RE: FHLBank System at 100: Focusing on the Future

Dear Director Thompson,

On behalf of Iowa State Bank and Trust, thank you for the opportunity to submit comments on the FHLBanks role in providing community-focused financial institutions like ours with affordable liquidity so we can best serve families, farms, and businesses in our communities. As you conduct your review of the FHLBank System, please know that our institution’s access to liquidity through FHLB Des Moines directly impacts local businesses, farmers, school districts, and non-profits relying on our organization’s expertise and credit products. To illustrate that point I would like to share two brief stories with you.

 **Jefferson County Kids, Inc.- Cambridge Little Achievers Childcare Center**

Like many communities, Fairfield is struggling to provide enough options for parents in need of quality childcare. Current facilities are full forcing parents to decide between working, staying home or driving long distance for care. To address this critical need Iowa State Bank and Trust took the lead in financing the construction of a childcare facility with space for 185 kids. Using a Community Investment Advance from FHLB Des Moines we were able to price the construction loan 2.25% below our posted rate, saving the facility approximately $45,000 in interest expense annually. In an environment where high inflation is impacting every family in America, each dollar saved in interest can be passed along to families who will utilize the new facility. We are thrilled to facilitate this type of investment in our community and acknowledge that it could not have happened without strong public and private partnership.

**Agri-Industrial Plastics**

Iowa State Bank and Trust’s long-term relationship with Agri-Industrial Plastics is another notable example of the power of partnerships in supporting rural communities. A Top 10 employer in Fairfield, Agri-Industrial Plastics, has been a community staple for over 40 years. Iowa State Bank and Trust provided a start-up loan to the company in 1978 and continues to support its amazing growth to this day. As financing needs arise, typically due to ongoing growth and expansion, Iowa State Bank is able to utilize FHLB Des Moines’ Community Investment Advances to meet them. With more than 200 employees, Agri-Industrial Plastics is vitally important to southeast Iowa’s economy.

It would be impossible for Iowa State Bank and Trust to support small-businesses like Agri-Industrial Plastics, or non-profit organizations such as Cambridge Little Achievers Center, without FHLB Des Moines. Deposit growth in southeast Iowa is not sufficient to support loan demand and the growing credit needs of our customers. In the last 10 years Iowa State Bank and Trust has grown in assets by more than 130% and loans by over 150%, due in part to our access to FHLB Des Moines credit products.

FHLBanks have supported community banks like mine for a century, allowing us to better serve our communities. FHLBanks are not often recognized but are a critical part of the nation’s financial infrastructure. Their ability to remain viable in all economic cycles is imperative to our organization’s ability to continue serving southeast Iowans.

Sincerely,

Aaron Kness

President & CEO

Iowa State Bank and Trust Co.