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 September 30, 2021

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)	**(IRS employer identification number)**
8250 Woodfield Crossing Blvd. Indianapolis, IN	**46240**
(Address of principal executive offices)	**(Zip code)**

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

Not Applicable
(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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 every Interactive Data File required to be submitted 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 such files).

☒ Yes ☐ No

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

☐ Large accelerated filer ☐ Accelerated filer ☐ Emerging growth company
☒ Non-accelerated Filer ☐ Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 31, 2021
Class A Stock, par value $100	—
Class B Stock, par value $100	22,965,620

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

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 the availability of suitable interest rate indices, or other factors, resulting from the effects of, and changes in, various monetary or fiscal policies and regulations, including those determined by the Federal Reserve and the FDIC, or a decline in liquidity in the financial markets, that could affect the value of investments or collateral we hold as security for the obligations of our members and counterparties;
- changes in demand for our advances and purchases of mortgage loans resulting from:
    - changes in our members' deposit flows and credit demands;
    - changes in products or services we are able to provide;
    - federal or state 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 and particularly our district states of Michigan and Indiana, the level of refinancing activity and consumer product preferences;
    - competitive forces, including, without limitation, other sources of funding available to our members; and
    - changes in the terms and conditions of ownership of our capital stock;
- 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 federal government shutdowns, administrative, legislative, regulatory, or other developments, changes in international political structures and alliances, and judicial rulings that affect us, our status as a secured creditor, our members (or certain classes of members), prospective members, counterparties, GSEs generally, one or more of the FHLBanks and/or investors in the consolidated obligations of the FHLBanks;
- national or international health crises, such as the COVID-19 pandemic, including any resurgence of the pandemic, new and evolving pandemic strains, and the effects of health crises on our and our counterparties' operations, member demand, market liquidity, and the global funding markets, and the governmental, regulatory, and fiscal interventions undertaken to stabilize local, national, and global economic conditions;
- ability to access the capital markets and raise capital market funding on 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;
- dealer commitment to supporting the issuance of our consolidated obligations;
- ability of one or more of the FHLBanks to repay its portion of 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 uncleared and cleared derivative transactions;
- changes in terms of derivative agreements and similar agreements;
- loss arising from natural disasters, acts of war, riots, insurrection 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.

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

Federal Home Loan Bank of Indianapolis
Statements of Condition
(Unaudited, $ amounts in thousands, except par value)

	September 30, 2021	December 31, 2020
Assets:		
Cash and due from banks	$ 1,953,744	$ 1,811,544
Interest-bearing deposits (Note 3)	100,041	100,026
Securities purchased under agreements to resell (Note 3)	4,200,000	2,500,000
Federal funds sold (Note 3)	2,075,000	1,215,000
Trading securities (Note 3)	4,858,818	5,094,703
Available-for-sale securities, amortized cost of $9,141,491 and $10,007,978 (Note 3)	9,319,579	10,144,899
Held-to-maturity securities (estimated fair values of $4,510,359 and $4,723,796) (Note 3)	4,496,595	4,701,302
Advances (Note 4)	26,958,039	31,347,486
Mortgage loans held for portfolio, net (Note 5)	7,570,462	8,515,645
Accrued interest receivable	75,813	103,076
Premises, software, and equipment, net	31,541	33,993
Derivative assets, net (Note 6)	231,280	283,082
Other assets	89,482	74,000
Total assets	$ 61,960,394	$ 65,924,756
Liabilities:		
Deposits	$ 1,736,009	$ 1,375,206
Consolidated obligations (Note 7):		
Discount notes	12,713,890	16,617,079
Bonds	43,225,386	43,332,946
Total consolidated obligations, net	55,939,276	59,950,025
Accrued interest payable	64,042	63,581
Affordable Housing Program payable (Note 8)	30,466	34,402
Derivative liabilities, net (Note 6)	18,542	22,979
Mandatorily redeemable capital stock (Note 9)	50,442	250,768
Other liabilities	570,382	777,493
Total liabilities	58,409,159	62,474,454
Commitments and contingencies (Note 13)		
Capital (Note 9):		
Capital stock (putable at par value of $100 per share):		
Class B issued and outstanding shares: 22,364,922 and 22,075,696, respectively	2,236,492	2,207,570
Retained earnings:		
Unrestricted	881,456	868,904
Restricted	281,820	268,426
Total retained earnings	1,163,276	1,137,330
Total accumulated other comprehensive income (Note 10)	151,467	105,402
Total capital	3,551,235	3,450,302
Total liabilities and capital	$ 61,960,394	$ 65,924,756

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest Income:				
Advances	$ 20,432	$ 45,084	$ 84,716	$ 291,030
Interest-bearing deposits	136	364	413	5,396
Securities purchased under agreements to resell	540	820	1,192	10,879
Federal funds sold	728	542	2,182	10,155
Trading securities	10,473	22,335	41,064	71,651
Available-for-sale securities	22,477	22,539	73,497	72,682
Held-to-maturity securities	7,694	11,201	25,367	60,147
Mortgage loans held for portfolio	44,111	48,268	124,512	189,496
Total interest income	106,591	151,153	352,943	711,436
Interest Expense:				
Consolidated obligation discount notes	1,675	10,967	7,607	111,056
Consolidated obligation bonds	46,601	77,398	153,071	398,449
Deposits	42	32	122	2,821
Mandatorily redeemable capital stock	312	2,037	2,345	7,777
Total interest expense	48,630	90,434	163,145	520,103
Net interest income	57,961	60,719	189,798	191,333
Provision for (reversal of) credit losses	(16)	124	28	172
Net interest income after provision for credit losses	57,977	60,595	189,770	191,161
Other Income:				
Net gains (losses) on trading securities	(8,207)	(19,331)	(35,566)	1,975
Net realized gains from sale of available-for-sale securities	—	504	—	504
Net gains (losses) on derivatives	(1,361)	(297)	(2,013)	(52,124)
Service fees	123	128	382	425
Standby letters of credit fees	189	188	614	506
Other, net	389	1,931	4,972	1,911
Total other income (loss)	(8,867)	(16,877)	(31,611)	(46,803)
Other Expenses:				
Compensation and benefits	14,570	14,519	44,420	44,156
Other operating expenses	7,352	7,847	22,041	22,881
Federal Housing Finance Agency	1,473	1,181	4,420	3,516
Office of Finance	1,493	1,293	4,718	3,604
Other	2,030	2,053	7,887	5,244
Total other expenses	26,918	26,893	83,486	79,401
Income before assessments	22,192	16,825	74,673	64,957
Affordable Housing Program assessments	2,250	1,886	7,702	7,273
Net income	$ 19,942	$ 14,939	$ 66,971	$ 57,684

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 September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income	$ 19,942	$ 14,939	$ 66,971	$ 57,684
Other Comprehensive Income:				
Net change in unrealized gains (losses) on available-for-sale securities	(36,864)	77,290	41,167	7,479
Pension benefits, net	(5,093)	867	4,898	(807)
Total other comprehensive income (loss)	(41,957)	78,157	46,065	6,672
Total comprehensive income (loss)	$ (22,015)	$ 93,096	$ 113,036	$ 64,356

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

Federal Home Loan Bank of Indianapolis
Statements of Capital
Three Months Ended September 30, 2021 and 2020
(Unaudited, $ amounts and shares in thousands)

	Capital Stock		Retained Earnings			Accumulated Other Comprehensive Income	Total Capital
	Shares	Par Value	Unrestricted	Restricted	Total		
Balance, June 30, 2021	22,339	$ 2,233,916	$ 878,581	$ 277,832	$1,156,413	$ 193,424	$ 3,583,753
Total comprehensive income (loss)			15,954	3,988	19,942	(41,957)	(22,015)
Proceeds from issuance of capital stock	183	18,302					18,302
Redemption/repurchase of capital stock	(113)	(11,277)					(11,277)
Shares reclassified to mandatorily redeemable capital stock, net	(44)	(4,449)					(4,449)
Cash dividends on capital stock (2.35% annualized)			(13,079)	—	(13,079)		(13,079)
Balance, September 30, 2021	22,365	$ 2,236,492	$ 881,456	$ 281,820	$1,163,276	$ 151,467	$ 3,551,235
Balance, June 30, 2020	21,943	$ 2,194,319	$ 868,328	$ 259,403	$1,127,731	$ (4,109)	$ 3,317,941
Total comprehensive income			11,952	2,987	14,939	78,157	93,096
Proceeds from issuance of capital stock	305	30,432					30,432
Redemption/repurchase of capital stock	(6)	(585)					(585)
Shares reclassified to mandatorily redeemable capital stock, net	(5)	(496)					(496)
Cash dividends on capital stock (3.50% annualized)			(18,825)	—	(18,825)		(18,825)
Balance, September 30, 2020	22,237	$ 2,223,670	$ 861,455	$ 262,390	$1,123,845	$ 74,048	$ 3,421,563

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

Federal Home Loan Bank of Indianapolis
Statements of Capital
Nine Months Ended September 30, 2021 and 2020
(Unaudited, $ amounts and shares in thousands)

	Capital Stock		Retained Earnings			Accumulated Other Comprehensive Income	Total Capital
	Shares	**Par Value**	**Unrestricted**	**Restricted**	**Total**		
Balance, December 31, 2020	22,076	$ 2,207,570	$ 868,904	$ 268,426	$1,137,330	$ 105,402	$ 3,450,302
Total comprehensive income			53,577	13,394	66,971	46,065	113,036
Proceeds from issuance of capital stock	449	44,929					44,929
Redemption/repurchase of capital stock	(113)	(11,277)					(11,277)
Shares reclassified to mandatorily redeemable capital stock, net	(47)	(4,730)					(4,730)
Cash dividends on capital stock (2.48% annualized)			(41,025)	—	(41,025)		(41,025)
Balance, September 30, 2021	22,365	$ 2,236,492	$ 881,456	$ 281,820	$1,163,276	$ 151,467	$ 3,551,235
Balance, December 31, 2019	19,741	$ 1,974,076	$ 864,454	$ 250,854	$1,115,308	$ 67,376	$ 3,156,760
Total comprehensive income			46,148	11,536	57,684	6,672	64,356
Proceeds from issuance of capital stock	2,640	264,022					264,022
Redemption/repurchase of capital stock	(6)	(585)					(585)
Shares reclassified to mandatorily redeemable capital stock, net	(138)	(13,843)					(13,843)
Partial recovery of prior capital distribution to Financing Corporation			10,574	—	10,574		10,574
Cash dividends on capital stock (3.91% annualized)			(59,721)	—	(59,721)		(59,721)
Balance, September 30, 2020	22,237	$ 2,223,670	$ 861,455	$ 262,390	$1,123,845	$ 74,048	$ 3,421,563

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)

	Nine Months Ended September 30,	
	2021	**2020**
Operating Activities:		
Net income	$ 66,971	$ 57,684
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization and depreciation	61,766	53,918
Changes in net derivative and hedging activities	87,188	(470,940)
Provision for credit losses	28	172
Net losses (gains) on trading securities	35,566	(1,975)
Net realized gains from sale of available-for-sale securities	—	(504)
Changes in:		
Accrued interest receivable	26,750	26,910
Other assets	(17,725)	(1,670)
Accrued interest payable	461	(114,660)
Other liabilities	19,697	44,253
Total adjustments, net	213,731	(464,496)
Net cash provided by (used in) operating activities	280,702	(406,812)
Investing Activities:		
Net change in:		
Interest-bearing deposits	492,551	(34,408)
Securities purchased under agreements to resell	(1,700,000)	(3,000,000)
Federal funds sold	(860,000)	1,598,000
Trading securities:		
Proceeds from maturities	2,000,000	3,160,000
Proceeds from sales	50,006	—
Purchases	(1,849,689)	(3,200,361)
Available-for-sale securities:		
Proceeds from maturities	727,875	93,550
Proceeds from sales	—	96,779
Purchases	(140,093)	(1,564,036)
Held-to-maturity securities:		
Proceeds from maturities	770,773	1,128,834
Purchases	(742,571)	(125,019)
Advances:		
Principal repayments	193,228,613	199,835,256
Disbursements to members	(189,160,818)	(198,028,162)
Mortgage loans held for portfolio:		
Principal collections	2,348,187	3,175,183
Purchases from members	(1,577,038)	(1,509,048)
Purchases of premises, software, and equipment	(3,375)	(3,889)
Loans to other Federal Home Loan Banks:		
Principal repayments	30,000	80,000
Disbursements	(30,000)	(80,000)
Net cash provided by investing activities	3,584,421	1,622,679

(continued)

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)

	Nine Months Ended September 30,	
	2021	**2020**
Financing Activities:		
Changes in deposits	360,803	338,552
Net payments on derivative contracts with financing elements	(11,629)	(2,307)
Net proceeds from issuance of consolidated obligations:		
Discount notes	183,417,467	238,137,022
Bonds	33,114,188	37,468,384
Payments for matured and retired consolidated obligations:		
Discount notes	(187,316,013)	(236,329,608)
Bonds	(33,075,310)	(41,057,605)
Proceeds from issuance of capital stock	44,929	264,022
Payments for redemption/repurchase of capital stock	(11,277)	(585)
Payments for redemption/repurchase of mandatorily redeemable capital stock	(205,056)	(74,294)
Partial recovery of prior capital distribution to Financing Corporation	—	10,574
Dividend payments on capital stock	(41,025)	(59,721)
Net cash used in financing activities	(3,722,923)	(1,305,566)
Net increase (decrease) in cash and due from banks	142,200	(89,699)
Cash and due from banks at beginning of period	1,811,544	220,294
Cash and due from banks at end of period	$ 1,953,744	$ 130,595
Supplemental Disclosures:		
Cash activities:		
Interest payments	$ 220,573	$ 716,017
Affordable Housing Program payments	11,638	10,776
Non-cash activities:		
Purchases of investment securities, traded but not yet settled	122,924	65,000
Capitalized interest on certain held-to-maturity securities	841	1,349
Par value of shares reclassified to mandatorily redeemable capital stock, net	4,730	13,843

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

Note 1 - Summary of Significant Accounting Policies

Unless the context otherwise requires, the terms "we," "us," "our," and "Bank" refer to the Federal Home Loan Bank of Indianapolis or its management. We use acronyms and terms throughout these Notes to Financial Statements that are defined in the *Defined Terms*.

Basis of Presentation. The accompanying interim financial statements 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. Certain disclosures that would have substantially duplicated the disclosures in the financial statements, and notes thereto, included in our 2020 Form 10-K have been omitted unless the information contained in those disclosures materially changed. Therefore, these interim financial statements should be read in conjunction with our audited financial statements, and notes thereto, included in our 2020 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 calendar year or any other interim period.

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. Although the reported amounts and disclosures reflect our best estimates, actual results could differ significantly from these estimates. The most significant estimates pertain to derivatives and hedging activities, and the fair value of financial instruments.

Significant Accounting Policies. Our significant accounting policies and certain other disclosures are set forth in our 2020 Form 10-K in *Note 1 - Summary of Significant Accounting Policies*. There have been no significant changes to these policies through September 30, 2021.

Note 2 - Recently Adopted and Issued Accounting Guidance

We did not adopt any new accounting guidance or elect to apply certain optional expedients prescribed by existing accounting guidance that are applicable and remain available in 2021. Further, the FASB has not issued any new and applicable accounting guidance since the filing of our 2020 Form 10-K. See *Note 2 - Recently Adopted and Issued Accounting Guidance* in our 2020 Form 10-K for additional detail.

Note 3 - Investments

Short-term Investments.

We invest in interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold to provide short-term liquidity. These investments are generally transacted with counterparties that maintain a credit rating of triple-B or higher (investment grade) by an NRSRO. At September 30, 2021 and December 31, 2020, none of these investments were with counterparties rated below single-A and none were with unrated counterparties. The NRSRO ratings may differ from our internal ratings of the investments, if applicable.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Investment Securities.

Trading Securities.

Major Security Types. The following table presents our trading securities by type of security.

Security Type	September 30, 2021	December 31, 2020
Non-mortgage-backed securities:		
U.S. Treasury obligations	$ 4,858,818	$ 5,094,703
Total trading securities at estimated fair value	$ 4,858,818	$ 5,094,703

Net Gains (Losses) on Trading Securities. The following table presents net gains (losses) on trading securities, excluding any offsetting effect of gains (losses) on the associated derivatives.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net unrealized gains (losses) on trading securities held at period end	$ 6,400	$ (27,983)	$ (22,506)	$ (19,333)
Net realized gains (losses) on trading securities that matured/sold during the period	(14,607)	8,652	(13,060)	21,308
Net gains (losses) on trading securities	$ (8,207)	$ (19,331)	$ (35,566)	$ 1,975

Available-for-Sale Securities.

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

September 30, 2021	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
GSE and TVA debentures	$ 2,683,050	$ 45,617	$ —	$ 2,728,667
GSE MBS	6,458,441	133,300	(829)	6,590,912
Total AFS securities	$ 9,141,491	$ 178,917	$ (829)	$ 9,319,579
December 31, 2020				
GSE and TVA debentures	$ 3,462,885	$ 40,252	$ —	$ 3,503,137
GSE MBS	6,545,093	98,263	(1,594)	6,641,762
Total AFS securities	$ 10,007,978	$ 138,515	$ (1,594)	$ 10,144,899

(1) Includes adjustments made to the cost basis for purchase discount or premium and related accretion or amortization, and, if applicable, fair-value hedging basis adjustments. Net unamortized premium at September 30, 2021 and December 31, 2020 totaled $15,352 and $16,300, respectively. The applicable fair value hedging basis adjustments at September 30, 2021 and December 31, 2020 totaled $287,859 and $627,619, respectively. Excludes accrued interest receivable at September 30, 2021 and December 31, 2020 of $26,112 and $34,616, respectively.

(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.

	Less than 12 months		12 months or More		Total	
September 30, 2021	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses**	**Estimated Fair Value**	**Unrealized Losses**
GSE MBS	$ 174,857	$ (829)	$ —	$ —	$ 174,857	$ (829)
Total impaired AFS securities	$ 174,857	$ (829)	$ —	$ —	$ 174,857	$ (829)
December 31, 2020						
GSE MBS	$ 132,054	$ (179)	$ 179,387	$ (1,415)	$ 311,441	$ (1,594)
Total impaired AFS securities	$ 132,054	$ (179)	$ 179,387	$ (1,415)	$ 311,441	$ (1,594)

Realized Gains and Losses. There were no sales of AFS securities during the three or nine months ended September 30, 2021. During the three and nine months ended September 30, 2020, for strategic, economic and operational reasons, we sold certain of our GSE MBS. Proceeds from the AFS sales totaled $96,779, resulting in net realized gains of $504, comprised of realized gains of $715 and realized losses of $211 determined by the specific identification method.

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

	September 30, 2021		December 31, 2020	
Year of Contractual Maturity	**Amortized Cost**	**Estimated Fair Value**	**Amortized Cost**	**Estimated Fair Value**
Due in 1 year or less	$ 584,204	$ 585,335	$ 705,134	$ 705,442
Due after 1 year through 5 years	1,411,287	1,437,066	1,215,038	1,225,187
Due after 5 years through 10 years	687,559	706,266	1,542,713	1,572,508
Total non-MBS	2,683,050	2,728,667	3,462,885	3,503,137
Total MBS	6,458,441	6,590,912	6,545,093	6,641,762
Total AFS securities	$ 9,141,491	$ 9,319,579	$10,007,978	$10,144,899

(Unaudited, $ amounts in thousands unless otherwise indicated)

<u>*Held-to-Maturity Securities.*</u>

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

September 30, 2021	**Amortized Cost** [1]	**Gross Unrecognized Holding Gains** [2]	**Gross Unrecognized Holding Losses** [2]	**Estimated Fair Value**
MBS:				
Other U.S. obligations - guaranteed MBS	$ 2,737,308	$ 8,716	$ (6,875)	$ 2,739,149
GSE MBS	1,759,287	16,904	(4,981)	1,771,210
Total HTM securities	$ 4,496,595	$ 25,620	$ (11,856)	$ 4,510,359
December 31, 2020				
MBS:				
Other U.S. obligations - guaranteed MBS	$ 2,622,677	$ 6,920	$ (4,590)	$ 2,625,007
GSE MBS	2,078,625	21,640	(1,476)	2,098,789
Total HTM securities	$ 4,701,302	$ 28,560	$ (6,066)	$ 4,723,796

(1) Carrying value equals amortized cost, which includes adjustments made to the cost basis for purchase discount or premium and related accretion or amortization. Net unamortized premium at September 30, 2021 and December 31, 2020 totaled $28,418 and $7,101, respectively. Excludes accrued interest receivable at September 30, 2021 and December 31, 2020 of $2,061 and $2,689, respectively.

(2) Gross unrecognized holding gains (losses) represent the cumulative increases (decreases) in estimated fair value.

Contractual Maturity. HTM securities are not presented by contractual maturity because they consisted entirely of MBS, whose actual maturities will likely differ from their contractual maturities as borrowers have the right to prepay their obligations with or without prepayment fees.

<u>*Allowance for Credit Losses on Investment Securities.*</u> At September 30, 2021 and December 31, 2020, 100% of our AFS and HTM securities were rated single-A, or above, by an NRSRO, based on the lowest long-term credit rating for each security. These may differ from our internal ratings of the securities, if applicable.

AFS Securities. At September 30, 2021 and December 31, 2020, certain of our AFS securities were in an unrealized loss position; however, we did not record an allowance for credit losses because those losses were considered temporary and we expected to recover the entire amortized cost basis on these securities at maturity based upon the following factors: (i) all securities were highly-rated, (ii) we have not experienced, nor do we expect, any payment defaults on the securities, (iii) the U.S., GSE, and other Agency obligations carry an explicit or implicit government guarantee such that we consider the risk of nonpayment to be zero, and (iv) we had no intention of selling any of these securities nor did we consider it more likely than not that we will be required to sell any of these securities before recovery of each security's remaining amortized cost basis.

HTM Securities. At September 30, 2021 and December 31, 2020, we did not record an allowance for credit losses on any of our HTM securities based on the following factors: (i) all securities were highly rated, (ii) we have not experienced, nor do we expect, any payment defaults on the securities, (iii) the U.S., GSE, and other Agency obligations carry an explicit or implicit government guarantee such that we consider the risk of nonpayment to be zero, and (iv) we had no intention of selling any of these securities nor did we consider it more likely than not that we will be required to sell any of these securities.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 4 - Advances

The following table presents advances outstanding by redemption term.

	September 30, 2021		December 31, 2020	
Redemption Term	**Amount**	**WAIR %**	**Amount**	**WAIR %**
Overdrawn demand and overnight deposit accounts	$ 29,977	2.43	$ —	—
Due in 1 year or less	6,865,431	0.60	10,115,576	0.51
Due after 1 year through 2 years	2,340,823	1.89	2,149,839	1.57
Due after 2 years through 3 years	3,770,555	1.50	2,760,624	2.02
Due after 3 years through 4 years	2,736,669	1.32	3,725,103	1.36
Due after 4 years through 5 years	1,848,753	1.33	3,020,039	1.29
Thereafter	9,030,857	0.89	8,919,678	1.05
Total advances, par value	26,623,065	1.07	30,690,859	1.06
Fair-value hedging basis adjustments, net	325,320		645,946	
Unamortized swap termination fees associated with modified advances, net of deferred prepayment fees	9,654		10,681	
Total advances [(1)]	$ 26,958,039		$ 31,347,486	

(1) Carrying value equals amortized cost, which excludes accrued interest receivable at September 30, 2021 and December 31, 2020 of $12,422 and $14,961, respectively.

The following table presents advances outstanding by the earlier of the redemption date or the next call date and next put date.

	Earlier of Redemption or Next Call Date		Earlier of Redemption or Next Put Date	
	September 30, 2021	**December 31, 2020**	**September 30, 2021**	**December 31, 2020**
Overdrawn demand and overnight deposit accounts	$ 29,977	$ —	$ 29,977	$ —
Due in 1 year or less	11,806,255	15,296,034	12,302,331	14,645,076
Due after 1 year through 2 years	2,004,432	1,797,049	2,876,028	3,107,339
Due after 2 years through 3 years	2,358,055	2,440,024	4,094,555	3,160,729
Due after 3 years through 4 years	1,985,969	2,246,102	2,788,069	3,824,603
Due after 4 years through 5 years	1,335,378	2,076,839	1,598,753	2,585,439
Thereafter	7,102,999	6,834,811	2,933,352	3,367,673
Total advances, par value	$ 26,623,065	$ 30,690,859	$ 26,623,065	$ 30,690,859

Advance Concentrations. At September 30, 2021 and December 31, 2020, our top five borrowers held 40% and 44%, respectively, of total advances outstanding at par.

Allowance for Credit Losses on Advances. Based upon the collateral held as security, our credit extension and collateral policies, our credit analysis and the repayment history on advances, we have not recorded an allowance for credit losses on advances.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 5 - Mortgage Loans Held for Portfolio

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

Term	September 30, 2021	December 31, 2020
Fixed-rate long-term mortgages	$ 6,330,986	$ 7,257,237
Fixed-rate medium-term [(1)] mortgages	1,059,771	1,065,329
Total mortgage loans held for portfolio, UPB	7,390,757	8,322,566
Unamortized premiums	177,749	187,425
Unamortized discounts	(2,441)	(1,638)
Hedging basis adjustments, net	4,722	7,642
Total mortgage loans held for portfolio	7,570,787	8,515,995
Allowance for credit losses	(325)	(350)
Total mortgage loans held for portfolio, net [(2)]	$ 7,570,462	$ 8,515,645

(1) Defined as a term of 15 years or less at origination.
(2) Excludes accrued interest receivable at September 30, 2021 and December 31, 2020 of $27,990 and $34,151, respectively.

Type	September 30, 2021	December 31, 2020
Conventional	$ 7,197,498	$ 8,069,274
Government-guaranteed or -insured	193,259	253,292
Total mortgage loans held for portfolio, UPB	$ 7,390,757	$ 8,322,566

Product	September 30, 2021	December 31, 2020
MPP	$ 7,275,562	$ 8,163,902
MPF Program	115,195	158,664
Total mortgage loans held for portfolio, UPB	$ 7,390,757	$ 8,322,566

Conventional MPP. The following table presents the activity in the LRA, which is reported in other liabilities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
LRA Activity	**2021**	**2020**	**2021**	**2020**
Liability, beginning of period	$ 220,061	$ 196,653	$ 207,305	$ 186,585
Additions	5,007	5,344	18,371	17,658
Claims paid	(29)	(52)	(94)	(293)
Distributions to PFIs	(117)	(891)	(660)	(2,896)
Liability, end of period	$ 224,922	$ 201,054	$ 224,922	$ 201,054

(Unaudited, $ amounts in thousands unless otherwise indicated)

Credit Quality Indicators for Conventional Mortgage Loans and Other Delinquency Statistics. All qualifying COVID-related loan modifications considered to be formal, i.e. the legal terms of the loan were changed, are excluded from TDR classification and existing accounting policies and the loans are returned to current status upon modification. As of September 30, 2021 and December 31, 2020, we had $29,567, or 0.4%, and $12,309, or 0.2%, respectively, of our total conventional loans outstanding with formal modifications.

We have continued to apply our existing accounting policies for past due, non-accrual, and charge-offs resulting from COVID-related loan modifications considered to be informal, i.e. the legal terms of the loan were not changed. Based on information from our mortgage servicers, as of September 30, 2021 and December 31, 2020, the UPB of conventional loans in an informal forbearance arrangement, including current loans, totaled $37,558 and $111,516, respectively, or 0.5% and 1.4%, respectively, of our total conventional loans outstanding. As of September 30, 2021, no informal COVID-19-related loan modifications were classified as TDRs.

Payment status is the key credit quality indicator for conventional mortgage loans and allows us to monitor the migration of past due loans. Past due loans are those where the borrower has failed to make timely payments of principal and/or interest in accordance with the terms of the loan. Other delinquency statistics include non-accrual loans and loans in process of foreclosure. The tables below present the key credit quality indicators and other delinquency statistics for our mortgage loans held for portfolio aggregated by (i) the most recent five origination years and (ii) all prior origination years. Amounts are based on amortized cost, which excludes accrued interest receivable.

	Origination Year		
Payment Status as of September 30, 2021	**Prior to 2017**	**2017 to 2021**	**Total**
Past due:			
30-59 days	$ 16,664	$ 10,675	$ 27,339
60-89 days	3,041	1,740	4,781
90 days or more	23,574	16,127	39,701
Total past due	43,279	28,542	71,821
Total current	2,685,414	4,618,028	7,303,442
Total conventional mortgage loans, amortized cost	$ 2,728,693	$ 4,646,570	$ 7,375,263

As of September 30, 2021, the UPB of conventional loans in an informal forbearance arrangement included amounts 30-59 days past due of $3,753, 60-89 days past due of $3,036, and 90 days or more past due of $27,945, for total past due of $34,734.

	Origination Year		
Payment Status as of December 31, 2020	**Prior to 2016**	**2016 to 2020**	**Total**
Past due:			
30-59 days	$ 19,893	$ 22,130	$ 42,023
60-89 days	6,980	12,078	19,058
90 days or more	27,467	67,075	94,542
Total past due	54,340	101,283	155,623
Total current	2,468,908	5,635,070	8,103,978
Total conventional mortgage loans, amortized cost	$ 2,523,248	$ 5,736,353	$ 8,259,601

As of December 31, 2020, the UPB of conventional loans in an informal forbearance arrangement included amounts 30-59 days past due of $10,214, 60-89 days past due of $12,661, and 90 days or more past due of $79,011, for total past due of $101,886.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Other Delinquency Statistics as of September 30, 2021	Conventional	Government	Total
In process of foreclosure [1]	$ 2,121	$ —	$ 2,121
Serious delinquency rate [2]	0.54 %	1.44 %	0.56 %
Past due 90 days or more still accruing interest [3]	$ 18,979	$ 2,094	$ 21,073
On non-accrual status [4]	$ 32,581	$ —	$ 32,581
Other Delinquency Statistics as of December 31, 2020			
In process of foreclosure [1]	$ 2,689	$ —	$ 2,689
Serious delinquency rate [2]	1.14 %	3.36 %	1.21 %
Past due 90 days or more still accruing interest [3]	$ 36,585	$ 7,933	$ 44,518
On non-accrual status [4]	$ 87,763	$ —	$ 87,763

(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, but are not necessarily considered to be on non-accrual status.

(2) Represents loans 90 days or more past due (including loans in process of foreclosure) expressed as a percentage of the total mortgage loans. The percentage excludes principal and interest amounts previously paid in full by the servicers on conventional loans that are pending resolution of potential loss claims. Our servicers repurchase seriously delinquent government loans, including FHA loans, when certain criteria are met.

(3) Although our past due scheduled/scheduled MPP loans are classified as loans past due 90 days or more based on the loan's delinquency status, we do not consider these loans to be on non-accrual status as they are well-secured and in the process of collection.

(4) As of September 30, 2021 and December 31, 2020, $32,526 and $87,708, respectively, of UPB of these conventional mortgage loans on non-accrual status did not have a specifically assigned allowance for credit losses and $18,166 and $59,306, respectively, of UPB of these conventional mortgage loans were in informal forbearance related to the COVID-19 pandemic.

Allowance for Credit Losses.

Components and Rollforward of Allowance for Credit Losses. The following table presents the components of the allowance for credit losses, including the credit enhancement waterfall for MPP.

Components of Allowance	September 30, 2021	December 31, 2020
MPP expected losses remaining after borrower's equity, before credit enhancements	$ 5,028	$ 10,305
Portion of expected losses recoverable from credit enhancements:		
PMI	(837)	(2,277)
LRA [1]	(3,299)	(6,847)
SMI	(674)	(963)
Total portion recoverable from credit enhancements	(4,810)	(10,087)
Allowance for unrecoverable PMI/SMI	32	32
Allowance for MPP credit losses	250	250
Allowance for MPF Program credit losses	75	100
Allowance for credit losses	$ 325	$ 350

(1) Amounts recoverable are limited to (i) the expected 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 total LRA balance is available to cover any losses not yet expected and to distribute any excess funds to the PFIs.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The table below presents a rollforward of our allowance for credit losses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Rollforward of Allowance	**2021**	**2020**	**2021**	**2020**
Balance, beginning of period	$ 325	$ 325	$ 350	$ 300
Charge-offs	5	(50)	(87)	(93)
Recoveries	11	1	34	21
Provision for (reversal of) credit losses	(16)	124	28	172
Balance, end of period	$ 325	$ 400	$ 325	$ 400

Government-Guaranteed or -Insured Mortgage Loans. Based on the U.S. government guarantee or insurance on these loans, our assessment of our servicers, and the collateral backing the loans, we did not record an allowance for credit losses for government-guaranteed or -insured mortgage loans at September 30, 2021 or December 31, 2020. Furthermore, none of these mortgage loans have been placed on non-accrual status due to the U.S. government guarantee or insurance on these loans and the contractual obligation of the loan servicer to repurchase the loans when certain criteria are met.

Note 6 - Derivatives and Hedging Activities

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

Uncleared Derivatives. For certain of our uncleared 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 uncleared derivative instruments in net liability positions. The aggregate estimated fair value of all uncleared 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 September 30, 2021 was $412, for which we have posted collateral in cash, including accrued interest, of $894 in the normal course of business. If our credit rating had been lowered by an NRSRO (from an S&P equivalent of AA+ to AA), we would not have been required to deliver additional collateral to our uncleared derivative counterparties at September 30, 2021.

Cleared Derivatives. The clearinghouse determines margin requirements which are generally not based on credit ratings. However, clearing agents may require additional margin to be posted by us based on credit considerations, including but not limited to any credit rating downgrades. At September 30, 2021, we were not required by our clearing agents to post any additional margin.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Financial Statement Effect and Additional Financial Information.

We record derivative instruments, related cash collateral received or pledged/posted and associated accrued interest on a net basis, by clearing agent and/or by counterparty when the netting requirements have been met. The following table presents the notional amount and estimated fair value of derivative assets and liabilities.

		Estimated Fair Value	
September 30, 2021	**Notional Amount**	**Derivative Assets**	**Derivative Liabilities**
Derivatives designated as hedging instruments:			
Interest-rate swaps	$ 42,839,114	$ 78,296	$ 380,416
Total derivatives designated as hedging instruments	42,839,114	78,296	380,416
Derivatives not designated as hedging instruments:			
Economic hedges:			
Interest-rate swaps	9,327,000	4,321	161
Interest-rate caps/floors	625,500	644	—
Interest-rate forwards	141,100	336	47
MDCs	139,076	81	257
Total derivatives not designated as hedging instruments	10,232,676	5,382	465
Total derivatives before adjustments	$ 53,071,790	83,678	380,881
Netting adjustments and cash collateral [(1)]		147,602	(362,339)
Total derivatives, net		$ 231,280	$ 18,542
December 31, 2020			
Derivatives designated as hedging instruments:			
Interest-rate swaps	$ 40,227,966	$ 13,018	$ 761,330
Total derivatives designated as hedging instruments	40,227,966	13,018	761,330
Derivatives not designated as hedging instruments:			
Economic hedges;			
Interest-rate swaps	9,177,000	5,404	181
Interest-rate caps/floors	625,500	1,113	—
Interest-rate forwards	180,900	—	1,486
MDCs	180,152	1,022	—
Total derivatives not designated as hedging instruments	10,163,552	7,539	1,667
Total derivatives before adjustments	$ 50,391,518	20,557	762,997
Netting adjustments and cash collateral [(1)]		262,525	(740,018)
Total derivatives, net		$ 283,082	$ 22,979

(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 pledged to counterparties at September 30, 2021 and December 31, 2020, including accrued interest, totaled $510,835 and $1,003,437, respectively. Cash collateral received from counterparties and held at both September 30, 2021 and December 31, 2020, including accrued interest, totaled $894. At September 30, 2021 and December 31, 2020, no securities were pledged as collateral.

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents separately the estimated fair value of derivative instruments meeting and not meeting netting requirements, including the effect of the related collateral.

	September 30, 2021		December 31, 2020	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative instruments meeting netting requirements:				
Gross recognized amount				
Uncleared	$ 78,602	$ 376,138	$ 13,793	$ 755,118
Cleared	4,659	4,439	5,742	6,393
Total gross recognized amount	83,261	380,577	19,535	761,511
Gross amounts of netting adjustments and cash collateral				
Uncleared	(78,283)	(357,900)	(13,793)	(733,625)
Cleared	225,885	(4,439)	276,318	(6,393)
Total gross amounts of netting adjustments and cash collateral	147,602	(362,339)	262,525	(740,018)
Net amounts after netting adjustments and cash collateral				
Uncleared	319	18,238	—	21,493
Cleared	230,544	—	282,060	—
Total net amounts after netting adjustments and cash collateral	230,863	18,238	282,060	21,493
Derivative instruments not meeting netting requirements (1)	417	304	1,022	1,486
Total derivatives, at estimated fair value	$ 231,280	$ 18,542	$ 283,082	$ 22,979

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

(Unaudited, $ amounts in thousands unless otherwise indicated)

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

Three Months Ended September 30, 2021	**Advances**	**Investments**	**CO Bonds**	**Total**
Changes in estimated fair value:				
Hedged items (attributable to risk being hedged)	$ (66,161)	$ (30,326)	$ 37,891	$ (58,596)
Derivatives	58,792	32,609	(35,558)	55,843
Net changes in estimated fair value before price alignment interest	(7,369)	2,283	2,333	(2,753)
Price alignment interest [1]	22	10	(2)	30
Net interest settlements on derivatives [2]	(45,957)	(25,658)	27,351	(44,264)
Amortization/accretion of gains (losses) on active hedging relationships	—	1,114	44	1,158
Net gains (losses) on qualifying fair-value hedging relationships	(53,304)	(22,251)	29,726	(45,829)
Amortization/accretion of gains (losses) on discontinued fair-value hedging relationships	(58)	(11,472)	—	(11,530)
Net gains (losses) on derivatives and hedging activities in net interest income [3]	$ (53,362)	$ (33,723)	$ 29,726	$ (57,359)

Three Months Ended September 30, 2020				
Changes in estimated fair value:				
Hedged items (attributable to risk being hedged)	$ (104,009)	$ (50,989)	$ 13,439	$ (141,559)
Derivatives	99,757	53,325	(13,934)	139,148
Net changes in estimated fair value before price alignment interest	(4,252)	2,336	(495)	(2,411)
Price alignment interest [1]	92	73	(10)	155
Net interest settlements on derivatives [2]	(54,836)	(39,134)	15,069	(78,901)
Amortization/accretion of gains (losses) on active hedging relationships	1	1,263	751	2,015
Net gains (losses) on qualifying fair-value hedging relationships	(58,995)	(35,462)	15,315	(79,142)
Amortization/accretion of gains (losses) on discontinued fair-value hedging relationships	—	—	—	—
Net gains (losses) on derivatives and hedging activities in net interest income [3]	$ (58,995)	$ (35,462)	$ 15,315	$ (79,142)

(Unaudited, $ amounts in thousands unless otherwise indicated)

Nine Months Ended September 30, 2021	Advances	Investments	CO Bonds	Total
Changes in estimated fair value:				
Hedged items (attributable to risk being hedged)	$ (299,081)	$ (256,325)	$ 121,951	$ (433,455)
Derivatives	293,540	266,802	(116,664)	443,678
Net changes in estimated fair value before price alignment interest	(5,541)	10,477	5,287	10,223
Price alignment interest [1]	58	27	(6)	79
Net interest settlements on derivatives [2]	(137,849)	(86,438)	61,588	(162,699)
Amortization/accretion of gains (losses) on active hedging relationships	—	5,274	206	5,480
Net gains (losses) on qualifying fair-value hedging relationships	(143,332)	(70,660)	67,075	(146,917)
Amortization/accretion of gains (losses) on discontinued fair-value hedging relationships	(170)	(24,264)	—	(24,434)
Net gains (losses) on derivatives and hedging activities in net interest income [3]	$ (143,502)	$ (94,924)	$ 67,075	$ (171,351)

Nine Months Ended September 30, 2020	Advances	Investments	CO Bonds	Total
Changes in estimated fair value:				
Hedged items (attributable to risk being hedged)	$ 530,727	$ 589,234	$ (26,013)	$ 1,093,948
Derivatives	(533,327)	(614,242)	28,821	(1,118,748)
Net changes in estimated fair value before price alignment interest	(2,600)	(25,008)	2,808	(24,800)
Price alignment interest [1]	732	474	(159)	1,047
Net interest settlements on derivatives [2]	(83,275)	(72,815)	43,844	(112,246)
Amortization/accretion of gains (losses) on active hedging relationships	(13)	1,902	2,084	3,973
Net gains (losses) on qualifying fair-value hedging relationships	(85,156)	(95,447)	48,577	(132,026)
Amortization/accretion of gains (losses) on discontinued fair-value hedging relationships	—	—	(36)	(36)
Net gains (losses) on derivatives and hedging activities in net interest income [3]	$ (85,156)	$ (95,447)	$ 48,541	$ (132,062)

(1) Relates to derivatives for which variation margin payments are characterized as daily settled contracts.
(2) Represents interest income/expense on derivatives in qualifying fair-value hedging relationships. Net interest settlements on derivatives that are not in qualifying fair-value hedging relationships are reported in other income.
(3) Excludes the interest income/expense of the respective hedged items recorded in net interest income.

(Unaudited, $ amounts in thousands unless otherwise indicated)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Type of Hedge	**2021**	**2020**	**2021**	**2020**
Net gains (losses) on derivatives not designated as hedging instruments:				
Economic hedges:				
Interest-rate swaps	$ 175	$ 11,994	$ 8,369	$ (8,287)
Swaptions	—	—	—	(323)
Interest-rate caps/floors	(72)	(228)	(468)	236
Interest-rate forwards	(459)	(917)	2,353	(11,840)
Net interest settlements	(1,333)	(11,579)	(9,571)	(40,491)
MDCs	328	433	(2,696)	8,581
Net gains (losses) on derivatives in other income	$ (1,361)	$ (297)	$ (2,013)	$ (52,124)

The following table presents the amortized cost of, and the related cumulative basis adjustments on, hedged items in qualifying fair-value hedging relationships.

September 30, 2021	**Advances**	**Investments**	**CO Bonds**
Amortized cost of hedged items [1]	$ 16,446,754	$ 9,141,491	$ 19,794,934
Cumulative basis adjustments included in amortized cost:			
For active fair-value hedging relationships [2]	$ 324,690	$ (71,459)	$ (100,409)
For discontinued fair-value hedging relationships	630	359,318	—
Total cumulative fair-value hedging basis adjustments on hedged items	$ 325,320	$ 287,859	$ (100,409)
December 31, 2020			
Amortized cost of hedged items [1]	$ 17,219,312	$ 9,882,225	$ 17,406,679
Cumulative basis adjustments included in amortized cost:			
For active fair-value hedging relationships [2]	$ 645,146	$ 501,865	$ 21,605
For discontinued fair-value hedging relationships	799	125,754	—
Total cumulative fair-value hedging basis adjustments on hedged items	$ 645,945	$ 627,619	$ 21,605

(1) Includes only the portion of the amortized cost of the hedged items in qualifying fair-value hedging relationships.
(2) Excludes any offsetting effect of the net estimated fair value of the associated derivatives.

Note 7 - Consolidated Obligations

In addition to being the primary obligor for all consolidated obligations issued on our behalf, we are jointly and severally liable with each of the other FHLBanks for the payment of the principal and interest on all of the FHLBanks' consolidated obligations outstanding. The par values of the FHLBanks' consolidated obligations outstanding at September 30, 2021 and December 31, 2020 totaled $641.4 billion and $746.8 billion, respectively. As provided by the Bank Act and Finance Agency regulations, consolidated obligations are backed only by the financial resources of all FHLBanks.

(Unaudited, $ amounts in thousands unless otherwise indicated)

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

Discount Notes	September 30, 2021	December 31, 2020
Book value	$ 12,713,890	$ 16,617,079
Par value	12,715,399	16,620,486
Weighted average effective interest rate	0.05 %	0.12 %

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

	September 30, 2021		December 31, 2020	
Year of Contractual Maturity	Amount	WAIR%	Amount	WAIR%
Due in 1 year or less	$ 19,458,850	0.27	$ 31,126,310	0.29
Due after 1 year through 2 years	4,130,410	0.96	4,109,700	0.70
Due after 2 years through 3 years	3,001,900	0.68	1,753,010	1.34
Due after 3 years through 4 years	3,730,900	0.73	767,250	1.93
Due after 4 years through 5 years	5,420,250	1.06	837,300	1.13
Thereafter	7,514,000	2.13	4,652,000	2.91
Total CO bonds, par value	43,256,310	0.83	43,245,570	0.70
Unamortized premiums	87,809		87,133	
Unamortized discounts	(11,725)		(12,703)	
Unamortized concessions	(6,599)		(8,659)	
Fair-value hedging basis adjustments, net	(100,409)		21,605	
Total CO bonds	$ 43,225,386		$ 43,332,946	

The following tables present the par value of our CO bonds outstanding by redemption feature and the earlier of the year of contractual maturity or next call date.

Redemption Feature	September 30, 2021	December 31, 2020
Non-callable / non-putable	$ 26,902,810	$ 36,809,070
Callable	16,353,500	6,436,500
Total CO bonds, par value	$ 43,256,310	$ 43,245,570

Year of Contractual Maturity or Next Call Date	September 30, 2021	December 31, 2020
Due in 1 year or less	$ 35,255,350	$ 34,272,810
Due after 1 year through 2 years	4,482,410	4,159,700
Due after 2 years through 3 years	652,900	1,608,010
Due after 3 years through 4 years	608,900	443,750
Due after 4 years through 5 years	437,750	563,300
Thereafter	1,819,000	2,198,000
Total CO bonds, par value	$ 43,256,310	$ 43,245,570

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents the par value of our CO bonds outstanding by interest-rate payment type.

Interest-Rate Payment Type	September 30, 2021	December 31, 2020
Fixed-rate	$ 33,086,810	$ 24,750,570
Step-up	628,500	15,000
Simple variable-rate	9,541,000	18,480,000
Total CO bonds, par value	$ 43,256,310	$ 43,245,570

Note 8 - Affordable Housing Program

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
AHP Activity	**2021**	**2020**	**2021**	**2020**
Liability at beginning of period	$ 30,765	$ 36,661	$ 34,402	$ 38,084
Assessment (expense)	2,250	1,886	7,702	7,273
Subsidy usage, net [1]	(2,549)	(3,966)	(11,638)	(10,776)
Liability at end of period	$ 30,466	$ 34,581	$ 30,466	$ 34,581

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

Note 9 - Capital

Classes of Capital Stock. The following table presents the capital stock outstanding by sub-series.

Capital stock outstanding	September 30, 2021	December 31, 2020
Class B-1	$ 968,869	$ 797,196
Class B-2	1,267,623	1,410,374
Total Class B	$ 2,236,492	$ 2,207,570

Mandatorily Redeemable Capital Stock. The following table presents the activity in our MRCS.

	Three Months Ended September 30,		Nine Months Ended September 30,	
MRCS Activity	**2021**	**2020**	**2021**	**2020**
Liability at beginning of period	$ 232,893	$ 299,704	$ 250,768	$ 322,902
Reclassification from capital stock	4,449	496	4,730	13,843
Redemptions/repurchases	(186,900)	(37,750)	(205,056)	(74,331)
Accrued distributions	—	4	—	40
Liability at end of period	$ 50,442	$ 262,454	$ 50,442	$ 262,454

(Unaudited, $ amounts in thousands unless otherwise indicated)

The following table presents MRCS by contractual year of redemption. The year of redemption is the later of (i) the final year of the five-year redemption period, or (ii) the first year in which a non-member no longer has an activity-based stock requirement.

MRCS Contractual Year of Redemption	September 30, 2021	December 31, 2020
Year 1 (1)(2)	$ 12,431	$ 9,274
Year 2	471	—
Year 3	9,873	26,723
Year 4	4,270	150,957
Year 5	23,397	32,791
Thereafter (3)	—	31,023
Total MRCS	$ 50,442	$ 250,768

(1) Balances at September 30, 2021 and December 31, 2020 include $597 and $624, respectively, of Class B stock that had reached the end of the five-year redemption period but will not be redeemed until the associated credit products and other obligations are no longer outstanding.

(2) Balance at September 30, 2021 includes $11,835 of Class B stock held by one captive insurance company whose membership was terminated on February 19, 2021 but will not be redeemed until the associated credit products and other obligations are no longer outstanding. Such amount was properly classified as "thereafter" as of December 31, 2020.

(3) Represents the five-year redemption period of Class B stock held by certain captive insurance companies which began immediately upon their respective terminations of membership on February 19, 2021. Upon their respective terminations, we repurchased their excess stock totaling $18,063.

The following table presents the distributions related to MRCS.

	Three Months Ended September 30,		Nine Months Ended September 30,	
MRCS Distributions	2021	2020	2021	2020
Recorded as interest expense	$ 312	$ 2,037	$ 2,345	$ 7,777
Recorded as distributions from retained earnings	13	4	97	40
Total	$ 325	$ 2,041	$ 2,442	$ 7,817

Capital Requirements. We are subject to three capital requirements under our capital plan and Finance Agency regulations as disclosed in *Note 12 - Capital* in our 2020 Form 10-K. As presented in the following table, we were in compliance with these requirements at September 30, 2021 and December 31, 2020.

	September 30, 2021		December 31, 2020	
Regulatory Capital Requirements	Required	Actual	Required	Actual
Risk-based capital	$ 973,066	$ 3,450,210	$ 630,661	$ 3,595,668
Total regulatory capital	$ 2,478,416	$ 3,450,210	$ 2,636,990	$ 3,595,668
Total regulatory capital-to-assets ratio	4.00%	5.57%	4.00%	5.45%
Leverage capital	$ 3,098,020	$ 5,175,315	$ 3,296,238	$ 5,393,502
Leverage ratio	5.00%	8.36%	5.00%	8.18%

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 10 - Accumulated Other Comprehensive Income

The following table presents a summary of the changes in the components of AOCI.

AOCI Rollforward	Unrealized Gains (Losses) on AFS Securities	Pension Benefits	Total AOCI
Balance, June 30, 2021	$ 214,952	$ (21,528)	$ 193,424
OCI before reclassifications:			
Net change in unrealized gains (losses)	(36,864)	—	(36,864)
Reclassifications from OCI to net income:			
Pension benefits, net	—	(5,093)	(5,093)
Total other comprehensive income (loss)	(36,864)	(5,093)	(41,957)
Balance, September 30, 2021	$ 178,088	$ (26,621)	$ 151,467
Balance, June 30, 2020	$ 20,002	$ (24,111)	$ (4,109)
OCI before reclassifications:			
Net change in unrealized gains (losses)	77,290	—	77,290
Reclassifications from OCI to net income:			
Pension benefits, net	—	867	867
Total other comprehensive income	77,290	867	78,157
Balance, September 30, 2020	$ 97,292	$ (23,244)	$ 74,048

(Unaudited, $ amounts in thousands unless otherwise indicated)

AOCI Rollforward	Unrealized Gains (Losses) on AFS Securities	Pension Benefits	Total AOCI
Balance, December 31, 2020	$ 136,921	$ (31,519)	$ 105,402
OCI before reclassifications:			
Net change in unrealized gains (losses)	41,167	—	41,167
Reclassifications from OCI to net income:			
Pension benefits, net	—	4,898	4,898
Total other comprehensive income	41,167	4,898	46,065
Balance, September 30, 2021	$ 178,088	$ (26,621)	$ 151,467
Balance, December 31, 2019	$ 89,813	$ (22,437)	$ 67,376
OCI before reclassifications:			
Net change in unrealized gains (losses)	7,479	—	7,479
Reclassifications from OCI to net income:			
Pension benefits, net	—	(807)	(807)
Total other comprehensive income (loss)	7,479	(807)	6,672
Balance, September 30, 2020	$ 97,292	$ (23,244)	$ 74,048

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 11 - Segment Information

The following table presents our financial performance by operating segment.

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 49,655	$ 8,306	$ 57,961	$ 65,392	$ (4,673)	$ 60,719
Provision for (reversal of) credit losses	—	(16)	(16)	—	124	124
Other income (loss)	(8,779)	(88)	(8,867)	(16,480)	(397)	(16,877)
Other expenses	23,016	3,902	26,918	22,992	3,901	26,893
Income (loss) before assessments	17,860	4,332	22,192	25,920	(9,095)	16,825
Affordable Housing Program assessments (credits)	1,816	434	2,250	2,796	(910)	1,886
Net income (loss)	$ 16,044	$ 3,898	$ 19,942	$ 23,124	$ (8,185)	$ 14,939

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Traditional	Mortgage Loans	Total	Traditional	Mortgage Loans	Total
Net interest income	$ 177,792	$ 12,006	$ 189,798	$ 177,645	$ 13,688	$ 191,333
Provision for (reversal of) credit losses	—	28	28	—	172	172
Other income (loss)	(31,388)	(223)	(31,611)	(43,771)	(3,032)	(46,803)
Other expenses	71,356	12,130	83,486	67,601	11,800	79,401
Income (loss) before assessments	75,048	(375)	74,673	66,273	(1,316)	64,957
Affordable Housing Program assessments (credits)	7,739	(37)	7,702	7,405	(132)	7,273
Net income (loss)	$ 67,309	$ (338)	$ 66,971	$ 58,868	$ (1,184)	$ 57,684

The following table presents our asset balances by operating segment.

By Date	Traditional	Mortgage Loans	Total
September 30, 2021	$ 54,389,932	$ 7,570,462	$ 61,960,394
December 31, 2020	57,409,111	8,515,645	65,924,756

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 12 - Estimated Fair Values

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.

	September 30, 2021					
		Estimated Fair Value				
Financial Instruments	**Carrying Value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments** [(1)]
Assets:						
Cash and due from banks	$ 1,953,744	$ 1,953,744	$ 1,953,744	$ —	$ —	$ —
Interest-bearing deposits	100,041	100,041	100,000	41	—	—
Securities purchased under agreements to resell	4,200,000	4,200,000	—	4,200,000	—	—
Federal funds sold	2,075,000	2,075,000	—	2,075,000	—	—
Trading securities	4,858,818	4,858,818	—	4,858,818	—	—
AFS securities	9,319,579	9,319,579	—	9,319,579	—	—
HTM securities	4,496,595	4,510,359	—	4,510,359	—	—
Advances	26,958,039	26,929,765	—	26,929,765	—	—
Mortgage loans held for portfolio, net	7,570,462	7,839,709	—	7,809,902	29,807	—
Accrued interest receivable	75,813	75,813	—	75,813	—	—
Derivative assets, net	231,280	231,280	—	83,678	—	147,602
Grantor trust assets [(2)]	60,129	60,129	60,129	—	—	—
Liabilities:						
Deposits	1,736,009	1,736,009	—	1,736,009	—	—
Consolidated obligations:						
Discount notes	12,713,890	12,713,966	—	12,713,966	—	—
Bonds	43,225,386	43,615,928	—	43,615,928	—	—
Accrued interest payable	64,042	64,042	—	64,042	—	—
Derivative liabilities, net	18,542	18,542	—	380,881	—	(362,339)
MRCS	50,442	50,442	50,442	—	—	—

(Unaudited, $ amounts in thousands unless otherwise indicated)

	December 31, 2020					
		Estimated Fair Value				
Financial Instruments	Carrying Value	Total	Level 1	Level 2	Level 3	Netting Adjustments [1]
Assets:						
Cash and due from banks	$ 1,811,544	$ 1,811,544	$ 1,811,544	$ —	$ —	$ —
Interest-bearing deposits	100,026	100,026	100,000	26	—	—
Securities purchased under agreements to resell	2,500,000	2,500,000	—	2,500,000	—	—
Federal funds sold	1,215,000	1,215,000	—	1,215,000	—	—
Trading securities	5,094,703	5,094,703	—	5,094,703	—	—
AFS securities	10,144,899	10,144,899	—	10,144,899	—	—
HTM securities	4,701,302	4,723,796	—	4,723,796	—	—
Advances	31,347,486	31,290,664	—	31,290,664	—	—
Mortgage loans held for portfolio, net	8,515,645	8,922,185	—	8,860,853	61,332	—
Accrued interest receivable	103,076	103,076	—	103,076	—	—
Derivative assets, net	283,082	283,082	—	20,557	—	262,525
Grantor trust assets [2]	51,032	51,032	51,032	—	—	—
Liabilities:						
Deposits	1,375,206	1,375,206	—	1,375,206	—	—
Consolidated obligations:						
Discount notes	16,617,079	16,617,976	—	16,617,976	—	—
Bonds	43,332,946	43,952,206	—	43,952,206	—	—
Accrued interest payable	63,581	63,581	—	63,581	—	—
Derivative liabilities, net	22,979	22,979	—	762,997	—	(740,018)
MRCS	250,768	250,768	250,768	—	—	—

(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.
(2) Included in other assets on the statement of condition.

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 16 - Estimated Fair Values* in our 2020 Form 10-K. No significant changes have been made in the current year.

(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.

September 30, 2021	**Total**	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments** [1]
Trading securities:					
U.S. Treasury securities	$ 4,858,818	$ —	$ 4,858,818	$ —	$ —
Total trading securities	4,858,818	—	4,858,818	—	—
AFS securities:					
GSE and TVA debentures	2,728,667	—	2,728,667	—	—
GSE MBS	6,590,912	—	6,590,912	—	—
Total AFS securities	9,319,579	—	9,319,579	—	—
Derivative assets:					
Interest-rate related	231,199	—	83,597	—	147,602
MDCs	81	—	81	—	—
Total derivative assets, net	231,280	—	83,678	—	147,602
Other assets:					
Grantor trust assets	60,129	60,129	—	—	—
Total assets at recurring estimated fair value	$14,469,806	$ 60,129	$14,262,075	$ —	$ 147,602
Derivative liabilities:					
Interest-rate related	$ 18,285	$ —	$ 380,624	$ —	$ (362,339)
MDCs	257	—	257	—	—
Total derivative liabilities, net	18,542	—	380,881	—	(362,339)
Total liabilities at recurring estimated fair value	$ 18,542	$ —	$ 380,881	$ —	$ (362,339)
Mortgage loans held for portfolio [2]	$ 1,141	$ —	$ —	$ 1,141	$ —
Total assets at non-recurring estimated fair value	$ 1,141	$ —	$ —	$ 1,141	$ —

(Unaudited, $ amounts in thousands unless otherwise indicated)

December 31, 2020	Total	Level 1	Level 2	Level 3	Netting Adjustments [1]
Trading securities:					
U.S. Treasury securities	$ 5,094,703	$ —	$ 5,094,703	$ —	$ —
Total trading securities	5,094,703	—	5,094,703	—	—
AFS securities:					
GSE and TVA debentures	3,503,137	—	3,503,137	—	—
GSE MBS	6,641,762	—	6,641,762	—	—
Total AFS securities	10,144,899	—	10,144,899	—	—
Derivative assets:					
Interest-rate related	282,060	—	19,535	—	262,525
MDCs	1,022	—	1,022	—	—
Total derivative assets, net	283,082	—	20,557	—	262,525
Other assets:					
Grantor trust assets	51,032	51,032	—	—	—
Total assets at recurring estimated fair value	$15,573,716	$ 51,032	$15,260,159	$ —	$ 262,525
Derivative liabilities:					
Interest-rate related	$ 22,979	$ —	$ 762,997	$ —	$ (740,018)
MDCs	—	—	—	—	—
Total derivative liabilities, net	22,979	—	762,997	—	(740,018)
Total liabilities at recurring estimated fair value	$ 22,979	$ —	$ 762,997	$ —	$ (740,018)
Mortgage loans held for portfolio [3]	$ 1,460	$ —	$ —	$ 1,460	$ —
Total assets at non-recurring estimated fair value	$ 1,460	$ —	$ —	$ 1,460	$ —

(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.
(2) Amounts are as of the date the fair-value adjustment was recorded during the nine months ended September 30, 2021.
(3) Amounts are as of the date the fair-value adjustment was recorded during the year ended December 31, 2020.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 13 - Commitments and Contingencies

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

	September 30, 2021		
Type of Commitment	**Expire within one year**	**Expire after one year**	**Total**
Standby letters of credit outstanding	$ 70,984	$ 303,170	$ 374,154
Unused lines of credit [1]	923,200	—	923,200
Commitments to fund additional advances [2]	33,000	—	33,000
Commitments to fund or purchase mortgage loans, net [3]	139,076	—	139,076
Unsettled CO bonds, at par	640,000	—	640,000

(1) Maximum line of credit amount per member is $100,000.
(2) Generally for periods up to six months.
(3) Generally for periods up to 91 days.

Liability for Credit Losses. We monitor the creditworthiness of our members that have standby letters of credit and lines of credit. As standby letters of credit and lines of credit are subject to the same collateralization and borrowing limits that apply to advances and are fully collateralized at the time of issuance, we have not recorded a liability for credit losses on these credit products.

Legal Proceedings. We are subject to legal proceedings arising in the normal course of business. We 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 could have a material effect on our financial condition, results of operations or cash flows.

Additional discussion of other commitments and contingencies is provided in *Note 4 - Advances; Note 5 - Mortgage Loans Held for Portfolio; Note 6 - Derivatives and Hedging Activities; Note 7 - Consolidated Obligations; Note 9 - Capital;* and *Note 12 - Estimated Fair Values*.

(Unaudited, $ amounts in thousands unless otherwise indicated)

Note 14 - Related Party and Other Transactions

Transactions with Related Parties. The following table presents the aggregate balances of capital stock and advances outstanding for directors' financial institutions and their balances as a percent of the total balances on our statement of condition.

	September 30, 2021		December 31, 2020	
Balances with Directors' Financial Institutions	**Par value**	**% of Total**	**Par value**	**% of Total**
Capital stock	$ 433,736	19 %	$ 426,003	17 %
Advances	3,239,201	12 %	5,397,433	18 %

The par values at September 30, 2021 reflect changes in the composition of directors' financial institutions effective January 1, 2021, due to changes in board membership resulting from the 2020 director election.

The following table presents our transactions with directors' financial institutions, taking into account the beginning and ending dates of the directors' terms, merger activity and other changes in the composition of directors' financial institutions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Transactions with Directors' Financial Institutions	**2021**	**2020**	**2021**	**2020**
Net capital stock issuances (redemptions and repurchases)	$ —	$ 450	$ —	$ 78,071
Net advances (repayments)	(146,031)	(784,706)	(2,189,295)	(1,504,938)
Mortgage loan purchases	18,293	7,390	47,915	34,254

Transactions with Other FHLBanks. Occasionally, we loan or borrow short-term funds to/from other FHLBanks. The following table presents the loans to/borrowings from other FHLBanks.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Loans to other FHLBanks	**2021**	**2020**	**2021**	**2020**
Principal repayments	$ 10,000	$ 60,000	$ 30,000	$ 80,000
Disbursements	(10,000)	(60,000)	(30,000)	(80,000)

There were no loans to or borrowings from other FHLBanks outstanding at September 30, 2021 or December 31, 2020.

DEFINED TERMS

2005 SERP: Federal Home Loan Bank of Indianapolis 2005 Supplemental Executive Retirement Plan, as amended
ABS: Asset-Backed Securities
Advance: Secured loan to members, former members or Housing Associates
AFS: Available-for-Sale
Agency: GSE and Ginnie Mae
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
CARES Act: Coronavirus Aid, Relief and Economic Security Act
CDFI: Community Development Financial Institution
CE: Credit Enhancement
CFI: Community Financial Institution, an FDIC-insured depository institution with average total assets below an annually-adjusted limit established by the Finance Agency Director based on the Consumer Price Index
CFPB: Bureau of Consumer Financial Protection
CFTC: United States Commodity Futures Trading Commission
Clearinghouse: A United States Commodity Futures Trading Commission-registered derivatives clearing organization
CME: CME Clearing
CMO: Collateralized Mortgage Obligation
CO bond: Consolidated Obligation bond
COVID-19: Coronavirus Disease 2019
DB Plan: Pentegra Defined Benefit Pension Plan for Financial Institutions, as amended
DC Plan: Collectively, the Pentegra Defined Contribution Retirement Savings Plan for Financial Institutions, as amended, in effect through October 1, 2020 and the Federal Home Loan Bank of Indianapolis Retirement Savings Plan, commencing October 2, 2020
DDCP: Directors' Deferred Compensation Plan
Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended
EFFR: Effective Federal Funds Rate
Exchange Act: Securities Exchange Act of 1934, as amended
Fannie Mae: Federal National Mortgage Association
FASB: Financial Accounting Standards Board
FCA: United Kingdom Financial Conduct Authority
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
Final Membership Rule: Final Rule on FHLBank Membership issued by the Finance Agency effective February 19, 2016
Finance Agency: Federal Housing Finance Agency, successor to Finance Board
Finance Board: Federal Housing Finance Board, predecessor to Finance Agency
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 Exchange Act
Form 10-K: Annual Report on Form 10-K as filed with the SEC under the Exchange Act
Form 10-Q: Quarterly Report on Form 10-Q as filed with the SEC under the Exchange Act
Freddie Mac: Federal Home Loan Mortgage Corporation
Frozen SERP: Federal Home Loan Bank of Indianapolis Supplemental Executive Retirement Plan, frozen effective December 31, 2004
GAAP: Generally Accepted Accounting Principles in the United States of America
Ginnie Mae: Government National Mortgage Association
GLB Act: Gramm-Leach-Bliley Act of 1999, as amended
GSE: United States 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
KESP: Key Employee Severance Policy
LCH: LCH.Clearnet LLC
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
MPF: Mortgage Partnership Finance®
MPP: Mortgage Purchase Program, including Original and Advantage unless indicated otherwise
MRCS: Mandatorily Redeemable Capital Stock
MVE: Market Value of Equity
NRSRO: Nationally Recognized Statistical Rating Organization
OCC: Office of the Comptroller of the Currency
OCI: Other Comprehensive Income (Loss)
OIS: Overnight-Indexed 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
RMBS: Residential Mortgage-Backed Securities
S&P: Standard & Poor's Rating Service
Safety and Soundness Act: Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended
SBA: Small Business Administration
SEC: Securities and Exchange Commission
Securities Act: Securities Act of 1933, as amended
SERP: Collectively, the 2005 SERP and the Frozen SERP
SETP: Federal Home Loan Bank of Indianapolis 2016 Supplemental Executive Thrift Plan, as amended and restated
SMI: Supplemental Mortgage Insurance
SOFR: Secured Overnight Financing Rate
TBA: To Be Announced, a forward contract for the purchase or sale of MBS at a future agreed-upon date for an established price
TDR: Troubled Debt Restructuring
TVA: Tennessee Valley Authority
UPB: Unpaid Principal Balance
VaR: Value at Risk
WAIR: Weighted-Average Interest Rate

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

Presentation

This discussion and analysis by management of the Bank's financial condition and results of operations should be read in conjunction with our 2020 Form 10-K and the interim *Financial Statements* and related *Notes to Financial Statements* contained in *Item 1. Financial Statements*.

Unless otherwise stated, amounts disclosed in this Item are rounded to the nearest million; therefore, dollar amounts of less than one million may not be reflected or, 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 the thousands. Accordingly, calculations based upon the disclosed amounts (millions) may not produce the same results.

Executive Summary

Overview. As an FHLBank*,* we are a regional wholesale bank that serves as a financial intermediary between the capital markets and our members. The Bank is structured as a financial cooperative. Therefore, it is generally designed to expand and contract in asset size as the needs of our members and their communities change. We primarily make secured loans in the form of advances to our members and purchase whole mortgage loans from our members. Additionally, we purchase other investments and provide other financial services to our members.

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 by issuing capital stock to our members.

Our primary source of revenue is interest earned on advances, mortgage loans, and investments, including MBS.

Our net interest income is primarily determined by the spread between the interest rate earned on our assets and the interest rate paid on our share of the consolidated obligations. A substantial portion of net interest income is also derived from deploying our interest-free capital. We use funding and hedging strategies to manage the related interest-rate risk.

Due to our cooperative structure and wholesale nature, we typically earn a narrow interest spread. Accordingly, our net income is relatively low compared to our total assets and capital.

We group our products and services within two operating segments: *traditional* and *mortgage loans*.

Business Environment. The Bank's financial performance is influenced by several key regional and national economic and market factors, including fiscal and monetary policies, the strength of the housing markets and the level and volatility of market interest rates.

<u>Economy and Financial Markets.</u> The federal government has enacted several financial relief programs to help offset declines in business and family incomes. The American Rescue Plan Act of 2021, the third major COVID-19 relief bill, was passed by the U.S. Congress in March 2021. This legislation provided significant financial relief to businesses and individuals affected by the COVID-19 pandemic, including extending unemployment assistance programs to September 6, 2021. Another major relief bill is currently under consideration by Congress.

In October 2021, the Bureau of Labor Statistics reported that the U.S. unemployment rate had declined to 4.8% in September 2021, compared to 5.9% in June 2021 and 6.7% in December 2020. If COVID-19 vaccines continue to be successfully administered and the virus, along with its variants, is effectively contained, business conditions are expected to continue to improve and the unemployment rate could continue to decline in the United States.

U.S. real gross domestic product ("GDP") increased at an annual rate of 2.0% (advance estimate) in the third quarter of 2021 after increasing at annual rates of 6.3% (revised) and 6.7% (revised) in the second and first quarters of 2021, according to the Bureau of Economic Analysis. Recent changes in unemployment rates and GDP reflect the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic.

Conditions in U.S. Housing Markets. The seasonally adjusted annual rate of U.S. home sales declined by 4% in September of 2021, compared to September of 2020, attributed to low housing inventory levels and higher home prices in the third quarter of 2021.

Business closures and the resulting spike in unemployment during 2020 caused many homeowners to seek relief from their mortgage payments, resulting in higher rates of mortgage loan delinquency. Mortgage loan delinquency rates have declined in 2021 due to businesses reopening and reduced unemployment.

Interest Rate Levels and Volatility. The level and volatility of interest rates and credit spreads were affected by several factors during the three and nine months ended September 30, 2021, principally the continued economic recovery from the COVID-19 pandemic and efforts in response by the Federal Reserve to maintain low short-term interest rates and facilitate liquidity. Overall economic conditions and financial regulation also continue to be influencing factors.

On March 15, 2020, the FOMC lowered the federal funds rate to a target range of 0.0% to 0.25%, noting that the COVID-19 pandemic had harmed communities and disrupted economic activity in many countries, including the United States. At its meeting in November 2021, the FOMC maintained the federal funds target range, and signaled that it would begin the process of gradually tapering its purchases of Treasury securities and Agency MBS, as the economic recovery remains broadly on track. While still characterizing inflation as transitory, Federal Reserve officials acknowledged that the supply chain disruptions have created sizeable price increases in some parts of the economy that could last longer than previously assumed.

The following table presents certain key interest rates.

	Three-Month Average September 30,		**Nine-Month Average September 30,**		**Period End**	
	2021	**2020**	**2021**	**2020**	**September 30, 2021**	**December 31, 2020**
Federal Funds Effective	0.09 %	0.09 %	0.08 %	0.45 %	0.06 %	0.09 %
SOFR	0.05 %	0.09 %	0.04 %	0.45 %	0.05 %	0.07 %
Overnight LIBOR	0.08 %	0.08 %	0.08 %	0.46 %	0.08 %	0.08 %
1-week OIS	0.09 %	0.09 %	0.08 %	0.45 %	0.08 %	0.09 %
3-month LIBOR	0.13 %	0.25 %	0.16 %	0.79 %	0.13 %	0.24 %
3-month U.S. Treasury yield	0.04 %	0.11 %	0.04 %	0.44 %	0.04 %	0.07 %
2-year U.S Treasury yield	0.22 %	0.14 %	0.18 %	0.47 %	0.28 %	0.12 %
10-year U.S. Treasury yield	1.32 %	0.65 %	1.41 %	0.90 %	1.49 %	0.92 %

The averages of short-term interest rates remained low and generally were even lower or little changed in the three and nine months ended September 30, 2021, compared to the same periods in 2020, impacting the Bank's results of operations, primarily by decreasing both interest income and interest expense. However, longer-term interest rates, while still relatively low, have increased in the three and nine months ended September 30, 2021 compared to the corresponding periods in 2020. Changes in the short- and long-term interest rates also impacted the fair values of certain assets and liabilities. The prevailing expectation of prolonged low interest rates will likely continue to be a significant factor driving the Bank's results of operations and changes in its financial condition.

Impact on Operating Results. Market interest rates and trends affect yields and margins on earning assets, including advances, purchased mortgage loans, and our investment portfolio, which contribute to our overall profitability. Additionally, market interest rates drive mortgage origination and prepayment activity, which can lead to net interest margin volatility in our MPP and MBS portfolios. A flat or inverted yield curve, in which the difference between short-term interest rates and long-term interest rates is low, or negative, respectively, can have an unfavorable impact on our net interest margins. A steep yield curve, in which the difference between short-term and long-term interest rates is high, can have a favorable impact on our net interest margins. The level of interest rates also directly affects our earnings on assets funded by our interest-free capital.

Lending and investing activity by our member institutions is a key driver for our balance sheet and income growth. Such activity is a function of both prevailing interest rates and economic activity, including local economic factors, particularly relating to the housing and mortgage markets. Positive economic trends could drive interest rates higher, which could impair growth of the mortgage market. A less active mortgage market could affect demand for advances and activity levels in our Advantage MPP. However, borrowing patterns between our insurance company and depository members can differ during various economic and market conditions, thereby easing the potential magnitude of core business fluctuations during business cycles. Member demand for liquidity during stressed market conditions can lead to advances growth.

Selected Financial Data

The following table presents a summary of selected financial information ($ amounts in millions).

	As of and for the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Statement of Condition:					
Advances	$ 26,958	$ 27,633	$ 29,784	$ 31,347	$ 31,264
Mortgage loans held for portfolio, net	7,570	7,737	8,057	8,516	9,237
Cash and short-term investments	8,329	7,268	8,873	5,627	5,639
Investment securities	18,675	19,689	19,480	19,941	19,695
Total assets	61,960	62,771	66,680	65,925	66,342
Discount notes	12,714	14,445	17,573	16,617	19,462
CO bonds	43,225	42,363	42,794	43,333	41,148
Total consolidated obligations	55,939	56,808	60,367	59,950	60,610
MRCS	50	233	233	251	262
Capital stock	2,237	2,234	2,214	2,208	2,224
Retained earnings	1,163	1,157	1,153	1,137	1,124
AOCI	151	193	180	105	74
Total capital	3,551	3,584	3,547	3,450	3,422
Statement of Income:					
Net interest income	$ 58	$ 57	$ 75	$ 72	$ 61
Provision for (reversal of) credit losses	—	—	—	—	—
Other income (loss)	(9)	(10)	(13)	(9)	(17)
Other expenses	27	28	28	30	27
AHP assessments	2	2	4	4	2
Net income	$ 20	$ 17	$ 30	$ 29	$ 15
Selected Financial Ratios:					
Net interest margin [(1)]	0.37 %	0.36 %	0.44 %	0.43 %	0.35 %
Return on average equity [(2)]	2.22 %	1.94 %	3.40 %	3.49 %	1.70 %
Return on average assets [(2)]	0.13 %	0.11 %	0.18 %	0.18 %	0.08 %
Weighted average dividend rate [(3)]	2.35 %	2.57 %	2.50 %	3.00 %	3.50 %
Dividend payout ratio [(4)]	65.59 %	81.59 %	46.70 %	55.32 %	126.01 %
Average equity to average assets	5.67 %	5.47 %	5.24 %	5.19 %	4.86 %
Total capital ratio [(5)]	5.73 %	5.71 %	5.32 %	5.23 %	5.16 %
Total regulatory capital ratio [(6)]	5.57 %	5.77 %	5.40 %	5.45 %	5.44 %

(1) Annualized net interest income expressed as a percentage of average interest-earning assets.
(2) Annualized, as appropriate.
(3) Dividends paid in cash during the period divided by the average amount of Class B capital stock eligible for dividends under our capital plan, excluding MRCS.
(4) 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 September 30, 2021, June 30, 2021, March 31, 2021, December 31, 2020 and September 30, 2020 would be 76%, 47%, 46%, 112% and 143%, respectively.
(5) Capital stock plus retained earnings and AOCI expressed as a percentage of total assets.
(6) 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 Nine Months Ended September 30, 2021 and 2020. The following table presents the comparative highlights of our results of operations ($ amounts in millions).

	Three Months Ended September 30,				Nine Months Ended September 30,			
Condensed Statements of Comprehensive Income	**2021**	**2020**	**$ Change**	**% Change**	**2021**	**2020**	**$ Change**	**% Change**
Net interest income	$ 58	$ 61	$ (3)	(5)%	$ 190	$ 191	$ (1)	(1)%
Provision for (reversal of) credit losses	—	—	—		—	—	—	
Net interest income after provision for credit losses	58	61	(3)	(4)%	190	191	(1)	(1)%
Other income (loss)	(9)	(17)	8		(32)	(47)	15	
Other expenses	27	27	—		83	79	4	
Income before assessments	22	17	5	32 %	75	65	10	15 %
AHP assessments	2	2	—		8	7	1	
Net income	20	15	5	33 %	67	58	9	16 %
Total other comprehensive income (loss)	(42)	78	(120)		46	6	40	
Total comprehensive income (loss)	$ (22)	$ 93	$ (115)	(124)%	$ 113	$ 64	$ 49	76 %

Net income for the three months ended September 30, 2021 was $19.9 million, an increase of $5.0 million compared to the corresponding period in the prior year. The increase was primarily due to lower but still accelerated amortization of purchase premium resulting from lower but still elevated prepayments on mortgage loans, partially offset by lower net interest income resulting from the decline in average asset balances.

Net income for the nine months ended September 30, 2021 was $67.0 million, an increase of $9.3 million compared to the corresponding period in the prior year. The increase was primarily due to net hedging gains on qualifying fair-value hedging relationships and lower but still accelerated amortization of purchase premium, substantially offset by lower earnings on the portion of the Bank's assets funded by its capital and lower net interest income resulting from narrower interest spreads and the decline in average asset balances.

Total other comprehensive loss for the three months ended September 30, 2021 was $42.0 million, a decrease of $120.1 million compared to the corresponding period in the prior year. The decrease was due to net unrealized losses on AFS securities in the current period compared to net unrealized gains in the corresponding period in the prior year.

Total other comprehensive income for the nine months ended September 30, 2021 was $46.1 million, an increase of $39.4 million compared to the corresponding period in the prior year. The increase was due to higher net unrealized gains on AFS securities in the current period.

Adjusted Net Income, a Non-GAAP Financial Measure

The Bank reports its results of operations in accordance with GAAP. Management believes that a non-GAAP financial measure may also be useful to shareholders and other stakeholders as a key measure of its operating performance. Such measure can also provide additional insights into period-to-period comparisons of the Bank's operating results beyond its GAAP results, which are impacted by temporary changes in fair value and other factors driven by market volatility that hinder consistent performance measurement. As a result, the Bank is reporting adjusted net income as a non-GAAP financial measure.

Adjusted net income represents GAAP net income adjusted to exclude: (i) the mark-to-market adjustments and other transitory effects from derivatives and trading/hedging activities, (ii) interest expense on MRCS, (iii) realized gains and losses on sales of investment securities, and (iv) at the discretion of management, other eligible non-routine transactions. These adjustments reflect (i) the temporary nature of fair-value and certain other hedging gains (losses) due to the Bank's practice of holding its financial instruments to maturity, (ii) the reclassification of interest on MRCS as dividends, (iii) the sale of investment securities, primarily for liquidity purposes or to reduce exposure to LIBOR-indexed instruments, the gains (losses) on which arise from accelerating the recognition of future income (expense), and (iv) any other eligible non-routine transactions that management determines can provide additional insights into period-to-period comparisons of the Bank's operating results beyond its GAAP results.

Non-GAAP financial measures are not audited. In addition, non-GAAP financial measures have no standardized measurement prescribed by GAAP and may not be comparable to similar non-GAAP financial measures used by other companies. While the Bank believes that adjusted net income is helpful in understanding the Bank's performance, this measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for analyses of earnings reported in accordance with GAAP.

The following table presents a reconciliation of the Bank's GAAP net income to adjusted net income ($ amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Reconciliation of Net Income	**2021**	**2020**	**2021**	**2020**
GAAP net income	$ 19.9	$ 14.9	$ 67.0	$ 57.7
Adjustments to exclude:				
Fair-value hedging (gains) losses [1]	2.8	2.4	(10.2)	24.6
Amortization/accretion of (gains) losses on active and discontinued fair-value hedging relationships [2]	11.5	(0.6)	24.4	(1.8)
Trading (gains) losses, net of economic hedging gains (losses) [3]	7.7	5.6	26.9	4.9
Net unrealized (gains) losses on other economic hedges	0.4	1.9	0.8	1.2
Net realized (gains) on sales of investment securities	—	(0.5)	—	(0.5)
Interest expense on MRCS	0.3	2.0	2.3	7.8
Total adjustments	22.7	10.8	44.2	36.2
AHP assessments on adjustments	(2.2)	(0.9)	(4.2)	(2.8)
Adjusted net income (non-GAAP measure)	$ 40.4	$ 24.8	$ 107.0	$ 91.1

(1) Changes in fair value on hedged items (attributable to the risk being hedged) and associated derivatives in qualifying hedging relationships.
(2) Gains (losses) resulting from cumulative basis adjustments on hedged items.
(3) Includes both (i) unrealized (gains) losses on trading securities and (ii) realized (gains) losses on maturities of trading securities.

Adjusted net income for the three months ended September 30, 2021 was $40.4 million, an increase of $15.6 million compared to the corresponding period in the prior year. The increase was primarily due to lower accelerated amortization of purchase premium resulting from lower prepayments on mortgage loans, partially offset by lower net interest income resulting from the decline in average asset balances.

Adjusted net income for the nine months ended September 30, 2021 was $107.0 million, an increase of $15.9 million compared to the corresponding period in the prior year. The increase was primarily due to higher earnings (excluding net gains and losses) on trading securities and lower accelerated amortization of purchase premium, substantially offset by lower earnings on the portion of the Bank's assets funded by its capital and lower net interest income resulting from narrower interest spreads and the decline in average asset balances.

Changes in Financial Condition for the Nine Months Ended September 30, 2021. The following table presents the comparative highlights of our changes in financial condition ($ amounts in millions).

Condensed Statements of Condition	**September 30, 2021**	**December 31, 2020**	**$ Change**	**% Change**
Advances	$ 26,958	$ 31,347	$ (4,389)	(14)%
Mortgage loans held for portfolio, net	7,570	8,516	(946)	(11)%
Cash and short-term investments [(1)]	8,329	5,627	2,702	48 %
Investment securities and other assets [(2)]	19,103	20,435	(1,332)	(7)%
Total assets	$ 61,960	$ 65,925	$ (3,965)	(6)%
Consolidated obligations	$ 55,939	$ 59,950	$ (4,011)	(7)%
MRCS	50	251	(201)	(80)%
Other liabilities	2,420	2,274	146	6 %
Total liabilities	58,409	62,475	(4,066)	(7)%
Capital stock	2,237	2,208	29	1 %
Retained earnings [(3)]	1,163	1,137	26	2 %
AOCI	151	105	46	44 %
Total capital	3,551	3,450	101	3 %
Total liabilities and capital	$ 61,960	$ 65,925	$ (3,965)	(6)%
Total regulatory capital [(4)]	$ 3,450	$ 3,596	$ (146)	(4)%

(1) Includes cash, interest-bearing deposits, securities purchased under agreements to resell, and federal funds sold.
(2) Includes trading, AFS and HTM securities.
(3) Includes restricted retained earnings at September 30, 2021 and December 31, 2020 of $282 million and $268 million, respectively.
(4) Total capital less AOCI plus MRCS.

Total assets at September 30, 2021 were $62.0 billion, a net decrease of $4.0 billion, or 6%, from December 31, 2020, driven primarily by a net decrease in advances, partially offset by a net increase in the liquidity portfolio.

Advances outstanding at September 30, 2021, at carrying value, totaled $27.0 billion, a net decrease of $4.4 billion, or 14%, from December 31, 2020. The par value of advances to depository institutions - comprising commercial banks, savings institutions and credit unions - and insurance companies decreased by 19% and 6%, respectively.

Mortgage loans held for portfolio at September 30, 2021 totaled $7.6 billion, a net decrease of $946 million, or 11%, from December 31, 2020, as principal repayments by borrowers significantly outpaced the Bank's purchases from its members during the period.

The liquidity portfolio at September 30, 2021 totaled $13.2 billion, a net increase of $2.5 billion, or 23%, from December 31, 2020. Cash and short-term investments increased by $2.7 billion, or 48%, to $8.3 billion. U.S. Treasury securities, classified as trading securities, decreased by $236 million, or 5%, to $4.9 billion. As a result, cash and short-term investments represented 63% of the liquidity portfolio at September 30, 2021, while U.S. Treasury securities represented 37%.

FHLBank Indianapolis' consolidated obligations outstanding at September 30, 2021 totaled $55.9 billion, a net decrease of $4.0 billion, or 7%, from December 31, 2020, which reflected the net decrease in the Bank's total assets.

Total capital at September 30, 2021 was $3.6 billion, a net increase of $101 million, or 3%, from December 31, 2020.

The Bank's regulatory capital-to-assets ratio at September 30, 2021 was 5.57%, which exceeds all applicable regulatory capital requirements.

Analysis of Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020.

Net Interest Income. The following table presents average daily balances, interest income/expense, and average yields/cost of funds of our major categories of interest-earning assets and their funding sources ($ amounts in millions).

	Three Months Ended September 30,					
	2021			2020		
	Average Balance	Interest Income/ Expense [1]	Average Yield/ Cost of Funds [1] [2]	Average Balance	Interest Income/ Expense [1]	Average Yield/ Cost of Funds [1] [2]
Assets:						
Federal funds sold and securities purchased under agreements to resell	$ 6,344	$ 2	0.08 %	$ 5,945	$ 2	0.09 %
Investment securities [3]	19,218	41	0.84 %	19,860	56	1.12 %
Advances [4]	28,378	20	0.29 %	32,990	45	0.54 %
Mortgage loans held for portfolio [4] [5]	7,660	44	2.28 %	9,673	48	1.99 %
Other assets (interest-earning) [6]	671	—	0.08 %	1,528	—	0.09 %
Total interest-earning assets	62,271	107	0.68 %	69,996	151	0.86 %
Other assets [7]	476			(639)		
Total assets	$ 62,747			$ 69,357		
Liabilities and Capital:						
Interest-bearing deposits	$ 1,677	—	0.01 %	$ 1,264	—	0.01 %
Discount notes	13,350	2	0.05 %	24,479	11	0.18 %
CO bonds [4]	43,282	47	0.43 %	38,965	77	0.79 %
MRCS	174	—	0.71 %	280	2	2.90 %
Total interest-bearing liabilities	58,483	49	0.33 %	64,988	90	0.55 %
Other liabilities	707			999		
Total capital	3,557			3,370		
Total liabilities and capital	$ 62,747			$ 69,357		
Net interest income		$ 58			$ 61	
Net spread on interest-earning assets less interest-bearing liabilities [1] [2]			0.35 %			0.31 %
Net interest margin [1] [8]			0.37 %			0.35 %
Average interest-earning assets to interest-bearing liabilities	1.06			1.08		

	Nine Months Ended September 30,					
	2021			2020		
	Average Balance	Interest Income/ Expense [1]	Average Yield/ Cost of Funds [1] [2]	Average Balance	Interest Income/ Expense [1]	Average Yield/ Cost of Funds [1] [2]
Assets:						
Federal funds sold and securities purchased under agreements to resell	$ 7,281	$ 3	0.06 %	$ 5,450	$ 21	0.52 %
Investment securities [3]	19,615	140	0.95 %	19,913	205	1.37 %
Advances [4]	29,000	85	0.39 %	33,977	291	1.14 %
Mortgage loans held for portfolio [4] [5]	7,937	125	2.10 %	10,277	189	2.46 %
Other assets (interest-earning) [6]	767	—	0.07 %	1,563	5	0.46 %
Total interest-earning assets	64,600	353	0.73 %	71,180	711	1.34 %
Other assets [7]	653			55		
Total assets	$ 65,253			$ 71,235		
Liabilities and Capital:						
Interest-bearing deposits	$ 1,628	—	0.01 %	$ 1,392	3	0.27 %
Discount notes	16,187	8	0.06 %	24,772	111	0.60 %
CO bonds [4]	42,943	153	0.48 %	40,503	398	1.31 %
MRCS	216	2	1.45 %	302	8	3.44 %
Total interest-bearing liabilities	60,974	163	0.36 %	66,969	520	1.04 %
Other liabilities	720			1,020		
Total capital	3,559			3,246		
Total liabilities and capital	$ 65,253			$ 71,235		
Net interest income		$ 190			$ 191	
Net spread on interest-earning assets less interest-bearing liabilities [1] [2]			0.37 %			0.30 %
Net interest margin [1] [8]			0.39 %			0.36 %
Average interest-earning assets to interest-bearing liabilities	1.06			1.06		

(1) Includes hedging gains (losses) on qualifying fair-value hedging relationships. Excludes impact of purchase discount (premium) recorded through mark-to-market gains (losses) on trading securities and net interest settlements on derivatives hedging trading securities.

(2) Annualized.

(3) Consists of trading, AFS and HTM securities. The average balances of AFS securities are based on amortized cost; therefore, the resulting yields do not reflect changes in the estimated fair value that are a component of OCI. Interest income/expense and average yield/cost of funds includes all other components of interest, including the impact of net interest payments or receipts on derivatives in qualifying hedging relationships and amortization of hedge accounting basis adjustment. Excludes net interest payment or receipts on derivatives in economic hedging relationships.

(4) Interest income/expense and average yield/cost of funds 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 basis adjustments, and prepayment fees on advances. Excludes net interest payments or receipts on derivatives in economic hedging relationships.

(5) Includes non-accrual loans.

(6) Consists of interest-bearing deposits and loans to other FHLBanks (if applicable). Includes the rights or obligations to cash collateral, except for variation margin payments characterized as daily settled contracts.

(7) Includes changes in the estimated fair value of AFS securities and grantor trust assets.

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

The decrease in net interest income for the three months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to the decline in average asset balances, partially offset by lower but still accelerated amortization of purchase premium resulting from lower prepayments on mortgage loans. Net interest income for the three months ended September 30, 2021 included net hedging losses of $3 million, compared to net hedging losses for the corresponding period in 2020 of $2 million.

The decrease in net interest income for the nine months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to lower interest income on the portion of the Bank's assets funded by its capital, narrower interest spreads, and the decline in average asset balances, substantially offset by net hedging gains on qualifying fair-value hedging relationships and lower but still accelerated amortization of purchase premium. Net interest income for the nine months ended September 30, 2021 included net hedging gains of $10 million, compared to net hedging losses for the corresponding period in 2020 of $25 million.

Yields/Cost of Funds. The average yield on total interest-earning assets, including the impact of hedging gains and losses but excluding certain impacts of trading securities, for the three months ended September 30, 2021 was 0.68%, a decrease of 18 bps compared to the corresponding period in 2020, resulting primarily from decreases in market interest rates that led to lower yields on substantially all of our interest-earning assets. The yield on mortgage loans held for portfolio increased due to lower but still accelerated amortization of purchase premium resulting from lower but still elevated prepayments on mortgage loans. The average cost of funds of total interest-bearing liabilities, including the impact of hedging gains and losses but excluding certain impacts of trading securities, for the three months ended September 30, 2021 was 0.33%, a decrease of 22 bps due to lower funding costs on our consolidated obligations. The net effect was an increase in the overall net interest spread under GAAP of 4 bps to 0.35% from 0.31% for the corresponding period in 2020.

The average yield on total interest-earning assets, including the impact of hedging gains and losses but excluding certain impacts of trading securities, for the nine months ended September 30, 2021 was 0.73%, a decrease of 61 bps compared to the corresponding period in 2020, resulting primarily from decreases in market interest rates that led to lower yields on all of our interest-earning assets. The average cost of funds of total interest-bearing liabilities, including the impact of hedging gains and losses but excluding certain impacts of trading securities, for the nine months ended September 30, 2021 was 0.36%, a decrease of 68 bps due to lower funding costs on our consolidated obligations. The net effect was an increase in the overall net interest spread under GAAP of 7 bps to 0.37% from 0.30% for the corresponding period in 2020.

Average Balances. The average balances outstanding of interest-earning assets for the three months ended September 30, 2021 decreased by 11% compared to the corresponding period in 2020. The average balances of advances and mortgage loans decreased by 14% and 21%, respectively, reflecting paydowns by our borrowers. The decrease in average interest-bearing liabilities reflected the decrease in average interest-earning assets. The average balances of total interest-earning assets, net of interest-bearing liabilities, decreased by 24%.

The average balances outstanding of interest-earning assets for the nine months ended September 30, 2021 decreased by 9% compared to the corresponding period in 2020. The average balances of advances and mortgage loans decreased by 15% and 23%, respectively, reflecting paydowns by our borrowers. The decrease in average interest-bearing liabilities reflected the decrease in average interest-earning assets. The average balances of total interest-earning assets, net of interest-bearing liabilities, decreased by 14%.

Provision for Credit Losses. The change in the provisions for (reversal of) credit losses for the three and nine months ended September 30, 2021 compared to the corresponding periods in 2020 was insignificant.

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

Components	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net unrealized gains (losses) on trading securities [1]	$ 6	$ (28)	$ (23)	$ (19)
Net realized gains (losses) on trading securities [1]	(14)	9	(13)	21
Net gains (losses) on derivatives hedging trading securities	1	14	9	(7)
Net gains (losses) on trading securities, net of associated derivatives	(7)	(5)	(27)	(5)
Net interest settlements on derivatives	(2)	(12)	(10)	(40)
Net gains (losses) on other derivatives not designated as hedging instruments	—	(2)	(1)	(5)
Net realized gains from sale of available-for-sale securities	—	1	—	1
Change in fair value of investments indirectly funding our SERP	—	1	3	—
Other, net	—	—	3	2
Total other income (loss)	$ (9)	$ (17)	$ (32)	$ (47)

(1) Before impact of associated derivatives.

The decreases in total other loss for the three and nine months ended September 30, 2021 compared to the corresponding periods in 2020 were primarily due to lower net interest settlements on derivatives, partially offset by higher net losses on trading securities.

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

Components	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Compensation and benefits	$ 14	$ 15	$ 44	$ 44
Other operating expenses	7	8	22	23
Finance Agency and Office of Finance	4	2	9	7
Other	2	2	8	5
Total other expenses	$ 27	$ 27	$ 83	$ 79

The net increase in total other expenses for the nine months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to higher non-service costs associated with our SERP.

Total Other Comprehensive Income (Loss). Total OCI for the three months ended September 30, 2021 consisted primarily of net unrealized losses on AFS securities, compared to net unrealized gains on AFS securities for the corresponding period in 2020.

Total OCI for the nine months ended September 30, 2021 and 2020 consisted substantially of net unrealized gains on AFS securities. These amounts were primarily impacted by changes in interest rates, credit spreads and volatility, which were magnified by the disruptions in the financial markets during 2020.

Operating Segments

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

Traditional. The following table presents the financial performance of our traditional segment ($ amounts in millions).

Traditional	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net interest income	$ 50	$ 65	$ 178	$ 177
Provision for (reversal of) credit losses	—	—	—	—
Other income (loss)	(9)	(17)	(31)	(44)
Other expenses	23	23	72	68
Income before assessments	18	25	75	65
AHP assessments	2	2	8	7
Net income	$ 16	$ 23	$ 67	$ 58

The decrease in net income for the traditional segment for the three months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to lower net interest income resulting from the decline in average asset balances.

The increase in net income for the traditional segment for the nine months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to net hedging gains on qualifying fair-value hedging relationships, substantially offset by lower earnings on the portion of the Bank's assets funded by its capital and lower net interest income resulting from narrower interest spreads and the decline in average asset balances.

Mortgage Loans. The following table presents the financial performance of our mortgage loans segment ($ amounts in millions).

Mortgage Loans	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net interest income	$ 8	$ (4)	$ 12	$ 14
Provision for (reversal of) credit losses	—	—	—	—
Other income (loss)	—	—	—	(3)
Other expenses	4	4	12	12
Income (loss) before assessments	4	(8)	—	(1)
AHP assessments (credits)	—	—	—	—
Net income (loss)	$ 4	$ (8)	$ —	$ (1)

The increase in net income for the mortgage loans segment for the three months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to lower but still accelerated amortization of purchase premium resulting from lower but still elevated MPP loan prepayments.

The increase in net income for the mortgage loans segment for the nine months ended September 30, 2021 compared to the corresponding period in 2020 was primarily due to lower but still accelerated amortization of purchase premium, resulting from lower but still elevated MPP loan prepayments, and hedging losses in 2020, substantially offset by lower net interest income resulting from the decline in average MPP loan balances.

Analysis of Financial Condition

Total Assets. The table below presents the comparative highlights of our major asset categories ($ amounts in millions).

	September 30, 2021		December 31, 2020	
Major Asset Categories	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
Advances	$ 26,958	44 %	$ 31,347	48 %
Mortgage loans held for portfolio, net	7,570	12 %	8,516	13 %
Cash and short-term investments	8,329	13 %	5,627	9 %
Trading securities	4,859	8 %	5,095	8 %
Other investment securities	13,816	22 %	14,846	22 %
Other assets (1)	428	1 %	494	— %
Total assets	$ 61,960	100 %	$ 65,925	100 %

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

The mix of our assets at September 30, 2021 changed compared to December 31, 2020 in that advances as a percent of total assets declined from 48% to 44% while cash and short-term investments increased from 9% to 13%, reflecting primarily the paydowns of short-term advances.

Advances. In general, advances fluctuate in accordance with our members' funding needs, primarily determined by their deposit levels, mortgage pipelines, loan growth, investment opportunities, available collateral, other balance sheet strategies, and the cost of alternative funding options.

Advances at September 30, 2021 at carrying value totaled $27.0 billion, a net decrease of $4.4 billion, or 14%, compared to December 31, 2020. The high levels of liquidity injected by the Federal Reserve and held by our members as deposits, alternative sources of wholesale funds available to our members, continued consolidation in the financial services industry involving our members, and governmental relief efforts continue to pressure overall advance levels.

Advances to depository institutions, as a percent of total advances outstanding at par value, were 54% at September 30, 2021, while advances to insurance companies were 46%.

The table below presents advances outstanding by type of financial institution ($ amounts in millions).

Borrower Type	September 30, 2021 Par Value	September 30, 2021 % of Total	December 31, 2020 Par Value	December 31, 2020 % of Total
Depository institutions:				
Commercial banks and savings institutions (1)	$ 11,766	44 %	$ 14,749	48 %
Credit unions	2,268	9 %	2,548	8 %
Former members - depositories	254	1 %	268	1 %
Total depository institutions	14,288	54 %	17,565	57 %
Insurance companies:				
Captive insurance companies (2)	263	1 %	288	1 %
Other insurance companies	12,067	45 %	12,832	42 %
Former members - insurance companies	5	— %	6	— %
Total insurance companies	12,335	46 %	13,126	43 %
CDFIs	—	— %	—	— %
Total advances outstanding	$ 26,623	100 %	$ 30,691	100 %

(1) Includes advances outstanding at September 30, 2021 and December 31, 2020 of $2.5 billion, or 9%, and $4.6 billion, or 15%, of total advances outstanding, respectively, to Flagstar Bank, FSB ("Flagstar"). The parent company of Flagstar announced a merger pursuant to which Flagstar would merge with a non-member depository. On the effective date of Flagstar's merger, any outstanding advances will be required to be repaid at their respective maturity dates. For more information, see *Item 1A. Risk Factors*.

(2) Captive insurance companies that were admitted as FHLBank members prior to September 12, 2014, and did not meet the definition of "insurance company" or fall within another category of institution that is eligible for FHLBank membership under the Final Membership Rule, had their memberships terminated on February 19, 2021. The outstanding advances to one captive insurer are not required to be repaid prior to their various maturity dates through 2024.

The following table presents the par value of advances outstanding by product type and redemption term, some of which contain call or put options ($ amounts in millions).

	September 30, 2021		December 31, 2020	
Product Type and Redemption Term	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Fixed-rate:				
Fixed-rate [1]				
Due in 1 year or less	$ 6,797	26 %	$ 10,023	33 %
Due after 1 year	6,562	25 %	7,998	26 %
Total	13,359	51 %	18,021	59 %
Putable				
Due in 1 year or less	—	— %	—	— %
Due after 1 year	8,097	30 %	7,252	24 %
Total	8,097	30 %	7,252	24 %
Other [2]				
Due in 1 year or less	23	— %	32	— %
Due after 1 year	129	— %	147	— %
Total	152	— %	179	— %
Total fixed-rate	21,608	81 %	25,452	83 %
Variable-rate:				
Variable-rate [1]				
Due in 1 year or less	10	— %	24	— %
Due after 1 year	—	— %	—	— %
Total	10	— %	24	— %
Callable or prepayable				
Due in 1 year or less	36	— %	36	— %
Due after 1 year	4,939	19 %	5,179	17 %
Total	4,975	19 %	5,215	17 %
Total variable-rate	4,985	19 %	5,239	17 %
Overdrawn demand and overnight deposit accounts	30	— %	—	— %
Total advances	$ 26,623	100 %	$ 30,691	100 %

(1) Includes advances without call or put options.
(2) Includes callable or prepayable advances and hybrid, fixed-rate amortizing/mortgage matched advances.

During the nine months ended September 30, 2021, the par value of advances due in one year or less decreased by 32%, while advances due after one year decreased by 4%. As a result, advances due in one year or less, as a percentage of the total outstanding at par, totaled 26% at September 30, 2021, a decrease from 33% at December 31, 2020. For additional information, see *Notes to Financial Statements - Note 4 - Advances*.

Mortgage Loans Held for Portfolio. Mortgage loans held for portfolio at September 30, 2021, at carrying value, totaled $7.6 billion, a net decrease of $946 million, or 11%, from December 31, 2020, as principal repayments by borrowers significantly outpaced the Bank's purchases. For the nine months ended September 30, 2021, purchases of mortgage loans from the Bank's members under Advantage MPP totaled $1.6 billion, while MPP and MPF program repayments totaled $2.3 billion. In addition to low interest rates, Federal Reserve purchases of Fannie Mae and Freddie Mac MBS encouraged refinancing activity by borrowers.

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

	September 30, 2021		December 31, 2020	
Product Type	**UPB**	**% of Total**	**UPB**	**% of Total**
MPP:				
Conventional Advantage	$ 6,786	92 %	$ 7,529	90 %
Conventional Original	324	4 %	417	5 %
FHA	166	2 %	218	3 %
Total MPP	7,276	98 %	8,164	98 %
MPF Program:				
Conventional	87	2 %	123	2 %
Government	28	— %	36	— %
Total MPF Program	115	2 %	159	2 %
Total mortgage loans held for portfolio	$ 7,391	100 %	$ 8,323	100 %

We maintain an allowance for credit losses based on our best estimate of expected losses over the remaining life of each loan. Our estimate of MPP losses remaining after borrower's equity, but before credit enhancements, was $5 million and $10 million at September 30, 2021 and December 31, 2020, respectively. After consideration of the portion recoverable under the associated credit enhancements, the resulting allowance was less than $1 million at September 30, 2021 and December 31, 2020. For more information, see *Notes to Financial Statements - Note 5 - Mortgage Loans Held for Portfolio*.

Consistent with other lenders in the mortgage loan industry, we developed a loan forbearance program for our MPP in response to the COVID-19 pandemic. Under the forbearance program, our servicers can agree to reduce or suspend the borrower's monthly payments for a specified period. We issued additional guidelines to provide delegated authority to our servicers so they may extend forbearance periods and establish qualified forbearance resolution plans within our established parameters. We also authorized the suspension of foreclosure sales (with certain exceptions) through July 31, 2021, suspension of evictions through September 30, 2021 and, for borrowers under loss mitigation agreements related to the COVID-19 pandemic, the suspension of any negative credit reporting and the waiver of late fees.

The UPB of our conventional mortgage loans in COVID-19-related informal forbearance programs declined by $74 million from $112 million at December 31, 2020 to $38 million at September 30, 2021 as a result of borrowers becoming current, repaying their loans in full, or moving to a COVID-19-related formal forbearance program. The UPB of loans in COVID-19-related formal forbearance programs increased by $18 million from $12 million at December 31, 2020 to $30 million at September 30, 2021.

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

Components	September 30, 2021	December 31, 2020	Change
Cash and short-term investments:			
Cash and due from banks	$ 1,954	$ 1,812	$ 142
Interest-bearing deposits	100	100	—
Securities purchased under agreements to resell	4,200	2,500	1,700
Federal funds sold	2,075	1,215	860
Total cash and short-term investments	8,329	5,627	2,702
Trading securities:			
U.S. Treasury obligations	4,859	5,095	(236)
Total trading securities	4,859	5,095	(236)
Other investment securities:			
AFS securities:			
GSE and TVA debentures	2,729	3,503	(774)
GSE MBS	6,590	6,642	(52)
Total AFS securities	9,319	10,145	(826)
HTM securities:			
Other U.S. obligations - guaranteed MBS	2,738	2,623	115
GSE MBS	1,759	2,078	(319)
Total HTM securities	4,497	4,701	(204)
Total investment securities	18,675	19,941	(1,266)
Total cash and investments, carrying value	$ 27,004	$ 25,568	$ 1,436

Cash and Short-Term Investments. Cash and short-term investments at September 30, 2021 totaled $8.3 billion, an increase of $2.7 billion, or 48%, from December 31, 2020. The total outstanding balance and composition of our short-term investments are influenced by our liquidity needs, regulatory requirements, actual and anticipated member advance activity, market conditions and the availability of short-term investments at attractive interest rates, relative to our cost of funds.

Trading Securities. The Bank purchases U.S. Treasury securities as trading securities to enhance its liquidity. Such securities outstanding at September 30, 2021 totaled $4.9 billion, a decrease of $236 million, or 5%, from December 31, 2020.

Other Investment Securities. AFS securities at September 30, 2021 totaled $9.3 billion, a net decrease of $826 million, or 8%, from December 31, 2020. The decrease resulted from changes in the fair-value hedging basis adjustments associated with these securities and principal payments on GSE and TVA debentures.

Net unrealized gains on AFS securities at September 30, 2021 totaled $178 million, a net increase of $41 million compared to December 31, 2020, primarily due to changes in interest rates, credit spreads and volatility.

HTM securities at September 30, 2021 totaled $4.5 billion, a net decrease of $204 million, or 4%, from December 31, 2020. The decrease resulted from principal payments on these securities.

Interest-Rate Payment Terms. Our investment securities are presented below by interest-rate payment terms ($ amounts in millions).

Interest-Rate Payment Terms	September 30, 2021 Estimated Fair Value	September 30, 2021 % of Total	December 31, 2020 Estimated Fair Value	December 31, 2020 % of Total
Trading Securities:				
U.S. Treasury obligations fixed-rate	$ 4,859	100 %	$ 5,095	100 %
Total trading securities	$ 4,859	100 %	$ 5,095	100 %
	Amortized Cost	**% of Total**	**Amortized Cost**	**% of Total**
AFS Securities:				
Total non-MBS fixed-rate	$ 2,683	29 %	$ 3,463	35 %
Total MBS fixed-rate	6,458	71 %	6,545	65 %
Total AFS securities	$ 9,141	100 %	$ 10,008	100 %
HTM Securities:				
MBS:				
Fixed-rate	$ 227	5 %	$ 283	6 %
Variable-rate	4,270	95 %	4,418	94 %
Total MBS	4,497	100 %	4,701	100 %
Total HTM securities	$ 4,497	100 %	$ 4,701	100 %
Total AFS and HTM securities:				
Total fixed-rate	$ 9,368	69 %	$ 10,291	70 %
Total variable-rate	4,270	31 %	4,418	30 %
Total AFS and HTM securities	$ 13,638	100 %	$ 14,709	100 %

The mix of fixed- vs. variable-rate AFS and HTM securities at September 30, 2021 changed slightly from December 31, 2020, primarily due to principal payments on fixed-rate MBS. However, all of the fixed-rate AFS securities are swapped to effectively create variable-rate exposures, consistent with our balance sheet strategies to manage interest-rate risk.

Total Liabilities.

Deposits (Liabilities). Total deposits at September 30, 2021 were $1.7 billion, a net increase of $361 million, or 26%, from December 31, 2020. These deposits represent a relatively small portion of our funding. The balances of these accounts can fluctuate from period to period and vary depending upon such factors as the attractiveness of our deposit pricing relative to the rates available on alternative money market instruments, members' preferences with respect to the maturity of their investments, and members' liquidity.

Consolidated Obligations. The carrying value of consolidated obligations outstanding at September 30, 2021 totaled $55.9 billion, a net decrease of $4.0 billion, or 7%, from December 31, 2020. Such decrease reflected the net decrease in the Bank's total assets.

The following table presents a breakdown by term of our consolidated obligations outstanding ($ amounts in millions).

	September 30, 2021		December 31, 2020	
By Term	**Par Value**	**% of Total**	**Par Value**	**% of Total**
Consolidated obligations due in 1 year or less:				
Discount notes	$ 12,715	22 %	$ 16,620	28 %
CO bonds	19,459	35 %	31,127	52 %
Total due in 1 year or less	32,174	57 %	47,747	80 %
Long-term CO bonds	23,798	43 %	12,119	20 %
Total consolidated obligations	$ 55,972	100 %	$ 59,866	100 %

The mix of our funding has changed significantly. The percentage of consolidated obligations due in 1 year or less decreased from 80% at December 31, 2020 to 57% at September 30, 2021 as the Bank took advantage of market opportunities to replace maturing short-term debt with long-term callable debt at favorable terms. As a result, long-term CO bonds increased from 20% of total consolidated obligations at December 31, 2020 to 43% at September 30, 2021. We continue to seek to maintain a sufficient liquidity and funding balance between our financial assets and financial liabilities.

Derivatives. 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 presents the notional amounts by type of hedged item regardless of whether it is in a qualifying hedge relationship ($ amounts in millions).

Hedged Item	**September 30, 2021**	**December 31, 2020**
Advances	$ 17,355	$ 16,573
Investments	14,307	15,035
Mortgage loans	280	361
CO bonds	20,530	17,473
Discount notes	600	950
Total notional	$ 53,072	$ 50,392

The increase in the total notional amount during the nine months ended September 30, 2021 of $2.7 billion, or 5%, was substantially due to an increase in derivatives hedging CO bonds, driven primarily by the increase in long-term CO bonds outstanding.

The following table presents the cumulative impact of fair-value hedging basis adjustments on our statement of condition ($ amounts in millions).

September 30, 2021	**Advances**	**Investments**	**CO Bonds**	**Total**
Cumulative fair-value hedging basis adjustments on hedged items	$ 325	$ 288	$ 100	$ 713
Estimated fair value of associated derivatives, net	(327)	(1)	(93)	(421)
Net cumulative fair-value hedging basis adjustments	$ (2)	$ 287	$ 7	$ 292

Total Capital. The following table presents a percentage breakdown of the components of GAAP capital.

Components	September 30, 2021	December 31, 2020
Capital stock	63 %	64 %
Retained earnings	33 %	33 %
AOCI	4 %	3 %
Total GAAP capital	100 %	100 %

The changes in the components of GAAP capital at September 30, 2021 compared to December 31, 2020 were primarily due to an increase in unrealized gains on AFS securities.

The following table presents a reconciliation of GAAP capital to regulatory capital ($ amounts in millions).

Reconciliation	September 30, 2021	December 31, 2020
Total GAAP capital	$ 3,551	$ 3,450
Exclude: AOCI	(151)	(105)
Add: MRCS	50	251
Total regulatory capital	$ 3,450	$ 3,596

Liquidity and Capital Resources

Liquidity. Our primary sources of liquidity are holdings of liquid assets, comprised of cash, short-term investments, and trading securities, as well as the issuance of consolidated obligations.

Our cash and short-term investments at September 30, 2021 totaled $8.3 billion. Our short-term investments generally consist of high-quality financial instruments, many of which mature overnight. Our trading securities at September 30, 2021 totaled $4.9 billion and consisted solely of U.S. Treasury securities. As a result, our liquidity portfolio at September 30, 2021 totaled $13.2 billion, or 21% of total assets. The level of our liquidity fluctuates and is influenced by regulatory requirements, actual and anticipated member advance activity and market conditions.

During the nine months ended September 30, 2021, we maintained sufficient access to funding; our net proceeds from the issuance of consolidated obligations totaled $216.5 billion.

Changes in Cash Flow. Net cash provided by operating activities for the nine months ended September 30, 2021 was $281 million, compared to net cash used in operating activities for the nine months ended September 30, 2020 of $407 million. The net change in cash provided by operating activities of $688 million was substantially due to the fluctuation in variation margin payments on cleared derivatives. Such payments are treated by the clearinghouses as daily settled contracts.

Capital Resources.

Total Regulatory Capital. The following table provides a breakdown of our outstanding capital stock and MRCS ($ amounts in millions).

By Type of Member Institution	September 30, 2021 Amount	September 30, 2021 % of Total	December 31, 2020 Amount	December 31, 2020 % of Total
Capital Stock:				
Depository institutions:				
Commercial banks and savings institutions	$ 1,130	50 %	$ 1,108	45 %
Credit unions	303	13 %	298	12 %
Total depository institutions	1,433	63 %	1,406	57 %
Insurance companies	804	35 %	802	33 %
CDFIs	—	— %	—	— %
Total capital stock, putable at par value	2,237	98 %	2,208	90 %
MRCS:				
Captive insurance companies [(1)]	12	1 %	31	1 %
Former members	38	1 %	220	9 %
Total MRCS	50	2 %	251	10 %
Total regulatory capital stock	$ 2,287	100 %	$ 2,459	100 %

(1) Represents captive insurance companies whose membership was terminated on February 19, 2021. On that date, we repurchased their excess stock of $18.1 million. The remaining balance will not be redeemed until the associated credit products and other obligations are no longer outstanding.

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

Components	September 30, 2021	December 31, 2020
Member capital stock not subject to outstanding redemption requests	$ 842	$ 605
Member capital stock subject to outstanding redemption requests	11	—
MRCS	28	225
Total excess capital stock	$ 881	$ 830
Excess stock as a percentage of regulatory capital stock	39 %	34 %

The increase in excess stock during the nine months ended September 30, 2021 resulted substantially from the reduction in advances outstanding.

On July 29, 2021, our board of directors authorized the repurchase of $181 million par value of excess MRCS held by former members or their successors-in-interest. The repurchase occurred on September 2, 2021.

In addition, we repurchased $11.3 million par value of excess stock subject to outstanding redemption requests on September 2, 2021.

Finance Agency rules limit the ability of an FHLBank to pay dividends in the form of additional shares of capital stock or otherwise issue 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 at September 30, 2021 was 1.42% of our total assets. Therefore, as a result of these regulatory limitations, we are currently not permitted to distribute stock dividends or issue excess stock to our members, should we choose to do so.

Capital Distributions. On October 28, 2021, our board of directors declared a cash dividend on Class B-2 activity-based stock at an annualized rate of 3.25% and on Class B-1 non-activity-based stock at an annualized rate of 1.00%, resulting in a spread between the rates of 2.25 percentage points. The overall weighted-average annualized rate declared was 2.25%. The dividends were paid in cash on October 29, 2021.

Adequacy of Capital. We must maintain sufficient permanent capital to meet the combined credit risk, market risk and operations risk components of the risk-based capital requirement. As presented in the following table, we were in compliance with the risk-based capital requirement at September 30, 2021 and December 31, 2020 ($ amounts in millions).

Risk-Based Capital Components	September 30, 2021	December 31, 2020
Credit risk	$ 155	$ 158
Market risk	594	327
Operations risk	224	146
Total risk-based capital requirement	$ 973	$ 631
Permanent capital	$ 3,450	$ 3,596

The increase in our total risk-based capital requirement was primarily caused by an increase in the market risk component due to changes in the market environment, including changes in interest rates and option adjusted spreads and changes in the composition of our balance sheet. Our permanent capital at September 30, 2021 remained well in excess of our total risk-based capital requirement.

Off-Balance Sheet Arrangements

At September 30, 2021, principal previously paid in full by our MPP servicers totaling less than $1 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. For more information, see *Notes to Financial Statements - Note 6 - Mortgage Loans Held for Portfolio* in our 2020 Form 10-K.

Critical Accounting Policies and Estimates

A full discussion of our critical accounting policies and estimates is included in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates* in our 2020 Form 10-K.

Recent Accounting and Regulatory Developments

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

Legislative and Regulatory Developments.

Finance Agency.

FHLBank Membership Supervisory Letter. On September 9, 2021, the Finance Agency published a Supervisory Letter on FHLBank Membership Issues covering five issues, including (1) Requirements for De Novo CDFI, (2) Automatic Transfer of Membership, (3) Large Non-Member Institution Merging with a Small Member, (4) Applicant's Compliance with "Financial Condition" Requirement, and (5) Definition of Insurance Company. The Supervisory Letter is intended to provide uniform guidance to the FHLBanks in the event they encounter similar circumstances. The Bank continues to evaluate the Supervisory Letter and its effect on Bank membership.

Regulatory Interpretation on Eligibility of Mortgage Participations as Collateral for FHLBank Advances. On October 4, 2021, the Finance Agency published a Regulatory Interpretation on Eligibility of Mortgage Loan Participations as Collateral for FHLBank Advances. The Regulatory Interpretation addresses whether an FHLBank can accept as collateral to secure advances mortgage loan participations that cannot be readily liquidated in the form in which they are to be pledged. The Regulatory Interpretation concludes that mortgage loan participations must meet the requirements of Finance Agency regulation 12 CFR 1266.7(a)(4), including the requirement that the collateral can be "liquidated in due course" in order to be eligible to secure FHLBank advances. It further concludes that participations for which there would be a known impediment to liquidation do not meet such requirement and therefore are not eligible collateral for advances. Finally, the Regulatory Interpretation rescinds prior guidance from FHLBank System regulators that provide mortgage loan participations may be eligible as collateral under regulatory provisions other than 12 CFR 1266.7(a)(4). The Regulatory Interpretation becomes effective on December 13, 2021.

Although we do not currently expect the Regulatory Interpretation to have a material impact on our financial condition or results of operations, this restriction on collateral may negatively impact future borrowing by certain members.

Fair Housing and Fair Lending Enforcement. On July 9, 2021, the Finance Agency published a Policy Statement on Fair Lending to communicate the Finance Agency's general position on monitoring and information gathering, supervisory examinations, and administrative enforcement related to the Equal Credit Opportunity Act, the Fair Housing Act, and the Federal Housing Enterprises Financial Safety and Soundness Act. The Policy Statement became effective on the date of publication.

On August 12, 2021, the Finance Agency and HUD announced they had entered into a Memorandum of Understanding regarding fair housing and fair lending enforcement. Under the Memorandum of Understanding, the two agencies will focus on enhancing their enforcement of the Fair Housing Act, and their oversight of Fannie Mae, Freddie Mac, and the FHLBanks.

The Bank continues to monitor these actions and guidance as they evolve and to evaluate their potential impact on the Bank.

COVID-19 Developments.

Additional COVID-19 Presidential, Legislative and Regulatory Developments. In light of the COVID-19 pandemic, the President of the United States, through executive orders, governmental agencies, including the SEC, OCC, Federal Reserve, FDIC, National Credit Union Administration, CFTC and the Finance Agency, as well as state governments and agencies, have taken, and may continue to take, actions to provide various forms of relief from, and guidance regarding, the financial, operational, credit, market, and other effects of the pandemic, and the Congress has enacted and may continue to enact pandemic relief legislation, some of which may have a direct or indirect impact on the Bank or its members. Many of these actions are temporary in nature. The Bank continues to monitor these actions and guidance as they evolve and to evaluate their potential impact on the Bank.

Legislative Developments.

Affordable Housing. Congress continues to consider a legislative proposal, recently as part of the Congressional budget reconciliation process, that, if enacted in its proposed form, would require the FHLBanks to increase the contribution to their affordable housing programs, in each year from 2022 to 2027, to 15% of their net income for the preceding year, an increase from the current level of 10% (with the aggregate annual contributions from the FHLBanks unchanged at no less than $100,000,000). The FHLBanks continue to actively monitor the proposal.

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 *Item 3. Quantitative and Qualitative Disclosures about Market Risk*. For more information, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Management* in our 2020 Form 10-K.

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

Advances and Other Credit Products.

Concentration. Our credit risk is magnified due to the concentration of advances in a few borrowers. As of September 30, 2021, our top borrower held 12% of total advances outstanding, at par, and our top five borrowers held 40% of total advances outstanding, at par. As a result of this concentration, we perform frequent credit and collateral reviews on our largest borrowers.

Investments. We are also exposed to credit risk through our investment portfolio. Our policies restrict the acquisition of investments to high-quality, short-term money market instruments and high-quality long-term securities.

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

September 30, 2021	AA	A	Total
Domestic	$ —	$ 100	$ 100
Australia	960	—	960
Canada	—	500	500
Netherlands	—	615	615
Total unsecured credit exposure	$ 960	$ 1,215	$ 2,175

A Finance Agency regulation provides that the total amount of our investments in MBS and ABS, calculated using amortized historical cost, must not exceed 300% of our total regulatory capital, as of the day we purchase the securities, based on the capital amount most recently reported to the Finance Agency. If our outstanding investments in MBS and ABS exceed the limitation at any time, but were in compliance at the time we purchased the investments, we would not be considered out of compliance with the regulation, but we would not be permitted to purchase additional investments in MBS or ABS until these outstanding investments were within the capital limitation. At September 30, 2021, these investments totaled 312% of total regulatory capital due to the reduction in total regulatory capital resulting from the repurchases of excess stock on September 2, 2021 totaling $192.3 million. 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. However, we do not expect our ratio to fall below 300% until some time in 2022. As a result, the opportunity to further enhance our earnings will not be available until we are again permitted to purchase these investments.

The following table presents the carrying values of our investments, excluding accrued interest, grouped by credit rating and investment category. Applicable rating levels are determined using the lowest relevant long-term rating from S&P and Moody's, 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 subsequent changes in ratings, outlook, or watch status ($ amounts in millions).

September 30, 2021	**AAA**	**AA**	**A**	**BBB**	**Below Investment Grade**	**Total**
Short-term investments:						
Interest-bearing deposits	$ —	$ —	$ 100	$ —	$ —	$ 100
Securities purchased under agreements to resell	—	4,200	—	—	—	4,200
Federal funds sold	—	960	1,115	—	—	2,075
Total short-term investments	—	5,160	1,215	—	—	6,375
Trading securities:						
U.S. Treasury obligations	—	4,859	—	—	—	4,859
Total trading securities	—	4,859	—	—	—	4,859
Other investment securities:						
GSE and TVA debentures	—	2,729	—	—	—	2,729
GSE MBS	—	8,350	—	—	—	8,350
Other U.S. obligations - guaranteed RMBS	—	2,737	—	—	—	2,737
Total other investment securities	—	13,816	—	—	—	13,816
Total investments, carrying value	$ —	$ 23,835	$ 1,215	$ —	$ —	$ 25,050
Percentage of total	— %	95 %	5 %	— %	— %	100 %

December 31, 2020	**AAA**	**AA**	**A**	**BBB**	**Below Investment Grade**	**Total**
Short-term investments:						
Interest-bearing deposits	$ —	$ —	$ 100	$ —	$ —	$ 100
Securities purchased under agreements to resell	—	2,500	—	—	—	2,500
Federal funds sold	—	100	1,115	—	—	1,215
Total short-term investments	—	2,600	1,215	—	—	3,815
Trading securities:						
U.S. Treasury obligations	—	5,095	—	—	—	5,095
Total trading securities	—	5,095	—	—	—	5,095
Other investment securities:						
GSE and TVA debentures	—	3,503	—	—	—	3,503
GSE MBS	—	8,720	—	—	—	8,720
Other U.S. obligations - guaranteed RMBS	—	2,623	—	—	—	2,623
Total other investment securities	—	14,846	—	—	—	14,846
Total investments, carrying value	$ —	$ 22,541	$ 1,215	$ —	$ —	$ 23,756
Percentage of total	— %	95 %	5 %	— %	— %	100 %

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

	Three Months Ended September 30, 2021		
LRA Activity	**Original**	**Advantage**	**Total**
Liability, beginning of period	$ 4	$ 216	$ 220
Additions	—	5	5
Claims paid	—	—	—
Distributions to PFIs	—	—	—
Liability, end of period	$ 4	$ 221	$ 225

	Nine Months Ended September 30, 2021		
LRA Activity	**Original**	**Advantage**	**Total**
Liability, beginning of period	$ 4	$ 203	$ 207
Additions	—	18	18
Claims paid	—	—	—
Distributions to PFIs	—	—	—
Liability, end of period	$ 4	$ 221	$ 225

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

September 30, 2021	**Notional Amount**	**Net Estimated Fair Value Before Collateral**	**Cash Collateral Pledged To (From) Counterparties**	**Net Credit Exposure**
Non-member counterparties:				
Asset positions with credit exposure				
Uncleared derivatives - A	$ 63	$ —	$ —	$ —
Cleared derivatives [1]	9,900	3	77	80
Liability positions with credit exposure				
Uncleared derivatives - A	199	(5)	5	—
Cleared derivatives [1]	14,956	(3)	154	151
Total derivative positions with credit exposure to non-member counterparties	25,118	(5)	236	231
Total derivative positions with credit exposure to member institutions [2]	42	—	—	—
Subtotal - derivative positions with credit exposure	25,160	$ (5)	$ 236	$ 231
Derivative positions without credit exposure	27,912			
Total derivative positions	$ 53,072			

(1) Represents derivative transactions cleared by two clearinghouses (one rated AA- and the other unrated).
(2) Includes MDCs from member institutions under our MPP.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Measuring Market Risks

To evaluate market risk, we utilize multiple risk measurements, including duration of equity, duration gap, convexity, VaR, earnings at risk, and changes in MVE. 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.

As part of our overall interest-rate risk management process, we continue to evaluate strategies to manage interest-rate risk. Certain strategies, if implemented, could have an adverse impact on future earnings.

Market Value of Equity. MVE represents the difference between the estimated market value of total assets and the estimated market value of total liabilities, including any off-balance sheet positions. It measures, in present value terms, the long-term economic value of current capital and the long-term level and volatility of net interest income.

We also monitor the sensitivities of MVE to potential interest-rate scenarios. We measure potential changes in the market value to book value of equity based on the current month-end level of rates versus various large parallel and non-parallel shifts in rates. Our board of directors determines acceptable ranges for the change in MVE for 200 bps parallel upward or downward shift in the interest-rate curves as well as certain flattening and steepening scenarios.

Key Metrics. The following table presents certain market and interest-rate metrics under different interest-rate scenarios ($ amounts in millions).

September 30, 2021	**Down 200** [1]	**Down 100** [1]	**Base**	**Up 100**	**Up 200**
MVE	$ 3,691	$ 3,578	$ 3,544	$ 3,534	$ 3,493
Percent change in MVE from base	4.1 %	1.0 %	— %	(0.3)%	(1.5)%
MVE/book value of equity	102.5 %	99.4 %	98.4 %	98.1 %	97.0 %
Duration of equity	1.9	1.8	0.4	0.7	1.6
December 31, 2020					
MVE	$ 3,621	$ 3,605	$ 3,559	$ 3,579	$ 3,590
Percent change in MVE from base	1.8 %	1.3 %	0 %	0.6 %	0.9 %
MVE/book value of equity	97.8 %	97.4 %	96.2 %	96.7 %	97.0 %
Duration of equity	—	0.8	0.7	(0.7)	0.4

(1) Given the low interest rates in the short-to-medium term points of the yield curves, downward rate shocks are constrained to prevent rates from becoming negative. During periods of extremely low interest rates, the Finance Agency requires that FHLBanks employ a constrained down-shock analysis to limit the evolution of forward interest rates to positive non-zero values. Since our market risk model imposes a positive non-zero boundary on post-shock interest rates, no additional calculations are necessary in order to meet this Finance Agency requirement when applicable.

The changes in those key metrics from December 31, 2020 resulted primarily from the change in market value of the Bank's assets and liabilities in response to changes in the market environment, changes in portfolio composition, and our hedging strategies.

Duration Gap. The base case duration gap was (0.02)% and 0.01% at September 30, 2021 and December 31, 2020, respectively.

For information about our use of derivative hedges, see *Item 7A. Quantitative and Qualitative Disclosures About Market Risk - Use of Derivative Hedges* in our 2020 Form 10-K.

Replacement of the LIBOR Benchmark Interest Rate

In March 2021, the FCA announced that LIBOR will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, or, in the case of some more frequently used U.S. dollar LIBOR settings, immediately after June 30, 2023.

Many of our advances, investments, CO bonds, derivative assets, derivative liabilities, and related collateral are directly or indirectly indexed to LIBOR. Some of these assets and liabilities and related collateral have maturity dates that extend beyond the date in which the applicable LIBOR setting ceases to be provided or to be representative.

We continue to implement our transition plan that has reduced our exposure to the transition and has the flexibility to evolve with market developments and standards, member needs, and guidance provided by the issuers of Agency securities. As a result, we do not expect the initial transition on December 31, 2021 to have a material adverse impact on the Bank's business, financial condition or results of operations.

For more information, see *Item 1A. Risk Factors - Changes to or Replacement of the LIBOR Benchmark Interest Rate Could Adversely Affect Our Business, Financial Condition and Results of Operations* and *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* in our 2020 Form 10-K.

The following table presents our LIBOR-rate indexed financial instruments outstanding at September 30, 2021 and December 31, 2020 by year of maturity ($ amounts in millions).

LIBOR-Indexed Financial Instruments	Year of Maturity				
September 30, 2021	**2021**	**2022**	**Through June 30, 2023**	**Thereafter**	**Total**
Assets:					
Advances, par value [1]	$ —	$ 198	$ 78	$ 2,324	$ 2,600
Mortgage-backed securities, par value [2]	—	—	—	2,879	2,879
Total	$ —	$ 198	$ 78	$ 5,203	$ 5,479
Interest-rate swaps - receive leg, notional [2]:					
Cleared	$ 147	$ 1,421	$ 770	$ 3,768	$ 6,106
Uncleared	22	320	316	6,498	7,156
Total	$ 169	$ 1,741	$ 1,086	$ 10,266	$ 13,262
Liabilities:					
CO bonds, par value [2]	$ 825	$ —	$ —	$ —	$ 825
Interest-rate swaps - pay leg, notional [2]:					
Cleared	$ 4,815	$ 1,434	$ 200	$ —	$ 6,449
Uncleared	—	—	—	15	15
Total	$ 4,815	$ 1,434	$ 200	$ 15	$ 6,464
Other derivatives, notional:					
Interest-rate caps held [2]	$ —	$ 15	$ —	$ 611	$ 626
December 31, 2020					
Assets:					
Advances, par value [1]	$ 40	$ 353	$ 187	$ 2,913	$ 3,493
Mortgage-backed securities, par value [2]	—	32	—	3,555	3,587
Total	$ 40	$ 385	$ 187	$ 6,468	$ 7,080
Interest-rate swaps - receive leg, notional [2]:					
Cleared	$ 2,037	$ 1,464	$ 786	$ 4,218	$ 8,505
Uncleared	105	320	316	9,914	10,655
Total	$ 2,142	$ 1,784	$ 1,102	$ 14,132	$ 19,160
Liabilities:					
CO bonds, par value [2]	$ 6,675	$ —	$ —	$ —	$ 6,675
Interest-rate swaps - pay leg, notional [2]:					
Cleared	$ 12,711	$ 234	$ 200	$ —	$ 13,145
Uncleared	2,950	—	—	204	3,154
Total	$ 15,661	$ 234	$ 200	$ 204	$ 16,299
Other derivatives, notional:					
Interest-rate caps held [2]	$ —	$ 15	$ —	$ 611	$ 626

(1) Year of maturity on our advances is based on redemption term.

(2) Year of maturity on our MBS, interest-rate swaps, CO bonds and interest-rate caps is based on contractual maturity. The actual maturities on MBS will likely differ from contractual maturities as borrowers have the right to prepay their obligations with or without prepayment fees.

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 Exchange Act is: (a) recorded, processed, summarized and reported within the time periods specified in the SEC'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 September 30, 2021, 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. In making this evaluation, we used the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 September 30, 2021.

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 is also 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

In the ordinary course of business, we may from time to time become a party to lawsuits involving various business matters. We are unaware of any lawsuits presently pending which, individually or in the aggregate, could have a material effect on our financial condition or results of operations.

Item 1A. RISK FACTORS

Except as noted below, there have been no material changes in the risk factors described in *Item 1A. Risk Factors* of our 2020 Form 10-K.

A Loss of Significant Borrowers, PFIs, Acceptable Loan Servicers or Other Financial Counterparties Could Adversely Impact Our Profitability, Our Ability to Achieve Business Objectives, Our Ability to Pay Dividends or Redeem or Repurchase Capital Stock, and Our Risk Concentration.

The loss of any large borrower or PFI could adversely impact our profitability and our ability to achieve business objectives. The loss of a large borrower or PFI could result from a variety of factors, including acquisition, consolidation of charters within a bank holding company, a member's loss of market share, resolution of a financially distressed member, or regulatory changes relating to FHLBank membership.

On April 26, 2021, Flagstar Bancorp, Inc., the parent company of Flagstar Bank, FSB ("Flagstar"), historically one of our largest and most active borrowers, announced it had reached an agreement to merge with another institution and, pursuant to the agreement, Flagstar would merge with a non-member depository. At September 30, 2021, Flagstar had advances outstanding totaling $2.5 billion or 9% of the Bank's total advances outstanding, at par. Flagstar has not been an active PFI seller since 2011. The parties currently expect that the Flagstar parent company merger will close in 2022, as soon as regulatory approvals are received, with Flagstar's merger expected to close thereafter. On the effective date of the Flagstar merger, the successor bank would not be eligible for membership in our Bank. As a result, as with any loss of a large borrower, the consummation of the expected Flagstar merger could have a material adverse effect upon our future results of operations and financial condition.

As the financial industry continues to consolidate into a smaller number of institutions, this could lead to further loss of large members and a related decrease in our membership and significant loss of business. Our largest borrower had advances outstanding at September 30, 2021 totaling $3.1 billion, or 12% of the Bank's total advances outstanding, at par. If advances are concentrated in a smaller number of members, our risk of loss resulting from a single event could become greater. Loss of other large advance borrowers, without replacement of such advances by existing or new members, would be expected to reduce our interest income and profitability accordingly.

During the nine months ended September 30, 2021, our top-selling PFI sold us mortgage loans totaling $185 million, or 12% of the total mortgage loans purchased by the Bank. Our larger PFIs originate mortgages on properties in several states. We also purchase mortgage loans from many smaller PFIs that predominantly originate mortgage loans on properties in Michigan and Indiana. Our concentration of MPP loans on properties in Michigan and Indiana could continue to increase over time, as we do not currently limit such concentration.

We do not service the mortgage loans we purchase. PFIs may elect to retain servicing rights for the loans sold to us, or they may elect to sell servicing rights to an MPP-approved servicer. Federal banking regulations and Dodd-Frank Act capital requirements are causing some mortgage servicing rights to be transitioned to non-depository institutions and may reduce the availability of buyers of mortgage servicing rights. A scarcity of mortgage servicers could adversely affect our results of operations.

The number of counterparties that meet our internal and regulatory standards for derivative, repurchase, federal funds sold, TBA, and other financial transactions, such as broker-dealers and their affiliates, has decreased over time. In addition, since the Dodd-Frank Act, the requirements for posting margin or other collateral to financial counterparties has tended to increase, both in terms of the amount of collateral to be posted and the types of transactions for which margin is now required. These factors tend to increase the risk exposure that we have to any one counterparty, and as such may tend to increase our reliance upon each of our counterparties. A failure of any one of our major financial counterparties, or continuing market consolidation, could affect our profitability, results of operations, and ability to enter into additional transactions with existing counterparties without exceeding internal or regulatory risk limits.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
3.1*	Organization Certificate of the Federal Home Loan Bank of Indianapolis, incorporated by reference to Exhibit 3.1 of our Registration Statement on Form 10 (Commission File No. 000-51404) filed on February 14, 2006
3.2*	Bylaws of the Federal Home Loan Bank of Indianapolis, as amended effective June 28, 2019, incorporated by reference to Exhibit 3.1 of our Quarterly Report on Form 10-Q (Commission File No. 000-51404) filed on August 12, 2019
4.1*	Capital Plan of the Federal Home Loan Bank of Indianapolis, effective September 26, 2020, incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K (Commission File No. 000-51404) filed on August 17, 2020
10.1*	Joint Capital Enhancement Agreement dated August 5, 2011, incorporated by reference to Exhibit 99.1 of our Current Report on Form 8-K (Commission File No. 000-51404) filed on August 5, 2011
10.2	2005 Supplemental Executive Retirement Plan, dated January 1, 2008, as amended and Restated Effective as of August 1, 2021
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 Executive 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, Executive 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.

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

November 10, 2021	By:	/s/ CINDY L. KONICH
	Name:	Cindy L. Konich
	Title:	President - Chief Executive Officer
November 10, 2021	By:	/s/ GREGORY L. TEARE
	Name:	Gregory L. Teare
	Title:	Executive Vice President - Chief Financial Officer
November 10, 2021	By:	/s/ K. LOWELL SHORT, JR.
	Name:	K. Lowell Short, Jr.
	Title:	Senior Vice President - Chief Accounting Officer

Exhibit 10.2

FEDERAL HOME LOAN BANK OF INDIANAPOLIS
2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(Amended and Restated Generally Effective as of August 1, 2021)

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ADOPTION OF
FEDERAL HOME LOAN BANK OF INDIANAPOLIS
2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Pursuant to resolutions adopted by the Board of Directors of the Federal Home Loan Bank of Indianapolis (the “Bank”), the undersigned officers of the Bank hereby adopt the Federal Home Loan Bank of Indianapolis 2005 Supplemental Executive Retirement Plan, amended and restated generally effective as of August 1, 2021, on behalf of the Bank, in the form attached hereto.

Dated this 28th day of October, 2021.

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

By:/s/ Gregory L. Teare
Gregory L. Teare, Executive Vice President-Chief Financial Officer

By:/s/ Kania D. Lottie
Kania D. Lottie, Senior Vice President-Chief Human Resources and Diversity, Equity, & Inclusion Officer

ATTEST:

By:/s/ Steven E. Doan
Steven E. Doan, Vice President-Member Research and Strategies Director

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ARTICLE I

INTRODUCTION

Section 1.1 Purpose. The purpose of the Federal Home Loan Bank of Indianapolis 2005 Supplemental Executive Retirement Plan (the "Plan") is to provide certain management or highly compensated employees of the Federal Home Loan Bank of Indianapolis (the "Bank"), supplemental retirement benefits to help recompense the employees for benefits reduced under the qualified retirement plan sponsored by the Bank due to benefit limits imposed under Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended (the "Code"). It is the intention of the Bank that the Plan constitute a deferred compensation arrangement that complies with Code Section 409A. Consequently, the Plan will be administered and its provisions interpreted consistently with that intention.

Section 1.2 Effective Date; Plan Year. The "Effective Date" of the Plan as amended and restated is August 1, 2021. The "Plan Year" is the 12-month period beginning on each January 1 and ending on the next following December 31.

Section 1.3 Administration. The Plan will be administered by an administrative committee ("Committee") appointed by the Bank's Board of Directors ("Board"), which initially will be the Human Resources Committee of the Board. 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 Corporate Secretary of the Board of Directors, 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. 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 eliminate any inconsistencies between the supplement and any other Plan provisions.

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

Term	Plan Section
Acceleration Event	4.5
Adverse Benefit Determination	A-3
Bank	1.1
Benefit Claim	A-1
Board	1.3
Claimant	A-1
Code	1.1
Committee	1.3
Disabled	4.4(b)
Effective Date	1.2
FICA	4.5(b)
Frozen SERP	3.1(c)
Frozen SETP	3.1(a)
Participant	2.1
Participant Benefit	3.1
Plan	1.1
Plan Year	1.2
Retirement Allowance	3.1
Retirement Plan	2.1
Salary	3.1
Separation from Service	4.1
Termination of Employment	4.1
Trust	6.1
2005 SETP	3.1(a)

ARTICLE II

ELIGIBILITY AND PARTICIPATION

Section 2.1 Eligibility. Any employee of the Bank who is a member of the Federal Home Loan Bank of Indianapolis Retirement Plan as documented by the Regulations Governing the Comprehensive Retirement Program of the Financial Institutions Retirement Fund ("Retirement Plan") or who is not a member of the Retirement Plan because the employee has not yet met the Retirement Plan's service requirements, is eligible to become a "Participant" in the Plan, provided the employee is designated as a Participant by the Committee or the Bank in writing. Any employee of the Bank who is a member of the Retirement Plan or who is not a member of the Retirement Plan because the employee has not yet met the Retirement Plan service requirements and who is an officer with a title of Vice President or a higher officer level, is automatically eligible to become a "Participant" in the Plan without the need for designation by the Board.

Section 2.2 Participation. A designated employee or otherwise eligible employee will become a Participant as of the later of the Effective Date, the date specified by the Board or the date the employee satisfies the automatic eligibility provisions described in Section 2.1. A Participant may be removed as an active Participant by the Board effective as of any date, so that the Participant will not be entitled to accrue additional benefits under Article III on or after that date.

ARTICLE III

BENEFITS

Section 3.1 Amount of Benefit. The amount, if any, of the benefit payable to or on account of a Participant pursuant to the Plan ("Participant Benefit") will equal the excess of (a) less (b) less (c), the result of which will be actuarially adjusted by the factor in (d), where:

(a) is the Participant's Retirement Allowance (as defined by the Retirement Plan) that would otherwise be payable to or on account of the Participant under the Retirement Plan calculated as of the first day of the month coincident with or next following the Participant's date of termination on the basis of the lump sum form of payment (as defined by the Retirement Plan), determined as if the provisions of the Retirement Plan were administered without regard to the limitations imposed by Code Sections 401(a)(17) and 415 and, in the case of an employee whom the Board authorized to become a Participant prior to meeting the eligibility service requirement of the Retirement Plan, without regard to the eligibility service requirement of the Retirement Plan (for purposes of determining the Retirement Allowance under this subsection (a), any salary deferrals made by or on account of the Participant under the Federal Home Loan Bank of Indianapolis Supplemental Executive Thrift Plan ("2005 SETP") or the Federal Home Loan Bank of Indianapolis 2016 Supplemental Executive Thrift Plan, as amended ("2016 SETP") are to be included as salary); provided, however, that the formula and actuarial factors shall be adjusted so that for purposes of calculating the Participant's lump sum benefit:

(i) the applicable interest rate shall be the minimum present value segment rates in effect for plan years beginning in May, 2021, which for clarity were 0.61, 2.84, and 3.54, regardless of any subsequent changes; and

(ii) the applicable mortality table shall be the table in effect as of June 30, 2021, regardless of any subsequent changes; and

(b) is the Participant's Retirement Allowance (as defined by the Retirement Plan) that is or would be payable to or on account of the Participant under the Retirement Plan calculated as of the first day of the month coincident with or next following the Participant's date of termination on the basis of the lump sum form of payment (as defined by the Retirement Plan); and

(c) is the Participant's accrued benefit under the Federal Home Loan Bank of Indianapolis Supplemental Executive Retirement Plan ("Frozen SERP") that would have been payable to or on account of the Participant under the Frozen SERP calculated as if the Participant had terminated employment on December 31, 2004 and collected the Frozen SERP on the basis of the lump sum form of payment at the earliest date allowable under the Retirement Plan discounted back to December 31, 2004 using the actuarial equivalence factors for lump sum payments (as defined by the Retirement Plan) and increased with such interest only to the date of termination. In no event will the amount of the Frozen SERP determined in this section exceed the amount that would be payable under the terms of the 2005 SERP as of the date of termination without regard to the Frozen SERP.

(d) The net result of calculating (a) less (b) less (c), above, is a lump sum amount that will be adjusted to an actuarial equivalent benefit payable in the form of payment elected by the Participant pursuant to Section 4.3 of this Plan (using the actuarial equivalence factors as defined in the Retirement Plan, as modified by subsection 3.1(a) above, for purposes of calculating a lump sum).

Notwithstanding the above, in the case of an employee who becomes a Participant on or after January 1, 2008, and whose Benefit Service under the Retirement Plan includes service earned while the Participant was not an employee of the Bank, the amount, if any, of the Participant Benefit payable under this Plan will equal the net amount resulting from the calculation of (a) less (b) less (c) above multiplied by the Participant's years and months of Benefit Service (as defined in the Retirement Plan) with the Bank divided by his years and months of Benefit Service under the Retirement Plan, adjusted as provided in (d) above.

There will be no adjustment made to a Participant's Vesting Service (as defined in the Retirement Plan) for purposes of this Plan.

Section 3.2 Death Benefit. In the event of the death of a Participant prior to age 65, the Participant Benefit will equal the excess of (a) less (b) less (c), adjusted for the factors in (d), as determined by the Committee, where:

(a) is the death benefit (as defined by the Retirement Plan) that would otherwise be payable to the Participant's Beneficiary under the Retirement Plan if the provisions of the Retirement Plan were administered without regard to the limitations imposed by Code Sections 401(a)(17) and 415 (for purposes of determining the Participant Benefit under this subsection (a), any salary deferrals made by or on account of the Participant under the Frozen SETP, 2005 or 2016 SETP are to be included as salary); provided, however, that the formula and actuarial factors shall be adjusted so that for purposes of calculating the Participant's lump sum benefit:

   (i) the applicable interest rate shall be the yield on 30-year Treasury Constant Maturities as of July 13, 2021, which for clarity was 2.04%, regardless of any subsequent changes; and

   (ii) the applicable mortality table shall be the table in effect as of June 30, 2021, regardless of any subsequent changes; and

(b) is the death benefit that is payable to the Participant's Beneficiary under the Retirement Plan; and

(c) is the Participant's accrued death benefit under the Frozen SERP.

(d) The result of calculating (a) less (b) less (c), above, will be adjusted by applying the actuarial factors provided by the Retirement Plan, as modified by subsection 3.2(a) above, to convert the result to the lump sum form of benefit.

Notwithstanding the above, in the case of an employee who becomes a Participant on or after January 1, 2008, and whose Benefit Service under the Retirement Plan includes service earned while the Participant was not an employee of the Bank, the amount, if any, of the Participant Benefit payable under this Plan will equal the net amount resulting from the calculation of (a) less (b) less (c) above multiplied by the Participant's years and months of Benefit Service (as defined in the Retirement Plan) with the Bank divided by his years and months of Benefit Service under the Retirement Plan, adjusted as provided in (d) above. There will be no adjustment made to a Participant's Vesting Service (as defined in the Retirement Plan) for purposes of this Plan.

Section 3.3 Military Service. Not withstanding any provision of this Plan to the contrary, contributions and benefits with respect to qualified military service will be provided in accordance with Code Section 414(u).

Section 3.4 Long Term Incentive Plan Awards. Any compensation received by a Participant as payment of an award under the Federal Home Loan Bank of Indianapolis Incentive Plan, or of a Deferred Award as defined in Section 3.3(b) of the Federal Home Loan Bank of Indianapolis Incentive Plan, or any similar deferred or long-term award under any subsequent long term incentive plan sponsored by the Bank shall not be considered when determining the Participant Benefit under the Plan.

Section 3.5 Effect of Reduced Benefits Under Retirement Plan. A Participant Benefit under this Plan shall be determined by reference to the terms of the Retirement Plan applicable to the particular Participant, even if the terms of the Retirement Plan may be different as applied to other Plan Participants.

ARTICLE IV

BENEFIT PAYMENTS

Section 4.1 Time of Payment of Benefits. Except as provided in Section 4.5, a Participant will receive or will begin to receive payment of his Participant Benefit within 120 days following the date of the Participant's Separation from Service. "Separation from Service" means the date on which the Participant dies, retires or otherwise experiences a Termination of Employment with the Bank. Provided, however, a Separation from Service does not occur if the Participant is on military leave, sick leave, or other "bona fide leave of absence" if the period of such leave does not exceed six months, or if the leave is for a longer period, so long as the individual's right to reemployment with the Bank is provided either by statute or by contract. For purposes of this subsection, a leave of absence constitutes a "bona fide leave of absence" only if there is a reasonable expectation that the Participant will return to perform services for the Bank. If the period of leave exceeds six months and the Participant's right to reemployment is not provided either by statute or contract, there will be a Separation from Service on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than six months, where such impairment cause the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period. An Employee will incur a "Termination of Employment" when a termination of employment is incurred under Treasury Regulation §1.409A-1(h)(ii).

Section 4.2 Method of Payment. Except as provided in Sections 4.5 and 4.6, the Participant Benefit will be distributed in cash in one of the following methods effectively elected by the Participant:

(a) A single lump sum payment;

(b) Annual installment payments over a period of 2 to 20 years; or

(c) A combination of the methods specified in subsections (a) and (b).

However, if the Participant Benefit is less than $10,000, then the entire benefit will be paid in a single lump sum payment regardless of any Participant election to the contrary.

Section 4.3 Method of Payment Elections.

(a) Initial Election. A Participant may elect the manner in which his Plan benefit will be paid to him under Section 4.2 in accordance with the terms and conditions of this Section. To make an election, a Participant must file an election with the Committee (on a form or forms prescribed by the Committee). To be effective, the election under this Section must be filed with the Committee no later the time the Participant first begins to accrue a benefit under the Plan (or under any other plan required to be aggregated with this Plan pursuant to the requirements of Code Section 409A). If no election is made or if the election is not timely or properly made, distribution will be made in the form of a single lump sum payment.

(b) Change of Method of Payment Election. An election as to the manner of payment may not be changed after the payment has been made or payments have commenced. Prior to that time, a Participant may change his election by filing a new election form with the Committee; provided, however, that: (i) the new election will not take effect until at least 12 months after the date the new election is filed; (ii) the single lump sum payment or the commencement of installment payments with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made; and (iii) the new election is filed at least 12 months prior to the date of the first scheduled payment under the Plan.

Section 4.4 Disability and Death. In the event a Participant Separates from Service due to the Participant's Disability or if the Participant dies or becomes Disabled before he has received his entire Plan benefit, the unpaid balance will be paid to the Participant, or in the event of his death, to his designated beneficiary or beneficiaries, in a single lump sum within 120 days following a determination by the Committee that the Participant is Disabled, or within 120 days following the Participant's death.

(a) Beneficiary Designations. A Participant may designate a beneficiary or beneficiaries to receive any amount payable under this Section as a result of his death. A Participant may change his designation of beneficiaries at any time by filing with the Committee a written notice of the change on a form approved by the Committee. Each beneficiary designation filed with the Committee will cancel all previously filed beneficiary designations. If no designation is in effect on the

Participant's death, or if the designated beneficiary does not survive the Participant, his beneficiary will be his surviving spouse, if any, and then his estate.

(b) Disability. A person is "Disabled" for purposes of the Plan if the Participant in question is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. A Participant who, by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under an accident and health plan sponsored by an Employer will be deemed to be Disabled. The Committee will be the sole and final judge of whether a Participant is Disabled for purposes of this Plan, after consideration of any evidence it may require, including the reports of any physician or physicians it may designate.

Section 4.5 Acceleration of Time of Payment. Except as provided in this Section, the time or schedule of payment of a Participant Benefit provided in Sections 4.1 through 4.4 may not be accelerated. The time or schedule of payment of a Participant Benefit may be accelerated in the following circumstances, each of which is an "Acceleration Event," to a time that is no later than 120 days following the Committee's determination that one of the Acceleration Events has occurred, and payment will be made in the form of a single lump sum:

(a) Domestic Relations Order. The time or schedule of a payment of a Participant's Benefit may be accelerated to make a payment to an individual other than the Participant as may be necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

(b) Income Inclusion Under Code Section 409A. The time or schedule of payment of a Participant Benefit under the Plan may be accelerated to pay the income tax, interest and penalties imposed if the Plan fails to meet the requirements of Code Section 409A and related regulations; provided, however, such payment will not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A and related regulations.

(c) Payment of Employment Taxes. The time or schedule of a payment of a Participant's Benefit may be accelerated to pay the Federal Insurance Contribution Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on compensation deferred under the Plan. Additionally, the time or schedule of a payment of a Participant's Benefit may be accelerated under the Plan to pay the income tax at source on wages imposed under Code Section 3401 or the corresponding withholding provisions of state, local or foreign tax laws as a result of payment of the FICA amount, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 wages and taxes. However, the total payment under this paragraph will not exceed the aggregate of the FICA amount and the related income tax withholding on such FICA amount.

(d) Plan Termination. The time or schedule of payment or commencement of payments from a Participant's Benefit may be accelerated when the Plan is terminated in accordance with one of the following and the Participant's Benefit is calculated as if the Participant Separated from Service on the date of the Plan termination:

(i) The Company terminates the Plan within 12 months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that the amounts deferred under the Plan are included in the Participants' gross incomes in the latest of the following years (or, if earlier, the taxable year in which the amount is constructively received).

A. The calendar year in which the Plan termination and liquidation occurs;

B. The first calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or

C. The first calendar year in which the payment is administratively practicable.

(ii) The Company's irrevocable action to terminate and liquidate the Plan within the 30 days preceding or the 12 months following a change in control (as defined in Treasury Regulation 1.409A-3(i)(5)). For purposes of this subsection, the Plan may be terminated only if all agreements, methods, programs, and other arrangements sponsored by the Employer immediately after the time of the change in control with respect to which deferrals of compensation are treated as having been deferred under a single plan under Treasury Regulation 1.409A-1(c)(2) are terminated and liquidated with respect to each Participant that experienced the change in control, so that under the terms of the termination and liquidation all such Participants are required to receive all amounts of compensation deferred under the Plan and other arrangements within 12 months of the date the Company irrevocably takes all necessary action to terminate and liquidate the Plan and other arrangements.

(iii) The Company's termination and liquidation of the Plan, provided that:

A. The termination and liquidation does not occur proximate to a downturn in the financial health of the Company;

B. The Company terminates and liquidates all agreements, programs, and other arrangements that would be aggregated under Treasury Regulation §1.409A-1(c) if the Participant had deferrals of compensation under all of the agreements, methods, programs, and other arrangements that are terminated and liquidated;

C. No payments in liquidation of the Plan are made within 12 months of the date the Company takes all necessary action to irrevocably terminate and liquidate the plan other than payments that would be payable under the terms of the Plan if the action to terminate and liquidate the Plan had not occurred;

D. All payments are made within 24 months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and

E. The Company does not adopt a new plan or arrangement that would be aggregated with any terminated and liquidated plan or arrangement under Treasury Regulation §1.409A-1(c) if the same Participant participated in both plans or arrangements, at any time within three years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

(iv) Limited Cashouts. The Plan may terminated and liquidate a Participant's interest under the Plan up to the Code Section 402(g)(1)(B) limit prior to the time provided in Sections 4.1 and 4.2, provided that the Company comply with the requirements of Treasury Regulation. §1.409A-3(j)(4)(v).

(v) Such other events and conditions as the Internal Revenue Service may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

ARTICLE V

PLAN ADMINISTRATION

Section 5.1 Appointment of the Committee. The Committee, or a duly authorized officer of the Bank empowered by the Committee to act on its behalf under subsection 5.2(e), 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 5.2 Powers and Responsibilities of the Committee.

(a) The Committee will have all powers necessary to administer the Plan, including the power to construe and interpret the Plan documents; 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 or withdrawal under the Plan; to resolve any claim for benefits in accordance with Article VI and Supplement A, 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.

(b) Records and Reports. The Committee will be responsible for maintaining sufficient records to determine each Participant's eligibility to participate in the Plan, and for purposes of determining the amount of contributions that may be made on behalf of the Participant under the Plan.

(c) 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 or beneficiary, the Bank or the legal counsel of the Bank.

(d) Application for Benefits. The Committee may require a Participant or beneficiary 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 or beneficiary's current mailing address.

(e) Delegation. The Committee may authorize one or more officers of the Bank to perform administrative responsibilities on its behalf under the Plan. Any such duly authorized officer will have all powers necessary to carry out the administrative duties delegated to such officer by the Committee.

Section 5.3 Liabilities. The individual members of the Committee 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.

Section 5.4 Income and Employment Tax Withholding. The Bank will be responsible for withholding from the Participant's compensation, from the contribution to the Plan, or from the distribution of the Participant's benefit under the Plan, of all applicable federal, state, city and local taxes.

Section 5.5 Disclosure to Participant Upon Termination of Employment. Within 90 days of a Participant's Separation from Service or a termination of the Plan, the Bank will provide the Participant a comprehensive statement setting forth the value of the Participant Benefit and the date and manner in which such benefit will be paid out to the Participant. On written request of a Participant, within 90 days of receipt of such disclosure, the Bank will engage an independent actuary, acceptable to the Bank and the Participant, at the Bank's expense, to review the initial calculation of the Participant's benefit. If the independent actuary's benefit calculation differs from the initial calculation by 5% or more, either the Bank or the Participant may demand, within 90 days of receipt in writing of the result of the independent actuary's benefit calculation, that the first two actuaries select a third actuary, who is independent of the first two actuaries, the Bank and the Participant, to review the benefit calculations and present a written determination of the Participant Benefit, which shall be final, subject to the claims procedure in Supplement A. Selection of the third actuary will be completed within 60 days of a written request by the Bank or the Participant to the first two actuaries, the third actuary will complete its calculation of the Participant Benefit within 60 days of its engagement for that purpose. If a Participant requests review of the calculation of his benefit pursuant to the terms of this Section, payment of the Participant Benefit will not be made or commence until the final benefit calculation is received from the third actuary.

Section 5.6 Expenses. The expenses incurred for the administration and maintenance of the Plan will be paid by the Bank.

ARTICLE VI

BENEFIT CLAIMS

While a Participant or beneficiary need not file a claim to receive his benefit under the Plan, if he wishes to do so, a 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 review of the denial of a claim for benefits by filing a written request with the Committee. The Committee will afford the claimant a full and fair review of such request. The claim and claim review process will be conducted in accordance with the provisions of Supplement A.

ARTICLE VII

FUNDING AND TRANSFERS

Section 7.1 Unfunded Status. All benefits accrued under the Plan on behalf of a Participant will be credited to an irrevocable "rabbi trust" (the "Trust") to provide for the benefits created by the Plan. The Trust will be maintained in such a fashion that the Plan at all times for purposes of ERISA and the Code will be unfunded and will constitute a mere promise by the Bank to make Plan benefit payments in the future. Any and all rights created under this Plan will be unsecured contractual rights against the Bank. The Bank's annual contribution to the Trust will be an amount equal to the accumulated benefit obligation calculated in accordance with Financial Accounting Standard No. 87 and disclosed on the Bank's financial statements.

ARTICLE VIII

AMENDMENT AND TERMINATION OF THE PLAN

Section 8.1 Amendment of the Plan. The Bank 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 accrued benefit (without consent) 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 or beneficiary.

Section 8.2 Termination of the Plan. The Bank may terminate the Plan at any time in its sole discretion. Absent an amendment to the contrary, Plan benefits that had accrued 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 IX

MISCELLANEOUS

Section 9.1 Governing Law. The Plan will be construed, regulated and administered according to the laws of the State of Indiana, without reference to that state's choice of law principles, except in those areas preempted by the laws of the United States of America in which case the federal laws will control.

Section 9.2 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.

Section 9.3 Spendthrift Clause. No benefit or interest available under the Plan will be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of a Participant or a Participant's beneficiary, either voluntarily or involuntarily.

Section 9.4 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 9.5 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 9.6 Limitations on Liability. Notwithstanding any other provision of the Plan, neither the Bank nor any individual acting as an employee or agent of a Bank will be liable to a Participant or any beneficiary 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 9.7 Incapacity of Participant or Beneficiary. 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 9.8 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 9.9 Action by Bank. Any action required of or permitted by the Bank under the Plan will be by resolution of the Bank's Board of Directors or by a person or persons authorized by resolution of the Board of Directors.

Section 9.10 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 9.11 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 9.12 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 9.13 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.

SUPPLEMENT A

CLAIMS AND REVIEW PROCEDURES

Section A-1 Procedures Governing the Filing of Benefit Claims. All Benefit Claims must be filed on the appropriate claim forms available from the Committee and in accordance with the procedures established by the Committee for claim purposes. A "Benefit Claim" means a request for a Plan benefit or benefits, made by a Claimant or by an authorized representative of a Claimant, that complies with the Plan's procedures for making benefit claims. "Claimant" means a Participant, a surviving spouse of a Participant, a beneficiary, or an alternate payee under a domestic relations order, who is claiming entitlement to the payment of any benefit under the Plan.

Section A-2 Notification of Benefit Determinations. The Committee will notify a Claimant, in accordance with Section A-3 below, of the Plan's benefit determination within a reasonable period of time after receipt of a Benefit Claim, but not later than 90 days after receipt of the Benefit Claim by the Plan. If special circumstances require an extension of time for processing the Benefit Claim, the Committee will notify the Claimant of the extension prior to the termination of the initial period described above. The notice will indicate the special circumstances requiring the extension of time and the date by which the Plan expects to make the benefit determination. In no event will the extension exceed a period of 90 days from the end of the initial period.

Section A-3 Manner and Content of Notification of Benefit Determinations. All notices given by the Committee under the Plan will be given to a Claimant, or to his authorized representative, in a manner that satisfies the standards of 29 CFR 2520.104b-1(b) as appropriate with respect to the particular material required to be furnished or made available to that individual. The Committee may provide a Claimant with either a written or an electronic notice of the Plan's benefit determination. Any electronic notification will comply with the standards imposed by 29 CFR 2520.104b-1(c)(1)(i), (ii), (iii) and (iv). In the case of an Adverse Benefit Determination, the notice will set forth, in a manner calculated to be understood by the Claimant:

(a) The specific reasons for the adverse determination;

(b) Reference to the specific Plan provisions (including any internal rules, guidelines, protocols, criteria, etc.) on which the determination is based;

(c) A description of any additional material or information necessary for the Claimant to complete the claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's review procedures and the time limits applicable to such procedures.

The term "Adverse Benefit Determination" means a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, any benefit claimed to be payable under the Plan.

Section A-4 Appeal of Adverse Benefit Determinations. A Claimant who receives an Adverse Benefit Determination and desires a review of that determination must file, or his authorized representative must file on his behalf, a written request for a review of the Adverse Benefit Determination, not later than 60 days after receiving the determination. The written request for a review must be filed with the Committee. Upon receiving the written request for review, the Committee will advise the Claimant, or his authorized representative, in writing that:

(a) The Claimant, or his authorized representative, may submit written comments, documents, records, and any other information relating to the claim for benefits; and

(b) The Claimant will be provided, upon request of the Claimant or his authorized representative, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's Benefit Claim, without regard to whether those documents, records, and information were considered or relied upon in making the Adverse Benefit Determination that is the subject of the appeal.

Section A-5 Benefit Determination on Review. All appeals by a Claimant of an Adverse Benefit Determination will receive a full and fair review by an appropriate named fiduciary of the Plan.

Section A-6 Notification of Benefit Determination on Review. The Committee will notify a Claimant, in accordance with Section A-7, of the Plan's benefit determination on review within a reasonable period of time, but not later than 60 days after the Plan's receipt of the Claimant's request for review of an Adverse Benefit Determination. If, however, special circumstances require an extension of time for processing the review by the named fiduciary, the Claimant will be notified, prior to the termination of the initial 60 day period, of the special circumstances requiring the extension and the date by which the Plan expects to render the Plan's benefit determination on review, which will not be later than 120 days after receipt of a request for review.

Section A-7 Manner and Content of Notification of Benefit Determination on Review. The Committee will provide a Claimant with notification of its benefit determination on review in a method described in Section A-3. In the case of an Adverse Benefit Determination on review, the notification must set forth, in a manner calculated to be understood by the Claimant:

(a) The specific reasons for the adverse determination on review;

(b) Reference to the specific Plan provisions (including any internal rules, guidelines, protocols, criteria, etc.) on which the benefit determination on review is based; and

(c) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's Benefit Claim, without regard to whether those records were considered or relied upon in making the Adverse Benefit Determination on review, including any reports, and the identities, of any experts whose advice was obtained.

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: November 10, 2021

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: November 10, 2021

By: /s/ GREGORY L. TEARE

Name: Gregory L. Teare

Title: Executive 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: November 10, 2021

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 September 30, 2021, 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
November 10, 2021

By: /s/ GREGORY L. TEARE
Gregory L. Teare
Executive Vice President - Chief Financial Officer
November 10, 2021

By: /s/ K. LOWELL SHORT, JR.
K. Lowell Short, Jr.
Senior Vice President - Chief Accounting Officer
November 10, 2021