

March 4, 2008

The FHLB of Des Moines is *your* Bank. We are a cooperative, and we are here to serve you. Our primary mission is to be a stable and reliable source of liquidity to your institution. I trust you would agree that we have fulfilled that mission admirably during this ongoing liquidity crisis.

As a cooperative, we always strive to serve our members better. We cannot be all things to all members all the time. I wish we could pay the highest dividend and charge the lowest rate on our advances, but that obviously is not possible. Instead, we balance the prices we charge for our products and services, the dividend we pay you, and the retained earnings we need to ensure that we operate safely and soundly to maintain our coveted AAA rating.

Your feedback on how we are doing is vital to ensure that we are providing you the best service possible. In 2007, we heard many great ideas from you at our nine spring member meetings and through our year-end member-wide survey. And we have responded to your requests:

- We introduced two new advances products in 2007: a fixed-rate and variable-rate advance where you own the option to prepay.
- We expanded collateral eligibility, reduced our haircuts, and began to accept single-family construction loans, as well as business and agri-business lines of credit, as collateral.
- We extended our wire room hours and the availability of our overnight advances.
- We introduced “Unique Funding Opportunities” to periodically offer special advance pricing based on opportunities that we see in the marketplace.
- We increased our deposit rates so that they are more competitive with your short-term investment alternatives.
- We enhanced the functionality of eAdvantage, our online banking system, by increasing the size of advances that you can now do online.
- In our mortgage purchase program, we started to purchase USDA and Section 184 loans.

We continue to research ways to improve our value to you. In early 2008, we announced that in most cases we will no longer charge members for mortgage collateral verification visits. Those verifications are critical to ensure that we operate prudently, but we determined that it was not necessary for us to charge members separately for those assessments.

In 2007, the FHLB Des Moines took a strong stance against the Farm Credit System’s (FCS) attempt to insert its “Horizons Project” into the Farm Bill. The FCS failed, but they will be back

FHLB Members

March 4, 2008

Page 2

again, and we will continue to work with you to oppose the attempt to expand their mission. In addition to opposing expansion of the FCS politically, we are committed to researching products and services that we can offer to help you compete against the FCS on a day-to-day basis. I cannot promise that we will be able to develop the perfect solution, but I can promise you that we will work hard to try and come up with one.

We take great pride in the year-end survey results that show that 94 percent of our members are “very satisfied” or “satisfied” with their FHLB Des Moines membership. It is not realistic to expect 100 percent satisfaction, but that is a level to which we aspire.

I encourage you to continue to provide us feedback, whether through formal surveys, participation in our upcoming regional spring member meetings, through your credit sales representative, or by calling or sending us an e-mail. And if you haven’t had a visit with your sales representative recently, please give him or her a call. Our sales representatives are not only knowledgeable professionals – they are your advocates and they want to serve you.

We want to hear what you have to say. Will we be able to accommodate every request? The honest answer to that is “no.” But it is only by hearing what’s on your mind that we can develop a database of ideas to consider and then develop those that present the strongest business case to our membership.

On behalf of the staff of the FHLB Des Moines, I want you to know that it is a pleasure and an honor to have the opportunity to serve the financial services industry in the great Midwest. You are the lifeblood of local communities, and we are here to help you in any way we can. Please do not hesitate to call (515-281-1012) or write (mwilson@fhlbdm.com) me with your comments and suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Wilson". The signature is written in a cursive, flowing style.

Michael L. Wilson

Executive Vice President and Chief Business Officer