



## How to Report a Material Adverse Event

All Federal Home Loan Bank of Des Moines (FHLB Des Moines or Bank) members are required to report material adverse events to the Bank. The member is responsible for reporting to the Bank any material adverse event that would render any representations or warranties invalid or untrue. The Bank has now established a more formal process for this ongoing responsibility of the member. The implementation of this new process is effective immediately.

### General Definition:

Generally speaking, a material adverse event is any event or series of events that cause a member's representations and warranties executed through the Advances Pledge and Security Agreement with FHLB Des Moines to no longer be true. In short, if an event occurs that you would report to your regulator, please inform FHLB Des Moines. A material adverse event may include but is not limited to:

- Discovery of fraud
- Material asset write-off
- Significant decline in capital
- Pending/recently issued enforcement actions
- Other material events that may not be reflected in the member's most recent financial statements, but may affect the member's creditworthiness

### Implications:

A material adverse event causes, or with a lapse of time could cause, the value of collateral currently pledged to FHLB Des Moines to no longer fully cover a member's total credit exposure or could negatively impact the member's ability to fully repay existing exposures outstanding with the Bank.

### Procedure:

The member is required, through the normal course of business, to notify FHLB Des Moines if such an occurrence is not already publicly disclosed.

To facilitate this process, the Bank has set up a confidential email account for you to report such events: [Member-Credit@fhlbdm.com](mailto:Member-Credit@fhlbdm.com).

The following information should be included in your report:

- Institution and member number
- Contact person name, phone number and email address
- Brief description of material adverse event
- Date event occurred

The Bank will evaluate the information and will reach out to discuss the material adverse event with the member to fully understand the facts and circumstances surrounding the occurrence. The Bank will then independently evaluate the significance and determine what actions, if any, may be taken. If the Bank determines any action is necessary, it will reach out to the member prior to the action being taken.

If you have questions about your reporting responsibility, contact your Relationship Manager or [Member-Credit@fhlbdm.com](mailto:Member-Credit@fhlbdm.com).