



2021 FHLBank Chicago Community Investment Advisory Council Annual Report



FHLBank
Chicago



Letter from the Advisory Council Leadership

As we close out 2021, another year affected by the COVID-19 pandemic, we take time to reflect on the impact of “staying home”, and how it relates to our work in affordable housing. We know that lower income households have been disproportionately impacted by the lack of a stable place to call home during this pandemic. This has caused ripples through our economy, as well as our healthcare and education systems, as individuals and families struggle to stay healthy and navigate the hurdles of this uncertain time. Our work as affordable housing and economic development advocates has never been more important than it is today.

In 2021, the Advisory Council continued to engage in quarterly Deep Dive Discussions on topics of critical importance, all of which supported the Bank’s broader goal of “Community-Building.” These timely topics covered economic development as well as housing challenges seen throughout our district, including:

- **Impacts of the COVID-19 Pandemic on Small Businesses:** Chicago Community Loan Fund, a member of FHLBank Chicago and a Community First® Fund Partner, led a discussion highlighting the need for capital for small businesses, especially in communities that have been traditionally underbanked or limited in their access to capital. The conversation underscored the critical role of Community Development Financial Institutions (CDFIs) in pandemic relief and recovery activities.
- **Systemic challenges to Minority Homeownership and Wealth Creation:** A panel of experts led a group discussion around closing the racial appraisal gap, and supporting financial literacy and homeownership counseling for underserved communities. This discussion ultimately informed the creation of a new FHLBank Chicago voluntary program to support homeownership education and counseling for underserved homebuyers.
- **Community-Building: Beyond Affordable Housing:** Cedric Thurman, FHLBank Chicago’s Chief Diversity Officer, facilitated discussion around the idea that our affordable housing and community development work supports our broader commitment to community-building. Members of the group discussed the impact on communities of population decline, lack of access to grocery stores, and lack of broadband connectivity. Highlighted was the critical need for partnerships across industries to successfully navigate these issues and strengthen communities.
- **Native American Housing and Economic Barriers and Opportunities:** A panel, including FHLBank Chicago member Bay Bank, discussed the critical need for affordable housing and economic development among Native American communities across Wisconsin and Illinois, including those located on tribal lands as well as in other rural or urban areas.

In 2022, the Advisory Council will continue its quarterly Deep Dive Discussions on these and other topics of critical importance in our district. Our goal will be to continue supporting the Bank’s commitment to community-building.

In service,

Jackie L. Newman

Community Investment Advisory Council Chair, Executive Director, Springfield Housing Authority, Springfield, Illinois.

David Porterfield

Community Investment Advisory Council Vice Chair, Director of Real Estate Development, Movin’ Out, Inc.

2021 AHP Spotlight with The Starr Youth Home

Each year, FHLBank Chicago contributes 10% of our earnings to affordable housing programs. Our Affordable Housing Program (AHP) allows our members to partner with for- and not-for-profit developers and organizations to create affordable housing opportunities in their communities. For 2021, we were proud to support 51 projects, impacting 2,430 housing units across Illinois and Wisconsin through \$30 million in grants.

One of these 2021 AHP projects, The Starr Youth Home, is being facilitated through a partnership between our member, Johnson Financial Group, and their project sponsor, Rawhide Youth Services. Embedded in Johnson Financial Group's culture is a genuine mission to make communities better. This privately owned, Wisconsin-based company is anchored in a philanthropic spirit, which nicely aligns with Rawhide's mission to inspire and equip at-risk youth and their families to lead healthy and responsible lives through family-centered care, treatment and education.

We were pleased to connect with Johnson Financial Group and Rawhide Youth Services, to learn about The Starr Youth Home. This newly constructed, 10,000 square-foot home will be specifically designed to increase safety, convenience, and much needed capacity to serve at-risk boys who suffer from severe trauma and abuse. \$240,000 will be utilized to build a single site residential facility containing 16 total units. The home will also have designated community space for the residents to come together, feel a sense of support, and build relationships.

View this video to hear how AHP is helping lift up this community in New London, Wisconsin.



Partnering to Help Small Businesses Make a Lasting Impact

Dave Evans Transports, Inc. has a renowned reputation in Superior, Wisconsin of offering a high quality work environment that drives the local economy and gives back to local non-profit organizations in Douglas County of northern Wisconsin. With a mission to create prosperity for their customers and commitment to their community, the National Bank of Commerce saw an opportunity to help the small business continue to make a lasting, positive impact for years to come through FHLBank Chicago's Community Small Business Advance.

"Dave Evans Transports, Inc. was thrilled to be provided a below market fixed interest rate with an extended maturity," said Dave Strum, Vice President, Senior Commercial Banker, National Bank of Commerce. "The Community Small Business Advance is helping control interest expense for an extended time period, which provides the company the flexibility to improve operational cash flows and engage in capital expenditures to improve future operations."

First introduced in July 2018, FHLBank Chicago's Community Small Business Advance allows our members to support their local economies by offering initial 0% financing to small-business customers in income-eligible communities in Illinois and Wisconsin. In 2021, FHLBank Chicago members had \$157.34 million in community small business advances outstanding.

The ability to offer solutions to funding and liquidity needs helps lenders like the National Bank of Commerce pass along competitive funding to their community. In return, businesses like Dave Evans Transports, Inc. have the ability to offer it's more than 50 employees competitive wages, full benefit packages, and a high quality work environment.

"This is the first opportunity the National Bank of Commerce has had to use the Community Small Business Advance, and we will use continue to do so when we are able in the future. The program allows our community bank to be more competitive, which ultimately keeps more local money in the community we serve and helps other businesses be more profitable."

- **Dave Strum, Vice President, Senior Commercial Banker, National Bank of Commerce**



Breaking Barriers to Homeownership in Tribal Communities

In recent years, Bay Bank of Green Bay, Wisconsin, has leaned even further into its mission as a local source of financial services and access to capital for tribal communities and small businesses. Founded and wholly owned by the Oneida Nation, 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 American Indian homebuyers. “Historically, it has been more difficult to gain homeownership in tribal communities,” said Nathan King, Vice President, Bay Bank. “The Section 184 loan program is designed to break down some of those barriers.”

By pairing Section 184 loans with the Federal Home Loan Bank of Chicago’s Downpayment Plus® (DPP®) Program, Bay Bank has leveled even more obstacles to homeownership. DPP is FHLBank Chicago’s down payment assistance grant program, which is available to all members to support mortgage lending to low- and moderate-income households.

“Once you’re over the hurdle of getting the loan, the next hurdle is making the down payment. The down payment for a Section 184 loan is 2.25%, so the \$6,000 DPP grant is amazing, because that covers almost all costs plus the borrower’s contribution. People’s faces when you tell them they qualify for that—it’s sheer relief. They take a deep breath and say, ‘This is possible. It’s my dream come true. I can do this.’”

Tanya Krueger, Vice President, Bay Bank

From 2016 to 2021, Bay Bank provided its customers with 62 DPP grants. Of those, 58 were to first-time homebuyers and 54 were to tribal members. Eight grants were for homes on tribal trust land, including four in 2021 alone. “It’s significant that we’ve been able to use DPP funds even for tribal trust properties, because the paperwork for those loans is more complex,” said Krueger. “The title work comes from the Bureau of Indian Affairs, and you need to get a land lease from the tribe.”

In 2021, Bay Bank furthered its mission by opening a new branch in Menominee County—the only full-service bank in that county, as well as the first bank for the Menominee Indian Tribe of Wisconsin. Bay Bank invested in local relationships by hiring staff from the Menominee community who would know their customers and understand their needs. “Menominee County is designated as a Persistent Poverty County by the CDFI Fund,” said King. “Given our mission, we felt it would be a good geographical expansion that would allow us to provide financial services and access to capital for another tribal community—and an important part of that will be access to mortgages.”

Throughout 2021, 175 members disbursed \$19.5 million in DPP grants in support of 3,365 homebuyers in their communities to assist with down payment and closing costs for eligible households.

Bold Actions Inspire Change

We have always been committed to creating positive change at FHLBank Chicago and for the diverse communities our members serve. But to foster real change, we recognized the need to move from passive to engaged – focusing on how we could adjust our mindsets to make actionable, lasting impact.

In 2021, we focused on behavior change as a step to pushing ourselves beyond learning and towards the outcomes that make a demonstrable difference in inclusion. On this path toward creating a more diverse, equitable and inclusive culture, 94.5% of our employees achieved a Bank-wide goal to demonstrate a behavioral change in their own lives.

Our employee-led Diversity Digests sessions were one way our staff could learn from their peers and take those learnings to implement behavior change in their own lives. There were 45 employee-led sessions, with 53 different speakers that included: an exploration of the Native American Districts, being an introvert, supplier diversity, and growing up in Poland. Encouraging behavior change for employees brought about promising steps in thinking about how to improve our business from the lessons learned:



- With an equity lens, our Human Resources team took a hard look at hiring practices; and an employee-led task force developed new metrics for inclusive hiring.
- Bank-wide events and engagement around Pride and LGBTQ+ issues led to opportunities to examine changes in Workday to help employees identify their gender preferences with more options.
- Our Hispanic Heritage Month signature event showcased challenges that some employees faced when helping non-English speaking relatives through the home buying process. This led to our Sales, Strategy and Solutions team reviewing materials and ways to guide members and customers to make the home buying process more inclusive and equitable.
- We integrated learning on veterans' issues and celebrated National Disability Employment Awareness Month for the first time, resulting in employees finding even more ways to look for talent in these communities.



“As a result of our behavior change, we have become more deliberate and intentional to promote diversity, equity, and inclusion across all facets of our business, including employee engagement, business supplier diversity, and in our products, services, and community outreach.”

- Leslie Drish, Vice President, Director, Diversity, Equity, and Inclusion

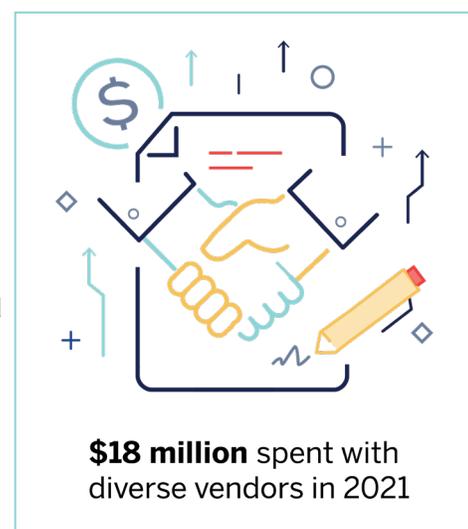
We recognize that diversity increases capacity for innovation and creativity, equity ensures employees get what they need to be successful, and inclusion allows us to leverage the unique perspectives of our employees and strengthens our retention efforts.

Diversity, equity, and inclusion are at the core of our business — both in how we support our members and communities as well as our employees at the Bank. Our Office of Diversity, Equity, and Inclusion (ODEI), led by Chief Diversity Officer, Cedric D. Thurman, helps us build a culture that embraces our differences to make us better and stronger in all that we do.

Growing Our Partnerships with Diverse Suppliers and Vendors

Moving into a new office space was not only an opportunity to create better connections with colleagues, but it was also a chance to bring new diverse suppliers and vendors along with us in our journey. In planning our move to the Old Post Office, we set a goal of 50% diverse spend. As we settled in to our new home in 2021, we had utilized more than 81% diverse spend to complete the move.

In addition, FHLBank Chicago on-boarded 17 new diverse suppliers and continued to work with the majority of our previous diverse vendors, resulting in spend of more than \$18 million with diverse vendors (including Tier 2) in 2021. This success stems from the positive vendor relationships we have cultivated and sustained over several years, as well as the addition of new diverse vendors who are helping us continue our growth in the Bank’s diverse vendor population and associated spend.



An Inclusive Approach to Achieving Our Goal

FHLBank Chicago is committed to hearing and valuing all perspectives, being an industry leader, and inspiring internal and external stakeholders. We applied this same commitment to our supplier diversity efforts. We conducted focus group “voice of the customer” sessions with cost center managers and other key sourcing stakeholders throughout the

Bank. We worked to gain insight in their understanding and challenges of supplier diversity, their sourcing needs, and their interest in matchmaking events. The targeted participation was 50% of all cost center managers and we were excited to see a 72% participation rate in the sessions. Once we understood how we could better match our internal stakeholders with diverse vendors, we conducted roadshow presentations for all staff to promote supplier diversity as part of ongoing education and awareness.

We then identified the top two commodity spend categories by Group Head during the previous year and diverse vendor spend percentage across each group. We educated key stakeholders of each category and provided recommendations of diverse vendor alternatives. We also posted open sourcing opportunities on social media and contacted diversity councils to gain additional recommendations.

Taking the time to both educate and listen to stakeholders is key in how we are continuing to mature our supplier diversity program and diversify our reach with new partners.

Creating Connections in Our Local Communities

Finding ways to give back to our communities is a cornerstone of our culture at the Federal Home Loan Bank of Chicago. In 2019, the Bank's Latino Employee Resource Group (ERG) began its partnership with El Valor, a Chicago based nonprofit that supports children, people with disabilities, and their families. Their programs exist to create opportunities that enrich and empower vulnerable populations to meet their full potential. This partnership was part of the Latino ERG's outreach efforts, with the goal of supporting the Latino community outside of the Bank.



In recent years, the Latino ERG partnered with CommuniTeam, the Bank's volunteer group, to expose more Bank employees to El Valor and the work they do. Volunteers have supported El Valor through donations, interacting with children at their early childhood education center, and hosting reading days with their children. When the pandemic hit, many of these efforts went virtual, leaving both volunteers and organizations missing human connections they once had.

In October 2021, a group of employees from the Bank gathered at one of El Valor's residential homes to garden and get the home ready for winter. This event provided volunteers an opportunity to step back into the community in a safe, outdoor environment and create new connections. Together, they worked alongside residents to clear brush and leaves from the front garden of the residential home, and planted flower bulbs to bloom in the spring so residents can walk into a beautiful outdoor space.

FHLBank Chicago is committed to supporting communities through affordable housing programs and economic development initiatives. Through volunteer opportunities like our partnership with El Valor, employees are able to expand their reach within the community and continue supporting the Bank's mission. This event allowed Bank employees to get to know the residents of El Valor and were reminded of the importance of contributing our time to assist vulnerable populations.

"People need to interact with and feel connected to each other," said Abbey Delgadillo, Risk Analyst at FHLBank Chicago and Associate Board Member, El Valor. "All the volunteers looked forward to being outside, being together, and working toward a common goal in a tangible way while doing something good for the community."

2021 Community Investment Performance Summary

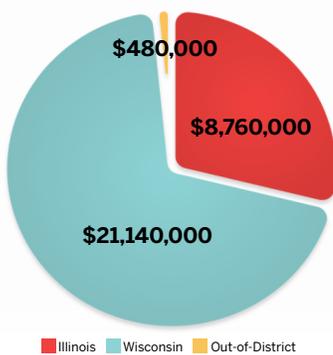
The Federal Home Loan Bank of Chicago (FHLBank Chicago) provides financing and direct funding tools that support the affordable housing and local community lending initiatives of our members. By using our products individually or in combination, FHLBank Chicago members and their community partners can create economically competitive solutions that contribute to the quality of life in the communities they serve.

Programs	Regulatory/ Voluntary	2021 Beneficiaries	2021 Dollars	Cumulative Beneficiaries	Cumulative Dollars
Community Lending					
Community Development Advance	R	3 (t)	\$62,050,000	1,004 (t)	\$3,165,060,000
Community Housing Advance	R	514 (u)	\$83,720,000	139,875 (u)	\$9,888,320,000
Community Development/Housing Advance	R	2 (t)	\$430,000	44 (t)	\$1,560,000
Community Small Business Advance	V	20 (t)	\$10,820,000	84 (t)	\$45,240,000
Community First® Fund ⁱ	V	0	\$0	8	\$45,750,000
Subtotal Community Lending		539	\$157,020,000	141,015	\$13,145,930,000
Grant Programs					
Affordable Housing Program (AHP) General Fund	R	2,430 (u)	\$30,380,000	88,805 (u)	\$538,750,000
Downpayment Plus® (DPP®) Program*	R & V	3,272 (u)	\$18,900,000	44,761 (u)	\$240,640,000
Downpayment Plus Advantage® (DPP Advantage®)	R & V	93 (u)	\$560,000	1,537 (u)	\$9,200,000
Community First® Capacity-Building Grant Program ⁱⁱ	V	6	\$300,000	47	\$2,010,000
Community First® Awards ⁱⁱ	V	4	\$40,000	43	\$390,000
Community First® Disaster Relief Program ⁱⁱ	V	0	\$0	327	\$1,630,000
Subtotal Grant Programs		5,805	\$50,180,000	135,520	\$792,620,000
Total Program Financing			\$207,200,000		\$13,938,550,000

* DPP® includes approximately \$4.6 million in voluntary funds for 2021 and \$16.2 million cumulative since 2017.

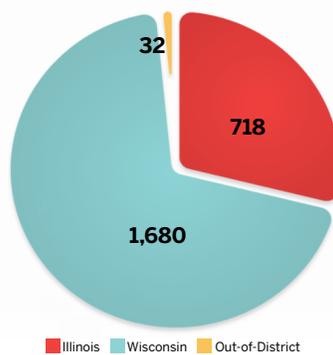
(t) transactions (u) housing units (i) beneficiaries are partners (ii) beneficiaries are grantees

Competitive AHP Dollars



Total: \$30,380,000

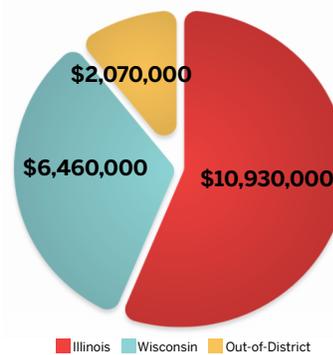
Competitive AHP Units



Total: 2,430

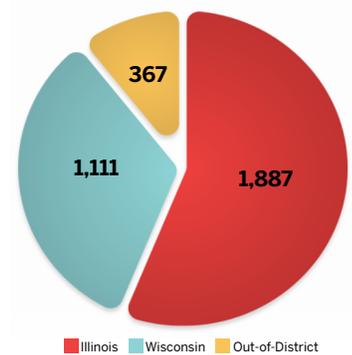
Unit Breakdown:	Homeownership	Rental
Illinois	44	674
Wisconsin	152	1,528
Out-of-District	0	32
Total:	196	2,234

DPP® Dollars



Total: \$19,460,000

DPP® Beneficiaries



Total: 3,365

*Out-of-District represents grants made by our members for their customers that are located outside of Illinois and Wisconsin.

Community Investment Advisory Council



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