



## FHLBNY MEMBER CREDIT RATINGS

A strong and healthy membership is vital to the ongoing success and stability of our cooperative, which is why the FHLBNY determines a credit rating for our members, and continually monitors credit quality.\* Your rating is available upon request, as well as the underlying criteria used in determine the rating.

### Understanding Your Credit Rating

Just as credit scores are used to evaluate the potential risk in consumer lending, the FHLBNY uses an internal credit scoring model to calculate member credit ratings. This model assigns credit ratings based on financial ratios that address the following key operating segments: asset quality, capital adequacy, liquidity, and earnings.

Credit ratings are calculated quarterly using recent regulatory financial data, as well as information drawn from regulatory safety and soundness examinations. Ratings are calculated using a two-step process:

1. Raw Credit Rating: determined using the ratios and risk indicator weightings mentioned above, reflecting the relative importance of each category.
2. Final Credit Rating: derived from the raw credit rating, plus the impact of several other risk elements, including but not limited, to the member's CAMELS rating, commercial real estate exposure, private label MBS concentrations, vehicle loans, unsecured loans, and the use of brokered deposits.

#### FHLBNY CREDIT RATING LEGEND

< 2	Excellent
2.00 – 3.99	Very Good
4.00 – 5.99	Average
6.00 – 6.99	Special Mention
7.00 – 10	Watch List

### How Does the FHLBNY Use Your Credit Rating

The credit rating is used as a screening tool and could have various impacts on your institution's business relationship with the FHLBNY, including:

- Collateral pledging category
- Collateral haircuts
- Term of credit extensions
- Pricing of Letters of Credit
- Participation in the Mortgage Asset Program (MAP®)
- Participation in FHLBNY Affordable Housing Programs

\*Community development financial institutions (CDFIs) and health insurance companies do not receive a credit rating from the FHLBNY.

#### CONTACT US TO FIND OUT YOUR CREDIT RATING:

Member Services Desk: (212) 441-6600 | Relationship Managers: (212) 441-6700

*Your Relationship Manager can discuss how your institution's credit rating is calculated and provide ways to improve your institution's lending capacity.*

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