



## President's Message to Members

It has been 17 years since our Mortgage Purchase Program acquired its first mortgages from our members. We built MPP as a way of partnering with our members to further the Bank's housing mission.

We found that many of our members were effectively excluded from the secondary market and as a result, they were limited in the kinds of mortgage products they would offer to their customer. Through the MPP, FHLB Cincinnati can purchase eligible mortgages and reward members for originating high-credit-quality loans.

We have built the Mortgage Purchase Program to return value to members in a variety of ways:

- **Cash Price:** We believe – and members have told us this – that in many cases our MPP offers the best execution at the time of loan commitment.
- **Loan Level Price Adjustments:** MPP has fewer adjustments compared to other secondary market alternatives.
- **Lender Risk Account (LRA):** With each conventional loan sold, the FHLB funds an account, the LRA, that acts as a credit support structure for the FHLB's and members' loan portfolio. Over time, LRA funds that are not used to cover losses are released to your institution. Members receive future payments based on the performance of the loans.
- **Servicing Income or Servicing Released Premium:** Members that elect to service MPP loans will be paid a monthly servicing fee, while those that prefer to sell the servicing rights will be paid an upfront premium that is comparative to other servicing transactions.
- **Dividend:** As a profitable program for FHLB Cincinnati, MPP assets augment corporate earnings and enhance the dividend paid on members' stock.
- **Community Investment:** MPP profits help support our Housing and Community Investment programs. These programs, to which all members have access, help drive community investment and promote homeownership.
- **High-touch customer service** to ensure successful participation in the secondary market.

MPP not only benefits your membership but also the communities you serve. Income generated from MPP contributes to our dividend and the Affordable Housing Program. From a community standpoint, our PFIs are able to offer competitive mortgage products in their marketplace, while controlling the underwriting decision process.

On November 2, FHLB Cincinnati will host our annual MPP seminar for current and prospective users. Please join us in Cincinnati to learn how our MPP returns significant value for your membership. We appreciate your business and the strong cooperative partnership you allow us to provide as your FHLB.

Sincerely,



Andrew S. Howell, *President and CEO*

## Board of Directors Election Update: Ohio and Independent Director Ballots Mailed

The election for the FHLB Board of Directors is underway. Ballots were scheduled to be mailed on October 10 to all eligible voting members. We encourage all members to vote in the election of one independent director. Eligible Ohio members are also encouraged to vote for the election of one Ohio member director.

Ballots must be received by the Bank by close of business on Monday, November 13. The Board will ratify the election results on Thursday, November 16.

## Two Kentucky Directors Declared Re-Elected to the Board

In the Kentucky member director election, incumbent directors Greg W. Caudill and David E. Sartore were the only candidates nominated to run for the two open Kentucky member director seats. As a result, in accordance with FHFA regulations, Mr. Caudill and Mr. Sartore are each declared re-elected to serve four-year terms beginning January 1, 2018.

Mr. Caudill is Chief Executive Officer, Farmers National Bank, Danville, Ky. and Mr. Sartore is Executive Vice President and CFO, Field & Main Bank, Henderson, Ky. Congratulations to the re-elected directors.



Greg W. Caudill



David E. Sartore

## FHLB System Donates \$2 Million Towards Hurricane Relief

FHLB Cincinnati is proud to be a part of the Federal Home Loan Bank System's two \$1 million contributions towards hurricanes Harvey and Irma disaster relief.

"The recovery for Houston and the Gulf Coast will be long. In the true spirit of a cooperative, our sister FHLBanks have rallied behind us and our members to support those recovery efforts," said FHLB Dallas President and CEO Sanjay Bhasin.

The funds will be allocated to the All Hands Volunteers, American Red Cross, Americares, Direct Relief, Operation USA, Salvation Army, United Way Puerto Rico, United Way of Greater Houston, Houston Food Bank, Food Bank of Corpus Christi, Coastal Bend Community Foundation and Virgin Islands Community Foundation's Hurricane Relief Fund.



## MPP User Group Conference November 2 Offers Updates, Outlook



The FHLB's Mortgage Purchase Program (MPP) department will host its annual conference on Thursday, 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 a Welcome Reception on the evening of November 1 at Palomino's Restaurant, hosted by FHLB staff.

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

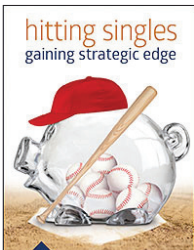
Guest speakers will include:

- Alice Alvey, Vice President of Partner Education and Training, Union Home Mortgage, who will provide valuable ideas on how to succeed in today's mortgage market.
- Bill Elliott, Senior Consultant and Manager, Young & Associates Inc., who will discuss regulation and what you need to know in 2018.
- Douglas Smith, President, Douglas Smith & Associates, who will discuss how to run a productive day.

A representative from U.S. Bank will also be on hand to discuss document custodian best practices. Registration information is available on the FHLB's home page at [www.fhlbcin.com](http://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.

## 2017 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 *Hitting Singles: Gaining Strategic Edge* was held August 9-10 in Cincinnati. More than 200 people from 114 member institutions participated in the event, which featured presentations by experts on how the FHLB can assist our members on asset liability management, strategic planning and technology.

## FHLB Welcomes New Members

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

- Putnam 1st Mercantile Bank, Cookeville, Tenn.
- Old Hickory Credit Union, Old Hickory, Tenn.
- Kentucky National Insurance Co. Inc., Lexington, Ky.
- The Edon State Bank, Edon, Ohio
- CareSource Reinsurance LLC, Dayton, Ohio

## FHLB Cincinnati Hosts Congressman Davidson

FHLB Cincinnati hosted Congressman Warren Davidson and members in Mason, Ohio for a roundtable on August 24. The group spoke with Rep. Davidson about his tenure in Congress and issues affecting the industry.



*Representative Davidson is joined by President Andy Howell, FHLB Director Bob Lameier and representatives from 12 FHLB member institutions.*

## Dividend Declaration and Payment

At its September 22, 2017, meeting, the FHLB's Board of Directors declared a dividend for the second quarter 2017 at a 5.25 percent annualized rate. The dividend payment occurred September 22 in the form of cash.

## Calendar

November 2	MPP User Group Conference, Cincinnati
November 16	Affordable Housing Program – 2017 awards announced
November 23	Thanksgiving Day – FHLB closed

December 1	Welcome Home Program – deadline for 2017 Funding Requests
December 1	Carol M. Peterson Housing Fund – deadline for 2017 Funding Requests
December 25	Christmas Day – FHLB closed