FHLBANKS OFFICE OF FINANCE

April 30, 2014

FOR IMMEDIATE RELEASE:

Office of Finance Announces First Quarter 2014 Combined Operating Highlights for the Federal Home Loan Banks

These highlights are preliminary and prepared from the unaudited financial information of each Federal Home Loan Bank (FHLBank) and are subject to change. The combined and individual FHLBank balance sheet and income statement highlights are attached as Tables I and II. Each of the FHLBanks has released its unaudited financial results for the period ended March 31, 2014, filing a Form 8-K with the U. S. Securities and Exchange Commission.

Highlights

Net income was $555 million for the three months ended March 31, 2014, a decrease of 4% compared to the same period in 2013. Key balance sheet highlights as of March 31, 2014, compared to December 31, 2013, were:

- Total assets decreased 2% to $820.6 billion;
- Advances decreased 3% to $484.4 billion;
- Consolidated obligations decreased 2% to $754.7 billion; and
- Total GAAP capital decreased 2% to $44.0 billion.

Balance Sheet

Total assets were $820.6 billion at March 31, 2014, a decrease of 2% from $834.2 billion at December 31, 2013.

- Advances were $484.4 billion, a decrease of 3% due to reduced member demand, particularly by large-asset members.
- Investment balances were $272.8 billion, an increase of 12% due primarily to the purchase of additional short-term investments, largely as a result of investing cash held at year-end.
- Mortgage loans were $43.7 billion, a decrease of 2% resulting from principal repayments continuing to exceed purchases.
- Other assets were $19.7 billion, a decrease of $28.6 billion due primarily to a decrease in cash, resulting largely from the purchase of short-term investments.

Total liabilities were $776.5 billion at March 31, 2014, a decrease of 2% from $789.1 billion at December 31, 2013, due primarily to a decrease in consolidated obligations. This decrease in consolidated obligations resulted from reduced funding needs related to the decline in advances and consisted of a decline in consolidated discount notes, partially offset by an increase in consolidated bonds.

Total GAAP capital was $44.0 billion at March 31, 2014, a decrease of 2% from $45.1 billion at December 31, 2013. This decrease is the result of a decline in capital stock outstanding, partially offset by growth in retained earnings and an improvement in accumulated other comprehensive income (loss). Capital stock declined 5% as repurchases and redemptions of capital stock exceeded new issuances. Retained earnings grew 2% due to net income of $555 million, offset by dividends of $294 million.

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The improvement in accumulated other comprehensive income (loss) of $317 million was primarily affected by:

- Fair value improvements of $122 million related to other-than-temporarily impaired available-for-sale private-label mortgage-backed securities, driven by increased housing prices and an improved economic outlook; and
- Net fair value increases of $157 million on all other investment securities classified as available-for-sale, due primarily to changes in interest rates, credit spreads, and volatility.

(Dollars in millions)	March 31, 2014	December 31, 2013	Change
Assets			
Investments	$ 272,822	$ 242,863	$ 29,959
Advances	484,442	498,599	(14,157)
Mortgage loans held for portfolio, net	43,661	44,442	(781)
Other assets	19,660	48,296	(28,636)
Total assets	**$ 820,585**	**$ 834,200**	**$ (13,615)**
Liabilities			
Consolidated obligations			
Discount notes	$ 267,560	$ 293,296	$ (25,736)
Bonds	487,166	473,845	13,321
Total consolidated obligations	754,726	767,141	(12,415)
Mandatorily redeemable capital stock	4,486	4,998	(512)
Other liabilities	17,327	16,991	336
Total liabilities	**776,539**	**789,130**	**(12,591)**
Capital			
Capital stock	31,773	33,375	(1,602)
Retained earnings	12,467	12,206	261
Accumulated other comprehensive income (loss)	(194)	(511)	317
Total capital (GAAP)	**44,046**	**45,070**	**(1,024)**
Total liabilities and capital	**$ 820,585**	**$ 834,200**	**$ (13,615)**
Total combined regulatory capital	**$ 48,725**	**$ 50,578**	**$ (1,853)**
Total GAAP capital-to-assets ratio	**5.37%**	**5.40%**	**(0.03)%**
Combined regulatory capital-to-assets ratio	**5.94%**	**6.06%**	**(0.12)%**

Net Income

Net income for the three months ended March 31, 2014, was $555 million, a decrease of 4% compared to the same period in 2013. The decrease for the three months ended March 31, 2014, resulted primarily from a decline in non-interest income and an increase in non-interest expense, partially offset by an increase in net interest income.

	Three Months Ended March 31,		
(Dollars in millions)	2014	2013	Change
Net interest income after provision (reversal) for credit losses	$ 867	$ 854	$ 13
Non-interest income (loss)	6	28	(22)
Non-interest expense	250	234	16
Affordable Housing Program assessments	68	68	—
Net income (loss)	**$ 555**	**$ 580**	**$ (25)**

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Net Interest Income

Net interest income after provision (reversal) for credit losses for the three months ended March 31, 2014, was $867 million, an increase of 2% compared to the same period in 2013. Net interest margin for the three months ended March 31, 2014, was 0.42%, a decrease of 4 basis points compared to the same period in 2013.

- Interest income was $2,027 million for the three months ended March 31, 2014, a decrease of 6% compared to the same period in 2013. This decrease was due to lower yields on interest-earning assets, which included lower prepayment fees, and a decrease in the average balance of mortgage loans, partially offset by increases in the average balances of advances and investments.
- Interest expense was $1,171 million for the three months ended March 31, 2014, a decrease of 11% compared to the same period in 2013. This decrease was driven by lower yields on consolidated obligations, including the cumulative effect of redemptions and refinancings of higher-cost consolidated obligations, partially offset by an increase in the average balance of consolidated obligations.

	Three Months Ended March 31,		
(Dollars in millions)	**2014**	**2013**	**Change**
Interest income			
Advances	$ 635	$ 645	$ (10)
Prepayment fees on advances, net	11	30	(19)
Investments	943	998	(55)
Mortgage loans and other	438	493	(55)
Total interest income	**2,027**	**2,166**	**(139)**
Interest expense			
Consolidated obligations	1,110	1,272	(162)
Deposits and other borrowings	61	44	17
Total interest expense	**1,171**	**1,316**	**(145)**
Net interest income	**856**	**850**	**6**
Provision (reversal) for credit losses	(11)	(4)	(7)
Net interest income after provision (reversal) for credit losses	**$ 867**	**$ 854**	**$ 13**
Net interest margin	**0.42%**	**0.46%**	**(0.04)%**

Non-Interest Income

Non-interest income for the three months ended March 31, 2014, was $6 million, a decline of $22 million compared to the same period in 2013. The decline was due primarily to net losses on derivatives and hedging activities, partially offset by net gains on trading securities, and gains on litigation settlements.

- Net losses from derivatives and hedging activities of $58 million for the three months ended March 31, 2014, were due primarily to changes in the fair value of derivatives not designated as qualifying accounting hedges under GAAP. The fair values are based on a wide range of factors, including current and projected levels of interest rates, credit spreads, and volatility.
- Net gains on investment securities classified as trading of $10 million for the three months ended March 31, 2014, were due primarily to changes in interest rates, credit spreads, and volatility.

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- Gains on litigation settlements were $43 million for the three months ended March 31, 2014. Several of the FHLBanks agreed to settle certain claims arising from investments in private-label mortgage-backed securities.

	Three Months Ended March 31,		
(Dollars in millions)	2014	2013	Change
Net other-than-temporary impairment losses	$ (2)	$ (5)	$ 3
Net gains (losses) on derivatives and hedging activities	(58)	65	(123)
Net gains (losses) on trading securities	10	(48)	58
Gains on litigation settlements, net	43	—	43
Net gains (losses) on financial instruments held under fair value option	(33)	(4)	(29)
Net gains (losses) on debt extinguishments	13	(8)	21
Other	33	28	5
Total non-interest income (loss)	**$ 6**	**$ 28**	**$ (22)**

Non-Interest Expense

Non-interest expense for the three months ended March 31, 2014, was $250 million, an increase of 7% compared to the same period in 2013.

	Three Months Ended March 31,		
(Dollars in millions)	2014	2013	Change
Compensation and benefits	$ 137	$ 126	$ 11
Other operating expenses	82	77	5
Federal Housing Finance Agency	16	16	—
Other expense	15	15	—
Total non-interest expense	**$ 250**	**$ 234**	**$ 16**

Affordable Housing Program Assessments

Affordable Housing Program assessments for the three months ended March 31, 2014, were $68 million, which is unchanged compared to the same period in 2013. Affordable Housing Program assessments result from individual FHLBank income subject to assessments.

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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 7,500 members serving all 50 states, the District of Columbia, and U.S. territories. Please contact David Messerly at 703-467-3609 or messerly@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 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 other-than-temporary impairment of private-label mortgage-backed securities, or collateral held by the FHLBanks as security; political events, including legislative, regulatory, judicial or other developments, that affect the FHLBanks, their members, counterparties, and/or investors in the consolidated obligations of the FHLBanks; competitive forces, including other sources of funding available to FHLBank members; changes in investor demand for consolidated obligations, including those resulting from changes in credit ratings and/or the terms of derivative transactions; implementation of accounting rules; and the ability to introduce new FHLBank products and services and successfully manage the risks associated with those products and services. Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports posted on the Office of Finance web site, www.fhlb-of.com, and in reports filed by each FHLBank with the U. S. Securities and Exchange Commission. Any duty to update these forward-looking statements is disclaimed.

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FHLBanks Office of Finance
Table I to April 30, 2014 Combined Operating Highlights
Balance Sheet Highlights
Unaudited

(Dollars in millions)	Combined[1] March 31, 2014	Combined[1] December 31, 2013	Boston March 31, 2014	Boston December 31, 2013	New York March 31, 2014	New York December 31, 2013	Pittsburgh March 31, 2014	Pittsburgh December 31, 2013	Atlanta March 31, 2014	Atlanta December 31, 2013	Cincinnati March 31, 2014	Cincinnati December 31, 2013	Indianapolis March 31, 2014	Indianapolis December 31, 2013
Assets														
Investments	$ 272,822	$ 242,863	$ 16,878	$ 12,981	$ 24,096	$ 20,085	$ 13,977	$ 13,876	$ 32,206	$ 26,944	$ 28,418	$ 22,364	$ 12,107	$ 10,780
Advances	484,442	498,599	29,700	27,517	87,677	90,765	46,064	50,247	84,166	89,588	65,545	65,270	17,129	17,337
Mortgage loans held for portfolio, net	43,661	44,442	3,348	3,368	1,931	1,927	3,175	3,224	879	918	6,691	6,819	6,175	6,190
Other assets	19,660	48,296	135	772	5,779	15,556	1,340	3,324	2,216	4,866	248	8,728	1,111	3,479
Total assets	$ 820,585	$ 834,200	$ 50,061	$ 44,638	$ 119,483	$ 128,333	$ 64,556	$ 70,671	$ 119,467	$ 122,316	$ 100,902	$ 103,181	$ 36,522	$ 37,786
Liabilities														
Consolidated obligations														
Discount notes	$ 267,560	$ 293,296	$ 20,248	$ 16,061	$ 35,650	$ 45,870	$ 21,942	$ 28,237	$ 22,801	$ 32,202	$ 33,225	$ 38,210	$ 6,418	$ 7,435
Bonds	487,166	473,845	24,478	23,466	74,993	73,276	37,902	37,698	88,276	80,728	61,413	58,163	26,190	26,584
Total consolidated obligations	754,726	767,141	44,726	39,527	110,643	119,146	59,844	65,935	111,077	112,930	94,638	96,373	32,608	34,019
Mandatorily redeemable capital stock	4,486	4,998	977	977	24	24	2	—	23	24	115	116	17	17
Other liabilities	17,327	16,991	1,449	1,297	2,464	2,678	1,210	1,043	2,148	2,710	1,327	1,382	1,480	1,366
Total liabilities	776,539	789,130	47,152	41,801	113,131	121,848	61,056	66,978	113,248	115,664	96,080	97,871	34,105	35,402
Capital														
Capital stock	31,773	33,375	2,563	2,530	5,439	5,571	2,681	2,962	4,412	4,883	4,199	4,698	1,616	1,610
Retained earnings	12,467	12,206	816	789	1,008	999	749	686	1,690	1,657	631	621	763	752
Accumulated other comprehensive income (loss)	(194)	(511)	(470)	(482)	(95)	(85)	70	45	117	112	(8)	(9)	38	22
Total capital (GAAP)	44,046	45,070	2,909	2,837	6,352	6,485	3,500	3,693	6,219	6,652	4,822	5,310	2,417	2,384
Total liabilities and capital	$ 820,585	$ 834,200	$ 50,061	$ 44,638	$ 119,483	$ 128,333	$ 64,556	$ 70,671	$ 119,467	$ 122,316	$ 100,902	$ 103,181	$ 36,522	$ 37,786
Regulatory capital	$ 48,725	$ 50,578	$ 4,356	$ 4,297	$ 6,471	$ 6,594	$ 3,432	$ 3,648	$ 6,125	$ 6,563	$ 4,945	$ 5,435	$ 2,396	$ 2,379

	Chicago March 31, 2014	Chicago December 31, 2013	Des Moines March 31, 2014	Des Moines December 31, 2013	Dallas March 31, 2014	Dallas December 31, 2013	Topeka March 31, 2014	Topeka December 31, 2013	San Francisco March 31, 2014	San Francisco December 31, 2013	Seattle March 31, 2014	Seattle December 31, 2013
Assets												
Investments	$ 41,414	$ 36,402	$ 20,885	$ 20,131	$ 13,387	$ 13,131	$ 9,524	$ 8,705	$ 34,918	$ 35,260	$ 25,313	$ 22,546
Advances	22,372	23,489	44,924	45,650	15,341	15,979	16,113	17,425	45,552	44,395	9,860	10,935
Mortgage loans held for portfolio, net	7,294	7,695	6,485	6,557	86	91	5,985	5,949	852	905	761	798
Other assets	959	1,211	595	666	1,821	1,021	477	1,871	4,863	5,214	121	1,591
Total assets	$ 72,039	$ 68,797	$ 72,889	$ 73,004	$ 30,635	$ 30,222	$ 32,099	$ 33,950	$ 86,185	$ 85,774	$ 36,055	$ 35,870
Liabilities												
Consolidated obligations												
Discount notes	$ 26,889	$ 31,089	$ 42,816	$ 38,137	$ 7,798	$ 5,984	$ 9,357	$ 10,890	$ 24,863	$ 24,194	$ 15,554	$ 14,989
Bonds	39,183	31,987	25,225	30,195	20,147	21,487	19,766	20,057	53,184	53,207	16,780	17,414
Total consolidated obligations	66,072	63,076	68,041	68,332	27,945	27,471	29,123	30,947	78,047	77,401	32,334	32,403
Mandatorily redeemable capital stock	5	5	8	9	4	3	5	5	1,644	2,071	1,662	1,748
Other liabilities	1,992	1,951	1,366	1,206	940	1,001	1,241	1,196	852	593	873	581
Total liabilities	68,069	65,032	69,415	69,547	28,889	28,475	30,369	32,148	80,543	80,065	34,869	34,732
Capital												
Capital stock	1,705	1,670	2,670	2,692	1,084	1,124	1,166	1,252	3,325	3,460	914	923
Retained earnings	2,107	2,028	697	678	668	656	581	568	2,381	2,394	298	287
Accumulated other comprehensive income (loss)	158	67	107	87	(6)	(33)	(17)	(18)	(64)	(145)	(26)	(72)
Total capital (GAAP)	3,970	3,765	3,474	3,457	1,746	1,747	1,730	1,802	5,642	5,709	1,186	1,138
Total liabilities and capital	$ 72,039	$ 68,797	$ 72,889	$ 73,004	$ 30,635	$ 30,222	$ 32,099	$ 33,950	$ 86,185	$ 85,774	$ 36,055	$ 35,870
Regulatory capital	$ 3,817	$ 3,703	$ 3,375	$ 3,379	$ 1,755	$ 1,782	$ 1,752	$ 1,824	$ 7,350	$ 7,925	$ 2,873	$ 2,958

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

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Table II to April 30, 2014 Combined Operating Highlights

Income Statement Highlights

Unaudited

Three Months Ended March 31,

(Dollars in millions)	Combined[1] 2014	Combined[1] 2013	Boston 2014	Boston 2013	New York 2014	New York 2013	Pittsburgh 2014	Pittsburgh 2013	Atlanta 2014	Atlanta 2013	Cincinnati 2014	Cincinnati 2013	Indianapolis 2014	Indianapolis 2013
Net interest income after provision (reversal) for credit losses	$ 867	$ 854	$ 55	$ 78	$ 108	$ 103	$ 66	$ 45	$ 94	$ 85	$ 77	$ 78	$ 48	$ 64
Non-interest income (loss)	6	28	2	(3)	1	(1)	42	4	23	24	4	8	6	(5)
Non-interest expense	250	234	17	16	25	24	19	17	31	30	17	15	16	15
Affordable Housing Program assessments	68	68	4	6	9	8	9	3	9	8	7	7	4	5
Net income (loss)	$ 555	$ 580	$ 36	$ 53	$ 75	$ 70	$ 80	$ 29	$ 77	$ 71	$ 57	$ 64	$ 34	$ 39

	Chicago 2014	Chicago 2013	Des Moines 2014	Des Moines 2013	Dallas 2014	Dallas 2013	Topeka 2014	Topeka 2013	San Francisco 2014	San Francisco 2013	Seattle 2014	Seattle 2013
Net interest income after provision (reversal) for credit losses	$ 130	$ 113	$ 53	$ 53	$ 29	$ 35	$ 54	$ 50	$ 134	$ 127	$ 31	$ 34
Non-interest income (loss)	(10)	1	3	(8)	3	4	(16)	(10)	(48)	(4)	—	2
Non-interest expense	30	25	15	15	18	19	14	12	32	30	19	18
Affordable Housing Program assessments	9	9	4	3	1	2	2	3	9	12	1	2
Net income (loss)	$ 81	$ 80	$ 37	$ 27	$ 13	$ 18	$ 22	$ 25	$ 45	$ 81	$ 11	$ 16

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