



FEDERAL HOME LOAN BANK OF INDIANAPOLIS  
*Building Partnerships. Serving Communities.*

## NEWS RELEASE

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### **FHLBI Declares Dividends, Reports Third Quarter 2015 Financial Results** **Advances to depository institutions up 28% since 2014**

Indianapolis, IN... Today the Board of Directors of the Federal Home Loan Bank of Indianapolis ("FHLBI" or "bank") declared dividends on Class B-1 and Class B-2 capital stock at annualized rates of 4.25% and 3.40%, respectively. These dividend rates are consistent with those paid on second quarter 2015 earnings. The dividend amounts will be paid in cash on October 30, 2015.

#### **Financial Results Summary**

FHLBI's net income for the third quarter of 2015 was \$28 million, a decrease of \$4 million compared to the same period in the prior year. This decrease resulted primarily from net proceeds from litigation settlements related to certain private-label mortgage-backed securities received in the third quarter of 2014, compared to no such settlements in the third quarter of 2015. In addition, the bank had net unrealized losses on our derivatives and hedging portfolio in the third quarter of 2015. Net interest income after provision for credit losses totaled \$48 million and \$45 million for the three months ended September 30, 2015 and 2014, respectively.

Net income for the nine months ended September 30, 2015 was \$93 million, a decrease of \$7 million compared to the same period in the prior year due primarily to lower net proceeds from litigation settlements. Net interest income after provision for credit losses totaled \$144 million and \$137 million for the nine months ended September 30, 2015 and 2014, respectively.

FHLBI derives its net income primarily through net interest income earned on advances made to its Indiana and Michigan member financial institutions, on its portfolio of mortgage loans purchased from members, and on long- and short-term investments. The bank's net interest income is primarily determined by the spread between the interest earned on our assets and the interest cost on our consolidated obligations. The increase for the three and nine months was due to increased volume in both our advance and mortgage loan portfolios.

Through the first nine months of 2015, the bank allocated \$10 million to its Affordable Housing Program ("AHP"), which provides grant funding for housing for lower income families in Michigan and Indiana. Full-year 2015 AHP allocations will be available to FHLBI members in 2016 to help address their communities' affordable housing needs, including housing rehabilitation, construction and accessibility, and homebuyer down-payment assistance. The bank's annual AHP contribution is a fixed amount based on 10% of earnings before interest expense on mandatorily redeemable capital stock.

### **Balance Sheet Highlights**

- **Total assets** at September 30, 2015 were \$47 billion. The net increase of \$5 billion compared to December 31, 2014 was primarily attributable to an increase in advances and purchases of mortgage loans from members.
- **Total liabilities** at September 30, 2015 were \$44 billion. The net increase of \$5 billion compared to December 31, 2014 was primarily attributable to an increase in consolidated obligations to fund our asset growth.
- **Total capital** at September 30, 2015 was \$2 billion, down 3% from December 31, 2014, due to a repurchase of excess capital stock during the year.

### *Advances*

Advances are secured loans we provide to FHLBI member institutions. In general, usage of advance products fluctuates in accordance with members' funding needs related to their deposit levels, mortgage pipelines, investment opportunities, available collateral, balance sheet strategies, and the cost of alternative funding opportunities.

FHLBI's advances outstanding totaled \$24 billion at September 30, 2015, a net increase of \$4 billion compared to December 31, 2014, driven by a 28% growth in advances to depository members and a 10% increase in advances to insurance company members. Advances to insurance companies accounted for 58% of advances at September 30, 2015, while advances to depository institutions - comprising commercial banks, thrifts and credit unions - accounted for 42% of the bank's advance portfolio.

### *Mortgage Loans Held for Portfolio*

Mortgage loans held for portfolio totaled \$8 billion at September 30, 2015, a net increase of \$1 billion from December 31, 2014, due to increased member use of the bank's Mortgage Purchase Program ("MPP") Advantage product. Through MPP Advantage, FHLBI purchases mortgage loans from members to support our housing mission, provide an additional source of liquidity to members, and diversify our investments. 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 and consumer product preferences. FHLBI's mortgage loan purchases totaled \$2.3 billion for the nine months ended September 30, 2015, an increase of 144% compared to the same period in 2014.

### *Consolidated Obligations*

The primary source of funds for FHLBI, and for the other Federal Home Loan Banks ("FHLBanks"), is the sale of FHLBanks' consolidated obligations in the capital markets, issued through the FHLBanks' Office of Finance.

FHLBI's consolidated obligations at September 30, 2015 totaled \$43 billion, a net increase of \$5 billion compared to December 31, 2014 based on higher funding needs primarily driven by increased demand for advances and purchases of mortgage loans. The primary liability for these consolidated obligations rests with FHLBI; however, we are also jointly and severally liable with the other FHLBanks for the payment of the principal and interest on all consolidated obligations of each of the FHLBanks.

### *Capital*

FHLBI is a cooperative whose member financial institutions and former members (or their legal successors) own all of our capital stock as a condition of membership or to support their outstanding borrowings. For the nine months ended September 30, 2015, total capital decreased by \$74 million as a result of an excess capital stock repurchase in May 2015, partially offset by members' purchases of additional capital stock.

Total regulatory capital consists of capital stock, mandatorily redeemable capital stock and retained earnings. The bank's regulatory capital-to-assets ratio at September 30, 2015 was 4.9%, which exceeds all applicable regulatory capital requirements.

All amounts referenced above and in the following table are unaudited. More detailed information about FHLBI's financial results for the three and nine months ended September 30, 2015 will be included in the bank's Quarterly Report on Form 10-Q, which we intend to file by mid-November.

### Federal Home Loan Bank of Indianapolis

#### Financial Highlights (unaudited)

(\$ amounts in millions, as rounded)

<b>Condensed Statements of Income</b>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net interest income after provision for credit losses	\$ 48	\$ 45	\$ 144	\$ 137
Other income	—	7	12	23
Other expenses	17	16	53	49
Affordable Housing Program assessments	3	4	10	11
<b>Net income</b>	<b>\$ 28</b>	<b>\$ 32</b>	<b>\$ 93</b>	<b>\$ 100</b>

<b>Condensed Statements of Condition</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Advances	\$ 24,297	\$ 20,789
Mortgage loans held for portfolio, net	8,084	6,820
Investments <sup>(1)</sup>	10,714	10,539
Other assets <sup>(2)</sup>	3,641	3,705
<b>Total assets</b>	<b>\$ 46,736</b>	<b>\$ 41,853</b>
Consolidated obligations	\$ 43,298	\$ 38,071
Mandatorily redeemable capital stock	14	16
Other liabilities	1,123	1,391
<b>Total liabilities</b>	<b>44,435</b>	<b>39,478</b>
Capital stock, Class B putable	1,453	1,551
Retained earnings <sup>(3)</sup>	822	777
Accumulated other comprehensive income	26	47
<b>Total capital</b>	<b>2,301</b>	<b>2,375</b>
<b>Total liabilities and capital</b>	<b>\$ 46,736</b>	<b>\$ 41,853</b>
<b>Total regulatory capital <sup>(4)</sup></b>	<b>\$ 2,289</b>	<b>\$ 2,344</b>

(1) Includes held-to-maturity securities, available-for-sale securities, interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold.

(2) Includes cash and due from banks of \$3,431 million and \$3,551 million at September 30, 2015 and December 31, 2014, respectively.

(3) Includes restricted retained earnings of \$124 million and \$105 million at September 30, 2015 and December 31, 2014, respectively.

(4) Consists of total capital less accumulated other comprehensive income plus mandatorily redeemable capital stock.

## Safe Harbor Statement

This document may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 concerning plans, objectives, goals, strategies, future events or performance. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" or the negative of these terms or comparable terminology. Any forward-looking statement contained in this document reflects our current beliefs and expectations. Actual results or performance may differ materially from what is expressed in any forward-looking statements.

Any forward-looking statement contained in this document speaks only as of the date on which it was made. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. Readers are referred to the documents filed by us with the U.S. Securities and Exchange Commission, specifically reports on Form 10-K and Form 10-Q, which include factors that could cause actual results to differ from forward-looking statements. These reports are available at [www.sec.gov](http://www.sec.gov).

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### **Building Partnerships. Serving Communities.**

*The Federal Home Loan Bank of Indianapolis (FHLBI) is a regional bank included in 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, with particular attention paid to providing solutions that support the housing and small business needs of members' customers. FHLBanks are privately capitalized and funded, and receive no Congressional appropriations. FHLBI is owned by its Indiana and Michigan financial institution members, which include commercial banks, credit unions, insurance companies, savings banks and CDFIs. For more information about FHLBI, visit [www.fhlbi.com](http://www.fhlbi.com).*