

Repo Advance

Features

As one of our most popular advances, the Repo Advance is used to supplement retail deposits and manage risk. You get same-day funding with terms less than six months. Its short-term, fixed rate provides you with many liquidity opportunities.

Advantages

- Competitively priced
- Interest is not due until maturity
- Used to fund short-term liquidity requirements
- An alternative to term Fed Funds needs
- Fixed-rate during term
- Renewable at maturity

Examples

Servicing a community with a strong economy, a local bank was experiencing increasing commercial and mortgage loan demand while its deposit base was growing at a much slower pace. To ensure it could readily meet loan demand, the bank secured three-month, fixed-rate advances from the Des Moines Home Loan Bank. While it restructured its deposit mix in an effort to attract new funds, the advances allowed the bank to fund loans until deposits reached the desired levels. The benefits of using advances for this purpose were the immediate availability of funds and control over the amount and term of the borrowing.

Another member used the Home Loan Bank to manage its cash position and generally had funds borrowed over quarter ends and settlement days. To lower its funding costs when Fed Funds were expensive, the member rolled its Fed Funds advance into a Repo advance during these periods and then rolled back into the Fed Funds advance when rates declined.

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

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

