



BANK OF PAPUA NEW GUINEA

FINANCIAL SYSTEM SUPERVISION DEPARTMENT

APPLICATION for LICENSE to CONDUCT BANKING BUSINESS
Section 10, Banks and Financial Institutions Act 2000

Date of application:

Name of applicant company or group:

Contact information:

Name:

Position or Title:

Address:

Telephone & Fax:

e-mail:

INSTRUCTIONS

A. GENERAL

The Banks and Financial Institutions Act 2000 (Act) requires that a body corporate which desires authority to carry on banking business must apply in writing to the Central Bank for a licence as either a bank or a licensed financial institution. The Act further requires that an application be submitted in a form prescribed by the Central Bank, include certain prescribed information, and be accompanied by the required application fee. An application will not be considered received nor will it be processed until the filing fee and all supporting information are received.

This application is provided to assist you in preparing and submitting an application that provides all the required information and satisfies the criteria for approval of an application. The application is divided into three parts, each relating to a different aspect of the proposed institution. Specifically, information is requested about the:

<u>Part</u>	<u>Covered Area</u>
I	Proposed Institution
II	Directors, Executive Officers, and Shareholder Controllers
III	Corporate Shareholders

When completing this application and the supporting attachments, you should be guided by the following terms and requirements listed below.

B. TERMS

1. Affiliate – means any person or company that controls the proposed institution; any sister company that is controlled by the same company that controls the proposed institution; and any other company which is owned or controlled by a majority of the directors or shareholders who own or control the proposed institution.
2. Bank – means a commercial bank which conducts the activities described in Section 9.
3. Corporate Shareholder – means any corporation, partnership, joint venture, association or other form of organization other than a natural person.
4. Executive Officer – includes the chief executive officer (CSO), the chief accounting officer (CAO or CFO), and all other officers who are responsible for major functional areas of the institution including, but not limited to, the following areas: (a) lending and credit administration; (b) operations and internal controls; (c) investments; (d) treasury and foreign exchange operations; and (e) trust and fiduciary activities.
5. Finance Company – means a licenced financial institution which carries on banking business other than those activities exclusively reserved to banks by Section 9.
6. Person – means any person or legal entity including a corporate, partnership, joint venture, association or other form of organisation other than a natural person.
7. Shareholder Controller – means any person who owns or controls, directly or indirectly, either now or upon licencing, 15% or more of the voting stock of the proposed institution. Shareholder Controller may also be referred to as a principal shareholder.

C. REQUIREMENTS

1. Responses – no application will be considered until complete information is submitted.

all responses and documentation submitted with this application must be **typewritten** or printed clearly in ink. All questions must be answered; no question may be left blank. If an appropriate answer is "No", "None", "Not Applicable", or "Not Known", so indicate. Additional pages may be added if response space is not enough. Inaccurate or incomplete information will result in delays for the processing of an application.

2. Fees – a certified check for the prescribed fee and payable to the "Bank of Papua New Guinea" must accompany the application. The application fee covers the administrative costs of review and evaluation of the application and is not refundable. An application will not be considered received or evaluated until the Central Bank has received collected funds for the required application fee and all supporting information. Failure to submit the required fee and full information will delay processing and may result in rejection and return of the application.

In addition to the application fee, a licence fee and an annual renewal fee must be paid to the Central Bank. Failure to pay the required fees within the time limits specified in Section 60 of the Act will result in withholding approval to commence operations or suspension of licence, as the case may be.

The prescribed fees (from June 2000) are –

	<u>Bank</u>	<u>Finance Co.</u>
Application fee	K25,000	K15,000
Licence fee	K25,000	K15,000
Renewal licence fee	K25,000	K15,000

3. Disclosure – the Central Bank, at its discretion, may disclose to other regulatory authorities, either domestic or foreign, any information contained in this application or obtained from other sources if the Central Bank considers it necessary and relevant for properly evaluating and deciding on this application.
4. Inquiries – any inquiries concerning the preparation, documentation, required fees, or status of this application should be addressed to: **The Manager, Financial System Supervision Department, Bank of Papua New Guinea.**
5. Submission – the Central Bank will only consider an application to be complete and officially submitted when all required information and the application fee have been received. If all required information and the fee are not received within six months of the date when the application is first submitted, the application will be denied and returned, and the filing fee will be forfeited. Any further consideration will require submission of a fresh application and a new application fee.

An original plus one duplicate of the application and all supporting attachments must be submitted in one complete package to:

**Office of the Governor
Bank of Papua New Guinea
P O Box 121, Douglas Street
Port Moresby, NCD
Papua New Guinea**

CHECKLIST

The following checklist is intended to assist applicants in preparing and submitting a complete application. At a minimum, all questions in the application form and all supporting documentation must be submitted in the form and detail requested. Additional information may be submitted if believed appropriate to clarify or supplement the requested information.

Does this application include ALL of the following items?

1. ___ Declaration in respect of Application for Licence (signed by all applicants or the authorized agent for applicant/s).
 2. ___ Certified bank check for full amount of the required application fee.
 3. ___ Part I – Proposed Institution. All questions must be answered in full and all required supporting information must be included.
 4. ___ Part II – Directors, Executive Officers and Shareholder Controllers. All questions must be answered in full and all required supporting information must be provided including, in particular, a detailed personal financial statement for each person who will be a director, executive officer or shareholder controller.
 5. ___ Part III – Corporate Shareholders. All questions must be answered in full and all required supporting information must be provided including, in particular, detailed audited financial statements for each corporate shareholder who will own 5% or more of the outstanding shares of the proposed institution.
 6. ___ Detailed business plan including, at a minimum, the following information:
 - a) ___ specific identifying information as required.
 - b) ___ market and economic analysis information as required.
 - c) ___ business strategy, objectives, services, and assumptions.
 - d) ___ organizational structure, schedules of officers and compensation, and any agreements or arrangements with insiders.
 - e) ___ source/s and amount of capitalizing funds, growth plans, and source/s of additional capital.
 - f) ___ pro forma financial statements for the proposed institution.
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CRITERIA
to be satisfied for
APPROVAL of LICENCE to CONDUCT BANKING BUSINESS

In deciding whether to approve an application for a licence, the Central Bank may grant a licence, pursuant to Section 10(3) of the Act, if satisfied the minimum criteria have been met. The minimum criteria are listed under Schedule 2 of the Act and are summarized below:

- (a) applicant must be a corporate entity in Papua New Guinea
- (b) applicant must have sufficient capital
- (c) directors and officers must be fit and proper
- (d) applicant must show a viable business plan
- (e) applicant must conduct its business in a prudent manner and with integrity and skill
- (f) the proposed name of the applicant must be acceptable

The Central Bank will also consider the following factors:

- (a) Borrowed Funds. The use of borrowed funds to satisfy the minimum paid-up equity capital requirements will not be allowed. Evidence that borrowed funds have been used for initial capitalization will be grounds for denial of an application.
- (b) Single Shareholder Limitation. No one person, or group of persons so closely-related that they effectively comprise a single person, will be allowed to own or control, directly or indirectly, more than 25% of the voting shares of the proposed institution. Evidence of a shareholding structure intended to circumvent this limitation will be grounds for denial.
- (c) Commercial or Non-Financial Shareholder Limitation. No commercial or non-financial company will be allowed to own or control, directly or indirectly, more than 10% of the voting shares of the proposed institution. Evidence that this limitation has been circumvented will be grounds for denial.
- (d) Interlocking Directorship. No person will be allowed to be a director of an institution if he/she is also a director of any non-affiliated financial institution. For purposes herein, the term "financial institution" includes insurance companies, mortgage companies, securities firms, and any other firm that provides financial services in Papua New Guinea. Evidence that this limitation has been circumvented will be grounds for denial.
- (e) Executive Officers. Each institution must have a chief executive officer (CSO), a chief accounting or financial officer (CAO or CFO), and other officers responsible for all major functional areas including, but not limited to: (a) lending and credit administration, (b) operations and internal controls, (c) investments and asset-liability management, (d) treasury and foreign exchange operations, and (e) trust and fiduciary activities. No one person may be appointed to hold two or more such offices at the same time.
- (f) Competition. An application will generally not be considered in the best interests of the economy of Papua New Guinea if the institution will hold more than 40% of the total of all deposits held by all banks and finance companies operating in Papua New Guinea.
- (g) Good Faith. All applications will be presumed to be submitted in good faith. If it is found that an application was not submitted in good faith, misrepresents the facts and intentions, or contains misleading or materially inaccurate information, the application will be denied and the application fee will be forfeited.

Section 12 of the Act requires an institution to have net assets as specified in Schedule 3. For purposes of this requirement, the Central Bank will require that an institution has and

maintains, at all times, net assets (i.e. paid-up equity capital plus earned capital; revaluation reserve will not be counted) equal to the following amounts:

Commercial Banks	K15,000,000
Finance Company	K1,500,000

DECLARATION
in respect of
APPLICATION for LICENCE to CONDUCT BANKING BUSINESS

I/We, the undersigned, acting for and on behalf of the applicant, do hereby certify that:

(a) all information given in response to and in support of the questions in this application is true and correct to the best of my/our knowledge and belief; and

(b) the personal data and financial statements submitted with respect to each director and executive officer are true and correct to the best of my/our knowledge and belief; and

(c) this application is made in good faith with the purpose and intent that the affairs and business of the proposed institution will be conducted, at all times, prudently in accordance with sound business principles and in full compliance with all applicable laws and directives.

I/We further certify that to the best of my/our knowledge and belief there are no other facts or information relevant to this application of which the Central Bank should be aware, and I/we pledge to promptly inform the Central Bank of any changes material to this application which may arise while it is being considered by the Central Bank.

Finally, I/we give my/our consent that the Central Bank, at its discretion, may disclose to other regulatory authorities, either domestic or foreign, any information contained in this application or obtained from other sources if the Central Bank considers it necessary and relevant for properly evaluating and deciding on this application.

Signatures:

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Date: _____

PART I: PROPOSED INSTITUTION

This section requests information about the proposed institution. Respond fully to all of Questions 1-25. The Central Bank may require submission of other information as necessary to adequately assess the merits of this application.

1. Name, Address, Other Activities. Provide the legal name, mailing address, and primary business location of the proposed institution. Indicate any other name/s the institution plans to use or has previously used in connection with any business conducted by it. Indicate also whether the proposed institution is licensed to and/or conducts banking or other business activities in any country or territory other than Papua New Guinea. If so, provide details of such activities including authorisations or licenses held and the names and addresses of the authorising or licencing agencies.

2. Contact Person. Provide the name, address, and telephone number of the person/s to be contacted regarding this application.

3. Legal Form. Provide the legal form of the proposed institution: (check one)
____ Corporation
____ Other (specify _____)

4. Incorporation. Date of incorporation of proposed institution: _____
Provide a copy of the Act, charter, deed of settlement, constitution or other document by which the body corporate is, or is to be, constituted.

5. Directors and Officers. Provide the names, addresses, and occupations of the persons who will be directors and executive officers of the proposed institution.

<u>Director Name</u>	<u>Address</u>	<u>Occupation</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

<u>Officer Name</u>	<u>Address</u>	<u>Position to be held</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

6. Business Relationships: (a) Describe all business relationships, if any, which any director or executive officer has, or may have, with the proposed institution. Be specific.

(b) **Borrowings.** To what extent will any director or executive officer borrow from or be indebted to the proposed institution?

(c) Guarantees, etc. Is any business or obligation of any director or executive officer of the proposed institution or of any of his related interests directly or indirectly guaranteed, underwritten, secured, or otherwise expected to be by the proposed institution? If so, provide details.

(d) Consulting, Management or Service Contracts. To what extent will any director or executive officer, or any of his/her related interests, provide consulting, management advisory, or other types of services under contractual arrangement or otherwise to the proposed institution? Provide details.

7. Auditors. Provide the name, address, telephone number and responsible partner/s of the independent accounting firm that will be engaged by the proposed institution to conduct its annual audit as required by Section 28 and Schedule 4 of the Act.

8. Affiliates. Provide the name, address, and type of business of any company which is, or will be affiliated in any way with the proposed institution. (See Instructions for Affiliates.)

9. Principal Shareholder of Any Other Financial Institution. Will the proposed institution own or control 10% or more of the voting shares of any other financial institution? If so, provide details including percentage and form of ownership held.

10. Membership in Professional or Trade Associations. If the proposed institution, or any affiliate thereof, is now or will be a member of any professional or trade association for financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.

11. Censures. Has the proposed institution or any affiliate thereof ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in Papua New Guinea or elsewhere? If so, provide details.

12. Convictions or Administrative Orders. Has the proposed institution or any affiliate thereof ever been convicted of any offense, or has a petition for an administrative order been served on the proposed institution or any affiliate thereof in Papua New Guinea or elsewhere, within the last 10 years? If so, provide details.

13. Investigations. Has the proposed institution or any affiliate thereof ever been or is it now subject to an investigation, in Papua New Guinea or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If so, provide details.

14. Litigation. Is the proposed institution or any affiliate thereof engaged or expecting to be engaged in litigation, in Papua New Guinea or elsewhere, which may have a material adverse effect on the resources of the proposed institution or its promoters? If so, provide details.

15. Judgments. Has the proposed institution or any affiliate thereof within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in Papua New Guinea or elsewhere? If so, provide details.

16. Fraud. Has the proposed institution or any affiliate thereof ever been judged by a court, in Papua New Guinea or elsewhere, to be civilly liable for fraud, malfeasance, or any other misconduct? If so, provide details.

17. Bankruptcy or Debt Compromise. Has the proposed institution or any affiliate thereof been judged bankrupt by a court, in Papua New Guinea or elsewhere, or has a bankruptcy petition ever been served on the proposed institution or any affiliate thereof within the last 10 years, or has the proposed institution or any affiliate thereof made any compromise or otherwise failed to satisfy its creditors in full within the last 10 years? If so, provide details.

18. Receiver. Has a receiver of any property of the proposed institution or any affiliate thereof been appointed within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the receiver is still acting under the appointment.

19. Liquidation: (a) Voluntary. Has a notice of resolution for the voluntary liquidation of any affiliate of the proposed institution been issued within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the liquidation has been fully resolved.

(b) Compulsory. Has a petition for the compulsory liquidation of any affiliate of the proposed institution been served within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the petition has been fully resolved.

20. Income Taxes. (a) To what date have the tax computations of the applicant been agreed by the Internal Revenue Commission in Papua New Guinea or in any other jurisdiction?

(b) To what date have the assessments as noted above been satisfied or otherwise settled?

(c) Are material matters in dispute between the applicant and the Internal Revenue Commission in Papua New Guinea or in any other jurisdiction? If so, provide details.

21. Capital Structure. Indicate the capital structure of the proposed institution.

Authorized capital	K_____
Paid-up capital	K_____
Total authorized shares	_____
Total issued shares	_____
Par value per share	K_____

22. Shareholder List. Provide a complete list of the initial shareholders of the proposed institution. Indicate the shareholder name, address, nationality, and number of shares to be owned. If any shareholder or group of related shareholders will own or control 15% or more of the shares of the proposed institution, so indicate and include the percentage to be owned.

23. Acquisition Debt. To what extent will borrowed or encumbered funds be used by the initial shareholders, either directly or indirectly, to purchase their shares? Provide full details on the amounts, sources, collateral, and repayment terms for any such borrowed funds.

24. Premises and Equipment. Describe the premises and equipment to be used by the proposed institution. Indicate whether the premises and equipment will be owned or leased, from whom purchased or leased, and the costs of acquisition or the lease payments.

25. Business Plan. Submit a detailed business plan for the proposed institution using the format provided with these forms. At least three years projections must be included, and assumptions used in preparing the plan and the projections must be realistic and based on comparative data for the market/s to be served and the existing economic conditions.

Provide any other information regarding the proposed institution or any affiliate thereof which may assist the Central Bank in evaluating this application.

PART II: DIRECTORS, EXECUTIVE OFFICERS and SHAREHOLDER CONTROLLERS

This section requests biographical and financial information on natural persons who are or will be directors, executive officers, or shareholder controllers of the proposed institution. **A complete Section II must be filled out and submitted for each such person.**

Respond fully to all Questions 1-25. A detailed personal financial statement and a CV must be provided for **each** person who is or will be director, executive officer, or shareholder controller using the form provided. Supporting schedules must be included to explain aggregated data and for all real estate, notes and accounts receivable, and proprietary interests in unlisted shares or closely held companies. Methods and assumptions used in establishing values for real estate, unlisted shares, or closely held companies must be fully disclosed. Dates and amounts shown in the supporting schedules must correspond to those shown in the financial statement. If unlisted shares are shown as an asset and if such shares represent 10% or more of the net worth of the person submitting the financial statement, then financial statements for the underlying company/ies must be provided for the most recent two full years.

The Central Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

- 1. Name, Address.** Provide the full name and physical address (current and permanent or immediate past) of the person who will be a director, officer, or shareholder controller of the proposed institution.
- 2. Position.** Provide the position and/or title the above person will hold in the proposed institution.
- 3. Nationality.** Provide the citizenship and national identity or passport number of the above person.
- 4. Birth date.** Provide the date and place of birth of the above person.
- 5. Role, Responsibilities, and Reporting.** Discuss the role the above person will have in organizing and managing the affairs of the proposed institution. Indicate to whom the person will report and/or from whom he will receive directions or instructions. If the person will be an executive officer, describe the specific duties and responsibilities for the position(s) to be held. If the person will be a director and will also have executive officer responsibilities within the proposed institution, indicate the nature and extent of such responsibilities.
- 6. Qualifications.** Provide a current CV (less than one year old) listing the professional and academic qualifications of the above person.
- 7. Employment History.** Provide in the CV the following information regarding the employment history and professional experience of the above person for the past 10 years.
 - (a) Name and address of employer
 - (b) Nature or type of business
 - (c) Title and duties/responsibilities
 - (d) Date employed, and date and reason for leaving

Provide complete details regarding positions held in financial institutions, the number of employees and/or assets supervised, lending authority, etc. and the performance of the institution or department for which responsible. If the person has ever been dismissed or otherwise terminated from any office or employment, been subject to disciplinary proceedings, or barred from entry to any profession or occupation, provide details.

8. Affiliations. Provide the name of any other financial institution with which the above person is now or will be affiliated as a director or executive officer. Indicate his title or official capacity, duties/responsibilities in the other bank, and describe any relationship which now exists or will exist between the other institution and the proposed institution.

9. Shareholder Controller of Any Other Financial Institution. If the above person is now or ever has been a shareholder controller (owning 15% or more of voting shares) of any other financial institution, provide details thereof including any relationship which now exists or will exist between the other financial institution and the proposed institution.

10. Membership in Professional or Trade Associations. If the above person is now or will be a member of any professional or trade association concerned with financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.

11. Censures. Has the above person ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in Papua New Guinea or elsewhere? If so, provide details.

12. Convictions or Administrative Orders. Has the above person ever been convicted of any felony offense, or has a petition for an administrative order been served on him, in Papua New Guinea or elsewhere, within the last 10 years? If so, provide details.

13. Investigations. Has the above person ever been or is he now subject to an investigation, in Papua New Guinea or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If so, provide details.

14. Litigation. Is the above person engaged or expecting to be engaged in litigation, in Papua New Guinea or elsewhere, which may have a material effect on his resources or his ability to financially support the proposed institution? If so, provide details.

15. Judgments. Has the above person, within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in Papua New Guinea or elsewhere? If so, provide details.

16. Fraud. Has the above person ever been judged by a court, in Papua New Guinea or elsewhere, to be civilly liable for fraud, malfeasance, or any other misconduct? If so, provide details.

17. Bankruptcy or Debt Compromise. Has the above person been judged bankrupt by a court, in Papua New Guinea or elsewhere, or has a bankruptcy petition ever been served on him within the last 10 years, or has he made any compromise arrangement or otherwise failed to satisfy his creditors in full within the last 10 years? If so, provide details.

18. Receiver. Has a receiver of any property of the above person been appointed within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the receiver is still acting under the appointment.

19. Liquidation: (a) Voluntary. Has a notice of resolution for the voluntary liquidation of the above person been issued within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the liquidation has been fully resolved.

(b) Compulsory. Has a petition for the compulsory liquidation of the above person been served within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the petition has been fully resolved.

20. Income Taxes. Is the above person in good standing with the Internal Revenue Commission in Papua New Guinea or in any other jurisdiction, or does he/she have any tax liabilities which are unpaid or in dispute?

21. Share Registrations. How many shares in the proposed institution are or will be registered in the name of the above person or in the name of a related party? Provide the name(s) in which the shares will be registered and the class of shares if not ordinary shares.

22. Beneficial Interest. How many shares in the proposed institution, which are not registered in the name of the above person or in the name of a related party, will the above person have a beneficial interest in? Provide the name(s) in which the shares will be registered and the nature of the beneficial interest.

23. Trustee or Nominee. Does or will the above person or any party related to him hold shares in the proposed institution as a trustee or nominee? If so, provide details.

24. Assignments or Pledges. Are or will any of the shares in response to Questions 21-23 be equitably or legally assigned or pledged to any other party? If so, provide details.

25. Voting Authority. (a) Direct. What proportion of the voting shares at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or will the above person be entitled to vote or exercise control over? Provide details of such voting authority or control.

(b) Indirect. If the exercise of voting power at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or may be controlled or influenced by someone other than the above person, provide the identity of such other person and the proportion of voting power so controlled or influenced.

<p>Provide any other information regarding the proposed director, executive officer or shareholder controller which may assist the Central Bank in evaluating this application.</p>
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PART III: CORPORATE SHAREHOLDERS

This section requests background and financial information on entities that are or will be corporate shareholders (CS's) of the proposed institution. A complete Section III must be filled out and submitted for **each** CS that owns or controls, or will own or control, 15% of more of the outstanding shares of the proposed institution.

Respond fully to all of Questions 1-25. Detailed, audited financial statements (balance sheet, income statement and cash flow statement) must be included. Supporting information must be included as necessary to explain aggregated data and must be included for real estate, notes and accounts receivable, and proprietary interests in unlisted shares or closely held companies. Methods and assumptions used in establishing values for real estate, unlisted shares, or closely held companies must be fully disclosed. Dates and amounts used in the supporting schedules must correspond to those in the financial statements. If unlisted shares are shown as an asset and represent 10% or more of net worth, financial statements for the underlying company(ies) must be provided for the most recent two full years.

The Central Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

1. Name, Address. Provide the name, address, and business activities of the CS that is or will be a shareholder of the proposed institution. Indicate also any other corporate, business, or trade name used by the CS.

2. Manner of Control. Provide the manner in which the CS will exercise control or otherwise exert influence over the affairs of the proposed institution.

3. Legal Form. Provide the legal form of the CS: (check one)

- Corporation
 Partnership
 Other (specify _____)

4. Incorporation. Provide the date and country of incorporation or formation of CS and a certified copy of the document evidencing incorporation.

5. Directors, Officers, and Shareholder Controllers. Provide the following information for each director, executive officer, and shareholder controller of the CS.

<u>Name</u>	<u>Address</u>	<u>Title/Position in CS</u>	<u>% shares owned</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

6. Registered Address. Provide the registered/legal address of the Head Office and principal place of business of the CS, if different from that shown in Question 1 above.

- 7. Auditors and Bankers.** Provide the names and addresses of the CS's auditors and bankers during the past 10 years. Indicate a contact person for each such audit firm and bank.
- 8. Affiliates.** Provide the name, address, and type of business for any organization which is or will be in any way affiliated with the CS.
- 9. Shareholder Controller of Any Other Financial Institution.** If the CS is now or ever has been a shareholder controller (owning 15% or more of the voting shares) of any other financial institution, provide details thereof including any relationship which now exists or will exist between the other financial institution and the proposed institution.
- 10. Membership in Professional or Trade Associations.** If the CS is now or will be a member of any professional or trade association for financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.
- 11. Censures.** Has the CS ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in Papua New Guinea or elsewhere? If so, provide details.
- 12. Convictions or Administrative Orders.** Has the CS ever been convicted of any felony offense, or has a petition for an administrative order been served on the CS, in Papua New Guinea or elsewhere, within the last 10 years? If so, provide details.
- 13. Investigations.** Has the CS ever been or is it now subject to an investigation, in Papua New Guinea or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If so, provide details.
- 14. Litigation.** Is the CS engaged or expecting to be engaged in litigation, in Papua New Guinea or elsewhere, which may have a material effect on its resources or ability to financially support the proposed institution? If so, provide details.
- 15. Judgments.** Has the CS, within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in Papua New Guinea or elsewhere? If so, provide details.
- 16. Fraud.** Has the CS ever been adjudged by a court, in Papua New Guinea or elsewhere, to be civilly liable for fraud, malfeasance, or any other misconduct? If so, provide details.
- 17. Bankruptcy or Debt Compromise.** Has the CS been judged bankrupt by a court, in Papua New Guinea or elsewhere, or has a bankruptcy petition ever been served on the CS within the last 10 years, or has the CS made any compromise or otherwise failed to satisfy its creditors in full within the last 10 years? If so, provide details.
- 18. Receiver.** Has a receiver of any property of the CS been appointed within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the receiver is still acting under the appointment.
- 19. Liquidation: (a) Voluntary.** Has a notice of resolution for the voluntary liquidation of the CS been issued within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the liquidation has been fully resolved.

(b) Compulsory. Has a petition for the compulsory liquidation of the CS been served within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the petition has been fully resolved.

20. Income Taxes. Is the CS in good standing with the Internal Revenue Commission in Papua New Guinea or any other jurisdiction, or does the CS have any tax liabilities which are unpaid or in dispute?

21. Share Registrations. How many shares in the proposed institution are or will be registered in the name of the CS or in the name of a related party? Provide the name/s in which the shares will be registered and the class of shares if other than ordinary shares.

22. Beneficial Interest. How many shares in the proposed institution, which are not registered in the name of the CS or in the name of a related party, will the CS have a beneficial interest in? Provide name/s in which the shares will be registered and nature of beneficial interest.

23. Trustee or Nominee. Does or will the CS or any party related to it hold shares in the proposed institution as a trustee or nominee? If so, provide details.

24. Assignments or Pledges. Are or will any of the shares in response to Questions 21-23 be equitably or legally assigned or pledged to any other party? If so, provide details.

25. Voting Authority. (a) Direct. What proportion of the voting shares at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or will the CS be entitled to vote or exercise control over? Provide details of such voting authority or control.

(b) Indirect. If the exercise of voting power at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or may be controlled or influenced by someone other than the CS, provide the identity of such other person and the proportion of voting power so controlled or influenced.

<p>Provide any other information regarding the proposed director, executive officer or shareholder controller which may assist the Central Bank in evaluating this application.</p>
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INDIVIDUAL FINANCIAL STATEMENT

To be completed by each natural person who is or will be a director, executive officer, or shareholder controller of the institution for which this application is being submitted.

Name and Address of Proposed Institution:

Name and Proposed Position of Person:

Date of Financial Statement:

ASSETS

Cash & Bank Balances /1	
Marketable Shares /2	
CSV Life Insurance /3	
Debtors – good	
Debtors – doubtful	
Other Shares & Investments /4	
Vehicles & Equipment /5	
Personal Property /6	
Real Estate /7	
Business Interests /8	
Other assets /9	
Total Assets	

LIABILITIES & NET WORTH

Accounts Payable	
Notes Payable /10	
Mortgages Payable /11	
Interest Due and Unpaid /12	
Taxes Due and Unpaid /13	
Judgments /14	
Other Liabilities /15	
Total Liabilities	
 Net Worth	<input style="width: 100%; height: 25px;" type="text"/>
 Total Liabilities & Net Worth	<input style="width: 100%; height: 25px;" type="text"/>

NOTES

- (1) Provide name/s of banks, account numbers, and contact officers at banks.
- (2) Provide number of shares of listed companies, where held, date acquired, cost, current market value, and certified copy of the share certificates or other evidence of ownership if value exceeds 10% of net worth.
- (3) Provide number, face amount and type of policy, name and address of company, names of insured and beneficiary, evidence of current cash value and certified copy of policy if value exceeds 10% of net worth.
- (4-9) Indicate kinds of shares or investments, vehicles and equipment, property, real estate, business interests or other assets; indicate date acquired, cost, current value, and method of valuation if value exceeds for any category that exceeds 10% of net worth.
- (10-11) Indicate to whom debts are payable, original and current balances, repayment terms, and security.
- (12-13) Indicate the amount/s of any accrued interest or taxes that are due and unpaid, and to whom owed.
- (14) Provide details of any judgments currently outstanding.
- (15) Provide details of other liabilities if amount exceeds 10% of net worth.

I hereby certify that the information provided in the financial statement above and in the supporting schedules is true and correct to the best of my knowledge and belief, and that there are no material omissions or misrepresentations of facts. I also authorize the Central Bank to request and receive any information necessary to verify the accuracy of information contained in this financial statement.

Signature: _____ **Date:** _____

BUSINESS PLAN

A. INTRODUCTION

Organizing groups applying for a license must submit a detailed business plan as part of the application process. In addition, when establishing a branch or making a significant change in operations such as an amalgamation, an institution will be requested to submit an amended business plan. The business plan should set forth the objectives and strategies of the institution and provides guidance for management. It should be flexible and allow for change as circumstances require. Changes in the objectives or strategic goals should be approved by the board of directors and incorporated into an amended plan. The Central Bank will review an institution's business plan at periodic examinations or when other regulatory issues arise.

A suggested format for a business plan is shown below; alternative formats may be used provided that all relevant information is included. The plan must identify the proposed market/s to be served and products and services to be offered, must demonstrate adequate capital and managerial resources for the kinds and levels of activities, and show compliance to regulatory requirements. The plan must include operating projections for at three years and contain sufficient information to demonstrate a reasonable likelihood of success. Suggested formats for balance sheet and income statement are provided on pp. 20-21.

The Central Bank may require submission of additional information after review of the business plan originally provided.

B. SUGGESTED FORMAT

1. Identifying Information.

- (a) **Name and location.** Provide the name and location of the institution including the location/s of any branches.
- (b) **Corporate structure.** Provide a diagram of the institution's corporate structure including any parent company, subsidiaries, or affiliated entities.
- (c) **Origin and basis.** Briefly discuss how the organizing group came together and the reasons for wanting to start a financial institution.

2. Market Analysis.

- (a) **Market.** Identify the market/s to be served by the proposed institution.
- (b) **Economy.** Describe the economic characteristics of the target market/. Include any anticipated changes in the economy or market, factors influencing such changes, and probable positive or negative impact on the institution.

3. Business Strategy and Objectives.

- (a) **Strategy.** Briefly describe the vision, mission, business strategy and objectives of the institution. For strategy and objectives, indicate goals that are specific and measurable.
- (b) **Services.** Briefly describe the services to be offered by the institution and the type of banking activities the proposed institution plans to engage in? (check all that apply)

- Current accounts (i.e. checking deposits)
- Time and savings accounts
- Commercial and industrial loans
- Mortgage loans (commercial and residential)
- Installment/consumer loans and credit cards
- Hire finance and equipment leasing
- Export-import/trade financing
- Foreign exchange dealer/broker

- _____ Underwriting securities
- _____ Management advisory services
- _____ Other (specify)_____

(c) **Assumptions.** List the major assumptions upon which projections are based. Include, at a minimum: market growth rates, competition, interest rates, cost of funds, overhead, asset-liability mix, returns on assets and equity, dividend pay-out rate, and capital ratios (both leverage and risk based ratios).

(d) **Pro forma statements.** Provide pro forma balance sheets and income statements for three years. Show expected asset-liability mixes, volumes of each type of service to be offered, fixed asset investment, and compensation for management and staff. Adequate provisions for loan losses and annual external audit must also be included.

4. Leadership and Management.

(a) **Officers and compensation.** Provide a list of officers showing the fees, salaries, and all other forms of compensation or benefits to be paid to or for each person.

(b) **Insider agreements.** Describe any agreements for leases or services the institution intends to enter into with any of its directors, executive officers, or principal shareholders, or with any organization or affiliate controlled by a director, executive officer, or principal shareholder. Provide copies of any such agreements including specific details of rates and terms and comparative market data upon which the rates and terms are based.

5. Capitalization and Additional Sources.

(a) **Initial capital.** Describe the amount and source of initial capitalizing funds.

(b) **Capital growth.** Describe plans for financing growth, internally or externally, over the first three years of operation.

(c) **Additional capital sources.** Describe what sources of additional capital are available should the need arise.

PRO FORMA FINANCIAL STATEMENTS

BALANCE SHEET (K 000's)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<u>Assets</u>			
Balances at Central Bank			
Balances at Banks in PNG			
Balances at Banks Abroad			
Treasury Bills and Gov't Securities			
Loans to Financial Institutions			
Commercial, Industrial, Agricultural Loans			
Real Property Mortgage Loans			
Personal, Consumer, Hire Purchase Loans			
FX Loans			
Other Loans			
Gross Loans			
Less: Provisions for Loan Losses			
Less: Suspended Interest			
Net Loans			
Other Securities & Investments			
Interest Receivable			
Building & Equipment			
Foreclosed Assets			
Other Assets			
Total Assets			
<u>Liabilities & Capital</u>			
Demand Deposits			
Savings Deposits			
Term Deposits			
FX Deposits			
Total Deposits			
Liabilities to Central Bank			
Liabilities to Other Banks			
Borrowed Funds			
Interest Payable			
Other Liabilities			
Total Liabilities			
Subordinated Debt Capital			
Paid-In Capital			
Retained Earnings			
Revaluation Reserves			
Total Capital Funds			
Total Liabilities & Capital			
<u>Memoranda:</u>			
Contingent Liabilities			
Total Earning Assets			
Total Risk-Weighted Assets			
Equity-to-Assets Ratio			
Tier 1 Capital-to-Risk Weighted Assets			
Total Capital-to-Risk Weighted Assets			
Gross Loans-to-Total Deposits			
Liquid Assets-to-Total Deposits+ST Liabilities			

INCOME STATEMENT (K 000's)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Interest Income			
Loans and Leases			
Securities and Investments			
Deposit Balances			
Total Interest Income			
Interest Expense			
Interest on Deposits			
Interest on Borrowed Funds			
Total Interest Expense			
Net Interest Income			
Provisions Expense for Loan Losses			
Net Income from Lending & Investing			
Non-Interest Income			
Fees, Commissions & Service Charges			
FX Fees and Transactions Charges			
FX Revaluations			
Other Non-Interest Income			
Non-Interest Expense			
Staff Salaries and Benefits			
Officers' Salaries and Benefits			
Directors Fees and Benefits			
Administrative and Overhead Expenses			
Advertising and Promotion			
Depreciation Expense			
Dues and Subscriptions			
Licence Renewal Expense			
Lease and Rental Expenses			
Travel and Entertainment Expenses			
Other Non-Interest Expenses			
Net Operating Income Before Taxes			
Taxes			
Net Operating Income After Taxes			
Extraordinary Items (net of taxes)			
Net Income (Loss)			
Other Additions (Deductions) to Capital			
Less: Cash Dividends			
Net Change in Capital Accounts			
Capital Accounts – Beginning of Period			
Capital Accounts – End of Period			
Ratios:			
Return on Average Assets			
Return on Average Equity			
Average Yield on Earning Assets (a)			
Average Cost of Funding Liabilities (b)			
Net Interest Spread (a-b)			
Net Interest Income / Average Earning Assets			
Asset Growth (yr-on-yr)			
Loan Growth (yr-on-yr)			
Deposit Growth (yr-on-yr)			
Capital Growth (yr-on-yr)			