



The Honorable Sandra Thompson, Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, SW
Washington D.C. 20219

RE: FHFA Review of the Federal Home Loan Bank System.

Dear Director Thompson,
My name is Larry Myers and I am President and C.E.O. of First Savings Bank in Jeffersonville, Indiana. We are a \$2-billion community bank serving the needs of southern Indiana. I am also a member director of the Federal Home Loan Bank of Indianapolis. By virtue of my positions, I have a strong interest in the discussions regarding the review of the Federal Home Loan Bank system. I appreciate the opportunity to share my views on this matter.

The Federal Home Loan Bank of Indianapolis (FHLBI) is a vital partner for our bank. We rely heavily on the FHLBI as a funding/liquidity source. The funding provided by the FHLBI allows our bank to grow and prosper, which in turn benefits our community. We routinely use advances from the FHLBI to fund our mortgages held for sale, which can vary greatly depending on market conditions. We also use funding from the FHLBI for affordable housing projects. These projects typically demand a large amount of borrowings during construction that once stabilized, fall back to a much smaller amount for the permanent loan. Use of FHLBI funding gives us the flexibility that we could not have otherwise if we used core deposits to fund these loans. The advances provided by the FHLBI in general are a critical source of funding for our bank. If that source were diminished, our cost of funding would substantially increase, and balance sheet management would become significantly more difficult. This in turn would increase the risk to our organization. Not to be too dramatic, but the loss of the FHLBI's reliable source of funding would be a contributing factor for our bank to remain independent.

During this review process it has been mentioned that the Federal Home Loan Bank (FHLB) system should open membership to fintech's and other financial entities. In the current environment, that would be a disastrous decision for the system. The existing members of the FHLB system are highly

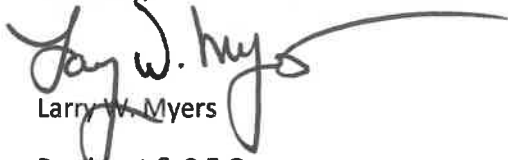


regulated, well capitalized and adhere to a standard financial reporting protocol. The other entities that have been proposed for FHLB membership do not have these attributes. Allowing new members that lack financial strength, transparency and oversight will only put the system at risk. If the desire is to expand the membership of the system, then those new members would need to be held to the same high standards of the existing members. Failing to meet these standards will put the current members' capital investment in the FHLBI at risk.

As a director I am continuously impressed with the impact that the FHLBI has in our communities with affordable housing. The FHLBI currently earmarks 12% of earnings to affordable housing. The regional structure of the FHLB system allows for more targeted emphasis in those areas where the housing needs are the greatest. As a community banker, I have seen communities suffer when they lose the local bank presence. I strongly believe that if the FHLBI were consolidated into a larger bank that the affordable housing needs of Indiana and Michigan would be subordinate to the bigger market.

It is difficult to summarize in a brief letter the details of such a complex subject. I hope that your familiarity with these subjects allow you to quickly see and understand the points presented. Over the coming months I plan on participating in all activities your Agency may have regarding this review, providing my input where possible. I will also be available if you or someone from your staff would like to have a discussion. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Larry W. Myers". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Larry W. Myers

President & C.E.O.