

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File No. 000-51401



**FHLBank
Chicago**

Federal Home Loan Bank of Chicago

(Exact name of registrant as specified in its charter)

Federally chartered corporation

36-6001019

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

433 West Van Buren Street, Suite 501S

Chicago, IL

60607

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(312) 565-5700**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of March 31, 2026, the registrant had 39,102,525 total outstanding shares of Class B Capital Stock, including mandatorily redeemable capital stock.


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PART I - FINANCIAL INFORMATION
Item 1. Condensed Financial Statements.
Condensed Statements of Condition (unaudited)

(U.S. Dollars in millions, except capital stock par value)

	March 31, 2026	December 31, 2025
Assets		
Cash and due from banks	\$ 26	\$ 103
Interest-bearing deposits	2,990	2,790
Federal funds sold	8,193	4,295
Securities purchased under agreements to resell	15,300	23,175
Investment debt securities -		
Trading	5,242	4,749
Available-for-sale, \$28,594 and \$27,847 amortized cost, includes \$808 and \$807 pledged as collateral that may be repledged	28,772	28,032
Held-to-maturity, \$748 and \$1,466 fair value	748	1,463
Investment debt securities	34,762	34,244
Advances, \$130 and \$141 carried at fair value	65,448	61,145
MPF Loans held in portfolio, net of \$(4) and \$(4) allowance for credit losses	14,883	14,731
Derivative assets	15	53
Other assets, \$52 and \$53 carried at fair value net of \$(9) and \$(9) allowance for credit losses	664	666
Assets	\$ 142,281	\$ 141,202
Liabilities		
Deposits -		
Demand and overnight - noninterest-bearing	\$ 353	\$ 312
Demand and overnight - interest-bearing, \$15 and \$17 from other FHLBs	949	967
Deposits	1,302	1,279
Consolidated obligations, net -		
Discount notes, \$30,771 and \$46,448 carried at fair value	38,447	53,179
Bonds, \$1,503 and \$507 carried at fair value	91,382	76,295
Consolidated obligations, net	129,829	129,474
Derivative liabilities	81	3
Affordable Housing Program liability	179	175
Mandatorily redeemable capital stock	29	30
Other liabilities	1,017	786
Liabilities	132,437	131,747
Commitments and contingencies - see notes to the condensed financial statements		
Capital		
Class B1 activity stock, 28 and 26 million shares issued and outstanding	2,824	2,620
Class B2 membership stock, 11 and 10 million shares issued and outstanding	1,057	953
Capital stock - putable, \$100 and \$100 par value per share	3,881	3,573
Retained earnings - unrestricted	4,544	4,491
Retained earnings - restricted	1,206	1,173
Retained earnings	5,750	5,664
Accumulated other comprehensive income (loss)	213	218
Capital	9,844	9,455
Liabilities and capital	\$ 142,281	\$ 141,202

The accompanying notes are an integral part of these condensed financial statements (unaudited).



FHLBank
Chicago

Federal Home Loan Bank of Chicago

Condensed Statements of Income (unaudited)

(U.S. Dollars in millions)

	Three months ended March 31,	
	2026	2025
Interest income	\$ 1,493	\$ 1,488
Interest expense	1,259	1,252
Net interest income	234	236
Provision for (reversal of) credit losses	—	(1)
Net interest income after provision for (reversal of) credit losses	234	237
Noninterest income (loss) -		
Trading securities	(9)	24
Derivatives and hedging activities	17	(18)
Instruments held under the fair value option	10	—
MPF fees, \$8 and \$8 from other FHLBs	10	9
Other, net	3	4
Noninterest income (loss)	31	19
Noninterest expense -		
Compensation and benefits	35	33
Nonpayroll operating expenses	28	24
Voluntary Community Investment contributions	10	15
Federal Housing Finance Agency and Office of Finance	6	6
Other, net	3	2
Noninterest expense	82	80
Income before assessments	183	176
Affordable Housing Program assessment	18	18
Net income	\$ 165	\$ 158

The accompanying notes are an integral part of these condensed financial statements (unaudited).



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Condensed Statements of Comprehensive Income (unaudited)

(U.S. Dollars in millions)

	Three months ended March 31,	
	2026	2025
Net income	\$ 165	\$ 158
Other comprehensive income (loss) -		
Net unrealized gain (loss) available-for-sale debt securities	(7)	61
Net unrealized gain (loss) cash flow hedges	5	(27)
Postretirement plans	(3)	—
Other comprehensive income (loss)	(5)	34
Comprehensive income (loss)	\$ 160	\$ 192

The accompanying notes are an integral part of these condensed financial statements (unaudited).


Condensed Statements of Capital (unaudited)

(U.S. Dollars and shares in millions)

	Capital Stock - Putable - B1 Activity		Capital Stock - Putable - B2 Membership		Retained Earnings		AOCI	Total
	Shares	Value	Shares	Value	Unrestricted	Restricted		
December 31, 2025	26	\$ 2,620	10	\$ 953	\$ 4,491	\$ 1,173	\$ 218	\$ 9,455
Comprehensive income (loss)					132	33	(5)	160
Issuance of capital stock	8	793	—	1				794
Repurchases of capital stock	—	—	(5)	(481)				(481)
Capital stock reclassified to mandatorily redeemable capital stock liability	—	(1)	—	(4)				(5)
Transfers between classes of capital stock	(6)	(588)	6	588				
Cash dividends - class B1 annualized rate and amount		9.25 %			(75)			(75)
Cash dividends - class B2 annualized rate and amount				3.90 %	(4)			(4)
Total change in period	<u>2</u>	<u>204</u>	<u>1</u>	<u>104</u>	<u>53</u>	<u>33</u>	<u>(5)</u>	<u>389</u>
March 31, 2026	28	\$ 2,824	11	\$ 1,057	\$ 4,544	\$ 1,206	\$ 213	\$ 9,844
December 31, 2024	24	\$ 2,443	8	\$ 824	\$ 4,269	\$ 1,042	\$ 42	\$ 8,620
Comprehensive income (loss)					127	31	34	192
Issuance of capital stock	6	561	—	—				561
Repurchases of capital stock	—	—	(4)	(445)				(445)
Transfers between classes of capital stock	(6)	(577)	6	577				
Cash dividends - class B1 annualized rate and amount		9.25 %			(68)			(68)
Cash dividends - class B2 annualized rate and amount				4.20 %	(4)			(4)
Total change in period	<u>—</u>	<u>(16)</u>	<u>2</u>	<u>132</u>	<u>55</u>	<u>31</u>	<u>34</u>	<u>236</u>
March 31, 2025	<u>24</u>	<u>\$ 2,427</u>	<u>10</u>	<u>\$ 956</u>	<u>\$ 4,324</u>	<u>\$ 1,073</u>	<u>\$ 76</u>	<u>\$ 8,856</u>

The accompanying notes are an integral part of these condensed financial statements (unaudited).



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Condensed Statements of Cash Flows (unaudited)

(U.S. Dollars in millions)

Three months ended March 31,		2026	2025
Operating	Net cash provided by (used in) operating activities	\$ 251	\$ (315)
Investing	Net change interest-bearing deposits	(200)	—
	Net change federal funds sold	(3,898)	(1,899)
	Net change securities purchased under agreements to resell	7,875	5,975
	Trading debt securities -		
	Proceeds from maturities and paydowns	—	751
	Purchases	(505)	(1,495)
	Available-for-sale debt securities -		
	Proceeds from maturities and paydowns	315	212
	Purchases	(891)	(635)
	Held-to-maturity debt securities -		
	Proceeds from maturities and paydowns	1,776	1,907
	Purchases	(1,061)	(791)
	Advances -		
	Principal collected	671,303	547,770
	Issued	(675,684)	(547,660)
	MPF Loans held in portfolio -		
	Principal collected	598	281
	Purchases	(759)	(495)
	Other investing activities	(4)	(4)
	Net cash provided by (used in) investing activities	(1,135)	3,917
Financing	Net change deposits, \$(2) and \$2 from other FHLBs	23	92
	Discount notes -		
	Net proceeds from issuance	85,903	98,387
	Payments for maturing and retiring	(100,472)	(100,046)
	Consolidated obligation bonds -		
	Net proceeds from issuance	40,489	19,185
	Payments for maturing and retiring	(25,364)	(21,273)
	Capital stock -		
	Proceeds from issuance	794	561
	Repurchases	(481)	(445)
	Cash dividends paid	(79)	(72)
	Other financing activities	(6)	—
	Net cash provided by (used in) financing activities	807	(3,611)
	Net increase (decrease) in cash and due from banks	(77)	(9)
	Cash and due from banks at beginning of period	103	32
	Cash and due from banks at end of period	\$ 26	\$ 23
Supplemental	Cash activities		
	Interest paid	\$ 1,315	\$ 1,072
	Statutory Affordable Housing Program assessments paid	16	12
	Noncash activities		
	Transfer of MPF Loans held for sale in other assets to securitized mortgage loans in trading debt securities	9	31
	Investment securities purchased but settled in subsequent periods	281	311

The accompanying notes are an integral part of these condensed financial statements (unaudited).



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Federal Home Loan Bank of Chicago

Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 1 - Background and Basis of Presentation

The Federal Home Loan Bank of Chicago is a federally chartered corporation and one of 11 Federal Home Loan Banks (the FHLBs) that, with the Office of Finance, comprise the Federal Home Loan Bank System (the System). The FHLBs are government-sponsored enterprises (GSEs) of the United States of America and were organized under the Federal Home Loan Bank Act of 1932, as amended (FHLB Act), in order to improve the availability of funds to support home ownership. We are supervised and regulated by the Federal Housing Finance Agency (FHFA), an independent federal agency in the executive branch of the United States (U.S.) government.

As a privately-capitalized, member-owned cooperative, we do business with our member financial institutions and former members (under limited circumstances). Specifically, we provide credit principally in the form of secured loans called advances. We also provide liquidity for home mortgage loans to members approved as Participating Financial Institutions (PFIs) through the Mortgage Partnership Finance[®] (MPF[®]) Program.

All our members are required to purchase our capital stock as a condition of membership. Our capital stock is not publicly traded, and is issued, repurchased or redeemed at par value, \$100 per share, subject to certain statutory and regulatory limits.

Our accounting and financial reporting policies conform to generally accepted accounting principles in the United States of America (GAAP).

In the opinion of management, all normal recurring adjustments have been included for a fair statement of this interim financial information. These unaudited condensed financial statements and the accompanying notes should be read in conjunction with the audited financial statements and footnotes for the year ended December 31, 2025, included in our 2025 Annual Report on Form 10-K (2025 Form 10-K) starting on page F-1, as filed with the Securities and Exchange Commission (SEC).

Unless otherwise specified, references to we, us, our, and the Bank are to the Federal Home Loan Bank of Chicago.

"Mortgage Partnership Finance", "MPF", "MPF Xtra", "Downpayment Plus", "DPP", "Downpayment Plus Advantage", "DPP Advantage", and "Community First" are federally registered trademarks of the Federal Home Loan Bank of Chicago.

Refer to the **Glossary of Terms** starting on page 52 for the definitions of certain terms used herein.

Basis of Presentation

Refer to **Note 1 - Background and Basis of Presentation** to the financial statements in our 2025 Form 10-K with respect to our use of estimates and assumptions, basis of presentation for single reportable operating segment and chief operating decision-maker, consolidation of variable interest entities and our gross versus net presentation of financial instruments for further details.

Note 2 - Summary of Significant Accounting Policies

Our significant accounting policies adopted through December 31, 2025, can be found in **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K.



Notes to Condensed Financial Statements - (Unaudited)
 (U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 3 - Recently Adopted and Issued Accounting Guidance
Accounting Guidance Yet To Be Adopted

Accounting Standards Update (ASU)	Description	Beginning Interim and Annual (unless otherwise noted)	Review Status
Interim Reporting - Narrow-Scope Improvements (ASU 2025-11)	This update clarifies and improves the interim reporting guidance by providing a comprehensive list of required interim disclosures and clarifying when interim reporting guidance is applicable, without expanding or reducing current interim disclosure requirements. The amendments add a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material effect on the entity.	January 1, 2028. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on interim disclosures.
Hedge Accounting Improvements (ASU 2025-09)	This update expands the hedged risks permitted in cash flow hedges. It also eliminates the net written option test in certain instances.	January 1, 2027. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on its financial statements.
Purchased Loans (ASU 2025-08)	This update expands the use of the gross-up approach for acquired financial assets by requiring that purchased seasoned loans be accounted for using this method.	January 1, 2027. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on its financial statements.
Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06)	This update removes all references to prescriptive and sequential software development stages. It requires an entity to start capitalizing software costs when management has committed to funding the project and it is probable that the project will be completed and used for its intended function.	January 1, 2028. Early adoption is permitted.	The Bank is in the process of evaluating this guidance and its effect on its financial statements.
Disaggregation of Income Statement Expenses, as amended (ASU 2024-03)	This update requires disclosure in the notes to the financial statements, of specified information about certain costs and expenses on an interim and annual basis.	Effective for the annual period ending December 31, 2027, and the interim and annual periods thereafter. Early adoption is permitted.	The Bank has evaluated the requirements under the ASU and does not expect a significant impact to its financial statement disclosure once effective. The Bank does not intend to early adopt.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 4 – Interest Income and Interest Expense

The following table presents interest income and interest expense for the periods indicated.

	Three months ended March 31,	
	2026	2025
Interest income -		
Trading	\$ 40	\$ 28
Available-for-sale interest income	329	341
Available-for-sale prepayment fees	1	—
Available-for-sale	330	341
Held-to-maturity	20	23
Investment debt securities	390	392
Advances interest income	768	781
Advances prepayment fees, net	1	—
Advances	769	781
MPF Loans held in portfolio	158	140
Federal funds sold	69	78
Securities purchased under agreements to resell	76	59
Interest-bearing deposits	30	36
Other	1	2
Interest income	1,493	1,488
Interest expense -		
Consolidated obligations -		
Discount notes	469	407
Bonds	779	833
Other	11	12
Interest expense	1,259	1,252
Net interest income	\$ 234	\$ 236



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Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 5 - Investment Debt Securities

We classify investment debt securities as either trading, held-to-maturity (HTM), or available-for-sale (AFS).

We have elected to exclude accrued interest receivable from the amortized cost in the following AFS and HTM tables. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

Pledged Collateral

We disclose the amount of investment debt securities pledged as collateral pertaining to our derivatives activity on our **Condensed Statements of Condition**. See **Note 9 - Derivatives and Hedging Activities** for further details.

Trading Debt Securities

The following table presents our trading debt securities by major security type at fair value.

As of	March 31, 2026	December 31, 2025
U.S. Government & other government related	\$ 5,241	\$ 4,747
MBS		
GSE	1	2
Trading debt securities	\$ 5,242	\$ 4,749

The following table presents our gains and losses on trading debt securities recorded in Trading securities on our **Condensed Statements of Income**.

	Three months ended March 31,	
	2026	2025
Net unrealized gains (losses) on securities held at period end	\$ (9)	\$ 18
Net realized gains (losses) on securities sold/matured during the period	—	6
Net gains (losses) on trading debt securities	\$ (9)	\$ 24



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Available-for-Sale Debt Securities (AFS)

The following table presents the amortized cost and fair value of our AFS debt securities.

	Amortized Cost Basis ^a	Gross Unrealized Gains in AOCI	Gross Unrealized (Losses) in AOCI	Net Carrying Amount and Fair Value
As of March 31, 2026				
U.S. Government & other government related	\$ 3,058	\$ 25	\$ (78)	\$ 3,005
State or local housing agency	5	—	—	5
FFELP ABS	1,173	30	(3)	1,200
MBS				
GSE	22,991	240	(41)	23,190
Government guaranteed	1,367	5	—	1,372
Available-for-sale debt securities	\$ 28,594	\$ 300	\$ (122)	\$ 28,772
As of December 31, 2025				
U.S. Government & other government related	\$ 3,059	\$ 22	\$ (81)	\$ 3,000
State or local housing agency	5	—	—	5
FFELP ABS	1,207	31	(2)	1,236
MBS				
GSE	22,804	255	(40)	23,019
Government guaranteed	772	1	(1)	772
Available-for-sale debt securities	\$ 27,847	\$ 309	\$ (124)	\$ 28,032

^a Includes adjustments made to the cost basis of an investment for accretion, amortization, and fair value hedge accounting adjustments.

Held-to-Maturity Debt Securities (HTM)

The following table presents the amortized cost, carrying amount, and fair value of our HTM debt securities.

	Amortized Cost and Net Carrying Amount ^a	Gross Unrecognized Holding Gains	Gross Unrecognized Holding (Losses)	Fair Value
As of March 31, 2026				
U.S. Government & other government related	\$ 652	\$ 2	\$ (5)	\$ 649
MBS				
GSE	89	3	—	92
Government guaranteed	3	—	—	3
Other	4	—	—	4
Held-to-maturity debt securities	\$ 748	\$ 5	\$ (5)	\$ 748
As of December 31, 2025				
U.S. Government & other government related	\$ 1,360	\$ 3	\$ (2)	\$ 1,361
MBS				
GSE	95	2	—	97
Government guaranteed	4	—	—	4
Other	4	—	—	4
Held-to-maturity debt securities	\$ 1,463	\$ 5	\$ (2)	\$ 1,466

^a Includes adjustments made to the cost basis of an investment for accretion, and/or amortization.



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Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Contractual Maturity

The maturity of our AFS and HTM debt securities is detailed in the following table. MBS and FFELP ABS are not presented by contractual maturity because their expected maturities will likely differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost Basis	Net Carrying Amount and Fair Value	Amortized Cost and Net Carrying Amount	Fair Value
As of March 31, 2026				
Other debt securities				
Due in one year or less	\$ 592	\$ 592	\$ 252	\$ 252
Due after one year through five years	675	668	94	92
Due after five years through ten years	432	434	268	267
Due after ten years	1,364	1,316	38	38
MBS and FFELP ABS	25,531	25,762	96	99
Total debt securities	\$ 28,594	\$ 28,772	\$ 748	\$ 748

As of December 31, 2025

Other debt securities				
Due in one year or less	\$ 590	\$ 590	\$ 1,021	\$ 1,021
Due after one year through five years	710	703	81	80
Due after five years through ten years	392	395	172	175
Due after ten years	1,372	1,317	86	85
MBS and FFELP ABS	24,783	25,027	103	105
Total debt securities	\$ 27,847	\$ 28,032	\$ 1,463	\$ 1,466



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

AFS Securities in a Continuous Unrealized Loss Position

The following table presents unrealized losses on our AFS portfolio for periods less than 12 months and for 12 months or more. These losses are considered temporary as we expect to recover the entire amortized cost basis and neither intend to sell these securities nor consider it more likely than not that we will be required to sell these securities before the anticipated recovery of each security's remaining amortized cost basis. In the tables below, in cases where the gross unrealized losses for an investment category are less than \$1 million, the losses are not reported.

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
Available-for-sale debt securities						
As of March 31, 2026						
U.S. Government & other government related	\$ 116	\$ (1)	\$ 724	\$ (77)	\$ 840	\$ (78)
State or local housing agency	—	—	5	—	5	—
FFELP ABS	—	—	230	(3)	230	(3)
MBS						
GSE	412	(1)	4,041	(40)	4,453	(41)
Government guaranteed	294	—	2	—	296	—
Available-for-sale debt securities	\$ 822	\$ (2)	\$ 5,002	\$ (120)	\$ 5,824	\$ (122)
As of December 31, 2025						
U.S. Government & other government related	\$ 88	\$ —	\$ 768	\$ (81)	\$ 856	\$ (81)
State or local housing agency	—	—	5	—	5	—
FFELP ABS	—	—	239	(2)	239	(2)
MBS						
GSE	14	—	4,049	(40)	4,063	(40)
Government guaranteed	572	(1)	1	—	573	(1)
Available-for-sale debt securities	\$ 674	\$ (1)	\$ 5,062	\$ (123)	\$ 5,736	\$ (124)



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Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 6 - Advances

We offer a wide range of fixed and variable-rate advance products with different maturities, interest rates, payment characteristics and options.

We have no allowance for credit losses on our advances and we have elected to exclude accrued interest receivable from the amortized cost in the following tables. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

The following table presents our advances by terms of contractual maturity and the related weighted average contractual interest rate. For amortizing advances, contractual maturity is determined based on the advance's amortization schedule. Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay advances with or without penalties.

As of	March 31, 2026		December 31, 2025	
	Par Value Amount	Weighted Average Contractual Interest Rate	Par Value Amount	Weighted Average Contractual Interest Rate
Due in one year or less	\$ 35,084	3.78 %	\$ 32,541	3.83 %
One to two years	9,004	3.71 %	6,673	3.70 %
Two to three years	5,261	3.23 %	5,993	3.37 %
Three to four years	3,542	3.66 %	3,526	3.67 %
Four to five years	3,672	3.72 %	3,641	3.66 %
Five to fifteen years	8,339	3.46 %	8,271	3.46 %
More than fifteen years	826	5.25 %	701	5.22 %
Total	\$ 65,728	3.69 %	\$ 61,346	3.72 %

The following table reconciles the par value of our advances to the carrying amount on our **Condensed Statements of Condition** as of the dates indicated.

As of	March 31, 2026	December 31, 2025
Par value	\$ 65,728	\$ 61,346
Fair value hedging adjustments	(216)	(137)
Other adjustments	(64)	(64)
Advances	\$ 65,448	\$ 61,145

The following advance borrower exceeded 10% of our advances outstanding.

As of March 31, 2026	Par Value	% of Total Outstanding
The Northern Trust Company	\$ 8,500	12.9 %



FHLBank
Chicago

Federal Home Loan Bank of Chicago

Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 7 - MPF Loans Held in Portfolio

We acquire MPF Loans from PFIs to hold in our portfolio. MPF Loans that are held in portfolio are fixed-rate conventional and Government Loans secured by one-to-four family residential properties with maturities ranging from 5 years to 30 years.

The following table presents information on MPF Loans held in portfolio by contractual maturity at the time of purchase. We have an allowance for credit losses on our MPF Loans and we have elected to exclude accrued interest receivable from the amortized cost in the following table. See **Note 8 - Allowance for Credit Losses** for further details on these amounts.

As of	March 31, 2026	December 31, 2025
Medium term (15 years or less)	\$ 1,336	\$ 1,345
Long term (greater than 15 years)	13,355	13,197
Unpaid principal balance	14,691	14,542
Net premiums, credit enhancement, and/or deferred loan fees	202	202
Fair value hedging and delivery commitment basis adjustments	(6)	(9)
MPF Loans held in portfolio, before allowance for credit losses	14,887	14,735
Allowance for credit losses on MPF Loans	(4)	(4)
MPF Loans held in portfolio, net	\$ 14,883	\$ 14,731
Conventional mortgage loans	\$ 13,690	\$ 13,534
Government Loans	1,001	1,008
Unpaid principal balance	\$ 14,691	\$ 14,542

The above table excludes MPF Loans acquired under the MPF Xtra and MPF Government MBS products. See **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K for information related to the accounting treatment of these off-balance sheet MPF Loan products.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 8 - Allowance for Credit Losses

See **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K for further details regarding our accounting policies and methodologies pertaining to allowances for credit losses.

Our allowances for credit losses are immaterial due to the nature of our credit enhancements, collateral support, and/or the credit worthiness of our counterparties. See **Note 8 - Allowance for Credit Losses** to the financial statements in our 2025 Form 10-K for more information.

Key Credit Quality Indicator on our conventional MPF Loans

Amounts past due 30 days or more on conventional MPF Loans at March 31, 2026 and December 31, 2025 totaled \$135 million and \$138 million, respectively, and are based on amortized cost, which excludes accrued interest receivable.

Accrued interest receivable

We present accrued interest receivable separately for loans and AFS/HTM debt securities. We do not measure an allowance for credit losses on loan related accrued interest receivables as we reverse accrued interest on a monthly basis when the loan is placed on nonaccrual status.

The following table summarizes our accrued interest receivable by portfolio segment.

Financial instrument type	March 31, 2026	December 31, 2025
MPF Loans held in portfolio	\$ 102	\$ 105
HTM securities	4	9
AFS securities	108	118
Interest-bearing deposits	8	7
Federal funds sold	1	—
Securities purchased under agreements to resell	2	2
Advances	173	159
Accrued interest receivable	\$ 398	\$ 400



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 9 - Derivatives and Hedging Activities

We use non-speculative bilateral and cleared derivative transactions to manage interest rate and credit risk. We use fair value and cash flow hedge strategies to mitigate interest rate risk, and require collateral agreements and daily margin changes to mitigate credit risk. Refer to **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K for our accounting policies for derivatives, and **Note 9 - Derivatives and Hedging Activities** to the financial statements in our 2025 Form 10-K for a detailed description of our derivatives and hedging activities, and variation and initial margin requirements.

The following table presents details on the notional amounts, and cleared and bilateral derivative assets and liabilities on our **Condensed Statements of Condition**. The netting adjustment amount includes cash collateral (either received or paid by us) and related accrued interest in cases where we have a legal right, by contract (e.g., master netting agreement) or otherwise, to offset cash flow obligations between us and our counterparty into a single net payable or receivable.

As of	March 31, 2026			December 31, 2025		
	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
Derivatives in hedge accounting relationships-						
Interest rate contracts	\$ 103,675	\$ 705	\$ 754	\$ 109,216	\$ 788	\$ 731
Derivatives not in hedge accounting relationships-						
Interest rate contracts	37,668	6	4	52,582	11	1
Mortgage delivery commitments	264	1	—	214	1	—
Other	109	1	—	110	—	—
Derivatives not in hedge accounting relationships	38,041	8	4	52,906	12	1
Gross derivatives amount before netting adjustments and cash collateral	\$ 141,716	713	758	\$ 162,122	800	732
Netting adjustments and cash collateral		(698)	(677)		(747)	(729)
Derivatives on Condensed Statements of Condition		\$ 15	\$ 81		\$ 53	\$ 3
	Cash Collateral			Cash Collateral		
Cash collateral posted and related accrued interest	\$ 391			\$ 349		
Cash collateral received and related accrued interest	412			367		

The following table presents the noninterest income (loss) - derivatives and economic hedging activities as presented in the **Condensed Statements of Income**.

For the periods ending	Three months ended March 31,	
	2026	2025
Economic hedges -		
Interest rate contracts	\$ 14	\$ (20)
Mortgage delivery commitments	3	4
Other	—	(2)
Economic hedges	17	(18)
Noninterest income (loss) - Derivatives and hedging activities	\$ 17	\$ (18)


Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

The following tables present details regarding the offsetting of our cleared and bilateral derivatives on our **Condensed Statements of Condition**. The netting adjustment amount includes cash collateral (either received or paid by us) and related accrued interest in cases where, as applicable, we have a legal right, by contract (e.g., master netting agreement) or otherwise, to offset cash flow obligations between us and our counterparty into a single net payable or receivable.

Derivative Assets						
	As of March 31, 2026			As of December 31, 2025		
	Bilateral	Cleared	Total	Bilateral	Cleared	Total
Derivatives with legal right of offset -						
Gross recognized amount	\$ 698	\$ 14	\$ 712	\$ 742	\$ 57	\$ 799
Netting adjustments and cash collateral	(684)	(14)	(698)	(731)	(16)	(747)
Derivatives without legal right of offset	1	—	1	1	—	1
Derivatives on Condensed Statements of Condition	15	—	15	12	41	53
Net amount	\$ 15	\$ —	\$ 15	\$ 12	\$ 41	\$ 53
Derivative Liabilities						
	As of March 31, 2026			As of December 31, 2025		
	Bilateral	Cleared	Total	Bilateral	Cleared	Total
Derivatives with legal right of offset -						
Gross recognized amount	\$ 678	\$ 80	\$ 758	\$ 716	\$ 16	\$ 732
Netting adjustments and cash collateral	(663)	(14)	(677)	(713)	(16)	(729)
Derivatives on Condensed Statements of Condition	15	66	81	3	—	3
Less:						
Noncash collateral received or pledged and can be sold or repledged	—	66	66	—	—	—
Net amount	\$ 15	\$ —	\$ 15	\$ 3	\$ —	\$ 3

We pledged \$808 million and \$807 million of investment securities (that can be sold or repledged) as part of our initial margin related to cleared derivative transactions at March 31, 2026 and December 31, 2025.

At March 31, 2026 and December 31, 2025, we had \$742 million and \$807 million of additional credit exposure due to pledging of noncash collateral to our counterparties, which exceeded our net derivative position for combined cleared and bilateral derivatives. Separately, as of March 31, 2026 and December 31, 2025, we did not pledge or receive initial margin with our bilateral derivative counterparties.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Fair Value Hedges

The following table presents our fair value hedging results by the type of hedged item. Changes in the fair value of the derivative and the hedged item attributable to the hedged risk for designated fair value hedges are recorded in net interest income in the same line as the earnings effect of the hedged item. Gains (losses) on derivatives include unrealized changes in fair value, as well as net interest settlements. The line for Other, if applicable, relates to discontinued closed fair value hedges on MPF Loans held for portfolio that are being amortized over the remaining life of the loans.

	Three months ended March 31, 2026			Three months ended March 31, 2025		
	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Amount Recorded in Net Interest Income
Available-for-sale debt securities	\$ 119	\$ (61)	\$ 58	\$ (373)	\$ 470	\$ 97
Advances	116	(79)	37	(160)	258	98
Consolidated obligation bonds	(115)	37	(78)	178	(343)	(165)
Total	\$ 120	\$ (103)	\$ 17	\$ (355)	\$ 385	\$ 30

The following table presents the cumulative basis adjustments on hedged items designated as fair value hedges and the related amortized cost of the hedged items.

	Amortized cost of hedged asset/liability	Basis adjustments active hedges included in amortized cost	Basis adjustments discontinued hedges included in amortized cost	Total amount of fair value hedging basis adjustments
As of March 31, 2026				
Available-for-sale securities	\$ 23,876	\$ (1,218)	\$ 94	\$ (1,124)
Advances	33,304	(216)	—	(216)
Consolidated obligation bonds	42,885	(625)	(8)	(633)
Other	114	—	1	1
As of December 31, 2025				
Available-for-sale securities	\$ 23,689	\$ (1,167)	\$ 103	\$ (1,064)
Advances	33,892	(137)	—	(137)
Consolidated obligation bonds	48,115	(587)	(9)	(596)
Other	120	—	2	2



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Cash Flow Hedges

The following table presents our cash flow hedging results by type of hedged item. Additionally, the table indicates where cash flow hedging results are classified in our **Condensed Statements of Income**. In this regard, the **Amount Reclassified from AOCI into Net Interest Income** column below includes the following:

- The amortization of closed cash flow hedging adjustments, which are reclassified from Accumulated Other Comprehensive Income (AOCI) into the interest income/expense line item of the respective hedged item type.
- The effect of net interest settlements attributable to open derivative hedging instruments, which are initially recorded in AOCI and are reclassified to the interest income/expense line item of the respective hedged item type.

	Three months ended March 31, 2026		Three months ended March 31, 2025	
	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income	Gross Amount Initially Recognized in AOCI	Amount Reclassified from AOCI into Net Interest Income
Discount notes	\$ 3	\$ 3	\$ (5)	\$ 7
Bonds	5	—	(14)	1
Total	\$ 8	\$ 3	\$ (19)	\$ 8



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 10 - Consolidated Obligations

The FHLBs issue consolidated obligations, which consist of discount notes and consolidated obligation bonds, through the Office of Finance, which acts as their agent. Consolidated obligation discount notes are used to raise short-term funding, while consolidated obligation bonds are generally used to raise long-term funding.

The following table presents our consolidated obligation discount notes for which we are the primary obligor. All are due in one year or less.

As of	March 31, 2026	December 31, 2025
Consolidated obligation discount notes - carrying amount	\$ 38,447	\$ 53,179
Consolidated obligation discount notes - principal amount	38,671	53,430
Weighted Average Interest Rate	3.60 %	3.76 %

The following table presents the remaining life of our consolidated obligation bonds by contractual maturity and the related weighted average interest rate, for which we are the primary obligor, including callable bonds that are redeemable in whole, or in part, at our discretion on predetermined call dates.

As of March 31, 2026	Contractual Maturity	Weighted Average Interest Rate	By Maturity or Next Call Date
Due in one year or less	\$ 55,753	3.32 %	\$ 75,771
One to two years	11,612	3.47 %	11,336
Two to three years	5,771	3.39 %	3,155
Three to four years	3,396	4.10 %	864
Four to five years	3,577	2.96 %	446
Thereafter	11,914	3.81 %	451
Total par value	\$ 92,023	3.42 %	\$ 92,023

The following table presents consolidated obligation bonds, for which we are the primary obligor, outstanding by call feature.

As of	March 31, 2026	December 31, 2025
Noncallable	\$ 50,300	\$ 34,722
Callable	41,723	42,174
Par value	92,023	76,896
Fair value hedging adjustments	(633)	(596)
Other adjustments	(8)	(5)
Consolidated obligation bonds	\$ 91,382	\$ 76,295

The following table summarizes the consolidated obligations of the FHLBs and those for which we are the primary obligor. We did not accrue a liability for our joint and several liability related to the other FHLBs' share of the consolidated obligations as of March 31, 2026, and December 31, 2025. Refer to **Note 16 - Commitments and Contingencies** to the financial statements in our 2025 Form 10-K for further details.

Par value as of	March 31, 2026			December 31, 2025		
	Bonds	Discount Notes	Total	Bonds	Discount Notes	Total
FHLB System total consolidated obligations	\$761,188	\$443,249	\$1,204,437	\$716,005	\$435,779	\$1,151,784
FHLB Chicago as primary obligor	92,023	38,671	130,694	76,896	53,430	130,326
As a percent of the FHLB System	12 %	9 %	11 %	11 %	12 %	11 %



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 11 - Capital and Mandatorily Redeemable Capital Stock (MRCS)

For details on our capital stock, MRCS, repurchase of excess stock, and minimum capital requirements, including how the ratios below were calculated, see **Minimum Capital Requirements** in **Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2025 Form 10-K.

We complied with our minimum regulatory capital requirements as shown below.

As of	March 31, 2026		December 31, 2025	
	Requirement	Actual	Requirement	Actual
Total regulatory capital	\$ 5,691	\$ 9,660	\$ 5,648	\$ 9,267
Total regulatory capital ratio	4.00 %	6.79 %	4.00 %	6.56 %
Leverage capital	\$ 7,114	\$ 14,490	\$ 7,060	\$ 13,899
Leverage capital ratio	5.00 %	10.18 %	5.00 %	9.84 %
Risk-based capital	\$ 1,921	\$ 9,660	\$ 1,948	\$ 9,267

Total regulatory capital and leverage capital includes MRCS but does not include AOCI. Under the FHFA regulation on capital classifications and critical capital levels for the FHLBs, we are adequately capitalized.

In accordance with FHFA guidance, we maintain a ratio of at least two percent of capital stock to total assets, measured on a daily average basis at month end.

Capital Concentration

There were no members (including any successors) that had regulatory capital stock exceeding 10% of our total regulatory capital stock outstanding (which includes MRCS) as of March 31, 2026.

Dividend Payments

Our ability to pay dividends is subject to the FHLB Act and FHFA regulations. On April 21, 2026 our Board of Directors declared a 9.25% dividend (annualized) for Class B1 activity stock and a 3.65% dividend (annualized) for Class B2 membership stock based on our preliminary financial results for the first quarter of 2026. This dividend totaled \$82 million (recorded as \$81 million dividends on capital stock and \$1 million interest expense on mandatorily redeemable capital stock) and is scheduled for payment on May 15, 2026. Any future dividend payment remains subject to declaration by the Board and will depend on future operating results, our Retained Earnings and Dividend Policy and any other factors the Board determines to be relevant.



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 12 - Accumulated Other Comprehensive Income (Loss)

The following table summarizes the gains (losses) in AOCI for the reporting periods indicated.

	Net Unrealized - Available- for-sale Debt Securities	Net Unrealized - Cash Flow Hedges	Post- Retirement Plans	AOCI
Three months ended March 31, 2026				
Beginning balance	\$ 185	\$ 24	\$ 9	\$ 218
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	(7)	8	(1)	—
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(3)		(3)
Noninterest expense			(2)	(2)
Ending balance	<u>\$ 178</u>	<u>\$ 29</u>	<u>\$ 6</u>	<u>\$ 213</u>
Three months ended March 31, 2025				
Beginning balance	\$ (33)	\$ 67	\$ 8	\$ 42
Other comprehensive income before reclassification - recorded to the Condensed Statements of Condition	61	(19)	1	43
Amounts reclassified in period to Condensed Statements of Income:				
Net interest income		(8)		(8)
Noninterest expense			(1)	(1)
Ending balance	<u>\$ 28</u>	<u>\$ 40</u>	<u>\$ 8</u>	<u>\$ 76</u>



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 13 - Fair Value

The following table is a summary of the fair value estimates and related levels in the hierarchy. The carrying amounts are per the **Condensed Statements of Condition**. See **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K for our fair value policies and **Note 15 - Fair Value** to the financial statements in our 2025 Form 10-K for our valuation techniques and significant inputs. See **Note 9 - Derivatives and Hedging Activities** for more information on the Netting and Cash Collateral amounts. The net carrying amount in the below table is net of any allowance for credit losses.

	Net Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Netting & Cash Collateral
As of March 31, 2026						
Carried at amortized cost						
Cash and due from banks and interest-bearing deposits	\$ 3,016	\$ 3,016	\$ 3,016			
Federal funds sold and securities purchased under agreements to resell	23,493	23,493		\$ 23,493		
Held-to-maturity debt securities	748	748		744	\$ 4	
Advances	65,318	65,436		65,436		
MPF Loans held in portfolio, net	14,875	14,097		14,081	16	
Other assets	398	398		398		
Carried at fair value on a recurring basis						
Trading debt securities	5,242	5,242		5,242		
Available-for-sale debt securities	28,772	28,772		28,772		
Advances	130	130		130		
Derivative assets	15	15		713		\$ (698)
Other assets	52	52		52		
Carried at fair value on a nonrecurring basis						
MPF Loans held in portfolio, net	8	8			8	
Financial assets	142,067	\$ 141,407	\$ 3,016	\$ 139,061	\$ 28	\$ (698)
Other nonfinancial assets	214					
Assets	\$ 142,281					
Carried at amortized cost						
Deposits	\$ (1,302)	\$ (1,302)		\$ (1,302)		
Consolidated obligation discount notes	(7,676)	(7,674)		(7,674)		
Consolidated obligation bonds	(89,879)	(89,095)		(89,095)		
Mandatorily redeemable capital stock	(29)	(29)	\$ (29)			
Other liabilities	(550)	(550)		(550)		
Carried at fair value on a recurring basis						
Consolidated obligation discount notes	(30,771)	(30,771)		(30,771)		
Consolidated obligation bonds	(1,503)	(1,503)		(1,503)		
Derivative liabilities	(81)	(81)		(758)		\$ 677
Financial liabilities	(131,791)	\$ (131,005)	\$ (29)	\$ (131,653)	\$ —	\$ 677
Other nonfinancial liabilities	(646)					
Liabilities	\$ (132,437)					



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

	<u>Net Carrying Amount</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Netting & Cash Collateral</u>
As of December 31, 2025						
Carried at amortized cost						
Cash and due from banks and interest-bearing deposits	\$ 2,893	\$ 2,893	\$ 2,893			
Federal funds sold and securities purchased under agreements to resell	27,470	27,470		\$ 27,470		
Held-to-maturity debt securities	1,463	1,466		1,462	\$ 4	
Advances	61,004	61,188		61,188		
MPF Loans held in portfolio, net	14,722	13,998		13,987	11	
Other assets	400	400		400		
Carried at fair value on a recurring basis						
Trading debt securities	4,749	4,749		4,749		
Available-for-sale debt securities	28,032	28,032		28,032		
Advances	141	141		141		
Derivative assets	53	53		800		\$ (747)
Other assets	53	53		53		
Carried at fair value on a nonrecurring basis						
MPF Loans held in portfolio, net	9	9			9	
Financial assets	<u>140,989</u>	<u>\$ 140,452</u>	<u>\$ 2,893</u>	<u>\$ 138,282</u>	<u>\$ 24</u>	<u>\$ (747)</u>
Other nonfinancial assets	213					
Assets	<u>\$ 141,202</u>					
Carried at amortized cost						
Deposits	\$ (1,279)	\$ (1,279)		\$ (1,279)		
Consolidated obligation discount notes	(6,731)	(6,728)		(6,728)		
Consolidated obligation bonds	(75,788)	(75,091)		(75,091)		
Mandatorily redeemable capital stock	(30)	(30)	\$ (30)			
Other liabilities	(530)	(530)		(530)		
Carried at fair value on a recurring basis						
Consolidated obligation discount notes	(46,448)	(46,448)		(46,448)		
Consolidated obligation bonds	(507)	(507)		(507)		
Derivative liabilities	(3)	(3)		(732)		\$ 729
Financial liabilities	<u>(131,316)</u>	<u>\$ (130,616)</u>	<u>\$ (30)</u>	<u>\$ (131,315)</u>	<u>\$ —</u>	<u>\$ 729</u>
Other nonfinancial liabilities	(431)					
Liabilities	<u>\$ (131,747)</u>					

We had no transfers between levels for the periods shown.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Fair Value Option

We may elect the fair value option for financial instruments, such as advances, MPF Loans held for sale, and consolidated obligation discount notes and bonds, in cases where hedge accounting treatment may not be achieved due to the inability to meet the hedge effectiveness testing criteria, or in certain cases where we wish to mitigate the risk associated with selecting the fair value option for other instruments. Financial instruments for which we elected the fair value option along with their related fair value are shown on our **Condensed Statements of Condition**. Refer to **Note 2 - Summary of Significant Accounting Policies** to the financial statements in our 2025 Form 10-K for further details.

The following table reflects the difference between the aggregate unpaid principal balance (UPB) outstanding and the aggregate fair value for our long term financial instruments for which the fair value option has been elected.

As of	March 31, 2026		December 31, 2025	
	Advances	Consolidated Obligation Bonds	Advances	Consolidated Obligation Bonds
Unpaid principal balance	\$ 135	\$ 1,500	\$ 145	\$ 500
Fair value over (under) UPB	(5)	3	(4)	7
Fair value	<u>\$ 130</u>	<u>\$ 1,503</u>	<u>\$ 141</u>	<u>\$ 507</u>



Notes to Condensed Financial Statements - (Unaudited)
(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Note 14 - Commitments and Contingencies

The following table shows our commitments outstanding, which represent off-balance sheet obligations unless otherwise noted.

As of	March 31, 2026			December 31, 2025		
	Expire within one year	Expire after one year	Total	Expire within one year	Expire after one year	Total
Member standby letters of credit	\$ 6,507	\$ 5,674 ^a	\$ 12,181	\$ 6,651	\$ 6,223 ^a	\$ 12,874
MPF delivery commitments ^b	205	—	205	176	—	176
Advance commitments	202	—	202	10	—	10
Housing authority standby bond purchase agreements	97	478	575	150	427	577
Unsettled consolidated obligation discount notes	599	—	599	2,050	—	2,050
Unsettled consolidated obligation bonds	1,682	—	1,682	95	—	95
Commitments	\$ 9,292	\$ 6,152	\$ 15,444	\$ 9,132	\$ 6,650	\$ 15,782

^a Contains \$4.6 billion and \$5.2 billion of member standby letters of credit as of March 31, 2026, and December 31, 2025, which were renewable annually.

^b MPF delivery commitments are on-balance sheet derivatives that are estimated at fair value.

For a description of the commitments in the table above see **Note 16 - Commitments and Contingencies** to the financial statements in our 2025 Form 10-K.

Note 15 - Transactions with Related Parties and Other FHLBs

We define related parties as either members whose officers or directors serve on our Board of Directors, or members that control more than 10% of our total voting interests. We did not have any members that controlled more than 10% of our total voting interests for the periods presented in these condensed financial statements.

In the normal course of business, we may extend credit to or enter into other transactions with a related party. These transactions are done at market terms that are no more favorable than the terms of comparable transactions with other members who are not considered related parties.

Members

The following table summarizes material balances we had with our members who are related parties as defined above (including their affiliates) as of the dates presented. The related net income impacts to our **Condensed Statements of Income** were not material.

As of	March 31, 2026	December 31, 2025
Assets - Advances	\$ 402	\$ 313
Liabilities - Deposits	17	17
Equity - Capital Stock	23	21

Other FHLBs

From time to time, we may loan to, or borrow from, other FHLBs. These transactions are done at market terms that are no more favorable than the terms of comparable transactions with other counterparties. These transactions are overnight, maturing the following business day.

In addition, we provide programmatic and operational support in our role as the administrator of the MPF Program on behalf of the other MPF Banks for which we receive a membership and volume-based administration fee.

Material transactions with other FHLBs, if any, are identified on the face of our condensed financial statements.



(U.S. Dollars in tables in millions except per share amounts unless otherwise indicated)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Below are selected financial data for the last five quarters.

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Other selected data at period end					
Member standby letters of credit outstanding	\$ 12,181	\$ 12,874	\$ 13,416	\$ 13,983	\$ 11,833
MPF Loans par value outstanding - FHLB System ^a	77,233	76,794	75,840	74,418	72,740
MPF Loans par value outstanding - FHLB Chicago PFIs ^a	21,197	21,155	20,909	20,584	20,334
Number of members	631	637	634	635	643
Total employees (full and part time)	466	475	476	478	472
Other selected MPF data ^a					
MPF Loans par value amounts funded - FHLB System	\$ 2,907	\$ 3,312	\$ 3,481	\$ 3,525	\$ 2,092
Quarterly number of PFIs funding MPF products - FHLB System	583	594	634	610	552
MPF Loans par value amounts funded - FHLB Chicago PFIs	\$ 815	\$ 974	\$ 914	\$ 794	\$ 530
Quarterly number of PFIs funding MPF products - FHLB Chicago	158	159	160	162	155
Selected ratios (rates annualized)					
Total regulatory capital to assets ratio	6.79 %	6.56 %	6.55 %	6.31 %	6.96 %
Market value of equity to book value of equity	101 %	102 %	102 %	101 %	102 %
Primary mission asset ratio ^b	70.9 %	71.2 %	71.2 %	71.6 %	71.2 %
Dividend rate class B1 activity stock-period paid	9.25 %	9.25 %	9.25 %	9.25 %	9.25 %
Dividend rate class B2 membership stock-period paid	3.90 %	4.30 %	4.35 %	4.35 %	4.20 %
Return on average assets	0.45 %	0.47 %	0.52 %	0.44 %	0.49 %
Return on average equity	6.78 %	7.18 %	8.00 %	6.78 %	7.12 %
Average equity to average assets	6.64 %	6.55 %	6.50 %	6.49 %	6.88 %
Net yield on average interest-earning assets	0.64 %	0.70 %	0.68 %	0.70 %	0.74 %
Cash dividends	\$ 79	\$ 79	\$ 79	\$ 71	\$ 72
Dividend payout ratio	47.88 %	46.02 %	42.70 %	47.02 %	45.57 %

^a Includes all MPF products, whether on or off our balance sheet. See **Mortgage Partnership Finance Program** beginning on page 8 in our 2025 Form 10-K for details on our various MPF products.

^b Annual average year to date basis. The FHFA issued an advisory bulletin that provides guidance relating to a primary mission asset ratio by which the FHFA will assess each FHLB's core mission achievement. See **Mission Asset Ratio** on page 5 in our 2025 Form 10-K for more information.



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Forward-Looking Information

Unless otherwise specified, references to we, us, our, and the Bank are to the Federal Home Loan Bank of Chicago.

Statements contained in this report, including statements describing the plans, objectives, projections, estimates, strategies, or future predictions or commitments of the Bank, statements of belief, any projections or guidance on dividends or other financial items, or any statements of assumptions underlying the foregoing, may be “forward-looking statements.” These statements may use forward-looking terminology, such as “anticipates,” “believes,” “expects,” “could,” “plans,” “estimates,” “may,” “should,” “will,” their negatives, or other variations of these terms. We caution that, by their nature, forward-looking statements involve risks and uncertainties related to our operations and business and regulatory environment, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from those expressed or implied in these forward-looking statements and could affect the extent to which a particular objective, projection, estimate, or prediction is realized. As a result, undue reliance should not be placed on such statements.

These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- political events, including legislative, regulatory, judicial, or other developments that affect us, our members, our counterparties and/or investors in consolidated obligations, including, among other things, changes in perception, guidance, regulation, and/or legislation relating to housing finance, the Federal Home Loan Banks (FHLBs), or government-sponsored enterprise (GSE) reform; changes in the federal executive administration and the Congress; changes in our regulator or changes affecting our regulator and changes in the FHLB Act or applicable regulations or changes in their application; the impact of government shutdowns; and the potential designation of us as a nonbank financial company for supervision by the Federal Reserve;
- general economic and market conditions, including the timing and volume of market activity, recession, prolonged inflation, unemployment rates, housing prices, the condition of the mortgage and housing markets, increased delinquencies and/or loss rates on mortgages, prolonged or delayed foreclosure processes, and the effects on, among other things, mortgage-backed securities; disruptions in the credit and debt markets and their effect on our members, future funding costs, and sources and availability of funds; volatility resulting from the effects of, and changes in, various monetary or fiscal policies and regulations or programs, such as those determined by the Federal Reserve Board and Federal Deposit Insurance Corporation; impacts from various measures to stimulate the economy and help borrowers refinance home mortgages; the impact of the occurrence of a major natural or other disaster, a pandemic or other disruptive event; the impact of weather-related events; and the impact of trade wars, tariffs, or geopolitical uncertainties or conflicts;
- the loss of or changes in business activities with significant members; changes in the demand by our members for advances, the impact of pricing increases, and the availability of other sources of funding for our members, such as deposits;
- regulatory limits on our investments;
- the impact of new business strategies; our ability to successfully maintain our balance sheet and cost infrastructure at an appropriate composition and size scaled to member demand; our ability to execute our business model, implement business process improvements and scale our size to our members' borrowing needs; the extent to which our members use our advances as part of their core financing rather than just as a back-up source of liquidity; and our ability to implement product enhancements and new products and generate enough volume in new products to cover our costs related to developing such products;
- the extent to which changes in our current capital stock requirements and/or our ability to continue to offer the Reduced Capitalization Advance Program (RCAP) for certain future advance borrowings, our ability to continue to pay enhanced dividends on our activity stock, our ability to maintain current levels of dividends, our ability to meet dividend guidance, and any amendments to our capital plan, impact Bank product usage and activity with members;
- our ability to meet required conditions to repurchase and redeem capital stock from our members (including maintaining compliance with our minimum regulatory capital requirements and determining that our financial condition is sound enough to support such repurchases), the amount and timing of such repurchases or redemptions, any changes in our repurchase processes, and our ability to maintain compliance with regulatory and statutory requirements relating to our dividend payments;



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- volatility of market prices, rates, and indices, or other factors, such as natural disasters, that could affect the value of our investments or collateral; changes in the value or liquidity of collateral securing advances to our members;
- changes in the value of and risks associated with our investments in mortgage loans, mortgage-backed securities and the related credit enhancement protections;
- changes in our ability or intent to hold mortgage-backed securities to maturity;
- changes in mortgage interest rates and prepayment speeds on mortgage assets;
- membership changes, including the loss of members through mergers and consolidations or as a consequence of regulatory requirements or otherwise; changes in the financial health of our members, including the resolution of some members; risks related to expanding our membership to include more institutions with regulators and resolution processes with which we have less experience;
- increased reliance on short-term funding and changes in investor demand and capacity for consolidated obligations and/or the terms of interest rate derivatives and similar agreements, including changes in the relative attractiveness of consolidated obligations as compared to other investment opportunities; changes in our cost of funds due to concerns over U.S. fiscal policy, and any related rating agency actions impacting FHLB consolidated obligations;
- regulatory changes to FHLB membership requirements, capital requirements, Mortgage Partnership Finance (MPF) Program requirements, and liquidity requirements by the FHFA, and increased guidance from the FHFA impacting our balance sheet management, product structures, and collateral practices;
- the ability of each of the other FHLBs to repay the principal and interest on consolidated obligations for which it is the primary obligor and with respect to which we have joint and several liability;
- the pace of technological change and our ability to develop and support technology and information systems, including our ability to protect the security of our information systems and manage any failures, interruptions or breaches in our information systems or operations or technology services, including those provided to us through third party vendors;
- our ability to recruit and retain qualified personnel;
- the impact of new material accounting standards and the application of accounting rules, including the impact of regulatory guidance on our application of such standards and rules;
- the volatility of reported results due to changes in the fair value of certain assets and liabilities;
- our ability to identify, manage, mitigate, and/or remedy internal control weaknesses and other operational risks; and
- the reliability of our projections, assumptions, and models on our future financial performance and condition, including dividend projections.

For a more detailed discussion of the risk factors applicable to us, see **Risk Factors** starting on page 16 in our 2025 Form 10-K.

These forward-looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement as a result of new information, future events, changed circumstances, or any other reason.



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Executive Summary

First Quarter 2026 Financial Highlights

- Advances outstanding increased to \$65.4 billion at March 31, 2026, compared to \$61.1 billion at December 31, 2025, driven by increased borrowings from depository and insurance company members.
- MPF Loans held in portfolio increased to \$14.9 billion at March 31, 2026, compared to \$14.7 billion at December 31, 2025, as acquisition volume outpaced principal paydowns.
- Total investment debt securities increased to \$34.8 billion at March 31, 2026, compared to \$34.2 billion at December 31, 2025, primarily attributable to an increase in investment in Ginnie Mae reverse mortgage-backed securities.
- Total liquid assets decreased to \$26.5 billion at March 31, 2026, compared to \$30.4 billion at December 31, 2025. We intend to maintain a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.
- Total assets increased to \$142.3 billion, up from \$141.2 billion at December 31, 2025, reflecting growth in advances activity, mostly offset by a reduction in the liquidity portfolio.
- Letters of credit commitments decreased to \$12.2 billion at March 31, 2026, compared to \$12.9 billion at December 31, 2025, attributable to decreased usage from members for public unit deposits.
- We recorded net income of \$165 million in the first quarter of 2026, up \$7 million compared to the first quarter of 2025. The increase was primarily driven by the increase in noninterest income described below.
- In the first quarter of 2026, noninterest income (loss) was \$31 million, up \$12 million compared to the first quarter of 2025, largely due to gains on derivatives and hedging activities and instruments held under the fair value option. This increase was partially offset by losses on trading securities.
- In the first quarter of 2026, noninterest expense was \$82 million, up \$2 million compared to the first quarter of 2025, primarily driven by higher nonpayroll operating expenses, as we continue our planned investment in information technology, specifically applications, infrastructure, and resiliency.
- As of March 31, 2026, we remained in compliance with all our regulatory capital requirements.

Summary and Outlook

First Quarter 2026 Dividends and Dividend Guidance

On April 21, 2026, the Board of Directors declared a dividend of 9.25% (annualized) for Class B1 activity stock and a dividend of 3.65% (annualized) for Class B2 membership stock based on preliminary financial results for the first quarter of 2026. The dividend for the first quarter of 2026 will be paid by crediting members' accounts on May 15, 2026. The Bank pays a higher dividend per share on activity stock compared to membership stock to recognize members' support of the cooperative through the use of our products. We expect to maintain at least a 9.00% (annualized) dividend for Class B1 activity stock for the second and third quarters of 2026, based on current projections and assumptions regarding our financial condition. We are providing this information to assist members in planning their activity with us. Any future dividend payment remains subject to determination and declaration by our Board of Directors and may be impacted by further changes in financial or economic conditions, regulatory and statutory limitations, and any other relevant factors.



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Housing and Community Development

Statutory Affordable Housing Program (AHP) Assessments: The Bank commits 10% of its income before assessments to support the affordable housing and community development needs of communities served by its members as required by statute. As of March 31, 2026, the Bank accrued \$18 million to its AHP pool of funds for 2027. For a discussion of the Bank's total AHP assessment to fund its AHP programs in 2026, see **Community Investment Activities** starting on page 10 of the 2025 Form 10-K.

Voluntary Housing and Community Development Contributions: In addition to the Bank's statutory AHP assessments, the Board of Directors may elect to make voluntary contributions to the AHP or other housing and community investment activities to increase funding available to members. Through the first quarter of 2026, the Bank contributed \$10 million in community investment grants and subsidies supporting its Community Advance product, as recognized in noninterest expense in its financial statements.



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Critical Accounting Estimates

For a detailed description of our **Critical Accounting Estimates** see page 33 in our 2025 Form 10-K.

There have been no significant changes to our critical accounting estimates subsequent to December 31, 2025.

Results of Operations

Net Interest Income

Net interest income is the difference between the amount we recognize into interest income on our interest-earning assets and the amount we recognize into interest expense on our interest-bearing liabilities. These amounts were determined in accordance with GAAP and were based on the underlying contractual interest rate terms of our interest-earning assets and interest-bearing liabilities as well as the following items:

- Amortization of premiums;
- Accretion of discounts;
- Hedge ineffectiveness, which represents the difference between changes in the fair value of the derivative and the hedged item attributable to the hedged risk, is recognized into either interest income or interest expense, whichever is appropriate. For cash flow hedges, recognition occurs only when amounts are reclassified out of accumulated other comprehensive income (loss). Such recognition occurs when earnings are affected by the hedged item;
- Net interest paid or received on interest rate swaps that are accounted for as fair value or cash flow hedges;
- Amortization of fair value and cash flow closed hedge adjustments;
- Advance and investment prepayment fees; and
- MPF CE Income payments.

The following table presents the increase or decrease in interest income and expense due to volume or rate variances. The calculation of these components includes the following considerations:

- *Average Balance:* Average balances are calculated using daily balances. Amortized cost is used to compute the average balances for most of our financial instruments, including MPF Loans held in portfolio (including those that are on nonaccrual status) and available-for-sale debt securities. Fair value is used to compute average balances for our trading debt securities and financial instruments carried at fair value under the fair value option.
- *Total Interest:* Total interest includes the net interest income components, as discussed above, applicable to our interest-earning assets and interest-bearing liabilities.
- *Yield/Rate:* Effective yields/rates are based on total interest and average balances as defined above. Yields/rates are calculated on an annualized basis. The calculation of the yield on our available-for-sale securities does not give effect to changes in fair value that are reflected as a component of AOCI.
- The change in volume is calculated as the change in average balance multiplied by the current year yield. The change in rate is calculated as the change in yield multiplied by the prior year average balance. Any changes due to the combined volume/rate variance have been allocated to volume.



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Increase or decrease in interest income and expense due to volume or rate variance

	March 31, 2026			March 31, 2025			Increase (decrease) due to		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Volume	Rate	Net Change
For the three months ended									
Investment debt securities	\$ 34,580	\$ 390	4.51 %	\$ 30,029	\$ 392	5.22 %	\$ 59	\$ (61)	\$ (2)
Advances	77,993	769	3.94 %	67,487	781	4.63 %	123	(135)	(12)
MPF Loans held in portfolio	14,824	158	4.26 %	13,435	140	4.17 %	15	3	18
Federal funds sold	7,648	69	3.61 %	7,241	78	4.31 %	4	(13)	(9)
Securities purchased under agreements to resell	8,303	76	3.66 %	5,514	59	4.28 %	30	(13)	17
Interest-bearing deposits	3,292	30	3.65 %	3,292	36	4.37 %	—	(6)	(6)
Other interest-earning assets	62	1	6.45 %	62	2	12.90 %	—	(1)	(1)
Interest-earning assets	146,702	1,493	4.07 %	127,060	1,488	4.68 %	231	(226)	5
Noninterest-earning assets	1,991			1,626					
Total assets	\$ 148,693			\$ 128,686					
Consolidated obligation discount notes	51,510	469	3.64 %	38,425	407	4.24 %	139	(77)	62
Consolidated obligation bonds	83,755	779	3.72 %	77,845	833	4.28 %	63	(117)	(54)
Deposits and other interest-bearing liabilities	1,238	11	3.55 %	1,157	12	4.15 %	1	(2)	(1)
Interest-bearing liabilities	136,503	1,259	3.69 %	117,427	1,252	4.26 %	203	(196)	7
Noninterest-bearing liabilities	2,422			2,404					
Total liabilities	\$ 138,925			\$ 119,831					
Net yield on interest-earning assets	\$ 146,702	\$ 234	0.64 %	\$ 127,060	\$ 236	0.74 %	\$ 35	\$ (37)	\$ (2)



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The following analysis and comparisons apply to the periods presented in the above table unless otherwise indicated.

- Interest income from investment debt securities decreased due to lower overall market interest rates in 2026 compared to 2025, mostly offset by increased volume.
- Interest income from advances decreased primarily due to lower overall market interest rates in 2026 compared to 2025, mostly offset by increased volume.
- Interest income from MPF Loans held in portfolio increased primarily due to acquisition volume that outpaced principal paydowns. Secondly, the new loans acquired were originated at higher mortgage rates than the loans paid down, increasing the yield earned in 2026 compared to 2025.
- Interest income from overnight federal funds sold decreased due to lower overall market interest rates in 2026 compared to 2025, despite increased volume.
- Interest income from securities purchased under agreements to resell increased primarily due to increased volume, despite lower overall market interest rates in 2026 compared to 2025.
- Interest income from interest-bearing deposits decreased primarily due to lower overall market interest rates in 2026 compared to 2025.
- Interest expense on our consolidated obligation discount notes increased primarily due to increased volume, despite lower overall market interest rates in 2026 compared to 2025.
- Interest expense on our consolidated obligation bonds decreased primarily due to lower overall market interest rates in 2026 compared to 2025, despite increased volume.
- For details of the effect our fair value and cash flow hedge activities had on our net interest income see the **Total Net Effect Gain (Loss) of Hedging Activities** table on page 37.

Noninterest Income

	Three months ended March 31,	
	2026	2025
Trading securities	\$ (9)	\$ 24
Derivatives and hedging activities	17	(18)
Instruments held under the fair value option	10	—
MPF fees, \$8 and \$8 from other FHLBs	10	9
Other, net	3	4
Noninterest income (loss)	\$ 31	\$ 19

The following analysis and comparisons apply to the periods presented in the above table.

Trading Securities, Derivatives and Hedging Activities, and Instruments Held Under the Fair Value Option

Noninterest income (loss) increased for the three months ended March 31, 2026, largely due to gains on derivatives and hedging activities and instruments held under the fair value option. This increase was partially offset by losses on trading securities.



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The following table details the effect of hedging transactions recorded in the various line items in our **Condensed Statements of Income**. Hedge ineffectiveness on hedges qualifying for hedge accounting are recorded in net interest income rather than recorded in derivatives, as noted in the table below.

Total Net Effect Gain (Loss) of Hedging Activities

	Advances	Investments	MPF Loans	Discount Notes	Bonds	Other	Total
Three months ended March 31, 2026							
Recorded in net interest income	\$ 37	\$ 58	\$ —	\$ 3	\$ (78)	\$ —	\$ 20
Recorded in derivatives and hedging activities	1	15	4	(3)	—	—	17
Recorded in trading securities	—	(9)	—	—	—	—	(9)
Recorded on instruments held under the fair value option	(1)	—	—	10	1	—	10
Total net effect gain (loss) of hedging activities	\$ 37	\$ 64	\$ 4	\$ 10	\$ (77)	\$ —	\$ 38
Three months ended March 31, 2025							
Recorded in net interest income	\$ 98	\$ 97	\$ —	\$ 7	\$ (164)	\$ —	\$ 38
Recorded in derivatives and hedging activities	(2)	(17)	1	—	—	—	(18)
Recorded in trading securities	—	24	—	—	—	—	24
Recorded on instruments held under the fair value option	2	—	1	—	(3)	—	—
Total net effect gain (loss) of hedging activities	\$ 98	\$ 104	\$ 2	\$ 7	\$ (167)	\$ —	\$ 44

MPF fees (including from other FHLBs)

A majority of MPF fees are from other FHLBs that pay us a fixed membership fee to participate in the MPF Program and a volume-based administration fee for us to provide services related to MPF Loans carried on their balance sheets. MPF fees also include income from other third party off-balance sheet MPF Loan products and other related administration fees. These administration and membership fees are designed to compensate us for the expenses we incur to administer the program. MPF fees earned for the three months ended March 31, 2026 were comparable to the prior period in 2025.

Other, net

Other, net includes fee income we earn from member standby letters of credit products.

Noninterest Expense

	Three months ended March 31,	
	2026	2025
Compensation and benefits	\$ 35	\$ 33
Nonpayroll operating expenses	28	24
Voluntary Community Investment contributions	10	15
Federal Housing Finance Agency and Office of Finance	6	6
Other, net	3	2
Noninterest expense	\$ 82	\$ 80

The following analysis and comparisons apply to the periods presented in the above table.

Compensation and benefits for the three months ended March 31, 2026 were comparable to the prior period in 2025. We had 466 employees as of March 31, 2026, compared to 472 employees as of March 31, 2025.

Nonpayroll operating expenses increased for the three months ended March 31, 2026, as we continue our planned investment in information technology, specifically applications, infrastructure, and resiliency.



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Voluntary Community Investment contributions for the three months ended March 31, 2026 decreased compared to the prior period in 2025, primarily driven by changes in the timing and availability, as well as member utilization of our community investment programs in 2026 compared to 2025.

As required by statute, we allocate 10% of net income before assessments to fund affordable housing grants through the AHP General Fund and the Downpayment Plus® (DPP®) Programs (see **Note 11 - Affordable Housing Program** to the financial statements in our 2025 Form 10-K for further details.) We appreciate that additional funds would be beneficial in meeting community needs in affordable housing, as well as business and community development. For 2026, in addition to the 10% statutory allocation, our Board of Directors approved an allocation of 10% of prior year net income before assessments to discretionary funds to support our community needs. We expect to expense these funds throughout the year in our financial statements; however, the Bank's voluntary Community Investment contributions remain subject to many factors, including progress on initiating new programs, the nature of the programs, and utilization by members. For further discussion of risks faced by the Bank, see **Risk Factors** starting on page 16 in our 2025 Form 10-K.

Federal Housing Finance Agency and Office of Finance expenses consist of our share of the funding for the FHFA, our regulator, and the Office of Finance, which manages the consolidated obligation debt issuances of the FHLBs.

As noted in **Noninterest Income** on page 36, we earn MPF fees from the MPF Program, a majority of which are from other FHLBs, but also include income from other third party investors. These fees are designed to compensate us for the expenses we incur to administer the program. Our expenses relating to the MPF fees earned are included in the relevant line items in the noninterest expense table shown above. The following table summarizes MPF related fees and expenses.

	Three months ended March 31,	
	2026	2025
MPF fees earned	\$ 10	\$ 9
Expenses related to MPF fees earned	8	8

Assessments

We record the AHP assessment expense at a rate of 10% of income before assessments, excluding interest expense on MRCS. See **Note 11 - Affordable Housing Program** to the financial statements in our 2025 Form 10-K for further details.



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Other Comprehensive Income (Loss)

	Three months ended March 31,		Balance remaining in AOCI as of
	2026	2025	March 31, 2026
Net unrealized gain (loss) available-for-sale debt securities	\$ (7)	\$ 61	\$ 178
Net unrealized gain (loss) cash flow hedges	5	(27)	29
Postretirement plans	(3)	—	6
Other comprehensive income (loss)	\$ (5)	\$ 34	\$ 213

The following analysis and comparisons apply to the periods presented in the above table.

Net unrealized gain (loss) on available-for-sale debt securities

The net unrealized loss on AFS securities for the three months ended March 31, 2026 was primarily driven by widening spreads to swaps in 2026. The net unrealized gain on AFS securities for the three months ended March 31, 2025 was primarily driven by tightening spreads to swaps in 2025. As these securities approach maturity, we expect the net unrealized gains or losses in our AOCI as of March 31, 2026 to reverse over the remaining life of these securities (since we expect to receive par value at maturity).

Net unrealized gain (loss) on cash flow hedges

The net unrealized gain on cash flow hedges for the three months ended March 31, 2026 was primarily driven by the movement in market interest rates in 2026. The net unrealized loss on cash flow hedges for the three months ended March 31, 2025 was primarily driven by the movement in market interest rates in 2025.

We did not recognize any instrument-specific credit risk in our **Condensed Statements of Comprehensive Income** as of March 31, 2026 due to our credit standing. For further details on the activity in our Other Comprehensive Income (Loss) see **Note 12 - Accumulated Other Comprehensive Income (Loss)** to the condensed financial statements.



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Statements of Condition

	March 31, 2026	December 31, 2025
Cash and due from banks, interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell	\$ 26,509	\$ 30,363
Investment debt securities	34,762	34,244
Advances	65,448	61,145
MPF Loans held in portfolio, net of allowance for credit losses	14,883	14,731
Other, net of allowance for credit losses	679	719
Assets	\$ 142,281	\$ 141,202
Consolidated obligation discount notes	\$ 38,447	\$ 53,179
Consolidated obligation bonds	91,382	76,295
Other	2,608	2,273
Liabilities	132,437	131,747
Capital stock	3,881	3,573
Retained earnings	5,750	5,664
Accumulated other comprehensive income (loss)	213	218
Capital	9,844	9,455
Total liabilities and capital	\$ 142,281	\$ 141,202

The following is an analysis of the above table and comparisons apply to March 31, 2026 compared to December 31, 2025.

Cash and due from banks, interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell

Amounts held in these typically overnight accounts will vary each day based on the following:

- Interest rate spreads between federal funds sold and securities purchased under agreements to resell and our debt;
- Liquidity requirements;
- Counterparties available; and
- Collateral availability on securities purchased under agreements to resell.

In the first quarter of 2026, we maintained a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.

Investment Debt Securities

Investment debt securities slightly increased at the end of the first quarter of 2026 compared to year-end 2025, primarily attributable to an increase in investment in Ginnie Mae reverse mortgage-backed securities.

Advances

Advances increased at the end of the first quarter of 2026 compared to year-end 2025, driven by increased borrowings from depository and insurance company members. Advance balances will vary based primarily on member demand or need for wholesale funding and the underlying cost of the advance to the member. It is possible that member demand for our advances could decline in future periods should their funding needs change, or to the extent they elect alternative funding resources.

MPF Loans Held in Portfolio, Net of Allowance for Credit Losses

MPF Loans held in portfolio increased at the end of the first quarter of 2026 compared to year-end 2025, as acquisition volume outpaced principal paydowns. In addition to our MPF Loans held in portfolio, we have MPF off-balance sheet products, where we buy and concurrently resell MPF Loans to Fannie Mae or pool and securitize them into Ginnie Mae MBS.



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Liquidity, Funding, & Capital Resources

Liquidity

For the period ending March 31, 2026, we maintained a liquidity position in accordance with FHFA regulations and guidance, which may be amended from time to time, and policies established by our Board of Directors. Based upon our excess liquidity position described below, we anticipate remaining in compliance with our current liquidity requirements for the foreseeable future. See **Liquidity, Funding, & Capital Resources** on page 44 in our 2025 Form 10-K for a detailed description of our current liquidity requirements. We use different measures of liquidity as follows:

Overnight Liquidity - Our policy requires us to maintain overnight liquid assets at least equal to 3.5% of total assets (or \$5.0 billion as of March 31, 2026). As of March 31, 2026, our overnight liquidity was \$33.5 billion or 24% of total assets, giving us an excess overnight liquidity of \$28.6 billion.

Deposit Coverage - To support our member deposits, FHFA regulations require us to have an amount equal to the current deposits received from our members invested in obligations of the U.S. Government, deposits in eligible banks or trust companies, or advances with maturities not exceeding five years. As of March 31, 2026, we had excess liquidity of \$64.1 billion to support member deposits.

Liquidity Reserves - As discussed on page 45 in the **Liquidity, Funding, & Capital Resources** section in our 2025 Form 10-K, FHFA guidance requires that: (i) we hold positive cash flow for a period of between ten to thirty calendar days, assuming no access to the capital markets and renewal of all maturing advances; (ii) we maintain liquidity reserves between one and 20 percent of our outstanding letter of credit commitments; (iii) we manage funding gaps for three-month and one-year maturities; and (iv) we monitor liquidity and funding balances to reduce refunding risk. In an effort to satisfy our liquidity requirements, we target a minimum amount of positive cash flow for the next five calendar days at the beginning of each day and generally maintain increased balances in short-term or liquidity investments.

The following table presents the unpaid principal balance of (1) MPF Loans held in portfolio, (2) AFS securities, and (3) HTM securities (including ABS and MBS investments), by expected principal cash flows. The table is illustrative of our assumptions about the expected cash flows of our assets, including prepayments made in advance of maturity.

As of March 31, 2026	MPF Loans	Investment Debt Securities	
	Held in Portfolio	Available-for-Sale	Held-to-Maturity
Year of Expected Principal Cash Flows			
One year or less	\$ 1,972	\$ 1,403	\$ 310
After one year through five years	5,091	11,151	134
After five years through ten years	3,688	14,537	266
After ten years	3,940	2,696	39
Total	\$ 14,691	\$ 29,787	\$ 749

We consider our liabilities available to fund assets until their contractual maturity. For further discussion of the liquidity risks related to our access to funding, see **Risk Factors** on page 16 in our 2025 Form 10-K.

Funding

For a discussion of our sources of funding, see **Sources of Funding** starting on page 47 in our 2025 Form 10-K.



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Conditions in Financial Markets

In the first quarter of 2026, uncertainty about the economic environment and volatility in the financial markets, including heightened volatility across interest rates, increased following the start of the military conflict between the United States and Iran. For further discussion on how unfavorable economic and market conditions, including those stemming from geopolitical instability, could adversely affect the Bank's business activities and results of operation, see **Risk Factors** starting on page 16 of the Bank's 2025 Form 10-K.

Additionally, in line with market expectations, the Federal Open Market Committee (FOMC) did not cut rates at its January 2026 meeting. Further, as anticipated, the FOMC kept the fed funds range unchanged at its meeting in March 2026. Remarks following the meeting cited low job gains, somewhat elevated inflation as well as uncertainty stemming from recent geopolitical events and higher oil prices.

We maintained ready access to funding throughout the first quarter of 2026.

Condensed Statements of Cash Flows

Net cash flows from operating activities

Three months ended March 31,	2026	2025
Net cash provided by (used in) operating activities	\$ 251	\$ (315)

In 2026, the majority of our operating cash inflows were related to cash received from clearinghouses to settle mark-to-market positions and net income. In 2025, the majority of our operating cash outflows were related to cash paid to clearinghouses to settle mark-to-market positions.

Net cash flows from investing activities with significant activity

Three months ended March 31,	2026	2025
Liquid assets consisting of interest-bearing deposits, federal funds sold, and securities purchased under agreements to resell	\$ 3,777	\$ 4,076
Investment debt securities	(366)	(51)
Advances	(4,381)	110
MPF Loans held in portfolio	(161)	(214)
Other	(4)	(4)
Net cash provided by (used in) investing activities	\$ (1,135)	\$ 3,917

Our investing activities consist predominantly of investments in liquid assets, investment debt securities, advances, and MPF Loans held in portfolio. The reasons for the changes in net cash provided by (used in) investing activities and changes in allocation within investing activities are discussed below for the three months ended March 31, unless otherwise stated.

- The cash flows relating to our liquid assets fluctuate depending on the needs of our members, our investing strategy, the economic environment, and/or regulatory requirements. We maintain a sufficient pool of liquidity to support anticipated member demand for advances and letters of credit.
- In 2026, our net cash outflows from investment debt securities were primarily attributable to an increase in investment in Ginnie Mae reverse mortgage-backed securities. In 2025, our net cash outflows from investment debt securities were primarily attributable to an increase in investment in U.S. Treasuries.
- In 2026, our net cash outflows from advances were primarily attributable to increased borrowings from depository institutions and insurance company members. In 2025, our net cash inflows for advances were attributable to depository members experiencing lower funding needs on their balance sheets along with reduced loan demand, which resulted in paydowns.
- In 2026 and 2025, our net cash outflows for MPF Loans held in portfolio were due to acquisition volume that outpaced principal paydowns.



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Net cash flows from financing activities with significant activity

Three months ended March 31,	2026	2025
Consolidated obligation discount notes	\$ (14,569)	\$ (1,659)
Consolidated obligation bonds	15,125	(2,088)
Other	251	136
Net cash provided by (used in) financing activities	\$ 807	\$ (3,611)

Our financing activities primarily reflect cash flows related to issuing and repaying consolidated obligation bonds and discount notes. The change in net cash provided by (used in) financing activities and change in funding allocations are discussed below for the three months ended March 31, unless otherwise stated.

- In 2026, we paid down our discount notes and increased our use of bonds to align with advantageous funding opportunities. In 2025, our net cash outflows for discount notes and bonds reflects a reduction in debt financing to match the overall decline in assets outstanding as discussed in investing activities above.
- In 2026, our net cash inflows for Other were primarily due to proceeds from issuance of our capital stock. In 2025, our net cash inflows for Other were primarily due to proceeds from issuance of our capital stock and cash from deposits.

Capital Resources

Capital Rules

Each member is required to own capital stock as set forth in our amended and restated Capital Plan, effective May 3, 2021 (Capital Plan). We may only redeem or repurchase capital stock from a member if, following the redemption or repurchase, the member continues to meet its minimum investment requirement, and we remain in compliance with our regulatory capital requirements. For details on our capital stock requirements and our repurchase and redemption requirements, see **Capital Resources** on page 50 in our 2025 Form 10-K. For details on our minimum regulatory capital requirements see **Note 11 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the condensed financial statements in this Form 10-Q, and **Minimum Capital Requirements in Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2025 Form 10-K. Under the terms of our Capital Plan, our Board of Directors is authorized to amend the Capital Plan, and the FHFA must approve all such amendments before they become effective.

We offer a reduced capitalization advance program permitting members to borrow advances with a lower activity stock requirement than under our Capital Plan's general provisions. This program is further described in **Reduced Capitalization Advance Program** on page 50 in our 2025 Form 10-K.

Dividend Payments

We may not pay dividends if we fail to satisfy our minimum capital and/or liquidity requirements under the FHLB Act and FHFA regulations. On April 21, 2026, our Board of Directors declared a 9.25% dividend (annualized) for Class B1 activity stock and a 3.65% dividend (annualized) for Class B2 membership stock based on our preliminary financial results for the first quarter of 2026. This dividend totaled \$82 million (recorded as \$81 million dividends on capital stock and \$1 million interest expense on mandatorily redeemable capital stock) and is scheduled for payment on May 15, 2026.

Although we continue to work to maintain our financial strength to support a reasonable dividend, any future dividend payment remains subject to declaration by our Board and will depend on future operating results, our Retained Earnings and Dividend Policy and any other factors the Board determines to be relevant. For further information on our **Retained Earnings and Dividend Policy**, see page 53 in our 2025 Form 10-K.

Joint Capital Enhancement Agreement

We continue to allocate 20% of our net income each quarter to a restricted retained earnings account in accordance with the Joint Capital Enhancement Agreement that we entered into with the other FHLBs, as further discussed in **Joint Capital Enhancement Agreement in Note 12 - Capital and Mandatorily Redeemable Capital Stock (MRCS)** to the financial statements in our 2025 Form 10-K.



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Additionally, an FHFA Advisory Bulletin sets forth guidance for each FHLB to maintain a ratio of at least two percent of capital stock to total assets. In accordance with this guidance, the FHFA considers the proportion of capital stock to assets, measured on a daily average basis at month end, when assessing each FHLB's capital management practices.

Credit Risk Management

Managing Our Credit Risk Exposure Related to Member Credit Products

Our credit risk rating system focuses primarily on our members' overall financial health and takes into account the member's asset quality, earnings, and capital position. For further information, please see **Credit Risk Management** starting on page 56 in our 2025 Form 10-K.

The following table presents the number of members and related credit outstanding to them by credit risk rating. Credit outstanding consists primarily of outstanding advances and letters of credit. MPF credit enhancement obligations and other obligations make up the rest. Of the total credit outstanding, \$65.7 billion were advances (par value) and \$12.2 billion were letters of credit at March 31, 2026, compared to \$61.3 billion and \$12.9 billion at December 31, 2025.

Rating	March 31, 2026			December 31, 2025		
	Borrowing Members	Credit Outstanding	Total Collateral Value	Borrowing Members	Credit Outstanding	Total Collateral Value
1-3	482	\$ 77,250	\$ 189,623	494	\$ 73,476	\$ 188,204
4	13	867	1,357	12	899	1,400
5	2	172	180	4	248	293
Total	497	\$ 78,289	\$ 191,160	510	\$ 74,623	\$ 189,897

Members assigned a 4 rating in the above table were required to submit specific collateral listings and the members assigned a 5 rating were required to deliver collateral to us or to a third party custodian on our behalf.

MPF Loans and Related Exposures

For details on our allowance for credit losses on MPF Loans, please see **Note 8 - Allowance for Credit Losses** to the financial statements in our 2025 Form 10-K.

Credit Risk Exposure - Our credit risk exposure on conventional MPF Loans held in portfolio is the potential for financial loss due to borrower default and depreciation in the value of the real estate collateral securing the MPF Loan, offset by: (a) the borrower's equity (which represents the fair value of the underlying property in excess of the outstanding MPF Loan held in portfolio balance), and (b) our ability to recover losses from primary mortgage insurance, Recoverable CE Income, and the CE Amount (which may include supplemental mortgage insurance (SMI)). The Participating Financial Institution (PFI) is required to pledge collateral to secure any portion of its CE Amount that is a direct obligation of the PFI. For further details see **Loss Structure for Credit Risk Sharing Products** on page 9 in our 2025 Form 10-K, and **Credit Risk Exposure** and **Setting Credit Enhancement Levels** starting on page 59 in our 2025 Form 10-K.

For details on our mortgage repurchase risk in connection with our sale of MPF Loans to third party investors and MPF Loans securitized into MBS when a loan eligibility requirement or other warranty is breached, see **Mortgage Repurchase Risk** on page 60 in our 2025 Form 10-K.

Investment Debt Securities

We hold a variety of investment debt securities, mostly government backed or insured securities. There have been no material changes in the credit ratings of these securities since December 31, 2025. We believe these investments are currently low risk. For further details see **Investment Debt Securities** on page 61 in our 2025 Form 10-K.



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Unsecured Short-Term Investments

See **Unsecured Short-Term Investments** on page 64 in our 2025 Form 10-K for further details on our unsecured short-term investments as well as policies and procedures to limit and monitor our unsecured credit risk exposure.

The following table presents the credit ratings of our unsecured investment counterparties, organized by the domicile of the counterparty or, where the counterparty is a U.S. branch or agency office of a foreign commercial bank, by the domicile of the counterparty's parent. While FHFA regulations require the use of internal credit ratings that do not rely exclusively on ratings reported by Nationally Recognized Statistical Rating Organizations (NRSROs), the table below reflects the lowest long-term debt rating reported among the three largest NRSROs for presentation purposes only. The unsecured investment credit exposure presented in the table may not reflect the average or maximum exposure during the period as the table reflects only the balances at period end.

As of March 31, 2026	AA	A	Total
Domestic U.S.			
Interest-bearing deposits	\$ 1,000	\$ 1,990	\$ 2,990
Foreign commercial banks - federal funds sold:			
Australia	1,100	—	1,100
Canada	—	2,100	2,100
Finland	493	—	493
Germany	—	1,100	1,100
Netherlands	—	800	800
Norway	1,500	—	1,500
Sweden	1,100	—	1,100
Total U.S. branches and agency offices of foreign commercial banks	4,193	4,000	8,193
Total unsecured credit exposure	\$ 5,193	\$ 5,990	\$ 11,183

All \$11.18 billion of the unsecured credit exposure shown in the above table were overnight investments.



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Managing Our Credit Risk Exposure Related to Derivative Agreements

The Bank manages certain credit risk through its regular monitoring of our exposure across various credit products and financial instruments, including derivative agreements, for any potential impacts related to economic or financial disruptions. See **Note 9 - Derivatives and Hedging Activities** to the financial statements in our 2025 Form 10-K for a discussion of how we manage our credit risk exposure related to derivative agreements. We have credit exposure on net asset positions where we have not received adequate collateral from our counterparties. We also have credit exposure on net liability positions where we have pledged collateral in excess of our liability to a counterparty.

The following table presents our derivative positions where we have such credit exposures. While FHFA regulations require the use of internal credit ratings that do not rely exclusively on ratings reported by the NRSROs, the table below reflects the lowest long-term debt rating reported among the three largest NRSROs for presentation purposes only. Noncash collateral pledged consists of initial margin we posted through our Futures Commission Merchants (FCMs), on behalf of the Derivatives Clearing Organizations (DCOs) for cleared derivatives and is included in our cleared derivative positions with credit exposure. Noncash collateral pledged also consists of net initial margin exchanged on our bilateral derivatives, which for presentation purposes we have reported on a net basis.

	Net Derivative Fair Value Before Collateral	Cash Collateral Pledged	Noncash Collateral Pledged	Net Credit Exposure to Counterparties ^a
As of March 31, 2026				
Nonmember counterparties -				
Undercollateralized asset positions -				
Bilateral derivatives -				
A	\$ 34	\$ (32)	\$ —	\$ 2
Overcollateralized liability positions -				
Bilateral derivatives -				
A	(63)	69	—	6
BBB	(265)	270	—	5
Cleared derivatives	(66)	—	808	742
Nonmember counterparties	(360)	307	808	755
Member counterparties	1	—	—	1
Total	\$ (359)	\$ 307	\$ 808	\$ 756

^a Less than \$1 million is shown as zero.



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Legislative and Regulatory Developments

Significant legislative and regulatory actions and developments are summarized below.

The Bank is subject to various legal and regulatory requirements and priorities. Certain actions, regulatory priorities, and areas of focus, such as deregulation, by the current administration have changed and continue to change the regulatory environment. These changes have affected, and likely will continue to affect, certain aspects of the Bank's business operations, and could affect the financial condition, results of operations, and reputation of the Bank. For example, the FHFA repealed the Fair Lending, Fair Housing, and Equitable Housing Finance Plans regulation applicable to the FHLBs, effective March 9, 2026, citing the administration's deregulatory priorities.

March 2026 Executive Orders. On March 13, 2026, the federal executive administration issued two executive orders that address mortgage credit availability and housing affordability and are pertinent to the FHLBs. One executive order directs the FHFA and other federal financial regulators to consider measures to expand access to mortgage credit, including potential adjustments to capital requirements for mortgage-related exposures; modernization of collateral valuation and transfer systems between the Federal Reserve Banks and the FHLBs; expansion of access to longer-dated FHLB advances tied to residential mortgage assets; development of targeted FHLB liquidity programs for entry-level housing, owner-occupied purchase loans and small residential builders; acceleration of collateral boarding and valuation processes through standardized data and digital documentation; and refocusing the FHLBs' AHP to support faster execution and greater financial leverage for small-scale and owner-occupied housing projects. This executive order also directs the FHFA and the Federal Reserve Board to consider authorizing the FHLBs' intermediate access to the Federal Reserve's discount window for the FHLBs' depository institution members under standardized collateral, operational, and risk-management protocols. In addition, the executive order directs the FHFA and other federal agencies to consider standardizing the acceptance of e-notes and promoting digital mortgage standards. In addition, the FHFA, in consultation with other relevant federal agencies, is required to submit a report evaluating the efficiency of national housing finance markets and identifying potential regulatory or legislative recommendations to address any regulatory or oversight gaps.

The second executive order directs the FHFA and other federal agencies to consider reducing regulatory barriers to affordable housing construction, including by eliminating or reforming rules or programs that constrain residential development and impede housing affordability, especially the construction of affordable single-family homes.

While these executive orders could potentially affect the Bank's liquidity products, collateral and operational requirements, capital deployment, and housing-related initiatives, they do not, by themselves, change existing regulations or program requirements applicable to the Bank and the other FHLBs. The nature, timing, and scope of any resulting changes remain uncertain and subject to further FHFA action, such as rulemaking or guidance. The Bank continues to monitor developments related to these executive orders and assess their potential effect on the Bank and its members.

January 2026 Executive Order. On January 20, 2026, the administration issued an executive order that seeks to restrict acquisitions by large institutional investors of single-family homes. Among other things, the executive order directs certain agencies, including the FHFA, to issue guidance to: (1) prevent agencies and GSEs from providing for, approving, insuring, guaranteeing, securitizing, or facilitating the acquisition by a large institutional investor of a single-family home that could otherwise be purchased by an individual owner-occupant, or disposing of federal assets in a manner that transfers a single-family home to a large institutional investor; and (2) promote sales to individual owner-occupants, including through anti-circumvention provisions, first-look policies, and disclosure requirements. The executive order also calls for legislative recommendations to codify related policies and directs certain agencies to conduct reviews and consider additional measures to combat speculation by large institutional investors in single-family housing markets. The Bank is unable to predict the nature of the guidance, measures or recommendations, or how each may affect the Bank's businesses.

Considering the changes in the regulatory environment, there is uncertainty with respect to the ultimate nature and result of future regulatory actions and their ultimate effects on the Bank and the FHLB System. The Bank continues to monitor these actions as they evolve and to evaluate their potential effect on the Bank. For further discussion of related risks, see **Risk Factors** starting on page 16 in the 2025 Form 10-K.



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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our Asset/Liability Management Committee and its subcommittees provide oversight of our risk management practices and policies. This includes routine reporting to senior Bank management and the Board of Directors, as well as maintaining the Income and Market Value Risk Policy, which defines our interest rate risk limits. See **Item 7A. Quantitative and Qualitative Disclosures About Market Risk** on page 66 in our 2025 Form 10-K for further discussion on market risk.

The table below reflects the expected change in market value of equity versus base market value of equity for the stated increase or decrease in interest rates based on our models and related loss limit for each scenario established in the policy.

Scenario as of	March 31, 2026		December 31, 2025	
	Change in Market Value/Base Market Value of Equity	Loss Limit	Change in Market Value/Base Market Value of Equity	Loss Limit
-200 bp	2.7 %	(8.7)%	3.0 %	(8.7)%
-100 bp	1.6 %	(3.9)%	1.9 %	(3.9)%
-50 bp	0.9 %	(1.8)%	1.0 %	(1.8)%
-25 bp	0.4 %	(0.9)%	0.5 %	(0.9)%
+25 bp	(0.5)%	(0.9)%	(0.6)%	(0.9)%
+50 bp	(0.9)%	(1.8)%	(1.1)%	(1.8)%
+100 bp	(1.9)%	(3.9)%	(2.3)%	(3.9)%
+200 bp	(3.7)%	(8.7)%	(4.2)%	(8.7)%

Measurement of Market Risk Exposure

To measure our exposure, we discount the cash flows generated from modeling the terms and conditions of all interest rate-sensitive securities using current interest rates to determine their fair values or spreads to the swap curve for securities where third party prices are used. This includes considering explicit and embedded options using a lattice model or Monte Carlo simulation. We estimate yield curve, option, and basis risk exposures by calculating the fair value change in relation to various parallel changes in interest rates, implied volatility, prepayment speeds, spreads to the swap curve and mortgage rates.

The following table summarizes our sensitivity to various interest rate risk exposures in terms of changes in market value.

	As of March 31, 2026	As of December 31, 2025
Yield Curve Risk	\$ (10)	\$ (10)
Option Risk		
Implied Volatility	6	7
Prepayment Speeds	1	1
Basis Risk		
Spread to Swap Curve	(16)	(15)
Mortgage Spread	—	—

Yield curve risk - Change in market value for a one basis point parallel increase in the swap curve.

Option risk (implied volatility) - Change in market value for a one percent parallel increase in the swaption volatility.

Option risk (prepayment speeds) - Change in market value for a one percent increase in prepayment speeds.

Basis risk (spread to swap curve) - Change in market value for a one basis point parallel increase in the spread to the swap curve.

Basis risk (mortgage spread) - Change in market value for a one basis point increase in mortgage rates.



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As of March 31, 2026, our total sensitivity to changes in implied volatility using a lattice model and Monte Carlo simulation was \$6 million, compared to \$7 million at December 31, 2025. These sensitivities are limited in that they do not incorporate other risks, including but not limited to non-parallel changes in yield curves, prepayment speeds, and basis risk related to differences between the swap and the other curves. Option positions embedded in our mortgage assets and callable debt impact our yield curve risk profile, such that swap curve changes significantly greater than one basis point cannot be linearly interpolated from the table above.

Duration of equity is another measure to express interest rate sensitivity. We report the results of our duration of equity calculations to the FHFA each quarter. We measure duration of equity in a base case using the actual yield curve as of a specified date and then shock it with an instantaneous shift of the entire curve.

The following table presents the duration of equity reported by us to the FHFA in accordance with the FHFA's guidance, which prescribes that down and up interest-rate shocks equal 200 basis points. The results are shown by duration of equity in years. The Bank engages in ongoing performance monitoring for its market risk-related models.

Scenario as of	Duration of equity in years	
	March 31, 2026	December 31, 2025
Down 200 bps	1.0	1.1
Base	1.7	2.2
Up 200 bps	1.8	1.9

As of March 31, 2026, on a U.S. GAAP basis, our fair value surplus (relative to book value) was \$130 million, and our market value of equity to book value of equity ratio was 101%, compared to \$184 million and 102% at December 31, 2025. The decrease in the market value of equity to book value of equity was largely a result of funding spread widening in the markets.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report (the Evaluation Date). Based on this evaluation, the principal executive officer and principal financial officer concluded as of the Evaluation Date that the disclosure controls and procedures were effective such that information relating to us that is required to be disclosed in reports filed with the SEC: (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

For the most recent quarter presented in this Form 10-Q, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Consolidated Obligations

Our disclosure controls and procedures include controls and procedures for accumulating and communicating information relating to our joint and several liability for the consolidated obligations of other FHLBs. For further information, see **Item 9A. Controls and Procedures** on page 75 in our 2025 Form 10-K.



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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Bank may be subject to various legal proceedings arising in the normal course of business. After consultation with legal counsel, management is not aware of any proceedings that might have a material effect on the Bank's financial condition or results of operations.

Item 1A. Risk Factors.

In addition to the information presented in this report, readers should carefully consider the factors set forth in the **Risk Factors** section starting on page 16 in our 2025 Form 10-K, which could materially affect our business, financial condition, or future results. These risks are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also severely affect us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.



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Item 6. Exhibits.

- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Executive Officer^a
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Financial Officer^a
- 32.1 Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Principal Executive Officer^b
- 32.2 Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Principal Financial Officer^b
- 101.INS Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.^a
- 101.SCH Inline XBRL Taxonomy Extension Schema Document^a
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document^a
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document^a
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document^a
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document^a
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)^a

^a Filed herewith.

^b Furnished herewith.



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Glossary of Terms

Advances: Secured loans to members.

ABS: Asset-backed-securities.

AFS: Available-for-sale debt securities.

AHP: Affordable Housing Program.

AOCI: Accumulated Other Comprehensive Income.

Capital Plan: Capital Plan of the Federal Home Loan Bank of Chicago, effective as of May 3, 2021.

CE Amount: A PFI's assumption of credit risk, beyond any Recoverable CE Income payments in the FLA, on conventional MPF Loan products held in an MPF Bank's portfolio that are funded by, or sold to, an MPF Bank by providing credit enhancement either through a direct liability to pay credit losses up to a specified amount or through a contractual obligation to provide SMI. Does not apply to the MPF Government, MPF Xtra, or MPF Government MBS product.

CE Income: Credit enhancement income. PFIs are paid credit enhancement income for managing credit risk and in some instances, all or a portion of the CE Income may be performance based.

Consolidated Obligations (CO): FHLB debt instruments (bonds and discount notes) which are the joint and several liability of all FHLBs; issued by the Office of Finance.

Consolidated obligation bonds: Consolidated obligations that make periodic interest payments with a term generally over one year, although we have issued for terms of less than one year.

DCO: Derivatives Clearing Organization. A clearinghouse, clearing association, clearing corporation, or similar entity that enables each party to an agreement, contract, or transaction to substitute, through novation or otherwise, the credit of the DCO for the credit of the parties; arranges or provides, on a multilateral basis, for the settlement or netting of obligations; or otherwise provides clearing services or arrangements that mutualize or transfer credit risk among participants.

Discount notes: Consolidated obligations with a term of one year or less, which sell at less than their face amount and are redeemed at par value when they mature.

DPP: Downpayment Plus.

Excess capital stock: Capital stock held by members in excess of their minimum investment requirement.

Fannie Mae: Federal National Mortgage Association.

FCM: Futures Commission Merchant.

FFELP: Federal Family Education Loan Program.

FHFA: Federal Housing Finance Agency - the Housing Act created the Federal Housing Finance Agency which became the regulator of the FHLBs.

FHLB Act: The Federal Home Loan Bank Act of 1932, as amended.

FHLBs: The 11 Federal Home Loan Banks or subset thereof.

FHLB System: The 11 FHLBs and the Office of Finance.

FHLB Chicago: The Federal Home Loan Bank of Chicago.

FLA: First loss account is a memo account used to track the MPF Bank's exposure to losses until the CE Amount is available to cover losses.



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Freddie Mac: Federal Home Loan Mortgage Corporation.

GAAP: Generally Accepted Accounting Principles in the United States of America.

Ginnie Mae: Government National Mortgage Association.

Ginnie Mae MBS: Mortgage-backed securities guaranteed by Ginnie Mae.

Government Loans: Mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Veteran Affairs (VA) or Department of Agriculture Rural Housing Service (RHS).

GSEs: Government-sponsored enterprises.

Housing Act: Housing and Economic Recovery Act of 2008, enacted July 30, 2008.

HTM: Held-to-maturity debt securities.

Liquidity AB: Advisory Bulletin 2018-07 Liquidity Guidance, issued by the FHFA on August 23, 2018.

Master Commitment (MC): Pool of MPF Loans purchased or funded by an MPF Bank.

MBS: Mortgage-backed securities.

MPF®: Mortgage Partnership Finance.

MPF Banks: FHLBs that participate in the MPF Program.

MPF Government MBS product: The MPF Program product under which we aggregate Government Loans acquired from PFIs in order to issue securities guaranteed by the Ginnie Mae that are backed by such Government Loans.

MPF Loans: Conventional and government mortgage loans secured by one-to-four family residential properties with maturities from five to 30 years.

MPF Program: A secondary mortgage market structure that provides liquidity to FHLB members that are PFIs through the purchase or funding by an FHLB of MPF Loans.

MPF Xtra® product: The MPF Program product under which we acquire MPF Loans from PFIs without any CE Amount and concurrently resell them to Fannie Mae.

MRCS: Mandatorily redeemable capital stock.

NRSRO: Nationally Recognized Statistical Rating Organization.

Office of Finance: A joint office of the FHLBs established by the Finance Board to facilitate issuing and servicing of consolidated obligations.

PFI: Participating Financial Institution. A PFI is a member (or eligible housing associate) of an MPF Bank that has applied to and been accepted to do business with its MPF Bank under the MPF Program.

RCAP: Reduced Capitalization Advance Program.

Recoverable CE Income: Under the MPF Program, the PFI may receive a contingent performance based credit enhancement income payment whereby such income is reduced up to the amount of the FLA by losses arising under the Master Commitment.

Regulatory capital: Regulatory capital stock plus retained earnings.

Regulatory capital stock: The sum of the paid-in value of capital stock and mandatorily redeemable capital stock.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

SBA: Small Business Administration.

SEC: Securities and Exchange Commission.

SMI: Supplemental mortgage insurance.

SOFR: Secured Overnight Financing Rate.

System or FHLB System: The Federal Home Loan Bank System consisting of the 11 Federal Home Loan Banks and the Office of Finance.

UPB: Unpaid Principal Balance.

U.S.: United States.



FHLBank
Chicago

Federal Home Loan Bank of Chicago

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FEDERAL HOME LOAN BANK OF CHICAGO

/s/ Michael A. Ericson

Name: Michael A. Ericson

Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2026

/s/ Virxhini Gjonzeneli

Name: Virxhini Gjonzeneli

Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: May 7, 2026