

FHLB *Indepth*



Volume 3, Issue 1
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A publication for the membership of the Federal Home Loan Bank of Indianapolis.

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Building Partnerships. Serving Communities.

The ribbon-cutting ceremony for Mapleton Park appropriately occurred just before Memorial Day. The 25 unit apartment building in downtown Indianapolis provides affordable housing and supportive services for homeless and very low-income individuals and families with 15 units reserved for homeless veterans. The need for affordable housing for veterans in Indianapolis is great. An estimated 900 veterans are homeless on any given night, but Mapleton Park is helping to alleviate that critical housing need. *Read article on page 8.*

Dates to Remember

AFFORDABLE HOUSING PROGRAM

| | |
|--------------|---|
| June 27 | 2008 Round A AHP awards announced |
| August 6 | 2008 Round B application released |
| August 15 | Additional HOP/NIP set-aside funds released |
| September 17 | 2008 Round B AHP application deadline |
| December 5 | 2008 Round B AHP awards announced |

REGIONAL MEMBER MEETINGS

| | |
|-----------|--|
| July 23 | Eagle Eye Golf Club, Bath, MI |
| July 29 | Cherry Creek Golf Club, Shelby Township, MI |
| August 14 | Swan Lake Resort & Conference Center, Plymouth, IN |
| August 19 | Island Resort & Casino, Harris MI |
| August 26 | Purgatory Golf Club, Noblesville, IN |

Check the events calendar at www.fhlbi.com for updates.

*About the Cover:
Trish Lewis, MaryBeth Wott,
Mike Petrie and Milton Miller
attend the ribbon-cutting
ceremony for Mapleton Park
in Indianapolis.*

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Indepth is a publication of the Federal Home Loan Bank of Indianapolis Communications Department. Your comments and suggestions are welcome. Contact **Miriam Lemen** at **317.465.0438**, e-mail mlemen@fhlbi.com.

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DISCLAIMER

The articles in this magazine have been presented for educational purposes only. The FHLBI is not a financial or investment advisor. It is solely the reader's responsibility to evaluate the risks and merits of any funding strategy or business proposal before its implementation and to monitor its performance over time. If you need information for use in evaluation of a funding strategy, please contact our marketing staff.

MESSAGE FROM THE PRESIDENT & CEO

As the end of the second quarter 2008 approaches, weak economic and housing market conditions continue in our district and across the U.S. However, the FHLBI remains a solid provider of liquidity for our members. As the article on page 4 reminds us, the FHLBanks have never experienced a credit loss on advances. Prudent policies and procedures are in place to protect our member/shareholders. Careful credit management is the best way for us to assure favorable access to the capital markets, which in turn will allow us to maintain our role as a strong source of liquidity.



In addition to our advances products, members continue to turn to our Mortgage Purchase Program (MPP), now in its eighth year of operation. MPP is a reliable outlet for high-quality, conforming, fixed-rate mortgages. The enhancements that have been made over the years, such as actual/actual remittance, pool aggregation, and a more streamlined application process, make it an attractive choice for members.

The annual Regional Member Meeting event is quickly approaching with the first meeting scheduled for July 23 in Bath, Michigan. Attendees from depository institutions will hear Ed Krei from The Baker Group speaking about key initiatives implemented by successful financial institutions. For the insurance industry group, Nick Sargen from Fort Washington Advisors and Western & Southern Life Insurance Group will provide a capital markets overview, as well as address his company's use of FHLBank products and services. Participants will also receive an update on the FHLBI's financial performance and a review of our affordable housing and economic development programs. Please plan to join us for an educational and enjoyable day.

Activities related to our Affordable Housing Program, such as the ribbon-cutting ceremony for Mapleton Park highlighted on page 8, underscore the importance of our mission of helping to create more affordable housing opportunities, especially for our nation's veterans. I spoke briefly with Latoya Lee – Navy veteran, single mother, nursing student, and resident – who expressed her gratitude for the services provided to her through the Mapleton Park initiative. Regrettably, her story is not uncommon, but by building and strengthening partnerships with our member institutions and local organizations, we can make a difference.

Sincerely,

Milton J. Miller
President & CEO

Green – More than a Color

When First Federal Savings Bank in Rochester, IN, decided to build a branch in nearby Mishawaka, it voted for a green one. Not a building painted green but one that follows specific guidelines developed by the U.S. Green Building Council (www.usgbc.org).

“Our motivation to build a green branch was based on the idea that we want to leave things better than we found them,” said Richard Belcher, President & CEO of First Federal. “We’re making a public statement about being environmentally correct.”

The Mishawaka branch applied many of the criteria for a LEED (Leadership in Energy and Environmental Design) certified building. Sod covers a portion of the roof. It uses a geothermal heating and cooling system and is partially powered by two wind turbines and a solar panel. Building materials and furnishings met earth-friendly guidelines. Even the construction trash had to be sorted and recycled when possible to reduce the amount sent to landfills.

The community has supported the green initiative from the beginning, and Belcher envisions organizations and schools touring the building. “Green is in, and we’re trying to be good citizens.”

The FHLBI also recognizes the importance of going green and has incorporated the initiative into its Affordable Housing Program. The 2008 Implementation Plan includes awarding points for meeting certain green building criteria, such as installing energy-efficient appliances and water-conserving fixtures, using paints that contain low or no volatile organic compounds for a healthy living environment, and selecting landscaping appropriate to the site’s soils and climate. Consult the implementation plan posted in the Community Investment section of www.fhlbi.com for complete details.



The Mishawaka branch of First Federal Savings Bank opened on April 20, 2008. The roof is v-shaped to help collect sunlight to convert it to electricity. Other green components include a geothermal heating and cooling system, two wind turbines, and environmentally friendly carpet and furnishings. The building cost only 8% to 10% more to construct than a conventional building.



FHLBI & Industry News

FHLBI ADDS NEW DIRECTORS

Paul D. Borja

Borja joined the Board of Directors in February 2008. Borja is Executive Vice President and Chief Financial Officer of Flagstar Bank, Troy, MI. Borja received his master’s degree in tax law from Georgetown University, his law degree from Georgetown University, and his bachelor’s degree in accounting from the University of Notre Dame. He was elected by the Board of Directors to fill the unexpired director term of Mark A. Hoppe, who had been elected by the Michigan shareholders to a term ending December 31, 2010. Mr. Hoppe became ineligible to serve as an FHLBI director when he ceased being an officer of a member institution.

The Board also has two new public interest directors. Public interest directors are appointed by the Federal Housing Finance Board and are selected based on their experience or expertise in areas such as financial literacy, mortgage finance, capital markets, accounting, affordable housing, community and economic development, or legal and regulatory compliance.

Christine A. Coady

Having held various positions with the Michigan Interfaith Trust Fund, Lansing, MI, since 1989, Coady has served as President and CEO of the Trust Fund since October 2004. She has also

served two terms on the City Council of Mason, MI. Coady earned her BA in organizational development from Spring Arbor University, Spring Arbor, MI. She has been designated by the Finance Board as an FHLBI Community Interest Director.

Elliot A. Spoon, Esq.

Spoon is Assistant Dean for Career Development & Professor of Law in Residence at Michigan State University, College of Law in East Lansing. He graduated cum laude with a JD from the University of Michigan, having earned his bachelor's degree with high distinction from the University of Michigan.

Both Coady and Spoon were appointed to terms running through 2010.

Inner City Christian Federation Tour

FHLBI President & CEO Milton Miller and Jonathan West, Senior Vice President & General Counsel, recently toured the headquarters of the Inner City Christian Federation (ICCF) in Grand Rapids, MI. Jonathan Bradford, ICCF President & CEO, conducted the tour.

ICCF, a non-profit organization that provides affordable housing opportunities and services, moved into its new office building in October 2007. The building, formerly the D.A. Blodgett Home for Children, was constructed in 1908 and remained an orphanage until 1948 when it became a place for patients to receive rehabilitation, especially for polio. The facility closed in 1976 and for over 20 years, it was largely vacant and, therefore, fell into disrepair.

ICCF purchased the building, and an extensive historic restoration to return it to its original appearance began. With the additional office space, ICCF can offer more classrooms, conference rooms, and confidential work stations. The new headquarters also features an auditorium and a child care center for children of parents attending one of ICCF's many homeownership educational sessions.

In addition to touring ICCF's offices, the executives also visited several successful AHP projects and other revitalization efforts led by ICCF in nearby neighborhoods.



Above: Jonathan Bradford (right), ICCF President & CEO, gives Milton Miller (left) and Jonathan West a tour of the ICCF offices in Grand Rapids, MI.



Flight to Quality **Maintain**

Members of the FHLBI have the opportunity to participate in what is commonly referred to as a flight to quality. The investment community understands the conservative framework from which the FHLBanks operate and seek the safety of the joint and several debt of the FHLBank System when risk factors escalate in the debt markets. Investors' increased demand for System debt drives down the funding cost for the FHLBanks, which can be passed through to members through a combination of dividends and attractively priced services.

The FHLBank System has never recorded a credit loss on advances because the policies, procedures, and practices the System has developed are designed to significantly reduce the likelihood of a credit loss. The safe haven of FHLBank System debt is the foundation for providing the services the FHLBanks are able to offer their over 8,100 members. As such, it is of paramount importance that each FHLBank protect its stakeholders by making prudent lending and investment decisions. Just as many financial institutions currently face the need for greater attention to their loan portfolios, the FHLBI has increased its level of attentiveness to the credit quality of its advances portfolio. This increased diligence ultimately benefits both bondholders and member stockholders.

PLEDGING COLLATERAL

The foundation of our lending relationship is based upon the provisions of the Advances, Pledge and Security Agreement, which is executed by all borrowing members before advances are extended. This agreement, along with the UCC-1 financing statements filed by the FHLBI on member collateral, allows us to lend against illiquid assets. The FHLBI takes collateral either in aggregate through its blanket lien, on a loan level listings basis, or on a delivered basis. Several factors affect the manner in which a member may pledge collateral, including the marketability of the loan collateral, conflicting liens against member collateral, and the financial condition of the member. In some cases, members may be required to pledge certain loan types on a delivered basis (e.g., securities), while other loans may be pledged via a listings arrangement or a blanket report.

Credit services staff work with all of the FHLBI's members to ensure borrowing lines are available. In order to accomplish this mission, the staff actively monitor members' financial conditions, assess market and economic trends, and review the quality of the collateral pledged to support credit products.

Risk, Uncerta

Borrowing Lines Via Open Communication

BY JON GRIFFIN, CREDIT SERVICES DIRECTOR

As market conditions deteriorate, credit services staff increase the level of due diligence performed in making credit extensions, and occasionally must have discussions with a member's management team. These conversations help reveal the strategies and response initiatives employed by management that cannot be gained through the review and analysis of published financial statements.

BORROWING CAPACITY ALTERNATIVES

Members that experience deteriorating financial conditions are likely to face borrowing constraints such as increases to over-collateralization requirements. However, several alternatives are available to maintain borrowing capacity during difficult times. These alternatives may include submission of additional asset types as collateral, submission of additional loan level information for existing loan collateral, delivery of loan documents (notes and mortgages) to the FHLBI or an approved custodian, limitations on the term of new credit extensions, or a combination of the above. Because some of these actions may take significant time to employ, members beginning to face financial issues should be proactive in opening communication lines with credit services management to

improve the likelihood of maintaining borrowing lines should a funding need arise. The earlier the communication begins and the more open the discussion, the more likely a strategy beneficial to both the member and the FHLBI will be developed to put the member in the best position to access liquidity.

Credit services continues to remain optimistic that the credit parameters, housing markets, and economic conditions in Indiana and Michigan will improve. However, both the FHLBI and member institutions must be prepared for a continued economic slow down and re-evaluate our liquidity plans to ensure they address the changing market conditions. Several traditional sources of liquidity may no longer be available or may have become cost prohibitive for members. As such, it's a good time to revisit the policies and procedures involved with all of your liquidity sources, particularly the FHLBI. As a member and a stockholder in the FHLBI, you have the exclusive opportunity to participate in the current flight to quality. Be certain to take advantage of this opportunity by working with the credit services team to provide requested financial and collateral information to maintain your access to immediate, competitively priced liquidity.

CREDIT SERVICES CONTACTS

Toll free: 800.442.2568

FAX: 317.465.0473

For more information about collateral or other credit services, contact a staff member listed below. All numbers are area code 317.

Jon Griffin 465-0459
Credit Services Director

Dennis Haworth 465-0452
Underwriting Manager

Scott Stansberry 465-0505
Collateral Manager

Brian McCoy 465-0503
Advances Manager

aintv & Profit

MPP Maintains Strong Credit Quality Through Credit Crunch

While MPP's underwriting standards were designed to produce a high credit quality portfolio, strong incentives exist for members to sell only solid loans.

BY JAMES B. EIBEL, CFA

In April 2001, the FHLBI purchased its first mortgages from Springs Valley Bank & Trust in Jasper, IN. The first two purchases totaled \$800,000, but great things often have humble beginnings. During its first seven years of operation, the FHLBI's Mortgage Purchase Program (MPP) has established itself as a reliable outlet for high-quality, conforming, fixed-rate mortgages.

Consistent with its mission to provide liquidity to the housing markets, the FHLBI has continued to purchase member mortgages through good times and bad, while maintaining a strong credit profile. As of December 31, 2007, the FHLBI's MPP portfolio had grown to \$9.4 billion, but 90 day delinquencies and foreclosures remained less than half of the national average for prime, fixed rate, conventional mortgages (0.42% vs. 0.99%).

A combination of conservative underwriting standards, seller incentives, and geographic diversification are the sources of MPP's strong performance.

UNDERWRITING STANDARDS

A major factor in MPP's strong credit quality is its underwriting standards. The FHLBI does not purchase either subprime or Alt-A loans. MPP purchases only conforming loans with loan-to-value ratios (LTVs) of 95% or less. In addition, primary mortgage insurance (PMI) is required for all loans with LTVs greater than 80%. As of December 31, 2007, portfolio loans had a weighted average LTV of 71% at origination.

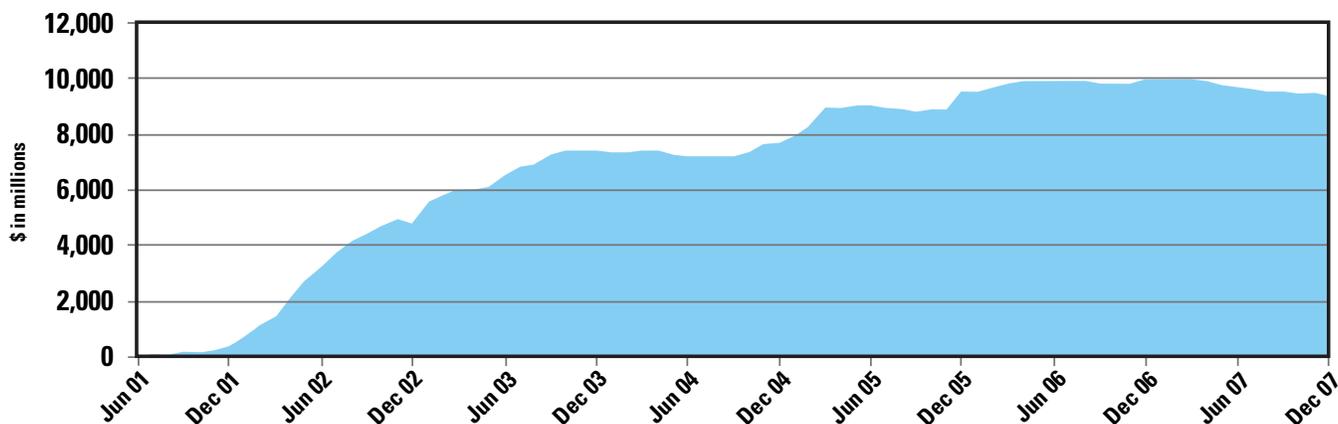
Credit scores are the best indicator of a borrower's willingness to pay his or her debts, and over 80% of MPP's portfolio loans had credit scores exceeding 700 at the time of origination.

As a result, the credit score distribution is positively skewed, reflecting the strong underlying borrower credit history for the portfolio. As of December 31, 2007, MPP's weighted average credit score at origination was 747.

While MPP's underwriting standards were designed to produce a high credit quality portfolio, strong incentives exist for members to sell only solid loans. Their status as FHLBI stockholders should encourage members to sell only high quality loans to MPP. A more salient incentive is the direct financial interest in loan performance created through lender risk accounts, or LRAs.

Mortgage Purchase Program Balance History

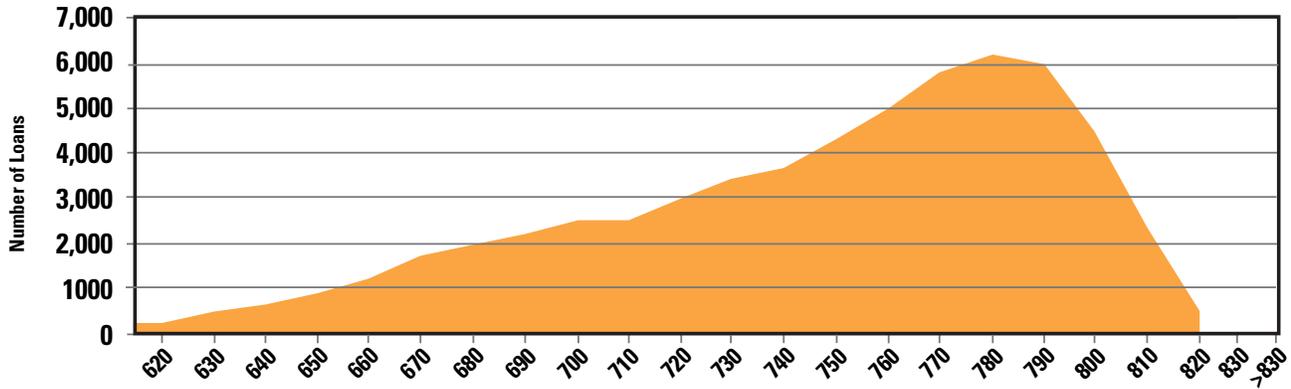
as of December 31, 2007



As of December 31, 2007, the FHLBI's MPP portfolio had grown to \$9.4 billion, but 90 day delinquencies and foreclosures remained less than half of the national average for prime, fixed rate, conventional mortgages (0.42% vs. 0.99%).

MPP Portfolio Credit Scores

as of December 31, 2007



Credit scores are the best indicator of a borrower's willingness to pay his or her debts, and over 80% of MPP's portfolio loans had credit scores exceeding 700 at the time of origination.

MPP's first layer of credit support is owner's equity and PMI. This layer represents no less than 20% of the loan's appraised value at origination. The seller-owned LRA represents the next layer of credit support. The account is funded from monthly mortgage interest payments and held in escrow. During 2007, LRAs funded at an average annualized level of 7.32 basis points of remaining MPP balances, creating a \$20.6 million credit buffer by year end.

If a seller's loans perform better than expected, it's rewarded with periodic LRA "rebates." Through December 31, 2007, the LRA credit layer had experienced total losses of approximately only one basis point of loans purchased and paid out over \$6.3 million

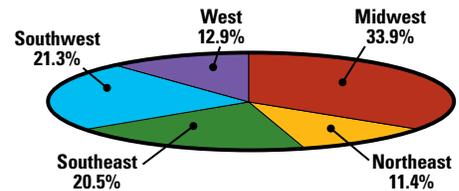
in rebates to participants. During the first seven years of operation, MPP's unique credit structure has insulated the FHLBI from all credit losses.

The portfolio's geographic diversification is another source of its creditworthiness. While the FHLBI can purchase mortgages only from Indiana and Michigan financial institutions, midwestern loans represent just one-third of the portfolio. To date, the national footprint of MPP's sellers has enabled the FHLBI to geographically diversify the portfolio and mitigate exposure to regional risk factors. In recent months, MPP's loan purchases have been dominated by retail originations from community financial institutions. While community lenders produce the highest quality loans, the MPP portfolio's midwestern loan concentration is likely to rise.

As MPP enters its eighth year of operation, it will continue to provide a reliable outlet for high-quality conforming mortgages, increasing liquidity to the housing market, while maintaining a high credit quality portfolio.

MPP Geographic Concentration

as of December 31, 2007



MPP CONTACTS

Toll free: 800.274.4636

For more information about MPP, contact one of the staff members below or call your marketing representative. All numbers are area code 317.

Don Erwin 465-0547
MPP Director

Mark Holt 465-0557
MPP Operations Manager

Cathy Garrett 465-0553
Sr. Mortgage Acquisitions Rep

Sara Hausermann 465-0558
Quality Assurance Manager

MPP Credit Structure

Owner's Equity & PMI ≥ 20%

Lender Risk Account
(owned by member)

Supplemental Mortgage Insurance

FHLBI
(residual 50%)

Mapleton Park Fills Critical Affordable Housing Need



Above: Milton Miller (left) and Frank Hagaman (right) met with Latoya Lee, a Mapleton Park resident, a Navy veteran currently enrolled in a nursing program at a local college, spoke at the ribbon-cutting ceremony and expressed her gratitude for the help she received in securing affordable housing for her and her two children. "Without everyone's help, completing my education would have been much harder. They've made it possible for me to be successful," stated Latoya. Latoya was connected to Partners in Housing through Indianapolis' Homeless Initiative Program, one of many organizations that Partners teams up with to provide supportive services. Because her apartment at Mapleton Park is considered transitional housing, she'll eventually have to move out, but for now she's looking forward to graduation in September.



Left: Attending the ribbon-cutting ceremony were Milton Miller, FHLBI President & CEO; Mike Petrie, Chairman & CEO of Greensfork Township State Bank; Olgen Williams, Deputy Mayor of Indianapolis; and Frank Hagaman, President of Partners in Housing Development Corp.

"No city can be a great city without being mindful of those in need," stated Indianapolis Deputy Mayor Olgen Williams at the ribbon-cutting ceremony for Mapleton Park. Mapleton Park, a 25 unit apartment building in the Mapleton-Fall Creek neighborhood of downtown Indianapolis, provides affordable housing and supportive services for homeless and very low-income individuals and families, including veterans.

The project's sponsor, Partners in Housing Development Corporation, specializes in supportive housing initiatives such as Mapleton Park, and has developed over 400 supportive housing units since 1994. Its "underperforming asset model" allows it to purchase buildings that are

essentially in good condition but largely unoccupied, and with minimal investment, turn them into affordable housing in a relatively short period of time. Partners in Housing works with a number of supportive service providers, such as the Homeless Initiative Program, which helps the homeless with employment and training opportunities so that they can become productive citizens again.

Mapleton Park was supported by several funding sources, including an Affordable Housing Program (AHP) grant of \$297,500 from the FHLBI through Greensfork Township State Bank in Spartanburg, IN. The total development cost for the project was just over \$1 million. *continued on next page*

FHLBI President & CEO Milton Miller attended the ribbon-cutting event, along with MaryBeth Wott, FHLBI's community investment officer, and Trish Lewis, a community investment staff member. In his remarks, Miller stated that the FHLBI is proud to be associated with affordable housing initiatives such as Mapleton Park. "The greatest reward is seeing the ongoing benefits to individuals and the community," commented Miller.

One person benefiting from the project is Latoya Lee, who resides at Mapleton Park with her two children, ages six and four. Lee spoke briefly about how grateful she is to be at Mapleton Park. She's currently studying to become a nurse and will graduate in September. Lee had been in the Navy where she was trained to be an air traffic controller.

Representatives from other supporters of Mapleton Park attended the ceremony, including Michael Twyman, Director of Grants Programs, Indiana, for the Nina Mason Pulliam Charitable Trust. Twyman complimented Frank Hagaman, President of Partners in Housing, describing him as a "powerful force" in finding solutions for the homeless.

Hagaman's organization has also developed the Blue Triangle Residence Hall, Burton Apartments, Colonial Park, Gladstone Apartments, Guerin Place, Mozingo Place, Park Place, and Unity Place. Many of these projects have been developed with the support of AHP grants. Over the years, Partners in Housing has received \$1.5 million in AHP subsidies.

Community Spirit Award

Robert Burgess, Vice President and CRA Officer at Chemical Bank in Midland, MI, was recently presented the FHLBI's Affordable Housing Advisory Council's Community Spirit Award.

This award was established to honor an individual from one of the FHLBI's member financial institutions who has shown outstanding dedication to affordable housing and community economic development. An award is presented annually to one individual from Indiana and one from Michigan. Judging is based on a nominee's dedication to community, spirit, and action.

Burgess is a 30 year employee with Chemical Bank and has been in charge of Community Reinvestment Act (CRA) requirements for 10 years. He serves on the board of the Midland County Habitat for Humanity and serves as co-chair of the local Continuum of Care where he promotes awareness of homelessness issues. He also serves on the City Housing Commission, reviewing CDBG funding requests, and is a programming partner with MSU extension. In addition, Burgess heads the Saginaw CRA Bankers Forum where he has worked on numerous issues including foreclosure prevention, and he is active with the Michigan Association of Community Bankers. "I was very humbled and surprised to receive the award," stated Burgess. "It's nice to be involved and give back to the community."



FHLBI's community investment staff attended the Michigan housing conference to see Robert Burgess receive the Community Spirit Award. Seated: Marjorie Green, Robert Burgess, and Ronna Edwards. Standing: Trish Lewis, MaryBeth Wott, Joann Burgess, RoseMarie Roberts, and Deb Conley.

Burgess credits Chemical Bank for encouraging all employees to get involved in the community. In April, which was financial literacy month, employees visited 46 schools in the area to teach young students about saving money by using a book assembled by a local artist about Dollar, a squirrel who saves acorns. Burgess has taught several financial literacy and money management classes, and the Michigan Bankers Association presented Chemical Bank with an "Apple" award as recognition for its efforts in financial literacy.

Bob was nominated by Midland County Habitat for Humanity, Michigan State University Extension of Midland County, and the Mid Michigan Community Action Agency. The award was presented at the 10th Annual Michigan Conference on Affordable Housing. The FHLBI will present an award to an individual from an Indiana member institution at the Indiana housing conference in August. A nomination form is available at www.fhlbi.com.

Correspondent Services Available to Members

The FHLBI offers a number of correspondent services for its member financial institutions.

"I order for all 11 of our branches. It's easy and quick to do. I just log on to Member Link, select the Coin & Currency option, fill out the order, and submit it. I can also print the details of the order for record purposes."

Myra Wiklanski
Indiana Bank and Trust Co.
Columbus, IN

ACCOUNT INFORMATION

Two primary types of deposit accounts are available, Cash Management Services (CMS) account and overnight Time account that pays an interest rate competitive with other overnight investments.

AUTOMATED CLEARINGHOUSE (ACH) SERVICES

Receive assistance with settlement of funds and transfer of files processed by the Federal Reserve Bank, as well as with ACH origination files.

SETTLEMENT SERVICES

Funding and posting of charges, and credits to your account for services such as checking accounts, deposits, savings bonds, Treasury tax and loans, and return items.

SECURITIES SAFEKEEPING

Hold and protect investments involving both book-entry and physical securities. If pledged securities are held at FHLBI, collateral haircut is more favorable thus increasing your available borrowing capacity.

FUNDS TRANSFER

Transfer funds both domestically and internationally using wire transfer services.

COIN AND CURRENCY

Order all your cash needs on a regular or emergency basis.

KEY BENEFITS

- Conduct many transactions through Member Link, FHLBI's secure website, and save valuable time and expense
- Competitive pricing
- Centralized accounting handling
- Flexibility to accommodate all types of transactions
- Unlimited access to funds
- Member-controlled sweeps between accounts
- Flexible reporting options

NEED MORE INFORMATION?

Ask your account manager about the FHLBI's correspondent services, **800.442.2568**.

For questions about coin and currency, ACH, or Settlement Services, call **Betty Craven, 317.465.0374**

For questions about securities, funds transfers, or account information, call **Lisa Chilcote, 317.465.0477**

Regional Member Meeting Agenda

8:15 AM Registration & Continental Breakfast

8:45 AM FHLBI Update
Milton Miller, President & CEO FHLBI

9:15 AM Opportunities to Make a Difference
Initiatives for Affordable Housing
& Community Investment
FHLBI Community Investment Staff

10:00 AM Break

10:15 AM July 23 • August 26
Break-out Sessions

- > High Performance in Turbulent Times
*Edward A. Krei, Managing Director,
The Baker Group*
- > Insurance Companies
*Nicholas P. Sargen, Chief Investment Officer
of Fort Washington Investment Advisors, Inc.
& Western & Southern Financial Group®,
Cincinnati, OH*

10:15 AM July 29 • August 14 • August 19
High Performance in Turbulent Times
*Edward A. Krei, Managing Director,
The Baker Group*

11:45 AM Lunch

1:00 PM Golf scramble shotgun start

6:00 PM Reception & Golf Prizes

2008 Member Meetings Begin in July

The FHLBI's annual Regional Member Meetings are set to begin July 23 in Bath, MI. Each of the five meetings will begin with remarks by Milton Miller, President & CEO, concerning the FHLBI's financial performance. Members of the bank's community investment staff, along with community development advocates, will follow with an update on the FHLBI's affordable housing and economic development programs, highlighting initiatives in our members' local communities.

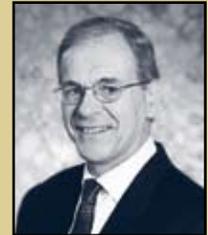
Ed Krei of the Baker Group of Oklahoma City will present "High Performance in Turbulent Times." He'll share insights into what high-performing institutions are doing to be successful during a time of economic distress, which includes a discussion of management practices and strategic planning.

Because insurance company membership in the FHLBI continues to grow, a session for attendees from insurance companies is again being offered. At the Bath and Noblesville venues only, Nick Sargen of Western & Southern Life Insurance Company will provide a capital markets overview and discuss his organization's use of Federal Home Loan Bank products and services.

For more information about the meetings, see the ad on the inside back cover of this magazine or go to the Events & Training Calendar at www.fhlbi.com to download the brochure or to register.



Edward A. Krei
Managing Director,
The Baker Group,
Oklahoma City, OK



Nicholas P. Sargen, PhD
Chief Investment Officer of
Fort Washington
Investment Advisors, Inc. and
Western & Southern Financial Group®,
Cincinnati, OH

REGISTER ON-LINE
WWW.FHLBI.COM

For more information about the 2008 Regional Member Meetings, contact Kim Dodge at 317.465.0441 or 800.442.2568 or e-mail at kdodge@fhlbi.com.

Recognition Is Its Own Reward

Carrot Way Apartments opened in 2005 in Ann Arbor, MI. The project was partially funded with an Affordable Housing Program grant from the FHLBI of \$153,000.

“It wasn’t exactly the Oscars, but for me it came pretty close. I was thrilled to be there,” said Avalon Property Manager, Tara Tarbox. Tara and three other Avalon Housing staffers traveled to Washington, D.C. to participate in the **Seventeenth Maxwell Awards of Excellence** sponsored by the Fannie Mae Foundation and the Partnership to End Long Term Homelessness. **Avalon was one of four finalists in the “Family Homelessness” division of the competition and was awarded \$10,000 for its Carrot Way Apartment development.**

The Maxwell Awards program recognizes the outstanding work of nonprofit organizations in developing and maintaining affordable housing.

“Avalon Housing has greatly improved the lives of homeless families through its ability to provide appropriate supportive services and permanent housing for its tenants,” said Bob Hohler, executive director

of the Melville Charitable Trust and executive committee chairman of the Partnership to End Long Term Homelessness. “It is a wonderful example of an organization committed to ending homelessness in their communities.”

For Michael Appel, Avalon’s Executive Director, being a Maxwell Award finalist is uniquely rewarding. “Obviously, the cash award is a big deal to us. But having our model of supportive housing recognized by these experts as the-best-of-the-best in the country is even more gratifying. It’s a fantastic reflection on the Ann Arbor community and the commitment of our supporters.”



These young girls have a safe place to live and play at Carrot Way Apartments. The Community Center emphasizes children’s activities, which helps attract parent participation. Additionally, Carrot Way’s location adjacent to a public park gives older children access to a larger play area with basketball courts and soccer fields.

FHLBI PERFORMANCE

(\$ in millions, unaudited)

As of March 31, 2008

| | |
|----------------------------------|-----------------|
| Assets | \$58,614 |
| Advances outstanding | \$30,605 |
| MPP mortgages outstanding | \$ 9,259 |
| Retained earnings | \$ 222 |

For the three months ended March 31, 2008

| | |
|---------------------------------|-----------------|
| Net income | \$ 43.28 |
| Return on average equity | 7.83% |

New members approved from December 2007 to May 2008.

- First Trust Federal Credit Union, Michigan City, IN**
- State Bank of Medora, Medora, IN**
- Community State Bank of St. Charles, St. Charles, MI**
- Omni Community Credit Union, Battle Creek, MI**
- Pioneer State Mutual Insurance Company, Flint, MI**
- Wayne-Westland Federal Credit Union, Westland, MI**



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

High Performance in Turbulent Times

Regional Member Meeting

Since 1932, the FHLBank System has been a reliable source of liquidity for its member institutions. In today's challenging economy, the value of FHLBI membership has never been more relevant.

The Federal Home Loan Bank of Indianapolis invites you to its 14th Annual Regional Member Meetings featuring Mr. Edward Krei, Managing Director of The Baker Group in Oklahoma City, Oklahoma. Mr. Krei blends his "Sooner humor" with his expertise about the financial institution industry and the factors that drive high performing institutions in his presentation, "High Performance in Turbulent Times."

For more information, contact Bill McDowell at 317.465.0429 or e-mail at wmcowell@fhlbi.com.

Mark Your 2008 Calendar

Wednesday, July 23
Eagle Eye Golf Club
Bath, Michigan
East Lansing Area

Tuesday, July 29
Cherry Creek Golf Club
Shelby Township, Michigan
Macomb County

Thursday, August 14
Swan Lake Resort &
Conference Center
Plymouth, Indiana

Tuesday, August 19
Island Resort & Casino
Harris, Michigan
Upper Peninsula

Tuesday, August 26
Purgatory Golf Club
Noblesville, Indiana



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OF INDIANAPOLIS

8250 Woodfield Crossing Blvd.
Indianapolis, Indiana 46240
317.465.0200 www.fhlbi.com