

**FEDERAL HOME LOAN BANK OF CHICAGO
WHISTLEBLOWER AND ACCOUNTING
AND AUDITING COMPLAINT
POLICY AND PROCEDURE
January 1, 2012**

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Introduction

The Federal Home Loan Bank of Chicago (“Bank”) is committed to the highest possible standards of ethical, moral and legal business conduct. The maintenance of these high standards is essential to assure the proper performance of the Bank’s business and the maintenance of confidence in the Bank by its members and the public. In maintaining these high standards, and the Bank’s commitment to open communication, employees are encouraged to report concerns regarding questionable accounting, internal accounting controls, audit matters, and other matters as outlined in this policy. Any person may submit a good faith complaint, report or concern regarding such matters without fear of dismissal or retaliation of any kind.

This policy applies to all Bank employees and the Group Head of Bank Services will oversee this policy and will review the policy annually. The policy has been approved by the President and Chief Executive Officer of the Bank and is effective as January 1, 2012.

Purpose

The Bank wants to ensure open communication by providing an outlet for employees to voice their concerns regarding possible violations of law as provided in this policy (“Wrongful Conduct”).

Scope

This policy relates to complaints, reports and concerns about questionable accounting, internal accounting controls, and auditing matters, including but not limited to: (1) fraud or error in the preparation, evaluation, review, communication or audit of any financial statement of the Bank; (2) fraud or error in the recording or maintain of financial records of the Bank; (3) deficiencies in or noncompliance with the Bank's internal accounting controls; (4) misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports; and (5) deviation from full and fair reporting of the Bank's financial condition. This policy also relates to reports of violations, including violations of applicable laws (including securities laws), rules and regulations (collectively, "Wrongful Conduct").

This policy is not intended to address employment-related complaints; such complaints should be reported through normal channels such as to an employee's supervisor or to the Bank's Human Resources Department.

Policy

Consistent with the Bank's Code of Ethics, employees should promptly report any actual or possible Wrongful Conduct. The Bank encourages employees to first raise their concerns with management. However, in the event the employee does not feel comfortable raising the concern with management, the employee is encouraged to report the concern via the Bank's outside vendor, EthicsPoint. Reporting through EthicsPoint is intended to supplement, and not replace established reporting procedures. For example, employee questions regarding compensation and job performance should continue to be addressed through current Human Resources processes.

The Bank is committed to protecting the rights of those employees who report issues to management or through EthicsPoint. The Bank will not retaliate against any employee who reports information in good faith regarding Wrongful Conduct. This means that an employee does not need to be right about their reporting, only that they told the truth as they knew it. Every manager has a responsibility to create a work environment in which employees can raise ethical and other concerns without fear of dismissal, retaliation or adverse action of any kind.

Policy Violations

Violators of this policy, including deliberate misuse of the EthicsPoint hotline, may be subject to disciplinary action as provided in the Employee Handbook.

Roles and Responsibilities

Reporting

This policy is generally intended to apply to reports, complaints or concerns (referred to below as "complaints") involving serious and sensitive issues. The Bank has retained a third-

party provider, EthicsPoint, to accept, verify, and log any complaints received. Any individual with concerns regarding Wrongful Conduct can anonymously report a complaint through EthicsPoint by telephone or the Internet at:

- Telephone Number: (866) 294-5579
- Internet Address: www.ethicspoint.com

Alternatively, any person wishing to communicate directly with an individual at the Bank to register a complaint may contact the Bank's General Counsel or the Bank's Director of Internal Audit.

The reporting individual should provide names, dates, places, and other details sufficient to facilitate an effective investigation. Although the reporting individual is not expected to prove the truth of an allegation, the reporting individual needs to demonstrate that there are sufficient grounds for concern.

Confidentiality

To help facilitate an investigation, the Bank encourages employees to identify themselves when making a complaint. However, any person who does not want to be identified is entitled to register a complaint anonymously.

The Bank will treat all complaints in a confidential manner. If the employee has identified himself or herself when making a complaint in good faith, the Bank will exercise particular care to keep the employee's identity confidential until a formal investigation is launched. Thereafter, the identity of the employee who registered the complaint will be kept confidential unless disclosure is required to investigate the complaint or is required by law or regulation.

Treatment of Complaint

If a complaint is received through EthicsPoint, EthicsPoint shall notify the General Counsel and the Director of Internal Audit of the complaint. Whether reported to the General Counsel, Director of Internal Audit or through EthicsPoint's hotline or website, the complainant will receive an acknowledgment of receipt of the complaint, if the complainant has provided his/her name. The General Counsel shall investigate each complaint regarding Wrongful Conduct using all resources the General Counsel deems necessary. If the complaint does not pertain to Wrongful Conduct, it will be forwarded to the proper channel such as the Bank's Human Resources Department. If the report involves (a) the General Counsel, EthicsPoint will refer the report to the Director of Internal Audit and the Chairman of the Audit Committee of the Bank's Board of Directors; or (b) the Director of Internal Audit, EthicsPoint will refer the report to the General Counsel and the Chairman of the Audit Committee of the Bank's Board of Directors, for handling.

The action taken will depend on the nature of the report. The General Counsel will determine the manner in which the report is to be investigated and the appropriate corrective action to be taken, if any, in consultation with the President & CEO and the Board of Directors, as appropriate. The review will be conducted in a confidential matter to the fullest extent possible, consistent with the need to conduct an adequate review. If a report alleges, in good faith: (i) the unethical systematic recording and analysis of the business and financial transactions associated with generally accepted accounting practices; (ii) securities violations; (iii) the use of the Bank's confidential information for illegitimate and non-business use purposes; or (iv) the falsification of records, the Chairman of the Audit Committee shall receive such report and shall address the concerns raised in the report in conjunction with the General Counsel and the Director of Internal Audit.

Retention

The General Counsel or EthicsPoint, as the case may be, will maintain a log of all complaints tracking their receipt, investigation and resolution and will prepare a summary report for the Audit Committee on a quarterly basis, or more frequently if warranted. If there have been no complaints, the quarterly report will specifically state that fact.

No Retaliation

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 Wrongful Conduct 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 employee who in good faith believes that any retaliatory conduct has occurred or is likely to occur should report the matter to the General Counsel for appropriate investigation and potential disciplinary action against anyone violating this policy.

APPROVED THIS 22ND DAY
OF DECEMBER, 2011.

Matthew Feldman
President & CEO