



Balance Sheet

FEDERAL HOME LOAN BANK OF CHICAGO • MEMBER NEWSLETTER • APRIL 2010

LOCs Support Illinois and Wisconsin Businesses

In This Issue

3

You're Invited: Summer Regional Meetings

5

Community Investment Group Annual Report Now Online

FHLBC members across Illinois and Wisconsin are taking advantage of the Federal Home Loan Banks' authority from Congress to issue letters of credit (LOCs) to guarantee tax-exempt bonds for economic development projects. These bonds can be new or refunded, and the proceeds can help finance a variety of initiatives at businesses in your community, including:

- Healthcare facilities;
- Manufacturing plants;
- Schools and universities.

With our Aaa/AA+ credit rating, the FHLBC has issued LOCs to support each of these kinds of businesses. In all cases, we have found that members value our competitive prices and their ability to retain and grow their local customer relationships. The FHLBC offers both standby/confirming and direct pay LOCs that can help members support some of the most important businesses in town.

Manufacturing Plant: Standby LOC

The FHLBC issued a standby letter of credit on behalf of Oostburg State Bank in Wisconsin to credit enhance the reissuance of tax-exempt bonds, the proceeds of which were used by



Dutchland Plastics in Oostburg, Wisconsin, makes 3,500 different hollow plastic items every year, including kayaks (above), gas tanks, and construction barrels. It benefited from a direct pay letter of credit from Oostburg State Bank supported by a standby letter of credit from the FHLBC.

Dutchland Plastics Corp. to purchase equipment and expand one of its facilities. Dutchland Plastics is the largest employer in the town of Oostburg, population 2,600.

Why choose the FHLBC? "Stability," said Eric Glewen, Vice President at Oostburg State Bank. "We couldn't be assured of that with any other bank." But the FHLBC is different, he continued. "We know you will be there long-term."

Plus, Eric added, his bank was able to offer its customer the lowest rate available—which saved Dutchland Plastics money. In

Continued on page 2

The mission of the Bank is to deliver value to our members, and promote and support their growth and success, by providing:

- Highly reliable liquidity;
- Secured advances, wholesale mortgage financing, and other products and services to meet members' needs; and
- Direct financial support for members' affordable housing and community investment programs.

This newsletter 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. We caution that, by their nature, forward-looking statements involve risk or uncertainty, that actual results could differ materially from those expressed or implied in these forward-looking statements, and that actual events could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, the risk factors set forth in our periodic filings with the Securities and Exchange Commission, which are available on our website at www.fhlbc.com. We assume no obligation to update any forward-looking statements made in this newsletter.

LOCs Support Illinois and Wisconsin Businesses

Continued from page 1

turn, Dutchland Plastics was able to take full advantage of its expansion, streamline its business, and move forward as it had planned.

“We’re happy that this option is available,” Eric continued. “If the opportunity presents itself again to do an LOC, and we have the available collateral, we would do it in a heartbeat with the Federal Home Loan Bank.”

Healthcare Facility: Direct Pay LOC

Like Dutchland Plastics in Oostburg, the Hopedale Medical Complex in central Illinois is the largest employer in the small town of Hopedale and had previously worked with a national lender. When circumstances led up to the closing of the original LOC, the medical facility looked closer to home for help. “They are in a rural community and they wanted a community bank to work with,” said Jeremy Knepp, Vice President at Morton Community Bank.



Morton Community Bank used a direct pay LOC from the FHLBC to credit enhance bonds used by its customer, Hopedale Medical Complex, for building improvements.

The direct pay LOC from the FHLBC credit enhanced the refunding of bonds that financed capital improvements and “allowed Morton Community Bank to service all aspects of the Hopedale Medical Complex’s banking needs,” Jeremy said. Plus, “The low interest rate on the bond saved them money.”

“We’re fairly new to this product,” Jeremy continued. “We’ve always had a good relationship with the Federal Home Loan Bank, and they made it easy for a local bank to serve its community.”

Getting Started is Easy

The application process is straightforward, and FHLBC staff is available to guide you through the process. We will work with you to determine if the economic development project you’re working on meets the FHLBC’s Community Investment Cash Advance (CICA) eligibility requirements to obtain an FHLBC letter of credit. The project must satisfy only one of three eligibility factors:

1. Geographic
2. Activity (small business)
3. Individual

For More Information

To learn more about these and other types of LOCs offered by FHLBC, please contact your Relationship Banker or Suzanne Thackston in the Community Investment Group at sthackston@fhlbc.com or 312-565-6922.

Federal
Home
Loan
Bank of
Chicago
2010
Summer
Regional
Meetings

Registration

Please e-mail or fax this registration form to Nicki Patrick at npatrick@fhlbc.com or 312.565.6947 at least two weeks prior to the Summer Regional Meeting you plan to attend.

Name _____ Title _____

Organization _____

Customer number _____ Phone number _____

Email address _____

My colleagues/guests include:

Name _____ Title _____

Name _____ Title _____

Name _____ Title _____

I/We plan to attend the 2010 Summer Regional Meeting.

- | | | |
|--|--|--|
| <input type="checkbox"/> Lombard/Oak Brook, Illinois
May 26, 2010
___ Number of attendees | <input type="checkbox"/> Springfield, Illinois
June 8, 2010
___ Number of attendees | <input type="checkbox"/> Fairview Heights, Illinois
July 14, 2010
___ Number of attendees |
| <input type="checkbox"/> Madison, Wisconsin
June 4, 2010
___ Number of attendees | <input type="checkbox"/> Wausau, Wisconsin
June 24, 2010
___ Number of attendees | <input type="checkbox"/> La Crosse, Wisconsin
July 20, 2010
___ Number of attendees |
| | <input type="checkbox"/> Carbondale, Illinois
July 13, 2010
___ Number of attendees | |

Federal Home Loan Bank of Chicago • 200 East Randolph Drive • Chicago, Illinois 60601



Community Investment Group's Annual Report Now Online

The FHLBC's 2009 Community Investment annual report is available to read online at our website, www.fhlbc.com. Click here to read the report, called "The Power of Partnerships." Below are highlights.

In 2009, the FHLBC:

- Continued to provide down payment assistance, gap funding for affordable housing projects, and financing for economic development projects;

- Provided standby letters of credit for tax-exempt non-housing related bonds with new, though temporary, authority from Congress; and

- Sponsored the Community First Partnership Awards for the first time.

The report also describes the products and programs available through our Community Investment group. Contact your Relationship Banker to take advantage of these programs, which can help members meet their Community Reinvestment Act responsibilities.



NAIC List of Approved Banks

On March 24, 2010, the FHLBC was confirmed on the National Association of Insurance Commissioners (NAIC) List of Approved Banks through June 30, 2011. Our inclusion on this important NAIC list is especially meaningful to insurance companies that are beneficiaries of letters of credit issued by the FHLBC. We are pleased to have been confirmed on this list for another year.

Mark Your Calendar: May Webinars

To register for a free MPF® or MPF Xtra® Product webinar, send an email to MPFTraining@fhlbc.com with the webinar date, participant's name and institution, email address, phone numbers, and street mailing address. To view detailed descriptions and the Bank's webinar calendar for the second quarter, visit www.fhlbc.com and click "Events Calendar."

May 3, 9:30-11:00 a.m.

MPF Program: Understanding and Reviewing Appraisals (For both MPF Traditional and MPF Xtra Product)

May 4, 10:00-Noon

MPF Xtra Product Underwriting Workshop

May 11, 10:00-11:00 a.m.

MPF Program: Credit Report Review (For both MPF Traditional and MPF Xtra Product)

May 13, 9:30-10:30 a.m.

eMPF Transaction Training for the MPF Xtra Product

May 18, 2:00-3:00 p.m.

MPF Program: Quality Control Review

Federal Home Loan Bank of Chicago

200 East Randolph Drive
Chicago, IL 60601
www.fhlbc.com

Copyright © 2010, Federal Home Loan Bank of Chicago. "Mortgage Partnership Finance" logo, "Mortgage Partnership Finance," "MPF," "MPF Xtra," eMPF," are registered trademarks of the Federal Home Loan Bank of Chicago. House image ©2010 Getty Images.