

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2025

OR

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

Commission File Number: 000-51398

FEDERAL HOME LOAN BANK OF SAN FRANCISCO

(Exact name of registrant as specified in its charter)

Federally chartered corporation of the United States

(State or other jurisdiction of incorporation or organization)

333 Bush Street, Suite 2700

San Francisco, CA

(Address of principal executive offices)

94-600630

(I.R.S. employer identification number)

94104

(Zip code)

(Registrant's telephone number, including area code): **(415) 616-1000**

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

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

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

Class B Stock, par value \$100

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

Registrant's capital stock is not publicly traded and is only issued to members of the registrant. Such capital stock is issued and redeemed at par value, \$100 per share, subject to certain regulatory and statutory limits. As of June 30, 2025, the aggregate par value of the capital stock held by shareholders of the registrant was approximately \$2,706 million. As of February 27, 2026, the total shares of capital stock outstanding, including mandatorily redeemable capital stock, totaled 26,476,289.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Federal Home Loan Bank of San Francisco
2025 Annual Report on Form 10-K
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PART I.

ITEM 1. BUSINESS

At the Federal Home Loan Bank of San Francisco (Bank or we), our purpose is to enhance the availability of credit for residential mortgages and economic development by providing a readily available, competitively priced source of funds in the form of collateralized loans known as advances for housing and community lenders. We are a wholesale bank—we link our customers to the global capital markets and seek to manage our own liquidity and interest rate risk so that funds are available when our customers need them. By providing needed liquidity and financial risk management tools, our credit programs enhance competition in the mortgage market and benefit homebuyers and communities.

We are one of 11 regional Federal Home Loan Banks (FHLBanks) that serve the United States as part of the Federal Home Loan Bank System (FHLBank System). Each FHLBank operates as a separate federally chartered corporation with its own board of directors, management, and employees. The FHLBanks were organized under the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act), and are government-sponsored enterprises (GSEs). The FHLBanks are not government agencies and do not receive financial support from taxpayers. The U.S. government does not guarantee, directly or indirectly, the debt securities or other obligations of the Bank or the FHLBank System. The FHLBanks are regulated by the Federal Housing Finance Agency (Finance Agency), an independent federal agency.

We have a cooperative ownership structure. To access our products and services, a financial institution must be approved for membership and purchase capital stock in the Bank. The member's capital stock requirement is generally based on its use of our products, subject to a minimum asset-based membership requirement that is intended to reflect the value to the member of having ready access to the Bank as a reliable source of competitively priced funds. The Bank's capital stock is not publicly held or traded.

We provide vital support for housing and communities through our Affordable Housing Program and other voluntary, charitable contributions. Our community programs and targeted initiatives address the unique affordable housing and economic development needs of communities across our district of Arizona, California, and Nevada, the three states that make up the Eleventh District of the FHLBank System. Through our affordable housing and economic development programs, we provide grants and subsidy programs that support members' involvement in creating affordable housing and revitalizing communities.

Our members may include federally insured and regulated financial depositories, regulated insurance companies that are engaged in residential housing finance, community development financial institutions (CDFIs) that have been certified by the CDFI Fund of the U.S. Treasury Department, and privately insured, state-chartered credit unions. Financial depositories may include commercial banks, credit unions, industrial loan companies, and savings institutions. CDFIs may include community development loan funds, community development venture capital funds, and privately insured, state-chartered credit unions. All members have their principal place of business located in Arizona, California, or Nevada.

Our Business Model

Our cooperative ownership structure has led us to develop a business model that is different from that of a typical financial services firm. Our business model is based on the premise that we maintain a balance between our objective to promote housing, homeownership, and community and economic development through our activities with members and our objective to provide a return on the capital provided by our members through their investment in our capital stock, while maintaining safety and soundness.

We require our members to hold our capital stock to support their activities with the Bank. We leverage this capital stock and our retained earnings by using our GSE status to borrow funds in the capital markets at relatively favorable rates. We lend these funds to our members at rates that are competitive with the lowest costs of most wholesale borrowing alternatives available to our members.

Our financial strategies are designed to enable us to safely expand and contract our balance sheet as our member base and our members' credit needs change. Our capital increases when members are required to purchase additional capital stock as they increase their borrowings, and it contracts when we repurchase excess stock from members as their advances decline. As a result of these strategies, we have been able to achieve our mission by meeting member credit needs and maintaining our adequately capitalized position, while paying dividends and repurchasing and redeeming excess stock. Information regarding our dividends and the repurchase of excess stock is provided in "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital – Excess Stock Repurchase, Retained Earnings, and Dividend Framework."

Products and Services

Advances. We offer our members and housing associates a wide array of fixed and adjustable rate loans, called advances, that are secured with eligible mortgage loans and other collateral. Our advance products are designed to help members and housing associates compete effectively in their markets and meet the credit needs of their communities. For members and housing associates that choose to retain the mortgage loans they originate as assets (portfolio lenders), advances serve as a funding source for a variety of conforming and nonconforming mortgage loans, including multifamily mortgage loans, and construction loans. As a result, advances support an array of housing market segments. For members or housing associates that sell or securitize mortgage loans and other assets, advances can provide interim funding.

Standby Letters of Credit. We issue standby letters of credit to support certain obligations of members to third parties. Members may use standby letters of credit issued by the Bank to facilitate residential housing finance and community lending, to achieve liquidity and asset-liability management goals, to secure certain state and local agency deposits, and to provide credit support to certain tax-exempt bonds. Our underwriting and collateral requirements for standby letters of credit are generally the same as our underwriting and collateral requirements for advances but may differ in cases where member creditworthiness is impaired.

Housing and Community Investment Programs

We offer grant and credit programs and other resources that promote homeownership, expand access to quality affordable housing, boost economic development, seed or sustain small businesses, and revitalize communities. Our members use our community program grants and discounted credit products to help:

- Create or preserve quality affordable housing for lower-income families and individuals, many with special needs;
- Facilitate sustainable and equitable homeownership for families and individuals;
- Deliver skill-building educational programs and life-enhancing social services to underserved communities;
- Support innovative targeted jobs programs and entrepreneurship; and
- Assist local nonprofits and small businesses and advance community-based economic development objectives.

Affordable Housing Program. Through our Affordable Housing Program (AHP), we provide subsidies to assist in the purchase, construction, or rehabilitation of housing for households earning up to 80% of the median income for the area in which they live. Each year, to fund the AHP, we are required by law to set aside 10% of our current year's net earnings (income before interest expense related to dividends paid on mandatorily redeemable capital stock and the assessment for the AHP), to be awarded in the following year. Since 1990, we have awarded approximately \$1.4 billion in AHP subsidies to support the purchase, development, or rehabilitation of approximately 156,600 housing units.

We allocate at least 50% of our annual AHP subsidy to our competitive AHP General Fund under which applications for specific owner-occupied and rental housing projects are submitted by members and are evaluated and scored by the Bank in an annual competitive process. Since 2023, we have offered a competitive Nevada Targeted Fund to which we can allocate up to 20% of our annual AHP subsidy. All subsidies for the competitive AHP General Fund and Nevada Targeted Fund are funded to affordable housing sponsors or developers through our members in the form of direct subsidies or subsidized advances.

We allocate up to 35% of our annual AHP subsidy to our homeownership set-aside program. Under this program, members reserve funds from the Bank to be used as matching grants for eligible first-time homebuyers.

Discounted Credit Programs. We offer members two discounted credit programs available in the form of advances and standby letters of credit. Members may use the Community Investment Program (CIP) to fund mortgages, to finance first-time homebuyer programs, to create and maintain affordable housing, and to support other eligible lending activities related to housing or economic development. Members may use the Advances for Community Enterprise (ACE) Program to fund projects and activities that create or retain jobs or provide services or other benefits for people and communities. Members may also use ACE Program funds to support eligible community lending and economic development, including small business, community facilities, and public works projects.

Funding Sources

To fund their operations, the FHLBanks issue debt in the form of consolidated obligation bonds and discount notes (jointly referred to as consolidated obligations) through the FHLBanks' Office of Finance, the fiscal agent for the issuance and servicing of consolidated obligations on behalf of the FHLBanks. The consolidated obligations issued through the Office of Finance use authorized securities dealers and are backed only by the financial resources of the FHLBanks. Due to the FHLBanks' GSE status, the FHLBanks are generally able to raise funds at rates that are typically at a small to moderate spread above U.S. Treasury security yields. Our cooperative ownership structure allows us to pass along the benefit of these low funding rates to our members enabling them to better serve their communities.

As provided by the FHLBank Act or regulations governing the operations of the FHLBanks, all FHLBanks have joint and several liability for all FHLBank consolidated obligations. The joint and several liability regulation authorizes the Finance Agency to require any FHLBank to repay all or a portion of the principal or interest on consolidated obligations for which another FHLBank is the primary obligor. The regulations provide a general framework for addressing the possibility that an FHLBank may be unable to repay the consolidated obligations for which it is the primary obligor. For more information, see "Item 8. Financial Statements and Supplementary Data – Note 8 – Consolidated Obligations." We have never been asked or required to repay the principal or interest on any consolidated obligation on behalf of another FHLBank, and through the date of this report, we do not believe that it is probable that we will be asked to do so.

Our status as a GSE is critical to maintaining access to the capital markets. Although consolidated obligations are backed only by the financial resources of the FHLBanks and are not guaranteed by the U.S. government, the capital markets have traditionally treated the FHLBanks' consolidated obligations as comparable to federal agency debt, providing the FHLBanks with access to funding at relatively favorable rates. As of August 7, 2025, S&P Global Ratings (S&P) rated the FHLBanks' consolidated obligations AA+/A-1+, and as of May 19, 2025, Moody's Ratings (Moody's) rated them Aa1/P-1. As of August 7, 2025, S&P assigned each of the FHLBanks a long-term credit rating of AA+, and as of May 19, 2025, Moody's assigned each of the FHLBanks a long-term credit rating of Aa1. Changes in the long-term credit ratings of individual FHLBanks do not necessarily affect the credit rating of the consolidated obligations issued on behalf of the FHLBanks. Rating agencies may change or withdraw a rating from time to time because of various factors, including operating results or actions taken, business developments, or changes in their opinion regarding, among other factors, the general outlook for a particular industry or the economy.

Regulations govern the issuance of debt on behalf of the FHLBanks and related activities. All new debt is jointly issued by the FHLBanks through the Office of Finance, which serves as their fiscal agent in accordance with the FHLBank Act and applicable regulations and also services all outstanding FHLBank debt. The Office of Finance has responsibility for facilitating and approving the issuance of the consolidated obligations in accordance with applicable regulations and its policies and procedures. In addition, the Office of Finance has the authority to redirect, limit, or prohibit the FHLBanks' requests to issue consolidated obligations that are otherwise allowed by its policies and procedures if it determines certain conditions are met. The authority of the Office of Finance to

redirect, limit, or prohibit our requests for issuance of consolidated obligations has never adversely affected our ability to finance its operations.

Capital

Our capital stock cannot be publicly traded. Effective January 2, 2026, the Bank's outstanding Class B stock was converted into Class B-1 membership stock and Class B-2 activity-based stock. Pursuant to our capital plan, members are required to maintain a minimum stock requirement calculated as the greater of: (i) the membership stock requirement, which will equal 1.0% of membership asset value up to a maximum of \$15 million and (ii) the activity-based stock requirement, which will equal 2.7% of outstanding advance balances plus 0.1% of letters of credit balances. Class B-2 activity-based stock will equal the activity-based stock requirement, and Class B-1 membership stock will be calculated by subtracting activity-based stock requirement from total capital stock held. If a member has no activity requiring Class B-2 activity-based stock, such member will hold only Class B-1 membership stock, including any excess stock. With the approval of our board of directors (Board), we may adjust these requirements within the ranges established in the capital plan. In accordance with the FHLBank Act and the Gramm-Leach-Bliley Act of 1999, our capital stock is subject to certain requirements for, among other things, total capital, leverage capital, and risk-based capital in our capital plan. Any changes to our capital plan must be approved by our Board and the Finance Agency.

For more information regarding the Bank's capital stock, see "Item 5. Market for Registrant's Common Equity – Related Stockholder Matters and Issuer Purchases of Equity Securities."

Dividends and Retained Earnings. At the Bank's discretion and at any time, the Bank may repurchase shares held by a shareholder in excess of its required capital stock holdings. Our Excess Stock Repurchase, Retained Earnings, and Dividend Framework (Framework) summarizes our capital management principles and objectives, as well as its policies and practices with respect to retained earnings, dividend payments, and the repurchase of excess stock.

As required by the regulations governing the operations of the FHLBanks, the Framework is reviewed at least annually by our Board. The Board may amend the Framework. In January 2026, the required level of retained earnings established by the Bank's Framework, implemented in accordance with Finance Agency guidance, was increased from \$2.0 billion to \$2.3 billion.

Retained Earnings – In accordance with the Framework, we assess the level and adequacy of retained earnings and establish amounts to be retained in restricted retained earnings, which are not made available for dividends in the current dividend period, and maintain an amount of total retained earnings at least equal to the required retained earnings as described in the Framework. The methodology may be revised from time to time, and the level of required retained earnings under the methodology may change due to updating data and assumptions used in the methodology. Our retained earnings requirement may be changed at any time. The Board periodically reviews the retained earnings methodology and analysis to determine whether any adjustments are appropriate.

Dividend Payments – Finance Agency rules state that FHLBanks may declare and pay dividends only from previously retained earnings or current net earnings and may not declare or pay dividends based on projected or anticipated earnings. There is no requirement that the Board declare and pay any dividend. A decision by the Board to declare or not declare a dividend is a discretionary matter and is subject to the requirements and restrictions of the FHLBank Act and applicable requirements under the regulations governing the operations of the FHLBanks.

We may be restricted from paying dividends if the Bank is not in compliance with any of our minimum capital requirements or if payment would cause the Bank to fail to meet any of our minimum capital requirements. In addition, we may not pay dividends if any principal or interest due on any consolidated obligation has not been paid in full or is not expected to be paid in full, or, under certain circumstances, if we fail to satisfy certain liquidity requirements under applicable regulations. In addition, Finance Agency rules do not permit the Bank to pay dividends in the form of capital stock if its excess stock exceeds 1% of its total assets. Excess stock is defined as the aggregate of the capital stock held by each shareholder in excess of its minimum capital stock requirement, as established by our capital plan.

For additional information regarding the Bank's dividends, including the Bank's policies, practices, and payment restrictions, see "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital – Excess Stock Repurchase, Retained Earnings, and Dividend Framework."

Competition

Demand for our advances is affected by many factors, including the availability and cost of other sources of funding for members, including retail and brokered deposits. We also compete with our members' other suppliers of wholesale funding, both secured and unsecured. These suppliers may include securities dealers, commercial banks, the Federal Reserve System, and other FHLBanks for members with affiliated institutions that are members of other FHLBanks. Under the FHLBank Act and regulations governing the operations of the FHLBanks, affiliated institutions in different FHLBank districts may be members of different FHLBanks. The availability of alternative funding sources for members can significantly influence the demand for our advances and can vary as a result of many factors, including market conditions, members' creditworthiness, members' strategic objectives, and the availability of collateral.

Our ability to compete successfully for the advances business of our members depends primarily on our advances prices, ability to fund advances through the issuance of consolidated obligations at competitive rates, credit and collateral terms, prepayment terms, product features such as embedded option features, ability to meet members' specific requests on a timely basis, capital stock requirements, retained earnings policy, excess stock repurchase policies, and dividends.

In addition, the FHLBanks compete with the U.S. Treasury, Fannie Mae, Freddie Mac, and other GSEs, as well as corporate, sovereign, and supranational entities, for funds raised through the issuance of unsecured debt in the national and global debt markets. Increases in the supply of competing debt products may, in the absence of increases in demand, result in higher debt costs or lower amounts of debt issued at the same cost.

Regulatory Oversight and Examinations

The FHLBanks are supervised and regulated by the Finance Agency, an independent agency in the executive branch of the U.S. government. The Finance Agency is charged with ensuring that the FHLBanks carry out their housing finance mission, remain adequately capitalized and able to raise funds in the capital markets, and operate in a safe and sound manner. The Finance Agency also establishes regulations governing the operations of the FHLBanks.

To assess the safety and soundness of the Bank, the Finance Agency conducts ongoing supervisory monitoring and examination. In addition, we are required to submit information on our financial condition and results of operations each month to the Finance Agency.

Our capital stock is registered with the Securities and Exchange Commission (SEC) under Section 12(g)(1) of the Securities Exchange Act of 1934 (1934 Act) and, as a result, we are required to comply with certain disclosure and reporting requirements of the 1934 Act and to file annual, quarterly, and current reports with the SEC, as well as meet other SEC requirements.

Like other federally chartered corporations, the FHLBanks are subject to general congressional oversight. Each FHLBank must submit annual management reports to Congress, the President, the Office of Management and Budget, and the Comptroller General.

The Comptroller General has authority under the FHLBank Act to audit or examine the Finance Agency and the FHLBanks and to determine the extent to which they fairly and effectively fulfill the purposes of the FHLBank Act. Furthermore, the Government Corporations Control Act provides that the Comptroller General may review any audit of the financial statements conducted by an independent registered public accounting firm. The Comptroller General may also conduct his or her own audit of any financial statements of an FHLBank.

The U.S. Treasury, or a permitted designee, is authorized under the combined provisions of the Government Corporations Control Act and the FHLBank Act to prescribe: the form, denomination, maturity, interest rate, and conditions to which FHLBank debt will be subject; the way and time FHLBank debt is issued; and the price for which FHLBank debt will be sold. The U.S. Treasury may purchase FHLBank debt up to an aggregate principal amount of \$4.0 billion pursuant to the standards and terms of the FHLBank Act.

Human Capital Resources

The Bank's human capital significantly contributes to the Bank's success in achieving strategic business objectives. In managing our human capital, we focus on providing a comprehensive suite of compensation and benefits programs, as well as other rewards, including developmental programs and training, strategic talent management and succession planning. In 2025, the Bank experienced turnover in senior management. In addition, certain key executive roles were held on an interim basis. As a result of recent progress, the Bank believes its current skilled workforce, including its leadership, remain well positioned to guide the Bank in achieving its strategic objectives. For more information, see "Part III, Item 10. Directors, Executive Officers and Corporate Governance – Executive Officers."

Workforce Profile – Our workforce is primarily comprised of corporate employees, with our principal operations centralized in one location. As of December 31, 2025, we had 268 employees. The Bank supplements its employees with contractors as needed. The Bank's workforce is sufficiently staffed, and as of December 31, 2025, the average tenure of our employees was 7.5 years.

Office of Minority and Women Inclusion – The Bank is required by statute and regulation to have an Office of Minority and Women Inclusion. Our Office of Minority and Women Inclusion is led by a member of our senior management team, who reports to the President and Chief Executive Officer, and serves as a liaison to the Board. As required by applicable law, the Bank maintains an Equal Opportunity in Employment and Contracting Policy and supports a commitment to equal opportunity for all employees, applicants, contractors, and suppliers.

Available Information

The SEC maintains a website at www.sec.gov that contains all electronically filed or furnished SEC reports, including our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, as well as any amendments. On our website at www.fhlbsf.com, we provide a link to the page on the SEC website that lists all of these reports. In addition, we provide direct links from our website to our annual report on Form 10-K and our quarterly reports on Form 10-Q on the SEC website as soon as reasonably practicable after electronically filing or furnishing the reports to the SEC. (Note: The website addresses of the SEC and the Bank have been included as inactive textual references only. Information on those websites is not part of this report.) The Bank is exempt from certain SEC statutes and regulations and the filing of certain reports with the SEC, including proxy statements, otherwise required by public companies whose securities are registered with the SEC.

ITEM 1A. RISK FACTORS

The following discussion summarizes certain of the risks and uncertainties that the Federal Home Loan Bank of San Francisco (Bank or we) faces. The list is not exhaustive and there may be other risks and uncertainties that are not described below that may also affect our business. Any of these risks or uncertainties, if realized, could negatively affect our financial condition or results of operations or limit our ability to fund advances, pay dividends, or redeem or repurchase capital stock.

Market, Financial, and Economic Risks

Unfavorable market conditions, uncertainty or volatility in the housing and mortgage markets may adversely affect our business, profitability, or results of operations.

Adverse and volatile conditions in the housing, mortgage, and financial markets could result in a decrease in the availability of credit and liquidity resulting in a disruption in the mortgage industry or the future receivership or failure of impacted financial institutions, including some of our members. Prolonged periods of slowdown in the U.S. economy, deterioration in general economic conditions, or a downturn in the housing markets, including the commercial real estate markets in our district, could result in market volatility and disruptions, which in turn may result in adverse consequences in our or our members' or counterparties' businesses, financial conditions, and results of operations. A reduction in mortgage lending or mortgage assets held by member institutions may reduce their demand for wholesale funding. This could result in a decline in advance levels and adversely affect our financial condition and results of operations.

Changes in or limits on our ability to access the capital markets or inordinate stress conditions in the financial markets could adversely affect our financial condition, results of operations, or ability to fund advances, pay dividends, or redeem or repurchase capital stock or meet our obligations as they come due or meet the credit and liquidity needs of our members in a timely and cost-effective manner.

Our primary source of funds is the sale of Federal Home Loan Bank (FHLBank) System consolidated obligations in the capital markets. Our ability to obtain funds through the sale of consolidated obligations depends in part on prevailing conditions in the capital markets, such as investor demand and liquidity in the financial markets. The sale of FHLBank System consolidated obligations can also be influenced by factors other than conditions in the capital markets, including legislative and regulatory developments and government programs and policies that affect the relative attractiveness of FHLBank System consolidated obligations. In addition, the level of dealer participation and support also affect liquidity in the agency debt markets. Based on these factors, the availability of funds may become limited or terms may become less acceptable. If funding access or terms are significantly adversely affected, our ability to support and continue our operations could be adversely affected, which could negatively affect our financial condition, results of operations, or ability to fund advances, pay dividends, or redeem or repurchase capital stock.

We seek to meet our members' credit and liquidity needs and pay our obligations without maintaining excessive holdings of relatively lower yielding liquid investments or having to incur unnecessarily high borrowing costs. Under inordinate stress conditions in the financial markets, our efforts to manage our liquidity position, including our contingency funding plan, may not be sufficient to meet our obligations and the liquidity needs of our members, which could have an adverse effect on our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

Changes in federal fiscal and monetary policy, including changes in interest rates, could adversely affect our financial condition, results of operations, member demand for advances, or ability to fund advances on acceptable terms, pay dividends, or redeem or repurchase capital stock.

Our business and results of operations are significantly affected by the fiscal and monetary policies of the federal government and its agencies, including the Federal Reserve Board. The Federal Reserve Board's policies directly and indirectly influence the yield on interest-earning assets and the cost of interest-bearing liabilities. We derive our

income primarily from the spread between interest earned on our outstanding advances and investments and interest paid on our consolidated obligations and other liabilities. Although we use various methods and procedures to monitor and manage our exposure to changes in interest rates, we may experience instances when our interest-bearing liabilities will be significantly more sensitive to changes in interest rates than our interest-earning assets, or vice versa. In either case, interest rate movements contrary to our position could negatively affect our financial condition, results of operations, our ability to pay dividends or redeem or repurchase capital stock, or investor demand for consolidated obligations. The impact of changes in interest rates on mortgage-related assets can be exacerbated by prepayments, with the risk that the assets will be refinanced by the obligor in low interest rate environments and the risk that the assets will remain outstanding longer than expected at below-market yields when interest rates increase.

Fiscal policies of the U.S. government could also indirectly affect the FHLBanks' cost of funding. For example, sudden or large increases in the supply of Treasury securities could lead to a general increase in short-term market interest rates, including those for short-term government-sponsored enterprise (GSE) debt securities. Additionally, increases in Treasury issuances could temporarily reduce the capacity of the dealers of consolidated obligations, many of which are also primary dealers for the Federal Reserve Bank of New York, to participate in the issuances of consolidated obligations, which could in turn increase the FHLBanks' cost of funding. These factors could also cause temporary technical market distortions that may diminish the relative value and pricing of certain consolidated obligations and the FHLBanks' hedging strategies.

Our exposure to credit risk, including defaults and insufficient collateral protection, could adversely affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

We assume secured and unsecured credit risk associated with the risk that a borrower or counterparty could default, and we could suffer a loss if we were not able to fully recover amounts owed to us on a timely basis. For example, we face the risk that one or more of our institutional counterparties that provide credit obligations that are critical to our business may fail to fulfill contractual obligations to us. We have exposure to credit risk because the market value of an obligation may decline as a result of deterioration in the creditworthiness of the obligor or the credit quality of a security instrument. We have a high concentration of credit risk exposure to certain institutions and their affiliates. The primary exposures to institutional counterparty risk are with unsecured investment counterparties, derivative counterparties, clearing participants, custodians, mortgage servicers that service the loans we hold as collateral for advances, and third-party providers of supplemental or primary mortgage insurance for mortgage loans purchased under the Mortgage Partnership Finance® (MPF®) Program. A default by a counterparty could result in losses to the Bank if our credit exposure to the counterparty was under-collateralized or our credit obligations to the counterparty were over-collateralized, and could also adversely affect our ability to conduct our operations efficiently and at cost-effective rates. ("Mortgage Partnership Finance" and "MPF" are registered trademarks of the FHLBank of Chicago.)

In addition to reviewing the creditworthiness of a member, we require that all outstanding advances be fully collateralized by eligible collateral types mostly with a nexus to housing. We evaluate the types of collateral pledged by borrowers and participating financial institutions and assign borrowing capacities to the collateral based on the risks associated with each type of collateral. If we have insufficient collateral before or after an event of payment default by the borrower, or we are unable to liquidate the collateral for the value we assigned to it in the event of a payment default by a borrower, we could experience a credit loss on advances. Significant credit losses, defaults by counterparties, insufficient collateral protection, or heightened focus on our credit exposure to individual members due to market events could have an adverse effect on our financial condition, reputation, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

Changes in the credit ratings on FHLBank System consolidated obligations may adversely affect the cost of consolidated obligations.

FHLBank System consolidated obligations are rated AA+/A-1+ by S&P Global Ratings as of August 7, 2025, and Aa1/P-1 by Moody's Ratings as of May 19, 2025. Rating agencies may from time to time change a rating or issue negative reports. Because all of the FHLBanks have joint and several liability for all FHLBank consolidated

obligations, negative developments at any FHLBank may affect these credit ratings or result in the issuance of a negative report regardless of our own financial condition and results of operations. In addition, because of the FHLBanks' GSE status, the credit ratings of the FHLBank System and the FHLBanks are generally constrained by the long-term sovereign credit rating of the United States, and any downgrade in that sovereign credit rating may result in a corresponding downgrade to the credit ratings of FHLBank System consolidated obligations. For example, downgrades to the U.S. sovereign credit rating or outlook may occur again if the U.S. government continues to fail to adequately address, based on the credit rating agencies' criteria, its fiscal budget deficit or statutory debt limits. In May 2025, Moody's downgraded the U.S. sovereign credit rating to Aa1 from Aaa. Any adverse rating change or negative report may adversely affect our cost of funds and the FHLBanks' ability to issue consolidated obligations on acceptable terms, which could also adversely affect our financial condition or results of operations or limit our ability to make advances on acceptable terms, pay dividends, or redeem or repurchase capital stock.

Strategic Execution Risks

We face competition for advances and access to funding, which could adversely affect our business.

Our primary business is making advances to our members. We compete with other suppliers of wholesale funding, both secured and unsecured, including investment banks, commercial banks, the Federal Reserve Banks, and, in certain circumstances, other FHLBanks. Our members may have access to alternative funding sources, including independent access to deposits, along with the national and global credit markets. These alternative funding sources may offer more favorable terms than we do on our advances, including more flexible credit or collateral standards. In addition, many of our competitors are not subject to the same regulations as the FHLBanks, which may enable those competitors to offer products and terms that we are not able to offer.

The FHLBanks also compete with the U.S. Treasury, Fannie Mae, Freddie Mac, and other GSEs, as well as corporate, sovereign, and supranational entities, for funds raised through the issuance of unsecured debt in the national and global debt markets. Increases in the supply of competing debt products may, in the absence of increases in demand, result in higher debt costs or lower amounts of debt issued at the same cost. The ultimate resolution to the conservatorship of Fannie Mae and Freddie Mac and resulting changes in the regulation or status of the GSEs, or changes in the actual or perceived competitive advantage to Fannie Mae or Freddie Mac in the issuance of unsecured debt relative to the FHLBanks may result in less favorable debt funding costs for the Bank. Increased competition could adversely affect our ability to access funding, reduce the amount of funding available to us, or increase the cost of funding available to us. Any of these factors could adversely affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

We have a high concentration of advances and capital with certain institutions and their affiliates, including nonmember institutions, and a loss or change of business activities with any of these institutions, or a material or prolonged decline in demand for advances, could adversely affect our results of operations and financial condition.

Pursuant to our federal charter, membership in the Bank is generally limited to federally-insured depository institutions, insurance companies, and community development financial institutions in our three-state district (see "Item 8. Financial Statements and Supplementary Data – Notes to Financial Statements – Background Information" for more information). Given this limitation to membership eligibility, a loss of members or decreased business activities with members due to withdrawal from membership, acquisition by a nonmember, or liquidation, receivership, or failure could negatively impact our financial condition and results of operations.

The Bank's ability to fulfill its mission and achieve its business and financial objectives is influenced by its level of membership and advance balances. We currently have a high concentration of advances and capital with certain institutions and their affiliates, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Risk Management – Concentration Risk – Advances" and "Item 8. Financial Statements and Supplementary Data – Note 5 – Advances – Concentration Risk" for more information.

In addition, mergers and acquisitions have been or could be announced involving certain of the Bank's members, including some of the Bank's larger borrowers. The reduction in advance balances and total assets associated with this activity could adversely affect our results of operations, net income, financial condition, and ability to pay dividends. Furthermore, future receiverships or failures of financial institutions may adversely impact our advance levels and our financial condition and results of operations. Although our business model is designed to enable us to expand and contract our balance sheet as our members' credit needs change, a lack of sufficient advance balances or a prolonged material decline in advances could adversely affect our total assets, net income, financial condition, results of operations, and ability to pay dividends.

We may become liable for all or a portion of the consolidated obligations for which other FHLBanks are the primary obligors, and may be required to provide financial assistance to other FHLBanks, and this could affect our ability to pay dividends or redeem or repurchase capital stock.

All FHLBanks have joint and several liability for all FHLBank consolidated obligations, which are backed only by the financial resources of the FHLBanks. The joint and several liability regulation authorizes the Federal Housing Finance Agency (Finance Agency) to require any FHLBank to repay all or any portion of the principal or interest on consolidated obligations for which another FHLBank is the primary obligor, whether or not the other FHLBank has defaulted in the payment of those obligations and even though the FHLBank making the repayment received none of the proceeds from the issuance of the obligations. The likelihood of triggering our joint and several liability obligation depends on many factors, including the financial condition and financial performance of the other FHLBanks. If the principal or interest due on any consolidated obligations has not been paid in full or is not expected to be paid in full, we may not be able to pay dividends on our capital stock or redeem or repurchase any shares of our capital stock.

If another FHLBank defaults on its obligation to pay principal or interest on any consolidated obligations, the regulations governing the operations of the FHLBanks provide that the Finance Agency may allocate outstanding principal and interest payments among one or more of the remaining FHLBanks on a pro rata basis or any other basis the Finance Agency may determine. Additionally, the FHLBank Act requires each FHLBank to establish and fund an AHP. Annually, the FHLBanks are required to set aside, in the aggregate, the greater of \$100 million or 10% of their current year's net earnings (income before interest expense related to dividends paid on mandatorily redeemable capital stock and the assessment for the AHP) for their AHPs. If the FHLBanks do not make the minimum \$100 million annual AHP contribution in a given year, we could be required to contribute more than 10% of our current year's net earnings to the AHP. Our ability to pay dividends or redeem or repurchase capital stock could be affected not only by our own financial condition, but also by the financial condition of one or more of the other FHLBanks.

We could change, or be required to change or diverge from our policies, programs, and agreements affecting our members, including changing or reducing dividend levels and the redemption or repurchase of excess capital stock and changing to our capital stock requirements.

We could change, or be required to change or diverge from, our policies, programs, and agreements affecting our members from time to time, including, without limitation, policies, programs, and agreements affecting the availability of and conditions for access to our advances and other credit products, the AHP, dividends, the repurchase of capital stock, and other programs, products, and services. For example, under the Gramm-Leach-Bliley Act of 1999, Finance Agency regulations, and our capital plan, our capital stock must be redeemed upon the expiration of the relevant five-year redemption period, subject to certain conditions. There is no guarantee, however, that we will be able to redeem capital stock held by a shareholder even at the end of the redemption period or to repurchase excess stock. If the redemption or repurchase of the capital stock would cause us to fail to meet our minimum regulatory capital requirements or cause the shareholder to fail to maintain its minimum investment requirement, then the redemption or repurchase is prohibited by Finance Agency regulations and our capital plan. In addition, since our capital stock may only be owned by our members (or, under certain circumstances, former members and certain successor institutions), and our capital plan requires our approval before a shareholder may transfer any of its capital stock to another member or nonmember shareholder, we cannot provide assurance that a shareholder would be allowed to transfer any excess stock to another member or nonmember shareholder at any

time. In addition, our Excess Stock Repurchase, Retained Earnings, and Dividend Framework (Framework) summarizes our capital management principles and objectives, as well as its policies and practices with respect to retained earnings, dividend payments, and the repurchase of excess stock. For more details on the Framework, see “Part I, Item 1. Business – Capital – Dividends and Retained Earnings.” The decision to declare any dividend and the dividend rate is at the discretion of the Bank’s board of directors (Board), which may choose to follow or not follow the Framework. The Bank may also revise or eliminate the Framework in the future, and may reduce or suspend dividends. These changes could adversely affect the value of membership from the perspective of a member or cause our members to obtain financing from alternative sources, which could adversely affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

Operational Risks

We rely heavily on information systems and other technology. A failure, interruption, or security breach, including events caused by cyberattacks, of our information systems or those of critical vendors and third parties, such as the Federal Reserve Banks, could disrupt our business or adversely affect our financial condition, results of operations, or reputation.

We rely heavily on our information systems, technology vendors, and third parties to conduct and manage our business. If we or one of our critical vendors, including cloud service providers relied upon by us or by our vendors, experience a failure, interruption, or security breach in any information systems or other technology, including events caused by cyberattacks, we may be unable to conduct and manage our business effectively. In addition, such a failure, interruption, or security breach could result in significant losses, a loss of personal and confidential information, or reputational damage. We rely on the Office of Finance for, among other things, the placement of consolidated obligations, our primary source of funds. A disruption in this service would disrupt our access to these funds. Cyberattacks, in particular those on financial institutions and financial market infrastructures, have become more frequent, sophisticated, and difficult to detect or prevent. In the event of a breach resulting in loss of data, such as personally identifiable information or other such data protected by data privacy or other laws, we may be liable for damages, fines, and penalties for such losses under applicable regulatory frameworks despite not being able to limit our liability or damages in the event of such a loss. Furthermore, there have been recent significant advancements in the development of generative artificial intelligence (AI) and predictive data analytics, such as the creation of large language models and machine-learning techniques. The potential integration of AI by some of the Bank’s third-party vendors, and use of AI by outside parties, including potential threat actors, presents risks and challenges that could affect our business in a multitude of unforeseen ways. The Bank utilizes AI across select applications within its information systems and technology infrastructure, including AI for software development, business productivity, analytic solutions, and as part of enhanced features in certain vendor platforms. AI-assisted applications range from AI-enhanced products and development tools to specialized business solutions for expense management and data analytics. The use of AI by the Bank and outside parties, including some of the Bank’s vendors and suppliers, may result in reputational or competitive harm, disruption of business operations, regulatory action, and/or legal liability to the Bank. In addition, significant initiatives undertaken by the Bank to replace information systems or other technology infrastructures may subject the Bank to a temporary risk of failure or interruption while we are in the process of implementing these new systems or technology infrastructures. Additionally, we maintain two geographically dispersed, colocation data centers which are on electrical grids that are separate from each other and from our principal offices and off-site business continuity facilities. Both data centers are subject to periodic testing to demonstrate adequate operational capability. Although we have implemented a business continuity plan, we may not be able to prevent, swiftly and adequately address, or otherwise mitigate the negative effects of any failure, interruption, or breach. Any failure, interruption, or breach could adversely affect our member business, member relations, risk management, reputation, or profitability, which could then negatively affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

The inability to attract and retain skilled key personnel could adversely affect the business, workforce, and operations of the Bank.

We rely on key personnel and a relatively lean workforce given the size and complexity of our business to manage and conduct our operations. Competition for key skilled personnel has been intense within the financial services industry and businesses outside the financial services industry, including the technology sector. The Bank's ability to attract and retain key skilled personnel, including key members of senior management, along with developing and implementing appropriate succession planning, is important for it to effectively conduct its operations and execute its strategic initiatives, while maintaining its risks and financial controls. In 2025, the Bank experienced leadership changes and increased attrition among senior management and employees. Future leadership transitions and continued elevated rates of attrition may cause uncertainty in, or a disruption to, our business. Failure to attract, motivate, and retain key skilled personnel, including high-quality senior management and executives, or to develop and implement an effective succession plan, could adversely affect the business and operations of the Bank.

We rely on financial models to manage risk, make business decisions, and value our assets and liabilities. Our business could be adversely affected if those models fail to produce reliable results or if the results are not utilized appropriately.

We rely on models for risk management, business decisions and asset and liability valuation. While we have adopted policies, procedures and controls and perform regular validations to manage the use of models, they are inherently imperfect predictors of actual results because models are based on assumptions about future performance. Changes in any model or in any of the inputs, assumptions, judgments or estimates used in the model may cause the results generated by the models to be materially different. In addition, our models may involve the use of AI by the Bank or third-party vendors, which presents additional considerations such as addressing bias, interpretability, hyperparameter tuning, and other elements. The Bank's business could be adversely affected if models produce unreliable results or if the results are not used appropriately.

Regulatory Risks

We are affected by federal and state laws and regulations that could change or be applied in a manner detrimental to our operations, or to the ability or motivation to invest in the Bank or use our products and services.

The FHLBanks are GSEs, organized under the authority of and governed by the FHLBank Act, and, as such, are also governed by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and other federal laws and regulations. From time to time, Congress has amended the FHLBank Act and amended or enacted other legislation in ways that have significantly affected the FHLBanks and the manner in which the FHLBanks carry out their housing finance mission and business operations. New or modified legislation enacted by Congress or states and regulations or policies implemented by the Finance Agency could have a negative effect on our ability to conduct business or on our cost of doing business, or affect our members' ability or motivation to acquire or own our capital stock or use of our products and services. In addition, new or modified legislation or regulations governing our members may affect our ability to conduct business or our cost of doing business with our members. For instance, the primary source of the Bank's earnings is interest income, which includes interest income from mortgage-backed securities (MBS). The Bank's ability to reinvest in these securities upon maturity may be restricted by regulatory guidance governing FHLBank MBS purchases.

Changes in statutory or regulatory requirements or policies, or in their application, could result in changes in, among other things, the FHLBanks' cost of funds, capital requirements, accounting policies, liquidity management, debt issuance, derivative hedging activities, permissible business activities, additional contributions to the Bank's AHP, membership base, membership eligibility, our members' access to our products and services, and the size, scope, and nature of the FHLBanks' lending, investment, and mortgage purchase program activities. These changes could negatively affect our financial condition, results of operations, ability to pay dividends, or ability to redeem or repurchase capital stock. In addition, given the Bank's relationship with other FHLBanks, events that affect other FHLBanks, such as member failures or capital deficiencies at another FHLBank, could lead the Finance Agency to

require or request that one FHLBank provide capital or other assistance to another FHLBank, purchase assets from another FHLBank, or impose other forms of resolution affecting one or more of the other FHLBanks. If we were called upon by the Finance Agency to take any of these steps, it could affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

We note continuing developments in the Finance Agency's and the current federal executive administration's areas of focus and regulatory priorities that may result in potential changes in the Bank's regulatory environment, including without limitation, as discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Legislative and Regulatory Developments. We cannot predict changes in legislative or regulatory requirements or guidance, or any new legislation or regulations, or how they might impact our business or operations. We also cannot predict the federal executive administration's or the Finance Agency's actions relating to U.S. housing finance, including actions taken relating to large institutional investor purchases of single family homes, actions regarding the revision or end of the conservatorships of Fannie Mae and Freddie Mac and potential reforms or enhancements to their capital structure, or the imposition of new requirements or limitations on their existing authorities or changes in the nature of their government-backed guarantees, along with any corresponding impacts to the FHLBank System or the mortgage industry.

Any such changes as well as any resulting increased scrutiny of the Bank and the FHLBank System and its mission and activities could materially affect our financial condition or results of operations, our reputation, and the value of FHLBank membership.

Our members are governed by federal and state laws and regulations that could change in a manner detrimental to their ability or motivation to invest in the Bank or to use our products and services.

Most of our members are highly regulated financial institutions, and the regulatory environment in which our members operate could change in a manner that would negatively affect their ability or motivation to acquire or own our capital stock or use our products and services. Statutory or regulatory changes that make it less attractive to hold our capital stock or use our products and services could negatively affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

Changes in the status, regulation, and perception of the housing GSEs or in policies and programs relating to the housing GSEs may adversely affect our business activities, future advances balances, the cost of debt issuance, or future dividend payments.

The FHLBanks are GSEs organized under the authority of the FHLBank Act and are authorized to issue debt securities, which are the principal source of funding for the FHLBanks. Negative announcements by any of the housing GSEs, concerning topics such as accounting problems, risk-management issues, or regulatory reform or enforcement actions may create pressure on debt pricing for all GSEs, as investors perceive such instruments as bearing increased risk. Given the FHLBanks' shared status as GSEs, the scope, timing, and effect of any change in the status of and/or regulatory reform affecting the GSEs, including the ultimate resolution to the conservatorship of Fannie Mae and Freddie Mac and resulting changes in the regulation or status of the GSEs, could have a significant effect on the FHLBank System. In addition, negative news articles, industry reports, and other announcements pertaining to GSEs, including Fannie Mae, Freddie Mac, and any of the FHLBanks, could create pressure on all GSE debt pricing, as investors may perceive that their debt instruments bear increased risk. While there are significant differences between the FHLBank System and Fannie Mae and Freddie Mac, including the FHLBanks' focus on secured lending in the form of advances as opposed to guaranteeing mortgages and their distinctive cooperative business model, legislation or other regulatory reform affecting the GSEs could inadequately account for these differences, which could negatively change the perception of the risks associated with the GSEs and their debt securities.

As a result of these factors, the FHLBank System may have to pay higher rates on consolidated obligations to make them attractive to investors. An increase in the cost of issuing consolidated obligations could reduce our net interest spread or result in increases to the price of our advances. As a result, an increase in the cost of issuing consolidated

obligations could negatively affect our financial condition, results of operations, or ability to pay dividends or redeem or repurchase capital stock.

We rely on derivative transactions to reduce our market risk and funding costs, and changes in our credit ratings or the credit ratings of our derivative counterparties, or changes in the legislation or the regulations affecting derivatives, may adversely affect our ability to enter into derivative transactions on cost-effective terms.

Our financial strategies are highly dependent on our ability to enter into interest rate derivative transactions on acceptable terms to reduce our market risk and funding costs. Rating agencies may from time to time change a rating or issue negative reports, which may adversely affect our ability to enter into derivative transactions on satisfactory terms in the quantities necessary to manage our interest rate risk and funding costs effectively. Changes in legislation or regulations affecting derivatives may also adversely affect our ability to enter into derivative transactions with acceptable counterparties on satisfactory terms. Any of these changes could negatively affect our financial condition, results of operations, or ability to make advances on acceptable terms, pay dividends, or redeem or repurchase capital stock.

General Risk Factors

Natural disasters, pandemics, terrorist attacks, or other catastrophic events could adversely affect our operations, business activities, reputation, results of operations, and financial condition.

The region where we operate is subject to natural disasters, including risks from floods, wildfires, drought, and other natural disasters. The frequency, intensity, and duration of these events is increasing, which could destroy or damage Bank facilities or member properties, including collateral that members have pledged to secure advances or mortgages, disrupt the business of the Bank or our members, increase the probability of power or other outages, negatively affect our members, or otherwise cause significant economic dislocation in disaster-affected regions.

Additionally, natural disasters, widespread public health emergencies (such as pandemics), terrorist attacks, civil unrest, geopolitical instability or conflicts, trade disruptions, economic or other sanctions, or other unanticipated or catastrophic events could create economic and financial disruptions and uncertainties, which may lead to reduced demand for advances and an increased risk of credit losses for the Bank and may adversely affect its cost of funding, access to funding, business activities, operations, reputation, or results of operations. Any of these factors could adversely affect our business activities and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The Bank is subject to cybersecurity risks, which includes intentional and unintentional acts that may affect the availability, confidentiality, and integrity of our information systems, including any information residing therein, or services. The Bank has, in alignment with industry standards and Finance Agency regulatory guidance, implemented processes, as set forth in its cybersecurity risk management framework, for identifying, assessing, and managing material risks from cybersecurity incidents that may directly or indirectly impact the Bank's business strategy, results of operations, or financial condition. Please refer to "Item 1A. Risk Factors - Operational Risks" for a description of potential cybersecurity threat risks.

The Bank's cybersecurity risk management practices are designed to protect the confidentiality, integrity, and availability of the Bank's information technology assets and data. The Bank utilizes the cybersecurity risk management concept of defense-in-depth and deploys multiple layers of controls across operations to manage the

multi-faceted nature of cybersecurity risk. Cybersecurity risk management is part of the Bank's Enterprise Risk Management program which includes pre-established risk appetite statements that outline the various risk indicators and their respective risk tolerance levels for the monitoring, assessing, mitigation, and reporting associated with those risks. The Bank's Information Security program is designed to evaluate our cybersecurity infrastructure and performance on an on-going basis through regular control assessments, security vulnerability scans and remediation, penetration tests, and cyber threat intelligence feeds that enable the program to effectively identify, prioritize, and mitigate cybersecurity risks. The Bank attempts to mitigate cybersecurity risk using an array of activities, including frequently updating the Information Security Policy, conducting information security training, performing periodic cybersecurity incident tabletop exercises, maintaining adequate cybersecurity insurance coverage levels, maintaining the Bank's Cybersecurity Incident Response Plan, and administering the Bank's business continuity management program to support the continuance of the Bank's operations in the event of a threat or incident.

The Bank's Enterprise Risk Committee annually reviews and approves the Bank's Information Security Policy. The Bank's Information Security Policy establishes administrative, technical, and physical safeguards designed to protect the security, confidentiality, and integrity of Bank information in accordance with Finance Agency regulation, the Gramm-Leach-Bliley Act and the interagency guidelines issued thereunder, and applicable laws. The Bank develops mitigation plans, monitors tactical implementation of the policy, and engages in detailed risk assessments comprising the Bank's Information Security Program overseen by the Bank's Enterprise Risk and Technology & Operations Committees. The Bank's Enterprise Risk and Technology & Operations Committees report to the board of directors (Board).

The Bank's Cybersecurity Incident Response Plan determines how cybersecurity incidents are identified, classified, and escalated, including for the purposes of reporting, and providing relevant information to senior management and the Board. The Bank's Cybersecurity Incident Response Plan also stipulates management assess the materiality of the incident for the purposes of public disclosure.

The business continuity management program is designed to oversee and implement resilience, continuity, and response capabilities to safeguard employees, customers, and products and services and minimize the financial loss to the Bank, ensure employee safety, and continue uninterrupted service to shareholders during a disruption event, which may include a cybersecurity related event. The business continuity management program provides for the restoration of facilities, communications, information technology systems, temporary relocation of personnel, and other components necessary for the continuity of critical Bank processes. The business continuity management program is overseen by the Board.

The Bank retains external consultants to assist in the development and monitoring of those processes for identifying, assessing, and managing cybersecurity incidents and threat risks. The Bank's Cybersecurity Incident Response Plan also facilitates management of third-party cybersecurity incidents. As part of the Bank's supplier risk management process, the Bank undertakes due diligence of third-party systems that the Bank will interact with, including risk profiling and classification, in addition to requiring data protection covenants in its vendor agreements. The Bank's supplier risk management program includes regular reviews and oversight of all service providers in accordance with a risk profile classification. The Bank reviews performance, technologies utilized by suppliers, and promotes escalation of any unsatisfactory reviews as part of the Bank's continuous assessment of its suppliers.

During the period covered by this report, risks from cybersecurity threats did not have a material impact on the Bank's business strategy, results of operations, or financial condition. The Bank updated its information security strategy during the period covered by this report in response to the increasing volume of cybersecurity threats, both to the Bank and to third parties. The Bank has experienced cybersecurity incidents and threats in the past, though none have had a material effect on the Bank's financial condition or results of operations.

Cybersecurity Governance

The Board exercises oversight of the Bank's Information Security and Enterprise Risk Management programs, including the Information Security Policy, with support from the Enterprise Risk and Technology & Operations Committees. The Board receives reports from the Enterprise Risk and Technology & Operations Committees, which

are management committees composed of members of the Bank's senior management responsible for management of risk and implementation of the cybersecurity risk management framework within the Risk Management Program as approved by the Board. The Board oversees management's approach to staffing, policies, processes, and practices to measure and address cybersecurity and information security risk.

The Enterprise Risk Committee is responsible for reviewing and recommending the approval of the Information Security Policy by the Board. The Enterprise Risk Committee provides independent and integrated oversight of the Bank's Information Security program and security exceptions and violations. The Bank's Technology & Operations Committee is responsible for reviewing the Bank's security awareness and physical security procedures and implementation reports, provides guidance and monitors progress on major information security projects, and regulatory changes.

The Bank's dedicated Information Security Department, led by our Chief Information Security Officer, is comprised of specialized professionals responsible for the processes and procedures to design and implement protective, proactive and reactive measures to protect the Bank against cybersecurity risks, and for developing, documenting, and approving the Bank's technical information security control standards, guidelines, and procedures designed to preserve the confidentiality, integrity, and availability of the Bank's information technology assets and data under the Bank's control. The Chief Information Security Officer's expertise in cybersecurity includes holding a Bachelor of Science degree in Computer Engineering, a Master of Business Administration degree in Technology Management, and Information Systems Security Professional certification, along with decades of experience in information technology and cybersecurity.

The Bank's Enterprise Risk and Technology & Operations Committees receive regular, prompt, and periodic information from the Information Security Department, which in turn provides periodic, regular, and prompt reporting to the Enterprise Risk and Technology & Operations Committees of the Board on topics such as threat intelligence, major cybersecurity risk areas, technologies and best practices, and any cybersecurity incidents that may have impacted the Bank, as well as risk assessment, management, and monitoring updates, as applicable and as needed.

Bank policies and processes are designed such that the Board would receive prompt and timely information from the Information Security Department or the Enterprise Risk Committee on any cybersecurity or information security incident or threat that may pose significant risk to the Bank and would continue to receive regular reports on any incident until its conclusion. At least quarterly, or more often, as necessary, the Board discusses cybersecurity and information security risks with the Bank's Chief Information Security Officer.

ITEM 2. PROPERTIES

The Federal Home Loan Bank of San Francisco (Bank) maintains its principal offices in leased premises totaling 96,139 square feet of space at 333 Bush Street in San Francisco, California. The Bank believes these facilities are adequate for the purposes for which they are currently used and are well maintained.

ITEM 3. LEGAL PROCEEDINGS

The Federal Home Loan Bank of San Francisco (Bank) may be subject to various legal proceedings arising in the normal course of business.

After consultation with legal counsel, the Bank is not aware of any legal proceedings that are expected to have a material effect on its financial condition or results of operations or that are otherwise material to the Bank.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Federal Home Loan Bank of San Francisco (Bank) has a cooperative ownership structure. The members and certain nonmembers own all the capital stock of the Bank, the majority of the directors of the Bank are officers or directors of members, and the directors are elected by members (or selected by the board of directors to fill mid-term vacancies). There is no established marketplace for the Bank’s capital stock. The Bank’s capital stock is not publicly held or traded. The Bank issues only one class of capital stock, Class B stock (effective January 2, 2026, such Class B stock was comprised of Class B-1 membership stock and Class B-2 activity-based stock, as set forth in the Bank’s capital plan), which, under the Bank’s capital plan, may be redeemed at par value, \$100 per share, upon five years notice from the shareholder to the Bank, subject to certain statutory and regulatory requirements and to the satisfaction of any ongoing capital stock investment requirements applying to the member.

As of February 27, 2026, the Bank had 26,476,289 shares of Class B stock held by 332 members and nonmembers, including 16,026,572 shares of Class B-1 membership stock and 9,385,244 shares of Class B-2 activity-based stock held by 327 members. 1,064,473 shares of Class B-2 activity-based stock were held by 5 nonmembers. Class B stock held by nonmembers is classified as mandatorily redeemable capital stock in the Bank’s Statements of Condition.

Information regarding the Bank’s dividends, including the Bank’s policies and practices with respect to dividend payments, is set forth in “Item 1. Business – Capital – Dividends and Retained Earnings,” and information on the Bank’s capital requirements and additional information regarding the Bank’s dividends is set forth in “Item 8. Financial Statements and Supplementary Data – Note 11 – Capital.”

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements contained in this annual report on Form 10-K, including statements describing the objectives, projections, estimates, or predictions of the future of the Federal Home Loan Bank of San Francisco (Bank) or the Federal Home Loan Bank System (FHLBank System), are "forward-looking statements." These statements may use forward-looking terms, such as "anticipate," "believe," "could," "estimate," "expect," "intend," "likely," "may," "probable," "plan," "project," "should," "will," "would," "possible," or their negatives or other variations on these terms, and include statements related to, among others, gains and losses on derivatives, plans to pay dividends and redeem or repurchase excess stock, future credit losses, future classification of securities, and reform legislation. The Bank cautions that by their nature, forward-looking statements involve risk or uncertainty that could cause actual results to 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 risks and uncertainties include, among others, the following:

- changes in economic and market conditions, including inflation and interest rates, changes in the credit ratings of the United States, including any effects of downgrades in the sovereign credit rating of the United States, and conditions in the mortgage, housing, and capital markets;
- the volatility of market prices, rates, and indices;
- the timing and volume of market activity;
- natural disasters (such as wildfires), pandemics or other widespread public health emergencies, terrorist attacks, civil unrest, geopolitical instability or conflicts, trade disruptions, economic or other sanctions, or other unanticipated or catastrophic events;
- executive, legislative, regulatory or judicial actions or events, including changes in the FHLBank Act or Federal Housing Finance Agency (Finance Agency) regulations and regulatory oversight or changes in other statutes or regulations that affect the Bank, its members, counterparties, or investors in the consolidated obligations of the Federal Home Loan Banks (FHLBanks);
- changes in the Bank's capital structure and composition;
- changes in the Bank's capital stock requirements;
- the ability of the Bank to pay dividends or redeem or repurchase capital stock;
- membership changes, including changes resulting from mergers or changes in the principal place of business of Bank members;
- the withdrawal, merger, dissolution, or receivership of one or more large members;
- the soundness of other financial institutions, including Bank members, nonmember borrowers, other counterparties, and the other FHLBanks;
- changes in Bank members' demand for Bank advances;
- changes in the value or liquidity of collateral underlying advances to Bank members or nonmember borrowers or collateral pledged by the Bank's derivative counterparties;
- competitive forces, including the availability of other sources of funding for Bank members;
- the willingness of the Bank's members to do business with the Bank;
- changes in investor demand for consolidated obligations (including the terms of consolidated obligations) or the terms of interest rate exchange or similar agreements;
- the impact of any changes and developments in FHLBank System-wide debt issuance and governance practices;
- the ability of each of the other FHLBanks to repay the principal and interest on consolidated obligations for which it is the primary obligor and with respect to which the Bank has joint and several liability;
- changes in key Bank personnel;
- technology changes and enhancements, and the Bank's ability to develop and support technology and information systems sufficient to manage the risks of the Bank's business effectively (including cybersecurity risks); and
- changes in the FHLBanks' long-term credit ratings.

Readers of this report should not rely solely on the forward-looking statements and should consider all risks and uncertainties addressed throughout this report, as well as those discussed under "Item 1A. Risk Factors."

Overview

Net income for the year ended December 31, 2025, was \$403 million, an increase of \$1 million compared with 2024. The increase was primarily attributable to an increase in net interest income of \$8 million, a decrease in total non-interest expense of \$15 million, and a decrease of \$6 million in statutory Affordable Housing Program (AHP) assessments, partially offset by a decrease in other income of \$25 million.

Net interest income increased by \$8 million, primarily reflecting a higher amount of net prepayment fees on available-for-sale (AFS) mortgage-backed securities (MBS). In addition, the increase in net interest income was driven by decreases in consolidated obligation bond balances and costs on interest-bearing liabilities and a decrease in dividends paid on mandatorily redeemable capital stock classified as interest expense, partially offset by decreases in advance balances and yields on interest-earning assets. Other income decreased by \$25 million, primarily driven by income recognized in 2024 in connection with the termination of a long-term funding arrangement initially entered into with a member borrower in 2017. Total non-interest expense decreased by \$15 million, primarily attributable to a decrease in voluntary housing and community investment contributions and lower operating expense.

The Bank exceeded its 4.00% regulatory requirement with a regulatory capital ratio of 9.98% at December 31, 2025.

On February 11, 2026, the Bank's board of directors (Board) declared a quarterly cash dividend on the average capital stock outstanding during the fourth quarter of 2025 at an annualized rate of 8.75%. The Bank expects to pay the dividend on March 10, 2026. In addition, the Board declared a special cash dividend on the average capital stock outstanding during the fourth quarter of 2025 for \$75 million, or approximately \$2.86 per share, representing an annualized rate of 11.36%. The special dividend enhances the Bank's members' ability to serve their communities and was paid on February 25, 2026. In connection with the special dividend, the Board also approved an additional voluntary mission contribution of \$22.5 million, to be allocated from the Bank's 2026 net income. These funds will be directed voluntarily to the Bank's 2026 AHP general fund to advance housing supply and access to affordable housing throughout the Bank's district over the year.

The Bank will continue to monitor its financial condition, its financial performance, its capital position, overall financial market conditions, and other relevant information as the basis for determining the payment of dividends in future quarters.

Results of Operations

Selected Financial Data and Financial Ratios

	2025	2024	2023
Selected Other Data for the Year Ended December 31			
Net Interest Margin ⁽¹⁾	0.77 %	0.69 %	0.71 %
Return on Average Assets	0.52	0.47	0.47
Return on Average Equity	5.59	5.89	7.60
Annualized Dividend Rate	8.75	8.75	7.49
Dividend Payout Ratio ⁽²⁾	57.33	49.68	45.05
Average Equity to Average Assets Ratio	9.35	8.02	6.23
Selected Other Data at Yearend			
Regulatory Capital Ratio ⁽³⁾	9.98	8.90	8.02
Duration Gap (in months)	0.4	1.2	1.0

(1) Net interest margin is calculated as net interest income divided by average interest-earning assets for the year.

(2) This ratio is calculated as dividends paid per share divided by net income per share.

(3) This ratio is calculated as regulatory capital divided by total assets on December 31 of each year. Regulatory capital includes retained earnings, Class B capital stock, and mandatorily redeemable capital stock (which is classified as a liability), but excludes accumulated other comprehensive income/(loss) (AOCI).

Comparison of 2025 and 2024

Net Interest Income. The table that follows presents the average balances of interest-earning asset categories and the sources that funded those interest-earning assets (liabilities and capital), together with the related interest income and expense. The table also presents the average rates on total interest-earning assets and the average costs of total funding sources.

Net Interest Spread and Margin

	For the Years Ended December 31,					
	2025			2024		
(Dollars in millions)	Average Balance	Interest Income/Expense	Average Rate	Average Balance	Interest Income/Expense	Average Rate
Assets						
Interest-earning assets:						
Interest-bearing deposits	\$ 3,697	\$ 160	4.32 %	\$ 4,298	\$ 226	5.26 %
Securities purchased under agreements to resell	2,739	117	4.26	1,257	66	5.24
Federal funds sold	5,617	240	4.28	5,157	268	5.20
AFS securities: ⁽¹⁾						
MBS ⁽¹⁾⁽²⁾	13,879	787	5.67	13,686	896	6.55
U.S. Treasury and state housing agency obligations	6,482	294	4.53	5,316	290	5.45
Held-to-maturity (HTM) securities: MBS	1,262	61	4.87	1,655	92	5.56
Advances	41,910	1,863	4.45	52,301	2,767	5.29
Mortgage loans held for portfolio ⁽³⁾	667	20	3.01	725	22	2.94
Loans to other FHLBanks	1	—	4.39	—	—	—
Total interest-earning assets	76,254	3,542	4.65	84,395	4,627	5.48
Other assets ⁽⁴⁾	864			748		
Total Assets	\$ 77,118			\$ 85,143		
Liabilities and Capital						
Interest-bearing liabilities:						
Consolidated obligations:						
Bonds	\$ 52,147	\$ 2,223	4.26 %	\$ 60,769	\$ 3,143	5.17 %
Discount notes	15,522	659	4.25	14,704	767	5.22
Deposits and other borrowings	1,397	58	4.15	1,374	72	5.18
Mandatorily redeemable capital stock	160	14	8.51	559	65	11.69
Borrowings from other FHLBanks	4	—	4.32	—	—	—
Total interest-bearing liabilities	69,230	2,954	4.27	77,406	4,047	5.23
Other liabilities ⁽⁴⁾	674			908		
Total Liabilities	69,904			78,314		
Total Capital	7,214			6,829		
Total Liabilities and Capital	\$ 77,118			\$ 85,143		
Net Interest Income		\$ 588			\$ 580	
Net Interest Spread ⁽⁵⁾			0.38 %			0.25 %
Net Interest Margin ⁽⁶⁾			0.77 %			0.69 %
Interest-earning Assets/Interest-bearing Liabilities	110.15 %			109.03 %		

(1) The average balances of AFS securities are reflected at amortized cost. As a result, the average rates do not reflect changes in fair value.

(2) Interest income includes net prepayment fees received on AFS MBS of \$23 million and \$11 million in 2025 and 2024, respectively.

(3) Nonperforming mortgage loans are included in average balances used to determine average rate.

(4) Includes forward settling transactions and valuation adjustments for certain cash items received/(paid).

(5) Net interest spread is calculated as the difference between the average rate earned on interest-earning assets and the average rate paid on interest-bearing liabilities.

(6) Net interest margin is calculated as net interest income for the year divided by average interest-earning assets.

The following table details the changes in interest income and interest expense for 2025 compared to 2024. Changes in both volume and interest rates influence changes in net interest income, net interest spread, and net interest margin.

**Change in Net Interest Income: Rate/Volume Analysis
2025 Compared to 2024**

(In millions)	Increase/ (Decrease)	Attributable to Changes in ⁽¹⁾	
		Volume	Rate
Interest income:			
Interest-bearing deposits	\$ (66)	\$ (29)	\$ (37)
Securities purchased under agreements to resell	51	65	(14)
Federal funds sold	(28)	22	(50)
AFS securities:			
MBS ⁽²⁾	(109)	12	(121)
U.S. Treasury and state housing agency obligations ⁽²⁾	4	58	(54)
HTM securities: MBS			
Advances ⁽²⁾	(904)	(501)	(403)
Mortgage loans held for portfolio	(2)	(2)	—
Total interest income	(1,085)	(395)	(690)
Interest expense:			
Consolidated obligations:			
Bonds ⁽²⁾	(920)	(411)	(509)
Discount notes ⁽²⁾	(108)	41	(149)
Deposits and other borrowings	(14)	1	(15)
Mandatorily redeemable capital stock	(51)	(37)	(14)
Total interest expense	(1,093)	(406)	(687)
Change in net interest income	\$ 8	\$ 11	\$ (3)

(1) Combined rate/volume variances, a third element of the calculation, are allocated to the rate and volume variances based on their relative sizes.

(2) Interest income/(expense) and average rates include the interest effect of associated interest rate exchange agreements.

Net interest income in 2025 was \$588 million, a 1% increase from \$580 million in 2024. The increase in net interest income compared to 2024 primarily reflected a higher amount of net prepayment fees on AFS MBS. In addition, the increase in net interest income was driven by a decrease in the average balances of consolidated obligation bonds, lower costs on interest-bearing liabilities, and a decrease in dividends paid on mandatorily redeemable capital stock classified as interest expense. These favorable impacts on net interest income were partially offset by lower average balances of advances and lower yields on interest-earning assets.

Prepayment Fees, Net. The Bank charges borrowers prepayment fees or pays borrowers prepayment credits when the principal on certain advances is paid before original maturity. The Bank records prepayment fees from borrowers net of any associated fair value adjustments related to prepaid advances that were in hedging relationships. The net amount of prepayment fees received from borrowers recorded as interest income is as follows:

(In millions)	For the Years Ended December 31,	
	2025	2024
Prepayment fees received/(paid)	\$ (17)	\$ (15)
Fair value adjustments	23	21
Net	\$ 6	\$ 6
Advance principal prepaid	\$ 2,020	\$ 1,982

The net interest margin was 77 basis points for 2025, eight basis points higher than the net interest margin for 2024. The net interest spread was 38 basis points for 2025, 13 basis points higher than the net interest spread for 2024. The increases in net interest margin and net interest spread were primarily driven by a \$12 million increase in net prepayment fees on AFS MBS compared to 2024 and by a shift in the composition of earning-assets, reflecting a decrease in the average balances of advances, a lower-yielding asset, to \$41.9 billion for 2025 compared to \$52.3 billion for 2024, as well as a reduction in the cost of interest-bearing liabilities to 4.27% for 2025 compared to 5.23% for 2024.

The following tables present the effect of derivatives and hedging activities on net interest income.

(In millions)	For the Years Ended December 31, 2025					Total
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes		
(Amortization)/accretion of hedging activities	\$ (22)	\$ (98)	\$ —	\$ —	\$ (120)	
Net gain/(loss) on derivatives and hedged items	6	(2)	—	—	4	
Net interest settlements on derivatives	154	327	(219)	(3)	259	
Price alignment amount ⁽¹⁾	(6)	(12)	(1)	—	(19)	
Total effect on net interest income	\$ 132	\$ 215	\$ (220)	\$ (3)	\$ 124	

(In millions)	For the Years Ended December 31, 2024					Total
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes		
(Amortization)/accretion of hedging activities	\$ (23)	\$ (101)	\$ —	\$ —	\$ (124)	
Net gain/(loss) on derivatives and hedged items	6	3	(1)	(1)	7	
Net interest settlements on derivatives	564	523	(487)	(2)	598	
Price alignment amount ⁽¹⁾	(28)	(28)	(2)	—	(58)	
Total effect on net interest income	\$ 519	\$ 397	\$ (490)	\$ (3)	\$ 423	

(1) This amount relates to derivatives for which variation margin on cleared derivatives is characterized as a daily settled contract.

Other Income/(Loss). The following table presents the components of “Other Income/(Loss)”.

(In millions)	Other Income/(Loss)	
	For the Years Ended December 31,	
	2025	2024
Net gain/(loss) on advances and consolidated obligation bonds held under fair value option	\$ 39	\$ (12)
Net gain/(loss) on derivatives	2	53
Standby letters of credit fees	19	19
Termination of long-term funding arrangement	—	30
Other, net	8	3
Total Other Income/(Loss)	\$ 68	\$ 93

Net Gain/(Loss) on Advances and Consolidated Obligation Bonds Held Under Fair Value Option – Under the fair value option, the Bank has elected to carry certain assets and liabilities at fair value. In general, transactions elected for the fair value option are in economic hedge relationships. Gains or losses on these transactions are generally offset by losses or gains on the derivatives that economically hedge these instruments.

The net gain/(loss) on advances and consolidated obligation bonds held under the fair value option is primarily driven by the effects of changes in market interest rates, interest rate spreads, interest rate volatility, and other market factors relative to the actual terms and volume of the advances and consolidated obligation bonds during the period.

Net Gain/(Loss) on Derivatives – The Bank presents all of its derivative instruments on the Statements of Condition at fair value. Certain derivatives are associated with assets or liabilities but do not qualify as fair value hedges. These economic hedges are recorded on the Statements of Condition at fair value with the unrealized gain or loss recorded in earnings without any offsetting unrealized gain or loss from the associated asset or liability. The following table shows the accounting classification of economic hedges and the categories of hedged items that contributed to the gains and losses on derivatives that were recorded in “Net gain/(loss) on derivatives” for 2025 and 2024.

**Sources of Gains/(Losses) Recorded in Net Gain/(Loss) on Derivatives
2025 Compared to 2024**

(In millions)

Hedged Item	2025			2024		
	Gain/(Loss) on Economic Hedges	Interest Income/ (Expense) on Economic Hedges	Net Gain/ (Loss)	Gain/(Loss) on Economic Hedges	Interest Income/ (Expense) on Economic Hedges	Net Gain/ (Loss)
Advances:						
Elected for fair value option	\$ (40)	\$ 44	\$ 4	\$ 7	\$ 59	\$ 66
Not elected for fair value option	(25)	26	1	(21)	28	7
Consolidated obligation bonds:						
Elected for fair value option	10	(10)	—	14	(21)	(7)
Not elected for fair value option	18	(17)	1	14	(26)	(12)
Consolidated obligation discount notes:						
Not elected for fair value option	(2)	—	(2)	2	—	2
Price alignment amount ⁽¹⁾	(2)	—	(2)	(3)	—	(3)
Total	\$ (41)	\$ 43	\$ 2	\$ 13	\$ 40	\$ 53

(1) This amount relates to derivatives for which variation margin on cleared derivatives is characterized as a daily settled contract.

During 2025, net gains on derivatives totaled \$2 million compared to net gains of \$53 million in 2024. These amounts included interest income of \$43 million and \$40 million resulting from net settlements on derivative instruments used in economic hedges in 2025 and 2024, respectively. In addition to the impact of interest income or expense from net settlements on derivative instruments used in economic hedges, the gains or losses on economic hedges were primarily attributable to changes in market interest rates, interest rate spreads, interest rate volatility, and other market factors during the period.

Additional information about derivatives and hedging activities is provided in “Item 8. Financial Statements and Supplementary Data – Note 13 – Derivatives and Hedging Activities.”

Termination of Long-Term Funding Arrangement – In connection with certain litigation involving its PLRMBS previously disclosed, the Bank initially entered into a long-term funding arrangement in 2017 with a member, under which the member agreed to obtain or maintain certain advances from the Bank. During 2024, the Bank terminated the long-term funding arrangement in accordance with its settlement terms and recognized \$30 million of other income, with no comparable activity in 2025.

Non-Interest Expense. During 2025, total non-interest expense decreased to \$204 million, compared to \$219 million in 2024. The \$15 million decrease in total non-interest expense was primarily attributable to a \$9 million decrease in voluntary housing and community investment contributions and a \$7 million decrease in compensation and benefits and other operating expense.

Voluntary housing and community investment contributions and AHP assessment. In 2025, the Bank allocated a total of \$78 million for affordable housing, community investment, and voluntary charitable programs, of which \$46 million related to the statutory AHP assessment and \$32 million related to voluntary housing and community investment contributions as presented in the Bank's Statements of Income.

In 2025, the Board approved plans to voluntarily allocate 5% of the Bank's 2024 net earnings (income before interest expense related to dividends paid on mandatorily redeemable capital stock and the assessment for the AHP) to fund economic development and homeownership grant programs. These charitable contributions, in addition to the Bank's statutory 10% AHP assessment, decreased the Bank's net income and retained earnings for 2025.

The following table presents the calculation of the 5% commitment target for voluntary contributions for 2025.

(Dollars in millions)	2024	2025
Income/(loss) before assessment	\$ 454	
Interest expense: mandatorily redeemable capital stock	65	
Income/(loss) before assessment and interest expense: mandatorily redeemable capital stock	\$ 519	
Commitment %		5 %
Unadjusted 5% voluntary commitment target		\$ 26
Adjusted for:		
Make-whole contribution: AHP ⁽¹⁾		4
Make-whole contribution: voluntary contributions ⁽²⁾		1
Adjusted 5% voluntary commitment target		\$ 31

- (1) A voluntary make-whole contribution to restore the required AHP from the effects of voluntary housing contributions, which lowered 2025 Income/(Loss) Before Assessment.
- (2) A voluntary make-whole contribution to restore the committed 5% voluntary contribution from the effects of voluntary contributions, which lowered 2024 Income/(Loss) Before Assessment.

The following table presents the components of the voluntary housing and community investment contributions by attribute for 2025.

(In millions)	2025
Voluntary contributions by attribute	
Affordable housing	\$ 17
Economic development	8
Disaster Relief and Climate Resiliency	2
Voluntary contributions paid	27
Voluntary contributions to AHP ⁽¹⁾	5
Voluntary housing and community investment contributions presented in the Statements of Income	\$ 32

- (1) Represents all voluntary contributions to AHP, including voluntary make-whole contributions.

Make-Whole Contribution for AHP. Since net income before the assessment for AHP was reduced by voluntary contributions, the assessment amount for AHP was effectively lowered by the voluntary contributions amount. Therefore, a voluntary make-whole contribution was recorded to restore in good faith the 2025 AHP assessment amount to what it would be before the effects of voluntary contributions, as presented in the following table.

(Dollars in millions)	2025
Income/(loss) before assessment and interest expense: mandatorily redeemable capital stock	\$ 463
Statutory AHP assessment percentage	10 %
Statutory AHP assessment	46
Make-whole contribution: AHP ⁽¹⁾	4
Total statutory AHP assessment and AHP make-whole contribution	\$ 50

(1) A voluntary make-whole contribution to restore the required AHP contribution from the effects of voluntary housing contributions, which lowered Income/(Loss) Before Assessment.

The following table demonstrates the total AHP assessment in the absence of voluntary contributions for 2025.

(Dollars in millions)	2025
Income/(loss) before assessment and interest expense: mandatorily redeemable capital stock	\$ 463
Voluntary housing and community investment contributions	32
Income/(loss) before assessment and interest expense: mandatorily redeemable capital stock and voluntary housing and community investment contributions	495
Statutory AHP assessment percentage	10 %
Total AHP assessment without voluntary contributions	\$ 50

The Bank continues to evaluate funding of programs meeting community needs for affordable housing, funding for businesses, and community development, and may change the levels of voluntary contributions in the future, which may further impact the Bank’s net income and retained earnings. Voluntary programs include, but are not limited to, Access to Housing and Economic Assistance for Development (AHEAD), middle-income downpayment assistance, and other targeted community initiatives.

AHEAD Program. AHEAD Program grants, funded annually at the discretion of the Board, provide funding for targeted economic development projects and non-AHP-eligible housing initiatives that create or preserve jobs, deliver social services, training, or education programs, or provide other services and programs that benefit communities. AHEAD Program applications are submitted by members working with local community groups and awards are based on project eligibility and evaluation of the applications.

Tribal Nations Program. Tribal Nations Program grants address tribal affordable housing needs identified in the Bank’s Targeted Community Lending Plan. The Bank has partnered with the California Coalition for Rural Housing for outreach and technical assistance to tribal organizations to apply for housing funding and offered grants to tribal organizations for housing construction and rehabilitations.

Middle-Income Downpayment Assistance. This grant program is intended to help families and individuals who qualify as first-time homebuyers and earn just over 80% up to 140% of area median income, based on the location of the property to be purchased and adjusted for household size. The goal is to expand access to affordable and sustainable homeownership opportunities for first-time homebuyers.

Wildfires. The Bank contributed to aid relief efforts and provide front-line support in communities impacted by the wildfires in Southern California.

Affordable Housing Program. The FHLBank Act requires each FHLBank to establish and fund an AHP. Each FHLBank's AHP provides subsidies to members, who use the funds to assist in the purchase, construction, or rehabilitation of housing for households earning up to 80% of the median income for the area in which they live. Subsidies may be in the form of direct grants or subsidy programs.

To fund the AHP, the FHLBanks must set aside at least, in the aggregate, the greater of \$100 million or 10% of the current year's net earnings (income before interest expense related to dividends paid on mandatorily redeemable capital stock and the assessment for the AHP). To the extent that the aggregate 10% calculation is less than \$100 million, the FHLBank Act requires that each FHLBank contribute such prorated sums as may be required to ensure that the aggregate contribution of the FHLBanks equals at least \$100 million. The proration would be made on the basis of the income of the FHLBanks for the previous year.

The Bank's total statutory AHP assessments equaled \$46 million in 2025 and \$52 million in 2024.

For more information on the Bank's AHP, see "Item 8. Financial Statements and Supplementary Data – Note 9 – Affordable Housing Program."

Return on Average Equity. Return on average equity was 5.59% for 2025, compared to 5.89% for 2024. The decrease reflected an increase in average equity to \$7.2 billion in 2025 from \$6.8 billion in 2024.

Dividends and Retained Earnings. In 2025, the Bank paid \$224 million in dividends on capital stock at an annualized rate of 8.75%. In 2024, the Bank paid \$209 million in dividends on capital stock at an annualized rate of 8.75%.

For more information, see "Item 1. Business – Capital – Dividends and Retained Earnings," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Capital," and "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital – Excess Stock Repurchase, Retained Earnings, and Dividend Framework."

For a comparison of 2024 and 2023 results of operations, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations" in the Bank's 2024 Form 10-K.

Financial Condition

Total assets were \$73.3 billion at December 31, 2025, a decrease of \$8.4 billion from \$81.7 billion at December 31, 2024. This decline was primarily driven by maturities of advances acquired by nonmembers in connection with certain Bank member acquisitions that occurred in 2023. Advances decreased by \$7.4 billion, or 16%, to \$38.2 billion at December 31, 2025, from \$45.6 billion at December 31, 2024. Investments at December 31, 2025, were \$34.0 billion, a net decrease of \$1.0 billion from \$35.0 billion at December 31, 2024, primarily attributable to maturities of \$586 million securities classified as held-to-maturity and a \$348 million decline in overnight investments.

Total liabilities were \$66.0 billion at December 31, 2025, a decrease of \$8.7 billion from \$74.7 billion at December 31, 2024, primarily reflecting a \$8.3 billion decrease in consolidated obligations outstanding to \$64.3 billion at December 31, 2025, from \$72.6 billion at December 31, 2024. The average balances of interest-bearing demand and overnight deposits were \$973 million, \$932 million, and \$870 million, and the weighted average interest rates paid on interest-bearing demand and overnight deposits were 4.03%, 5.03%, and 5.01% in 2025, 2024, and 2023, respectively.

Advances-Related Products. The advances-related products consist of advances and other credit products.

The following table presents the advances portfolio by product type.

(Dollars in millions)	December 31, 2025		December 31, 2024	
	Par Value	Percentage of Total Par Value	Par Value	Percentage of Total Par Value
Adjustable – SOFR (Secured Overnight Funding rate)	\$ 2,455	6 %	\$ 4,455	10 %
Adjustable – SOFR, callable at borrower’s option	4,700	12	2,400	5
Subtotal adjustable rate advances	7,155	18	6,855	15
Fixed	4,095	11	5,711	12
Fixed – amortizing	21	—	33	—
Fixed – PPS	30	—	142	—
Fixed – FPS	15,187	40	24,563	54
Fixed – callable at borrower’s option with FPS	275	1	310	1
Fixed – putable at Bank’s option with FPS	5,532	15	4,560	10
Subtotal fixed rate advances	25,140	67	35,319	77
Daily variable rate	5,854	15	3,644	8
Total par value	\$ 38,149	100 %	\$ 45,818	100 %

All of the Bank’s advances are prepayable at the borrower’s option. However, when advances are prepaid, the borrower is charged a prepayment fee intended to make the Bank financially indifferent to the borrower’s decision to repay the advance prior to its maturity date, which is required by Finance Agency regulations.

Partial prepayment symmetry (PPS) and full prepayment symmetry (FPS) are product features under which the Bank may charge the borrower a prepayment fee or pay the borrower a prepayment credit, depending on certain circumstances, such as movements in interest rates, when the advance is prepaid. The Bank no longer offers advances with PPS, and any prepayment credit on an advance with PPS would be limited to the lesser of 10% of the par value of the advance or the gain recognized on the termination of the associated interest rate swap, which may also include a similar contractual gain limitation. Some advances may be repaid on specified call dates without prepayment fees (callable advances).

The types of advances by contractual maturity are presented in the following table.

(Dollars in millions)	December 31, 2025		December 31, 2024	
	Par Value	Percentage of Total Par Value	Par Value	Percentage of Total Par Value
Fixed:				
Within 1 year	\$ 10,270	26 %	\$ 15,204	33 %
After 1 year through 3 years	7,171	19	11,525	25
After 3 years through 5 years	1,605	4	3,269	7
After 5 years through 15 years	266	1	408	1
Thereafter	—	—	10	—
Subtotal fixed rate advances	19,312	50	30,416	66
Fixed – callable at borrower’s option:				
After 3 years through 5 years	—	—	10	—
After 5 years through 15 years	275	1	300	1
Subtotal fixed – callable at borrower’s option advances	275	1	310	1
Fixed – putable:				
Within 1 year	479	1	2	—
After 1 year through 3 years	2,517	7	2,054	4
After 3 years through 5 years	977	2	845	2
After 5 years through 15 years	1,559	4	1,659	4
Subtotal fixed rate – putable advances	5,532	14	4,560	10
Fixed – amortizing:				
Within 1 year	5	—	12	—
After 1 year through 3 years	6	—	8	—
After 3 years through 5 years	5	—	6	—
After 5 years through 15 years	5	—	7	—
Subtotal fixed – amortizing advances	21	—	33	—
Adjustable and variable:				
Within 1 year	8,309	22	8,094	18
After 1 year through 3 years	—	—	5	—
Subtotal adjustable and variable rate advances	8,309	22	8,099	18
Adjustable – callable at borrower’s option:				
Within 1 year	3,700	10	400	1
After 1 year through 3 years	1,000	3	2,000	4
Subtotal adjustable – callable at borrower’s option advances	4,700	13	2,400	5
Total par value	\$ 38,149	100 %	\$ 45,818	100 %

Mortgage-Related Products. The mortgage-related products consist of MBS investments and mortgage loans.

MBS Investments - The Bank’s MBS investments were \$14.7 billion and \$15.3 billion at December 31, 2025 and 2024, respectively. During 2025, the Bank’s MBS investments decreased primarily because of \$1.3 billion in principal repayments, partially offset by a \$437 million increase in valuation adjustments for hedging activities, \$186 million in purchases, and a \$69 million increase in the fair values of MBS investments classified as AFS.

Interest rate payment terms for MBS classified as AFS and HTM are shown in the following table:

(In millions)	December 31, 2025		December 31, 2024	
Amortized cost of AFS securities:				
Fixed rate	\$	13,083	\$	13,069
Adjustable rate		635		699
Total AFS securities		13,718		13,768
Amortized cost of HTM securities:				
Fixed rate		111		149
Adjustable rate		792		1,340
Total HTM securities	\$	903	\$	1,489

Mortgage Loans - Mortgage loan balances were \$639 million at December 31, 2025, a decrease of \$54 million from \$693 million at December 31, 2024.

Mortgage loan balances by contractual maturity were as follows:

(In millions)	December 31, 2025	
Within 1 year	\$	26
After 1 year through 5 years		108
After 5 years through 15 years		256
Thereafter		218
Total unpaid principal balance	\$	608

For more information on the Bank’s mortgage loan portfolio, see “Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies” and “Item 8. Financial Statements and Supplementary Data – Note 6 – Mortgage Loans Held for Portfolio.”

Liquidity and Capital Resources

The Bank’s financial strategies are designed to enable the Bank to expand and contract its balance sheet as membership composition and member credit needs change. The Bank’s liquidity and capital resources are designed to support its financial strategies. The Bank’s primary source of liquidity is its access to the debt capital markets through consolidated obligation issuance, which is described in “Item 1. Business – Funding Sources.” The Bank’s status as a GSE is critical to maintaining its access to the capital markets. Although consolidated obligations are backed only by the financial resources of the FHLBanks and are not guaranteed by the U.S. government, the capital markets have traditionally treated the FHLBanks’ consolidated obligations as comparable to federal agency debt, providing the FHLBanks with access to funding at relatively favorable rates. The maintenance of the Bank’s capital resources is governed by its capital plan.

Liquidity

The Bank seeks to maintain the liquidity necessary to repay maturing consolidated obligations for which it is the primary obligor, meet other obligations and commitments, meet expected and unexpected member credit demands, and may be used for investment opportunities. The Bank monitors its financial position in order to meet these objectives. The Bank maintains a contingency funding plan that outlines how sources of funds may be allocated under stressed market conditions, such as short-term disruptions at the Bank or the Office of Finance or short-term disruptions in the debt capital markets.

The Bank regularly monitors current trends and anticipates future debt issuance needs with the objective of being prepared to fund its members’ credit needs and appropriate investment opportunities. The Bank is able to contract its balance sheet as borrowers’ credit needs decrease. The Bank’s capital plan allows the Bank to repurchase a borrower’s excess stock, including mandatorily redeemable capital stock, at the Bank’s discretion, subject to certain

statutory and regulatory requirements and the Bank's Risk Management Policy, Capital Plan, and the Framework. The Bank may also allow its consolidated obligations to mature without replacement or repurchase and retire outstanding consolidated obligations, allowing its balance sheet to contract.

Short-term liquidity management practices are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Risk Management – Liquidity Risk." The Bank manages its liquidity needs to enable it to meet all of its contractual obligations on a timely basis, to support its members' credit needs, and to pay operating expenditures as they come due. At December 31, 2025, the Bank's contractual obligations on operating leases were \$49 million due through 2030 and \$3 million due thereafter.

For further information and discussion of the Bank's joint and several liability for FHLBank consolidated obligations, see "Item 8. Financial Statements and Supplementary Data – Note 8 – Consolidated Obligations". In addition, "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital" includes a discussion of the Bank's mandatorily redeemable capital stock, and "Item 8. Financial Statements and Supplementary Data – Note 12 – Employee Retirement Plans and Incentive Compensation Plans" includes a discussion of the Bank's retirement plans and related expenses and commitments.

The Bank enters into derivative financial instruments, which create contractual obligations, as part of the Bank's market risk management. "Item 8. Financial Statements and Supplementary Data – Note 13 – Derivatives and Hedging Activities" includes additional information regarding derivative financial instruments.

Capital

The Bank's ability to expand as member credit needs increase is based, in part, on the capital stock requirements for advances. A member is required to maintain sufficient capital stock to support its advances and letters of credit activity with the Bank. Unless a member already has sufficient excess stock, it must increase its capital stock investment in the Bank as its balance of outstanding advances increases. The activity-based capital stock requirement is currently 2.7% for outstanding advances and 0.1% of notional balances for outstanding letters of credit. The Bank's minimum regulatory capital-to-assets ratio requirement is currently 4.0%; therefore, the Bank maintains a certain required level of retained earnings to support capital compliance and business growth. For more information, see "Part I, Item 1. Business – Capital – Dividends and Retained Earnings" and "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital – Excess Stock Repurchase, Retained Earnings, and Dividend Framework." Because the Bank's capital plan does not provide for the issuance of Class A stock (non-permanent capital that is redeemable upon six months' notice), regulatory capital for the Bank is composed of retained earnings and Class B stock, including mandatorily redeemable capital stock (which is classified as a liability for financial reporting purposes), and excludes AOCI.

The Bank's capital plan, as amended effective November 15, 2024, provided the Bank's Board the option to establish two subclasses of stock. On October 6, 2025, the Bank provided notice to its members that the Board adopted resolutions to provide for the mandatory conversion of the Bank's Class B stock into Class B-1 and Class B-2 stock, and to designate the rights, preferences, and privileges of such Class B-1 and Class B-2 stock, effective January 2, 2026. (See Form 8-K filed on October 6, 2025). Effective January 2, 2026, the Bank's outstanding Class B stock has been converted into Class B-1 membership stock and Class B-2 activity-based stock. Class B-2 activity-based stock will equal the Activity-Based Stock Requirement (as defined in the Capital Plan), and Class B-1 membership stock will be calculated by subtracting Activity-Based Stock Requirement from total capital stock held. If a member has no activity requiring Class B-2 activity-based stock, such member will hold only Class B-1 membership stock based on the Membership Stock Requirement (as defined in the Capital Plan). The Board also approved an update to the dividend philosophy that establishes a guideline for dividend rates for Class B-2 stock to be greater than or equal to Class B-1 stock. The decision to declare any dividend and any dividend rates are at the discretion of the Board and the Board may choose to follow or not follow the dividend philosophy in the declaration of any dividends.

Provisions of the Bank's capital plan are more fully discussed in "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital."

Retained Earnings – The Bank’s Excess Stock Repurchase, Retained Earnings, and Dividend Framework (Framework) assesses the level and adequacy of retained earnings and establishes amounts to be retained in restricted retained earnings, which are not made available in the current dividend period, and maintains an amount of total retained earnings at least equal to its required retained earnings as described in the Framework. The Bank satisfies its retained earnings requirement with both restricted retained earnings (i.e., amounts related to the Joint Capital Enhancement (JCE) Agreement) and unrestricted retained earnings. The Board periodically reviews the retained earnings methodology and analysis to determine whether any adjustments are appropriate.

In January 2026, the level of required retained earnings established by the Bank's Framework, implemented in accordance with Finance Agency guidance, was increased from \$2.0 billion to \$2.3 billion.

Excess Stock – The Bank’s practice is to repurchase the surplus capital stock of all members and the excess stock of all former members on a daily schedule. Surplus stock is defined as any stock holdings in excess of 115% of a member’s or former member’s minimum stock requirement. The Bank calculates the amount of stock to be repurchased each business day based on the shareholder’s capital stock outstanding after all stock transactions are completed for the day, ensuring that each member and former member would continue to meet its minimum capital stock requirement after the repurchase. The Bank may change this practice at any time.

A member may schedule redemption of its excess stock following a five-year redemption period, subject to certain conditions, by providing a written redemption notice to the Bank. Capital stock may also become subject to redemption following a five-year redemption period after a member gives notice of intention to withdraw from membership or attains nonmember status by merger or acquisition, charter termination, or other involuntary membership termination, or after a receiver or other liquidating agent for a member transfers the member’s Bank capital stock to a nonmember entity. Capital stock required to meet a withdrawing member’s membership capital stock requirement may only be redeemed at the end of the five-year redemption period, subject to statutory and regulatory limits and other conditions.

The Bank is required to redeem any mandatorily redeemable capital stock that is in excess of a former member’s minimum stock requirement on or after the expiration of the five-year redemption date.

The Bank will continue to monitor its financial condition, its financial performance, its capital position, overall financial market conditions, and other relevant information as the basis for determining the repurchase of excess stock in future quarters.

Regulatory Capital Requirements

Under the Housing and Economic Recovery Act of 2008 (Housing Act), the Director of the Finance Agency is responsible for setting the risk-based capital standards for the FHLBanks. The FHLBank Act and regulations governing the operations of the FHLBanks require that the Bank’s minimum capital stock requirement for shareholders must be sufficient to enable the Bank to meet its regulatory requirements for total capital, leverage capital, and risk-based capital. The Bank must maintain: (i) total regulatory capital in an amount equal to at least 4% of its total assets, (ii) leverage capital in an amount equal to at least 5% of its total assets, and (iii) permanent capital in an amount that is greater than or equal to its risk-based capital requirement.

The Finance Agency requires each FHLBank to maintain a ratio of at least 2% of capital stock to total assets in order to help preserve the cooperative structure incentives that encourage members to remain fully engaged in the oversight of their investment in the FHLBank. The Finance Agency will consider the proportion of capital stock to assets, measured on a daily average basis at monthend, when assessing each FHLBank’s capital management practices. As of December 31, 2025 and 2024, the Bank complied with this capital guidance.

Regulatory capital and permanent capital consist of retained earnings and Class B stock, including mandatorily redeemable capital stock (which is classified as a liability for financial reporting purposes), and exclude AOCI. Leverage capital is defined as the sum of permanent capital, weighted by a 1.5 multiplier, plus non-permanent capital.

The risk-based capital requirement is equal to the sum of the Bank’s credit risk, market risk, and operational risk capital requirements, all of which are calculated in accordance with the rules and regulations of the Finance Agency. The Finance Agency may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirement as defined.

The following table shows the Bank’s compliance with the Finance Agency’s capital requirements. The Bank’s risk-based capital requirement decreased to \$1.0 billion at December 31, 2025, from \$1.1 billion at December 31, 2024.

Regulatory Capital Requirements

(Dollars in millions)	December 31, 2025		December 31, 2024	
	Required	Actual	Required	Actual
Risk-based capital	\$ 1,004	\$ 7,321	\$ 1,058	\$ 7,272
Total regulatory capital	\$ 2,933	\$ 7,321	\$ 3,269	\$ 7,272
Total regulatory capital ratio	4.00 %	9.98 %	4.00 %	8.90 %
Leverage capital	\$ 3,666	\$ 10,981	\$ 4,087	\$ 10,908
Leverage ratio	5.00 %	14.97 %	5.00 %	13.35 %

The Bank’s capital requirements are discussed further in “Item 8. Financial Statements and Supplementary Data – Note 11 – Capital.”

Risk Management

The Bank has an integrated corporate governance and internal control framework designed to support effective management of the Bank’s business activities and the risks inherent in these activities. As part of this framework, the Board has adopted a Risk Governance Policy that outlines the key roles and responsibilities of the Board and management and sets forth how the Bank is organized to achieve its risk management objectives, including the implementation of the Bank’s strategic objectives, risk management strategies, corporate governance, and standards of conduct. The policy also establishes an independent risk oversight function to identify, assess, measure, monitor, and report on the enterprise risk profile in relation to its risk appetite and risk management capabilities of the Bank.

The Bank’s Risk Appetite Framework links risk-taking and risk-mitigating activities to the achievement of the Bank’s strategic objectives and helps bring forth key metrics within the Bank to enable better risk insights and decision making. The framework includes the Bank’s risk appetite statements and related qualitative statements and quantitative risk metrics and tolerances, as established by the Board and performed by management to monitor and manage risk accordingly. The Risk Committee and the Board review and approve the Risk Appetite Framework on at least an annual basis.

The Risk Management Policy establishes risk limits, guidelines, and standards for the Bank’s management of financial risk (credit risk, market risk, liquidity risk, and mortgage asset risk), operational risk (people, process, and systems risk), strategic risk, and legal, regulatory, and compliance risk in accordance with Finance Agency regulations and in consideration of industry leading practices, the risk tolerances established by the Board, and other applicable guidelines in connection with the Bank’s overall risk management practices.

Strategic Risk

Strategic risk is defined as the possibility of an adverse impact on the Bank’s ability to fulfill its mission and to meet ongoing business and profitability objectives that results from external factors that may occur in both the short- and long-term. Such factors may include, but are not limited to, continued financial services industry consolidation; changes in the membership base and demand for Bank products; the concentration of borrowing among a limited number of borrowers; the introduction of new competing products and services; increased inter-FHLBank and non-FHLBank competition; or significant adverse changes to the effectiveness and competitiveness of the Bank’s products, services, or business model associated with regulatory and legislative changes.

The identification of strategic risks is an integral part of the Bank's annual planning process, and the Bank's strategic plan identifies initiatives and plans to address these risks.

Operational Risk

Operational risk is defined as the risk of loss to the Bank resulting from inadequate or failed internal processes, people, or systems, or from external events. The Bank's operational risk is controlled through internal programs and controls designed to minimize the likelihood and impact of operational risk events.

Legal, Regulatory, and Compliance Risk

Legal risk is the potential for losses arising from legal disputes impacting the Bank. Regulatory and compliance risk is defined as the potential for financial loss or reputation harm due to noncompliance with laws, rules, regulations, agreements, prescribed practices, and ethical standards. The Board's risk management objective is to ensure compliance with all regulations and laws applicable to the Bank. Additionally, the Bank puts in place the necessary processes, controls, and frameworks to comply with legal and regulatory requirements. This includes, but is not limited to, directing resources to compliance programs to train personnel and increase awareness of those regulatory areas that pose the highest level of risk to the Bank.

Financial Risk

Financial risk is defined as the variance of the Bank's financial position or ability to operate due to investment decisions and financial risk management practices specifically related to capital, credit, market (including hedging and funding), mortgage asset, and liquidity risks. Subsequent sections of this document outline the definitions and management of various risk components of the Bank's financial risk tolerances, as determined by the Board.

On August 7, 2025, S&P Global Ratings (S&P) affirmed the long-term issuer credit ratings on all of the FHLBanks at AA+. On May 19, 2025, Moody's Ratings (Moody's) downgraded the long-term senior unsecured debt ratings of the FHLBank System to Aa1 from Aaa. The rating action reflected the contemporaneous downgrade by Moody's of the U.S. government's long-term issuer and senior unsecured ratings to Aa1 with a stable outlook from Aaa with a negative outlook.

Changes in the long-term credit ratings of individual FHLBanks do not necessarily affect the credit rating of the consolidated obligations issued on behalf of the FHLBanks. Rating agencies may change or withdraw a rating from time to time because of various factors, including operating results or actions taken, business developments, or changes in their opinion regarding, among other factors, the general outlook for a particular industry or the economy.

Concentration Risk

Concentration risk for the Bank is defined as the risk of economic loss arising from a disproportionately large volume of financial transactions with a limited number of individual members or counterparties.

Advances. If the Bank's borrowers were to prepay their advances (subject to the Bank's limitations on the amount of advances prepayments from a single borrower in a day or a month) or repay the advances as they came due and no other advances were made to replace them, the Bank's assets would decrease significantly and income could be adversely affected. The timing and magnitude of the impact would depend on a number of factors, including: (i) the amount of advances prepaid or repaid and the period over which the advances were prepaid or repaid, (ii) the amount and timing of any decreases in capital, (iii) the profitability of the advances, (iv) the size and profitability of the Bank's investments, (v) the extent to which debt matured as the advances were prepaid or repaid, and (vi) the ability of the Bank to extinguish debt or transfer it to other FHLBanks and the costs to extinguish or transfer the debt. The Bank's financial strategies are designed to enable it to expand and contract its balance sheet in view of changes in membership composition and member credit needs. Under the Bank's capital plan, the Bank may not be

required to repurchase all of a shareholder's excess stock at the Bank's discretion, subject to certain statutory and regulatory requirements.

The concentration in advances by borrowers and their affiliates that is 10% or more of total advances outstanding decreased by \$9.6 billion to \$4.8 billion, or 13% of total advances outstanding, at December 31, 2025, from \$14.4 billion, or 31% of total advances outstanding, at December 31, 2024. The Bank held a security interest in collateral from each of its advances borrowers and their affiliates sufficient to support their respective advances outstanding, and the Bank does not expect to incur any credit losses on the advances of its borrowers and their affiliates.

As of December 31, 2025 and 2024, nonmembers accounted for \$3.8 billion, or 10%, and \$12.1 billion, or 27%, of total advances outstanding, respectively. Nonmembers, excluding housing associates in the Bank's district, accounted for \$193 million, or 10%, of the Bank's interest income from advances for 2025. Nonmembers accounted for \$805 million, or 29%, of the Bank's interest income from advances for 2024. Because these borrowers are nonmembers, when these advances either mature or are prepaid they cannot be replaced by these borrowers, which may adversely affect the Bank's level of advance balances and total interest income from advances in the future if there is not a corresponding increase in additional member business. As a result of the inability of nonmembers to seek new advances, the level of advances and their associated net interest income in the future will be determined by member business, which will be subject to a number of factors including, but not limited to, a member's ability to generate new business to seek new advances, consolidation within the banking industry, and the economy in general. See "Item 8. Financial Statements and Supplementary Data – Note 5 – Advances – Concentration Risk" for more information on the concentration in advances.

MPF Program. As of December 31, 2025, Fremont Bank represented \$210 million of the outstanding mortgage loan balance, or 35% of the Bank's total outstanding mortgage loan balance. As of December 31, 2024, Fremont Bank represented \$225 million of the outstanding mortgage loan balance, or 34% of the Bank's total outstanding mortgage loan balance. No other institution represented 20% or more of the Bank's total outstanding mortgage loans at December 31, 2025 and 2024.

Capital Stock. No institution held 10% or more of the Bank's outstanding capital stock, including mandatorily redeemable capital stock, as of December 31, 2025. For the Bank's concentration risk in its outstanding capital stock, see "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital – Concentration Risk".

Derivative Counterparties. The Bank currently utilizes an approved clearing house, LCH Ltd, and the Bank currently has three approved clearing agents. The clearing agents are approved by the Bank's Credit Committee. The clearing agents also have approved counterparty trading limits with the Bank, subjecting them to annual credit reviews and on-going credit quality surveillance by the Bank's Credit Department. The parent companies of the clearing agents are monitored through annual reviews, as well as through the Bank's daily monitoring tools, which include reviewing equity triggers and credit default swap spread triggers. In addition, collateral balances posted with the clearing agents are monitored daily.

Liquidity Risk

Liquidity risk is defined as the risk that the Bank will be unable to meet its obligations as they come due or meet the credit needs of its members and eligible nonmember borrowers in a timely and cost-effective manner. The Bank is required to maintain minimum levels of liquidity for operating needs and for contingency purposes in accordance with Finance Agency expectations and with the Bank's own Risk Management Policy.

The Bank generally manages operational, contingent, and refinancing risks using a portfolio of cash and short-term investments, U.S. Treasury securities, and access to the debt capital markets. In addition, the Bank maintains alternate sources of funds, detailed in its contingency funding plan, which also includes an explanation of how sources of funds may be allocated under stressed market conditions, such as short-term operational disruptions at the Bank or the Office of Finance or short-term disruptions in the debt capital markets.

The Finance Agency has established base case liquidity guidelines that each FHLBank maintain sufficient liquidity at least equal to its anticipated cash outflows, assuming no new consolidated obligation issuance, renewal of all maturing advances, a specified percentage drawdown on letters of credit notional balances, and certain Treasury investments as a source of funds. The Finance Agency's guidance provides that base case liquidity should generally be maintained for 10 to 30 days. The Bank actively monitors and manages refinancing risk. Finance Agency guidance specifies tolerance levels related to the size of each FHLBank's funding gaps to measure refinancing risk as the difference between assets and liabilities that are scheduled to mature during a specified period, expressed as a percentage of total assets. The guidance limits three-month and one-year funding gaps between the range of -10% to -20% and -25% to -35%, respectively. Funding gaps are measured at monthend, using the average ratio for the three most recent month ends. The Bank is also required to perform an annual liquidity stress test and to report the results to the Finance Agency.

In addition to the Finance Agency's guidelines on contingent liquidity, the Bank models its cash commitments and expected cash flows daily to determine its projected liquidity position. If a market or operational disruption occurred that prevented the issuance of new consolidated obligations, the Bank could meet its obligations by: (i) allowing short-term liquid investments to mature, (ii) using eligible securities as collateral for repurchase agreement borrowings, and (iii) if necessary, allowing advances to mature without renewal. In addition, the Bank may be able to borrow on a short-term unsecured basis from other financial institutions (federal funds purchased) or other FHLBanks (inter-FHLBank borrowings).

As of December 31, 2025 and 2024, the Bank held total sources of funds in an amount that would have allowed the Bank to meet its liquidity needs without issuing new consolidated obligations for over 10 days, in accordance with the Finance Agency guidance. In addition, the Bank's funding gap positions as of December 31, 2025 and 2024, were within the tolerance levels provided by the Finance Agency guidance.

In addition, Section 11(i) of the FHLBank Act authorizes the U.S. Treasury to purchase certain obligations issued by the FHLBanks aggregating not more than \$4.0 billion under certain conditions. There were no such purchases by the U.S. Treasury during the years ended December 31, 2025 and 2024.

Credit Risk

Credit risk is defined as the risk that the borrower or counterparty will fail to meet its financial obligations in accordance with agreed upon terms as a result of deterioration in the creditworthiness of the obligor. The Bank manages credit risk by setting credit and collateral terms based on a borrower's creditworthiness.

Advances. The Bank manages the credit risk of advances and other credit products by setting the credit and collateral terms available to individual institutions based on their creditworthiness and on the quality and value of the assets they pledge as collateral. The Bank also has procedures to assess the mortgage loan quality and documentation standards of institutions that pledge mortgage loan collateral. In addition, the Bank has collateral policies and restricted lending procedures in place to help manage its exposure to institutions that experience difficulty in meeting their capital requirements or other standards of creditworthiness. The Bank reviews and updates its credit and collateral policies and procedures to reflect appropriate risk tolerance thresholds and risk limits on at least an annual basis. These credit and collateral policies balance the Bank's dual goals of meeting the needs of members and housing associates as a reliable source of liquidity and mitigating credit risk by adjusting credit and collateral terms available to an institution in view of deterioration in the institution's creditworthiness. The Bank has never experienced a credit loss on an advance.

The Bank determines the maximum amount and maximum term of the advances it will make to a member or housing associate based on the Bank's credit analysis of the institution's creditworthiness in accordance with the Bank's credit and collateral policies and regulatory requirements.

To identify the credit strength of each institution, other than insurance companies, community development financial institutions (CDFIs), and housing associates, the Bank assigns each institution an internal credit quality rating from one to five, with one as the highest credit quality rating. These ratings are based on results from the

Bank's credit model, which incorporates financial, regulatory, and other qualitative information, including regulatory examination reports.

The Bank determines the maximum amount and maximum term of the advances it will make to an insurance company based on an ongoing risk assessment that considers the member's financial and regulatory standing and other qualitative information deemed relevant by the Bank. This evaluation results in the assignment of an internal credit quality rating from one to five, with one as the highest credit quality rating.

The Bank determines the maximum amount and maximum term of the advances it will make to a CDFI based on an ongoing risk assessment that considers information from the CDFI's audited annual financial statements, supplemented by additional information deemed relevant by the Bank. This evaluation results in the assignment of an internal credit quality rating from A to E, with A as the highest credit quality rating.

The Bank determines the maximum amount and maximum term of the advances it will make to a housing associate based on an ongoing risk assessment that considers the housing associate's financial and regulatory standing and other qualitative information deemed relevant by the Bank.

The Bank underwrites and actively monitors the financial condition and performance of all borrowers and potential borrowers to determine and periodically assess creditworthiness. In accordance with the FHLBank Act, an institution may pledge the following eligible assets to secure advances:

- one-to-four-family first lien residential mortgage loans;
- securities issued, insured, or guaranteed by the U.S. government or any of its agencies, including without limitation MBS backed by Fannie Mae, Freddie Mac, or Ginnie Mae;
- cash or deposits in the Bank (all such deposits are uninsured);
- certain other real estate-related collateral, such as certain privately issued MBS, multifamily loans, commercial real estate loans, and second lien residential mortgage loans or home equity loans; and
- small business, small farm, and small agribusiness loans that are fully secured by collateral (such as real estate, equipment and vehicles, accounts receivable, and inventory) from community financial institutions.

The Housing Act defines community financial institutions as depository institutions insured by the Federal Deposit Insurance Corporation with average total assets over the preceding three-year period below a defined threshold, to be adjusted for inflation annually by the Finance Agency. The average total asset cap for 2025 was \$1.5 billion.

Under the Bank's written lending agreements with its borrowers, its credit and collateral policies, and applicable statutory and regulatory provisions, the Bank has the right to take a variety of actions to address credit and collateral concerns, including calling for the borrower to pledge additional or substitute collateral (including ineligible collateral) at any time that advances are outstanding to the borrower, and requiring the delivery of all pledged collateral. In addition, if a borrower fails to repay any advance or is otherwise in default on its obligations to the Bank, the Bank may foreclose on and liquidate the borrower's collateral and apply the proceeds toward repayment of the borrower's obligations to the Bank. The Bank's collateral policies are designed to address changes in the value of collateral and the risks and costs relating to foreclosure and liquidation of collateral, and the Bank periodically adjusts the amount it is willing to lend against various types of collateral to reflect these factors.

The Bank perfects its security interest in securities collateral by taking delivery of all securities at the time they are pledged. The Bank perfects its security interest in loan collateral by filing a Uniform Commercial Code-1 financing statement for each borrower that pledges loans. The Bank may also require delivery of loan collateral under certain conditions (for example, from a newly formed institution or when a borrower's creditworthiness deteriorates below a certain level). In addition, the FHLBank Act provides that any security interest granted to the Bank by any member or member affiliate has priority over the claims and rights of any other party, including any receiver, conservator, trustee, or similar entity that has the rights of a lien creditor, unless these claims and rights would be entitled to priority under otherwise applicable law or are held by bona fide purchasers for value or by parties that have actual perfected security interests.

Pursuant to the Bank’s lending agreements with its members, nonmembers, and housing associates, the Bank limits extensions of credit to an individual institution to a percentage of the market value or unpaid principal balance of the institution’s pledged collateral, known as the borrowing capacity, which the Bank can change from time to time. The borrowing capacity percentage varies according to several factors, including the charter type of the institution, the collateral type, the value assigned to the collateral, the results of the Bank’s collateral field review, the pledging method used for loan collateral (specific identification or blanket lien), the amount of loan data provided (detailed or summary reporting), the data reporting frequency (monthly or quarterly), the institution’s financial strength and condition, and any institution-specific collateral risks. Under the terms of the Bank’s lending agreements, the aggregate borrowing capacity of an institution’s pledged eligible collateral must meet or exceed the total amount of its outstanding advances, other extensions of credit, and certain other obligations and liabilities.

In addition, the total amount of advances made available to each institution may be limited by the financing availability assigned by the Bank, which is generally expressed as a percentage of an institution’s assets, which the Bank can change from time to time. The amount of financing availability is generally determined by each institution’s creditworthiness.

When a nonmember financial institution acquires some or all of the assets and liabilities of a member, including outstanding advances and Bank capital stock, the Bank may allow the advances to remain outstanding, at its discretion. The nonmember borrower is required to meet the Bank’s applicable credit, collateral, and capital stock requirements, including requirements regarding creditworthiness and collateral borrowing capacity.

The following tables present a summary of the status of the credit outstanding and overall collateral borrowing capacity of the Bank’s borrowers as of December 31, 2025 and 2024.

**Borrower Credit Outstanding and Collateral Borrowing Capacity
by Unused Borrowing Capacity**

December 31, 2025

(Dollars in millions) Unused Borrowing Capacity	Number of Borrowers with Credit Outstanding	Credit Outstanding ⁽¹⁾	Collateral Borrowing Capacity ⁽²⁾
0% – 10%	6	\$ 5,517	\$ 5,572
11% – 25%	7	2,481	3,186
26% – 50%	21	8,861	14,565
More than 50%	159	41,582	189,102
Total	193	\$ 58,441	\$ 212,425

December 31, 2024

(Dollars in millions) Unused Borrowing Capacity	Number of Borrowers with Credit Outstanding	Credit Outstanding ⁽¹⁾	Collateral Borrowing Capacity ⁽²⁾
0% – 10%	10	\$ 5,719	\$ 5,877
11% – 25%	6	10,362	12,103
26% – 50%	23	19,877	35,439
More than 50%	162	29,396	137,135
Total	201	\$ 65,354	\$ 190,554

- (1) Includes advances, letters of credit, the market value of swaps, estimated prepayment fees for certain borrowers, and the credit enhancement obligation on MPF loans.
- (2) Collateral borrowing capacity does not represent any commitment to lend on the part of the Bank.

Based on the Bank’s credit and collateral policies, its credit analysis of borrowers’ financial condition and the collateral pledged as security for advances, the Bank expects to collect all amounts due according to the contractual terms of the advances. Therefore, no allowance for credit losses on advances is deemed necessary by the Bank as of December 31, 2025. The Bank has never experienced any credit losses on advances.

Securities pledged as collateral are assigned borrowing capacities that reflect the securities' market valuations and market liquidation risks. The securities collateral pledged largely consists of agency pools and collateralized mortgage obligations, agency debt, and U.S. Treasury securities.

Most institutions may choose to pledge loan collateral by specific identification or under a blanket lien. Insurance companies, CDFIs, and housing associates are required to pledge loan collateral by specific identification with monthly reporting. All other borrowers pledging by specific identification must provide a detailed listing of all the loans pledged to the Bank on a monthly basis.

The Bank may require certain de novo institutions (chartered within the last three years), insurance companies, CDFIs, and housing associates to deliver pledged loan collateral to the Bank. Other considerations for delivery of pledged collateral may include the institution's creditworthiness, satisfactory maintenance of its collateral, and the status of the Bank's priority of security interest.

As of December 31, 2025, of the loan collateral pledged to the Bank, 16% was pledged by 23 institutions by specific identification, 44% was pledged by 113 institutions under a blanket lien with detailed reporting, and 40% was pledged by 136 institutions under a blanket lien with summary reporting. For each institution that pledges loan collateral, the Bank conducts loan collateral field reviews once every six months or every one, two, or three years, depending on the risk profile of the institution and the types of collateral pledged.

As of December 31, 2025, the Bank's maximum borrowing capacities as a percentage of the assigned market value of mortgage loan collateral pledged under a blanket lien with detailed reporting were as follows: 84% for first lien residential mortgage loans, 81% for multifamily mortgage loans, 81% for commercial mortgage loans, and 69% for second lien residential mortgage loans. The maximum borrowing capacity for small business, small agribusiness, and small farm loans was 50% of the unpaid principal balance, although most of these loans are pledged under blanket lien with summary reporting, with a maximum borrowing capacity of 25%. The highest borrowing capacities are available to institutions that pledge under a blanket lien with detailed reporting because the detailed loan information allows the Bank to assess the value of the collateral more precisely and because additional collateral is pledged under the blanket lien that may not receive borrowing capacity but may be liquidated to repay advances in the event of default. The Bank may review and change the maximum borrowing capacity for any type of loan collateral at any time.

The following table presents the mortgage loan collateral pledged.

Composition of Loan Collateral Pledged

(In millions)	December 31, 2025		December 31, 2024	
	Unpaid Principal Balance	Borrowing Capacity	Unpaid Principal Balance	Borrowing Capacity
Loan Type				
First lien residential mortgage loans	\$ 148,345	\$ 101,028	\$ 130,538	\$ 89,568
Second lien residential mortgage loans and home equity lines of credit	13,919	6,452	13,183	6,421
Multifamily mortgage loans	35,265	22,654	35,095	22,245
Commercial mortgage loans	77,045	49,939	71,907	45,632
Loan participations ⁽¹⁾	1,380	547	963	343
Small business, small farm, and small agribusiness loans	1,406	353	1,443	356
Total	\$ 277,360	\$ 180,973	\$ 253,129	\$ 164,565

(1) The unpaid principal balance for loan participations is 100% of the outstanding loan amount. The borrowing capacity for loan participations is based on the participated amount pledged to the Bank.

The Bank holds a security interest in subprime residential mortgage loans pledged as collateral by members and by nonmembers. Subprime loans are defined as loans with a borrower FICO score of less than or equal to 660 at origination, or if the original FICO score is not available, as loans with a current borrower FICO score of less than or equal to 660. At December 31, 2025 and 2024, the unpaid principal balance of these loans totaled \$5.4 billion

and \$5.5 billion, respectively. The Bank reviews and assigns borrowing capacities to subprime mortgage loans as it does for all other types of loan collateral, taking into account the known credit attributes in the pricing of the loans. All advances, including those made to borrowers pledging subprime mortgage loans, are required to be fully collateralized. The Bank limits the amount of borrowing capacity that may be supported by subprime collateral. At December 31, 2025 and 2024, the borrowing capacity of these loans totaled \$3.8 billion and \$3.9 billion, respectively.

Investments. The Bank has adopted credit policies and exposure limits for investments that promote risk limitation, diversification, and liquidity. These policies determine eligible counterparties and restrict the amounts and terms of the Bank’s investments with any given counterparty according to the Bank’s own capital position as well as the capital and creditworthiness of the counterparty.

The Bank monitors its investments for substantive changes in relevant market conditions and any declines in fair value. For securities in an unrealized loss position because of factors other than movements in interest rates, such as widening of mortgage asset spreads, the Bank considers whether it expects to recover the entire amortized cost basis of the security by comparing the expectations of the present value of the cash flows to be collected from the security with the amortized cost basis of the security.

When the fair value of an individual investment security falls below its amortized cost, the Bank evaluates whether an allowance for credit losses is necessary on the security. The Bank recognizes an allowance for credit losses when it determines that it will be unable to recover the entire amortized cost basis of the security and the fair value of the investment security is less than its amortized cost. The Bank considers its intent to hold the security and whether it is more likely than not that the Bank will be required to sell the security before its anticipated recovery of the remaining cost basis, and other factors. The Bank generally views changes in the fair value of the securities caused by movements in interest rates to be temporary.

The following table presents the Bank’s investment credit exposure at December 31, 2025, based on the lowest of the long-term credit ratings provided by Moody’s, S&P, or Fitch Ratings (Fitch) ratings.

Investment Type	Carrying Value						Total
	Credit Rating ⁽¹⁾					Unrated	
	AA	A	BBB	Below Investment Grade			
U.S. obligations – Treasury securities	\$ 6,393	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,393
State housing agency obligations	42	—	—	—	—	—	42
MBS:							
Other U.S. obligations – single-family	18	—	—	—	—	—	18
MBS – GSEs:							
Single-family ⁽²⁾	397	—	3	1	—	—	401
Multifamily	13,341	—	—	—	—	—	13,341
Total MBS – GSEs	13,738	—	3	1	—	—	13,742
PLRMBS	11	16	27	460	447	—	961
Total MBS	13,767	16	30	461	447	—	14,721
Total securities	20,202	16	30	461	447	—	21,156
Interest-bearing deposits	577	2,515	—	—	—	—	3,092
Securities purchased under agreements to resell ⁽³⁾	1,750	500	—	—	2,400	—	4,650
Federal funds sold	1,720	3,350	—	—	—	—	5,070
Total investments	\$ 24,249	\$ 6,381	\$ 30	\$ 461	\$ 2,847	\$ —	\$ 33,968

(1) Credit ratings grades of BB and lower are considered below investment grade.

(2) The Bank has one security guaranteed by Fannie Mae but rated below investment grade at December 31, 2025, because of extraordinary expenses incurred during bankruptcy of the security's sponsor in 2008.

(3) Unrated counterparties for these investments were broker-dealers, qualifying for limited trading programs authorized by the Bank.

Bank policies set forth the creditworthiness requirements for member and nonmember counterparties for unsecured credit. All federal funds counterparties (members and nonmembers) must be federally insured financial institutions or domestic branches of foreign commercial banks. Finance Agency ratings for members and nonmember counterparties are mapped to equivalent internal credit quality ratings on a rating scale of FHFA 1 through FHFA 7, reflecting progressively lower credit quality. The Bank uses internal credit quality ratings to determine maximum limits to members and nonmembers. The Bank will determine the counterparty’s credit rating by using primary sources such as proprietary external ratings, other credit and fixed income research, company reports, and market-based indications.

The Bank’s unsecured investment credit limits and terms for member counterparties may be less restrictive than for nonmember counterparties as allowable under the FHFA regulations.

The Bank actively monitors its credit exposures and the credit quality of its counterparties, including an assessment of each counterparty’s financial performance, capital adequacy, likelihood of parental or sovereign support, and the current market perceptions of the counterparties. The Bank may also consider general macroeconomic and market conditions and political stability when establishing limits on unsecured investments with U.S. branches and agency offices of foreign commercial banks. As a result of deteriorating financial condition or concerns about adverse economic or market developments, the Bank may reduce limits or terms on unsecured investments or suspend a counterparty.

Finance Agency regulations limit the amount of unsecured credit that an individual FHLBank may extend to a single counterparty. In addition, the FHLBanks are prohibited by Finance Agency regulation from investing in financial instruments issued by non-U.S. entities other than those issued by U.S. branches and agency offices of foreign commercial banks. Under Finance Agency regulations, the total amount of unsecured credit that an FHLBank may extend to a group of affiliated counterparties for term extensions of unsecured credit and overnight federal funds sales, combined, may not exceed 30% of the FHLBank’s total capital. These limits on affiliated counterparty groups are in addition to the limits on extensions of unsecured credit applicable to any single counterparty within the affiliated group. The following table presents the unsecured credit exposure with counterparties by investment type.

(In millions)	Carrying Value ⁽¹⁾	
	December 31, 2025	December 31, 2024
Interest-bearing deposits	\$ 3,092	\$ 3,765
Federal funds sold	5,070	1,645
Total	\$ 8,162	\$ 5,410

(1) Excludes unsecured investment credit exposure to U.S. government agencies and instrumentalities, government-sponsored enterprises, and supranational entities and does not include related accrued interest as of December 31, 2025 and 2024.

The following table presents the credit ratings of the unsecured investment credit exposures presented by the domicile of the counterparty or the domicile of the counterparty’s parent for U.S. branches and agency offices of foreign commercial banks, based on the lowest of the credit ratings provided by Moody’s, S&P, or Fitch ratings. This table does not reflect the foreign sovereign government’s credit rating. At December 31, 2025, 60% of the Bank’s total unsecured investments were to U.S. branches and agency offices of foreign commercial banks. At December 31, 2025, all of the unsecured investments held by the Bank had overnight maturities.

Ratings of Unsecured Investment Credit Exposure by Domicile of Counterparty

December 31, 2025

(In millions) Domicile of Counterparty	Carrying Value ⁽¹⁾		
	Credit Rating ⁽²⁾		Total
	AA	A	
Domestic	\$ 377	\$ 2,515	\$ 2,892
U.S. subsidiaries of foreign commercial banks	350	—	350
Total domestic and U.S. subsidiaries of foreign commercial banks	727	2,515	3,242
U.S. branches and agency offices of foreign commercial banks:			
Australia	495	—	495
Canada	500	2,250	2,750
Finland	500	—	500
Germany	—	500	500
Netherlands	—	600	600
Singapore	75	—	75
Total U.S. branches and agency offices of foreign commercial banks	1,570	3,350	4,920
Total unsecured credit exposure	\$ 2,297	\$ 5,865	\$ 8,162

(1) Excludes unsecured investment credit exposure to U.S. government agencies and instrumentalities, government-sponsored enterprises, and supranational entities and does not include related accrued interest as of December 31, 2025.

(2) Does not reflect changes in ratings, outlook, or watch status occurring after December 31, 2025. These ratings represent the lowest rating available for each unsecured investment owned by the Bank, based on the ratings provided by Fitch, Moody's, or S&P.

The Bank's MBS investments include PLRMBS and agency residential MBS. Some of the PLRMBS were issued by or purchased from members, former members, or their affiliates. The Bank has investment credit limits and terms for these investments that do not differ for members and nonmembers. Regulatory policy limits total MBS investments to three times the Bank's regulatory capital at the time of purchase. At December 31, 2025, the Bank's MBS portfolio was 203% of Bank regulatory capital (as determined in accordance with regulations governing the operations of the FHLBanks).

The Bank executes all MBS investments without preference to the status of the counterparty or the issuer of the investment as a nonmember, member, or affiliate of a member.

At December 31, 2025, PLRMBS representing 6% of the amortized cost of the Bank's MBS portfolio were labeled Alt-A by the issuer. These PLRMBS are generally collateralized by mortgage loans that are considered less risky than subprime loans but more risky than prime loans.

As of December 31, 2025, the Bank's investment in MBS had gross unrealized losses totaling \$30 million, \$21 million of which were related to PLRMBS. These gross unrealized losses related to PLRMBS were primarily attributable to market expectations of the credit performance of loan collateral underlying these securities, which caused these assets to be valued at discounts to their amortized cost.

For its agency MBS, the Bank expects to recover the entire amortized cost basis of these securities because the Bank determined that the strength of the issuers' guarantees through direct obligations or support from the U.S. government is sufficient to protect the Bank from losses. As a result, the Bank determined that, as of December 31, 2025, all of the gross unrealized losses on its agency MBS are temporary.

If conditions in the housing and mortgage markets and general business and economic conditions deteriorate, the fair value of MBS may decline further, and the Bank may experience additional credit losses on PLRMBS in future periods. Additional credit losses could adversely affect the Bank's earnings and retained earnings and its ability to pay dividends and repurchase capital stock. The Bank cannot predict whether it will be required to record an allowance for credit losses on its PLRMBS in the future.

The following table presents the maturity (based on contractual final principal payment) and yield characteristics of the Bank's investment portfolio as of December 31, 2025.

(Dollars in millions)	Within One Year	After One Year But Within Five Years	After Five Years But Within Ten Years	After Ten Years	Carrying Value
AFS securities:					
U.S. Treasury obligations	\$ 1,777	\$ 4,616	\$ —	\$ —	\$ 6,393
State housing agency obligations	—	2	40	—	42
MBS:					
GSEs – multifamily	—	7,417	5,520	—	12,937
PLRMBS	—	—	254	627	881
Total MBS	—	7,417	5,774	627	13,818
Total AFS securities	\$ 1,777	\$12,035	\$ 5,814	\$ 627	\$20,253
Yield on AFS securities ⁽¹⁾	3.67 %	3.84 %	4.55 %	8.84 %	4.19 %
HTM securities:					
MBS – Other U.S. obligations – single-family	\$ —	\$ —	\$ —	\$ 18	\$ 18
MBS – GSEs:					
Single-family	—	—	19	382	401
Multifamily	163	241	—	—	404
Total MBS - GSEs	163	241	19	382	805
PLRMBS	—	3	71	6	80
Total HTM securities	\$ 163	\$ 244	\$ 90	\$ 406	\$ 903
Yield on HTM securities ⁽¹⁾	4.61 %	4.54 %	5.02 %	4.54 %	4.60 %

(1) The weighted average yields on AFS and HTM securities are calculated as the sum of each debt security using the period end balances multiplied by the coupon rate adjusted by the impact of amortization and accretion of premiums and discounts, divided by the total debt securities in the applicable HTM or AFS portfolio. The result is then multiplied by 100 to express it as a percentage.

Derivative Counterparties. The Bank has adopted credit policies and exposure limits for uncleared derivatives counterparty credit exposure. Interest rate exchange agreements may be either uncleared or cleared at a clearing house.

Uncleared Derivatives – The Bank's uncleared derivatives activity is subject to uncleared derivatives regulatory requirements mandating the exchange of variation margin and initial margin if exposure to a counterparty exceeds certain specified thresholds. The Bank selects only highly rated derivative dealers and major banks (derivative dealer counterparties) that meet the Bank's eligibility criteria to act as counterparties for its uncleared derivative activities. In addition, for all uncleared derivative transactions, the Bank has entered into master netting agreements and credit support agreements with all its derivative dealer counterparties that provide for delivery of margin to limit the Bank's net unsecured credit exposure to these counterparties. Under these policies and agreements, the amount of unsecured credit exposure to an individual derivative dealer counterparty is set at zero (subject to a minimum transfer amount).

Uncleared derivative transactions executed on or after September 1, 2022, are subject to two-way initial margin requirements as mandated by regulatory requirements issued in response to the Wall Street Reform and Consumer Protection Act, if the Bank's average aggregate notional amount of uncleared derivative transactions exceeds a specified threshold. The initial margin is required to be held at a third-party custodian and does not change ownership. The Bank, or its counterparty, can only take ownership upon the occurrence of certain events, including an event of default due to bankruptcy, insolvency, or similar proceeding.

All uncleared derivative transactions entered into by the Bank are fully collateralized and subject to a minimum transfer amount, in accordance with variation margin requirements issued by the U.S. federal bank regulatory agencies and the U.S. Commodity Futures Trading Commission.

The Bank is subject to the risk of potential nonperformance by its counterparty in a derivative transaction. A counterparty must deliver or return variation margin to the Bank if the total unsecured exposure to that counterparty exceeds the minimum transfer amount. In addition, if an initial margin threshold is exceeded, the Bank will post and collect initial margin to further protect against potential counterparty nonperformance.

As a result of these risk mitigation initiatives, the Bank does not anticipate any credit losses on its uncleared derivative transactions with counterparties as of December 31, 2025.

Cleared Derivatives – In a cleared derivatives transaction, the Bank is subject to nonperformance by the clearing house and its futures commission merchant or clearing agent. The requirement that the Bank post initial margin and settle variation margin through a clearing agent to the clearing house exposes the Bank to institutional credit risk if its futures commission merchant, or clearing agent, fails to meet its obligations. The use of a clearing house, or central counterparty, lowers overall credit risk exposure because it employs standard valuation and initial and variation margin processes and is specifically designed to withstand remote but plausible futures commission merchant default credit events. Variation margin is settled for changes in the value of the portfolio, and initial margin is posted for changes in risk profile of the portfolio. The Bank does not anticipate any credit losses on its cleared derivatives as of December 31, 2025.

The increase or decrease in the credit exposure net of cash collateral, from one period to the next, may be affected by changes in several variables, such as interest rates, the size and composition of the portfolio, market values of derivatives, and accrued interest. Based on the master netting arrangements, its credit analyses, and the collateral requirements in place with each counterparty, the Bank does not expect to incur any credit losses on its derivative agreements.

The following table presents the Bank’s credit exposure to its derivative dealer counterparties.

December 31, 2025

(In millions) Counterparty Credit Rating ⁽¹⁾	Notional Amount	Net Fair Value of Derivatives Before Collateral	Cash Collateral Pledged to/ (from) Counterparty	Noncash Collateral Pledged to/ (from) Counterparty	Net Credit Exposure to Counterparties
Asset positions with credit exposure:					
Uncleared derivatives					
A	\$ 7,168	\$ 258	\$ (256)	\$ —	\$ 2
Cleared derivatives ⁽²⁾	52,380	12	—	501	513
Liability positions with credit exposure:					
Uncleared derivatives					
A	1,516	(7)	7	—	—
BBB	7,475	(24)	25	—	1
Total	\$ 68,539	\$ 239	\$ (224)	\$ 501	\$ 516
Derivative positions without credit exposure	13,024				
Total notional	\$ 81,563				

(1) The credit ratings grades used by the Bank are based on the lower of Moody's or S&P ratings.

(2) Represents derivative transactions cleared with LCH Ltd, the Bank’s clearing house, which was rated AA- with a stable outlook by S&P at December 31, 2025.

Market Risk

Market risk is defined as the risk to the Bank's market value of capital and future earnings (excluding the impact of any cumulative net gains or losses on derivatives and associated hedged items and on financial instruments carried at fair value) as a result of movements in market interest rates, interest rate spreads, interest rate volatility, and other market factors (market rate factors). This profile reflects the Bank's objective of maintaining a conservative asset-liability mix and its commitment to providing value to its members through products and dividends without subjecting their investments in Bank capital stock to significant market risk.

The Bank's Risk Appetite Framework includes a market risk management objective aimed at maintaining a relatively low adverse exposure of the market value of capital and future earnings (excluding the impact of any cumulative net gains or losses on derivatives and associated hedged items and on financial instruments carried at fair value) to changes in market rate factors.

Market risk identification and measurement are primarily accomplished through market value of capital sensitivity analyses and projected earnings and adjusted net interest income as a percent of the capital sensitivity analyses. The Risk Appetite Framework approved by the Bank's board of directors establishes market risk limits and market risk measurement standards at the total Bank level, as well as on a portfolio basis. Additional guidelines approved by the Bank's Enterprise Risk Committee and Asset Liability Management Committee apply to the Bank's advances-related and mortgage-related activities and are more restrictive than the Board-approved limits, providing an early warning indicator. These guidelines provide limits that are consistent with the Bank's Risk Appetite Framework. Market risk is managed for each portfolio regularly. Compliance with Bank limits and guidelines is reviewed by the Bank's board of directors on a regular basis, along with a corrective action plan if applicable.

Market Value of Capital Sensitivity – The Bank uses market value of capital sensitivity (the interest rate sensitivity of the net fair value of all assets, liabilities, and interest rate exchange agreements) as an important measure of the Bank's exposure to changes in interest rates.

The Bank's market value of capital sensitivity risk limits for the potential adverse impact of an instantaneous parallel shift of a plus or minus 100 basis-point change in interest rates from current rates (base case) and rates that are 200 basis points above or below the base case is no worse than a -2.75% change in the estimated market value of capital. In the case where a market risk sensitivity compliance metric cannot be estimated with a parallel shift in interest rates because of prevailing low interest rates, the sensitivity metric is not reported. The Bank's measured market value of capital sensitivity was within the limits as of December 31, 2025.

To determine the Bank's estimated risk sensitivities to interest rates for the market value of capital sensitivity, the Bank uses a third-party proprietary asset and liability system to calculate estimated market values under alternative interest rate scenarios. The system analyzes all of the Bank's financial instruments, including derivatives, on a transaction-level basis using sophisticated valuation models with consistent and appropriate behavioral assumptions and current position data. The system also includes a third-party mortgage prepayment model.

At least annually, the Bank reexamines the major assumptions and methodologies used in the model, including valuation methods, discounting curves, and forecasted mortgage prepayments reasonableness.

The following table presents the sensitivity of the market value of capital (the market value of all of the Bank's assets, liabilities, and associated interest rate exchange agreements, with mortgage assets valued using market spreads implied by current market prices) to changes in interest rates. The table presents the estimated percentage change in the Bank's market value of capital that would be expected to result from changes in interest rates under different interest rate scenarios, using market spread assumptions as of December 31, 2025 and 2024.

**Market Value of Capital Sensitivity
Estimated Percentage Change in Market Value of Bank Capital
for Various Changes in Interest Rates**

Interest Rate Scenario ⁽¹⁾	December 31, 2025	December 31, 2024
+200 basis-point change	-0.3 %	-2.4 %
+100 basis-point change	-0.2	-1.2
-100 basis-point change ⁽²⁾	+0.5	+1.2
-200 basis-point change ⁽²⁾	+1.1	+2.3

(1) Instantaneous change from actual rates at dates indicated.

(2) Interest rates for each maturity are limited to non-negative rates.

The Bank’s estimates of the sensitivity of the market value of capital to changes in interest rates as of December 31, 2025, have decreased as compared to the estimates as of December 31, 2024. The driver for the change is the implementation of a third-party prepayment model for the Bank’s MBS agency multifamily. Compared to December 31, 2024, interest rates as of December 31, 2025, have decreased 67 basis points for the one-month Treasury bill, decreased 68 basis points for the five-year Treasury note, and decreased 43 basis points for the 10-year Treasury note.

The Bank’s Risk Management Policy provides guidelines for the payment of dividends and the repurchase of excess stock based on the ratio of the Bank’s estimated market value of total capital to par value of capital stock (including mandatorily redeemable capital stock recognized as a liability in the Statements of Condition). If this ratio at the end of any quarter is: (i) less than 100% but greater than or equal to 90%, any dividend would be limited to an annualized rate no greater than the daily average of the SOFR for the applicable quarter (subject to certain conditions), and any excess stock repurchases would not exceed \$500 million (subject to certain conditions); (ii) less than 90% but greater than or equal to 70%, any dividend and any excess stock repurchases would be subject to the same limitations and conditions as in (i) above, except that any excess stock repurchases would not exceed 4% of the Bank’s outstanding capital stock as of the repurchase date; and (iii) less than 70%, the Bank would not pay a dividend, not repurchase excess stock (but continue to redeem excess stock as provided in the Bank’s capital plan), limit the acquisition of certain assets, and review the Bank’s risk appetite and risk policies. A decision by the board of directors to declare or not declare any dividend or repurchase any excess stock is a discretionary matter and is subject to the requirements and restrictions of the FHLBank Act and applicable requirements under the regulations governing the operations of the FHLBanks. The ratio of the Bank’s estimated market value of total capital to par value of capital stock was 283% as of December 31, 2025.

Net Interest Income as a Percent of Capital – The Bank assesses the impact of interest rate changes on its projected earnings by monitoring its adjusted net interest income as a percent of capital. Adjusted net interest income includes interest income and expense associated with net settlements from economic hedges, excludes interest income and expense associated with changes in fair value for instruments designated as fair value hedges and on financial instruments carried at fair value and excludes interest expense related to mandatorily redeemable capital stock.

The effects of unrealized net gains or losses resulting from the Bank’s derivatives and associated hedged items and from financial instruments carried at fair value will generally reverse through changes in future valuations and settlements of contractual interest cash flows over the remaining contractual terms to maturity or by the call or put date of the assets and liabilities held under the fair value option, hedged assets and liabilities, and derivatives.

The Bank’s Risk Appetite Framework incorporates a limit on the adverse sensitivity of projected net interest income as a percent of capital. The Bank’s net interest income on capital sensitivity limit to the potential adverse impact of an instantaneous parallel shift of a plus or minus 200 basis-point change in interest rates from current rates (base case) to no worse than a -210 basis-points change from the base-case projected net interest income on capital. With the indicated interest rate shifts, the net interest income on capital for the 12-month horizon is projected to remain within the limit of -210 basis-points.

Duration Gap – Duration gap is the difference between the estimated durations (market value sensitivity) of assets and liabilities (including the impact of interest rate exchange agreements) and reflects the extent to which estimated maturity and repricing cash flows for assets and liabilities are matched. The Bank monitors duration gap analysis. In 2025 and 2024, the Bank’s assets durations exceeded its liabilities durations, as shown in the following table.

Duration Gap Analysis

(Dollars in millions)	December 31, 2025		December 31, 2024	
	Amount (In millions)	Duration Gap ⁽¹⁾ (In months)	Amount (In millions)	Duration Gap ⁽¹⁾ (In months)
Assets	\$ 73,329	1.3	\$ 81,735	2.1
Liabilities	65,969	0.9	74,731	0.9
Net	\$ 7,360	0.4	\$ 7,004	1.2

(1) Duration gap values include the impact of interest rate exchange agreements.

Interest Rate Exchange Agreements

A derivative transaction or interest rate exchange agreement is a financial contract whose fair value is generally derived from changes in the value of an underlying asset or liability. The Bank uses interest rate swaps; interest rate cap and floor agreements; and callable and puttable interest rate swaps (collectively, interest rate exchange agreements) to manage its exposure to market risks inherent in its ordinary course of business, including its lending, investment, and funding activities.

The Bank uses interest rate exchange agreements to implement the following hedging strategies for addressing market risk:

- To convert fixed rate advances and consolidated obligations to adjustable rate structures, which reduces the Bank’s exposure to fixed interest rates.
- To reduce the interest rate sensitivity and modify the repricing frequency of assets and liabilities.
- To obtain callable fixed rate equivalent funding by entering into a callable pay-fixed interest rate swap in connection with the issuance of a short-term discount note. The callable fixed rate equivalent funding is used to reduce the Bank’s exposure to prepayment of mortgage assets.
- To offset an embedded option in advances and consolidated obligations.

The following table summarizes the Bank's interest rate exchange agreements by type of hedged item, hedging instrument, associated hedging strategy, accounting designation as specified under the accounting for derivative instruments and hedging activities, and notional amount as of December 31, 2025 and 2024.

Interest Rate Exchange Agreements

(In millions)			Notional Amount	
Hedging Instrument	Hedging Strategy	Hedge Designation	2025	2024
Hedged Item: Advances				
Pay fixed, receive adjustable interest rate swap	Fixed rate advance converted to an adjustable rate	Fair Value Hedge	\$ 13,767	\$ 24,307
Pay fixed, receive adjustable interest rate swap; swap may be callable at the Bank's option or puttable at the counterparty's option	Fixed rate advance (with or without an embedded cap) converted to an adjustable rate; advance and swap may be callable or puttable	Fair Value Hedge	1,088	—
Received fixed, pay adjustable interest rate swap	Adjustable rate advance converted to a fixed rate	Economic Hedge ⁽¹⁾	1,890	1,585
Pay fixed, receive adjustable interest rate swap	Fixed rate advance converted to an adjustable rate	Economic Hedge ⁽¹⁾	2,646	2,014
Pay fixed, receive adjustable interest rate swap; swap may be callable at the Bank's option or puttable at the counterparty's option	Fixed rate advance (with or without an embedded cap) converted to an adjustable rate; advance and swap may be callable or puttable; matched to advance accounted for under the fair value option	Economic Hedge ⁽¹⁾	4,720	5,269
Subtotal Economic Hedges ⁽¹⁾			9,256	8,868
Total			24,111	33,175
Hedged Item: Non-Callable Bonds				
Receive fixed, pay adjustable interest rate swap	Fixed rate non-callable bond converted to an adjustable rate	Fair Value Hedge	4,848	5,893
Receive fixed, pay adjustable interest rate swap	Fixed rate non-callable bond converted to an adjustable rate	Economic Hedge ⁽¹⁾	275	285
Total			5,123	6,178
Hedged Item: Callable Bonds				
Receive fixed, pay adjustable interest rate swap with an option to call at the counterparty's option	Fixed rate callable bond converted to an adjustable rate; swap is callable	Fair Value Hedge	15,496	15,885
Receive fixed, pay adjustable interest rate swap with an option to call at the counterparty's option	Fixed rate callable bond converted to an adjustable rate; swap is callable	Economic Hedge ⁽¹⁾	445	590
Receive fixed or structured, pay adjustable interest rate swap with an option to call at the counterparty's option	Fixed or structured rate callable bond converted to an adjustable rate; swap is callable; matched to callable bond accounted for under the fair value option	Economic Hedge ⁽¹⁾	150	165
Subtotal Economic Hedges ⁽¹⁾			595	755
Total			16,091	16,640

Interest Rate Exchange Agreements (continued)

(In millions)			Notional Amount	
Hedging Instrument	Hedging Strategy	Hedge Designation	2025	2024
Hedged Item: Discount Notes				
Receive fixed, pay adjustable interest rate swap	Discount note converted to short-term adjustable rate to hedge repricing gaps	Fair Value Hedge	14,768	9,786
Pay fixed, receive adjustable callable interest rate swap	Discount note, which may have been previously converted to an adjustable rate, converted to fixed rate callable debt that offsets the prepayment risk of mortgage assets	Economic Hedge ⁽¹⁾	50	50
Receive fixed, pay adjustable interest rate swap	Discount note converted to short-term adjustable rate to hedge repricing gaps	Economic Hedge ⁽¹⁾	250	2,735
Subtotal Economic Hedges ⁽¹⁾			300	2,785
Total			15,068	12,571
Hedged Item: Investment Securities				
Pay fixed, receive adjustable interest rate swap	Fixed rate investment securities converted to an adjustable rate	Fair Value Hedge	19,451	20,134
Pay fixed, receive adjustable interest rate swap	Fixed rate investment securities converted to an adjustable rate	Economic Hedge ⁽¹⁾	47	—
Total			19,498	20,134
Hedged Item: Offsetting Derivatives				
Pay fixed, receive adjustable interest rate swap and receive fixed, pay adjustable interest rate swap	Interest rate swap used to offset the economic effect of interest rate swap that is no longer designated to advances, investments, or consolidated obligations	Economic Hedge ⁽¹⁾	1,672	1,178
Total Notional Amount			\$ 81,563	\$ 89,876

(1) Economic hedges are derivatives that are matched to balance sheet instruments or other derivatives that do not meet the requirements for hedge accounting under the accounting for derivative instruments and hedging activities.

Although the Bank uses interest rate exchange agreements to achieve the specific financial objectives described above, certain transactions do not qualify for hedge accounting (economic hedges). An economic hedge introduces the potential for earnings variability caused by changes in the fair value of the derivatives that are recorded in the Bank's income but are not offset by corresponding changes in the value of the economically hedged assets and liabilities. Finance Agency regulations and the Bank's Risk Management Policy prohibit the speculative use of interest rate exchange agreements, and the Bank does not trade derivatives for profit.

It is the Bank's policy to use interest rate exchange agreements only to reduce the market risk exposures inherent in the otherwise unhedged asset and funding positions of the Bank and to achieve other financial objectives of the Bank, such as obtaining low-cost funding for advances and mortgage assets. The primary objective of the financial management practices of the Bank is to preserve and enhance the long-term economic performance and risk management of the Bank. In accordance with the accounting for derivative instruments and hedging activities, reported net income and other comprehensive income will likely exhibit period-to-period volatility, which may be significant.

Critical Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make a number of judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if applicable, and the reported amounts of income, expenses, gains, and losses during the reporting period. Changes in these judgments, estimates, and assumptions could potentially affect the Bank's financial position and results of operations significantly. Although the Bank believes these judgments, estimates, and assumptions to be reasonably accurate based on historical experience and other relevant factors, actual results may differ.

The Bank has identified accounting for derivatives and hedging activities as a critical accounting estimate because it requires management to make subjective or complex judgments about matters, including forward interest rate assumptions, that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. The complexity of derivatives accounting, particularly the assessment of hedge effectiveness and fair value measurement, require careful judgment and can significantly impact the Bank's financial reporting.

This policy and the judgments, estimates, and assumptions are also described in “Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies.”

Derivatives and Hedging Activities

Accounting for derivatives and hedging activities includes the following assumptions and estimates by the Bank: (i) assessing whether the hedging relationship qualifies for hedge accounting, (ii) assessing whether an embedded derivative should be bifurcated, (iii) calculating the estimated effectiveness of the hedging relationship, and (iv) estimating the fair value of the derivatives. The judgments and assumptions that are most critical to the application of this accounting policy are those affecting whether a hedging relationship qualifies for hedge accounting under the requirements of U.S. GAAP and the estimation of fair value of the derivatives, which have a significant impact on the actual results being reported.

Fair Value. The fair values of interest rate-related derivatives and hedged items are estimated using discounted cash flow models that use market-observable inputs, such as swap rates and volatility assumptions, and are benchmarked against third party valuation results.

Assessment of Effectiveness. The Bank measures its effectiveness for its fair value hedge relationships using the long-haul method, in which the change in fair value of the hedged item must be measured separately from the change in fair value of the derivative. The Bank designs effectiveness testing criteria based on its knowledge of the hedged item and hedging instrument that were employed to create the hedging relationship. The Bank uses regression analysis to evaluate effectiveness results, which must fall within established tolerances. Effectiveness testing is performed at inception and on at least a weekly basis for both prospective considerations and retrospective evaluations.

Hedge Discontinuance. When a hedging relationship fails the effectiveness test, the Bank immediately discontinues hedge accounting for that relationship. In addition, the Bank discontinues hedge accounting when a hedged firm commitment no longer meets the required criteria of a firm commitment. Hedge discontinuance may also occur for certain other changes to hedged items such as changes in maturity dates or strike rates.

Sensitivity. To assess potential fair value accounting sensitivity related to hedging activities on GAAP net income, the Bank performs sensitivity analyses. At December 31, 2025, the fair value of the Bank's hedge relationships were most sensitive to interest rates and funding spreads. Funding spreads represent the spread the Bank pays above or below benchmark interest rates to obtain funding.

- The Bank estimated that an instantaneous parallel decrease of 100 basis points in interest rates and an improvement of 20 basis points in funding spreads would result in a combined increase of approximately \$28 million in the fair value of derivatives and associated hedged items;
- The Bank estimated that an instantaneous parallel increase of 100 basis points in interest rates and a deterioration of 20 basis points in funding spreads would result in a combined decrease of approximately \$34 million in the fair value of derivatives and associated hedged items.

For additional discussion of the Bank's accounting for derivatives, see “Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies” and “Item 8. Financial Statements and Supplementary Data – Note 13 – Derivatives and Hedging Activities.”

Recently Issued Accounting Guidance and Interpretations

See “Item 8. Financial Statements and Supplementary Data – Note 2 – Recently Issued and Adopted Accounting Guidance” for a discussion of recently issued accounting standards and interpretations.

Legislative and Regulatory Developments

Certain significant regulatory actions and developments are summarized below.

Changes to regulatory priorities and areas of focus, such as deregulation, by the federal executive administration have changed and continue to change the regulatory environment. For example, the Finance Agency repealed the Fair Lending, Fair Housing, and Equitable Housing Finance Plans regulation applicable to the FHLBanks, effective March 9, 2026, citing the federal executive administration’s deregulatory priorities. Furthermore, withdrawals and rescissions of certain rules and proposed rules and advisory, regulatory, or technical guidance, have affected, and likely will continue to affect, certain aspects of the Bank’s business operations, and could impact our financial condition, results of operations, and reputation.

On January 20, 2026, the federal executive administration issued an executive order that seeks to restrict acquisitions by large institutional investors of single-family homes. Among other things, the executive order directs certain agencies, including the Finance Agency, to issue guidance to (i) prevent agencies and government-sponsored enterprises from providing for, approving, insuring, guaranteeing, securitizing, or facilitating the acquisition by a large institutional investor of a single-family home that could otherwise be purchased by an individual owner-occupant, or disposing of federal assets in a manner that transfers a single-family home to a large institutional investor; and (ii) promote sales to individual owner-occupants, including through anti-circumvention provisions, first-look policies, and disclosure requirements. The executive order also calls for legislative recommendations to codify related policies and directs certain agencies to conduct reviews and consider additional measures to combat speculation by large institutional investors in single-family housing markets. We are unable to predict the nature of the guidance, measures, or recommendations, or how each may impact the Bank’s business.

Considering the changes in the regulatory environment, there is uncertainty with respect to the ultimate result of future regulatory actions and the impact they may have on the Bank and the FHLBank System. We also cannot predict the federal executive administration’s actions on U.S. housing finance and government-sponsored enterprises, including relating to the revision or end of conservatorships of Fannie Mae and Freddie Mac or potential reforms or enhancements to their capital structure, or the imposition of new requirements or limitations on their existing authorities or changes in the nature of their government backed guarantees, along with any corresponding impacts to the FHLBank System, the secondary mortgage and mortgage-backed securities market, or the mortgage industry. The Bank continues to monitor these actions as they evolve and to evaluate their potential impact on the Bank. For a discussion of related risks, refer to Item 1A. Risk Factors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Risk Management – Market Risk.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Management's Report on Internal Control Over Financial Reporting

The management of the Federal Home Loan Bank of San Francisco (Bank) is responsible for establishing and maintaining adequate internal control over the Bank's financial reporting. The Bank's internal control over financial reporting is a process designed 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. There are inherent limitations in the ability of internal control over financial reporting to provide absolute assurance of achieving financial reporting objectives. These inherent limitations include the possibility of human error and the circumvention or overriding of controls. Accordingly, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. These inherent limitations are known features of the financial reporting process, however, and it is possible to design into the process safeguards to reduce, although not eliminate, this risk.

Management assessed the effectiveness of the Bank's internal control over financial reporting as of December 31, 2025. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concludes that, as of December 31, 2025, the Bank maintained effective internal control over financial reporting. The effectiveness of the Bank's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, the Bank's independent registered public accounting firm, as stated in its report appearing on the following page, which expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2025.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of the Federal Home Loan Bank of San Francisco

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying statements of condition of the Federal Home Loan Bank of San Francisco (the “FHLBank”) as of December 31, 2025 and 2024, and the related statements of income, of comprehensive income/ (loss), of capital accounts, and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “financial statements”). We also have audited the FHLBank’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FHLBank as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the FHLBank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The FHLBank’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the FHLBank’s financial statements and on the FHLBank’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the FHLBank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Interest Rate-Related Derivatives

As described in Notes 13 and 14 to the financial statements, as of December 31, 2025, the fair value of the Bank's interest rate-related derivative assets and liabilities was \$42 million and \$3 million, respectively. For interest rate-related derivatives, management measures fair value using discounted cash flow models based on standard valuation techniques that use market-observable inputs, including volatility, discount rate, and forward interest rate assumptions.

The principal considerations for our determination that performing procedures relating to the valuation of interest rate-related derivatives is a critical audit matter are (i) the high degree of audit effort in performing procedures related to the valuation of interest rate-related derivatives; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to the valuation of interest rate-related derivatives. These procedures also included, among others, (i) testing the completeness and accuracy of certain data provided by management and (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's estimate by (a) developing an independent estimate of fair value for a sample of interest rate-related derivatives using independent market observable inputs, including volatility, discount rate, and forward interest rate assumptions, and (b) comparing the independently developed estimate of fair value to management's estimate.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
March 5, 2026

We have served as the FHLBank's auditor since 1990.

**Federal Home Loan Bank of San Francisco
Statements of Condition**

(In millions, except par value)	December 31, 2025	December 31, 2024
Assets:		
Cash and due from banks	\$ 16	\$ 2
Interest-bearing deposits	3,092	3,765
Securities purchased under agreements to resell	4,650	7,750
Federal funds sold	5,070	1,645
Available-for-sale (AFS) securities, net of allowance for credit losses of \$32 and \$30, respectively (amortized cost of \$20,144 and \$20,274, respectively)	20,253	20,312
Held-to-maturity (HTM) securities (fair values of \$892 and \$1,469, respectively)	903	1,489
Advances (includes \$5,441 and \$5,286 at fair value under the fair value option, respectively)	38,227	45,637
Mortgage loans held for portfolio, net of allowance for credit losses of \$1 and \$1, respectively	639	693
Accrued interest receivable	193	181
Derivative assets, net	42	30
Other assets	244	231
Total Assets	\$ 73,329	\$ 81,735
Liabilities:		
Deposits	\$ 873	\$ 1,061
Consolidated obligations:		
Bonds (includes \$357 and \$436 at fair value under the fair value option, respectively)	47,254	58,174
Discount notes	17,074	14,378
Total consolidated obligations	64,328	72,552
Mandatorily redeemable capital stock	106	331
Accrued interest payable	292	412
Affordable Housing Program (AHP) payable	132	140
Derivative liabilities, net	3	8
Other liabilities	235	227
Total Liabilities	65,969	74,731
Commitments and Contingencies (Note 15)		
Capital:		
Capital stock—Class B—Putable (\$100 par value) issued and outstanding:		
26 shares and 25 shares, respectively	2,552	2,458
Unrestricted retained earnings	3,847	3,668
Restricted retained earnings	815	815
Total Retained Earnings	4,662	4,483
Accumulated other comprehensive income/(loss) (AOCI)	146	63
Total Capital	7,360	7,004
Total Liabilities and Capital	\$ 73,329	\$ 81,735

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

Federal Home Loan Bank of San Francisco
Statements of Income

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Interest Income:			
Advances	\$ 1,863	\$ 2,767	\$ 3,999
Interest-bearing deposits	160	226	222
Securities purchased under agreements to resell	117	66	280
Federal funds sold	240	268	499
AFS securities	1,081	1,186	921
HTM securities	61	92	100
Mortgage loans held for portfolio	20	22	26
Total Interest Income	3,542	4,627	6,047
Interest Expense:			
Consolidated obligations:			
Bonds	2,223	3,143	3,901
Discount notes	659	767	1,249
Deposits	58	72	64
Borrowings from other FHLBanks	—	—	2
Mandatorily redeemable capital stock	14	65	32
Total Interest Expense	2,954	4,047	5,248
Net Interest Income	588	580	799
Provision for/(reversal of) credit losses	3	—	4
Net Interest Income After Provision for/(Reversal of) Credit Losses	585	580	795
Other Income/(Loss):			
Net gain/(loss) on advances and consolidated obligation bonds held under fair value option	39	(12)	(1)
Net gain/(loss) on derivatives	2	53	(25)
Standby letters of credit fees	19	19	20
Termination of long-term funding arrangement	—	30	—
Other, net	8	3	13
Total Other Income/(Loss)	68	93	7
Non-Interest Expense:			
Compensation and benefits	101	106	104
Other operating expense	57	59	64
Federal Housing Finance Agency	7	9	9
Office of Finance	6	6	7
Voluntary housing and community investment contributions	32	41	16
Other, net	1	(2)	—
Total Non-Interest Expense	204	219	200
Income/(Loss) Before Assessment	449	454	602
AHP assessment	46	52	63
Net Income/(Loss)	\$ 403	\$ 402	\$ 539

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

**Federal Home Loan Bank of San Francisco
Statements of Comprehensive Income/(Loss)**

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Net Income/(Loss)	\$ 403	\$ 402	\$ 539
Other Comprehensive Income/(Loss):			
Net change in fair value of AFS securities	72	129	(47)
Net change in pension and postretirement benefits	11	6	4
Total other comprehensive income/(loss)	83	135	(43)
Total Comprehensive Income/(Loss)	\$ 486	\$ 537	\$ 496

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

**Federal Home Loan Bank of San Francisco
Statements of Capital Accounts**

(In millions)	Capital Stock Class B—Putable		Retained Earnings			AOCI	Total Capital
	Shares	Par Value	Restricted	Unrestricted	Total		
Balance, December 31, 2022	38	\$ 3,758	\$ 732	\$ 3,262	\$ 3,994	\$ (29)	\$ 7,723
Comprehensive income/(loss)			83	456	539	(43)	496
Issuance of capital stock	32	3,161					3,161
Repurchase of capital stock	(32)	(3,217)					(3,217)
Capital stock reclassified from/(to) mandatorily redeemable capital stock, net	(13)	(1,252)					(1,252)
Cash dividends paid on capital stock				(243)	(243)		(243)
Balance, December 31, 2023	25	\$ 2,450	\$ 815	\$ 3,475	\$ 4,290	\$ (72)	\$ 6,668
Comprehensive income/(loss)			—	402	402	135	537
Issuance of capital stock	17	1,720					1,720
Repurchase of capital stock	(17)	(1,676)					(1,676)
Capital stock reclassified from/(to) mandatorily redeemable capital stock, net	—	(36)					(36)
Cash dividends paid on capital stock				(209)	(209)		(209)
Balance, December 31, 2024	25	\$ 2,458	\$ 815	\$ 3,668	\$ 4,483	\$ 63	\$ 7,004
Comprehensive income/(loss)			—	403	403	83	486
Issuance of capital stock	26	2,598					2,598
Repurchase of capital stock	(25)	(2,487)					(2,487)
Capital stock reclassified from/(to) mandatorily redeemable capital stock, net	—	(17)					(17)
Cash dividends paid on capital stock				(224)	(224)		(224)
Balance, December 31, 2025	26	\$ 2,552	\$ 815	\$ 3,847	\$ 4,662	\$ 146	\$ 7,360

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

**Federal Home Loan Bank of San Francisco
Statements of Cash Flows**

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Cash Flows from Operating Activities:			
Net Income/(Loss)	\$ 403	\$ 402	\$ 539
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Depreciation and amortization/(accretion)	70	(2)	21
Provision for/(reversal of) credit losses	3	—	4
Change in net fair value adjustment on advances and consolidated obligation bonds held under the fair value option	(39)	12	1
Change in net derivatives and hedging activities	(640)	(52)	(652)
Other adjustments, net	—	6	5
Net change in:			
Accrued interest receivable	(10)	(10)	127
Other assets	(24)	(5)	(43)
Accrued interest payable	(122)	(109)	188
Other liabilities	10	6	56
Total adjustments	(752)	(154)	(293)
Net cash provided by/(used in) operating activities	(349)	248	246
Cash Flows from Investing Activities:			
Net change in:			
Interest-bearing deposits	830	(701)	1,096
Securities purchased under agreements to resell	3,100	(4,100)	3,350
Federal funds sold	(3,425)	2,216	858
Trading securities:			
Proceeds from maturities and paydowns	—	—	1
AFS securities:			
Proceeds from sales	100	—	—
Proceeds from maturities and paydowns	3,924	516	260
Purchases	(3,316)	(2,957)	(5,152)
HTM securities:			
Proceeds from maturities and paydowns	586	359	332
Advances:			
Repaid	751,157	883,175	1,368,658
Originated	(743,488)	(867,282)	(1,340,253)
Mortgage loans held for portfolio:			
Principal collected	50	58	59
Other investing activities, net	—	—	(2)
Net cash provided by/(used in) investing activities	9,518	11,284	29,207

**Federal Home Loan Bank of San Francisco
Statements of Cash Flows (continued)**

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Cash Flows from Financing Activities:			
Net change in deposits and other financing activities	(324)	203	26
Net proceeds/(payments) on derivative contracts with financing elements	11	20	20
Net proceeds from issuance of consolidated obligations:			
Bonds	59,156	55,714	85,638
Discount notes	99,428	71,409	128,658
Payments for matured and retired consolidated obligations:			
Bonds	(70,358)	(62,141)	(97,575)
Discount notes	(96,713)	(76,164)	(145,374)
Proceeds from issuance of capital stock	2,598	1,720	3,161
Payments for repurchase/redemption of mandatorily redeemable capital stock	(242)	(411)	(551)
Payments for repurchase of capital stock	(2,487)	(1,676)	(3,217)
Cash dividends paid	(224)	(209)	(243)
Net cash provided by/(used in) financing activities	(9,155)	(11,535)	(29,457)
Net increase/(decrease) in cash and due from banks	14	(3)	(4)
Cash and due from banks at beginning of the period	2	5	9
Cash and due from banks at end of the period	\$ 16	\$ 2	\$ 5
Supplemental Disclosures:			
Interest paid	\$ 3,131	\$ 4,164	\$ 5,307
Supplemental Disclosures of Noncash Investing and Financing Activities:			
Transfers of HTM securities to AFS securities	—	—	2
Transfers of capital stock to mandatorily redeemable capital stock	17	36	1,252

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

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements**

Background Information

The Federal Home Loan Bank of San Francisco (Bank), a federally chartered corporation exempt from ordinary federal, state, and local taxation except real property taxes, is one of 11 regional Federal Home Loan Banks (FHLBanks). The FHLBanks are government-sponsored enterprises (GSEs) that serve the public by enhancing the availability of credit for residential mortgages and targeted community development by providing a readily available, competitively priced source of funds to their member institutions. Each FHLBank is operated as a separate entity with its own management, employees, and board of directors. The Bank does not have any special purpose entities or any other type of off-balance sheet conduits. The Bank has a cooperative ownership structure. Regulated financial depositories and insurance companies engaged in residential housing finance, with principal places of business located in Arizona, California, and Nevada, are eligible to apply for membership. In addition, authorized community development financial institutions are eligible to be members of the Bank. All members and former members are required to hold shares of capital stock in the Bank sufficient to meet their minimum stock requirement. State and local housing authorities that meet certain statutory criteria may also borrow from the Bank. While eligible to borrow, these housing authorities are not members of the Bank, and, as such, are not required to hold capital stock. To access the Bank's products and services, a financial institution must be approved for membership and purchase capital stock in the Bank. The minimum capital stock requirement is generally based on use of Bank products, subject to a minimum asset-based membership requirement that is intended to reflect the value to the member of having ready access to the Bank as a reliable source of competitively priced funds. Bank capital stock is issued, transferred, redeemed, and repurchased at its par value of \$100 per share, subject to certain regulatory and statutory limits. Bank capital stock is not publicly traded. All shareholders may receive dividends on their capital stock, to the extent declared by the Bank's board of directors (Board). The Bank conducts business with its members and nonmembers in the ordinary course of business. See Note 16 – Transactions with Certain Members, Certain Nonmembers, and Other FHLBanks for more information.

The Federal Housing Finance Agency (Finance Agency), an independent federal agency in the executive branch of the United States government, supervises and regulates the FHLBanks and the FHLBanks' Office of Finance. The Office of Finance is a joint office of the FHLBanks that facilitates the issuance and servicing of the debt instruments (consolidated obligations) of the FHLBanks and prepares the combined quarterly and annual financial reports of the FHLBanks.

The primary source of funds for the FHLBanks is the proceeds from the sale to the public of the FHLBanks' consolidated obligations through the Office of Finance using authorized securities dealers. As provided by the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act), or regulations governing the operations of the FHLBanks, all the FHLBanks have joint and several liability for all FHLBank consolidated obligations. Other funds are provided by deposits, other borrowings, and the issuance of capital stock. The Bank primarily uses these funds to provide advances.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Note 1 — Summary of Significant Accounting Policies

Use of Estimates. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make a number of judgments, estimates, and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income, expenses, gains, and losses during the reporting period. The most significant of these estimates is the accounting for derivatives and hedging activities. Actual results could differ significantly from these estimates.

Estimated Fair Values. A portion of the Bank's financial instruments lack an available liquid trading market as characterized by frequent exchange transactions between a willing buyer and willing seller. Therefore, the Bank uses financial models employing significant assumptions and present value calculations for the purpose of determining estimated fair values. Thus, the fair values may not represent the actual values of the financial instruments that could have been realized as of yearend or that will be realized in the future.

Fair values for certain financial instruments are based on quoted prices, market rates, or replacement rates for similar financial instruments as of the last business day of the year. The estimated fair values of the Bank's financial instruments and related assumptions are detailed in Note 14 – Fair Value.

Interest-bearing Deposits, Securities Purchased under Agreements to Resell, and Federal Funds Sold. The Bank invests in interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold. These investments provide short-term liquidity and are carried at cost. Interest-bearing deposits include interest-bearing deposits in banks not meeting the definition of a security. The Bank treats securities purchased under agreements to resell as collateralized financing arrangements. The Bank invests in federal funds sold with counterparties that are considered by the Bank to be of investment quality. Interest income on these investments is accrued as earned and recorded in interest income on the Statements of Income. Accrued interest receivable is recorded separately on the Statements of Condition. These investments are evaluated quarterly for expected credit losses. If applicable, an allowance for credit loss is recorded with a corresponding adjustment to the provision for/ (reversal of) credit losses.

The Bank uses the collateral maintenance provision practical expedient for securities purchased under agreements to resell. Consequently, a credit loss would be recognized if there is a collateral shortfall which the Bank does not believe the counterparty will replenish in accordance with its contractual terms. The credit loss would be limited to the difference between the fair value of the collateral and the investment's amortized cost.

See Note 4 – Investments for details on the allowance methodologies relating to interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold.

Investment Securities. The Bank classifies investments as trading, available-for-sale (AFS), or held-to-maturity (HTM) at the date of acquisition. Within these investments, the Bank is primarily subject to credit risk related to private-label residential mortgage-backed securities (PLRMBS) that are supported by underlying mortgage loans. The Bank is prohibited by Finance Agency regulations from purchasing certain higher risk securities, such as equity securities and debt instruments that are not investment quality at the time of purchase. Purchases and sales of securities are recorded on a trade date basis. Accrued interest receivable for investments is recorded separately on the Statements of Condition.

The Bank classifies certain investments as trading. These securities are held for liquidity purposes and carried at fair value with changes in the fair value of these investments recorded in other income/(loss). The Bank does not participate in speculative trading practices and holds these investments indefinitely as the Bank periodically evaluates its liquidity needs.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The Bank classifies certain securities as AFS and carries these securities at their fair value. Unrealized gains and losses on these securities are recognized in accumulated other comprehensive income (AOCI).

HTM securities are carried at cost, adjusted for periodic principal repayments, amortization of premiums and accretion of discounts. The Bank classifies these investments as HTM securities because the Bank has the positive intent and ability to hold these securities until maturity.

Certain changes in circumstances may cause the Bank to change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future. Thus, the sale or transfer of an HTM security because of certain changes in circumstances, such as evidence of significant deterioration in the issuer's creditworthiness or changes in regulatory requirements, is not considered to be inconsistent with its original classification. Other events that are isolated, nonrecurring, and unusual for the Bank that could not have been reasonably anticipated may cause the Bank to sell or transfer an HTM security without calling into question its intent to hold other debt securities to maturity. In addition, sales of debt securities that meet either of the following two conditions may be considered as maturities for purposes of the classification of securities: (i) the sale occurs near enough to its maturity date (or call date if exercise of the call is probable) that interest rate risk is substantially eliminated as a pricing factor and changes in market interest rates would not have a significant effect on the security's fair value, or (ii) the sale occurs after the Bank has already collected a substantial portion (at least 85%) of the principal outstanding at acquisition because of prepayments on the debt security or scheduled payments on a debt security payable in equal installments over its term.

The Bank calculates the amortization of purchase premiums and accretion of purchase discounts on investments using the level-yield method on a retrospective basis over the estimated life of the securities. This method requires a retrospective adjustment of the effective yield each time the Bank changes the estimated life as if the new estimate had been known since the original acquisition date of the securities. The Bank uses nationally recognized, market-based, third-party prepayment models to project estimated lives.

On a quarterly basis, the Bank evaluates its individual AFS investment securities in an unrealized loss position for impairment. A security is considered impaired when its fair value is less than its amortized cost basis. With respect to any debt security, a credit loss is defined as the amount by which the amortized cost basis exceeds the present value of the cash flows expected to be collected. If a credit loss exists but the entity does not intend to sell the debt security and it is not more likely than not that the entity will be required to sell the debt security before the anticipated recovery of its remaining amortized cost basis (the amortized cost basis less any current-period credit loss), an allowance for credit losses is recorded with a corresponding adjustment to the provision for/(reversal of) credit losses. The allowance is limited by the amount of the unrealized loss.

If management intends to sell an impaired security classified as AFS, or more likely than not will be required to sell the security before expected recovery of its amortized cost basis, any allowance for credit losses is written off and the amortized cost basis is written down to the security's fair value at the reporting date with any incremental impairment reported in earnings as net change in fair value of AFS securities. If management does not intend to sell an impaired security classified as AFS and it is not more likely than not that management will be required to sell the debt security, then the credit portion of the difference is recognized as an allowance for credit losses and any remaining difference between the security's fair value and amortized cost is recorded to net change in fair value of AFS securities within other comprehensive income/(loss).

On a quarterly basis, the Bank evaluates its HTM investment securities for expected credit losses on a pool basis unless an individual assessment is deemed necessary because the securities do not possess similar risk characteristics. If necessary, an allowance for credit losses is recorded with a corresponding adjustment to the provision for/(reversal of) credit losses. For improvements in impaired HTM securities with an allowance for credit losses, the allowance for credit losses associated with recoveries may be derecognized up to its full amount. The allowance for credit losses excludes uncollectible accrued interest receivable, which is measured separately.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

See Note 4 – Investments for details on the allowance methodologies relating to AFS and HTM securities.

To determine whether an allowance for credit loss is necessary on PLRMBS, the Bank uses cash flow analyses.

At each quarter end, the Bank compares the present value of the cash flows expected to be collected on its PLRMBS, using the effective interest rate, to the amortized cost basis of the securities to determine whether a credit loss exists. The expected credit losses are measured using:

- expected housing price changes;
- expected interest rate assumptions;
- the remaining payment terms for the security;
- expected default rates based on underlying loan-level borrower and loan characteristics;
- loss severities on the collateral supporting each unique PLRMBS based on underlying loan-level borrower and loan characteristics; and
- prepayment speeds based on underlying loan-level borrower and loan characteristics.

The expected cash flows are based on a number of assumptions and expectations, and the results of these models can vary significantly with changes in these assumptions and expectations. The cash flows determined reflect management's expectations and include a base case housing price forecast for near- and long-term horizons.

For all the PLRMBS in its AFS and HTM portfolios, the Bank does not intend to sell any security and it is not more likely than not that the Bank will be required to sell any security before its anticipated recovery of the remaining amortized cost basis.

Financial Instruments Meeting Netting Requirements. The Bank presents certain financial instruments, including derivative instruments and securities purchased under agreements to resell, on a net basis when they have a legal right of offset and all other requirements for netting are met (collectively referred to as the netting requirements). The Bank has elected to offset its derivative asset and liability positions, as well as cash collateral received or pledged, when the netting requirements are met.

The net exposure for these financial instruments can change on a daily basis; therefore, there may be a delay between the time this exposure change is identified and additional collateral is requested, and the time this collateral is received or pledged. Likewise, there may be a delay for excess collateral to be returned. For derivative instruments that meet the netting requirements, any excess cash collateral received or pledged is recognized as a derivative liability or derivative asset. Additional information regarding these agreements is provided in Note 13 – Derivatives and Hedging Activities. Based on the fair value of the related collateral held, the securities purchased under agreements to resell were fully collateralized for the periods presented.

Variable Interest Entities. The Bank's investments in variable interest entities (VIEs) relate to PLRMBS. On an ongoing basis, the Bank performs a quarterly evaluation to determine whether it is the primary beneficiary in any VIE. As the Bank does not have the power to significantly affect the economic performance of these investments, the Bank determined that it is not a primary beneficiary of any of these VIEs and concluded that consolidation accounting is not required as of December 31, 2025. In addition, the Bank does not design, sponsor, transfer, service, or provide credit liquidity support in any of its investments in VIEs. The Bank's maximum loss exposure for these investments is limited to the carrying value.

Advances. The Bank reports advances (loans to members, former members or their successors, or housing associates) either at amortized cost or at fair value when the fair value option is elected. Advances carried at amortized cost are evaluated quarterly for expected credit losses and reported net of hedging adjustments. If deemed necessary, an allowance for credit losses is recorded with a corresponding adjustment to the provision for/(reversal of) credit losses. The Bank recognizes hedging adjustments resulting from the discontinuation of a hedging relationship to interest income using a level-yield methodology. Interest on advances is credited to income as

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

earned. For advances carried at fair value, the Bank recognizes contractual interest in interest income. Accrued interest receivable is recorded separately on the Statements of Condition.

See Note 5 – Advances for details on the allowance methodologies relating to advances.

Advance Modifications. In cases in which the Bank funds an advance concurrent with or within a short period of time before or after the prepayment of a previous advance to the same member, at market rates, the subsequent advance is accounted for as a new advance. The Bank does not issue advances at non-market rates. If a member makes a request for a modification to an existing advance, the Bank compares the present value of the cash flows on the modified advance to the present value of the cash flows remaining on the original advance. If there is at least a 10% difference in the present value of cash flows or if the Bank concludes the difference between the advances is more than minor based on a qualitative assessment of the modifications made to the original contractual terms, then the advance is accounted for as a new advance. In all other instances, the new advance is accounted for as a modification. Modification requests with a difference in cash flows that is more than minor are not accepted by the Bank.

Prepayment Fees. When a borrower prepays certain advances prior to the original maturity, the Bank may charge the borrower a prepayment fee. For certain advances with full or partial prepayment symmetry, the Bank may charge the borrower a prepayment fee or pay the borrower a prepayment credit, depending on certain circumstances, such as movements in interest rates, when the advance is prepaid. The Bank no longer offers advances with partial prepayment symmetry.

For prepaid advances that are hedged and meet the hedge accounting requirements, the Bank terminates the hedging relationship upon prepayment and records the associated fair value gains and losses, adjusted for the prepayment fees, in interest income. If a new advance represents a modification of an original hedged advance, the fair value gains or losses on the advance and the prepayment fees are included in the carrying amount of the modified advance, and gains or losses and prepayment fees are amortized in interest income over the life of the modified advance using the level-yield method. If the modified advance is also hedged and the hedge meets the hedge accounting requirements, the modified advance is marked to fair value after the modification, and subsequent fair value changes are recorded in interest income on advances. If the prepayment represents an extinguishment of the original hedged advance, the prepayment fee and any fair value gain or loss are immediately recognized in interest income.

For prepaid advances that are not hedged or that are hedged but do not meet the hedge accounting requirements, the Bank records prepayment fees in interest income unless the Bank determines that the new advance represents a modification of the original advance. If the new advance represents a modification of the original advance, the prepayment fee on the original advance is deferred, recorded in the basis of the modified advance, and amortized over the life of the modified advance using the level-yield method. This amortization is recorded in interest income.

Mortgage Loans Held for Portfolio. Under the Mortgage Partnership Finance® (MPF®) Program, the Bank purchased from members, for its own portfolio, conventional conforming fixed rate mortgage loans under the MPF Traditional product. After June 30, 2021, the Bank no longer directly purchases, or facilitates the purchase of, mortgage loans from our members.

The Bank classifies mortgage loans as held for portfolio and, accordingly, reports them at their principal amount outstanding net of premiums, unamortized credit enhancement fees paid as a lump sum at the time loans are purchased, discounts, and unrealized gains and losses from loans initially classified as mortgage loan commitments. The Bank calculates the amortization and accretion of premiums, credit enhancement fees, discounts, and loan commitments as interest income using the level-yield method over the contractual life of the mortgage loans.

The Bank performs a quarterly assessment of its mortgage loans held for portfolio to estimate expected credit losses. An allowance for credit losses is recorded with a corresponding adjustment to the provision for/(reversal of) credit

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

losses. The Bank measures expected credit losses on mortgage loans on a loan-level basis, factoring in the credit enhancement structure at the master commitment level.

When developing the allowance for credit losses, the Bank measures the estimated loss over the remaining life of a mortgage loan, which also considers how the Bank's credit enhancements mitigate credit losses. The Bank includes estimates of expected recoveries within the allowance for credit losses. If a loan is purchased at a discount, the discount does not offset the allowance for credit losses. Accrued interest receivable is recorded separately on the Statements of Condition. The allowance excludes uncollectible accrued interest receivable, as the Bank writes off accrued interest receivable by reversing interest income if a mortgage loan is placed on nonaccrual status.

An MPF loan that shares similar risk characteristics with other loans is evaluated for credit losses on a collective basis. MPF loans that do not share risk characteristics with other loans are individually evaluated for credit losses. MPF loans that are identified for individual evaluation are either delinquent or classified as nonaccrual, in process of foreclosing on the collateral, or have been modified in response to a borrower's financial difficulty. Credit loss is measured by factoring in expected cash flow shortfalls incurred as of the reporting date, as well as the economic loss attributable to delaying the original contractual principal and interest due dates, if applicable.

A loan is past due when the borrower has not made a scheduled full payment of principal and interest within 30 days of its due date. The Bank places a mortgage loan on nonaccrual status when collection of contractual principal or interest is doubtful, the loan is 90 days or more past due, or the loan enters foreclosure, unless it is well-secured and in the process of collection.

When a loan is placed on nonaccrual status, uncollected accrued interest is reversed against interest income. Cash receipts are applied first to interest and then to principal, unless collection of principal is doubtful in which case receipts are applied to principal until recoverability is expected, then to any charge-offs, and thereafter interest. A loan may return to accrual status when no principal or interest is past due and collectability is expected, or when it becomes well-secured and in the process of collection.

For all mortgage loans that are more than 180 days past due and that have any outstanding balance in excess of the fair value of the property, less costs to sell, the excess is charged off at the end of the month.

The Bank did not purchase mortgage loans with credit deterioration present at the time of purchase. See Note 6 – Mortgage Loans Held for Portfolio for details on the allowance methodologies relating to mortgage loans.

Service Fees. Letter of credit fees are recorded as other income/(loss) over the term of the letter of credit.

Derivatives and Hedging Activities. All derivatives are recognized on the Statements of Condition at their fair values, including accrued interest, net of cash collateral received from or pledged to clearing agents or counterparties, including accrued interest, and are reported as either derivative assets or derivative liabilities. The fair values of derivatives are netted by clearing agent or counterparty when the netting requirements have been met. If these netted amounts are positive, they are classified as an asset, and if negative, they are classified as a liability. Cash flows associated with derivatives are reflected as cash flows from operating activities in the Statements of Cash Flows unless the derivative meets the criteria to be a financing derivative.

The Bank uses London Clearing House (LCH) Ltd for all cleared derivative transactions. The rulebook of LCH Ltd characterizes variation margin as daily settlement payments, and initial margin is considered cash collateral.

Each derivative is designated as one of the following:

- (1) a qualifying hedge of the change in fair value of (i) a recognized asset or liability or (ii) an unrecognized firm commitment (a fair value hedge); or

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

- (2) a non-qualifying hedge of an asset or liability for asset-liability management purposes or of certain advances and consolidated obligation bonds for which the Bank elected the fair value option (an economic hedge).

If hedging relationships meet certain criteria, including but not limited to formal documentation of the hedging relationship and an expectation to be hedge effective, they are eligible for hedge accounting, and the offsetting changes in fair value of the hedged items attributable to the hedged risk may be recorded in earnings. The application of hedge accounting generally requires the Bank to evaluate the effectiveness of the hedging relationships at inception and on an ongoing basis and to calculate the changes in fair value of the derivatives and the related hedged items independently. This is known as the long-haul method of hedge accounting.

Derivatives are executed to hedge financial risk, and the Bank specifies the hedged item in a qualifying hedge relationship when the derivative is traded. In many hedging relationships, the Bank may designate the hedging relationship upon its commitment to disburse an advance or issue a consolidated obligation in which settlement occurs within the shortest period of time possible for the type of instrument based on market settlement conventions. The Bank records the changes in the fair value of the derivatives and the hedged item beginning on the trade date.

Changes in the fair value of a derivative that is designated as a fair value hedge, along with changes in the fair value of the hedged asset or liability (hedged item) that are attributable to the hedged risk (including changes that reflect gains or losses on firm commitments), are recorded in net interest income in the same line as the earnings effect of the hedged item. Net gains and losses on derivatives and hedging activities for qualifying hedges recorded in net interest income include unrealized and realized gains and losses, which include net interest settlements. For AFS securities that have been hedged and qualify as a fair value hedge, the Bank records the portion of the change in the fair value of the investment related to the risk being hedged in interest income together with the related change in the fair value of the derivative, and records the remainder of the change in the fair value of the investment in Accumulated Other Comprehensive Income (AOCI) as "Net change in fair value of AFS securities." The Bank hedges the benchmark risk component of cash flows in a fair value hedge.

Changes in the fair value of a derivative designated as an economic hedge are recorded in current period earnings with no fair value adjustment to an asset or liability. An economic hedge is defined as a derivative hedging certain advances and consolidated obligation bonds for which the Bank elected the fair value option, or hedging specific or non-specific underlying assets, liabilities, or firm commitments, that does not qualify or was not designated for fair value hedge accounting, but is an acceptable hedging strategy under the Bank's risk management program. These economic hedging strategies also comply with Finance Agency regulatory requirements prohibiting speculative hedge transactions. An economic hedge introduces the potential for earnings variability caused by the changes in fair value of the derivatives that are recorded in the Bank's income but are not offset by corresponding changes in the value of the economically hedged assets, liabilities, or firm commitments. Changes in the fair value of these non-qualifying hedges are recorded in other income/(loss) as "Net gain/(loss) on derivatives." In addition, the net interest settlements associated with these non-qualifying hedges are recorded in other income/(loss) as "Net gain/(loss) on derivatives." Cash flows associated with these stand-alone derivatives are reflected as cash flows from operating activities in the Statements of Cash Flows unless the derivative meets the criteria to be designated as a financing derivative.

The Bank discontinues hedge accounting prospectively when: (i) it determines that the derivative is no longer highly effective in offsetting changes in the fair value of a hedged item (including hedged items such as firm commitments or forecasted transactions); (ii) the derivative or the hedged item expires or is sold, terminated, or exercised; (iii) it is no longer probable that the forecasted transaction will occur in the originally expected period; (iv) a hedged firm commitment no longer meets the definition of a firm commitment; or (v) it determines that designating the derivative as a hedging instrument is no longer appropriate.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

When hedge accounting is discontinued, the Bank either terminates the derivative or continues to carry the derivative on the Statements of Condition at its fair value, ceases to adjust the hedged asset or liability for changes in fair value, and amortizes the cumulative basis adjustment on the hedged item into earnings over the remaining life of the hedged item using a level-yield methodology.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the Bank continues to carry the derivative on the Statements of Condition at its fair value, removing from the Statements of Condition any asset or liability that was recorded to recognize the firm commitment and recording it as a gain or loss in current period earnings.

The Bank may be the primary obligor on consolidated obligations and may make advances in which derivative instruments are embedded. Upon execution of these transactions, the Bank assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the advance or debt (the host contract) and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that: (i) the embedded derivative has economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and (ii) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value, and designated as a stand-alone derivative instrument equivalent to an economic hedge. However, the entire contract is carried on the Statements of Condition at fair value and no portion of the contract is designated as a hedging instrument if the entire contract (the host contract and the embedded derivative) is to be measured at fair value, with changes in fair value reported in current period earnings (such as an investment security classified as trading, as well as hybrid financial instruments that are eligible for the fair value option), or if the Bank cannot reliably identify and measure the embedded derivative for purposes of separating the derivative from its host contract.

Premises, Software, and Equipment. Premises, software, and equipment are included in other assets on the Statements of Condition. The Bank records premises, software, and equipment at cost less accumulated depreciation and amortization. At December 31, 2025 and 2024, premises, software, and equipment were \$17 million and \$22 million, respectively, which was net of accumulated depreciation and amortization of \$85 million and \$81 million, respectively. Improvements and major renewals are capitalized; ordinary maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of assets ranging from 3 to 10 years, and leasehold improvements are amortized on the straight-line method over the estimated useful life of the improvement or the remaining term of the lease, whichever is shorter. Depreciation and amortization expense was \$5 million for each of the years 2025, 2024, and 2023.

Consolidated Obligations. Consolidated obligations are recorded at amortized cost unless the Bank has elected the fair value option, in which case the consolidated obligations are carried at fair value.

Mandatorily Redeemable Capital Stock. The Bank has a cooperative ownership structure under which members, former members, and certain other nonmembers own the Bank's capital stock. Former members and certain other nonmembers are required to maintain their investment in the Bank's capital stock until their outstanding transactions are paid off or until their capital stock is redeemed following the relevant five-year redemption period for capital stock or is repurchased by the Bank, in accordance with the Bank's capital requirements. Capital stock cannot be issued, repurchased, redeemed, or transferred except between the Bank and its members (or their affiliates and successors) at the capital stock's par value of \$100 per share.

The Bank will not redeem or repurchase capital stock required to meet the minimum capital stock requirement until five years after the member's membership is terminated or after the Bank receives notice of the member's withdrawal, and the Bank will redeem or repurchase only the amounts that are in excess of the capital stock required to support activity (advances and letters of credit) that may remain outstanding after the five-year redemption period

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

has expired. In accordance with the Bank's current practice, if activity-based capital stock becomes excess stock because an activity no longer remains outstanding, the Bank may repurchase the excess activity-based capital stock at its discretion, subject to certain statutory and regulatory conditions.

A member may cancel its notice of redemption or notice of withdrawal from membership by providing written notice to the Bank prior to the end of the relevant five-year redemption period or the membership termination date. If the Bank receives the notice of cancellation within 30 months following the notice of redemption or notice of withdrawal, the member is charged a fee equal to 50 cents multiplied by the number of shares of capital stock affected. If the Bank receives the notice of cancellation more than 30 months following the notice of redemption or notice of withdrawal (or if the Bank does not redeem the member's capital stock because following the redemption the member would fail to meet its minimum capital stock requirement), the member is charged a fee equal to \$1 multiplied by the number of shares of capital stock affected. In certain cases, the Board may waive a cancellation fee for bona fide business purposes.

The Bank's capital stock is putable by the shareholder. There are significant statutory and regulatory restrictions on redemption. These include:

- The Bank cannot redeem capital stock if the redemption would cause it to fail to meet minimum capital requirements for total capital, leverage capital, and risk-based capital. If the Bank fails to meet these requirements, all capital stock becomes nonredeemable.
- Redemption may also be prohibited if the Bank incurs, or is likely to incur, losses that would affect its ability to meet regulatory capital requirements, lead to negative retained earnings, or create an unsafe financial condition.
- The Board may require additional capital stock purchases from members to meet statutory and regulatory capital requirements.
- If the Bank becomes insolvent, liquidated, or merged with another FHLBank, the redemption value will be determined in the liquidation or merger process. Shareholders will receive the par value of their capital stock and any retained earnings, subject to Finance Agency limitations. The Board will determine shareholder rights in a merger, in accordance with Finance Agency terms.
- The Bank cannot redeem capital stock if it has not fully paid the principal or interest on any consolidated obligations issued by the Office of Finance.
- Capital stock redemption is prohibited if the Bank fails to provide the required quarterly certification to the Finance Agency before declaring or paying dividends.
- Redemption may also be blocked if the Bank is unable to meet statutory or regulatory liquidity requirements or fulfill its obligations, or if it enters into an agreement with another FHLBank for financial assistance.

Based on Finance Agency interpretation, the classification of certain shares of the Bank's capital stock as mandatorily redeemable does not affect the definition of total capital for purposes of: determining the Bank's compliance with its regulatory capital requirements, calculating its mortgage-backed securities investment authority (300% of total capital), calculating its unsecured credit exposure to other GSEs (limited to 100% of total capital), or calculating its unsecured credit limits to other counterparties (various percentages of total capital depending on the rating of the counterparty).

The Bank reclassifies the capital stock subject to redemption from capital to a liability after a member provides the Bank with a written notice of redemption; gives notice of intention to withdraw from membership; attains nonmember status by merger or acquisition, charter termination, or other involuntary membership termination; or after a receiver or other liquidating agent for a member transfers the member's Bank capital stock to a nonmember entity, resulting in the member's shares then meeting the definition of a mandatorily redeemable financial instrument. Shares meeting this definition are reclassified to a liability at fair value. Dividends declared on shares classified as a liability are accrued at the expected dividend rate and reflected as interest expense in the Statements of Income. The repayment of these mandatorily redeemable financial instruments (by repurchase or redemption of the shares) is reflected as a financing cash outflow in the Statements of Cash Flows once settled. See Note 11 – Capital for more information.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

If a member cancels its written notice of redemption or notice of withdrawal or if the Bank allows the transfer of mandatorily redeemable capital stock to a member, the Bank reclassifies mandatorily redeemable capital stock from a liability to capital. After the reclassification, dividends on the capital stock are no longer classified as interest expense.

Off-Balance Sheet Credit Exposures. The Bank evaluates its off-balance sheet credit exposures on a quarterly basis for expected credit losses. If deemed necessary, an allowance for expected credit losses on these off-balance sheet exposures is recorded in other liabilities with a corresponding adjustment to the provision for/(reversal of) credit losses. See Note 15 – Commitments and Contingencies for details on the allowance methodologies relating to off-balance sheet credit exposure.

Finance Agency Expenses. The FHLBanks fund a portion of the costs of operating the Finance Agency, and each FHLBank is assessed a proportionate share of those costs. The Finance Agency allocates its expenses and working capital fund among the FHLBanks based on the ratio between each FHLBank's minimum required regulatory capital and the aggregate minimum required regulatory capital of all the FHLBanks.

Office of Finance Expenses. The Bank's proportionate share of the Office of Finance operating and capital expenditures is calculated using a formula based upon the following components: (1) two-thirds based upon its share of total consolidated obligations outstanding and (2) one-third based upon an equal pro-rata allocation.

Voluntary Housing and Community Investment Contributions. The Bank's voluntary contributions to Affordable Housing Program (AHP) and certain other housing and community investment initiatives are recorded in a separate line within Non-Interest Expense on the Statements of Income. Voluntary AHP is expensed when the Bank's board of directors approves the irrevocable terms of the award, and the likelihood of award is probable and the amount is estimable. Other voluntary housing and community investment initiatives consist of voluntary grants and contributions. These voluntary grants and contributions are recognized as an expense in the period in which the grant or contribution is considered an unconditional promise to give.

Affordable Housing Program Assessment. The FHLBank Act requires each FHLBank to establish an AHP. Each FHLBank provides subsidies to members, which use the funds to assist in the purchase, construction, or rehabilitation of housing for households earning up to 80% of the median income for the area in which they live. Subsidies may be in the form of direct grants or below-market interest rate advances. Annually, the FHLBanks must set aside for their AHPs, in the aggregate, the greater of \$100 million or 10% of the current year's net earnings (income before interest expense related to dividends paid on mandatorily redeemable capital stock and the assessment for AHP).

The Bank accrues its AHP assessment monthly based on its net earnings. If the Bank experienced a net loss during a quarter but still had net earnings for the year, the Bank's obligation to the AHP would be calculated based on the Bank's year-to-date net earnings. If the Bank had net earnings in subsequent quarters, it would be required to contribute additional amounts to meet its calculated annual obligation. If the Bank experienced a net loss for a full year, the amount of the AHP liability would be equal to zero, since each FHLBank's required annual AHP contribution is limited to its annual net earnings. However, if the result of the aggregate 10% calculation is less than \$100 million for the FHLBanks combined, then the FHLBank Act requires that each FHLBank contribute such prorated sums as may be required to ensure that the aggregate contribution of the FHLBanks equals \$100 million. The proration would be made on the basis of an FHLBank's income in relation to the income of all the FHLBanks for the previous year. There was no AHP shortfall, as described above, in 2025, 2024, or 2023. If an FHLBank finds that its required AHP assessments are contributing to the financial instability of that FHLBank, it may apply to the Finance Agency for a temporary suspension of its contributions. The Bank did not make such an application in 2025, 2024, or 2023.

Segment Reporting. The Bank engages in business activities to provide funding, liquidity, and services to members. The Bank manages these operations as one operating segment.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The Bank's primary business is providing advances to its members and certain qualifying housing associates. To support this mission and manage liquidity, the Bank maintains a portfolio of investments and mortgage loans. The primary source of funding is the sale of Federal Home Loan Bank System (FHLBank System) consolidated obligations in the capital markets. The Bank is capitalized through the purchase of capital stock by its members. The Bank's net income is primarily attributable to the difference between the interest income earned on advances and investments, and the interest expense paid on consolidated obligations. The Bank manages risk and monitors financial performance across the entire balance sheet. As such, the Bank's quantitative disclosures related to its segment are disclosed within the Statements of Income and Statements of Condition.

The chief operating decision maker (CODM) is the president and chief executive officer. The CODM assesses performance and allocation of resources primarily based on net interest income derived from total assets and total liabilities as reported in the Statements of Condition, and net income as reported in the Bank's Statements of Income. These measures are used for benchmarking and budget analysis. Other items, including significant expenses, such as compensation and benefits, other operating expense, and voluntary housing and community investment contributions, reported to the CODM include those reported in the Bank's Statements of Income and notes to the financial statements.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Note 2 — Recently Issued and Adopted Accounting Guidance

The following table provides a summary of recently issued accounting standards that may have an effect on the Bank’s financial statements.

Accounting Standards Update (ASU)	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
Interim Reporting - Narrow-Scope Improvements (ASU 2025-11)	This update clarifies and improves the interim reporting guidance by providing a comprehensive list of required interim disclosures and clarifying when interim reporting guidance is applicable, without expanding or reducing current interim disclosure requirements. The amendments add a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material effect on the entity.	This guidance becomes effective for the Bank for the interim periods beginning on January 1, 2028. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on the Bank’s disclosure. The adoption of this guidance will not have any effect on the Bank’s financial condition, results of operations, or cash flows.
Hedge Accounting Improvements (ASU 2025-09)	This update expands the hedged risks permitted in cash flow hedges, introducing a model for hedging forecasted interest payments on choose-your-rate debt instruments, and expands cash flow hedge accounting for nonfinancial forecasted transactions. It also eliminates the net written option test in certain instances and addresses mismatches in dual hedge strategies involving foreign-currency-denominated debt instruments.	This guidance becomes effective for the Bank for the interim and annual periods beginning on January 1, 2027. Early adoption is permitted.	The Bank does not intend to adopt this guidance early. The adoption of this guidance is not expected to have any effect on the Bank’s financial condition, results of operations, cash flows, or disclosures.
Purchased Loans (ASU 2025-08)	This update expands the use of the gross-up approach for acquired financial assets by requiring that purchased seasoned loans be accounted for using this method.	This guidance becomes effective for the Bank for the interim and annual periods beginning on January 1, 2027. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on the Bank’s financial condition, results of operations, and cash flows has not yet been determined.
Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06)	This update removes all references to prescriptive and sequential software development stages. Among other things, it requires an entity to start capitalizing software costs when management has committed to funding the project and it is probable that the project will be completed and used for its intended function.	This guidance becomes effective for the Bank for the interim and annual periods beginning on January 1, 2028. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on the Bank’s financial condition, results of operations, and cash flows has not yet been determined.
Disaggregation of Income Statement Expenses, as amended (ASU 2024-03)	This update requires disclosure, in the notes to the financial statements, of specified information about certain costs and expenses on an interim and annual basis.	This guidance becomes effective for the Bank for the annual period ending December 31, 2027, and the interim periods thereafter. Early adoption is permitted.	The Bank does not intend to adopt this guidance early. The adoption of this guidance is not expected to have any effect on the Bank’s financial condition, results of operations, cash flows, or disclosures due to the existing level of disaggregation.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Note 3 — Cash and Due from Banks

Cash on hand, cash items in the process of collection, compensating balances, and amounts due from correspondent banks and the Federal Reserve Bank are included in Cash and due from banks on the Statements of Condition.

Compensating Balances. The Bank maintains collected cash balances with commercial banks in consideration for certain services. There are no legal restrictions under these agreements on the withdrawal of these funds. The average collected cash balances were approximately \$10 million and \$7 million for the years ended December 31, 2025 and 2024, respectively.

Note 4 — Investments

The Bank makes short-term investments in interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold, and may make other investments in debt securities, which are classified as trading, AFS, or HTM.

Interest-Bearing Deposits, Securities Purchased under Agreements to Resell, and Federal Funds Sold. Federal funds sold are unsecured loans that are generally transacted on an overnight term. Finance Agency regulations include a limit on the amount of unsecured credit the Bank may extend to a counterparty.

At December 31, 2025 and 2024, all investments in interest-bearing deposits and federal funds sold were repaid or expected to be repaid according to the relevant contractual terms. No allowance for credit losses was recorded for these assets at December 31, 2025 and 2024.

The carrying value of interest-bearing deposits excludes \$11 million and \$15 million of accrued interest receivable as of December 31, 2025 and 2024, respectively. The carrying value of federal funds sold excludes \$1 million and a de minimis amount of accrued interest receivable as of December 31, 2025 and 2024, respectively.

Based upon the collateral held as security and collateral maintenance provisions with its counterparties, the Bank determined that no allowance for credit losses was needed for its securities purchased under agreements to resell at December 31, 2025 and 2024. The carrying value of securities purchased under agreements to resell excludes \$1 million of accrued interest receivable as of December 31, 2025 and 2024.

Debt Securities

Available-for-Sale Securities. The amortized cost and fair value of AFS securities by major security type were as follows:

December 31, 2025

(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	\$ 6,384	\$ —	\$ 9	\$ —	\$ 6,393
State housing agency obligations	42	—	—	—	42
MBS:					
GSEs – multifamily	12,819	—	118	—	12,937
PLRMBS	899	(32)	31	(17)	881
Total MBS	13,718	(32)	149	(17)	13,818
Total	\$ 20,144	\$ (32)	\$ 158	\$ (17)	\$ 20,253

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

December 31, 2024

(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury obligations	\$ 6,506	\$ —	\$ 4	\$ —	\$ 6,510
MBS:					
GSEs – multifamily	12,790	—	62	(7)	12,845
PLRMBS	978	(30)	31	(22)	957
Total MBS	13,768	(30)	93	(29)	13,802
Total	\$ 20,274	\$ (30)	\$ 97	\$ (29)	\$ 20,312

Amortized cost includes unpaid principal balance, unamortized premiums and discounts, net charge-offs, and valuation adjustments for hedging activities, and excludes accrued interest receivable of \$105 million and \$92 million at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, \$501 million and \$504 million of AFS securities, respectively, were pledged as collateral that may be repledged.

The following tables summarize unrealized losses by length of time that individual AFS securities in each security type had been in a continuous loss position.

December 31, 2025

(In millions)	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasury obligations	\$ 348	\$ —	\$ 124	\$ —	\$ 472	\$ —
State housing agency obligations	14	—	—	—	14	—
MBS – GSEs – multifamily	28	—	150	—	178	—
PLRMBS	174	(1)	230	(16)	404	(17)
Total	\$ 564	\$ (1)	\$ 504	\$ (16)	\$ 1,068	\$ (17)

December 31, 2024

(In millions)	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
MBS – GSEs – multifamily	\$ 1,350	\$ (3)	\$ 668	\$ (4)	\$ 2,018	\$ (7)
PLRMBS	62	(3)	244	(19)	306	(22)
Total	\$ 1,412	\$ (6)	\$ 912	\$ (23)	\$ 2,324	\$ (29)

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Redemption Terms – The amortized cost and estimated fair value of U.S. Treasury securities and state housing agency obligations classified as AFS by contractual maturity (based on contractual final principal payment) and of MBS classified as AFS are shown below. Expected maturities of MBS classified as AFS will differ from contractual maturities because borrowers may have the right to call or prepay the underlying obligations with or without call or prepayment fees.

December 31, 2025

(In millions)

Year of Contractual Maturity	Amortized Cost	Estimated Fair Value
U.S. Treasury obligations:		
Due in 1 year or less	\$ 1,776	\$ 1,777
Due after 1 year through 5 years	4,608	4,616
Total U.S. Treasury obligations	6,384	6,393
State housing agency obligations:		
Due after 1 year through 5 years	2	2
Due after 5 years through 10 years	40	40
Total state housing agency obligations	42	42
MBS	13,718	13,818
Total	\$ 20,144	\$ 20,253

December 31, 2024

(In millions)

Year of Contractual Maturity	Amortized Cost	Estimated Fair Value
U.S. Treasury obligations:		
Due in 1 year or less	\$ 3,181	\$ 3,183
Due after 1 year through 5 years	3,325	3,327
Total U.S. Treasury obligations	6,506	6,510
MBS	13,768	13,802
Total	\$ 20,274	\$ 20,312

Held-to-Maturity Securities. The Bank classifies the following securities as HTM because the Bank has the positive intent and ability to hold these securities to maturity:

December 31, 2025

(In millions)	Amortized Cost	Gross Unrecognized Holding Gains ⁽¹⁾	Gross Unrecognized Holding Losses ⁽¹⁾	Estimated Fair Value
MBS – Other U.S. obligations – single-family	\$ 18	\$ —	\$ —	\$ 18
MBS – GSEs:				
Single-family	401	2	(8)	395
Multifamily	404	—	(1)	403
Total MBS – GSEs	805	2	(9)	798
PLRMBS	80	—	(4)	76
Total	\$ 903	\$ 2	\$ (13)	\$ 892

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

December 31, 2024

(In millions)	Amortized Cost	Gross Unrecognized Holding Gains ⁽¹⁾	Gross Unrecognized Holding Losses ⁽¹⁾	Estimated Fair Value
MBS – Other U.S. obligations – single-family	\$ 29	\$ —	\$ (1)	\$ 28
MBS – GSEs:				
Single-family	495	2	(13)	484
Multifamily	864	—	(2)	862
Total MBS – GSEs	1,359	2	(15)	1,346
PLRMBS	101	—	(6)	95
Total	\$ 1,489	\$ 2	\$ (22)	\$ 1,469

(1) Gross unrecognized holding gains/(losses) represent the difference between estimated fair value and net carrying value.

Expected maturities of MBS classified as HTM will differ from contractual maturities because borrowers may have the right to call or prepay the underlying obligations with or without call or prepayment fees.

Amortized cost excludes accrued interest receivable of \$3 million and \$5 million at December 31, 2025 and 2024, respectively.

Allowance for Credit Losses on AFS and HTM Securities. The Bank recorded no allowance for credit losses associated with HTM securities during the years ended December 31, 2025, 2024, and 2023. The following table presents a rollforward of the allowance for credit losses on PLRMBS classified as AFS.

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Balance, beginning of the period	\$ 30	\$ 31	\$ 30
(Charge-offs)/recoveries	(1)	(1)	(3)
Provision for/(reversal of) credit losses	3	—	4
Balance, end of the period	\$ 32	\$ 30	\$ 31

To evaluate investment securities for expected credit loss at December 31, 2025 and 2024, the Bank employed the following methodologies, based on the type of security.

Private-Label Residential Mortgage-Backed Securities – The Bank also holds investments in PLRMBS. The Bank has not purchased any PLRMBS since the first quarter of 2008. However, many of these securities have subsequently experienced significant credit deterioration. As of December 31, 2025 and 2024, approximately 3% of PLRMBS (AFS and HTM combined, based on amortized cost) were rated A, or above, by a Nationally Recognized Statistical Rating Organization (NRSRO); and the remaining securities were either rated less than A, or were unrated. To determine whether an allowance for credit loss is necessary on these securities, the Bank uses cash flow analyses. For information on the cash flow analyses, see “Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies.”

For PLRMBS with previous credit losses related to the prior methodology of evaluating credit losses (securities for which the Bank determined that it does not expect to recover the entire amortized cost basis), measurement of the credit loss amount for PLRMBS classified as Level 3 as of December 31, 2025, uses significant inputs and assumptions that include, based on unpaid principal balance, the weighted average percentage of prepayment rates of 8.1%; default rates of 6.9%; and loss severities of 59.6%. The weighted average percentage of the related current credit enhancement for these securities, based on unpaid principal balance, was 8.3% as of December 31, 2025. Credit enhancement is defined as the percentage of subordinated tranches, excess spread, and over-collateralization, if any, in a security structure that will generally absorb losses before the Bank will experience a loss on the security.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

For the Bank's PLRMBS, the Bank recorded a \$3 million, a de minimis amount, and a \$4 million provision for credit losses during the years ended December 31, 2025, 2024, and 2023, respectively. The provision recorded in 2025, compared to 2024, primarily reflects a slight increase in projected default rates for the underlying loan collateral.

At December 31, 2025 and 2024, the previously recognized credit losses under the prior methodology of evaluating credit losses totaled \$278 million and \$293 million for PLRMBS, respectively. The total net accretion recognized in interest income associated with PLRMBS with previous credit losses related to the prior methodology of evaluating credit losses totaled \$14 million, \$12 million, and \$34 million for the years ended December 31, 2025, 2024, and 2023, respectively.

AFS and HTM Securities (Excluding PLRMBS) – The Bank's AFS and HTM securities are principally U.S. obligations and MBS issued by Ginnie Mae, Freddie Mac, and Fannie Mae that are backed by single-family or multifamily mortgage loans. The Bank only purchases securities considered investment quality. Excluding PLRMBS investments, at December 31, 2025 and 2024, substantially all of AFS securities and HTM securities, based on amortized cost, were rated A, or above, by a NRSRO, based on the lowest long-term credit rating for each security.

At December 31, 2025 and 2024, certain of the Bank's AFS and HTM securities were in an unrealized loss position. These losses are considered temporary as the Bank expects to recover the entire amortized cost basis on these investment securities and neither intends to sell these securities nor considers it more likely than not that it will be required to sell these securities before its anticipated recovery of each security's remaining amortized cost basis. Further, the securities: (i) were all highly rated or had short remaining terms to maturity; (ii) had not experienced, nor did the Bank expect, any payment defaults on the instruments; and (iii) in the case of U.S. Treasury, GSE, or other agency obligations, carry an implicit or explicit government guarantee such that the Bank considers the risk of nonpayment to be zero. As a result, no allowance for credit losses was recorded on these AFS or HTM securities at December 31, 2025 and 2024.

Note 5 — Advances

The Bank offers a wide range of fixed and adjustable rate advance products with different maturities, interest rates, payment characteristics, and option features. Fixed rate advances generally have maturities ranging from one day to 30 years. Adjustable rate advances generally have maturities ranging from less than one year to 15 years, with the interest rates resetting periodically at a fixed spread to a specified index.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Redemption Terms. The following table presents advances outstanding by redemption term and weighted-average interest rate.

(Dollars in millions)

Redemption Term	December 31, 2025		December 31, 2024	
	Amount Outstanding ⁽¹⁾	Weighted Average Interest Rate	Amount Outstanding ⁽¹⁾	Weighted Average Interest Rate
Within 1 year	\$ 22,763	3.85 %	\$ 23,712	4.30 %
After 1 year through 2 years	6,476	4.08	11,067	3.81
After 2 years through 3 years	4,218	4.03	4,526	3.97
After 3 years through 4 years	996	3.83	3,264	4.13
After 4 years through 5 years	1,591	3.68	865	3.76
After 5 years	2,105	3.79	2,384	3.68
Total par value	38,149	3.90 %	45,818	4.09 %
Valuation adjustments for hedging activities	8		(198)	
Valuation adjustments under fair value option	70		17	
Total	\$ 38,227		\$ 45,637	

(1) Carrying amounts exclude accrued interest receivable of \$67 million and \$63 million at December 31, 2025 and 2024, respectively.

Advances outstanding with redemption terms within three months totaled \$12.0 billion and \$15.1 billion at December 31, 2025 and 2024, respectively.

The following table summarizes advances at December 31, 2025 and 2024, by the earlier of the year of redemption term or next call date for callable advances and by the earlier of the year of redemption term or next put date for puttable advances.

(In millions)	Earlier of Redemption Term or Next Call Date		Earlier of Redemption Term or Next Put Date	
	2025	2024	2025	2024
Within 1 year	\$ 24,038	\$ 26,023	\$ 27,533	\$ 27,676
After 1 year through 2 years	5,476	9,066	5,272	10,646
After 2 years through 3 years	4,218	4,526	3,188	3,487
After 3 years through 4 years	996	3,264	577	2,886
After 4 years through 5 years	1,591	855	1,033	398
After 5 years	1,830	2,084	546	725
Total par value	\$ 38,149	\$ 45,818	\$ 38,149	\$ 45,818

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Concentration Risk. The following tables present the concentration in advances by borrowers and their affiliates that is 10% or more of total advances outstanding, or 10% or more of total advance interest income.

(Dollars in millions) Name of Borrower	December 31, 2025		For the Year Ended December 31, 2025	
	Advances Outstanding	Percentage of Total Advances Outstanding	Interest Income from Advances ⁽¹⁾	Percentage of Total Interest Income from Advances
Western Alliance Bank	\$ 4,800	13 %	\$ 190	11 %

(Dollars in millions) Name of Borrower	December 31, 2024		For the Year Ended December 31, 2024	
	Advances Outstanding	Percentage of Total Advances Outstanding	Interest Income from Advances ⁽¹⁾	Percentage of Total Interest Income from Advances
JPMorgan Chase, National Association ⁽²⁾	\$ 9,315	20 %	\$ 731	33 %
Western Alliance Bank	5,100	11	205	9

(1) Interest income amounts exclude prepayment fees and the interest effect of interest rate exchange agreements with derivative counterparties.

(2) A nonmember. On May 1, 2023, the California Department of Financial Protection and Innovation closed First Republic Bank and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. On the same date, the FDIC transferred all of the deposits and substantially all of the assets of First Republic Bank, including advances outstanding from the Bank, to JPMorgan Chase, National Association, a nonmember. These advances outstanding are fully collateralized and are not expected to result in any credit loss to the Bank.

Credit Risk Exposure and Security Terms. The Bank manages its credit exposure related to advances through an integrated approach that provides for a credit limit to be established for each borrower, includes an ongoing review of each borrower’s financial condition, and is coupled with conservative collateral and lending policies to limit the risk of loss.

In addition, the Bank lends to member financial institutions in accordance with federal law and Finance Agency’s regulations. Specifically, the Bank is required to obtain sufficient collateral to fully secure credit products up to the member’s total credit limit. Borrowers may pledge the following eligible assets to secure advances:

- one-to-four-family first lien residential mortgage loans;
- securities issued, insured, or guaranteed by the U.S. government or any of its agencies, including without limitation MBS backed by Fannie Mae, Freddie Mac, or Ginnie Mae;
- cash or deposits in the Bank;
- certain other real estate-related collateral, such as certain privately issued MBS, multifamily loans, commercial real estate loans, and second lien residential mortgage loans or home equity loans; and
- small business, small farm, and small agribusiness loans that are fully secured by collateral (such as real estate, equipment and vehicles, accounts receivable, and inventory) from members that are community financial institutions.

The Bank has advances outstanding to former members and member successors, which are subject to the security terms above. The Bank requires each borrowing member to execute a written Advances and Security Agreement, which describes the lending relationship between the Bank and the borrower.

At December 31, 2025 and 2024, the Bank retained a perfected security interest in collateral pledged by each borrowing member, or by the member's affiliate on behalf of the member, and by each nonmember borrower, with an estimated value in excess of the outstanding credit products for that borrower. Based on the financial condition of the borrower, the Bank may either (i) allow the borrower or the pledging affiliate to retain physical possession of loan collateral pledged to the Bank, provided that the borrower or the pledging affiliate agrees to hold the collateral for the benefit of the Bank, or (ii) require the borrower or the pledging affiliate to deliver physical possession of loan collateral to the Bank or its custodial agent. All securities collateral is required to be delivered to the Bank’s custodial agent. All loan collateral pledged to the Bank is subject to a Uniform Commercial Code-1 financing statement.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Section 10(e) of the FHLBank Act affords any security interest granted to the Bank by a member or any affiliate of the member or any nonmember borrower priority over claims or rights of any other party, except claims or rights that (i) would be entitled to priority under otherwise applicable law and (ii) are held by bona fide purchasers for value or secured parties with perfected security interests.

At December 31, 2025 and 2024, none of the Bank’s credit products were past due or on nonaccrual status. There were no modifications to credit products related to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024.

Based on the collateral pledged as security for advances, the Bank’s credit analyses of borrowers’ financial condition, repayment history on advances, and the Bank’s credit extension and collateral policies as of December 31, 2025, the Bank expects to collect all amounts due according to the contractual terms. Therefore, no allowance for credit losses on advances was deemed necessary by the Bank as of December 31, 2025 and 2024.

Interest Rate Payment Terms. Interest rate payment terms by redemption term for advances are detailed below:

(In millions)	December 31, 2025	December 31, 2024
Par value of advances:		
Fixed rate:		
Due within 1 year	\$ 10,754	\$ 15,218
Due after 1 year	14,386	20,101
Total fixed rate	25,140	35,319
Adjustable rate:		
Due within 1 year	12,009	8,494
Due after 1 year	1,000	2,005
Total adjustable rate	13,009	10,499
Total par value	\$ 38,149	\$ 45,818

Note 6 — Mortgage Loans Held for Portfolio

The following table presents information on mortgage loans held for portfolio, all of which are secured by one- to four-unit residential properties and single-unit homes.

(In millions)	December 31, 2025	December 31, 2024
Fixed rate medium-term mortgage loans ⁽¹⁾	\$ 9	\$ 10
Fixed rate long-term mortgage loans ⁽¹⁾	599	648
Subtotal	608	658
Premiums	33	37
Discounts	(1)	(1)
Mortgage loans held for portfolio ⁽²⁾	640	694
Less: Allowance for credit losses	(1)	(1)
Total mortgage loans held for portfolio, net	\$ 639	\$ 693

(1) Medium-term loans have original contractual terms of 15 years or less, and long-term loans have contractual terms of more than 15 years.

(2) Excludes accrued interest receivable of \$5 million at December 31, 2025 and 2024.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Credit Quality Indicators. The following table presents the payment status for mortgage loans and other delinquency statistics for the Bank’s mortgage loans.

(Dollars in millions)

Payment Status, at Amortized Cost ⁽¹⁾	December 31, 2025	December 31, 2024
30 – 59 days delinquent	\$ 8	\$ 8
60 – 89 days delinquent	3	2
90 days or more delinquent	15	17
Total past due	26	27
Total current loans	614	667
Total mortgage loans held for portfolio	\$ 640	\$ 694
In process of foreclosure, included above ⁽²⁾	\$ 1	\$ 1
Nonaccrual loans ⁽³⁾	\$ 15	\$ 17
Serious delinquencies as a percentage of total mortgage loans outstanding ⁽⁴⁾	2.42 %	2.48 %

- (1) The amortized cost in a loan is the unpaid principal balance of the loan, adjusted for net deferred loan fees or costs, unamortized premiums or discounts, and direct write-downs.
- (2) Includes loans for which the servicer has reported a decision to foreclose or to pursue a similar alternative, such as deed-in-lieu. Loans in process of foreclosure are included in past due or current loans depending on their delinquency status.
- (3) At December 31, 2025 and 2024, \$5 million of mortgage loans on nonaccrual status did not have an associated allowance for credit losses because these loans were either previously charged off to the expected recoverable value or the fair value of the underlying collateral, including any credit enhancements, is greater than the amortized cost of the loans.
- (4) Represents loans that are 90 days or more past due or in the process of foreclosure as a percentage of the recorded investment of total mortgage loans outstanding.

Allowance for Credit Losses on Mortgage Loans Held for Portfolio. At both December 31, 2025 and 2024, the allowance for credit losses on the mortgage loan portfolio was \$1 million. The provision for credit losses, charge-offs, and recoveries on the mortgage loan portfolio were de minimis for the years ended December 31, 2025, 2024, and 2023.

For more information related to the Bank’s accounting policies for mortgage loans held for portfolio, see “Note 1 – Summary of Significant Accounting Policies.”

Note 7 — Deposits

The Bank maintains demand deposit accounts that are directly related to the extension of credit to members and offers short-term deposit programs to members and qualifying nonmembers. In addition, a member that services mortgage loans held for portfolio may deposit in the Bank funds collected in connection with the mortgage loans, pending disbursement of these funds. The Bank classifies these types of deposits as non-interest-bearing deposits. Deposits classified as demand, overnight, and other pay interest based on a daily interest rate. Term deposits pay interest based on a fixed rate determined at the issuance of the deposit.

Deposits outstanding were as follows:

(In millions)	December 31, 2025	December 31, 2024
	Amount Outstanding	Amount Outstanding
Demand and overnight interest-bearing deposits	\$ 870	\$ 1,055
Non-interest-bearing deposits	3	6
Total	\$ 873	\$ 1,061

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Note 8 — Consolidated Obligations

Consolidated obligations, consisting of bonds and discount notes, are jointly issued by the FHLBanks through the Office of Finance. Under the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act) and related regulations, all FHLBanks are jointly and severally liable for these obligations, which are backed only by the FHLBanks' financial resources. The regulations authorize the Finance Agency to require any FHLBank to repay all or a portion of the principal or interest on consolidated obligations for which another FHLBank is the primary obligor, and outline a general framework for addressing the possibility that an FHLBank may be unable to repay the consolidated obligations for which it is the primary obligor. Each FHLBank president must certify quarterly that, among other things, the FHLBank will remain capable of making full and timely payment of all its current obligations, including direct obligations. The Bank has never been asked or required to repay the principal or interest on any consolidated obligation of another FHLBank, and as of December 31, 2025, and through the filing date of this report, does not believe that it is probable that it will be asked or required to do so.

If an FHLBank is unable to provide the quarterly certification, anticipates being unable to meet its obligations during the quarter, or negotiates or enters into an agreement with another FHLBank for financial assistance to meet its obligations, it must notify the Finance Agency and submit a consolidated obligations payment plan for approval, unless the issue stems from a temporary external disruption (such as a natural disaster). The regulations also give the Finance Agency authority to require any FHLBank to make any consolidated obligation payment at any time. An FHLBank that pays another's obligation is entitled to reimbursement for the payment and related costs, including interest.

The regulations also provide that the Finance Agency may allocate the outstanding liability of an FHLBank for consolidated obligations among the other FHLBanks on a pro rata basis in proportion to each FHLBank's participation in all consolidated obligations outstanding or in any other manner it may determine to ensure that the FHLBanks operate in a safe and sound manner.

In connection with each issuance of consolidated obligations, each FHLBank specifies the type, term, and amount of debt it requests to have issued on its behalf. The Office of Finance tracks the amount of debt issued on behalf of each FHLBank. In addition, the Bank separately tracks and records as a liability its specific portion of the consolidated obligations issued and is the primary obligor for that portion of the consolidated obligations issued. The Finance Agency and the U.S. Secretary of the Treasury have oversight over the issuance of FHLBank debt through the Office of Finance.

Consolidated obligation bonds may be issued to raise short-, intermediate-, and long-term funds for the FHLBanks. The maturity of consolidated obligation bonds generally ranges from six months to 15 years, but the maturity is not subject to any statutory or regulatory limits. Consolidated obligation discount notes are primarily used to raise short-term funds. These notes are issued at less than their face amount and redeemed at par value when they mature.

Regulations require the FHLBanks to maintain, for the benefit of investors in consolidated obligations, in the aggregate, unpledged qualifying assets in an amount equal to the consolidated obligations outstanding. Qualifying assets are defined as cash; secured advances; assets with an assessment or credit rating at least equivalent to the current assessment or credit rating of the consolidated obligations; obligations, participations, mortgages, or other securities of or issued by the United States or an agency of the United States; and such securities as fiduciary and trust funds may invest in under the laws of the state in which the FHLBank is located. Any assets subject to a lien or pledge for the benefit of holders of any issue of consolidated obligations are treated as if they were free from lien or pledge for the purposes of compliance with these regulations.

The par value of the outstanding consolidated obligations of the FHLBanks was \$1.2 trillion at December 31, 2025 and 2024.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

General Terms. Consolidated obligation bonds are generally issued with either fixed rate payment terms or adjustable rate payment terms. In addition, to meet the specific needs of certain investors, fixed rate and adjustable rate consolidated obligation bonds may contain certain embedded features, such as call options and complex coupon payment terms. In general, when such consolidated obligation bonds are issued for which the Bank is the primary obligor, the Bank simultaneously enters into interest rate exchange agreements containing offsetting features to, in effect, convert the terms of the bond to the terms of a simple adjustable rate bond.

In addition to having fixed rate or simple adjustable rate coupon payment terms, consolidated obligations may, for example, include:

- Callable bonds, which the Bank may call at its option on predetermined call dates according to the terms of the bond offerings;
- Step-up callable bonds, which pay interest at increasing fixed rates for specified intervals over the life of the bond and can generally be called at the Bank’s option on the step-up dates according to the terms of the bond offerings;
- Step-down callable bonds, which pay interest at decreasing fixed rates for specified intervals over the life of the bond and can generally be called at the Bank’s option on the step-down dates according to the terms of the bond offerings;
- Conversion callable bonds, which have coupon rates that convert from fixed to adjustable or from adjustable to fixed on predetermined dates and can generally be called at the Bank’s option on predetermined call dates according to the terms of the bond offerings.

Redemption Terms. The following is a summary of the Bank’s participation in consolidated obligation bonds.

(Dollars in millions)

Contractual Maturity	December 31, 2025		December 31, 2024	
	Amount Outstanding	Weighted Average Interest Rate	Amount Outstanding	Weighted Average Interest Rate
Within 1 year	\$ 32,836	3.43 %	\$ 39,657	4.40 %
After 1 year through 2 years	8,580	3.58	12,005	2.96
After 2 years through 3 years	1,648	3.45	1,920	2.62
After 3 years through 4 years	2,266	4.25	1,487	3.50
After 4 years through 5 years	1,201	4.24	2,706	4.35
After 5 years	822	2.88	777	2.76
Total par value	47,353	3.51 %	58,552	4.00 %
Unamortized discounts	(1)		(1)	
Valuation adjustments for hedging activities	(95)		(363)	
Fair value option valuation adjustments	(3)		(14)	
Total	\$ 47,254		\$ 58,174	

The Bank’s participation in consolidated obligation bonds was as follows:

(In millions)

	December 31, 2025	December 31, 2024
Par value of consolidated obligation bonds:		
Non-callable	\$ 30,482	\$ 40,207
Callable	16,871	18,345
Total par value	\$ 47,353	\$ 58,552

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The following is a summary of the Bank’s participation in consolidated obligation bonds outstanding, by the earlier of the year of contractual maturity or next call date.

(In millions)

Earlier of Contractual Maturity or Next Call Date	December 31, 2025	December 31, 2024
Within 1 year	\$ 40,191	\$ 49,795
After 1 year through 2 years	6,774	7,608
After 2 years through 3 years	336	1,101
After 3 years through 4 years	25	12
After 4 years through 5 years	—	9
After 5 years	27	27
Total par value	\$ 47,353	\$ 58,552

The Bank’s participation in consolidated obligation discount notes, all of which are due within one year, was as follows:

(Dollars in millions)

	Carrying Value	Par Value	Weighted Average Interest Rate ⁽¹⁾
December 31, 2025	\$ 17,074	\$ 17,161	3.71 %
December 31, 2024	\$ 14,378	\$ 14,460	4.41 %

(1) Represents yield to maturity excluding concession fees.

Interest Rate Payment Terms. Interest rate payment terms for consolidated obligation bonds are detailed in the following table.

(In millions)

	December 31, 2025	December 31, 2024
Par value of consolidated obligation bonds:		
Fixed rate	\$ 21,722	\$ 23,410
Adjustable rate	25,271	34,692
Step-up	360	450
Total consolidated obligation bonds, par value	\$ 47,353	\$ 58,552

Note 9 — Affordable Housing Program

The Bank’s total AHP assessments are charged to earnings each year and recognized as a liability. As subsidies are disbursed, the AHP liability is reduced. The AHP liability was as follows:

(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
Balance, beginning of the period	\$ 140	\$ 133	\$ 111
AHP assessments	46	52	63
AHP voluntary contributions	5	9	—
AHP grant payments	(59)	(54)	(41)
Balance, end of the period	\$ 132	\$ 140	\$ 133

All subsidies were distributed in the form of direct grants in 2025, 2024, and 2023.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Voluntary contributions to support other housing and community investments (non-AHP) are recorded on the Statements of Income. The following table presents a rollforward of the voluntary contribution liability balance (non-AHP):

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Balance, beginning of the period	\$ —	\$ —	\$ —
Voluntary housing and community investment contributions, net of AHP voluntary contributions	27	32	16
Voluntary housing and community investment payments	(27)	(32)	(16)
Balance, end of the period	\$ —	\$ —	\$ —

Note 10 — Accumulated Other Comprehensive Income/(Loss)

The following table summarizes the changes in AOCI:

(In millions)	Net Change in Fair Value of AFS Securities	Net Change in Pension and Postretirement Benefits	Total AOCI
Balance, December 31, 2022	\$ (14)	\$ (15)	\$ (29)
Other comprehensive income/(loss):			
Net change in pension and postretirement benefits		4	4
Net change in fair value	(47)		(47)
Net current period other comprehensive income/(loss)	(47)	4	(43)
Balance, December 31, 2023	\$ (61)	\$ (11)	\$ (72)
Other comprehensive income/(loss):			
Net change in pension and postretirement benefits		6	6
Net change in fair value	129		129
Net current period other comprehensive income/(loss)	129	6	135
Balance, December 31, 2024	\$ 68	\$ (5)	\$ 63
Other comprehensive income/(loss):			
Net change in pension and postretirement benefits		11	11
Net change in fair value	72		72
Net current period other comprehensive income/(loss)	72	11	83
Balance, December 31, 2025	\$ 140	\$ 6	\$ 146

Note 11 — Capital

Capital Requirements. The Bank issues a single class of Class B stock, with a par value of \$100 per share. Effective January 2, 2026, the Bank’s outstanding Class B stock has been converted into Class B-1 membership stock and Class B-2 activity-based stock, as applicable. Following the conversion, members are required to maintain the minimum stock requirement, which remains unchanged and will continue to be calculated as the greater of: (i) the membership stock requirement, which equals 1.0% of membership asset value up to a maximum of \$15 million, and (ii) the activity-based stock requirement, which equals 2.7% of outstanding advance balances plus 0.1% of letters of credit balances. Total capital stock held was converted to shares daily by dividing by \$100.

Capital stock may be redeemed (subject to certain conditions) upon five years notice by the member to the Bank. In addition, at its discretion, under certain conditions, the Bank may repurchase excess stock at any time (see “Excess Stock” below for more information). The Bank’s capital stock may be issued, redeemed, and repurchased only at its

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

stated par value, subject to certain statutory and regulatory requirements. The Bank may only redeem or repurchase capital stock from a shareholder if, following the redemption or repurchase, the shareholder will continue to meet its minimum capital stock requirement and the Bank will continue to meet its regulatory requirements for total capital, leverage capital, and risk-based capital.

Under the Housing and Economic Recovery Act of 2008, the Director of the Finance Agency is responsible for setting the risk-based capital standards for the FHLBanks. The FHLBank Act and regulations governing the operations of the FHLBanks require that the Bank's minimum capital stock requirement for shareholders must be sufficient to enable the Bank to meet its regulatory requirements for total capital, leverage capital, and risk-based capital. The Bank must maintain: (i) total regulatory capital in an amount equal to at least 4% of its total assets, (ii) leverage capital in an amount equal to at least 5% of its total assets, and (iii) permanent capital in an amount that is greater than or equal to its risk-based capital requirement.

The Finance Agency requires each FHLBank to maintain a ratio of at least 2% of capital stock to total assets in order to help preserve the cooperative structure incentives that encourage members to remain fully engaged in the oversight of their investment in the FHLBank. The Finance Agency will consider the proportion of capital stock to assets, measured on a daily average basis at monthend, when assessing each FHLBank's capital management practices. As of December 31, 2025 and 2024, the Bank complied with this capital guidance.

Regulatory capital and permanent capital for the Bank were both composed of retained earnings and Class B stock, including mandatorily redeemable capital stock (which is classified as a liability for financial reporting purposes). Regulatory capital and permanent capital do not include AOCI. Leverage capital is defined as the sum of permanent capital, weighted by a 1.5 multiplier, plus non-permanent capital.

The risk-based capital requirement is equal to the sum of the Bank's credit risk, market risk, and operational risk capital requirements, all of which are calculated in accordance with the rules and regulations of the Finance Agency. The Finance Agency may require an FHLBank to maintain a greater amount of permanent capital than is required by the risk-based capital requirement as defined.

The Bank complied with these capital rules and requirements as shown in the following table.

(Dollars in millions)	December 31, 2025		December 31, 2024	
	Required	Actual	Required	Actual
Risk-based capital	\$ 1,004	\$ 7,321	\$ 1,058	\$ 7,272
Total regulatory capital	\$ 2,933	\$ 7,321	\$ 3,269	\$ 7,272
Total regulatory capital ratio	4.00 %	9.98 %	4.00 %	8.90 %
Leverage capital	\$ 3,666	\$ 10,981	\$ 4,087	\$ 10,908
Leverage ratio	5.00 %	14.97 %	5.00 %	13.35 %

The Bank's capital plan requires each shareholder to own capital stock in an amount equal to the greater of its membership capital stock requirement or its activity-based capital stock requirement. The Bank may adjust these requirements from time to time within ranges established in the capital plan. Any changes to the capital plan must be approved by the Board and the Finance Agency.

A member's membership capital stock requirement is 1% of its membership asset value. The membership capital stock requirement for a member is capped at \$15 million. The Bank may adjust the membership capital stock requirement for all members within a range of 0.5% to 1.5% of a member's membership asset value and may adjust the cap for all members within an authorized range of \$10 million to \$50 million. A member's membership asset value is determined by multiplying the amount of the member's membership assets by the applicable membership asset factors as determined by the Bank. Membership assets are generally defined as assets (other than Bank capital

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

stock) of a type that could qualify as collateral to secure a member's indebtedness to the Bank under applicable law, whether or not the assets are pledged to the Bank or accepted by the Bank as eligible collateral.

The activity-based capital stock requirement is the sum of 2.7% of the member's outstanding advances, plus 0.1% of notional balances for outstanding letters of credit, plus 0.0% of any portion of any mortgage loan purchased and held by the Bank. The Bank may adjust the activity-based capital stock requirement for all members within ranges established in the capital plan of 2.0% to 5.0% of the member's outstanding advances, 0.1% to 1.0% of the member's notional balances of outstanding letters of credit, and 0.0% to 5.0% of any portion of any mortgage loan purchased and held by the Bank.

Any member may withdraw from membership and, subject to certain statutory and regulatory restrictions, have its capital stock redeemed after giving the required notice. Members that withdraw from membership may not reapply for membership for five years, in accordance with Finance Agency rules.

Mandatorily Redeemable Capital Stock. The changes in mandatorily redeemable capital stock were as follows:

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Balance at the beginning of the period	\$ 331	\$ 706	\$ 5
Reclassified from/(to) capital during the period	17	36	1,252
Repurchase/redemption	(242)	(411)	(551)
Balance at the end of the period	\$ 106	\$ 331	\$ 706

The following table presents mandatorily redeemable capital stock amounts by contractual year of redemption.

(In millions)	December 31, 2025		December 31, 2024	
Contractual Year of Redemption				
Year 2	\$	—	\$	1
Year 3		103		3
Year 4		3		309
Year 5		—		18
Total	\$	106	\$	331

Excess Stock Repurchase, Retained Earnings, and Dividend Framework. The Bank's Excess Stock Repurchase, Retained Earnings, and Dividend Framework (Framework) assesses the level and adequacy of retained earnings and establishes amounts to be retained in restricted retained earnings, which are not made available in the current dividend period, and maintains an amount of total retained earnings at least equal to its required retained earnings as described in the Framework. The methodology may be revised from time to time, and the required level of required retained earnings under the methodology may change due to updating data and assumptions used in the methodology. In January 2026, the required level of retained earnings established by the Bank's Framework, implemented in accordance with Finance Agency guidance, was increased from \$2.0 billion to \$2.3 billion. The Bank's retained earnings requirement may be changed at any time. The Board periodically reviews the retained earnings methodology and analysis to determine whether any adjustments are appropriate.

The Framework includes a dividend philosophy to endeavor to pay a quarterly dividend rate that is equal to or greater than the current market rate for a highly rated investment and that is sustainable under current and projected earnings while maintaining appropriate levels of capital. Additionally, effective January 2, 2026, the Framework was updated to establish a guideline for dividend rates for Class B-2 stock to be greater than or equal to Class B-1 stock. The decision to declare any dividend and the dividend rate is at the discretion of the Bank's Board, which may choose to follow or not follow the dividend philosophy as guidance in the dividend declaration. The Board may

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

also revise or eliminate the dividend philosophy in the future. The Bank's historical dividend rates and the dividend philosophy are not indicative of future dividend declarations.

The Bank satisfies its retained earnings requirement with both restricted retained earnings (i.e., amounts related to the Joint Capital Enhancement (JCE) Agreement) and unrestricted retained earnings. In accordance with the JCE Agreement, each FHLBank is required to reclassify an amount equal to 20% of its net income each quarter to a separate restricted retained earnings account until the balance of the account, calculated as of the last day of each calendar quarter, equals at least 1% of that FHLBank's average balance of outstanding consolidated obligations for the calendar quarter. Under the JCE Agreement, these restricted retained earnings will not be available to pay dividends. The JCE Agreement also provides that amounts in restricted retained earnings in excess of 150% of the Bank's restricted retained earnings minimum may be released from restricted retained earnings.

Dividend Payments – Finance Agency rules state that FHLBanks may declare and pay dividends only from previously retained earnings or current net earnings and may not declare or pay dividends based on projected or anticipated earnings. In addition, Finance Agency rules do not permit the Bank to pay dividends in the form of capital stock if its excess stock exceeds 1% of its total assets. Excess stock is defined as the aggregate of the capital stock held by each shareholder in excess of its minimum capital stock requirement, as established by the Bank's capital plan. Excess stock totaled \$154 million, or 0.21% of total assets as of December 31, 2025. Excess stock totaled \$111 million, or 0.14% of total assets as of December 31, 2024.

On February 11, 2026, the Bank's board of directors declared a quarterly cash dividend on the average capital stock outstanding during the fourth quarter of 2025 at an annualized rate of 8.75%, totaling \$58 million. The Bank expects to pay the dividend on March 10, 2026.

Excess Stock – The Bank's capital plan provides that the Bank may repurchase some or all of a shareholder's excess stock at the Bank's discretion, subject to certain statutory and regulatory requirements. The Bank may also repurchase all of a member's excess stock at a member's request, at the Bank's discretion, subject to certain statutory and regulatory requirements. A shareholder's excess stock is defined as any capital stock holdings in excess of the shareholder's minimum capital stock requirement, as established by the Bank's capital plan. The Bank's practice is to repurchase the surplus capital stock of all members and the excess stock of all former members on a daily schedule. Surplus capital stock is defined as any stock holdings in excess of 115% of a member's minimum stock requirement. The Bank calculates the amount of stock to be repurchased each business day based on the shareholder's capital stock outstanding after all stock transactions are completed for the day, ensuring that each shareholder would continue to meet its minimum capital stock requirement after the repurchase. The Bank may change this practice at any time. The Bank is required to redeem any mandatorily redeemable capital stock that is in excess of a former member's minimum stock requirement on or after the expiration of the five-year redemption date.

Concentration. No institution held 10% or more of the Bank's outstanding capital stock, including mandatorily redeemable capital stock, as of December 31, 2025 and 2024.

Note 12 — Employee Retirement Plans and Incentive Compensation Plans

Defined Benefit Plans

Qualified Defined Benefit Plan. The Bank provides retirement benefits through a Bank-sponsored Cash Balance Plan, a qualified defined benefit plan. The Cash Balance Plan is provided to all employees who have completed six months of Bank service. Under the plan, during the years ended December 31, 2025 and 2024, each eligible Bank employee accrued benefits annually equal to 6% of the employee's annual compensation, plus 6% interest on the benefits accrued to the employee through the prior yearend. The Cash Balance Plan is funded through a qualified trust established by the Bank.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Non-Qualified Defined Benefit Plans. The Bank sponsors the following non-qualified defined benefit retirement plans:

- Benefit Equalization Plan, a non-qualified retirement plan restoring benefits offered under the Cash Balance Plan that are limited by laws governing the plan. See below for further discussion of the defined contribution portion of the Benefit Equalization Plan.
- Supplemental Executive Retirement Plan (SERP), a non-qualified unfunded retirement benefit plan available to the Bank's eligible senior officers, which generally provides a service-linked supplemental cash balance annual contribution credit to SERP participants and an annual interest credit of 6% on the benefits accrued to the SERP participants through the prior yearend.
- Deferred Compensation Plan, a non-qualified retirement plan available to all eligible Bank employees, which provides make-up retirement benefits that would have been earned under the Cash Balance Plan had the compensation not been deferred. The make-up benefits vest according to the corresponding provisions of the Cash Balance Plan. See below for further discussion of the defined contribution portion of the Deferred Compensation Plan.

Postretirement Health Benefit Plan. The Bank provides a postretirement health benefit plan to employees that meet certain eligibility criteria. Changes in health care cost trend rates will not have a material effect on the Bank's accumulated postretirement benefit obligation or service and interest costs because benefit plan premiums are generally paid by the retirees.

Amounts recognized in AOCI for the defined benefit Cash Balance Plan, the non-qualified defined benefit plans, and postretirement health benefit plan consist of:

(In millions)	December 31, 2025			December 31, 2024		
	Cash Balance Plan	Non-Qualified Defined Benefit Plans	Postretirement Health Benefit Plan	Cash Balance Plan	Non-Qualified Defined Benefit Plans	Postretirement Health Benefit Plan
Net gain/(loss)	\$ 3	\$ 2	\$ 1	\$ (8)	\$ 2	\$ 1

The following table presents obligations and funded status of retirement plans.

(In millions)	December 31, 2025			December 31, 2024		
	Cash Balance Plan	Non-Qualified Defined Benefit Plans	Postretirement Health Benefit Plan	Cash Balance Plan	Non-Qualified Defined Benefit Plans	Postretirement Health Benefit Plan
Projected benefit obligation	\$ 86	\$ 16	\$ 1	\$ 83	\$ 15	\$ 1
Accumulated benefit obligation	86	16	1	83	14	1
Fair value of plan assets	113	—	—	101	—	—
Funded/(unfunded) status	27	(16)	(1)	18	(15)	(1)

The Bank uses a discount rate to determine the present value of its future benefit obligations. The discount rate was determined based on the Financial Times Stock Exchange (FTSE) Pension Discount Curve at the measurement date. The FTSE Pension Discount Curve is a yield curve that reflects the market-observed yields for high-quality fixed income securities for each maturity. The projected benefit payments for each year from the plan are discounted using the spot rates on the yield curve to derive a single equivalent discount rate. The discount rate is reset annually on the measurement date. The discount rate used to determine the benefit obligations for the Cash Balance Plan and non-qualified defined benefit plans was 5.00% for 2025 and 5.25% for 2024. The discount rate used to determine the benefit obligations for the postretirement health benefit plan was 5.25% for 2025 and 5.50% for 2024.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The table below presents the fair values of the Cash Balance Plan's assets, by asset category. See Note 14 – Fair Value for further information regarding the three levels of fair value measurement.

(In millions) Asset Category	December 31, 2025				December 31, 2024			
	Fair Value Measurement Using:			Total	Fair Value Measurement Using:			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 3	\$ —	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ 3
Equity mutual funds	68	—	—	68	61	—	—	61
Fixed income mutual funds	34	—	—	34	30	—	—	30
Real estate mutual funds	4	—	—	4	4	—	—	4
Other mutual funds	4	—	—	4	3	—	—	3
Total	\$ 113	\$ —	\$ —	\$ 113	\$ 101	\$ —	\$ —	\$ 101

The Cash Balance Plan is administered by the Bank's Retirement Committee, which establishes the plan's Statement of Investment Policy and Objectives. The Retirement Committee has adopted a strategic asset allocation based on a stable distribution of assets among major asset classes. These asset classes include domestic large-, mid-, and small-capitalization equity investments; international equity investments; real return investments; and fixed income investments. The Retirement Committee has set the Cash Balance Plan's target allocation percentages for a mix of 60% equity, 30% fixed income, and 10% real return. The Retirement Committee reviews the performance of the Cash Balance Plan on a regular basis.

The Cash Balance Plan's weighted average asset allocation, by asset category, was as follows:

Asset Category	December 31, 2025	December 31, 2024
Cash and cash equivalents	3 %	2 %
Equity mutual funds	60	61
Fixed income mutual funds	30	30
Real estate mutual funds	4	4
Other mutual funds	3	3
Total	100 %	100 %

The Bank did not contribute in 2025 and does not expect to contribute in 2026 to the Cash Balance Plan. The Bank contributed \$1 million in 2025 and expects to contribute \$1 million in 2026 to the non-qualified defined benefit plans and postretirement health benefit plan.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The following are the estimated future benefit payments, which reflect expected future service, as appropriate:

(In millions) Year	Cash Balance Plan	Non-Qualified Defined Benefit Plans
2026	\$ 5	\$ 1
2027	5	2
2028	6	1
2029	7	1
2030	41	5
Years 2031-2035	27	14

Defined Contribution Plans

Retirement Savings Plan. The Bank sponsors a qualified defined contribution retirement 401(k) savings plan, the Federal Home Loan Bank of San Francisco Savings Plan (Savings Plan). Contributions to the Savings Plan consist of elective participant contributions of up to 75% of each participant's base compensation and a Bank matching contribution of up to 6% of each participant's base compensation. The Bank contributed approximately \$3 million during each of the years ended December 31, 2025, 2024, and 2023.

Benefit Equalization Plan. The Bank sponsors a non-qualified retirement plan restoring benefits offered under the Savings Plan that have been limited by laws governing the plan. Employer contributions made to the plan were de minimis during the years ended December 31, 2025, 2024, and 2023.

Deferred Compensation Plan. The Bank maintains a deferred compensation plan that is available to all eligible Bank employees. The defined contribution portion of the plan consists of two components: (i) employee or director deferral of current compensation, and (ii) make-up matching contributions for employees that would have been made by the Bank under the Savings Plan had the compensation not been deferred. The make-up benefits under the Deferred Compensation Plan vest according to the corresponding provisions of the Savings Plan. The Deferred Compensation Plan liability consists of the accumulated compensation deferrals and accrued earnings on the deferrals, as well as the make-up matching contributions and any accrued earnings on the contributions. The Bank's obligation for this plan at December 31, 2025 and 2024, was \$69 million and \$63 million, respectively.

Incentive Compensation Plans

The Bank provides incentive compensation plans for all employees. Other liabilities include \$14 million and \$15 million for incentive compensation at December 31, 2025 and 2024, respectively.

Note 13 — Derivatives and Hedging Activities

General. The Bank may enter into interest rate swaps (including callable, putable, and basis swaps) and cap and floor agreements (collectively, interest rate exchange agreements or derivatives). Most of the Bank's interest rate exchange agreements are executed in conjunction with the origination of advances, the issuance of consolidated obligations, or the investment in fixed rate assets to create variable rate structures. The interest rate exchange agreements are generally executed at the same time the advances, consolidated obligations, and investments are transacted and generally have the same maturity dates as the related hedged instrument. The Bank transacts most of its derivatives with large banks and major broker-dealers. Some of these banks and broker-dealers or their affiliates buy, sell, and distribute consolidated obligations. Derivatives may be either uncleared or cleared. In an uncleared derivative transaction, the Bank's counterparty is the executing bank or broker-dealer. In a cleared derivative transaction, the Bank may execute the transaction with an executing bank or broker-dealer, either on or off a swap execution facility, but in either case, the Bank's counterparty is a derivatives clearing organization (clearing house)

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

once the derivative transaction has been accepted for clearing. The Bank is not a derivatives dealer and does not trade derivatives for short-term profit.

Additional uses of interest rate exchange agreements include: (i) offsetting embedded features in assets and liabilities, (ii) hedging anticipated issuance of debt, (iii) matching against consolidated obligation discount notes to create the equivalent of callable or non-callable fixed rate debt, (iv) modifying the repricing frequency of assets and liabilities, (v) matching against certain advances and consolidated obligations for which the Bank elected the fair value option, and (vi) exactly offsetting other derivatives cleared at a clearing house. The Bank's use of interest rate exchange agreements results in one of the following classifications: (i) a fair value hedge of an underlying financial instrument or (ii) an economic hedge of assets, liabilities, or other derivatives.

The Bank primarily uses interest rate swaps, which are agreements between two entities to exchange cash flows in the future. The agreement sets the dates on which the cash flows will be paid and the manner in which the cash flows will be calculated. One of the simplest forms of an interest rate swap involves the promise by one party to pay cash flows equivalent to the interest on a notional principal amount at a predetermined fixed rate for a given period of time. In return for this promise, the party receives cash flows equivalent to the interest on the same notional principal amount at a variable rate for the same period of time. The variable rate received or paid by the Bank in most interest rate exchange agreements is based on a daily repricing index, such as the Secured Overnight Financing Rate (SOFR) or the effective federal funds rate (EFFR).

Hedging Activities. The Bank documents at inception all relationships between derivatives designated as hedging instruments and hedged items, its risk management objectives and strategies for undertaking various hedge transactions, and its method of assessing hedge effectiveness. Derivatives designated as fair value hedges may be transacted to hedge: (i) assets and liabilities on the Statements of Condition, (ii) firm commitments, or (iii) forecasted transactions. The Bank also formally assesses (both at hedge inception and on an ongoing basis) whether the hedging derivatives have been effective in offsetting changes in the fair value of hedged items attributable to the hedged risk and whether those derivatives may be expected to remain effective hedges in future periods. The Bank typically uses regression analyses or other statistical analyses to assess the effectiveness of its hedges. When it is determined that a derivative has not been or is not expected to be effective as a hedge, the Bank discontinues hedge accounting prospectively.

The Bank may have the following types of hedged items:

Investments – The Bank may invest in U.S. Treasury and agency obligations as well as agency MBS. In the past, the Bank has also invested in PLRMBS rated AAA at the time of acquisition. The interest rate and prepayment risk associated with these investment securities is managed through a combination of debt issuance and derivatives. The Bank may manage prepayment risk and interest rate risk by funding investment securities with consolidated obligations that have call features or with a combination of consolidated obligations and callable swaps. This type of hedge is treated as either a fair value hedge or an economic hedge. The Bank may also execute callable swaps in conjunction with the issuance of certain liabilities to create funding that is economically equivalent to fixed rate callable debt. This type of hedge is treated as an economic hedge. Investment securities may be classified as trading, AFS, or HTM.

The Bank may also manage the risk arising from changing market prices or cash flows of investment securities classified as trading or AFS by entering into interest rate exchange agreements that offset the changes in fair value or cash flows of the securities. Hedge relationships that involve AFS securities are treated as a fair value hedge or an economic hedge.

For AFS securities that have been hedged and qualify as a fair value hedge, the Bank records the portion of the change in the fair value of the investment related to the risk being hedged in interest income together with the related change in the fair value of the derivative, and records the remainder of the change in the fair value of the investment in AOCI as “Net change in fair value on AFS securities.”

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Advances – The Bank offers a wide range of advances structures to meet members’ funding needs. These advances may have maturities up to 30 years with fixed or adjustable rates and may include early termination features or options. The Bank may use derivatives to adjust the repricing and options characteristics of advances to more closely match the characteristics of the Bank’s funding liabilities. In general, whenever a member executes a fixed rate advance, fixed rate advance with embedded options, or a variable rate advance with embedded options, the Bank may simultaneously execute an interest rate exchange agreement with terms that offset the terms and any embedded options in the advance. The combination of the advance and the interest rate exchange agreement effectively creates a variable rate asset. Fixed rate advances without options that are offset with an interest rate exchange agreement are generally treated as fair value hedges. Beginning in the second quarter of 2025, the Bank began designating advances with embedded options that are offset with an interest rate exchange agreement as fair value hedges. Historically, the fair value option was typically elected for these transactions.

Mortgage Loans Held for Portfolio – Prior to June 30, 2021, the Bank invested in fixed rate mortgage loans. The prepayment options embedded in mortgage loans can result in extensions or contractions in the expected repayment of these investments, depending on changes in estimated prepayment speeds. The Bank manages the interest rate risk and prepayment risk associated with fixed rate mortgage loans through a combination of debt issuance and derivatives. The Bank uses both callable and non-callable debt to achieve cash flow patterns and market value sensitivities for liabilities similar to those expected on the mortgage loans. Net income could be reduced if the Bank replaces prepaid mortgage loans with lower-yielding assets and the Bank’s higher funding costs are not reduced accordingly.

The Bank may execute callable swaps in conjunction with the issuance of short-term or adjustable rate consolidated obligations to create funding that is economically equivalent to fixed rate callable bonds. This type of hedge is treated as an economic hedge.

Consolidated Obligations – In general, when bonds are issued, the Bank simultaneously executes an interest rate exchange agreement with terms that offset the terms and embedded options, if any, of the consolidated obligation bond. This combination of the consolidated obligation bond and the interest rate exchange agreement effectively creates an adjustable rate bond. These transactions generally receive fair value hedge accounting treatment.

When the Bank issues consolidated obligation discount notes, it may also simultaneously enter into an interest rate exchange agreement to convert the fixed rate discount note to an adjustable rate discount note. This type of hedge is treated as either a fair value hedge or an economic hedge.

In addition, when certain consolidated obligation bonds for which the Bank has elected the fair value option are issued, the Bank simultaneously executes an interest rate exchange agreement with terms that economically offset the terms of the consolidated obligation bond. However, this type of hedge is treated as an economic hedge because these combinations do not meet the requirements for fair value hedge accounting treatment.

Offsetting Derivatives – The Bank enters into derivatives to offset the economic effect of other derivatives that are no longer designated to advances, investments, or consolidated obligations. Offsetting derivatives do not receive hedge accounting treatment and are separately marked to market through earnings. The net result of the accounting for these derivatives does not significantly affect the operating results of the Bank.

The notional amount of an interest rate exchange agreement serves as a factor in determining periodic interest payments or cash flows received and paid. However, the notional amount of derivatives represents neither the actual amounts exchanged nor the overall exposure of the Bank to credit risk and market risk. The risks of derivatives can be measured meaningfully on a portfolio basis by taking into account the counterparties, the types of derivatives, the items being hedged, and any offsets between the derivatives and the items being hedged.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

For more information related to the Bank’s accounting policies for derivatives, see Note 1 – Summary of Significant Accounting Policies.

The following table summarizes the notional amount and fair value of derivative instruments, including the effect of netting adjustments and cash collateral. For purposes of this disclosure, the derivative values include the fair value of derivatives and related accrued interest.

(In millions)	December 31, 2025			December 31, 2024		
	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities	Notional Amount of Derivatives	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments:						
Interest rate swaps	\$ 69,418	\$ 507	\$ 131	\$ 76,005	\$ 713	\$ 399
Derivatives not designated as hedging instruments:						
Interest rate swaps	12,145	5	51	13,871	39	59
Total derivatives before netting and collateral adjustments	\$ 81,563	512	182	\$ 89,876	752	458
Netting adjustments and cash collateral ⁽¹⁾		(470)	(179)		(722)	(450)
Total derivative assets and total derivative liabilities		\$ 42	\$ 3		\$ 30	\$ 8

(1) Amounts represent the application of the netting requirements that allow the Bank to settle positive and negative positions, and also cash collateral, including accrued interest, held or placed with the same clearing agents or counterparty. Cash collateral posted, including accrued interest, was \$53 million and \$210 million at December 31, 2025 and 2024, respectively. Cash collateral received, including accrued interest, was \$345 million and \$482 million at December 31, 2025 and 2024, respectively.

The following tables present, by type of hedged item, the gains and losses on fair value hedging relationships and the impact of those derivatives on the Bank’s Statements of Income for the years ended December 31, 2025, 2024, and 2023.

(In millions)	2025			
	Interest Income/(Expense)			
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes ⁽²⁾
Total interest income/(expense) presented in the Statements of Income	\$ 1,863	\$ 1,081	\$ (2,223)	\$ (659)
Gain/(loss) on fair value hedging relationships				
Derivatives ⁽¹⁾	\$ (54)	\$ (269)	\$ 49	\$ (5)
Hedged items	186	484	(269)	2
Net gain/(loss) on derivatives and hedging activities recorded in net interest income	\$ 132	\$ 215	\$ (220)	\$ (3)

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

(In millions)	2024				
	Interest Income/(Expense)				
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes ⁽²⁾	
Total interest income/(expense) presented in the Statements of Income	\$ 2,767	\$ 1,186	\$ (3,143)	\$ (767)	
Gain/(loss) on fair value hedging relationships					
Derivatives ⁽¹⁾	\$ 360	\$ 655	\$ (209)	\$ 1	
Hedged items	159	(258)	(281)	(4)	
Net gain/(loss) on derivatives and hedging activities recorded in net interest income	\$ 519	\$ 397	\$ (490)	\$ (3)	

(In millions)	2023			
	Interest Income/(Expense)			
	Advances	AFS Securities	Consolidated Obligation Bonds	
Total interest income/(expense) presented in the Statements of Income	\$ 3,999	\$ 921	\$ (3,901)	
Gain/(loss) on fair value hedging relationships				
Derivatives ⁽¹⁾	\$ 117	\$ 91	\$ (138)	
Hedged items	230	230	(438)	
Net gain/(loss) on derivatives and hedging activities recorded in net interest income	\$ 347	\$ 321	\$ (576)	

(1) Includes net interest settlements.

(2) There were no fair value hedging relationships on consolidated obligation discount notes during the year ended December 31, 2023.

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

(In millions)	December 31, 2025				
	Interest Income/(Expense)				
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes	
Amortized cost of hedged asset/(liability) ⁽¹⁾	\$ 15,644	\$ 19,194	\$ (20,438)	\$ (14,683)	
Fair value hedging basis adjustments:					
Active hedging relationships included in amortized cost	\$ 8	\$ (563)	\$ 95	\$ (3)	
Discontinued hedging relationships included in amortized cost	—	387	—	—	
Total amount of fair value hedging basis adjustments	\$ 8	\$ (176)	\$ 95	\$ (3)	

(In millions)	December 31, 2024				
	Interest Income/(Expense)				
	Advances	AFS Securities	Consolidated Obligation Bonds	Consolidated Obligation Discount Notes	
Amortized cost of hedged asset/(liability) ⁽¹⁾	\$ 24,880	\$ 19,296	\$ (22,142)	\$ (9,702)	
Fair value hedging basis adjustments:					
Active hedging relationships included in amortized cost	\$ (230)	\$ (1,191)	364	(4)	
Discontinued hedging relationships included in amortized cost	32	512	—	—	
Total amount of fair value hedging basis adjustments	\$ (198)	\$ (679)	\$ 364	\$ (4)	

(1) Includes only the portion of amortized cost representing the hedged items in fair value hedging relationships.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

The following table presents the components of net gain/(loss) on derivatives as presented in the Statements of Income.

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Derivatives not designated as hedging instruments	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Economic hedges:			
Interest rate swaps	\$ (39)	\$ 16	\$ (26)
Net interest settlements	43	40	5
Total net gain/(loss) related to derivatives not designated as hedging instruments	4	56	(21)
Price alignment amount ⁽¹⁾	(2)	(3)	(4)
Net gain/(loss) on derivatives	\$ 2	\$ 53	\$ (25)

(1) This amount relates to derivatives for which variation margin on cleared derivatives is characterized as a daily settled contract.

Credit Risk. The Bank is subject to credit risk from potential nonperformance by counterparties to the interest rate exchange agreements. All of the Bank's agreements governing uncleared derivative transactions contain master netting provisions to help mitigate the credit risk exposure to each counterparty. The Bank manages counterparty credit risk through credit analyses and collateral requirements and by following the requirements of the Bank's risk management policies, credit guidelines, and Finance Agency and other regulations. The Bank also requires credit support agreements on all uncleared derivatives.

For cleared derivatives, the clearing house is the Bank's counterparty. The requirement that the Bank post initial margin and settle variation margin through a clearing agent to the clearing house exposes the Bank to institutional credit risk if its futures commission merchant, or clearing agent, fails to meet its obligations. The use of a clearing house, or central counterparty, lowers overall credit risk exposure because it employs standard valuation and initial and variation margin processes and is specifically designed to withstand remote but plausible futures commission merchant default credit events. Variation margin is settled for changes in the value of the portfolio, and initial margin is posted for changes in risk profile of the portfolio. The Bank analyzed the enforceability of offsetting rights applicable to its cleared derivative transactions and determined that the exercise of those offsetting rights by a non-defaulting party under these transactions should be upheld under applicable bankruptcy law and Commodity Futures Trading Commission rules in the event of a clearing house or clearing agent insolvency and under applicable clearing house rules upon a non-insolvency-based event of default of the clearing house or clearing agent. Based on this analysis, the Bank presents a net derivative receivable or payable for all of its transactions through a particular clearing agent with a particular clearing house.

Based on the Bank's credit analyses and the collateral requirements, the Bank does not expect to incur any credit losses on its derivative transactions.

The Bank's agreements for uncleared derivative transactions contain provisions that link the Bank's credit rating from Moody's Ratings and S&P Global Ratings to various rights and obligations. Certain of these derivative agreements provide that, if the Bank's long-term debt rating falls below a specified rating (ranging from A3/A- to Baa3/BBB-), the Bank's counterparty would have the right, but not the obligation, to terminate all of its outstanding derivative transactions with the Bank; the Bank's agreements with its clearing agents for cleared derivative transactions have similar provisions with respect to the debt rating of FHLBank System consolidated bonds. If this occurs, the Bank may choose to enter into replacement hedges, either by transferring the existing transactions to another counterparty or entering into new replacement transactions, based on prevailing market rates. The aggregate fair value of all uncleared derivative instruments with credit risk-related contingent features that were in a net derivative liability position (before cash collateral and related accrued interest) at December 31, 2025, was \$53 million, for which the Bank posted cash collateral of \$53 million in the ordinary course of business.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The Bank may present derivative instruments, related cash collateral received or pledged, and associated accrued interest by clearing agent or by counterparty on a net basis when the netting requirements have been met. The following table presents separately the fair value of derivative assets and derivative liabilities that have met the netting requirements, including the related collateral received from or pledged to counterparties.

(In millions)	December 31, 2025		December 31, 2024	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative instruments meeting netting requirements				
Gross recognized amount				
Uncleared	\$ 497	\$ 179	\$ 730	\$ 452
Cleared	15	3	22	6
Total gross recognized amount	512	182	752	458
Gross amount of netting adjustments and cash collateral				
Uncleared	(467)	(176)	(729)	(444)
Cleared	(3)	(3)	7	(6)
Total gross amounts of netting adjustments and cash collateral	(470)	(179)	(722)	(450)
Total derivative assets and total derivative liabilities	\$ 42	\$ 3	\$ 30	\$ 8
Net amount ⁽¹⁾⁽²⁾				
Uncleared	\$ 30	\$ 3	\$ 1	\$ 8
Cleared	12	—	29	—
Total net amount	\$ 42	\$ 3	\$ 30	\$ 8

- (1) The amount of non-cash collateral for uncleared derivatives included in the determination of the net amount is limited to the amount needed to secure the Bank's or counterparties' uncleared exposure. At December 31, 2025, the Bank received excess non-cash collateral with a fair value of \$2 million.
- (2) Any over-collateralization at the Bank's individual clearing agent and/or counterparty level is not included in the determination of the net amount. At December 31, 2025 and 2024, the Bank had additional net exposure of \$501 million and \$504 million, respectively, due to instances where non-cash collateral to a counterparty exceeded the Bank's net derivative position.

Note 14 — Fair Value

The following fair value amounts have been determined by the Bank using available market information and the Bank's best judgment of appropriate valuation methods. These estimates are based on pertinent information available to the Bank at December 31, 2025 and 2024. Although the Bank uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique or valuation methodology. For example, because an active secondary market does not exist for a portion of the Bank's financial instruments, in certain cases fair values cannot be precisely quantified or verified and may change as economic and market factors and evaluation of those factors change. The Bank continues to refine its valuation methodologies as markets and products develop and the pricing for certain products becomes more or less transparent. While the Bank believes that its valuation methodologies are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a materially different estimate of fair value as of the reporting date. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Therefore, the fair values are not necessarily indicative of the amounts that would be realized in current market transactions, although they do reflect the Bank's judgment as to how a market participant would estimate the fair values. The fair value summary table does not represent an estimate of the overall market value of the Bank as a going concern, which would take into account future business opportunities and the net profitability of total assets and liabilities.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

The following tables present the net carrying value or carrying value, as applicable, the estimated fair value, and the fair value hierarchy level of the Bank's financial instruments. The Bank records AFS securities, derivative assets, derivative liabilities, certain advances, certain consolidated obligations, and certain other assets at fair value on a recurring basis, and on occasion certain mortgage loans held for portfolio and certain other assets at fair value on a non-recurring basis. The Bank records all other financial assets and liabilities at amortized cost. Refer to the following tables for further details about the financial assets and liabilities held at fair value on either a recurring or non-recurring basis.

December 31, 2025						
(In millions)	Carrying Value ⁽¹⁾	Estimated Fair Value	Level 1	Level 2	Level 3	Netting Adjustments and Cash Collateral ⁽²⁾
Assets						
Cash and due from banks	\$ 16	\$ 16	\$ 16	\$ —	\$ —	\$ —
Interest-bearing deposits	3,092	3,092	3,092	—	—	—
Securities purchased under agreements to resell	4,650	4,650	—	4,650	—	—
Federal funds sold	5,070	5,070	—	5,070	—	—
AFS securities	20,253	20,253	—	19,372	881	—
HTM securities	903	892	—	816	76	—
Advances	38,227	38,271	—	38,271	—	—
Mortgage loans held for portfolio	639	552	—	552	—	—
Accrued interest receivable	193	193	—	193	—	—
Derivative assets, net ⁽²⁾	42	42	—	512	—	(470)
Other assets ⁽³⁾	20	20	20	—	—	—
Liabilities						
Deposits	873	873	—	873	—	—
Consolidated obligations:						
Bonds	47,254	47,162	—	47,162	—	—
Discount notes	17,074	17,073	—	17,073	—	—
Total consolidated obligations	64,328	64,235	—	64,235	—	—
Mandatorily redeemable capital stock	106	106	106	—	—	—
Accrued interest payable	292	292	—	292	—	—
Derivative liabilities, net ⁽²⁾	3	3	—	182	—	(179)

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

December 31, 2024

(In millions)	Carrying Value ⁽¹⁾	Estimated Fair Value	Level 1	Level 2	Level 3	Netting Adjustments and Cash Collateral ⁽²⁾
Assets						
Cash and due from banks	\$ 2	\$ 2	2	\$ —	\$ —	\$ —
Interest-bearing deposits	3,765	3,765	3,765	—	—	—
Securities purchased under agreements to resell	7,750	7,750	—	7,750	—	—
Federal funds sold	1,645	1,645	—	1,645	—	—
AFS securities	20,312	20,312	—	19,355	957	—
HTM securities	1,489	1,469	—	1,374	95	—
Advances	45,637	45,596	—	45,596	—	—
Mortgage loans held for portfolio	693	576	—	576	—	—
Accrued interest receivable	181	181	—	181	—	—
Derivative assets, net ⁽²⁾	30	30	—	752	—	(722)
Other assets ⁽³⁾	17	17	17	—	—	—
Liabilities						
Deposits	1,061	1,061	—	1,061	—	—
Consolidated obligations:						
Bonds	58,174	57,985	—	57,985	—	—
Discount notes	14,378	14,376	—	14,376	—	—
Total consolidated obligations	72,552	72,361	—	72,361	—	—
Mandatorily redeemable capital stock	331	331	331	—	—	—
Accrued interest payable	412	412	—	412	—	—
Derivative liabilities, net ⁽²⁾	8	8	—	458	—	(450)

(1) For certain financial instruments, the amounts represent net carrying value, which includes an allowance for credit losses.

(2) Amounts represent the application of the netting requirements that allow the Bank to settle positive and negative positions, and also cash collateral and related accrued interest held or placed with the same clearing agents or counterparty.

(3) Includes publicly traded mutual funds held in a grantor trust.

Fair Value Hierarchy. The fair value hierarchy is used to prioritize the fair value methodologies and valuation techniques as well as the inputs to the valuation techniques used to measure fair value for assets and liabilities carried at fair value on the Statements of Condition. The inputs are evaluated and an overall level for the fair value measurement is determined. This overall level is an indication of market observability of the fair value measurement for the asset or liability. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An entity must disclose the level within the fair value hierarchy in which the measurements are classified for all financial assets and liabilities measured on a recurring or non-recurring basis.

The application of the fair value hierarchy to the Bank's financial assets and financial liabilities that are carried at fair value either on a recurring or non-recurring basis is as follows:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in an active market that the reporting entity can access on the measurement date. An active market for the asset or liability is a market in which the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Inputs other than quoted prices within Level 1 that are observable inputs for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

assets or liabilities in markets that are not active; (3) inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves that are observable at commonly quoted intervals, and implied volatilities); and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 – Unobservable inputs for the asset or liability. Valuations are derived from techniques that use significant assumptions not observable in the market, which include pricing models, discounted cash flow models, or similar techniques.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following assets and liabilities, including those for which the Bank has elected the fair value option, are carried at fair value on the Statements of Condition as of December 31, 2025:

- AFS securities
- Certain advances
- Derivative assets and liabilities
- Certain consolidated obligation bonds
- Certain other assets

For instruments carried at fair value, the Bank reviews the fair value hierarchy classifications on a quarterly basis. For the periods presented, the Bank did not have any reclassifications for transfers in or out of level 3 of the fair value hierarchy.

Summary of Valuation Methodologies and Primary Inputs. The valuation methodologies and primary inputs used to develop the measurement of fair value for assets and liabilities that are measured at fair value on a recurring or nonrecurring basis in the Statements of Condition are listed below.

Investment Securities – MBS – To value its MBS, the Bank obtains prices from multiple designated third-party pricing vendors when available. The pricing vendors use various proprietary models to price these securities. The inputs to those models are derived from various sources including, but not limited to: benchmark yields, reported trades, dealer estimates, issuer spreads, prices on benchmark securities, bids, offers, and other market-related data. Since many securities do not trade on a daily basis, the pricing vendors use available information as applicable, such as benchmark yield curves, benchmarking of like securities, sector groupings, and matrix pricing, to determine the prices for individual securities. Each pricing vendor has an established challenge process in place for all security valuations, which facilitates resolution of price discrepancies identified by the Bank.

At least annually, the Bank conducts reviews of the multiple pricing vendors to update and confirm its understanding of the vendors' pricing processes, methodologies, and control procedures.

The Bank's valuation technique for estimating the fair values of its MBS first requires the establishment of a median vendor price for each security. If three prices are received, the middle price is the median price; if two prices are received, the average of the two prices is the median price; and if one price is received, it is the median price (and also the default fair value) subject to additional validation. All vendor prices that are within a specified tolerance threshold of the median price are included in the cluster of vendor prices that are averaged to establish a default fair value. All vendor prices that are outside the threshold (outliers) are subject to further analysis including, but not limited to, comparison to prices provided by an additional third-party valuation service, dealer price estimates for similar securities, and the use of internally modeled prices, which are deemed to be reflective of all relevant facts and circumstances that a market participant would consider. Such analysis is also applied in those limited instances where no third-party vendor price or only one third-party vendor price is available in order to arrive at an estimated fair value. If an outlier (or some other price identified in the analysis) is determined to be a better estimate of fair value, then the outlier (or the other price, as appropriate) is used as the fair value rather than the default fair value.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

If, instead, the analysis confirms that an outlier is (or outliers are) not representative of fair value and the default fair value is the best estimate, then the default fair value is used as the fair value.

If all vendor prices received for a security are outside the tolerance threshold level of the median price, then there is no default fair value, and the fair value is determined by an evaluation of all outlier prices (or the other prices, as appropriate) as described above.

As of December 31, 2025, multiple vendor prices were received for most of the Bank's MBS, and the fair value estimates for most of those securities were determined in accordance with the Bank's valuation technique based on these vendor prices. Based on the Bank's reviews of the pricing methods employed by the third-party pricing vendors and the relative lack of dispersion among the vendor prices (or, in those instances in which there were outliers, the Bank's additional analyses), the Bank believes that its fair value estimates are reasonable and that the fair value measurements are classified appropriately in the fair value hierarchy. Based on limited market liquidity for PLRMBS, the fair value measurements for these securities were classified as Level 3 within the fair value hierarchy.

Investment Securities – Non-MBS – To determine the estimated fair values of non-MBS investments, the Bank uses a market approach using prices from third-party pricing vendors, generally consistent with the methodologies for MBS. The Bank believes that its methodologies result in fair values that are reasonable and similar in all material respects based on the nature of the financial instruments being measured.

Advances Recorded Under the Fair Value Option – Because quoted prices are not available for advances, the fair values are measured using model-based valuation techniques (such as calculating the present value of future cash flows and reducing the amount for accrued interest receivable).

The Bank's primary inputs for measuring the fair value of advances recorded under the fair value option are market-based consolidated obligation yield curve (CO Curve) inputs obtained from the Office of Finance. The CO Curve is then adjusted to reflect the rates on replacement advances with similar terms and collateral. These spread adjustments are not market-observable and are evaluated for significance in the overall fair value measurement and the fair value hierarchy level of the advance. The Bank obtains market-observable inputs for complex advances recorded under the fair value option. These inputs may include volatility assumptions, which are market-based expectations of future interest rate volatility implied from current market prices for similar options (swaption volatility and volatility skew). The discount rates used in these calculations are the replacement advance rates for advances with similar terms. Pursuant to the Finance Agency's advances regulation, advances with an original term to maturity or repricing period greater than six months generally require a prepayment fee sufficient to make the Bank financially indifferent to the borrower's decision to prepay the advances. The Bank determined that no adjustment is required to the fair value measurement of advances for prepayment fees. The Bank also did not adjust its fair value measurement of advances recorded under the fair value option for creditworthiness primarily because advances were fully collateralized.

Other Assets – The estimated fair value of grantor trust assets is based on quoted market prices.

Derivative Assets and Liabilities – In general, derivative instruments transacted and held by the Bank for risk management activities are traded in over-the-counter markets where quoted market prices are not readily available. These derivatives are interest rate-related. For these derivatives, the Bank measures fair value using discounted cash flow models based on standard valuation techniques that use market-observable inputs, such as swap rates and volatility assumptions, which are market-based expectations of future interest rate volatility implied from current market prices for similar options (swaption volatility and volatility skew). The Bank uses the SOFR curve and the Overnight Index Swap curve for the discount rate and forward interest rate assumptions for derivatives indexed to SOFR and Overnight Index Swap, respectively.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

The Bank is subject to credit risk because of the risk of potential nonperformance by its derivative counterparties. To mitigate this risk, the Bank executes uncleared derivative transactions only with highly rated derivative dealers and major banks (derivative dealer counterparties) that meet the Bank's eligibility criteria. In addition, the Bank has entered into master netting agreements and bilateral credit support agreements with all active derivative dealer counterparties that provide for delivery of margin at specified levels to limit the Bank's net unsecured credit exposure to these counterparties. Under these policies and agreements, the amount of unsecured credit exposure to an individual derivative dealer counterparty is set at zero (subject to a minimum transfer amount). The Bank clears its cleared derivative transactions only through clearing agents that meet the Bank's eligibility requirements, and the Bank's credit exposure to the clearing house is secured by variation margin received from the clearing house. The Bank evaluated the potential for the fair value of the instruments to be affected by counterparty credit risk and determined that no adjustments to the overall fair value measurements were required.

The fair values of the derivative assets and liabilities include accrued interest receivable/payable and cash collateral remitted to/received from counterparties. The estimated fair values of the accrued interest receivable/payable and cash collateral approximate their carrying values because of their short-term nature. The fair values of derivatives that met the netting requirements are presented on a net basis. If these netted amounts are positive, they are classified as an asset and, if negative, they are classified as a liability.

Consolidated Obligations Recorded Under the Fair Value Option – Because quoted prices in active markets are not generally available for identical liabilities, the Bank measures fair values using internally developed models that use primarily market-observable inputs. The Bank's primary input for measuring the fair value of consolidated obligation bonds is a market-based CO Curve obtained from the Office of Finance. The Office of Finance constructs the CO Curve using the Treasury yield curve as a base curve, which is adjusted by indicative consolidated obligation spreads obtained from market-observable sources. These market indications are generally derived from pricing indications from dealers, historical pricing relationships, and market activity for similar liabilities, such as recent GSE issuances or secondary market activity. For consolidated obligation bonds with embedded options, the Bank also obtains market-observable inputs, such as volatility assumptions, which are market-based expectations of future interest rate volatility implied from current market prices for similar options (swaption volatility and volatility skew).

Adjustments may be necessary to reflect the Bank's credit quality or the credit quality of the FHLBank System when valuing consolidated obligation bonds measured at fair value. The Bank monitors its own creditworthiness and the creditworthiness of the other FHLBanks and the FHLBank System to determine whether any adjustments are necessary for creditworthiness in its fair value measurement of consolidated obligation bonds. The credit ratings of the FHLBank System and any changes to the credit ratings are the basis for the Bank to determine whether the fair values of consolidated obligations recorded under the fair value option have been significantly affected during the reporting period by changes in the instrument-specific credit risk.

Subjectivity of Estimates Related to Fair Values of Financial Instruments. Estimates of the fair value of financial assets and liabilities using the methodologies described above are subjective and require judgments regarding significant matters, such as the amount and timing of future cash flows, prepayment speed assumptions, expected interest rate volatility, methods to determine possible distributions of future interest rates used to value options, and the selection of discount rates that appropriately reflect market and credit risks. Changes in these judgments may have a material effect on the fair value estimates.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

Fair Value Measurements. The following tables present the fair value of assets and liabilities, which are recorded on a recurring or nonrecurring basis, by level within the fair value hierarchy.

December 31, 2025

(In millions)	Fair Value Measurement Using:			Netting Adjustments and Cash Collateral ⁽¹⁾	Total
	Level 1	Level 2	Level 3		
Recurring fair value measurements – Assets:					
AFS securities:					
U.S. Treasury obligations	\$ —	\$ 6,393	\$ —	\$ —	\$ 6,393
State housing agency obligations	—	42	—	—	42
MBS:					
GSEs – multifamily	—	12,937	—	—	12,937
PLRMBS	—	—	881	—	881
Subtotal AFS MBS	—	12,937	881	—	13,818
Total AFS securities	—	19,372	881	—	20,253
Advances ⁽²⁾	—	5,441	—	—	5,441
Derivative assets, net: interest rate-related	—	512	—	(470)	42
Other assets	20	—	—	—	20
Total recurring fair value measurements – Assets	\$ 20	\$ 25,325	\$ 881	\$ (470)	\$ 25,756
Recurring fair value measurements – Liabilities:					
Consolidated obligation bonds ⁽³⁾	\$ —	\$ 357	\$ —	\$ —	\$ 357
Derivative liabilities, net: interest rate-related	—	182	—	(179)	3
Total recurring fair value measurements – Liabilities	\$ —	\$ 539	\$ —	\$ (179)	\$ 360
Nonrecurring fair value measurements – Assets:⁽⁴⁾					
Impaired mortgage loans held for portfolio	\$ —	\$ —	\$ 2	\$ —	\$ 2
Total nonrecurring fair value measurements – Assets	\$ —	\$ —	\$ 2	\$ —	\$ 2

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

December 31, 2024

(In millions)	Fair Value Measurement Using:			Netting Adjustments and Cash Collateral ⁽¹⁾	Total
	Level 1	Level 2	Level 3		
Recurring fair value measurements – Assets:					
U.S. Treasury obligations	\$ —	\$ 6,510	\$ —	\$ —	\$ 6,510
MBS:					
GSEs – multifamily	—	12,845	—	—	12,845
PLRMBS	—	—	957	—	957
Subtotal AFS MBS	—	12,845	957	—	13,802
Total AFS securities	—	19,355	957	—	20,312
Advances ⁽²⁾	—	5,286	—	—	5,286
Derivative assets, net: interest rate-related	—	752	—	(722)	30
Other assets	17	—	—	—	17
Total recurring fair value measurements – Assets	\$ 17	\$ 25,393	\$ 957	\$ (722)	\$ 25,645
Recurring fair value measurements – Liabilities:					
Consolidated obligation bonds ⁽³⁾	\$ —	\$ 436	\$ —	\$ —	\$ 436
Derivative liabilities, net: interest rate-related	—	458	—	(450)	8
Total recurring fair value measurements – Liabilities	\$ —	\$ 894	\$ —	\$ (450)	\$ 444
Nonrecurring fair value measurements – Assets:⁽⁴⁾					
Impaired mortgage loans held for portfolio	\$ —	\$ —	\$ 1	\$ —	\$ 1
Total nonrecurring fair value measurements – Assets	\$ —	\$ —	\$ 1	\$ —	\$ 1

- (1) Amounts represent the application of the netting requirements that allow the Bank to settle positive and negative positions, and also cash collateral and related accrued interest held or placed by the Bank, with the same clearing agents or counterparty.
- (2) Represents advances recorded under the fair value option at December 31, 2025 and 2024.
- (3) Represents consolidated obligation bonds recorded under the fair value option at December 31, 2025 and 2024.
- (4) The fair value information presented is as of the date the fair value adjustment was recorded during the years ended December 31, 2025 and 2024.

The following table presents a reconciliation of the Bank's AFS PLRMBS that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Balance, beginning of the period	\$ 957	\$ 1,059	\$ 1,182
Total gain/(loss) realized and unrealized included in:			
Interest income	14	12	33
(Provision for)/reversal of credit losses	(3)	—	(4)
Unrealized gain/(loss) included in AOCI	5	(5)	(15)
Settlements	(92)	(109)	(139)
Transfers of HTM securities to AFS securities	—	—	2
Balance, end of the period	\$ 881	\$ 957	\$ 1,059
Total amount of unrealized gain/(loss) for the period included in AOCI relating to assets held at the end of the period	\$ 5	\$ (5)	\$ (15)
Total amount of gain/(loss) for the period included in earnings relating to assets held at the end of the period	\$ 11	\$ 12	\$ 29

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Fair Value Option. The fair value option provides an entity with an irrevocable option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. It requires an entity to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the Statements of Condition. Fair value is used for both the initial and subsequent measurement of the designated assets, liabilities, and commitments, with the changes in fair value recognized in net income. Interest income and interest expense on advances and consolidated obligation bonds carried at fair value are recognized solely on the contractual amount of interest due or unpaid. Any consolidated obligation bond underwriting fees or concessions will be immediately recognized in other income/(loss) or non-interest expense.

As of December 31, 2025, the following financial instruments were measured at fair value under the fair value option:

- Callable fixed rate advances;
- Putable fixed rate advances;
- Fixed rate advances with partial prepayment symmetry; and
- Step-up callable bonds, which pay interest at increasing fixed rates for specified intervals over the life of the bond and can generally be called at the Bank’s option on the step-up dates according to the terms of the bond offerings.

The Bank has elected the fair value option for certain financial instruments to assist in mitigating potential earnings volatility that can arise from economic hedging relationships in which the carrying value of the hedged item is not adjusted for changes in fair value.

The following table presents the net gain/(loss) recognized in earnings on advances and consolidated obligation bonds held under fair value option:

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Advances	\$ 50	\$ 4	\$ 28
Consolidated obligation bonds	(11)	(16)	(29)
Total	\$ 39	\$ (12)	\$ (1)

For instruments for which the fair value option has been elected, the related contractual interest income and contractual interest expense are recorded as part of net interest income on the Statements of Income. The remaining changes in fair value for instruments for which the fair value option has been elected are recorded as net gain/(loss) on financial instruments held under the fair value option in the Statements of Income. For advances and consolidated obligations recorded under the fair value option, the Bank determined that none of the remaining changes in fair value were related to instrument-specific credit risk for the years ended December 31, 2025, 2024, and 2023. In determining that there has been no change in instrument-specific credit risk period to period, the Bank primarily considered the following factors:

- The Bank is a federally chartered GSE, and as a result of this status, the consolidated obligations have historically received the same credit ratings as the government bond credit rating of the United States, even though they are not obligations of the United States and are not guaranteed by the United States.
- The Bank is jointly and severally liable with the other FHLBanks for the payment of principal and interest on all consolidated obligations of each of the FHLBanks.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

The following table presents the difference between the aggregate remaining contractual principal balance outstanding and aggregate fair value of advances and consolidated obligation bonds for which the Bank elected the fair value option:

(In millions)	December 31, 2025			December 31, 2024		
	Principal Balance	Fair Value	Fair Value Over/(Under) Principal Balance	Principal Balance	Fair Value	Fair Value Over/(Under) Principal Balance
Advances ⁽¹⁾	\$ 5,371	\$ 5,441	\$ 70	\$ 5,269	\$ 5,286	\$ 17
Consolidated obligation bonds	360	357	(3)	450	436	(14)

(1) At December 31, 2025 and 2024, none of these advances were 90 days or more past due or had been placed on nonaccrual status.

Note 15 — Commitments and Contingencies

Off-balance sheet commitments were as follows:

(In millions)	December 31, 2025			December 31, 2024	
	Expire Within One Year	Expire After One Year	Total	Total	
Standby letters of credit outstanding	\$ 10,475	\$ 9,800	\$ 20,275	\$ 19,497	
Commitments to fund additional advances	—	—	—	5	
Commitments to issue consolidated obligation discount notes, par	168	—	168	—	

Standby letters of credit are generally issued for a fee on behalf of members to support their obligations to third parties. If the Bank is required to make a payment for a beneficiary's drawing under a letter of credit, the amount is immediately due and payable by the member to the Bank and is charged to the member's demand deposit account with the Bank. The Bank monitors the creditworthiness of members that have standby letters of credit. The carrying value of guarantees related to standby letters of credit, representing unearned fees and recorded in other liabilities, was \$63 million and \$55 million at December 31, 2025 and 2024, respectively. Standby letters of credit are fully collateralized at the time of issuance. Based on the Bank's credit analyses of members' financial condition and collateral requirements, the Bank does not anticipate any credit losses and did not record any additional liability for credit losses on the letters of credit outstanding or other off-balance sheet commitments as of December 31, 2025 and 2024. Advances funded under advance commitments are fully collateralized at the time of funding.

The Bank has pledged securities as collateral related to its cleared and uncleared derivatives. See Note 13 – Derivatives and Hedging Activities for additional information about the Bank's pledged collateral and other credit risk-related contingent features.

The Bank may be subject to various legal proceedings that may arise in the ordinary course of business. After consultation with legal counsel, the Bank does not anticipate that the ultimate liability, if any, arising out of these matters will have a material effect on its financial condition, results of operations, or cash flows.

Other commitments and contingencies are discussed in Note 1 – Summary of Significant Accounting Policies, Note 5 – Advances, Note 8 – Consolidated Obligations, Note 9 – Affordable Housing Program, Note 11 – Capital, Note 12 – Employee Retirement Plans and Incentive Compensation Plans, and Note 13 – Derivatives and Hedging Activities.

**Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)**

Note 16 — Transactions with Certain Members, Certain Nonmembers, and Other FHLBanks

Transactions with Members and Nonmembers. The Bank has a cooperative ownership structure under which current member institutions, certain former members, and certain other nonmembers own the capital stock of the Bank. Former members and nonmembers that have outstanding transactions with the Bank are required to maintain their investment in the Bank's capital stock until their outstanding transactions mature or are paid off or until their capital stock is redeemed following the five-year redemption period for capital stock or is repurchased by the Bank, in accordance with the Bank's capital requirements. For more information on concentration risk, see Note 5 – Advances and Note 11 – Capital.

Under the FHLBank Act and Finance Agency regulations, each member eligible to vote is entitled to cast by ballot one vote for each share of stock that it was required to hold as of the record date, which is December 31, of the year prior to each election, subject to the limitation that no member may cast more votes than the average number of shares of the Bank's stock that are required to be held by all members located in such member's state. All transactions with members, nonmembers, and their affiliates are entered into in the ordinary course of business.

All advances are made to members, and all mortgage loans held for portfolio were purchased from members. The Bank also maintains deposit accounts for members, certain former members, and certain other nonmembers primarily to facilitate settlement activities that are directly related to advances. All transactions with members and their affiliates are entered into in the ordinary course of business.

The Bank may invest in federal funds sold, interest-bearing deposits, and MBS, and executes derivative transactions with members or their affiliates. The Bank purchases MBS through securities brokers or dealers and executes all MBS investments without preference to the status of the counterparty or the issuer of the investment as a nonmember, member, or affiliate of a member. When the Bank executes non-MBS investments with a member, the Bank may give consideration to the member's secured credit and the Bank's advances pricing.

The FHLBank Act requires the Bank to establish an AHP. Through the AHP, the Bank provides subsidies to members, who use the funds to assist in the purchase, construction, or rehabilitation of housing for households earning up to 80% of the median income for the area in which they live. Subsidies may be in the form of direct grants or below-market interest rate advances. Only Bank members, along with their nonmember AHP project sponsors, may submit AHP applications. All AHP subsidies are made in the ordinary course of business.

The FHLBank Act also requires the Bank to establish a Community Investment Program and authorizes the Bank to offer additional Community Investment Cash Advance (CICA) programs. Under these programs, the Bank provides subsidies in the form of grants and below-market interest rate advances to members or standby letters of credit to members for community lending and economic development projects. Only Bank members may submit applications for CICA subsidies. All CICA subsidies are made in the ordinary course of business.

In instances where the member has an officer or director serving on the Bank's board of directors, all of the aforementioned transactions with the member are subject to the same eligibility and credit criteria, as well as the same conditions, as comparable transactions with all other members, in accordance with regulations governing the operations of the FHLBanks.

Federal Home Loan Bank of San Francisco
Notes to Financial Statements (continued)

The following tables set forth information at the dates and for the periods indicated with respect to transactions with members that have an officer or director serving on the Bank's board of directors.

(In millions)	December 31, 2025	December 31, 2024
Assets:		
Advances	\$ 3,271	\$ 5,713
Mortgage loans held for portfolio	65	70
Accrued interest receivable	4	9
Liabilities:		
Deposits	\$ 23	\$ 16
Capital:		
Capital Stock	\$ 149	\$ 190

(In millions)	For the Years Ended December 31,		
	2025	2024	2023
Interest Income:			
Advances	\$ 239	\$ 192	\$ 271
Mortgage loans held for portfolio	2	3	3
Interest Expense:			
Deposits	1	1	1

All transactions with members, nonmembers, and their affiliates are entered into in the ordinary course of business. As of and for the three-year period ended December 31, 2025, no shareholder owned 10% or more of the total voting interests in the Bank because of this statutory limit on members' voting rights.

Transactions with Other FHLBanks. The Bank may occasionally enter into transactions with other FHLBanks. These transactions are summarized below.

Deposits with other FHLBanks. The Bank may, from time to time, maintain deposits with other FHLBanks. Deposits with other FHLBanks were de minimis at December 31, 2025 and 2024, and were recorded as "Interest-bearing deposits" in the Statements of Condition.

Overnight Funds. The Bank may borrow or lend unsecured overnight funds from or to other FHLBanks. All such transactions are at current market rates. Interest income and interest expense related to these transactions with other FHLBanks are included in interest income and interest expense in the Statements of Income. Balances outstanding at period end with other FHLBanks, if any, are identified in the Bank's financial statements. During the years ended December 31, 2025, 2024, and 2023, the Bank extended overnight loans to other FHLBanks for \$500 million, \$210 million, and \$2.6 billion, respectively. The amount of interest income for these advances was de minimis for the years ended December 31, 2025, 2024, and 2023. During the years ended December 31, 2025, 2024, and 2023, the Bank borrowed \$1.2 billion, \$80 million, and \$5.5 billion, respectively, from other FHLBanks. Interest expense related to these borrowings was de minimis for the years ended December 31, 2025 and 2024, and \$2 million for the year ended December 31, 2023.

Note 17 — Subsequent Events

On February 11, 2026, the Board declared a special cash dividend on the average capital stock outstanding during the fourth quarter of 2025 for \$75 million, or approximately \$2.86 per share, representing an annualized rate of 11.36%. The special dividend was paid on February 25, 2026. In connection with the special dividend, the Board also approved an additional voluntary mission contribution of \$22.5 million, to be allocated from the Bank's 2026 net income.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The senior management of the Federal Home Loan Bank of San Francisco (Bank) is responsible for establishing and maintaining a system of disclosure controls and procedures designed to ensure that information required to be disclosed by the Bank in the reports filed or submitted under the Securities Exchange Act of 1934 (1934 Act) is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. The Bank's disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Bank in the reports that it files or submits under the 1934 Act is accumulated and communicated to the Bank's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the Bank's disclosure controls and procedures, the Bank's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and the Bank's management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of controls and procedures.

Management of the Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures with the participation of the principal executive officer and principal financial officer as of the end of the period covered by this report. Based on that evaluation, the Bank's president and chief executive officer and executive vice president and chief financial officer have concluded that the Bank's disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Internal Control Over Financial Reporting

Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the 1934 Act as a process designed by, or under the supervision of, the Bank's principal executive and principal financial officers and effected by the Bank's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Bank;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

During the three months ended December 31, 2025, there were no changes in the Bank's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting. For management's assessment of the Bank's internal control over financial reporting, refer to "Item 8. Financial Statements and Supplementary Data – Management's Report on Internal Control Over Financial Reporting."

Consolidated Obligations

The Bank's disclosure controls and procedures include controls and procedures for accumulating and communicating information in compliance with the Bank's disclosure and financial reporting requirements relating to the joint and several liability for the consolidated obligations of the Federal Home Loan Banks (FHLBanks). Because the FHLBanks are independently managed and operated, the Bank's management relies on information that is provided or disseminated by the Federal Housing Finance Agency (Finance Agency), the Office of Finance, and the other FHLBanks, as well as on published FHLBank credit ratings, in determining whether the joint and several liability regulation is reasonably likely to result in a direct obligation for the Bank or whether it is reasonably possible that the Bank will accrue a direct liability.

The Bank's management also relies on the operation of the joint and several liability regulation. The joint and several liability regulation requires that each FHLBank file with the Finance Agency a quarterly certification that it will remain capable of making full and timely payment of all of its current obligations, including direct obligations, coming due during the next quarter. In addition, if an FHLBank cannot make such a certification or if it projects that it may be unable to meet its current obligations during the next quarter on a timely basis, it must file a notice with the Finance Agency. Under the joint and several liability regulation, the Finance Agency may order any FHLBank to make principal and interest payments on any consolidated obligations of any other FHLBank, or allocate the outstanding liability of an FHLBank among all remaining FHLBanks on a pro rata basis in proportion to each FHLBank's participation in all consolidated obligations outstanding or on any other basis.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The board of directors (Board) of the Federal Home Loan Bank of San Francisco (Bank) is composed of member directors and nonmember independent directors. In accordance with the Federal Home Loan Bank Act, each year the Federal Housing Finance Agency (Finance Agency) designates the total number of director positions for the Bank for the following year. Member director positions are allocated to each of the three states in the Bank's district. Of the seven member director positions designated by the Finance Agency for 2025, one was allocated to Arizona, five were allocated to California, and one was allocated to Nevada. Of the five member director positions designated by the Finance Agency for 2026, one was allocated to Arizona, three were allocated to California, and one was allocated to Nevada. The nonmember independent director positions on the Board must be at least two-fifths of the number of member director positions and at least two of them must be public interest director positions. For 2025, the Finance Agency designated six nonmember independent director positions, two of which were public interest director positions. For 2026, the Finance Agency designated four nonmember independent director positions, two of which were public interest director positions.

The Bank holds elections each year for the director positions with terms ending at yearend, with new terms beginning the following January 1. For member director positions, eligible members located in the relevant states as of the record date may participate in the election for the state in which they are located. For nonmember independent director positions, all members located in the district as of the record date are eligible to participate in the election. For each director position to be filled, an eligible institution may cast one vote for each share of capital stock it was required to hold as of the record date (according to the requirements of the Bank's capital plan), except that an eligible institution's votes for each director position to be filled may not exceed the average number of shares of capital stock required to be held by all of the members in that state as of the record date. In the case of an election to fill more than one member director position for a state, an eligible institution may not cumulate or divide its block of eligible votes. Interim vacancies in director positions are filled by the Board. The Board does not solicit proxies, nor are eligible institutions permitted to solicit or use proxies to cast their votes in an election.

Candidates for member director positions are not nominated by the Bank's Board. As provided for in the Federal Home Loan Bank Act of 1932, as amended (FHLBank Act), member director candidates are nominated by the institutions eligible to participate in the election in the relevant state. Candidates for nonmember independent director positions are nominated by the Board, following consultation with the Bank's Affordable Housing Advisory Council, and are reviewed by the Finance Agency. The Board's Governance Committee performs certain functions that are similar to the functions of a nominating committee with respect to the nomination of nonmember independent directors. If only one individual is nominated by the Board for each open nonmember independent director position, that individual must receive at least 20% of the eligible votes to be declared elected; and if two or more individuals are nominated by the Board for any single open nonmember independent director position, the individual receiving the highest number of votes cast in the election must be declared elected by the Bank.

Each member director must be a citizen of the United States and must be an officer or director of a member of the Bank (located in the state to which the director position has been allocated) that meets all minimum capital requirements established by the member's appropriate federal banking agency or appropriate state regulator. There are no other eligibility or qualification requirements in the FHLBank Act or the regulations governing the Federal Home Loan Banks (FHLBanks) for member directors. Each nonmember independent director must be a United States citizen and must maintain a principal residence in a state in the Bank's district (or own or lease a residence in the district and be employed in the district). In addition, the individual may not be an officer of any FHLBank or a director, officer, or employee of any member of the Bank or of any recipient of advances from the Bank. Each nonmember independent director who serves as a public interest director must have more than four years of personal experience in representing consumer or community interests in banking services, credit needs, housing, or financial consumer protection. Each nonmember independent director other than a public interest director must have knowledge of, or experience in, financial management, auditing or accounting, risk management practices, derivatives, project development, organizational management, or law.

The term for each director position is four years (unless a shorter term is assigned by the Finance Agency for staggering purposes), and directors are subject to a limit on the number of consecutive terms they may serve. A director elected to three consecutive full terms on the Board is not eligible for election to a term that begins earlier than two years after the expiration of the third consecutive term. On an annual basis, the Bank's Board performs a Board assessment that includes consideration of the directors' backgrounds, experience, expertise, Board service, and other factors. Also on an annual basis, each director certifies to the Bank that he or she continues to meet all applicable statutory and regulatory eligibility and qualification requirements. In connection with the election or appointment of a nonmember independent director, the nonmember independent director completes an application form providing information to demonstrate his or her eligibility and qualifications to serve on the Board. As of the filing date of this Form 10-K, nothing has come to the attention of the Board or management to indicate that any of the current Board members do not continue to possess the necessary experience, qualifications, attributes, or skills expected of the directors to serve on the Bank's Board, as described in each director's biography below.

Information regarding the current directors and executive officers of the Bank is provided below. There are no family relationships among the directors or executive officers of the Bank, and there are no arrangements or understandings between any of the directors or executive officers of the Bank and any other person pursuant to which such directors or officers were selected as directors or executive officers of the Bank. The Bank's Code of Conduct for Senior Officers, which applies to the president and chief executive officer, all executive vice presidents, all leadership team members as designated by the chief executive officer from time to time, the Bank's controller and deputy controller, and such other employees serving in a financial reporting oversight role as determined from time to time by the chief financial officer, and any amendments or waivers to the code are disclosed on the Bank's website located at www.fhlbsf.com.

The charter of the Audit Committee of the Bank's Board is available on the Bank's website at www.fhlbsf.com.

Board of Directors

The following table sets forth information, as of February 27, 2026, regarding each of the Bank’s directors.

Name	Age	Director Since	Expiration of Current Term
Joan C. Opp, Chair ⁽³⁾⁽⁶⁾	59	2018	2029
Banafsheh Akhlaghi, Vice Chair ⁽¹⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	57	2022	2029
Laura Archuleta ⁽¹⁾⁽⁶⁾	61	2024	2027
Ana E. Fonseca ⁽³⁾⁽⁵⁾⁽⁸⁾⁽⁹⁾	60	2022	2028
Lori R. Gay ⁽¹⁾⁽⁵⁾	63	2021	2029
Matthew Hendricksen ⁽⁴⁾⁽⁷⁾⁽⁸⁾	46	2020	2027
Chang M. Liu ⁽³⁾⁽⁵⁾	59	2023	2026
Brian M. Riley ⁽²⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	61	2015	2026
F. Daniel Siciliano ⁽¹⁾⁽⁷⁾	55	2017	2028

- (1) Elected as a nonmember independent director by the Bank members eligible to vote.
- (2) Elected by the Bank’s Arizona members eligible to vote.
- (3) Elected by the Bank’s California members eligible to vote.
- (4) Elected by the Bank’s Nevada members eligible to vote.
- (5) Member of the Audit Committee in 2026.
- (6) Member of the Audit Committee in 2025. Former Directors Jeffrey K. Ball and Silvio Tavares were also on the Audit Committee in 2025.
- (7) Member of the Compensation and Human Resources Committee in 2026.
- (8) Member of the Compensation and Human Resources Committee in 2025. Former Director David Adame was also on the Compensation and Human Resources Committee in 2025.
- (9) Selected by the Board beginning on January 1, 2026, to fill the California Member Directorship vacated by former director Jeffrey K. Ball, who resigned from the Board effective December 31, 2025.

The Board has determined that Audit Committee Chair Ana E. Fonseca, and Audit Committee members Banafsheh Akhlaghi, Brian M. Riley, and Chang M. Liu are “audit committee financial experts” within the meaning of the Securities and Exchange Commission (SEC) rules. For information concerning the experience through which these individuals acquired the attributes required to be deemed audit committee financial experts, refer to the biographical information below. The Bank is required by SEC rules to disclose whether the audit committee financial experts are independent and is required to use a definition of independence from a national securities exchange or national securities association. The Bank has elected to use the National Association of Securities Dealers Automated Quotations (Nasdaq) definition of independence, and under that definition, all of the Bank’s audit committee financial experts are independent. In addition, all of the Bank’s audit committee financial experts are independent according to the rules governing the FHLBanks applicable to members of the audit committees of the boards of directors of the FHLBanks and the independence rules under Section 10A(m) of the Securities Exchange Act of 1934.

Joan C. Opp, Chair

Joan C. Opp has been the president and chief executive officer of Stanford Federal Credit Union, Palo Alto, California, since May 2010. From February 2002 to April 2010, she was executive vice president and chief financial officer for Texas Trust Credit Union overseeing accounting, information technology, marketing and business services, as well as three credit union service organizations. Prior to that, Ms. Opp was a partner with the CPA firm of Clifton Gunderson, LLP, and is a Certified Public Accountant. Ms. Opp serves on the board of directors of Velera. Ms. Opp’s current position as the principal executive officer of a Bank member, her previous executive positions with other financial institutions, and her involvement in and knowledge of corporate governance, finance, auditing, accounting, internal controls, risk management, financial reporting, and financial management, as indicated by her background, support Ms. Opp’s qualifications to serve on the Bank’s Board.

Banafsheh Akhlaghi, Vice Chair

Banafsheh Akhlaghi is a principal of Akhlaghi Law, Mill Valley, California, an international private law practice founded in 2010. She has over 20 years of experience in private law practice and as consultant to the United Nations. Her expertise includes Compliance & Complex Regulatory Industries, Risk Management, Housing, Public Policy, and Artificial Intelligence (“AI”) Ethics. She is a member of the Board of Advisors for Entefy, a Silicon Valley-based advanced AI and process automation company, and former Chair of the Legal Services Trust Fund Commission of the State Bar of California, administering over \$200 million to grantees for homeless prevention, eviction defense, affordable housing, and community development. Ms. Akhlaghi’s current position as a principal in a law firm, her expertise in governance and risk management, and her management skills, as indicated by her background, support her qualifications to serve on the Bank’s Board.

Laura Archuleta

Laura Archuleta is president and CEO of Jamboree Housing Corporation, Irvine, California, a nonprofit housing development company. Ms. Archuleta leads the development, acquisition, renovation, and management of affordable housing across California. Under her visionary leadership for over two decades, Jamboree's portfolio has expanded to a substantial \$3.2 billion, providing homes for over 20,000 residents, including low-income families, seniors, transitional age youth, and individuals with special needs. Her commitment to bridging diverse interests and fostering collaboration is evident in her ability to unite stakeholders from all walks of life, achieving common goals and creating innovative solutions to address California's pressing housing demand. She also brings decades of experience serving on numerous boards, including the Cal State Fullerton Philanthropic Foundation Board of Governors, California Housing Consortium, and California Building Industry Association (CBIA). She is a founding member of UC Irvine's Livable Cities Lab, which leverages academic expertise to study the impact of affordable housing. Ms. Archuleta’s current position as the principal executive officer of a developer of affordable housing properties in California, and her management skills, as indicated by her background, support Ms. Archuleta’s qualifications to serve on the Bank’s Board.

Ana E. Fonseca

Ana E. Fonseca has 37 years’ experience in the financial services industry and has been the president and chief executive officer of Logix Federal Credit Union, Valencia, California, since January 2019. From April 2002 through December 2018, she held leadership roles including executive vice president/chief operating officer and executive vice president/chief financial officer. She is experienced in developing and executing strategies to achieve long term profitable growth, sustain high levels of customer delight, and build high performing teams and has overseen fiscal operations, sales and revenue growth, customer service/experience, lending, risk management, facilities management, information technology, data and financial analytics and business operations. Ms. Fonseca’s current position as the principal executive officer of a Bank member, and her involvement in and knowledge of corporate governance, finance, auditing, accounting, internal controls, risk management, financial reporting, and financial management, as indicated by her background, support Ms. Fonseca’s qualifications to serve on the Bank’s Board.

Lori R. Gay

Lori R. Gay has been president and chief executive officer of Neighborhood Housing Services of Los Angeles County (NHS) since 1990. NHS serves as a community development financial institution and full-service real estate firm. Ms. Gay has served on numerous boards of directors, including the Federal Reserve Bank of San Francisco, Los Angeles Branch, the California Organized Investment Network, and the California Housing Finance Agency. Ms. Gay’s current position as the principal executive officer of an affordable homeownership services provider responsible for reaching families with financial counseling and affordable lending and redevelopment services and her management skills, and her involvement in and knowledge of corporate governance, finance, auditing, internal controls, risk management, financial reporting, and financial management, as indicated by her background, support Ms. Gay’s qualifications to serve as a public interest director on the Bank’s Board.

Matthew Hendricksen

Mr. Hendricksen is a senior vice president with Employers Holdings, Inc. (EMPLOYERS®), overseeing the treasury and investment operations of Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, Employers Assurance Company, and Cerity Insurance Company. During his 20-plus year career, Mr. Hendricksen has specialized in investments, derivatives, collateral operations, risk management, and insurance regulations. Mr. Hendricksen's current position as an officer of a Bank member and his involvement in and knowledge of finance, accounting, internal controls, risk management, and financial management, as indicated by his background, support Mr. Hendricksen's qualifications to serve on the Bank's Board.

Chang M. Liu

Chang M. Liu is president and chief executive officer of Cathay Bank and its holding company Cathay General Bancorp, where he serves on both entities' board of directors. Mr. Liu has over 31 years of experience in the financial services industry. Mr. Liu joined Cathay Bank in 2014 as senior vice president and assistant chief lending officer. He has held various leadership positions of increasing responsibilities, including executive vice president and chief lending officer in 2016 and chief operating officer in 2018. Before being named president, Mr. Liu was responsible for managing and overseeing all commercial and real estate lending, business development, and various operations. Mr. Liu also serves as a member of the Western Bankers Association board of directors and the American Cancer Society's CEOs Against Cancer group, on the board of advisors for the UCLA Anderson Forecast, and serves on the board of directors of Foothill Family Service. Mr. Liu's current position as the principal executive officer of a Bank member, and his involvement in and knowledge of corporate governance, finance, auditing, accounting, internal controls, risk management, financial reporting, and financial management, as indicated by his background, support Mr. Liu's qualifications to serve on the Bank's Board.

Brian M. Riley

Brian M. Riley has been a director of Oxford Life Insurance Company, Phoenix, Arizona, since November 2019. He has also been the president and chief executive officer of Foothills Bank (a division of Glacier Bank, Kalispell, Montana) since March 2020. Previously, Mr. Riley was the president and chief executive officer of State Bank of Arizona (formerly Mohave State Bank), Lake Havasu City, Arizona, from March 2009 to February 2020. He also served as director, president, and chief executive officer of State Bank Corp., the holding company for State Bank of Arizona, from March 2009 to February 2020. Mr. Riley has also served as a director of Clearinghouse CDFI, Lake Forest, California, since August 2018. He was the chief financial officer of Mohave State Bank from April 2008 to March 2009. Prior to that, he was chief executive officer of Harbor Bank and Trust, a financial institution in Southport, Connecticut. Mr. Riley has over 30 years of experience in banking, including serving as president and chief executive officer of PriVest Bank, Costa Mesa, California, and holding other executive positions with Provident Savings Bank, Riverside, California, and Metro Commerce Bank, San Rafael, California. Mr. Riley is a director of the Arizona Bankers Association. Mr. Riley's current positions as a director of a Bank member and a principal executive officer of a financial institution, his previous executive positions with other financial institutions, and his involvement in and knowledge of corporate governance, finance, auditing, accounting, internal controls, risk management, financial reporting, and financial management, as indicated by his background, support Mr. Riley's qualifications to serve on the Bank's Board.

F. Daniel Siciliano

F. Daniel Siciliano is the co-founder of Stanford's Rock Center for Corporate Governance and has previously served as professor of the practice of law, faculty director of the Rock Center for Corporate Governance, and associate dean for executive education and special programs at Stanford Law School, Stanford, California. In January of 2025, Mr. Siciliano joined Linqto, Inc, as chief executive officer. Mr. Siciliano, along with a new executive team, led a successful Chapter 11 restructuring of Linqto, Inc and Linqto Texas, LLC, after Mr. Siciliano's team discovered certain financial and compliance issues under prior management. Mr. Siciliano

continues to serve as CEO of Linqto, Inc. Formerly, Mr. Siciliano was CEO of Nikkl, Inc. from 2021 to 2025 and co-founder, chief executive officer, and executive chair of LawLogix Group, Inc. from 2000 to October 2015. In February 2026, Mr. Siciliano joined the board of AlphaTON Capital (Nasdaq: ATON) as an independent director and will serve as chair of the audit committee. Mr. Siciliano is the immediate past chair and serves on the board of Silicon Valley Directors' Exchange. He also serves on the board and is co-chair of the Latino Corporate Directors Education Foundation. As of 2011, he has been an advisory board member and visiting professor for the Corporate Governance Center and Law School of Pontificia Universidad Católica de Chile. Mr. Siciliano's current and previous positions as a law professor and director at Stanford's Rock Center for Corporate Governance, his experience as an executive officer of multiple companies, his service on several public and private company boards, and his involvement in and knowledge of corporate governance, finance, auditing, accounting, internal controls, risk management, financial reporting, and financial management, as indicated by his background, support Mr. Siciliano's qualifications to serve on the Bank's Board.

Executive Officers

Winthrop Watson

Winthrop Watson, 71, is currently serving as interim president and chief executive officer. Mr. Watson was appointed to this role effective February 2, 2026. Most recently, he acted as an advisor to the Boston Consulting Group. Previously, Mr. Watson was president and chief executive officer of the FHLBank Pittsburgh from 2011 through 2024. During that time, he served on the Federal Home Loan Banks Office of Finance board, the FHLBanks Bank Presidents Conference, and the Pentegra Defined Benefit Plan board. Prior to that, Mr. Watson was a managing director at J.P. Morgan, where he worked for 25 years in the Corporate and Investment Bank, primarily leading coverage of public sector and financial services clients. He is currently a member of the Pentegra Services, Inc. board. Mr. Watson received a B.A. from the University of Virginia and an M.B.A. from the Stanford University Graduate School of Business.

Joseph E. Amato

Joseph E. Amato, 67, served as interim president and chief executive officer until his retirement on February 1, 2026. He had previously held the position of chief financial officer effective May 13, 2021, through March 31, 2025. Mr. Amato joined the Bank as executive vice president and senior financial officer on October 9, 2020, and served as the Bank's interim chief financial officer from January 4, 2021, until his appointment as the Bank's chief financial officer. Prior to joining the Bank, Mr. Amato was chief financial officer at the Federal Home Loan Bank of Des Moines from May 2016 to June 2019. Prior to that, Mr. Amato served in various capacities at Freddie Mac from 2001 until 2016, most recently serving as senior vice president and CFO, investments and financial planning. Mr. Amato received a B.S. from the University of Maryland and an M.B.A. from the George Washington University.

Andrea Brunetti

Andrea Brunetti, 57, is currently serving as executive vice president, chief legal officer and corporate secretary. She joined the Bank in 2009 and served as senior vice president and deputy general counsel from 2019 to 2025. Ms. Brunetti is a strategic and agile leader who collaborates effectively at all levels of the organization and across the Federal Home Loan Bank System (FHLBank System). She has a deep knowledge of the Bank and has provided legal counsel on a wide variety of topics including corporate governance, banking, regulatory matters, SEC/disclosure, capital markets, secured transactions, affordable housing and community investment, executive compensation and benefits, labor and employment, and FHLBank System issues. Ms. Brunetti earned her B.A. from Cornell University and her JD from the University of California at Berkeley. In 2022, she completed the graduate school program at Pacific Coast Banking School, earning a master's level certificate in Executive Banking and Leadership focused on the financial services industry.

Arlene Coyle

Arlene Coyle, 53, is currently serving as executive vice president and chief audit executive. She has held the position of chief audit executive since May 2019. Ms. Coyle joined the Bank in February 2016 as assistant vice president, internal audit, and was promoted to vice president in February 2017. Ms. Coyle has over 25 years of internal audit and regulatory experience in the financial services industry. Before joining the Bank, she worked at Teachers Insurance and Annuity Association of America (TIAA) in their internal audit function. Prior to TIAA, she worked as a bank examiner for the Federal Reserve System, supporting community and regional banks. She has a Certification in Risk Management Assurance and is a Certified Internal Auditor and Certified Financial Services Auditor. She received a B.S. in accounting and an M.B.A. from LaSalle University.

Kwame Fields

Kwame Fields, 50, is currently serving as senior vice president, chief information security officer. Mr. Fields has held the position of chief information security officer since December 2017. Previously, he was acting OMWI officer from July 2020 to May 2025. Mr. Fields has over 25 years of information security and risk management experience across multiple industries. Prior to joining the Bank, he was a vice president at E*TRADE, where he had worked since 2014. He led the technology and security oversight and governance organization and was a principal in the creation of their diversity and inclusion council. Prior to that, Mr. Fields held a number of other management roles and oversight positions with responsibility for managing a wide range of information security, business continuity, information technology risk management, and inclusive culture initiatives. Mr. Fields earned his Bachelor of Science degree in Computer Engineering from the University of Michigan, an M.B.A. in technology management from the University of Phoenix, and is a Certified Information System Security Professional and Certified Diversity Professional.

Kelly Gear

Kelly Gear, 53, is currently serving as senior vice president and chief strategy officer, responsible for overseeing the Bank's corporate strategy, community investment, and program management departments. She has held the position of chief strategy officer since January 2022. Ms. Gear joined the Bank in August 2011 as vice president of IT planning and program services. She has over 25 years of management consulting and organizational leadership experience across highly regulated industries, including financial services, pharmaceuticals, and aerospace and defense. Prior to joining the Bank, Ms. Gear served on several executive committees overseeing large-scale global business transformations and strategic initiatives for PricewaterhouseCoopers and Johns Manville, a Berkshire Hathaway company. She earned a B.A. in marketing management from the University of St. Thomas and is a Certified Lean Six Sigma Black Belt.

Michael S. Hennessy

Michael S. Hennessy, 50, is currently serving as executive vice president and chief financial officer, responsible for capital markets, accounting, and operations. He joined the Bank in 2005 and has held positions of increasing responsibility throughout his tenure, most recently as senior vice president, finance and analytics officer, responsible for financial planning and budgeting, capital markets analytics, and liquidity management. Mr. Hennessy served as the FHLBank System's representative on the U.S. Commodity Futures Trading Commission's Market Risk Advisory Committee from 2015 to 2018. Prior to joining the Bank, Mr. Hennessy was vice president at both Lehman Brothers and Bank of America. He received a B.A. in economics and a B.A. in molecular and cell biology from the University of California at Berkeley and holds a CFA® charter.

Maxine Moir

Maxine Moir, 55, is currently serving as executive vice president and chief human resources officer, responsible for overseeing human resources and corporate workplace services. Previously, Ms. Moir was senior vice president and chief human resources officer from February 2020, and director of human resources from July 2017. Prior to joining the Bank, Ms. Moir served as director, global human resources business partner, at BlackRock, where she provided human resources support for the iShares business. Her experience also includes 17 years of progressively more complex human resources executive responsibilities at Bank of America, where she led regional and national teams. Ms. Moir holds a Senior Certified Professional credential from the Society of Human Resources Management and served on the board of the Northern California Chapter of the National Kidney Foundation for over 10 years. Ms. Moir earned a B.A. in psychology from Chico State University.

Joe Sarci

Joe Sarci, 59, was appointed in December 2025 to serve as senior vice president and chief information officer. He is responsible for leading the Bank's technology strategy, enterprise architecture, and digital enablement. Mr. Sarci brings more than 20 years of executive technology leadership from a range of financial institutions. Prior to joining the Bank, he served as managing director of global technology at JPMorgan Chase. Additionally, he previously served as chief information officer at First Republic Bank, where he led technology modernization, cloud and data initiatives, and risk and resiliency programs. Mr. Sarci earned a bachelor's degree in computer engineering technology from DeVry University.

Gregory A. Ward

Gregory A. Ward, 56, is currently serving as executive vice president and chief risk officer, responsible for overseeing the Bank's enterprise risk, credit & collateral risk, market risk, model risk, and information security functions. Prior to being appointed chief risk officer, he served as the Bank's chief operating officer (COO) from November 2022 through April 2025. As COO, he was responsible for the Bank's operations, information technology, information security, procurement, corporate workplace services, and community investment departments. Mr. Ward joined the Bank in 2013 as vice president, internal audit, and was promoted to deputy director in June 2016 and to director in January 2017. He has held various positions with increasing responsibilities during his tenure at the Bank, including serving as chief risk officer from May 2019 to October 2022. Before joining the Bank, he worked with Ernst & Young LLP for 12 years in its Financial Services Advisory Practice. Prior to his tenure at Ernst & Young, Mr. Ward worked in the captive insurance industry in Bermuda and for Price Waterhouse in the United Kingdom in its external audit practice. He is a Chartered Accountant, Certified Internal Auditor, Certified Anti-Money Laundering Specialist, and Project Management Professional. Mr. Ward received his B.S. from Brunel University of London.

Anthony (Tony) T. Wong

Anthony T. Wong, 60, is currently serving as executive vice president and chief banking officer, responsible for providing strategic direction and oversight for sales, marketing communications, acquired member assets, and member financial services. Mr. Wong joined the Bank in 1995 and has held various positions with increasing responsibilities during his tenure, most recently as senior vice president, member financial services and chief marketing officer. Prior to joining the Bank, he was part of the capital markets team at Barclays Global Investors (formerly Wells Fargo Nikko Investment Advisors). Mr. Wong began his career as a registered investment advisor with the retail brokerage division of Lehman Brothers. He received a B.A. in economics from the University of California at Berkeley and is a Certified Mortgage Banker and an Accredited Mortgage Professional.

Insider Trading Policy

The Bank is cooperatively owned. The Bank's member institutions (and, in limited circumstances, the Bank's former member institutions) own the Bank's capital stock. No individuals (including the Bank's directors, officers, or employees) may own the Bank's capital stock. The Bank's capital stock is not publicly traded, and no market

mechanism exists for the disposition of its capital stock outside of its cooperative structure. Members must purchase and maintain capital stock in the Bank as a condition of membership and may be required to purchase additional capital stock in order to transact with the Bank. Transactions in the Bank's capital stock are governed by applicable regulatory requirements and the Bank's capital plan. For more information on the Bank's capital plan see "Item 8. Financial Statements and Supplementary Data – Note 11 – Capital."

In addition, the Bank's primary source of funding is the issuance of debt securities, which are consolidated obligations issued as bonds and discount notes, that are sold by dealers to investors in the public. Information with respect to the Bank's consolidated obligations is presented in "Item 8. Financial Statements and Supplementary Data – Note 8 – Consolidated Obligations."

The Bank has adopted an Insider Trading Policy aimed at promoting compliance with insider trading laws, rules, and regulations applicable to the Bank.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section provides information on the compensation program of the Federal Home Loan Bank of San Francisco (Bank) for our named executive officers (NEOs) for 2025. Our NEOs for 2025 were individuals who served as our principal executive officer, our principal financial officer, and our other three most highly compensated executive officers.

Compensation and Human Resources Committee and Regulatory Oversight

The Compensation and Human Resources Committee (Compensation Committee) of the Bank's board of directors (Board) is responsible for, among other things, reviewing and making recommendations to the full Board regarding compensation and incentive plan awards for the Bank's eligible senior executive officers (the president and each executive vice president). For 2026, the Compensation Committee consists of four members of the Board and for 2025, it consisted of five members of the Board. The Compensation Committee acts pursuant to a Board-approved charter and may rely on the assistance, advice, and recommendations of the Bank's management and other advisors and may refer specific matters to other committees of the Board. In addition, the Risk Committee of the Board is responsible for oversight of the Bank's enterprise-wide risk management framework, including overseeing an annual executive incentive compensation risk assessment of the Bank's compensation policies and practices for the Bank's senior executive officers.

Certain members of management assist the Compensation Committee in its responsibilities by providing compensation and performance information regarding our executive officers.

With respect to the compensation of the NEOs of a Federal Home Loan Bank (FHLBank), the Federal Housing Finance Agency (Finance Agency) provides certain oversight of FHLBanks, including the Bank executive officer compensation, and requires that an FHLBank, including the Bank, provide the Finance Agency with copies of all materials related to the compensation decisions of the FHLBank's Board for its review and non-objection prior to the compensation decisions taking effect.

The Finance Agency has issued a rule setting forth requirements and processes with respect to compensation provided to executive officers by FHLBanks, including the Bank. The rule addresses the authority of the Director of the Finance Agency to: (i) approve NEO agreements that provide for compensation in connection with termination of employment and (ii) review the compensation arrangements of an NEO of the FHLBanks and to prohibit an FHLBank from providing compensation to any NEO that the Director of the Finance Agency determines is not reasonable and comparable with compensation for employment in other similar businesses involving similar duties and responsibilities.

Our Executive Compensation Philosophy and Executive Compensation Program

The Bank has a Board-approved Executive Compensation Philosophy that forms the basis of our executive compensation program. The goal of our executive compensation program is to set compensation at a level which allows us to attract, motivate, and retain talented executives who can enhance our business performance and help us fulfill our mission. Our executive compensation program provides total remuneration, which includes base salary, short- and long-term cash incentive compensation, and retirement and other benefits which reflect total compensation that is consistent with individual performance, business results, job responsibility levels and the competitive market.

The Bank's Executive Compensation Philosophy states that total compensation is intended to align the interests of the executives and key employees with the short- and long-term interests of the Bank; to ensure an appropriate level of competitiveness within the marketplace from which the Bank recruits executive talent; and to encourage the executives and other key employees to remain employed by the Bank. The Bank's Executive Compensation Philosophy provides that total remuneration (base salary, short- and long-term cash incentives, and retirement benefits) is also intended to motivate executives to deliver exceptional performance without encouraging unnecessary or excessive risk-taking.

Total Compensation is Intended to Reward Contributions to the Bank's Corporate Goals and Performance Targets and Achievement of Individual Performance Goals. We have structured our executive compensation program to reward contributions by executives in support of the Bank's corporate goals and performance targets, including those set forth in the Bank's strategic plan, and achievement of individual performance goals. In addition to base salary, our cash incentive compensation plans create an award program for executives who contribute to, and influence achievement of, the Bank's mission and other key objectives contained in the Bank's strategic plans, and who are responsible for the Bank's performance. The Bank's overall executive compensation programs reward sustained performance through the balanced use of short- and long-term incentives, which represent a substantial portion of pay-at-risk, and through competitive retirement benefits, which promote the alignment of executive and Bank interests over the long term.

Each Year, the Bank Establishes Specific Corporate Goals Consistent with the Bank's Strategic Plan. For 2025, the Board adopted five corporate goals: the Business goal, the Financial Performance goal, the Risk Management goal, the Affordable Housing and Community Investment goal, and the Employee Engagement goal.

The Board assigned the weighting of each goal to appropriately focus senior management on accomplishing the Bank's mission and strategic plan. See "Elements of Our Executive Compensation Program – Executive Incentive Plan" below for a discussion of the relative weights assigned to corporate and individual goals for the Executive Incentive Plan (EIP) for 2025 for the NEOs.

The Business Goal

The Business goal for 2025 was comprised of two components: (i) Member Business – Advances and Letters of Credit Volume; and (ii) Member Credit Product Utilization.

The Member Business goal was designed to focus management on member business and measure how well the Bank maintained and increased the volume of advances and letters of credit outstanding to members, which is key to enhancing the Bank's member business franchise and fulfilling the Bank's mission. The Board set the Target level of achievement based on various assumptions, such as economic forecasts, member information, potential member business, historical goal performance, industry trends and events, and current market environment and conditions, such that the relative difficulty of achieving the Target volume level was commensurate with extending credit to members in a safe and sound manner. The Target for the advances and letters of credit average daily balance volume goal was set equal to \$53.0 billion, equal to the 2025 base case projections in the Bank's 2025-2027 Strategic Plan (Plan). The Minimum achievement level was set equal to the Plan pessimistic scenario of \$31.2 billion. The Maximum level of achievement for this goal component was \$79.4 billion, reflecting the Plan optimistic scenario plus an add-on of \$10 billion to increase the challenge of the goal.

The Member Credit Product Utilization goal recognizes the importance of increased and sustained credit product utilization by members. The Bank will measure performance by dividing the number of members who transacted a new advance or letters of credit in 2025 by the number of members at the beginning of 2025. Transactions eligible towards the goal are based on an established minimum tenor or frequency of advance activity. Letters of credit are measured by tracking member issuance in 2025. Goal achievement thresholds were benchmarked using historical utilization data from 2011-2023. The Target for utilization was set equal to 60%, based on the median historic usage levels of 61%. The Minimum level of achievement was set equal to 45% which factored in unexpected economic or regulatory changes that may limit activity as well as the 10th percentile value of historic usage at 43%. The Maximum level of achievement was set equal to 80%, which is above the highest usage level of 73% to increase the challenge of the goal.

The Financial Performance Goal

The Financial Performance goal was comprised of two components: Financial Performance – Adjusted Return on Capital (AROC) Spread; and (ii) Operating Efficiency and Control Costs – Operating Expense Management.

The Financial Performance goal component recognized that an adequate financial return on the private capital that members contribute to the Bank is important to members as shareholders. In 2025, the goal is measured based on the 2025 adjusted return on capital (AROC) spread. AROC spread is AROC minus the benchmark yield on capital, where AROC is pre-Affordable Housing Assessment adjusted net income (ANI) divided by average regulatory capital. The levels for goal achievement are based on 2025-2027 Strategic Plan scenarios.

The Target (100%) level of achievement of 1.82% was based on the 2025 base case financial projections in the Plan. The Minimum achievement level was set at 0.62% and is based on the Plan pessimistic scenario. The Maximum goal was 2.59% and is based on the Plan optimistic scenario plus an additional 25 basis points to increase the challenge of the goal.

The Operating Efficiency and Control Costs goal component incentivizes operating at or below the Bank's approved 2025 operating expense budget of \$163.6 million and demonstrates the importance of cost control and operating efficiency. The Target (100%) level of achievement was set at the 2025 operating expense budget of \$163.6 million. The Minimum achievement level was set equal to 2025 operating expense budget plus 3% or \$168.5 million to reflect uncertainty associated with organizational changes embedded in the budget. The Maximum level of achievement was set equal to 2025 operating expense budget less 4%, which is significantly more challenging than Target.

The Risk Management Goal

The Risk Management performance goal was comprised of two components: (i) Financial Key Risk Indicator (KRI) Performance; and (ii) Non-Financial KRI Performance.

The Financial KRI Performance goal component was designed to focus management on maintaining prudent risk management practices across capitalization, credit, and liquidity risk dimensions. These KRIs represent critical elements of the Bank's strategic risk posture. The Board set the Target level of achievement of the Financial KRI goal at 33 out of 36. The Minimum and Maximum levels of achievement for this goal component were 29 and 36 out of 36, respectively.

The Non-Financial KRI goal component was centered on Information Security Risk Management. The goal was designed to improve the Bank's information security first line of defense by incentivizing management to maintain prudent risk management practices across all information security subdomains of vulnerability management, patching and incident response dimensions. The levels of achievement were informed by historical performance in the preceding years. The Target level of achievement of the Non-Financial KRI goal was set at 25 out of 36. The Minimum and Maximum levels of achievement for this goal component were set at 18 and 33 out of 36, respectively.

The Affordable Housing and Community Investment Goal

The Affordable Housing and Community Investment goal for 2025 was comprised of two components: (i) the Voluntary Mission Contribution and (ii) the Community Investment Program Product Utilization.

The Voluntary Mission Contribution goal component was designed to address the Bank's mission achievement through additional voluntary community investments. In December 2024, the Board allocated up to 5% of 2024 net income (before AHP and interest expense on mandatorily redeemable capital stock) for voluntary mission contributions to further the Bank's community investment impact. Goal achievement was measured by the percentage of the contribution disbursed. The Target level of achievement was 90%, with Minimum and Maximum levels set at 80% and 100%, respectively.

Consistent with the Bank's public policy purpose, the Community Investment Program Product Utilization goal was designed to focus management on partnering with members to participate in advances and credit programs that promote and assist housing and community economic development activities. Achievement in this area is a key element of the Bank's mission objectives, and the participation of Bank members is critical. The Community Investment Program Product Utilization goal was measured by the percent of unique Bank members that apply for community investment programs in 2025, including the AHP General Fund, Targeted Fund, Workforce Initiative Subsidy for Homeownership (WISH), Community Investment Cash Advances (CICA), Advances for Community Enterprise (ACE) and Community Investment Program (CIP), and Voluntary programs, such as Access to Housing and Economic Assistance for Development (AHEAD). The levels of achievement were informed by historical member participation. The Target level of achievement was set at 45% of Bank members. The Minimum and Maximum levels of achievement were set at 40% and 55%, respectively.

The Employee Engagement Goal

The Employee Engagement goal for 2025 was a talent development goal designed to incentivize the professional development of all Bank employees to enhance and ensure the continuity of Bank operations. The goal is measured by dividing the number of employees with documented development plans at yearend 2025 by the yearend employee base. The Target level of achievement was set at 75% of Bank's employees with documented development plans. The Minimum and Maximum levels of achievement were set at 50% and 100%, respectively. If a named successor to a leadership team position did not have a documented development plan, the goal score may not exceed the Minimum (75%) level of achievement.

Each Year, the Bank Establishes Individual Goals for Executives Consistent with the Bank's Strategic Plan. The individual performance goals established for executive officers are generally based on the Bank's Strategic Plan and reflect strategic objectives that will enable the Bank to successfully achieve its mission. The Bank's 2025 strategic objectives were to: (i) strengthen Bank sustainability by increasing revenue; (ii) improve operational efficiency and control costs; (iii) accelerate mission and community impact.

The Bank's Executive Incentive Compensation Plans were Designed to Calculate Executive Officers' Achievement Levels on a Weighted Basis to Ensure a Proper Balance in Achieving the Bank's Mission in a Safe and Sound Manner. With respect to each of the NEOs for 2025, the achievement levels of each of the five Bank corporate goals (the Business goal, the Financial Performance goal, the Risk Management goal, the Affordable Housing and Community Investment goal, and the Employee Engagement goal) were weighted at 80% in the aggregate with the individual goal weighted at 20% of the total weighted achievement level for each officer. See "Elements of Our Executive Compensation Program – Executive Incentive Plan" below for the individual corporate goal weights.

Our Executive Compensation Program is Designed to Enable the Bank to Compete for Highly Qualified Executive Talent. Our members are best served when we attract and retain talented executives with competitive and fair compensation packages. In 2025, the Bank evaluated total remuneration around the median 50th percentile of the financial services marketplace from which the Bank recruits executive talent, including global, national, regional, and diversified financial institutions, while maintaining an appropriate alignment with the practices of other FHLBanks. Our NEOs are required to have the same depth of knowledge and experience that comparable financial services and banking firms require.

For purposes of developing comparative compensation information, the companies with comparable positions were financial services and banking firms with similar business sophistication and complexity. In supporting compensation decisions, the Compensation Committee uses and considers compensation information for comparable positions at these companies. Each element of compensation may vary somewhat above or below the market median for the related positions in the comparison groups. Furthermore, compensation levels for individual positions may also be adjusted to recognize additional factors, such as regional salary differences, recruitment or retention, special duties or responsibilities, sustained performance results, leadership succession planning, and internal equity considerations.

Since 2014, the Compensation Committee has engaged McLagan Partners, Inc. (McLagan), a leading global management consulting firm providing consulting and benchmarking services for the financial services industry, for the purpose of providing the Compensation Committee with annual competitive market compensation reference and comparative information. In 2025, McLagan assessed the Bank's competitive market position with respect to its executive compensation program. McLagan used market data collected from its compensation surveys and publicly available proxy data. McLagan used standardized peer group data from three groups: commercial banks with incumbents located in metro San Francisco and metro New York; the other FHLBanks; and public proxy peers with assets between \$10 billion and \$20 billion. When comparing Bank executives with those at commercial banks, the closest comparable roles/realistic employment opportunities were used. When comparing Bank executives to executive roles at other FHLBanks, overall functional heads were used. When using the \$10 billion to \$20 billion peer group for comparison, actual functional roles or salary rank was used. The Compensation Committee used the McLagan market data as a reference point for evaluating 2025 executive compensation levels and to check, evaluate, and compare the reasonableness and appropriateness of the levels of compensation provided to our senior executives.

Allocation of Short-Term Cash Incentive Compensation and Long-Term Cash Incentive Compensation. Our objective is to compensate our senior executives, including our NEOs, with a balanced combination of base salary and short- and long-term cash incentive compensation.

We believe that a balanced approach in delivering short- and long-term cash incentive compensation is most appropriate for the Bank because we believe our executives should be focused on achievement of both short- and long-term goals. Consistent with the Bank's three-year strategic plans and its Executive Compensation Philosophy, long-term cash incentive compensation helps provide a competitive total cash compensation package and enhances the Bank's ability to attract and retain key executives.

The Bank's short-term cash incentive compensation component of the EIP rewards the NEOs and other executive officers for the Bank's achievement of its annual corporate goals and performance targets and for the officer's achievement of his or her individual goals. The Bank's long-term cash incentive compensation component of the EIP ties long-term cash incentive rewards to the sustainability of goal achievements over a long-term period. This structure is designed to promote the Bank's long-term health by deterring behavior or inappropriate risk-taking that could lead to material financial loss at the Bank. This approach for long-term compensation is consistent with developing practices to better recognize risk outcomes in incentive-based compensation decision making and balance risk and reward.

Elements of Our Executive Compensation Program

Base Salary Compensation

Base salary compensation is a key component of the Bank's executive compensation program and helps the Bank successfully attract and retain executive talent. Base salary for the NEOs is based on a combination of factors, including comparative salary information from industry salary surveys that include financial institutions in the Bank's peer groups. Other factors include the NEO's relevant experience and accomplishments and level of responsibility at the Bank and perceived market competition for executives with comparable levels of experience. The Board considers any base salary adjustments for the NEOs, effective as of the beginning of each year, based on the individual's performance and contributions to the Bank's achievements or to help more appropriately align total

remuneration with comparable positions in the financial services marketplace. Base salary adjustments for the NEOs are subject to review and non-objection from the Finance Agency. For the base salaries of the current NEOs, see the discussion in “Compensation Tables – Narrative to Summary Compensation Table and Grants of Non-Equity Incentive Plan-Based Awards Table – At Will Employees.”

Executive Incentive Plan

The EIP is designed to attract and retain senior executive officers and to motivate and focus their efforts on achieving the Bank’s business plan and accomplishing its goals and objectives while maintaining the safety and soundness of the Bank. The EIP is a cash-based incentive plan that provides award opportunities based on achievement of performance goals and the satisfaction of certain qualifiers.

The EIP provides for an annual total incentive award (Annual Award) for a one-year performance period. Fifty percent (50%) of the Annual Award is earned and vested after the last day of the one-year performance period (Year-End Award). The remaining fifty percent (50%) is deferred (Deferred Award) for a three-year period (“Deferral Performance Period”) during which payment is conditioned upon the satisfaction of certain “qualifiers” (discussed below) that recognize the risk outcomes of executive decision making. Deferred Awards may be reduced or subject to forfeiture if qualifiers are not met during the Deferral Performance Period. The deferral component of the EIP ties long-term cash incentive rewards to the sustainability of goal achievements, which is intended to, among other things, promote the Bank’s long-term health by deterring behavior or inappropriate risk-taking that could lead to material financial loss to the Bank.

Performance goals and qualifiers are the factors established by the Board for each performance period and are taken into consideration in determining the amount of an award. Under the EIP for 2025, the Board established the following 2025 performance goals for the Annual Award: the Business goal; the Financial Performance goal; the Risk Management goal, the Affordable Housing and Community Investment goal, and the Employee Engagement goal. The Board defined “Minimum,” “Target,” and “Maximum” achievement levels for each performance goal to determine the amount of the award. Performance goal measures range from 0% of Target if the Minimum is not achieved to 150% of Target for the Maximum level of achievement. The Board may adjust the performance goals and qualifiers for any performance period to ensure the purposes of the EIP are served. In determining the appropriate performance goals and qualifiers the Board will, among other things:

- balance risk and financial results in a manner that does not encourage participants to expose the Bank to imprudent risks;
- make such a determination in a manner designed to ensure that a participant’s overall compensation is balanced and not excessive in amount and that the awards are consistent with the Bank’s policies regarding compensation arrangements; and
- monitor the success of the performance goals and qualifiers, taking into account weighting established in prior years and making appropriate adjustments in the future, as needed, so that payments appropriately incentivize participants, appropriately reflect risk, and align with regulatory guidance.

For the 2025 performance goals, the following table shows the goal weights for the senior executive officers eligible to participate in the EIP (including the NEOs).

	Senior Executive Officers (other than the Chief Risk Officer)		Chief Risk Officer	
	Corporate Goal Weight	Goal Weight (includes individual goals)	Corporate Goal Weight	Goal Weight (includes individual goals)
Individual	N/A	20.0 %	N/A	20.0 %
Business	25.0 %	20.0 %	15.6 %	13.0 %
Financial Performance	20.0 %	16.0 %	12.5 %	10.0 %
Risk Management	20.0 %	16.0 %	50.0 %	40.0 %
Affordable Housing and Community Investment	30.0 %	24.0 %	18.8 %	15.0 %
Employee Engagement	5.0 %	4.0 %	3.1 %	2.0 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

The achievement levels in the EIP for 2025 were designed to reward senior executive officers for achievement of the Bank’s corporate goals and objectives as described above, based on a Target level of achievement for all corporate goals and the officer’s individual goal(s). The Maximum achievement level was designed to reward senior executive officers when the Bank and the individual officer achievements far exceed the Target level. The Maximum achievement level is the most optimistic achievement level based on reasonable business, market, and economic assumptions and conditions.

The performance goal measures and plan design were intended to appropriately motivate and reward the Bank’s senior executive officers based on the total achievement of all goals, considering each senior executive officer’s role in the Bank’s performance. Setting the performance goal measure ranges based on a percentage of base salary for 2025 is intended to be consistent with our Executive Compensation Philosophy of evaluating total remuneration around the median 50th percentile of the total remuneration in the financial services marketplace from which the Bank recruits executive talent.

The EIP Annual Awards are determined by multiplying the percentage of achievement for each goal by the respective performance goal weights to arrive at each participating officer’s total weighted achievement level. The individual goal achievement is also determined based on the officer’s individual performance for the year. Each participating officer’s total weighted achievement level is then used to determine each participating officer’s cash incentive compensation award under the EIP.

The following table shows the total incentive award levels for the Annual Awards and the allocation of the Annual Award opportunities between the Year-End Awards and the Deferred Awards for 2025 under the EIP for the eligible senior executive officers.

Any compensation action related to an NEO is subject to review and non-objection by the Federal Housing Finance Agency.

Title	Total Annual Award as % of Base Salary			Year-End Award as % of Base Salary			Deferred Award as % of Base Salary		
	Minimum	Target	Maximum	Minimum	Target	Maximum	Minimum	Target	Maximum
CEO	50.0 %	80.0 %	100.0 %	25.0 %	40.0 %	50.0 %	25.0 %	40.0 %	50.0 %
Senior Executive Officers (other than the CEO)	40.0 %	65.0 %	85.0 %	20.0 %	32.5 %	42.5 %	20.0 %	32.5 %	42.5 %

Vesting of any award is subject to the participant receiving a satisfactory performance rating and being actively employed on the last day of the relevant performance period, except in certain cases, such as termination because of death or disability, retirement, reduction in force, department reorganization, substantial job modification, or termination for Good Reason or without Cause, or “Change in Control” (as defined in the EIP), and subject to certain conditions being met. In such cases, the EIP provides that a Deferred Award will be treated as fully vested as of the date of termination and the relevant pro rata portion of the Annual Award will be treated as vested for that portion of the relevant performance period based on the assumption that the Bank would have achieved the applicable performance goals at the Target level and satisfied the qualifiers for the relevant performance period.

The following are the performance qualifiers for 2025 for any awards under the EIP: (i) no submission of material information to a regulatory or a reporting agency is significantly past due; (ii) the Bank makes sufficient progress, as determined by the Board, in the timely remediation of significant examination, monitoring, and other supervisory findings; (iii) no material risk management deficiency exists at the Bank; (iv) no operational errors or omissions result in material revisions to the financial results, information submitted to the Finance Agency, or data used to determine incentive payouts; (v) the Bank has sufficient capital to pay dividends and the ability to repurchase or redeem capital stock; and (vi) the Bank maintains a regulatory capital ratio of at least 4.25%.

The EIP provides that awards may be reduced, eliminated, or forfeited in certain circumstances. Under the EIP, the Board may reduce or eliminate any award not yet paid if the Board finds that a serious, material safety and soundness issue or a serious, material risk management deficiency exists at the Bank, or if: (i) errors or omissions result in material revisions to the Bank’s financial results, information submitted to a regulatory or a reporting agency, or information used to determine incentive compensation payouts; (ii) information submitted to a regulatory or a reporting agency is untimely; or, (iii) the Bank does not make appropriate progress, as determined by the Board, in the timely remediation of examination, monitoring, or other supervisory findings and matters requiring attention.

In addition, if the Bank realizes actual losses during the Deferral Performance Period, or other measures or aspects of performance related to the Annual Performance Period or Deferral Performance Period are realized that would have caused a reduction in the amount of the final award (i.e., the amount of the earned and vested Annual Award and Deferred Award) calculated for the Annual Performance Period or Deferral Performance Period, then the remaining amount of the final award to be paid at the end of the Deferral Performance Period may be reduced to reflect this additional information. Furthermore, if a participant breaches the terms of a non-solicitation and non-disclosure agreement with the Bank executed as a condition to participating in the EIP, all the participant’s unpaid vested and unvested awards may be forfeited.

Finally, if during the most recent examination of the Bank by the Finance Agency, the Finance Agency identifies an unsafe or unsound practice or condition that is material to the financial operation of the Bank within the participant’s area(s) of responsibility, and such unsafe or unsound practice or condition is not subsequently resolved to the satisfaction of the Board, then all or a portion of a participant’s unpaid award (vested and unvested) may be forfeited as determined in the sole discretion of the Board. Any future payments for a vested award will cease, and the Bank will have no further obligation to make such payments.

The amount of any award will be determined at the sole discretion of the Board. If the qualifiers are satisfied, the Bank’s GAAP Return on Capital rate (GAAP income divided by average GAAP capital) measured for the relevant calendar year is applied to any Deferred Awards. The applicable interest rate will be measured and applied separately for each calendar year that is part of a Deferral Performance Period. Awards, if any, under the EIP are to be paid in accordance with the terms of the EIP following Board approval and are subject to review and non-objection by the Federal Housing Finance Agency. The EIP for 2025 also includes a “cap” on the total incentive award payout for any particular year where the sum of the Year-End Award plus the Deferred Award vesting after three years and the interest earned on such Deferred Award does not exceed the senior executive officers’ base salary for that calendar year.

The amount of any earned and vested Annual Award or Deferred Award may be modified at the Board’s discretion to account for performance that is not captured in the relevant performance goals and qualifiers. The Board, in its discretion, may also consider “Extraordinary Occurrences” when assessing performance results and determining any

of the awards. “Extraordinary Occurrences” mean those events that, in the opinion and discretion of the Board, are outside the significant influence of the participant or the Bank and are likely to have a significant unanticipated effect, whether positive or negative, on the Bank’s operating or financial results. The EIP for 2025 also provides that the Board may apply a “multiplier” to an individual’s Annual Award to account for individual performance not captured in his or her individual performance goals, positive or negative, but not to result in an award level below Minimum or above Maximum.

For additional information regarding awards granted under the EIP for 2025, see the discussion in “Compensation Tables – Narrative to Summary Compensation Table and Grants of Non-Equity Incentive Plan-Based Awards Table – Non-Equity Incentive Compensation and Non-Equity Long-Term Incentive Payouts,” which discussion is herein incorporated by reference.

Savings Plan

The Bank’s Savings 401(k) Plan (Savings Plan) is a tax-qualified defined contribution 401(k) retirement benefit plan that is available to all eligible employees, including the NEOs. Each eligible employee may contribute between 2% and 75% of base salary to the Savings Plan. For employees who have completed at least six months of service, the Bank matches the employee's contribution up to 6% of base salary. Employees are always fully vested in employer matching contributions.

Cash Balance Plan

The Cash Balance Plan is a tax-qualified defined benefit plan that covers employees who have completed a minimum of six months of service, including the NEOs. Each year, eligible employees accrue benefits equal to 6% of their total annual compensation (which includes base salary and short-term cash incentive compensation) plus interest equal to 6% of their account balance accrued through the prior year, referred to as the annual benefit component of the Cash Balance Plan.

The benefits under the Cash Balance Plan annual benefit component are fully vested after an employee completes three years of service, or when the participant reaches age 65. Vested amounts are generally payable in a lump sum or as an annuity when the employee leaves the Bank.

Benefit Equalization Plan

The Benefit Equalization Plan (BEP) is an unfunded and non-tax-qualified plan that is designed to restore retirement benefits lost because of compensation and benefits limitations imposed on the Savings Plan and the Cash Balance Plan under the IRC.

Annual compensation is determined based on the definition of compensation provided in the respective tax-qualified plans. Participation in the BEP is available to all employees, including the NEOs, whose benefits under the tax-qualified plans are restricted because of the IRC limitations discussed above.

An employee's benefits that would have been credited under the Cash Balance Plan but for the limitations imposed on the plan under the IRC are credited as Supplemental Cash Balance Benefits under the BEP and the credits accrue interest at an annual rate of 6% until distributed. Each year, employees may also elect to defer compensation earned over the IRC compensation limits to the BEP. For each year that a participant makes deferrals to the BEP, lost matching contribution (up to a maximum of 6% of base salary in the aggregate) under the Savings Plan (participant deferrals and Bank matching contributions are referred to herein as Supplemental BEP Savings Benefits) are credited to the participant’s BEP account. The make-up benefits under the BEP vest according to the corresponding provisions of the Savings Plan and the Cash Balance Plan.

Deferred Compensation Plan

Our Deferred Compensation Plan (DCP) is an unfunded and non-tax-qualified deferred compensation plan, consisting of three components for employees: (1) employee deferral of current compensation; (2) make-up matching contributions that would have been made by the Bank under the Savings Plan had the base salary compensation not been deferred; and (3) make-up retirement benefits that would have been earned under the Cash Balance Plan had any amount of total annual compensation (base salary and short-term cash incentive compensation) not been deferred. See discussion in “Compensation Tables – Narrative to Non-Qualified Deferred Compensation Table.” The DCP is made available to all Bank employees including the NEOs and directors as to their director fees.

Under the DCP, participants' make-up Cash Balance Plan benefits are payable in the form of a lump sum, single life annuity, 50% survivor annuity, or 75% survivor annuity upon termination of employment, a set date or age after termination of employment, becoming disabled after termination of employment, or death. If a participant does not elect a time or form of payment, the benefit is paid in a lump sum upon termination of employment.

Supplemental Executive Retirement Plan

Effective January 1, 2003, the Bank provides a Supplemental Executive Retirement Plan (SERP) to the Bank’s eligible senior executive officers, including the NEOs (other than Mr. Amato). This plan is an unfunded and non-tax-qualified retirement benefit plan that provides a cash balance-style benefit in addition to the tax-qualified benefits under the Cash Balance Plan.

The SERP supplements the Cash Balance Plan benefits to provide a competitive postretirement compensation package that is intended to help the Bank attract and retain key senior executive officers who are critical to the success of the Bank.

Benefits under the SERP are based on total annual compensation (base salary and short-term cash incentive compensation, including any deferrals under the Savings Plan, BEP, or DCP) and years of credited service as presented in the table below.

Years of Credited Service (As Defined in the Plan)	Amount of Contribution for President (Percentage of Total Annual Compensation)	Amount of Contribution for Other Participants (Percentage of Total Annual Compensation)
Fewer than 5	25 %	20 %
5 or more	35 %	25 %

Participants accrue annual interest equal to 6% of balances accrued through the prior yearend. In addition, SERP benefits are limited to the extent that any participant's total retirement income exceeds 50% of the participant's final average pay. Final average pay is defined as a participant's highest average annual compensation during any three consecutive years of participation in the SERP. Annual benefits accrued under the SERP for any plan year commencing after January 1, 2018, will vest at the earlier of five years of employment with the Bank from the date the senior executive officer became a participant in the SERP, or when the participant reaches age 62.

The normal form and time of payment of benefits under the SERP is a lump sum upon the earlier of termination of employment, disability, or death.

If a participant's employment is terminated for cause (as defined in the plan), only the unvested portion of the participant’s SERP account would be forfeited.

Other Elements of Compensation

The Bank provides to all employees, including the NEOs, health, dental, and vision insurance and an employee assistance program for the employees and their spouses/partners and children, for which the Bank pays approximately 80% of the premiums and the employee pays approximately 20%. In addition, the Bank provides

long-term disability, basic life insurance, and basic accidental death & dismemberment coverage to all employees at no cost to the employees. Additional benefits provided to all employees, including named executive officers include, wellness stipend, technology stipend, commuter benefit, and back-up childcare assistance. In addition, named executive officers are eligible for enhanced executive long-term disability insurance coverage.

The Bank makes available limited retiree healthcare benefits for eligible employees who retire from the Bank. To be classified as a Bank retiree eligible to enroll for retiree healthcare benefits, a Bank employee must be 55 years of age with a minimum of 10 years of Bank service on the date that his or her employment with the Bank terminates.

Perquisites

On occasion, the Bank may pay for resort activities for employees, including our NEOs, in connection with business-related meetings. If approved by the Bank president, the Bank may reimburse the actual cost of travel expenses of the spouse or partner of any Bank employee, or any director serving on the Bank's Board, when the spouse or partner is accompanying the respective Bank employee or director on official Bank business. Perquisites are valued at the actual amounts paid to the provider of the perquisites.

COMPENSATION COMMITTEE REPORT

The Compensation and Human Resources Committee (Compensation Committee) acts as the compensation committee on behalf of the Bank's Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this annual report on Form 10-K.

Based on the Compensation Committee's review of the Compensation Discussion and Analysis and the discussions the Compensation Committee has had with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this annual report on Form 10-K, which will be filed with the Securities and Exchange Commission.

Compensation and Human Resources Committee

Daniel Siciliano, Chair

Banafsheh Akhlaghi, Vice Chair

Matthew Hendricksen

Brian M. Riley

EXECUTIVE COMPENSATION

The following table summarizes the total compensation earned by each of the NEOs for 2025:

Summary Compensation Table

(In whole dollars)

Name and Principal Position	Year	Base Salary	Bonus	Non-Equity Incentive Compensation ⁽¹⁾	Change in Pension Value and Non-Qualified Deferred Compensation ⁽²⁾	All Other ⁽³⁾⁽⁴⁾ Compensation	Total
Joseph Amato ⁽⁵⁾	2025	\$ 540,000	\$ 561,447 ⁽⁶⁾	\$ 442,089	\$ 54,629	\$ 29,809	\$ 1,627,974
Interim President and CEO	2024	540,000	—	425,889	49,656	24,578	1,040,123
	2023	500,000	177,417 ⁽⁷⁾	378,200	47,001	31,357	1,133,975
Alanna McCargo ⁽⁸⁾	2025	124,127	—	—	—	20,427 ⁽⁹⁾	144,554
Former President and CEO	2024	500,625	—	—	138,729	188,164 ⁽¹⁰⁾	827,518
Michael Hennessy ⁽¹¹⁾	2025	438,399	—	260,800 ⁽¹²⁾	192,054	38,321	929,574
EVP and CFO							
Greg Ward ⁽¹³⁾	2025	545,900	—	436,944	561,362	43,406	1,587,612
EVP and	2024	545,900	—	431,844	209,805	36,475	1,224,024
Chief Risk Officer	2023	530,000	—	438,998	362,570	35,521	1,367,089
Tony Wong	2025	450,110	—	349,862	303,834	41,284	1,145,090
EVP and	2024	450,110	—	345,462	207,650	29,576	1,032,798
Chief Banking Officer	2023	437,000	—	330,500	281,494	29,122	1,078,116
Maxine Moir	2025	418,500	—	314,900	166,777	37,200	937,377
EVP and Chief Human Resources Officer							

- (1) The amounts reflect the total Annual Awards earned under the EIP for services performed during the respective fiscal year. 50% of the total Annual Awards are vested after the last day of the one-year performance period, i.e., the Year-End Award. The remaining 50% of the total Annual Awards are deferred and vested on the last day of a three-year performance period, i.e., the Deferred Award. Any payout of the Deferred Awards under the EIP is subject to the satisfaction of certain requirements and qualifiers, and review and non-objection by the Finance Agency. The amounts also reflect interest for any vested Deferred Awards under the EIP. For the total Annual Award for 2025 under the EIP for 2025, see the discussion in “Narrative to Summary Compensation Table and Grants of Non-Equity Incentive Plan-Based Awards Table – Non-Equity Incentive Compensation and Non-Equity Long-Term Incentive Payouts.”
- (2) Represents the aggregate change in actuarial present value of each of the NEOs' accumulated benefits under the Bank's qualified and non-qualified defined benefit plans to the extent applicable (i.e., Cash Balance Plan; frozen FIRF; restored benefits under the Benefit Equalization Plan (BEP); make-up retirement benefits under the Deferred Compensation Plan (DCP); and Supplemental Executive Retirement Plan (SERP)). There are no above-market or preferential earnings on the NEOs' DCP accounts.
- (3) Includes perquisites and premiums for disability and life insurance paid by the Bank. On occasion, the Bank pays for resort activities for employees in connection with Board meetings and other business-related meetings. Perquisites are valued at the actual amounts paid to the provider of the perquisites. The value of some perquisites is not reasonably quantifiable but is known to be de minimis.
- (4) Includes the Bank's matching contributions under the Savings Plan and the Bank's restored and make-up matching amounts credited under the BEP and DCP.
- (5) Effective January 30, 2025, Mr. Amato was appointed by the Board to serve as the Interim President and Chief Executive Officer. Mr. Amato previously served as the interim CFO effective January 5, 2021, and as the CFO effective May 13, 2021 until April 1, 2025. Amounts included in Mr. Amato's compensation summary for 2025 include compensation for the period in 2025 which he served as CFO.
- (6) Represents total payments of monthly CEO Award in recognition of service as Interim President and Chief Executive Officer.
- (7) Represents payment of a discretionary special award in recognition of service as CFO.
- (8) Ms. McCargo became president and CEO effective June 10, 2024. On January 30, 2025, Ms. McCargo departed the Bank as an employee and Ms. McCargo's employment terminated as of such date. For more information, see “Item 13. Certain Relationships and Related Transactions, and Director Independence.”
- (9) Of this amount, \$14,875 represents grossed up relocation costs to Ms. McCargo.
- (10) Of this amount, \$176,989 represents grossed up relocation costs to Ms. McCargo.
- (11) Mr. Hennessy was appointed as CFO effective April 1, 2025. Amounts included in Mr. Hennessy's compensation summary for 2025 include compensation for his service as senior vice president, finance and analytics officer between January 1, 2025 and March 31, 2025.
- (12) In addition to the Annual Award under the EIP for 2025, Mr. Hennessy received a prorated short-term award of \$37,574 and a prorated deferred award of \$3,757 under the Bank's Team Member Incentive Plan earned prior to Mr. Hennessy becoming eligible for the EIP for 2025 in April 2025.
- (13) Mr. Ward, who previously served as chief operating officer, became chief risk officer effective May 1, 2025.

Grants of Non-Equity Incentive Plan-Based Awards

(In whole dollars)

Name	EIP for 2025	Plan Period	Payout Date	Estimated Payout Ranges ⁽¹⁾		
				Minimum	Target	Maximum
Joseph Amato	Year-End Award	2025	February 2026	\$ 108,000	\$ 175,500	\$ 229,500
	Deferred Award	2026-2028	February 2029	108,000	175,500	229,500
Michael Hennessy	Year-End Award	2025	February 2026	69,300	112,650	147,300
	Deferred Award	2026-2028	February 2029	69,300	112,650	147,300
Greg Ward	Year-End Award	2025	February 2026	109,200	177,400	232,000
	Deferred Award	2026-2028	February 2029	109,200	177,400	232,000
Tony Wong	Year-End Award	2025	February 2026	90,000	146,300	191,300
	Deferred Award	2026-2028	February 2029	90,000	146,300	191,300
Maxine Moir	Year-End Award	2025	February 2026	83,700	136,000	177,850
	Deferred Award	2026-2028	February 2029	83,700	136,000	177,850

(1) The estimated payouts for the Year-End Award and the Deferred Award each represent 50% of the total Annual Awards under the EIP for 2025 that could have been earned by the respective executive officers for 2025. Actual amounts of both the Year-End Award and Deferred Award under the EIP for 2025 for each NEO are included in the Summary Compensation Table. Any payout of the Deferred Awards under the EIP for 2025 is subject to the satisfaction of certain requirements and qualifiers, and review and non-objection by the Finance Agency. See the discussion in “Compensation Discussion and Analysis – Elements of our Executive Compensation Program – Executive Incentive Plan.”

Narrative to Summary Compensation Table and Grants of Non-Equity Incentive Plan-Based Awards Table

At Will Employees

All employees of the Bank are “at will” employees, including the NEOs. The NEOs may resign at any time, and the Bank may terminate their employment at any time with or without cause and with or without notice, subject to contractual obligations, if any.

Corporate Senior Officer Severance Policy. The Corporate Senior Officer Severance Policy (Senior Officers' Policy) is applicable to the executive vice presidents (other than Mr. Amato), and any senior vice president who was eligible as of December 31, 2018, who are defined in the Senior Officers' Policy as “Corporate Senior Officer.”

The Senior Officers' Policy provides severance benefits if the employee's employment is terminated because the employee's job or position is eliminated or because the job or position is substantially modified so that the employee is no longer qualified or cannot perform the revised job. For these officers, severance is equal to the greater of (i) 12 weeks of base salary, or (ii) the sum of three weeks of base salary, plus three weeks of base salary for each full year of service and three weeks of base salary prorated for each partial year of service at the Bank to a maximum of 52 weeks of base salary. These officers also receive one month of continued health and life insurance benefits and, at the Bank’s discretion, outplacement assistance.

In the event a Corporate Senior Officer is involuntarily terminated without “Cause” under certain circumstances or voluntarily terminated with “Good Reason” (as defined by the Senior Officers' Policy) in connection with a Change in Control, upon the Bank’s timely receipt of a separation agreement and release, the officer will receive severance pay in a lump sum equal to one year of base salary.

In addition, in the event of a qualifying termination in connection with a Change in Control, each Corporate Senior Officer will be entitled to continued health and life insurance coverage under the Bank’s group health and life insurance policies, at the Bank’s expense, for a period of 12 months immediately following the effective date of separation. However, the Bank will immediately cease paying such premiums prior to the end of the 12-month period if the executive officer accepts employment with another employer that provides comparable benefits in terms of cost and scope of coverage during the 12-month period. If the Bank is not in compliance with any applicable regulatory capital or regulatory leverage requirement or if any of the payments required to be made to a

Corporate Senior Officer pursuant to the Senior Officers' Policy would cause the Bank to fall below such applicable regulatory requirements, such payment will be delayed until the Bank achieves compliance with its regulatory capital requirements.

The Board believes that the level of severance benefits for each NEO who is a Senior Corporate Officer under the Senior Officers' Policy is appropriate because it is reasonable to believe that finding a comparable position at another institution at a comparable compensation level could take up to one year, and possibly longer, depending on the economic environment at the time, and that the distraction of this uncertainty may have a detrimental impact on the executive's performance. If the employment of any of the 2025 NEOs who are eligible under the Senior Officers' Policy currently serving had been terminated on December 31, 2025, because the employee's job or position had been eliminated or because the job or position had been substantially modified so that the employee was no longer qualified or could not perform the revised job, the approximate value of the severance benefits payable to the executive (subject to review and non-objection by the Finance Agency) applying the Senior Officers' Policy would have been as follows: Michael Hennessy, \$464,157; Greg Ward, \$419,029; and Tony Wong, \$450,461; and Maxine Moir, \$232,171.

Employment Agreements and Arrangements

McCargo Employment Agreement. The Bank entered into an employment agreement with Alanna McCargo dated May 7, 2024, to serve as President and Chief Executive Officer of the Bank, with an initial term of three years. Under the terms of the agreement, Ms. McCargo was to initially receive a base annual salary of \$890,000.

Pursuant to the terms of Ms. McCargo's employment agreement, (i) Ms. McCargo was eligible to participate in the Bank's various executive incentive and employee benefit plans, including the Bank's EIP and SERP; (ii) the amount of Bank annual contribution credits under the SERP was to be 25% of total annual compensation for less than five years of credited service and 35% of total annual compensation for 5 or more years of credited service; (iii) Ms. McCargo was to receive reimbursement of relocation costs up to \$250,000; (iv) if Ms. McCargo's employment was terminated due to the expiration of the initial three-year term and the Board decided not to extend her employment for any additional term, Ms. McCargo would be entitled to all Accrued Benefits (as defined in her employment agreement) and to receive a severance payment equal to twelve months of base salary and a pro-rata portion of the EIP award for the year in which the termination occurs; and all Deferred Awards will be treated as fully vested (Severance Payment); (v) if Ms. McCargo was terminated without Cause (as defined in her employment agreement) or for Good Reason (as defined in her employment agreement) at any time, Ms. McCargo would be entitled to receive severance payments equal to the Severance Payment and all Accrued Benefits.

As previously reported on Form 8-K filed on January 30, 2025, Ms. McCargo departed the Bank as an employee and Ms. McCargo's employment terminated as of such date. On the same date, Ms. McCargo and the Bank entered into (i) a separation agreement (the "Separation Agreement"), under which Ms. McCargo executed releases of claims in favor of the Bank and agreed to various post-employment covenants, including, but not limited to, standard non-disparagement and cooperation provisions, and in exchange the Bank agreed to pay Ms. McCargo cash payments totaling \$1,476,951 (less applicable withholdings) and (ii) an advisory agreement (the "Advisory Agreement"), under which Ms. McCargo would advise on transition, strategic and/or regulatory matters and in exchange, the Bank agreed to pay Ms. McCargo \$80,000 within thirty (30) days of the execution of the agreement, a monthly fee of \$15,000, and \$250,000 upon completion of the term of Ms. McCargo's advisory service, subject to Ms. McCargo executing a release of claims in favor of the Bank and agreeing to various other covenants. The Separation Agreement, and the payment of severance benefits thereunder, was subject to review by the Finance Agency. No payments were made to Ms. McCargo under either the Separation Agreement or the Advisory Agreement, and the Separation Agreement and the Advisory Agreement are null and void as of this date. For more information, see "Item 13. Certain Relationships and Related Transactions, and Director Independence."

The Board has formed a search committee of the Board, as previously disclosed, to conduct a search for Ms. McCargo's successor and to evaluate and propose qualified candidates for approval to the Board. Effective January 30, 2025, the Bank appointed Mr. Joseph Amato, the Bank's previous Executive Vice President and Chief Financial Officer, to serve as the Bank's Interim President and Chief Executive Officer. Effective February 2, 2026, the Bank appointed Mr. Winthrop Watson to serve as the Bank's Interim President and Chief Executive Officer.

Amato Employment Agreement. The Bank entered into an employment agreement with Joseph Amato dated October 7, 2020, for an initial term of six months and six automatic extensions of one-month terms thereafter. Mr. Amato's initial employment agreement provided that Mr. Amato would receive a base annual salary of \$500,000 and a sign-on payment of \$50,000. The initial employment agreement also provided that notwithstanding any terms to the contrary in the Bank's EIP, SERP, and Corporate Senior Officer Severance Policy, such plans and policy would not apply to Mr. Amato in connection with his employment. Additionally, Mr. Amato's employment agreement provided that he would be eligible for a fully discretionary Special Award (as defined in his employment agreement) of up to \$300,000 to be received in two parts in recognition of his service as Interim Chief Financial Officer and based on his performance in connection with his duties and responsibilities as the Bank's principal financial officer. The first part of the Special Award (\$150,000) was paid at the end of the initial term, and the remainder of the Special Award (\$25,000) was paid at the end of the automatic one-month extension of his term.

On July 7, 2021, the Bank entered into an amendment to Mr. Amato's employment agreement (Amendment No. 1) to extend the term of his employment to March 31, 2023, and, effective May 13, 2021, to serve as the Bank's Executive Vice President and Chief Financial Officer for the extended term (Second Term). Amendment No. 1 provided an option to mutually elect to extend his Second Term for another year, until March 31, 2024 (Mutual Extension). Amendment No. 1 also provided that Mr. Amato would be eligible for a Second Special Award (as defined in Amendment No. 1) of up to \$354,835 in recognition of his service as the Bank's Executive Vice President and Chief Financial Officer. The first 50% of the Second Special Award (\$177,418) was paid in 2022. The second 50% of the Second Special Award (\$177,417) was paid in 2023. Additionally, Amendment No. 1 provided that beginning with the Second Term, Mr. Amato would also be eligible to participate in the Bank's EIP. For the Second Term, Mr. Amato continued to acknowledge that the SERP and the Corporate Senior Officer Severance Policy would not apply to him during the Second Term or any Mutual Extension. Amendment No. 1 also provided that, upon the expiration of the Second Term or any mutual extension, Mr. Amato would be entitled to receive a severance payment equal to the EIP Annual Award (defined in the EIP to include both the short-term incentive component and the long-term incentive component) as set forth in the Bank's EIP, which would be treated as vested, on a pro rata basis for the performance period of the year when the expiration of his employment agreement occurs, and any Deferred Awards (as defined in the EIP) would be treated as fully vested, all of which is to be paid out as and when due in accordance with the EIP (Severance Payment).

On October 19, 2022, in accordance with the Mutual Extension, the Bank and Mr. Amato entered into a second amendment to his employment agreement (Amendment No. 2) to memorialize the mutual extension of the term of his employment following the expiration of the Second Term to March 31, 2024.

On October 30, 2023, the Bank and Mr. Amato entered into a third amendment to his employment agreement (Amendment No. 3) to mutually extend the term of his employment to September 30, 2024 (Third Term), with an automatic extension until March 31, 2025. Amendment No. 3 also amended Mr. Amato's base annual salary to \$540,000, effective January 1, 2024.

Under the terms of Amendment No. 2, as amended by Amendment No. 3, in recognition of Mr. Amato's extended service as the Bank's Executive Vice President and Chief Financial Officer, Mr. Amato would be eligible for a fully discretionary Third Special Award (as defined in Amendment No. 3). Pursuant to a subsequent employment agreement entered into June 2, 2025, between the Bank and Mr. Amato, the Third Special Award was terminated without any payments being made thereunder.

On January 30, 2025, Mr. Amato began serving as both Chief Financial Officer and Interim Chief Executive Officer. On April 1, 2025, the Bank and Mr. Amato entered into a fourth amendment to Mr. Amato's employment agreement (Amendment No. 4), which extended the term of Mr. Amato's employment to May 31, 2025 (Fourth Term). Amendment No. 4 also ended Mr. Amato's service as Chief Financial Officer effective April 1, 2025, and continued his service as Interim Chief Executive Officer. Mr. Amato continued to acknowledge that the SERP and the Corporate Senior Officer Severance Policy would not apply to him during the Fourth Term.

On June 2, 2025, the Bank entered into a subsequent employment agreement (Subsequent Employment Agreement) with Mr. Amato. The Subsequent Employment Agreement extended Mr. Amato's employment as follows: (1) beginning on June 1, 2025, and ending on September 30, 2025, Mr. Amato's employment was extended for a fifth

term (Fifth Term); (2) upon conclusion of the Fifth Term, Mr. Amato’s employment was automatically extended by two (2) calendar months ending on November 30, 2025 (the First Renewal); and (3) upon conclusion of the First Renewal, Mr. Amato’s employment was automatically extended by two (2) calendar months and one (1) day ending on February 1, 2026 (the Second Renewal).

Under the terms of the Subsequent Employment Agreement, Mr. Amato would receive a base annual salary of \$540,000 and a monthly award of \$50,743, and in addition, a lump sum amount equal to the amount Mr. Amato would have received had such monthly award been paid during the period from January 30, 2025, through the day immediately prior to the effective date of the Subsequent Employment Agreement. Mr. Amato was eligible to participate in the Bank’s Executive Incentive Plan and remained ineligible to participate in the Bank’s Supplemental Executive Retirement Plan and Corporate Senior Officer Severance Policy. In addition, the Subsequent Employment Agreement provided that Mr. Amato would be eligible for a fully discretionary award, the “Discretionary Fourth Special Award” (as defined in the Subsequent Employment Agreement), up to an amount equal to the actual forgone benefits under such plans and policies for the 2021 to 2026 periods through the last day Mr. Amato remains employed by the Bank, reduced by the amount of payments made pursuant to certain other awards and fully-vested benefits received by Mr. Amato under certain other Bank plans and agreements. The Discretionary Fourth Special Award could also be increased by a one-time contribution credit in the amount of \$50,000 to be added on the last day of Mr. Amato’s employment with the Bank, subject to certain terms and conditions.

Pursuant to the terms of the Subsequent Employment Agreement, Mr. Amato’s employment with the Bank terminated on February 1, 2026, and in accordance with the terms of the Subsequent Employment Agreement, Mr. Amato will receive \$741,170 under the Discretionary Fourth Special Award and will be entitled to up to \$459,785 under the EIP Awards by operation of the EIP, subject to Finance Agency review and non-objection. Other than as set forth above, Mr. Amato is not entitled to any further benefits from the Bank.

Non-Equity Incentive Compensation and Non-Equity Long-Term Incentive Payouts

The total Annual Award for each NEO represents the amount for their Year-End Award and the amount for their Deferred Award, each of which is 50% of their Annual Award approved by the Board under the EIP for 2025. The payment of their Deferred Award is deferred for the three-year performance period and is subject to applicable requirements and qualifiers as described in “Compensation Discussion and Analysis – Elements of Our Executive Compensation Program – Executive Incentive Plan,” which discussion is herein incorporated by reference.

The following table shows the two components of the total Annual Awards for the NEOs approved by the Board under the EIP for 2025.

Named Executive Officers	EIP for 2025		
	Year-End Awards ⁽¹⁾	Deferred Awards ⁽²⁾	Annual Awards
Joseph Amato	\$ 208,600	\$ 208,600	\$ 417,200
Michael Hennessy ⁽³⁾	130,400	130,400	260,800
Greg Ward	199,800	199,800	399,600
Tony Wong	164,850	164,850	329,700
Maxine Moir	157,450	157,450	314,900
Total			\$ 1,722,200

- (1) The Year-End Award is 50 percent of the total Annual Award and is included in the Summary Compensation Table.
- (2) The Deferred Award is 50 percent of the total Annual Award and remains subject to the satisfaction of applicable qualifiers and will not be paid until 2029. The Deferred Awards are also subject to modification and forfeiture under the terms of the EIP.
- (3) In addition to the Annual Award under the EIP for 2025, Mr. Hennessy received a prorated short-term award of \$37,574 and a prorated deferred award of \$3,757 under the Bank’s Team Member Incentive Plan earned prior to Mr. Hennessy becoming eligible for the EIP for 2025 in April 2025.

The Bank’s overall achievement level against its corporate goals for 2025 was 125.8%.

To support the 2025 Business goal achievement level, the Member Business Volume goal was \$52.1 billion, and Member Business Product Utilization was 57.5%. For the accomplishments relating to the Member Business goal mentioned above, management received an overall achievement level between Minimum and Target of 97.7%.

To support the 2025 Financial Performance goal achievement level, AROC spread was 2.41% and operating expenses were \$156.2 million (below the Bank's 2025 operating expense budget of \$163.6 million). For the accomplishments relating to the Financial Performance goal, management received an overall achievement level between Target and Maximum of 144.2%.

To support the 2025 Risk Management goal achievement level, the Financial KRI goal was 36 out of 36 and the Information Security Risk Management goal was 25 out of 36. For the accomplishments relating to the Risk Management goal, management received an overall achievement level between Target and Maximum of 125.0%.

To support the 2025 Affordable Housing and Community Investment goal achievement level, the Bank disbursed 99.8% of the 2025 voluntary contribution and Community Investment Program Utilization was 48.8%. For the accomplishments relating to the Affordable Housing and Community Investment goal, management received an overall achievement level between Target and Maximum of 134.0%.

To support the 2025 Employee Engagement goal achievement level, the percent of Bank employees with documented development plans was 98.5%. For the accomplishments relating to the Employee Engagement goal, management received an overall achievement level between Target and Maximum of 147.0%.

Pension Benefits Table

The following table provides the present value of accumulated retirement and pension-related benefits payable as of December 31, 2025, to each of the NEOs upon the normal retirement age of 65 under the Bank’s qualified and non-qualified defined benefit plans.

(In whole dollars)

Name	Plan Name	Years of Credited Service	Present Value of Accumulated Benefits ⁽¹⁾	Payments During Last Fiscal Year
Joseph Amato	Cash Balance Plan	4.667	\$ 106,930	\$ —
	Financial Institutions Retirement Fund	N/A	—	—
	Benefit Equalization Plan	4.667	51,338	—
	Deferred Compensation Plan	4.667	52,740	—
	Supplemental Executive Retirement Plan	N/A	—	—
Michael Hennessy	Cash Balance Plan	20.000	568,406	—
	Financial Institutions Retirement Fund	N/A	—	—
	Benefit Equalization Plan	20.000	59,192	—
	Deferred Compensation Plan	20.000	40,197	—
	Supplemental Executive Retirement Plan ⁽²⁾	0.750	99,114	—
Greg Ward	Cash Balance Plan	11.667	299,337	—
	Financial Institutions Retirement Fund	N/A	—	—
	Benefit Equalization Plan	11.667	243,664	—
	Deferred Compensation Plan	11.667	—	—
	Supplemental Executive Retirement Plan ⁽²⁾	9.000	1,931,272	—
Tony Wong	Cash Balance Plan	30.250	947,638	—
	Financial Institutions Retirement Fund	0.250	2,214	—
	Benefit Equalization Plan	30.250	164,903	—
	Deferred Compensation Plan	30.250	46,525	—
	Supplemental Executive Retirement Plan ⁽²⁾	4.667	776,450	—
Maxine Moir	Cash Balance Plan	7.917	196,344	—
	Financial Institutions Retirement Fund	N/A	—	—
	Benefit Equalization Plan	7.917	98,305	—
	Deferred Compensation Plan	7.917	2,475	—
	Supplemental Executive Retirement Plan ⁽²⁾	2.583	398,797	—

- (1) For purposes of this table, the present value of accumulated benefits as of December 31, 2025 (measured December 31, 2025) was calculated using a discount rate of 5.00%, which is consistent with the assumptions used in the Bank’s financial statements. Actual benefit payments under each plan may differ based on the applicable discount rate under the terms of the relevant plan. Amounts under the BEP and the DCP represent the present value of only the pension-related benefits accumulated for the NEO.
- (2) For the purposes of this table, the years of credited service for the SERP represent the years of participation since the inception of the SERP in 2003 or the first year in which the participant initially became active in the SERP. For purposes of determining the amount of Bank contribution in the SERP table, the years of credited service are defined in the SERP.

Narrative to Pension Benefits Table

For information regarding the plans in the table, see the discussion in our Compensation Discussion and Analysis under “Cash Balance Plan,” “Benefit Equalization Plan,” “Deferred Compensation Plan,” and “Supplemental Executive Retirement Plan.” The valuation method and material assumptions used in quantifying the present value of the current accrued benefits in the table are consistent with the assumptions used in the Bank’s financial statements. See the discussion in “Item 8. Financial Statements and Supplementary Data – Note 12 – Employee Retirement Plans and Incentive Compensation Plans.”

Non-Qualified Deferred Compensation Table

The following table reflects the non-qualified Deferred Compensation Plan balances as of December 31, 2025, for the NEOs.

(In whole dollars)

Name and Principal Position	Last Fiscal Year	Beginning of Year Balance	2025 Executive Contributions ⁽¹⁾	2025 Bank Contributions	Aggregate Earnings/ (Losses)	Aggregate (Withdrawals)/ Distributions	Yearend 2025 Aggregate Balance
Joseph Amato Interim President and CEO	2025	\$ 721,258	\$ 343,048	\$ —	\$ 143,376	\$ —	\$ 1,207,682
Michael Hennessy EVP and CFO	2025	591,850	120,294	—	122,591	—	834,735
Greg Ward EVP and Chief Risk Officer	2025	—	—	—	—	—	—
Tony Wong EVP and Chief Banking Officer	2025	369,986	—	—	65,989	—	435,975
Maxine Moir EVP and Chief Human Resources Officer	2025	30,350	6,216	—	4,996	—	41,562

(1) The 2025 executive contributions made by Mr. Amato, Mr. Hennessy, and Ms. Moir are included in the “Non-Equity Incentive Payment” column in the Summary Compensation Table.

Narrative to Non-Qualified Deferred Compensation Table

The Non-Qualified Deferred Compensation Table presents information about our DCP, which is designed to allow Bank officers to defer up to 100% of base salary and short- and long-term incentive cash compensation awards, as applicable. Directors may also participate in the DCP to defer up to 100% of their director fees.

The Bank’s matching contribution under the Savings Plan is calculated based on an officer’s base salary after deferring base salary compensation under the DCP. As a result, an officer who defers base salary compensation forgoes the Bank’s matching contribution on the portion of compensation that is deferred. To compensate for this, the Bank makes a contribution credit to the officer’s DCP balance to restore the benefit under the Savings Plan that would otherwise be lost as a result of deferring base salary compensation, and these “make up matching contributions” are also reflected in the table.

Participants may direct the investments of deferred amounts into core mutual funds or into a brokerage account. Participants may change these investment directions at any time. All investment earnings accumulate to the benefit of the participants on a tax-deferred basis. Brokerage fees relating to purchases and sales are charged against the value of the participant’s deferred balance in the plan. The Bank pays all set-up and annual account administration fees.

Income taxes are deferred until a participant receives payment of funds from the plan. Participants may elect payouts in a lump sum or over a payout period from two to 10 years. A participant may change any previously elected payment schedule by submitting a written election. Any written election to change the payment schedule must be made at least 12 months prior to the original payout date, and the new payout date, in most cases, must be at least five years from the original payout date.

CHIEF EXECUTIVE OFFICER (CEO) PAY RATIO

For the year ended December 31, 2025, the ratio of the Bank's CEO's total compensation for 2025 to the Bank's median of the annual total compensation for 2025 of all our employees, except the CEO (Median Employee) is 6.29:1. For total compensation for the Bank's CEO and the Median Employee, the Bank used the same elements of compensation presented in the Summary Compensation Table and calculated total compensation in the same manner total compensation is calculated for the Summary Compensation Table for both employees. The calculation also included amounts attributable to change in pension value, which will vary among employees based upon their tenure at the Bank. For 2025, the total annualized compensation of the Median Employee was \$258,660, and the total annualized compensation of the CEO was \$1,627,974.

The Bank identified the Median Employee by calculating the 2025 total compensation (using the same elements of compensation in the Summary Compensation Table and in the same manner total compensation is calculated for the Summary Compensation Table) for each of the employees who were employed by the Bank on December 31, 2025, and ranking the 2025 total compensation for all such employees (a list of 267 employees) from lowest to highest, excluding the CEO. The employees in the calculation included all full-time and part-time employees, and the Bank annualized compensation for all such employees.

DIRECTOR COMPENSATION

We provide our directors with compensation for the performance of their duties as members of the Board and for the amount of time spent on the Bank’s business.

Director Compensation Table For the Year Ended December 31, 2025

(In whole dollars)

Name of Directors serving during 2025	Fees Earned or Paid in Cash
Joan C. Opp ⁽¹⁾	\$ 137,000
Banafsheh Akhlaghi ⁽²⁾	136,426
F. Daniel Siciliano ⁽³⁾	165,000
Brian M. Riley ⁽⁴⁾	142,000
David Adame ⁽⁶⁾	123,000
Laura Archuleta	129,427
Jeffrey K Ball ⁽⁵⁾	130,000
Marangal L. Domingo ⁽⁶⁾⁽⁸⁾	130,000
Ana E. Fonseca ⁽⁸⁾	129,427
Lori Gay	130,000
Matthew Hendricksen	130,000
Chang M. Liu ⁽⁸⁾	130,000
Silvio Tavares ⁽⁷⁾	123,000
Total	\$ 1,735,280

- (1) Ms. Opp began serving as Chair in 2026.
- (2) Ms. Akhlaghi began serving as Vice Chair in 2026.
- (3) Mr. Siciliano served as Chair during 2025.
- (4) Mr. Riley served as Vice Chair during 2025.
- (5) Mr. Ball resigned as a member of the Board effective December 31, 2025.
- (6) Mr. Domingo and Mr. Adame’ terms as a member of the Board expired effective December 31, 2025.
- (7) Mr. Tavares resigned as a member of the Board effective December 31, 2025. Mr. Tavares’ term was scheduled to expire on December 31, 2025.
- (8) The Bank offers a matching gift program to all employees and directors whereby the Bank will match charitable donations to eligible nonprofits up to \$1,000. For the year ended 2025, the Bank made \$1,000 matching contributions on behalf of directors Domingo, Fonseca and Liu.

On occasion, the Bank pays for resort activities for directors in connection with Board meetings and other business-related meetings, and, in some cases, the Bank may pay the expenses for spouses accompanying directors to these meetings or other Bank-sponsored events. The value of these perquisites is considered de minimis and not included in the table above.

The 2025 Board Compensation and Expense Reimbursement Policy (2025 Directors Compensation Policy) provided the directors with compensation for the performance of their duties as members of the Board and the amount of time spent on official Bank business, as set forth below.

(In whole dollars)

Position	Maximum Annual Service Fee	Maximum Annual Meeting Fees	Total Maximum Annual Compensation
Chair	\$ 110,000	\$ 55,000	\$ 165,000
Vice Chair	87,000	55,000	142,000
Audit, Compensation and HR, and Risk Committee Chairs	82,000	55,000	137,000
All Other Committee Chairs	75,000	55,000	130,000
Other Directors	68,000	55,000	123,000

Under the 2025 Directors Compensation Policy, service fees for the above positions were paid for serving as a director during and between regularly scheduled meetings of the Board. The maximum annual service fee was prorated and paid with the meeting fee, if applicable, at the conclusion of each two-month service period on the Board (month end February, April, June, August, October, and December). In addition, each director received a fee of \$11,000 for attending any portion of five of the six regularly scheduled two-day Board meetings, subject to the annual maximum of \$55,000.

The 2025 Directors Compensation Policy provided that a director may receive a meeting fee for participation in one regularly scheduled Board meeting by videoconference. No other fee was paid for participation in meetings of the Board or Board committees by videoconference or participation in other Bank or FHLBank System activities. The president of the Bank was authorized to interpret the 2025 Directors Compensation Policy, as necessary, according to applicable statutory, regulatory, and policy limits.

Under the 2025 Directors Compensation Policy, the final prorated service fee was to be withheld if a director did not attend (in person, by telephone, or virtually) at least 75% of all regular and special meetings of the Board and the director's assigned committees for the year, or if the Board determined a director had consistently demonstrated a lack of engagement and participation in meetings attended. In addition, the meeting fee attendance requirement provided that a director would receive a meeting fee only if the director attended the regular Board meeting, as well as at least one assigned committee meeting during the Board's regularly scheduled two-day meetings.

The Bank reimbursed directors for necessary and reasonable travel, subsistence, and other related expenses incurred in connection with the performance of their official duties, which may have included participation in meetings or activities for which no fee was paid.

For expense reimbursement purposes, directors' official duties included:

- Meetings of the Board and Board committees,
- Meetings requested by the Finance Agency and FHLBank System committees,
- Meetings of the Council of FHLBanks and its committees,
- Meetings of the Bank's Affordable Housing Advisory Council,
- Events attended on behalf of the Bank when requested by the president in consultation with the Board chair,
- Other events attended on behalf of the Bank with the prior approval of the Board chair,
- Director education events attended that are consistent with the Bank's Director Education Guidelines, and with the prior approval of the Board chair (and in the case of the Board chair, the chair of the Governance Committee), and
- National Association of Corporate Directors Annual Meeting.

The 2025 Directors Compensation Policy also provides that directors may receive up to an additional \$1,500 in compensation in the form of expense reimbursement for meals and travel for a spouse or significant other. The 2025 Directors Compensation Policy also provided the opportunity to participate in the Bank's Charitable Contribution Matching Gift Program.

The Board adopted a Compensation and Expense Reimbursement Policy for 2025, which is substantially similar to the 2025 Directors Compensation Policy. Director service fees increased for the Board Chair, Vice Chair, and the Chairs of the Audit, Compensation & Human Resources, and Risk Committees for 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information about those stockholders that are beneficial owners of more than 5% of the Federal Home Loan Bank of San Francisco’s outstanding capital stock, including mandatorily redeemable capital stock, as of February 27, 2026.

Name and Address of Beneficial Owner	Number of Shares Held	Percentage of Outstanding Shares
Western Alliance Bank 1 East Washington Street Phoenix, Arizona 85004	1,339,489	5.1 %

The following table sets forth information about those members (or their holding companies) with officers or directors serving as directors of the Federal Home Loan Bank of San Francisco as of February 27, 2026.

Director Name	Name of Institution	City	State	Number of Shares Held	Percentage of Outstanding Shares
Ana E. Fonseca	Logix Federal Credit Union	Valencia	CA	172,500	0.7
Matthew Hendricksen	Employers Insurance Company of Nevada	Reno	NV	10,193	—
Matthew Hendricksen	Employers Assurance Company	Reno	NV	14,162	0.1
Matthew Hendricksen	Employers Compensation Insurance Company	Reno	NV	16,430	0.1
Matthew Hendricksen	Employers Preferred Insurance Company	Reno	NV	27,567	0.1
Matthew Hendricksen	Cerity Insurance Company	Reno	NV	6,701	—
Chang M. Liu	Cathay Bank	Los Angeles	CA	172,500	0.6
Joan C. Opp	Stanford Federal Credit Union	Palo Alto	CA	172,500	0.6
Brian M. Riley	Oxford Life Insurance Company	Phoenix	AZ	89,755	0.3
Brian M. Riley	Clearinghouse CDFI	Lake Forest	CA	41,777	0.2
Total				724,085	2.7 %

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Capital stock ownership is a prerequisite to transacting any member business with the Federal Home Loan Bank of San Francisco (Bank). The members, former members, and certain other nonmembers own all the capital stock of the Bank, the majority of the directors of the Bank are officers or directors of members, and the Bank conducts its advances and purchased mortgage loan business almost exclusively with members or member successors. The Bank extends credit in the ordinary course of business to members with officers or directors who serve as directors of the Bank and to members owning more than 5% of the Bank's capital stock (5% shareholders) on market terms that are no more favorable to them than the terms of comparable transactions with other members. In addition, the Bank may transact short-term investments, federal funds sold, and mortgage-backed securities (MBS) with members and their affiliates that have officers or directors who serve as directors of the Bank or with 5% shareholders. All investments are market rate transactions, and all MBS are purchased through securities brokers or dealers. The Bank may also be the primary obligor on debt issued in the form of Federal Home Loan Bank (FHLBank) System consolidated obligations using underwriters and dealers, and may enter into interest rate exchange agreements with counterparties, that may be affiliates of Bank members with officers or directors who serve as directors of the Bank or affiliates of members and nonmembers owning more than 5% of the Bank's capital stock, which are transactions in the ordinary course of the Bank's business and are market rate transactions.

The FHLBank Act requires the Bank to establish an Affordable Housing Program (AHP) and a CIP and authorizes the Bank to offer additional Community Investment Cash Advance (CICA) programs. Only Bank members may submit applications for these programs. All AHP and CICA subsidies are made in the ordinary course of business.

In instances where an AHP or CICA transaction involves a member that owns more than 5% of the Bank's capital stock (or an affiliate of such a member), a member with an officer or director who is a director of the Bank, or an entity with an executive officer, director, controlling shareholder, or general partner who serves as a director of the Bank (and that has a direct or indirect interest in the subsidiary), the transaction is subject to the same eligibility and other program criteria and requirements as all other comparable transactions and to the regulations governing the operations of the relevant program.

The Bank may also use members that have officers or directors who serve as directors of the Bank or 5% shareholders or their affiliates as securities custodians and derivative dealer counterparties. These financial relationships are conducted in the ordinary course of business on terms and conditions similar to those that would be available for comparable services if provided by unaffiliated entities.

The Bank does not have a written policy to have the board of directors (Board) review, approve, or ratify transactions with members that are outside the ordinary course of business because such transactions rarely occur. However, it has been the Bank's practice to report to the Board all transactions between the Bank and its members that are outside the ordinary course of business, and, on a case-by-case basis, seek Board approval or ratification.

On November 12, 2025, the Bank entered into a settlement agreement with Alanna McCargo, the former president and chief executive officer of the Bank, pursuant to which the Bank paid Ms. McCargo \$1,742,713 in exchange for a full release of claims in favor of the Bank. Previously, the Bank entered into an Advisory Agreement and a Separation Agreement with Ms. McCargo, but no payments were made to Ms. McCargo under either of those agreements.

Director Independence

General

Under the rules of the Securities and Exchange Commission (SEC), the Bank is required to identify directors who are independent, and members of the Board's Audit Committee and Compensation and Human Resources Committee and any committee performing similar functions to a nominating committee who are not independent, using the independence definition of a national securities exchange or automated quotation system. The Bank's capital stock is not listed on a national securities exchange or automated quotation system, and the Bank's board of directors is not subject to the independence requirement of any such exchange or automated quotation system. The Bank is subject to the independence standards for directors serving on the Audit Committee set forth in the rules of the Federal Housing Finance Agency (Finance Agency), and looks to the Finance Agency's independence standards to determine independence for all directors, whether or not they serve on the Audit Committee. In addition, for purposes of compliance with the SEC's disclosure rules only, the Board has evaluated director independence using the definition of independence articulated in the rules of the National Association of Securities Dealers Automated Quotations (Nasdaq).

In addition to the independence rules and standards above, the FHLBanks are required to comply with the rules issued by the SEC under Section 10A(m) of the Securities Exchange Act of 1934, which includes a substantive independence rule prohibiting a director from being a member of the Audit Committee if he or she, other than in his or her capacity as a member of the Audit Committee, the Bank's board of directors, or any other Board committee, accepts any consulting, advisory, or other compensatory fee from the Bank or is an "affiliated person" of the Bank as defined by the SEC rules (the person controls, is controlled by, or is under common control with the Bank).

Director Independence under the Finance Agency Regulations

The Finance Agency director independence rule provides that a director is sufficiently independent to serve as a member of the Audit Committee if that director does not have a disqualifying relationship with the Bank or its management that would interfere with the exercise of that director's independent judgment. Disqualifying relationships under the Finance Agency's independence standards include, but are not limited to: (i) employment with the Bank at any time during the last five years; (ii) acceptance of compensation from the Bank other than for service as a director; (iii) being a consultant, advisor, promoter, underwriter, or legal counsel for the Bank at any time within the last five years; or (iv) being an immediate family member of an individual who is or who has been a Bank executive officer within the past five years.

Although the Finance Agency's independence standard only applies by regulation to members of the Audit Committee, the Bank's Board looks to this standard for purposes of determining independence of all Bank directors.

The independence standard imposed on the Audit Committee under the Finance Agency regulations takes into account the fact that the Bank was created by Congress; the Bank has a cooperative ownership structure; the Bank is statutorily required to have member directors who are either an officer or director of a Bank member; the Bank was created to provide its members with products and services; and the Bank's board of directors is statutorily required to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member borrower. The Finance Agency's independence standards do not include as a disqualifying relationship any business relationships between a director's member institution and the Bank. Consistent with the rule, the Bank's Board does not believe that the statutorily prescribed business relationships between a director's member institution and the Bank interfere with the director's exercise of his or her independent judgment. The national securities exchanges' independence definitions, including those of the Nasdaq, do not generally take into account the cooperative nature of the Bank. Accordingly, the Bank's Board believes that the appropriate standard for measuring director independence is the Finance Agency's independence standards.

Applying the Finance Agency independence standards, the Board has determined that all directors who served in 2025 were, and all current directors are, independent.

Director Independence under the Nasdaq Rules

For purposes of compliance with the SEC’s disclosure rules only, the Board has evaluated director independence using the definition of independence articulated in the Nasdaq rules. The Nasdaq standard requires the Board to make an affirmative determination that the director does not have a relationship with the Bank that would impair his or her independence. “Independent director” under the Nasdaq rules means a person other than an executive officer or employee of the company or any other individual having a relationship which, in the opinion of the company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In addition, the Nasdaq rules set forth seven relationships that automatically preclude a determination of director independence. Among other things, a director is not considered to be independent if the director is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Bank made, or from which the Bank received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenues for that year, or \$200,000 (the payment and revenue relationship test), whichever is more.

Using the Nasdaq rules, the Board affirmatively determined in its opinion that each current nonmember director and each current member director are independent under the Nasdaq rules because they have no relationship with the Bank that would interfere with their exercise of independent judgment in carrying out their responsibilities as a director.

Using the Nasdaq rules, the Board affirmatively determined in its opinion that each former nonmember director and each former member director who served in 2025 was considered independent by the Board because they had no relationship with the Bank that would interfere with their exercise of independent judgment in carrying out their responsibilities as a director.

In making these determinations, the Board recognized that during their directorships the member directors were employed by or served as a director of a member institution that may have conducted business with the Bank in the ordinary course of the Bank’s and the member institution’s respective businesses. The Board determined that these ordinary course customer relationships with the member institutions that had or have member directors on the Board would not interfere with the member directors’ exercise of independent judgment or their independence from management under the Nasdaq rules. This determination is based on the fact that the Bank was created by Congress, the Bank has a cooperative ownership structure, the Bank is statutorily required to have member directors who are either an officer or director of a Bank member, the Bank was created to provide its members with products and services, and the Board is statutorily required to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member borrower.

Audit Committee Independence

The Board has an Audit Committee. Under the Finance Agency’s independence standards and Nasdaq rules, all Audit Committee members who served in 2025 were independent and all current Audit Committee members are independent.

All Audit Committee members who served in 2025 and all current Audit Committee members met the substantive independence rules under Section 10A(m) of the 1934 Act.

Compensation and Human Resources Committee Independence

The Board has a Compensation and Human Resources Committee. Using the Finance Agency’s director independence standards, all Compensation and Human Resources Committee members who served in 2025 were independent, and all current Compensation and Human Resources Committee members are independent.

Under the Nasdaq rules, to be considered an independent compensation committee member, a director must meet the definition under the general Nasdaq independence rules, and the board of directors must affirmatively determine the independence of any director who will serve on the company's compensation committee and must consider all factors specifically relevant to determining whether such a director has a relationship to the company that is material to that director's ability to be independent from management in connection with the duties of a compensation committee member. Relevant factors must include the source of compensation of directors, including any consulting, advisory, or other compensatory fee paid by the company to the directors and whether the director is affiliated with the company.

Governance Committee

The Board has a Governance Committee that performs certain functions that are similar to those of a nominating committee with respect to the nomination of nonmember independent directors. Using the Finance Agency's director independence standards, all Governance Committee members who served in 2025 were independent and all current Governance Committee members are independent.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees billed to the Federal Home Loan Bank of San Francisco (Bank) for the years ended December 31, 2025 and 2024, by its external accounting firm, PricewaterhouseCoopers LLP.

(In millions)	2025		2024	
Audit fees	\$	1.3	\$	1.3
All other fees		—		—
Total	\$	1.3	\$	1.3

Audit Fees. Audit fees during 2025 and 2024 were for professional services rendered in connection with the audits of the Bank's annual financial statements, the review of the Bank's quarterly financial statements included in each Quarterly Report on Form 10-Q, and the audit of the Bank's internal control over financial reporting.

All Other Fees. All other fees for 2025 and 2024 were for consulting and advisory services. The Bank is exempt from all federal, state, and local taxation, and no tax consulting fees were paid during 2025 and 2024.

Audit Committee Pre-Approval Policy

In accordance with the Securities and Exchange Commission rules and regulations implementing the Securities Exchange Act of 1934 (SEC rules), all audit, audit-related, and non-audit services proposed to be performed by the Bank's independent auditor must be pre-approved by the Audit Committee to ensure that they do not impair the auditor's independence. The SEC rules require that proposed services either be specifically pre-approved on a case-by-case basis (specific pre-approval services) or be pre-approved without case-by-case review under policies and procedures established by the Audit Committee that are detailed as to the particular service and do not delegate Audit Committee responsibilities to management (general pre-approval services).

The Bank's Audit Committee has adopted a policy, the Independent Auditor Services Pre-Approval Policy (Policy), setting forth the procedures and conditions pursuant to which services proposed to be performed by the Bank's independent auditor may be approved. Under the Policy, unless services to be provided by the independent auditor have received general pre-approval, they require specific pre-approval by the Audit Committee. Any proposed services exceeding the pre-approved maximum fee amounts set forth in the appendices to the Policy will also require specific pre-approval by the Audit Committee.

The Policy is designed to be detailed as to the particular services that may be provided by the independent auditor and to provide for the Audit Committee to be informed of each service provided by the independent auditor. The Policy is also intended to ensure that the Audit Committee does not delegate to management its responsibilities in connection with the approval of services to be provided by the independent auditor.

For both specific pre-approval and general pre-approval of services, the Audit Committee considers whether the proposed services are consistent with the SEC rules on auditor independence and whether the provision of the services by the independent auditor would impair the independent auditor's independence. The Audit Committee also considers (i) whether the independent auditor is positioned to provide effective and efficient services, given its familiarity with the Bank's business, management, culture, accounting systems, risk profile, and other factors, and (ii) whether having the independent auditor provide the service may enhance the Bank's ability to manage or control risk or improve audit quality. The Audit Committee also considers the total amounts of fees for audit, audit-related, and non-audit services for a given calendar year in deciding whether to pre-approve any such services and may choose to determine, for a particular calendar year, the appropriate ratio between the total amount of fees for audit and audit-related services and the total amount of fees for permissible non-audit services.

The Audit Committee annually reviews and pre-approves the services that may be provided by the independent auditor during a given calendar year without specific pre-approval from the Audit Committee.

The Audit Committee has delegated to its chair and vice chair individually specific pre-approval authority for additional audit or audit-related services to be provided by the independent auditor, provided that the estimated fee for each type of proposed service does not exceed \$50,000 and the total aggregated fees for all services pre-approved by each individual under this delegated authority do not exceed \$100,000 in a calendar year. The chair or vice chair, as the case may be, is required to report to the Audit Committee any services pre-approved under the delegated authority.

In 2025 and 2024, 100% of the audit-related fees and all other fees were pre-approved by the Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The financial statements included as part of this Form 10-K are identified in the Index to Audited Financial Statements appearing in “Item 8. Financial Statements and Supplementary Data” of this Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules are omitted because they are either not applicable or the required information is shown in the financial statements or the notes thereto.

(b) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1	Organization Certificate and resolutions relating to the organization of the Federal Home Loan Bank of San Francisco, incorporated by reference to Exhibit 3.1 to the Bank's Registration Statement on Form 10 filed with the Securities and Exchange Commission on June 30, 2005 (Commission File No. 000-51398)
3.2	Bylaws of the Federal Home Loan Bank of San Francisco, as amended and restated on January 29, 2026, incorporated by reference to Exhibit 3.1 to the Bank's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 4, 2026 (Commission File No. 000-51398)
4.1	Description of Registered Securities
4.2	Capital Plan, as amended and restated effective November 15, 2024, incorporated by reference to Exhibit 4.2 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 6, 2025 (Commission File No. 000-51398)
10.1	Form of Director Indemnification Agreement, incorporated by reference to Exhibit 10.2 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2017 (Commission File No. 000-51398)
10.2	Form of Director Indemnification Agreement, effective May 15, 2021, incorporated by reference to Exhibit 10.1 to the Bank's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2021 (Commission File No. 000-51398)
10.3	Form of Director Indemnification Agreement, effective July 28, 2022, incorporated by reference to Exhibit 10.5 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2023 (Commission File No. 000-51398)
10.4	Form of Senior Officer Indemnification Agreement, effective June 9, 2021, incorporated by reference to Exhibit 10.2 to the Bank's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2021 (Commission File No. 000-51398)
10.5	Form of Senior Officer Indemnification Agreement, effective January 28, 2026
10.6	Employment Agreement by and among the Federal Home Loan Bank of San Francisco and Joseph E. Amato, dated October 7, 2020, as amended, incorporated by reference to Exhibit 10.1 to the Bank's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 3, 2023 (Commission File No. 000-51398)
10.7	Employment Agreement by and among the Federal Home Loan Bank of San Francisco and Winthrop Watson, dated January 7, 2026, incorporated by reference to Exhibit 10.1 to the Bank's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2026 (Commission File No. 000-51398)
10.8	Advisory Agreement by and between the Federal Home Loan Bank of San Francisco and Winthrop Watson, dated January 7, 2026, incorporated by reference to Exhibit 10.2 to the Bank's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2026 (Commission File No. 000-51398)
10.9	Employment Agreement by and among the Federal Home Loan Bank of San Francisco and Alanna McCargo, dated May 7, 2024, incorporated by reference to Exhibit 10.1 to the Bank's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 8, 2024 (Commission File No. 000-51398)
10.10	Board Resolution for 2026 Board of Directors Compensation and Expense Reimbursement Policy

10.11	Executive Incentive Plan, as amended and restated on March 28, 2025, incorporated by reference to Exhibit 10.3 to the Bank's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 1, 2025 (Commission File No. 000-51398)
10.12	Supplemental Executive Retirement Plan, as amended and restated effective January 29, 2021, incorporated by reference to Exhibit 10.10 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 12, 2021 (Commission File No. 000-51398)
10.13	Original Deferred Compensation Plan, as restated, incorporated by reference to Exhibit 10.13 to Bank's Registration Statement on Form 10 filed with the Securities and Exchange Commission on June 30, 2005 (Commission File No. 000-51398)
10.14	Deferred Compensation Plan, as amended and restated effective January 1, 2020, incorporated by reference to Exhibit 10.10 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 6, 2020 (Commission File No. 000-51398)
10.15	Corporate Senior Officer Severance Policy, as amended and restated on July 30, 2021, incorporated by reference to Exhibit 10.1 to the Bank's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 5, 2021 (Commission File No. 000-51398)
10.16	Amended and Restated Federal Home Loan Bank P&I Funding and Contingency Plan Agreement, effective as of January 1, 2017, by and among the Office of Finance and each of the Federal Home Loan Banks, incorporated by reference to Exhibit 10.23 to the Bank's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2017 (Commission File No. 000-51398)
10.17	Joint Capital Enhancement Agreement, as amended August 5, 2011, with the other 11 Federal Home Loan Banks, incorporated by reference to Exhibit 99.1 to the Bank's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2011 (Commission File No. 000-51398)
19.1	Insider Trading Policy of Federal Home Loan Bank of San Francisco, as amended and restated on December 12, 2025
31.1	Certification of the Interim President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Interim President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1++	Audit Committee Report
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

++ The report contained in Exhibit 99.1 is being furnished and will not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 5, 2026.

FEDERAL HOME LOAN BANK OF SAN FRANCISCO

/s/ WINTHROP WATSON

Winthrop Watson
Interim President and Chief Executive Officer

March 5, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 5, 2026.

/s/ WINTHROP WATSON

Winthrop Watson
Interim President and Chief Executive Officer
(Principal executive officer)

/s/ MICHAEL S. HENNESSY

Michael S. Hennessy
Executive Vice President and Chief Financial Officer
(Principal financial officer)

/s/ JENNIFER F. LIN

Jennifer F. Lin
Senior Vice President and Controller
(Principal accounting officer)

/s/ JOAN C. OPP

Joan C. Opp
Chair of the Board of Directors

/s/ BANAFSHEH AKHLAGHI

Banafsheh Akhlaghi
Vice Chair of the Board of Directors

/s/ LAURA ARCHULETA

Laura Archuleta
Director

/s/ ANA E. FONSECA

Ana E. Fonseca
Director

/s/ LORI R. GAY

Lori R. Gay
Director

/s/ MATTHEW HENDRICKSEN

Matthew Hendricksen
Director

/s/ CHANG M. LIU

Chang M. Liu
Director

/s/ BRIAN M. RILEY

Brian M. Riley
Director

/s/ F. DANIEL SICILIANO

F. Daniel Siciliano
Director