

Affordable Housing Advisory Council

At FHLBank Pittsburgh, we mark 2016 as a year of continued growth and success. We believe that a third consecutive year of record earnings is testament to the Bank's strength and stability, and that record advance levels reflect the relevance of the co-op to our members' businesses. Ever mindful of our mission to ensure the flow of credit to our members for housing and community lending, we are pleased to provide returns to our membership in the form of quarterly dividends and "community dividends."

This summary annual report provides selected financial information for 2016. To review the full annual report on Form 10-K, please visit the Financials & Capital area of our website at www.fhlp-pgh.com.

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"Blueprint Communities" is a registered service mark of the Federal Home Loan Bank of Pittsburgh.



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David Paulson
Chief Financial Officer

Michael A. Rizzo
Chief Risk Officer

Dana A. Yealy
Managing Director,
General Counsel and
Corporate Secretary

Financial Results

Annual Data (dollars in millions)

	2016	2015	2014	2013
Balances at Year-end				
Advances	\$76,809	\$74,505	\$63,408	\$50,248
Mortgage loans held for portfolio, net	3,391	3,087	3,123	3,224
Total assets	101,260	96,330	85,671	70,665
Total capital	4,794	4,502	4,003	3,692
For the Year				
Net income	\$260.0	\$256.5	\$255.8	\$147.8
Weighted average dividend rate	4.71	5.22	3.65	0.78
Performance Ratios				
Return on average equity	5.96%	6.16%	6.83%	4.32%
Return on average assets	0.28%	0.29%	0.36%	0.24%
Net interest margin	0.38%	0.36%	0.40%	0.32%

Summary Annual Report

2017 Executive Committee

Winthrop Watson
President and Chief
Executive Officer

Kristina K. Williams
Chief Operating Officer

John P. Cassidy
Chief Information Officer



To our Membership

In recent months, much of the financial services industry has been upbeat and hopeful. With stocks and interest rates going up, the promise of taxes going down and loan demand on the rise for many, a sense of optimism has been evident in the business community.



We share that spirit here at the Bank as we mark 2016 as a year of record earnings and record reported advances. Even more gratifying is the level of consistency, stability and strength that provides the foundation for our accomplishments and ensures our ability to achieve the Bank's mission, reliably, day in and day out.

FINANCIAL HIGHLIGHTS

Net income for 2016 marked the third consecutive year of record earnings at \$260.0 million, compared to last year's \$256.5 million. Advances stood at \$76.8 billion at year-end 2016 compared to \$74.5 billion for 2015. Total assets were \$101.3 billion at year-end 2016 compared to \$96.3 billion in 2015. Passing the \$100-billion threshold for the first time since 2008 is a positive indication of the strength and relevance of your FHLBank. Total retained earnings were \$986.2 million at year-end, an all-time high.

Based on our 2016 performance, the Board of Directors again declared a 5 percent dividend on activity stock in addition to the 2 percent dividend on membership stock. Additionally, we were pleased to set aside \$28.9 million for affordable housing programs, the largest allocation in the Bank's 84-year history. By nearly any measure, 2016 was a success for the Bank.

MISSION AND MEMBERS

Our mission states that we assure the flow of credit to our members to support housing finance and community lending, and we provide related services that enhance their businesses and vitalize their communities.

At the heart of our mission are four key causes that reflect the purpose of the co-op and how we serve our membership: liquidity,

housing, community, diversity. To a significant degree, these words define how we manage the Bank: our assets and liabilities, the products and services we offer, the focus of our community investment activities and the way we champion diversity in all business activities.

In 2016, we saw significant success in three products that are key mission assets for us and important business drivers for you: advances, Letters of Credit and the Mortgage Partnership Finance® (MPF®) Program. Advances at year-end, at \$76.8 billion, were the highest quarter-end in our 84-year history, once again reflecting the importance of affordable liquidity to your business. Letters of Credit grew in popularity as 80 members utilized them in 2016, compared to 65 in 2015, while balances remained strong. MPF was a major success story in 2016; mortgage loans held for portfolio increased 10 percent over 2015.

We are mindful that fulfilling our mission includes more than offering attractively priced products that meet the needs of our membership. That's why we spend time, energy and dollars to keep your assets secure. Sound asset/liability management, prudent credit and collateral practices, vigilance in cybersecurity and business continuity planning top the list of behind-the-scenes activities we are focused on every day.

COMMUNITY DIVIDENDS

In addition to quarterly dividends on stock, which provide a return on your membership and activity with the Bank, members can maximize their "community dividends," which offer returns in a number of important ways.

First, community dividends are allocated funds that members can access in order to make their communities better. In 2016, this included awarding \$23 million through the competitive Affordable Housing Program, \$8 million through First Front Door and \$5 million through Banking On Business, all in addition to the \$1 billion revolving pool for the Community Lending Program. Second, community dividends are our community investment products: those mentioned above plus Blueprint Communities® and a special Disaster Relief Program to provide aid following devastating flooding in West Virginia.

A third way to consider community dividends is the business advantage enjoyed by members who utilize these products. Over and over, we hear how relationships that started with a grant or cost-of-funds loan fostered additional business opportunities for our members.

Community dividends reach beyond the funds, products and business advantage they provide to our members. They answer real community needs such as housing, development, jobs and dreams, and they make a profound impact on individual lives by offering dignity, security, progress and hope.

LOOKING AHEAD

As we look to 2017 and beyond, there's no question that political, regulatory, economic and technological ambiguity lie ahead. While 2017 poses new questions for our industry and uncertainty colors the political backdrop, we take heart that our financial strength and flexibility provide a platform for us to withstand challenges and optimize the positive possibilities of change. We have learned to expect the unexpected, and we greet the future with optimism.

Our future success will reflect the efforts of many partners. We appreciate the ongoing guidance of our Board of Directors, your representatives, who are vital to the Bank's achievement. We thank John Millinovich, Fred Schea, Pat Ward and Angela Yochem for their leadership during their terms on the Board. We acknowledge our Affordable Housing Advisory Council for its dedicated service and guidance. We appreciate the expertise and dedication of our staff, and we are grateful for the housing advocates, community leaders, government officials and friends who work tirelessly to support our mission; they make our industry stronger and our communities better. Most of all, we thank you, our members. This is your FHLBank, and we are privileged to work on your behalf every day.

Patrick A. Bond
Chairman of the Board of Directors

Winthrop Watson
President and CEO

Board of Directors

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2017 Board of Directors

