

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

2011 Regional Member Meeting

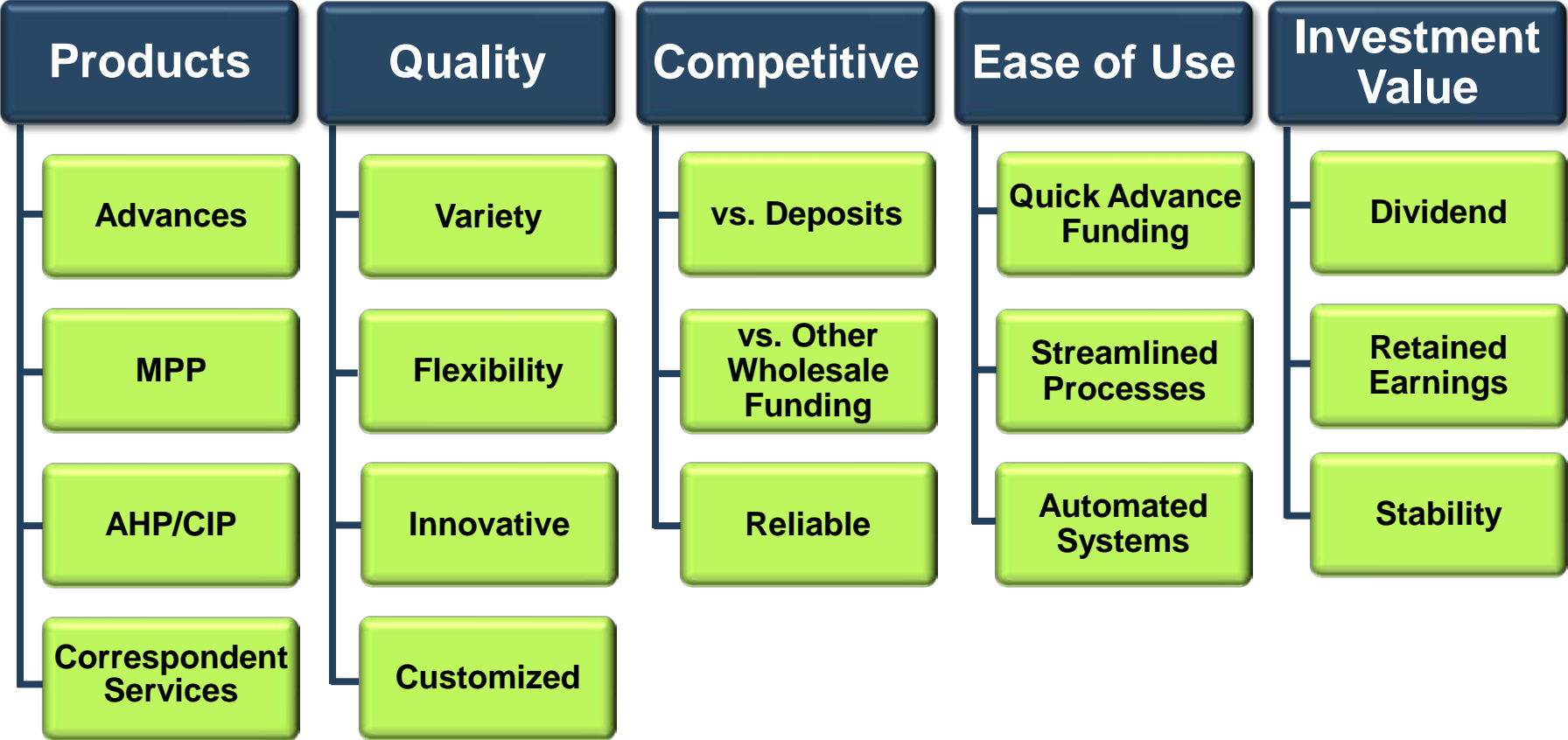
The Value of Membership

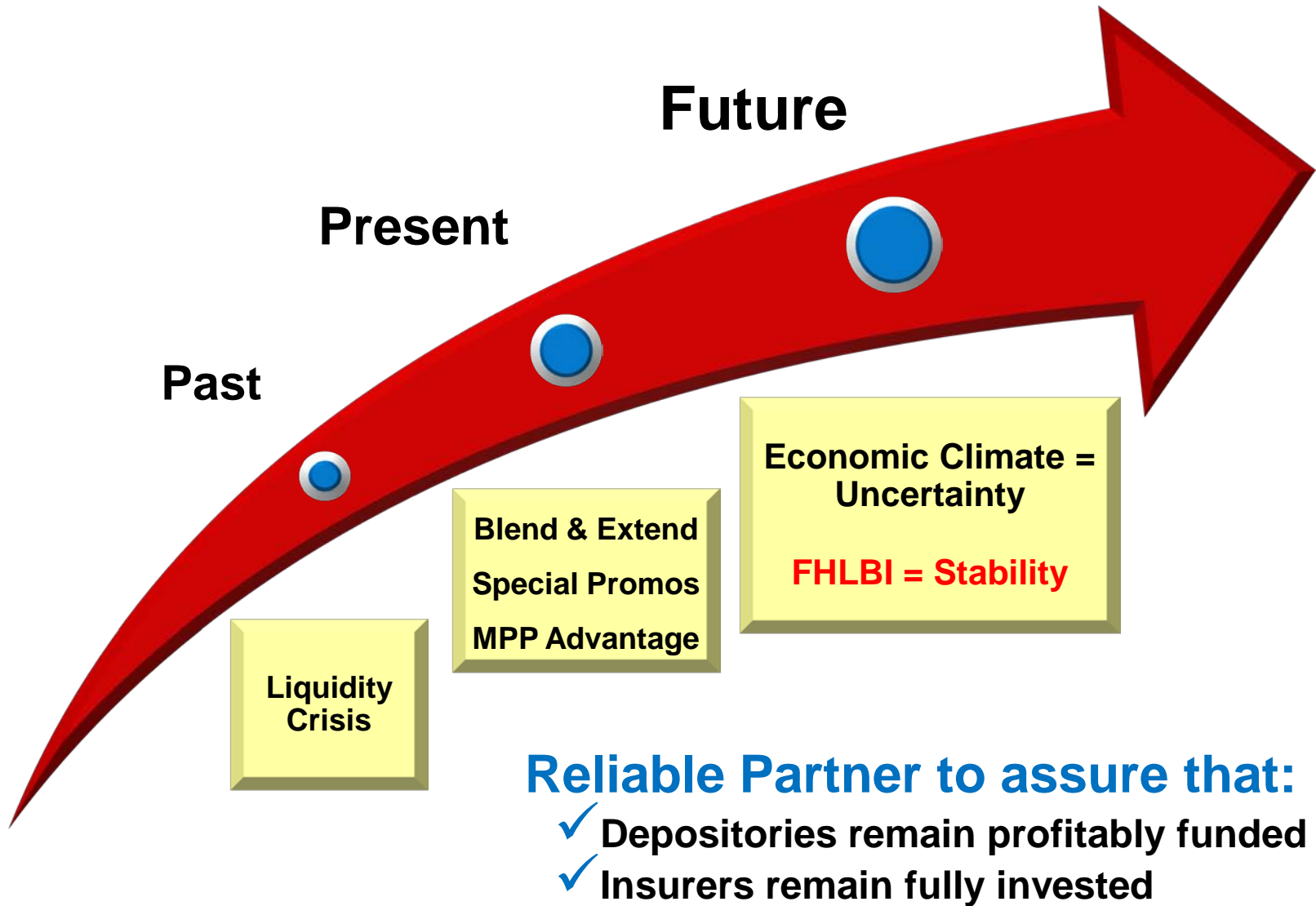
presented by

Chief Operating Officer

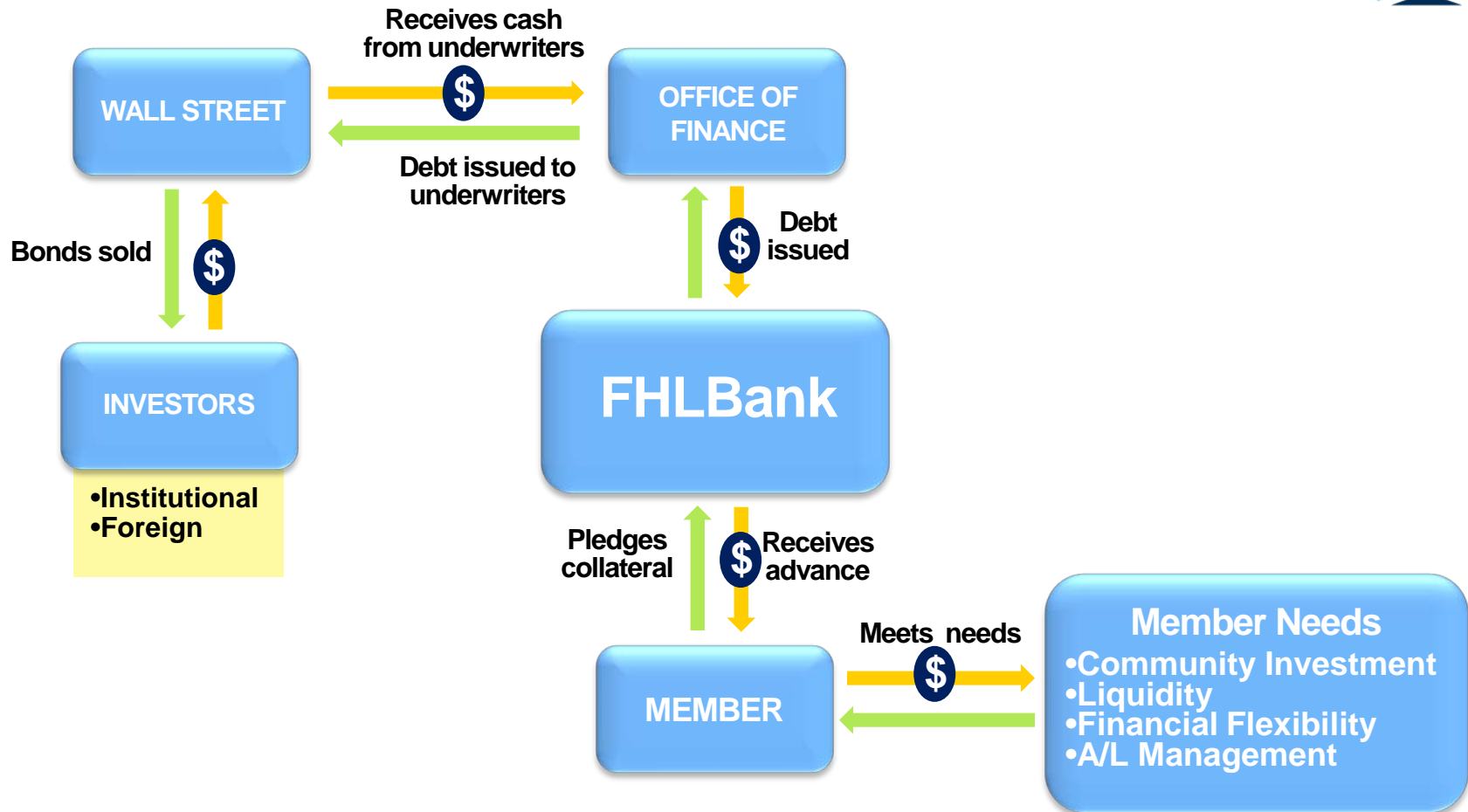


Membership Value Model





Aligning Investor Needs with Member Needs



How We Customize Funding



Example: Fixed-income callable debt swapped to LIBOR



- ✓ **Result: Convert fixed-rate to floating-rate liability**
- ✓ **Rationale: Generates funding at a lower cost by combining with a CO**
- ✓ **Makes pool of floating-rate funds available to match fund future advances**

- ▶ **Access to capital markets creates variety of advances that are**
 - Customized
 - Innovative
 - Flexible

- ▶ **Reduce liquidity requirements**
- ▶ **Minimize cost of funding**
- ▶ **Leverage illiquid collateral**

2011

1-4 Family Non-traditional

Multifamily

HELOCS

Term 2nds

CRE

Home Equity MBS

Commercial MBS

CFI Small Business

CFI Farm Real Estate

1-4 Family Traditional

Mutual Funds

Private MBS

Gov't & Agency Securities

- ▶ **Lowest cost funding for economic development, affordable housing, and mixed-use initiatives**
- ▶ **Broad eligibility for both residential and commercial purposes**
- ▶ **Always available**
- ▶ **Flexible terms/schedule and use of funds**
- ▶ **No ongoing reporting**

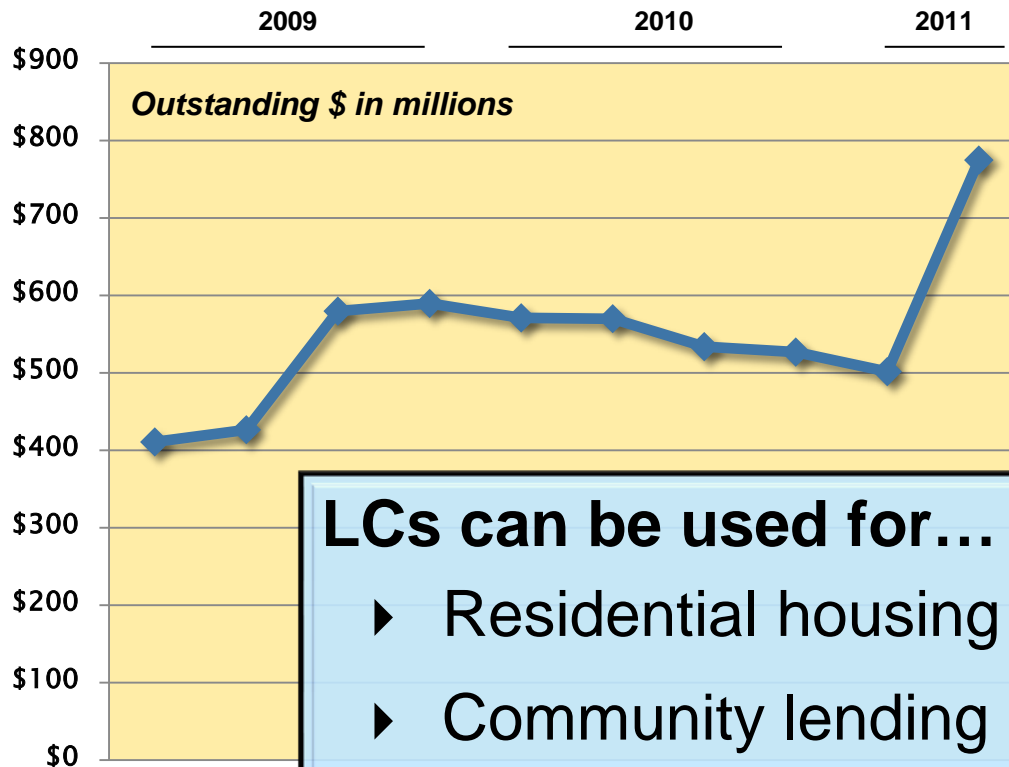


Drueke Building, Grand Rapids, MI
CIP advance: \$3.4M - job creation, neighborhood revitalization
Member: Founders Bank & Trust



Formula Boats, Decatur, IN
CIP Advance – job retention
Member: First Bank of
Berne

Business Trends – Letters of Credit



LCs can be used for...

- ▶ Residential housing finance
- ▶ Community lending eligible for any FHLBI community investment program
- ▶ Asset/liability management
- ▶ Liquidity or other funding, including collateralizing Indiana Public Unit Deposits

- ▶ **Over \$21 billion in loans purchased**
- ▶ **Greater local control of underwriting process**
- ▶ **Simple, competitive pricing**
- ▶ **Enhanced Lender Risk Account**

▶ Lender Risk Account (LRA)

- Funded at acquisition
- Originating high quality loans and no SMI means greater income from LRA

MPP Credit Waterfall

Borrower's Equity & PMI

Lender Risk Account

Owned by seller. Used to cover losses or returned to seller.

FHLBI

2005-2010

\$ in millions



- ▶ **AHP competitive grants and set-asides funded with 10% of net earnings**
- ▶ **Recently awarded \$12.5 million to 23 projects**
- ▶ **\$3.7 million in homeownership initiative program grants disbursed January-July**
 - Down payments, closings costs for first-time homebuyers or home repairs for existing homeowners
 - \$1.8 million available beginning Aug. 22

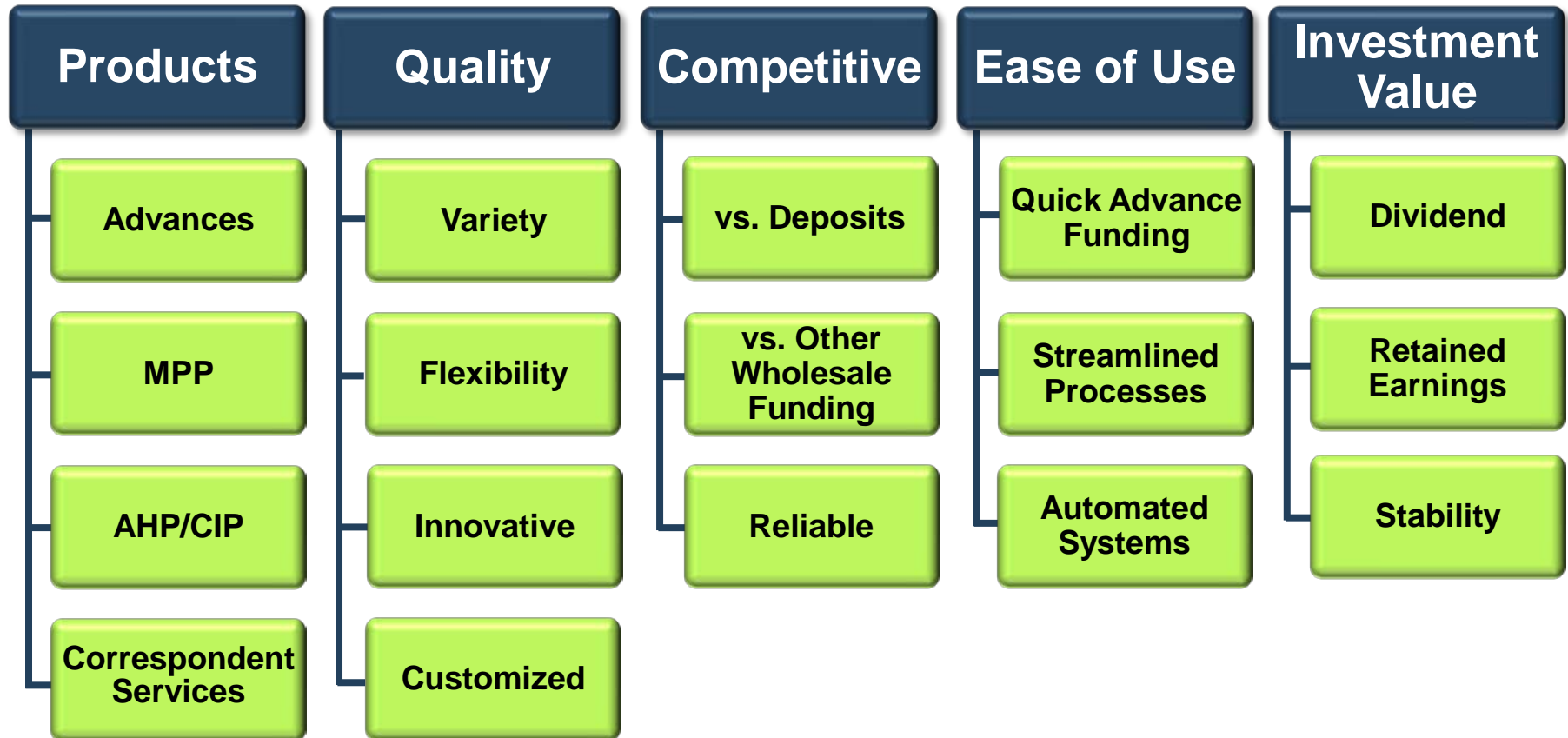


Detroit home renovated with a Neighborhood Impact Program grant.



Gretchen's Place, Muskegon, MI
AHP Grant: \$145,000
Member: Community Shores Bank

Membership Value Model





Regional Member Meeting Advance Special