

2015 Operating Highlights Show Liquidity Needs of FHLBank Members Continue Strong

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The results reported in today's preliminary unaudited yearend 2015 combined operating highlights for the Federal Home Loan Banks (FHLBanks) demonstrate that they continue to meet a variety of their members' needs for liquidity in an uncertain economic environment, according to John von Seggern, President and CEO of the Council of FHLBanks.

The FHLBanks are 11 regional cooperatives that are privately owned by approximately 7,000 financial institutions in every state and territory of the U.S. Their mission is to provide reliable liquidity to member institutions to support housing finance and community investment. FHLBanks raise money every day on the global credit markets and FHLBank members access that liquidity in order to serve their communities.

"As questions persist about the durability of the recovery, funding supplied by the FHLBanks enables local lenders of all sizes and many types to extend credit for housing, jobs and economic growth," said von Seggern. "Beginning more than 25 years ago, through a succession of legislative actions, U.S. lawmakers broadened both FHLBank membership as well as the uses to which member institutions can put FHLBank funds."

"The FHLBanks serve members big and small who use the funding for a wide variety of purposes," he said. "For example, our members will rely on FHLBank financial products to help them manage balance sheet risks. Their obligation, of course, is to post eligible collateral, which is primarily housing-related. Without that, they cannot borrow from the FHLBanks."

The FHLBanks, as collateralized lenders, have an 80-plus year track record of successfully supporting members' funding demands through all economic cycles. "In fact, during the financial crisis, the FHLBanks provided over \$350 billion in additional funding to local economies through their members," von Seggern said. "And as cooperatives owned and capitalized by members, the FHLBanks have conservative risk management practices for mitigating credit, interest rate, and funding risks."

The FHLBanks have a deep, diversified investor base for their debt, including money market funds, public funds managers, corporations and central banks who have ongoing demand for high-quality, liquid short-term securities.