



APPLICATION FOR BANKING LICENCE

Section 4, Banking Act 2009

Reserve Bank of Malawi
Bank Supervision Department

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I. DEFINITIONS

Applicant – All shareholders of the proposed new bank for which an application for banking licence has been submitted. One or more of the applicants may also be a “principal shareholder.”

Board of directors – The highest body of authority in a bank responsible for the strategic guidance of the bank, the effective monitoring of management, and accountability to shareholders.

Director – Any person, by whatever name called, who performs or is empowered to perform, substantially the same functions for the bank as those performed by the director of a company, whether or not the person receives compensation.

Home Country Supervisor – The competent authority that supervises institutions engaged in banking business in the country where the head office of a foreign bank applicant is located.

Insider – Includes all of the following:

- Principal shareholders;
- Members of the board of directors and/or audit committee;
- Executive officer; and
- Senior management officials.

Principal Shareholder – A person who holds (directly or indirectly): (1) Ten percent (10%) or more of either the equity or the voting rights of the licensed institution; or (2) Such other interest in the licensed institution that enables the person to exercise significant influence over its management or activity.

Related Person– Includes all of the following:

- Any person who is related to an insider (principal shareholder, member of the board of directors or audit committee, executive officer or senior management official) of a licensed institution by marriage or consanguinity to the second degree;
- Any juridical person in which an insider has a business interest, including as a partner, director, manager or guarantor;
- An individual person for whom an insider is a guarantor;
- Subsidiary of the licensed institution or of an insider;
- Company or undertaking in which at least a 10% interest is held by the licensed institution or by an insider;
- Parent company of the licensed institution or of an insider;
- Company that is under common control with the licensed institution or of an insider;

- Company that holds at least a 10% interest of another company in which the licensed institution or an insider holds at least a 10% interest;
- Company that has common management and/or common directors with the licensed institution, an insider, or another related person of the licensed institution; and
- A political party that is controlled by an insider or related party or whose funds or services shall benefit an insider or related party

Senior Management Official – Any person who is an officer of a bank, including the “executive officer,” vice-presidents(s), chief accountant, chief lending officer, chief treasury officer (or their equivalents), and any other person who, alone or together with one or more others, has the authority to enter into commitments for the account of the bank.

II. FORM OF APPLICATION

Applications for a banking licence submitted to the Registrar should contain complete information on all requirements listed below. Information should be typewritten in English on separate paper in the same order as requested. Application information should be accompanied by supporting documents as required. All information requested must be submitted. Do not leave any requirements blank or unanswered. If the response to any requirement is “no,” “none,” “not applicable,” or “not known,” then so state and provide an explanation. Submitting inaccurate or incomplete information will delay the processing of the application.

The application must be signed by all applicants or, in cases where an applicant is a legal entity, by a duly authorized officer thereof. Submit the original application with supporting documents and four complete official copies to:

The Registrar
Reserve Bank of Malaŵi
P.O. Box 30063
Capital City, Lilongwe 3
Malaŵi

III. FILING FEE

A certified cheque in the amount of the Malaŵi Kwacha equivalent of **US\$5,000** payable to the “Reserve Bank of Malaŵi” must be submitted with the application. The fee covers the costs of the required investigation and review of the application and is not refundable. Any application that is submitted without the filing fee will be returned.

IV. DESIGNATION OF SPOKESPERSON

The application should identify an English-speaking spokesperson who has been formally designated by the applicant to act on its behalf regarding the submission of the application. The spokesperson’s name, address and telephone number should be stated in the application. During the time that the application is being processed by the Registrar, any change to the name, address

or telephone number of the spokesperson should be promptly provided in writing to the Registrar. All communication between the Registrar and the applicant will be directed to the spokesperson.

V. INQUIRIES

Inquiries concerning the preparation, submission, and status of an application should be addressed to:

Director
Bank Supervision Department
Reserve Bank of Malawi

VI. INFORMATION REQUIREMENTS

Please submit the following information regarding the legal structure, ownership structure, management structure, and business plan of the proposed new bank.

1. Legal Structure

- 1.1. Name of the proposed new bank (corporate name to be used for the purpose of carrying on banking business).
- 1.2. Location of the proposed new bank's head office in Malawi.
- 1.3. Location of all other offices (branches, agencies, representative offices) planned for the new bank during the first three years of its operation.
- 1.4. Legal form (private or public limited company) of proposed new bank.
- 1.5. Copy of the certificate of incorporation of the proposed new bank, showing the registration number and date of incorporation.
- 1.6. Copies of the Memorandum and Articles of Association, and by-laws.
- 1.7. The capital structure of the proposed new bank showing the proposed amount of paid-in capital including the amount previously been paid-in or subscribed to; provided, however, that no capital may be contributed in-kind. Identify the type, number and par value of each class of shares proposed to be issued.
- 1.8. A complete list of the initial shareholders of the proposed new bank (the "applicants"), including name, address, nationality, and whether the shareholder is an individual person or a legal entity. If a legal entity, specify type. State the number and class of shares to be held, and as a percentage of the total shares. Indicate the purchase price per share, and the total purchase price. Provide copies of any agreements between the applicants regarding the proposed new bank.

- 1.9. If any applicant is a legal entity, then provide an official copy of the minutes of the meeting of its board of directors authorizing the submission of the application for banking licence.
- 1.10. If the proposed new bank will be part of a group:
- A diagram or chart of the group structure showing the proposed new bank's position within the group, relationships within the group and percentage holdings, and the lines of authority and reporting from the bank to the parent;
 - Complete information on all entities within the group, including name, address, type of entity, principal shareholders, directors, and senior management officials;
 - Business or other activities of all entities within the group; and
 - An indication of which, if any, entities within the group have no significant activities or operations other than holding stock (including that of the proposed new bank) and other similar investments (i.e., a shell company).
- 1.11. State whether any applicant already owns or controls at least 10% of the stock of one or more other banks in any other jurisdiction that will not be connected through a corporate link to the proposed new bank (i.e., a parallel bank).

2. Ownership Structure

Provide the following information on all beneficial owners of the initial stock of the bank.

- 2.1. Name (all names used, including trade names).
- 2.2. Address.
- 2.3. Nationality and country identification number.
- 2.4. For individuals:
- 2.4.1. Passport number and date.
- 2.4.2. Date and place of birth.
- 2.5. For legal entities:
- 2.5.1. Legal form; date of incorporation or formation.
- 2.5.2. Most recent annual report.
- 2.5.3. Identification of external auditors and bankers during the past ten years.
- 2.5.4. Identification of principal shareholders, directors, and senior management officials:
- Name;
 - Address;

- Position with applicant: principal shareholder, member of the board of directors, and/or senior management official; and
- Amount and percentage of shareholding in applicant, if any.

- 2.5.5. Credit rating assigned by an internationally recognized rating agency.
- 2.6. Number and type of shares to be held in the proposed new bank, par value, price per share, total price, and resulting percentage ownership.
- 2.7. History of the applicant including professional and business interests.
- 2.7.1. Knowledge or experience in the oversight or management of banks or other financial institutions.
- 2.7.2. History of ownership of 10% or more of the stock in any bank or other financial institution located anywhere in the world. State whether, during such time period, the bank or financial institution:
- Was subject to formal remedial measures for operating in an unlawful or unsound manner;
 - Was threatened with insolvency or illiquidity;
 - Had appointed a management advisor, receiver, conservator, liquidator, or similar official; or
 - Had its licence revoked or was otherwise wound-up.
- 2.8. Signed financial statements (balance sheet and income statement) for the three years immediately preceding the date of application, including the current period if available, and audited if available.
- 2.9. Complete information on the source of funds to be used to purchase the shares of stock in the proposed new bank, including the amount of funds required and the specific source(s) of those funds.
- 2.9.1. If assets were (or will be) sold: Complete information on the sale, including copies of all pertinent documents.
- 2.9.2. If funds were (or will be) borrowed:
- Complete information on the loan including identification of the lender(s), amount to be borrowed, amount of the loan as a percentage of the total purchase price, collateral to be pledged, and all terms of the transaction;
 - Specific information on how the loan will be repaid; and
 - Complete details if dividends, salary, fees, or any other payments from the bank are anticipated to be used to service the debt.
- 2.10. Identification of all persons who would be “related persons” of the proposed new bank as a result of the applicant’s stock ownership in the bank.

- 2.11. Information on all memberships in companies, partnerships, professional or trade associations, and with groups of persons acting in concert whether or not organized or registered as a formal business concern. Provide: name, address, type of entity, and description of activities.
- 2.12. Information on legal entities and other business concerns in which the applicant has an interest as a principal shareholder, director, partner, proprietor, senior management official, or guarantor. Provide the following:
- Name;
 - Address;
 - Type of interest: principal shareholder, director, partner, proprietor, senior management official and/or guarantor;
 - Amount and percentage of shareholding, if any;
 - Credit rating or report;
 - Balance sheet and income statement for the three years preceding the date of the application, audited if available.
- 2.13. Provide complete details of all of the following legal proceedings with which the applicant is, or has been, a party including date, location, and disposition:
- 2.13.1. Litigation. Is the applicant engaged or expecting to be engaged in litigation, in Malaŵi or elsewhere, which may have a material impact on the applicant's resources or ability to financially support the proposed new bank?
- 2.13.2. Discipline. Has the applicant ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by or made subject to a court order at the instigation of any governmental department or agency, professional association, or other regulatory body appointed under any Malaŵi enactment or the substantial equivalent thereof elsewhere?
- 2.13.3. Conviction. Has the applicant ever been convicted of any offense, or been served a petition for an administrative order or the substantial equivalent thereof in Malaŵi or elsewhere?
- 2.13.4. Investigation. Is the applicant, or has the applicant ever been, subject to an investigation in Malaŵi or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body?
- 2.13.5. Judgment. Has the applicant ever failed to satisfy within one year a judgment of debt under a court order in Malaŵi or elsewhere?
- 2.13.6. Fraud. Has the applicant ever been adjudged by a court, in Malaŵi or elsewhere, to be civilly liable for fraud, malfeasance, forgery, perjury, money laundering, or any other misconduct?
- 2.13.7. Bankruptcy. Has the applicant ever been adjudged bankrupt by a court, in Malawi or elsewhere? Has a bankruptcy petition ever been served on the

applicant? Has the applicant made any compromise arrangement or otherwise failed to satisfy creditors in full?

- 2.13.8. Receivership. Has a receiver or an administrator been appointed for any of the applicant's property, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If so, provide details including whether the receiver or equivalent thereof is still acting under the appointment.
- 2.13.9. Liquidation. Has a notice for voluntary liquidation, or a petition for compulsory liquidation, been issued to the applicant or to any of the applicant's business interests? If so, state whether the petition or its equivalent remains unresolved.
- 2.13.10. Winding-Up. Has any body corporate, partnership, or unincorporated institution with which the applicant was associated as a principal shareholder, director or senior management official in Malaŵi or elsewhere, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading either while the applicant was associated with it or within one year after the applicant ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction?
- 2.14. Please provide the following information as to how the stock in the proposed new bank will be held by the applicant.
- 2.14.1. Shares. How many shares in the proposed new bank are or will be registered in the applicant's name or in the name of a "related person"? State the names in which the shares will be registered and the class of shares if other than common shares.
- 2.14.2. Beneficial Interest. In how many shares of the proposed new bank which are not registered in the applicant's name or in the name of a "related person," will the applicant have a beneficial interest? State the names in which the shares will be registered and the nature of the beneficial interest.
- 2.14.3. Trustee or nominee. Will the applicant or any "related person" hold shares in the proposed bank as a trustee or nominee? If so, provide details.
- 2.14.4. Assignments or pledges. Are, or will, any of the shares described in response to other questions be equitably or legally assigned or pledged to another party? If so, provide details.
- 2.14.5. Voting authority. What proportion of the voting power at any general meeting of the proposed bank, or of any other organization of which the proposed bank is a subsidiary, will the applicant be entitled to vote or exercise control over? Provide details.
- 2.14.6. Indirect Authority. If the exercise of voting power at any general meeting of the proposed bank, or of any other organization of which the proposed new bank is a

subsidiary, is or may be controlled or influenced by someone other than the applicant, provide the identity of such other person and the proportion of voting power so controlled or influenced.

2.15. For foreign bank applicants:

2.15.1. An official letter addressed to the Governor of the Reserve Bank of Malaŵi must be received directly from the home country supervisor that affirms the following:

2.15.1.1. The applicant foreign bank is a bank “in good standing” with the home country supervisor:

- The home country supervisor is satisfied with the prudential and overall financial management of the applicant foreign bank;
- The applicant foreign bank is fully meeting all capital requirements; and
- No formal supervisory measures are currently in force or pending against the applicant foreign bank.

2.15.1.2. The home country supervisor has given written consent or a statement of “no objection” for the applicant foreign bank to establish a subsidiary bank in Malaŵi subject to the receipt of licence to conduct banking business by the Minister.

2.15.1.3. The applicant foreign bank (including its subsidiary bank in Malaŵi) is, and will be, supervised on a consolidated basis by the home country supervisor in accordance with the principles of the Basel Concordat.

2.15.1.4. The home country supervisor agrees to:

- Keep the Reserve Bank informed of any significant developments adversely affecting the applicant foreign bank’s financial soundness and/or world-wide reputation, and
- Promptly provide the Reserve Bank with copies of the applicant foreign bank’s reports of on-site examination and published financial statement.

2.15.2. The most recent report of the “full-scope” on-site examination of the applicant foreign bank.

2.15.3. The most recent audit report (including management letter).

2.15.4. An organization chart of the applicant foreign bank showing lines of authority and reporting from the subsidiary bank in Malaŵi to the parent foreign bank, and specifically identifying the party(ies) within the applicant foreign bank who are responsible for the sound operation and financial condition of the proposed subsidiary bank in Malaŵi.

3. Management Structure

List all proposed members of the board of directors, members of the audit committee, and senior management officials. The following information must be provided for each person listed. If any proposed director, audit committee member, or senior management official is also an initial shareholder, then only submit information on the items not previously addressed in Section 2, “Ownership Structure.”

- 3.1. Name.
- 3.2. Address.
- 3.3. Country identification or passport number and data.
- 3.4. Date and place of birth.
- 3.5. Amount, type, and percentage of shareholding in the proposed new bank, if any.
- 3.6. Position with the proposed new bank: director, audit committee member, or senior management official (specify title and provide a position description).
- 3.7. Education, qualifications, professional experience, and employment history included in a detailed *curriculum vitae*.
- 3.8. Signed financial statements (balance sheet and income statement) for the three years immediately preceding the date of application, including the interim period if available.
- 3.9. History of ownership of 10% or more of the stock or holding a position as a director or senior management official in any bank located anywhere in the world. State whether, during such time period, the bank or financial institution:
 - Was subject to formal remedial measures for operating in an unlawful or unsound manner;
 - Was threatened with insolvency or illiquidity;
 - Had appointed a management advisor, receiver, conservator, liquidator, or similar official; or
 - Had its licence revoked or was otherwise wound-up.
- 3.10. Membership in companies, partnerships, professional or trade associations, and groups of persons acting in concert whether or not organized or registered as a formal business concern: Name, address, type of entity, and description of activities.
- 3.11. Provide complete details of all of the following legal proceedings with which the proposed director, audit committee member, or senior management official has been a party, including date, location, and disposition.

- 3.11.1. Litigation. Is the person engaged or expecting to be engaged in litigation, in Malaŵi or elsewhere, which may have a material impact on the person's financial condition?
 - 3.11.2. Discipline. Has the person ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by or made subject to a court order at the instigation of any governmental department or agency, professional association, or other regulatory body appointed under any Malaŵi enactment or the substantial equivalent thereof elsewhere?
 - 3.11.3. Conviction. Has the person ever been convicted of any offense, or been served a petition for an administrative order or the substantial equivalent thereof in Malaŵi or elsewhere?
 - 3.11.4. Investigation. Is the person, or has the person ever been, subject to an investigation in Malaŵi or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body?
 - 3.11.5. Judgment. Has the person ever failed to satisfy within one year a judgment of debt under a court order in Malaŵi or elsewhere?
 - 3.11.6. Fraud. Has the person ever been adjudged by a court, in Malaŵi or elsewhere, to be civilly liable for fraud, malfeasance, forgery, perjury, money laundering or any other misconduct?
 - 3.11.7. Bankruptcy. Has the person ever been adjudged bankrupt by a court, in Malawi or elsewhere? Has a bankruptcy petition ever been served on the person? Has the person made any compromise arrangement or otherwise failed to satisfy creditors in full?
 - 3.11.8. Receivership. Has a receiver or an administrator been appointed for any of the person's property, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If so, provide details including whether the receiver or equivalent thereof is still acting under the appointment.
 - 3.11.9. Winding-Up. Has any body corporate, partnership, or unincorporated institution with which the person was associated as a principal shareholder, director or senior management official in Malaŵi or elsewhere, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading either while the person was associated with it or within one year after the person ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction?
- 3.12. Copies of all existing or proposed employment contracts.

4. Business Plan

Please submit a business plan covering the first three years of operation of the new bank in the following prescribed format. The purpose of the business plan is to provide an overview of the intentions of the applicants and management and show how their established objectives will be achieved. The business plan will be used to assess the likelihood of success of the proposed new bank and to monitor the bank's business and condition during its first three years of operation. The business plan should consist of two parts: (1) a narrative; and (2) financial projections.

4.1. Narrative

The business plan should contain a narrative in which the following essential elements are thoroughly addressed.

4.1.1. Identifying Information

State the name and location of the bank including the location(s) of any branches or other offices. Describe and provide a diagram of the bank's corporate structure and include all entities within the structure (parents, subsidiaries, companies under common control, and other affiliates), if the bank will be part of a group. Briefly discuss how the organizing group (the applicants) came together and the reasons for wanting to start a bank.

Identify the key strategic goals of the proposed bank. Provide a basic statement on the nature and scale of the proposed banking business, and arrangements for its management.

4.1.2. Market Analysis

Identify the markets to be served by the proposed new bank and specifically address how the needs and convenience of the community(ies) or sector(s) identified as the bank's target market will be served. Describe the geographical areas, economic characteristics, and clientele in the target market and the types of products and services to be offered. Address any anticipated changes in the market, factors influencing such changes, and possible effects on the new bank.

Describe how the bank intends to ensure that the interests of depositors and creditors of the new bank, the national economy, and the general public will be served and not threatened by the new bank's conduct in the banking business proposed in the business plan.

A copy of the feasibility study (or market study of the banking and financial sectors) upon which the decision was made to commence banking business in Malaŵi should be submitted as part of the application.

4.1.3. Assumptions

List and discuss all assumptions used in the preparation of the business plan and upon which the financial projections are based. Include, at a minimum: economic conditions in Malaŵi, expectations of market changes, level of competition, growth forecasts, and interest rates on earning assets and interest-bearing liabilities. Provide support for the business plan's financial

projections, specifically for asset and liability mix and growth, profitability, maintenance of an adequate capital base and capital ratios, and proposed dividends.

4.1.4. Corporate Governance

Describe the structure of the organization and management of the proposed bank. Show the relationships between the board of directors, audit and other permanent committees, senior management officials, and operational and administrative divisions and their sub-divisions and functions. Indicate lines of authority and reporting relationships.

Provide a list of showing all members of the board of directors, the audit committee, and any other permanent committee of the board. The list should include name, position, term, authority, responsibilities, and remuneration.

Provide a list of all senior management officials that shows each person's name, title, salary, incentive compensation, fees, benefits and other remuneration. Identify the two executive officers who will effectively manage the new bank.

Provide copies of all proposed agreements for management, technical services, software maintenance, and other services. If any agreement for lease or service is anticipated to be entered into with any "insider" or "related person," then provide a written description of such transaction and include:

- Identification of the "insider" or "related person;"
- Rates and terms;
- Comparative market data to evidence that the transaction will be on an arm's-length basis; and
- A justification as to why the transaction with an "insider" or "related person" is in the best interest of the bank and its depositors as opposed to a similar transaction with a person or entity not an "insider" or "related person."

Describe the operating systems of the bank including:

- Corporate policies and procedures;
- Accounting standards;
- Books of account and record-keeping;
- Reporting (including to management, board of directors, shareholders, and the Reserve Bank);
- Information technology;
- Internal controls; and
- Internal and external audit.

Confirm that information systems will be capable of producing all required reports to the Reserve Bank in an accurate and timely fashion.

Identify the independent external auditor who will be engaged for the annual audit of the bank.

Address staff projections, including recruitment and training.

4.1.5. Banking Business

Discuss the types and scale of deposit-taking, granting of credits, and other banking business envisaged. This presentation should be supported by information which clearly shows the proposed new bank's capability to undertake those activities in terms of board oversight, management, expertise, systems support, organization and staff. Specifically address:

- The types of loans to be offered, targeted economic sectors, and plans for diversification;
- Planned deposit and borrowing activity;
- Method for pricing loans and deposits;
- Proposed off-balance sheet activities; and
- Correspondent and agency arrangements.

4.1.6. Capital

Describe plans for financing growth, internally and externally, over the first three years of operation. Describe all additional sources of capital that are available should the need arise in the future ensuring that the proposed bank is adequately capitalized at all times. The current minimum start up capital for a bank is the Malawi Kwacha equivalent of **US\$5.0 million** and **US\$ 1.5 million** for other financial institutions.

4.1.7. Risk Management

Describe the analysis conducted of the risks associated with the sectors to be served by the proposed bank. Specifically describe the risk management processes (risk identification, measurement, monitoring and control) for the following risks:

- Strategic Risk
- Credit Risk;
- Liquidity Risk;
- Interest Rate Risk
- Foreign Exchange Rate Risk;
- Price Risk;
- Operational Risk;
- Compliance Risk;
- Reputational Risk
- Country and transfer risk; and
- All other risks to which the proposed bank will be exposed when engaged in the activities envisaged by this business plan.

With regard to credit risk, specifically address and include:

- Credit policies (which must include limitations on loans to “related persons”);
- Plans to minimize concentration risk through diversification and limitations on exposures to individuals and groups of related borrowers; and
- Asset quality considerations such as credit-granting standards, classification, and provisioning for loan losses.

4.1.8. Premises

Describe the premises and equipment to be utilized by the proposed new bank. Indicate whether facilities and equipment will be leased or purchased. Describe the basis for the decision to lease or purchase and how such premises and equipment were determined to be adequate. Provide information on the cost of acquisition and/or lease payments and terms, and the counter-party to the purchase or lease agreement. Address plans for future expansion, including branches. For information purposes, a bank is prohibited from establishing its offices (head office, branch or agency) in a building in which the upper or lower floors are used for residential purposes.

4.1.9. Business Plan Monitoring

Discuss the methods that the board of directors will use to regularly monitor the bank's performance under the business plan and management's adherence to the plan for the first three years of operation.

4.2. Financial Projections

Based upon the preceding narrative, submit a *pro forma* Balance Sheet and Income Statement (and any necessary supporting schedules) for each of the first three years of operations using the following prescribed format.

4.2.1. Balance Sheet - *pro forma*

	ASSETS	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1.	Cash and Due from Banks			
2.	Balances with Reserve Bank of Malaŵi			
3.	Balances with banks abroad			
4.	Gross Loans and Leases (List by business line, major categories of counterparties, and geographic areas)			
5.	Provisioning for loan and lease losses			
6.	Net Loans and Leases			
7.	Total Securities (7a + 7b)			
7a.	Malaŵi Government Securities			
7b.	Other securities			
8.	Accrued interest receivable			
9.	Other assets (list)			

10.	Premises and Equipment			
11.	TOTAL ASSETS (Sum of lines 1 through 10)			

	LIABILITIES	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
12.	Total Deposits (12a + 12b + 12c + 12d)			
12a.	Demand deposits			
12b.	Savings deposits			
12c.	Time deposits			
12d.	FCDAs			
13.	Liabilities to Reserve Bank of Malaŵi			
14.	Liabilities to other banks			
15.	Borrowed funds			
16.	Accrued interest payable			
17.	Other liabilities			
18.	TOTAL LIABILITIES (Sum of lines 12 through 17)			
	CAPITAL ACCOUNTS			
18.	Common stock			
19.	Share premium			
20.	Retained earnings			
21.	Revaluation reserves			
22.	TOTAL CAPITAL ACCOUNTS (Sum of lines 18 through 21)			
23.	TOTAL LIABILITIES AND CAPITAL ACCOUNTS (Sum of lines 18 and 22)			
24.	OFF-BALANCE SHEET ITEMS (Acceptances, endorsements, guarantees, etc.)			

4.2.2. Income Statement– *pro forma*

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1.	Total Interest Income (1a + 1b + 1c + 1d)			
1a.	Loans and leases			
1b.	Securities and investments			
1c.	Deposit balances			
1d.	Other interest income			
2.	Total Interest Expense (2a + 2b)			
2a.	Interest on deposits			
2b.	Interest on borrowings and other interest expense			
3.	Net Interest Income (1 – 2)			
4.	Provision for loan and lease losses			
5.	Net Interest Income after provisioning (3 – 4)			
6.	Total Non-interest Income (6a + 6b + 6c + 6d)			
6a.	Fees, commissions, and service charges			
6b.	Foreign exchange gains (losses)			
6c.	Realized gains (losses) on securities			
6d.	Other non-interest income			
7.	Total Non-interest Expense (7a + 7b + 7c + 7d)			
7a.	Salaries and employee benefits			
7b.	Premises and equipment			
7c.	Depreciation			

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
7d.	Administrative and other expenses			
8.	Net Non-Interest Income (6 – 7)			
9.	Net income before extraordinary items, taxes, and dividends (5 + 8)			
10.	Taxation			
11.	Net income (Loss) after taxation but before extraordinary items (9 – 10)			
12.	Extraordinary items (net of taxation)			
13.	Net Income (Loss) (11 +/- 12)			
14.	Dividends			
15.	Retained Earnings (13 – 14)			