

April 26, 2006

Gentlemen:

I am John H. Jordan, President and CEO of The Community Bank of East Tennessee, Clinton, Tennessee a \$75 million bank and a stockholder of the Federal Home Loan Bank of Cincinnati.

I have studied with great interest your Proposed Capital Rule for the FHLBanks. I fully believe that while your intentions are good that this rule is a clear example of a violation of the "Law of Unintended Consequences."

First, because of the great unknown, the FHLB's have had to curtail programs such as the Affordable Housing Program and voluntary Housing programs. This has a very negative affect on Tennessee because much of these funds have been used for "Katrina and Rita" victims.

Second, as a shareholder, we have enjoyed the tax deferred stock dividend. This will have a negative impact on our earnings.

Third, if stock has to be reduced, this would cause a significant taxable event.

There are many other problems with this proposal. I ask you to reconsider your actions.

Thank you,

John H. Jordan  
President & CEO  
The Community Bank of East Tennessee  
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