

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File No. 000-51401



FHLBank
Chicago

Federal Home Loan Bank of Chicago

(Exact name of registrant as specified in its charter)

Federally chartered corporation

36-6001019

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

433 West Van Buren Street, Suite 501S

Chicago, IL

60607

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (312) 565-5700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 30, 2025, the registrant had 35,622,514 total outstanding shares of Class B Capital Stock, including mandatorily redeemable capital stock.


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PART I - FINANCIAL INFORMATION
Item 1. Condensed Financial Statements.
Condensed Statements of Condition (unaudited)
(U.S. Dollars in millions, except capital stock par value)

	September 30, 2025	December 31, 2024
Assets		
Cash and due from banks	\$ 51	\$ 32
Interest-bearing deposits	2,790	2,570
Federal funds sold	8,695	4,638
Securities purchased under agreements to resell	19,000	22,475
Investment debt securities -		
Trading	4,734	3,240
Available-for-sale, \$27,730 and \$24,687 amortized cost, includes \$827 and \$806 pledged as collateral that may be repledged	27,771	24,654
Held-to-maturity, \$622 and \$1,662 fair value	619	1,666
Investment debt securities	<u>33,124</u>	<u>29,560</u>
Advances, \$145 and \$130 carried at fair value	60,983	55,847
MPF Loans held in portfolio, net of \$(4) and \$(5) allowance for credit losses	14,372	13,320
Derivative assets	12	18
Other assets, \$74 and \$57 carried at fair value net of \$(9) and \$(8) allowance for credit losses	672	652
Assets	<u><u>\$ 139,699</u></u>	<u><u>\$ 129,112</u></u>
Liabilities		
Deposits -		
Demand and overnight - noninterest-bearing	\$ 226	\$ 180
Demand and overnight - interest-bearing, \$12 and \$11 from other FHLBs	897	660
Deposits	<u>1,123</u>	<u>840</u>
Consolidated obligations, net -		
Discount notes, \$25,580 and \$— carried at fair value	53,339	36,739
Bonds, \$542 and \$8,390 carried at fair value	74,769	81,859
Consolidated obligations, net	<u>128,108</u>	<u>118,598</u>
Derivative liabilities	31	27
Affordable Housing Program liability	174	160
Mandatorily redeemable capital stock	32	4
Other liabilities	1,049	863
Liabilities	<u><u>130,517</u></u>	<u><u>120,492</u></u>
Commitments and contingencies - see notes to the condensed financial statements		
Capital		
Class B1 activity stock, 26 and 24 million shares issued and outstanding	2,605	2,443
Class B2 membership stock, 9 and 8 million shares issued and outstanding	925	824
Capital stock - putable, \$100 and \$100 par value per share	<u>3,530</u>	<u>3,267</u>
Retained earnings - unrestricted	4,442	4,269
Retained earnings - restricted	1,141	1,042
Retained earnings	<u>5,583</u>	<u>5,311</u>
Accumulated other comprehensive income (loss)	69	42
Capital	<u><u>9,182</u></u>	<u><u>8,620</u></u>
Liabilities and capital	<u><u>\$ 139,699</u></u>	<u><u>\$ 129,112</u></u>

The accompanying notes are an integral part of these condensed financial statements (unaudited).


Condensed Statements of Income (unaudited)
(U.S. Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest income	\$ 1,663	\$ 1,792	\$ 4,743	\$ 5,325
Interest expense	1,422	1,552	4,029	4,602
Net interest income	241	240	714	723
Provision for (reversal of) credit losses	—	1	2	2
Net interest income after provision for (reversal of) credit losses	241	239	712	721
Noninterest income (loss) -				
Trading securities	11	64	48	69
Derivatives and hedging activities	9	(70)	(11)	(53)
Instruments held under the fair value option	(2)	14	(1)	8
MPF fees, \$9, \$7, \$24 and \$21 from other FHLBs	10	9	29	27
Other, net	8	3	12	10
Noninterest income (loss)	36	20	77	61
Noninterest expense -				
Compensation and benefits	32	32	98	96
Nonpayroll operating expenses	26	27	79	77
Voluntary Community Investment contributions	7	49	44	69
Federal Housing Finance Agency and Office of Finance	4	5	14	14
Other, net	2	1	5	3
Noninterest expense	71	114	240	259
Income before assessments	206	145	549	523
Affordable Housing Program assessment	21	15	55	53
Net income	\$ 185	\$ 130	\$ 494	\$ 470

The accompanying notes are an integral part of these condensed financial statements (unaudited).


Condensed Statements of Comprehensive Income (unaudited)
 (U.S. Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net income	\$ 185	\$ 130	\$ 494	\$ 470
Other comprehensive income (loss) -				
Net unrealized gain (loss) available-for-sale debt securities	87	(36)	74	205
Net unrealized gain (loss) cash flow hedges	(6)	(38)	(47)	(36)
Postretirement plans	—	(2)	—	(4)
Other comprehensive income (loss)	81	(76)	27	165
Comprehensive income (loss)	\$ 266	\$ 54	\$ 521	\$ 635

The accompanying notes are an integral part of these condensed financial statements (unaudited).


Condensed Statements of Capital (unaudited)

(U.S. Dollars and shares in millions)

	Capital Stock - Putable - B1 Activity		Capital Stock - Putable - B2 Membership		Retained Earnings			AOCI	Total
	Shares	Value	Shares	Value	Unrestricted	Restricted			
June 30, 2025	27	\$ 2,668	10	\$ 988	\$ 4,373	\$ 1,104	\$ (12)	\$ 9,121	
Comprehensive income (loss)					148	37	81		266
Issuance of capital stock	4	498	—	2					500
Repurchases of capital stock	—	—	(6)	(625)					(625)
Capital stock reclassified to mandatorily redeemable capital stock liability	—	1	—	(2)					(1)
Transfers between classes of capital stock	(5)	(562)	5	562					
Cash dividends - class B1 annualized rate and amount		9.25 %			(75)				(75)
Cash dividends - class B2 annualized rate and amount				4.35 %	(4)				(4)
Total change in period	(1)	(63)	(1)	(63)	69	37	81		61
September 30, 2025	26	\$ 2,605	9	\$ 925	\$ 4,442	\$ 1,141	\$ 69	\$ 9,182	
June 30, 2024	25	\$ 2,496	7	\$ 710	\$ 4,187	\$ 986	\$ 125	\$ 8,504	
Comprehensive income (loss)					104	26	(76)		54
Issuance of capital stock	5	518	—	—					518
Repurchases of capital stock	—	—	(5)	(559)					(559)
Transfers between classes of capital stock	(6)	(601)	6	601					
Cash dividends - class B1 annualized rate and amount		9.25 %			(67)				(67)
Cash dividends - class B2 annualized rate and amount				5.13 %	(4)				(4)
Total change in period	(1)	(83)	1	42	33	26	(76)		(58)
September 30, 2024	24	\$ 2,413	8	\$ 752	\$ 4,220	\$ 1,012	\$ 49	\$ 8,446	



	Capital Stock - Putable - B1 Activity		Capital Stock - Putable - B2 Membership		Retained Earnings		AOCI	Total
	Shares	Value	Shares	Value	Unrestricted	Restricted		
December 31, 2024	24	\$ 2,443	8	\$ 824	\$ 4,269	\$ 1,042	\$ 42	\$ 8,620
Comprehensive income (loss)					395	99	27	521
Issuance of capital stock	18	1,829	—	7				1,836
Repurchases of capital stock	—	—	(15)	(1,539)				(1,539)
Capital stock reclassified to mandatorily redeemable capital stock liability	—	(27)	—	(7)				(34)
Transfers between classes of capital stock	(16)	(1,640)	16	1,640				
Cash dividends - class B1 annualized rate and amount		9.25 %			(210)			(210)
Cash dividends - class B2 annualized rate and amount				4.30 %	(12)			(12)
Total change in period	2	162	1	101	173	99	27	562
September 30, 2025	26	\$ 2,605	9	\$ 925	\$ 4,442	\$ 1,141	\$ 69	\$ 9,182
December 31, 2023	26	\$ 2,624	7	\$ 653	\$ 4,061	\$ 918	\$ (116)	\$ 8,140
Comprehensive income (loss)					376	94	165	635
Issuance of capital stock	18	1,829	—	9				1,838
Repurchases of capital stock	—	—	(19)	(1,950)				(1,950)
Transfers between classes of capital stock	(20)	(2,040)	20	2,040				
Cash dividends - class B1 annualized rate and amount		9.00 %			(203)			(203)
Cash dividends - class B2 annualized rate and amount				5.13 %	(14)			(14)
Total change in period	(2)	(211)	1	99	159	94	165	306
September 30, 2024	24	\$ 2,413	8	\$ 752	\$ 4,220	\$ 1,012	\$ 49	\$ 8,446

The accompanying notes are an integral part of these condensed financial statements (unaudited).


Condensed Statements of Cash Flows (unaudited)

(U.S. Dollars in millions)

		Nine months ended September 30,	2025	2024
Operating	Net cash provided by (used in) operating activities	\$ (133)	\$ 352	
Investing	Net change interest-bearing deposits	(220)	—	
	Net change federal funds sold	(4,057)	(3,113)	
	Net change securities purchased under agreements to resell	3,475	(5,530)	
	Trading debt securities -			
	Proceeds from maturities and paydowns	751	750	
	Purchases	(2,203)	(2,455)	
	Available-for-sale debt securities -			
	Proceeds from maturities and paydowns	1,229	728	
	Purchases	(3,210)	(2,472)	
	Held-to-maturity debt securities -			
	Proceeds from maturities and paydowns	3,403	2,914	
	Purchases	(2,355)	(2,035)	
	Advances -			
	Principal collected	1,807,135	1,283,087	
	Issued	(1,811,849)	(1,276,719)	
	MPF Loans held in portfolio -			
	Principal collected	1,042	854	
	Purchases	(2,107)	(2,495)	
	Other investing activities	(16)	(12)	
	Net cash provided by (used in) investing activities	(8,982)	(6,498)	
Financing	Net change deposits, \$1 and \$1 from other FHLBs	283	330	
	Discount notes -			
	Net proceeds from issuance	250,560	432,571	
	Payments for maturing and retiring	(234,064)	(424,867)	
	Consolidated obligation bonds -			
	Net proceeds from issuance	50,591	40,694	
	Payments for maturing and retiring	(58,305)	(42,265)	
	Capital stock -			
	Proceeds from issuance	1,836	1,838	
	Repurchases	(1,539)	(1,950)	
	Cash dividends paid	(222)	(217)	
	Other financing activities	(6)	1	
	Net cash provided by (used in) financing activities	9,134	6,135	
	Net increase (decrease) in cash and due from banks	19	(11)	
	Cash and due from banks at beginning of period	32	34	
	Cash and due from banks at end of period	\$ 51	\$ 23	
Supplemental	Cash activities			
	Interest paid	\$ 3,448	\$ 3,746	
	Affordable Housing Program assessments paid	41	36	
	Noncash activities			
	Transfer of MPF Loans held for sale in other assets to securitized mortgage loans in trading debt securities	114	71	
	Investment securities purchased but settled in subsequent periods	352	—	

The accompanying notes are an integral part of these condensed financial statements (unaudited).



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 1 – Background and Basis of Presentation

The Federal Home Loan Bank of Chicago is a federally chartered corporation and one of 11 Federal Home Loan Banks (the FHLBs) that, with the Office of Finance, comprise the Federal Home Loan Bank System (the System). The FHLBs are government-sponsored enterprises (GSEs) of the United States of America and were organized under the Federal Home Loan Bank Act of 1932, as amended (FHLB Act), in order to improve the availability of funds to support home ownership. We are supervised and regulated by the Federal Housing Finance Agency (FHFA), an independent federal agency in the executive branch of the United States (U.S.) government.

Each FHLB is a privately-capitalized, member-owned cooperative with members from a specifically defined geographic district. Our defined geographic district is Illinois and Wisconsin. All federally insured depository institutions, insurance companies engaged in residential housing finance, credit unions and community development financial institutions located in our district are eligible to apply for membership with us. All our members are required to purchase our capital stock as a condition of membership. Our capital stock is not publicly traded, and is issued, repurchased or redeemed at par value, \$100 per share, subject to certain statutory and regulatory limits. As a cooperative, we do business with our members, and former members (under limited circumstances). Specifically, we provide credit principally in the form of secured loans called advances. We also provide liquidity for home mortgage loans to members approved as Participating Financial Institutions (PFIs) through the Mortgage Partnership Finance® (MPF®) Program.

Our accounting and financial reporting policies conform to generally accepted accounting principles in the United States of America (GAAP).

In the opinion of management, all normal recurring adjustments have been included for a fair statement of this interim financial information. These unaudited condensed financial statements and the accompanying notes should be read in conjunction with the audited financial statements and footnotes for the year ended December 31, 2024, included in our 2024 Annual Report on Form 10-K (2024 Form 10-K) starting on page F-1, as filed with the Securities and Exchange Commission (SEC).

Unless otherwise specified, references to we, us, our, and the Bank are to the Federal Home Loan Bank of Chicago.

"Mortgage Partnership Finance", "MPF", "MPF Xtra", "Downpayment Plus", "DPP", Downpayment Plus Advantage", "DPP Advantage", and "Community First" are federally registered trademarks of the Federal Home Loan Bank of Chicago.

Refer to the **Glossary of Terms** starting on page 61 for the definitions of certain terms used herein.

Use of Estimates and Assumptions

We are required to make estimates and assumptions when preparing our condensed financial statements in accordance with GAAP. The most significant of these estimates and assumptions applies to fair value measurements, which includes derivative instruments. Our actual results may differ from the results reported in our condensed financial statements due to such estimates and assumptions. This includes the reported amounts of assets and liabilities, the reported amounts of income and expense, and the disclosure of contingent assets and liabilities.

Basis of Presentation

The basis of presentation pertaining to our single reportable operating segment and chief operating decision-maker has not changed since we filed our 2024 Form 10-K. The basis of presentation pertaining to the consolidation of our variable interest entities has not changed since we filed our 2024 Form 10-K. The basis of presentation pertaining to our gross versus net presentation of derivative financial instruments also has not changed since we filed our 2024 Form 10-K. Refer to **Note 1 - Background and Basis of Presentation** to the financial statements in our 2024 Form 10-K with respect to our basis of presentation for single reportable operating segment, consolidation of variable interest entities and our gross versus net presentation of financial instruments for further details.

Note 2 – Summary of Significant Accounting Policies

Our significant accounting policies adopted through December 31, 2024, can be found in **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2024 Form 10-K.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 3 – Recently Adopted and Issued Accounting Guidance

The Bank adopted Accounting Standards Update No. 2023-07 *Improvements to Reportable Segment Disclosures* in the fourth quarter of 2024 and for interim and annual periods thereafter.

Newly Issued Accounting Guidance Yet To Be Adopted

During September 2025, the FASB issued Accounting Standards Update (ASU) No. 2025-06 *Intangibles - Goodwill and Other - Internal-Use Software - Targeted Improvements to the Accounting for Internal-Use Software*. The ASU is effective for the Bank starting on January 1, 2028 and for interim and annual periods thereafter. Early adoption is permitted. The Bank may apply any of three transition approaches: prospective, modified or retrospective. Management is evaluating the ASU and does not expect significant impacts to the Bank's financial statements as a result of implementation.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 4 – Interest Income and Interest Expense

The following table presents interest income and interest expense for the periods indicated.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest income -				
Trading	\$ 36	\$ 31	\$ 99	\$ 65
Available-for-sale	364	403	1,055	1,147
Held-to-maturity	19	19	53	53
Investment debt securities	419	453	1,207	1,265
Advances interest income	880	982	2,517	2,998
Advances prepayment fees, net	1	—	1	—
Advances	881	982	2,518	2,998
MPF Loans held in portfolio	151	127	435	349
Federal funds sold	96	79	270	247
Securities purchased under agreements to resell	82	101	205	308
Interest-bearing deposits	34	49	106	155
Other	—	1	2	3
Interest income	1,663	1,792	4,743	5,325
Interest expense -				
Consolidated obligations -				
Discount notes	631	579	1,562	1,611
Bonds	778	958	2,427	2,945
Other	13	15	40	46
Interest expense	1,422	1,552	4,029	4,602
Net interest income	\$ 241	\$ 240	\$ 714	\$ 723



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 5 – Investment Debt Securities

We classify investment debt securities as either trading, held-to-maturity (HTM), or available-for-sale (AFS). Our security disclosures within these classifications are disaggregated by major security types as shown below. Our major security types are based on the nature and risks of the security:

- U.S. Government & other government related - may consist of the sovereign debt of the United States; debt issued by GSEs; debt issued by the Tennessee Valley Authority; and securities guaranteed by the Small Business Administration (SBA).
- Federal Family Education Loan Program - asset-backed-securities (FFELP ABS).
- GSE mortgage-backed securities (MBS) - issued by Fannie Mae and Freddie Mac.
- Government guaranteed MBS.
- State or local housing agency obligations.

We have no allowance for credit losses on our investment debt securities and we have elected to exclude accrued interest receivable from the amortized cost in the following AFS and HTM tables. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

Pledged Collateral

We disclose the amount of investment debt securities pledged as collateral pertaining to our derivatives activity on our **Condensed Statements of Condition**. See **Note 9 - Derivatives and Hedging Activities** for further details.

Trading Debt Securities

The following table presents our trading debt securities by major security type at fair value.

As of	September 30, 2025	December 31, 2024
U.S. Government & other government related	\$ 4,732	\$ 3,238
MBS		
GSE	2	2
Trading debt securities	\$ 4,734	\$ 3,240

The following table presents our gains and losses on trading debt securities recorded in Trading securities on our **Condensed Statements of Income**.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net unrealized gains (losses) on securities held at period end	\$ 12	\$ 63	\$ 42	\$ 52
Net realized gains (losses) on securities sold/matured during the period	(1)	1	6	17
Net gains (losses) on trading debt securities	\$ 11	\$ 64	\$ 48	\$ 69



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Available-for-Sale Debt Securities (AFS)

The following table presents the amortized cost and fair value of our AFS debt securities.

	Amortized Cost Basis ^a	Gross Unrealized Gains in AOCI	Gross Unrealized (Losses) in AOCI	Net Carrying Amount and Fair Value
As of September 30, 2025				
U.S. Government & other government related	\$ 3,039	\$ 16	\$ (80)	\$ 2,975
State or local housing agency	5	—	—	5
FFELP ABS	1,233	33	(2)	1,264
MBS				
GSE	22,769	153	(79)	22,843
Government guaranteed	684	1	(1)	684
Available-for-sale debt securities	\$ 27,730	\$ 203	\$ (162)	\$ 27,771
 As of December 31, 2024				
U.S. Government & other government related	\$ 2,736	\$ 4	\$ (129)	\$ 2,611
State or local housing agency	5	—	—	5
FFELP ABS	1,510	45	(2)	1,553
MBS				
GSE	20,360	137	(88)	20,409
Government guaranteed	76	—	—	76
Available-for-sale debt securities	\$ 24,687	\$ 186	\$ (219)	\$ 24,654

^a Includes adjustments made to the cost basis of an investment for accretion, amortization, and fair value hedge accounting adjustments.

We had no sales of AFS debt securities for the periods presented. Any gains or losses are determined on a specific identification basis.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Held-to-Maturity Debt Securities (HTM)

The following table presents the amortized cost, carrying amount, and fair value of our HTM debt securities.

	Amortized Cost and Net Carrying Amount	^a Gross Unrecognized Holding Gains	Gross Unrecognized Holding (Losses)	Fair Value
As of September 30, 2025				
U.S. Government & other government related	\$ 512	\$ 4	\$ (3)	\$ 513
MBS				
GSE	99	2	—	101
Government guaranteed	4	—	—	4
Other	4	—	—	4
Held-to-maturity debt securities	<u>\$ 619</u>	<u>\$ 6</u>	<u>\$ (3)</u>	<u>\$ 622</u>
As of December 31, 2024				
U.S. Government & other government related	\$ 1,538	\$ 2	\$ (7)	\$ 1,533
MBS				
GSE	115	1	—	116
Government guaranteed	8	—	—	8
Other	5	—	—	5
Held-to-maturity debt securities	<u>\$ 1,666</u>	<u>\$ 3</u>	<u>\$ (7)</u>	<u>\$ 1,662</u>

^a Includes adjustments made to the cost basis of an investment for accretion, and/or amortization.

We had no sales of HTM debt securities for the periods presented. Any gains or losses are determined on a specific identification basis.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Contractual Maturity

The maturity of our AFS and HTM debt securities is detailed in the following table. MBS and FFELP ABS are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost Basis	Net Carrying Amount and Fair Value	Amortized Cost and Net Carrying Amount	Fair Value
As of September 30, 2025				
Other debt securities				
Due in one year or less	\$ —	\$ —	\$ 267	\$ 267
Due after one year through five years	1,298	1,289	48	48
Due after five years through ten years	378	381	167	167
Due after ten years	1,368	1,310	30	31
MBS and FFELP ABS	24,686	24,791	107	109
Total debt securities	\$ 27,730	\$ 27,771	\$ 619	\$ 622
 As of December 31, 2024				
Other debt securities				
Due in one year or less	\$ 491	\$ 490	\$ 1,362	\$ 1,363
Due after one year through five years	630	628	35	34
Due after five years through ten years	493	471	141	136
Due after ten years	1,127	1,027	—	—
MBS and FFELP ABS	21,946	22,038	128	129
Total debt securities	\$ 24,687	\$ 24,654	\$ 1,666	\$ 1,662


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
AFS Securities in a Continuous Unrealized Loss Position

The following table presents unrealized losses on our AFS portfolio for periods less than 12 months and for 12 months or more. These losses are considered temporary as we expect to recover the entire amortized cost basis and neither intend to sell these securities nor consider it more likely than not that we will be required to sell these securities before the anticipated recovery of each security's remaining amortized cost basis. In the tables below, in cases where the gross unrealized losses for an investment category are less than \$1 million, the losses are not reported.

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
Available-for-sale debt securities						
As of September 30, 2025						
U.S. Government & other government related	\$ 146	\$ (1)	\$ 788	\$ (79)	\$ 934	\$ (80)
State or local housing agency	—	—	5	—	5	—
FFELP ABS	—	—	243	(2)	243	(2)
MBS						
GSE	840	(2)	6,479	(77)	7,319	(79)
Government guaranteed	524	(1)	2	—	526	(1)
Available-for-sale debt securities	\$ 1,510	\$ (4)	\$ 7,517	\$ (158)	\$ 9,027	\$ (162)
As of December 31, 2024						
U.S. Government & other government related	\$ 625	\$ (12)	\$ 1,291	\$ (117)	\$ 1,916	\$ (129)
State or local housing agency	—	—	5	—	5	—
FFELP ABS	—	—	258	(2)	258	(2)
MBS						
GSE	2,544	(9)	4,565	(79)	7,109	(88)
Government guaranteed	49	—	3	—	52	—
Available-for-sale debt securities	\$ 3,218	\$ (21)	\$ 6,122	\$ (198)	\$ 9,340	\$ (219)

Credit Loss Analysis

We recognized no credit losses on HTM or AFS debt securities for the periods presented.


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Note 6 – Advances

We offer a wide range of fixed and variable-rate advance products with different maturities, interest rates, payment characteristics and options.

We have no allowance for credit losses on our advances and we have elected to exclude accrued interest receivable from the amortized cost in the following tables. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

The following table presents our advances by terms of contractual maturity and the related weighted average contractual interest rate. For amortizing advances, contractual maturity is determined based on the advance's amortization schedule. Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay advances with or without penalties.

As of	September 30, 2025		December 31, 2024	
	Par Value Amount	Weighted Average Contractual Interest Rate	Par Value Amount	Weighted Average Contractual Interest Rate
Due in one year or less	\$ 34,074	4.19 %	\$ 24,129	4.22 %
One to two years	6,571	3.50 %	10,864	3.90 %
Two to three years	5,113	3.81 %	5,602	3.94 %
Three to four years	3,919	3.21 %	3,907	3.29 %
Four to five years	3,887	3.62 %	3,521	3.74 %
Five to fifteen years	7,002	3.39 %	7,927	3.37 %
More than fifteen years	602	5.21 %	504	5.13 %
Total	\$ 61,168	3.91 %	\$ 56,454	3.92 %

The following table reconciles the par value of our advances to the carrying amount on our **Condensed Statements of Condition** as of the dates indicated.

As of	September 30, 2025	December 31, 2024
Par value	\$ 61,168	\$ 56,454
Fair value hedging adjustments	(122)	(550)
Other adjustments	(63)	(57)
Advances	\$ 60,983	\$ 55,847

The following advance borrower exceeded 10% of our advances outstanding.

As of September 30, 2025	Par Value	% of Total Outstanding
The Northern Trust Company	\$ 8,500	13.9 %



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 7 – MPF Loans Held in Portfolio

We acquire MPF Loans from PFIs to hold in our portfolio. MPF Loans that are held in portfolio are fixed-rate conventional and Government Loans secured by one-to-four family residential properties with maturities ranging from 5 years to 30 years.

The following table presents information on MPF Loans held in portfolio by contractual maturity at the time of purchase. We have an allowance for credit losses on our MPF Loans and we have elected to exclude accrued interest receivable from the amortized cost in the following tables. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

As of	September 30, 2025	December 31, 2024
Medium term (15 years or less)	\$ 1,350	\$ 1,395
Long term (greater than 15 years)	12,841	11,766
Unpaid principal balance	14,191	13,161
Net premiums, credit enhancement, and/or deferred loan fees	198	186
Fair value hedging and delivery commitment basis adjustments	(13)	(22)
MPF Loans held in portfolio, before allowance for credit losses	14,376	13,325
Allowance for credit losses on MPF Loans	(4)	(5)
MPF Loans held in portfolio, net	\$ 14,372	\$ 13,320
Conventional mortgage loans	\$ 13,207	\$ 12,319
Government Loans	984	842
Unpaid principal balance	\$ 14,191	\$ 13,161

The above table excludes MPF Loans acquired under the MPF Xtra® and MPF Government MBS products. See **Note 2 - Summary of Significant Accounting Policies** in our 2024 Form 10-K for information related to the accounting treatment of these off-balance sheet MPF Loan products.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 8 – Allowance for Credit Losses

See **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2024 Form 10-K for further details regarding our accounting policies pertaining to allowances for credit losses.

Our allowances for credit losses are immaterial due to the nature of our credit enhancements, collateral support, and/or the creditworthiness of our counterparties. See **Note 8 - Allowance for Credit Losses** to the financial statements in our 2024 Form 10-K for more information.

Allowance for Credit Losses on MPF Loans

The following table presents the activity in our allowance for credit losses on MPF Loans.

For the periods ending	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Allowance for MPF credit losses beginning balance	\$ 4	\$ 5	\$ 5	\$ 5
MPF credit losses charged-off	(1)	—	(2)	(1)
Provision for (reversal of) MPF for credit losses	1	—	1	1
Allowance for MPF credit losses ending balance	<u>\$ 4</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 5</u>

Allowance for Credit Losses on Community First® Fund (the Fund)

As of September 30, 2025 we had \$56 million in Fund loans outstanding and at December 31, 2024 we had \$51 million in Fund loans outstanding, recorded in Other assets in our **Condensed Statements of Condition**.

As of September 30, 2025, all Fund loans were current.

The following table details our allowance for credit losses on Fund loans.

For the periods ending	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Allowance for Fund loan credit losses beginning balance	\$ 9	\$ 8	\$ 8	\$ 7
Provision for (reversal of) Fund loan for credit losses	—	—	1	1
Allowance for Fund loan credit losses ending balance	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 8</u>


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following tables summarize our conventional MPF Loans by our key credit quality indicators.

As of	September 30, 2025						December 31, 2024					
	Conventional MPF Amortized Cost by Origination Year						Conventional MPF Amortized Cost by Origination Year					
	2021 to 2025		Prior to 2021		Total		2020 to 2024		Prior to 2020		Total	
Past due 30-59 days	\$ 38		\$ 34	\$ 72			\$ 42		\$ 37		\$ 79	
Past due 60-89 days	7		10	17			7		11		18	
Past due 90 days or more	16		18	34			12		19		31	
Past due	61		62	123			61		67		128	
Current	9,271		3,988	13,259			10,210		2,137		12,347	
Total outstanding	\$ 9,332		\$ 4,050	\$ 13,382			\$ 10,271		\$ 2,204		\$ 12,475	

As of	September 30, 2025						December 31, 2024					
	Amortized Cost						Amortized Cost					
	Conventional		Government		Total		Conventional		Government		Total	
In process of foreclosure	\$ 17		\$ 7	\$ 24			\$ 12		\$ 4		\$ 16	
Serious delinquency rate	0.27 %		1.93 %	0.39 %			0.27 %		1.42 %		0.34 %	
Past due 90 days or more and still accruing interest	\$ 4		\$ 18	\$ 22			\$ 5		\$ 11		\$ 16	
Loans on nonaccrual status	40		—	40			33		—		33	
Loans on nonaccrual status with no allowance for credit losses	23		—	23			18		—		18	

Accrued interest receivable

We present accrued interest receivable separately for loans and AFS/HTM debt securities. We do not measure an allowance for credit losses on loan related accrued interest receivables as we reverse accrued interest on a monthly basis when the loan is placed on nonaccrual status.

The following table summarizes our accrued interest receivable by portfolio segment.

Financial instrument type	September 30, 2025	December 31, 2024
MPF Loans held in portfolio	\$ 97	\$ 85
HTM securities	3	13
AFS securities	105	101
Interest-bearing deposits	8	8
Federal funds sold	1	1
Securities purchased under agreements to resell	2	3
Advances	175	166
Accrued interest receivable	\$ 391	\$ 377



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 9 – Derivatives and Hedging Activities

Refer to **Note 2 - Summary of Significant Accounting Policies** in our 2024 Form 10-K for our accounting policies for derivatives.

We transact most of our derivatives with large banks and major broker-dealers. Some of these banks and broker-dealers or their affiliates buy, sell, and distribute consolidated obligations. We are not a derivatives dealer and do not trade derivatives for speculative purposes. We enter into derivative transactions through either of the following:

- A bilateral agreement with an individual counterparty for over-the-counter derivative transactions.
- Clearinghouses classified as Derivatives Clearing Organizations (DCOs) through Futures Commission Merchants (FCMs), which are clearing members of the DCOs, for cleared derivative transactions.

Managing Interest Rate Risk

We use fair value hedges to manage our exposure to changes in the fair value of (1) a recognized asset or liability or (2) an unrecognized firm commitment, attributable to changes in a benchmark interest rate, such as the Secured Overnight Financing Rate (SOFR). We use the cash flow hedge strategy to hedge, on a "rolling" basis, our exposure to the variability in the net proceeds received from forecasted zero-coupon discount notes and the variability of cash flows associated with periodic SOFR-indexed bond issuances attributable to changes in the benchmark interest rate, by entering into interest rate swaps to mitigate such risks.

We may elect the fair value option for financial instruments, such as advances, MPF Loans held for sale, and consolidated obligation discount notes and bonds, in cases where hedge accounting treatment may not be achieved due to the inability to meet the hedge effectiveness testing criteria, or in certain cases where we wish to mitigate the risk associated with selecting the fair value option for other instruments. We may also use economic hedges to hedge securities in our trading portfolio, when hedge accounting is not permitted or hedge effectiveness is not achievable.

Managing Credit Risk on Derivative Agreements

Over-the-counter (bilateral) Derivative Transactions: We are subject to credit risk due to the risk of nonperformance by counterparties to our derivative agreements. For bilateral derivative agreements, the degree of counterparty risk depends on the negotiated provisions of such agreements to mitigate such risk, including, for example, terms related to master netting arrangements, collateral requirements and other credit enhancements. We manage counterparty credit risk through credit analysis, collateral requirements and adherence to the requirements set forth in our policies and FHFA regulations. We require collateral agreements on all over-the-counter derivatives.

As of September 30, 2025, based on credit analyses and collateral requirements, we have not recorded a credit loss on our over-the-counter derivative agreements. See **Note 15 - Fair Value** to the financial statements in our 2024 Form 10-K for discussion regarding our fair value methodology for over-the-counter derivative assets and liabilities, including an evaluation of the potential for the fair value of these instruments to be affected by counterparty credit risk.

We must exchange variation margin and, for transactions executed on or after September 1, 2022, two-way initial margin, with certain of our bilateral derivative transaction counterparties. Variation margin is exchanged daily based on the marked-to-market value of the underlying transactions, and is fully collateralized with a zero unsecured threshold. Initial margin is calculated daily based on the potential future exposure of the underlying transactions, and is collateralized when our aggregate bilateral derivative transaction exposure with a counterparty exceeds a specified threshold. Unlike variation margin, which is exchanged directly between counterparties, initial margin is held with a third-party custodian and does not change ownership. The party whose custodian is holding posted collateral (the pledgor) grants a security interest in the posted collateral to its counterparty and such counterparty, as the secured party, can only take ownership of the posted collateral upon the occurrence of certain events, including bankruptcy of the pledgor. As of September 30, 2025, we pledged no investment securities (that can be sold or repledged by a counterparty) for variation margin on our bilateral derivative transactions, and we did not pledge or receive initial margin with our bilateral derivative counterparties.

Cleared Derivative Transactions: Cleared derivative transactions are subject to variation and initial margin requirements established by the DCO and its clearing members. Variation margin payments are characterized as settlement of a derivative's mark-to-market exposure and not as collateral against the derivative's mark-to-market exposure. See **Note 1 - Background and**


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Basis of Presentation and Note 2 - Summary of Significant Accounting Policies to the financial statements in our 2024 Form 10-K for further discussion. We post our initial margin collateral payments and make variation margin settlement payments through our FCMs, on behalf of the DCO, which could expose us to institutional credit risk in the event that the FCMs or the DCO fail to meet their obligations. Clearing derivatives through a DCO mitigates counterparty credit risk exposure because the DCO is substituted for individual counterparties and variation margin settlement payments are made daily through the FCMs for changes in the value of cleared derivatives. The DCO determines initial margin requirements for cleared derivatives. We pledged \$827 million of investment securities (that can be sold or repledged) as part of our initial margin related to cleared derivative transactions at September 30, 2025. Additionally, an FCM may require additional initial margin to be posted based on credit considerations, including but not limited to, if our credit rating downgrades. We had no requirement to post additional initial margin by our FCMs at September 30, 2025.

The following table presents details on the notional amounts, and cleared and bilateral derivative assets and liabilities on our **Condensed Statements of Condition**. The netting adjustment amount includes cash collateral (either received or paid by us) and related accrued interest in cases where we have a legal right, by contract (e.g., master netting agreement) or otherwise, to offset cash flow obligations between us and our counterparty into a single net payable or receivable.

As of	September 30, 2025			December 31, 2024		
	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
Derivatives in hedge accounting relationships-						
Interest rate contracts	\$ 112,571	\$ 771	\$ 876	\$ 108,746	\$ 983	\$ 1,409
Derivatives not in hedge accounting relationships-						
Interest rate contracts	31,835	7	5	13,744	100	12
Mortgage delivery commitments	273	1	—	115	—	—
Other	114	—	1	86	1	—
Derivatives not in hedge accounting relationships	32,222	8	6	13,945	101	12
Gross derivatives amount before netting adjustments and cash collateral						
	\$ 144,793	779	882	\$ 122,691	1,084	1,421
Netting adjustments and cash collateral	(767)	(851)	—	(1,066)	(1,394)	—
Derivatives on Condensed Statements of Condition						
	\$ 12	\$ 31	—	\$ 18	\$ 27	—
	Cash Collateral			Cash Collateral		
Cash collateral posted and related accrued interest	\$ 444	—	—	\$ 826	—	—
Cash collateral received and related accrued interest	361	—	—	498	—	—

The following table presents the noninterest income (loss) - derivatives and economic hedging activities as presented in the **Condensed Statements of Income**.

For the periods ending	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Economic hedges -				
Interest rate contracts	\$ 7	\$ (71)	\$ (18)	\$ (51)
Mortgage delivery commitments	2	3	8	(1)
Other	—	(3)	(2)	(1)
Economic hedges	9	(71)	(12)	(53)
Variation margin on derivatives	—	1	1	—
Noninterest income (loss) - Derivatives and hedging activities	\$ 9	\$ (70)	\$ (11)	\$ (53)


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following tables present details regarding the offsetting of our cleared and bilateral derivatives on our **Condensed**

Statements of Condition. The netting adjustment amount includes cash collateral (either received or paid by us) and related accrued interest in cases where, as applicable, we have a legal right, by contract (e.g., master netting agreement) or otherwise, to offset cash flow obligations between us and our counterparty into a single net payable or receivable.

	Derivative Assets					
	As of September 30, 2025			As of December 31, 2024		
	Bilateral	Cleared	Total	Bilateral	Cleared	Total
Derivatives with legal right of offset -						
Gross recognized amount	\$ 758	\$ 20	\$ 778	\$ 1,032	\$ 52	\$ 1,084
Netting adjustments and cash collateral	(747)	(20)	(767)	(1,018)	(48)	(1,066)
Derivatives without legal right of offset	1	—	1	—	—	—
Derivatives on Condensed Statements of Condition	12	—	12	14	4	18
Net amount	\$ 12	\$ —	\$ 12	\$ 14	\$ 4	\$ 18
Derivative Liabilities						
As of September 30, 2025			As of December 31, 2024			
Bilateral	Cleared	Total	Bilateral	Cleared	Total	
Derivatives with legal right of offset -						
Gross recognized amount	\$ 840	\$ 42	\$ 882	\$ 1,373	\$ 48	\$ 1,421
Netting adjustments and cash collateral	(830)	(21)	(851)	(1,346)	(48)	(1,394)
Derivatives without legal right of offset	—	—	—	—	—	—
Derivatives on Condensed Statements of Condition	10	21	31	27	—	27
Less:						
Noncash collateral received or pledged and can be sold or repledged	—	21	21	—	—	—
Net amount	\$ 10	\$ —	\$ 10	\$ 27	\$ —	\$ 27

At September 30, 2025 and December 31, 2024, we had \$806 million and \$805 million of additional credit exposure due to pledging of noncash collateral to our counterparties, which exceeded our net derivative position for combined cleared and bilateral derivatives. Separately, as of September 30, 2025 and December 31, 2024, we did not pledge or receive initial margin with our bilateral derivative counterparties.


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Fair Value Hedges

The following table presents our fair value hedging results by the type of hedged item. We had no net gain or loss on hedged firm commitments that no longer qualified as a fair value hedge. Changes in the fair value of the derivative and the hedged item attributable to the hedged risk for designated fair value hedges are recorded in net interest income in the same line as the earnings effect of the hedged item. Gains (losses) on derivatives include unrealized changes in fair value, as well as net interest settlements. The line for Other relates to discontinued closed fair value hedges on MPF Loans held for portfolio that are being amortized over the remaining life of the loans. As of September 30, 2025 we did not have any active fair value hedges on our MPF Loans.

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income
Available-for-sale debt securities	\$ (3)	\$ 99	\$ 96	\$ (762)	\$ 918	\$ 156
Advances	56	39	95	(516)	705	189
Consolidated obligation bonds	(4)	(164)	(168)	599	(943)	(344)
Other	—	—	—	—	1	1
Total	\$ 49	\$ (26)	\$ 23	\$ (679)	\$ 681	\$ 2

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income
Available-for-sale debt securities	\$ (547)	\$ 837	\$ 290	\$ 31	\$ 408	\$ 439
Advances	(139)	428	289	138	439	577
Consolidated obligation bonds	217	(716)	(499)	(172)	(908)	(1,080)
Other	—	1	1	—	2	2
Total	\$ (469)	\$ 550	\$ 81	\$ (3)	\$ (59)	\$ (62)

The following table presents the cumulative basis adjustments on hedged items designated as fair value hedges and the related amortized cost of the hedged items.

As of September 30, 2025	Amortized cost of hedged asset/liability	Basis adjustments active hedges included in amortized cost	Basis adjustments discontinued hedges included in amortized cost	Total amount of fair value hedging basis adjustments
Available-for-sale securities	\$ 23,651	\$ (1,101)	\$ 112	\$ (989)
Advances	32,583	(122)	—	(122)
Consolidated obligation bonds	52,698	(669)	(9)	(678)
Other	126	—	2	2

As of December 31, 2024	Amortized cost of hedged asset/liability	Basis adjustments active hedges included in amortized cost	Basis adjustments discontinued hedges included in amortized cost	Total amount of fair value hedging basis adjustments
Available-for-sale securities	\$ 21,195	\$ (1,972)	\$ 146	\$ (1,826)
Advances	33,947	(549)	—	(549)
Consolidated obligation bonds	47,670	(1,384)	(10)	(1,394)
Other	148	—	2	2



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Cash Flow Hedges

For cash flow hedges, the entire change in the fair value of the hedging instrument is recorded in accumulated other comprehensive income (loss) (AOCI) and reclassified into earnings (net interest income) as the hedged item affects earnings. Hedge effectiveness testing is performed to determine whether the hedge qualifies for hedge accounting.

We are exposed to the variability in the net proceeds received from forecasted zero-coupon discount notes, and the variability of cash flows associated with periodic SOFR-indexed bond issuances, which is attributable to changes in the benchmark interest rate. As a result, we enter into cash flow hedge relationships on a "rolling" basis utilizing interest rate swaps to mitigate such risks. The maximum length of time over which we are hedging this exposure is 15 years. We reclassify amounts in AOCI into our **Condensed Statements of Income** in the same periods during which the hedged forecasted transaction affects our earnings. We had no discontinued cash flow hedges for the periods presented. There were no deferred net gains (losses) on derivative instruments in AOCI that are expected to be reclassified to earnings during the next 12 months as of September 30, 2025.

The following table presents our cash flow hedging results by type of hedged item. Additionally, the table indicates where cash flow hedging results are classified in our **Condensed Statements of Income**. In this regard, the **Amount Reclassified from AOCI into Net Interest Income** column below includes the following:

- The amortization of closed cash flow hedging adjustments, which are reclassified from AOCI into the interest income/expense line item of the respective hedged item type.
- The effect of net interest settlements attributable to open derivative hedging instruments, which are initially recorded in AOCI and are reclassified to the interest income/expense line item of the respective hedged item type.

	Three months ended September 30, 2025		Three months ended September 30, 2024	
	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income
Discount notes	\$ —	\$ 5	\$ (14)	\$ 10
Bonds	—	1	(12)	2
Total	\$ —	\$ 6	\$ (26)	\$ 12

	Nine months ended September 30, 2025		Nine months ended September 30, 2024	
	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income
Discount notes	\$ (8)	\$ 15	\$ 9	\$ 31
Bonds	(20)	4	(11)	3
Total	\$ (28)	\$ 19	\$ (2)	\$ 34



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 10 – Consolidated Obligations

The FHLBs issue consolidated obligations through the Office of Finance as their agent. Consolidated obligations consist of discount notes and consolidated obligation bonds. Consolidated obligation discount notes are issued to raise short-term funds, are issued at less than their face amount and redeemed at par value when they mature. The maturity of consolidated obligation bonds may range from less than one year to over 20 years, but they are not subject to any statutory or regulatory limits on maturity.

The following table presents our consolidated obligation discount notes for which we are the primary obligor. All are due in one year or less.

As of	September 30, 2025	December 31, 2024
Consolidated obligation discount notes - carrying amount	\$ 53,339	\$ 36,739
Consolidated obligation discount notes - principal amount	53,697	36,921
Weighted Average Interest Rate	4.10 %	4.41 %

The following table presents the remaining life of our consolidated obligation bonds by contractual maturity and the related weighted average interest rate, for which we are the primary obligor, including callable bonds that are redeemable in whole, or in part, at our discretion on predetermined call dates.

As of September 30, 2025	Contractual Maturity	Weighted Average Interest Rate	By Maturity or Next Call Date
Due in one year or less	\$ 33,305	3.26 %	\$ 59,505
One to two years	17,187	3.08 %	11,177
Two to three years	5,191	3.47 %	3,287
Three to four years	4,424	3.73 %	527
Four to five years	3,080	4.14 %	346
Thereafter	12,270	3.58 %	615
Total par value	\$ 75,457	3.35 %	\$ 75,457

The following table presents consolidated obligation bonds, for which we are the primary obligor, outstanding by call feature.

As of	September 30, 2025	December 31, 2024
Noncallable	\$ 26,071	\$ 32,933
Callable	49,386	50,237
Par value	75,457	83,170
Fair value hedging adjustments	(678)	(1,394)
Other adjustments	(10)	83
Consolidated obligation bonds	\$ 74,769	\$ 81,859

The following table summarizes the consolidated obligations of the FHLBs and those for which we are the primary obligor. We did not accrue a liability for our joint and several liability related to the other FHLBs' share of the consolidated obligations as of September 30, 2025, and December 31, 2024. Refer to **Note 16 - Commitments and Contingencies** in our 2024 Form 10-K for further details.

Par value as of	September 30, 2025			December 31, 2024		
	Bonds	Discount Notes	Total	Bonds	Discount Notes	Total
FHLB System total consolidated obligations	\$800,140	\$383,939	\$1,184,079	\$863,788	\$329,180	\$1,192,968
FHLB Chicago as primary obligor	75,457	53,697	129,154	83,170	36,921	120,091
As a percent of the FHLB System	9 %	14 %	11 %	10 %	11 %	10 %



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 11 – Capital and Mandatorily Redeemable Capital Stock (MRCS)

Under our Capital Plan our stock consists of two sub-classes of stock, Class B1 activity stock and Class B2 membership stock (together, Class B stock), both with a par value of \$100 and redeemable on five years' written notice, subject to certain conditions. Under the Capital Plan, each member is required to own capital stock in an amount equal to the greater of a membership stock requirement or an activity stock requirement. All stock that supports a member's activity stock requirement with the Bank is classified as Class B1 activity stock. Any additional amount of stock necessary for the total amount of Class B stock held to equal a member's minimum investment amount will be classified as Class B2 membership stock. Members purchase Class B2 membership stock to satisfy their membership stock requirement with the Bank. Stock held in excess of a member's minimum investment requirement is classified as Class B2 excess capital stock. See **Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2024 Form 10-K for further information on our capital stock and MRCS.

Minimum Capital Requirements

For details on our minimum capital requirements, including how the ratios below were calculated, see **Minimum Capital Requirements in Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2024 Form 10-K. We complied with our minimum regulatory capital requirements as shown below.

As of	September 30, 2025		December 31, 2024	
	Requirement	Actual	Requirement	Actual
Total regulatory capital	\$ 5,588	\$ 9,145	\$ 5,164	\$ 8,582
Total regulatory capital ratio	4.00 %	6.55 %	4.00 %	6.65 %
Leverage capital	\$ 6,985	\$ 13,719	\$ 6,456	\$ 12,873
Leverage capital ratio	5.00 %	9.82 %	5.00 %	9.97 %
Risk-based capital	\$ 1,870	\$ 9,145	\$ 1,845	\$ 8,582

Total regulatory capital and leverage capital includes MRCS but does not include AOCI. Under the FHFA regulation on capital classifications and critical capital levels for the FHLBs, we are adequately capitalized.

Additionally, an FHFA Advisory Bulletin sets forth guidance for each FHLB to maintain a ratio of at least two percent of capital stock to total assets. In accordance with this guidance, the FHFA considers the proportion of capital stock to assets, measured on a daily average basis at month end, when assessing each FHLB's capital management practices.

Capital Concentration

There were no member(s) (including any successor) that had regulatory capital stock exceeding 10% of our total regulatory capital stock outstanding (which includes MRCS) as of September 30, 2025.

Repurchase of Excess Capital Stock

Members may request repurchases of excess stock on any business day. Additionally, on a monthly basis, the Bank repurchases excess capital stock held by each member or former member that exceeds certain limits set by the Bank. All repurchases of excess capital stock, including any future monthly repurchases, will continue until otherwise announced, but remain subject to our regulatory requirements, certain financial and capital thresholds, and prudent business practices.

Dividends

Our ability to pay dividends is subject to the FHLB Act and FHFA regulations. On October 29, 2025 our Board of Directors declared a 9.25% dividend (annualized) for Class B1 activity stock and a 4.30% dividend (annualized) for Class B2 membership stock based on our preliminary financial results for the third quarter of 2025. This dividend totaled \$81 million (recorded as \$80 million dividends on capital stock and \$1 million interest expense on mandatorily redeemable capital stock) and is scheduled for payment on November 14, 2025. Any future dividend payment remains subject to declaration by the Board and will depend on future operating results, our Retained Earnings and Dividend Policy and any other factors the Board determines to be relevant.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 12 – Accumulated Other Comprehensive Income (Loss)

The following table summarizes the gains (losses) in AOCI for the reporting periods indicated.

	Net Unrealized - Available- for-sale Debt Securities	Net Unrealized - Cash Flow Hedges	Post - Retirement Plans	Total in AOCI
Three months ended September 30, 2025				
Beginning balance	\$ (46)	\$ 26	\$ 8	\$ (12)
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	87	—	1	88
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(6)		(6)
Noninterest expense		(1)		(1)
Ending balance	<u><u>\$ 41</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 8</u></u>	<u><u>\$ 69</u></u>
Three months ended September 30, 2024				
Beginning balance	\$ 43	\$ 74	\$ 8	\$ 125
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	(36)	(26)	(1)	(63)
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(12)		(12)
Noninterest expense		(1)		(1)
Ending balance	<u><u>\$ 7</u></u>	<u><u>\$ 36</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 49</u></u>
Nine months ended September 30, 2025				
Beginning balance	\$ (33)	\$ 67	\$ 8	\$ 42
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	74	(28)	2	48
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(19)		(19)
Noninterest expense		(2)		(2)
Ending balance	<u><u>\$ 41</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 8</u></u>	<u><u>\$ 69</u></u>
Nine months ended September 30, 2024				
Beginning balance	\$ (198)	\$ 72	\$ 10	\$ (116)
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	205	(2)	(2)	201
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(34)		(34)
Noninterest expense		(2)		(2)
Ending balance	<u><u>\$ 7</u></u>	<u><u>\$ 36</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 49</u></u>


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 13 – Fair Value

The following table is a summary of the fair value estimates and related levels in the hierarchy. The carrying amounts are per the **Condensed Statements of Condition**. Fair value estimates represent the exit prices that we would receive to sell assets or pay to transfer liabilities in an orderly transaction with market participants at the measurement date. They do not represent an estimate of our overall market value as a going concern, as they do not take into account future business opportunities or profitability of assets and liabilities. We measure instrument-specific credit risk attributable to our consolidated obligations based on our nonperformance risk, which includes the credit risk associated with the joint and several liability of other FHLBs (see **Note 16 - Commitments and Contingencies** in our 2024 Form 10-K). As a result, we did not recognize any instrument-specific credit risk attributable to our consolidated obligations that are carried at fair value. See **Note 2 - Summary of Significant Accounting Policies** in our 2024 Form 10-K for our fair value policies and **Note 15 - Fair Value** in our 2024 Form 10-K for our valuation techniques and significant inputs. See **Note 9 - Derivatives and Hedging Activities** for more information on the Netting and Cash Collateral amounts. The net carrying amount in the below table is net of any allowance for credit losses.

	Net Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Netting & Cash Collateral
September 30, 2025						
Carried at amortized cost						
Cash and due from banks and interest-bearing deposits	\$ 2,841	\$ 2,841	\$ 2,841			
Federal funds sold and securities purchased under agreements to resell	27,695	27,695		\$ 27,695		
Held-to-maturity debt securities	619	622		618	\$ 4	
Advances	60,838	60,989		60,989		
MPF Loans held in portfolio, net	14,360	13,552		13,539	13	
Other assets	391	391		391		
Carried at fair value on a recurring basis						
Trading debt securities	4,734	4,734		4,734		
Available-for-sale debt securities	27,771	27,771		27,771		
Advances	145	145		145		
Derivative assets	12	12		779	\$ (767)	
Other assets	74	74		74		
Carried at fair value on a nonrecurring basis						
MPF Loans held in portfolio, net	12	12			12	
Financial assets	139,492	\$ 138,838	\$ 2,841	\$ 136,735	\$ 29	\$ (767)
Other nonfinancial assets	207					
Assets	\$ 139,699					
Carried at amortized cost						
Deposits	\$ (1,123)	\$ (1,123)		\$ (1,123)		
Consolidated obligation discount notes	(27,759)	(27,759)		(27,759)		
Consolidated obligation bonds	(74,227)	(73,398)		(73,398)		
Mandatorily redeemable capital stock	(32)	(32)	\$ (32)			
Other liabilities	(500)	(500)		(500)		
Carried at fair value on a recurring basis						
Consolidated obligation discount notes	(25,580)	(25,580)		(25,580)		
Consolidated obligation bonds	(542)	(542)		(542)		
Derivative liabilities	(31)	(31)		(882)		\$ 851
Financial liabilities	(129,794)	\$ (128,965)	\$ (32)	\$ (129,784)	\$ —	\$ 851
Other nonfinancial liabilities	(723)					
Liabilities	\$ (130,517)					


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

	<u>Net Carrying Amount</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Netting & Cash Collateral</u>
December 31, 2024						
Carried at amortized cost						
Cash and due from banks and interest-bearing deposits	\$ 2,602	\$ 2,602	\$ 2,602			
Federal funds sold and securities purchased under agreements to resell	27,113	27,113		\$ 27,113		
Held-to-maturity debt securities	1,666	1,662		1,657	\$ 5	
Advances	55,717	55,852		55,852		
MPF Loans held in portfolio, net	13,309	12,112		12,103	9	
Other assets	377	377		377		
Carried at fair value on a recurring basis						
Trading debt securities	3,240	3,240		3,240		
Available-for-sale debt securities	24,654	24,654		24,654		
Advances	130	130		130		
Derivative assets	18	18		1,084	\$ (1,066)	
Other assets	57	57		57		
Carried at fair value on a nonrecurring basis						
MPF Loans held in portfolio, net	11	11			11	
Financial assets	<u>128,894</u>	<u>\$ 127,828</u>	<u>\$ 2,602</u>	<u>\$ 126,267</u>	<u>\$ 25</u>	<u>\$ (1,066)</u>
Other nonfinancial assets	218					
Assets	<u><u>\$ 129,112</u></u>					
Carried at amortized cost						
Deposits	\$ (840)	\$ (840)		\$ (840)		
Consolidated obligation discount notes	(36,739)	(36,738)		(36,738)		
Consolidated obligation bonds	(73,469)	(72,213)		(72,213)		
Mandatorily redeemable capital stock	(4)	(4)	\$ (4)			
Other liabilities	(505)	(505)		(505)		
Carried at fair value on a recurring basis						
Consolidated obligation bonds	(8,390)	(8,390)		(8,390)		
Derivative liabilities	(27)	(27)		(1,421)		\$ 1,394
Financial liabilities	<u>(119,974)</u>	<u>\$ (118,717)</u>	<u>\$ (4)</u>	<u>\$ (120,107)</u>	<u>\$ —</u>	<u>\$ 1,394</u>
Other nonfinancial liabilities	(518)					
Liabilities	<u><u>\$ (120,492)</u></u>					

We had no transfers between levels for the periods shown.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Fair Value Option

We may elect the fair value option for financial instruments, such as advances, MPF Loans held for sale, and consolidated obligation discount notes and bonds, in cases where hedge accounting treatment may not be achieved due to the inability to meet the hedge effectiveness testing criteria, or in certain cases where we wish to mitigate the risk associated with selecting the fair value option for other instruments. Financial instruments for which we elected the fair value option along with their related fair value are shown on our **Condensed Statements of Condition**. Refer to **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2024 Form 10-K for further details.

The following table presents the gains (losses) in fair values of financial assets and liabilities carried at fair value under the fair value option, which are recognized in noninterest income (loss) - instruments held under the fair value option in our **Condensed Statements of Income**.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Advances	\$ 1	\$ 4	\$ 5	\$ 3
Discount notes	(3)	—	(3)	(2)
Bonds	—	8	(3)	7
Other	—	2	—	—
Noninterest income (loss) - Instruments held under the fair value option	\$ (2)	\$ 14	\$ (1)	\$ 8

The following table reflects the difference between the aggregate unpaid principal balance (UPB) outstanding and the aggregate fair value for our long term financial instruments for which the fair value option has been elected. None of the advances were 90 days or more past due and none were on nonaccrual status.

As of	September 30, 2025		December 31, 2024	
	Advances	Consolidated Obligation Bonds	Advances	Consolidated Obligation Bonds
Unpaid principal balance	\$ 150	\$ 540	\$ 140	\$ 8,290
Fair value over (under) UPB	(5)	2	(10)	100
Fair value	\$ 145	\$ 542	\$ 130	\$ 8,390



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 14 – Commitments and Contingencies

The following table shows our commitments outstanding, which represent off-balance sheet obligations.

As of	September 30, 2025			December 31, 2024		
	Expire within one year	Expire after one year	Total	Expire within one year	Expire after one year	Total
Member standby letters of credit	\$ 6,519	\$ 6,897 ^a	\$ 13,416	\$ 6,252	\$ 6,656 ^a	\$ 12,908
MPF delivery commitments	221	—	221	93	—	93
Advance commitments	54	—	54	445	—	445
Housing authority standby bond purchase agreements	157	411	568	134	388	522
Unsettled consolidated obligation discount notes	1,050	—	1,050	—	—	—
Unsettled consolidated obligation bonds	95	—	95	835	—	835
Other	—	—	—	2	—	2
Commitments	\$ 8,096	\$ 7,308	\$ 15,404	\$ 7,761	\$ 7,044	\$ 14,805

^a Contains \$5.5 billion and \$5.9 billion of member standby letters of credit as of September 30, 2025, and December 31, 2024, which were renewable annually.

For a description of the commitments in the table above see **Note 16 - Commitments and Contingencies** to the financial statements in our 2024 Form 10-K.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 15 – Transactions with Related Parties and Other FHLBs

We define related parties as either members whose officers or directors serve on our Board of Directors, or members that control more than 10% of our total voting interests. We did not have any members that controlled more than 10% of our total voting interests for the periods presented in these condensed financial statements.

In the normal course of business, we may extend credit to or enter into other transactions with a related party. These transactions are done at market terms that are no more favorable than the terms of comparable transactions with other members who are not considered related parties.

Members

The following table summarizes material balances we had with our members who are related parties as defined above (including their affiliates) as of the dates presented. The related net income impacts to our **Condensed Statements of Income** were not material.

As of	September 30, 2025	December 31, 2024
Assets - Advances	\$ 280	\$ 580
Liabilities - Deposits	10	7
Equity - Capital Stock	20	31

Other FHLBs

From time to time, we may loan to, or borrow from, other FHLBs. These transactions are done at market terms that are no more favorable than the terms of comparable transactions with other counterparties. These transactions are overnight, maturing the following business day.

In addition, we provide programmatic and operational support in our role as the administrator of the MPF Program on behalf of the other MPF Banks for which we receive a membership and volume-based administration fee.

Material transactions with other FHLBs, if any, are identified on the face of our condensed financial statements.


(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Below are selected financial data for the last five quarters.

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Other selected data at period end					
Member standby letters of credit outstanding	\$ 13,416	\$ 13,983	\$ 11,833	\$ 12,908	\$ 15,549
MPF Loans par value outstanding - FHLB System ^a	75,840	74,418	72,740	72,205	71,308
MPF Loans par value outstanding - FHLB Chicago PFIs ^a	20,909	20,584	20,334	20,243	20,076
Number of members	634	635	643	645	653
Total employees (full and part time)	476	478	472	481	481
Other selected MPF data ^a					
MPF Loans par value amounts funded - FHLB System	\$ 3,481	\$ 3,525	\$ 2,092	\$ 2,867	\$ 3,142
Quarterly number of PFIs funding MPF products - FHLB System	634	610	552	607	608
MPF Loans par value amounts funded - FHLB Chicago PFIs	\$ 914	\$ 794	\$ 530	\$ 797	\$ 1,042
Quarterly number of PFIs funding MPF products - FHLB Chicago	160	162	155	167	170
Selected ratios (rates annualized)					
Total regulatory capital to assets ratio	6.55 %	6.31 %	6.96 %	6.65 %	6.74 %
Market value of equity to book value of equity	102 %	101 %	102 %	101 %	104 %
Primary mission asset ratio ^b	71.2 %	71.6 %	71.2 %	71.4 %	71.6 %
Dividend rate class B1 activity stock-period paid	9.25 %	9.25 %	9.25 %	9.25 %	9.25 %
Dividend rate class B2 membership stock-period paid	4.35 %	4.35 %	4.20 %	4.65 %	5.13 %
Return on average assets	0.52 %	0.44 %	0.49 %	0.47 %	0.40 %
Return on average equity	8.00 %	6.78 %	7.12 %	7.00 %	6.12 %
Average equity to average assets	6.50 %	6.49 %	6.88 %	6.71 %	6.54 %
Net yield on average interest-earning assets	0.68 %	0.70 %	0.74 %	0.75 %	0.75 %
Cash dividends	\$ 79	\$ 71	\$ 72	\$ 71	\$ 71
Dividend payout ratio	42.70 %	47.02 %	45.57 %	46.45 %	54.62 %

^a Includes all MPF products, whether on or off our balance sheet. See **Mortgage Partnership Finance Program** beginning on page 8 in our 2024 Form 10-K for details on our various MPF products.

^b Annual average year to date basis. The FHFA issued an advisory bulletin that provides guidance relating to a primary mission asset ratio by which the FHFA will assess each FHLB's core mission achievement. See **Mission Asset Ratio** on page 5 in our 2024 Form 10-K for more information.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Forward-Looking Information

Statements contained in this report, including statements describing the plans, objectives, projections, estimates, strategies, or future predictions or commitments of the Bank, statements of belief, any projections or guidance on dividends or other financial items, or any statements of assumptions underlying the foregoing, may be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "expects," "could," "plans," "estimates," "may," "should," "will," their negatives, or other variations of these terms. We caution that, by their nature, forward-looking statements involve risks and uncertainties related to our operations and business and regulatory environment, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from those expressed or implied in these forward-looking statements and could affect the extent to which a particular objective, projection, estimate, or prediction is realized. As a result, undue reliance should not be placed on such statements.

These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- political events, including legislative, regulatory, judicial, or other developments that affect us, our members, our counterparties and/or investors in consolidated obligations, including, among other things, changes in perception, guidance, regulation, and/or legislation relating to housing finance, the FHLBs, or GSE reform; changes in the federal executive administration and the Congress; changes in our regulator or changes affecting our regulator and changes in the FHLB Act or applicable regulations or changes in their application; the impact of government shutdowns; and the potential designation of us as a nonbank financial company for supervision by the Federal Reserve;
- general economic and market conditions, including the timing and volume of market activity, recession, prolonged inflation, unemployment rates, housing prices, the condition of the mortgage and housing markets, increased delinquencies and/or loss rates on mortgages, prolonged or delayed foreclosure processes, and the effects on, among other things, mortgage-backed securities; disruptions in the credit and debt markets and their effect on our members, future funding costs, and sources and availability of funds; volatility resulting from the effects of, and changes in, various monetary or fiscal policies and regulations or programs, such as those determined by the Federal Reserve Board and Federal Deposit Insurance Corporation; impacts from various measures to stimulate the economy and help borrowers refinance home mortgages; the impact of the occurrence of a major natural or other disaster, a pandemic or other disruptive event; the impact of climate events; and the impact of trade wars or geopolitical uncertainties or conflicts;
- the loss of or changes in business activities with significant members; changes in the demand by our members for advances, the impact of pricing increases, and the availability of other sources of funding for our members, such as deposits;
- regulatory limits on our investments;
- the impact of new business strategies; our ability to successfully maintain our balance sheet and cost infrastructure at an appropriate composition and size scaled to member demand; our ability to execute our business model, implement business process improvements and scale our size to our members' borrowing needs; the extent to which our members use our advances as part of their core financing rather than just as a back-up source of liquidity; and our ability to implement product enhancements and new products and generate enough volume in new products to cover our costs related to developing such products;
- the extent to which changes in our current capital stock requirements and/or our ability to continue to offer the Reduced Capitalization Advance Program (RCAP) for certain future advance borrowings, our ability to continue to pay enhanced dividends on our activity stock, our ability to maintain current levels of dividends, our ability to meet dividend guidance, and any amendments to our capital plan, impact Bank product usage and activity with members;
- our ability to meet required conditions to repurchase and redeem capital stock from our members (including maintaining compliance with our minimum regulatory capital requirements and determining that our financial condition is sound enough to support such repurchases), the amount and timing of such repurchases or redemptions, any changes in our repurchase processes, and our ability to maintain compliance with regulatory and statutory requirements relating to our dividend payments;
- volatility of market prices, rates, and indices, or other factors, such as natural disasters, that could affect the value of our investments or collateral; changes in the value or liquidity of collateral securing advances to our members;



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

- changes in the value of and risks associated with our investments in mortgage loans, mortgage backed securities and the related credit enhancement protections;
- changes in our ability or intent to hold mortgage backed securities to maturity;
- changes in mortgage interest rates and prepayment speeds on mortgage assets;
- membership changes, including the loss of members through mergers and consolidations or as a consequence of regulatory requirements or otherwise; changes in the financial health of our members, including the resolution of some members; risks related to expanding our membership to include more institutions with regulators and resolution processes with which we have less experience;
- increased reliance on short-term funding and changes in investor demand and capacity for consolidated obligations and/or the terms of interest rate derivatives and similar agreements, including changes in the relative attractiveness of consolidated obligations as compared to other investment opportunities; changes in our cost of funds due to concerns over U.S. fiscal policy, and any related rating agency actions impacting FHLB consolidated obligations;
- regulatory changes to FHLB membership requirements, capital requirements, MPF Program requirements, and liquidity requirements by the FHFA, and increased guidance from the FHFA impacting our balance sheet management, product structures, and collateral practices;
- the ability of each of the other FHLBs to repay the principal and interest on consolidated obligations for which it is the primary obligor and with respect to which we have joint and several liability;
- the pace of technological change and our ability to develop and support technology and information systems, including our ability to protect the security of our information systems and manage any failures, interruptions or breaches in our information systems or operations or technology services, including those provided to us through third party vendors;
- our ability to recruit and retain qualified personnel;
- the impact of new material accounting standards and the application of accounting rules, including the impact of regulatory guidance on our application of such standards and rules;
- the volatility of reported results due to changes in the fair value of certain assets and liabilities;
- our ability to identify, manage, mitigate, and/or remedy internal control weaknesses and other operational risks; and
- the reliability of our projections, assumptions, and models on our future financial performance and condition, including dividend projections.

For a more detailed discussion of the risk factors applicable to us, see **Risk Factors** starting on page 18 in our 2024 Form 10-K.

These forward-looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement as a result of new information, future events, changed circumstances, or any other reason.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Executive Summary

Third Quarter 2025 Financial Highlights

- Advances outstanding increased to \$61.0 billion at September 30, 2025, compared to \$55.8 billion at December 31, 2024, driven by increased borrowings from insurance company and depository members.
- MPF Loans held in portfolio increased to \$14.4 billion at September 30, 2025, compared to \$13.3 billion at December 31, 2024, as new acquisition volume outpaced paydown activity.
- Total investment debt securities increased to \$33.1 billion at September 30, 2025, compared to \$29.6 billion at December 31, 2024, primarily attributable to an increase in investment in GSE mortgage-backed securities and U.S. Treasuries.
- Total liquid assets increased to \$30.5 billion at September 30, 2025, compared to \$29.7 billion at December 31, 2024. We intend to maintain a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.
- Total assets increased to \$139.7 billion as of September 30, 2025, compared to \$129.1 billion as of December 31, 2024, mainly due to increased volume in advances and investment debt securities.
- Letters of credit commitments increased to \$13.4 billion at September 30, 2025, compared to \$12.9 billion at December 31, 2025, attributable to increased usage from members for public unit deposits.
- We recorded net income of \$185 million in the third quarter of 2025, up \$55 million compared to the third quarter of 2024. The increase was primarily driven by the decline in noninterest expense described below.
- In the third quarter of 2025, noninterest income (loss) was \$36 million, up \$16 million compared to the third quarter of 2024, primarily driven by gains on derivatives and hedging activities.
- In the third quarter of 2025, noninterest expense was \$71 million, down \$43 million compared to the third quarter of 2024, primarily driven by changes in the timing and availability, as well as member utilization of our community investment programs in 2025 compared to 2024.
- As of September 30, 2025, we remained in compliance with all our regulatory capital requirements.

Summary and Outlook

Third Quarter 2025 Dividends and Dividend Guidance

On October 29, 2025, the Board of Directors declared a dividend of 9.25% (annualized) for Class B1 activity stock and a dividend of 4.30% (annualized) for Class B2 membership stock based on preliminary financial results for the third quarter of 2025. The dividend for the third quarter of 2025 will be paid by crediting members' accounts on November 14, 2025. The Bank pays a higher dividend per share on activity stock compared to membership stock to recognize members' support of the cooperative through the use of our products. We expect to maintain at least an 8.75% (annualized) dividend for Class B1 activity stock for the fourth quarter of 2025 and the first quarter of 2026, based on current projections and assumptions regarding our financial condition. We are providing this information to assist members in planning their activity with us. Any future dividend payment remains subject to determination and declaration by our Board of Directors and may be impacted by further changes in financial or economic conditions, regulatory and statutory limitations, and any other relevant factors.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Housing and Community Development

Statutory Affordable Housing Program (AHP) Assessments: The Bank commits 10% of its income before assessments to support the affordable housing and community development needs of communities served by its members as required by regulation. As of September 30, 2025, the Bank accrued \$55 million to its AHP pool of funds.

Voluntary Housing and Community Development Contributions: In addition to the Bank's statutory AHP assessments, the Board of Directors may elect to make voluntary contributions to the AHP or other housing and community investment activities to increase funding available to members. Through the third quarter of 2025, the Bank contributed \$14 million toward community investment grants and \$26 million in subsidies supporting its Community Advances and loans.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Critical Accounting Estimates

For a detailed description of our **Critical Accounting Estimates** see page 38 in our 2024 Form 10-K.

There have been no significant changes to our critical accounting estimates subsequent to December 31, 2024.

Results of Operations

Net Interest Income

Net interest income is the difference between the amount we recognize into interest income on our interest-earning assets and the amount we recognize into interest expense on our interest-bearing liabilities. These amounts were determined in accordance with GAAP and were based on the underlying contractual interest rate terms of our interest-earning assets and interest-bearing liabilities as well as the following items:

- Amortization of premiums;
- Accretion of discounts;
- Hedge ineffectiveness, which represents the difference between changes in the fair value of the derivative and the hedged item attributable to the hedged risk, is recognized into either interest income or interest expense, whichever is appropriate. For cash flow hedges, recognition occurs only when amounts are reclassified out of accumulated other comprehensive income (loss). Such recognition occurs when earnings are affected by the hedged item;
- Net interest paid or received on interest rate swaps that are accounted for as fair value or cash flow hedges;
- Amortization of fair value and cash flow closed hedge adjustments;
- Advance and investment prepayment fees; and
- MPF credit enhancement income payments.

The following table presents the increase or decrease in interest income and expense due to volume or rate variances. The calculation of these components includes the following considerations:

- *Average Balance:* Average balances are calculated using daily balances. Amortized cost is used to compute the average balances for most of our financial instruments, including MPF Loans held in portfolio (including those that are on nonaccrual status) and available-for-sale debt securities. Fair value is used to compute average balances for our trading debt securities and financial instruments carried at fair value under the fair value option.
- *Total Interest:* Total interest includes the net interest income components, as discussed above, applicable to our interest-earning assets and interest-bearing liabilities.
- *Yield/Rate:* Effective yields/rates are based on total interest and average balances as defined above. Yields/rates are calculated on an annualized basis. The calculation of the yield on our available-for-sale securities does not give effect to changes in fair value that are reflected as a component of AOCI.
- The change in volume is calculated as the change in average balance multiplied by the current year yield. The change in rate is calculated as the change in yield multiplied by the prior year average balance. Any changes due to the combined volume/rate variance have been allocated to volume.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Increase or decrease in interest income and expense due to volume or rate variance

	September 30, 2025			September 30, 2024			Increase (decrease) due to		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Volume	Rate	Net Change
For the three months ended									
Investment debt securities	\$ 32,909	\$ 419	5.09 %	\$ 29,762	\$ 453	6.09 %	\$ 48	\$ (82)	\$ (34)
Advances	75,099	881	4.69 %	69,293	982	5.67 %	83	(184)	(101)
MPF Loans held in portfolio	14,165	151	4.26 %	12,751	127	3.98 %	14	10	24
Federal funds sold	8,634	96	4.45 %	5,866	79	5.39 %	37	(20)	17
Securities purchased under agreements to resell	7,446	82	4.41 %	7,480	101	5.40 %	(1)	(18)	(19)
Interest-bearing deposits	3,114	34	4.37 %	3,588	49	5.46 %	(7)	(8)	(15)
Other interest-earning assets	77	—	— %	65	1	6.15 %	—	(1)	(1)
Interest-earning assets	141,444	1,663	4.70 %	128,805	1,792	5.57 %	174	(303)	(129)
Noninterest-earning assets	1,699			1,631					
Total assets	\$ 143,143			\$ 130,436					
Consolidated obligation discount notes	58,801	631	4.29 %	43,885	579	5.28 %	198	(146)	52
Consolidated obligation bonds	71,469	778	4.35 %	74,124	958	5.17 %	(33)	(147)	(180)
Deposits and other interest-bearing liabilities	1,212	13	4.29 %	1,118	15	5.37 %	1	(3)	(2)
Interest-bearing liabilities	131,482	1,422	4.33 %	119,127	1,552	5.21 %	166	(296)	(130)
Noninterest-bearing liabilities	2,440			2,779					
Total liabilities	\$ 133,922			\$ 121,906					
Net yield on interest earning assets	\$ 141,444	\$ 241	0.68 %	\$ 128,805	\$ 240	0.75 %	\$ 26	\$ (25)	\$ 1
For the nine months ended									
Investment debt securities	\$ 31,314	\$ 1,207	5.14 %	\$ 27,417	\$ 1,265	6.15 %	\$ 179	\$ (237)	\$ (58)
Advances	72,113	2,518	4.66 %	70,336	2,998	5.68 %	72	(552)	(480)
MPF Loans held in portfolio	13,773	435	4.21 %	12,130	349	3.84 %	48	38	86
Federal funds sold	8,218	270	4.38 %	6,131	247	5.37 %	84	(61)	23
Securities purchased under agreements to resell	6,266	205	4.36 %	7,641	308	5.37 %	(56)	(47)	(103)
Interest-bearing deposits	3,195	106	4.42 %	3,741	155	5.52 %	(23)	(26)	(49)
Other interest-earning assets	69	2	3.86 %	76	3	5.26 %	—	(1)	(1)
Interest-earning assets	134,948	4,743	4.69 %	127,472	5,325	5.57 %	304	(886)	(582)
Noninterest-earning assets	1,642			1,754					
Total assets	\$ 136,590			\$ 129,226					
Consolidated obligation discount notes	48,846	1,562	4.26 %	40,912	1,611	5.25 %	314	(363)	(49)
Consolidated obligation bonds	75,053	2,427	4.31 %	75,757	2,945	5.18 %	(28)	(490)	(518)
Deposits and other interest-bearing liabilities	1,217	40	4.38 %	1,064	46	5.76 %	7	(13)	(6)
Interest-bearing liabilities	125,116	4,029	4.29 %	117,733	4,602	5.21 %	293	(866)	(573)
Noninterest-bearing liabilities	2,463			2,988					
Total liabilities	\$ 127,579			\$ 120,721					
Net yield on interest-earning assets	\$ 134,948	\$ 714	0.71 %	\$ 127,472	\$ 723	0.76 %	\$ 42	\$ (51)	\$ (9)



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following analysis and comparisons apply to the periods presented in the above table unless otherwise indicated.

- Interest income from investment debt securities decreased due to lower overall market interest rates in 2025 compared to 2024, partially offset by increased volume.
- Interest income from advances decreased primarily due to lower overall market interest rates in 2025 compared to 2024.
- Interest income from MPF Loans held in portfolio increased primarily due to new acquisition volume that outpaced paydown activity. Secondarily, the new loans acquired were originated at higher mortgage rates than the loans paid down, increasing the yield earned in 2025 compared to 2024.
- Interest income from overnight federal funds sold increased due to increased volume, despite lower overall market interest rates in 2025 compared to 2024.
- Interest income from securities purchased under agreements to resell for the three months ended September 30, 2025 decreased, primarily due to lower overall market interest rates in 2025 compared to 2024. A decline in volume was the primary driver for the decrease in interest income for the nine months ended September 30, 2025.
- Interest income from interest-bearing deposits decreased primarily due to lower overall market interest rates in 2025 compared to 2024 and a decline in volume.
- Interest expense on our consolidated obligation discount notes increased for the three months ended September 30, 2025, primarily due to increased volume. Lower overall market interest rates in 2025 compared to 2024 were the primary driver for the decrease in interest income for the nine months ended September 30, 2025, despite increased volume.
- Interest expense on our consolidated obligation bonds decreased primarily due to lower overall market interest rates in 2025 compared to 2024.
- For details of the effect our fair value and cash flow hedge activities had on our net interest income see the **Total Net Effect Gain (Loss) of Hedging Activities** table on page 42.

Noninterest Income

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Trading securities	\$ 11	\$ 64	\$ 48	\$ 69
Derivatives and hedging activities	9	(70)	(11)	(53)
Instruments held under the fair value option	(2)	14	(1)	8
MPF fees, \$9, \$7, \$24 and \$21 from other FHLBs	10	9	29	27
Other, net	8	3	12	10
Noninterest income (loss)	\$ 36	\$ 20	\$ 77	\$ 61

The following analysis and comparisons apply to the periods presented in the above table.

Trading Securities, Derivatives and Hedging Activities, and Instruments Held Under the Fair Value Option

Noninterest income (loss) increased for the three months ended September 30, 2025, primarily driven by gains on derivatives and hedging activities. Noninterest income (loss) increased for the nine months ended September 30, 2025 compared to the comparable prior period in 2024, primarily driven by lower losses recognized on derivatives and hedging activities.


(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following table details the effect of hedging transactions recorded in the various line items in our **Condensed Statements of Income**. Hedge ineffectiveness on hedges qualifying for hedge accounting are recorded in net interest income rather than recorded in derivatives, as noted in the table below.

Total Net Effect Gain (Loss) of Hedging Activities

	Advances	Investments	MPF Loans	Discount Notes	Bonds	Other	Total
Three months ended September 30, 2025							
Recorded in net interest income	\$ 95	\$ 96	\$ —	\$ 5	\$ (167)	\$ —	\$ 29
Recorded in derivatives and hedging activities	—	4	2	3	—	—	9
Recorded in trading securities	—	11	—	—	—	—	11
Recorded on instruments held under the fair value option	1	—	—	(3)	—	—	(2)
Total net effect gain (loss) of hedging activities	\$ 96	\$ 111	\$ 2	\$ 5	\$ (167)	\$ —	\$ 47
Three months ended September 30, 2024							
Recorded in net interest income	\$ 189	\$ 156	\$ 1	\$ 9	\$ (342)	\$ 1	\$ 14
Recorded in derivatives and hedging activities	(4)	(51)	(4)	—	(12)	1	(70)
Recorded in trading securities	—	63	—	—	—	—	63
Recorded on instruments held under the fair value option	4	—	2	—	8	—	14
Total net effect gain (loss) of hedging activities	\$ 189	\$ 168	\$ (1)	\$ 9	\$ (346)	\$ 2	\$ 21
Nine months ended September 30, 2025							
Recorded in net interest income	\$ 289	\$ 290	\$ 1	\$ 15	\$ (495)	\$ 1	\$ 101
Recorded in derivatives and hedging activities	(2)	(17)	4	3	—	1	(11)
Recorded in trading securities	—	48	—	—	—	—	48
Recorded on instruments held under the fair value option	5	—	—	(3)	(3)	—	(1)
Total net effect gain (loss) of hedging activities	\$ 292	\$ 321	\$ 5	\$ 15	\$ (498)	\$ 2	\$ 137
Nine months ended September 30, 2024							
Recorded in net interest income	\$ 577	\$ 439	\$ 2	\$ 28	\$ (1,077)	\$ —	\$ (31)
Recorded in derivatives and hedging activities	1	(41)	—	—	(12)	(1)	(53)
Recorded in trading securities	—	69	—	—	—	—	69
Recorded on instruments held under the fair value option	3	—	—	(2)	7	—	8
Total net effect gain (loss) of hedging activities	\$ 581	\$ 467	\$ 2	\$ 26	\$ (1,082)	\$ (1)	\$ (7)

MPF fees (including from other FHLBs)

A majority of MPF fees are from other FHLBs that pay us a fixed membership fee to participate in the MPF Program and a volume-based administration fee for us to provide services related to MPF Loans carried on their balance sheets. MPF fees also include income from other third party off-balance sheet MPF Loan products and other related administration fees. These administration and membership fees are designed to compensate us for the expenses we incur to administer the program. MPF fees earned for the three and nine months ended September 30, 2025 were comparable to the comparable prior periods in 2024.

Other, net

Other, net includes fee income we earn from member standby letters of credit products.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Noninterest Expense

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Compensation and benefits	\$ 32	\$ 32	\$ 98	\$ 96
Nonpayroll operating expenses	26	27	79	77
Voluntary Community Investment contributions	7	49	44	69
Federal Housing Finance Agency and Office of Finance	4	5	14	14
Other, net	2	1	5	3
Noninterest expense	\$ 71	\$ 114	\$ 240	\$ 259

The following analysis and comparisons apply to the periods presented in the above table.

Compensation and benefits for the three and nine months ended September 30, 2025 were comparable to the comparable prior periods in 2024. We had 476 employees as of September 30, 2025, compared to 481 employees as of September 30, 2024.

Nonpayroll operating expenses for the three and nine months ended September 30, 2025 were comparable to the comparable prior periods in 2024.

Voluntary Community Investment contributions for the three and nine months ended September 30, 2025 decreased compared to 2024, primarily driven by changes in the timing and availability, as well as member utilization of our community investment programs in 2025 compared to 2024.

As required by statute, we allocate 10% of net income before assessments to fund affordable housing grants through the AHP General Fund and the Downpayment Plus® (DPP®) Programs (see **Note 11 - Affordable Housing Program** to the financial statements in our 2024 Form 10-K for further details.) We appreciate that additional funds would be beneficial in meeting community needs in affordable housing, as well as business and community development. For 2025, in addition to the 10% statutory allocation, our Board of Directors approved an allocation of 10% of prior year net income before assessments to discretionary funds to support our community needs. We expect to expense these funds throughout the year in our financial statements; however, the Bank's voluntary Community Investment contributions remain subject to many factors, including progress on initiating new programs, the nature of the programs, and utilization by members. For further discussion of risks faced by the Bank, see **Risk Factors** starting on page 18 in our 2024 Form 10-K.

Federal Housing Finance Agency and Office of Finance expenses consist of our share of the funding for the FHFA, our regulator, and the Office of Finance, which manages the consolidated obligation debt issuances of the FHLBs.

As noted in **Noninterest Income** on page 41, we earn MPF fees from the MPF Program, a majority of which are from other FHLBs, but also include income from other third party investors. These fees are designed to compensate us for the expenses we incur to administer the program. Our expenses relating to the MPF fees earned are included in the relevant line items in the noninterest expense table shown above. The following table summarizes MPF related fees and expenses.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
MPF fees earned	\$ 10	\$ 9	\$ 29	\$ 27
Expenses related to MPF fees earned	9	8	25	25

Assessments

We record the AHP assessment expense at a rate of 10% of income before assessments, excluding interest expense on MRCS. See **Note 11 - Affordable Housing Program** to the financial statements in our 2024 Form 10-K for further details.


(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Other Comprehensive Income (Loss)

	Three months ended September 30,		Nine months ended September 30,		Balance remaining in AOCL as of September 30, 2025
	2025	2024	2025	2024	
Net unrealized gain (loss) available-for-sale debt securities	\$ 87	\$ (36)	\$ 74	\$ 205	\$ 41
Net unrealized gain (loss) cash flow hedges	(6)	(38)	(47)	(36)	20
Postretirement plans	—	(2)	—	(4)	8
Other comprehensive income (loss)	\$ 81	\$ (76)	\$ 27	\$ 165	\$ 69

The following analysis and comparisons apply to the periods presented in the above table.

Net unrealized gain (loss) on available-for-sale debt securities

The net unrealized gain on AFS securities for the periods presented in 2025 was primarily driven by tightening swap spreads in 2025. The net unrealized loss on AFS securities for the three months ended September 30, 2024 was primarily driven by spreads to swaps widening. The net unrealized gain on AFS securities for the nine months ended September 30, 2024 was primarily driven by spreads to swaps tightening. As these securities approach maturity, we expect the net unrealized losses in our AOCL as of September 30, 2025 to reverse over the remaining life of these securities (since we expect to receive par value at maturity).

Net unrealized gain (loss) on cash flow hedges

The net unrealized loss on cash flow hedges for 2025 and 2024 was primarily driven by the movement in market interest rates.

Postretirement plans

The loss on postretirement plans for 2024 was primarily due to an actuarial adjustment resulting from a slight decrease in the discount rate used to calculate postretirement benefits.

We did not recognize any instrument-specific credit risk in our **Condensed Statements of Comprehensive Income** as of September 30, 2025 due to our credit standing. For further details on the activity in our Other Comprehensive Income (Loss) see **Note 12 - Accumulated Other Comprehensive Income (Loss)** to the condensed financial statements.


(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)
Statements of Condition

	September 30, 2025	December 31, 2024
Cash and due from banks, interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell	\$ 30,536	\$ 29,715
Investment debt securities	33,124	29,560
Advances	60,983	55,847
MPF Loans held in portfolio, net of allowance for credit losses	14,372	13,320
Other, net of allowance for credit losses	684	670
Assets	\$ 139,699	\$ 129,112
Consolidated obligation discount notes	\$ 53,339	\$ 36,739
Consolidated obligation bonds	74,769	81,859
Other	2,409	1,894
Liabilities	130,517	120,492
Capital stock	3,530	3,267
Retained earnings	5,583	5,311
Accumulated other comprehensive income (loss)	69	42
Capital	9,182	8,620
Total liabilities and capital	\$ 139,699	\$ 129,112

The following is an analysis of the above table and comparisons apply to September 30, 2025 compared to December 31, 2024.

Cash and due from banks, interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell

Amounts held in these typically overnight accounts will vary each day based on the following:

- Interest rate spreads between federal funds sold and securities purchased under agreements to resell and our debt;
- Liquidity requirements;
- Counterparties available; and
- Collateral availability on securities purchased under agreements to resell.

In the third quarter of 2025, we maintained a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.

Investment Debt Securities

Investment debt securities increased at the end of the third quarter of 2025 compared to year-end 2024, primarily attributable to an increase in investment in GSE mortgage-backed securities and U.S. Treasuries.

Advances

Advances increased at the end of the third quarter of 2025 compared to year-end 2024, driven by increased borrowings from insurance company and depository members. Advance balances will vary based primarily on member demand or need for wholesale funding and the underlying cost of the advance to the member. It is possible that member demand for our advances could decline in future periods should their funding needs change, or to the extent they elect alternative funding resources.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

MPF Loans Held in Portfolio, Net of Allowance for Credit Losses

MPF Loans held in portfolio increased at the end of the third quarter of 2025 compared to year-end 2024, as new acquisition volume outpaced paydown activity. In addition to our MPF Loans held in portfolio, we have MPF off-balance sheet products, where we buy and concurrently resell MPF Loans to Fannie Mae or pool and securitize them into Ginnie Mae MBS.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Liquidity, Funding, & Capital Resources

Liquidity

For the period ending September 30, 2025, we maintained a liquidity position in accordance with FHFA regulations and guidance, which may be amended from time to time, and policies established by our Board of Directors. Based upon our excess liquidity position described below, we anticipate remaining in compliance with our current liquidity requirements for the foreseeable future. See **Liquidity, Funding, & Capital Resources** on page 50 in our 2024 Form 10-K for a detailed description of our current liquidity requirements. We use different measures of liquidity as follows:

Overnight Liquidity – Our policy requires us to maintain overnight liquid assets at least equal to 3.5% of total assets (or \$4.9 billion as of September 30, 2025). As of September 30, 2025, our overnight liquidity was \$37.1 billion or 27% of total assets, giving us an excess overnight liquidity of \$32.2 billion.

Deposit Coverage – To support our member deposits, FHFA regulations require us to have an amount equal to the current deposits received from our members invested in obligations of the U.S. Government, deposits in eligible banks or trust companies, or advances with maturities not exceeding five years. As of September 30, 2025, we had excess liquidity of \$60.5 billion to support member deposits.

Liquidity Reserves – As discussed on page 50 in the **Liquidity, Funding, & Capital Resources** section in our 2024 Form 10-K, the FHFA advisory bulletin on FHLB liquidity (the "Liquidity AB") requires that: (i) we hold positive cash flow assuming no access to the capital markets for a period of between ten to thirty calendar days and assuming renewal of all maturing advances, and (ii) we maintain liquidity reserves between one and 20 percent of our outstanding letter of credit commitments.

In an effort to satisfy our current liquidity requirements, we generally maintain increased balances in short-term or liquid investments. In addition, we target a minimum amount of positive cash flow for the next five calendar days at the beginning of each day. Depending on market conditions, the Liquidity AB may require the Bank to hold an additional amount of liquid assets, which could reduce the Bank's ability to invest in higher-yielding assets, and may in turn negatively impact net interest income. To the extent that the Bank adjusts pricing for its short-term advances and letters of credit, these products may become less competitive, which may adversely affect advance and capital stock levels as well as letters of credit levels. For additional discussion of how our liquidity requirements may impact our earnings, see **Risk Factors** on page 18 in our 2024 Form 10-K.

In addition, we fund certain shorter-term or overnight investments and advances with debt that has a maturity that extends beyond the maturities of the related investments or advances. The Liquidity AB provides guidance on maintaining appropriate funding gaps for three-month (-10% to -20%) and one-year (-25% to -35%) maturity horizons. Subject to market conditions, our cost of funding may increase if we are required to achieve the appropriate funding gap by using longer term funding, on which we generally pay higher interest than on our short-term funding.

We are sensitive to maintaining an appropriate liquidity and funding balance between our financial assets and liabilities, and we measure and monitor the risk of refunding such assets as liabilities mature (refunding risk). In measuring the level of assets requiring refunding, we take into account their contractual maturities, as further described in the notes to the condensed financial statements. In addition, we make certain assumptions about their expected cash flows. These assumptions include: calls for assets with such features, projected prepayments and scheduled amortizations for our MPF Loans held in portfolio, MBS and ABS investments.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following table presents the unpaid principal balance of (1) MPF Loans held in portfolio, (2) AFS securities, and (3) HTM securities (including ABS and MBS investments), by expected principal cash flows. The table is illustrative of our assumptions about the expected cash flows of our assets, including prepayments made in advance of maturity.

As of September 30, 2025	MPF Loans		Investment Debt Securities	
	Held in Portfolio	Available-for-Sale	Held-to-Maturity	
Year of Expected Principal Cash Flows				
One year or less	\$ 2,242	\$ 780	\$ 333	
After one year through five years	5,085	11,208	139	
After five years through ten years	3,385	14,254	117	
After ten years	3,479	2,561	31	
Total	\$ 14,191	\$ 28,803	\$ 620	

We consider our liabilities available to fund assets until their contractual maturity. For further discussion of the liquidity risks related to our access to funding, see **Risk Factors** on page 18 in our 2024 Form 10-K.

Funding

For a discussion of our sources of funding, see **Sources of Funding** starting on page 54 in our 2024 Form 10-K.

Conditions in Financial Markets

While there were positive signs for the markets during the third quarter of 2025, uncertainty and concerns about the labor market, inflation, trade policies and geopolitical tensions continued. The Federal Open Market Committee (FOMC) kept the target federal funds rate unchanged at a range of 4.25-4.50% at its July 2025 meeting. However, in line with market expectations, at its meeting in September 2025, the FOMC cut rates for the first time since December 2024, lowering rates to a target range of 4.00%-4.25%. The FOMC further cut rates at its October 2025 meeting, lowering rates to 3.75%-4.0%. The statements accompanying the rate cut decisions expressed the FOMC's concerns about a cooling labor market while inflation remains above target. Additionally, the FOMC decided to stop reducing the Federal Reserve's asset holdings and reinvest principal payments from holding of agency securities into Treasury bills as of December 1, 2025, signaling the end of its quantitative tightening program.

Relative to the prevailing yields at the end of the second quarter 2025, yields for U.S. Treasuries at the end of the third quarter 2025 were lower across the curve. After declining 0.6% in the first quarter of 2025, U.S. Gross Domestic Product (GDP) grew by 3.8% in the second quarter of 2025. According to the Department of Commerce, the increase in GDP in the second quarter primarily reflected a decrease in imports and an increase in consumer spending. The U.S. stock market rose during the third quarter of 2025. The Dow Jones Industrial Average attained a record 46,398 points on September 30, 2025, versus 44,095 points on June 30, 2025.

Expectations of a federal government shutdown persisted throughout the third quarter of 2025, and effective October 1, 2025, the United States government partially shutdown due to a lapse in appropriations. The federal government shutdown has not yet had a significant impact on our business operations, including the FHLBs' ability to issue debt. Should the federal government shutdown persist, any future impacts on the financial markets, the broader economy, or the Bank remain uncertain. For a discussion of related risks, see **Risk Factors** starting on page 18 of the 2024 Form 10-K.

We maintained ready access to funding throughout the third quarter of 2025.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Condensed Statements of Cash Flows
Net cash flows from operating activities

Nine months ended September 30,	2025	2024
Net cash provided by (used in) operating activities	\$ (133)	\$ 352

In 2025, the majority of our operating cash outflows were related to cash paid to clearinghouses to settle mark-to-market positions. In 2024, the majority of our operating cash inflows was related to net income.

Net cash flows from investing activities with significant activity

Nine months ended September 30,	2025	2024
Liquid assets consisting of interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell	\$ (802)	\$ (8,643)
Investment debt securities	(2,385)	(2,570)
Advances	(4,714)	6,368
MPF Loans held in portfolio	(1,065)	(1,641)
Other	(16)	(12)
Net cash provided by (used in) investing activities	\$ (8,982)	\$ (6,498)

Our investing activities consist predominantly of investments in liquid assets, investment debt securities, advances, and MPF Loans held in portfolio. The reasons for the changes in net cash provided by (used in) investing activities and changes in allocation within investing activities are discussed below for the nine months ended September 30, unless otherwise stated.

- The cash flows relating to our liquid assets fluctuate depending on the needs of our members, our investing strategy, the economic environment, and/or regulatory requirements. We maintain a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.
- In 2025 and 2024, our net cash outflows from investment debt securities were primarily attributable to an increase in investment in GSE mortgage-backed securities and U.S. Treasuries.
- In 2025, our net cash outflows from advances were primarily attributable to increased borrowings from insurance company and depository members. In 2024, our net cash inflows for advances were attributable to depository members experiencing lower funding needs on their balance sheets along with reduced loan demand, which resulted in paydowns.
- In 2025 and 2024, our net cash outflows for MPF Loans held in portfolio were due to new acquisition volume that outpaced paydown activity.

Net cash flows from financing activities with significant activity

Nine months ended September 30,	2025	2024
Consolidated obligation discount notes	\$ 16,496	\$ 7,704
Consolidated obligation bonds	(7,714)	(1,571)
Other	352	2
Net cash provided by (used in) financing activities	\$ 9,134	\$ 6,135

Our financing activities primarily reflect cash flows related to issuing and repaying consolidated obligation bonds and discount notes. The change in net cash provided by (used in) financing activities and change in funding allocations are discussed below for the nine months ended September 30, unless otherwise stated.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

- In 2025 and 2024, bonds matured or were called without being replaced, and we increased our use of discount notes to replace this funding. The increased borrowing on our discount notes also reflects an increase in debt financing to match the overall increase in assets outstanding as discussed in investing activities above.
- In 2025, our net cash inflows for Other were primarily due to proceeds from issuance of our capital stock. In 2024, our net cash inflows for Other were primarily due to proceeds from issuance of our capital stock and cash from deposits.

Capital Resources

Capital Rules

Under our amended and restated Capital Plan, effective May 3, 2021 (the Capital Plan), our stock consists of two sub-classes of stock, Class B1 stock and Class B2 stock (together, Class B stock), both with a par value of \$100 per share and redeemable on five years' written notice, subject to certain conditions. Under the Capital Plan, each member is required to own capital stock in an amount equal to the greater of a membership stock requirement or an activity stock requirement. All stock that supports a member's activity stock requirement with the Bank is classified as Class B1 activity stock. Any additional amount of stock necessary for the total amount of Class B stock held to equal a member's minimum investment amount will be classified as Class B2 membership stock. Members purchase Class B2 membership stock to satisfy their membership stock requirement with the Bank. Stock held in excess of a member's minimum investment requirement is classified as Class B2 excess capital stock. Any dividend declared on Class B1 activity stock must be greater than or equal to the dividend on Class B2 membership stock for the same period. The higher dividend paid on Class B1 activity stock since late 2013 acknowledges that members, through their utilization of Bank products, provide support to the entire cooperative.

Under the Capital Plan, each member's activity stock requirement is set at 4.5% for advances other than those borrowed under RCAP as further discussed below. The Capital Plan provides that the Board of Directors may periodically adjust members' activity stock requirement for advances between a range of 2% and 5% of a member's outstanding advances.

Additionally, for MPF on-balance sheet products (which includes MPF Original, MPF 125, MPF 35, and MPF Government loans), the activity stock requirement is 2% of the principal loan amount sold into master commitments opened or amended. Under the Capital Plan, the range within which our Board may adjust this requirement is between 0% and 5%. For letters of credit, the activity stock requirement is 0.10% of the notional amount of all new letters of credit issued, and all existing letters of credit renewed, extended or increased. Under the Capital Plan, the range for the letter of credit activity stock requirement is 0.10% to 2%.

Under the Capital Plan, each member's membership stock requirement is the greater of either \$10,000 or 0.40% of a member's mortgage assets. The Capital Plan provides that the Board may periodically adjust members' membership stock requirement between a range of 0.20% to 1% of a member's mortgage assets. A member's investment in membership stock is capped at \$5 million, subject to adjustment by the Board within a range between \$1 million and \$25 million.

Membership stock requirements are recalculated annually, whereas the activity stock requirement and any automatic conversion of Class B2 membership stock to Class B1 activity stock related to activity continue to apply on a daily basis.

We may only redeem or repurchase capital stock from a member if, following the redemption or repurchase, the member continues to meet its minimum investment requirement and we remain in compliance with our regulatory capital requirements as discussed in **Note 11 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the condensed financial statements. Members that withdraw from membership must wait at least five years after their membership was terminated and all of their capital stock was redeemed or repurchased before being readmitted to membership in any FHLB.

For details on our capital stock requirements under our capital plan for year-end 2024, see **Capital Resources** on page 56 in our 2024 Form 10-K. Under the terms of our Capital Plan, our Board of Directors is authorized to amend the Capital Plan, and the FHFA must approve all such amendments before they become effective.

For details on our minimum regulatory capital requirements see **Note 11 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the condensed financial statements in this Form 10-Q, and **Minimum Capital Requirements** in **Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2024 Form 10-K.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Reduced Capitalization Advance Program

RCAP allows members to borrow one or more advances with an activity stock requirement of only 2% for the life of the advance instead of the current 4.5% requirement under our Capital Plan's general provisions. At September 30, 2025, RCAP advances outstanding totaled \$11.6 billion to 61 members and former members. We may implement future programs for advances with a reduced activity stock requirement that may or may not have the same characteristics as current RCAP offerings.

Repurchase of Excess Capital Stock

Members may request repurchase of excess capital stock on any business day. Additionally, on a monthly basis, the Bank will repurchase excess capital stock held by each member or former member that exceeds certain thresholds set by the Bank. All repurchases of excess capital stock, including any future monthly repurchases, will continue until otherwise announced, but remain subject to our regulatory requirements, certain financial and capital thresholds, and prudent business practices. For details on the financial and capital thresholds relating to repurchases, see **Repurchase of Excess Capital Stock** on page 59 in our 2024 Form 10-K.

Capital Amounts

The following table reconciles our capital reported in our **Condensed Statements of Condition** to the amount of capital stock reported for regulatory purposes. MRCS is included in the calculation of the regulatory capital and leverage ratios but is recorded in liabilities in our **Condensed Statements of Condition**.

	September 30, 2025	December 31, 2024
Capital stock	\$ 3,530	\$ 3,267
Mandatorily redeemable capital stock (MRCS) recorded as a liability	32	4
Regulatory capital stock	3,562	3,271
Retained earnings	5,583	5,311
Regulatory capital	\$ 9,145	\$ 8,582
Capital stock	\$ 3,530	\$ 3,267
Retained earnings	5,583	5,311
Accumulated other comprehensive income (loss)	69	42
GAAP capital	\$ 9,182	\$ 8,620

Accumulated other comprehensive income (loss) in the above table consists of changes in market value of various balance sheet accounts where the change is not recorded in earnings but is instead recorded in equity capital as the income (loss) is not yet realized. For details on these changes please see **Note 12 - Accumulated Other Comprehensive Income (Loss)** to the condensed financial statements.

We may not pay dividends if we fail to satisfy our minimum capital and/or liquidity requirements under the FHLB Act and FHFA regulations. On October 29, 2025, our Board of Directors declared a 9.25% dividend (annualized) for Class B1 activity stock and a 4.30% dividend (annualized) for Class B2 membership stock based on our preliminary financial results for the third quarter of 2025. This dividend totaled \$81 million (recorded as \$80 million dividends on capital stock and \$1 million interest expense on mandatorily redeemable capital stock) and is scheduled for payment on November 14, 2025.

Although we continue to work to maintain our financial strength to support a reasonable dividend, any future dividend payment remains subject to declaration by our Board and will depend on future operating results, our Retained Earnings and Dividend Policy and any other factors the Board determines to be relevant. For further information on our **Retained Earnings and Dividend Policy**, see page 60 in our 2024 Form 10-K.

We continue to allocate 20% of our net income each quarter to a restricted retained earnings account in accordance with the Joint Capital Enhancement Agreement that we entered into with the other FHLBs, as further discussed in **Joint Capital Enhancement Agreement in Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2024 Form 10-K.



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(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Additionally, an FHFA Advisory Bulletin sets forth guidance for each FHLB to maintain a ratio of at least two percent of capital stock to total assets. In accordance with this guidance, the FHFA considers the proportion of capital stock to assets, measured on a daily average basis at month end, when assessing each FHLB's capital management practices.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Credit Risk Management

Managing Our Credit Risk Exposure Related to Member Credit Products

Our credit risk rating system focuses primarily on our members' overall financial health and takes into account the member's asset quality, earnings, and capital position. For further information, please see **Credit Risk Management** starting on page 62 in our 2024 Form 10-K.

The following table presents the number of members and related credit outstanding to them by credit risk rating. Credit outstanding consists primarily of outstanding advances and letters of credit. MPF credit enhancement obligations, member derivative exposures, and other obligations make up the rest. Of the total credit outstanding, \$61.2 billion were advances (par value) and \$13.4 billion were letters of credit at September 30, 2025, compared to \$56.5 billion and \$12.9 billion at December 31, 2024.

Rating	September 30, 2025			December 31, 2024		
	Borrowing Members	Credit Outstanding	Total Collateral Value	Borrowing Members	Credit Outstanding	Total Collateral Value
1-3	500	\$ 73,859	\$ 187,525	510	\$ 67,491	\$ 177,577
4	11	833	1,115	11	2,044	2,324
5	5	271	306	5	126	168
Total	<u>516</u>	<u>\$ 74,963</u>	<u>\$ 188,946</u>	<u>526</u>	<u>\$ 69,661</u>	<u>\$ 180,069</u>

Members assigned a 4 rating in the above table were required to submit specific collateral listings and the members assigned a 5 rating were required to deliver collateral to us or to a third party custodian on our behalf.

MPF Loans and Related Exposures

For details on our allowance for credit losses on MPF Loans, please see **Note 8 - Allowance for Credit Losses** to the condensed financial statements.

Credit Risk Exposure - Our credit risk exposure on conventional MPF Loans held in portfolio is the potential for financial loss due to borrower default and depreciation in the value of the real estate collateral securing the MPF Loan, offset by the borrower's equity, which represents the fair value of the underlying property in excess of the outstanding MPF Loan held in portfolio balance, our ability to recover losses from primary mortgage insurance, Recoverable CE Income, and the CE Amount which may include supplemental mortgage insurance (SMI). The PFI is required to pledge collateral to secure any portion of its CE Amount that is a direct obligation of the PFI. For further details see **Loss Structure for Credit Risk Sharing Products** on page 9 in our 2024 Form 10-K, and **Credit Risk Exposure and Setting Credit Enhancement Levels** starting on page 65 in our 2024 Form 10-K.

Mortgage Repurchase Risk

We are exposed to mortgage repurchase risk in connection with our sale of MPF Loans to Fannie Mae under the MPF Xtra product and to Ginnie Mae for MPF Loans securitized in Ginnie Mae MBS if a loan eligibility requirement or other representation or warranty is breached. We may require the PFI from which we purchased the ineligible MPF Loan to repurchase that loan from us or to indemnify us for related losses, or request indemnification from the PFI's MPF Bank. Of these two products, our MPF Xtra product is the more popular, and during the nine months ended September 30, 2025 and 2024, we purchased and concurrently delivered \$417 million and \$518 million in unpaid principal balance of these loans to Fannie Mae.

For additional details on our mortgage repurchase risk in connection with our sale of MPF Loans to third party investors and MPF Loans securitized into MBS when a loan eligibility requirement or other warranty is breached, see **Mortgage Repurchase Risk** on page 67 in our 2024 Form 10-K.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Investment Debt Securities

We hold a variety of investment debt securities, mostly government backed or insured securities. There have been no material changes in the credit ratings of these securities since December 31, 2024. We believe these investments are currently low risk. For further details see **Investment Debt Securities** on page 69 in our 2024 Form 10-K.

Unsecured Short-Term Investments

See **Unsecured Short-Term Investments** on page 71 in our 2024 Form 10-K for further details on our unsecured short-term investments as well as policies and procedures to limit and monitor our unsecured credit risk exposure.

The following table presents the credit ratings of our unsecured investment counterparties, organized by the domicile of the counterparty or, where the counterparty is a U.S. branch or agency office of a foreign commercial bank, by the domicile of the counterparty's parent. This table does not reflect the foreign sovereign government's credit rating. The ratings shown in the following table reflect the lowest long-term debt rating reported among the three largest Nationally Recognized Statistical Rating Organizations (NRSROs). FHFA regulations require the Bank to develop and assign internal credit ratings for its counterparties that do not rely exclusively on ratings reported by NRSROs. As such, the ratings shown in the following table are for presentation purposes only. The unsecured investment credit exposure presented in the table may not reflect the average or maximum exposure during the period as the table reflects only the balances at period end.

As of September 30, 2025	AA	A	Total
Domestic U.S.			
Interest-bearing deposits	\$ 800	\$ 1,990	\$ 2,790
Foreign commercial banks - federal funds sold:			
Australia	1,100	—	1,100
Canada	—	2,850	2,850
Finland	495	—	495
Germany	—	1,100	1,100
Netherlands	—	1,400	1,400
Norway	750	—	750
Sweden	1,000	—	1,000
Total U.S. branches and agency offices of foreign commercial banks	3,345	5,350	8,695
Total unsecured credit exposure	\$ 4,145	\$ 7,340	\$ 11,485

All \$11.49 billion of the unsecured credit exposure shown in the above table were overnight investments.

Managing Our Credit Risk Exposure Related to Derivative Agreements

See **Note 9 - Derivatives and Hedging Activities** to the condensed financial statements for a discussion of how we manage our credit risk exposure related to derivative agreements. We have credit exposure on net asset positions where we have not received adequate collateral from our counterparties. We also have credit exposure on net liability positions where we have pledged collateral in excess of our liability to a counterparty.


(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following table presents our derivative positions where we have such credit exposures. The ratings shown in the following table reflect the lowest long-term debt rating reported among the three largest NRSROs. FHFA regulations require the Bank to develop and assign internal credit ratings for its counterparties that do not rely exclusively on ratings reported by NRSROs. As such, the ratings shown in the following table are for presentation purposes only. Noncash collateral pledged consists of initial margin we posted through our FCMs, on behalf of the DCOs for cleared derivatives and is included in our cleared derivative positions with credit exposure. Noncash collateral pledged also consists of net initial margin exchanged on our bilateral derivatives, which for presentation purposes we have reported on a net basis.

	Net Derivative Fair Value Before Collateral	Cash Collateral Pledged	Noncash Collateral Pledged	Net Credit Exposure to Counterparties ^a
As of September 30, 2025				
Nonmember counterparties -				
Undercollateralized asset positions -				
Bilateral derivatives -				
AA	\$ 8	\$ (8)	—	\$ —
A	26	(26)	—	—
Overcollateralized liability positions -				
Bilateral derivatives -				
AA	(21)	21	—	—
A	(84)	93	—	9
BBB	(304)	305	—	1
Cleared derivatives	(21)	—	827	806
Nonmember counterparties	(396)	385	827	816
Member counterparties	1	—	—	1
Total	\$ (395)	\$ 385	\$ 827	\$ 817

^a Less than \$1 million is shown as zero.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Legislative and Regulatory Developments

Significant regulatory actions and developments are summarized below.

The Bank is subject to various legal and regulatory requirements and priorities. Certain actions by the current federal executive administration are changing the regulatory environment, including regulatory priorities and areas of focus, such as deregulation, which have affected, and will likely continue to affect, certain aspects of the Bank's business operations, and could impact the Bank's financial condition, results of operations and reputation.

As of the third quarter of 2025, the FHFA has rescinded the regulatory interpretation that had imposed detailed criteria on FHLB acceptance of municipal securities as eligible collateral and outlined how to determine and verify eligibility of municipal securities. The Bank has reviewed this rescission and will be updating its eligibility guidelines. In addition, the FHFA has withdrawn two proposed rules published in 2024: (i) the proposed rule published in November 2024 that would have amended regulations addressing boards of directors and overall corporate governance of the FHLBs and the Office of Finance, and (ii) the proposed rule published in October 2024 that would have amended the Bank's capital requirements by modifying limits on the Bank's extensions of unsecured credit. In October 2025, the FHFA rescinded several advisory bulletins and technical guidance documents. The Bank is reviewing these rescissions and assessing any potential impact they may have on the Bank and its policies and procedures.

Considering the changes in the regulatory environment, there is uncertainty with respect to the ultimate result of future regulatory actions and the ultimate impact they may have on the Bank and the FHLB System. The Bank continues to monitor these actions as they evolve and will evaluate their potential impact on us. For further discussion of related risks, see **Risk Factors** starting on page 18 in the 2024 Form 10-K.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our Asset/Liability Management Committee and its subcommittees provide oversight of our risk management practices and policies. This includes routine reporting to senior Bank management and the Board of Directors, as well as maintaining the Income and Market Value Risk Policy, which defines our interest rate risk limits. See **Item 7A. Quantitative and Qualitative Disclosures About Market Risk** on page 73 in our 2024 Form 10-K for further discussion on market risk.

The table below reflects the expected change in market value of equity versus base market value of equity for the stated increase or decrease in interest rates based on our models and related loss limit for each scenario established in the policy. For our down scenario shock analysis, the down shocks are constrained by scenarios provided by our regulator, which currently are limited so that shocked rates will not go negative but are subject to change. As a result, where applicable, we apply a floor to the down shock scenario at 10 bps. In the current rate environment, this floor setting was not triggered for any of the shock scenarios presented below.

Scenario as of	September 30, 2025		December 31, 2024	
	Change in Market Value/Base Market Value of Equity	Loss Limit	Change in Market Value/Base Market Value of Equity	Loss Limit
-200 bp	1.6 %	(8.7)%	0.9 %	(8.7)%
-100 bp	1.1 %	(3.9)%	0.7 %	(3.9)%
-50 bp	0.6 %	(1.8)%	0.4 %	(1.8)%
-25 bp	0.3 %	(0.9)%	0.2 %	(0.9)%
+25 bp	(0.4)%	(0.9)%	(0.2)%	(0.9)%
+50 bp	(0.8)%	(1.8)%	(0.5)%	(1.8)%
+100 bp	(1.6)%	(3.9)%	(1.0)%	(3.9)%
+200 bp	(3.3)%	(8.7)%	(2.0)%	(8.7)%

Measurement of Market Risk Exposure

To measure our exposure, we discount the cash flows generated from modeling the terms and conditions of all interest rate-sensitive securities using current interest rates to determine their fair values or spreads to the swap curve for securities where third party prices are used. This includes considering explicit and embedded options using a lattice model or Monte Carlo simulation. We estimate yield curve, option, and basis risk exposures by calculating the fair value change in relation to various parallel changes in interest rates, implied volatility, prepayment speeds, spreads to the swap curve and mortgage rates.

The table below summarizes our sensitivity to various interest rate risk exposures in terms of changes in market value.

	As of September 30, 2025	As of December 31, 2024
Yield Curve Risk	\$ (7)	\$ (1)
Option Risk		
Implied Volatility	5	7
Prepayment Speeds	1	3
Basis Risk		
Spread to Swap Curve	(15)	(11)

Yield curve risk – Change in market value for a one basis point parallel increase in the swap curve.

Option risk (implied volatility) – Change in market value for a one percent parallel increase in the swaption volatility.

Option risk (prepayment speeds) – Change in market value for a one percent increase in prepayment speeds.

Basis risk (spread to swap curve) – Change in market value for a one basis point parallel increase in the spread to the swap curve.

Basis risk (mortgage spread) – Change in market value for a one basis point increase in mortgage rates.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

As of September 30, 2025, our sensitivity to changes in implied volatility using a lattice model and Monte Carlo simulation was \$5 million, compared to \$7 million at December 31, 2024. These sensitivities are limited in that they do not incorporate other risks, including but not limited to non-parallel changes in yield curves, prepayment speeds, and basis risk related to differences between the swap and the other curves. Option positions embedded in our mortgage assets and callable debt impact our yield curve risk profile, such that swap curve changes significantly greater than one basis point cannot be linearly interpolated from the table above.

Duration of equity is another measure to express interest rate sensitivity. We report the results of our duration of equity calculations to the FHFA each quarter. We measure duration of equity in a base case using the actual yield curve as of a specified date and then shock it with an instantaneous shift of the entire curve.

The following table presents the duration of equity reported by us to the FHFA in accordance with the FHFA's guidance, which prescribes that down and up interest-rate shocks equal 200 basis points. The results are shown by duration of equity in years. The Bank engages in ongoing performance monitoring for its market risk-related models.

Scenario as of	Duration of equity in years	
	September 30, 2025	December 31, 2024
Down 200 bps	0.3	0.0
Base	1.4	0.8
Up 200 bps	1.6	0.9

As of September 30, 2025, on a U.S. GAAP basis, our fair value surplus (relative to book value) was \$196 million, and our market value of equity to book value of equity ratio was 102%, compared to \$91 million and 101% at December 31, 2024. The slight increase in the market value of equity to book value of equity was largely a result of lower overall market interest rates.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report (the Evaluation Date). Based on this evaluation, the principal executive officer and principal financial officer concluded as of the Evaluation Date that the disclosure controls and procedures were effective such that information relating to us that is required to be disclosed in reports filed with the SEC: (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

For the most recent quarter presented in this Form 10-Q, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Consolidated Obligations

Our disclosure controls and procedures include controls and procedures for accumulating and communicating information relating to our joint and several liability for the consolidated obligations of other FHLBs. For further information, see **Item 9A. Controls and Procedures** on page 81 in our 2024 Form 10-K.



PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Bank may be subject to various legal proceedings arising in the normal course of business. After consultation with legal counsel, management is not aware of any proceedings that might have a material effect on the Bank's financial condition or results of operations.

Item 1A. Risk Factors.

In addition to the information presented in this report, readers should carefully consider the factors set forth in the **Risk Factors** section starting on page 18 in our 2024 Form 10-K, which could materially affect our business, financial condition, or future results. These risks are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also severely affect us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

**Item 6. Exhibits.**

- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Executive Officer ^a
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Financial Officer ^a
- 32.1 Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Principal Executive Officer ^a
- 32.2 Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Principal Financial Officer ^a
- 101.INS Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document. ^a
- 101.SCH Inline XBRL Taxonomy Extension Schema Document ^a
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document ^a
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document ^a
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document ^a
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document ^a
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) ^a

^a Filed herewith.



Glossary of Terms

Advances: Secured loans to members.

ABS: Asset-backed-securities.

AFS: Available-for-sale debt securities.

AHP: Affordable Housing Program.

AOCI: Accumulated Other Comprehensive Income.

Capital Plan: Capital Plan of the Federal Home Loan Bank of Chicago, effective as of May 3, 2021.

CE Amount: A PFI's assumption of credit risk, beyond any Recoverable CE Income payments in the FLA, on conventional MPF Loan products held in an MPF Bank's portfolio that are funded by, or sold to, an MPF Bank by providing credit enhancement either through a direct liability to pay credit losses up to a specified amount or through a contractual obligation to provide SMI. Does not apply to the MPF Government, MPF Xtra, or MPF Government MBS product.

CE Income: Credit enhancement income. PFIs are paid credit enhancement income for managing credit risk and in some instances, all or a portion of the CE Income may be performance based.

Consolidated Obligations (CO): FHLB debt instruments (bonds and discount notes) which are the joint and several liability of all FHLBs; issued by the Office of Finance.

Consolidated obligation bonds: Consolidated obligations that make periodic interest payments with a term generally over one year, although we have issued for terms of less than one year.

DCO: Derivatives Clearing Organization. A clearinghouse, clearing association, clearing corporation, or similar entity that enables each party to an agreement, contract, or transaction to substitute, through novation or otherwise, the credit of the DCO for the credit of the parties; arranges or provides, on a multilateral basis, for the settlement or netting of obligations; or otherwise provides clearing services or arrangements that mutualize or transfer credit risk among participants.

Discount notes: Consolidated obligations with a term of one year or less, which sell at less than their face amount and are redeemed at par value when they mature.

DPP: Downpayment Plus.

Excess capital stock: Capital stock held by members in excess of their minimum investment requirement.

Fannie Mae: Federal National Mortgage Association.

FASB: Financial Accounting Standards Board.

FCM: Futures Commission Merchant.

FFELP: Federal Family Education Loan Program.

FHFA: Federal Housing Finance Agency - the Housing Act created the Federal Housing Finance Agency which became the regulator of the FHLBs.

FHLB Act: The Federal Home Loan Bank Act of 1932, as amended.

FHLBs: The 11 Federal Home Loan Banks or subset thereof.

FHLB System: The 11 FHLBs and the Office of Finance.

FHLB Chicago: The Federal Home Loan Bank of Chicago.



FLA: First loss account is a memo account used to track the MPF Bank's exposure to losses until the CE Amount is available to cover losses.

Freddie Mac: Federal Home Loan Mortgage Corporation.

GAAP: Generally Accepted Accounting Principles in the United States of America.

Ginnie Mae: Government National Mortgage Association.

Ginnie Mae MBS: Mortgage-backed securities guaranteed by Ginnie Mae.

Government Loans: Mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Veteran Affairs (VA) or Department of Agriculture Rural Housing Service (RHS).

GSEs: Government-sponsored enterprises.

Housing Act: Housing and Economic Recovery Act of 2008, enacted July 30, 2008.

HTM: Held-to-maturity debt securities.

Liquidity AB: Advisory Bulletin 2018-07 Liquidity Guidance, issued by the FHFA on August 23, 2018.

Master Commitment (MC): Pool of MPF Loans purchased or funded by an MPF Bank.

MBS: Mortgage-backed securities.

Moody's: Moody's Investors Service.

MPF®: Mortgage Partnership Finance.

MPF Banks: FHLBs that participate in the MPF Program.

MPF Government MBS product: The MPF Program product under which we aggregate Government Loans acquired from PFIs in order to issue securities guaranteed by the Ginnie Mae that are backed by such Government Loans.

MPF Loans: Conventional and government mortgage loans secured by one-to-four family residential properties with maturities from five to 30 years.

MPF Program: A secondary mortgage market structure that provides liquidity to FHLB members that are PFIs through the purchase or funding by an FHLB of MPF Loans.

MPF Xtra® product: The MPF Program product under which we acquire MPF Loans from PFIs without any CE Amount and concurrently resell them to Fannie Mae.

MRCS: Mandatorily redeemable capital stock.

NRSRO: Nationally Recognized Statistical Rating Organization.

Office of Finance: A joint office of the FHLBs established by the Finance Board to facilitate issuing and servicing of consolidated obligations.

OIS: Fed Funds Effective Swap Rate (or Overnight Index Swap Rate).

PFI: Participating Financial Institution. A PFI is a member (or eligible housing associate) of an MPF Bank that has applied to and been accepted to do business with its MPF Bank under the MPF Program.

RCAP: Reduced Capitalization Advance Program.



Recoverable CE Income: Under the MPF Program, the PFI may receive a contingent performance based credit enhancement income payment whereby such income is reduced up to the amount of the FLA by losses arising under the Master Commitment.

Regulatory capital: Regulatory capital stock plus retained earnings.

Regulatory capital stock: The sum of the paid-in value of capital stock and mandatorily redeemable capital stock.

SBA: Small Business Administration.

SEC: Securities and Exchange Commission.

SMI: Supplemental mortgage insurance.

SOFR: Secured Overnight Financing Rate.

System or FHLB System: The Federal Home Loan Bank System consisting of the 11 Federal Home Loan Banks and the Office of Finance.

UPB: Unpaid Principal Balance.

U.S.: United States.



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Chicago

Federal Home Loan Bank of Chicago

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FEDERAL HOME LOAN BANK OF CHICAGO

/s/ Michael A. Ericson

Name: Michael A. Ericson
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2025

/s/ Virxhini Gjonzeneli

Name: Virxhini Gjonzeneli
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: November 7, 2025