



Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Sir or Madam:

Blue Cross Blue Shield of Arizona, Inc (BCBSAZ) has been a proud and happy member of the FHLB San Francisco since 2015. While known broadly as a provider of health insurance and related products, BCBSAZ's overall mission is to improve the health of all Arizonans. This mission extends to bolstering the social determinants of health in our state which includes affordable housing. In this way, BCBSAZ and the FHLBank's missions are neatly aligned.

Although BCBSAZ has been in existence since 1939, our single state focus leaves us relatively smaller than our major competitors which consist mainly of national insurers such as United Healthcare and CVS/Aetna, Humana, Centene and others. Additionally, our competitors are primarily for-profit, publicly-traded entities while we are a 501(c)(4) not-for-profit entity that has no beneficial owners. As such, instead of paying dividends to shareholders, we reinvest profits into strengthening our balance sheet and providing charitable grants to community partners, both of which help us keep insurance premiums lower than they would otherwise need to be.

BCBSAZ utilizes our FHLBank line of credit for financing certain long-term assets and, as needed, to smooth out monthly cash flow cycles. BCBSAZ's capital structure, and the low-cost financing available through the FHLB, are important factor influencing our ability to invest to affect supply in the market and contain costs for our customers. Other membership synergies have included the FHLB San Francisco introducing us to valued not-for profit partners focused on low-income housing in Arizona.

Although BCBSAZ is not a community-based lender, the collateral backing advances represents some of our balance sheet assets invested in agency residential and commercial mortgage-backed securities. Although not



eligible collateral, it is also worth noting BCBSAZ invests substantial dollars in low-income housing credits.

If our access to the FHLB and the financing it provides were restricted, it would severely hinder our ability to support affordable healthcare and housing in Arizona.

Sincerely,

A handwritten signature in black ink, appearing to be "MS", with a long horizontal line extending to the right.

Mark El-Tawil

CFO

Blue Cross Blue Shield of Arizona