



NEWS

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FEDERAL HOUSING FINANCE BOARD SIGNS WRITTEN AGREEMENT WITH FEDERAL HOME LOAN BANK OF CHICAGO

The Federal Housing Finance Board today entered into a written agreement with the board of directors of the Federal Home Loan Bank of Chicago.

The agreement addresses certain shortcomings in the Bank's risk management, internal audit, capital management, and accounting and financial recordkeeping practices, which were identified in the Finance Board's 2004 examination of the Bank. The written agreement is designed to improve management of these issues and to enhance corporate governance at the Chicago Bank.

Accordingly, the agreement calls for independent reviews of the Chicago Bank's board oversight and management, risk management, internal audit, accounting and financial recordkeeping practices.

Under the agreement, the Chicago Bank will submit to the Finance Board a three-year business and capital management plan that includes the development of capital stock, retained earnings and dividend policies appropriate for the Bank's business strategies.

Other provisions of the written agreement include monthly progress reports, an obligation to maintain a 5.1 percent regulatory capital ratio, and a limitation on the growth of acquired member assets.

A copy of the [written agreement](#) is available at the Finance Board's website.

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