FHLBank Issue Brief

Structure of the FHLBank System

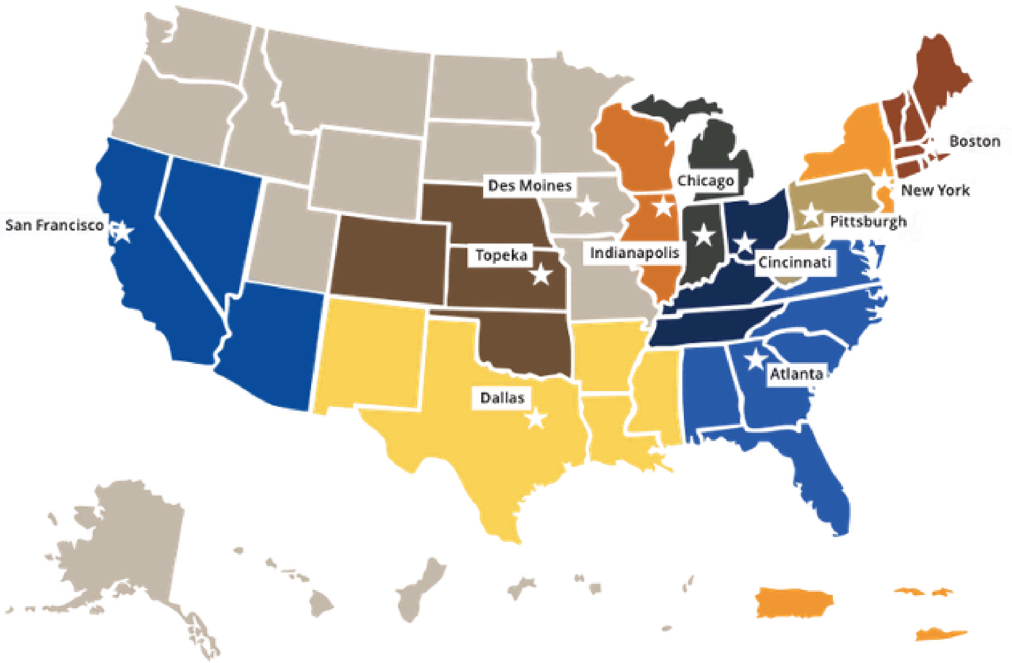
Overview

The Federal Home Loan Bank (FHLBank) System was created by the Federal Home Loan Bank Act in 1932. It consists of 11 federally chartered FHLBanks and the Office of Finance. The 11 FHLBanks are regionally based, privately owned cooperatives, each with their own board of directors and management team. The Office of Finance is the capital markets agent for the FHLBank System with its own board of directors. The Council of Federal Home Loan Banks (Council) serves as the trade association and collective public voice of the FHLBank System. The FHLBanks are regulated by the Federal Housing Finance Agency (FHFA).

FHLBanks

Each of the 11 FHLBanks is independently operated and funded by private capital and receive no congressional appropriations. They are owned by their members, which must purchase stock in their respective FHLBank as a condition of membership. Membership eligibility is determined by Congress and today includes roughly 6,300 banks, credit unions, insurance companies, and community development financial institutions. Each FHLBank is an SEC registrant, filing quarterly and annual financial statements.

The 11 Federal Home Loan Bank Districts



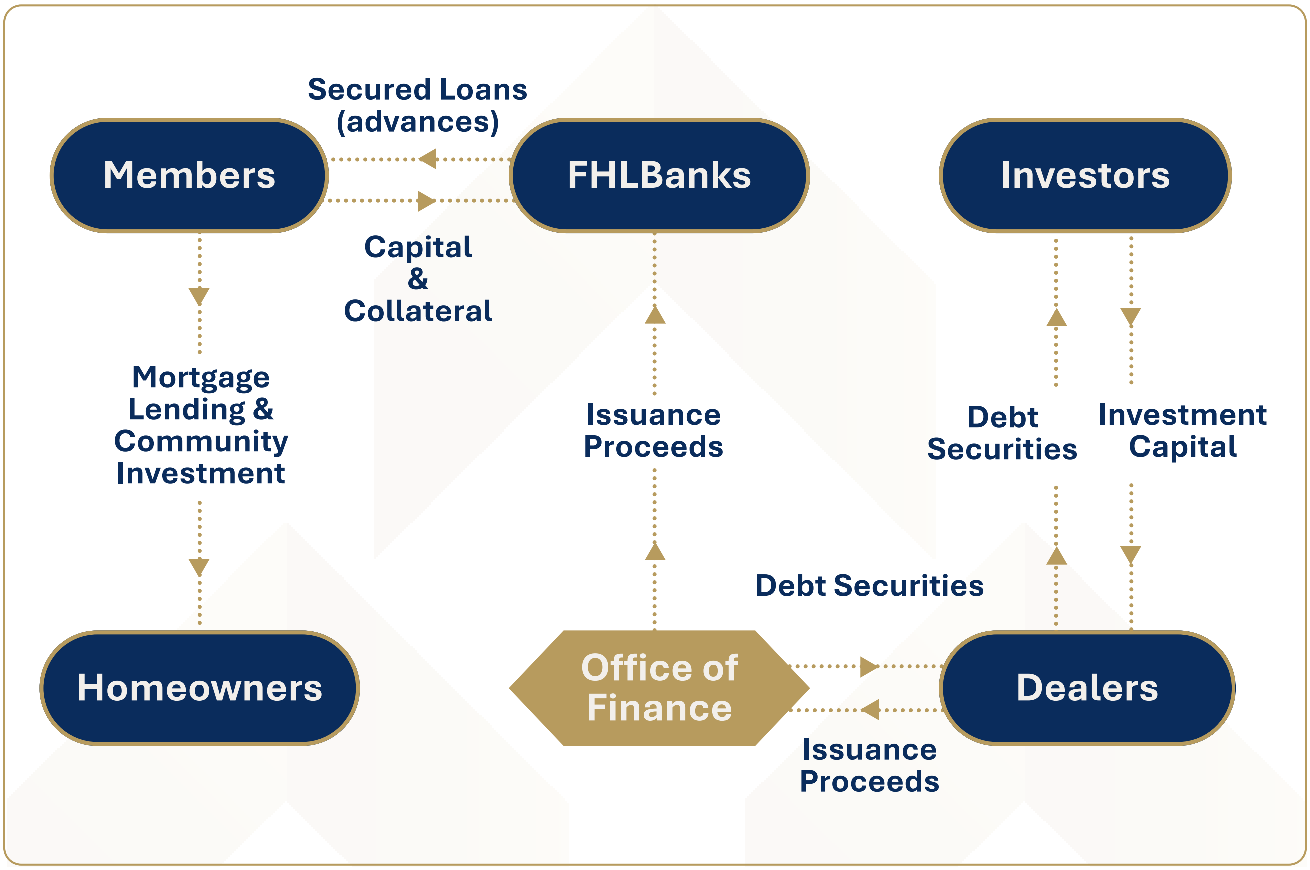
FHLBank Governance

Each FHLBank is governed by a board of directors, consisting of both member directors and independent directors. Member directors represent the owners of the FHLBanks' capital, while independent directors are typically selected for their financial services, housing and community development, legal, or regulatory expertise. FHLBank boards are prohibited from discriminating in favor of, or against, any specific members.

Office of Finance

The Office of Finance serves as the capital market agent, issuing and servicing all debt securities for the FHLBanks and compiling and publishing combined financial statements on behalf of the entire FHLBank System. Its mission is "to provide the Federal Home Loan Banks with highly reliable access to low-cost funding and deliver outstanding customer service." The Office of Finance issues and services all debt securities on behalf of the FHLBank System, the proceeds of which are made available to the FHLBanks and used to provide liquidity and other products and services to members. It conducts educational outreach to inform investors about FHLBank debt products.

FHLBank Funding



Council of FHLBanks

The Council was founded in 1998 as an unincorporated nonprofit trade association. It represents the shared interest of the FHLBanks and serves as the public voice of the FHLBank System. Headquartered in Washington, DC, the Council provides a mechanism for the System to coordinate and communicate its positions and perspectives on legislative, regulatory, and public policy matters.

The Council is governed through a board of representatives, which consists of directors and officers from each of the 11 FHLBanks. The board is the principal forum through which the FHLBanks discuss and coordinate on matters affecting the System, and its governance structure ensures that each FHLBank has direct representation regarding the activities of the Council while enabling the System to speak with a unified voice on matters of common concern.

FHFA

The FHLBank System is overseen by the FHFA, which was created by Congress through the Housing and Economic Recovery Act of 2008. Each FHLBank is subject to extensive annual examination by the FHFA in addition to regular regulatory reviews.

FHFA is led by a single director and advised by a Federal Housing Finance Oversight Board, composed of the Secretaries of Treasury and HUD, the Chair of the SEC, and the FHFA Director. There is a Deputy Director for FHLBank regulation, while the FHLBanks’ mission oversight is charged to the Deputy Director of Housing Mission and Goals.