



Announcements

Convertible Advance Products – Updated Rate Information (FHLB Des Moines Owned Option)

On Wednesday, January 30th, 2008, the Federal Reserve cut the Fed Funds Rate and the Discount Rate by 50 basis points to 3.00% and 3.50%, respectively. This action closely followed an earlier rate cut on Tuesday, January 22, 2008, when the Fed cut the Fed Funds Rate and the Discount Rate by 75 basis points to 3.50% and 4.00%, respectively. The 75 basis points rate deduction was the biggest cut by the Fed in nearly 24 years and the first cut between regularly scheduled meetings since the September 2001 terrorist attacks.

Taking the Fed's recent actions and the overall interest rate environment into consideration, FHLB Des Moines convertible advance rates are at extremely attractive levels and should be considered as an alternative to meet your funding needs. For example, in less than two months, our convertible advance rates have decreased approximately 60 to 130 basis points depending on the advance structure.

Rate Indications¹

Convertible Structure ²	Indication @ 12/31/07	Indication @ 2/6/08
2 Year No Put 3 Month	3.60%	2.30%
5 Year No Put 2 Year	3.63%	2.56%
10 Year No Put 1 Year	3.16%	2.30%
10 Year No Put 3 Year	3.59%	2.84%
10 Year No Put 5 Year	4.01%	3.38%

¹ Rate indications are based on advance requests of less than \$15 million.

² A convertible advance is a fixed rate advance which allows the Bank to call the advance due at the initial lockout date or quarterly (Bermudan option) thereafter. A one-time option (European option) for the Bank to call the advance due is also available.

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.

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.