

Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Letter sent through FHFA website: <https://www.fhfa.gov/AboutUs/Contact/Pages/Request-for-Information-Form.aspx>

October 18, 2022

RE: Comment: FHLBank System at 100: Focusing on the Future

As a small, federal-chartered community bank located in Cincinnati, Ohio, Cincinnati Federal relies heavily on FHLB of Cincinnati services. With assets totaling approximately \$294 million, we serve the greater Cincinnati and Northern Kentucky area with five retail branches and one lending office. Basically, we provide traditional deposit services and lend the funds to borrowers for residential and commercial real estate purposes

In managing our balance sheet, we attempt to match the re-pricing of our assets (loans) and liabilities (deposits and borrowings). This is tricky particularly in an ever-changing interest rate environment. Many thrifts (savings and loans) in the early 1980s found themselves in trouble by lending on a long-term basis but borrowing short-term as rates sky-rocketed during this time. Holding 20 or 30-year fixed-rate mortgages while funding them with savings or short-term certificates of deposit spelled disaster for many financial institutions. We found that most depositors do not want to commit more than a year or so on their time deposits or savings accounts. Meanwhile, borrowers want either fixed-rate longer-term loans or even adjustable loans which re-price 5 years or greater. Cincinnati Federal has utilized FHLB advances which better match to maturities or re-pricing of our loans/assets. FHLB has an array of advances which we can choose from which gives us a stable foundation in managing interest rate risk and asset/liability concerns.

Our bank also utilizes FHLB of Cincinnati's programs which help our communities and financial institutions. Annually, Cincinnati Federal participates in FHLB's Welcome Home Programs which help our borrowers with down-payment assistance. Also, we have received lower advance rates by utilizing their Community Investment Programs designed to help low-income neighborhoods.

In addition, Cincinnati Federal sells mortgages to FHLB through their Mortgage Purchase Program which provides us with much-needed liquidity. This allows us to continue funding borrowers' financing needs.

In summary, it is important to have such a great partner in FHLB of Cincinnati. They provide valuable support to our banking institutions in this region and dedicate resources and funds to our communities.

Thank you for considering my input.

A handwritten signature in blue ink that reads "Joseph V. Bunke". The signature is written in a cursive style with a large initial 'J' and 'B'.

Joseph V. Bunke
President/Cincinnati Federal