

## **The Federal Home Loan Banks: A GSE That Works for U.S. Housing**

The Federal Home Loan Banks, as a U.S. Government-Sponsored Enterprise, have successfully supported U.S. housing for over 75 years. Created by Congress in 1932, the FHLBanks public policy mission is to support residential mortgage lending and related community investment through the sale of debt securities in the capital markets. These sales provide funds that are loaned to member financial institutions, which in turn provide mortgage credit to U.S. homebuyers and developers of affordable housing. By providing reliable, low-cost funding on demand to more than 8,000 member financial institutions, the FHLBanks support U.S. housing continuously, through all economic cycles.

### **Some important facts about the FHLBank System:**

Organized as a privately held cooperative - stock is not publicly traded

Owned by over 8,000 member financial institutions representing all U.S. states and possessions

Provides primary & secondary liquidity to the U.S. housing market through member lending and mortgage programs

All debt issues are the joint and several liability of all 12 FHLBanks

All debt issues are rated triple-A, and all 12 FHLBanks are individually rated either Aaa (Moody's) or AAA (S&P) with one FHLBank at AA+ and one other at AA.

The FHLBanks are required by regulation to maintain a triple-A rating on all debt issues, and each Bank must maintain at least a double-A counterparty rating

Loans to members are secured, primarily by liens on conforming mortgages

The total value of collateral pledged on member loans greatly exceeds their value

In 76 years, the FHLBanks have never experienced a loss on a member loan

Asset mix is approximately 68% secured loans to members, 25% MBS and short-term investments, 7% mortgage assets, and less than 1% other

The FHLBanks' capital to asset ratio (4.2%) exceeds other housing GSEs

The FHLBank's interest rate risk management is conservative and proven - duration gaps currently range from 2.7 months to -0.3 months

Affordable housing programs funded by the FHLBanks have created well over one million housing units since 1990

The FHLBanks and their more than 8,000 members comprise the largest source of mortgage credit in the U.S. For additional information on the FHLBank System, please check the Office of Finance web site ([www.fhllb-of.com](http://www.fhllb-of.com)) or email us ([info@fhllb-of.com](mailto:info@fhllb-of.com)).