



April 30, 2012

## **FOR IMMEDIATE RELEASE:**

### **Office of Finance Announces Preliminary Unaudited First Quarter 2012 Combined Operating Highlights for the Federal Home Loan Banks**

These highlights are prepared from the unaudited financial information of each Federal Home Loan Bank (FHLBank) and are subject to change. This announcement contains unaudited individual and combined FHLBank balance sheet and income statement highlights as of and for the three months ended March 31, 2012 and comparative periods, attached as Tables I and II. Each of the FHLBanks has announced preliminary unaudited financial highlights for the quarterly period ended March 31, 2012, filing a Form 8-K with the U.S. Securities and Exchange Commission.

The FHLBank System continues to fulfill its mission to make available favorably priced wholesale funding to members while supporting the FHLBank System's commitment to affordable housing. In addition, the FHLBanks continue to strengthen the FHLBank System's capital base through increased retained earnings.

#### **Balance Sheet**

Total assets were \$737.8 billion at March 31, 2012, a decrease of 3.7% from \$766.1 billion at December 31, 2011, led by declines in advances and other assets, partially offset by an increase in short-term investments. Advances declined 5.8% to \$393.9 billion due largely to continued high deposit levels and low demand for loans at member institutions. Other assets declined 51.5% to \$11.3 billion due primarily to a reduction in cash and due from banks. Investments increased 3.2% to \$279.9 billion as a result of increases in Federal funds sold and securities purchased under agreements to resell, partially offset by a decline in investment securities. Consolidated obligations declined 4.9% to \$662.8 billion driven by the decrease in total assets.

Total GAAP capital was \$40.2 billion at March 31, 2012, an increase of 1.0% from \$39.8 billion at December 31, 2011, due to an improvement in accumulated other comprehensive income (loss) and growth in retained earnings, partially offset by a reduction in capital stock outstanding. The change in accumulated other comprehensive income (loss) was driven by improvements in the non-credit portion of other-than-temporary impairment resulting from increases in the fair values of certain available-for-sale, private-label mortgage-backed securities. The decrease in capital stock outstanding was primarily the result of repurchases and redemptions of excess capital stock. The total GAAP capital-to-assets ratio increased 25 basis points to 5.45%.

Total combined regulatory capital was \$51.8 billion at March 31, 2012, a decrease of 2.2% from \$52.9 billion at December 31, 2011, driven by the reduction in capital stock outstanding and the exclusion of the designated amount of subordinated notes from the calculation under the FHLBank of Chicago's new capital structure, partially offset by growth in retained earnings. However, the combined regulatory capital-to-assets ratio increased 11 basis points to 7.02%. The difference between total GAAP capital and total combined regulatory capital relates primarily to accumulated other comprehensive income (loss), which is excluded from regulatory capital, and mandatorily redeemable capital stock, which is included in regulatory capital.



<i>(Dollars in millions)</i>	March 31, 2012	December 31, 2011	Change
<b>Assets</b>			
Investments	\$ 279,946	\$ 271,265	\$ 8,681
Advances	393,931	418,157	(24,226)
Mortgage loans held for portfolio, net	52,604	53,377	(773)
Other assets <sup>(1)</sup>	11,288	23,287	(11,999)
<b>Total assets</b>	<b>\$ 737,769</b>	<b>\$ 766,086</b>	<b>\$ (28,317)</b>
<b>Liabilities</b>			
Consolidated obligations			
Discount notes	\$ 181,700	\$ 190,149	\$ (8,449)
Bonds	481,099	506,975	(25,876)
Total consolidated obligations	662,799	697,124	(34,325)
Mandatorily redeemable capital stock	7,909	8,013	(104)
Other liabilities	26,838	21,128	5,710
<b>Total liabilities</b>	<b>697,546</b>	<b>726,265</b>	<b>(28,719)</b>
<b>Capital</b>			
Capital stock	34,708	35,542	(834)
Retained earnings	9,151	8,577	574
Accumulated other comprehensive income (loss)	(3,636)	(4,298)	662
<b>Total capital (GAAP)</b>	<b>40,223</b>	<b>39,821</b>	<b>402</b>
<b>Total liabilities and capital</b>	<b>\$ 737,769</b>	<b>\$ 766,086</b>	<b>\$ (28,317)</b>
<b>Regulatory capital</b>	<b>\$ 51,770</b>	<b>\$ 52,936</b>	<b>\$ (1,166)</b>

(1) Primarily cash and due from banks.

## Net Income

Net income for the three months ended March 31, 2012 increased \$375 million to \$733 million driven by lower other-than-temporary impairment charges, higher net gains on derivatives, hedged items and financial instruments carried at fair value, and lower assessments, partially offset by lower net interest income.

<i>(Dollars in millions)</i>	Three Months Ended March 31,		
	2012	2011	Change
Net interest income after provision (reversal) for credit losses	\$ 1,004	\$ 1,037	\$ (33)
Non-interest income (loss)	54	(286)	340
Non-interest expense	242	261	(19)
Assessments	83	132	(49)
<b>Net income (loss)</b>	<b>\$ 733</b>	<b>\$ 358</b>	<b>\$ 375</b>

## Net Interest Income

Net interest income after provision (reversal) for credit losses for the three months ended March 31, 2012 decreased 3.2% to \$1,004 million driven by the reduction in the average balance of interest-earning assets, partially offset by higher net interest margin. Interest income for the three months ended March 31, 2012 declined 12.0% to \$2,683 million resulting from the reduction in the average balance of interest-earning assets and a lower yield on mortgage loans, partially offset by a higher yield on advances, largely attributable to increased prepayment fees. Interest expense for the three months ended March 31, 2012 declined 16.3% to \$1,667 million resulting from the reduction in the average balance of interest-bearing liabilities, as well as lower funding costs partially attributable to the cumulative effect of redemptions and refinancings of consolidated obligations in a very low interest-rate environment.



<i>(Dollars in millions)</i>	Three Months Ended March 31,		
	2012	2011	Change
<b>Interest income</b>			
Advances	\$ 799	\$ 894	\$ (95)
Prepayment fees on advances, net	92	58	34
Investments	1,200	1,395	(195)
Mortgage loans and other	592	703	(111)
<b>Total interest income</b>	<b>2,683</b>	<b>3,050</b>	<b>(367)</b>
<b>Interest expense</b>			
Consolidated obligations	1,636	1,958	(322)
Deposits and other borrowings	31	34	(3)
<b>Total interest expense</b>	<b>1,667</b>	<b>1,992</b>	<b>(325)</b>
<b>Net interest income</b>	<b>1,016</b>	<b>1,058</b>	<b>(42)</b>
Provision (reversal) for credit losses	12	21	(9)
<b>Net interest income after provision (reversal) for credit losses</b>	<b>\$ 1,004</b>	<b>\$ 1,037</b>	<b>\$ (33)</b>
<b>Net interest margin</b>	<b>0.53%</b>	<b>0.49%</b>	<b>0.04%</b>

### Non-Interest Income

Non-interest income (loss) for the three months ended March 31, 2012 increased \$340 million to \$54 million. The increase in non-interest income (loss) was due primarily to lower credit-related other-than-temporary impairment charges, net gains on financial instruments held under fair value option, and higher net gains on derivatives and hedging activities. Credit-related other-than-temporary impairment charges of \$31 million reflected the impact of a modest increase in expected borrower default rates on loan collateral underlying certain private-label mortgage-backed securities.

<i>(Dollars in millions)</i>	Three Months Ended March 31,		
	2012	2011	Change
Net other-than-temporary impairment losses	\$ (31)	\$ (275)	\$ 244
Net gains (losses) on trading securities	(74)	(71)	(3)
Net gains (losses) on financial instruments held under fair value option	5	(60)	65
Net gains (losses) on derivatives and hedging activities	168	130	38
Other	(14)	(10)	(4)
<b>Total non-interest income (loss)</b>	<b>\$ 54</b>	<b>\$ (286)</b>	<b>\$ 340</b>

### Non-Interest Expense

Non-interest expense for the three months ended March 31, 2012 decreased 7.3% to \$242 million resulting from additional pension plan contributions expensed during the three months ended March 31, 2011.

<i>(Dollars in millions)</i>	Three Months Ended March 31,		
	2012	2011	Change
Compensation and benefits	\$ 131	\$ 156	\$ (25)
Other operating expenses	75	72	3
Federal Housing Finance Agency	21	21	—
Other	15	12	3
<b>Total non-interest expense</b>	<b>\$ 242</b>	<b>\$ 261</b>	<b>\$ (19)</b>



## Assessments

Assessments for the three months ended March 31, 2012 decreased 37.1% to \$83 million driven by the satisfaction of the FHLBanks' REFCORP obligation, partially offset by higher assessments in support of affordable housing programs as a result of the increase in net income before assessments.

(Dollars in millions)	Three Months Ended March 31,		
	2012	2011	Change
Affordable Housing Program	\$ 83	\$ 41	\$ 42
REFCORP <sup>(1)</sup>	—	91	(91)
<b>Total assessments</b>	<b>\$ 83</b>	<b>\$ 132</b>	<b>\$ (49)</b>

(1) On August 5, 2011, the Federal Housing Finance Agency certified that the FHLBanks had fully satisfied their REFCORP obligation; as a result, the FHLBanks did not record any REFCORP assessments during the first quarter of 2012.

## About the FHLBanks

The primary purpose of the FHLBanks is to ensure the flow of credit and other services for housing and community development to member financial institutions. This liquidity serves the public by enhancing the availability of residential mortgage and community investment funds. As cooperatives, the FHLBanks seek to maintain a balance between their public policy mission and their obligation to provide adequate returns on the capital supplied by members. The FHLBanks achieve this balance by delivering low-cost financing, providing members a viable alternative to the secondary mortgage market through their mortgage programs, and through the payment of dividends. Each FHLBank also helps members with other local housing and community development needs through self-funded affordable housing programs.

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

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have over 7,700 members serving all 50 states, the District of Columbia and U.S. territories. Please contact Kevin Kincaid at 703-467-3608 or [kkincaid@fhlb-of.com](mailto:kkincaid@fhlb-of.com) for additional information.

*Statements contained in this release may be "forward-looking statements," including those statements related to financial performance and private-label mortgage-backed securities. Forward-looking statements may be identified by words such as "anticipates," "believes," "could," "estimates," "may" or comparable terminology. Any forward-looking statements are subject to risks and uncertainties related to the future operations of the FHLBanks and the business environment. These risks and uncertainties could cause actual results to differ materially from current expectations. Such risks and uncertainties include the following: changes in interest rates and housing prices; size and volatility of the residential mortgage market; demand for FHLBank advances; volatility of market prices, rates, and indices that could affect the value of investments or collateral held by the FHLBanks as security; political events, including government-sponsored enterprise reform, that affect the FHLBanks, their members, counterparties and/or investors in the consolidated obligations of the FHLBanks; competitive forces, including other sources of funding available to FHLBank members; changes in investor demand for consolidated obligations, including those resulting from changes in credit ratings, and/or in the terms of interest-rate exchange agreements; implementation of accounting rules; and the ability to introduce new FHLBank products and services and successfully manage the risks associated with those products and services. Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports posted on the Office of Finance web site, [www.fhlb-of.com](http://www.fhlb-of.com), and in reports filed by each FHLBank with the SEC. Any duty to update these forward-looking statements is disclaimed.*



**FHLBanks Office of Finance**  
**Table I to Combined Operating Highlights Dated April 30, 2012**  
**Balance Sheet Highlights**  
 Unaudited

	Combined <sup>(1)</sup>		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<i>(Dollars in millions)</i>														
<b>Assets</b>														
Investments	\$ 279,946	\$ 271,265	\$ 18,590	\$ 21,379	\$ 21,450	\$ 14,237	\$ 17,694	\$ 16,639	\$ 34,536	\$ 36,138	\$ 26,419	\$ 21,941	\$ 15,149	\$ 15,203
Advances	393,931	418,157	24,892	25,195	72,093	70,864	31,446	30,605	72,441	86,971	27,177	28,424	18,042	18,568
Mortgage loans held for portfolio, net	52,604	53,377	3,166	3,109	1,482	1,408	3,727	3,883	1,525	1,633	8,216	7,850	5,840	5,955
Other assets	11,288	23,287	264	285	679	11,153	424	867	635	528	164	2,182	438	649
<b>Total assets</b>	<b>\$ 737,769</b>	<b>\$ 766,086</b>	<b>\$ 46,912</b>	<b>\$ 49,968</b>	<b>\$ 95,704</b>	<b>\$ 97,662</b>	<b>\$ 53,291</b>	<b>\$ 51,994</b>	<b>\$ 109,137</b>	<b>\$ 125,270</b>	<b>\$ 61,976</b>	<b>\$ 60,397</b>	<b>\$ 39,469</b>	<b>\$ 40,375</b>
<b>Liabilities</b>														
Consolidated obligations														
Discount notes	\$ 181,700	\$ 190,149	\$ 12,834	\$ 14,652	\$ 24,514	\$ 22,123	\$ 11,795	\$ 10,922	\$ 16,178	\$ 24,330	\$ 27,076	\$ 26,136	\$ 5,969	\$ 6,536
Bonds	481,099	506,975	28,534	29,879	61,530	67,441	35,709	35,613	81,719	90,662	29,317	28,855	29,337	30,358
<b>Total consolidated obligations</b>	<b>662,799</b>	<b>697,124</b>	<b>41,368</b>	<b>44,531</b>	<b>86,044</b>	<b>89,564</b>	<b>47,504</b>	<b>46,535</b>	<b>97,897</b>	<b>114,992</b>	<b>56,393</b>	<b>54,991</b>	<b>35,306</b>	<b>36,894</b>
Mandatorily redeemable capital stock	7,909	8,013	215	228	43	54	194	45	328	286	270	275	457	453
Other liabilities	26,838	21,128	2,006	1,720	4,415	2,998	2,140	1,751	3,992	3,431	1,715	1,572	1,696	1,080
<b>Total liabilities</b>	<b>697,546</b>	<b>726,265</b>	<b>43,589</b>	<b>46,479</b>	<b>90,502</b>	<b>92,616</b>	<b>49,838</b>	<b>48,331</b>	<b>102,217</b>	<b>118,709</b>	<b>58,378</b>	<b>56,838</b>	<b>37,459</b>	<b>38,427</b>
<b>Capital</b>														
Capital stock	34,708	35,542	3,403	3,626	4,582	4,491	3,097	3,389	5,899	5,718	3,141	3,126	1,565	1,563
Retained earnings	9,151	8,577	440	398	790	746	456	435	1,306	1,254	467	444	527	497
Accumulated other comprehensive income (loss)	(3,636)	(4,298)	(520)	(535)	(170)	(191)	(100)	(161)	(285)	(411)	(10)	(11)	(82)	(112)
<b>Total capital</b>	<b>40,223</b>	<b>39,821</b>	<b>3,323</b>	<b>3,489</b>	<b>5,202</b>	<b>5,046</b>	<b>3,453</b>	<b>3,663</b>	<b>6,920</b>	<b>6,561</b>	<b>3,598</b>	<b>3,559</b>	<b>2,010</b>	<b>1,948</b>
<b>Total liabilities and capital</b>	<b>\$ 737,769</b>	<b>\$ 766,086</b>	<b>\$ 46,912</b>	<b>\$ 49,968</b>	<b>\$ 95,704</b>	<b>\$ 97,662</b>	<b>\$ 53,291</b>	<b>\$ 51,994</b>	<b>\$ 109,137</b>	<b>\$ 125,270</b>	<b>\$ 61,976</b>	<b>\$ 60,397</b>	<b>\$ 39,469</b>	<b>\$ 40,375</b>
<b>Regulatory capital</b>	<b>\$ 51,770</b>	<b>\$ 52,936</b>	<b>\$ 4,058</b>	<b>\$ 4,251</b>	<b>\$ 5,416</b>	<b>\$ 5,292</b>	<b>\$ 3,748</b>	<b>\$ 3,871</b>	<b>\$ 7,533</b>	<b>\$ 7,258</b>	<b>\$ 3,878</b>	<b>\$ 3,845</b>	<b>\$ 2,549</b>	<b>\$ 2,515</b>

  

	Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<b>Assets</b>												
Investments	\$ 40,182	\$ 40,503	\$ 14,146	\$ 14,637	\$ 13,462	\$ 13,538	\$ 10,857	\$ 10,576	\$ 42,177	\$ 39,368	\$ 25,500	\$ 27,369
Advances	14,739	15,291	26,608	26,591	18,172	18,798	16,938	17,394	62,040	68,164	9,343	11,292
Mortgage loans held for portfolio, net	13,132	14,118	7,155	7,138	152	163	5,246	4,934	1,686	1,829	1,277	1,357
Other assets	855	1,343	436	367	2,404	1,271	652	286	4,184	4,191	153	166
<b>Total assets</b>	<b>\$ 68,908</b>	<b>\$ 71,255</b>	<b>\$ 48,345</b>	<b>\$ 48,733</b>	<b>\$ 34,190</b>	<b>\$ 33,770</b>	<b>\$ 33,693</b>	<b>\$ 33,190</b>	<b>\$ 110,087</b>	<b>\$ 113,552</b>	<b>\$ 36,273</b>	<b>\$ 40,184</b>
<b>Liabilities</b>												
Consolidated obligations												
Discount notes	\$ 22,424	\$ 25,404	\$ 5,727	\$ 6,810	\$ 8,565	\$ 9,799	\$ 10,188	\$ 10,251	\$ 23,318	\$ 19,152	\$ 13,112	\$ 14,034
Bonds	41,048	39,880	38,482	38,012	21,570	20,070	19,598	19,895	74,579	83,350	19,928	23,221
<b>Total consolidated obligations</b>	<b>63,472</b>	<b>65,284</b>	<b>44,209</b>	<b>44,822</b>	<b>30,135</b>	<b>29,869</b>	<b>29,786</b>	<b>30,146</b>	<b>97,897</b>	<b>102,502</b>	<b>33,040</b>	<b>37,255</b>
Mandatorily redeemable capital stock	14	4	7	6	5	15	8	8	5,307	5,578	1,061	1,061
Other liabilities	2,465	2,675	1,325	1,093	2,327	2,181	2,166	1,335	1,825	767	778	582
<b>Total liabilities</b>	<b>65,951</b>	<b>67,963</b>	<b>45,541</b>	<b>45,921</b>	<b>32,467</b>	<b>32,065</b>	<b>31,960</b>	<b>31,489</b>	<b>105,029</b>	<b>108,847</b>	<b>34,879</b>	<b>38,898</b>
<b>Capital</b>												
Capital stock	1,908	2,402	2,074	2,109	1,245	1,256	1,337	1,327	4,717	4,795	1,740	1,740
Retained earnings	1,436	1,321	599	569	518	495	426	402	1,966	1,803	170	157
Accumulated other comprehensive income (loss)	(387)	(431)	131	134	(40)	(46)	(30)	(28)	(1,625)	(1,893)	(516)	(611)
<b>Total capital</b>	<b>2,957</b>	<b>3,292</b>	<b>2,804</b>	<b>2,812</b>	<b>1,723</b>	<b>1,705</b>	<b>1,733</b>	<b>1,701</b>	<b>5,058</b>	<b>4,705</b>	<b>1,394</b>	<b>1,286</b>
<b>Total liabilities and capital</b>	<b>\$ 68,908</b>	<b>\$ 71,255</b>	<b>\$ 48,345</b>	<b>\$ 48,733</b>	<b>\$ 34,190</b>	<b>\$ 33,770</b>	<b>\$ 33,693</b>	<b>\$ 33,190</b>	<b>\$ 110,087</b>	<b>\$ 113,552</b>	<b>\$ 36,273</b>	<b>\$ 40,184</b>
<b>Regulatory capital<sup>(2)</sup></b>	<b>\$ 3,358</b>	<b>\$ 4,527</b>	<b>\$ 2,680</b>	<b>\$ 2,684</b>	<b>\$ 1,768</b>	<b>\$ 1,765</b>	<b>\$ 1,771</b>	<b>\$ 1,738</b>	<b>\$ 11,990</b>	<b>\$ 12,176</b>	<b>\$ 2,971</b>	<b>\$ 2,958</b>

(1) The sum of the individual FHLBank balance sheet amounts may not agree to the combined balance sheet amounts due to interbank combining adjustments.  
 (2) At December 31, 2011, the FHLBank of Chicago included the designated amount of subordinated notes in calculating this amount.



**FHLBanks Office of Finance**  
**Table II to Combined Operating Highlights Dated April 30, 2012**  
**Income Statement Highlights**  
 Unaudited

Three Months Ended March 31,														
<i>(Dollars in millions)</i>	Combined <sup>(1)</sup>		Boston		New York		Pittsburgh		Atlanta		Cincinnati		Indianapolis	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income after provision (reversal) for credit losses	\$ 1,004	\$ 1,037	\$ 69	\$ 67	\$ 91	\$ 132	\$ 42	\$ 36	\$ 82	\$ 127	\$ 80	\$ 68	\$ 62	\$ 59
Non-interest income (loss)	54	(286)	(1)	(21)	47	14	—	(16)	23	(35)	(1)	4	(1)	(18)
Non-interest expense	242	261	16	15	25	49	18	16	27	22	14	14	15	13
Assessments	83	132	5	8	11	26	2	1	8	19	7	16	5	8
<b>Net income (loss)</b>	<b>\$ 733</b>	<b>\$ 358</b>	<b>\$ 47</b>	<b>\$ 23</b>	<b>\$ 102</b>	<b>\$ 71</b>	<b>\$ 22</b>	<b>\$ 3</b>	<b>\$ 70</b>	<b>\$ 51</b>	<b>\$ 58</b>	<b>\$ 42</b>	<b>\$ 41</b>	<b>\$ 20</b>
			Chicago		Des Moines		Dallas		Topeka		San Francisco		Seattle	
			2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income after provision (reversal) for credit losses			\$ 153	\$ 119	\$ 70	\$ 56	\$ 40	\$ 42	\$ 57	\$ 59	\$ 241	\$ 256	\$ 23	\$ 21
Non-interest income (loss)			6	(47)	(5)	(6)	6	(6)	(9)	(13)	(20)	(142)	10	(15)
Non-interest expense			30	36	15	15	19	20	13	13	32	32	19	18
Assessments			13	10	5	9	3	4	3	9	20	22	1	—
<b>Net income (loss)</b>			<b>\$ 116</b>	<b>\$ 26</b>	<b>\$ 45</b>	<b>\$ 26</b>	<b>\$ 24</b>	<b>\$ 12</b>	<b>\$ 32</b>	<b>\$ 24</b>	<b>\$ 169</b>	<b>\$ 60</b>	<b>\$ 13</b>	<b>\$ (12)</b>

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