



FHLBANK SYSTEM DEBT & CAPITAL STOCK OVERVIEW

Federal Home Loan Bank (FHLBank) Debt

FHLBank debt securities are joint and several obligations of the 11 FHLBanks. Each FHLBank is responsible not only for the repayment of its own participation in a debt issue, but also potentially responsible for the indebtedness of the other ten FHLBanks. The Office of Finance of the FHLBanks (the fiscal agent of the FHLBanks) issues FHLBank consolidated debt in a variety of forms: Discount Notes, Global bonds and TAPs*. FHLBank debt securities are not obligations of the United States (U.S.) and carry no explicit U.S. Government guarantee. FHLBank debt securities are exempt from the registration requirements of the Securities Act of 1933 and deemed as “exempted securities” under the Securities Exchange Act of 1934.

FHLBank debt securities are rated by both Moody’s and Standard & Poor’s (S&P). Currently, long-term debt issued by the FHLBanks is rated Aaa by Moody’s and AA+ by S&P; all short-term debt is rated P-1 by Moody’s and A-1+ by S&P. According to Moody’s and S&P, these ratings reflect the FHLBank System’s financial strength, sound management, low derivatives risk exposure, status as a Government Sponsored Enterprise, and links to the U.S. Government.

*More information on the Office of Finance can be found at www.fhlnb-of.com.

Federal Home Loan Bank Capital Stock

In order to (i) become and remain a member of a FHLBank, and (ii) obtain advances and other services from the FHLBank, FHLBank members must maintain a minimum investment in the capital stock of their FHLBank. The amount of the required minimum investment is determined in accordance with each FHLBank’s Capital Plan.

In accordance with the Federal Home Loan Bank of New York’s (FHLBNY) Capital Plan, each member of the FHLBNY is required to maintain a minimum level of Membership Stock for as long as it remains a member. The amount of required Membership Stock is equal to the greater of (i) \$1,000 or (ii) 0.125% of the Mortgage-related Assets held by the member, but in no event greater than \$50 million.

In addition, FHLBNY members are required to purchase Activity-Based Stock in an amount equal to a specified percentage (currently 4.5%) of the outstanding principal balance of advances extended to the member. Members participating in the FHLBNY’s Mortgage Asset Program (MAP®) are also required to purchase Activity-Based Stock in an amount equal to a specified percentage (currently 4.5%) of the MAP production sold to the FHLBNY. When booking Letters of Credit (L/Cs), members are required to purchase Activity-Based Stock equal to 0.125% of the notional value of the L/C.

The FHLBNY’s Board of Directors (BOD) may declare dividends to be paid on capital stock on a quarterly basis or as otherwise determined by the Board. Dividend payments may be in the form of cash, additional shares of capital stock, or a combination of both, as determined by the BOD. In this regard, the FHLBNY has historically paid cash dividends on its capital stock and has usually done so on a quarterly basis. Information about past FHLBNY dividend rates can be found at www.fhlnbny.com/about-us under Investor Relations.

For more details regarding capital stock purchase requirements and other related information, please consult the FHLBNY’s Capital Plan, available at www.fhlnbny.com/capitalplan.

See the next page for information on Risk Weighting.

RISK WEIGHTING

Risk Weighting of FHLBank Debt & Capital Stock

RISK BASED CAPITAL REQUIREMENTS OF FHLBANK INSTRUMENTS

	BANK	THRIFT	CREDIT UNION	INSURANCE COMPANY
FHLBank Capital Stockholders	20%	20%	20%	See below
FHLBank Debtholders	20%	20%	20%	See below

Bank & Thrift Regulators:

(OCC, FDIC, OTS) For risk-based capital purposes, U.S. Government Sponsored Enterprises (GSE) are defined as agencies originally established or chartered by the U.S. government to serve public purposes specified by the U.S. Congress. The OCC, FDIC and the OTS assign a 20% risk weight to claims collateralized by cash on deposit in the FHLBanks or by securities issued or guaranteed by the U.S. GSEs. Claims on U.S. GSEs also include capital stock in an FHLBank that is held as a condition of membership in that bank.

Credit Union Regulators:

(NCUA) A credit union's risk-based net worth requirement is an aggregate of many different component amounts, each expressed as a percentage of the credit union's quarter-end total assets reflected in its call report. Among these components are investments, defined as the capital in U.S. GSEs, which also includes capital stock and member paid-in capital. The NCUA weighs the risks of FHLBank debt and capital stock at 20%.

Insurance Company Regulators:

(NAIC) The NAIC risk-based capital system was created to provide a capital adequacy standard related to risk that raises a safety net for insurers which is uniform among the states and provides regulatory authority for timely action. FHLBank capital stock and debt are classified "1," which is the NAIC's highest classification.

CONTACT FOR MORE INFORMATION:

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