

**Chicago  
Federal Home Loan Bank**

# *News Release*

FOR IMMEDIATE RELEASE  
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## **Federal Home Loan Bank of Chicago Announces 2006 Third Quarter Financial Results**

*Chicago, Ill.* – The Federal Home Loan Bank of Chicago (“Bank”) today announced its financial results for the third quarter of 2006 in its Form 10-Q filed with the U.S. Securities and Exchange Commission. The Bank reported net income during the third quarter of 2006 of \$42 million, producing a return on average equity of 4.85%. The Bank’s Board of Directors recently declared a quarterly dividend of 3.10%.

At quarter-end, total assets were at \$88.9 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 5.1%, well above the Bank’s current regulatory minimum of 4.5%. Retained earnings increased 13% since year-end 2005 and totaled \$593 million. The Bank provided \$5 million this quarter for the Affordable Housing Program.

The Federal Housing Finance Board recently authorized the Bank’s redemption of \$375 million in member institutions’ excess (“voluntary”) capital stock. The transaction is expected to be completed in December 2006.

“When the second voluntary stock redemption is completed next month, the Bank will have redeemed \$1.4 billion in capital stock in 2006,” commented Mike Thomas, President and CEO of Federal Home Loan Bank of Chicago. “Throughout this period, our attention has been – and continues to be – squarely focused on our commitment to our members. We look forward to expanding the breadth and depth of these important relationships.”

The Bank’s Form 10-Q, with complete third 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)).

*The Federal Home Loan Bank of Chicago is a government sponsored enterprise providing housing finance to more than 870 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. “Mortgage Partnership Finance” and “MPF” are registered trademarks of the Federal Home Loan Bank of Chicago.*

*This news release contains forward-looking statements which are based upon our current expectations and speak only as of the date hereof. These statements may use forward-looking terms, such as “anticipates,” “believes,” “expects,” “could,” “plans,” “estimates,” “may,” “should,” “will,” or their negatives or other variations on these terms. Forward-looking statements by their nature involve risk or uncertainty that could effect the extent to which a particular objective, projection, estimate, or prediction is realized and actual financial performance could differ materially from that expressed or implied in these forward-looking statements. These forward-looking statements involve risks and uncertainties including, but not limited to, the risk factors set forth in the Bank’s periodic filings with the Securities and Exchange Commission, which are available on the Bank’s website at [www.fhlbc.com](http://www.fhlbc.com). The Bank assumes no obligation to update any forward-looking statements made in this release.*

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