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**Federal Home Loan Bank of Chicago Announces 2006 Second Quarter  
Financial Results**

*Chicago, Ill.* – The Federal Home Loan Bank of Chicago (“Bank”) today announced its financial results for the second quarter of 2006 in its Form 10-Q filed with the U.S. Securities and Exchange Commission.

The Bank reported net income during the second quarter of 2006 of \$54 million, producing a return on average equity of 5.44%. The Bank’s Board of Directors recently declared a quarterly dividend of 3.1%.

At quarter-end, total assets were at \$88.4 billion, with regulatory capital and subordinated notes of \$4.6 billion and a regulatory capital ratio (calculated based on regulatory capital, retained earnings and subordinated notes) of 5.2%, well above the Bank’s current regulatory minimum of 4.5%. Retained earnings increased 10.3% since year-end 2005 and totaled \$579 million.

“The Bank continues to perform consistently with our plan, contributing \$6 million this quarter to our Affordable Housing Program,” said Mike Thomas, President and CEO of the Federal Home Loan Bank of Chicago. “We remain committed to providing valuable products and services to our members and their communities.”

The Bank’s Form 10-Q, with complete second quarter 2006 financial statements and management’s discussion and analysis of the Bank’s financial condition and results of operation, is available on the SEC’s website ([www.sec.gov](http://www.sec.gov)) and through the Bank’s website ([www.fhlbc.com](http://www.fhlbc.com)).

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*The Federal Home Loan Bank of Chicago is a government sponsored enterprise providing housing finance to more than 880 member commercial banks, savings institutions, credit unions and insurance companies in Illinois and Wisconsin. The Bank offers floating and fixed-rate loans, the Mortgage Partnership Finance<sup>®</sup> Program and related products to finance home mortgage portfolios. The Bank also offers funding for affordable housing and community development activities.*

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