NOTICE TO REDUCE CAPITAL STOCK

Pursuant to K.S.A. 9-904 the capital stock 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 change in the bank's or trust company's capital structure, including the repurchase price and reasons why the reduction is requested. Also, include comments addressing whether the stock will be retired or held as treasury stock. Treasury stock may be acquired to accomplish a legitimate corporate need, and may not be acquired for speculation.

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 projection of bank deposits for five years.

4) A copy of a Resolution adopted by shareholders verifying that at least 2/3 of shareholders voted in favor of the reduction.

5) 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.

6) When complete, a list of stockholders and the amount of stock held by each, is to be filed with the bank commissioner.

K.S.A. 9-904. Reduction of capital stock, when. (a) With prior approval of the commissioner, a bank or trust company may reduce the amount of its capital stock account. No such reduction shall be approved unless the commissioner finds that:
(1) The proposed reduction is necessary to provide greater operational flexibility to an adequately capitalized, well-managed institution;
(2) the proposed reduction does not result in or is not in furtherance of a reduction in the institution's capital to an amount below the amount required by K.S.A. 9-901(a), and amendments thereto;
(3) the proposed reduction is not intended to delay, prevent or be in lieu of capital stock impairment or a stockholder's assessment pursuant to K.S.A. 9-906 and amendments thereto;
(4) the proposed reduction poses no significant risk to the financial stability, safety or soundness of the institution.
(5) the bank's surplus account will be increased in an amount equal to the amount of the proposed reduction in the capital stock account, unless a waiver is granted by the commissioner; and
(6) a resolution approving the reduction has been adopted by the stockholders representing 2/3 of the voting stock of the bank or trust company.
(b) Upon completion of the reduction, the bank or trust company shall file with the commissioner a list of its stockholders and the amount of stock held by each.
(c) Whenever the capital stock of any bank or trust company shall be reduced as herein provided, every stockholder, owner or holder of any stock certificate shall surrender the same for cancellation and shall be entitled to receive a new certificate for such person's proportion of the new stock. No dividends shall be paid to any such stockholder until the old certificate is surrendered.