



## President's Message to Members

Since the pandemic began and FHLB staff are almost entirely working from home, we've held regular bank-wide staff conference calls. A few weeks ago I asked our chairman, Dr. Donald J. Mullineaux, to speak to our staff about the economy, the impact on our members, our Bank and FHLB System. I thought our members would also benefit from his remarks, which are excerpted below.



## Chairman's Message

As we look to the future, I'd like to share a few observations about the FHLB's performance, strengths and challenges in this uncertain landscape.

By design, the FHLB is countercyclical in nature, expanding its balance sheet during times of financial distress to provide liquidity and contracting when demand subsides. In the early weeks of the pandemic, Advance demand spiked upward, as it did at the onset of the financial crisis of 2008-09. However, one of the differences in this crisis from the Great Recession is the speed with which the Federal Reserve and Congress responded.

As a former Federal Reserve Board economist, I am watching closely the aggressive actions of Congress, the Administration and the Federal Reserve to address this crisis. On balance, the federal response is good for the country, but not great for sustaining Advance demand. Federal funding has been welcomed, but the chaos around timing, process and program details has added significant administrative burdens to our members, especially to smaller community lenders. This environment has provided the FHLB with another opportunity to demonstrate how it provides value to members.

The Board remains committed to meeting the FHLB's housing and community investment mission in the District. In addition to supporting our traditional AHP, the Board renewed its commitment to our voluntary programs: the Carol M. Peterson Fund, helping over 300 elderly and special needs households last year, and the Disaster Reconstruction Program, helping 359 households, to date, to rebuild after natural disasters in our three states. In direct response to COVID-19, the Board authorized the RISE Advance program, June-September, and modified existing discounted Advances to directly support members' COVID-19 lending activity. We also supported management's negotiations with SBA, the Federal Reserve and the Finance Agency, to allow members to pledge PPP loans as collateral. That's another example of helping members wade through the complexities of federal programs. Those members who are comfortable working with the FHLB have another outlet for managing the risk and administration of PPP loans in support of their customers.

As we look at what lies ahead for the FHLB, we have to remain focused on how the System will continue to play an integral role in the economy even as the mortgage origination market evolves away from our traditional membership base. Our increasing

regulatory burden has also influenced how the FHLB can cost effectively continue to serve its mission in housing finance. These issues are regularly discussed by the FHLB Board. Given the substantial uncertainty about the nature of the economic recovery from the current recession and the very low levels of interest rates that are likely to last for years rather than months, the Board and management will be working during the next year or two in the most challenging environment I can recall in my 10 years of service to the FHLB.

The strength of the FHLB is the way it truly functions as a working cooperative, leveraging the strengths of our members, our Board and management, and our community stakeholders – whether it's to conduct business transactions or help address specific community needs.

In closing I will leave you with these positive observations: The FHLB is open for business - safely, remotely, in whatever form that may take in this environment. The FHLB is successfully fulfilling its mission, providing members with stable, steady access to low-cost funding.

*In addition to serving as FHLB Board Chair for the past six years, Dr. Mullineaux is Professor Emeritus, DuPont Endowed Chair, Gatton College of Business and Economics at the University of Kentucky where he served from 1984-2014. After receiving his Ph.D. in Economics from Boston College, he joined the staff of the Federal Reserve Bank of Philadelphia, serving as Senior Vice President and Director of Research from 1979-1984.*

Sincerely,



Andrew S. Howell  
President and CEO



Donald J. Mullineaux  
Chairman

## Disaster Reconstruction Funds Available in Four Tenn. Counties

Households in four Tennessee counties whose homes were damaged by flooding July 1, 2020 may qualify for grants from the Federal Home Loan Bank of Cincinnati's Disaster Reconstruction Program (DRP) to aid their recovery.

The counties affected are: McNairy, Chester, Hardeman and Hardin.

Residents recently became eligible to receive these grants when the U.S. Small Business Administration declared them a disaster area on August 7, 2020. Homeowners whose homes were damaged or destroyed may be eligible for grants of up to \$20,000 toward construction, acquisition or repair of their primary residences. Renters displaced by flooding may also be eligible to receive up to \$5,000 toward the purchase of a home.

For more information on DRP, visit [www.fhlbcin.com](http://www.fhlbcin.com). To participate, contact Jill A. Cravens, Housing and Community Investment Manager, or Dawn E. Grace, VP of Housing and Community Investment, toll free at 888-345-2246.



## FHLB Cincinnati adds Amy Konow as Chief Audit Executive



Amy L. Konow has joined FHLB as Senior Vice President, Chief Audit Executive. In this role, Amy will manage the Internal Audit department and assist the Audit Committee in fulfilling its responsibilities by providing an evaluation of compliance with applicable laws, regulations, policies, plans, procedures, ethical standards and mandated responsibilities.

Prior to joining FHLB, Amy was the Chief Financial Officer at Landrum & Brown, Inc. (aviation planning and development) where she also served as Corporate Secretary and Treasurer. Amy spent a significant portion of her career at American Modern Insurance Group where she held progressively responsible positions with her last position as Vice President, Financial Institution Division Agent Operations. In this role, she was responsible for policy and premium processing, coordination of agent interface processes for policy administration system, and premium validation risk and control activities relative to over \$300 million in annual premiums. Amy also spent six years early in her career at Deloitte & Touche (Arthur Andersen LLP).

Amy has a Bachelor of Science in Business Administration from Bowling Green State University and is a Certified Public Accountant in Ohio.

## Meet Kelly Hill, AVP, Members and Markets



Kelly Hill joined the Marketing department in June as Assistant Vice President, Members and Markets. In this role, Kelly will be working with FHLB's larger asset members to help them understand the FHLB value proposition and offer solutions for their unique needs.

Prior to her role in Marketing, Kelly served as an Assistant Portfolio Manager in Treasury since 2018. Prior to joining FHLB, Kelly worked at Barclays Capital in a variety of roles in their Treasury department in the New York and London offices. Her most recent role before joining FHLB was as a Vice President – Treasury Funding and Investments, Global Markets Trading.

Kelly graduated from Villanova University with a Bachelor of Science in Business Administration. She earned Series 7 and Series 63 licenses and her certification from the Chartered Institute for Securities & Investment – Derivatives, Securities and Financial Regulations. If you have questions for Kelly, she can be reached at [hillkm@fhlbcin.com](mailto:hillkm@fhlbcin.com).

## Dividend Declaration and Payment

At its September 17, 2020, meeting, the FHLB's Board of Directors declared a dividend for the second quarter 2020 at a 2.0 percent annualized rate. The lower dividend rate this quarter was related to the decline in the interest rate environment over the last several quarters. The dividend payment occurred September 17 in the form of cash.

## AHP Income Qualifications Suspended for those Displaced by Disasters

Individuals and households who were displaced by the California wildfires; tropical storms Laura and Marco; Hurricane Laura; other wildfires; tropical storms and hurricanes in the summer and fall of 2020 (Disasters), may be temporarily housed in vacant AHP-assisted rental units, regardless of their income. This temporary suspension of household income limits for AHP-assisted rental projects is subject to conditions as listed on [www.fhlbcin.com](http://www.fhlbcin.com).

To learn more, contact our Housing & Community Investment Department at 888-345-2246.

## Board of Directors Election Update

The election for the FHLB Board of Directors is under way. Ballots were sent via email on October 9 to all eligible voting members from the email address [noreply@directvote.net](mailto:noreply@directvote.net). We encourage all members to vote in the election of two Independent directors. Eligible Ohio members are also encouraged to vote for two Ohio Member directors.

Electronic voting remains open through the close of business on Thursday, November 12. The Board will ratify the election results on Thursday, November 19. Direct any questions to [DirectorElection2020@fhlbcin.com](mailto:DirectorElection2020@fhlbcin.com).

## Report Your LIBOR-linked Collateral Before October 31

All members, please report information on loans pledged to the FHLB that are linked to the London InterBank Offered Rate (LIBOR). A response to this informational request is required even if there are no such loans being pledged or if you are unclear about your current LIBOR exposure. The online survey is now available on Members Only with the first submission due by October 31.

This survey will request details of your pledged LIBOR-indexed loan collateral beginning with data as of September 30. Members will be required to update LIBOR exposure details quarterly through the third quarter of 2021. Additional details may be requested subsequent to that date. For more information, visit the LIBOR Transition page at [www.fhlbcin.com](http://www.fhlbcin.com) or our Members Only website.

## Calendar

November 11 Veterans Day – FHLB closed

November 12 Board of Directors Election – electronic ballot deadline

November 19 Affordable Housing Program – 2020 awards announced

November 26 Thanksgiving Day – FHLB closed

December 1 Welcome Home Program – deadline for 2020 Funding Requests

December 1 Carol M. Peterson Housing Fund – deadline for 2020 Funding Requests

December 25 Christmas Day – FHLB closed