



Announcements

Convertible Advance Products (FHLB Des Moines Owned Option)

On Tuesday, the Federal Reserve cut the Federal Funds rate and the Discount Rate by 75 basis points to 3.50% and 4.00%, respectively. This was the biggest rate cut by the Fed in nearly 24 years and the first cut between regularly scheduled meetings since the September 2001 terrorist attacks.

With current convertible advance rates approximately 40 to 100 basis points lower than one month ago and approximately 150 to 200 basis points lower than one year ago, we encourage you to consider FHLB Des Moines' convertible advance products as an additional source to meet your funding needs. Simply put, a convertible advance is a fixed rate advance which allows the Bank to call the advance due at the initial lockout date or on predetermined dates thereafter.

Rate Indications

Advance Structure ¹	Indication ² @ 12/31/07	Indication ² @ 1/23/08
2 year No Put 3 month	3.60%	2.14%
5 year No Put 2 year	3.63%	2.33%
10 year No Put 1 year	3.16%	2.00%
10 year No Put 3 year	3.59%	2.51%
10 year No Put 5 year	4.01%	3.06%

¹ FHLB Des Moines owns the right to require the member to prepay the advance on the lockout date or quarterly (Bermudan option) thereafter. A one-time opportunity (European option) for the Bank to call the advance due is also available.

² Indications are based upon advance requests of less than \$15 million.

Convertible Advance Details

- Minimum convertible advance size is \$500,000 with \$100,000 increments.
- Requests for a particular convertible advance structure will be aggregated and funded once total requests reach or exceed \$5 million.
- Typical settlement is two business days following the trade date.
- To request a convertible advance, members must have the necessary documentation (disclosure and disclaimer) submitted to the Bank prior to 2:00 p.m. Central Time on the day the Bank goes to market.
- Normal underwriting, collateral and capital stock requirements apply.

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Other Considerations

As noted above, a convertible advance is a fixed rate advance containing an option which allows FHLB Des Moines, with the requisite notice, to require the member to prepay the advance prior to its stated maturity date. While the convertible advance rate is often attractive when compared to other sources of funding, it is the responsibility of the member to perform the appropriate analysis in determining the potential impact this type of instrument might have on its balance sheet and to review potential accounting implications associated with this type of transaction.

Please contact the Money Desk at 800-544-3452 ext. 1013 for additional terms, pricing and structure availability.