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Bank Commissioner

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David L. Herndon, Bank Commissioner

Laura Kelly, Governor

October 5, 2026

Mr. Adam Proffitt
Secretary of Administration
Landon State Office Building, Room 504
Topeka, KS 66612-1590

Dear Mr. Proffitt,

I hereby submit, on behalf of the Office of the State Bank Commissioner (OSBC), our budget request for FY 2027, FY 2028, and FY 2029. The budget has been prepared in accordance with your instructions.

Should you have any questions or require additional information, OSBC staff and I would welcome the opportunity to meet with you and our budget analyst, Stephanie Buchanan. Thank you for your consideration.

Respectfully,



David L. Herndon
Bank Commissioner

DLH
Enclosures

cc: Stephanie Buchanan, Division of Budget
Arianna Waddell, Legislative Research Department

AGENCY OVERVIEW

The mission of the Office of the State Bank Commissioner (OSBC) is to uphold the integrity of Kansas's regulated financial services through responsible, proactive oversight—while protecting and educating consumers across the state. **Importantly, OSBC is a fully fee-funded agency, receiving no support from the state's General Fund**. **As a self-funded agency, OSBC's financial independence reflects its ongoing commitment to fiscal responsibility.** This context is helpful when considering the agency's resource needs and funding structure.

Core Values and Objectives

OSBC is committed to:

- Ensuring fair and reliable supervision of state-chartered banks, savings and loan associations, trust companies and departments, technology-enabled fiduciary financial institutions (TEFFIs), money transmitters, and providers of mortgage and consumer credit;
- Educating regulated entities to foster deeper understanding and compliance with applicable laws and regulations;
- Providing financial education to Kansas consumers of all ages through public outreach programs, financial literacy grants, and scholarship contests;
- Protecting Kansas consumers from unfair or predatory credit practices;
- Preserving the dual banking system through active chartering of new state banks, conversion of national banks to state charters, and diligent regulation of existing state-chartered institutions;
- Promoting and sustaining public trust in Kansas' financial system.

Organizational Structure

OSBC has three budgetary programs. Its regulatory responsibilities are primarily carried out by:

- Banking and Trust Program – Oversees the chartering and regulation of state-chartered banks, trust companies, trust departments, and TEFFIs;
- Consumer and Mortgage Lending (CML) Program – Licenses and supervises non-depository mortgage lenders, mortgage loan originators, consumer credit providers, money transmitters (including virtual currency kiosk operators), credit service organizations, and earned wage access service providers;
- Administrative Program – Includes the Finance and Administration, Legal, and Information Technology (IT) Departments. Ensures the OSBC's internal operations and legal functions are aligned with its mission. The IT Department maintains OSBC's software, hardware, and helpdesk functions, and provides examiners to conduct IT examinations of regulated entities. These specialized examinations focus on cybersecurity oversight and data risk mitigation.

HISTORY and STATUTORY AUTHORITY

The Office of the State Bank Commissioner (OSBC) was established in 1891, under Section 28 of Chapter 43 of the Laws of Kansas to bring structure and stability to the state's banking system. Its authority is primarily codified in the Kansas Statutes Annotated (K.S.A.) Chapter 9, with broader statutory authority outlined in K.S.A. 75-1304 et seq. The OSBC is responsible for regulating state-chartered banks, trust companies, savings and loan associations, and a broad range of non-depository financial service providers, including mortgage lenders, consumer credit companies, money transmitters, and debt management firms. In 1999, the Office of the Consumer Credit Commissioner was abolished, and its powers and duties were transferred to the OSBC by K.S.A. 75-1314 and 75-1315, forming the agency's Consumer and Mortgage Lending Division.

The OSBC also operates under the guidance of the State Banking Board, which is authorized by Kansas Statutes Annotated (K.S.A.) 74-3004 et seq. and serves in an advisory capacity to the Banking Division. The Banking Board's responsibilities are outlined in the Kansas Banking Code, but it has no involvement, oversight, or jurisdiction over any other divisions of the OSBC. Its dual mission remains to protect Kansas consumers and to ensure the safety and soundness of the state's financial institutions.

APPROVED BUDGET SUPPLEMENTS/ENHANCEMENTS

For FY 2027, the OSBC received approval for two enhancement packages:

- Enhancement Package 1 (AC100): The OSBC received approval for an enhancement of $275,242 to continue previously approved pay plan increase adjustments.

- Enhancement Package 2 (AE1): The OSBC received approval to add 2.0 FTEs for $157,670 to supervise Earned Wage Access (EWA) services as outlined in K.S.A. 9-2401 et seq.

REQUESTED BUDGET SUPPLEMENTS/ENHANCEMENTS

For FY 2028 and FY 2029, the OSBC requests two enhancement packages. **These enhancement packages requires no money from the State General Fund since the OSBC is a self-funded agency**.

- The OSBC requests the addition of **4.0 FTEs** with a total annual enhancement cost in FY 2028 of $411,979 including fringe benefits and in FY 2029 of $387,627 including fringe benefits:
    - Administrative program:
        - The Office of the State Bank Commissioner requests 1.0 FTE for the Administrative program. To support the OSBC's accelerating operational demands, ensure data infrastructure scalability, and reduce risk, funding is requested for a dedicated IT Analyst. The IT team currently consists of only three employees. Day-to-day operational support consumes the majority of the team's bandwidth, creating resource difficulties for new initiatives. Additionally, increased partnership with OITS/KISO requires improved cybersecurity tooling and monitoring.

          The OSBC IT team is currently operating at a critical staffing threshold that introduces significant operational risk. While the team has successfully maintained business continuity, this is only possible due to the high seniority and deep institutional knowledge demonstrated by the team's current personnel. Relying on an overextended team creates a single point of failure; if a key team member departs or faces extended absence, the OSBC's daily operations face immediate disruption. Adding a dedicated FTE will distribute the workload, mitigate burnout, allow for more educational opportunities to ensure the OSBC is well prepared for the threat landscape, and to establish the cross-functional redundancy necessary to safeguard infrastructure and protect the OSBC from catastrophic loss.

          The IT Analyst will focus on internal support, freeing up senior staff to other functions.

          This position is budgeted at $28.85 per hour, with a total annual enhancement cost

in FY 2028 of $93,580 including fringe benefits and in FY 2029 of $85,423 including fringe benefits.

- Banking and Trust program:
  - The Office of the State Bank Commissioner requests 1.0 FTE for the Banking and Trust program. To establish independent oversight and safeguard the integrity of our regulatory examination activities, an Internal Auditor is requested. As state-chartered institutions evolve, this role is critical to sustaining the OSBC's compliance framework and protecting sensitive data.

    The Internal Auditor is needed to evaluate the effectiveness and efficiency of the OSBC examination operations and to ensure compliance with laws, regulations, and internal policies. The Internal Auditor will provide independent and objective evaluations of examination activities and recommend corrective action as needed.

    Examples of work to be performed by the Internal Auditor include reviewing samples of retained workpapers for accuracy; ensuring confidential information from examinations is deleted from personal computers and that documents are stored correctly in the secure OSBC database; and other vital internal auditing functions for the Banking and Trust program. The Internal Auditor will also perform work for other agency divisions as needed.

    This position is budgeted at $40.86 per hour, with a total annual enhancement cost in FY 2028 of $120,978 including fringe benefits and in FY 2029 of $115,558 including fringe benefits.

- Consumer and Mortgage Lending program:
  - The Office of the State Bank Commissioner requests 2.0 FTEs for the Consumer and Mortgage Lending program. Both are Financial Examiner positions: 1.0 FTE to supervise Money Transmitters (including virtual currency kiosk operators) as outlined in K.S.A. 9-555 et seq. and 1.0 FTE to supervise Mortgage Companies as outlined in K.S.A. 9-2201 et seq.

    When the Legislature mandated OSBC oversight of virtual currency kiosk operators as Money Transmitters during the 2026 session, it recognized that additional resources would be needed. At that time, the consensus was that 1.0 FTE would be needed (see HB 2515 Fiscal Note). In conjunction with the newly acquired business activity under money transmission, the OSBC has also noted a growth of companies obtaining licenses over the past fiscal year (36) to conduct business as traditional Money Transmitters.

    The number of licensed Mortgage Companies has also sharply increased (37) over the past fiscal year, requiring further regulatory oversight and the need to request an additional 1.0 FTE in that area.

    This increase will ensure the OSBC bolsters staff to meet its statutory duties, protect consumers, and sustain a risk-based examination program for these industry

sectors.

The two positions are budgeted at $32.00 per hour for each position, with a total annual enhancement cost in FY 2028 of $197,421 including fringe benefits and in FY 2029 of $186,646 including fringe benefits.

- The OSBC requests a 5.0 percent proactive baseline payroll adjustment with a total annual enhancement cost in FY 2028 of $668,559 and in FY 2029 of $638,357.
    - This ensures the OSBC can absorb ongoing workforce salary pressures without using State General Funds (SGF). The enhancement package is fully funded through OSBC fee revenues. The OSBC is 100 percent fee-funded and receives zero State General Fund (SGF) appropriations; therefore, this proactive adjustment has a net-zero impact on the state's general fund. This enhancement package is necessary due to unique operational and statutory constraints:
        - 1. LEGISLATIVE PRECEDENT ALIGNMENT The Kansas Legislature mandated consecutive 5.0 percent statewide state employee pay increases in FY 2024 and FY 2025. Because the subsequent FY 2026 adjustment dropped to a minimal 1.0 percent, the OSBC anticipates heightened, catch-up market adjustments in the coming fiscal years to remain competitive. While fee-funded agencies must absorb these adjustments within their existing structures, the OSBC must build this proactive capacity into its baseline expenditure authority to ensure structural alignment with state workforce market fluctuations without lagging behind.
        - 2. ASYMMETRICAL FEE STRUCTURES AND VOLATILITY: The OSBC's primary revenue generation models lack mid-year flexibility. While the Banking and Trust Division establishes rigid, once-per-year fee assessments based on static asset cycles, the Consumer and Mortgage Lending (CML) Division relies on dynamic licensing fees and transactional volume that cannot be artificially scaled to offset unexpected expense shocks. Because revenue parameters across programs cannot simply be manipulated mid-year to react to unbudgeted expenditure mandates, the agency must account for salary adjustments proactively during the annual budget submission cycle to prevent structural deficits.
        - 3. PAYROLL SCALE EXPENSE AND HIRING FREEZE RISK: Salary and associated fringe benefits comprise the vast majority of the OSBC's total operating expenditures. Due to the scale of this fixed cost, the agency lacks the operational flexibility to absorb unexpected, unbudgeted multi-point payroll increases mid-year. This structural constraint was proven in past fiscal years when mandated 5.0 percent increases forced the agency to halt hiring and freeze vacant positions. Without proactive baseline adjustments, unexpected mandates will severely disrupt core regulatory services, induce forced staffing vacancies, and compromise long-term operational capabilities.
        - 4. CASH REVENUE VS. EXPENDITURE AUTHORITY LIMITATIONS: While the Division of the Budget (DOB) and the Kansas Legislative Research Department (KLRD) may grant increased expenditure authority when statewide raises are mandated, this administrative adjustment provides no actual capital to the agency's underlying funds. The OSBC operates within strictly limited, finite fee-fund cash balances. Budget analysts at both DOB and KLRD continuously monitor the agency's 404 reports to verify positive, viable cash fund balances. Because the OSBC cannot legally overspend or operate with a negative fund balance, paper expenditure

authority is functionally meaningless without the cash reserves to back it. Budgeting for these proactive adjustments provides necessary authority up front while posing no structural risk of accumulating an unspent cash surplus; the agency can insulate the regulated industry from over-assessment and prevent state fund sweeps simply by reducing or dynamically tuning the assessment discount historically provided in its final annual draw.

- Administrative program: Total annual enhancement cost in FY 2028 of $96,739 and in FY 2029 of $93,320.
- Banking and Trust program: Total annual enhancement cost in FY 2028 of $364,381 and in FY 2029 of $346,489.
- Consumer and Mortgage Lending program: Total annual enhancement cost in FY 2028 of $207,439 and in FY 2029 of $198,548.

BUDGET OVERVIEW

Actual total expenses for FY 2026 were $13,958,896, compared to the approved budget of $14,450,785. **This favorable variance reflects OSBC's continued role as a responsible steward of its fee-generated funds.**

The agency's largest expense remains Salaries, Wages, and Benefits for authorized full-time and part-time positions, which accounted for approximately 85% of actual FY 2026 expenditures. Two other significant components of administrative operations are highlighted below:

1. Rents (52300)
   OSBC operates its main office in Topeka along with field offices in Lenexa, Wichita, Hays, and Salina. By maintaining offices across the state, OSBC ensures a strong geographic presence near the entities it regulates. Locating examiners within their regions of activity:
   - strengthens professional relationships with regulated entities,
   - enhances awareness of regional economic and operational conditions, and
   - reduces travel needs, allowing greater efficiency in scheduling and conducting examinations.

   Total rental costs, with office space rental as the largest portion, for FY 2026 were $606,560, or 4% of total expenditures.
2. Travel (52500)
   Travel primarily supports examinations and training. Travel expenditures for FY 2026 totaled $262,339, or 2% of total expenditures.

During the pandemic, most training shifted to virtual formats, producing significant savings over two years. As in-person training and examinations resumed in 2023, travel and lodging costs began to rise. In FY 2026, OSBC strategically used virtual training options to keep actual travel and lodging expenses below budget. Travel and lodging costs are projected to increase in FY 2027, FY 2028, and FY 2029 as in-person participation expands.

Examination Protocols and Travel Projections

Following the pandemic, OSBC adopted a hybrid examination model that blends onsite and remote components depending on an institution's size, complexity, and location. This approach has been well received by both examination staff and regulated entities, providing efficiency while maintaining examination quality.

OSBC is committed to maintaining a comprehensive training and professional development program for agency staff. Financial Examiners are required to complete at least 21 continuing education hours each year.

Supervisors and executive staff also participate in industry-specific training, conferences, and professional meetings as appropriate.

For the Banking Division, most training and educational programs are offered through the Conference of State Bank Supervisors (CSBS), Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank (FRB), Graduate Schools of Banking, Cannon Trust Schools, and a range of trade associations and academic institutions.

For the Consumer and Mortgage Lending (CML) Division, continuing education and development are primarily provided by the American Association of Residential Mortgage Regulators (AARMR), National Association of Consumer Credit Administrators (NACCA), and the Money Transmitter Regulators Association (MTRA).

The table below displays service levels for FY 2026 and FY 2027:

Service Levels / Approved Budget	
Fiscal Year	**Approved Budget**
2026	$ 14,142,641
2027	$ 14,450,785

The OSBC was authorized 116.00 FTEs for FY 2027, which includes 114.0 FTE and 2.0 non-FTE unclassified permanent positions.

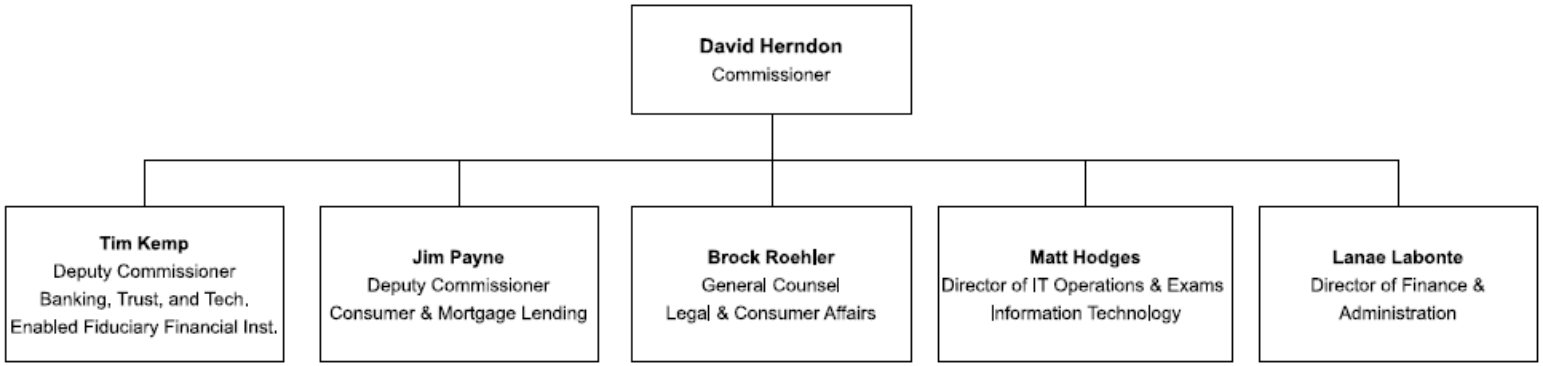
FY 2027 FTE Breakdown			
Program	**FTE Positions**	**Non-FTE Unclassified Permanent Positions**	**Total**
Administration	14	1	15
Bank and Trust Regulation	63	0	63
Consumer and Mortgage Lending Regulation	37	1	38
Total:	114	2	116

OSBC Organization Charts

The following six pages contain the organization charts for Administration, Banking and Trust, and CML.

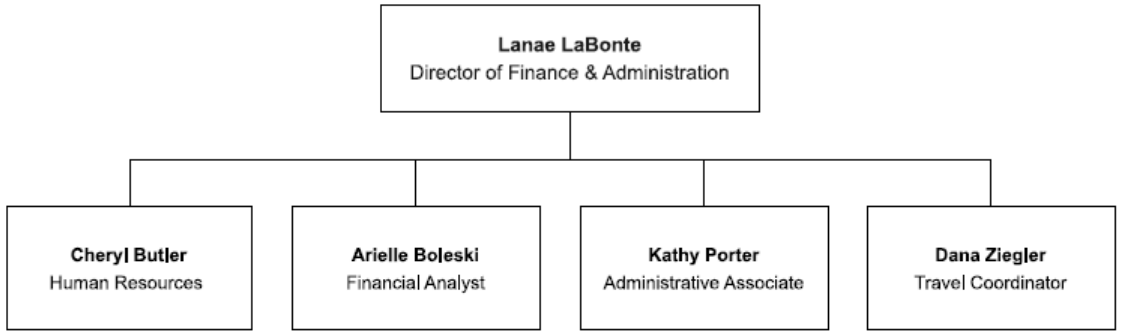
Office of The State Bank Commissioner Executive Team

August 28, 2026



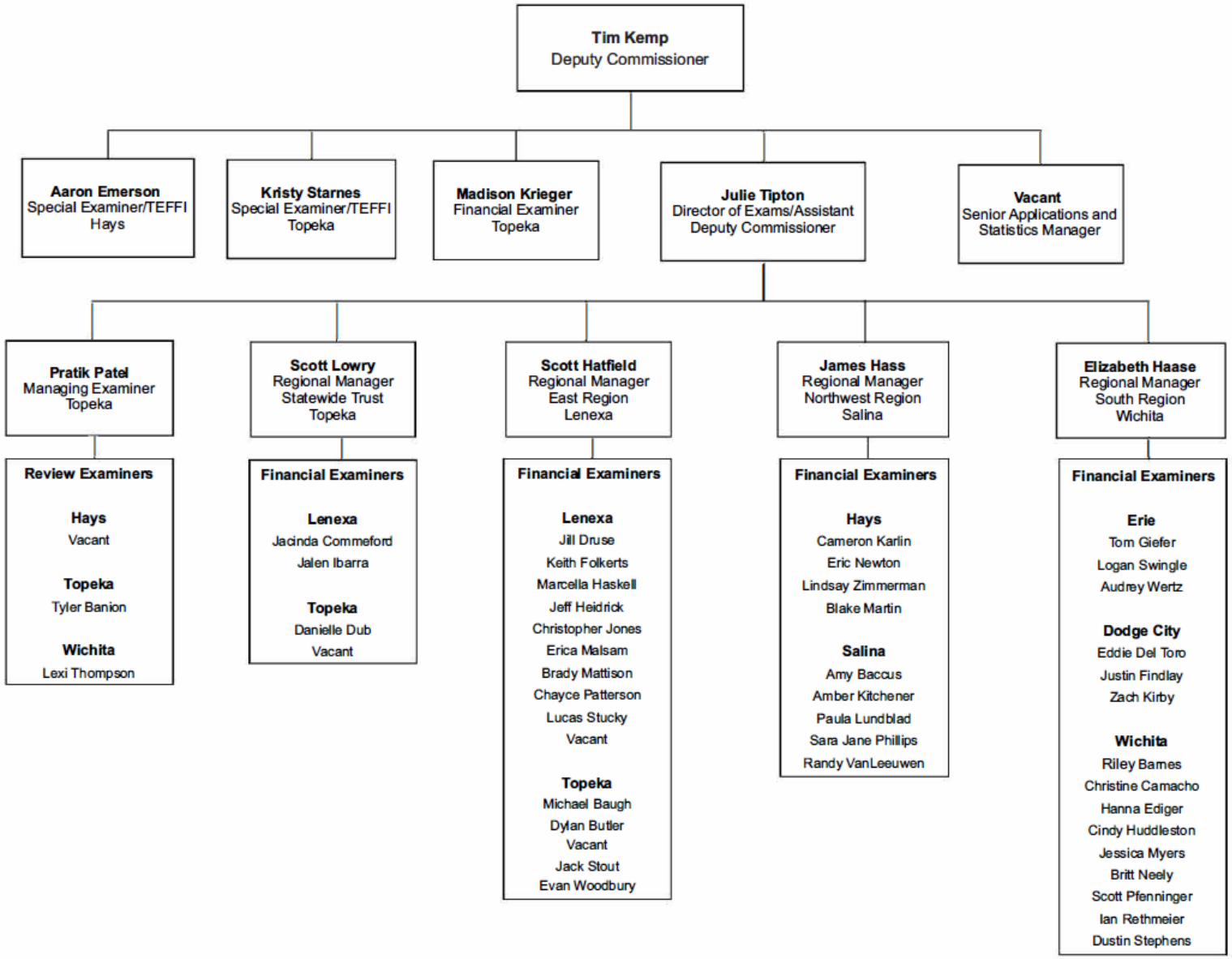
Office of The State Bank Commissioner Administration Division

September 2, 2026



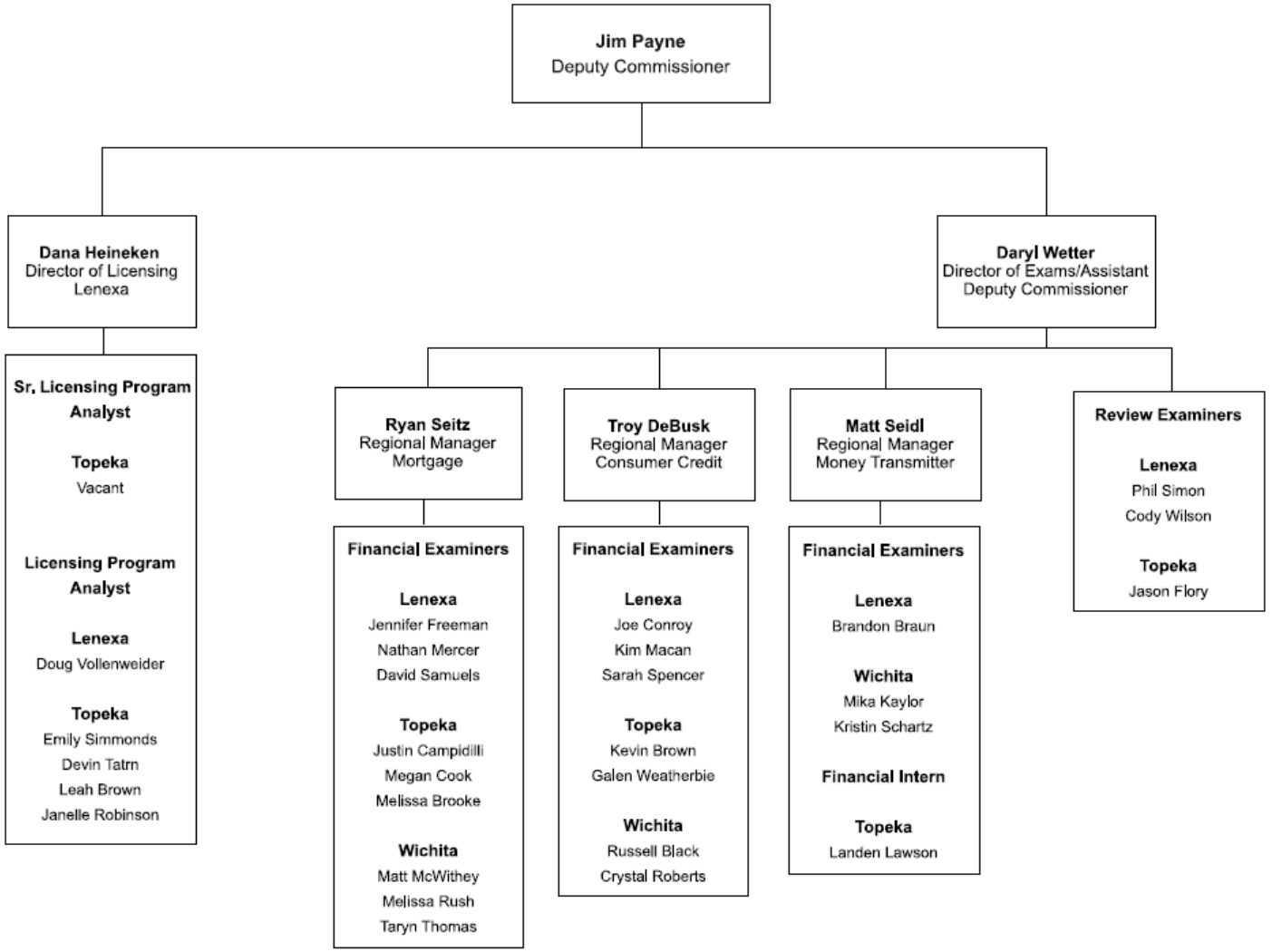
Office of The State Bank Commissioner Banking, Trust, and Technology Enabled Fiduciary Financial Institution (TEFFI) Divisions

September 14, 2026



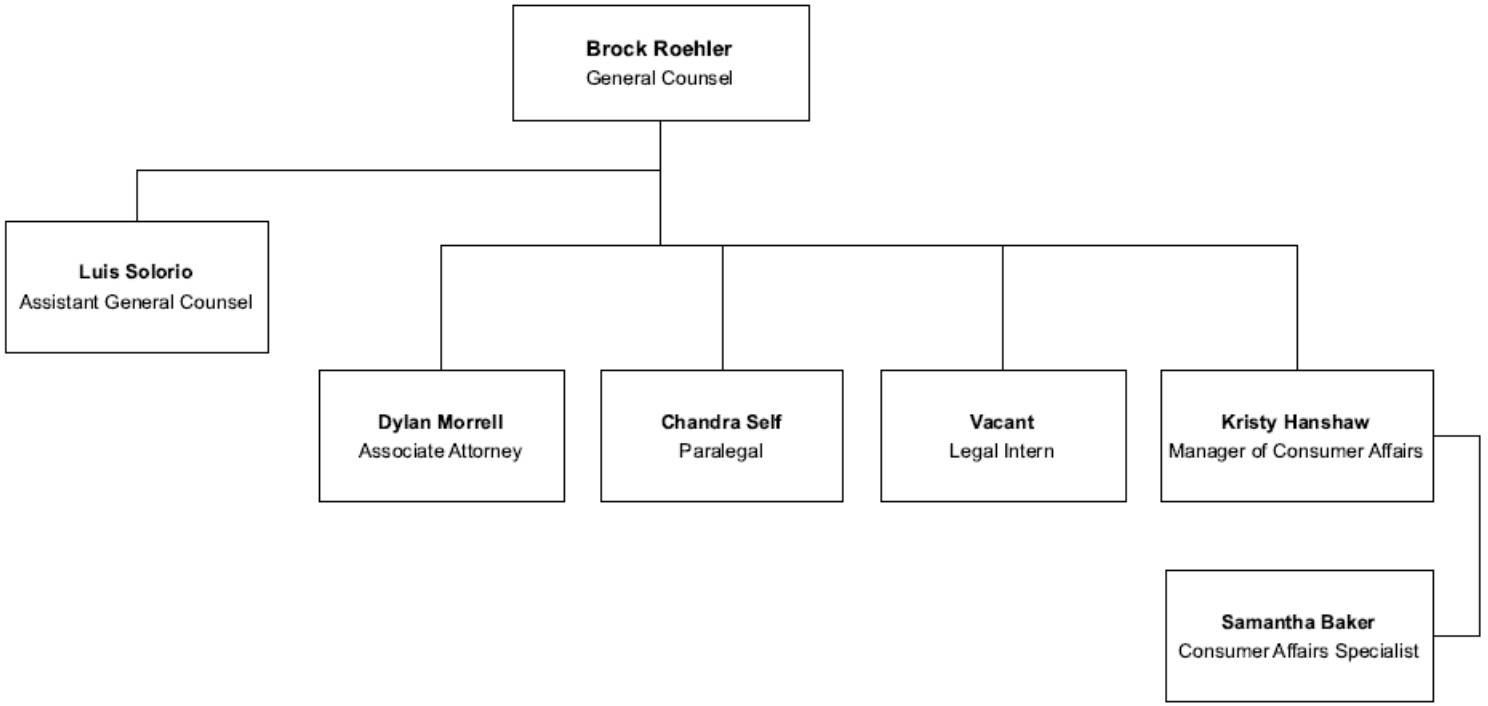
Office of The State Bank Commissioner Consumer and Mortgage Lending Division

September 22, 2026



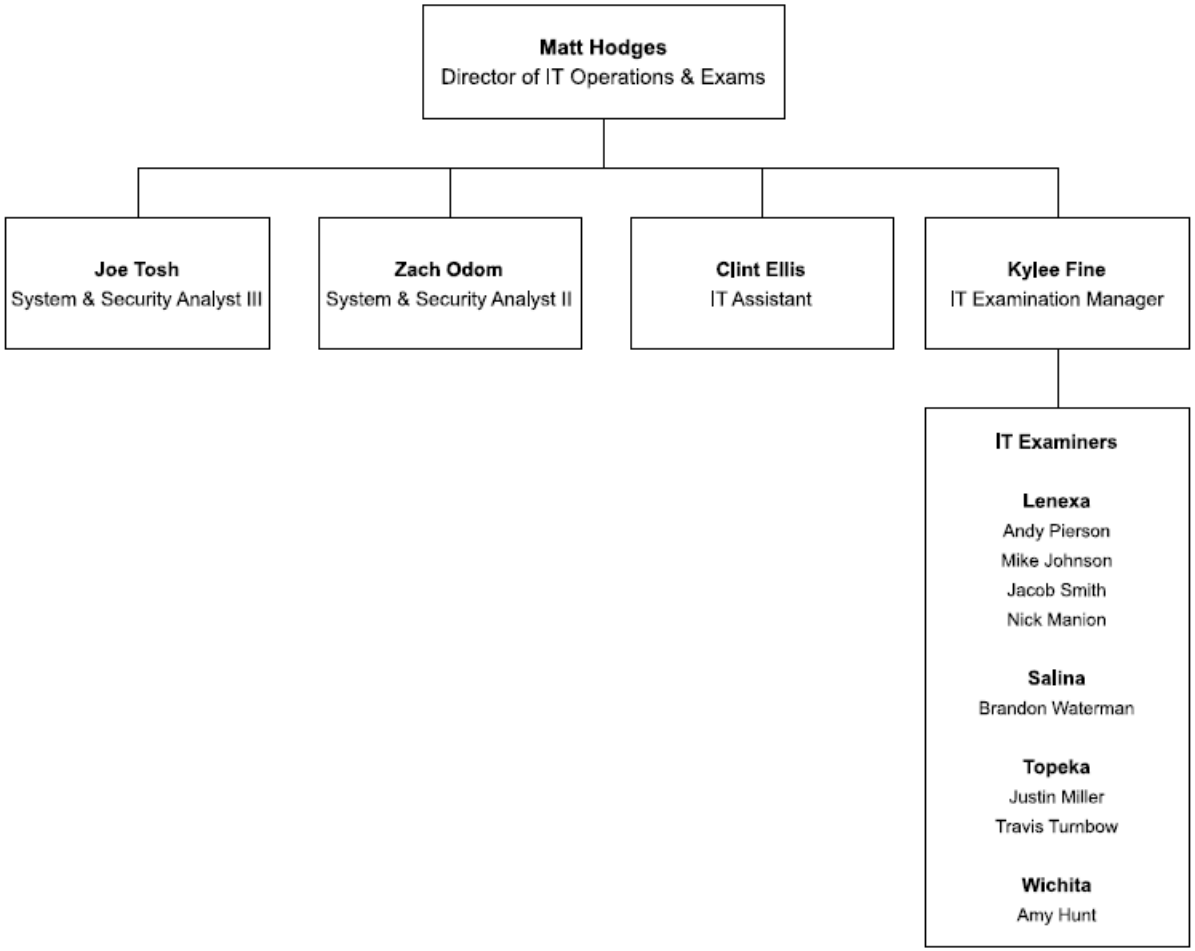
Office of The State Bank Commissioner Legal Division

November 18, 2025



Office of The State Bank Commissioner Information Technology Division

July 22, 2026



AGENCY REVENUE SOURCES

The OSBC receives no money from the State General Fund. All revenue is generated through assessments and fee income collected by both the Banking and Trust Division and the Consumer and Mortgage Lending (CML) Division.

The Banking and Trust Division's revenue is primarily derived from assessments and application fees paid by state-chartered banks, trust entities, and TEFFIs, pursuant to K.S.A. 9-1703. Assessments are calculated before the beginning of each fiscal year. For banks, assessments are based on assets reported to the FDIC as of March 31. For trust entities, assessments are based on fiduciary assets reported on the December 31 Call Report. Under the TEFFI Act, TEFFIs are subject to a statutory minimum annual assessment of $1,000,000. Of this amount, $750,000 is retained by the OSBC, and $250,000 is routed to the Kansas Department of Commerce and utilized for Strategic Economic Expansion and Development (SEED) grants.

In determining annual assessment levels, the OSBC considers:

- Authorized expenditure levels for the upcoming year,
- Carryover funds in the Bank Commissioner's Fee Fund to the credit of the Bank Division,
- The total dollar amount of assets under management by regulated entities, and
- Required transfers to the State General Fund.

The following tables outline the current and historical assessments for banks and trust entities:

Bank Assessment Fees				
Bank Assets as of the March 31 Call Report	FY 2026 Rates	FY 2025 Rates	FY 2024 Rates	FY 2023 Rates
< $500,000,000	0.000160	0.000160	0.000160	0.000160
$500,000,000 to $1,000,000,000	0.000135	0.000135	0.000135	0.000135
$1,000,000,000 to $5,000,000,000	0.000110	0.000110	0.000110	0.000110
> $5,000,000,000	0.000090	0.000090	0.000090	0.000090

Trust Assessment Fees				
Trust Assets as of the December 31 Annual Report	**FY 2026 Rates**	**FY 2025 Rates**	**FY 2024 Rates**	**FY 2023 Rates**
Inactive	$ 100	$ 100	$ 100	$ 100
$0 to $10,000,000	2,500	2,500	2,500	2,500
$10,000,000 to $100,000,000	4,000	4,000	4,000	4,000
$100,000,000 to $1,000,000,000	5,800	5,800	5,800	5,800
$1,000,000,000 to $5,000,000,000	14,500	14,500	14,500	14,500
$5,000,000,000 to $25,000,000,000	22,000	22,000	22,000	22,000
$25,000,000,000 to $50,000,000,000	44,000	22,000+*	22,000+*	
$50,000,000,000 to $100,000,000,000	65,000			
$100,000,000,000 to $200,000,000,000	$ 100,000			

*Rate was $22,000 plus $5,000 for every one billion asset dollars

State statutes also establish application fees for certain financial institution changes or activities requiring approval from either the Bank Commissioner or the State Banking Board. The actual revenue generated each year depends directly on the number and type of applications submitted and processed. These fees are deposited into the Investigative Fee Fund, from which all expenses related to approving or denying applications are paid. Any remaining balance may, at the discretion of the Commissioner, be transferred to the Bank Commissioner Fee Fund for the express purpose of paying operating expenses. Because application revenue depends entirely on the volume of submissions, it is inherently difficult to predict.

Revenue for the Consumer and Mortgage Lending (CML) Division is derived from fees paid by licensed consumer credit providers, mortgage licensees, money transmitters, earned wage access service providers, and credit services organizations. The following schedule outlines the current and historical fee structure for these regulated entities:

Consumer and Mortgage Lending (CML) Fees				
	FY 2027 Rate	**FY 2026 Rate**	**FY 2025 Rate**	**FY 2024 Rate**
Mortgage & Consumer Credit				
Company new/renewal license application for principal place of business*	$400 - 600	$400 - 600	$400 - $600	$400
Company new or renewal license for branch office	$100 - 400	$100 - 400	$100	$100
Loan originator new license	$100	$100	$100	$100
Loan originator renewal license	$100	$100	$100	$50
Annual licensing fee** (per $100,000)	$2.00 - $20.00	$2.00 - $20.00	$2.00 - $6.00	$2.00 - $6.00
Annual licensing fee** (per loan)	$0.20 - $4.00	$0.20 - $4.00	$0.20 - $2.50	$0.20 - $2.50
Consumer credit filer location fee	$30	$30	$25	$25
Consumer credit filer volume fee (per $100,000)	$10 - $15	$10 - $15	$5 - $15	$5 - $15
Money Transmitters				
Company new license application	$2,500	$1,750	$1,750	$1,750
Annual licensing fee	tiered % based on volume	tiered % based on volume	tiered % based on volume	tiered % based on volume
Earned Wage Access				
Company new or renewal license for principal place of business*	$1,500	$1,500		

*Credit Services Organization renewal license fee is $150.

**Certain credit transactions are assessed on a per loan basis and others on dollar volume

ADMINISTRATION PROGRAM (09401)

The Administration program provides support for the supervisory and regulatory functions of the OSBC, which encompasses many functions, including:

- Administration of OSBC policies;
- Fiscal systems and processes, including accounting, budget, and human resource functions;
- Legal services in execution of regulatory requirements;
- Support technology utilized by the Agency; and
- Cash requirements for transfers to State General Fund.

The Administration program is authorized 15.0 FTE positions for FY 2027, including 14.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position.

EXPENDITURE SUMMARY:

Administration Expenditure Summary 0940101000 (Admin), 0940102000 (Legal), 090103000(IT)			
Account Category	**FY 2025 Actuals**	**FY 2026 Approved**	**FY 2027 Approved**
Salaries and Wages (51XXX)	$ 1,634,818	$ 1,698,313	$ 1,725,593
Contractual Services (52XXX)	569,590	566,082	584,218
Commodities (53XXX)	26,724	21,900	21,800
Capital Outlay (54XXX)	52,930	24,850	40,050
Other Assistance (55XXX)	-	-	-
Capital Improvements (542XX)	3,448	-	-
Total:	$ 2,287,510	$ 2,311,145	$ 2,371,661

ACTUAL ADMINISTRATION EXPENDITURE DATA FOR FY 2026:

Administrative Actual Expenses FY 2026 0940101000 (Admin), 0940102000 (Legal), 090103000(IT)			
Object Code	**Description of Object Code**	**Amount**	**Notes and Examples**
51000	Salaries & Wages	$ 1,741,322	Salaries, wages, and fringe benefits
52000	Communications	48,852	Phone service, cell phones, postage
52100	Freight	1,607	FedEx charges
52200	Print & Advertising	1,045	Business cards, letterhead
52300	Rents	355,992	Office ratal space (five locations)
52400	Repair & Service	77,243	Computer service agreements, vehicle repair
52500	Travel	26,038	Conference travel, training travel
52600	Other Service Fees	112,696	Training & Conf., DoA MOUs, Monumental Building Srchrg
52700	Professional Services Fees	24,934	KBI background checks, translation, cyber security services
52900	Other Contractual Servies	6,597	Vehicle insurance, dues & subscriptions
53000	Clothing	5,350	Staff apparel
53200	Other Supplies	2,063	Food for human consumption
53400	Other Equipment and Parts	18	Other parts and hardware
53500	Vehicle Parts/Gasoline	3,592	Vehicle tires, wiper blades, gasoline
53600	Professional Supplies	441	Sessions Law
53700	Office Supplies	18,753	Office supplies including printer toner
53900	Other Supplies	4,985	Security badges, household supplies
54000	Office Furniture & Equipment	97,789	Furniture, vehicles, and equipment
54100	Computer Equipment	19,620	Employee laptops and servers
54200	Buildings & Improvements	6,767	Card reader replacements
	Total:	$ 2,555,704	

BANK AND TRUST REGULATION PROGRAM (09402)

The Bank and Trust Division is responsible for the oversight and supervision of all state-chartered banks, trust entities, and TEFFIs. Total assets supervised in banks and trust entities (excluding TEFFIs) rose from $161.8 billion in FY 2025 to $173.7 billion in FY 2026. The program's core responsibilities include:

- Supervising state-chartered banks, trust entities, and TEFFIs with transactional authority, including regulatory oversight and examination functions;
- Establishing enforcement actions to address troubled institutions and restore them to a safe and sound condition;
- Providing information and guidance to prospective state-chartered financial institutions;
- Administering and developing policies and programs related to bank, trust, and TEFFI supervision;
- Reviewing and investigating applications for new institutions or changes in corporate activities;
- Coordinating with federal and other state banking agencies on supervisory matters;
- Researching and responding to inquiries from regulated institutions, attorneys, consultants, industry organizations, and the public; and
- Building and maintaining positive relationships with regulated entities and trade associations through outreach and education.

PROGRAM GOALS

The OSBC is committed to regulating state-chartered banks and trust entities in an efficient, capable, fair, and professional manner. As required by K.S.A. 9-1701, all state-chartered banks must be examined at least once every 18 months. More frequent examinations are required in certain circumstances, including:

- when a bank's assets exceed $3 billion,
- when a bank is classified as a "troubled bank," or
- when management is deemed less than satisfactory.

In these cases, examinations must occur at least annually. As a result, approximately two-thirds of Kansas state-chartered banks are examined each fiscal year. Examinations conducted by the FDIC or the Federal Reserve Bank (FRB) may be accepted in lieu of a state examination.

Banks are evaluated under the Uniform Financial Institutions Rating System, which assigns a score of 1–5 across six components collectively referred to as the CAMELS rating:

Capital adequacy
Asset quality
Management
Earnings
Liquidity
Sensitivity to market risk

These component scores are combined into a composite rating. Institutions with Composite ratings of 3, 4, or 5 are defined as "troubled."

Due to restrictions in the TEFFI Act, Safety and Soundness examinations are not conducted for TEFFIs, and they are not assigned CAMELS ratings.

The following schedule reflects the OSBC examination compared to benchmarks for FY 2026:

Bank Exam Statistics by Region As of 6/30/2026					
State Region	Number of Banks	Number of Exams to Meet Objectives	Number of Exams Completed by State (Includes Joint Exams)	Number of Exams by FDIC/FRB Only	Total Number of Exams +Above/-Below the Criteria
East	53	35	21	18	4
Northwest	43	29	15	13	-1
South	54	36	24	14	+2
Total:	150	100	63	45	+5

Assets of Regulated Banks and Trusts				
	Actuals as of 6/30/26	Projected as of 6/30/27	Projected as of 6/30/28	Projected as of 6/30/29
Number of State-Chartered Banks	150	140	135	128
Assets of State-Chartered Banks	$60,546,397,000	$63,500,000,000	$67,000,000,000	$72,000,000,000
Total assets of troubled banks as a percentage of total bank assets	0.48%	2.54%	3.01%	3.25%
Number of troubled banks as a percentage of total number of banks	1.33%	2.86%	3.70%	4.70%
Number of State-Chartered Trust Companies/Departments	44	46	47	48
Assets of State-Chartered Trust Companies/Departments	$173,661,903,000	$174,500,000,000	$178,000,000,000	$190,000,000,000

Composite Ratings and Troubled Banks						
Fiscal Year Ending	Number of banks	CAMELS Ratings: 1	2	3,4,5		Change in Troubled Banks (3,4,5) from Prior Year
6/30/2022	177	79	94	4		-4
6/30/2023	171	75	92	4		0
6/30/2024	168	69	91	8		4
6/30/2025	159	77	78	4		-4
6/30/2026	150	84	64	2		-2

An essential outcome of the examination process is to ensure the financial integrity of supervised institutions through the issuance of an examination report and a CAMELS rating. The CAMELS rating provides a framework for identifying and monitoring troubled institutions. When necessary, the OSBC may impose corrective measures, including Board Resolutions, Memorandums of Understanding, or Consent Orders, to address deficiencies and restore institutions to a safe and sound condition.

Bank Corrective Actions					
Type of Action (in Order of Severity)	**As of 6/30/2022**	**As of 6/30/2023**	**As of 6/30/2024**	**As of 6/30/2025**	**As of 6/30/2026**
Consent Orders	2	3	3	2	0
Memorandum of Understanding	2	1	4	3	1
Written Agreements	0	0	0	0	0
Board of Directors' Resolution	0	0	1	0	2
Cease and Desist / Notice of Charges	0	0	0	0	1*
Total:	4	4	8	5	4

* As of 9/30/26

Applications from financial institutions and trust entities must be reviewed promptly and acted upon by the appropriate authority within the statutory or agency-established time frames. The following chart shows Turn-Around-Times

OSBC Turn-Around Times to Process Actions									
	FY 2023			**FY 2024**			**FY 2025**		
Action	**Received**	**Approved/ Denied**	**Turn-Around Time (Average Days)**	**Received**	**Approved/ Denied**	**Turn-Around Time (Average Days)**	**Received**	**Approved/ Denied**	**Turn-Around Time (Average Days)**
Merger	7	7	56	5	5	27	11	9	21
Acquisitions	0	0	NA	0	0	NA	0	0	NA
Change of Control	2	2	188	2	2	39	3	3	47
Conversion	0	0	NA	0	0	NA	0	0	NA
Relocations	4	4	24	2	2	8	4	4	6
New Branch/TSO	10	10	28	5	5	21	6	6	11
New Charter	2	2	135	0	0	NA	1	0	NA
Name Change	2	2	15	0	0	NA	1	1	1
Trust Powers	0	0	NA	0	0	NA	0	0	NA
Reduction of Capital Account	5	5	20	2	2	25	4	4	34
Revenue Bonds	0	0	NA	0	0	NA	0	0	NA
Subsidiary	0	0	NA	0	0	NA	0	0	NA
Total:	32	32	67	16	16	24	30	27*	20

*Two pending mergers not approved and one pending charter not approved

STAFFING LEVEL

The Bank, Trust and TEFFI Division is authorized 63.0 FTE positions for FY 2027.

EXPENDITURE SUMMARY:

Bank & Trust Expenditure Summary 094020100 (Banking), 0940202000 (Board), 0940203000 (Trust), 0940205000 (TEFFI)			
Account Category	**FY 2026 Actuals**	**FY 2026 Approved**	**FY 2027 Approved**
Salaries and Wages (51XXX)	$ 6,526,802	$ 6,543,921	$ 6,635,253
Contractual Services (52XXX)	560,755	888,017	887,862
Commodities (53XXX)	18,829	12,000	12,000
Capital Outlay (54XXX)	20,717	50,250	30,250
Other Assistance (55XXX)	-	-	-
Capital Improvements (542XX)	-	-	-
Total:	$ 7,127,103	$ 7,494,188	$ 7,565,365

ACTUAL EXPENDITURE DATA FOR FY 2026:

Banking, Trust, and TEFFI Actual Expenses FY 2026 094020100 (Banking), 0940202000 (Board), 0940203000 (Trust), 0940205000 (TEFFI)			
Object Code	**Description of Object Code**	**Amount**	**Notes and Examples**
51000	Salaries & Wages	$ 6,526,802	Salaries, wages, and fringe benefits
52000	Communications	36,600	Phone service, cell phones, postage
52100	Freight	521	FedEx charges
52200	Print & Advertising	166	Business cards
52300	Rents	136,400	Office rental (five locations)
52400	Repair & Service	11,959	Vehicle repair
52500	Travel	104,475	Conference travel, training travel
52600	Other Service Fees	102,485	Training & Conferences
52700	Professional Services Fees	20,904	KBI record checks
52900	Other Contractual Servies	147,245	CSBS accreditation fees
53000	Clothing	19	Clothing
53200	Other Supplies	1,031	Food for human consumption
53500	Vehicle Parts/Gasoline	5,195	Fuel and parts
53700	Office Supplies	12,006	Office supplies including printer toner
53900	Other Supplies	578	Household supplies
54100	Computer Equipment	20.717	Laptops
	Total:	$ 7,127,103	

INVESTIGATION PROGRAM

The Investigation Program incurs expenses related to applications submitted to the State Banking Board for approval. These requests are primarily for new bank charters and new trust company charters. When necessary, the State Banking Board conducts a hearing on an application, and the resulting expenses are paid through this program.

This program is established as a “No Limit” fund, allowing expenditures to match the volume and complexity of applications received.

CONSUMER AND MORTGAGE LENDING REGULATION PROGRAM

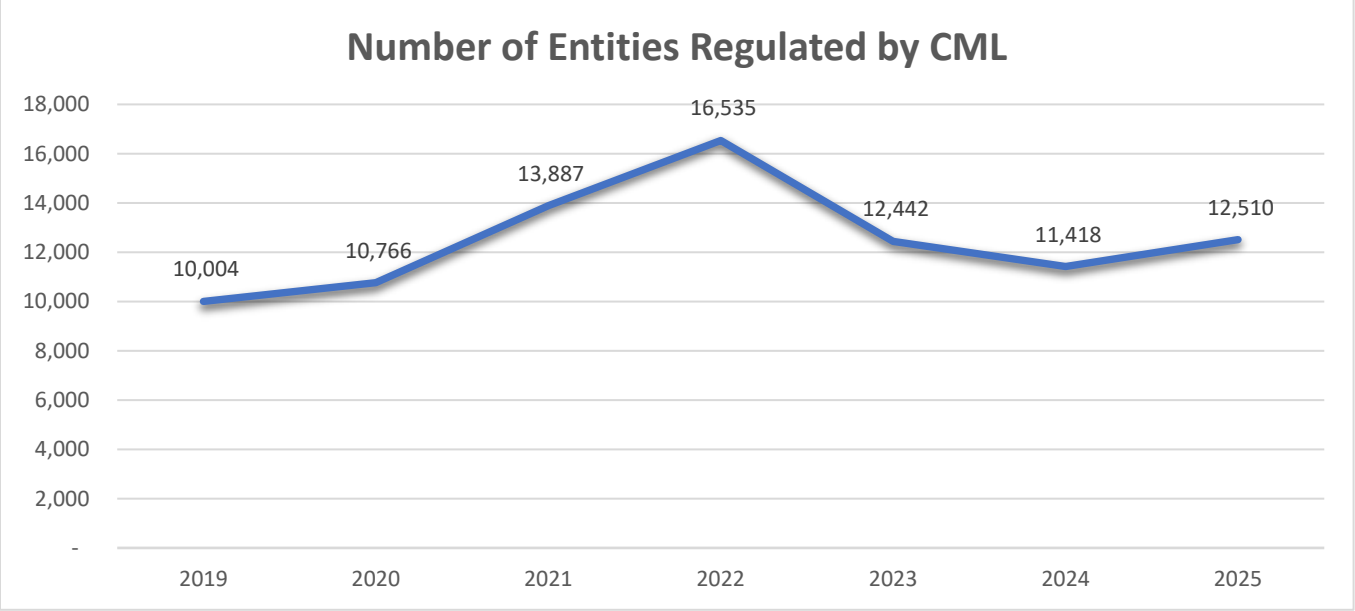
The Consumer and Mortgage Lending (CML) Division oversees and supervises consumer credit lenders, mortgage companies (brokers, lenders, and servicers), money transmitters (including virtual currency kiosk operators), debt management companies, sales finance companies, earned wage access service providers, and other credit providers. The Division administers the Uniform Consumer Credit Code (UCCC), Kansas Mortgage Business Act (KMBA), Kansas Money Transmitter Act (KMTA), Credit Services Organization (CSO) Act, and Earned Wage Access Services Act (EWA Act), along with applicable federal laws such as Regulation Z, Regulation M, the Real Estate Settlement Procedures Act (RESPA), the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, and the Equal Credit Opportunity Act.

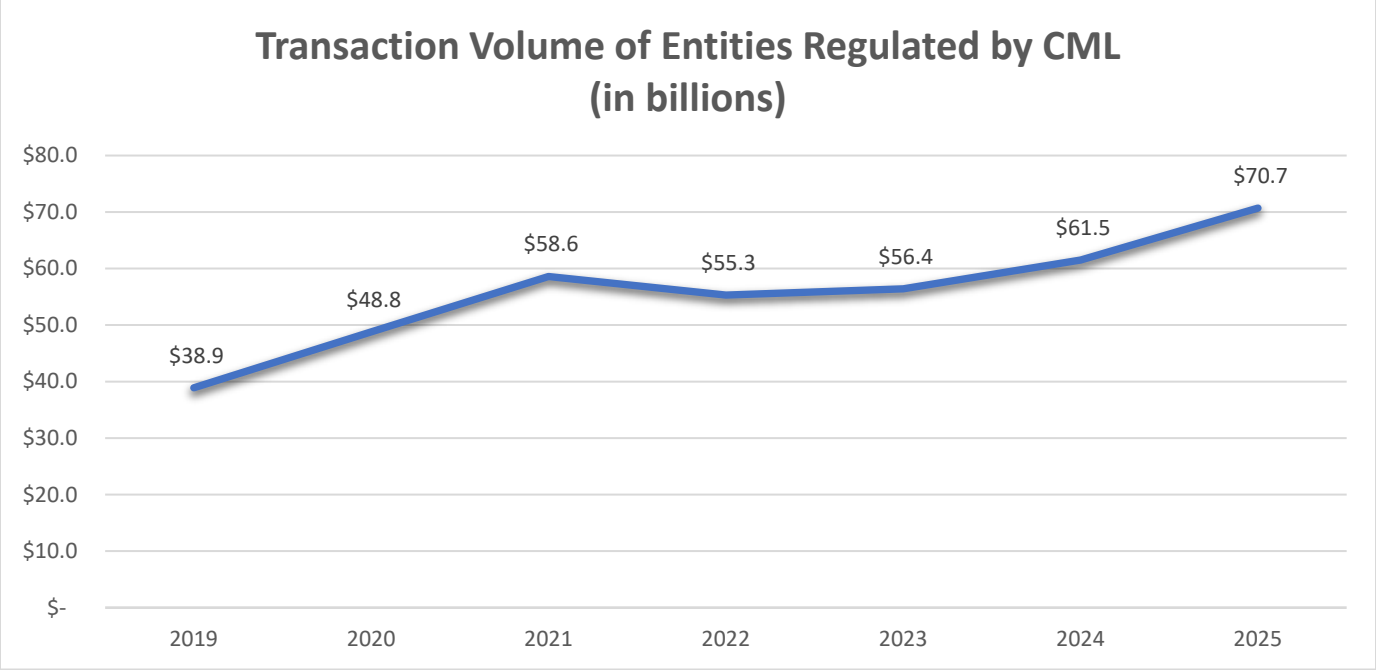
PROGRAM GOALS

The CML Division's goals are to:

- Ensure a regulatory environment that balances reasonable oversight of regulated entities with a fair, competitive marketplace where consumers can obtain credit;
- License mortgage, consumer credit, and money service providers in compliance with state and federal law;
- Conduct periodic examinations of regulated entities to promote lawful credit practices and ensure compliance;
- Take enforcement actions to address violations of state law;
- Operate a consumer complaint investigation and response program to assist consumers with questions and concerns; and
- Facilitate financial education statewide by collaborating with other Kansas financial regulatory agencies to improve consumer access to financial resources.

CML Licensed Entities				
	Actuals as of 6/30/26	**Actuals as of 6/30/27**	**Projected as of 6/30/28**	**Projected as of 6/30/29**
Mortgage Companies	681	722	765	811
Mortgage Company Branches	1,340	1,421	1,506	1,597
Mortgage Loan Originators	9,866	10,458	11,085	11,750
Supervised Lenders	364	386	409	434
Supervised Lender Branches	297	315	333	353
Earned Wage Access Service Providers	31	33	35	37
Credit Services Organizations	20	21	22	23
Money Transmitters	220	233	248	262
Notification Filers	1,125	1,194	1,265	1,341
Total:	13,944	14,783	15,668	16,608





Note: Transaction volume is reported annually; therefore, 2026 data is not available at time of budget submission.

The UCCC, KMBA, KMTA, CSO Act, and EWA Act authorize the CML Division to examine licensed mortgage, consumer credit, money transmitter, CSO, and EWA providers. The target examination cycle is 36 to 48 months, a timeframe chosen to align with state and federal recordkeeping requirements for mortgage and credit transactions. Examinations are also conducted based on risk and internal examination ratings, which impacts the overall examination cycle.

STAFFING LEVEL

The Consumer and Mortgage Lending Regulation Program is authorized 38.0 FTE positions for FY 2027, including 37.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position.

EXPENDITURE SUMMARY:

CML Expenditure Summary 094040100 (CML), 0940402000 (Consumer Education)			
Account Category	**FY 2026 Actuals**	**FY 2026 Approved**	**FY 2027 Approved**
Salaries and Wages (51XXX)	$ 3,590,402	$ 3,587,119	$ 3,764,821
Contractual Services (52XXX)	372,521	503,789	515,738
Commodities (53XXX)	16,434	9,000	9,000
Capital Outlay (54XXX)	20,182	37,400	24,200
Other Assistance (55XXX)	276,550	200,000	200,000
Capital Improvements (542XX)	-	-	-
Total:	$ 4,276,089	$ 4,337,308	$ 4,513,759

ACTUAL CML EXPENDITURE DATA FOR FY 2026:

CML Actual Expenses FY 2026 094040100 (CML), 0940402000 (Consumer Education)			
Object Code	**Description of Object Code**	**Amount**	**Notes and Examples**
51000	Salaries & Wages	$ 3,590,402	Salaries, wages, and fringe benefits
52000	Communications	18,797	Phone service, cell phones, postage
52100	Freight	154	FedEx charges
52200	Print & Advertising	457	Business cards, advertising/press releases
52300	Rents	114,168	Office rental space
52400	Repair & Service	20,159	Software maintenance, vehicle repair
52500	Travel	131,826	Conference travel, training travel
52600	Other Service Fees	44,687	Training & Conferences
52700	Professional Services Fees	1,340	Office of Administrative Hearings
52900	Other Contractual Servies	40,933	CSBS accreditation fees
53200	Other Supplies	1,296	Food for human consumption
53500	Vehicle Parts/Gasoline	4,547	Tires and vehicle parts
53600	Professional Supplies	6	Miscoded office supplies
53700	Office Supplies	3,257	Office supplies including printer toner
53900	Other Supplies	342	Security badges, household supplies
54000	Office Furniture & Equipment	662	Office furniture and equipment
54100	Computer Equipment	19,520	Employee laptops
55160	State Aid Qual Non-State	276,550	Grants, scholarships
	Total:	$ 4,276,089	

CONSUMER PROTECTION AND EDUCATION

In addition to its regulatory and supervisory responsibilities, OSBC plays a vital role in protecting consumers and advancing financial education across Kansas. An important part of the OSBC's mission is to protect and educate consumers. A primary goal of the Legal Division is to ensure consumers receive the protections afforded under state and federal law. To help meet this objective, the Consumer Affairs Department handles consumer complaints by communicating with both consumers and financial service providers to resolve disputes. These efforts often result in refunds or other financial benefits to consumers.

During the complaint process, data is also gathered to identify trends and assist with examinations of providers. These activities require resources for investigation, examination, preparation, and enforcement actions against entities found to have committed violations.

OSBC provides information to both consumers and regulated entities through its website, which offers details on laws, regulations, application requirements, and an online system for inquiries and complaints.

In addition, regulated entities benefit from OSBC's efforts to maintain a level playing field, ensuring fair competition across the financial marketplace. The agency also serves as a resource for institutions—both established and prospective—by providing guidance on applicable laws, regulations, and application procedures.

Consumer Inquiries and Complaints		
FY 2024	**FY 2025**	**FY 2026**
1,451	1,556	1,665

CONSUMER EDUCATION AND TRAINING PROGRAM GRANTS AND LOCAL ASSISTANCE – FY 2026
OSBC supports financial education initiatives across Kansas through consumer education grants and staff-led outreach. In addition to periodic presentations by the Commissioner and staff, OSBC awards grants to educators, nonprofits, and other organizations to expand financial literacy programs.

The grants and local assistance are funded by fines imposed and collected from non-depository regulated institutions, or settlements reached with companies within the jurisdiction of the OSBC.

No taxpayer monies or bank assessment funds are used.

- In FY 2025, OSBC awarded $188,050 in grant funding.
- In FY 2026, OSBC awarded $241,550 in grant funding.

A record ten grant applications were submitted in FY 2026, of which eight were approved. These programs collectively reached more than 1.1 million Kansas consumers of all ages.
FY 2026 Grant Recipients:

- **Mirror, Inc. – $4,050**
  Work for Success program (Lawrence and Topeka): Provided financial literacy classes, budgeting tools, and employment readiness training to participants.

- **Kansas Bankers Educational Foundation – $20,000**
  Supported financial literacy initiatives and scholarships, including statewide financial education ad campaigns.

- **Kansas Council for Economic Education (KCEE) – $20,000**
  Helped teachers integrate economics and personal finance into classrooms and sponsored the annual Personal Finance Challenge for middle and high school students.

- **Jobs for America's Graduates – Kansas (JAG-K) – $25,000**
  Funded in-school elective classes and competitions in financial literacy, employability, and public speaking for at-risk students.

- **Omni Circle Group, Inc. – $25,000**
  Provided financial education, mentorship, and entrepreneurship training to underrepresented communities, with a focus on closing the racial wealth gap.

- **SparkWheel – $25,000**
  Delivered the FutureNow: Finance financial literacy program to students in high schools throughout the state.

- **Kansas State University Foundation; Powercat Financial – $47,500**
  Provided 12 hours of professional development for personal finance teachers at each of the 406 high schools throughout the state.

- **The Pando Initiative – $75,000**
  Delivered the Reality U financial literacy simulation to students in middle schools and high schools throughout the state.

For FY 2027, 12 grant applications were received. OSBC's Grant Committee plans to make award determinations in October 2026.

CONSUMER EDUCATION AND TRAINING PROGRAM SCHOLARSHIPS – FY 2026
OSBC awarded five scholarships totaling $25,000 to five recent Kansas high school graduates.

The scholarships are funded by fines imposed and collected from non-depository regulated institutions, or settlements reached with companies within the jurisdiction of the OSBC.

The students wrote essays demonstrating their knowledge of money management and the importance it has on their future in this year's Kansas Financial Scholars Essay Contest.

Educating Kansas consumers is an important part of the mission of the OSBC. There are many different financial literacy programs and curriculum used in high schools and this contest challenges students to use that knowledge to research and analyze decisions they will make for their futures. There are many different financial literacy programs and curriculum used in high schools and this contest challenges students to use that knowledge to research and analyze decisions they will make for their futures.

- **Post-Secondary Scholarships – $25,000**
  Through the *Kansas Financial Scholars Essay Contest*, five high school seniors pursuing post-secondary education in Kansas received scholarships to help continue their education.

CONSUMER EDUCATION AND TRAINING PROGRAM SPONSORSHIPS – FY 2026

For the third consecutive year the OSBC is proud to be a gold sponsor of the Women & Money Conference hosted by the Kansas Financial Empowerment Foundation and the Kansas State Treasurer. This conference is dedicated to empowering Kansas women by providing critical financial information and valuable resources to help them take control of their financial future.

The OSBC has also proudly supported Kansas-wide consumer protection initiatives through our sponsorship of tv and radio ads in conjunction with the Kansas Bankers Association.