

President's Message

In November, the Urban Institute published the study, *The Value of the FHLBank System to Bank Liquidity and Stability*, the first in an expected three-part series. This comprehensive analysis illustrates the critical role the Federal Home Loan Bank System plays in strengthening member institutions and safeguarding the broader financial system.



At a high level, the study found the FHLBanks generate at least \$13.2 billion in annual economic benefit, or 1.9 times the amount the Congressional Budget Office concluded the FHLBanks receive from their GSE status—and that benefit increases as high as \$21.4 billion depending on market conditions. Additionally, the report estimates the FHLBanks generate \$950 million in annual savings for the FDIC in avoided bank failures.

The report's conclusions highlight several key benefits of your membership:

- **Reliable Liquidity Support:** Member banks consistently turn to FHLBank advances when liquidity tightens. Our business model is uniquely poised to support this with the ability to expand and contract as members' needs dictate. While this is most crucial to the economic system during times of stress, members can manage their balance sheets effectively knowing that they have a reliable source of liquidity no matter the economic cycle.
- **Lower Risk of Failure:** Membership in the FHLBank System significantly reduces the likelihood of bank failure. After controlling for other factors, the study found that membership lowers failure rates by approximately 10 percent.
- **Reduced Systemic Risk:** The FHLBank System acts as a shock absorber in the financial system. Access to advances during the March 2023 banking turmoil helped prevent additional failures by supplying liquidity earlier in the crisis timeline and giving regulators and policymakers more time to respond.
- **Lower Mortgage Rates:** The study also found that U.S. homeowners save \$3.8 billion each year in lower-cost mortgages thanks to FHLBank liquidity.

Ultimately, the FHLBank System continues to deliver substantial economic value by promoting stability across the financial system. We will continue to serve our mission to provide reliable liquidity that supports housing finance. We appreciate your business and the strong cooperative partnership you allow us to provide as your FHLB.

ANDREW S. HOWELL

FHLB Welcomes New Members

The FHLB welcomed the following new member stockholders in the last quarter:

Medical Mutual of Ohio
Cleveland, Ohio

Fortuna Bank
Grandview Heights, Ohio

University of Toledo Federal
Credit Union
Toledo, Ohio



MPP User Group Conference

Thank you to all of those who joined us for our Annual Mortgage Purchase Program User Group Conference in October. Attendees were able to hear from a variety of industry experts and connect with those they work with at FHLB. To learn more about our Mortgage Purchase Program, visit our website at www.fhlbcin.com.

Upcoming Events

DECEMBER 25

Christmas Day
FHLB Closed

JANUARY 1

New Year's Day
FHLB Closed

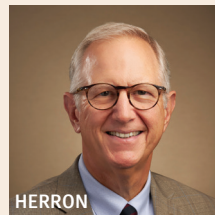
JANUARY 19

Martin Luther King Jr. Day
FHLB Closed

FEBRUARY 16

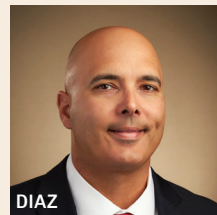
Presidents' Day
FHLB Closed

Director Election Results



FHLB members elected three directors in the 2025 Board of Directors election. In this election, two Kentucky Member

Directors and one at-large Independent Director were elected to the Board. From Kentucky, **J. Wade Berry** and **Timothy E. Barnes** were reelected and newly elected, respectively. **Danny J. Herron**, Nashville, was reelected to serve as an Independent Public Interest Director. All three directors will serve four-year terms commencing January 1, 2026, and expiring December 31, 2029.



At its November meeting, the Board ratified election results and announced board leadership updates. **Michael P. Pell** will serve as chair filling a one-year vacancy effective January 1, 2026 through December 31, 2026, and **Lewis Diaz** will serve as vice chair for a two-year term commencing January 1, 2026 through December 31, 2027.



Disaster Reconstruction Program Disburses \$10 Million in Grants

The Disaster Reconstruction Program (DRP) recently reached a major milestone—surpassing \$10 million in disbursed funds to assist 729 households across Kentucky, Ohio and Tennessee. Established in 2012, the DRP provides grants to homeowners and renters whose primary residences have been damaged or destroyed by federally or state-declared natural disasters.

Funded through voluntary contributions from FHLB Cincinnati, the DRP offers up to \$20,000 for homeowners and \$10,000 for displaced renters to help with reconstruction, acquisition or repair costs. The program has supported recovery efforts across multiple states, including areas impacted by tornadoes, floods, and severe storms.

For more information about the Disaster Reconstruction Program, visit www.fhlbcin.com or call 888-345-2246.

Affordable Housing Program Awards Announced

The FHLB’s Board of Directors approved the largest-ever round of Affordable Housing Program (AHP) grants at its November 20 meeting. A total of 30 members will receive nearly \$51.9 million in AHP subsidy to help produce 2,990 units of affordable housing for very low- to moderate-income residents. Of 56 project awards, 28 support owner-occupied housing and 28 support rental housing within Kentucky, Ohio and Tennessee.

FHLB Cincinnati allocates 10 percent of its net income annually to the AHP, which makes housing more affordable for households at or below 80 percent of the area median income. This year’s AHP allocation was enhanced by an additional \$4.3 million in voluntary funds. A full list of awards is available at www.fhlbcin.com.



2026 Member Events

Mark your calendars for FHLB Cincinnati events in 2026. We look forward to seeing you throughout the year!

MEMBER APPRECIATION GOLF OUTINGS

Monday, April 27
Westhaven Golf Club,
Franklin, Tenn.

Monday, May 4
Valhalla Golf Club,
Louisville, Ky.

Monday, May 11
Coldstream Country Club,
Cincinnati, Ohio

Tuesday, May 19
Firestone Country Club,
Akron, Ohio

STOCKHOLDER MEETING

Wednesday, May 6
Virtual

FINANCIAL MANAGEMENT CONFERENCE

**Monday, August 3 –
Wednesday, August 5**
The Westin Cincinnati Hotel,
Cincinnati, Ohio

MPP USER GROUP CONFERENCE

Tuesday, October 27
Renaissance Cincinnati
Downtown Hotel,
Cincinnati, Ohio

Dividend Declaration and Payment

At its December 18, 2025, meeting, the FHLB’s Board of Directors declared a dividend for the fourth quarter 2025 at an 8.00 percent annualized rate. The dividend payment occurred December 18 in the form of cash.



Advancements is a publication of the Federal Home Loan Bank of Cincinnati’s Public Affairs department. Previous issues of Advancements are available at www.fhlbcin.com. Your comments and suggestions are welcome. Contact: Laura Gaffin, AVP, Communications Officer at (513) 852-7086, email gaffinlm@fhlbcin.com.

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