



December 17, 2002

Mr. Dale J. Torpey  
Chairman  
Federal Home Loan Bank of Des Moines  
907 Walnut Street  
Des Moines, Iowa 50309

RE: Implementation of Federal Home Loan Bank of Des Moines Capital Plan (2002-APP-09)

Dear Mr. Torpey:

On July 10, 2002, the Board of Directors of the Federal Housing Finance Board (Finance Board) approved the capital plan of the Federal Home Loan Bank of Des Moines (Bank) subject to the Bank receiving approval of its risk assessment procedures and controls. The Bank also must receive Finance Board approval of its internal market risk model before implementing its capital plan. Our review of the Bank's internal market risk model is underway.

We have reviewed the materials that the Bank submitted in support of its request for approval of its risk assessment procedures and controls. As part of our regular examination of the Bank that commenced October 28, 2002, we also reviewed the Bank's risk assessment processes and risk control environment.

Pursuant to 12 C.F.R. § 932.1, the Finance Board hereby approves the Bank's risk assessment procedures and controls. The Bank's Risk Management Policy addresses all material risk categories, defines the Bank's risk management structure, and summarizes and cross-references the Bank's policies for market, liquidity and credit risk. Risk parameters have been developed for interest rate risk, market risk and net income at risk. The Bank's risk management process complies with all regulatory guidance and internal policies and limits, and risk monitoring systems are appropriate. Further, the Bank's risk management reporting is timely and accurate. In addition, the Bank's risk assessment process is performed through a series of risk-prioritized assessments conducted throughout the year.

[REDACTED]

[REDACTED]

Our approval of the Bank's risk assessment procedures and controls is based on the information, representations and commitments made by Bank management. Any material change in the information, representations or commitments or in the Bank's business plan or operations, prior to the Bank's conversion to its new capital plan, would be a cause for us to modify, change or rescind our approvals.

Sincerely,

*/s/ Stephen M. Cross*

Stephen M. Cross  
Director  
Office of Supervision

cc: Patrick J. Conway, President  
Christie Sciacca  
Gwen Grogan  
Scott Smith  
Kari Walter  
Duane Creel  
Arnold Intrater  
Charlotte Reid  
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Des Moines file