FHLBANKS
OFFICE OF FINANCE

April 27, 2018

FOR IMMEDIATE RELEASE:

Office of Finance Announces First Quarter 2018 Combined Operating Highlights for the Federal Home Loan Banks

The first quarter 2018 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 March 31, 2018, and filed a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was $858 million for the three months ended March 31, 2018, an increase of 6% compared to the same period in 2017. Balance sheet highlights as of March 31, 2018, compared to December 31, 2017 were:

- Total assets were $1,087.9 billion, a decrease of 1%.
- Total liabilities were $1,031.2 billion, a decrease of 2%.
- Total GAAP capital was $56.6 billion, an increase of less than 1%.

Balance Sheet

(Dollars in millions)	March 31, 2018	December 31, 2017	Change
Assets			
Cash and due from banks	$ 2,690	$ 7,175	$ (4,485)
Investments	329,412	307,280	22,132
Advances	697,066	731,544	(34,478)
Mortgage loans held for portfolio, net	54,898	53,827	1,071
Other assets	3,794	3,625	169
Total assets	**$ 1,087,860**	**$ 1,103,451**	**$ (15,591)**
Liabilities			
Consolidated obligations			
Discount notes	$ 389,052	$ 391,480	$ (2,428)
Bonds	627,837	641,601	(13,764)
Total consolidated obligations	1,016,889	1,033,081	(16,192)
Mandatorily redeemable capital stock	1,237	1,272	(35)
Other liabilities	13,096	12,618	478
Total liabilities	**1,031,222**	**1,046,971**	**(15,749)**
Capital			
Capital stock	37,285	37,657	(372)
Retained earnings	18,463	18,099	364
Accumulated other comprehensive income (loss)	890	724	166
Total capital (GAAP)	**56,638**	**56,480**	**158**
Total liabilities and capital	**$ 1,087,860**	**$ 1,103,451**	**$ (15,591)**
Regulatory capital	**$ 56,985**	**$ 57,027**	**$ (42)**
GAAP capital-to-assets ratio	**5.21%**	**5.12%**	**0.09%**
Regulatory capital-to-assets ratio	**5.24%**	**5.17%**	**0.07%**

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As of March 31, 2018, total assets decreased 1%, total liabilities decreased 2%, and total GAAP capital increased less than 1%, compared to December 31, 2017.

- Advances totaled $697.1 billion at March 31, 2018, a decrease of 5% due primarily to a decrease in short-term advances.
- Investments were $329.4 billion at March 31, 2018, an increase of 7% driven by an increase in federal funds sold.
- Mortgage loans held for portfolio, net grew to $54.9 billion at March 31, 2018, an increase of 2% as mortgage loan purchases outpaced principal repayments.
- Consolidated obligations totaled $1,016.9 billion at March 31, 2018, a decrease of 2% in line with the decrease in total assets and consisted of a 2% decrease in consolidated bonds and a 1% decrease in consolidated discount notes.
- Capital stock was $37.3 billion at March 31, 2018, a decrease of 1% due to net repurchases and redemptions of capital stock.
- Retained earnings grew to $18.5 billion at March 31, 2018, an increase of 2% due to net income of $858 million, partially offset by dividends of $499 million.

Income Statement

	Three Months Ended March 31,		
(Dollars in millions)	**2018**	**2017**	**Change**
Interest income			
Advances	$ 3,347	$ 1,539	$ 1,808
Investments	1,632	1,122	510
Mortgage loans held for portfolio	463	414	49
Other interest income	—	1	(1)
Total interest income	**5,442**	**3,076**	**2,366**
Interest expense			
Consolidated obligations - Discount notes	1,515	626	889
Consolidated obligations - Bonds	2,621	1,598	1,023
Other interest expense	41	32	9
Total interest expense	**4,177**	**2,256**	**1,921**
Net interest income	**1,265**	**820**	**445**
Provision (reversal) for credit losses	2	—	2
Net interest income after provision (reversal) for credit losses	**1,263**	**820**	**443**
Non-interest income (loss)			
Net other-than-temporary impairment losses	(2)	(5)	3
Net gains (losses) on trading securities	(61)	10	(71)
Net gains (losses) on derivatives and hedging activities	55	310	(255)
Gains on litigation settlements, net	—	139	(139)
Other	12	38	(26)
Total non-interest income (loss)	**4**	**492**	**(488)**
Non-interest expense	312	407	(95)
Affordable Housing Program assessments	97	93	4
Net income	**$ 858**	**$ 812**	**$ 46**
Net interest margin	**0.45%**	**0.31%**	**0.14%**

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Net Income

Net income was $858 million for the three months ended March 31, 2018, an increase of 6% compared to the same period in 2017. This increase was primarily the result of an increase in net interest income and a decrease in non-interest expense, partially offset by lower gains on derivatives and hedging activities and no gains on litigation settlements during the first quarter of 2018.

Net Interest Income

Net interest income after provision (reversal) for credit losses was $1,263 million for the three months ended March 31, 2018, an increase of 54% compared to the same period in 2017. Net interest margin improved to 0.45% for the three months ended March 31, 2018, an increase of 14 basis points compared to the same period in 2017. Net interest income, net interest margin, and yield on advances for the three months ended March 31, 2017, were negatively affected by the FHLBank of Atlanta's recording of $302 million of accelerated amortization, due to prepayments of certain previously restructured and hedged advances. However, this accelerated amortization was offset by corresponding gains recorded in net gains (losses) on derivatives and hedging activities included in non-interest income during the same period.

- Interest income grew to $5,442 million for the three months ended March 31, 2018, an increase of 77% compared to the same period in 2017. This increase was due primarily to higher yields on interest-earning assets, principally advances, in the higher interest-rate environment.
- Interest expense was $4,177 million for the three months ended March 31, 2018, an increase of 85% compared to the same period in 2017. This increase was due primarily to higher yields on consolidated discount notes and consolidated bonds in the higher interest-rate environment.

Non-Interest Income

Non-interest income was $4 million for the three months ended March 31, 2018, a decrease of $488 million compared to the same period in 2017, due primarily to lower gains on derivatives and hedging activities and no gains on litigation settlements during the first quarter of 2018. The decrease in gains on derivatives and hedging activities was due primarily to the prepayments of certain previously restructured and hedged advances at the FHLBank of Atlanta resulting in fair value hedge ineffectiveness gains, during the first quarter of 2017.

Non-Interest Expense

Non-interest expense was $312 million for the three months ended March 31, 2018, a decrease of 23% compared to the same period in 2017. This decrease was primarily the result of expenses incurred during the first quarter of 2017 related to a charge of $70 million by the FHLBank of New York to settle all claims related to the 2008 Lehman Brothers bankruptcy and voluntary charitable contributions of $40 million by the FHLBank of San Francisco for a donor-advised fund established to support quality job growth and small business expansion.

Affordable Housing Program Assessments

Affordable Housing Program assessments result from individual FHLBank income subject to assessments. Affordable Housing Program assessments were $97 million for the three months ended March 31, 2018, an increase of 4% compared to the same period in 2017.

About the FHLBanks

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

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have approximately 7,000 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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FHLBanks Office of Finance
Table I to Combined Operating Highlights
Balance Sheet Highlights
Unaudited

	Combined[1]		Boston		New York		Pittsburgh		Atlanta		Cincinnati	
(Dollars in millions)	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Assets												
Cash and due from banks	$ 2,690	$ 7,175	$ 27	$ 262	$ 87	$ 127	$ 253	$ 3,415	$ 80	$ 2,357	$ 1,853	$ 27
Investments	329,412	307,280	18,730	17,942	36,258	33,069	18,487	17,756	47,483	40,378	36,012	27,058
Advances	697,066	731,544	37,988	37,566	112,202	122,448	70,278	74,280	91,733	102,440	63,883	69,918
Mortgage loans held for portfolio, net	54,898	53,827	4,027	4,004	2,879	2,897	4,019	3,923	416	435	9,731	9,681
Other assets	3,794	3,625	186	588	456	377	332	289	748	956	230	211
Total assets	$ 1,087,860	$ 1,103,451	$ 60,958	$ 60,362	$ 151,882	$ 158,918	$ 93,369	$ 99,663	$ 140,460	$ 146,566	$ 111,709	$ 106,895
Liabilities												
Consolidated obligations												
Discount notes	$ 389,052	$ 391,480	$ 29,468	$ 27,721	$ 56,510	$ 49,614	$ 23,906	$ 36,193	$ 54,659	$ 50,139	$ 53,089	$ 46,211
Bonds	627,837	641,601	27,125	28,345	85,656	99,288	63,706	57,534	77,160	87,523	51,767	54,163
Total consolidated obligations	1,016,889	1,033,081	56,593	56,066	142,166	148,902	87,612	93,727	131,819	137,662	104,856	100,374
Mandatorily redeemable capital stock	1,237	1,272	36	36	19	20	5	5	3	1	28	30
Other liabilities	13,096	12,618	1,011	995	1,815	1,755	947	1,003	1,743	1,636	1,356	1,326
Total liabilities	1,031,222	1,046,971	57,640	57,097	144,000	150,677	88,564	94,735	133,565	139,299	106,240	101,730
Capital												
Capital stock	37,285	37,657	2,324	2,284	6,311	6,750	3,528	3,659	4,748	5,154	4,524	4,241
Retained earnings	18,463	18,099	1,335	1,308	1,575	1,546	1,180	1,158	2,052	2,003	961	940
Accumulated other comprehensive income (loss)	890	724	(341)	(327)	(4)	(55)	97	111	95	110	(16)	(16)
Total capital (GAAP)	56,638	56,480	3,318	3,265	7,882	8,241	4,805	4,928	6,895	7,267	5,469	5,165
Total liabilities and capital	$ 1,087,860	$ 1,103,451	$ 60,958	$ 60,362	$ 151,882	$ 158,918	$ 93,369	$ 99,663	$ 140,460	$ 146,566	$ 111,709	$ 106,895
Regulatory capital	$ 56,985	$ 57,027	$ 3,696	$ 3,628	$ 7,905	$ 8,316	$ 4,713	$ 4,822	$ 6,803	$ 7,157	$ 5,513	$ 5,211

	Indianapolis		Chicago		Des Moines		Dallas		Topeka		San Francisco	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Assets												
Cash and due from banks	$ 77	$ 55	$ 40	$ 42	$ 194	$ 503	$ 39	$ 88	$ 25	$ 268	$ 15	$ 31
Investments	17,531	17,572	34,818	30,683	33,370	34,452	28,571	30,941	18,438	13,998	39,832	43,570
Advances	32,965	34,055	50,840	48,085	108,253	102,613	35,304	36,461	26,978	26,296	66,642	77,382
Mortgage loans held for portfolio, net	10,496	10,356	5,357	5,193	7,112	7,096	1,019	878	7,466	7,287	2,376	2,076
Other assets	323	311	336	352	418	435	167	156	243	228	360	326
Total assets	$ 61,392	$ 62,349	$ 91,391	$ 84,355	$ 149,347	$ 145,099	$ 65,100	$ 68,524	$ 53,150	$ 48,077	$ 109,225	$ 123,385
Liabilities												
Consolidated obligations												
Discount notes	$ 19,556	$ 20,358	$ 41,483	$ 41,191	$ 33,930	$ 36,682	$ 26,641	$ 32,511	$ 22,607	$ 20,421	$ 27,203	$ 30,440
Bonds	37,779	37,896	43,516	37,121	106,204	98,893	33,502	31,377	27,237	24,514	74,297	85,063
Total consolidated obligations	57,335	58,254	84,999	78,312	140,134	135,575	60,143	63,888	49,844	44,935	101,500	115,503
Mandatorily redeemable capital stock	164	164	311	311	356	385	1	6	5	5	309	309
Other liabilities	885	985	1,018	880	1,422	2,118	1,357	1,150	818	630	740	767
Total liabilities	58,384	59,403	86,328	79,503	141,912	138,078	61,501	65,044	50,667	45,570	102,549	116,579
Capital												
Capital stock	1,881	1,858	1,579	1,443	5,372	5,068	2,351	2,318	1,598	1,640	3,068	3,243
Retained earnings	993	976	3,358	3,297	1,904	1,839	973	942	855	841	3,273	3,245
Accumulated other comprehensive income (loss)	134	112	126	112	159	114	275	220	30	26	335	318
Total capital (GAAP)	3,008	2,946	5,063	4,852	7,435	7,021	3,599	3,480	2,483	2,507	6,676	6,806
Total liabilities and capital	$ 61,392	$ 62,349	$ 91,391	$ 84,355	$ 149,347	$ 145,099	$ 65,100	$ 68,524	$ 53,150	$ 48,077	$ 109,225	$ 123,385
Regulatory capital	$ 3,038	$ 2,998	$ 5,248	$ 5,051	$ 7,632	$ 7,292	$ 3,324	$ 3,266	$ 2,458	$ 2,486	$ 6,650	$ 6,797

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

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

Three Months Ended March 31,

(Dollars in millions)	Combined[1] 2018	Combined[1] 2017	Boston 2018	Boston 2017	New York 2018	New York 2017	Pittsburgh 2018	Pittsburgh 2017	Atlanta 2018	Atlanta 2017	Cincinnati 2018	Cincinnati 2017
Net interest income after provision (reversal) for credit losses	$ 1,263	$ 820	$ 80	$ 62	$ 193	$ 174	$ 108	$ 108	$ 135	$ (202)	$ 118	$ 103
Non-interest income (loss)	4	492	2	—	(19)	4	2	12	27	319	(4)	(11)
Non-interest expense	312	407	21	21	34	100	22	24	35	34	22	20
Affordable Housing Program assessments	97	93	6	4	14	8	9	9	13	8	9	7
Net income (loss)	$ 858	$ 812	$ 55	$ 37	$ 126	$ 70	$ 79	$ 87	$ 114	$ 75	$ 83	$ 65

	Indianapolis 2018	Indianapolis 2017	Chicago 2018	Chicago 2017	Des Moines 2018	Des Moines 2017	Dallas 2018	Dallas 2017	Topeka 2018	Topeka 2017	San Francisco 2018	San Francisco 2017
Net interest income after provision (reversal) for credit losses	$ 71	$ 59	$ 124	$ 113	$ 157	$ 153	$ 68	$ 53	$ 66	$ 67	$ 148	$ 134
Non-interest income (loss)	6	(3)	—	10	8	35	3	8	(7)	9	(8)	112
Non-interest expense	23	20	42	42	33	32	24	22	15	16	49	80
Affordable Housing Program assessments	6	4	8	8	14	16	5	4	4	6	10	18
Net income (loss)	$ 48	$ 32	$ 74	$ 73	$ 118	$ 140	$ 42	$ 35	$ 40	$ 54	$ 81	$ 148

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