



October 30, 2020

FOR IMMEDIATE RELEASE:

Office of Finance Announces Third Quarter 2020 Combined Operating Highlights for the Federal Home Loan Banks

The third quarter 2020 combined operating highlights are prepared from the preliminary unaudited financial information of each Federal Home Loan Bank (FHLBank) and are subject to change. The combined and individual FHLBank statement of condition and statement of income highlights are attached as Tables I and II. Each of the FHLBanks has released its unaudited financial results for the period ended September 30, 2020, and filed a Form 8-K with the U.S. Securities and Exchange Commission (SEC).

Combined Highlights

Net income was \$825 million for the three months ended September 30, 2020, an increase of 20% compared to the three months ended September 30, 2019. Net income was \$2,134 million for the nine months ended September 30, 2020, a decrease of 7% compared to the nine months ended September 30, 2019. As of September 30, 2020, total assets were \$894.3 billion, a decrease of 19%, total liabilities were \$842.9 billion, a decrease of 19%, and total GAAP capital was \$51.5 billion, a decrease of 7%, compared to December 31, 2019.

The financial condition and results of operations of the FHLBanks continued to be affected by the global COVID-19 pandemic. The FHLBanks continued to meet their funding needs and be a reliable source of liquidity to their members during the pandemic. The effects of the pandemic on the global and U.S. economy and the FHLBanks are evolving and its full impact remains uncertain.

Combined Financial Condition

<i>(Dollars in millions)</i>	September 30, 2020	December 31, 2019	Change
Assets			
Cash and due from banks	\$ 9,988	\$ 4,960	\$ 5,028
Investments, net	332,677	374,995	(42,318)
Advances	479,019	641,519	(162,500)
Mortgage loans held for portfolio, net	67,919	72,492	(4,573)
Other assets, net	4,720	5,147	(427)
Total assets	\$ 894,323	\$ 1,099,113	\$ (204,790)
Liabilities			
Consolidated obligations			
Discount notes	\$ 306,570	\$ 404,035	\$ (97,465)
Bonds	515,245	622,161	(106,916)
Total consolidated obligations	821,815	1,026,196	(204,381)
Mandatorily redeemable capital stock	868	1,378	(510)
Other liabilities	20,168	16,112	4,056
Total liabilities	842,851	1,043,686	(200,835)
Capital			
Capital stock	29,669	34,495	(4,826)
Retained earnings	21,654	20,588	1,066
Accumulated other comprehensive income (loss)	149	344	(195)
Total capital (GAAP)	51,472	55,427	(3,955)
Total liabilities and capital	\$ 894,323	\$ 1,099,113	\$ (204,790)
Regulatory capital	\$ 52,191	\$ 56,461	\$ (4,270)
GAAP capital-to-assets ratio	5.76 %	5.04 %	0.72 %
Regulatory capital-to-assets ratio	5.84 %	5.14 %	0.70 %



As of September 30, 2020, total assets and total liabilities each decreased 19%, and total GAAP capital decreased 7%, compared to December 31, 2019.

- Advances totaled \$479.0 billion at September 30, 2020, a decrease of 25% concentrated in short-term advances, principally those with large members, due to increased liquidity in the financial markets and increased deposit levels at members.
- Investments declined to \$332.7 billion at September 30, 2020, a decrease of 11% due primarily to a decrease in securities purchased under agreements to resell.
- Mortgage loans held for portfolio, net were \$67.9 billion at September 30, 2020, a decrease of 6% driven by higher prepayments resulting from the historically low mortgage interest-rate environment.
- Consolidated obligations totaled \$821.8 billion at September 30, 2020, a decrease of 20% in line with the decrease in total assets, principally resulting from the decrease in advances, and consisting of a 24% decrease in consolidated discount notes and a 17% decrease in consolidated bonds.
- Capital stock was \$29.7 billion at September 30, 2020, a decrease of 14% due to the net repurchases and redemptions of activity-based capital stock driven primarily by the decrease in advances and the reclassification of capital stock to mandatorily redeemable capital stock.
- Retained earnings grew to \$21.7 billion at September 30, 2020, an increase of 5% resulting principally from net income of \$2,134 million, partially offset by dividends of \$1,240 million.



Combined Results of Operations

<i>(Dollars in millions)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Interest income						
Advances	\$ 1,099	\$ 4,046	\$ (2,947)	\$ 5,756	\$ 13,410	\$ (7,654)
Investments	808	2,369	(1,561)	3,528	7,024	(3,496)
Mortgage loans held for portfolio	418	554	(136)	1,480	1,666	(186)
Other interest income	1	2	(1)	2	4	(2)
Total interest income	2,326	6,971	(4,645)	10,766	22,104	(11,338)
Interest expense						
Consolidated obligations - Discount notes	236	2,250	(2,014)	2,411	7,337	(4,926)
Consolidated obligations - Bonds	910	3,575	(2,665)	4,952	11,129	(6,177)
Other interest expense	13	64	(51)	73	179	(106)
Total interest expense	1,159	5,889	(4,730)	7,436	18,645	(11,209)
Net interest income	1,167	1,082	85	3,330	3,459	(129)
Provision (reversal) for credit losses	1	1	—	52	2	50
Net interest income after provision (reversal) for credit losses	1,166	1,081	85	3,278	3,457	(179)
Non-interest income (loss)						
Net gains (losses) on investment securities	(158)	100	(258)	874	517	357
Net gains (losses) on financial instruments held under fair value option	4	34	(30)	147	99	48
Net gains (losses) on derivatives and hedging activities	47	(137)	184	(1,171)	(611)	(560)
Other non-interest income (loss)	215	44	171	371	132	239
Total non-interest income (loss)	108	41	67	221	137	84
Non-interest expense	356	355	1	1,123	1,035	88
Affordable Housing Program assessments	93	78	15	242	261	(19)
Net income	\$ 825	\$ 689	\$ 136	\$ 2,134	\$ 2,298	\$ (164)
Net interest margin	0.50 %	0.40 %	0.10 %	0.42 %	0.43 %	(0.01)%

Net income was \$825 million for the three months ended September 30, 2020, an increase of 20% compared to the three months ended September 30, 2019, resulting primarily from an increase in net interest income after provision for credit losses and an increase in non-interest income. Net income was \$2,134 million for the nine months ended September 30, 2020, a decrease of 7% compared to the nine months ended September 30, 2019, resulting primarily from a decrease in net interest income after provision for credit losses and an increase in non-interest expense, partially offset by an increase in non-interest income.

Net interest income after provision for credit losses was \$1,166 million for the three months ended September 30, 2020, an increase of 8% compared to the three months ended September 30, 2019. Net interest margin was 0.50% for the three months ended September 30, 2020, an increase of 10 basis points compared to the three months ended September 30, 2019, driven by higher prepayment fees on advances. Both interest income and interest expense were significantly lower for the three months ended September 30, 2020, compared to the three months ended September 30, 2019, in the lower interest-rate environment resulting from the COVID-19 pandemic.

- Interest income was \$2,326 million for the three months ended September 30, 2020, a decrease of 67% compared to the three months ended September 30, 2019, resulting primarily from lower average yields



on interest-earning assets, principally advances. The average yield on interest-earning assets was 0.99% for the three months ended September 30, 2020, a decrease of 159 basis points compared to the three months ended September 30, 2019.

- Interest expense was \$1,159 million for the three months ended September 30, 2020, a decrease of 80% compared to the three months ended September 30, 2019, driven by the lower average rate on consolidated obligations. The average rate on consolidated obligations was 0.52% for the three months ended September 30, 2020, a decrease of 177 basis points compared to the three months ended September 30, 2019.

Net interest income after provision for credit losses was \$3,278 million for the nine months ended September 30, 2020, a decrease of 5% compared to the nine months ended September 30, 2019. Net interest margin was 0.42% for the nine months ended September 30, 2020, a decrease of 1 basis point compared to the nine months ended September 30, 2019. Both interest income and interest expense were significantly lower for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019, in the lower interest-rate environment resulting from the COVID-19 pandemic.

- Interest income was \$10,766 million for the nine months ended September 30, 2020, a decrease of 51% compared to the nine months ended September 30, 2019, resulting primarily from lower average yields on interest-earning assets, principally advances. The average yield on interest-earning assets was 1.37% for the nine months ended September 30, 2020, a decrease of 136 basis points compared to the nine months ended September 30, 2019.
- Interest expense was \$7,436 million for the nine months ended September 30, 2020, a decrease of 60% compared to the nine months ended September 30, 2019, driven by the lower average rate on consolidated obligations. The average rate on consolidated obligations was 1.00% for the nine months ended September 30, 2020, a decrease of 142 basis points compared to the nine months ended September 30, 2019.
- Provision for credit losses was \$52 million for the nine months ended September 30, 2020, an increase of \$50 million compared to the nine months ended September 30, 2019. The provision for credit losses for the nine months ended September 30, 2020, consisted primarily of a \$26 million provision for credit losses on mortgage loans held for portfolio, due to higher expected credit losses resulting from the COVID-19 pandemic, and a \$24 million provision for credit losses on private-label mortgage-backed securities, driven by a decline in fair values.

Non-interest income was \$108 million for the three months ended September 30, 2020, an increase of \$67 million compared to the three months ended September 30, 2019, due primarily to net gains on derivatives and hedging activities, disgorgement proceeds received from an SEC enforcement action, and gains on private-label mortgage-backed securities litigation settlements, partially offset by net losses on U.S. Treasury obligations classified as trading investment securities. Non-interest income was \$221 million for the nine months ended September 30, 2020, an increase of \$84 million compared to the nine months ended September 30, 2019, due primarily to higher net gains on U.S. Treasury obligations classified as trading investment securities, gains on private-label mortgage-backed securities litigation settlements, and disgorgement proceeds received from an SEC enforcement action, partially offset by higher net losses on derivatives and hedging activities.



Affordable Housing Program assessments result from individual FHLBank income subject to assessments. Affordable Housing Program assessments were \$93 million for the three months ended September 30, 2020, an increase of 19% compared to the three months ended September 30, 2019. Affordable Housing Program assessments were \$242 million for the nine months ended September 30, 2020, a decrease of 7% compared to the nine months ended September 30, 2019.

About the FHLBanks

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

The FHLBanks have delivered innovation and service to the U.S. housing market since 1932, and currently have approximately 6,700 members serving all 50 states, the District of Columbia, and U.S. territories. Please contact Nancy Nowalk at 703-467-3608 or nnowalk@fhlb-of.com for additional information.

Statements contained in this release, including statements describing the objectives, projections, estimates, or future predictions of the FHLBanks and the Office of Finance, may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "expects," "may," "should," "will," "would," or their negatives or other variations on these terms. Investors should note that forward-looking statements, by their nature, involve risks or uncertainties. 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; changes in interest rates and housing prices; changes to, and replacement of, the London Interbank Offered Rate benchmark interest rate, and the use and acceptance of the Secured Overnight Financing Rate; size and volatility of the residential mortgage market; disruptions in the credit and debt markets and the effect on the FHLBanks' funding costs, sources, and availability; levels and 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 legislative, regulatory, judicial, or other developments, that affect the FHLBanks, their members, counterparties, dealers of consolidated obligations, or investors in consolidated obligations; natural disasters, pandemics or other widespread health emergencies, terrorist attacks, or other unanticipated or catastrophic events, including the economic and financial disruptions and uncertainties and significant operational challenges created by the COVID-19 pandemic and related developments; demand for FHLBank advances; competitive forces, including other sources of funding available to FHLBank members; loss of members and repayment of advances made to those members due to institutional failures, changes in the financial health of members or other factors; changes in investor demand for consolidated obligations, including those resulting from changes in credit ratings and/or the terms of derivative transactions; the ability to introduce new FHLBank products and services and successfully manage the risks associated with those products and services; the pace of technological change and the ability to develop, secure, and support technology and information systems to effectively manage the risks, including information security; and the effect of new accounting guidance. Investors are encouraged to consider these and other risks and uncertainties that are discussed in periodic combined financial reports posted on the Office of Finance web site, www.fhlb-of.com, and in reports filed by each FHLBank with the U. S. Securities and Exchange Commission. Any duty to update these forward-looking statements is disclaimed.



FHLBanks Office of Finance
Table I - Statement of Condition Highlights

Unaudited

	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
<i>(Dollars in millions)</i>												
Assets												
Cash and due from banks	\$ 9,988	\$ 4,960	\$ 207	\$ 69	\$ 488	\$ 603	\$ 1,386	\$ 21	\$ 4,186	\$ 911	\$ 1,364	\$ 21
Investments, net	332,677	374,995	13,345	16,144	41,448	56,832	17,792	24,573	48,255	50,617	34,514	34,389
Advances	479,019	641,519	26,962	34,596	106,216	100,695	35,841	65,610	58,802	97,167	27,101	47,370
Mortgage loans held for portfolio, net	67,919	72,492	4,160	4,501	3,054	3,173	5,090	5,114	242	296	10,671	11,235
Other assets, net	4,720	5,147	351	353	488	759	334	406	680	866	427	477
Total assets	\$ 894,323	\$ 1,099,113	\$ 45,025	\$ 55,663	\$ 151,694	\$ 162,062	\$ 60,443	\$ 95,724	\$ 112,165	\$ 149,857	\$ 74,077	\$ 93,492
Liabilities												
Consolidated obligations												
Discount notes	\$ 306,570	\$ 404,035	\$ 16,511	\$ 27,681	\$ 69,710	\$ 73,959	\$ 13,996	\$ 23,141	\$ 35,519	\$ 52,134	\$ 26,668	\$ 49,084
Bonds	515,245	622,161	23,971	23,889	71,742	78,764	41,583	66,808	68,858	88,503	41,432	38,440
Total consolidated obligations	821,815	1,026,196	40,482	51,570	141,452	152,723	55,579	89,949	104,377	140,637	68,100	87,524
Mandatorily redeemable capital stock	868	1,378	6	6	3	5	223	344	1	1	17	22
Other liabilities	20,168	16,112	1,476	942	2,400	1,802	1,269	958	2,265	2,056	1,755	1,501
Total liabilities	842,851	1,043,686	41,964	52,518	143,855	154,530	57,071	91,251	106,643	142,694	69,872	89,047
Capital												
Capital stock	29,669	34,495	1,595	1,869	5,996	5,779	1,881	3,055	3,341	4,988	2,935	3,367
Retained earnings	21,654	20,588	1,490	1,463	1,890	1,801	1,351	1,326	2,198	2,153	1,282	1,094
Accumulated other comprehensive income (loss)	149	344	(24)	(187)	(47)	(48)	140	92	(17)	22	(12)	(16)
Total capital (GAAP)	51,472	55,427	3,061	3,145	7,839	7,532	3,372	4,473	5,522	7,163	4,205	4,445
Total liabilities and capital	\$ 894,323	\$ 1,099,113	\$ 45,025	\$ 55,663	\$ 151,694	\$ 162,062	\$ 60,443	\$ 95,724	\$ 112,165	\$ 149,857	\$ 74,077	\$ 93,492
Regulatory capital	\$ 52,191	\$ 56,461	\$ 3,091	\$ 3,338	\$ 7,889	\$ 7,585	\$ 3,455	\$ 4,725	\$ 5,540	\$ 7,142	\$ 4,234	\$ 4,483

	Indianapolis		Chicago		Des Moines		Dallas		Topeka		San Francisco	
	September 30, 2020	December 31, 2019										
Assets												
Cash and due from banks	\$ 131	\$ 220	\$ 1,194	\$ 29	\$ 788	\$ 1,029	\$ 46	\$ 21	\$ 23	\$ 1,917	\$ 175	\$ 118
Investments, net	25,203	23,577	36,364	38,882	32,705	38,465	28,049	33,918	19,918	20,087	35,221	37,637
Advances	31,264	32,480	49,771	50,508	48,462	80,360	34,292	37,117	22,616	30,241	37,693	65,374
Mortgage loans held for portfolio, net	9,237	10,815	10,529	10,000	8,733	9,334	3,705	4,075	10,093	10,633	2,404	3,314
Other assets, net	507	419	529	408	466	415	204	251	361	399	377	399
Total assets	\$ 66,342	\$ 67,511	\$ 98,387	\$ 99,827	\$ 91,154	\$ 129,603	\$ 66,296	\$ 75,382	\$ 53,011	\$ 63,277	\$ 75,870	\$ 106,842
Liabilities												
Consolidated obligations												
Discount notes	\$ 19,462	\$ 17,677	\$ 41,801	\$ 41,675	\$ 30,928	\$ 29,531	\$ 26,740	\$ 34,328	\$ 11,936	\$ 27,448	\$ 13,300	\$ 27,376
Bonds	41,148	44,715	47,970	50,474	52,343	91,553	34,100	35,746	37,294	32,013	54,921	71,372
Total consolidated obligations	60,610	62,392	89,771	92,149	83,271	121,084	60,840	70,074	49,230	59,461	68,221	98,748
Mandatorily redeemable capital stock	262	323	282	324	54	206	14	7	2	2	2	138
Other liabilities	2,048	1,639	2,430	1,900	2,033	1,587	1,911	1,503	1,178	1,022	1,427	1,215
Total liabilities	62,920	64,354	92,483	94,373	85,358	122,877	62,765	71,584	50,410	60,485	69,650	100,101
Capital												
Capital stock	2,224	1,974	2,041	1,713	3,432	4,517	2,182	2,466	1,581	1,767	2,465	3,000
Retained earnings	1,124	1,115	3,936	3,770	2,359	2,165	1,380	1,233	1,023	1,000	3,619	3,467
Accumulated other comprehensive income (loss)	74	68	(73)	(29)	5	44	(31)	99	(3)	25	136	274
Total capital (GAAP)	3,422	3,157	5,904	5,454	5,796	6,726	3,531	3,798	2,601	2,792	6,220	6,741
Total liabilities and capital	\$ 66,342	\$ 67,511	\$ 98,387	\$ 99,827	\$ 91,154	\$ 129,603	\$ 66,296	\$ 75,382	\$ 53,011	\$ 63,277	\$ 75,870	\$ 106,842
Regulatory capital	\$ 3,610	\$ 3,412	\$ 6,259	\$ 5,807	\$ 5,845	\$ 6,888	\$ 3,575	\$ 3,706	\$ 2,605	\$ 2,769	\$ 6,086	\$ 6,605

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



FHLBanks Office of Finance
Table II - Statement of Income Highlights

Unaudited

Three Months Ended September 30,												
(Dollars in millions)	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income after provision (reversal) for credit losses	\$ 1,166	\$ 1,081	\$ 63	\$ 57	\$ 177	\$ 162	\$ 84	\$ 109	\$ 89	\$ 118	\$ 93	\$ 87
Non-interest income (loss)	108	41	18	2	(14)	(5)	5	(7)	9	5	(7)	4
Non-interest expense	356	355	21	23	51	45	24	24	35	39	22	22
Affordable Housing Program assessments	93	78	6	4	11	11	7	8	7	8	7	6
Net income	\$ 825	\$ 689	\$ 54	\$ 32	\$ 101	\$ 101	\$ 58	\$ 70	\$ 56	\$ 76	\$ 57	\$ 63

(Dollars in millions)	Indianapolis		Chicago		Des Moines		Dallas		Topeka		San Francisco	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income after provision (reversal) for credit losses	\$ 60	\$ 51	\$ 168	\$ 113	\$ 139	\$ 129	\$ 80	\$ 68	\$ 65	\$ 75	\$ 149	\$ 112
Non-interest income (loss)	(17)	2	(8)	29	65	3	(1)	15	(2)	(1)	70	3
Non-interest expense	26	24	65	54	37	43	26	24	19	19	40	47
Affordable Housing Program assessments	2	3	10	9	16	9	5	6	4	6	18	7
Net income	\$ 15	\$ 26	\$ 85	\$ 79	\$ 151	\$ 80	\$ 48	\$ 53	\$ 40	\$ 49	\$ 161	\$ 61

Nine Months Ended September 30,												
(Dollars in millions)	Combined ⁽¹⁾		Boston		New York		Pittsburgh		Atlanta		Cincinnati	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income after provision (reversal) for credit losses	\$ 3,278	\$ 3,457	\$ 133	\$ 201	\$ 557	\$ 503	\$ 278	\$ 348	\$ 264	\$ 394	\$ 325	\$ 307
Non-interest income (loss)	221	137	39	(1)	(29)	7	(26)	(14)	108	16	8	(17)
Non-interest expense	1,123	1,035	63	64	146	128	79	71	127	110	70	68
Affordable Housing Program assessments	242	261	11	14	38	38	19	27	25	30	27	22
Net income	\$ 2,134	\$ 2,298	\$ 98	\$ 122	\$ 344	\$ 344	\$ 154	\$ 236	\$ 220	\$ 270	\$ 236	\$ 200

(Dollars in millions)	Indianapolis		Chicago		Des Moines		Dallas		Topeka		San Francisco	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income after provision (reversal) for credit losses	\$ 191	\$ 168	\$ 446	\$ 347	\$ 367	\$ 435	\$ 235	\$ 203	\$ 176	\$ 186	\$ 308	\$ 366
Non-interest income (loss)	(47)	9	3	68	116	11	31	54	(35)	16	79	11
Non-interest expense	79	72	207	156	119	125	82	73	61	54	119	138
Affordable Housing Program assessments	7	11	25	27	36	33	18	19	8	15	27	25
Net income	\$ 58	\$ 94	\$ 217	\$ 232	\$ 328	\$ 288	\$ 166	\$ 165	\$ 72	\$ 133	\$ 241	\$ 214

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