



Press Release

Federal Home Loan Bank of Chicago
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FOR IMMEDIATE RELEASE

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Federal Home Loan Bank of Chicago Announces 2006 Financial Results

Chicago, Ill. - The Federal Home Loan Bank of Chicago today announced its financial results for 2006 in its Form 10-K filed with the U.S. Securities and Exchange Commission.

The Bank reported net income during 2006 of \$188 million, producing a return on average equity of 5.1%. Based on these results, the Bank set aside \$21 million in 2006 to address the housing needs of low-income families in Illinois and Wisconsin through its Affordable Housing Program. We anticipate that approximately \$27 million will be available to members in 2007 to support their Affordable Housing Program activities.

At year-end, total assets were \$86.7 billion. The regulatory capital ratio of 4.9% (calculated including subordinated notes) was well above the Federal Home Loan Bank minimum of 4% and the Bank's current regulatory minimum of 4.5%.

"Last year we completed our registration with the Securities and Exchange Commission in February, issued subordinated notes in June, redeemed \$1.2 billion in voluntary capital stock, and revised our Retained Earnings and Dividend Policy," said Mike Thomas, President and CEO of the Federal Home Loan Bank of Chicago. "As these events unfolded, our employees continued to provide quality products and services to our members."

"The current interest rate environment and planned declines in capital stock and Mortgage Partnership Finance[®] Program asset balances will continue to present significant earnings challenges," Thomas continued. "However, we are committed to finding solutions that allow us to continue to serve our members as we have for the past 75 years."

The Federal Home Loan Bank of Chicago's Form 10-K, with complete year-end 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 at www.sec.gov and through the Bank's website at www.fhlbc.com.

The Federal Home Loan Bank of Chicago is a wholesale bank and government sponsored enterprise with approximately \$86 billion in assets that provides housing finance to 858 member commercial banks, savings institutions, credit unions, and insurance companies located in the 7th Federal Home Loan Bank District of Illinois and Wisconsin.

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The Federal Home Loan Bank System, which includes 12 Federal Home Loan Banks, is celebrating its 75th anniversary in 2007. The U.S. Congress created the System in 1932 to promote housing finance, but the Banks are wholly owned by their member institutions.

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 affect 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. The Bank assumes no obligation to update any forward-looking statements made in this release.

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