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September 27, 2012

To Whom It May Concern:

RE: Basel III

Please accept this letter for comments on the current Basel III proposal. It seems to me all that needs to be shown is the complexity of calculating our capital. Our bank is not complex and has not failed due to complex products being offered to our customers. Bank's like ours did not cause the current problems congress is dealing with in the financial world. With that stated, my biggest concern is explained further.

Including accumulated other comprehensive income (AOCI) in capital for banks like ours will result in too much volatility in our capital balances. The most common AOCI for community banks is the unrealized gains and losses in investment securities. In our bank, if interest rates rise 300 basis points, we would show a paper loss of \$2,400,000, which represent a 7.9% decrease in tier one capital ratio.

I encourage you exempt community banks from Basle III requirements as it would be damaging to banks and communities in every state.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jay Kennedy, Pres/CEO". The signature is written in a cursive style.

Jay P. Kennedy

President/CEO

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