

## **NOTICE TO ISSUE CAPITAL NOTES OR DEBENTURES**

Pursuant to K.S.A. 9-1101a a bank may issue capital notes or debentures with prior approval of the bank commissioner. The following information should be submitted with all requests.

1. A description of the terms of the issuance, including interest cost associated with the proposed issuance. Please include a copy of the proposed note or debenture instrument.
2. The reason(s) for the proposed issuance.
3. A projection of earnings throughout the life of the notes or debentures which includes recognition of the interest expense associated with the notes.
4. A description of the anticipated source of repayment.
5. A copy of a Resolution adopted by shareholders verifying that at least 2/3 of shareholders voted in favor of the issuance.
6. A statement describing whether any director, officer or stockholder will personally benefit from the proposed issuance.
7. A brief description of any material pending legal proceedings the bank may be involved in.
8. A legal opinion as to the required content and adequacy of disclosure material to be made available to proposed investors. Please include a copy of the legal opinion and the proposed disclosure.
9. All documents and information evidencing compliance with K.S.A. 9-1101a.

The Kansas City Regional office of the FDIC and/or the Kansas City Federal Reserve Bank must receive a copy of the above information.

In order to qualify as regulatory capital, the subordinated debt must satisfy certain requirements. See Appendix A to Part 325 of the FDIC Rules and Regulations—Statement of Policy on Risk-Based Capital for additional information.

**K.S.A. 9-1101a. Issuance of capital notes or debentures, when; limitations.** Upon approval of the stockholders owning 2/3 of the voting stock of the bank, the bank may issue convertible or nonconvertible capital notes or debentures in such amounts and under such terms and conditions as shall be approved by the commissioner, except that the principal amount of capital notes or debentures outstanding at any time shall not exceed an amount equal to 100% of the bank's paid-in capital stock plus 50% of the amount of its unimpaired surplus fund. Capital notes or debentures which are by their terms expressly subordinated to the prior payment in full of all deposit liabilities of the bank shall be considered as part of the unimpaired capital funds of the bank for purpose of the computation of the bank's loan limit.