



**FHLBank**  
Chicago

# 2023 Impact Report

## INVESTING IN OPPORTUNITIES

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*Published June 18, 2024. Unless otherwise indicated, the data and activities presented in this report are as of, or for, the year ending December 31, 2023.*



# Letter from our CEO

In 1932, a year marked by economic hardship for millions of Americans, the Federal Home Loan Banks (FHLBanks) were created by Congress to provide short-term liquidity and long-term funding to their members to help stabilize a battered mortgage market and steer our country out of the Great Depression. As the FHLBank System approaches its centennial, we reflect on the strides made in service of U.S. homebuyers and renters, housing developers and small businesses, while focusing on how to meet and anticipate their liquidity needs going forward.

In November 2023, the Federal Housing Finance Agency (FHFA) released its FHLBank System at 100: Focusing on the Future Report, detailing recommendations to ensure FHLBanks are fit for the future. FHLBank Chicago has reviewed the recommendations and will continue to engage with the FHFA, Congress, our Board, our members and key stakeholders in the year ahead to continue delivering on our mission for the next 100 years.

I am proud of the progress FHLBank Chicago made in 2023 for our customers and communities—and excited that last year we welcomed 10 new members to FHLBank Chicago and 29 participating financial institutions to our Mortgage Partnership Finance® (MPF®) Program nationally.

Last year, we supported the creation or preservation of nearly 5,000 local jobs and over 15,000 housing units through \$2.4 billion in discounted community advances to our members. In addition, we awarded over \$74 million in community investment grants, supporting affordable housing for more than 1,900 individuals or families, and downpayment assistance to almost 3,600 homebuyers. Through these community-focused grants, FHLBank Chicago was also able to help over 170 small businesses invest and grow.

Supporting diverse communities and fostering an inclusive culture is at the heart of our organization. Last year, we spent nearly \$12 million with diverse suppliers. We also implemented new courses for our employees focused on diversity, equity and inclusion (DEI) engagement—and an impressive 91% of employees acted on their learnings.

Last year was also not without its challenges. In March 2023, three regional U.S. banks failed, triggering a decline in global bank stock prices amid market volatility. During the industry uncertainty that followed, FHLBank Chicago stood as a reassuring bedrock of stability for our members, providing steady, informed counsel and reliable liquidity in its midst.

This report provides a deeper look into the positive impact FHLBank Chicago had on behalf of communities across Illinois and Wisconsin. Our core mission of providing member liquidity and promoting affordable housing access and community development is evident throughout the year. We look forward to investing in opportunities to grow and enhance our community and housing impact for many years to come.



**Michael A. Ericson**

President and  
Chief Executive Officer

## 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

To develop and deliver valuable solutions that engage members and participating financial institutions of our MPF Program, support housing and create stronger communities.

### Our Values



**Bold**



**Connected**



**Committed**



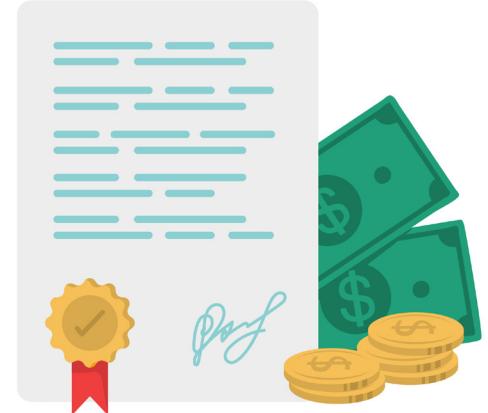
**Trusted**

# 2023 Impact at a Glance

## CORE PRODUCTS

**\$65.3B**

in Advances  
outstanding



**\$12.6B**

in Letters of Credit  
commitments

## SUPPORTING OUR HOUSING MISSION

**mpf** Mortgage  
Partnership  
Finance™

**MORTGAGE LOANS OUTSTANDING**

**\$19.1B**

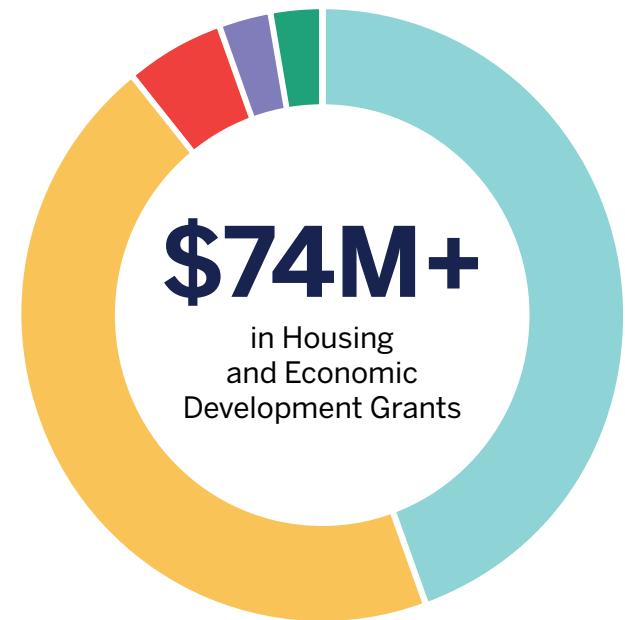
for FHLBank  
Chicago

**\$68.3B**

nationwide



## INVESTING IN COMMUNITIES



- \$33M** | Affordable Housing Program (AHP) General Fund  
Assisted over 1,900 households with their housing needs
- \$33M** | Downpayment Plus® Programs (DPP®)  
Provided nearly 3,600 homebuyers with downpayment assistance
- \$4M** | Community First® Accelerate Grants for Small Business  
170+ small businesses expanded and developed
- \$2M** | Community First Diverse Developer Initiative  
Funded 10 organizations, supporting 30+ fellowships or internships
- \$2M** | Community First Housing Counseling Resource Program  
Supported 30 housing counseling agencies with expanded resources



**\$2.4B**

funded in discounted community lending  
to support housing for more than 15,000  
households and nearly 5,000 jobs

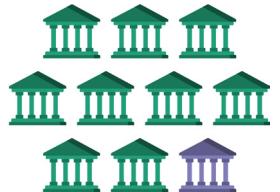
**\$12M**

spent with diverse suppliers

## MEMBERSHIP

**654**

member institutions



**10**

new members  
welcomed

**90%**

utilized our products  
and programs

## EMPOWERING OUR PEOPLE

**84%**

utilized our  
professional  
development  
programs

**91%**

acted on DEI  
learnings



# About FHLBank Chicago

## FHLBank Chicago and Membership

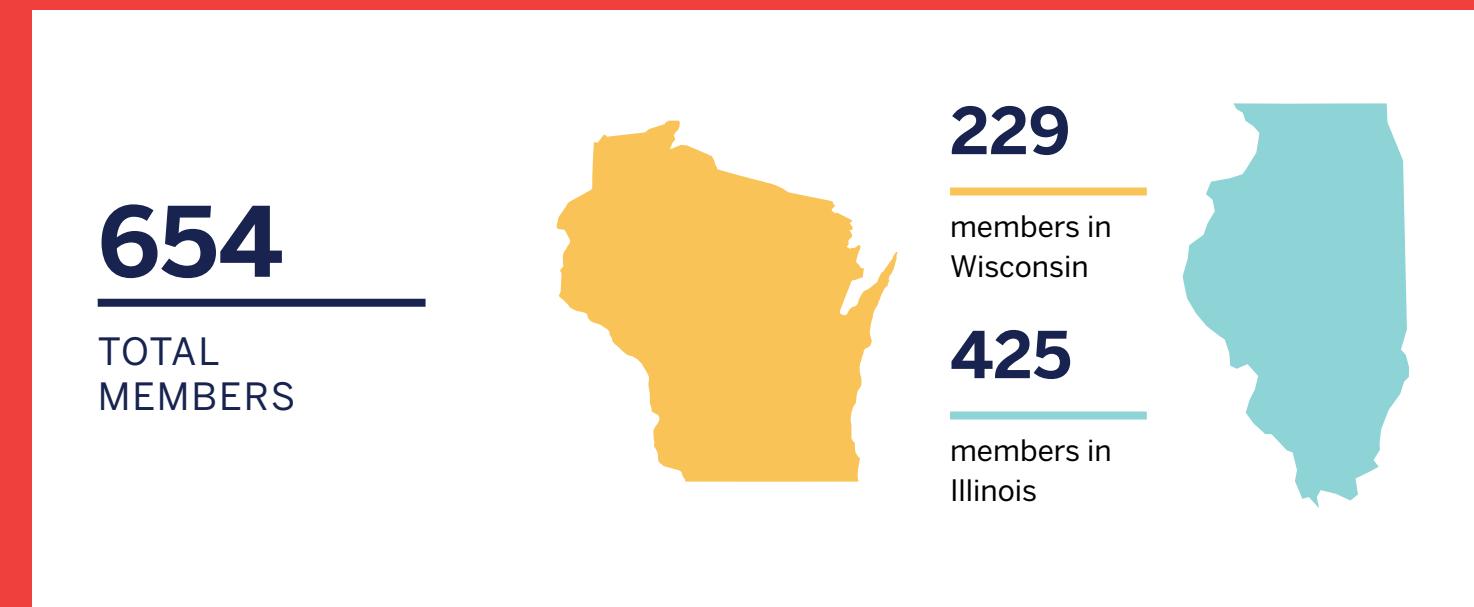
FHLBank Chicago is a government-sponsored enterprise and one of 11 Federal Home Loan Banks (FHLBanks) that, along with the Office of Finance, comprise the Federal Home Loan Bank System. FHLBanks were established in 1932, and today provide reliable, short-term liquidity and long-term funding to support housing finance and community investment to over 6,500 financial institutions across the United States. Each FHLBank operates as an independent entity with its own management, employees and Board of Directors. FHLBanks 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.

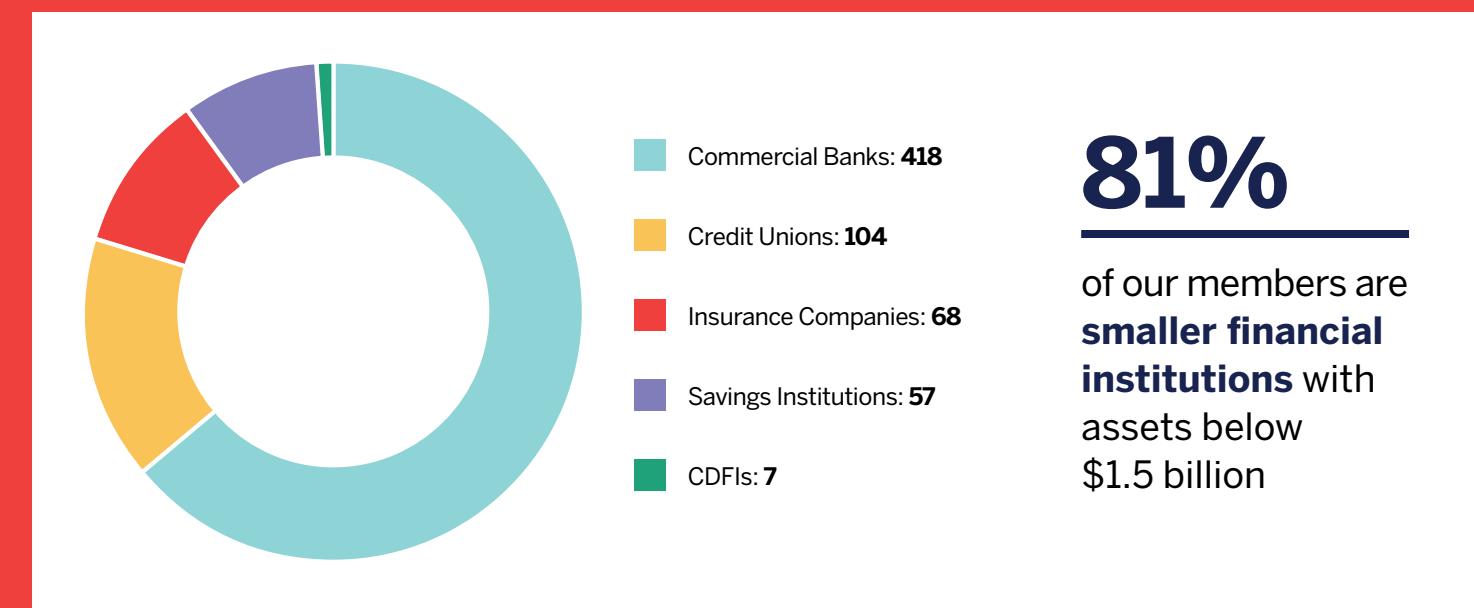
Each FHLBank is a member-owned cooperative with members from a congressionally defined geographic district. Our district consists of the states of Illinois and Wisconsin, and our membership is comprised of commercial banks, credit unions, insurance companies, savings institutions and community development financial institutions (CDFIs).

We do business with our members by providing liquidity and funding in the form of advances (or loans) and letters of credit, and through member participation in our Mortgage Partnership Finance Program. Access to liquidity is secured by collateral, typically in the form of mortgage loans, government and Fannie Mae or Freddie Mac securities and small business or community development loans. We also operate our MPF Program in support of other FHLBank members across the country. Delivering on our liquidity mission drives our ability to invest in our members' communities by providing grants, discounted advances and other products and programs that support affordable housing and community development.

## Membership by State



## Membership by Type



## We are a self-capitalizing cooperative.

All FHLBank Chicago members are required to purchase our membership stock as a condition of membership and purchase our activity stock in proportion to any advances or letters of credit issued, as well as MPF loans sold to us for our balance sheet.

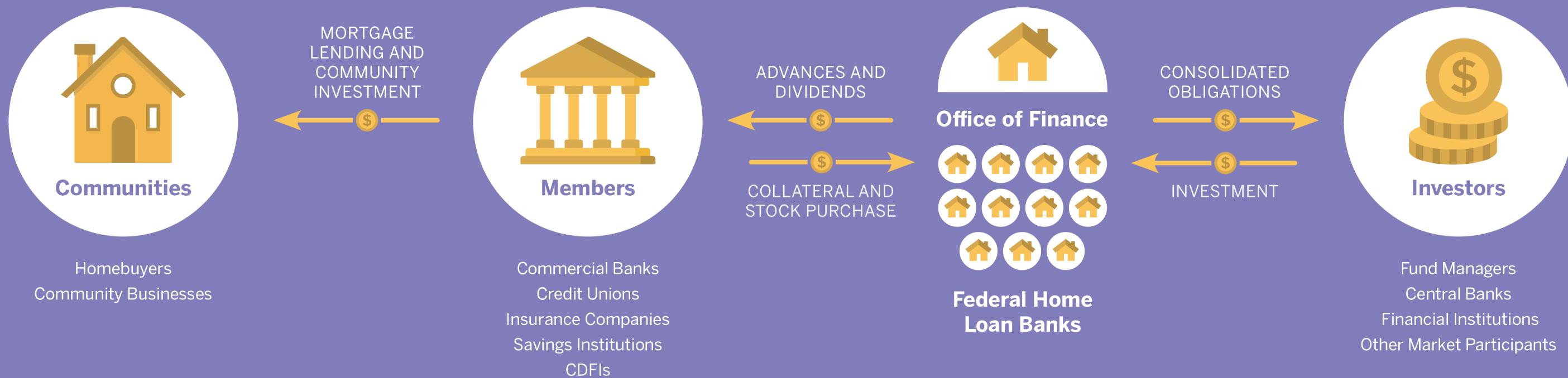
Our primary source of funds for our activities—including member lending, our MPF Program and other balance sheet needs—comes through the sale of FHLBank bonds and discount notes. Collectively known as consolidated obligations, these

debt instruments are sold in the capital markets through the Office of Finance, which acts as the FHLBank System's fiscal agent. Our self-capitalizing cooperative structure has joint and several liability for consolidated obligations across the FHLBank System. The FHLBank business structure helps us generate positive financial returns that support our affordable housing and community investment programs. FHLBank consolidated obligations are backed only by the financial resources of the FHLBanks, individually

and collectively, and are not guaranteed by the U.S. government.

The funds we raise through the sale of our highly rated FHLBank 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 loans at a lower cost to homebuyers and businesses in their communities.

## FHLBanks Business Structure



# Providing Liquidity and Reliable Funding

## Creating opportunity and confidence for lenders across all cycles.

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

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, and training and educational opportunities. For example, we annually host mortgage roundtable events for our members featuring our own experts and private sector economists. These sessions help educate our members on trends and strategies that address mortgage lending and housing needs in their communities. Serving as a trusted advisor, we also provide funding solutions, modeling, and other analytical tools to assist our members with their asset-liability management needs.

Our employees also offer their time and expertise speaking at trade association and other third-party events on topics including macro-economics, affordable housing, community development, mortgage finance, risk management strategies, operational excellence, corporate culture, mentorship and diversity, equity, and inclusion (DEI).



We're dedicated to connecting with members and industry partners at events focused on topics around affordable housing and community development. (L to R) Mark Eppli, Board Director, Katie Naftzger, Chief Community Investment Officer and Lafayette Crump and Elmer Moore of our Community Investment Advisory Council gather for key discussions at the Wisconsin Real Estate & Economic Outlook Conference at Graaskamp Center for Real Estate at the University of Wisconsin-Madison.

## Advances

The primary way we provide funding to our members is through secured loans, known as advances. Our members use advances, such as fixed-rate or variable-rate advances and other specialty advance products, to support their funding needs while optimizing liquidity to fund lending in their communities. **At year-end, our advances outstanding were \$65.3 billion, and 87% of our members used our advance products during the year.**

## Letters of Credit

Our letters of credit enable members to leverage our excellent credit rating at a competitive price to support liquidity, asset-liability management, facilitate residential housing finance and community lending activities. Letters of credit are issued to guarantee payment for our members to third parties. They are most commonly used as an attractive alternative to pledging securities for public unit deposits, providing state and local governments with peace of mind that their deposits are protected in excess of the maximum FDIC-insured amount. **At year-end, our letter of credit commitments were \$12.6 billion, and 31% of our members used letters of credit during the year.**

"Letters of credit are a low-cost and effective way for us to collateralize deposits from a variety of municipalities and we are proud to support our local schools with this product. Through our FHLBank Chicago membership, we leverage the suite of liquidity and community investment products to both manage our balance sheet and increase homeownership and economic development in our communities."



**Brian Gansauer**

Community Bank President, Southern Illinois Region at Peoples National Bank



Our 2023 Management Conference brought together members across our district for networking and learning from distinguished guest speakers on leadership, the economy, and business, as well as how to lead with innovation.

## Supporting Homeownership with Community Advances

Fox Valley Savings Bank (FVSB) has been serving the financial needs of Fond du Lac, Oshkosh, Waupun and nearby communities in Wisconsin since 1934. An FHLBank Chicago member since 1989, FVSB leverages its membership to help its customers realize their homeownership dreams through a variety of financial products.

One product example is our Community Housing Advance, designed to help our members increase access to affordable housing in their respective communities. The Community Housing Advance supports lending to income-eligible homeowners and rental property owners to aid with related purchasing, refinancing, construction, or property rehabilitation.

In 2023, FVSB used its Community Housing Advance of slightly over \$1 million to aid in the creation of eight mortgages in rural Wisconsin. All served households were at or below 115% of

area median income (AMI), with two households at or below 80% AMI - the standard amount for defining a low- to moderate-income household.

"We have used the Community Housing Advance to help make affordable loans to our customers," said FVSB Chief Financial Officer Ellen Mielke.

"It's the American Dream—people want to own homes, and we want to make it as affordable and easy as we can for our community."

FHLBank Chicago is proud to support community banks like FVSB, ensuring the residents served by these local institutions have reliable access to liquidity for their housing needs.



**Ellen Mielke**

Executive Vice President and CFO, FVSB



FHLBank Chicago administers the MPF Program for six participating FHLBanks—Boston, Chicago, Dallas, Des Moines, Pittsburgh and Topeka. Through this mortgage purchasing program, we provide access to the secondary mortgage market for our members, as well as FHLBank members across the United States 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 is unique in that it incentivizes sustainable home ownership by paying members to share in the risk of default while relieving them of the interest rate risk on those loans. Members can continue to service the loans sold and preserve their customer relationships.

## MPF Impact on Housing Finance

FHLBANK CHICAGO

**\$19.1 B**

MPF mortgage loans outstanding

NATIONWIDE

**\$68.3B**

MPF mortgage loans outstanding

FHLBANK CHICAGO

**~10,000 loans purchased totaling \$2.4B**



mortgages purchased were made to low-income borrowers or communities\*

FHLBANK CHICAGO

**185**

MPF Program participants

NATIONWIDE

**687**

MPF Program participants

NATIONWIDE

**30,000+ loans purchased totaling \$8.7B**



mortgages purchased were made to low-income borrowers or communities\*

**78%**

small community lenders with assets < \$1.5B

**\$1B**

credit enhancement income paid to over 1,500 members to date

\*Mortgages purchased for investment or securitized through our MPF products



MPF UNIVERSITY

**Over 160 complimentary courses**

available through the Mortgage Bankers Association

- Certified Residential Underwriter
- Certified Mortgage Compliance Professional
- Residential Certified Mortgage Servicer



## Interagency Community Investment Committee

We are collaborating with the Biden-Harris Administration's Interagency Community Investment Committee (ICIC) to expand the MPF Program and facilitate the flow of capital and other financial resources into underserved communities. This collaboration is designed to enable more borrowers to realize the benefits of affordable homeownership by expanding community lenders' access to the secondary mortgage market through government lending.

In 2023, we hosted three ICIC webinars, reaching over 160 participating financial institutions in our MPF Program, and 98% of survey respondents expressed that they found the webinar content helpful or would recommend the webinar to a colleague.



## Members Appreciate the Reliability and Value of MPF Program

Royal Credit Union in Eau Claire, Wisconsin started in 1964 serving 100 Uniroyal Tire Company employees. Since then, they have grown to serve 300,000 members across Wisconsin and Minnesota and historically relied primarily on Fannie Mae and Freddie Mac as their sole secondary mortgage market outlets. That changed in 2022 when they recognized the need to diversify due to an acquisition that expanded their membership. As a long-time FHLBank Chicago member, they looked to us for solutions, and we helped them expand their usage of the MPF Program.

"Royal already had a solid relationship with our FHLBank Chicago representative," said Matt Gerber, Vice President, Mortgage Lending, Royal Credit Union. "He'd witnessed our expansion, understood where we were and where we wanted to be, and knew the MPF Program presented a key opportunity for us, both at that time and for the future."

Royal Credit Union now delivers over 50 percent of its saleable mortgages through the MPF Program.

"The MPF Program benefits mean we can price loans competitively and pass savings on to our members. This is important because affordability is the biggest barrier to homeownership in our communities," shared Gerber. "And by pairing the MPF Program with FHLBank Chicago's Downpayment Plus Programs, we can also help members with down payment and closing costs, which can do even more to prevent payment shock—especially for first-time homebuyers."



**Matt Gerber**  
Vice President, Mortgage Lending,  
Royal Credit Union



We hosted our 2023 Credit Union Conference to convene members for a day of networking and learning. A highlight was the FHLBank System Credit Union Member Panel which allowed members to hear from other members on how to grow their mortgage lending business through our MPF Program. The panel (L to R) was moderated by Christopher Milne, Managing Director of Institutional Sales and featured Nick Brooks, Chief Lending Officer of IAA Credit Union, Joe Hasto, CFO of Royal Credit Union, and Eric Magnam, CFO of Arkansas Federal Credit Union.

## Partnership with the Small Business Administration

Not having access to capital increases the cost of doing business for small businesses and startups. For the past 20 years, FHLBank Chicago has served as a partner to the Small Business Administration (SBA) in providing access to capital to privately-owned small business lenders and investors to stimulate and supplement the flow of private equity capital and long-term debt financing that American small businesses need to operate, expand and modernize their businesses. The on-demand financing we provide through the SBA's just-in-time and discount debenture programs, which involve unsecured loans that carry lower interest rates and longer repayment dates compared to other funding options, enable increased private investment in U.S. small businesses and startups.

## How SBA and FHLBank Chicago help small businesses get loans

The U.S. Small Business Administration helps small businesses get funding by setting guidelines for loans and reducing lender risk by guaranteeing principal and interest. These SBA-guaranteed loans with interim warehouse funding provided by FHLBank Chicago make it easier for small businesses to get the funding they need.

**\$3.5B**

in funding to support over **1,200 loans** to small business investors



## Investment Portfolio Supporting Affordable Housing

**\$1.9B**

Fannie Mae Delegated Underwriting & Servicing (DUS) investment portfolio purchases

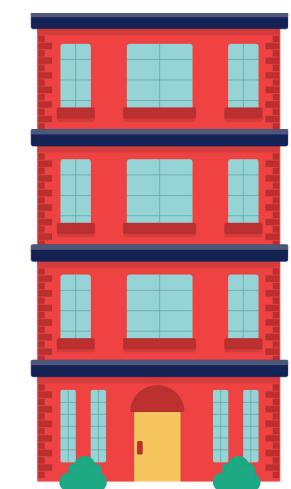


**14,000+\*** out of ~18,000\* rental units housed **low- and moderate-income residents**

\*Data provided from Fannie Mae DUS Disclose® with low- and moderate-income defined as below 80% of the area median income

**\$530M**

made available in liquidity to two of our housing associates, **Illinois Housing Development Authority (IHDA)** and **Wisconsin Housing and Economic Development Authority (WHEDA)**, through standby bond purchase agreements, providing them with funding assurance for their housing mission work.



# Investing in Communities

Affordable rental and homeownership opportunities are in short supply in Illinois and Wisconsin, and economic development challenges remain persistent, 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. FHLBank Chicago delivers products and services in collaboration with our members to address these critical issues at the local level.

To best understand what our communities need, we work with our Community Investment Advisory Council (CIAC), which consists of industry leaders from community and nonprofit organizations actively involved in providing or promoting affordable housing and/or community development in Illinois or Wisconsin. The CIAC meets quarterly with representatives from FHLBank Chicago's Board of Directors to share insights on community needs and inform our community investment strategy.

In 2023, topics included the increasing cost of affordable housing development, analyzing the community investment needs within our district in comparison to our product offerings, refinement of impact measurements and addressing the racial wealth gap.

Each year, we assess our district's most critical community investment needs and publish this information in our [Targeted Community Lending Plan](#) (TCLP), which informs our community investment programming for the following year.

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, and
2. Offering discounted lending products such as community advances which contribute to supporting affordable housing, economic development and small businesses.

Additionally, our Community Investment and 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 all of our product and program offerings.

## Our analysis highlighted the following critical needs:

### Affordable Housing Needs

- Supply of Rental and Owner-Occupied Housing
- Support for Equitable Homeownership
- Housing for Homeless Households
- Reinvestment in Aging Housing Stock
- Investment in Low-Income Minority Areas
- Access to Economic Opportunities
- Diversity in Affordable Housing Development
- Investment in Small Projects
- Housing for Large Families
- Climate Sustainability, Resilience and Recovery
- Housing Investment in Rural and Native Communities
- Digital Equity
- 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
- Support for CDFIs and Nonprofit Lenders
- Support for Capacity-Building in Community Development
- Support for Native Economic Development
- Support to Bridge the Racial Wealth Gap
- Support for Targeted, Place-Based Development Strategies

## Affordable Housing Program Grants

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

IN 2023

**\$33M**

awarded in partnership with **25 members** to help finance **44 housing projects** supporting more than **1,900 individuals and families** with their housing needs

SINCE 1989

**\$500M+**

allocated to assist more than **80,000 households**



Kathryne Auerback, CEO, Movin' Out, Inc., with Steven Salmon, resident of the André Apartments, at the grand opening ceremony.

[VIEW THE FULL STORY](#)

## Affordable Housing Where Everyone Feels Included

In October, we were pleased to join our member IFF, a community development financial institution and nonprofit developer Movin' Out, Inc. in Madison for the grand opening of the André Apartments. FHLBank Chicago awarded a \$480,000 grant through our Affordable Housing Program General Fund in 2020 to close a funding gap for the construction of this new multi-family development.

This special place is named in honor of André Brown, a community leader who passed away in 2022. André inspired the creation of Movin' Out, Inc.—an organization established in 1995 to advance disability justice by co-creating safe, affordable, community-integrated homes—and became one of its longest serving employees.

"We feel very strongly that community-integrated housing that supports self-determination is a civil rights issue for people with disabilities and we approach it through that lens," said Kathryne Auerback, CEO, Movin' Out, Inc. "Our partnership with FHLBank Chicago is really important to us because we could not do this kind of project without this additional funding source."

The property features 38 affordable housing units, with nine specifically designated for residents with disabilities, and an Early Childhood Education (ECE) center operated by The Red Caboose on the ground floor. The Red Caboose, a nonprofit serving Madison families for more than 50 years, has been able to triple its enrollment and offer more comprehensive programming with this new facility. The ECE center includes flexible community rooms, a commercial kitchen, multiple classrooms and a nature-based playground.

This community-integrated housing provides more independence for residents with disabilities and fosters interactions with those without disabilities. Steven Salmon, an accomplished author with disabilities, spent eight years living in a group home after his mother passed away. He recognized the limitations of the group home environment on his lifestyle and aspired to have a home of his own that would allow him to fully immerse himself in his writing career. Now, Steven is a proud resident of the André Apartments.

## 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. Our members provide first mortgage financing to access DPP grants. Nonprofits that provide mortgage financing for homebuyers, such as Habitat for Humanity and Neighborhood Housing Services, partner with an FHLBank Chicago member to access DPP Advantage funds. Our DPP programs require participation in homeownership education and counseling, supporting sustainable homeownership.

IN 2023

**\$33M**

disbursed to nearly **3,600** homebuyers in partnership with **207** members

**\$10K**

maximum grant amount increased from \$6,000

SINCE 1994

**\$200M+**

allocated to provide down payment assistance to more than **40,000** homebuyers



Betsy Dirksen Londrigan, Rural Business Cooperative Service Administrator for the United States Department of Agriculture presenting at FHLBank Chicago's 2023 Member Meetings.

## Helping Members Support First-Time Homebuyers in Rural Communities

As a member-owned cooperative, we serve a key role in finding and sharing relevant information and resources with our member financial institutions. We do this in a variety of ways, including our "Cultural Exploration" initiative—where we visit our members' communities to learn about their unique needs. In 2022, our Cultural Exploration focused on rural communities, and we partnered with the USDA to share resources with our members. After a successful program, we partnered again with the USDA in 2023 for the five meetings we host yearly across Illinois and Wisconsin for our members.

Our member, IAA Credit Union, attended the Springfield member meeting expecting to gather some information to help their customers with home or business needs. They left with a solution for a customer who, that week, was going to have to walk away from buying her first home due to some structural issues identified late in the purchasing process that she could not afford to repair.

The customer was already approved for downpayment assistance through our DPP Program. IAA Credit Union paired funding from the USDA 504 loan program with our DPP

grant to help the buyer move forward with this purchase. In the member meeting, IAA Credit Union learned that USDA funds can be used to address a hazardous repair or modernize a property that may have been uninhabitable. In this case, the new owner was able to repair both her roof and foundation.

"As exciting as homeownership is, many first-time homebuyers overlook the expense that comes with repairs and maintenance on their home," said Nick Brooks, Chief Lending Officer, IAA Credit Union. "For some borrowers, the USDA can be a great resource that helps reduce the burden of these added expenses. Through our relationship with FHLBank Chicago, we were able to learn about opportunities like this with the USDA. If it weren't for the regional meeting we attended, we would not have known or been able to share this great resource with our member."



**Nick Brooks**  
Chief Lending Officer,  
IAA Credit Union

## 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 Targeted Community Lending Plan. In 2022, we created three new Community First grant programs to provide a broader and more integrated approach to community development that we continued to enhance in 2023: Accelerate Grants for Small Business, Diverse Developer Initiative and Housing Counseling Resource Program.

### Accelerate Grants for Small Business

This program provided \$25,000 grants to support the growth and development of small businesses in partnership with our members and can be used for various purposes, including purchase or improvement of property, acquisition of equipment, workforce development and technology acquisition or development. Eligible small businesses must meet a program priority, such as diverse ownership, low- to moderate-income location, or providing essential community services.

**\$4M+**

awarded in Accelerate Grants

**400%**

increase in funding from 2022

**170+**

small businesses supported

**100%**

grant recipients had annual gross revenue < \$1M



### Historical Woman-Owned Business Modernizes and Scales Operations

Bay View Printing Co., a historical letterpress shop nestled in the heart of Milwaukee's Bay View neighborhood, serves as a welcoming space for community events, including letterpress workshops and popular Drink & Ink gatherings. When purchasing the business, owner Ashley Town faced challenges while trying to secure a loan as a woman with limited business experience. However, First Federal Bank of Wisconsin emerged as a steadfast ally, understanding Ashley's vision and providing unwavering support throughout her journey.

The business achieved a significant milestone in 2023 by securing a \$25,000 Community First Accelerate Grant for Small Business, thanks to

First Federal Bank of Wisconsin's membership with FHLBank Chicago. The Accelerate Grant was instrumental in fueling the shop's growth and enhancing its role as a vibrant community space. The funding allowed Ashley to modernize her shop, update her equipment, and work toward expanding Bay View Printing Co's retail line. Ashley's dedication to preserving the shop's historical legacy while embracing modern innovations has garnered admiration from both loyal customers and newcomers alike.

[VIEW THE FULL STORY](#)

## Accelerating Small Businesses

Through strategic partnerships with our members, Accelerate Grants empower local, diverse businesses to thrive and make a lasting impact on their communities.



**Busey Bank | Rumberger's Wings — Peoria, IL**  
(Black-owned business)

Modernizing their operations and creating employment opportunities with expanding their kitchen.



**Spring Bank | Sherman Park Grocery Store — Milwaukee, WI**  
(Black-owned business)

Supporting operations, equipment enhancements and supplies to continue their mission of providing accessible food to their customers.



**International Bank of Chicago | River Sun Group — Chicago, IL**  
(Asian-owned business)

Facilitating improvements in business's food processing production, covering machinery, tools, and more.



**Bradford National Bank | Jules Joint — Nashville, IL**  
(Asian, Veteran and Woman-owned business)

Critical property improvements and food safety training for small town bar and grill employees.

## Diverse Developer Initiative

This program supports career development initiatives for diverse real estate 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. To grow the diverse developer talent pipeline in Illinois and Wisconsin, we focused grant funds on supporting compensation for internships and fellowships.

**\$2M**

awarded through Diverse Developer Initiative

**30+**

fellowships and internships funded for **10 beneficiary organizations**



### Tribal Housing Support

Last fall, housing partners came together for the groundbreaking ceremony of Red Willow Flats on the Oneida Nation Reservation in Oneida, Wisconsin, marking a significant step in affordable housing solutions for tribal communities in our district. This transformative affordable housing project, bolstered by a \$700,000 AHP grant from FHLBank Chicago, sponsored by our member Bay Bank, highlights the power of collaboration in community development.

We also sponsored and exhibited at the Tribal Housing Summit in Green Bay, Wisconsin, presented by Bay Bank, Great Lakes Housing Association and Oneida ESC Group. Information was given to attendees on our housing products and programs. More than 70 people attended this inaugural event.



**Pete King**  
President and CEO,  
King Solutions and Oneida  
ESC Group Subsidiary  
General Manager

FHLBank Chicago's programs have been pivotal in supporting tribal nations like Oneida. The Diverse Developer Initiative afforded me the opportunity to travel to remote tribal nations and communities to gain valuable training and mentorship. Additionally, the Affordable Housing Program has been instrumental in bridging critical funding gaps that historically hindered tribal development. For the Red Willow Flats project, the grant significantly eased our financial burden, allowing us to focus on creating sustainable housing solutions without compromising quality.

[VIEW THE FULL STORY >](#)

## 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 facilitate 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.

**\$2M**

disbursed to **30 organizations**

**27,000+\***

households supported with **homeownership education or counseling**

**2,000+\***

served in supporting their ability to purchase a home

## Program Partners:



\*Data provided by IHDA and WHEDA from U.S. Department of Housing and Urban Development's (HUD) Housing Counseling System



Homeowners Angela and Luis sitting in their new home in the vibrant community of Elgin, Illinois.

## Providing Pathways to Homeownership

Angela and Luis, a hardworking couple in their mid-50s who immigrated to Illinois from Colombia in 2020, decided to pursue homeownership for the first time after facing years of increasing rent. FHLBank Chicago member, Midland States Bank, referred them to Consumer Credit Counseling Service, a beneficiary of our Housing Counseling Resource Program in partnership with IHDA. They received pre-purchase counseling which enabled them to receive \$10,000 in down

payment assistance through our DPP Program. Angela and Luis proudly achieved the American Dream, closing on their home in Elgin, Illinois in September 2023. Their journey underscores the transformative impact of accessible housing counseling and downpayment assistance in achieving homeownership.

[VIEW THE FULL STORY](#)

## Housing and Community Development Subsidized 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

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 percent financing to support small business lending in low- and moderate-income areas, contributing to the local economy and community revitalization efforts.



**\$2.4B**

funded to support housing for more than  
**15,000 households** and nearly **5,000 jobs**



Lawndale Christian Development Corporation receiving Community First® Diverse Developer Initiative grant check alongside member First Eagle Bank.

[VIEW THE FULL STORY >](#)

## Empowering our Members to Strengthen Their Communities

Lawndale Christian Development Corporation (LCDC) was established in 1987 to address health and wealth disparities in the North Lawndale neighborhood of Chicago. Since then, LCDC has completed \$120 million of building rehabilitation and construction, adding 500 units of affordable housing to the neighborhood. Their partnership with FHLBank Chicago member, First Eagle Bank, is contributing to their growing success.

First Eagle Bank helped LCDC apply for a \$220,700 grant through FHLBank Chicago's Community First® Diverse Developer Initiative, enabling LCDC to provide compensation and training to two fellows working directly to support our shared commitment to affordable housing.

"Our goal is to build 1,000 homes for working people on the West and South sides of Chicago. It's an ambitious goal, and we need more staff to help us achieve it," says Richard Townsell,

Executive Director of LCDC. "This support from FHLBank Chicago and First Eagle Bank will help us build a more well-rounded team that can carry out our mission."

First Eagle Bank has also been pre-approved to use our Community Small Business Advance to fund a loan that LCDC will leverage to rehab two properties in North Lawndale. Upon completion, the homes will be sold to low- to moderate-income homebuyers at affordable rates.

"Recently, we've been seeing the effect of rising interest rates on small businesses and their ability to qualify for loans at the amount they need," says Michal Kornecki, Commercial Banking Officer, First Eagle Bank. "The Small Business Advance program is a real game-changer for our small businesses and local community partners because it gives them access to the low-cost capital they need to run and grow their operations."

## Community First Fund

The first of its kind in the FHLBank System, the Community First Fund (the “Fund”) is a revolving loan fund that provides unsecured lending to community organizations, including non-depository community development financial institutions (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.

**\$750K**

disbursed from our  
revolving community  
loan fund

**8**

CDFI partners  
currently supported

**\$47M**

loans outstanding

## Supporting Revenue-Based Financing for Local Entrepreneurs

In late December 2023, Allies for Community Business (A4CB) received a second loan disbursement from the Community First Fund. This \$750,000 in additional funding will provide continued support to small business entrepreneurs through microloans and a new revenue-based financing pilot.

A4CB serves small business owners by providing the capital, coaching, and connections entrepreneurs need to grow great businesses that create jobs and wealth in their communities. While they are industry agnostic, A4CB prioritizes working with entrepreneurs that have been traditionally underserved: Black and Latino, women or low-income.

“We are typically making loans between \$500 and \$100,000 with our average loan size at \$11,000,” said Brad McConnell, CEO, A4CB. “But for a group of entrepreneurs that are served by our revenue-based finance pilot program, they need more, and they also need to have more flexible repayment terms. This pilot program provides larger amounts of capital to these high prospect entrepreneurs and the repayments can be married to the revenue that the entrepreneur generates in any given month.”

A4CB recently helped Lateshia Jackson and her husband Anthony start A & L Environmental LLC, a hazardous waste removal company. When A & L launched, Lateshia and Anthony worked on small demolition contracts. The husband-and-wife team wanted to take bigger jobs but having to pay their workforce prior to being paid for a job was a hurdle for the couple.

“I applied for loans at a bank, but everybody turned me down,” Lateshia said. “When Allies came in, I got an immediate yes. I was so surprised. They wanted to help. With Allies, once they gave me that loan, they kept reaching out for support. They really want to see minority teams grow.”

As part of their business growth, A & L has worked on housing construction projects for the Chicago Housing Authority and U.S. Department of Housing and Urban Development (HUD).



Lateshia Jackson of A & L Environmental LLC standing in front of construction site.

# Fostering an Inclusive Culture

Diversity, equity, and inclusion (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 our transformational DEI journey to ensure that every employee and member has an opportunity to be bold, as we believe bold actions inspire change.



In support of our commitment to accountability, our Office of Diversity, Equity, and Inclusion (ODEI) launched a 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 focus areas for our business, supplier diversity, capital markets, and employee and member engagement.

## 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.

## DEI Working Groups

Our DEI Working Groups are comprised of employee volunteers that support our business units in executing 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.

## 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 Strategic Sourcing and Vendor Management department, with support from the Supplier Diversity Working Group, emphasizes the importance of our commitment to supplier diversity, whether for new purchases or contract renewals.

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



Our Supplier Diversity Working Group collaborated with the Little Village Chamber of Commerce and our member, CIBC, to present a bilingual informational workshop. This initiative aimed to support diverse vendors and small businesses based in Chicago's Little Village neighborhood.

**\$12M**

spent with diverse suppliers



of total annual vendor spend

**18**

new diverse vendors onboarded



of all new vendors added to supplier roster

**4**

diversity outreach events



## Capital Markets

The FHLBanks raise money to fund member lending, mortgage programs, and other balance sheet needs through the daily sale of debt securities in the global capital markets. Our focus on strengthening relationships with diverse broker-dealers, those owned by minorities, women, disabled persons, veterans, or members of the LGBTQ+ community, began in 2018. Our goal was to increase 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 Working Group meet regularly with the diverse broker-dealers we do business with to build stronger relationships. This group also invites diverse broker-dealers as guest speakers at member events and webinars and occasionally partners with other FHLBanks and the Office of Finance, our fiscal agent that issues and services all debt securities for the FHLBanks, to host events to engage these broker-dealers.

### FHLBANK CHICAGO ACTIVITY WITH DIVERSE BROKER-DEALERS

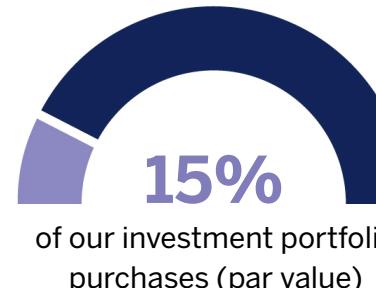
**~\$150B**

of debt underwriting volume



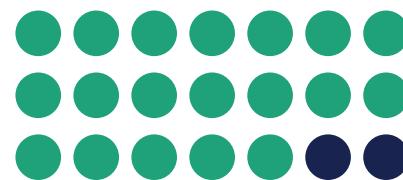
**~\$500M**

in sourced securities investments



**19 of 21**

authorized dealers that we conducted business with in the Office of Finance's Diversity and Inclusion Dealer Group



## Lifting the Ceiling for Diverse Brokerage Firms

Loop Capital is a minority-owned investment bank, brokerage and advisory firm, serving corporations, governments and institutions across the United States from its Chicago headquarters. We have had a relationship with them as a broker-dealer since 2015.

In 2023, Loop Capital was part of the single-largest trade ever executed by FHLBank Chicago with a diverse dealer—a \$133 million trade described by its Founder, Chairman and Chief Executive Officer, James Reynolds, Jr., as "game-changing" for diverse brokers nationwide.

"As the first minority-owned bank involved with a transaction of this size, we're incredibly grateful to FHLBank Chicago for seeing it through," said Reynolds, Jr. "By completing it, we lifted the ceiling not just for us at Loop Capital, but for the entire plethora of minority-owned firms in our field."

"While we have done several trades with Loop Capital going back a decade-plus, FHLBank Chicago was especially excited to be part of this one," said Nick Herweg, Loop Capital's FHLBank Chicago relationship manager and our Capital Markets Working Group Lead. "Providing opportunities for smaller, diverse firms like Loop Capital is a priority for us, and we couldn't be prouder to have assisted them with this opportunity."

FHLBank Chicago deeply understands the importance of doing business with diverse dealers. By conducting trades with firms beyond long-established Wall Street institutions, access to both capital and additional opportunities are increased for the traditionally marginalized communities they represent.

"When you think about why FHLBank Chicago works with diverse dealers in the first place, they want to see smaller, diverse dealers become bigger firms and drive genuine change in the market," said Reynolds, Jr. "And since completing last year's milestone transaction, Loop Capital has been able to step up our activity with numerous other FHLBank Chicago members. In its wake, we're now on the phone with these members daily, having deeper dialogues and securing more opportunities, all thanks to FHLBank Chicago's constant, supportive partnership."



**James Reynolds, Jr.**  
Chairman and Chief Executive Officer,  
Loop Capital

## Celebrating and Supporting Members

In 2023, we added new goals to support and recognize member financial institutions as each institution evolves its own inclusive culture and practices. One area where we are uniquely able to assist members is access to financial tools to help them support DEI efforts in their communities. In 2023, we analyzed data for three core Community First programs: Diverse Developer Initiative, Housing Counseling Resource Program and Accelerate Grants for Small Business to identify where members can close gaps in housing inequality and improve access to funding for small businesses and community development. We also started highlighting member DEI stories through FHLBank Chicago communications channels. For example, we hosted two podcasts for members which talked about supplier diversity and talent acquisition to encourage more dialogue.



### Inspiring Change: Park Bank's DEI Journey

We welcomed member representatives from Park Bank in Madison, Wisconsin to our 2022 DEI Open House as a way exchange ideas on fostering more inclusive cultures within our organizations. They left with tools and resources that they implemented to further support their associates and their community. In 2023, we visited their offices and celebrated the formalization of their Associate Resource Groups.

[VIEW THE FULL STORY >](#)



Scott Morgan, Manager, Talent Acquisition (left) and Cedric D. Thurman, Chief Diversity Officer (right) discuss strategies for improving talent pool diversity, and best practices for attracting and retaining top talent on The Margin Report™ podcast.



LISTEN TO THE EPISODE ON  
SPOTIFY OR APPLE PODCASTS



## Creating a more diverse, equitable, and inclusive culture

Employees shape our inclusive culture—their unique perspectives, skillsets and voices drive the way we engage with each other. The Workforce Working Group has supported the Human Resources department in developing an array of employee engagement initiatives, such as 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.

Over the past year, we have implemented additional programs underscoring our commitment to DEI. We rolled out our new DEI Ambassador program, a two-year program in which a cross-functional group of five employees receive training on how to elevate our approach to and drive engagement in DEI initiatives both internally and externally. Our DEI ambassadors help champion, promote and lead the execution of our DEI vision in support of our mission and values. We also prioritized training managers to hold difficult conversations around various DEI topics, equipping them with the tools and information needed to ensure these conversations are handled with the utmost empathy, respect and professionalism.

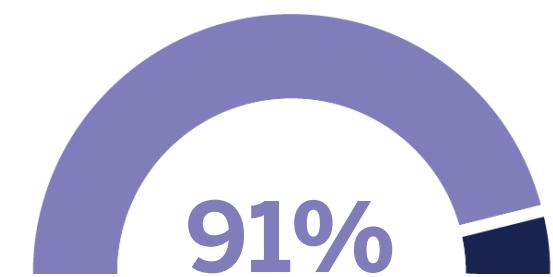
Building upon work that started in 2022, our ODEI partnered with InQuest Consulting to expand the usage of the Intercultural Development Inventory (IDI) beyond the Executive Team and Board of Directors to include employees that lead our DEI groups. This assessment helped our leaders better understand their own mindsets toward cultural difference and commonality and identify actions

to move toward continued inclusivity. Throughout the year, members of our Executive Team and Board members attended our All-Staff Calls and/or Town Halls to share their experience with the IDI assessment and what they learned. This gave employees an opportunity to hear from our leaders about their commitment to DEI and the continuous learning that drives our sense of inclusion and belonging in the workplace.

Furthermore, 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.



## Comprehensive Training and Leadership Opportunities



of employees acted on their DEI learnings

5

DEI core curriculum courses

3

allyship courses

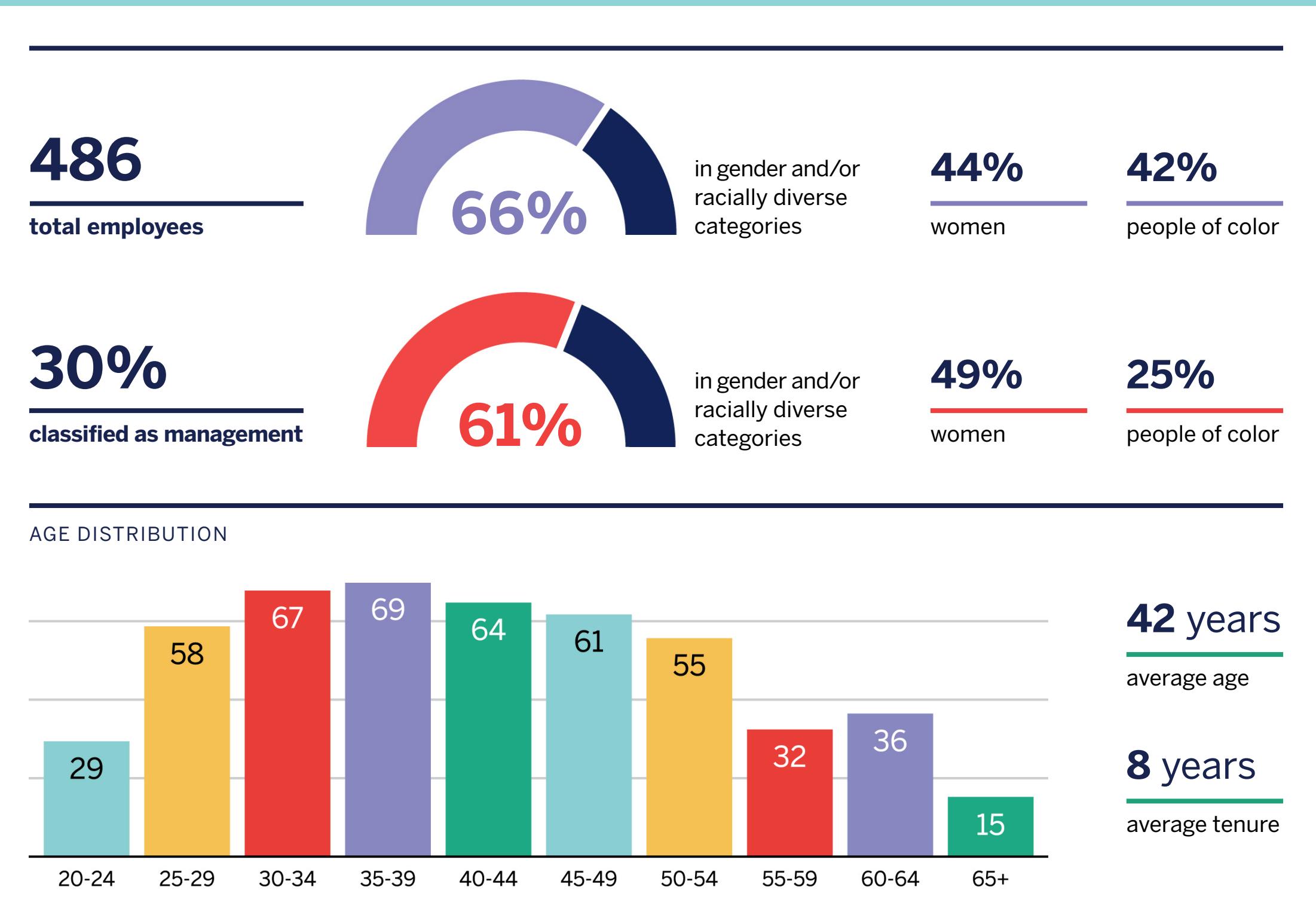
3

leadership role opportunities

- DEI Working Group
- Employee Resource Groups
- Engagement Teams

## Employee Representation

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



## Attracting and Retaining Talent

Our Human Resources department, with support from the Workforce Working Group, strives 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.

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.



### ATTRACTING AND RETAINING DIVERSE TALENT

**Consistently created a slate of underrepresented, qualified candidates**

**76%**  
of applicants for posted positions were diverse

## 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 quantitative finance rotational analysts and we hired two analysts in 2023. 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 provides resources and support. The program includes a training and social calendar that provides the analysts with many opportunities to grow professionally and expand their network.

The Rotational Analyst program has been instrumental in providing me with broad financial experience. I have gained functional knowledge in every area that I've worked, which has enabled me to develop a more comprehensive understanding of FHLBank operations compared to a conventional role. This has both expanded my perspective and provided clarity on the types of roles I would like to pursue.

**52**  
new employees welcomed  
42% | women  
56% | people of color

**72**  
employees promoted  
63% | women  
39% | people of color



**Aniruddh Chinubhai**  
FHLBank Chicago  
Quantitative Rotational Analyst, Class of 2023

## 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 in 2023, 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 three of our 24 summer intern positions through INROADS.

## Corporate Work Study Program

We partner with a Chicago high school, Christ the King Jesuit College Prep, to provide students with exposure to corporate work culture and mentorship. The program's participants are junior-level students from underserved communities in the Southwest and West sides of Chicago. The work study allows these students to assist with work tasks in their respective departments and earn stipends that cover nearly 60% of their educational costs—making quality, college prep education possible for students who could not otherwise afford it. In addition to providing opportunities for skill development, the program seeks to create a new generation of diverse leaders and a path toward corporate career opportunities.



Khalis Lamb and Icysis Buckner, two junior level high school students from Christ the King Jesuit College Prep who are a part of our Accounting and Communications teams.

## Growing our Diverse Talent Pipeline

High school juniors Icysis Buckner and Khalis Lamb from Christ the King Jesuit College Prep are participating in our Corporate Work Study Program through the 2023–2024 school year: Icysis works in the Communications department and Khalis supports our Financial Accounting and Markets team.

Both students enjoy coming into the office and having the opportunity to meet new people. They believe one of the biggest advantages of this program are the soft skills they are learning, including meeting etiquette, understanding corporate culture and how to interact with colleagues. One of Khalis' favorite aspects of her role is having the opportunity to work with data.

Icysis enjoys being brought into team meetings to gain a better understanding of the work FHLBank Chicago is doing.

"I really like coming into the office—the exposure to meeting new people and how diverse the Bank is," said Khalis.

"Working at the Bank prepares us for the real world; it's an opportunity to step into adult life," added Icysis.

Both students have plans to attend a Historically Black College and University and have college trips planned for early spring. They are eager to see how the skills they are learning at FHLBank Chicago can be applied to their future careers.

## Professional Development and Mentoring

At 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-paced learning, or mentorships.

In 2023, we launched a pilot for a new internal mentoring program called CHAMP (Coaches Helping to Accelerate Managers Program), strategically partnering new people managers with seasoned people managers across departments to build new relationships. Mentors helped mentees navigate the challenges that come along with leadership, such as engaging with their teams, navigating change, effective communication and other critical leadership skills. This pilot was a success, and we will be scaling up this program in 2024.

## External Partnerships and Business Workshops

We partnered with McKinsey in 2023 to conduct training for all employees on essential skills including meeting management, coaching, feedback and prioritization. This training, called Ability to Execute Essentials, included a combination of live workshops and digital learning modules leveraging McKinsey's faculty and research. We also maintained access to a digital learning platform with thousands of courses covering an array of skills through Udemy for Business.

Our partnership with Lake Forest School of Management continued, providing professional development training throughout the year for employees on topics such as leading, being self-aware and receiving feedback. These sessions allowed employees to enhance their executive presence and develop interpersonal skills.

## Strengthening Diverse Partnerships through Corporate Citizenship

FHLBank Chicago values its partnerships with diverse organizations to support a high performing and inclusive workforce. The Hispanic Alliance for Career Enhancement (HACE) has been a strong partner to FHLBank Chicago for many years in helping to attract, develop, and retain Latino and other diverse professionals through various programs and workshops. Melissa Deven first became involved with HACE when she was asked to join the Spring 2020 Mujeres de HACE (Women of HACE) cohort. This program aims to empower high-potential Latinas to succeed professionally and thrive personally while providing insight, access, and professional development.

After graduating from the program, Melissa remained involved with HACE, becoming part of its Executive Committee and serving as Treasurer on the Chicago Auxiliary Board from 2021–2023. During her time, the Auxiliary Board surpassed their annual fundraising goals, donated to student scholarships, and was named Associate Board of the Year by the Young Nonprofit Professionals Network.

Through her involvement in HACE, Melissa has gained access to training, networking, career guidance, leadership development, and exposure to diverse perspectives—all of which she continues to use today to grow her career. Partnerships with organizations like HACE give diverse employees access to advancement and development opportunities, helping to create a more equitable workforce.

"It demonstrates the Bank's commitment to creating a workplace that values individuals from diverse backgrounds," said Melissa. "I am proud to work for an organization that supports initiatives that promote diversity and inclusion."



**Melissa Deven**  
Manager, Analytical  
Reporting,  
FHLBank Chicago

84%

employees utilized these professional development partnerships



udemy business

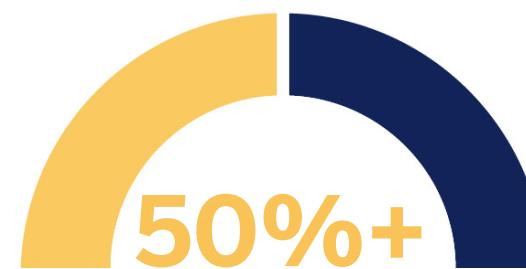
## Employee Engagement

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

### Employee Resource Groups

Our ERGs are a voluntary, employee-led DEI initiative supported by FHLBank Chicago. We have several ERGs representing our diverse communities, and more than half of our employees participate in these groups. Throughout the year, these ERGs organize volunteer activities to support organizations in our district and further increase fellowship among employees.

#### ERG EMPLOYEE PARTICIPATION



employees  
participate  
in our ERGs

**African American ERG:** 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 ERG:** Engages employees of all ages in interactions with "Baby Boomer" generation employees and provides employees with additional resources around retirement planning and other potential age-related issues otherwise unavailable at work.

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



Our Latino ERG hosted a lunch and learn session on tackling imposter syndrome. While employees enjoyed a delicious Peruvian lunch, guest speaker and FHLBank Chicago Board Director, Maria Wynne, provided strategies on how to reframe their perspectives and boost self-confidence.



In honor of Juneteenth, our African American ERG partnered with the founder of Chicago French Press, Kris Christian, to organize a coffee and tea pop-up. This was followed by a live taste testing and panel discussion exploring the history of coffee, its Pan-African roots and how the African diaspora is reclaiming coffee brewing practices.

## 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 group focuses on building 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:** This group helps employees build better money habits through forums that provide financial education.



**Sustainability:** This group 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.



Our Sustainability Engagement Team held a volunteer event in support of Chicago Lights, an organization that builds brighter futures for Chicago's youth and adults. Volunteers had the chance to assist with tasks and help beautify the Urban Farm, which provides education on sustainable farming, maintains a community garden and provides access to fresh, local and sustainably grown produce.



Our Cultural Collective team held an in-office Holiday Drive to collect donations for the Torrence Place Apartments—an affordable housing project we proudly supported through our Affordable Housing Program General Fund. Our dedicated employees contributed board games, puzzles and books to help outfit the community room at Torrence Place and provide residents with opportunities to connect.

## 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.

 <h3>Competitive Salaries</h3> <p>and performance-based incentives</p>	 <h3>Retirement Plan</h3> <p>401(k) with <b>employer match</b> and a pension</p>	 <h3>Health Insurance</h3> <p>Equitable medical plans with salary-based health insurance premiums</p>
 <h3>Work/Life Balance</h3> <p>Generous paid time off plan—<b>25 days</b> for starting full-time employees plus <b>11 paid holidays</b></p>	 <p>Paid leave options, including short- and long-term disability, maternity, family and new child leave</p>	 <p>Hybrid work model</p>
 <h3>Tuition Reimbursement Program</h3> <p>Up to <b>\$25,000</b> each calendar year. In 2023, 19 employees received <b>over \$300,000</b> in tuition reimbursement support.</p>		



In 2023, we hosted our first Opportunity Fair—an in-office effort highlighting our comprehensive Total Rewards Program, in conjunction with our annual healthcare Open Enrollment period. The fair served as a connection point among our seven pillars of wellbeing—physical, social, intellectual, spiritual, emotional, financial and occupational—and our benefits offerings to give employees a better understanding of our holistic approach to supporting employees, in and out of the office.

## Boosting Careers with Tuition Reimbursement Benefit

Many of our employees have worked across various departments to elevate their skills and take advantage of new opportunities. Becky Pagano began her FHLBank Chicago career in 2006 with our Middle Office team and soon became a subject matter expert in trades and tracking our financial activities. After 10 years, she was ready for a change, and opportunity came knocking when a role supporting the Downpayment Plus (DPP) Program opened in the Community Investment department.

Becky quickly grew to love community impact work. To learn as much as possible about affordable housing issues, she leveraged our tuition reimbursement program to work toward her master's degree in urban planning and policy from the University of Illinois at Chicago.

Becky began her program in 2018 as a part-time student while working full-time and caring for her two young children. But like many others, the COVID-19 pandemic added stress, and she had to navigate a new way of working and living while keeping her goals in sight. Her

commitment paid off and she graduated in 2023. “I persevered and wanted to show my two daughters that hard work pays off. It did, and they were so proud of me when I finished and obtained my degree,” said Becky.

She is grateful for the tuition reimbursement program, as it provided an affordable avenue to obtain her degree. Today, Becky is on the frontlines of decision making for updates to our Community Investment programs. She finds value in the work she does and feels rewarded hearing DPP success stories from homeowners—it’s her ultimate “why” for reaching her academic goals and gives her the motivation to continue supporting our communities.



**Becky Pagano**  
Lead Community Investment Operations Specialist, FHLBank Chicago

## 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.

**Office Recycling:** Recycling and composting bins are provided for our staff to minimize waste. We have reduced the number of printers in our office and set the printing default to double-sided to save paper. We have eliminated Styrofoam containers and provided reusable lunchboxes and utensils to employees. Additionally, we recycle or donate useable technology.

**Energy Star Certification:** In 2022, the Old Post Office was Energy Star certified with 80 out of 100 points, indicating that it operates more efficiently than 80% of similar buildings nationwide. Additionally, the building'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.

**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, and most Chicago Transit Authority city trains are 0.4 miles or less 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 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 CO<sub>2</sub>. The Meadow is home to three bee colonies, which house more than 100,000 bees and aid in pollinating the flowers.



Employees gathered on rooftop of our headquarters at The Old Post Office for our annual Summer Social. The sprawling 3.5-acre-green space boasts a running track, pickleball courts and a basketball court and plenty of space to relax.

# 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 on 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 2024, we had 10 member directors and eight independent directors. Generally, directors are re-elected every four years and serve three consecutive four-year terms.

## 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 2024, our Board Committees include:

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

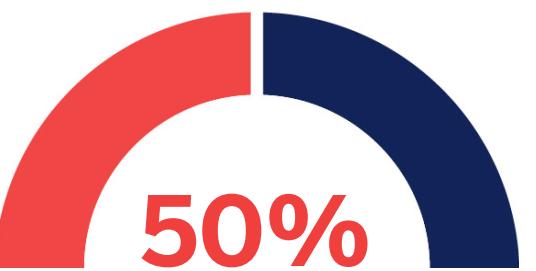


FHLBank Chicago Board of Directors

Visit [our website](#) to learn more about each director.

## Diversity in Board Leadership

Our Board values diversity across several categories to ensure it reflects the communities we serve. We are intentional in considering attributes such as gender, race and ethnicity, as well as professional backgrounds and geography when nominating independent director candidates. Our directors live throughout Illinois and Wisconsin and have experience with both urban centers and rural communities.



gender and/or racially diverse

8 | women    4 | people of color

## Executive Team

The Executive Team develops and implements the overall business strategies of FHLBank Chicago, subject to Board approval. It 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](#).

### EXECUTIVE TEAM BREAKDOWN



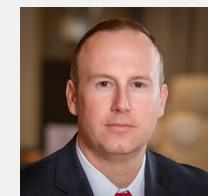
### Management Level Committees

- Asset/Liability Management Committee
  - Credit and Collateral Committee
    - Collateral Verification Review Sub-Committee
  - Disclosure Committee
  - Diversity, Equity, and Inclusion Committee
  - Enterprise Risk Management Committee
  - Mission Committee\*
  - Operational Risk Oversight Committee
    - Model Risk Oversight Sub-Committee
    - Technology Risk Oversight Sub-Committee
  - Retirement Plan Committee
- \*Established in 2024



**Michael A. Ericson**

President and CEO



**Christian Claffy**

EVP, Group Head,  
Bank Operations



**Kim Cullotta**

EVP, Group Head, People,  
Culture, and Communications



**Virxhini Gjonzeneli**

EVP, Chief Financial Officer,  
Group Head, Financial  
Accounting and Markets



**Thomas H. W. Harper**

EVP, General Auditor



**Carolyn Jaw**

EVP, Group Head, Sales,  
Strategy, and Solutions



**Michelle Jonson**

EVP, Chief Risk Officer, Group  
Head, Risk Management



**Samuel J. Nicita**

EVP, Chief Information Officer,  
Group Head, Information  
Technology



**John Stocchetti**

EVP, Group Head, Mortgage  
Partnership Finance® Program



**Cedric D. Thurman**

EVP, Chief Diversity Officer,  
Group Head, Community  
Investment and DEI



**Laura M. Turnquest**

EVP, General Counsel and  
Corporate Secretary

## Community Investment Advisory Council

The Community Investment Advisory Council (CIAC) 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 CIAC advises us on ways we can better carry out our housing finance and community investment missions. Nominations to the CIAC are accepted annually.

## Member Advisory Committees

Our Member Advisory Committees are comprised of representatives of member banks and insurance company members of varying sizes across our district. We host periodic forums for members to discuss market and industry trends; 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 join a Member Advisory Committee. In 2024, we created an advisory committee of credit union members.

## Mortgage Partnership Finance (MPF) Governing Council

The MPF Governing Council oversees and provides governance for the MPF Program and is comprised of representatives from all FHLBanks. It is a forum to discuss topics related to the various mortgage programs offered by all FHLBanks, including matters involving product development and supporting community lenders and their communities. The MPF Governing Council meets monthly and representatives of FHLBanks actively participating in the MPF Program have the authority to vote on MPF Program initiatives.

## MPF Advisory Council

The MPF Advisory Council provides a national forum for mortgage professionals to share their expertise, experiences, and views of real estate lending activity, general market issues affecting housing, and various secondary mortgage markets issues. The MPF Advisory Council is comprised of leaders from member institutions who qualify to sell mortgages into the MPF Program from the six participating FHLBanks. They help identify the best-in-class solutions to the problems and issues encountered by community real estate lenders and how the MPF Program can better support these lenders and thereby better support their communities.



**2023 FHLBank Chicago Community Investment Advisory Council**

Visit our website to learn more about each member.

## Policies

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

### **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 (AML), 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 the [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.

### **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](#).

### **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 controls. Business stakeholders can [request our GCAP document](#) which provides an overview of our risk management, governance, and operational controls to assist them in managing their own vendor governance requirements and regulatory obligations.

### **Approach to Identifying and Addressing Cybersecurity Risks:**

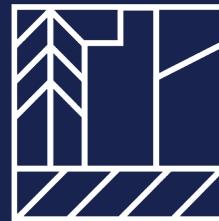
FHLBank Chicago's cybersecurity program is managed by the Chief Information Security Officer and is overseen by various Bank management committees and the Board of Directors. In alignment with industry standards, such as the National Institute of Standards of Technology Cybersecurity Framework, and FHFA regulatory guidance, we have implemented processes

for assessing, identifying and managing cybersecurity risks through a layered approach throughout our environment and in our service provider arrangements.

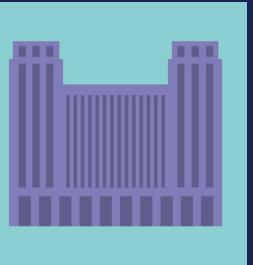
Cybersecurity risk-mitigation processes include, but are not limited to: performing regular risk assessments to identify, understand and prioritize risks from cybersecurity threats; the implementation of firewalls, anti-virus software, and real-time network monitoring; ongoing employee training to educate employees on how to identify and avoid various forms of social engineering; performing routine threat monitoring (including use of a third-party service provider monitoring) and controls testing; and maintaining a vulnerability management program to timely identify and remediate cybersecurity risks. We also regularly engage with third parties, including cybersecurity experts, to test, maintain and enhance our cybersecurity risk management practices and threat monitoring.

In 2023, we adopted a new customer identity platform that modernizes the login process, improves user experience, and provides modern authentication capabilities. In the coming years, this platform is intended to provide single sign-on to additional customer facing applications, making it easier and more secure for our customers to use our technology.

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 stated otherwise, purely voluntary, are not binding on 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 FHLBank Chicago, which are difficult to predict, may be beyond our control and could cause the achievement of the goals, targets and commitments reflected in this Report to vary materially from those expressed or implied by this Report for myriad reasons, including changes in circumstances, estimates that turn out to be incorrect, evolving standards of measurement, revised assumptions, or other factors. Such risks and uncertainties include the risk factors discussed in the Risk Factors section starting on page 21 of our 2023 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 or consider to be immaterial. These risks are not the only risks we face or that could affect us going forward. For these reasons, undue reliance should not be placed on such statements. Statements in this report speak only as of the dates they were made, and we undertake no obligation to revise or update any such statement, 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 FHLBank Chicago.



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