

Case Study: Community Development Advance Strategies

November 2021



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Overview

A Community Development Advance* (CDA) is a discounted advance that supports affordable housing and economic development initiatives.

CDA

- Discounted advance that supports a variety of economic development and mixed-use initiatives in urban areas with incomes at or below 100% of the area median income and rural areas with incomes at or below 115% of the area median income.

CDA Extra

- Deeply discounted advance that supports affordable housing, serving households at or below 115% of the area median income, and economic development or mixed-use initiatives serving households at or below 80% of the area median income.

*Each member can access up to \$15 million in CDA Extra and \$35 million in CDA during any calendar year.

Program Benefits

Benefits:

- Bank's lowest cost advances
- Expands community development lending
- Meets the credit needs of communities
- Easy to find qualifying loans

Allows You To:

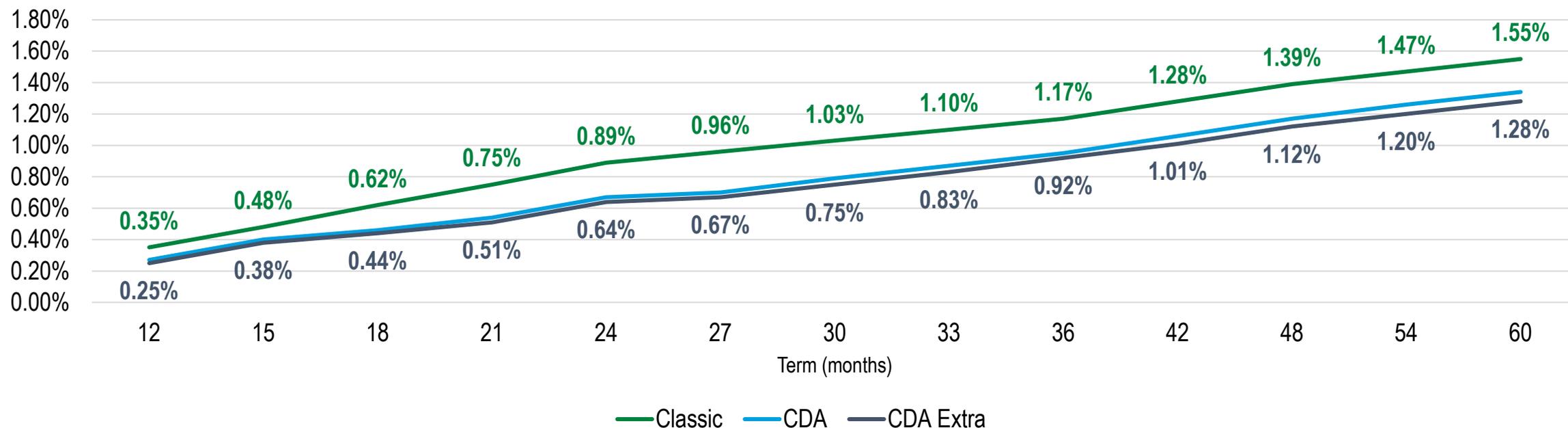
- Compete on term
- Lock in spread and term
- Mitigate interest-rate risk
- Provide lower cost of funding to community
- May qualify for CRA consideration

Rates Comparison

Compared to Classic Advances, discounted funding costs provided by CDAs can reduce interest expense and support earnings.

CDA & CDA Extra Rates

As of October 28, 2021



CDA and CDA Extra Savings vs. Classic Advances (bps)

	1-Year	2-Year	3-Year	4-Year	5-Year
CDA vs. Classic	8	22	22	22	21
CDA Extra vs. Classic	10	25	25	27	27

Strategy: Utilize Our Forward Starting Advance Feature

You can utilize our Forward Starting Advance feature to disburse CDA and CDA Extra in a future period if you don't need funding today.

Save on interest expense by initiating your 2021 CDA limit to disburse in a future period.

Initiating a Forward Starting Advance today can mitigate exposure to rising rates in the near term.

Plan for deposit runoff or accelerated asset growth in 2022.

Forward Starting Advance + CDA Advances



Strategy: Restructure Advances

Reduce cost of funds and get cheaper funding through CDA and CDA Extra.

Mitigate exposure to rising intermediate rates.

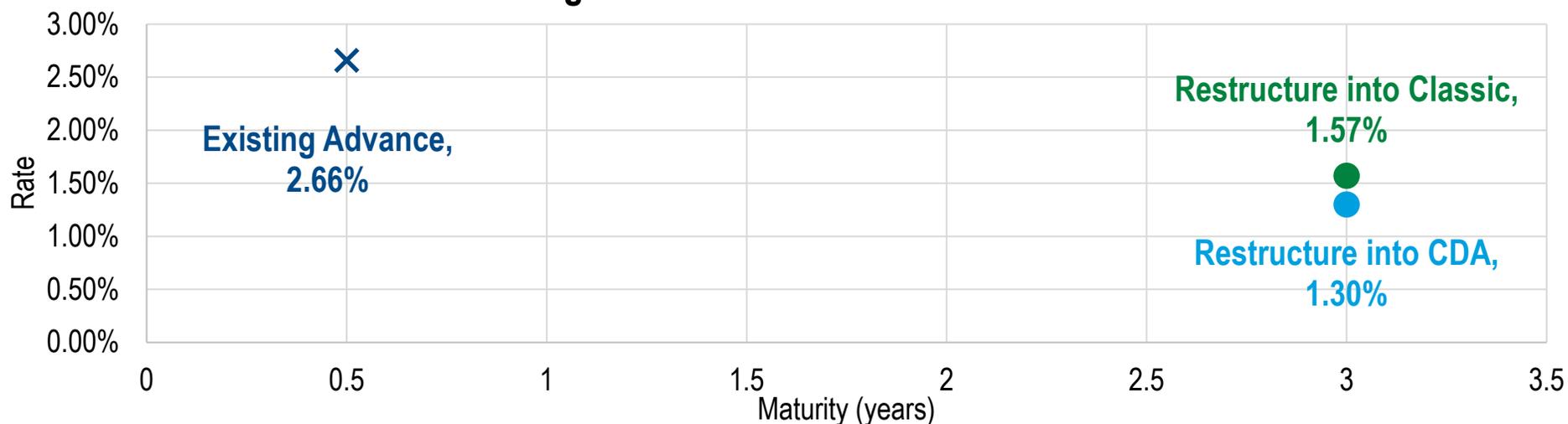
No additional funding added to balance sheet.

Existing Advance Restructured into a New Classic Advance

Restructured into a CDA Advance

Original Rate	Original Maturity	New Rate	New Maturity	Savings	Average Life Extension (yrs)	New Rate	Savings
2.66%	4/18/2022	1.57%	10/27/2024	1.09%	2.53	1.36%	1.30%

Existing Advance vs. Restructured Advance

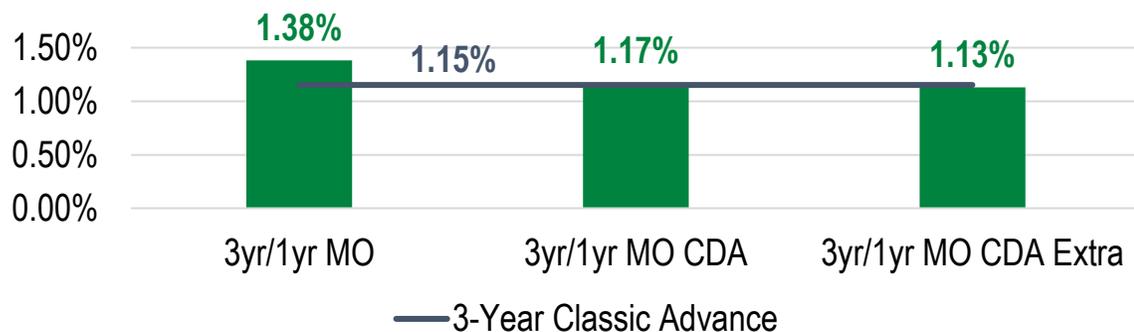


Strategy: Add Flexibility

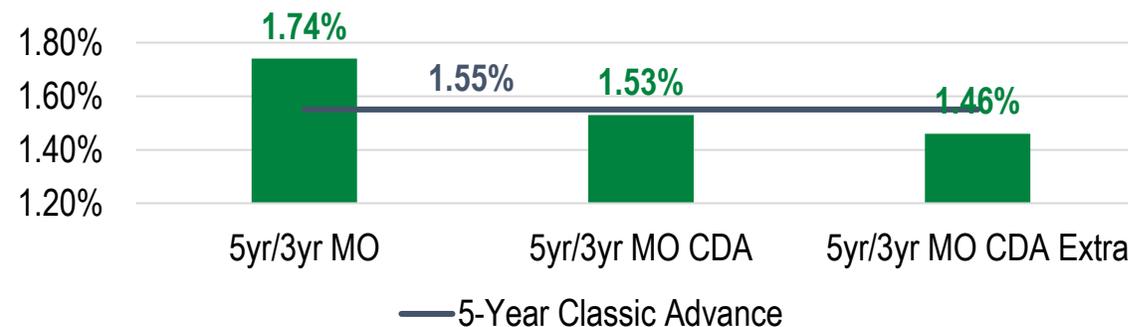
The Member-Option Advance offers the ability to lock in funding with the option to prepay at certain intervals without a fee. By combining the structure of the Member-Option with a CDA or CDA Extra Advance, this allows you to own the option close to or below the level of the comparable Classic Advance.



3-Year Classic Advance vs. 3-Year/1-Year Member Option (MO) Advances
As of October 28, 2021



5-Year Classic Advance vs. 5-Year/3-Year Member Option (MO) Advances
As of October 28, 2021



Additional Resources

- FHLBank Boston Website: [Advance Products](#)
- [CDA Eligibility Fact Sheet](#)
- [CDA Extra Eligibility Fact Sheet](#)

Thank You

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