
APPLICATION TO SET UP WHOLESALE BANK/OFFSHORE BANK/MERCHANT BANK

EXPLANATORY NOTES

Criteria for Assessment of Applications

Applicants will be assessed on their financial strength and commitment to Singapore's financial sector. MAS will evaluate applicants on the following factors:

- (1) Credit and support ratings by international rating agencies
- (2) Global rankings by total assets and capital
- (3) Financial condition of global operations, in particular -
 - Capital adequacy
 - Liquidity
 - Earnings
 - Asset quality
 - Risk management framework
- (4) Reputation in the global financial arena
- (5) Strength of home country supervision
- (6) Nature of business activities in Singapore

Information to be provided in the Application

Applicants should provide information as prescribed in the Application Form.

The Application Form comprises the following sections-

- | | |
|--------------------|---|
| <u>Section I</u> | - Background information |
| <u>Section II</u> | - Financial indicators of the bank on a global basis and credit ratings. |
| <u>Section III</u> | - Overview of strategies of the group in Singapore. |
| <u>Section IV</u> | - Detailed plans for each major business area of the bank. The bank should fill up a <u>separate</u> set of Section V for each relevant business areas. |
| <u>Section V</u> | - Banking system. |
| <u>Section VI</u> | - Any other information. |
| <u>Section VII</u> | - Documents to be submitted. |

For Sections III and IV, the information provided should include activities undertaken by other financial institutions in Singapore under the control of the group, such as its merchant bank, insurance company, holders of capital markets services licence or holders of financial adviser's licence. Please note that the information supplied should reflect both the existing scope of

activities undertaken as well as projections and plans over the next 3 years. Although projections are only for 3 years, banks are encouraged to adopt a longer term approach towards the plans and projections given in the application.

Please attach additional pages if the space provided is insufficient.

Submission of Application Form

The application should be submitted by the Chief Executive or equivalent of the bank or its Singapore office, where applicable. All applications should be sent to the attention of:

Mr Leo Mun Wai
Executive Director
Banking Supervision Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

**APPLICATION FORM TO SET UP WHOLESALE BANK/OFFSHORE
BANK/MERCHANT BANK**

(a) Name of Applicant Bank: _____

(b) Address: _____

Tel: _____ Fax: _____

(c) Country of Incorporation: _____

(d) Applicant (The application should be submitted by the CEO or equivalent of the bank or its Singapore office, who should attest that the information submitted is true to the best of his knowledge. Your bank may be required to furnish additional information and any changes should be communicated promptly to MAS. Misrepresentations or omissions of material facts may be grounds for rejecting the application).

Name (in Block Letters) : _____
Designation : _____
Telephone : _____
E-mail : _____

SECTION I: BACKGROUND INFORMATION

A BRIEF HISTORY

Please provide a brief history of your bank including information on any takeovers involving your bank or merger with other entities.

B SHAREHOLDING STRUCTURE

List the names of shareholders holding 5% or more of the shares or voting power of your bank and your bank's holding company, if applicable. Please state the shareholding or voting power of each of these shareholders, grouping together family or related shareholders where possible. If there are no shareholdings or voting power exceeding 5%, please give the names and shareholding or voting power of each of the 10 largest shareholders, grouping together family or related shareholders where possible. Please state the name of the stock exchange your bank is listed on as well.

If your bank is a subsidiary, state the name, address and business activities of the holding company and name of the stock exchange it is listed on and its shareholding in your bank.

Please state the names and places of incorporation and business activities of all subsidiaries and your bank's shareholding in these subsidiaries. Please also provide an organization chart (showing all subsidiaries and associates) of your bank and any holding company with controlling interest¹ or ability to exercise significant influence over your bank.

C MANAGEMENT

Names of members of the Board of Directors, and where relevant, supervisory boards. Names and experience of the Chairman, Chief Executive and senior executives (EVP or SVP) of your bank and its holding company if your bank is a subsidiary, including those who would be in charge of the Singapore office.

¹ A shareholder with controlling interest is one which holds 20% or more of the shares/voting power of the company.

D OVERSEAS NETWORK

Please provide a list of your bank's international branch network, representative offices and joint ventures.

E ACTIONS AGAINST BANK

Was your bank (including branches) or your bank's holding company, related subsidiaries and associated companies, or their directors, convicted in a Court of Law or censured or reprimanded by your bank's or other regulatory authorities during the last 3 years or are there any proceedings now ongoing which may lead to such a conviction? Are there any restrictions imposed on the operations of your bank (including branches) or your bank's holding company, related subsidiaries and associated companies by your bank's home or other regulatory authorities? Has your bank had any of its previous applications to open banking offices (branches or subsidiaries) or representative offices in other countries rejected? If yes, please elaborate.

SECTION II: FINANCIAL INDICATORS AND CREDIT RATINGS

A CREDIT AND SUPPORT RATINGS

Please provide, for the last 3 years, your bank's lowest credit and support ratings in each year from the following-

	<u>Bank</u>			<u>Group</u>		
	2001	2002	2003	2001	2002	2003
Fitch IBCA						
- Individual Rating						
- Support Rating						
Moody's						
- Financial Strength Rating						
Standard & Poors						
- Long Term Counterparty Rating						
Ratings from other agencies						

B OTHER FINANCIAL INDICATORS

Ranking

Please provide your bank's ranking in world and home country for the past 3 years in terms of-

	2001	2002	2003
- Total assets as published by "The Banker"			
- Tier 1 capital as published by "The Banker"			

If the bank is not ranked, please provide the ranking of the group.

Capital Ratios

Please provide your bank's capital ratios, including breakdown of components of capital for the past 3 years and explanations for any significant changes.

	<u>Bank</u>			<u>Group</u>		
	2001	2002	2003	2001	2002	2003
- Tier 1 capital						
- Total capital						

<u>Size of Operations</u> In absolute and percentage terms All figures to be quoted in US\$			
	2001	2002	2003
Overseas operations/Global operations			
- by assets			
- by income			

<u>Financial Ratio Analysis</u>			
	2001	2002	2003
<u>Liquidity</u> Total deposits/total liabilities Net interbank deposits/total liabilities Loans/deposits and bonds Liquid assets, securities and interbank assets/total assets			
<u>Profitability</u> Operating profit/total assets Operating profit/equity Net interest income/total assets Net interest income/total income Pre-tax profits/total income			
<u>Asset Quality</u> Loan loss provisions/total loans Loan loss provisions/operating income Non-performing loans/total loans Loan loss provisions/non-performing loans			

C NON-PERFORMING ASSETS			
All figures to be quoted in US\$'m	2001	2002	2003
Total non-performing loans (NPL)			
- Substandard			
- Doubtful			
- Loss			
Restructured loans			
Specific provisions			
General provisions			
Please describe your bank's loan grading system. Please give details of the criteria used in grading loans and provisioning policy, and the classification of loans as non-performing and/or restructured, including the accrual of interest for non-performing loans.			

Please state the amount of loans and advances to non-bank customers according to economic sectors such as commerce, industry, etc, for the latest financial year.

Please indicate the credit risk exposure to individual countries according to bank and non-bank sectors, and the total provision made for exposures to each country for the latest financial year.

D RISK MANAGEMENT

Please outline the framework of your bank's risk management and monitoring system with respect to the major risks faced by your bank. Describe the roles, functions and types of risk management activities performed in Singapore, including those for the regional and global business activities, if any, and the capabilities and resources (including manpower, MIS, risk systems, etc) in Singapore. Please also provide information on major plans and initiatives in risk management activities in Singapore, including key areas, which have been highlighted by your auditors or parent supervisors for enhancement to commensurate with the activities of the bank, if applicable.

SECTION III: OVERVIEW OF PLANS FOR SINGAPORE OPERATIONS

A EXISTING AND PLANNED SCALE OF OPERATIONS IN SINGAPORE

Briefly describe how the operations in Singapore will be staffed and supervised by the Head Office, and/or any intermediate entity exercising control over the Singapore office.

For a bank incorporated in Singapore, state the proposed name, authorized capital and paid-up capital, names, and addresses of the shareholders and their ownership of the proposed bank in actual and percentage terms.

Please give detailed description of -

- (i) the group's existing activities in Singapore;
- (ii) the business strategies/ new project pipeline for the Singapore operations for the next 3 years.

Please indicate how the operations in Singapore will be funded and provide projected Balance Sheet and Profit & Loss Statement for the next 3 years.

If the group is undergoing / planning to undergo some significant changes globally e.g. merger, restructuring or expansion in particular business areas or markets, please outline and elaborate on how these changes may affect the operations in Singapore.

Further details should be provided for each business area in Section IV.

SECTION IV: DETAILED PLANS FOR EACH BUSINESS AREA

Business Areas: Commercial Banking / Treasury / Capital Markets (Debt) / Capital Markets (Equity) / Investment Banking / Asset Management / Operations and Processing / Commodities / Technology Development and Support / Others: _____ (please specify) *

* Please delete accordingly

A STRUCTURE OF BUSINESS AREA WITHIN THE APPLICANT'S GROUP

Please describe how your group's activities in this business area are structured (including reporting channels) both (1) globally and (2) in the Asia Pacific region. Please provide an organization chart of the Singapore office, which should include the reporting lines to the bank's Head Office (including intermediate entity, where applicable)

Please describe the business lines handled by the Singapore office as well as its scope of geographical coverage. Please also describe the responsibilities of the Singapore office in the context of the Group's global and Asia Pacific operations. In the case of a business activity matrix, please describe, through an organisation chart, the location and reporting structure of the respective business/functional heads globally, within the Asia Pacific region, and in Singapore.

Please give details of main sources of income (including estimates of assets under management, trading, and fee income) over the next 3 years.

Please give details of any expansion plans and anticipated manpower/staffing requirements in the next 3 years.

SECTION V: BANKING SYSTEM

A OVERVIEW

Briefly describe the banking system in your bank's home country. You should provide more information on the licence your bank operates under if more than one type of licence is issued in your bank's home country.

B SUPERVISORY FRAMEWORK

Briefly describe the functions and powers of the home country supervisory authority of your bank and holding company², and the extent to which the authority exercises comprehensive or consolidated supervision, including the manner in which it supervises your bank, its subsidiaries and associates to assess your bank's overall financial condition and compliance with laws and regulations.

Indicate the frequency and scope of on-site examinations conducted by the home country supervisory authority and the date of your bank's most recent examination.

Where the home country of your bank is not a Member to the WTO agreement and your bank is not owned or controlled by natural persons or juridical persons of a WTO member country³, state whether the home country authorities of your bank would accord reciprocity to Singapore-incorporated banks seeking to establish a banking office (branch or subsidiary) or representative office in the home country should your bank be granted a licence to operate in Singapore. Please elaborate on your home country's reciprocity policies and arrangements, if any.

² In countries where the applicant and holding company are supervised by more than one agency, provide information on the agencies concerned.

³ Please refer to Article XXVII of the General Agreement on Trade in Services to determine if your bank is considered to be owned or controlled by persons of a WTO Member

G LEGISLATION IN HOME COUNTRY

Does your home country have any legislation which will confer lower priority to depositors in the Singapore office vis-à-vis the home country depositors, in repayment of deposits or any other non-bank funds in the event of receivership, winding up proceedings or equivalent proceedings of the bank? Is there any deposit insurance scheme in your home country or foreign exchange controls on movement of funds from and to your home country? If yes, please elaborate.

SECTION VI: ANY OTHER INFORMATION

A ANY OTHER INFORMATION WHICH WILL SUPPORT YOUR BANK'S APPLICATION

SECTION VII: DOCUMENTS TO BE SUBMITTED

A certified English translation is required for each of the following documents if the original is not in English:

- (a) Original letter from the home country supervisory authority approving the establishment of the office in Singapore
- (b) Certified copy of the Memorandum and Articles of Association of your bank
- (c) Undertaking from your bank to keep MAS informed of any material adverse developments, including breach of legal and prudential requirements
- (d) Annual Reports of your bank for the last 2 years, and a Balance Sheet and Profit and Loss Account dated not more than 3 months prior to the date of the application
- (e) Annual Reports of your bank's holding company or shareholders with controlling interest for the latest financial year.