

July 20, 2005

Dear Members,

The Chicago Federal Home Loan Bank is pleased to announce a second quarter, 2005 stock dividend at an annualized rate of 5.00%.

The dividend was declared by the Board of Directors on July 19, and will be credited to your stock account on August 15, 2005.

We will distribute our financial statements for the second quarter in mid August. Overall, we had a very good second quarter, with net income at \$69.4 million. Our dividend for the quarter of 5% represents a payout of 72% of core net income for the quarter, and a spread of 2.1% over the quarterly 52 week average of one-year LIBOR, above our goal for quarterly dividends. For the quarter, we will add about \$18 million to retained earnings. We are also continuing to make excellent progress on implementing key aspects of our Business and Capital Management Plan.

I look forward to further reporting our progress when we distribute our financial statements. As always, I would like to thank you for your loyal support and continued business.

Very truly yours,



J. Mikesell Thomas
President and CEO