

I wish to voice my concerns as to the negative effect the proposed capital rule would have on FHLB and its member stockholders.

As a small to medium financial institution, this rule would have a negative impact not only on our cost of borrowing funds from the Cincinnati Bank, but would affect our liquidity by forcing a heavier reliance on an increasingly limited source of deposit funding.

The elimination of stock dividends (which has a favorable tax treatment) in lieu of cash dividends (taxable) would carry negative consequences for our institution. Likewise, the proposed buy-back of excess stock would create a taxable event.

The FHLB has always been a well capitalized, highly rated Bank. It has been advantageous, particularly to community institutions, to be a member from many standpoints, helping level some of the playing field between the smaller, local banks and the large conglomerates. While there are many things that need addressing/correcting in our economy, the FHLB is not one of them.

Sincerely,

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