



JEFF STEINER

Regional Account Manager
785.478.8170
jeff.steiner@fhlbtopeka.com

**RELATED
ARTICLE**

Read more about
why members love
our overnight line of
credit

[Member Insights](#)

Overnight Line of Credit Makes Institutions More Efficient

Member gains income by staying invested

Even in these times of high liquidity and limited investment options, many FHLBank Topeka members continue to use their FHLBank overnight line of credit (OLOC) to help manage their daily cash position.

Union State Bank in Clay Center, Kansas, realized the benefits of doing just that about 20 years ago, which happened to be right after Sandy Fox came on as their CFO.

At a local trade meeting they met a consultant who convinced the institution a Fed Funds Sold position was not making any money. They were better off investing and using FHLBank's OLOC to manage their fluctuating cash needs.

With 16% tier 1 capital and the approval of both of their regulators, they decided to leverage their balance sheet to generate additional income and put their capital and loan collateral pledged to FHLBank Topeka to work.

While their investment strategies have become more sophisticated over time, one thing has remained constant. They like to stay invested

and use OLOC to manage their daily cash position.

It started with an initial \$5 million, and since that time they have grown their balance sheet by more than \$50 million in leverage. Using this approach generates approximately \$80,000 in additional income per month. This could not have been done without the help of their borrowing capacity with FHLBank Topeka.

"Drawing on our overnight line of credit on Members Only is very easy. That convenience is definitely a plus," Sandy said. "I also love talking to FHLBank staff when I do call in."

She admits the last six months have been challenging with having as much as \$10 million in Fed Funds Sold and minimal loan opportunities. But with the help of their consultant, managing cash flows and finding the right investment mix, they have been able to deploy the majority of their excess deposits, which has helped to generate the additional monthly income.

Contact FHLBank Topeka today to discuss your funding solutions

 800.809.2733

 Lending@fhlbtopeka.com

 fhlbtopeka.com/intelligence