



FHLBank
Chicago

FHLBank Chicago 2022 Impact Report

Table of Contents

01	Introduction	3
02	Providing Liquidity and Reliable Funding	7
03	Supporting Housing and Economic Development	11
04	Fostering an Inclusive Culture	21
05	Strong Risk Management and Governance	32



Letter From Our CEO

Over ninety years ago, the Federal Home Loan Banks (FHLBanks) were created by Congress at the height of the Great Depression. Initially tasked with providing the liquidity that community lenders needed to support the then-ailing mortgage market, we helped pull our country out of crisis. In the years since, our mission has expanded with each FHLBank serving as a reliable funding and liquidity partner to its member financial institutions in a variety of market environments. Today, we strive to fulfill our statutory mission to housing, small business lending, and economic development in the diverse communities our members serve across the country.

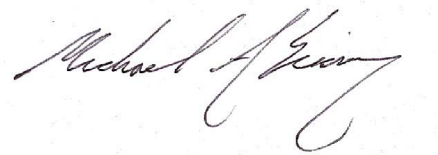
As the FHLBank System looks toward its centennial, we are reflecting on our own role in Illinois and Wisconsin and considering how we can evolve to better serve the needs of members and their communities, homebuyers and renters, housing developers, and small businesses in the years to come.

FHLBank Chicago achieved milestones throughout 2022 that showcase innovation, adaptability, and resilience. We created three new community grant programs aimed at increased diversity in affordable housing development and small business growth. We celebrated the 25th anniversary of our Mortgage Partnership Finance® (MPF®) Program that delivers on our housing finance mission across the country. Our financial strength through turbulent markets provided a source of stability for our members that led to quarter-end advance balances rising throughout 2022—a trend that continued into first quarter 2023.

These successes were the result of our steadfast commitment to serving members, supporting communities, and empowering employees. While our mission is providing liquidity to members and support for their affordable housing and community development, people are our purpose. Diversity, equity, and inclusion is central to everything we do.

We launched programs to foster a more inclusive culture for our employees and created opportunities to work with businesses owned by minorities, women, disabled persons, veterans, and members of the LGBTQ+ community.

This report marks the expansion of our journey to more transparently share our story and the positive impact we create with our employees and our members, from the southern tip of Illinois to the most remote reaches of the Wisconsin Northwoods. We are proud of our progress in 2022 in delivering on our core mission to provide liquidity to our members and promote access to housing affordability across communities in our district.




Michael A. Ericson

President and CEO
FHLBank Chicago

MISSION, VISION AND VALUES

Our Mission

To partner with our members in Illinois and Wisconsin to provide them competitively priced funding, a reasonable return on their investment in the Bank, and support for their community investment activities.

Our Vision

We are dedicated to efficiently delivering valuable products, solutions, and services to our members through teamwork, innovative thinking, and creating positive change with our commitment to diversity, equity, and inclusion. We evolve together—with each other, alongside our members, and for their communities.

Our Values



Bold



Connected



Committed



Trusted

2022 Impact at a Glance

We delivered on our liquidity mission in serving our members, driving our ability to invest in our communities through affordable housing and economic development programs. All of this was made possible through our best in class employees.



FHLBank Chicago and Membership

FHLBank Chicago is a government-sponsored enterprise and one of 11 Federal Home Loan Banks (the FHLBanks) that, along with the Office of Finance, comprise the U.S. Federal Home Loan Bank System. FHLBanks were established in 1932, and today provide reliable, on-demand liquidity and funding to support housing finance and community investment to approximately 6,500 financial institutions across the United States. Each FHLBank operates as an independent entity with its own management, employees, and board of directors. We are supervised and regulated by the Federal Housing Finance Agency (FHFA), an independent federal agency in the executive branch of the U.S. government.

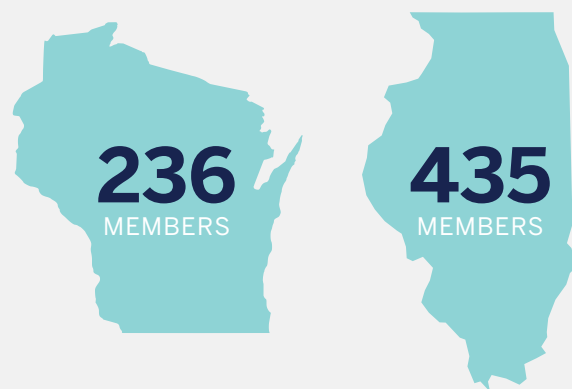
Our members are located in Illinois and Wisconsin.

Each FHLBank is a member-owned cooperative with members from a congressionally defined geographic district. Our district consists of the states of Illinois and Wisconsin, and our membership is comprised

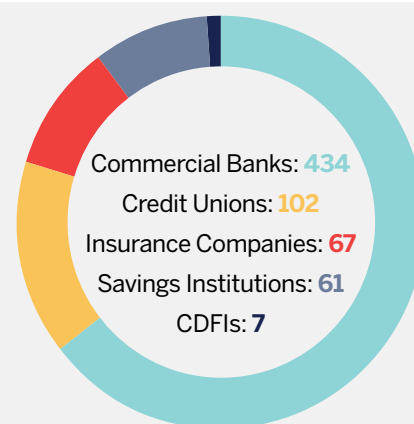
of commercial banks, credit unions, insurance companies, savings institutions, and community development financial institutions (CDFIs).

We do business with our members by providing liquidity in the form of advances (or loans) and letters of credit, and through member participation in our MPF Program. Access to liquidity is secured by collateral typically in the form of residential mortgage loans, commercial real estate loans, government and agency securities, and small business or community development loans. We also support the members of other FHLBanks across the country through our role in operating our MPF Program. Delivering on our liquidity mission drives our ability to invest in our communities through affordable housing and economic development programs.

MEMBERSHIP BY STATE*



MEMBERSHIP BY TYPE*



82%

of our members are **smaller financial institutions** with assets below \$1.5 billion.

*At year-end 2022



FHLBank Chicago Member Board Directors, Daniel G. Watts and Michael G. O'Rourke

Business Overview

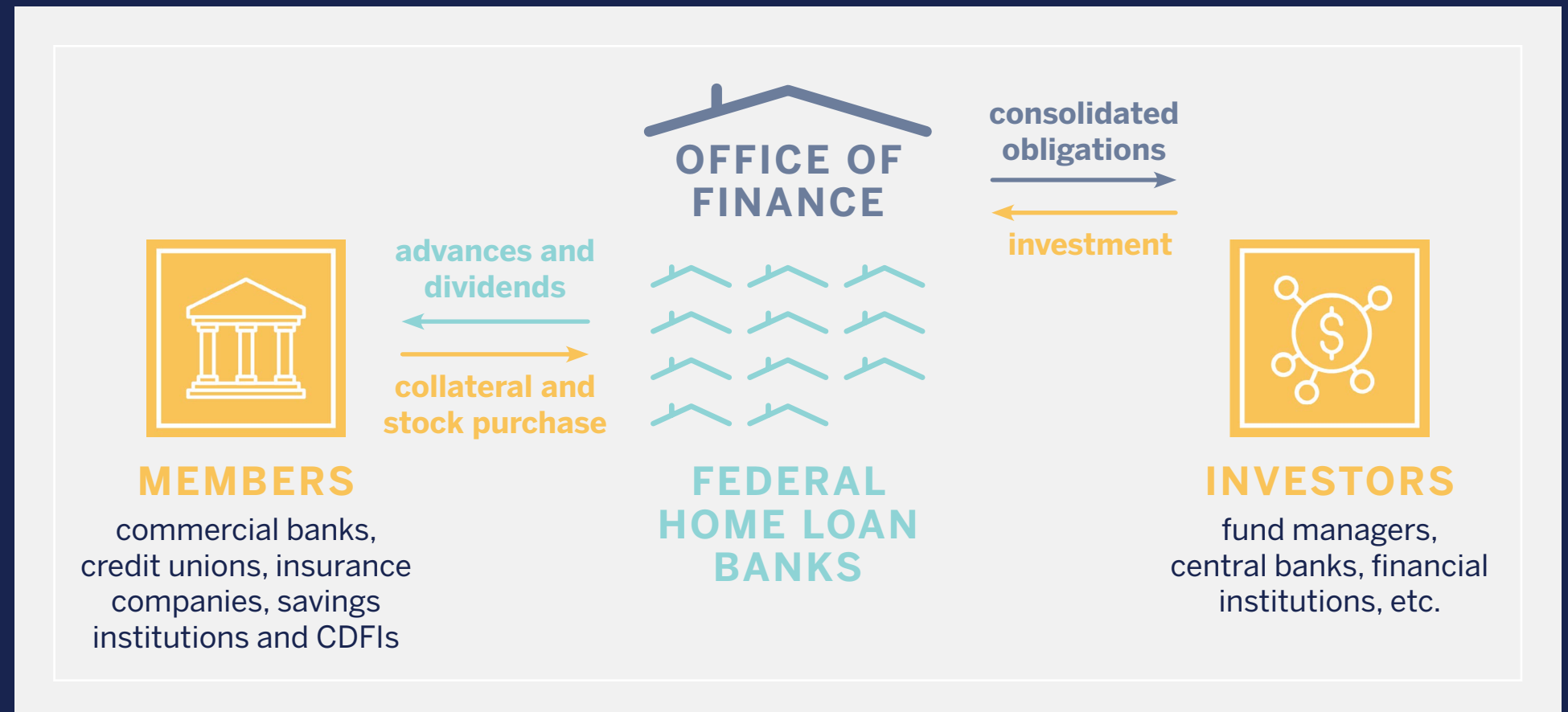
We are a self-capitalizing cooperative.

All FHLBank Chicago members are required to purchase our membership stock as a condition of membership and are required to purchase our activity stock in proportion to any advances or letters of credit they take out, as well as in support of MPF loans sold to us for our balance sheet. FHLBank Chicago has two classes of capital stock—membership stock and activity stock—designed to ensure our members have a vested interest in our success. When members purchase FHLBank Chicago stock, it is used to capitalize their activity with the Bank. Any excess is leveraged to invest in assets which generate additional earnings to support the strength of the cooperative and investments in community investment programs. Since 2013, we have paid a higher dividend per share on activity stock to reward members who support the cooperative through use of our products. Our capital stock is not publicly traded.

Our primary source of funds for our activities—including member lending, our MPF programs, and other balance sheet needs—comes through the sale of FHLBank bonds and discount notes—collectively known as consolidated obligations—sold in the capital markets through the Office of Finance, which acts as the FHLBank System’s fiscal agent. Our self-capitalized cooperative structure, with joint and several liability for consolidated obligations across the FHLBank System, helps us generate positive financial returns that support our affordable housing and community investment programs and strengthen all FHLBanks. FHLBank consolidated obligations are backed only by the financial resources of the FHLBanks, individually and collectively, and are not issued or guaranteed by the U.S. government.

The funds we raise through the sale of our FHLBank highly-rated consolidated obligations typically carry a lower interest rate than FHLBank members could obtain on their own through other wholesale funding channels. As a cooperative, we pass on the benefit of these lower market rates to our members, enabling our members to provide more affordable loans to homebuyers and businesses in their communities.

FHLBANK BUSINESS STRUCTURE



Providing Liquidity and Reliable Funding

Key products create confidence for lenders across all cycles.

FHLBank Chicago provides our members with the money they need to help build businesses, generate jobs, and put people into homes, and to enhance their viability and stability as engines of community advancement. Our financial products help our members manage their balance sheets, support housing and economic development, and make borrowing more affordable.

YEAR-END 2022 CORE PRODUCT BALANCES



\$66.3B

Advances outstanding



\$65.6B

MPF master servicer mortgage loans outstanding



\$10.7B

Letter of credit commitments

\$18.3B

FHLBank Chicago mortgage loans outstanding

COVID-19 ADVANCE SPECIALS

In May 2022, we offered \$3.4 billion through our COVID-19 Recovery Advance available to all of our member institutions. 119 members took advantage of the special advance, drawing a total of \$528 million in significantly-below-market rate advances. Members were eligible to draw up to \$5 million each. We also offered interest-free COVID-19 Relief Advances to our members in 2020 and 2021.

Advances

The primary way we provide funding to our members is through secured loans, known as advances. Our members use advances, including fixed-rate or variable-rate advances and other specialty advance products, to support their asset-liability management while optimizing liquidity to support loan growth and meet the needs of their communities.

We provide reliable liquidity when our members need us most.

ADVANCE BALANCES



During the early stages of the COVID-19 pandemic, and prior to Federal Reserve and legislative action, our advances increased by \$4.5 billion in Q1 2020, the majority of which occurred in the last few weeks of March 2020, a time of extreme market turmoil. With rising inflation throughout 2022, many consumers withdrew cash from depository institutions to invest elsewhere and loan demand from businesses and consumers accelerated. As our members experienced an outflow of cash, we continued to meet their increasing liquidity needs. Our year-end 2022 advance balance of \$66.3 billion was higher than any prior quarter-end advance balance on record at that time. We believe this illustrates the significant role we play in helping create stability and security in a rapidly changing economy.

Providing Liquidity and Reliable Funding

Letters of Credit

Our letters of credit enable members to guarantee contracts and obligations or enhance bond issuances on behalf of their customers, leveraging our excellent credit rating at a competitive price. Our independent guarantee of a member's obligation—often public deposits from state and local governments—provides more flexibility to how members can manage their collateral, increasing the funds available for lending in their communities. **At year-end 2022, our letter of credit commitments were \$10.7 billion.**



Sterling High School Roscoe Eades Stadium Remodel, a project supported by letters of credit with FHLBank Chicago member Sauk Valley Bank.

SUPPORTING AN ILLINOIS SCHOOL DISTRICT WITH LETTERS OF CREDIT PROGRAM



MUSGROVE FIELDHOUSE REMODEL

Sauk Valley Bank of Sterling, Illinois has been a highly engaged member of FHLBank Chicago for more than 23 years. "FHLBank Chicago's programs like the letters of credit are an efficient solution for our customers and allow us to serve our community," said Dirk Meminger, President and CEO of Sauk Valley Bank. They have used FHLBank Chicago's letters of credit program to collateralize the deposits of Sterling School District and ensure their deposits are safe and secure. This partnership has led to Sauk Valley Bank offering low-interest loans to Sterling School District, one of the largest school districts in the area, to conduct restoration projects at local schools.

For example, in 2022, Sterling School District added an athletic space for students in Challand Middle School, air conditioning to Sterling High School, and restored classrooms in Washington Elementary School.

“

The letters of credit provide a sense of security to Sterling School District's board and contractors to proceed with school projects," said Matthew Birdsley, Director of Curriculum and Instruction at Sterling Public Schools. "By ensuring funds are available to the district, we can provide a safe and clean learning environment for Sterling staff and students.

”

Providing Liquidity and Reliable Funding

Mortgage Partnership Finance (MPF) Program

25 Years of Supporting our Housing Finance Mission

Our MPF Program provides access to the secondary mortgage market for our members, as well as FHLBank members across our nation that are approved participating financial institutions. FHLBank Chicago created the MPF Program in 1997 to provide community lenders with a competitive secondary mortgage market investor to sell their fixed-rate residential mortgage loans. Negative pricing adjustments and guarantee fees, along with minimum loan volume requirements, can be roadblocks for smaller institutions to access the secondary mortgage market. The MPF Program pays FHLBank members for originating high-quality, low credit risk mortgages that they sell to the Program while relieving them of the interest rate risk on those loans. Members can continue to service the loans sold and preserve their customer relationships. This frees up funds to offer more affordable mortgage loans to their communities.

FHLBank Chicago operates the MPF Program for six FHLBanks, supporting more than 700 financial institutions across the country in the secondary mortgage market and purchasing more than 33,500 mortgages totaling \$8.1 billion in 2022 across all MPF products. Over 80% of our program participants are small community lenders with assets under \$1.5 billion who would otherwise not have the ability to offer these loans—or to offer them competitively. Additionally, more than one third of mortgages purchased for investment or securitized through our MPF products were made to low or very low income borrowers or made to borrowers in a low income area.

“The MPF Program is essential to the continued success of our fixed rate mortgage lending program. The flexibility of the products offered, along with the competitive rates are what we value most through our partnership.”



MARY COY
Chief Executive Officer

“The MPF Program keeps us competitive in the markets we serve through their unique mortgage products. The fact that we are able to retain servicing is an important feature that allows us to keep that ‘small town bank’ feel as we continue to develop customer relationships.”



JONI JORGENSON
VP, Mortgage Lender

GIVING PEOPLE CONFIDENCE THROUGH THE HOME-BUYING PROCESS WITH MPF PROGRAMS



NICK BROOKS
VP of Lending, IAA Credit Union

IAA Credit Union of Bloomington, Illinois has been a member of FHLBank Chicago since 2014. When they needed a new lending partner for their real estate loans, they explored what FHLBank Chicago has to offer.

IAA Credit Union was sold on the MPF Xtra® and MPF Traditional products, because FHLBank Chicago gave them the ability to retain the servicing rights on their real estate loans, unlike their other lender options. This allowed IAA Credit Union to better serve their members and earn additional income by servicing the loans.

“**For most people, purchasing a home or piece of real estate is one of the biggest transactions they’ll ever do,”** said Nick Brooks, IAA Credit Union’s Vice President of Lending. **“Since we now maintain control over the whole lending process, we can ease the anxiety that our members may have, and it gives them confidence in a transaction that’s new to them.”**

Through our MPF products, IAA Credit Union provided real estate loans to its members both in the Illinois community and 22 other states, helping people achieve their homeownership dreams. Since joining the MPF Program, IAA Credit Union has sold more than 350 loans totaling \$75 million into the secondary market, as of year-end 2022.

Member Engagement and Training

We provide thought leadership and training for members.

For us, member relationships are much more than financial transactions—we are committed to our members' success. We help our members leverage our liquidity for the benefit of their communities through an array of member engagement activities, such as conferences, webinars, training and education. In serving as a trusted advisor, we provide modeling and other analytical tools to assist our members with their asset-liability management needs.

MPF Program participants that are both experienced and new to selling loans into the secondary mortgage market have access to our MPF University where we provide access to over 170 courses and curriculum paths for loan originators, processors and underwriters. The MPF Program also offers three complimentary Mortgage Bankers Association certifications: Certified Residential Underwriter, Residential Certified Mortgage Servicer, and Certified Mortgage Compliance Professional.

Additionally, our employees offer their time and expertise through speaking engagements at various trade association events to support our members' development. Our employees speak at conferences on topics including operational excellence, corporate culture, mentorship, and diversity, equity, and inclusion (DEI). In January 2022, we partnered with the Illinois Banking Association to present a DEI Speaker Series for five weeks. These 90-minute sessions provided participants with ideas and best practices to build an effective DEI strategy, including strategic communication and measurement.

"I really enjoy coming to FHLBank Chicago conferences and other events to learn about the different products and services they offer. We really try to leverage what we learn to improve the quality of life of our credit union members and to ultimately help succeed in our mission."



CHARLES MARTIN
Chief Financial Officer

REINVESTING IN COMMUNITIES AND MEMBER BUSINESS WITH ADVANCES



BRIAN COSSETTE
Citizens State Bank

FHLBank Chicago advance products provide members with the opportunity to borrow at lower market rates and for longer fixed terms. This allows members to better support their communities and pass along these benefits to customers. Our member, Citizens State Bank in La Crosse, Wisconsin, used our Community Small Business Advance to help a small, family-owned medical supply business in a low income area support 15 jobs and move into a bigger office building.

"We're able to reinvest in the communities we serve and that's one of the big things we pride ourselves in," said Brian Cossette, Chief Financial Officer of Citizens State Bank. "We want to make our community a better place to live, work and play."

Citizen State Bank's mission is to provide an experience like no other, and Brian says being an FHLBank Chicago member helps. "We've gained customers because we've been using products from FHLBank Chicago," said Cossette. "To be able to offer them long-term cost savings on interest strengthens that relationship with the customer, leading to more business going forward."

The partnership between Citizens State Bank and Rich Moran, a Sales Director at FHLBank Chicago, helps Cossette and his team understand the bigger financial picture. "We work together with our members to understand their community needs and give them tailored tools for their market," said Moran.

"FHLBank Chicago has a broad perspective and helps us see what customers are doing across the board," said Cossette. "They help us make long-term impact with structuring advances."

Supporting Housing and Economic Development

Our community investment approach combines grants and lending products.

Affordable rental and homeownership opportunities are in short supply in Illinois and Wisconsin, and economic development challenges persist in the wake of the COVID-19 pandemic, mirroring national trends. Underserved communities—including our district’s Native American and rural communities—continue to experience a heightened need for affordable housing and economic development support. Leveraging the FHLBanks’ mandate since inception to support housing finance and community investment, FHLBank Chicago is uniquely positioned to address these critical issues at the local level in Illinois and Wisconsin.

To understand what our communities need, we work with our Community Investment Advisory Council, which consists of industry leaders from community and nonprofit organizations actively involved in providing or promoting affordable housing and/or community lending in Illinois or Wisconsin. Each year, we assess our district’s most critical community investment needs and publish this information in our Targeted Community Lending Plan, which informs our community investment programming for the following year. In 2022, our analysis highlighted the following critical needs:

Affordable Housing Needs

- Housing for Individuals with Disabilities
- Permanent Supportive Housing
- Housing for Homeless Households
- Reinvestment in Aging Housing Stock
- Rural & Tribal Housing Investment
- Investment in Low-Income Minority Areas
- Access to Economic Opportunities
- Diversity in Affordable Housing Development
- Investment in Small Projects
- Housing for Large Families
- Digital Equity
- Promotion of Homeownership
- Housing for Individuals Recovering from Substance Abuse
- Housing for Formerly Incarcerated Individuals
- Housing for Individuals Recovering from Physical Abuse, Domestic Violence, Dating Violence, Sexual Assault or Stalking

Economic Development and Community Lending Needs

- Support for Small Businesses
- Climate Sustainability, Resilience, and Recovery
- Support for CDFIs and Nonprofit Lenders
- Support for Native Economic Development

BREAKING BARRIERS TO HOMEOWNERSHIP IN GREEN BAY



THE WEBSTER-WASHINGTON FAMILY
Bay Bank mortgage customers

Since 1999, Bay Bank has worked with FHLBank Chicago to provide financial services and access to capital for the Green Bay, Wisconsin area. Bay Bank is the only financial institution in the greater Green Bay area to offer the U.S. Department of Housing and Urban Development Section 184 Indian Home Loan Guarantee Program, which provides low down payments and flexible underwriting for Native American homebuyers. They often pair Section 184 loans with our Downpayment Plus Program (DPP) grants. As of year-end 2022, they have provided 101 DPP grants to assist with down payment and closing costs—breaking barriers to homeownership.

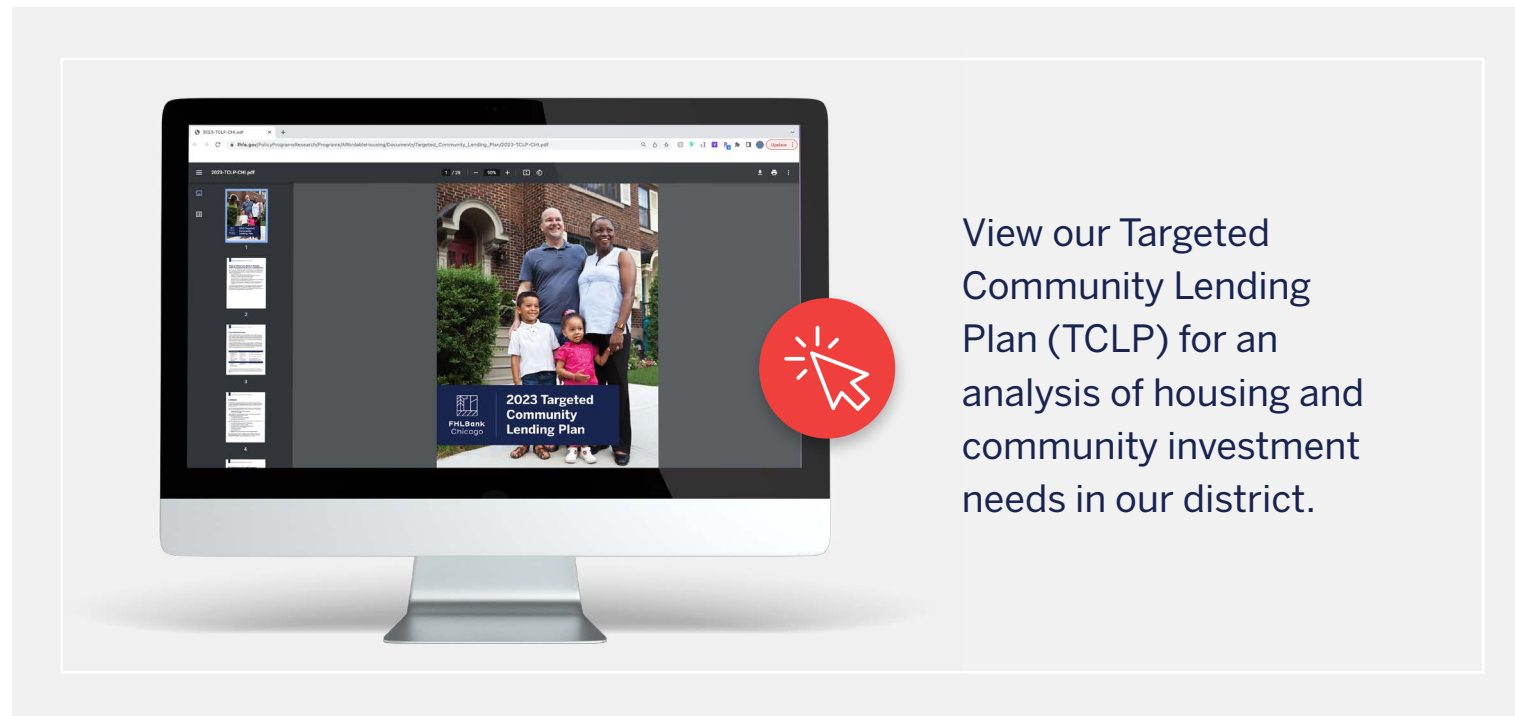
Through their FHLBank Chicago membership, as of year-end 2022, Bay Bank has also sponsored over \$3 million in Affordable Housing Program grants, creating 157 affordable housing units. And they have sold more than 1,700 mortgages into the secondary market through our MPF Program, mitigating their balance sheet risks and earning credit enhancement income.



FHLBank Chicago has assisted Bay Bank with its mission to provide access to capital for Oneida Nation tribal members,” said Jeff Bowman, President and CEO of Bay Bank. “Because of our membership, we have and will continue to increase homeownership among Native Americans in the Green Bay area.



Supporting Housing and Economic Development



We believe affordable housing and economic development activities are most impactful when they occur in tandem, leveraging one another in support of a broader goal: community-building. To reach this goal and address the needs in our TCLP, we use a two-pronged approach:

1. Offering grants to support housing and economic development in our district and,
2. Offering lending products such as discounted community advances which our members use to support low- and moderate-income households.

Additionally, our Community Investment (CI) and diversity, equity, and inclusion (DEI) teams are organized as one “CIDEI Group” under the leadership of our Chief Diversity Officer. This pairing creates opportunities to leverage natural synergies between our intertwined commitments—directly benefiting our members and communities, and heightening our focus on DEI in our community investment programs.



Affordable Housing Program Grants

FHLBank Chicago plays a significant role in supporting affordable housing in Illinois and Wisconsin through our Affordable Housing Program (AHP), which includes our competitive AHP General Fund awards and down payment assistance through our Downpayment Plus (DPP®) Programs.

Affordable Housing Program General Fund

Through this program, FHLBank Chicago addresses affordable housing needs, including the acquisition, new construction, and/or rehabilitation of rental or owner-occupied housing. Our members partner with for-profit and nonprofit developers, community organizations, units of government, public housing authorities, and tribal governments to apply for our annual grant program. **We have awarded \$531 million to the AHP General Fund since inception in 1990, providing housing to nearly 87,000 households.**

\$24M awarded to projects designed to **provide affordable housing to 1,980 households** in 2022



Prairie Haus, a 40-unit apartment building in New Glarus, Wisconsin, received AHP funding through Wisconsin Housing Preservation Corp. and FHLBank Chicago member, Johnson Bank

EXPANDING AFFORDABLE HOUSING FOR CHICAGO RESIDENTS



BRIAN CAMPBELL
Case Manager, Mercy Housing Lakefront

FHLBank Chicago has supported Mercy Housing Lakefront, a regional organization of Mercy Housing, Inc. through 12 AHP General Fund projects. In 2020, Mercy Housing Lakefront was awarded a \$900,000 AHP grant through FHLBank Chicago member, CIBC Bank USA, to rehab the Carlton Apartments. This historic building now provides permanent supportive housing for formerly homeless and low-income Chicago residents.

In 2022, final renovations at Carlton Apartments were completed, providing modern amenities like air conditioning, a computer lab, and Wi-Fi.

“Between the addition of the lab and free Wi-Fi, we have enabled our residents to more effectively access their healthcare, find employment resources, and secure appropriate government benefits,” said Brian Campbell, Case Manager at Mercy Housing Lakefront. The central AC is certainly a major and much-needed upgrade, but the technological improvements have brought the Carlton into the 21st century and made immediate quality-of-life improvements for our residents.

”

Affordable Housing Program Grants

Downpayment Plus Programs

Downpayment Plus and Downpayment Plus Advantage® provide our members with easy-to-access down payment and closing cost assistance for low- and moderate-income homebuyers, reducing barriers to homeownership and providing opportunities to build home equity. Nonprofits that provide mortgage financing for homebuyers, such as Habitat for Humanity and Neighborhood Housing Services, may also partner with an FHLBank Chicago member to access DPP Advantage funds. Our DPP programs require participation in homeownership education and counseling, supporting sustainable homeownership. **We have disbursed \$261 million through our DPP Programs since inception in 1996, providing down payment assistance to nearly 50,000 homebuyers.**

\$18M disbursed in down payment assistance to **3,067 homebuyers** in 2022



Kristian Aquiles Catlan closed on his home in July 2022 after receiving a DPP grant from FHLBank Chicago member CIBC Bank USA.

CREATING PATHWAYS TO HOMEOWNERSHIP WITH OUR DOWNPAYMENT PLUS PROGRAMS



Douglas Marvin in red celebrates closing on his home with Chelsea Gay, Nicolet Bank (L) and Richard Dannhausen and Lori Allen of Habitat for Humanity (R)

Nicolet Bank is among our member banks that use our DPP programs to help eligible borrowers purchase homes. As a corporate partner for local Habitat for Humanity chapters, Nicolet Bank offers DPP Advantage funds to customers. "There's a great need for homeownership assistance programs here, as many customers are stuck renting due to the limited resources through the state," said Chelsea Gay, CRA Program Coordinator at Nicolet Bank.

Douglas Marvin, a single dad working two jobs in Door County was looking to purchase a home for his family. With the help of Nicolet Bank and Habitat for Humanity, he was able to use FHLBank Chicago's DPP Advantage among other sources to purchase his first home. "I always wanted to own a home, and was happy to put in the sweat equity to help make it happen. With the help of Nicolet Bank and Habitat for Humanity, I was able to purchase a home that I can pass down to future generations," said Marvin.

“

These programs have allowed us to help buyers out of challenging situations," said Door County Habitat for Humanity Executive Director, Lori Allen. "By helping customers with their down payments, we set up new homeowners with safe and affordable housing.

”

Community First Grant Programs

In addition to our support for the Affordable Housing Program, we allocate resources to support a variety of “Community First” programs to address unique district needs identified in our TCLP. In April 2022, we announced three new Community First grant programs aimed at increasing diversity in affordable housing and small business growth: Accelerate Grants for Small Business, Diverse Developer Initiative, and Housing Counseling Resource Program. **We committed \$11.25 million to support these new programs for three years (2022-2024), and awarded \$4.2 million in 2022.**

Community First Accelerate Grants for Small Business

This program provides grants to support the growth and development of small businesses in partnership with our members. Eligible small businesses must have annual gross revenue of \$1 million or less.

\$835K awarded to **34 small businesses** in 2022



Walter and Leanne Dean, owners of Popus Gourmet Popcorn, received a 2022 Community First Accelerate Grant for Small Business. Pictured with Erik Schelling (center) of M&M Bank, a FHLBank Chicago member.

PARTNERING WITH COMMUNITY BANKS TO SUPPORT MAIN STREET IN DEERFIELD

[Click here to watch the full story.](#)



TERESA PELLETIER
Owner, Deerfield Coffeehouse

Deerfield Coffeehouse in Dane County, Wisconsin is more than a quick stop for your morning joe and a bite to eat. Since opening on Deerfield’s Main Street in 2019, the shop has been a popular destination for people who live and work in the area.

Before opening, owner Teresa Pelletier knew she’d have to eventually make improvements to the space—it had strong bones and character but was run down from weather and needed repairs to the storefront. When she started hearing from new customers that the building was tough to find due to the building’s appearance and signage, she knew she needed help.

Her local banker at the Bank of Deerfield, Ben Mlsna, told her about FHLBank Chicago’s Community First Accelerate Grants for Small Business, which provides grant funds to strengthen small businesses. Pelletier applied and received a \$25,000 grant for building upgrades, and a 5% match from Bank of Deerfield. “A lot of our job as a small community bank is focusing on the relationship,” said Mlsna. “When you have an opportunity to give back like that, and you know the people personally, it makes the decision easy.”

Pelletier is excited about what this grant means for Deerfield. **“Our mission is to be a community gathering spot and part of that is enhancing the downtown of Deerfield,”** said Pelletier. **“We live in the best community and people here are so supportive. I’m going to use the grant to have the building reflect all the greatness in our community.”**

Community First Grant Programs

Community First Diverse Developer Initiative

This program supports career and talent development initiatives for diverse developers of affordable housing. Our definition of “diverse” refers to any population experiencing inequitable, systemic barriers to entry or career development in the affordable housing industry. In 2022, organizations in Illinois and Wisconsin eligible to participate included diverse development firms seeking to expand expertise; career development programs dedicated to increasing diversity within the affordable housing industry; trade/professional associations that support diverse developers; and development firms seeking to offer career development opportunities to diverse developers.

\$1.3M awarded to **10 organizations** in 2022

Through Chicago Community Loan Fund, DL3 Realty was awarded a 2022 Diverse Developer Initiative grant to grow and support their expanding affordable housing practice.

“
FHLBank Chicago’s generous support has served as a crucial catalyst in empowering me to make a more visible impact in the realm of affordable housing.”

*Yasamin Enshaeian,
Senior Development Associate, DL3 Realty*



BUILDING A PIPELINE OF DIVERSE DEVELOPER TALENT



MICHELLE LONG AND
ALEJANDRO RODRIGUEZ
Community First MKE Developer Hires

Rafael Garcia, the executive director of the nonprofit, Community First MKE, has one mission: to expand affordable housing opportunities to those most vulnerable in Milwaukee. For 12 years, he’s been chipping away at this mission and recently celebrated the completion of the organization’s \$13 million redevelopment of a former school into a modern apartment building. The development was awarded the Mayor’s Design Award for its work in providing nearly 50 units for seniors and veterans in need of housing.

To do more of these important projects, Rafael knew he needed to hire a full staff, since he had largely been on his own from the beginning. Rafael applied for a Diverse Developer Initiative grant with FHLBank Chicago member, Cinnaire Lending Corporation, and received \$230,000 which he used to hire two full-time additions to his staff, Michelle Long and Alejandro Rodriguez. “Because of this grant, Community First MKE is now a pipeline of diverse development talent, which is beneficial to the entire region,” he said.

With these new hires, Rafael says Community First MKE can now expand its footprint and help more families in need.

“
We’re looking at northern Illinois next. If it wasn’t for this grant from FHLBank Chicago, we wouldn’t be able to do this at all.”

Community First Grant Programs

Community First Housing Counseling Resource Program

This program provides grants to housing counseling agencies to expand their services to minority and low- and moderate-income homebuyers and facilitates sustainable homeownership. Through these grants, agencies in our district can provide financial counseling and education to help homebuyers in underserved communities rebuild credit, manage debt, and establish savings. This program is administered via two housing associates, the Illinois Housing Development Authority (IHDA) and the Wisconsin Housing and Economic Development Authority (WHEDA), on behalf of FHLBank Chicago.

\$2.1M awarded to IDHA and WHEDA to support **30 organizations** in 2022

Community First Disaster Relief Program

This program offers direct disaster relief grants to eligible homeowners and small businesses in qualifying disaster areas within members' communities. It is available to our members when natural disasters are declared in our district.

\$1.6M+ disbursed to **329 property owners** since program inception in 2014



[Click here to watch and learn more about the Housing Counseling Resource Program.](#)

Housing and Economic Development Lending Products

FHLBank Chicago helps our members fund affordable housing and economic development needs in their communities by offering below market rate advances. Collectively, these products provide members with resources to address lending needs in their communities.

Community Advances Program

~\$2B executed through our Community Advances Program in 2022, in order to create or retain **6,487 jobs** and support **10,982 households**

We offer three products to support our members' community lending initiatives.



Community Development Advances: Promoting economic development in member communities through small business, agricultural, commercial, and infrastructure lending.



Community Housing Advances: Supporting purchase, construction, and rehabilitation of affordable housing.



Community Small Business Advances: Providing members with zero-rate financing to support small business lending in low- and moderate-income areas, contributing to the local economy and community revitalization efforts.

HELPING COMMUNITIES WEATHER THE TOUGH TIMES WITH OUR SMALL BUSINESS ADVANCE



THE HOLLE FAMILY
Owners, Holle-Oaks Dairy LLC

FHLBank Chicago Community Small Business Advances are one product helping to ease the burden small businesses such as farms are facing with rising operating costs. The Community Small Business Advance has a 0% fixed rate for the member with a fixed term up to 10 years, enabling the member to provide a secure, low-cost source of funds to their customer to support the creation or retention of jobs.

Joe and Mary Holle, third generation farmers in Baldwin, Wisconsin, worked with FHLBank Chicago member bank, Pillar Bank, formerly First Bank of Baldwin, to take advantage of this opportunity. "The Holle family has been part of our Baldwin community for decades and I knew they, and other farms here, had recently been facing unprecedented hurdles," said Michael Speltz, Chief Financial Officer, Pillar Bank. "Armed with the right tools like the FHLBank Chicago advance, we're helping our community weather the tough times."

With the advance, the Holle family secured discounted funding to retain three jobs and purchase a new corn planter, which helps them more efficiently apply seed and fertilizer.

“

We're thankful for our partnership with Pillar Bank for giving us access to the right financial tools when we needed them most," said Mary Holle. "This investment is already paying off now, and will continue in the years to come.

”

Housing and Economic Development Lending Products

Community First Fund

The Community First Fund (the “Fund”) is a revolving loan fund that provides unsecured lending to community organizations, including non-depository CDFIs, to support their affordable housing and community development lending in Illinois and Wisconsin. The Fund provides “patient” capital at low interest rates, enabling participating organizations to in turn provide reliable, long-term support to their communities. The first of its kind in the FHLBank System, the Fund currently supports eight CDFI partners working in our district. **In 2022, 106 FHLBank Chicago members engaged with Fund participants via lending relationships, participation on leadership boards, and provision of banking services.**

\$46.5M deployed to participating organizations since inception in 2014, supporting the **creation or preservation of 9,510 affordable housing units** and the **creation or retention of 4,971 jobs**



Members of our Community Investment Advisory Council at one of the group's quarterly meetings

ADVANCING AFFORDABLE HOUSING LOANS FOR CHICAGOANS



JAY AND LAJUNE YANCY
Owners, LJ Promise Realty Management LLC

In 2022, FHLBank Chicago provided a \$10.5 million Community First Fund loan to Community Investment Corporation (CIC) to support their affordable housing program in Chicago's south and west side neighborhoods.

“With the help of the FHLBank’s Community First Fund, we are financing multifamily rental buildings in the neighborhoods, which at the same time helps build generational and local wealth,” said Stacie Young, President and CEO at Community Investment Corporation. **“At CIC, our loans impact small businesses. Half of our borrowers are led by BIPOC developers and property owners, who are critical partners in preserving multifamily naturally occurring affordable rental buildings.”**

Jay and LaJune Yancy were among the borrowers who used the loan for their real estate business. In 2005, the Yancy family bought their first 28-unit residential property in the South Shore neighborhood of Chicago. “We took it as an opportunity to strike out on our own full time in real estate,” said Jay Yancy.

Most recently, the Yancys acquired a 20-unit building, where CIC provided a refinance loan on the property during the height of the COVID-19 pandemic which helped them through a difficult economic circumstance. With the help of the Fund, the Yancys will continue to invest in new property and provide high quality and affordable housing options to residents in South Shore.

Adapted from CIC's 2022 Annual Report

Supporting Housing and Economic Development

Our ongoing commitment to understanding the needs of the communities we serve.

We are committed to learning what our communities need most. Our Community Investment Advisory Council meets quarterly with representatives from FHLBank Chicago's Board of Directors to share insights on community needs and inform our community investment strategy.

In 2022, topics included:



The Increasing Cost of Affordable Housing Development: This discussion explored the impact of the current economic uncertainties on the affordable housing industry, and potential solutions to ensure affordable housing development remains financially feasible. Increased construction costs, higher interest rates, labor shortages, and reductions in Low Income Housing Tax Credit (LIHTC) equity pricing are all obstacles facing developers.



Exploration of Rural Challenges and Opportunities: This discussion explored housing and economic development challenges and opportunities in rural communities across the district. This conversation was part of FHLBank Chicago's bi-annual Cultural Exploration, a year-long engagement with our Board of Directors to better understand the needs of underserved communities.



Climate Impact on Affordable Housing: This discussion explored the impact of climate change on the affordable housing industry, as well as for low- and moderate-income communities and households. Climate events have immediate impacts on existing housing as well as implications for the housing ecosystem of the future, and low- and moderate-income communities and households are disproportionately, adversely affected.



Fostering an Inclusive Culture

DEI is very important to everything we do. It impacts our employees, organizational culture, our members, their customers and communities, and our business partners. Our DEI strategy is designed to engage our stakeholders in our DEI work. We believe that allowing all stakeholders to participate in making FHLBank Chicago inclusive will transform how we conduct business throughout our district. We are on a transformational DEI journey to ensure that every employee and member has an opportunity to be bold, as we believe bold actions inspire change.

Working Groups

Our working groups help us execute our DEI strategy.



Supplier Diversity Working Group: Strives to partner with businesses owned by minorities, women, veterans, people with disabilities, and members of the LGBTQ+ community in support of our commitment to supplier diversity. The group works to achieve its goals through employee training, relationships with diversity councils, and participation in outreach events.



Capital Markets Working Group: Aims to increase utilization of diverse broker dealers. The group strives to achieve its goals through continued outreach, education and partnerships with diverse dealers.



Workforce Working Group: Focuses on strengthening our employer brand, building a diverse workforce at all levels, and retaining and developing diverse talent through employee engagement initiatives.

OUR DEI MISSION STATEMENT

FHLBank Chicago values all perspectives and is committed to being an industry leader, whose diverse, equitable, and inclusive culture serves to inspire our internal and external partners.

In support of our commitment to accountability, our Office of Diversity, Equity, and Inclusion (ODEI) launched a new three-year DEI strategy in 2021 that we update annually, in partnership with our Diversity, Equity, and Inclusion Committee. The strategy is based on our DEI mission statement with three key areas of focus—things we value, demonstrating commitment, and inspiring others. The plan addresses areas of focus for our business, supplier diversity and capital markets, as well as employee engagement.



FHLBank Chicago President and CEO, Michael A. Ericson (far left) and Chief Diversity Officer, Cedric D. Thurman (far right) with leaders of our Employee Resource Groups and Engagement Teams.

Supplier Diversity

We believe that supplier diversity supports our efficiency and innovation, reflects the communities we serve, promotes growth and development, and supports job creation and economic development.

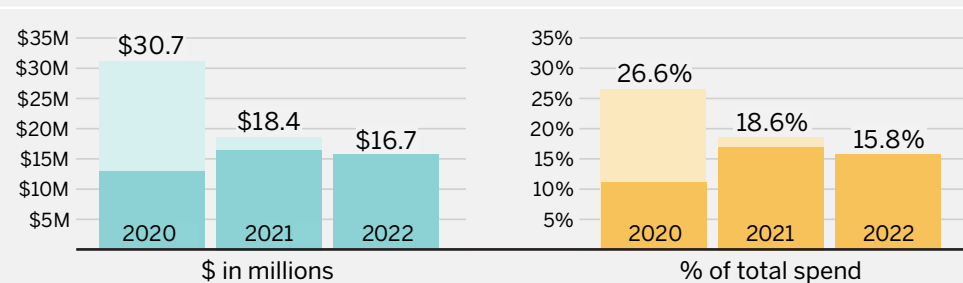
Ensuring we have a diverse supplier base in the procurement of goods and services is engrained into our vendor sourcing operations. We strive to partner with businesses owned by minorities, women, veterans, people with disabilities, and members of the LGBTQ+ community because working with diverse vendors is a critical part of our guiding DEI principles and builds stronger communities.

Our vendors help us meet the needs of our members. We engage technology providers, professional services, secure supplemental staff as needed, and seek to purchase everyday goods and services from diverse suppliers. In each category, we seek bids from diverse suppliers for sourcing opportunities.

Our Supplier Diversity Working Group prioritizes our commitment to supplier diversity, whether for new purchases or contract renewals. **In 2022, we had a total of \$16.7 million in diverse vendor spend, which represents 15.8% of total spend for the year.** We had spend with 68 diverse primary vendors and onboarded 24 new diverse vendors, which represents 16.9% of all new vendors added to our supplier roster in 2022. To continue to build our roster of potential vendors, we participated in four supplier diversity outreach events.

We have established national and local relationships to elevate our sourcing opportunities with the National Minority Supplier Diversity Council (NMSDC), National Veteran Owned Business Association (NaVOBA), Women’s Business Development Center (WBDC), Disability:IN Chicagoland, LGBT Chamber of Commerce of Illinois, and Little Village Chamber of Commerce.

DIVERSITY SPEND ACTIVITY



More than \$19 million of our diverse spend dollars in 2020-2021 **were associated with the build-out of our new office space, as illustrated in the lighter colored bars.**

SHATTERING AGGRESSIVE GOALS FOR SUPPLIER DIVERSITY

[Click here to watch the full story.](#)



KATHY DZIEDZIC AND JASON WATLAND
Contractors on our office build-out project

When FHLBank Chicago decided to move into the Old Post Office in Chicago, it needed to create approximately 129,000 square feet of new office space in the 100-year-old building. **FHLBank Chicago set an ambitious goal to spend greater than 50% of the project budget on diverse suppliers.**

One of those contractors was Kathy Dziejdzic of Slate Demolition, a woman-owned demolition company in Chicago.

“**It makes me proud to be who I am and to know that other people see that it’s not just about me being a person that owns a company but actually about me being part of a project of such enormity when it comes to diversity and inclusion.**”

FHLBank Chicago worked closely with Executive Construction Incorporated (ECI), to track the spend to diverse vendors. **The total project spend was over \$24 million from 2020-2021. We shattered our goal with 81% of the spend going to 20 diverse contractors.**

For ECI, the project represented its highest net spend on diverse vendors. “When new clients come to us and want to know if we can hit their 30% diverse subcontract spend, we say ‘not a problem,’” said Jason Watland, ECI Vice President. He said now they are in a place to “exceed everyone’s expectations” on supplier diversity thanks to the FHLBank Chicago project.

Capital Markets

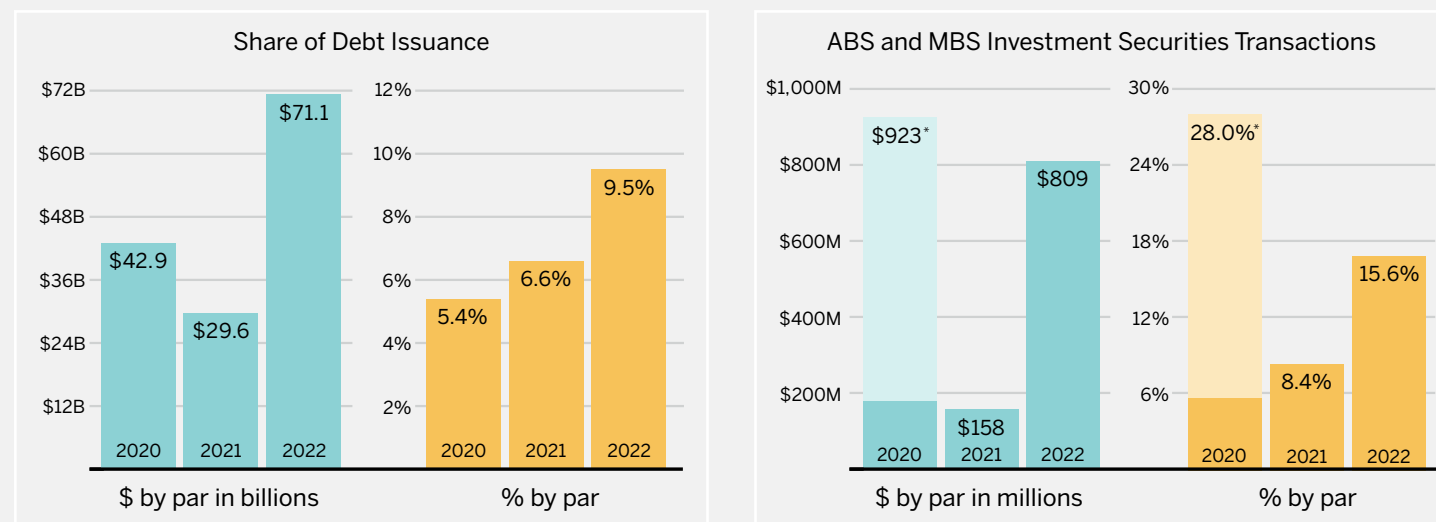
Our focus on strengthening relationships with diverse broker dealers, those owned by minorities, women, disabled persons, veterans, or members of the LGBT community, began in 2018. Our goal was to increase the percentage of transactions the FHLBank System and FHLBank Chicago execute with diverse broker dealers for underwriting our debt and sourcing investments for our investment portfolio.

Members of our Capital Markets Group meet regularly with the diverse broker dealers we do business with to build stronger relationships. The Capital Markets Working Group also makes arrangements to host diverse broker dealers as guest speakers at member events and webinars— and occasionally partners with other FHLBanks and the Office of Finance to host events to engage diverse broker dealers.

As part of an FHLBank System-led effort, we engaged in debt issuance transactions with 18 of the 20 authorized dealers in the Office of Finance’s Diversity and Inclusion (D&I) Dealer Group in 2022. In 2022, \$71.1 billion, or 9.5% of our debt underwriting dollar volume was issued through diverse dealers compared to 6.6% in 2021 and 5.4% in 2020.

In 2022, we sourced investments through 8 dealers in the D&I Dealer Group, amounting to \$809 million, or 15.6% of the dollar volume in our investment portfolio.

FHLBANK CHICAGO ACTIVITY WITH DIVERSE DEALERS



*The decrease in transactions with diverse dealers from 2020 to 2021 is the result of a diverse dealer, which historically was our largest counterparty, being acquired.

OPENING THE DOOR TO DIVERSE DEALERS



DAVID R. JONES
Co-Founder, President and CEO, CastleOak

CastleOak Securities, L.P., a minority-owned, boutique investment bank, specializes in primary and secondary sales and trading of fixed income, equity, and money market securities. As FHLBank Chicago’s most active diverse dealer in 2022, CastleOak underwrote \$16.5 billion in debt at par through 192 transactions on our behalf. Additionally, FHLBank Chicago was instrumental in helping CastleOak build their multifamily mortgage-backed security (MBS) trading business by executing 11 investment deals totaling \$228 million at par.

“The close relationship with FHLBank Chicago allowed us to execute our first negotiated sale in the Freddie Mac Multifamily Participation Certificates Program totaling \$22 million, which was a huge win for us.” said Itai Benosh, Managing Director, Fixed Income Sales & Trading.

CastleOak’s Co-Founder, President and Chief Executive Officer, David R. Jones, says having a relationship with FHLBank Chicago gives CastleOak instant credibility when interacting with other clients. **“Every day we’ve got to prove ourselves in a competitive market,”** said Jones. **“People may consider us a small firm, but that changes when people find out about the deals we’ve done with clients like FHLBank Chicago.”**

Jones believes that it is vital that banks like FHLBank Chicago continue to support diverse dealers like CastleOak because it helps to level the playing field, give smaller firms a chance to compete, and educate a wider network of investors on FHLBank Chicago’s investment needs. “It’s good to have a roster of qualified smaller firms that work with a different set of investors, and that can bring a different point of view.”

Employee Representation

As an organization with strong DEI practices, we recognize the importance of diversity in our workplace. We know that with different backgrounds come different points of view, which ultimately leads to better ideas and solutions. This is why our Workforce Working Group has a strategic focus on attracting, retaining, and developing diverse talent from all backgrounds.

We ended 2022 with 495 employees, of which 45% were women and 41% were people of color. The average tenure of our employees is 7.6 years and their average age is 42 years.

In 2022, we classified 28% of our workforce as management. **In these leadership roles, 45% were women and 24% were people of color.**

Employees shape our inclusive culture—their unique perspectives, skillsets, and voices drive the way we engage with each other. The Workforce Working Group has developed an array of employee engagement initiatives. Our biweekly all-staff meetings and quarterly town halls give employees a platform to present business and team

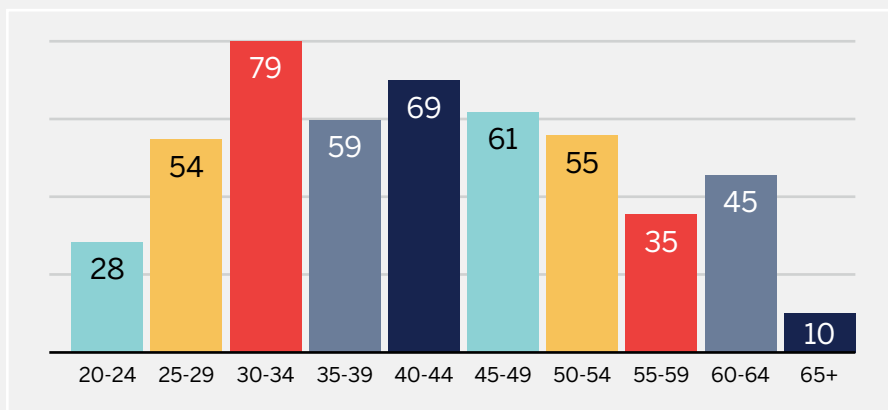
updates, providing visibility into the work being done across our organization. We also host monthly “Learn About the Bank” sessions, giving both newer and tenured employees a deeper look into how we all work to support our shared mission.

As a way to expand our understanding of each other’s backgrounds and personal journeys, our ODEI supports ongoing employee-led sessions on DEI topics of their choosing. From speaking about their immigration experience to what it’s like being a working parent, the wide range of topics presented helps employees create more meaningful connections with each other and allows employees to show up fully and be their authentic selves in the workplace.

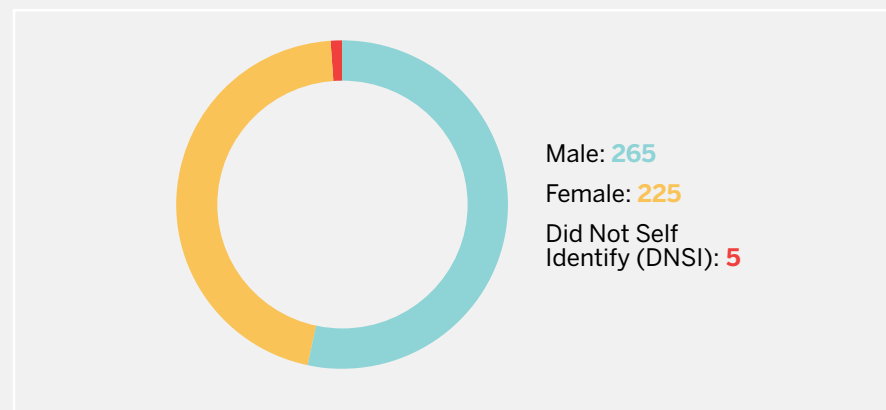
ADVANCING INCLUSION

We encourage and support inclusive actions across all business units and at every staff level. Allyship is a lifelong process of building and nurturing supportive relationships with marginalized or underrepresented individuals or groups with the aim of advancing inclusion. In 2022, 92% of employees participated in allyship training.

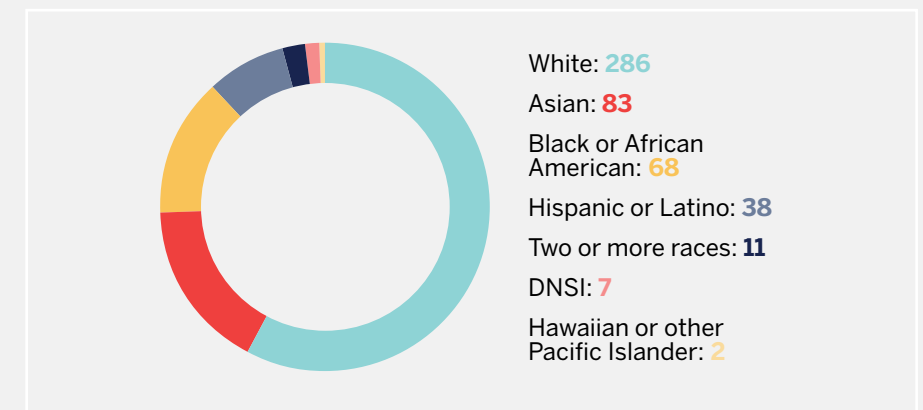
AGE GROUP (2022)



GENDER (2022)



RACE/ETHNICITY (2022)



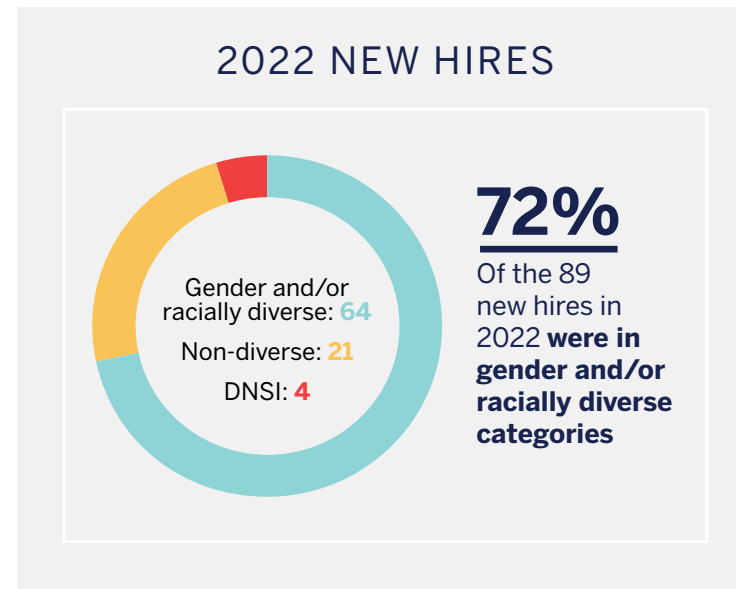
Attracting and Retaining Talent

Our Workforce Working Group works to attract diverse applicants through recruiting partnership organizations, an inclusive college recruiting program, and a social media focus on our employee culture and commitment to diversity.

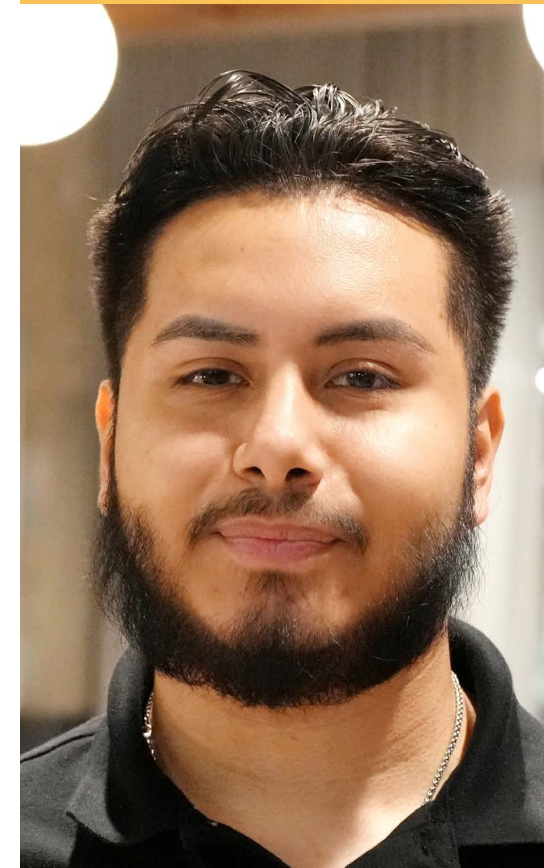
We created a diverse slate of qualified candidates or hired a diverse candidate for 90% of externally-posted open positions in 2022. Diverse candidates identified as people of color, women or “other”, disabled, veteran, or LGBTQ+. We welcomed 89 new hires, of which 37% (33) were women and 55% (49) were people of color. By comparison, out of our 78 hires in 2021, 42% (33) were female and 54% (42) were people of color.

City Colleges of Chicago Apprentice Program

We participate in the City Colleges of Chicago Apprentice Program, which provides community college students the opportunity to get corporate experience while finishing their studies. City Colleges enrolls a high percentage of people of color and students from various backgrounds. Many of our roles have traditionally required at least a four-year degree, and this program opens doors for City College students. We guarantee a conversion to a full-time role at the end of the one-year program, assuming apprentices have maintained strong professional and academic performance. Our first group of four apprentices joined us in 2021. We were able to convert two apprentices to full-time roles in 2022 on our MPF Program and Legal and Government Relations teams. In January 2022, two apprentices joined our IT and MPF Program teams, and both are currently on track to convert to full-time roles in 2023.



HOW AN APPRENTICESHIP LED TO A CAREER AT FHLBANK CHICAGO



J CALDERON
Operations & Support Specialist, FHLBank Chicago

J Calderon, a former finance student at Harold Washington College, was part of the first group of apprentices in FHLBank Chicago's new entry-level program. As someone who had only worked blue-collar jobs, J didn't think his resume was ready for an opportunity in a corporate environment. However, with his college counselor's support, he applied for and secured a position within our MPF Program.

During his apprenticeship, J worked with his manager to drive his career goals and learn the skills necessary to excel at FHLBank Chicago. A year later, J was thrilled when he was offered a full-time job as an Operations and Support Specialist. J thanks the Apprenticeship Program for starting his career.

“
I was working in a warehouse before this, and the program helped me build the confidence that I didn't have,” said Calderon. “The apprenticeship was like a free trial to help me understand the role, while allowing me to learn and make mistakes along the way.”

Attracting and Retaining Talent

Internship Programs

We offer summer and long-term internship programs that provide undergraduate and graduate students the opportunity to gain valuable financial industry experience. During our 10-week summer program, we work closely with interns to provide meaningful projects, networking and professional development opportunities. All interns complete a capstone project that addresses practical business issues, such as developing a new product or improving an existing process. At the end of the program, they present their findings and recommendations to our leadership team.

We continued our relationship with INROADS, a nonprofit that creates pathways to careers for ethnically diverse high school and college students across the country, to source diverse, high-caliber talent for our intern program. We filled four of our 15 summer intern positions through INROADS.

Rotational Program

We offer a two-year program for rotational analysts where they gain deep insight into our operations, spending six months with four different teams on analytics, operations or IT-focused tracks. In 2022, we began recruiting for quantitative finance rotational analysts. This new initiative targets individuals who have completed a master's program in a quantitative discipline, such as math, finance or risk. Throughout the rotational program, analysts are paired with a mentor, as well as a buddy who is a current rotational analyst, who provide resources and support. The program includes a training and social calendar that provides the analysts many opportunities to grow professionally and expand their network.

By attending virtual and in-person campus recruiting events to fill our rotational analyst, internship and entry-level positions, we expanded our networking opportunities with four historically Black colleges and

universities (HBCUs), two Hispanic-serving institutions (HSIs), the Hispanic Alliance for Career Enhancement (HACE), and the College Diversity Network.

Additionally, our talent acquisition team partnered with several organizations to assist with diversity hiring: Bridge My Return, RecruitMilitary, Disability:IN, Women in Technology International (WITI), Women in Security and Privacy (WISP), Women in Tech, and Women Impact Tech.

Talent Retention

Our performance management process is continuous throughout the year and our ability to give and receive feedback, as well as set expectations more effectively, provides professional growth for our managers and employees. We are committed to supporting employee development and providing learning opportunities to help employees advance their careers.

We are committed to ensuring we have the right talent in the right roles in addition to ensuring that our workforce is diverse. **In 2022, we promoted 66 employees, and the diversity makeup of our promotions are representative of our workforce, of which 48% were women and 42% were people of color. Similarly, we promoted 77 employees in 2021, of which 48% were women and 40% were people of color.**



Hear from Doris Ballesteros and other INROADS alumni on how we're building a diverse talent pipeline.

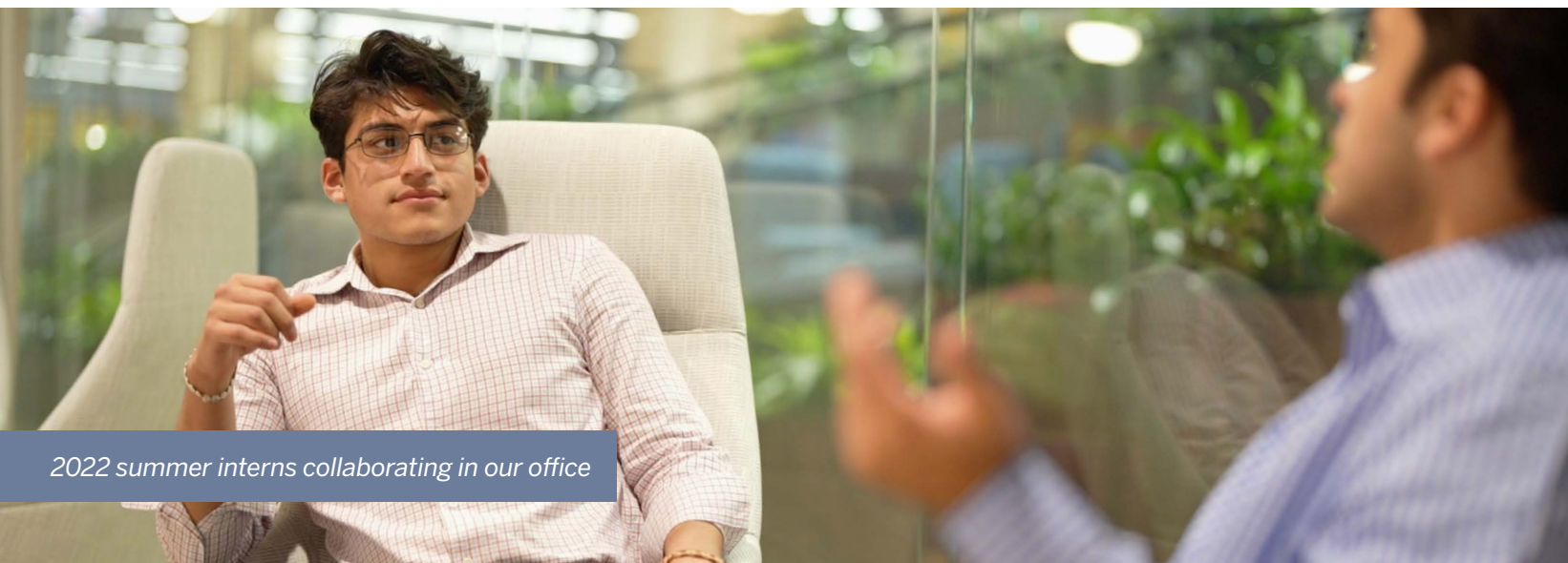
Attracting and Retaining Talent

Professional Development and Networking

At the FHLBank Chicago, we are committed to supporting employee development and providing learning opportunities to help employees grow in their careers. We strive to enhance career development and continue to build on our coaching culture. We have a robust set of guidelines to help employees and their managers collaborate and discuss learning and development needs and identify the best way to acquire relevant skills and knowledge. This includes learning in non-formal classroom or workshop environments such as on-the-job experiences, special projects or assignments, self-studying, or mentorships. In 2022, 89% of employees expanded their capabilities through our professional development programs.

McKinsey Academy and Udemy Business Workshops

We partnered with McKinsey to conduct five professional development programs focused on leadership skills and operational acumen. These programs included a combination of live workshops and digital learning modules leveraging McKinsey's faculty and research. We also partnered with Udemy, a digital learning platform with thousands of courses covering an array of skills. Because of Udemy's on-demand functionality, our employees can take courses at a pace that works for them.



2022 summer interns collaborating in our office

WOMEN ACROSS THE FHLBANK SYSTEM CONNECT TO BUILD LEADERSHIP SKILLS



CARLY JUETTEN

Dir., Accounting Operations, FHLBank Chicago

When Carly Juetten attended the FHLB Systemwide Women's Leadership Forum in Des Moines, Iowa in 2019, she and a few of her coworkers vowed to bring the event to Chicago one day. Carly had been at FHLBank Chicago for over 10 years and hadn't experienced anything like it before. "The annual event is truly special," she said. "The women I met and connected with at my first Women's Leadership Forum still stick with me today."

When it was announced that the Women's Leadership Forum would be held at FHLBank Chicago's office in 2022, Carly immediately volunteered to help with the planning and serve as the event's emcee. As a CPA and Director of Accounting Operations, Carly didn't have much experience in event planning or production, but she says this forum gave her an opportunity to learn a different skillset that she can use in the future. It also helped her branch out and expand her network to individuals in other departments and across the FHLBank System.

However, her biggest takeaway was that the event created a space for women to learn from each other. "Women shared their experiences about what it's like being a woman in the workplace, and it led to others sharing their own experiences," she said. "It was a chance to be heard and feel like you weren't alone. It means a lot when your employer is encouraging you to set aside time to connect, grow, and share with other leaders."

Employee Engagement

Ensuring our employees feel connected is a top priority for us. Our Employee Resource Groups and Engagement Teams foster conversations and common ground.

Employee Resource Groups (ERGs)

Our ERGs are a voluntary, employee-led DEI initiative supported by FHLBank Chicago. We have several ERGs to represent our diverse communities, and more than half of our employees participated in these groups in 2022.

African American

EMPLOYEE RESOURCE GROUP

Creates a platform that fosters improved culture and sustainable engagement in the interest of the African American employee population to enhance diversity and inclusion across our organization.

Baby Boomers

EMPLOYEE RESOURCE GROUP

Engages all employees in interactions with experienced employees and provides all employees with additional resources around retirement planning and other potential age-related issues otherwise unavailable at work.

Global Diversity

EMPLOYEE RESOURCE GROUP

Committed to providing a space where employees of all nationalities can inspire inclusive conversations and activities that contribute to the “whole self” that each employee brings to work.

Latino

EMPLOYEE RESOURCE GROUP

Seeks to create a network of employees that enhances the personal and professional development of its members and provide opportunities and resources for educational and cultural enrichment among employees and the wider Latino community.

Women's

EMPLOYEE RESOURCE GROUP

Provides a forum for employees to share ideas freely regarding professional opportunities and the development of personal and professional skills for women.

GROWING TOGETHER AND ALONGSIDE OUR MEMBERS

[Click here to watch the full story.](#)



SABRINA JACKSON
Sr. Manager, CI Operations, FHLBank Chicago

In 2022, FHLBank Chicago hosted a Diversity, Equity, and Inclusion (DEI) Open House to allow employees to network and explore new ways to get involved in DEI activities at the Bank. Members from ERGs hosted booths at the Open House to recruit new members and share resources with employees. The event also provided a safe space for employees and partners to host transparent and inclusive discussions.

“This event is doing exactly what we intended it to do, which is to help employees engage with each other and get to know ERGs around the Bank,” said Sabrina Jackson, Operations Manager in Community Investment at FHLBank Chicago. “The African American ERG is important to the Bank because it allows us to highlight the topics that are important to our African American employees, and it allows us to have a safe cultural exchange for all employees.”

The event was also an opportunity for member banks to learn about the Bank’s DEI strategy and resources offered at the Bank. Representatives from Park Bank in Madison, Wisconsin – a FHLBank Chicago member – also joined the Open House to engage with peers and learn more about how to serve employees and local communities. “For us, DEI is a journey that is very new. It feels like FHLBank Chicago has been working on this journey already, so we came to learn, listen, and absorb as much as we can,” said Sujhey Beisser, Assistant Vice President of Strategy & Development at Park Bank.

Employee Engagement

Employee Engagement Teams

Our Engagement Teams foster employee relationships through shared interests:



Book Club: Participants who share a love of reading meet monthly to discuss current bestsellers and popular books of interest.



Culture Collective: This new group, formed through combining two former groups in late 2022, focuses on a culture of connection, cooperation, and intentional action to create, enhance, and support communities. Participants give back throughout our district through volunteerism, leadership, and a commitment to unite and foster an inclusive community of employees.



Financial Literacy: Helps employees build better money habits through forums that provide financial education.



Sustainability: This new group, formed in fall 2022, aims to create a more environmentally conscious and responsible workforce through education and activism. The members in this group are in the beginning phases of discovery and research, with plans to develop educational materials and identify ways to engage employees in waste reduction initiatives.



Wellness: Supports employee health and well-being through hosting daily meditation sessions and organizing educational workshops with external experts.



Our Collaborate, Develop, Serve (CDS) Program is a cohort of employees selected to build upon each other's skillsets and help solve a strategic business issue for a local community organization. In 2022, our CDS cohort supported Chicago Family Health Center (CFHC) in developing a social media marketing strategy tailored to CFHC's needs. This work, along with our Financial Literacy Teams' efforts to host educational sessions for CFHC staff, earned FHLBank Chicago the 2022 Craig and Susan Manske Award, accepted by Will McGrath (center), Director, MPF Product Development.

Employee Benefits

In addition to our robust employee engagement activities and professional growth opportunities, we strive to foster a positive employee experience through our total rewards package—offering a variety of benefits that make FHLBank Chicago stand out as a top workplace.



Compensation: In addition to competitive salaries and performance-based incentives, we are committed to investing in the future of our employees by providing a 401(k) plan with employer match and a pension. We fully fund our employees' pension plans after one year of service, and employees are fully vested after five years of employment.



Health Insurance: FHLBank Chicago offers four medical plans with salary-based health insurance premiums, creating equity as employees who earn less, pay lower premiums. We also provide dental, vision, life and AD&D insurance, and offer supplemental life insurance.



Work/Life Balance: We offer a generous paid time off plan, providing 25 days for starting full-time employees plus 11 paid holidays. FHLBank Chicago also offers a variety of paid leave options, including short- and long-term disability, maternity, family, and new child leave. To provide additional flexibility and support, we adopted a hybrid work model mixing in-office and remote work.



Tuition Reimbursement Program: We provide up to \$25,000 reimbursement each calendar year for regular, full-time employees with two years of service to pursue an undergraduate or graduate program, or continuing education, related to their role or the work we do at FHLBank Chicago. In 2022, 23 employees received nearly \$370,000 in tuition reimbursement support.



Continuing Education through Member Trade Associations: The Illinois and Wisconsin Credit Union Leagues, the Illinois and Wisconsin Bankers Associations, and the Community Bankers Association of Illinois all allow for attendance at certain educational and professional development events. Examples include: young professionals' conferences, women's conferences, and targeted training where our employees can earn professional credits.



Employee Recognition: Our Four Star Award allows employees to nominate colleagues who bring our values to life and receive kudos through internal promotion. Recipients who had a significant impact on our business are eligible for the Extra Mile Award that has monetary value. Additionally, we celebrate employee anniversaries and milestones through internal and social promotion, and host an annual breakfast for milestone recipients.

TUITION REIMBURSEMENT HELPED ADVANCE ASYA JONES' CAREER



ASYA JONES

Lead CI Operations Specialist, FHLBank Chicago

Asya Jones was always interested in pursuing a master's degree but wasn't sure if she could afford it. When she joined FHLBank Chicago in 2019, she was pleasantly surprised to learn about our tuition reimbursement program and was impressed that it was available to all full-time employees.

The following year, Asya enrolled in the University of Southern California to pursue a Master of Urban Planning degree while working on the Community Investment team to support our affordable housing programs. Although working full-time while going to school was a challenge, it all paid off. Asya graduated in December 2021 and brought her gained insights and knowledge to her role, giving her new ways to elevate her team's work.

In February 2023, she was promoted to her current position as Lead Community Investment Operations Specialist. Jones attributes her promotion to her new degree and her drive to always find ways to better herself. Asya encourages her colleagues to take advantage of this benefit and growth opportunity.

"FHLBank Chicago's tuition reimbursement program allows employees to follow their dreams and pursue opportunities they normally wouldn't be able to access," said Jones. "We have one of the best tuition reimbursement programs that I've heard of, and it allowed me to pursue a degree that helps me look at affordable housing through a new lens."

Eco-Friendly Headquarters

Our home office in the Old Post Office in Chicago—built in 1921—centers on sustainability and employee health, which helps our employees lower their carbon footprint and stay safe.



LEED Gold Certification: Leadership in Energy and Environmental Design (LEED) certification is a globally recognized symbol of sustainability achievement from the U.S. Green Building Council. Our office building earns this status by adhering to guidelines that address carbon, energy, water, waste, transportation, materials, health, and indoor environmental quality.



International WELL Health Safety Rating: The Old Post Office has successfully implemented evidence-based strategies that promote health and well-being, based on World Health Organization and U.S. Centers for Disease Control and Prevention guidance such as providing optimal air and water quality, developing emergency preparedness plans and enhanced cleaning practices.



Access to Public Transportation: Our office is centrally located downtown near main transportation hubs, giving employees flexibility and contributing to more sustainable commutes. Union Station (0.2 mi) and Ogilvie Transportation Center (0.4 mi) operate Metra rail commuter trains, taking employees to and from surrounding suburbs. Union Station Transit Center is steps away from our office and most Chicago Transit Authority city trains are 0.4 miles or less in distance from the office.



The "Meadow" Rooftop: The roof intercepts and helps divert over 300,000 gallons of storm water from entering the storm sewer system. It illustrates—at a very large scale—how vegetated roofs can be attractive, functional, and an asset to development projects. There are native and adapted perennials and grasses that also help reduce the overall demand for water and capture over one million pounds of CO₂. The Meadow is home to three bee colonies, which house more than 100,000 bees and aid in pollinating the flowers.



Energy Efficient Windows: The Old Post Office's 2,400 windows were updated with solar-controlled, low-emissivity glass which transmits 70% of available visible light while blocking 62% of the sun's heat energy, helping cut down on energy use, as reported by the manufacturer.



Office Recycling: Recycling, composting and e-recycling bins are provided for our staff to minimize waste. We have reduced the number of printers in our office and made the printing default double-sided to save paper. We've eliminated Styrofoam containers and switched to recyclable and compostable cups and cutlery. Additionally, we've recycled old furniture and equipment and donated useable tech.



Our building has a 3.5-acre green space on the rooftop, the largest in Chicago, which was recognized by Green Roofs for Healthy Cities with an Award of Excellence.

Strong Risk Management and Governance

We strive to operate under the highest standards of business ethics and governance. FHLBank Chicago is led by committed and expert leaders in our Board of Directors and Executive Team. They all have the goal of ensuring we are providing liquidity and reliable funding to our members, supporting housing and economic development in our communities, and fostering an inclusive culture.

Board of Directors

The Board of Directors of FHLBank Chicago is responsible for overall management and oversight of the Bank pursuant to the Federal Home Loan Bank Act. Like each of the other FHLBanks, our Board of Directors is composed of two types of directors: member and independent. Our member directors are nominated and elected by our member institutions, while our independent directors are nominated by our Board and elected by our member institutions. For 2023, we have 10 member directors and eight independent directors. Generally, directors serve four-year terms. Visit our website for more information on our [Board of Directors](#).

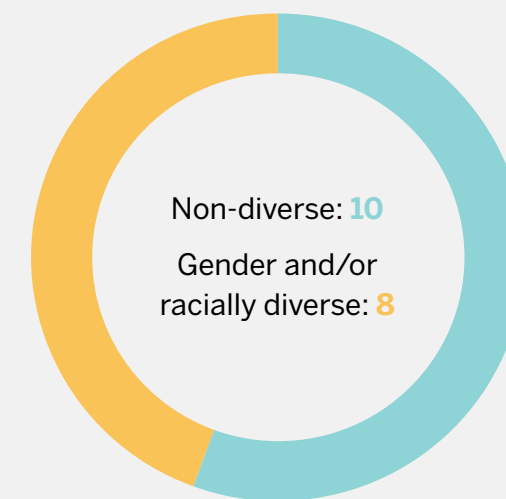
Board Committees

The Board is responsible for approving and overseeing management's implementation of our strategic objectives, governance framework, and corporate culture. The Board accomplishes its functions both by acting directly and by delegating some of its functions, though not its responsibilities, to Board Committees. For 2023, our Board Committees include:

- Affordable Housing Committee
- Audit Committee
- Executive and Governance Committee
- Human Resources and Compensation Committee
- Risk Management Committee
- Operations and Technology Committee

DIVERSITY IN BOARD LEADERSHIP

Our Board values diversity across several categories, including diversity of gender, race, and ethnicity, as well as professional backgrounds and geography, and is intentional in its consideration of these attributes when nominating independent director candidates. Our directors are located throughout Illinois and Wisconsin and have experience with both urban centers and small towns.

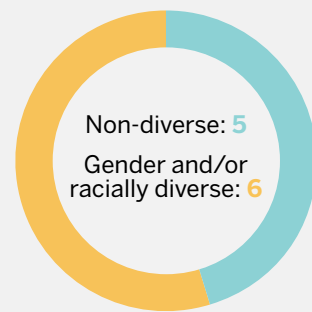


Of the 18 directors serving on our Board in 2023, **eight are in gender and/or racially diverse categories.**

Strong Risk Management and Governance

Executive Team

The Executive Team develops and implements the overall business strategies of FHLBank Chicago, subject to Board approval, acts as the primary management committee across all functions, and considers and addresses significant issues affecting our operations. Visit our website for more information on our [Executive Team](#) members.



Of the 11 Executive Team members in 2023, **six are in gender and/or racially diverse categories.**

Management Level Committees

- Asset/Liability Management Committee (ALCO)
- Credit and Collateral Committee (CCC)
- Disclosure Committee
- Diversity, Equity, and Inclusion Committee
- Enterprise Risk Management Committee
- Operational Risk Oversight Committee
- Retirement Plan Committee
- 7th District Mortgage Partnership Finance Committee

Community Investment Advisory Council

The Community Investment Advisory Council of FHLBank Chicago consists of representatives from community and nonprofit organizations actively involved in providing or promoting affordable housing and/or community lending in Illinois or Wisconsin. The Advisory Council advises us on ways we can better carry out our housing finance and community investment missions. Nominations to the Advisory Council are accepted annually. Visit our website for a current list of our [Community Investment Advisory Council](#) members.

Member Advisory Councils

Our Member Advisory Councils are comprised of representatives of member banks and insurance company members—of varying sizes across our district. We host twice annual forums for members to independently advocate for their interests; review, recommend and collaborate on new product and service ideas; and provide us with suggestions and feedback. Each member is represented by a senior financial representative from their institution. Members are invited by FHLBank Chicago to participate, and all representatives serve a three-year term.



FHLBank Chicago Board Directors
Phyllis Lockett and Mary J. Cahillane

Policies

FHLBank Chicago has implemented policies to help us serve our members and their communities with honesty and maintain their trust.

Code of Ethics and Whistleblower Policy and Procedures: We are committed to the highest possible standards of honesty, integrity, impartiality, and conduct. The maintenance of these high standards is essential to ensure the proper performance of FHLBank Chicago's business and foster confidence in FHLBank Chicago and the FHLBank System. To ensure that both our employees and our vendors operate following these ethical standards, FHLBank Chicago has adopted the [Whistleblower Policy and Procedures](#) and the [Federal Home Loan Bank of Chicago Code of Ethics](#).

Anti-Money Laundering, Bank Secrecy Act, and Suspicious Activity Reporting: In compliance with the applicable Financial Crimes Enforcement Network regulations (31 C.F.R. Part 1030) and certain FHFA regulations, FHLBank Chicago has adopted its Anti-Money Laundering, Bank Secrecy Act, and Suspicious Activity Reporting Policy (AML Policy). The AML Policy outlines our commitment to preventing, detecting, and reporting suspicious activity in our business and operations.

Anti-Predatory Lending Policy: FHLBank Chicago recognizes that predatory lending practices, including higher-priced mortgages, are inconsistent with advancing homeownership. To discourage predatory lending, we have established this [Anti-Predatory Lending Policy](#) that applies to both collateral pledged to us and mortgage loans we acquire through the MPF Program either from our own members or from members of other FHLBanks.

Governance and Controls Assurance Program: We are committed to building and maintaining an appropriate control environment for the risks undertaken by FHLBank Chicago and appreciate the need for members and other business partners to receive assurance on these governance controls. Our Governance and Control Assurance Program (GCAP) oversees how FHLBank Chicago manages risks associated with technology and vendor relationships; members and other business partners can request our [GCAP document](#) which covers the majority of areas addressed in auditing standards.



FHLBank Chicago Chief Financial Officer Virxhini Gjonzeneli



FHLBank
Chicago



433 West Van Buren Street
Suite 501S
Chicago, Illinois 60607



Visit our website at **fhlbc.com**



This Report reflects FHLBank Chicago's good faith effort to present our recent, ongoing and currently anticipated endeavors to support and empower our members, communities and employees. FHLBank Chicago's plans and goals are aspirational and not guarantees or promises. There can be no assurance that our programs, policies and procedures as described will continue; they could change, even materially, as they may be based on standards and approaches that are still developing, internal processes that continue to evolve or assumptions that are subject to change or that are eclipsed by new considerations or priorities. Any goals, commitments, incentives and initiatives outlined in this Report are, unless explicitly stated otherwise, purely voluntary, are not binding on our FHLBank Chicago and/or its management and do not constitute a commitment regarding actual or potential positive impacts or outcomes.

This Report contains statements describing our plans, objectives, targets, goals, commitments, and programs in furtherance of support of our members, communities and employees. These statements, as well as other future predictions of management, statements of belief, 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," "target," "goal," "commit," "achieve," "project," "intend," "estimates," "may," their negatives, other variations of these terms, or words of similar import. Such statements are based on management's current expectations and beliefs and are subject to risk, uncertainty and changes in economic, business, competitive, regulatory and other factors affecting the FHLBank Chicago, which are difficult to predict and may be beyond our control. These risks and uncertainties could cause the achievement of the goals, targets and commitments, and the implementation or continuation of the programs, described in this Report to vary materially from those expressed or implied by the statements in this Report for myriad reasons, including changes in circumstances, estimates that turn out to be incorrect, standards of measurement that change over time, assumptions that prove unfounded, or other factors. Such risks and uncertainties include the risk factors discussed in the Risk Factors section starting on page 20 of our 2022 Form 10-K, subsequent quarterly reports on Form 10-Q, and other filings made with the Securities and Exchange Commission, as well as those discussed in this Report and other challenges and assumptions that we presently are unable to foresee. These risks are not the only risks we face or that could affect us going forward. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also affect us. For these reasons, undue reliance should not be placed on such statements.

Statements in this report speak only as of the date they were made, and we undertake no obligation to update or release any revisions to any forward-looking statement made in this report or to report any information, events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events or to conform such statements to actual results or changes in our expectations, except as required by law. Certain information contained in this Report was provided by third parties including our business partners, and FHLBank Chicago is not responsible for such information, nor do we guarantee their accuracy and completeness.

"Mortgage Partnership Finance"; "MPF"; "eMPF"; "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.