



**Da Afghanistan Bank
Financial Supervision Department**

BANK CHARTER APPLICATION

GENERAL INFORMATION AND INSTRUCTIONS:

Preparation and Use:

This application is used to effect a transaction under [insert banking law citation.] Interior All questions must be answered with complete and accurate information that is subject to verification. If the answer is "none," "not applicable," or "unknown," so state. Answers of "unknown" should be explained.

The questions in the application are not intended to limit the Applicant's presentation nor are the questions intended to duplicate information supplied on another form or in an exhibit. For such information, a cross reference to the information is acceptable. *Any such cross-reference must be made to a specific cite or location in the 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. The DAB may request additional information.

Notice of Publication:

The Applicant must give notice of the proposed organization in the community in which the proposed financial institution will be located. DAB for the specific requirements of the notice of publication.

Electronic Submission:

In addition to an original application and the appropriate number of signed copies, DAB would like to have an electronic copy of the information in the application, especially of the business plan's financial projections.

Confidentiality:

Any Applicant desiring confidential treatment of specific portions of the application must submit a request in writing with the application. The request must discuss the justification for the requested treatment. Information for 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 contact DAB for specific instructions regarding requests for confidential treatment. The Applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the plan. DAB will determine whether the information will be treated as confidential.

DA AFGHANISTAN BANK CHARTER APPLICATION

Proposed Depository Institution (institution)

Name

Complete address

Contact Person

Name Title/Employer

Complete address

Telephone Number, Fax Number, E-Mail Address

DA AFGHANISTAN BANK CHARTER APPLICATION

1. Overview:

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- (a) Provide a brief overview of the application. The overview should describe the institution's business, including the products, market, and services.
 - (b) Provide a copy of the proposed articles of association and proposed bylaws.
 - (c) Provide a copy of the business plan. Refer to DAB's Business Plan Guidelines.

2. Management:

- (a) Provide a list of the organizers, proposed board members, senior executive officers, and proposed shareholders that will own or control 10 percent or more of the institution's stock. For each person listed, attach an Biographical and Financial Report.
- (b) Describe each proposed board member's qualifications and experience to serve and oversee management's implementation of the business plan. Describe the extent, if any, to which board members or major stockholders will be involved in the day-to-day management of the institution. Also list the forms of compensation, if any.
- (c) Provide a list of board committees and members;
- (d) Describe any plans to provide ongoing board member education or training;
- (e) Describe each proposed senior executive officer's duties and responsibilities and qualifications and experience to serve in his/her position. If a person has not yet been selected for a key position, list the criteria that will be required in the selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including any employment contract or compensation arrangement. Provide the aggregate compensation of all officers.
- (f) Describe any potential conflicts of interest;

(g) Describe any transaction, contract, professional fees, or any other type of business relationship involving the institution and any organizer, board member, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions.

- 1) State whether the business relationship is made in the ordinary course of business, is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders, and does not present more than the normal risk of such transaction or present other unfavorable features.
- 2) Specify those organizers that approved each transaction and whether the transaction was disclosed to proposed board members and prospective shareholders.
- 3) Provide all relevant documentation, including contracts, independent appraisals, market valuations, and comparisons.

3. Capital:

(a) Provide the number of authorized shares, the number of shares to be issued, par value, voting rights, and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus, and other capital segregations.

(b) Describe any noncash contributions to capital, and provide supporting documents for assigned values, including an independent evaluation or appraisal.

(c) 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. Describe any plans for the payment of dividends.

(d) List all known subscribers to stock. For organizers, board members, 10 percent shareholders, senior executive officers, and other insiders, include the number of shares and anticipated investment and the amount of direct and indirect borrowings to finance the investment. Discuss how any debt will be serviced.

(e) List recipients and amounts of any fees, commissions, or other considerations in connection with the sale of stock.

4. Convenience and Needs of the Community:

(a) Define the intended geographical market area(s). Include a map of the market area, pinpointing the location of proposed bank's offices and offices of competing depository institutions.

(b) Describe the competitive factors the institution faces in the proposed market and how the institution will address the convenience and needs of that market to maintain its long-term viability.

(c) Discuss the economic environment and the need for the institution in terms of population trends, income, and industry and housing patterns.

5. Premises and Fixed Assets:

- (a) Provide a physical description for permanent premises. Indicate the level and type of property insurance to be carried, or how the organizing group will recover financially from damage or destruction of premises and equipment.
- (b) If the permanent premises are to be purchased, provide name of seller, purchase price, cost and description of necessary repairs and alterations, and annual depreciation. If the premises are to be constructed, provide the name of the seller, the cost of the land and the construction costs. Indicate the percentage of the building that will be occupied by the bank. Provide a copy of the appraisal.
- (c) If the permanent premises are to be leased, provide name of owner, terms of the lease, and cost and description of leasehold improvements. Provide a copy of the proposed lease when available.
- (d) If temporary quarters are planned, provide a description of interim facility, length of use, lease terms, and other associated commitments and costs.
- (e) Outline the security program that will be developed and implemented, including the security devices.
- (f) Describe any plan to establish branches or relocate the main office within the first three years. Any acquisition or operating expenses should be reflected in the financial projections.

6. Information Systems:

- (a) Outline the proposed information systems architecture and any proposed changes or upgrades. The information should describe how:
 - (1) the information system will work within existing technology;
 - (2) the information system is suitable to the type of business in which the institution will engage;
 - (3) the security hardware, software, and procedures will be sufficient to protect the institution from unauthorized tampering or access; and
 - (4) the organizers and board members will allocate sufficient resources to the entire technology plan.
- (b) Provide lists or descriptions of the primary systems and flowcharts of the general processes related to the products and services. The level of detail in these system descriptions should be sufficient to enable verification of the cost projections in the *pro formas*.
- (c) Estimate the start-up budget for the information systems related to the products and services and the expected annual operating and maintenance costs (including telecommunications, hardware, software, and personnel).
- (d) Describe the physical and logical components of security. Describe the security system and discuss the technologies used and key elements for the security controls, internal controls, and audit procedures.

7. Other Information:

- (a) List activities and functions, including data processing, that will be outsourced to third parties, identifying the parties and noting any affiliations. Describe all terms and

conditions of the vendor management activities and provide a copy of the proposed agreement when available.

(b) List all planned expenses related to the organization of the institution and include the name of recipient, type of professional service or goods, and amount. Describe how organization expenses will be paid.

(c) If applicable, list names and addresses of all correspondent depository institutions that have been established or are planned.

(d) Provide a copy of management's policies for loans, investments, liquidity, funds management, interest rate risk, and other relevant policies.

ORGANIZER CERTIFICATION

We, the organizers, 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 financial institution may be grounds for denial or revocation of the license, or grounds for an objection to the undersigned as proposed member(s) or officer(s) of the proposed financial institution, and may subject the undersigned to legal sanctions.

We request that examiners be assigned to make any investigations necessary.

We acknowledge that approval of this application is in the discretion of DAB.

Signature

Date

Typed Name

Oath of the Bank Board Member

Bank Name _____ Date _____

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

As a board member, I have a legal responsibility and a fiduciary duty to shareholders to administer the depository institution'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 institution before my own interests. I shall fulfill my duties of loyalty and care to the above-named depository institution.

I shall, commensurate with my duties, diligently and honestly administer the affairs of the depository institution, and I shall not knowingly violate, or willingly permit to be violated, any applicable law or regulation.

I am the owner, in good faith and in my own right, _____ shares of stock. This stock is not in any way pledged as security for any loan or debt.

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

Signature:

Typed Name:

Complete Address:

Witness _____

EXHIBITS (check all that apply)

- Business Plan
- Financial Projections
- Articles of Association
- Bylaws
- Oath of Board Members
- Biographical and Financial Reports
- Public Notice of Application
- Copies of contracts/agreements
- Employment/compensation contracts
- Service providers' contracts
- other: (list)