



President's Message to Members

Our Affordable Housing Program has been unquestionably successful, providing millions of dollars to create housing for low- and moderate-income families, the homeless, the elderly, veterans and those with special needs. Among our AHP distinctions, the Federal Home Loan Banks collectively are among the largest corporate supporters of homes built by Habitat for Humanity International in the United States.

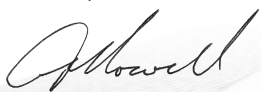
But the program is 28 years old. The landscape of financing affordable housing has changed and AHP needs to change with it. In March, our regulator, the Federal Housing Finance Agency, issued a proposed rule to update the AHP regulations. Your FHLB is analyzing the proposal and will comment on certain provisions by the May 14, 2018 deadline.

The Finance Agency's proposal follows several years of extensive outreach and dialog with FHLB management, Affordable Housing Advisory Council members and other stakeholders throughout the FHLBank System. All parties are operating in good faith and in recognition of AHP as a reliable, critical source of gap funding. Since the first awards in 1990, FHLB Cincinnati has contributed more than \$661 million toward more than 83,000 units of affordable housing through the AHP and the Welcome Home Program, a set-aside of AHP. Nationwide, the 11 Federal Home Loan Banks have awarded more than \$5.4 billion for AHP. The program has given thousands of families access to decent, affordable housing, and we are proud of our record of accomplishment under this program.

Against the backdrop of the AHP's success, we believe the program can become more flexible and responsive to members' and sponsors' needs, specific to our FHLB district. For example, flooding in all three of our states and deadly forest fires in the Great Smoky Mountains in recent years have required targeted, timely responses and coordination among many partners. These efforts have been directed to rural populations, elderly and special needs households, and urban communities, all of which require different partnership approaches. As we review the proposal, we will be looking for, among other factors, greater flexibility in timing and scope to respond to these types of dynamic circumstances.

As issued, the proposed rule would allow for additional authority to allocate AHP funds; establish new scoring criteria subject to Agency-prescribed outcome requirements; remove required retention agreements for owner-occupied units; reduce project monitoring requirements in certain instances; and clarify certain remediation and operational requirements. We will continue to share our views on this important proposal and I welcome your comments and feedback.

Sincerely,



Andrew S. Howell, President and CEO

Annual Report Highlights Recent Innovations and Record Performance

The FHLB's 2017 annual report, *Continuous Improvement For You*, is now available in both print and electronic formats. Our 2017 Form 10-K was also completed and filed with the SEC on March 15, 2018.



The 2017 annual report highlights some of the ways FHLB has been improving the technology, services and programs offered to members. Featured to showcase these improvements are the Disaster Reconstruction Program, the Members Only redesign and MPP updates. The report also reviews events and results from 2017, a record performance year 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.

2018 Regional Stockholder Meetings Begin Soon Throughout District

This year's Regional Stockholder Meetings will begin on Wednesday, April 25, in Nashville, and continue on Monday, April 30, in Cincinnati; Monday, May 7, in Louisville; and Tuesday, May 22, in Akron.

The Nashville meeting will feature Craig Dismuke, Executive Vice President and Chief Economist, Vining Sparks IBG. Cincinnati will host Gina Sanchez, Chief Executive Officer, Chantico Global. In Louisville, the guest speaker will be Chad Morganlander, Portfolio Manager, Washington Crossing Advisors. For the final meeting in Akron, the economic presenter will be Stephen Stanley, Chief Economist of Amherst Pierpont. Each speaker will present an economic overview and its impact on financial institutions.

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

Nashville Habitat Receives \$850,000 in AHP Funds

FHLB Directors Sammy Stuard of F&M Bank and Jim England of Decatur County Bank joined Nancy Zoretic of Pinnacle Financial Partners to deliver a check to Danny Herron, CEO of Habitat for Humanity of Greater Nashville and a member of FHLB Cincinnati's Affordable Housing Advisory Council, for \$850,000 of Affordable Housing Program funds. Nashville Habitat will use this funding to help construct 40 single-family homes for low- and moderate-income first-time homeowners.



Left to right: Sammy Stuard, F&M Bank; Todd Berry, FHLB Cincinnati; Jim England, Decatur County Bank; Nancy Zoretic, Pinnacle Financial Partners; Danny Herron, Habitat Nashville



Save the Date: FHLB Financial Management Conference in Nashville

The FHLB will host its annual Financial Management Conference August 8-9 in Nashville, Tenn. The agenda will include a wide range of speakers:

- **Ryan Hayhurst**, Managing Director, The Baker Group, will share investment strategies in a rising rate environment.
- **Virginia Heyburn**, Vice President, Fiserv, will highlight the five game changers in banking.
- **Kamal Hosein**, Head of Fixed Income Strategies, Stifel, Nicolaus & Co. Inc., will cover hot topics in asset liability management.
- **Tom Parliment**, Chairman and CEO, Parliment Consulting Services, will provide ideas on how to minimize marginal cost of funds.

- **Lindsey Piezga**, Managing Director and Chief Economist, Stifel, Nicolaus & Co. Inc., will provide an economic update.
- **Joe Sullivan**, CEO and Founder, Market Insights, will offer strategies to deepen human connections in an increasingly digital world.
- **Jack Vonder Heide**, CEO, Technology Briefing Centers, Inc., will discuss technology challenges facing banks.

To kick off the conference, FHLB President and CEO Andrew Howell will address the state of banking in the Fifth District. Conference participants will also be invited to attend a reception at Sambuca Restaurant in Nashville. Registration will be available through our website in April.

Housing Programs to Begin Accepting Applications

Two of FHLB Cincinnati's most popular affordable housing programs will open for applications soon. The Affordable Housing Program will begin taking applications June 15, and the Carol M. Peterson Housing Fund will open at 10 a.m. (EDT), June 1.

AHP workshops, which will include training on the new online application system, will occur in Nashville on April 26, Columbus on May 8 and Lexington on May 16. Registration for training is available at our website, www.fhlbcin.com.

The Board of Directors has recently reapproved \$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 15 meeting, the FHLB's Board of Directors declared a dividend for the fourth quarter 2017 at a 5.75 percent annualized rate.

The dividend payment occurred March 15 in the form of cash.

MPP User Group Conference June 6 In Cincinnati for Updates, Outlook

The FHLB's Mortgage Purchase Program (MPP) department will host its annual conference on Wednesday, June 6 at the Westin Cincinnati. 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 June 5 at Great American Ball Park for the Rockies vs. Reds game and network with other MPP users and FHLB staff.

The conference will include an overview of MPP and updates by FHLB staff including Kyle Lawler, Executive Vice President and Chief Business Officer; and Joe Castlen, First Vice President, MPP.

Guest speakers include:

- **Patti Blenden**, President, Financial Solutions, will discuss HMDA compliance.
- **Bill Elliott**, Senior Consultant and Manager, Young & Associates Inc., will focus on 2018 regulatory updates for mortgage compliance.
- **Doug Smith**, President, Douglas Smith & Associates, will discuss five ways the best lenders dominate the mortgage market.
- **Ben Smidt**, Digital Marketing Program Manager, MGIC, will share social media strategies for mortgage lenders.

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.

Calendar

April 25	Regional Stockholder Meeting, Nashville, Tenn.	June 6	MPP User Group Conference, Cincinnati, Ohio
April 30	Regional Stockholder Meeting, Cincinnati, Ohio	June 15	Affordable Housing Program: application opens
May 7	Regional Stockholder Meeting, Louisville, Ky.	August 8	Affordable Housing Program: application deadline
May 22	Regional Stockholder Meeting, Akron, Ohio	August 8	Financial Management Conference, Nashville, Tenn.
June 1	Carol M. Peterson Housing Fund reservation request opens		