

January 1, 2012

**FEDERAL HOME LOAN BANK
OF CHICAGO**

Code of Ethics

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I. INTRODUCTION

The maintenance of high standards of honesty, integrity, impartiality, and conduct by directors and employees of the Federal Home Loan Bank of Chicago (“Bank”) is essential. The avoidance of misconduct and conflicts of interest on the part of directors and employees through use of informed judgment is indispensable to the maintenance of these standards. In furtherance of these standards, this revised Code of Ethics (“Code”) has been approved by the President and Chief Executive Officer of the Bank and is effective as of January 1, 2012. The General Counsel will oversee this Code and will review the Code annually. Throughout this Code, the term “employee” includes all full and part-time employees of the Bank, including all officers.

II. PURPOSE

The purpose of this Code is to provide a policy regarding standards for the conduct of the business of the Bank and its employees and directors. In addition, Section 406 of the Sarbanes-Oxley Act of 2002 requires the Bank, as a registrant with the Securities and Exchange Commission (“SEC”), to disclose whether or not the Bank has a code of ethics for senior financial officers and to make certain disclosures in connection therewith.

III. SCOPE

Except as may be otherwise indicated in the text, this Code applies to all directors and employees of the Bank. References to “you” refer to directors and employees. However, certain provisions are expressly limited in scope and apply only to employees. In this regard, directors should note that this Code is intended to supplement the Bank’s “Conflicts of Interest Policy for Bank Directors” (“Director Conflict Policy”), as that policy may be amended and updated from time to time. In the event of a conflict between this Code and the Director Conflict Policy, the Director Conflict Policy will govern.

Each director and employee of the Bank is required to verify annually his or her compliance with this Code.

IV. POLICY

You shall avoid any action which might result in, or create the appearance of, using your position for private gain, giving unfair preferential treatment to any person, impeding Bank efficiency or economy, losing independence or impartiality, making a Bank decision outside official channels, or adversely affecting the confidence of the public in the integrity of the Bank. Each year you are required to sign the relevant Code of Ethics Certification Form, attached as an appendix to this Code, certifying your compliance with this Code.

A. COMPLIANCE WITH CODE AND LAWS

i. Accountability/Compliance with Code

You are responsible for being familiar with the standards in this Code, as well as other policies of the Bank including, but not limited to, the Policy Statement on Use of Material Nonpublic Information and the Whistleblower and Accounting and Auditing Complaint Policy and Procedure, for recognizing potential compliance issues applicable to your duties and for appropriately seeking advice regarding those issues.

ii. Compliance with Law

In addition to adhering to the standards of conduct in this Code, you must comply with all applicable laws, rules and regulations, including insider trading laws (as described in the Policy Statement on Use of Material Nonpublic Information). Violation of any of them could subject you or the Bank to civil and criminal penalties. Further, you shall not engage in infamous, dishonest, or notoriously disgraceful conduct or other conduct prejudicial to the Bank.

iii. Comprehensive Crime Control Act of 1984 (as amended)

You should be alert to the fact that criminal penalties may be imposed for knowingly offering to a Bank official anything of value with intent to corrupt, or for accepting anything of value with a corrupt intent. If there is any doubt as to the applicability of these provisions to particular circumstances, you should consult with the General Counsel.

B. BUSINESS ACTIVITIES

i. Maintain Honest and Ethical Conduct

In order to maintain public confidence in the Bank, you are expected to maintain high standards of honesty, integrity, impartiality and conduct in and out of the workplace and to avoid actual or potential conflicts of interest, or the appearance of conflicts of interest. It is incumbent upon you to view your own actions and intentions objectively in order to assure that no observer would have grounds to believe that irregularity in conduct exists.

ii. Conflicts of Interest

Sections (a) – (e) below do not apply to directors because directors are subject to the Director Conflict Policy.

As used in this Code of Ethics, the following definitions apply:

“**Financial Interest**” of an employee means the ownership or control, directly or indirectly, by the employee, his or her Immediate Family Member, a Related Entity of the employee, or a Related Entity of an Immediate Family Member of such employee of (a) any

shares of common or preferred stock or other equity security; and (b) any debt security or obligation, including subordinated debt; but excluding deposit or savings accounts.

“**Immediate Family Member**” is an individual’s spouse, sibling, minor child, or dependent, or any other individual related by blood, marriage, or adoption residing in the individual’s household.

“**Related Entity**” is a company, regardless of the form of legal organization or structure, that is controlled by a person.

a. Conflicts of Interest for Bank Employees

An employee shall have neither a direct nor indirect financial interest that conflicts, or appears to conflict, with the employee’s duties and responsibilities with the Bank and any such financial interest must be fully disclosed on the Code of Ethics Policy Certification Form and approved by the Bank’s Law Department. An employee may not engage in, directly or indirectly, a financial transaction as a result of, or primarily relying on, information obtained through the employee’s employment with the Bank.

No employee may have any Financial Interest in a member of the Bank or an affiliate thereof (collectively referred to as a “Member”), other than a diversified savings and loan holding company, except as provided in (1) through (5) below:

- (1) An employee may have a Financial Interest in a Member that arises solely through the ownership of shares or other investment units of one or more diversified mutual funds (as defined in Sections 5(a) and 5(b)(1) of the Investment Company Act of 1940, as amended, 15 U.S.C. §§ 80a-5(a) and 80a-5(b)(1)) that have invested in the Member, so long as the employee may not direct the investment decisions of the fund.
- (2) An employee may have a Financial Interest in a Member that arises solely through the ownership by the employee’s Immediate Family Member of shares of a Member that are held through a qualified employee benefit plan established by the employer of such Immediate Family Member.
- (3) An employee may have a Financial Interest in a Member acquired through former employment with the Member, or current or former employment by the employee’s Immediate Family Member with the Member, or when such Financial Interest was acquired as a result of a change in marital status or through circumstances beyond the employee’s control, such as inheritance, gift, or merger, acquisition or other change in corporate ownership.
- (4) An employee may have a Financial Interest in a Member where such interest was acquired through the issuance or sale to the employee in connection with the conversion of a mutual institution to a stock

institution, provided such interest was issued or sold to the employee only because he/she was an account holder of the institution.

- (5) Except in connection with a divestiture described below, an employee may purchase or sell the securities of a Member, so long as neither the employee, nor any Immediate Family Member of such employee, has any direct or indirect influence, control or prior knowledge relating to such purchase or sale and any purchases or sales of such securities are effected for, or held in, a “blind account.” For this purpose, a “blind account” is an account over which an investment adviser(s) exercises full investment discretion (subject to account guidelines) and does not consult with or seek the approval of the employee, or any Immediate Family Member of such employee, with respect to such purchases and sales.

All Financial Interests in a Member as described in paragraphs (3) - (4) above must be disclosed to the Bank annually and may be subject to divestiture as described below.

No employee having a Financial Interest in any Member shall participate in any Bank decision specifically concerning that Member and may be restricted from access to examination reports or other confidential information concerning that Member.

If an employee’s Financial Interest in a Member is determined to present a potential conflict of interest that would interfere with the discharge of the employee’s job responsibilities, the Bank may require the employee to divest himself/herself of the Financial Interest within a reasonable period of time.

An employee is not precluded from engaging in deposit, loan and other transactions with member institutions to the same extent as a private citizen not employed by the Bank, on the same terms and conditions available to the employee if he/she were not an employee of the Bank.

b. Affordable Housing Program Projects

If an employee, or any Immediate Family Member of an employee, has a Financial Interest in, or is a director, officer, or employee of an organization involved in a project that is the subject of a pending or approved Affordable Housing Project application, the employee shall not participate in or attempt to influence decisions by the Bank regarding the evaluation, approval, funding, monitoring or any remedial process for such project.

c. Business Transactions

An employee shall not solicit, accept, or agree to accept, directly or indirectly, for himself/herself or for any other person or entity, any gratuity, favor, entertainment, loan, or anything of value from any person or entity for or in connection with any transaction or business of the Bank, particularly from one who:

- has or is seeking to obtain contractual or other business or financial relations with the Bank;
- has interests that may be substantially affected by the performance or nonperformance of such employee's official duties; or
- is an officer, director, or employee of any member institution or of a trade association comprised of member institutions, or is a financial institution as defined in 18 U.S.C. §215(c), namely, a member of the Federal Home Loan Bank System, any Federal Home Loan Bank, any insured depository institution, its holding company or a small business investment company.

Neither an employee nor an Immediate Family Member of such employee may accept any loans or extensions of credit from the Bank.

d. Personal Gifts

An employee may not accept reimbursement and payment may not be made on behalf of personal living expenses, gifts, entertainment, services, or any personal benefits of such employee.

e. Compatibility with Bank Duties

These standards do not prohibit activities that are compatible with an employee's duties and responsibilities. These activities include:

- The acceptance (except as provided by law or regulation) of loans from or other financial transactions with member institutions in the ordinary course of business of the member institution so long as the employee is granted terms no more favorable than would be available in like circumstances to persons who are not employees of the Bank;
- Activities in which the circumstances make it clear that it is in fact family or personal relationships (such as those between an employee and the employee's parents, children or spouse) rather than the business of the person concerned, that are the motivating factors behind the activity;
- The acceptance of food, refreshments and accompanying entertainment on infrequent occasions in the ordinary course of breakfast, luncheon or dinner meetings or other functions where the employee is properly in attendance and a representative from the member or other supplier who has invited such employee is also in attendance. In the case of meetings or functions where travel or lodging expenses of the employee will be paid or reimbursed by the member or vendor/supplier, the prior approval of the President & CEO is required.

- The acceptance of unsolicited gifts of nominal value (a fair market value of not more than \$200 in any calendar year) from any single actual or potential member or supplier of goods or services to the Bank.
- The acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, and other items of nominal value.

iii. Confidential Information

a. Bank Information

You shall not directly or indirectly cause any confidential information to be released, other than in the normal course of the Bank's business, to persons or entities outside the Bank or breach any confidential trust or security within or outside the Bank. Confidential information shall include, but shall not be limited to the following:

- any nonpublic information about the Bank or any member or customer of the Bank;
- any trade secrets, intellectual property, proprietary information, or other confidential information of the Bank;
- any information received from any Federal or state regulatory agency about any member, or applicant for membership, pursuant to a request by the Bank under Section 22 of the Federal Home Loan Bank Act or otherwise;
- any information contained within, or in relation to, an Affordable Housing Program application; and
- any personal information about any employee.

b. Privacy

An employee shall not directly or indirectly cause nonpublic information to be used or disclosed in violation of the Bank's Privacy Policy Statement (the "Privacy Statement") or any Bank policy involving information security. Privacy of consumer information is a critical concern for financial institutions, and that concern has increased due to privacy legislation and litigation.

The Privacy Statement applies to all nonpublic personal information which the Bank receives from members or customers of the Bank, from members or customers of other Federal Home Loan Banks, or from other sources. Bank employees should review and become familiar with the Privacy Statement. If an employee learns of a situation which could result in a violation of the Privacy Statement, the employee should promptly discuss the situation with their manager.

iv. Corporate Opportunities

You owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises. You are prohibited from taking for yourself personally opportunities that are discovered through the use of Bank property or information, or your position at the Bank, without the consent of the General Counsel in the case of employees, or the Audit Committee in the case of directors. Similarly, you may not use Bank property, information or your position for personal gain. Employees may not compete with the Bank.

v. Protection and Proper Use of Bank Assets

You must responsibly use and maintain effective control over all Bank assets and resources employed by or entrusted to you. All Bank assets and resources must be used for legitimate business purposes.

vi. Fair Dealings

You must perform your duties fairly and impartially and without discrimination in favor or against any member institution.

We are committed to business success by maintaining the highest standards of ethics and responsibility. We must always conduct all aspects of our business with integrity, honesty and fairness. No director or employee acting on behalf of the Bank should take unfair advantage of others through dishonest, unethical or illegal practices, including false or misleading statements.

C. RELATED ACTIVITIES

i. Outside Employment

An employee shall not engage in outside employment or other outside activities which are incompatible with the full-time proper discharge of the duties and responsibilities of the employee's employment with the Bank. Incompatible activities include, but are not limited to:

- Acceptance of a fee, compensation, gift, payment of expense, or any other thing of monetary value, in circumstances in which acceptance may result in conflicts of interest or, except as provided by law, the use of nonpublic information gained through, or incidental to, the employee's duties; or
- Outside employment which tends to impair the employee's mental or physical capacity to perform the employee's duties and responsibilities in an acceptable manner.
- This section shall not preclude an employee from participating in the activities of charitable, religious, professional, social, fraternal, nonprofit educational and recreational, public service or civic organizations unless

these activities are incompatible with the employee's duties and responsibilities to the Bank, as described above.

You may not receive any salary or anything of monetary value from a private source as compensation for services to the Bank.

ii. Prohibition on Actions to Influence Director Elections

a. Except as provided in paragraph (2):

- (i) No director, employee, attorney or agent of a Federal Home Loan Bank may:
 - Communicate in any manner that a director, employee, attorney, or agent of a Federal Home Loan Bank, directly or indirectly, supports or opposes the nomination or election of a particular individual for a directorship; or
 - Take any other action to influence the voting with respect to any particular individual.
- (ii) (1) A director, employee, attorney or agent, acting in his or her personal capacity, may support the nomination or election of any individual for a member directorship, provided that no such individual shall purport to represent the views of the Bank or its Board of Directors in doing so.

(2) Notwithstanding paragraph (ii)(1) above, a director, employee, attorney or agent and the Board of Directors and Advisory Council (including members of the Advisory Council) of the Bank may support the candidacy of any person nominated by the Board of Directors for election to an independent directorship.

iii. Ensure Full, Fair, Accurate, Timely and Understandable Public Disclosures

The Bank is required to file various periodic reports with the SEC and the Finance Agency. It is the Bank's policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Bank files with, or submits to, any regulatory agency, including the SEC and the Finance Agency, and in all other public communications made by the Bank. You should take steps to help ensure that, consistent with this policy, the Bank makes full, fair, accurate, timely and understandable disclosures in all of its public communications.

V. POLICY EXCEPTIONS AND VIOLATIONS

Any waiver of this Code for directors or the President & Chief Executive Officer may be made only by the Bank's Board of Directors or a Board committee. Waivers for other employees may be made only by the Bank's President & Chief Executive Officer or such other employee(s) designated by the Chief Executive Officer to handle matters relating to this Code and shall be promptly reported to the Audit Committee. Waivers of this Code for the President & Chief Executive Officer or the Executive Vice President, Financial Information, will be promptly reported to the General Counsel and disclosed as required by applicable law.

A violation of the standards in this Code may be cause for termination or other appropriate disciplinary action.

VI. ROLES AND RESPONSIBILITIES

A. REPORTING CODE VIOLATIONS AND ILLEGAL AND FRAUDULENT CONDUCT

The term "fraud" generally means an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, or intentional concealment or the omission of material facts. "Illegality" includes fraud but further refers to any other action or omission which is not authorized or is contrary to any law, whether federal, state, or local. Finance Agency regulation 12 C.F.R. Part 1233 places an affirmative duty on the Bank to report suspected fraud to the Finance Agency and appropriate law enforcement agencies.

i. It is your responsibility to report illegal, fraudulent or potentially illegal or fraudulent acts. Illegal or fraudulent acts or improper conduct may subject the Bank to severe civil and criminal penalties. However, in many cases, if the Bank discovers and reports illegal or fraudulent acts to the appropriate governmental authorities, the Bank may possibly be subject to lesser penalties.

Failing to report any illegal, fraudulent or potentially illegal or fraudulent activity to those responsible for investigating such activities is a violation of this Code. If you have a question about this Code or whether particular acts or conduct may be illegal or fraudulent, you should contact one of the persons listed in section VI.A.ii. below.

ii. If you believe or become aware that any violation of this Code or any illegal, fraudulent or potentially illegal or fraudulent activity has been engaged in by any other employee, director or third party acting on behalf of the Bank, you must promptly report the violation or illegal or fraudulent activity in person, by telephone or in writing, as follows:

- a.** For accounting, internal accounting controls and auditing matters, complaints will be treated in accordance with the Bank's Whistleblower and Accounting and Auditing Complaint Policy and Procedure.

- b.** For fraud or possible fraud in connection with the purchase or sale of a financial instrument, you must report the matter in accordance with the Bank's Financial Instrument Fraud Reporting Policy.
- c.** For all other matters, you must report the violation or fraudulent activity to the Bank's General Counsel or the Director of Human Resources.

iii. Complaints of violations of this Code or any other illegality, fraud, misconduct, harassment or discrimination will be kept confidential to the fullest extent possible consistent with the Bank's need to conduct an adequate review. You are urged to keep all information regarding any internal investigation confidential and are expected to fully cooperate with any such investigation.

iv. You are not expected to prove the truth of an allegation; however, you need to demonstrate that there are sufficient grounds for concern. You should not attempt to conduct an investigation of any possible illegality or fraud yourself. You are encouraged to provide as much specific information as possible, including information about names, dates and places; a description of the events that took place; and your perception of why the incident(s) may constitute a violation of this Code or illegal, fraudulent or potentially illegal or fraudulent activity. You may also report your complaints on a confidential or anonymous basis by telephone or electronically. To do so, you file a report with EthicsPoint by telephone at 866-294-5579, at www.EthicsPoint.com or by clicking the EthicsPoint link on the Bank's intranet.

B. NON-RETALIATION

The Bank is committed to promoting ethical business practices and achieving compliance with all applicable laws, including banking and securities laws and regulations, accounting standards, accounting controls and audit practices. Retaliation, intimidation or discriminatory conduct by any employee or director of the Bank against any individual who makes a report, raises a concern, provides information, or otherwise assists in an investigation regarding any matter such person in good faith believes involves fraudulent or potentially illegal or fraudulent acts or violations of this Code, including any violations of accounting and auditing matters, is strictly prohibited and will not be tolerated. Examples of such retaliatory conduct may include taking or threatening disciplinary action, including discharge, demotion, suspension, harassment or discrimination. In certain cases, such retaliation would in and of itself be a violation of law. Any individual who in good faith believes that any retaliatory conduct has occurred or is likely to occur should report the matter to the Bank's General Counsel or Director of Human Resources for appropriate investigation and potential disciplinary action against anyone violating this policy.

VII. RELATED POLICIES

Privacy Policy
Conflicts of Interest Policy for Bank Directors
Policy Statement on Use of Material Nonpublic Information
Disclosure Policy under Securities and Exchange Commission Regulation FD
Whistleblower and Accounting and Auditing Complaint Policy and Procedure

VIII. APPENDICES

Appendix A Employee Certification Form
Appendix B Director Certification Form
Appendix C Conflicts of Interest Policy for Bank Directors

APPROVED THIS 22ND DAY
OF DECEMBER, 2011.

Matthew R. Feldman
President & CEO

Federal Home Loan Bank of Chicago
CODE OF ETHICS
APPENDIX A

EMPLOYEE CERTIFICATION FORM

I have read and understand the Code of Ethics (the “Code”) of the Federal Home Loan Bank of Chicago (the “Bank”), effective as of January 1, 2012, and have reviewed and understand the training materials on the Code provided to me. I have also read and understand the Bank's: (i) Code of Ethics; (ii) Whistleblower and Accounting and Auditing Complaint Policy and Procedure; (iii) Conditions for the Continuation of Business with Entities Suspected of Financial Instrument Fraud; and (iv) Financial Instrument Fraud Reporting Policy. I agree to comply fully with the requirements contained in these policies, as applicable to me. I understand that I have an obligation to report any suspected violation of these policies in accordance with the provisions of the policies, as well as any suspected fraudulent or potentially fraudulent activity. If I have any questions or concerns about any of the information contained in the Code, I will bring them to the attention of the General Counsel or the Director of Human Resources within two weeks of the receipt of the Code and this Certification Form. I acknowledge that the Code is a statement of standards for business conduct and is not intended to and must not be deemed or construed to provide any rights, contractual or otherwise, to any employee or third party.

Compliance

- I certify that I am in compliance with all requirements of the policies described above.
- In compliance with the Code, I disclose the following Financial Interests in members as described in paragraphs (3) and/or (4) of the “Conflicts of Interest for Bank Employees” section of the Code (Section IV.B.ii.a).

Noncompliance

- I certify that I am in compliance with all requirements of the policies described above except for the Financial Interests or other matters disclosed below (use reverse side if necessary):

Print Name

Signature

Job Title

Date

You must sign this Certification Form and return it to the Director of Human Resources or complete the certification electronically.

Federal Home Loan Bank of Chicago

CODE OF ETHICS

APPENDIX B

DIRECTOR CERTIFICATION FORM

I have read and understand the Code of Ethics (the "Code") of the Federal Home Loan Bank of Chicago (the "Bank"), effective as of January 1, 2012. I have also read the Bank's: (i) Conflicts of Interest Policy for Bank Directors (the "Director Conflict Policy") which is included as Appendix C to the Code; (ii) Policy Statement on Use of Material Nonpublic Information ("Insider Trading Policy"); and (iii) Disclosure Policy under Securities and Exchange Commission Regulation FD ("Reg FD Policy"). I agree to comply fully with the standards applicable to me contained in the Code, the Director Conflict Policy, the Insider Trading Policy and the Reg FD Policy.

I understand that I have an obligation to report any suspected violation of these policies in accordance with the provisions of the policies, as well as any suspected fraudulent or potentially fraudulent activity and that failure to do so is in violation of the Code. If I have any questions or concerns about any of the information contained in the Code, I will bring them to the attention of the General Counsel within two weeks of the receipt of the Code and this Certification Form. I acknowledge that the Code is a statement of standards for business conduct and is not intended to and must not be deemed or construed to provide any rights, contractual or otherwise, to any employee or third party.

Print Name

Signature

Date

You must sign this Certification Form and return it to the Corporate Secretary of the Bank.

Federal Home Loan Bank of Chicago

**CODE OF ETHICS
APPENDIX C**

CONFLICTS OF INTEREST POLICY FOR BANK DIRECTORS