



Confidential

Conflict of Interest Policy for Directors

A policy approved by the Board of Directors

I. Philosophy

The Board of Directors (Board) of the Federal Home Loan Bank of Dallas (FHLB Dallas) is committed to ensuring FHLB Dallas operates under the highest standards of ethical behavior and fiduciary duty. Further, the Board intends to comply with applicable Federal Housing Finance Board regulations to administer the affairs of the FHLBDallas fairly and impartially and without discrimination in favor of or against any member or nonmember borrower. (12 C.F.R. § 915.11(a)(1) and 12 C.F.R. § 917.2 (b)). Accordingly, Directors of FHLB Dallas will avoid actual and apparent conflicts of interest by strictly adhering to the following policy.

II. Definitions

“Business associate” means any individual or entity with whom a Director has a business relationship, including, but not limited to:

Any corporation or organization of which the Director is an officer or partner, or in which the Director beneficially owns ten percent or more of any class of equity security, including subordinated debt;

Any other partner, officer, or beneficial owner of ten percent or more of any class of equity security, including subordinated debt, of any such corporation or organization; and

Any trust or other estate in which a Director has a substantial beneficial interest or as to which the Director serves as trustee or in a similar fiduciary capacity.

“Immediate family member” means parent, sibling, spouse, child, or dependent, or any other relative sharing the same residence as the Director.

“Financial interest” means a direct or indirect financial interest in any activity, transaction, property, or relationship that involves receiving or providing something of monetary value, and includes, but is not limited to any right, contractual or otherwise, to the payment of money, whether contingent or fixed. It does not include a deposit or savings account maintained with a member, nor does it include a loan or extension of credit obtained from a member in the normal course of business on terms that are generally available to the public.

“Substantial gifts” include gifts of more than token value, entertainment or hospitality, the cost of which is in excess of what is considered reasonable, customary, and accepted business practices; or any other items or services for which a Director pays less than market value.

III. Limits and Controls

Required Actions

Directors shall administer the affairs of the FHLBDallas fairly and impartially and without discrimination in favor of or against any member or nonmember borrower.

Prohibited Actions

Directors shall not use their official position for personal gain.

Appointed Directors shall not serve as (1) an officer of a Federal Home Loan Bank, (2) an officer or director of any member of the FHLBDallas, or (3) an officer or director of a holding company that controls one or more members of the FHLBDallas if the assets of all such members constitute 35% or more of the assets of the holding company, on a consolidated basis.

Appointed Directors shall not own any equity or debt security issued by, nor have any other financial interest in, a member of the FHLB Dallas (for purposes of this restriction, any debt or equity securities owned by the appointed Director's spouse or minor children and any contractual relationships between a member and the director's spouse will be attributed to the appointed Director), subject to the following exceptions:

- Investments in a legally recognized entity that owns debt or equity securities issued by a member if the appointed Director neither controls the entity nor plays any role in the purchase or sale of the securities owned by the entity;
- Debt or equity securities owned through an account managed by an investment adviser registered under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*) for which the appointed Director pays a fee for advisory services and with respect to which the appointed Director has given the investment adviser complete investment discretion to buy and sell all securities in the account, if the appointed Director is not affiliated with the investment adviser and has no control over the selection of securities acquired for the account;
- Debt or equity securities issued by a holding company that controls one or more members of the FHLBDallas if the assets of all such members constitute less than 35% of the assets of the holding company on a consolidated basis; and
- Any contractual relationship between the appointed Director and one or more members of the FHLBDallas that includes a contractual right to the payment of money, if the amount due to the appointed Director under such contracts in any calendar year is less than 10% of the appointed Director's adjusted gross income for that calendar year.

Directors shall not disclose or use confidential information received in the course of their service on the Board, solely by reason of their position with the FHLBDallas to obtain a financial interest for the Director or for any other person.

Directors shall not accept, and shall discourage their immediate family members from accepting, any substantial gift where the Director has reason to believe that the gift is given in order to influence the Director's actions as a member of the FHLBDallas Board, or where acceptance of such gift gives the appearance of influencing the Director's actions as a member of the Board.

Directors shall not accept compensation for services performed for the FHLBDallas from any source other than the FHLBDallas.

Prohibitions in connection with the election of directors

Directors, officers, attorneys, employees and agents shall not communicate in any manner that a director, officer, attorney, employee, or agent of FHLB Dallas, directly or indirectly, supports the nomination or election of a particular person for an elective directorship nor take any other action to influence votes for a directorship. EXCEPT: Directors may inform members as part of the election notice that the Board might be enhanced by the addition of persons with particular qualifications; AND EXCEPT: an incumbent director may support any person provided that he/she does not purport to represent the views of FHLBDallas or its Board (see 12 CFR § 915.9).

Disclosure/Recusal

Directors shall disclose all actual or apparent conflicts of interests to the Board and to the FHLBDallas.

Directors shall disclose to the Board and to the FHLBDallas any personal financial interests he or she has, as well as any financial interests known to the Director of any immediate family member or business associate of the Director, in any matter to be considered by the Board and in any other matter in which another person or entity does, or proposes to do, business with the FHLBDallas. Directors shall fully disclose the nature of their interest in the matter and shall provide to the Board any information requested to aid in the Board's consideration of the Director's interest.

Appointed Directors shall disclose to the Federal Housing Finance Board all financial interests of the appointed Director and of the appointed Director's spouse and minor children in members of the FHLBDallas, including service of the appointed Director as a director or officer of a holding company that controls one or more members of the FHLBDallas. Such disclosure must occur regardless of whether the financial interest is otherwise permitted under this policy or under the rules and regulations of the Federal Housing Finance Board.

Directors shall refrain from considering or voting on any issue in which they, any immediate family member, or any business associate has a financial interest; provided that this restriction shall not apply to Elected Directors voting on the terms on which products are offered to all members and other routine corporate matters such as the declaration of dividends.

Annual Certification

Directors shall complete and sign the Certification attached to this policy and provide such signed Certification to the Corporate Secretary annually.

IV. Roles and Responsibilities

Board of Directors

- Establishes and, as necessary, approves refinements to this policy.
- Reviews and re-approves the policy at least annually.

Audit Committee

- Monitors compliance with this policy.

Corporate Secretary

- Oversees the execution of this policy.

- Recommends refinements to the policy.

V. Compliance

The Board shall determine whether a potential conflict of interest constitutes an actual conflict of interest.

Corporate Secretary will report any non-compliance with the annual certification requirement to the Board's Audit Committee at its second meeting of the calendar year.

VI. Related policies

- Election of Directors Policy
- Rules of Conduct Policy
- Financial Disclosure Policy
- Code of Conduct and Ethics for Employees and Directors
- Code of Ethics for Senior Financial Officers Policy
- Transactions with Related Persons Policy