

# Advance Restructuring Program

FEDERAL HOME LOAN BANK OF DES MOINES



Since the introduction of the Advance Restructuring Program, a number of members, after performing their own due diligence with regard to the accounting implications of restructuring, have used the program and seen the following benefits:

- Extended liability base duration without increasing the overall size of their balance sheet
- Decreased cost of advances
- Added duration to funding mix to mitigate interest rate risk on longer-term assets

**Example:** In this transaction, a member was able to restructure \$50 million in advances.

Original Advance Amount	Original Interest Rate	Maturity Date of Original Advance	Years to Maturity
5,000,000	2.64%	5/29/2020	0.29
3,000,000	2.82%	6/22/2020	0.36
7,000,000	2.80%	6/26/2020	0.37
4,000,000	3.07%	10/16/2020	0.68
2,000,000	3.26%	11/1/2021	1.72
5,000,000	3.08%	11/23/2020	0.78
3,000,000	3.06%	6/1/2020	0.30
7,000,000	3.16%	12/3/2021	1.81
4,000,000	2.98%	12/21/2021	1.86
2,000,000	2.90%	12/28/2021	1.88
5,000,000	2.86%	12/31/2021	1.88
3,000,000	2.94%	1/24/2022	1.95
<b>50,000,000</b>	<b>2.95%</b>		<b>1.10</b>

Restructured Advance	New (Blended) Interest Rate	Maturity Date of New (Restructured) Advance	Years to Maturity
5,000,000	1.87%	2/14/2024	4.01
3,000,000	1.91%	2/14/2024	4.01
7,000,000	1.91%	2/14/2024	4.01
4,000,000	2.04%	2/14/2025	5.01
2,000,000	2.47%	2/14/2025	5.01
5,000,000	2.08%	2/14/2025	5.01
3,000,000	1.90%	2/14/2024	4.01
7,000,000	2.47%	2/14/2025	5.01
4,000,000	2.42%	2/14/2025	5.01
2,000,000	2.40%	2/14/2025	5.01
5,000,000	2.38%	2/14/2025	5.01
3,000,000	2.43%	2/14/2025	5.01
<b>50,000,000</b>	<b>2.17%</b>		<b>4.65</b>

**Result:** This member was able to accomplish their well-defined goals by restructuring several existing advances. The member lowered their cost of advances by 78 basis points and extended their liability maturities by over 3.55 years. Ultimately, this restructuring strategy allowed the member to retain some of their 15-year and 30-year mortgage production on balance sheet and mitigate interest rate risk without increasing advance balances.

Decreased cost of advances:	0.78%
Increase in liability base duration:	3.55 years

If you are interested in looking into restructuring your advances, please contact your Relationship Manager or the Money Desk. In order to be considered an eligible advance, the existing advance must be a long-term, fixed rate bullet advance or a convertible advance (regular and Community Investment Advance) with no forward start or symmetrical prepayment features. Advances can only be restructured into a long-term fixed rate advance for the same dollar amount as the original advance. An advance cannot be restructured into a symmetrical prepayment advance, a forward starting advance or a community investment advance. Also, an existing advance cannot be restructured in conjunction with a Unique Funding Opportunity offered by the Bank.

*The Federal Home Loan Bank of Des Moines does not provide accounting advice. Members should consult with their own independent accounting firms or advisers with respect to restructured advances.*