

June 21, 2006

Federal Housing Finance Board  
1625 Eye Street, NW  
Washington, D.C. 20006

Attention: Public Comments  
Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements  
for the FHLBanks  
RIN Number 3069-AB30  
Docket Number 2006-03

Commerce National Bank, headquartered in Columbus, Ohio, hereby submits our comments on the proposed revisions to the Capital Regulations for the Federal Home Loan Banks as published in the Federal Register on March 15, 2006.

Commerce National Bank was formed in Columbus in June 1991 and became a member of the FHLB of Cincinnati shortly afterwards. As of today, we are almost \$500 million in size with offices in Columbus and Cincinnati. We own \$2.5 million in FHLB stock and have outstanding advances of \$56 million. The FHLB has been a significant partner in our success and we have a significant investment in the FHLB of Cincinnati.

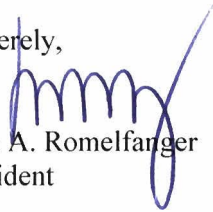
We have over \$200 million in wholesale funding including FHLB borrowings and brokered certificates of deposit. From our experience, the cost of funds from these two sources compete with each other, which helps to keep our wholesale funding costs reasonable. In fact, we periodically do studies of local certificate of deposit pricing from competitors that proves our wholesale funding costs are very reasonable compared to more traditional "retail" funding sources.

Based on our evaluation of the changes proposed, we have strong concerns that the financial position of the FHLB of Cincinnati could be negatively impacted. This would likely increase their funding costs and hence the borrowing costs for member institutions. Further, I am very confident that an increase in FHLB borrowing costs would increase the costs associated with other wholesale funding sources, including brokered certificates.

Considering the extremely limited number of banks in the FHLB system, we strongly urge the Board to consider the full impact of these changes on the individual banks to ensure the intended results are achieved by whatever final regulations are adopted.

Please call me at 614-583-2031 if you have any questions regarding our letter

Sincerely,

  
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