

**FEDERAL HOME LOAN BANK OF SAN FRANCISCO**  
**Profile for Independent Director**

**Federal Home Loan Bank of San Francisco Overview**

The Federal Home Loan Bank of San Francisco (“FHLBSF” or “Bank”), a federally chartered corporation, is one of 11 regional Federal Home Loan Banks (“FHLBanks”). The FHLBSF covers the territory of Arizona, California and Nevada, known as the Eleventh District.

The FHLBanks were organized under the Federal Home Loan Bank Act of 1932, and are government-sponsored enterprises. Each FHLBank operates as a separate corporation with its own board of directors, management, and employees. The FHLBanks are not government agencies and do not receive financial support from taxpayers. The FHLBSF is privately owned and operates with a cooperative ownership structure. Its mission is to enable families and individuals of all income levels to obtain quality housing and become homeowners by providing wholesale products and services that help member financial institutions expand the availability of mortgage credit, compete more effectively in their markets, and foster strong and vibrant communities through community and economic development. More information is available at [www.fhlbsf.com](http://www.fhlbsf.com).

To access the Bank’s products and services, a financial institution must be approved for membership and purchase capital stock in the Bank. The Bank’s 340 members include commercial banks, credit unions, industrial loan companies, savings institutions, insurance companies, and community development financial institutions headquartered in Arizona, California, and Nevada. Although the Bank is not publicly traded, it is registered with the SEC and publicly reports its financial results.

The FHLBanks are regulated by the Federal Housing Finance Agency (FHFA). To fund operations, the FHLBanks issue debt through the FHLBanks’ Office of Finance, their fiscal agent for issuing and servicing consolidated obligations, which are rated Aaa/P-1 by Moody’s and AA+/A-1+ by Standard & Poor’s Rating Services.

At March 31, 2021, FHLBSF had approximately \$57.9 billion in assets and outstanding loans (advances) of approximately \$28.1 billion.

**Location**

FHLBSF is headquartered in San Francisco and most of its board meetings are held at the Bank’s headquarters.

**Board Composition**

The Board of Directors of the FHLBSF is elected by its member financial institutions. There are currently 15 Directors, comprised of 8 Member Directors and 7 Independent Directors (including 2 Public Interest Directors). Member Directors are officers or directors of FHLBSF member institutions and are nominated and elected by the members located in a particular state: Arizona, California, or Nevada. Independent Directors are not officers or directors of FHLBSF member institutions and are elected by all FHLBSF members from among candidates nominated by the Bank’s Board.

**Board Functions**

The Board oversees the Bank’s business and affairs, including overseeing management regarding a broad range of subjects, such as the FHLBSF’s strategies and operating plans, capital structure, financial and risk management policies, compensation philosophies, and other matters.

As part of its oversight role, the Board considers some of its primary functions to include the following, which are discharged either directly by the Board or through its committees:

- Ensuring a succession of strong, vital and meaningful management for the Bank
- Approving and monitoring a comprehensive long-term business strategy
- Overseeing management in addressing significant external and internal issues facing FHLBSF
- Overseeing FHLBSF's corporate governance policies, codes of conduct, and legal and regulatory compliance policies
- Overseeing fundamental financial, business, and risk management strategies and policies and approving significant corporate actions
- Providing oversight to FHLBSF's financial reporting process and the adequacy of accounting, financial and internal controls
- Reviewing the Bank's executive compensation programs, their effectiveness at both linking executive pay to performance and aligning the interests of the Bank's executives and their stockholders, and overseeing an entity-wide compensation risk assessment

### **The Independent Director Candidate**

The Board of Directors of the FHLBSF welcomes Independent Director applications from individuals who will embrace the FHLBSF's mission and bring broad experience and a unique perspective to the Board as it looks to the future and how FHLBSF will continue to fulfil its mission and best serve the Bank's members and the individuals and communities they support. The Board is interested in individuals who have perspective and experience successfully navigating disruption or transformation within a business or organization of some relevance. These individuals do not need to be financial services experts, but ideally would have an aptitude for the industry and FHLBSF's mission. The Board believes individuals who have a broad background with a grounding in business management and an understanding of the macro and micro forces that can foster, or derail, success will add value in the boardroom on an array of decisions affecting the Bank's future strategy. Candidates who have demonstrated vision, creativity, and an applied point of view that has helped an enterprise transform and continuously deliver outstanding service and results are desired. The Board values prior C-Level leadership experience as well as prior board service for a public company or cooperative. The Board welcomes retired executives who have continued to stay actively engaged in corporate activities as well as sitting executives whose positions do not present a conflict under applicable regulations and the Board's policies.

To be eligible for consideration as an Independent Director, an individual must be a U.S. citizen and a resident of Arizona, California or Nevada. In addition, the individual must meet certain knowledge or experience qualifications, depending on the independent director position being filled:

- For an Independent Director position that is not designated as a public interest director position, the individual must have knowledge of, or experience in, (1) financial management, (2) auditing or accounting, (3) risk management practices, (4) derivatives, (5) project development, (6) organizational management, or (7) law.
- For an Independent Director position that is designated as a public interest director position, an individual must have more than four years' experience representing consumer or community interests in banking services, credit needs, housing, or consumer financial protections. For clarification, the efforts of a public interest director applicant in the areas listed above must be undertaken on behalf of and for the direct benefit of consumers or community interests.

Neither of the two independent director positions being filled through the Bank's 2021 director election process is a public interest director position.

## **Education/Certifications**

An undergraduate degree is required. An MBA, MPP, JD, or other relevant advanced degree is highly desirable.

## **Personal Characteristics**

Independent Director candidates should be intellectually and emotionally resilient, able to participate and offer critical review of business matters, and have a good understanding of director fiduciary duties. Candidates should be skilled at encouraging open and collegial dialogue with their fellow Board members while building solid working relationships with Bank management. FHLBSF recognizes the value of diversity on the Board, including gender, race, and ethnicity, and endeavours to promote diversity in nominating candidates for the Board. Additionally, candidates should demonstrate the following attributes/experience:

- Highest ethical standards and integrity
- Willingness to act on and be accountable for Board decisions
- Able to provide wise, thoughtful counsel on a range of issues
- A history of achievements reflecting high standards, experiences relevant to challenges currently faced by the Bank, and willingness to leverage these assets to help shape and advance the Bank's strategic goals
- Forward thinking and strategic, pragmatic and operationally strong, with a commitment to building long-term value
- Able to take tough positions while being a team player, fostering candor and constructive collaboration
- Analytical and able to evaluate strategy, business plans, financial issues, and people in a constructive manner
- Proven leadership skills and credibility with a variety of constituencies
- Willingness to devote sufficient time to carrying out Director duties and responsibilities effectively, and committed to serve on the Board for the full term

## **Board Meetings and Compensation**

The Board has six scheduled in-person meetings each year in January, March, May/June, July, September and November/December. The meetings are mostly held in San Francisco over two days beginning on the fourth Thursday of these months (with adjustments made to the schedule for Memorial Day and Thanksgiving holidays). Some of these meetings may be held offsite within the Bank's District, or held virtually if needed to accommodate applicable health and safety requirements. Additional meetings are held by conference call, as needed, between in-person meetings.

Each year, the Board adopts a director compensation policy and schedule for the next year. Compensation is paid in two parts: a service fee and a meeting fee. The total maximum annual compensation for 2021 ranges from \$115,000 to \$140,000, depending on whether the Director is the chair or vice chair of the Board or a chair or vice chair of a Board committee.

## **Nomination and Election Process**

The Independent Director nomination process commences in June, and the application deadline for submission of applications is in July. The Bank's Governance Committee evaluates candidates and recommends potential nominee(s) for Board consideration in September. The Board will select the final nominee(s) for inclusion on the director election ballot. Voting is conducted online for eligible voting members and the voting will open in October and close approximately 30 days later, with final results tabulated shortly thereafter. Director terms commence on January of the following year.

## **Terms**

Independent Directors are elected for four-year terms, and are eligible to serve up to three sequential four-year terms.