

DAB Change in Control Application Form Document Checklist

Applicant: _____

Date: _____

Items and Documents to be included in the Change in Control Application:

Control Regulation - § 11.2.1 Procedure for Submitting Application, Part-B

The following documents should be provided along with application for Change in Control:

1. Documents	
1	A brief overview of the purchase agreement. Also, the overview should describe the reasons why the new owner is interested in the bank, their future plans for the bank, including any new products, market, and services.
2	Introduction of one designated individual who is authorized to act as the representative of the applicants through the application process. Also provide his name and full contact information.
3	The applicant Background Data or Biographical Data including educational background, professional activity and work experience; Also, proved copy of Tazkira & Passport;
4	If the applicant is a legal person: <ul style="list-style-type: none"> - Founding document / Article of Association / By law; - Background or Bio Data on each director and person with the power of management of the applicant; - Provide a copy of each individual's Passport;
5	Data on sanctions/enforcement actions applied to the applicant by any court or any ministry or commission having such enforcement authority, within five years prior to submission of the application;
6	Personal Net worth (Financial Data) along with its supporting documents, for natural person.
7	Audited Financial Statements (Balance Sheet, Income Statement and so on) for the last three fiscal years, if the applicant is a legal person. as well as for the end of the last quarter prior to submission of the application;
8	Description of the intended source of funds used to acquire the bank shares, with attachment of copies of confirming documents;
9	If cash funds will be used, provide the following: <ul style="list-style-type: none"> - Copies of checking and savings account statements or sources of cash. - If assets will be liquidated, list those assets and provide a copy of the documents that can verify the timing of such transaction and the amount of the anticipated proceeds.
10	If any portion of the funds (or other consideration) for the acquisition will be borrowed, indicate the name of each borrower, name and address of each lender, amount financed, collateral to be pledged, and terms of the transaction, including interest rates, amortization requirements, guarantors, and any other arrangements, agreements, and understandings between and among the parties. If applicable, submit a copy of any loan commitment letter.
11	If the fund is borrowed, indicate the means through which the borrowed funds will be repaid.
12	The identities of the persons from whom the applicant intends to acquire shares, and the percentage of the institution's shares to be held by the applicant.
13	Indicate the following, as well: <p>___The purchase price(s) per share of shares to be acquired.</p>

DAB Change in Control Application Form Document Checklist

	<p><input type="checkbox"/> Total purchase price for the entire proposed transaction.</p> <p><input type="checkbox"/> The current book value per share.</p> <p><input type="checkbox"/> The current market value per share (including date and source of information, if available).</p>
14	A list of purchasers of the BARC Bank shares.
15	<p>Describe in detail any plans or proposals that any acquirer may have to :</p> <p><input type="checkbox"/> Liquidate the depository institution to be acquired.</p> <p><input type="checkbox"/> Sell its assets,</p> <p><input type="checkbox"/> Merge it with any company or legal entity. or</p> <p><input type="checkbox"/> Make any other significant changes in its business strategy or nature of its business activity and the structure of its management or corporate structure.</p>
16	<p>If changes are contemplated in the board of directors or senior executive officers and corporate structure of the bank to be acquired, provide the following:</p> <p><input type="checkbox"/> Proposed Supervisory Board Members.</p> <p><input type="checkbox"/> Audit Committee.</p> <p><input type="checkbox"/> List of Boards committees.</p> <p><input type="checkbox"/> Management Board Members.</p> <p>For each members listed, attach a Biographical and Financial Data Report.</p>
17	<p>Descriptions of the following:</p> <p><input type="checkbox"/> Each Supervisory Board Members' qualifications & experience to serve & oversee management of the bank.</p> <p><input type="checkbox"/> forms of compensation, if any.</p> <p><input type="checkbox"/> Description of each proposed senior executive officer's duties, responsibilities, qualifications and experience to serve on his/her position. If a person has not yet been selected for a key position, list the criteria that will be required in this selection process.</p>
18	Information about existing or proposed connected related persons of the applicant, the nature and scale of their business, and the nature of their proposed business relationship with the financial institution, including any plans to transfer assets from related legal persons to the proposed financial institution;
19	Information on the proposed changes to the organizational structure of the bank, if applicable.
20	Detailed Business Plan, if the applicant intends to change the strategy or nature of the business activity.
21	Description of the funding or financing of the bank in the course of business, specially meeting the new capital requirement till June 2012.
22	Proved the copy of share purchase agreement or purchase agreement.
23	If a group of individuals is involved (working in concert with each other) copies of agreement between the individual must be attached.
24	Two copies of Public Notice.
25	Filing fee of AFN 50,000 for each individual.

DAB Change in Control Application Form

Document Checklist

Application:

As a whole, DAB will evaluate the financial condition of the applicants, the professional competence of each, and the background of the individuals before making a decision on the particular application. The application will be reviewed within 90 days of receipt of the application.

Content of Application:

The application includes a description of the proposed transaction, the related purchase price and funding source, and the personal and financial information of the proposed acquirer(s) and any proposed new management.

Information requested on this reporting form is subject to verification and must be complete. As with all the notices and reporting forms, requests for clarification or supplementation of the original filing may be necessary.

- ◆ Statement of all business interests and related companies of these individuals.
- ◆ A summary of any changes contemplated within the bank, including major policies and board membership.
- ◆ Any actual or potential conflicts of interest between the individual/company (s) purchasing the bank stock and the bank.
- ◆ A statement of whether any applicant individual has been, or is, subject to any judicial indictment or has been convicted of any felony. If so, a complete description of the legal proceeding must be furnished.
- ◆ If a group of individuals is involved (working in concert with each other) copies of agreement between the individual must be attached.

Documents to be provided:

- Signed financial statement from a proposed acquirer that includes detailed information on all significant assets and liabilities and on current and projected cash flow.
- Copies of any loan agreements and commitment letters relating to funds borrowed to make a proposed acquisition.
- Copies of all pertinent purchase and sale agreements and related documents describing the terms and conditions of a proposed acquisition.
- Copies of public notice of a change in control filing and solicit public comment except in supervisory cases.
- Changes to Business Strategy or Corporate Structure:

Persons with such intentions are expected to provide a thorough description of the changes. Examples of changes include, but are not limited to: intentions to increase significantly the rate of bank asset growth; a change in geographic market, such as from local to statewide; realignment of funding sources, such as from core deposits to brokered funds; changes in lines of business, such as adding commercial real estate lending where none was done previously or substantially reducing an existing product line. If an acquiring party proposes significant or extensive changes to the bank's overall business plan or plans to introduce new services and products, the filer should provide the business plan information consistent with the [Business Plan Guidelines](#) issued as part of the "[Charters](#)" booklet. Such business plans should clearly articulate the risks of the proposed changes and the systems and processes that will be used to measure, monitor, and control those risks.

DAB Change in Control Application Form

Document Checklist

Investigation:

- DAB conducts an investigation of the competence, experience, integrity, and financial ability of each party named in a change in bank control application.
- FSD will determine independently the accuracy and completeness of information submitted for each person.
- If the DAB receives adverse information on a person providing notice to acquire control of a bank, he or she is notified and allowed to complete, correct, or challenge the information prior to the DAB making a decision.

Denial Grounds:

1. Proposed Shareholders:
 - Fit and proper persons/ that the applicant has not engaged in criminal activities;
 - Source of financial strength/ satisfactory financial condition/ The obligations of the applicant exceed its assets/not declared bankrupt;
 - Whether the applicants have a history of problems paying interest or principal on any financial obligations;
 - Other reasons that evidence a potential serious weakness in the overall financial condition of the applicant or a potential loss to the subject bank and/or its depositors.
 - In the event that the applicant, for a natural person as to individual qualifications or for a legal person as to power of management, lacks the necessary professional qualifications or work experience to exercise significant influence over the management of the bank.
 - The resulting relationship between the institution and any related persons of the applicant indicate a significant possibility of danger to the institution, its depositors or potential depositors, or the resulting pattern of corporate ties between the institution and related legal persons indicate that DAB could not conduct effective supervision of the institution (including the financial business group the institution is a component entity of on a consolidated basis).
 - The applicant submitted information that does not comply with the requirements established by this regulation, or failed or refused to submit information requested by DAB to make a decision on the application.
 - DAB determines that the applicant submitted false or misleading information in connection with the current application or any other application or request.
 - that no evidence is present that the influence that would be exercised on the bank as a result of the acquisition would threaten the sound and prudent management of the bank;
 - that, as a result of the acquisition, the bank would not become a subsidiary of an enterprise that [afterwards] will neither be a bank nor a bank holding company;
 - that, if as a result of the acquisition the bank would become a subsidiary of a non-resident bank or a non-resident bank holding company, the bank regulator of the country where the head office of the non-resident bank or bank holding company is located has given its authorization to the acquisition;
 - that the acquisition would hinder Da Afghanistan Bank in the discharge of its supervisory responsibilities because a non-resident enterprise which would be linked to the bank as a result of the acquisition would not be effectively supervised in the country where its head office is located or because the supervisory authorities of that country could not be expected to cooperate with Da Afghanistan Bank; [and]

DAB Change in Control Application Form

Document Checklist

Approval conditions

The authorization only will be issued, if the following conditions are met:

1. That the applicant is a fit and proper person / applicant's administrators are fit and proper persons (Legal Person) and has / have not engaged in criminal activities;
2. That no facts are known that warrant the assumption that the influence that would be exercised on the bank as a result of the acquisition would threaten the sound and prudent management of the bank;
3. That, as a result of the acquisition, the bank would not become a subsidiary of an enterprise afterwards will neither be a bank nor a bank holding company;
4. That, if as a result of the acquisition the bank would become a subsidiary of a non-resident bank or a non-resident bank holding company, the bank regulator of the country where the head office of the non-resident bank or bank holding company is located has given its authorization to the acquisition;
5. That the acquisition would not hinder Da Afghanistan Bank in the discharge of its supervisory responsibilities because a non-resident enterprise which would be linked to the bank as a result of the acquisition would not be effectively supervised in the country where its head office is located or because the supervisory authorities.