

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

October 29, 2018

Federal Home Loan Bank of Des Moines

(Exact name of registrant as specified in its charter)

Federally Chartered Corporation (State or other jurisdiction of incorporation)	000-51999 (Commission File Number)	42-6000149 (I.R.S. Employer Identification No.)
909 Locust St. Des Moines, Iowa (Address of principal executive offices)		50309 (Zip Code)

Registrant's telephone number, including area code:

515-412-2100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if they registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On October 29, 2018, the Federal Home Loan Bank of Des Moines (the “Bank”) issued a news release to report its financial results for the quarter ended September 30, 2018. A copy of the news release is attached as Exhibit 99.1 to this report.

**Item 7.01 Regulation FD Disclosure.**

The information set forth under Item 2.02 is also furnished pursuant to this Item 7.01. The information contained in the attachment is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit Number 99.1                      [News Release, dated October 29, 2018, issued by the Bank](#)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Federal Home Loan Bank of Des Moines

*October 29, 2018*

By: \_\_\_\_\_

Name: Joseph E. Amato

Title: Executive Vice President/Chief Financial Officer

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">News Release</a>



## FOR IMMEDIATE RELEASE

Date: October 29, 2018

Contact: Angie Richards

515.412.2344

arichards@fhlbdm.com

## FHLB Des Moines Reports Preliminary Third Quarter 2018 Net Income of \$113 million

### 2018 Third Quarter Summary Financial Results

- Net income totaled \$113 million, a decrease of \$19 million from the same period last year.
- Net interest income totaled \$156 million, a decrease of \$18 million from the same period last year.
- Balance sheet changes from December 31, 2017 were:
  - Assets totaled \$144.1 billion, a decrease of \$1.0 billion.
  - Advances totaled \$100.8 billion, a decrease of \$1.8 billion.
  - Capital totaled \$7.3 billion, an increase of \$0.3 billion.
  - Retained earnings totaled \$2.0 billion, an increase of \$0.2 billion.
  - Regulatory capital ratio was 5.18 percent, an increase from 5.03 percent.

### Third Quarter 2018 Business Highlights

- Advances of \$100.8 billion were outstanding to 808 members, housing associates, and former members, of which 58 percent were held by the Bank's five largest borrowers.
- Mortgage loans of \$7.5 billion were outstanding of which \$492 million were purchased from 142 members during the third quarter.
- Mortgage loans of \$262 million were delivered by members during the quarter through the MPF Xtra, MPF Direct, and MPF Government MBS programs.
- Letters of credit of \$8.7 billion were outstanding.
- Paid \$77 million of cash dividends at an effective combined annualized dividend rate of 5.28 percent during the third quarter.
- Accrued \$14 million for use in the Bank's Affordable Housing Program (AHP), bringing the year-to-date total to \$42 million.

### Financial Results Discussion

**Net Income** - For the three and nine months ended September 30, 2018, the Bank recorded net income of \$113 million and \$360 million compared to \$132 million and \$402 million for the same periods in 2017. The decline in the Bank's net income during the three and nine months ended September 30, 2018, was driven by lower net interest income. In addition, net income during the nine months ended September 30, 2017, was impacted by net gains on litigation settlements of \$21 million as a result of settlements with certain defendants in the Bank's private-label MBS litigation.

**Net Interest Income** - The Bank's net interest income totaled \$156 million and \$480 million for the three and nine months ended September 30, 2018 compared to \$174 million and \$497 million for the same periods last year. The Bank's net interest margin was 0.42 percent and 0.43 percent during the three and nine months ended September 30, 2018 compared to 0.40 percent and 0.38 percent for the same periods in 2017. The decline in net interest income was primarily due to lower average advance volumes offset in part by higher net interest margin. The increase in net interest margin was attributable to the higher interest rate environment offset in part by lower asset liability spreads due to increased costs on the Bank's interest-bearing liabilities.

**Other Income (Loss)** - The Bank recorded net gains of \$7 million and \$23 million in other income (loss) for the three and nine months ended September 30, 2018 compared to net gains of \$4 million and \$45 million for the same periods last year. During the nine months ended September 30, 2017, other income (loss) was primarily impacted by net gains on litigation settlements of \$21 million as a result of settlements with certain defendants in the Bank's private-label MBS litigation. We did not record any litigation settlements during the three and nine months ended September 30, 2018 or the three months ended September 30, 2017. Other factors impacting other income (loss) included net gains (losses) on derivatives and hedging activities and net gains (losses) on trading securities, as described below.

During the three and nine months ended September 30, 2018, the Bank recorded net gains of \$9 million and \$43 million on its derivatives and hedging activities through other income (loss) compared to net losses of \$2 million and net gains of \$1 million during the same periods last year. The fair value changes were primarily driven by changes in interest rates. These changes impacted the Bank's fair value hedge relationships and fair value changes on interest rate swaps that the Bank utilized to economically hedge its investment securities portfolio.

During the three and nine months ended September 30, 2018, the Bank recorded net losses on trading securities of \$9 million and \$33 million compared to net gains of \$1 million and \$10 million for the same periods in 2017. These changes in fair value were primarily due to the impact of changes in interest rates and credit spreads on the Bank's fixed rate trading securities.

**Other Expense** - Other expense totaled \$36 million and \$101 million for the three and nine months ended September 30, 2018, compared to \$30 million and \$93 million for the same periods last year. Other expense was driven primarily by compensation and benefits for the three and nine months ended September 30, 2018.

**Assets** - The Bank's total assets decreased to \$144.1 billion at September 30, 2018, from \$145.1 billion at December 31, 2017, driven by a decrease in advances. Advances at September 30, 2018 decreased by \$1.8 billion from advances at December 31, 2017 due primarily to a decrease in borrowings by a captive insurance company member and a large depository institution member, partially offset by an increase in borrowings from other financial institution types.

**Liabilities** - The Bank's total liabilities decreased to \$136.8 billion at September 30, 2018, from \$138.1 billion at December 31, 2017, driven in part by a decrease in the amount of consolidated obligations needed to fund the Bank's assets.

**Capital** - Total capital increased to \$7.3 billion at September 30, 2018 from \$7.0 billion at December 31, 2017, primarily due to an increase in retained earnings due to net income, partially offset by dividends paid. In addition, activity-based capital stock increased resulting from an increase in member activity. The Bank's regulatory capital ratio increased to 5.18 percent at September 30, 2018, from 5.03 percent at December 31, 2017 and was above the required regulatory minimum at each period end. Regulatory capital includes all capital stock, mandatorily redeemable capital stock, and retained earnings.

Additional financial information will be provided in the Bank's Third Quarter 2018 Form 10-Q expected to be available at [www.fhlbmdm.com](http://www.fhlbmdm.com) and [www.sec.gov](http://www.sec.gov) on or before November 14, 2018.

**Federal Home Loan Bank of Des Moines**  
**Financial Highlights**  
(preliminary and unaudited)

<b>Statements of Condition (dollars in millions)</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Cash and due from banks	\$ 155	\$ 503
Investments	35,139	34,452
Advances	100,787	102,613
Mortgage loans held for portfolio, net	7,549	7,096
Total assets	144,095	145,099
Consolidated obligations	135,099	135,575
Mandatorily redeemable capital stock	277	385
Total liabilities	136,790	138,078
Capital stock - Class B putable	5,163	5,068
Retained earnings	2,019	1,839
Accumulated other comprehensive income (loss)	123	114
Total capital	7,305	7,021
Total regulatory capital <sup>1</sup>	7,459	7,292
Regulatory capital ratio	5.18%	5.03%

<sup>1</sup> Total regulatory capital includes all capital stock, mandatorily redeemable capital stock, and retained earnings. The regulatory capital ratio is calculated as regulatory capital as a percentage of period end assets.

<b>Operating Results (dollars in millions)</b>	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net interest income	\$ 156	\$ 174	\$ 480	\$ 497
Provision (reversal) for credit losses on mortgage loans	—	1	—	1
Other income (loss):				
Net gains (losses) on trading securities	(9)	1	(33)	10
Net gains (losses) on derivatives and hedging activities	9	(2)	43	1
Gains on litigation settlements, net	—	—	—	21
Other, net	7	5	13	13
Total other income (loss)	7	4	23	45
Total other expense	36	30	101	93
Net income before assessments	127	147	402	448
Affordable Housing Program assessments	14	15	42	46
Net income	<u>\$ 113</u>	<u>\$ 132</u>	<u>\$ 360</u>	<u>\$ 402</u>
<b>Performance Ratios</b>				
Net interest spread	0.31%	0.35%	0.33%	0.34%
Net interest margin	0.42	0.40	0.43	0.38
Return on average equity	6.16	6.96	6.52	7.20
Return on average capital stock	8.69	9.19	9.07	9.33
Return on average assets	0.31	0.31	0.32	0.31

*The selected financial data above should be read in conjunction with the financial statements and notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Bank's Third Quarter 2018 Form 10-Q expected to be filed on or about November 14, 2018 with the SEC.*

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Statements contained in this announcement, including statements describing the objectives, projections, estimates, or future predictions in the Bank's operations, may be forward-looking statements. These statements may be identified by the use of forward-looking terminology, such as believes, projects, expects, anticipates, estimates, intends, strategy, plan, could, should, may, and will or their negatives or other variations on these terms. By their nature, forward-looking statements involve risk or uncertainty, and actual results could differ materially from those expressed or implied or could affect the extent to which a particular objective, projection, estimate, or prediction is realized. As a result, you are cautioned not to place undue reliance on such statements.

The Bank is a wholesale cooperative bank that provides low-cost, short- and long-term funding and community lending to nearly 1,400 members, including commercial banks, savings institutions, credit unions, insurance companies, and community development financial institutions. The Bank is wholly owned by its members and receives no taxpayer funding. The Bank serves Alaska, Hawaii, Idaho, Iowa, Minnesota, Missouri, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, and the U.S. Pacific territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Bank is one of eleven regional banks that make up the Federal Home Loan Bank System.