

The Member-Option Advance

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July 28, 2016

This webinar is being recorded

FHLBBoston

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Today's Topics

- Characteristics
- Recent Success Stories
- Indications
- Advance Renewal Discount Program
- Upcoming Special

Member-Option Advance - Characteristics

- Fixed-term and rate, non-amortizing advance
- Maturities for terms out to 20 years
- Principal is due at maturity and interest is payable monthly (second business day)
- Member buys put option(s) to cancel the advance, without fee, on a series of cancellation dates prior to final maturity
- Member pays a higher advance rate than on Classic Advances of same final maturity¹
- Prepayment not on a cancellation date would be subject to a fee

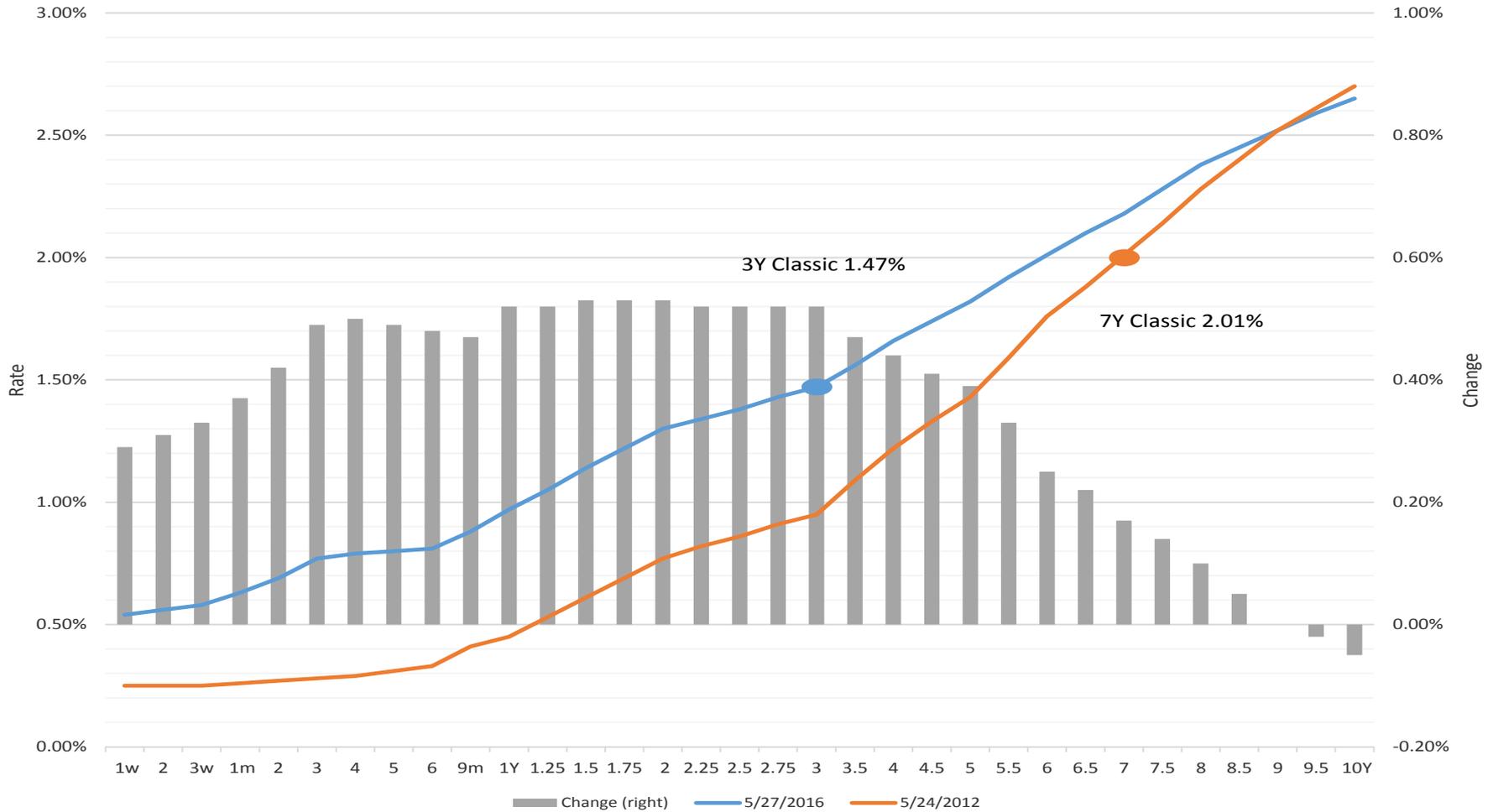
¹The cost of the option will vary depending on the economic environment.

Member-Option Advance - Characteristics

- First opportunity to cancel advance is at the end of lockout period
- Cancellation option can be either:
 - European (1x at end of lockout) or
 - Bermudan (monthly, quarterly, *semi-annual*, or annual)
- Member must notify FHLB Boston in writing at least four business days prior to cancellation date of intent to prepay

Recent Success Stories

7Y/3Y Member-Option Advance 2.07%

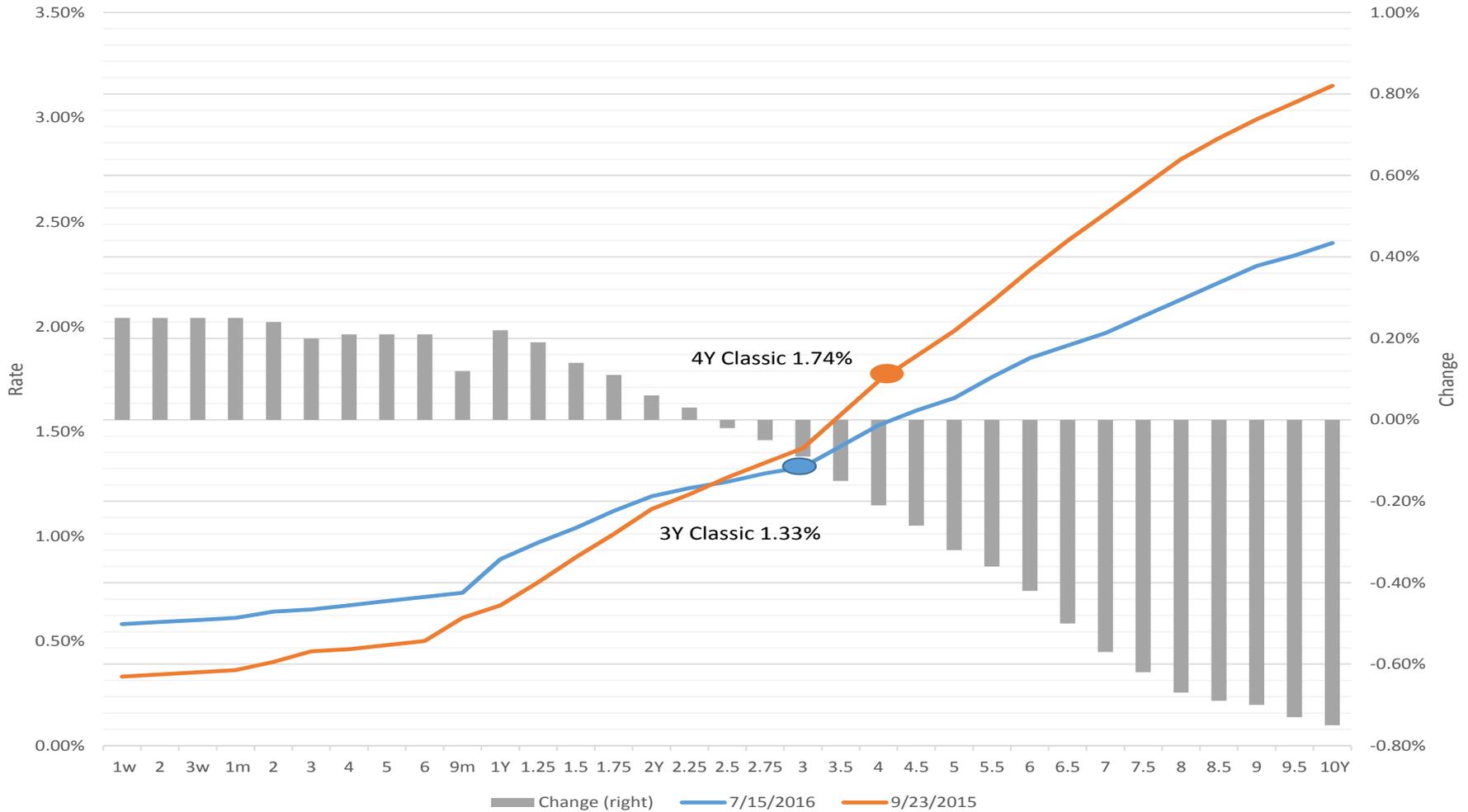


Recent Success Stories

	7/3 Member Option & 3Y Classic	7Y Classic
Advance amount	30,000,000	30,000,000
Rate	2.07% (7/3 Member Option)	2.01% (7Y Classic)
Eff. date	5/29/2012	5/29/2012
Interest paid	2,521,950	2,448,850
Cost of option	73,100	-
Rate	1.47% (3Y Classic)	2.01% (7Y Classic)
Interest paid	1,341,375	1,834,125
Total Interest paid	3,863,325	4,282,975
Interest saved	(419,650)	
Nominal rate paid	1.81%	2.01%
PV	\$3,618,354	\$3,988,356
Interest saved (PV basis)	(370,002)	
Savings (PV basis)	-17.9 bp	

Recent Success Stories

4Y/1Y Member-Option Advance 1.89%



Recent Success Stories

	4/1 Member Option & 3Y Classic	4Y Classic
Advance amount	10,000,000	10,000,000
Rate	1.89% (4/1 Member Option)	1.74% (3Y Classic)
Eff. date	9/25/2015	9/25/2015
Interest paid	191,625	176,417
Cost of option	15,208	-
Rate	1.33% (3Y Classic)	1.74% (4Y Classic)
Interest paid	404,542	529,250
Total Interest paid Interest saved	596,167 (109,500)	705,667
Nominal rate paid	1.47%	1.74%
PV	576,667	680,861
Interest saved (PV basis)	(104,194)	
Savings (PV basis)	-26.4 bp	

Member-Option Advance Indications – As of July 14

Structure	Regular Rate
2Y/1Y	1.28%
3Y/1Y	1.67%
3Y/2Y	1.44%
5Y/1Y	2.06%
5Y/2Y	2.00%
5Y/3Y	1.83%

All structures have semi-annual cancellation dates after the lockout period.

Current 2Y Classic 1.15%, 3Y Classic 1.29% and 5Y Classic 1.64%

Discounted Opportunities

- **Markdown Offering**
 - Each Tuesday and Thursday
- **Long-Term Bullets**
 - Terms from one to 10 years
- **Structured Specials**
 - Flipper
 - HLB Option
 - Knockout
 - Curve Flattener

Advance Renewal Discount Program

- **Rolled out in September 2015**
 - *41 members – 92 loans - \$732 million*
- **Members can receive an automatic discount if they roll a maturing advance into a new advance if:**
 - New advance is a Classic Advance of one year or longer in maturity
 - New advance is at least 50% of the maturing advance amount and a minimum of \$1 million
 - Member calls two days in advance of maturity to book the new advance

Advance Renewal Discount Program

- **Discounts**

- **New program enhancements**

- **As of June 2016 – Additional pricing tiers available**
- ***Increased advance amount = Increased discount***

Advance Amount <i>and</i>	% of Maturing Advance	Term of New Advance	
		GT=1Y	GT=2Y
GT = \$1 million	50%	3 bp	8 bp
GT = \$1 million	125%	5 bp	10 bp

Upcoming Member-Option Advance Specials

- **Wednesday, August 3, 2016, from 10:00 until 11:00 am**
 - **Structures TBD**

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Questions?