GOVERNMENT-SPONSORED ENTERPRISES

This chapter contains descriptions of and data on the Government-sponsored enterprises listed below. These enterprises were established and chartered by the Federal Government. They are not included in the Federal budget because they are classified as being private. However, because of their relationship to the Government, detailed statements of financial operations and condition are presented, to the extent such information is available, on a basis that is as consistent as practicable with the basis for the budget data of Government agencies. These statements are not reviewed by the President; they are presented as submitted by the enterprises.

—The Student Loan Marketing Association is a for-profit financial corporation chartered by Congress in 1972 under the Higher Education Act (HEA) to help increase the availability of student loans. Sallie Mae carries out secondary market and other functions.

—The College Construction Loan Insurance Association is organized as a private, for-profit insurance corporation to guarantee and insure bonds and loans made for construction and renovation of college and university facilities. The Corporation was established by, but was not chartered by, the Federal Government.

—The Federal National Mortgage Association provides supplementary assistance to the secondary market for home mortgages. The Federal Home Loan Mortgage Corporation provides a secondary market for mortgage lenders. Both are supervised by the Department of Housing and Urban Development for their roles in helping to finance low- and moderate-income housing; both are regulated for financial safety and soundness by the newly established Office of Federal Housing Enterprise Oversight.

—The Banks for Cooperatives and Farm Credit Banks provide financial assistance to agriculture. They are supervised by the Farm Credit Administration.

—The Federal Agricultural Mortgage Corporation, under the supervision of the Farm Credit Administration, provides a secondary mortgage market for agricultural real estate and certain rural housing loans as well as for farm and business loans guaranteed by the U.S. Department of Agriculture.

—The Federal Home Loan Banks assist thrift institutions, banks, and credit unions and are supervised by the Federal Housing Finance Board.

—The Financing Corporation functions as a financing vehicle for the FSLIC Resolution Fund. It operates under the supervision and control of the Federal Housing Finance Board.

—The Resolution Funding Corporation provides financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Oversight Board of the RTC.

The Board of Governors of the Federal Reserve System is not a Government-sponsored enterprise, but its transactions also are not included in the budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget on a calendar year basis, which is included here for information. Its budget schedules and statements are not subject to review by the President.

DEPARTMENT OF EDUCATION

Student Loan Marketing Association

Program and Financing (in thousands of dollars)

Identification code 99–1500–0–3–502		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Interest expense	1,892,495	1,987,000	2,086,000
00.02	Administrative expenses and taxes	506,936	558,000	603,000
00.91	Total operating expenses	2,399,431	2,545,000	2,689,000
	Capital investment:			
01.01	Loans, etc	11,258,773	12,167,762	11,556,000
01.02	Investments, dividends, and other assets	3,115,991	700,000	750,000
01.91	Total capital investment	14,374,764	12,867,762	12,306,000
10.00	Total obligations	16,774,195	15,412,762	14,995,000
	Financing:			
39.00	Budget authority (gross)	16,774,195	15,412,762	14,995,000
	Budget authority:			
67.15	Authority to borrow (indefinite)	6,106,231	2,412,762	495,000
68.00	Spending authority from offsetting collections	10,667,964	13,000,000	14,500,000
	Relation of obligations to outlays:			
71.00	Total obligations	16,774,195	15,412,762	14,995,000
	Obligated balance, start of year:			
72.10	Receivables from other government accounts	–1,549,493	–2,448,057	–2,375,000
72.91	U.S. Securities: Par value	768,639	1,239,733	1,204,000
	Obligated balance, end of year:			
74.10	Receivables from other government accounts	2,448,057	2,375,000	2,256,000
74.91	U.S. Securities: Par value	–1,239,733	–1,204,000	–1,262,000
87.00	Outlays (gross)	17,201,665	15,375,438	14,818,000
	Adjustments to gross budget authority and outlays:			
88.40	Offsetting collections from: Non-Federal sources	–10,667,964	–13,000,000	–14,500,000
89.00	Budget authority (net)	6,106,231	2,412,762	495,000
90.00	Outlays (net)	6,533,701	2,375,438	318,000

Status of Direct Loans (in thousands of dollars)

Identification code 99–1500–0–3–502		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	11,258,773	12,167,762	11,556,000
1150	Total direct loan obligations	11,258,773	12,167,762	11,556,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	34,585,483	38,071,359	40,416,762
1231	Disbursements: Direct loan disbursements	11,258,773	12,167,762	11,556,000
1251	Repayments: Repayments and prepayments	–7,836,844	–9,892,000	–11,458,000
1264	Write-offs for default: Other adjustments, net	63,947	69,641	77,000
1290	Outstanding, end of year	38,071,359	40,416,762	40,591,762

[1] Amortization of discount on purchased loans.

The Student Loan Marketing Association (Sallie Mae), a shareholder-owned corporation, was created by the Education Amendments of 1972 to expand funds available for student loans by providing liquidity to lenders engaged in the Federal

STUDENT LOAN MARKETING ASSOCIATION—Continued

Family Education Loan Program (FFELP), formerly the guaranteed student loan program (GSLP).

Sallie Mae provides liquidity through direct purchase of insured student loans from eligible lenders and through warehousing advances, which are loans to lenders secured by insured student loans, Government or agency securities, or other acceptable collateral. In capital shortage areas, Sallie Mae is authorized, at the request of Federal officials, to make insured loans directly to students. Sallie Mae is authorized to advance funds to State agencies that will provide loans to students. Sallie Mae is also authorized to provide a secondary market for noninsured loans; to serve as a guarantee agency in support of loan availability at the request of the Secretary of Education; to purchase and underwrite student loan revenue bonds; to provide certain additional services as determined by its board of directors to be supportive of the credit needs of students generally; and to provide financing for academic facilities and equipment.

Sallie Mae is authorized by the Health Professions Educational Assistance Act of 1976 to provide a secondary market for federally insured loans to graduate health professions students.

Operations.—The forecast data with respect to operations are based on certain general economic and specific FFELP loan volume assumptions and should not be relied upon as an official forecast of the corporation's future business.

ANNUAL LOAN ACTIVITY

[In thousands of dollars]

	1994 actual	*1995 est.*	*1996 est.*
Guaranteed student loans:			
Stafford (formerly "regular"):			
Purchased	4,705,404	5,487,000	5,818,000
Warehoused	3,747,495	3,500,000	2,369,000
PLUS/SLS: Purchased	1,491,023	1,739,000	1,843,000
Subtotal, Guaranteed student loans	9,943,922	10,726,000	10,030,000
Health professions loans: Purchased	265,337	309,000	328,000
Other	1,049,514	1,132,762	1,198,000
Total	11,258,773	12,167,762	11,556,000

Financing.—Between 1974 and early 1982, Sallie Mae borrowed through the Federal Financing Bank. The Secretary of Education was authorized by the Education Amendments of 1980 to guarantee principal and interest on such obligations issued prior to October 1, 1985. Under an agreement with the Department of the Treasury reached in early 1981, Sallie Mae began borrowing directly in the private capital markets. Its last borrowing through the FFB and its last issuance of federally guaranteed obligations occurred in January 1982. During the first quarter of 1994, Sallie Mae prepaid all of the outstanding FFB debt. Its obligations today have certain characteristics, provided by charter, which give them "agency" status, but they are not federally insured or guaranteed.

Management.—At its annual meeting in May 1994, the shareholders of Sallie Mae elected 14 members to its board of directors to serve until May 1995. The shareholders of Sallie Mae are entitled to elect 14 members to the board. Pursuant to the Education Amendments of 1972, seven public directors are appointed by the President, who also names the chairman from among the 21 members.

Restructuring.—Because of the transition from the guaranteed student loan program to the program of Federal Direct Student Loans, the Administration has been actively studying options for the future of Sallie Mae, including in particular, restructuring the company into a fully private company. In any such restructuring, currently outstanding Sallie Mae debt would retain the characteristics of government sponsored enterprise debt, and customers having agreements with the GSE would be fully protected. Any new debt issued by a private company successor to Sallie Mae would not possess the characteristics of government sponsored enterprise debt.

Statement of Operations (in thousands of dollars)

Identification code 99–1500–0–3–502		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	2,614,644	2,826,510		
0102	Expense	–2,192,933	–2,399,431		
0109	Net income	421,711	427,079		

[1] The Sallie Mae Board of Directors does not consider it appropriate to forecast corporate revenue in a public document since such forecasts could be used for speculative purposes.

Balance Sheet (in thousands of dollars)

Identification code 99–1500–0–3–502		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, par	575,547	1,192,108	1,156,000	1,214,000
1104	Agency securities, par	193,092	47,625	48,000	48,000
1106	Receivables, net	516,995	591,568	621,000	652,000
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	9,284,150	11,719,755	11,729,238	11,754,238
1206	Receivables, net	305,342	240,464	252,000	265,000
1207	Advances and prepayments	13,538	22,080	23,000	24,000
	Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	34,687,192	38,171,795	40,523,385	40,698,847
1603	Allowance for estimated uncollectible loans and interest (–)	–101,709	–100,436	–106,623	–107,085
1699	Value of assets related to direct loans	34,585,483	38,071,359	40,416,762	40,591,762
	Other Federal assets:				
1801	Cash and other monetary assets	47,535	101,497	107,000	112,000
1803	Property, plant and equipment, net	118,128	148,706	156,000	164,000
1901	Other assets	–817	37,532	39,000	41,000
1999	Total assets	45,638,993	52,172,694	54,548,000	54,866,000
	LIABILITIES:				
	Federal liabilities:				
2102	Interest payable	14,299			
2104	Resources payable to Treasury	4,790,000			
	Non-Federal liabilities:				
2201	Accounts payable	–833	–18		
2202	Interest payable	363,548	401,172	421,000	442,000
2203	Debt	38,795,350	49,691,582	51,944,000	52,133,000
2206	Pension and other actuarial liabilities	9,457	8,880	9,000	9,000
2207	Other	412,121	560,207	588,000	617,000
2999	Total liabilities	44,383,942	50,661,823	52,962,000	53,201,000
	NET POSITION:				
3200	Invested capital	1,255,051	1,510,871	1,586,000	1,665,000
3999	Total net position	1,255,051	1,510,871	1,586,000	1,665,000
4999	Total liabilities and net position	45,638,993	52,172,694	54,548,000	54,866,000

Object Classification (in thousands of dollars)

Identification code 99–1500–0–3–502		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent	50,776	53,000	56,000
12.1	Civilian personnel benefits	15,733	17,000	18,000
21.0	Travel and transportation of persons	4,959	5,000	5,000
23.3	Communications, utilities, and miscellaneous charges	4,044	4,000	4,000
25.1	Advisory and assistance services	13,437	14,000	15,000
25.2	Other services	234,051	246,000	258,000
31.0	Equipment	2,295	2,000	2,000
33.0	Loans	11,258,773	12,167,762	11,556,000
43.0	Interest, dividends, and taxes	5,190,127	2,904,000	3,081,000
99.9	Total obligations	16,774,195	15,412,762	14,995,000

COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

The College Construction Loan Insurance Association (Connie Lee) was authorized by Public Law 99–498 on October 17, 1986. The Corporation was created to insure and reinsure bonds and loans of educational institutions which borrow funds to finance the acquisition, construction, or renovation of their facilities. The Association was incorporated in February 1987, under the District of Columbia Business Corporation Act.

Connie Lee's authorizing statute states that "no obligation which is insured, guaranteed, or otherwise backed by the corporation, shall be deemed to be an obligation which is guaranteed by the full faith and credit of the United States."

Operations.—Connie Lee is structured to operate as a private corporation, subject to the same state laws and regulations as any other insurance company. Accordingly, Connie Lee secures insurance licenses in each of the various states in which it expects to conduct its insurance activities.

The Board of Directors authorized management to begin activities as a reinsuror of educational facilities bonds in 1988. Connie Lee reinsured its first bonds in December 1988. In fiscal year 1994, Connie Lee insured $1.6 billion of debt service on bonds benefitting colleges, universities and teaching hospitals.

Connie Lee also provided reinsurance on bonds representing $45 million of debt service.

The forecast data contained in this material are based on certain general economic assumptions and should not be construed as an official forecast of the Corporation's position.

INSURANCE AND REINSURANCE ACTIVITY

[In thousands of dollars]

Debt service insured:	*1994 actual*
Direct insurance	1,607,575
Reinsurance	44,818
Total	1,652,393

Financing.—In order to provide capitalization, the Secretary of Education, the Student Loan Marketing Association (Sallie Mae), and other investors are authorized to purchase stock in the corporation. Sallie Mae made an initial investment of $2 million in Connie Lee stock in fiscal year 1987. The Secretary of Education purchased $19.1 million in Connie Lee stock with funds appropriated for this purpose in fiscal year 1988. Subsequently, the corporation sold an additional $50.9 million of equity securities to Sallie Mae, increasing total capital of the corporation to $72.0 million. At the end of 1991, Connie Lee placed equity securities with private investors, providing sufficient incremental capital to obtain a triple-A credit rating necessary to engage in the financial guaranty business as a direct writer of insurance.

Statement of Operations (in thousands of dollars)

Identification code 99–9931–0–3–502		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	17,856	19,293	21,872	25,186
0102	Expense	–11,028	–11,412	–11,731	–12,782
0109	Net income	6,828	7,881	10,141	12,404

Management.—Connie Lee is governed by an eleven-member board of directors comprised of two directors appointed by the Secretary of the Treasury; two directors appointed by the Secretary of Education; three directors appointed by the Student Loan Marketing Association; and four directors elected by the corporation's shareholders, one of whom must be an administrator of a college or university.

The Administration is considering submission of legislation to the Congress which would fully privatize Connie Lee by divesting the Secretary of Education's stock ownership in the Corporation and the corresponding repeal of the Corporation's enabling legislation.

Balance Sheet (in thousands of dollars)

Identification code 99–9931–0–3–502		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, par	4,000	21,400	25,000	25,000
1104	Agency securities, par	32,114	24,909	30,000	30,000
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	123,926	134,491	142,108	154,877
1206	Receivables, net	8,930	8,869	7,508	7,608
1207	Advances and prepayments	22,422	24,518	30,477	34,966
	Other Federal assets:				
1801	Cash and other monetary assets	10,322	3,340	6,000	7,000
1803	Property, plant and equipment, net	754	628	850	750
1999	Total assets	202,468	218,155	241,943	260,201
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	5,915	3,953	7,000	9,000
2201	Non-Federal liabilities: Accounts payable	56,210	69,737	80,335	84,189
2999	Total liabilities	62,125	73,690	87,335	93,189
	NET POSITION:				
3200	Invested capital	140,343	144,467	154,608	167,012
3999	Total net position	140,343	144,467	154,608	167,012
4999	Total liabilities and net position	202,468	218,157	241,943	260,201

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

PORTFOLIO PROGRAMS

Program and Financing (in thousands of dollars)

Identification code 99–2500–0–3–371		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Interest on borrowings from the public	13,734,700	17,313,800	20,407,400
00.02	Other costs	2,526,900	2,711,700	3,068,800
00.91	Total operating expenses	16,261,600	20,025,500	23,476,200
	Capital investment:			
01.01	Mortgage purchases and loans	80,320,000	58,789,700	62,026,900
01.02	Less purchase discounts	–681,200	....	....
01.91	Total capital investment	79,638,800	58,789,700	62,026,900
10.00	Total obligations	95,900,400	78,815,200	85,503,100
	Financing:			
21.47	Unobligated balance available, start of year: Authority to borrow	–280,330,000	–339,930,000	–397,142,000
24.47	Unobligated balance available, end of year: Authority to borrow	339,930,000	397,142,000	471,976,000
39.00	Budget authority (gross)	155,500,400	136,027,200	160,337,100
	Budget authority:			
67.10	Authority to borrow	103,872,938	100,384,180	106,068,100
67.15	Net increase or decrease in unlimited borrowing authorities	–12,495	–2,980	....
67.90	Authority to borrow (total)	103,860,443	100,381,200	106,068,100
68.00	Spending authority from offsetting collections	51,639,957	35,646,000	54,269,000
	Relation of obligations to outlays:			
71.00	Total obligations	95,900,400	78,815,200	85,503,100
	Obligated balance, start of year:			
72.47	Corporate borrowing authority	–12,923,240	–28,030,680	–36,754,100
72.90	Fund balance	27,523,200	35,687,000	48,532,200
	Obligated balance, end of year:			
74.47	Corporate borrowing authority	28,030,680	36,754,100	40,297,900

FEDERAL NATIONAL MORTGAGE ASSOCIATION—Continued

PORTFOLIO PROGRAMS—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 99–2500–0–3–371		1994 actual	1995 est.	1996 est.
74.90	Fund balance	–35,687,000	–48,532,200	–52,276,700
87.00	Outlays (gross)	102,844,040	74,693,420	85,302,400
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	–130,000	–130,000	–130,000
88.40	Non-Federal sources	–61,754,000	–47,739,000	–54,139,000
88.90	Total, offsetting collections	–61,884,000	–47,869,000	–54,269,000
89.00	Budget authority (net)	93,616,400	88,158,200	106,068,100
90.00	Outlays (net)	40,960,040	26,824,420	31,033,400

Status of Direct Loans (in thousands of dollars)

Identification code 99–2500–0–3–371		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	68,573,000	57,176,000	61,401,000
1150	Total direct loan obligations	68,573,000	57,176,000	61,401,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	185,951,300	221,766,100	253,960,300
	Disbursements:			
1231	Direct loan disbursements	76,610,000	58,609,700	61,846,900
1232	Purchase of loans assets from the public	3,710,000	180,000	180,000
1251	Repayments: Repayments and prepayments	–43,181,200	–26,154,500	–28,639,520
1264	Write-offs for default: Other adjustments, net	–1,324,000	–441,000	–540,000
1290	Outstanding, end of year	221,766,100	253,960,300	286,807,680

Fannie Mae is a congressionally chartered company that is wholly owned by shareholders. It is the nation's largest source of home mortgage funds. The common stock of the corporation is owned by the public, is fully transferable, and trades on the New York, Midwest, and Pacific stock exchanges.

Fannie Mae was established in 1934, when Congress recognized that private markets were unable to provide a steady supply of funds for housing. Fannie Mae was originally a subsidiary of the Reconstruction Finance Corporation and was permitted to purchase only FHA loans. Fannie Mae was restructured in 1954 as a mixed ownership (part government, part private) corporation. In 1968, Congress sold the government's remaining interest in Fannie Mae and completed the transformation to private shareholder ownership in 1970. Using the proceeds from the sale of subordinated debentures, Fannie Mae paid the Treasury $216 million for the government's preferred stock, which was retired, and for the Treasury's interest in the corporation's earned surplus. The corporation was taken off the federal budget and its debt and securities state clearly that they do not carry the full faith and credit of the U.S. Government.

In 1992, Congress examined and reaffirmed Fannie Mae's role in the housing finance delivery system through charter amendments enacted as part of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the "Act"). Fannie Mae's charter purposes, as amended by the Act, are: "to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing."

The Act also establishes affordable housing goals that enhance Fannie Mae's responsibility to finance housing for low- and moderate-income families and housing in central cities, rural areas and other underserved areas. In 1994 HUD regulations required that 30 percent of the number of units Fannie Mae finances serve low- and moderate-income families and 30 percent of the number of units it finances be located in central cities. More than one-half of the families served by Fannie Mae in 1994 were low- or moderate-income or lived in targeted underserved areas. Fannie Mae was also required to meet a 1993–94 special affordable housing goal of at least $2 billion over the company's 1992 performance for housing that served low-income families. The HUD Secretary is responsible for monitoring performance under these goals. Fannie Mae met each of these goals in 1994.

The Act also established the Office of Federal Housing Enterprise Oversight (OFHEO), an independent office within HUD, headed by a Director who reports directly to Congress. The Director is responsible for ensuring that Fannie Mae is adequately capitalized (pursuant to statutory standards) and operating safely. The Act provides for three capital standards: a minimum standard, a critical standard, and a risk-based standard. The risk-based capital standard directly links required capital to the company's primary risks: interest rate, credit, and operations risks.

Under Fannie Mae's charter, the corporation also receives certain governmental benefits for performing its public purpose in exchange for limiting its business activities to home financing. These benefits enable the company to lower the cost of mortgage credit by financing its operations through debt issues characterized as "Agency" issues in the securities market (but not in the federal government budget). Fannie Mae's charter prohibits the imposition of user fees, or state and local taxes (other than real property tax). Congress and the Executive have recognized these taxes would ultimately be paid by the low-, moderate- and middle-income Americans served by the corporation in the form of a tax on homeownership. Fannie Mae pays federal income taxes, however, and in 1994 paid over $1 billion in federal income tax.

Fannie Mae is the nation's largest mortgage investor. Its portfolio and mortgage-backed securities (MBS) finances about one out of every six mortgages in the United States. Acting as a national intermediary between homebuyers and world capital markets, it provides greater efficiency, liquidity, and reliability in part because of its government ties. In recent years, Fannie Mae has become even more important to effective home finance delivery by assuring depositories ready access to mortgage funds when demand outpaces their deposit or capital base.

Fannie Mae has three separate authorities to borrow money from private sources. It may issue subordinated obligations, borrow through the issuance of debentures and short-term discount notes, and issue bonds secured by mortgages. To generate additional funds for housing, the company guarantees the timely payment of principal and interest on Fannie Mae mortgage-backed securities in exchange for a fee.

Fannie Mae introduced mortgage underwriting guidelines and documents that serve as industry standards, and supported the development of a secondary mortgage market. In the past five years alone, Fannie Mae has served over 10.2 million families, providing nearly $900 billion for single-family mortgage financing. Its primary consumer beneficiaries are low-, moderate-, and middle-income households. In 1994, over 25 percent of the one- to four-unit mortgages it purchased had balances of $60,000 or less and the average mortgage purchased was about $95,000. Also, about 39 percent of the single-family mortgages and approximately 95 percent of the multifamily mortgages purchased by Fannie Mae served families with incomes at or below the area median income.

Over the last five years, Fannie Mae also has directed more than $16 billion to local housing markets for the financing of multifamily housing, helping to keep rents affordable for nearly 1 million apartment households.

In 1994, the company announced ''Showing America a New Way Home,'' the centerpiece of Fannie Mae's commitment to provide $1 trillion through the end of the decade to finance over ten million homes for families and communities most in need. This targeted housing finance will serve families with incomes below the median for their area, minorities and new immigrants, families who live in central cities and distressed communities, and people with special housing needs. ''Showing America a New Way Home'' is also Fannie Mae's commitment to transform the housing finance system. Through it, Fannie Mae will reach out to every renter in America to provide the information they need to buy a home, break down arbitrary barriers to getting a home mortgage, and do everything in the corporation's power to make the elimination of lending discrimination the number one priority of the housing finance system.

Fannie Mae has successfully fulfilled its housing mission while continuing to build its financial strength. For the year ending September 30, 1994, the company earned approximately $1.6 billion. The company's credit experience, as measured by loan delinquencies, has continued to be substantially better than that of the entire mortgage industry. The company has also successfully managed the sizable interest rate movements experienced over the past several years. Capital (shareholders' equity and loan loss reserves) at the end of September stood at $10.0 billion. The company has continued to remain in compliance with applicable capital standards enacted into law in October 1992.

The forecast data contained in this material has been developed based on certain general economic assumptions prevalent in the fourth quarter of 1994 and should not be construed as an official forecast for Fannie Mae.

Income and retained earnings for the years ended September 30, 1993 and 1994 follow (in thousands of dollars):

	1993 actual	*1994 actual*
Gross revenue	15,608,600	17,756,000
Gross expenses	12,904,500	14,660,800
Income before Federal income tax	2,704,100	3,095,200
Federal income tax	898,100	1,023,400
Net income	1,806,000	2,071,800
Retained earnings, beginning of year	4,782,200	6,117,800
Dividends on common stock	(470,400)	(645,500)
Retained earnings, end of year	6,117,800	7,545,000

Balance Sheet (in thousands of dollars)

Identification code 99–2500–0–3–371		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Investments in US securities:				
1102	Federal assets: Treasury securities, par	24,400	24,400	24,500	24,400
	Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Public: direct loans (net of discount)	173,284,300	206,555,437	240,118,400	273,044,000
1603	Allowance for estimated uncollectible loans and interest (–)	–264,200	–279,835	–277,800	–269,800
1699	Value of assets related to direct loans	173,020,100	206,275,602	239,840,600	272,774,200
1801	Other Federal assets: Cash and other monetary assets	38,397,100	48,505,198	61,101,400	64,739,600
1999	Total assets	211,441,600	254,805,200	300,966,500	337,538,200
	LIABILITIES:				
	Federal liabilities:				
2101	Accounts payable	571,500	602,033	580,000	580,000
2102	Accrued interest payable	2,978,200	3,214,100	3,777,100	4,293,100
	Non-Federal liabilities:				
2203	Debt	195,786,100	239,319,900	282,487,400	316,719,200
2204	Estimated Federal liability for loan guarantees, credit reform	4,194,900	2,303,802	3,150,800	3,407,400
2206	Pension and other actuarial liabilities	105,800	198,587	110,000	120,000
2207	Subtotal, Federal taxes payable	78,200	–24,200	138,600	180,200
2999	Total liabilities	203,714,700	245,614,222	290,243,900	325,299,900
	NET POSITION:				
3300	Cumulative results of operations	6,117,800	7,545,000	9,084,200	10,877,300
3999	Total net position	6,117,800	7,545,000	9,084,200	10,877,300
4999	Total liabilities and net position	209,832,500	253,159,222	299,328,100	336,177,200

Object Classification (in thousands of dollars)

Identification code 99–2500–0–3–371		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent	179,000	147,000	160,000
12.1	Civilian personnel benefits	86,000	71,000	77,000
21.0	Travel and transportation of persons	17,000	14,000	15,000
23.3	Communications, utilities, and miscellaneous charges	10,000	8,000	9,000
24.0	Printing and reproduction	7,000	6,000	6,000
25.1	Advisory and assistance services	83,000	67,500	74,100
25.2	Other services	1,441,300	1,185,500	1,285,000
26.0	Supplies and materials	5,000	4,000	4,000
31.0	Equipment	65,000	53,000	58,000
33.0	Investments and loans	79,638,800	65,450,700	71,004,500
43.0	Interest and dividends	14,368,300	11,808,500	12,810,500
99.9	Total obligations	95,900,400	78,815,200	85,503,100

MORTGAGE-BACKED SECURITIES

Program and Financing (in thousands of dollars)

Identification code 99–2501–0–3–371		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Capital investment: Commitments to issue MBS	159,548,000	101,224,400	121,472,100
10.00	Total obligations	159,548,000	101,224,400	121,472,100
	Financing:			
39.00	Budget authority (gross)	159,548,000	101,224,400	121,472,100
	Budget authority:			
67.15	Corporate borrowing authority	41,632,000	39,028,500	54,147,000
68.00	Spending authority from offsetting collections	117,916,000	62,195,900	67,325,100
	Relation of obligations to outlays:			
71.00	Total obligations	159,548,000	101,224,400	121,472,100
72.47	Obligated balance, start of year: Corporate borrowing authority	276,560,000	255,245,000	255,245,000
74.47	Obligated balance, end of year: Corporate borrowing authority	–255,245,000	–255,245,000	–255,245,000
87.00	Outlays (gross)	180,863,000	101,224,400	121,472,100
	Adjustments to gross budget authority and outlays:			
88.40	Offsetting collections from: Non-Federal sources	–139,231,000	–62,195,900	–67,325,100
89.00	Budget authority (net)	20,317,000	39,028,500	54,147,000
90.00	Outlays (net)	41,632,000	39,028,500	54,147,000

FEDERAL NATIONAL MORTGAGE ASSOCIATION—Continued

MORTGAGE-BACKED SECURITIES—Continued

Status of Direct Loans (in thousands of dollars)

Identification code 99–2501–0–3–371	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	....	....	....
1131 Direct loan obligations exempt from limitation	159,548,000	101,224,400	121,472,100
1150 Total direct loan obligations	159,548,000	101,224,400	121,472,100
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	481,880,000	523,512,000	562,540,500
1231 Disbursements: Direct loan disbursements	180,863,000	101,224,400	121,472,100
1251 Repayments: Repayments and prepayments	–139,231,000	–62,195,900	–67,325,100
1290 Outstanding, end of year	523,512,000	562,540,500	616,687,500

According to accounting practices for private corporations, the mortgages in the pools of loans supporting the mortgage-backed securities are considered to be owned by the holders of these securities. Consequently, on the books of the Federal National Mortgage Association (Fannie Mae), these mortgages are not considered assets and the securities outstanding are not considered liabilities. However, the concepts of the budget of the U.S. Government consider these mortgages and mortgage-backed securities to be assets and liabilities, respectively, of Fannie Mae. For the purposes of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the schedule of Status of direct loans for mortgage-backed securities, the items labeled "New loans" and "Recoveries: Repayments and prepayments" are budgetary terms. However, from the Corporation's perspective, these items are "Amounts issued" and "Amounts passed through to the holders of securities", respectively.

The forecast data contained in this material has been developed based on certain general economic assumptions prevalent in November 1993 and should not be construed as an official forecast of the Corporation's position.

Balance Sheet (in thousands of dollars)

Identification code 99–2501–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	473,570,400	254,525,465	300,688,600	337,511,400
1603 Allowance for estimated uncollectible loans and interest (–)	–554,400	–279,835	–277,800	–269,800
1699 Value of assets related to direct loans	473,016,000	254,245,630	300,410,800	337,241,600
1999 Total assets	473,016,000	254,805,300	300,410,800	337,241,600
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	495,937,500	254,805,300	300,410,800	337,241,600
2999 Total liabilities	495,937,500	254,805,300	300,410,800	337,241,600

FEDERAL HOME LOAN MORTGAGE CORPORATION

PORTFOLIO PROGRAMS

Program and Financing (in thousands of dollars)

Identification code 99–4420–0–3–371	1994 actual	1995 est.	1996 est.
Program by activities:			
Operating expenses:			
00.01 Interest expense and provision for loan loss	4,654,000	5,275,000	6,923,000
00.02 Administration	373,000	392,000	434,000
00.91 Total operating expenses	5,027,000	5,667,000	7,357,000
01.01 Capital investment: Mortgage purchases for portfolio	26,740,000	28,712,000	30,634,000
10.00 Total obligations	31,767,000	34,379,000	37,991,000
Financing:			
21.47 Unobligated balance available, start of year: Authority to borrow	–8,801,000	–21,957,000	–30,198,000
24.47 Unobligated balance available, end of year: Authority to borrow	21,957,000	30,198,000	38,344,000
31.00 Redemption of debt	3,873,000	2,569,000	6,439,000
39.00 Budget authority (gross)	48,796,000	45,189,000	52,576,000
Budget authority:			
67.15 Net change in borrowing authorities	35,105,000	28,366,000	32,567,000
68.00 Spending authority from offsetting collections	13,691,000	16,823,000	20,009,000
Relation of obligations to outlays:			
71.00 Total obligations	31,767,000	34,379,000	37,991,000
72.47 Obligated balance, start of year: Authority to borrow	21,020,000	5,281,000	3,706,000
74.47 Obligated balance, end of year: Authority to borrow	–5,281,000	–3,706,000	–4,260,000
87.00 Outlays (gross)	47,506,000	35,954,000	37,437,000
Adjustments to gross budget authority and outlays:			
88.40 Offsetting collections from: Non-Federal sources	–13,691,000	–16,823,000	–20,009,000
89.00 Budget authority (net)	35,105,000	28,366,000	32,567,000
90.00 Outlays (net)	33,815,000	19,131,000	17,428,000

Status of Direct Loans (in thousands of dollars)

Identification code 99–4420–0–3–371	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	....	....	....
1131 Direct loan obligations exempt from limitation	26,740,000	28,712,000	30,634,000
1150 Total direct loan obligations	26,740,000	28,712,000	30,634,000
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	47,060,000	65,893,000	85,912,000
1231 Disbursements: Direct loan disbursements	26,740,000	28,712,000	30,634,000
1251 Repayments: Repayments and prepayments	–7,907,000	–8,693,000	–11,254,000
1290 Outstanding, end of year (retained portfolio)	65,893,000	85,912,000	105,292,000

The Federal Home Loan Mortgage Corporation (Freddie Mac) was created under the Emergency Home Finance Act of 1970. Congress chartered Freddie Mac to provide mortgage lenders with an organized national secondary market enabling them to manage their conventional mortgage portfolio more effectively and gain indirect access to a ready source of additional funds to meet new demands for mortgages. Freddie Mac serves as a conduit facilitating the flow of investment dollars from capital market investors to mortgage lenders and, ultimately, to homebuyers increasing the amount of mortgage credit and making it more affordable.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) significantly changed the corporate governance of Freddie Mac. FIRREA, signed into law in August, 1989, replaced Freddie Mac's three member Board of Directors (who also comprised the Federal Home Loan Bank Board) with a new 18 member Board of Directors. Thirteen of these Directors are elected annually by Freddie Mac's shareholders, and the other five are appointed for one year terms by the President of the United States. In addition, FIRREA automatically converted Freddie Mac's 60 million shares of non-voting, senior participating preferred stock to voting common stock, which is listed on the New York and Pacific Stock Exchanges.

FIRREA also introduced into Freddie Mac's charter the following elaboration of the corporation's mission: "to provide stability in the secondary mortgage market for home mortgages; to respond appropriately to the private capital market; and to provide ongoing assistance to the secondary market for home mortgages (including mortgages securing homes for low- and moderate-income families involving a reasonable economic return to the Corporation) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing."

Title XIII of the Housing and Community Development Act of 1992 (The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 or FHEFSSA) strengthened the regulatory oversight of Freddie Mac. It created the Office of Federal Housing Enterprises Oversight (OFHEO), an independent financial safety and soundness regulator within the Department of Housing and Urban Development (HUD), with HUD retaining oversight authority over Freddie Mac's housing activities. FHEFSSA also established new minimum and risk-based capital standards and three affordable housing goals for Freddie Mac.

These legislative changes enhance Freddie Mac's current ability to identify the needs of homeowners as well as the mortgage finance industry and develop appropriate mortgage purchase and securitization programs to meet those needs in a timely fashion.

Additionally, these programs and security structures have helped Freddie Mac finance one in six American homes and seven-hundred-fifty thousand apartment units at the lowest possible cost. Freddie Mac ensures that lenders throughout the country have equal access to the competitive benefits of the secondary market so that Freddie Mac's presence is felt in every area across the country.

Freddie Mac's role in developing a nationwide network for obtaining mortgage credit involved much more than linking capital rich areas to capital deficit areas. The corporation's mission to create more affordable mortgage credit throughout the country also required standardization and uniformity in the marketplace. Freddie Mac's underwriting guidelines, innovative mortgage programs and mortgage backed securities are the cornerstones to Freddie Mac's commitment to affordable housing.

This commitment is borne out by the corporation's current purchase statistics. Freddie Mac's average single family dwelling loan purchase in 1993 was $99,500, which is less than half of Freddie Mac's maximum loan amount. In addition, approximately 29 percent of Freddie Mac's loans purchased in 1993 were made available to households earning at or below the median income for their geographic area.

Freddie Mac is also committed to financially safe and sound management. It securitizes nearly all of its mortgages as part of its strategy to minimize interest rate risk. As the Department of the Treasury reported in its May, 1990, study of Government-Sponsored Enterprises (GSEs), Freddie Mac's "exposure to interest rate risk is small," and even under wide swings in interest rates "Freddie Mac's net market value remains positive." In addition, Freddie Mac has limited its exposure to credit risk by establishing comprehensive underwriting standards, actively monitoring compliance to these standards, and accurately measuring and pricing risks.

The forecast data contained in this material represent estimates and should not be construed as an official forecast of the corporation's future position. The data have been developed on the basis of certain economic assumptions that are reviewed and revised periodically. Consequently, the estimates are subject to forecast error and will normally differ from actual data when these become available.

According to generally accepted accounting principles utilized by private corporations, the mortgages in the pools of loans supporting PCs are considered to be owned by the holder of these securities. Therefore, Freddie Mac does not show these mortgages as assets. However, the budget philosophy of the United States Government includes these mortgages and mortgages pass-through securities as assets and liabilities, respectively, of Freddie Mac. For the purpose of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the Status of Direct Loans schedule for mortgage pass-through securities, the items labeled "Disbursements" and "Repayments" are budgetary terms. However, from Freddie Mac's perspective, these amounts represent "Sales of PCs" and "Amounts passed through to PC holders," respectively.

Statement of Operations (in thousands of dollars)

Identification code 99–4420–0–3–371		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	4,985,000	6,439,000		
0102	Expense	–4,248,000	–5,504,000		
0109	Net income	737,000	935,000		

Balance Sheet (in thousands of dollars)

Identification code 99–4420–0–3–371		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Investments in US securities:				
1107	Federal assets: Advances and prepayments	693,000	756,000	831,000	915,000
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	17,983,000	15,538,000	29,900,000	38,900,000
1206	Receivables, net	47,060,000	65,893,000	85,912,000	105,292,000
	Other Federal assets:				
1801	Cash and other monetary assets	14,813,000	13,652,000	6,245,000	6,765,000
1803	Property, plant and equipment, net	1,956,000	1,868,000	1,561,000	1,454,000
1999	Total assets	82,505,000	97,707,000	124,449,000	153,326,000
	LIABILITIES:				
2101	Federal liabilities: Accounts payable	736,000	532,000	346,000	115,000
	Non-Federal liabilities:				
2201	Accounts payable	22,000	23,000	24,000	25,000
2202	Interest payable	411,000	734,000	918,000	1,147,000
2203	Debt	52,702,000	83,946,000	111,234,000	137,705,000
2207	Other	24,347,000	7,493,000	6,147,000	7,613,000
2999	Total liabilities	78,218,000	92,728,000	118,669,000	146,605,000
	NET POSITION:				
3200	Invested capital	4,287,000	4,979,000	5,780,000	6,720,000
3999	Total net position	4,287,000	4,979,000	5,780,000	6,720,000
4999	Total liabilities and net position	82,505,000	97,707,000	124,449,000	153,325,000

Object Classification (in thousands of dollars)

Identification code 99–4420–0–3–371		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent	165,000	189,000	207,000
12.1	Civilian personnel benefits	59,000	61,000	68,000
21.0	Travel and transportation of persons	8,000	6,000	10,000
23.3	Communications, utilities, and other rent	33,000	41,000	45,000
24.0	Printing and reproduction	2,000	4,000	4,000
25.2	Other services	95,000	80,000	8,000
26.0	Supplies and materials	11,000	11,000	12,000
33.0	Mortgage purchases for portfolio	26,740,000	28,712,000	30,714,000
43.0	Interest and provision for loan losses	4,654,000	5,275,000	6,923,000
99.9	Total obligations	31,767,000	34,379,000	37,991,000

[1] Consists of retained mortgage inventory.

FEDERAL HOME LOAN MORTGAGE CORPORATION—Continued

MORTGAGE-BACKED SECURITIES

Program and Financing (in thousands of dollars)

Identification code 99–4440–0–3–371	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Capital investment: Issue (sales) of participation certification	168,957,000	84,206,000	100,019,000
10.00 Total obligations (object class 33.0)	168,957,000	84,206,000	100,019,000
Financing:			
39.00 Budget authority (gross)	168,957,000	84,206,000	100,019,000
Budget authority:			
67.15 Corporate borrowing authority (net PC pool change)	33,583,000	25,262,000	36,596,000
68.00 Spending authority from offsetting collections	135,374,000	58,944,000	63,423,000
Relation of obligations to outlays:			
71.00 Total obligations	168,957,000	84,206,000	100,019,000
87.00 Outlays (gross)	168,957,000	84,206,000	100,019,000
Adjustments to gross budget authority and outlays:			
88.40 Offsetting collections from: Non-Federal sources	–135,374,000	–58,944,000	–63,423,000
89.00 Budget authority (net)	33,583,000	25,262,000	36,596,000
90.00 Outlays (net)	33,583,000	25,262,000	36,596,000

Status of Direct Loans (in thousands of dollars)

Identification code 99–4440–0–3–371	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	....	....	....
1131 Direct loan obligations exempt from limitation	168,957,000	84,206,000	100,019,000
1150 Total direct loan obligations (sale of PCs)	168,957,000	84,206,000	100,019,000
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	430,089,000	463,672,000	488,934,000
1231 Disbursements: Direct loan disbursements	168,957,000	84,206,000	100,019,000
1251 Repayments: Repayments and prepayments	–135,374,000	–58,944,000	–63,423,000
1290 Outstanding, end of year	463,672,000	488,934,000	525,530,000

Balance Sheet (in thousands of dollars)

Identification code 99–4440–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
1901 Other Federal assets: Other assets	430,089,000	463,672,000	488,934,000	525,530,000
1999 Total assets	430,089,000	463,672,000	488,934,000	525,530,000
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	430,089,000	463,672,000	488,934,000	525,530,000
2999 Total liabilities	430,089,000	463,672,000	488,934,000	525,530,000

FARM CREDIT SYSTEM

BANKS FOR COOPERATIVES

Program and Financing (in thousands of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 est.	1996 est.
Program by activities:			
Operating expenses:			
00.01 Administrative expenses	51,843	51,629	54,607
00.02 Interest on borrowings	606,893	1,026,362	1,211,938
00.03 Insurance premiums	15,367	15,573	16,706
00.04 Provision for loan losses	11,700	10,400	12,512
00.05 Losses (gains) on property	–126	....	40
00.06 Income tax expense	23,352	24,240	26,736
00.07 Other expenses	82,299	70,664	73,430
00.91 Total operating expenses	791,328	1,198,868	1,395,969
01.01 Capital investment: Direct loans	46,622,214	42,939,003	44,153,392
10.00 Total obligations	47,413,542	44,137,871	45,549,361
Financing:			
21.47 Unobligated balance available, start of year: Authority to borrow	–2,424,656	–2,130,112	–2,676,516
24.47 Unobligated balance available, end of year: Authority to borrow	2,130,112	2,676,516	2,896,763
39.00 Budget authority (gross)	47,118,998	44,684,275	45,769,608
Budget authority:			
67.15 Net borrowing	281,535	2,652,101	1,079,956
68.00 Spending authority from offsetting collections	46,837,463	42,032,174	44,689,652
Relation of obligations to outlays:			
71.00 Total obligations	47,413,542	44,137,871	45,549,361
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	....	164,968	164,968
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	–164,968	–164,968	–166,468
87.00 Outlays (gross)	47,248,574	44,137,871	45,547,861
Adjustments to gross budget authority and outlays:			
88.40 Offsetting collections from: Non-Federal sources	–46,837,463	–42,032,174	–44,689,652
89.00 Budget authority (net)	281,535	2,652,101	1,079,956
90.00 Outlays (net)	411,111	2,105,697	858,209

Status of Direct Loans (in thousands of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	....	....	....
1131 Obligations exempt from limitation: Direct loans to the public	46,622,214	42,939,000	44,153,392
1150 Total direct loan obligations	46,622,214	42,939,000	44,153,392
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	12,447,552	13,007,119	15,146,069
1231 Disbursements: Direct loan disbursements	46,457,246	42,939,003	44,151,892
1251 Repayments: Repayments and prepayments	–45,896,460	–40,671,554	–43,128,000
1264 Write-offs for default: Other adjustments, net	–1,219	–128,499	–6,043
1290 Outstanding, end of year	13,007,119	15,146,069	16,163,918

Note.—Direct loan balances exclude nonaccrual loans and sales contracts.

Pursuant to the Agricultural Credit Act of 1987, 11 of 13 banks for cooperatives voted in 1988 to merge into a single National Bank for Cooperatives. Effective January 1, 1995, The National Bank for Cooperatives, one regional Bank for Cooperatives and a Farm Credit Bank, will merge to form an agricultural credit bank, called Co Bank, ACB.

The banks for cooperatives lend to agriculture-related and rural utility cooperatives. As part of the Farm Credit System they are regulated by the Farm Credit Administration, an independent federal agency. The funds to finance loans are obtained primarily from sales of bonds to the public. The Farm Credit System bonds issued by the banks are not guaranteed by the U.S. Government either as to principal or interest.

The Farm Credit Act of 1955 provided for eventual ownership of the banks by farmers' cooperatives and the retirement of the U.S. Government's investment. This was accomplished on December 31, 1968, when the remainder of the U.S. Government capital was retired.

The banks for cooperatives presently operate under authorities contained in title III of the Farm Credit Act of 1971, Public Law 92–180, as amended.

Statement of Operations (in thousands of dollars)

Identification code 99–4120–0–3–351		1993 actual	1994 actual	1995 est.	1996 est.
0101	Total interest income	836,343	910,385	1,341,789	1,541,593
0102	Total interest expense	–546,129	–606,893	–1,026,362	–1,211,938
0109	Net interest income	290,214	303,492	315,427	329,655
0111	Other income	18,725	30,618	18,831	20,059
0112	Other expenses	–141,721	–184,435	–172,506	–184,031
0119	Net income	–122,996	–153,817	–153,675	–163,972
0191	Total revenues	855,068	941,003	1,360,620	1,561,652
0192	Total expenses	–687,850	–791,328	–1,198,868	–1,395,969
0199	Subtotal, net income	167,218	149,675	161,752	165,683

Balance Sheet (in thousands of dollars)

Identification code 99–4120–0–3–351		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Non-Federal assets:				
1201	Cash and investment securities	2,280,699	2,151,562	2,761,300	2,951,236
1206	Accrued interest receivable on loans	140,523	165,211	194,637	209,741
	Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	11,263,626	13,044,440	15,212,414	16,232,338
1603	Allowance for estimated uncollectible loans and interest (–)	–163,838	–172,987	–178,535	–184,648
1699	Value of assets related to direct loans	11,099,788	12,871,453	15,033,879	16,047,690
1803	Other Federal assets: Property, plant and equipment, net	38,530	297,664	234,734	229,518
1999	Total assets	13,559,540	15,485,890	18,224,550	19,438,185
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	85,496	134,073	85,349	88,769
	Non-Federal liabilities:				
	Accounts payable:				
2201	Consolidated systemwide and other bank bonds	5,932,463	8,677,850	9,276,929	8,423,889
2201	Consolidated systemwide notes	6,470,766	5,246,265	7,313,737	9,291,212
2201	Notes payable and other interest-bearing liabilities	25,000	20,607	20,000	20,000
2202	Accrued interest payable	68,167	80,460	96,665	105,146
2999	Total liabilities	12,581,892	14,159,255	16,792,680	17,929,016
	NET POSITION:				
3300	Cumulative results of operations	977,648	1,326,635	1,431,870	1,509,169
3999	Total net position	977,648	1,326,635	1,431,870	1,509,169
4999	Total liabilities and net position	13,559,540	15,485,890	18,224,550	19,438,185

Note.—Loans to cooperatives include nonaccrual loans and sales contracts.

Statement of Changes in Net Worth (in thousands of dollars)

Identification code 99–4120–0–3–351	1993 actual	1994 actual	1995 est.	1996 est.
Beginning balance of net worth	1,153,396	1,277,691	1,242,387	1,431,870
Capital stock and participations issued	35,767	35,554	81,634	31,000
Capital stock and participations retired	–73,871	–75,512	–18,939	–82,480
Surplus retired	....	–780	....	....
Net income	193,518	147,675	161,752	165,683
Cash/Dividends/Patronage Distributions	–31,082	–32,545	–34,964	–36,904
Other, net	–37	–109,696	....	....
Ending balance of net worth	1,277,691	1,242,387	1,431,870	1,509,169

Financing Activities (in thousands of dollars)

Identification code 99–4120–0–3–351	1993 actual	1994 actual	1995 est.	1996 est.
Beginning balance of outstanding system obligation	12,543,234	13,369,925	13,651,460	16,303,561
Consolidated systemwide and other bank bonds issued	6,115,850	5,418,850	8,626,687	9,055,124
Consolidated systemwide and other bank bonds retired	–4,242,716	–4,975,284	–7,998,515	–9,932,268
Consolidated systemwide notes, net	–1,046,443	–162,031	2,023,929	1,957,100
Ending balance of outstanding system obligations	13,369,925	13,651,460	16,303,561	17,383,517

Object Classification (in thousands of dollars)

Identification code 99–4120–0–3–351		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Personnel compensation and benefits	44,478	43,925	46,510
23.2	Cost of space occupied and equipment	7,365	7,704	8,097
25.2	Other services	15,367	15,573	16,706
33.0	Investments and loans	46,622,214	42,939,003	44,153,392
43.0	Interest and dividends	606,893	1,026,362	1,211,938
92.0	Undistributed expenses	117,225	105,304	112,718
99.9	Total obligations	47,413,542	44,137,871	45,549,361

FARM CREDIT BANKS

Program and Financing (in thousands of dollars)

Identification code 99–4160–0–3–371		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Administrative expenses	140,887	101,774	98,922
00.02	Interest on borrowings	1,799,738	2,149,701	2,231,413
00.03	Insurance premiums	18,074	13,278	12,425
00.04	Provision for loan losses	22,970	–649	–190
00.05	Losses (gains) on property	–11,698	–444	77
00.06	Other expenses	383,655	247,312	229,244
00.91	Total operating expenses	2,353,626	2,510,972	2,571,891
01.01	Capital investment: Direct loans	20,964,887	20,802,893	20,987,869
10.00	Total obligations	23,318,513	23,313,865	23,559,760
	Financing:			
21.47	Unobligated balance available, start of year: Authority to borrow	–5,920,470	–6,660,002	–7,115,487
24.47	Unobligated balance available, end of year: Authority to borrow	6,660,002	7,115,487	6,250,756
39.00	Budget authority (gross)	24,058,045	23,769,350	22,695,029
	Budget authority:			
67.15	Net borrowing	755,476	1,274,911	310,924
68.00	Spending authority from offsetting collections	23,302,569	22,494,439	22,384,105
	Relation of obligations to outlays:			
71.00	Total obligations	23,318,513	23,313,865	23,559,760
72.90	Obligated balance, start of year: Fund balance	1,915,816	2,098,517	2,958,356
74.90	Obligated balance, end of year: Fund balance	–2,098,517	–2,958,356	–3,938,219
87.00	Outlays (gross)	23,135,812	22,454,026	22,579,897
	Adjustments to gross budget authority and outlays:			
88.40	Offsetting collections from: Non-Federal sources	–23,302,569	–22,494,439	–22,384,105
89.00	Budget authority (net)	755,476	1,274,911	310,924
90.00	Outlays (net)	–166,757	–40,413	195,792

FARM CREDIT BANKS—Continued

Status of Direct Loans (in thousands of dollars)

Identification code 99–4160–0–3–371	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Obligations exempt from limitation: Direct loans to the public	20,964,887	20,802,893	20,987,869
1150 Total direct loan obligations	20,964,887	20,802,893	20,987,869
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	37,538,952	37,712,375	36,484,199
1231 Disbursements: Direct loan disbursements	20,782,186	19,943,054	20,008,006
1251 Repayments: Repayments and prepayments	–20,614,213	–19,651,148	–19,484,581
1263 Write-offs for default: Direct loans	5,450	–1,520,082	–3,513
1290 Outstanding, end of year	37,712,375	36,484,199	37,004,111

Note.—Loans outstanding at end of year do not include nonaccrual loans and sales contracts.

The Agricultural Credit Act of 1987 required the Federal Intermediate Credit Bank (FICB) and Federal Land Bank (FLB) in each Farm Credit District to merge into a single Farm Credit Bank by July 6, 1988. No merger occurred in the Jackson District because the FLB was in receivership. The Farm Credit Banks operate under statutory authority which combines the prior authorities of the FLB and the FICB.

The 9 Farm Credit Banks are under the general supervision of the Farm Credit Administration, an independent federal agency. They serve as banks of discount for agriculture, discounting agricultural and livestock paper for, and making loans to local financing institutions such as production credit associations, agricultural credit corporations, livestock loan companies, and commercial banks. They make short-term production and long-term real estate loans to farmers and ranchers, through 66 Agricultural Credit, 30 Federal Land Credit, and 67 Production Credit Associations and 73 Federal Land Bank Associations.

The bank's lending funds are obtained primarily from the sale of Farm Credit System bonds to the public and from their own capital funds. The bonds are not guaranteed by the U.S. Government either as to principal or interest. All of their expenses are paid from their own income and are not included in the budget of the United States. Included in these expenses is the credit banks' share of costs of the Farm Credit Administration and insurance premiums paid to the Farm Credit Insurance Corporation. In addition, legislation enacted in 1992 requires the System to accelerate repayments of certain obligations of the FCS Financial Assistance Corporation (FAC). (See discussion of FAC elsewhere in this document). In FY 1993 and 1994 Farm Credit Banks also made voluntary payments to FAC to defease their future obligations to repay FAC assistance.

The banks were originally wholly owned Government corporations set up exclusively as banks of discount; however, pursuant to the Farm Credit Act of 1956, the banks became mixed-ownership corporations and were made responsible for supervising the production credit and federal land bank associations and assisting them to make sound credit available to farmers.

All the capital stock of the FICB's, from organization in 1923 to December 31, 1956, was held by the U.S. Government. The 1956 Act provided a long-range plan for the eventual ownership of the credit banks by the production credit associations and the gradual retirement of the Government's investment in the banks. This retirement was accomplished in full on December 31, 1968. The last of the Government capital that had been invested in the FLB's was repaid in 1947.

Statement of Operations (in thousands of dollars)

Identification code 99–4160–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
0101 Total interest income	2,830,303	2,638,943	2,827,966	2,884,830
0102 Total interest expense	–2,042,124	–1,799,738	–2,149,701	–2,231,413
0109 Net interest income	788,179	839,205	678,265	653,417
0111 Other income	55,966	49,413	15,325	14,694
0112 Other expenses	–509,069	–553,888	–361,271	–340,478
0119 Net income	–453,103	–504,475	–345,946	–325,784
0191 Total revenues	2,886,269	2,688,356	2,843,291	2,899,524
0192 Total expenses	–2,551,193	–2,353,626	–2,510,972	–2,571,891
0199 Total income or loss	335,076	334,730	332,319	327,633

Balance Sheet (in thousands of dollars)

Identification code 99–4160–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Investments in US securities:				
1103 Federal assets: Treasury securities, unamortized discount(–)/premium(+)	921,772	151,276	151,276	151,276
1201 Non-Federal assets: Cash and investment securities	6,031,925	6,547,919	7,103,187	7,124,543
Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	38,474,906	37,887,956	36,798,952	37,333,898
1603 Allowance for estimated uncollectible loans and interest (–)	–698,215	–628,464	–598,130	–582,404
1699 Value of assets related to direct loans	37,776,691	37,259,492	36,200,822	36,751,494
1803 Other Federal assets: Property, plant and equipment, net	287,196	1,209,814	1,205,895	1,659,883
1999 Total assets	45,017,584	45,168,501	44,661,180	45,687,196
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	258,860	306,664	211,829	206,321
Non-Federal liabilities:				
Accounts payable:				
2201 Consolidated systemwide and other bank bonds	29,825,511	28,688,118	27,235,618	27,720,049
2201 Consolidated systemwide notes	10,293,417	11,140,442	12,150,847	11,967,159
2201 Notes payable and other interest-bearing liabilities	575,451	570,723	417,711	450,813
2202 Accrued interest payable	448,872	390,363	445,654	453,699
2999 Total liabilities	41,402,111	41,096,310	40,461,659	40,798,041
NET POSITION:				
3200 Invested capital	3,615,473	4,072,191	4,199,521	4,888,155
3999 Total net position	3,615,473	4,072,191	4,199,521	4,889,155
4999 Total liabilities and net position	45,017,584	45,168,501	44,661,180	45,687,196

Statement of Changes in Net Worth (in thousands of dollars)

Identification code 99–4160–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
Beginning balance of net worth	3,893,894	4,112,244	4,072,191	4,199,521
Capital stock and participations issued	40,798	127,872	102,755	88,644
Capital stock and participations retired	253,670	408,966	83,839	73,623
Surplus retired	1,456	0	60	60
Net income	420,831	335,230	332,319	327,633
Cash/Dividends/Patronage Distributions	–60,264	–65,176	–94,272	–115,722
Other, net	69,199	–29,013	–129,693	0
Ending balance of net worth	4,112,244	4,072,191	4,199,521	4,426,513

Financing Activities (in thousands of dollars)

Identification code 99–4160–0–3–371	1993 actual	1994 actual	1995 est.	1996 est.
Beginning balance of outstanding system obligations	40,708,593	39,146,996	39,902,472	39,393,554
Consolidated systemwide and other bank bonds issued	31,605,904	32,366,611	27,514,085	27,406,832
Consolidated systemwide and other bank bonds retired	34,159,161	31,768,601	28,046,839	27,775,408
Consolidated systemwide notes, net	894,035	70,871	1,655,265	501,400
Other (net)	97,625	86,595	–1,631,429	180,000
Ending balance of outstanding system obligations	39,146,996	39,902,472	39,393,554	39,706,378

Object Classification (in thousands of dollars)

Identification code 99–4160–0–3–371		1994 actual	1995 est.	1996 est.
12.1	Personnel compensation and benefits	113,293	75,754	72,873
23.2	Cost of space occupied and equipment	27,594	26,020	26,049
25.2	Other services	406,625	246,663	229,054
32.0	Land and structures	–11,698	–444	77
33.0	Investments and loans	20,964,887	20,802,893	20,987,869
43.0	Interest and dividends	1,799,738	2,149,701	2,231,413
92.0	Undistributed expenses	18,074	13,278	12,425
99.9	Total obligations	23,318,513	23,313,865	23,559,760

Federal Agricultural Mortgage Corporation

Program and Financing (in thousands of dollars)

Identification code 99–4180–0–3–351		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Administrative expenses and taxes	3,886	4,213	4,358
10.00	Total obligations	3,886	4,213	4,358
	Financing:			
21.47	Unobligated balance available, start of year: Authority to borrow	–13,057	–12,488	–10,897
24.47	Unobligated balance available, end of year: Authority to borrow	12,488	10,897	9,531
68.00	Budget authority (gross): Spending authority from offsetting collections	3,317	2,622	2,992
	Relation of obligations to outlays:			
71.00	Total obligations	3,886	4,213	4,358
87.00	Outlays (gross)	3,886	4,213	4,358
	Adjustments to gross budget authority and outlays:			
88.40	Offsetting collections from: Non-Federal sources	–3,317	–2,622	–2,992
89.00	Budget authority (net)	....	....	....
90.00	Outlays (net)	569	1,591	1,366

Status of Guaranteed Loans (in thousands of dollars)

Identification code 99–4180–0–3–351		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on commitments:			
2131	Guaranteed loan commitments exempt from limitation	82,065	123,119	163,483
2150	Total guaranteed loan commitments	82,065	123,119	163,483
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	495,712	463,485	524,101
2231	Disbursements of new guaranteed loans	82,065	123,119	163,483
2251	Repayments and prepayments	–114,292	–62,503	–63,652
2290	Outstanding, end of year	463,485	524,101	623,932
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	463,485	524,101	623,932

Statement of Operations (in thousands of dollars)

Identification code 99–4180–0–3–351		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	33,891	3,317	2,622	2,992
0102	Expense	–34,647	–3,886	–4,213	–4,358
0109	Net loss	–756	–569	–1,591	–1,366

Balance Sheet (in thousands of dollars)

Identification code 99–4180–0–3–351		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
1201	Non-Federal assets: Investment in securities	464,638	473,685	553,755	668,152
1999	Total assets	464,638	473,685	553,755	668,152
	LIABILITIES:				
2203	Non-Federal liabilities: Debt	451,581	461,197	542,928	658,691
2999	Total liabilities	451,581	461,197	542,928	658,691
	NET POSITION:				
3200	Invested capital	13,057	12,488	10,827	9,461
3999	Total net position	13,057	12,488	10,827	9,461
4999	Total liabilities and net position	464,638	473,685	553,755	668,152

Object Classification (in thousands of dollars)

Identification code 99–4180–0–3–351		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Personnel compensation and benefits	2,081	2,118	2,173
23.2	Cost of space occupied	178	166	162
25.2	Other services	1,627	1,929	2,023
99.9	Total obligations	3,886	4,213	4,358

Farmer Mac was established by the Agricultural Credit Act of 1987 (the Act) to facilitate creation of a secondary market for farm and rural housing mortgage loans that meet minimum credit standards. As authorized by the Act, Farmer Mac guarantees securities formed by certified loan pooling institutions. In addition, the Farmer Mac title of the Act was amended by the 1990 farm bill to authorize Farmer Mac to purchase, pool, and securitize the guaranteed portions of Farmers Home Administration (FmHA) guaranteed farmer program loans. These two areas of secondary market authority have been organized by Farmer Mac into two distinct programs designated as "Farmer Mac I" and "Farmer Mac II," respectively. The Farmer Mac title was further amended in 1991 to clarify Farmer Mac's authority to issue debt obligations, to provide for the establishment of minimum capital standards for Farmer Mac, and to expand rulemaking authority for the Farm Credit Administration.

In general, the agricultural secondary market is intended to attract new capital for financing agricultural real estate, including rural housing, foster increased long-term fixed-rate lending, and provide greater liquidity to agricultural lenders. Increased competition among agricultural lenders, stimulated by access to the secondary market, should result in more favorable rates and terms for agricultural borrowers.

Farmer Mac is governed by a 15 member Board of Directors. Ten Board members are elected by stockholders, including five by the Farm Credit System, and five are appointed by the President subject to Senate confirmation.

Financing

Funding for Farmer Mac comes from four sources: common and preferred stock; debt obligations; guarantee fees and a $1.5 billion line of credit with the U.S. Treasury.

The actuarial soundness of the guarantee fee is reviewed annually by the Comptroller General in a report to Congress. The soundness of Farmer Mac I pools will be determined through a multi-stage process. First, loans must comply with

FEDERAL AGRICULTURAL MORTGAGE CORPORATION—Continued

the credit underwriting and appraisal standards. Second, pools of eligible loans must meet Farmer Mac's standards for geographic and commodity diversification and be subjected to economic stress analysis to determine pool performance characteristics. In the case of Farmer Mac II, only the FmHA guaranteed portions of the loans will be pooled by Farmer Mac.

Available funds of Farmer Mac are invested in U.S. agency securities or other high-grade commercial paper. No stock dividends are allowed under the Act until the Board determines that an adequate loss reserve has been funded to back Farmer Mac guarantees.

GUARANTEES

Farmer Mac provides a guarantee of timely payment of principal and interest on securities backed by pools of eligible loans. These securities are not guaranteed by the United States, and are not "government securities". Under Farmer Mac I, guaranteed securities must be supported by a minimum ten percent cash reserve or subordinated class of securities (retained by the originators and poolers or sold to investors). The Farmer Mac guarantee cannot be triggered for payment until the loss reserve, in addition to the subordinate securities or cash reserve for a pool (Farmer Mac I only), has been exhausted.

Farmer Mac guaranteed mortgage-backed securities are subject to registration requirements established by the Securities and Exchange Commission under the 1933 and 1934 Securities Acts.

REGULATION

Farmer Mac is federally regulated by the Farm Credit Administration (FCA). Under 1991 amendments to the Act, regulation is performed by the FCA's Office of Secondary Market Oversight. The Office is responsible for examination of and rulemaking for Farmer Mac (after a transition period), including the determination of the stress test for Farmer Mac's risk-based capital. The 1991 amendments also clarified FCA's regulatory authority, including enforcement of Farmer Mac's regulatory capital standards.

FEDERAL HOME LOAN BANK SYSTEM

FEDERAL HOME LOAN BANKS

Program and Financing (in thousands of dollars)

Identification code 99–4200–0–3–371		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Administrative expenses including FHFB assessments	223,924	243,000	243,000
00.02	Affordable Housing program	93,569	100,000	100,000
00.03	Interest on consolidated obligations and loss on debt retirement	6,871,364	10,000,000	10,000,000
00.04	Interest on members' deposits and other borrowings	861,780	1,000,000	1,000,000
00.05	Payment to REFCORP	300,000	300,000	300,000
00.06	Cash dividends on capital stock	446,854	742,481	767,000
00.91	Total operating expenses	8,797,491	12,385,481	12,410,000
	Capital investment:			
01.01	Investment in bank premises	6,676	8,000	8,000
01.04	Advances	712,901,697	725,000,000	725,000,000
01.05	Repurchase of capital stock	2,457,688	2,750,050	3,000,000
01.91	Total capital investment	715,366,061	727,758,050	728,008,000
10.00	Total obligations	724,163,552	740,143,531	740,418,000
	Financing:			
21.47	Unobligated balance available, start of year: Authority to borrow	–41,675,574	–66,276,270	–79,450,000
24.47	Unobligated balance available, end of year: Authority to borrow	66,276,270	79,450,000	79,450,000
39.00	Budget authority (gross)	748,764,248	753,317,261	740,418,000
	Budget authority:			
67.15	Net new borrowing (change in long-term liabilities)	39,565,117	12,393,743	....
68.00	Spending authority from offsetting collections	709,199,131	740,923,518	740,418,000
	Relation of obligations to outlays:			
71.00	Total obligations	724,163,552	740,143,531	740,418,000
	Obligated balance, start of year:			
72.47	Authority to borrow (obligated balance net of U.S. Treasury and agency securities held)	18,133,145	9,159,995	3,560,000
72.91	U.S. Securities: Treasury and agency securities	8,872,717	15,782,590	16,000,000
	Obligated balance, end of year:			
74.47	Authority to borrow	–9,159,995	–3,560,000	–3,560,000
74.91	U.S. Securities: Par value	–15,782,590	–16,000,000	–16,000,000
87.00	Outlays (gross)	726,226,829	745,526,116	740,418,000
	Adjustments to gross budget authority and outlays:			
88.40	Offsetting collections from: Non-Federal sources	–709,199,131	–740,923,518	–740,418,000
89.00	Budget authority (net)	39,565,117	12,393,743	....
90.00	Outlays (net)	17,027,698	4,602,598	....

Status of Direct Loans (in thousands of dollars)

Identification code 99–4200–0–3–371		1994 actual	1995 est.	1996 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	712,901,697	725,000,000	725,000,000
1150	Total direct loan obligations	712,901,697	725,000,000	725,000,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	99,365,562	116,566,698	116,000,000
1231	Disbursements: Direct loan disbursements	712,901,697	725,000,000	725,000,000
1251	Repayments: Repayments and prepayments	–695,700,561	–725,566,698	–725,000,000
1290	Outstanding, end of year	116,566,698	116,000,000	116,000,000

The 12 Federal Home Loan Banks were chartered by the Federal Home Loan Bank Board under the authority of the Federal Home Loan Bank Act of 1932. Subsequent to the passage of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, the FHLBanks are under the supervision of the Federal Housing Finance Board. The common mission of the FHLBanks is to facilitate the extension of credit through their members in order to provide access to housing for all Americans and to improve the quality of their communities. To accomplish this mission, the FHLBanks make loans, called advances, and provide other credit products such as letters of credit to member institutions. Advances and letters of credit must be fully secured by eligible collateral and long-term advances may be made only for the purpose of providing funds for residential housing finance. Additionally, specialized community-related advance programs provide funds for community reinvestment and affordable housing programs. All regulated financial depositories and insurance companies engaged in residential housing finance are eligible for membership. Each FHLBank operates in a geographic district designated by the Board and together the FHLBanks cover all of the United States as well as Puerto Rico, the Virgin Islands, and Guam.

It is important to note that the FHLBanks' credit programs operate at a profit, and that combined financial statements of the FHLBanks prepared in accordance with generally accepted accounting principles ("GAAP") are publicly available. In these budget statements, gross cash disbursements for advances are presented as "obligations" and gross cash proceeds from repayment of advances are presented as "financing." The accompanying statement of "Cumulative Balance of Direct Loans Outstanding'' also presents cash flows related to advance activity. Advances outstanding on September 30, 1994 totaled approximately $116.2 billion, a net increase of approximately $17.3 billion from the September 30, 1993 level of $98.9 billion.

The principal source of funds for the lending operation is the sale of consolidated obligations to the public. On September 30, 1994, $170 billion of these obligations were outstanding. The consolidated obligations are not guaranteed by the U.S. Government as to principal or interest. Other sources of lendable funds include a portion of members' deposits as determined by Board policy. Deposits totaled $15 billion and total capital amounted to $12.9 billion as of September 30, 1994. Funds not immediately used for advances to members are invested until such times as needed.

The capital stock of the Federal Home Loan Banks is owned entirely by the members. Initially the U.S. Government purchased stock of the banks in the amount of $125 million. The banks had repurchased the Government's investment in full by mid-1951.

The entire operating expenses of the FHLBanks are paid from their own income and are not included in the budget of the United States. Included in these expenses is the assessment by the Federal Housing Finance Board to cover the Board's administrative and other costs.

FIRREA contains provisions for the establishment of an Affordable Housing Program (AHP) by each FHLBank. Each FHLBank has developed its AHP to enhance the availability of housing for very low-, low- and moderate-income families by providing direct subsidies or subsidized advances for members who use the funds for qualifying housing projects. The FHLBank system set aside for its AHPs a total of $100 million in calendar year 1994.

The forecast data for 1995 and 1996 contained in this material represents estimates and should not be construed as an official forecast of the FHLBanks System's future position.

Statement of Operations (in thousands of dollars)

Identification code 99–4200–0–3–371		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	8,161,374	8,985,250	12,410,000	12,410,000
0102	Expense (excludes payments to REFCORP)	–7,312,478	–8,050,637	–11,343,000	–11,343,000
0109	Net income	848,896	934,613	1,067,000	1,067,000

Balance Sheet (in thousands of dollars)

Identification code 99–4200–0–3–371		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, net	5,102,306	4,239,400	4,000,000	4,000,000
1104	Agency excluding MBS	3,770,411	11,543,190	12,000,000	12,000,000
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	59,008,102	74,685,760	82,000,000	82,000,000
1206	Accounts receivable	1,376,073	2,052,739	2,000,000	2,000,000
1401	Net value of assets related to post–1991 direct loans receivable: Direct loans receivable, gross	99,365,562	116,566,698	116,000,000	116,000,000
	Other Federal assets:				
1801	Cash and other monetary assets	699,584	448,287	500,000	500,000
1803	Property, plant and equipment, net	155,316	155,832	160,000	160,000
1901	Other assets	888,313	42,988	100,000	100,000
1999	Total assets	170,365,667	209,734,894	216,760,000	216,760,000
	LIABILITIES:				
2101	Federal liabilities: REFCORP and AHP	265,912	308,104	350,000	350,000
	Non-Federal liabilities:				
2201	Accounts payable	561,051	196,266	200,000	200,000
2202	Interest payable	1,856,202	2,522,339	2,500,000	2,500,000
2203	Debt	130,450,107	169,814,039	182,000,000	182,000,000
	Other:				
2207	Deposit funds and other borrowings	25,597,737	23,666,397	18,000,000	18,000,000
2207	Other	101,033	302,218	510,000	510,000
2999	Total liabilities	158,832,042	196,809,363	203,560,000	203,560,000
	NET POSITION:				
3200	Invested capital	11,533,625	12,925,531	13,200,000	13,200,000
3999	Total net position	11,533,625	12,925,531	13,200,000	13,200,000
4999	Total liabilities and net position	170,365,667	209,734,894	216,760,000	216,760,000

Object Classification (in thousands of dollars)

Identification code 99–4200–0–3–371		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent	88,467	95,000	95,000
12.1	Civilian personnel benefits	23,407	26,000	26,000
21.0	Travel and transportation of persons	5,322	8,000	8,000
23.3	Communications, utilities, and other rent	21,642	22,000	22,000
24.0	Printing and reproduction	8,019	9,000	9,000
25.2	Other services	70,044	75,000	75,000
31.0	Equipment	7,023	8,000	8,000
32.0	Land and structures	6,676	8,000	8,000
33.0	Advances and other investments	712,901,697	725,000,000	725,000,000
41.0	Subsidies (Affordable Housing Program)	93,569	100,000	100,000
	Interest and dividends:			
43.0	Interest and changes in other assets	8,179,998	11,742,481	11,767,000
43.0	REFCORP interest	300,000	300,000	300,000
92.0	Repurchase of capital stock (gross)	2,457,688	2,750,050	3,000,000
99.9	Total obligations	724,163,552	740,143,531	740,418,000

FINANCING CORPORATION

The Financing Corporation (FICO) is a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, as amended (the ''Act''). FICO's sole purpose was to function as a financing vehicle for the FSLIC Resolution Fund, formerly the Federal Savings and Loan Insurance Corporation (FSLIC). FICO operates under the supervision and control of the Federal Housing Finance Board (the ''Board''). Pursuant to the Act, FICO was authorized to issue debentures, bonds and other obligations subject to limitations contained in the Act, the net proceeds of which were to be used solely to purchase capital certificates issued by the FSLIC Resolution Fund, or to refund any previously issued obligations. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 terminated the FICO's borrowing authority.

The Act provided formulas pursuant to which the Federal Home Loan Banks made capital contributions to FICO at the direction of the Board for the purchase of FICO capital stock. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account will be the primary source of repayment of the principal of the obligations. Securities in the segregated account are kept separate from other FICO accounts and funds but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations will be the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Savings Association Insurance Fund (the ''SAIF'').

Statement of Operations (in thousands of dollars)

Identification code 99–4033–0–3–373		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	880,692	888,306	896,587	905,918
0102	Expense	–795,186	–795,204	–795,204	–795,205
0109	Net income	85,506	93,102	101,383	110,713

FINANCING CORPORATION—Continued

Balance Sheet (in thousands of dollars)

Identification code 99–4033–0–3–373	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
Investments in US securities:				
1102 Segregated accounts investment	8,290,984	8,290,984	8,290,984	8,290,984
1103 Segregated accounts, unamortized discount(–)/ premium(+)	–7,241,116	–7,148,010	–7,046,627	–6,935,915
Other Federal assets:				
1801 Cash, cash equivalents, and interest receivable	526,743	343,875	343,866	343,866
1901 Other assets	13,966	13,394	12,822	12,250
1999 Total assets	1,590,577	1,500,243	1,601,045	1,711,185
LIABILITIES:				
Non-Federal liabilities:				
2202 Interest payable	235,515	235,515	235,515	235,515
2203 Debt	8,138,642	8,139,893	8,141,144	8,142,397
2207 Other	336,206	151,515	149,682	147,857
2999 Total liabilities	8,710,363	8,526,923	8,526,341	8,525,769
NET POSITION:				
3100 FICO capital stock purchased by FHLBanks	680,000	680,000	680,000	680,000
3300 Cumulative results of operations	370,215	463,321	564,704	675,417
Other:				
3600 FSLIC capital stock	–7,567,500	–7,567,500	–7,567,500	–7,567,500
3600 FSLIC capital certificates	–602,500	–602,500	–602,500	–602,500
3999 Total net position	–7,119,785	–7,026,679	–6,925,296	–6,814,583
4999 Total liabilities and net position	1,590,578	1,500,244	1,601,045	1,711,186

RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

REFCORP is subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. The day-to-day operations of REFCORP are under the management of a three-member Directorate comprised of the Director of the Office of Finance of the Federal Home Loan Banks and two members selected by the Oversight Board from among the presidents of the twelve Federal Home Loan Banks ("the FHLBanks"). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees. REFCORP and its Directorate are subject to regulations, orders and directions of the Thrift Depositor Protection Oversight Board.

FIRREA and the regulations adopted by the Thrift Depositor Protection Oversight Board provide formulas pursuant to which the Federal Home Loan Banks made capital contributions to REFCORP's Principal Fund and continue to make interest payments on outstanding REFCORP obligations. FIRREA also provides that the U.S. Treasury cover any interest shortfall. Funds designated for the Principal Funds were used to purchase zero-coupon bonds. The zero-coupon bonds will be held in the Principal Fund and are the primary source of repayment of the principal of the obligations at maturity.

Statement of Operations (in thousands of dollars)

Identification code 99–4029–0–3–373	1993 actual	1994 actual	1995 est.	1996 est.
0101 Revenue	2,845,727	2,875,000	2,897,316	2,919,707
0102 Expense	–2,627,508	–2,625,995	–2,625,992	–2,625,996
0109 Net income	218,219	249,005	271,324	293,711

Balance Sheet (in thousands of dollars)

Identification code 99–4029–0–3–373	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
Investments in US securities:				
1102 Principal fund account investment	29,995,180	29,995,180	29,995,180	29,995,180
1103 Principal fund account, unamortized discount (–)/premium (+)	–26,941,559	–26,694,896	–26,428,272	–26,139,248
1206 Non-Federal assets: Assessments receivable for interest expense	880,811	880,812	880,806	880,806
Other Federal assets:				
1801 Cash and other monetary assets	13	6	6	6
1901 Other assets	554	535	518	499
1999 Total assets	3,934,999	4,181,637	4,448,238	4,737,243
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	11	5		
2202 Accrued interest payable on long-term obligations	880,812	880,812	880,812	880,812
2203 Debt	30,081,039	30,078,678	30,076,307	30,073,943
2999 Total liabilities	30,961,862	30,959,495	30,957,119	30,954,755
NET POSITION:				
3100 Appropriated capital	2,512,827	2,512,827	2,512,827	2,512,827
3200 Capital contributions from other sources	–31,286,325	–31,286,325	–31,286,325	–31,286,325
3300 Cumulative results of operations	690,125	939,130	1,208,108	1,499,477
3600 RTC nonredeemable capital certificates	1,056,509	1,056,509	1,056,509	1,056,509
3999 Total net position	–27,026,864	–26,777,859	–26,508,881	–26,217,512
4999 Total liabilities and net position	3,934,998	4,181,636	4,448,238	4,737,243

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in thousands of dollars)

Identification code 99–4450–0–3–803	1993 actual	1994 est.	1995 est.
Program by activities:			
Board operating expenses:			
00.01 Monetary and economic policy	63,121	65,778	72,681
00.02 Services to financial institutions and the public	2,998	3,273	3,616
00.03 Supervision and regulation of financial institutions	48,739	59,397	65,631
00.04 System policy direction and oversight	27,260	29,329	32,407
00.91 Subtotal: Board operating expenses	142,118	157,777	174,335
01.01 Office of Inspector General operating expenses	2,550	2,841	3,064
10.00 Total obligations	144,668	160,618	177,399
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	2,221	966	6,085
24.40 Unobligated balance available, end of year: Treasury balance	–966	–6,085	–6,277
68.00 Budget authority (gross): Spending authority from offsetting collections	145,923	155,499	177,207

		1993	1994	1995
	Relation of obligations to outlays:			
71.00	Total obligations	144,668	160,618	177,399
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	12,074	13,153	14,690
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–13,153	–14,690	–18,623
87.00	Outlays (gross)	143,589	159,081	173,466
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	–121	–121	–121
88.40	Non-Federal sources	–145,802	–155,378	–177,086
88.90	Total, offsetting collections	–145,923	–155,499	–177,207
89.00	Budget authority (net)			
90.00	Outlays (net)	–2,334	3,582	–3,741

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

Program.—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

Financing.—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The information presented pertains to Board operations only. Expenditures made on behalf of the Federal Reserve banks for production, issuance, retirement, and shipment of Federal Reserve notes are not included, since they are reimbursed in full by the Federal Reserve banks.

Statement of Operations (in thousands of dollars)

Identification code 99–4450–0–3–803		1993 actual	1994 est.	1995 est.
0101	Revenue	145,923	155,499	177,207
0102	Expense	–144,668	–160,618	–177,399
0109	Net income or loss (–)	1,255	–5,119	–192

Balance Sheet (in thousands of dollars)

Identification code 99–4450–0–3–803		1993 actual	1994 est.	1995 est.
	ASSETS:			
1206	Non-Federal assets: Receivables, net	2,686	2,778	3,264
	Other Federal assets:			
1801	Fund balance with Treasury and cash: Cash in bank	12,187	8,605	12,346
1803	Property, plant and equipment, net	109,248	118,691	131,302
1999	Total assets	124,121	130,074	146,912
	LIABILITIES:			
2201	Non-Federal liabilities: Accounts payable and accrued liabilities	15,839	17,468	21,887
2999	Total liabilities	15,839	17,468	21,887
	NET POSITION:			
3100	Appropriated capital	–966	–6,085	–6,277
3200	Invested capital	109,248	118,691	131,302
3999	Total net position	108,282	112,606	125,025
4999	Total liabilities and net position	124,121	130,074	146,912

Object Classification (in thousands of dollars)

Identification code 99–4450–0–3–803		1993 actual	1994 est.	1995 est.
	BOARD OPERATING EXPENSES			
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	86,120	90,130	99,991
11.3	Other than full-time permanent	849	889	986
11.5	Other personnel compensation	1,412	1,477	1,639
11.9	Total personnel compensation	88,381	92,496	102,616
12.1	Civilian personnel benefits	13,450	14,997	15,589
13.0	Benefits for former personnel	370	421	548
21.0	Travel and transportation of persons	4,072	4,613	4,748
22.0	Transportation of things	530	290	194
23.3	Communications, utilities, and other rent	7,222	8,562	9,567
24.0	Printing and reproduction	2,362	2,954	2,928
25.1	Advisory and assistance services	1,424	2,020	1,757
25.2	Other services	11,087	13,164	17,012
26.0	Supplies and materials	4,431	4,819	5,488
31.0	Equipment	8,740	13,386	13,828
42.0	Insurance claims and indemnities	49	55	60
99.0	Subtotal: Board operating expenses	142,118	157,777	174,335
25.2	Allocation Acct—Direct Obligations: Other services	2,550	2,841	3,064
99.9	Total obligations	144,668	160,618	177,399

Personnel Summary

Identification code 99–4450–0–3–803		1993 actual	1994 est.	1995 est.
	Total compensable workyears:			
1005	Full-time equivalent of overtime and holiday hours	39	39	39
1011	Exempt Full-time equivalent employment	1,645	1,655	1,655

[1] Includes 32, 32, and 32 positions respectively for the Office of Inspector General.