

Frequently Asked Questions (FAQ)

What is LiquidYield™?

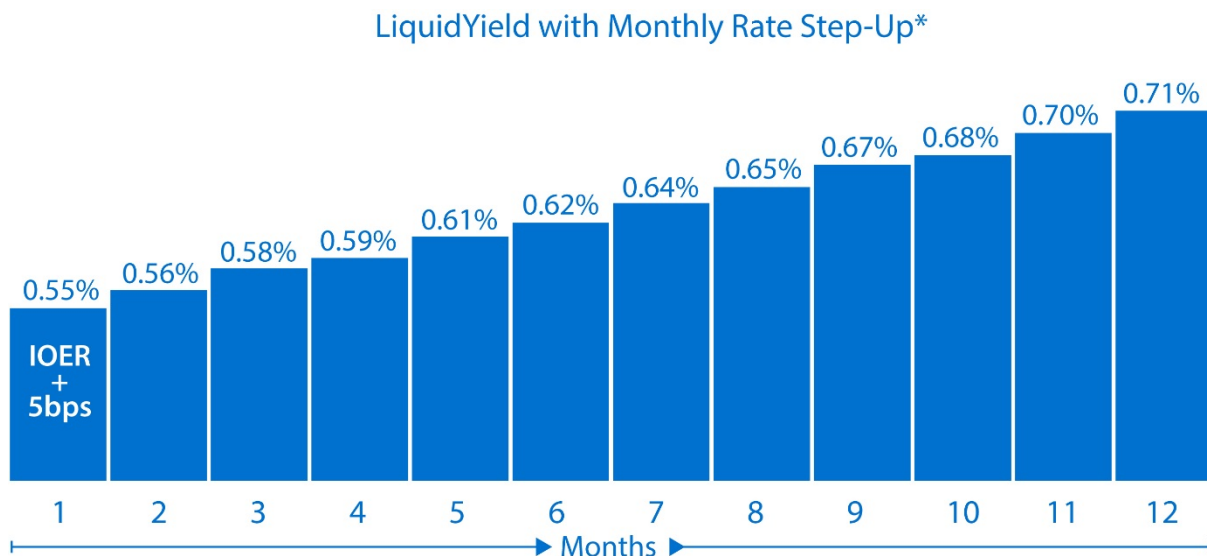
The LiquidYield deposit is a one-year term deposit that provides a member with an opportunity to earn a return in excess of the interest rate on excess reserves (IOER rate) at the Federal Reserve Bank, while remaining relatively liquid. The initial rate on the LiquidYield deposit is set above the IOER rate at the time the deposit is placed.

A member may use this term deposit as cash collateral for advances at any time before maturity, thereby maintaining a readily accessible liquidity source.

How does LiquidYield work?

The LiquidYield deposit is available as a 12 month, 18 month, or 24 month term deposit that pays a return based upon a predetermined step-up schedule. For example, each month the deposit remains outstanding, the rate earned on the deposit increases.

Figure 1: Sample LiquidYield deposit with a monthly step-up schedule



**Rates are for illustrative purposes only. The actual rates may vary.*

How can I use the LiquidYield™ deposit?

The LiquidYield deposit is useful when a member has excess liquidity and would like a competitive yield from a AAA/AA⁺-rated institution.

A member may use it to satisfy regulatory requirements for short-term liquidity and it may also be used as collateral, without haircut, for advances borrowing.

Who determines the deposit rates, and how are the rates determined?

FHLB Dallas' Capital Markets Desk determines the deposit rate schedule for the LiquidYield deposit on a daily basis. The initial rate, as well as the step-up rates, are determined by the FHLB Dallas' Capital Markets Desk. The initial rate is the IOER rate plus a spread and increases (steps-up) monthly.

What is a deposit rate schedule?

The deposit rate schedule refers to the deposit rates for each of the 12 months of the term of the LiquidYield deposit. The initial deposit rate for the first month is the IOER rate plus a spread. The deposit rate increases (steps-up) every month, thereafter. Initial and step-up rates are determined by FHLB Dallas' Capital Markets Desk based on market conditions.

Once I have taken the deposit, will my deposit-rate schedule change for this deposit?

No. Your deposit rate schedule is fixed at the time of settlement.

If I want to make a deposit today, where can I find the information for the deposit rate?

This information is posted on the Rates page of *fhlb.com* (under Products). You can also call Member Services.

Once I've made a LiquidYield deposit, am I able to withdraw it before the end of its term?

Yes. You can withdraw at any time before the maturity date (subject to the restrictions mentioned below). If you need liquidity to manage short-term liquidity needs, you can take out a short-term advance using your LiquidYield deposit as collateral, while letting the deposit continue to step-up in rates. However, if a short term advance is not an option for you, then you can request an early withdrawal (subject to the restrictions mentioned below).



If I request a withdrawal before the stated maturity date of the LiquidYield deposit, when will I receive my funds?

Your deposit will be refunded 21 days after your early withdrawal notice is received by FHLB Dallas. During this 21-day period, you continue to have access to liquidity by using the deposit as collateral to borrow advances.

Will I incur a penalty for withdrawing the deposit before its stated maturity date?

Likely. FHLB Dallas will take into account the rates at the time of withdrawal and the costs to terminate any hedging instruments related to the LiquidYield deposit. This may result in a penalty depending on rates and other factors at the time of withdrawal. FHLB Dallas determines the penalty in its sole discretion and the penalty is floored at zero.

How do I invest in the LiquidYield deposit?

Members may take advantage of this product by contacting Member Services at 844.FHL.BANK (844.345.2265) or member.services@fhlb.com or see fhlb.com

Where can I find additional information on this deposit?

Additional information is provided in the [LiquidYield Product Sheet](#), which is located within the Resource Center on fhlb.com (fhlb.com/resourcecenter/Pages/Product-Sheets.aspx).

FHLB Dallas does not act as a financial advisor. Member institutions should independently evaluate the risks and suitability of products and services offered by FHLB Dallas.

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