

March 6, 2003

Chairman Korsmo  
Federal Housing Finance Board  
1777 F Street, NW  
Washington, DC 20006-5210

Re: Unsecured Credit Hearing

Dear Chairman Korsmo,

In response to your letter of February 12, please be advised that our Board's planning retreat/board meeting is scheduled the same day as the March 12, 2003, hearing. Therefore, the Indianapolis Bank will be unable to participate.

As part of the discussion, we encourage the Finance Board to carefully consider the FHLBanks' joint briefing paper on the use of unsecured credit. It is our understanding that this joint work product of the FHLBanks' credit officers is near completion, and will soon be forwarded to the Finance Board.

The Indianapolis Board carefully monitors the balance of unsecured credit within the context of our capital position, liquidity needs, and our Bank's risk management policy. The Finance Board's new unsecured credit regulations, which became effective in March, 2002, have been implemented. Under the new regulations, the Bank has imposed capital limits on credit exposures to one counterparty, as well as new reporting requirements.

We look forward to working with the Finance Board, as it reviews this important matter.

Sincerely,

/s/ William R. White

William R. White  
Chairman of the Board  
Federal Home Loan Bank of Indianapolis

cc: F. Leichter  
A. Mendelowitz  
T. O'Neill  
J. Weicher  
M. Heger