

DECISION MEMORANDUM OF THE BOARD OF DIRECTORS ACTING  
WITHOUT A QUORUM

Date: June 15, 1994  
No.: 94-DM- 21

ISSUE: Approve 1994 Incentive Compensation Program targets for Federal Home Loan Bank (FHLBank) Presidents and the Managing Director of the Office of Finance.

FACTORS CONSIDERED:

The Finance Board, pursuant to 12 U.S.C. Section 1432 (Supp. I, 1989) approves the compensation for FHLBank Presidents.

The Finance Board approved, in December 1991, the FHLBank Presidents' Compensation Plan, encompassing an Incentive Compensation Program (ICP), which covers all FHLBank Presidents and the Managing Director of the Office of Finance and provides the method of determining compensation paid to covered participants.

The Finance Board approved, in December 1992, an amended ICP to be effective January 1993 that, without changes, constitutes the 1994 ICP for FHLBank Presidents and the Managing Director of the Office of Finance.

The System wide ICP target for Adjusted Net Income (ANI) is determined by the Finance Board. Individual FHLBank plan ICP targets for market presence, profitability and community investment program (CIP) are approved by the Finance Board.

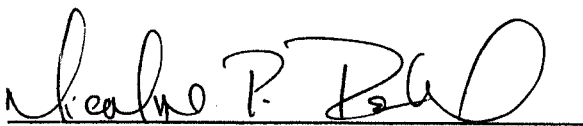
Targets for remaining individual FHLBank plan ICP criteria will be determined by each FHLBank, subject to the approval of the Finance Board.

The Finance Board may set ICP targets based upon guidelines set forth in the ICP and determine the level of effort required by a FHLBank President in order for an incentive award to be paid.

1994 ICP targets for System ANI, market presence, profitability and CIP, recommended by Finance Board staff are consistent with the approved ICP and require an extra level of performance by Presidents that consistently challenge Bank performance in 1994.

DECISION:

Approve 1994 FHLBank Presidents' ICP targets for System ANI, market presence, profitability and CIP as illustrated on the attached summary chart, "1994 FHLBank Presidents' ICP Target Recommendations".

  
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Nicolas P. Retsinas

  
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Lawrence U. Costiglio

Federal Home Loan Bank System  
Summary Chart

1994 FHLBank Presidents' ICP Target Recommendations

Criteria	BOS	NY	PIT	ATL	CIN	IND	CHI	DSM	DAL	TOP	SFR	SEA	OF	
System:														
Adjusted Net Income (In \$ billions)	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	N/A	\$1.0	\$1.0	\$1.0	\$1.0	
FHLBank Plan:														
Market Presence	14.0%	20.6%	24.0%	15.2%	12.4%	18.1%	11.0%	24.0%	N/A	29.0%	15.2%	26.6%	N/A	
Profitability ROE Spread (bp)	323	345	332	466	250	435	368	411	N/A	400	400	414	N/A	
Community Investment Program (CIP): CIP Volume (in \$millions)	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 25% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 25% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 25% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	N/A	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 25% of Avg. Adj. Advances or 120% of 1993CIP Actuals	Lesser of: 2.5% of Avg. Adj. Advances or 120% of 1993CIP Actuals	N/A