FHLBANK DALLAS

Strength and Balance

Discount Note Floating Rate Advances

A Discount Note Floating Rate advance is a fixed-term, adjustable-rate, non-amortizing advance that allows your institution to maintain liquidity or leverage your balance sheet while managing balance sheet interest rate sensitivity. Discount Note Floating Rate advances also combine flexibility and the potential for cost savings by enabling you to prepay part or all of the outstanding balance without a fee on specified reset dates.

BENEFITS

- Inexpensive source of funds
- Ability to prepay full or partial amounts without fees
- Longer-term funding at shorter-term rates
- Increase leverage while managing interest rate sensitivity

How It Works

Discount notes are shorter-term debt securities issued through the Federal Home Loan Banks' (FHLBank) Office of Finance and are a source of shorter-term funds for the FHLBanks. By structuring an advance product on discount note securities, FHLB Dallas provides our members with access to longer-term liquidity at our cost of funds plus a small spread.

Availability

- 4-, 8-, 13-, 26-week rate resets
- 1- to 10-year maturities
- No minimum initial transaction size
- Next-day funds availability
- Full or partial prepayment on each reset day with at least two business days' advance notice

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

DNs Versus LIBOR Spread Since 2000 (under)/over	Discount Notes (DNs) vs. LIBOR Spreads		
	Range	Median	Average
Thirteen-Week DNs less Three Month LIBOR	(6 bps) to (296 bps)	(17 bps)	(25 bps)

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

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