



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

## NEWS RELEASE

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### **Federal Home Loan Bank of Indianapolis Declares Dividends, Reports Earnings; Advances to Depository Members Up 33%**

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. The dividends will be paid in cash on July 28, 2017.

#### **Financial Results Summary**

FHLBI derives its net income primarily through interest income earned on advances to and mortgage loans purchased from its Michigan and Indiana member financial institutions, as well as on long- and short-term investments. The Bank's net interest income is primarily determined by the spread between the interest earned on assets and the interest cost of consolidated obligations.

FHLBI's net income for the second quarter of 2017 was \$38 million, an increase of \$15 million compared to the same quarter in the prior year, primarily due to higher net interest income, partially offset by net losses on derivatives and hedging activities. Net interest income after provision for credit losses was \$65 million, an increase of \$19 million compared to the same quarter in the prior year as a result of asset growth and higher spreads.

FHLBI's net income for the six months ended June 30, 2017 was \$69 million, an increase of \$20 million compared to the same period in the prior year, primarily due to higher net interest income, partially offset by net losses on derivatives and hedging activities. Net interest income after provision for credit losses was \$124 million, an increase of \$29 million compared to the same period in the prior year as a result of asset growth and higher spreads.

For the six months ended June 30, 2017, the Bank allocated \$8 million to its Affordable Housing Program ("AHP"), which provides grant funding to support housing for low- and moderate-income families in Michigan and Indiana. Full year 2017 AHP allocations will be available for FHLBI members in 2018 to help address their communities' affordable housing needs, including construction, rehabilitation, accessibility improvements and homebuyer down-payment assistance.

## **Balance Sheet Highlights**

Total assets at June 30, 2017 were \$60.7 billion, an increase of \$6.8 billion, or 13%, from December 31, 2016, primarily driven by an increase in advances outstanding.

### *Advances*

Advances are secured loans that FHLBI provides to its member institutions. Advances outstanding at June 30, 2017 totaled \$32.3 billion, a net increase of \$4.2 billion, or 15%, from December 31, 2016. Advances to depository members - comprising commercial banks, savings institutions and credit unions - increased by 33%. Advances to insurance company members decreased by 1%, which includes a 9% decline in advances to captive insurance companies. Depository institutions accounted for 55% of the Bank's advance portfolio at June 30, 2017, while insurance companies accounted for the remaining 45%.

### *Mortgage Loans Held for Portfolio*

FHLBI purchases mortgage loans from its members to support its housing mission, provide an additional source of liquidity to its members, and diversify its investments. FHLBI's mortgage loan purchases totaled \$1.0 billion for the six months ended June 30, 2017. Mortgage loans held for portfolio at June 30, 2017 totaled \$9.9 billion, a net increase of \$393 million, or 4%, from December 31, 2016.

### *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.

FHLBI's consolidated obligations outstanding at June 30, 2017 totaled \$56.3 billion, a net increase of \$6.0 billion, or 12%, from December 31, 2016. The increase in consolidated obligations supported the Bank's growth in assets.

FHLBI is the primary obligor for the payment of the principal and interest on these consolidated obligations; additionally, it is jointly and severally liable with each of the other FHLBanks for all of the FHLBanks' consolidated obligations outstanding.

### *Capital*

FHLBI is a cooperative whose member financial institutions and former members own all of its capital stock as a condition of membership and to support outstanding advances. Total capital at June 30, 2017 was \$2.7 billion, a net increase of \$287 million from December 31, 2016, primarily as a result of additional capital stock issued to members, other comprehensive income and the growth of retained earnings.

Total regulatory capital consists of capital stock, mandatorily redeemable capital stock and retained earnings. The Bank's regulatory capital-to-assets ratio at June 30, 2017 was 4.6%, 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 six months ended June 30, 2017 will be included in the Bank's Quarterly Report on Form 10-Q, which we intend to file by mid-August.

**Federal Home Loan Bank of Indianapolis**

Financial Highlights (unaudited)

(\$ amounts in millions, as rounded)

<b>Condensed Statements of Income</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Net interest income after provision for credit losses	\$ 65	\$ 46	\$ 124	\$ 95
Other income (loss)	(4)	(2)	(7)	(3)
Other expenses	19	18	40	37
Assessments	4	3	8	6
Net income	<u>\$ 38</u>	<u>\$ 23</u>	<u>\$ 69</u>	<u>\$ 49</u>
<b>Condensed Statements of Condition</b>	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
Advances	\$ 32,253	\$ 28,096	\$ 9,894	\$ 9,501
Mortgage loans held for portfolio, net	5,529	4,128	13,036	12,182
Cash and short-term investments	60,712	53,907	56,318	50,269
Other assets <sup>(1)</sup>	167	170	1,504	1,032
Total assets	<u>\$ 60,712</u>	<u>\$ 53,907</u>	<u>\$ 57,989</u>	<u>\$ 51,471</u>
Consolidated obligations	1,702	1,493	925	887
Mandatorily redeemable capital stock	96	56	2,723	2,436
Other liabilities	60,712	53,907	2,794	2,550
Total liabilities	<u>\$ 60,712</u>	<u>\$ 53,907</u>	<u>\$ 2,794</u>	<u>\$ 2,550</u>
Capital stock, Class B putable				
Retained earnings <sup>(2)</sup>				
Accumulated other comprehensive income				
Total capital				
Total liabilities and capital				
Total regulatory capital <sup>(3)</sup>				

(1) Includes held-to-maturity securities and available-for-sale securities.

(2) Includes restricted retained earnings at June 30, 2017 and December 31, 2016 of \$166 million and \$152 million, respectively.

(3) 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 FHLBI's 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. FHLBI undertakes 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 the Bank 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 institutions and CDFIs. For more information about FHLBI, visit [www.fhlbi.com](http://www.fhlbi.com).*