

which people want to live, not leave.

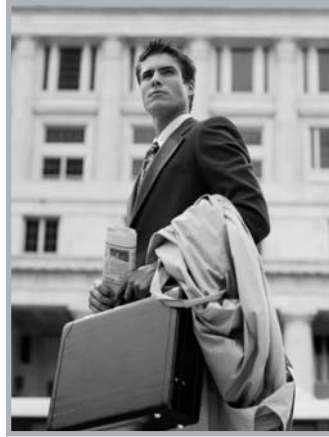
FHLB Des Moines continues to support lending programs and opportunities designed to benefit low-to moderate-income areas. We believe the return on investment is enormous - stronger, better communities. Building relationships with our stockholders to help advance their successes and their communities is the way we do business.

#### CORPORATE GOVERNANCE

FHLB Des Moines embraces and implements corporate governance best practices. We believe that our investors expect transparency, accuracy, and integrity in financial reporting, and we work diligently to earn their trust in these matters. The Federal Housing Finance Board supervises and regulates our business. Our management and board of directors works to ensure the Bank operates in a safe and sound manner, carries out its social mission, and retains its ability to raise funds in the capital markets.

#### community support

We believe in the transformational power that is created when individuals have a nice place to live, a safe recreational center, and a job-creating commercial district.



Our community support takes two forms: affordable housing and community economic development.



*Our business objectives are explicit - provide members with a reliable credit source and a range of financial products and services that meet their needs.*



## Building the Future with our Members



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*Federal Home Loan Bank of Des Moines...*

*helping communities thrive by providing liquidity, financial services, technical expertise and support to our members*

## FINANCING THE AMERICAN DREAM

Homeownership...it's the American Dream. To achieve it, millions of Americans require more than determination and hard work. They need low-cost financing. That's where over 8,100 commercial banks, credit unions, thrifts, and insurance companies come in. Through membership in the Federal Home Loan Bank System, they can access capital at lower costs and pass the benefits along to borrowers in the form of lower interest rate loans.



Federal Home Loan Bank of Des Moines (FHLB Des Moines) is one of 12 regional FHLBanks, which as a group, is one of the largest suppliers of home mortgage credit in the United States. The FHLBank System was created in 1932 to improve the supply of funds to local lenders that finance loans for home mortgages. During the last 15 years, our business scope has expanded to include funding initiatives for affordable housing and community development.

Today, FHLB Des Moines is one of the preeminent financial institutions in the Midwest. The Bank is privately capitalized and cooperatively structured. Because we are a cooperative, each of our member financial institutions is an owner. We leverage our key advantages: excellent capital market access and the ability to provide low-cost advances to members.

The primary source of funds for the Bank is the issuance of bonds. Raising funds at low interest rates allows the Bank to lend funds to members at low interest rates. Through these activities, we improve our member's competitiveness and ability to serve their customers.

Financial services are only one component of our operations. Our public mission is to ensure that the enormous potential of Midwestern communities is fulfilled. Organizations and nonprofits that work with underserved communities in Iowa, Minnesota, Missouri, North Dakota, and South Dakota count on us to help them achieve their economic and social aspirations as well as meet their housing and economic developmental goals.

## SERVING OUR MEMBERS & SUPPORTING COMMUNITY VIABILITY

In every community, if you want to know what's going on, talk to a banker. You'll find an individual with deep knowledge of the local economy, a commitment to progress and the contacts to get things done. There are many advantages to being a local financial institution, but access to Wall Street is not one of them. That's where FHLB Des Moines can help. We provide access to

capital that members can use to better meet liquidity requirements and manage their balance sheets. This enables members to invest in their communities through affordable residential and community development loans. The FHLB Des Moines has a behind-the-scenes role, but provides the framework for members to be local heroes.

Our members are diverse. They range from community banks to some of the nation's largest banks. However, despite their differences in size or purpose, they share the desire to make loans in their markets. Our credit products and financial services allow members to be flexible and manage the bottom line in an ever-changing marketplace. Credit products include both fixed-and adjustable-rate loans at maturities ranging from one day to 20 years. To help our members make the best use of these products, the Bank provides workshops and educational programs.

We leverage technology to enhance information and speed transactions. We know that in today's challenging economy, better information leads to better decisions. We will continue to design structures and programs that help members manage their balance sheets and increase their business effectiveness. With every contact, we strive to listen, share, and deliver in order to enhance our members' experience with FHLB Des Moines.

Gratification. Enthusiasm. Appreciation. These are some of the feelings that flow through first-time homeowners when they sign their closing papers. The same emotions accompany parents as they walk through a safe, new child care center.

You will not find FHLB Des Moines on the scene for many of these events, but we are directly connected to community revitalization through our innovative lending programs. The Bank is

### partnership

True partnership is a concept that every business aspires to, but few actually achieve. At the Federal Home Loan Bank of Des Moines, partnership is the cornerstone of our business model. We've been thinking differently about business for more than 70 years.



We focus on providing well-designed solutions that serve the public interest. We know that relationships are built on trust backed by performance. Our business isn't just banking; it's building relationships with our members and our community partners.

one of the largest corporate providers of grants for affordable housing and economic development in the Midwest. Each year, we set aside more than 10 percent of net income to invest in initiatives that make communities stronger and provide low priced advances for housing and economic development.

## COMMUNITY INVESTMENT PROGRAMS

The Affordable Housing Program (AHP) supplies grants and loans for development of very low, low, and moderate-income households. Awards are granted to member financial institutions and their community partners. AHP is an indispensable source of funds to help address the housing needs of underserved populations by providing down payment, closing cost and rehabilitation assistance. Specialized offerings like the Rural Homeownership Fund (RHF), the Urban First-Time Homebuyer Fund (UFTHF) and the Native American Homeownership Initiative (NAHI) enable local financial institutions to make loans for special populations.

FHLB Des Moines also offers Community Investment Advances. These advances are cost of funds plus administrative costs that are designated to assist members in meeting local residential and commercial lending needs. Through the Commercial Lending Advance, money is available for construction loans, rehabilitation loans, operating equipment, community infrastructure projects, permanent financing or other commercial lending. With the Residential Lending Advance, financing is available for the rehabilitation, construction, redevelopment or purchase of single-family (1-4 units) or multi-family (5 or more units) affordable housing.

Our Rural Capital Advance program is designed to accelerate community revitalization in rural areas. \$100 million a year in AHP funds is set aside for this program, which began

in May 2005. The program provides millions of dollars a year in Rural Capital Advances for economic development in our five-state district. The price of this advance is currently the Bank's cost of funds plus administrative costs, which cover the Bank's expenses. It's a cost-effective way to help build a community's economy.



Because we believe that community development is a journey, not a destination, FHLB Des Moines continues the relationships with our community-based partners after financing is complete. Our community economic development programs are designed to accelerate community revitalization. We offer a variety of discount and subsidy programs that promote employment and infrastructure development. We're behind the scenes providing the assistance that helps build the kinds of communities in