Federal Home Loan Bank of Pittsburgh Third Quarter Member Conference Call Presentation

November 4, 2015 at 9:00 am ET

WINTHROP WATSON

Good morning and thanks for attending our quarterly member call. I'm here with Ted Weller, our Chief Accounting Officer. Following our prepared remarks, we'll welcome your questions. A transcript of the call will be available on our website later today.

Our remarks will be accompanied by slides. If you cannot access the slides, please email "IR at f-h-l-b hyphen p-g-h dot com" right now and we'll forward them to you.

Please note that elements of this call are forward-looking, based on our view of broad housing, financial and other market conditions, and our business as we see it today. These elements can change due to changes in our business environment or in market conditions. Please interpret them in that light. (stop)

Following Ted's presentation of third quarter results, we'll be happy to take your questions and comments.

Highlights of last week's earnings release included:

- Net income of $50.3 million for the third quarter of 2015, and $202.1 million year-to-date
- The Board declared third quarter dividends of:
    - 5 percent on activity stock and
    - 3 percent on membership stock

We were pleased to pay these dividends and to add to the amount for next year's affordable housing programs, which totals $22.5 million through September 30.

At this time I'd like to ask Ted Weller, our Chief Accounting Officer, to review our financial performance for the third quarter.

Financial Highlights – Statement of Income

(in millions)	Nine months ended Sept 30, 2015	2014	Over/ (Under)
Net interest income	$ 239.7	$ 200.4	$ 39.3
Provision (benefit) for credit losses	(0.4)	(3.9)	3.5
Gains on litigation settlements, net	15.3	50.7	(35.4)
All other income	21.2	12.6	8.6
Other expenses	52.0	54.8	(2.8)
Income before assessment	224.6	212.8	11.8
AHP	22.5	21.3	1.2
Net income	$ 202.1	$ 191.5	$ 10.6
Net interest margin (bps)	37	39	(2)

3

TED WELLER

Thanks, Winthrop, and good morning. I am glad to be with you today to provide an overview of our financial results and the key drivers behind them.

Please note the disclaimer language contained on slide 2.

Moving to slide 3 – The Bank recorded net income of $202.1 million for the first nine months of 2015 compared to $191.5 million for the same period in 2014. The increase was primarily due to higher net

Quarterly Net Income

(in millions)

	3Qtr 15	2Qtr 15	1Qtr 15	4Qtr 14	3Qtr 14
Net income	$ 50.3	$ 80.6	$ 71.1	$ 64.3	$ 67.0

Derivative and hedging activity	$ (25.4)	$ 29.1	$ (7.6)	$ (19.0)	$ 0.2
Net gains (losses) on trading securities	8.7	(10.1)	6.8	5.9	(0.1)
Gains on litigation settlements, net	-	-	15.3	20.2	14.1

4

Financial Highlights – Selected Balance Sheet

(in millions)	Nine months ended Sept 30, 2015	2014	Over/(Under) Amount	Percent
Average:				
Total assets	$ 88,133	$ 70,257	$ 17,876	25 %
Advances	64,774	49,166	15,608	32
Total investments	18,734	17,196	1,538	9

(in millions)	Sept 30, 2015	Dec 31, 2014	Over/(Under) Amount	Percent
Spot:				
Advances	$ 68,804	$ 63,408	$ 5,396	9 %
Capital stock	3,294	3,041	253	8
Retained earnings	867	838	29	3

5

interest income and an increase in all other income, partially offset by lower gains on litigation settlements, net of legal fees and expenses.

For the first nine months of 2015, net interest income was $239.7 million, an increase of $39.3 million compared to $200.4 million for the first nine months of 2014. The year-over-year increase was primarily due to higher interest income from growth in advances.

All other income was $21.2 million for the first nine months of 2015 compared to $12.6 million for the same prior-year period, an increase of $8.6 million. The increase was primarily due to a $6.7 million increase in letter of credit fees.

Gains, net of legal fees and expenses, on litigation settlements of claims against certain defendants arising from investments the Bank made in private-label mortgage-backed securities were $15.3 million in the first nine months of 2015 compared to $50.7 million in 2014.

These results allowed the Bank to set aside $22.5 million for affordable housing programs.

Please turn to the next slide.

This slide compares the third quarter 2015 net income with the prior four quarters. Excluding the items in the table, which are not part of our normal run rate, net income was $65.3 million in the third quarter of 2015, $1.8 million higher than the second quarter of 2015 and $11.2 million higher than the third quarter of 2014.

The continued improvement in our financial performance has been driven primarily by an increase in interest income due to growth in average advances.

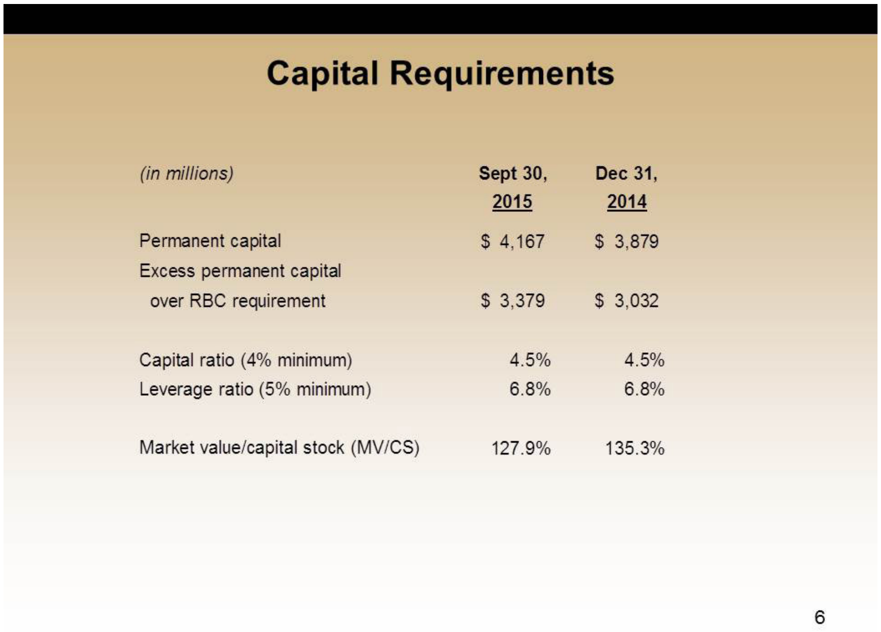
Please turn to the next slide.

Total average assets for 2015 were $88.1 billion, up 25% from 2014 due to growth in advances.

As of September 30, 2015 advances were $68.8 billion, an increase of $5.4 billion from year-end 2014. Advance volume growth from year-end was driven primarily by increased demand from larger members as well as significant growth in insurance company member borrowings.

Capital stock was $3.3 billion at September 30, 2015, up 8% from December 31, 2014 due to purchases to support advance growth over the same time period.

Retained earnings at September 30, 2015 totaled $867 million, an increase of $29 million from December 31, 2014 reflecting earnings for the nine months of 2015 less dividends paid.



Capital Requirements

(in millions)	**Sept 30, 2015**	**Dec 31, 2014**
Permanent capital	$ 4,167	$ 3,879
Excess permanent capital over RBC requirement	$ 3,379	$ 3,032
Capital ratio (4% minimum)	4.5%	4.5%
Leverage ratio (5% minimum)	6.8%	6.8%
Market value/capital stock (MV/CS)	127.9%	135.3%

6

Please turn to slide 6

This slide provides a summary of the Bank's capital requirements.

At September 30, 2015, the Bank continues to be in full compliance with all regulatory ratios and permanent capital exceeds the risk-based requirement.

Also at September 30, the ratio of Market Value of Equity to Capital Stock was 127.9%, down slightly from year-end 2014 due to an increase in capital stock as a result of the growth in advances.

This concludes my presentation. I will now turn the call back to Winthrop.

WINTHROP WATSON

Thanks Ted. As we've seen, third quarter was another good one for our cooperative. We are pleased to see that advances continue to be strong, reflecting the relevance of our products to the business needs of the membership.

I'd like to briefly mention the new Master Advances Agreement. The new agreement paves the way for electronic signature capabilities, which we plan to introduce next year – and which will make access to advances and other services easier and more efficient for you.

As we've been discussing, the new agreement includes several new items as well as modifications that already exist in the Member Products Policy or amendments you've signed over the years. More than one-third of the agreements have already been signed and returned – so thank you for attending to this important administrative matter.

I'd also like to update you on First Front Door, our program to help first-time home buyers with down payment and closing costs. This year we had nearly $6 million available.

I'm pleased to announce that the number of participating members was up again this year. As a result, the available funds have now been reserved and the program is closed. Thank you for helping more than 1,200 qualified customers achieve the dream of homeownership.

Before I open the lines for your questions, I'd like to remind you that the election for the Bank's Board of Directors is now open, but closes on Friday, November 13 at 5 p.m. This is your cooperative, and the director election is your opportunity to participate in its governance. If your institution hasn't voted yet, please be sure you do – it's important. Call your relationship manager if you have any questions or need instructions.

Winthrop Watson
President and Chief Executive Officer

Edward V. Weller
Chief Accounting Officer

FHLBank
PITTSBURGH

601 Grant Street
Pittsburgh, PA 15219

www.fhlb-pgh.com