



President's Message to Members

Our Mortgage Purchase Program enters its 20th year in 2020. MPP has grown over those 20 years as an important component of how we fulfill our mission as a liquidity provider, and as an important contributor to our profitability and your dividend.

MPP was conceived to offer a competitive secondary market execution for the underserved members in the Fifth District. Many small- and medium-sized members were effectively excluded from the secondary mortgage market because they didn't generate the necessary mortgage volumes to justify selling to Fannie and Freddie. Through MPP, the FHLB purchases qualifying residential mortgage loans from members. By selling mortgage loans, members can increase their balance sheet liquidity and minimize the interest rate risks associated with holding fixed-rate mortgages in portfolio.

The program also helps FHLB Cincinnati support housing finance beyond the offering of Advance programs or purchasing mortgage-backed securities. Through MPP, the FHLB invests directly in the housing needs of the Fifth District.

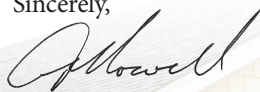
MPP was designed with a unique feature that rewards members for originating high-credit-quality loans. Members may receive future monetary payments from those conventional mortgages sold to FHLB Cincinnati in prior years. These payments are made possible through the Program's unique Lender Risk Account (LRA), a loan loss reserve account funded by the FHLB out of the members' sales proceeds of each delivery commitment. The most recent LRA credit amount ranges were 120-140 basis points. If any portion or all of the LRA is ultimately not needed for credit reimbursements, the remaining LRA funds are returned to the member beginning in the sixth year or sooner if the loan pays off early.

As of Third Quarter 2019:

- 264 members have been approved to participate in the program.
- Outstanding MPP balances total \$10.6 billion.
- Since program inception, the FHLB has purchased more than \$41 billion in mortgages, comprised of more than 263,000 individual mortgage loans at an average balance of \$155,996.
- Lender Risk Account balances total \$223.1 million. This balance represents future revenue for selling members if these funds are not needed to cover loan losses that exceed homeowner equity and primary mortgage insurance.

Our goal is to continue to improve MPP. We have introduced DocuSign functionality that will eliminate the need for wet signatures on application documents and are working to roll it out to members throughout the year. In November, we hosted 128 MPP users in Cincinnati to discuss trends and best practices. We see that as an endorsement of MPP, and an affirmation of FHLB Cincinnati's role as a trusted, reliable and preferred partner with our members. As always, we thank you for your membership.

Sincerely,



Andrew S. Howell, President and CEO

Director Election Results and Appointment Announced

FHLB members elected four Directors in the 2019 Board of Directors election. In this election, two Ohio Member Directors, and two at-large Independent Directors were elected to the Board. All four will serve four-year terms that commenced January 1, 2020.

Newly elected in Ohio is Member Director **Jonathan D. Welty**, President, Ohio Capital Finance Corp., Columbus, Ohio.

Reelected in Ohio is Director **Robert T. Lameier**, President & CEO, Miami Savings Bank, Miamitown.

Reelected as Independent Directors are **Donald J. Mullineaux** and **Charles J. Ruma**.

The Board also elected **James A. England** to serve as Vice Chair of the Board. Mr. England is Chairman of Decatur County Bank, Decaturville, Tenn. He has served on the Board since 2011, and in the capacity of Vice Chair since 2015. His second term as Vice Chair commences January 1, 2020, and expires December 31, 2021.

The Board appointed **Kathleen A. Rogers** to fill the vacancy of an Ohio Member Director who retired prior to the expiration of a four-year term. Ms. Rogers assumed the directorship on January 1, 2020, and will complete the remainder of the vacant term, ending December 31, 2021. Ms. Rogers is Executive Vice President, Director of Capital Stress Testing & Financial Systems at U.S. Bank, Cincinnati.



Jonathan D. Welty



Robert T. Lameier



Donald J. Mullineaux



Charles J. Ruma



James A. England



Kathleen A. Rogers

FHLB Welcomes New Members

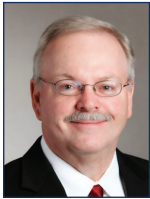
The FHLB welcomed the following new member stockholders in the last quarter:

- BrickStreet Mutual Insurance Co., Columbus, Ohio
- Commodore Perry Federal Credit Union, Oak Harbor, Ohio
- Ohio State Bank, Bexley, Ohio
- Millstream Area Credit Union, Inc., Findlay, Ohio
- PSE Credit Union Inc., Parma, Ohio
- The Pataskala Banking Co., Pataskala, Ohio



FHLB Announces Executive Changes: Dooley to Retire, Batsel and Tully Promoted

FHLB Cincinnati announces changes to senior management:



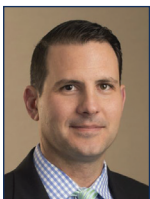
■ **James G. “Greg” Dooley Sr.**, Executive Vice President, Chief Risk and Compliance Officer, will retire effective April 4, 2020, after 13 years of service to the FHLB. We thank Greg for his many years of dedicated service. This date provides the FHLB time to ensure an effective transition period. In accordance with the

FHLB’s succession plan, the transition will result in the following management changes, effective January 1, 2020:



■ **Roger B. Batsel** will take on the role of Executive Vice President, Chief Operating Officer. Roger joined the FHLB in 2014 and most recently served as Senior Vice President, Chief Information and Operations Officer. Roger earned his Bachelor of Science in Computer Science at the University of North Carolina,

Asheville and received his Master of Business Administration from Bellarmine University.



■ **Daniel A. Tully** stepped into the role of Senior Vice President, Assistant Chief Risk & Compliance Officer with responsibility for Enterprise Risk Management and will become Chief Risk and Compliance Officer upon Greg’s retirement. Dan began his employment with the FHLB in 2006 and most recently served as First Vice President, Assistant Chief Risk & Compliance Officer.

Dan earned his Bachelor of Arts in Marketing and Finance from Ohio University and his Master of Business Administration in Finance from the University of Illinois.

We congratulate Roger and Dan on their promotions, and we wish Greg well in retirement.

Members Receive \$30.9 million from Affordable Housing Program

The latest round of Affordable Housing Program (AHP) grants was approved by the FHLB’s Board of Directors at its November 2019 meeting. A total of 34 members will receive more than \$30.9 million in AHP subsidy to help produce 2,253 units of affordable housing for low- and very low-income residents.

The next AHP application deadline is July 31, 2020, with an award announcement coming in November.

Dividend Declaration and Payment

At its December 19, 2019, meeting, the FHLB’s Board of Directors declared a dividend for the third quarter 2019 at a 4.00 percent annualized rate. The dividend payment occurred December 19 in the form of cash.

Five Officers Promoted Across FHLB Cincinnati

In addition to the two executive promotions, five officers were approved for promotion by the Board of Directors. Congratulations to the following officers, whose promotions were effective January 1, 2020:

- **Brian D. Comp**, First Vice President, Chief Information Officer (from First Vice President, Assistant Chief Information Officer)
- **Sarah E. Clark**, Vice President, Enterprise Risk Management (from Assistant Vice President, Enterprise Risk Management)
- **Allie D. Kieft**, Vice President, Financial Reporting & Policy (from Assistant Vice President, Financial Reporting & Policy)
- **John D. Zazycki**, Vice President, Portfolio Management (from Assistant Vice President, Funding & Derivatives)
- **Michael C. Spencer**, Assistant Vice President, Insurance and Sales (from Insurance Sales Officer)

Commercial Bank and Credit Union Facilitations

Join us in Cincinnati or Nashville for one of our member facilitations. These dynamic workshops include sessions on balance sheet optimization, case studies on capital management and liquidity assessment, and interest rate risk management best practices. Guest speakers will also be on hand to delve further into balance sheet management.

Cincinnati meetings will feature a networking cocktail reception, while attendees at the Nashville meetings will attend an SEC Basketball Tournament game.

Events will take place:

- March 4, Credit Unions, Cincinnati, Ohio
- March 5, Commercial Banks, Cincinnati, Ohio
- March 11, Credit Unions, Nashville, Tenn.
- March 12, Commercial Banks, Nashville, Tenn.

Registration is now available at www.fhlbcin.com.

Calendar

February 17	Presidents Day; FHLB closed	April 30–May 1	AHP Workshop, Nashville, Tenn.
March 2	Welcome Home Program: application process opens	May 4	Regional Stockholder Meeting, Louisville, Ky.
April 22	Regional Stockholder Meeting, Nashville, Tenn.	May 7–8	AHP Workshop, Columbus, Ohio
April 27	Regional Stockholder Meeting, Cincinnati, Ohio	May 14	Regional Stockholder Meeting, Akron, Ohio
		May 14–15	AHP Workshop, Lexington, Ky.
		June 1	Carol M. Peterson Housing Fund opens