

Prime Rate Advance

Features

The Prime Rate Advance provides a great source of term financing, 12 and 18 months, priced at an attractive spread or discount based on Prime*. It is a great way to fund loans based on Prime and to fund agricultural operating lines of credit. Whenever Prime changes, the rate is reset daily, so pricing adjusts automatically to changing market conditions.

Advantages

- Fixed-term, adjustable rate

- Mitigate the funding basis risk
- Lock-in margins on Prime-based assets
- Alternative source of funding for Prime-indexed rate assets
- Fund loans based on Prime (e.g., Home Equity and Construction loans)
- Agricultural Operating Lines of Credit
- Manage balance sheet interest rate sensitivity

Maturities

Terms are 12 or 18 months, subject to the availability of funds.

Pricing

Pricing is based on a spread to Prime*. Principal is due at maturity with interest due monthly. Interest is calculated on an actual/360 day basis. The interest rate resets daily.

Minimum Amount

The minimum advance is \$500,000 — However, all transactions less than \$10 million will be aggregated and funded when a \$10 million target is reached.

Examples

The Prime Rate Advance is a useful funding tool. Some of the many ways you can use a Prime Rate Advance are to fund operating, commercial, agricultural or home equity loans. In today's competitive marketplace, tying your interest rate to Prime* allows you to efficiently fund the loans and at the same time minimize your interest rate risk.

For more information about the Prime Rate Advance, please call the Money Desk at 800.544.3452, ext. 1013 or email moneydesk2@fhlbdm.com.

**Prime as defined by the USD-Prime-H.15 as published in Federal Reserve Statistical Release H.15.*

Certain restrictions apply. Please reference the Bank's Member Products Policy.

