



More than Numbers

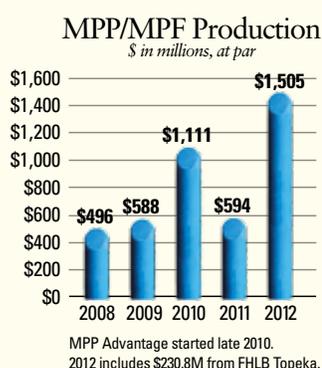
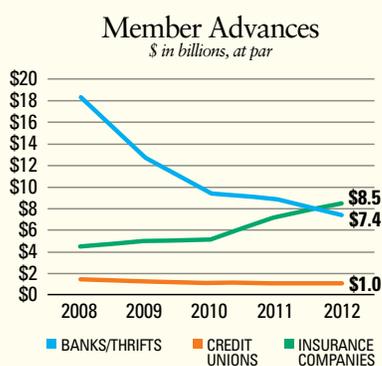
**2012 ANNUAL REPORT
FEDERAL HOME LOAN BANK
OF INDIANAPOLIS**

Financial Performance Highlights

Year Ended December 31,

| \$ in millions | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------|---------------|---------------|---------------|---------------|
| SELECTED BALANCE SHEET ITEMS: | | | | | |
| Advances | \$ 18,130 | \$ 18,568 | \$ 18,275 | \$ 22,443 | \$ 31,249 |
| Mortgage Loans Held for Portfolio, Net | 6,001 | 5,955 | 6,702 | 7,272 | 8,780 |
| Investments | 16,845 | 15,203 | 19,785 | 14,994 | 15,758 |
| Total Assets | 41,228 | 40,375 | 44,930 | 46,599 | 56,860 |
| Consolidated Obligations | 36,332 | 36,894 | 40,800 | 42,158 | 52,163 |
| MRCS | 451 | 454 | 658 | 756 | 539 |
| Capital Stock, Class B Putable | 1,634 | 1,563 | 1,610 | 1,726 | 1,879 |
| Retained Earnings | 592 | 498 | 427 | 349 | 283 |
| Total Capital | 2,216 | 1,947 | 1,947 | 1,746 | 2,091 |
| SELECTED INCOME ITEMS: | | | | | |
| Net Interest Income | \$ 242 | \$ 231 | \$ 267 | \$ 272 | \$ 278 |
| Net OTTI Credit Losses | (4) | (27) | (70) | (60) | — |
| Other Income (Loss) | (9) | (6) | 11 | 2 | 15 |
| Operating Expenses | 53 | 51 | 49 | 44 | 36 |
| Total Assessments | 18 | 25 | 41 | 45 | 68 |
| Net Income | 143 | 110 | 111 | 120 | 184 |
| SELECTED FINANCIAL RATIOS: | | | | | |
| Return on Average Equity | 6.89% | 5.63% | 6.13% | 5.94% | 8.14% |
| Return on Average Assets | 0.35% | 0.26% | 0.24% | 0.23% | 0.32% |
| Dividend Payout Ratio | 34.45% | 36.29% | 29.18% | 44.72% | 53.63% |
| Dividend Rate (weighted average) | 3.13% | 2.50% | 1.87% | 2.83% | 5.01% |
| Net Interest Margin | 0.59% | 0.55% | 0.57% | 0.52% | 0.48% |
| GAAP Capital Ratio | 5.37% | 4.82% | 4.33% | 3.75% | 3.68% |
| Regulatory Capital Ratio | 6.49% | 6.23% | 6.00% | 6.07% | 4.75% |
| Average Equity to Average Assets | 5.05% | 4.60% | 3.90% | 3.87% | 3.88% |

The Financial Performance Highlights should be read in conjunction with Item 6. Selected Financial Data.



TO OUR SHAREHOLDERS

The Federal Home Loan Bank of Indianapolis (FHLBI) ended 2012 in a strong financial position. As members, you played a key role in our success and share in this achievement. Your use of our products and services contributed to our ability to increase the dividend during 2012 to 3.5 percent beginning with the third quarter. Particularly noteworthy is that we increased the dividend while growing retained earnings by 19% during 2012 to \$592 million. Growth in retained earnings helped support our decisions to repurchase excess stock three times since 2010. Our intent is to strike an appropriate balance between the dividend rate and earnings retention to help protect stock value against any unforeseen economic event, while appropriately compensating you for your investment in the FHLBI.



Milton J. Miller
President - CEO

However, there's more to our performance than numbers. Families are becoming homeowners and helping to stabilize neighborhoods thanks to the mortgage loans that you have originated. By selling us those mortgages, you recognize the value that our Mortgage Purchase Program (MPP) adds to your own institutions and have made MPP an important part of our core business. Of course, advances used to fund your mortgage and community lending portfolios remain the other cornerstone of our balance sheet. We appreciate your use of both products and are focused on providing you with the best programs possible.

Regarding our Affordable Housing Program (AHP), we often speak of dollars awarded and number of units created and renovated, but the people whose lives have been changed because of the work that you and your community partners are doing is the real story. For example, a single mother in Muncie, Indiana wanted a safer place to raise her young son than the apartment they were renting. She now owns a home renovated by Habitat for Humanity in an established neighborhood with a large backyard where her son can play. You have helped countless other families make home improvements, such as new furnaces and roofs, ramps for easier access to their homes, and energy-efficient windows to reduce their utility bills. The efforts you have made to improve housing and economic conditions in your communities are commendable, and we encourage you to supplement this investment by using our programs.

We appreciate your continued support of our workshops and conferences throughout 2012. These events are mutually beneficial as they allow you to learn more about the value of your FHLBI membership and allow us to strengthen our relationship with you as we learn more about your business needs. In 2013 we are raising the bar on our traditional regional meetings by hosting a Shareholder Symposium that brings together all sectors of our membership for a full day of informative presentations and networking opportunities. This flagship event will feature nationally recognized speakers, including well-known financial journalist Roger Lowenstein, CNBC's Andrew Busch and co-founder of the Case-Shiller Housing Price Index, Karl Case. We look forward to seeing you on August 20 in Grand Rapids or on August 27 in Indianapolis.

As we begin a new year, the FHLBI remains committed to providing you with products and services that meet your funding and liquidity needs. Together, we'll help keep Indiana and Michigan moving forward.

Sincerely,

A handwritten signature in black ink that reads "Milton J. Miller". The signature is fluid and cursive.

Milton J. Miller
President-CEO

2012 FHLBI BOARD OF DIRECTORS
as of December 31, 2012

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Chairman Emeritus
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2012 FHLBI LEADERSHIP

SEATED LEFT TO RIGHT:

Cindy Konich – Executive Vice President-Chief Operating Officer,
Chief Financial Officer
Jonathan West – Executive Vice President-Chief Operating Officer,
Business Operations

STANDING LEFT TO RIGHT:

Sunil Mohandas – Senior Vice President-Chief Risk Officer
Lowell Short – Senior Vice President-Chief Accounting Officer
Milton Miller – President-Chief Executive Officer
Greg Teare – Senior Vice President-Chief Banking Officer
Greg McKee – First Vice President-Director of Internal Audit



Building Partnerships. Serving Communities.

The Federal Home Loan Bank of Indianapolis (FHLBI) is one of 12 regional banks that make up the Federal Home Loan Bank System. FHLBanks are government-sponsored enterprises created by Congress to ensure access to low-cost funding for their member financial institutions. FHLBanks are privately capitalized and funded, and receive no Congressional appropriations. The FHLBI is owned by its Indiana and Michigan financial institution members, which include commercial banks, credit unions, insurance companies, and savings banks. For more information about the FHLBI, visit www.fhlbi.com.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

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