



President's Message to Members

As we've discussed at meetings and through other correspondence with members, FHLB Cincinnati has begun a transition away from products and benchmarks linked to the London Inter-Bank

Offered Rate, or LIBOR as it's known. Regulators and others in the industry were troubled by the manipulation of LIBOR by market actors during the 2008 financial crisis, and have sought a different benchmark. The Federal Home Loan Banks (FHLBanks) have worked with the Federal Reserve to find a new, more transparent replacement. In 2017 the Fed endorsed a rate called the Secured Overnight Financing Rate (SOFR), and the FHLBanks are adopting it as a replacement for LIBOR, which UK regulators have said could sunset as early as the end of 2021.

The FHLBanks have reached two important milestones on this transition.

- **The amount of SOFR-based debt issued by the FHLBanks surpassed \$100 billion in August**, and at the end of September, had grown to more than \$140 billion. This is an important measure of investor appetite for this kind of debt, and the regular issuance of SOFR-based debt will go a long way in helping to establish SOFR as a benchmark rate. The FHLBank System accounts for about half of all SOFR-based debt issued in the US.
- **New Advances based on LIBOR will go away.** Our regulator, the Federal Housing Finance Agency (FHFA), issued a supervisory letter requiring that by March 31, 2020, the FHLBanks cease entering into most new LIBOR referenced instruments with maturities beyond December 31, 2021. This change will impact our ability to offer certain Advances with maturities beyond December 31, 2021, including: LIBOR Advances and any Advance products with embedded LIBOR-based options.

Recent news articles and regulatory guidance suggest businesses should prepare now for the end of LIBOR. Randal Quarles, the Federal Reserve's vice chairman for supervision, said in June that while many financial institutions may feel comfortable continuing to use LIBOR, the time to begin the transition is now. The Fed says it will look closely at LIBOR preparedness at the financial institutions it supervises.

FHLB Cincinnati will strive to migrate and enlarge its product offerings as alternative reference rate markets develop to assist members in managing their liquidity and balance sheet needs. We encourage members to determine their potential exposure to LIBOR, and how a transition to a new reference rate might affect business operations. You can find resources on this important topic on our website at fhlbcin.com/libortransition. Please contact your relationship manager with any questions about your funding and liquidity needs.

Sincerely,



Andrew S. Howell, *President and CEO*

FHFA Director Mark Calabria Visits FHLB Cincinnati



On Thursday, Sept. 19, new FHFA Director Mark Calabria visited FHLB Cincinnati to learn more about the Bank and meet with the Board of Directors and senior management. Members of the group also toured the Northern Kentucky Scholar House, an Affordable Housing Program funded facility in Newport, Ky. aimed at helping low-income single parents complete their college education. Pictured left to right are Director Jim Vance, Chair Don Mullineaux, Dr. Calabria, AHAC Vice Chair Tammy Weidinger, President Andy Howell, SVP Housing Damon Allen.

MPP User Group Meets November 5 To Hear Updates, Best Practices

The FHLB Mortgage Purchase Program (MPP) will host its annual conference for users and those interested in the program on Tuesday, November 5 at the Renaissance Cincinnati Downtown Hotel. Guest speakers and FHLB staff will present on a variety of relevant mortgage topics. Attendees are invited to attend a welcome reception on the evening of November 4 at Igby's as an opportunity to network with other MPP users and FHLB staff.

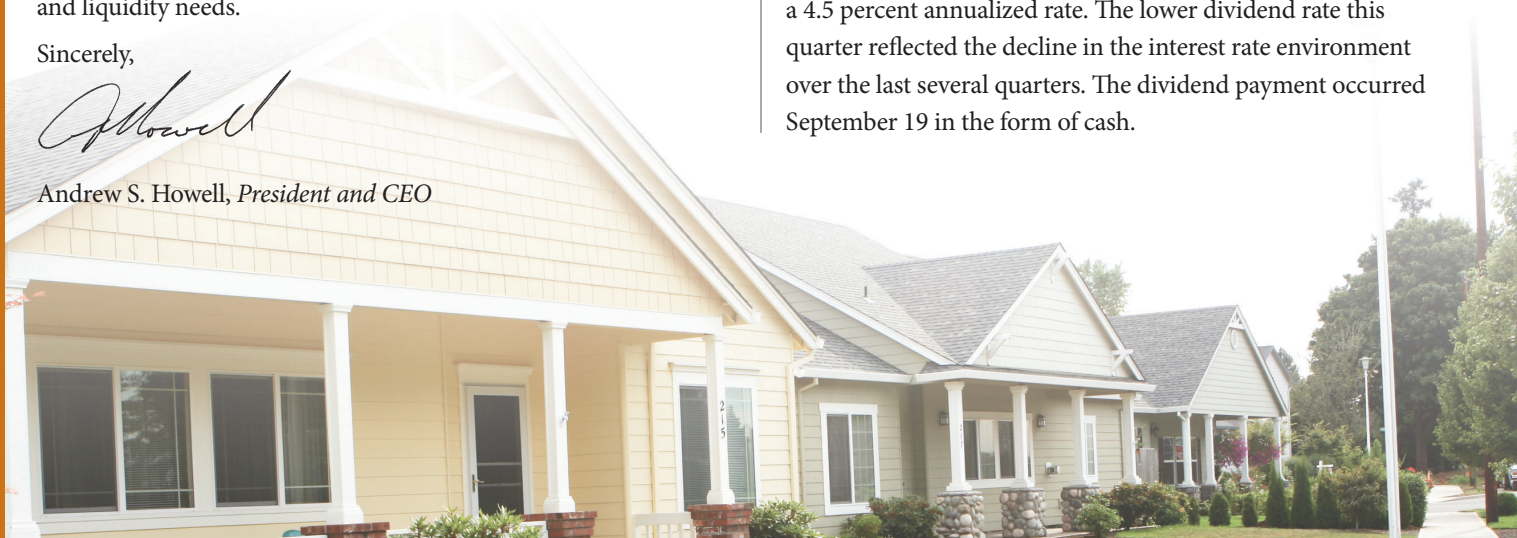
The conference will include an overview of MPP best practices by FHLB staff including Kyle Lawler, Executive Vice President and Chief Business Officer; Joe Castlen, First Vice President of MPP; and MPP staff.

Registration information is available 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 relationship manager at (877) 925-3452.

Dividend Declaration and Payment

At its September 19, 2019, meeting, the FHLB's Board of Directors declared a dividend for the second quarter 2019 at a 4.5 percent annualized rate. The lower dividend rate this quarter reflected the decline in the interest rate environment over the last several quarters. The dividend payment occurred September 19 in the form of cash.





Rep. Mike Turner addresses the crowd at the Dayton Disaster Reconstruction Program press conference.

Disaster Reconstruction Funds Helping Dayton Tornado Survivors

In August, FHLB Cincinnati hosted a press conference in Dayton, Ohio to help connect those impacted by Memorial Day weekend tornadoes with FHLB's Disaster Reconstruction Program. Members and sponsors including Huntington Bank, CareSource, KeyBank, County Corp, Rebuilding Together Dayton, Habitat for Humanity of Greater Dayton and the Miami Valley Community Action Partnership were on hand to discuss the critical role they will play in using FHLB funding to rebuild throughout the region. Congressman Mike Turner and other local officials were also on hand to discuss the importance of rebuilding in Dayton. Complete information on the fund is available at www.fhlbcin.com/DRP.

Reema Singh Promoted to Chief Audit Executive



At its July 18 meeting, the FHLB Cincinnati Board of Directors approved the promotion of Reema Singh to Senior Vice President, Chief Audit Executive. Singh joined the Bank as First Vice President, Internal Audit in January 2018.

Singh graduated from Delhi University with a Master of Arts in Political Science and continued her studies at Bowling Green State University in Ohio where she graduated with a Master of Business Administration with a concentration in Information Systems. She has multiple certifications including Certified Public Accountant, Certified Information Systems Auditor, and Certified in the Governance of Enterprise Information Technology. In addition, she is a Chartered Global Management Accountant.

Tennessee Collateral Workshop

The FHLB will host a final Collateral Workshop in Nashville, Tenn. This workshop, aimed at helping members better understand their collateral requirements, will take place the afternoon of October 29. The workshop will feature FHLB staff speakers and give members the opportunity to ask questions about the collateral process.

Register for the Tennessee Collateral Workshop at www.fhlbcin.com.

Advisory Council Appointments, Reappointment

FHLB announces the addition of two new members to its Affordable Housing Advisory Council and the reappointment of one member.

Appointed by the Board of Directors as new members of the Council are: **Stacey Epperson**, President & CEO, Next Step Network in Louisville, Ky. and **Dwayne Spencer**, President & CEO, Habitat for Humanity of Greater Memphis in Memphis, Tenn. Beginning on January 1, 2020, Stacey will serve a three-year term, while Dwayne will fill a vacant term expiring on December 31, 2020.

Reappointed to the Advisory Council for a third and final three-year term beginning on January 1, 2020 is **Danny Herron** (AHAC Chair), President & CEO, Habitat for Humanity of Greater Nashville in Nashville, Tenn. The FHLB also thanks departing Advisory Council member **David Kreher** for his service from 2011 to 2019.

Board of Directors Election Update

The election for the FHLB Board of Directors is underway. Ballots were mailed on October 4 to all eligible voting members. We encourage all members to vote in the election of two incumbent Independent directors. Eligible Ohio members are also encouraged to vote for two Ohio Member directors.

Ballots must be received by the Bank by close of business on Friday, November 8. The Board will ratify the election results on Thursday, November 21.

FHLB Welcomes New Members

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

- Rockhill Insurance Company, Columbus, Ohio
- CareSource Georgia Co., Dayton, Ohio

4Q Calendar 2019

October 29	Tennessee Collateral Workshop
November 5	MPP User Group Conference
November 11	Veterans Day – FHLB closed
November 21	Affordable Housing Program – 2019 awards announced

November 28	Thanksgiving Day – FHLB closed
December 2	Welcome Home Program – deadline for 2019 Funding Requests
December 2	Carol M. Peterson Housing Fund – deadline for 2019 Funding Requests
December 25	Christmas Day – FHLB closed