February 22, 2017

FOR IMMEDIATE RELEASE:

Office of Finance Announces Fourth Quarter and Annual 2016 Combined Operating Highlights for the Federal Home Loan Banks

These highlights are preliminary and prepared from the unaudited financial information of each Federal Home Loan Bank (FHLBank) and are subject to change. The combined and individual FHLBank balance sheet and income statement highlights are attached as Tables I and II. Each of the FHLBanks has released its unaudited financial results for the period ended December 31, 2016, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was $913 million for the three months ended December 31, 2016, an increase of 35% compared to the same period in 2015. This increase was primarily the result of higher gains on derivatives and hedging activities, and higher gains on litigation settlements, partially offset by higher losses on trading securities.

Net income was $3,408 million for the year ended December 31, 2016, an increase of 19% compared to the same period in 2015. This increase was driven by higher net interest income, higher gains on litigation settlements, and lower losses on trading securities, partially offset by lower gains on derivatives and hedging activities.

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

- Total assets increased 9% to $1.057 trillion;
- Advances increased 11% to $705.2 billion;
- Consolidated obligations increased 9% to $988.7 billion; and
- Total GAAP capital increased 9% to $52.5 billion.

Balance Sheet

Total assets were $1.057 trillion at December 31, 2016, an increase of 9% from $969.2 billion at December 31, 2015.

- Advances were $705.2 billion, an increase of 11% driven primarily by higher member demand, particularly by large members.

- Investments were $292.0 billion, an increase of 7% resulting from increases in federal funds sold, mortgage-backed securities, and securities purchased under agreements to resell.

- Mortgage loans held for portfolio, net were $48.5 billion, an increase of 9% primarily as a result of certain FHLBanks increasing purchases of mortgage loans from members.

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Total liabilities were $1.004 trillion at December 31, 2016, an increase of 9% from $921.2 billion at December 31, 2015.

- Total consolidated obligations were $988.7 billion, an increase of 9% due primarily to increased funding needs related to the growth in advances and consisted of a 41% increase in consolidated bonds, partially offset by a 17% decrease in consolidated discount notes.

- Mandatorily redeemable capital stock was $1.7 billion at December 31, 2016, an increase of $1.0 billion driven primarily by the Federal Housing Finance Agency rule on FHLBank membership that, among other things, requires the FHLBanks to terminate the membership of captive insurance companies by specified dates, resulting in a reclassification of capital stock held by these members to mandatorily redeemable capital stock.

Total GAAP capital was $52.5 billion at December 31, 2016, an increase of 9% from $48.0 billion at December 31, 2015. This increase was due primarily to an increase in capital stock and growth in retained earnings.

(Dollars in millions)	December 31, 2016	December 31, 2015	Change
Assets			
Cash and due from banks	$ 7,441	$ 14,289	$ (6,848)
Investments	292,017	273,684	18,333
Advances	705,225	634,022	71,203
Mortgage loans held for portfolio, net	48,476	44,557	3,919
Other assets	3,553	2,687	866
Total assets	**$ 1,056,712**	**$ 969,239**	**$ 87,473**
Liabilities			
Consolidated obligations			
Discount notes	$ 409,815	$ 494,045	$ (84,230)
Bonds	578,927	411,851	167,076
Total consolidated obligations	988,742	905,896	82,846
Mandatorily redeemable capital stock	1,704	745	959
Other liabilities	13,807	14,556	(749)
Total liabilities	**1,004,253**	**921,197**	**83,056**
Capital			
Capital stock	36,234	34,185	2,049
Additional capital from merger	52	194	(142)
Retained earnings	16,330	14,297	2,033
Accumulated other comprehensive income (loss)	(157)	(634)	477
Total capital (GAAP)	**52,459**	**48,042**	**4,417**
Total liabilities and capital	**$ 1,056,712**	**$ 969,239**	**$ 87,473**
Regulatory capital	**$ 54,318**	**$ 49,421**	**$ 4,897**
GAAP capital-to-assets ratio	**4.96%**	**4.96%**	**—%**
Regulatory capital-to-assets ratio	**5.14%**	**5.10%**	**0.04%**

Net Income

Net income was $913 million for the three months ended December 31, 2016, an increase of 35% compared to the same period in 2015. This increase was primarily the result of higher gains on derivatives and hedging activities, and higher gains on litigation settlements, partially offset by higher losses on trading securities.

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Net income was $3,408 million for the year ended December 31, 2016, an increase of 19% compared to the same period in 2015. This increase was driven by higher net interest income, higher gains on litigation settlements, and lower losses on trading securities, partially offset by lower gains on derivatives and hedging activities.

	Three Months Ended December 31,			Year Ended December 31,		
(Dollars in millions)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Net interest income after provision (reversal) for credit losses	$ 1,014	$ 1,007	$ 7	$ 3,829	$ 3,549	$ 280
Non-interest income (loss)	351	51	300	1,154	843	311
Non-interest expense	346	307	39	1,183	1,199	(16)
Affordable Housing Program assessments	106	77	29	392	332	60
Net income (loss)	**$ 913**	**$ 674**	**$ 239**	**$ 3,408**	**$ 2,861**	**$ 547**

Net Interest Income

Net interest income after provision (reversal) for credit losses was $1,014 million and $3,829 million for the three months and year ended December 31, 2016, increases of 1% and 8% compared to the same periods in 2015. Net interest margin for the three months and year ended December 31, 2016, were 0.39% and 0.38%, decreases of 4 and 1 basis points compared to the same periods in 2015.

- Interest income was $2,972 million and $10,930 million for the three months and year ended December 31, 2016, increases of 31% and 34% compared to the same periods in 2015. These increases were due primarily to higher yields on advances and investments, and increases in the average balances of advances.

- Interest expense was $1,957 million and $7,095 million for the three months and year ended December 31, 2016, increases of 56% and 54% compared to the same periods in 2015. These increases were due primarily to higher yields on, and increases in the average balances of, consolidated obligations.

	Three Months Ended December 31,			Year Ended December 31,		
(Dollars in millions)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Interest income						
Advances	$ 1,534	$ 830	$ 704	$ 5,273	$ 2,794	$ 2,479
Prepayment fees on advances, net	10	122	(112)	86	179	(93)
Investments and other	1,038	904	134	3,992	3,552	440
Mortgage loans	390	410	(20)	1,579	1,636	(57)
Total interest income	**2,972**	**2,266**	**706**	**10,930**	**8,161**	**2,769**
Interest expense						
Discount notes	491	296	195	2,020	825	1,195
Bonds	1,422	939	483	4,931	3,650	1,281
Total consolidated obligations	1,913	1,235	678	6,951	4,475	2,476
Deposits and other borrowings	44	23	21	144	133	11
Total interest expense	**1,957**	**1,258**	**699**	**7,095**	**4,608**	**2,487**
Net interest income	**1,015**	**1,008**	**7**	**3,835**	**3,553**	**282**
Provision (reversal) for credit losses	1	1	—	6	4	2
Net interest income after provision (reversal) for credit losses	**$ 1,014**	**$ 1,007**	**$ 7**	**$ 3,829**	**$ 3,549**	**$ 280**
Net interest margin	**0.39%**	**0.43%**	**(0.04)%**	**0.38%**	**0.39%**	**(0.01)%**

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Non-Interest Income

Non-interest income was $351 million for the three months ended December 31, 2016, an increase of $300 million compared to the same period in 2015, resulting primarily from higher gains on derivatives and hedging activities, and higher gains on litigation settlements, partially offset by higher losses on trading securities. Non-interest income was $1,154 million for the year ended December 31, 2016, an increase of $311 million compared to the same period in 2015, due primarily to higher gains on litigation settlements, and lower losses on trading securities, partially offset by lower gains on derivatives and hedging activities.

- Net gains on derivatives and hedging activities were $334 million for the three months ended December 31, 2016, resulting primarily from gains related to fair value hedge ineffectiveness and gains related to derivatives not designated as qualifying accounting hedges under GAAP. Net gains on derivatives and hedging activities were $47 million for the year ended December 31, 2016, consisting primarily of gains related to fair value hedge ineffectiveness, partially offset by losses related to derivatives not designated as qualifying accounting hedges under GAAP.

- Gains on litigation settlements, net were $111 million and $952 million for the three months and year ended December 31, 2016. These gains were the result of settlements of certain claims arising from investments in private-label mortgage-backed securities, driven primarily by the FHLBank of San Francisco's recognition of settlements of $58 million and $510 million for the three months and year ended December 31, 2016, and the FHLBank of Des Moines' recognition of settlements of $39 million and $376 million for the three months and year ended December 31, 2016.

- Net losses on investment securities classified as trading were $170 million and $41 million for the three months and year ended December 31, 2016, driven by changes in fair values of these securities.

	Three Months Ended December 31,			Year Ended December 31,		
(Dollars in millions)	2016	2015	Change	2016	2015	Change
Net other-than-temporary impairment losses	$ (3)	$ (5)	$ 2	$ (22)	$ (78)	$ 56
Net gains (losses) on trading securities	(170)	(92)	(78)	(41)	(131)	90
Net gains (losses) on derivatives and hedging activities	334	55	279	47	182	(135)
Gains on litigation settlements, net	111	51	60	952	688	264
Other	79	42	37	218	182	36
Total non-interest income (loss)	**$ 351**	**$ 51**	**$ 300**	**$ 1,154**	**$ 843**	**$ 311**

Non-Interest Expense

Non-interest expense for the three months ended December 31, 2016, was $346 million, an increase of 13% compared to the same period in 2015, due primarily to an increase in other expense. Non-interest expense for the year ended December 31, 2016, was $1,183 million, a decrease of 1% compared to the same period in 2015.

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Affordable Housing Program Assessments

Affordable Housing Program assessments for the three months and year ended December 31, 2016, were $106 million and $392 million, increases of 38% and 18% compared to the same periods in 2015. Affordable Housing Program assessments result from individual FHLBank income subject to assessments.

About the FHLBanks

Each FHLBank manages its operations independently and is responsible for establishing its own accounting and financial reporting policies in accordance with GAAP. The accounting and financial reporting policies and practices of the individual FHLBanks are not always identical because different policies and presentations are permitted under GAAP in certain circumstances within a combined financial statement presentation.

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have over 7,100 members serving all 50 states, the District of Columbia, and U.S. territories. Please contact Nancy Nowalk at 703-467-3608 or nnowalk@fhlb-of.com for additional information.

Statements contained in this release may be "forward-looking statements," including those statements related to financial performance. Forward-looking statements may be identified by words such as "anticipates," "believes," "could," "estimates," "may," or comparable terminology. Any forward-looking statements are subject to risks and uncertainties related to the future operations of the FHLBanks and the business environment. These risks and uncertainties could cause actual results to differ materially from current expectations. These risks and uncertainties include, but are not limited to, the following: changes in interest rates and housing prices; size and volatility of the residential mortgage market; demand for FHLBank advances; volatility of market prices, rates, and indices that could affect the value of investments, including collateral held by the FHLBanks as security; political events, including legislative, regulatory, judicial, or other developments, that affect the FHLBanks, their members, counterparties, underwriters, and/or investors in the consolidated obligations of the FHLBanks; competitive forces, including other sources of funding available to FHLBank members; changes in investor demand for consolidated obligations, including those resulting from changes in credit ratings and/or the terms of derivative transactions; implementation of accounting rules; and the ability to introduce new FHLBank products and services and successfully manage the risks associated with those products and services. Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports posted on the Office of Finance web site, www.fhlb-of.com, and in reports filed by each FHLBank with the U. S. Securities and Exchange Commission. Any duty to update these forward-looking statements is disclaimed.

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Table I to Combined Operating Highlights
Balance Sheet Highlights
Unaudited

(Dollars in millions)	Combined(1) December 31, 2016	Combined(1) December 31, 2015	Boston December 31, 2016	Boston December 31, 2015	New York December 31, 2016	New York December 31, 2015	Pittsburgh December 31, 2016	Pittsburgh December 31, 2015	Atlanta December 31, 2016	Atlanta December 31, 2015	Cincinnati December 31, 2016	Cincinnati December 31, 2015
Assets												
Cash and due from banks	$ 7,441	$ 14,289	$ 520	$ 254	$ 152	$ 327	$ 3,588	$ 2,377	$ 1,815	$ 1,751	$ 9	$ 10
Investments	292,017	273,684	18,032	18,019	30,685	26,167	17,227	16,144	36,510	35,175	25,334	37,356
Advances	705,225	634,022	39,099	36,076	109,257	93,874	76,809	74,505	99,077	104,168	69,882	73,292
Mortgage loans held for portfolio, net	48,476	44,557	3,694	3,582	2,746	2,525	3,391	3,087	523	584	9,149	7,952
Other assets	3,553	2,687	201	172	766	345	245	217	746	568	261	146
Total assets	$ 1,056,712	$ 969,239	$ 61,546	$ 58,103	$ 143,606	$ 123,238	$ 101,260	$ 96,330	$ 138,671	$ 142,246	$ 104,635	$ 118,756
Liabilities												
Consolidated obligations												
Discount notes	$ 409,815	$ 494,045	$ 30,054	$ 28,479	$ 49,358	$ 46,850	$ 28,500	$ 42,276	$ 41,292	$ 69,434	$ 44,690	$ 77,199
Bonds	578,927	411,851	27,171	25,427	84,785	67,716	67,156	48,601	88,647	63,953	53,191	35,092
Total consolidated obligations	988,742	905,896	57,225	53,906	134,143	114,566	95,656	90,877	129,939	133,387	97,881	112,291
Mandatorily redeemable capital stock	1,704	745	33	42	31	19	5	6	1	14	35	38
Other liabilities	13,807	14,556	1,043	1,132	1,808	1,934	805	946	1,780	1,829	1,741	1,274
Total liabilities	1,004,253	921,197	58,301	55,080	135,982	116,519	96,466	91,829	131,720	135,230	99,657	113,603
Capital												
Capital stock	36,234	34,185	2,412	2,337	6,308	5,585	3,755	3,540	4,955	5,101	4,157	4,429
Additional capital from merger	52	194	—	—	—	—	—	—	—	—	—	—
Retained earnings	16,330	14,297	1,217	1,129	1,412	1,270	986	881	1,892	1,840	834	737
Accumulated other comprehensive income (loss)	(157)	(634)	(384)	(443)	(96)	(136)	53	80	104	75	(13)	(13)
Total capital (GAAP)	52,459	48,042	3,245	3,023	7,624	6,719	4,794	4,501	6,951	7,016	4,978	5,153
Total liabilities and capital	$ 1,056,712	$ 969,239	$ 61,546	$ 58,103	$ 143,606	$ 123,238	$ 101,260	$ 96,330	$ 138,671	$ 142,246	$ 104,635	$ 118,756
Regulatory capital	$ 54,318	$ 49,421	$ 3,661	$ 3,507	$ 7,751	$ 6,875	$ 4,746	$ 4,427	$ 6,848	$ 6,956	$ 5,026	$ 5,204

	Indianapolis December 31, 2016	Indianapolis December 31, 2015	Chicago December 31, 2016	Chicago December 31, 2015	Des Moines December 31, 2016	Des Moines December 31, 2015	Dallas December 31, 2016	Dallas December 31, 2015	Topeka December 31, 2016	Topeka December 31, 2015	San Francisco December 31, 2016	San Francisco December 31, 2015
Assets												
Cash and due from banks	$ 547	$ 4,932	$ 351	$ 499	$ 223	$ 982	$ 28	$ 837	$ 207	$ 683	$ 2	$ 1,637
Investments	15,460	10,415	28,060	28,324	41,218	40,167	25,129	16,323	13,610	13,606	40,986	32,275
Advances	28,096	26,909	45,067	36,778	131,601	89,173	32,506	24,747	23,986	23,580	49,845	50,919
Mortgage loans held for portfolio, net	9,501	8,146	4,967	4,828	6,913	6,755	124	55	6,640	6,391	826	655
Other assets	303	206	247	242	650	297	425	120	774	166	282	212
Total assets	$ 53,907	$ 50,608	$ 78,692	$ 70,671	$ 180,605	$ 137,374	$ 58,212	$ 42,082	$ 45,217	$ 44,426	$ 91,941	$ 85,698
Liabilities												
Consolidated obligations												
Discount notes	$ 16,802	$ 19,251	$ 35,949	$ 41,564	$ 80,947	$ 98,990	$ 26,942	$ 20,541	$ 21,775	$ 21,813	$ 33,506	$ 27,647
Bonds	33,467	27,862	36,903	22,582	89,898	31,208	26,997	18,025	20,722	19,866	50,224	51,827
Total consolidated obligations	50,269	47,113	72,852	64,146	170,845	130,198	53,939	38,566	42,497	41,679	83,730	79,474
Mandatorily redeemable capital stock	170	14	301	8	664	103	3	9	3	3	457	488
Other liabilities	1,032	1,095	844	1,865	1,695	1,448	1,453	1,308	754	902	2,217	840
Total liabilities	51,471	48,222	73,997	66,019	173,204	131,749	55,395	39,883	43,254	42,584	86,404	80,802
Capital												
Capital stock	1,493	1,528	1,711	1,950	5,917	4,714	1,930	1,540	1,227	1,209	2,370	2,253
Additional capital from merger	—	—	—	—	52	194	—	—	—	—	—	—
Retained earnings	887	835	3,020	2,730	1,450	801	824	762	736	652	3,056	2,628
Accumulated other comprehensive income (loss)	56	23	(36)	(28)	(18)	(84)	63	(103)	—	(19)	111	15
Total capital (GAAP)	2,436	2,386	4,695	4,652	7,401	5,625	2,817	2,199	1,963	1,842	5,537	4,896
Total liabilities and capital	$ 53,907	$ 50,608	$ 78,692	$ 70,671	$ 180,605	$ 137,374	$ 58,212	$ 42,082	$ 45,217	$ 44,426	$ 91,941	$ 85,698
Regulatory capital	$ 2,550	$ 2,377	$ 5,032	$ 4,688	$ 8,083	$ 5,812	$ 2,757	$ 2,311	$ 1,965	$ 1,863	$ 5,883	$ 5,369

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

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Table II to Combined Operating Highlights
Income Statement Highlights
Unaudited

Three Months Ended December 31,

(Dollars in millions)	Combined(1) 2016	Combined(1) 2015	Boston 2016	Boston 2015	New York 2016	New York 2015	Pittsburgh 2016	Pittsburgh 2015	Atlanta 2016	Atlanta 2015	Cincinnati 2016	Cincinnati 2015	Indianapolis 2016	Indianapolis 2015
Net interest income after provision (reversal) for credit losses	$ 1,014	$ 1,007	$ 76	$ 59	$ 160	$ 219	$ 95	$ 78	$ 68	$ 93	$ 98	$ 84	$ 54	$ 52
Non-interest income (loss)	351	51	20	47	8	8	21	8	69	22	48	7	13	(2)
Non-interest expense	346	307	31	22	31	39	25	24	38	37	47	20	23	19
Affordable Housing Program assessments	106	77	6	9	14	19	9	7	10	7	10	7	4	3
Net income (loss)	$ 913	$ 674	$ 59	$ 75	$ 123	$ 169	$ 82	$ 55	$ 89	$ 71	$ 89	$ 64	$ 40	$ 28

	Chicago 2016	Chicago 2015	Des Moines 2016	Des Moines 2015	Dallas 2016	Dallas 2015	Topeka 2016	Topeka 2015	San Francisco 2016	San Francisco 2015	Seattle(2) 2016	Seattle(2) 2015
Net interest income after provision (reversal) for credit losses	$ 111	$ 135	$ 134	$ 81	$ 47	$ 33	$ 66	$ 63	$ 108	$ 119	$ —	$ —
Non-interest income (loss)	15	10	77	(15)	7	4	(3)	(27)	82	(9)	—	—
Non-interest expense	39	37	36	29	22	21	16	14	46	46	—	—
Affordable Housing Program assessments	9	11	19	6	4	1	5	2	17	7	—	—
Net income (loss)	$ 78	$ 97	$ 156	$ 31	$ 28	$ 15	$ 42	$ 20	$ 127	$ 57	$ —	$ —

Year Ended December 31,

(Dollars in millions)	Combined(1) 2016	Combined(1) 2015	Boston 2016	Boston 2015	New York 2016	New York 2015	Pittsburgh 2016	Pittsburgh 2015	Atlanta 2016	Atlanta 2015	Cincinnati 2016	Cincinnati 2015	Indianapolis 2016	Indianapolis 2015
Net interest income after provision (reversal) for credit losses	$ 3,829	$ 3,549	$ 252	$ 226	$ 554	$ 553	$ 348	$ 318	$ 335	$ 244	$ 363	$ 327	$ 198	$ 196
Non-interest income (loss)	1,154	843	29	172	7	26	25	44	111	225	46	30	6	10
Non-interest expense	1,183	1,199	89	76	115	118	84	76	137	135	111	75	78	72
Affordable Housing Program assessments	392	332	19	33	45	46	29	29	31	33	30	28	13	13
Net income (loss)	$ 3,408	$ 2,861	$ 173	$ 289	$ 401	$ 415	$ 260	$ 257	$ 278	$ 301	$ 268	$ 254	$ 113	$ 121

	Chicago 2016	Chicago 2015	Des Moines 2016	Des Moines 2015	Dallas 2016	Dallas 2015	Topeka 2016	Topeka 2015	San Francisco 2016	San Francisco 2015	Seattle(2) 2016	Seattle(2) 2015
Net interest income after provision (reversal) for credit losses	$ 455	$ 503	$ 446	$ 315	$ 165	$ 122	$ 257	$ 241	$ 471	$ 476	$ —	$ 57
Non-interest income (loss)	71	21	396	(30)	8	29	(14)	(80)	485	388	—	10
Non-interest expense	162	136	118	137	85	77	63	58	158	148	—	99
Affordable Housing Program assessments	37	39	75	17	9	7	18	10	86	78	—	—
Net income (loss)	$ 327	$ 349	$ 649	$ 131	$ 79	$ 67	$ 162	$ 93	$ 712	$ 638	$ —	$ (32)

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