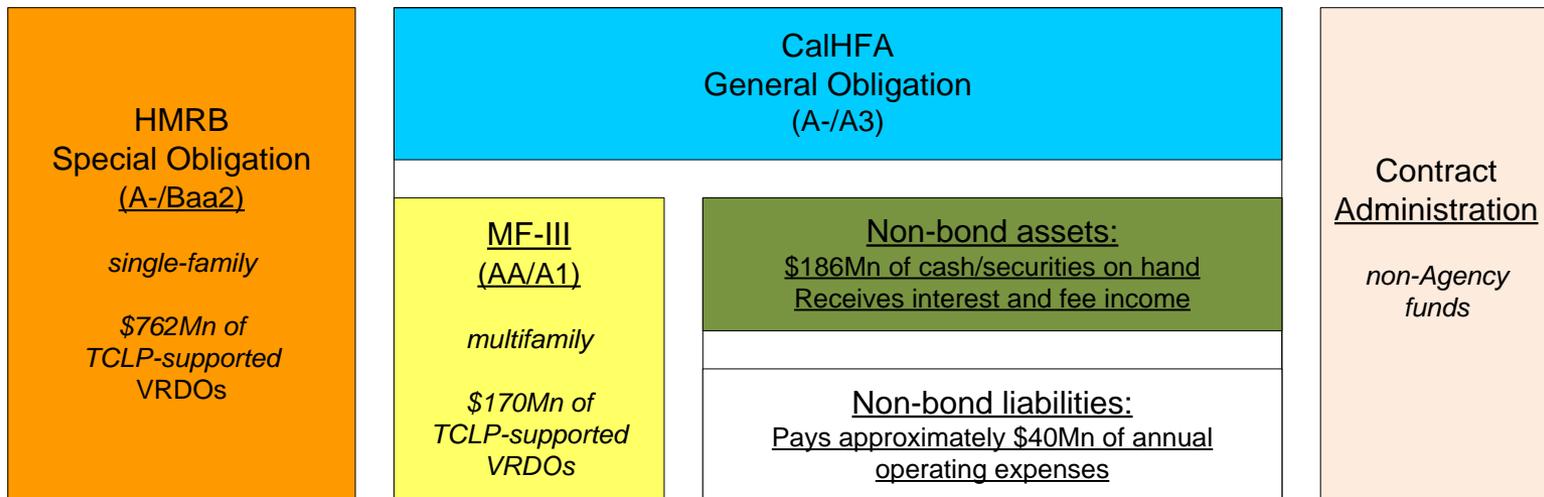
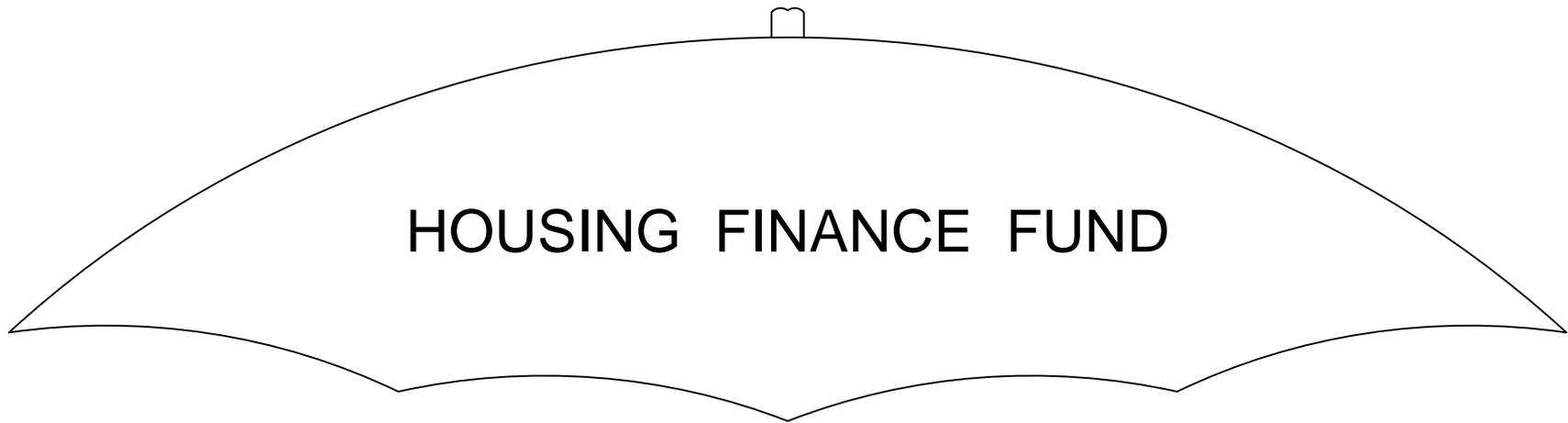


Update on  
Income and Cash Inflows  
vs.  
Operating Expenses

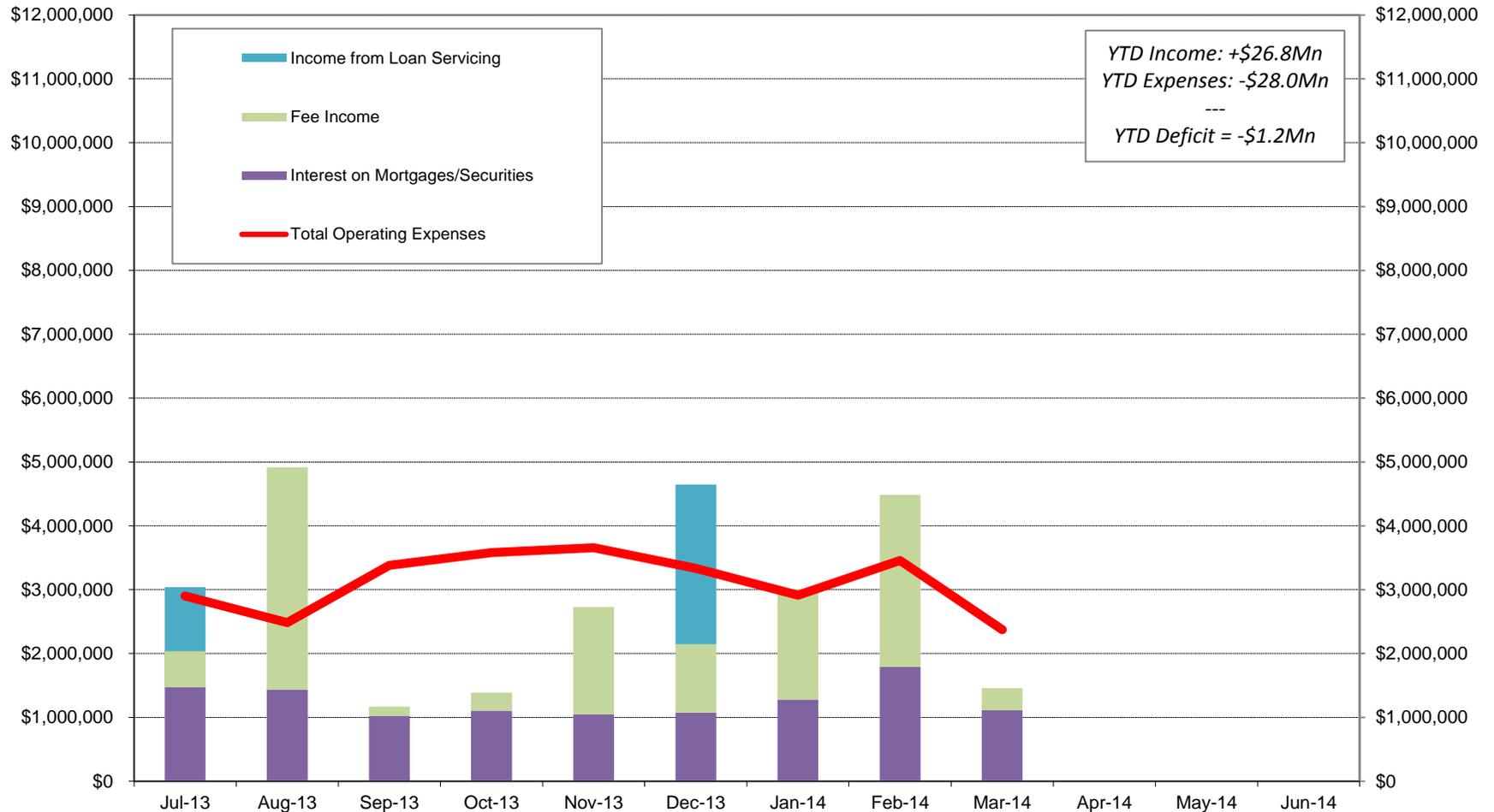
May 13, 2014

***Unaudited FY13-14 cash activities for  
non-bond  
assets and liabilities***

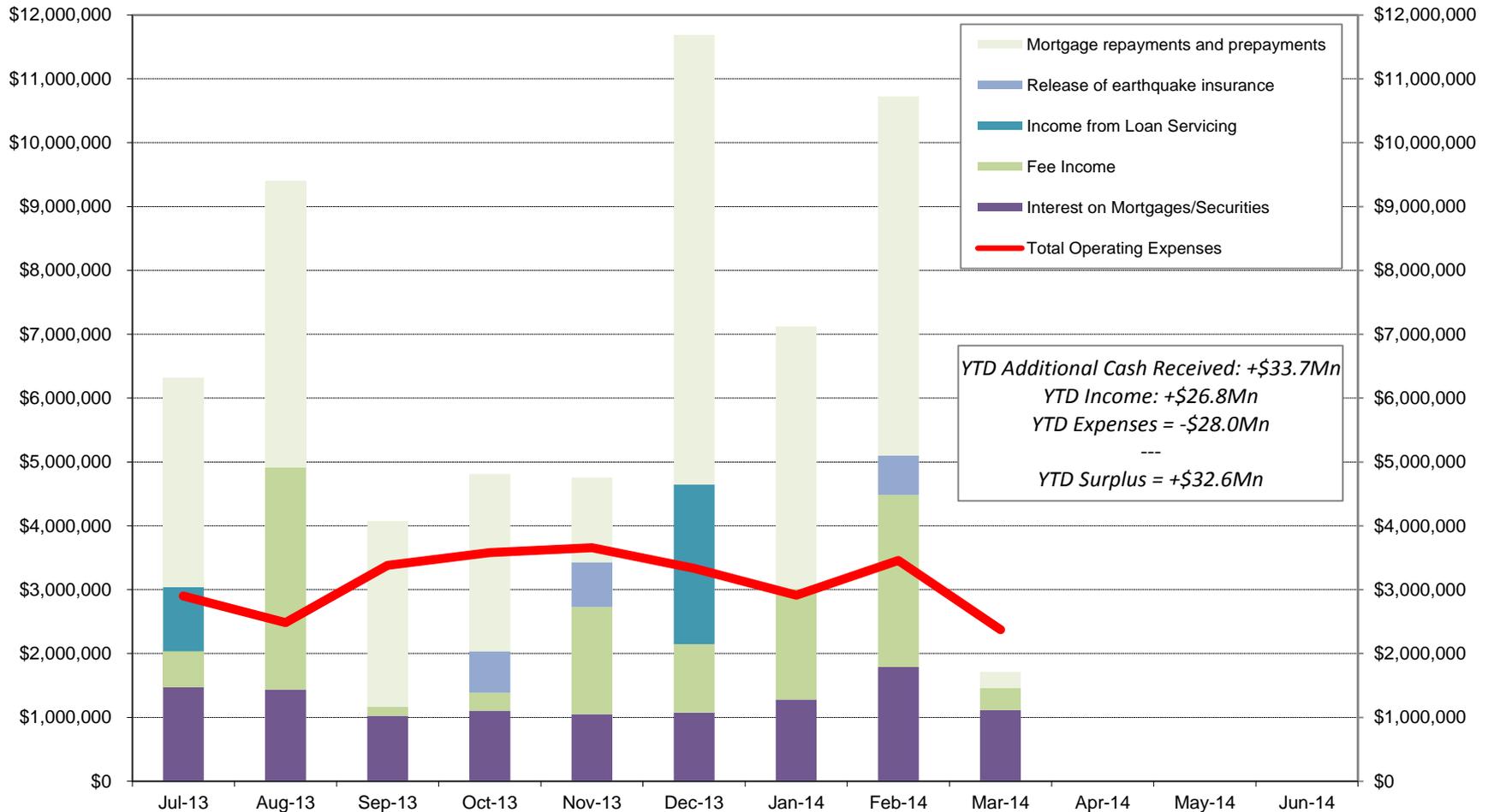
# Where are the non-bond assets and liabilities?



# FY13-14 (9 months): Income falls short of Expenses by \$1.2Mn



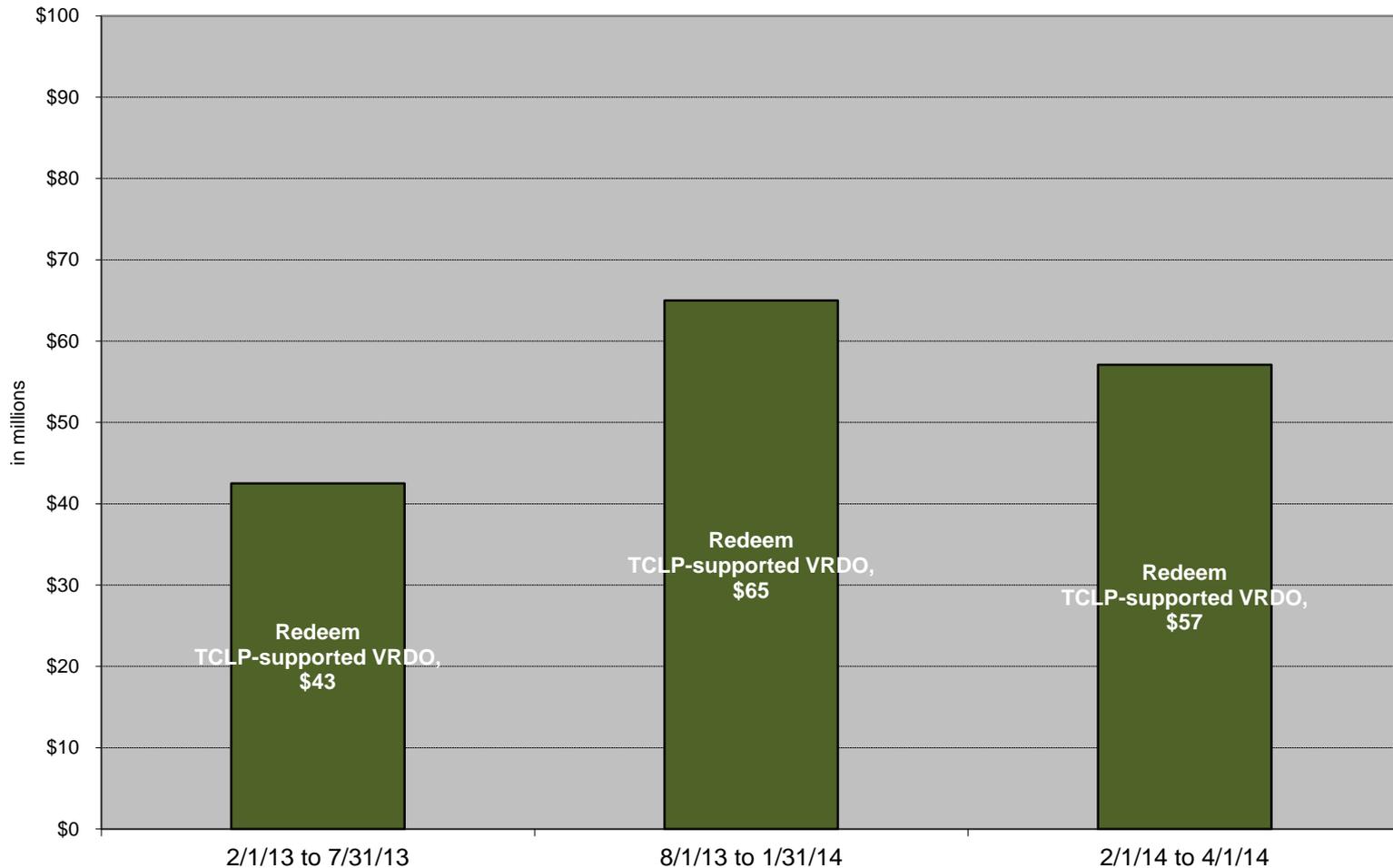
# FY13-14 (9 months): Cash Inflows exceed Expenses by \$32.6Mn



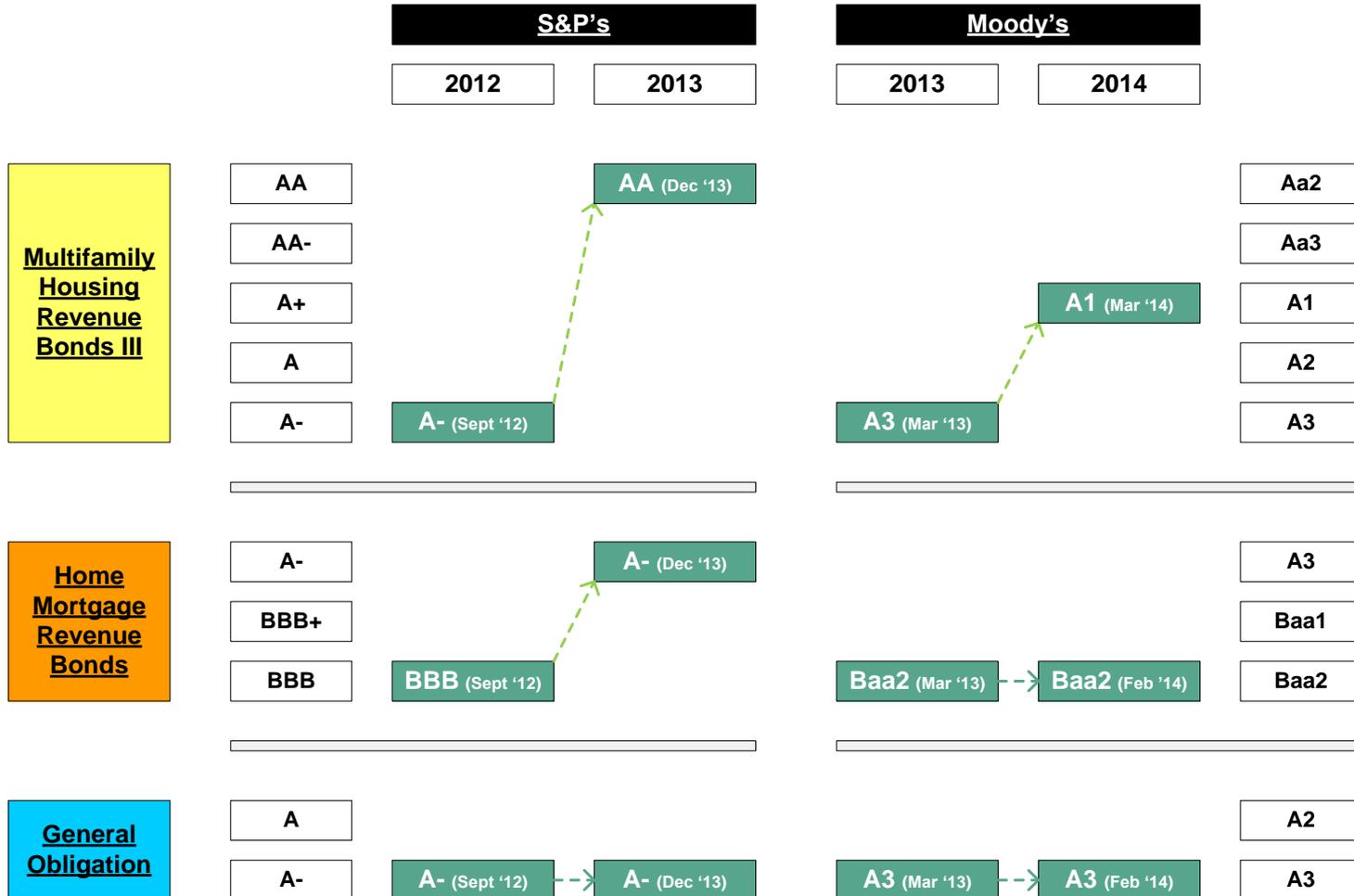
***So has the Agency's cash position  
grown?***

***Strategic uses of unencumbered cash  
have bolstered our credit ratings  
and eliminated reliance on  
TCLP (expires in Dec 2015)***

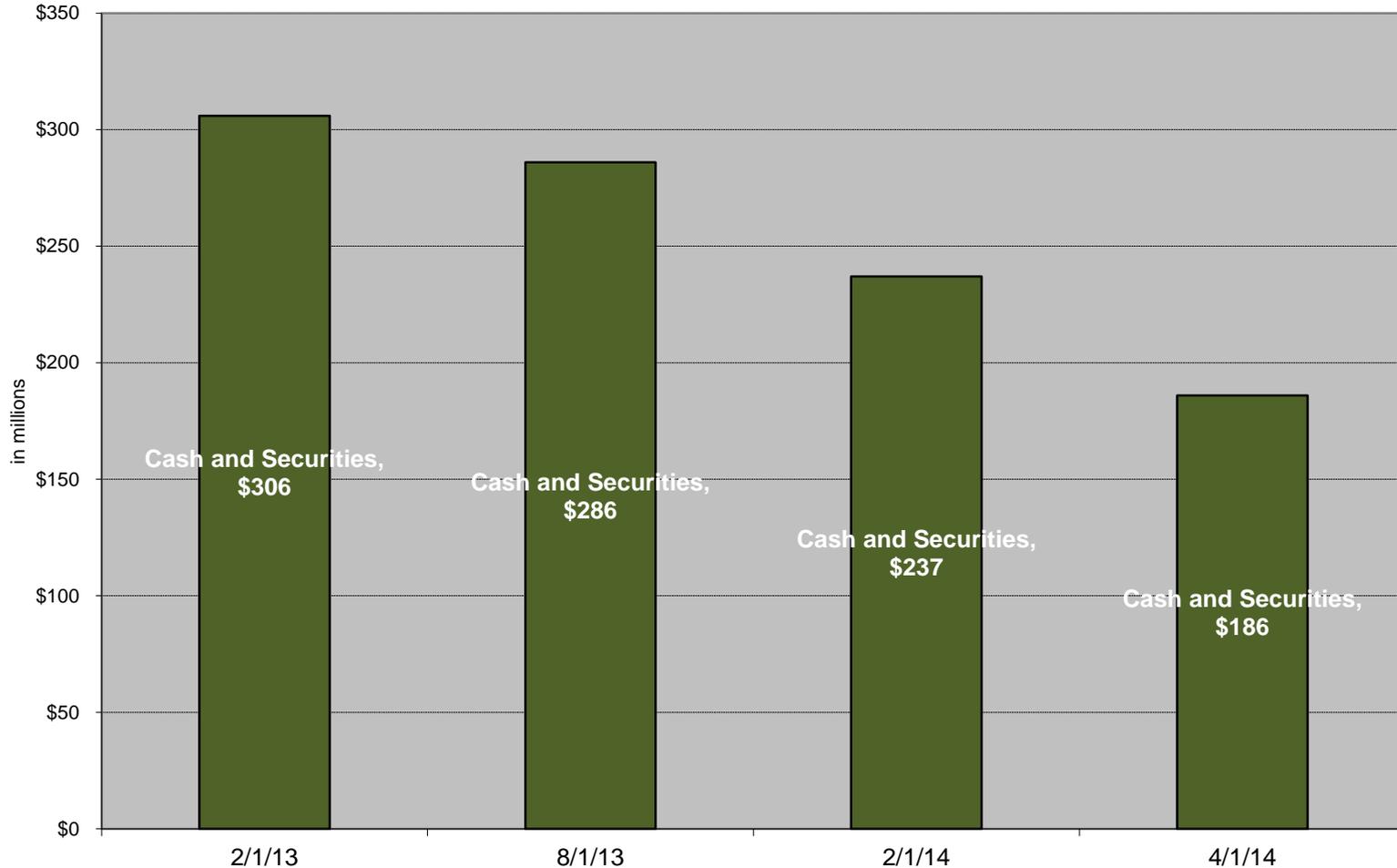
# Have used \$165Mn of unencumbered cash to redeem VRDOs since 2/1/13



# Most redemptions targeted VRDOs in MF-III, which has received significant upgrades



# As a result, the Agency's cash position is actually lower



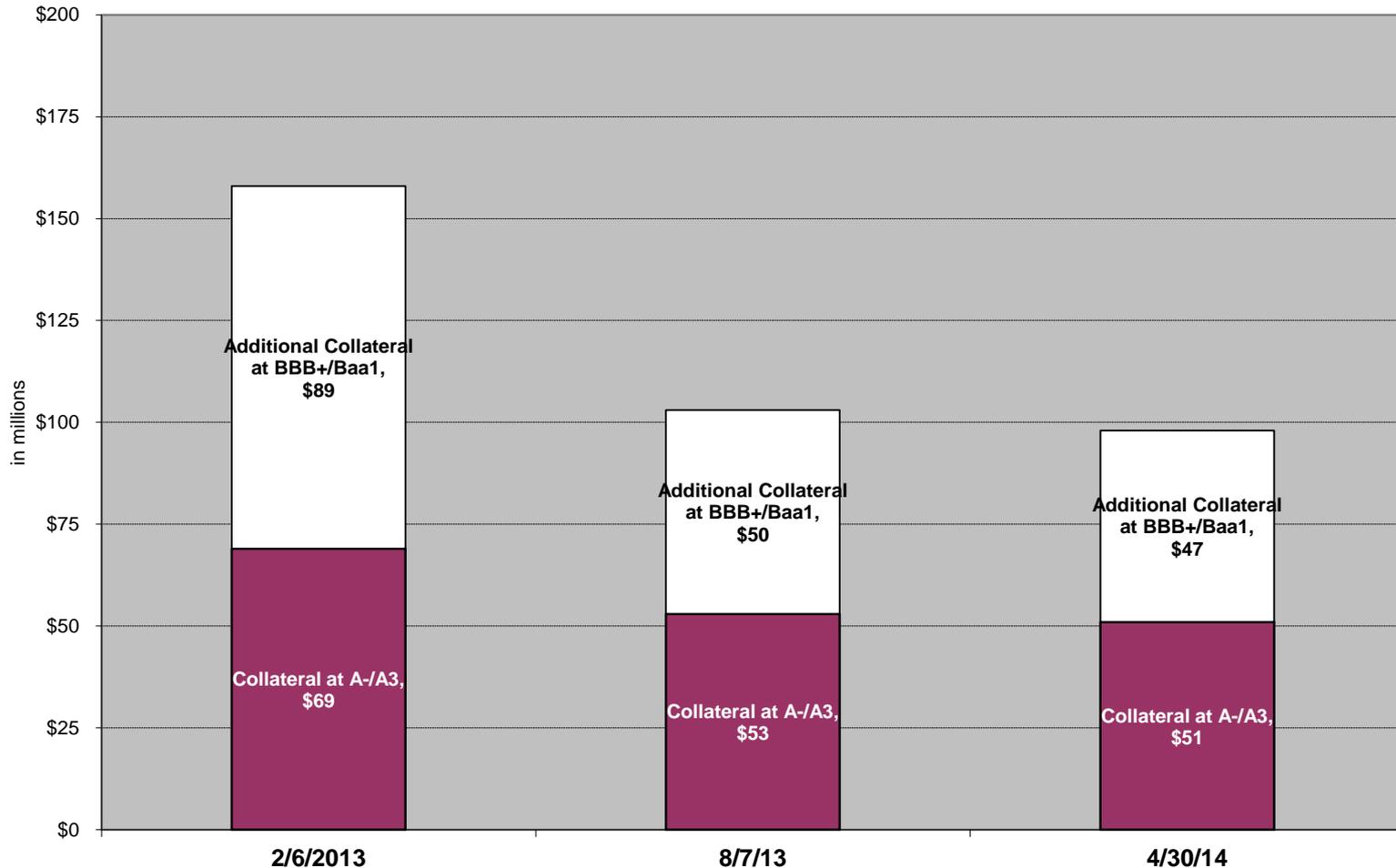
# Sources and Uses of unencumbered cash from 2/1/13 to 3/31/14

**Cash and Securities 2/1/13:**      **\$ 306.0**

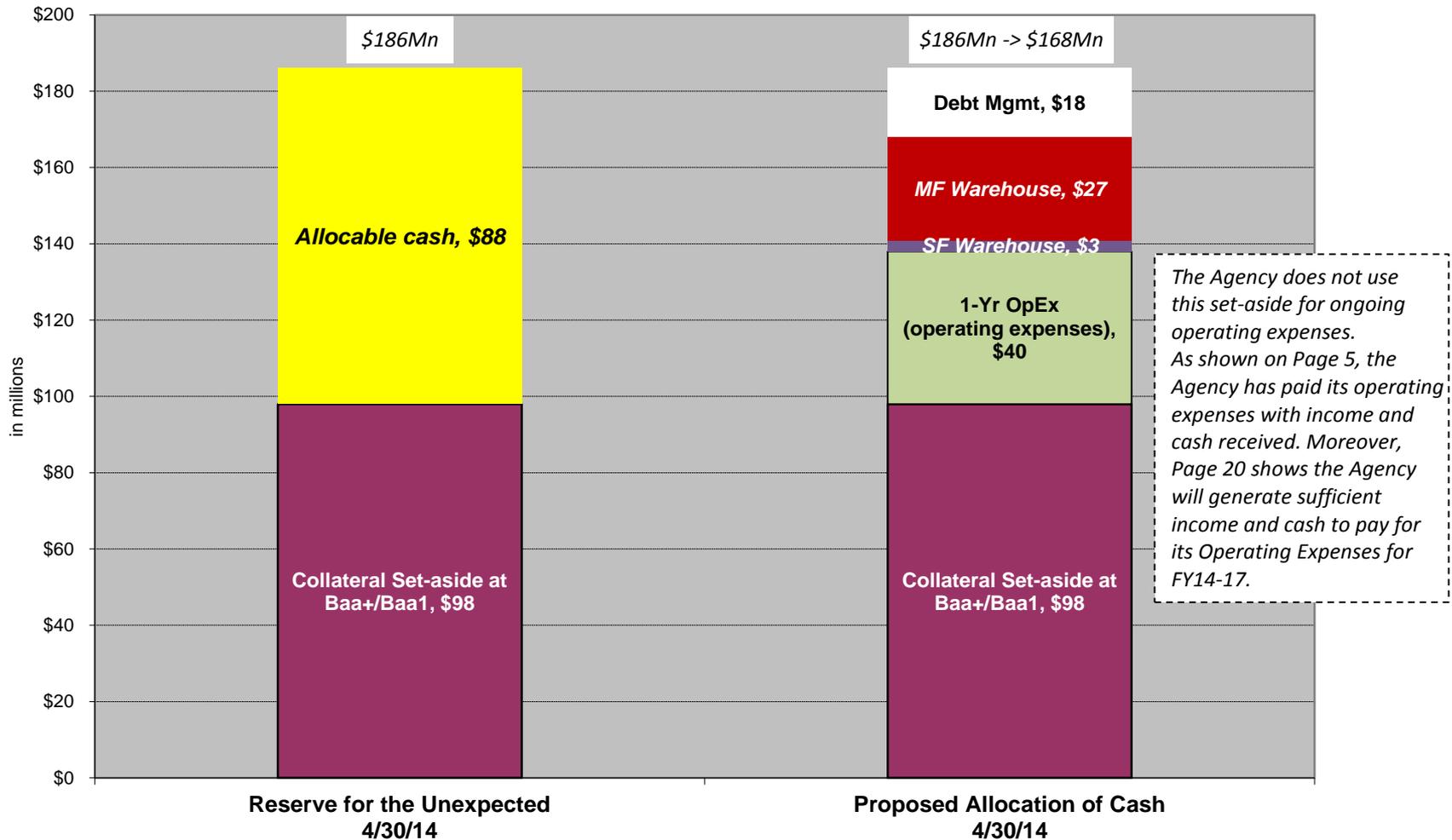
<i>(in millions)</i>	<u>2/1/13 to</u> <u>6/30/13</u> <i>(5 months)</i>	<u>7/1/13 to</u> <u>3/31/14</u> <i>(9 months)</i>	<u>Total</u> <i>(14 months)</i>
<b><u>Cash Inflows</u></b>			
Mortgage repayments and prepayments	\$ 11.7	\$ 31.8	
Release of Earthquake Insurance	\$ 1.8	\$ 2.0	
Income from Loan Servicing	\$ 1.5	\$ 3.5	
Fee income	\$ 9.4	\$ 12.0	
Interest on mortgages/securities/cash	\$ 5.3	\$ 11.3	
	\$ 29.7	\$ 60.6	
<b><u>Cash Outflows</u></b>			
Payroll expense (salaries and benefits)	\$ (11.3)	\$ (19.4)	
Rent (Agency) expense	\$ (1.2)	\$ (2.0)	
Prorata expense & General Expenses	\$ (5.0)	\$ (6.6)	
	\$ (17.5)	\$ (28.0)	
<b><u>Net Cash Inflows</u></b>	\$ 12.2	\$ 32.6	\$ 44.8
<i>Redemptions of VRDOs</i>	\$ (34.1)	\$ (130.5)	\$ (164.6)

**Cash and Securities 4/1/14:**      **\$ 186.2**

# Decline in collateral posting requirements justifies having a lower cash balance

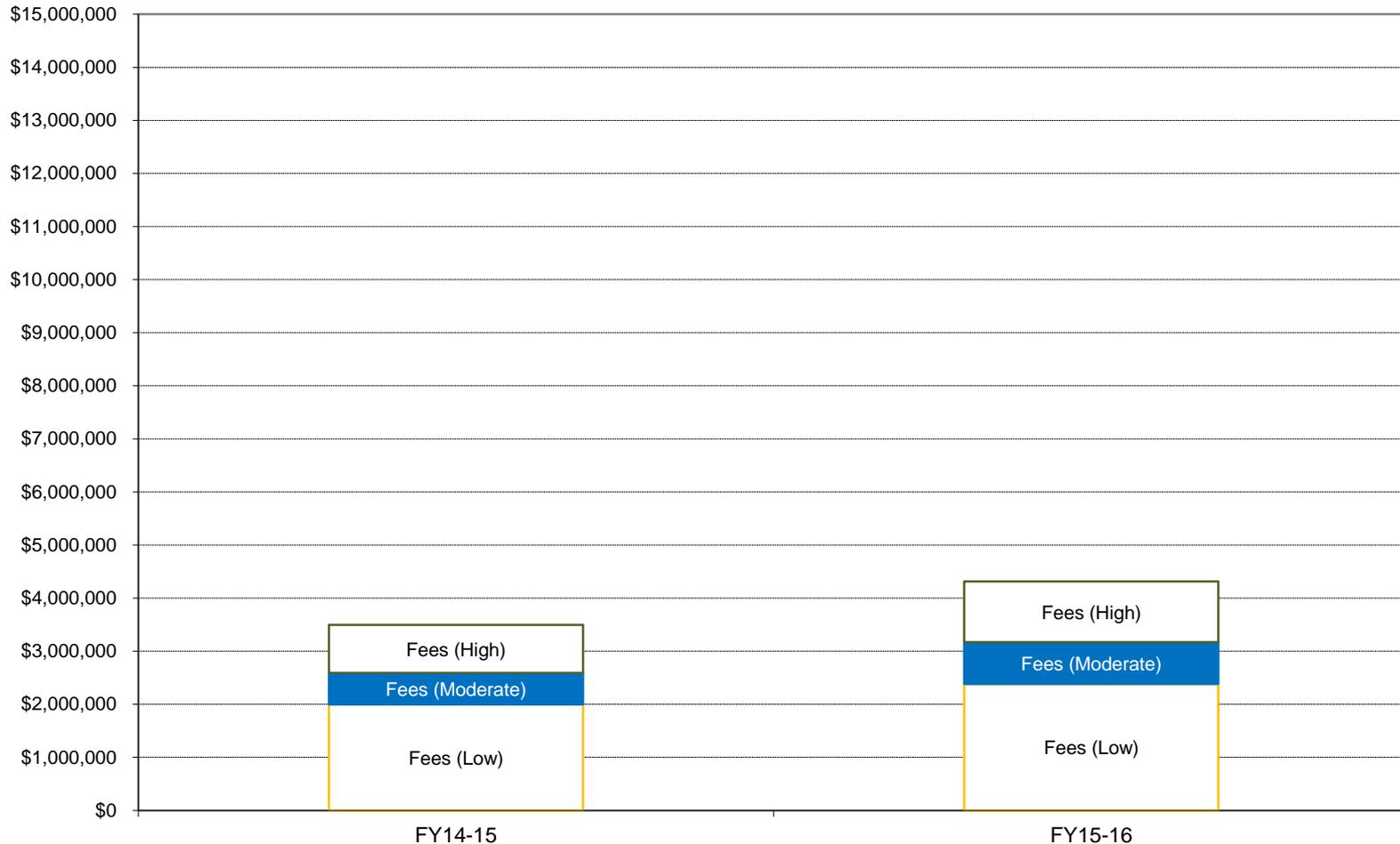


# Continue conservative set-aside for collateral risk, but lowering set-aside for OpEx to 1-Year

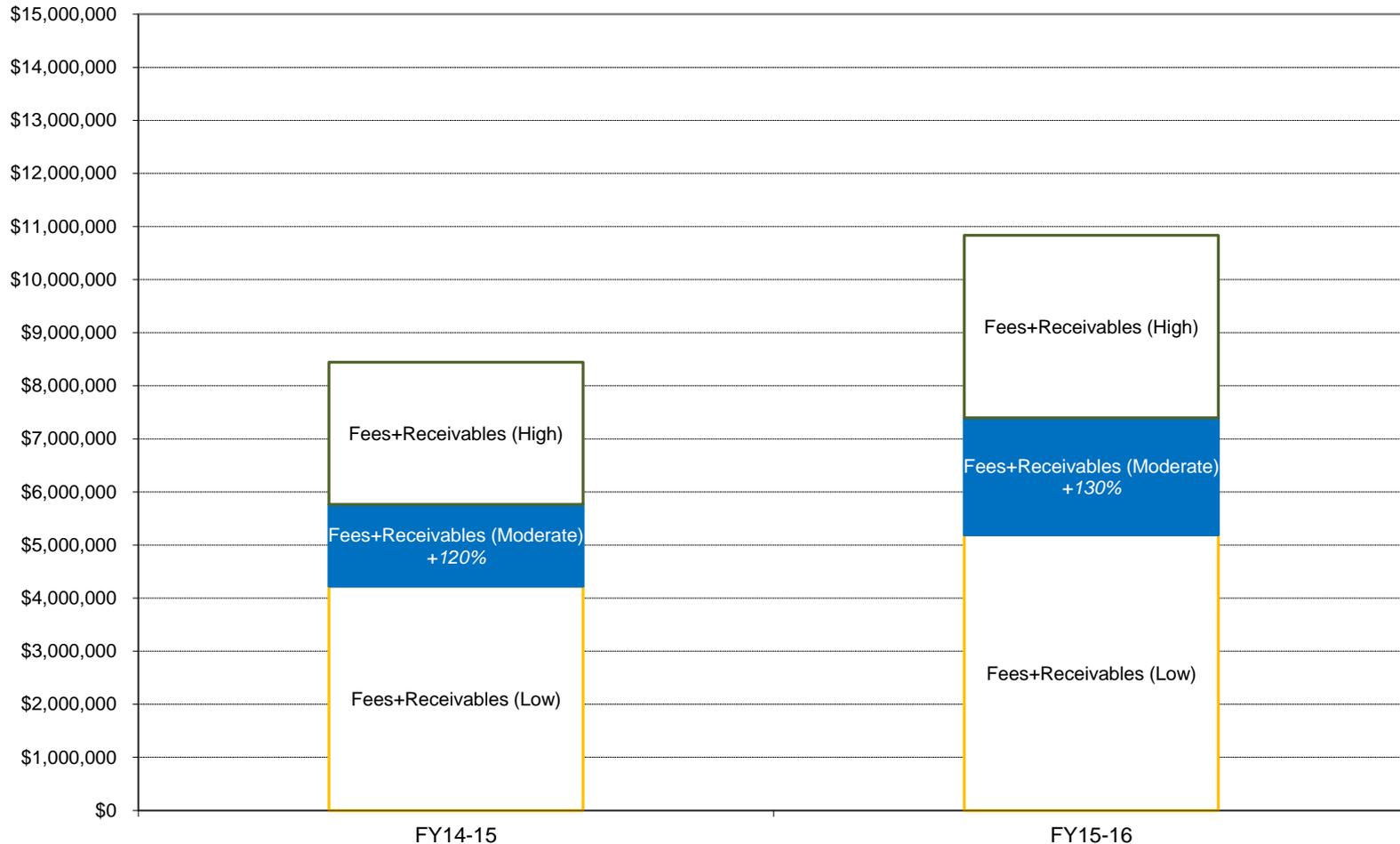


***What is the impact of the new lending activities described in the FY14-15 Business Plan?***

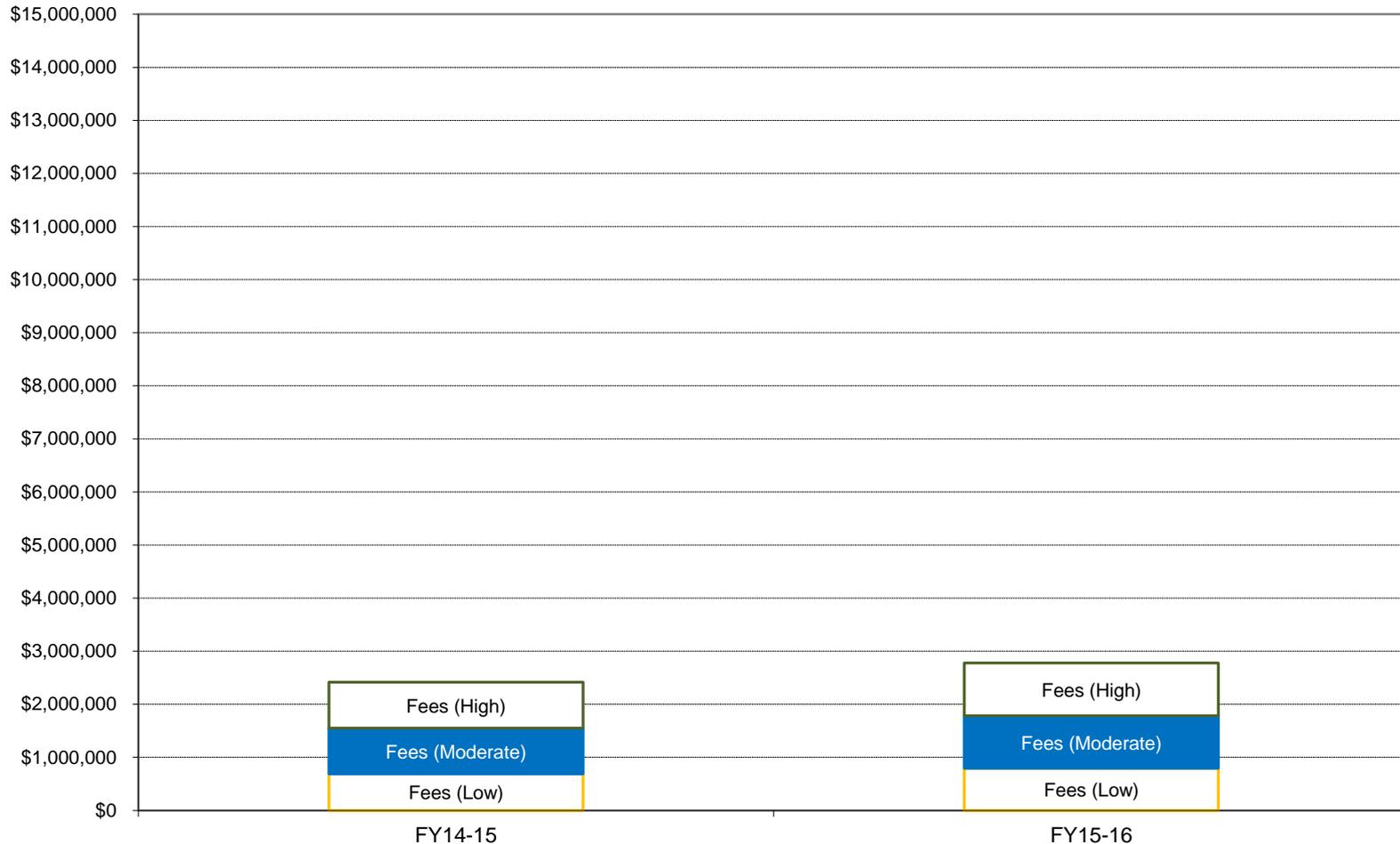
# SF: projected fee income from new lending activities



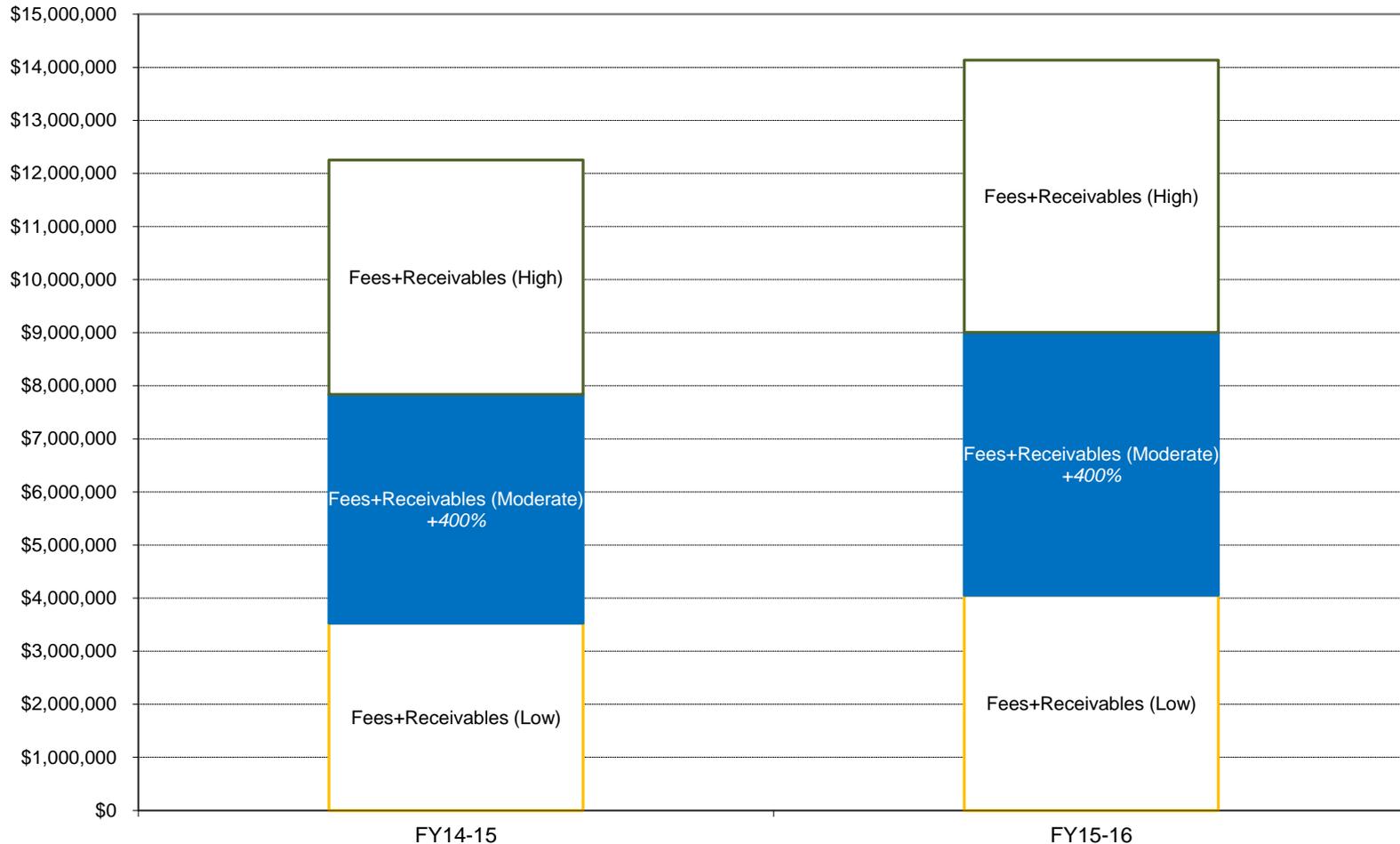
# SF: projected fee income and loan receivables from new lending activities



# MF: projected fee income from new lending activities



# MF: projected fee income and loan receivables from new lending activities



***Projected FY14-17 results for  
non-bond  
assets and liabilities***

# Declining cash surplus can be offset by increasing income from new lending activities

