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October 20, 2022

Federal Housing Finance Agency (FHFA)
Sandra L. Thompson, Director
400 7th St SW
Washington, DC 20224

Re: FHLBank System at 100: Focusing on the Future

Dear Director Thompson,

As a cooperatively member-owned financial institutions that are under the oversight of the Federal Housing Finance Agency, the Federal Home Loan Bank System's (FHLB) key mission is to deliver financial products that help its members as providers of safe funding solutions to support the lending, economic development, and affordable housing activities in the communities that its members serve. On the behalf of First Bank & Trust, located in Brookings, SD, and the Federal Home Loan Bank of Des Moines (FHLBDM), we appreciate the opportunity that is being provided to submit written comments on the FHLBank System's role in providing the member financial institutions, like ours, with affordable and accessible liquidity and funding so we can effectively and efficiently serve the families, farming operations, and businesses in the communities that we serve.

First Bank & Trust (FBT) is a family and employee-owned community-focused financial institution that has been a member of the Federal Home Loan Bank of Des Moines since applying and ultimately being accepted for membership by the FHFA in December of 1991. In that 30+ years since becoming an FHLB member, FBT has been able to strategically grow our footprint to now serve 17 communities in South Dakota and Minnesota. With the benefit of the available funding options and product offerings provided by the FHLB of Des Moines, FBT has been able to grow in a safe and sound manner as an institution, all while supporting our mission of delivering community banking services to our customers and remaining dedicated to giving back to our communities. Access to the various liquidity and funding options is a key factor in our capability to make the types of loans that our customers desire. The funding options that are available through the FHLBDM are a critical component of our bank's liquidity plan.

As you and your team conducts your review related to the *FHLBank System at 100: Focusing on the Future* initiative, please consider that not only our institution but the employers, farmers, school districts, municipalities and non-profits that rely on our employees' expertise and credit products are also meaningfully impacted by our ability to access liquidity and funding source efficiently through the FHLBDM.

For example, the FHLB Des Moines' Affordable Housing Program, particularly their Home\$tart[®] Program, has been instrumental in allowing us to help our mortgage customers clear a key barrier to the purchase of their first family home, with the down payment and closing cost assistance made available through our partnership with the FHLBDM and the funds made available through Home\$tart[®].

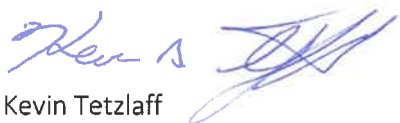
Additionally, the Mortgage Partnership Finance (MPF[®]) Program has expanded our mortgage lending by equipping our mortgage lenders with valuable options in meeting the needs of their prospective borrowers through the efficiencies gained by the access to the secondary mortgage market that is provided by the MPF Program. As an MPF[®] Program provider, the FHLB Des Moines offers a variety of products under this Program that have helped us enhance our relationship with our mortgage borrowers and our communities, and ultimately reduce our bank's overall interest rate risk profile.

Further, the FHLB Des Moines' Standby Letter of Credit (SLOC) product available through the FHLBDM has been highly advantageous in our relationships with the municipal entities that have funds placed with our banks by giving them the peace of mind that their deposits are solidly protected for balances that are in excess of the FDIC insured levels. As a bank, the SLOC product allows for us to maintain an improved on-balance sheet liquidity position by keeping our securities portfolio unencumbered, eliminate the need to match securities to deposit accounts, monitor potentially volatile valuations, and reduce operational expenses associated with monitoring and reporting requirements for municipal deposits.

As with any partnership, there are certain matters which are restrictive in serving our customers. The FHLB requirement of "wet signature" promissory notes for meeting the general eligibility requirements for loans pledged as collateral hinders our ability to meet customer expectations for a digital, bank anywhere experience. The permissibility of an electronically signed promissory note as eligible collateral would allow our banks to serve our customers even better while continuing to preserve a strong liquidity position that is supported by these types of loan originations.

The FHLBanks are a critical element of the nation's financial infrastructure. Their unique business model and partnership with community banks has ensured they are here for us and our communities through all economic cycles. We feel that is the primary purpose of the FHLB System. Therefore, we encourage the FHFA to continue to grow and develop to the FHLB System and identify ways to bolster the System's value to their members and the communities their members serve through your support of enhanced programs and forward-looking initiatives that would allow FHLB membership to better serve those communities even further.

Best regards,



Kevin Tetzlaff
President/Chief Executive Officer
First Bank & Trust

CC: Brad Spears, Federal Home Loan Bank of Des Moines