



## President's Message to Members

*Getting back to business.* As I talk to our FHLB members about their hopes and outlook for 2017, the most common refrain is the desire to get out from under burdensome regulation and back to the business of lending to customers. Your FHLB agrees and I believe we are seeing a shift in that direction.

As 2016 came to a close, a number of actions occurred that could move the needle in the right direction: federal elections with improved measures of consumer optimism, a Federal Reserve interest rate hike, the possibility for more infrastructure investments and lower corporate tax rates, and a new regulation easing the review process for FHLB new business activity (NBA). Taken together, these actions point toward an optimistic view of the nation's future economic growth.

After serving two full terms as President and leading the nation out of the Great Recession of 2008, President Obama will be followed by the Trump Administration, which is poised to build upon the nation's current economic stability. The new Administration promises to focus on economic growth and investment, and support regulatory relief for the business sector. Republican majorities in both Congressional chambers offer an opportunity for decisive action early in the New Year.

On December 14, 2016, the Federal Open Market Committee raised interest rates by a quarter percent to a target range of 0.50-0.75 percent. This action was only the second increase since the central bank cut borrowing to near zero in 2008. Federal Reserve Board Chair Janet Yellen supported the move in light of a strengthening labor market and a moderate rise in consumer spending, translating to a marginal expansion of the economy. This moderate growth combined with the Federal Reserve's inflation target of two percent, met market expectations for the year-end rate increase, and could boost consumer lending in 2017.

Finally, the Federal Housing Finance Agency issued its final rule on FHLBank New Business Activity, effective January 18, 2017. The rule allows the FHLBanks to accept all types of "other real estate related collateral" without filing an NBA notice. The rule also reduces the turnaround time for Agency review and approval of many types of required NBAs. We welcome the spirit and substance of this rule and are optimistic that the rule will help the FHLB support members' ability to increase the pace of their activities, getting back to the business of lending.

With signs of a possible acceleration in economic expansion on the horizon, we have good reason to approach the year with optimism. 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

FHLB members elected five Directors in the 2016 Board of Directors election. All five will serve four-year terms that commenced January 1, 2017.

Newly elected in Ohio are Member Directors **James J. Vance**, Senior Vice President and Treasurer, Western & Southern Financial Group, Cincinnati, and **Brady T. Burt**, Chief Financial Officer, Park National Bank, Newark.

Elected as independent directors were **J. Lynn Anderson**, retired banking and insurance executive, Nationwide Mutual Insurance Co., Columbus, Ohio and incumbents **Leslie D. Dunn**, retired partner, Jones Day, Cleveland, Ohio and **Alvin J. Nance**, CEO, LHP Development LLC and LHP Management LLC, Knoxville, Tenn.

The Board re-elected as chairman **Donald J. Mullineaux**, Emeritus duPont Endowed Chair in Banking and Financial Services at the Gatton College of Business and Economics at the University of Kentucky, Lexington, Ky.



James J. Vance



Brady T. Burt



J. Lynn Anderson



Leslie D. Dunn



Alvin J. Nance



Donald J. Mullineaux

## Advisory Council Appointments, Reappointments

FHLB announces the addition of one new member to its Affordable Housing Advisory Council and the reappointment of four members. Each will serve a three-year term that began January 1, 2017.

Appointed by the Board of Directors as a new member of the Council is: **J. Kathryn "Kathy" Peters**, Executive Director/CEO, Kentucky Housing Corporation (Frankfort, Ky.).

Reappointed to the Advisory Council are: **Don R. Alexander**, Executive Director, Crossville Housing Authority (Crossville, Tenn.); **Danny Herron**, President and CEO, Habitat for Humanity of Greater Nashville (Nashville, Tenn.); **David L. Kreher**, Executive Director, People's Self-Help Housing, Inc. (Vanceburg, Ky.); and **Thomas K. Stone**, Executive Director, Mt. Pleasant NOW Development Corporation (Cleveland, Ohio).

**Jay Kittenbrink**, Executive Director, Episcopal Retirement Homes Inc., (Cincinnati, Ohio), will serve as chair of the Council and Danny Herron will serve as vice chair.





## 2016 MPP User Group Conference: Thank You

The FHLB would like to extend a note of thanks to the membership for their attendance at our 2016 MPP User Group Conference that was held November 2 in Cincinnati. More than 150 people from approximately 60 member institutions participated in the event. MPP staff addressed several important topics related to the program including LRA reporting and MPP best practices. Guest speakers discussed the ongoing challenges of managing a secondary mortgage operation including navigating the “new world” of mortgage lending, mortgage compliance and trends in credit. We appreciate the continued support of the MPP program and look forward to future events with our members.



## FHLB Cincinnati Hosts Congressman Renacci



*FHLB President Andy Howell, Rep. Renacci, FHLB Advisory Council Chair Jay Kittenbrink and FHLB Director Bob Lameier pause for a photo.*

FHLB Cincinnati hosted U.S. Rep. Jim Renacci of Ohio’s 16th District on October 17. The group spoke with Rep. Renacci about economic development, tax reform and other issues affecting the region.

## Affordable Housing Program Awards Announced

The latest round of Affordable Housing Program (AHP) grants was approved by the FHLB’s Board of Directors at its November 2016 meeting. A total of 38 members will receive more than \$27.6 million in AHP subsidy to help produce 2,062 units of affordable housing for very low, low-, and moderate-income residents.

The next AHP application deadline is August 1, 2017, with an award announcement coming in November.

## FHLB Cincinnati Promotes Six Officers

Congratulations to the following officers, each of whom has received a promotion effective January 1, 2017:

- **Stephen J. Sponaugle**, Executive Vice President, Chief Risk and Compliance Officer (from Senior Vice President, Chief Risk and Compliance Officer)
- **Irina Gikham**, Assistant Vice President, Internal Audit (from Internal Audit Officer)
- **Mark A. Brosey**, IT Compliance Officer (from IT Compliance Manager)
- **Vijay M. Chettiar**, Applications Development Officer (from Applications Development Manager)
- **Timothy D. Green**, Applications Development Officer (from Applications Development Manager)
- **T. Jess Tedder**, Applications Development Officer (from Applications Development Manager)

## FHLB Welcomes New Members

The FHLB welcomes these new member stockholders in the last quarter:

- MidUSA Credit Union, Middletown, Ohio
- National Integrity Life Insurance Company, Cincinnati, Ohio
- CommStar Credit Union, Inc., Elyria, Ohio

## Dividend Declaration and Payment

At its December 15, 2016, meeting, the FHLB’s Board of Directors declared a dividend for the third quarter 2016 at a 4.00 percent annualized rate. We have paid a 4.00 percent dividend for 13 consecutive quarters. The dividend payment occurred December 15 in the form of cash.

## Calendar

February 20	Presidents Day; FHLB closed
March 1	Welcome Home Program: application process opens
April 26	Regional Stockholder Meeting, Nashville, Tenn.
May 1	Regional Stockholder Meeting, Lexington, Ky.
May 8	Regional Stockholder Meeting, Lebanon, Ohio
May 16	Regional Stockholder Meeting, Akron, Ohio

May 31	Affordable Housing Program: application process opens
June 1	Carol M. Peterson Housing Fund: application process opens
August 1	Affordable Housing Program: application deadline

*Please keep in mind the Community Investment Cash Advance (CICA) program, Zero Interest Fund (ZIF), and the Disaster Reconstruction Program (DRP) are open year round.*