FHLBANKS OFFICE OF FINANCE

July 31, 2020

FOR IMMEDIATE RELEASE:

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

The second 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 June 30, 2020, and filed a Form 8-K with the U.S. Securities and Exchange Commission.

Combined Highlights

Net income was $682 million and $1,309 million for the three and six months ended June 30, 2020, decreases of 4% and 19% compared to the three and six months ended June 30, 2019. As of June 30, 2020, total assets were $992.3 billion, a decrease of 10%, total liabilities were $939.8 billion, a decrease of 10%, and total GAAP capital was $52.5 billion, a decrease of 5%, 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

(Dollars in millions)	June 30, 2020	December 31, 2019	Change
Assets			
Cash and due from banks	$ 5,807	$ 4,960	$ 847
Investments, net	351,047	374,995	(23,948)
Advances	557,547	641,519	(83,972)
Mortgage loans held for portfolio, net	72,912	72,492	420
Other assets, net	5,017	5,147	(130)
Total assets	**$ 992,330**	**$ 1,099,113**	**$ (106,783)**
Liabilities			
Consolidated obligations			
Discount notes	$ 391,471	$ 404,035	$ (12,564)
Bonds	526,394	622,161	(95,767)
Total consolidated obligations	917,865	1,026,196	(108,331)
Mandatorily redeemable capital stock	1,097	1,378	(281)
Other liabilities	20,869	16,112	4,757
Total liabilities	**939,831**	**1,043,686**	**(103,855)**
Capital			
Capital stock	32,085	34,495	(2,410)
Retained earnings	21,209	20,588	621
Accumulated other comprehensive income (loss)	(795)	344	(1,139)
Total capital (GAAP)	**52,499**	**55,427**	**(2,928)**
Total liabilities and capital	**$ 992,330**	**$ 1,099,113**	**$ (106,783)**
Regulatory capital	**$ 54,391**	**$ 56,461**	**$ (2,070)**
GAAP capital-to-assets ratio	**5.29%**	**5.04%**	**0.25%**
Regulatory capital-to-assets ratio	**5.48%**	**5.14%**	**0.34%**

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As of June 30, 2020, total assets and total liabilities each decreased 10%, and total GAAP capital decreased 5%, compared to December 31, 2019.

- Advances totaled $557.5 billion at June 30, 2020, a decrease of 13% compared to December 31, 2019, and a decrease of 31% compared to March 31, 2020. The decrease in advances at June 30, 2020, compared to December 31, 2019, was comprised primarily of a decrease in short-term advances. During the first quarter of 2020, advances grew significantly as members sought additional liquidity amid the uncertainty in the financial markets due to the COVID-19 pandemic. During the second quarter of 2020, advances decreased due to increased liquidity in the financial markets and as short-term advances issued during the first quarter of 2020 matured.

- Investments declined to $351.0 billion at June 30, 2020, a decrease of 6% driven by a decrease in securities purchased under agreements to resell.

- Consolidated obligations totaled $917.9 billion at June 30, 2020, a decrease of 11% compared to December 31, 2019, and a decrease of 22% compared to March 31, 2020. These decreases are in line with the decrease in total assets, principally resulting from the decrease in advances. The decrease in consolidated obligations at June 30, 2020, compared to December 31, 2019, was comprised primarily of a 15% decrease in consolidated bonds.

- Capital stock was $32.1 billion at June 30, 2020, a decrease of 7% due to the reclassification of capital stock to mandatorily redeemable capital stock and the net repurchases and redemptions of activity-based capital stock driven primarily by the decrease in advances.

- Retained earnings grew to $21.2 billion at June 30, 2020, an increase of 3% resulting principally from net income of $1,309 million, partially offset by dividends of $860 million.

- Accumulated other comprehensive income was a loss of $0.8 billion at June 30, 2020, a decrease of $1.1 billion due principally to net unrealized losses on mortgage-backed securities classified as available-for-sale investment securities.

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Combined Results of Operations

(Dollars in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Interest income						
Advances	$ 1,765	$ 4,592	$ (2,827)	$ 4,657	$ 9,364	$ (4,707)
Investments	986	2,367	(1,381)	2,720	4,655	(1,935)
Mortgage loans held for portfolio	496	550	(54)	1,062	1,112	(50)
Other interest income	—	—	—	1	2	(1)
Total interest income	**3,247**	**7,509**	**(4,262)**	**8,440**	**15,133**	**(6,693)**
Interest expense						
Consolidated obligations - Discount notes	652	2,526	(1,874)	2,175	5,087	(2,912)
Consolidated obligations - Bonds	1,332	3,821	(2,489)	4,042	7,554	(3,512)
Other interest expense	15	59	(44)	60	115	(55)
Total interest expense	**1,999**	**6,406**	**(4,407)**	**6,277**	**12,756**	**(6,479)**
Net interest income	**1,248**	**1,103**	**145**	**2,163**	**2,377**	**(214)**
Provision (reversal) for credit losses	8	—	8	51	1	50
Net interest income after provision (reversal) for credit losses	**1,240**	**1,103**	**137**	**2,112**	**2,376**	**(264)**
Non-interest income (loss)						
Net gains (losses) on investment securities	(142)	312	(454)	1,032	417	615
Net gains (losses) on financial instruments held under fair value option	87	42	45	143	65	78
Net gains (losses) on derivatives and hedging activities	(97)	(366)	269	(1,218)	(474)	(744)
Other non-interest income (loss)	73	45	28	156	88	68
Total non-interest income (loss)	**(79)**	**33**	**(112)**	**113**	**96**	**17**
Non-interest expense	402	346	56	767	680	87
Affordable Housing Program assessments	77	81	(4)	149	183	(34)
Net income	**$ 682**	**$ 709**	**$ (27)**	**$ 1,309**	**$ 1,609**	**$ (300)**
Net interest margin	**0.45%**	**0.41%**	**0.04%**	**0.39%**	**0.44%**	**(0.05)%**

Net income was $682 million for the three months ended June 30, 2020, a decrease of 4% compared to the three months ended June 30, 2019, resulting from net losses in non-interest income and an increase in non-interest expense, partially offset by an increase in net interest income after provision for credit losses. Net income was $1,309 million for the six months ended June 30, 2020, a decrease of 19% compared to the six months ended June 30, 2019, primarily resulting from a decrease in net interest income after provision for credit losses and an increase in non-interest expense.

Net interest income after provision for credit losses was $1,240 million for the three months ended June 30, 2020, an increase of 12% compared to the three months ended June 30, 2019. Net interest margin was 0.45% for the three months ended June 30, 2020, an increase of 4 basis points compared to the three months ended June 30, 2019. Both interest income and interest expense were significantly lower for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, driven by the lower interest-rate environment resulting from the COVID-19 pandemic.

- Interest income was $3,247 million for the three months ended June 30, 2020, a decrease of 57% compared to the three months ended June 30, 2019, resulting from lower yields on interest-earning assets, principally advances. The average yield on interest-earning assets was 1.16% for the three months ended June 30, 2020, a decrease of 160 basis points compared to the three months ended June 30, 2019.

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- Interest expense was $1,999 million for the three months ended June 30, 2020, a decrease of 69% compared to the three months ended June 30, 2019, resulting primarily from lower rates on consolidated obligations. The average rate on consolidated obligations was 0.76% for the three months ended June 30, 2020, a decrease of 172 basis points compared to the three months ended June 30, 2019.

Net interest income after provision for credit losses was $2,112 million for the six months ended June 30, 2020, a decrease of 11% compared to the six months ended June 30, 2019. Net interest margin was 0.39% for the six months ended June 30, 2020, a decrease of 5 basis points compared to the six months ended June 30, 2019. Both interest income and interest expense were significantly lower for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, driven by the lower interest-rate environment resulting from the COVID-19 pandemic.

- Interest income was $8,440 million for the six months ended June 30, 2020, a decrease of 44% compared to the six months ended June 30, 2019, resulting from lower yields on interest-earning assets, principally advances. The average yield on interest-earning assets was 1.53% for the six months ended June 30, 2020, a decrease of 127 basis points compared to the six months ended June 30, 2019.

- Interest expense was $6,277 million for the six months ended June 30, 2020, a decrease of 51% compared to the six months ended June 30, 2019, resulting primarily from lower rates on consolidated obligations. The average rate on consolidated obligations was 1.20% for the six months ended June 30, 2020, a decrease of 129 basis points compared to the six months ended June 30, 2019.

- Provision for credit losses was $51 million for the six months ended June 30, 2020, an increase of $50 million compared to the six months ended June 30, 2019. The provision for credit losses for the six months ended June 30, 2020, consisted primarily of a $32 million provision for credit losses on private-label mortgage-backed securities driven by a decline in fair values, and an $18 million provision for credit losses on mortgage loans held for portfolio due to higher expected credit losses resulting from the COVID-19 pandemic.

Non-interest income was a loss of $79 million for the three months ended June 30, 2020, a decrease of $112 million compared to the three months ended June 30, 2019, due primarily to net losses on U.S. Treasury obligations classified as trading investment securities, partially offset by lower net losses on derivatives and hedging activities. Non-interest income was $113 million for the six months ended June 30, 2020, an increase of $17 million compared to the six months ended June 30, 2019, due primarily to higher net gains on U.S. Treasury obligations classified as trading investment securities, 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 $77 million and $149 million for the three and six months ended June 30, 2020, decreases of 5% and 19% compared to the three and six months ended June 30, 2019.

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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	
(Dollars in millions)	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Assets												
Cash and due from banks	$ 5,807	$ 4,960	$ 248	$ 69	$ 44	$ 603	$ 377	$ 21	$ 4,188	$ 911	$ 23	$ 21
Investments, net	351,047	374,995	16,286	16,144	41,376	56,832	22,333	24,573	54,167	50,617	29,533	34,389
Advances	557,547	641,519	24,828	34,596	113,789	100,695	49,614	65,610	67,221	97,167	48,913	47,370
Mortgage loans held for portfolio, net	72,912	72,492	4,411	4,501	3,165	3,173	5,242	5,114	263	296	11,704	11,235
Other assets, net	5,017	5,147	388	353	498	759	409	406	757	866	472	477
Total assets	$ 992,330	$ 1,099,113	$ 46,161	$ 55,663	$ 158,872	$ 162,062	$ 77,975	$ 95,724	$ 126,596	$ 149,857	$ 90,645	$ 93,492
Liabilities												
Consolidated obligations												
Discount notes	$ 391,471	$ 404,035	$ 17,309	$ 27,681	$ 89,500	$ 73,959	$ 26,052	$ 23,141	$ 58,295	$ 52,134	$ 44,324	$ 49,084
Bonds	526,394	622,161	24,563	23,889	59,032	78,764	46,582	66,808	59,925	88,503	39,339	38,440
Total consolidated obligations	917,865	1,026,196	41,872	51,570	148,532	152,723	72,634	89,949	118,220	140,637	83,663	87,524
Mandatorily redeemable capital stock	1,097	1,378	6	6	4	5	304	344	1	1	19	22
Other liabilities	20,869	16,112	1,437	942	2,198	1,802	1,218	958	2,513	2,056	1,919	1,501
Total liabilities	939,831	1,043,686	43,315	52,518	150,734	154,530	74,156	91,251	120,734	142,694	85,601	89,047
Capital												
Capital stock	32,085	34,495	1,519	1,869	6,334	5,779	2,371	3,055	3,680	4,988	3,813	3,367
Retained earnings	21,209	20,588	1,455	1,463	1,884	1,801	1,334	1,326	2,200	2,153	1,247	1,094
Accumulated other comprehensive income (loss)	(795)	344	(128)	(187)	(80)	(48)	114	92	(18)	22	(16)	(16)
Total capital (GAAP)	52,499	55,427	2,846	3,145	8,138	7,532	3,819	4,473	5,862	7,163	5,044	4,445
Total liabilities and capital	$ 992,330	$ 1,099,113	$ 46,161	$ 55,663	$ 158,872	$ 162,062	$ 77,975	$ 95,724	$ 126,596	$ 149,857	$ 90,645	$ 93,492
Regulatory capital	$ 54,391	$ 56,461	$ 2,980	$ 3,338	$ 8,222	$ 7,585	$ 4,009	$ 4,725	$ 5,881	$ 7,142	$ 5,079	$ 4,483

	Indianapolis		Chicago		Des Moines		Dallas		Topeka		San Francisco	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Assets												
Cash and due from banks	$ 99	$ 220	$ 48	$ 29	$ 483	$ 1,029	$ 95	$ 21	$ 28	$ 1,917	$ 173	$ 118
Investments, net	25,509	23,577	36,005	38,882	34,315	38,465	32,000	33,918	20,634	20,087	39,029	37,637
Advances	34,848	32,480	49,250	50,508	57,942	80,360	38,643	37,117	21,529	30,241	50,970	65,374
Mortgage loans held for portfolio, net	10,083	10,815	10,947	10,000	9,246	9,334	4,020	4,075	10,946	10,633	2,888	3,314
Other assets, net	531	419	481	408	499	415	202	251	397	399	380	399
Total assets	$ 71,070	$ 67,511	$ 96,731	$ 99,827	$ 102,485	$ 129,603	$ 74,960	$ 75,382	$ 53,534	$ 63,277	$ 93,440	$ 106,842
Liabilities												
Consolidated obligations												
Discount notes	$ 28,234	$ 17,677	$ 37,440	$ 41,675	$ 21,364	$ 29,531	$ 35,978	$ 34,328	$ 13,561	$ 27,448	$ 19,416	$ 27,376
Bonds	36,973	44,715	51,760	50,474	72,748	91,553	32,695	35,746	36,446	32,013	66,449	71,372
Total consolidated obligations	65,207	62,392	89,200	92,149	94,112	121,084	68,673	70,074	50,007	59,461	85,865	98,748
Mandatorily redeemable capital stock	300	323	289	324	81	206	7	7	2	2	83	138
Other liabilities	2,245	1,639	1,895	1,900	2,293	1,587	2,638	1,503	1,170	1,022	1,365	1,215
Total liabilities	67,752	64,354	91,384	94,373	96,486	122,877	71,318	71,584	51,179	60,485	87,313	100,101
Capital												
Capital stock	2,194	1,974	1,837	1,713	3,802	4,517	2,474	2,466	1,392	1,767	2,668	3,000
Retained earnings	1,128	1,115	3,873	3,770	2,257	2,165	1,340	1,233	997	1,000	3,494	3,467
Accumulated other comprehensive income (loss)	(4)	68	(363)	(29)	(60)	44	(172)	99	(34)	25	(35)	274
Total capital (GAAP)	3,318	3,157	5,347	5,454	5,999	6,726	3,642	3,798	2,355	2,792	6,127	6,741
Total liabilities and capital	$ 71,070	$ 67,511	$ 96,731	$ 99,827	$ 102,485	$ 129,603	$ 74,960	$ 75,382	$ 53,534	$ 63,277	$ 93,440	$ 106,842
Regulatory capital	$ 3,622	$ 3,412	$ 5,999	$ 5,807	$ 6,139	$ 6,888	$ 3,820	$ 3,706	$ 2,391	$ 2,769	$ 6,245	$ 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 June 30,

(Dollars in millions)	Combined[1] 2020	Combined[1] 2019	Boston 2020	Boston 2019	New York 2020	New York 2019	Pittsburgh 2020	Pittsburgh 2019	Atlanta 2020	Atlanta 2019	Cincinnati 2020	Cincinnati 2019
Net interest income after provision (reversal) for credit losses	$ 1,240	$ 1,103	$ 39	$ 58	$ 227	$ 164	$ 101	$ 109	$ 90	$ 132	$ 150	$ 98
Non-interest income (loss)	(79)	33	(17)	4	(23)	(1)	—	(11)	6	4	(16)	(3)
Non-interest expense	402	346	20	22	51	43	34	22	34	32	24	23
Affordable Housing Program assessments	77	81	—	4	15	12	7	8	6	11	11	8
Net income	$ 682	$ 709	$ 2	$ 36	$ 138	$ 108	$ 60	$ 68	$ 56	$ 93	$ 99	$ 64

	Indianapolis 2020	Indianapolis 2019	Chicago 2020	Chicago 2019	Des Moines 2020	Des Moines 2019	Dallas 2020	Dallas 2019	Topeka 2020	Topeka 2019	San Francisco 2020	San Francisco 2019
Net interest income after provision (reversal) for credit losses	$ 68	$ 60	$ 134	$ 116	$ 119	$ 147	$ 110	$ 63	$ 56	$ 48	$ 149	$ 110
Non-interest income (loss)	(26)	4	9	21	15	3	(3)	23	(10)	4	(9)	(7)
Non-interest expense	27	25	85	52	39	43	33	25	23	18	43	48
Affordable Housing Program assessments	2	4	6	9	10	11	7	7	3	3	9	6
Net income	$ 13	$ 35	$ 52	$ 76	$ 85	$ 96	$ 67	$ 54	$ 20	$ 31	$ 88	$ 49

Six Months Ended June 30,

(Dollars in millions)	Combined[1] 2020	Combined[1] 2019	Boston 2020	Boston 2019	New York 2020	New York 2019	Pittsburgh 2020	Pittsburgh 2019	Atlanta 2020	Atlanta 2019	Cincinnati 2020	Cincinnati 2019
Net interest income after provision (reversal) for credit losses	$ 2,112	$ 2,376	$ 70	$ 144	$ 380	$ 341	$ 194	$ 239	$ 175	$ 276	$ 232	$ 220
Non-interest income (loss)	113	96	21	(3)	(15)	12	(31)	(7)	99	11	15	(21)
Non-interest expense	767	680	42	41	95	83	55	47	92	71	48	46
Affordable Housing Program assessments	149	183	5	10	27	27	12	19	18	22	20	16
Net income	$ 1,309	$ 1,609	$ 44	$ 90	$ 243	$ 243	$ 96	$ 166	$ 164	$ 194	$ 179	$ 137

	Indianapolis 2020	Indianapolis 2019	Chicago 2020	Chicago 2019	Des Moines 2020	Des Moines 2019	Dallas 2020	Dallas 2019	Topeka 2020	Topeka 2019	San Francisco 2020	San Francisco 2019
Net interest income after provision (reversal) for credit losses	$ 131	$ 117	$ 278	$ 234	$ 228	$ 306	$ 155	$ 135	$ 111	$ 111	$ 159	$ 254
Non-interest income (loss)	(30)	7	11	39	51	8	32	39	(33)	17	9	8
Non-interest expense	53	48	142	102	82	82	56	49	42	35	79	91
Affordable Housing Program assessments	5	8	15	18	20	24	13	13	4	9	9	18
Net income	$ 43	$ 68	$ 132	$ 153	$ 177	$ 208	$ 118	$ 112	$ 32	$ 84	$ 80	$ 153

(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.