

**Frequently Asked Questions:  
Federal Home Loan Bank of Chicago  
Repurchase of Class B2 Excess Stock  
Updated October 22, 2019**

In 2017, the Federal Home Loan Bank of Chicago (FHLBank Chicago) began repurchasing all excess Class B2 stock on a weekly basis at par value. On October 22, 2019, FHLBank Chicago announced we will no longer automatically repurchase excess stock on a weekly basis. Members do not have to do anything as a result of this process change; however, we are providing this document to answer questions you may have. You may also contact your Sales Director with any questions.

**Excess Stock**

**1. What is excess stock?**

Any stock not supporting membership or activity stock requirements becomes excess stock.

**2. Why does my institution have excess stock?**

The most common reason for your institution to have excess stock is that one or more advances have matured, thereby decreasing your institution's activity stock requirement. In addition, excess stock may result from a decrease in your institution's membership stock requirement during FHLBank Chicago's annual membership stock recalculation process.

**3. How is excess stock classified, and what is its dividend rate?**

Excess stock is classified as Class B2 stock at the end of each business day (since any excess Class B1 stock is converted at the end of each business day into Class B2 stock) and is primarily created by the reduction in membership stock requirements and/or the pay down of advances. Accordingly, it earns the Class B2 dividend rate.

**Discontinuation of the Automatic Repurchase of Excess Stock on a Weekly Basis**

**4. Why is FHLBank Chicago no longer automatically repurchasing excess stock on a weekly basis?**

We are no longer automatically repurchasing excess in order to permit you, our members, to hold excess stock that could be used to support your borrowing activity with FHLBank Chicago. This change should simplify your borrowing process and simplify managing your stock balances with FHLBank Chicago while providing you a dividend benefit on the excess membership stock you choose to retain.

**5. When is this change effective?**

This change is effective October 31, 2019. Beginning October 31, 2019, we will discontinue the weekly automatic repurchase of excess stock and under current FHLBank Chicago guidelines, we will repurchase excess stock held by members within three business days of receiving a

member's request, or earlier if possible, subject to regulatory requirements and prudent business practices. It is our practice to process most repurchase requests within one business day.

**6. Are any members exempt from this change?**

No; this change applies to all members and former members holding excess stock.

**7. Is any action required of me at this time?**

No; action is not required from you at this time.

**8. May I continue to request repurchases of excess stock at any time?**

Yes; you may continue to request repurchase of your excess stock on any business day. Any member with excess stock can submit a request for excess stock repurchase. We take all repurchase requests that arrive by 2:00 p.m. Central Time every business day. To submit a repurchase request, please complete the form found at the end of this FAQ and submit it to the FHLBank Chicago Member Transaction Desk at [mtd@fhlbc.com](mailto:mtd@fhlbc.com). You may also access the form through eBanking, or request the form by emailing [mtd@fhlbc.com](mailto:mtd@fhlbc.com) or calling 855-345-2244. Your requests will be processed in the same manner as before.

**9. Who can request excess stock repurchases on behalf of my institution?**

An individual from your institution with Advance Transact authorization on either eBanking or through the Member Contact - Authorization Form on file with the FHLBank Chicago may request excess stock repurchases.

**10. How will the excess stock repurchase process work now?**

At the time a member submits a request for excess stock repurchase, we will confirm (1) that the amount of stock requested is, in fact, excess stock and (2) that we are able to repurchase the stock in accordance with our regulatory capital requirements and current repurchase guidelines. The amount of stock requested for repurchase must be excess stock as of the close of business on the previous business day, or excess stock that was converted from activity stock to excess stock due to a maturing advance, prior to requesting the excess stock repurchase.

**11. How will I receive payment for my repurchase of excess stock?**

Payments to members requesting a repurchase of their excess stock will be made by crediting the member's DID account at the FHLBank Chicago.

**12. What is the repurchase value of a share of excess stock?**

The repurchase value of excess stock will not change. Excess stock will be repurchased at par value, i.e., at \$100 per share. For every dollar of excess stock that is repurchased, a member will receive an equivalent amount of cash that will be deposited in the member's DID account.

**13. How often will the FHLBank Chicago repurchase excess stock?**

Daily repurchases of excess stock upon member request will continue until otherwise announced, but remain subject to our repurchase guidelines.

**14. When will the funds be available in my DID account?**

Funds will be available on the same day the request is fulfilled and the account credit processed.

**15. Can members withdraw cash available in their DID account?**

Members may withdraw this cash and wire it out of their DID account on the same day it is available. If the cash is not withdrawn, it will stay deposited in your DID account and will earn the overnight DID cash interest rate offered by the FHLBank Chicago. It may also be used in the future to purchase Class B1 activity stock to support additional borrowings.

**16. Will the FHLBank Chicago change the excess stock repurchase process in the future?**

As a result of this change, we will evaluate our excess stock levels and may announce a new excess stock repurchase program in the future. The terms and conditions of such a repurchase of excess stock would be based on our repurchase guidelines, and members would be given advance notice prior to the repurchase taking place.

**Do you have a question not listed above? Please contact your Sales Director directly or at [membership@fhlbc.com](mailto:membership@fhlbc.com).**

These Frequently Asked Questions highlight certain terms of our capital plan. They are not intended to be a comprehensive overview of all the terms in the capital plan and should not be considered as a substitute for the capital plan. Members and former members should consult the full capital plan for an understanding of all terms applicable to the FHLBank Chicago's capital stock. The information provided by the FHLBank Chicago in this communication is for informational purposes only. The information should not be construed as an opinion, recommendation or solicitation regarding the use of any financial strategy and/or the purchase or sale of any financial instrument. Members should consult their own financial and legal advisors. Also, the information presented here as well as the capital plan remain subject to change.

These Frequently Asked Questions (FAQs) contain forward-looking statements which are based upon our current expectations and speak only as of the date hereof. All statements other than statements of historical fact are "forward-looking statements," including any statements of the plans, strategies, and objectives for future operations; any statements of belief; and any statements of assumptions underlying any of the foregoing. These statements may use forward-looking terms, such as "anticipates," "believes," "expects," "could," "plans," "estimates," "may," "should," "will," or their negatives or other variations on these terms. We caution that, by their nature, forward-looking statements involve risks and uncertainties, that actual results could differ materially from those expressed or implied in these forward-looking statements, and that actual events could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, a decrease in our levels of business which may negatively impact our results of operations or financial condition, the reliability of our projections, assumptions, and models on future financial performance and condition, instability in the credit and debt markets, economic conditions (including effects on, among other things, mortgage-backed securities), changes in mortgage interest rates and prepayment speeds on mortgage assets, our ability to execute our business model and to pay future dividends (including enhanced dividends on activity stock), our ability to meet required conditions to repurchase or redeem excess capital stock from our members, including maintaining compliance with our minimum regulatory capital requirements and determining our financial condition is sound enough to support such repurchases and redemptions, our ability to continue to offer the Reduced Capitalization Advance Program, our ability to implement product enhancements and new products, the impacts of regulatory changes to Federal Home Loan Bank membership requirements, capital requirements, and liquidity requirements by the Federal Housing Finance Agency, the loss of members through mergers and consolidations, our ability to protect the security of our information systems and manage any failures, interruptions, or breaches, uncertainties relating to the potential phase-out of the London Interbank Offered Rate (LIBOR), and the risk factors set forth in our periodic filings with the Securities and Exchange Commission, which are available on our website at [fhlbc.com](http://fhlbc.com). We assume no obligation to update any forward-looking statements made in these FAQs.



## Excess Capital Stock Repurchase Form

In accordance with the Federal Home Loan Bank of Chicago's Capital Plan, members may request repurchases of excess capital stock. Please provide the following information:

Member Name: \_\_\_\_\_ Member Number: \_\_\_\_\_

Member Contact Name: \_\_\_\_\_ Contact Email: \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_

The undersigned ("Member") hereby requests the following:

Please check ONE option and enter the appropriate number, if required:

Repurchase of \$ \_\_\_\_\_\* of excess capital stock.

\* Note: If Member indicates an amount that exceeds the amount of excess stock that is eligible for repurchase, the Bank will use the maximum eligible amount for purposes of making the repurchase calculation.

Repurchase of ALL outstanding excess capital stock.

\_\_\_\_\_  
**Signature of Authorized Signer**

\_\_\_\_\_  
**Signature of Authorized Signer**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Title**

Use the second signature block if your institution's resolutions require two signers. This form must be signed by an individual with Advance Transact authorization on eBanking or the Member Contact - Authorization Form on file with the FHLBank Chicago.

Please email the completed form to [MTD@fhlbc.com](mailto:MTD@fhlbc.com) or fax it to 312-552-1220 (Attention: Capital Stock Repurchase Request) by 2:00 p.m. (Central Time). **You should receive a confirmation of receipt within 24 hours; if you do not, please call 855-345-2244, Option 1.**