

Fact Sheet

Federal Home Loan Bank (FHLBank) System, 2025 Combined Financial Report

The FHLBank Office of Finance has released the year-end 2025 Combined Financial Report.¹ For an overview of key FHLBank financial metrics for the past 20 years, please see table 1.

Overview

- FHLBank assets totaled **\$1.248 trillion** in 2025, a 3 percent decrease from 2024.
- FHLBank 2025 net income was the third-highest on record (**\$5.6 billion**).
- The \$632 million statutory affordable housing program (AHP) contributions (10 percent of net income) were less than those in 2024. Total AHP and voluntary housing spending was **\$1.1 billion** in 2025.
- Advances (loans to members) fell by **\$60 million** due to lower borrowing from banks, but advances to insurance companies increased.
 - Commercial banks had less than half of advances for the first time.
 - Insurance company advances grew from **22 to 26 percent** of System advances.
- Dividends paid out to members were the second-highest on record (**\$3.5 billion**).
 - In 2025, FHLBank spent **3 times** as much on dividends than on statutory and voluntary housing programs (\$3.5 billion vs \$1.1 billion).
- Retained earnings grew 7 percent to **\$33 billion** in 2025.
 - Retained earnings have grown steadily since 2011 when the 20 percent of net income statutory REFCORP requirement expired.
 - The \$2.5 billion in investment income from retained earnings² was the third-highest on record, and represents 72 percent of dividends.
- FHLBanks are focused on increasing insurance company membership.³
 - Two insurance companies were in the system's **top 10 stockholders**, and New York and Des Moines had 3 insurance companies in their top 5. (p. 42)
 - The NAIC reports that at year end 2024, **28 private equity owned insurance companies** were FHLBank members.⁴ The report does not disclose who these members are. There is no mention of private equity or private credit in the FHLBanks' combined financial report.
- FHLBank investment portfolios grew to record levels at **\$484 billion**, a major source of income. FHLBanks of Chicago and San Francisco held as much in investments as in advances in 2025.



Coalition for Federal Home Loan Bank Reform

The Coalition for Federal Home Loan Bank Reform is a non-partisan organization dedicated to bringing together a wide variety of stakeholders to discuss, educate and shape reforms aimed at enhancing the ability of the FHLB system to address the nation's unmet housing and community development needs.

Key Facts & Figures

\$1.2 trillion

Assets in total

\$33 billion

Retained earnings

\$1.1 billion

Housing contributions

Key Performance and Condition Results

Advance volume declined in 2025:

- Total advances for the System fell \$60 billion (8 percent) to \$677 billion, “resulting primarily from a decrease in advances to depository members.” (p 49)
- 51 percent of FHLBank members had outstanding advances at December 31, 2025, compared to 54 percent at December 31, 2024. (p 52)
- The percentage of each FHLBank’s total assets represented by advances ranged from a high of 66 percent (New York) to Chicago (43 percent). (S 39)

Insurance company advances increased:

- Insurance company regulation presents risks to FHLBank. Insurance companies are not regulated at the Federal level and their regulation at the state level is very different from that of insured depository institution FHLBank members.
- Unlike banks, insurance companies can be owned by commercial firms such as private equity and other unregulated nonbank financial institutions.
- The opacity of private equity is a concern, Bank of England Governor Andrew Bailey warned on April 1, 2026, “against dismissing recent private credit failures as isolated incidents, saying the sector’s opacity could amplify shocks in a way that was reminiscent of the 2008 financial crisis.”⁵

FHLBank lending has concentration risk:

- Borrowing was highly concentrated to just a few members at several FHLBanks.
- As a System, the top 10 borrowers represented 25 percent of system advances.
- The five largest borrowers held over 49 percent of advances at five FHLBanks: Pittsburgh (71 percent), Atlanta (61 percent), Cincinnati (61 percent), Topeka (51 percent) and New York (49 percent).

FHLBank retained earnings continued to grow:

- FHLBank retained earnings grew to \$33 billion, up \$2 billion (a 7 percent increase from year-end 2024).
- Retained earnings have grown steadily since 2011 from \$8 billion to \$33 billion when the 20 percent of net income statutory REFCORP requirement was satisfied.⁶
- Retained earnings are treated as capital for accounting purposes, are a source of dividend payments, and can support income-generating investments.
- The range of retained earnings as a percentage of assets varies significantly across individual FHLBanks with San Francisco (5.5 percent) and Chicago (4.1 percent) at the top and Cincinnati at the bottom (at 1.4 percent).
- The FHLBanks invest retained earnings in profitable GSE guaranteed mortgage-backed securities. In 2025, by applying the average return on equity to the \$33 billion in retained earnings, the FHLBanks earned \$2.5 billion from investing retained earnings, which represented 72 percent of 2025 dividends.⁷

FHLBank investments rise to record levels, driving earnings:

- Investments were \$484 billion, representing a three percent increase, “driven by increases in mortgage-backed securities.”⁸
- The FHLBanks state “The FHLBanks maintain long-term investment portfolios as an additional source of liquidity and to earn interest income.” (p 9)
- FHLBanks held \$142 billion in mortgage-backed securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae that are backed by single-family or multifamily mortgage loans. (F 29)
- The investments are already government-guaranteed so there is no credit risk for FHLBanks. This investment by a GSE in the securities guaranteed by other GSEs is not good public policy, as it simply diverts GSE taxpayer subsidies to private institutions.
- FHLBank System investments are at 39 percent of assets, the second-highest level on record. The FHLBanks with the highest level of investments as a percentage of total assets are Chicago (46 percent), San Francisco (43 percent), Dallas (42 percent) and Atlanta (41 percent).
- FHLBanks of Chicago and San Francisco held as much in investments as in advances in 2025.

Dividend payouts to members in 2025 were the second-highest on record:

- System 2025 dividends were \$3.5 billion, just below 2024's record dividends of \$3.7 billion.
- The 2025 dividend payout ratio (declared dividends as a percentage of net income) was 61.5 percent, the highest percentage in 8 years.
- Dividends vary from FHLBank to FHLBank. The 2025 weighted average dividend rate ranged from Des Moines (9.16 percent) to Dallas (5.2 percent). (S 40)
- FHLBank stock is a low-risk investment that cannot go down in value, does not trade publicly, and can only be sold at par (100 cents on the dollar) back to that FHLBank.⁹
- Dividends are a central element of the System. When a member borrows from an FHLBank, it has to purchase additional stock. As FHLBank members calculate their cost of funds, they look at the rate charged by the FHLBank (a low spread over FHLBank borrowing costs¹⁰) and factor in the dividends earned on the stock they had to purchase. Quite often, this all-in cost shows FHLBank members borrowing at rates lower than the US government. This is mentioned in FHLBank marketing material.¹¹
- FHLBank members view increased affordable housing expenses coming from member dividends.¹²

The Affordable Housing Program (AHP):

- The 2025 AHP assessment was \$632 million, a 12 percent decrease of \$86 million from the previous year. FHLBanks voluntarily contributed an additional \$507 million to support housing and community investment programs (\$1.1 billion to these programs in total). This represented a \$21 million decrease in voluntary contributions from 2024.

FHLBank Mortgage Purchase Programs (MPP):

- The FHLBanks' mortgage purchase programs resulted in total System holdings of \$78 billion, 6 percent of total System assets. This represents an increase of \$10 billion since 2024.
- The FHLBank mortgage holdings represent present .005 percent the total US single family mortgages (\$14.7 trillion).¹³
- While FHLBank mortgage programs are profitable for FHLBanks and their members, they have no impact on the cost of owning a home.

How FHLBanks view their business, their mission and the risks they are facing:

Diminishing borrowing by depository institutions is driving FHLBank focus on insurance companies:

- "Advance balances totaled \$676.7 billion at December 31, 2025, a decrease of 8 percent from \$736.7 billion at December 31, 2024, resulting primarily from a decrease in advances to depository members." (p 49)
- Less than half of commercial bank members borrowed from their FHLBank (49.9 percent, down from 51.5 percent).
- While insurance companies represent just 7 percent of members, their share of 2025 advances jumped to 26 percent from 22 percent in 2024. (p 54)

Financial benefit to members is the overriding focus:

- "The value of FHLBank membership includes access to readily available credit and other services from the FHLBanks and the value of the cost differential between an FHLBank's advances and other potential sources of funds, as well as the potential for dividends received on a member's investment in an FHLBank's capital stock." (p. 6)
- As a cooperative, absent direction from the regulator or Congress, FHLBanks will focus on member/owner value.

FHLBank borrowing costs are close to the Treasury’s, thanks to their status as GSEs and the implicit federal guarantee. This close tie also represents risk.

- “The FHLBanks’ ability to raise funds in the capital markets at narrow spreads to the U.S. Treasury yield curve *is due largely to their status as GSEs*, which is reflected in their consolidated obligations receiving the same credit ratings as the sovereign credit ratings of the United States.” (p. 46, italics added)
- “Fiscal policies of the U.S. government could also indirectly affect the FHLBanks’ cost of funding. For example, sudden or large increases in the supply of Treasury securities could lead to a general increase in short-term market interest rates, including those for short-term GSE debt securities.” (p. 27)

The FHLBanks allege that policy maker/stakeholder scrutiny presents risk:

- “[A]ny resulting increased scrutiny of the FHLBanks and their mission and activities could materially affect the FHLBanks’ business operations, results of operations, and reputation, and the value of FHLBank membership.” (p 28)

Notes

¹ https://www.fhlb-of.com/ofweb_userWeb/resources/2025Q4CFR.pdf

² Calculated by multiplying the level of retained earnings by return on equity.

³ See <https://www.fhlbny.com/documents/d/guest/insurance-factsheet/>, and; <https://www.fhlbboston.com/become-a-member/insurance-prospects/> and; <https://www.fhlbi.com/who-we-serve/insurance-companies/#:~:text=Indiana%2D%20and%20Michigan%2Dbased%20insurance,as%20a%20positive%20ratings%20factor.>

⁴ <https://content.naic.org/sites/default/files/capital-markets-pe-owned-ye2024.pdf>

⁵ <https://www.reuters.com/sustainability/boards-policy-regulation/boes-bailey-invokes-2008-lessons-amid-private-credit-scrutiny-2026-04-01/>

⁶ Under the 1989 Financial Institution Reform, Recovery and Enforcement Act (FIRREA), FHLBanks were required to pay 20 percent of their net income to contribute to the taxpayers’ debt service on REFCORP bonds, which were issued as part of the response to the savings and loan crisis. In 2011, that 20 percent of net income requirement was satisfied. The FHLBanks (with no opportunity for public comment or input) redirected that funding into a sub-set of retained earnings that supports FHLBank income and payment of dividends.

⁷ The calculation of net investment returns deducts the cost of funding to carry those assets. Invested retained earnings have no debt costs, making it very profitable for FHLBanks.

⁸ FHLBank Office of Finance Announces Fourth Quarter Combined Operating Highlights, February 20, 2026

⁹ The OCC, FDIC and the OTS assign a low 20 percent risk weighting for the capital requirements of FHLBank stock and all securities issued or guaranteed by all the GSEs. The National Association of Insurance Commissioners classifies FHLBank capital stock as “1,” NAIC’s highest classification.

¹⁰ “Due to their cooperative structures, the FHLBanks generally earn a narrow net interest spread [on advances].” (p. 46)

¹¹ <https://www.fhlbboston.com/strategies-insights/dividends-lower-effective-borrowing-costs/>

¹² As a senior representative of the ABA testified at the first FHFA listening session on FHLBank reform, held on September 29, 2022, [the FHLBank] “value proposition has to be recognized. That the AHP funds come from the members’ dividends, that would otherwise be paid to the members’ dividends.” <https://www.fhfa.gov/sites/default/files/2023-12/FHLBank-Listening-Session-Day-1-Transcript-9.29.22.pdf>

¹³ <https://fred.stlouisfed.org/release/tables?rid=52&eid=1192326#snid=1192327>

Table 1

	Assets \$ Billions	Advances (% of assets)	Investments (% of assets)	Net Income \$ Billions	REFCORP \$ Billions	Capital Stock \$ Billions	Retained Earnings (RE) \$ Billions	Return on Equity (ROE)	Income from Investment of RE ¹ \$ Billions	Dividends \$ Billions	% of dividends from RE Investment Income	Dividend Payout ratio ²	AHP (10% by statute) \$ Billions
2025	1,248	54%	39%	5.6		41	33	7.6%	\$2.5	3.5	72%	62%	.632
2024	1,283	57%	36%	6.4		43	31	8.7%	\$2.7	3.7	73%	58%	.718
2023	1,289	63%	32%	6.7		45	28	9.2%	\$2.6	3.4	76%	50%	.752
2022	1,247	66%	29%	3.2		44	25	5.6%	\$1.4	1.4	100%	43%	.355
2021	723	49%	43%	1.8		25	23	3.6%	\$0.8	1	80%	57%	.201
2020	821	52%	37%	2.8		27	22	5.2%	\$1.1	1.6	69%	56%	.315
2019	1,099	58%	34%	3		34	21	5.7%	\$1.2	2.1	57%	66%	.362
2018	1,103	66%	28%	3.6		38	20	5.5%	\$1.1	2.2	50%	61%	.404
2017	1,103	66%	28%	3.4		38	18	6.3%	\$1.1	1.7	65%	49%	.384
2016	1,057	67%	28%	3.3		36	16	6.9%	\$1.1	1.5	73%	45%	.392
2015	969	65%	28%	2.9		34	14	6%	\$0.8	1.5	53%	53%	.332
2014	913	63%	30%	2.3		33	13	4.9%	\$0.6	1.2	50%	53%	.269
2013	834	60%	29%	2.5		33	12	5.9%	\$0.7	.8	89%	34%	.293
2012	762	56%	35%	2.6	0	34	10	6.5%	\$0.7	.7	100%	26%	.296
2011	766	55%	35%	1.6	.2	36	8	3.8%	\$0.3	.6	50%	35%	.188
2010	878	55%	38%	2	.5	42	7	5%	\$0.4	.6	67%	28%	.229
2009	1,016	62%	28%	1.9	.6	45	6	4%	\$0.2	.6	33%	35%	.258
2008	1,349	69%	23%	1.2	.4	49	3	2%	\$0.06	2	3%	164%	.188
2007	1,272	69%	23%	2,827	.7	50	4	6%	\$0.2	2	10%	81%	.318
2006	1,015	63%	27%	2,612	.6	42	3	5.5%	\$0.2	2	10%	79%	.295

¹ Retained earnings X Average ROE

² Between 1989-2011, FHLBanks were required to pay 10 percent of net income for affordable housing and 20 percent of net income to pay a share of the taxpayers' debt service on S&L clean-up bonds (known as REFCORP). With the completion of the REFCORP obligation in 2011 through a process that offered no public notice or comment, the FHLBanks retained that 20 percent of net income.