



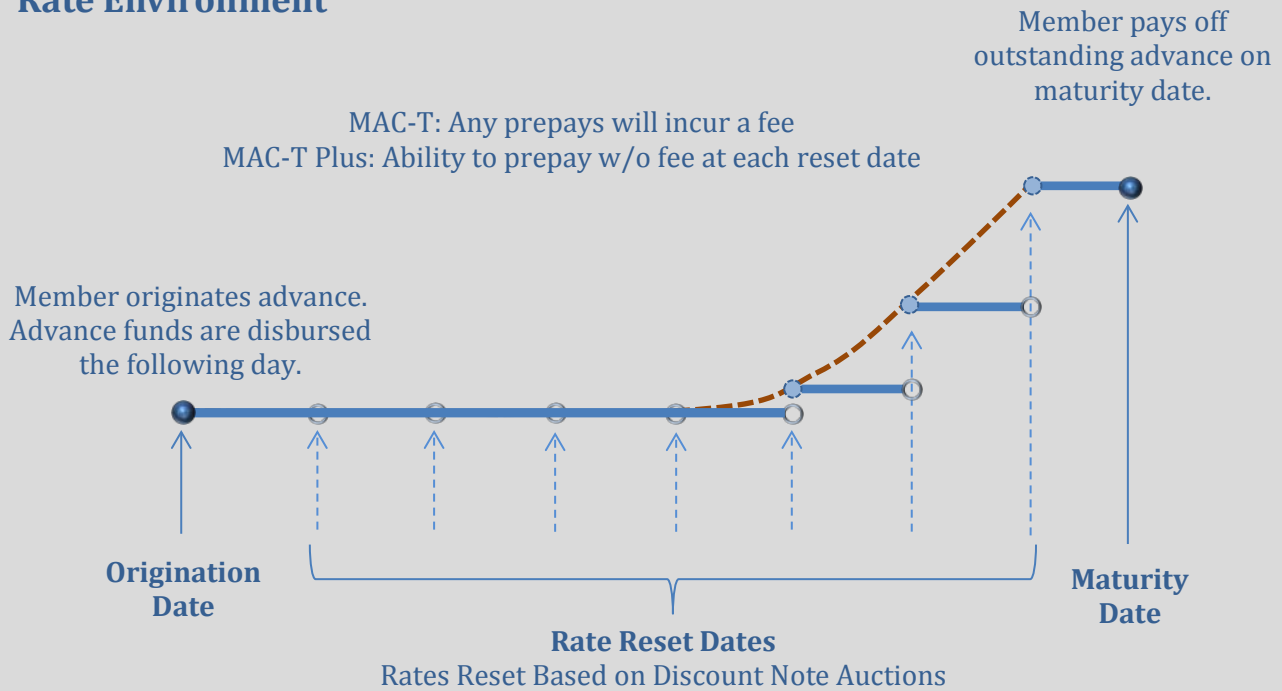
Member driven.
Community focused.

MAC- T and MAC-T Plus Advances

What is a Maximum Advantage with Convenience-Term (MAC-T) and Maximum Advantage with Convenience-Term Plus Prepayment (MAC-T Plus) Advance?

MAC-T and MAC-T Plus advances are fixed-term, adjustable-rate, non-amortizing advances that give your institution the ability to leverage your balance sheet while managing balance sheet interest rate sensitivity. The MAC-T Plus advance also provides your institution the ability to maintain liquidity by prepaying part or all of your outstanding balance, without a fee, on specified reset dates, every 8, 13 or 26 weeks. The MAC-T advance allows prepayments, but with a fee. Please consult the Member Products and Credit Policy for prepayment fee calculations.

Example of a MAC-T and MAC-T Plus Advance in an Increasing Rate Environment



What are Discount Notes and why are they used as a basis for an advance product?

MAC-T and MAC-T Plus advances are indexed to discount notes – shorter-term debt securities issued by the Federal Home Loan Banks’ Office of Finance. Discount notes are FHLB Dallas’ most inexpensive source of funding. By structuring the advances based on discount note securities, FHLB Dallas provides you with access to long-term liquidity indexed to our lowest cost of funding plus a small spread.

Since 2000, the 13-week maturity discount note rates have typically been lower than comparable 3-month LIBOR rates; so, institutions wanting to fund adjustable rate mortgages or other interest-rate sensitive investments with similar repricing characteristics may have an interest in match funding those assets with these advance products.

MAC-T and MAC-T Plus advances are based on the yield of discount notes with maturities of 8, 13 or 26 weeks that are issued via auctions. The OF typically schedules auctions twice a week on Tuesdays and Thursdays, and the yields* on these issued securities plus a small spread are used to determine the rates for the three respective MAC-T and MAC-T Plus advances structures.

* Appropriate FHLBank discount note auction's weighted average money market rate (MMY).

Why Use a MAC-T or MAC-T Plus Advance?

If your institution needs low-cost, adjustable rate funding, then a MAC-T or MAC-T Plus advance may be an attractive funding option for your institution.

- **Provides an inexpensive source of funds.**

The cost of MAC-T and MAC-T Plus advances are based on the relatively lower cost, shorter-term debt issued by the FHLBank System. As shown below, the costs of the 13-week maturity discount notes issued via auction have been below the 3-month LIBOR rate since 2000.

Discount Notes (DNs) via Auctions Versus Comparable LIBOR Rates Since 2000

DNs Versus LIBOR Spread Since 2000 (under)/over	Discount Notes (DNs) vs. LIBOR Spread Range	Median	Average
13-Week DN less 3-Month LIBOR	(1 bps) to (296 bps)	(18 bps)	(26 bps)

- **Increase leverage while managing interest rate sensitivity**

If a member institution wanted to increase leverage and manage the related interest-rate sensitivity, the institution could benefit from a MAC-T or MAC-T Plus advance.

MAC-T and MAC-T Plus advances could be used to fund adjustable-rate mortgage loan portfolios or interest-rate sensitive investments such as mortgage-backed securities with similar maturities and re-pricing characteristics. If your institution could match fund investments with MAC-T and MAC-T Plus advances, assuming similar maturities and characteristics, your institution may be able to achieve a consistent spread by reducing repricing risk.

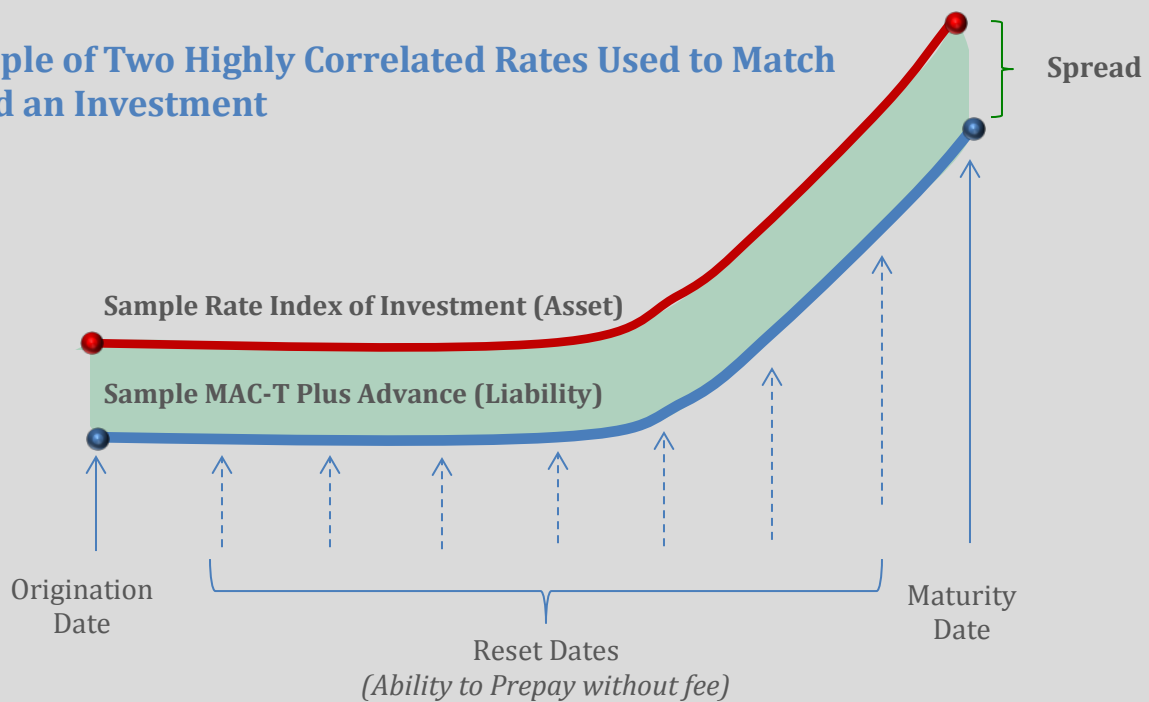
What are some specific uses of MAC-T Plus Advances?

- **The MAC-T Plus advance increases longer-term liquidity with the ability to prepay prior to maturity without a fee.**

Since the financial crisis, there has been increased emphasis from regulators for banks to hold sufficient liquidity. MAC-T Plus advances may assist member institutions in meeting their institution's evolving liquidity standards.

A member institution could lock in longer-term advances at shorter-term rates as a source of liquidity, but still have the ability to prepay principal at specified reset dates without a fee. For example, an institution could fund a high-quality liquid asset with a MAC-T Plus advance to manage 30-day Basel III liquidity coverage requirements, continue to reinvest funds into shorter-term, high-quality liquid assets over the longer term, and prepay the advance as funding strategies change.

Sample of Two Highly Correlated Rates Used to Match Fund an Investment



Available Structures

- **Adjustable rate, fixed term advances**

Three types of MAC-T and MAC-T Plus advances are currently available. Depending upon the reset term chosen, the advance's coupon will reset every 8, 13 or 26 weeks based on the results of the

FHLBank System's discount note auctions that typically occur on Tuesday and Thursday of every week.

These advance products are subject to the Bank's standard credit and collateral policies.

Please contact Member Services at 844.FHL.BANK for additional information.

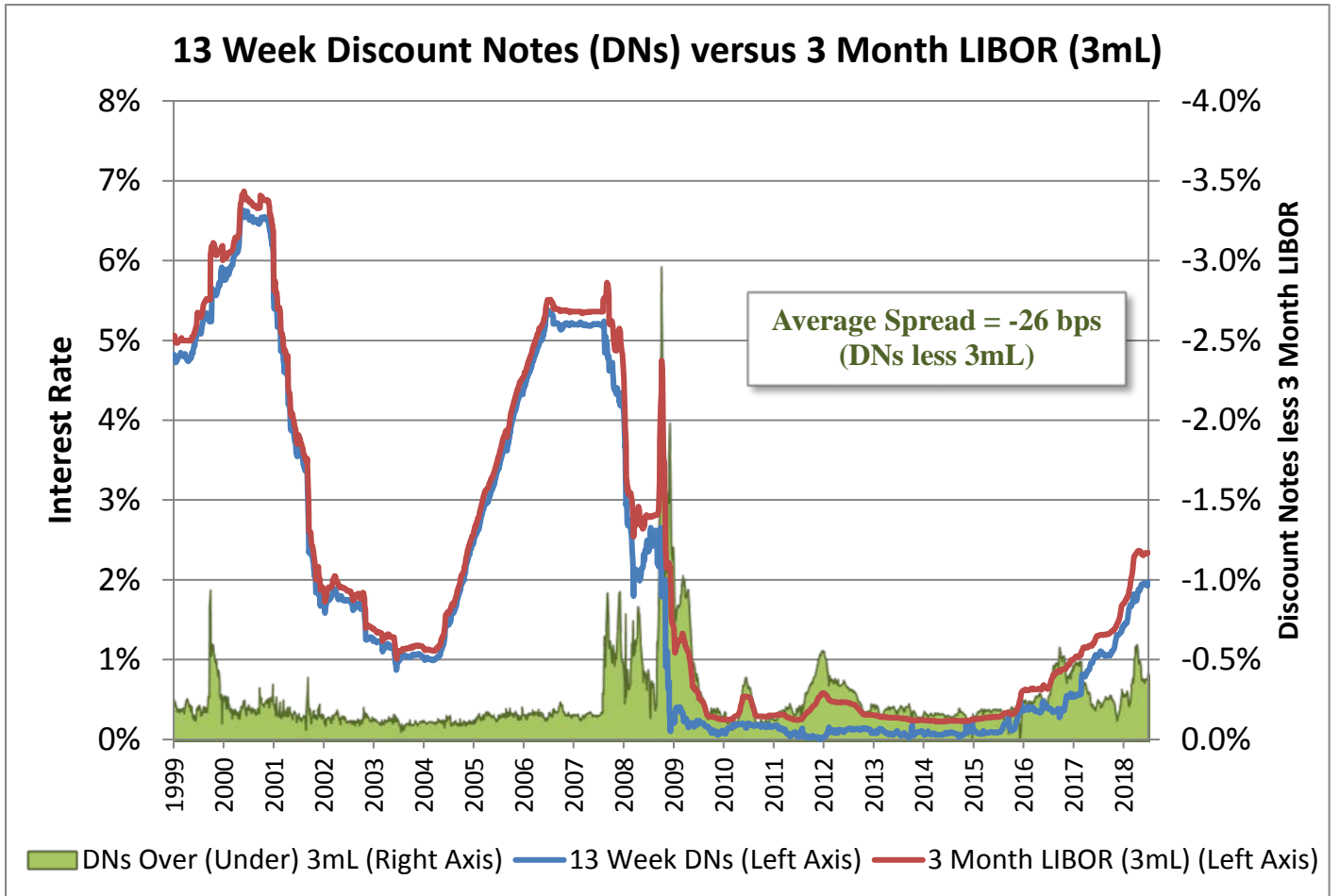
	8 Week	13 Week	26 Week
Rate Resets	Every 8 Weeks	Every 13 Weeks	Every 26 Weeks
Maturity Terms	1 year to 10 years		
Current Pricing	Call 1.844.FHL.BANK		
Minimum Initial Transaction Size	No minimum		
Settlement	One day following the origination		
Availability	Contact Member Services at 1.844.FHL.BANK by 9:30 a.m. CT, Tuesdays and Thursdays*		
Prepayments without Fee	MAC-T– All prepayments subject to fee MAC-T Plus– Prepayment allowed at each reset date without a fee		

*If a holiday falls on a Tuesday or Thursday, FHLBank System discount note auctions are typically held on the preceding business day in which funding requests will be accepted. Also, if an auction does not occur or discount notes are not issued on any given determination date, the auction rate for that date will be the estimated rate at which the FHLBank System could have issued such discount notes, via auction, as calculated by FHLB Dallas in its sole discretion.

Risks

The Federal Home Loan Bank of Dallas does not act as a financial adviser. Member institutions should evaluate the risks and suitability of advances.

Appendix: Discount Notes from Auctions Versus LIBOR



Contact

Steve Otto

Director of Member Sales
steve.otto@fhlb.com
214.441.8711

Member Sales

800.442.9841

Zimri Hunt

Director of Member Solutions
zimri.hunt@fhlb.com
214.441.8506

Disclaimer

The Federal Home Loan Bank of Dallas makes no representations or warranties about the accuracy or suitability of any information in this presentation. This presentation is not intended to constitute legal, accounting, investment, or financial advice or the rendering of legal, accounting, consulting, or other professional services of any kind. You should consult with your accountants, counsel, consultants and/or other advisors regarding the extent these scenarios and valuations may be useful to you and with respect to any legal, tax, business, and/or financial matters.

The data, scenarios, and valuations provided in this presentation are for informational purposes only, are provided as an accommodation without charge, and are not intended for further distribution. Further, the data, scenarios and valuations are estimates only and may not represent the actual or indicative terms at which new transactions could be entered into or the actual or indicative terms at which existing transactions could be prepaid, terminated, liquidated, assigned, or unwound. The scenarios and valuations were prepared without specific information about your institution's balance sheet composition, hedging strategies, or financial assumptions and plans, any of which may affect the relevance of these valuations to your own analysis. The scenarios and valuations may have been derived using pricing models, estimates, or assumptions about relevant future market conditions or other matters and are therefore subject to change without notice.

Please note that information in this presentation is subject to becoming stale and out of date. The Federal Home Loan Bank of Dallas does not undertake any obligation, and disclaims any duty, to update any of the information in this presentation.