



## CREDIT PRODUCT DESCRIPTIONS

Whatever your specific funding needs, the Federal Home Loan Bank of New York (FHLBNY) has a credit product designed to meet your objectives. Members can customize advances with a wide variety of maturities and structures, enabling you to conservatively match assets and liabilities. FHLBNY advances can be customized by size, settlement date, amortization schedule, call/put options, and more.

### Overnight Advance

*A quick source of liquidity to help manage daily cash flows and provide funding for various short-term uses*

Advantages:

- » Same-day access to funds for immediate cash needs
- » Ability to borrow up to maximum borrowing capacity
- » No additional borrowing limit restrictions above standard FHLBNY credit and collateral limits
- » No set-up or renewal fees
- » Can be initiated conveniently through 1Link<sup>sm</sup>, our secure internet banking system

### Repo Advance

*Obtain preferential pricing when using Treasury or Agency issued Mortgage-Backed, or CMO securities collateral*

Advantages:

- » Effectively utilize your securities portfolio as collateral and obtain improved advance pricing
- » No penalties for pledging smaller blocks of securities
- » Receive the same low rates for AAA-rated Agency and Non-Agency securities
- » Maturities from 2 days to 10 years
- » Available with Symmetry for Fixed-rate, non Community Lending Program (CLP) Advances with maturities of one year or greater and minimum advance size of \$3 million

### Fixed-Rate Advance

*Achieve a wide variety of financial management goals, with maturities ranging from 2 days to 30 years*

Advantages:

- » Meet liquidity needs
- » Fund long-term assets or lock in rates for future funding purposes
- » Forward start dates are available
- » Available with Symmetry for non CLP Advances with maturities of one year or greater and minimum advance size of \$3 million

The FHLBNY also offers the Callable Fixed-Rate Advance, where the borrower has the option of prepaying funding without any penalty.



## Fixed-Rate Advance with a LIBOR Cap

*Combines a fixed-rate borrowing with an embedded interest-rate cap in which the rate remains fixed but may be reduced quarterly if 3-month LIBOR rises above the pre-selected cap*

Advantages:

- » Provides protection against rising interest rates (lowers your institution's cost of funds as rates rise)
- » Flexible medium- to long-term funding option best used to extend liabilities, potentially enhance spreads, and preserve margins
- » Available with Symmetry for non CLP Advances with maturities of one year or greater and minimum advance size of \$5 million

## Adjustable-Rate Credit (ARC) Advance

*Match the interest rate characteristics of your adjustable-rate loan portfolio*

Advantages:

- » Reduce basis risk by funding adjustable rate assets with financing tied to the same repricing index
- » Can be tailored to meet specific financing needs with a wide range of maturities, up to 10 years
- » Can be linked to a wide variety of indices, including 1-, 3-, and 6-month LIBOR, Treasury bills, notes, and bonds, and Fed Funds
- » Can limit exposure to rising and falling interest rates by using embedded derivatives

## Amortizing Advance

*Match the amortization characteristics of your fixed-rate mortgage portfolio*

Advantages:

- » Enhance match funding of long-term assets
- » Borrow fixed-rate funds with the option of customizing the amortization schedule to match a selected prepayment profile
- » Maturities and amortization schedule from 1 to 30 years

## Callable Advance

*An advance with built-in prepayment options that can help members reduce interest rate risk and prepayment risk at minimal added cost*

Advantages:

- » More closely fund fixed-rate mortgages
- » Take advantage of downward movements in interest rates and steep yield curves
- » No prepayment fee when called on specified date
- » Good hedging tool against mortgage loan prepayment risk



## Principal-Deferred Advance (PDA)

*A hybrid advance product that combines elements of the Fixed-Rate and Amortizing Advance. It begins as a Fixed-Rate Advance, allowing members to choose a specific amount of time they would like to defer the principal payment of the advance up to 5 years. When the lockout or principal-deferred period ends, the advance becomes an Amortizing Advance, where the member makes principal and interest payments on the loan up to another 30 years.*

Advantages:

- » Valuable asset/liability management tool
- » Fully amortizing backend with a choice of varying balloon terms
- » Mirrors characteristics of a typical construction deal with a permanent take-out
- » No embedded options in the advance

## Putable Advance (formerly known as Convertible Advance)

*A wide array of maturities and lockouts for medium- to long-term funding where the FHLBNY owns an option to terminate the advance at specified times*

Advantages:

- » Competitive pricing
- » Customize maturities from 2 to 10 years and lockout periods from 1 year or greater
- » One-time or quarterly option exercise
- » Customized strikes are available

## Letters of Credit (L/C)

*Supports liquidity, asset/liability management, and housing and economic development activities*

Advantages:

- » Triple-A-rated guaranteed payments to third parties in the event of a default of performance by a member
- » Efficient and low-cost way to collateralize state and local government deposits
- » Provides credit enhancements for a variety of transactions
- » Maturities from 2 weeks to 10 years
- » Available at a discounted price to facilitate transactions that promote eligible housing and community development activities

## Interest Rate Swaps

*Reduce risk in your balance sheet caused by the fluctuations in interest rates with these instruments, which normally involve an exchange of a fixed payment for a payment that is not fixed, such as LIBOR, based on a specified principal amount*

Advantages:

- » Lower the cost of funding
- » Hedge interest rate exposure or increase the certainty of future funding costs
- » Achieve asset/liability management goals

# CREDIT PRODUCT DESCRIPTIONS



## Interest Rate Caps, Collars & Floors

*Reduces income fluctuations caused by interest rate volatility*

Advantages:

- » Caps - can protect you against a rise in interest rates and limit the interest cost on a floating-rate liability
- » Floors - can limit the impact to earnings from significant declines in interest rates
- » Collars - gives you protection against both rising and falling interest rates

Please note that terms are subject to credit conditions.

For more information contact a Calling Officer at (212) 441-6700 or visit [www.fhlbny.com/credit](http://www.fhlbny.com/credit).



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