

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 24, 2017

FEDERAL HOME LOAN BANK OF CHICAGO
(Exact name of registrant as specified in its charter)

Federally chartered corporation
(State or other jurisdiction of
incorporation)

000-51401
(Commission
File Number)

36-6001019
(IRS Employer
Identification No.)

**200 East Randolph Drive
Chicago, Illinois**
(Address of principal executive offices)

60601
(Zip Code)

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

**Former name or former address, if changed since last report:
Not Applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On October 24, 2017, the Federal Home Loan Bank of Chicago (the “Bank”) sent a letter to its members to report selected preliminary unaudited financial results for the quarter ended September 30, 2017 and the declaration of a dividend. The full text of the member letter is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “Report”).

The information being furnished pursuant to Items 2.02 and 9.01 on this Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

This Report contains forward-looking statements which are based upon the Bank’s current expectations and speak only as of the date hereof. These statements may use forward-looking terms, such as “anticipates,” “believes,” “expects,” “could,” “plans,” “estimates,” “may,” “should,” “will,” or their negatives or other variations on these terms. The Bank cautions that, by their nature, forward-looking statements involve risk or uncertainty, that actual results could differ materially from those expressed or implied in these forward-looking statements, and that actual events could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, instability in the credit and debt markets, economic conditions (including effects on, among other things, mortgage-backed securities), changes in mortgage interest rates and prepayment speeds on mortgage assets, the Bank’s ability to successfully execute its business model and to pay future dividends (including enhanced dividends on activity stock), the Bank’s ability to meet required conditions to repurchase or redeem excess capital stock from its members, including maintaining compliance with its minimum regulatory capital requirements and determining its financial condition is sound enough to support such repurchases and redemptions, the Bank’s ability to continue to offer the Reduced Capitalization Advance Program, the Bank’s ability to implement new or enhanced products or programs, the impacts to the Bank from the Federal Housing Finance Agency’s final membership rule and the risk factors set forth in the Bank’s periodic filings with the Securities and Exchange Commission, which are available on the Bank’s website at www.fhlbc.com. The Bank assumes no obligation to update any forward-looking statements made in this Report. The financial results discussed in this Report are preliminary and unaudited.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits.* The following exhibit is being furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Member Letter dated October 24, 2017

Signature(s)

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 hereunto duly authorized.

Federal Home Loan Bank of Chicago

Date: October 24, 2017

By: /s/ Roger D. Lundstrom

Roger D. Lundstrom

Executive Vice President and Chief Financial Officer

Exhibit 99.1

October 24, 2017

To Our Members:

Today the Board of Directors of the Federal Home Loan Bank of Chicago declared a 3.30% dividend (annualized) on Class B1 activity capital stock for members that borrow from the Bank and a 1.25% dividend (annualized) on Class B2 membership capital stock. We offer a higher dividend on the B1 stock as a means to provide additional value to those members that support the cooperative by using our advances products. The higher dividend you receive on Class B1 activity stock, in effect, lowers your all-in cost of borrowing from the Bank.

In addition, the Bank expects to report net income of \$77 million for the third quarter of 2017 when we file our Form 10-Q with the Securities and Exchange Commission early next month. At September 30, 2017, advances were \$50.2 billion, up 11% from December 31, 2016, and letters of credit were \$15.4 billion, up 43% from December 31, 2016. In addition, the volume for our MPF[®] Traditional products also increased. Click here to read our preliminary and unaudited financial results as well as details on dividend payments.

Member Owned. Member Focused.

As a member-focused cooperative, we strive to offer products and services that meet your business needs. Earlier this year we hired Beall Research to conduct a two-part survey to help us refine our offerings so we are correctly positioned to serve as your trusted business partner in the future. Thank you to those members who spoke to Beall Research on the telephone this summer; your responses are helping us craft an online survey that Beall Research will email to all members this fall asking for additional input on how we can enhance the value of your membership. We hope you will continue to take the time to complete the online survey, and we will share the results with you when they are finalized.

We are also pleased to announce that we've updated www.fhlbc.com to make it more modern and mobile-friendly. It's streamlined-including side-by-side product comparison tables-searchable, and solutions-oriented. eBanking users will now log in via the link on the homepage of www.fhlbc.com. After you've checked out the new website, let us know what you think of it via our new [feedback form](#).

Investments in Your Community

We continue to invest in members' communities across the United States. Through our new Community First[®] Capacity-Building Grant Program, we granted \$250,000 to six nonprofit lending institutions in Illinois and Wisconsin this August to help them expand their capacity, and, in turn, increase their impact on community development and affordable housing in their neighborhoods.

Also this fall, we joined the ten other Federal Home Loan Banks to donate to hurricane relief efforts in Texas and the Gulf Coast, Florida and the Southeast, Puerto Rico, and the U.S. Virgin Islands. Together we are committed to supporting members as they help to rebuild their communities.

As always, thank you for your membership in the Federal Home Loan Bank of Chicago.

Best regards,
Matt Feldman
President and CEO

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[The text below follows the first "click here" link]

Third Quarter 2017 Dividend

On October 24, 2017, the Board of Directors of the Federal Home Loan Bank of Chicago declared a dividend of 3.30% (annualized) for Class B1 activity capital stock for members that borrow from the Bank and a dividend of 1.25% (annualized) for Class B2 membership capital stock. The dividend will be paid by crediting members' accounts on November 15, 2017. The actual effective combined dividend rate on the total stock held by each member will depend on each member's level of advance activity with the Bank during the third quarter and the relative average number of shares of Class B2 membership stock and Class B1 activity stock outstanding during the quarter. The higher dividend you receive on Class B1 stock, in effect, lowers your all-in cost of borrowing from the Bank.

Third Quarter 2017 Financial Highlights

For more details, please refer to the Condensed Statements of Income and Statements of Condition on the next page. The results discussed here are preliminary and unaudited. We expect to file our third quarter 2017 Form 10-Q with the Securities and Exchange Commission (SEC) next month. You will be able to access it on our website, www.fhlbc.com, or through the SEC's reporting website.

- We recorded net income of \$77 million in the third quarter of 2017, up from \$76 million in the third quarter of 2016.
- Net interest income for the third quarter of 2017 was \$123 million, up 9% from \$113 million for the third quarter of 2016 as we benefited both from the rising rate environment and higher levels of interest earning assets.
- Total investment securities decreased 17% to \$17.5 billion at September 30, 2017, down from \$21.0 billion at December 31, 2016, as our investment portfolio continued to pay down.
- Advances outstanding increased 11% to \$50.2 billion at September 30, 2017, up from \$45.1 billion at December 31, 2016.
- MPF Loans held in portfolio, net of allowance for credit losses increased \$57 million or 1% to \$5.0 billion at September 30, 2017.
- Total assets increased 11% to \$87.5 billion as of September 30, 2017, compared to \$78.7 billion as of December 31, 2016.
- We remained in compliance with all of our regulatory capital requirements as of September 30, 2017.

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Condensed Statements of Condition

(Dollars in millions)

(Preliminary and Unaudited)

	September 30, 2017	December 31, 2016	Change
Cash and due from banks, interest bearing deposits, Federal Funds sold, and securities purchased under agreement to resell	\$ 14,381	\$ 7,376	95 %
Investment securities	17,536	21,035	(17)%
Advances	50,153	45,067	11 %
MPF Loans held in portfolio, net of allowance for credit losses	5,024	4,967	1 %
Other	394	247	60 %
Assets	\$ 87,488	\$ 78,692	11 %
Consolidated obligation discount notes	\$ 45,460	\$ 35,949	26 %
Consolidated obligation bonds	35,890	36,903	(3)%
Other	1,266	1,145	11 %
Liabilities	82,616	73,997	12 %
Capital stock	1,557	1,711	(9)%
Retained earnings	3,219	3,020	7 %
Accumulated other comprehensive income (loss)	96	(36)	367 %
Capital	4,872	4,695	4 %
Total liabilities and capital	\$ 87,488	\$ 78,692	11 %

Condensed Statements of Income

(Dollars in millions)

(Preliminary and Unaudited)

	For the three months ended September 30,			For the year to date ended September 30,		
	2017	2016	Change	2017	2016	Change
Interest income	\$ 411	\$ 309	33 %	\$ 1,121	\$ 944	19 %
Interest expense	(288)	(196)	47 %	(768)	(600)	28 %
Net interest income	123	113	9 %	353	344	3 %
Reversal of (provision for) credit losses	1	—	— %	—	—	— %
Net interest income after reversal of (provision for) credit losses	124	113	10 %	353	344	3 %
Litigation settlement awards	—	—	— %	1	38	(97)%
Other noninterest income	5	14	(64)%	30	23	30 %
Noninterest income	5	14	(64)%	31	61	(49)%
Noninterest expense	(43)	(42)	2 %	(129)	(128)	1 %
Income before assessments	86	85	1 %	255	277	(8)%
Affordable Housing Program assessment	(9)	(9)	— %	(26)	(28)	(7)%
Net income	\$ 77	\$ 76	1 %	\$ 229	\$ 249	(8)%
Average interest earning assets	\$ 82,725	\$ 78,947	5 %	\$ 81,220	\$ 76,513	6 %
Net interest income yield on average interest earning assets	0.59%	0.57%	0.02 %	0.58%	0.60%	(0.02)%