

# FHLBank Chicago Advance Products

Fixed Rate | Floating | Structured

To take out an advance, please call our Member Transaction Desk at 1-855-345-2244, option 1

# Fixed Rate Products

Advance Name and Code	Minimum Size	Eligible on eBanking	Available for Community Advances	Terms	Principal Repayments	Rate Index	Symmetrical Prepay Feature	Activity Stock Required	Other Features	Benefits	Common Uses
<b>Short Term</b> A120	Yes, limit \$200M on 1 day term, \$100M limit on 2–27 day term			1–27 days; fixed interest rate for selected advance maturity	At maturity			4.5% or 2%		Liquidity, blended funding	Close short-term funding gaps, finance mortgage pipeline portfolios, fund residential mortgage loans in refinancing waves, accommodate seasonal cash flow needs
<b>Fixed Rate, Fixed Term</b> A121	Yes, limit \$100M	Yes		28 days–30 years; fixed interest rate for selected advance maturity	At maturity	Yes	4.5% or 2%			Laddered/barbell funding, hedge interest-rate risk	Competitive substitute for deposits or other wholesale funding, alternative funding option to lock-in rates with expectations of rising interest rates, preserve net interest margin (NIM) under rising rate scenarios, match fund long-term, fixed-rate assets, match fund securities or fund a securities purchase
<b>Callable, Fixed Rate</b> A122	\$5M		Yes	1–15 years; fixed interest rate for selected advance maturity	At maturity	Yes	4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates		Match or blended funding, hedge prepayment and interest-rate risk	Mitigate falling interest rate risk or prepayment risk, fund origination or purchase of long-term fixed-rate or amortizing loans, fund mortgage-backed securities, amortizing loans, or commercial real estate loans with prepayment optionality, protection for asset-sensitive institutions concerned with falling rates
<b>Putable, Fixed Rate</b> A123*	\$5M			2 days–10 years; fixed interest rate for selected advance maturity	At maturity		4.5% or 2%	FHLBank Chicago owns option to terminate advance prior to maturity after lockout period on certain specified dates		Below-market funding, hedge interest-rate risk	Lower cost of funds in a tight NIM environment, extend duration of liabilities and reduce liability sensitivity, substitute alternative funding sources such as brokered deposits or Fed Funds, increase NIM with a larger spread when funding loans or investments
<b>Structured Payment Amortizer</b> A260			Yes	1–30 years; fixed interest rate for selected advance maturity	Defined schedule	Yes	4.5% or 2%			Match funding, blended funding	Match fund the amortization term of a fixed-rate loan or pool of loans, lock spread income for the lifetime of the asset(s), manage interest rate risk, grow fixed-rate assets on balance sheet
<b>Level Payment Amortizer</b> A290			Yes	1–30 years; fixed interest rate for selected advance maturity	Defined schedule	Yes	4.5% or 2%			Match funding, blended funding	Match fund the amortization term of a fixed-rate mortgage, lock in spread income for the lifetime of the asset, manage interest rate risk, grow fixed-rate assets on balance sheet
<b>Constant PSA or CPR Amortizer</b> A291			Yes	1–30 years; fixed interest rate for selected advance maturity	Defined schedule	Yes	4.5% or 2%			Match funding, blended funding	Match fund the amortization term of a fixed-rate mortgage, lock in spread income for the lifetime of the asset, manage interest rate risk, grow fixed-rate assets on balance sheet
<b>Callable Amortizer</b> A270*	\$5M		Yes	1–30 years; stepped schedule of fixed interest rates	Defined schedule	Yes	4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates		Match funding, blended funding	Fund and hedge amortizing loans with prepayment options, grow fixed-rate loans on balance sheet with prepayment possibilities, lock in spread income on prepayable, amortizing loans
<b>Stepped Rate</b> A280			Yes	1–30 years; fixed interest rate for selected advance maturity	At maturity	Yes	4.5% or 2%			Funding, hedge interest-rate risk	Match fund adjustable rate assets as the member can customize the advance to have the interest rate adjust periodically according to a specified schedule
<b>Expander / Extender</b> A500*	\$1M			1–20 years; fixed interest rate for selected advance maturity	At maturity	Yes	4.5%	Member owns option to increase the original principal amount at the original interest rate		Hedge asset and deposit run-off	Lock in fixed-rate, fixed-term funding with the flexibility to increase the original principal amount at the original interest rate, protect against duration extension of fixed-rate mortgages, MBS, or fixed-rate commercial loans if rates rise and prepayments decline, replace deposit run-off in a rising rate environment

\*From now until March 31, 2020, members can continue to execute the advance products with a LIBOR component with no tenor restrictions as long as the transactions settle by March 31, 2020. Beginning April 1, 2020, members can still transact the indicated advance products with a LIBOR component as long as they mature by December 31, 2021. Beginning April 1, 2020, transactions with maturities settling beyond December 31, 2021, are expected to be suspended.

# Floating Rate Products

Advance Name and Code	Minimum Size	Executable on eBanking	Available for Discounted Advances	Terms	Principal Repayments	Rate Index	Symmetrical Prepay Feature	Activity Stock Required	Other Features	Benefits	Common Uses
<b>Open Line of Credit</b> A010		Yes, limit \$200M		1 day, auto-renews; floating interest rate	At maturity	FHLBank Chicago federal funds effective		4.5%		Liquidity	Manage unanticipated funding needs, fill short-term funding gaps, fund on a rolling basis with one day maturity that is automatically renewable, fund assets, or strategies with unknown maturities
<b>FHLBank Chicago Federal Funds Effective Putable Floater</b> A012				30 days; floating interest rate for selected advance maturity	At maturity	FHLBank Chicago federal funds effective		4.5% or 2%	FHLBank Chicago owns option to terminate advance prior to maturity on any day	Liquidity, short-term funding	Meet short-term funding needs with a rate linked to the FHLBank Chicago Fed Effective Rate, lower cost of funds by selling an option to the FHLBank Chicago to terminate the advance before maturity
<b>Market Federal Funds Effective Floater</b> A016	\$5M		Yes	1 week–180 days; floating interest rate for selected advance maturity	At maturity	Market federal funds effective		4.5% or 2%		Liquidity, short-term funding	Meet short-term funding needs with a rate linked to the FHLBank Chicago Fed Effective Rate
<b>Fixed Rate with Floating Spread</b> A126*	\$1M			180 days–10 years; floating interest rate for selected advance maturity	At maturity	Same term advance rate and London Inter Bank Overnight Rate (LIBOR) index		4.5% or 2%	Rate equals fixed-rate plus a floating spread equal to advance rate – LIBOR (Ex. 3M advance – 3M LIBOR)	Long-term funding, hedge interest rate risk	Embed a “swap + rolling” advance strategy into a single advance without the need for derivatives, fund fixed-rate assets
<b>Adjustable Floater</b> A300			Yes	28 days–10 years; floating interest rate for selected advance maturity	At maturity	Secured Overnight Financing Rate (SOFR)		4.5% or 2%	Rate equals SOFR plus a fixed spread	Match funding, hedge interest rate risk	Fund SOFR-linked assets with a floating-rate advance indexed to SOFR
<b>Discount Note Floater</b> A382				28 days–5 years; floating interest rate for selected advance maturity	At maturity	4-week, 13-week, and 26-week FHLBank Chicago discount note index		4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates	Liquidity, blended funding	Lock in mid- to long-term floating-rate funding that is tied to the FHLBank Chicago’s Discount Note Index plus a fixed spread. Prepayable on each reset date, which makes this advance a flexible source of funding
<b>Structured Discount Note Floater</b> A383	\$5M			91 days–10 years; floating interest rate for selected advance maturity	At maturity	13-week FHLBank Chicago discount note index		4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates	Liquidity, blended funding	Lock in mid- to long-term floating-rate funding that is tied to the FHLBank Chicago’s Discount Note Index plus a fixed spread. Prepayable without a fee on each reset date which makes this advance a flexible source of funding
<b>Overnight Discount Note Floater</b> A384		Yes, limit \$200M		1–92 days; floating interest rate for selected advance maturity	At maturity	Overnight FHLBank Chicago discount note index		4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates	Liquidity, blended funding	Lock in short-term floating-rate funding that is tied to the FHLBank Chicago’s Discount Note Index plus a fixed spread. Prepayable on each reset date, which makes this advance a flexible source of funding

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## Floating Rate Products, continued

Advance Name and Code	Minimum Size	Executable on eBanking	Available for Discounted Advances	Terms	Principal Repayments	Rate Index	Symmetrical Prepay Feature	Activity Stock Required	Other Features	Benefits	Common Uses
<b>LIBOR Floater</b> A400*			Yes	180 days – 10 years; floating interest rate for selected advance maturity	At maturity	1-month and 3-month LIBOR		4.5% or 2%	Rate equals specified LIBOR index plus a fixed spread	Match funding, hedge interest-rate risk	Lock in funding in the mid- to long-term for LIBOR-indexed assets, hedge interest rate risk, repricing, and basis risk in a down-rate environment
<b>Prepayable LIBOR Floater</b> A380*			Yes	180 days – 10 years; floating interest rate for selected advance maturity	At maturity	1-month and 3-month LIBOR		4.5% or 2%	Rate equals specified LIBOR index plus a fixed spread. Option owned by member to terminate advance prior to maturity on set reset dates	Match funding, hedge interest-rate risk	Lock in funding in the mid- to long-term for LIBOR-indexed assets, hedge interest rate risk, repricing, and basis risk in a down-rate environment with an embedded prepayment option to adjust funding without fees
<b>Prime Floater</b> A410			Yes	180 days – 3 years; floating interest rate for selected advance maturity	At maturity	Prime rate		4.5% or 2%	Rate equals Fed's Prime rate plus a fixed spread	Match funding, hedge interest-rate risk	Match fund assets tied to the Prime rate, hedge interest rate risk in a down-rate environment
<b>Prepayable Prime Floater</b> A411			Yes	180 days – 3 years; floating interest rate for selected advance maturity	At maturity	Prime rate		4.5% or 2%	Member owns option to terminate advance prior to maturity on set reset dates	Match funding, hedge interest-rate risk	Match fund assets tied to the Prime rate, hedge interest rate risk in a down-rate environment; manage risk with an option to prepay the advance on set reset dates

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# Structured Products

Advance Name and Code	Minimum Size	Executable on eBanking	Available for Discounted Advances	Terms	Principal Repayments	Rate Index	Symmetrical Prepay Feature	Activity Stock Required	Other Features	Benefits	Common Uses
<b>Putable Floating-to-Fixed Rate</b> A370*	\$5M			1–10 years; floating interest rate for a period, later converts to fixed	At maturity	Specified LIBOR index (1m and 3m most common)		4.5% or 2%	FHLBank Chicago owns option to terminate advance prior to maturity after lockout period on certain specified dates. Rate initially floats at a fixed spread from LIBOR before “flipping” to a fixed-rate	Below-market funding, liquidity	Get competitive sub-LIBOR funding in the near-term, while locking in longer-term fixed-rate funding at the same time, customize an advance to fit your funding needs with flexibility to select term, rate, spread, and option frequency
<b>Floating-to-Fixed Rate</b> A371*	\$5M		Yes	1–20 years; floating interest rate for a period, later converts to fixed	At maturity	1-month and 3-month LIBOR		4.5% or 2%	Rate initially floats at a fixed spread from LIBOR before “flipping” to a fixed-rate	Below-market funding, liquidity	Take advantage of attractive short-term rates in the near term while locking in longer-term fixed-rate funding in the mid- to long-term
<b>Capped Floater</b> A390*	\$5M		Yes	180 days–10 years; fixed spread to floating index	At maturity	1-month and 3-month LIBOR		4.5% or 2%	Rate cap	Hedge duration/convexity	Cap floating interest rate to control funding costs in the mid- to long-term, enhance future NIM in a rising rate scenario, add duration to liabilities as rates rise to offset increases in duration of mortgage assets, finance mortgage loans, investment portfolios, or adjustable rate mortgages
<b>Collared Advance</b> A402*	\$5M		Yes	1–10 years; floating within collar	At maturity	Constant Maturity Swap Index Rate		4.5% or 2%	Rate cap and floor. Rate is reset periodically at a fixed spread to the Constant Maturity Swap Index Rate	Hedge duration/convexity	Embed a cap and floor into an advance to protect against interest rate risks and hedge net interest margin. The cap limits the interest rate the member pays, and the floor offsets some cost of the cap
<b>Net Interest Margin Protection</b> A420*	\$5M		Yes	180 days–10 years; floating with cap and/or floor	At maturity	Specified LIBOR index (1m and 3m most common)	Yes	4.5% or 2%	Rate cap and/or floor	Hedge duration/convexity	Customize an advance with embedded caps and floors available to hedge NIM of loans and investments and protect your balance sheet against rising or falling rates

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