President’s Message to Members

The paradox of the Information Age in which we live is that we have all the information we need to make the best decisions, and yet there is so much to sift through that we may become paralyzed by indecision. Our members over the years have asked us to assist with providing relevant analytics to help them review and manage their balance sheets. We are addressing this request with a series of reports, summaries and whitepapers that we trust you will find valuable. These materials illustrate opportunities for members to use FHLB Advances to enhance their own performance metrics. These analyses can add clarity to how Advances are priced, and where they might fit in a member’s strategic funding plans.

- Whitepapers: Some topics require a long look, and we’ll attempt to tackle some of those in a series of whitepapers. Our initial series is titled Fifth District: Decade in Review. We have analyzed membership trends over the last decade to provide insights into lending and deposit trends, and overall financial performance. The last 10 years have been a turbulent time for our membership, and our goal is to provide some insight into the long-term effects of the financial crisis and financial reform on our membership. We also look to provide commentary on what emerging trends in the latter half of the decade could persist into the coming years. Our first paper on lending trends was recently released and is available on the Members Only website. More whitepapers will come as we approach year-end.

- Interest rate and economic summaries: Each Monday morning we produce a brief summary on the direction of interest rates and spreads. We compare FHLB Advance rates, short- and long-term, to Treasuries and other investment opportunities. We also keep an eye on several market rates that can be affected by global interest rate movements. Members have told us this can be useful in their asset/liability management as well as understanding what might be driving interest rates and the timing of a potential borrowing.

- The Pulse Report: The Pulse Report is designed to provide an overview of a member’s funding patterns. Ratios and historical trends are compared to results for both state peer averages and a “high performers” group. It also contains information on interest rate trends and custom analyses using the member’s own financial data.

We hope you find these tools helpful to the management of your institution. All of these are available from your marketing representative during visits or on request. 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

MPP User Group Conference Nov. 2 in Cincinnati

The FHLB’s Mortgage Purchase Program (MPP) department will host its annual conference for users on Wednesday, November 2 at the Renaissance Cincinnati Downtown Hotel. Presentations on a variety of relevant mortgage topics will be made by both FHLB staff and guest speakers. All attendees are also invited to attend a Welcome Reception on the evening of November 1 at the Palomino Restaurant as an opportunity to network with other MPP users and FHLB staff.

The conference will include information on LRA reporting and an overview of MPP best practices by the FHLB staff including: Kyle Lawler, Executive Vice President and Chief Business Officer; Joe Casten, Vice President, MPP; Lori Lee, MPP Quality Assurance Manager; and Philip Washum, MPP Loss Mitigation Manager.

Guest speakers will include:

- Alice Alvey, Senior Vice President, Indecomm Global Services, who will provide valuable insights on how to succeed in today's mortgage market.

- Rebecca Chase, Customer Trainer, MGIC, who will discuss trends in credit.

- Aaron Lewis, Consultant, Young & Associates Inc., who will address hot topics in mortgage compliance.

- Douglas Smith, President, Douglas Smith & Associates, who will discuss how to navigate the “new world” of mortgage lending.

Registration information is available on the FHLB’s home page at www.fhlbcin.com. If you would like to learn more about MPP and how it can serve your secondary mortgage market needs, please contact your marketing representative at 877-925-3452.

Board of Directors Election Update

The election for the FHLB Board of Directors is underway. Ballots were scheduled to be mailed on October 11 to all eligible voting members. We encourage all members to vote in the election of three independent directors. Eligible Ohio members are also encouraged to vote for the election of two Ohio member directors. Ballots must be received by the Bank by close of business on Monday, November 14. The Board will ratify the election results on Thursday, November 17.

Dividend Declaration and Payment

At its September 15, 2016, meeting, the FHLB’s Board of Directors declared a dividend for the second quarter 2016 at a 4.00 percent annualized rate. We have paid a 4.00 percent dividend for the last 12 quarters. The dividend payment occurred September 15 in the form of cash.
FHLB supports Carter Work Project in Memphis

FHLB Cincinnati and three member institutions helped build a home for a Memphis family at the Jimmy & Rosalynn Carter Work Project, held August 22-26.

Five FHLB staff were joined by volunteers from member institutions Bank of Bartlett, First Tennessee Bank and Pinnacle Financial Partners on House 13, one of 19 erected that week by some 2,500 volunteers in the Bearwater Park neighborhood of Memphis. FHLB awarded a grant of $100,000 from the Carol M. Peterson Housing Fund to Habitat for Humanity of Greater Memphis. This was the first Carter Work Project to take place in the Fifth District since Hammering in the Hills, which built 63 homes in southeastern Kentucky and eastern Tennessee during the summer of 1997. "We sponsored Hammering in the Hills back then, and we were honored to have the opportunity to sponsor this project in Memphis," said Damon Allen, the FHLBs senior vice president for Housing and Community Investment.

FHLB Advisory Council Member Jay Kittenbrink, Rep. Chabot, FHLB Director Bob Lameier and FHLB President Andy Howell

FHLB Cincinnati hosted Rep. Steve Chabot on August 29. FHLB Cincinnati headquarters are located within the Congressman’s district. The group spoke with Rep. Chabot about economic development and small business growth.

2016 Financial Management Conference: Thank You

The FHLB would like to extend a note of thanks to the membership for their continued support and attendance at the annual Financial Management Conference. This year's event Go for Gold: Gaining Strategic Edge was held August 3-4 in Cincinnati. More than 220 people from 128 member institutions participated in the event, which featured presentations by experts on the economy, politics, performance strategies, reducing interest rate risk, emerging technologies and cybersecurity.

FHLB Welcomes New Members

The FHLB welcomes these new member stockholders in the last quarter:
- Cove Federal Credit Union, Edgewood, Ky.
- AurGroup Financial Credit Union, Fairfield, Ohio
- Integrity Life Insurance Company, Cincinnati, Ohio

Calendar 4Q 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2</td>
<td>MPP User Group meeting, Cincinnati</td>
</tr>
<tr>
<td>November 11</td>
<td>Veterans Day – FHLB closed</td>
</tr>
<tr>
<td>November 17</td>
<td>Affordable Housing Program – 2016 awards announced</td>
</tr>
<tr>
<td>November 24</td>
<td>Thanksgiving Day – FHLB closed</td>
</tr>
<tr>
<td>December 1</td>
<td>Welcome Home Program – deadline for 2016 Funding Requests</td>
</tr>
<tr>
<td>December 1</td>
<td>Carol M. Peterson Housing Fund – deadline for 2016 Funding Requests</td>
</tr>
<tr>
<td>December 25</td>
<td>Christmas Day – FHLB closed</td>
</tr>
</tbody>
</table>

Advancements is a publication of the Federal Home Loan Bank of Cincinnati’s Public Affairs Department. Your comments and suggestions are welcome. Contact: John Byczkowski, Vice President–Public Affairs, at 513-852-7085, email JohnB@fhlbcin.com.