



July 15, 2024

Federal Housing Finance Agency
Division of Bank Regulation
400 7th Street SW, 7th Floor
Washington D.C. 20219

Re: Request for Input (RFI) related to mission updates for the Federal Home Loan Banks (FHLBanks), methods for measuring and evaluating mission achievement, and financial incentives for members with a strong and demonstrable connection to the mission of the FHLBank Systems.

Dear Sir or Madam:

ANB Bank appreciates the opportunity to provide public input related to the Federal Home Loan Bank Core Mission Activities and Core Mission Achievement. The FHLB mission of, "The steady supply of lendable funds helps US lenders invest in local housing, jobs and economic growth" remains relevant. FHLBank's purpose was specifically developed to provide stability in the financial system, a mandate it has successfully met since inception. The liquidity support provided to the financial system is critical for healthy local economies, businesses, and housing markets. A strong financial system and economic stability has been shown to boost consumer and investor confidence.

ANB's Position

As a member of FHLBank Topeka, ANB has an in-depth understanding and appreciation for the crucial role of FHLBanks in the larger financial system and health of the United States economy. ANB believes the current mission of the FHLBanks is clear and should not be modified or expanded. FHLBanks have successfully carried out both aspects of its mission, to provide liquidity to members and to support affordable housing and community development, in a safe and sound manner through all economic cycles.

ANB strongly opposes the creation of underwriting or the implementation of target metrics as a condition of FHLBank advance approvals. The availability of stable FHLB contingency funding is critical to liquidity planning and to the safety and soundness of the financial system. Member advance approval must remain independent, solely based on membership and adequacy of collateral available to be pledged. The discussion of adding requirements that raise the cost or restrict FHLB advances to qualifying members will only reduce the availability of mortgage credit and community development funding. FHLBanks are capitalized and cooperatively owned by their members and must be available for use by their members. Recent criticism of the use of advances by Silicon Valley Bank, Signature Bank, and First Republic Bank is not warranted. The advances appear to have been properly secured with housing-related assets and FHLBanks did not experience any financial losses due to the later failures of those institutions.



Background

The mission of FHLBanks is critically important to the security of the banking system due to several key factors:

1. **Liquidity provision:** FHLBanks provide a reliable source of funding to their member institutions which include commercial banks, thrifts, credit unions, insurance companies, and community development financial institutions. This access to liquidity is essential, particularly during times of financial stress, as it ensures that these institutions can meet their obligations and continue to lend to consumers and businesses.
2. **Stability and Confidence:** By offering a dependable funding mechanism, FHLBanks contribute to the overall stability of the financial system. FHLBanks' strong capital position and liquid balance sheet enables access to the market in a competitive manner and must be maintained. Their role in maintaining liquidity helps to ensure a healthy and sound financial system, which instills confidence among depositors and investors, thereby reducing the risk of bank runs and systemic crises.
3. **Support for Housing Finance:** FHLBanks also support housing finance, by providing advances (loans) to members. Central requirements of FHLBanks membership are that members make long-term home mortgage loans, have a home-financing policy that is "consistent with sound and economical home financing," and all non-CFI depository institutions to have at least 10 percent of their assets in residential mortgage loans. The support of loans made to members is crucial for maintaining a robust housing market for US consumers.
4. **Community Investment:** Through programs like the Affordable Housing Program (AHP) and the Community Investment Program (CIP), FHLBanks also promote economic development and affordable housing initiatives. These programs help address the housing needs of low-and-moderate-income households, which in turn supports community stability and economic resilience.

Overall, these functions collectively ensure that the financial system remains robust and capable of supporting a healthy economy. FHLBanks' primary role of supporting liquidity management facilitates the accomplishment of the secondary goal of supporting housing through the stability it provides to the financial system and local communities.

Conclusion

FHLBanks remain a critical partner to the financial system stability and liquidity planning. The mission of the FHLB system as it currently stands, is clear and should not be changed or modified. The creation of additional costs or



requirements for member advances will have the unintended consequences of reducing the availability of housing and community development credit.

ANB Bank appreciates the opportunity to respond to this Request for Information by the FHFA. If you have any questions, or would like additional information, please contact me at (970)282-2443.

Sincerely,

A handwritten signature in black ink that reads "Frankie Cole". The signature is fluid and cursive, with the first name being more prominent.

Frankie Cole
EVP - Chief Credit Operations Officer