LICENSE APPLICATIONS

Arrangement of Paragraphs

PART I
Preliminary

PARAGRAPH
1. Short Title
2. Authorization
3. Application
4. Definitions

PART II
Statement of Policy

PARAGRAPH
1. Purpose
2. Scope
3. Responsibility

PART III
Implementation and Specific Requirements

PARAGRAPH
1. Prohibited Activities
2. Required Information
3. Required Fees
4. Additional Costs
5. Processing

PART IV
Corrective Measures

PARAGRAPH
1. Remedial Measures and Sanctions

PART V
Effective Date

PARAGRAPH
1. Effective Date

Attachments:
(1) Sample Format for Business Plan
(2) Format for Personal Financial Statement
PART I: PRELIMINARY

1: **Short Title** – Application/s for banking license.

2: **Authorization** – The Financial Institutions Commission (the Commission) of the Republic of Palau (Palau) is authorized to promulgate regulations under Sections 12 and 80 of the Financial Institutions Act of 2001 (the Act) as amended. In addition, Section 32 of the Act requires the Commission to prescribe by regulation information that must accompany an application for a license, and Sections 34 and 80 give to the Commission authority to charge fees in connection with license applications and the direct and indirect costs of supervision and regulation.

3: **Application** – This regulation applies to all applicants for a license to conduct banking activities in Palau whether as a bank or a branch or subsidiary of a foreign bank.

4: **Definitions** – Terms used within this regulation are as defined in the Act, as defined within this regulation, or as reasonably implied by contextual usage:

PART II: STATEMENT OF POLICY

1: **Purpose** – The purpose of this regulation is to (i) establish the minimum information that must be submitted, (ii) specify the fees that must be paid, and (iii) ensure that appropriate public disclosure is made in respect of an application for a license to conduct banking activities in Palau.

2: **Scope** – This regulation applies to applications for a license to conduct banking activities in Palau, whether as a domestic bank or as a branch or subsidiary of a foreign bank.

3: **Responsibility** – It is the responsibility of the applicant/s for a banking license to submit all required information, pay all required fees, and comply with any other requirements of the Commission in connection with an application for a banking license.

PART III: IMPLEMENTATION AND SPECIFIC REQUIREMENTS

1: **Prohibited activities** – No person shall engage in activities and no bank shall conduct its affairs if doing so is or will result in a violation of Section 3 of the Act.

2: **Required information** – Each application for a license to conduct banking activities in Palau, whether as a domestic bank or as a branch or subsidiary of a foreign bank, must be accompanied by an application in the form prescribed by the Commission and containing such information as required by the Commission. At a minimum, all applications must provide the following basic information:

   (1) People: the qualifications and experience of all persons are or are proposed to be –
     (i) administrators of the bank or the branch,
     (ii) non-executive directors of a bank or foreign bank subsidiary, and
(iii) members of the board of directors and senior management of any company that will own or control 50% or more of the voting shares of the bank or the foreign bank subsidiary operating in Palau;

(2) Capital: the amount of proposed capital for the bank or foreign bank subsidiary or, in the case of a foreign bank branch, the amount of capital of the foreign bank;

(3) Business plan: a business plan indicating organizational structure, proposed financial activities, and financial projections for the bank or foreign bank branch or subsidiary; and

(4) Principal shareholders: the name, qualifications and experience of each person proposed to own 10% or more, directly or indirectly, of the voting shares of the bank or foreign bank subsidiary.

The Commission, at its sole discretion, may request that an applicant submit additional or supplemental information as is reasonably necessary for the Commission to evaluate the merits of an application.

3: **Required fees** – Each application for a license to conduct banking activities in Palau, whether as a domestic bank or as a branch or subsidiary of a foreign bank, must be accompanied by a $2,500 initial processing fee and a $7,500 issuance fee. Such fees must be paid to the Commission by certified check drawn on a Palau bank or on a foreign bank branch or subsidiary in Palau, and such fees are non-refundable and no application will be reviewed or considered until such fees are received by the Commission.

4: **Additional costs** – The Commission, at its sole discretion, may engage the services of any person or professional firm to assist in investigating and evaluating the merits of an application. The costs of such services will be assessed against the applicant/s and no license will be approved or granted until such costs are repaid in full to the Commission.

5: **Processing** – The Commission will be guided by the following process when receiving, evaluating and making a decision in respect of an application for a banking license:

(1) First submission: when an application is first submitted, the Commission will note the date of receipt; however, no action will be taken to review or consider the application until the fees required in paragraph 3 above are received by the Commission.

(2) Complete application: applicants will have six months from the date of first receipt to submit an application that is materially complete as determined by the Commission. If a complete application is not submitted within six months from the date of first submission, the application and all supporting materials will be returned to the applicant and all fees will be forfeited to the Commission.

(3) Evaluation: once a complete application is received, the Commission will have 60 days to evaluate the application and approve or deny the application; the 60-day time period may, however, be extended by the Commission for up to an additional 60 days if the Commission deems it necessary to obtain and evaluate additional information.

(4) Decision: the Commission will approve or deny an application before the end of the 60-day period, or the extended period as the case may be, and notify the applicant of its decision as provided in Section 33(a) of the Act.
(5) Conditions: in approving an application for a license, the Commission may impose conditions, as provided in Section 33(b) of the Act; such conditions must be satisfied by the licensee prior to commencement of business.

(6) Failure to comply with conditions: if the proposed bank fails to comply with the conditions and commence operations within six months from the date a conditional approval is granted, the Commission will revoke the license as provided in Section 33(c, d) of the Act, and the application and all materials will be returned and all fees will be forfeited to the Commission.

(7) Final approval: if the Commission determines that the conditions specified in a conditional approval have been satisfied, which determination shall include an on-site inspection of the adequacy of the policies and systems for managing the risks and activities of the proposed bank, the Commission will issue forthwith a final approval.

In respect of a foreign bank applying to establish a subsidiary or a branch in Palau, final approval for a license will be granted only if the Commission is satisfied that the requirements in Section 33(e, f) of the Act have been met.

(8) Follow-up inspection: the Commission will conduct a ‘post-opening’ exam within 90-180 days after a bank commences operations to assess whether the bank is operating in a safe and prudent manner, in compliance with its license and all applicable laws and regulations, and in accordance with the business plan on which the license was approved.

PART IV: CORRECTIVE MEASURES

1: Remedial measures and sanctions – If a bank, or any director or administrator of a bank, violates any provision of this regulation in a willful, negligent or flagrant manner which results, or is likely to result, in an unsafe or unsound condition for the bank or that threatens the interests of depositors, creditors or the general public, or if a bank, or any director or administrator of a bank, fails to comply with the instructions and reporting requirements in this regulation, the Commission may impose any one or more of the remedial measures or penalties provided in the Act.
PART V: EFFECTIVE DATE

1: Effective date – The effective date of this regulation shall be 1st September 2008.

Questions relating to this regulation may be addressed to the Financial Institutions Commission of the Republic of Palau.

Adopted _________________________, 2008

______________________________
Governing Board
Financial Institutions Commission
Republic of Palau

Approved _________________________, 2008

______________________________
Honorable President
Tommy E. Remengesau, Jr.

Attachments:
(1) Sample Format for Business Plan
(2) Business Plan Checklist
(3) Format for Personal Financial Statement
Attachment 1

BUSINESS PLAN
[Suggested Format and Information Requirements]

A. Identifying Information

1. **Name and Location.** State the name and location of the bank, including the locations of any branches or other office facilities.

2. **Organizational Structure.** Describe and provide a diagram of the bank’s organizational structure including any parent company and all subsidiaries and affiliated entities of the bank. Describe and provide a diagram of any subsidiaries and affiliated entities of principal shareholders, directors or executive officers of the bank.

3. **Summary.** Briefly describe how and why the proposed changes will benefit the bank and comply with the business plan. For a new banking license, the business plan should discuss how the organizing group came together, and indicate the reasons for submission of the application for a banking license.

B. Market Analysis

1. **Market.** Identify the markets currently served and those proposed to be served by the bank, including any new or proposed branch or other office facilities.

2. **Characteristics.** Describe the target market demographics and economic characteristics. Include any anticipated changes in the market, factors influencing such changes, and possible effects on the bank.

3. **Competition.** Identify and describe the competition (include all other financial services providers, i.e., banks, credit co-operative societies, micro-lenders, brokerage companies, insurance companies, etc.) located within the target markets of the proposed bank including any branches or other office facilities contemplated.

C. Business Strategy and Objectives

1. **Market Area.** Identify the market areas from which the bank generates or expects to generate approximately seventy-five percent (75%) of its business. Describe any changes that may occur as a result of the proposed transaction. Include information on any significant competing financial services providers.

2. **Services.** List and briefly describe the services to be offered. Distinguish among depository services, credit services, and other services. Specify any proposed new services.
3. **Assumptions.** Describe the objectives and strategies for serving the identified target markets. List assumptions, including at a minimum: market growth rates, anticipated competition, interest rates, cost of funds, overhead, asset mix, return on assets, dividends, and capital ratios (leverage capital and risk-based).

4. **Asset/Liability Management.** Discuss the reasons for the proposed asset/liability mix and actions that will be taken to reduce funding and interest rate risks.

5. **Annual Audit.** Discuss what provisions have been made for independent, annual, external audit services.

D. **Leadership and Management**

1. **Structure.** Describe the management organization structure of the bank, and indicate any anticipated changes.

2. **Ownership and Management.** List the names, home addresses, and nationality of all current/proposed organizers, principal shareholders, directors or executive officers of the bank. Indicate the number and percentage of shares each individual or group is expected to own or control.

3. **Executive Officers.** Describe the responsibilities of each executive officer, including those officers 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 (currency) and each branch/other office facility manager.

4. **Qualifications.** Discuss the qualifications of the current/proposed directors and executive officers showing the nature and extent of experience each possesses.

5. **Compensation.** Provide a list of the proposed fees, salaries or other forms of compensation (including benefits) for each director and executive officer.

6. **Agreements.** Describe any agreement (e.g., data processing, loan processing, etc.) the bank has or intends to make to obtain services from others. Provide the names of proposed service providers and relationship(s), if any, to organizers, principal shareholders, directors or executive officers of the bank.

7. **Lease Agreements.** Describe any lease agreements the bank has or intends to enter into with any organizer, principal shareholder, director or executive officer of the bank or with any company controlled by an organizer, principal shareholder, director or executive officer of the bank. Provide: (i) a copy of the proposed lease agreement; (ii) information showing market rate comparisons of terms and rates; (iii) and the names of any organizer(s), director(s) or director(s) who are involved.

E. **Capitalization/Net Worth**
1. **Capital.** Describe the bank’s current/proposed capital structure. For a new banking license, state the initial proposed capitalization of the bank and justify the amount proposed given minimum capitalization requirements as may be promulgated by the Financial Institutions Commission, and market factors, strategies, and expenses. Additional capital may be required by the Financial Institutions Commission on a case-by-case basis.

2. **Capital Plan.** Describe any plans for raising capital and for financing growth over the first/next three (3) years. Applications for a new banking license should indicate the type and number of shares to be authorized and to be issued, par value per share, and sales price per share. Detail any expenses to be paid from the initial capital offering or which will be capitalized and amortized over a future period.

3. **Debt.** Describe any debt (current or proposed, for capitalization or acquisition) of any individual or entity that will own or control, directly or indirectly ten percent (10%) or more of the equity or of any class of shares with voting rights of the bank. Describe any anticipated dividends, fees or salaries that will be paid by the bank, directly or indirectly, to service the debt.

F. **Pro Forma Statements**

Detailed pro forma balance sheet and income and expense statements must be submitted. Statements must show asset, liability and capital projections for three years. Sample pro forma statements are provided in Appendix 2, “Business Plan Checklist”.

BUSINESS PLAN CHECK LIST

I. Identify Information:
   A. 1. Name of proposed bank.
   2. Location of main office of proposed bank.
   3. Locations of branches or other office facilities proposed.
   B. 1. Name and address of parent company, if applicable.
   2. Name and addresses of subsidiaries, if applicable.
   3. Name and addresses of affiliates, if applicable.
   C. 1. Name and address of subsidiaries of organizers, principal shareholders, directors and executive officers, if applicable.
   2. Name and address of affiliates of organizers, principal shareholders, administrators and executive officers, if applicable.
   D. 1. Explanation of genesis of the proposed transaction.
   2. Reasons for the proposed transaction (new banking license, change of significant ownership interest, issuance of capital debt instruments, etc.)

II. Market Analysis:
   A. Definition of target market areas.
   B. 1. Supporting market research, such as area demographics and economics.
   2. Identification of major factors affecting the selected market areas.
   3. Analysis of selected market areas’ needs.
   C. 1. Identification and analysis of competition within selected market areas.

III. Business Strategy and Objectives:
   A. Targeted market areas can reasonable produce seventy-five percent (75%) of the business in light of the bank’s resources and targeted customer base.
   B. Services to be provided are listed and adequately described.
   C. 1. Strategies are consistent with stated objectives.
   2. Profitability expectations and assumptions are reasonable.
   D. 1. Pro Forma statements are accurately prepared with major assumptions adequately disclosed, and are consistent with strategies to capture and support market share.
   2. Strategic objectives, pro forma statements, and market plans are consistent.
   3. Estimates of operating results are reasonable and supported.
   4. Planning assumptions are realistic given the local.
   E. The asset/liability mix is adequately discussed. The bank has procedures to address funding and interest rate risks.
   F. External independent audit program will be provided for the first three (3) years of operations.

IV. Leadership and Management:
   A. Organizational structure of the proposed bank is adequately described.
   B. Duties and responsibilities of all executive officers/functional areas of the bank are adequately detailed.
C. Names, addresses and nationality of all organizers, principal shareholders, directors and executive officers are disclosed as applicable.

D. Proposed directors and executive officers are qualified given the services to be provided and targeted market areas.

E. Fees, salaries, and other forms of compensation for directors and executive officers are disclosed.

F. Leasing transactions or service agreements involving organizers, principal shareholders, directors and executive officers or related interests thereof, are fully disclosed.

V. Capitalization/Net Worth:

A. 1. Initial capitalization complies with minimum statutory requirement and is adequately supported given targeted market areas, strategies, and projected organizational expenses.

   2. For applications for new banking licenses, proposed capitalization is adequate for at least the first three (3) years of operation. For other applications, plans to maintain capital in accordance with regulatory requirements are adequately detailed and reasonable.

B. Plans to raise capital, both for start-up and subsequent growth, are formulated and are reasonable.

C. Current and proposed debt is disclosed. The debt service does not adversely affect the bank. Individuals involved in the application possess sufficient resources to service the debt without support (dividend payments or other fees) from the bank or demonstrate that reliance placed on earnings of the bank does not endanger the safety and soundness or the capital adequacy of the bank.

VI. Pro Forma Statements

A. Detailed pro forma balance sheets and income and expense statement show asset, liability and capital projections for a minimum of three (3) years.

B. At a minimum, the information shown in the schedules on the following pages must be provided for a business plan to be acceptable. Additional data should be included, as necessary, to explain important elements of the planned asset and liability mix (for example, the loan and deposit schedules might be expanded). Average annual balances, rather than year-end estimates, should be used in preparing pro forma balance sheet projections. In addition, the assumptions used in the preparation of the pro forma statements (such as interest rate assumptions, loan yields, and cost of funds, etc.) are be provided.
### Attachment 3

**Business Plan Check List**  
Sample Pro Forma Statements  
Balance Sheet Projections  
*(in 000’s)*

#### Assets:
- Notes and Coins
- Due From Financial Institutions
- Securities & Overdrafts
- Loans & Overdrafts
- Less: Provisions for Bad Loans
- Fixed Assets (Net of Depreciation)
- Foreclosed Real Estate
- Other Assets
- Total Assets

#### Liabilities:
- Deposits
- Due to Financial Institutions
- Other Borrowings
- Other Liabilities
- Total Liabilities

#### Capital:
- Issued and Fully Paid Common Stock
- Paid-in Premium
- Retained Earnings (Prior Years)
- Income (Loss) Year-to-date
- Other (Specify Type and Amount)
- Total Capital
- Total Liabilities & Capital

#### Capital Ratios:
- Leverage Capital / Total Assets
- Tier-1 Capital / Total RWA
- Total Capital / Total RWA

---

1 Itemize/describe all accounts/amounts that total five percent (5%) or more of total other assets or total other liabilities accounts, respectively.

2 "Other" capital accounts/instruments require the approval of the Financial Institutions Commission prior to issuance.
**Business Plan Check List**

Sample Pro Forma Statements

Balance Sheet Projections (Detail)

(in 000’s)

<table>
<thead>
<tr>
<th>Loan Details:</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Loans (describe)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Provisions for Bad Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Deposit Detail:**

Demand & Checking
- Palau Government
- Palau Government-owned Corporations
- Individuals / Consumers
- Corporations/Business/Partnerships
- Other (describe)

Total Savings Deposits

Total Time/Certificates of Deposit
- Sub-total Short Term (up to 90 days)
  - Under $100,000
  - $100,000 & Over
- Sub-total Medium Term (91 to 365 days)
  - Under $100,000
  - $100,000 & Over
- Sub-total Long Term (Over 365 days)
  - Under $100,000
  - $100,000 & Over

Total Deposits
### Business Plan Check List

Sample Pro Forma Statements  
Income and Expense Projections  
*(in 000’s)*

#### Interest Income:
- Interest & Fees on Loans
- Interest on Deposits in Banks
- Interest & Dividends on Securities
- Other Interest Income 1
- **Total**

#### Interest Expense:
- Interest Paid on Deposits
- Interest Paid to Banks
- Other Interest Expense 1
- **Total**

#### Net Interest Income
- Provisions for Loan Losses

#### Net Income from Lending & Investing

#### Non-Interest Income:
- Fees & Commissions – Loans
- Fees & Charges – Deposits
- Fees – Other
- Other Non-Interest Income 1
- **Total**

#### Non-Interest Expense:
- Salaries & Benefits – Dir & Officers
- Salaries & Benefits – Employees
- Fixed Asset Expense
- Other Non-Interest Expense 1
- **Total**

#### Net Operating Income – Before Taxes
- Less: Applicable Income Taxes

#### Net Operating Income – After Taxes

---

1 Itemize / describe all accounts/amounts that total five percent (5%) or more of total amount reported on this line.
Business Plan List – Sample Pro Forma Statements
Income and Expense Projections (Detail)
(in thousand of U.S. Dollars)

**Capital Funds:**

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Capital Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Expenses (if capitalized)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Income (Loss)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Increases (Decreases)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Dividends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Capital Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Allowance for Loan Losses:**

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Loan Losses (Write-offs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recoveries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Losses (Recoveries)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Increases (Decreases)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Miscellaneous:**

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Executive Officers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield on Total Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield on Total Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income to Avg Earning Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense to Avg Earning Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Earning Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Describe all increase and decreases, and the corresponding amount for each item reported in this line.
A confidential personal financial statement report must be completed and filed by each person proposing to acquire a “significant interest” in a Palau financial institution. A “significant interest” means owning or controlling, directly or indirectly, twenty percent (20%) or more of the outstanding equity or any class of shares with voting rights of a financial institution. “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 forgoing, and the information required in this application is required for each member of the group. A confidential personal financial statement report must also be completed and filed by each “principal shareholder,” “director,” and “executive officer” proposed in connection with an application for a license to establish a new Palau financial institution.

Supporting schedules to the financial statement should be attached when necessary to itemize or clarify summarized data. Care should be taken to assure that the dates and total amounts shown on the supporting schedules correspond to those on the financial statement. Supporting schedules are included for real estate and related loans and for proprietary interest. The methods by which real estate market values are determined must be described. If investment securities are shown as an asset and if those securities represent twenty five percent (25%) or more of an individual’s net worth, financial and cash flow statement of the company for the last two years must be provided, unless the company is publicly traded on a national exchange.

The cash flow statement (Schedule 7 to the Confidential Personal Financial Statement) should disclose in a separate line item the payments that will be required to service any loans to finance the purchase of stock.

Complete Section One (1) of the enclosed Confirmation Inquiry Form which authorizes any financial institution, brokerage firm, or any other entity in which you may have an account to confirm to the balance or market value of securities held in said account as of a certain date. If you have accounts at more than one institution, please complete the appropriate number of forms. After completing Section One (1) of the Confirmation Inquiry form, it should be submitted to the Executive Commissioner of the Financial Institutions Commission along with the completed Confidential Personal Financial Statement. Do not send the Confirmation Inquiry form directly to the confirming institution(s). All persons who have ownership interest in the account, for example, husband and wife, must sign the Confirmation Inquiry form. Otherwise, the confirming institution may return the form in blank to the Financial Institutions Commissioner, which may result in a delay in processing. Please provide account and loan numbers on forms.

The Executive Commissioner may require the submission of any other information, including appraisals, that it considers necessary to determine financial capability.
# CONFIDENTIAL PERSONAL FINANCIAL STATEMENT

of

__________________________________________________  
(Name)  

__________________________________________________  
(Date of Financial Information)  
(Report all Amounts in 000's)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand &amp; in Banks (Schedule 1)</td>
<td>Notes &amp; Accounts Payable to Banks (Schedule 6)</td>
</tr>
<tr>
<td>Government Securities</td>
<td>Rents &amp; Interest Due</td>
</tr>
<tr>
<td>Accounts, Loans &amp; Notes Receivable (Schedule 2)</td>
<td>Real Estate Taxes Due (Schedule 4)</td>
</tr>
<tr>
<td>Marketable Stocks &amp; Bonds (Schedule 3)</td>
<td>Liens on Real Estate (Schedule 4)</td>
</tr>
<tr>
<td>Real Estate (Schedule 4)</td>
<td>Other Taxes Due</td>
</tr>
<tr>
<td>Automobiles – Number ( )</td>
<td>Other Liabilities¹</td>
</tr>
<tr>
<td>Proprietary Interests (Schedule 5)</td>
<td></td>
</tr>
<tr>
<td>Other Assets¹</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NET WORTH</td>
<td></td>
</tr>
<tr>
<td>TOTAL ASSETS $</td>
<td>TOTAL LIABILITIES &amp; NET WORTH $</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANNUAL INCOME</th>
<th>CONTINGENT LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary $</td>
<td>As Endorser or Co-Maker $</td>
</tr>
<tr>
<td>Bonus &amp; Commissions</td>
<td>On Leases or Contracts</td>
</tr>
<tr>
<td>Dividends &amp; Interest</td>
<td>Legal Claims</td>
</tr>
</tbody>
</table>

Business Plan
### Schedule 1: Banking Relationships (List all bank accounts)

<table>
<thead>
<tr>
<th>Name of Financial Institution</th>
<th>Address</th>
<th>Type of Account</th>
<th>Account Number</th>
<th>Account Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

### Schedule 2: Accounts, Loans & Notes Receivable

<table>
<thead>
<tr>
<th>Name and Address of Debtor</th>
<th>Date Originated</th>
<th>Description/Nature of Debt</th>
<th>Security Held</th>
<th>Maturity Date</th>
<th>Balance Due</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

### Schedule 3: Marketable Stocks and Bonds. Marketable stocks and bonds include only those listed on recognized national exchanges.

Business Plan
### Schedule 4: Real Estate
Legal and equitable title to all real estate listed below is solely in the applicant’s name except as follows:

<table>
<thead>
<tr>
<th>Description or Street Number</th>
<th>Dimensions or Acres</th>
<th>Improvements Consist Of</th>
<th>Outstanding Mtgs or Liens</th>
<th>Due Dates &amp; Payment Amount</th>
<th>Unpaid Taxes Year</th>
<th>Amount</th>
<th>Original Cost</th>
<th>Present Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Schedule 5: Proprietary Interests
Provide the following information regarding all business enterprises in which you hold a beneficial interest. The term “business enterprise” includes any corporation, association, partnership, business trust, sole proprietorship or other business which shares are not listed on a securities exchange or otherwise regularly traded. Under the heading “Form of Business,” state the legal form of the business. Under “Nature of Business and Percentage of Ownership,” explain what the business enterprise does and percentage of your ownership interest. Submit year-end financial statement, including income and expense (profit and loss) and cash flow statements, for the last two years for each business interest in which you have an interest equal to twenty-five percent (25%) or more of your net worth.

<table>
<thead>
<tr>
<th>Name and Address Of Business</th>
<th>Legal Form Of Business</th>
<th>Nature of Business and Percentage of Ownership</th>
<th>Date Acquired</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business Plan
Schedule 6: Notes & Accounts Payable.

<table>
<thead>
<tr>
<th>Name of Lender</th>
<th>Lender’s Address</th>
<th>Due Dates &amp; Payments</th>
<th>Security/Collateral</th>
<th>Outstanding Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Schedule 7: Cash Flow Statement

<table>
<thead>
<tr>
<th>Source of Cash</th>
<th>Prior Year</th>
<th>Prior Year</th>
<th>Current Year</th>
<th>Next Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Salaries, Wages, Commissions, Bonuses, or Other Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions from Estates and Trusts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Received from Individual Business, Partnerships, or Joint Ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Itemize if 10% or more of total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Cash Received

<table>
<thead>
<tr>
<th>Uses of Cash</th>
<th>Prior Year</th>
<th>Prior Year</th>
<th>Current Year</th>
<th>Next Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Expenses (Management, Rent and Household, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Loan – Principal and Interest Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Loans – Principal and Interest Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Taxes Not Covered by Withholding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Itemize any items amounting to 10% or more of total income)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Cash Outlays

| Surplus (Deficit) Cash Flow                        |         |           |             |           |

I certify that the above Confidential Personal Financial Statement is true and correct to the best of my knowledge.

Dated and signed this ____ day of _____________, 20__                             
______
(Signature)  
______  
(Print or Type Full Name)  
Subscribed & sworn to before me this ____ day of ________, 20__                     
______  
(Seal)  
______  
(Notary Public Signature)  

Business Plan
To the CEO of the Bank/Financial Institution Addressed:

1. Please furnish directly to the Financial Institutions Commission at the address indicated above, the following information with respect to all accounts, including any loan accounts, maintained by me at your institution. If the answer to any item is “none,” please so state.

2. At the close of business on ________________, 20__, our records showed the following balance(s) to the credit of the above named customer (include certificate(s) of deposit, money market certificate(s), stocks, bonds, etc.). In the event that we could readily ascertain whether there were any balances to the credit of the customer not designated in this request, the appropriate information is given below.

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Account Number</th>
<th>Account Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. The customer was directly liable to us in respect of loans, acceptances, etc. at the close of business on that date in the total amount $____________________ as follows:

<table>
<thead>
<tr>
<th>Date of Loan</th>
<th>Due Date</th>
<th>Interest</th>
<th>Amount</th>
<th>Description of Liability, Collateral, Security, Loans, Endorsers, Etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rate</td>
<td>Paid to</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. The customer was contingently liable as endorser of notes discounted and/or guarantor at the close of business that date in the total amount of $____________________ as follows:

<table>
<thead>
<tr>
<th>Name of Maker</th>
<th>Date of Note</th>
<th>Due Date</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Other direct or contingent liabilities, open Letters of Credit, and relative collateral, were:

(Date) _________________________________

(Confirming Institution) _________________________________

(Authorized Signature) _________________________________