FEDERAL HOME LOAN BANKS

Combined Financial Report
for the Quarterly Period Ended March 31, 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 describes 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 March 31, 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 May 14, 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)	March 31, 2015	December 31, 2014
Assets		
Cash and due from banks	$ 15,072	$ 26,421
Interest-bearing deposits	900	1,569
Securities purchased under agreements to resell	46,715	25,419
Federal funds sold	42,543	52,773
Investment securities		
Trading securities *(Note 3)*	9,506	9,600
Available-for-sale securities *(Note 4)*	82,024	75,008
Held-to-maturity securities, fair value of $96,409 and $107,839 *(Note 5)*	94,219	105,848
Total investment securities	185,749	190,456
Advances, includes $11,583 and $20,890 at fair value held under fair value option *(Note 7)*	542,189	570,726
Mortgage loans held for portfolio, net		
Mortgage loans held for portfolio *(Note 8)*	44,238	43,615
Allowance for credit losses on mortgage loans *(Note 9)*	(25)	(52)
Total mortgage loans held for portfolio, net	44,213	43,563
Accrued interest receivable	1,082	1,095
Premises, software, and equipment, net	219	222
Derivative assets, net *(Note 10)*	589	500
Other assets	625	599
Total assets	$ 879,896	$ 913,343
Liabilities		
Deposits *(Note 11)*	$ 10,158	$ 9,064
Consolidated obligations *(Note 12)*		
Discount notes, includes $20,777 and $10,189 at fair value held under fair value option	353,097	362,303
Bonds, includes $28,900 and $34,734 at fair value held under fair value option	460,712	486,031
Total consolidated obligations	813,809	848,334
Mandatorily redeemable capital stock	1,959	2,631
Accrued interest payable	1,345	1,110
Affordable Housing Program payable	853	794
Derivative liabilities, net *(Note 10)*	1,534	1,599
Other liabilities	2,861	1,864
Subordinated notes	944	944
Total liabilities	833,463	866,340
Commitments and contingencies *(Note 16)*		
Capital *(Note 13)*		
Capital stock		
Class B putable ($100 par value) issued and outstanding shares	32,245	33,464
Class A putable ($100 par value) issued and outstanding shares	205	241
Total capital stock	32,450	33,705
Retained earnings		
Unrestricted	10,165	9,736
Restricted	3,702	3,508
Total retained earnings	13,867	13,244
Accumulated other comprehensive income (loss) *(Note 14)*	116	54
Total capital	46,433	47,003
Total liabilities and capital	$ 879,896	$ 913,343

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

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended March 31,	
(dollars in millions)	**2015**	**2014**
Interest income		
Advances	$ 680	$ 635
Prepayment fees on advances, net	26	11
Interest-bearing deposits	3	2
Securities purchased under agreements to resell	7	3
Federal funds sold	20	12
Trading securities	41	49
Available-for-sale securities	356	346
Held-to-maturity securities	469	531
Mortgage loans held for portfolio	409	438
Other	1	1
Total interest income	2,012	2,028
Interest expense		
Consolidated obligations - Discount notes	165	132
Consolidated obligations - Bonds	891	978
Deposits	1	1
Subordinated notes	14	14
Mandatorily redeemable capital stock	18	46
Total interest expense	1,089	1,171
Net interest income	923	857
Provision (reversal) for credit losses	(1)	(11)
Net interest income after provision (reversal) for credit losses	924	868
Non-interest income		
Other-than-temporary impairment losses		
Total other-than-temporary impairment losses	(4)	(1)
Net amount of impairment losses reclassified to/(from) accumulated other comprehensive income (loss)	(51)	(1)
Net other-than-temporary impairment losses	(55)	(2)
Net gains (losses) on trading securities	9	10
Net realized gains (losses) from sale of available-for-sale securities	55	1
Net realized gains (losses) from sale of held-to-maturity securities	6	—
Net gains (losses) on financial instruments held under fair value option	(9)	(33)
Net gains (losses) on derivatives and hedging activities	(41)	(58)
Gains on litigation settlements, net	480	43
Net gains (losses) on debt extinguishments	(2)	13
Other, net	37	32
Total non-interest income (loss)	480	6
Non-interest expense		
Compensation and benefits	151	137
Other operating expenses	94	82
Federal Housing Finance Agency	16	16
Office of Finance	11	12
Other	1	3
Total non-interest expense	273	250
Net income before assessments	1,131	624
Affordable Housing Program assessments	116	68
Net income	$ 1,015	$ 556

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

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

(dollars in millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net income	$ 1,015	$ 556
Other comprehensive income		
Net unrealized gains/losses on available-for-sale securities		
Unrealized gains (losses)	90	158
Reclassification of realized net (gains) losses included in net income	—	(1)
Total net unrealized gains/losses on available-for-sale securities	90	157
Net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities		
Reclassification of (gains) losses included in net income	1	—
Total net unrealized gains/losses on held-to-maturity securities transferred from available-for-sale securities	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	(11)	—
Net change in fair value of other-than-temporarily impaired securities	5	122
Net amount of impairment losses reclassified to (from) non-interest income	51	—
Reclassification of (gains) losses included in net income	(55)	—
Total net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	(10)	122
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
Accretion of non-credit portion	32	33
Non-credit portion of other-than-temporary impairment losses transferred to available-for-sale securities	11	—
Total net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	43	34
Net unrealized gains/losses relating to hedging activities		
Unrealized gains (losses)	(60)	(2)
Reclassification of (gains) losses included in net income	4	(3)
Total net unrealized gains/losses relating to hedging activities	(56)	(5)
Pension and postretirement benefits	(6)	9
Total other comprehensive income	62	317
Comprehensive income	$ 1,077	$ 873

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

FEDERAL HOME LOAN BANKS
COMBINED STATEMENT OF CAPITAL
THREE MONTHS ENDED MARCH 31, 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	32	3,158	—	—
Repurchases/redemptions of capital stock	(46)	(4,589)	(1)	(84)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(1)	(91)	—	(5)
Transfers between Class B and Class A shares	(1)	(66)	1	66
Comprehensive income	—	—	—	—
Dividends on capital stock				
Cash	—	—	—	—
Stock	—	9	—	—
Balance, March 31, 2014	314	$ 31,321	5	$ 452
Balance, December 31, 2014	335	$ 33,464	3	$ 241
Proceeds from issuance of capital stock	39	3,872	—	—
Repurchases/redemptions of capital stock	(49)	(4,887)	(1)	(118)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(1)	(136)	—	(2)
Transfers between Class B and Class A shares	(1)	(84)	1	84
Comprehensive income	—	—	—	—
Dividends on capital stock				
Cash	—	—	—	—
Stock	—	16	—	—
Balance, March 31, 2015	323	$ 32,245	3	$ 205

Capital Stock - Putable Total Shares	Capital Stock - Putable Total Par Value	Retained Earnings Unrestricted	Retained Earnings Restricted	Retained Earnings Total	Accumulated Other Comprehensive Income (Loss)	Total Capital
335	$ 33,375	$ 9,080	$ 3,104	$ 12,184	$ (511)	$ 45,048
32	3,158	—	—	—	—	3,158
(47)	(4,673)	—	—	—	—	(4,673)
(1)	(96)	—	—	—	—	(96)
—	—	—	—	—	—	—
—	—	461	95	556	317	873
—	—	(285)	—	(285)	—	(285)
—	9	(9)	—	(9)	—	—
319	$ 31,773	$ 9,247	$ 3,199	$ 12,446	$ (194)	$ 44,025
338	$ 33,705	$ 9,736	$ 3,508	$ 13,244	$ 54	$ 47,003
39	3,872	—	—	—	—	3,872
(50)	(5,005)	—	—	—	—	(5,005)
(1)	(138)	—	—	—	—	(138)
—	—	—	—	—	—	—
—	—	821	194	1,015	62	1,077
—	—	(376)	—	(376)	—	(376)
—	16	(16)	—	(16)	—	—
326	$ 32,450	$ 10,165	$ 3,702	$ 13,867	$ 116	$ 46,433

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

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

	Three Months Ended March 31,	
(dollars in millions)	2015	2014
Operating activities		
Net income	$ 1,015	$ 556
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	(53)	(71)
Net change in derivatives and hedging activities	55	112
Net other-than-temporary impairment losses	55	2
Other adjustments	(58)	(27)
Net change in fair value adjustments on trading securities	(2)	—
Net change in fair value adjustments on financial instruments held under fair value option	9	33
Net change in		
Trading securities	(15)	(30)
Accrued interest receivable	18	44
Other assets	—	31
Accrued interest payable	240	315
Other liabilities	22	(69)
Total adjustments	271	340
Net cash provided by (used in) operating activities	1,286	896
Investing activities		
Net change in		
Interest-bearing deposits	168	(374)
Securities purchased under agreements to resell	(21,296)	(11,890)
Federal funds sold	10,230	(16,016)
Premises, software, and equipment	(12)	(9)
Trading securities		
Net decrease (increase) in short-term	(325)	60
Proceeds from long-term	438	1,380
Purchases of long-term	—	(1,812)
Available-for-sale securities		
Net decrease (increase) in short-term	1,039	(355)
Proceeds from long-term	4,246	3,203
Purchases of long-term	(2,103)	(2,820)
Held-to-maturity securities		
Net decrease (increase) in short-term	816	(1,204)
Proceeds from long-term	4,761	3,626
Purchases of long-term	(2,744)	(2,584)
Advances		
Principal collected	1,121,420	1,019,686
Made	(1,092,347)	(1,005,662)
Mortgage loans held for portfolio		
Principal collected	1,909	1,560
Purchases	(2,572)	(805)
Proceeds from sales of foreclosed assets	29	31
Principal collected on other loans	1	1
Net cash provided by (used in) investing activities	23,658	(13,984)

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

	Three Months Ended March 31,	
(dollars in millions)	2015	2014
Financing activities		
Net change in		
Deposits and pass-through reserves	$ 1,207	$ (69)
Net proceeds (payments) on derivative contracts with financing element	(229)	(202)
Net proceeds from issuance of consolidated obligations		
Discount notes	1,136,199	704,582
Bonds	76,252	89,113
Payments for maturing and retiring consolidated obligations		
Discount notes	(1,145,426)	(730,323)
Bonds	(101,976)	(76,213)
Proceeds from issuance of capital stock	3,872	3,158
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(811)	(610)
Payments for repurchases/redemptions of capital stock	(5,005)	(4,673)
Cash dividends paid	(376)	(285)
Net cash provided by (used in) financing activities	(36,293)	(15,522)
Net increase (decrease) in cash and due from banks	(11,349)	(28,610)
Cash and due from banks at beginning of the period	26,421	45,773
Cash and due from banks at end of the period	$ 15,072	$ 17,163
Supplemental disclosures		
Interest paid	$ 1,045	$ 1,082
Affordable Housing Program payments, net	$ 57	$ 46
Transfers of mortgage loans to real estate owned	$ 24	$ 36
Transfers of other-than-temporarily impaired held-to-maturity securities to available-for-sale securities	$ 66	$ —
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 12 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 Anticipated Merger

On September 25, 2014, the boards of directors of the FHLBank of Des Moines and the FHLBank of Seattle executed a definitive merger agreement after receiving unanimous approval from their boards of directors. On December 19, 2014, the FHFA approved the merger application submitted by these FHLBanks, subject to the satisfaction of specific closing conditions.

On January 12, 2015, these FHLBanks mailed a joint merger disclosure statement and voting materials to their members seeking ratification of the merger agreement by the members of both FHLBanks through a voting process, which was completed on February 23, 2015. On February 27, 2015, these FHLBanks issued a joint press release announcing the ratification of the merger by members of both FHLBanks.

The consummation of the merger will be effective only after the FHFA determines that the closing conditions identified in its approval letter have been satisfied and the FHFA determines that the continuing FHLBank's organizational certificate complies with the requirements of the FHFA's merger rules. Assuming that the FHFA makes these determinations, the merger is expected to be effective on May 31, 2015. The continuing FHLBank would be headquartered in Des Moines.

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 months ended March 31, 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.

During the three months ended September 30, 2014, the FHLBank of Atlanta identified a classification error in its previously reported Statement of Cash Flows for the three months ended March 31, 2014, contained in its 2014 First Quarter SEC Form 10-Q. After evaluating the quantitative and qualitative aspects of the classification error, the FHLBank of Atlanta determined that the error was not material to the previously issued Statements of Cash Flows of the FHLBank of Atlanta and the Office of Finance determined that the error was not material to the previously issued combined financial reports. Accordingly, the classification error has been corrected in this Combined Financial Report.

Table 1.1 presents the effect of the FHLBank of Atlanta's revisions on the Combined Statement of Cash Flows for the three months ended March 31, 2014.

Table 1.1 - Effect of FHLBank of Atlanta's Correction on Prior Period Combined Statement of Cash Flows
(dollars in millions)

	Three Months Ended March 31, 2014	
	As Reported	**As Revised(1)**
Operating activities		
Net change in		
Other liabilities	$ (378)	$ (69)
Total adjustments	46	355
Net cash provided by (used in) operating activities	601	910
Investing activities		
Held-to-maturity securities		
Purchases of long-term	(2,275)	(2,584)
Net cash provided by (used in) investing activities	(13,675)	(13,984)

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(1) Amounts may not agree to the Combined Statement of Cash Flows due to other immaterial prior period revisions not related to the FHLBank of Atlanta's correction.

Subsequent Events. For purposes of this Combined Financial Report, subsequent events have been evaluated from April 1, 2015 through the time of publication. (See *Note 17 - 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 15 - 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 10 - Derivatives and Hedging Activities* for additional information regarding these agreements.)

At March 31, 2015 and December 31, 2014, the FHLBanks had $46,715 million and $25,419 million 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 March 31, 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 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 debt issuance costs from other assets to consolidated obligations on the FHLBanks' 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 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.

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 - Trading Securities

Table 3.1 - Trading Securities by Major Security Type
(dollars in millions)

Fair Value	March 31, 2015	December 31, 2014
Non-mortgage-backed securities		
U.S. Treasury obligations	$ 326	$ 526
Certificates of deposit	475	—
Other U.S. obligations	257	256
GSE and Tennessee Valley Authority obligations	7,231	7,601
State or local housing agency obligations	1	1
Other	299	294
Total non-mortgage-backed securities	8,589	8,678
Mortgage-backed securities		
Other U.S. obligations single-family MBS	27	28
GSE single-family MBS	190	201
GSE multifamily MBS	700	693
Total mortgage-backed securities	917	922
Total	$ 9,506	$ 9,600

Table 3.2 - Net Gains (Losses) on Trading Securities
(dollars in millions)

	Three Months Ended March 31,	
	2015	2014
Net unrealized gains (losses) on trading securities held at period-end	$ 9	$ 11
Net unrealized and realized gains (losses) on trading securities sold/matured during the year	—	(1)
Net gains (losses) on trading securities	$ 9	$ 10

Note 4 - Available-for-Sale Securities

Table 4.1 - Available-for-Sale (AFS) Securities by Major Security Type
(dollars in millions)

	March 31, 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	$ 550	$ —	$ —	$ —	$ 550
Other U.S. obligations	4,878	—	41	(11)	4,908
GSE and Tennessee Valley Authority obligations	14,711	—	116	(66)	14,761
State or local housing agency obligations	2,168	—	6	(4)	2,170
Federal Family Education Loan Program ABS	5,641	—	363	(9)	5,995
Other	1,096	—	10	(25)	1,081
Total non-mortgage-backed securities	29,044	—	536	(115)	29,465
Mortgage-backed securities					
Other U.S. obligations single-family MBS	4,980	—	96	(1)	5,075
Other U.S. obligations multifamily MBS	913	—	3	(1)	915
GSE single-family MBS	14,105	—	150	(7)	14,248
GSE multifamily MBS	22,192	—	659	(31)	22,820
Private-label residential MBS	9,149	(206)	549	(2)	9,490
Home equity loan ABS	9	—	2	—	11
Total mortgage-backed securities	51,348	(206)	1,459	(42)	52,559
Total	$ 80,392	$ (206)	$ 1,995	$ (157)	$ 82,024

	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

(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 AOCI does not include $545 million and $596 million in subsequent unrealized gains (losses) in fair value of previously other-than-temporarily impaired AFS securities at March 31, 2015 and December 31, 2014, which is included in net non-credit portion of OTTI losses on AFS securities in *Note 14 - Accumulated Other Comprehensive Income (Loss)*.

(3) Gross unrealized gains and gross unrealized losses on AFS securities include $545 million and $596 million in subsequent unrealized gains (losses) in fair value of previously other-than-temporarily impaired AFS securities at March 31, 2015 and December 31, 2014, which is not included in net unrealized gains (losses) on AFS securities in *Note 14 - Accumulated Other Comprehensive Income (Loss)*.

Table 4.2 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 4.2 - AFS Securities in a Continuous Unrealized Loss Position
(dollars in millions)

	March 31, 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	$ 1,596	$ (8)	$ 1,294	$ (3)	$ 2,890	$ (11)
GSE and Tennessee Valley Authority obligations	1,652	(9)	790	(57)	2,442	(66)
State or local housing agency obligations	239	(1)	260	(3)	499	(4)
Federal Family Education Loan Program ABS	12	—	857	(9)	869	(9)
Other	173	—	456	(25)	629	(25)
Total non-mortgage-backed securities	3,672	(18)	3,657	(97)	7,329	(115)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	59	—	143	(1)	202	(1)
Other U.S. obligations multifamily MBS	59	—	215	(1)	274	(1)
GSE single-family MBS	495	(1)	1,131	(6)	1,626	(7)
GSE multifamily MBS	4,480	(19)	2,147	(12)	6,627	(31)
Private-label residential MBS	620	(12)	2,378	(196)	2,998	(208)
Total mortgage-backed securities	5,713	(32)	6,014	(216)	11,727	(248)
Total	$ 9,385	$ (50)	$ 9,671	$ (313)	$ 19,056	$ (363)

	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 4.2 will not agree to total gross unrealized losses in Table 4.1. Total unrealized losses in Table 4.2 includes non-credit-related OTTI recognized in AOCI.

Table 4.3 - AFS Securities by Contractual Maturity
(dollars in millions)

	March 31, 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	$ 1,143	$ 1,146	$ 1,992	$ 1,995
Due after one year through five years	10,728	10,791	10,906	10,957
Due after five years through ten years	6,327	6,380	5,771	5,811
Due after ten years	5,205	5,153	3,916	3,877
Federal Family Education Loan Program ABS(1)	5,641	5,995	5,824	6,221
Total non-mortgage-backed securities	29,044	29,465	28,409	28,861
Mortgage-backed securities(1)	51,348	52,559	45,047	46,147
Total	$ 80,392	$ 82,024	$ 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 4.4 - Proceeds from Sale and Gross Gains and Losses on AFS Securities
(dollars in millions)

	Three Months Ended March 31,	
	2015	2014
Proceeds from sale of AFS securities	$ 2,101	$ 97
Gross gains on sale of AFS securities	$ 69	$ 1
Gross losses on sale of AFS securities	(14)	—
Net realized gains/(losses) from sale of AFS securities	$ 55 [a]	$ 1

(a) Represents net realized gains relating to sales of previously other-than-temporarily impaired securities.

See *Note 6 - 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 5 - Held-to-Maturity Securities

Table 5.1 - HTM Securities by Major Security Type
(dollars in millions)

	March 31, 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	$ 1,511	$ —	$ 1,511	$ 84	$ —	$ 1,595
GSE and Tennessee Valley Authority obligations	7,085	—	7,085	82	(3)	7,164
State or local housing agency obligations	1,767	—	1,767	8	(125)	1,650
Total non-mortgage-backed securities	10,363	—	10,363	174	(128)	10,409
Mortgage-backed securities						
Other U.S. obligations single-family MBS	9,241	—	9,241	120	(4)	9,357
Other U.S. obligations multifamily MBS	68	—	68	—	—	68
GSE single-family MBS	51,209	—	51,209	899	(86)	52,022
GSE multifamily MBS	16,645	—	16,645	476	(10)	17,111
Private-label residential MBS	6,940	(569)	6,371	767	(87)	7,051
Manufactured housing loan ABS	100	—	100	2	(1)	101
Home equity loan ABS	265	(43)	222	72	(4)	290
Total mortgage-backed securities	84,468	(612)	83,856	2,336	(192)	86,000
Total	$ 94,831	$ (612)	$ 94,219	$ 2,510	$ (320)	$ 96,409

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

	March 31, 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						
GSE and Tennessee Valley Authority obligations	$ 200	$ —	$ 1,141	$ (3)	$ 1,341	$ (3)
State or local housing agency obligations	183	—	823	(125)	1,006	(125)
Total non-mortgage-backed securities	383	—	1,964	(128)	2,347	(128)
Mortgage-backed securities						
Other U.S. obligations single-family MBS	347	(1)	692	(3)	1,039	(4)
GSE single-family MBS	4,854	(21)	4,582	(65)	9,436	(86)
GSE multifamily MBS	3,476	(4)	915	(6)	4,391	(10)
Private-label residential MBS	780	(7)	4,084	(392)	4,864	(399)
Manufactured housing loan ABS	—	—	10	(1)	10	(1)
Home equity loan ABS	—	—	76	(4)	76	(4)
Total mortgage-backed securities	9,457	(33)	10,359	(471)	19,816	(504)
Total	$ 9,840	$ (33)	$ 12,323	$ (599)	$ 22,163	$ (632)

	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 5.2 will not agree to total gross unrecognized holding losses in Table 5.1. Total unrealized losses in Table 5.2 includes non-credit-related OTTI recognized in AOCI and gross unrecognized holding gains on previously other-than-temporarily impaired securities.

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

	March 31, 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	$ 1,229	$ 1,229	$ 1,231	$ 2,574	$ 2,574	$ 2,575
Due after one year through five years	5,874	5,874	5,877	6,031	6,031	6,021
Due after five years through ten years	545	545	555	978	978	986
Due after ten years	2,715	2,715	2,746	4,154	4,154	4,165
Total non-mortgage-backed securities	10,363	10,363	10,409	13,737	13,737	13,747
Mortgage-backed securities(2)	84,468	83,856	86,000	92,766	92,111	94,092
Total	$ 94,831	$ 94,219	$ 96,409	$ 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 5.4 - Proceeds from Sale and Gains and Losses on HTM Securities
(dollars in millions)

	Three Months Ended March 31,	
	2015	**2014**
Proceeds from sale of HTM securities	$ 350	$ —
Carrying value of HTM securities sold	344	—
Net realized gains (losses) from sale of HTM securities	$ 6	$ —

Note 6 - 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 January 1, 2015. For the vast majority of markets, the projected short-term housing price changes range from an increase of 1.0% 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 6.1 presents the significant inputs used to measure the amount of credit loss recognized in earnings during the three months ended March 31, 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 6.1 - 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				
2007	13.2%	3.7%	20.7%	19.2%
2006	17.0%	14.8%	32.4%	—
2004 and prior	17.3%	11.0%	30.6%	29.6%
Total prime	13.3%	3.9%	21.0%	19.0%
Alt-A				
2007	15.3%	23.6%	37.2%	3.9%
2006	5.7%	39.9%	39.2%	6.2%
2005	14.5%	16.4%	39.5%	9.7%
2004 and prior	16.8%	8.9%	31.2%	12.0%
Total Alt-A	14.2%	21.9%	37.6%	6.5%
Total OTTI private-label residential MBS	14.1%	21.6%	37.3%	6.7%

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(1) The classification (prime, Alt-A, and subprime) 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 March 31, 2015, the FHLBank of San Francisco elected to transfer its private-label MBS with fair values of $4 million that experienced credit-related OTTI from its HTM portfolio to its AFS portfolio. The FHLBank of San Francisco recognized an OTTI credit loss on its HTM private-label residential MBS, which it believes is evidence of a significant deterioration in the issuer's creditworthiness. This deterioration is the basis for the transfers to the AFS portfolio. This transfer allows 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, the FHLBank of San Francisco asserted as of March 31, 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 months ended March 31, 2014, there were no transfers of securities from HTM to AFS.

In connection with its anticipated 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 6.2 presents the March 31, 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 March 31, 2015, based on each individual FHLBank's impairment analyses of its investment portfolio.

Table 6.2 - Total MBS Other-than-Temporarily Impaired during the Life of the Security
(dollars in millions)

	March 31, 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	$ 1,158	$ 940	$ 724	$ 989	$ 3,465	$ 2,858	$ 3,083
Alt-A	1,625	1,235	948	1,270	7,511	6,284	6,401
Subprime	611	379	313	473	2	1	1
Total private-label residential MBS	3,394	2,554	1,985	2,732	10,978	9,143	9,485
Home equity loan ABS(2)							
Alt-A	—	—	—	—	12	9	11
Subprime	171	136	93	161	—	—	—
Total home equity loan ABS	171	136	93	161	12	9	11
Total	$ 3,565	$ 2,690	$ 2,078	$ 2,893	$ 10,990	$ 9,152	$ 9,496

(1) Table 6.2 does not include all HTM and AFS securities that are in an unrealized loss position as of March 31, 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 6.3 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 6.3 - Rollforward of the Amounts Related to Credit Losses Recognized into Earnings
(dollars in millions)

	Three Months Ended March 31,	
	2015	2014
Balance, at beginning of period	$ 3,836	$ 4,075
Additions		
Additional OTTI credit losses for securities upon which an OTTI charge was previously recognized (1)(2)	3	2
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)	(68)	(60)
Balance, at end of period	$ 3,403	$ 4,017

(1) For the three months ended March 31, 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 three months ended March 31, 2015, that the FHLBank of Seattle intended to sell and for which no portion of the OTTI losses remain in accumulated other comprehensive income (loss) at March 31, 2015.

All other AFS and HTM Investment Securities

At March 31, 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 March 31, 2015.

Note 7 - 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 7.1 - Advances Redemption Terms
(dollars in millions)

	March 31, 2015		December 31, 2014	
Redemption Term	**Amount**	**Weighted-Average Interest Rate**	**Amount**	**Weighted-Average Interest Rate**
Overdrawn demand and overnight deposit accounts	$ 4	2.58%	$ 99	3.32%
Due in 1 year or less	201,912	0.54%	231,241	0.50%
Due after 1 year through 2 years	77,921	1.33%	78,381	1.32%
Due after 2 years through 3 years	76,429	1.60%	73,374	1.58%
Due after 3 years through 4 years	76,231	0.94%	76,177	1.10%
Due after 4 years through 5 years	53,060	0.92%	57,344	0.85%
Thereafter	49,344	2.31%	47,328	2.39%
Index-amortizing advances(1)	1,696	3.34%	1,728	3.45%
Total par value	536,597	1.07%	565,672	1.04%
Commitment fees	(4)		(5)	
Discounts on AHP advances	(35)		(37)	
Premiums	103		103	
Discounts	(79)		(84)	
Hedging adjustments	5,504		4,980	
Fair value option valuation adjustments	103		97	
Total	$ 542,189		$ 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 7.2 - 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	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Overdrawn demand and overnight deposit accounts	$ 4	$ 99	$ 4	$ 99
Due in 1 year or less	264,371	295,224	224,783	254,411
Due after 1 year through 2 years	74,187	75,027	75,435	76,089
Due after 2 years through 3 years	77,865	67,752	67,663	66,331
Due after 3 years through 4 years	47,290	54,948	72,974	70,773
Due after 4 years through 5 years	37,077	36,071	50,483	55,410
Thereafter	34,107	34,823	43,559	40,831
Index-amortizing advances	1,696	1,728	1,696	1,728
Total par value	$ 536,597	$ 565,672	$ 536,597	$ 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 March 31, 2015 and December 31, 2014, the FHLBanks had callable advances outstanding totaling $76.6 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 March 31, 2015 and December 31, 2014, the FHLBanks had putable advances outstanding totaling $23.8 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 March 31, 2015 and December 31, 2014, the FHLBanks had convertible advances outstanding totaling $6.4 billion and $6.5 billion.

Table 7.3 - Advances by Current Interest Rate Terms
(dollars in millions)

	March 31, 2015	December 31, 2014
Total fixed-rate	$ 297,852	$ 319,732
Total variable-rate	238,745	245,940
Total par value	$ 536,597	$ 565,672

Credit Risk Exposure and Security Terms

The FHLBanks' potential credit risk from advances is concentrated in commercial banks and thrifts. The FHLBanks' advances outstanding that were greater than or equal to $1.0 billion per borrower were $367.0 billion and $388.2 billion at March 31, 2015 and December 31, 2014. These advances were made to 81 and 79 borrowers (members and non-members) at March 31, 2015 and December 31, 2014, which represented 68.4% and 68.6% of total advances outstanding at March 31, 2015 and December 31, 2014. (See *Note 9 - Allowance for Credit Losses* for information related to the FHLBanks' credit risk on advances and allowance methodology for credit losses.)

Note 8 - 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 8.1 - Mortgage Loans Held for Portfolio
(dollars in millions)

	March 31, 2015	December 31, 2014
Fixed-rate, long-term single-family mortgage loans	$ 35,505	$ 34,738
Fixed-rate, medium-term(1) single-family mortgage loans	7,954	8,134
Total unpaid principal balance	43,459	42,872
Premiums	720	692
Discounts	(67)	(69)
Deferred loan costs, net	—	(1)
Hedging adjustments	126	121
Total mortgage loans held for portfolio	$ 44,238	$ 43,615

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

Table 8.2 - Mortgage Loans Held for Portfolio by Collateral/Guarantee Type
(dollars in millions)

	March 31, 2015	December 31, 2014
Conventional mortgage loans	$ 38,644	$ 37,945
Government-guaranteed or -insured mortgage loans	4,815	4,927
Total unpaid principal balance	$ 43,459	$ 42,872

Note 9 - 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 March 31, 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 March 31, 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 three months ended March 31, 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 March 31, 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 16 - 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 March 31, 2015 and December 31, 2014. Furthermore, none of these mortgage loans have 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 9.1 presents a rollforward of the allowance for credit losses on mortgage loans for the three months ended March 31, 2015 and 2014, and Table 9.2 presents the recorded investment in mortgage loans by impairment methodology at March 31, 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 9.1 - Rollforward of Allowance for Credit Losses on Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	Three Months Ended March 31,	
	2015	2014
Balance, at beginning of period	$ 52	$ 88
Charge-offs, net of recoveries	(26)	(6)
Provision (reversal) for credit losses	(1)	(11)
Balance, at end of period	$ 25	$ 71

Table 9.2 - Allowance for Credit Losses and Recorded Investment by Impairment Methodology on Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	March 31, 2015	December 31, 2014
Allowances for credit losses, end of period		
Individually evaluated for impairment	$ 8	$ 29
Collectively evaluated for impairment	17	23
Total allowances for credit losses	$ 25	$ 52
Recorded investment, end of period		
Individually evaluated for impairment	$ 2,525	$ 2,347
Collectively evaluated for impairment	36,994	36,436
Total recorded investment	$ 39,519	$ 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 9.3 presents the FHLBanks' key credit quality indicators for mortgage loans at March 31, 2015 and December 31, 2014.

Table 9.3 - Recorded Investment in Delinquent Mortgage Loans
(dollars in millions)

	March 31, 2015		
	Conventional MPF/ MPP	Government- Guaranteed or - Insured	Total
Past due 30-59 days	$ 448	$ 212	$ 660
Past due 60-89 days	130	58	188
Past due 90 days or more	436	113	549
Total past due mortgage loans	1,014	383	1,397
Total current mortgage loans	38,505	4,540	43,045
Total mortgage loans(1)	$ 39,519	$ 4,923	$ 44,442
Other delinquency statistics			
In process of foreclosure, included above(2)	$ 249	$ 41	$ 290
Serious delinquency rate(3)	1.11%	2.30%	1.24%
Past due 90 days or more and still accruing interest	$ 85	$ 113	$ 198
Loans on non-accrual status	$ 389	$ —	$ 389

	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

(1) The difference between the recorded investment and the carrying value of total mortgage loans of $204 million at both March 31, 2015 and December 31, 2014, primarily relates to accrued interest. (See *Note 8 - 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 9.4 presents the recorded investment, unpaid principal balance, and related allowance of impaired conventional MPF/ MPP mortgage loans individually assessed for impairment at March 31, 2015 and December 31, 2014, and Table 9.5 presents the average recorded investment and related interest income recognized on these loans during the three months ended March 31, 2015 and 2014.

Table 9.4 - Individually Evaluated Impaired Conventional MPF/MPP Mortgage Loans
(dollars in millions)

	March 31, 2015			December 31, 2014		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance	$ 360	$ 367	$ —	$ 141	$ 140	$ —
With an allowance	42	42	7	256	253	28
Total	$ 402	$ 409	$ 7	$ 397	$ 393	$ 28

Table 9.5 - Average Recorded Investment of Individually Impaired Conventional MPF/MPP Mortgage Loans and Related Interest Income Recognized
(dollars in millions)

	Three Months Ended March 31,			
	2015		2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance	$ 353	$ —	$ 142	$ —
With an allowance	55	—	309	—
Total	$ 408	$ —	$ 451	$ —

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 March 31, 2015 and December 31, 2014, the amounts of First Loss Account remaining to cover the losses under the MPF program were $388 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 March 31, 2015 and 2014.

At March 31, 2015 and December 31, 2014, the amounts of Lender Risk Account remaining to cover the losses under the MPP program were $208 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 March 31, 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 March 31, 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 $72 million and $73 million of real estate owned recorded in other assets on the Combined Statement of Condition at March 31, 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 March 31, 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 March 31, 2015 and December 31, 2014.

Note 10 - 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 10.1 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 10.1 - Fair Value of Derivative Instruments
(dollars in millions)

	March 31, 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	$ 432,599	$ 2,060	$ 8,785	$ 409,722	$ 1,946	$ 8,413
Interest-rate caps or floors	172	—	1	222	—	1
Total derivatives designated as hedging instruments	432,771	2,060	8,786	409,944	1,946	8,414
Derivatives not designated as hedging instruments						
Interest-rate swaps	106,516	720	909	110,906	654	841
Interest-rate swaptions	2,210	66	—	2,250	57	—
Interest-rate caps or floors	30,603	148	12	31,054	159	16
Interest-rate futures or forwards	937	—	5	759	—	7
Mortgage delivery commitments	1,621	13	6	1,172	9	3
Other	266	1	1	220	1	1
Total derivatives not designated as hedging instruments	142,153	948	933	146,361	880	868
Total derivatives before netting and collateral adjustments	$ 574,924	3,008	9,719	$ 556,305	2,826	9,282
Netting adjustments and cash collateral(1)		(2,419)	(8,185)		(2,326)	(7,683)
Total derivative assets and total derivative liabilities		$ 589	$ 1,534		$ 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 $6,267 million and $5,855 million at March 31, 2015 and December 31, 2014. Cash collateral received and related accrued interest was $501 million and $498 million at March 31, 2015 and December 31, 2014.

Table 10.2 presents the components of net gains (losses) on derivatives and hedging activities as presented in the Combined Statement of Income.

Table 10.2 - Net Gains (Losses) on Derivatives and Hedging Activities
(dollars in millions)

	Three Months Ended March 31,	
	2015	2014
Derivatives designated as hedging instruments		
Interest-rate swaps	$ 2	$ 11
Total net gains related to fair value hedge ineffectiveness	2	11
Total net gains related to cash flow hedge ineffectiveness	—	—
Derivatives not designated as hedging instruments		
Economic hedges		
Interest-rate swaps	(41)	11
Interest-rate swaptions	8	(16)
Interest-rate caps or floors	(7)	(39)
Interest-rate futures or forwards	(12)	(2)
Net interest settlements	(5)	(26)
Mortgage delivery commitments	14	2
Intermediary transactions		
Interest-rate swaps	—	1
Total net gains (losses) related to derivatives not designated as hedging instruments	(43)	(69)
Net gains (losses) on derivatives and hedging activities	$ (41)	$ (58)

Table 10.3 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 10.3 - Effect of Fair Value Hedge-Related Derivative Instruments
(dollars in millions)

	Three Months Ended March 31, 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	$ (552)	$ 580	$ 28	$ (733)
Consolidated bonds	443	(459)	(16)	499
Consolidated discount notes	2	(2)	—	1
Available-for-sale securities	(297)	287	(10)	(170)
Total	$ (404)	$ 406	$ 2	$ (403)

	Three Months Ended March 31, 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	$ 127	$ (99)	$ 28	$ (799)
Consolidated bonds	438	(444)	(6)	496
Available-for-sale securities	(189)	178	(11)	(159)
Total	$ 376	$ (365)	$ 11	$ (462)

(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 $(34) million and $(13) million of amortization/accretion related to fair value hedging activities for the three months ended March 31, 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 months ended March 31, 2015 and 2014.

Table 10.4 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 in the Combined Statement of Income. (See *Note 14 - Accumulated Other Comprehensive Income (Loss)* for more details on the effect of cash flow hedges on AOCI.)

Table 10.4 - Effect of Cash Flow Hedge-Related Derivative Instruments
(dollars in millions)

	Three Months Ended March 31, 2015			
Derivatives and Hedged Items in Cash Flow Hedging Relationships(1)	**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	$ (13)	Interest expense	$ (6)	$ —
Consolidated discount notes	(47)	Interest expense	(1)	—
Interest-rate caps or floors				
Advances	—	Interest income	3	—
Total	$ (60)		$ (4)	$ —

Derivatives and Hedged Items in Cash Flow Hedging Relationships(1)	Three Months Ended March 31, 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	$ (6)	Interest expense	$ (1)	$ —
Consolidated discount notes	4	Interest expense	—	—
Interest-rate caps or floors				
Advances	—	Interest income	4	—
Total	$ (2)		$ 3	$ —

(1) Table 10.4 does not include $(71) 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 March 31, 2015 and 2014.

For the three months ended March 31, 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 March 31, 2015, $23 million of deferred net losses on derivative instruments in AOCI is expected to be reclassified to earnings during the next twelve months. At March 31, 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 fourteen 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 March 31, 2015, was $4.1 billion, for which the FHLBanks have posted collateral with a fair value of $3.3 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 March 31, 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 March 31, 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 10.5 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 10.5 - Offsetting of Derivative Assets and Derivative Liabilities
(dollars in millions)

	March 31, 2015		December 31, 2014	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative instruments meeting netting requirements				
Gross recognized amount				
Bilateral derivatives	$ 2,285	$ 7,713	$ 2,278	$ 7,879
Cleared derivatives	710	1,995	539	1,393
Total gross recognized amount	2,995	9,708	2,817	9,272
Gross amounts of netting adjustments and cash collateral				
Bilateral derivatives	(2,191)	(6,193)	(2,166)	(6,293)
Cleared derivatives	(228)	(1,992)	(160)	(1,390)
Total gross amounts of netting adjustments and cash collateral	(2,419)	(8,185)	(2,326)	(7,683)
Net amounts after netting adjustments and cash collateral				
Bilateral derivatives	94	1,520	112	1,586
Cleared derivatives	482	3	379	3
Total net amounts after netting adjustments and cash collateral	576	1,523	491	1,589
Derivative instruments not meeting netting requirements(1)				
Bilateral derivatives	13	11	9	10
Total derivative instruments not meeting netting requirements(1)	13	11	9	10
Total derivative assets and total derivative liabilities				
Bilateral derivatives	107	1,531	121	1,596
Cleared derivatives	482	3	379	3
Total derivative assets and total derivative liabilities presented on the Combined Statement of Condition	589	1,534	500	1,599
Non-cash collateral received or pledged not offset				
Can be sold or repledged				
Bilateral derivatives	26	64	26	66
Cleared derivatives	—	—	—	3
Total can be sold or repledged	26	64	26	69
Cannot be sold or repledged				
Bilateral derivatives	25	400	44	393
Cleared derivatives(2)	—	3	(67)	—
Total cannot be sold or repledged	25	403	(23)	393
Net amount(3)				
Bilateral derivatives	56	1,067	51	1,137
Cleared derivatives	482	—	446	—
Total net amount(3)	$ 538	$ 1,067	$ 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 March 31, 2015 and December 31, 2014, the FHLBanks had additional net credit exposure of $177 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 11 - 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 11.1 - Deposits
(dollars in millions)

	March 31, 2015	December 31, 2014
Interest-bearing		
Demand and overnight	$ 8,593	$ 7,302
Term	542	403
Other	17	619
Total interest-bearing	9,152	8,324
Non-interest-bearing		
Demand and overnight	824	595
Other	182	145
Total non-interest-bearing	1,006	740
Total deposits	$ 10,158	$ 9,064

Note 12 - 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 12.1 - Consolidated Discount Notes Outstanding
(dollars in millions)

	Book Value	Par Value	Weighted-Average Interest Rate(1)
March 31, 2015	$ 353,097	$ 353,175	0.09%
December 31, 2014	$ 362,303	$ 362,363	0.09%

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(1) Represents yield to maturity excluding concession fees.

Table 12.2 - Consolidated Bonds Outstanding by Contractual Maturity
(dollars in millions)

	March 31, 2015		December 31, 2014	
Year of Contractual Maturity	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Due in 1 year or less	$ 193,309	0.48%	$ 220,231	0.44%
Due after 1 year through 2 years	78,012	1.44%	78,195	1.42%
Due after 2 years through 3 years	59,939	1.79%	55,369	1.80%
Due after 3 years through 4 years	31,816	1.59%	32,758	1.61%
Due after 4 years through 5 years	35,109	1.91%	30,383	1.80%
Thereafter	60,072	2.63%	67,069	2.58%
Index-amortizing notes	474	4.52%	516	4.53%
Total par value	458,731	1.29%	484,521	1.22%
Net premiums	505		513	
Hedging adjustments	1,452		1,011	
Fair value option valuation adjustments	24		(14)	
Total	$ 460,712		$ 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 12.3 - Consolidated Bonds Outstanding by Call Features
(dollars in millions)

Par Values of Consolidated Bonds	March 31, 2015	December 31, 2014
Non-callable/non-putable	$ 320,129	$ 339,841
Callable	138,602	144,680
Total par value	$ 458,731	$ 484,521

Table 12.4 - Consolidated Bonds Outstanding by Contractual Maturity or Next Call Date
(dollars in millions)

Year of Contractual Maturity or Next Call Date	March 31, 2015	December 31, 2014
Due in 1 year or less	$ 313,685	$ 341,839
Due after 1 year through 2 years	63,152	65,682
Due after 2 years through 3 years	33,132	31,662
Due after 3 years through 4 years	16,234	13,162
Due after 4 years through 5 years	12,498	10,022
Thereafter	19,556	21,638
Index-amortizing notes	474	516
Total par value	$ 458,731	$ 484,521

Note 13 - 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.

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 March 31, 2015, each FHLBank was in compliance with its regulatory capital rules. Effective November 22, 2013, the FHLBank of Seattle entered into a Stipulation and Consent to the Issuance of a Consent Order with the FHFA (together, with related understandings with the FHFA, the Amended Consent Arrangement), which superseded the previous Stipulation and Consent to the Issuance of a Consent Order and related understandings put in place in October 2010 (2010 Consent Arrangement), which will remain in effect until modified or terminated by the FHFA. (See *Note 16 - Capital* on page F-61 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 FHLBank of Seattle Capital Classification and Consent Arrangement.)

Table 13.1 - Risk-Based Capital Requirements at March 31, 2015
(dollars in millions)

	Risk-Based Capital	
FHLBank	**Minimum Requirement**	**Actual**
Boston	$ 612	$ 3,422
New York	642	6,238
Pittsburgh	825	3,873
Atlanta	2,010	6,113
Cincinnati	463	5,071
Indianapolis	529	2,379
Chicago	1,135	4,416
Des Moines	557	4,181
Dallas	426	1,971
Topeka	292	1,568
San Francisco	2,959	6,249
Seattle	561	2,500

Table 13.2 - Regulatory Capital Requirements at March 31, 2015
(dollars in millions)

	Regulatory Capital Ratio		Regulatory Capital	
FHLBank	Minimum Requirement	Actual	Minimum Requirement	Actual
Boston	4.0%	6.4%	$ 2,123	$ 3,422
New York	4.0%	5.2%	4,775	6,238
Pittsburgh	4.0%	4.4%	3,499	3,873
Atlanta	4.0%	5.0%	4,851	6,113
Cincinnati	4.0%	5.1%	3,956	5,071
Indianapolis	4.0%	5.5%	1,746	2,379
Chicago	4.0%	6.3%	2,806	4,416
Des Moines	4.0%	4.3%	3,909	4,181
Dallas	4.0%	5.3%	1,477	1,971
Topeka	4.0%	4.3%	1,607	1,746
San Francisco	4.0%	8.0%	3,129	6,249
Seattle	4.0%	7.7%	1,330	2,575

Table 13.3 - Leverage Capital Requirements at March 31, 2015
(dollars in millions)

	Leverage Capital Ratio		Leverage Capital	
FHLBank	Minimum Requirement	Actual	Minimum Requirement	Actual
Boston	5.0%	9.7%	$ 2,653	$ 5,134
New York	5.0%	7.8%	5,969	9,357
Pittsburgh	5.0%	6.6%	4,373	5,810
Atlanta	5.0%	7.6%	6,064	9,169
Cincinnati	5.0%	7.7%	4,945	7,607
Indianapolis	5.0%	8.2%	2,183	3,568
Chicago	5.0%	9.4%	3,507	6,623
Des Moines	5.0%	6.4%	4,887	6,272
Dallas	5.0%	8.0%	1,846	2,956
Topeka	5.0%	6.3%	2,008	2,530
San Francisco	5.0%	12.0%	3,912	9,373
Seattle	5.0%	11.5%	1,663	3,825

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. Until the FHFA determines that the FHLBank of Seattle has met all requirements of the Amended Consent Arrangement, the FHLBank of Seattle is required to obtain written non-objection from the FHFA for any dividends.

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 a targeted amount in restricted retained earnings intended to protect paid-in capital from the effects of an extremely adverse credit, operations risk, or market event.

Table 13.4 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 13.4 - 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	461	112	(17)	95	556
Dividends on capital stock					
Cash	(285)	—	—	—	(285)
Stock	(9)	—	—	—	(9)
Balance, March 31, 2014	$ 9,247	$ 1,328	$ 1,871	$ 3,199	$ 12,446
Balance, December 31, 2014	$ 9,736	$ 1,673	$ 1,835	$ 3,508	$ 13,244
Net income	821	204	(10)	194	1,015
Dividends on capital stock					
Cash	(376)	—	—	—	(376)
Stock	(16)	—	—	—	(16)
Balance, March 31, 2015	$ 10,165	$ 1,877	$ 1,825	$ 3,702	$ 13,867

(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.

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 in the Combined Statement of Income. For the three months ended March 31, 2015 and 2014, dividends on mandatorily redeemable capital stock in the amount of $18 million and $46 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.

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 March 31, 2015, each of the FHLBanks of Cincinnati, Indianapolis, and Seattle had excess capital stock outstanding totaling more than one percent of its total assets. During the three months ended March 31, 2015, each of these FHLBanks was in compliance with the excess capital stock rule.

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 14 - Accumulated Other Comprehensive Income (Loss)

Table 14.1 presents a summary of changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2015 and 2014.

Table 14.1 - Accumulated Other Comprehensive Income (Loss)
(dollars in millions)

	Net Unrealized Gains (Losses) on AFS Securities (Note 4)	Net Unrealized Gains (Losses) on HTM Securities Transferred from AFS Securities	Net Non-Credit Portion of OTTI Losses on AFS Securities (Notes 4 and 6)	Net Non-Credit Portion of OTTI Losses on HTM Securities (Notes 5 and 6)	Net Unrealized Gains (Losses) Relating to Hedging Activities (Note 10)	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)	158	—	67	—	(2)	—	223
Change in fair value of other-than-temporarily impaired securities	—	—	55	—	—	—	55
Accretion of non-credit loss	—	—	—	33	—	—	33
Reclassifications from accumulated other comprehensive income to net income							
Net gains (losses) on securities	(1)	—	—	—	—	—	(1)
Non-credit OTTI to credit OTTI	—	—	—	1	—	—	1
Amortization on hedging activities(1)	—	—	—	—	(3)	—	(3)
Amortization - pension and postretirement	—	—	—	—	—	9	9
Net current period other comprehensive income (loss)	157	—	122	34	(5)	9	317
Balance, March 31, 2014	$ 1,162	$ (1)	$ 197	$ (755)	$ (753)	$ (44)	$ (194)

	Net Unrealized Gains (Losses) on AFS Securities (Note 4)	Net Unrealized Gains (Losses) on HTM Securities Transferred from AFS Securities	Net Non-Credit Portion of OTTI Losses on AFS Securities (Notes 4 and 6)	Net Non-Credit Portion of OTTI Losses on HTM Securities (Notes 5 and 6)	Net Unrealized Gains (Losses) Relating to Hedging Activities (Note 10)	Pension and Postretirement Benefits	Total Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2014	$ 1,203	$ (1)	$ 349	$ (655)	$ (749)	$ (93)	$ 54
Other comprehensive income before reclassifications							
Unrealized gains (losses)	90	—	(50)	—	(60)	—	(20)
Non-credit OTTI losses	—	—	(3)	—	—	—	(3)
Non-credit OTTI losses transferred	—	—	(11)	11	—	—	—
Change in fair value of other-than-temporarily impaired securities	—	—	55	—	—	—	55
Accretion of non-credit loss	—	—	—	32	—	—	32
Reclassifications from accumulated other comprehensive income to net income							
Net gains (losses) on securities	—	1	(55)	—	—	—	(54)
Non-credit OTTI to credit OTTI	—	—	54	—	—	—	54
Amortization on hedging activities(1)	—	—	—	—	4	—	4
Amortization - pension and postretirement	—	—	—	—	—	(6)	(6)
Net current period other comprehensive income (loss)	90	1	(10)	43	(56)	(6)	62
Balance, March 31, 2015	$ 1,293	$ —	$ 339	$ (612)	$ (805)	$ (99)	$ 116

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

	March 31,	
	2015	2014
Interest income - Advances	$ 3	$ 4
Interest expense - Consolidated bonds	(6)	(1)
Interest expense - Consolidated discount notes	(1)	—
Total amortization on hedging activities	$ (4)	$ 3

Note 15 - 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 March 31, 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 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 months ended March 31, 2015, or 2014.

Table 15.1 presents the carrying value, fair value, and fair value hierarchy of financial assets and liabilities of the FHLBanks at March 31, 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 15.1 - Fair Value Summary
(dollars in millions)

	March 31, 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	$ 15,072	$ 15,072	$ 15,072	$ —	$ —	$ —
Interest-bearing deposits	900	900	560	340	—	—
Securities purchased under agreements to resell	46,715	46,715	—	46,715	—	—
Federal funds sold	42,543	42,543	—	42,543	—	—
Trading securities	9,506	9,506	14	9,492	—	—
Available-for-sale securities	82,024	82,024	24	72,499	9,501	—
Held-to-maturity securities	94,219	96,409	—	87,648	8,761	—
Advances(2)	542,189	542,621	—	542,621	—	—
Mortgage loans held for portfolio, net	44,213	46,620	—	46,297	323	—
Accrued interest receivable	1,082	1,082	—	1,082	—	—
Derivative assets, net	589	589	—	2,999	9	(2,419)
Other assets	82	82	76	6	—	—
Liabilities						
Deposits	10,158	10,158	—	10,158	—	—
Consolidated obligations						
Discount notes(3)	353,097	353,095	—	353,095	—	—
Bonds(4)	460,712	464,142	—	464,083	59	—
Total consolidated obligations	813,809	817,237	—	817,178	59	—
Mandatorily redeemable capital stock	1,959	1,959	1,959	—	—	—
Accrued interest payable	1,345	1,345	—	1,345	—	—
Derivative liabilities, net	1,534	1,534	—	9,719	—	(8,185)
Other liabilities	36	36	36	—	—	—
Subordinated notes	944	1,002	—	1,002	—	—

		December 31, 2014				
		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	$ 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(3)	362,303	362,300	—	362,300	—	—
Bonds(4)	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 $11,583 million and $20,890 million of advances recorded under fair value option at March 31, 2015 and December 31, 2014.
(3) Includes $20,777 million and $10,189 million of consolidated discount notes recorded under fair value option at March 31, 2015 and December 31, 2014.
(4) Includes $28,900 million and $34,734 million of consolidated bonds recorded under fair value option and $59 million and $62 million of consolidated bonds that are carried at fair value under a full fair value hedge strategy at March 31, 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 months ended March 31, 2015.

Fair Value Measurements

Table 15.2 presents the fair value of assets and liabilities that are recorded on a recurring or non-recurring basis at March 31, 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 15.2 - Fair Value Measurements
(dollars in millions)

	March 31, 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	$ 326	$ —	$ 326	$ —	$ —
Certificates of deposit	475	—	475	—	—
Other U.S. obligations	257	—	257	—	—
GSE and Tennessee Valley Authority obligations	7,231	—	7,231	—	—
State or local housing agency obligations	1	—	1	—	—
Other non-MBS	299	14	285	—	—
Other U.S. obligations single-family MBS	27	—	27	—	—
GSE single-family MBS	190	—	190	—	—
GSE multifamily MBS	700	—	700	—	—
Total trading securities	9,506	14	9,492	—	—
Available-for-sale securities					
Certificates of deposit	550	—	550	—	—
Other U.S. obligations	4,908	—	4,908	—	—
GSE and Tennessee Valley Authority obligations	14,761	—	14,761	—	—
State or local housing agency obligations	2,170	—	2,170	—	—
Federal Family Education Loan Program ABS	5,995	—	5,995	—	—
Other non-MBS	1,081	24	1,057	—	—
Other U.S. obligations single-family MBS	5,075	—	5,075	—	—
Other U.S. obligations multifamily MBS	915	—	915	—	—
GSE single-family MBS	14,248	—	14,248	—	—
GSE multifamily MBS	22,820	—	22,820	—	—
Private-label residential MBS	9,490	—	—	9,490	—
Home equity loan ABS	11	—	—	11	—
Total available-for-sale securities	82,024	24	72,499	9,501	—
Advances(2)	11,583	—	11,583	—	—
Derivative assets, net					
Interest-rate related	576	—	2,986	9	(2,419)
Mortgage delivery commitments	13	—	13	—	—
Total derivative assets, net	589	—	2,999	9	(2,419)
Other assets	82	76	6	—	—
Total recurring assets at fair value	$ 103,784	$ 114	$ 96,579	$ 9,510	$ (2,419)
Recurring fair value measurements - Liabilities					
Consolidated Obligations					
Discount notes(3)	$ 20,777	$ —	$ 20,777	$ —	$ —
Bonds(4)	28,959	—	28,900	59	—
Total consolidated obligations	49,736	—	49,677	59	—
Derivative liabilities, net					
Interest-rate related	1,528	—	9,713	—	(8,185)
Mortgage delivery commitments	6	—	6	—	—
Total derivative liabilities, net	1,534	—	9,719	—	(8,185)
Total recurring liabilities at fair value	$ 51,270	$ —	$ 59,396	$ 59	$ (8,185)
Non-recurring fair value measurements - Assets					
Held-to-maturity securities					
Private-label residential MBS	$ 23	$ —	$ —	$ 23	
Mortgage loans held for portfolio	191	—	—	191	
Real estate owned	41	—	1	40	
Total non-recurring assets at fair value	$ 255	$ —	$ 1	$ 254	

	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(3)	$ 10,189	$ —	$ 10,189	$ —	$ —
Bonds(4)	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 March 31, 2015 and December 31, 2014.
(3) Represents consolidated discount notes recorded under fair value option at March 31, 2015 and December 31, 2014.
(4) Represents $28,900 million and $34,734 million of consolidated bonds recorded under fair value option and $59 million and $62 million of consolidated bonds that are carried at fair value under a full fair value hedge strategy at March 31, 2015 and December 31, 2014.

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

Table 15.3 presents a rollforward of assets and liabilities measured at fair value on a recurring basis and classified as Level 3 during the three months ended March 31, 2015 and 2014.

Table 15.3 - Rollforward of Level 3 Assets and Liabilities
(dollars in millions)

	Three Months Ended March 31, 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	55	—	—	—
Net gains (losses) on derivatives and hedging activities	—	—	(4)	3
Interest income	42	—	—	—
Net other-than-temporary impairment losses	(55)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	(48)	—	—	—
Net amount of impairment losses reclassified to (from) non-interest income	51	—	—	—
Net change in fair value of other-than-temporarily impaired securities	5	—	—	—
Purchases, issuances, sales, and settlements				
Sales	(1,561)	—	—	—
Settlements	(362)	(1)	—	—
Transfers from held-to-maturity to available-for-sale securities(2)	327	—	—	—
Balance, at end of period	$ 9,490	$ 11	$ 9	$ (59)
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	$ 23	$ —	$ —	$ 4

	Three Months Ended March 31, 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	—	—	(3)	2
Interest income	32	—	—	—
Net other-than-temporary impairment losses, credit portion	(1)	—	—	—
Net unrealized gains (losses) on available-for-sale securities included in other comprehensive income	2	—	—	—
Net change in fair value of other-than-temporarily impaired securities	121	—	—	—
Purchases, issuances, sales, and settlements				
Settlements	(406)	(1)	—	—
Balance, at end of period	$ 12,038	$ 14	$ 16	$ (66)
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	$ —	$ —	$ 3

(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 its anticipated merger with the FHLBank of Des Moines. The FHLBank of Seattle subsequently sold these private-label residential MBS. The remaining balance relates to the FHLBank of San Francisco that elected to transfer its private-label residential MBS that had credit-related OTTI from its HTM portfolio to its AFS portfolio. (See *Note 6 - 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, San Francisco, and Seattle (Electing FHLBanks) have each elected the fair value option for certain advances and/or certain consolidated obligations 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 15.4 - Fair Value Option - Financial Assets and Liabilities
(dollars in millions)

	Three Months Ended March 31,					
	2015			2014		
	Advances	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	2,846	(13,978)	(6,464)	5,588	(2,698)	(10,010)
Maturities and terminations	(12,174)	3,399	12,335	(5,729)	1,075	15,685
Net gains (losses) on financial instruments held under fair value option	26	(3)	(32)	9	—	(42)
Change in accrued interest and other	(5)	(6)	(5)	—	(2)	(1)
Balance, at end of period	$ 11,583	$ (20,777)	$ (28,900)	$ 26,173	$ (6,961)	$ (32,941)

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 in 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 in 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 months ended March 31, 2015 and 2014.

Table 15.5 presents the difference between the aggregate fair value and the aggregate unpaid principal balance outstanding for advances and consolidated obligations for which the fair value option has been elected as of March 31, 2015 and December 31, 2014.

Table 15.5 - Aggregate Fair Value and Aggregate Unpaid Balance
(dollars in millions)

	March 31, 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)	$ 11,583	$ 11,480	$ 103	$ 20,890	$ 20,793	$ 97
Consolidated discount notes	20,777	20,768	9	10,189	10,187	2
Consolidated bonds	28,900	28,876	24	34,734	34,748	(14)

(1) At March 31, 2015 and December 31, 2014, none of the advances were 90 days or more past due or had been placed on non-accrual status.

Note 16 - Commitments and Contingencies

Off-Balance Sheet Commitments

Table 16.1 - Off-Balance Sheet Commitments
(dollars in millions)

	March 31, 2015			December 31, 2014
Notional amount	**Expire Within One Year**	**Expire After One Year**	**Total**	**Total**
Standby letters of credit outstanding(1)	$ 76,359	$ 27,609	$ 103,968	$ 103,276
Unsettled consolidated bonds, at par(2)	5,655	—	5,655	663
Unsettled consolidated discount notes, at par	3,512	—	3,512	2,309
Commitments for standby bond purchases	1,130	1,487	2,617	2,707
Unused lines of credit - advances	2,278	—	2,278	6,102
Commitments to fund additional advances	1,740	354	2,094	1,339
Commitments to purchase mortgage loans	1,125	—	1,125	890
Other(3)	396	—	396	296

(1) Excludes unconditional commitments to issue standby letters of credit of $396 million and $179 million at March 31, 2015 and December 31, 2014.
(2) Unsettled consolidated bonds of $5,414 million and $636 million were hedged with associated interest-rate swaps at March 31, 2015 and December 31, 2014.
(3) Includes 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 value of guarantees related to standby letters of credit are recorded in other liabilities and were $161 million and $185 million at March 31, 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 March 31, 2015 and December 31, 2014, the FHLBanks had standby bond-purchase commitments with 11 state housing authorities. During the three months ended March 31, 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 10 - 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 First 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 17 - Subsequent Events

Subsequent events have been evaluated from April 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

The FHLBank of Boston settled its private-label mortgage-backed securities claims with certain defendants for an aggregate amount of $134.7 million (which amount is net of legal fees and expenses). The $134.7 million will be recognized in the FHLBank of Boston's financial statements for the quarter ended June 30, 2015.

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FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CONDITION
MARCH 31, 2015
(Unaudited)

(dollars in millions, except par value)	Combined	Combining Adjustments	Boston	New York
Assets				
Cash and due from banks	$ 15,072	$ 1	$ 698	$ 204
Investments	275,907	(305)	17,502	28,119
Advances	542,189	1	31,179	88,524
Mortgage loans held for portfolio, net	44,213	(1)	3,538	2,298
Other assets	2,515	(2)	149	234
Total assets	$ 879,896	$ (306)	$ 53,066	$ 119,379
Liabilities				
Deposits	$ 10,158	$ (17)	$ 430	$ 1,607
Consolidated obligations				
Discount notes	353,097	(1)	23,451	44,924
Bonds	460,712	(331)	25,417	66,083
Total consolidated obligations	813,809	(332)	48,868	111,007
Mandatorily redeemable capital stock	1,959	(2)	57	19
Other liabilities	7,537	—	758	684
Total liabilities	833,463	(351)	50,113	113,317
Capital				
Capital stock				
Class B putable ($100 par value) issued and outstanding	32,245	—	2,440	5,112
Class A putable ($100 par value) issued and outstanding	205	—	—	—
Total capital stock	32,450	—	2,440	5,112
Retained earnings				
Unrestricted	10,165	43	781	869
Restricted	3,702	(1)	144	238
Total retained earnings	13,867	42	925	1,107
Accumulated other comprehensive income (loss)	116	3	(412)	(157)
Total capital	46,433	45	2,953	6,062
Total liabilities and capital	$ 879,896	$ (306)	$ 53,066	$ 119,379

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 5,124	$ 519	$ 116	$ 3,583	$ 1,458	$ 342	$ 102	$ 878	$ 2,047	$ —
16,730	34,084	24,665	10,607	30,816	27,059	19,408	11,579	31,522	24,121
62,346	85,416	66,731	21,846	31,941	63,562	17,215	21,265	43,757	8,406
3,074	707	7,263	7,412	5,728	6,544	67	6,285	680	618
189	551	134	203	204	225	125	158	229	116
$ 87,463	$ 121,277	$ 98,909	$ 43,651	$ 70,147	$ 97,732	$ 36,917	$ 40,165	$ 78,235	$ 33,261
$ 751	$ 1,482	$ 842	$ 1,432	$ 646	$ 718	$ 950	$ 745	$ 195	$ 377
37,078	26,902	45,628	11,161	30,474	60,420	13,276	17,758	27,794	14,232
45,241	86,072	46,927	28,243	33,043	32,031	20,195	19,383	43,459	14,949
82,319	112,974	92,555	39,404	63,517	92,451	33,471	37,141	71,253	29,181
1	17	62	16	9	24	5	5	383	1,363
371	629	457	390	1,396	252	528	547	462	1,063
83,442	115,102	93,916	41,242	65,568	93,445	34,954	38,438	72,293	31,984
3,064	4,319	4,302	1,572	1,923	3,428	1,244	924	3,092	825
—	—	—	—	—	—	—	174	—	31
3,064	4,319	4,302	1,572	1,923	3,428	1,244	1,098	3,092	856
683	1,565	535	680	2,214	647	668	565	624	291
126	212	172	111	270	82	54	79	2,150	65
809	1,777	707	791	2,484	729	722	644	2,774	356
148	79	(16)	46	172	130	(3)	(15)	76	65
4,021	6,175	4,993	2,409	4,579	4,287	1,963	1,727	5,942	1,277
$ 87,463	$ 121,277	$ 98,909	$ 43,651	$ 70,147	$ 97,732	$ 36,917	$ 40,165	$ 78,235	$ 33,261

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 MARCH 31, 2015 and 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
March 31, 2015				
Interest income				
Advances	$ 706	$ 1	$ 61	$ 131
Investments	896	(5)	51	71
Mortgage loans held for portfolio	409	1	31	19
Other interest income	1	1	—	—
Total interest income	2,012	(2)	143	221
Interest expense				
Consolidated obligations - Discount notes	165	—	6	23
Consolidated obligations - Bonds	891	5	82	79
Other interest expense	33	3	—	—
Total interest expense	1,089	8	88	102
Net interest income	923	(10)	55	119
Provision (reversal) for credit losses	(1)	(1)	—	—
Net interest income after provision (reversal) for credit losses	924	(9)	55	119
Non-interest income (loss)	480	(5)	—	6
Non-interest expense	273	(7)	17	27
Affordable Housing Program assessments	116	1	4	10
Net income	$ 1,015	$ (8)	$ 34	$ 88
March 31, 2014				
Interest income				
Advances	$ 646	$ —	$ 58	$ 114
Investments	943	(7)	47	72
Mortgage loans held for portfolio	438	2	32	17
Other interest income	1	1	—	—
Total interest income	2,028	(4)	137	203
Interest expense				
Consolidated obligations - Discount notes	132	(1)	3	18
Consolidated obligations - Bonds	978	7	75	77
Other interest expense	61	1	4	—
Total interest expense	1,171	7	82	95
Net interest income	857	(11)	55	108
Provision (reversal) for credit losses	(11)	—	—	—
Net interest income after provision (reversal) for credit losses	868	(11)	55	108
Non-interest income (loss)	6	(4)	2	1
Non-interest expense	250	(3)	17	25
Affordable Housing Program assessments	68	—	4	9
Net income	$ 556	$ (12)	$ 36	$ 75

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 75	$ 63	$ 86	$ 28	$ 45	$ 67	$ 32	$ 33	$ 67	$ 17
57	110	84	37	207	50	17	24	151	42
31	11	56	62	69	59	1	52	9	8
—	—	—	—	—	—	—	—	—	—
163	184	226	127	321	176	50	109	227	67
9	9	10	3	72	15	4	4	6	4
78	71	137	75	105	93	17	48	76	25
—	—	1	—	14	—	—	—	15	—
87	80	148	78	191	108	21	52	97	29
76	104	78	49	130	68	29	57	130	38
—	(1)	—	1	—	—	—	—	—	—
76	105	78	48	130	68	29	57	130	38
21	20	8	4	(5)	(9)	15	(9)	432	2
18	34	18	18	33	20	18	14	34	29
8	9	7	3	9	4	3	3	54	1
$ 71	$ 82	$ 61	$ 31	$ 83	$ 35	$ 23	$ 31	$ 474	$ 10
$ 63	$ 57	$ 77	$ 29	$ 39	$ 53	$ 32	$ 29	$ 79	$ 16
56	116	92	39	228	45	17	25	171	42
33	13	60	58	88	62	1	51	11	10
—	—	—	—	—	—	—	—	—	—
152	186	229	126	355	160	50	105	261	68
6	8	9	1	67	9	2	2	6	2
84	88	142	77	147	98	19	49	81	34
—	—	1	1	14	—	—	—	39	1
90	96	152	79	228	107	21	51	126	37
62	90	77	47	127	53	29	54	135	31
(4)	(4)	—	(1)	(3)	—	—	—	1	—
66	94	77	48	130	53	29	54	134	31
42	23	4	6	(10)	3	3	(16)	(48)	—
19	31	17	16	30	15	18	14	32	19
9	9	7	4	9	4	1	2	9	1
$ 80	$ 77	$ 57	$ 34	$ 81	$ 37	$ 13	$ 22	$ 45	$ 11

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
March 31, 2015				
Net income	$ 1,015	$ (8)	$ 34	$ 88
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	90	(1)	21	(1)
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	(10)	(2)	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	43	1	12	2
Net unrealized gains/losses relating to hedging activities	(56)	1	(8)	(21)
Pension and postretirement benefits	(6)	1	—	—
Total other comprehensive income (loss)	62	1	25	(20)
Comprehensive income	$ 1,077	$ (7)	$ 59	$ 68
March 31, 2014				
Net income	$ 556	$ (12)	$ 36	$ 75
Other comprehensive income				
Net unrealized gains/losses on available-for-sale securities	157	1	5	—
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	122	1	—	—
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	34	—	13	3
Net unrealized gains/losses relating to hedging activities	(5)	—	(6)	(20)
Pension and postretirement benefits	9	—	—	7
Total other comprehensive income (loss)	317	2	12	(10)
Comprehensive income	$ 873	$ (10)	$ 48	$ 65

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 71	$ 82	$ 61	$ 31	$ 83	$ 35	$ 23	$ 31	$ 474	$ 10
23	—	—	1	(22)	7	—	—	—	62
—	—	—	—	—	—	—	—	—	—
2	(16)	—	(2)	—	—	—	—	18	(10)
—	—	—	—	13	—	1	1	2	11
—	—	—	—	(28)	—	—	—	—	—
—	—	1	—	(8)	—	—	—	—	—
25	(16)	1	(1)	(45)	7	1	1	20	63
$ 96	$ 66	$ 62	$ 30	$ 38	$ 42	$ 24	$ 32	$ 494	$ 73
$ 80	$ 77	$ 57	$ 34	$ 81	$ 37	$ 13	$ 22	$ 45	$ 11
24	—	—	12	55	20	25	—	—	15
1	5	—	4	—	—	—	—	80	31
—	—	—	—	14	—	2	1	1	—
—	—	—	—	21	—	—	—	—	—
—	—	1	—	1	—	—	—	—	—
25	5	1	16	91	20	27	1	81	46
$ 105	$ 82	$ 58	$ 50	$ 172	$ 57	$ 40	$ 23	$ 126	$ 57

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CAPITAL
THREE MONTHS ENDED MARCH 31, 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	3,158	(1)	33	840
Repurchases/redemptions of capital stock	(4,673)	(1)	—	(972)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(96)	1	—	—
Dividends of capital stock	9	—	—	—
Comprehensive income	873	(10)	48	65
Dividends				
Cash	(285)	—	(9)	(66)
Stock	(9)	—	—	—
Balance, March 31, 2014	$ 44,025	$ 80	$ 2,909	$ 6,352
Balance, December 31, 2014	$ 47,003	$ 49	$ 2,878	$ 6,526
Proceeds from issuance of capital stock	3,872	3	36	932
Repurchases/redemptions of capital stock	(5,005)	(1)	(9)	(1,392)
Net shares reclassified (to)/from mandatorily redeemable capital stock	(138)	(1)	—	(8)
Dividends of capital stock	16	—	—	—
Comprehensive income	1,077	(7)	59	68
Dividends				
Cash	(376)	2	(11)	(64)
Stock	(16)	—	—	—
Balance, March 31, 2015	$ 46,433	$ 45	$ 2,953	$ 6,062

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
349	1,023	10	5	85	327	225	61	197	4
(628)	(1,492)	(498)	—	(50)	(348)	(265)	(84)	(331)	(4)
(2)	(2)	(11)	—	—	—	(1)	(71)	(1)	(9)
—	—	—	—	—	—	1	8	—	—
105	82	58	50	172	57	40	23	126	57
(17)	(44)	(47)	(22)	(2)	(19)	—	(1)	(58)	—
—	—	—	—	—	—	(1)	(8)	—	—
$ 3,500	$ 6,219	$ 4,822	$ 2,395	$ 3,970	$ 3,474	$ 1,746	$ 1,730	$ 5,642	$ 1,186
$ 4,002	$ 6,991	$ 4,939	$ 2,376	$ 4,525	$ 4,312	$ 1,920	$ 1,586	$ 5,693	$ 1,206
610	994	41	21	38	412	204	335	234	12
(587)	(1,821)	—	—	(17)	(452)	(184)	(118)	(412)	(12)
—	(4)	(6)	—	—	(1)	—	(108)	(8)	(2)
—	—	—	—	—	—	1	15	—	—
96	66	62	30	38	42	24	32	494	73
(100)	(51)	(43)	(18)	(5)	(26)	(1)	—	(59)	—
—	—	—	—	—	—	(1)	(15)	—	—
$ 4,021	$ 6,175	$ 4,993	$ 2,409	$ 4,579	$ 4,287	$ 1,963	$ 1,727	$ 5,942	$ 1,277

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2015
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
Operating activities				
Net cash provided by (used in) operating activities	$ 1,286	$ 2	$ 15	$ 187
Investing activities				
Net change/net proceeds and payments in				
Premises, software, and equipment	(12)	(1)	—	(1)
Investments	(4,770)	(1)	(578)	(2,980)
Advances	29,073	2	2,307	10,385
Mortgage loans held for portfolio	(663)	—	(61)	(172)
Proceeds from sales of foreclosed assets	29	1	2	—
Principal collected on other loans	1	—	—	—
Net cash provided by (used in) investing activities	23,658	1	1,670	7,232
Financing activities				
Net change in				
Deposits and pass-through reserves	1,207	(6)	63	(414)
Net proceeds (payments) on derivative contracts with financing element	(229)	3	(4)	(60)
Net proceeds from issuance of consolidated obligations				
Discount notes	1,136,199	(1)	39,586	56,805
Bonds	76,252	—	2,295	8,068
Payments for maturing and retiring consolidated obligations				
Discount notes	(1,145,426)	—	(41,444)	(61,932)
Bonds	(101,976)	1	(2,382)	(15,609)
Proceeds from issuance of capital stock	3,872	3	36	932
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(811)	(3)	(242)	(8)
Payments for repurchases/redemptions of capital stock	(5,005)	(1)	(9)	(1,392)
Cash dividends paid	(376)	2	(11)	(64)
Net cash provided by (used in) financing activities	(36,293)	(2)	(2,112)	(13,674)
Net increase (decrease) in cash and due from banks	(11,349)	1	(427)	(6,255)
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	$ 15,072	$ 1	$ 698	$ 204

Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 70	$ 96	$ 70	$ 62	$ 121	$ 44	$ 43	$ 57	$ 511	$ 8
(1)	(1)	—	(1)	(2)	(2)	(2)	—	(1)	—
(47)	1,917	1,334	(97)	1,954	(4,258)	(1,529)	(1,650)	362	803
1,073	14,416	3,683	(1,027)	605	1,639	1,742	(2,946)	(4,729)	1,923
38	35	(283)	(560)	324	14	4	(58)	27	29
3	5	—	—	13	2	—	2	1	—
—	—	—	—	—	—	—	1	—	—
1,066	16,372	4,734	(1,685)	2,894	(2,605)	215	(4,651)	(4,340)	2,755
110	390	112	346	(20)	205	153	152	149	(33)
(8)	(21)	(8)	(16)	(18)	(2)	(66)	(22)	—	(7)
38,655	209,004	57,319	13,841	149,597	61,116	250,266	75,744	31,965	152,302
5,920	19,926	2,856	7,225	4,885	7,927	7,091	2,864	5,027	2,168
(38,638)	(219,266)	(52,926)	(15,248)	(150,180)	(58,470)	(256,121)	(72,206)	(25,984)	(153,011)
(4,425)	(26,013)	(15,142)	(4,496)	(6,179)	(8,301)	(3,006)	(3,715)	(8,620)	(4,089)
610	994	41	21	38	412	204	335	234	12
—	(6)	(7)	—	—	(1)	—	(107)	(344)	(93)
(587)	(1,821)	—	—	(17)	(452)	(184)	(118)	(412)	(12)
(100)	(51)	(43)	(18)	(5)	(26)	(1)	—	(59)	—
1,537	(16,864)	(7,798)	1,655	(1,899)	2,408	(1,664)	2,927	1,956	(2,763)
2,673	(396)	(2,994)	32	1,116	(153)	(1,406)	(1,667)	(1,873)	—
2,451	915	3,110	3,551	342	495	1,508	2,545	3,920	—
$ 5,124	$ 519	$ 116	$ 3,583	$ 1,458	$ 342	$ 102	$ 878	$ 2,047	$ —

FEDERAL HOME LOAN BANKS
CONDENSED COMBINING SCHEDULES—STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2014
(Unaudited)

(dollars in millions)	Combined	Combining Adjustments	Boston	New York
Operating activities				
Net cash provided by (used in) operating activities	$ 896	$ (1)	$ 37	$ 144
Investing activities				
Net change/net proceeds and payment in				
Premises, software, and equipment	(9)	—	—	(1)
Investments	(28,786)	(5)	(3,704)	(3,875)
Advances	14,024	1	(2,207)	2,977
Mortgage loans held for portfolio	755	2	16	(5)
Proceeds from sales of foreclosed assets	31	—	2	1
Principal collected on other loans	1	—	—	—
Net cash provided by (used in) investing activities	(13,984)	(2)	(5,893)	(903)
Financing activities				
Net change in				
Deposits and pass-through reserves	(69)	3	5	(200)
Net proceeds (payments) on derivative contracts with financing element	(202)	—	(5)	(59)
Net proceeds from issuance of consolidated obligations				
Discount notes	704,582	—	31,786	42,332
Bonds	89,113	—	3,190	16,218
Payments for maturing and retiring consolidated obligations				
Discount notes	(730,323)	—	(27,599)	(52,554)
Bonds	(76,213)	—	(2,169)	(14,555)
Proceeds from issuance of capital stock	3,158	(1)	33	840
Payments for repurchases/redemptions of mandatorily redeemable capital stock	(610)	—	—	—
Payments for repurchases/redemptions of capital stock	(4,673)	(1)	—	(972)
Cash dividends paid	(285)	—	(9)	(66)
Net cash provided by (used in) financing activities	(15,522)	1	5,232	(9,016)
Net increase (decrease) in cash and due from banks	(28,610)	(2)	(624)	(9,775)
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	$ 17,163	$ (2)	$ 17	$ 5,535

Pittsburgh	Atlanta (As Revised)	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 79	$ 82	$ 71	$ 66	$ 257	$ 42	$ 35	$ 56	$ 26	$ 2
—	(1)	—	(1)	(2)	(1)	(1)	—	(1)	(1)
78	(5,535)	(6,049)	(1,273)	(4,950)	(574)	(201)	(785)	495	(2,408)
4,134	5,513	(292)	203	1,148	712	632	1,293	(1,163)	1,073
53	38	119	12	399	68	5	(40)	52	36
—	7	—	—	14	5	—	1	1	—
—	—	—	—	—	—	—	1	—	—
4,265	22	(6,222)	(1,059)	(3,391)	210	435	470	(616)	(1,300)
101	(280)	(43)	101	16	3	(47)	62	189	21
(8)	(22)	(8)	(16)	(15)	(2)	(36)	(22)	(1)	(8)
20,905	115,260	35,297	9,328	218,709	36,784	24,172	10,693	17,912	141,404
3,292	18,943	14,942	3,179	8,425	4,021	3,679	2,449	8,377	2,398
(27,200)	(124,663)	(40,283)	(10,344)	(222,910)	(32,106)	(22,358)	(12,225)	(17,242)	(140,839)
(3,118)	(11,478)	(11,677)	(3,596)	(1,369)	(8,998)	(5,057)	(2,764)	(8,390)	(3,042)
349	1,023	10	5	85	327	225	61	197	4
—	(3)	(12)	—	—	(1)	—	(71)	(428)	(95)
(628)	(1,492)	(498)	—	(50)	(348)	(265)	(84)	(331)	(4)
(17)	(44)	(47)	(22)	(2)	(19)	—	(1)	(58)	—
(6,324)	(2,756)	(2,319)	(1,365)	2,889	(339)	313	(1,902)	225	(161)
(1,980)	(2,652)	(8,470)	(2,358)	(245)	(87)	783	(1,376)	(365)	(1,459)
3,121	4,374	8,599	3,319	971	448	911	1,714	4,906	1,459
$ 1,141	$ 1,722	$ 129	$ 961	$ 726	$ 361	$ 1,694	$ 338	$ 4,541	$ —

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SELECTED FINANCIAL DATA

(dollars in millions)	2015 March 31,	2014 December 31,	September 30,	June 30,	March 31,
Selected Statement of Condition Data at					
Investments(1)	$ 275,907	$ 270,217	$ 239,295	$ 262,475	$ 272,822
Advances	542,189	570,726	544,568	536,634	484,442
Mortgage loans held for portfolio	44,238	43,615	43,378	43,356	43,710
Allowance for credit losses on mortgage loans	(25)	(52)	(56)	(63)	(71)
Total assets	879,896	913,343	883,038	865,870	820,563
Consolidated obligations					
Discount notes	353,097	362,303	327,636	322,832	267,560
Bonds	460,712	486,031	490,063	478,448	487,166
Total consolidated obligations	813,809	848,334	817,699	801,280	754,726
Mandatorily redeemable capital stock	1,959	2,631	3,051	3,614	4,486
Subordinated notes(2)	944	944	944	944	944
Capital					
Total capital stock(3)	32,450	33,705	33,439	33,268	31,773
Retained earnings	13,867	13,244	13,006	12,674	12,446
Accumulated other comprehensive income (loss)	116	54	249	121	(194)
Total capital	46,433	47,003	46,694	46,063	44,025
Selected Statement of Income Data for the quarter ended					
Net interest income	$ 923	$ 941	$ 864	$ 860	$ 857
Provision (reversal) for credit losses	(1)	(1)	(5)	(4)	(11)
Net interest income after provision (reversal) for credit losses	924	942	869	864	868
Non-interest income (loss)	480	(42)	88	(35)	6
Non-interest expense	273	286	258	252	250
Assessments	116	64	74	63	68
Net income	$ 1,015	$ 550	$ 625	$ 514	$ 556
Selected Other Data for the quarter ended					
Cash and stock dividends	$ 392	$ 312	$ 293	$ 286	$ 294
Dividend payout ratio(4)	38.62%	56.73%	46.88%	55.64%	52.88%
Return on average equity(5)	8.72%	4.69%	5.38%	4.61%	5.02%
Return on average assets	0.45%	0.24%	0.28%	0.24%	0.27%
Average equity to average assets	5.15%	5.20%	5.21%	5.27%	5.38%
Net interest margin(6)	0.41%	0.42%	0.39%	0.41%	0.42%
Selected Other Data at					
Combined GAAP capital-to-asset ratio	5.28%	5.15%	5.29%	5.32%	5.37%
Combined regulatory capital-to-assets ratio(7)	5.49%	5.43%	5.61%	5.72%	5.94%

(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 13 - Capital* to the accompanying combined financial statements for additional information on the statutory redemption periods and other conditions and limitations.)

(4) 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.

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

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

(7) 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 13 - 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 FHLBanks' combined financial statements and related notes.

Overview

The FHLBanks are GSEs, federally-chartered, but privately capitalized and independently managed. The 12 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 FHLBank System is 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). 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 debt is neither the obligation of, nor is it guaranteed by, 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. Advances outstanding decreased at March 31, 2015, compared to December 31, 2014, due to lower member demand, scheduled maturities, and prepayments.

In April 2015, the Federal Open Market Committee expressed its view that, since it met in March 2015, information was received that suggests economic growth slowed in recent months. The pace of job gains moderated, growth in household spending declined, business investments in fixed capital softened, the recovery in the housing sector remained slow, and exports declined. However, it continues to expect that, with appropriate policy accommodation, economic activity will expand at a moderate pace. Inflation continued to run below the Federal Open Market Committee's longer-run objective of 2%. Therefore, 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.

The unemployment rate was 5.5% in March 2015, compared to 5.6% in December 2014. U.S. real gross domestic product increased at an annual rate of 0.2% for the three months ended March 31, 2015, according to the advance estimate released by the Bureau of Economic Analysis, compared to an increase of 2.2% for the three months ended December 31, 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. In general, the housing market continued to stabilize as existing home sales improved in the first quarter of 2015, supported by increased buyer confidence resulting from low interest rates and greater stability in the job market. Additionally, the overall rise in housing 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, the housing market continued to face ongoing challenges as households experienced weak income growth and tight credit standards. 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. At March 31, 2015, interest rates were lower than at December 31, 2014. During the three months ended March 31, 2015, volatility of Treasury rates was generally low, resulting in a fairly stable interest-rate environment for debt issuance, and the FHLBank System maintained sufficient access to funding.

The Federal Reserve Board, acting through its Federal Open Market Committee, indicated in April 2015 that it will maintain its target range for the federal funds rate at zero to one quarter percent. In determining how long to maintain this target range, the Federal Open Market Committee will assess progress, both realized and expected, toward its objectives of maximum employment and 2% inflation. The Federal Open Market Committee stated that it anticipates, based on its current assessment of a wide range of information, that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2% objective over the medium term.

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 Anticipated Merger

On September 25, 2014, the boards of directors of the FHLBank of Des Moines and the FHLBank of Seattle executed a definitive merger agreement after receiving unanimous approval from their boards of directors. On December 19, 2014, the FHFA approved the merger application submitted by these FHLBanks, subject to the satisfaction of specific closing conditions.

On January 12, 2015, these FHLBanks mailed a joint merger disclosure statement and voting materials to their members seeking ratification of the merger agreement by the members of both FHLBanks through a voting process, which was completed on February 23, 2015. On February 27, 2015, these FHLBanks issued a joint press release announcing the ratification of the merger by members of both FHLBanks.

The consummation of the merger will be effective only after the FHFA determines that the closing conditions identified in its approval letter have been satisfied and the FHFA determines that the continuing FHLBank's organizational certificate complies with the requirements of the FHFA's merger rules. Assuming that the FHFA makes these determinations, the merger is expected to be effective on May 31, 2015. The continuing FHLBank would be headquartered in Des Moines.

FHLBanks' Financial Highlights

Combined Financial Condition. Total assets were $879.9 billion at March 31, 2015, a decrease of 3.7% from $913.3 billion at December 31, 2014. Advances were $542.2 billion, a decrease of 5.0% from $570.7 billion at December 31, 2014, due to lower member demand, scheduled maturities, and prepayments. Investments were $275.9 billion, an increase of 2.1% from $270.2 billion at December 31, 2014, due mainly to an increase in securities purchased under agreements to resell, partially offset by decreases in federal funds sold and investment securities. Mortgage loans were $44.2 billion at March 31, 2015, an increase of 1.4% from $43.6 billion at December 31, 2014.

FHLBank debt issuance is generally driven by members' needs for advances. During the three months ended March 31, 2015, the FHLBanks maintained continual access to funding and adapted their debt issuance to meet the needs of their members. Total liabilities were $833.5 billion at March 31, 2015, a decrease of 3.8% from $866.3 billion at December 31, 2014, driven by a decrease in consolidated obligations. Total consolidated obligations were $813.8 billion at March 31, 2015, a decrease of 4.1% from $848.3 billion at December 31, 2014. This decrease in consolidated obligations primarily resulted from reduced funding needs related to the decline in advances.

Total GAAP capital was $46.4 billion at March 31, 2015, a decrease of 1.2% from $47.0 billion at December 31, 2014. This decrease was principally the result of a decline in capital stock outstanding, partially offset by growth in retained earnings. Capital stock outstanding was $32.5 billion at March 31, 2015, a decrease of 3.7% from $33.7 billion at December 31, 2014. Retained earnings was $13.9 billion at March 31, 2015, an increase of 4.7% from $13.2 billion at December 31, 2014, due to net income of $1,015 million, offset by dividends of $392 million.

Combined Results of Operations. Net income for the three months ended March 31, 2015, was $1,015 million, an increase of $459 million, or 82.6%, compared to the same period in 2014. This increase resulted primarily from increases in non-interest income and net interest income, partially offset by an increase in Affordable Housing Program (AHP) assessments.

Net interest income after provision (reversal) for credit losses for the three months ended March 31, 2015, was $924 million, an increase of $56 million, or 6.5%, compared to the same period in 2014. Although both interest income and interest expense declined compared to the same period in 2014, the decline in interest expense was greater than the decline in interest income, resulting in an increase in net interest income. Net interest margin for the three months ended March 31, 2015, was 0.41%, a decrease of 1 basis point compared to the same period in 2014. Interest income was $2,012 million for the three months ended March 31, 2015, a decrease of $16 million, or 0.8%, compared to the same period in 2014. This decrease was due primarily to lower yields on interest-earning assets, partially offset by increases in the average balances of advances and investments. Interest expense was $1,089 million for the three months ended March 31, 2015, a decrease of $82 million, or 7.0%, compared to the same period in 2014. This decrease was driven by lower yields on consolidated obligations, including a 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 March 31, 2015, was $480 million, an increase of $474 million compared to the same period in 2014. This increase was due mainly to higher gains on litigation settlements and higher gains from sales of available-for-sale securities, partially offset by an increase in net other-than-temporary impairment losses.

Non-interest expense for the three months ended March 31, 2015, was $273 million, an increase of $23 million, or 9.2%, compared to the same period in 2014.

Affordable Housing Program assessments for the three months ended March 31, 2015, were $116 million, an increase of $48 million, or 70.6%, 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 $879.9 billion at March 31, 2015, a decrease of 3.7% from $913.3 billion at December 31, 2014, led by declines in advances and cash, partially offset by an increase in investments. Total consolidated obligations were $813.8 billion at March 31, 2015, a decrease of 4.1% from $848.3 billion at December 31, 2014, resulting from reduced funding needs related to the decline in advances. The following discussion contains information on the major categories of the FHLBanks' 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 7 - 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)

	March 31, 2015		December 31, 2014	
	Amount	Percentage of Total	Amount	Percentage of Total
Fixed-rate	$ 263,863	49.2%	$ 285,650	50.5%
Adjustable/variable-rate indexed	236,619	44.1%	243,442	43.0%
Hybrid(1)	16,955	3.2%	17,679	3.1%
Amortizing/mortgage-matched(2)	11,324	2.1%	11,498	2.0%
Convertible	6,383	1.2%	6,549	1.2%
Other advances	1,453	0.2%	854	0.2%
Total par value	536,597	100.0%	565,672	100.0%
Other(3)	5,592		5,054	
Total	$ 542,189		$ 570,726	

(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 $542.2 billion at March 31, 2015, a decline of $28.5 billion or 5.0%, from $570.7 billion at December 31, 2014. This decrease was due to lower member demand, scheduled maturities, and prepayments. The percentage of members with outstanding advances was 56.7% at March 31, 2015, compared to 58.6% at December 31, 2014.

Table 2 presents cash flows related to advance originations and advance repayments, which illustrates advance repayments exceeding originations during the three months ended March 31, 2015 and 2014, resulting in a decline in outstanding advances during those periods. The increase in both advance originations and advance repayments during the three months ended March 31, 2015, compared to the same period in 2014, was driven primarily by members electing to restructure high-yielding advances in the low interest-rate environment. In addition, during the three months ended March 31, 2015, certain of the FHLBanks issued more short-term advances compared to the same period in 2014.

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

	Three Months Ended March 31,		
	2015	2014	Change
Advances originated	$ 1,092,347	$ 1,005,662	$ 86,685
Advances repaid	1,121,420	1,019,686	101,734
Net change	$ (29,073)	$ (14,024)	

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)

	March 31, 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	$	338,561	63.1%	$	370,832	65.5%
Thrift members		78,592	14.6%		77,086	13.6%
Insurance company members		75,427	14.1%		71,820	12.7%
Credit union members		34,903	6.5%		35,397	6.3%
Community development financial institution members		121	—		111	—
Total member advances		527,604	98.3%		555,246	98.1%
Non-member borrowers		8,573	1.6%		10,083	1.8%
Housing associates		420	0.1%		343	0.1%
Total par value	$	536,597	100.0%	$	565,672	100.0%

Table 4 - Member Borrowers by Type of Member

	March 31, 2015		December 31, 2014	
	Number	Percentage of Total Member Borrowers	Number	Percentage of Total Member Borrowers
Commercial banks	2,941	70.9%	3,065	71.0%
Thrifts	603	14.5%	620	14.4%
Credit unions	460	11.1%	493	11.4%
Insurance companies	135	3.3%	129	3.0%
Community development financial institutions	10	0.2%	11	0.2%
Total member borrowers	4,149	100.0%	4,318	100.0%
Total members	7,313		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 March 31, 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 March 31, 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, San Francisco, Seattle	$	66,651	12.4%
Wells Fargo & Company	Des Moines, San Francisco		34,106	6.4%
Bank of America Corporation	Boston, New York, Atlanta, San Francisco, Seattle		22,181	4.1%
The PNC Financial Services Group, Inc.	New York, Pittsburgh, Atlanta, Cincinnati		21,223	4.0%
Citigroup Inc.	New York, Dallas, San Francisco		18,251	3.4%
MetLife, Inc.	Boston, New York, Pittsburgh, Des Moines		15,485	2.9%
Navy Federal Credit Union	Atlanta		9,986	1.9%
Banco Santander, S.A.	Pittsburgh		9,670	1.8%
New York Community Bancorp, Inc.	New York, Cincinnati		9,204	1.7%
U.S. Bancorp	Cincinnati, Des Moines, Topeka		8,305	1.5%
		$	215,062	40.1%

(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 March 31, 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 March 31, 2015 and December 31, 2014.

Table 6 - Total Investments
(dollars in millions)

Carrying Value	March 31, 2015	December 31, 2014	Change
Interest-bearing deposits	$ 900	$ 1,569	$ (669)
Securities purchased under agreements to resell	46,715	25,419	21,296
Federal funds sold	42,543	52,773	(10,230)
Total Investment Securities by Major Security Type			
Investment securities non-mortgage-backed securities			
U.S. Treasury obligations	326	526	(200)
Certificates of deposit	1,025	1,706	(681)
Other U.S. obligations	6,676	7,522	(846)
GSE and Tennessee Valley Authority obligations	29,077	29,974	(897)
State or local housing agency obligations	3,938	3,970	(32)
Federal Family Education Loan Program ABS	5,995	6,221	(226)
Other	1,380	1,357	23
Total investment securities non-mortgage-backed securities	48,417	51,276	(2,859)
Investment securities mortgage-backed securities			
Other U.S. obligations single-family MBS	14,343	14,318	25
Other U.S. obligations multifamily MBS	983	988	(5)
GSE single-family MBS	65,647	68,414	(2,767)
GSE multifamily MBS	40,165	37,073	3,092
Private-label residential MBS	15,861	18,040	(2,179)
Manufactured housing loan ABS	100	105	(5)
Home equity loan ABS	233	242	(9)
Total investment securities mortgage-backed securities	137,332	139,180	(1,848)
Total investment securities	185,749	190,456	(4,707)
Total investments	$ 275,907	$ 270,217	$ 5,690

Total investments were $275.9 billion at March 31, 2015, an increase of $5.7 billion or 2.1% from $270.2 billion at December 31, 2014, due to an increase in securities purchased under agreements to resell, partially offset by decreases in federal funds sold and investment securities.

Amortized Cost. The amortized cost of available-for-sale (AFS) and held-to-maturity (HTM) securities includes adjustments made to the cost basis. At March 31, 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 $1,706 million and $2,147 million. At March 31, 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 $763 million and $793 million.

See *Note 4 - Available-for-Sale Securities* and *Note 5 - 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 March 31, 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.

Unrealized Losses on Mortgage-Backed Securities. Unrealized losses, including the net effect of non-credit-related OTTI recognized in AOCI, on the FHLBanks' AFS MBS, decreased $50 million from December 31, 2014, to March 31, 2015. This decline consisted of 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, and an increase in the fair value of certain private-label residential MBS, driven by increased housing prices and an improved economic outlook, as well as changes in interest rates, credit spreads, and volatility.

Unrealized losses, including the net effect of non-credit-related OTTI recognized in AOCI, on the FHLBanks' HTM MBS decreased $147 million from December 31, 2014, to March 31, 2015. The decrease in unrealized losses was primarily related to an increase in fair value of certain government-sponsored enterprise MBS, which was due primarily to changes in interest rates. However, this increase in fair value of HTM MBS is not recorded in the Combined Statement of Condition or in the Combined Statement of Comprehensive Income, as these investments are held-to-maturity. Also contributing to the decrease in unrealized losses was the accretion of the non-credit portion of OTTI losses, recorded in AOCI, on HTM securities that had experienced non-credit-related OTTI in previous periods. For these securities, the non-credit-related impairment is accreted prospectively, based on the amount and timing of future cash flows, over the remaining life of the security as an increase in its carrying value. There is no effect on earnings unless the security is subsequently sold or there are additional decreases in cash flows expected to be collected.

See *Note 4 - Available-for-Sale Securities* and *Note 5 - 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 March 31, 2015, affected FHLBanks recognized $55 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 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 anticipated 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 months ended March 31, 2014, affected FHLBanks recognized $2 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 months ended March 31, 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 March 31, 2015. However, these declines are considered temporary, as each of the affected FHLBanks asserted as of March 31, 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 6 - 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 purchases the securities. At March 31, 2015, each of the FHLBanks of Atlanta, Chicago, Topeka, 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 March 31, 2015, the FHLBanks' percentage of MBS (net of regulatory excluded MBS) was 283% 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 First 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)

	March 31, 2015	December 31, 2014	Change
Mortgage loans held for portfolio	$ 44,238	$ 43,615	$ 623
Allowance for credit losses on mortgage loans	(25)	(52)	27
Total mortgage loans held for portfolio, net	$ 44,213	$ 43,563	$ 650

Mortgage Loans Held for Portfolio. Mortgage loans were $44.2 billion at March 31, 2015, an increase of 1.4% 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 March 31, 2015, the FHLBanks of Atlanta, Chicago, Dallas, and Seattle 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, except for certain FHLBanks' purchases of MPF loans to support affordable housing, or in the case of the FHLBank of Chicago, sale of 100% participation of loans to another FHLBank. 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 $25 million at March 31, 2015, a decrease of $27 million or 51.9% from $52 million at December 31, 2014, due substantially to net charge-offs during the three months ended March 31, 2015. The increase in net charge-offs was, in part, due to the adoption of FHFA Advisory Bulletin 2012-02, Framework of Adversely Classifying Certain Assets. (See *Note 2 - Recently Issued and Adopted Accounting Guidance* to the accompanying combined financial statements for additional information relating to the Framework of Adversely Classifying Certain Assets.)

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

Unpaid Principal Balance	March 31, 2015	December 31, 2014
Total past due 90 days or more and still accruing interest	$ 196	$ 228
Non-accrual loans	$ 402	$ 438
Troubled debt restructurings (not included above)(1)	$ 118	$ 114

	Three Months Ended March 31, 2015	Year Ended December 31, 2014
Allowance for credit losses, beginning of period	$ 52	$ 88
Charge-offs, net of recoveries	(26)	(15)
Provision (reversal) for credit losses	(1)	(21)
Allowance for credit losses, end of period	$ 25	$ 52

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

See *Note 9 - 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 $813.8 billion at March 31, 2015, a decrease of $34.5 billion or 4.1% from $848.3 billion at December 31, 2014. This decrease primarily resulted from reduced funding needs related to the decline in 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 $460.7 billion at March 31, 2015, a decrease of $25.3 billion or 5.2% from $486.0 billion at December 31, 2014. Consolidated bonds represented 56.6% and 57.3% of total consolidated obligations outstanding at March 31, 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 $353.1 billion at March 31, 2015, a decrease of $9.2 billion or 2.5% from $362.3 billion at December 31, 2014. Consolidated discount notes represented 43.4% and 42.7% of total consolidated obligations outstanding at March 31, 2015 and December 31, 2014.

Table 9 - Consolidated Obligations Outstanding
(dollars in millions)

	March 31, 2015	December 31, 2014	Change
Par value of consolidated obligations due in 1 year or less			
Consolidated discount notes	$ 353,175	$ 362,363	$ (9,188)
Consolidated bonds	193,309	220,231	(26,922)
Total	546,484	582,594	(36,110)
Par value of long-term consolidated bonds(1)	265,422	264,290	1,132
Total par value	811,906	846,884	(34,978)
Other(2)	1,903	1,450	453
Total consolidated obligations	$ 813,809	$ 848,334	$ (34,525)

(1) Includes $474 million and $516 million of index-amortizing notes as of March 31, 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 payments exceeding proceeds for the three months ended March 31, 2015 and 2014, resulting in lower consolidated obligation balances. The volume of net proceeds and net payments for consolidated discount notes was higher for the three months ended March 31, 2015, compared to the same period in 2014, as discount notes issuance increased due, in part, to increased funding needs related to the growth in short-term advances in the past 12 months.

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

	Three Months Ended March 31,		
	2015	2014	Change
Net proceeds from issuance of consolidated obligations			
Discount notes	$ 1,136,199	$ 704,582	$ 431,617
Bonds	76,252	89,113	(12,861)
Net proceeds	1,212,451	793,695	$ 418,756
Net payments for maturing and retiring consolidated obligations			
Discount notes	1,145,426	730,323	$ 415,103
Bonds	101,976	76,213	25,763
Net payments	1,247,402	806,536	$ 440,866
Net change	$ (34,951)	$ (12,841)	

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)

	March 31, 2015		December 31, 2014	
	Par Value(1)	Percentage of Total	Par Value(1)	Percentage of Total
Fixed-rate, noncallable	$ 266,380	58.0%	$ 271,239	55.9%
Fixed-rate, callable	107,080	23.3%	109,345	22.7%
Single-index, non-capped variable-rate	47,926	10.5%	63,001	13.0%
Step-up/step-down	33,720	7.3%	37,040	7.6%
Index-amortizing notes	474	0.1%	516	0.1%
Other(2)	3,439	0.8%	3,670	0.7%
Total	$ 459,019	100.0%	$ 484,811	100.0%

(1) Consolidated bonds outstanding have not been adjusted for interbank holdings totaling $288 million at March 31, 2015, and $290 million at December 31, 2014.
(2) Primarily consists 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 March 31,	
	2015	2014
Fixed-rate, fixed-term, noncallable (bullet)	58.4%	40.4%
Fixed-rate, callable	29.9%	29.0%
Step-up/step-down(1)	8.8%	6.8%
Single-index, variable-rate	2.6%	23.7%
Other	0.3%	0.1%
Total	100.0%	100.0%

(1) Primarily consists 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 March 31, 2015, deposits totaled $10.2 billion, an increase of $1.1 billion or 12.1% 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 84.6% and 80.6% of deposits at March 31, 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)

	March 31, 2015	December 31, 2014	Change
Capital stock	$ 32,450	$ 33,705	$ (1,255)
Retained earnings	13,867	13,244	623
AOCI	116	54	62
Total GAAP capital	46,433	47,003	(570)
Exclude: AOCI	(116)	(54)	(62)
Add: Mandatorily redeemable capital stock	1,959	2,631	(672)
Other(1)	(1)	(3)	2
Total combined regulatory capital(2)	$ 48,275	$ 49,577	$ (1,302)
Total assets	$ 879,896	$ 913,343	$ (33,447)
Combined GAAP capital-to-assets ratio	5.28%	5.15%	
Combined regulatory capital-to-assets ratio(3)	5.49%	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 13 - Capital* to the accompanying combined financial statements for a definition and discussion of regulatory capital.)

GAAP Capital. Total GAAP capital was $46.4 billion at March 31, 2015, a decrease of 1.2% from $47.0 billion at December 31, 2014. This decrease was principally the result of a decline in capital stock outstanding, partially offset by growth in retained earnings. The combined GAAP capital-to-assets ratio was 5.28% at March 31, 2015, an increase of 13 basis points from 5.15% at December 31, 2014.

Capital Stock. Capital stock decreased 3.7% primarily due to lower activity-based capital stock outstanding resulting from a decrease in advances.

Retained Earnings. Retained earnings grew 4.7% due to net income of $1,015 million, offset by dividends of $392 million. Unrestricted retained earnings was $10.2 billion at March 31, 2015, an increase of 4.4% from $9.7 billion at December 31, 2014. Restricted retained earnings was $3.7 billion at March 31, 2015, an increase of 5.5% from $3.5 billion at December 31, 2014.

Regulatory Capital. Total combined regulatory capital was $48.3 billion at March 31, 2015, a decrease of 2.6% 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.

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

	March 31, 2015	December 31, 2014
Capital stock	69.9%	71.7%
Retained earnings	29.9%	28.2%
AOCI	0.2%	0.1%
Total GAAP capital	100.0%	100.0%

Combined Results of Operations

Net Income

Net income for the three months ended March 31, 2015, was $1,015 million, an increase of 82.6% compared to the same period in 2014. This increase was due primarily to higher gains on litigation settlements, reported in non-interest income, as well as an increase in net interest income, partially offset by an increase in AHP assessments.

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

	Three Months Ended March 31,		
	2015	2014	Change
Net interest income after provision (reversal) for credit losses	$ 924	$ 868	$ 56
Non-interest income	480	6	474
Non-interest expense	273	250	23
Affordable Housing Program assessments	116	68	48
Net income	$ 1,015	$ 556	$ 459

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 March 31, 2015, was $924 million, an increase of 6.5% compared to the same period in 2014. Although both interest income and interest expense declined compared to the same period in 2014, the decline in interest expense was greater than the decline in interest income, resulting in an increase in net interest income. Net interest margin for the three months ended March 31, 2015, was 0.41%, a decrease of 1 basis point compared to the same period in 2014.

Interest income for the three months ended March 31, 2015, was $2,012 million, a decrease of 0.8% compared to the same period in 2014. This decrease was due primarily to lower yields on interest-earning assets, partially offset by increases in the average balances of advances and investments.

Interest expense for the three months ended March 31, 2015, was $1,089 million, a decrease of 7.0% compared to the same period in 2014. This decrease was due primarily to lower yields on consolidated obligations, including a shift toward lower-yielding short-term consolidated obligations, partially offset by an increase in the average balance of consolidated obligations.

The increase in net interest spread was the net result of the decline in yield on interest-bearing liabilities that was larger than the decline in yield on interest-earning assets. Net interest spread for the three months ended March 31, 2015, was 0.39%, an increase of 1 basis point compared to the same period in 2014.

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

	Three Months Ended March 31,		
	2015	2014	Change
Interest income			
Advances	$ 680	$ 635	$ 45
Prepayment fees on advances, net	26	11	15
Mortgage loans held for portfolio	409	438	(29)
Investments and other	897	944	(47)
Total interest income	2,012	2,028	(16)
Interest expense			
Consolidated obligations - Discount notes	165	132	33
Consolidated obligations - Bonds	891	978	(87)
Other borrowings	33	61	(28)
Total interest expense	1,089	1,171	(82)
Net interest income	923	857	66
Provision (reversal) for credit losses	(1)	(11)	10
Net interest income after provision (reversal) for credit losses	$ 924	$ 868	$ 56

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 narrow net spreads between the yield on assets and the yield on liabilities incurred to fund those assets.

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

	Three Months Ended March 31,					
	2015			2014		
	Average Balance	Interest	Annualized Yield	Average Balance	Interest	Annualized Yield
Advances(1)	$ 561,909	$ 706	0.51%	$ 491,313	$ 646	0.53%
Mortgage loans	43,773	409	3.79%	44,036	438	4.03%
Investments						
Interest-bearing deposits and other	7,942	4	0.20%	8,102	3	0.15%
Securities purchased under agreements to resell	34,698	7	0.08%	25,670	3	0.05%
Federal funds sold	74,209	20	0.11%	67,832	12	0.07%
Trading securities	9,561	41	1.74%	12,187	49	1.63%
Available-for-sale securities(2)	75,136	356	1.92%	67,664	346	2.07%
Held-to-maturity securities(2)	102,655	469	1.85%	112,576	531	1.91%
Total investments and other interest income	304,201	897	1.20%	294,031	944	1.30%
Total interest-earning assets	909,883	2,012	0.90%	829,380	2,028	0.99%
Other non-interest-earning assets	5,760			5,438		
Fair-value adjustment on investment securities(2)	1,084			318		
Total assets	$ 916,727			$ 835,136		
Consolidated obligations						
Discount notes	$ 374,233	165	0.18%	$ 281,621	132	0.19%
Bonds	470,740	891	0.77%	480,611	978	0.83%
Other borrowings(3)	12,847	33	1.04%	16,031	61	1.54%
Total interest-bearing liabilities	857,820	1,089	0.51%	778,263	1,171	0.61%
Non-interest-bearing liabilities	11,690			11,966		
Total liabilities	869,510			790,229		
Capital	47,217			44,907		
Total liabilities and capital	$ 916,727			$ 835,136		
Net interest income		$ 923			$ 857	
Net interest spread			0.39%			0.38%
Net interest margin			0.41%			0.42%

(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 March 31, 2015 vs. 2014		
	Volume	Rate	Total
Interest Income			
Advances(1)	$ 86	$ (26)	$ 60
Mortgage loans	(3)	(26)	(29)
Investments	31	(78)	(47)
Total interest income	114	(130)	(16)
Interest Expense			
Consolidated obligations	113	(167)	(54)
Other borrowings(2)	(11)	(17)	(28)
Total interest expense	102	(184)	(82)
Changes in net interest income	$ 12	$ 54	$ 66

(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 March 31, 2015, was $923 million, an increase of 7.7% compared to the same period in 2014. This increase was due to an increase in the average balance of interest-earning assets and lower yields on interest-bearing liabilities, partially offset by lower yields on interest-earning assets and an increase in the average balance of interest bearing-liabilities.

Factors Affecting Net Interest Income.

The average balance of interest-earning assets for the three months ended March 31, 2015, was $909.9 billion, an increase of 9.7%, compared to the same period in 2014, due to increases in the average balances of advances and investments.

The yield on interest-earning assets for the three months ended March 31, 2015, was 0.90%, a decrease of 9 basis points compared to the same period in 2014. This decrease was due to lower yields on mortgage loans, investments, and advances.

The average balance of interest-bearing liabilities for the three months ended March 31, 2015, was $857.8 billion, an increase of 10.2%, compared to the same period in 2014. This increase was due to an increase in the average balance of consolidated obligations.

The yield on interest-bearing liabilities for the three months ended March 31, 2015, was 0.51%, a decrease of 10 basis points compared to the same period in 2014. This decrease was primarily attributable to consolidated obligations.

Advances. The average balance of advances for the three months ended March 31, 2015, was $561.9 billion, an increase of 14.4%, compared to the same period in 2014. This increase was due to the cumulative effect of advance growth due to higher member demand in the past 12 months.

The yield on advances for the three months ended March 31, 2015, was 0.51%, a decrease of 2 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 balance of mortgage loans for the three months ended March 31, 2015, was relatively flat compared to the same period in 2014. The yield on mortgage loans for the three months ended March 31, 2015, was 3.79%, a decrease of 24 basis points compared to the same period in 2014.

Investments. The average balance of investments for the three months ended March 31, 2015, was $304.2 billion, an increase of 3.5% compared to the same period in 2014. This increase was primarily driven by higher average balances of federal funds sold and securities purchased under agreements to resell, partially offset by a decrease in investment securities.

The yield on investments for the three months ended March 31, 2015, was 1.20%, a decrease of 10 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. Partially offsetting these decreases was the higher accretion of prior credit impairments into interest income over the remaining lives of certain other-than-temporarily impaired private-label mortgage-backed securities, resulting from improvements in expected cash flows. (See *Note 6 - Other-than-Temporary Impairment Analysis* to the accompanying combined financial statements for information on other-than-temporary impairment.)

Consolidated Obligations. The average balance of consolidated obligations for the three months ended March 31, 2015, was $845.0 billion, an increase of 10.9%, compared to the same period in 2014, driven by an increase of 32.9% in the average balance of consolidated discount notes for the three months ended March 31, 2015, compared to the same period in 2014.

The yield on consolidated obligations for the three months ended March 31, 2015, was 0.51%, a decrease of 8 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. Table 19 presents the effect of derivatives hedging activities on net interest income. (See *Note 10 - Derivatives and Hedging Activities* to the accompanying combined financial statements for additional information on the effect of derivatives and hedging activities.)

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

	Three Months Ended March 31, 2015					
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income						
Amortization and accretion of hedging activities in net interest income	$ (66)	$ 20	$ (7)	$ 16	$ (1)	$ (38)
Net interest settlements included in net interest income(1)	(733)	(170)	—	499	(70)	(474)
Total effect on net interest income	$ (799)	$ (150)	$ (7)	$ 515	$ (71)	$ (512)

	Three Months Ended March 31, 2014					
	Advances	Investment Securities	Mortgage Loans	Consolidated Bonds	Consolidated Discount Notes	Total
Net interest income						
Amortization and accretion of hedging activities in net interest income	$ (56)	$ 31	$ (7)	$ 22	$ —	$ (10)
Net interest settlements included in net interest income(1)	(799)	(159)	—	496	(70)	(532)
Total effect on net interest income	$ (855)	$ (128)	$ (7)	$ 518	$ (70)	$ (542)

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

Non-Interest Income

Non-interest income for the three months ended March 31, 2015, was $480 million, an increase of $474 million compared to the same period in 2014. This increase was due mainly to higher gains on litigation settlements and higher gains from sales of available-for-sale securities, partially offset by an increase in net other-than-temporary impairment losses.

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

	Three Months Ended March 31,		
	2015	2014	Change
Net other-than-temporary impairment losses	$ (55)	$ (2)	$ (53)
Net gains (losses) on trading securities	9	10	(1)
Net realized gains (losses) from sale of available-for-sale securities	55	1	54
Net realized gains (losses) from sale of held-to-maturity securities	6	—	6
Net gains (losses) on financial instruments held under fair value option	(9)	(33)	24
Net gains (losses) on derivatives and hedging activities	(41)	(58)	17
Gains on litigation settlements, net	480	43	437
Net gains (losses) on debt extinguishments	(2)	13	(15)
Other, net	37	32	5
Total non-interest income (loss)	$ 480	$ 6	$ 474

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 March 31, 2015, was $55 million, which was 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 anticipated merger with the FHLBank of Des Moines. Net other-than-temporary impairment losses for the three months ended March 31, 2014, was $2 million. (See *Note 6 - 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.)

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 March 31, 2015, was $55 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 anticipated merger with the FHLBank of Des Moines. Net realized gains from sale of available-for-sale securities for the three months ended March 31, 2014, was $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 losses on financial instruments held under fair value option for the three months ended March 31, 2015 and 2014, were $9 million and $33 million. Table 21 presents 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 15 - 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 March 31, 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	$ 28	$ (10)	$ —	$ (16)	$ —	$ —	$ —	$ 2
Gains (losses) related to derivatives not designated as hedging instruments	(47)	(68)	(3)	84	(6)	(4)	1	(43)
Total net gains (losses) on derivatives and hedging activities	(19)	(78)	(3)	68	(6)	(4)	1	(41)
Net gains (losses) on trading securities(1)	—	9	—	—	—	—	—	9
Net gains (losses) on financial instruments held at fair value	26	—	—	(32)	(3)	—	—	(9)
Total effect on non-interest income	$ 7	$ (69)	$ (3)	$ 36	$ (9)	$ (4)	$ 1	$ (41)

	Three Months Ended March 31, 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	$ 28	$ (11)	$ —	$ (6)	$ —	$ —	$ —	$ 11
Gains (losses) related to derivatives not designated as hedging instruments	(26)	(74)	(12)	67	(9)	(16)	1	(69)
Total net gains (losses) on derivatives and hedging activities	2	(85)	(12)	61	(9)	(16)	1	(58)
Net gains (losses) on trading securities(1)	—	15	—	—	—	—	—	15
Net gains (losses) on financial instruments held at fair value	9	—	—	(42)	—	—	—	(33)
Total effect on non-interest income	$ 11	$ (70)	$ (12)	$ 19	$ (9)	$ (16)	$ 1	$ (76)

(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 March 31, 2015 and 2014, of $41 million and $58 million were 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 10 - 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 legal fees and expenses, totaled $480 million for the three months ended March 31, 2015, driven primarily by the FHLBank of San Francisco's $459 million gain. Gains on litigation settlements were $43 million for the three months ended March 31, 2014.

Non-interest Expense

Non-interest expense for the three months ended March 31, 2015, was $273 million, an increase of 9.2% compared to the same period in 2014, which was due primarily to the increase in compensation and benefits and other operating expenses.

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

	Three Months Ended March 31,		
	2015	2014	Change
Compensation and benefits	$ 151	$ 137	$ 14
Other operating expenses	94	82	12
Federal Housing Finance Agency	16	16	—
Office of Finance	11	12	(1)
Other	1	3	(2)
Total non-interest expense	$ 273	$ 250	$ 23

Compensation and Benefits. These expenses include costs for FHLBank employees, including salaries, incentives, and health and retirement benefits. For the three months ended March 31, 2015, compensation and benefits expense was $151 million, an increase of 10.2% compared to the same period in 2014, due primarily to 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 months ended March 31, 2015, other operating expenses were $94 million, an increase of 14.6% compared to the same period in 2014, driven by an increase in professional costs and lease termination fees, due in part to the anticipated merger between the FHLBanks of Seattle and Des Moines.

Affordable Housing Program Assessments

AHP assessments for the three months ended March 31, 2015, were $116 million, an increase of 70.6% 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.

There were no interbank transfers of consolidated bonds during the three months ended March 31, 2015 and 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 FHLBanks' 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 March 31,	
Effect on	2015	2014
Interest income	$ (2)	$ (4)
Interest expense	8	7
Provision (reversal) for credit losses	(1)	—
Net interest income after provision (reversal) for credit losses	(9)	(11)
Non-interest income	(5)	(4)
Non-interest expense	(7)	(3)
Affordable Housing Program assessments	1	—
Net income	$ (8)	$ (12)

Comprehensive Income

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

Other comprehensive income for the three months ended March 31, 2015, was $62 million, a decrease of $255 million compared to the same period in 2014. For the three months ended March 31, 2015, other comprehensive income primarily consisted of fair value gains on AFS securities, partially offset by net unrealized losses relating to cash flow hedging activities. For the three months ended March 31, 2014, other comprehensive income primarily consisted of fair value gains on AFS securities.

Table 24 - Comprehensive Income
(dollars in millions)

	Three Months Ended March 31,		
	2015	2014	Change
Net income	$ 1,015	$ 556	$ 459
Other comprehensive income			
Changes in fair value of AFS securities			
Net unrealized gains (losses) on AFS securities	90	157	(67)
Net change in fair value of other-than-temporarily impaired AFS securities	5	122	(117)
Total changes in fair value of AFS securities	95	279	(184)
Changes in non-credit OTTI losses			
Net amount of AFS and HTM impairment losses reclassified to (from) non-interest income	51	1	50
Reclassification of (gains) losses of the non-credit portion on AFS securities included in net income	(55)	—	(55)
Accretion of non-credit portion on HTM securities	32	33	(1)
Total changes in non-credit OTTI losses	28	34	(6)
Net unrealized gains (losses) relating to hedging activities	(56)	(5)	(51)
Other	(5)	9	(14)
Total other comprehensive income	62	317	(255)
Comprehensive income	$ 1,077	$ 873	$ 204

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 the 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 is 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 March 31, 2015, each of the FHLBanks was in compliance with its statutory minimum 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. (See *Note 13 - Capital* to the accompanying combined financial statements and for more information.)

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 13 - Capital* - *Restricted Retained Earnings* to the accompanying combined financial statements for more information.)

Dividend and Excess Stock Limitations

FHLBank of Seattle. In October 2010, the FHLBank of Seattle entered into a Consent Order with the FHFA (together, with related agreements, the 2010 Consent Arrangement), which set forth certain requirements regarding its financial performance, capital management, asset composition, and other operational and risk management improvements, and placed restrictions on its redemptions and repurchases of capital stock and its payment of dividends. Since 2010, the FHLBank of Seattle has developed and implemented numerous plans and policies to address the 2010 Consent Arrangement requirements and remediate associated supervisory concerns, and its financial performance has improved significantly.

In November 2013, the FHLBank of Seattle entered into a Stipulation and Consent to the Issuance of a Consent Order with the FHFA, effective November 22, 2013 (together, with related agreements with the FHFA, the Amended Consent Arrangement), which superseded the 2010 Consent Arrangement. Although the Amended Consent Arrangement requires the FHLBank of Seattle to continue adhering to the terms of plans and policies that it adopted to address the 2010 Consent Arrangement requirements, the FHLBank of Seattle is no longer subject to other requirements, including minimum financial metrics and detailed monthly tracking and reporting. The Amended Consent Arrangement requires:

- development and submission of an asset composition plan acceptable to the FHFA for increasing advances and other core mission activity assets as a proportion of the FHLBank of Seattle's consolidated obligations and, upon approval by the FHFA, implementation of that plan;
- written non-objection from the FHFA prior to repurchasing or redeeming any excess capital stock or paying dividend on the FHLBank of Seattle's capital stock; and
- the FHLBank of Seattle's board of directors monitors its adherence to the Amended Consent Agreement.

The Amended Consent Arrangement will remain in effect until modified or terminated by the FHFA and does not prevent the FHFA from taking any other action affecting the FHLBank of Seattle that, at the sole discretion of the FHFA, it deems appropriate in fulfilling its supervisory responsibilities.

In September 2012, the FHFA approved the FHLBank of Seattle's proposal for an excess capital stock repurchase program and granted the FHLBank of Seattle authority to repurchase up to $25 million of excess capital stock per quarter, provided that:

- the FHLBank of Seattle's financial condition, measured primarily by the market value of equity to par value of capital stock ratio, does not deteriorate;
- the excess capital stock repurchases from the FHLBank of Seattle's shareholders are handled on a pro-rata basis; and
- the FHLBank of Seattle receives a non-objection for each quarter's repurchase from the FHFA.

In February 2014, the FHLBank of Seattle implemented a separate excess capital stock redemption program, with FHFA non-objection, to redeem up to $75 million per quarter of excess capital stock on which the redemption waiting period has been satisfied.

The Amended Consent Arrangement requires that the FHLBank of Seattle request and obtain FHFA non-objection for repurchases and redemptions of capital stock and prescribes the contents of the requests. Under this authority, in the first quarter of 2015, the FHLBank of Seattle repurchased $99 million, including repurchases of $24 million and redemptions of $75 million, of excess capital stock. Since implementing the programs, the FHLBank of Seattle has repurchased a total of $638 million of excess capital stock. In addition, the FHLBank of Seattle also repurchased $12 million, including $8 million in the first quarter of 2015, of excess Class B stock, which had been purchased by members on or after October 27, 2010, for activity purposes (these represent the type of repurchases that the FHLBank of Seattle is not limited in amount to repurchase).

In April 2015, following the FHFA's non-objection, the FHLBank of Seattle announced that, in connection with its anticipated merger with the FHLBank of Des Moines, it will repurchase all excess Class A and Class B mandatorily redeemable capital stock with respect to which the contractual redemption period has expired, prior to the anticipated closing of the merger. (See *Note 16 - Capital - FHLBank of Seattle Capital Classification and Consent Arrangement* on page F-61 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 the FHLBank of Seattle's Consent Arrangement with the FHFA.)

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 March 31, 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 6 - 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 March 31, 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)

	March 31, 2015				
		Significant Inputs			Current Credit Enhancement
	Unpaid Principal Balance	Prepayment Rates	Default Rates	Loss Severities	
		Weighted-Average	Weighted-Average	Weighted-Average	Weighted-Average
Private-label Residential MBS(1)					
Prime	$ 5,563	16.4%	7.2%	25.5%	7.8%
Alt-A	12,396	13.3%	23.1%	39.5%	8.5%
Subprime	660	6.3%	47.8%	61.2%	21.0%
Total private-label residential MBS	$ 18,619	14.0%	19.2%	36.1%	8.7%
Home Equity Loan ABS(1)					
Subprime	$ 97	8.2%	5.1%	62.0%	36.9%
Total home equity loan ABS	$ 97	8.2%	5.1%	62.0%	36.9%

(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 6 - 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 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 $3 million and $17 million for the three months ended March 31, 2015.

The base case scenario represents actual OTTI-related credit losses recognized in earnings for the three months ended March 31, 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 March 31, 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.

There were no material changes to the legislative and regulatory developments disclosed in the Federal Home Loan Banks Combined Financial Report for the year ended December 31, 2014. 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 Report 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.

Recent Rating Agency Actions

Since January 1, 2015, no rating agency actions occurred with regard to the FHLBanks or their consolidated obligations. At April 30, 2015, consolidated obligations were rated Aaa/P-1 by Moody's AA+/A-1+ by S&P. Table 26 presents each FHLBank's long-term credit rating, short-term credit rating, and outlook at April 30, 2015.

Table 26 - FHLBanks' Long-Term Credit Ratings, Short-Term Credit Ratings, and Outlook at April 30, 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
Seattle	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 March 31, 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 March 31, 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 March 31, 2015, there were 81 individual FHLBank borrowers (79 FHLBank members and two 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 2.5 at March 31, 2015, which represents the total of these 81 individual FHLBank borrowers' eligible collateral divided by these borrowers' advances and other credit products outstanding. The collateralization ratio for all borrowers was 3.0 at March 31, 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)

	March 31, 2015		
	Borrowers with at Least $1.0 Billion of Advances Outstanding	All Borrowers	Percentage
Advances outstanding, at par	$ 367,023	$ 536,597	68.4%
Other credit products outstanding, at par	$ 73,314	$ 101,197	72.4%
Collateral outstanding	$ 1,114,014	$ 1,930,017	57.7%

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. The blanket lien is typically accepted by the FHLBanks 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 the applicable 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)

	March 31, 2015							
	Blanket Lien		Listing		Delivery		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Single-family mortgage loans (1)	$ 388,339	20.1%	$ 625,197	32.4%	$ 17,739	0.9%	$ 1,031,275	53.4%
Commercial real estate loans	233,130	12.1%	74,888	3.9%	21,925	1.2%	329,943	17.2%
Home equity loans and lines of credit	84,285	4.4%	81,285	4.2%	843	—%	166,413	8.6%
Multifamily mortgage loans	50,185	2.6%	93,310	4.8%	7,168	0.4%	150,663	7.8%
U.S. agency MBS and collateralized mortgage obligations	—	N/A	—	N/A	91,433	4.7%	91,433	4.7%
Other real estate loans	34,017	1.8%	6,303	0.4%	733	—%	41,053	2.2%
Commercial MBS	—	N/A	—	N/A	36,821	1.9%	36,821	1.9%
Community Financial Institutions loans	30,524	1.6%	1,780	0.1%	328	—%	32,632	1.7%
U.S. agency securities (excluding MBS)	—	N/A	—	N/A	19,044	1.0%	19,044	1.0%
Private-label MBS and collateralized mortgage obligations	—	N/A	—	N/A	4,141	0.2%	4,141	0.2%
Other	572	—%	2,554	0.1%	23,473	1.2%	26,599	1.3%
Total collateral	$ 821,052	42.6%	$ 885,317	45.9%	$ 223,648	11.5%	$ 1,930,017	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 three months ended March 31, 2015, no FHLBank incurred any credit loss on any of its advances, including advances to failed borrowers. During the same period, all four of the FDIC-insured institutions that failed were members of the FHLBanks with approximately $548 million of advances outstanding at the time of the failure, all of which were assumed by another member.

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 March 31, 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)

	March 31, 2015(1)(2)						
Carrying Value	**Triple-A**	**Double-A**	**Single-A**	**Triple-B**	**Below Triple-B**	**Unrated**	**Total**
Interest-bearing deposits	$ —	$ 1	$ 899	$ —	$ —	$ —	$ 900
Securities purchased under agreements to resell	10,650	16,750	4,000	12,220	745	2,350	46,715
Federal funds sold	—	11,571	29,655	1,195	—	122	42,543
Total investment securities by major security type							
Non-mortgage backed securities							
U.S. Treasury obligations	—	326	—	—	—	—	326
Certificates of deposit	—	875	150	—	—	—	1,025
Other U.S. obligations	—	6,556	120	—	—	—	6,676
GSE and Tennessee Valley Authority obligations	—	29,077	—	—	—	—	29,077
State or local housing agency obligations	1,707	1,751	478	—	—	2	3,938
Federal Family Education Loan Program ABS	11	5,984	—	—	—	—	5,995
Other	823	106	412	—	—	39	1,380
Total non-mortgage-backed securities	2,541	44,675	1,160	—	—	41	48,417
Mortgage-backed securities							
Other U.S. obligations single-family MBS	277	14,066	—	—	—	—	14,343
Other U.S. obligations multifamily MBS	—	983	—	—	—	—	983
GSE single-family MBS	—	65,618	18	—	11	—	65,647
GSE multifamily MBS	464	39,701	—	—	—	—	40,165
Private-label residential MBS	18	45	278	1,385	14,111	24	15,861
Manufactured housing loan ABS	—	—	100	—	—	—	100
Home equity loan ABS	1	7	105	34	86	—	233
Total mortgage-backed securities	760	120,420	501	1,419	14,208	24	137,332
Total investment securities	3,301	165,095	1,661	1,419	14,208	65	185,749
Total investments	$ 13,951	$ 193,417	$ 36,215	$ 14,834	$ 14,953	$ 2,537	$ 275,907

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 March 31, 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 March 31, 2015. No FHLBank has purchased private-label mortgage-backed securities since 2008.

Table 30 - Credit Ratings of Private-Label Mortgage-Backed Securities at March 31, 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	$ 19	$ —	$ —	$ —	$ 7	$ 12
Double-A	52	—	—	—	—	52
Single-A	487	—	—	25	54	408
Triple-B	1,429	—	—	12	184	1,233
Double-B	1,744	—	7	16	364	1,357
Single-B	1,636	122	239	101	414	760
Triple-C	6,800	175	2,341	1,140	2,727	417
Double-C	1,314	28	275	517	470	24
Single-C	831	73	333	268	157	—
Single-D	4,834	—	1,404	2,270	1,138	22
Unrated	27	—	—	12	—	15
Total	$ 19,173	$ 398	$ 4,599	$ 4,361	$ 5,515	$ 4,300
Amortized cost	$ 16,463	$ 354	$ 3,751	$ 3,276	$ 4,844	$ 4,238
Gross unrealized losses(2)	(612)	(7)	(102)	(266)	(164)	(73)
Fair value	16,943	365	3,877	3,610	4,860	4,231
Credit losses(3)						
Total OTTI	$ (4)	$ —	$ (1)	$ (2)	$ (1)	$ —
AOCI(4)	1	—	—	—	1	—
Credit losses(5)	$ (3)	$ —	$ (1)	$ (2)	$ —	$ —
Fair value to UPB	88.4%	91.9%	84.3%	82.8%	88.1%	98.4%

	Prime(6) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(1)						
Double-A	$ 44	$ —	$ —	$ —	$ —	$ 44
Single-A	148	—	—	—	8	140
Triple-B	1,039	—	—	—	173	866
Double-B	1,257	—	7	8	299	943
Single-B	731	—	103	46	169	413
Triple-C	1,407	175	388	33	600	211
Double-C	385	28	131	60	166	—
Single-C	394	73	205	116	—	—
Single-D	2,357	—	602	1,501	254	—
Unrated	23	—	—	12	—	11
Total	$ 7,785	$ 276	$ 1,436	$ 1,776	$ 1,669	$ 2,628
Amortized cost	$ 6,955	$ 235	$ 1,144	$ 1,444	$ 1,520	$ 2,612
Gross unrealized losses(2)	(259)	—	(14)	(184)	(19)	(42)
Fair value	7,188	252	1,229	1,552	1,569	2,586
Credit losses(3)						
Total OTTI	$ (1)	$ —	$ (1)	$ —	$ —	$ —
AOCI(4)	—	—	—	—	—	—
Credit losses	$ (1)	$ —	$ (1)	$ —	$ —	$ —
Weighted-average percentage						
Fair value to UPB	92.3%	91.6%	85.6%	87.4%	94.0%	98.4%
Original credit support(7)	9.9%	24.8%	15.5%	10.9%	10.1%	4.6%
Credit support(8)	6.6%	10.8%	1.8%	0.6%	7.7%	12.1%
Collateral delinquency(9)	11.7%	16.5%	15.2%	14.3%	10.4%	8.3%

	Alt-A(6)(10) by Year of Securitization					
	Total	2008	2007	2006	2005	2004 and Prior
UPB by credit rating(1)						
Triple-A	$ 18	$ —	$ —	$ —	$ 7	$ 11
Double-A	1	—	—	—	—	1
Single-A	124	—	—	25	46	53
Triple-B	327	—	—	—	9	318
Double-B	440	—	—	—	65	375
Single-B	814	122	131	2	234	325
Triple-C	5,239	—	1,953	1,001	2,124	161
Double-C	605	—	144	163	295	3
Single-C	315	—	128	30	157	—
Single-D	2,438	—	802	752	884	—
Unrated	2	—	—	—	—	2
Total	$ 10,323	$ 122	$ 3,158	$ 1,973	$ 3,821	$ 1,249
Amortized cost	$ 8,710	$ 119	$ 2,602	$ 1,446	$ 3,302	$ 1,241
Gross unrealized losses(2)	(281)	(7)	(88)	(17)	(144)	(25)
Fair value	8,839	113	2,643	1,582	3,267	1,234
Credit losses(3)						
Total OTTI	$ (3)	$ —	$ —	$ (2)	$ (1)	$ —
AOCI(4)	1	—	—	—	1	—
Credit losses(5)	$ (2)	$ —	$ —	$ (2)	$ —	$ —
Weighted-average percentage						
Fair value to UPB	85.6%	92.5%	83.7%	80.1%	85.5%	98.7%
Original credit support(7)	21.6%	31.8%	31.8%	23.0%	16.7%	7.9%
Credit support(8)	9.5%	23.9%	12.1%	3.5%	7.5%	17.2%
Collateral delinquency(9)	19.9%	10.6%	24.9%	23.7%	16.6%	12.2%

	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	7	—	—	—	—	7
Single-A	215	—	—	—	—	215
Triple-B	63	—	—	12	2	49
Double-B	47	—	—	8	—	39
Single-B	91	—	5	53	11	22
Triple-C	154	—	—	106	3	45
Double-C	324	—	—	294	9	21
Single-C	122	—	—	122	—	—
Single-D	39	—	—	17	—	22
Unrated	2	—	—	—	—	2
Total	$ 1,065	$ —	$ 5	$ 612	$ 25	$ 423
Amortized cost	$ 798	$ —	$ 5	$ 386	$ 22	$ 385
Gross unrealized losses(2)	(72)	—	—	(65)	(1)	(6)
Fair value	916	—	5	476	24	411
Credit losses(3)						
Total OTTI	$ —	$ —	$ —	$ —	$ —	$ —
AOCI(4)	—	—	—	—	—	—
Credit losses	$ —	$ —	$ —	$ —	$ —	$ —
Weighted-average percentage						
Fair value to UPB	85.9%	—	98.5%	77.9%	90.4%	97.2%
Original credit support(7)	38.7%	—	23.0%	22.6%	21.5%	63.2%
Credit support(8)	26.2%	—	46.8%	19.7%	35.9%	34.7%
Collateral delinquency(9)	26.1%	—	31.5%	32.5%	29.2%	16.5%

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(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 $9,001 million and $8,147 million at March 31, 2015.

(3) The credit losses presented are for the three months ended March 31, 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 three months ended March 31, 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 March 31, 2015, and is determined based on the unpaid principal balance of the individual securities in the category and their respective credit support as of March 31, 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 $1,752 million in Alt-A option adjustable-rate mortgages, of which $954 million are in a gross unrealized loss position based on their unpaid principal balance at March 31, 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 March 31, 2016 for MBIA Insurance Corp., and on March 31, 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 March 31, 2015, total monoline bond insurance coverage was $382 million, of which $274 million represents the FHLBanks' private-label MBS covered by the monoline bond insurance that the FHLBanks were relying on at March 31, 2015, for modeling cash flows. Of the $274 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.* Primarily consists 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 March 31, 2015, the FHLBanks had aggregate unsecured credit exposure from investments of $1 billion or more to each of 15 private counterparties. The aggregate unsecured credit exposure to these counterparties represented 86.8% 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)	March 31, 2015	December 31, 2014
Interest-bearing deposits	$ 899	$ 1,568
Federal funds sold	42,543	52,773
Certificates of deposit	1,025	1,706
Total	$ 44,467	$ 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 March 31, 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 March 31, 2015.

As of March 31, 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 March 31, 2015, 94.0% of the FHLBanks' unsecured investments in federal funds sold and 95.1% 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)

	March 31, 2015(1)				
	Investment Grade				
Carrying Value(2)	**Double-A**	**Single-A**	**Triple-B**	**Unrated**	**Total**
Domestic	$ —	$ 1,924	$ 1,195	$ 122	$ 3,241
U.S. subsidiaries of foreign commercial banks	—	270	—	—	270
Total domestic and U.S. subsidiaries of foreign commercial banks	—	2,194	1,195	122	3,511
U.S. branches and agency offices of foreign commercial banks					
Canada	4,293	10,315	—	—	14,608
Netherlands	—	5,935	—	—	5,935
Australia	5,381	—	—	—	5,381
Sweden	475	3,158	—	—	3,633
Germany	—	3,119	—	—	3,119
Norway	—	3,047	—	—	3,047
Finland	2,297	500	—	—	2,797
Japan	—	1,736	—	—	1,736
France	—	455	—	—	455
United Kingdom	—	245	—	—	245
Total U.S. branches and agency offices of foreign commercial banks	12,446	28,510	—	—	40,956
Total unsecured investment credit exposure	$ 12,446	$ 30,704	$ 1,195	$ 122	$ 44,467

(1) Does not reflect any changes in ratings, outlook, or watch status occurring after March 31, 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 March 31, 2015, 90.4% 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)

	March 31, 2015				
Carrying Value(1)	**Overnight**	**Due 2 days through 30 days**	**Due 31 days through 90 days**	**Due 91 days through 180 days**	**Total**
Domestic	$ 3,191	$ 50	$ —	$ —	$ 3,241
U.S. subsidiaries of foreign commercial banks	270	—	—	—	270
Total domestic and U.S. subsidiaries of foreign commercial banks	3,461	50	—	—	3,511
U.S. branches and agency offices of foreign commercial banks					
Canada	13,221	712	425	250	14,608
Netherlands	5,935	—	—	—	5,935
Australia	3,285	1,200	896	—	5,381
Sweden	3,158	100	375	—	3,633
Germany	3,119	—	—	—	3,119
Norway	2,807	240	—	—	3,047
Finland	2,797	—	—	—	2,797
Japan	1,736	—	—	—	1,736
France	455	—	—	—	455
United Kingdom	245	—	—	—	245
Total U.S. branches and agency offices of foreign commercial banks	36,758	2,252	1,696	250	40,956
Total unsecured investment credit exposure	$ 40,219	$ 2,302	$ 1,696	$ 250	$ 44,467

(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 Mortgage Partnership Finance® (MPF) Program and Mortgage Purchase Program (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 9 - 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 April 30, 2015, all of the FHLBanks' PMI providers were rated from double-B minus 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 March 31, 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 $81 million and $25 million for MPF loans, and $20 million and $6 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 March 31, 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

	March 31, 2015	December 31, 2014(1)
Iowa	8.9%	8.9%
Kansas	8.4%	8.2%
Pennsylvania	7.2%	7.1%
New York	6.1%	5.9%
Massachusetts	5.9%	5.8%
All other	63.5%	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 March 31, 2015.

Table 35 - State Concentrations of MPP

	March 31, 2015	December 31, 2014(1)
Ohio	31.4%	31.7%
Indiana	19.5%	19.7%
Michigan	13.8%	14.0%
California	7.1%	5.5%
Kentucky	6.9%	7.0%
All other	21.3%	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 March 31, 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 March 31, 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 March 31, 2015.

Table 36 presents the derivative positions with non-member counterparties and member institutions to which the FHLBanks had credit exposure at March 31, 2015.

Table 36 - Derivative Counterparty Credit Exposure at March 31, 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	$ 1,306	$ 3	$ —	$ —	$ 3
Single-A	33,823	307	(237)	(33)	37
Cleared derivatives(2)	78,484	191	(138)	—	53
Liability positions with credit exposure					
Bilateral derivatives					
Double-A	748	—	—	—	—
Single-A	11,488	(202)	176	30	4
Triple-B	3,661	(87)	52	37	2
Cleared derivatives(2)	186,348	(1,476)	1,903	176	603
Total derivative positions with credit exposure to non-member counterparties	315,858	(1,264)	1,756	210	702
Member institutions(3)	1,144	13	—	—	13
Total	$ 317,002	$ (1,251)	$ 1,756	$ 210	$ 715

(1) This chart does not reflect any changes in rating, outlook, or watch status occurring after March 31, 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 First 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)
Seattle	✓	✓

(1) The FHLBank of Pittsburgh's market value of equity volatility metrics are monitored. The FHLBank of Pittsburgh measures market value of equity to par value of capital stock, as described in its 2015 First Quarter SEC Form 10-Q. The FHLBank of Pittsburgh also monitors the earned dividend spread (EDS) volatility metric relative to a predetermined EDS floor, 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 First 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 First 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 First 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)

	March 31, 2015			December 31, 2014		
FHLBank	**Down**	**Base**	**Up**	**Down**	**Base**	**Up**
Boston	0.7	0.8	4.2	0.4	0.0	3.2
New York	0.5	(0.7)	0.9	1.1	(0.7)	1.0
Pittsburgh	2.5	(0.7)	1.2	2.5	(0.4)	1.5
Atlanta	(0.3)	(0.2)	4.9	(0.4)	(0.3)	4.0
Cincinnati	(3.4)	1.4	3.7	(3.4)	1.0	3.5
Indianapolis	(3.8)	2.5	2.9	(3.7)	0.0	2.6
Chicago	3.5	0.5	0.3	3.2	(0.3)	0.2
Des Moines	(1.5)	(0.6)	3.3	(2.1)	(0.7)	3.1
Dallas	4.2	1.0	3.4	4.4	0.6	3.6
Topeka	1.1	(0.1)	1.6	1.8	(0.9)	1.8
San Francisco	1.1	1.2	1.6	1.2	1.2	1.8
Seattle	(0.4)	(1.2)	1.8	(0.5)	(0.7)	2.3

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	March 31, 2015	December 31, 2014
Boston	0.6	0.0
New York	(0.9)	(0.8)
Pittsburgh	(0.7)	(0.5)
Atlanta	(0.4)	(0.4)
Cincinnati	0.0	0.0
Indianapolis	0.9	(0.9)
Chicago	0.5	(0.2)
Des Moines	(0.5)	(0.6)
Dallas	(0.6)	0.2
Topeka	(0.1)	(0.6)
San Francisco	0.4	0.4
Seattle	(0.1)	(0.1)

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 10 - 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*.)

Each of the FHLBanks indicated that there were no changes to its internal control over financial reporting during the quarter ended March 31, 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 March 31, 2015. (See *Part I. Item 4 - Controls and Procedures* of each FHLBank's 2015 First 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 First 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 March 31, 2015, each of the FHLBanks of Boston, Chicago, San Francisco, and Seattle 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.

Legal Proceedings Relating to the Lehman Bankruptcy

See *Note 16 - 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 First 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 13 - Capital* to the accompanying combined financial statements and *Financial Discussion and Analysis - Capital Adequacy* for more information.)

At March 31, 2015, the FHLBanks had 326 million shares of capital stock outstanding. 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)

	March 31, 2015		December 31, 2014	
	Amount	Percentage of Regulatory Capital Stock	Amount	Percentage of Regulatory Capital Stock
Commercial banks	$ 20,205	58.7%	$ 21,677	59.7%
Thrifts	5,112	14.9%	5,067	13.9%
Insurance companies	3,960	11.5%	3,807	10.5%
Credit unions	3,164	9.2%	3,147	8.7%
Community development financial institutions	9	—	7	—
Total GAAP capital stock	32,450	94.3%	33,705	92.8%
Mandatorily redeemable capital stock	1,959	5.7%	2,631	7.2%
Total combined regulatory capital stock	$ 34,409	100.0%	$ 36,336	100.0%

Table 41 - Membership by Type of Member

	March 31, 2015		December 31, 2014	
	Number	Percentage of Total Members	Number	Percentage of Total Members
Commercial banks	4,816	65.9%	4,878	66.2%
Credit unions	1,285	17.6%	1,272	17.3%
Thrifts	863	11.8%	882	12.0%
Insurance companies	314	4.3%	304	4.1%
Community development financial institutions	35	0.4%	31	0.4%
Total	7,313	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 March 31, 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, San Francisco, Seattle	$ 3,027	8.8%	$ 516
Wells Fargo & Company	Des Moines, Dallas, Topeka, San Francisco, Seattle	1,467	4.3%	40
Bank of America Corporation	Boston, New York, Atlanta, San Francisco, Seattle	1,452	4.2%	547
Citigroup Inc.	New York, Dallas, San Francisco	1,223	3.6%	276
The PNC Financial Services Group, Inc.	New York, Pittsburgh, Atlanta, Cincinnati	978	2.8%	51
MetLife, Inc.	Boston, New York, Pittsburgh, Des Moines	833	2.4%	67
U.S. Bancorp	Cincinnati, Des Moines, Topeka, San Francisco, Seattle	481	1.4%	5
New York Community Bancorp, Inc.	New York, Cincinnati	465	1.4%	19
Navy Federal Credit Union	Atlanta, San Francisco	440	1.3%	—
Banco Santander, S.A.	New York, Pittsburgh	437	1.3%	—
		$ 10,803	31.5%	$ 1,521

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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 March 31, 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 March 31, 2015, the FHLBanks had $52.8 billion of advances outstanding to members whose officers and/or directors were serving as directors of the FHLBanks, which represented 9.8% 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. 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 March 31, 2015			
Assets			
Investments(2)	$ 17,502	$ 28,119	$ 16,730
Advances	31,179	88,524	62,346
Mortgage loans held for portfolio	3,539	2,299	3,081
Allowance for credit losses on mortgage loans	(1)	(1)	(7)
Total assets	53,066	119,379	87,463
Consolidated obligations(3)			
Discount notes	23,451	44,924	37,078
Bonds	25,417	66,083	45,241
Total consolidated obligations	48,868	111,007	82,319
Mandatorily redeemable capital stock	57	19	1
Subordinated notes(4)	—	—	—
Total capital			
Capital stock(5)	2,440	5,112	3,064
Retained earnings	925	1,107	809
Accumulated other comprehensive income (loss)	(412)	(157)	148
Total capital	2,953	6,062	4,021
Asset composition (as a percentage of the individual FHLBank's total assets)			
Investments(2)	33.0%	23.6%	19.1%
Advances	58.8%	74.2%	71.3%
Mortgage loans, net	6.7%	1.9%	3.5%
Total retained earnings as a percentage of FHLBank's total assets	1.7%	0.9%	0.9%
FHLBank's total assets as a percentage of FHLBank System's total assets	6.0%	13.6%	9.9%
At March 31, 2014			
Assets			
Investments(2)	$ 16,878	$ 24,096	$ 13,977
Advances	29,700	87,677	46,064
Mortgage loans held for portfolio	3,350	1,937	3,182
Allowance for credit losses on mortgage loans	(2)	(6)	(7)
Total assets	50,061	119,483	64,556
Consolidated obligations(3)			
Discount notes	20,248	35,650	21,942
Bonds	24,478	74,993	37,902
Total consolidated obligations	44,726	110,643	59,844
Mandatorily redeemable capital stock	977	24	2
Subordinated notes(4)	—	—	—
Total capital			
Capital stock(5)	2,563	5,439	2,681
Retained earnings	816	1,008	749
Accumulated other comprehensive income (loss)	(470)	(95)	70
Total capital	2,909	6,352	3,500
Asset composition (as a percentage of the individual FHLBank's total assets)			
Investments(2)	33.7%	20.2%	21.7%
Advances	59.3%	73.4%	71.4%
Mortgage loans, net	6.7%	1.6%	4.9%
Total retained earnings as a percentage of individual FHLBank's total assets	1.6%	0.8%	1.2%
FHLBank's total assets as a percentage of FHLBank System's total assets	6.1%	14.6%	7.9%

(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*.

Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Dallas	Topeka	San Francisco	Seattle
$ 34,084	$ 24,665	$ 10,607	$ 30,816	$ 27,059	$ 19,408	$ 11,579	$ 31,522	$ 24,121
85,416	66,731	21,846	31,941	63,562	17,215	21,265	43,757	8,406
709	7,265	7,414	5,732	6,545	67	6,288	680	619
(2)	(2)	(2)	(4)	(1)	—	(3)	—	(1)
121,277	98,909	43,651	70,147	97,732	36,917	40,165	78,235	33,261
26,902	45,628	11,161	30,474	60,420	13,276	17,758	27,794	14,232
86,072	46,927	28,243	33,043	32,031	20,195	19,383	43,459	14,949
112,974	92,555	39,404	63,517	92,451	33,471	37,141	71,253	29,181
17	62	16	9	24	5	5	383	1,363
—	—	—	944	—	—	—	—	—
4,319	4,302	1,572	1,923	3,428	1,244	1,098	3,092	856
1,777	707	791	2,484	729	722	644	2,774	356
79	(16)	46	172	130	(3)	(15)	76	65
6,175	4,993	2,409	4,579	4,287	1,963	1,727	5,942	1,277
28.1%	24.9%	24.3%	43.9%	27.7%	52.6%	28.8%	40.3%	72.5%
70.4%	67.5%	50.0%	45.5%	65.0%	46.6%	52.9%	55.9%	25.3%
0.6%	7.3%	17.0%	8.2%	6.7%	0.2%	15.6%	0.9%	1.9%
1.5%	0.7%	1.8%	3.5%	0.7%	2.0%	1.6%	3.5%	1.1%
13.8%	11.2%	5.0%	8.0%	11.1%	4.2%	4.6%	8.9%	3.8%
$ 32,206	$ 28,418	$ 12,107	$ 41,414	$ 20,885	$ 13,387	$ 9,524	$ 34,918	$ 25,313
84,166	65,545	17,129	22,372	44,924	15,341	16,113	45,552	9,860
883	6,698	6,158	7,318	6,492	86	5,992	854	762
(4)	(7)	(4)	(24)	(7)	—	(7)	(2)	(1)
119,467	100,902	36,500	72,039	72,889	30,635	32,099	86,185	36,055
22,801	33,225	6,418	26,889	42,816	7,798	9,357	24,863	15,554
88,276	61,413	26,190	39,183	25,225	20,147	19,766	53,184	16,780
111,077	94,638	32,608	66,072	68,041	27,945	29,123	78,047	32,334
23	115	17	5	8	4	5	1,644	1,662
—	—	—	944	—	—	—	—	—
4,412	4,199	1,616	1,705	2,670	1,084	1,166	3,325	914
1,690	631	742	2,107	697	668	581	2,381	298
117	(8)	38	158	107	(6)	(17)	(64)	(26)
6,219	4,822	2,396	3,970	3,474	1,746	1,730	5,642	1,186
27.0%	28.2%	33.2%	57.5%	28.7%	43.7%	29.7%	40.5%	70.2%
70.5%	65.0%	46.9%	31.1%	61.6%	50.1%	50.2%	52.9%	27.4%
0.7%	6.6%	16.9%	10.1%	8.9%	0.3%	18.6%	1.0%	2.1%
1.4%	0.6%	2.0%	2.9%	1.0%	2.2%	1.8%	2.8%	0.8%
14.6%	12.3%	4.4%	8.8%	8.9%	3.7%	3.9%	10.5%	4.4%

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(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 13 - 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			
March 31, 2015			
Advance concentrations - top five borrowers	35%	55%	73%
Capital stock concentrations - top five stockholders	29%	52%	69%
Regulatory capital-to-assets ratio(6)	6.4%	5.2%	4.4%
Cash and stock dividends			
Quarter-to-date March 31, 2015	$ 11	$ 64	$ 100
Quarter-to-date March 31, 2014	$ 9	$ 66	$ 17
Weighted average dividend rate			
Quarter-to-date March 31, 2015	1.74%	4.10%	6.50%
Quarter-to-date March 31, 2014	1.49%	3.90%	2.50%
Return on average equity(7)			
Quarter-to-date March 31, 2015	4.67%	5.56%	7.38%
Quarter-to-date March 31, 2014	5.10%	4.79%	8.76%
Return on average assets			
Quarter-to-date March 31, 2015	0.24%	0.28%	0.34%
Quarter-to-date March 31, 2014	0.31%	0.25%	0.48%
Net interest margin(8)			
Quarter-to-date March 31, 2015	0.40%	0.38%	0.37%
Quarter-to-date March 31, 2014	0.46%	0.36%	0.37%
Net interest spread			
Quarter-to-date March 31, 2015	0.36%	0.36%	0.36%
Quarter-to-date March 31, 2014	0.41%	0.34%	0.34%

(6) The regulatory capital ratio is calculated based on the FHLBank's total regulatory capital as a percentage of total assets held at period-end. (See *Note 13 - Capital* to the accompanying combined financial statements.)

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

(8) 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	Seattle
54%	78%	42%	66%	67%	25%	55%	57%	63%
46%	58%	32%	41%	51%	17%	49%	38%	59%
5.0%	5.1%	5.5%	6.3%	4.3%	5.3%	4.3%	8.0%	7.7%
$ 51	$ 43	$ 18	$ 5	$ 26	$ 2	$ 15	$ 59	$ —
$ 44	$ 47	$ 22	$ 2	$ 19	$ 1	$ 9	$ 58	$ —
4.24%	4.00%	4.00%	1.21%	2.94%	0.38%	5.19%	7.11%	0.10%
3.74%	4.00%	5.50%	0.62%	2.80%	0.38%	2.60%	6.67%	0.10%
5.00%	4.97%	4.43%	7.34%	3.30%	4.88%	7.10%	31.87%	3.47%
4.75%	4.51%	5.57%	8.46%	4.37%	3.08%	4.91%	3.11%	3.69%
0.25%	0.24%	0.26%	0.44%	0.14%	0.23%	0.32%	2.51%	0.12%
0.25%	0.23%	0.35%	0.46%	0.21%	0.17%	0.27%	0.21%	0.12%
0.31%	0.31%	0.47%	0.70%	0.28%	0.29%	0.58%	0.70%	0.43%
0.29%	0.31%	0.52%	0.74%	0.30%	0.37%	0.67%	0.64%	0.35%
0.30%	0.27%	0.41%	0.64%	0.26%	0.27%	0.55%	0.65%	0.41%
0.27%	0.27%	0.45%	0.67%	0.26%	0.34%	0.62%	0.60%	0.33%

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