How It Works:
Routine Test Borrowing

FHLBank Boston
Strategic partnerships. Reliable funding.

January 2026

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Why Test Your Line?

Proactive Regulatory Approach

- Show examiners liquidity is accessible, not just a number on a page

Operational Muscle Memory

- Prove staff, systems, and wires work under real conditions

Meaningful Size & Frequency

- Use practical dollar amounts and a regular cadence so borrowing feels routine

Test Borrowing: $1 million for 1 week	Amount
Advance interest (4.18%)	-$812.78
IORB earnings (3.90%)	+$758.33
Dividend on activity stock (7.39%)	+$56.69
Net result	+$2.25

Three Stages of a Test Borrow

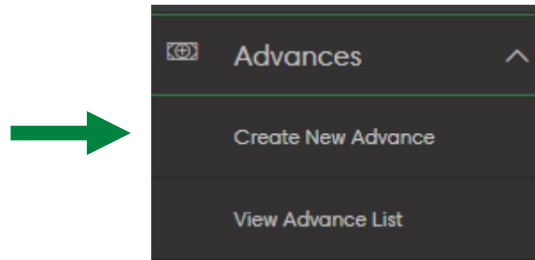| Pre-Borrow Setup (Pre-Draw)	Execute & Move Funds (Draw-Day)	Payoff, Reconcile & Document (Maturity & After)
• Confirm authorized borrowers & docket • Choose amount, term, and product • Check collateral capacity (test adding securities?) • Note deadlines & line up reporting	• Initiate advance • Wire funds out for a real test • Capture confirmations & timestamps	• Wire funds back & verify payoff • Review reports & reconcile activity • Complete test-borrowing report • Share results with ALCO / management

Online Banking: Requesting the Advance

Step 1 – Open a New Advance
From the left menu, select **Advances → Create New Advance**

Step 2 – Select a Type & Term
Review rates and click on the product to select it

Advance Rates

Short-Term   Long-Term   Amortizing

Short-Term Classic Advance Rates
Effective 9:56 AM | December 2, 2025

TERM	REG.
Daily Cash Manager	4.16
1 WEEK	4.14
2 WEEK	4.13
3 WEEK	4.12
1 MONTH	4.12
2 MONTH	4.00
3 MONTH	3.99
4 MONTH	3.96

Step 3 – Review Terms and Select Disbursement Date
*Confirm **Advance Type**, **Rate**, **Term**, and choose the **Disbursement Date** for your test.*

Advance Terms

The Advance Type, Rate and Term can be selected using the product menu and rate table on the left-hand side of the screen.

Advance Type
LONG TERM - REG

Rate
5.02

Term
2 YEAR

Disburse Date
11/22/2023

Maturity Date
11/24/2025

Step 4 – Select Advance Amount
Type in a practical test size (typically **$100K–$1MM**, larger when you want to prove full capacity).

Advance Amount

$ 5,000,000.00

Online Banking: Adding Wire, Funding, Confirming

Step 5 – Set Up the Wire Out
*Select **Yes** for Wire Out, enter the wire amount, and choose your Fed/correspondent wire template.*

Wire Out
● Yes ○ No

Wire Out Amount
$ 5,000,000.00

Wire Instructions ⓘ
Template 1

Step 6 – Review & Submit the Advance
*On the **Advance Preview**, confirm type, term, rate, disbursement account, and wire details, then click **Submit** and note the timestamp.*

Advance Preview

ⓘ This rate is available for 51 seconds. Please, submit to initiate the advance.

Advance Type	LONG TERM - REG
Advance Amount	$5,000,000.00
Final Rate	5.02
Term	2Y2D
Disburse Date	11/22/2023
Maturity Date	11/24/2025
Disburse To Account	9393909
Wire Out	Yes
Wire Out Amount	$5,000,000.00
Wire Instructions	Template 1

Back   Submit

Step 7 – Confirm Funding & Status
*Use **View Advance List** and see the new Advance showing as **DISBURSED**, click the down-arrow for full Advance details*

Search By
○ Disburse Date ● Status

Enter Search Information

Details may not be immediately available for your most recent Advances. Please check back soon.

ADVANCE TYPE	STATUS	ADVANCE NO.	AMOUNT	RATE	DISBURSE DATE	∧ MATURITY DATE	
ST FIXED	DISBURSED	484070	$20,000.00	5.55%	08/30/2023	10/25/2023	∨
DAILY CASH MGR	CLOSED	484423	$10,000.00	5.54%	11/13/2023	11/14/2023	∨
ST FIXED	DISBURSED	484455	$200,000,000.00	5.51%	11/16/2023	11/24/2023	∨
ST FIXED	PENDING	484460	$3,000.00	5.56%	11/17/2023	12/18/2023	∨
ST FIXED	DISBURSED	484071	$10,000.00	5.65%	08/30/2023	02/28/2024	∨
ST FIXED	DISBURSED	484078	$4,300.00	5.56%	09/05/2023	06/18/2024	∨
LT FIXED	PENDING	484362	$1,111.00	5.07%	11/08/2023	11/10/2025	∨
NEW ADVANCE	PENDING	484497	$5,000,000.00	5.02%	11/22/2023	11/24/2025	∨

Payoff, Reconcile, and Document

Wire funds back & verify payoff
Wire from Fed/correspondent back to IDEAL Way at maturity and confirm the Advance pays off.

Review reports & capital stock
Check Online Banking / IDEAL Way for principal, interest, and any excess stock repurchase.

Complete the Test Borrowing Reporting Template
Record request time, funding time, wire times, who did what, and any notes/follow-ups.

Share results with ALCO / management
Attach the template and confirmations to your liquidity package so examiners see proof of accessible funding, not just policy language.

Thank You

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Sample Test Borrowing Procedure

Purpose

To confirm that our institution can readily access liquidity from FHLBank Boston and to demonstrate operational readiness to management and regulators.

Frequency

- **Minimum:** at least **annually**

- **Recommended: quarterly**, and **whenever key funding staff are out of the office** (to build redundancy)

Procedure

1. Pre-Test Preparation

- Confirm **Online Banking** access, borrowing entitlements, and **wire permissions** for:
    - Primary Operator
    - Backup Operator
- Verify **sufficient collateral** and available borrowing capacity with FHLBank Boston.
- Agree on:
    - **Test amount** (minimum $100,000; consider $1 million or higher periodically)
    - **Term** (minimum 2 days* to allow for test wire, 1-week recommended)
      *note that Classic Advances shorter than 1-Week are call-in only
    - **Product** (e.g., 1-week Short-term Classic)
- Notify Treasury, Operations, and Accounting of:
    - Planned **test date and time**
    - **Wire destination** (Fed or correspondent)

2. Execution

- Initiate the advance via **Online Banking** or by calling FHLBank Boston: 800-357-3452, option 1.
- Confirm **IDEAL Way** has sufficient funds for required activity stock.
- Once funded, **wire proceeds out** to the designated Fed or correspondent account.
- Confirm **receipt of funds** in the destination account and record timestamps.

3. Repayment

- On or before maturity, **wire funds back** to the IDEAL Way account.
- Confirm the advance is **paid off in full** and that any excess capital stock adjustments are visible on reports.

4. Verification & Documentation

- Complete the **Test Borrowing Reporting Template** for each test:
    - Amount, term, rate, and effective post-dividend cost
    - Operators involved (primary and backup)
    - Key timestamps (request, funds out, funds back)
    - Any issues encountered and how they were resolved
- Store the completed template and supporting reports with **liquidity / ALCO documentation**.

5. Post-Test Review

- Treasury reviews results with Compliance / Risk Management.
- Incorporate any **lessons learned** into procedures (e.g., permissions, contact lists, collateral headroom).
- Report summary results (including time to funds and any issues) to **ALCO** and, as appropriate, to the **board**.

Test Borrowing Reporting Template

Institution: _____

Date of Test Borrowing: _____ / _____ / _____

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1. Advance Details

- **Advance Amount:** $_____

- **Term:** _____ days _____ weeks _____ months

- **Product Type:** ☐ Classic ☐ DCM ☐ Other: _____

- **Advance Rate:** _____%

- **Dividend Rate:** _____%

- **Effective Post-Dividend Cost:** _____%

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2. Timing & Operations

- **Date / Time Advance Requested:** _____

- **Date / Time Funds Available in IDEAL Way:** _____

- **Date / Time Funds Wired Out:** _____

- **Date / Time Funds Received at Fed / Correspondent:** _____

- **Date / Time Funds Returned to IDEAL Way:** _____

- **Total Time – Request to Funds in External Account:** _____ minutes

- **Operators Involved:**
    - Primary: _____
    - Backup: _____

- **Was primary funding contact out of office?** ☐ Yes ☐ No

- **Wire Destination:** ☐ Fed Account ☐ Correspondent Bank
    - Name / ABA: _____

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3. Results & Issues

- **Confirmations (check all that apply):**
  ☐ Funds received in external account
  ☐ Funds repaid on maturity
  ☐ Dividend / stock activity posted as expected
  ☐ No operational issues
- **Issues / Exceptions Noted (if any):**

  _____

  _____

- **Follow-Up Actions / Owners / Due Dates:**

  _____

  _____

  _____

Reviewer: _____ Date: ____ / _____ / _____