FHLBANK DALLAS

A Stepped Approach to Managing Risk

Laddered Advances

Anticipating and planning for rising rates can protect spreads, drive profitability, and provide a competitive edge over other lenders. Multiple fixed-rate advances, laddered sequentially, are one of the strategies FHLB Dallas offers to mitigate risk in a rising-rate environment.

How It Works

By originating a series of fixed-rate advances with different maturities, such as three, five, seven, and 10 years, you can create a virtual amortizing structure. This laddered scenario provides the liquidity needed over the long-term, and it mitigates interest rate risk by creating a decision point as each advance matures. You have the flexibility to determine whether or not to secure new funding based on the current loan demand and market rates.

Uses

Laddered advances can be originated, structured, and managed to align with a range of liabilities and risk appetites. The major elements of the Laddered advance strategy include:

- Multiple fixed-rate, fixed-term advances
- Incrementally longer maturities
- Principal and interest on each advance due at maturity
- Optional prepayment feature

BENEFITS

- Long-term liquidity and interest rate mitigation
- Provides incremental interest rate decision points
- Simple to originate, structure, and manage
- Provides ability to protect spreads, profitability, and competitiveness

For more information, visit *fhlb.com* or contact:

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