

2023 Impact Report



FHLBank
San Francisco

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A Message from President and CEO Teresa Bryce Bazemore



As a critical liquidity provider to members in Arizona, California, and Nevada, we have long been proud of FHLBank San Francisco's role in helping communities thrive. By funding affordable housing, homeownership, and economic development programs and other initiatives, the Bank is focused on changing lives for the better. Our 2023 Impact Report highlights how we delivered on our dual mission, positively impacting people, businesses, and communities across our district.

In the pages that follow, you'll learn more about our specific programs that support positive social and environmental outcomes, including diversity, equity and inclusion and affordable housing. In many cases, these are decades-long efforts to make the communities that we and our members collectively serve more vibrant, equitable, and resilient.

By statute, FHLBank San Francisco contributes 10% of our annual net income to our Affordable Housing Program (AHP), which helps expand access to affordable housing for those who need it most and facilitates homeownership for low- to moderate-income families and individuals. In 2023, our board of directors voted to voluntarily allocate up to an additional 5% of the Bank's annual net income to funding homeownership and economic development grant programs that address the unique needs of our three-state district.

Aiming to provide an innovative solution that fosters homeownership for middle-income households squeezed by high interest rates and an already high-cost housing market, we launched a voluntary \$10 million downpayment assistance pilot program targeted to those earning from 80% up to 140% of area median income. Launched in 2023, this new targeted program delivered grants of up to \$50,000 to qualifying families and individuals in Arizona, California, and Nevada who contribute at least \$10,000 toward their downpayment.

Because Tribal Nations throughout our district are particularly under-resourced when it comes to affordable housing development, the Bank's board of directors approved \$1 million in voluntary grant funding to address tribal affordable housing needs. The Tribal Nations Program funding has been committed to the California Coalition for Rural Housing, which will partner with the Arizona Housing Coalition, the Northern Circle Indian Housing Authority, Pala Housing Resource Center in California, and the Nevada Housing Coalition to aid tribes in applying for grants from the Bank's AHP.

As you will see, our commitment to partnering with our members to strengthen our communities is unwavering, and FHLBank San Francisco will continue to identify new ways to ensure we are responsive to the evolving needs of all our stakeholders.

Thank you to our members for your support and engagement.

Best,

A handwritten signature in black ink that reads "Teresa Bryce Bazemore". The signature is fluid and cursive, written in a professional style.

Teresa

\$1.56B

Social Impact¹

As of December 31, 2023

\$1.3B
Statutory
Grants

Per Bank Act, 10% of annual net income to Affordable Housing Program.

\$140.7M
Voluntary
Grants

Additional grant funding approved by FHLBank San Francisco board of directors.

\$123.2M
Interest
Saved

Interest discounted for advances or letters of credit used for eligible housing and economic development.

Results



Supporting Affordable
Housing – Total Units

127K AZ, CA, NV

13K Out of District*



Supporting Homebuyers

9.5K AZ, CA, NV

500 Out of District*



Economic Development Grants

8.7K Jobs Created²

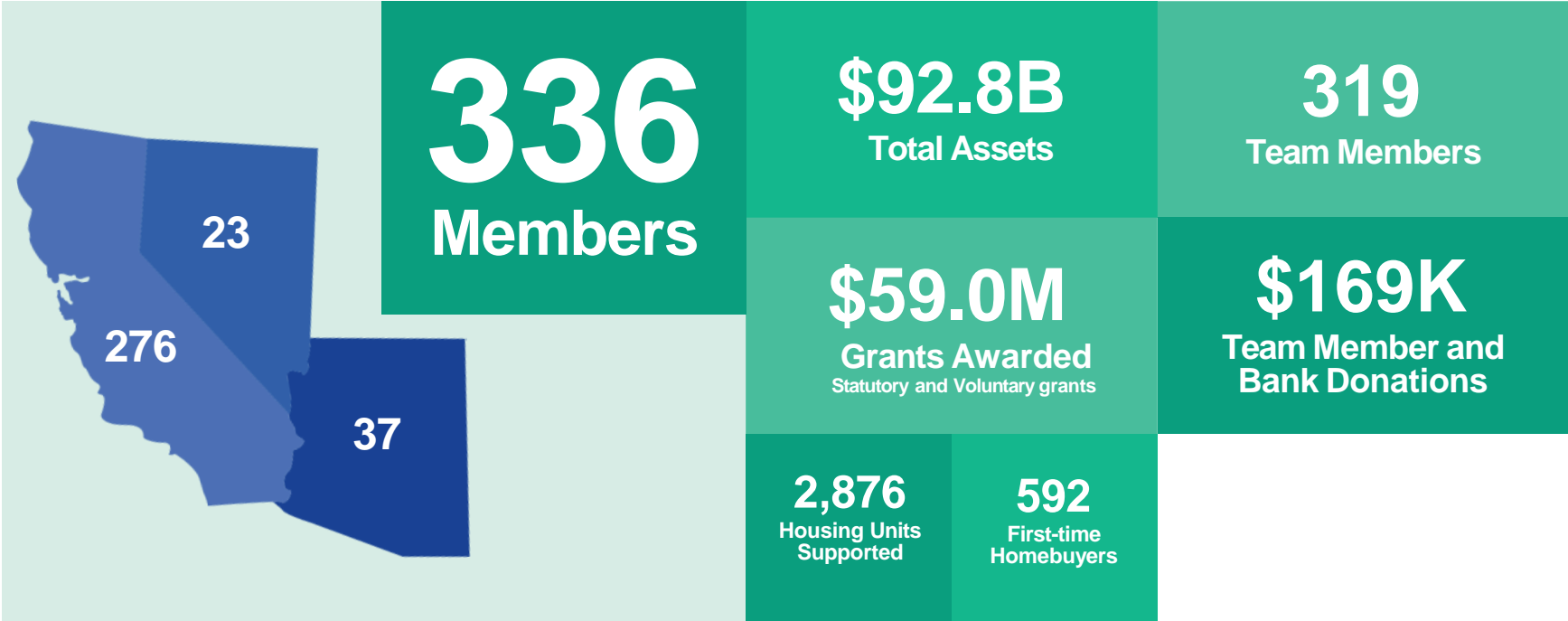
156 Job Training Grants³

As of December 31, 2023

*Other states where members conduct business

FHLBank San Francisco

2023 By the Numbers



As of December 31, 2023

Providing Member Liquidity and Reliable Funding



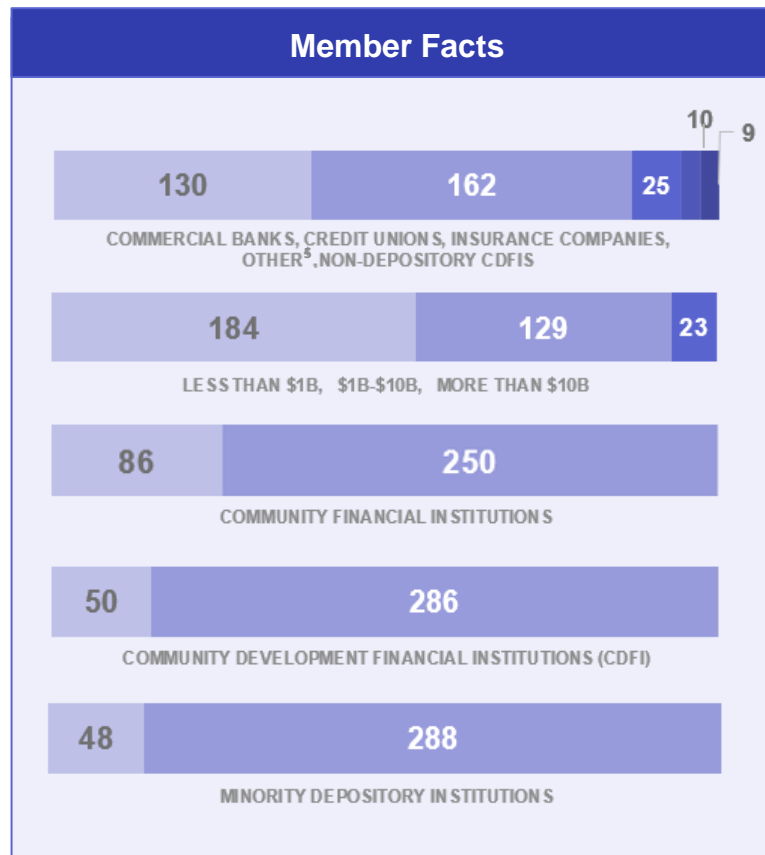
A Regional Cooperative Wholesale Bank

FHLBank San Francisco is a member-owned wholesale bank designed to enable member financial institutions to meet local credit needs throughout our three-state district. We serve eligible financial institutions⁴, including banks, credit unions, insurance companies, and Community Development Financial Institutions (CDFIs), with their principal place of business in Arizona, California, or Nevada.

Reliable access to critical liquidity enables local lenders to effectively respond to the evolving credit needs of their communities. This results in more home, business, and economic development credit that grows local economies.

We are especially proud to support smaller financial institutions that serve rural and other underserved communities. By providing equal access to competitively priced liquidity we allow community lenders to better compete with larger institutions while drawing on their deep knowledge of local credit needs.

- **More than half of our members have less than \$1B in assets**
- **86 of our members are Community Financial Institutions⁶**
- **48 of our members are Minority Depository Institutions⁷**



Reliable Access to Liquidity

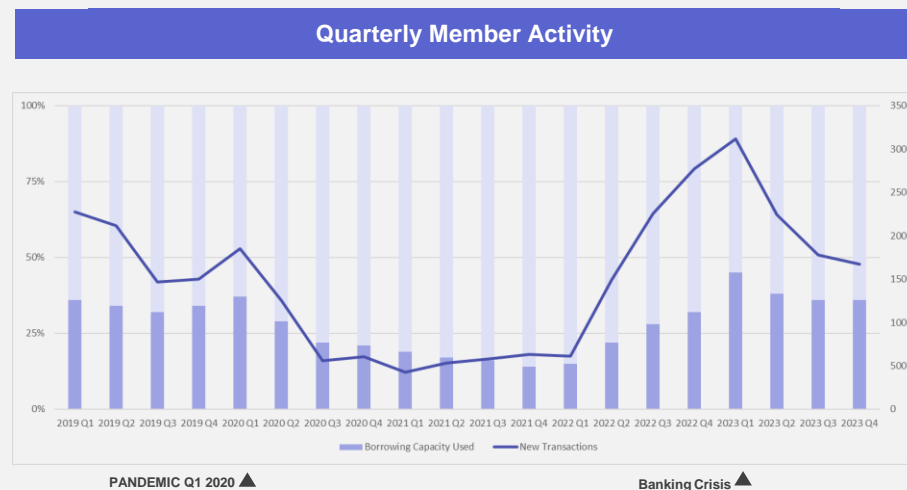
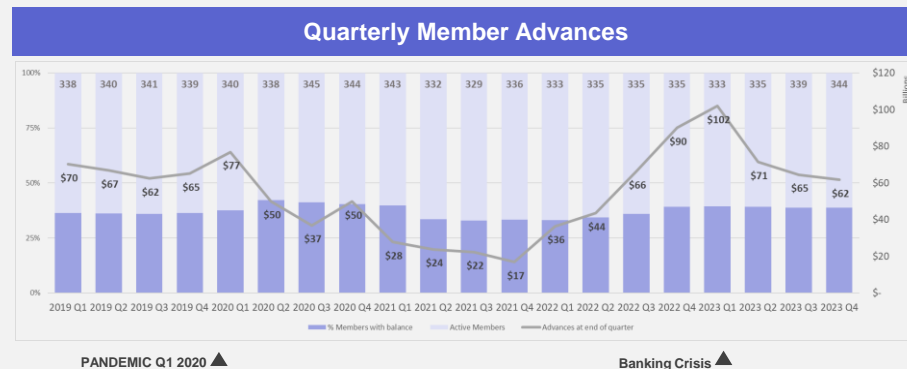
FHLBank San Francisco plays a vital role in the U.S. financial system by connecting our members to the global capital markets and providing reliable access to low-cost, on-demand liquidity.

We are a reliable partner for member financial institutions of all sizes in all phases of the economic cycle, providing products, services, and resources that promote homeownership, expand access to quality affordable housing, boost economic development, seed or sustain small businesses, and revitalize communities.

The Bank's business model is designed to allow us to safely expand and contract our assets, liabilities, and capital as our member base and our members' funding needs change. It's a model that has been tested – during the Great Financial Crisis, at the onset of the COVID-19 global pandemic, and most recently during the Spring 2023 Banking Crisis – and proven to be a model that works.

On-demand Liquidity

- Our members quickly respond to changes in the market, accessing liquidity as needed.
- Routine transactions support stable daily operations and long-term balance sheet management.
- Throughout economic cycles, our members consistently reserve borrowing capacity.



Responding to the Spring 2023 Banking Crisis

In March of 2023, the FHLBank System responded to turbulence in the banking sector by issuing a record \$495 billion in term debt; at quarter end System-wide advances were over \$1 trillion. At FHLBank San Francisco, during this period our member services team efficiently coordinated with the capital markets, risk management, operations, and wire teams to meet the liquidity needs of our members and advance balances stood at \$101.5 billion on March 31, 2023. By executing on our foundational liquidity mission, we played a stabilizing role in the financial system during a difficult time, as we are designed to do.

Prior to its failure, Bank member Silicon Valley Bank had submitted 16 applications in our 2023 Affordable Housing Program (AHP) funding competition. As a testament to a shared commitment to delivering on the affordable housing and community development part of the Bank's dual mission, seven members stepped up to take over sponsorship of those 16 AHP applications. We are grateful to Bank of San Francisco, Community Vision Capital & Consulting, First Northern Bank of Dixon, Luther Burbank Savings (now WaFd), Pacific Premier Bank, Tri Counties Bank, and Wells Fargo National Bank West for ensuring those applications could be considered for funding in the 2023 program cycle.



Luther Burbank®
Savings



FIRST NORTHERN BANK



WELLS FARGO

Member Impact Spotlight

Western Alliance Bank A Successful Long-Term Relationship

With more than \$70 billion in assets, Western Alliance Bancorporation, based in Phoenix, Ariz., consistently ranks as one of the country's top-performing banking companies. Its primary subsidiary, Western Alliance Bank, Member FDIC, offers a full spectrum of tailored commercial banking solutions and consumer products, all delivered with outstanding service by banking and mortgage experts who put customers first.

Western Alliance Bank credits a diversified business model featuring a unique combination of national, deposit-generating businesses paired with outstanding regional banking as key to its ongoing success. The bank's regional footprint in Arizona, California, and Nevada fits seamlessly with the three-state geographic focus of FHLBank San Francisco.

Beyond shared geography, Western Alliance Bank and FHLBank San Francisco share a commitment to making an enduring, positive difference in their communities. Accessing FHLBank San Francisco's Community Investment Program (CIP) products has helped Western Alliance Bank further its goal

of providing opportunities for low- to moderate-income individuals and families, including access to quality affordable housing.

In 2023 and 2024 (to date), Western Alliance Bank has commitments for Letters of Credit totaling approximately \$86 million related to three multifamily housing projects.

In just one example, Western Alliance Bank was able to commit \$28 million to provide a large portion of the credit enhancement for publicly issued taxable rate demand bonds used to finance the development of Jefferson Monrovia Station in Monrovia, Calif. Located just south of the 210 Freeway and directly adjacent to the Monrovia stop on the L.A. Metro L Line, this 296-unit multifamily property will contribute much-needed affordable housing to the region.



“FHLBank San Francisco has been a tremendous partner for us as we’ve grown, and they’ve been part of our story since nearly the beginning. We appreciate the tools and resources FHLBank San Francisco provides its members, including supplemental liquidity that is readily available and easy to access. One specific benefit is that, thanks to our membership, Western Alliance is able to be a larger participant in the mortgage business, which of course has cyclical cash flows. Our work in the mortgage banking space is an important part of our diversified business model.”

– Ken Vecchione, Bank President and Chief Executive Officer

Connecting Our Members to the Capital Markets

We obtain most of our funds from the sale of debt instruments, comprised of consolidated obligation bonds and discount notes. These are issued through the FHLBanks' Office of Finance using authorized securities dealers and are backed only by the financial resources of the FHLBanks⁸.

FHLBank San Francisco raises funds at rates close to Treasury security yields, enabling us to offer credit products and services that are among the most cost effective and versatile in the industry. Pricing is the same for all borrowers, which helps level the playing field for our financial institution members and non-member housing associates as they meet the credit needs of consumers and businesses while maintaining effective asset and liability management.



At our 2023 Member Conference, Relationship Manager Maurice Holmes moderated a discussion of how members use our products and programs, with Douglas Bystry, President and CEO of Clearinghouse CDFI; Harold Roundtree, President and CEO of UNCLE Credit Union; Stephanie Chan, Chief Investment Officer at State Fund; and Krista Snelling, President and CEO of Santa Cruz County Bank.

Member Products

FHLBank San Francisco offers a wide range of credit products with different maturities and payment options to match the characteristics of the member's or non-member housing associates' assets and reduce interest rate risk. Discounted advances and letters of credit are also available for eligible housing and community development activities.

Advances

We offer an array of fixed- and adjustable-rate loans, called advances, which are secured with eligible mortgage loans and other eligible collateral. These products offer both long-term and interim funding that can be used for a variety of lending activities.

Letters of Credit

This product may be used to support certain obligations of members to third parties. Members use letters of credit to facilitate residential housing finance and community lending, to achieve liquidity and asset-liability management goals, to secure certain state and local agency deposits, and to provide credit support for eligible tax-exempt bonds.

Impact Case Study

Discounted Credit Programs

The Bank's support of affordable housing and community development activities includes our Community Investment Program (CIP) and Advances for Community Enterprise (ACE) credit programs.⁹ These programs offer discounted advances and letters of credit that often ensure positive lending decisions for projects that support affordable housing, homeownership, neighborhood revitalization, small businesses, and other targeted economic development activities.

A variety of factors drive member demand for these programs, including community needs in our district and broader economic dynamics. Community developers may use CIP and ACE letters of credit to facilitate financial transactions, including credit enhancements.

In 2023, 12 members took advantage of these lower-cost credit products, accessing \$1.1 billion in discounted advances and letters of credit. These funds will be used to create nearly 2,300 owner-occupied and 5,100 rental housing units.

Since these programs were introduced, our members have accessed more than \$21 billion in discounted credit to make investments in their communities – saving over \$123 million in interest.¹⁰

Program Characteristics		CIP	ACE
Type		Statutorily Required (Bank Act)	Voluntary
Participants		FHLBank members	FHLBank members and housing associates
Eligible Uses		Economic Development, Mixed-Use, or Housing	Economic Development or Mixed-Use
Targeted Income	Housing	Household incomes are 115% or less of AMI	N/A
	Economic Development	Household incomes are 80% or less of AMI, or activities are located in neighborhoods where at least 51% of households are low- or moderate-income.	Includes designated redevelopment areas, Empowerment Zones and Champion Communities ¹¹ , and areas where rural households' incomes are 115% or less of AMI, or urban households' incomes are 100% or less of AMI.
Funding Type		Advances and Letters of Credit	Advances, Letters of Credit, and Grants
Advance Pricing		Cost of funds plus reasonable administrative costs.	Regular advance pricing or discounted advance pricing. ¹²

Member Impact Spotlight

Preferred Bank Facilitates Building Quality Senior Housing

When flaws in the California state's tax-exempt bond system caused lending delays for Eagle Real Estate Group, a southern California development company, the team turned to Preferred Bank to identify a feasible and timely solution.

One of many benefits offered to FHLBank San Francisco members is the ability to use our Community Investment Program (CIP) discounted advances and letters of credit to provide affordable lending and capital support for affordable housing, homeownership, neighborhood revitalization, small businesses, and other targeted economic development activities that benefit low- to moderate-income individuals and underserved communities.

Preferred Bank took advantage of our CIP letter of credit product, backed by our AAA/AA+ credit rating, to make Eagle Real Estate Group's most recent project, the Villas in Colton, California, a reality. This development is one of three Eagle Real Estate Group projects that benefitted from Preferred Bank's use of FHLBank San Francisco discounted letters of credit. The property offers a wealth of amenities for those 55 and older, including a community garden, pool and spa areas, and a dog park.



“I feel the CIP program has helped Preferred Bank have more opportunities for affordable housing projects both as the lead bank and a participant. I particularly appreciate how much help I receive from the team at FHLBank San Francisco when I have questions.”

— Nancy Pepper, SVP, Preferred Bank

Supporting Social and Environmental Outcomes



We're committed to Diversity, Equity, and Inclusion

For FHLBank San Francisco, diversity, equity, and inclusion is a business imperative. The Bank is dedicated to, and benefits as a business from, building, nurturing, and leveraging a workforce and supplier network that represents the diversity of the communities we and our members collectively serve.

The more diverse we are – gender, ethnicity, race, life experiences, and expertise – the better we can work toward building a future that supports all of our communities. That's why, at all levels of this organization, including our award-winning majority-diverse board of directors and our diversity-certified executive leadership team, we engage internally and externally with intentionality through programs, practices, and initiatives that are designed to be measurable and impactful.

The Bank continues to support the CEO ACTION Pledge for Diversity and Inclusion™, facilitated by PwC,¹³ and is proud to be part of the largest business-led initiative aimed at combatting systemic racism and advancing DEI in U.S.

At FHLBank San Francisco,
women are:

47% of team members

23% of managers¹⁵

40% of board directors

At FHLBank San Francisco,
minorities¹⁴ represent:

68% of team members

33% of managers¹⁵

60% of board directors

As of December 31, 2023

DEI Symposium

In 2023, we continued to create opportunities for our member financial institutions to learn from experts and peers about how DEI can drive business growth. Our second DEI Symposium for members aimed to generate productive discussions of strategies and tactics for breaking down systemic barriers and reaching out to diverse employees and customers.

The half-day event, held in Burbank, Calif., featured moderated panels with representatives from National Fair Housing Alliance, Fannie Mae, Western Regional Minority Supplier Development Council, and other industry leaders, focusing on:

- **Workforce diversity**, tangible ways to increase workforce diversity in banking and mortgage banking. [Watch video.](#)
- **Supplier diversity**, ways to reduce barriers to entry and increase connections for qualified suppliers. [Watch video.](#)
- **Special Purpose Credit Programs**, ways to evaluate the market need and design a credit program. [Watch video.](#)

Representatives of nearly 30 member financial institutions and community organizations participated in this event.



Workforce Diversity

At FHLBank San Francisco, we believe a diverse, equitable, and inclusive workforce surfaces unique marketplace insights and plays a significant role in providing our members with products and resources that meet the needs of their communities.

Putting diversity, equity, and inclusion into both practice and policy at FHLBank San Francisco is more than a business imperative, it's how we intentionally evolve our commitment to DEI as a cornerstone of our culture.

In 2023, we added a new internally focused emphasis on belonging that reflects the myriad benefits we derive from our majority-diverse workforce.

The Bank encourages our team members to connect and grow personally and professionally through programs enabled by our Enterprise Diversity Committee, Workforce DEI Plan, and Employee Resource Groups.

FHLBank System 2023 Women's Leadership Forum

This year's Women's Leadership Forum, an event sponsored by the FHLBanks Presidents Conference, was hosted by the Bank at our San Francisco office. More than 50 women representing each of the 11 FHLBanks and the Office of Finance attended the two-day event. They learned from women leaders in finance, engaged in leadership development training, and networked.

[Learn more about the FHLBank System's Office of Minority Women and Inclusion efforts.](#)



Diversity Enabled by Inclusion and Respect

The Bank's goal is to foster a workplace where all team members can be themselves, feel like they belong, and take steps to include others. Our Employee Resource Groups (ERGs) are designed to strengthen relationships among employees and foster collaboration by building social networks, encouraging professional development, and supporting volunteer events, all of which empower individuals, celebrate differences, serve our communities, and enhance business knowledge.

In 2023 our Employee Resource Groups hosted a series of topical educational events featuring external speakers to raise awareness and encourage ongoing dialog:

- International Women's Rights
- Persistent Effects of Redlining
- LGBTQ+ Rights and Military Service
- Myths of Asian Leadership Styles
- Identifying Personal Strengths and Building Self-Advocacy Skills



Team member volunteering

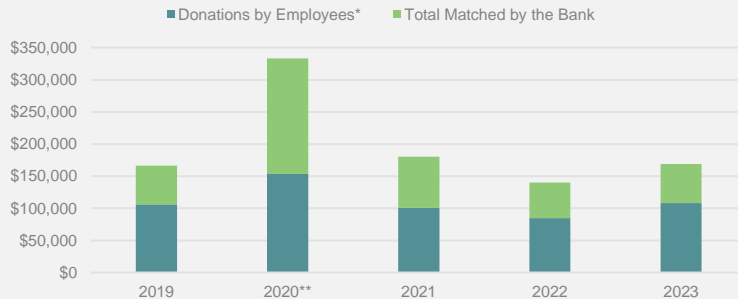
The Bank encourages team members to act on our shared values by providing paid time off for volunteering and other activities to support local nonprofits – whether through participating in Bank sponsored initiatives or engaging in independent volunteer activities.

One of this year's Bank-sponsored events was a "Day of Service" with a partner organization, Avanade, to introduce students from local high schools and colleges to the banking industry through presentations focused on finance, information technology, personal branding, networking and more.



Team Member Charitable Contributions

We also support team members in their individual charitable efforts by matching every donation made, up to \$1,000 per team member per year.



*includes donations by credits

**for 2020 the Bank matched team member donations up to \$2,000



Member Impact Spotlight

Patelco and Love Life Foundation Collaborate on Financial Literacy for Youth

FHLBank San Francisco's Black employee resource group joined forces with member credit union Patelco to support a four-week financial literacy program for students at Love Life Foundation's Media and Arts Academy.

Leveraging the FDIC's [Money Smart](#) curriculum, Bank team members taught three weekly sessions that delved into the intricacies of the banking system, budgeting essentials, and the principles of saving and investing.

In the final session, facilitated by Patelco, eight high schoolers were invited to participate in "Bite of Reality," an interactive financial management simulation app. Students were assigned a fictional financial profile that let them experience what it's like to navigate budgeting for real-world expenses like housing, transportation, and healthcare.

Upon completing the program, each of the eight high school students received financial support from both the Love Life Foundation and FHLBank San Francisco, totaling \$800.

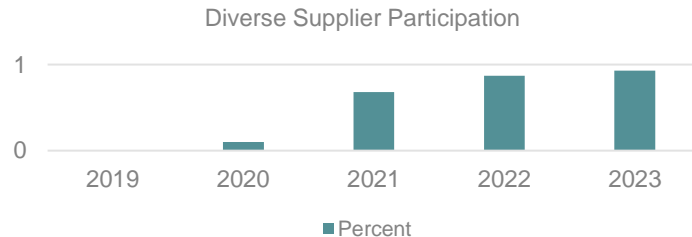


Supplier Diversity

Our purchasing decisions have social as well as economic impacts, and we understand the benefits of including diverse businesses in our strategic sourcing processes. We have continued to reduce barriers to entry for diverse suppliers, because inclusive procurement is good for our business and helps build a more resilient ecosystem.

The Bank builds relationships with suppliers that reflect the diversity of the communities across our district through corporate procurement policies that create opportunities for businesses that are qualified and certified as women-owned, minority-owned, disability-owned, veteran-owned and LGBTQ+ enterprises. Through ongoing outreach, our DEI team educates potential suppliers on the Bank's procurement practices and offer support for professional certification of diverse status.

In 2023, we included diverse suppliers in 93% of our competitive sourcing bids representing a 6% improvement over 2022.



Capital Markets Diversity

The Bank's Capital Markets Diverse Dealer Program is open to all 20 of the dealers on the FHLBanks' Office of Finance's list of approved diverse dealers, with the goal of promoting debt issuance and investment transaction opportunities for diverse dealers, in balance with safe and sound practices.

Our internal teams cultivate relationships with both the investment and underwriting areas of these firms to support the growth of their business.

In 2023, the Bank transacted with 19 diverse dealers to achieve 13.5% diverse debt issuance, on a one-year rolling average of all underwriting activity on a notional basis.

[Learn more about the FHLBank System diverse dealer outreach.](#)



Supplier Diversity panelists at the Bank's 2023 DEI Conference. From left to right: Cecil Plummer, Western Regional Minority Supplier Development Council; Roxanne Jow Stuart, Temporary Staffing, Innovations; Chris Scanlon, Mindlance; and Julius Robinson, US Bank

Impact Spotlight

Diverse Dealers

FHLBank San Francisco was proud to host the 2023 FHLBanks' Diverse Dealer reception, sponsored by the FHLBank System's Office of Minority Women and Inclusion, and Capital Markets Group. CEO Teresa Bazemore kicked off the event, encouraging ongoing collaboration, and celebrated how working with diverse broker-dealers helps advance the FHLBank System's collective DEI goals.

According to the Office of Finance, over the course of the last five years, the System's transactions with diverse dealers has shown an annual compound growth rate of 17% in concessions earned.

Attendees included representatives from 17 of the 20 Office of Finance-approved diverse broker-dealers, along with staff from all the FHLBanks and the Office of Finance. Diverse Dealers are owned by minorities, women, disabled persons, veterans, and members of the lesbian, gay, bisexual, and transgender community.

[Learn more about the Office of Finance's Diverse Dealers Program.](#)

"As investors have shifted a portion of their business towards diverse dealers to satisfy various initiatives, these dealers have become important sources of liquidity for our debt issuance and investment activities. When we help them fill their customers' orders, they have an opportunity to earn a fee and grow their business by being a reliable counterparty to their customers."

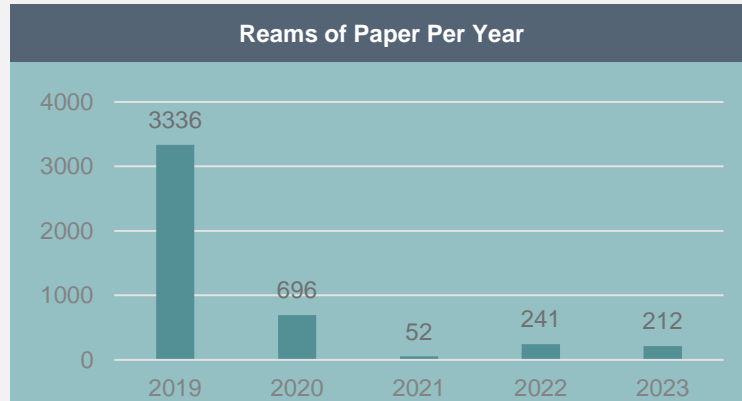
-- Tony Ruscitti, SVP,
Treasurer, FHLBank San Francisco



Supporting Environmental Outcomes

The Bank continues to seek new ways to minimize the environmental impact of our business functions, and we encourage our team members to reduce the use of consumable materials in our daily operations – whether it's improving our recycling programs and providing reusable water bottles or automating and digitizing business processes to eliminate paper printing.

We began taking deliberate steps to reduce paper usage throughout the Bank, and, during 2020 and 2021 when our workforce was primarily remote, we took the opportunity to quickly adapt to paperless alternatives and rewrote procedures to accept digital documents and signatures.

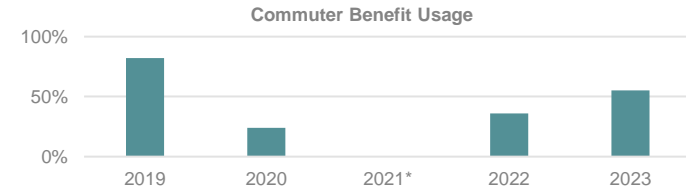


Workplace

The Bank's San Francisco offices are located in a property owned by Tishman Speyer, an organization committed to net-zero carbon emissions by 2050.¹⁶ As tenants, we adhere to the stringent environmental performance required for the building to achieve its LEED Gold and TRUE Silver certifications.

Our workplace has access to public transportation and incorporates modern design features such as open-floor seating, team huddle rooms, and shared kitchens that encourage team member collaboration.

In addition to offering hybrid-work schedules, the Bank offers a monthly stipend for team members to use toward public transportation. In 2023, an average of 55% of our team members took advantage of this benefit.



*Benefit was paused during 2021 while working onsite was voluntary.

LEED Gold, 80+ points –

The certification is earned for adhering to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health, and indoor environmental quality.

TRUE Silver, 90.1% waste diversion –

TRUE certified spaces are environmentally responsible, are more resource efficient, and help turn waste into savings and additional income streams.

Energy Star, 88% –

The rating is based on actual energy use and verification that the building generates fewer greenhouse gas emissions than typical buildings.

Addressing Housing Needs



Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council



David Paull
Chair

Managing Director, CORE
Advisory Partners

The Federal Home Loan Bank of San Francisco's Affordable Housing Advisory Council is pleased to present our 2023 Annual Report as part of the Bank's 2023 Impact Report. The Council is made up of dedicated and experienced affordable housing and community development professionals working across FHLBank San Francisco's three-state district of Arizona, California, and Nevada.

[Learn more about the Bank's Affordable Housing Advisory Council.](#)

Tackling Persistent Affordable Housing Challenges

Throughout 2023, discussion topics around our Advisory Council table focused on familiar problems — the ongoing shame of an ever-growing population of unhoused people; a stubbornly inadequate supply of affordable housing options for very low-, low-, and moderate-income renters; and the millions of families and individuals priced or otherwise left out of homeownership opportunities. We also tackled emerging topics, like the escalating urgency of addressing the disproportionate burden that climate change is imposing on underserved communities, generally, and on both developers and residents of affordable housing, specifically.

Across Arizona, California, and Nevada, the lack of affordable housing is highest in metropolitan areas, but rural areas are not immune to the problem. Our three states are among the top five in the country with the lowest availability of affordable homes for extremely low-income renters, and housing supply for lower-income families is similarly restricted. Unhoused populations continue to grow, nationally and regionally. The Bank's district is home to about 33% of the U.S. unhoused population; about 30% of all unhoused families and individuals in the U.S. are in California alone. California and Arizona are both in the top five states for increasing numbers of unhoused people, and in Nevada, the homeless count spiked 16% in 2023.

Common challenges to affordable housing continue. The supply of rental housing subsidy vouchers to support new developments remains insufficient. High costs and interest rates are creating unexpected financing gaps, which lead to delays in initiating projects and completing construction. Resources are scarce for organizations trying to preserve and operate aging affordable housing portfolios. Similarly, there is difficulty in consistently funding organizational capacity when developer fee income is postponed and reduced by construction delays and rising costs.

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

Coming Together to Understand Impacts of Climate Change

It has long been clear that climate change exacerbates existing social and economic inequalities, disproportionately affecting marginalized communities that are more likely to live in affordable housing. As the frequency and severity of natural disasters increases, insurance premiums for properties in high-risk areas are also rising. Energy costs are likewise skyrocketing in the Bank's district. These trends can make both renting and owning less affordable, particularly for low- and moderate-income individuals and families who may struggle to afford higher insurance and energy costs.

More than 18 million rental units across the U.S. are exposed to climate- and weather-related hazards, according to the [latest](#) American Rental Housing Report from Harvard University's Joint Center for Housing Studies. Across the Bank's district, rising insurance premiums and policy non-renewals are making building and operating affordable housing projects exponentially more difficult. Moreover, these issues are creating new risks for those in desperate need of affordable and resilient housing options, including vulnerable and housing-insecure people and for underserved, often Black and Brown, communities.

On the Ground in the 11th District: Some Momentum and Some Setbacks

Pursuing Creative Local- and State-Level Solutions in Arizona

In Arizona, 34% of the population are renters. The state saw a 41% increase in eviction filings between 2022 and 2023, while 2023 also saw the second highest level of eviction filings in Maricopa County since 2000. Arizona also continues to face one of the worst homelessness crises in the nation, with a 30% increase in homelessness since 2020. The state has the fourth highest rate of unsheltered homelessness, with almost 54% of unhoused people sleeping outside or in other areas not meant for habitation.

Home prices increased dramatically in the years after the pandemic and have remained high. In the Phoenix MSA (Metropolitan Statistical Area), 23% of sales were paid for in cash in June 2023, and 26% of the housing stock in the region was either seasonal or investor owned as of February 2023.

To address these issues, housing professionals and policymakers are discussing how to make building housing easier, especially affordable rental units. Efforts to find creative solutions have occurred at all levels — local, city, and state. Many of the solutions at the city and state levels are around zoning changes, a hot topic since last year's controversial failed senate bill that would have limited cities' ability to restrict multifamily housing. This year's bills are not as wide sweeping, but rather try to address specific issues in zoning codes that can limit what is built. For example, SB 1415 would require cities with more than 75,000 people to allow backyard homes, while HB 2374 would forbid cities from requiring parking minimums for some new housing projects, which would lower costs. HB 2815 would streamline approvals for housing development on land owned by religious groups, similar to recently approved California legislation.

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

Cities have also worked to make some changes to their processes to help increase housing stock and affordability. The City of Tucson has been a leader in local legislation allowing backyard homes (casitas), which passed in 2022. The City of Phoenix will implement a new approval process in April, which will allow administrative approval for final plans without a review from the city council; the hope is that developers can save time, avoid delays, and keep prices lower. Local actors are also partnering around housing solutions. For example, the City of Bisbee is creatively partnering with nonprofits and the private sector to buy dilapidated homes, renovate them, and then sell them at 20% below market rate.

Arizona's FY2023 annual budget included an historic investment of \$150 million for the State Housing Trust Fund (HTF), a contribution that has long been sought by housing advocates and is the largest ever. The Arizona legislature created a new \$60 million Homeless Shelter and Services Fund to provide new homeless facilities and supportive services to counties impacted most by homelessness, and it invested \$1.6 million in improving homeless outreach and management.

Arizona Department of Housing (ADOH) chose to apply its 2024 LIHTC allocation to 2023 to address increasing costs and bring new units online more quickly. ADOH also increased rural housing funding awards in the state, including funding two projects in tribal communities. Rural projects benefitted from pairing the State Tax Credit with 9% tax credits, gap financing available for rural areas, and changes to tax credit program guidelines. Changes to program guidelines also lead to an increase in non-competitive 4% tax credits, from \$166 million in FY2022 to \$504 million in FY2023. In 2024, the proposed FY2025 budget from Governor Katie Hobbs extends the State Tax Credit established in 2022 for eight years, while also increasing credits available from \$4 million to \$8 million.

Arizona's exploding homeless population includes a significant number of seniors living solely on Social Security income and struggling to afford a stable place to call home as they age-in-place. In Maricopa County, data indicates that 2,000 people experiencing homelessness in 2023 were 55 and older. Arizona members of the Advisory Council are pleased that, in its 2023 AHP General Fund competition, FHLBank San Francisco awarded \$1 million grants to two affordable senior projects, one in Prescott County and one in Flagstaff, to collectively create 142 new units of senior housing.

Encouraging Pro-Housing Coalitions in California

Both rents and home prices in California are among the most expensive in the nation. California has the highest wage needed to afford a market rate two-bedroom apartment rental in the U.S., and the state has one of the highest rates of homelessness. According to one estimate, California would need to build 3.5 million housing units by 2025 to end its housing shortage. The shortfall contributes to rising rents and home prices, denying many families access to homeownership and forcing others to leave the state.

Of significant concern is that while renters of all ages are struggling to afford housing costs, unaffordability worsens as they age. About six out of 10 older renter households are cost burdened, with four out of 10 severely burdened. Women aged 75 and older who are living alone are severely impacted and at especially high risk of housing instability, with 72% rental cost burdened and 51% paying more than half of their income for housing.

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

As interest rates continued to climb and home prices stayed relatively flat, first-time homebuyer affordability gaps grew last year. Only 18% of all Californians earned the minimum income needed to purchase a home in 2023, down from 21% in 2022. Also troubling, less than 10% of Black and Hispanic/Latino households could afford to purchase a median-priced home in California in 2023, a decrease from 11% in 2022, compared to 21% of white households and 28% of Asian households who were able to afford a median priced home.

The significant disparity in housing affordability for Black and Hispanic/Latino households illustrates the homeownership gap and wealth disparity for communities of color, which could worsen should the economy slow and rates remain elevated in 2024, according to the California Association of Realtors.

In this environment, downpayment assistance programs continue to be an important tool for bridging the gap of affordability for first-time homebuyers, along with reduced interest rate products and closing cost assistance are also key to opening up first-time homebuyer opportunities.

Insurance premium hikes of 350% and more over the prior year are causing great difficulty across the board, including for developer-guarantors. There are growing concerns that some asset types, such as single-room occupancy properties, will not be able to get insurance in the future at any price. While new production is critical to addressing the state's housing supply crisis, existing affordable housing is falling into disrepair and/or in danger of converting to market rate housing. Without sufficient rental subsidies available, otherwise shovel-ready affordable projects, including permanent supportive housing, simply cannot advance.

Aided by an emerging coalition of developers, "YIMBY" activists, and, importantly, California's unionized carpenters, 2023 saw a welcome pro-housing shift at the state level. A meaningful slate of legislation passed, primarily aimed at supercharging production of new housing stock. Senate Bill 4, the Affordable Housing on Faith Lands Act, allows religious organizations and nonprofit colleges to develop affordable housing on their property under a streamlined process. Potentially, over 171,000 acres could be opened for development. Senate Bill 423 extends provisions of previous Senate Bill 35 and allows fast-track development of affordable housing and reasonable labor standards for new housing development. ACA 1 lowers the voter threshold from two-thirds to 55% for affordable housing bond measures, and it will be on the ballot for final voter approval in 2024.

Statewide, Proposition 1, championed by Governor Gavin Newsom, has passed. The controversial measure aims to finance some 11,000 treatment beds and housing units with health care and social services for homeless people suffering from mental illnesses and addiction.

California Tribal Nations advocated for passage of Senate Bill 18, which would have created a grant program tailored to tribal needs and governance. Vetoes by Governor Newsom, the bill will be pursued again in 2024. In the meantime, we are hopeful that California's \$600,000 share of FHLBank San Francisco's new \$1 billion capacity-building and infrastructure-focused Tribal Nations Program will help spur new affordable housing development. Although there is some voter fatigue in California, 2024 is an election year with opportunities to generate more funding for housing through a variety of new ballot initiatives.

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

The good news in California's 2023-2024 budget is that it included over \$1 billion in funding for housing priorities, including adaptive reuse of underutilized commercial spaces, infrastructure for infill housing, the state's housing tax credit program, and the Multifamily Housing Program.

Unfortunately, Governor Newsom's 2024-2025 budget faces a projected \$38 billion deficit, and his proposed budget would cut funding for core housing production and preservation programs by \$900 million. According to Enterprise Community Partners, the proposed budget cuts, in addition to not continuing funding for programs at the FY 2023-24 level, will reduce the annual construction of new affordable homes by one-third — stalling an estimated 6,400 affordable homes. As a result, tens of thousands of Californians will remain without homes, communities will lose jobs and economic opportunity, and the state will forgo over \$1.6 billion in federal housing resources.

Protecting Renters and Homeowners in Nevada

Nevada has the highest percentage of extremely low-income renters who are severely cost burdened, meaning the renter pays more than 50% of income on rent and housing expenses, in the country. The state has no comprehensive plan to address this issue. The gap between median income levels and housing costs has widened, leading to more individuals and families experiencing housing insecurity or homelessness. Though Nevada's severe housing crisis isn't new, skyrocketing rents since 2020 combined with limited housing stock have exacerbated the problem.

Policymakers are also concerned that out-of-state investors are driving up costs, shutting out Nevada homebuyers, evicting at higher rates, and not managing the properties — all of which are lowering values and destabilizing the overall market. Nevada Senator Jackie Rosen and U.S. Representative Steven Horsford (whose district includes North Las Vegas, where most corporate-owned single-family rental homes in Clark County are located) have introduced the Housing Oversight and Mitigating Exploitation (HOME) Act in the Senate and House, respectively, to address the problem nationally.

Local government taxing authority is limited in Nevada, which makes it very difficult for local jurisdictions to provide new or additional incentives to develop affordable housing. Gap financing is also limited and impacts the number of projects that can receive financial support each year. This is especially evident in counties outside of Clark County and will limit the development of new housing.

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

Land availability is also a challenge. However, there is growing recognition throughout the state that the Bureau of Land Management, which owns substantial acreage, must release more land in key areas for affordable housing development. Additionally, several jurisdictions in northern Nevada are considering how to streamline the approval of affordable housing along with how to address regulatory challenges to help more affordable housing projects move forward.

Funding awarded through the American Rescue Plan will contribute to the creation or renovation of about 3,000 units of affordable housing. The Nevada legislature passed AB 310, the first funding from the General Fund earmarked by the state for supportive housing, and AB 528, which creates funding for certain projects aimed at combatting homelessness and assisting people experiencing it. In 2023, Clark County provided \$80 million in Community Housing Funds (CHF) to support affordable and permanent supportive housing and is expected to award up to \$70 million in CHF in 2024. Clark County is also working toward establishing the Welcome Home Community Land Trust to support low- and moderate-income first-time homebuyers in 2024 and 2025.

The State Qualified Allocation Plan added a Tribal Set Aside for 2025 to encourage more applications from tribal nations. Within Washoe County, jurisdictions are exploring alternative ways to encourage affordable housing in neighborhoods throughout the Truckee Meadows.

FHLBank San Francisco's early investment in the Nevada Housing Coalition and 2023 launch of an AHP Nevada Targeted Fund are critical supports for increasing the supply of affordable housing and access to sustainable homeownership in the State of Nevada.

Investing in Communities Throughout the Region

Our Advisory Council commends the Bank for rigorous administration of its annual statutory Affordable Housing Program (AHP), which includes [the AHP General Fund](#), [the new AHP Nevada Targeted Fund](#) and [the WISH homeownership set-aside program](#) and the Community Investment Cash Advance credit programs. In 2023, the Bank's AHP General Fund awarded more than \$28,049,000 to create or preserve 2,595 units of affordable housing, while the AHP Nevada Targeted Fund awarded \$4,870,000 for 281 units. The WISH Program disbursed \$9,698,039 in matching grants to help 376 families and individuals become homeowners.

We applaud the Bank's innovative and voluntary initiatives and programs designed to make our communities more vibrant, equitable, and resilient. In our high-cost district, the Bank provided additional financial support to the [Nevada Housing Coalition](#) and allocated \$10 million to a [new Middle-Income Downpayment Assistance](#) pilot program that is making homeownership possible for families and individuals struggling to save for a downpayment. Launched in May 2023, all pilot program grant funds were disbursed to 216 households by October.

We are also pleased that last year the board allocated \$4 million for the non-mandated [AHEAD economic development grant program](#), now entering its twentieth year of boosting innovative initiatives aimed at bringing new opportunities to underserved populations and awarded grants of up to \$100,000 to 75 projects across the district.

We also appreciate how the Bank is [advancing racial equity](#) across the board through various efforts, such as a \$1.5 million Racial Equity Accelerator research collaboration with the Urban Institute; a four-city series of Homeownership Solutions Summits that resulted in a package of recommendations for systemic change; the

Report from the Chair

of FHLBank San Francisco's Affordable Housing Advisory Council

education-focused voluntary Empowering Black Homeownership matching grant program, which awarded \$780,500 to match donations made to Housing Counseling Agencies serving communities of color; and a [new \\$1 million Tribal Nations capacity-building and technical assistance grant program](#).

There is no doubt that FHLBank San Francisco is making an impact locally, regionally, and nationally.

Funds available to build desperately needed affordable housing, make sustainable homeownership possible, and fuel economic development are persistently in very short supply. Our Advisory Council is proud to represent diverse stakeholders, constituents, and communities as we help to guide how the Bank deploys resources for affordable housing and economic development. FHLBank San Francisco's substantial contribution to pursuing our mutual goals is directly tied to its ability to meet the liquidity needs of its diverse membership, day-in and day-out, in all economic cycles.

I am pleased to report that the Bank's 2023 earnings are enabling a significant \$63.4 contribution to its 2024 AHP, with \$13 million of that statutorily defined amount allocated to the WISH first-time homebuyer program. In addition, the Bank will again make \$4 million available for AHEAD grants, and it will double the previous year's funding for Middle-Income Downpayment Assistance grants to \$20 million. In 2023 the Bank also renewed the successful Empowering Black Homeownership matching grant program with double the initial funding, from \$1 million to \$2 million. Critical to the success of these efforts is the enthusiastic participation of the Bank's member financial institutions, primarily local lenders for whom these programs are an additional benefit of membership in the cooperative.

In Closing

It is with sadness that I share that the Advisory Council and San Francisco's affordable housing community recently lost a key contributor, Maurilio León, respected and beloved leader of the Tenderloin Neighborhood Development Corp. Family, friends, and colleagues are grieving his sudden passing. Caring, thoughtful, and humorous, Maurilio was a passionate advocate for vulnerable people and disadvantaged communities and a well-respected leader in the affordable housing and community development space. His work has had a tremendous impact, and we all feel very fortunate to have had Maurilio at our table. His valuable contributions and strong voice will be greatly missed.

In moving forward, the Advisory Council will continue in the spirit of Maurilio and make space for fellow advocates who share a passion for making affordable housing a reality for all. I am pleased to welcome Maryann Beerling, CEO of Compass Affordable Housing, Inc., Mee Heh Risdon, Director of Housing at A Community of Friends, and Andrea Whitsett, executive director of Arizona State University's Morrison Institute for Public Policy, to the Advisory Council and we look forward to benefiting from their expertise and the contributions they will make to our work.

Respectfully submitted,

David Paull

Chair

FHLBank San Francisco

Affordable Housing Advisory Council

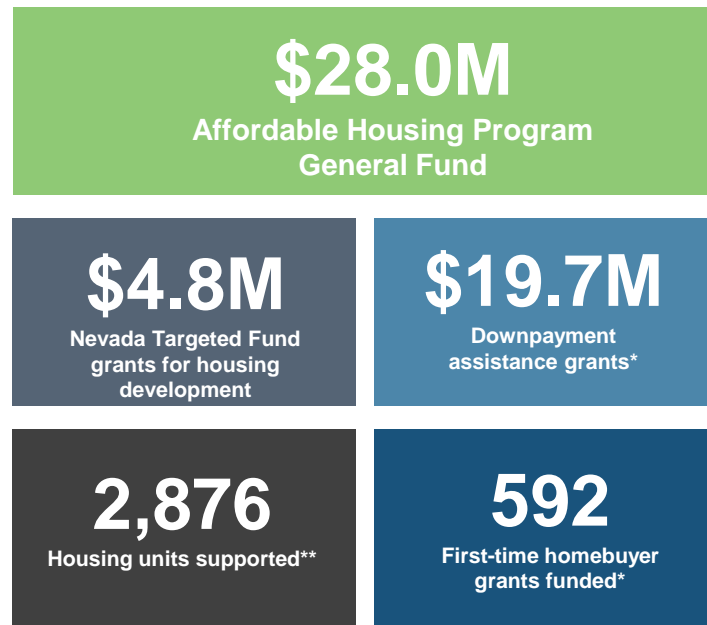
Addressing Housing Needs

With our congressionally mandated Affordable Housing Program (AHP), the Federal Home Loan Bank System is one of the largest privately capitalized sources of funding to create, preserve, and purchase affordable housing in the United States.

The 10% of annual net income that we contribute to our AHP each year directly reflects the volume of business that our member financial institutions do with us throughout the year, using our advances and other financial products to enable their own lending activities.

In 2023, to further FHLBank San Francisco's mission of partnering with our members to make the communities we collectively serve more vibrant, equitable, and resilient, our board of directors voted to voluntarily allocate up to an additional 5% of the Bank's annual net income to funding homeownership and economic development grants and other initiatives that enrich people's lives and revitalize communities.

2023 by the Numbers



As of December 31, 2023

*Includes WISH and Middle-Income Downpayment Assistance disbursements.

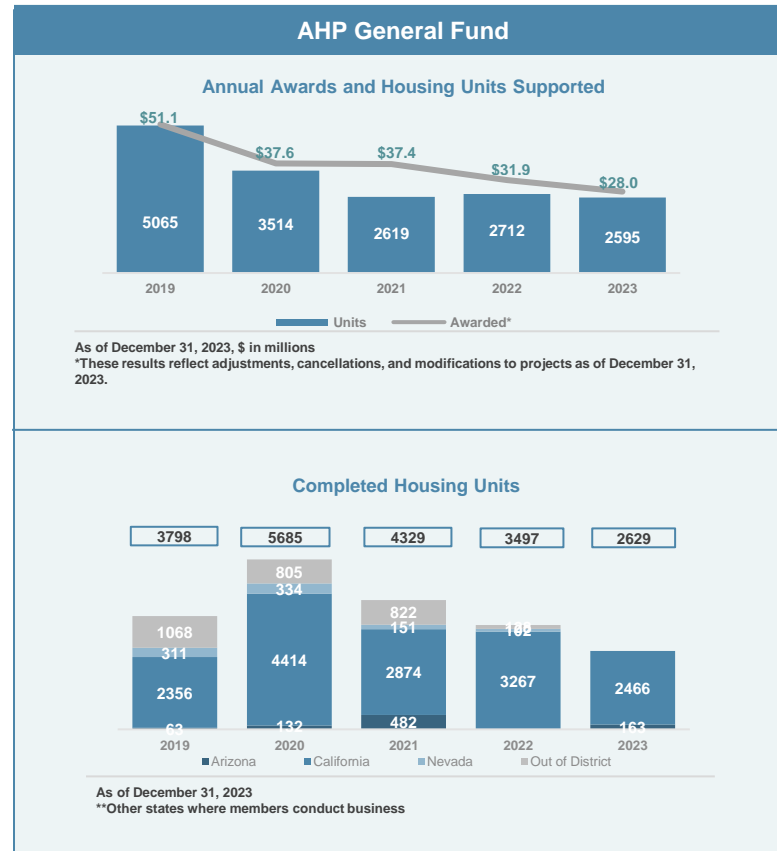
**Includes General Fund and Nevada Targeted Fund housing units.

Affordable Housing Program General Fund

Home matters. An affordable place to call home increases the financial security of a young family just starting out, an individual who needs a little support to start over, or a senior who wants to safely age-in-place. For many lower-income households, access to quality, affordable housing in a safe and healthy neighborhood is the foundation for a brighter future.

FHLBank San Francisco's Affordable Housing Program (AHP) helps expand access to affordable housing for those who need it most. By statute, the Bank sets aside 10% of net earnings each year to fund this program. Our AHP consists of the competitive General Fund, open to affordable housing projects in Arizona, California, Nevada, and other areas where our members do business, the competitive Nevada Targeted Fund, which specifically funds affordable housing projects in Nevada, and the WISH first-time homebuyer matching grant program.

AHP General Fund and Nevada Targeted Fund grants are awarded annually through a competitive application process to Bank members working in partnership with housing developers and community organizations. [Learn more.](#)



Member Impact Spotlight

Clearinghouse CDFI Brings Hope to Unhoused in Los Angeles

Washington View Apartments in Los Angeles is a much-needed affordable housing project that nearly stalled before the action of Clearinghouse CDFI. Membership with FHLBank San Francisco enabled this Community Development Financial Institution to deliver a \$1 million Affordable Housing Program (AHP) grant awarded by the Bank to fill a large financing gap and keep the project moving toward a successful opening.

Developed by WPH Holdings, LLC, in partnership with Las Palmas Housing, Washington View Apartments is a vital multifamily affordable housing community. Once home to a chapel, warehouse, and parking lot, the property now features 122 affordable homes for seniors – including 94 one-bedroom units, 26 studios, and a pair of 2-bedroom homes. The majority of units, 91 in total, are reserved for formerly unhoused residents.

For resident Richard Duvalier-Houseman, who remembers sleeping in a tent just across the street, this project is life changing. Richard was a high-rise security guard in San Francisco for 28 years before being diagnosed with a degenerative bone disease. Disabled, he had no financial cushion or nearby family to fall back on. His brand-new apartment is decorated to reflect his “very colorful” personality and, since finding a home at Washington View, which offers residents case management and adult education classes, he’s reconnected with a large extended family on Facebook.

In addition to the AHP grant, this project received financing from the California Tax Credit Allocation Committee, CREA (LIHTC), Los Angeles Housing Department, Bank of Hope, Fannie Mae, and Clearinghouse CDFI.



Rep. Sydney Kamlager-Dove (D-Los Angeles) cuts the ceremonial ribbon.



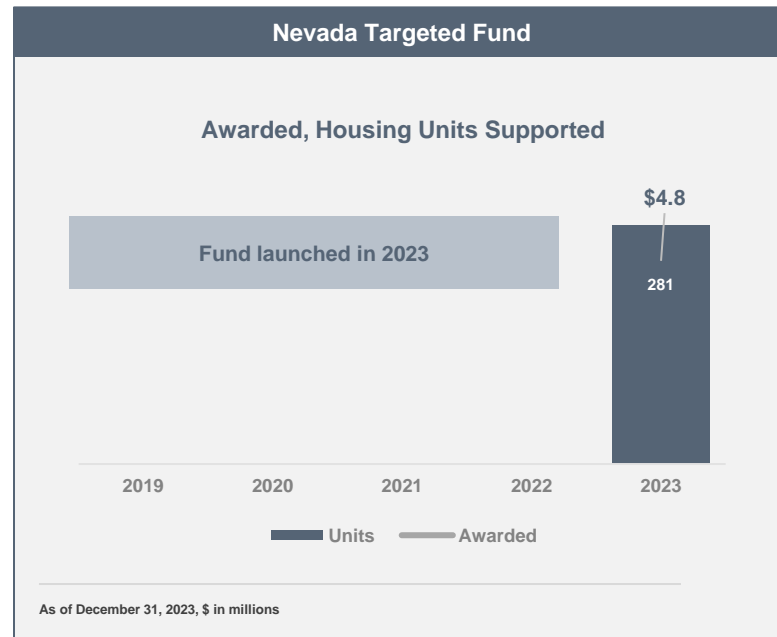
“We are grateful to FHLBank San Francisco as we work to increase the desperately needed supply of affordable housing.”

– Douglas Bystry, President and CEO, Clearinghouse CDFI

AHP Nevada Targeted Fund

2023 was the inaugural year for our AHP Nevada Targeted Fund. According to the National Low Income Housing Coalition, Nevada tops the national list as the state with the highest percentage (21%) of extremely low-income households, earning 30% or less of the Area Median Income, who are severely cost burdened – meaning the household spends more than 50% of its income on housing costs, including utilities. To tackle this persistent issue, FHLBank San Francisco engaged in constructive dialogue with Senator Cortez Masto and other state leaders to launch the Nevada Targeted Fund, a first-of its-kind fund in the FHLBank System. Our AHP Nevada Targeted Fund is a critical component of the Bank's Affordable Housing Program (AHP) and represents a significant commitment to addressing Nevada's housing crisis.

In the 2023 funding competition, we awarded \$4.8 million to six important projects proposing to build or rehabilitate 281 units of affordable housing throughout Nevada.



Member Impact Spotlight

Pacific Premier Bank Encourages a Spirit of Resilience at Marvel Way

The Empowerment Center (TEC) in Reno is a residential substance abuse treatment center where clients and staff turn around lives devastated by drugs and alcohol. Completing the intensive five-month recovery program is a tremendous accomplishment, but one at risk when graduates are challenged to find a safe, affordable home.

TEC's Marvel Way Apartments provide individuals in recovery, and their families, with long-term permanent housing and critical support services on-site. The first project of its kind in Nevada, it received a \$420,000 Affordable Housing Program (AHP) grant through FHLBank San Francisco member Pacific Premier Bank.

At Marvel Way, all 42 units are restricted to households earning up to 50% AMI, with some units affordable to those earning closer to 30% AMI. Nine units are reserved for formerly unhoused individuals and subsidized by Reno Housing Authority rental vouchers.

“We are grateful for the opportunity to partner with TEC to help recovering individuals and their families through affordable housing initiatives.”

– Sherri Scott, Senior EVP and Chief ESG & Corporate Responsibility, Pacific Premier Bank

Marvel Way allows people like Noelle to be part of a community that understands her journey and is kind to and protective of her kids. She wants her kids to perceive that recovery is about resilience, not shame. “This is our safe place. Everyone here is their friend, and someone they can trust,” she says. “Seeing people who are doing their best — that’s a value I want them to see.”



WISH First-Time Homebuyer Program

Another important component of the Bank’s statutory Affordable Housing Program (AHP), WISH grants provide first-time homebuyers with funding for downpayment and closing costs. Recognizing homeownership as a primary way for families to build intergenerational wealth in America, our WISH program helps aspiring homeowners overcome the biggest financial barriers to achieving sustainable homeownership.

Recent research from the Urban Institute shows that initiatives such as WISH are uniquely successful strategies to increase access to homeownership and aid in closing the Black/White homeownership gap.

In 2023, we allocated \$12.5 million to our WISH program and 41 of the Bank’s member financial institutions signed on to assist eligible low- to moderate-income first-time homebuyers by delivering 4-to-1 matching grants, up to the annual Federal Housing Finance Agency maximum subsidy of \$29,172.

Since the first homebuyer – a single mother in Tucson – received a first-time homebuyer grant through our downpayment assistance program, the Bank’s participating members have delivered more than \$149 million in matching grants, opening the door to homeownership for nearly 9,800 low- and moderate-income families.

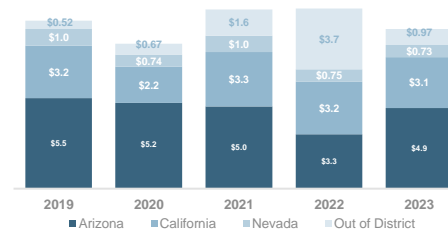


"Saving for an initial downpayment is one of the greatest barriers to entry for first-time homebuyers. Through our WISH matching grant program, our goal is to help buyers overcome that hurdle and set them on a path to building equity faster."

– Teresa Bryce Bazemore, President and CEO, FHLBank San Francisco

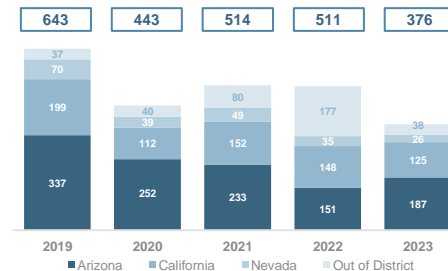
WISH Downpayment Assistance Grants

Downpayment Assistance Grants by State



As of December 31, 2023, \$ in millions
 **Other states where members conduct business

First-time Homebuyer Recipients by State



As of December 31, 2023
 **Other states where members conduct business

Member Impact Spotlight

TruWest Credit Union Makes Homeownership Attainable



“TruWest Credit Union is thrilled to partner with FHLBank San Francisco to provide WISH grants to low- and moderate-income first-time homebuyers,” said Alan Althouse, TruWest President and CEO.

Since 2013, TruWest Credit Union has partnered with FHLBank San Francisco to provide WISH Program downpayment assistance, in the form of 4-1 matching grants to low- and moderate-income first-time homebuyers.

And TruWest doesn't do it moderately. Over our decade-long collaboration, TruWest has been able to assist more than 730 families buy their first home, facilitating delivery of nearly \$14 million in downpayment assistance and originating over \$131 million in first mortgages for WISH grant recipients, the majority of which are kept on the credit union's books.



“I wanted a house that I could call my own. Nobody thought I was going to be able to do it. I am blessed and very grateful.”

– Susie Zavala, WISH grant recipient in Mesa, Ariz.



Voluntary Grants – Empowering Black Homeownership

Before the passage of the Fair Housing Act in 1968, which addressed redlining and other discriminatory practices, the gap between Black and White homeownership rates was 27 percentage points. By 1970, the gap had narrowed to 23.8%. But today, it has climbed to 30%, even higher than in 1968.

In 2023, FHLBank San Francisco renewed our groundbreaking Empowering Black Homeownership grant program with a \$2 million commitment for matching grants aimed at expanding the capacity of HUD-approved housing counseling agencies (HCAs) to serve more aspiring and at-risk homeowners in communities of color. This funding represents a 100% increase over the program's inaugural year funding in 2022. With participation by the Bank's member institutions in Arizona, California, and Nevada, the 2023-2024 program has the potential to deploy up to \$4 million to increase Black homeownership and help bridge the racial wealth gap.

The \$1 million 2022 program was fully subscribed. Our members were eligible to request a dollar-for-dollar matching grant of up to \$125,000 per member for donations to HCAs serving the communities where they do business. The HCAs can use the funding for a variety of HUD-eligible activities, including staffing, marketing, and pre- and post-purchase counseling.



“NHS has witnessed countless lives transformed by the FHLBank of San Francisco’s commitment to supporting affordable homeownership. We’re thrilled the Empowering Black Homeownership initiative is being renewed and we know it will continue to help Black families and individuals succeed in achieving future homeownership. We know the key to generational wealth building is to own a home affordably. We welcome the commitment of the Bank and its members to helping communities of color flourish through empowerment and opportunity.”

– Lori Gay, President and CEO, Neighborhood Housing Services of Los Angeles County and member of FHLBank San Francisco’s board of directors

Member Impact Spotlight

Tri Counties Bank Makes Homeownership Possible for Underserved Communities

Tri Counties Bank was an early participant in FHLBank San Francisco's Empowering Black Homeownership program, aimed at helping HUD-approved Housing Counseling Agencies (HCAs) expand capacity to serve more aspiring and at-risk homeowners in communities of color. The program matched Tri Counties commitment to donate \$100,000 to local HCAs dollar-for-dollar, enabling the community bank to distribute a total of \$200,000 in \$50,000 grants each to four within their footprint: Greater Sacramento Urban League, Self Help Enterprises, Community Housing Development Corporation, and San Francisco Housing Development Corporation.

The \$50,000 grant that Self-Help Enterprises received through this initiative led to an expanded partnership and the launch of a new downpayment assistance program designed to support low- and moderate-income homebuyers in Stanislaus, Merced, Madera, Fresno, Tulare, and Kern Counties, seeded with \$150,000 in funding from Tri Counties Bank and coordinated through Self Help Enterprises.

Qualified low- and moderate-income borrowers can apply to receive up to 3% of the purchase price of their future home, up to \$10,000, in downpayment assistance loans, which will have a term of five years with zero percent interest and qualify for forgiveness if terms are met.

Tri Counties Bank is committed to working with aspiring and at-risk homeowners to make their dreams a reality and will finance the home mortgages associated with this program to help create a path toward sustainable homeownership and intergenerational wealth for the Valley's Black families.



"We are fortunate to have FHLBank San Francisco as a partner in our efforts to increase homeownership for Black Americans across California. As a community bank, we are focused on providing the right home lending solutions for our customers and this partnership helps us to expand our capabilities."

– Rick Smith, President and CEO

Homeownership Solution Summits: Closing the Racial Equity Gap

Built on the collective efforts of more than 150 participants – mortgage finance, industry innovators, business executives, government officials, builders, affordable housing, and sustainable homeownership advocates, FHLBank member institutions, and other stakeholders, the Bank's "[Closing the Racial Equity Gap: A Call to Action](#)", published in November 2023 as a direct outcome of our Homeownership Solutions Summit series, is an historic first for a Federal Home Loan Bank. True to its title, this report is a call to action, featuring a package of recommendations for updating the housing ecosystem to close the racial homeownership and wealth gaps.

"The inequities entrenched in the homebuying process cannot be eradicated by a single entity or a single solution. To make meaningful change in the industry, we must bring all stakeholders together to consider the options and formulate approaches that make the most of the expertise at hand. Our Summits provided an opportunity for discussion and collaboration, and we now have pages of practical and sustainable action items that, together, can help people of color gain equal access to homeownership and wealth-building."

– Teresa Bryce Bazemore, President and CEO,
FHLBank San Francisco

The Homeownership Solutions Summit series and resulting recommendations are part of a continuum of FHLBank San Francisco initiatives focusing on advancing racial equity.

Among the recommendations:

- Expand mandatory financial education and begin teaching personal finance basics in grade school.
- Broaden the reach of downpayment assistance programs to include buyers who earn more than 80 percent of area median income.
- Encourage the widespread adoption of novel or modern building practices that can bring down costs without sacrificing safety or comfort.
- Provide support to elected officials in favor of higher-density zoning and less-restrictive land-use ordinances.
- Modernize credit scoring to bring more creditworthy borrowers into the housing finance system.

Highlights of 2023 Homeownership Solutions Summits

Convening stakeholders from across the housing and mortgage finance industries, along with community and political leaders, these events explored public and private collaborations to better address the urgent demand for affordable housing and homeownership opportunities.

Reno Summit

In Reno, Nev., regional experts gathered to address homeownership challenges within the state, with a specific emphasis on breaking down structural barriers in the mortgage finance industry and exploring challenges and opportunities of downpayment assistance programs. The benefits of financial literacy were also a key focus, with participants discussing how Nevada became one of the first states, in 2017, to require financial education be available to students starting in the third grade, and how the tools they use in this effort might be adapted by others.

[Learn more.](#)



“A strong foundation of financial literacy, from budgeting to investing, is one of the first steps in helping the next generation of Nevadans achieve homeownership. The conversations are critical to rebuilding Nevada’s economic landscape, and I applaud FHLBank San Francisco for bringing together people who are ready to make a change.”

– Wally Murray, former President and CEO,
Greater Nevada Credit Union

Highlights from Summits (cont.)

Phoenix Summit

In Phoenix, Ariz., public officials, academics, construction industry experts, affordable housing practitioners, local lenders, and other stakeholders agreed that strategies and investments to create new opportunities for quality jobs must be a critical part of the equation for increasing homeownership. Participants considered how establishing pathways to well-paying construction-related jobs through programs like apprenticeships can empower individuals from underserved communities to move into growth industries, ultimately increasing their chances of achieving sustainable homeownership as they contribute to building housing stock where it is most needed.

The gathering also explored solutions for foreclosure prevention, since financial tools designed to help homeowners keep their homes in the face of temporary hardships could also make mortgages less risky for lenders, insurers, and investors. Mortgage reserve accounts, which were a particular focus of our Racial Equity Accelerator research collaboration with the Urban Institute, are one of the innovative solutions the gathering considered most promising for helping homeowners overcome temporary hardships and get back on track with their mortgage payments, instead of falling into foreclosure.

[Learn more.](#)



“By providing robust apprenticeship and vocational programs, investing in younger generations, and supporting rehabilitation initiatives, we can broaden the pool of qualified job candidates, bringing us closer to achieving and maintaining homeownership. By nurturing talent and equipping individuals with the skills they need to succeed, we can ensure everyone has an equal opportunity to achieve their housing goals.”

– Joan Serviss, Director, Arizona Department of Housing

Urban Institute Research Partnership

FHLBank San Francisco launched the Racial Equity Accelerator for Homeownership collaboration with Urban Institute to focus research on areas ripe for innovations that can help advance homeownership equity. The Bank is proud to support groundbreaking research that adds relevant data and insights to the search for scalable solutions to address the decline in Black homeownership rates, which has further widened the racial wealth gap over the past six decades.

In 2023, the Accelerator researched initiatives with the potential to preserve homeownership for homeowners experiencing short-term financial challenges, such as mortgage reserve accounts. These accounts and other potential solutions are discussed in [Using Mortgage Reserves to Advance Black Homeownership](#) as a means of creating a safety net for borrowers experiencing an income or expense shock, enabling them to make their mortgage payments during a temporary financial hardship.




The fourth paper, [Harnessing AI for Equity in Mortgage Finance](#), focused on the role of Artificial Intelligence (AI) in mortgage lending, explores ways to address inherent biases in algorithms used to make credit and valuation decisions.

This partnership with Urban Institute will culminate with the “Innovations in Mortgage Financing Symposium” to be held in 2024.



Voluntary Grants – Middle-income Downpayment Assistance

Recognizing the critical need to support middle-income households in the Bank's high-cost district, in 2023 we piloted a voluntary \$10 million downpayment assistance program targeted to those earning from 80% up to 140% of area median income. Aiming to provide an innovative solution that fosters homeownership for middle-income households squeezed by high interest rates and an already high-cost housing market, this new program offers grants of up to \$50,000, delivered by participating member financial institutions, to qualifying families and individuals in Arizona, California, and Nevada who contribute at least \$10,000 toward their downpayment.

	Homebuyers	Grant Totals
	58	\$2.375M
	125	\$6.232M
	33	\$1.393M



"The dream of homeownership remains critical to building generational wealth yet continues to be elusive for so many. This program is an important step in directing vital resources to those who make up the 'missing middle' so they can secure a brighter, more financially stable future. Fostering homeownership is core to our mission, and we believe enabling more middle-income earners to move from renting to owning has the benefit of increasing the supply of affordable rental options in our region."

– Teresa Bryce Bazemore, President and CEO, FHLBank San Francisco

Member Impact Spotlight

Greater Nevada Credit Union Makes Dreams Come True for Middle-Income Families

FHLBank San Francisco member Greater Nevada Credit Union (GNCU) and its home mortgage arm, Greater Nevada Mortgage (GNM), are big contributors to the state. They are passionate about homeownership and dedicated to helping their members “Live Greater.”

Justina Yellowhair, currently a stay-at-home mom studying for her doctoral degree, and her husband Sonny, an automotive technician, were in a bind when they learned that the house they’d been renting for seven years was going to be sold and they, with their four children, would have to move. The family had a small inheritance and some savings, and, with rents ballooning in their area, Justina decided to look at the possibility of buying a home.

Her first few calls to lenders were discouraging, “I felt like I did everything I was supposed to do, but it felt like buying a home was just so out of reach,” Justina says. Until, late one Friday afternoon, she reached a loan officer at GNM, who told Justina that she might qualify for a \$50,000 Middle-Income Downpayment Assistance grant from FHLBank San Francisco. “It was like all the stars aligned for us,” Justina says.



“There is nothing that compares to getting someone into their first home, and that’s our focus every day. We knew the Middle-Income Downpayment Assistance program would significantly impact many families, and it was thanks to the FHLBank of San Francisco that we were able to help 20 Nevada homebuyers access \$1 million in grants to own their first home.”

– James Anderson, President, Greater Nevada Mortgage

Voluntary Grants – Nevada Housing Capacity Program

FHLBank San Francisco is intently focused on being part of the solution to Nevada's ongoing affordable housing crisis. Of the states in the Bank's district, Nevada has the fewest number of nonprofit organizations and the lowest total nonprofit assets focused on housing, depressing the number of successful grant applications submitted for affordable housing funding programs.

To ensure there would be a wider pool of applicants submitting competitive applications in our AHP funding competitions, we provided seed funding for the nonprofit Nevada Housing Coalition (NHC), first with a 2020 AHEAD grant, and then in 2022 we awarded the organization a \$500,000 grant to increase the coalition's capacity.

With this funding, NHC launched Elevate Nevada, a collaborative program designed to expand capacity for affordable housing development within the state by offering a Supportive Housing Academy, Affordable Housing Development training workshops, Project Catalyst grants, and a mentorship program to better position developers throughout the state to secure and deploy affordable housing dollars.

Encouraged by the success of the Elevate Nevada program, the Bank's board of directors approved another \$350,000 grant for NHC in 2023. This funding provides continued support for the nonprofit's efforts to create sustainable solutions through community awareness, capacity building, and advocacy, with the specific goal of growing the state's affordable housing ecosystem and increasing the state's affordable housing project pipeline.

We are seeing the results from this investment as Nevada's affordable housing developers submitted successful applications for grants in the 2023 AHP Nevada Targeted Fund competition.



"With our partnership with FHLBank San Francisco, we are working tirelessly to create sustainable solutions that will ensure all Nevadans have access to the housing options they deserve."

– Maurice Page, Executive Director
of the Nevada Housing Coalition

Voluntary Grants – Tribal Nations Program

Because Tribal Nations throughout our district are particularly under-resourced when it comes to affordable housing development, in 2023 the Bank’s board of directors approved \$1 million in voluntary grant funding to address tribal affordable housing needs identified in the Bank’s Targeted Community Lending Plan.

The Tribal Nations Program funding has been committed to the California Coalition for Rural Housing, which will partner with the Arizona Housing Coalition, the Northern Circle Indian Housing Authority, Pala Housing Resource Center in California, and the Nevada Housing Coalition to deploy the funds for training and technical assistance to aid tribes in applying for grants from the Bank’s AHP, along with other federal and state sources of funding for affordable housing.



Arizona Housing Coalition

Speaking Up for Home and Hope



NEVADA
Housing Coalition



Ongoing Support for Tribal Communities

Through partnerships with our members, tribal communities have benefitted from our annual AHP and WISH program grants, receiving over \$16.5 million in funding to support approximately 1,400 affordable housing and owner-occupied units for American Indian Alaska Native households. Our grants can be combined with other programs, such as Low-Income Housing Tax Credit (LIHTC) and HUD Indian Housing Block Grant programs.

Also, since 2004 FHLBank San Francisco members have provided \$1,040,000 in AHEAD economic development grants to nonprofits working to make a difference in tribal communities through a variety of innovative economic development initiatives.

Strengthening Local Economies



Voluntary Grants

We continually identify pressing needs within our district that we can respond to by designing new programs and initiatives that go beyond our annual statutory housing and homeownership grant programs. Our goal is to create homeownership and wealth building opportunities, with a special focus on advancing racial equity for the diverse populations that make up the communities we and our members collectively serve.

AHEAD Economic Development Grants

Our AHEAD Program is designed to ensure that people living in lower-income communities have the resources necessary to fully participate in a changing economy. We award AHEAD grants annually and funding is delivered through FHLBank San Francisco member financial institutions to advance innovative economic and community development initiatives that bring greater opportunity to underserved populations.

FHLBank San Francisco's board approved a \$4 million allocation for the 2023 AHEAD program, representing a 166% increase from the 2022 program cycle. For the first time, the maximum grant amount per recipient increased to \$100,000. This expansion demonstrates our deep commitment to fostering economic vitality throughout the communities we serve. The increase in funding delivered AHEAD grants to 75 local organizations working to boost economic opportunity in underserved communities throughout Arizona, California, and Nevada.

Our 2023 grant recipients supply vital services and support to a diverse array of underserved groups, including low- to moderate-income households, women, seniors, underserved youth, individuals with disabilities, formerly incarcerated individuals, the unhoused, and tribal organizations.

The 2023 awarded projects are targeted primarily to:

45 Supporting BIPOC

15 Supporting Women

10 Delivering Financial Education

7 Supporting Native Americans

6 Supporting Veterans

Since 2004, our voluntary AHEAD Program has awarded \$25.8 million in grants to just over 800 economic development projects in our district.



CDFI Member Impact Spotlight

Community Vision Capital & Consulting Fuels Creative Careers for Black Youth

Since 2015, Community Vision Capital & Consulting has sponsored 17 successful AHEAD grant applications delivering a total of \$616,500 to nonprofit organizations that are catalyzing economic opportunity in underserved communities, reflecting a collective effort toward inclusive growth.

One of the recent successful AHEAD applications is Honey Art Studio, receiving a \$25,000 AHEAD economic development grant to help cultivate brighter prospects for Black youth and young adults in San Francisco's historic Fillmore neighborhood. The grant helps support an innovative approach to creating economic opportunity in underserved communities.



“We all have a critical role to play in reducing and eliminating the racial wealth gap.”
– Risa Blumlein Keeper, Interim Director, Community Vision Capital & Consulting

By helping young people explore creative fields like fashion, interior design, photography, and architecture, Honey Art Studio is helping them envision alternatives beyond conventional career trajectories that can help break cycles of generational poverty. Having served over 500 individuals at its store front studio and gallery in San Francisco’s historic Fillmore neighborhood Honey Art Studio is making a palpable impact.



Quality Jobs Fund

FHLBank San Francisco's \$100 million voluntary Quality Jobs Fund investment in 2017 established a donor-advised fund administered by the New World Foundation (NWF).¹⁷ The goal of this fund is to create and maintain quality jobs — jobs that offer a living wage, a safe workplace, and benefits such as healthcare, retirement savings, and paid time off — in underserved communities throughout Arizona, California, and Nevada.

According to the New World Foundation, to date, \$88 million of the total investment has been earmarked for 22 projects that are proposing to create over 47,000 quality jobs, as well as to 14 organizations that are building capacity to support quality job initiatives over the next decade. Recipients are small- to medium-sized businesses, nonprofits, and employee-owned cooperatives, and the funding they receive can include patient capital and subordinated debt or equity.

As of 2023, the Quality Jobs Fund has disbursed \$54 million to support the creation of over 8,700 quality jobs.

NWF anticipates the next application round will take place in second quarter 2024.



Sustaining Responsible Corporate Practices



Awards and Recognition

FHLBank San Francisco Governance

As a cooperative financial services organization and government-sponsored enterprise, FHLBank San Francisco holds a unique position of trust. We reinforce that trust through our commitment to management fundamentals that ensure the Bank's safety and soundness. Our governance structure, prudent policies, and ongoing team member commitment to our dual mission ensure we remain a trusted partner for our members and community partners.

Our board of directors is a diverse, award-winning¹⁸ group of strong leaders representing our membership and the communities we serve that brings expertise and executive experience to the table that aligns with our strategy and mission. The board oversees a corporate control environment that promotes high ethical standards and creates a culture that emphasizes prompt escalation of concerns or issues in need of remediation to senior management and the board. Committees of the board focus on specific areas including:

Audit Committee – accounting and financial reporting, internal controls, legal and regulatory compliance, and whistleblower procedures.

Compensation and Human Resources Committee – compensation policies, programs, and incentives.

Risk Committee – risk management strategies, policies and practices that identify, assess, monitor, and manage risk.



[Learn more about our leadership team.](#)

[Learn more about our board.](#)

Attracting and Retaining Top Talent

FHLBank San Francisco plays an important role in building better financial futures for the people and communities our work touches. Our mission-driven work environment is a source of pride for our team members, and we are committed to accomplishing the Bank's dual mission of providing liquidity to our members and community investment. Fostering a culture of collaboration and inclusion, we focus on building connections and empowering team members at all levels through programs that encourage their personal and professional development.

Because we know that investing in our human capital is essential to our mutual success, we offer a broad range of benefits and programs that holistically meet the diverse needs of our team members.

[Learn more about working with us.](#)

Professional Development

The Bank provides development opportunities for team members at all levels of experience, encouraging meaningful professional growth and career progression. These opportunities include:

Our Mentor Program shares Bank knowledge and experience, provides exposure to different business units, and helps individuals build networks. Since its inception in late 2020, the objectives of the Bank's Mentorship Program have been to promote learning, empowerment, and achievement while enhancing development of core competencies.

For mentors, the program is a chance to share knowledge and experience and to hone leadership skills. For mentees, the program offers the opportunity to gain a broader understanding of the business and build relationships outside their specific area at the Bank.

Each year we have a new cohort of paired mentors and mentees; the format is informal and driven by the mentee's curiosity, with the primary aim of having each mentee create an actionable development plan.

LinkedIn Learning provides a vast library of instructional videos covering the latest business and professional development topics.

McKinsey Academy builds core business acumen through problem solving and strategic thinking assignments.

Pacific Coast Banking School is a three-year program that earns a graduate-level certificate in the *Business of Banking* and an *Executive Leadership Certificate* from the Foster School of Business at University of Washington.

Pilot	10
2021	36
2022	30
2023	24
Unique Participants	78

Women	Minority
38	51

Delivering Business Results and Managing Risks

We believe our team members are the driving force that delivers results to our members and enables our positive community impact. The Bank's diverse and motivated teams work together to help our members compete effectively in their markets and serve their communities.

Our team members also play a critical role in mitigating risk that occurs in the normal course of business. Through their expertise and commitment, our team members maintain regulatory compliance and uphold the Bank's safe and sound business practices.

As the Bank continues to evolve, we continually develop team member capabilities to enhance future performance – our talent management strategy ensures the right team members are ready to lead, now and in the future.

Modernizing Technology: An Ongoing Imperative

The Bank continues to leverage technology to create sustainable processes and practices that drive efficiency. We believe the strategic use of automation enables us to build stronger relationships and serve our members and communities more effectively. This approach reduces paper usage, postage expenses, and other support costs while also minimizing keystroke errors and improving speed and accuracy.

Effective and Sustainable Business Processes

For a second year, the Bank recognized and rewarded team members who improved processes at the Bank. A total of 64 team members were nominated for the 2023 President's Award, representing 21 important process improvements across the Bank.

A panel of peers comprised of team members representing all levels and teams across the Bank evaluate nominations that are scored in six categories: Creative Solutions, Collaboration, Drives Results, Efficiency Gained, Sustainability, and Strategic Mindset.

Three exceptional teams were recognized this year for going above and beyond their day-to-day responsibilities to deliver significant and sustainable improvements at the Bank.



First Place Winner

Streamlined desktop and remote access authentication

Collaborated across teams for integrated solution

Passwordless process replaced two legacy systems

Second Place Winner

Eliminated manual line-by-line review with repurposed upload

Reduced turn-time by 24 hours per cycle

Improved member experience

Third Place Winner

Replaced ad-hoc reporting with real-time dashboards

Improved business insights with drill-down functionality

Risk Management

FHLBank San Francisco is organized to achieve its risk management objectives consistent with the Federal Home Loan Bank Act and the Federal Housing Enterprise Financial Safety and Soundness Act, the rules and regulations of the Federal Housing Finance Agency (FHFA), and the Prudential Management and Operating Standards established by the FHFA.

The Bank's board reviews and approves major strategies, policies, and budgets and makes revisions as needed to ensure management implements the strategies and policies and demonstrates the ability to manage risk within the established risk appetite. The board monitors a broad set of matters that may determine the Bank's effectiveness in managing risk. These matters include, but are not limited to, the corporate culture and control environment, the organizational structure, the quality of management, compensation incentives, succession planning, and executive leadership.

Cybersecurity – Our Information Security and IT Risk and Compliance teams partner with internal and external stakeholders to address the growing threats and potential impact of cyber risk in all the measured areas. The Bank continues to deploy Zero-Trust strategies, tools, and processes to mitigate the increased volume of external threats, such as network attacks and system vulnerabilities that can be exploited by bad actors.

Information Security Champions –

The Bank's Information Security Champions program is designed to equip team members with the knowledge and tools needed to safely navigate the online and mobile world. Security Champions confidently identify red flags and tactics used by bad actors to compromise professional or personal data and safely respond to potential threats. Since program implementation in 2022, our team members have reported over 10,000 suspicious emails, augmenting the Bank's monitoring software and eliminating confirmed threats from all internal accounts.

Business Resiliency Framework – We are committed to maintaining the continuity and resiliency of the Bank's business operations during and/or after disruptive events. The Business Continuity Management (BCM) Program provides a framework for governance, roles and responsibilities, and active participation by internal departments in the implementation of the overall business continuity management.

Climate Change Risk – The Bank's Risk Division established a working group to develop and implement a Climate Change Risk Framework at the Bank, and assist in the implementation and governance of the Bank's climate change risk strategy, objectives, framework, and exposure quantification efforts, as well as to support communications with other management committees and working groups at the Bank. The working group's formation intends to strengthen the Bank's capacity to identify, monitor, measure, align, and manage risks from climate change and develop a program to help ensure the Bank's resiliency. Additionally, the working group intends to facilitate, through proactive engagement with team members, industry groups, other FHLBanks, and FHFA an active and ongoing dialogue regarding new and emerging risks related to climate change and climate-related events.

Regulatory Compliance

The Bank has established a compliance program to help ensure the Bank complies with applicable laws, rules, and regulations. The program is designed to make certain the Bank is aware of and closely monitors applicable FHFA regulations and supervisory guidance, and endeavors to respond appropriately to update applicable internal policies, procedures, and practices as necessary.

It is also designed to accommodate the Bank's size, complexity, and risk profile. The Bank's Chief Compliance Officer monitors compliance with applicable laws and provides reporting to the Board's Risk Committee regarding the adequacy of the Bank's compliance program, and any recommendations to improve the Bank's compliance posture.

Whistleblower Policy

The Bank provides communication channels for team members to report concerns, either in-person or anonymously. The Bank responds to every reported concern by following the policies and procedures applicable to the respective concern and takes appropriate action as needed, up to and including reporting significant concerns to the chair of the Audit Committee of the Bank's board of directors.

The Bank prohibits any form of discrimination or other retaliation against team members, per the Anti-Retaliation Policy, for having reported any concern, in good faith, under these procedures.

Code of Conduct

The Bank has a Conflict of Interest and Code of Conduct Policy that applies to all employees and requires team members to fulfill their responsibilities in ways that maintain confidence in the Bank and ensure the proper performance of Bank business.

All team members must follow established procedures when an actual or potential conflict of interest arises to help protect them and the Bank.

[Code of Conduct for Senior Officers](#)

Endnotes

1. Social Impact – the amount contributed by FHLBank San Francisco to support positive impacts within communities and those living in those communities.
2. Jobs created – as reported by New World Foundation, Quality Jobs Fund results through 2023.
3. Job training projects – AHEAD grant recipients that have "job training" as project type.
4. All eligible financial institution types are commercial banks, credit unions, industrial loan companies, savings institutions, insurance companies, and community development financial institutions.
5. Other includes 8 savings institutions and 2 industrial loan companies.
6. Community Financial Institution (CFI) is an institution having deposits insured under the Federal Deposit Insurance Act with average total assets of the preceding three-year period below a defined threshold, as adjusted annually by the Federal Housing Finance Agency.
7. Minority Depository Institution (MDI) is any Federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. "Minority" means any Black American, Asian American, Hispanic American, or Native American, as defined by Section 308 of FIRREA.
8. Although all obligations of the FHLBanks must plainly state that they are neither obligations of, nor guaranteed by, the United States, the perception that the government would support investors in the event of a default by the FHLBanks may also be a material factor in the favorable interest rates available to the FHLBanks.
9. Community Investment Program (CIP) is a mandatory program, Community Investment Cash Advance (CICA) program is not. Under CICA, FHLBank San Francisco offers Advances for Community Enterprise (ACE) products.
10. Discounted interest based on original advance or letter of credit amount and terms, using the difference between approved rate for CIP and ACE program and market rate.
11. Champion Community means a community that developed a strategic plan and applied for designation by either the Secretary of the Department of Housing and Urban Development or the Secretary of the Department of Agriculture as an Empowerment Zone or Enterprise Community but was designated a Champion Community.
12. Regulation provides for CIP advance and letter of credit discounted interest rate, current practice at FHLBank San Francisco is to offer discounted rate for ACE advance and letter of credit.
13. CEO Action for Diversity & Inclusion™ was collectively formed by CEOs and leaders from Accenture, BCG, Deloitte US, The Executive Leadership Council, EY, General Atlantic, KPMG, New York Life, P&G and PwC. For more information, see [CEO Action](#).
14. Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) American, or Asian American.
15. Supervisors and/or Managers means the number of individuals responsible for supervising employees and/or managing the functions or departments.
16. For more information, see [Tishman Speyer ESG Policy](#)
17. The New World Foundation, FHLBank San Francisco's donor-advised fund (DAF) partner, is responsible for surveying the field, due diligence for grantmaking purposes, and spearheading monitoring and evaluation for investment and grants made. For more information, see [Quality Jobs Fund](#).
18. For more information, see <https://latinocorporatedirectors.org/>; <https://www.nacdonline.org/>; <https://issuu.com/latinoleadersmagazine/docs/may-june23>.

Legal Disclosure

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

This Report may contain 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 terms, such as "anticipate," "believe," "could," "estimate," "expect," "intend," "likely," "may," "probable," "plan," "project," "should," "will," "would," "possible," or their negatives or other variations on these terms. The Bank cautions that by their nature, forward-looking statements involve risk or uncertainty that could cause actual results to differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized. Such risks and uncertainties include the risk factors discussed in the Risk Factors section 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. These risks are not the only risks we face or that could affect us going forward. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also affect us.

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

Thank you.

We are proud of the work we do, in partnership with our members, to make our communities more vibrant, equitable, and resilient.

