

Capital Requirements Applicable to Federal Home Loan Banks

Introduction

The 12 Federal Home Loan Banks (FHLBanks) are privately capitalized, government-sponsored enterprises. Unlike Fannie Mae and Freddie Mac, which are publicly traded and owned, each FHLBank is a cooperative. In keeping with that cooperative business model, all capital stock in an FHLBank is owned by member institutions, which purchase stock from their FHLBank at par and the FHLBank repurchases or redeems stock from its members at par.

The Gramm-Leach-Bliley Act of 1999 (GLBA) established a new capital framework for the FHLBanks. All FHLBanks except Chicago have converted to that framework. The FHLBank of Chicago has not converted due principally to its financial difficulties. The GLBA did not specify a date by which each FHLBank had to complete its capital conversion.

Discussions about capital requirements are sometimes confusing because of the various alternative types of capital and capital requirements. This note provides a quick reference for the different measures of capital, the capital requirements, the capital classifications, and data for each FHLBank and for the system as a whole as of yearend 2005 through 2008 and for the first quarter of 2009.

Types of Capital

Statutory

The FHLBanks may issue either Class A stock, with a six-month redemption notice, or Class B stock, with a five-year redemption notice.¹

- *Permanent Capital* is the sum of the par value of Class B stock outstanding and retained earnings as determined in accordance with generally accepted accounting principles (GAAP).
- *Total Capital* is the sum of permanent capital, the par value of Class A stock outstanding, a general allowance for losses, and the amount of

¹ Under certain conditions, FHLBank stock may be repurchased before the scheduled redemption.

any other instruments identified in a Bank's capital plan that the Federal Housing Finance Agency (FHFA) has determined to be available to absorb losses incurred by such Bank. In particular, FHFA has determined for regulatory purposes that total capital includes "mandatorily redeemable capital stock." When a member submits a request to have the FHLBank redeem its stock, GAAP requires the FHLBank to categorize that stock on its statement of condition as a liability – mandatorily redeemable capital stock. Dividends on mandatorily redeemable capital stock are treated as an interest expense on the statement of income. FHFA considers mandatorily redeemable capital stock to be regulatory capital because it is "paid-in" capital and can absorb losses up to the day of its redemption.

Accounting

- *Accounting total capital* is generally defined as the amount by which the book value of assets exceeds the book value of liabilities. For the FHLBanks, that is the sum of capital stock outstanding, retained earnings, and accumulated other comprehensive income (AOCI). AOCI reflects (1) the differences between the amortized cost of available-for-sale securities less estimated credit losses (if any) and the current market value of those securities, (2) differences between the amortized cost of held-to-maturity securities less estimated credit losses and the market value of those securities measured at the time any credit losses were recognized, and (3) gains or losses on certain types of hedging transactions. The exclusion of AOCI from permanent statutory capital is consistent with its exclusion from tier 1 capital for commercial banks and thrifts.

Capital Requirements

Statutory--As established by the GLBA (all FHLBanks except Chicago)

The GLBA requires each FHLBank to establish a capital structure plan. Under those plans, members of the FHLBank must maintain sufficient investment in the stock of the FHLBank such that the FHLBank meets the capital standards established by the FHFA.

FHFA regulations require each FHLBank to hold capital sufficient to meet the greater of two requirements: a leverage capital requirement and a risk-based capital requirement.

- Leverage Requirement: To meet the leverage requirement, an FHLBank must have
 - Total capital of at least four percent of assets; and

- Total capital, with permanent capital multiplied by 1.5, of at least 5 percent of assets.

Neither the statute nor regulation specifies a minimum requirement for either Class A or Class B stock. However, all FHLBanks operating under GLBA rules have capital structures dominated by Class B stock. Indeed, only the FHLBanks of Topeka and Seattle have any Class A stock outstanding. For reasons of safety and soundness, the FHFA may require an individual FHLBank to have and maintain a greater amount of capital than that determined by the leverage capital requirements.

- *Risk-Based Requirement*: To meet the risk-based capital requirement, an FHLBank must have permanent capital at least equal to the sum of three components.
 - The first component relates to credit risk and is the weighted sum of different classes of assets and off-balance-sheet instruments, where the weights reflect their relative credit risk.
 - The second component relates to market risk and has two elements.
 - One reflects market-risk as measured by a value-at-risk (VaR) model.
 - The second is the amount, if any, by which the market value of an FHLBank's equity falls below 85 percent of the book value of equity.
 - The third component relates to operations risk, and it equals 30 percent of the sum of the credit risk and market risk components.

Statutory— Pre-GLBA (Federal Home Loan Bank of Chicago only)

Under the pre-GLBA capital provisions that still apply to the FHLBank of Chicago, that FHLBank's capital requirement depends on the portfolio of its members. Each member must hold stock in the FHLBank in an amount equal to the greater of 1 percent of that member's residential mortgage assets, 5 percent of its advances outstanding, or \$500.

FHFA-Directed (FHLBank of Chicago)

Over the past five years, capital requirements for the Federal Home Loan Bank of Chicago have been determined by a series of supervisory agreements. Since 2006, the Bank needs to maintain both: (i) a ratio of the sum of the paid-in value of its capital stock, retained earnings, and the face value of the outstanding subordinated debt to total assets of at least 4.5 percent, and (ii) an aggregate amount of outstanding capital stock plus the face value of the outstanding subordinated debt of at least \$3.5 billion. The amount of subordinated debt that may be included in determining the Bank's compliance with the revised capital requirement will decline starting in 2011 by 20 percentage points annually, phasing out completely in 2016. To date, the FHLBank of Chicago has issued \$1 billion of subordinated debt.

Capital Structure Plans, Classification, and Prompt Corrective Action

Capital Structure Plans

The capital structure plans required by the GLBA and submitted by the FHLBanks have two common features. First as an activity requirement, each plan assesses a capital charge against member advances, generally between 4 and 5 percent. Some plans assess a capital requirement on mortgage loans sold by the member to the FHLBank. Second as a membership requirement, each plan has a membership capital charge based on the member's total assets, mortgage assets, or similar measure. In some cases, the amount of the membership requirement is capped at a fixed dollar limit. Some FHLBanks have capital structure plans in which the activity and membership requirements are summed, and other FHLBanks have capital structure plans where a member's required minimum capital is the greater of the activity or membership charge.

Failure to Meet Capital Requirements

No FHLBank may redeem capital if either the FHLBank's board of directors or the FHFA has determined that the FHLBank's capital is impaired or that capital impairment is likely. No FHLBank may redeem capital stock if by doing so it would violate any capital requirement. No FHLBank may pay any dividend if after doing so it would be in violation of any minimum capital requirement. Although the FHLBank of Chicago has met its capital requirements, under FHFA order it may not redeem capital stock or pay dividends.

Classification and Prompt Corrective Action

On January 27, 2009, the FHFA adopted an interim final rule establishing classification and prompt corrective action (PCA) requirements relating to the capitalization of the 12 FHLBanks. The rule was published in the *Federal Register* on January 30, 2009. That rule specifies that an FHLBank will be classified as

- *Adequately Capitalized* if the Bank has sufficient permanent and total capital, as applicable, to meet or exceed its risk-based and minimum capital requirements.
- *Undercapitalized* if the Bank does not have sufficient permanent or total capital to meet any one or more of its risk-based or minimum capital requirements but permanent or total capital is more than 75 percent of those requirements.
- *Significantly undercapitalized* if the amount of permanent or total capital held by the Bank is less than 75 percent of what is required to meet any one of its risk-based or minimum capital requirements but total capital is greater than 2 percent of the Bank's total assets.
- *Critically undercapitalized* if the total capital held by the Bank is less than or equal 2 percent of the Bank's total assets.

As the capital classification deteriorates, FHFA may apply an increasingly broad array of enforcement authorities.

More Information:
(Active web links below)

Statutory Language:

12 U.S.C. 1426: CAPITAL STRUCTURE OF FEDERAL HOME LOAN BANKS is at:

http://www4.law.cornell.edu/uscode/uscode12/usc_sec_12_00001426----000-.html

Regulation:

12 CFR 930-933: SUBCHAPTER E--FEDERAL HOME LOAN BANK RISK MANAGEMENT AND CAPITAL STANDARDS

<u>930</u>	<u>930.1</u>	DEFINITIONS APPLYING TO RISK MANAGEMENT AND CAPITAL REGULATIONS
<u>931</u>	<u>931.1 to 931.9</u>	FEDERAL HOME LOAN BANK CAPITAL STOCK
<u>932</u>	<u>932.1 to 932.9</u>	FEDERAL HOME LOAN BANK CAPITAL REQUIREMENTS
<u>933</u>	<u>933.1 to 933.5</u>	BANK CAPITAL STRUCTURE PLANS

12 CFR Part 1229: Interim final rule, "Capital Classifications and Critical Capital Levels for the Federal Home Loan Banks" available at:

<http://www.fhfa.gov/SupervisionRegulation/Rules/Pages/Capital-Classifications-and-Critical-Capital-Levels-for-the-Federal-Home-Loan-Banks.aspx>

(\$ millions)						FHLBank of Boston Capital					FHLBank of New York Capital				
Types of Capital	2005	2006	2007	2008	Q1 2009	Types of Capital	2005	2006	2007	2008	Q1 2009				
Permanent Capital	\$2,675	\$2,542	\$3,422	\$3,658	\$3,941	Permanent Capital	\$3,900	\$4,025	\$5,025	\$6,112	\$6,042				
Regulatory Total Capital	2,675	2,542	3,422	3,658	3,941	Regulatory Total Capital	3,900	4,025	5,025	6,113	6,042				
Accounting Total Capital	2,678	2,533	3,388	3,430	2,592	Accounting Total Capital	3,885	3,904	4,751	5,867	5,823				
Capital Requirements	2005	2006	2007	2008	Q1 2009	Capital Requirements	2005	2006	2007	2008	Q1 2009				
Regulatory Total Capital (Unweighted)	\$2,675	\$2,542	\$3,422	\$3,658	\$3,941	Regulatory Total Capital (Unweighted)	\$3,900	\$4,025	\$5,025	\$6,113	\$6,044				
Minimum Unweighted Requirement	2,308	2,296	3,128	3,214	3,055	Minimum Unweighted Requirement	3,401	3,263	4,370	5,502	5,134				
Surplus - \$	367	247	294	444	886	Surplus - \$	499	762	656	611	908				
Surplus - %	16%	11%	9%	14%	29%	Surplus - %	15%	23%	15%	11%	18%				
Regulatory Total Capital (Weighted)	\$4,012	\$3,813	\$5,132	\$5,488	\$5,912	Regulatory Total Capital (Weighted)	\$5,850	\$6,037	\$7,538	\$9,169	\$9,065				
Minimum Weighted Requirement	2,885	2,869	3,910	4,018	3,819	Minimum Weighted Requirement	4,251	4,079	5,462	6,877	6,418				
Surplus - \$	1,127	944	1,222	1,470	2,093	Surplus - \$	1,599	1,958	2,076	2,292	2,647				
Surplus - %	39%	33%	31%	37%	55%	Surplus - %	38%	48%	38%	33%	41%				
Permanent Capital	\$2,675	\$2,542	\$3,422	\$3,658	\$3,941	Permanent Capital	\$3,900	\$4,025	\$5,025	\$6,112	\$6,042				
Risk-Based Capital Requirement	370	342	364	2,133	2,662	Risk-Based Capital Requirement	626	612	579	650	595				
Surplus - \$	2,305	2,200	3,058	1,525	1,280	Surplus - \$	3,273	3,413	4,446	5,461	5,447				
Surplus - %	623%	643%	841%	71%	48%	Surplus - %	523%	558%	768%	840%	915%				
All Capital Requirements Met						All Capital Requirements Met									

(\$ millions)

FHLBank of Pittsburgh Capital

FHLBank of Atlanta Capital

Types of Capital	2005	2006	2007	2008	Q1 2009	Types of Capital	2005	2006	2007	2008	Q1 2009
Permanent Capital	\$3,284	\$3,647	\$4,295	\$4,157	\$4,410	Permanent Capital	\$6,225	\$6,394	\$8,080	\$8,942	\$8,702
Regulatory Total Capital	3,289	3,655	4,303	4,171	4,410	Regulatory Total Capital	6,225	6,394	8,080	8,942	8,702
Accounting Total Capital	3,260	3,634	4,285	4,135	3,842	Accounting Total Capital	6,082	6,174	8,022	8,893	6,015
Capital Requirements	2005	2006	2007	2008	Q1 2009	Capital Requirements	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital (Unweighted)	\$3,289	\$3,655	\$4,303	\$4,171	\$4,410	Regulatory Total Capital (Unweighted)	\$6,225	\$6,394	\$8,080	\$8,924	\$8,702
Minimum Unweighted Requirement	2,916	3,081	4,037	3,632	3,332	Minimum Unweighted Requirement	5,729	5,621	7,558	8,343	7,578
Surplus - \$	373	574	265	539	1,078	Surplus - \$	496	773	523	600	1,124
Surplus - %	13%	19%	7%	15%	32%	Surplus - %	9%	14%	7%	7%	15%
Regulatory Total Capital (Weighted)	\$4,931	\$5,478	\$6,450	\$6,249	\$6,615	Regulatory Total Capital (Weighted)	\$9,337	\$9,591	\$12,120	\$13,413	\$13,053
Minimum Weighted Requirement	3,645	3,851	5,047	4,540	4,165	Minimum Weighted Requirement	7,161	7,027	9,447	10,428	9,472
Surplus - \$	1,286	1,627	1,403	1,709	2,451	Surplus - \$	2,176	2,564	2,674	2,985	3,580
Surplus - %	35%	42%	28%	38%	59%	Surplus - %	30%	36%	28%	29%	38%
Permanent Capital	\$3,284	\$3,647	\$4,295	\$4,157	\$4,410	Permanent Capital	\$6,225	\$6,394	\$8,080	\$8,942	\$8,702
Risk-Based Capital Requirement	499	509	647	3,923	4,054	Risk-Based Capital Requirement	760	830	982	5,716	5,999
Surplus - \$	2,785	3,138	3,648	234	356	Surplus - \$	5,465	5,563	7,099	3,227	2,703
Surplus - %	558%	616%	564%	6%	9%	Surplus - %	719%	670%	723%	56%	45%
All Capital Requirements Met						All Capital Requirements Met					

(\$ millions)

FHLBank of Cincinnati Capital

FHLBank of Indianapolis Capital

Types of Capital	2005	2006	2007	2008	Q1 2009	Types of Capital	2005	2006	2007	2008	Q1 2009
Permanent Capital	\$4,130	\$4,050	\$3,877	\$4,399	\$4,462	Permanent Capital	\$2,349	\$2,111	\$2,368	\$2,701	\$2,721
Regulatory Total Capital	4,130	4,050	3,877	4,399	4,462	Regulatory Total Capital	2,349	2,111	2,368	2,701	2,721
Accounting Total Capital	3,709	3,907	3,755	4,282	4,356	Accounting Total Capital	2,303	1,955	2,199	2,091	1,983
Capital Requirements	2005	2006	2007	2008	Q1 2009	Capital Requirements	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital (Unweighted)	\$4,130	\$4,050	\$3,877	\$4,399	\$4,462	Regulatory Total Capital (Unweighted)	\$2,349	\$2,111	\$2,368	\$2,701	\$2,721
Minimum Unweighted Requirement	3,087	3,255	3,493	3,928	3,669	Minimum Unweighted Requirement	1,924	1,872	2,242	2,274	2,240
Surplus - \$	1,042	795	384	471	793	Surplus - \$	425	239	126	427	481
Surplus - %	34%	24%	11%	12%	22%	Surplus - %	22%	13%	6%	19%	21%
Regulatory Total Capital (Weighted)	\$6,194	\$6,075	\$5,816	\$6,599	\$6,693	Regulatory Total Capital (Weighted)	\$3,524	\$3,167	\$3,553	\$4,052	\$4,082
Minimum Weighted Requirement	3,859	4,069	4,367	4,910	4,586	Minimum Weighted Requirement	2,405	2,340	2,803	2,843	2,800
Surplus - \$	2,335	2,006	1,449	1,688	2,107	Surplus - \$	1,119	827	750	1,209	1,282
Surplus - %	61%	49%	33%	34%	46%	Surplus - %	47%	35%	27%	43%	46%
Permanent Capital	\$4,130	\$4,050	\$3,877	\$4,399	\$4,462	Permanent Capital	\$2,349	\$2,111	\$2,368	\$2,701	\$2,721
Risk-Based Capital Requirement	579	577	611	543	600	Risk-Based Capital Requirement	484	522	440	1,482	1,098
Surplus - \$	3,551	3,474	3,267	3,856	3,862	Surplus - \$	1,865	1,589	1,929	1,219	1,624
Surplus - %	613%	602%	535%	711%	643%	Surplus - %	385%	304%	438%	82%	148%
All Capital Requirements Met						All Capital Requirements Met					

(\$ millions)

FHLBank of Des Moines Capital

FHLBank of Dallas Capital

Types of Capital	2005	2006	2007	2008	Q1 2009	Types of Capital	2005	2006	2007	2008	Q1 2009
Permanent Capital	\$2,346	\$2,315	\$3,125	\$3,174	\$3,250	Permanent Capital	\$2,796	\$2,598	\$2,688	\$3,530	\$3,233
Regulatory Total Capital	2,346	2,315	3,125	3,174	3,250	Regulatory Total Capital	2,796	2,598	2,688	3,530	3,233
Accounting Total Capital	2,260	2,249	3,052	3,017	3,161	Accounting Total Capital	2,474	2,440	2,605	3,438	3,129
Capital Requirements	2005	2006	2007	2008	Q1 2009	Capital Requirements	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital (Unweighted)	\$2,346	\$2,315	\$3,125	\$3,174	\$3,250	Regulatory Total Capital (Unweighted)	\$2,796	\$2,598	\$2,688	\$3,530	\$3,233
Minimum Unweighted Requirement	1,829	1,681	2,429	2,725	3,037	Minimum Unweighted Requirement	2,594	2,218	2,538	3,157	2,747
Surplus - \$	517	634	695	449	213	Surplus - \$	202	380	150	373	486
Surplus - %	28%	38%	29%	16%	7%	Surplus - %	8%	17%	6%	12%	18%
Regulatory Total Capital (Weighted)	\$3,520	\$3,472	\$4,687	\$4,761	\$4,875	Regulatory Total Capital (Weighted)	\$4,195	\$3,898	\$4,032	\$5,295	\$4,849
Minimum Weighted Requirement	2,286	2,101	3,037	3,406	3,797	Minimum Weighted Requirement	3,243	2,773	3,173	3,947	3,433
Surplus - \$	1,233	1,371	1,650	1,354	1,079	Surplus - \$	952	1,125	859	1,349	1,416
Surplus - %	54%	65%	54%	40%	28%	Surplus - %	29%	41%	27%	34%	41%
Permanent Capital	\$2,346	\$2,315	\$3,125	\$3,174	\$3,250	Permanent Capital	\$2,796	\$2,598	\$2,688	\$3,530	\$3,233
Risk-Based Capital Requirement	520	491	578	1,968	1,623	Risk-Based Capital Requirement	531	446	438	930	489
Surplus - \$	1,826	1,824	2,546	1,206	1,627	Surplus - \$	2,265	2,152	2,251	2,600	2,744
Surplus - %	351%	371%	440%	61%	100%	Surplus - %	427%	483%	514%	280%	562%
All Capital Requirements Met						All Capital Requirements Met					

(\$ millions)						FHLBank of Topeka Capital					FHLBank of San Francisco Capital				
Types of Capital	2005	2006	2007	2008	Q1 2009	Types of Capital	2005	2006	2007	2008	Q1 2009				
Permanent Capital	\$1,430	\$1,649	\$1,696	\$1,764	\$1,568	Permanent Capital	\$9,698	\$10,865	\$13,860	\$13,539	\$14,252				
Regulatory Total Capital	1,990	2,227	2,336	2,432	2,176	Regulatory Total Capital	9,698	10,865	13,860	13,539	14,252				
Accounting Total Capital	1,918	2,173	2,298	2,395	2,140	Accounting Total Capital	9,648	10,754	13,627	9,784	9,492				
Capital Requirements	2005	2006	2007	2008	Q1 2009	Capital Requirements	2005	2006	2007	2008	Q1 2009				
Regulatory Total Capital (Unweighted)	\$1,990	\$2,227	\$2,336	\$2,432	\$2,176	Regulatory Total Capital (Unweighted)	\$9,698	\$10,865	\$13,860	\$13,539	14,252				
Minimum Unweighted Requirement	1,878	2,107	2,212	2,342	2,077	Minimum Unweighted Requirement	8,944	9,797	12,898	12,850	10,811				
Surplus - \$	112	120	124	90	99	Surplus - \$	754	1069	962	689	3,441				
Surplus - %	6%	6%	6%	4%	5%	Surplus - %	8%	11%	7%	5%	32%				
Regulatory Total Capital (Weighted)	\$2,705	\$3,051	\$3,184	\$3,314	\$2,960	Regulatory Total Capital (Weighted)	\$14,547	\$16,298	\$20,789	\$20,308	\$21,378				
Minimum Weighted Requirement	2,348	2,634	2,765	2,928	2,596	Minimum Weighted Requirement	11,180	12,246	16,122	16,062	13,514				
Surplus - \$	357	417	419	386	364	Surplus - \$	3,367	4,052	4,667	4,246	7,864				
Surplus - %	15%	16%	15%	13%	14%	Surplus - %	30%	33%	29%	26%	58%				
Permanent Capital	\$1,430	\$1,649	\$1,696	\$1,763	\$1,568	Permanent Capital	\$9,698	\$10,865	\$13,860	\$13,539	14,252				
Risk-Based Capital Requirement	429	467	666	1,389	1,293	Risk-Based Capital Requirement	862	1182	1578	8,635	11,004				
Surplus - \$	1,000	1,182	1,030	374	275	Surplus - \$	8,835	9,684	12,281	4,904	3,248				
Surplus - %	233%	253%	155%	27%	21%	Surplus - %	1024%	820%	778%	57%	30%				
All Capital Requirements Met						All Capital Requirements Met									

(\$ millions)

FHLBank of Seattle Capital

Types of Capital	2005	2006	2007	2008	Q1 2009
Permanent Capital	\$2,268	\$2,303	\$2,372	\$2,548	\$2,829
Regulatory Total Capital	2,268	2,303	2,660	2,687	2,987
Accounting Total Capital	2,201	2,231	2,576	1,766	961
Capital Requirements	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital (Unweighted)	\$2,268	\$2,303	\$2,660	\$2,687	\$2,987
Minimum Unweighted Requirement	2,102	2,140	2,568	2,334	2,278
Surplus - \$	166	163	91	353	709
Surplus - %	8%	8%	4%	15%	31%
Regulatory Total Capital (Weighted)	\$3,401	\$3,454	\$3,846	\$3,961	\$4,401
Minimum Weighted Requirement	2,627	2,675	3,210	2,918	2,847
Surplus - \$	774	779	635	1,043	1,554
Surplus - %	29%	29%	20%	36%	55%
Permanent Capital	\$2,268	\$2,303	\$2,372	\$2,548	\$2,829
Risk-Based Capital Requirement	461	326	800	2,707	3,295
Surplus - \$	1,806	1,977	1,573	-159	-467
Surplus - %	391%	607%	197%	-6%	-14%
				Risk-based Capital Requirement Not Met¹	
	All Capital Requirements Met				

¹ FHFA is following the process prescribed by the interim final rule on prompt corrective action that took effect January 27, 2009.

(\$ millions)

FHLBank of Chicago Capital

Types of Capital	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital (Retained Earnings plus Paid-in Capital)	\$4,507	\$3,208	\$3,343	\$3,327	\$3,499
Subordinated Debt	-	1,000	1,000	1,000	1,000
Accounting Total Capital	4,139	3,083	3,069	2,287	1,453
Capital Requirements	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital + Subordinated Debt	\$4,507	\$4,208	\$4,343	\$4,327	\$4,499
Minimum \$ Requirement	3,978	3,500	3,500	3,500	3,500
Surplus - \$	529	708	843	827	999
Surplus - %	13%	20%	24%	24%	29%
Regulatory Total Capital + Subordinated Debt	\$4,507	\$4,208	\$4,343	\$4,327	\$4,499
Leverage Requirement (4.5% of Total Assets)	3,841	3,901	4,006	4,146	3,769
Surplus - \$	666	307	336	181	730
Surplus - %	17%	8%	8%	4%	19%
FHFA-directed Capital Requirements Met					

(\$ millions)

FHLB System Total Capital

Types of Capital¹	2005	2006	2007	2008	Q1 2009
Permanent Capital	\$45,606	\$45,707	\$54,151	\$57,851	56,146
Regulatory Total Capital	\$46,166	\$46,285	55,078	58,659	59,678
Accounting Total Capital	\$44,558	\$45,036	53,623	51,386	44,946
Capital Requirements²	2005	2006	2007	2008	Q1 2009
Regulatory Total Capital Unweighted	41,665	43,085	51,744	55,347	56,179
Total Assets	917,774	933,288	1,186,861	1,257,553	1,148,952
Minimum Unweighted Requirement	36,711	37,332	47,474	50,302	45,958
Surplus \$	4,954	5,754	4,270	5,045	10,221
Surplus %	13.5%	15.4%	9.0%	10.0%	22.2%
Minimum Weighted Requirement	45,889	46,664	59,343	62,878	57,448
Class A	560	560	927	808	766
Class B	38,955	38,955	47,753	52,094	51,087
Retained Earnings	2,145	2,145	3,055	2,430	4,324
Weighted Capital	62,210	62,210	77,140	82,593	83,882
Surplus \$	16,321	15,545	17,797	19,715	26,434
Surplus %	35.6%	33.3%	30.0%	31.4%	46.0%
Permanent Capital	41,100	41,100	50,808	54,523	55,411
Risk-Based Capital Requirement	6,123	6,303	7,681	30,077	32,712
Surplus \$	34,977	34,796	43,127	24,447	22,699
Surplus %	85.1%	84.7%	84.9%	44.8%	41.0%

¹ Data include FHLBank of Chicago.

² Data exclude FHLBank of Chicago.