

MEMBER PRODUCTS GUIDE

I	INTRODUCTION	3
II	ADVANCES	4
	Overview	4
	Establishing Availability and Authority	4
	Pricing	6
	Reduced Capitalization Advance Program.....	6
	Prepayment.....	8
	Product Descriptions.....	8
	Interest Billing and Collection	8
	Funding and Transfer of Advance Proceeds	9
	Interest on Past Due Principal and Interest.....	9
	Commitments	9
	Guaranteed Rate, Mandatory Takedown	9
	Guaranteed Rate, Optional Takedown	10
	FHLBC’s Right to Cancel Commitments	10
	Supplementary Information.....	10
III	MORTGAGE PARTNERSHIP FINANCE® PROGRAM	12
	Overview	12
	Pricing	12
	Becoming a Participating Financial Institution.....	12
	Commitments	13
	Funding and Transfer of Sale Proceeds	13
IV	COMMUNITY INVESTMENT PROGRAMS	14
	Affordable Housing Program.....	14
V	LETTERS OF CREDIT	16
	Overview	16
	Types of Letters of Credit.....	16
	Collateral and Capital Stock Calculation	17
	Available Maturities.....	17
	Pricing	17
	Cancellation	17
	Application Procedure	18
	Other Requirements.....	18
VI	RISK MANAGEMENT PRODUCTS	19
	Overview	19
	Types of Derivatives	19
	Available Interest Rate Derivatives	19
	Member Eligibility	20
	Fees and Pricing	20
	Regulatory Reporting	21
VII	DEPOSIT PRODUCTS	22
	Daily Investment Deposit (DID) Account.....	22

Overdraft Fees.....	22
Term Deposits.....	22
VIII SECURITY PROCEDURES FOR WIRE TRANSFERS	24
Authorized User	24
Member Identification.....	24
Dual Authorization Protocol	24
Establishing Repetitive Wire Transfer Templates.....	25
Wire Initiation	26
Confirmations.....	26
Advice of Incoming Credits.....	27
Drawdowns	27
Callbacks.....	27
Office of Foreign Asset Control (OFAC)	27
International Wire Transfers.....	28
Non-Sufficient Funds (NSF).....	28
Change of Procedures	28
Wire Transfer Fees	28
IX SAFEKEEPING SERVICES	29
Safekeeping Services	29
Authorized User	29
Securities Settlements	29
Confirmation of Instruction	30
Income and Principal Collection.....	30
Corporate Action Processing	30
Reporting	30
Third-Party Pledging.....	30
Safekeeping Fees	31
X OTHER NON-CREDIT PRODUCTS AND SERVICES	32
XI EBANKING	33
Overview	33
Definitions.....	33
Accessing eBanking.....	34
Member Security Administrator (MSA).....	35
eBanking Authorized User Access.....	35
XII MISCELLANEOUS.....	37
Business Day Convention	37
Notices	37
Telephone Communications.....	37
XIII PRODUCT TERM SHEETS.....	38

I Introduction

Mission Statement

The mission of the FHLB Chicago is to partner with our member shareholders in Illinois and Wisconsin to provide them competitively priced funding, a reasonable return on their investment in the Bank, and support for community investment activities.

The Federal Home Loan Bank of Chicago's (FHLBC) products are available to finance the business activities in which its members are authorized to engage. In fulfilling its role, the FHLBC endeavors to provide a wide range of financial products.

The availability of the FHLBC's credit products is predicated upon a member's satisfaction of all relevant statutory, regulatory, and policy requirements, including:

- The execution of appropriate legal agreements;
- Adequate credit quality; and
- Sufficient eligible collateral.

The FHLBC provides products to its members through Advances, the Mortgage Partnership Finance[®] (MPF[®]) Program, Community Investment Programs, Letters of Credit, Deposit Products, and other non-credit products and services.

For purposes of this Member Products Guide, the term "member" generally will be used to refer to both members and housing associates, unless the context otherwise requires a specific reference to either members or housing associates.

Contact	Phone	Fax	Email
Member and Markets	(312) 552-2705	(312) 706-9773	membership@fhlbc.com
Community Investment	(312) 565-5824	(312) 565-6947	CI@fhlbc.com

Call Toll-Free (855) FHLB-CHI or (855) 345-2244 and press:

Member Transaction Desk	Option 1	(312) 275-7767	MTD@fhlbc.com
Wire Transfers	Option 2	(312) 565-5823	Wires@fhlbc.com
Safekeeping	Option 3	(312) 565-5699	Safekeeping@fhlbc.com
Collateral	Option 4	(312) 565-5752	Collateral@fhlbc.com
Token Support	Option 5	(312) 565-5823	MemberSupport@fhlbc.com
Member Support	Option 0	(312) 565-5823	MemberSupport@fhlbc.com

II ADVANCES

Overview

Advances may be granted with terms to maturity from one day to 10 years or longer at the FHLBC's discretion. Advances with terms of greater than five years (long-term advances), will only be made for the purpose of providing funds for residential housing finance. However, a Community Financial Institution (CFI) may also use long-term advances to finance small business, small farm, and small agri-business loans. Prior to approving an application for a long-term advance, the FHLBC must determine that the principal amount of all long-term advances held by the member do not exceed the total book value of residential housing finance assets held by the member. The book value shall be determined by the Bank using the most recent financial reports or other reliable documentation provided by the member. Applications for Community Advances are not subject to this calculation.

Advances, other than long-term advances, may be granted for any sound business activity in which the member is authorized to engage, provided that any advance with a term greater than one year will not be made to members declared ineligible under the Community Support Requirements of the Federal Housing Finance Agency regulations.

Advances with conversion, amortizing, puttable, and/or callable features may be available. The interest rates may be fixed or floating. Advances that contain caps, collars, or floors may also be available. While the FHLBC has designed its advances with the intent to meet the funding needs of its members whenever possible, some advances may not always be available.

In addition, the FHLBC may also utilize a Bridge Roll Advance in cases where another type of advance has matured and not been repaid on maturity; either through direct payment by the member or where funds in the member's Daily Investment Deposit (DID) account are insufficient to repay the matured advance. In such a case, the FHLBC may make a Bridge Roll Advance in the amount required to repay the matured advance and accrued interest in full; and the Bridge Roll Advance may roll over on a daily basis until repaid.

Not all advance types are suitable for all members. Members must be aware of and understand the market and operational risks that are associated with advances with embedded options. The interest rate on a floating-rate advance can never be less than zero.

All references to the FHLBC's "Credit Policy Statement" or "Credit Policy" or "Credit Policy (Collateral)" in the FHLBC's Advances, Collateral Pledge, and Security Agreement or other FHLBC agreements means to the FHLBC's Member Products and Credit Policy, as supplemented by the Collateral Guidelines and this Member Products Guide, each as amended from time to time.

Establishing Availability and Authority

Prior to the disbursement of funds, each member requesting an advance must have on file with the FHLBC an executed:

- Advances, Collateral Pledge, and Security Agreement (Advances Agreement);

- Master Transactions Agreement;
- Appropriate resolutions and delegations of authority or authorization forms;
- Funds Transfer Agreement;
- W-9 (if member is a taxable entity);
- Qualified Collateral Report (QCR);
- Other collateral forms and/or other documentation required by the FHLBC, if applicable. Collateral arrangements will vary depending on the nature of the borrower and the Credit Department's evaluation of the member. For further information regarding your institution's collateral arrangement, please contact your sales director or the Collateral Operations and Safekeeping Department.

Total credit availability for a member is a function of: (1) FHLBC underwriting; (2) collateral value of pledged assets; and (3) the amount of capital stock investment.

Sales directors are available to explain the FHLBC's advance products and how they can be used to meet asset/liability management, investment financing, liquidity or other needs. From time to time, advance products will be described via bulletins and phone or personal visits from a sales director.

All advances initiated in the traditional call-in method require an application to be submitted electronically or in writing except for Open Line of Credit advances and Bridge Roll Advances. Members who initiate advance transactions via eBanking do not submit a separate written application.

As discussed in eBanking, Section XI, eBanking Authorized Users, as designated by the member's Member Security Administrators (MSA) to perform all advances and commitment transactions on behalf of the member, may initiate an application for certain advances through eBanking. Immediately after submitting an application for an advance through the eBanking wizard, a confirmation page will appear, confirming the unique details of the requested advance transaction. This is the only confirmation of the online advance transaction that members will receive, so members should print this confirmation page for their records. The FHLBC asks that members promptly review the confirmation and immediately notify the Member Transaction Desk if the details do not reflect the terms they are requesting. If a member does not notify the Member Transaction Desk of discrepancies in the confirmation within two business days, the confirmation will be deemed conclusive and binding against the member. Please note, however, that an advance request is not legally binding against the FHLBC until the request has received a status of *Approved* in eBanking. For more information on which advances may be initiated through eBanking, please refer to the Product Term Sheets in Section XIII of this Member Products Guide.

Members must submit an additional application electronically or in writing for discounted Community Advances. See the "Community Investment Programs" section or call (312) 565-5824 for more information about Community Advances.

The FHLBC offers members an opportunity to obtain an advance and then repay such an advance the next day as a mechanism to ensure that the member understands the process and has completed the documentation required. The "test your line" program is intended to demonstrate that the member is able to access FHLBC advances to meet liquidity needs.

Pricing

Interest rates on advances are made available daily on the FHLBC's websites, including on eBanking in the Liquidity and Funding module. Members may also obtain current interest rates by contacting your sales director or the Member Transaction Desk. Posted interest rates are indications only and may be changed at any time to reflect current market conditions. Bridge Roll Advances have a separate pricing schedule; see the Product Term Sheets section in this Member Products Guide.

The FHLBC's policy regarding advances pricing is contained in the Member Products and Credit Policy.

Reduced Capitalization Advance Program

The FHLBC offers a Reduced Capitalization Advance Program (RCAP) that allows members to borrow one or more advances with an activity stock requirement of only 2% for the life of the advance instead of the 4.5% requirement under the FHLBC capital plan's general provisions.

Members will have to specifically request RCAP for an advance. If RCAP is not specifically requested for an advance, the advance will be processed at the regular 4.5% activity stock requirement by default.

RCAP Terms and Conditions

The FHLBC currently offers RCAP based on the availability of funds or until further notice. FHLBC will publish the available RCAP amount (RCAP Pool) on the "Message Center" page of eBanking each business day.

Advance Requirements

RCAP is applicable to any type of advance product that the FHLBC offers and is not restricted by the term to maturity of the advance, subject to the following requirements and conditions:

- Open Line of Credit (A010) and Expander/Extender (A500) advances are not eligible for RCAP.
- All terms and conditions otherwise applicable to an advance, including prepayment fees, will apply.
- Any advance, to qualify for RCAP, must result in a net increase in a member's aggregate advances outstanding on the date of settlement. A member's aggregate advances outstanding on any settlement date will exclude regularly scheduled maturities and putable advances terminated by the FHLBC on that settlement date. That is, an advance that matures on June 15, 2016, for example, will not be included in determining the member's aggregate advances outstanding on June 15, 2016.

Example 1: A member has \$100 million of advances outstanding on June 5, 2016. On June 5, 2016, this member requests a new advance of \$10 million to settle on the same day, and also requests RCAP treatment for the advance. On June 5, 2016, one of this member's current advances, a \$20 million advance, matures per its terms and is repaid by the member. Excluding the regularly scheduled maturity, the member's aggregate advances outstanding on June 5 is \$80 million. On

June 5, 2016, the FHLBC funds the new \$10 million advance. This new advance is eligible for the reduced 2% capital stock requirement because it increases the member's aggregate advances outstanding on the settlement date from \$80 million to \$90 million.

- RCAP is available only for incremental borrowing, as defined above. An RCAP advance cannot replace an advance that is terminated early by a member unless replacing existing advances with the following conditions:
 - A new RCAP advance can replace an existing advance that is terminated early only if the new RCAP advance term is greater than or equal to the remaining term of the existing advance, and the total par amount outstanding has increased; or
 - A new RCAP advance can replace an existing advance that is terminated early only if the new RCAP advance term is greater than the remaining term of the existing advance, and the total par amount outstanding remains equal or has increased.
- Forward-starting advances may be eligible for RCAP provided that, on the date of settlement, other eligibility requirements are met and funds are available in the RCAP Pool. To determine eligibility of forward-starting advances, incremental borrowing requirements will be applied on the settlement date.

Example 2: A member has \$120 million of advances outstanding on July 5, 2016. On July 5, 2016, this member requests a new advance of \$10 million to settle on July 15, 2016, and also requests RCAP treatment for the advance. On July 11, 2016, one of this member's current advances, a \$20 million advance, matures per its terms and is repaid by the member. On July 15, funds are available in the RCAP Pool and this new advance is eligible for the reduced 2% capital stock requirement because it increases the member's aggregate advances outstanding on the settlement date from \$100 million to \$110 million.

Reduced Capitalization Rules

An RCAP advance will require that the member hold 2% of capital stock against such advance for the life of the advance. If a member has excess stock available, such excess stock will be applied toward the activity stock requirement at the 2% level. Similarly, a member without sufficient excess stock will have to purchase new capital stock equal to 2% of the amount of the advance.

Advance Allocation Process

Members will be grouped into two categories. Group A consists of those members with an asset size as prescribed for a Community Financial Institution under the definition published by the FHFA calculated based on average of total assets for the three most recent calendar year-ends. . Group B consists of all other members of the FHLBC.

RCAP advance requests will be processed until funds in the RCAP Pool are exhausted. At least 5% of the RCAP Pool will be made available only to Group A members.

The following conditions will also apply:

- Members will have to specifically request RCAP for the advance. If RCAP is not specifically requested for the advance, the advance will be processed at the regular 4.5% activity stock requirement by default.
- Member commitments to borrow RCAP advances are irrevocable once the terms have been set and entered into the FHLBC's systems.
- If two RCAP requests are received at the same time on the same day exceeding, in the aggregate, the amount of the remaining RCAP Pool, preference will be given to the advance initiated through eBanking. If neither request is through eBanking, preference will be given to the longer-term advance.
- If Group A utilizes its allocation, Group A members may utilize any remaining portion of Group B's allocation.

Bank's Discretion to Suspend or Delay RCAP

Notwithstanding the terms above, the FHLBC shall have the ability, in its sole discretion, to at any time delay or suspend the availability of new RCAP advances.

Prepayment

Depending upon the advance plan, an advance may be fully or partially prepaid. The FHLBC is required to charge a prepayment fee if the advance plan requires it. The current prepayment policy for each advance plan is set forth in the applicable Product Term Sheet included in Section XIII of this Member Products Guide.

Members are advised to contact their sales director or the Member Transaction Desk for indicative prepayment fees on advances. Upon request by the member, the FHLBC will provide a summary sheet explaining how the prepayment fee was calculated.

Prepayment calculations are at the sole discretion of the FHLBC. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Prepayment fees may also be referred to as prepayment premiums in other FHLBC agreements or documents.

Product Descriptions

The general terms and conditions of each advance are included in this Member Products Guide in Section XIII, but are subject to the actual terms in any FHLBC agreements, applications, confirmations or other documents entered into regarding a particular advance. The FHLBC may offer additional advances or products from time to time.

Interest Billing and Collection

Interest accrues daily at the contract rate on the outstanding advance principal balance on an actual 360-day basis unless otherwise stipulated in the advance terms. For advances issued prior to January 2, 2019, interest is typically billed monthly and charged to the member's Daily Investment Deposit

(DID) account on the fifth calendar day of the following month. However, for advances with a maturity date between the 1st through 5th calendar day of the month, the final interest payment will be due on the fifth calendar day of the month the advance matures. For all other advances, final interest payment will be due on the fifth calendar day of the following month. For advances issued on or after January 2, 2019, interest is typically billed monthly and charged to the member's Daily Investment Deposit (DID) account on the first calendar day of each month, with the final interest payment due at maturity, unless otherwise stated in the term sheet. . In all cases, the following New York business day convention is used. In certain cases, interest may be charged quarterly, semi-annually, or in other ways.

Funding and Transfer of Advance Proceeds

Advance proceeds are deposited into the member's DID account. Advance proceeds may be transferred out of the DID account in accordance with Section VIII of this Member Products Guide.

Principal and Interest Payments Due

All principal and/or interest payments must be received by the FHLBC by or before 4:00 p.m. (Central Time). Payments received after this time will be subject to a late payment fee as set forth in Schedule A of the Member Products and Credit Policy.

Interest on Past Due Principal and Interest

The FHLBC may make a Bridge Roll Advance in an amount required to repay a matured advance (including accrued interest) that has not repaid at maturity, for which interest will be charged at the rate specified in the Bridge Roll Advance product term sheet in this Member Products Guide.

If the FHLBC does not make a Bridge Roll Advance, and funds in the member's DID account are insufficient to repay a matured advance (including interest), interest and fees will be assessed on any overdraft to a member's DID account as specified in "Overdraft Fees" under the "Deposit Products" section in this Member Products Guide.

Commitments

Guaranteed Rate, Mandatory Takedown

The FHLBC, at its discretion, may offer commitments for "forward-starting" advances that require a mandatory take-down by the member on the negotiated funding date and at the predetermined interest rate.

Commitments are available for certain advance plans up to 180 days, although longer commitment periods may be available subject to market conditions. The advance amount, maturity date, funding date (i.e. settlement date), and interest rate (which for floating rate advances will be a fixed spread to a floating rate index) are determined when the commitment is issued. Terms and conditions of the advance, as specified in the applicable application, may not be changed.

In general, members may not cancel "mandatory" commitments for forward-starting advances prior to the funding date. However, due to extraordinary circumstances, a member may need to cancel a mandatory commitment prior to the funding date. If a member cancels a mandatory commitment

entirely prior to the funding date or only partially funds an advance on the funding date, standard prepayment fees, as described in the applicable Product Term Sheets, will apply to the unused portion based upon the agreed advance terms. Along with the standard prepayment fees, an additional cancellation fee will apply to certain mandatory commitments issued on or after October 15, 2013 if later cancelled prior to the funding date. If the applicable Product Term Sheet indicates that a cancellation fee will apply to mandatory commitments, such cancellation fee will be equal to 25 basis points multiplied by the cancelled commitment amount multiplied by the previously agreed maturity of the advance on an actual 360-day basis. The cancellation fee represents a disincentive for non-performance (i.e. not funding) which is required for FHLBC to view certain mandatory forward-starting advances as firm commitments rather than as derivatives for accounting purposes.

If the FHLBC cancels any commitment, as discussed below, prepayment fees will apply to the cancelled commitment amount based upon the agreed advance terms, although the Bank will waive the additional cancellation fee of 25 basis points described above.

Guaranteed Rate, Optional Takedown

The FHLBC, at its discretion, may offer “optional” commitments for certain advance plans as indicated in the Product Term Sheet in this Member Products Guide. Optional commitments allow a member the flexibility to later apply for advances to fully or partially fund the committed amount or to cancel the commitment entirely, all without a prepayment fee or cancellation fee. Any up front commitment fee for an optional commitment will be specified in the Product Term Sheet and the application for commitment. The maximum commitment amount, maturity terms, funding date, interest rate (which for floating rate advances, will be a fixed spread to a floating rate index) and any other special terms and conditions of the commitment will be specified when the commitment is issued.

The FHLBC will make other commitment features available to members from time to time which will be communicated by the FHLBC via specific notifications to its members. However, pursuant to the Advances Agreement, the FHLBC has the sole discretion to either grant or deny any application or other request for a commitment for an advance.

FHLBC’s Right to Cancel Commitments

The FHLBC reserves the right to cancel any commitment in the event:

1. a receiver or conservator is appointed for the member;
2. the member is taken over or controlled by a supervisory authority;
3. the member is adjudged insolvent or makes an assignment for the benefit of creditors;
4. the member liquidates, merges, or sells substantially all of its assets;
5. the member suffers an adverse change in condition that would affect its ability to repay the advance as reasonably determined by the FHLBC; or
6. the member otherwise becomes ineligible to receive an advance pursuant to the FHLBC's Credit Policy and/or the Advances Agreement.

Supplementary Information

Certain advances such as those that contain call or put options, interest rate caps, collars or floors, or other rate, term, or payment variations will require the execution of disclosure statements in which a member represents that it understands the risks associated with a particular advance.

III MORTGAGE PARTNERSHIP FINANCE[®] PROGRAM

Overview

The MPF Program provides members that are Participating Financial Institutions (PFIs) with an alternative to holding fixed-rate mortgage loans in portfolio or selling them to other secondary market participants. The MPF Program allows the PFI to maintain its relationship with the customer by managing the marketing, servicing, and credit risks of the mortgage transaction while the Federal Home Loan Bank (MPF Bank) manages or transfers the funding, interest rate, liquidity and prepayment risks.

Both conventional and government loan products are offered under the MPF Program. All but one of the conventional loan products are credit enhanced by the PFI. Currently, the FHLBC is acquiring loans for its own portfolio only under a non-credit enhanced product; the MPF Government product for HUD 184 and RHS 502 loans. From time to time, the FHLBC may facilitate other MPF Banks investing in loans sold by FHLBC PFIs under other MPF Program products. The FHLBC also offers its PFIs a non-portfolio, non-credit enhanced product for conventional loans; the MPF Xtra[®] product. All MPF conventional loan products may be sold on either a servicing-retained or servicing-released basis. The PFI retains the origination fees on all MPF products; if loans are sold to the FHLBC on a servicing-retained basis, the PFI retains the servicing fees.

The U.S. Department of Agriculture Rural Housing Service guarantees loans under the RHS 502 program that are made by private-sector lenders to eligible low- and moderate-income rural residents to acquire modestly priced housing for their own use as a primary residence.

The U.S. Department of Housing and Urban Development (HUD) guarantees loans under the HUD Section 184 program. The program serves eligible tribes, Indian Housing Authorities, and individual Native Americans interested in owning a home in Indian Country.

The general terms and conditions of the MPF products currently offered by the FHLBC are included in this Members Products Guide, but are subject to the actual terms in any Master Commitment or other documents entered into regarding a particular transaction. For purposes of the MPF product term sheets in this Member Products Guide, the “MPF Provider” means the Federal Home Loan Bank of Chicago as administrator of the MPF Program.

Pricing

FHLBC policy regarding MPF pricing is contained in the Member Products and Credit Policy.

Becoming a Participating Financial Institution

To become a PFI in the MPF Program, a member must submit an application. As part of the application review process, the FHLBC reviews the member’s origination and servicing qualifications. The same underwriting criteria used for member access to the FHLBC’s other credit programs applies to access to the MPF Program. The member’s expertise in originating and servicing mortgages is evaluated against standards outlined in the MPF Origination and Servicing Guides (MPF Guides) and the MPF Xtra Manual. Access to MPF Program products is subject to the

terms and conditions of the PFI Agreement executed by the FHLBC and the member, and any other required documentation.

Commitments

In order to deliver loans under the MPF Program, a PFI must execute a Master Commitment which identifies the product, servicing remittance type, and other matters that govern the loans to be delivered. Master Commitments are filled on a “best efforts” basis. PFIs must also obtain a Delivery Commitment which specifies the sales price of the loan(s) as well as the date by which the loans must be delivered. Delivery Commitments are mandatory, and failure to deliver could result in a pair-off fee being assessed. Further, extension fees are assessed if the Delivery Commitment is extended; and price adjustment fees if loans in excess of the permitted tolerance are delivered. Prior to loan delivery, the PFI must provide the loan level data as required under the MPF Guides. The MPF Program, for the MPF Xtra product, offers Master Commitments where the Delivery Commitments are on a “best efforts” basis. For specific details please refer to the MPF Guides.

Funding and Transfer of Sale Proceeds

Proceeds from the funding or sale of MPF loans are deposited into the PFI’s DID account. MPF loan proceeds may be transferred out of the DID account in accordance with the Wire Transfer section of this document. To execute a transfer, call the Wire Department (855) FHLB-CHI or (312) 345-2244 Option 2.

IV COMMUNITY INVESTMENT PROGRAMS

Affordable Housing Program

The Affordable Housing Program (AHP) provides grants designed to assist with the purchase, construction, and/or rehabilitation of affordable housing for very low-, low-, and moderate-income households. The AHP consists of a competitive application program as well as a non-competitive homeownership set-aside program called Downpayment Plus[®] (DPP[®]). The AHP is governed by 12 CFR Part 1291 of the Federal Housing Finance Agency-Regulations. As required by these AHP regulations, the FHLBC's Board of Directors adopts an AHP Implementation Plan annually.

Competitive AHP Program

Members may apply for AHP funds to subsidize affordable rental and owner-occupied housing projects. The FHLBC awards AHP grants through an annual competitive application process. Members are encouraged to work with non-profit organizations, for-profit entities, and public agencies in developing AHP applications. All AHP applications are required to be submitted via AHP Online, through eBanking. The link to AHP Online is accessible at the upper right of all eBanking pages by authorized individuals of those members who participate in the program.

Downpayment Plus (DPP) Program

Downpayment Plus grants are available to participating members on a first-come, first-served basis. Grants assist very low-, low-, and moderate-income homebuyers with down payment or closing cost assistance, homebuyer counseling costs, and/or rehabilitation costs associated with the purchase of a home. Members enrolled in DPP may access grants based on the terms outlined in the AHP Implementation Plan for the current year which can be found in the Community Investment and Affordable Housing Programs section of the FHLBC's public website. Participating households must secure a first mortgage from a member, or a wholly owned subsidiary of the member, or a wholly owned subsidiary of the member's parent company.

Repayments under Competitive AHP and Downpayment Plus Program

Pursuant to FHFA regulations, each member that participates in the Competitive AHP or Downpayment Plus Program is required to facilitate repayment of subsidy amounts that become due as further detailed in the Affordable Housing Program and Downpayment Plus agreements. When a repayment event occurs, the member submits a repayment worksheet to reflect the calculation of the subsidy amount to be repaid. These subsidy amounts are an indebtedness to the FHLBC, and upon verification of the repayment worksheet calculations, will be charged to the Member's Daily Investment Deposit (DID) account.

Community Advances

The FHLBC offers credit products to support its members' community lending initiatives. Eligibility guidelines are available in the Community Investment and Affordable Housing Programs section of the FHLBC's public website.

The FHLBC offers discounted advance programs on a continuous basis for eligible community projects including Community Housing Advances formerly known as Community Investment Program (CIP) advances to finance housing for very

low-, low-, and moderate-income households, as well as Community Development Advances, formerly Community Economic Development Advances (CEDA), for community development projects, in maturity terms from one month to 10 years. Terms greater than 10 years are available subject to (i) a member limit of \$5 million and (ii) an overall FHLBC limit of \$100 million within a single calendar year. In addition, a member's total amount of Community Advances (i.e. Community Housing Advances and Community Development Advances) is limited to the greater of \$250 million or 10% of its non-Community Advances outstanding, as measured on the settlement date or on the date of commitment for forward-starting Community Advances.

Standby, confirming, and direct pay letters of credit are available to credit enhance tax-exempt or taxable bonds issued for affordable housing development projects or taxable bonds issued for economic development projects. In all cases, the housing project or community economic development activity must meet program criteria. Member access to these products is subject to the same credit underwriting, collateral, and documentation requirements as access to FHLBC advances.

HUD Section 184 Mortgage Program

The DPP and Competitive AHP Program may be used in conjunction with the HUD Section 184 Mortgage Program. Members access the HUD Section 184 Mortgage Program through the MPF Government product of the Mortgage Partnership Finance Program.

V LETTERS OF CREDIT

Overview

A letter of credit is a financial instrument used to protect a third party from non-payment or non-performance and is often a preferred source of collateral.

The FHLBC's letters of credit are available to members for the following purposes:

- Facilitating residential housing finance;
- Facilitating community lending;
- Managing asset/liability positions; and
- Providing liquidity or other funding

A standby letter of credit may be issued to a third-party beneficiary on behalf of a member as an independent guarantee of the member's obligations to the beneficiary. A confirming letter of credit may be issued to confirm a standby letter of credit issued by a member. Commercial (documentary) letters of credit are not available through the FHLBC.

Standby and direct pay letters of credit are available as a credit enhancement for bond transactions. Bond transactions supported by FHLBC letters of credit may be tax-exempt or taxable and, if not housing related, in most cases must be a Community Development Advances-qualified transaction. Letters of credit for tax-exempt, non-housing transactions are not available. See Section IV "Community Investment Programs" of this Guide for more detailed information.

Types of Letters of Credit

Public Unit Deposit (PUD): The FHLBC will issue a letter of credit directly to a public unit (i.e. municipality, state and local government agency) to collateralize and secure its deposits. Members who have adopted new capabilities may initiate a standard PUD letter of credit via eBanking.

Performance Guarantee: The FHLBC will issue a standby letter of credit (1) to a third-party beneficiary on behalf of a member or a member's customer as an independent guarantee of the obligation or performance to the beneficiary by the member or member's customer or (2) to confirm a member's guarantee (letter of credit) for a customer's obligation. A standby letter of credit is only drawn upon in the event of default. A Performance Guarantee standby letter of credit is available to members with an FHLBC risk rating between 1 to 3. FHLBC members with a risk rating of 4 or 5 with outstanding Performance Guarantee standby letters of credit may extend the term of the letter of credit but may not increase the credit amount.

Bond Enhancement: The FHLBC will issue a standby/confirming or direct pay letter of credit in connection with a bond financing. The FHLBC's credit rating is attached to the bonds and the FHLBC guarantees the periodic principal and interest payments to the bondholders.

Collateral and Capital Stock Calculation

FHLBC letters of credit are collateralized in the same manner as advances. The FHLBC's Member Products and Credit Policy and Collateral Guidelines apply at all times that letters of credit are outstanding.

Letter of credit transactions are not included in the computation of the member's FHLBC capital stock requirements. However, the FHLBC, at its discretion, may require a member to collateralize the amount of stock that would be necessary to support the maximum amount the FHLBC is obligated to advance under any letter of credit.

Available Maturities

FHLBC letters of credit may be renewable annually or have a fixed-term. A fixed-term letter of credit may have an expiration of up to 20 years.

A renewable letter of credit automatically renews every 12 months up to a final stated maturity date no greater than 20 years from the effective date.

Pricing

All types of letters of credit incur a periodic fee, which is based on the type and purpose of the letter of credit and calculated on an actual/360 basis. Minimum fees apply. Additional administrative fees covering legal and documentation costs may apply to letters of credit, including those issued as credit enhancement to bond transactions. More detailed information regarding letter of credit pricing and fees is contained in Schedule A to the Member Products and Credit Policy.

Members authorize the FHLBC to debit their DID account(s) for any and all amounts due, including interest, charges, fees, and expenses attributable to advances made to cover any overdraft created by such a debit.

For any draw made by a beneficiary under a letter of credit, the member will be charged a transaction draw fee, which is detailed in Schedule A of the Member Products and Credit Policy. Additionally, the member will also pay direct and indirect costs including attorneys' fees, accountants' fees, or other out-of-pocket expenses associated with letters of credit and drafts drawn subsequently under the letters of credit as further detailed in Schedule A to the Member Products and Credit Policy.

Cancellation

Only the beneficiary of a letter of credit may cancel it prior to the expiration date. The beneficiary must return the original letter of credit to the FHLBC with instruction to cancel the letter of credit. The member will be reimbursed any pro-rated fees from the date of cancellation on an actual/360 basis.

Application Procedure

Members should contact their sales director or the Member Transaction Desk to discuss the proposed transaction. A member desiring the FHLBC to issue a letter of credit must execute a Reimbursement Agreement, complete an Application for Issuance of Irrevocable Letter of Credit, and provide any other documentation required by the FHLBC. The Reimbursement Agreement between the member and the FHLBC will be subject to the terms of the Advances Agreement and the other documents incorporated into that agreement by reference.

As discussed in eBanking, Section XI, eBanking Authorized Users, as designated by the member's Member Security Administrators (MSA) to transact letters of credit, can complete an application for standard PUD letters of credit online in eBanking.

Other Requirements

Letters of credit are transferable only with FHLBC's prior written consent.

VI RISK MANAGEMENT PRODUCTS

Overview

To help meet the risk management needs of our members, the FHLBC may act as an intermediary and enter into derivative contracts with members. The FHLBC acts as an intermediary between members and other counterparties primarily as a way to give members with less than \$6 billion in assets access to the derivatives market and potentially better pricing.

Types of Derivatives

- **Swaps:** An interest rate swap is an agreement between two entities (counterparties) to exchange future interest payments. Though there are several types of interest rate swaps, the most common is “fixed-for-floating,” where one counterparty pays at a fixed rate over the term of the swap and the other counterparty pays a variable rate that is linked to an interest rate, such as LIBOR, which will change at pre-determined times. Another common type is “floating-for-floating,” where counterparties exchange the cash flow in one floating rate for the cash flow in another floating rate. Most commonly, one side is indexed to LIBOR and the other indexed to the Fed Effective rate. This is also called a basis swap.
- **Caps:** With an interest rate cap, the seller agrees to compensate the buyer for the amount by which an underlying short-term rate exceeds a specified rate on a series of dates during the life of the contract. Interest rate caps are used often by borrowers in order to hedge against floating rate risk.
- **Floors:** With an interest rate floor, the seller agrees to compensate the buyer for the amount by which a rate falls below the specified rate during the contract period. Lenders often use this method to hedge against falling interest rates.

The FHLBC’s derivative products may help members manage balance sheet exposure to changes in interest rates and enable members to make longer-term, fixed rate loans.

Available Interest Rate Derivatives

The FHLBC will offer fixed-for-floating and floating-for-floating dollar-denominated interest rate swaps with maturities up to 10 years. Longer maturities may be available but are subject to market conditions. Notional amounts can be fixed or amortizing. The Bank also offers interest rate caps and floors with maturities up to 10 years.

The Bank retains the right to limit the number and/or notional amount of derivative trades with any member.

Interest rate swaps with embedded options are not available at this time.

Member Eligibility

Member access to these products is subject to the same credit underwriting, collateral and documentary requirements as FHLBC advances. Interest rate derivatives executed between the FHLBC and members are also subject to the terms and conditions of the relevant International Swaps and Derivatives Association (ISDA) contracts, and all other required documentation.

Pursuant to the Commodity Futures Trading Commission (CFTC) final rule 17 CFR Part 45, all entities entering into a derivative agreement must have a Legal Entity Identifier (LEI). LEI registration is available at <https://www.gmeiutility.org/>.

Members must meet the following criteria in order to access FHLBC interest rate derivative products:

- Member assets size may not exceed \$6 billion at the time of execution; if member has outstanding derivative transactions and asset size grows beyond this threshold, will need specific FHLBC approval to execute new transactions
- Member will be subject to pre-approval as well as an annual approval by the FHLBC Credit Department
- Member has executed an updated Advances Agreement
- Member has executed an updated ISDA contract and other required documentation
- Member has Board approval establishing suitability as a derivative counterparty
- Member provides signatory authority to member staff to execute derivative trades and confirmations
- Member has provided the FHLBC its LEI

Fees and Pricing

The rates charged on interest rate derivative transactions are set by the FHLBC reflecting current market conditions and are set on a case-by-case basis. Typically, the FHLBC will quote an all-in rate at the time of execution.

Swaps may be terminated either partially or in full in advance of maturity, subject to a termination fee.

Collateral

FHLBC interest rate derivatives are marked-to-market daily and collateralized in the same manner as advances. The FHLBC's Member Products and Credit Policy and Collateral Guidelines apply at all times that derivatives are outstanding.

A member will be required to fully collateralize any net out-of-the money exposure that the member has to the Bank, plus accrued but unpaid payments, and an amount for potential future exposure based upon the notional amount outstanding. The FHLBC will not pledge collateral to a member if the net value of all swaps with the member are in-the-money to the member.

Interest rate swaps are not currently subject to a capital stock purchase requirement.

Regulatory Reporting

In accordance with CFTC final rules 17 CFR Parts 43, 45, and 46, all derivative trades must be reported to a Swap Data Repository (SDR). The FHLBC will provide the regulatory reporting and can provide the SDR to members upon request. Members will be required to onboard with any SDR used in order to review swap reporting.

VII DEPOSIT PRODUCTS

The FHLBC offers its members two high-quality, interest-bearing deposit vehicles; the DID account and term deposits. These deposit instruments are designed to offer convenient investment alternatives that are easy to use.

Daily and monthly statements are available on the FHLBC's eBanking website in the Cash Management module. These statements reflect all transactions by a member for a particular timeframe. Deposit information is generally available for up to 13 months on eBanking.

Daily Investment Deposit (DID) Account

- *No minimum balance.* Unlike most correspondent banks, the FHLBC does not require minimum balances. All deposits earn interest, not earnings credits.
- *Competitive rates.* Used as an alternative market to other short-term rates, the DID account remains attractive and competitive.
- *Interest accrued daily.* Balances earn interest that is accrued daily. Interest is credited to the member's account on the 15th and last calendar day of the month.
- *Not subject to Regulation F.* Balances with the FHLBC are exempt from Federal Reserve Regulation F requirements. The FHLBC enjoys the same exempt status from Regulation F as the Federal Reserve System. No other correspondent bank offers this benefit.
- *Administrative ease.* The FHLBC's wire transfer department accepts transaction requests by telephone or electronically. Cut-off times do apply. Interest is credited automatically. Statements reflecting daily transactions are available through eBanking.
- *Service Corporation.* Members with service corporations can open a DID account 'as agent' for their deposit activity.

Overdraft Fees

For DID account overdrafts of \$5,000 or more, a \$50 fee per day overdrawn will be assessed. In addition, the DID account will be assessed the current DID interest rate plus four percent (4%) for each day overdrawn. The \$50 fee is waived for overdrafts under \$5,000.

Term Deposits

Term Deposit instruments with the FHLBC offer the following terms and benefits:

- *Direct.* Deposits are direct. No management or brokerage fee is necessary. These instruments bear a true wholesale interest rate.
- *\$50,000 minimum balance.*
- *Actual/360 interest calculation.* Interest is calculated on an actual/360 day basis, paid at maturity for short-term deposits that mature in 454 days or less, and semi-annually for long-term deposits maturing in 455 days or more.
- *Various terms available.* 14-day to one-year terms are quoted daily. Call for interest rates on deposits with terms over one year.

- *Daily quotes.* Interest rate quotes can be obtained by calling the FHLBC Member Transaction Desk at (855) FHLB-CHI (855) 345-2244 Option 1. They are also quoted daily in the eBanking's Cash Management module.
- *No Regulation F limits.* Balances with the FHLBC are exempt from Federal Reserve Regulation F requirements. The FHLBC enjoys the same exempt status from Regulation F as the Federal Reserve System. No other correspondent bank offers this benefit.
- *Book-entry only.* Term deposits are book-entry only and are non-negotiable, other than with the FHLBC.
- *Easy to arrange.* Term deposits are arranged by calling the FHLBC's Member Transaction Desk at (855) FHLB-CHI (855) 345-2244 Option 1.
- *Early termination fees may apply.*

VIII SECURITY PROCEDURES FOR WIRE TRANSFERS

Security procedures for wire transfers are largely the same regardless of whether the member initiates the transaction via eBanking or utilizes the Traditional call-in to FHLBC. Only members that have submitted the appropriate eBanking documentation may initiate transactions via eBanking.

The FHLBC utilizes Finastra as a provider for its wire transfer services.

Authorized User

Traditional: Using the Member Contact – Authorization Form(s) (“Authorization Form”), the member must authorize individuals to request outgoing wire transfers (“Initiators”) and/or to confirm outgoing wire transfers (“Authorizers” and collectively with Initiators, the “Authorized Users”). As specified in the Authorization Form, an Authorized User may have the authority to create wires, confirm outgoing wires, create repetitive wires, or receive advice on incoming third-party credits. The Authorization Form(s) must be signed by the member and the originals submitted to the FHLBC.

eBanking: For members who have agreed to the eBanking Services Agreement and submitted the eBanking Corporate Certificate of Authority and Certificate of Incumbency to the FHLBC, eBanking authorized users (“eBanking Authorized Users”) and the related permissions are established by the Member Security Administrators (“MSAs”) on eBanking, including designating individuals to initiate wire transfers. See Section XI, eBanking, for further details.

Member Identification

Traditional: The FHLBC will issue a Caller ID and RSA token to the Authorized User, which will be mailed to the address specified on the Authorization Form. Upon receipt of the RSA token, the Authorized User is responsible for calling the FHLBC to activate his/her token to set up a four digit pin. The member is responsible for ensuring the Caller ID, four digit pin, and token assigned to each Authorized User remain confidential. Please notify the FHLBC immediately of any changes in authority (additions, deletions, or changes in limits) of any Authorized User by submitting new Authorization Forms indicating the changes.

eBanking: eBanking Authorized Users are designated by the MSAs and will receive an eBanking login and Access Device as an authentication method. MSAs are responsible for adding, deleting or changing permissions for all eBanking Authorized Users by indicating those changes in eBanking. See Section XI eBanking for further information relating to eBanking login ID and Access Devices.

All MSAs are required to review and perform an annual certification of their institution’s Authorized Users.

Authorization Protocol

The Bank uses a dual authorization protocol for all wire transfers except for those initiated via Direct Wire.

Traditional: The dual authorization protocol requires an Initiator to call in the wire transfer details, as well as provide his or her authentication credentials, to the FHLBC. The FHLBC will call an Authorizer for confirmation of the wire transfer details. The initiation and confirmation processes are explained in more detail below.

eBanking: The dual authorization protocol requires one Authorized User to initiate the wire transfer in eBanking and a second Authorized User to enter eBanking and verify the wire transfer. The second Authorized User must verify the wire transfer or the wire transfer will not be completed and will remain as Pending in eBanking.

Direct Wire: The authorization protocol requires an Authorized User to initiate the Direct Wire transfer in eBanking, only an Authorized User that has been granted Wire Transact and Direct Wire authority by the MSAs may initiate a Direct Wire.

Establishing Repetitive Wire Transfer Templates

Traditional: Upon the FHLBC's receipt of a request to establish a repetitive template from an Initiator, the FHLBC will perform a callback to an Authorizer, other than the Initiator, to confirm the following applicable information:

- (a) account number to be debited;
- (b) receiver's ABA number;
- (c) receiver's name;
- (d) name of the beneficiary's bank;
- (e) the beneficiary's account number with such bank;
- (f) beneficiary's name; and
- (g) other information as may be required.

This callback will be performed prior to the FHLBC approving the request for a repetitive wire set-up and prior to the FHLBC providing the member with a repetitive code.

eBanking: eBanking Authorized Users may perform repetitive and non-repetitive transactions and establish repetitive templates, as designated by the MSAs.

Establishing a Direct Wire

A member wishing to access the Direct Wire service must agree to the Direct Wire Agreement. Once agreed to by an authorized officer, a member may establish only one Direct Wire Account. To set up the Direct Wire Account, the member will follow the same process and provide the same information as set forth in sections (a)-(e) in the Establishing Repetitive Wire Transfer Templates-Traditional section. The Direct Wire Account designated may only be the Member's Fed account or a correspondent banking account at a financial institution.

Wire Initiation

Traditional: Each Initiator must provide his or her Caller ID and authentication credentials when initiating an outgoing wire transfer request. If an Initiator cannot provide his or her valid authentication credentials, the FHLBC will not accept the wire transfer request unless the FHLBC in its sole discretion elects to honor such request.

The authority of an Initiator to make a request for wire transfer of funds for the account of the member will be presumed if the person purportedly making the request uses the authentication credentials associated with such person.

Wire transfer requests for amounts in excess of an Initiator's authority will not be permitted. If the amount of a wire transfer request exceeds the dollar limit for the Initiator initiating the wire transfer request, the wire transfer request will be cancelled.

Once the Initiator's authentication credentials have been confirmed and the wire transfer details provided, the FHLBC will then follow the process as described in the Confirmations section below to confirm the outgoing wire transfer.

eBanking: eBanking Authorized Users designated by the MSAs may perform wire transfers either via eBanking or by calling in the wire transfer to FHLBC. Each wire transfer, other than Direct Wire via eBanking utilizes a dual authorization protocol. eBanking does not allow an Initiator to initiate a wire transfer that exceeds the dollar limit set for the Initiator.

Direct Wire: eBanking Authorized Users designated by the MSAs with Wire Transact and Direct Wire authority may initiate Direct Wire via eBanking. Each Direct Wire via eBanking utilizes authorization protocol. Direct Wires are not subject to an Authorized User's wire transfer limits.

Confirmations

Traditional: Upon receiving any outgoing wire transfer request from an Initiator via telephone, in accordance with the FHLBC's procedures, the FHLBC will verify the request by telephoning an Authorizer of the member. The authority of an Authorizer to confirm an outgoing wire transfer of funds will be presumed if the FHLBC calls the Authorizer at the phone number listed on the Authorization Form and the person who answers the phone confirms all of the information for such wire transfer of funds. If the Authorizer is unable to verify the wire transfer request, the wire transfer request will not be accepted by the FHLBC. If the amount of a wire transfer request exceeds the dollar limit of the Authorizer's authority, as specified in the Authorization Form, the wire transfer will remain a request until confirmed by an Authorizer with the proper authority; and the request is subject to cancellation if not confirmed by an Authorizer prior to 4:00 p.m. (Central Time).

eBanking: A wire journal report is available on eBanking which details information for each wire transaction. Authorized Users with wire authorization will automatically receive an email notification of third-party credits when funds are received.

Advice of Incoming Credits

Notification of Third-Party Credits are sent via email to Authorized Users (with wire transfer permissions) detailing any wire crediting the member's account.

Drawdowns

In the event a drawdown request is received, the FHLBC will honor the request to the extent funds are available in the member's DID account.

Callbacks

In addition to performing the callbacks described in this section, at the FHLBC's discretion, the FHLBC may call an Authorizer to verify the authenticity and accuracy of any of the member's wire transfer requests. If the Authorizer receiving the callback is unable to verify the wire transfer request, the FHLBC may refuse to accept the wire transfer request.

Office of Foreign Asset Control (OFAC)

The member acknowledges that it is subject to the requirements of OFAC. The member hereby warrants and covenants that it has a program in place to comply with those requirements, including screening its customers and all applicable transactions with the FHLBC against the current United States Department of the Treasury's OFAC Specifically Designated Nationals and Blocked Persons List (the "SDN List").

The member further warrants and covenants that it will maintain its own filter to test each originator and beneficiary of a wire transfer request against the list of prohibited names maintained by OFAC (SDN List), and further warrants and covenants that it will not request any wire transfer which, if accepted by the FHLBC, will cause the FHLBC to be in violation of any rule, regulation, or order of such agency or subject the FHLBC to any sanction imposed by such agency. All penalties imposed by OFAC on the FHLBC for any violation caused by the member's breach of this section will be passed on to the member. The member agrees that it will indemnify, defend, and hold harmless the FHLBC against any loss or cost arising from the member's failure to screen its wire transfers.

The member further acknowledges that the FHLBC is not permitted to accept a wire transfer in violation of federal law or regulations. Therefore, every outgoing wire transfer requested by the member, and every incoming wire transfer received for the benefit of the member, will automatically be passed through a scanner looking for specially designated nationals. If the scanner responds with a positive match to an entity listed on the SDN list on an outgoing wire transfer request, then the FHLBC shall not process the request and shall freeze the funds and place them in a restricted interest bearing account and shall notify the Bank's OFAC Compliance Officer of the positive match. If the scanner responds with a positive match on an incoming wire transfer then the FHLBC shall accept the funds and place them in a restricted interest bearing account and notify the OFAC Compliance Officer of the positive match, in accordance with OFAC's regulatory guidance.

International Wire Transfers

The Consumer Financial Protection Bureau (CFPB) amendments to Regulation E, commonly referred to as the Remittance Transfer Rule, establish new requirements for certain international fund transfers as of October 28, 2013. The FHLBC will continue to process foreign wires in U.S. dollars for our members. However, the FHLBC is not able to obtain the necessary remittance detail information to assist members in complying with the CFPB's Remittance Transfer Rule. Members are encouraged to refer to the CFPB's website at www.consumerfinance.gov for further information about the rule's requirements and to access compliance resources.

Non-Sufficient Funds (NSF)

For each wire transfer executed by the FHLBC, the member authorizes the FHLBC to debit or credit, as applicable, the member's deposit account. The FHLBC will have no obligation to accept a request for a wire transfer if such deposit account does not contain sufficient funds to process the request. The FHLBC will hold such wire transfer request until 4:00 p.m. (Central Time). If funds are not made available by that time, the FHLBC will cancel the request.

Change of Procedures

The FHLBC may change procedures for handling wire transfer requests, as set forth in this section or any other materials provided to member, at any time with ten (10) banking days' prior notice of such change.

Wire Transfer Fees

The member will pay fees according to the FHLBC's fee schedule in effect at the time the services were performed. The fee schedule is contained in the Member Products and Credit Policy, Schedule A, found on eBanking. The FHLBC reserves the right to change the fee schedule at any time with thirty (30) banking days' prior notice of such change given to the member.

Hours of operation for wire transactions are 8:00 a.m. - 4:00 p.m. (Central Time) for outbound wires and 8:00 a.m. - 4:30 p.m. (Central Time) for inbound wires.

IX SAFEKEEPING SERVICES

Safekeeping Services

- Safeguarding of securities on deposit;
- Timely collection and remittance of income earned on securities held in safekeeping;
- Monthly account statement with month-end market value, as well as current balance of each security;
- Settlement of security transactions;
- Settlement date processing of purchases/sale transactions; and
- Reports available on the FHLBC's eBanking website.

For safekeeping services, FHLBC utilizes a sub-custodian. The sub-custodian used by the FHLBC is J.P. Morgan Chase Bank, N.A.

Authorized User

Traditional: Using the Member Contact – Authorization Form(s) (“Authorization Form”), the member must authorize certain individuals to perform all safekeeping transactions, which include but are not limited to, providing instructions or initiating/authorizing instruction for purposes of trade settlement, corporate actions, or pledging and releasing of securities (“Authorized User”). The Authorization Form(s) must be signed by the member and the originals submitted to the FHLBC.

eBanking: For members that have agreed to the eBanking Services Agreement and submitted the eBanking Corporate Certificate of Authority and Certificate of Incumbency to the FHLBC, eBanking authorized users (“eBanking Authorized Users”) are designated by the Member Security Administrators (“MSAs”) and will receive an eBanking login and Access Device as an authentication method to initiate transactions online. MSAs are responsible for adding, deleting or changing permissions for all eBanking Authorized Users by indicating those changes in eBanking. See Section XI, eBanking, for further details.

Securities Settlements

Traditional: An Authorized User must complete a Securities Trade Instructions Form located on eBanking and remitted to FHLBC on the movement of securities in or out of the member's account. Completed forms may be faxed or e-mailed to the FHLBC using the “Contacts” information in the **Introduction of this Member Products Guide. Such forms must be received by the FHLBC at least** one business day prior to the settlement date. Same-day settlements received after the cut-off time are handled on a best efforts basis. All transaction settlements will be conducted in accordance with prevailing standards of the market in which the transaction occurs.

eBanking: eBanking Authorized Users, as designated by the MSAs, may initiate safekeeping transactions for the movement of securities in or out of the member's account. Such transactions must be entered in eBanking at least one business day prior to the settlement date. Same-day settlements received after the cut-off times are handled on a best efforts basis. All transaction settlements will be conducted in accordance with prevailing standards of the market in which the transaction occurs.

Hours of operation for safekeeping transactions are 8:00 a.m. - 5:00 p.m. (Central Time). Transactions received after 12:00 p.m. (Central Time) for same-day settlement will be processed on a best effort basis. If you have any questions, please contact Safekeeping at (855) 345-2244 or (855) FHLB-CHI, Option 3.

Confirmation of Instruction

Traditional: The FHLBC will confirm all asset transaction details with one or more Authorized Users. Transactions classified as “Free Deliveries” transferred out of the member’s account may require instruction verification with a minimum of two Authorized Users.

eBanking: Transactions initiated on eBanking using the safekeeping transaction module do not require confirmation by the FHLBC.

Income and Principal Collection

The FHLBC will collect and receive all income and principal on securities held in safekeeping when paid, and the FHLBC will credit all such cash receipts to the member’s DID account with the FHLBC. If a securities depository subsequently reverses an income payment to the FHLBC, the FHLBC may reverse the income previously credited to a member’s DID account.

Corporate Action Processing

The FHLBC will act in accordance with local market practice to obtain information concerning certain corporate actions that is publicly available for securities held in safekeeping with the FHLBC. The FHLBC will promptly provide that information (or summaries that reflect the material points concerning the applicable corporate action) to the member. The FHLBC will act in accordance with the member’s instructions in relation to such corporate actions. If the member fails to provide the FHLBC with timely instructions with respect to any corporate action, the FHLBC will not take any action in relation to that corporate action except for any default actions specified in the notification provided by the FHLBC to the member.

Reporting

The FHLBC will provide access to daily reports or statements of account as to transactions taken and current holdings.

Third-Party Pledging

After receipt of the FHLBC’s Master Pledge and Custodial Agreement, the FHLBC provides a service to the member to support the process of utilizing securities held in safekeeping with the FHLBC as collateral to third-parties. To pledge, release, or substitute an asset, the member is responsible for completing the appropriate documentation and submission to the Safekeeping Department via e-mail or fax. The Master Pledge and Custodial Agreement, and any Addendum to Master Pledge Agreement, must be signed by authorized individuals.

Safekeeping Fees

The FHLBC will charge a member's DID account for all costs and fees arising as a result of any safekeeping services in accordance with Schedule A of the Member Products and Credit Policy. Monthly transaction fees are calculated based on settled transaction volumes and are assessed on the fifth calendar day of the following month, using the following business day convention. Quarterly maintenance fees are calculated based on the outstanding balance on the last day of the quarter and assessed on the fifth calendar day of the following month, using the following business day convention.

The FHLBC reserves the right to change the fee schedule at any time with thirty (30) business days' prior notice of such change given to Member.

X OTHER NON-CREDIT PRODUCTS AND SERVICES

The FHLBC's correspondent Non-Credit Products and Services offer members a streamlined alternative method to settling and funding transactions at the Federal Reserve Bank. Members have the option of naming the FHLBC as their correspondent. By naming the FHLBC as its correspondent, the FHLBC settles a member's Automated Clearing House (ACH) transactions, direct deposits, check presentments, and coin/currency. Settlement debits and credits pass through the FHLBC's account at the Federal Reserve Bank and are then processed to the member's DID account as a same-day settlement.

Regardless of whether a member selects the FHLBC to act as its correspondent, a member can have its ACH and check presentment settled into its DID account.

Postage and courier costs will be charged as incurred, and members will pay fees for these services according to the FHLBC's fee schedule in effect from time to time. The fees are detailed in Schedule A of the Member Products and Credit Policy and can be found on eBanking. The FHLBC reserves the right to change the fee schedule at any time with thirty (30) banking days' prior notice of such change given to member.

XI eBanking

Overview

eBanking is the FHLBC member-only, password-protected website. eBanking houses reports and provides members with the ability to manage user authorizations online and to initiate some transactions online.

Definitions

Access Device: A token or other electronic access device used to access eBanking.

Authorizing Officer: Individuals authorized by the member's Board of Directors on the eBanking Corporate Certificate of Authority and Certificate of Incumbency to execute legal documents on behalf of the member.

Advance Transact: A role assigned to an eBanking Authorized User by an MSA to initiate advance transactions either via eBanking or by telephone.

Collateral Import: A role assigned to an eBanking Authorized User to upload Microsoft Excel formatted files for Qualified Collateral Reports (QCR) and Loan Listing files.

eBanking Corporate Certificate of Authority and Certificate of Incumbency ("eBanking Corporate Certificate"): Resolutions adopted by a member's Board of Directors which designates Member Security Administrators and Authorizing Officers to act on behalf of the member.

Direct Wire Account: The Member designated Fed account or correspondent banking account at a financial institution. Member may designate only one (1) account as a Direct Wire Account.

Direct Wire Agreement: The document required to be agreed to by the member prior to the member having access to set up Direct Wire.

Direct Wire: A role assigned to an eBanking Authorized User by an MSA to initiate a Direct Wire transaction via eBanking. The Authorized User must also have Wire Transact authority.

DID Account: The FHLBC Daily Investment Deposit (DID) Account is established for deposits and withdrawals and is analogous to a DDA account at other institutions. The DID Account provides for secure and fast access to the member's funds.

eBanking Authorized User: An individual, as indicated by the Member Security Administrators through eBanking, authorized to use and/or perform transactions using eBanking, including viewing information or initiating transactions. eBanking Authorized Users may also use the same authority and limits to initiate transactions with the FHLBC by telephone.

eBanking Services Agreement: A legal agreement where the member agrees to the terms and conditions of accessing the eBanking website services and initiating transactions via eBanking.

LC Transact: A role assigned to an eBanking Authorized User by an MSA to initiate an application for a standard public unit deposit letter of credit (“PUD LOC”) via eBanking or telephone for any other letter of credit.

Member Security Administrator (MSA): A role assigned by a member’s Board of Directors as designated on the eBanking Corporate Certificate of Authority and Certificate of Incumbency. MSAs set up Authorized Users to view information, upload files, and initiate transactions.

Pledge and Release: A role assigned to an eBanking Authorized User by a MSA to initiate the pledging or releasing of collateral via telephone, fax, or email.

Safekeeping Transact: A role assigned to an eBanking Authorized User by an MSA to initiate or confirm safekeeping transactions via eBanking.

Schedule A of the Member Products and Credit Policy: A schedule that outlines fees for FHLBC products and services.

Wire Transact: A role assigned to an eBanking Authorized User by an MSA to initiate or confirm wire transactions through the wires portal via eBanking.

Accessing eBanking

eBanking may be accessed by clicking, or copying and pasting, the following URL into your browser: members.fhlbc.com. You can also access eBanking via a link on our public website, www.fhlbc.com. eBanking’s hours are between 6:30 a.m. to Midnight. (Central Time)

Login ID and password are required to access eBanking.

Before a member may transact business on eBanking, certain steps must be completed by the member:

1. An authorized signer must accept the eBanking Services Agreement found on eBanking. The FHLBC will receive an email notice of the name of the individual accepting the agreement and the FHLBC will confirm that such person is authorized to execute agreements on behalf of the member with the FHLBC.
2. The eBanking Corporate Certificate of Authority and Certificate of Incumbency, which identifies Authorized Officers and MSAs with accompanying signatures, must be adopted by the member’s Board of Directors. The member should identify at least three (3) MSAs to ensure that at least two (2) MSAs are always available to make changes to eBanking Authorized Users’ permissions as may be needed. An MSA may not authorize him/herself.
3. Once the FHLBC has confirmed the member’s acceptance of the eBanking Services Agreement and received a completed eBanking Corporate Certificate, the FHLBC will provide each MSA with an Access Device. The Access Device will replace the password used to access eBanking. The MSAs will set the permissions for the eBanking Authorized Users (as discussed in more detail below). From the date the MSAs receive their Access Devices, the MSAs will have approximately two (2) weeks to establish these permissions after which the FHLBC will delete from its systems the authorizations previously submitted by the member on the Authorization Forms. FHLBC will no longer rely on any paper Authorization Forms previously submitted. An MSA can set up his/her own eBanking

Authorized User permissions, but may not provide the second approval of him/herself. The eBanking authorizations will apply regardless of whether a transaction is initiated via eBanking or telephone. For persons who had authorizations via Authorization Forms and are not designated as an eBanking Authorized User by the MSAs, their authorizations will be deleted after the two week period.

Member Security Administrator (MSA)

Each MSA will have the ability to establish permissions for eBanking Authorized Users. If additional MSAs are needed, the member's Board of Directors must execute an eBanking Corporate Certificate of Authority Supplemental identifying the new MSA(s). An email to Member Support is sufficient to delete an Authorized Officer.

MSAs can set up new eBanking Authorized Users by using the New User Set Up wizard on the Administration screen. Wizard steps include providing profile information, permission levels, limits, and a final review and submission of the user set up.

If the MSAs set up an eBanking Authorized User to have "initiate transactions" permissions, he/she will receive an Access Device from the FHLBC typically within 48 hours after the permissions have been set.

i. View Only

MSAs may designate certain eBanking Authorized Users to have "View Only" permission. These users will receive a Login ID and temporary password from the FHLBC. An Access Device is not required. View Only users have the capability to run reports and download files. View Only users also have the ability to view the transaction initiation screens, calculators, and input data; however, will not be able to initiate transactions. If a View Only user attempts to initiate a transaction, the transaction will not be submitted and the user will receive an error message.

ii. Transaction Initiation

MSAs may designate certain eBanking Authorized Users as having the authority to initiate transactions through eBanking and/or by telephone. eBanking Authorized Users authorized to initiate transactions will receive a Login ID and an Access Device from the FHLBC. Except for Direct Wire transactions, a wire transfer via eBanking utilizes dual verification protocol. This means one Authorized User must initiate the wire transfer and a second Authorized User must enter eBanking and verify the wire transfer. The second Authorized User must verify the wire transfer or the wire transfer will not be completed and will remain as *Pending*.

eBanking Authorized User Access

The FHLBC must collect certain profile information about each eBanking Authorized User in order to effectively communicate with him/her. Failure to provide such information will cause subsequent login problems which may preclude the eBanking Authorized User from logging in.

Upon an eBanking Authorized User's initial log-on, the user will be asked to select, and answer, three (3) security questions. If the eBanking Authorized User fails to select and answer the three (3)

security questions, the user may have subsequent log-on problems which may preclude the user from logging on to eBanking.

The eBanking Authorized User will also be required to establish a password. Passwords are valid for a maximum of 90 days and must:

- be a minimum of eight (12) characters
- contain the following four characteristics, 1) Upper case characters (A-Z); 2) Lower case characters (a-z); 3) Numbers (0-9); 4) Non-alpha numeric characters (For example, !, \$, #, or %).
- not contain three or more characters from the user's login ID
- not be one of the last 12 passwords used

When a password expires, the eBanking Authorized User will be prompted to change his/her password at the time of login. If a password is forgotten, the eBanking Authorized User may reset it in eBanking clicking on the "forgot your password" link. Alternatively, an MSA may reset an eBanking Authorized User's password for the eBanking Authorized User by clicking on the "Reset Password" link on the Administration Home page.

Access Devices will be sent to eBanking Authorized Users set up to initiate transactions or upload files after such permission has been granted by the MSAs. Typically these users will be provided with an Access Device within 24-48 hours.

Access Devices are valid for a fixed period and the FHLBC will replace the device in advance of the expiration.

Access Devices that are lost, stolen, broken, or no longer associated with an eBanking Authorized User must be reported to the FHLBC as soon as possible. In the event an Access Device needs to be replaced due to negligence, a charge for a replacement device may be assessed. The current fee schedule for replacement Access Devices is contained in the Member Products and Credit Policy.

The MSAs are responsible for suspending an eBanking Authorized User's access to eBanking if the user loses his/her Access Device or for deleting a user that is no longer authorized by the member to access eBanking or to initiate transactions on behalf of the member. Once the suspended eBanking Authorized User receives a new Access Device, the MSAs must reauthorize the suspended eBanking Authorized User's permissions.

If an eBanking Authorized User has initiate transactions authority, the user will be guided through step-by-step wizards to initiate the transactions. eBanking Authorized Users may print out the last step in a wizard or print out reports if they require printed confirmations of any transactions they initiated in eBanking. Statements and reports are generally available on eBanking for 13 months and may be printed or downloaded in an Excel or PDF format. Advances and letters of credit information will appear on the Liquidity and Funding Home Page and Detail shortly after initiation or submission of the transactions, whether initiated through eBanking or via call-in to the FHLBC.

While in eBanking, information will be refreshed periodically, but may require a manual refresh or navigating to a new page within eBanking to allow the browser to refresh.

XII MISCELLANEOUS

Business Day Convention

For purposes of this Member Products Guide, the term “following business day convention” means, for any relevant date, if such date would otherwise fall on a day that is not a business day, the FHLBC will adjust such date to be the first following day that is a business day. In this Guide, “business day” or “banking day” refers to a day (other than a Saturday, or Sunday, or Bank holiday) on which the FHLBC is open for business, unless otherwise specified. If New York business day or London business day is specified, it means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the city specified.

If “U.S. Government Securities Business Day” is specified, it means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

Notices

Notices pursuant to this MPG will be provided by FHLBC to the member by posting a notice on either the FHLBC’s main website or eBanking, first class mail to the member’s address identified to the FHLBC or by electronic transmission to the email address associated with the member’s account. Notices provided by posting on the FHLBC or eBanking websites will be deemed received upon posting. Notices provided by electronic transmission will be deemed received by member when the FHLBC sends the electronic transmission. Notices mailed by first class mail will be deemed received by member when mailed by the FHLBC.

Telephone Communications

Each member consents and agrees that all telephone conversations or data transmissions between the member and its agents and the FHLBC described in this Member Products Guide and other applicable policies may be recorded and retained by either party for use of any reasonable means.

XIII PRODUCT TERM SHEETS

The following pages outline the general terms and conditions for FHLBC advance plans and the MPF Program but are subject to the actual terms in any applications, confirmations, FHLBC agreements, or other documents entered into regarding a particular advance or MPF product. The FHLBC may also offer additional advance plans or products from time to time.

Floating Rate Advances

- [Open Line of Credit \(A010\)](#)
- [Bridge Roll Advance \(A013\)](#)
- [Late-day Advance A \(A014\)](#)
- [Late-day Advance B \(A015\)](#)
- [Market Federal Funds Effective Floater \(A016\)](#)
- [Fixed Rate Advance with Floating Spread \(A126\)](#)
- [Adjustable \(A300\)](#)
- [Prepayable LIBOR Floater \(A380\)](#)
- [Discount Note Floater \(A382\)](#)
- [Structured Discount Note Floater \(A383\)](#)
- [Overnight Discount Note Floater \(A384\)](#)
- [LIBOR Floater \(A400\)](#)
- [Prime Floater \(A410\)](#)
- [Prepayable Prime Floater \(A411\)](#)

Fixed Rate Advances

- [Short Term \(A120\)](#)
- [Fixed Rate, Fixed Term \(A121\)](#)
- [Structured Payment Amortizer \(A260\)](#)
- [Stepped Rate \(A280\)](#)
- [Level Payment Amortizer \(A290\)](#)
- [Constant PSA or CPR Amortizer \(A291\)](#)

Advances with Other Embedded Options

- [Callable Fixed Rate \(A122\)](#)
- [Callable Amortizer \(A270\)](#)
- [Capped Floater \(A390\)](#)
- [Expander/Extender \(A500\)](#)
- [Floating-to-Fixed \(A371\)](#)
- [Net Interest Margin Protection \(A420\)](#)
- [Collared Advance \(Constant Maturity Swap Index\) \(A402\)](#)

Putable Advances

- [FHLBC Federal Funds Effective Putable Floater \(A012\)](#)
- [Putable Fixed Rate \(A123\)](#)
- [Putable Floating-to-Fixed Rate \(A370\)](#)

MPF Program

- [MPF Xtra Product](#)
- [MPF Government](#)

Letters of Credit

- [Letters of Credit](#)

Open Line of Credit (A010)

Maturity:	One day, automatically renewable.
Minimum Size:	None.
Interest Rate:	The interest rate is set daily at the beginning of business at a fixed spread to the actual Federal Funds rate earned by the FHLBC.
Floating Rate Index:	The rate per annum for overnight Federal Funds as determined at the close of the prior business day by the FHLBC in its discretion. Depending on market dynamics, the Federal Funds rate as determined by the FHLBC may differ from the Federal Reserve's target rate.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the fifth calendar day of each month, using the following New York business day convention.
Day Count Fraction:	Actual/360 calculated as a daily weighted average.
Prepayment Policy and Fee:	Not applicable.
Availability:	Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time). For members with MSAs, designated eBanking Authorized Users may initiate this advance on eBanking.
Commitment:	Not applicable.
Community Advance:	Not available.

[Back To Product Term Sheet List](#)

Bridge Roll Advance (A013)

Maturity:	One day, automatically renewable for each day that the original advance remains unpaid.
Minimum Size:	None.
Interest Rate:	The interest rate is set daily at the beginning of business at a fixed spread to the actual Federal Funds rate earned by the FHLBC. Currently, pricing is set at the actual Federal Funds rate earned by the FHLBC plus a fixed spread of four percent (4%).
Floating Rate Index:	The rate per annum for overnight Federal Funds as determined at the close of the prior business day by the FHLBC in its discretion. Depending on market dynamics, the Federal Funds rate as determined by the FHLBC may differ from the Federal Reserve's target rate.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360 calculated as a daily weighted average.
Prepayment Policy and Fee:	Not applicable.
Availability:	Immediate activation between 3:00 p.m. and 4:00 p.m. (Central Time) for maturing advances.
Commitment:	Not applicable.
Community Advance:	Not available.

[Back To Product Term Sheet List](#)

Late-Day Advance A (A014)

Maturity:	One day.
Minimum Size:	None.
Interest Rate:	The interest rate is set daily at the beginning of business at a fixed spread to the actual Federal Funds rate earned by the FHLBC.
Floating Rate Index:	The rate per annum for overnight Federal Funds as determined at the close of the prior business day by the FHLBC in its discretion. Depending on market dynamics, the Federal Funds rate as determined by the FHLBC may differ from the Federal Reserve's target rate.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360 calculated as a daily weighted average.
Prepayment Policy and Fee:	Not applicable.
Availability:	Same-day funding is available, subject to market conditions, for transactions initiated after 3:00 p.m. but prior to 4:00 p.m. (Central Time).
Commitment:	Not applicable.
Community Advance:	Not available.

[Back To Product Term Sheet List](#)

Late-Day Advance B (A015)

Maturity:	One day.
Minimum Size:	None.
Interest Rate:	The interest rate is set daily at the beginning of business at a fixed spread to the actual Federal Funds rate earned by the FHLBC.
Floating Rate Index:	The rate per annum for overnight Federal Funds as determined at the close of the prior business day by the FHLBC in its discretion. Depending on market dynamics, the Federal Funds rate as determined by the FHLBC may differ from the Federal Reserve's target rate.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360 calculated as a daily weighted average.
Prepayment Policy and Fee:	Not applicable.
Availability:	Same-day funding is available, subject to market conditions, for transactions initiated after 4:00 p.m. but prior to 4:30 p.m. (Central Time).
Commitment:	Not applicable.
Community Advance:	Not available.

[Back To Product Term Sheet List](#)

Market Federal Funds Effective Floater (A016)

Maturity:	One week to 180 days.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is reset daily at the beginning of business at a fixed spread to the actual Federal Funds effective rate.
Floating Rate Index:	The daily Federal Funds effective rate as published by the Federal Reserve System Board of Governors in the daily update of Statistical Release H.15 at http://www.federalreserve.gov/releases/h15/current/default.htm , or any successor site or publication.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360 calculated as a daily weighted average.
Prepayment Policy and Fee:	A016 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on Federal Home Loan Bank System (FHLB) consolidated obligation notes to the maturity of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to Federal Funds effective rate on the advance, market spreads on Federal Funds effective rate versus LIBOR basis swaps, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A016 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Fixed Rate Advance with Floating Spread (A126)

Maturity:	180 days to ten years.
Minimum Size:	\$1 million
Interest Rate:	The interest rate is the sum of two components: (1) a fixed rate as specified in the related application for the term of the advance and (2) a floating spread which is reset periodically on each Reset Date at the difference between the FHLBC Advance Rate Index less the LIBOR Rate Index of the same term. The interest rate may never be negative. The fixed rate may not be less than twice the absolute value of the initial floating spread.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360.
FHLBC Advance Rate Index:	The FHLBC Advance Rate Index having a term equal to the Reset Frequency, as set daily at the beginning of business and determined by the FHLBC in its sole discretion.
LIBOR Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a term equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m. London time on any given date that a LIBOR rate determination is necessary. On any date that a LIBOR rate determination is necessary, if (1) the relevant LIBOR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that LIBOR is no longer a reliable market indicator, then a comparable replacement for the LIBOR Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Reset Frequency:	Monthly, quarterly or semi-annual.
Reset Date:	As specified in the related application.
Determination Date:	Two New York/London business days prior to Reset Date for each of the LIBOR Rate Index and the FHLBC Advance Rate Index. (Any business day in this convention must be both a valid New York business day and a valid London business day.)

- Determination Agent: Federal Home Loan Bank of Chicago.
- Notification to Borrower: Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
- Prepayment Policy and Fee: A126 advances are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, A126 advances may be prepaid at or below par in whole or in part plus accrued interest and the costs to the FHLBC associated with terminating the related swap transaction on each Reset Date subject to one New York business day's prior written notice received by the FHLBC by 10:00 a.m. (Central Time). A126 advances are not prepayable at an amount below par value unless the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios.

If a member chooses to give notification to prepay an A126 advance on a date other than one New York business day prior to a Reset Date, the advance may be prepaid at or below par plus accrued interest plus the prepayment fee. A126 advances are not prepayable at an amount below par value unless the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the next Reset Date of the advance for which the one-day notification period has not passed, based on a forward curve determined by the FHLBC's valuation model, plus costs to the FHLBC associated with terminating the related swap transaction. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the next applicable Reset Date of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Reset Dates of the advance, the spread to LIBOR on the advance, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the FHLBC Advance Rate Index.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

Upon request and as specified in the related application, the FHLBC can limit any discount resulting from the prepayment calculation to a discount of 10% below par.

The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Not Available.

[Back To Product Term Sheet List](#)

Adjustable (A300)

Maturity:	28 days to ten years.
Minimum Size:	None.
Interest Rate:	The interest rate is set daily at a fixed spread to the Secured Overnight Financing Rate (SOFR).
Floating Rate Index:	The Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York on its Website at https://apps.newyorkfed.org/markets/autorates/sofr or its successor site on or about 8:00 a.m. (New York time) on the following U.S. Government Securities business day which reflects the previous day's trading. For example, the Secured Overnight Financing Rate for trades that occur on Wednesday, January 9, 2019 will be the reflected in the rate published on Thursday, January 10, 2019. On any date that a SOFR rate determination is necessary, if (1) the relevant SOFR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that SOFR is no longer a reliable market indicator, then a comparable replacement Floating Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Cut Off Date:	Two U.S. Government Securities business days prior to any interest payment due date (such period from, and including, the Cut Off Date to, but excluding, the payment and/or interest payment date, a "Rate Cut Off Period"), or as specified in the related application. For example under this standard term, if a payment is due on Thursday, January 10, 2019, the Interest Rate for the Reset Dates of Tuesday, January, 8, 2019 and Wednesday, January, 9 2019 will be the same as Tuesday, January 7, 2019.
Day Count Fraction:	Actual/360 calculated as a daily weighted average. Compounding may be available upon request and as specified in the related application.
Reset Date:	Daily on calendar days. For any Reset Date that is not a U.S. Government Securities business day, the Interest Rate for such Reset Date will be the same interest rate as the preceding U.S. Government Securities business day, or as specified in the related application. For

example under this standard term, the Interest Rate for Saturday, January 12, 2019 and Sunday, January 13, 2019 will be the same Interest Rate as Friday, January 11, 2019.

Determination Date: One U.S. Government Securities business day prior to the Reset Date, or as specified in the related application. For example under this standard term, the Interest Rate for the Reset Date on Wednesday, January 9, 2019 is the rate that reflects the trades that occurred on Tuesday, January 8, 2019 (which is published on January 9, 2019).

Determination Agent: Federal Home Loan Bank of Chicago.

Notification to Borrower: Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.

Prepayment Policy and Fee: A300 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve or alternative reference curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR or alternative forward reference levels, the maturity date of the advance, the spread to LIBOR or alternative reference curve on the advance, and the FHLBC estimated cost of funds. The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds rates to make the FHLBC financially indifferent to the prepayment.

A300 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Prepayable LIBOR Floater (A380)

Maturity:	180 days to ten years.
Minimum Size:	None.
Interest Rate:	The interest rate is reset periodically at a fixed spread to LIBOR.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360.
Floating Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a term equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m. London time on any given date that a LIBOR rate determination is necessary. On any date that a LIBOR rate determination is necessary, if (1) the relevant LIBOR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that LIBOR is no longer a reliable market indicator, then a comparable replacement Floating Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Reset Frequency:	Monthly or quarterly (semi-annual and annual frequency may be priced upon request).
Reset Date:	As specified in the related application.
Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A380 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Currently, A380 advances may be prepaid at par plus accrued interest on each Reset Date subject to five New York business days' prior written notice received by the FHLBC by 2:00 p.m. (Central Time).

If a member chooses to give notification to prepay an A380 advance on a date other than five New York business days prior to a Reset Date, the advance may be prepaid at par plus accrued interest and a prepayment fee, if any. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the next Reset Date of the advance for which the five-day notification period has not passed, based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the next applicable Reset Date of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Reset Dates of the advance, the spread to LIBOR on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A380 advances are not prepayable at an amount below par value plus accrued interest. FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability:	Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
Commitment:	Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees will apply as further described in the "Commitments" section of this Member Products Guide.
Community Advance:	Available.

[Back To Product Term Sheet List](#)

Discount Note Floater (A382)

Maturity:	28 days to 5 years.
Minimum Size:	None.
Interest Rate:	The interest rate is reset periodically at a fixed spread to the FHLBC Discount Note index.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360.
Floating Rate Index:	The FHLBC Discount Note index as determined by the FHLBC in its discretion based on the weighted average rate of discount notes issued during the four-, 13- or 26-week discount note auction held by the Federal Home Loan Bank Office of Finance, typically on Tuesdays and Thursdays, which may also include any related costs or fees incurred by the FHLBC in connection with such auction. In the event that on any given Determination Date discount notes are not issued or an auction does not occur or is limited in size for reasons that, as solely determined by the FHLBC, may include limited auction demand, market disruptions, Office of Finance or other regulatory guidance, or other similar causes, the FHLBC Discount Note index will be an estimated rate, as calculated by the FHLBC in its sole discretion to reflect the FHLBC's all in cost of funds through the next Reset Date related to outstanding A382 advances with the same Determination Date and Reset Frequency.
Reset Frequency:	A member may choose either four, 13- or 26-week discount notes as the basis for the Floating Rate Index as described above, and the advance rate will reset every four, 13 or 26 weeks, as appropriate.
Reset Date:	As specified in the related application. Each Reset Date will be a Wednesday or Friday following a discount note auction based on the selected Reset Frequency, in each case subject to the following New York Business day convention.
Determination Date:	One New York business day prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.

Prepayment Policy and Fee: A382 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Standard A382 advances may be prepaid at par in whole or in part plus accrued interest on each Reset Date subject to one New York business day's prior written notice received by the FHLBC by 10:00 a.m. (Central Time).

If a member chooses to give notification to prepay a standard A382 advance on a date other than one New York business day prior to a Reset Date, the advance may be prepaid at par plus accrued interest and a prepayment fee, if any. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the next Reset Date of the advance for which the one-day notification period has not passed, based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the next applicable Reset Date of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward index levels, the Reset Dates of the advance, the spread to index on the advance, and the FHLBC estimated cost of funds.

Alternatively, a modified prepayment feature is available upon request, which does not provide for the advance to be prepaid without a prepayment fee on each Reset Date. A382 advances with a modified prepayment feature specified in the related application may be prepaid at par plus accrued interest and a prepayment fee. Currently, the prepayment fee for a modified A382 advance is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date, based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity date of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward index levels, the maturity date of the advance, the spread to index on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance. The

estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A382 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Not Available.

[Back To Product Term Sheet List](#)

Structured Discount Note Floater (A383)

Maturity:	91 days to 10 years.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate for an A383 advance is reset every 13 weeks to the 13-week FHLBC Discount Note index plus a fixed spread pursuant to a predetermined schedule as specified in the related application.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count:	Actual/360.
Floating Rate Index:	The 13-week FHLBC Discount Note index will be determined by the FHLBC from time to time in its discretion based on the weighted average rate of discount notes issued during the 13-week discount note auction held by the Federal Home Loan Bank Office of Finance, typically on Tuesdays and Thursdays, which may also include any related costs or fees incurred by the FHLBC in connection with such auction. In the event that on any given Determination Date discount notes are not issued or an auction does not occur or is limited in size for reasons that, as solely determined by the FHLBC, may include limited auction demand, market disruptions, Office of Finance or other regulatory guidance, or other similar causes, the 13-week FHLBC Discount Note index will be an estimated rate, as calculated by the FHLBC in its sole discretion, to reflect the FHLBC's all in cost of funds through the next Reset Date related to outstanding A383 advances with the same Determination Date.
Determination Date:	One New York business day prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Reset Frequency:	The advance rate will reset every 13 weeks.
Reset Date:	As specified in the related application. Each Reset Date will be a Wednesday or Friday following a discount note auction based on the Reset Frequency, in each case subject to the following New York Business day convention.
Notification to Borrower:	Initial Interest Rate specified in the related application. At each reset, electronic updates will be available on eBanking.

Extensions: FHLBC agrees to extend the maturity of a A383 advance at the stated spread in the advance application at any time upon request of the borrower provided that the final maturity date of such advance is on or before 10 years from original settlement date. If the borrower requests an extension of greater than five years from the date of extension, the A383 advance will be extended only if it is for the purpose of providing funds for residential housing finance (or if the borrower is a CFI, to finance small business, small farm and small agri-business loans). See Section II – Overview of this Member Products Guide for further discussion of long-term advance requirements.

Prepayment Policy: A383 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, A383 advances may be prepaid at par in whole or in part plus accrued interest at each Reset Date subject to one New York business day's prior written notice received by the FHLBC by 10:00 a.m. (Central Time).

If a member chooses to give notification to prepay an A383 advance on a date other than one New York business day prior to a Reset Date, the advance may be prepaid at par plus accrued interest and a prepayment fee, if any. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the next Reset Date of the advance for which the one-day notification period has not passed, based on a forward curve determined by FHLBC's valuation model, plus any costs to FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the next applicable Reset Date of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Reset Dates of the advance, the spread to LIBOR on the advance, the spread to the 13-week FHLBC Discount Note index and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance. The estimated cost of funds is determined by FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A383 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Not available.

[Back To Product Term Sheet List](#)

Overnight Discount Note Floater (A384)

Maturity:	1 day to 92 days.
Minimum Size:	None.
Interest Rate:	The interest rate is reset daily at the close of business at a fixed spread to the FHLBC Overnight Discount Note index.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count:	Actual/360.
Floating Rate Index:	The FHLBC Overnight Discount Note index as determined by the FHLBC in its discretion based on the daily weighted average rate of the overnight discount notes issued by the Federal Home Loan Banks' Office of Finance on behalf of the FHLBC. In the event that the Office of Finance does not issue overnight discount notes on behalf of the FHLBC on any given day, the FHLBC Overnight Discount Note index will be an estimated rate at which the Office of Finance could have issued such overnight discount notes on behalf of the FHLBC as calculated by the FHLBC in its sole discretion.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	<p>A384 advances may be prepaid at par in whole or in part plus accrued interest on any New York business day if written notice is received by the FHLBC by 3:00 p.m. (Central Time).</p> <p>A384 advances are not prepayable at an amount below par value plus accrued interest. Prepayment requests made after 3:00 p.m. (Central Time) on any New York business day may not be processed until the next business day.</p>
Availability:	Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time). For members with MSA's, designated eBanking Authorized Users may initiate this advance on eBanking.
Commitment:	Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions. A guaranteed rate with optional takedown, as further described in the "Commitments" section of this Member Products Guide, may be available for up to three years without a commitment fee for a commitment with an amount greater than or equal to \$200 million.

Community Advance: Not available.

[Back To Product Term Sheet List](#)

LIBOR Floater (A400)

Maturity:	180 days to ten years.
Minimum Size:	None.
Interest Rate:	The interest rate is reset periodically at a fixed spread to LIBOR.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360.
Floating Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a term equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m. London time on any given date that a LIBOR rate determination is necessary. On any date that a LIBOR rate determination is necessary, if (1) the relevant LIBOR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that LIBOR is no longer a reliable market indicator, then a comparable replacement Floating Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Reset Frequency:	Monthly or quarterly (semi-annual and annual frequency may be priced upon request).
Reset Date:	As specified in the related application.
Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A400 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date of the advance based on a forward curve

determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to LIBOR on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds rates to make the FHLBC financially indifferent to the prepayment.

A400 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Prime Floater (A410)

Maturity:	180 days to 3 years.
Minimum Size:	None.
Interest Rate:	The interest rate is reset daily at a fixed spread to Prime.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360.
Floating Rate Index:	Prime Rate as published by the Federal Reserve System Board of Governors in the daily update of Statistical Release H.15 at http://www.federalreserve.gov/releases/h15/current/default.htm or any successor site or publication.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A410 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to Prime on the advance, market spreads on Prime versus LIBOR basis swaps, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust

the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A410 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Prepayable Prime Floater (A411)

Maturity:	180 days to three years.
Minimum Size:	None.
Interest Rate:	The interest rate is reset daily at a fixed spread to Prime.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360.
Floating Rate Index:	Prime Rate as published by the Federal Reserve System Board of Governors in the daily update of Statistical Release H.15 at http://www.federalreserve.gov/releases/h15/current/default.htm , or any successor site or publication.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A411 advances may be prepaid at par in whole plus accrued interest subject to two New York business days' prior written notice received by the FHLBC by 2:00 p.m. (Central Time). A411 advances are not prepayable at an amount below par value plus accrued interest.
Availability:	Same-day funding is available, subject to market conditions, for transactions initiated prior to 2:00 p.m. (Central Time).
Commitment:	Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods are subject to market conditions.
Community Advance:	Available.

[Back To Product Term Sheet List](#)

Short Term (A120)

Maturity:	One day to 27 days.
Minimum Size:	None.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360.
Prepayment Policy and Fee:	A120 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed interest rate on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A120 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability:	Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time). For members with MSAs, designated eBanking Authorized Users may initiate this advance on eBanking
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except when requesting the Segregated Collateral Account option. The Segregated Collateral Account option is not available for advances initiated on eBanking.

Commitment: Guaranteed rate with mandatory takedown is available for up to two New York business days; longer commitment periods are subject to market conditions and are not available for initiation on eBanking. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.

Community Advance: Not available.

Segregated Collateral Account: This account allows a member to pledge securities for a specific advance and such securities are held in a separate, segregated FHLBC safekeeping account.

To be eligible to open a Segregated Collateral Account, a member must maintain over \$100 billion in total institutional assets as well as maintain an FHLBC risk rating between 1-3.

Please contact the Collateral Department for more information.

[Back To Product Term Sheet List](#)

Fixed Rate, Fixed Term (A121)

Maturity:	28 days to 30 years.
Minimum Size:	None.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Prepayment Policy and Fee:	<p>Standard A121 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.</p> <p>Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A121 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.</p> <p>Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed interest rate on the advance, and the FHLBC estimated cost of funds.</p>

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A121 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time). For members with MSAs, designated eBanking Authorized Users may initiate this advance on eBanking for up to a maximum maturity of two years. Requests for quarterly/semi-annual interest billing, 30/360 day count fraction and symmetrical prepayment feature are not available for advances initiated on eBanking.
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. Commitment periods of greater than two New York business days are not available for initiation on eBanking. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.
- Community Advance: Available.

[Back To Product Term Sheet List](#)

Structured Payment Amortizer (A260)

Maturity:	One year to 30 years.
Minimum Size:	None.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal and interest is due pursuant to a predetermined schedule as specified in the related application.
Day Count Fraction:	Actual/360.
Prepayment Policy and Fee:	Standard A260 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A260 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed interest rate on the advance, the principal amortization schedule on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially

indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A260 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Stepped Rate (A280)

Maturity:	One year to 30 years.
Minimum Size:	None.
Interest Rate:	The interest rate is a periodic interest rate that adjusts according to the schedule specified in the related application.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Prepayment Policy and Fee:	Standard A280 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A280 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed

interest rates and interest rate adjustments schedule on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A280 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.
- Community Advance: Available.

[Back To Product Term Sheet List](#)

Level Payment Amortizer (A290)

Maturity:	One year to 30 years.
Minimum Size:	None.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Day Count Fraction:	30/360.
Principal and Interest Payments:	Monthly principal and interest payments are a constant dollar amount throughout the life of the advance as specified in the related application. The monthly payment is typically based upon a 15-year or 30-year amortization schedule (other amortization schedules are available upon request). The monthly payment is payable and charged to the member's DID account on the first calendar day of each month using the following New York business day convention. The first payment can be interest only.
Prepayment Policy and Fee:	Standard A290 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A290 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however,

the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed interest rate on the advance, the principal amortization schedule on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A290 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Constant PSA or CPR Amortizer (A291)

Maturity:	One year to 30 years.
Minimum Size:	None.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Day Count Fraction:	30/360.
Principal and Interest Payments:	Principal and interest payment is based upon a mortgage amortization schedule. Inputs include the underlying mortgages' stated maturity (typically 15 years or 30 years), constant prepayment speed (either PSA or CPR) and structure. The monthly payment is payable and charged to the member's DID account on the first calendar day of each month, using the following New York business day convention. The first payment can be interest only.
Prepayment Policy and Fee:	<p>Standard A291 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.</p> <p>Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A291 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.</p> <p>Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however,</p>

the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the fixed interest rate on the advance, the principal amortization schedule on the advance, and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A291 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Callable Fixed Rate (A122)

Maturity:	One year to 15 years.
Non-call Period:	One year (other non-call periods may be priced upon request).
First Call Date:	The date specified in the related application.
Termination Date:	Initially the First Call Date, and if (i) a European option, non-callable thereafter, or (ii) a Bermudan option, thereafter periodically at the Call Date Frequency, or (iii) an American option, at anytime thereafter.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Option Type:	American, Bermudan or European.
Call Date Frequency:	Quarterly (other frequencies may be priced upon request).
Call Notice Date:	Five New York business days prior to the relevant Termination Date, from and including the First Call Date and up to but excluding the Maturity Date; in each case subject to the following New York business day convention.
Notification to FHLBC:	The borrower must notify the FHLBC on the Call Notice Date by 2:00 p.m. (Central Time) in writing if it opts to exercise its call option.
Call Exercise:	At the option of the borrower in whole or in part.
Prepayment Policy and Fee:	Standard A122 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Currently, A122 advances may be prepaid at par plus accrued interest on each Termination Date subject to five New York business days' prior written notice received by the FHLBC by 2:00 p.m. (Central Time).

If a member chooses to give notification to prepay an A122 advance on a date other than five New York business days prior to a Termination Date, the advance may be prepaid at par plus accrued interest and a prepayment fee, if any.

Alternatively, a symmetrical prepayment is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A122 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Non-Call Period and maturity date of the advance, the fixed interest rate on the advance, the Option Type and Call Date Frequency of the advance, market-implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the call option feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A122 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is

requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.
- Community Advance: Available.

[Back To Product Term Sheet List](#)

Callable Amortizer (A270)

Maturity:	One year to 30 years.
Non-call Period:	One year (other non-call periods may be priced upon request).
First Call Date:	The date specified in the related application.
Termination Date:	Initially the First Call Date, and if (i) a European option, non-callable thereafter, or (ii) a Bermudan option, thereafter periodically at the Call Date Frequency.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal and interest are due pursuant to a predetermined schedule as specified in the related application. The monthly payment is typically based upon a 15-year or 30-year amortization schedule (other amortization schedules are available upon request). The monthly payment is payable and charged to the member's DID account on the first calendar day of each month using the following New York business day convention. The first payment can be interest only.
Day Count Fraction:	30/360 or Actual/360.
Option Type:	Bermudan or European.
Call Date Frequency:	Monthly (other frequencies may be priced upon request).
Call Notice Date:	Five New York business days prior to the relevant Termination Date, from and including the First Call Date and up to but excluding the Maturity Date; in each case subject to the following New York business day convention.
Notification to FHLBC:	The borrower must notify the FHLBC on the Call Notice Date by 2:00 p.m. (Central time) in writing if it opts to exercise its call option.
Call Exercise:	At the option of the borrower in whole or in part.
Prepayment Policy and Fee:	Standard A270 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Currently, A270 advances may be prepaid at par plus accrued interest on each Termination Date subject to five New York business days' prior written notice received by the FHLBC by 2:00 p.m. (Central Time).

If a member chooses to give notification to prepay an A270 advance on a date other than five New York business days prior to a Termination Date, the advance may be prepaid at par plus accrued interest and a prepayment fee, if any.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A270 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Non-Call Period and maturity date of the advance, the fixed interest rate on the advance, the Option Type and Call Date Frequency of the advance, market-implied volatilities, the principal amortization schedule on the advance, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the call option feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A270 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is

requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.
- Community Advance: Available.

[Back To Product Term Sheet List](#)

Capped Floater (A390)

Maturity:	180 days to ten years.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is reset periodically at a fixed spread to the Floating Rate Index, subject to an Interest Rate Cap.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Interest Rate Cap:	The maximum Floating Rate Index (LIBOR excluding the spread) as specified in the related application. The Interest Rate will not exceed this maximum Floating Rate Index plus the fixed spread specified in the related application.
Floating Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a term equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m. London time on any given date that a LIBOR rate determination is necessary. On any date that a LIBOR rate determination is necessary, if (1) the relevant LIBOR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that LIBOR is no longer a reliable market indicator, then a comparable replacement Floating Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Reset Frequency:	Monthly or quarterly (semi-annual and annual frequency may be priced upon request).
Reset Date:	As specified in the related application.
Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A390 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment

policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to LIBOR and Interest Rate Cap on the advance, market implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the Interest Rate Cap feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A390 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Available.

[Back To Product Term Sheet List](#)

Expander/Extender (A500)

Maturity:	One year to 20 years (with a one-time option to extend the maturity within this range as further specified below).
Minimum Size:	\$1 million.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 (other conventions may be priced upon request).
Option Type:	European or Bermudan.
Option Frequency:	Quarterly if Bermudan (other frequencies may be priced upon request).
Expander/Extender Option Date(s):	The option to expand and/or extend the A500 advance must be exercised on the same date, as specified in the related application. Three months to five years from inception (other periods may be priced upon request).
Expander/Extender Multiplier:	At the option of the borrower, subject to the FHLBC's collateral, stock and underwriting requirements, the size of the A500 advance can be doubled at the existing fixed rate (other multipliers may be priced upon request) and/or the maturity date may be extended to a pre-determined date as specified in the related application. If the borrower requests an extension of greater than five years from the Expander/Extender Option Date, the A500 advance will be extended only if it is for the purpose of providing funds for residential housing finance (or if the borrower is a CFI, to finance small business, small farm and small agri-business loans). See Section II – Overview of this Member Products Guide for further discussion of long-term advance requirements.
Partial Option Exercise:	The borrower may exercise its option for all or less than any unexercised Expander Multiplier amount on the Expander Option Date.
Expander/Extender Option Notice Date:	Five New York business days prior to each Expander/Extender Option Date, subject to the following New York business day convention.
Notification to FHLBC:	The borrower must notify the FHLBC on the Expander/Extender

Option Notice Date by 2:00 p.m. (Central Time) in writing if it opts to exercise its Expander/Extender Option, and must specify the amount to be exercised for any Expander Option.

Option Value: If the member does not exercise its option, the option has no cash value.

Prepayment Policy and Fee: Standard A500 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par after the expander/extender option has expired if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A500 advances with a symmetrical prepayment feature specified in the related application are prepayable after the Expander/Extender Option Date at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. If an A500 advance with a symmetrical prepayment feature is prepaid prior to the final Expander/Extender Option Date, it is prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions, adjusted for the expander/extender option of the borrower if prepayment occurs before the expander/extender option date. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, and the fixed interest rate on the advance, the Expander/Extender Option Date of the advance, market-implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the

impact of future interest rates on the expander/extender option feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A500 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income. Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to two days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.
- Community Advance: Not available.

[Back To Product Term Sheet List](#)

Floating-to-Fixed (A371)

Maturity:	One year to 20 years.
Conversion Lockout Period:	90 days or longer.
Conversion Date:	The date specified in the related application.
Minimum Size:	\$5 million.
Interest Rate:	From Settlement until the Conversion Date, the interest rate on the advance will be a floating rate (floored at zero) equal to LIBOR plus a Spread as specified in the related application. After the Conversion Date, the interest rate will become the Fixed Interest Rate as specified on the application.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 (other conventions may be priced upon request).
Reset Frequency:	During the floating rate period, the interest rate will be reset Monthly or Quarterly (Semi-annual or Annual frequency may be priced upon request).
Reset Date:	As specified in the related application.
Floating Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a tenor equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m., London time, on any given date that a LIBOR rate determination is necessary.
Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Prepayment Policy and Fee:	A371 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any

related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Conversion Date and maturity date of the advance, the spread to LIBOR on the advance (until the Conversion Date) and the Fixed Interest Rate on the advance (after the Conversion Date), and the FHLBC estimated cost of funds.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A371 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.
- Community Advance: Available.

[Back To Product Term Sheet List](#)

Net Interest Margin Protection (A420)

Maturity:	180 days to 10 years.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate may be fixed or floating, as specified in the related application, subject to the payout effects of the purchased and/or sold cap(s) and/or floor(s). The interest rate may never be negative. If the base rate is floating, the index will match the index of the embedded cap(s) and/or floor(s).
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly, quarterly, or semi-annually, depending on the index of the purchased and/or sold cap(s) and/or floor(s) utilized, using the following business day convention. Caps and floors for a single advance must utilize the same indices.
Day Count Fraction:	Actual/360.
Reset Frequency:	Monthly, quarterly, or semi-annually, depending on index selected.
Reset Date:	As specified in the related application.
Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Interest-rate caps/floors:	<p>Purchased/sold cap(s) and/or floor(s) may be embedded. Up to 3 caps and/or 3 floors are allowed. The cap(s) and/or floor(s) may be multiplied by up to 3 times the notional amount of the Advance. Periodic interest rates will conform to the formula below, where each of the N values will be between -3 and +3 (inclusive) and the final interest rate may never be negative:</p> $\text{Base rate} + N_1 \times \text{Cap1} + N_2 \times \text{Cap2} + N_3 \times \text{Cap3} + N_4 \times \text{Floor1} + N_5 \times \text{Floor2} + N_6 \times \text{Floor3},$ <p>where each cap interest rate is the greater of the index rate setting less the cap strike and zero and where each floor interest rate is the greater of the floor strike less the index rate setting and zero.</p>
Floating Rate Index:	The LIBOR rate for deposits in U.S. dollars (relative to the related interest period) having a term equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m., London time, on any given date that a LIBOR rate determination is necessary.
Notification to Borrower:	Initial Interest Rate specified in application. At each reset, electronic updates will be available on eBanking.

Prepayment Policy and Fee: Standard A420 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Alternatively, a symmetrical prepayment feature is available upon request, which allows the member to prepay the advance below par if the prepayment calculation indicates a discount. The prepayment calculation is at the sole discretion of the FHLBC. Members are advised to contact the Member Transaction Desk to receive a sample rate-shock analysis which provides examples of how interest rate movements may impact the prepayment calculations under certain scenarios. A420 advances with a symmetrical prepayment feature specified in the related application are prepayable at or below par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid. Upon request the FHLBC can offer a symmetrical prepayment feature which limits the discount below par to 10%, as specified in the related application.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to LIBOR and the embedded caps and/or floors on the advance, market implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in future cash flows.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC in its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A420 advances are not prepayable at an amount below par value plus accrued interest unless the symmetrical prepayment feature is requested and specified in the related application. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) to decline to execute any advance prepayment that would negatively impact its net income.

Symmetrical prepayment requests must be submitted no later than 2:00 p.m. (Central Time) on the New York business day that the member would like to prepay the advance. Requests made after 2:00 p.m. may not be processed until the next business day.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time)
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods subject to market conditions. If a the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.
- Community Advance: Available.
- Other Requirements: The member must execute a disclosure statement regarding the risks associated with this advance.

[Back To Product Term Sheet List](#)

Collared Advance (Constant Maturity Swap Index) (A402)

Maturity:	One year to 10 years.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is reset periodically at a fixed spread to the Constant Maturity Swap Index Rate, subject to an interest rate cap and an interest rate floor. The interest rate may never be negative.
Principal and Interest Payments:	Principal is due at maturity and interest is due quarterly or as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Reset Frequency:	Quarterly (monthly, semi-annual and annual frequency may be priced upon request).
Reset Date:	As specified in the related application.
Determination Date:	Two London business days prior to Reset Date or as specified in the related application.
Determination Agent:	Federal Home Loan Bank of Chicago
Interest-rate cap and/or floor:	Purchased cap and sold floor will be included in the final interest rate calculation. The periodic interest rates will be calculated as follows, where the final interest rate will never be negative: $\text{Index Rate} + \text{Spread} - \text{Cap} + \text{Floor}$
Floating Rate Index:	The “Constant Maturity Swap Index Rate” is defined as the rate appearing as the ISDAFIX Rate Index for the specified maturity period as reported on the ISDA01 page of Bloomberg for USD LIBOR (or such other page as may replace such page) as of 11:00 a.m., New York Time on any given date that a Constant Maturity Swap Index Rate determination is necessary. A member may choose 2-year, 5-year, 7-year or 10-year Constant Maturity Swap Index Rate as the basis for the Floating Rate Index, with other maturity periods priced upon request.
Notification to Borrower:	Initial interest rate specified in application. At each reset, electronic updates will be available on eBanking.
Prepayment Policy and Fee:	A402 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds to the maturity or duration of the advance, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the maturity date of the advance, the spread to LIBOR and the embedded caps and/or floors on the advance, market implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in future cash flows.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC in its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A402 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) to decline to execute any advance prepayment that would negatively impact its net income.

Availability:

Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment:

Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance:

Available.

Other Requirements:

The member must execute a disclosure statement regarding the risks associated with this advance.

[Back To Product Term Sheet List](#)

FHLBC Federal Funds Effective Putable Floater (A012)

Maturity:	30 days.
Minimum Size:	None.
Interest Rate:	The interest rate is reset daily at the close of business at a fixed spread to the actual Federal Funds rate earned by the FHLBC.
Floating Rate Index:	The rate per annum for overnight Federal Funds as determined at the close of business by the FHLBC at its discretion. Depending on market dynamics, the Federal Funds rate as determined by the FHLBC may differ from the Federal Reserve's target rate.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention.
Day Count Fraction:	Actual/360.
Prepayment Policy and Fee:	A012 advances may be prepaid at par in whole plus accrued interest subject to two New York business days' prior written notice received by the FHLBC by 2:00 p.m. (Central Time). A012 advances are not prepayable at an amount below par value plus accrued interest.
Put Option:	The FHLBC may, on any business day the transaction is in effect, terminate the Advance with one business day prior written notice sent by facsimile or email. Under such a termination, absent other action taken by the member, the member will automatically be refinanced into an A013 bridge roll advance with a maturity of the next New York business day.
Availability:	Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
Commitment:	Guaranteed rate with mandatory takedown is available for up to five New York business days; longer commitment periods subject to market conditions.
Community Advance:	Not available.
Other Requirements:	The member must execute a disclosure statement regarding the risks associated with this advance.

[Back To Product Term Sheet List](#)

Putable Fixed Rate (A123)

Maturity:	Two days to ten years.
Lockout Period:	1 day or longer.
Lockout Date:	The date specified in the related application.
Termination Date:	Initially the Lockout Date, and if (i) a European option, non-putable thereafter, or (ii) a Bermudan option, thereafter periodically at the Put Date Frequency, or (iii) an American option, at anytime thereafter.
Minimum Size:	\$5 million.
Interest Rate:	The interest rate is a fixed rate for the term of the advance.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Option Type:	American, Bermudan, or European. The American option is not available in all cases, and will be made available by the Bank from time to time in its sole discretion.
Put Date Frequency:	Daily, Quarterly (monthly, semi-annual or annual frequency may be priced upon request), or one-time, as applicable.
Put Notice Date:	For Put Date Frequencies other than Daily: notice in writing, five New York business days prior to the relevant Termination Date, from and including the Lockout Date and up to but excluding the Maturity Date; in each case subject to the following New York business day convention. For Daily Put Date Frequency: other put notice periods and notice methods may apply, as specified in the related application.
Put Exercise:	The FHLBC may, on any Termination Date, terminate the Advance with prior written notification. Under such a termination, absent other action taken by the member, the member will automatically be refinanced into an A013 bridge roll advance with a maturity of the next New York business day.
Notification to Borrower:	The Federal Home Loan Bank of Chicago will notify borrowers on the Put Notice Date by facsimile or e-mail if it opts to exercise its put option.

Prepayment Policy and Fee: Standard A123 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Lockout Period and maturity date of the advance, the fixed interest rate on the advance, the Option Type and Put Date Frequency of the advance, market implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the put option feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A123 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).

Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the "Commitments" section of this Member Products Guide.

Community Advance: Not available.

Other Requirements: The member must execute a disclosure statement regarding the risks associated with this advance.

[Back To Product Term Sheet List](#)

Putable Floating-to-Fixed Rate (A370)

Maturity:	One year to ten years.
Lockout Period:	90 days or longer.
Lockout Date:	The date specified in the related application.
Termination Date:	Initially the Lockout Date, and if (i) a European option, non-putable thereafter, or (ii) a Bermudan option, thereafter periodically at the Put Date Frequency, or (iii) an American option, at anytime thereafter.
Minimum Size:	\$5 million.
Interest Rate:	From issuance until the Lockout Date, the interest rate on the advance will be at the Initial Floating Rate as specified in the related application, which resets on each Reset Date at the Reset Frequency based on a spread to LIBOR. After the Lockout Date, the interest rate will become the Fixed Interest Rate as specified on the application.
Principal and Interest Payments:	Principal is due at maturity and interest is due monthly on the first calendar day of each month, with the final interest payment due at maturity, using the following New York business day convention. Alternatively, interest may be charged quarterly or semi-annually upon request and as specified in the related application.
Day Count Fraction:	Actual/360 or 30/360.
Floating Rate Index:	LIBOR for deposits in U.S. dollars (relative to the related interest period) having a tenor equal to the Reset Frequency, as posted by an information vendor designated by ICE Benchmark Administration Limited as of 11:00 a.m., London time, on any given date that a LIBOR rate determination is necessary. On any date that a LIBOR rate determination is necessary, if (1) the relevant LIBOR rate is not available for any reason or (2) the FHLBC in its sole but commercially reasonable discretion determines that LIBOR is no longer a reliable market indicator, then a comparable replacement Floating Rate Index will be determined by such alternate method as reasonably selected by the FHLBC and telephonic notice will be promptly given to the member (confirmed as soon as practicable in writing).
Reset Frequency:	During the floating rate period, the interest rate will be reset monthly (quarterly, semi-annual or annual frequency may be priced upon request).
Reset Date:	As specified in the related application.

Determination Date:	Two London business days prior to Reset Date.
Determination Agent:	Federal Home Loan Bank of Chicago.
Option Type:	American, Bermudan or European.
Put Date Frequency:	Quarterly (monthly, semi-annual or annual frequency may be priced upon request).
Put Notice Date:	In writing, five New York business days prior to the relevant Termination Date, from and including the Lockout Date and up to but excluding the Maturity Date; in each case subject to the following business day convention.
Put Exercise:	The FHLBC may, on any Termination Date, terminate the Advance with prior notification. Under such a termination, absent other action taken by the member, the member will automatically be refinanced into an A013 bridge roll advance with a maturity of the next business day.
Notification to Borrower:	The Federal Home Loan Bank of Chicago will notify borrowers on the Put Notice Date by facsimile or email if it opts to exercise its put option.
Prepayment Policy and Fee:	A370 advances are prepayable only at par plus accrued interest and a prepayment fee, if any, calculated in accordance with the prepayment policy in effect at the time the advance is prepaid.

Currently, the prepayment fee is a calculation of the present value of the advance cash flows discounted at the FHLBC's estimated cost of funds to the maturity date or duration of the advance based on a forward curve determined by the FHLBC's valuation model, plus any costs to the FHLBC associated with terminating or offsetting any related hedging or funding transactions. The estimated cost of funds is generally the rate on FHLB consolidated obligation notes or bonds, typically expressed as a spread in basis points above or below the LIBOR swap curve. The FHLBC may choose a valuation model at its own discretion; however, the key components used to calculate the prepayment fee include the forward LIBOR levels, the Lockout Date and maturity date of the advance, the spread to LIBOR on the advance (until the Lockout Date) and the Fixed Interest Rate on the advance (after the Lockout Date), the Option Type and Put Date Frequency on the advance, market implied volatilities, and the FHLBC estimated cost of funds. The FHLBC's valuation model and prepayment fee calculation accounts for the variability in cash flows as a result of the impact of future interest rates on the put option feature.

The prepayment fee is designed to make the FHLBC financially indifferent to a member's election to prepay an advance prior to its

stated maturity. The estimated cost of funds is determined by the FHLBC at its discretion, and the FHLBC reserves the right to adjust the estimated cost of funds to make the FHLBC financially indifferent to the prepayment.

A370 advances are not prepayable at an amount below par value plus accrued interest. The FHLBC reserves the right to (1) suspend the prepayment of advances when market conditions are extremely volatile and (2) decline to execute any advance prepayment that would negatively impact its net income.

- Availability: Same-day funding is available for transactions initiated prior to 3:00 p.m. (Central Time).
- Commitment: Guaranteed rate with mandatory takedown is available for up to 180 days; longer commitment periods are subject to market conditions. If the commitment to fund the advance is cancelled, prepayment fees and cancellation fees will apply as further described in the “Commitments” section of this Member Products Guide.
- Community Advance: Not available.
- Other Requirements: The member must execute a disclosure statement regarding the risks associated with this advance.

[Back To Product Term Sheet List](#)

MPF Xtra[®] Product

Transaction Type: The PFI will sell Closed, Conventional Loans to the MPF Provider, which the MPF Provider will concurrently sell to a third-party investor.

Process: The PFI will obtain a Master Commitment (MC) from the MPF Bank. The PFI will utilize the existing eMPF[®] website or can contact the MPF Xtra Service Center to obtain indicative pricing, enter into mandatory Delivery Commitments and lock in the final price for the loans to be sold under an MPF Xtra MC. PFIs will present Loans and submit funding requests using the existing eMPF[®] website.

Loan Eligibility: Conventional, first lien residential mortgage loans with fixed rates. Loan terms, limits, and other loan eligibility requirements can be found in the Guides and the MPF Xtra Manual.

Property Types: The property types allowed under the MPF Xtra product can be found in the Guides and the MPF Xtra Manual.

Credit Enhancement Features: The credit risk associated with the Loans under the MPF Xtra Product is transferred to the investor. Thus there is no Credit Enhancement (CE) obligation for the PFI and CE Fees are not paid. As noted in the MPF Xtra Manual, Loans sold under the MPF Xtra Product are subject to an Investor Price Adjustment (IPA) and, depending on loan characteristics, are subject to Loan Level Price Adjustments (LLPAs).

Servicing Features: The PFI will service the Loans in accordance with the requirements of the PFI Agreement, the Guides, and the MPF Xtra Manual. Servicers under the MPF Xtra Product may be allowed to sell or transfer their servicing to another qualified Servicer. Servicers will use the MPF Program Actual/Actual remittance option under this Product. The PFI will receive a 25 Basis Point (0.25%) per year Servicing Fee, paid monthly, for Servicing the Loans.

Capital Treatment: For depository institutions, there is no leverage or risk-based capital requirement.

The MPF Program is not providing accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The PFI is expected to consult with its own accountants and attorneys for advice on this matter.

[Back To Product Term Sheet List](#)

MPF[®] Government

Transaction Type:	The PFI may sell Government Loans to the MPF Bank.
Process:	The PFI will obtain a Master Commitment from the MPF Bank for the amount of Government Loans the PFI expects to sell, specifying the time period in which it expects to sell such mortgages to the MPF Bank (separate Master Commitments are required for HUD 184 Loans and for RHS 502 Loans).
Government Loan Types:	The MPF Bank will acquire fully amortizing fixed rate one-to-four unit residential mortgages insured or guaranteed by the applicable Government Agency listed in Underwriting Guide Chapter 1.3.
PFI Credit and Servicing Responsibilities:	The PFI shall provide and maintain the applicable Government Agency insurance or guaranty for all mortgages; the PFI shall be responsible for compliance with all applicable Government Agency requirements and for obtaining the benefit of the applicable Government Agency's insurance or guaranty with respect to defaulted mortgages. Also, the PFI shall, as the Servicer, be responsible for Unreimbursed Servicing Expenses (those amounts not reimbursed by the applicable Government Agency with respect to defaulted Mortgages), in the same manner and to the same extent as is customary for Ginnie Mae loan servicers.
Servicing Fee:	The PFI will receive a 44 Basis Point (0.44%) per year Servicing Fee, paid monthly, from the MPF Bank.
Capital Treatment:	<p>For depository institutions, there is no leverage or risk-based capital requirement.</p> <p><i>The MPF Program is not providing accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The PFI is expected to consult with its own accountants and attorneys for advice on this matter.</i></p>

[Back To Product Term Sheet List](#)

Letters of Credit

Maximum Term:	20 years.
Minimum Size:	None.
Irrevocable:	FHLBC letters of credit are irrevocable.
Collateral:	FHLBC letters of credit must be fully collateralized at the time of issuance in the same manner as advances. Refer to the Member Products and Credit Policy and Collateral Guidelines.
Stock:	There is no capital stock purchase requirement at issuance of a FHLBC letter of credit. In the event that a draw does occur under a standby or direct pay letter of credit and the member does not immediately reimburse the FHLBC for the draw, an advance will be made. Any required capital stock purchases will be calculated at the time an advance is made. However, at issuance of a letter of credit, the FHLBC, at its discretion, may require a member to collateralize the amount of stock that would be necessary to support the maximum amount the FHLBC is obligated to advance under any letter of credit.
Documentation:	<p>The member must complete an application and reimbursement agreement. If applicable, a copy of the member's underlying letter of credit must be provided prior to the issuance of the FHLBC letter of credit.</p> <p>For credit enhancement of bond financings, additional documentation will be required prior to closing.</p>
Community Letter of Credit Eligibility:	Discounted pricing is offered for housing and community lending projects eligible under the FHLBC's Community Letters of Credit. In most cases, community lending (non-housing) projects must be Community Development Advances-qualified in order to obtain a FHLBC letter of credit.
Renewal:	<p>FHLBC letters of credit must contain a specific expiration date or be for a definite term.</p> <p>Evergreen provisions where FHLBC has the option to renew are permissible as long as there is a stated final maturity date.</p>
Transferrable:	FHLBC letters of credit are only transferrable with prior written consent from the FHLBC.
Cancellation:	LOCs may be terminated prior to their stated maturity upon written notification from the Beneficiary and receipt of the cancelled original letter of credit.

Pricing & Fees: Please refer to Schedule A to the Member Products and Credit Policy for pricing.

Fees are paid annually in advance, calculated on an actual/360 basis, for most FHLBC LOCs.

For Fluctuating Balance PUD LOCs, fees are paid at the end of each quarter and at the expiration of the LOC, calculated on an actual/360 basis, based on the average daily balance of the deposit accounts as reported by the member.

Additional fees may apply. Fees are assessed for drafts on FHLBC letters of credit. Members incur the associated legal and documentation costs for a FHLBC letter of credit to credit enhance a bond financing and any other non-standard FHLBC letter of credit. Please refer to Schedule A to the Member Products and Credit Policy for additional information.

Questions: Please contact your Institutional Sales Director or the Member Transaction Desk at 855-345-2244.

[Back To Product Term Sheet List](#)