WesBanco

January 6, 2015

Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency, Fourth Floor
400 Seventh Street, S.W.
Washington, DC 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590–AA39)

Dear Mr. Pollard:

On behalf of WesBanco Bank, Inc., I am writing to express my concerns about the above notice of proposed rulemaking. While we appreciate your apparent desire to provide for a strong Federal Home Loan Bank System that supports housing, we believe the rule undermines the goal of the proposal, as follows:

Liquidity Issues:

1. It seems this rule has the potential to restrict access to liquidity at the exact point in time when more, not less, liquidity is needed in a recovering market. While many depository institutions are flush with deposits at the current time, most observers believe that this may change when interest rates inevitably rise.

2. This rule would have a different impact in different market conditions. Before the FHFA takes additional steps on this proposal, it should analyze and publish a report on how such a test would have impacted the economy and financial institutions had it been in effect during the financial crisis.

3. The majority of the types of collateral eligible to be pledged to secure advances under the FHFA regulations are housing assets (e.g., various types of mortgage loans, mortgage-backed securities and home equity loans). Consequently, advances from FHLBanks provide liquidity for these housing assets.

4. Powerful and ongoing housing asset tests exist already. We are required to pledge collateral, and the majority of collateral types eligible to secure advances are housing assets. Additionally, under current rules, the total amount of advances having a maturity greater than five years cannot exceed the amount of residential

WesBanco Bank, Inc.
1 Bank Plaza
Wheeling, WV 26003-3565
(304) 234-9000

housing assets on WesBanco Bank's balance sheet. The proposed regulation almost seems to ignore the housing nexus that is already in place. These tests work and do not impose regulatory burdens or penalties.

5. Our banking regulators (FDIC/State of WV) require a reliable source of contingent bank liquidity. For WesBanco, a key portion of this backup liquidity has always been the Pittsburgh Federal Home Loan Bank. With this rule, we are concerned our regulators may not consider the FHLBanks as reliable and may require additional liquidity sources.

6. The FHFA is not a bank regulator, but this proposed regulation imposes a significant regulatory metric that banking institutions will have to assess in the future. Have you consulted with the various banking regulators about this proposed rule?

Affordable Housing & Community Development Matters:

1. This proposed rule will diminish the value of FHLBank membership, reduce borrowing from FHLBanks and reduce the capacity of FHLBanks to assist members in serving the housing needs of their markets. This will include a negative impact on net income for the FHLBanks, which will, in turn, mean less money for affordable housing grants.

2. A possible concern is that internal resources in the FHLBank (Pittsburgh) will have to be redeployed to monitoring membership tests and this may take away from their ability to create innovative programs such as Blueprint Communities, which helps to revitalize communities, or Banking On Business, which creates and retains jobs. These are programs that really help communities.

3. By diminishing the strength of the FHLBanks, this rule diminishes community investment programs that help communities grow and thrive.

Impact on Housing in Recovering Market:

1. WesBanco Bank may not be able to take credit for supporting housing with mortgages we originate and sell into the secondary market. Losing access to the Mortgage Partnership Finance Program, which directly supports housing, could also result.

2. The government should be looking for ways to help the economy, not impose a rule that could potentially restrict the flow of credit to communities across America.

Regulation and General Issues:

1. This proposed regulation addresses a problem that we believe does not exist. There are no safety and soundness problems at FHLBanks raised by lending to members that may fall below either of the proposed ongoing asset test levels. However, the proposal may impose new regulatory-type burdens and expense on WesBanco Bank and could restrict the flow of capital into the communities we serve.

2. This regulation will have the unintended consequence of putting FHLBank members in a position of having conflicting regulatory burdens. For example, we believe that we should hold fewer long-term mortgages on our balance sheet for asset/liability management reasons, but this rule may encourage us to add long-term mortgages just to meet the test and retain FHLBank membership.

3. The Pittsburgh Federal Home Loan Bank went through some tough times during the crisis, including suspending dividends for several years. WesBanco Bank stuck with the FHLBank as a member during that period, which supported its ability to remain well-capitalized. Now you are proposing a regulation that could force members out at a time when the Pittsburgh FHLBank is well-capitalized and profitable.

4. Congress has a record of expanding membership opportunities (1989, 1998, 2008) not restricting them and, therefore, should determine membership requirements.

5. The proposed regulation allows a five-year sunset for captive REITS to exit membership in the System; yet members that fail one of the housing asset tests have only one year to pass or face expulsion from the System.

Based on our belief that the proposals could harm FHLBank members and generally weaken a System that has worked well for more than 80 years, we respectfully ask that the FHFA reconsider the September 12, 2014 Notice of Proposed Rulemaking.

Respectfully,

Robert H. Young

Robert H. Young
Executive Vice President – Chief Financial Officer
WesBanco Bank, Inc.
Wheeling, WV

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