



How Our Dividend Lowers Your Borrowing Costs

The following example illustrates how the FHLBank Pittsburgh dividend lowers your advance borrowing costs:

Example Advance	
Advance Amount	\$ 1,000,000
Activity Stock Rate ¹	4.00%
Activity Stock Required ² <i>(Advance Amount x Activity Stock Rate)</i>	\$ 40,000
Advance Term (Months)	12
1-Year Advance Rate at 2/23/2021	0.364%
Annualized Stock Dividend	5.75%

Dividend Impact	
Interest Paid on Advance <i>(Advance Amount x Advance Rate x Term / 12)</i>	\$ 3,640
Estimated Dividend Received ³ <i>(Activity Stock Required x Activity Stock Dividend x Term / 12)</i>	\$ 2,300
Net Borrowing Cost <i>(Interest Paid on Advance - Estimated Dividend Received)</i>	\$ 1,340
Dividend-Adjusted Advance Rate <i>(Net Borrowing Cost / Advance Amount)</i>	0.134%
Dividend Impact <i>(Advance Rate - Dividend-Adjusted Advance Rate)</i>	23 bps <i>(rounded)</i>

All-In Cost	
Total Interest Paid ⁴ <i>(Interest Paid on Advance + (Activity Stock x Advance Rate) x Term / 12)</i>	\$ 3,786
Estimated Dividend Received ³ <i>(Activity Stock Required x Activity Stock Dividend x Term / 12)</i>	\$ 2,300
"All-In" Advance Cost <i>(Total Interest Paid - Estimated Dividend Received)</i>	\$ 1,486
"All-In" Advance Rate <i>["All-In Advance Cost" / (Advance Amount + Activity Stock)]</i>	0.143%
Interest Cost Reduction <i>(Advance Rate - "All-In" Advance Rate)</i>	22 bps <i>(rounded)</i>

¹ Activity stock requirement is subject to change.

² The requested advance amount of \$1,000,000 requires a capital stock purchase of \$40,000.

³ Dividend is calculated assuming an average activity capital stock balance using the most recent dividend on an annualized basis.

⁴ Assumes an opportunity cost of capital equivalent to 1-Year Advance Rate.

DISCLAIMER: The potential dividend impact discussed above and shown in the rate sheet is for illustrative purposes only. FHLBank Pittsburgh makes no commitment regarding payment of any dividends or the level of dividends. Dividend impact is the advance rate indication less the product of the current member loan stock purchase percentage and the previous quarter activity stock dividend percentage. The advance interest is calculated on an actual/360-day basis. The valuation is illustrative only; actual valuation will vary depending on the advance rate, member loan stock purchase and dividend percentages in effect on any given day at a specified time.

For questions regarding advance products, or to request an Excel version of this document, please contact your Business Development Manager or call 800-288-3400, option 2.