

# Symmetrical Prepayment Feature



A Symmetrical Prepayment feature is a unique enhancement to our Long-term Fixed-rate, Amortizing and Forward Starting Fixed-rate advances. This feature allows you to prepay an advance and potentially realize a gain if interest rates rise to a level greater than those that existed when the advance was originated. The Symmetrical Prepayment feature is not available on Community Investment Advances (CIA).

## FEATURES

- No cap on realized gains
- Flexibility to adjust funding to match changes in your institution's interest rate risk profile
- Potentially no prepayment fee if rates rise to a certain level from origination
- Minimal increase in rate in comparison to standard fixed-rate advances
- Minimum advance size of \$100,000

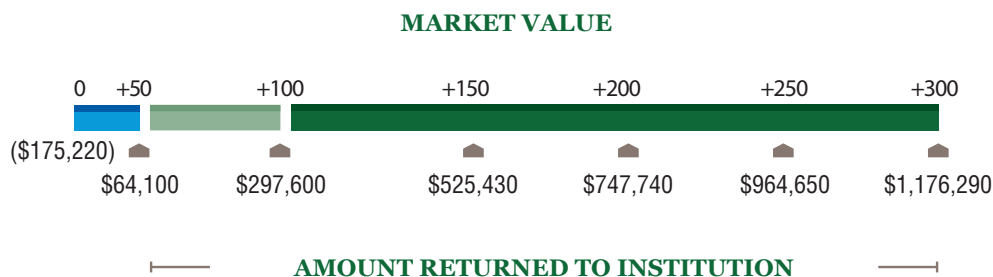
## BENEFITS

- Protect the value of a portfolio of long-term assets in a rising rate environment
- Hedge a mortgage-backed security or other optionable securities
- Provide stable, non-rate sensitive mortgage funding
- Offset losses on securities
- Potentially monetize gains from market rate increases

## HOW IT WORKS

Assume you take out a five-year, \$10 million Fixed-rate Advance at 1.97 percent. You utilize the Symmetrical Prepayment feature, which in this example adds 0.02 percent to your rate, totaling 1.99 percent.

### POTENTIAL GAIN FROM SYMMETRICAL PREPAYMENT FEATURE (if prepaid prior to maturity)



As you can see in this scenario, once rates rise 50 basis points you'll begin to benefit from adding on the symmetrical enhancement to your standard Fixed-rate Advance.

Assumes an instantaneous and parallel rate shock at trade origination

## QUESTIONS

PLEASE CONTACT YOUR VICE PRESIDENT/MEMBER SOLUTIONS



**MONEY DESK** Call 800.544.3452, ext. 1013  
or email [moneydesk@fhlbdm.com](mailto:moneydesk@fhlbdm.com)

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