolute value of the volume and rate changes.

Table 18 - Rate and Volume Analysis
(dollars in millions)

	Three Months Ended September 30, 2015 vs. 2014			Nine Months Ended September 30, 2015 vs. 2014		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income						
Advances(1)	$ 68	$ 54	$ 122	$ 225	$ (121)	$ 104
Mortgage loans	15	(36)	(21)	23	(92)	(69)
Investments	(81)	29	(52)	(64)	(87)	(151)
Total interest income	2	47	49	184	(300)	(116)
Interest Expense						
Consolidated obligations	55	—	55	237	(266)	(29)
Other borrowings(2)	(9)	(13)	(22)	(32)	(15)	(47)
Total interest expense	46	(13)	33	205	(281)	(76)
Changes in net interest income	$ (44)	$ 60	$ 16	$ (21)	$ (19)	$ (40)

(1) Includes prepayment fees on advances, net.
(2) The average balances do not include non-interest-bearing deposits, but do include the average balances and the related interest expense of mandatorily redeemable capital stock and subordinated notes.

Net interest income for the three months ended September 30, 2015, was $880 million, an increase of 1.9% compared to the same period in 2014. This increase was due primarily to a 4.0% increase in the average balance of interest-earning assets and a 1 basis point decrease in the yield on interest-bearing liabilities, partially offset by a 4.5% increase in the average balance of interest-bearing liabilities.

Net interest income for the nine months ended September 30, 2015, was $2,541 million, a decrease of 1.5% compared to the same period in 2014. This decrease was due primarily to a 7 basis point decrease in the yield on interest-earning assets and a 7.0% increase in the average balance of interest-bearing liabilities, partially offset by a 5 basis point decrease in the yield on interest-bearing liabilities and a 6.7% increase in the average balance of interest-earning assets.

Factors Affecting Net Interest Income.

Advances. The average balances of advances for the three and nine months ended September 30, 2015, were $592.0 billion and $574.3 billion, increases of 11.1% and 12.5% compared to the same periods in 2014. These increases were due to the cumulative effect of advance growth due to higher member demand, from a wide range of members.

The yield on advances for the three months ended September 30, 2015, was 0.50%, an increase of 4 basis points compared to the same period in 2014. This increase was primarily due to increases in short-term interest-rates. The yield on advances for the nine months ended September 30, 2015, was 0.47%, a decrease of 3 basis points compared to the same period in 2014. This decrease resulted from new advance originations, including the cumulative effect of members electing to restructure higher-yield advances in the low interest-rate environment.

Mortgage Loans. The average balances of mortgage loans for the three and nine months ended September 30, 2015, were $44.8 billion and $44.3 billion, increases of 3.5% and 1.8% compared to the same periods in 2014, due to mortgage loan purchases exceeding repayments. The yields on mortgage loans for the three and nine months ended September 30, 2015, were 3.57% and 3.68%, decreases of 32 and 28 basis points compared to the same periods in 2014, due to new mortgage loan purchases in the low interest-rate environment.

Investments. The average balances of investments for the three and nine months ended September 30, 2015, were $276.7 billion and $289.8 billion, decreases of 8.5% and 2.4% compared to the same periods in 2014. These decreases were primarily driven by decreases in the average balances of investment securities and federal funds sold.

The yield on investments for the three months ended September 30, 2015, was 1.25%, an increase of 4 basis points compared to the same period in 2014. This increase resulted primarily from changes in interest rates. The yield on investments for the nine months ended September 30, 2015, was 1.22%, a decrease of 4 basis points compared to the same period in 2014. This decrease resulted primarily from the runoff of higher-yield investments and reinvestment in the low interest-rate environment.

Consolidated Obligations. The average balances of consolidated obligations for the three and nine months ended September 30, 2015, were $853.8 billion and $843.8 billion, increases of 5.0% and 7.5% compared to the same periods in 2014, driven by increases of 15.7% and 25.6% in the average balances of consolidated discount notes for the three and nine months ended September 30, 2015, compared to the same periods in 2014.

The yields on consolidated obligations for both the three months ended September 30, 2015 and 2014, were 0.52%. The yield on consolidated obligations for the nine months ended September 30, 2015, was 0.51%, a decrease of 5 basis points compared to the same period in 2014. This decrease was due to lower yields on consolidated bonds, and a shift toward lower-yielding short-term consolidated obligations.

Effect of Derivatives and Hedging Activities on Net Interest Income

Net interest income includes components related to the effect of derivatives and hedging activities resulting from certain FHLBanks' hedging strategies. If a hedging relationship is designated and qualifies for hedge accounting treatment, the net interest settlements of interest receivables or payables related to derivatives designated in fair value or cash flow hedge relationships are recognized as adjustments to interest income or expense of the designated hedged item. In addition, when hedge accounting is discontinued, the cumulative basis adjustment on the hedged item is amortized or accreted into net interest income over the remaining life of the hedged item using a level-yield methodology. (See *Note 11 - Derivatives and Hedging Activities* to the accompanying combined financial statements for additional information on the effect of derivatives and hedging activities.)

Net interest income for the nine months ended September 30, 2015, was negatively affected by $177 million of accelerated amortization, recorded by the FHLBank of Atlanta, due to restructured advances that were prepaid prior to their maturity. However, this accelerated amortization was offset by a corresponding gain recorded in net gains (losses) on derivatives and hedging activities included in non-interest income. Table 19 presents the effect of derivatives and hedging activities on net interest income and Table 21 presents the effect of derivatives and hedging activities on non-interest income.

Table 19 - Effect of Derivatives and Hedging Activities on Net Interest Income
(dollars in millions)

	Three Months Ended September 30, 2015						
	Advances	Investment Securities	Mortgage Loans	Deposits	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income							
Amortization and accretion of hedging activities in net interest income	$ (102)	$ 27	$ (7)	$ —	$ (2)	$ —	$ (84)
Net interest settlements included in net interest income(1)	(713)	(173)	—	—	486	(66)	(466)
Total effect on net interest income	$ (815)	$ (146)	$ (7)	$ —	$ 484	$ (66)	$ (550)

	Three Months Ended September 30, 2014						
	Advances	Investment Securities	Mortgage Loans	Deposits	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income							
Amortization and accretion of hedging activities in net interest income	$ (105)	$ 30	$ (7)	$ —	$ 18	$ (1)	$ (65)
Net interest settlements included in net interest income(1)	(806)	(167)	—	—	503	(70)	(540)
Total effect on net interest income	$ (911)	$ (137)	$ (7)	$ —	$ 521	$ (71)	$ (605)

	Nine Months Ended September 30, 2015						
	Advances	Investment Securities	Mortgage Loans	Deposits	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income							
Amortization and accretion of hedging activities in net interest income	$ (366)	$ 75	$ (22)	$ —	$ 19	$ (1)	$ (295)
Net interest settlements included in net interest income(1)	(2,165)	(512)	—	—	1,489	(204)	(1,392)
Total effect on net interest income	$ (2,531)	$ (437)	$ (22)	$ —	$ 1,508	$ (205)	$ (1,687)

	Nine Months Ended September 30, 2014						
	Advances	Investment Securities	Mortgage Loans	Deposits	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income							
Amortization and accretion of hedging activities in net interest income	$ (235)	$ 90	$ (22)	$ —	$ 60	$ (2)	$ (109)
Net interest settlements included in net interest income(1)	(2,405)	(488)	—	1	1,529	(210)	(1,573)
Total effect on net interest income	$ (2,640)	$ (398)	$ (22)	$ 1	$ 1,589	$ (212)	$ (1,682)

(1) Represents interest income or interest expense on derivatives included in net interest income.

Non-Interest Income

Non-interest income for the three months ended September 30, 2015, was a loss of $79 million, a decrease of $167 million compared to the same period in 2014. This decrease was due primarily to net losses on derivatives and hedging activities.

Non-interest income for the nine months ended September 30, 2015, was $792 million, an increase of $733 million compared to the same period in 2014. This increase was due primarily to higher gains on litigation settlements, as well as net gains on derivatives and hedging activities.

Table 20 - Changes in Non-Interest Income
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Net other-than-temporary impairment losses	$ (6)	$ (5)	$ (1)	$ (73)	$ (11)	$ (62)
Net gains (losses) on trading securities	28	(38)	66	(39)	(22)	(17)
Net realized gains (losses) from sale of available-for-sale securities	2	—	2	60	1	59
Net realized gains (losses) from sale of held-to-maturity securities	3	7	(4)	13	9	4
Net gains (losses) on financial instruments held under fair value option	5	(1)	6	(34)	(66)	32
Net gains (losses) on derivatives and hedging activities	(158)	62	(220)	127	(52)	179
Gains on litigation settlements, net	14	43	(29)	637	107	530
Net gains (losses) on debt extinguishments	—	(10)	10	(2)	—	(2)
Other, net	33	30	3	103	93	10
Total non-interest income (loss)	$ (79)	$ 88	$ (167)	$ 792	$ 59	$ 733

Other-than-Temporary Impairment Losses. The FHLBanks update their other-than-temporary impairment analysis each quarter to reflect current housing market conditions, changes in anticipated housing market conditions, observed and anticipated borrower behavior, and updated information on collateral underlying private-label mortgage-backed securities. This process includes updating key aspects of the FHLBanks' loss projection models. Net other-than-temporary impairment losses for the three months ended September 30, 2015, were $6 million. Net other-than-temporary impairment losses for the nine months ended September 30, 2015, were $73 million, due primarily to the FHLBank of Seattle classifying all investment securities as available-for-sale and recording a $52 million other-than-temporary impairment charge based on the FHLBank of Seattle's intent to sell its private-label mortgage backed securities in connection with its merger with the FHLBank of Des Moines. The FHLBank of Seattle subsequently sold these private-label mortgage backed securities and realized a $52 million gain from the sale of available-for-sale securities in March 2015. Net other-than-temporary impairment losses for the three and nine months ended September 30, 2014, were $5 million and $11 million. (See *Note 7 - Other-than-Temporary Impairment Analysis* to the accompanying combined financial statements, *Critical Accounting Estimates - OTTI for Investment Securities*, and *Risk Management-Credit Risk- Investments* for additional information.)

Gains (Losses) on Trading Securities. The FHLBanks generally hold trading securities for liquidity purposes. Trading securities are recorded at fair value, with changes in fair value reflected in non-interest income. There are a number of factors that affect the fair value of a trading security, including changes in interest rates, credit spreads, the passage of time, and volatility. Net gains on trading securities for the three months ended September 30, 2015, were $28 million. Net losses on trading securities for the nine months ended September 30, 2015, were $39 million. Net losses on trading securities for the three and nine months ended September 30, 2014, were $38 million and $22 million. Certain trading securities are being economically hedged, and the gains (losses) on these securities are generally offset by the change in fair value of the associated derivatives. See Table 21 for additional information regarding the effect of derivatives and hedging activities on non-interest income.

Realized Gains (Losses) from Sale of Available-for-Sale Securities. Net realized gains from sale of available-for-sale securities for the three months ended September 30, 2015, were $2 million. Net realized gains from sale of available-for-sale securities for the nine months ended September 30, 2015, were $60 million, of which $52 million was due to the FHLBank of Seattle's sale of its private-label mortgage-backed securities in connection with its merger with the FHLBank of Des Moines. Net realized gains from sale of available-for-sale securities for the nine months ended September 30, 2014, were $1 million.

Gains (Losses) on Financial Instruments Held under Fair Value Option. Certain FHLBanks elected the fair value option for certain financial assets and certain financial liabilities and recognized the changes in fair value on these assets and liabilities as unrealized gains and losses in current period earnings. The use of the fair value option allows these FHLBanks to mitigate potential income statement volatility that can arise from economic hedging relationships. Net gains on financial instruments held under fair value option for the three months ended September 30, 2015, were $5 million. Net losses on financial instruments held under fair value option for the nine months ended September 30, 2015, were $34 million. Net losses on financial instruments held under fair value option for the three and nine months ended September 30, 2014, were $1 million and $66 million. See Table 21 for additional information regarding the gains (losses) on financial instruments held under fair value option and the effect of derivatives and hedging activities on non-interest income.

Fair values of advances and consolidated obligations held under fair value option vary from period to period based on changes in a wide range of market factors, including the current and projected levels of interest rates, credit spreads, and volatility. The significant inputs used by the FHLBanks to determine the fair value of advances and consolidated obligations are the consolidated obligation curve, LIBOR swap curve, volatility assumptions, and spread assumptions. Additionally, net gains and losses are affected by changes in the composition of the financial instruments held under fair value option. (See *Note 16 - Fair Value* to the accompanying combined financial statements for additional information.)

Gains (Losses) on Derivatives and Hedging Activities. Fair value estimates for an FHLBank's derivatives and hedging positions fluctuate with changes in market conditions. In general, an FHLBank holds derivatives and associated hedged instruments to the maturity, call, or put date. Therefore, as a matter of timing, nearly all of the cumulative net gains and losses for these financial instruments generally reverse over the remaining contractual terms of the hedged financial instruments. However, there may be instances when an FHLBank terminates these instruments prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. Table 21 presents the effect of derivatives and hedging activities on non-interest income.

Table 21 - Effect of Derivatives and Hedging Activities on Non-Interest Income
(dollars in millions)

	Three Months Ended September 30, 2015							
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Balance Sheet	Intermediary Positions and Other	Total
Net gains (losses) on derivatives and hedging activities								
Gains (losses) related to fair value hedge ineffectiveness	$ 26	$ (22)	$ —	$ (29)	$ —	$ —	$ —	$ (25)
Gains (losses) related to cash flow hedge ineffectiveness	—	—	—	—	—	—	—	—
Gains (losses) related to derivatives not designated as hedging instruments	(64)	(141)	(8)	95	(13)	(2)	—	(133)
Total net gains (losses) on derivatives and hedging activities	(38)	(163)	(8)	66	(13)	(2)	—	(158)
Net gains (losses) on trading securities(1)	—	29	—	—	—	—	—	29
Net gains (losses) on financial instruments held at fair value	17	—	—	(14)	2	—	—	5
Total effect on non-interest income	$ (21)	$ (134)	$ (8)	$ 52	$ (11)	$ (2)	$ —	$ (124)

	Three Months Ended September 30, 2014							
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Balance Sheet	Intermediary Positions and Other	Total
Net gains (losses) on derivatives and hedging activities								
Gains (losses) related to fair value hedge ineffectiveness	$ 82	$ (16)	$ —	$ —	$ —	$ —	$ —	$ 66
Gains (losses) related to cash flow hedge ineffectiveness	—	—	—	—	—	—	—	—
Gains (losses) related to derivatives not designated as hedging instruments	10	(12)	4	4	(4)	(6)	—	(4)
Total net gains (losses) on derivatives and hedging activities	92	(28)	4	4	(4)	(6)	—	62
Net gains (losses) on trading securities(1)	—	(33)	—	—	—	—	—	(33)
Net gains (losses) on financial instruments held at fair value	(18)	—	—	18	(1)	—	—	(1)
Total effect on non-interest income	$ 74	$ (61)	$ 4	$ 22	$ (5)	$ (6)	$ —	$ 28

	Nine Months Ended September 30, 2015							
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Balance Sheet	Intermediary Positions and Other	Total
Net gains (losses) on derivatives and hedging activities								
Gains (losses) related to fair value hedge ineffectiveness	$ 263	$ (9)	$ —	$ (48)	$ —	$ —	$ —	$ 206
Gains (losses) related to cash flow hedge ineffectiveness	—	—	—	—	1	—	—	1
Gains (losses) related to derivatives not designated as hedging instruments	(96)	(164)	(9)	199	(5)	(6)	1	(80)
Total net gains (losses) on derivatives and hedging activities	167	(173)	(9)	151	(4)	(6)	1	127
Net gains (losses) on trading securities(1)	—	(37)	—	—	—	—	—	(37)
Net gains (losses) on financial instruments held at fair value	5	—	—	(34)	(5)	—	—	(34)
Total effect on non-interest income	$ 172	$ (210)	$ (9)	$ 117	$ (9)	$ (6)	$ 1	$ 56

	Nine Months Ended September 30, 2014							
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Balance Sheet	Intermediary Positions and Other	Total
Net gains (losses) on derivatives and hedging activities								
Gains (losses) related to fair value hedge ineffectiveness	$ 139	$ (42)	$ —	$ (12)	$ —	$ —	$ —	$ 85
Gains (losses) related to cash flow hedge ineffectiveness	—	—	—	—	1	—	—	1
Gains (losses) related to derivatives not designated as hedging instruments	(51)	(170)	(9)	153	(29)	(33)	1	(138)
Total net gains (losses) on derivatives and hedging activities	88	(212)	(9)	141	(28)	(33)	1	(52)
Net gains (losses) on trading securities(1)	—	(5)	—	—	—	—	—	(5)
Net gains (losses) on financial instruments held at fair value	(3)	—	—	(62)	(1)	—	—	(66)
Total effect on non-interest income	$ 85	$ (217)	$ (9)	$ 79	$ (29)	$ (33)	$ 1	$ (123)

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(1) Includes only those gains or losses on trading securities that have an assigned economic derivative; therefore, this line item may not agree to the Combined Statement of Income.

Net losses on derivatives and hedging activities for the three months ended September 30, 2015, were $158 million, due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges. Net gains on derivatives and hedging activities for the nine months ended September 30, 2015, were $127 million, due primarily to fair value hedge ineffectiveness. Fair value hedge ineffectiveness for the nine months ended September 30, 2015, was driven by a gain recorded by the FHLBank of Atlanta, related to derivatives hedging restructured advances that were prepaid prior to their maturity. However, this gain was offset by $177 million of accelerated amortization included in net interest income. Table 19 presents the effect of derivatives and hedging activities on net interest income.

Net gains on derivatives and hedging activities for the three months ended September 30, 2014, were $62 million, due primarily to hedge ineffectiveness related to fair value derivatives designated as qualifying accounting hedges. Net losses on derivatives and hedging activities for the nine months ended September 30, 2014, were $52 million, due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges. The fair values are based on a wide range of factors, including current and projected levels of interest rates, credit spreads, and volatility. Gains (losses) related to fair value hedge ineffectiveness occur when changes in the fair value of the derivative and the associated hedged instrument do not perfectly offset. (See *Note 11 - Derivatives and Hedging Activities* to the accompanying combined financial statements for additional information on the financial effect of derivatives and hedging activities.)

Gains on Litigation Settlement, Net. Several of the FHLBanks agreed to settle certain claims arising from investments in private-label mortgage-backed securities. Gains on litigation settlements, which are net of related legal expenses, totaled $14 million and $637 million for the three and nine months ended September 30, 2015, driven by the FHLBank of San Francisco's $459 million gain during the first quarter of 2015 and the FHLBank of Boston's $135 million gain during the second quarter of 2015. Gains on litigation settlements were $43 million and $107 million for the three and nine months ended September 30, 2014.

Non-interest Expense

Non-interest expense for the three and nine months ended September 30, 2015, was $260 million and $892 million, increases of 0.8% and 17.4% compared to the same periods in 2014, which were due primarily to the increases in compensation and benefits and other operating expenses.

Table 22 - Changes in Non-Interest Expense
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Compensation and benefits	$ 143	$ 140	$ 3	$ 468	$ 410	$ 58
Other operating expenses	93	92	1	340	268	72
Federal Housing Finance Agency	13	12	1	43	41	2
Office of Finance	11	11	—	34	33	1
Other	—	3	(3)	7	8	(1)
Total non-interest expense	$ 260	$ 258	$ 2	$ 892	$ 760	$ 132

Compensation and Benefits. These expenses consist of costs for FHLBank employees, including salaries, incentives, and health and retirement benefits. For the three and nine months ended September 30, 2015, compensation and benefits expense was $143 million and $468 million, increases of 2.1% and 14.1% compared to the same periods in 2014. These increases were due primarily to change in control agreements and severance packages paid to transition employees, as well as a discretionary pension contribution, related to the merger of the FHLBanks of Des Moines and Seattle. In addition, there were staffing increases and increased incentive compensation accruals at certain FHLBanks.

Other Operating Expenses. These expenses consist primarily of professional and other contractual services, occupancy costs, depreciation and amortization, and information technology. For the three and nine months ended September 30, 2015, other operating expenses were $93 million and $340 million, increases of 1.1% and 26.9% compared to the same periods in 2014. These increases were driven primarily by the FHLBank of Seattle terminating an arrangement to reduce potential future costs, related to the incurrence of certain private-label mortgage-backed securities litigation expenses and related charges, resulting in $58 million recorded in other operating expense during the second quarter of 2015. Also contributing to the increases were higher professional costs incurred in connection with the merger of the FHLBanks of Des Moines and Seattle.

Affordable Housing Program Assessments

Affordable Housing Program (AHP) assessments for the three months ended September 30, 2015, were $56 million, a decrease of 24.3% compared to the same period in 2014. AHP assessments for the nine months ended September 30, 2015, were $255 million, an increase of 24.4% compared to the same period in 2014. AHP assessments result from individual FHLBank income subject to assessments.

By regulation, the FHLBanks must annually set aside for the AHP the greater of the aggregate of $100 million or 10% of the individual FHLBank's income subject to assessment. For purposes of the AHP calculation, each FHLBank's income subject to assessment is defined as the individual FHLBank's net income before assessments, plus interest expense related to mandatorily redeemable capital stock.

AHP helps members provide subsidized and other low-cost funding, as well as grants, to create affordable rental and homeownership opportunities. All FHLBank operating costs for the AHP are included in operating expenses, so all AHP assessments go directly to support affordable housing projects.

Interbank Transfers of Consolidated Bonds and Their Effect on Combined Net Income

Combined net income of the FHLBanks is affected by interbank transfers of the liability on outstanding consolidated bonds. These transactions arise when one FHLBank transfers its direct liability on outstanding consolidated bonds to another FHLBank. By engaging in these transactions, two FHLBanks are able to better match their funding needs by transferring funds held by one FHLBank to another FHLBank that needs funds. Because the consolidated bonds are the joint and several obligation of all FHLBanks, these interbank transactions have no effect on the holders of the consolidated bonds.

Total consolidated bonds of $115 million at par value were transferred from an FHLBank to another FHLBank during the nine months ended September 30, 2015. There were no interbank transfers of consolidated bonds during the nine months ended September 30, 2014. The amount of total interbank consolidated bonds transferred during a period depends on a variety of factors, such as (1) whether or not an assuming FHLBank can obtain equal or lower funding costs through interbank transfers as compared to issuing new debt, (2) an FHLBank's overall asset/liability management strategy, and (3) current market conditions.

The transferring FHLBank treats the transfer as a debt extinguishment because that FHLBank has been released from being the primary obligor. The transferring FHLBank records a gain or loss on the debt transferred to the assuming FHLBank based on the difference between the fair value and the carrying value of the consolidated bonds, including any unamortized premiums or discounts. The assuming FHLBank becomes the primary obligor because it now is directly responsible for repaying the debt. The assuming FHLBank records the fair value, including any premium or discount, as the initial carrying amount for the consolidated bond it received from the transferring FHLBank. However, under the principles of combination accounting, combining adjustments are required to reflect the transaction as if the transferring FHLBank continues to hold the consolidated bond for purposes of the accompanying combined financial statements.

Table 23 presents the effect of interbank eliminations and rounding adjustments (collectively referred to as combining adjustments) on the Combined Statement of Income. Interbank adjustments include the elimination of:

- transfers of interbank consolidated bond liabilities;
- interest on purchased consolidated bonds, which is eliminated in interest income and interest expense; and
- fees related to the MPF Program that are eliminated in non-interest income and non-interest expense.

Table 23 - Effect of Combining Adjustments on Combined Statement of Income
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
Effect on	**2015**	**2014**	**2015**	**2014**
Interest income	$ (7)	$ (1)	$ (14)	$ (11)
Interest expense	2	7	9	23
Provision (reversal) for credit losses	(2)	3	(3)	2
Net interest income after provision (reversal) for credit losses	(7)	(11)	(20)	(36)
Non-interest income	(1)	(7)	—	(12)
Non-interest expense	—	(2)	(7)	(9)
Affordable Housing Program assessments	1	(4)	1	(2)
Net income	$ (9)	$ (12)	$ (14)	$ (37)

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income is reported on the Combined Statement of Comprehensive Income and presents the net change in the accumulated other comprehensive income (loss) balances.

Other comprehensive loss for the three and nine months ended September 30, 2015, was $378 million and $366 million, compared to other comprehensive income of $128 million and $760 million in the same periods in 2014. Other comprehensive loss consisted primarily of fair value losses on AFS securities and net unrealized losses relating to cash flow hedging activities, partially offset by accretion of the non-credit portion on HTM securities.

Table 24 - Comprehensive Income
(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Net income	$ 484	$ 625	$ (141)	$ 2,183	$ 1,695	$ 488
Other comprehensive income						
Changes in fair value of AFS securities						
Net unrealized gains (losses) on AFS securities	(283)	(76)	(207)	(369)	264	(633)
Net change in fair value of other-than-temporarily impaired AFS securities	(40)	70	(110)	(55)	334	(389)
Total changes in fair value of AFS securities	(323)	(6)	(317)	(424)	598	(1,022)
Changes in non-credit OTTI losses						
Net amount of AFS and HTM impairment losses reclassified to (from) non-interest income	—	4	(4)	45	6	39
Reclassification of (gains) losses of the non-credit portion on AFS securities included in net income	—	—	—	(52)	—	(52)
Accretion of non-credit portion on HTM securities	26	34	(8)	89	102	(13)
Total changes in non-credit OTTI losses	26	38	(12)	82	108	(26)
Net unrealized gains (losses) relating to hedging activities	(83)	96	(179)	(22)	44	(66)
Other	2	—	2	(2)	10	(12)
Total other comprehensive income (loss)	(378)	128	(506)	(366)	760	(1,126)
Comprehensive income	$ 106	$ 753	$ (647)	$ 1,817	$ 2,455	$ (638)

Changes in Fair Value of AFS securities. Changes in the fair value of AFS securities are recorded in other comprehensive income. The net change in unrealized gains (losses) on AFS securities, which have not been other-than-temporarily impaired, was due primarily to changes in interest rates, credit spreads, and volatility. The net change in fair value of other-than-temporarily impaired AFS securities was driven by housing prices and the economic outlook, as well as changes in interest rates, credit spreads, and volatility. The distinction between the two categories is whether the AFS security has ever incurred an OTTI loss.

Changes in Non-Credit OTTI Losses. Changes in non-credit OTTI losses are comprised of the accretion of the non-credit portion on HTM securities, the reclassification of (gains) losses of the non-credit portion on AFS securities included in net income, and the net amount of AFS and HTM impairment losses reclassified to (from) non-interest income.

Net Unrealized Gains (Losses) Relating to Hedging Activities. Net unrealized gains (losses) relating to hedging activities are comprised of changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge, to the extent that the hedge is effective, until earnings are affected by the variability of the cash flows of the hedged transaction and the amounts are reclassified to non-interest income. The FHLBanks' gains (losses) on hedging activities fluctuate with volatility in the overall interest-rate environment and with the positions taken by the FHLBanks to hedge their risk exposure using cash flow hedges.

Capital Adequacy

At September 30, 2015, each of the FHLBanks was in compliance with its statutory minimum capital requirements. (See *Note 14 - Capital* to the accompanying combined financial statements for additional information regarding minimum regulatory capital requirements.) Regulatory guidance requires each FHLBank to assess, at least once a year, the adequacy of its retained earnings under various future financial and economic scenarios, including:

- parallel and non-parallel interest-rate shifts;
- changes in the interest-rate relationship between different yield curves; and
- changes in the credit quality of the FHLBank's assets.

Management and the board of directors of each FHLBank review the capital structure of that FHLBank on a periodic basis to ensure the capital structure supports the risk associated with its assets and addresses applicable regulatory and supervisory matters. In addition, an individual FHLBank may institute a higher capital requirement to meet internally-established thresholds or to address supervisory matters, limit dividend payments, or restrict excess capital stock repurchases as part of its retained earnings policies.

Joint Capital Enhancement Agreement

The Joint Capital Enhancement Agreement, as amended (Capital Agreement), is intended to enhance the capital position of each FHLBank. The Capital Agreement provides that each FHLBank will allocate 20% of its net income each quarter to a separate restricted retained earnings account until the balance of that account equals at least one percent of that FHLBank's average balance of outstanding consolidated obligations for the previous quarter. These restricted retained earnings are not available to pay dividends. (See *Note 14 - Capital* - *Restricted Retained Earnings* to the accompanying combined financial statements for more information.)

Liquidity

Each FHLBank is required to maintain liquidity in accordance with the FHLBank Act and certain regulations and policies established by its management and board of directors. Each FHLBank seeks to be in a position to meet the credit and liquidity needs of its members and to meet all current and future financial commitments by managing holdings of liquid investments and obtaining cost-effective sources of funds. The FHLBanks also maintain liquidity to redeem or repurchase excess capital stock at their discretion upon the request of a member or under an FHLBank's capital plan.

The FHLBanks' primary sources of liquidity are the issuance of new consolidated obligations and holdings of investments that are primarily high-quality, short-, and intermediate-term financial instruments. The FHLBanks' consolidated obligations are not obligations of the United States and are not guaranteed by either the United States or any government agency but have historically received the same credit rating as the government bond credit rating of the United States.

Other short-term borrowings, such as member deposits and securities sold under agreements to repurchase, may also provide liquidity. In addition, by law, the Secretary of the Treasury may acquire up to $4 billion of consolidated obligations of the FHLBanks. This authority may be exercised only if alternative means cannot be effectively employed to permit the FHLBanks to continue to supply reasonable amounts of funds to the mortgage market, and the ability to supply such funds is substantially impaired because of monetary stringency and a high level of interest rates. Any funds borrowed shall be repaid by the FHLBanks at the earliest practicable date.

An FHLBank manages its balance sheet and corresponding liquidity requirements in response to its members' credit needs. In response to reduced member credit needs, an FHLBank may allow its consolidated obligations to mature without replacement, or repurchase and retire outstanding consolidated obligations, allowing its balance sheet to shrink. Similarly, an FHLBank's ability to expand its balance sheet and corresponding liquidity requirements in response to its members' increased credit needs is correlated to its members' capital stock requirements for advances and mortgage loans.

The FHLBanks may not be able to predict future trends in member credit needs because they are driven by complex interactions among a number of factors, including members' mortgage loan originations, other loan portfolio growth, deposit growth, and the attractiveness of advances compared to other wholesale borrowing alternatives. Each FHLBank regularly monitors current trends and anticipates future debt issuance needs to be prepared to fund its members' credit needs and its investment opportunities.

To protect the FHLBanks against temporary disruptions in access to the debt markets in response to a rise in capital markets volatility, the FHFA requires each FHLBank to: (1) maintain contingent liquidity sufficient to meet liquidity needs that shall, at a minimum, cover five calendar days of inability to access consolidated obligations in the debt markets; (2) have available at all times an amount greater than or equal to its members' current deposits invested in advances with maturities not to exceed five years, deposits in banks or trust companies, and obligations of the U.S. Treasury; (3) maintain, in the aggregate, unpledged qualifying assets in an amount at least equal to the amount of its participation in total consolidated obligations outstanding; and (4) maintain, through short-term investments, an amount at least equal to its anticipated cash outflows under two hypothetical scenarios.

Each FHLBank also maintains a contingency liquidity plan designed to enable it to meet its obligations and the liquidity needs of members in the event of operational disruptions at the FHLBanks and/or the Office of Finance, or short-term capital market disruptions. In addition, the Office of Finance has an allocation methodology for the proceeds from the issuance of consolidated obligations when consolidated obligations cannot be issued in sufficient amounts to satisfy all FHLBank demand for funding during periods of financial distress and when its existing allocation processes are deemed insufficient. The purpose and objective of this allocation methodology is to ensure that guidance is in place to facilitate the ability of the Office of Finance to meet the funding needs of FHLBanks when market conditions threaten to limit or prevent access to funding in periods of financial distress. In general, this methodology provides that the proceeds in these circumstances will be allocated among the FHLBanks based on relative FHLBank regulatory capital unless the Office of Finance determines that there is an overwhelming reason to adopt a different allocation method. As is the case during any instance of a disruption in an FHLBank's ability to access the capital markets, market conditions or this allocation could adversely impact an FHLBank's ability to finance its operations, which could thereby adversely impact that FHLBank's financial condition and results of operations.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires each FHLBank's management to make a number of judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities (if applicable), and the reported amounts of income and expense during the reported periods. Although each FHLBank's management believes that its judgments, estimates, and assumptions are reasonable, actual results may differ from these estimates.

In the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, certain accounting estimates and assumptions were identified as critical because they are generally considered by each FHLBank's management to be the most critical to an understanding of its financial statements and the financial data it provides to the Office of Finance for preparing the combined financial report. These estimates and assumptions consist of those used in conjunction with (1) OTTI for investment securities; (2) fair value estimates; (3) derivative hedging relationships; (4) amortization of premiums and accretion of discounts on investment securities and purchased mortgage loans; and (5) calculation of allowance for credit losses for each identified portfolio segment of financing receivables. For a description of accounting policies related to these estimates and assumptions, see *Note 1 - Summary of Significant Accounting Policies* on pages F-11 to F-21 of the audited combined financial statements included in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014.

There have been no significant changes to the critical accounting estimates disclosed in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. For a detailed discussion of Critical Accounting Estimates, see *Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations - Critical Accounting Estimates* on pages 69 to 78 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. Each FHLBank describes its critical accounting estimates in its periodic reports filed with the SEC.

See the following for information relating to OTTI for investment securities at and for the three months ended September 30, 2015.

OTTI for Investment Securities

Uniform OTTI Framework. The FHLBanks have developed a uniform framework for completing their OTTI analyses in compliance with accounting guidance on the recognition and presentation of OTTI in the financial statements. To ensure consistency in the determination of OTTI for private-label MBS among all FHLBanks, the FHLBanks use a system-wide governance committee and a formal process to ensure consistency in key OTTI modeling assumptions used for purposes of their cash flow analyses for the majority of these securities.

For a detailed discussion of the FHLBanks' uniform OTTI frameworks, including alternative procedures and approved key assumptions, see *Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations - Critical Accounting Estimates* on pages 70 to 72 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. Also, see *Note 7 - Other-than-Temporary Impairment Analysis* to the accompanying combined financial statements for additional information relating to OTTI, including the recognition and presentation of OTTI.

Table 25 presents the unpaid principal balances and the significant inputs used to assess private-label residential MBS and home equity loan ABS under the FHLBanks' uniform framework for OTTI, as well as related current credit enhancements as of September 30, 2015. The calculated averages represent the dollar-weighted averages of all private-label residential MBS and home equity loan ABS in each category shown.

Table 25 - Significant Inputs for Private-Label Residential MBS and Home Equity Loan ABS
(dollars in millions)

	September 30, 2015				
		Significant Inputs			
	Unpaid Principal Balance	Prepayment Rates	Default Rates	Loss Severities	Current Credit Enhancement
		Weighted-Average	Weighted-Average	Weighted-Average	Weighted-Average
Private-label Residential MBS(1)					
Prime	$ 4,918	13.8%	8.0%	25.2%	7.8%
Alt-A	11,359	10.7%	23.1%	36.9%	8.0%
Subprime	604	2.8%	44.4%	58.9%	19.8%
Total private-label residential MBS	$ 16,881	11.3%	19.5%	34.3%	8.4%
Home Equity Loan ABS(1)					
Subprime	$ 88	5.8%	6.5%	48.3%	37.7%
Total home equity loan ABS	$ 88	5.8%	6.5%	48.3%	37.7%

(1) The classification (prime, Alt-A, and subprime) is based on the model used to run the estimated cash flows for the individual securities, which may not necessarily be the same as the classification at the time of origination.

Adverse Case Scenario. In addition to evaluating its private-label MBS under a base case (or best estimate) scenario as discussed in *Note 7 - Other-than-Temporary Impairment Analysis* to the accompanying combined financial statements, each FHLBank performed a cash flow analysis for each of these securities under a more stressful scenario, or adverse case scenario. This adverse case scenario was primarily based on a short-term housing price forecast, which was five percentage points lower than the base case, followed by a recovery path with annual rates of housing price growth that includes rates which were 33% lower than the base case. The base case and adverse case scenarios for credit losses on all other-than-temporarily impaired private-label MBS were $6 million and $16 million for the three months ended September 30, 2015.

The base case scenario represents actual OTTI-related credit losses recognized in earnings for the three months ended September 30, 2015. The estimated cash flows of the adverse case scenario were generated to estimate what the OTTI charges would have been under a more stressful scenario for the three months ended September 30, 2015. The adverse case scenario and associated results do not represent each FHLBank's current expectations, and therefore should not be construed as a prediction of each FHLBank's future results, market conditions, or the actual performance of these securities. Rather, the results from this hypothetical adverse case scenario provide a measure of the credit losses that the FHLBanks might incur if home price declines (and subsequent recoveries) are more adverse than those projected in each FHLBank's base case OTTI assessment.

Recent Accounting Developments

See *Note 2 - Recently Issued and Adopted Accounting Guidance* to the accompanying combined financial statements for a discussion regarding the effect of recently issued accounting guidance on the FHLBanks' combined financial condition, combined results of operations, or combined cash flows.

Legislative and Regulatory Developments

The legislative and regulatory environment in which each FHLBank and its members operate continues to evolve as a result of regulations enacted pursuant to the Housing Act and the Dodd-Frank Act. The FHLBanks' business operations, funding costs, rights, obligations, and/or the environment in which the FHLBanks carry out their mission are likely to continue to be significantly affected by these changes.

Certain regulatory actions since June 30, 2015 are summarized in this section. See *Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations - Legislative and Regulatory Developments* in the Federal Home Loan Banks Combined Financial Reports for the year ended December 31, 2014, for a description of certain legislative and regulatory developments that occurred prior to the publication of that report.

Joint Final Rule on Margin and Capital Requirements for Covered Swap Entities. In October 2015, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the Farm Credit Administration, and the FHFA (each an Agency and, collectively, the Agencies) jointly adopted final rules to establish minimum margin and capital requirements for registered swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants (Swap Entities) that are subject to the jurisdiction of one of the Agencies (such entities, Covered Swap Entities, and the joint final rules, the Final Margin Rules).

When they take effect, the Final Margin Rules will subject non-cleared swaps and non-cleared security-based swaps between Covered Swap Entities and financial end-users that have material swaps exposure (i.e., an average daily aggregate notional amount that exceeds $8 billion in non-cleared swaps calculated in accordance with the Final Margin Rules) to a mandatory two-way minimum initial margin requirement. The minimum amount of the initial margin required to be posted or collected would be either the amount calculated by the Covered Swap Entity using a standardized schedule set forth as an appendix to the Final Margin Rules, which provides the gross initial margin (as a percentage of total notional exposure) for certain asset classes, or an internal margin model of the Covered Swap Entity conforming to the requirements of the Final Margin Rules that is approved by the Agency having jurisdiction over the particular Covered Swap Entity.

The Final Margin Rules specify the types of collateral that may be posted or collected as initial margin for non-cleared swaps and non-cleared security-based swaps with financial end-users (generally cash, certain government and GSE securities, certain liquid debt, certain equity securities, certain eligible publicly traded debt, and gold), and set forth haircuts for certain collateral asset classes. Initial margin must be segregated with an independent, third-party custodian, and generally may not be rehypothecated, except that cash funds may be placed with a custodian bank in return for a general deposit obligation under certain specified circumstances.

The Final Margin Rules will require minimum variation margin to be exchanged daily for non-cleared swaps and non-cleared security-based swaps between Covered Swap Entities and all financial end-users (without regard to the swaps exposure of the particular financial end-user). The minimum variation margin amount is the daily mark-to-market change in the value of the swap to the Covered Swap Entity, taking into account variation margin previously posted or collected. For non-cleared swaps and security-based swaps between Covered Swap Entities and financial end-users, variation margin may be posted or collected in cash or non-cash collateral that is considered eligible for initial margin purposes. Variation margin is not subject to segregation with an independent, third-party custodian, and may, if permitted by contract, be rehypothecated.

The variation margin requirement under the Final Margin Rules will become effective for the FHLBanks on March 1, 2017, and the initial margin requirement under the Final Margin Rules is expected to become effective for the FHLBanks on September 1, 2020.

No FHLBank is a Covered Swap Entity under the Final Margin Rules. But the FHLBanks are financial end-users under the Final Margin Rules, and may have material swaps exposure when the initial margin requirements under the Final Margin Rules become effective.

Because each FHLBank is currently posting and collecting variation margin on non-cleared swaps, it is not anticipated that the variation margin requirement under the Final Margin Rules will have a material impact on FHLBank costs. However, when the initial margin requirements under the Final Margin Rules become effective, each FHLBank anticipates that its cost of engaging in non-cleared swaps may increase.

The Commodity Futures Trading Commission (CFTC) and the SEC are expected to adopt their own versions of the Final Margin Rules that will be comparable to the Final Margin Rules. The CFTC's and SEC's rules will only apply to a limited number of registered swap dealers, security-based swap dealers, major swap participants, and major security-based swap participants that are not subject to the jurisdiction of one of the Agencies. The FHLBanks will assess the effect of these final rules once adopted.

FHFA Core Mission Achievement Advisory Bulletin 2015-05. On July 14, 2015, the FHFA issued an advisory bulletin that provides guidance relating to a core mission asset ratio by which the FHFA will assess each FHLBank's core mission achievement. The FHFA plans to assess core mission achievement by using a ratio of primary mission assets, which includes advances and mortgage loans acquired from members (also referred to as acquired member assets), to consolidated obligations. The core mission asset ratio will be calculated at year-end 2015, and annually thereafter as part of the FHFA's examination process, using annual average par values.

The advisory bulletin provides the FHFA's expectations for each FHLBank's strategic plan based on its ratio, which are:

- when the ratio is at least 70% or higher, the strategic plan should include an assessment of that FHLBank's prospects for maintaining this level;

- when the ratio is at least 55% but less than 70%, the strategic plan should explain that FHLBank's plan to increase its mission focus; and

- when the ratio is below 55%, the strategic plan should include an explanation of the circumstances that caused the ratio to be at that level and detailed plans to increase the ratio. The advisory bulletin provides that if an FHLBank maintains a ratio below 55% over the course of several consecutive reviews, then that FHLBank's board of directors should consider possible strategic alternatives.

Recent Rating Agency Actions

Since January 1, 2015, no rating agency actions occurred with regard to the FHLBanks or their consolidated obligations. At October 31, 2015, consolidated obligations were rated Aaa/P-1 by Moody's and AA+/A-1+ by S&P. Table 26 presents each FHLBank's long-term credit rating, short-term credit rating, and outlook at October 31, 2015.

Table 26 - FHLBanks' Long-Term Credit Ratings, Short-Term Credit Ratings, and Outlook at October 31, 2015

	S&P		Moody's	
	Long-Term/ Short-Term Rating	Outlook	Long-Term/ Short-Term Rating	Outlook
Boston	AA+/A-1+	Stable	Aaa/P-1	Stable
New York	AA+/A-1+	Stable	Aaa/P-1	Stable
Pittsburgh	AA+/A-1+	Stable	Aaa/P-1	Stable
Atlanta	AA+/A-1+	Stable	Aaa/P-1	Stable
Cincinnati	AA+/A-1+	Stable	Aaa/P-1	Stable
Indianapolis	AA+/A-1+	Stable	Aaa/P-1	Stable
Chicago	AA+/A-1+	Stable	Aaa/P-1	Stable
Des Moines	AA+/A-1+	Stable	Aaa/P-1	Stable
Dallas	AA+/A-1+	Stable	Aaa/P-1	Stable
Topeka	AA+/A-1+	Stable	Aaa/P-1	Stable
San Francisco	AA+/A-1+	Stable	Aaa/P-1	Stable

Risk Management

The fundamental business of each FHLBank is to provide a readily available, competitively-priced source of funds, in a wide range of maturities, to meet the borrowing demands of its members and housing associates. The principal sources of funds for these activities are the proceeds from the issuance of consolidated obligations and, to a lesser extent, capital and deposits from members. Lending and investing funds, and engaging in derivative transactions, can potentially expose the FHLBanks to a number of risks, including market risk and credit risk. (See *Quantitative and Qualitative Disclosures about Market Risk* for a discussion of market risk.) The FHLBanks are also subject to liquidity risk, operational risk, and business risk. Each FHLBank has established policies and procedures to evaluate, manage, and control these risks and must file periodic compliance reports with the FHFA. The FHFA has established regulations governing the risk management practices of the FHLBanks and conducts an annual on-site examination, interim on-site visits of each FHLBank and the Office of Finance, as well as off-site analyses.

Credit Risk

Advances. Each FHLBank manages its credit exposure to advances through an integrated approach that provides for the ongoing review of the financial condition of its borrowers coupled with conservative collateral and lending policies and procedures to limit its risk of loss while balancing its borrowers' needs for a reliable source of funding. Each FHLBank uses a methodology to evaluate its member and non-member borrowers, based on financial, regulatory, and other qualitative information, including examination reports. Each FHLBank reviews its borrowers' financial condition on an ongoing basis using current information and makes changes to its collateral guidelines to mitigate the credit risk on advances. As of September 30, 2015, the management of each FHLBank believed it had adequate policies and procedures in place to manage its credit risk on advances effectively.

The FHLBanks protect against credit risk on advances by collateralizing all advances. Advances and other credit product obligations to an FHLBank are fully secured with eligible collateral, the value of which is discounted to protect the FHLBanks from credit loss. Eligible collateral values are determined by the market value for securities collateral, and the market value or unpaid principal balance for all loan collateral. Collateral verifications and on-site reviews are performed by the FHLBanks based on the risk profile of the borrower. At September 30, 2015, each FHLBank had rights to collateral with an estimated value greater than the related outstanding advances. (See *Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations - Risk Management - Credit Risk - Advances*, pages 83 to 86 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for information on eligible collateral and effective lending values.)

As of September 30, 2015, there were 86 individual FHLBank borrowers (83 FHLBank members and three non-member financial institutions) that each held advance balances of at least $1.0 billion. When a non-member financial institution acquires some or all of the assets and liabilities of an FHLBank member, including outstanding advances and FHLBank capital stock, an FHLBank may allow those advances to remain outstanding to that non-member financial institution. The non-member borrower would be required to meet all of that FHLBank's credit and collateral requirements, including requirements regarding creditworthiness and collateral borrowing capacity. A borrower's total credit obligation to an FHLBank could include outstanding advances, outstanding letters of credit, collateralized derivative contracts, and credit enhanced obligations on mortgage loans sold to the FHLBank. Eligible collateral values include market values for securities and the unpaid principal balance for all other collateral pledged by the blanket lien, listing, or delivery method. The collateralization ratio was 2.4 at September 30, 2015, which represents the total of these 86 individual FHLBank borrowers' eligible collateral divided by these borrowers' advances and other credit products outstanding. The collateralization ratio for all borrowers was 2.9 at September 30, 2015. However, individual borrower credit obligations to the FHLBanks are not cross-collateralized between borrowers.

Table 27 presents advances, other credit products (which primarily includes letters of credit), and collateral outstanding for borrowers with at least $1.0 billion of advances outstanding as compared to all borrowers.

Table 27 - Advances, Other Credit Products, and Collateral Outstanding
(dollars in millions)

	September 30, 2015		
	Borrowers with at Least $1.0 Billion of Advances Outstanding	All Borrowers	Percentage
Advances outstanding, at par	$ 398,310	$ 586,233	67.9%
Other credit products outstanding, at par	$ 64,231	$ 112,178	57.3%
Collateral outstanding	$ 1,105,202	$ 2,033,486	54.4%

Based on the financial condition of the borrower, each FHLBank classifies each borrower by the method of pledging collateral into one of three collateral categories: (1) blanket lien status; (2) listing (specific identification) status; or (3) delivery (possession) status. The blanket lien status is the least restrictive collateral status, and is generally assigned to lower risk institutions pledging collateral. Under the blanket lien status, an individual FHLBank allows a borrower to retain possession of eligible collateral pledged to that FHLBank, provided the borrower executes a written security agreement and agrees to hold the collateral for the benefit of that FHLBank. Origination of new advances or renewal of advances must only be supported by certain eligible collateral categories. A blanket lien is typically accepted by an FHLBank only for loan collateral; most securities collateral must be delivered to an FHLBank, or an FHLBank-approved third-party custodian, and pledged for the benefit of that FHLBank.

An FHLBank may require borrowers to provide a detailed listing of eligible advance collateral being pledged to the FHLBank due to their high usage of FHLBank credit products, the type of assets being pledged, or the credit condition of the borrower. Under the listing status, the borrower retains physical possession of specific collateral pledged to an FHLBank, but the borrower provides listings of loans pledged to its FHLBank with detailed loan information, such as loan amount, payments, maturity date, interest rate, loan-to-value, collateral type, and FICO® scores. From a borrower's perspective, the benefit of listing collateral in lieu of a blanket lien security agreement is that, in some cases, the discount or haircut applicable to that collateral may be lower than that for blanket lien collateral. From an FHLBank's perspective, the benefit of listing collateral is that it provides more detailed loan information to arrive at a more precise valuation.

Under the delivery status, an FHLBank requires the borrower to place physical possession of eligible collateral with the FHLBank or a third-party custodian to sufficiently secure all outstanding obligations. Typically, an FHLBank would take physical possession or control of collateral if the financial condition of the borrower was deteriorating or if the borrower exceeded certain credit product usage triggers. However, to ensure its position as a first-priority secured creditor, an FHLBank will generally require insurance company borrowers to place physical possession of all pledged eligible collateral with the FHLBank or deposit it with a custodian or control agent. Delivery of collateral may also be required if there is a regulatory action against the borrower by its regulator that would indicate inadequate controls or other conditions that would be of concern to that FHLBank.

Table 28 presents information on a combined basis regarding the type of collateral securing advances and other credit products outstanding.

Table 28 - Type of Collateral Securing Advances and Other Products Outstanding
(dollars in millions)

	September 30, 2015							
	Blanket Lien		Listing		Delivery		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Single-family mortgage loans (1)	$ 416,203	20.5%	$ 642,769	31.6%	$ 17,703	0.9%	$ 1,076,675	53.0%
Commercial real estate loans	261,672	12.9%	74,030	3.7%	23,608	1.2%	359,310	17.8%
Home equity loans and lines of credit	83,172	4.1%	83,960	4.1%	700	—%	167,832	8.2%
Multifamily mortgage loans	59,732	2.9%	87,753	4.3%	8,186	0.4%	155,671	7.6%
U.S. agency MBS and collateralized mortgage obligations	—	N/A	—	N/A	97,387	4.8%	97,387	4.8%
Other real estate loans	38,998	1.9%	5,978	0.3%	730	—%	45,706	2.2%
Community Financial Institutions loans	34,586	1.7%	2,144	0.1%	213	—%	36,943	1.8%
Commercial MBS	—	N/A	—	N/A	32,571	1.6%	32,571	1.6%
U.S. agency securities (excluding MBS)	—	N/A	—	N/A	20,966	1.0%	20,966	1.0%
Private-label MBS and collateralized mortgage obligations	—	N/A	—	N/A	4,162	0.2%	4,162	0.2%
Other	551	—%	—	N/A	35,712	1.8%	36,263	1.8%
Total collateral	$ 894,914	44.0%	$ 896,634	44.1%	$ 241,938	11.9%	$ 2,033,486	100.0%

(1) Includes Federal Housing Administration and Department of Veterans Affairs loans.
N/A Collateral is not pledged using this pledging method.

Member Failures. The financial condition of all members and housing associates is closely monitored for compliance with financial criteria as set forth in each FHLBank's credit policies. During the nine months ended September 30, 2015, no FHLBank incurred any credit loss on any of its advances, including advances to failed borrowers. During the same period, five of the six FDIC-insured institutions that failed were members of the FHLBanks with approximately $549 million of advances outstanding at the time of the failure, all of which were either assumed by another member or repaid by the FDIC.

Investments. The FHLBanks are subject to credit risk on investments consisting of investment securities, interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold. These investments are generally transacted with government agencies and large financial institutions that are considered by an individual FHLBank to be of investment quality. FHFA regulation defines investment quality as a determination by an FHLBank, with respect to a security, that there is adequate financial backing so that full and timely payment of principal and interest on such a security is expected, and there is minimal risk that the timely payment of principal and interest would not occur because of adverse changes in economic and financial conditions during the projected life of the security.

The FHLBanks maintain short-term investment portfolios, which may provide funds to meet the credit needs of their members and to maintain liquidity. Within this portfolio of short-term investments, the FHLBanks have unsecured credit exposure on certain investments.

The FHLBanks maintain long-term investment portfolios primarily to provide additional liquidity and to earn interest income. These investments generally provide the FHLBanks with higher returns than those available on short-term investments. Within this portfolio of long-term investments, the FHLBanks are primarily subject to credit risk related to private-label mortgage-backed securities that are either directly or indirectly supported by underlying mortgage loans.

Regulatory Restrictions on Investments. To minimize credit risk on investments, the FHLBanks are prohibited by FHFA regulations from investing in certain security types. (*See Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operation - Risk Management* on page 87 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for additional information regarding the regulatory restrictions on investments.)

Investment Quality and Ratings. The FHLBanks reduce the credit risk by investing in investment quality securities. The FHLBanks consider a variety of credit quality factors when analyzing potential investments, including collateral performance, marketability, asset class or sector considerations, local and regional economic conditions, credit ratings based on the nationally recognized statistical rating organization(s), and/or the financial health of the underlying issuer. Table 29 presents the credit rating of the investment securities held by the FHLBanks as of September 30, 2015 and December 31, 2014, using the lowest long-term credit rating for each security owned by an individual FHLBank based on the nationally recognized statistical rating organization(s) used by that FHLBank. The internal ratings of an individual FHLBank may differ from those obtained from the nationally recognized statistical rating organization(s) and other FHLBank internal ratings.

Table 29 - Investment Ratings
(dollars in millions)

	September 30, 2015(1)(2)						
Carrying Value	**Triple-A**	**Double-A**	**Single-A**	**Triple-B**	**Below Triple-B**	**Unrated**	**Total**
Interest-bearing deposits	$ —	$ 1	$ 1,660	$ 35	$ —	$ —	$ 1,696
Securities purchased under agreements to resell	10,800	24,024	2,400	11,060	425	2,610	51,319
Federal funds sold	—	9,208	19,965	1,818	—	20	31,011
Total investment securities by major security type							
Non-mortgage backed securities							
U.S. Treasury obligations	—	307	—	—	—	—	307
Certificates of deposit	—	700	300	—	—	—	1,000
Other U.S. obligations	—	6,258	—	—	—	—	6,258
GSE and Tennessee Valley Authority obligations	—	25,777	—	—	—	—	25,777
State or local housing agency obligations	1,700	1,729	446	—	—	2	3,877
Federal Family Education Loan Program ABS	29	5,491	—	—	—	—	5,520
Other	810	105	512	—	—	43	1,470
Total non-mortgage-backed securities	2,539	40,367	1,258	—	—	45	44,209
Mortgage-backed securities							
Other U.S. obligations single-family MBS	258	15,140	—	—	—	—	15,398
Other U.S. obligations multifamily MBS	—	794	—	—	—	—	794
GSE single-family MBS	—	60,236	16	—	10	—	60,262
GSE multifamily MBS	464	43,397	—	—	—	—	43,861
Private-label residential MBS	10	43	226	1,288	12,707	29	14,303
Manufactured housing loan ABS	—	—	91	—	—	—	91
Home equity loan ABS	1	6	99	31	80	—	217
Total mortgage-backed securities	733	119,616	432	1,319	12,797	29	134,926
Total investment securities	3,272	159,983	1,690	1,319	12,797	74	179,135
Total investments	$ 14,072	$ 193,216	$ 25,715	$ 14,232	$ 13,222	$ 2,704	$ 263,161

Carrying Value	December 31, 2014(2)(3) Triple-A	Double-A	Single-A	Triple-B	Below Triple-B	Unrated	Total
Interest-bearing deposits	$ —	$ 1	$ 1,568	$ —	$ —	$ —	$ 1,569
Securities purchased under agreements to resell	2,536	10,993	3,250	4,450	710	3,480	25,419
Federal funds sold	—	14,773	35,861	1,814	—	325	52,773
Total investment securities by major security type							
Non-mortgage backed securities							
U.S. Treasury obligations	—	526	—	—	—	—	526
Certificates of deposit	—	950	756	—	—	—	1,706
Other U.S. obligations	—	7,404	118	—	—	—	7,522
GSE and Tennessee Valley Authority obligations	—	29,974	—	—	—	—	29,974
State or local housing agency obligations	1,744	1,731	454	39	—	2	3,970
Federal Family Education Loan program ABS	12	6,209	—	—	—	—	6,221
Other	807	105	411	—	—	34	1,357
Total non-mortgage-backed securities	2,563	46,899	1,739	39	—	36	51,276
Mortgage-backed securities							
Other U.S. obligations single-family MBS	284	14,034	—	—	—	—	14,318
Other U.S. obligations multifamily MBS	—	988	—	—	—	—	988
GSE single-family MBS	—	68,383	19	—	12	—	68,414
GSE multifamily MBS	466	36,607	—	—	—	—	37,073
Private-label residential MBS	20	114	324	1,542	16,013	27	18,040
Manufactured housing loan ABS	—	—	105	—	—	—	105
Home equity loan ABS	1	7	109	35	90	—	242
Total mortgage-backed securities	771	120,133	557	1,577	16,115	27	139,180
Total investment securities	3,334	167,032	2,296	1,616	16,115	63	190,456
Total investments	$ 5,870	$ 192,799	$ 42,975	$ 7,880	$ 16,825	$ 3,868	$ 270,217

(1) Does not reflect any changes in ratings, outlook, or watch status occurring after September 30, 2015.
(2) Investment amounts represent the carrying value and do not include related accrued interest.
(3) Does not reflect any changes in ratings, outlook, or watch status occurring after December 31, 2014.

Long-term Investments. Within the portfolio of long-term investments, the FHLBanks are primarily subject to credit risk related to private-label mortgage-backed securities that are either directly or indirectly supported by underlying mortgage loans. The FHLBanks invested in private-label mortgage-backed securities, which consisted of private-label residential MBS and private-label commercial MBS, manufactured housing loan ABS, and home equity loan ABS. Each private-label mortgage-backed security may contain one or more forms of credit protection/enhancements, including, but not limited to, (1) guarantee of principal and interest, (2) subordination, (3) over-collateralization and excess interest, and (4) insurance wrap. Credit enhancement achieved through subordination features results in the subordination of payments to junior classes to support cash flows received by senior classes held by investors such as the FHLBanks.

Although the FHLBanks invested in private-label mortgage-backed securities that at the date of purchase were substantially all rated triple-A, many of these securities have incurred credit losses based on economic conditions and housing market trends.

Current credit enhancement percentages reflect the ability of subordinated classes of securities to absorb principal losses and interest shortfalls before the senior classes held by the FHLBanks are affected (i.e., the losses, expressed as a percentage of the outstanding principal balances, that could be incurred in the underlying loan pools before the securities held by the FHLBanks would be affected, assuming that all of those losses occurred on the measurement date). Depending on the timing and amount of losses in the underlying loan pools, it is possible that the senior classes held by the FHLBanks could have losses in scenarios where the cumulative loan losses do not exceed the current credit enhancement percentage.

Table 30 presents collateral performance and credit enhancement information related to private-label mortgage-backed securities at September 30, 2015. No FHLBank has purchased private-label mortgage-backed securities since 2008.

Table 30 - Credit Ratings of Private-Label Mortgage-Backed Securities at September 30, 2015
(dollars in millions)

	Total by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
Unpaid Principal Balance (UPB) by credit rating(1)						
Triple-A	$ 11	$ —	$ —	$ —	$ —	$ 11
Double-A	48	—	—	—	9	39
Single-A	420	—	—	16	47	357
Triple-B	1,328	—	—	8	179	1,141
Double-B	1,468	—	13	9	321	1,125
Single-B	1,403	115	207	77	326	678
Triple-C	5,618	46	2,158	886	2,190	338
Double-C	1,717	144	200	652	665	56
Single-C	807	69	358	233	147	—
Single-D	4,533	—	1,349	2,082	1,093	9
Unrated	32	—	—	17	—	15
Total	$ 17,385	$ 374	$ 4,285	$ 3,980	$ 4,977	$ 3,769
Amortized cost	$ 14,885	$ 335	$ 3,499	$ 2,986	$ 4,357	$ 3,708
Gross unrealized losses(2)	(580)	(10)	(110)	(244)	(141)	(75)
Fair value	15,271	337	3,585	3,272	4,384	3,693
Credit losses(3)						
Total OTTI	$ (28)	$ —	$ (16)	$ (4)	$ (8)	$ —
AOCI(4)	7	—	4	(1)	4	—
Credit losses(5)	$ (21)	$ —	$ (12)	$ (5)	$ (4)	$ —
Fair value to UPB	87.8%	90.3%	83.7%	82.2%	88.1%	98.0%

	Prime(6) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(1)						
Double-A	$ 32	$ —	$ —	$ —	$ —	$ 32
Single-A	110	—	—	—	7	103
Triple-B	1,001	—	—	—	171	830
Double-B	1,028	—	13	2	241	772
Single-B	619	—	85	35	143	356
Triple-C	1,091	46	357	29	489	170
Double-C	443	144	64	37	187	11
Single-C	458	69	237	99	53	—
Single-D	2,133	—	562	1,364	200	7
Unrated	28	—	—	17	—	11
Total	$ 6,943	$ 259	$ 1,318	$ 1,583	$ 1,491	$ 2,292
Amortized cost	$ 6,193	$ 221	$ 1,051	$ 1,288	$ 1,357	$ 2,276
Gross unrealized losses(2)	(244)	—	(13)	(168)	(18)	(45)
Fair value	6,386	235	1,125	1,381	1,401	2,244
Credit losses(3)						
Total OTTI	$ (7)	$ —	$ (4)	$ (1)	$ (2)	$ —
AOCI(4)	(4)	—	(4)	(1)	1	—
Credit losses	$ (11)	$ —	$ (8)	$ (2)	$ (1)	$ —
Weighted-average percentage						
Fair value to UPB	92.0%	91.0%	85.4%	87.2%	93.9%	97.9%
Original credit support(7)	10.1%	24.7%	15.6%	10.9%	10.3%	4.7%
Credit support(8)	6.5%	9.6%	1.2%	0.5%	7.8%	12.6%
Collateral delinquency(9)	11.0%	14.9%	14.2%	13.3%	9.8%	7.8%

	Alt-A(6)(10) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(1)						
Triple-A	$ 10	$ —	$ —	$ —	$ —	$ 10
Double-A	10	—	—	—	9	1
Single-A	110	—	—	16	38	56
Triple-B	274	—	—	—	8	266
Double-B	399	—	—	—	80	319
Single-B	696	115	118	—	175	288
Triple-C	4,418	—	1,801	781	1,698	138
Double-C	929	—	136	318	469	6
Single-C	231	—	121	16	94	—
Single-D	2,383	—	787	703	893	—
Unrated	2	—	—	—	—	2
Total	$ 9,462	$ 115	$ 2,963	$ 1,834	$ 3,464	$ 1,086
Amortized cost	$ 7,967	$ 114	$ 2,444	$ 1,348	$ 2,983	$ 1,078
Gross unrealized losses(2)	(272)	(10)	(97)	(19)	(122)	(24)
Fair value	8,054	102	2,456	1,464	2,963	1,069
Credit losses(3)						
Total OTTI	$ (21)	$ —	$ (12)	$ (3)	$ (6)	$ —
AOCI(4)	11	—	8	—	3	—
Credit losses(5)	$ (10)	$ —	$ (4)	$ (3)	$ (3)	$ —
Weighted-average percentage						
Fair value to UPB	85.1%	88.7%	82.9%	79.8%	85.5%	98.4%
Original credit support(7)	22.0%	31.8%	32.0%	23.2%	16.9%	8.0%
Credit support(8)	9.0%	23.7%	11.2%	3.0%	7.0%	17.7%
Collateral delinquency(9)	18.9%	9.7%	22.9%	22.4%	16.3%	11.3%

	Subprime (6) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(1)						
Triple-A	$ 1	$ —	$ —	$ —	$ —	$ 1
Double-A	6	—	—	—	—	6
Single-A	200	—	—	—	2	198
Triple-B	53	—	—	8	—	45
Double-B	41	—	—	7	—	34
Single-B	88	—	4	42	8	34
Triple-C	109	—	—	76	3	30
Double-C	345	—	—	297	9	39
Single-C	118	—	—	118	—	—
Single-D	17	—	—	15	—	2
Unrated	2	—	—	—	—	2
Total	$ 980	$ —	$ 4	$ 563	$ 22	$ 391
Amortized cost	$ 725	$ —	$ 4	$ 350	$ 17	$ 354
Gross unrealized losses(2)	(64)	—	—	(57)	(1)	(6)
Fair value	831	—	4	427	20	380
Credit losses(3)						
Total OTTI	$ —	$ —	$ —	$ —	$ —	$ —
AOCI(4)	—	—	—	—	—	—
Credit losses	$ —	$ —	$ —	$ —	$ —	$ —
Weighted-average percentage						
Fair value to UPB	84.8%	—	98.6%	75.7%	92.7%	97.3%
Original credit support(7)	38.5%	—	23.0%	22.5%	21.1%	62.8%
Credit support(8)	25.7%	—	49.3%	18.6%	30.8%	35.4%
Collateral delinquency(9)	23.9%	—	32.3%	29.5%	25.9%	15.6%

(1) Represents the lowest rating available for each security owned by an individual FHLBank based on the nationally recognized statistical rating organization(s) used by that FHLBank. The internal ratings of an individual FHLBank may differ from those obtained from the nationally recognized statistical rating organization(s) and other FHLBank internal ratings.
(2) Represents total gross unrealized losses including non-credit-related other-than-temporary impairment recognized in AOCI. The unpaid principal balance and amortized cost of private-label mortgage-backed securities in a gross unrealized loss position was $8,388 million and $7,579 million at September 30, 2015.
(3) The credit losses presented are for the nine months ended September 30, 2015.
(4) Represents the net amount of other-than-temporary impairment losses reclassified to/(from) AOCI.
(5) Does not include $52 million of OTTI charges related to AFS private-label mortgage-backed securities for the nine months ended September 30, 2015, that the FHLBank of Seattle intended to sell and subsequently sold.
(6) The FHLBanks classify securities as prime, Alt-A, and subprime based on the originator's classification at the time of origination or based on classification by a nationally recognized statistical rating organization upon issuance of the securities.
(7) Original weighted-average credit support is based on the credit support at the time of issuance and is determined based on the unpaid principal balance of the individual securities in the category and their respective original credit support.
(8) Weighted-average credit support is based on the credit support as of September 30, 2015, and is determined based on the unpaid principal balance of the individual securities in the category and their respective credit support as of September 30, 2015.
(9) Weighted-average collateral delinquency rate is determined based on the underlying loans that are 60 days or more past due and is determined based on the unpaid principal balance of the individual securities in the category and their respective delinquencies.
(10) The FHLBanks held a total of $1,337 million in Alt-A option adjustable-rate mortgages, of which $973 million are in a gross unrealized loss position based on their unpaid principal balance at September 30, 2015.

Monoline Bond Insurance. Certain FHLBank investment securities portfolios include a limited number of investments that are insured by monoline bond insurers. The monoline bond insurance on these investments guarantees the timely payment of principal and interest if these payments cannot be satisfied from the cash flows of the underlying mortgage collateral.

The monoline bond insurers continue to be subject to adverse ratings, rating downgrades, and weak financial performance measures. Adverse ratings or rating downgrades imply an increased risk that the monoline bond insurer will fail to fulfill its obligations to reimburse the insured investor for claims made under the related insurance policies. There are five monoline bond insurers that insure the affected FHLBanks' investment securities. Of the five monoline bond insurers, the financial guarantee from Assured Guaranty Municipal Corp. is considered sufficient to cover all future claims and therefore excluded from the burnout period analysis. Conversely, the key burnout period for monoline bond insurers Financial Guaranty Insurance Company and Syncora Guarantee Inc. are not considered applicable due to regulatory intervention that has suspended all claims, and the affected FHLBanks have placed no reliance on these monoline insurers. For the remaining monoline bond insurers, the affected FHLBanks established burnout periods ending on September 30, 2016, for MBIA Insurance Corp., and on September 30, 2019, for Ambac Assurance Corp. In addition, Ambac Assurance Corp. reimbursements are limited to 45% of new claims during the burnout period. The affected FHLBanks monitor the financial condition of these monoline bond insurers on an ongoing basis, and, as facts and circumstances change, the burnout period could significantly change.

As of September 30, 2015, total monoline bond insurance coverage was $353 million, of which $253 million represents the FHLBanks' private-label MBS covered by the monoline bond insurance that the FHLBanks were relying on at September 30, 2015, for modeling cash flows. Of the $253 million, 85.5% represents subprime loans and 14.5% represents Alt-A loans. The FHLBanks classify securities as prime, Alt-A, and subprime based on the originator's classification at the time of origination or based on classification by a nationally recognized statistical rating organization upon issuance of the securities.

Short-term Investments. The FHLBanks maintain short-term investment portfolios, which may provide funds to meet the credit needs of their members and to maintain liquidity. The FHLBank Act and FHFA regulations set liquidity requirements for the FHLBanks, and an individual FHLBank's board of directors may also adopt additional liquidity policies. In addition, each FHLBank maintains a contingency liquidity plan in the event of operational disruptions at either the FHLBanks or the Office of Finance. (See *Liquidity* for a discussion of the FHLBanks' liquidity management.)

Within the portfolio of short-term investments, the FHLBanks are subject to credit risk from unsecured credit exposures with private counterparties. Each FHLBank manages its own credit risk independently. The FHLBanks' unsecured credit investments have maturities ranging between overnight and nine months and generally include the following types:

- *Interest-bearing deposits.* Consists primarily of unsecured deposits that earn interest.
- *Federal funds sold.* Unsecured loans of reserve balances at the Federal Reserve Banks between financial institutions that are made on an overnight and term basis.
- *Commercial paper.* Unsecured debt issued by corporations, typically for the financing of accounts receivable, inventories, and meeting short-term liabilities.
- *Certificates of deposit.* Unsecured negotiable promissory notes issued by banks and payable to the bearer on demand.

Table 31 presents the FHLBanks' unsecured credit exposure with private counterparties by investment type. At September 30, 2015, the FHLBanks had aggregate unsecured credit exposure from investments of $1 billion or more to each of nine private counterparties. The aggregate unsecured credit exposure to these counterparties represented 79.8% of the FHLBanks' total unsecured investment credit exposure to private counterparties. The unsecured investment credit exposure presented in Table 31 does not reflect the average or maximum exposure during the period, as the balances presented reflect the balances at period end.

Table 31 - Unsecured Credit Exposure by Investment Type
(dollars in millions)

Carrying Value(1)(2)	September 30, 2015	December 31, 2014
Interest-bearing deposits	$ 1,695	$ 1,568
Federal funds sold	31,011	52,773
Certificates of deposit	1,000	1,706
Total	$ 33,706	$ 56,047

(1) Excludes unsecured investment credit exposure to U.S. government, U.S. government agencies, government instrumentalities, government-sponsored enterprises, and supranational entities and does not include related accrued interest.
(2) May include unsecured investment credit exposure to members. (See *Security Ownership of Certain Beneficial Owners and Certain Relationships and Related Transactions* for further discussion of related-party transactions.)

Each FHLBank actively monitors its credit exposures and the credit quality of its counterparties, including an assessment of each counterparty's financial performance, capital adequacy, sovereign support, and the current market perceptions of the counterparties. General macroeconomic, political, and market conditions may also be considered when deciding on unsecured exposure. As a result, the FHLBanks may limit or suspend existing exposures.

FHFA regulations include limits on the amount of unsecured credit an individual FHLBank may extend to a counterparty or to a group of affiliated counterparties. This limit is based on a percentage of eligible capital and the counterparty's overall credit rating. Under these regulations, the level of eligible capital is determined as the lesser of an individual FHLBank's total regulatory capital or the eligible amount of Tier 1 capital or regulatory capital of the counterparty. The eligible amount of capital is then multiplied by a stated percentage. The percentage that an FHLBank may offer for term extensions of unsecured credit ranges from 1% to 15% based on the counterparty's credit rating. The calculation of term extensions of unsecured credit includes on-balance sheet transactions, off-balance sheet commitments, and derivative transactions. (See *Credit Risk - Derivative Counterparties* for additional information related to derivatives exposure.)

FHFA regulation also permits the FHLBanks to extend additional unsecured credit for sales of federal funds with a maturity of one day or less and sales of federal funds subject to a continuing contract that renews automatically. An FHLBank's total unsecured exposure to a counterparty may not exceed twice the regulatory limit for term exposures, or a total of 2% to 30% of the eligible amount of capital, based on the counterparty's credit rating. As of September 30, 2015, each of the FHLBanks was in compliance with the regulatory limits established for unsecured credit.

The FHLBanks are prohibited by FHFA regulation from investing in financial instruments issued by non-U.S. entities, other than those issued by U.S. branches and agency offices of foreign commercial banks. The FHLBanks' unsecured credit exposures to U.S. branches and agency offices of foreign commercial banks include the risk that, as a result of political or economic conditions in a country, the counterparty may be unable to meet its contractual repayment obligations. The FHLBanks' unsecured credit exposures to domestic counterparties and U.S. subsidiaries of foreign commercial banks include the risk that these counterparties have extended credit to foreign counterparties. The FHLBanks are in compliance with the regulation and did not own any financial instruments issued by non-U.S. entities other than those issued by U.S. branches and agency offices of foreign commercial banks as of September 30, 2015.

As of September 30, 2015, the FHLBanks' unsecured investment credit exposure to U.S. branches and agency offices of foreign commercial banks was comprised of federal funds sold and certificates of deposit. As of September 30, 2015, 88.6% of the FHLBanks' unsecured investments in federal funds sold and 70.0% of the FHLBanks' unsecured investment in certificates of deposit were to U.S. branches and agency offices of foreign commercial banks.

Table 32 presents the lowest long-term credit ratings of the unsecured investment credit exposures presented by the domicile of the counterparty or the domicile of the counterparty's immediate parent for U.S. branches and agency offices of foreign commercial banks based on the nationally recognized statistical rating organization(s) used by the individual FHLBank holding the investment. This table does not reflect the foreign sovereign government's credit rating.

Table 32 - Ratings of Unsecured Investment Credit Exposure by Domicile of Counterparty
(dollars in millions)

	September 30, 2015(1)				
	Investment Grade				
Carrying Value(2)	Double-A	Single-A	Triple-B	Unrated	Total
Domestic	$ —	$ 3,297	$ 1,853	$ 20	$ 5,170
U.S. subsidiaries of foreign commercial banks	—	350	—	—	350
Total domestic and U.S. subsidiaries of foreign commercial banks	—	3,647	1,853	20	5,520
U.S. branches and agency offices of foreign commercial banks					
Finland	6,458	500	—	—	6,958
Netherlands	—	6,252	—	—	6,252
Germany	1,100	3,829	—	—	4,929
Canada	1,400	3,250	—	—	4,650
France	—	2,947	—	—	2,947
Sweden	150	700	—	—	850
Australia	800	—	—	—	800
Norway	—	800	—	—	800
Total U.S. branches and agency offices of foreign commercial banks	9,908	18,278	—	—	28,186
Total unsecured investment credit exposure	$ 9,908	$ 21,925	$ 1,853	$ 20	$ 33,706

(1) Does not reflect any changes in ratings, outlook, or watch status occurring after September 30, 2015. The ratings presented in this table represent the lowest long-term rating available for each security owned by an individual FHLBank, based on the nationally recognized statistical rating organization(s) used by that FHLBank. The internal ratings of an individual FHLBank may differ from those obtained from the nationally recognized statistical rating organization(s) and other FHLBank internal ratings.
(2) Excludes unsecured investment credit exposure to U.S. government, U.S. government agencies, government instrumentalities, government-sponsored enterprises, and supranational entities and does not include related accrued interest.

Table 33 presents the contractual maturity of the FHLBanks' unsecured investment credit exposure by the domicile of the counterparty or the domicile of the counterparty's immediate parent for U.S. branches and agency offices of foreign commercial banks. The FHLBanks also reduce the credit risk on investments by generally investing in investments that have short-term maturities. At September 30, 2015, 97.0% of the carrying value of the total unsecured investments held by the FHLBanks had overnight maturities.

Table 33 - Contractual Maturity of Unsecured Investment Credit Exposure by Domicile of Counterparty
(dollars in millions)

	September 30, 2015		
Carrying Value(1)	Overnight	Due 2 days through 30 days	Total
Domestic	$ 4,870	$ 300	$ 5,170
U.S. subsidiaries of foreign commercial banks	350	—	350
Total domestic and U.S. subsidiaries of foreign commercial banks	5,220	300	5,520
U.S. branches and agency offices of foreign commercial banks			
Finland	6,808	150	6,958
Netherlands	6,252	—	6,252
Germany	4,629	300	4,929
Canada	4,550	100	4,650
France	2,947	—	2,947
Sweden	700	150	850
Australia	800	—	800
Norway	800	—	800
Total U.S. branches and agency offices of foreign commercial banks	27,486	700	28,186
Total unsecured investment credit exposure	$ 32,706	$ 1,000	$ 33,706

(1) Excludes unsecured investment credit exposure to U.S. government, U.S. government agencies, government instrumentalities, government-sponsored enterprises, and supranational entities and does not include related accrued interest.

Mortgage Loans Held for Portfolio. The FHFA's Acquired Member Asset regulation permits the FHLBanks to purchase and hold specified mortgage loans from their members. Each FHLBank has established or participated in the Acquired Member Asset programs such as the MPF Program and MPP as services to their members. Members and eligible housing associates may apply to become a participating financial institution (PFI) of their respective FHLBank. The mortgage loans purchased under these programs may carry more credit risk than advances, even though the respective member or housing associate provides credit enhancement and bears a portion of the credit risk.

Management at each FHLBank believes that it has adequate policies and procedures in place to manage credit risk on mortgage loans appropriately. (See *Note 10 - Allowance for Credit Losses* to the accompanying combined financial statements for additional information about mortgage loan credit quality indicators, allowance for credit losses, and delinquency statistics.)

Credit Exposure to Insurance Providers. In addition to credit risk associated with mortgage loans obtained through the Acquired Member Asset programs, the FHLBanks are exposed to the risk of non-performance of mortgage insurers that provide primary mortgage insurance (PMI) and supplemental mortgage insurance (SMI) coverage on mortgage loans. (See *Financial Discussion and Analysis of Combined Financial Condition and Combined Results of Operations - Risk Management - Credit Risk - Mortgage Loans Held for Portfolio*, pages 95 to 102 of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for information on loss allocation structures and mortgage insurance for MPF and MPP loans.)

As of October 31, 2015, all of the FHLBanks' PMI providers were rated from double-B to single-A, or were not rated by one or more nationally recognized statistical rating organization(s) for their claims-paying ability or insurer financial strength. As of September 30, 2015, the total unpaid principal balances and maximum coverage outstanding for seriously delinquent loans (90 days or more delinquent or in the process of foreclosure) with primary mortgage insurance were $64 million and $21 million for MPF loans, and $16 million and $5 million for MPP loans.

Each MPF FHLBank evaluates the claims-paying ability of its SMI providers. As a result of losses experienced in the mortgage markets, SMI providers may no longer meet the program's required credit standards. If an SMI provider no longer qualifies, the PFI must either replace the SMI policy or agree to act as a surety for any losses that would have been covered by the policy. If a PFI neither replaces the policy nor agrees to act as a surety, its MPF FHLBank would no longer pay the PFI credit enhancement fees. If a PFI agrees to act as a surety, it would continue to receive performance credit enhancement fees and its MPF FHLBank would require the PFI to collateralize its obligation to act as surety.

Each affected MPP FHLBank has evaluated the claims-paying ability of its SMI providers. These MPP FHLBanks determined that it is not necessary to increase the amount of required risk-based capital as a result of assigning a higher risk weighting to the assets covered by a downgraded SMI provider under the credit risk-based capital calculations.

Geographic Concentrations. Tables 34 and 35 provide the percentage of unpaid principal balance of conventional mortgage loans held for portfolio outstanding at September 30, 2015, for the five largest state concentrations, with comparable data at December 31, 2014. These tables show the state concentration on an aggregated basis for all FHLBanks that hold loans under the MPF Program and MPP. As a result, these tables do not necessarily reflect the actual state concentration with respect to each individual FHLBank.

Table 34 - State Concentrations of MPF Program

	September 30, 2015	December 31, 2014(1)
Iowa	8.9%	8.9%
Kansas	8.8%	8.2%
Pennsylvania	7.6%	7.1%
New York	6.5%	5.9%
Massachusetts	6.2%	5.8%
All other	62.0%	64.1%
Total	100.0%	100.0%

(1) Calculated percentage based on unpaid principal balance of conventional loans at the end of the period. The state concentrations reflect the top five states at September 30, 2015.

Table 35 - State Concentrations of MPP

	September 30, 2015	December 31, 2014(1)
Ohio	32.3%	31.7%
Indiana	20.0%	19.7%
Michigan	14.4%	14.0%
California	7.4%	5.5%
Kentucky	7.0%	7.0%
All other	18.9%	22.1%
Total	100.0%	100.0%

(1) Calculated percentage based on unpaid principal balance of conventional loans at the end of the period. The state concentrations reflect the top five states at September 30, 2015.

Derivative Counterparties. Each FHLBank transacts most of its derivatives with large banks and major broker-dealers. Derivative transactions may be either executed with a counterparty (bilateral derivatives) or cleared through a Futures Commission Merchant (i.e., clearing agent) with a Derivative Clearing Organization (cleared derivatives).

Each FHLBank is subject to credit risk due to the risk of non-performance by counterparties to its derivative transactions. The amount of credit risk on derivatives depends on the extent to which netting procedures, collateral requirements, and other credit enhancements are used and are effective in mitigating the risk. Each FHLBank manages credit risk through credit analysis, collateral management, and other credit enhancements. The FHLBanks are also required to follow the requirements set forth by applicable regulation.

The contractual or notional amount of derivative transactions reflects the involvement of an FHLBank in the various classes of financial instruments. The maximum credit risk of an FHLBank with respect to derivative transactions is the estimated cost of replacing the derivative transactions if there is a default, minus the value of any related collateral, including initial and variation margin. In determining maximum credit risk, each FHLBank considers accrued interest receivables and payables as well as the netting requirements to net assets and liabilities.

Bilateral Derivatives. Each FHLBank is subject to the risk of non-performance by the counterparties to its bilateral derivative transactions. An FHLBank generally requires collateral on bilateral derivative transactions. Unless the collateral delivery threshold is set to zero, the amount of net unsecured credit exposure that is permissible with respect to each counterparty depends on the credit rating of that counterparty. A counterparty generally must deliver collateral if the total market value of the FHLBank's exposure to that counterparty rises above a specific trigger point. As a result of these risk mitigation initiatives, the management of each FHLBank did not anticipate any credit losses on its bilateral derivative transactions as of September 30, 2015.

Cleared Derivatives. Each FHLBank is subject to the risk of non-performance by the Derivative Clearing Organization(s) (Clearinghouse) and the clearing agents. The requirement that an FHLBank posts initial and variation margin, through the clearing agent to the Clearinghouse, exposes an FHLBank to credit risk in the event that the clearing agent or the Clearinghouse fails to meet its obligations. However, the use of cleared derivatives is intended to mitigate an FHLBank's overall credit risk exposure because a central counterparty is substituted for individual counterparties and collateral is posted daily for changes in the value of cleared derivatives through a clearing agent. The management of each FHLBank did not anticipate any credit losses on its cleared derivatives as of September 30, 2015.

Table 36 presents the derivative positions with non-member counterparties and member institutions to which the FHLBanks had credit exposure at September 30, 2015.

Table 36 - Derivative Counterparty Credit Exposure at September 30, 2015
(dollars in millions)

Credit Rating(1)	Notional Amount	Net Derivatives Fair Value Before Collateral	Cash Collateral Pledged to (from) Counterparties	Non-cash Collateral Pledged to (from) Counterparties	Net Credit Exposure to Counterparties
Non-member counterparties					
Asset positions with credit exposure					
Bilateral derivatives					
Double-A	$ 2,063	$ 5	$ —	$ —	$ 5
Single-A	13,133	183	(167)	—	16
Triple-B	300	1	(1)	—	—
Cleared derivatives(2)	117,931	140	(16)	—	124
Liability positions with credit exposure					
Bilateral derivatives					
Double-A	727	—	1	—	1
Single-A	15,290	(236)	168	76	8
Triple-B	3,978	(190)	191	—	1
Cleared derivatives(2)	188,231	(1,624)	2,160	255	791
Total derivative positions with credit exposure to non-member counterparties	341,653	(1,721)	2,336	331	946
Member institutions(3)	751	4	—	—	4
Total	$ 342,404	$ (1,717)	$ 2,336	$ 331	$ 950

(1) This chart does not reflect any changes in rating, outlook, or watch status occurring after September 30, 2015. The ratings presented in this table represent the lowest long-term counterparty credit rating available for each counterparty of an individual FHLBank, based on the nationally recognized statistical rating organization(s) used by that FHLBank.
(2) Represents derivative transactions cleared with Clearinghouses, which are not rated.
(3) Member institutions include mortgage delivery commitments and derivatives with members where an FHLBank is acting as an intermediary. Collateral held with respect to derivatives with member institutions where an FHLBank is acting as an intermediary represents the amount of eligible collateral physically held by or on behalf of the FHLBank or collateral assigned to the FHLBank, as evidenced by a written security agreement, and held by the member institution for the benefit of that FHLBank.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Each FHLBank is responsible for establishing its own risk management philosophies, practices, and policies. Each FHLBank describes its risk management policies for its business, including quantitative and qualitative disclosures about its market risk, in its periodic reports filed with the SEC. (See *Explanatory Statement about Federal Home Loan Banks Combined Financial Report*.)

Each FHLBank has established policies and procedures to evaluate, manage, and mitigate market risks. The FHFA has established regulations governing the risk management practices of the FHLBanks. The FHLBanks must file periodic compliance reports with the FHFA. The FHFA conducts annual on-site examinations, interim on-site visits, and off-site analyses of each FHLBank and the Office of Finance.

Interest-Rate Risk

Interest-rate risk is the risk that relative and absolute changes in interest rates may adversely affect an institution's financial condition. The goal of an interest-rate risk management strategy is not necessarily to eliminate interest-rate risk, but to manage it by setting, and operating within, an appropriate framework and limits. The FHLBanks generally manage interest-rate risk by acquiring and maintaining a portfolio of assets and liabilities and entering into related derivative transactions to limit the expected mismatches in duration. The FHLBanks measure and monitor interest-rate risk with commonly used methods, which include the calculations of market value of equity, duration of equity, and duration gap. (See *Quantitative and Qualitative Disclosures about Market Risk*, pages 106 to 111, of the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014, for additional information.)

Market Value of Equity and Duration of Equity

Each FHLBank has an internal modeling system for measuring its duration of equity; therefore, individual FHLBank measurements may not be directly comparable. Each FHLBank reports the results of its duration of equity calculations to the FHFA each quarter. However, not all FHLBanks manage to the duration of equity risk measure. The capital adequacy rules of the FHFA require each FHLBank to hold permanent capital in an amount sufficient to cover the sum of its credit, market, and operations risk-based capital requirements, which are defined by applicable regulations. Each FHLBank has developed a market-risk model that calculates the market-risk component of this requirement.

Table 37 presents each FHLBank that includes quantitative market value of equity and duration of equity information in its individual 2015 Third Quarter SEC Form 10-Q.

Table 37 - Individual FHLBank's Market Value of Equity and Duration of Equity Disclosures

FHLBank	Market Value of Equity	Duration of Equity
Boston	✓	✓
New York	✓	✓
Pittsburgh	(1)	✓
Atlanta	✓	✓
Cincinnati	✓	✓
Indianapolis	✓	✓
Chicago	✓	(2)
Des Moines	(3)	(3)
Dallas	✓	✓
Topeka	(4)	✓
San Francisco	✓	(5)

(1) The FHLBank of Pittsburgh monitors and measures market value of equity to par value of capital stock, as described in its 2015 Third Quarter SEC Form 10-Q. In addition, the FHLBank of Pittsburgh also monitors return on equity spread volatility relative to a return on equity spread volatility limit, established and approved by its board of directors.
(2) The FHLBank of Chicago disclosed the dollar limits on changes in market value under parallel interest rate shocks in addition to duration of equity in its 2015 Third Quarter SEC Form 10-Q.
(3) Although the FHLBank of Des Moines measures and monitors market value of equity and duration of equity, those measures are not disclosed as key market risk measures. The FHLBank of Des Moines disclosed, in its 2015 Third Quarter SEC Form 10-Q, market value of capital stock (MVCS) and economic value of capital stock (EVCS) as key risk measures. The FHLBank of Des Moines measures and limits movements in MVCS.

(4) The FHLBank of Topeka measures and monitors market value of equity (MVE); however, the FHLBank of Topeka measures market value risk in terms of its MVE in relation to its total regulatory capital stock outstanding instead of to its book value of equity. As described in its 2015 Third Quarter SEC Form 10-Q, the FHLBank of Topeka believes this is a reasonable metric because, as a cooperative, the metric reflects the market value of the FHLBank of Topeka relative to the book value of its capital stock.

(5) The FHLBank of San Francisco does not disclose duration of equity; rather it discloses comparable metrics, "Market Value of Capital Sensitivity" and "Net Portfolio Value of Capital Sensitivity" as key market risk measures.

Table 38 presents the duration of equity reported by each FHLBank to the FHFA in accordance with the FHFA's guidance, which prescribes that down and up interest-rate shocks equal 200 basis points. However, the applicable guidance restricts the down rate from assuming a negative interest rate. Therefore, each FHLBank adjusts the down rate accordingly in periods of very low levels of interest rates.

Table 38 - Duration of Equity
(in years)

	September 30, 2015			December 31, 2014		
FHLBank	**Down**	**Base**	**Up**	**Down**	**Base**	**Up**
Boston	(1.2)	0.0	3.8	0.4	0.0	3.2
New York	0.4	(1.0)	0.9	1.1	(0.7)	1.0
Pittsburgh	2.6	(0.8)	0.6	2.5	(0.4)	1.5
Atlanta	(0.3)	(1.0)	4.1	(0.4)	(0.3)	4.0
Cincinnati	(6.4)	0.5	3.4	(3.4)	1.0	3.5
Indianapolis	(4.1)	3.1	3.4	(3.7)	0.0	2.6
Chicago	3.2	1.3	0.8	3.2	(0.3)	0.2
Des Moines	(2.8)	(0.6)	3.2	(2.1)	(0.7)	3.1
Dallas	4.4	(0.9)	2.3	4.4	0.6	3.6
Topeka	0.9	1.2	1.9	1.8	(0.9)	1.8
San Francisco	1.9	1.9	2.5	1.2	1.2	1.8

Duration Gap

A related measure of interest-rate risk is duration gap, which is the difference between the estimated durations (market value sensitivity) of assets and liabilities, and reflects the extent to which estimated maturity and repricing cash flows for assets and liabilities are matched. Duration gap determines the sensitivity of assets and liabilities to interest-rate changes. Each FHLBank has an internal modeling system for measuring its duration gap; therefore, individual FHLBank measurements may not be directly comparable. Duration generally indicates the expected change in an instrument's market value resulting from an increase or a decrease in interest rates. Higher duration numbers, whether positive or negative, indicate greater volatility in the market value of equity in response to changing interest rates. Duration gap numbers in Table 39 include the effect of derivative transactions.

Table 39 - Duration Gap
(in months)

FHLBank	September 30, 2015	December 31, 2014
Boston	0.0	0.0
New York	(1.0)	(0.8)
Pittsburgh	(0.7)	(0.5)
Atlanta	(0.8)	(0.4)
Cincinnati	0.0	0.0
Indianapolis	1.2	(0.9)
Chicago	1.0	(0.2)
Des Moines	(0.6)	(0.6)
Dallas	(0.8)	0.2
Topeka	0.7	(0.6)
San Francisco	1.1	0.4

Use of Derivatives to Manage Interest-Rate Risk

An FHLBank enters into derivatives to manage interest-rate risk, prepayment risk, and exposure inherent in otherwise unhedged assets and funding positions. An FHLBank attempts to use derivatives to reduce interest-rate exposure in the most cost-efficient manner. Derivatives are used to adjust the effective maturity, repricing frequency, or option characteristics of financial instruments to achieve risk-management objectives. (See *Note 11 - Derivatives and Hedging Activities* to the accompanying combined financial statements for a discussion of managing interest-rate risk exposure and *Financial Discussion and Analysis - Combined Results of Operations* for the effect of derivatives and hedging activities on net interest income and non-interest income resulting from the FHLBanks' hedging strategies.)

CONTROLS AND PROCEDURES

FHLBanks

The management of each FHLBank is required under applicable laws and regulations to establish and maintain effective disclosure controls and procedures as well as effective internal control over financial reporting, as such disclosure controls and procedures and internal control over financial reporting relate to that FHLBank only. Each FHLBank's management assessed the effectiveness of its individual internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, each FHLBank's management concluded, as of December 31, 2014, that its individual internal control over financial reporting is effective based on the criteria established in *Internal Control-Integrated Framework (2013).* Additionally, the independent registered public accounting firm of each FHLBank opined that the individual FHLBank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014. (See *Part II. Item 8 - Financial Statements and Supplementary Data* or *Item 9A - Controls and Procedures* of each FHLBank's 2014 SEC Form 10-K for its *Management's Report on Internal Control over Financial Reporting*.)

In preparation for the merger, the FHLBank of Des Moines established a control framework to ensure the completeness and accuracy of merger information from the FHLBank of Seattle and the accurate processing of that data through the FHLBank of Des Moines' systems at and following the merger date. During the quarter ended September 30, 2015, as part of its ongoing integration activities following the merger, the FHLBank of Des Moines incorporated controls and procedures to respond to the risks inherent in an acquisition. Other than changes to its internal control processes resulting from the merger, there were no other changes to the FHLBank of Des Moines' internal control over financial reporting during the quarter ended September 30, 2015, that materially affected, or are reasonably likely to affect, its internal control over financial reporting.

Each of the other FHLBanks indicated that there were no changes to its internal control over financial reporting during the quarter ended September 30, 2015, that materially affected, or are reasonably likely to affect, its internal control over financial reporting. Additionally, management of each FHLBank concluded that its disclosure controls and procedures were effective at a reasonable assurance level as of the quarter ended September 30, 2015. (See *Part I. Item 4 - Controls and Procedures* of each FHLBank's 2015 Third Quarter SEC Form 10-Q.)

Office of Finance Controls and Procedures over the Combined Financial Reporting Combining Process

The Office of Finance is not responsible for the preparation, accuracy, or adequacy of the information or financial data provided by the FHLBanks to the Office of Finance for use in preparing the combined financial reports, or for the quality or effectiveness of the disclosure controls and procedures or internal control over financial reporting of the FHLBanks as they relate to that information and financial data. Each FHLBank is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting with respect to the information and financial data provided to the Office of Finance. Although the Office of Finance is not an SEC registrant, FHFA regulations require that the combined financial report form and content generally be consistent with SEC Regulations S-K and S-X, as interpreted by the FHFA. The Office of Finance is not required to establish and maintain, and in light of the nature of its role has not established and maintained, disclosure controls and procedures and internal control over financial reporting in the same manner as those maintained by each FHLBank. The Office of Finance has established controls and procedures concerning the FHLBanks' submission of information and financial data to the Office of Finance, the process of combining the financial statements and other financial information of the individual FHLBanks, and the review of that information.

The Office of Finance does not independently verify the financial information submitted by each FHLBank that comprise the combined financial statements, the condensed combining schedules, and other disclosures included in this Combined Financial Report. Instead, the Office of Finance relies on each FHLBank management's certification and representation regarding the accuracy and completeness, in all material respects, of its data submitted to the Office of Finance for use in preparing this Combined Financial Report.

Audit Committee Charter

The charter of the audit committee of the Office of Finance's board of directors is available on the Office of Finance's web site at www.fhlb-of.com. This web site address is provided as a matter of convenience only, and its contents are not made part of this report and are not intended to be incorporated by reference into this report.

LEGAL PROCEEDINGS

The FHLBanks are subject to various pending legal proceedings arising in the normal course of business. The FHLBanks and the Office of Finance are not a party to, nor are they subject to, any pending legal proceedings, except the following identified proceedings, where the ultimate liability of the FHLBanks, if any, arising out of these proceedings is likely to have a material effect on the results of operations, financial condition, or liquidity of the FHLBanks or that are otherwise material to the FHLBanks. (See each FHLBank's 2015 Third Quarter SEC Form 10-Q under *Part II. Item 1 - Legal Proceedings* for additional information, including updates, to its legal proceedings.)

Legal Proceedings Relating to the Purchase of Certain Private-label MBS

As of September 30, 2015, each of the FHLBanks of Boston, Chicago, Des Moines, and San Francisco is a plaintiff in continued legal proceedings that relate to its purchases of certain private-label MBS. Defendants in these lawsuits include entities and their affiliates that buy, sell, or distribute the FHLBanks' consolidated obligations or are derivative counterparties. These defendants and their affiliates may be members or former members of the plaintiff FHLBanks or other FHLBanks. As a result of its merger with the FHLBank of Seattle, the FHLBank of Des Moines became involved in a number of legal proceedings initiated by the FHLBank of Seattle against various entities relating to its purchases and subsequent impairment of certain private-label MBS. Although the FHLBank of Seattle sold all private-label MBS during the three months ended March 31, 2015, the FHLBank of Des Moines continues to be involved in these proceedings.

Legal Proceedings Relating to the Lehman Bankruptcy

See *Note 17 - Commitments and Contingencies* - *Lehman Bankruptcy* to the accompanying combined financial statements for information on legal proceedings relating to bankruptcy proceedings involving Lehman Brothers Holdings, Inc.

RISK FACTORS

There were no material changes to the risk factors disclosed in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. (See each FHLBank's 2015 Third Quarter SEC Form 10-Q for any updates to risk factors included in its 2014 SEC Form 10-K under *Part I. Item 1A - Risk Factors*.)

MARKET FOR CAPITAL STOCK AND RELATED STOCKHOLDER MATTERS

As a cooperative, each FHLBank conducts its advances business and mortgage loan programs almost exclusively with its members. Members and former members own all of the FHLBanks' capital stock. There is no established marketplace for the FHLBanks' stock and it is not publicly traded. FHLBank stock is purchased by members at the stated par value of $100 per share and may be redeemed/repurchased at its stated par value of $100 per share, subject to applicable redemption periods and certain conditions and limitations. (See *Note 14 - Capital* to the accompanying combined financial statements and *Financial Discussion and Analysis - Capital Adequacy* for more information.)

At September 30, 2015, the FHLBanks had 332 million shares of capital stock outstanding, including mandatorily redeemable capital stock. The FHLBanks are not required to register their securities under the Securities Act of 1933, as amended; however, each FHLBank is required to register a class of its stock under the Securities Exchange Act of 1934, as amended.

Table 40 presents combined regulatory capital stock, which includes mandatorily redeemable capital stock, held by type of member and Table 41 presents FHLBank membership by type of member.

Table 40 - Regulatory Capital Stock Held by Type of Member
(dollars in millions)

	September 30, 2015		December 31, 2014	
	Amount	Percentage of Regulatory Capital Stock	Amount	Percentage of Regulatory Capital Stock
Commercial banks	$ 19,471	58.6%	$ 21,677	59.7%
Thrifts	5,074	15.3%	5,067	13.9%
Insurance companies	4,504	13.5%	3,807	10.5%
Credit unions	3,376	10.2%	3,147	8.7%
Community development financial institutions	7	—	7	—
Total GAAP capital stock	32,432	97.6%	33,705	92.8%
Mandatorily redeemable capital stock	794	2.4%	2,631	7.2%
Total combined regulatory capital stock	$ 33,226	100.0%	$ 36,336	100.0%

Table 41 - Membership by Type of Member

	September 30, 2015		December 31, 2014	
	Number	Percentage of Total Members	Number	Percentage of Total Members
Commercial banks	4,739	65.3%	4,878	66.2%
Credit unions	1,299	17.9%	1,272	17.3%
Thrifts	831	11.4%	882	12.0%
Insurance companies	346	4.8%	304	4.1%
Community development financial institutions	40	0.6%	31	0.4%
Total	7,255	100.0%	7,367	100.0%

The information on regulatory capital stock presented in Table 42 is accumulated at the holding-company level. The percentage of total regulatory capital stock identified in Table 42 for each holding company was computed by dividing all regulatory capital stock owned by subsidiaries of that holding company by total combined regulatory capital stock. These percentage concentrations do not represent ownership concentrations in an individual FHLBank.

Table 42 - Top 10 Regulatory Capital Stockholders by Holding Company at September 30, 2015
(dollars in millions)

Holding Company Name(1)	FHLBank Districts(2)	Regulatory Capital Stock(3)	Percentage of Total Regulatory Capital Stock	Mandatorily Redeemable Capital Stock
JPMorgan Chase & Co.	Pittsburgh, Cincinnati, Chicago, Des Moines, San Francisco	$ 2,655	8.0%	$ 447
Wells Fargo & Company	Des Moines, Dallas, Topeka, San Francisco	1,122	3.4%	5
The PNC Financial Services Group, Inc.	New York, Pittsburgh, Atlanta, Cincinnati	989	3.0%	44
Citigroup Inc.	New York, Dallas, San Francisco	976	2.9%	81
Bank of America Corporation	Boston, New York, Atlanta, Des Moines, San Francisco	898	2.7%	67
MetLife, Inc.	Boston, New York, Pittsburgh, Des Moines	842	2.5%	40
Navy Federal Credit Union	Atlanta	617	1.9%	—
Banco Santander, S.A.	New York, Pittsburgh	583	1.8%	—
New York Community Bancorp, Inc.	New York, Cincinnati	538	1.6%	19
U.S. Bancorp	Cincinnati, Des Moines, Topeka	478	1.4%	2
		$ 9,698	29.2%	$ 705

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(1) Holding company information was obtained from the Federal Reserve System's web site, the National Information Center (NIC), and SEC filings. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve System has a supervisory, regulatory, or research interest, including both domestic and foreign banking organizations operating in the United States.

(2) At September 30, 2015, each holding company had subsidiaries with regulatory capital stock holdings in these FHLBank districts.

(3) Includes FHLBank capital stock that is considered to be mandatorily redeemable, which is classified as a liability under GAAP.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Each FHLBank is a member-owned cooperative, whose members elect a majority of that FHLBank's directors from among the officers and directors of its members. The FHLBanks conduct their advances and mortgage loan business primarily with members. As a result, in the normal course of business, the FHLBanks regularly extend credit to members whose officers and/or directors may serve as directors of the FHLBanks and members (or affiliates) owning more than 5% of an FHLBank's capital stock. This credit is extended on market terms that are no more favorable to these "related" members than comparable transactions with other members of the same FHLBank. As of September 30, 2015, the FHLBanks had $58.8 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks, which represented 10.0% of total advances at par value. (See *Market for Capital Stock and Related Stockholder Matters* and *Financial Discussion and Analysis - Combined Financial Condition - Advances* for additional information on FHLBank advances and membership.)

An FHLBank provides Affordable Housing Program subsidies in the form of direct grants and below-market interest rate advances to members, which use the funds to assist in the purchase, construction, or rehabilitation of housing for very low-, low-, and moderate-income households. Only FHLBank members, along with their non-member Affordable Housing Program project sponsors, may submit Affordable Housing Program applications. All Affordable Housing Program subsidies are made in the normal course of business.

An FHLBank also provides subsidies in the form of grants and below-market interest rate advances or standby letters of credit to members for community lending and economic development projects under the Community Investment Program and Community Investment Cash Advance programs. Only FHLBank members may submit applications for these credit program subsidies. These subsidies are made in the normal course of business.

In instances where an Affordable Housing Program, Community Investment Program, or Community Investment Cash Advance transaction involves a member (or its affiliate) owning more than 5% of an FHLBank's capital stock, a member with an officer or director who serves as a director of an FHLBank, or an entity with an officer, director, or general partner who serves as a director of an FHLBank (and has a direct or indirect interest in the subsidy), the transaction is subject to the same eligibility and other program criteria and requirements as all other transactions, and the regulations governing the operations of the relevant program.

An FHLBank may also have investments in interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, commercial paper, and certificates of deposit, and may also execute mortgage-backed securities and derivative transactions, with members or their affiliates, some of whose officers and/or directors may serve as directors of their respective FHLBank. All investments are transacted at then-current market prices without preference to the status of the counterparty or the issuer of the investment as a member, non-member, or affiliate. (See each FHLBank's 2014 SEC Form 10-K under *Item 13—Certain Relationships and Related Transactions, and Director Independence* for additional information regarding related transactions with its members.)

SUPPLEMENTAL INFORMATION

Individual Federal Home Loan Bank Selected Financial Data and Financial Ratios

The following individual Federal Home Loan Bank (FHLBank) selected financial data and financial ratios are provided as a convenience to the reader. 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. (See *Note 3 - FHLBanks of Des Moines and Seattle Merger* to the accompanying combined financial statements for additional information regarding the merger.) As a result of the merger, the selected financial data and financial ratios for the FHLBank of Seattle are not presented in the following table.

Please refer to *Explanatory Statement about Federal Home Loan Banks Combined Financial Report*, which discusses the independent management and operation of the FHLBanks; identifies the availability of other information about the FHLBanks; and describes where to find the periodic reports and other information filed by each FHLBank with the SEC.

Individual FHLBank Selected Financial Data and Financial Ratios

(dollars in millions)	Boston	New York	Pittsburgh
Selected Statement of Condition Data(1)			
At September 30, 2015			
Assets			
Investments(2)	$ 19,376	$ 28,436	$ 15,381
Advances	33,955	90,745	68,804
Mortgage loans held for portfolio	3,581	2,462	3,074
Allowance for credit losses on mortgage loans	(1)	—	(6)
Total assets	57,397	122,946	92,435
Consolidated obligations(3)			
Discount notes	26,538	47,060	33,961
Bonds	26,413	67,839	53,273
Total consolidated obligations	52,951	114,899	87,234
Mandatorily redeemable capital stock	43	19	6
Subordinated notes(4)	—	—	—
Total capital			
Capital stock(5)	2,543	5,286	3,294
Additional capital from merger(6)	—	—	—
Retained earnings	1,074	1,156	867
Accumulated other comprehensive income (loss)	(396)	(164)	114
Total capital	3,221	6,278	4,275
Asset composition (as a percentage of the individual FHLBank's total assets)			
Investments(2)	33.8%	23.1%	16.6%
Advances	59.2%	73.8%	74.4%
Mortgage loans, net	6.2%	2.0%	3.3%
Total retained earnings as a percentage of FHLBank's total assets	1.9%	0.9%	0.9%
FHLBank's total assets as a percentage of FHLBank System's total assets	6.2%	13.4%	10.1%
At September 30, 2014			
Assets			
Investments(2)	$ 15,165	$ 19,879	$ 14,538
Advances	31,410	99,550	53,054
Mortgage loans held for portfolio	3,406	2,043	3,124
Allowance for credit losses on mortgage loans	(2)	(5)	(8)
Total assets	51,905	125,368	76,400
Consolidated obligations(3)			
Discount notes	22,560	36,067	31,537
Bonds	25,011	79,920	39,889
Total consolidated obligations	47,571	115,987	71,426
Mandatorily redeemable capital stock	244	19	1
Subordinated notes(4)	—	—	—
Total capital			
Capital stock(5)	2,394	5,598	3,079
Retained earnings	876	1,063	804
Accumulated other comprehensive income (loss)	(441)	(99)	108
Total capital	2,829	6,562	3,991
Asset composition (as a percentage of the individual FHLBank's total assets)			
Investments(2)	29.2%	15.9%	19.0%
Advances	60.5%	79.4%	69.4%
Mortgage loans, net	6.6%	1.6%	4.1%
Total retained earnings as a percentage of individual FHLBank's total assets	1.7%	0.8%	1.1%
FHLBank's total assets as a percentage of FHLBank System's total assets	5.9%	14.2%	8.7%

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(1) The sum or recalculation of individual FHLBank amounts may not agree or may not be recalculated from the Combined Statement of Condition amounts due to combining adjustments.

(2) Investments consist of interest-bearing deposits, deposits with other FHLBanks, securities purchased under agreements to resell, federal funds sold, trading securities, available-for-sale securities, and held-to-maturity securities.

(3) See *Financial Discussion and Analysis - Combined Results of Operations - Interbank Transfers of Consolidated Bonds and Their Effect on Combined Net Income*.

(4) The subordinated notes outstanding, issued by the FHLBank of Chicago, mature on June 13, 2016. The subordinated notes are not obligations of, and are not guaranteed by, the U.S. government or any of the FHLBanks other than the FHLBank of Chicago.

(5) FHLBank capital stock is redeemable at the request of a member subject to the statutory redemption periods and other conditions and limitations. (See *Note 14 - Capital* to the accompanying combined financial statements.)

	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco
	$ 34,662	$ 24,203	$ 10,714	$ 28,883	$ 37,911	$ 18,773	$ 13,107	$ 32,009
	87,762	77,320	24,297	35,044	74,484	22,770	25,482	50,793
	621	8,015	8,085	5,082	6,879	59	6,338	668
	(3)	(2)	(1)	(3)	(1)	—	(2)	—
	124,914	110,652	46,736	69,824	120,360	42,990	45,772	85,899
	41,867	60,086	14,425	37,290	77,247	20,253	20,611	30,042
	74,965	44,143	28,873	26,062	36,488	19,130	22,225	49,815
	116,832	104,229	43,298	63,352	113,735	39,383	42,836	79,857
	17	59	14	9	106	4	3	514
	—	—	—	944	—	—	—	—
	4,388	4,395	1,453	1,892	4,126	1,464	1,344	2,246
	—	—	—	—	221	—	—	—
	1,824	747	822	2,640	770	749	650	2,627
	71	(15)	26	41	1	(69)	(13)	41
	6,283	5,127	2,301	4,573	5,118	2,144	1,981	4,914
	27.7%	21.9%	22.9%	41.4%	31.5%	43.7%	28.6%	37.3%
	70.3%	69.9%	52.0%	50.2%	61.9%	53.0%	55.7%	59.1%
	0.5%	7.2%	17.3%	7.3%	5.7%	0.1%	13.8%	0.8%
	1.5%	0.7%	1.8%	3.8%	0.6%	1.7%	1.4%	3.1%
	13.6%	12.0%	5.1%	7.6%	13.1%	4.7%	5.0%	9.3%
	$ 30,143	$ 20,641	$ 10,647	$ 30,229	$ 17,948	$ 15,218	$ 9,075	$ 33,164
	88,627	71,442	19,325	26,766	64,220	18,758	20,575	40,615
	792	6,909	6,452	6,438	6,530	76	6,169	756
	(4)	(5)	(3)	(16)	(6)	—	(4)	(2)
	124,437	99,967	41,015	72,031	98,399	37,485	38,528	82,789
	26,055	36,880	10,106	30,507	62,803	17,434	15,948	24,431
	89,670	56,881	26,914	35,239	30,387	17,356	20,025	50,871
	115,725	93,761	37,020	65,746	93,190	34,790	35,973	75,302
	19	110	16	5	8	5	4	1,076
	—	—	—	944	—	—	—	—
	4,654	4,231	1,726	1,801	3,456	1,241	1,090	3,310
	1,739	667	777	2,304	712	690	615	2,376
	127	(7)	57	239	152	8	(15)	96
	6,520	4,891	2,560	4,344	4,320	1,939	1,690	5,782
	24.2%	20.6%	26.0%	42.0%	18.2%	40.6%	23.6%	40.1%
	71.2%	71.5%	47.1%	37.2%	65.3%	50.0%	53.4%	49.1%
	0.6%	6.9%	15.7%	8.9%	6.6%	0.2%	16.0%	0.9%
	1.4%	0.7%	1.9%	3.2%	0.7%	1.8%	1.6%	2.9%
	14.1%	11.3%	4.6%	8.2%	11.1%	4.2%	4.4%	9.4%

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(6) Additional capital from merger primarily represents the amount of the FHLBank of Seattle's closing retained earnings balance as of the merger date, adjusted for fair value and other purchase accounting adjustments, and identified intangible assets, and is net of dividends paid by the FHLBank of Des Moines subsequent to the merger date. (See *Note 3 - FHLBanks of Des Moines and Seattle Merger* and *Note 14 - Capital* to the accompanying combined financial statements.)

Individual FHLBank Selected Financial Data and Financial Ratios (continued)

(dollars in millions)	Boston	New York	Pittsburgh
Selected Other Data			
September 30, 2015			
Advance concentrations - top five borrowers	37%	54%	78%
Capital stock concentrations - top five stockholders	29%	50%	71%
Regulatory capital-to-assets ratio(7)	6.4%	5.3%	4.5%
Cash and stock dividends			
Quarter-to-date September 30, 2015	$ 21	$ 53	$ 38
Quarter-to-date September 30, 2014	$ 9	$ 56	$ 28
Year-to-date September 30, 2015	$ 42	$ 173	$ 173
Year-to-date September 30, 2014	$ 28	$ 174	$ 74
Weighted average dividend rate			
Quarter-to-date September 30, 2015	3.28%	4.25%	4.79%
Quarter-to-date September 30, 2014	1.48%	4.05%	4.00%
Year-to-date September 30, 2015	2.27%	4.15%	5.37%
Year-to-date September 30, 2014	1.49%	4.00%	3.52%
Return on average equity(8)			
Quarter-to-date September 30, 2015	3.80%	5.27%	4.65%
Quarter-to-date September 30, 2014	6.70%	5.21%	6.79%
Year-to-date September 30, 2015	9.35%	5.24%	6.56%
Year-to-date September 30, 2014	5.39%	4.94%	6.81%
Return on average assets			
Quarter-to-date September 30, 2015	0.22%	0.27%	0.22%
Quarter-to-date September 30, 2014	0.35%	0.26%	0.36%
Year-to-date September 30, 2015	0.52%	0.27%	0.31%
Year-to-date September 30, 2014	0.30%	0.25%	0.36%
Net interest margin(9)			
Quarter-to-date September 30, 2015	0.41%	0.36%	0.36%
Quarter-to-date September 30, 2014	0.38%	0.35%	0.39%
Year-to-date September 30, 2015	0.41%	0.37%	0.37%
Year-to-date September 30, 2014	0.41%	0.35%	0.39%
Net interest spread			
Quarter-to-date September 30, 2015	0.36%	0.34%	0.34%
Quarter-to-date September 30, 2014	0.33%	0.33%	0.37%
Year-to-date September 30, 2015	0.37%	0.34%	0.35%
Year-to-date September 30, 2014	0.36%	0.34%	0.36%

(7) The regulatory capital-to-assets ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets held at period-end. (See *Note 14 - Capital* to the accompanying combined financial statements.)

(8) Return on average equity is net income expressed as a percentage of average total capital.

(9) Net interest margin is equal to net interest income represented as a percentage of average interest-earning assets.

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco
53%	71%	41%	63%	52%	24%	54%	62%
46%	57%	32%	40%	37%	19%	48%	35%
5.0%	4.7%	4.9%	6.5%	4.3%	5.2%	4.4%	6.3%
$ 50	$ 43	$ 16	$ 7	$ 25	$ 2	$ 20	$ 72
$ 43	$ 42	$ 16	$ 4	$ 20	$ 2	$ 13	$ 61
$ 152	$ 128	$ 49	$ 18	$ 75	$ 4	$ 51	$ 313
$ 131	$ 134	$ 53	$ 9	$ 57	$ 4	$ 32	$ 178
4.53%	4.00%	4.25%	1.35%	2.87%	0.38%	5.29%	10.01%
3.58%	4.00%	3.75%	0.87%	2.81%	0.38%	5.15%	7.35%
4.35%	4.00%	4.08%	1.27%	2.92%	0.38%	5.24%	13.30%
3.70%	4.00%	4.33%	0.78%	2.80%	0.38%	3.89%	6.91%
3.66%	4.73%	4.89%	6.31%	3.08%	1.02%	2.91%	3.47%
4.45%	5.07%	4.44%	10.16%	2.69%	2.27%	6.93%	5.25%
4.71%	4.93%	5.16%	7.38%	2.91%	3.46%	5.08%	13.72%
4.34%	4.86%	5.27%	9.26%	3.32%	2.81%	6.36%	3.73%
0.18%	0.23%	0.24%	0.42%	0.13%	0.05%	0.13%	0.21%
0.22%	0.25%	0.28%	0.62%	0.12%	0.12%	0.32%	0.35%
0.23%	0.24%	0.28%	0.47%	0.12%	0.17%	0.23%	0.94%
0.22%	0.24%	0.33%	0.53%	0.15%	0.15%	0.31%	0.25%
0.28%	0.29%	0.42%	0.72%	0.29%	0.27%	0.53%	0.54%
0.14%	0.33%	0.45%	0.79%	0.28%	0.31%	0.63%	0.62%
0.15%	0.31%	0.44%	0.71%	0.29%	0.28%	0.55%	0.59%
0.24%	0.31%	0.48%	0.73%	0.30%	0.36%	0.66%	0.63%
0.27%	0.26%	0.38%	0.64%	0.27%	0.25%	0.51%	0.51%
0.13%	0.30%	0.38%	0.72%	0.27%	0.29%	0.60%	0.59%
0.14%	0.28%	0.39%	0.64%	0.27%	0.26%	0.52%	0.55%
0.22%	0.28%	0.40%	0.66%	0.28%	0.33%	0.62%	0.60%

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