

APPLICATION PACKAGE FOR BANKING BUSINESS PERMIT

FEDERATED STATES OF MICRONESIA



BANKING BOARD/COMMISSION
FEDERATED STATES OF MICRONESIA
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FEDERATED STATES OF MICRONESIA
BANKING BUSINESS PERMIT APPLICATION PACKAGE

GENERAL INFORMATION

Pursuant to title 29 of the Code of the Federated States of Micronesia, the authority to engage in “banking business” as defined therein is vested with the FSM Banking Board or Commission. The Banking Board or Commission considers banking business to be very near to the passing of a public trust to the organizer(s) of a bank applicant. The process of organizing a bank can be rigorous and takes considerable time, energy, money, and resources, not only on the part of the organizer(s) but also on the part of the FSM Banking Board or Commission. The process and various requirements can stress both organization and planning so to ensure the resulting bank is fundamentally strong during the initial stage of its existence and remains strong, healthy, safe, and sound, going forward.

In addition to safety, soundness, health, among others, fitness and propriety of applicant, persons associated with applicant, regulated bank, and person who occupies a position of influence is important and a prerequisite. Influence person include, for example, shareholders who exercise a certain level of voting power, chief executives, managing directors, directors, managers, others. The FSM Banking Board has to be satisfied that the applicant is fit and proper before the applicant is allowed to carry on banking business in the FSM. Particularly for banking business, the fit and proper standard is a high one for protecting public interest. Therefore, if the FSM Banking Board or Commission is left with a substantial doubt as to the fitness and propriety, the correct course would be for the applicant not to be approved.

This document and its contents represent the basic application materials that should be thoroughly reviewed and completed by a bank applicant (organizer) applying for Permit as prerequisite to engaging in “banking business” in the FSM pursuant to title 29 of the FSM Code. Banking business is defined in the code as “the business of accepting deposits of money from the public, withdrawable or payable on demand or after a fixed period or after notice, or any similar operation through the frequent sale or placement of notes or other securities, and the use of such funds either in whole or part for loans, investments or any other operation either authorized by law or considered a generally accepted banking practice, for the account and at the risk of the person doing such business.”

All questions must be answered with complete and accurate information. If the answer is “none,” “not applicable,” or “unknown,” so state. Answers of “unknown” should be explained. Any cross-reference must be made to a specific cite or location or form and the question it is intended in the application documents, so the information can be located easily. Supporting information for all relevant factors, setting forth the basis for Applicant’s conclusions, should accompany the application. FSM Banking Board reserves the right to request or seek additional information, clarification and/or verification.

STEPS IN FORMING A BANK IN THE FEDERATED STATES OF MICRONESIA (“FSM”)

A prospect bank applicant should endeavor to get familiar with the provisions of the FSM Banking Act (Title 29 of the FSM Code), the regulations and all other relevant and applicable statutes and regulations. Generally, three steps are required to establish a bank in the Federated States of Micronesia: First, a Permit must be secured from the FSM Banking Board. To obtain the Permit, the applicant must complete this application package at entirety and file with all supporting and relevant documents. Second, the Permit, if and when issued, it grants the bank applicant the authority to apply for the Incorporation process administered by the Office of the Registrar of Corporations, FSM Department of Justice. The Permit may be issued with conditions and terms (statutory, regulatory and prudential) which the bank applicant shall comply and fulfill. Once the conditions and terms or requirements are in compliance and fulfilled, the bank applicant must then inform the Banking Commissioner in writing. The Banking Commissioner will then undertake the necessary verification and investigation to ensure all the conditions and terms or requirements of the Permit are complied and fulfilled

prior to the issuance of the License. Third, the License grants the bank applicant the authority to commence and engage in banking business in the Federated States of Micronesia.

Permit application package for bank. General steps:

1. The bank applicant should arrange an introductory meeting with the FSM Banking Board. During the introductory meeting, the prospect bank applicant should endeavor to present and discuss the new bank, elaborating on “who, why, what, where, when and how”. The application for Permit with supporting documents can be filed during the introductory meeting, or subsequent to the introductory meeting.
2. When and if the Permit is issued, the Permittee must then prepare documents necessary for incorporation, among other requirements that the Permit may require. A copy of the Permit issued to the bank applicant must also be filed along with the incorporation application at the FSM Registrar of Corporations. Note: There are various licensed legal and audit firms in the FSM readily available to assist you. Note: The Permit and Certificate of Incorporation do not grant authority to engage in banking business, until and unless the bank is licensed by the Banking Commissioner as stipulated by law.
3. Once the Permit requirements are fully met and complied with, the Permittee must then advise and file the necessary documentations with the Banking Commissioner. The Banking Commissioner will then undertake certain steps required under the law and regulations prior to the decision on either granting or not granting the License. **Note:** *There may be other documentations and requirements to be completed by the Permittee for licensure purpose.*
4. When compiling the application package, after all questions and supporting documents are completed, please make sure the package is well organized and labeled properly in accordance with the various Forms. An application package that is not well organized and labeled can result in the rejection of the application for it may be confusing. Submit one (1) original and one (1) electronic copy of the complete application package. Make sure all the application Forms are completed thoroughly and entirety with all supporting documents when filed. The electronic copy may be provided on a computer USB, using common word processing and spreadsheet software.
5. All supporting documents must be labeled according to the respective application Form and question for which such a supporting document represents. An independent reviewer may be engaged to assist in the review of the application, the cost of which will be charged to the applicant. **Note:** *all costs associated with application review and investigation must be at the cost of the applicant.*
6. Any Applicant desiring confidential treatment of specific information on the application must submit a request in writing with the application. The request must discuss the justification for the requested treatment. The Applicant’s reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of competitive position, invasion of privacy) that would result from public release of information. Information which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled “Confidential.” The Applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information and/or change of business plan to the application. **Note:** 29 FSMC requires public hearings on any banking business applicant.
7. The applicant bank should file the application under a “Cover Letter” signed by the authorized officer. The application should include an “Executive Summary”.
8. License is perpetual; however, a yearly or annual fee of \$2,000 is due on or before December 31st of each year, payable to the FSM Banking Board, FSM Government.
9. Incomplete submissions will not be accepted, and in most cases, may render the application incomplete. Incomplete application will be rejected, returned or filed as incomplete. All supporting documents must be labeled according to the application Form and respective question(s) for which the supporting documents are intended.

CHANGES TO APPLICATION AND BUSINESS PLAN:

It is understood a Permittee or Licensee may opt to change certain aspects of its business plan for which it is currently permitted or licensed. It is incumbent upon the Permittee or Licensee to inform the Banking Board of such proposed change(s) by filing such proposed change(s) for approval prior to implementing the proposed change(s). The relevant and applicable Forms in the application package should be utilized for submitting requests for the changes. For change(s) in the Board of Directors, the Biographical Affidavit (Form D-1) and Oath of the Bank Director (Form I-1) must be completed and filed for approval prior to the new board member(s) taking office. For change(s) in key management positions, the Biographical Affidavit (Form D-1) must be completed and filed for approval before the key management personnel assumes the position.

This application package constitutes the following Forms or Schedules which must be fully and thoroughly completed and filed with all relevant and supporting documents:

<u>Description</u>	<u>Form</u>
Operational Application for Permit.	A-1
Supplemental Data: Applicant's Parent, Subsidiaries, Affiliates and Participants.	B-1
Verified Statement of Subscriber	C-1
Biographical Affidavit	D-1
Directors Acceptance and Oath of Office	E-1
Application as an Independent Certified Public Accountant	F-1
Resolution of Board of Directors Consenting to Service of Process (draft wordings)	G-1
Business Plan Components:	
A. Business Plan Guideline	H-1(A)
B. Pro-forma Financial Statements (at least three years)	H-1(B)
Oath of replacement Bank Director	I-1
Confidential Personal Financial Statement	J-1
Law Enforcement Confirmation Inquiry	K-1

**Banking Board
FEDERATED STATES OF MICRONESIA**

OPERATIONAL APPLICATION FOR PERMIT

1. Name of proposed Bank: _____

2. Full Address: _____

Telephone: _____ Fax: _____

Website: _____

Type of Permit Applying for: Domestic Bank Permit _____

Foreign Bank Permit _____

3. Full name, address, telephone, and email of the contact person regarding the application:

4. Complete and file the following:

(a). For each organizer, principal shareholder and director of the proposed bank:

(i). Biographical Affidavit (**Form D-1**)

(ii). Directors Acceptance and Oath of Office (**Form E-1**). *Note: This Form is to be completed by each board of director.*

(iii). Curriculum vitae or resume'

(iv). Financial Statement (**Form J-1**). *Note, if the organizer, principal shareholder or organizer is other than a natural person, submit certified copies of the most recent financial statement for all bank accounts and the balance sheet and profit and loss statement for the most recent fiscal year end on the principal shareholder and/or organizer. Also file adopted financial annual report, and audited financial statements.*

(iv). Original police or law enforcement authority report/document or clearance (**Form K-1**) from the habitual physical residence (a place lived or resided for at least six months). The report or clearance must be sent directly from the law enforcement authority to the FSM Banking Board/Commission, Att: Banking Commissioner.

(v). If the organizer or principle shareholder is other than a natural person, provide a copy of the license, certificate of authority, certificate of incorporation, and certificate of good standing.

(b). For each executive officer, key management staff and individual named in the application:

(i). Biographical Affidavit (**Form D-1**)

(ii). Curriculum vitae.

(iii). Original police or law enforcement authority report/document or clearance (**Form K-1**) from the habitual physical residence (a place where you lived or resided for at least six months) sent directly by the law enforcement authority to the FSM Banking Board/Commission, Att: Banking Commissioner.

(c). In the case where any principal shareholder of the bank applicant includes a person other than a natural person, provide:

- (i). a duly adopted and certified resolution of the Board of Directors of principal shareholder evidencing the principle shareholder's support of this application, full details on capitalization for the applicant bank, the names and respective titles of all persons authorized to vote the stock of the bank shareholder(s), names of persons authorized to sign and file this application, and any related information and documents;
- (ii). A certified copy of the principal shareholder's license, approved articles of association or incorporation and bylaws, or other documents relating to the principal shareholder's incorporation and regulating the conduct of the principal shareholder(s) business, certificate of incorporation, certificate of good standing.
- (iii). a certified copy of the most recent audited financial statements which must not be more than 360 days old and a copy of annual report(s).
- (iv). a written and signed statement or confirmation from the regulatory and supervisory authority in the applicants' home country of incorporation that the home regulatory and supervisory authority has no objection to the proposal to establish the subsidiary or/and branch in the FSM, and that the bank subsidiary or branch is subject to consolidated regulatory and supervision in its country of incorporation.

Explanatory Notes:

- (i). *Executive Officer or officer includes at a minimum: Chief Executive Officer, President, Chief Operations Officer, Chief Financial Officer/Treasurer/Comptroller, Secretary, any specific Officer responsible for the bank business operations.*
 - (ii). *Principal and Substantial shareholder is a natural person or legal person owning or controlling directly or indirectly ten percent (10%) or more of the outstanding equity or any class of shares with voting rights.*
5. List all ultimate beneficial owner(s) and substantial stockholders of the bank and respective percentage of ownership in the bank. If more than one owner, describe the relationship(s) between them.
 6. Attach a copy of the most recent Audited Financial Statements, Annual Report and other required public filings for each beneficial owner.
 7. Full name, address, telephone, and email address of:
 - a) Person(s) designated or hired to help with application preparation/completion:
 - b) Designated Applicant Bank's Auditor (CPA):
 - c) Parent company's or beneficial shareholder's home regulatory/supervisory authority:
 9. Is the proposed bank currently or will it secure and maintain deposit insurance coverage or other deposit protection at least equivalent to or substantially similar to US Federal Deposit Insurance Corporation (FDIC)? If "yes" please provide documentation and explanation.
 Yes: _____ No: _____
 10. Provide a complete copy of corporate insurance coverage (i.e. error and omission insurance coverage, professional indemnity, etc.), or describe any plan, timing, coverage, exclusions, etc. in respect to securing such insurance coverage for the proposed bank.

11. How will deficiencies in capitalization be handled or resolved? (Use additional space on separate papers, if needed, and label the pages as “additional answer for Question #11 on Form A-1).
12. To what extent or nature will any principal shareholder, director or executive officer be allowed to borrow from or be indebted to the proposed bank. Describe and discuss fully:
13. Describe all business relationships, if any, which any shareholder, director, officer, employee or any related person or affiliated company has or may have with the proposed bank.
14. Provide full details of the capital structure, including the source, number and type of authorized shares, par value, total common stock, paid-in premium and any other components of capital.
15. Provide and state the initial amount of reserves to be established.
16. Detail all organizational expenses incurred to-date and the amount of projected additional expenses until the projected opening of the proposed bank, indicate whether organizational expenses are to be deducted from the initial capital contribution or if the organizational expenses will be capitalized and amortized over a specified period.
17. Describe the contingency plan in the event the bank becomes insolvent, if the parent, organizer or principal shareholder is taken over by another person, or if the bank decided to voluntarily close down.
16. Other investment(s) made or available for the operations or in connection with the proposed bank in the FSM. If “yes” please specify and provide documentations.
17. Has the applicant or any person named in the application ever applied for a bank charter or any other financial services charter, permit or license in other jurisdiction(s) in the past? Yes: _____
No: _____. If “yes” please discuss?
19. Following information or documentations are required to support the application:
 - a. Applicant bank is required to file a “statement” signed by the authorized officer that if proposed bank is authorized to engage in banking business the bank will yield benefits to the general public in the FSM. The applicant should discuss programs, products, and activities that will help the anticipated needs of its community(ies) in the FSM, provide supporting documents for such statement, i.e. economic feasibility study, research and/or activity undertaken to support such statement.
 - b. A comprehensive and narrative Business Plan (**Forms: I-1(A) and I-1(B)**) that at minimum presents every detail aspect or component of the banking business and activity (please refer to the business plan component of the application for additional detail and information). The comprehensive and narrative Business Plan must present in detail every component of the applicant’s business so to have a clear understanding on the applicant’s bank operation, condition, soundness, safety, health, among others. For example, at minimum, the full and detail discussion, presentation and supporting documents on and related to: capital, asset quality, investment, credit, management, information systems, earning, liquidity, market risk sensitivity, among other important aspects should be among some of the critical components of the business plan. The Business Plan must contain pro-forma financial projections (normal or expected and adverse) and any other relevant documentation and information. It is suggested an independent actuary, who is a member of an Actuarial Society approved by the FSM Banking

Commissioner be engaged by the applicant. The actuarial study must be filed at entirety with the application.

CERTIFICATION

WE, THE UNDERSIGNED PROPOSED BOARD OF DIRECTORS OF THE PROPOSED BANK, DECLARE UNDER PENALTY OF THE LAW HEREBY CERTIFY TO THE BEST OF OUR KNOWLEDGE AND BELIEF, ALL OF THE INFORMATION GIVEN IN THIS APPLICATION HAS BEEN EXAMINED CAREFULLY AND IS TRUE, CORRECT, COMPLETE, AND UP TO-DATE AS OF APPLICATION DATE, THAT ALL ESTIMATES GIVEN ARE TRUE ESTIMATES BASED UPON FACTS WHICH HAVE BEEN CAREFULLY CONSIDERED AND ASSESSED, AND THAT THIS APPLICATION IS MADE IN GOOD FAITH.

WE FURTHER DECLARE THAT TO THE BEST OF OUR COLLECTIVE AND INDIVIDUAL KNOWLEDGE AND BELIEF THERE ARE NO OTHER FACTS OR INFORMATION RELEVANT TO THIS APPLICATION OF WHICH THE FSM BANKING BOARD OR COMMISSION SHOULD BE AWARE, AND WE PLEDGE TO PROMPTLY INFORM THE FSM BANKING BOARD OR COMMISSION OF ANY CHANGES MATERIAL TO THIS APPLICATION WHICH MAY ARISE WHILE IT IS BEING CONSIDERED BY THE FSM BANKING BOARD OR COMMISSION.

Signed this _____ day of _____, 20_____.

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

_____	_____	_____	_____
<i>(Signature)</i>	<i>(Type Full Name)</i>	<i>(Title)</i>	<i>(Date)</i>

Subscribed and sworn to before me this _____ Day of _____ 20 ____.

Signature of Notary Public: _____

NOTARY SEAL: Notary Public authorized by law to administer oaths.

My commission expires on: _____

**Banking Board
FEDERATED STATES OF MICRONESIA**

**SUPPLEMENTARY DATA
APPLICANT'S PARENT, SUBSIDIARIES AND AFFILIATES**

1. Provide incorporation and operating names of parent, subsidiaries and affiliates.
2. Is the parent owned or controlled by another? NO ____ YES _____. If "yes" provide the name.
3. Type of business activity(ies) for each (parent, subsidiaries and affiliates):
4. Legal status and domicile for each:
5. Countries in which the parent, subsidiaries, affiliates and participants do business:
6. Combined annual gross revenues and number of employees:
7. Provide past three years audited financial statements (Annual Reports) on the parent, subsidiaries and affiliates:
8. Describe long range (at least three years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization

**Banking Board
FEDERATED STATES OF MICRONESIA**

VERIFIED STATEMENTS OF SUBSCRIBER

1. My complete name is: _____,

(last name)
(first name)
(middle name)
2. My complete address, telephone and email: _____
 _____, Telephone: _____ Email: _____
3. I am a subscriber of _____ shares of _____

(number)
(name of proposed bank)
4. The names, identity, 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. Yes _____ No _____. (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 loan is/are _____

Signed this ____ day of _____, 20____.

 (print full name)

 (signature of Subscriber)

NOTARY PUBLIC:

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

 (Notary Public Signature)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

**BANK APPLICANT COMPANY
BIOGRAPHICAL AFFIDAVIT
(Print or Type)**

Name of Bank Applicant: _____

* * * * *

**To: Banking Commissioner, Federated States of Micronesia
TownPlaza Building, Suite 3&4, P.O. Box 1887, Pohnpei, FM 96941**

In connection with the above-named bank applicant, I herewith make full representation and disclosures about myself.

Attach a separate sheet if necessary.

If answer is “NONE” or “NO EXCEPTIONS”, so state. Do not use “N/A”

1. Affiant's Full Name: _____
 Address: _____ Phone: _____
 Email: _____
 Nationality/Citizenship: _____
 Social Security Number: _____
 (List all issued Social Security Numbers)
 Passport Number: _____
 (Note: provide a certified copy of all passports issued)
 Country(ies) of Issuance: _____
 Expiration Date: _____
2. Other names used at any time: _____
3. Date of Birth: _____ Place of Birth: _____
4. Proposed position with the applicant bank (Check all applicable): Director: _____
 Executive Officer: _____ Principal Shareholder: _____ Other (describe) _____
5. Education and Degrees: _____
 High School: _____
 College: _____
 Graduate or Professional: _____

(List all educational institutions, degrees, graduation year, and locations).

6. Member of Professional Societies or Associations (*list*):
7. I control directly or indirectly, or own legally or beneficially 10% or more of the outstanding stock (in voting power) of the following firms or companies:
8. Present Chief Occupation:
Position/Title: _____ How Long: _____
Employer's Name: _____
Complete address and telephone: _____
Name and Title of Supervisor: _____
Length of Employment: _____ Where: _____
9. Other positions, directorates, or officerships held, starting with the present position:
10. Employment Record (provide in reverse chronological order):
Date: Employer & Address: Title: Name of Supervisor: Reason for leaving:
11. For the past years, I have lived at the following address(es):
12. Have you ever been discharged or asked to resign from any past employment? If so, give details.
13. I have never been adjudicated as bankrupt, except as follows:
14. Provide information regarding any arrest, indictment, pretrial diversion, or conviction by any authority. Indicate the nature of the charge, date, jurisdiction and location, and disposition of the matter.
15. Provide information regarding any charge, indictment or conviction by any authority against any business or enterprise with which you have been associated as an officer, director, principle shareholder or employee. Indicate the name of the business, your interest, your role, the nature of the charge, date, jurisdiction and location, and disposition of the matter.
16. Describe any action or proceeding against you or a company you were employed or being a shareholder or an associate ever resulted or could have resulted in a sanctioned, loss any rights or benefits, revocation of license, etc. by any government regulatory agency or organization authority. Give the name of the organization or entity, the nature of the proceedings, and the disposition and date.

18. Have you ever been in a position that required a fidelity bond? If any claims were made on the bond, give details?
19. Have you ever been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority? Yes _____ No _____. Has any such license held by you ever been suspended or revoked? If so, give details.
20. Have you or any corporation, partnership, or other entity in which you were an officer, director, trustee, employee, principal shareholder been named in any complaint, pleading, judgment, order, or decree filed in any court of law which cited violations or alleged violations of applicable laws? If so, give details.
21. Have you ever been an officer, director, trustee, key employee, member of an investment committee, or principal or controlling shareholder of a financial institution, organization, company, or entity which became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation, conservatorship, or was enjoined from or ordered to cease and desist from violating any law, regulation, prudential practice or standard while you occupied any such position, or became such within one year thereafter? If so, give details.
22. I presently hold or have held in the past, the following professional, occupational, or vocational license issued by a public or governmental licensing agency or authority (state date license issued, issuer of license, date terminated, reason for termination).
23. Have you ever been requested, advised, ordered or told by any government regulatory author, board, commission or agency to:
- (a). divest any stock ownership or other ownership interest you have in any financial institution?
If so, give details.
 - (b). leave or resign as an officer, director, agent, employee, consultant or representative of any financial institution, company or organization? If so, give details.
24. I have never been convicted or had a sentence imposed, or suspended or had a pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty of or nolo contendere to any information or an indictment charging any felony, or charging a misdemeanor involving embezzlement, theft or larceny, mail fraud, or charging a violating of any corporate securities statute or any banking law, security law, insurance law, nor have I been the subject of any cease and desist order or any disciplinary proceedings of any regulatory agency, except as follows:
25. The Certificate of Authority or license to do business of any banking company, any financial company or company of which I was an officer or director or key management person has never been suspended or revoked while I occupied such position or in the 12 months subsequent, except as follows:

26. No company of which I was an officer, director, or key management person at the time or 12 months subsequent has ever been denied or refused or voluntarily withdrawn its application for a license or certificate or authority, except as follows:

I, the affiant, hereby certify and declare under penalty as provided by law that I have read the foregoing confidential statements and answers, that I understand the contents thereof, and that the statements and answers I provided are true and correct.

Dated and signed this _____ day of _____, 20____ at _____

(Signature of Affiant)

(Print Name of Affiant)

(Title)

NOTARY PUBLIC:

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

(seal)

(Notary Public Signature)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA
BANK APPLICANT COMPANY**

Directors Acceptance and Oath of Office

Name and complete address of Bank: _____

We, the undersigned organizers, hereby certify that the information contained in this application has been examined carefully and is true, correct, and complete, and is current as of the date of this submission. We also certify that any misrepresentations or omissions of material facts with respect to this application, any attachments to it, and any other documents or information provided in connection with the application for the organization of the proposed bank may be grounds for denial or revocation of the Permit or License, or grounds for an objection to the undersigned as proposed director(s) or officer(s) of the bank, and may subject the undersigned to legal sanctions. We, the undersigned organizers understand, support and agree the FSM Banking Board or Commission may under the law and regulation conduct the necessary due diligence and investigation in connection with this application and any subsequent filings.

We solemnly swear (affirm) that we will diligently and honestly administer the affairs of the Bank; that we will not knowingly violate or permit any director, officer or employee of the Bank to violate any provision of the FSM Bank Act of 1980 or applicable and relevant laws, or any regulations of the FSM; that we will place the interests of the Bank before our own personal and financial interests; that we will make fair and impartial decisions; that we will not accept as presents or emoluments, any pay, directly or indirectly, for the discharge of any act in the line of our duty as a director of the Bank other than that fixed and paid us by the Bank; that we will not use any information obtained in the performance of our duty as a director of the Bank for personal financial gain; and that we will not reveal any information relating to Bank or any customer of the Bank to the public except as may be specifically authorized by 29 FSMC, regulations or order by a court of competent jurisdiction.

We do each hereby declare as owners, in good faith and in our own respective right, of the number of shares of stock that the law requires. I have either subscribed for this stock or it is issued and outstanding, and it is not hypothecated, or in any way pledged, as security for any loan or debt.

I shall attend meetings of the board of directors and participate fully on all committees of the board to which I am appointed.

We do each, and not for one another, hereby declare, under penalty of perjury under the laws of the Federated States of Micronesia that we have read the foregoing Directors Acceptance and Oath of Office, and that we fully understand the contents thereof.

Signed this _____ day of _____, 20____.

Signature: _____ Print full name: _____ Date: _____

Signature: _____ Print full name: _____ Date: _____

Signature: _____ Print full name: _____ Date: _____

Signature: _____ Print full name: _____ Date: _____

Notary's Affirmation

Sworn to before me and subscribed in my presence, this ____ day of _____, _____.

My Commission Expires: _____

(seal)

(Notary Public Signature)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA
BANK APPLICANT COMPANY**

**APPLICATION AS AN INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT**

(Print or Type)

Name of Bank Applicant: _____

Full and complete address: _____

_____ Telephone: _____ Email/Website: _____

* * * * *

To: Banking Commissioner, Federated States of Micronesia

In connection to the above named Bank Applicant, I hereby apply as a/an:

Individual: _____ Partnership: _____ Corporation: _____ Other: _____

Attach a separate sheet if necessary.

If answer is "NONE" or "NO EXCEPTIONS", so state. Do not use "N/A"

IF APPLICANT IS AN INDIVIDUAL

(Complete Items 1 through 10)

1. Full Legal Name: _____

2. Business _____

Address: _____

(P.O. Box and Physical Street)

(City or Town) (State) (Zip Code) (Phone) (Fax) (Email)

3. Personal Data:

a. Residence Address: _____

b. Date of Birth: _____/_____/_____

c. Social Security Number: _____-_____-_____

(If not available, then complete the following):

Passport Number: _____

Country of Issue: _____

Expiration Date: _____

d. Education and Degree(s):

High School: _____

College: _____

Graduate and/or Professional: _____

4. List all bank auditing experience (attached additional sheets as necessary).
5. Has applicant ever been arrested, or indicted for and/or convicted of any crime or offense other than a traffic violation? NO ___ YES ___. If "yes," submit full particulars of each case and disposition thereof.
6. Do you control directly, or own legally or beneficially the outstanding stock of any banks or other financial firms? NO ___ YES ___. If "yes", provide details:
7. Do you currently hold or have held any type of bank charter or license?
- | (Type) | (State) | (Expiration Date) |
|--------|---------|-------------------|
| | | |
9. Have you ever had a license or privilege refused or revoked by any Banking or Financial or Monetary Authority or other Regulatory Authority from any jurisdiction? NO ___ YES _____. If "yes" give details:
9. Are you currently licensed by any jurisdiction as a CPA?
- a) If yes, name of jurisdiction:
- b) How long?
10. Has your license as a CPA in this jurisdiction or any other jurisdictions ever been suspended or revoked? NO ___ YES ___. If "yes", give details.

I hereby certify that my responses to the above are true and complete; (Also, include a complete Biographical Affidavit).

Signed: _____ Date: _____

Subscribed and sworn to before me this _____ Day of _____ 20 ____.

Signature of Notary Public: _____

NOTARY SEAL Notary Public authorized by law to administer oaths.

My commission expires on: _____

IF APPLICANT IS OTHER THAN AN INDIVIDUAL

(Complete items 11 through 14)

11. Name of Partnership, Corporation, etc.

Business Address:

Federated States of Micronesia Business ID No.:

Telephone:

12. Describe banking or any other financial services auditing experiences (attach additional sheets as necessary):

13. Indicate banking and/or financial services experience of partner, manager, supervisor, etc. of individual(s) responsible for auditing bank(s):

14. Will you assign only individuals that have a minimum of two years bank auditing experience? Yes: _____ No: _____. If no, please provide explanation.

I hereby certify that my responses to the above are true and complete.

Signed: _____ Date: _____

Subscribed and sworn to before me this _____ Day of _____ 20 ____

Signature of Notary Public: _____

NOTARY SEAL

Notary Public authorized by law to administer oaths.

My commission expires on: _____

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

**RESOLUTION OF BOARD OF DIRECTORS OF BANK
CONSENTING THAT SERVICE OF PROCESS ON THE
BANKING COMMISSIONER OF THE FEDERATED STATES OF
MICRONESIA BE VALID SERVICE ON THE BANK**

RESOLVED, by the Directors of _____ (*name of bank company*), a bank applicant applying to engage in banking business in and under the laws of Federated States of Micronesia (hereinafter called the "Bank"), that, pursuant to the requirements of the laws of the Federated States of Micronesia, the said Board of Directors for and on behalf of said bank does hereby:

- (1) Consent that service of process be made upon the Banking Commissioner of the Federated States of Micronesia (always for the time being), in any action or proceeding against said bank at any time brought or pending in Federated States of Micronesia upon any cause of action arising in or growing out of business transacted in Federated States of Micronesia;
- (2) Consent that service so made shall be valid and effective service upon said Bank; and
- (3) Stipulate that such consent shall be and is hereby made irrevocable so long as the Permit and/or License of said Bank shall remain in force in the Federated States of Micronesia or any loss remains unpaid therein.

[Name] ss.

_____, being duly sworn, deposes and says that: S/He is the Secretary of the _____; the foregoing is a true copy of the resolution adopted at the meeting of the Board of Directors of the: _____ (*name of the bank*), held (date) _____, 20_____: a quorum of said Board was present at the said meeting.

Secretary: _____ (Corporate Seal)

NOTARY SEAL: Notary Public authorized by law to administer oaths.

Subscribed and sworn to before me this _____ day of _____, 20____.

My commission expires: _____

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

Business Plan Guideline

Preparation and Use

The business plan (“plan”) component of the application package must be comprehensive, and crucial for the management and oversight of the banking institution, if the application is approved. It should establish the banking institution’s goals and objectives. It is a comprehensive written plan of how the business will organize its resources to meet its goals and measuring progress by the bank and the FSM Banking Board in its regulatory and supervisory efforts.

The plan is a result of in-depth planning by the bank’s organizers and management. It should realistically forecast market demand, customer base, competition, benefits to the public, concrete steps to mitigate and manage risks, and economic conditions. The plan must reflect sound banking principles and demonstrate realistic assessment of risk in light of economic and competitive conditions in the market to be served. The plan should also clearly state the special purpose or focus (for example, credit card, trust only, cash management, or banker’s bank, etc.) should address this special or unique feature in detail in the appropriate sections of the plan.

The plan should cover at least three years and provides detailed explanations of actions that are proposed to accomplish the primary functions of the applicant bank. The description should provide detail to demonstrate that the applicant bank will be successful, will operate in a safe and sound manner, and will have adequate capital to support the risk profile, among others.

For any applicant with internet or alternative electronic delivery channel, the plan should contain a clear and detailed definition of the market the applicant plans to serve and the products and services it will provide through electronic channels. Because the Internet has potential global market and can reach anyone with Internet access, the selected information on the market and products and services is essential. The marketing plan aspect should explain how the bank would achieve brand recognition.

Confidentiality

The FSM Banking Board will work with others, both in and out of the country and verification and authentication of information relevant to the application. Applicant desiring confidential treatment of specific information contained in the Business Plan component, or any information contained in the application should specifically demonstrate the harm (for example, loss of its competitive position, invasion of privacy) that would result from public release of information. Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of application (by reference to the confidential section); (2) separately bound; and (3) labeled “Confidential.”

The Applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the plan, and any other part, component or aspect of its filed application.

Below is the suggested minimum business plan format and information requirement:

BUSINESS PLAN

I. Table of Contents

II. Executive Summary

Describe the highlights of the plan, including how the organizing group came together, and indicate reasons and purpose or objective behind the decision for establishing the bank.

III. Description of Business

- A. Describe in detail the bank's business and any special market niche, including the products, services, market, and nontraditional activities.
- B. Present and discuss detailed information and description (include diagram) of the applicant bank organization structure, including any parent, holding company, all subsidiaries and affiliated entities. Present and describe a diagram of any subsidiaries and affiliated entities of principal shareholders, directors or executive officers of the applicant. If applicant is in a holding company structure, discuss the operations of the organization, including details on the organizational structure and interaction between the bank and its affiliates.
- C. Describe the extent, if any, that there are or will be transactions with affiliated entities or person. Include terms.
- D. Discuss the legal form and stock ownership of the bank and any investment in subsidiaries or service corporations.
- D. For an operating company, describe in detail the present financial condition and current resources, such as office network, staff, and customer base. Specifically discuss the strengths and weaknesses.
- E. Describe the proposed location, office quarters, and any branch structure.
- F. Discuss in detail any growth or expansion plans, including additional branches, other offices, mergers, or acquisitions.

IV. Marketing Plan and Analysis

A marketing plan should provide in detail factual support that the bank has reasonable prospects to achieve the revenue projections, customer volume, and key marketing and income targets. The analysis should be based on the most current data available, and the sources of information should be referenced. This section should contain an in- depth discussion of the major planning assumption for the market analysis, economic, and competitive components used to develop the plans, objectives, and the basis for the assumptions.

A. Product Strategy

- 1) Specifically list and describe the detail the planned products and services, including activities of any subsidiaries. Discuss any plans to engage in any subprime or speculative lending, including plans to originate loans with high loan-to- value ratios.
- 2) Discuss how the bank will offer products and services over the at least three years, indication any variation in the different market areas or distribution channels, and include the time frame for the introduction and the anticipated cost associated with each.
- 3) Describe the bank's plans to engage in any secondary market/mortgage banking activity, including loan participations. Discuss plans to use forward take-out commitments or engage in loan securitization. Describe any plans to engage in the hedging activity to mitigate the risks of this activity. Also, discuss plans to retain recourse and servicing.

- 4) Describe the primary sources of loans and deposits and the major methods to solicit them. If using brokers or agents provide full details of the nature and extent of all such activities, including sources, amounts, fees, and any intended tie-in of compensatory arrangements with the broker or agent.
- 5) Describe any arrangements with e-commerce business (for example, links to another's Web site to shop, order, or purchase goods and /or services online).

B. Markets Analysis

- 1) Describe the intended target market and the geographical market area (s).
- 2) Describe the demographics of the target market population (for example, age, education and occupation).

C. Economic Component (discuss any independent economic survey or market feasibility study)

- 1) Describe in detail the economic forecast for the at least three years of the plan. The plan should cover the most likely scenario and adverse scenario or possible economic downturns.
- 2) Indicate any national, regional, or local economic factors that may affect the operations of the bank. Include an analysis of any anticipated changes in the market, the factors influencing those changes and the effect they will have on the bank.
- 3) Describe the current economic characteristics of the proposed market (s), for example, size, income, and industry and housing patterns.
- 4) Based on the economic characteristic described previously, discussed the economic factors that influence the products and services to be offered. A more in-depth discussion is warranted when different types of services are identified for different market areas in the Description of Business section above.

D. Competitive Analysis

- 1) Compare and contrast the bank's product strategy with its principal competitors in the target market (s). Include expected results in terms of relative strength, market, share and pricing.
- 2) Discuss the overall marketing/advertising strategy, including approaches to reach target market through the marketing of brand, products, and services. Outline the specific medium that will be used, including timing and level of advertising efforts.
- 3) Discuss potential competition in the target market (s).

V. Leadership and Management Plan

- A. Structure. Describe the organizational structure and chart (corporate and management structure) management organization structure, and indicate any anticipated changes. Provide a list of board committees including composition and a brief explanation of responsibilities of each committee. Indication the number of officers and employees, and describe the duties and responsibilities of the senior executive officers. Describe any management committees that are or will be established.
- B. Ownership and Management. List the names, home addresses, and nationality of all current/proposed organizers, principal shareholders, directors or executive officers. Indicate the number and percentage of shares each individual or group is expected to own or control, and whether or not the respective shares are or not fully paid.

- C. 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 exchange (currency) and each branch/other office facility manager.
- D. Qualifications. Discuss the qualifications of the current/proposed directors and executive officers showing the nature and extent of experience each possesses.
- E. Compensation. Provide a list of the proposed fees, salaries or other forms of compensation (including benefits) for each director and executive officer.
- F. Agreements. Describe any agreement (e.g. data processing, loan processing, etc.) the bank has or intends to make to obtain services from others. File a copy of such agreement or sample of such agreement. Provide the names of proposed service providers and relationship(s), if any, to organizers, principal shareholders, directors or executive officers of the bank.
- G. 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) who are involved.
- H. Discuss the bank's plans to address management succession, including any management training program or other available resources.

VI. Records, System, and Controls

- A. Describe the bank's current and/or proposed accounting and internal control systems, indicating any use of electronic processing systems.
- B. Describe management's proposed internal audit functions. The description should set forth the independent of the department and the scope and frequency of audits. Discuss the experience and education of the audit staff. If external auditors will be used for internal audits, provide similar information for the external auditors.
- C. Describe the compliance management programs, addressing independence, scope, frequency, and staff qualifications, Discuss how the bank will respond to consumer complaints.
- D. State plans for an annual audit by independent public accountants.
- E. Discuss the functions that will be outsourced and what the bank will do in-house.

VII. Financial Management Plan

- A. Capital and Earnings
 - 1) Present and discuss in detail the capitalization goals and the means to achieve them, including number of shares, par value, classes of shares, registered owners, additional paid in capital and total contributed capital and surplus.
 - 2) Discuss the earnings goals in terms of return on assets, net interest margin, or other profitability measurements, and summarize the strategies to achieve those goals.
 - 3) Discuss the plan for raising capital and for financing growth, with particular emphasis on conformance with regulatory capital requirements.
 - 4) Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching, and projected organization

and operating expenses. Present a thorough justification to support the proposed capital, including any off-balance sheet activities contemplated.

- 5) Describe the debt service requirement for any debt that will be issued at by the parent company or the holding company level to capitalize the bank.
- 6) Discuss the use of options, warrants, and/or other benefits associated with the bank's capital.
- 7) Summarize the dividend policy.
- 8) Discuss and describe the contingency plan in the event the bank experience deficiencies in required amount of assets, i.e. capital, liquidity,

B. Liquidity and Funds Management

- 1) Discuss how the bank will identify and measure liquidity risk.
- 2) Discuss the bank's plan to monitor and control its liquidity risk, including funding sources (deposits, borrowing, and securitizations). Include holding company support, if any.
- 3) Describe any plans to borrow funds from any financial banks or other sources, including the amount, composition, interest rate, maturity, purpose, and collateral.
- 4) Discuss the type of investment securities the bank plans to purchase.

C. Sensitivity to Market Risk

- 1) Discuss the bank's objectives, strategies, and risk tolerance for interest rate risk.
- 2) Discuss how the bank will identify and measure interest rate risk.
- 3) Discuss the bank's asset and liability portfolio in terms of sensitivity to interest rate changes and the impact of earnings and capital and net portfolio value.¹⁰ Discuss the risk limit to control interest rate risk.
- 4) Describe any plans to use hedging activities (for example, future, options, interest rate swaps, or other derivative instruments).

D. Credit Risk

- 1) Discuss how the bank will identify and measure credit risk.
- 2) Describe the loan review program, addressing independence, scope, frequency, and staff qualifications.
- 3) Describe the methodology used to determine the allowance for loan and lease losses.

VIII. Monitoring and Revising the Plan

- A. Describe how the board of Directors will monitor adherence to business plan.
- B. Describe how the board of directors will adjust and amend the plan to accommodate significant or material economic changes.

IX. Alternate Business Strategy (Adverse Scenario)

An alternative business strategy details how the bank will operate under scenarios in which market conditions differ significantly from those projected in this business plan. This alternative business strategy should be realistic about the business risk and incorporate sound management of such risks.

This alternative strategy should consider potential adverse scenarios relating to the asset or liability mixes, interest rates, operating expenses, marketing costs, growth rates, etc. This discussion should include realistic plans for how the bank would access additional capital, if needed, in the future and, if applicable, contingency funding plans that address strategies for managing potential liquidity fluctuations. This plan also should discuss any financial safeguards to offset unexpected costs and remain well capitalized.

Periodically, the bank should update this section, especially as the bank becomes more complex and as industry conditions change.

X. Financial Projections

- A. Provide financial information for opening day pro forma and quarterly projections for at least three years of operations. Also provide annual totals for income Statement. The line items in the financial statements should be consistent with the Consolidated Reports of Condition and Income so that project items may be compared conveniently with actual performance. The following reports should be used:
- B. The financial statements should be presented in two ways: (1) showing the dollar amounts, and (2) as a percentage of total assets.
 - 1) Describe in detail all of the assumptions used to prepare the projected statements, including the assumed interest scenarios for each interest earning asset and interest costing liability over the term of the business plan. Also present a thorough justification to support proposed capital, including any branch expansion and off-balance-sheet activities contemplated.
 - 2) Provide the basis for the assumptions used for noninterest income and noninterest expense. Indicate the amount of lease expense, capital improvements, and furniture, fixtures, and equipment, including systems and equipment upgrades.
 - 3) Describe the assumptions for the start-up costs, volumes, expected returns, and expected time frame to introduce each new product and service.
- B. Discuss how the bank used marketing studies or surveys to support the bank's projected growth.
- C. Discuss the level of marketing expenses necessary to achieve the projected market share for both loan and deposits products. Assumptions should be consistent with those experienced by other banks in the target market. Explain any significant variances between the assumptions in the target market.
- D. Provide a sensitivity analysis of the financial projections. A sensitivity analysis provides a realistic stress test of the major underlying assumptions used in the business plan and the resultant financial projections. For example, Adjust the financials to reflect the effects of adverse changes in the interest rate environment, changes in the asset/liability mix, higher than expected operating expenses, marketing cost, and/or growth rates.

Form: H-1(B)

(INSERT PRO-FORMA FINANCIALS _ EXCEL SHEETS)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA
Oath of Bank Director (New Director)**

Name and address of the Bank: _____

**To: FSM Banking Commissioner
FSM Banking Board/Commission
TownPlaza Building, Suites #3 & 4
P.O Box 1887
Kolonia Pohnpei, FM 96941**

I, the undersigned, a (proposed) director of the above-named bank do solemnly swear (affirm) that:

As a director, I have a legal responsibility and a fiduciary duty to shareholders to administer the depository bank's affairs faithfully and to oversee its management. In carrying out my duties and responsibilities, I shall exercise reasonable care and place the interests of the depository bank before my own interests. I shall fulfill my duties of loyalty and care to the above-named depository bank.

I shall, commensurate with my duties, diligently and honestly administer the affairs of the depository bank, and I shall not knowingly violate, or willingly permit to be violated, any applicable statute or regulation. I shall ensure that I learn of changes in statutes, regulations, and policies of the Office of the Federated States of Micronesia Banking Board, or any state to whose jurisdiction my association is subject, which affect my duties, responsibilities, or obligations as a director and affiliated person of the association.

I am the owner, in good faith and in my own right, of the number of shares of stock that the law requires. I have either subscribed for this stock or it is issued and outstanding, and it is not hypothecated, or in any way pledged, as security for any loan or debt.

I shall attend meetings of the board of directors and participate fully on all committees of the board to which I am appointed.

Signed this _____ day of _____, 20____.

Signature: _____

Type Name: _____

Complete mailing address: _____
_____ Telephone: (____)_____

Telephone: _____

Notary's Affirmation

Sworn to before me and subscribed in my presence, this ____ day of _____, _____.

Notary Public

My Commission Expires: _____

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

CONFIDENTIAL PERSONAL FINANCIAL STATEMENT

This Confidential Personal Financial Statement report must be completed and filed by each person proposing to acquire or has acquired a “substantial interest”(owning or propose to own or control, directly or indirectly, at least 10% or more of the outstanding equity or any class of shares with voting rights of the bank. “Person” includes an individual, two 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. This Form must also be completed and filed by each director and executive officer proposed in connection with a bank applicant.

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 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 trades on a national exchange.

The cash flow statement (Schedule 7) to this 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 FSM Banking Commissioner 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 FSM Banking Commissioner, which may result in a delay in processing. Please provide account and loan numbers on forms.

The FSM Banking Commissioner or Board may require the submission of any other information, including appraisals, that it considers necessary to determine financial capacity.

(Name)

(Report all Amounts in Thousands of United States Dollars or Equivalent)

ANNUAL INCOME		CONTINGENT LIABILITIES	
Salary	\$	As Endorser or Co-Maker	\$
Bonus & Commissions		On Leases or Contracts	
Dividends & Interest		Legal Claims	
Real Estate Income		Provision for Income Taxes	
Other Income (Itemize)		Other Special Debts (Itemized)	
TOTAL INCOME	\$	TOTAL CONTINGENT LIABILITIES	\$

- I have additionally endorsed, guaranteed or am contingently liable for debts of others amounting to \$ _____.

Schedule 1: Banking Relationship (List all bank accounts)

Schedule H: Banking Relationships (List all bank accounts)				
Name of financial institutions	Address	Type of Account	Account Number	Account Balance
Total				

Schedule 2: Accounts, Loans & Notes Receivables

[illegible]

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

[illegible]

Form: J-1 (Cont.)

Schedule 4: Real Estate. The legal and equitable title to all real estate listed in this statement is solely in the name of the signed except as follows:

Description or Street Number	Dimension or Acres	Improvements consist of	Outstanding Mortgages or liens	Due dates & payment amount	Unpaid Taxes		Original cost	Present market value
					Year	Amount		
							Total	

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 been an interest equal to twenty-five percent (25%) or more of your net worth.

[illegible]

Schedule 6: Notes and Accounts Payable

Schedule G: Notes and Accounts Payable				
Name of Lender	Lender's Address	Due Dates and Payments	Security/Collateral	Outstanding Balance
			Total	

Schedule 7: Cash Flow Statement

Source of Cash	Prior Year:	Prior Year:	Current Year:	Projected next year
Net Salaries, Wages, Commissions, Bonuses, or Other Income from Employment				
Dividends				
Interest				
Royalties				
Distributions from Estates and Trusts				
Cash Received from Individual Business, Partnership, or Joint Ventures				
Real Estate				
Other (Itemized any items amounting to 10% or more of total income)				
Total Cash Received				
Uses of Cash	Prior Year	Prior Year	Current Year	Projected Next Year
Personal Expenses (Management, Rent, and Household, etc.)				
Bank Loan – Principal and Interest Payments				
Other Loans – Principal and Interest Payments				
Insurance Payments				
Income Taxes Not Covered by Withholding				
Other (Itemize any items amounting to 10% or more of total income)				
Total Cash Outlays				
Surplus (Deficit) Cash Flow				

I hereby declare under penalty of perjury under applicable laws and regulations that I have read the foregoing Confidential Personal Financial Statement (or have had it translated for me), that I understand the contents thereof, and that the foregoing statements are true and correct.

Date and signed this _____ day of _____, 20_____.

(Print full name)

(Signature)

Notary Public:

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

(seal)

(Notary Public Signature)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

CONFIRMATION INQUIRY (Confidential Information)

**FSM Banking Board/Commission
Town Plaza Building, Suites #3&4
P.O. Box 1887
Kolonja Pohnpei, FM 96941
Telephone: (691) 320-2015/2064
Fax: (691) 320-5433**

Date: _____

(Name of Confirming Institution)

(Mailing Address)

Gentlemen:

- Please furnish directly to the FSM Banking Board/Commission at the address provided 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.

(Account Name/Print or Type)

(Authorized Signature/Date)

- 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.

Account Name	Account Number	Account Balance

- 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:

Date of Loan	Due Date	Interest		Amount	Description of Liability, Collateral, Security, Loans, Endorsers, etc.
		Rate	Paid to		

- 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:

Name of Maker	Date of Note	Due Date	Amount	Remarks:

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

(Date)

(Confirming Institution)

(Authorized Signature and Title)

**BANKING BOARD
FEDERATED STATES OF MICRONESIA**

Town Plaza Building, Suites #3&4
P.O. Box 1887
Kolonias Pohnpei, FM 96941
Telephone: (691) 320-2015/2064
Fax: (691) 320-5433

LAW ENFORCEMENT CONFIRMATION INQUIRY (Confidential Information)

TO: FSM Banking Board/Commission
Town Plaza Building, Suites #3&4
P.O. Box 1887
Kolonias Pohnpei, FM 96941
Telephone: (691) 320-2015/2064
Fax: (691) 320-5433

Date: _____

(Name of Confirming Law Enforcement Authority/Institution)

(Address)

Gentlemen:

1. Please furnish or mail directly to the FSM Banking Board/Commission at the address provided above complete information you might have on record or file on myself.

(Name/Print or Type)

(Signature)

(Date)

(Authorized Official and Authorized Signature of Official reporting)

Date

(Title of Reporting Official)

This form can be duplicated, if more copies are needed.