



Member driven.
Community focused.

MEMBER SOLUTIONS

Expander Advance

Expand Your Future Funding Options Today to
Protect Your Spread in a Rising Rate Environment

For audio, please dial into: (855) 489-5832, Conference ID 15363928

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Thank You and Welcome



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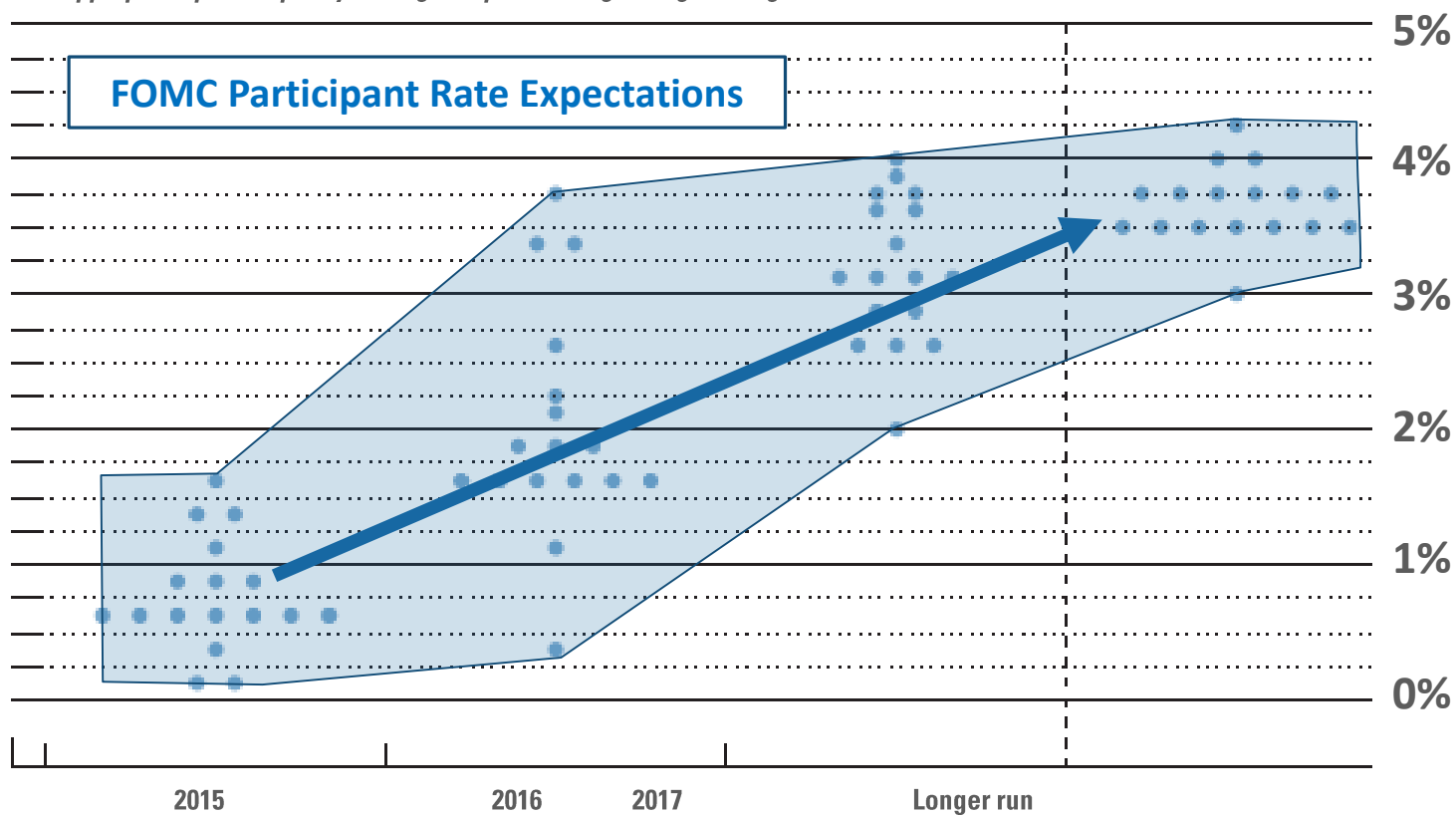
Agenda

- Expander Advance
- Questions & Answers

Will rates be higher a year or two from now?



Appropriate pace of policy firming: Midpoint of target range or target level for the federal funds rate



Source: Federal Reserve: <http://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20150318.pdf>

How will **rising rates** affect your institution's **margin**?





Is your institution funding long-term assets with short-term liabilities?



For example, using short-term deposits to fund long-term, fixed-rate assets like mortgage loans

Margin Compression



**Interest
Income**

—



**Funding
Costs**

=



**Net Interest
Margin**



The background of the slide features a close-up, slightly angled view of a white document. On the document, there are several black rectangular boxes, some of which contain a large, bold red checkmark. A blue ballpoint pen is positioned diagonally across the right side of the image, with its tip pointing towards the bottom right. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing the main text.

Is your institution ready for a
rising rate environment?

FHLB Dallas can help . . .

Solutions for a Rising Rate Environment

- ✓ Forward-Starting Advance
- ✓ Symmetrical Prepayment
- ✓ Match-Funding / Laddered Advances
- ✓ Pay-Fixed Swap + Rolling Advance Funding Strategy
- ✓ **Expander**

Expander Advance

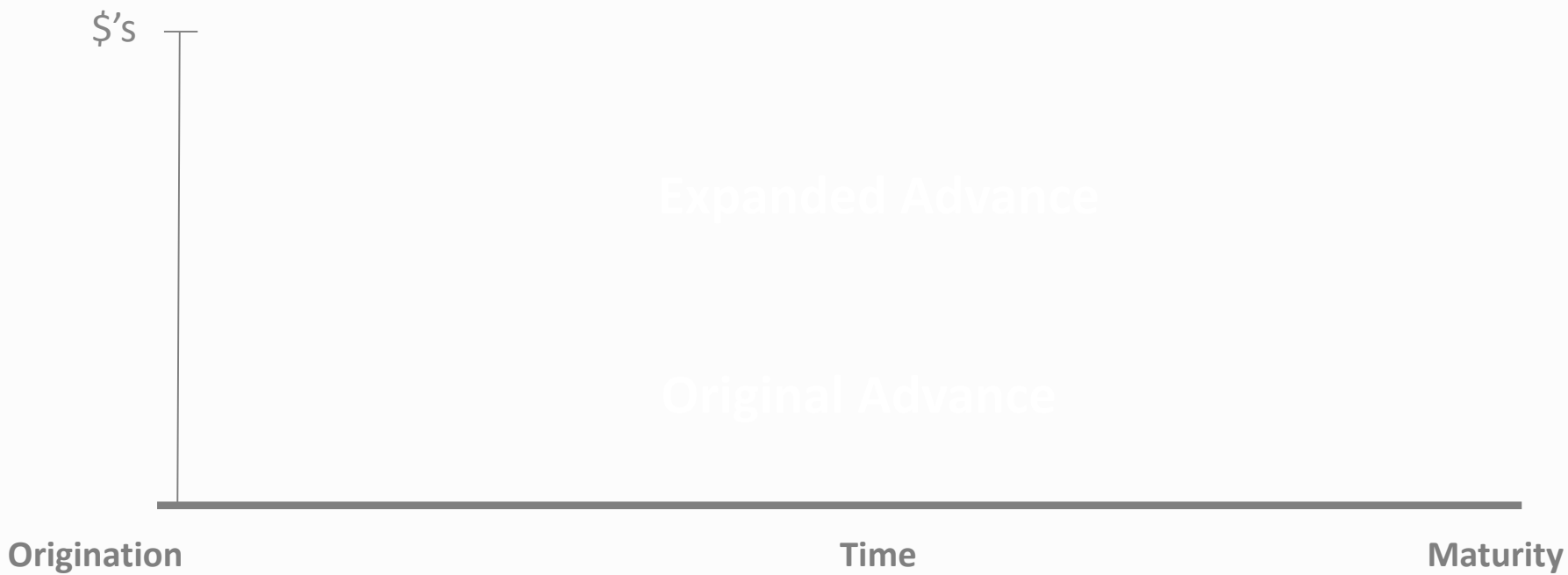
Benefits

- Lock-in access to future funding at today's rate
- Replace higher cost funding or deposit runoff
- Fund future loan growth
- Support interest rate risk management strategies

Take advantage of the current low-interest rate environment by locking in an advance that provides you a one-time option to increase principal.

Expander Advance

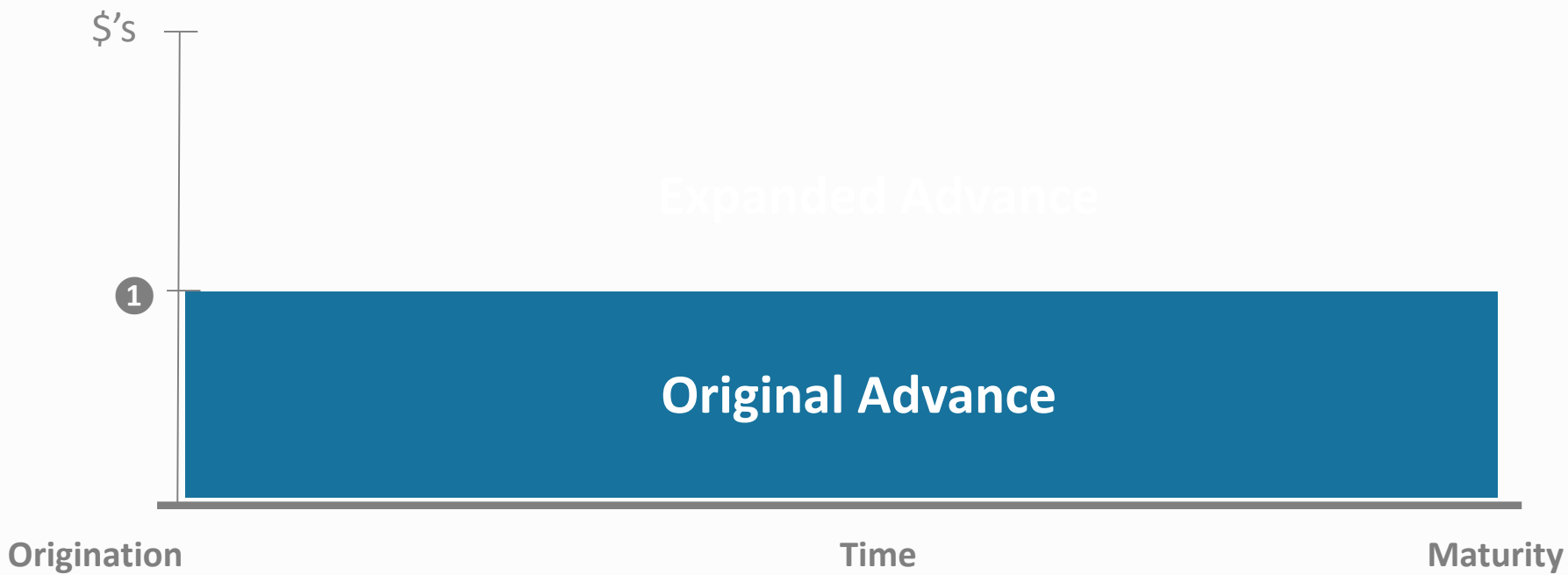
Hypothetical Example



Expander Advance

Hypothetical Example

At Advance Origination:
1 Advance Amount (At Least \$5 Million)

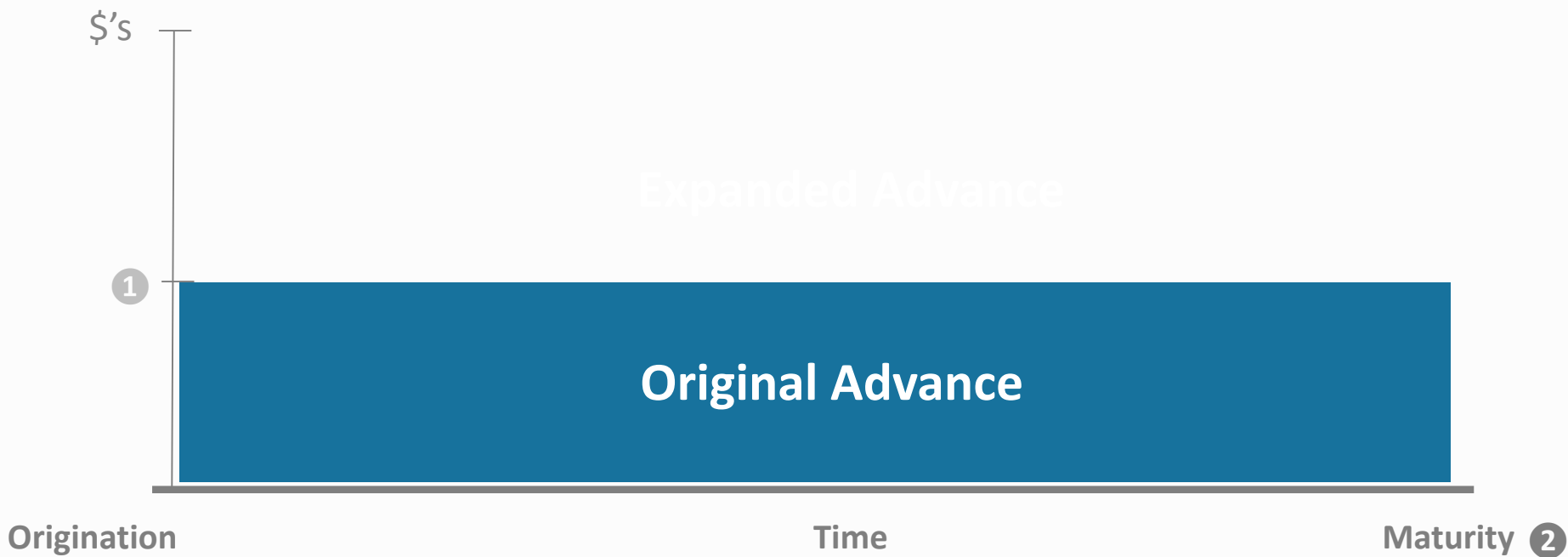


Expander Advance

Hypothetical Example

At Advance Origination:

- 1 Advance Amount (At Least \$5 Million)
- 2 Maturity (1–10 Years)

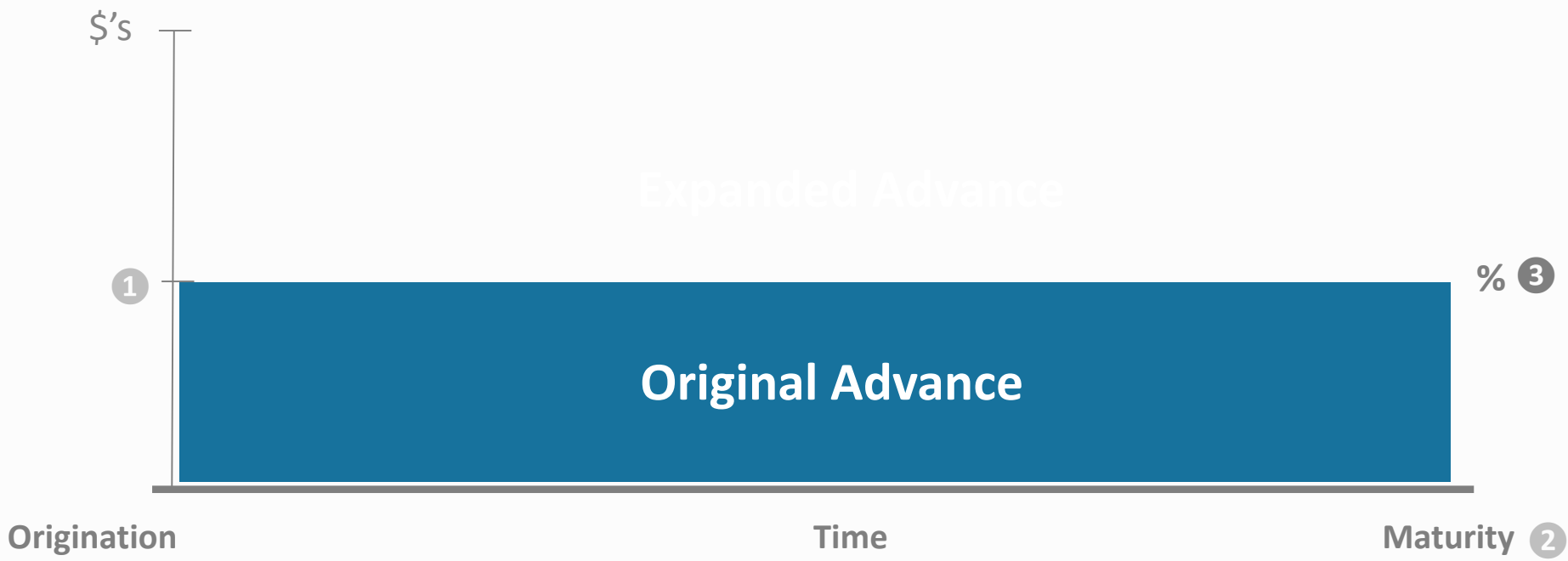


Expander Advance

Hypothetical Example

At Advance Origination:

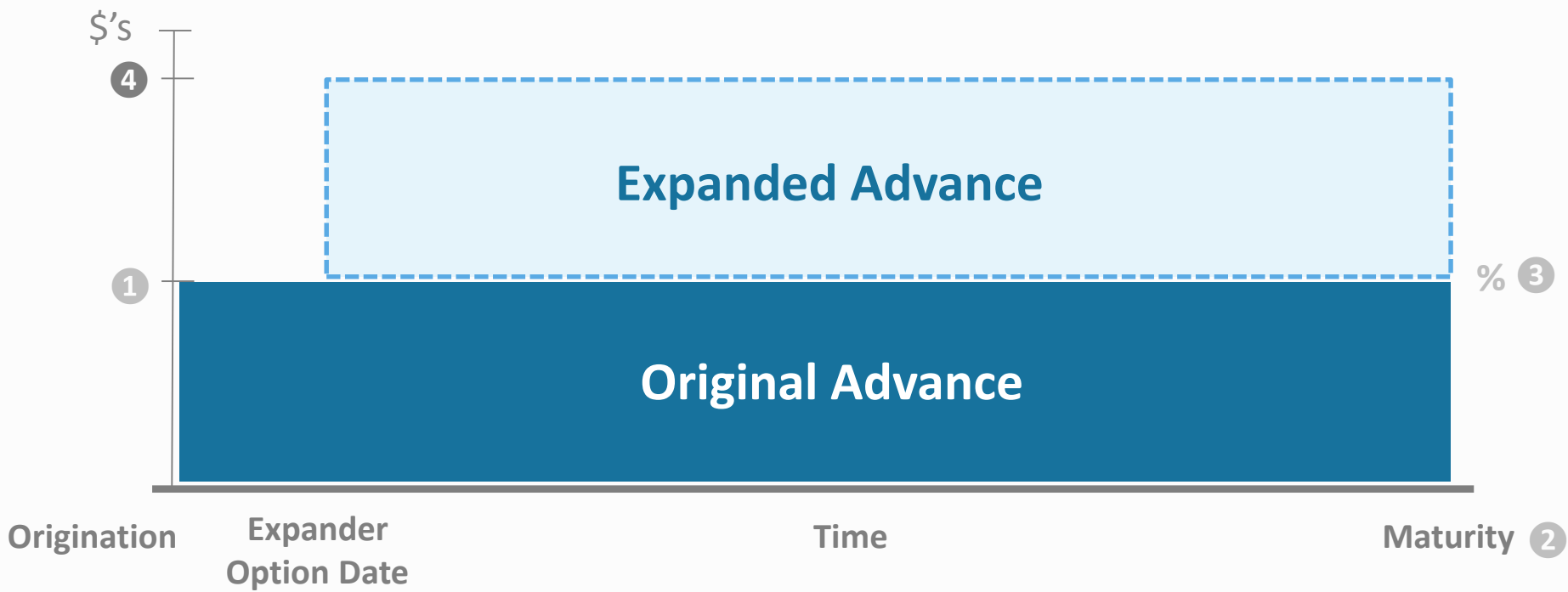
- 1 Advance Amount (At Least \$5 Million)
- 2 Maturity (1–10 Years)
- 3 Rate



Expander Advance

Hypothetical Example

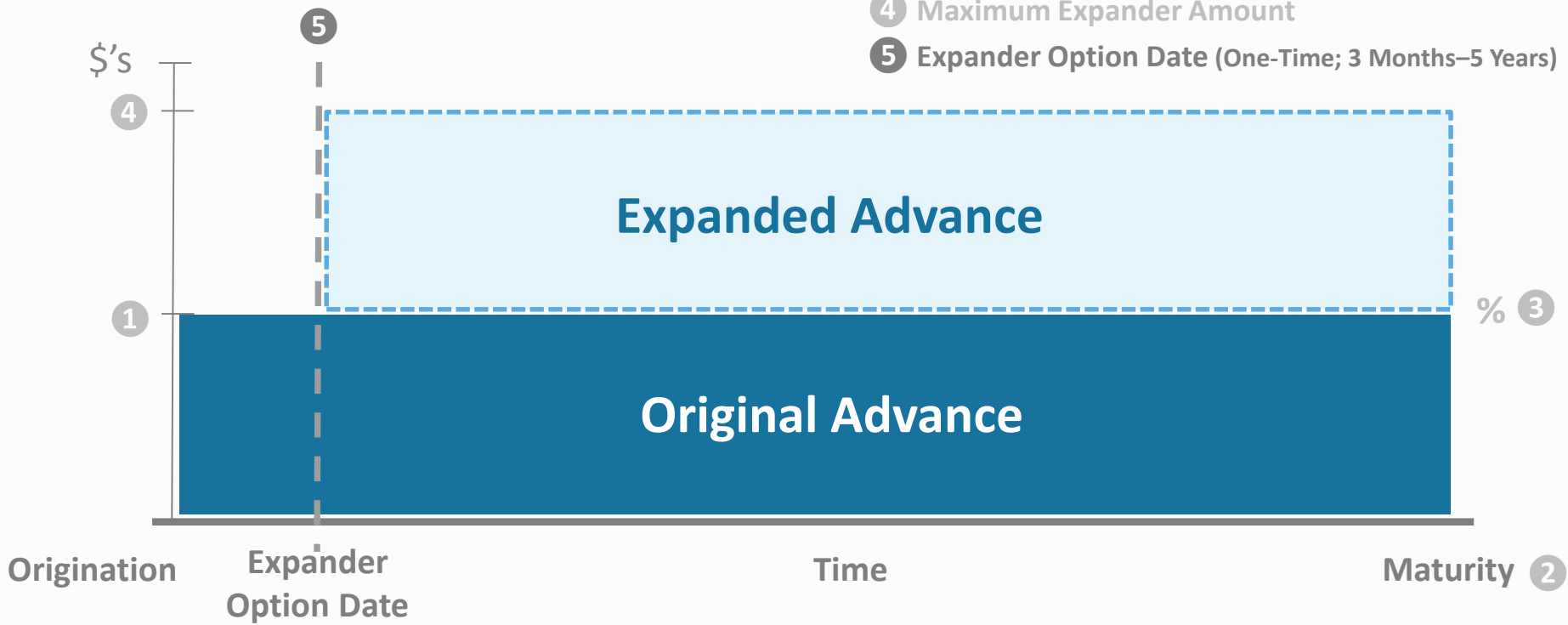
- At Advance Origination:
- 1 Advance Amount (At Least \$5 Million)
 - 2 Maturity (1–10 Years)
 - 3 Rate
 - 4 Maximum Expander Amount



Expander Advance

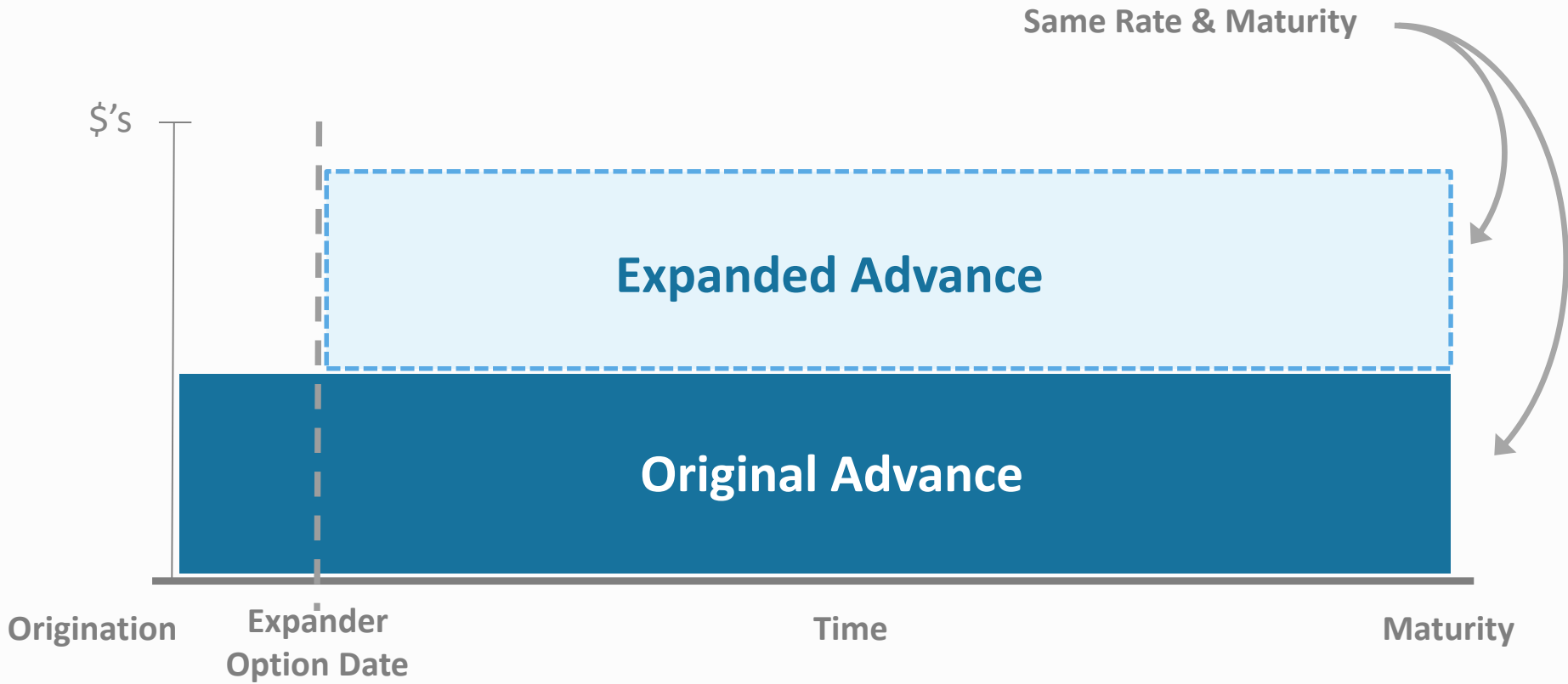
Hypothetical Example

- At Advance Origination:
- 1 Advance Amount (At Least \$5 Million)
 - 2 Maturity (1–10 Years)
 - 3 Rate
 - 4 Maximum Expander Amount
 - 5 Expander Option Date (One-Time; 3 Months–5 Years)



Expander Advance

Hypothetical Example



Expander Advance

Type	Description
Maturity	One year to 10 years
Minimum Size	\$5 million
Advance Types	Fixed-rate/fixed-term, non-amortizing
Expander Option Exercise Date	One future date specified at origination when you can choose to expand the initial advance. This option date can be from 3 months to 5 years from the initial advance origination.
Expander Option Execution	<ul style="list-style-type: none">▪ Notify Member Services on or before 5 business days prior to the expander option exercise date▪ Ability to exercise the expander option <i>in whole or in part</i>, but may not exceed the expander amount
Pricing and Availability	Contact Member Services at 844.FHL.BANK

Expander Advance

Prepayment Ability



Symmetrical Prepayment Feature Availability



Use for Community Investment Program /
Economic Development Program



Also, capital stock and collateral for the *expanded* amount of the advance will be assessed at the time the expanded amount is funded (i.e., the Expander Option Exercise Date).

Expander Advance

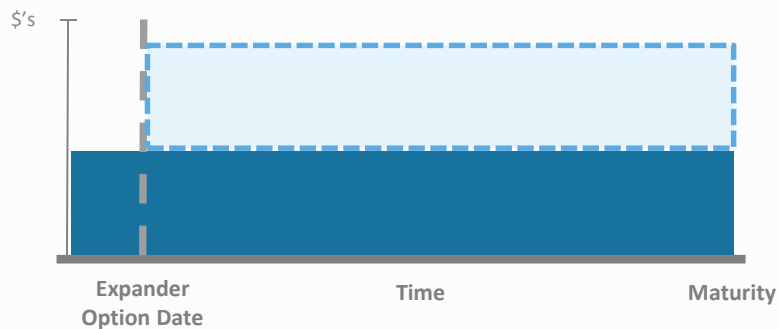
Example Pricing

Fixed-Rate, Fixed-Term Bullet		Expander Advance	
Term	Rate	Option Period	Rate
3 Years	1.154%	+1 Year Option	1.42%
7 Years	2.003%	+3 Years Option	2.508%
10 Years	2.423%	+5 Years Option	3.095%

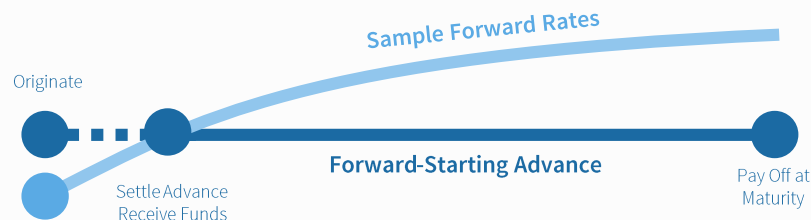
Rates are subject to change, and rates listed are a hypothetical example.

Expander Versus Forward-Starting Advance

Expander Advance



Forward-Starting Advance



Increased
Flexibility



Lower
Cost



Benefits of the Expander Advance

- ✓ Lock-in access to future funding at today's rate
- ✓ Replace higher cost funding or deposit runoff
- ✓ Fund future loan growth
- ✓ Support interest rate risk management strategies

FHLB Dallas does not act as a financial advisor. Member institutions should evaluate the risks and suitability of an advance with the Expander Advance.

For Further Information

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Zimri Hunt, Director of Member Solutions*



Resource Center at fhlb.com for
Product Sheet, Frequently Asked Questions,
Product Video, and Webinar Recording

* Also accessible toll free at 844.FHL.Bank

Questions & Answers

To Submit a Question:

PC:

1. Hover over the green bar at the top of the screen until a menu appears
2. Click on the “Chat” option
3. Once a dialog box appears, enter your question and submit



iPad / iPhone:

1. Select the participant icon in the upper right of the screen
2. Choose “Erica Herd”
3. Type your message

