

Federal Home Loan Bank of Des Moines Audit Committee Charter

I. Objective

This Charter of the Federal Home Loan Bank of Des Moines (Bank) Audit Committee (Committee) has been adopted and approved by the Bank's Board of Directors (Board) and is intended to comply with applicable laws, rules and regulations of the Federal Housing Finance Agency (FHFA) and the Securities and Exchange Commission (SEC). The Committee is committed to adopting the 'best practices' for audit committees of public companies, to the extent such practices are applicable to the Bank, and taking into consideration the cooperative structure of the Bank and the congressionally mandated and regulatory requirements applicable to the Bank.

The Committee is committed to fostering diversity, equity and inclusion in its deliberations. The Committee also will conduct its business in a manner consistent with the Bank's values of Respect, Integrity, Empowerment, Authenticity, Teamwork, and Excellence, which are the foundation of the Bank's culture, and in accordance with the Bank's commitment to an effective compliance and control environment.

II. Purpose

The purpose of the Committee shall be to assist the Board in fulfilling its review and oversight responsibilities for the following:

- The integrity of the Bank's financial statements and financial reporting process and systems of internal accounting and financial reporting controls;
- The independence, scope of audit services, and performance of the Bank's internal audit function as well as the appointment or replacement of the Chief Audit Executive;
- The selection and replacement, qualifications, independence, scope of audit, and performance of the Bank's external auditor;
- The Bank's compliance with laws, regulations and policies, including the Code of Ethics; and
- The policy for complaints regarding questionable accounting, internal accounting controls, and auditing matters, and oversight of fraud investigations.

The principal duties and responsibilities of the Committee are set forth in detail below. In performing its duties, the Committee shall maintain effective working relationships with the Board, management, the Internal Auditor, and the external auditor.

III. Membership and Structure

The Committee shall consist of at least five directors, each of whom shall be determined by the Board to meet the criteria of independence set forth below. Membership on the Committee shall, to the extent practicable, include a balance of representatives from community financial institutions and other members; and independent directors and member directors of the Bank, both as defined in the Bank Act. In order to provide continuity and experience, the terms of Committee members shall be appropriately staggered. The Board or, pursuant to Board delegation, the Board Officers, shall appoint directors to the Committee each year, and shall appoint the Committee Chair and Vice Chair.

Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment. At least one member of the Committee shall have extensive accounting or related financial management experience. To the extent feasible considering the cooperative structure of the Bank, it is also desired that one or more members of the Committee be a "financial expert" as defined under the SEC regulations. Each Committee member shall provide the Board sufficient information to allow assessment of these qualifications. The Committee shall report to the Board of Directors its determination of whether there is at least one financial expert serving on the Committee.

Criteria for Independence

Committee members shall be determined by the Board to be 'independent' as defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (Exchange Act), the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act) and, to the extent feasible considering the cooperative structure of the Bank, the rules of the New York Stock Exchange (NYSE). A Committee member must not be an affiliated person of the Bank apart from his or her capacity as a member of the Board or any Board committee. Members must be free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment from management. Examples of such relationships include, but are not limited to:

- Being employed by the Bank in the current year or any of the past five years.
- Accepting, directly or indirectly, any consulting, advisory, or compensatory fee from the Bank other than in the member's capacity as a member of the Board or any Board committee.
- Serving or having served in any of the past five years as a consultant, auditor, advisor, promoter, underwriter, or legal counsel of or to the Bank, or being employed by any entity providing such services to the Bank.
- Being an immediate family member of an individual who is, or has been in any of the past five years, employed by the Bank as an executive officer.

IV. General Functions, Authority and Role

The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Bank, its external auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this Charter, the Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Bank, its independent legal counsel or independent auditor to attend a meeting of the Committee or to meet with any

members of, or consultants to, the Committee. The Committee also has the power to create specific sub-committees with all of the investigative powers described herein. The Bank shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board of Directors, for payment of compensation to any advisors retained by the Committee and for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Bank's external auditor is ultimately accountable to the Board and to the Committee; and the Committee, in its capacity as a committee of the Board of Directors and as representatives of the Bank's shareholders, has the ultimate responsibility for the appointment, compensation, retention and oversight of the external auditor. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Bank's external auditor, the Board and management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board of Directors.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditor.

V. Authority and Responsibilities

The following describes the authority and responsibilities of the Committee to assist the Board in fulfilling its oversight responsibilities. The Committee may assume such other responsibilities as the Board (or a committee thereof, at the Board's direction) may delegate from time to time. Any responsibilities that are delegated to the Committee by the Board may be addressed by the Board without a Committee meeting provided that such action does not violate any laws or regulations requiring specific Committee action.

Financial Statements

- Review significant accounting policies and understand their impact on the financial statements.
- Direct executive management to maintain the reliability and integrity of the accounting policies and financial reporting and disclosure practices.
- Review with management and the external auditors the results of the audit, including any difficulties encountered, the basis for the Bank's financial statements, the external auditor's opinion rendered with respect to such financial statements, and the nature and extent of any significant changes in accounting principles or the application therein.
- Review and approve the annual audited financial statements and footnotes. Discuss with management and the external auditors, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the periodic report with the SEC on Form 10-K.
- Review and approve the quarterly financial statements on Form 10-Q, including MD&A.
- Ensure that policies are reasonably designed to achieve disclosure and transparency regarding the Bank's financial performance and governance practices.
- Review and approve the Bank's earnings press releases.
- Resolve any disagreements between management and the external auditor regarding financial reporting.

Internal Control

- Review with the external auditors, Internal Audit, and Bank management the adequacy and effectiveness of the Bank's internal control over financial reporting by specifically discussing any significant deficiencies and material weaknesses in accordance with Section 404 of the Sarbanes-Oxley Act.
- Ensure that executive management has established and is maintaining an adequate internal control system by reviewing the internal control system, evaluating management's responses to internal control issues from internal and external audit reports, or any other source, and following-up on the resolution of identified material weaknesses, significant deficiencies, reportable conditions, and FHFA Examinations.
- Determine the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown.

Internal Audit

- Review the scope of required audit services and audit findings. Determine that no restrictions are imposed upon audit scope. Determine that Internal Audit has no interference in determining the scope of internal auditing, performing work, and/or communicating results.
- Review and approve the charter, staffing and budget of the Internal Audit function.
- Review and approve Internal Audit's annual audit plan and significant changes thereto.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*.
- Select, determine the compensation of, evaluate the performance of, and where appropriate, replace the Chief Audit Executive. The Chief Audit Executive may only be removed with the approval of the Committee. To establish independence of the Internal Audit function, the Chief Audit Executive is accountable to and reports to the Committee on all substantive issues, and shall report administratively to the President and CEO.
- Monitor accomplishment of the Internal Audit Department's goals and objectives, including approving established goals.

External Audit

- Appoint, compensate, retain, terminate and oversee the work of the registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Bank. The external auditor will report directly to the Committee.
- Obtain and review annually a report by the external auditor describing (1) the firm's internal quality-control procedures; (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps to deal with any such issues; and (3) all relationships between the external auditor and the Bank in order to assess the external auditor's independence.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit, and findings.
- Obtain and review required communications from the external auditor.
- Discuss Critical Audit Matters (CAMs).
- Set clear hiring policies for employees or former employees of the external auditors.

- Approve the external auditor's annual engagement letter.
- Review the performance of the external auditor.
- Review Audit Quality Indicators to assist in the assessment of external auditor performance.
- Review deficiencies or non-compliance issues identified by the PCAOB or internal reviews that are relevant to the external auditor.
- Review with the external auditor any new, unusual, or non-standard representations made by management in their representations letter or audit problems or difficulties and management's response.
- Review the rotation plan of the lead external audit partner, which should occur every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.
- Pre-approve all audit and permitted non-audit services performed by the Bank's external audit firm. The Committee may delegate pre-approval authority to a member of the Committee for services with fees below \$10,000; however, any decisions made must be presented to the Committee at its next regularly scheduled meeting.
- Review and approve external auditor oversight policy.
- Review and approve, as needed, non-audit services performed by Big Four audit firms.

Compliance and Whistleblower Mechanisms

- Review and approve the policy that covers:
 - (1) the receipt, retention, and treatment of complaints received by the Bank regarding accounting, internal accounting controls, or auditing matters ("accounting matters"); and
 - (2) the confidential, anonymous submissions by Bank employees regarding questionable accounting matters.
- Review the programs and policies of the Bank designed to ensure compliance with applicable laws, regulations and policies and monitor the results of these compliance efforts.
- Review the policies and procedures established by senior management to assess and monitor implementation of the Bank's strategic business plan and the operating goals and objectives contained therein.
- Review the findings of regulatory examinations and management's response.
- Review any reports concerning material violations of law submitted by the Bank's attorneys.
- Institute and oversee fraud or other special investigations, as needed. Review all whistleblower complaints.

Reporting Responsibilities

- Regularly report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Bank's financial statements, the Bank's compliance with legal or regulatory requirements, the performance and independence of the Bank's external auditors, and the performance of the internal audit function.
- Provide an independent, direct channel of communication between the Bank's Board and the internal and external auditors. Internal and external auditors shall have unrestricted access to the Committee without the need for any management prior knowledge or approval.
- Prepare a Committee Report to be included in the Bank's 10-K Annual Report or Annual Report to Shareholders.

The above responsibilities of the Committee will be discharged through review of audit reports and discussions with the internal and external auditors, Federal Housing Finance Agency examiners, and Bank management. In discharging its duties, the Committee has the authority to use the services of Bank staff and to employ such outside experts as it deems necessary to carry out its functions. The Committee may conduct or authorize investigations into any matters within the Committee's authority and scope of responsibilities.

Other

- Review exam reports, if any, pertaining to the Committee's oversight responsibilities, including financial statements, financial reporting, SOX 404, Internal Audit, external audit oversight and whistleblower process, and oversee related remediation efforts.

VI. Committee Meetings

The Committee shall meet as necessary to permit full and timely completion of the Committee's functions. The Committee shall meet with management, the Chief Audit Executive and the external auditors as often as necessary to fulfill its responsibilities as described above. The Committee shall meet at least two times annually with the Chief Audit Executive. The Committee shall meet in executive sessions with the Chief Audit Executive and the external auditors at least annually. The Committee shall meet as necessary with the Bank's President and CEO and CFO. All matters of significance to come before the Committee are to be regularly reported to the Board with recommendation for action, as required. A majority of the members shall be necessary to constitute a quorum and the Committee shall establish its own rules of procedure. Written minutes shall be prepared for each meeting with a copy forwarded to the Federal Housing Finance Agency. Minutes shall include a summary of all action items discussed in executive session.

VII. Review and Approval of Committee Charter and Work Plan

The Charter shall be reviewed and approved at least annually by the Committee and Board of Directors. The Committee shall also maintain and periodically review and approve any changes to a Work Plan. The Committee shall perform an annual self-assessment to conduct an evaluation of its performance, and as part of that self-assessment, confirm that all responsibilities outlined in this Charter have been fulfilled.