

## Get to know the FHLBanks and their role in the U.S. Financial System

### DID YOU KNOW?

Financial institutions of all sizes rely on FHLBank advances to fund their daily and contingent liquidity needs and for balance sheet management.

### HOW DOES IT WORK?



- Membership in the FHLBank System is open to commercial banks, credit unions, savings banks, insurance companies, and community development financial institutions.
- FHLBank advances are competitively-priced source of funding for financial institutions of all sizes, often cheaper than raising new deposits or brokered deposits, cutting expenses, or directly accessing the credit markets.
- The funding provided by FHLBanks allows financial institutions to offer cheaper loans and other financial services to consumers.
- FHLBanks are required by law to administer their operations fairly and impartially and without discrimination in favor of or against any member. For example, an FHLBank may not offer unique prices on their advances to a large member without also making that same offer available to all similarly-situated members.
- The participation of large financial institutions helps the FHLBank System maintain a daily presence in the debt market and enables it to issue debt at lower yields, which results in better pricing for all FHLBank members.
- Access to FHLBank liquidity helps smaller community-based financial institutions remain competitive with larger financial providers and helps preserve the diversity of the U.S. financial system.
- Without the FHLBanks, credit would likely be more expensive for consumers and businesses.

As of March 2024, the FHLBank System has roughly 6,500 financial institution members from across the country.

**The FHLBanks have successfully executed on their liquidity mission for over 90 years!**