



Federal Home Loan Bank of Cincinnati

Who We Are
What We Do



The Federal Home Loan Bank of Cincinnati is a regional wholesale bank providing financial services for residential housing and community development to more than 600 member stockholders. We are one of 11 Federal Home Loan Banks nationwide – a system created by Congress in 1932 to support housing finance. We are self funded and do not use taxpayer dollars.

Our mission is to provide our member-stockholders with financial services and a competitive return on their capital investment to help them facilitate and expand housing finance and community investment, and achieve their objectives for liquidity and asset/liability management.

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WHAT WE DO



We support housing finance

We were created by Congress in 1932 to help jumpstart the housing market. The idea was this: A lender would provide a mortgage to a home buyer, then pledge that mortgage as collateral to a Federal Home Loan Bank. We would lend money back to that lender, who would then use those funds to provide a mortgage to another home buyer.

The Federal Home Loan Banks operate on that same model today, more than 80 years later, but on a much larger scale. We borrow money worldwide to help support housing finance and community development in the United States through 6,900 financial institutions.

FAST FACT: The Federal Home Loan Bank System is the second-largest issuer of debt in the financial markets, after the U.S. Treasury.

We are a cooperative

Though a creation of Congress, the Federal Home Loan Banks are shareholder-owned, for-profit corporations. We receive no taxpayer funding. Any financial institution wishing to do business with us must meet certain financial criteria, and buy stock, making them shareholders in our cooperative. We call these shareholders our "members." We pay members a quarterly dividend on their stock investment.

Financial institutions eligible for membership are commercial banks, savings & loan companies, credit unions, insurance companies and community development financial institutions.

FAST FACT: Our stock is not publicly traded on any exchange. It is valued at a constant \$100 per share.

We cover Kentucky, Ohio and Tennessee

Each of the nation's 11 Federal Home Loan Banks serves a designated territory. The Federal Home Loan Bank of Cincinnati serves the Fifth District, which comprises Kentucky, Ohio and Tennessee. Financial institutions chartered in those three states are eligible to become members of FHLB Cincinnati.

This makes us an important supporter of housing and community investment in an incredibly diverse region, from dense urban areas such as Cleveland, Louisville and Nashville, to rural Appalachia, the Mississippian Plateau of western Kentucky and the Gulf Coastal Plain of western Tennessee.

FAST FACT: Our membership includes more than 95 percent of eligible commercial banks and thrifts in the Fifth District.

We make loans

Not to consumers, but to our member financial institutions. Our primary product is loans for general liquidity. These loans are called Advances. Our members use Advances to convert loans on their books to cash that they can then lend out for residential housing, community development and other uses.

Collateral pledged for Advances is primarily home mortgages, but can also be loans for multifamily housing, municipal bonds, mortgage-backed securities and more. Our Advances are considered "over-collateralized"; a member, for example, must pledge \$1.25 in collateral for every \$1 they plan to borrow.

FAST FACT: No FHLB has ever lost a dollar on an Advance.

We buy mortgages

Through our Mortgage Purchase Program (also known as MPP), FHLB Cincinnati buys mortgages from member financial institutions.

Members may lack the resources to manage mortgage risks over long periods of time, or simply prefer not to. We buy those mortgages and are better able to manage their associated risks.

Many institutions who sell to us say they would not be able to provide 30-year fixed-rate mortgages to their customers if not for their ability to sell them to us through MPP.

FAST FACT: FHLB Cincinnati has purchased mortgages from more than 150 financial institutions, many of them small community banks.

We award grants for affordable housing

We set aside 10 percent of our profits for our Affordable Housing Program, or AHP. This program provides grants two ways. Through an application process, our competitive AHP provides grants of up to \$1 million for projects for low- to moderate-income households, such as single-family homes, housing for the elderly, those with special needs, drug treatment centers and veterans homes.

Another part of AHP, called Welcome Home, provides grants of up to \$5,000 to help low- to moderate-income home buyers cover closing costs and downpayments for home purchases. We supplement AHP with programs providing grants for disaster reconstruction and for special needs modifications to homes, as well as low-cost loans for housing and community development.

FAST FACT: Since 1990, FHLB Cincinnati has awarded grants of more than \$700 million to help create about 90,000 units of affordable housing.

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We strive for FHLB Cincinnati to be:

- A trusted and reliable partner for our member financial institutions, offering a broad spectrum of services.
- A great place to work – hiring and retaining the best people.
- A preferred source of funding for affordable housing and community investment.
- A thriving business environment supported by a talented, diverse workforce.

Questions?

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FHLB
Diversity