

FIRST-KNOX NATIONAL BANK

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GORDON E. YANCE
PRESIDENT

May 17, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

ATTENTION: Public Comments,
Proposed Rule: Excess Stock Restrictions and
Retained Earnings Requirements for the Federal Home Loan Banks

Ladies and Gentlemen:

We have observed with great interest the proposed revisions to the capital regulations made by the Federal Housing Finance Board. Please accept this letter as our strong statement that these revisions are unnecessary and we urge you to withdraw this proposed regulatory rule.

We have been members of the Federal Home Loan Bank of Cincinnati (FHLB-C) for a number of years. We joined shortly after it became possible following the availability of membership due to the FIRREA legislation in 1989. Becoming a member of the FHLB-C allowed us a mechanism to support a federal agency that promotes one-to-four family housing (which we strongly support in each of our community banks), and at the same time gain considerable benefits via advances and favorable investment treatment for our ownership.

We have been provided a copy of the April 28, 2006 letter sent to you by the Chairman of the FHLB-C. Quite frankly, I have been struggling for the last few weeks to craft a letter that could fully articulate the reasons for our objections to the proposed revisions to the capital regulations. I have taken the time to read through the complete and thorough explanation offered to you by the board of the FHLB-C.

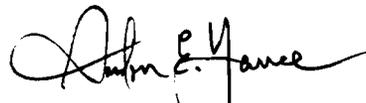
Please know that we concur in all respects with their assessment and recommendations. We believe (as was stated in the letter) that there will be unintended consequences if these proposed revisions are enacted. And clearly continued membership in the FHLB-C at the levels we have participated in the past will not continue.

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We urge you to withdraw these proposed revisions as it applies to FHLB-C. We fully urge you to treat each discrete Federal Home Loan Bank around the country as a separate entity and provide regulations that fit the risk profile of each Federal Home Loan Bank. "One size fits all" can be applied for meeting regulatory minimum capital standards, but the safety and soundness of the Federal Home Loan Bank otherwise should be regulated separate and distinct based on the nature of the assets on the balance sheet and the ability of the Home Loan Bank to generate profits. We urge you to take a differential approach to your oversight of the various Home Loan Banks in our country.

We appreciate the opportunity to provide input for your consideration of these proposed revisions.

Sincerely,



Gordon E. Yance

GEY/sf

cc: David H. Helman, President
Federal Home Loan Bank of Cincinnati