

Rating Action: Moody's affirms Aaa ratings directly linked to US government bond rating; outlooks changed to stable

Global Credit Research - 18 Jul 2013

New York, July 18, 2013 -- Moody's Investors Service affirmed the Aaa senior ratings of financial institutions -- Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and the Federal Farm Credit Banks -- that Moody's consider to be directly linked to the rating of the US government. Moody's has also affirmed the Aaa ratings of securities either guaranteed by, backed by collateral securities issued by, or otherwise directly linked to the US government or the aforementioned financial institutions. These actions follow the affirmation of the Aaa rating assigned to the US government. In conjunction with the revision of the US government's rating outlook to stable, the rating outlooks for these directly linked issuers have also been revised to stable.

Moody's also affirmed the Aa2 subordinated debt ratings of Fannie Mae and Freddie Mac and the Aa3 long-term issuer rating of the Farm Credit Bank of Texas.

Moody's also affirmed ratings assigned to certain directly-linked US state and local Housing Finance Agency (HFA) bonds and revised their rating outlooks from negative to stable.

The Aaa ratings assigned to pre-refunded municipal bonds, to certain other state and local HFA bonds, and to municipal ratings that benefit from credit support from the financial institutions directly linked to the US government are maintained at Aaa. Moody's ratings of these bonds do not carry outlooks.

RATINGS RATIONALE

These actions follow the move to a stable outlook on the Aaa government bond rating of the US government, replacing the negative outlook that has been in place since August 2011.

For a list of affected financial institutions directly linked to the US government, see:
http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_156491.

For a list of state and local HFA bonds with affected ratings and outlooks, see:
http://www.moodys.com/viewresearchdoc.aspx?docid=PBM_PBM156534.

These lists are an integral part of this press release and identify each affected debt or sale.

For additional details on the US government rating, please refer to the webpage containing all of Moody's related announcements at <http://www.moodys.com/USRatingActions>.

Further information on ratings indirectly linked to the US government will be communicated to the market in the coming days.

The principal methodologies used in rating Federal Farm Credit Banks, Farm Credit Bank of Texas (The), Federal Home Loan Banks, Federal Home Loan Bank of Atlanta, Federal Home Loan Bank of Boston, Federal Home Loan Bank of Chicago, Federal Home Loan Bank of Cincinnati, Federal Home Loan Bank of Dallas, Federal Home Loan Bank of Des Moines, Federal Home Loan Bank of Indianapolis, Federal Home Loan Bank of New York, Federal Home Loan Bank of Pittsburgh, Federal Home Loan Bank of San Francisco, Federal Home Loan Bank of Seattle, Federal Home Loan Bank of Topeka was Global Banks Methodology published in May 2013, and Government-Related Issuers: Methodology Update published in July 2010.

The principal methodology used in rating Federal Home Loan Mortgage Corp, Federal National Mortgage Association, Financing Corporation, Private Export Funding Corporation, Resolution Funding Corporation, Student Loan Marketing Association was Government-Related Issuers: Methodology Update published in July 2010.

The rating actions on the state and local housing bonds represent a pass-through of the US government bond rating, which is governed by the Sovereign Bond Ratings Methodology published in September 2008.

Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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