

## FINANCIAL INSTITUTIONS COMMISSION APPLICATION TO LICENSE A PALAU BANK

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### Instructions

Under Section 29 of the Financial Institutions Act 2001 and any amendments thereof, authority to license banking institutions is vested in the Financial Institutions Commission. Accordingly, the following confidential application, and required information/attachments must be completed and filed with the Executive Commissioner of the Financial Institutions Commission (Executive Commissioner).

A certified check or "cashier's check" issued by a Palau bank in the amount of Two-Thousand Five-Hundred Dollars (\$2,500) payable to the Financial Institutions Commission is required. The fee covers the costs of investigation and review of the application and is not refundable. An application will not be considered nor will it be processed until the filing fee and all supporting information required by the application is received by the Executive Commissioner. Failure to submit the required fee will result in the rejection and return of the application.

In completing this application, the following terms, unless otherwise clearly indicated by the context, have the meanings specified below:

"Affiliate" of a bank or other person means a subsidiary of such person or a company of which the person is a subsidiary or a company that is under common control with the person.

"Common control" means where (i) one or more persons acting together directly or indirectly, own, or have the power or ability, to vote twenty percent (20%) or more of the voting securities or voting interests of another person; (ii) one or more persons acting together control, in any manner, the election of a majority of the directors, trustees, or others exercising similar functions over another person; or (iii) any other circumstances exist which indicate that one or more persons acting together exercise a controlling influence, directly or indirectly, over the management or policies of another person.

"Executive Officer" includes the chief executive officer, chief accounting officer, and all other officers of the bank responsible for major functional areas of the bank including, but not limited to, lending and credit administration, operations and internal controls, investments and asset-liability management, treasury and foreign exchange or currency operations, or such other persons who have authority to make or influence bank policy.

"Principal Shareholder" means any person(s) who will own or control directly or indirectly ten percent (10%) or more of the outstanding equity or any class of shares with voting rights of the bank.

"Person" includes an individual, two (2) or more individuals acting in concert, any type of partnership, corporation, syndication, trust, or any other organization, or any combination of the foregoing, and the information required in this application is required for each member of the group.

All responses and all attachments to this application must be **typewritten**. Do not leave any questions blank or unanswered. If an appropriate answer is "No", "None", "Not Applicable", or "Not Known", so indicate. Inaccurate or incomplete information may result in delays in the processing of the application. Additional pages may be added if response space is inadequate.

Should additional space be needed to fully answer a question, additional pages may be inserted. Information on insert pages must be keyed by number and letter to the appropriate questions.

Inquires concerning the preparation, filing or status of this application may be directed to the Executive Commission at telephone [(680) 488-3560]. Upon completion, the original of this application and all supporting information must be submitted as a package, along with the required filing fee, to; Executive Commissioner, Financial Institutions Commission, P. O. Box 10243, Koror, Republic of Palau 96940.

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1. Name, mailing address, and primary business location of the proposed bank.
  
  
  
  
  
  
  
  
  
  
2. Name, address, and telephone number of the person(s) to be contacted regarding this application.
  
  
  
  
  
  
  
  
  
  
3. Provide full details of the capital structure of the proposed bank, including the number and type of authorized shares, par value, total common stock, paid-in premium and any other components of capital. Also state the initial amount of any reserves to be established.

4. Attach as Exhibits A, a Verified Statement of Subscriber (see attached form) for each shareholder of the proposed bank. Total subscriptions must equal the number of authorized shares.
5. Projected opening date of the proposed bank.
6. Date of incorporation of the proposed bank.
7. List the names and address of the organizer(s) and the members of the first Board of Directors of the proposed bank.
8. Detail all organizational expenses incurred to date and the amount of projected additional expenses until the projected opening of the bank, indicate whether organizational expenses are to be deducted from the initial capital contribution of the proposed bank or if the organizational expenses will be capitalized and amortized over a specified period.
9.
  - (a) For each principal shareholder, director and executive officer of the proposed bank:
    - i. attach as Exhibits B, a copy of their curriculum vitae detailing past business and banking or related experiences;
    - ii. attach as Exhibits C, a current Biographical Data report (see attached form);
    - iii. attach as Exhibits D, a current Financial Statement (see attached form) (note, if a principal shareholder is other than a natural person, submit certified copies of the most recent bank statement for all bank accounts and the balance sheet and profit and loss statement for the most recent fiscal year end for the principal shareholder);
    - iv. attach as Exhibits E, a certified copy of their national passport;
    - v. attach as Exhibit F an original police clearance report/document from the habitual physical residence; and
  - (b) In the case where any principal shareholder of the proposed bank includes a person other than an individual, provide:
    - i. a certified copy of a duly adopted resolution of evidencing the person's support of this application and evidencing the names and title of all persons authorized to sign and deliver this application and any related documents;
    - ii. a certified copy of the person's license, articles of association and bylaws, or other documents relating to the person's incorporation and regulating the conduct of the business of the person;
    - iii. a certified copy, by the Registrar of Corporations of the certificate of incorporation of the person;
    - iv. a certified copy of the most recent audited financial statement of the person, which must not be more than 360 days old;
    - v. a written certification from the home country supervisor where any such person is a foreign financial institution, stating that the foreign financial institution has complied with

the laws of the country and that it has no objection to the foreign financial institution's ownership interest in the proposed Palau bank. (Note: The Financial Institutions Commission will require, prior to granting a banking license, the home country supervisor of the foreign financial institution to enter into a written confidential information sharing agreement in order to allow for the ongoing monitoring of the condition and performance of the foreign financial institution on a consolidated basis.)

10. Attach as Exhibit G, a copy of the proposed charter or articles of incorporation of the bank.
11. Attach as Exhibit H, a copy of the proposed bylaws of the bank.
12. Attach as Exhibit I, a copy of the business plan of the proposed bank, including a pro forma balance sheet for the opening day and year-end for the first three (3) years of operation.
13. Describe all business relationships, if any, which any principal shareholder, director or executive officer has or may have with the proposed bank.
14. To what extent will any principal shareholder, director or executive officer be allowed to borrow from or be indebted to the proposed bank?
15. Describe the premises and equipment to be utilized by the proposed bank, indicating whether the premises will be owned or leased by the proposed bank, costs of acquisition or lease payment.

**FORM BK-2**

We, the undersigned proposed members of the Board of Directors of the proposed bank, declare under penalty of perjury under the laws of the Republic of Palau and any other sanction available under the Financial Institutions Act of 2001 and any amendments thereof, that the preceding application and the attached supporting documentation are true and correct to the best of our knowledge and that this application is made in good faith.

We further declare that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Executive Commissioner or the Financial Institutions Commission should be aware, and we pledge to promptly inform the Executive Commissioner of any changes material to this application which may arise while it is being considered by the Financial Institutions Commission.

Signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)
_____ (Type Full Name)	_____ (Signature)

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Notary Public )

**VERIFIED STATEMENT OF SUBSCRIBER**

1. My name is: \_\_\_\_\_  
(Type Full Name)

2. My address is: \_\_\_\_\_  
(Type Mailing Address of Habitual Physical Residence)

3. I am a subscriber of \_\_\_\_\_ shares of \_\_\_\_\_  
(Number) (Name of Proposed Bank)

4. The names, identify, title and address of any other persons who will be beneficial owners of such stock or otherwise share an interest or ownership in said stock (other than spouse), or who will pay any portion of the consideration therefore are:

\_\_\_\_\_

\_\_\_\_\_

5. I (will) (will not) obtain a loan for the purpose of purchasing such stock. (If a loan will be made, the following questions must be answered.)

(a) The amount of the loan(s) is \$ \_\_\_\_\_

(b) The name and address of any person or corporation which has committed to loan, or from whom a loan is intended, for the purpose of purchasing the stock is \_\_\_\_\_

(c) The specific collateral for the loan is \_\_\_\_\_

(d) The name of any cosigner, grantor, partner, or other person liable for the repayment of such loans is \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Print Full Name)

\_\_\_\_\_  
(Signature of Subscriber)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(Seal)

\_\_\_\_\_  
(Notary Public Signature)