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 June 30, 2024

OR

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

Commission File Number: 000-51404

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

(Exact name of registrant as specified in its charter)

Federally Chartered Corporation	**35-6001443**
(State or other jurisdiction of incorporation)	**(IRS employer identification number)**
8250 Woodfield Crossing Blvd. Indianapolis, IN	**46240**
(Address of principal executive offices)	**(Zip code)**

(317) 465-0200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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 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	☐ Emerging growth company
☒ Non-accelerated filer	☐ Smaller reporting 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares outstanding as of July 31, 2024
Class A Stock, par value $100	—
Class B Stock, par value $100	27,941,163

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As used in this Form 10-Q, unless the context otherwise requires, the terms "we," "us," "our," and "Bank" refer to the Federal Home Loan Bank of Indianapolis or its management. We use acronyms and terms throughout that are defined herein or in the *Defined Terms* in Part I Item 1.

Special Note Regarding Forward-Looking Statements

Statements in this Form 10-Q, including statements describing our objectives, projections, estimates or predictions, may be considered to be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "expects," "will," or their negatives or other variations on these terms. We caution that, by their nature, forward-looking statements involve risk or uncertainty and that actual results either could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- economic and market conditions, including the timing and volume of market activity, inflation or deflation, changes in the value of global currencies, and changes in the financial condition of market participants;
- volatility of market prices, interest rates, and indices or the availability of suitable interest rate indices, or other factors, resulting from the effects of, and changes in, various monetary or fiscal policies and regulations, including those of the Federal Reserve, the Finance Agency and the Federal Deposit Insurance Corporation, or a decline in liquidity in the financial markets, that could affect the value of investments, or collateral we hold as security for the obligations of our members and counterparties;
- changes in demand for our advances and purchases of mortgage loans resulting from:
    - changes in our members' deposit flows and credit demands;
    - changes in products or services we are able to provide;
    - federal or state regulatory developments impacting suitability or eligibility of membership classes;
    - membership changes, including, but not limited to, mergers, acquisitions and consolidations of charters;
    - changes in the general level of housing activity in the United States and particularly our district states of Michigan and Indiana, the level of refinancing activity and consumer product preferences;
    - competitive forces, including, without limitation, other sources of funding available to our members; and
    - changes in the terms and conditions of ownership of our capital stock;
- changes in mortgage asset prepayment patterns, delinquency rates and housing values or improper or inadequate mortgage originations and mortgage servicing;
- ability to introduce and successfully manage new products and services, including new types of collateral securing advances;
- political events, including federal government shutdowns, administrative, legislative, regulatory, or other developments, including the Finance Agency report on the FHLBank System, changes in international political structures and alliances, and judicial rulings that affect us, our status as a secured creditor, our members (or certain classes of members), prospective members, counterparties, GSE's generally, one or more of the FHLBanks and/or investors in the consolidated obligations of the FHLBanks;
- national or international crises, including a pandemic, war, acts of terrorism or natural disasters, and the effects of such crises on our and our counterparties' operations, member demand, market liquidity, and the global funding markets, and the governmental, regulatory, and fiscal interventions undertaken to stabilize local, national, and global economic conditions;
- ability to access the capital markets and raise capital market funding on acceptable terms;
- changes in our credit ratings or the credit ratings of the other FHLBanks and the FHLBank System;
- changes in the level of government guarantees provided to other United States and International financial institutions;
- dealer commitment to supporting the issuance of our consolidated obligations;
- ability of one or more of the FHLBanks to repay its portion of the consolidated obligations, or otherwise meet its financial obligations;
- ability to attract and retain skilled personnel;
- ability to develop, implement and support technology and information systems sufficient to manage our business effectively and prevent or mitigate the impact of cyber attacks;
- nonperformance of counterparties to uncleared and cleared derivative transactions;
- changes in terms of derivative agreements and similar agreements;
- loss arising from natural disasters, acts of war, riots, insurrection or acts of terrorism;
- changes in or differing interpretations of accounting guidance; and
- other risk factors identified in our filings with the SEC.

Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, additional disclosures may be made through reports filed with the SEC in the future, including our reports on Forms 10-K, 10-Q and 8-K.

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

Federal Home Loan Bank of Indianapolis
Statements of Condition
(Unaudited, $ amounts in thousands, except par value)

	June 30, 2024	December 31, 2023
Assets:		
Cash and due from banks	$ 56,246	$ 58,844
Interest-bearing deposits (Note 3)	921,006	892,049
Securities purchased under agreements to resell (Note 3)	6,250,000	6,500,000
Federal funds sold (Note 3)	4,497,000	4,101,000
Trading securities (Note 3)	1,076,622	600,063
Available-for-sale securities (amortized cost of $14,229,121 and $14,254,103) (Note 3)	14,261,746	14,194,326
Held-to-maturity securities (estimated fair values of $5,336,335 and $5,179,399) (Note 3)	5,393,623	5,256,803
Advances (Note 4)	36,556,380	35,561,844
Mortgage loans held for portfolio, net (Note 5)	9,393,391	8,613,844
Accrued interest receivable	212,412	203,809
Derivative assets, net (Note 6)	516,253	521,164
Other assets	110,482	104,658
Total assets	$ 79,245,161	$ 76,608,404
Liabilities:		
Deposits	$ 782,177	$ 628,811
Consolidated obligations (Note 7):		
Discount notes	22,442,697	22,621,837
Bonds	50,747,217	48,431,566
Total consolidated obligations, net	73,189,914	71,053,403
Accrued interest payable	357,292	327,237
Affordable Housing Program payable (Note 8)	73,791	68,301
Derivative liabilities, net (Note 6)	2,342	6,940
Mandatorily redeemable capital stock (Note 9)	363,118	369,041
Other liabilities	490,057	410,774
Total liabilities	75,258,691	72,864,507
Commitments and contingencies (Note 13)		
Capital (Note 9):		
Capital stock (putable at par value of $100 per share):		
Class B issued and outstanding shares: 23,455,129 and 22,852,579	2,345,513	2,285,258
Retained earnings:		
Unrestricted	1,189,485	1,134,132
Restricted	434,791	398,039
Total retained earnings	1,624,276	1,532,171
Total accumulated other comprehensive income (loss) (Note 10)	16,681	(73,532)
Total capital	3,986,470	3,743,897
Total liabilities and capital	$ 79,245,161	$ 76,608,404

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Income
(Unaudited, $ amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest Income:				
Advances	$ 508,287	$ 491,905	$ 1,023,144	$ 926,134
Interest-bearing deposits	30,167	31,641	60,548	57,894
Securities purchased under agreements to resell	46,254	39,717	68,236	71,667
Federal funds sold	54,368	65,898	121,854	111,385
Trading securities	8,797	2,291	13,964	5,368
Available-for-sale securities	222,574	200,507	442,941	372,226
Held-to-maturity securities	79,187	59,055	156,933	107,480
Mortgage loans held for portfolio	84,309	59,128	162,299	116,883
Total interest income	1,033,943	950,142	2,049,919	1,769,037
Interest Expense:				
Consolidated obligation discount notes	248,701	269,398	498,956	526,174
Consolidated obligation bonds	643,171	543,752	1,264,584	990,426
Deposits	11,672	9,029	21,238	16,715
Mandatorily redeemable capital stock	5,505	4,370	10,848	8,480
Total interest expense	909,049	826,549	1,795,626	1,541,795
Net interest income	124,894	123,593	254,293	227,242
Provision for (reversal of) credit losses	(21)	(3)	(46)	(2)
Net interest income after provision for (reversal of) credit losses	124,915	123,596	254,339	227,244
Other Income:				
Net gains (losses) on sales of available-for-sale and held-to-maturity securities	1,840	(142)	1,840	(213)
Net gains (losses) on trading securities	3,203	758	(1,368)	9,072
Net gains (losses) on derivatives	(644)	4,970	8,480	3,607
Net gains on extinguishment of debt	—	—	—	19,846
Other, net	2,334	3,565	7,139	6,986
Total other income	6,733	9,151	16,091	39,298
Other Expenses:				
Compensation and benefits	15,250	14,878	31,790	31,713
Other operating expenses	9,010	8,630	17,295	16,030
Federal Housing Finance Agency	1,396	1,711	2,792	3,423
Office of Finance	1,232	1,007	2,756	2,080
Other, net	5,385	4,522	10,414	8,973
Total other expenses	32,273	30,748	65,047	62,219
Income before assessments	99,375	101,999	205,383	204,323
Affordable Housing Program assessments	10,488	10,637	21,623	21,280
Net income	$ 88,887	$ 91,362	$ 183,760	$ 183,043

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Comprehensive Income
(Unaudited, $ amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 88,887	$ 91,362	$ 183,760	$ 183,043
Other Comprehensive Income:				
Net change in unrealized gains (losses) on available-for-sale securities	(8,914)	61,911	92,402	13,934
Pension benefits, net	(2,433)	1,206	(2,189)	1,546
Total other comprehensive income (loss)	(11,347)	63,117	90,213	15,480
Total comprehensive income	$ 77,540	$ 154,479	$ 273,973	$ 198,523

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Capital
Three Months Ended June 30, 2024 and 2023
(Unaudited, $ amounts and shares in thousands)

	Capital Stock		Retained Earnings			Accumulated Other Comprehensive Income (Loss)	Total Capital
	Shares	Par Value	Unrestricted	Restricted	Total		
Balance, March 31, 2024	23,567	$ 2,356,708	$ 1,165,835	$ 417,014	$1,582,849	$ 28,028	$ 3,967,585
Total comprehensive income			71,110	17,777	88,887	(11,347)	77,540
Proceeds from issuance of capital stock	698	69,847					69,847
Redemption/repurchase of capital stock	(810)	(81,042)					(81,042)
Cash dividends on capital stock (8.23% annualized)			(47,460)	—	(47,460)		(47,460)
Balance, June 30, 2024	23,455	$ 2,345,513	$ 1,189,485	$ 434,791	$1,624,276	$ 16,681	$ 3,986,470
Balance, March 31, 2023	22,922	$ 2,292,192	$ 1,011,191	$ 340,888	$1,352,079	$ (73,428)	$ 3,570,843
Total comprehensive income			73,089	18,273	91,362	63,117	154,479
Proceeds from issuance of capital stock	886	88,609					88,609
Redemption/repurchase of capital stock	(3)	(311)					(311)
Cash dividends on capital stock (5.59% annualized)			(29,968)	—	(29,968)		(29,968)
Balance, June 30, 2023	23,805	$ 2,380,490	$ 1,054,312	$ 359,161	$1,413,473	$ (10,311)	$ 3,783,652

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Capital
Six Months Ended June 30, 2024 and 2023
(Unaudited, $ amounts and shares in thousands)

	Capital Stock		Retained Earnings			Accumulated Other Comprehensive	Total
	Shares	**Par Value**	**Unrestricted**	**Restricted**	**Total**	**Income (Loss)**	**Capital**
Balance, December 31, 2023	22,852	$ 2,285,258	$ 1,134,132	$ 398,039	$1,532,171	$ (73,532)	$ 3,743,897
Comprehensive income			147,008	36,752	183,760	90,213	273,973
Proceeds from issuance of capital stock	1,413	141,297					141,297
Redemption/repurchase of capital stock	(810)	(81,042)					(81,042)
Cash dividends on capital stock (8.01% annualized)			(91,655)	—	(91,655)		(91,655)
Balance, June 30, 2024	23,455	$ 2,345,513	$ 1,189,485	$ 434,791	$1,624,276	$ 16,681	$ 3,986,470
Balance, December 31, 2022	21,231	$ 2,123,125	$ 963,812	$ 322,552	$1,286,364	$ (25,791)	$ 3,383,698
Comprehensive income			146,434	36,609	183,043	15,480	198,523
Proceeds from issuance of capital stock	2,577	257,689					257,689
Redemption/repurchase of capital stock	(3)	(311)					(311)
Shares reclassified to mandatorily redeemable capital stock, net	—	(13)					(13)
Cash dividends on capital stock (4.98% annualized)			(55,934)	—	(55,934)		(55,934)
Balance, June 30, 2023	23,805	$ 2,380,490	$ 1,054,312	$ 359,161	$1,413,473	$ (10,311)	$ 3,783,652

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Cash Flows
(Unaudited, $ amounts in thousands)

	Six Months Ended June 30,	
	2024	**2023**
Operating Activities:		
Net income	$ 183,760	$ 183,043
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	10,161	(2,909)
Changes in net derivative and hedging activities	275,021	(15,458)
Net (gains) on extinguishment of debt	—	(19,846)
Provision for (reversal of) credit losses	(46)	(2)
Net losses (gains) on trading securities	1,368	(9,072)
Other adjustments	(1,840)	213
Changes in:		
Accrued interest receivable	(8,131)	(3,733)
Other assets	(4,395)	(1,055)
Accrued interest payable	30,282	120,610
Other liabilities	67,087	19,243
Total adjustments, net	369,507	87,991
Net cash provided by operating activities	553,267	271,034
Investing Activities:		
Net change in:		
Interest-bearing deposits	99,398	134,803
Securities purchased under agreements to resell	250,000	150,000
Federal funds sold	(396,000)	(1,879,000)
Trading securities:		
Proceeds from maturities	250,000	1,400,000
Proceeds from sales	—	494,063
Purchases	(727,928)	—
Available-for-sale securities:		
Proceeds from paydowns and maturities	—	161,480
Proceeds from sales	220,763	85,113
Purchases	(423,534)	(1,638,271)
Held-to-maturity securities:		
Proceeds from paydowns and maturities	245,119	238,896
Proceeds from sales	—	9,769
Purchases	(384,414)	(922,252)
Advances:		
Principal repayments	109,278,659	175,082,844
Disbursements to members	(110,450,849)	(174,713,799)
Mortgage loans held for portfolio:		
Principal collections	402,708	331,922
Purchases from members	(1,186,840)	(546,639)
Purchases of premises, software, and equipment	(4,438)	(1,855)
Loans to other Federal Home Loan Banks:		
Principal repayments	47,000	810,000
Disbursements	(47,000)	(1,060,000)
Net cash provided by (used in) investing activities	(2,827,356)	(1,862,926)

(continued)

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Cash Flows, continued
(Unaudited, $ amounts in thousands)

	Six Months Ended June 30,	
	2024	**2023**
Financing Activities:		
Net change in deposits	219,126	73,370
Net change in securities sold under agreements to repurchase	9,691	—
Net proceeds on derivative contracts with financing elements	5,136	4,340
Net proceeds from issuance of consolidated obligations:		
Discount notes	401,334,906	339,309,328
Bonds	17,523,224	16,099,923
Payments for matured and retired consolidated obligations:		
Discount notes	(401,506,244)	(346,475,227)
Bonds	(15,277,025)	(7,576,968)
Loans from other Federal Home Loan Banks:		
Proceeds from borrowings	—	500,000
Principal repayments	—	(500,000)
Proceeds from issuance of capital stock	141,297	257,689
Payments for redemption/repurchase of capital stock	(81,042)	(311)
Payments for redemption/repurchase of mandatorily redeemable capital stock	(5,923)	(1,894)
Dividend payments on capital stock	(91,655)	(55,934)
Net cash provided by financing activities	2,271,491	1,634,316
Net increase (decrease) in cash and due from banks	(2,598)	42,424
Cash and due from banks at beginning of period	58,844	21,161
Cash and due from banks at end of period	$ 56,246	$ 63,585
Supplemental Disclosures:		
Cash activities:		
Interest payments	$ 1,793,592	$ 1,380,115
Affordable Housing Program payments	19,577	6,315

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

Unless the context otherwise requires, the terms "we," "us," "our" and "Bank" refer to the Federal Home Loan Bank of Indianapolis or its management. We use acronyms and terms throughout these Notes to Financial Statements that are defined in the *Defined Terms*.

Basis of Presentation. The accompanying interim financial statements have been prepared in accordance with GAAP and SEC requirements for interim financial information. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. Certain disclosures that would have substantially duplicated the disclosures in the financial statements, and notes thereto, included in our 2023 Form 10-K have been omitted unless the information contained in those disclosures materially changed. Therefore, these interim financial statements should be read in conjunction with our audited financial statements, and notes thereto, included in our 2023 Form 10-K.

The financial statements contain all adjustments that are, in the opinion of management, necessary for a fair statement of the Bank's financial position, results of operations and cash flows for the interim periods presented. All such adjustments were of a normal recurring nature. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full calendar year or any other interim period.

Use of Estimates. When preparing financial statements in accordance with GAAP, we are required to make subjective assumptions and estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. Although the reported amounts and disclosures reflect our best estimates, actual results could differ significantly from these estimates. The most significant estimates pertain to the fair values of financial instruments, specifically our derivatives and associated hedged items.

Significant Accounting Policies. Our significant accounting policies and certain other disclosures are set forth in our 2023 Form 10-K in *Note 1 - Summary of Significant Accounting Policies*. There have been no significant changes to these policies through June 30, 2024.

Note 2 - Recently Adopted and Issued Accounting Guidance

Recently Adopted Accounting Guidance

We did not adopt any new accounting guidance during the three or six months ended June 30, 2024.

Recently Issued Accounting Guidance

Since the filing of our 2023 Form 10-K, the Financial Accounting Standards Board (FASB) has not issued any new accounting standards that will have any impact on our financial condition, results of operations, or cash flows.

Note 3 - Investments

Short-term Investments. We invest in interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold to provide short-term liquidity. At June 30, 2024 and December 31, 2023, 97% of these investments, based on amortized cost, were with counterparties rated by an NRSRO as investment grade (BBB or higher). The remaining investments were with unrated counterparties. The NRSRO ratings may differ from any internal ratings of the investments, if applicable.

Allowance for Credit Losses. At June 30, 2024 and December 31, 2023, based on our evaluations, no allowance for credit losses on any of our short-term investments was deemed necessary.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Investment Securities.

Trading Securities.

Major Security Types. The following table presents our trading securities by type of security.

Security Type	June 30, 2024	December 31, 2023
U.S. Treasury obligations	$ 1,076,622	$ 600,063
Total trading securities at estimated fair value	$ 1,076,622	$ 600,063

Net Gains (Losses) on Trading Securities. The following table presents net gains (losses) on trading securities, excluding any offsetting effect of gains (losses) on the associated derivatives.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net gains (losses) on trading securities held at period end	$ 3,203	$ 615	$ (1,837)	$ 2,396
Net gains on trading securities that matured/sold during the period	—	143	469	6,676
Net gains (losses) on trading securities	$ 3,203	$ 758	$ (1,368)	$ 9,072

Available-for-Sale Securities.

Major Security Types. The following table presents our AFS securities by type of security.

	June 30, 2024			
Security Type	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	$ 5,610,415	$ 10,298	$ (883)	$ 5,619,830
GSE and TVA debentures	1,851,485	15,398	(181)	1,866,702
GSE multifamily MBS	6,767,221	30,509	(22,516)	6,775,214
Total AFS securities	$ 14,229,121	$ 56,205	$ (23,580)	$ 14,261,746

	December 31, 2023			
Security Type	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	$ 5,708,713	$ 738	$ (12,595)	$ 5,696,856
GSE and TVA debentures	1,792,310	14,628	—	1,806,938
GSE multifamily MBS	6,753,080	7,571	(70,119)	6,690,532
Total AFS securities	$ 14,254,103	$ 22,937	$ (82,714)	$ 14,194,326

[1] Includes adjustments made to the cost basis for purchase discount or premium and related accretion or amortization, and, if applicable, fair-value hedging basis adjustments. At June 30, 2024 and December 31, 2023, net unamortized discounts totaled $(256,288) and $(278,669), respectively, and the applicable fair-value hedging basis adjustments totaled net losses of $(1,019,037) and $(778,882), respectively. Excludes accrued interest receivable at June 30, 2024 and December 31, 2023 of $73,172 and $72,005, respectively.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Unrealized Loss Positions. The following table presents our impaired AFS securities (i.e., in an unrealized loss position), aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position.

	June 30, 2024					
	Less than 12 months		12 months or More		Total	
Security Type	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Treasury obligations	$ 1,216,699	$ (883)	$ —	$ —	$ 1,216,699	$ (883)
GSE and TVA debentures	61,556	(181)	—	—	61,556	(181)
GSE multifamily MBS	367,520	(300)	2,552,568	(22,216)	2,920,088	(22,516)
Total impaired AFS securities	$ 1,645,775	$ (1,364)	$ 2,552,568	$ (22,216)	$ 4,198,343	$ (23,580)

	December 31, 2023					
	Less than 12 months		12 months or More		Total	
Security Type	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Treasury obligations	$ 4,785,547	$ (11,716)	$ 239,902	$ (879)	$ 5,025,449	$ (12,595)
GSE multifamily MBS	2,163,506	(14,970)	2,982,742	(55,149)	5,146,248	(70,119)
Total impaired AFS securities	$ 6,949,053	$ (26,686)	$ 3,222,644	$ (56,028)	$ 10,171,697	$ (82,714)

Contractual Maturity. The amortized cost and estimated fair value of our non-MBS AFS securities are presented below by contractual maturity. MBS are not presented by contractual maturity because their actual maturities will likely differ from their contractual maturities as borrowers have the right to prepay their obligations with or without prepayment fees.

	June 30, 2024		December 31, 2023	
Year of Contractual Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Non-MBS:				
Due in 1 year or less	$ 403,215	$ 403,918	$ 305,208	$ 306,380
Due after 1 through 5 years	5,665,963	5,688,833	4,628,067	4,636,683
Due after 5 through 10 years	1,392,722	1,393,781	2,567,748	2,560,731
Total non-MBS	7,461,900	7,486,532	7,501,023	7,503,794
Total MBS	6,767,221	6,775,214	6,753,080	6,690,532
Total AFS securities	$ 14,229,121	$ 14,261,746	$ 14,254,103	$ 14,194,326

Realized Gains and Losses. During the three months ended June 30, 2024, for strategic and economic reasons, we sold two GSE MBS. Proceeds from the sale totaled $220,763, resulting in net realized gains of $1,840 determined by the specific identification method. During the three months ended June 30, 2023, for strategic and economic reasons, we sold a GSE MBS. Proceeds from the sale totaled $85,113, resulting in a net realized loss of $(142) determined by the specific identification method.

Allowance for Credit Losses. At June 30, 2024 and December 31, 2023, certain of our AFS securities were in an unrealized loss position; however, no allowance for credit losses was deemed necessary because those losses were considered temporary and recovery of the entire amortized cost basis on these securities at maturity was expected.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Held-to-Maturity Securities.

Major Security Types. The following table presents our HTM securities by type of security.

	June 30, 2024			
Security Type	**Amortized Cost[1]**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Estimated Fair Value**
MBS:				
Other U.S. obligations - guaranteed single-family	$ 3,813,827	$ 5,954	$ (24,706)	$ 3,795,075
GSE single-family	1,024,990	1,994	(35,611)	991,373
GSE multifamily	554,806	—	(4,919)	549,887
Total HTM securities	$ 5,393,623	$ 7,948	$ (65,236)	$ 5,336,335

	December 31, 2023			
Security Type	**Amortized Cost[1]**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Estimated Fair Value**
MBS:				
Other U.S. obligations - guaranteed single-family	$ 4,009,493	$ 1,836	$ (39,223)	$ 3,972,106
GSE single-family	683,944	1,454	(36,334)	649,064
GSE multifamily	563,366	—	(5,137)	558,229
Total HTM securities	$ 5,256,803	$ 3,290	$ (80,694)	$ 5,179,399

[1] Carrying value equals amortized cost, which includes adjustments made to the cost basis for purchase discount or premium and related accretion or amortization. Net unamortized premium at June 30, 2024 and December 31, 2023 totaled $19,975 and $21,942, respectively.

Contractual Maturity. HTM securities are not presented by contractual maturity because they consisted entirely of MBS, whose actual maturities will likely differ from their contractual maturities as borrowers have the right to prepay their obligations with or without prepayment fees.

Realized Gains and Losses. There were no sales of HTM securities during the three and six months ended June 30, 2024. During the six months ended June 30, 2023, we sold a portion of our HTM MBS for which we had previously collected at least 85% of the principal outstanding at the time of acquisition. As such, the sales were considered maturities for purposes of security classification. Proceeds from the sales totaled $9,769, resulting in a net realized loss of $(71) determined by the specific identification method.

Allowance for Credit Losses. At June 30, 2024 and December 31, 2023, based on our evaluation of expected credit losses, no allowance for credit losses on any of our HTM securities was deemed necessary.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 4 - Advances

The following table presents our advances outstanding by redemption term.

	June 30, 2024		December 31, 2023	
Redemption Term	**Amount**	**WAIR %**	**Amount**	**WAIR %**
Overdrawn demand and overnight deposit accounts	$ —	—	$ 2	7.76
Due in 1 year or less	11,132,790	4.69	9,780,116	4.88
Due after 1 through 2 years	3,664,606	3.62	4,362,389	3.33
Due after 2 through 3 years	2,763,033	3.55	2,683,356	3.25
Due after 3 through 4 years	7,086,282	4.38	4,573,456	4.37
Due after 4 through 5 years	4,234,109	4.31	5,531,135	4.30
Thereafter	8,168,439	3.72	8,946,614	3.44
Total advances, par value	37,049,259	4.18	35,877,068	4.06
Fair-value hedging basis adjustments, net	(496,306)		(319,721)	
Unamortized swap termination fees associated with modified advances, net of deferred prepayment fees	3,427		4,497	
Total advances[1]	$ 36,556,380		$ 35,561,844	

[1] Carrying value equals amortized cost, which excludes accrued interest receivable at June 30, 2024 and December 31, 2023 of $63,049 and $63,775, respectively.

The following table presents our advances outstanding by the earlier of the redemption date or the next call date and next put date.

	Earlier of Redemption or Next Call Date		Earlier of Redemption or Next Put Date	
Term	**June 30, 2024**	**December 31, 2023**	**June 30, 2024**	**December 31, 2023**
Overdrawn demand and overnight deposit accounts	$ —	$ 2	$ —	$ 2
Due in 1 year or less	16,133,662	14,901,928	14,999,940	13,910,616
Due after 1 through 2 years	2,912,456	3,641,289	4,666,606	5,102,289
Due after 2 through 3 years	2,417,973	2,370,466	3,096,033	3,581,356
Due after 3 through 4 years	5,377,082	3,328,746	7,169,382	4,808,556
Due after 4 through 5 years	3,911,056	4,502,482	3,492,859	4,661,135
Thereafter	6,297,030	7,132,155	3,624,439	3,813,114
Total advances, par value	$ 37,049,259	$ 35,877,068	$ 37,049,259	$ 35,877,068

Advance Concentrations. At June 30, 2024 and December 31, 2023, our top borrower held 13% and 12%, respectively, and our top five borrowers held 38% and 35%, respectively, of total advances outstanding at par.

Allowance for Credit Losses. At June 30, 2024 and December 31, 2023, based upon the collateral held as security, our credit extension and collateral policies, our credit analysis and the repayment history on advances, no allowance for credit losses on advances was deemed necessary.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 5 - Mortgage Loans Held for Portfolio

The following tables present information on our mortgage loans held for portfolio by term and type.

Term	June 30, 2024	December 31, 2023
Fixed-rate long-term mortgages	$ 8,530,876	$ 7,711,709
Fixed-rate medium-term[1] mortgages	684,773	740,859
Total mortgage loans held for portfolio, UPB	9,215,649	8,452,568
Unamortized premiums	195,381	179,499
Unamortized discounts	(11,933)	(11,844)
Hedging basis adjustments, net	(5,581)	(6,254)
Total mortgage loans held for portfolio	9,393,516	8,613,969
Allowance for credit losses	(125)	(125)
Total mortgage loans held for portfolio, net[2]	$ 9,393,391	$ 8,613,844

1 Defined as a term of 15 years or less at origination.
2 Excludes accrued interest receivable at June 30, 2024 and December 31, 2023 of $47,599 and $41,403, respectively.

Type	June 30, 2024	December 31, 2023
Conventional	$ 8,995,864	$ 8,298,188
Government-guaranteed or -insured	219,785	154,380
Total mortgage loans held for portfolio, UPB	$ 9,215,649	$ 8,452,568

Credit Quality Indicators for Conventional Mortgage Loans. Amounts past due 30 days or more on conventional mortgage loans at June 30, 2024 and December 31, 2023 totaled $50,686 and $61,300, respectively. Amounts are based on amortized cost, which excludes accrued interest receivable.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 6 - Derivatives and Hedging Activities

Financial Statement Effect and Additional Financial Information. We record derivative instruments, related cash collateral received or pledged/posted and associated accrued interest on a net basis by the clearing agent and/or by counterparty when the netting requirements have been met.

The following table presents the notional amount and estimated fair value of our derivative assets and liabilities.

	June 30, 2024			December 31, 2023		
	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments:						
Interest-rate swaps	$ 69,262,660	$ 813,364	$ 1,416,207	$ 75,336,530	$ 736,648	$ 1,533,144
Derivatives not designated as hedging instruments:						
Economic hedges:						
Interest-rate swaps	1,175,000	1,304	88	610,000	100	319
Interest-rate caps/floors	811,000	601	—	811,000	887	—
Interest-rate forwards	114,300	—	342	57,300	—	337
MDCs	114,429	104	144	57,270	207	12
Total derivatives not designated as hedging instruments	2,214,729	2,009	574	1,535,570	1,194	668
Total derivatives before adjustments	$ 71,477,389	815,373	1,416,781	$ 76,872,100	737,842	1,533,812
Netting adjustments and cash collateral[1]		(299,120)	(1,414,439)		(216,678)	(1,526,872)
Total derivatives, net, at estimated fair value		$ 516,253	$ 2,342		$ 521,164	$ 6,940

[1] Represents the application of the netting requirements that allow us to settle (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed, with the same clearing agent and/or counterparty. Cash collateral pledged to counterparties at June 30, 2024 and December 31, 2023, including accrued interest, totaled $1,322,576 and $1,451,464, respectively. Cash collateral received from counterparties and held at June 30, 2024 and December 31, 2023, including accrued interest, totaled $207,258 and $141,271, respectively.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Managing Credit Risk on Derivatives. We are subject to credit risk due to the risk of nonperformance by the counterparties to our derivative transactions.

Uncleared Derivatives. At June 30, 2024 and December 31, 2023, our securities pledged as collateral totaled $2,140 and $15,670, respectively.

The following table presents separately the estimated fair value of our derivative instruments meeting and not meeting netting requirements, including the effect of the related collateral.

	June 30, 2024		December 31, 2023	
	Derivative Assets	**Derivative Liabilities**	**Derivative Assets**	**Derivative Liabilities**
Derivative instruments meeting netting requirements:				
Gross recognized amount				
Uncleared	$ 797,057	$ 1,415,954	$ 736,071	$ 1,521,576
Cleared	18,212	683	1,564	11,887
Total gross recognized amount	815,269	1,416,637	737,635	1,533,463
Gross amounts of netting adjustments and cash collateral				
Uncleared	(789,330)	(1,413,756)	(727,850)	(1,514,985)
Cleared	490,210	(683)	511,172	(11,887)
Total gross amounts of netting adjustments and cash collateral	(299,120)	(1,414,439)	(216,678)	(1,526,872)
Net amounts after netting adjustments and cash collateral				
Uncleared	7,727	2,198	8,221	6,591
Cleared	508,422	—	512,736	—
Total net amounts after netting adjustments and cash collateral	516,149	2,198	520,957	6,591
Derivative instruments not meeting netting requirements[1]	104	144	207	349
Total derivatives, net, at estimated fair value	$ 516,253	$ 2,342	$ 521,164	$ 6,940

[1] Includes MDCs and certain interest-rate forwards.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents the impact of our qualifying fair-value hedging relationships on net interest income by hedged item, excluding any offsetting interest income/expense of the associated hedged items.

	Three Months Ended June 30, 2024			
	Advances	**AFS Securities**	**CO Bonds**	**Total**
Net impact of fair-value hedging relationships on net interest income:				
Net interest settlements on derivatives[1]	$ 139,209	$ 130,167	$ (239,940)	$ 29,436
Net gains (losses) on derivatives[2]	(23,587)	(6,778)	124,299	93,934
Net gains (losses) on hedged items[3]	19,650	(14,064)	(127,328)	(121,742)
Net impact on net interest income	$ 135,272	$ 109,325	$ (242,969)	$ 1,628
Total interest income (expense) recorded in the statement of income[4]	$ 508,287	$ 222,574	$ (643,171)	$ 87,690

	Three Months Ended June 30, 2023			
	Advances	**AFS Securities**	**CO Bonds**	**Total**
Net impact of fair-value hedging relationships on net interest income:				
Net interest settlements on derivatives[1]	$ 148,661	$ 116,903	$ (234,848)	$ 30,716
Net gains (losses) on derivatives[2]	221,614	68,048	(255,180)	34,482
Net gains (losses) on hedged items[3]	(223,642)	(85,751)	254,777	(54,616)
Net impact on net interest income	$ 146,633	$ 99,200	$ (235,251)	$ 10,582
Total interest income (expense) recorded in the statement of income[4]	$ 491,905	$ 200,507	$ (543,752)	$ 148,660

(Unaudited, $ amounts in thousands unless otherwise indicated)

	Six Months Ended June 30, 2024			
	Advances	AFS Securities	CO Bonds	Total
Net impact of fair-value hedging relationships on net interest income:				
Net interest settlements on derivatives[1]	$ 286,559	$ 260,033	$ (489,160)	$ 57,432
Net gains on derivatives[2]	134,592	56,983	70,639	262,214
Net gains (losses) on hedged items[3]	(143,275)	(98,394)	(71,677)	(313,346)
Net impact on net interest income	$ 277,876	$ 218,622	$ (490,198)	$ 6,300
Total interest income (expense) recorded in the statement of income[4]	$ 1,023,144	$ 442,941	$ (1,264,584)	$ 201,501

	Six Months Ended June 30, 2023			
	Advances	AFS Securities	CO Bonds	Total
Net impact of fair-value hedging relationships on net interest income:				
Net interest settlements on derivatives[1]	$ 266,555	$ 214,175	$ (441,901)	$ 38,829
Net gains (losses) on derivatives[2]	38,303	(21,150)	129,196	146,349
Net gains (losses) on hedged items[3]	(47,135)	(18,521)	(129,893)	(195,549)
Net impact on net interest income	$ 257,723	$ 174,504	$ (442,598)	$ (10,371)
Total interest income (expense) recorded in the statement of income[4]	$ 926,134	$ 372,226	$ (990,426)	$ 307,934

1 Represents interest income/expense on derivatives in qualifying fair-value hedging relationships. Net interest settlements on derivatives that are not in qualifying fair-value hedging relationships are reported in other income.
2 Includes increases (decreases) in estimated fair value, price alignment interest and swap termination fees.
3 Includes increases (decreases) in estimated fair value and amortization of net losses on ineffective and discontinued fair-value hedging relationships.
4 For advances, AFS securities and CO bonds only.

The following table presents the components of our net gains (losses) on derivatives reported in other income.

	Three Months Ended June 30,		Six Months Ended June 30,	
Type of Hedge	2024	2023	2024	2023
Net gains (losses) on derivatives not designated as hedging instruments:				
Economic hedges:				
Interest-rate swaps	$ (2,591)	$ 1,904	$ 4,695	$ (8,171)
Interest-rate caps/floors	(175)	516	(272)	(429)
Interest-rate forwards	(172)	723	(328)	58
Net interest settlements[1]	2,239	2,626	4,277	12,444
MDCs	55	(799)	108	(295)
Net gains (losses) on derivatives in other income	$ (644)	$ 4,970	$ 8,480	$ 3,607

1 Relates to derivatives that are not in qualifying fair-value hedging relationships. The interest income/expense of the associated hedged items is recorded in net interest income.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents the amortized cost of, and the related cumulative basis adjustments on, our hedged items in qualifying fair-value hedging relationships.

	June 30, 2024		
	Advances	AFS Securities	CO Bonds
Amortized cost of hedged items[1]	$ 22,072,080	$ 14,229,121	$ 29,909,431
Cumulative basis adjustments included in amortized cost:			
For active fair-value hedging relationships[2]	$ (496,306)	$ (1,217,636)	$ (1,338,834)
For discontinued fair-value hedging relationships	—	198,599	—
Total cumulative fair-value hedging basis adjustments on hedged items	$ (496,306)	$ (1,019,037)	$ (1,338,834)

	December 31, 2023		
	Advances	AFS Securities	CO Bonds
Amortized cost of hedged items[1]	$ 21,624,453	$ 14,254,103	$ 36,682,911
Cumulative basis adjustments included in amortized cost:			
For active fair-value hedging relationships[2]	$ (319,721)	$ (1,013,707)	$ (1,410,511)
For discontinued fair-value hedging relationships	—	234,825	—
Total cumulative fair-value hedging basis adjustments on hedged items	$ (319,721)	$ (778,882)	$ (1,410,511)

1 Includes the amortized cost of the hedged items in active or discontinued fair-value hedging relationships.
2 Excludes any offsetting effect of the net estimated fair value of the associated derivatives.

Note 7 - Consolidated Obligations

In addition to being the primary obligor for all consolidated obligations issued on our behalf, we are jointly and severally liable with each of the other FHLBanks for the payment of the principal and interest on all of the FHLBanks' consolidated obligations outstanding. The par values of the FHLBanks' consolidated obligations outstanding at both June 30, 2024 and December 31, 2023 totaled $1.2 trillion. As provided by the Federal Home Loan Bank Act of 1932 and Finance Agency regulations, consolidated obligations are backed only by the financial resources of all FHLBanks.

Discount Notes. The following table presents our discount notes outstanding, all of which are due within one year of issuance.

Discount Notes	June 30, 2024	December 31, 2023
Par value	$ 22,543,338	$ 22,737,397
Unamortized discounts	(100,437)	(115,297)
Unamortized concessions	(204)	(263)
Book value	$ 22,442,697	$ 22,621,837
Weighted average effective interest rate	5.33 %	5.35 %

(Unaudited, $ amounts in thousands unless otherwise indicated)

CO Bonds. The following table presents the par value of our CO bonds outstanding by interest-rate payment type.

Interest-Rate Payment Type	June 30, 2024	December 31, 2023
Fixed-rate	$ 39,003,360	$ 45,009,050
Simple variable-rate	11,759,500	3,389,500
Step-up	1,313,500	1,428,500
Total CO bonds, par value	$ 52,076,360	$ 49,827,050

The following table presents our CO bonds outstanding by contractual maturity.

	June 30, 2024		December 31, 2023	
Year of Contractual Maturity	Amount	WAIR%	Amount	WAIR%
Due in 1 year or less	$ 16,213,970	2.72	$ 20,137,240	3.76
Due after 1 through 2 years	17,737,850	4.22	10,415,280	2.96
Due after 2 through 3 years	5,673,030	1.80	7,537,350	1.48
Due after 3 through 4 years	1,644,780	2.48	2,356,530	1.85
Due after 4 through 5 years	3,004,130	4.13	2,254,120	3.06
Thereafter	7,802,600	3.12	7,126,530	2.81
Total CO bonds, par value	52,076,360	3.26	49,827,050	2.99
Unamortized premiums	28,984		33,792	
Unamortized discounts	(9,018)		(10,093)	
Unamortized concessions	(10,275)		(8,672)	
Fair-value hedging basis adjustments, net	(1,338,834)		(1,410,511)	
Total CO bonds	$ 50,747,217		$ 48,431,566	

The following tables present the par value of our CO bonds outstanding by redemption feature and the earlier of the year of contractual maturity or next call date.

Call Feature	June 30, 2024	December 31, 2023
Non-callable / non-putable	$ 21,336,860	$ 14,027,225
Callable	30,739,500	35,799,825
Total CO bonds, par value	$ 52,076,360	$ 49,827,050

Year of Contractual Maturity or Next Call Date	June 30, 2024	December 31, 2023
Due in 1 year or less	$ 36,756,970	$ 42,512,740
Due after 1 through 2 years	12,763,350	4,389,780
Due after 2 through 3 years	659,030	895,850
Due after 3 through 4 years	347,780	327,530
Due after 4 through 5 years	948,630	1,051,620
Thereafter	600,600	649,530
Total CO bonds, par value	$ 52,076,360	$ 49,827,050

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 8 - Affordable Housing Program

Our required AHP expense, based on 10% of our net earnings, is reported separately as AHP assessments on the Statement of Income as a reduction to income before assessments. Voluntary contributions to our AHP are reported within other expenses.

The following table summarizes the activity in our AHP funding obligation.

	Three Months Ended June 30,		Six Months Ended June 30,	
AHP Activity	**2024**	**2023**	**2024**	**2023**
Liability at beginning of period	$ 77,586	$ 46,615	$ 68,301	$ 38,170
Assessments	10,488	10,637	21,623	21,280
Voluntary contributions to AHP	3,444	—	3,444	—
Subsidy usage, net[1]	(17,727)	(4,117)	(19,577)	(6,315)
Liability at end of period	$ 73,791	$ 53,135	$ 73,791	$ 53,135

1 Subsidies disbursed are reported net of returns/recaptures of previously disbursed subsidies.

Note 9 - Capital

Classes of Capital Stock. The following table presents our capital stock outstanding by sub-series.

Capital Stock Sub-Series	**June 30, 2024**	**December 31, 2023**
Class B-1 [1]	$ 569,336	$ 581,687
Class B-2 [2]	1,776,177	1,703,571
Total Class B	$ 2,345,513	$ 2,285,258

1 Non-activity-based stock.
2 Activity-based stock.

Mandatorily Redeemable Capital Stock. The following table presents the activity in our MRCS.

	Three Months Ended June 30,		Six Months Ended June 30,	
MRCS Activity	**2024**	**2023**	**2024**	**2023**
Liability at beginning of period	$ 367,444	$ 372,487	$ 369,041	$ 372,503
Reclassification from capital stock	—	—	—	13
Redemptions/repurchases	(4,326)	(1,865)	(5,923)	(1,894)
Liability at end of period	$ 363,118	$ 370,622	$ 363,118	$ 370,622

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents our MRCS by contractual year of redemption. The year of redemption is the later of (i) the final year of the five-year redemption period, or (ii) the first year in which a non-member no longer has an activity-based stock requirement.

MRCS Contractual Year of Redemption	**June 30, 2024**	**December 31, 2023**
Past contractual redemption date[1]	$ 857	$ 738
Year 1 [2]	12,124	15,047
Year 2	16,059	19,179
Year 3	3,674	3,674
Year 4	329,245	329,232
Year 5	1,159	1,171
Total MRCS	$ 363,118	$ 369,041

1 Balance represents Class B stock that will not be redeemed until the associated credit products or mortgage loans are no longer outstanding.
2 Balance at December 31, 2023 includes $5,175 of Class B stock held by one captive insurance company whose membership was terminated on February 19, 2021. The stock was not past its contractual redemption date, but was redeemed when the associated advances were repaid during the six months ended June 30, 2024.

The following table presents the distributions related to our MRCS.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
MRCS Distributions	**2024**	**2023**	**2024**	**2023**
Recorded as interest expense	$ 5,505	$ 4,370	$ 10,848	$ 8,480
Recorded as distributions from retained earnings	—	1	—	707
Total	$ 5,505	$ 4,371	$ 10,848	$ 9,187

Capital Requirements. We are subject to three capital requirements under our capital plan and Finance Agency regulations. As presented in the following table, we were in compliance with these Finance Agency capital requirements at June 30, 2024 and December 31, 2023.

	June 30, 2024		**December 31, 2023**	
Regulatory Capital Requirements	**Required**	**Actual**	**Required**	**Actual**
Risk-based capital	$ 1,150,586	$ 4,332,907	$ 1,277,258	$ 4,186,470
Total regulatory capital	$ 3,169,806	$ 4,332,907	$ 3,064,336	$ 4,186,470
Total regulatory capital-to-assets ratio	4.00%	5.47%	4.00%	5.46%
Leverage capital	$ 3,962,258	$ 6,499,360	$ 3,830,420	$ 6,279,705
Leverage ratio	5.00%	8.20%	5.00%	8.20%

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 10 - Accumulated Other Comprehensive Income

The following table presents a summary of the changes in the components of our AOCI.

AOCI Rollforward	Unrealized Gains (Losses) on AFS Securities	Pension Benefits	Total AOCI (Loss)
Balance, March 31, 2024	$ 41,539	$ (13,511)	$ 28,028
OCI before reclassifications:			
Net change in unrealized gains (losses)	(7,074)	—	(7,074)
Reclassifications from OCI to net income:			
Net realized (gains) from sale of AFS securities	(1,840)	—	(1,840)
Pension benefits, net	—	(2,433)	(2,433)
Total other comprehensive income (loss)	(8,914)	(2,433)	(11,347)
Balance, June 30, 2024	$ 32,625	$ (15,944)	$ 16,681
Balance, March 31, 2023	$ (57,916)	$ (15,512)	$ (73,428)
OCI before reclassifications:			
Net change in unrealized gains	61,769	—	61,769
Reclassifications from OCI to net income:			
Net realized (gains) losses from sale of AFS securities	142	—	142
Pension benefits, net	—	1,206	1,206
Total other comprehensive income	61,911	1,206	63,117
Balance, June 30, 2023	$ 3,995	$ (14,306)	$ (10,311)

AOCI Rollforward	Unrealized Gains (Losses) on AFS Securities	Pension Benefits	Total AOCI (Loss)
Balance, December 31, 2023	$ (59,777)	$ (13,755)	$ (73,532)
OCI before reclassifications:			
Net change in unrealized gains	94,242	—	94,242
Reclassifications from OCI to net income:			
Net realized (gains) from sale of AFS securities	(1,840)	—	(1,840)
Pension benefits, net	—	(2,189)	(2,189)
Total other comprehensive income (loss)	92,402	(2,189)	90,213
Balance, June 30, 2024	$ 32,625	$ (15,944)	$ 16,681
Balance, December 31, 2022	$ (9,939)	$ (15,852)	$ (25,791)
OCI before reclassifications:			
Net change in unrealized gains	13,792	—	13,792
Reclassifications from OCI to net income:			
Net realized (gains) losses from sale of AFS securities	142	—	142
Pension benefits, net	—	1,546	1,546
Total other comprehensive income	13,934	1,546	15,480
Balance, June 30, 2023	$ 3,995	$ (14,306)	$ (10,311)

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 11 - Segment Information

The following table presents our financial performance by operating segment.

	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 105,958	$ 18,936	$ 124,894	$ 112,133	$ 11,460	$ 123,593
Provision for (reversal of) credit losses	—	(21)	(21)	—	(3)	(3)
Other income	6,539	194	6,733	9,031	120	9,151
Other expenses	28,589	3,684	32,273	26,855	3,893	30,748
Income before assessments	83,908	15,467	99,375	94,309	7,690	101,999
Affordable Housing Program assessments	8,941	1,547	10,488	9,868	769	10,637
Net income	$ 74,967	$ 13,920	$ 88,887	$ 84,441	$ 6,921	$ 91,362

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 221,338	$ 32,955	$ 254,293	$ 202,802	$ 24,440	$ 227,242
Provision for (reversal of) credit losses	—	(46)	(46)	—	(2)	(2)
Other income	15,778	313	16,091	39,283	15	39,298
Other expenses	57,551	7,496	65,047	54,272	7,947	62,219
Income before assessments	179,565	25,818	205,383	187,813	16,510	204,323
Affordable Housing Program assessments	19,041	2,582	21,623	19,629	1,651	21,280
Net income	$ 160,524	$ 23,236	$ 183,760	$ 168,184	$ 14,859	$ 183,043

The following table presents our asset balances by operating segment.

Date	Traditional	Mortgage Loans	Total
June 30, 2024	$ 69,851,770	$ 9,393,391	$ 79,245,161
December 31, 2023	67,994,560	8,613,844	76,608,404

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 12 - Estimated Fair Values

The following tables present the carrying value and estimated fair value of each of our financial instruments. The total of the estimated fair values does not represent an estimate of our overall market value as a going concern, which would take into account, among other considerations, future business opportunities and the net profitability of assets and liabilities.

	June 30, 2024					
		Estimated Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments**[1]
Assets:						
Cash and due from banks	$ 56,246	$ 56,246	$ 56,246	$ —	$ —	$ —
Interest-bearing deposits	921,006	921,006	920,963	43	—	—
Securities purchased under agreements to resell	6,250,000	6,250,000	—	6,250,000	—	—
Federal funds sold	4,497,000	4,497,000	—	4,497,000	—	—
Trading securities	1,076,622	1,076,622	—	1,076,622	—	—
AFS securities	14,261,746	14,261,746	—	14,261,746	—	—
HTM securities	5,393,623	5,336,335	—	5,336,335	—	—
Advances	36,556,380	36,422,167	—	36,422,167	—	—
Mortgage loans held for portfolio, net	9,393,391	8,555,984	—	8,551,529	4,455	—
Accrued interest receivable	212,412	212,412	—	212,412	—	—
Derivative assets, net	516,253	516,253	—	815,373	—	(299,120)
Grantor trust assets[2]	65,928	65,928	65,928	—	—	—
Liabilities:						
Deposits	782,177	782,177	—	782,177	—	—
Consolidated obligations:						
Discount notes	22,442,697	22,436,633	—	22,436,633	—	—
Bonds	50,747,217	49,936,418	—	49,936,418	—	—
Securities sold under agreements to repurchase	9,691	9,691	—	9,691	—	—
Accrued interest payable	357,292	357,292	—	357,292	—	—
Derivative liabilities, net	2,342	2,342	—	1,416,781	—	(1,414,439)
MRCS	363,118	363,118	363,118	—	—	—

(Unaudited, $ amounts in thousands unless otherwise indicated)

	December 31, 2023					
		Estimated Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments**[1]
Assets:						
Cash and due from banks	$ 58,844	$ 58,844	$ 58,844	$ —	$ —	$ —
Interest-bearing deposits	892,049	892,049	892,007	42	—	—
Securities purchased under agreements to resell	6,500,000	6,500,000	—	6,500,000	—	—
Federal funds sold	4,101,000	4,101,000	—	4,101,000	—	—
Trading securities	600,063	600,063	—	600,063	—	—
AFS securities	14,194,326	14,194,326	—	14,194,326	—	—
HTM securities	5,256,803	5,179,399	—	5,179,399	—	—
Advances	35,561,844	35,368,737	—	35,368,737	—	—
Mortgage loans held for portfolio, net	8,613,844	7,940,218	—	7,936,147	4,071	—
Accrued interest receivable	203,809	203,809	—	203,809	—	—
Derivative assets, net	521,164	521,164	—	737,842	—	(216,678)
Grantor trust assets[2]	61,227	61,227	61,227	—	—	—
Liabilities:						
Deposits	628,811	628,811	—	628,811	—	—
Consolidated obligations:						
Discount notes	22,621,837	22,620,613	—	22,620,613	—	—
Bonds	48,431,566	47,570,879	—	47,570,879	—	—
Accrued interest payable	327,237	327,237	—	327,237	—	—
Derivative liabilities, net	6,940	6,940	—	1,533,812	—	(1,526,872)
MRCS	369,041	369,041	369,041	—	—	—

1 Represents the application of the netting requirements that allow us to settle (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed with the same clearing agent and/or counterparty.
2 Included in other assets on the statement of condition.

Valuation Techniques and Significant Inputs. No significant changes were made during the six months ended June 30, 2024.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Estimated Fair Value Measurements. The following tables present, by level within the fair value hierarchy, the estimated fair value of our financial assets and liabilities that are recorded at estimated fair value on a recurring or non-recurring basis on our statement of condition.

	June 30, 2024				
Financial Instruments	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments**[1]
Trading securities:					
U.S. Treasury obligations	$ 1,076,622	$ —	$ 1,076,622	$ —	$ —
Total trading securities	1,076,622	—	1,076,622	—	—
AFS securities:					
U.S. Treasury obligations	5,619,830	—	5,619,830	—	—
GSE and TVA debentures	1,866,702	—	1,866,702	—	—
GSE multifamily MBS	6,775,214	—	6,775,214	—	—
Total AFS securities	14,261,746	—	14,261,746	—	—
Derivative assets:					
Interest-rate related	516,149	—	815,269	—	(299,120)
MDCs	104	—	104	—	—
Total derivative assets, net	516,253	—	815,373	—	(299,120)
Other assets:					
Grantor trust assets	65,928	65,928	—	—	—
Total assets at recurring estimated fair value	$15,920,549	$ 65,928	$16,153,741	$ —	$ (299,120)
Derivative liabilities:					
Interest-rate related	$ 2,198	$ —	$ 1,416,637	$ —	$ (1,414,439)
MDCs	144	—	144	—	—
Total derivative liabilities, net	2,342	—	1,416,781	—	(1,414,439)
Total liabilities at recurring estimated fair value	$ 2,342	$ —	$ 1,416,781	$ —	$ (1,414,439)

(Unaudited, $ amounts in thousands unless otherwise indicated)

	December 31, 2023				
Financial Instruments	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments**[1]
Trading securities:					
U.S. Treasury obligations	$ 600,063	$ —	$ 600,063	$ —	$ —
Total trading securities	600,063	—	600,063	—	—
AFS securities:					
U.S. Treasury obligations	5,696,856	—	5,696,856	—	—
GSE and TVA debentures	1,806,938	—	1,806,938	—	—
GSE multifamily MBS	6,690,532	—	6,690,532	—	—
Total AFS securities	14,194,326	—	14,194,326	—	—
Derivative assets:					
Interest-rate related	520,957	—	737,635	—	(216,678)
MDCs	207	—	207	—	—
Total derivative assets, net	521,164	—	737,842	—	(216,678)
Other assets:					
Grantor trust assets	61,227	61,227	—	—	—
Total assets at recurring estimated fair value	$15,376,780	$ 61,227	$15,532,231	$ —	$ (216,678)
Derivative liabilities:					
Interest-rate related	$ 6,928	$ —	$ 1,533,800	$ —	$ (1,526,872)
MDCs	12	—	12	—	—
Total derivative liabilities, net	6,940	—	1,533,812	—	(1,526,872)
Total liabilities at recurring estimated fair value	$ 6,940	$ —	$ 1,533,812	$ —	$ (1,526,872)

1 Represents the application of the netting requirements that allow us to settle (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed with the same clearing agent and/or counterparty.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 13 - Commitments and Contingencies

The following table presents our off-balance-sheet commitments at their notional amounts.

	June 30, 2024			December 31, 2023
Type of Commitment	**Expire within one year**	**Expire after one year**	**Total**	**Total**
Standby letters of credit outstanding[1]	$ 215,144	$ 332,059	$ 547,203	$ 511,923
Commitments for standby bond purchases	—	218,495	218,495	184,960
Unused lines of credit - advances[2]	1,282,550	—	1,282,550	1,196,988
Commitments to fund additional advances[3]	6,687	—	6,687	9,965
Commitments to purchase mortgage loans, net[4]	114,429	—	114,429	57,270
Unsettled CO bonds, at par	165,000	—	165,000	—

1 Excludes unconditional commitments to issue standby letters of credit of $3,963 at June 30, 2024. There were no unconditional commitments to issue standby letters of credit at December 31, 2023.
2 Maximum line of credit amount per member is $100,000.
3 Generally for periods up to six months.
4 Generally for periods up to 91 days.

Pledged Collateral. Cash pledged as collateral to counterparties and clearing agents at June 30, 2024 and December 31, 2023 totaled $1,318,864 and $1,447,218, respectively.

Standby Bond Purchase Agreements. We have entered into multiple agreements with a state housing authority within our district whereby we could be required under the terms of the agreements to purchase and hold the state housing authority's bonds until its designated marketing agent can find a suitable investor or the state housing authority repurchases the bond according to a schedule established by the standby agreements. At June 30, 2024, the agreements outstanding expire no later than 2029, although some may be renewable at our option. We were not required to purchase any bonds under these agreements as of June 30, 2024.

Legal Proceedings. We are subject to legal proceedings arising in the normal course of business. We record an accrual for a loss contingency when it is probable that a loss for which we could be liable has been incurred and the amount can be reasonably estimated. After consultation with legal counsel, management is not aware of any such proceedings where the ultimate liability, if any, could have a material effect on our financial condition, results of operations or cash flows.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 14 - Related Party and Other Transactions

Transactions with Directors Financial Institutions. The following table presents our transactions with directors' financial institutions, taking into account the beginning and ending dates of the directors' terms, merger activity and other changes in the composition of directors' financial institutions.

Transactions with Directors' Financial Institutions	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net capital stock issuances (redemptions and repurchases)	$ 68	$ 1,402	$ 385	$ 3,805
Net advances (repayments)	91,762	(74,218)	3,460	(125,512)
Mortgage loan purchases	23,156	10,881	36,428	14,004

The following table presents the aggregate balances of capital stock and advances outstanding for our directors' financial institutions and their balances as a percent of the total balances on our statement of condition.

Balances with Directors' Financial Institutions	June 30, 2024 Par Value	June 30, 2024 % of Total	December 31, 2023 Par Value	December 31, 2023 % of Total
Capital stock	$ 58,263	2 %	$ 56,763	2 %
Advances	737,744	2 %	753,234	2 %

The composition of our directors' financial institutions changed due to changes in board membership on January 1, 2024 resulting from the 2023 board of directors' election, on January 16, 2024 resulting from a director's resignation, on April 1, 2024 resulting from the board's election of a new director to fill an unexpired term and on June 13, 2024 resulting from a change in a director's affiliation with a member institution.

Transactions with Other FHLBanks. Occasionally, we loan or borrow short-term funds to/from other FHLBanks in order to manage FHLBank System-wide liquidity. These loans and borrowings are transacted at current market rates when traded. On June 30, 2023, the Bank loaned $250,000 to another FHLBank which was repaid on the next business day. There were no loans to or borrowings from other FHLBanks that remained outstanding at June 30, 2024 or December 31, 2023.

DEFINED TERMS

advance: Secured loan to member, former member or Housing Associate
AFS: Available-for-Sale
Agency: GSE and Ginnie Mae
AHP: Affordable Housing Program
AOCI: Accumulated Other Comprehensive Income (Loss)
bps: basis points
CDFI: Community Development Financial Institution
Clearinghouse: A United States Commodity Futures Trading Commission-registered derivatives clearing organization
CO bond: Consolidated Obligation bond
EFFR: Effective Federal Funds Rate
Exchange Act: Securities Exchange Act of 1934, as amended
Fannie Mae: Federal National Mortgage Association
FHLBank: A Federal Home Loan Bank
FHLBanks: The 11 Federal Home Loan Banks or a subset thereof
FHLBank System: The 11 Federal Home Loan Banks and the Office of Finance
Finance Agency: Federal Housing Finance Agency
FOMC: Federal Open Market Committee
Form 8-K: Current Report on Form 8-K as filed with the SEC under the Exchange Act
Form 10-K: Annual Report on Form 10-K as filed with the SEC under the Exchange Act
Form 10-Q: Quarterly Report on Form 10-Q as filed with the SEC under the Exchange Act
Freddie Mac: Federal Home Loan Mortgage Corporation
GAAP: Generally Accepted Accounting Principles in the United States of America
Ginnie Mae: Government National Mortgage Association
GSE: United States Government-Sponsored Enterprise
Housing Associate: Approved lender under Title II of the National Housing Act of 1934 that is either a government agency or is chartered under federal or state law with rights and powers similar to those of a corporation
HTM: Held-to-Maturity
LRA: Lender Risk Account
MBS: Mortgage-Backed Securities
MDC: Mandatory Delivery Commitment
Moody's: Moody's Investor Services
MPP: Mortgage Purchase Program, including Original and Advantage unless indicated otherwise
MRCS: Mandatorily Redeemable Capital Stock
MVE: Market Value of Equity
NRSRO: Nationally Recognized Statistical Rating Organization
OCI: Other Comprehensive Income (Loss)
S&P: Standard & Poor's Rating Service
SEC: Securities and Exchange Commission
Securities Act: Securities Act of 1933, as amended
SERP: Collectively, the 2005 FHLBank of Indianapolis Supplemental Executive Retirement Plan, as amended, and the FHLBank of Indianapolis Supplemental Executive Retirement Plan, frozen effective December 31, 2004
SOFR: Secured Overnight Financing Rate
TBA: To Be Announced, a forward contract for the purchase or sale of MBS at a future agreed-upon date for an established price
TVA: Tennessee Valley Authority
UPB: Unpaid Principal Balance
WAIR: Weighted-Average Interest Rate

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Presentation

This discussion and analysis by management of the Bank's financial condition and results of operations should be read in conjunction with our 2023 Form 10-K and the interim *Financial Statements* and related *Notes to Financial Statements* contained in *Item 1. Financial Statements*.

Unless otherwise stated, amounts disclosed in this Item are rounded to the nearest million; therefore, dollar amounts of less than one million may not be reflected or, due to rounding, may not appear to agree to the amounts presented in thousands in the *Financial Statements* and related *Notes to Financial Statements*. Amounts used to calculate dollar and percentage changes are based on numbers in the thousands. Accordingly, calculations based upon the disclosed amounts (millions) may not produce the same results.

Executive Summary

Overview. As an FHLBank*,* we are a regional wholesale bank that serves as a financial intermediary between the capital markets and our members. The Bank is structured as a financial cooperative, which allows our business to be scalable and self-capitalizing without taking undue risks, diminishing capital adequacy or jeopardizing profitability. Therefore, the Bank is generally designed to expand and contract in asset size as the needs of our members and their communities change.

We primarily make secured loans in the form of advances to our members and purchase whole mortgage loans from our members. Additionally, we purchase other investments and provide other financial services to our members.

Our principal source of funding is the proceeds from the sale to the public of FHLBank debt instruments, called consolidated obligations, which are the joint and several obligation of all FHLBanks. We obtain additional funds from deposits, other borrowings, and by issuing capital stock to our members.

Our primary source of revenue is interest earned on advances, mortgage loans, and investments, including MBS.

Our net interest income is primarily determined by the size of our balance sheet and the spread between the interest rate earned on our assets and the interest rate paid on our share of the consolidated obligations. A substantial portion of net interest income may also be derived from deploying our capital which has no associated interest cost, i.e., interest-free capital. We use funding and hedging strategies to manage the related interest-rate risk.

Due to our cooperative ownership structure and wholesale nature, we typically earn a narrow interest spread. Accordingly, our net income is relatively low compared to our total assets and capital.

In addition, as a cooperative, some members utilize our products more heavily and own more capital stock than others. As a result, we must achieve a balance in generating membership value from rates we charge on advances or prices we pay to purchase mortgage loans and paying a competitive dividend rate.

We group our products and services within two operating segments: *traditional* and *mortgage loans*.

Business Environment. The Bank’s financial performance is influenced by several key national economic and market factors, including fiscal and monetary policies, the conditions in the housing markets and the level and volatility of market interest rates.

<u>Economy and Financial Markets.</u> The U.S. economy grew faster than expected in the second quarter of 2024 as U.S. real gross domestic product, according to the U.S. Commerce Department, grew at a seasonally- and inflation-adjusted annual rate of 2.8%, higher than the 2.1% economists had predicted. The report indicated that consumer spending was still strong, despite high borrowing costs and inflation, as households' incomes continued to rise. Although the labor market is gradually slowing down, job gains remained strong and the labor market remained relatively tight as unemployment rates remained low by historical measures.

U.S. inflation eased in June continuing a recent slowdown in price increases. In June 2024, the personal-consumption expenditures price index, the Federal Reserve's preferred inflation gauge, rose at an annual rate of 3.0%, according to the Commerce Department. The associated measure of core prices, which excludes volatile food and energy prices, rose 3.3% compared to a year earlier, the smallest annual increase for the core rate since April 2021.

The resilient consumer continues to spark hopes that the economy will experience a soft landing, where inflation ebbs without causing a recession.

Conditions in U.S. Housing Markets. The actions by the Federal Reserve to curb inflation by raising interest rates have most directly affected consumers through the housing market. In 2023, home sales dropped to the lowest level in nearly three decades as elevated mortgage interest rates kept many buyers out of the market due to a lack of affordability, which reduced housing demand. At the same time, high mortgage rates discouraged homeowners from selling as many were reluctant to give up their existing low mortgage rates, reducing the available inventory of homes for sale.

The result of lower demand and lower supply was declining existing-home sales and stubbornly high prices. Existing-home sales, which comprise most of the housing market, fell 5.4% year-over-year in June 2024, according to the National Association of Realtors ("NAR"). While home prices reached record highs in June, mortgage rates fell in mid-July to their lowest level since mid-March, leading to optimism that housing affordability could improve slightly in the coming months.

Housing affordability, particularly for first-time home buyers, remains an economic burden and the NAR affordability index remained well below historic norms.

Interest Rate Levels and Volatility. The Federal Reserve seeks to achieve maximum employment and inflation at the rate of 2% over the longer run. In support of these goals, at its meeting on June 12, 2024, the FOMC decided to maintain the target range at 5.25% to 5.50%, repeating that it "does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation (now close to 3%) is moving sustainably toward" its 2% goal.

The following table presents certain key interest rates.

	Average for Three Months Ended June 30,		Average for Six Months Ended June 30,		Period End	
					June 30,	December 31,
	2024	2023	2024	2023	2024	2023
Federal Funds Effective	5.33 %	4.99 %	5.33 %	4.76 %	5.33 %	5.33 %
SOFR	5.32 %	4.97 %	5.32 %	4.73 %	5.33 %	5.38 %
1-week Overnight-Indexed Swap	5.33 %	5.01 %	5.33 %	4.78 %	5.33 %	5.33 %
3-month U.S. Treasury yield	5.39 %	5.17 %	5.39 %	4.94 %	5.36 %	5.34 %
2-year U.S Treasury yield	4.84 %	4.29 %	4.67 %	4.32 %	4.76 %	4.25 %
10-year U.S. Treasury yield	4.45 %	3.60 %	4.30 %	3.62 %	4.40 %	3.88 %

Source: Bloomberg

The level and volatility of interest rates, including the shape of the yield curve, were affected by several factors, principally efforts by the Federal Reserve beginning in late March 2022 to raise interest rates and tighten monetary policy to combat high inflation.

As the FOMC raised short-term rates, portions of the Treasury yield curve became inverted. The 2-year rate was consistently higher than the 10-year rate. Investors use the 10-year Treasury yield as an indicator of investor confidence. However, with the rise in the 10-year rate in 2023 and 2024, the yield curve became less inverted.

At its meeting on July 31, 2024, while noting that in recent months there has been some progress toward the Committee's 2% inflation objective, the FOMC decided to maintain the target range for the federal funds rate at 5.25% to 5.50%.

The FOMC stated that "The Committee judges that the risks to achieving its employment and inflation goals continue to move into better balance. The economic outlook is uncertain, and the Committee is attentive to risks to both sides of its dual mandate."

"In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency MBS."

"In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals."

Impact on Operating Results. Lending and investing activity by our member institutions is a key driver for our balance sheet and income growth. Such activity is a function of both prevailing interest rates and economic activity, including local economic factors, particularly relating to the housing and mortgage markets. Positive economic trends tend to increase demand by our members for advances to support their funding needs but can drive market interest rates higher, which can impair activity in the mortgage market. A less active mortgage market can affect demand for advances and activity levels in our Advantage MPP. However, member demand for liquidity, particularly during stressed market conditions, can also lead to advances growth. Borrowing patterns between our insurance company and depository members can differ during various economic and market conditions, thereby easing the potential magnitude of core business fluctuations during business cycles.

The level and trends of market interest rates and and the shape of the U.S. Treasury yield curve affect our yields and margins on earning assets, including advances, purchased mortgage loans, and our investment portfolio, which contribute to our overall profitability. Additionally, trends in market interest rates drive mortgage origination and prepayment activity, which can lead to net interest margin volatility in our MPP and MBS portfolios. A flat or inverted yield curve, in which the difference between short-term interest rates and long-term interest rates is low, or negative, respectively, may have an unfavorable impact on our net interest margins. A steep yield curve, in which the difference between short-term and long-term interest rates is high, may have a favorable impact on our net interest margins. The level of interest rates also directly affects our earnings on assets funded by our interest-free capital.

Results of Operations and Changes in Financial Condition

Results of Operations for the Three and Six Months Ended June 30, 2024 and 2023. The following table presents the comparative highlights of our results of operations ($ amounts in millions).

Condensed Statements of Comprehensive Income	Three Months Ended June 30, 2024	2023	$ Change	% Change	Six Months Ended June 30, 2024	2023	$ Change	% Change
Net interest income	$ 125	$ 124	$ 1	1 %	$ 254	$ 227	$ 27	12 %
Provision for (reversal of) credit losses	—	—	—		—	—	—	
Net interest income after provision for (reversal of) credit losses	125	124	1	1 %	254	227	27	12 %
Other income	6	9	(3)		16	39	(23)	
Other expenses	32	31	1		65	62	3	
Income before assessments	99	102	(3)	(3)%	205	204	1	1 %
Affordable Housing Program assessments	10	11	(1)		21	21	—	
Net income	89	91	(2)	(3)%	184	183	1	— %
Total other comprehensive income (loss)	(11)	63	(74)		90	16	74	
Total comprehensive income	$ 78	$ 154	$ (76)	(50)%	$ 274	$ 199	$ 75	38 %

The decrease in net income for the three months ended June 30, 2024 compared to the corresponding period in the prior year was primarily due to lower interest spreads and lower hedging gains on qualifying fair-value hedging relationships, substantially offset by higher earnings on the portion of the Bank's assets funded by its capital.

The increase in net income for the six months ended June 30, 2024 compared to the corresponding period in the prior year was substantially due to higher earnings on the portion of the Bank's assets funded by its capital. However, such increase was partially offset by net gains on the extinguishment of consolidated obligations in the corresponding period that did not occur in the current period.

The net decrease in total OCI for the three months ended June 30, 2024 compared to the corresponding period in the prior year was substantially due to net unrealized losses on AFS securities. The net increase in total OCI for the six months ended June 30, 2024 compared to the corresponding period in the prior year was due to net unrealized gains on AFS securities.

The following table presents the returns on average assets and returns on average equity.

Ratios	Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023
Return on average assets	0.48 %	0.50 %	0.50 %	0.51 %
Return on average equity	9.21 %	10.16 %	9.51 %	10.50 %

Changes in Financial Condition for the Six Months Ended June 30, 2024. The following table presents the comparative highlights of our changes in financial condition ($ amounts in millions).

Condensed Statements of Condition	June 30, 2024	December 31, 2023	$ Change	% Change
Advances	$ 36,556	$ 35,562	$ 994	3 %
Mortgage loans held for portfolio, net	9,393	8,614	779	9 %
Liquidity investments[1]	12,801	12,152	649	5 %
Other investment securities[2]	19,656	19,451	205	1 %
Other assets	839	829	10	1 %
Total assets	$ 79,245	$ 76,608	$ 2,637	3 %
Consolidated obligations	$ 73,190	$ 71,053	$ 2,137	3 %
MRCS	363	369	(6)	(2)%
Other liabilities	1,706	1,442	264	18 %
Total liabilities	75,259	72,864	2,395	3 %
Capital stock	2,345	2,285	60	3 %
Retained earnings[3]	1,624	1,532	92	6 %
AOCI (loss)	17	(73)	90	123 %
Total capital	3,986	3,744	242	6 %
Total liabilities and capital	$ 79,245	$ 76,608	$ 2,637	3 %
Total regulatory capital[4]	$ 4,332	$ 4,186	$ 146	3 %

1 Includes cash, interest-bearing deposits, securities purchased under agreements to resell, federal funds sold and U.S. Treasury obligations classified as trading securities.
2 Includes AFS and HTM securities.
3 Includes restricted retained earnings at June 30, 2024 and December 31, 2023 of $435 million and $398 million, respectively.
4 Total capital less AOCI plus MRCS.

Total assets at June 30, 2024 were $79.2 billion, a net increase of $2.6 billion, or 3%, from December 31, 2023.

Advances outstanding at June 30, 2024, at carrying value, totaled $36.6 billion, a net increase of $1.0 billion, or 3%, from December 31, 2023. The par value of advances outstanding increased by 3% to $37.0 billion, which included a net increase in short-term advances of 14% and a net decrease in long-term advances of 1%. At June 30, 2024, long-term advances composed 70% of advances outstanding, while short-term advances composed 30%.

Mortgage loans held for portfolio at June 30, 2024 totaled $9.4 billion, a net increase of $779 million, or 9%, from December 31, 2023, as the Bank's purchases from its members exceeded principal repayments by borrowers. Purchases of mortgage loans for the six months ended June 30, 2024 totaled $1.2 billion.

Liquidity investments at June 30, 2024 totaled $12.8 billion, a net increase of $649 million, or 5%, from December 31, 2023. Cash and short-term investments represented 92% of the total liquidity investments at June 30, 2024, while U.S. Treasury obligations represented 8%.

Other investment securities, which consist substantially of MBS and U.S. Treasury obligations classified as HTM or AFS, at June 30, 2024 totaled $19.7 billion, a net increase of $205 million, or 1%, from December 31, 2023.

The Bank's consolidated obligations outstanding at June 30, 2024 totaled $73.2 billion, a net increase of $2.1 billion, or 3%, from December 31, 2023, which reflected increased funding needs associated with the net increase in the Bank's total assets.

Total capital at June 30, 2024 was $4.0 billion, a net increase of $242 million, or 6%, from December 31, 2023. The net increase resulted from the growth in retained earnings, increase in accumulated other comprehensive income and issuances of capital stock to support advance activity.

The Bank's regulatory capital-to-assets ratio at June 30, 2024 was 5.47%, which exceeds all applicable regulatory capital requirements.

Outlook. We believe that our financial performance will continue to provide sufficient, risk-adjusted returns for our members across a wide range of business, financial and economic environments.

The ultimate effects of economic and financial markets activity, including fiscal and monetary policies, the strength of the housing markets and the level and volatility of market interest rates, and legislative and regulatory actions continue to evolve and are highly uncertain and, therefore, the future impact on our business is difficult to predict.

Analysis of Results of Operations for the Three and Six Months Ended June 30, 2024 and 2023.

Interest Income. Interest income for the three months ended June 30, 2024 totaled $1.0 billion, an increase of $84 million compared to the corresponding period in the prior year, primarily driven by an increase in yields resulting from the increase in market interest rates and an increase in the average balances outstanding of interest-earning assets.

Interest income for the six months ended June 30, 2024 totaled $2.0 billion, an increase of $281 million compared to the corresponding period in the prior year, primarily driven by an increase in yields resulting from the increase in market interest rates and an increase in the average balances outstanding of interest-earning assets.

Interest Expense. Interest expense for the three months ended June 30, 2024 totaled $909 million, an increase of $83 million compared to the corresponding period in the prior year, primarily driven by an increase in our cost of funds resulting from the increase in market interest rates and an increase in the average balances outstanding of interest-bearing liabilities.

Interest expense for the six months ended June 30, 2024 totaled $1.8 billion, an increase of $254 million compared to the corresponding period in the prior year, primarily driven by an increase in our cost of funds resulting from the increase in market interest rates and an increase in the average balances outstanding of interest-bearing liabilities.

Net Interest Income. As a result, net interest income is our primary source of earnings and is generated from the net interest spread on assets funded by liabilities and the yield on assets funded by interest-free capital.

The increase in net interest income for the three months ended June 30, 2024 compared to the corresponding period in the prior year was substantially due to higher earnings on the portion of the Bank's assets funded by its capital, substantially offset by lower interest spreads and lower hedging gains on qualifying fair-value hedging relationships.

The increase in net interest income for the six months ended June 30, 2024 compared to the corresponding period in the prior year was substantially due to higher earnings on the portion of the Bank's assets funded by its capital.

For our hedging relationships that qualified for hedge accounting, the differences between the changes in fair value of the hedged items and the associated derivatives (i.e. hedge ineffectiveness) are recorded in net interest income and resulted in net hedging gains for the three months ended June 30, 2024 of $1.3 million, compared to net hedging gains for the corresponding period in the prior year of $5.4 million, and net hedging gains for the six months ended June 30, 2024 of $5.3 million, compared to net hedging gains for the corresponding period in the prior year of $5.6 million.

Our net gains (losses) on derivatives fluctuate due to volatility in the overall interest-rate environment as we hedge our asset or liability risk exposures. In general, we hold derivatives and associated hedged items to the maturity, call, or put date. Therefore, due to timing, nearly all of the cumulative net gains and losses for these financial instruments will generally reverse over the remaining contractual terms of the hedged item. However, there may be instances when we terminate these instruments prior to the maturity, call or put date, which may result in a realized gain or loss.

The following table presents average daily balances, interest income/expense, and average yields/cost of funds of our major categories of interest-earning assets and their funding sources ($ amounts in millions).

	Three Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income/ Expense[1]	Average Yield/ Cost of Funds[1,2]	Average Balance	Interest Income/ Expense[1]	Average Yield/ Cost of Funds[1,2]
Assets:						
Securities purchased under agreements to resell	$ 3,437	$ 46	5.41 %	$ 3,170	$ 40	5.03 %
Federal funds sold	4,034	54	5.42 %	5,204	66	5.08 %
MBS[3,4]	12,073	192	6.41 %	11,342	163	5.76 %
Other investment securities[3,4]	8,303	119	5.73 %	7,334	98	5.42 %
Advances[4]	35,360	508	5.78 %	37,042	492	5.33 %
Mortgage loans held for portfolio[4,5]	9,118	85	3.72 %	7,790	59	3.04 %
Other assets (interest-earning)[6]	2,278	30	5.33 %	2,595	32	4.91 %
Total interest-earning assets	74,603	1,034	5.57 %	74,477	950	5.12 %
Other assets, net[7]	(535)			(896)		
Total assets	$ 74,068			$ 73,581		
Liabilities and Capital:						
Interest-bearing deposits	$ 897	11	5.23 %	$ 756	9	4.72 %
Discount notes	18,674	249	5.36 %	22,264	269	4.85 %
CO bonds[4]	49,578	643	5.22 %	45,801	544	4.76 %
MRCS	366	6	6.05 %	372	4	4.71 %
Other borrowings	—	—	5.48 %	11	—	4.87 %
Total interest-bearing liabilities	69,515	909	5.26 %	69,204	826	4.79 %
Other liabilities	673			772		
Capital stock	2,338			2,332		
All other components of capital	1,542			1,273		
Total liabilities and capital	$ 74,068			$ 73,581		
Net interest income		$ 125			$ 124	
Net spread on interest-earning assets less interest-bearing liabilities[2]			0.31 %			0.33 %
Net interest margin[8]			0.67 %			0.67 %
Average interest-earning assets to interest-bearing liabilities	1.07			1.08		

	Six Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income/ Expense[1]	Average Yield/ Cost of Funds[1,2]	Average Balance	Interest Income/ Expense[1]	Average Yield/ Cost of Funds[1,2]
Assets:						
Securities purchased under agreements to resell	$ 2,536	$ 68	5.41 %	$ 2,998	$ 72	4.82 %
Federal funds sold	4,523	122	5.42 %	4,631	111	4.85 %
MBS[3,4]	12,006	381	6.38 %	11,035	304	5.55 %
Other investment securities[3,4]	8,156	233	5.74 %	7,422	181	4.93 %
Advances[4]	35,668	1,023	5.77 %	36,837	926	5.07 %
Mortgage loans held for portfolio[4,5]	8,919	162	3.66 %	7,750	117	3.04 %
Other assets (interest-earning)[6]	2,289	61	5.32 %	2,492	58	4.70 %
Total interest-earning assets	74,097	2,050	5.56 %	73,165	1,769	4.88 %
Other assets, net[7]	(511)			(993)		
Total assets	$ 73,586			$ 72,172		
Liabilities and Capital:						
Interest-bearing deposits	$ 818	21	5.22 %	$ 739	17	4.50 %
Discount notes	18,721	499	5.36 %	22,793	526	4.66 %
CO bonds[4]	49,118	1,265	5.18 %	44,022	991	4.54 %
MRCS	367	11	5.94 %	372	8	4.59 %
Other borrowings	—	—	5.48 %	8	—	4.87 %
Total interest-bearing liabilities	69,024	1,796	5.23 %	67,934	1,542	4.58 %
Other liabilities	675			723		
Capital stock	2,328			2,253		
All other components of capital	1,559			1,262		
Total liabilities and capital	$ 73,586			$ 72,172		
Net interest income		$ 254			$ 227	
Net spread on interest-earning assets less interest-bearing liabilities[2]			0.33 %			0.30 %
Net interest margin[8]			0.69 %			0.63 %
Average interest-earning assets to interest-bearing liabilities	1.07			1.08		

1 Includes hedging gains (losses) on qualifying fair-value hedging relationships. Excludes impact of purchase discount (premium) recorded through mark-to-market gains (losses) on trading securities and net interest settlements on derivatives hedging trading securities.

2 Annualized.

3 The average balances of AFS securities are based on amortized cost; therefore, the resulting yields do not reflect changes in the estimated fair value that are a component of OCI.

4 Except for AFS securities, interest income/expense and average yield/cost of funds include all components of interest, including the impact of net interest payments or receipts on derivatives in qualifying hedge relationships, amortization of hedge accounting basis adjustments, and prepayment fees on advances. Excludes net interest payments or receipts on derivatives in economic hedging relationships, including those hedging trading securities.

5 Includes non-accrual loans.

6 Consists of interest-bearing deposits and loans to other FHLBanks (if applicable). Includes the rights or obligations to cash collateral, except for variation margin payments characterized as daily settled contracts.

[7] Includes cumulative changes in the estimated fair value of AFS securities and grantor trust assets.
[8] Annualized net interest income expressed as a percentage of the average balance of interest-earning assets.

Average Balances. The average balances outstanding of interest-earning assets for the three months ended June 30, 2024 increased by 0.2% compared to the corresponding period in the prior year. The average balances of mortgage loans increased 17% as a result of increases in purchases of mortgage loans. MBS and other investment securities increased by 9%, reflecting our goal to maintain investments in MBS near the 300% regulatory limit. These increases were substantially offset by the decrease in the average balances of advances of 5%. The average balances outstanding of interest-bearing liabilities for the three months ended June 30, 2024 increased by 1% compared to the corresponding period in the prior year. The average balances of discount notes decreased by 16%, while the average balances of CO bonds increased by 8%, reflecting a change in the mix of funding. As a result, the average balances of total interest-earning assets, net of interest-bearing liabilities, decreased by 4%.

The average balances outstanding of interest-earning assets for the six months ended June 30, 2024 increased by 1% compared to the corresponding period in the prior year. The average balances of mortgage loans increased 15% as a result of increases in purchases of mortgage loans. The average balances of MBS and other investment securities increased by 9%, reflecting our goal to maintain investments in MBS near the 300% regulatory limit. These increases were substantially offset by the decrease in the average balances of advances of 3%. The average balances outstanding of interest-bearing liabilities for the six months ended June 30, 2024 increased by 2% compared to the corresponding period in the prior year. The average balances of discount notes decreased by 18%, while the average balances of CO bonds increased by 12%, reflecting a change in the mix of funding. As a result, the average balances of total interest-earning assets, net of interest-bearing liabilities, decreased by 3%.

Yields/Cost of Funds. The average yield on total interest-earning assets, including the impact of hedging gains/losses but excluding certain impacts of trading securities, for the three months ended June 30, 2024 was 5.57%, an increase of 45 bps compared to the corresponding period in the prior year, resulting substantially from higher market interest rates that led to higher yields on our interest-earning assets. Such increase contributed to the increase in interest income on the portion of the Bank's assets funded by its interest-free capital. The average cost of funds of total interest-bearing liabilities, including the impact of hedging gains and losses but excluding certain impacts of hedging trading securities, for the three months ended June 30, 2024 was 5.26%, an increase of 47 bps due to higher funding costs on all of our interest-bearing liabilities, resulting substantially from higher market interest rates. The net effect was a decrease in the overall net interest spread of 2 bps compared to the corresponding period in the prior year.

The average yield on total interest-earning assets, including the impact of hedging gains/losses but excluding certain impacts of trading securities, for the six months ended June 30, 2024 was 5.56%, an increase of 68 bps compared to the corresponding period in the prior year, resulting substantially from higher market interest rates that led to higher yields on our interest-earning assets. Such increase contributed to the increase in interest income on the portion of the Bank's assets funded by its interest-free capital. The average cost of funds of total interest-bearing liabilities, including the impact of hedging gains and losses but excluding certain impacts of hedging trading securities, for the six months ended June 30, 2024 was 5.23%, an increase of 65 bps due to higher funding costs on all of our interest-bearing liabilities, resulting substantially from higher market interest rates. The net effect was an increase in the overall net interest spread of 3 bps compared to the corresponding period in the prior year.

Other Income. The following table presents a comparison of the components of other income ($ amounts in millions).

Components	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net unrealized gains on trading securities[1]	$ 3	$ 1	$ —	$ 13
Net realized gains (losses) on trading securities[2]	—	—	(1)	(4)
Net gains (losses) on trading securities	3	1	(1)	9
Net gains (losses) on derivatives hedging trading securities	(2)	(2)	4	(12)
Net gains on other derivatives not designated as hedging instruments[3]	—	4	—	4
Net interest settlements on economic derivatives[4]	2	3	4	12
Net gains on derivatives	—	5	8	4
Net gains on extinguishment of debt	—	—	—	20
Change in fair value of investments indirectly funding the liabilities under the SERP	—	2	3	4
Net realized gains from sales of investment securities	2	—	2	—
Other, net	1	1	4	2
Total other income	$ 6	$ 9	$ 16	$ 39

1 Includes impact of purchase discount (premium) recorded through mark-to-market gains (losses). Excludes impact of associated derivatives.
2 Includes, at maturity, 100% of original discount (premium) as gain (loss). Excludes impact of associated derivatives.
3 Includes swap termination fees received (paid) associated with sales of AFS securities.
4 Generally offsetting interest income on trading securities or interest expense on the associated funding is included in net interest income.

The decrease in total other income for the three months ended June 30, 2024 compared to the corresponding period in the prior year was due substantially to a decrease in net gains on derivatives.

The decrease in total other income for the six months ended June 30, 2024 compared to the corresponding period in the prior year was due substantially to net gains on the extinguishment of consolidated obligations in the corresponding period that did not occur in the current period.

Other Expenses. The following table presents a comparison of the components of other expenses ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Components	**2024**	**2023**	**2024**	**2023**
Compensation and benefits	$ 15	$ 15	$ 32	$ 32
Other operating expenses	9	9	17	16
Finance Agency and Office of Finance	2	3	6	5
Voluntary allocations to AHP and/or related programs	4	3	7	6
Other	2	1	3	3
Total other expenses	$ 32	$ 31	$ 65	$ 62

The net increase in total other expenses for the three months ended June 30, 2024 compared to the corresponding period in the prior year was due to several factors, none of which were significant.

The net increase in total other expenses for the six months ended June 30, 2024 compared to the corresponding period in the prior year was due to several factors, none of which were significant.

Our voluntary allocations to our AHP or other affordable housing, small business and community investment programs are part of the Bank's commitment to allocate voluntary funding in 2024 totaling $23 million, based on 5% of its net earnings for 2023, but the timing of the recognition of such allocations in other expenses can vary due to the application of the accounting requirements related to unconditional promises to give.

AHP Assessments. For the three and six months ended June 30, 2024, our required AHP expense was $10 million and $21 million, respectively. Our AHP expense fluctuates in accordance with our net earnings.

As a result, the Bank's combined required and voluntary allocation for the six months ended June 30, 2024 totaled $28 million, an increase of $1 million, or 6%, compared to the corresponding period in the prior year.

Total Other Comprehensive Income (Loss). Total OCI for the three months ended June 30, 2024 consisted substantially of net unrealized losses on AFS securities compared to net unrealized gains on AFS securities for the corresponding period in the prior year. Total OCI for the six months ended June 30, 2024 and 2023 consisted substantially of net unrealized gains on AFS securities. These amounts represent the portion of the changes in fair value that are not attributable to the risks being hedged in fair-value hedge relationships and were primarily impacted by changes in interest rates, credit spreads and volatility.

Operating Segments

Our products and services are grouped within two operating segments: traditional and mortgage loans.

Traditional. The following table presents the financial performance of our traditional segment ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Traditional	**2024**	**2023**	**2024**	**2023**
Net interest income	$ 106	$ 112	$ 221	$ 203
Other income	6	9	16	39
Other expenses	28	27	58	54
Income before assessments	84	94	179	188
Affordable Housing Program assessments	9	10	18	20
Net income	$ 75	$ 84	$ 161	$ 168

The decrease in net income for the traditional segment for the three months ended June 30, 2024 compared to the corresponding period in the prior year was primarily due to lower interest spreads and lower hedging gains on qualifying fair-value hedging relationships, substantially offset by higher earnings on the portion of the Bank's assets funded by its capital.

The decrease in net income for the traditional segment for the six months ended June 30, 2024 compared to the corresponding period in the prior year was primarily due to net gains on the extinguishment of consolidated obligations in the corresponding period that did not occur in the current period, substantially offset by higher earnings on the portion of the Bank's assets funded by its capital.

Mortgage Loans. The following table presents the financial performance of our mortgage loans segment ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Mortgage Loans	**2024**	**2023**	**2024**	**2023**
Net interest income	$ 19	$ 12	$ 33	$ 24
Provision for (reversal of) credit losses	—	—	—	—
Other income	—	—	—	—
Other expenses	4	4	7	8
Income before assessments	15	8	26	16
Affordable Housing Program assessments	1	1	3	1
Net income	$ 14	$ 7	$ 23	$ 15

The increase in net income for the mortgage loans segment for the three and six months ended June 30, 2024 compared to the corresponding periods in the prior year was due to higher earnings on the portion of the Bank's mortgage loans funded by its capital and an increase in the average balance outstanding of mortgage loans.

Analysis of Financial Condition

Total Assets. The table below presents the comparative highlights of our major asset categories ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Major Asset Categories	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Advances	$ 36,556	46 %	$ 35,562	46 %
Mortgage loans held for portfolio, net	9,393	12 %	8,614	11 %
Cash and short-term investments	11,724	15 %	11,552	15 %
Trading securities	1,077	1 %	600	1 %
MBS	12,169	15 %	11,947	16 %
Other investment securities	7,487	10 %	7,504	10 %
Other assets[1]	839	1 %	829	1 %
Total assets	$ 79,245	100 %	$ 76,608	100 %

[1] Includes accrued interest receivable, premises, software and equipment, derivative assets and other miscellaneous assets.

The mix of our assets at June 30, 2024 compared to December 31, 2023 did not change significantly.

Advances. In general, advances fluctuate in accordance with our members' funding needs, primarily determined by their deposit levels, mortgage pipelines, loan growth, investment opportunities, available collateral, other balance sheet strategies, and the cost of alternative funding options.

Advances at June 30, 2024 at carrying value totaled $36.6 billion, a net increase of $994 million, or 3%, compared to December 31, 2023. Advances outstanding, at par, to our insurance company members increased by $427 million, or 3% and advances outstanding, at par, to our depository members increased by $745 million, or 3%, due to higher member demand for advances to support their liquidity needs and manage their balance sheets in the current economic environment.

Our advances portfolio is well-diversified with advances to commercial banks and savings institutions, credit unions, and insurance companies. As a percent of total advances outstanding at par value, at June 30, 2024, advances to commercial banks and savings institutions were 48% and advances to credit unions were 14%, resulting in total advances to depository institutions of 62%, while advances to insurance companies were 38%.

The table below presents advances outstanding by type of financial institution ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Borrower Type	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Depository institutions:				
Commercial banks and savings institutions	$ 16,344	44 %	$ 15,282	42 %
Credit unions	5,165	14 %	5,471	15 %
Former members	1,606	4 %	1,617	5 %
Total depository institutions	23,115	62 %	22,370	62 %
Insurance companies:				
Captive insurance company[1]	—	— %	115	— %
Other insurance companies	13,928	38 %	13,386	38 %
Former members[2]	5	— %	5	— %
Total insurance companies	13,933	38 %	13,506	38 %
CDFIs	1	— %	1	— %
Total advances outstanding	$ 37,049	100 %	$ 35,877	100 %

1 Captive insurance companies that were admitted as FHLBank members prior to September 12, 2014, and did not meet the definition of "insurance company" or fall within another category of institution that is eligible for FHLBank membership under the Final Rule on FHLBank Membership, had their memberships terminated on February 19, 2021. The outstanding advances to the remaining captive insurer were repaid during the six months ended June 30, 2024.

2 Other than captive insurance companies.

Our advances portfolio includes fixed- and variable-rate advances, as well as callable or prepayable and putable advances. Prepayable advances may be prepaid on specified dates without incurring repayment or termination fees. All other advances may only be prepaid by the borrower paying a fee that is sufficient to make us financially indifferent to the prepayment.

The following table presents the par value of advances outstanding by product type and redemption term, some of which contain call or put options ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Product Type and Redemption Term	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Fixed-rate:				
Without call or put options				
Due in 1 year or less	$ 8,630	23 %	$ 9,099	26 %
Due after 1 through 5 years	12,850	35 %	12,309	34 %
Due after 5 through 15 years	1,666	5 %	1,935	5 %
Thereafter	12	— %	14	— %
Total	23,158	63 %	23,357	65 %
Callable or prepayable				
Due after 1 through 5 years	55	— %	55	— %
Due after 5 through 15 years	36	— %	36	— %
Total	91	— %	91	— %
Putable				
Due after 1 through 5 years	1,128	3 %	1,041	3 %
Due after 5 through 15 years	4,569	12 %	5,134	15 %
Total	5,697	15 %	6,175	18 %
Total fixed-rate	28,946	78 %	29,623	83 %
Variable-rate:				
Without call or put options				
Due in 1 year or less	123	— %	311	1 %
Due after 1 through 5 years	510	2 %	410	1 %
Due after 5 through 15 years	50	— %	50	— %
Total	683	2 %	771	2 %
Callable or prepayable				
Due in 1 year or less	2,380	6 %	370	1 %
Due after 1 through 5 years	3,205	9 %	3,335	9 %
Due after 5 through 15 years	1,442	4 %	1,412	4 %
Thereafter	393	1 %	366	1 %
Total	7,420	20 %	5,483	15 %
Total variable-rate	8,103	22 %	6,254	17 %
Overdrawn demand and overnight deposit accounts	—	— %	—	— %
Total advances	$ 37,049	100 %	$ 35,877	100 %

The mix of fixed- vs. variable-rate advances at June 30, 2024 changed from December 31, 2023, due primarily to an increase in member demand for a particular short-term variable-rate advance product. At June 30, 2024 and December 31, 2023, fixed-rate advances included $22.6 billion and $22.0 billion, respectively, that are swapped to effectively create variable-rate advances, consistent with our balance sheet strategies to manage interest-rate risk.

During the six months ended June 30, 2024, the par value of advances due in one year or less increased by 14%, while advances due after one year decreased by 1%. As a result, advances due in one year or less, as a percentage of the total outstanding at par, totaled 30% at June 30, 2024, an increase from 27% at December 31, 2023. However, based on the earlier of the redemption or next put date, advances due in one year or less, as a percentage of the total outstanding, at par, at June 30, 2024 and December 31, 2023 totaled 40% and 39%, respectively. For additional information, see *Notes to Financial Statements - Note 4 - Advances*.

The following table presents our variable-rate advances outstanding by the associated interest-rate index ($ amounts in millions).

Variable Interest-Rate Index	June 30, 2024	December 31, 2023
SOFR	$ 2,680	$ 2,856
FHLBanks cost of funds	3,072	3,151
EFFR	2,237	—
Other	114	247
Total variable-rate advances, at par value	$ 8,103	$ 6,254

Mortgage Loans Held for Portfolio. Mortgage loans held for portfolio at June 30, 2024, at carrying value, totaled $9.4 billion, a net increase of $779 million, or 9%, from December 31, 2023, as the Bank's purchases from its members exceeded principal repayments by borrowers.

The following table summarizes the activity in the UPB of mortgage loans held for portfolio ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Mortgage Loans Activity	**2024**	**2023**	**2024**	**2023**
Balance, beginning of period	$ 8,687	$ 7,581	$ 8,453	$ 7,533
Purchases	751	344	1,159	538
Principal repayments	(222)	(178)	(396)	(324)
Balance, end of period	$ 9,216	$ 7,747	$ 9,216	$ 7,747

All of our mortgage loans have fixed interest rates. Rising mortgage interest rates resulted in lower levels of prepayments by our borrowers. However, purchases increased due to strong demand by our members to participate in our Advantage MPP.

Liquidity and Other Investment Securities. The following table presents a comparison of the components of our liquidity investments and other investment securities at carrying value ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Components	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Liquidity investments:				
Cash and short-term investments:				
Cash and due from banks	$ 56	— %	$ 59	— %
Interest-bearing deposits	921	3 %	892	3 %
Securities purchased under agreements to resell	6,250	19 %	6,500	20 %
Federal funds sold	4,497	14 %	4,101	13 %
Total cash and short-term investments	11,724	36 %	11,552	36 %
Trading securities:				
U.S. Treasury obligations	1,077	3 %	600	2 %
Total trading securities	1,077	3 %	600	2 %
Total liquidity investments	12,801	39 %	12,152	38 %
Other investment securities:				
AFS securities:				
U.S. Treasury obligations	5,620	17 %	5,697	18 %
GSE and TVA debentures	1,867	6 %	1,807	6 %
GSE multifamily MBS	6,775	21 %	6,690	21 %
Total AFS securities	14,262	44 %	14,194	45 %
HTM securities:				
Other U.S. obligations single-family MBS	3,814	12 %	4,010	13 %
GSE single-family MBS	1,025	3 %	684	2 %
GSE multifamily MBS	555	2 %	563	2 %
Total HTM securities	5,394	17 %	5,257	17 %
Total other investment securities	19,656	61 %	19,451	62 %
Total cash and investments, carrying value	$ 32,457	100 %	$ 31,603	100 %

Liquidity Investments. The total outstanding balance and composition of our liquidity investments are influenced by our liquidity needs, regulatory requirements, actual and anticipated member advance activity, market conditions, and the availability of short-term investments at attractive interest rates, relative to our cost of funds.

Cash and short-term investments at June 30, 2024 totaled $11.7 billion, an increase of $172 million, or 1%, from December 31, 2023. As a result, cash and short-term investments as a percent of total assets remained consistent at 15% at June 30, 2024 and December 31, 2023.

The Bank purchases U.S. Treasury obligations as trading securities to enhance its liquidity. Such securities outstanding at June 30, 2024 totaled $1.1 billion, an increase of $477 million, or 79%, from December 31, 2023 due to the Bank's intent to purchase shorter-term U.S. Treasury obligations as part of its ongoing liquidity management.

Liquidity investments at June 30, 2024 totaled $12.8 billion, an increase of $649 million, or 5%, from December 31, 2023.

Other Investment Securities. AFS securities at June 30, 2024 totaled $14.3 billion, a net increase of $67 million, or 0.5%, from December 31, 2023.

Net unrealized gains on AFS securities, excluding the portion of the changes in fair value that are attributable to the risks being hedged in fair-value hedging relationships, at June 30, 2024 totaled $33 million, compared to net unrealized losses at December 31, 2023 of $(60) million, primarily due to changes in interest rates, credit spreads and volatility.

HTM securities at June 30, 2024 totaled $5.4 billion, a net increase of $137 million, or 3%, from December 31, 2023.

Net unrecognized losses on HTM securities at June 30, 2024 totaled $(57) million, a decrease in the net losses of $20 million compared to December 31, 2023, primarily due to changes in interest rates, credit spreads and volatility.

Interest-Rate Payment Terms. Our other investment securities are presented below by interest-rate payment terms ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Interest-Rate Payment Terms	**Amortized Cost**	**% of Total**	**Amortized Cost**	**% of Total**
AFS Securities[1]:				
Total non-MBS fixed-rate	$ 7,462	52 %	$ 7,501	53 %
Total MBS fixed-rate	6,767	48 %	6,753	47 %
Total AFS securities	$ 14,229	100 %	$ 14,254	100 %
HTM Securities:				
Total MBS fixed-rate	$ 198	4 %	$ 199	4 %
Total MBS variable-rate	5,196	96 %	5,058	96 %
Total HTM securities	$ 5,394	100 %	$ 5,257	100 %
AFS and HTM securities:				
Total fixed-rate	$ 14,427	74 %	$ 14,453	74 %
Total variable-rate	5,196	26 %	5,058	26 %
Total AFS and HTM securities	$ 19,623	100 %	$ 19,511	100 %

[1] Carrying value for AFS is equal to estimated fair value.

The mix of fixed- vs. variable-rate AFS and HTM securities at June 30, 2024 remained the same from December 31, 2023. However, all of the fixed-rate AFS securities are swapped to effectively create variable-rate securities, consistent with our balance sheet strategies to manage interest-rate risk. All of our variable-rate MBS are indexed to SOFR.

Total Liabilities. Total liabilities at June 30, 2024 were $75.3 billion, a net increase of $2.4 billion, or 3%, from December 31, 2023.

Deposits (Liabilities). Total deposits at June 30, 2024 were $782 million, a net increase of $153 million, or 24%, from December 31, 2023. These deposits provide a relatively small portion of our funding but can fluctuate from period to period and vary depending upon such factors as the attractiveness of our deposit pricing relative to the rates available on alternative money market instruments, members' preferences with respect to the maturity of their investments, and members' liquidity. The balances of these accounts are uninsured.

Consolidated Obligations. The overall balance of our consolidated obligations fluctuates in relation to our total assets. The carrying value of consolidated obligations outstanding at June 30, 2024 totaled $73.2 billion, a net increase of $2.1 billion, or 3%, from December 31, 2023, which reflected higher funding needs associated with the net increase in the Bank's total assets.

The following table presents a breakdown by term of our consolidated obligations outstanding ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Term	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Consolidated obligations due in 1 year or less:				
Discount notes	$ 22,543	30 %	$ 22,737	31 %
CO bonds	16,214	22 %	20,137	28 %
Total due in 1 year or less	38,757	52 %	42,874	59 %
Long-term CO bonds	35,862	48 %	29,690	41 %
Total consolidated obligations	$ 74,619	100 %	$ 72,564	100 %

The mix of our funding changed from December 31, 2023 as long-term CO bonds comprised a larger portion of consolidated obligations outstanding at June 30, 2024. We continue to seek to maintain a sufficient liquidity and funding balance between our financial assets and financial liabilities.

At June 30, 2024 and December 31, 2023, callable CO bonds were 59% and 72%, respectively, of total CO bonds outstanding. The decrease resulted from less favorable market opportunities to issue callable CO bonds.

At June 30, 2024 and December 31, 2023, 78% and 82%, respectively, of our fixed-rate CO bonds were swapped using derivative instruments to effectively create variable-rate CO bonds, consistent with our balance sheet strategies to manage interest-rate risk. All of our variable-rate CO bonds outstanding at June 30, 2024 and December 31, 2023 were indexed to SOFR.

Derivatives. The volume of derivative hedges is often expressed in terms of notional amounts, which is the amount upon which interest payments are calculated. The following table presents the notional amounts by type of hedged item regardless of whether it is in a qualifying hedge relationship ($ amounts in millions).

Hedged Item	**June 30, 2024**	**December 31, 2023**
Advances	$ 22,568	$ 21,950
Investments	17,406	16,713
Mortgage loans MDCs	229	115
CO bonds	31,274	38,094
Total notional outstanding	$ 71,477	$ 76,872

The decrease in the total notional amount outstanding from December 31, 2023 of $5.4 billion, or 7%, was substantially due to a decrease in derivatives hedging CO bonds, driven primarily by an increase in simple variable-rate CO bonds outstanding.

The following table presents the notional amounts of derivatives (cleared and uncleared) by pay or receive leg ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Interest rate swaps outstanding	**Pay Leg**	**Receive Leg**	**Pay Leg**	**Receive Leg**
Fixed rate	$ 40,203	$ 32,313	$ 38,778	$ 39,019
SOFR	25,410	32,821	31,879	31,390
EFFR	5,864	6,343	6,215	6,463
Total notional	$ 71,477	$ 71,477	$ 76,872	$ 76,872

The following table presents the cumulative impact of fair-value hedging basis adjustments on our statement of condition ($ amounts in millions).

	June 30, 2024			
	Advances	**AFS Securities**	**CO Bonds**	**Total**
Cumulative fair-value hedging basis gains (losses) on hedged items	$ (496)	$ (1,019)	$ 1,339	$ (176)
Estimated fair value of associated derivatives, net	498	1,200	(1,334)	364
Net cumulative fair-value hedging gains (losses)	$ 2	$ 181	$ 5	$ 188

Substantially all of the net cumulative gains on AFS securities resulted from a previous strategy of terminating certain interest-rate swaps associated with certain MBS and entering into hedging relationships with new interest-rate swaps in connection with our London Interbank Offered Rate (LIBOR) transition. The net cumulative fair-value hedging gains on AFS securities includes losses on the terminated swaps that are being amortized into earnings as interest expense over the life of the original swap, but are generally being offset by the lower interest expense on the new swaps.

Total Capital. Total capital at June 30, 2024 was $4.0 billion, a net increase of $242 million, or 6%, from December 31, 2023. The net increase resulted from the growth in retained earnings, increase in accumulated other comprehensive income and issuances of capital stock to support advance activity.

The following table presents a percentage breakdown of the components of GAAP capital.

Components	**June 30, 2024**	**December 31, 2023**
Capital stock	59 %	61 %
Retained earnings	41 %	41 %
AOCI	— %	(2)%
Total GAAP capital	100 %	100 %

The changes in the components of GAAP capital at June 30, 2024 compared to December 31, 2023 were primarily due to an increase in AOCI.

The following table presents a reconciliation of GAAP capital to regulatory capital ($ amounts in millions).

Reconciliation	**June 30, 2024**	**December 31, 2023**
Total GAAP capital	$ 3,986	$ 3,744
Exclude: Accumulated other comprehensive (income) loss	(17)	73
Add: MRCS	363	369
Total regulatory capital	$ 4,332	$ 4,186

Liquidity

Our primary sources of liquidity are holdings of liquid assets, comprised of cash, short-term investments, and trading securities, as well as the issuance of consolidated obligations.

During the six months ended June 30, 2024, we maintained sufficient access to funding; our net proceeds from the issuance of consolidated obligations totaled $418.9 billion.

Changes in Cash Flow. Net cash provided by operating activities for the six months ended June 30, 2024 was $553 million, compared to net cash provided by operating activities for the six months ended June 30, 2023 of $271 million. The net increase in cash provided of $282 million was substantially due to the fluctuation in variation margin payments on cleared derivatives. Such payments are treated by the Clearinghouses as daily settled contracts.

Capital Resources

Total Regulatory Capital Stock. The following table provides a breakdown of our outstanding capital stock and MRCS by type of member ($ amounts in millions).

	June 30, 2024		December 31, 2023	
Type of Member	**Amount**	**% of Total**	**Amount**	**% of Total**
Capital Stock:				
Depository institutions:				
Commercial banks and savings institutions	$ 1,080	40 %	$ 1,031	39 %
Credit unions	471	18 %	461	17 %
Total depository institutions	1,551	58 %	1,492	56 %
Insurance companies	794	29 %	793	30 %
CDFIs	—	— %	—	— %
Total capital stock, putable at par value	2,345	87 %	2,285	86 %
MRCS:				
Captive insurance company[1]	—	— %	5	— %
Other former members	363	13 %	364	14 %
Total MRCS	363	13 %	369	14 %
Total regulatory capital stock	$ 2,708	100 %	$ 2,654	100 %

[1] Balance at December 31, 2023 represents Class B stock held by one captive insurance company whose membership was terminated on February 19, 2021. The stock was not past its contractual redemption date, but was redeemed when the associated advances were repaid during the six months ended June 30, 2024.

Required and Excess Capital Stock. The following table presents the composition of our regulatory capital stock ($ amounts in millions).

Components	June 30, 2024	December 31, 2023
Required capital stock:		
Member capital stock	$ 1,879	$ 1,800
MRCS	73	79
Total required capital stock	1,952	1,879
Excess capital stock:		
Member capital stock not subject to outstanding redemption requests	466	485
Member capital stock subject to outstanding redemption requests	—	—
MRCS	290	290
Total excess capital stock	756	775
Total regulatory capital stock	$ 2,708	$ 2,654
Excess stock as a percentage of regulatory capital stock	28 %	29 %

The net increase in required capital stock and total regulatory capital stock was due to issuances of capital stock to support increases in credit products. This increase was partially offset by the Bank's voluntary repurchases in the three months ended June 30, 2024 totaling $81 million to reduce the amount of outstanding member excess stock relative to the Bank's total assets.

Capital Distributions. The total amount of the dividend to be paid is based on the declared dividend rate for each sub-series of Class B capital stock and the average number of shares of each sub-series held by members during the dividend payment period (applicable quarter). The following table summarizes our weighted-average dividend rate and dividend payout ratio.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Weighted-average dividend rate[1]	7.87 %	5.44 %	7.64 %	5.14 %
Dividend payout ratio[2]	53.39 %	32.80 %	49.88 %	30.56 %

1 Annualized dividends paid in cash during the period, including the portion recorded as interest expense on MRCS, divided by the average amount of Class B stock eligible for dividends under our capital plan, including MRCS, for that same period.

2 Dividends paid in cash during the period, excluding the portion recorded as interest expense on MRCS, divided by net income for that same period.

On July 25, 2024, our board of directors declared a cash dividend on Class B-2 activity-based stock at an annualized rate of 9.50% and on Class B-1 non-activity-based stock at an annualized rate of 4.50%, resulting in a spread between the rates of 5.00 percentage points. The overall weighted-average annualized rate paid on capital stock, including MRCS, was 7.82%. The dividends were paid in cash on July 26, 2024.

Adequacy of Capital. We must maintain sufficient permanent capital to meet the combined credit risk, market risk and operational risk components of the risk-based capital requirement. The following table presents our risk-based capital requirement in relation to our permanent capital at June 30, 2024 and December 31, 2023 ($ amounts in millions).

Risk-Based Capital Components	**June 30, 2024**	**December 31, 2023**
Credit risk	$ 179	$ 211
Market risk	706	771
Operational risk	266	295
Total risk-based capital requirement	$ 1,151	$ 1,277
Permanent capital	$ 4,332	$ 4,186
Permanent capital as a percentage of required risk-based capital	377 %	328 %

The decrease in our total risk-based capital requirement was primarily caused by a decrease in the market risk component due to changes in the market environment, including changes in interest rates, CO-swap basis, volatility and option-adjusted spreads, and balance sheet composition. The operational risk component is calculated as 30% of the credit and market risk components. Our permanent capital at June 30, 2024 remained well in excess of our total risk-based capital requirement.

Critical Accounting Estimates

A full discussion of our critical accounting estimates is included in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates* in our 2023 Form 10-K.

Recent Accounting and Regulatory Developments

Accounting Developments. For a description of how recent accounting developments may impact our financial condition, results of operations or cash flows, see *Notes to Financial Statements - Note 2 - Recently Adopted and Issued Accounting Guidance*.

Legislative and Regulatory Developments. The following is a summary of significant regulatory actions and developments for the period covered by this report that have not been previously disclosed.

Finance Agency's Review and Analysis of the Federal Home Loan Bank System. On November 7, 2023, the Finance Agency issued a written report titled "FHLBank System at 100: Focusing on the Future" (System at 100 Report), presenting its review and analysis of the FHLBank System and the actions and recommendations it plans to pursue in service of its vision for the future of the FHLBank System. The report focused on four broad themes: (i) the mission of the FHLBank System; (ii) the FHLBank System as a stable and reliable source of liquidity; (iii) housing and community development; and (iv) FHLBank System operational efficiency, structure, and governance. The Finance Agency has stated that it expects to continue a multi-year, collaborative effort with the FHLBanks, their member institutions, and other stakeholders to address the recommended actions in the System at 100 Report and has stated that it can implement some of the recommendations from the report through ongoing supervision, guidance, or rulemaking, as well as through statutory changes by proposing specific requests for Congressional action.

The Finance Agency made legislative recommendations for the FHLBank System in its 2023 Report to Congress issued on June 14, 2024, consistent with proposed plans and actions included in the System at 100 Report.

In April 2024, the Finance Agency provided an update on its plan to implement the System at 100 Report's recommendations and announced key priorities for 2024, including, among others, (i) clarifying the FHLBank System mission; (ii) aligning eligibility requirements for different types of FHLBank members; and (iii) streamlining requirements related to the AHP. The Finance Agency stated it would maintain transparency and continue robust stakeholder engagement during the implementation process.

On May 16, 2024, the Finance Agency issued a request for input on updates to the mission statement for the FHLBank System, establishment of methods for measuring and evaluating mission achievement, which could include updating the list of the FHLBanks' core mission activities, and institution of a member incentive program that would provide added benefits in accordance with the members' respective engagement with the FHLBanks' housing finance and community development mission.

On June 20, 2024, the Finance Agency issued a request for input regarding the efficiency and effectiveness of the FHLBanks' AHP competitive application process, including scope, complexity, documentation requirements, and interaction with other funders' requirements, as well as suggestion for potential improvements, such as simplification of the AHP application process.

Feedback received from commentators in response to the Finance Agency's requests for input may impact future Finance Agency supervisory, advisory, regulatory, or statutory proposals.

We continue to monitor the Finance Agency's efforts to implement the recommendations from the System at 100 Report, and we are not able to predict what actions will ultimately result, the timing or extent of any actions or changes, or the ultimate effect on the Bank, its members, or the FHLBank System in the future. We plan to continue to engage with the Finance Agency and other stakeholders in an effort to ensure that the FHLBank System remains well positioned to serve our members and their communities. For a further discussion of the System at 100 Report, including proposed plans and actions, and related risks, see, *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Legislative and Regulatory Developments* and *Item 1A. Risk Factors - Business Risk - Legislative and Regulatory* - Changes in the Legislative and Regulatory Environment for FHLBanks, Our Members, Our Debt Underwriters and Investors, or Other Housing GSEs May Adversely Affect Our Business, Demand for Products, the Cost of Debt Issuance, and the Value of FHLBank Membership of the Bank's 2023 Form 10-K.

Risk Management

We have exposure to a number of risks in pursuing our business objectives. These risks may be broadly classified as market, credit, liquidity, operational, and business. Market risk is discussed in *Item 3. Quantitative and Qualitative Disclosures about Market Risk*. For additional information, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Management* in our 2023 Form 10-K.

Credit Risk Management. We face credit risk on advances and other credit products, investments, mortgage loans, derivative financial instruments, and AHP grants.

<u>*Advances and Other Credit Products.*</u>

Concentration. Our credit risk is magnified due to the concentration of advances in a few borrowers. As of June 30, 2024, our top borrower held 13% of total advances outstanding, at par, and our top five borrowers held 38% of total advances outstanding, at par. Because of this concentration in advances, we perform frequent credit and collateral reviews on our largest borrowers. In addition, we regularly analyze the implications to our financial management and profitability if we were to lose the business of one or more of these borrowers. The following table presents the par value of advances outstanding to our largest borrowers ($ amounts in millions).

	June 30, 2024	
Borrower	**Amount**	**% of Total**
Old National Bank	$ 4,775	13 %
The Lincoln National Life Insurance Company	3,200	8 %
Jackson National Life Insurance Company	2,560	7 %
First National Bank of America	1,856	5 %
Delaware Life Insurance Company	1,838	5 %
Subtotal - five largest borrowers	14,229	38 %
Next five largest borrowers	6,906	19 %
Remaining borrowers	15,914	43 %
Total advances, par value	$ 37,049	100 %

<u>*Investments.*</u> We are also exposed to credit risk through our investment portfolio. Our policies restrict the acquisition of investments to high-quality, short-term money market instruments and high-quality long-term securities.

The following table presents the unsecured investment credit exposure to private counterparties, categorized by the domicile of the counterparty's ultimate parent, based on the lowest of the counterparty's NRSRO long-term credit ratings, stated in terms of the S&P equivalent. The table does not reflect the foreign sovereign government's credit rating ($ amounts in millions).

	June 30, 2024		
Country	**AA**	**A**	**Total**
Domestic	$ —	$ 1,238	$ 1,238
Australia	1,300	—	1,300
Canada	—	1,580	1,580
Finland	950	—	950
Netherlands	—	350	350
Total unsecured credit exposure	$ 2,250	$ 3,168	$ 5,418

Trading Securities. Our liquidity portfolio includes shorter-term U.S. Treasury obligations, which are direct obligations of the U.S. government and are classified as trading securities.

Other Investment Securities. Our long-term investments include MBS guaranteed by the housing GSEs (Fannie Mae and Freddie Mac), other U.S. obligations - guaranteed MBS (Ginnie Mae), longer-term U.S. Treasury obligations, and debentures issued by Fannie Mae, Freddie Mac, the TVA and the Federal Farm Credit Banks.

A Finance Agency regulation provides that the total amount of our investments in MBS, calculated using amortized historical cost excluding the impact of certain derivatives adjustments, must not exceed 300% of our total regulatory capital, as of the day we purchase the securities, based on the capital amount most recently reported to the Finance Agency. If our outstanding investments in MBS exceed the limitation at any time, but were in compliance at the time we purchased the investments, we would not be considered out of compliance with the regulation, but we would not be permitted to purchase additional investments in MBS until these outstanding investments were within the limitation. Generally, our goal is to maintain investments in MBS near the 300% regulatory limit in order to enhance earnings and capital for our members and diversify our revenue stream. At June 30, 2024, these investments totaled 296% of total regulatory capital.

The following table presents the carrying values of our investments, excluding accrued interest, grouped by credit rating and investment category. Applicable rating levels are determined using the lowest relevant long-term rating from S&P and Moody's, each stated in terms of the S&P equivalent. Rating modifiers are ignored when determining the applicable rating level for a given counterparty. Amounts reported do not reflect any subsequent changes in ratings, outlook, or watch status ($ amounts in millions).

	June 30, 2024			
Investment	**AA**	**A**	**Unrated[1]**	**Total**
Short-term investments:				
Interest-bearing deposits	$ —	$ 921	$ —	$ 921
Securities purchased under agreements to resell	750	5,100	400	6,250
Federal funds sold	2,250	2,247	—	4,497
Total short-term investments	3,000	8,268	400	11,668
Trading securities:				
U.S. Treasury obligations	1,077	—	—	1,077
Total trading securities	1,077	—	—	1,077
Other investment securities:				
U.S. Treasury obligations	5,620	—		5,620
GSE and TVA debentures	1,867	—	—	1,867
GSE MBS	8,355	—	—	8,355
Other U.S. obligations single-family MBS	3,814	—	—	3,814
Total other investment securities	19,656	—	—	19,656
Total investments, carrying value	$ 23,733	$ 8,268	$ 400	$ 32,401
Percentage of total	73 %	26 %	1 %	100 %

1 Although the counterparty is unrated, the underlying collateral supporting these investments are U.S. Treasury obligations with a rating of AA.

Mortgage Loans Held for Portfolio. The following table presents the changes in the LRA ($ amounts in millions).

LRA Activity	**Three Months Ended June 30, 2024**	**Six Months Ended June 30, 2024**
Liability, beginning of period	$ 241	$ 243
Additions	9	14
Claims paid	—	—
Distributions to Participating Financial Institutions	(10)	(17)
Liability, end of period	$ 240	$ 240

Derivatives. The following table presents key information on derivative positions with counterparties on a settlement date basis using the lower credit rating from S&P and Moody's, stated in terms of the S&P equivalent ($ amounts in millions).

	June 30, 2024			
Counterparty and Credit Rating	**Notional Amount**	**Net Estimated Fair Value Before Collateral**	**Cash Collateral Pledged To (From) Counterparties**	**Net Credit Exposure**
Non-member counterparties:				
Asset positions with credit exposure				
Uncleared derivatives - A	$ 7,939	$ 78	$ (75)	$ 3
Cleared derivatives[1]	28,386	18	491	509
Liability positions with credit exposure				
Uncleared derivatives - A	15,788	(305)	309	4
Total derivative positions with credit exposure to non-member counterparties	52,113	(209)	725	516
Total derivative positions with credit exposure to member institutions[2]	32	—	—	—
Subtotal - derivative positions with credit exposure	52,145	$ (209)	$ 725	$ 516
Derivative positions without credit exposure	19,332			
Total derivative positions	$ 71,477			

1 Represents derivative transactions cleared by two Clearinghouses, each rated AA-.
2 Includes MDCs from member institutions under our MPP.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Measuring Market Risks

To evaluate market risk, we utilize multiple risk measurements, including Value-at-Risk, duration of equity, convexity, changes in MVE, duration gap, and earnings at risk. Periodically, we conduct stress tests to measure and analyze the effects that extreme movements in the level of interest rates and the shape of the yield curve would have on our risk position.

Key Metrics. The following table presents certain market and interest-rate metrics under different interest-rate scenarios ($ amounts in millions).

	June 30, 2024				
Key Metric	**Down 200**	**Down 100**	**Base**	**Up 100**	**Up 200**
MVE	$ 4,352	$ 4,307	$ 4,248	$ 4,182	$ 4,107
Percent change in MVE from base	2.4 %	1.4 %	— %	(1.6)%	(3.3)%
MVE/book value of equity	100.0 %	99.0 %	97.7 %	96.1 %	94.4 %
Duration of equity	0.9	1.2	1.5	1.7	1.9

	December 31, 2023				
Key Metric	**Down 200**	**Down 100**	**Base**	**Up 100**	**Up 200**
MVE	$ 4,134	$ 4,153	$ 4,143	$ 4,108	$ 4,055
Percent change in MVE from base	(0.2)%	0.3 %	— %	(0.8)%	(2.1)%
MVE/book value of equity	100.5 %	101.0 %	100.7 %	99.9 %	98.6 %
Duration of equity	(0.9)	(0.1)	0.5	1.1	1.4

The changes in these key metrics from December 31, 2023 resulted primarily from the change in market value of the Bank's assets and liabilities in response to changes in the market environment, changes in portfolio composition and our hedging strategies.

Duration Gap. The base case duration gap at June 30, 2024 and December 31, 2023 was 0.05% and 0.00% , respectively.

For additional information about our use of derivative hedges, see *Item 7A. Quantitative and Qualitative Disclosures About Market Risk - Use of Derivative Hedges* in our 2023 Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We are responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our reports filed under the Exchange Act is: (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (b) accumulated and communicated to our management, including our principal executive officer, principal financial officer, and principal accounting officer, to allow timely decisions regarding required disclosures.

As of June 30, 2024, we conducted an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (the principal executive officer), Chief Financial Officer (the principal financial officer) and Chief Accounting Officer (the principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. In making this assessment, our management used the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Internal Control Over Financial Reporting

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting, as defined in rules 13a-15(f) and 15(d)-15(f) of the Exchange Act, that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. We do not expect that our disclosure controls and procedures and other internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can only be reasonable assurance that any design will succeed in achieving its stated goals under all potential future conditions. Additionally, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary course of business, we may from time to time become a party to lawsuits involving various business matters. We are unaware of any lawsuits presently pending which, individually or in the aggregate, could have a material effect on our financial condition or results of operations.

Item 1A. RISK FACTORS

There have been no material changes in the risk factors described in *Item 1A. Risk Factors* of our 2023 Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	**Description**
10.1*+	Federal Home Loan Bank of Indianapolis Incentive Plan, effective January 1, 2012, as amended and restated, effective as of January 1, 2024 incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K (Commission File No. 000-51404) filed on April 19, 2024
31.1	Certification of the President - Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Executive Vice President - Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	Certification of the Senior Vice President - Chief Accounting Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
32	Certification of the President - Chief Executive Officer, Executive Vice President - Chief Financial Officer, and Senior Vice President - Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL)

* These documents are incorporated by reference.
+ Management contract or compensatory plan or arrangement.

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 INDIANAPOLIS

August 8, 2024	By:	/s/ K. LOWELL SHORT, JR.
	Name:	K. Lowell Short, Jr.
	Title:	Senior Vice President - Chief Accounting Officer

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Cindy L. Konich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ CINDY L. KONICH

Name: Cindy L. Konich

Title: President - Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory L. Teare, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ GREGORY L. TEARE

Name: Gregory L. Teare

Title: Executive Vice President - Chief Financial Officer

Exhibit 31.3

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, K. Lowell Short, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ K. LOWELL SHORT, JR.

Name: K. Lowell Short, Jr.

Title: Senior Vice President - Chief Accounting Officer

Exhibit 32

SECTION 1350 CERTIFICATIONS

In connection with the quarterly report of the Federal Home Loan Bank of Indianapolis ("Bank") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof ("Report"), each of the undersigned officers certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

By: /s/ CINDY L. KONICH
Cindy L. Konich
President - Chief Executive Officer
August 8, 2024

By: /s/ GREGORY L. TEARE
Gregory L. Teare
Executive Vice President - Chief Financial Officer
August 8, 2024

By: /s/ K. LOWELL SHORT, JR.
K. Lowell Short, Jr.
Senior Vice President - Chief Accounting Officer
August 8, 2024