



2019 ANNUAL REPORT



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The Federal Home Loan Bank of Cincinnati is a regional wholesale bank providing financial services for residential housing and economic development to 640 member stockholders in the FHLB System's Fifth District of Kentucky, Ohio and Tennessee.



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Financial Highlights

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(dollars in millions)					
Selected Items at Year-End	2019	2018	2017	2016	2015
Total assets	\$93,492	\$99,203	\$106,895	\$104,635	\$118,756
Advances	47,370	54,822	69,918	69,882	73,292
Mortgage loans held for portfolio, net	11,235	10,501	9,681	9,149	7,952
Investments	34,389	33,614	27,058	25,334	37,356
Deposits	951	669	651	766	804
Consolidated Obligations	87,524	92,603	100,374	97,881	112,291
Retained earnings	1,094	1,023	940	834	737
Total capital	4,445	5,330	5,165	4,978	5,153
Annual Operating Results					
Net income	\$ 276	\$ 339	\$ 314	\$ 268	\$ 254
Operating expenses	68	66	61	64	57
Affordable Housing Program assessments	31	38	35	30	28
Total dividends paid	205	256	208	171	172
Weighted average dividend rate	5.05 %	5.88 %	5.00 %	4.00 %	4.00 %
Performance Ratios					
Return on average assets	0.28%	0.32%	0.31%	0.25 %	0.24 %
Return on average equity (ROE)	5.65	6.29	6.15	5.35	5.04
Operating expenses to average assets	0.070	0.063	0.060	0.061	0.054
Average three-month LIBOR	2.33	2.31	1.26	0.74	0.32
Average Federal funds effective rate	2.16	1.83	1.00	0.39	0.13
ROE spread to three-month LIBOR	3.32	3.98	4.89	4.61	4.72
ROE spread to Federal funds effective rate	3.49	4.46	5.15	4.96	4.91
Capital Ratios at Year-End					
Capital-to-assets ratio – GAAP	4.75%	5.37 %	4.83%	4.76 %	4.34 %
Capital-to-assets ratio – Regulatory	4.79	5.41	4.88	4.80	4.38

The Federal Home Loan Bank of Cincinnati's 2019 annual report on Form 10-K, as filed with the Securities and Exchange Commission, is available on the FHLB's website, www.fhlbcin.com. For a hard copy, you may email info@fhlbcin.com or call toll-free (877) 925-3452.



We are pleased to report that in 2019 the Federal Home Loan Bank of Cincinnati (FHLB) again fulfilled its mission as a reliable provider of liquidity. The Bank continued to provide value to members with reliable products and services, a competitive dividend, and education and information.

Our mission is to provide member-stockholders with financial services and a competitive return on their capital investment, so that they can facilitate housing finance and community investment and achieve their goals for asset/liability management. In 2019, we paid a solid dividend to members, funded more affordable housing than ever in our history, and led new efforts to interface with members on issues important to their prosperity.

Financial and Operating Performance

Earnings declined to \$276 million in 2019 from a record of \$339 million in 2018. The primary causal factors were smaller spreads earned on Advances and lower average Advance balances. Growth in Mortgage Purchase

Program balances and in portions of our investment portfolio were positive contributors to earnings in 2019.

Our dividend is a strategic component of how we deliver value to our members. We paid an average dividend of 5.05 percent in 2019 – significantly higher than the level of short-term rates.

Our retained earnings ended the year at nearly \$1.1 billion, an increase of \$71 million from year-end 2018. We believe we have an ample amount of retained earnings to protect the value of your capital ownership in the FHLB.

Total assets at year-end were \$93.5 billion, down 6 percent from year-end 2018. Advances ended the year at \$47.4 billion, down from \$54.8 billion 12 months earlier. We executed more than 10,709 Advances



during the year, providing members with \$1.3 trillion in funding. Our ability to quickly facilitate member liquidity needs is a significant benefit of membership. In 2019, we boosted our own liquidity to ensure we stand ready to fulfill member needs in all economic and financial environments.

Our Mortgage Purchase Program (MPP) achieved a record: nearly \$11 billion in mortgage loans held in portfolio, a net increase of \$709 million, or 7 percent, from year-end 2018. MPP has grown each year since 2014. This program helps us fulfill our housing finance mission and is an important contributor to earnings and dividends. MPP users can both increase their liquidity and minimize risks associated with holding mortgages in portfolio.

We are transitioning away from products linked to the London InterBank Offered Rate (LIBOR). In 2017, the Federal Reserve endorsed a rate called the Secured Overnight Financing Rate (SOFR), and the FHLBanks have begun adopting it as an additional benchmark for debt issuance and Advances. The Federal Home Loan Banks are an industry leader in issuing SOFR-linked debt, which continues to gain acceptance in the market. Our regulator, the Federal Housing Finance Agency, has issued deadlines that will affect our ability to issue longer-term Advances linked to LIBOR. You will hear more from us on this topic throughout 2020.

Community Investment Programs

Earnings in 2018 resulted in a \$38 million set-aside for our Affordable Housing Program in 2019. Our Housing and Community Investment (HCI) programs again provided a multitude of opportunities for our members to help

their communities flourish. Through our competitive Affordable Housing Program, a record \$30.9 million was awarded in 2019 through 34 members, to help create 2,253 units of affordable housing in the Fifth District and elsewhere. In all, 233 members took part in one or more of our HCI programs.

Two programs highlighted FHLB Cincinnati's ability to shape communities for the better in 2019. In October, we joined with Habitat for Humanity of Greater Nashville and several members to sponsor the 36th Jimmy & Rosalynn Carter Work Project. The efforts of thousands of volunteers yielded 21 new homes for deserving families.

In Dayton, Ohio, where a series of tornadoes over Memorial Day weekend damaged some 6,000 homes, FHLB Cincinnati is working with members and sponsors to help homeowners recover from the devastation. By year-end 2019, we disbursed nearly \$300,000 to Daytonarea residents, and work continues in 2020. We also plan to help Tennessee residents rebuild, following deadly tornadoes that struck in March 2020.

The Board and Senior Management

For 2020, members re-elected three incumbent directors, elected a new director from Ohio, and a new director was appointed. In the Ohio Member Director election, incumbent Director Robert T. Lameier, President & CEO of Miami Savings Bank, Miamitown, was re-elected. Newly elected as an Ohio Member Director was Jonathan D. Welty, President, Ohio Capital Finance Corp., Columbus. In addition, appointed by the Board to fill the remaining two years of an Ohio Member Director's term was Kathleen A. Rogers, Executive Vice President, Director of Capital Stress Testing & Financial Systems at U.S. Bancorp and U.S. Bank, Cincinnati.



Re-elected as Independent Directors were the Board's chair, Donald J. Mullineaux, DuPont Endowed Chair in Banking & Financial Services Emeritus, University of Kentucky, and incumbent Director Charles J. Ruma, President, Davidson Phillips Inc. The FHLB Board also re-elected James A. England to serve as Vice Chair of the Board. He has served on the Board since 2011 and in the capacity of Vice Chair since 2018.

We bid farewell to Michael R. Melvin, who served as a director for 21 years. Mike's long tenure on the Board allowed him to put issues in perspective for newer directors and management. In his life and business career, Mike embodied the principles that the FHLB aspires to: reliability and service to others, community service, family and citizenship. We wish Mike well.

FHLB Cincinnati also saw some changes in senior management. Roger B. Batsel was promoted to Executive Vice President, Chief Operating Officer, from Senior Vice President, Chief Information and Operations Officer. James G. "Greg" Dooley, the Bank's Executive Vice President, Chief Risk and Compliance Officer, retired April 3, 2020, after 13 years of service. He is succeeded by Daniel A. Tully, as Senior Vice President, Chief Risk and Compliance Officer. Dan joined the Bank in 2006.

Looking ahead

As we write this report, our FHLB has joined the FHLBank System, the nation and the global financial community in addressing the economic impact of the coronavirus pandemic. Over the past eight decades, the FHLB has weathered a wide range of business downturns. We do not yet know the extent of the economic damage to be brought by this unprecedented health crisis, but we are confident that we will remain engaged and focused on the steps we can take, small or large, to help calm and stabilize the communities served by our members and stakeholders.

At FHLB Cincinnati, our compass is our mission, vision and values. In 2019, we applied these to a stronger and more deliberate strategic planning process, aimed at making our operations more efficient and ready for future opportunities, engaging our employees, and creating more value for your membership. That's why the theme of this report is "Advancing Forward." It's about how we look to the horizon and beyond and how we'll position the Bank to be your trusted and reliable partner no matter what the future brings. We are grateful for your support and we look forward to serving you as your Federal Home Loan Bank.

Sincerely,

Donald J. Mullineaux Chair, Board of Directors **Andrew S. Howell**President and CEO



2019 Board of Directors

FRONT ROW, LEFT TO RIGHT

J. Lynn Anderson

Retired Banking and Insurance Executive Nationwide Columbus, Ohio

Brady T. Burt

Chief Financial Officer Park National Bank Newark, Ohio

April Miller Boise

Executive Vice President and General Counsel Eaton Corp. Cleveland, Ohio

BACK ROW, LEFT TO RIGHT

David E. Sartore

Executive Vice President and CFO Field & Main Bank Henderson, Ky.

Robert T. Lameier

President and CEO Miami Savings Bank Miamitown, Ohio

Greg W. Caudill

Chief Executive Officer Farmers National Bank Danville, Ky.

Michael P. Pell

President and CEO First State Bank Winchester, Ohio

William S. "Sammy" Stuard Jr.

President and CEO F&M Bank Clarksville, Tenn.



FRONT ROW, LEFT TO RIGHT

Charles J. Ruma

President
Davidson Phillips Inc.
Columbus, Ohio

Nancy E. Uridil

Retired Director Flexsteel Industries Avon Lake, Ohio

Grady P. Appleton

Retired President and CEO
East Akron Neighborhood
Development Corp.
Akron, Ohio

BACK ROW, LEFT TO RIGHT

Alvin J. Nance

Chief Executive Officer
LHP Development LLC and
LHP Management LLC
Knoxville, Tenn.

James A. England

(Board Vice Chair)
Chairman
Decatur County Bank
Decaturville. Tenn.

Dr. Donald J. Mullineaux

(Board Chair)
Emeritus duPont Endowed
Chair in Banking and
Financial Services
University of Kentucky
Lexington, Ky.

Leslie D. Dunn

Retired Partner Jones Day Cleveland, Ohio

Michael R. Melvin

President and Director Perpetual Federal Savings Bank Urbana, Ohio

James J. Vance

Senior Vice President and Treasurer The Western & Southern Financial Group Cincinnati, Ohio





FRONT ROW, LEFT TO RIGHT

Ralph M. Perrey

Executive Director Tennessee Housing Development Agency Nashville, Tenn.

Samantha A. Shuler

Chief Executive Officer
Community Housing
Network
Columbus, Ohio

Tammy K. Weidinger

(Vice Chair)
President and CEO
Brighton Center Inc.
Newport, Ky.

Lori H. Flanery

Chief Executive Officer
New Directions Housing Corp.
Louisville, Ky.

Debbie Watts Robinson

Chief Executive Officer Miami Valley Housing Opportunities Dayton, Ohio

David L. Kreher

Executive Director People's Self-Help Housing Inc. Vanceburg, Ky.

BACK ROW, STANDING LEFT TO RIGHT

Natalie H. Harris

Executive Director
Coalition for the Homeless
Louisville, Ky.

Charles D. Hillman

President and CEO
Columbus Metropolitan
Housing Authority
Columbus, Ohio

Danny Herron

(Chair) President and CEO Habitat for Humanity of Greater Nashville Nashville, Tenn.

Walter B. Crouch

President and CEO Appalachia Service Project Johnson City, Tenn.

James E. Harbison

Executive Director
Metropolitan Development
and Housing Agency
Nashville, Tenn.

Kenneth "Jay" Kittenbrink

Consultant
Episcopal Retirement Homes
Cincinnati, Ohio



Advancing Forward >>>>>

In 1989, legislation passed that allowed us to welcome our first commercial banks as members and established our Affordable Housing Program. Essentially, the FHLB Cincinnati as you know it was born.

Since then, we focused our operations on remaining safe and secure to provide a stable partnership for our members. No matter the economic climate, we have remained available and ready to serve our members liquidity needs. As we look toward the next 30 years, we will continue this steadfast tradition while also considering how we can anticipate member needs and keep their experience at the core of how we operate.

STRATEGIC INITIATIVES

MEMBER EDUCATION **LIBOR TRANSITION**

eNOTES





Strategic Initiatives

There is a strategic component to advancing forward. In 2019, FHLB Cincinnati took steps to formalize its strategy process. Teams of officers from all functional areas including Information Technology, Marketing and Human Resources were assembled to identify and develop strategic ideas. A "strategy council" of senior management was assembled to vet proposals for initiatives and approve roadmaps.

The teams produced more than 30 viable ideas, and seven were approved by the strategy council. These were added to 11 ongoing strategic initiatives, and all 18 are aimed at fulfilling the Bank's vision to enhance being a trusted and reliable business partner with our members and to become more sustainable, scalable and ready for future opportunities and challenges.

A few of the new strategies can be put into action quickly. One of those is the creation of a Member Advisory

Panel. The Bank will host a group of FHLB members twice a year, and the panel will act as a sounding board for members to discuss how the FHLB can partner with members to help them better achieve their goals. Another is expanding efforts to engage with our members through more workshops, educational opportunities, and interactive sessions – all to enhance the value proposition we bring from membership.

Other initiatives are long term. The "Modernize the Member Experience" initiative will focus on how we deliver services to members. This will include considering how we can offer more services online, while still offering an option for those who prefer to do business face to face. An additional initiative will look at how we use business intelligence to increase analytic capabilities and better serve our members with products and services they need, when they need them.

"We have established a priority to create an improved vision for the Bank, communicate that vision to our employees, and then build initiatives to advance the vision and make it a reality," said Steve Sponaugle, the Bank's Executive Vice President and Chief Financial Officer. "When everyone is on the same page, we can reach and exceed our goals and create more value for members."

LIBOR Transition

Advancing our members forward through industry changes while ensuring they continue to be positioned for ongoing success is an important touchstone of membership value. This can be seen in 2019 as part of FHLB's commitment to be a leader in the London InterBank Offered Rate (LIBOR) transition.

Regulators and others in the industry were concerned about the manipulation of LIBOR by market actors during the financial crisis, and have sought a more robust and liquid benchmark. In 2017, the Federal Reserve Board endorsed a rate called the Secured Overnight Financing Rate (SOFR), and the FHLBank System has begun adopting it as an additional benchmark for debt issuance — with a total of more than \$160 billion issued through year-end.

"As the LIBOR sunset inches closer, we have focused our efforts on helping our members prepare for the upcoming changes through updated products, education and a focus on documenting LIBOR exposure," said Tami Hendrickson, the FHLB's Senior Vice President, Treasurer.

In 2019 we marked a full year of SOFR Advance activity. SOFR is a broad measure of the cost to borrow cash overnight, secured by Treasury securities. This new Advance product gives our members a needed LIBOR alternative.

We have also asked members to take stock of their current LIBOR exposure in collateral pledged to the FHLB that matures after the year 2021. We will begin collecting this information from members in September.

Whether it be in person at our Financial Management Conference or Facilitation events or online at our LIBOR Transition website, we remain committed to providing the latest information to members. If you're looking for detailed information about the LIBOR transition or the SOFR Advance, please visit our website at www.fhlbcin.com/libortransition or email questions to LIBORtransition@fhlbcin.com.

Members Education

Striving to be a preferred business partner for our members, FHLB Cincinnati's member programming provides important educational opportunities. Our Regional Meetings, Financial Management Conference and MPP User Group Conference have consistently given our members the chance to learn from FHLB staff and nationally known speakers from a variety of institutions, but this year, we endeavored to add new events that would extend our members' education.

Some of these new initiatives include:

- Member facilitations: Designed to give members a better understanding of their balance sheets, these new workshops focus on profit improvement and strategies for the current rate environment.
- ➤ Collateral workshops: Helping our members better understand their collateral requirements is a priority and 2019's new collateral workshops gave members a chance to learn more about the collateral process directly from FHLB staff.





> Advisory Panel: We are always seeking to better understand our members' needs. Through our new Member Advisory Panel, we intend to improve our readiness and further anticipate your financial needs.

"In 2018, we spent time surveying members to better understand how they perceive our service, products and educational opportunities. We took this feedback and used it to immediately create additional programming that addresses some of the educational needs identified by members. This focused, regional programming has been well received and we look forward to offering more in 2020." Kyle Lawler, Executive Vice President, Chief Business Officer.

By keeping our members better informed about changing markets and the ever-evolving offerings from the Bank, we hope to continue our strong partnerships as we advance forward together.

eNotes

Part of advancing forward is understanding what the future might look like. When it comes to collateral, we have recognized the need to explore eNotes.

For several years, we have been working systemwide to be in a position to accept residential whole loan collateral that is created, signed and stored electronically, referred to as eNotes. Throughout the process, we have engaged with industry experts and key partners to move toward the acceptance of eNotes as eligible collateral for members.

In January 2020, we rolled out requirements for pledging eNotes, which are significantly rooted in the laws pertaining to electronic commerce. These requirements set forth the necessary standards for eSigned notes, supporting documentation, eClosing Systems, registration systems, vault requirements, and servicing requirements.

The Electronic Note Collateral Program Guide can be found on our Members Only website.

"While this represents a significant milestone in our efforts, we still have some work to do before we go live. We anticipate being operationally ready for this collateral near the end of the second quarter," said Jim Frondorf, First Vice President, Credit Services.

Celebrating 30 years of AHP with the 2019 Jimmy and Rosalynn Carter Work Project

FHLB Cincinnati and three member institutions helped build a home for a Nashville family at Habitat for Humanity's 36th Jimmy & Rosalynn Carter Work Project, held October 6-11.

Employees were joined by local volunteers from member institutions FirstBank, F&M Bank and Pinnacle Financial Partners to build a home for a deserving family in a Nashville neighborhood. In total, 1,500 volunteers worked to build 21 homes alongside President Jimmy Carter, First Lady Rosalynn Carter, and country stars Garth Brooks and Tricia Yearwood.

"I have been fortunate enough to work on two other builds, but the large number of people working together and the magnitude of this year's Carter Work Project made it unique," said Anna Moore, Trust Operations Specialist at Pinnacle Financial Partners. "It was amazing working with people from all over the world for this cause."

This marked the second Carter Work Project in the Fifth District in the last five years. 2019 also marked 30 years since the creation of the Affordable Housing Program (AHP), to support communities in Kentucky, Ohio and Tennessee.



It was amazing to see the commitment and the sheer number of people working together to help impact these families. It was great to see Bizimana and Nyirarukundo's appreciation for the Bank and everyone else involved. DAMON ALLEN, FHLB's Senior Vice President, Housing and Community Investment Officer





"Our programs have shifted over the past 30 years, but FHLB Cincinnati and its Board maintain a strong dedication to supporting affordable housing throughout our district," said William "Sammy" Stuard Jr., President and CEO of F&M Bank and member of FHLB's Board of Directors. "Each year, we put aside 10 percent of our earnings to support this initiative and F&M Bank is proud to partner with FHLB to change lives through the Affordable Housing Program."

The largest and most impactful initiative FHLB offers, AHP supplies grants of up to \$1 million that can fund both ownership and rental programs.

"AHP is one of the most effective programs for providing finance for the development of affordable housing," said Damon Allen, FHLB's Senior Vice President, Housing and Community Investment Officer. "This program and our dedication to affordable housing are part of our culture and our spirit."

Since the program's inception, FHLB Cincinnati has awarded more than \$749 million to fund over 93,000 affordable housing units, including three Carter Work Projects.

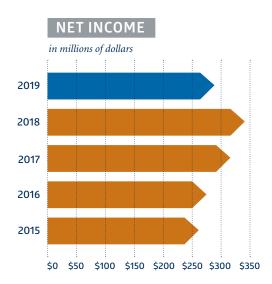
This year, FHLB Cincinnati and our members helped construct House 12 for Bizimana Vianney and Nyirarukundo Chantal, a Ugandan couple who left their home to escape war and intertribal conflict that put them in danger. Just over three years ago they relocated to Nashville and started a family, welcoming two daughters and a son.

Vianney and Chantal hope this new home will offer their children a safe place, a bed to sleep in and a chance to grow up as responsible citizens while learning from their parents' example. Working alongside FHLB employees and member volunteers, the couple put in over 300 hours of sweat equity that allowed them to purchase their home through a zero-interest, 30-year mortgage.

The build focused on framing, trussing and eventually siding. By the time the week was over, House 12 had gone from a concrete slab to the beginnings of a place the Vianney family will call home.

"It was amazing to see the commitment and the sheer number of people working together to help impact these families. It was great to see Bizimana and Nyirarukundo's appreciation for the Bank and everyone else involved," said Allen.





Earnings

The FHLB posted earnings of \$276 million in 2019, a decrease from 2018. Return on equity (ROE) averaged 5.65 percent, compared to 6.29 percent a year earlier. ROE in 2019 was 332 basis points above the average 3-month London InterBank Offered Rate (LIBOR); this spread is a key benchmark of the competitiveness of the return on members' capital investment. We believe the ROE level and spread in 2019 continued to represent an excellent financial performance on behalf of our member-stockholders.

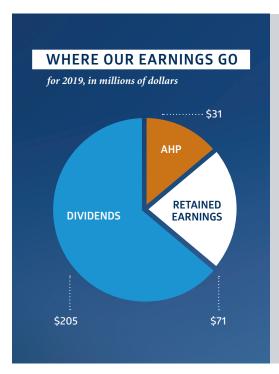
Elevated uncertainty in the financial and economic environment in 2019 contributed to the Bank's financial results. The decline in net income was driven by lower Advance balances and lower spreads to funding costs of Advances and mortgage assets. Partially offsetting these trends were growth in average balances of mortgage assets and liquidity

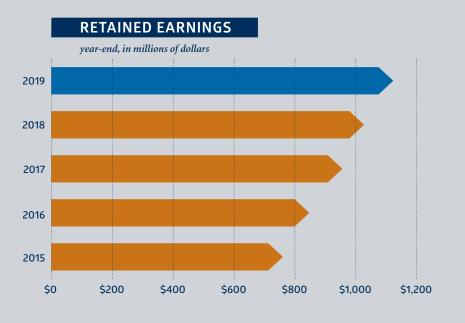
investments, as well as an increase in the fair values of certain derivatives and other financial instruments carried at fair value. We continued to manage overall risk to a low level while accepting a moderate amount of market risk.

Dividend

In 2019, we paid an average annualized cash dividend rate of 5.05 percent, which compares favorably to the average 3-month LIBOR benchmark rate of 2.33 percent. In doing so, the FHLB returned \$205 million of capital to members for them to reinvest in their companies.

Normally, our financial performance and therefore dividend rates correlate positively with changes in the short-term interest rates. For example, as rates rose from 2016-2018, we increased the dividend rate. As rates declined in the last two quarters of 2019, we lowered the dividend rates.





Capital and Retained Earnings

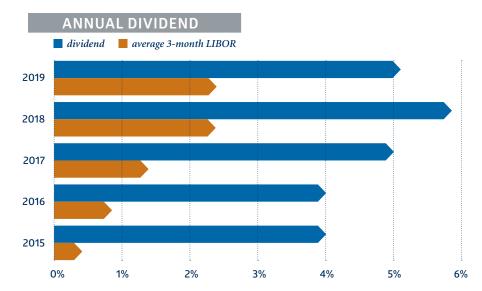
Our capital adequacy is robust and aligned with our low risk profile. We report two measures of capital. GAAP capital, which comprises members' capital stock, retained earnings and accumulated other comprehensive income, and was \$4.4 billion at yearend, a decrease of \$885 million, or

17 percent, compared to year-end 2018. Throughout 2019, the amount of excess stock grew as Advance balances decreased. In order to help manage capital levels and financial performance, we repurchased more than \$1.5 billion of excess stock in 2019.

Regulatory capital is GAAP capital plus mandatorily redeemable capital

stock (stock subject to pending redemption), less accumulated other comprehensive income. Our regulatory capital-to-assets ratio averaged 5.08 percent in 2019 and stood at 4.79 percent at yearend, substantially exceeding the minimum 4.00 percent regulatory requirement.

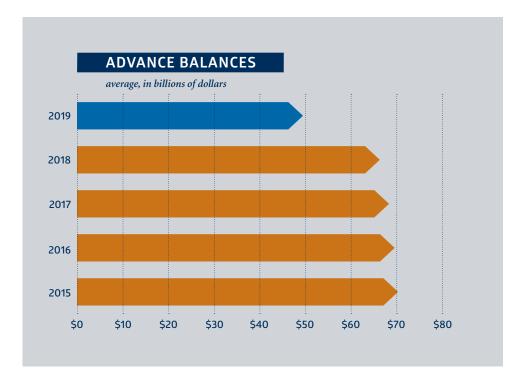
Retained earnings grew by \$71 million, with a balance of \$1,094 million at the end of the year. The current amount of retained earnings is sufficient to protect members' capital stock against the remote risk of impairment and to help support future dividend stability. We will continue to set aside 20 percent of income to retained earnings as required under our Capital Plan.



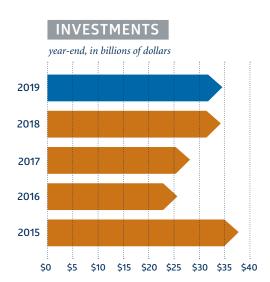
Investments

We maintain ample asset liquidity to continue to help preserve the value of the FHLB System's debt **2019 ANNUAL REPORT**





As a provider of wholesale funding, our business model is structured to be able to remain sustainable from sharp changes – both up and down.



franchise and to support our goal of providing same-day funding of Advances to members including in periods of spikes in Advance demand. Our investment portfolio also includes mortgage-backed securities that help to augment income. The FHLB's investment portfolio stood at \$34.4 billion at year-end 2019, up \$775 million from a year earlier. Investment balances averaged \$37.8 billion in 2019, an increase of \$8.0 billion (27 percent) from the average in 2018. This increase was driven by volatility in short-term and variable-rate Advance borrowings and the purchases of U.S. Treasury obligations to help meet new regulatory liquidity requirements.

Credit Services

The FHLB offers a wide range of credit programs and services that support members' funding and asset

liability management needs in various interest rate cycles and economic environments.

Average Advance balances in 2019 came in at \$48.0 billion, down from \$65.5 billion in 2018, as one large member reduced borrowing. Members funded an average of 2.7 percent of their assets with Advances. As in recent years, most members continued to have only modest demand for Advance borrowings. Demand for Advances is affected by the accessibility and cost of other sources of liquidity and funding, such as deposits and alternative supplies of wholesale funds, available to members.

The percentage of members using mission asset activity decreased to 67 percent, down slightly from 70 percent in 2018.

As a provider of wholesale funding, our business model is structured to



be able to remain sustainable from sharp changes – both up and down – in Advance balances because we can quickly effect commensurate changes in liability balances and capital, and because of our relatively modest operating expenses.

We continued to provide Advance Special offerings in 2019. A total of 131 members borrowed nearly \$11.8 billion through the 34 Specials in 2019. Offerings frequently feature an Advance program specifically requested by members or an Advance program that features advantageous pricing and terms due to a particular debt offering or funding opportunity. In 2019, FHLB continued to offer SOFR Advance specials as part of the organization's commitment to being a leader in the transition from LIBOR.

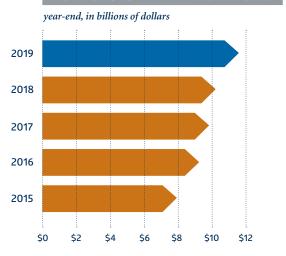
Letters of Credit balances ended the year at \$16.2 billion in 2019, up 9 percent compared to 2018. Members continue to use Letters of Credit to support public unit deposits and alternative liquidity strategies.

MPP

Our Mortgage Purchase Program (MPP) remains a competitive alternative to the more traditional secondary mortgage market, and in 2019 continued to attract substantial member interest. It remains an important contributor to the FHLB's earnings and related dividends to member-stockholders.

MPP principal balances rose 7 percent in 2019 to end the year at \$11.0 billion. Principal purchases

MORTGAGES HELD IN PORTFOLIO



totaled \$2.6 billion (compared to \$1.9 billion in 2018), and paydowns increased to \$1.9 billion. Purchases benefited from an increase in refinancing activity by homeowners as interest rates fell in the second half of 2019. To the extent mortgage rates remain at historically low levels, we anticipate the trend of faster prepayments to continue in 2020. The growth in the MPP product reflected our strategy to increase this mission asset opportunity.

MPP purchases benefited from an increase in refinancing activity by homeowners as interest rates fell in the second half of 2019. >>

2019 HCI

Total housing funds awarded or disbursed in 2019

\$81.6 million

Housing units supported

5,694

Members taking part in one or more HCI programs

233



In 2019, the FHLB provided affordable housing assistance to many Fifth District members and their communities. Our flagship program is the Affordable Housing Program (AHP), funded with 10 percent of our annual net income. In 29 years of partnering with members and housing organizations, we have awarded or disbursed \$749 million through AHP to assist more than 93,000 households. In 2019, we awarded or disbursed more than \$43.6 million through AHP to members to help 4,772 households secure decent, affordable housing. For 2020, the FHLB has accrued nearly \$31 million for AHP, which reflects earnings in 2019.

There are two components to the FHLB's AHP. Under the AHP competitive program, in 2019 we awarded \$30.9 million in grants through its members for the creation



or preservation of 2,253 units of affordable housing. Under the AHP set-aside program, called the Welcome Home Program, we disbursed \$12.7 million to members to assist 2,519 low- and moderate-income households with the purchase of homes. Most recipients are first-time homebuyers.

The Carol M. Peterson Housing Fund is a voluntary program established in 2010 by the Board. These funds were designated to assist elderly and special needs households with accessibility rehab or emergency repairs to their homes. In 2019, the FHLB disbursed nearly \$2.1 million on behalf of 303 households through members and their affordable housing partners to homeowners in the Fifth District. Response to the program has always been enthusiastic and the amount committed to the program remains at \$2.0 million for use in 2020.

The Disaster Reconstruction Program, another voluntary program, continued to support Fifth District residents whose homes were damaged or destroyed by natural disasters. To date, we have disbursed more than \$3.9 million from this fund to assist 275 households reestablish housing. We stand ready to come to the aid of those families affected by future natural disasters.

Other FHLB housing programs include the Community Investment Program, Economic Development Program, and Zero-Interest Fund. At the end of 2020, balances under these programs were more than \$323 million.



Member assets held steady in 2019, with assets for 97 FHLB members reaching over \$1 billion.

Membership and Outreach

The number of member-stockholders fell to 640 in 2019 from 646 in 2018. We approved 11 new member stockholders in 2019, but lost 17 members to primarily intra-district mergers. The number of member stockholders at year-end was 301 in Ohio, 171 in Kentucky and 168 in Tennessee. Though the number of members has declined, the dollar value of assets represented by our membership experienced no material changes.

We increased our commitment to maintaining frequent and timely communications and interactions with all members. In 2019, we hosted four separate member facilitations focused

TOTAL

on helping members understand collateral and the LIBOR transition. These events were in addition to our Regional Meetings, Financial Management Conference and MPP User Group meeting, which continued to offer educational opportunities that were well received by members. All of our outreach efforts focus on deepening our partnership with members and understanding their emerging needs.

MEMBER STOCKHOLDERS by organization type	2019	2018
Commercial Banks	365	374
Thrifts and Savings Institutions	81	83
Credit Unions	136	134
Insurance Companies	52	48
Community Development Financial Institutions	6	7

640

646





Senior Staff

SEATED, LEFT TO RIGHT

J. Christopher Bates Senior Vice President Chief Accounting Officer

Tami L. Hendrickson Senior Vice President Treasurer

David C. Eastland Senior Vice President Chief Credit Officer

Reema Singh

Senior Vice President Chief Audit Executive

Stephen J. Sponaugle *Executive Vice President Chief Financial Officer*

STANDING, LEFT TO RIGHT

Bridget C. Hoffman Senior Vice President General Counsel

Damon v. Allen

Senior Vice President Housing & Community Investment Officer

James G. Dooley Sr. Executive Vice President Chief Risk and Compliance Officer

Andrew S. Howell *President and CEO*

R. Kyle Lawler

Executive Vice President Chief Business Officer

Roger B. Batsel

Executive Vice President Chief Operating Officer

Daniel A. Tully

Senior Vice President Assistant Chief Risk and Compliance Officer



FHLB Cincinnati Officers

>

Joseph W. Castlen

First Vice President Mortgage Purchase Program

Brian D. Comp

First Vice President Chief Information Officer

Melissa D. Dallas

First Vice President Corporate Secretary and Counsel

James C. Frondorf

First Vice President Credit Services

Darren M. Kuntz

First Vice President Assistant Treasurer

James J. O'Toole

First Vice President Marketing

Karla M. Russo

First Vice President Human Resources and Inclusion

Jeffery S. Berryman

Vice President Credit Operations

John J. Byczkowski

Vice President Communications

Sarah E. Clark

Vice President Enterprise Risk Management

Debbra M. DeMaris

Vice President Assistant Controller

Christine A. Flischel

Vice President Information Security & Compliance

Dawn E. Grace

Vice President Housing and Community Investment

S.G. Frank Haas III

Vice President Operational Risk and Compliance

C. David Hedrick Jr.

Vice President Credit Risk Analysis

Allie D. Kieft

Vice President Financial Reporting and Policy

Joseph M. Lairson

Vice President Internal Audit

Holly Laiveling

Vice President Software Engineering

Matthew C. Miller

Vice President Credit and Model Risk

Mai D. Vue

Vice President Project Management Office

John D. Zazycki

Vice President Portfolio Management

Jerome C. Bauer

Assistant Vice President Business Resiliency Management & Compliance

Todd W. Berry

Assistant Vice President Relationship Manager

Jeffrey A. Fields

Assistant Vice President Business Development

Kevin T. Hanrahan

Assistant Vice President Relationship Manager

Kevin M. Kennedy

Assistant Vice President Internal Audit

Thomas C. Muth

Assistant Vice President Relationship Manager

Pavan V. Parikh

Assistant Vice President Government Relations Officer and Legislative Counsel

Judith M. Rose

Assistant Vice President Relationship Manager

Mark A. Russell

Assistant Vice President Human Resources Operations

Michael C. Spencer

Assistant Vice President Insurance and Sales

Lisa A. Wishart

Assistant Vice President Credit Operations

Brian D. Arkenau

Internal Audit Officer

David A. Bailey

Mortgage Purchase Program Officer

J. Bradley Baker

Credit Risk Management Officer

Mark A. Brosey

IT Compliance Officer

Corey M. Burns

Credit Analysis Officer

Vijay M. Chettiar

Software Engineering Officer

Joel M. Galloway

Administrative Services Officer

Timothy D. Green

Software Engineering Officer

Diane M. Halpin

Correspondent Services Officer

Allyson M. Khayo

Diversity and Talent Management Officer

Brenda A. Pierre

Housing Quality Assurance Officer

Chuck E. Pitz

Technical Services Officer

Sharon R. Sanders

Credit Services Officer

Theresa A. Stille

IT Compliance Officer

Jess Tedder

Software Engineering Officer

Erik J. Van Dootingh

Portfolio Strategy Officer

Tyler J. Walker

Mortgage Purchase Program Operations Officer

NOTE: This list reflects FHLB officers as of March 20, 2020



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