

Application for a Banking Authority

Foreign Bank Branches

The following information should be provided by a foreign bank applicant for a banking authority to operate as a branch in Vanuatu:

1. Ownership and Management

- name of applicant;
- a brief history of the bank and an outline of its operations, names of substantial shareholders (direct and ultimate) and their respective shareholdings, directors (including principal business associations) and senior management;
- information necessary to demonstrate the applicant's financial standing. This should include balance sheet, profit and loss and off-balance sheet data for the bank itself, and where applicable for its holding company, for the last three years (plus any available current year data) and information on impaired loans and Basle risk based capital ratios;
- outline of organizational framework, including names and descriptions of the responsibilities of senior management of the branch, along with their qualifications and curriculum vitae;
- outline of reporting lines from the branch to head office and curriculum vitae for the personnel involved.

2. Structure of Business

- outline of proposed activities and scale of operations including details of any specialized services proposed and of any relevant expertise;
- outline of the potential contribution to competition in Vanuatu and the economic benefits to be brought to the Ni-Vanuatu community by the proposed branch;
- an indication as to whether the foreign bank intends to establish (or maintain) a locally incorporated banking subsidiary (and/or any non-banking subsidiaries) in Vanuatu and the strategy under which these entities would operate, including details of any proposals to transfer assets or to share support services;

- details of borrowing and lending activities to be undertaken;
- details of proposed off-balance sheet activities;
- location of principal Vanuatu office and outline of Vanuatu representation envisaged and the time frame over which representation will be established;
- estimate of total staff complement envisaged; and
- proposed date for commencement of operations.

3. Prudential Management

- an undertaking that the branch will adhere to the prudential requirements of the Reserve Bank and will consult with and be guided by the Reserve Bank on prudential matters and in respect of new business initiatives. This undertaking should include a commitment to provide the Reserve Bank with any information which it may require for its prudential supervision of the branch;
- an acknowledgement that the Reserve Bank may discuss the conduct of the branch with its head office and with the bank's home supervisor(s);
- details of the management systems and procedures the branch proposes to adopt to control and monitor risks, including:
 - credit policies (including policies in relation to exposures to individual clients and groups of related clients);
 - policy on monitoring asset quality and providing for doubtful debts;
 - liquidity management, including funding, maturity mismatching;
 - procedures for controlling risk, particularly market risk, in trading activities, including derivatives;
 - control of operational risk; and
 - arrangements for reporting to head office;
- details of information and accounting systems and "back-up" facilities to be used by the proposed branch;

- evidence that, from the commencement of operations, information and other systems will be capable of producing all required statutory and prudential returns in an accurate and timely fashion;
- evidence that arrangements have been established for the prospective bank's external auditors to report to the Reserve Bank as required.

4. Associates

- details of any existing or proposed non-banking subsidiaries and associates of the proposed branch in Vanuatu; the nature and scale of their business; and their proposed relationship with the branch.
- an indication of whether it is intended to transfer business from any banking or non-bank subsidiaries or associates into the proposed branch;
- an undertaking by the applicant to keep the Reserve Bank apprised of developments in non-banking subsidiaries in Vanuatu.

5. Financial Projections

- detailed balance sheet and earnings projections (including assumptions) for the first three years of operations, including key financial and prudential ratios (as relevant).

6. Other

- a copy of the certificate of incorporation of the applicant and its authorization to conduct banking business in its home country;
- an outline of the supervisory arrangements to which the foreign bank is subject to in its home country;
- a statement from the applicant's home supervisor:
 - consenting to the application to establish a branch in Vanuatu;
 - confirming that the applicant is recognized as a bank under the laws of its home country;
 - confirming that the applicant is of good financial standing; and
 - agreeing to co-operate in terms of the Basel Concordat in the supervision of the branch.

- An undertaking by the applicant to keep the Reserve Bank informed of any significant developments adversely affecting its financial soundness and/or reputation globally and to provide promptly to the Reserve Bank copies of its published financial accounts and significant media releases (with translations where appropriate).

Reserve Bank of Vanuatu