

October 18, 2022

Dear Director Thomson:

On behalf of the Board of Directors and members of the Montana Bankers Association, I appreciate the opportunity to provide written comment as part of FHFA's Listening Tour for its review of the FHLB System. We represent some of the smallest, as well as the largest banks in Montana, and we work closely and communicate regularly with representatives of the Federal Home Loan Bank (FHLB) of Des Moines.

The FHLB is critically important for Montana banks and local communities. Currently, the FHLB of Des Moines serves 34 Montana banks and provides our state with more than \$1.9 billion in advances, \$193 million in mortgage programs and \$517 million in letters of credit. Additionally, the FHLB of Des Moines' Affordable Housing Program has provided Montana communities with more than \$19 million in competitive grants assisting 2,639 homes and \$12 million in down payment programs assisting 2,354 homes.

The FHLB's core mission of providing liquidity to its members is vital for our state's banks. When our banks needed critical liquidity at the onset of the 2008 financial crisis and the 2020 COVID crisis, the FHLB of Des Moines was reliably there to provide it. We urge FHFA to ensure our Montana banks continue to have full access to FHLB liquidity going forward, especially given today's uncertain economic environment.

As is the case everywhere, Montana's banks are the heartbeat of our local communities. They provide the credit needs of our state's families, farms, and small businesses. In many Montana communities, a single bank is the sole provider of credit. Without that access to credit and financial services, these communities would be greatly harmed and adversely impacted. Having full access to FHLB liquidity is critically important, not only to our banks, but also the communities they serve.

We urge FHFA to ensure that all current members of the FHLB System remain members and continue to have full access to FHLB services, in order to foster strong, financially vibrant communities.



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Further, we strongly oppose expansion of membership to any new entities that are not prudentially regulated and consequently would pose undue risk to FHLB capital, particularly during a crisis. It is essential that the FHLBanks are able to effectively serve our banks through all economic cycles. We are concerned that expansion to new non-traditional entities that lack robust oversight are more vulnerable to economic downturns, and would ultimately weaken the FHLB System and our members' ability to serve their communities.

Thank you for the opportunity to provide written comment. On behalf of our member banks, and the communities they serve, we strongly urge FHFA to ensure that the FHLBanks remain a safe and stable source of liquidity for Montana banks.

Respectfully,

Cary Hegreberg

President/CEO

Montana Bankers Association