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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-51404

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

(Exact name of registrant as specified in its charter)

Federally chartered corporation	**35-6001443**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
8250 Woodfield Crossing Boulevard **Indianapolis, IN**	**46240**
(Address of principal executive offices)	(Zip code)

(317) 465-0200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

☐ Large accelerated filer	☐ Accelerated filer
☒ Non-accelerated filer (Do not check if a smaller reporting company)	☐ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares outstanding as of July 31, 2015
Class B Stock, par value $100	14,129,950

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PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

Federal Home Loan Bank of Indianapolis
Statements of Condition
(Unaudited, $ amounts in thousands, except par value per share and number of shares)

	June 30, 2015	December 31, 2014
Assets:		
Cash and due from banks	$ 635,017	$ 3,550,939
Interest-bearing deposits	251	483
Securities purchased under agreements to resell	200,000	—
Federal funds sold	1,895,000	—
Available-for-sale securities (Notes 3 and 5)	3,570,926	3,556,165
Held-to-maturity securities (estimated fair values of $6,590,575 and $7,098,616, respectively) (Notes 4 and 5)	6,481,002	6,982,115
Advances (Note 6)	24,318,357	20,789,667
Mortgage loans held for portfolio, net of allowance for loan losses of $(1,350) and $(2,500), respectively (Notes 7 and 8)	7,932,724	6,820,262
Accrued interest receivable	86,971	82,866
Premises, software, and equipment, net	37,970	38,418
Derivative assets, net (Note 9)	41,763	25,487
Other assets	36,536	6,630
Total assets	$ 45,236,517	$ 41,853,032
Liabilities:		
Deposits	$ 1,163,762	$ 1,084,042
Consolidated obligations (Note 10):		
Discount notes	11,802,629	12,567,696
Bonds	29,647,600	25,503,138
Total consolidated obligations	41,450,229	38,070,834
Accrued interest payable	83,461	77,034
Affordable Housing Program payable (Note 11)	35,120	36,899
Derivative liabilities, net (Note 9)	95,634	103,253
Mandatorily redeemable capital stock (Note 12)	14,341	15,673
Other liabilities	152,962	90,027
Total liabilities	42,995,509	39,477,762
Commitments and contingencies (Note 16)		
Capital (Note 12):		
Capital stock putable (at par value of $100 per share):		
Class B-1 issued and outstanding shares: 13,882,023 and 15,509,811, respectively	1,388,202	1,550,981
Class B-2 issued and outstanding shares: 371 and 0, respectively	37	—
Total capital stock putable	1,388,239	1,550,981
Retained earnings:		
Unrestricted	691,512	672,159
Restricted	118,409	105,470
Total retained earnings	809,921	777,629
Total accumulated other comprehensive income (Note 13)	42,848	46,660
Total capital	2,241,008	2,375,270
Total liabilities and capital	$ 45,236,517	$ 41,853,032

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Income
(Unaudited, $ amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest Income:				
Advances	$ 29,951	$ 24,443	$ 57,679	$ 52,559
Prepayment fees on advances, net	101	12	292	1,061
Interest-bearing deposits	53	60	107	114
Securities purchased under agreements to resell	352	68	467	157
Federal funds sold	545	416	1,164	696
Available-for-sale securities	8,014	6,865	14,826	13,011
Held-to-maturity securities	29,346	31,313	58,747	63,423
Mortgage loans held for portfolio	64,174	57,511	126,400	115,616
Other interest income, net	(108)	421	45	535
Total interest income	132,428	121,109	259,727	247,172
Interest Expense:				
Consolidated obligation discount notes	3,457	1,347	6,473	2,749
Consolidated obligation bonds	81,528	75,910	156,919	152,352
Deposits	23	22	42	45
Mandatorily redeemable capital stock	122	135	256	745
Total interest expense	85,130	77,414	163,690	155,891
Net interest income	47,298	43,695	96,037	91,281
Provision for (reversal of) credit losses	(951)	(86)	(388)	(790)
Net interest income after provision for credit losses	48,249	43,781	96,425	92,071
Other Income (Loss):				
Total other-than-temporary impairment losses	—	—	—	—
Non-credit portion reclassified to (from) other comprehensive income, net	(32)	(58)	(32)	(228)
Net other-than-temporary impairment losses, credit portion	(32)	(58)	(32)	(228)
Net gains (losses) on derivatives and hedging activities	7,263	3,138	5,383	6,106
Service fees	200	227	388	442
Standby letters of credit fees	188	134	339	293
Other, net (Note 16)	322	6,521	5,439	9,234
Total other income	7,941	9,962	11,517	15,847
Other Expenses:				
Compensation and benefits	10,998	10,567	21,698	20,514
Other operating expenses	5,541	4,452	10,633	8,496
Federal Housing Finance Agency	590	619	1,310	1,418
Office of Finance	787	625	1,650	1,443
Other	388	345	740	636
Total other expenses	18,304	16,608	36,031	32,507
Income before assessments	37,886	37,135	71,911	75,411
Affordable Housing Program assessments	3,801	3,727	7,217	7,616
Net income	$ 34,085	$ 33,408	$ 64,694	$ 67,795

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Comprehensive Income
(Unaudited, $ amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Net income	$ 34,085	$ 33,408	$ 64,694	$ 67,795
Other Comprehensive Income (Loss):				
Net change in unrealized gains (losses) on available-for-sale securities	(2,908)	538	(1,404)	12,577
Non-credit portion of other-than-temporary impairment losses on available-for-sale securities:				
Reclassification of non-credit portion to other income (loss)	32	58	32	228
Net change in fair value not in excess of cumulative non-credit losses	(107)	38	(106)	(181)
Unrealized gains (losses)	828	8,619	(1,531)	12,873
Net non-credit portion of other-than-temporary impairment losses on available-for-sale securities	753	8,715	(1,605)	12,920
Non-credit portion of other-than-temporary impairment losses on held-to-maturity securities:				
Accretion of non-credit portion	12	19	24	32
Net non-credit portion of other-than-temporary impairment losses on held-to-maturity securities	12	19	24	32
Pension benefits, net	(1,075)	(208)	(827)	(72)
Total other comprehensive income (loss)	(3,218)	9,064	(3,812)	25,457
Total comprehensive income	$ 30,867	$ 42,472	$ 60,882	$ 93,252

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Capital
Six Months Ended June 30, 2014 and 2015
(Unaudited, $ amounts and shares in thousands)

	Capital Stock Class B Putable		Retained Earnings			Accumulated Other Comprehensive Income (Loss)	Total Capital
	Shares	Par Value	Unrestricted	Restricted	Total		
Balance, December 31, 2013	16,099	$ 1,609,931	$ 647,624	$ 82,151	$ 729,775	$ 21,720	$ 2,361,426
Total comprehensive income			54,236	13,559	67,795	25,457	93,252
Proceeds from sale of capital stock	568	56,724					56,724
Cash dividends on capital stock (4.63% annualized)			(37,084)	—	(37,084)		(37,084)
Balance, June 30, 2014	16,667	$ 1,666,655	$ 664,776	$ 95,710	$ 760,486	$ 47,177	$ 2,474,318
Balance, December 31, 2014	15,510	$ 1,550,981	$ 672,159	$ 105,470	$ 777,629	$ 46,660	$ 2,375,270
Total comprehensive income			51,755	12,939	64,694	(3,812)	60,882
Proceeds from sale of capital stock	775	77,593					77,593
Repurchase/redemption of capital stock	(2,403)	(240,335)					(240,335)
Cash dividends on capital stock (4.00% annualized)			(32,402)	—	(32,402)		(32,402)
Balance, June 30, 2015	13,882	$ 1,388,239	$ 691,512	$ 118,409	$ 809,921	$ 42,848	$ 2,241,008

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Cash Flows
(Unaudited, $ amounts in thousands)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Operating Activities:		
Net income	$ 64,694	$ 67,795
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	27,464	13,106
Prepayment fees on advances, net of related swap termination fees	(1,862)	—
Changes in net derivative and hedging activities	24,463	26,822
Net other-than-temporary impairment losses, credit portion	32	228
Provision for (reversal of) credit losses	(388)	(790)
Changes in:		
Accrued interest receivable	(4,237)	1,624
Other assets	(139)	9,121
Accrued interest payable	6,428	(2,616)
Other liabilities	18,687	7,083
Total adjustments, net	70,448	54,578
Net cash provided by operating activities	135,142	122,373
Investing Activities:		
Changes in:		
Interest-bearing deposits	36,505	59,164
Securities purchased under agreements to resell	(200,000)	—
Federal funds sold	(1,895,000)	(230,000)
Purchases of premises, software, and equipment	(2,190)	(2,019)
Available-for-sale securities:		
Proceeds from maturities	38,055	40,539
Purchases	(79,866)	—
Held-to-maturity securities:		
Proceeds from maturities	810,146	379,421
Purchases	(316,868)	(174,142)
Advances:		
Principal collected	38,155,389	33,858,469
Disbursed to members	(41,710,652)	(35,765,339)
Mortgage loans held for portfolio:		
Principal collected	714,805	406,321
Purchases from members	(1,827,183)	(472,545)
Net cash used in investing activities	(6,276,859)	(1,900,131)

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of Indianapolis
Statements of Cash Flows, continued
(Unaudited, $ amounts in thousands)

	Six Months Ended June 30,	
	2015	2014
Financing Activities:		
Changes in deposits	79,680	(108,354)
Net payments on derivative contracts with financing elements	(29,874)	(30,349)
Net proceeds from issuance of consolidated obligations:		
Discount notes	33,034,814	24,336,904
Bonds	12,243,592	8,605,005
Payments for matured and retired consolidated obligations:		
Discount notes	(33,801,641)	(22,769,510)
Bonds	(8,104,300)	(8,993,200)
Other Federal Home Loan Banks:		
Proceeds from borrowings	—	22,000
Principal payments	—	(22,000)
Proceeds from sale of capital stock	77,593	56,724
Payments for redemption/repurchase of mandatorily redeemable capital stock	(1,332)	(2)
Payments for redemption/repurchase of capital stock	(240,335)	—
Cash dividends paid on capital stock	(32,402)	(37,084)
Net cash provided by financing activities	3,225,795	1,060,134
Net increase (decrease) in cash and due from banks	(2,915,922)	(717,624)
Cash and due from banks at beginning of period	3,550,939	3,318,564
Cash and due from banks at end of period	$ 635,017	$ 2,600,940
Supplemental Disclosures:		
Interest paid	$ 149,504	$ 153,880
Affordable Housing Program payments	8,996	6,932
Capitalized interest on certain held-to-maturity securities	836	1,303
Net transfers of mortgage loans to real estate owned	—	117

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies and Change in Accounting Principle

Basis of Presentation. The accompanying interim financial statements of the Federal Home Loan Bank of Indianapolis have been prepared in accordance with GAAP and SEC requirements for interim financial information. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. The interim financial statements presented herein should be read in conjunction with our audited financial statements and notes thereto, which are included in our 2014 Form 10-K.

The financial statements contain all adjustments that are, in the opinion of management, necessary for a fair statement of our financial position, results of operations and cash flows for the interim periods presented. All such adjustments were of a normal recurring nature. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full fiscal year or any other interim period.

Our significant accounting policies and certain other disclosures are set forth in *Note 1 - Summary of Significant Accounting Policies* in our 2014 Form 10-K. There have been no significant changes to these policies through June 30, 2015.

We use certain acronyms and terms throughout these financial statements, which are defined in the *Glossary of Terms*. Unless the context otherwise requires, the terms "we," "us," and "our" refer to the Federal Home Loan Bank of Indianapolis or its management.

Reclassifications. We have reclassified certain amounts from the prior periods to conform to the current period presentation. These reclassifications had no effect on net income, total comprehensive income, total capital, or net cash flows.

Use of Estimates. When preparing financial statements in accordance with GAAP, we are required to make subjective assumptions and estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. The most significant estimates include the determination of other-than-temporary impairment of certain private-label RMBS, the fair values of derivatives and other financial instruments, and the allowance for credit losses. Although the reported amounts and disclosures reflect our best estimates, actual results could differ significantly from these estimates.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Change in Accounting Principle. Effective October 1, 2014, we changed our method of accounting for the amortization and accretion of premiums and discounts, deferred loan fees or costs, and hedging basis adjustments on our mortgage loans held for portfolio to the contractual interest method. The contractual method recognizes the income effects of premiums and discounts in a manner that reflects the actual prepayments and other activity of the mortgage loans during that period and the contractual terms of the loans without regard to estimated prepayments based upon assumptions about future borrower activity. Historically, we deferred and amortized premiums and accreted discounts into interest income using the retrospective interest method, which used both actual prepayment experience and estimates of future principal repayments in calculating the estimated lives of the loans. While both the retrospective interest and contractual interest methods are acceptable under GAAP, the contractual interest method has become preferable for recognizing net unamortized premiums on our mortgage loans held for portfolio because (i) it reduces our reliance on subjective assumptions and estimates that affect the reported amounts of assets, capital and income in the financial statements and (ii) it represents the base accounting model articulated in GAAP applicable to accounting for the amortization of premiums and the accretion of discounts, whereas the retrospective method is only permitted by the guidance in narrowly defined circumstances.

The change to the contractual method for amortizing premiums and accreting discounts, deferred loan fees or costs, and hedging basis adjustments on our mortgage loans held for portfolio has been reported through retroactive application of the change in accounting principle to all periods presented. For the three and six months ended June 30, 2014, the effect of this change was an increase to net income of $267 and $994, respectively.

The following table illustrates the impact of the change in amortization and accretion methodology on our previously reported financial statements as of and for the three and six months ended June 30, 2014.

	For the Three Months Ended June 30, 2014		
	Previous Method	**New Method**	**Effect of Change**
Statements of Income:			
Interest income - mortgage loans held for portfolio	$ 57,214	$ 57,511	$ 297
Net interest income after provision for credit losses	43,484	43,781	297
Income before assessments	36,838	37,135	297
Affordable Housing Program assessments	3,697	3,727	30
Net income	$ 33,141	$ 33,408	$ 267
Statements of Comprehensive Income:			
Net income	$ 33,141	$ 33,408	$ 267
Total comprehensive income	$ 42,205	$ 42,472	$ 267

(Unaudited, $ amounts in thousands unless otherwise indicated)

	As of and for the Six Months Ended June 30, 2014		
	Previous Method	New Method	Effect of Change
Statements of Condition:			
Mortgage loans held for portfolio, net	$ 6,251,472	$ 6,230,400	$ (21,072)
Total assets	39,055,075	39,034,003	(21,072)
Affordable Housing Program payable	43,351	43,462	111
Total liabilities	36,559,574	36,559,685	111
Unrestricted retained earnings	682,872	664,776	(18,096)
Restricted retained earnings	98,797	95,710	(3,087)
Total retained earnings	781,669	760,486	(21,183)
Total capital	2,495,501	2,474,318	(21,183)
Total liabilities and capital	$ 39,055,075	$ 39,034,003	$ (21,072)
Statements of Income:			
Interest income - mortgage loans held for portfolio	$ 114,511	$ 115,616	$ 1,105
Net interest income after provision for credit losses	90,966	92,071	1,105
Income before assessments	74,306	75,411	1,105
Affordable Housing Program assessments	7,505	7,616	111
Net income	$ 66,801	$ 67,795	$ 994
Statements of Comprehensive Income:			
Net income	$ 66,801	$ 67,795	$ 994
Total comprehensive income	$ 92,258	$ 93,252	$ 994
Statements of Capital:			
Total retained earnings, as of beginning of year	$ 751,952	$ 729,775	$ (22,177)
Total comprehensive income	92,258	93,252	994
Total retained earnings, as of end of period	781,669	760,486	(21,183)
Total capital	$ 2,495,501	$ 2,474,318	$ (21,183)
Statements of Cash Flows:			
Operating activities:			
Net income	$ 66,801	$ 67,795	$ 994
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and depreciation	14,211	13,106	(1,105)
Changes in:			
Other liabilities	6,972	7,083	111
Total adjustments, net	55,572	54,578	(994)
Net cash provided by operating activities	$ 122,373	$ 122,373	$ —

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 2 - Recently Adopted and Issued Accounting Guidance

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. On April 15, 2015, the FASB issued amendments to clarify a customer's accounting for fees paid in a cloud computing arrangement. The amendments provide guidance to customers on determining whether a cloud computing arrangement includes a software license that should be accounted for as internal-use software. If the arrangement does not contain a software license, it would be accounted for as a service contract. This guidance becomes effective for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted. We can elect to adopt the amendments either (i) prospectively to all arrangements entered into or materially modified after the effective date or (ii) retrospectively. We are in the process of evaluating this guidance, but its effect on our financial condition, results of operations, and cash flows is not expected to be material.

Simplifying the Presentation of Debt Issuance Costs. On April 7, 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. This guidance requires a reclassification on the statement of condition of debt issuance costs related to a recognized debt liability from other assets to a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance becomes effective for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted for financial statements that have not been previously issued. The guidance is required to be applied on a retrospective basis to each individual period presented on the statement of condition.

Amendments to the Consolidation Analysis. On February 18, 2015, the FASB issued amended guidance intended to enhance consolidation analysis for legal entities such as limited partnerships, limited liability companies, and securitization structures (collateralized debt obligations, collateralized loan obligations, and MBS transactions). The new guidance primarily focuses on: (i) placing more emphasis on risk of loss when determining a controlling financial interest, such that a reporting organization may no longer have to consolidate a legal entity in certain circumstances based solely on its fee arrangement when certain criteria are met; (ii) reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a VIE; and (iii) changing consolidation conclusions for entities in several industries that typically make use of limited partnerships or VIEs. This guidance becomes effective for the interim and annual periods beginning after December 15, 2015, and early adoption is permitted, including adoption in an interim period. We are in the process of evaluating this guidance, but its effect on our financial condition, results of operations, or cash flows is not expected to be material.

Note 3 - Available-for-Sale Securities

Major Security Types. The following table presents information on our AFS securities by type of security.

June 30, 2015	**Amortized Cost [1]**	**Non-Credit OTTI**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
GSE and TVA debentures	$ 3,113,797	$ —	$ 14,695	$ (739)	$ 3,127,753
GSE MBS	77,736	—	718	—	78,454
Private-label RMBS	328,152	(201)	36,768	—	364,719
Total AFS securities	$ 3,519,685	$ (201)	$ 52,181	$ (739)	$ 3,570,926
December 31, 2014					
GSE and TVA debentures	$ 3,139,037	$ —	$ 17,430	$ (1,352)	$ 3,155,115
Private-label RMBS	362,878	(127)	38,299	—	401,050
Total AFS securities	$ 3,501,915	$ (127)	$ 55,729	$ (1,352)	$ 3,556,165

(1) Includes adjustments made to the cost basis of an investment for accretion, amortization, collection of principal, and, if applicable, OTTI recognized in earnings (credit losses) and fair-value hedge accounting adjustments.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Unrealized Loss Positions. The following table presents impaired AFS securities (i.e., in an unrealized loss position), aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position. None of our GSE MBS were in an unrealized loss position at June 30, 2015.

	Less than 12 months		12 months or more		Total	
June 30, 2015	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses**
GSE and TVA debentures	$ 266,017	$ (739)	$ —	$ —	$ 266,017	$ (739)
Private-label RMBS	—	—	4,995	(201)	4,995	(201)
Total impaired AFS securities	$ 266,017	$ (739)	$ 4,995	$ (201)	$ 271,012	$ (940)
December 31, 2014						
GSE and TVA debentures	$ 264,959	$ (1,352)	$ —	$ —	$ 264,959	$ (1,352)
Private-label RMBS	—	—	5,656	(127)	5,656	(127)
Total impaired AFS securities	$ 264,959	$ (1,352)	$ 5,656	$ (127)	$ 270,615	$ (1,479)

Contractual Maturity. The amortized cost and estimated fair value of non-MBS AFS securities by contractual maturity are presented below. MBS are not presented by contractual maturity because their actual maturities will likely differ from contractual maturities as borrowers have the right to prepay their obligations with or without prepayment fees.

	June 30, 2015		December 31, 2014	
Year of Contractual Maturity	**Amortized Cost**	**Estimated Fair Value**	**Amortized Cost**	**Estimated Fair Value**
Due in one year or less	$ 207,315	$ 207,905	$ —	$ —
Due after one year through five years	2,252,418	2,262,091	2,484,379	2,497,034
Due after five years through ten years	654,064	657,757	654,658	658,081
Total non-MBS	3,113,797	3,127,753	3,139,037	3,155,115
Total MBS	405,888	443,173	362,878	401,050
Total AFS securities	$ 3,519,685	$ 3,570,926	$ 3,501,915	$ 3,556,165

Realized Gains and Losses. There were no sales of AFS securities during the three and six months ended June 30, 2015 or 2014. As of June 30, 2015, we had no intention of selling the AFS securities in an unrealized loss position nor did we consider it more likely than not that we will be required to sell these securities before our anticipated recovery of each security's remaining amortized cost basis.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 4 - Held-to-Maturity Securities

Major Security Types. The following table presents information on our HTM securities by type of security.

June 30, 2015	Amortized Cost [1]	Non-Credit OTTI	Carrying Value	Gross Unrecognized Holding Gains	Gross Unrecognized Holding Losses	Estimated Fair Value
GSE debentures	$ 100,000	$ —	$ 100,000	$ 111	$ —	$ 100,111
MBS and ABS:						
Other U.S. obligations - guaranteed MBS	2,986,326	—	2,986,326	30,870	(2,097)	3,015,099
GSE MBS	3,296,309	—	3,296,309	82,921	(713)	3,378,517
Private-label RMBS	86,549	—	86,549	418	(957)	86,010
Manufactured housing loan ABS	10,394	—	10,394	—	(1,010)	9,384
Home equity loan ABS	1,575	(151)	1,424	76	(46)	1,454
Total MBS and ABS	6,381,153	(151)	6,381,002	114,285	(4,823)	6,490,464
Total HTM securities	$ 6,481,153	$ (151)	$ 6,481,002	$ 114,396	$ (4,823)	$ 6,590,575
December 31, 2014						
GSE debentures	$ 269,000	$ —	$ 269,000	$ 199	$ —	$ 269,199
MBS and ABS:						
Other U.S. obligations - guaranteed MBS	3,032,494	—	3,032,494	30,598	(5,959)	3,057,133
GSE MBS	3,567,958	—	3,567,958	93,583	(104)	3,661,437
Private-label RMBS	99,879	—	99,879	360	(1,049)	99,190
Manufactured housing loan ABS	11,243	—	11,243	—	(1,164)	10,079
Home equity loan ABS	1,716	(175)	1,541	114	(77)	1,578
Total MBS and ABS	6,713,290	(175)	6,713,115	124,655	(8,353)	6,829,417
Total HTM securities	$ 6,982,290	$ (175)	$ 6,982,115	$ 124,854	$ (8,353)	$ 7,098,616

[1] Includes adjustments made to the cost basis of an investment for accretion, amortization, collection of principal, and, if applicable, OTTI recognized in earnings (credit losses).

(Unaudited, $ amounts in thousands unless otherwise indicated)

Unrealized Loss Positions. The following table presents impaired HTM securities (i.e., in an unrealized loss position), aggregated by major security type and length of time that individual securities have been in a continuous unrealized loss position. None of our non-MBS were in an unrealized loss position at June 30, 2015 or December 31, 2014.

	Less than 12 months		12 months or more		Total	
June 30, 2015	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses [1]**
MBS and ABS:						
Other U.S. obligations - guaranteed MBS	$ 71,333	$ (69)	$ 642,368	$ (2,028)	$ 713,701	$ (2,097)
GSE MBS	549,432	(713)	—	—	549,432	(713)
Private-label RMBS	8,632	(30)	37,448	(927)	46,080	(957)
Manufactured housing loan ABS	—	—	9,384	(1,010)	9,384	(1,010)
Home equity loan ABS	—	—	1,454	(121)	1,454	(121)
Total MBS and ABS	629,397	(812)	690,654	(4,086)	1,320,051	(4,898)
Total impaired HTM securities	$ 629,397	$ (812)	$ 690,654	$ (4,086)	$ 1,320,051	$ (4,898)
December 31, 2014						
MBS and ABS:						
Other U.S. obligations - guaranteed MBS	$ 528,242	$ (1,254)	$ 702,768	$ (4,705)	$ 1,231,010	$ (5,959)
GSE MBS	31,554	(8)	26,013	(96)	57,567	(104)
Private-label RMBS	3,274	(3)	41,050	(1,046)	44,324	(1,049)
Manufactured housing loan ABS	—	—	10,080	(1,164)	10,080	(1,164)
Home equity loan ABS	—	—	1,579	(138)	1,579	(138)
Total MBS and ABS	563,070	(1,265)	781,490	(7,149)	1,344,560	(8,414)
Total impaired HTM securities	$ 563,070	$ (1,265)	$ 781,490	$ (7,149)	$ 1,344,560	$ (8,414)

(1) For home equity loan ABS, total unrealized losses does not agree to total gross unrecognized holding losses at June 30, 2015 and December 31, 2014 of $(46) and $(77), respectively. Total unrealized losses include non-credit-related OTTI losses recorded in AOCI of $(151) and $(175), respectively, and gross unrecognized holding gains on previously OTTI securities of $76 and $114, respectively.

Contractual Maturity. The amortized cost, carrying value and estimated fair value of non-MBS HTM securities by contractual maturity are presented below. MBS and ABS are not presented by contractual maturity because their actual maturities will likely differ from contractual maturities as certain borrowers have the right to prepay their obligations with or without prepayment fees.

	June 30, 2015			December 31, 2014		
Year of Contractual Maturity	**Amortized Cost [1]**	**Carrying Value [2]**	**Estimated Fair Value**	**Amortized Cost [1]**	**Carrying Value [2]**	**Estimated Fair Value**
Non-MBS:						
Due in one year or less	$ 100,000	$ 100,000	$ 100,111	$ 169,000	$ 169,000	$ 169,099
Due after one year through five years	—	—	—	100,000	100,000	100,100
Total non-MBS	100,000	100,000	100,111	269,000	269,000	269,199
Total MBS and ABS	6,381,153	6,381,002	6,490,464	6,713,290	6,713,115	6,829,417
Total HTM securities	$6,481,153	$6,481,002	$6,590,575	$6,982,290	$6,982,115	$7,098,616

(1) Includes adjustments made to the cost basis of an investment for accretion, amortization, collection of principal, and, if applicable, OTTI recognized in earnings (credit losses).
(2) Represents amortized cost after adjustment for non-credit OTTI recognized in AOCI.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 5 - Other-Than-Temporary Impairment

OTTI Evaluation Process and Results - Private-label RMBS and ABS. On a quarterly basis, we evaluate our individual AFS and HTM securities that have been previously OTTI or are in an unrealized loss position for OTTI. As part of our evaluation, we consider whether we intend to sell each security and whether it is more likely than not that we will be required to sell the security before its anticipated recovery. If either of these conditions is met, we recognize an OTTI loss equal to the entire difference between the security's amortized cost basis and its estimated fair value at the statement of condition date. For those securities that meet neither of these conditions, we perform a cash flow analysis to determine whether we expect to recover the entire amortized cost basis of the security as described in *Note 1 - Summary of Significant Accounting Policies* and *Note 6 - Other-Than-Temporary Impairment* in our 2014 Form 10-K.

OTTI - Significant Inputs. The FHLBanks' OTTI Governance Committee developed a short-term housing price forecast with projected changes ranging from a decrease of 2% to an increase of 8% over a twelve-month period. For the vast majority of housing markets, the changes range from an increase of 2% to an increase of 5%. Thereafter, a unique path is projected for each geographic area based on an internally developed framework derived from historical data.

The following table presents the significant modeling assumptions used to determine the amount of credit loss recognized in earnings for the three months ended June 30, 2015 on the security for which an OTTI was determined to have occurred, as well as related current credit enhancement. Credit enhancement is defined as the percentage of subordinated tranches, excess spread, and over-collateralization, if any, in a security structure that will generally absorb losses before we will experience a loss on the security. A credit enhancement percentage of zero reflects a security that has no remaining credit support and is likely to have experienced an actual principal loss. The calculated averages represent the dollar-weighted averages of the private-label RMBS in each category shown. The classification (prime, Alt-A or subprime) is based on the model used to estimate the cash flows for the security, which may not be the same as the classification by the rating agency at the time of origination.

	Significant Modeling Assumptions for OTTI private-label RMBS for the three months ended June 30, 2015			
Year of Securitization	**Prepayment Rates [1]**	**Default Rates [1]**	**Loss Severities [1]**	**Current Credit Enhancement [1]**
Prime - 2006	16.0%	16.3%	34.3%	0.0%

(1) Weighted average based on UPB.

Results of OTTI Evaluation Process. As a result of our analysis, OTTI credit losses were recognized for one security for the three and six months ended June 30, 2015 and one security for the three and six months ended June 30, 2014. We determined that the unrealized losses on the remaining private-label RMBS and ABS were temporary as we expect to recover the entire amortized cost. The following table presents a rollforward of the amounts related to credit losses recognized in earnings. The rollforward excludes accretion of credit losses for securities that have not experienced a significant increase in cash flows.

	Three Months Ended June 30,		Six Months Ended June 30,	
Credit Loss Rollforward	**2015**	**2014**	**2015**	**2014**
Balance at beginning of period	$ 68,374	$ 72,457	$ 69,626	$ 72,287
Additions:				
Additional credit losses for which OTTI was previously recognized [1]	32	58	32	228
Reductions:				
Increases in cash flows expected to be collected (accreted as interest income over the remaining lives of the applicable securities)	(2,357)	(931)	(3,609)	(931)
Balance at end of period	$ 66,049	$ 71,584	$ 66,049	$ 71,584

(1) For the three and six months ended June 30, 2015 and 2014, the amount relates to one security originally impaired prior to January 1, 2014.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents the June 30, 2015 classification and balances of OTTI securities impaired prior to that date (i.e., life-to-date) but not necessarily as of that date. Securities are classified based on the originator's classification at the time of origination or based on the classification by the NRSROs upon issuance. Because there is no universally accepted definition of prime, Alt-A or subprime underwriting standards, such classifications are subjective.

	June 30, 2015						
	HTM Securities				AFS Securities		
OTTI Life-to-Date	**UPB**	**Amortized Cost**	**Carrying Value**	**Estimated Fair Value**	**UPB**	**Amortized Cost**	**Estimated Fair Value**
Private-label RMBS - prime	$ —	$ —	$ —	$ —	$ 386,909	$ 328,152	$ 364,719
Home equity loan ABS - subprime	707	677	527	602	—	—	—
Total	$ 707	$ 677	$ 527	$ 602	$ 386,909	$ 328,152	$ 364,719

OTTI Evaluation Process and Results - All Other AFS and HTM Securities.

Other U.S. and GSE Obligations and TVA Debentures. For other U.S. obligations, GSE obligations, and TVA debentures, we determined that, based on current expectations, the strength of the issuers' guarantees through direct obligations of or support from the United States government is sufficient to protect us from any losses. As a result, all of the gross unrealized losses as of June 30, 2015 are considered temporary.

Note 6 - Advances

We had advances outstanding, as presented below by year of contractual maturity, with current interest rates ranging from 0% to 7.53%.

	June 30, 2015		December 31, 2014	
Year of Contractual Maturity	**Amount**	**WAIR %**	**Amount**	**WAIR %**
Overdrawn demand and overnight deposit accounts	$ 1,200	2.44	$ —	—
Due in 1 year or less	10,014,629	0.70	7,406,652	0.83
Due after 1 year through 2 years	2,521,285	1.24	2,529,649	1.28
Due after 2 years through 3 years	2,765,255	1.90	2,331,427	1.57
Due after 3 years through 4 years	1,496,916	2.04	2,047,262	2.05
Due after 4 years through 5 years	2,539,194	1.55	1,571,567	2.51
Thereafter	4,846,986	1.42	4,743,645	1.31
Total advances, par value	24,185,465	1.21	20,630,202	1.33
Fair-value hedging adjustments	95,336		117,118	
Unamortized swap termination fees associated with modified advances, net of deferred prepayment fees	37,556		42,347	
Total advances	$ 24,318,357		$ 20,789,667	

Prepayments. At June 30, 2015 and December 31, 2014, we had $6.2 billion and $5.6 billion, respectively, of advances that can be prepaid without incurring prepayment or termination fees. All other advances may only be prepaid by paying a fee that is sufficient to make us financially indifferent to the prepayment of the advance.

At June 30, 2015 and December 31, 2014, we had putable advances outstanding totaling $335,500 and $179,000, respectively.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents advances by the earlier of the year of contractual maturity or the next call date and next put date.

	Year of Contractual Maturity or Next Call Date		Year of Contractual Maturity or Next Put Date	
	June 30, 2015	**December 31, 2014**	**June 30, 2015**	**December 31, 2014**
Overdrawn demand and overnight deposit accounts	$ 1,200	$ —	$ 1,200	$ —
Due in 1 year or less	14,245,409	11,293,767	10,296,129	7,574,152
Due after 1 year through 2 years	2,722,535	2,533,649	2,468,785	2,499,649
Due after 2 years through 3 years	2,679,090	2,208,677	2,684,255	2,233,927
Due after 3 years through 4 years	1,271,916	1,847,262	1,486,916	2,012,262
Due after 4 years through 5 years	1,704,194	1,506,567	2,441,194	1,566,567
Thereafter	1,561,121	1,240,280	4,806,986	4,743,645
Total advances, par value	$ 24,185,465	$ 20,630,202	$ 24,185,465	$ 20,630,202

Credit Risk Exposure and Security Terms. At June 30, 2015 and December 31, 2014, we had a total of $12.5 billion and $8.3 billion, respectively, of advances outstanding, at par, to single borrowers with balances that were greater than or equal to $1.0 billion. These advances, representing 52% and 40%, respectively, of total advances at par outstanding on those dates, were made to seven and five borrowers, respectively. At June 30, 2015 and December 31, 2014, we held $22.4 billion and $15.1 billion, respectively, of UPB of collateral to cover the advances to these borrowers.

See *Note 8 - Allowance for Credit Losses* for information related to credit risk on advances and allowance methodology for credit losses.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 7 - Mortgage Loans Held for Portfolio

The following tables present information on mortgage loans held for portfolio by term and by type.

	June 30, 2015		
Term	**MPP**	**MPF**	**Total**
Fixed-rate long-term mortgages	$ 6,211,191	$ 401,909	$ 6,613,100
Fixed-rate medium-term [(1)] mortgages	1,093,826	72,872	1,166,698
Total mortgage loans held for portfolio, UPB	7,305,017	474,781	7,779,798
Unamortized premiums	147,141	8,001	155,142
Unamortized discounts	(3,790)	(286)	(4,076)
Fair-value hedging adjustments	3,663	(453)	3,210
Allowance for loan losses	(1,200)	(150)	(1,350)
Total mortgage loans held for portfolio, net	$ 7,450,831	$ 481,893	$ 7,932,724

	December 31, 2014		
Term	**MPP**	**MPF**	**Total**
Fixed-rate long-term mortgages	$ 5,233,682	$ 428,758	$ 5,662,440
Fixed-rate medium-term [(1)] mortgages	963,083	78,919	1,042,002
Total mortgage loans held for portfolio, UPB	6,196,765	507,677	6,704,442
Unamortized premiums	107,876	8,726	116,602
Unamortized discounts	(1,874)	(302)	(2,176)
Fair-value hedging adjustments	4,369	(475)	3,894
Allowance for loan losses	(2,250)	(250)	(2,500)
Total mortgage loans held for portfolio, net	$ 6,304,886	$ 515,376	$ 6,820,262

(1) Defined as a term of 15 years or less at origination.

	June 30, 2015		
Type	**MPP**	**MPF**	**Total**
Conventional	$ 6,731,081	$ 379,966	$ 7,111,047
Government	573,936	94,815	668,751
Total mortgage loans held for portfolio, UPB	$ 7,305,017	$ 474,781	$ 7,779,798

	December 31, 2014		
Type	**MPP**	**MPF**	**Total**
Conventional	$ 5,562,460	$ 406,469	$ 5,968,929
Government	634,305	101,208	735,513
Total mortgage loans held for portfolio, UPB	$ 6,196,765	$ 507,677	$ 6,704,442

For information related to our credit risk on mortgage loans and allowance for loan losses, see *Note 8 - Allowance for Credit Losses*.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 8 - Allowance for Credit Losses

We have established a methodology to determine the allowance for credit losses for each of our portfolio segments: credit products (advances, letters of credit, and other extensions of credit to members); term securities purchased under agreements to resell; term federal funds sold; government-guaranteed or insured mortgage loans held for portfolio; and conventional mortgage loans held for portfolio. A description of the allowance methodologies for our portfolio segments as well as our policy for impairing financing receivables and charging them off when necessary is disclosed in *Note 1 - Summary of Significant Accounting Policies* and *Note 9 - Allowance for Credit Losses* in our 2014 Form 10-K. Our policy for placing loans on non-accrual status was updated during the second quarter of 2015, and a description of this change is disclosed in *Note 1 - Summary of Significant Accounting Policies and Change in Accounting Principle* herein.

Credit Products. Using a risk-based approach, we consider the amount and quality of the collateral pledged and the borrower's financial condition to be the primary indicators of credit quality on the borrower's credit products. At June 30, 2015 and December 31, 2014, we had rights to collateral on a borrower-by-borrower basis with an estimated value in excess of our outstanding extensions of credit.

At June 30, 2015 and December 31, 2014, we did not have any credit products that were past due, on non-accrual status, or considered impaired. In addition, there were no TDRs related to credit products during the six months ended June 30, 2015 and 2014.

Based upon the collateral held as security, our credit extension and collateral policies, our credit analysis and the repayment history on credit products, we have not recorded any allowance for credit losses on credit products and no liability was recorded to reflect an allowance for credit losses for off-balance sheet credit exposures. For additional information about off-balance sheet credit exposure, see *Note 16 - Commitments and Contingencies*.

Mortgage Loans.

Collectively Evaluated Mortgage Loans.

Collectively Evaluated MPP Loans. Our loan loss analysis includes collectively evaluating the MPP pools of conventional loans for impairment. The measurement of our allowance for loan losses includes evaluating (i) homogeneous pools of mortgage loans past due 180 days or more; and (ii) the current to 179 days past due portion of the loan portfolio. This loan loss analysis considers MPP pool-specific attribute data, estimated liquidation value of real estate collateral held, estimated costs associated with maintaining and disposing of the collateral, and credit enhancements. Delinquency reports are used to determine the population of loans incorporated into the allowance for loan loss analysis.

Beginning in the first quarter of 2015, we refined our technique for estimating losses on mortgage loans past due 180 days or more to incorporate loan-level property values obtained from a third-party model, instead of using a historical weighted-average collateral recovery rate. A haircut is applied to these loan-level values to capture the potential impact of severely distressed property sales. The reduced values are then aggregated to the pool level and are further reduced for estimated liquidation costs to determine the estimated liquidation value.

Credit Enhancements.

The following table presents the actual activity in the LRA.

	Three Months Ended June 30,		Six Months Ended June 30,	
LRA Activity	**2015**	**2014**	**2015**	**2014**
Balance of LRA, beginning of period	$ 72,178	$ 46,958	$ 61,949	$ 45,330
Additions	10,959	3,684	21,508	6,110
Claims paid	(361)	(617)	(547)	(1,253)
Distributions	(152)	(107)	(286)	(269)
Balance of LRA, end of period	$ 82,624	$ 49,918	$ 82,624	$ 49,918

(Unaudited, $ amounts in thousands unless otherwise indicated)

MPP Credit Enhancements. The following table presents the estimated impact of credit enhancements on the allowance.

MPP Credit Waterfall	June 30, 2015	December 31, 2014
Estimated losses remaining after borrower's equity, before credit enhancements	$ 12,007	$ 25,232
Portion of estimated losses recoverable from PMI	(2,361)	(3,301)
Portion of estimated losses recoverable from LRA [(1)]	(1,513)	(5,334)
Portion of estimated losses recoverable from SMI	(7,072)	(14,587)
Allowance for unrecoverable PMI/SMI	139	240
Allowance for MPP loan losses	$ 1,200	$ 2,250

(1) Amounts recoverable limited to (i) estimated losses remaining after borrower's equity and PMI and (ii) the remaining balance in each pool's portion of the LRA. The remainder of the LRA is available to cover any losses not yet incurred and to distribute any excess funds to members.

MPF Credit Enhancements. CE fees paid to PFIs were $90 and $101 for the three months ended June 30, 2015 and 2014, respectively, compared with $184 and $203 for the six months ended June 30, 2015 and 2014, respectively. Performance-based CE fees may be withheld to cover losses allocated to us.

If losses occur in an MCC, these losses will either be: (i) recovered through the withholding of future performance-based CE fees from the PFI or (ii) absorbed by us in the FLA. As of June 30, 2015 and December 31, 2014, our exposure under the FLA was $3,462 and $3,431, respectively, with CE obligations available to cover losses in excess of the FLA totaling $26,862 and $26,851, respectively. Any estimated losses that would be absorbed by the CE obligation are not included in our allowance for loan losses. Accordingly, the allowance was reduced by $0 and $2 as of June 30, 2015 and December 31, 2014, respectively, for the amount in excess of the FLA to be covered by PFIs' CE obligations. The resulting allowance for MPF loan losses was $150 at June 30, 2015 and $250 at December 31, 2014.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Allowance for Loan Losses on Mortgage Loans. The tables below present a rollforward of our allowance for loan losses, the allowance for loan losses by impairment methodology, and the recorded investment in mortgage loans by impairment methodology.

Rollforward of Allowance	**MPP Conventional**	**MPF Conventional**	**Total**
Allowance for loan losses, March 31, 2015	$ 2,000	$ 250	$ 2,250
Charge-offs, net of recoveries	53	(2)	51
Provision for (reversal of) loan losses	(853)	(98)	(951)
Allowance for loan losses, June 30, 2015	$ 1,200	$ 150	$ 1,350
Allowance for loan losses, March 31, 2014	$ 3,000	$ 500	$ 3,500
Charge-offs, net of recoveries	(164)	—	(164)
Provision for (reversal of) loan losses	164	(250)	(86)
Allowance for loan losses, June 30, 2014	$ 3,000	$ 250	$ 3,250
Allowance for loan losses, December 31, 2014	$ 2,250	$ 250	$ 2,500
Charge-offs, net of recoveries	(760)	(2)	(762)
Provision for (reversal of) loan losses	(290)	(98)	(388)
Allowance for loan losses, June 30, 2015	$ 1,200	$ 150	$ 1,350
Allowance for loan losses, December 31, 2013	$ 4,000	$ 500	$ 4,500
Charge-offs, net of recoveries	(451)	(9)	(460)
Provision for (reversal of) loan losses	(549)	(241)	(790)
Allowance for loan losses, June 30, 2014	$ 3,000	$ 250	$ 3,250
Allowance for Loan Losses, June 30, 2015			
Loans collectively evaluated for impairment	$ 1,103	$ 150	$ 1,253
Loans individually evaluated for impairment [(1)]	97	—	97
Total allowance for loan losses	$ 1,200	$ 150	$ 1,350
Allowance for Loan Losses, December 31, 2014			
Loans collectively evaluated for impairment	$ 1,776	$ 250	$ 2,026
Loans individually evaluated for impairment [(1)]	474	—	474
Total allowance for loan losses	$ 2,250	$ 250	$ 2,500
Recorded Investment, June 30, 2015			
Loans collectively evaluated for impairment	$ 6,879,585	$ 388,243	$ 7,267,828
Loans individually evaluated for impairment [(1)]	19,334	—	19,334
Total recorded investment	$ 6,898,919	$ 388,243	$ 7,287,162
Recorded Investment, December 31, 2014			
Loans collectively evaluated for impairment	$ 5,667,524	$ 415,569	$ 6,083,093
Loans individually evaluated for impairment [(1)]	19,889	—	19,889
Total recorded investment	$ 5,687,413	$ 415,569	$ 6,102,982

(1) The recorded investment in our MPP conventional loans individually evaluated for impairment excludes principal that was previously paid in full by the servicers as of June 30, 2015 and December 31, 2014 of $4,001 and $5,519, respectively, that remains subject to potential claims by those servicers for any losses resulting from past or future liquidations of the underlying properties. However, the MPP allowance for loan losses includes $30 and $153 for these potential claims as of June 30, 2015 and December 31, 2014, respectively.

As a result of our recent loss history, beginning in the first quarter of 2015, for conventional mortgage loans that are 180 days or more delinquent and/or where the borrower has filed for bankruptcy, we charge off the portion of the outstanding balance in excess of estimated fair value of the underlying property, less cost to sell and adjusted for any available credit enhancements.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Credit Quality Indicators. The tables below present our key credit quality indicators for mortgage loans held for portfolio.

Mortgage Loans Held for Portfolio June 30, 2015	**MPP**		**MPF**		
	Conventional	**FHA**	**Conventional**	**Government**	**Total**
Past due 30-59 days	$ 46,989	$ 16,628	$ 627	$ 1,205	$ 65,449
Past due 60-89 days	12,140	4,733	1	478	17,352
Past due 90 days or more	38,810	2,613	175	188	41,786
Total past due	97,939	23,974	803	1,871	124,587
Total current	6,800,980	560,002	387,440	94,259	7,842,681
Total mortgage loans, recorded investment	6,898,919	583,976	388,243	96,130	7,967,268
Net unamortized premiums	(135,331)	(8,020)	(6,746)	(969)	(151,066)
Fair-value hedging adjustments	(3,619)	(44)	390	63	(3,210)
Accrued interest receivable	(28,888)	(1,976)	(1,921)	(409)	(33,194)
Total mortgage loans held for portfolio, UPB	$ 6,731,081	$ 573,936	$ 379,966	$ 94,815	$ 7,779,798

Other Delinquency Statistics June 30, 2015					
In process of foreclosure [(1)]	$ 26,752	$ —	$ —	$ —	$ 26,752
Serious delinquency rate [(2)]	0.56%	0.45%	0.05%	0.20%	0.52%
Past due 90 days or more still accruing interest [(3)]	$ 31,998	$ 2,613	$ —	$ 188	$ 34,799
On non-accrual status	8,125	—	335	—	8,460

Mortgage Loans Held for Portfolio December 31, 2014	**MPP**		**MPF**		
	Conventional	**FHA**	**Conventional**	**Government**	**Total**
Past due 30-59 days	$ 59,365	$ 25,954	$ 1,011	$ 1,287	$ 87,617
Past due 60-89 days	14,879	6,010	252	657	21,798
Past due 90 days or more	49,128	3,636	1	483	53,248
Total past due	123,372	35,600	1,264	2,427	162,663
Total current	5,564,041	609,711	414,305	100,184	6,688,241
Total mortgage loans, recorded investment	5,687,413	645,311	415,569	102,611	6,850,904
Net unamortized premiums	(97,411)	(8,591)	(7,400)	(1,024)	(114,426)
Fair-value hedging adjustments	(4,323)	(45)	417	57	(3,894)
Accrued interest receivable	(23,219)	(2,370)	(2,117)	(436)	(28,142)
Total mortgage loans held for portfolio, UPB	$ 5,562,460	$ 634,305	$ 406,469	$ 101,208	$ 6,704,442

Other Delinquency Statistics December 31, 2014					
In process of foreclosure [(1)]	$ 32,369	$ —	$ —	$ —	$ 32,369
Serious delinquency rate [(2)]	0.86%	0.56%	—%	0.47%	0.78%
Past due 90 days or more still accruing interest [(3)]	$ 46,341	$ 3,636	$ —	$ 483	$ 50,460
On non-accrual status	7,207	—	1	—	7,208

(Unaudited, $ amounts in thousands unless otherwise indicated)

(1) Includes loans for which the decision of foreclosure or similar alternative, such as pursuit of deed-in-lieu of foreclosure, has been reported. Loans in process of foreclosure are included in past due categories depending on their delinquency status.

(2) Represents loans 90 days or more past due (including loans in process of foreclosure) expressed as a percentage of the total recorded investment in mortgage loans. The percentage excludes principal and interest amounts that were previously paid in full by the servicers on conventional loans that are pending resolution of potential loss claims. Many government, including FHA, loans are repurchased by the servicers when they reach 90 days or more delinquent status, similar to the rules for servicers of Ginnie Mae MBS, resulting in the lower serious delinquency rate for government loans.

(3) Although our past due scheduled/scheduled MPP loans are classified as loans past due 90 days or more based on the mortgagor's payment status, we do not consider these loans to be non-accrual.

Troubled Debt Restructurings. The table below presents the recorded investment of the performing and non-performing TDRs. Non-performing represents loans on non-accrual status only.

	June 30, 2015			December 31, 2014		
Recorded Investment	**Performing**	**Non-Performing**	**Total**	**Performing**	**Non-Performing**	**Total**
MPP conventional loans	$ 17,173	$ 2,161	$ 19,334	$ 13,744	$ 6,145	$ 19,889

Due to the minimal change in terms of modified loans (i.e., no principal forgiven), our pre-modification recorded investment was not materially different than the post-modification recorded investment in TDRs.

During the three and six months ended June 30, 2015 certain conventional MPP loans classified as TDRs within the previous 12 months experienced a payment default. A borrower is considered to have defaulted on a TDR if the borrower's contractually due principal or interest is 60 days or more past due at any time. The recorded investment of certain conventional MPP loans classified as TDRs within the previous 12 months that experienced an initial payment default at the end of such periods was $104 and $144 for the three and six months ended June 30, 2015, respectively. However, a loan can experience another payment default in a subsequent period. There were no such loans during the three or six months ended June 30, 2014.

A loan considered to be a TDR is individually evaluated for impairment when determining its related allowance for loan loss. Credit loss is measured by factoring in expected cash shortfalls as of the reporting date. The tables below present the impaired conventional loans individually evaluated for impairment. The first table presents the recorded investment, UPB and related allowance associated with these loans, while the next table presents the average recorded investment of individually impaired loans and related interest income recognized.

	June 30, 2015			December 31, 2014		
Individually Evaluated Impaired Loans	**Recorded Investment**	**UPB**	**Related Allowance for Loan Losses**	**Recorded Investment**	**UPB**	**Related Allowance for Loan Losses**
MPP conventional loans without allowance for loan losses (1)	$ 18,215	$ 18,069	$ —	$ 13,744	$ 13,647	$ —
MPP conventional loans with allowance for loan losses	1,119	1,128	67	6,145	6,099	321
Total	$ 19,334	$ 19,197	$ 67	$ 19,889	$ 19,746	$ 321

(1) No allowance for loan losses was recorded on these impaired loans after consideration of the underlying loan-specific attribute data, estimated liquidation value of real estate collateral held, estimated costs associated with maintaining and disposing of the collateral, and credit enhancements.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Individually Evaluated Impaired Loans	Three Months Ended June 30, 2015 Average Recorded Investment	Three Months Ended June 30, 2015 Interest Income Recognized	Three Months Ended June 30, 2014 Average Recorded Investment	Three Months Ended June 30, 2014 Interest Income Recognized
MPP conventional loans without allowance for loan losses	$ 18,446	$ 232	$ 18,540	$ 275
MPP conventional loans with allowance for loan losses	1,133	15	948	14
Total	$ 19,579	$ 247	$ 19,488	$ 289

Individually Evaluated Impaired Loans	Six Months Ended June 30, 2015 Average Recorded Investment	Six Months Ended June 30, 2015 Interest Income Recognized	Six Months Ended June 30, 2014 Average Recorded Investment	Six Months Ended June 30, 2014 Interest Income Recognized
MPP conventional loans without allowance for loan losses	$ 18,543	$ 455	$ 18,161	$ 530
MPP conventional loans with allowance for loan losses	1,139	79	950	30
Total	$ 19,682	$ 534	$ 19,111	$ 560

There was one MPF TDR during the three and six months ended June 30, 2015. The loan was non-performing at June 30, 2015 and had a recorded investment of $160. There were no MPF TDRs during the three and six months ended June 30, 2014.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 9 - Derivatives and Hedging Activities

Financial Statement Effect and Additional Financial Information.

Derivative Notional Amounts. The following table presents the notional amount and estimated fair value of derivative instruments, including the effect of netting adjustments, cash collateral, and the related accrued interest.

June 30, 2015	**Notional Amount of Derivatives**	**Estimated Fair Value of Derivative Assets**	**Estimated Fair Value of Derivative Liabilities**
Derivatives designated as hedging instruments:			
Interest-rate swaps	$ 30,595,463	$ 57,482	$ 275,072
Total derivatives designated as hedging instruments	30,595,463	57,482	275,072
Derivatives not designated as hedging instruments:			
Interest-rate swaps	341,717	301	111
Interest-rate caps/floors	340,500	161	—
Interest-rate forwards	175,500	179	33
MDCs	174,189	223	467
Total derivatives not designated as hedging instruments	1,031,906	864	611
Total derivatives before adjustments	$ 31,627,369	58,346	275,683
Netting adjustments and cash collateral [1]		(16,583)	(180,049)
Total derivatives, net		$ 41,763	$ 95,634
December 31, 2014			
Derivatives designated as hedging instruments:			
Interest-rate swaps	$ 27,527,697	$ 55,095	$ 331,546
Total derivatives designated as hedging instruments	27,527,697	55,095	331,546
Derivatives not designated as hedging instruments:			
Interest-rate swaps	1,476,365	330	735
Interest-rate caps/floors	340,500	312	—
Interest-rate forwards	252,100	—	1,631
MDCs	252,418	711	6
Total derivatives not designated as hedging instruments	2,321,383	1,353	2,372
Total derivatives before adjustments	$ 29,849,080	56,448	333,918
Netting adjustments and cash collateral [1]		(30,961)	(230,665)
Total derivatives, net		$ 25,487	$ 103,253

(1) Represents the application of the netting requirements that allow us to settle (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed, with the same clearing agent and/or counterparty. Cash collateral placed at June 30, 2015 and December 31, 2014 was $165,007 and $201,284, respectively. Cash collateral held at June 30, 2015 and December 31, 2014 was $1,540 and $1,580, respectively.

(Unaudited, $ amounts in thousands unless otherwise indicated)

We record derivative instruments, related cash collateral received or pledged, including initial and variation margin, and associated accrued interest, on a net basis by clearing agent and/or by counterparty when we have met the netting requirements. The following table presents separately the estimated fair value of derivative instruments meeting and not meeting netting requirements, including the related collateral received from or pledged to counterparties.

	June 30, 2015		December 31, 2014	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative instruments meeting netting requirements:				
Gross recognized amount				
Bilateral	$ 34,252	$ 245,816	$ 48,532	$ 308,041
Cleared	23,692	29,367	7,205	24,240
Total gross recognized amount	57,944	275,183	55,737	332,281
Gross amounts of netting adjustments and cash collateral				
Bilateral	(33,871)	(150,682)	(48,389)	(206,425)
Cleared	17,288	(29,367)	17,428	(24,240)
Total gross amounts of netting adjustments and cash collateral	(16,583)	(180,049)	(30,961)	(230,665)
Net amounts after netting adjustments and cash collateral				
Bilateral	381	95,134	143	101,616
Cleared	40,980	—	24,633	—
Total net amounts after netting adjustments and cash collateral	41,361	95,134	24,776	101,616
Derivative instruments not meeting netting requirements [(1)]	402	500	711	1,637
Total derivatives, at estimated fair value	$ 41,763	$ 95,634	$ 25,487	$ 103,253

(1) Includes MDCs and certain interest-rate forwards.

The following table presents the components of net gains (losses) on derivatives and hedging activities reported in other income (loss).

	Three Months Ended June 30,		Six Months Ended June 30,	
Type of Hedge	2015	2014	2015	2014
Net gain (loss) related to fair-value hedge ineffectiveness:				
Interest-rate swaps	$ 6,332	$ (2,908)	$ 6,441	$ (3,519)
Total net gain (loss) related to fair-value hedge ineffectiveness	6,332	(2,908)	6,441	(3,519)
Net gain (loss) on derivatives not designated as hedging instruments:				
Economic hedges:				
Interest-rate swaps	1,660	4,428	865	5,771
Interest-rate caps/floors	(45)	(413)	(151)	(875)
Interest-rate forwards	1,973	(2,700)	(1,348)	(3,425)
Net interest settlements	201	2,715	492	5,440
MDCs	(2,858)	2,016	(916)	2,714
Total net gain (loss) on derivatives not designated as hedging instruments	931	6,046	(1,058)	9,625
Net gains (losses) on derivatives and hedging activities	$ 7,263	$ 3,138	$ 5,383	$ 6,106

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents, by type of hedged item, the gains (losses) on derivatives and the related hedged items in fair-value hedging relationships and the effect of those derivatives on net interest income.

Three Months Ended June 30, 2015	Gain (Loss) on Derivative	Gain (Loss) on Hedged Item	Net Fair-Value Hedge Ineffectiveness	Effect on Net Interest Income [(1)]
Advances	$ 47,732	$ (44,213)	$ 3,519	$ (39,242)
AFS securities	31,739	(32,147)	(408)	(24,303)
CO bonds	(4,823)	8,044	3,221	14,645
Total	$ 74,648	$ (68,316)	$ 6,332	$ (48,900)
Three Months Ended June 30, 2014				
Advances	$ (19,830)	$ 19,172	$ (658)	$ (36,883)
AFS securities	(9,093)	9,041	(52)	(24,526)
CO bonds	29,316	(31,514)	(2,198)	19,563
Total	$ 393	$ (3,301)	$ (2,908)	$ (41,846)
Six Months Ended June 30, 2015				
Advances	$ 10,780	$ (8,508)	$ 2,272	$ (78,669)
AFS securities	20,841	(21,828)	(987)	(48,732)
CO Bonds	10,237	(5,081)	5,156	31,241
Total	$ 41,858	$ (35,417)	$ 6,441	$ (96,160)
Six Months Ended June 30, 2014				
Advances	$ (21,133)	$ 21,580	$ 447	$ (73,283)
AFS securities	(7,859)	7,981	122	(49,021)
CO Bonds	53,988	(58,076)	(4,088)	38,187
Total	$ 24,996	$ (28,515)	$ (3,519)	$ (84,117)

(1) Includes the effect of derivatives in fair-value hedging relationships on net interest income that is recorded in the interest income/expense line item of the respective hedged items. Excludes the interest income/expense of the respective hedged items, which fully offset the interest income/expense of the derivatives, except to the extent of any hedge ineffectiveness. Net interest settlements on derivatives that are not in fair-value hedging relationships are reported in other income (loss).

Managing Credit Risk on Derivatives. We are subject to credit risk due to the risk of nonperformance by the counterparties to our derivative transactions.

For our bilateral derivatives, we have credit support agreements that contain provisions requiring us to post additional collateral with our counterparties if there is deterioration in our credit rating. If our credit rating is lowered by an NRSRO, we could be required to deliver additional collateral on bilateral derivative instruments in net liability positions. The aggregate estimated fair value of all bilateral derivative instruments with credit risk-related contingent features that were in a net liability position (before cash collateral and related accrued interest on cash collateral) at June 30, 2015 was $212,307 for which we have posted collateral, including accrued interest, with an estimated fair value of $117,901 in the normal course of business. In addition, we held other derivative instruments in a net liability position of $500 that are not subject to credit support agreements containing credit risk-related contingent features. If our credit rating had been lowered by an NRSRO (from an S&P equivalent of AA+ to AA), we could have been required to deliver up to an additional $7,210 of collateral (at estimated fair value) to our bilateral derivative counterparties at June 30, 2015.

For cleared derivatives, the clearinghouse determines initial margin requirements, and generally credit ratings are not factored into the initial margin. However, clearing agents may require additional initial margin to be posted based on credit considerations, including, but not limited to, credit rating downgrades. We were not required to post additional initial margin by our clearing agents at June 30, 2015.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 10 - Consolidated Obligations

Although we are the primary obligor for our portion of consolidated obligations (i.e., those issued on our behalf), we are also jointly and severally liable with each of the other FHLBanks for the payment of the principal and interest on all FHLBank consolidated obligations. The par values of the FHLBanks' outstanding consolidated obligations at June 30, 2015 and December 31, 2014 totaled $852.8 billion and $847.2 billion, respectively.

Discount Notes. The following table presents our participation in discount notes outstanding, all of which are due within one year of issuance.

Discount Notes	June 30, 2015	December 31, 2014
Book value	$ 11,802,629	$ 12,567,696
Par value	11,807,026	12,570,811
Weighted average effective interest rate	0.14%	0.12%

CO Bonds. The following table presents our participation in CO bonds outstanding by contractual maturity.

	June 30, 2015		December 31, 2014	
Year of Contractual Maturity	**Amount**	**WAIR%**	**Amount**	**WAIR%**
Due in 1 year or less	$ 14,715,220	0.36	$ 11,695,550	0.33
Due after 1 year through 2 years	3,828,220	0.94	2,018,510	1.49
Due after 2 years through 3 years	2,326,710	1.81	2,158,950	1.76
Due after 3 years through 4 years	1,104,850	2.42	1,934,100	1.49
Due after 4 years through 5 years	1,796,625	2.67	999,700	2.51
Thereafter	5,860,950	3.19	6,692,000	3.11
Total CO bonds, par value	29,632,575	1.32	25,498,810	1.44
Unamortized premiums	29,901		27,138	
Unamortized discounts	(14,083)		(14,913)	
Fair-value hedging adjustments	(793)		(7,897)	
Total CO bonds	$ 29,647,600		$ 25,503,138	

The following tables present our participation in CO bonds outstanding by redemption feature and contractual maturity or next call date.

Redemption Feature	June 30, 2015	December 31, 2014
Non-callable / non-putable	$ 22,281,575	$ 17,253,810
Callable	7,351,000	8,245,000
Total CO bonds, par value	$ 29,632,575	$ 25,498,810
Year of Contractual Maturity or Next Call Date		
Due in 1 year or less	$ 21,933,220	$ 19,918,550
Due after 1 year through 2 years	3,230,220	1,651,510
Due after 2 years through 3 years	1,274,710	883,950
Due after 3 years through 4 years	677,850	461,100
Due after 4 years through 5 years	1,149,625	543,700
Thereafter	1,366,950	2,040,000
Total CO bonds, par value	$ 29,632,575	$ 25,498,810

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 11 - Affordable Housing Program

The following table summarizes the activity in our AHP funding obligation.

AHP Activity	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Balance at beginning of period	$ 35,759	$ 43,211	$ 36,899	$ 42,778
Assessment (expense)	3,801	3,727	7,217	7,616
Subsidy usage, net [(1)]	(4,440)	(3,476)	(8,996)	(6,932)
Balance at end of period	$ 35,120	$ 43,462	$ 35,120	$ 43,462

(1) Subsidies disbursed are reported net of returns/recaptures of previously disbursed subsidies.

Note 12 - Capital

We are subject to capital requirements under our capital plan and the Finance Agency regulations as disclosed in *Note 15 - Capital* in our 2014 Form 10-K. As presented in the following table, we were in compliance with the Finance Agency's capital requirements at June 30, 2015 and December 31, 2014. For regulatory purposes, AOCI is not considered capital; MRCS, however, is considered capital.

Regulatory Capital Requirements	June 30, 2015 Required	June 30, 2015 Actual	December 31, 2014 Required	December 31, 2014 Actual
Risk-based capital	$ 555,561	$ 2,212,501	$ 566,683	$ 2,344,283
Regulatory permanent capital-to-asset ratio	4.00%	4.89%	4.00%	5.60%
Regulatory permanent capital	$ 1,809,461	$ 2,212,501	$ 1,674,121	$ 2,344,283
Leverage ratio	5.00%	7.34%	5.00%	8.40%
Leverage capital	$ 2,261,826	$ 3,318,752	$ 2,092,652	$ 3,516,425

Mandatorily Redeemable Capital Stock. At June 30, 2015 and December 31, 2014, we had $14,341 and $15,673, respectively, in capital stock subject to mandatory redemption, which is classified as a liability. There were eight former members holding MRCS at June 30, 2015 and December 31, 2014.

The following tables present the activity in MRCS and distributions on MRCS.

MRCS Activity	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Liability at beginning of period	$ 15,553	$ 16,786	$ 15,673	$ 16,787
Redemptions/repurchases	(1,212)	(1)	(1,332)	(2)
Liability at end of period	$ 14,341	$ 16,785	$ 14,341	$ 16,785

MRCS Distributions	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Recorded as interest expense	$ 122	$ 135	$ 256	$ 745
Recorded as distributions from retained earnings	—	—	—	—
Total	$ 122	$ 135	$ 256	$ 745

Excess Capital Stock. Excess capital stock is defined as the amount of stock held by a member or former member in excess of our stock requirement for that institution. Finance Agency rules limit the ability of an FHLBank to create member excess stock under certain circumstances, including when its total excess stock exceeds 1% of total assets or if the issuance of excess stock would cause total excess stock to exceed 1% of total assets. Our excess stock totaled $148,739 at June 30, 2015, which was 0.3% of our total assets.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 13 - Accumulated Other Comprehensive Income

The following table presents a summary of the changes in the components of AOCI for the three and six months ended June 30, 2015 and 2014.

AOCI Rollforward	Unrealized Gains on AFS Securities	Non-Credit OTTI on AFS Securities	Non-Credit OTTI on HTM Securities	Pension Benefits	Total AOCI
Balance, March 31, 2014	$ 12,356	$ 30,141	$ (228)	$ (4,156)	$ 38,113
OCI before reclassifications:					
Net change in unrealized gains (losses)	538	8,619	—	—	9,157
Net change in fair value	—	38	—	—	38
Accretion of non-credit losses	—	—	19	—	19
Reclassifications from OCI to net income:					
Non-credit portion of OTTI losses	—	58	—	—	58
Pension benefits, net	—	—	—	(208)	(208)
Total other comprehensive income (loss)	538	8,715	19	(208)	9,064
Balance, June 30, 2014	$ 12,894	$ 38,856	$ (209)	$ (4,364)	$ 47,177
Balance, March 31, 2015	$ 17,582	$ 35,814	$ (163)	$ (7,167)	$ 46,066
OCI before reclassifications:					
Net change in unrealized gains (losses)	(2,908)	828	—	—	(2,080)
Net change in fair value	—	(107)	—	—	(107)
Accretion of non-credit loss	—	—	12	—	12
Reclassifications from OCI to net income:					
Non-credit portion of OTTI losses	—	32	—	—	32
Pension benefits, net	—	—	—	(1,075)	(1,075)
Total other comprehensive income (loss)	(2,908)	753	12	(1,075)	(3,218)
Balance, June 30, 2015	$ 14,674	$ 36,567	$ (151)	$ (8,242)	$ 42,848

(Unaudited, $ amounts in thousands unless otherwise indicated)

AOCI Rollforward	Unrealized Gains (Losses) on AFS Securities (Note 3)	Non-Credit OTTI on AFS Securities (Notes 3 and 5)	Non-Credit OTTI on HTM Securities (Notes 4 and 5)	Pension Benefits	Total AOCI
Balance, December 31, 2013	$ 317	$ 25,936	$ (241)	$ (4,292)	$ 21,720
OCI before reclassifications:					
Net change in unrealized gains (losses)	12,577	12,873	—	—	25,450
Net change in fair value	—	(181)	—	—	(181)
Accretion of non-credit loss	—	—	32	—	32
Reclassifications from OCI to net income:					
Non-credit portion of OTTI losses	—	228	—	—	228
Pension benefits, net	—	—	—	(72)	(72)
Total other comprehensive income (loss)	12,577	12,920	32	(72)	25,457
Balance, June 30, 2014	$ 12,894	$ 38,856	$ (209)	$ (4,364)	$ 47,177
Balance, December 31, 2014	$ 16,078	$ 38,172	$ (175)	$ (7,415)	$ 46,660
OCI before reclassifications:					
Net change in unrealized gains (losses)	(1,404)	(1,531)	—	—	(2,935)
Net change in fair value	—	(106)	—	—	(106)
Accretion of non-credit loss	—	—	24	—	24
Reclassifications from OCI to net income:					
Non-credit portion of OTTI losses	—	32	—	—	32
Pension benefits, net	—	—	—	(827)	(827)
Total other comprehensive income (loss)	(1,404)	(1,605)	24	(827)	(3,812)
Balance, June 30, 2015	$ 14,674	$ 36,567	$ (151)	$ (8,242)	$ 42,848

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 14 - Segment Information

The following table presents our financial performance by operating segment.

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 31,746	$ 15,552	$ 47,298	$ 27,954	$ 15,741	$ 43,695
Provision for (reversal of) credit losses	—	(951)	(951)	—	(86)	(86)
Other income (loss)	8,800	(859)	7,941	10,583	(621)	9,962
Other expenses	15,575	2,729	18,304	14,461	2,147	16,608
Income before assessments	24,971	12,915	37,886	24,076	13,059	37,135
Affordable Housing Program assessments	2,510	1,291	3,801	2,421	1,306	3,727
Net income	$ 22,461	$ 11,624	$ 34,085	$ 21,655	$ 11,753	$ 33,408

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 62,667	$ 33,370	$ 96,037	$ 58,952	$ 32,329	$ 91,281
Provision for (reversal of) credit losses	—	(388)	(388)	—	(790)	(790)
Other income (loss)	13,664	(2,147)	11,517	16,466	(619)	15,847
Other expenses	30,672	5,359	36,031	28,243	4,264	32,507
Income before assessments	45,659	26,252	71,911	47,175	28,236	75,411
Affordable Housing Program assessments	4,592	2,625	7,217	4,792	2,824	7,616
Net income	$ 41,067	$ 23,627	$ 64,694	$ 42,383	$ 25,412	$ 67,795

The following table presents asset balances by operating segment.

By Date	Traditional	Mortgage Loans	Total
June 30, 2015	$ 37,303,793	$ 7,932,724	$ 45,236,517
December 31, 2014	35,032,770	6,820,262	41,853,032

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 15 - Estimated Fair Values

We review the fair value hierarchy classifications of our financial instruments on a quarterly basis. Changes in the observability of the inputs may result in a reclassification of certain assets or liabilities. Such reclassifications are reported as transfers in/out at estimated fair value as of the beginning of the quarter in which the changes occur. There were no such reclassifications during the three or six months ended June 30, 2015 or 2014.

The following tables present the carrying value and estimated fair value of each of our financial instruments. The total of the estimated fair values does not represent an estimate of our overall market value as a going concern, which would take into account, among other considerations, future business opportunities and the net profitability of assets and liabilities.

	June 30, 2015					
		Estimated Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustment** [1]
Assets:						
Cash and due from banks	$ 635,017	$ 635,017	$ 635,017	$ —	$ —	$ —
Interest-bearing deposits	251	251	—	251	—	—
Securities Purchased Under Agreements to Resell	200,000	200,000	—	200,000	—	—
Federal funds sold	1,895,000	1,895,000	—	1,895,000	—	—
AFS securities	3,570,926	3,570,926	—	3,206,207	364,719	—
HTM securities	6,481,002	6,590,575	—	6,493,727	96,848	—
Advances	24,318,357	24,381,257	—	24,381,257	—	—
Mortgage loans held for portfolio, net	7,932,724	8,166,880	—	8,132,629	34,251	—
Accrued interest receivable	86,971	86,971	—	86,971	—	—
Derivative assets, net	41,763	41,763	—	58,346	—	(16,583)
Grantor trust assets (included in other assets)	13,025	13,025	13,025	—	—	—
Liabilities:						
Deposits	1,163,762	1,163,762	—	1,163,762	—	—
Consolidated Obligations:						
Discount notes	11,802,629	11,807,026	—	11,807,026	—	—
Bonds	29,647,600	29,971,732	—	29,971,732	—	—
Accrued interest payable	83,461	83,461	—	83,461	—	—
Derivative liabilities, net	95,634	95,634	—	275,683	—	(180,049)
MRCS	14,341	14,341	14,341	—	—	—

(Unaudited, $ amounts in thousands unless otherwise indicated)

	December 31, 2014					
		Estimated Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustment** [1]
Assets:						
Cash and due from banks	$ 3,550,939	$ 3,550,939	$ 3,550,939	$ —	$ —	$ —
Interest-bearing deposits	483	483	—	483	—	—
AFS securities	3,556,165	3,556,165	—	3,155,115	401,050	—
HTM securities	6,982,115	7,098,616	—	6,987,768	110,848	—
Advances	20,789,667	20,844,701	—	20,844,701	—	—
Mortgage loans held for portfolio, net	6,820,262	7,120,935	—	7,078,490	42,445	—
Accrued interest receivable	82,866	82,866	—	82,866	—	—
Derivative assets, net	25,487	25,487	—	56,448	—	(30,961)
Grantor trust assets (included in other assets)	12,980	12,980	12,980	—	—	—
Liabilities:						
Deposits	1,084,042	1,084,042	—	1,084,042	—	—
Consolidated Obligations:						
Discount notes	12,567,696	12,570,811	—	12,570,811	—	—
Bonds	25,503,138	25,882,934	—	25,882,934	—	—
Accrued interest payable	77,034	77,034	—	77,034	—	—
Derivative liabilities, net	103,253	103,253	—	333,918	—	(230,665)
MRCS	15,673	15,673	15,673	—	—	—

(1) Represents the application of the netting requirements that allow the settlement of (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed, with the same clearing agent and/or counterparty.

Summary of Valuation Techniques and Significant Inputs. A description of the valuation techniques, significant inputs, and levels of fair value hierarchy is disclosed in *Note 19 - Estimated Fair Values* in our 2014 Form 10-K. No changes have been made in the current year, except as disclosed below.

Mortgage Loans Held for Portfolio. We record non-recurring fair value adjustments to reflect partial charge-offs on certain mortgage loans. We estimate the fair value of these assets using a current property value obtained from a third-party model with a haircut applied to the modeled values to capture potentially distressed property sales.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Estimated Fair Value Measurements. The following tables present by level within the fair value hierarchy the estimated fair value of our financial assets and liabilities that are recorded at estimated fair value on a recurring or non-recurring basis on our statement of condition. We did not have any financial assets or liabilities recorded at estimated fair value on a non-recurring basis on our statement of condition as of December 31, 2014.

June 30, 2015	Total	Level 1	Level 2	Level 3	Netting Adjustment [1]
AFS securities:					
GSE and TVA debentures	$ 3,127,753	$ —	$ 3,127,753	$ —	$ —
GSE MBS	78,454	—	78,454	—	—
Private-label RMBS	364,719	—	—	364,719	—
Total AFS securities	3,570,926	—	3,206,207	364,719	—
Derivative assets:					
Interest-rate related	41,361	—	57,944	—	(16,583)
Interest-rate forwards	179	—	179	—	—
MDCs	223	—	223	—	—
Total derivative assets, net	41,763	—	58,346	—	(16,583)
Grantor trust assets (included in other assets)	13,025	13,025	—	—	—
Total assets at recurring estimated fair value	$ 3,625,714	$ 13,025	$ 3,264,553	$ 364,719	$ (16,583)
Derivative liabilities:					
Interest-rate related	$ 95,134	$ —	$ 275,183	$ —	$ (180,049)
Interest-rate forwards	33	—	33	—	—
MDCs	467	—	467	—	—
Total derivative liabilities, net	95,634	—	275,683	—	(180,049)
Total liabilities at recurring estimated fair value	$ 95,634	$ —	$ 275,683	$ —	$ (180,049)
Mortgage loans held for portfolio [2]	$ 5,018	$ —	$ —	$ 5,018	
Total assets at non-recurring estimated fair value	$ 5,018	$ —	$ —	$ 5,018	$ —
December 31, 2014					
AFS securities:					
GSE and TVA debentures	$ 3,155,115	$ —	$ 3,155,115	$ —	$ —
Private-label RMBS	401,050	—	—	401,050	—
Total AFS securities	3,556,165	—	3,155,115	401,050	—
Derivative assets:					
Interest-rate related	24,776	—	55,737	—	(30,961)
MDCs	711	—	711	—	—
Total derivative assets, net	25,487	—	56,448	—	(30,961)
Grantor trust assets (included in other assets)	12,980	12,980	—	—	—
Total assets at recurring estimated fair value	$ 3,594,632	$ 12,980	$ 3,211,563	$ 401,050	$ (30,961)
Derivative liabilities:					
Interest-rate related	$ 101,616	$ —	$ 332,281	$ —	$ (230,665)
Interest-rate forwards	1,631	—	1,631	—	—
MDCs	6	—	6	—	—
Total derivative liabilities, net	103,253	—	333,918	—	(230,665)
Total liabilities at recurring estimated fair value	$ 103,253	$ —	$ 333,918	$ —	$ (230,665)

(1) Represents the application of the netting requirements that allow the settlement of (i) positive and negative positions and (ii) cash collateral and related accrued interest held or placed, with the same clearing agent and/or counterparty.
(2) Amounts are as of the date the fair value adjustment was recorded during the six months ended June 30, 2015.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Level 3 Disclosures for All Assets and Liabilities that are Measured at Fair Value on a Recurring Basis. The table below presents a rollforward of our AFS private-label RMBS measured at estimated fair value on a recurring basis using Level 3 significant inputs. The estimated fair values for the private-label RMBS were determined using a pricing source, such as a dealer quote or comparable security price, for which the significant unobservable inputs used to determine the price were not readily available.

	Three Months Ended June 30,		Six Months Ended June 30,	
Level 3 Rollforward	**2015**	**2014**	**2015**	**2014**
Balance, beginning of period	$ 380,835	$ 455,812	$ 401,050	$ 469,685
Total realized and unrealized gains (losses):				
Accretion of credit losses in interest income	2,242	853	3,361	874
Net gains (losses) on changes in fair value in other income (loss)	(32)	(58)	(32)	(228)
Net change in fair value not in excess of cumulative non-credit losses in OCI	(107)	38	(106)	(181)
Unrealized gains (losses) in OCI	828	8,619	(1,531)	12,873
Reclassification of non-credit portion in OCI to other income (loss)	32	58	32	228
Purchases, issuances, sales and settlements:				
Settlements	(19,079)	(22,610)	(38,055)	(40,539)
Balance, end of period	$ 364,719	$ 442,712	$ 364,719	$ 442,712
Net gains (losses) included in earnings attributable to changes in fair value relating to assets still held at end of period	$ 2,210	$ 795	$ 3,329	$ 646

Note 16 - Commitments and Contingencies

The following table presents our off-balance-sheet commitments at their notional amounts.

	June 30, 2015		
Type of Commitment	**Expire within one year**	**Expire after one year**	**Total**
Letters of credit outstanding	$ 43,944	$ 158,627	$ 202,571
Unused lines of credit [(1)]	994,593	—	994,593
Commitments to fund additional advances [(2)]	99,988	—	99,988
Commitments to fund or purchase mortgage loans [(3)]	174,189	—	174,189
Unsettled CO bonds, at par [(4)]	20,500	—	20,500

(1) Maximum line of credit amount per member is $50,000.
(2) Generally for periods up to six months.
(3) Generally for periods up to 91 days.
(4) Includes $15,000 hedged with associated interest-rate swaps.

Pledged Collateral. At June 30, 2015 and December 31, 2014, we had pledged cash collateral, at par, of $164,994 and $201,267, respectively, to counterparties and clearing agents. At June 30, 2015 and December 31, 2014, we had not pledged any securities as collateral.

Legal Proceedings. We are subject to legal proceedings arising in the normal course of business. We would record an accrual for a loss contingency when it is probable that a loss for which we could be liable has been incurred and the amount can be reasonably estimated. After consultation with legal counsel, management does not anticipate that the ultimate liability, if any, arising out of these proceedings will have a material effect on our financial condition, results of operations or cash flows.

(Unaudited, $ amounts in thousands unless otherwise indicated)

In 2010, we filed a complaint asserting claims against several entities for negligent misrepresentation and violations of state and federal securities law occurring in connection with the sale of private-label RMBS to us. In 2013, 2014 and 2015, we executed confidential settlement agreements with certain defendants in this litigation, pursuant to which we have dismissed all pending claims against, and provided legal releases to, certain entities with respect to all applicable securities at issue in the litigation, in consideration of our receipt of cash payments on behalf of those defendants. These payments totaled $0 and $4,732, net of legal fees and litigation expenses, for the three and six months ended June 30, 2015 compared with $6,134 and $8,548 for the three and six months ended June 30, 2014, respectively, and were recorded in other income.

Additional discussion of other commitments and contingencies is provided in *Note 6 - Advances; Note 7 - Mortgage Loans Held for Portfolio; Note 9 - Derivatives and Hedging Activities; Note 10 - Consolidated Obligations; Note 12 - Capital;* and *Note 15 - Estimated Fair Values*.

Note 17 - Transactions with Related Parties and Other Entities

For financial reporting purposes, we define related parties as those members, and former members and their affiliates, with capital stock outstanding in excess of 10% of our total outstanding capital stock and MRCS. We had no related parties at June 30, 2015 or December 31, 2014 as no institution had capital stock outstanding in excess of 10% of our total outstanding capital stock and MRCS.

Flagstar Bank, FSB was a related party at June 30, 2014. We had net advances to and (repayments from) Flagstar for the three and six months ended June 30, 2014 of $(93,295) and $43,705, respectively.

Transactions with Directors' Financial Institutions. The following table presents the outstanding balances with respect to transactions with directors' financial institutions and their balance as a percent of the total balance on our statement of condition.

	Capital stock and MRCS		Advances		Mortgage loans held for portfolio [(1)]	
Date	**Par value**	**% of Total**	**Par value**	**% of Total**	**UPB**	**% of Total**
June 30, 2015	$ 27,128	2%	$ 258,526	1%	$ 176,920	2%
December 31, 2014	40,213	3%	261,146	1%	167,072	2%

(1) Represents UPB of mortgage loans purchased from directors' financial institutions.

The following table presents net advances to (repayments from) directors' financial institutions and mortgage loans purchased from directors' financial institutions, taking into account the dates of the directors' appointments and term endings.

	Three Months Ended June 30,		Six Months Ended June 30,	
Transactions with Directors' Financial Institutions	**2015**	**2014**	**2015**	**2014**
Net advances (repayments)	$ (2,258)	$ (12,401)	$ (2,620)	$ (24,736)
Mortgage loans purchased	13,734	6,181	21,124	10,916

Transactions with Other FHLBanks. We purchased no participation interests from the FHLBank of Topeka in mortgage loans originated by certain of its members under the MPF program in 2015, compared with $0 and $11,011 for the three and six months ended June 30, 2014, respectively.

Beginning in July 2012, we pay an MPF provider fee to the FHLBank of Chicago for our participation in the MPF program that is recorded in other expenses. For the three and six months ended June 30, 2015, we paid such fees of $67 and $136, respectively, compared with $75 and $150 for the three and six months ended June 30, 2014, respectively.

GLOSSARY OF TERMS

ABS: Asset-Backed Securities
Advance: Secured loan to members, former members or Housing Associates
AFS: Available-for-Sale
AHP: Affordable Housing Program
AMA: Acquired Member Assets
AOCI: Accumulated Other Comprehensive Income (Loss)
Bank Act: Federal Home Loan Bank Act of 1932, as amended
bps: basis points
CBSA: Core Based Statistical Areas, refer collectively to metropolitan and micropolitan statistical areas as defined by the United States Office of Management and Budget
CDFI: Community Development Financial Institution
CE: Credit Enhancement
CEO: Chief Executive Officer
CFI: Community Financial Institution
CFPB: Consumer Financial Protection Bureau
CFTC: Commodity Futures Trading Commission
Clearinghouse: A United States Commodity Futures Trading Commission-registered derivatives clearing organization
CMO: Collateralized Mortgage Obligation
CO bond: Consolidated Obligation bond
DB plan: Pentegra Defined Benefit Pension Plan for Financial Institutions
DC plan: Pentegra Defined Contribution Retirement Savings Plan for Financial Institutions
Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended
Exchange Act: Securities Exchange Act of 1934, as amended
Fannie Mae: Federal National Mortgage Association
FASB: Financial Accounting Standards Board
FRB: Federal Reserve Board
FDIC: Federal Deposit Insurance Corporation
FHA: Federal Housing Administration
FHLBank: A Federal Home Loan Bank
FHLBanks: The 11 Federal Home Loan Banks or a subset thereof
FHLBank System: The 11 Federal Home Loan Banks and the Office of Finance
FICO®: Fair Isaac Corporation, the creators of the FICO credit score
Finance Agency: Federal Housing Finance Agency, successor to Finance Board
Finance Board: Federal Housing Finance Board, predecessor to Finance Agency
Fitch: Fitch Ratings, Inc.
FLA: First Loss Account
FOMC: Federal Open Market Committee
Form 8-K: Current Report on Form 8-K as filed with the SEC under the Securities Exchange Act of 1934
Form 10-K: Annual Report on Form 10-K as filed with the SEC under the Securities Exchange Act of 1934
Form 10-Q: Quarterly Report on Form 10-Q as filed with the SEC under the Securities Exchange Act of 1934
Freddie Mac: Federal Home Loan Mortgage Corporation
GAAP: Generally Accepted Accounting Principles in the United States of America
GDP: Gross Domestic Product
Genworth: Genworth Mortgage Insurance Corporation
Ginnie Mae: Government National Mortgage Association
GLB Act: Gramm-Leach-Bliley Act of 1999
GSE: Government-Sponsored Enterprise
HERA: Housing and Economic Recovery Act of 2008, as amended
Housing Associate: Approved lender under Title II of the National Housing Act of 1934 that is either a government agency or is chartered under federal or state law with rights and powers similar to those of a corporation
HTM: Held-to-Maturity
HUD: United States Department of Housing and Urban Development
JCE Agreement: Joint Capital Enhancement Agreement, as amended, among the 11 FHLBanks
LIBOR: London Interbank Offered Rate
LRA: Lender Risk Account

LTV: Loan-to-Value
MAP-21: Moving Ahead for Progress in the 21st Century Act, enacted on July 6, 2012
MBS: Mortgage-Backed Securities
MCC: Master Commitment Contract
MDC: Mandatory Delivery Commitment
Moody's: Moody's Investor Services
MGIC: Mortgage Guaranty Insurance Corporation
MPF: Mortgage Partnership Finance®
MPP: Mortgage Purchase Program, including Original and Advantage unless indicated otherwise
MRCS: Mandatorily Redeemable Capital Stock
NRSRO: Nationally Recognized Statistical Rating Organization
OCC: Office of the Comptroller of the Currency
OCI: Other Comprehensive Income (Loss)
OIS: Overnight Index Swap
ORERC: Other Real Estate-Related Collateral
OTTI: Other-Than-Temporary Impairment or -Temporarily Impaired (as the context indicates)
PFI: Participating Financial Institution
PMI: Primary Mortgage Insurance
REMIC: Real Estate Mortgage Investment Conduit
REO: Real Estate Owned
RHA: Rural Housing Service of the Department of Agriculture
RMIC: Republic Mortgage Insurance Company
RMBS: Residential Mortgage-Backed Securities
RMP: Risk Management Policy of the Bank
S&P: Standard & Poor's Rating Service
SEC: Securities and Exchange Commission
SERP: Federal Home Loan Bank of Indianapolis 2005 Supplemental Executive Retirement Plan and a similar frozen plan
SMI: Supplemental Mortgage Insurance
TBA: To Be Announced
TDR: Troubled Debt Restructuring
TVA: Tennessee Valley Authority
UCC: Uniform Commercial Code
UPB: Unpaid Principal Balance
VA: Department of Veterans Affairs
VaR: Value at Risk
VIE: Variable Interest Entity
WAIR: Weighted-Average Interest Rate

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our 2014 Form 10-K and the *Financial Statements* and related *Notes to Financial Statements* contained in this Form 10-Q in *Item 1. Financial Statements*.

As used in this Item 2, unless the context otherwise requires, the terms "we," "us," "our," and the "Bank" refer to the Federal Home Loan Bank of Indianapolis or its management. We use certain acronyms and terms throughout this Form 10-Q that are defined in the *Glossary of Terms* located in *Item 1. Financial Statements*.

Unless otherwise stated, amounts are rounded to the nearest million; therefore, dollar amounts of less than one million may not be reflected and, due to rounding, may not appear to agree to the amounts presented in thousands in the *Financial Statements* and related *Notes to Financial Statements*. Amounts used to calculate dollar and percentage changes are based on numbers in thousands. Accordingly, recalculations based upon the disclosed amounts (millions) may not produce the same results.

Special Note Regarding Forward-Looking Statements

Statements in this Form 10-Q, including statements describing our objectives, projections, estimates or predictions, may be considered to be "forward-looking statements." These statements may use forward-looking terminology, such as "anticipates," "believes," "could," "estimates," "may," "should," "expects," "will," or their negatives or other variations on these terms. We caution that, by their nature, forward-looking statements involve risk or uncertainty and that actual results either could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, the following:

- economic and market conditions, including the timing and volume of market activity, inflation or deflation, changes in the value of global currencies, and changes in the financial condition of market participants;
- volatility of market prices, interest rates, and indices or other factors, resulting from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the FRB and the FDIC, or a decline in liquidity in the financial markets, that could affect the value of investments (including OTTI of private-label RMBS), or collateral we hold as security for the obligations of our members and counterparties;
- demand for our advances and purchases of mortgage loans under our MPP resulting from:
  - changes in our members' deposit flows and credit demands;
  - regulatory developments impacting suitability or eligibility of membership classes;
  - membership changes, including, but not limited to, mergers, acquisitions and consolidations of charters;
  - changes in the general level of housing activity in the United States, the level of refinancing activity and consumer product preferences; and
  - competitive forces, including, without limitation, other sources of funding available to our members;
- changes in mortgage asset prepayment patterns, delinquency rates and housing values or improper or inadequate mortgage originations and mortgage servicing;
- ability to introduce and successfully manage new products and services, including new types of collateral securing advances;
- political events, including legislative, regulatory, or other developments, and judicial rulings that affect us, our status as a secured creditor, our members (or certain classes of members), prospective members, counterparties, one or more of the FHLBanks and/or investors in the consolidated obligations of the FHLBanks;
- ability to raise capital market funding at acceptable terms;
- changes in our credit ratings or the credit ratings of the other FHLBanks and the FHLBank System;
- changes in the level of government guarantees provided to other United States and international financial institutions;
- competition from other entities borrowing funds in the capital markets;
- dealer commitment to supporting the issuance of our consolidated obligations;
- ability of one or more of the FHLBanks to repay its participation in the consolidated obligations, or otherwise meet its financial obligations;
- ability to attract and retain skilled personnel;

- ability to develop, implement and support technology and information systems sufficient to manage our business effectively;
- nonperformance of counterparties to bilateral and cleared derivative transactions;
- changes in terms of derivative agreements and similar agreements;
- loss arising from natural disasters, acts of war or acts of terrorism;
- changes in or differing interpretations of accounting guidance; and
- other risk factors identified in our filings with the SEC.

Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, additional disclosures may be made through reports filed with the SEC in the future, including our Forms 10-K, 10-Q and 8-K.

Executive Summary

Overview. We are a regional wholesale bank that makes secured loans in the form of advances; purchases whole mortgage loans from our member financial institutions; purchases other investments; and provides other financial services to our member financial institutions. Our member financial institutions may consist of federally-insured depository institutions (including commercial banks, thrifts, and credit unions), insurance companies and CDFIs with their principal place of business located in our district states of Indiana or Michigan as established in conformity with the laws under which the institution is organized. All member financial institutions are required to purchase shares of our Class B capital stock as a condition of membership.

Our public policy mission is to facilitate and expand the availability of financing for housing and community development. We seek to achieve our mission by providing products and services to our members in a safe, sound, and profitable manner, and by generating a reasonable, risk-adjusted return on their capital investment. See *Item 1. Business - Background Information* in our 2014 Form 10-K for more information.

Our principal source of funding is the proceeds from the sale to the public of FHLBank debt instruments, called consolidated obligations, which are the joint and several obligation of all FHLBanks. We obtain additional funds from deposits, other borrowings, and the sale of capital stock to our members.

Our primary source of revenue is interest earned on advances, mortgage loans, and long- and short-term investments.

Our net interest income is primarily determined by the interest spread between the interest earned on our assets and the interest paid on our share of the consolidated obligations. We use funding and hedging strategies to manage the related interest-rate risk.

We group our products and services within two operating segments:

- Traditional, which consists of (i) credit products (including advances, letters of credit, and lines of credit), (ii) investments (including federal funds sold, securities purchased under agreements to resell, AFS securities and HTM securities) and (iii) correspondent services and deposits; and
- Mortgage loans, which consist of (i) mortgage loans purchased from our members through our MPP and (ii) participation interests previously purchased through the FHLBank of Topeka in mortgage loans originated by its members under the MPF Program.

Economic Conditions. Our financial condition and results of operations are influenced by the general state of the global and national economies; the conditions in the financial, credit and mortgage markets; the prevailing interest rates; and the economies in our district states and their impact on our member financial institutions.

<u>Global Economy</u>. On May 12, 2015, Moody's issued its Global Macro Outlook 2015-16, which focuses on the differing growth and inflation prospects among many countries as evidenced by the anticipated tightening of United States monetary policy while other major central banks are expected to ease monetary policy or maintain an accommodative stance. Countries that have built resilience to shifts in financing conditions, including the United States, are viewed as being less vulnerable to negative external or domestic shocks. The report notes that the strong dollar could reduce export activity, but the impact on the overall economy would be modest.

The International Monetary Fund's July 2015 World Economic Outlook Update projects global growth of 3.3% for 2015, down slightly from its April 2015 projection of 3.5%. The reduction reflects a slightly lower than expected activity level in North America during the first quarter. Global growth is projected to increase to 3.8% in 2016, driven in part by increasing oil prices.

United States Economy. On July 30, 2015, the Bureau of Economic Analysis released its "advance" estimate of the United States real GDP for the second quarter of 2015. The estimated real GDP increase of 2.3% for the second quarter reflects positive contributions from personal consumption expenditures, exports, and state and local government spending that were partially offset by negative contributions from federal government spending, private inventory investment, and nonresidential fixed investment.

Moody's projects a GDP growth rate of 2.8% for both 2015 and 2016. The 2015 forecast was reduced from the previous forecast of 3.2% due to weaker-than-expected activity levels stemming from temporary factors including unfavorable weather during the first quarter of the year. Moody's maintained its forecasts for GDP growth to fall to between 2.5% and 3.5% for both years, and for the United States unemployment rate to decline from a 5.0% to 6.0% range for 2015 to a 4.5% to 5.5% range for 2016.

Freddie Mac's June 2015 United States Economic and Housing Market Outlook views the year-over-year increase of outstanding debt for single-family properties to be an indicator that housing markets are moving toward normalcy. The report notes growing investor appetite for mortgage bonds, due in part to innovative credit-risk transfer transactions. However, mortgage originations are projected to taper in 2016 as refinancing activity slows.

On July 29, 2015, the FOMC reported that economic activity has been expanding moderately during recent months, as the labor market improved with job gains and declining unemployment. Growth in household spending has been moderate and the housing sector has shown improvement. Inflation continued to run below the FOMC's longer-run objective and longer-term inflation expectations remain stable.

The FOMC expects that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators moving toward maximum employment and with inflation gradually rising toward 2%. The FOMC reaffirmed its view that the current 0 to 0.25% target range for the federal funds rate remains appropriate. An increase of the target range for the federal funds rate is expected to be based on further improvement in the labor market and confidence that inflation is moving back to the 2% objective over the medium term.

Indiana and Michigan Economies. The Bureau of Labor Statistics reported that Michigan's preliminary unemployment rate was 5.5% for June 2015, while Indiana's preliminary rate was 4.9%, compared to the national rate of 5.3%. On May 29, 2015, the Research Seminar in Quantitative Economics at the University of Michigan projected Michigan's annualized job growth rate to moderate to 1.4% for the second quarter after spiking to 3.8% during the first quarter of 2015. More stable quarterly growth rates are projected through the rest of 2015 and 2016. Anticipated job growth is projected to boost personal income by 4.2% in 2015 and 4.5% in 2016. The Center for Econometric Research at Indiana University projects Indiana's annual income growth rate to peak at 5.5% during the third quarter of 2015 and then move toward lower national rates through 2018. Unemployment is projected to gradually decline from 5.6% for March of 2015 to 4.8% by the end of 2018.

Information provided by Black Knight Financial Services for May 2015 shows Indiana's non-current mortgage rate (loans past due 30 days or more) at 8.2%, and Michigan's non-current mortgage rate at 5.5%, compared to the 6.4% national rate.

The Capital Markets. The Office of Finance, our fiscal agent, issues debt in the global capital markets on behalf of the FHLBanks. Our funding operations are dependent on the issuance of such debt, which is affected by events in the capital markets.

Effective July 14, 2015, the Office of Finance modified its Discount Note Auction program to enhance its short-term debt issuance programs and to strengthen the FHLBanks' ability to meet the funding needs of their members. The bi-weekly discount note auction was modified to use a single-price (Dutch) award method to determine the winning bids, with the auctions announced thirty-five minutes earlier, at 11:00am Eastern Time. In addition, the 9-week maturity was replaced with an 8-week maturity. The Discount Note Auction program is one of many short- and long-term debt issuance programs and products offered by the FHLBanks.

During the second quarter of 2015, Treasury rates increased, more than offsetting the decline during the first quarter. The 10-year Treasury rate closed the second quarter at 2.35%, approximately 40 bps higher than the rate at the end of the first quarter of 2015.

FOMC's July 29, 2015 report stated its intent to maintain its existing policy of reinvesting principal payments from its holdings of agency MBS and agency debt in agency MBS and of rolling over maturing Treasury securities at auction. This policy of maintaining sizable holdings of longer-term securities is expected to help maintain accommodative financial conditions.

Selected Financial Data

The following table presents a summary of certain financial information ($ amounts in millions). Our change in the fourth quarter of 2014 to the contractual method for amortizing premiums and accreting discounts on our mortgage loans has been reported through retroactive application of the change in accounting principle to all periods presented. See *Notes to Financial Statements - Note 1 - Summary of Significant Accounting Policies and Change in Accounting Principle* for more information.

	As of and for the Three Months Ended				
	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Statement of Condition:					
Advances	$ 24,318	$ 21,846	$ 20,789	$ 19,325	$ 19,248
Investments [1]	12,147	10,607	10,539	10,647	10,801
Mortgage loans held for portfolio, net	7,933	7,412	6,820	6,449	6,230
Total assets	45,236	43,651	41,853	41,015	39,034
Discount notes	11,803	11,161	12,568	10,106	9,001
CO bonds	29,647	28,243	25,503	26,914	26,250
Total consolidated obligations	41,450	39,404	38,071	37,020	35,251
MRCS	14	16	16	16	17
Capital stock, Class B putable	1,388	1,572	1,551	1,726	1,667
Retained earnings [2]	810	791	777	777	760
AOCI	43	46	47	57	47
Total capital	2,241	2,409	2,375	2,560	2,474
Statement of Income:					
Net interest income	$ 47	$ 49	$ 49	$ 45	$ 44
Provision for (reversal of) credit losses	(1)	1	—	—	—
Other income (loss)	8	4	(10)	7	10
Other expenses	18	18	19	16	17
Affordable Housing Program assessments	4	3	2	4	4
Net income	$ 34	$ 31	$ 18	$ 32	$ 33
Selected Financial Ratios:					
Net interest margin [3]	0.43%	0.47%	0.46%	0.45%	0.46%
Return on average equity [4]	5.82%	4.43%	2.65%	4.44%	4.81%
Return on average assets [4]	0.31%	0.26%	0.16%	0.28%	0.31%
Weighted average dividend rate [5]	4.00%	4.00%	3.75%	3.75%	3.75%
Dividend payout ratio [6]	45.16%	55.57%	97.21%	48.07%	44.65%
Total capital ratio [7]	4.95%	5.52%	5.68%	6.24%	6.34%
Total regulatory capital ratio [8]	4.89%	5.45%	5.60%	6.14%	6.26%
Average equity to average assets	5.35%	5.92%	6.16%	6.28%	6.41%

(1) Consists of interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, AFS securities, and HTM securities.

(2) Includes restricted and unrestricted retained earnings.

(3) Annualized net interest income expressed as a percentage of average interest-earning assets.

(4) Annualized. For the three months ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, and June 30, 2014, the annualization was adjusted to remove the impact of litigation settlements related to our private-label RMBS in those periods. Without the adjustment, return on average equity during those periods was 5.82%, 4.95%, 2.63%, 5.02%, and 5.49%, respectively, and return on average assets was 0.31%, 0.29%, 0.16%, 0.32%, and 0.35%, respectively.

(5) Dividends paid in cash during the period divided by the average amount of Class B capital stock eligible for dividends (i.e., excludes MRCS).

(6) Dividends paid in cash during the period divided by net income for the period. By dividing dividends paid in cash during the period by the net income for the prior period, the dividend payout ratios for each of the three months ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014 and June 30, 2014, would be 50.29%, 101.94%, 50.50%, 46.22% and 43.38% respectively. See *Liquidity and Capital Resources - Capital Resources - Capital Distributions* for more information.

(7) Capital stock plus retained earnings and AOCI expressed as a percentage of total assets.

(8) Capital stock plus retained earnings and MRCS expressed as a percentage of total assets.

Results of Operations and Changes in Financial Condition

Results of Operations for the Three and Six Months Ended June 30, 2015 and 2014. The following table presents the comparative highlights of our results of operations ($ amounts in millions).

	Three Months Ended June 30,				Six Months Ended June 30,			
Comparative Highlights	**2015**	**2014**	**$ Change**	**% Change**	**2015**	**2014**	**$ Change**	**% Change**
Net interest income	$ 47	$ 44	$ 3	8%	$ 96	$ 91	$ 5	5%
Provision for (reversal of) credit losses	(1)	—	(1)	NM[1]	—	(1)	1	51%
Net interest income after provision for credit losses	48	44	4	10%	96	92	4	5%
Other income	8	10	(2)	(20%)	12	16	(4)	(27%)
Other expenses	18	17	1	10%	36	33	3	11%
Income before assessments	38	37	1	2%	72	75	(3)	(5%)
AHP assessments	4	4	—	2%	7	7	—	(5%)
Net income	34	33	1	2%	65	68	(3)	(5%)
Total other comprehensive income (loss)	(3)	9	(12)	(135%)	(4)	25	(29)	(115%)
Total comprehensive income	$ 31	$ 42	$ (11)	(27%)	$ 61	$ 93	$ (32)	(35%)

(1) Not meaningful.

The increase in net income for the three months ended June 30, 2015 compared to the same period in 2014 was primarily due to higher net interest income as well as higher net gains related to derivative and hedging activities. These increases were partially offset by lower net proceeds from litigation settlements related to certain private-label RMBS.

The decrease in net income for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to lower net proceeds from litigation settlements and higher operating expenses, partially offset by higher net interest income.

The decrease in total other comprehensive income for the three months ended June 30, 2015 compared to the same period in 2014 was primarily due to a smaller increase in the fair value of AFS OTTI securities and unrealized losses in 2015 on other AFS securities.

The decrease in total other comprehensive income for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to a decrease in the fair value of OTTI and other AFS securities during the six months ended June 30, 2015 compared to an increase in the fair value of OTTI and other AFS securities for the same period in 2014.

Changes in Financial Condition for the Six Months Ended June 30, 2015. The following table presents the changes in our financial condition ($ amounts in millions).

Condensed Statements of Condition	**June 30, 2015**	**December 31, 2014**	**$ Change**	**% Change**
Advances	$ 24,318	$ 20,789	$ 3,529	17%
Mortgage loans held for portfolio, net	7,933	6,820	1,113	16%
Investments [(1)]	12,147	10,539	1,608	15%
Other assets [(2)]	838	3,705	(2,867)	(77%)
Total assets	$ 45,236	$ 41,853	$ 3,383	8%
Consolidated obligations	$ 41,450	$ 38,071	$ 3,379	9%
MRCS	14	16	(2)	(9%)
Other liabilities	1,531	1,391	140	10%
Total liabilities	42,995	39,478	3,517	9%
Capital stock, Class B putable	1,388	1,551	(163)	(10%)
Retained earnings [(3)]	810	777	33	4%
AOCI	43	47	(4)	(8%)
Total capital	2,241	2,375	(134)	(6%)
Total liabilities and capital	$ 45,236	$ 41,853	$ 3,383	8%
Total regulatory capital [(4)]	$ 2,212	$ 2,344	$ (132)	(6%)

(1) Includes interest-bearing deposits, securities purchased under agreements to resell, federal funds sold, AFS securities, and HTM securities.

(2) Includes cash and due from banks of $635 million and $3,551 million at June 30, 2015 and December 31, 2014, respectively.

(3) Includes restricted retained earnings of $118 million and $105 million at June 30, 2015 and December 31, 2014, respectively.

(4) Total capital less AOCI plus MRCS.

The increase in total assets at June 30, 2015 compared to December 31, 2014 was primarily attributable to an increase in advances.

The increase in total liabilities at June 30, 2015 compared to December 31, 2014 was primarily attributable to an increase in consolidated obligations to fund our asset growth.

The decrease in total capital at June 30, 2015 compared to December 31, 2014 was due to our repurchase of excess capital stock.

Analysis of Results of Operations for the Three and Six Months Ended June 30, 2015 and 2014.

Net Interest Income. Net interest income, which is primarily the interest income on advances, mortgage loans held for portfolio, short-term investments, and investment securities less the interest expense on consolidated obligations and interest-bearing deposits, is our primary source of earnings.

The following tables present average balances (calculated daily), interest income and expense, and average yields of our major categories of interest-earning assets and the sources funding those interest-earning assets ($ amounts in millions).

	Three Months Ended June 30,					
	2015			2014		
	Average Balance	Interest Income/ Expense	Average Yield [1]	Average Balance	Interest Income/ Expense	Average Yield [1]
Assets:						
Federal funds sold and securities purchased under agreements to resell	$ 3,346	$ 1	0.11%	$ 2,911	$ —	0.07%
Investment securities [2]	10,009	38	1.50%	10,506	38	1.46%
Advances [3]	22,374	30	0.54%	17,974	25	0.55%
Mortgage loans held for portfolio [3]	7,713	64	3.34%	6,186	58	3.73%
Other assets (interest-earning) [4]	213	—	(0.10%)	282	—	0.68%
Total interest-earning assets	43,655	133	1.22%	37,859	121	1.28%
Other assets [5]	181			252		
Total assets	$ 43,836			$ 38,111		
Liabilities and Capital:						
Interest-bearing deposits	$ 760	—	0.01%	$ 806	—	0.01%
Discount notes	10,962	4	0.13%	7,519	2	0.07%
CO bonds [3]	28,630	82	1.14%	26,298	75	1.16%
MRCS	15	—	3.24%	17	—	3.23%
Other borrowings	—	—	—%	—	—	—%
Total interest-bearing liabilities	40,367	86	0.85%	34,640	77	0.90%
Other liabilities	1,122			1,030		
Total capital	2,347			2,441		
Total liabilities and capital	$ 43,836			$ 38,111		
Net interest income		$ 47			$ 44	
Net spread on interest-earning assets less interest-bearing liabilities			0.37%			0.38%
Net interest margin [7]			0.43%			0.46%
Average interest-earning assets to interest-bearing liabilities	1.08			1.09		

	Six Months Ended June 30,					
	2015			2014		
	Average Balance	Interest Income/ Expense	Average Yield [1]	Average Balance	Interest Income/ Expense	Average Yield [1]
Assets:						
Federal funds sold and securities purchased under agreements to resell	$ 3,381	$ 2	0.10%	$ 2,952	$ 1	0.06%
Investment securities [2]	10,134	74	1.46%	10,569	76	1.46%
Advances [3]	21,697	58	0.54%	17,518	54	0.62%
Mortgage loans held for portfolio [3]	7,388	126	3.45%	6,175	116	3.78%
Other assets (interest-earning) [4]	228	—	0.13%	299	—	0.44%
Total interest-earning assets	42,828	260	1.22%	37,513	247	1.33%
Other assets [5]	288			335		
Total assets	$ 43,116			$ 37,848		
Liabilities and Capital:						
Interest-bearing deposits	$ 734	—	0.01%	$ 855	—	0.01%
Discount notes	10,877	7	0.12%	7,056	3	0.08%
CO Bonds [3]	28,006	157	1.13%	26,527	152	1.16%
MRCS [6]	15	—	3.36%	17	1	8.95%
Other borrowings	—	—	—%	—	—	—%
Total interest-bearing liabilities	39,632	164	0.83%	34,455	156	0.91%
Other liabilities	1,056			981		
Total capital	2,428			2,412		
Total liabilities and capital	$ 43,116			$ 37,848		
Net interest income		$ 96			$ 91	
Net spread on interest-earning assets less interest-bearing liabilities			0.39%			0.42%
Net interest margin [7]			0.45%			0.49%
Average interest-earning assets to interest-bearing liabilities	1.08			1.09		

(1) Annualized.

(2) Consists of AFS securities and HTM securities. The average balances of investment securities are reflected at amortized cost; therefore, the resulting yields do not reflect changes in the estimated fair value of AFS securities that are reflected as a component of OCI, nor do they include the effect of OTTI-related non-credit losses. Interest income/expense includes the effect of associated derivative transactions.

(3) Interest income/expense and average yield include all other components of interest, including the impact of net interest payments or receipts on derivatives in qualifying hedge relationships, amortization of hedge accounting adjustments, and prepayment fees on advances.

(4) Consists of interest-bearing deposits, loans to other FHLBanks (if applicable), and grantor trust assets that are carried at estimated fair value. The amounts include the rights or obligations to cash collateral, which are included in the estimated fair value of derivative assets or derivative liabilities.

(5) Includes changes in the estimated fair value of AFS securities and the effect of OTTI-related non-credit losses on AFS and HTM securities.

(6) Includes impact of fourth quarter 2013 supplemental dividend paid in February 2014.

(7) Annualized net interest income expressed as a percentage of the average balance of interest-earning assets.

Yields. The yield on total interest-earning assets for the three months ended June 30, 2015 was 1.22%, a decrease of 6 bps compared to the three months ended June 30, 2014, resulting substantially from a lower yield on mortgage loans due to higher levels of mortgage prepayments that have caused an accelerated runoff of our older MPP loans, which have been generating historically wider spreads, and higher amortization of purchased premiums on our newer loans. This lower yield was partially offset by a lower cost of funds related to interest-bearing liabilities. The yield on total interest-bearing liabilities was 0.85%, a decrease of 5 bps from the prior year period. The net effect of the lower yields on interest-earning assets was a reduction in the net interest spread to 0.37% for the three months ended June 30, 2015 from 0.38% for the three months ended June 30, 2014.

The yield on total interest-earning assets for the six months ended June 30, 2015 was 1.22%, a decrease of 11 bps compared to the six months ended June 30, 2014, resulting primarily from lower yields on advances and mortgage loans. The yield on advances decreased 8 bps primarily due to lower prepayment fees and related amortization on advances. The yield on mortgage loans decreased 33 bps due to higher levels of mortgage prepayments that have caused an accelerated runoff of our older MPP loans, which have been generating historically wider spreads, and higher amortization of purchased premiums on our newer loans. These lower yields were partially offset by a lower cost of funds related to interest-bearing liabilities. The yield on total interest-bearing liabilities was 0.83%, a decrease of 8 bps from the prior year period. The net effect of the lower yields on interest-earning assets was a reduction in the net interest spread to 0.39% for the six months ended June 30, 2015 from 0.42% for the six months ended June 30, 2014.

Average Balances. Higher average balances of both interest-earning assets and interest-bearing liabilities partially offset the impact of lower yields for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase in interest-earning assets was largely related to advances and mortgage loans held for portfolio. The average amount of advances outstanding increased 24% for the three and six months ended June 30, 2015 compared to the same periods in 2014 due primarily to certain members' higher funding needs. The average amount of mortgage loans held for portfolio outstanding increased 25% and 20% for the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014 due to higher purchases under MPP Advantage. The increase in average interest-bearing liabilities was primarily due to an increase in consolidated obligations to fund the increases in advances and mortgage loans and included an increase in the funding mix from CO bonds to discount notes.

Provision for (Reversal of) Credit Losses. The change in the provision for (reversal of) credit losses for the three months ended June 30, 2015 compared to the same period in 2014 was primarily due to a refinement to the haircut applied to the loan-level property values obtained from the third-party model that was implemented in the first quarter of 2015.

The change in the provision for (reversal of) credit losses for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to (i) a lower reversal of the portion of the allowance for loan losses pertaining to potentially unrecoverable amounts from PMI and SMI providers, and (ii) a lower reversal of the MPF allowance for loan losses, partially offset by (iii) the change during the first quarter of 2015 in our technique for estimating losses on delinquent MPP loans to incorporate loan-level property values, which provides more specific estimates of liquidation values than our previous technique. See *Notes to Financial Statements - Note 8 - Allowance for Credit Losses* and *Critical Accounting Policies and Estimates* for more information.

Prepayment Fees. The following table presents advance prepayment fees and the associated swap termination fees recognized in interest income at the time of the prepayments ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Recognized prepayment/termination fees	**2015**	**2014**	**2015**	**2014**
Prepayment fees on advances	$ 2	$ —	$ 3	$ 1
Associated swap termination fees	(2)	—	(2)	—
Prepayment fees on advances, net	$ —	$ —	$ 1	$ 1

The following table presents deferred advance prepayment fees and deferred swap termination fees associated with those advance prepayments ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Deferred prepayment/termination fees	**2015**	**2014**	**2015**	**2014**
Deferred prepayment fees on advances	$ —	$ —	$ 2	$ —
Deferred associated swap termination fees	—	—	(2)	—
Deferred prepayment fees on advances, net	$ —	$ —	$ —	$ —

Other Income (Loss). The following table presents the components of other income ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Components	**2015**	**2014**	**2015**	**2014**
Total OTTI losses	$ —	$ —	$ —	$ —
Non-credit portion reclassified to (from) other comprehensive income	—	—	—	—
Net OTTI credit losses	—	—	—	—
Net gains (losses) on derivatives and hedging activities	7	3	5	6
Other				
Litigation settlements, net [1]	—	6	5	9
Other miscellaneous	1	1	2	1
Total other income	$ 8	$ 10	$ 12	$ 16

(1) See *Notes to Financial Statements - Note 16 - Commitments and Contingencies* and *Part II. Other Information - Item 1. Legal Proceedings* for additional information on litigation settlements.

The decrease in total other income for the three months ended June 30, 2015 compared to the same period in 2014 was due to the net proceeds in 2014 from a litigation settlement related to certain private-label RMBS, partially offset by higher net gains in 2015 related to derivative and hedging activities.

The decrease in total other income for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to lower net proceeds from litigation settlements related to certain private-label RMBS.

Net Gains (Losses) on Derivatives and Hedging Activities. Our net gains (losses) on derivatives and hedging activities fluctuate due to volatility in the overall interest rate environment as we hedge our asset or liability risk exposures. In general, we hold derivatives and associated hedged items to the maturity, call, or put date. Therefore, due to timing, nearly all of the cumulative net gains and losses for these financial instruments will reverse over the remaining contractual terms of the hedged item. However, there may be instances when we terminate these instruments prior to maturity or prior to the call or put dates. Terminating the financial instrument or hedging relationship may result in a realized gain or loss. See *Notes to Financial Statements - Note 9 - Derivatives and Hedging Activities* for more information.

The change in estimated fair value of derivatives in a fair value hedging relationship was a gain of $6 million for the three and six months ended June 30, 2015, compared to a loss of $3 million and $4 million for the three and six months ended June 30, 2014, respectively. The fair values are based on a wide range of factors, including current and projected levels of interest rates, credit spreads, and volatility. Gains (losses) related to fair value hedge ineffectiveness occur when changes in the fair value of the derivative and the associated hedged item do not perfectly offset.

Our net interest income and net gains (losses) on derivatives and hedging activities are affected by the inclusion or exclusion of the net interest income/expense associated with derivatives. For example, if a derivative qualifies for fair-value hedge accounting, the net interest income/expense associated with the derivative is included in net interest income along with the net interest income/expense on the hedged item. If a derivative does not qualify for fair-value hedge accounting or if we have not designated it in such a qualifying hedge relationship, the net interest income/expense associated with the derivative is recorded in net gains (losses) on derivatives and hedging activities.

The tables below present the net effect of derivatives on net interest income and other income (loss), within the net gains (losses) on derivatives and hedging activities, by type of hedge and hedged item ($ amounts in millions).

Three Months Ended June 30, 2015	Advances	Investments	Mortgage Loans	CO Bonds	Discount Notes	Total
Net interest income:						
Amortization/accretion of hedging activities (1)	$ —	$ 4	$ (1)	$ (2)	$ —	$ 1
Net interest settlements (2)	(39)	(25)	—	15	—	(49)
Total net interest income	(39)	(21)	(1)	13	—	(48)
Net gains (losses) on derivatives and hedging activities:						
Gains (losses) on fair-value hedges	3	—	—	3	—	6
Gains (losses) on derivatives not qualifying for hedge accounting (3)	—	—	(1)	2	—	1
Net gains (losses) on derivatives and hedging activities	3	—	(1)	5	—	7
Total net effect of derivatives and hedging activities	$ (36)	$ (21)	$ (2)	$ 18	$ —	$ (41)

Three Months Ended June 30, 2014	Advances	Investments	Mortgage Loans	CO Bonds	Discount Notes	Total
Net interest income:						
Amortization/accretion of hedging activities (1)	$ —	$ 2	$ —	$ —	$ —	$ 2
Net interest settlements (2)	(37)	(24)	—	19	—	(42)
Total net interest income	(37)	(22)	—	19	—	(40)
Net gains (losses) on derivatives and hedging activities:						
Gains (losses) on fair-value hedges	(1)	—	—	(2)	—	(3)
Gains (losses) on derivatives not qualifying for hedge accounting (3)	—	(1)	—	7	—	6
Net gains (losses) on derivatives and hedging activities	(1)	(1)	—	5	—	3
Total net effect of derivatives and hedging activities	$ (38)	$ (23)	$ —	$ 24	$ —	$ (37)

Six Months Ended June 30, 2015	Advances	Investments	Mortgage Loans	CO Bonds	Discount Notes	Total
Net interest income:						
Amortization/accretion of hedging activities (1)	$ —	$ 6	$ (1)	$ (2)	$ —	$ 3
Net interest settlements (2)	(78)	(49)	—	31	—	(96)
Total effect on net interest income	(78)	(43)	(1)	29	—	(93)
Net gains (losses) on derivatives and hedging activities:						
Gains (losses) on fair-value hedges	2	(1)	—	5	—	6
Gains (losses) on derivatives not qualifying for hedge accounting (3)	—	—	(2)	1	—	(1)
Net gains (losses) on derivatives and hedging activities	2	(1)	(2)	6	—	5
Total net effect of derivatives and hedging activities	$ (76)	$ (44)	$ (3)	$ 35	$ —	$ (88)
Six Months Ended June 30, 2014						
Net interest income:						
Amortization/accretion of hedging activities (1)	$ —	$ 5	$ (1)	$ —	$ —	$ 4
Net interest settlements (2)	(73)	(49)	—	38	—	(84)
Total effect on net interest income	(73)	(44)	(1)	38	—	(80)
Net gains (losses) on derivatives and hedging activities:						
Gains (losses) on fair-value hedges	—	—	—	(4)	—	(4)
Gains (losses) on derivatives not qualifying for hedge accounting (3)	—	(1)	—	11	—	10
Net gains (losses) on derivatives and hedging activities	—	(1)	—	7	—	6
Total net effect of derivatives and hedging activities	$ (73)	$ (45)	$ (1)	$ 45	$ —	$ (74)

(1) Represents the amortization/accretion of hedging estimated fair value adjustments for both current and discontinued hedge positions.

(2) Represents interest income/expense on derivatives in qualifying hedge relationships. Excludes the interest income/expense of the respective hedged items, which fully offset the interest income/expense of the derivatives, except to the extent of any hedge ineffectiveness.

(3) Includes net interest settlements on derivatives not qualifying for hedge accounting. See *Notes to Financial Statements - Note 9 - Derivatives and Hedging Activities* for additional information.

Other Expenses. The following table presents the components of other expenses ($ amounts in millions).

Components	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Compensation and benefits	$ 11	$ 11	$ 22	$ 21
Other operating expenses	5	4	10	8
Finance Agency and Office of Finance expenses	1	1	3	3
Other	1	1	1	1
Total other expenses	$ 18	$ 17	$ 36	$ 33

The increase in total other expenses for the three and six months ended June 30, 2015 compared to the same periods in 2014 was driven by an increase in other operating expenses. This increase was caused primarily by an increase in amortization resulting from the initial implementation of our core banking system in the fourth quarter of 2014. Additionally, professional fees increased as a result of our implementation of other information technology and strategic initiatives.

Total Other Comprehensive Income (Loss). Total other comprehensive loss for the three months ended June 30, 2015 consisted primarily of unrealized losses on AFS securities, partially offset by increases in the fair value of OTTI AFS securities. Total other comprehensive income for the three months ended June 30, 2014 consisted primarily of increases in the fair value of OTTI AFS securities.

Total other comprehensive loss for the six months ended June 30, 2015 consisted primarily of decreases in the fair value of OTTI and other AFS securities. Total other comprehensive income for the six months ended June 30, 2014 consisted primarily of increases in the fair value of OTTI and other AFS securities.

Operating Segments

Our products and services are grouped within two operating segments: traditional and mortgage loans.

Traditional. The traditional operating segment consists of credit products (including advances, letters of credit, and lines of credit), investments (including federal funds sold, securities purchased under agreements to resell, AFS securities, and HTM securities), and correspondent services and deposits. The following table presents our financial performance for the traditional operating segment ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Traditional Segment	**2015**	**2014**	**2015**	**2014**
Net interest income	$ 32	$ 28	$ 63	$ 59
Provision for (reversal of) credit losses	—	—	—	—
Other income	9	11	14	17
Other expenses	16	15	31	29
Income before assessments	25	24	46	47
Total assessments	3	3	5	5
Net income	$ 22	$ 21	$ 41	$ 42

The increase in net income for the traditional operating segment for the three months ended June 30, 2015 compared to the same period in 2014 was primarily due to higher net interest income, as well as higher net gains related to derivative and hedging activities. This increase was partially offset by lower net proceeds from litigation settlements.

The decrease in net income for the traditional operating segment for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to lower net proceeds from litigation settlements. This decrease was partially offset by higher net interest income.

Mortgage Loans. The mortgage loans operating segment includes (i) mortgage loans purchased from our members through our MPP and (ii) participation interests purchased through the FHLBank of Topeka in mortgage loans originated by certain of its members under the MPF program. The following table presents our financial performance for the mortgage loans operating segment ($ amounts in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
Mortgage Loans Segment	**2015**	**2014**	**2015**	**2014**
Net interest income	$ 15	$ 16	$ 33	$ 32
Provision for (reversal of) credit losses	(1)	—	—	(1)
Other income (loss)	(1)	(1)	(2)	(1)
Other expenses	2	2	5	4
Income before assessments	13	13	26	28
Total assessments	1	1	2	2
Net income	$ 12	$ 12	$ 24	$ 26

The decrease in net income (in thousands) for the mortgage loans operating segment for the three months ended June 30, 2015 compared to the same period in 2014 was primarily due to an increase in other expenses (in thousands), substantially offset by a higher reversal of credit losses.

The decrease in net income for the mortgage loans operating segment for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to higher net losses related to derivative and hedging activities and an increase in other expenses, partially offset by higher net interest income.

Analysis of Financial Condition

Total Assets. The table below presents the carrying value of our major asset categories as a percentage of total assets ($ amounts in millions).

	June 30, 2015		December 31, 2014	
Major Asset Categories	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Advances	$ 24,318	54%	$ 20,789	50%
Mortgage loans held for portfolio, net	7,933	18%	6,820	16%
Cash and short-term investments	2,730	6%	3,551	9%
Investment securities	10,052	22%	10,538	25%
Other assets [(1)]	203	—%	155	—%
Total assets	$ 45,236	100%	$ 41,853	100%

(1) Includes interest-bearing deposits, accrued interest receivable, premises, software, and equipment, derivative assets and other assets.

Total assets were $45.2 billion as of June 30, 2015, a net increase of $3.4 billion or 8% compared to December 31, 2014. This increase was primarily due to a significant increase in advances and mortgage loans held for portfolio, which altered the mix of our assets during the period.

Advances. In general, advances fluctuate in accordance with our members' funding needs related to their deposit levels, mortgage pipelines, investment opportunities, available collateral, balance sheet strategies, and the cost of alternative funding opportunities. Advances at carrying value totaled $24.3 billion at June 30, 2015, a net increase of 17% compared to December 31, 2014. This increase was primarily due to certain members' higher funding needs and included a 28% increase in advances to depository members and an 11% increase to insurance company members.

The table below presents advances by type of borrower ($ amounts in millions).

	June 30, 2015		December 31, 2014	
Borrower Type	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Commercial banks	$ 5,292	22%	$ 4,675	23%
Thrifts	2,760	11%	1,102	5%
Credit unions	1,937	8%	1,998	10%
Total depository institutions	9,989	41%	7,775	38%
Insurance companies	13,994	58%	12,641	61%
Total member advances	23,983	99%	20,416	99%
Former member borrowers	203	1%	214	1%
Total advances, par value	$ 24,186	100%	$ 20,630	100%

Mortgage Loans Held for Portfolio. In general, the volume of mortgage loans purchased is affected by several factors, including interest rates, competition, the general level of housing activity in the United States, the level of refinancing activity, consumer product preferences and regulatory considerations. We purchased $1.8 billion of conventional mortgage loans through MPP Advantage in the six months ended June 30, 2015. The Finance Agency has established low-income housing goals for FHLBanks that acquire, in any calendar year, more than $2.5 billion of conventional mortgages through an AMA program. Therefore, if our 2015 purchase volume in MPP Advantage reaches $2.5 billion, we could become subject to these low-income housing goals. We continue to monitor the level of our MPP Advantage purchases and to evaluate the potential impacts of becoming subject to low-income housing goals in our AMA program.

A breakdown of mortgage loans held for portfolio by primary product type is presented below ($ amounts in millions).

	June 30, 2015		December 31, 2014	
Product Type	**UPB**	**% of Total**	**UPB**	**% of Total**
MPP:				
Original	$ 1,634	21%	$ 1,854	28%
Advantage	5,097	66%	3,709	55%
FHA	574	7%	634	9%
Total MPP	7,305	94%	6,197	92%
MPF:				
Conventional	380	5%	406	6%
Government	95	1%	101	2%
Total MPF	475	6%	507	8%
Total mortgage loans held for portfolio, UPB	$ 7,780	100%	$ 6,704	100%

The increase in the UPB of mortgage loans held for portfolio was due to the excess of purchases of mortgage loans under MPP Advantage over repayments of outstanding MPP loans. Upon implementation of MPP Advantage in 2010 for new conventional MPP loans, the original MPP was phased out and is no longer being used for acquisitions of new conventional loans. Over time, the outstanding balance of mortgage loans purchased under our original MPP will continue to decrease.

We have established and maintain an allowance for loan losses based on our best estimate of probable losses over the loss emergence period. Our estimate of MPP losses remaining after borrower's equity was $12 million at June 30, 2015 and $25 million at December 31, 2014. This decrease from December 31, 2014 to June 30, 2015 was primarily the result of (i) fewer delinquent mortgage loans, (ii) a change during the first quarter of 2015 in the technique for estimating losses on delinquent MPP loans to incorporate loan-level property values obtained from a third-party model, with a haircut applied, instead of using a historical weighted-average collateral recovery rate, (iii) the charge-off portions of mortgage loans that were 180 days past due, and (iv) a reduction in potential claims by servicers on principal and interest previously paid in full. After we considered the portion recoverable under the associated credit enhancements, the resulting allowance for MPP loan losses was $1 million at June 30, 2015 and $2 million at December 31, 2014. See *Notes to Financial Statements - Note 8 - Allowance for Credit Losses and Critical Accounting Policies and Estimates* for more information.

Cash and Investments. The following table presents the components of our cash and investments at carrying value ($ amounts in millions).

Components of Cash and Investments	**June 30, 2015**	**December 31, 2014**	**Change**
Cash and short-term investments:			
Cash and due from banks	$ 635	$ 3,551	$ (2,916)
Interest-bearing deposits	—	1	(1)
Securities purchased under agreements to resell	200	—	200
Federal funds sold	1,895	—	1,895
Total cash and short-term investments	2,730	3,552	(822)
Investment securities:			
AFS securities:			
GSE and TVA debentures	3,128	3,155	(27)
GSE MBS	78	—	78
Private-label RMBS	365	401	(36)
Total AFS securities	3,571	3,556	15
HTM securities:			
GSE debentures	100	269	(169)
Other U.S. obligations - guaranteed MBS	2,986	3,032	(46)
GSE MBS	3,296	3,568	(272)
Private-label RMBS	87	100	(13)
Manufactured housing loan ABS	11	11	—
Home equity loan ABS	1	2	(1)
Total HTM securities	6,481	6,982	(501)
Total investment securities	10,052	10,538	(486)
Total cash and investments, carrying value	$ 12,782	$ 14,090	$ (1,308)

Cash and Short-Term Investments. Cash and short-term investments totaled $2.7 billion at June 30, 2015, a decrease of 23% compared to December 31, 2014. The total outstanding balance and composition of our short-term investment portfolio is influenced by our liquidity needs, market conditions and the availability of short-term investments at attractive interest rates, relative to our cost of funds.

Investment Securities. AFS securities totaled $3.6 billion at June 30, 2015 and December 31, 2014. Net unrealized gains on AFS securities totaled $51 million at June 30, 2015, a decrease of $3 million compared to net unrealized gains at December 31, 2014. This decrease was primarily due to a decrease in the fair values of our AFS securities. At June 30, 2015, the percentage of non-MBS AFS securities due in one year or less was 7%, due after one year through five years was 72%, and due after five years was 21%. See *Notes to Financial Statements - Note 3 - Available-for-Sale Securities* for more information.

HTM securities totaled $6.5 billion at June 30, 2015, a decrease of 7% compared to December 31, 2014, primarily due to principal paydowns. At June 30, 2015, the estimated fair value of our HTM securities in an unrealized loss position totaled $1.3 billion, a decrease of 2% from December 31, 2014, primarily due to principal paydowns combined with favorable changes in interest rates, credit spreads and volatility. See *Notes to Financial Statements - Note 4 - Held-to-Maturity Securities* for more information.

See *Risk Management - Credit Risk Management - Investments - Long-Term Investments* herein for more information on our investment securities.

Total Liabilities. Total liabilities were $43.0 billion at June 30, 2015, a net increase of 9% compared to December 31, 2014. This increase of $3.5 billion was primarily attributable to an increase in consolidated obligations to fund our asset growth.

Deposits (Liabilities). Total deposits were $1.2 billion at June 30, 2015, an increase of 7% compared to December 31, 2014. The balances of these custodial accounts can fluctuate from period to period. These deposits represent a relatively small portion of our funding and vary depending upon market factors, such as the attractiveness of our deposit pricing relative to the rates available on alternative money market instruments, members' investment preferences with respect to the maturity of their investments, and member liquidity.

Consolidated Obligations. At June 30, 2015, the carrying values of our discount notes and CO bonds totaled $11.8 billion and $29.6 billion, respectively, compared to $12.6 billion and $25.5 billion, respectively, at December 31, 2014. The overall balance of our consolidated obligations fluctuates in relation to our total assets and the availability of alternative sources of funds. The carrying value of our discount notes was 28% of total consolidated obligations at June 30, 2015, compared to 33% at December 31, 2014. Discount notes are issued primarily to provide short-term funds, while CO bonds are issued primarily to provide longer-term funding. The composition of our consolidated obligations can fluctuate significantly based on comparative changes in their cost levels, supply and demand conditions, demand for advances, and our overall balance sheet management strategy.

The following table presents the par value of our consolidated obligations outstanding ($ amounts in millions).

	June 30, 2015		December 31, 2014	
By Term	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Consolidated obligations due in 1 year or less:				
Discount notes	$ 11,807	28%	$ 12,571	33%
CO bonds	14,715	36%	11,696	31%
Total due in 1 year or less	26,522	64%	24,267	64%
Long-term CO bonds	14,917	36%	13,803	36%
Total consolidated obligations	$ 41,439	100%	$ 38,070	100%

Derivatives. As of June 30, 2015 and December 31, 2014, we had derivative assets, net of collateral held or posted, including accrued interest, with estimated fair values of $42 million and $25 million, respectively, and derivative liabilities, net of collateral held or posted, including accrued interest, with estimated fair values of $96 million and $103 million, respectively. Increases and decreases in the fair value of derivatives are primarily caused by market changes in the derivatives' underlying interest rate.

The volume of derivative hedges is often expressed in terms of notional amounts, which is the amount upon which interest payments are calculated. The following table highlights the amounts by type of hedged item (notional $ amounts in millions).

Hedged Item	**June 30, 2015**	**December 31, 2014**
Advances	$ 9,854	$ 10,278
Investments	3,438	3,358
Mortgage loans	176	252
CO bonds	17,781	14,460
Discount notes	205	1,249
MDCs	174	252
Total notional	$ 31,628	$ 29,849

Total Capital. Total capital was $2.2 billion at June 30, 2015, a net decrease of $134 million since December 31, 2014.

The following tables present a percentage breakdown of the components of GAAP capital along with a reconciliation of GAAP capital to regulatory capital ($ amounts in millions).

Components of GAAP capital	**June 30, 2015**	**December 31, 2014**
Capital stock	62%	65%
Retained earnings	36%	33%
AOCI	2%	2%
Total GAAP capital	100%	100%

The change in the composition of our total GAAP capital is primarily due to growth in retained earnings and repurchases of excess stock.

Reconciliation of GAAP to regulatory capital	**June 30, 2015**		**December 31, 2014**	
Total GAAP capital	$	2,241	$	2,375
Exclude: AOCI		(43)		(47)
Add: MRCS		14		16
Total regulatory capital	$	2,212	$	2,344

Liquidity and Capital Resources

Liquidity. Our primary sources of liquidity are holdings of cash and short-term investments and the issuance of consolidated obligations. Our cash and short-term investments portfolio totaled $2.7 billion at June 30, 2015. During the first six months of 2015, we maintained sufficient access to funding; our net proceeds from the issuance of consolidated obligations totaled $45.3 billion.

We have not identified any trends, demands, commitments, events or uncertainties that are likely to materially increase or decrease our liquidity.

Capital Resources.

Total Regulatory Capital. Our total regulatory capital consists of retained earnings and total regulatory capital stock, which includes Class B capital stock and MRCS. However, MRCS is classified as a liability instead of capital under GAAP.

Our outstanding Class B capital stock, categorized by type of institution, and MRCS balances are provided in the following table ($ amounts in millions):

	June 30, 2015			**December 31, 2014**		
Institution Type	**Amount**		**% of Total**	**Amount**		**% of Total**
Commercial banks	$	386	27%	$	451	29%
Thrifts		163	12%		226	14%
Credit unions		184	13%		209	13%
Total depository institutions		733	52%		886	56%
Insurance companies		655	47%		665	43%
CDFIs		—	—%		—	—%
Total capital stock putable		1,388	99%		1,551	99%
MRCS [(1)]		14	1%		16	1%
Total regulatory capital stock	$	1,402	100%	$	1,567	100%

(1) Balances at June 30, 2015 and December 31, 2014 include $3 million of MRCS that had reached the end of the five-year redemption period but for which credit products and other obligations remain outstanding. Accordingly, these shares of stock will not be redeemed until the credit products are no longer outstanding.

Excess Stock. Excess stock is capital stock that is not required as a condition of membership or to support services to members or former members. In general, the level of excess stock fluctuates with our members' demand for advances.

The following table presents the composition of our excess stock ($ amounts in millions).

Components of Excess Stock	June 30, 2015	December 31, 2014
Member capital stock not subject to outstanding redemption requests	$ 148	$ 516
Member capital stock subject to outstanding redemption requests	—	—
MRCS	1	1
Total excess capital stock	$ 149	$ 517
Excess stock as a percentage of regulatory capital stock	11%	33%

In May 2015, we repurchased a total of $241 million of excess capital stock. These repurchases were undertaken for general capital management purposes in accordance with our capital plan.

Capital Distributions. On July 29, 2015, our board of directors declared a cash dividend of 4.25% (annualized) on our capital stock putable-Class B-1 and 3.40% (annualized) on our capital stock putable-Class B-2 based on our net income for the quarter ended June 30, 2015, as well as other factors as stated in *Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividends* in our 2014 Form 10-K.

Adequacy of Capital. At June 30, 2015, our regulatory capital ratio was 4.89%, and our leverage capital ratio was 7.34%, both in excess of the regulatory requirement. See *Notes to Financial Statements - Note 12 - Capital* for more information.

Off-Balance Sheet Arrangements

The following table summarizes our off-balance-sheet arrangements (notional $ amounts in millions).

Types	June 30, 2015
Letters of credit outstanding	$ 203
Unused lines of credit (1)	995
Commitments to fund additional advances (2)	100
Commitments to fund or purchase mortgage loans (3)	174
Unsettled CO bonds, at par (4)	21

(1) Maximum line of credit amount per member is $50 million.
(2) Generally for periods up to six months.
(3) Generally for periods up to 91 days.
(4) Includes $15 million hedged with associated interest-rate swaps.

At June 30, 2015, principal previously paid in full by our MPP servicers of $4 million remains subject to potential claims by those servicers for any losses resulting from past or future liquidations of the underlying properties. An estimate of the losses is included in the MPP allowance for loan losses. See *Notes to Financial Statements - Note 8 - Allowance for Credit Losses* for more information. See *Notes to Financial Statements - Note 16 - Commitments and Contingencies* for information on additional commitments and contingencies.

Critical Accounting Policies and Estimates

We have identified four accounting policies that we believe are critical because they require management to make particularly difficult, subjective, and/or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. These accounting policies relate to:

- Derivatives and hedging activities (see *Notes to Financial Statements - Note 9 - Derivatives and Hedging Activities* for more detail);
- Fair value estimates (see *Notes to Financial Statements - Note 15 - Estimated Fair Values* for more detail);
- Provision for credit losses (see *Notes to Financial Statements - Note 8 - Allowance for Credit Losses* for more detail); and
- OTTI (see *Notes to Financial Statements - Note 5 - Other-Than-Temporary Impairment* for more detail).

A full discussion of our critical accounting policies and estimates can be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates* in our 2014 Form 10-K. See below for additional information regarding certain of these policies.

Provision for Credit Losses.

Mortgage Loans Acquired under the MPP. Our allowance for loan losses incorporates our analysis of delinquent conventional MPP loans, using the estimated fair value of the underlying collateral, further reduced by estimated liquidation costs.

Beginning in the first quarter of 2015, we refined our technique for estimating losses on mortgage loans past due 180 days or more to incorporate loan-level property values obtained from a third-party model. A haircut of 25% is applied to these loan-level values to capture the potential impact of severely distressed property sales. The reduced values are then aggregated to the pool level and are further reduced for estimated liquidation costs to determine the estimated liquidation value.

We also perform our loan loss analysis under an adverse scenario whereby we increase the haircut on our underlying collateral values to 45% for delinquent conventional loans, including individually evaluated loans. While holding all other assumptions constant, such scenario would have increased our allowance by approximately $2 million at June 30, 2015. We consider a haircut of 45% on the modeled values to be the lowest value that is reasonably possible to occur over the loss emergence period of 24 months. We continue to monitor the appropriateness of this adverse scenario.

We evaluated this adverse scenario and determined that the likelihood of incurring losses resulting from this scenario during the next 24 months was not probable. Therefore, the allowance for loan losses is based upon our best estimate of the probable losses over the next 24 months that would not be recovered from the credit enhancements.

Other-Than-Temporary Impairment Analysis. In addition to evaluating our private-label RMBS under a best estimate scenario, we perform a cash flow analysis for each of these securities under a more stressful housing price scenario. This more stressful scenario is primarily based on a short-term housing price forecast, which is 5% lower than the best estimate scenario, followed by a recovery path with annual rates of housing price growth that are 33% lower than the best estimate.

The actual OTTI-related credit losses recognized in earnings for the quarter ended June 30, 2015 were $32 thousand. Under the more stressful scenario, the OTTI-related credit losses estimate would have been $84 thousand for the quarter ended June 30, 2015.

Additional information regarding OTTI of our private-label RMBS and ABS is provided in *Notes to Financial Statements - Note 5 - Other-Than-Temporary Impairment* and *Risk Management - Credit Risk Management - Investments* herein.

Recent Accounting and Regulatory Developments

Accounting Developments. See *Notes to Financial Statements - Note 2 - Recently Adopted and Issued Accounting Guidance* for a description of how recent accounting developments may impact our results of operations or financial condition.

Legislative and Regulatory Developments.

Finance Agency Developments.

Advisory Bulletin on Core Mission Achievement. On July 14, 2015, the Finance Agency issued Advisory Bulletin 2015-05, establishing a core mission asset ratio by which the Finance Agency will assess each FHLBank's core mission achievement. Core mission achievement is determined using a ratio of primary mission assets, which includes advances and mortgage loans acquired from members, to consolidated obligations. The core mission asset ratio will be determined annually, starting at year-end 2015, and will be calculated using annual average par values.

The advisory bulletin provides the Finance Agency's expectations for each FHLBank's strategic plan based on its ratio, which are:

- when the ratio is 70% or higher, the strategic plan should include an assessment of the FHLBank's prospects for maintaining at least this level;
- when the ratio is between 55% and 70%, the strategic plan should explain the FHLBank's plan to increase its mission achievement; and
- when the ratio is below 55%, the strategic plan should include an explanation of the circumstances that caused the ratio to be at that level and detailed plans to increase the ratio. The advisory bulletin provides that if an FHLBank maintains a ratio below 55% over the course of several consecutive reviews, then the FHLBank's board of directors should consider possible strategic alternatives.

Our core mission activities primarily include the issuance of advances. In addition, we acquire mortgage loans from members through the MPP.

Risk Management

We have exposure to a number of risks in pursuing our business objectives. These risks may be broadly classified as market, credit, liquidity, operational, and business. Market risk is discussed in detail in *Item 3. Quantitative and Qualitative Disclosures about Market Risk*. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Management* in our 2014 Form 10-K for more detailed information.

Credit Risk Management. We face credit risk on advances and other credit products, investments, mortgage loans, derivative financial instruments, and AHP grants.

Advances. Advances, at par, to our insurance company members were 58% and 61% of total advances at June 30, 2015 and December 31, 2014, respectively. Our credit policy requires an additional approval by our Bank to lend to an insurance company member whose total credit products exceed 15% of general account assets less borrowed money. As of June 30, 2015 and December 31, 2014, we had advances outstanding, at par, of $5.4 billion to nine of our insurance company members and $4.6 billion to five of our insurance company members, respectively, whose total credit products exceeded 15% of their general account assets, net of borrowed money. Six of these nine insurance company members as of June 30, 2015 are captive insurance companies for which management establishes a borrowing limit on a case-by-case basis based on a review and recommendation by our credit services underwriting department.

Concentration. Our credit risk is magnified due to the concentration of advances in a few borrowers. As of June 30, 2015, our top two borrowers held 19% of total advances outstanding, at par, and our top five borrowers held 42% of total advances outstanding, at par. As a result of this concentration, we perform frequent credit and collateral reviews on our largest borrowers. In addition, we analyze the implications to our financial management and profitability if we were to lose the business of one or more of these borrowers.

Investments. We are also exposed to credit risk through our investment portfolios. The RMP approved by our board of directors restricts the acquisition of investments to high-quality, short-term money market instruments and high-quality long-term securities.

Short-Term Investments. Our short-term investment portfolio at June 30, 2015 included securities purchased under agreements to resell, which are secured by United States treasuries and mature overnight. Our unsecured credit exposure to United States branches and agency offices of foreign commercial banks was limited to federal funds sold.

The following table presents the unsecured investment credit exposures to all private counterparties, categorized by the domicile of the counterparty's parent, based on the lowest of the NRSRO long-term credit ratings of the counterparty, each stated in terms of the S&P equivalent. The table does not reflect the foreign sovereign government's credit rating ($ amounts in millions).

June 30, 2015	**AA**	**A**	**Total**
Domestic	$ —	$ 775	$ 775
Canada	560	—	560
Australia	560	—	560
Total unsecured credit exposure	$ 1,120	$ 775	$ 1,895

Long-Term Investments. A Finance Agency regulation provides that the total value of our investments in MBS and ABS, calculated using amortized historical cost, must not exceed 300% of our total regulatory capital, consisting of retained earnings, Class B capital stock, and MRCS, as of the day we purchase the securities, based on the capital amount most recently reported to the Finance Agency. These investments were 307% of total regulatory capital at June 30, 2015. Although our outstanding investments in MBS and ABS exceeded the limitation at June 30, 2015, we were in compliance at the time we purchased the investments; therefore, we were not out of compliance with the regulation. However, we are not permitted to purchase additional investments in MBS and ABS until these outstanding investments are within the capital limitation. Generally, our goal is to maintain these investments near the 300% limit in order to enhance earnings and capital for our members and diversify our revenue stream.

The following table presents the carrying values of our investments, excluding accrued interest, by credit rating, grouped by investment category. Applicable rating levels are determined using the lowest relevant long-term rating from S&P, Moody's and Fitch, each stated in terms of the S&P equivalent. Rating modifiers are ignored when determining the applicable rating level for a given counterparty or investment. Amounts reported do not reflect any changes in ratings, outlook, or watch status ($ amounts in millions).

June 30, 2015	AA	A	BBB	Below Investment Grade	Total
Short-term investments:					
Interest-bearing deposits	$ —	$ —	$ —	$ —	$ —
Securities purchased under agreements to resell	200	—	—	—	200
Federal funds sold	1,120	775	—	—	1,895
Total short-term investments	1,320	775	—	—	2,095
AFS securities:					
GSE and TVA debentures	3,128	—	—	—	3,128
GSE MBS	78	—	—	—	78
Private-label RMBS	—	—	—	365	365
Total AFS securities	3,206	—	—	365	3,571
HTM securities:					
GSE debentures	100	—	—	—	100
Other U.S. obligations - guaranteed RMBS	2,986	—	—	—	2,986
GSE MBS	3,296	—	—	—	3,296
Private-label RMBS	14	15	15	43	87
Private-label ABS	—	10	—	2	12
Total HTM securities	6,396	25	15	45	6,481
Total investments, carrying value	$ 10,922	$ 800	$ 15	$ 410	$ 12,147
Percentage of total	90%	7%	—%	3%	100%

December 31, 2014	AA	A	BBB	Below Investment Grade	Total
Short-term investments:					
Interest-bearing deposits	$ 1	$ —	$ —	$ —	$ 1
Securities purchased under agreements to resell	—	—	—	—	—
Total short-term investments	1	—	—	—	1
AFS securities:					
GSE and TVA debentures	3,155	—	—	—	3,155
Private-label RMBS	—	—	—	401	401
Total AFS securities	3,155	—	—	401	3,556
HTM securities:					
GSE debentures	269	—	—	—	269
Other U.S. obligations - guaranteed RMBS	3,032	—	—	—	3,032
GSE MBS	3,568	—	—	—	3,568
Private-label RMBS	17	17	18	48	100
Private-label ABS	—	11	—	2	13
Total HTM securities	6,886	28	18	50	6,982
Total investments, carrying value	$ 10,042	$ 28	$ 18	$ 451	$ 10,539
Percentage of total	96%	—%	—%	4%	100%

Private-label RMBS and ABS. Private-label RMBS and ABS are classified as prime, Alt-A or subprime based on the originator's classification at the time of origination or based on classification by an NRSRO upon issuance. Because there is no universally accepted definition of prime, Alt-A or subprime underwriting standards, such classifications are subjective. All private-label RMBS and ABS were rated with an S&P equivalent rating of AAA at the date of purchase.

Our private-label RMBS and ABS are backed by collateral located only in the United States and the District of Columbia. The top five states, by percentage of collateral located in those states as of June 30, 2015, were California (65%), New York (6%), Florida (4%), Connecticut (3%), and Virginia (2%).

OTTI Evaluation Process. The following table presents the significant modeling assumptions used to determine whether a security was OTTI during the second quarter of 2015, as well as the related current credit enhancement as of June 30, 2015. Credit enhancement is defined as the percentage of subordinated tranches and over-collateralization, if any, in a security structure that will generally absorb losses before we will experience a loss on the security. The calculated averages represent the dollar-weighted averages of all of the OTTI private-label RMBS and ABS in each category shown. RMBS and ABS are classified as prime, Alt-A or subprime based on the model used to estimate the cash flows for the security, which may not be the same as the classification by the rating agency at the time of origination ($ amounts in millions).

		Significant Modeling Assumptions for all private-label RMBS and ABS			
Year of Securitization	**UPB** [1]	**Prepayment Rates** [2]	**Default Rates** [2]	**Loss Severities** [2]	**Current Credit Enhancement** [2]
Private-label RMBS:					
Total Prime	$ 467	12%	9%	24%	5%
Total Alt-A	7	15%	8%	32%	13%
Total private-label RMBS	$ 474	12%	9%	24%	5%
Home equity loan ABS:					
Total subprime - home equity loans [3]	$ 2	7%	20%	25%	100%

(1) Excludes one manufactured housing loan ABS, with a UPB of $10 million, for which underlying collateral data is not readily available and alternative procedures are used to evaluate for OTTI.
(2) Weighted average based on UPB.
(3) Insured by monoline bond insurers.

See *Notes to Financial Statements - Note 5 - Other-Than-Temporary Impairment* for additional information.

Mortgage Loans Held for Portfolio.

MPP.

PMI. As of June 30, 2015, we had PMI coverage on $1.0 billion or 15% of our conventional mortgage loans. For a conventional loan, PMI, if applicable, covers losses or exposure down to approximately an LTV ratio between 65% and 80% based upon the original appraisal, original LTV ratio, term, and amount of PMI coverage.

The following table presents the lowest credit rating of S&P, Moody's and Fitch stated in terms of the S&P equivalent as of July 31, 2015 and the related PMI coverage amount on seriously delinquent loans held in our portfolio as of June 30, 2015 ($ amounts in millions).

		Seriously Delinquent Loans [1]	
Mortgage Insurance Company	**Credit Rating**	**UPB**	**PMI Coverage Outstanding**
MGIC	BB+	$ 2	$ 1
RMIC	NR	2	1
Radian Guaranty, Inc.	BB	2	1
Genworth	BB-	1	—
United Guaranty Residential Insurance Corporation	BBB+	1	—
All others	NR, BBB+	1	—
Total		$ 9	$ 3

(1) Includes loans that are 90 days or more past due or in the process of foreclosure.

LRA. The following table presents the changes in the LRA for original MPP and MPP Advantage ($ amounts in millions).

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
LRA Activity	**Original**	**Advantage**	**Total**	**Original**	**Advantage**	**Total**
Balance of LRA, beginning of period	$ 10	$ 62	$ 72	$ 11	$ 36	$ 47
Additions	1	11	12	—	3	3
Claims paid	(1)	—	(1)	—	—	—
Distributions	—	—	—	—	—	—
Balance of LRA, end of period	$ 10	$ 73	$ 83	$ 11	$ 39	$ 50

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
LRA Activity	**Original**	**Advantage**	**Total**	**Original**	**Advantage**	**Total**
Balance of LRA, beginning of period	$ 10	$ 52	$ 62	$ 11	$ 34	$ 45
Additions	1	21	22	1	5	6
Claims paid	(1)	—	(1)	(1)	—	(1)
Distributions	—	—	—	—	—	—
Balance of LRA, end of period	$ 10	$ 73	$ 83	$ 11	$ 39	$ 50

SMI. As of June 30, 2015, we were the beneficiary of SMI coverage, under our original MPP, on conventional mortgage pools with a total UPB of $1.6 billion. Two mortgage insurance companies provide all of the SMI coverage.

The following table presents the lowest credit rating of S&P, Moody's and Fitch stated in terms of the S&P equivalent as of July 31, 2015, and the estimated SMI exposure as of June 30, 2015 ($ amounts in millions).

Mortgage Insurance Company	**Credit Rating**	**June 30, 2015**
MGIC	BB+	$ 20
Genworth	BB-	7
Total		$ 27

MPP and MPF Loan Characteristics. Two indicators of credit quality are LTV ratios and credit scores provided by FICO®. FICO® provides a commonly used measure to assess a borrower's credit quality, with scores ranging from a low of 300 to a high of 850. The combination of a lower FICO® score and a higher LTV ratio is a key indicator of potential mortgage delinquencies and defaults.

As of June 30, 2015, 96% of the borrowers in our conventional loan portfolio had FICO® scores greater than 680 at origination and 85% had an LTV ratio of 80% or lower. We believe these measures indicate that these loans have a low risk of default. We do not knowingly purchase any loan that violates the terms of our Anti-Predatory Lending Policy.

MPP and MPF Credit Performance. The serious delinquency rate for MPP FHA mortgages was 0.45% and 0.56% at June 30, 2015 and December 31, 2014, respectively. We rely on insurance provided by the FHA, which generally provides coverage for 100% of the principal balance of the underlying mortgage loan and defaulted interest at the debenture rate. However, we would receive defaulted interest at the contractual rate from the servicer.

The serious delinquency rate for MPP conventional mortgages was 0.56% at June 30, 2015, compared to 0.86% at December 31, 2014. Both rates were below the national serious delinquency rate. There were three seriously delinquent conventional MPF loans at June 30, 2015 compared to two at December 31, 2014. See *Notes to Financial Statements - Note 8 - Allowance for Credit Losses* for more information.

Derivatives. Our over-the-counter derivative transactions are either (i) executed with a counterparty (bilateral derivatives) or (ii) cleared through a Futures Commission Merchant (i.e., clearing agent) with a clearinghouse (cleared derivatives). See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Management - Credit Risk Management - Derivatives* in our 2014 Form 10-K for more information.

The following table presents key information on derivative counterparties on a settlement date basis using the lowest credit rating from S&P or Moody's, stated in terms of the S&P equivalent ($ amounts in millions).

June 30, 2015	**Notional Amount**	**Net Derivatives Estimated Fair Value Before Collateral**	**Cash Collateral Pledged To (From) Counterparties**	**Net Credit Exposure To (From) Counterparties**
Non-member counterparties:				
Asset positions with credit exposure				
Bilateral derivatives				
AA	$ 835	$ —	$ —	$ —
A	41	—	—	—
BBB	60	—	—	—
Cleared derivatives (1)	2,342	12	3	15
Liability positions with credit exposure				
Cleared derivatives (1)	17,177	(18)	44	26
Total derivative positions with credit exposure to non-member counterparties	20,455	(6)	47	41
Member institutions (2)	78	—	—	—
Subtotal - derivative positions with credit exposure	20,533	(6)	47	41
Derivative positions without credit exposure	11,094	(212)	117	(95)
Net derivative positions (3)	$ 31,627	$ (218)	$ 164	$ (54)

(1) Represents derivative transactions cleared with a clearinghouse, which is not rated.
(2) Includes MDCs from member institutions (MPP).
(3) Subject to a legal right of offset and all other requirements for netting are met.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Measuring Market Risks

We utilize multiple risk measurements, including duration of equity, duration gap, convexity, VaR, earnings at risk, and changes in market value of equity, to evaluate market risk. Periodically, we conduct stress tests to measure and analyze the effects that extreme movements in the level of interest rates and the shape of the yield curve would have on our risk position.

Duration of Equity. The following table presents the effective duration of equity levels for our total position, which are subject to our RMP guidelines.

Date	-200 bps [1]	0 bps	+200 bps
June 30, 2015	(2.7) years	1.6 years	2.4 years
December 31, 2014	(3.7) years	(0.0) years	2.6 years

(1) Our RMP guidelines provide for the calculation of the duration of equity in a low-rate environment to be based on the Finance Agency Advisory Bulletin 03-09, as modified September 3, 2008. Under these guidelines, our duration of equity for the -200 bps duration level is equal to the level under the base case (0 bps).

We were in compliance with the duration of equity limits established by our RMP at both dates. The increase in the base case duration of equity level (0 bps) at June 30, 2015 compared to December 31, 2014 was partly due to changes in the market rate environment. This resulted in the shortening of the duration of both assets and liabilities; however, the duration of our liabilities shortened more than the duration of our assets, which lengthened the duration of equity.

Duration Gap. The base case duration gap was 0.3 months at June 30, 2015, compared to (0.9) months at December 31, 2014. The causes of this change are the same as the causes of the change in the duration of equity.

Market Risk-Based Capital Requirement. When calculating the risk-based capital requirement, the VaR comprising the first factor of the market risk component is defined as the potential dollar loss from adverse market movements, for a holding period of 120 business days, with a 99% confidence interval, based on those historical prices and market rates. The table below presents the VaR ($ amounts in millions).

Date	VaR
June 30, 2015	$ 147
December 31, 2014	156

Ratio of Market Value to Book Value of Equity between Base Rates and Shift Scenarios. We measure potential changes in the market value to book value of equity based on the current month-end level of rates versus large parallel rate shifts. This measurement provides information related to the sensitivity of our interest-rate position. The table below presents the ratios of market value to book value of equity.

Date	-200 bps	Base	+200 bps
June 30, 2015	105%	103%	100%
December 31, 2014	102%	103%	100%

See *Item 7A. Quantitative and Qualitative Disclosures About Market Risk - Use of Derivative Hedges* in our 2014 Form 10-K for more information about our use of derivative hedges.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We are responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our reports filed under the Securities Exchange Act of 1934, as amended ("Exchange Act") is: (a) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (b) accumulated and communicated to our management, including our principal executive officer, principal financial officer, and principal accounting officer, to allow timely decisions regarding required disclosures. As of June 30, 2015, we conducted an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (the Principal Executive Officer), Chief Financial Officer (the Principal Financial Officer), and Chief Accounting Officer (the Principal Accounting Officer), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer concluded that our disclosure controls and procedures were effective as of June 30, 2015.

Internal Control Over Financial Reporting

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting, as defined in rules 13a-15(f) and 15(d)-15(f) of the Exchange Act that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. We do not expect that our disclosure controls and procedures and other internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can only be reasonable assurance that any design will succeed in achieving its stated goals under all potential future conditions. Additionally, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II. OTHER INFORMATION
Item 1. LEGAL PROCEEDINGS

We are unaware of any potential claims against us that could be material.

Private-Label Mortgage-Backed Securities Litigation

On October 15, 2010, we filed a complaint in the Superior Court of Marion County, Indiana, relating to private-label residential mortgage-backed securities ("RMBS") we purchased in the aggregate original principal amount of approximately $2.9 billion. The complaint, which was amended, was an action for rescission and damages and asserted claims for negligent misrepresentation and violations of state and federal securities law occurring in connection with the sale of these private-label RMBS to us. During 2013, 2014 and 2015, we executed confidential settlement agreements with certain defendants in this litigation, pursuant to which we have dismissed all pending claims against, and provided legal releases to, certain entities with respect to all applicable securities at issue in the litigation, in consideration of our receipt of cash payments from or on behalf of those defendants. As a result, all proceedings in this private-label RMBS litigation have been concluded.

Item 1A. RISK FACTORS

There have been no material changes in the risk factors described in *Item 1A. Risk Factors* of our 2014 Form 10-K.

Item 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
3.1*	Organization Certificate of the Federal Home Loan Bank of Indianapolis, incorporated by reference to our Registration Statement on Form 10 (Commission File No. 0-51404) filed on February 14, 2006
3.2*	Bylaws of the Federal Home Loan Bank of Indianapolis, incorporated by reference to Exhibit 3.2 of our Current Report on Form 8-K (Commission File No. 0-51404) filed on May 21, 2010
4*	Capital Plan of the Federal Home Loan Bank of Indianapolis, effective September 5, 2011, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K filed on August 5, 2011
10.1*+	Form of Key Employee Severance Agreement for Executive Officers, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K (Commission File No. 0-51404), filed on November 20, 2007
10.2*+	Directors' Compensation and Expense Reimbursement Policy, effective January 1, 2015, as adopted by the board of directors on October 17, 2014, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K/A filed on October 24, 2014
10.3*+	Federal Home Loan Bank of Indianapolis 2011 Long Term Incentive Plan, effective January 1, 2011, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K filed on August 3, 2011
10.4*	Federal Home Loan Banks P&I Funding and Contingency Plan Agreement, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K (Commission File No. 0-51404) filed on June 27, 2006
10.5*+	Form of Key Employee Severance Agreement for Executive Officers, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K filed on February 4, 2011
10.6*+	Joint Capital Enhancement Agreement dated August 5, 2011, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K filed on August 5, 2011

Exhibit Number	Description
10.7+	Federal Home Loan Bank of Indianapolis Incentive Plan, effective January 1, 2012, as amended on July 17, 2015, effective as of January 1, 2015.
10.8*+	Federal Home Loan Bank of Indianapolis 2011 Executive Incentive Compensation Plan (STI), effective January 1, 2011, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K filed on August 3, 2011
31.1	Certification of the President - Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Senior Vice President - Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	Certification of the Senior Vice President - Chief Accounting Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
32	Certification of the President - Chief Executive Officer, Senior Vice President - Chief Financial Officer, and Senior Vice President - Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* These documents are incorporated by reference.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

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 thereunto duly authorized.

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

August 7, 2015	By:	/s/ CINDY L. KONICH
	Name:	Cindy L. Konich
	Title:	President - Chief Executive Officer
August 7, 2015	By:	/s/ GREGORY L. TEARE
	Name:	Gregory L. Teare
	Title:	Senior Vice President - Chief Financial Officer
August 7, 2015	By:	/s/ K. LOWELL SHORT, JR.
	Name:	K. Lowell Short, Jr.
	Title:	Senior Vice President - Chief Accounting Officer

Board Approved 12/1/11
(Technical Amendments
Adopted 3/19/12;
Additional Amendments Adopted
5/18/2012
Updated 11/15/12;
Amended 5/29/13;
Amended 9/13/13;
Effective as of 12/1/11;
Updated 11/22/13;
Amended and Updated 11/20/14;
Amended 1/29/15;
Amended 7/17/15)

Federal Home Loan Bank of Indianapolis
Incentive Plan

(Effective as of January 1, 2012)
(As Amended March 19, 2012)
(As Further Amended May 18, 2012)
(As Updated November 15, 2012 to Reflect 2013 Performance Goals)
(Amended May 29, 2013)
(Amended September 13, 2013, Effective as of December 1, 2011)
(As Updated November 22, 2013, to Reflect 2014 Performance Goals)
(As Amended and Updated November 20, 2014, to Reflect 2015 Performance Goals)
(Amended January 29, 2015)
(Amended July 17, 2015)

ESTABLISHMENT OF ANNUAL AND LONG-TERM 2015-2018
INCENTIVE PLAN GOALS FOR THE
FEDERAL HOME LOAN BANK OF INDIANAPOLIS
INCENTIVE PLAN

Pursuant to resolutions adopted by the Board of Directors of the Federal Home Loan Bank of Indianapolis (the "Bank"), the undersigned hereby execute the Federal Home Loan Bank of Indianapolis Incentive Plan, effective as of January 1, 2012, and setting forth goals effective as of January 1, 2015, as amended on the date set forth below, on behalf of the Bank, in the form attached hereto.

Dated this 17th day of July, 2015.

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

By: /s/ James D. MacPhee
James D. MacPhee, Chairman

By: /s/ Michael J. Hannigan, Jr.
Michael J. Hannigan, Jr., Vice Chairman

ATTEST:

By: /s/ Kania D. Warbington
Kania D. Warbington, Corporate Secretary

FEDERAL HOME LOAN BANK OF INDIANAPOLIS
INCENTIVE PLAN

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ARTICLE I

INTRODUCTION

Section 1.1 Purpose. The purpose of the Federal Home Loan Bank of Indianapolis Incentive Plan (the "Plan") is to attract, retain and motivate employees of the Federal Home Loan Bank of Indianapolis (the "Bank") and to focus their efforts on continued improvement in the profitability of the Bank while maintaining the Bank's safety and soundness. The Plan is a cash-based incentive plan that provides award opportunities based on achievement of performance goals.

Section 1.2 Effective Date. The "Effective Date" of the Plan is January 1, 2012.

Section 1.3 Administration. The Plan will be administered by an administrative committee (the "Committee") appointed by the Bank's Board of Directors (the "Board"), which initially will be the Human Resources Committee of the Board. Notwithstanding the foregoing, the term Committee shall also refer to the Executive Governance Committee of the Board who will administer the Plan with respect to the Bank's Chief Executive Officer. The Committee, from time to time, may adopt any rules and procedures it deems necessary or desirable for the proper and efficient administration of the Plan that are consistent with the terms of the Plan. Any notice or document required to be given or filed with the Committee will be properly given or filed if delivered to or mailed by registered mail, postage paid, to the General Counsel, Federal Home Loan Bank of Indianapolis, 8250 Woodfield Crossing Blvd., Suite 400, Indianapolis, Indiana 46240.

Section 1.4 Supplements. The provisions of the Plan may be modified by supplements to the Plan with Board approval. The terms and provisions of each supplement are a part of the Plan and supersede any other provisions of the Plan to the extent necessary to update or eliminate any inconsistencies between the supplement and any other Plan provisions. Any substantive supplement to the Plan shall be submitted to the FHFA for non-objection after full review prior to implementation.

Section 1.5 Definitions. The following terms are defined in the Plan in the following Sections:

Term	Plan Sections
Annual Award	3.3(a), 3.4(a)
Award	3.1
Bank	1.1
Board	1.3
Cause	3.6(d)(i)
Committee	1.3
Compensation	3.1
Deferral Performance Period	3.1(a)
Deferred Award	3.3(b)
Disability	3.6(d)(ii)
Discretionary Award	3.1(d)
Effective Date	1.2
Extraordinary Occurrences	3.1(e)
FHFA	3.6(d)(i)
Final Award	3.1(e)
Fully Meets Expectations	3.3(a)(ii)
Good Reason	3.6(d)(iii)

Level I Participant	3.1(c)
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Reorganization	3.7(b)
Retirement	3.6(d)(v)
Satisfactory	3.3(a)(ii)
Termination of Service	3.6(d)(vi)
Target	3.2(b)(ii)
Threshold	3.2(b)(i)

ARTICLE II

ELIGIBILITY AND PARTICIPATION

Section 2.1 Eligibility. Any employee of the Bank, hired before October 1st of the calendar year, will become a "Participant" in the Plan for that calendar year, provided the employee is not classified as a "temporary," an "intern," "contract" or "temporary agency" employee, and does not participate in the Federal Home Loan Bank of Indianapolis Internal Audit Incentive Plan. Level I Participants, as defined in subsection 3.1(c), must have an executed agreement on file with the Bank containing non-solicitation and non-disclosure provisions in a form similar to the form provided in Appendix III to the Plan ("Non-Solicitation Agreement").

Section 2.2 Participation. A designated employee or otherwise eligible employee will become a Participant as of the later of the Effective Date, the employee's date of hire, or the date on or after the Effective Date the employee satisfies the automatic eligibility provisions described in Section 2.1. Any Participant may be removed as an active Participant by the Board effective as of any date.

ARTICLE III

AWARDS AND EXTRAORDINARY OCCURRENCE ADDITIONS/REDUCTIONS

Section 3.1 Awards. At the beginning of each Performance Period (and at such other times as it may designate as to Discretionary Awards), the Board will make an "Award" to eligible Participants. As described in this Article, Awards may be Annual Awards (as defined in subsection 3.3(a)), Deferred Awards (as defined in subsection 3.3(b)), or Discretionary Awards (as defined in subsection 3.1(d)). Each Award (other than Discretionary Awards) will be equal to a percentage of the Participant's annual Compensation, as described in the applicable Appendices for Level I Participants and Level II Participants. "Compensation" means the Participant's annual earned base salary or wages for hours worked, including overtime and hours paid under the Bank's paid-time-off policies, as applicable, but in any case excluding any bonus, incentive compensation, or long-term disability insurance payments paid for the current or a prior year. In the event a Participant receives a raise during a calendar year, the Participant's Compensation for the year will reflect the actual wages paid to the Participant for the year.

(a) Performance Periods. A "Performance Period" is the one-calendar year period over which an Annual Award can be earned and vested pursuant to subsections 3.3(a) and 3.4(a). A "Deferral Performance Period" is the three-calendar year period over which a Deferred Award can be earned and vested pursuant to subsection 3.3(b). A Deferral Performance Period begins on the January 1st immediately following the Performance Period to which such Deferred Award applies.

(b) Award Notification. Participants will be notified of an Annual Award, a Deferred Award or Discretionary Award by the Bank by posting the Performance Goals and other necessary terms and conditions applicable to the Annual Award, Deferred Award or Discretionary Award on SharePoint on the Bank's intranet.

(c) Award Levels. Participants will receive varying Awards for each Performance Period based on their position with the Bank. A "Level I Participant" is the Bank's President and Chief Executive Officer, Executive Vice President or Senior Vice President of the Bank or any other individual designated as a Level I Participant by the Board. A "Level II Participant" is any participating employee who is not a Level I Participant. If a Participant receives a new position within the Bank which position changes the Participant's Award eligibility, level, or opportunity, each of the Awards for which Participant is or was eligible during the calendar year will be prorated to reflect the portion of the calendar year during which the Participant was eligible for each such Award, level, or opportunity.

(d) Discretionary Award. The President may recommend to the Board that additional discretionary Awards (each, a "Discretionary Award") be made to one or more Level II Participants to address external market considerations, recruiting needs, special projects and extraordinary individual or team efforts. The aggregate pool of funds available for all Discretionary Awards to Level II Participants in a calendar year will be determined by the Board and will not exceed 20 percent of the sum of all Final Awards of any kind paid to Level I Participants during such year.

The following hypothetical example illustrates how the aggregate pool of funds for Discretionary Awards in a year is determined and awarded:

In year 5, all of the Level I Participants receive: (i) total Annual Awards attributable to year 4 of $700,000, and (ii) total Deferred Awards attributable to year 1 of $600,000. In year 5, the sum of all Final Awards paid to Level I Participants is $1,300,000. Therefore, at any time during year 5, the President may recommend payment of Discretionary Awards to Level II Participants, the sum of which cannot exceed $260,000. The Board may authorize the payment of up to $260,000 for Discretionary Awards. The President may allocate the Discretionary Awards to one or more Level II Participants in her or his discretion, up to the maximum amount authorized by the Board (and in any event less than $260,000 in total). Payment must be made during year 5.

(e) Final Award and Extraordinary Occurrences. The "Final Award" is the amount of an earned and vested Annual Award, Deferred Award, or Discretionary Award, as adjusted based upon the level at which the Performance Goals have been achieved, that is ultimately paid to a Participant under the Plan. The amount of a Final Award may be increased or decreased at the Board's discretion to account for performance that is not captured in the Performance

Goals. The Board, in its discretion, may also consider Extraordinary Occurrences when assessing performance results and determining Final Awards. "Extraordinary Occurrences" mean those events that, in the opinion and discretion of the Board, are outside the significant influence of the Participant or the Bank and are likely to have a significant unanticipated effect, whether positive or negative, on the Bank's operating and/or financial results. Examples of Extraordinary Occurrences include, but are not limited to, change in law, regulation, or regulatory policy, or systemic macroeconomic events outside of management's control.

Section 3.2 Performance Goals. "Performance Goals" are the performance factors established by the Board for each Performance Period and Deferral Performance Period, as set forth in the applicable Appendices to the Plan, which are taken into consideration in determining the value of an Annual Award or Deferred Award . The Board may, for any reason or for an Extraordinary Occurrence, adjust the Performance Goals for a Performance Period or Deferral Performance Period to ensure the purposes of the Plan are served. Any such adjustment to Performance Goals shall be submitted to the FHFA for review prior to implementation.

(a) Establishment of Performance Goals. Performance Goals for Performance Periods, Deferral Performance Periods commencing on and after January 1, 2012, will be communicated to Participants via SharePoint on the Bank's intranet after they have been established by the Board.

(b) Achievement Level. Three achievement levels will be defined for each Performance Goal in determining how much of an Award is earned.

i. Threshold. The "Threshold" achievement level is the minimum achievement level accepted for a Performance Goal.

ii. Target. The "Target" achievement level is the planned achievement level for a Performance Goal.

iii. Maximum. The "Maximum" achievement level is achievement that substantially exceeds the Target achievement level.

(c) Interpolation. Achievement levels that discreetly fall in between Threshold-, Target-, and Maximum, will be interpolated, unless otherwise described in a Performance Goal.

(d) Considerations in Establishing Performance Goals. In determining appropriate Performance Goals and the relative weight accorded each Performance Goal, the Committee must:

i. Balance risk and financial results in a manner that does not encourage Participants to expose the Bank to imprudent risks;

ii. Make such determination in a manner designed to ensure that Participants' overall compensation is balanced and not excessive in amount and that the Annual Awards and Deferred Awards are consistent with the Bank's policies and procedures regarding such compensation arrangements; and

iii. Monitor the success of the Performance Goals and weighting established in prior years, alone and in combination with other incentive compensation awarded to the same Participants, and make appropriate adjustments in future calendar years as needed so that payments appropriately incentivize Participants and appropriately reflect risk.

Section 3.3 Earning and Vesting of Awards for Level I Participants.

(a) Earning and Vesting of Annual Awards. Fifty percent of an Award to a Level I Participant will become earned and vested on the last day of the Performance Period, provided the following requirements are met (an "Annual Award"):

i. The applicable Performance Goals for the Performance Period are satisfied;

ii. The Participant received (or, in the case of a Termination of Service described in Section 3.6(b) or Section 3.6(c) or a Reorganization described in Section 3.7, the President-CEO determines that the Participant would have received) a performance rating for the Performance Period of at least Fully Meets Expectations or Satisfactory; and

iii. The Participant is actively employed on the last day of the Performance Period, unless otherwise provided in Section 3.6 or Section 3.7.

(b) Earning and Vesting of Deferred Awards. The remaining 50 percent of an Award to a Level I Participant will become earned and vested on the last day of the Deferral Performance Period, provided the following requirements are met (a "Deferred Award"):

i. The applicable Performance Goals for the Deferral Performance Period are satisfied;

ii. The Participant received (or, in the case of a Termination of Service described in Section 3.6(b) or Section 3.6(c) or a Reorganization described in Section 3.7, the President-CEO determines that the Participant would have received) an average performance rating for the Deferral Performance Period of at least Fully Meets Expectations or Satisfactory; and

iii. The Participant is actively employed on the last day of the Deferral Performance Period, unless otherwise provided in Section 3.6 or Section 3.7.

(c) Calculation of Awards. The value of Awards to Level I Participants will be calculated in accordance with the applicable Appendix to the Plan.

Section 3.4 Earning and Vesting of Awards for Level II Participants.

(a) Earning and Vesting of Awards. An Award to a Level II Participant will become earned and vested on the last day of the Performance Period provided the following requirements are met (also an "Annual Award"):

i. The applicable Performance Goals for the Performance Period are satisfied;

ii. The Participant received (or, in the case of a Termination of Service described in Section 3.6(b) or Section 3.6(c), the President-CEO determines that the Participant would have received) a performance rating for the Performance Period of at least Fully Meets Expectations or Satisfactory; and

iii. The Participant is actively employed on the last day of the Performance Period, unless otherwise provided in Section 3.6.

(b) Calculation of Awards. The value of Awards to Level II Participants will be calculated in accordance with the applicable Appendix to the Plan.

Section 3.5 Reserved.

Section 3.6 Effect of Termination of Service.

(a) In General. If a Level I Participant incurs a Termination of Service for any reason other than a reason set forth in subsection 3.6(b), 3.6(c), or Section 3.7, the Level I Participant's Award will be forfeited, effective as of the date of such Termination of Service.

If a Level II Participant incurs a Termination of Service for any reason other than a reason set forth in subsection 3.6(b) or 3.6(c), the Level II Participant's Award will be forfeited effective as of the date of such Termination of Service.

(b) Termination Due to Death, Disability, or by the Bank without Cause due to a Reduction in Force.

i. Notwithstanding the provisions of Section 3.3 and subsection 3.6(a), if a Level I Participant incurs a Termination of Service due to death or Disability or by the Bank without Cause due to a Reduction in Force, then the Participant's Deferred Awards (including, without limitation, the Deferred Award attributable to the calendar year in which the Termination of Service occurs) will be treated as earned and vested based on the assumption the Bank would have achieved the applicable Performance Goals at the Target achievement level for the Deferral Performance Period(s).

ii. Notwithstanding the provisions of Section 3.3 and subsection 3.6(a), if a Level I Participant incurs a Termination of Service due to death or Disability or by the Bank without Cause due to a Reduction in Force, any Annual Award which has not been earned and vested will be treated as earned and vested based on the assumption the Bank would have achieved the Performance Goals at the Target achievement level for the Performance Period.

iii. Notwithstanding the provisions of Section 3.4 and subsection 3.6(a), if a Level II Participant incurs a Termination of Service during a Performance Period due to death, Disability, or by the Bank without Cause due to a Reduction in Force, an Annual Award will be treated as earned and vested based on the assumption the Bank would have achieved the Performance Goals at the Target achievement level for the Performance Period.

(c) Termination Due to Other Events.

i. Termination of Service for Good Reason. Notwithstanding the provisions of Section 3.3 and subsection 3.6(a), if a Level I Participant incurs a Termination of Service due to Good Reason, an Annual Award or Deferred Award (including, without limitation, the Deferred Award attributable to the calendar year in which the Termination of Service occurs), as the case may be, will be treated as earned and vested to the extent the Performance Goals for the Performance Period and/or Deferral Performance Period(s) are satisfied.

ii. Termination of Service due to Retirement.

(A) Notwithstanding the provisions of Section 3.3 and subsection 3.6(a), if a Level I Participant incurs a Termination of Service due to Retirement, any Annual Award which has not been earned and vested will be treated as earned and vested to the extent the Performance Goals for the Performance Period are satisfied.

(B) Notwithstanding the provisions of Section 3.3 and subsection 3.6(a), if a Level I Participant incurs a Termination of Service due to Retirement, any Deferred Award (including, without limitation, the Deferred Award attributable to the calendar year in which the Termination of Service occurs) will be treated as earned and vested to the extent the Performance Goals for each applicable Deferral Performance Period are satisfied.

iii. Notwithstanding the provisions of Section 3.4 and subsection 3.6(a), if a Level II Participant incurs a Termination of Service during a Performance Period due to Retirement, an Annual Award will be treated as earned and vested to the extent the Performance Goals for the Performance Period are satisfied.

(d) Definitions.

i. "Cause" means (A) continued failure of a Participant to perform his or her duties with the Bank (other than any such failure resulting from Disability), after a written demand for performance is delivered to the Participant, which specifically identifies the manner in which the Participant has not performed his or her duties, (B) personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure or omission to perform stated duties, or willful violation of any law, rule or regulation (other than routine traffic violations or similar offenses), or (C) removal of the Participant for cause by the Federal Housing Finance Agency ("FHFA") or at the direction of the FHFA pursuant to 12 U.S.C. 1422b(a)(2), or by any successor agency to the FHFA pursuant to a similar statute.

ii. "Disability" means, as a result of the Participant's incapacity due to physical or mental illness, the Participant has been absent from his or her duties with the Bank for an aggregate of 12 out of 15 consecutive months and, within 30 days after a written notice of termination is thereafter given by the Bank to the Participant, the Participant does not return to the full-time performance of the Participant's duties.

iii. "Good Reason" means a Termination of Service by a Level I Participant under any of the following circumstances:

(A) a material change in the Participant's status, position, job title or principal duties and responsibilities as a key employee of the Bank which does not represent a promotion from the Participant's status and position immediately prior to the change ("Position");

(B) the assignment to the Participant of any duties or responsibilities (or removal of any duties or responsibilities), which assignment or removal is materially inconsistent with such Position;

(C) any removal of the Participant from such Position (including, without limitation, all demotions and harassing assignments), except in connection with the termination of the Participant's employment for Cause or Disability, or as a result of the Participant's death;

(D) any material breach by the Bank of any provisions of this Plan or any other agreement with the Participant; or

(E) any failure by the Bank or its successors and assigns to obtain the assumption of this Plan by any successor or assign of the Bank.

iv. "Reduction in Force" means an involuntary Termination of Service of a Participant by the Bank in connection with a financial decision by the Board to reduce the number of Bank employees, not due to the Participant's performance, and not due to a Reorganization.

v. "Retirement" means the Participant's planned and voluntary termination of employment after the Participant has delivered timely advance written notice of intent to retire to the Bank and has either: (A) attained age 60 with five "Years of Service," or (B) attained the "Rule of 85," which means the Participant has attained a combined age and Years of Service that mathematically is equal to or exceeds the number 85. A "Year of Service" will be calculated in the same manner as under the Pentegra Defined Benefit Pension Plan for Financial Institutions. Advance written notice will be deemed timely given if it is given at least four weeks in advance, as to Vice Presidents, First Vice Presidents, Senior Vice Presidents, Executive Vice Presidents, and the Chief Executive Officer, and at least two weeks in advance, as to all other employees.

vi. "Termination of Service" means the occurrence of any act or event or any failure to act, that actually or effectively causes or results in a Participant ceasing, for whatever reason, to be an employee of the Bank, including, but not limited to, death, Disability, Retirement, termination of the Participant's employment by the Bank (whether for Cause or otherwise), termination by the Participant of his or her employment with the Bank for Good Reason and voluntary resignation or termination by the Participant of his or her employment.

Section 3.7 Effect of Reorganization. The following provision applies to Level I Participants only.

(a) Notwithstanding the provisions of Sections 3.3 and 3.6, if a Reorganization of the Bank occurs, then any portion of an Annual Award or Deferred Award (including, without limitation, the Deferred Award attributable to the calendar year in which the Termination of Service occurs) which has not otherwise become earned and vested as of the date of the Reorganization will be treated as 100 percent earned and vested effective as of the date of the Reorganization based on the assumption the Bank would have achieved the Performance Goals at the Target achievement level for the Performance Period and Deferral Performance Period.

(b) "Reorganization" of the Bank will mean the occurrence at any time of any of the following events:

i. The Bank is merged or consolidated with or reorganized into or with another bank or other entity, or another bank or other entity is merged or consolidated into the Bank;

ii. The Bank sells or transfers all, or substantially all of its business and/or assets to another bank or other entity;

iii. More than 50 percent of the total market value or total voting power of all ownership interests in the Bank is acquired, within any 12-month period, by one person or entity or by more than one person or entity acting as a group; or

iv. The liquidation or dissolution of the Bank.

The term "Reorganization" shall not include any Reorganization that is mandated by federal statute, rule, regulation, or directive, including 12 U.S.C. § 1421, et seq., as amended, and 12 U.S.C. § 4501 et seq., as amended, and which the Director of the FHFA (or successor agency) has determined should not be a basis for accelerating vesting under this Plan, by reason of the capital condition of the Bank or because of unsafe or unsound acts, practices, or condition ascertained in the course of the Agency's supervision of the Bank or because any of the conditions identified in 12 U.S.C. § 4617(a)(3) are met with respect to the Bank (which conditions do not result solely from the mandated reorganization itself, or from action that the Agency has required the Bank to take under 12 U.S.C. § 1431(d)).

Section 3.8 Payment of Awards.

(a) Payments Related to Termination of Service. The following provisions apply to Final Awards payable as a result of a Termination of Service.

i. In the event of a Termination of Service due to (a) a termination by the Bank without Cause due to a Reduction in Force, (b) death, or (c) Disability, 100 percent of a Final Award will be paid in a single sum within 75 days of the date of Termination of Service. Notwithstanding the foregoing, in the event of a Reduction in Force, a Participant must execute the severance agreement offered by the Bank in order to be eligible to receive payment.

ii. In the event of a Termination of Service due to Retirement or a termination by a Level I Participant for Good Reason, payment of a Final Award will be made in a single sum within 75 days following the end of the Performance Period or Deferral Performance Period, as applicable.

(b) Payments Not Related to a Termination of Service. Final Awards which become vested for reasons other than a Termination of Service will be paid in a single sum within 75 days following the end of the Performance Period or Deferral Performance Period, as applicable. Notwithstanding the foregoing, Discretionary Awards granted pursuant to Section 3.1(d) may be awarded and paid at any time during the year that funds are available for such Discretionary Awards.

(c) Notwithstanding the foregoing provisions of this Section, Final Awards will be paid upon approval by the Board and after review of the calculations by the Bank's Internal Audit department. However, in the event of a Reorganization, payment of a Final Award will be made in a single sum on the date on which the Reorganization occurs.

Section 3.9 Reduction or Forfeiture of Awards.

(a) If during the Deferral Performance Period actual losses or other measures or aspects of performance related to the Performance Period or Deferral Performance Period are realized which would have caused a reduction in amount of the Final Award calculated for the Performance Period or Deferral Performance Period, then the remaining amount of the Final Award to be paid at the end of the Deferral Performance Period will be reduced to reflect this additional information.

(b) Notwithstanding any other provision of the Plan, if a Participant violates a Non-Solicitation Agreement, all of his unpaid vested and unvested Awards will be forfeited effective as of the date the Board determines such violation has occurred and gives written notice to the Participant of such determination. Any future payments for a vested Award will cease and the Bank will have no further obligation to make such payments.

(c) Notwithstanding any other provision of the Plan, if during the most recent examination of the Bank by the FHFA, the FHFA identified an unsafe or unsound practice or condition that is material to the financial operation of the Bank within the Participant's area(s) of responsibility and such unsafe or unsound practice or condition is not subsequently remediated to the satisfaction of the Board as determined by the Board after reviewing the findings or input from the FHFA, then all (or a portion) of a Participant's vested and unvested Awards will be forfeited as determined by the Board and directed to the participant in writing. Any future payments for a vested Award will, if directed by the Board, cease and the Bank will have no further obligation to make such payments.

(d) By resolution, the Board may reduce or eliminate an Award that is otherwise earned under this Plan but not yet paid, if the Board finds that a serious, material safety-soundness problem, or a serious, material risk-management deficiency exists at the Bank, or if: (i) operational errors or omissions result in material revisions to: (A) the financial results, (B) information submitted to the FHFA, or (C) data used to determine incentive payouts; (ii) submission of material information to the SEC, Office of Finance, and/or FHFA is significantly past due, or (iii) the Bank fails to make sufficient progress, as determined by the Board, in the timely remediation of significant examination, monitoring and other supervisory findings.

ARTICLE IV

ADMINISTRATION

Section 4.1 Appointment of the Committee. The Committee, or a duly authorized officer or officers of the Bank empowered by the Committee to act on its behalf under sub-section 4.2(d), will be responsible for administering the Plan, and the Committee will be charged with the full power and the responsibility for administering the Plan in all its details; provided that the power to determine eligibility pursuant to Article II is reserved to the Board.

Section 4.2 Powers and Responsibilities of the Committee. The Committee will have all powers necessary to administer the Plan, including the power to construe and interpret the Plan document; to decide all questions relating to an individual's eligibility to participate in the Plan; to determine the amount, manner and timing of any distribution of benefits under the Plan; to resolve any claim for benefits in accordance with Article V, and to appoint or employ advisors, including legal counsel, to render advice with respect to any of the Committee's responsibilities under the Plan. Any construction, interpretation, or application of the Plan by the Committee will be final, conclusive and binding.

(a) Records and Reports. The Committee will be responsible for maintaining sufficient records to determine each Participant's eligibility to participate in the Plan.

(b) Rules and Decisions. The Committee may adopt such rules as it deems necessary, desirable, or appropriate in the administration of the Plan. All rules and decisions of the Committee will be applied uniformly and consistently to all Participants in similar circumstances. When making a determination or calculation, the Committee will be entitled to rely upon information furnished by a Participant, the Bank or the legal counsel of the Bank.

(c) Application for Benefits. The Committee may require a Participant to complete and file with it an application for a benefit, and to furnish all pertinent information requested by it. The Committee may rely upon all such information so furnished to it, including the Participant's current mailing address.

(d) Delegation. The Committee hereby delegates, authorizes, and directs the President-CEO to perform administrative responsibilities on its behalf under the Plan. The Committee may also authorize one or more additional officers or employees of the Bank to perform administrative responsibilities on its behalf under the Plan. All duly authorized officers and employees of the Bank will have all powers necessary to carry out the administrative duties delegated to such persons by the Committee.

Section 4.3 Income and Employment Tax Withholding. The Bank will withhold from payments to Participants of their Awards, to the extent required by law, all applicable federal, state, city and local taxes.

Section 4.4 Plan Expenses. The expenses incurred for the administration and maintenance of the Plan will be paid by the Bank.

ARTICLE V

BENEFIT CLAIMS

If the Committee requires a Participant to file a claim to receive his or her benefit under the Plan, or if he or she wishes to apply for a benefit, the claim must be made in writing and filed with the Committee. If a claim is denied, the Committee will furnish the claimant with written notice of its decision. A claimant may request a full and fair review of the denial of a claim for benefits by filing a written request with the Committee.

ARTICLE VI

AMENDMENT AND TERMINATION OF THE PLAN

Section 6.1 Amendment of the Plan. The Bank, acting through the Board, may amend the Plan at any time in its sole discretion. Notwithstanding the foregoing, the Bank may not amend the Plan to reduce a Participant's Award as determined on the day preceding the effective date of the amendment or to otherwise retroactively impair or adversely affect the rights of a Participant. Any substantive amendment to the Plan shall be submitted to the FHFA for review prior to implementation.

Section 6.2 Termination of the Plan. The Bank, acting through the Board, may terminate the Plan at any time in its sole discretion. Absent an amendment to the contrary, Plan benefits that were earned and vested prior to the termination will be paid at the times and in the manner provided for by the Plan at the time of the termination.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Governing Law. Except to the extent superseded by laws of the United States, the laws of Indiana will be controlling in all matters relating to the Plan without regard to the choice of law principles therein. The Plan and all Awards are intended to comply, and will be construed by the Bank in a manner in which they are exempt from or comply with the applicable provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent there is any conflict between a provision of the Plan or an Award and a provision of Code Section 409A, the applicable provision of Code Section 409A will control.

Section 7.2 Headings and Gender. The headings and subheadings in the Plan have been inserted for convenience of reference only and will not affect the construction of the Plan provisions. In any necessary construction, the masculine will include the feminine and the singular the plural, and vice versa. All calculations of events that last a portion of a calendar year or are to be determined pro rata as to a calendar year will be determined by the actual number of days the condition or event existed and assuming a 365-day year.

Section 7.3 Spendthrift Clause. No benefit or interest available under the Plan will be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or attachment by creditors of a Participant, either voluntarily or involuntarily. Notwithstanding the foregoing, a Participant may, by completing and signing a written beneficiary designation form which is delivered to and accepted by the Bank, designate a beneficiary to receive any payment and/or exercise any rights with respect to outstanding Awards upon the Participant's death. If at the time of the Participant's death there is not on file a fully effective beneficiary designation form, or if the designated beneficiary did not survive the Participant, the person or persons surviving at the time of the Participant's death in the first of the following classes of beneficiaries in which there is a survivor, shall have the right to receive any payment and/or exercise any rights with respect to outstanding Awards:

(a) Participant's surviving spouse.

(b) Participant's surviving domestic partner.

(c) Equally to the Participant's children, except that if any of the Participant's children predecease the Participant but leave descendants surviving, such descendants shall take by right of representation the share their parent would have taken if living.

(d) Participant's estate.

If a person in the class surviving dies before receiving any payment and/or exercising any rights with respect to outstanding Awards (or the person's share of any payment and/or rights in case of more than one person in the class), that person's right to receive any payment and/or exercise any rights with respect to outstanding Awards will lapse and the determination of who will be entitled to receive any payment and/or exercise any rights with respect to outstanding Awards will be determined as if that person predeceased the Participant.

For purposes of this Section 7.3, the following terms have the meanings assigned to them below:

(e) The term "spouse" means: (i) a person of the opposite gender from the Participant who is legally married to the Participant at the relevant time under the laws of the state in which they reside and who meets applicable requirements for being treated as a spouse for purposes of federal law; or (ii) a person of the same gender as the Participant who at the relevant time either (1) is recognized as being legally married to the Participant under federal law or the laws of the state or country in which the relationship was created, or (2) is a person who has joined with the Participant in a civil union that is recognized as creating some or all of the rights of marriage under the laws of the state or country in which the relationship was created.

(f) The term "domestic partner" means a person who is not the spouse of the Participant as defined in subsection (a) above, but who at the relevant time is the Participant's significant other (together referred to as "partners") with whom the Participant lives and shares financial responsibility. A domestic partner may be the same gender or opposite gender. A person will not be considered a domestic partner unless the Participant and/or domestic partner provides sufficient evidence to the Bank that all of the following requirements are satisfied:

i. Both partners are at least 18 years of age.

ii. Neither partner is married to another person under either statutory or common law, neither has another spouse, and neither is a member of another domestic partnership or has been a member of another domestic partnership within the prior 6 months.

iii. The partners have shared the same residence for at least 6 months, and continue to do so.

iv. The partners are not blood relatives.

v. Each of the partners is the other's sole life partner, and intend to remain so indefinitely.

vi. The partners are jointly responsible for each other's financial welfare and are able to prove at least three of the following situations to demonstrate such financial interdependence:

(A) Common ownership of real property or a common leasehold interest in property;

(B) Joint checking account;

(C) Joint credit cards;

(D) Designation of one another as primary beneficiary for life insurance or retirement benefits, or primary beneficiary designation under partner's will;

(E) Joint ownership of a motor vehicle; or

(F) Designation of partner under power of attorney.

Section 7.4 Counterparts. This Plan may be executed in any number of counterparts, each one constituting but one and the same instrument, and may be sufficiently evidenced by any one counterpart.

Section 7.5 No Enlargement of Employment Rights. Nothing contained in the Plan may be construed as a contract of employment between the Bank and any person, nor may the Plan be deemed to give any person the right to be retained in the employ of the Bank or limit the right of the Bank to employ or discharge any person with or without cause.

Section 7.6 Limitations on Liability. The individual members of the Board will, in accordance with the Bank's by-laws, be indemnified and held harmless by the Bank with respect to any alleged breach of responsibilities performed or to be performed hereunder. In addition, notwithstanding any other provision of the Plan, neither the Bank nor any individual acting as an employee or agent of the Bank will be liable to a Participant for any claim, loss, liability or expense incurred in connection with the Plan, except when the same has been affirmatively determined by a court order or by the affirmative and binding determination of an arbitrator, to be due to the gross negligence or willful misconduct of that person.

Section 7.7 Incapacity of Participant. If any person entitled to receive a distribution under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless a prior claim for the distribution has been made by a duly qualified guardian or other legal representative), then, unless and until a claim for the distribution has been made by a duly appointed guardian or other legal representative of the person, the Committee may provide for the distribution to be made to any other individual or institution then contributing toward or providing for the care and maintenance of the person. Any payment made for the benefit of the person under this Section will be a payment for the account of such person and a complete discharge of any liability of the Bank and the Plan.

Section 7.8 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person relying on the evidence considers pertinent and reliable, and signed, made or presented by the proper party or parties.

Section 7.9 Action by Bank. Any action required of or permitted by the Bank under the Plan will be by resolution of the Board or by a person or persons authorized by resolution of the Board.

Section 7.10 Severability. In the event any provisions of the Plan are held to be illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and endorsed as if the illegal or invalid provisions had never been contained in the Plan.

Section 7.11 Information to be Furnished by a Participant. A Participant, or any other person entitled to benefits under the Plan, must furnish the Committee with any and all documents, evidence, data or other information the Committee considers necessary or desirable for the purpose of administering the Plan. Benefit payments under the Plan are conditioned on a Participant (or other person who is entitled to benefits) furnishing full, true and complete data, evidence or other information to the Committee, and on the prompt execution of any document reasonably related to the administration of the Plan requested by the Committee.

Section 7.12 Attorneys' Fees. If any action is commenced to enforce the provisions of the Plan, payment of attorneys' fees will be governed by the terms set forth in the mandatory "Agreement to Arbitrate" entered into between the Bank and the Participant.

Section 7.13 Binding on Successors. The Plan will be binding upon and inure to the benefit of the Bank and its successors and assigns, and the successors, assigns, designees and estates of a Participant. The Plan will also be binding upon and inure to the benefit of any successor organization succeeding to substantially all of the assets and business of the Bank, but nothing in the Plan will preclude the Bank from merging or consolidating into or with, or transferring all or substantially all of its assets to, another organization which assumes the Plan and all obligations of the Bank hereunder. The Bank agrees that it will make appropriate provision for the preservation of a Participant's rights under the Plan in any agreement or plan which it may enter into to effect any merger, consolidation, reorganization or transfer of assets. Upon such a merger, consolidation, reorganization or transfer of assets and assumption of Plan obligations of the Bank, the term "Bank" will refer to such other organization and the Plan will continue in full force and effect.

2015 PERFORMANCE GOALS AS APPROVED BY THE BOARD OF DIRECTORS, AS AMENDED:

Pursuant to Section 3.2 of the Federal Home Loan Bank of Indianapolis ("Bank") Incentive Plan, effective as of January 1, 2012, and as amended (the "Plan"), the following Appendices were adopted by the Board of Directors (the "Board") of the Bank on November 20, 2014, and amended by the Board on January 29, 2015, in each case after consideration and review by the Human Resources Committee of the Board. These Appendices to the Plan are effective as of January 1, 2015. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

APPENDIX I

2015 PERFORMANCE PERIOD AWARDS FOR LEVEL II PARTICIPANTS
Federal Home Loan Bank of Indianapolis

A. Incentive Opportunities for Level II Participants

	INCENTIVE DELIVERED IN CASH AS % OF COMPENSATION [1]		
Position	**Threshold**	**Target**	**Maximum**
1ST VP	20%	25%	30%
Calling Officers	20%	30%	40%
VP	15%	20%	25%
AVP	5%	10%	15%
OTHER Employees	2.5%	7.5%	10%

(1) "Compensation" is defined in Section 3.1 of the Federal Home Loan Bank of Indianapolis Incentive Plan

B. 2015 Performance Goals

MISSION GOALS	WEIGHTED VALUE			MINIMUM THRESHOLD	TARGET	MAXIMUM
	Bank [1]	CRM	Sales [2]			
1. PROFITABILITY [3]	25%	25%	20%	350 bp	590 bp	700 bp
2. MEMBER PRODUCTS						
Member Advance Growth [4]	15%	15%	20%	1%	2.5%	8%
Advance Special Activity [5]	10%	5%	15%	4 points	7 points	9 points
MPP Production [6]	10%	10%	10%	$750 MM	$1,770 MM	$2,250 MM
MPP Participation Rate [7]	10%	10%	15%	70%	80%	90%
CIP Advances Originated [8]	5%	5%	5%	$50 MM	$75 MM	$100 MM
3. INFORMATION TECHNOLOGY [9]						
Enhanced Capabilities [10]	5%	5%	5%	Deliver all Technology Strategy White Papers with proposed technology options.	Achieve Threshold and deliver a minimum of 6 detailed multi-release phased implementation plans, tied to Technology Strategy White Papers technology options or PPWG Roadmap.	Achieve Target and release to production at least two releases associated with the 6 multi-release implementation plans.
CBS Implementation [11]	5%	5%	5%	Release to production a minimum of 6 CBS releases	Achieve Threshold and Release to production a Major Release in CBS that supports CO and DN integration into existing CBS platform.	Achieve Target and release to production another CBS Major Release.
4. RISK MANAGEMENT AND REPORTING						
Retained Earnings [12]	10%	10%	3%	5.7%	5.9%	6.3%
Prudential Management, Risk Oversight Committee Reports, and Risk Appetite Statement Compliance [13]	5%	10%	2%	2 Prudential Management Self-Assessments and a ROC Report for at least 6 Board meetings.	Achieve Threshold and remain within Policy and Regulatory Limit for each Risk Type identified in the RAS Limit and Tolerance Report, as amended from time to time, for each ROC Report.	Achieve Target and remain within the Tolerance for each Risk Type identified in the RAS Limit and Tolerance Report, as amended from time to time, for each ROC Report.

(1) For all Level II Participants, excluding those addressed in the CRM and Sales columns, and excluding those in the Internal Audit department.

(2) For VP-Business Development Director, VP Account Managers, AVP Account Managers, other Account Managers, and Market Research officers and Staff, excluding their administrative support staff, who fall under the Bank column for the weighted value determination.

(3) For purposes of this goal, profitability is defined as the Bank's profitability rate in excess of the Bank's cost of funds rate. Profitability is the Bank's adjusted net income reduced by the portion of net income to be added to restricted retained earnings under the Joint Capital Enhancement Agreement dated August 5, 2011, as amended, by and among the twelve Federal Home Loan Banks and increased by the Bank's accruals for incentive compensation. Adjusted net income represents GAAP Net Income adjusted: (i) for the net impact of certain current and prior period Advance prepayments and debt extinguishments, net of the AHP assessment, (ii) to exclude mark-to-market adjustments on derivatives and certain other effects from derivatives and hedging activities, net of the AHP assessment, and (iii) to exclude the effects from interest expense on mandatorily redeemable capital stock. The Bank's profitability rate is profitability, as defined above, as a percentage of average total regulatory capital stock (B1 weighted at 100% and B2 weighted at 80% to reflect the relative weights of the Bank's dividend). Assumes no material change in investment authority under the FHFA's regulation, policy, directive, guidance, or law.

(4) Member advances are calculated as the growth in the average daily balance of advances outstanding to members at par. Average daily balances are used instead of point-in-time balances to eliminate point-in-time activity that may occur and to reward for the benefit of the income earned on advances balances while outstanding. Members that become non-members during 2015 will be excluded from the calculation.

(5) For each Advance Special offering (*i.e.*, each advance offering communicated to members on special terms), one (1) point is earned for an Advance Special offering if at least ten (10) members participate in the offering or an aggregate total of $50 million or more is originated pursuant to the offering.

(6) Mortgage Purchase Program production, including FHA and conventional loans, will be the amount of all Master Delivery Contracts traded in 2015. Assumes no capital requirement for MPP. Excludes Acquired Member Assets ("AMA") obtained from or through other Federal Home Loan Banks. It also assumes no material change in AMA authority under the FHFA's regulation, policy, directive, guidance, or law. When calculating achievement between the minimum threshold and the performance maximum, no single member can account for more than 25% of conventional production.

(7) Mortgage Purchase Program Participation Rate is the measurement of the proportion of approved MPP Participating Financial Institutions ("PFIs") that trade mortgage loans each quarter, divided by the sum of (i) the approved MPP PFIs with open Master Commitment Contracts at the beginning of that quarter, and (ii) those additional MPP PFIs not included in (i) for a quarter that trade mortgage loans in such quarter. MPP PFIs are automatically dropped from the approved MPP PFI list if the PFI: (a) has not traded with the Bank within 12 months of the later of their approval date or their last trade date; (b) has ceased to be a member; (c) has discontinued participation in MPP in accordance with applicable MPP contracts; (d) ceases to have an open Master Commitment Contract at the end of the quarter; or (e) has defaulted under one or more agreements with the Bank. This rate is measured quarterly, with the 4 quarters' results averaged.

(8) "CIP" means Community Investment Program. "CIP Advances" are newly-originated Community Investment Cash Advances, including CIP and other qualifying Advances and CIP qualified letters of credit, provided in support of targeted projects as defined in 12 C.F.R. Part 1291 and the Federal Home Loan Bank Act.

(9) Status and reporting on these technology Goals and their attainment will be provided in writing by the Chief Information Officer ("CIO"), Chief Accounting Officer ("CAO"), and Chief Financial Officer ("CFO"), and will be confirmed by the President-CEO. The CIO, CAO, CFO, and the President-CEO will advise the Committee designated in Section 1.3 of the Plan of unanticipated developments that could be expected to materially change the Bank's ability to achieve these Goals. If one or more of these designated positions are open at the time any of the foregoing approvals are required, the Executive Vice President-Finance will be substituted.

(10) "PPWG" means project prioritization working group. Production delivery is defined as the implementation in production of software that is identified in a Technology Strategy White Paper and either supports new business capabilities or extends existing business capabilities. This Goal excludes all technology initiatives that are in testing as of November 2014.

(11) A release will be approved by the Core Banking Solution ("CBS") PPWG. "CO" means consolidated obligation; "DN" means discount notes. A "Major Release" is a CBS software release that provides new functionality or major enhancement to existing functionality, and not fixes to existing functionality or minor enhancements to existing functionality. The CBS PPWG will determine whether a release is a "Major Release," subject to the review and concurrence of the CIO and President-CEO.

(12) Total Retained Earnings divided by mortgage assets, measured at the end of each month. Calculated each month as Total Retained Earnings divided by the sum of the carrying value of the MBS and AMA portfolios. The year-end calculation will be the simple average of the 12 month-end calculations.

(13) As per the Board meeting schedule, provide the Board Risk Oversight Committee the CRM report for at least six scheduled in-person meetings. Prudential Management Self-Assessments are performed twice annually to assess compliance with the FHFA Prudential Management & Operations Standards. "ROC" means Risk Oversight Committee of the Board of Directors. "RAS" means Risk Appetite Statement. Achievement of these objectives will be documented through RAS Limit and Tolerance Reports that are presented to the ROC.

APPENDIX II

2015 PERFORMANCE PERIOD AWARDS FOR LEVEL I PARTICIPANTS
Federal Home Loan Bank of Indianapolis

A. Incentive Opportunities for Level I Participants

				50% of Total Incentive Earned & Vested At Year-End			50% of Total Incentive Deferred for 3-Years		
	TOTAL INCENTIVE AS % OF COMPENSATION (1)			YEAR-END INCENTIVE AS % OF COMPENSATION (1)			DEFERRED INCENTIVE AS % OF COMPENSATION (2)		
Position	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**
CEO	50%	75%	100%	25%	37.5%	50%	25%	37.5%	50%
EVP/SVP	30%	50%	70%	15%	25%	35%	15%	25%	35%

(1) Compensation is defined in Section 3.1 of the Federal Home Loan Bank of Indianapolis Incentive Plan.
(2) Deferred Awards are subject to additional Performance Goals during the Deferral Performance Period. Depending on the Bank's performance during the Deferral Performance Period, the Final Award will be worth 75 percent at Threshold, 100 percent at Target or 125 percent at Maximum of the original amount of the Deferred Award.

B. 2015 Performance Goals for Level I Participants

The Mission Goals, Weighted Values, Minimum Threshold, Target, Maximum, and notes set forth in Appendix I.B. above shall apply to Level I Participants as well as Level II Participants, and is incorporated herein by this reference. For purposes of this Appendix II.B., "Bank" shall refer to Level I Participants other than those in CRM and Internal Audit, and "CRM" shall refer to Level I Participants in CRM. No Level I Participant qualifies for "Sales."

C. 2016-2018 Performance Goals for Level I Participants

MISSION GOALS	WEIGHTED VALUE		MINIMUM THRESHOLD (4)	TARGET (4)	MAXIMUM (4)
	Bank (3)	CRM			
1. PROFITABILITY (1)	35%	35%	25 bp	50 bp	150 bp
2. RETAINED EARNINGS (2)	35%	35%	3.5%	3.9%	4.3%
3. PRUDENTIAL	30%	30%	Achieve 2 Prudential Standards	—	Achieve all 3 Prudential Standards
A. Maintain a regulatory capital-to-assets ratio of at least 4.16% as measured on each quarter-end in 2016 through 2018.					
B. Without Board pre-approval, do not purchase more than $2.5 billion of conventional AMA assets per plan year.					
C. Award to FHLBI members the annual AHP Competitive funding requirement in each plan year.					

(1) For purposes of this goal, profitability is defined as the Bank's profitability rate in excess of the Bank's cost of funds rate. Profitability is the Bank's adjusted net income reduced by the portion of net income to be added to restricted retained earnings under the Joint Capital Enhancement Agreement dated August 5, 2011, as amended, by and among the Twelve Federal Home Loan Banks and increased by the Bank's accruals for incentive compensation. Adjusted net income represents GAAP Net Income adjusted: (i) for the net impact of certain current and prior period Advance prepayments and debt extinguishments, net of the AHP assessment, (ii) to exclude mark-to-market adjustments on derivatives and certain other effects from derivatives and hedging activities, net of the AHP assessment, and (iii) to exclude the effects from interest expense on mandatorily redeemable capital stock. The Bank's profitability rate is profitability, as defined above, as a percentage of average total regulatory capital stock (B1 weighted at 100% and B2 weighted at 80% to reflect the relative weights of the Bank's dividend). Assumes no material change in investment authority under the FHFA's regulation, policy, directive, guidance, or law. Attainment of this goal will be computed using the simple average of annual profitability measures over the three-year period.

(2) Total Retained Earnings divided by mortgage assets, measured at the end of each month. Calculated each month as Total Retained Earnings divided by the sum of the carrying value of the MBS and AMA assets portfolios. The calculation will be the simple average of 36 month-end calculations.

(3) For Level I Participants other than those in CRM and Internal Audit.

(4) Deferred Awards are subject to additional Performance Goals for the Deferral Performance Period. Depending on the Bank's performance during the Deferral Performance Period, the Final Award will be worth 75 percent at Threshold, 100 percent at Target or 125 percent at Maximum of the original amount.

APPENDIX III

FORM OF NON-SOLICITATION AND NON-DISCLOSURE AGREEMENT

This Agreement is entered into as of the ____ day of _____________, 201_, by and between the FEDERAL HOME LOAN BANK OF INDIANAPOLIS, a corporation organized under the laws of the United States (the "Bank") and ____________________ (the "Executive").

WHEREAS, the Bank sponsors the Federal Home Loan Bank of Indianapolis Incentive Plan (the "Plan"); and

WHEREAS, as a condition of participation in the Plan, the Bank requires that the Executive agree to the terms and conditions found within this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual promises and agreements contained herein and other good and valuable consideration, the receipt, legal adequacy and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Non-Disclosure; Return of Confidential Information and Other Property.

(a) Access to Confidential Information. The Executive understands, acknowledges and agrees that during the course of his or her employment with the Bank he or she has gained or will gain information regarding, knowledge of, and familiarity with, the Confidential Information of the Bank (as defined in subsection (c)) that would cause irreparable damage and harm to the Bank if it was disclosed. The Executive understands, acknowledges and agrees that the Confidential Information has substantial economic value because it is not known or readily ascertainable by proper means by others who could obtain economic value from it. The Executive also acknowledges and agrees that the Bank uses reasonable means to maintain the secrecy and confidentiality of the Confidential Information.

(b) Non-Disclosure. At all times while the Executive is employed by the Bank, and at all times thereafter, the Executive will not (i) directly or indirectly disclose, provide or discuss any Confidential Information with or to any Person (as defined in subsection (d)) other than those directors, officers, employees, representatives and agents of the Bank who need to know such Confidential Information for a proper corporate purpose, and (ii) directly or indirectly use any Confidential Information (A) to compete against the Bank, or (B) for the Executive's own benefit, or for the benefit of any Person other than the Bank.

(c) Confidential Information Defined. For purposes of this Agreement, the term "Confidential Information" means any and all:

(i) materials, records, data, documents, lists, writings and information (in each case, whether in writing, printed, verbal, electronic, computerized or otherwise) (A) relating or referring in any manner to the business, operations, affairs, financial condition, results of operation, cash flow, assets, liabilities, sales, revenues, income, estimates, projections, policies, strategies, techniques, methods, products, developments, suppliers, regulators, members, relationships and/or customers of the Bank that are confidential, proprietary or not otherwise publicly available, in any event not without a breach of this Agreement, or (B) that the Bank has deemed confidential, proprietary, nonpublic or not otherwise publicly available without breaching this Agreement;

(ii) trade secrets of the Bank, as defined in Indiana Code Section 24-2-3-2, as amended, or any successor statute; and

(iii) any and all copies, summaries, analyses and extracts which relate or refer to or reflect any of the items set forth in (i) or (ii) above. The Executive agrees that all Confidential Information is confidential and is and at all times will remain the property of the Bank.

(d) Person Defined. For purposes of this Agreement, the term "Person" will mean any natural person, proprietorship, partnership, corporation, limited liability company, bank, organization, firm, business, joint venture, association, trust or other entity and any government agency, body or authority.

(e) Return of Confidential Information and Other Property. The Executive covenants and agrees:

(i) to keep all Confidential Information subject to the Bank's custody and control and to promptly return to the Bank all Confidential Information that is still in the Executive's possession or control at the termination of the Executive's employment with the Bank; and

(ii) promptly upon termination of the Executive's employment with the Bank, to return to the Bank, at the Bank's principal office, all vehicles, equipment, computers, credit cards and other property of the Bank and to cease using any of the foregoing.

(f) Exceptions from Confidentiality Obligations. Section 1 shall not be deemed to prevent the Executive from making disclosures required by applicable regulation, law, agency order, or court order, to the extent the Executive provides reasonable written notice of such disclosure requirement to the Bank prior to such disclosure, to the extent such prior notice is not prohibited, to permit the Bank to contest the disclosure of such information.

2. Non-Disparagement. The Executive agrees to not communicate disparaging remarks to third parties about the Bank, its directors, officers or employees. Likewise, the Bank agrees not to disparage the Executive or his or her skills or job performance to third parties. However, nothing in this paragraph shall prohibit the Bank or the Executive from testifying truthfully under oath.

3. Non-Solicitation and No-Hire. The Executive hereby understands, acknowledges and agrees that, by virtue of his or her position with the Bank, the Executive has and will have advantageous familiarity and personal contacts with the employees of the Bank and has and will have advantageous familiarity with the business, operations and affairs of the Bank. In addition, the Executive understands, acknowledges and agrees that the business of the Bank is highly competitive. Accordingly, at all times while the Executive is employed by the Bank and for a twelve-month period following Termination of Service, the Executive will not, directly or indirectly, or individually or together with any other Person, as owner, shareholder, investor, member, partner, proprietor, principal, director, officer, Executive, manager, agent, representative, independent contractor, consultant or otherwise induce, request or attempt to influence any Bank employee who was employed by the Bank during the twelve-month period prior to

Termination of Service, to terminate his or her employment with the Bank. In addition, the Executive agrees that for a period of twelve months following the Executive's Termination of Service, Executive will not hire any Bank employee who was employed by the Bank during the twelve-month period prior to the Executive's Termination of Service.

4. **Periods of Noncompliance and Reasonableness of Periods**. The restrictions and covenants contained in Section 3 will not run during all periods of noncompliance and will apply during the Term of this Agreement and for the full periods specified in Section 3. The Bank and the Executive understand, acknowledge and agree that the restrictions and covenants contained in Section 3 are reasonable in view of the nature of the business in which the Bank is engaged, the Executive's position with the Bank and the Executive's advantageous knowledge and familiarity with, the Bank's employees, business, operations, affairs and customers.

The Bank's obligation to pay an award to the Executive pursuant to the Federal Home Loan Bank of Indianapolis Incentive Plan will immediately terminate in the event the Executive breaches any of the provisions of Section 1 or 3 and all outstanding awards will be forfeited. Notwithstanding the foregoing:

(a) the Executive's covenants set forth in Sections 1 or 3 will continue in full force and effect and be binding upon the Executive;

(b) the Bank will be entitled to the remedies specified in Section 6; and

(c) the Bank will be entitled to its damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from or relating to the successful prosecution of the Executive's breach of any of the provisions of Section 1 or 3.

5. **Survival of Certain Provisions**. Upon any termination of the Executive's employment with the Bank, the Executive and the Bank hereby expressly agree that the provisions of Sections 1, 3, 4 and 6 will continue to be in full force and effect and binding upon the Executive and the Bank in accordance with the applicable respective provisions of such Sections.

6. **Remedies**. The Executive agrees that the Bank will suffer irreparable damage and injury and will not have an adequate remedy at law in the event of any actual, threatened or attempted breach by the Executive of any provision of Section 1 or 3. Accordingly, in the event of a threatened, attempted or actual breach by the Executive of any provision of Section 1 or 3, in addition to all other remedies to which the Bank is entitled at law, in equity or otherwise, the Bank may be entitled to a temporary restraining order and a permanent injunction or a decree of specific performance of any provision of Section 1 or 3. The foregoing remedies will not be deemed to be the exclusive rights or remedies of the Bank for any breach of or noncompliance with this Agreement by the Executive but will be in addition to all other rights and remedies available to the Bank at law, in equity or otherwise.

7. **Severability**. In case any one or more of the provisions (or any portion thereof) contained herein will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, but this Agreement will be construed as if such invalid, illegal or unenforceable provision or provisions (or portion thereof) had never been contained herein. If any provision of this Agreement will be determined by a court of competent jurisdiction to be unenforceable because of the provision's scope, duration or other factor, then such provision will be considered divisible and the court making such determination will have the power to reduce or limit (but not increase or make greater) such scope, duration or other factor or to reform (but not increase or make greater) such provision to make it enforceable to the maximum extent permitted by law, and such provision will then be enforceable against the appropriate party hereto in its reformed, reduced or limited form; provided, however, that a provision will be enforceable in its reformed, reduced or limited form only in the particular jurisdiction in which a court of competent jurisdiction makes such determination.

8. **Entire Agreement**. This Agreement sets forth the entire understanding of the parties hereto with respect to its subject matter, merges and supersedes all prior and contemporaneous understandings with respect to its subject matter, and may not be waived or modified, in whole or in part, except in writing signed by each of the parties hereto. No waiver of any provision of this Agreement in any instance will be deemed to be a waiver of the same or any other provision in any other instance. The recitals set forth above are incorporated herein by this reference.

9. **Effect and Modification**. No statement or promise, except as set forth herein, has been made with respect to the subject matter of this Agreement. No modification or amendment will be effective unless in writing and signed by the Executive and an officer of the Bank (other than the Executive).

10. **Non-Waiver**. The Bank's or the Executive's failure or refusal to enforce all or any part of, or the Bank's or the Executive's waiver of any breach of this Agreement, will not be a waiver of the Bank's or the Executive's continuing or subsequent rights under this Agreement, nor will such failure or refusal or waiver have any effect on the subsequent enforceability of this Agreement.

11. **Non-Assignability**. This Agreement contemplates that the Executive will personally provide the services described herein, and accordingly, the Executive may not assign the Executive's rights or obligations hereunder, whether by operation of law or otherwise, in whole or in part, without the prior written consent of the Bank.

12. **Notice**. Any notice, request, instruction or other document to be given hereunder to any party will be in writing and delivered by hand, telegram, registered or certified United States mail return receipt requested, or other form of receipted delivery, with all expenses of delivery prepaid, as follows:

If to the Executive: ____________________________
____
____
____

If to the Bank: Federal Home Loan Bank of Indianapolis
c/o General Counsel
8250 Woodfield Crossing Blvd.
Suite 400
Indianapolis, IN 46240

13. **Governing Law**. This Agreement is being delivered in and will be governed by the laws of the State of Indiana without regard to the choice of law principles thereof. Any dispute regarding this Agreement will be brought in any Indiana state or federal court having jurisdiction in the matter and located in Marion County, Indiana, and the Executive expressly consents to the jurisdiction of such courts.

14. **Prior Agreements**. The Executive represents and warrants to the Bank that the Executive is not a party to or otherwise bound by any agreement that would restrict in any way the performance by the Executive of the Executive's duties, services and obligations under this Agreement, that the Executive has disclosed to the Bank all employment type agreements to which the Executive has been bound, including without limitation employment agreements, consulting agreements, non-compete agreements or covenants, confidentiality or non-disclosure agreements or covenants, and intellectual property assignment agreements, and that the Bank will not have any liability to any third party arising out of the Executive entering into this Agreement or performing hereunder.

15. **Effect of Headings**. The descriptive headings of the Sections and, where applicable, subsections, of this Agreement are inserted for convenience and identification only and do not constitute a part of this Agreement for purposes of interpretation.

16. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which collectively will constitute one and the same instrument.

17. **Miscellaneous**. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the Bank, by its officer thereunder duly authorized, and the Executive, have caused this Non-Competition, Non-Solicitation and Non-Disclosure Agreement to be executed as of the day and year first above written.

FEDERAL HOME LOAN BANK OF INDIANAPOLIS	**EXECUTIVE**
By: ___________________________	______________________________________
Its: ___________________________	
By: ___________________________	
Its: ___________________________	

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Cindy L. Konich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2015

By: /s/ CINDY L. KONICH

Name: Cindy L. Konich

Title: President - Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory L. Teare, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2015

By: /s/ GREGORY L. TEARE

Name: Gregory L. Teare

Title: Senior Vice President - Chief Financial Officer

Exhibit 31.3

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, K. Lowell Short, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Federal Home Loan Bank of Indianapolis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2015

By: /s/ K. LOWELL SHORT, JR.

Name: K. Lowell Short, Jr.

Title: Senior Vice President - Chief Accounting Officer

Exhibit 32

SECTION 1350 CERTIFICATIONS

In connection with the quarterly report of the Federal Home Loan Bank of Indianapolis ("Bank") on Form 10-Q for the period ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof ("Report"), each of the undersigned officers certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

By: /s/ CINDY L. KONICH
Cindy L. Konich
President - Chief Executive Officer
August 7, 2015

By: /s/ GREGORY L. TEARE
Gregory L. Teare
Senior Vice President - Chief Financial Officer
August 7, 2015

By: /s/ K. LOWELL SHORT, JR.
K. Lowell Short, Jr.
Senior Vice President - Chief Accounting Officer
August 7, 2015