

NOTICE TO REDUCE SURPLUS

Pursuant to K.S.A. 9-912(c) the surplus account of a state bank or trust company may be reduced with prior approval of the bank commissioner. The following information should be submitted with all requests.

- 1) Details of the proposed reduction including the reason why the reduction is requested.
- 2) A schedule detailing the present and proposed capital structure, including Part 324 (Basel III) capital ratios, of the bank, and verification the bank or trust company will comply with all statutory minimum capital requirements.
- 3) A certified statement from a certified public accountant that fully describes the necessary book entries associated with the proposal and confirms the entries are in accordance with appropriate accounting standards

K.S.A. 9-912. Surplus account; stock dividends from reduction. (a) Any losses sustained by a bank or trust company in excess of its undivided profits may be charged to its surplus fund. (b) Any bank or trust company, after receiving approval from the commissioner, may declare a stock dividend from its surplus fund, but no dividend shall reduce the surplus fund to an amount less than 30% of the resulting total capital. (c) Any bank or trust company may reduce its surplus account with permission of the commissioner.