



President's Message to Members

The break over the holidays provides a chance for all of us to prepare for the new year as we assess the accomplishments and challenges of 2014 that paved the way for this year's initiatives. We are fortunate to have a district comprised of diverse and financially strong members that are well prepared to serve the needs of their respective communities and the challenges of an uncertain economic environment. While your Federal Home Loan Bank stands ready to meet the changing needs of our members, here's some of what we see coming in 2015:

- 2015 marks the 15th anniversary of our Mortgage Purchase Program (MPP), which has helped provide members with additional liquidity to support housing finance in the Fifth District. This program has contributed to our financial strength and your FHLBank dividend. Last year, we performed a study of MPP to further improve upon this program for you. We are reviewing the findings now and will implement those enhancements that will derive the greatest benefits for our members.
- The housing finance community's response to our regulator's proposal on membership was unprecedented. More than 1,300 comment letters were filed with the Federal Housing Finance Agency (FHFA). Letters from member banks, credit unions, insurance companies, community development financial institutions, trade associations, housing advocates and Congress affirmed broad support for the FHLBank System and asked the FHFA to reconsider its membership proposal that could lead to financial institutions losing their FHLBank membership. We thank all of our members, housing partners and community stakeholders who wrote to the FHFA in support of our position on the proposed regulation. The comment period ended January 12, 2015. We will keep our members and housing partners apprised of any developments on this proposed rule.
- 2015 marks another important milestone: the 25th anniversary of the Affordable Housing Program (AHP). Over the last quarter century, the Cincinnati FHLBank has awarded \$544 million in AHP grants to more than 350 members toward creation of more than 70,000 units of affordable housing. By Congressional design, the program connects FHLBank members with affordable housing advocates in their communities, creating opportunities for economic growth, development and investment. The AHP has withstood the test of time and, indeed, will enjoy another banner year. We look forward to working with our members, Directors and Advisory Council to enhance the AHP regulation in collaboration with our regulator.

Most of all, we look forward to visiting with our members this year and continuing to support your liquidity and other balance sheet funding needs. We have four regional stockholder meetings scheduled for April and May, and our financial management conference is scheduled for August. Please watch for more information on these upcoming events in 2015, and let us know how we can help get your new year off to a great start. As always, we appreciate your business and the strong cooperative partnership you allow us to provide as your Federal Home Loan Bank of Cincinnati.

Sincerely,

Andrew S. Howell, *President and CEO*

Director Election Results Announced, New Chair Elected

FHLBank members elected five Directors in the 2014 Board of Directors election. All five will serve four-year terms that commenced January 1, 2015.

Re-elected in Tennessee were Member Directors **James A. England**, Chairman, Decatur County Bank, Decaturville, and **W. Sammy Stuard**, President and CEO, F&M Bank, Clarksville.

In Ohio, incumbent Member Director **James R. DeRoberts**, Chairman, The Arlington Bank, Columbus, was the only candidate nominated to run for the one open Ohio Member Director seat. In accordance with FHFA regulations, no election was required and Mr. DeRoberts was declared re-elected.

In the at-large election of two Independent Directors, re-elected was **Charles J. "Bud" Koch**, Principal/Owner, Lakehurst Associates, Bratenahl, Ohio. Newly elected to serve in Ohio was **Nancy Uridil**, Director, Flexsteel Industries, Avon Lake, Ohio.

In addition, a new Board Chairman was appointed to succeed Carl F. Wick, who retired from the Board at year-end. **Donald R. Mullineaux**, Emeritus DuPont Endowed Chair in Banking and Financial Services, Gatton College of Business and Economics, University of Kentucky, Lexington, will serve a two-year term as Chair. **William J. Small**, Chairman, First Federal Bank of the Midwest, Defiance, Ohio, will continue as Vice Chair.

The Board and staff would like to thank Carl Wick for his 12 years of service on our Board, including eight as Chairman. ♦



James DeRoberts



James England



"Bud" Koch



Donald Mullineaux



William Small



Sammy Stuard



Nancy Uridil

Affordable Housing Program Awards Announced

The latest round of Affordable Housing Program (AHP) grants was approved by the FHLBank's Board of Directors at its November 2014 meeting. A total of 47 members will receive over \$28.0 million in AHP subsidy to help produce 2,413 units of affordable housing for low- and very low-income residents. Of 78 project awards, 28 support owner-occupied housing and 50 support rental housing.

The next AHP application deadline is July 31, 2015, with an award announcement coming in November. ♦

Dividend Declaration and Payment

At its December 18, 2014, meeting, the Board of Directors declared a dividend paid in cash for the third quarter of 2014 at a 4.00 percent annualized rate. ♦



Advisory Council Appointments, Reappointments

The FHLBank announces the addition of three new members to its Affordable Housing Advisory Council and the reappointment of two members. Each will serve a three-year term that began January 1, 2015.



Cecil Dunn



Steven Gladman



Debbie Watts Robinson



Tammy Weidinger



Jeffrey Woda

Appointed by the Board of Directors as new members of the Council are:

- **Debbie Watts Robinson**, CEO, Miami Valley Housing Opportunities, Dayton, Ohio;
- **Tammy K. Weidinger**, President and CEO, Brighton Center Inc., Newport, Kentucky; and
- **Jeffrey J. Woda**, Principal and Founder, The Woda Group Inc., Westerville, Ohio. Reappointed to the Advisory Council are:
- **Cecil F. Dunn**, Executive Director, HOPE Center, Lexington, Kentucky; and
- **Steven D. Gladman**, (Council Chair), President, The Affordable Housing Trust for Columbus and Franklin County, Columbus, Ohio. ♦

FHLBank Promotes Six Officers

Congratulations to the following officers, each of whom was promoted effective January 1, 2015:

J. Christopher (Chris) Bates, Senior Vice President-Chief Accounting Officer (from Vice President-Controller)

David C. Eastland, Senior Vice President-Chief Credit Officer (from Vice President-Credit Risk Management)

Tami L. Hendrickson, Senior Vice President-Treasurer (from Vice President-Treasurer)

Debra (Debbie) M. DeMaris, Vice President-Assistant Controller (from Vice President-Accounting Operations)

Christy A. Flischel, Assistant Vice President-Information Security Office (from Information Security Officer)

Mai D. Vue, Assistant Vice President-Project Management Office (from Applications Development Officer) ♦



Chris Bates



David Eastland



Tami Hendrickson



Debbie DeMaris



Christy Flischel



Mai Vue

Three Partnerships Honored with FHLBank Excellence in Service Award

Three nonprofit organizations have been honored with the third annual Carol M. Peterson Excellence in Service Award. Two groups were presented with their awards during their respective statewide housing conferences in fall 2014, while the third group will receive its award during the Kentucky Affordable Housing Conference April 8 and 9. Each organization was recognized for its dedication to affordable housing, especially to those with special needs. Each award carries a grant from \$20,000 to \$80,000 toward a housing-related project that benefits low- and moderate-income households with special needs.

The recipients are:

- **Kentucky:** Safe Harbor of Northeast Kentucky Inc., working with FHLBank member Community Trust Bank, both of Ashland.
- **Ohio:** National Church Residences Foundation, working with FHLBank member Huntington National Bank, both of Columbus.
- **Tennessee:** Emory Valley Center Inc., working with FHLBank member Y-12 Federal Credit Union, both of Oak Ridge. ♦

Congressional Reps Sign Letters Opposing Membership Regulation

U.S. Senator Rob Portman (R-OH) was one of 29 signatories on a letter from the U.S. Senate asking the Federal Housing Finance Agency to reconsider its proposed regulation on Federal Home Loan Bank membership. "We would encourage you (the FHFA) to consult further with other agencies before finalizing any rule that affects these much-needed financial institutions," the December 15, 2014, letter said. "Given that the fragile housing market is still recovering, this is not the time for regulations that might harm the uniquely important role played by FHLBanks."

A similar letter urging the FHFA to reconsider the proposal and begin a dialogue with Congress was signed and submitted by 68 U.S. Representatives including seven Members of Congress from Cincinnati's Fifth FHLBank District: Steve Stivers (R-OH, 15), Stephen Fincher (R-TN, 8), Marsha Blackburn (R-TN, 7), Andy Barr (R-KY, 6), Patrick Tiberi (R-OH, 12), Joyce Beatty (D-OH, 3) and Brad Wenstrup (R-OH, 2). The comment period on the proposed regulation ended January 12, 2015. The FHLBank appreciates Congress' recognition of the serious consequences to the FHLBank cooperative if the rule is adopted as issued. ♦



Calendar 2015

March 2	Welcome Home Program: application process opens	May 4	Regional Stockholder Meeting, Lebanon, Ohio
April 8-9	Kentucky Affordable Housing Conference, Lexington	May 7	AHP Workshop, Columbus, Ohio
April 22	Regional Stockholder Meeting, Nashville, Tennessee	May 19	Regional Stockholder Meeting, Akron, Ohio
April 23	AHP Workshop, Lexington, Kentucky	May 29	Affordable Housing Program: application process opens
April 27	Regional Stockholder Meeting, Lexington, Kentucky	July 31	Affordable Housing Program: application deadline
April 29	AHP Workshop, Nashville, Tennessee		