



THE LETTER OF CREDIT OPPORTUNITY

Federal Home Loan Bank of Des Moines partners with your financial institution to provide Letters of Credit (LOC) as an alternative to pledging securities to secure your public funds.

- **As custodian of your public funds, do you need to ensure your deposits are backed safely?**

FHLB Des Moines Standby Letters of Credit are rated 'Aaa/AA+' and cannot be terminated before a mutually agreeable date.

- **Has it become a burden to regularly track and monitor the securities currently used to collateralize your uninsured deposits?**

Replacing pledged securities with FHLB Des Moines Letters of Credit can effectively increase operational efficiency since they are easier to monitor than securities. There is no need to track securities substitution and collateral valuation levels associated with changing maturities, calls and replacements.

- **Does your public unit have the capacity to sustain a delay in the settlement of funds in the unlikely event of a failure of an insured bank?**

As the beneficiary of an FHLB Des Moines Letter of Credit, your public unit is able to immediately draw against the Standby LOC in the event of a financial institution's default, avoiding the time-consuming process of exercising your right to security collateral.

BENEFITS TO PUBLIC UNIT DEPOSITORS



SAFETY

FHLB Des Moines Letters of Credit are rated 'Aaa/AA+'



CONVENIENCE

Easier to monitor than securities with their associated maturities, calls and substitutions



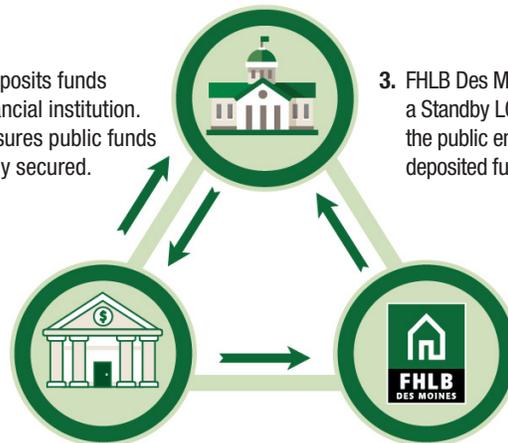
NO FEES

FHLB Des Moines partners with your financial institution. Public units are not subject to LOC fees.

PROCESS OF ACQUIRING A LETTER OF CREDIT THROUGH YOUR FINANCIAL INSTITUTION

1. Public unit deposits funds with their financial institution. Custodian ensures public funds are adequately secured.

3. FHLB Des Moines issues a Standby LOC in favor of the public entity, securing deposited funds.



2. In an effort to diversify collateral for deposits above the FDIC-insured \$250,000, the financial institution applies for a LOC from FHLB Des Moines.

Public unit finance managers are increasingly seeing the benefits of securing uninsured deposits via procurement of Federal Home Loan Bank of Des Moines Standby, irrevocable Letters of Credit. Collateral options for Public Unit Deposits are typically driven by state statute and/or public investment policy.



ADVANTAGES OF AN FHLB DES MOINES STANDBY LETTER OF CREDIT TO SECURE UNINSURED DEPOSITS:

- Immediate payout to the public unit in the event of depository default
- Reduce monitoring and reporting required for securities collateral
- Letter of Credit cannot be terminated before a mutually agreeable date

FEATURES OF PUBLIC UNIT DEPOSIT COLLATERALIZATION ALTERNATIVES

FHLB DES MOINES LETTER OF CREDIT	PLEGDED SECURITIES	RECIPROCAL DEPOSITS	SURETY BONDS
No settlement risk for public entity	Coverage risk if maturities, calls and/or substitutions are not monitored	Public entity may face overnight exposure	May not be able to be completely parallel with PUD maturity
No cost to the public unit, minimal cost to financial institution	Full-time equivalent (FTE) cost of monitoring	FTE cost of monitoring multiple deposit sources	Expensive for the financial institution
Less monitoring required	High administrative burden	-	-

ABOUT FHLB DES MOINES

Federal Home Loan Bank of Des Moines is a member-owned cooperative that provides liquidity and funding solutions to financial institutions in 13 states and three U.S. Pacific Territories to support mortgage lending, economic development and affordable housing in the communities they serve. The Des Moines Bank is one of 11 Banks that make up the Federal Home Loan Bank System (FHLBank).

- Nearly 1,350 members
- Headquartered in Des Moines, Iowa; Western Office in Seattle, Washington

Regulated by the Federal Housing Finance Agency, the FHLBanks operate independently with their own boards of directors and are registered with the Securities and Exchange Commission.

REQUESTING A LETTER OF CREDIT

Only FHLB Des Moines member financial institutions can request a Letter of Credit. With nearly 1,350 financial institutions part of the cooperative, there is a good chance a member is located within or near your municipality.

A complete listing is available at www.fhlbdm.com/member-directory

