



President's Message to Members

On March 16, FHLB Cincinnati's Board of Directors approved a quarterly dividend of 4.50 percent (annualized rate), an increase from the 4.00 percent rate paid for the previous 13 quarters.

In the modern history of the Federal Home Loan Banks – since the passage of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, which established our broad-based membership – the dividend we have paid to our members has never been less than 4 percent.

Our dividend is a key aspect of how we define and deliver the value we believe we need to provide to our members. The Federal Home Loan Banks create their franchise value by balancing three things: the prices charged for Mission Asset Activity such as Advances and mortgage programs, the dividend we pay on your stock, and the support given to our Housing and Community Investment activities. Each of the 11 FHLBs has its own unique approach to providing value based on this formula.

FHLB Cincinnati attempts to strike a reflective balance in the delivery of membership value. This is the Bank's primary core business value. On the dividend, we believe that it should represent a competitive, stable and reliable return on your stock investment in the Bank and should generally track with interest rates. Our approach has been to balance the cost of providing products and services with the management of financial performance and risks so that we are able to meet these membership investment return objectives. We think that these objectives provide our members with a degree of certainty in their financial planning, promote the attractiveness of investing in our cooperative for the long term, and meaningfully lower the effective cost of borrowing liquidity from us.

If you review our dividend history, you'll see that the dividend will rise and fall with broader economic and financial conditions. What you won't find are sudden, sharp moves. Over the past 10 years, we have returned \$1.7 billion of earnings to members in dividends. The rate has averaged 4.58 percent in that time, well above the average three-month LIBOR rate of 1.16 percent over that same period.

The dividend is one way we return value for your membership investment. 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

2017 Regional Stockholder Meetings Begin Soon

"Delivering membership value" is the theme of this year's annual Regional Stockholder Meetings, which kick off this month. The meetings will begin on Wednesday, April 26, in Nashville, Tenn., and continue on Monday, May 1, in Lexington, Ky.; Monday, May 8, in Lebanon, Ohio; and Tuesday, May 16, in Akron, Ohio.

There is a different regional meeting keynote speaker for each of our events. Each speaker will present an economic overview and its impact on financial institutions.

The Nashville meeting will feature Lindsey Piegza, Ph.D., Managing Director and Chief Economist, Stifel, Nicolaus & Co. Lexington will host Chris Kuehl, Ph.D., Managing Director, Armada Corporate Intelligence. In Lebanon, the guest speaker will be Jay Morelock, Economist, FTN Financial. For the final meeting in Akron, the economic presenter will be Ed Seifried, Ph.D., Executive Consultant and Chief Economist, Sheshunoff CEO Affiliation Programs.

To attend a stockholders meeting, register at www.fhlbcin.com.



Annual Report Features Partnership, Reviews 2016 Performance

The FHLB's 2016 annual report, *Partnership in Action*, is now available in both print and electronic formats. Our 2016 Form 10-K was also completed and filed with the SEC on March 16, 2017.



The 2016 annual report highlights some of the ways our partnership brings value to our members and features members from around the Fifth District. Also highlighted is the FHLB and our members' involvement with the Jimmy and Rosalynn Carter Work Project last year in Memphis. The report also reviews events and results from

2016, another year of strong performance for the FHLB.

The document is posted on our website, www.fhlbcin.com. To obtain a printed copy, contact VP-Communications John Byczkowski at JohnB@fhlbcin.com.



Save the Date: FHLB Financial Management Conference

The FHLB will host its annual Financial Management Conference August 9-10 in Cincinnati. The agenda is in process of being finalized and will include a wide range of speakers:

- **Ryan Hayhurst**, The Baker Group, on asset liability management in a rising rate environment.
- **JP Nicols**, Managing Director of the FinTech Forge and Chairman of Next Money, on thriving in an era of digital disruption.
- **Jack Vonder Heide**, Chief Executive Officer, Technology Briefing Centers Inc., on technology strategies.

To kick off the conference, FHLB President and CEO Andy Howell will address the state of banking in the Fifth District. We are pleased to have former Cincinnati Reds baseball player Dave Collins as our luncheon speaker this year. Seminar participants will also be invited to attend the San Diego Padres-Cincinnati Reds baseball game on August 9 at Great American Ball Park. Registration will be available through our website in June.

Housing Programs to Begin Accepting Applications

Two of FHLB Cincinnati's most popular affordable housing programs will open soon. The Affordable Housing Program will begin taking applications on May 31, and the Carol M. Peterson Housing Fund will be open for reservation requests on June 1.

The Board of Directors has recently approved \$1.5 million for the Carol M. Peterson Housing Fund. This program provides funding for accessibility rehabilitation and emergency repairs for low- and moderate-income special needs and elderly homeowners in Kentucky, Ohio and Tennessee. The fund will provide grants of up to \$7,500 per household and will be reserved on a first-come, first-served basis.

Please keep in mind the Community Investment Cash Advance program, Zero Interest Fund and the Disaster Reconstruction Program are open year round.

Should you have any questions, please contact Housing and Community Investment at 888-345-2246.

Dividend Declaration and Payment

At its March 16, 2017, meeting, the FHLB's Board of Directors declared a dividend for the fourth quarter 2016 at a 4.50 percent annualized rate. The dividend payment occurred March 16 in the form of cash.

Ohio Bankers League Fly-In Recap

The Ohio Bankers League hosted its annual Washington D.C. fly-in event to meet with Ohio's Congressional delegates on February 24 and 25. Kyle Lawler, EVP-Chief Business Officer, Pavan Parikh, Government Relations Officer, and Bob Lameier, Board of Directors, attended the event. The group met with Ohio members of Congress, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau and Lael Brainard of the Federal Reserve to discuss issues of importance to FHLB Cincinnati and our members.

Additional banking association fly-ins will be held for Kentucky, May 22-25, and Tennessee, May 9-11. FHLB Cincinnati will have representatives attending each event. For more information about our government relations initiatives, visit our website at fhlbcin.com.



Members of the Ohio Bankers League met with Ohio Congressman Brad Wenstrup during their February visit to Capitol Hill.

New in Member Analytics

Our analytics team is hard at work to bring relevant content to FHLB Cincinnati's membership. The Interest Rate Summary report, complete with commentary on market happenings, is now available weekly on the Members Only website. Additional economic analysis is included in this report monthly as well. Our latest white paper in the series *Fifth District Decade in Review* covers bank financial performance, also available online. Additional white papers will be posted throughout the year. For more information on analytics, contact Marketing at 877-925-3452 or contact your marketing rep.

FHLB Welcomes New Member

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

- Unity Financial Life Insurance Co., Cincinnati, Ohio

Calendar

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 online application opens

June 1	CMPHF reservation requests open
August 1	Affordable Housing Program application submission deadline
November 16	AHP awards announced
December 1	Welcome Home funding requests due
December 1	CMPHF funding requests due