



STATE BANK OF PAKISTAN

BRANCH LICENSING POLICY

BANKING POLICY & REGULATIONS DEPARTMENT

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CHAPTER 1

Scope

The Branch Licensing Policy (**BLP**) is applicable to:-

- i) Commercial banks, Islamic banks, and stand alone Islamic banking branches (herein after referred exclusively as “banks”) licensed under Banking Companies Ordinance, 1962(**BCO, 1962**). The opening /shifting/closure of places of business by the banks is governed under section 28 of BCO, 1962. BLP covers opening, shifting and closure of places of business at:
 - a. Domestic locations and Azad Jammu and Kashmir(**AJ&K**).
 - b. Foreign countries by banks incorporated in Pakistan.
 - ii) Development Financial Institutions (DFIs) as notified under section 3-A of the BCO, 1962. Since section 28 of BCO is not applicable to DFIs and a formal license is not granted for opening of new branches. However, a standard and formal permission letter is issued under BLP.
 - iii) Microfinance Banks(MFBs) licensed under Microfinance Institutions Ordinance 2001. The permission for opening of new places of business to MFBs is granted under section 8 of the Microfinance Institutions Ordinance, 2001.
 - iv) Khushhali Bank (KB) established under the Khushhali Bank (Microfinance Bank) Ordinance 2000. The permission for opening of new branches to KB is allowed under section 5 of the Khushhali Bank (Microfinance Bank) Ordinance 2000.
2. The place of business includes the following:-
- i) **For banks;** branches, sub-branches, booths, mobile banking units (**MBUs**) and Automated Teller Machines (**ATMs**) and sales & service centres (**SSCs**).
 - ii) **For DFIs;** branches and Sales & service centres.
 - iii) **For MFBs & KB;** branches, booths, ATMs, MBU and service centres/small outlets.
- Among the above places of business, only branches, sub-branches and permanent booths require license under the provisions of relevant laws, while rest are dealt with in terms of the provisions of BLP.
3. Banks, DFIs, MFBs and KB are hereinafter jointly referred to as **licensed institutions** except where separately mentioned.
4. Chapters ‘1’ to ‘8’ of the Branch Licensing Policy deal with banks & DFIs while chapter ‘9’ of the policy covers MFBs/KB.

CHAPTER 2

Domestic New Places of Business

2.1. Annual Branch Expansion Plan

5. Banks/DFIs desiring to open new places of business during a calendar year shall submit Annual Branch Expansion Plan (ABEP) to State Bank of Pakistan (SBP) for consideration and approval, by 31st October of each preceding calendar year. The ABEP should indicate the number and types of places of business proposed to be opened including conversion of permanent booths into sub-branches or branches in big cities, other than big cities, rural and underserved areas on prescribed format (Annexure-I). SBP's decision on individual banks' ABEP will be conveyed to the concerned institution generally by 31st December. ABEP will only be considered if it is submitted within due date, complete in all respect. Banks/DFIs incorporated in Pakistan intending to open their offices abroad during a particular year may preferably intimate related information to SBP in their ABEP. However, request for opening of overseas offices will be considered on case to case basis as and when the banks will approach SBP as per the criteria laid down in the BLP.

6. The number of branches and sub-branches approved in principle under a particular ABEP shall lapse in case a formal application for issuance of license is not submitted by 30th November of the related year. Similarly, a license issued under a given ABEP shall expire where a branch is not opened within three months of issuance of a license or by 31st December of the respective year, whichever ever comes earlier. Similarly, in principle approval for SSC under a particular ABEP shall lapse in case the SSC is not opened by 31st December.

2.2. Criteria for Evaluation of ABEP

7. SBP shall consider the individual ABEPs keeping in view the needs of the financial system and grant in principle approvals for new places of business that Banks/DFIs will be allowed to open during a given calendar year. CAMELS-S composite rating of 1, 2 and 3 in the last On-Site Inspection and a satisfactory composite rating of the Banks/DFIs assigned under SBP's Institutional Risk Assessment Framework shall form the eligibility criteria for decision on the ABEP. The parameters relevant to the approval or otherwise of an ABEP will include among others, the financial strength of the banks/DFIs as evident from its net worth (net equity free of actual and potential losses), adequacy of its capital structure, record of earning capabilities, future earning prospects, managerial capabilities, liquidity position, system & controls, track record of adherence to prudential regulations (PRs), credit disciplines, quality of customer's services, staff/management relationship and the convenience and the needs of the population of the area to be served by the proposed places of business.

8. In case of foreign banking companies, in addition to the above, performance of their existing branches, level of commitment to the local market, sound international reputation, provision of full range of banking services, new investment by their head office etc, will also form the basis for evaluation of their ABEPs.

9. SBP shall evaluate ABEPs and convey its decision in writing either approving an ABEP as per the request or with some alteration, or decline the request based on the laid down criteria.

10. At least 20% of the additional branches planned to be opened by a bank under ABEP shall be opened in “Rural/Underserved Areas (RUAs)”. For this purpose RUAs means villages and small town and also includes those Tehsil Headquarters where no branch of any bank already exists.

11. Banks interested in opening branches in RUAs over and above the requirement prescribed under Para 10 above, may approach SBP any time for permission to open such branches. Their requests will be considered as per criteria prescribed in the BLP.

12. Request for opening of branches, sub-branches, and sales & service centres shall not be considered outside the ABEP. However, in cases of newly established Banks/DFIs, merger/acquisition/restructuring of banks and improvement in the financial health as reflected by the individual component(s) of CAMELS-S rating, request for opening of branches, sub-branches and sales & service centres during the year may be considered as a special case in terms of the BLP.

2.3. Issuance of Branch Licenses/Permission

13. The Banks/DFIs will be required to apply to SBP for license/permission to open each new branch. They shall approach SBP with a formal application on relevant prescribed format (Annexure- II & II- A for banks and Annexure IX for DFIs) for issuance of branch licenses/permission letters. The request for opening of branches, among other things, should indicate the proposed safety and security measures for branch operations as well as for customers while providing various products and services at the proposed branch. The Banks/DFIs should approach for a new branch license only after finalization of exact location i.e. execution of tenancy/lease agreement for the proposed branch. In addition, banks/DFIs should also provide certificates to the effect that:-

- i) Town Planning Regulations are not violated,
- ii) The bank/DFI has not entered into leasing/ renting with their directors, officers, employees or such persons who either individually or in concert with family members beneficially own 5% or more of the equity of the bank/DFI, while acquiring office premises for the purpose.
- iii) Clearance of the AJ&K Government with request for opening of a new branch in AJ&K.

14. National Bank of Pakistan (NBP) may request for opening of chest branch (es) at a new place under ABEP and on, as and when required basis. The applications for new chest branch or conversion of a branch into chest branch must be submitted on prescribed formats (Annexure- II & II- A) duly supported by a clearance certificate from the Accounts Department of SBP Banking Services Corporation.

2.4. Opening of Sub-branches

15. Banks can open sub-branches, which will allow them another option for enhancing their outreach to underserved areas and population. The sub-branches will be a conduit of a branch to which it is affiliated. Banks will be required to apply to SBP for

opening of sub-branches approved under ABEP on the prescribed format (Annexure- II & II- A). Banks will not be allowed to convert any of their existing branches into sub-branches. However, they can convert a booth into a sub-branch & a sub-branch into a full-fledged branch only after approval under their ABEP and in terms of BLP.

16. Banks will be allowed to open sub-branches subject to criteria mentioned at section-2.2 above, centralization of processing of all the transactions at sub-branches to a base branch, existence of appropriate systems & controls and adequate security arrangements. Further, all relevant record shall be maintained by the controlling branch. It would be preferable if banks resort to technology based solutions in sub-branches including on-line/real time links, kiosks, ATMs, Point of Sales etc as also use drop box facilities. The bank will ensure compliance with all the laws, rules regulations and SBP instructions issued from time to time, which may affect the existence/ operations of the sub-branch.

17. The sub branches can perform one or both of the following functions:-

- i. Limited general banking functions viz cash receipt and payment, issuance and encashment of DD, TT, MT, pay order, traveler cheques etc. However, account opening & issuance of account number and other formalities including Know Your Customer (KYC) and Customer Due Diligence (CDD) shall be performed by the controlling branch (not by sub-branch). The general banking functions may also include the functions performed at permanent booths as stated in section '2.6.1'.
- ii. Disbursement & recovery of agri/rural financing, group based lending, lodgment & settlement of insurance claims of agri/rural loans and to create awareness amongst the rural consumer about agri/rural finance products & services.

18. A signboard stating the name of the bank at sub-branch should also state under the bank's name in clear bold words that "This is a sub-branch/limited function branch of.....Bank" in English as well as in Urdu.

2.5. Sales & Service Centers

19. The banks/DFIs can open Sales & Service Centers (SSCs) as approved under ABEP for the convenience of their customers. These centers can perform the following functions:

- i. Product information and queries: These SSCs can provide information relating to various deposit or credit products/ services of the bank through printed brochures to the potential /existing customers including deposit schemes, credit card, personal car, home loans etc.
- ii. Customer Support: The SSCs can also facilitate customers
 - a. in filling application forms for banking products,
 - b. by providing guidance for completion of documentation required for various purposes; and
 - c. for lodging other requests and complaints relating to the banking products.

- iii. Drop box facility for collection.
- iv. ATM, Kiosk facility etc.

20. No banking activity in any manner whatsoever shall be undertaken at the site of the SSCs, which includes acceptance of deposits, withdrawals of money, disbursement of loans / credit against any product in any manner, though banks may house their back office staff at SSCs. The opening of SSCs will be subject to the following conditions:

- i. A signboard stating the name of the bank at Sales & Service Centre should also state under the bank's name in clear bold words that "This is not a branch ofBank" in English as well as in Urdu.
- ii. Comply with all the laws, rules regulations and SBP instructions issued from time to time, which may affect the existence/ operations of the Sales & Service Centre.
- iii. SSC should be linked with a specified bank branch/ central monitoring unit/Regional office/concerned department at Head Office.

21. Any additional function which banks may like to perform at these SSCs will require prior written approval of SBP. Banks/DFIs shall inform opening of SSC to SBP on prescribed format (Annexure- III), '7' days prior to its opening.

2.6. Opening of Booths

2.6.1. Permanent Booths

22. Licenses will be granted to banks for opening of permanent booth(s) on account of the activities specified hereunder on case to case basis:-

- i) Receiving utility bills, Government dues/revenue/cash, collection of fees/dues of educational institutions, collection and disbursements of loans to farmers, receiving cash from patients of hospitals, visa application/visa fee or other related cash receipt functions on the recommendations of the concerned Government Departments, other institutions and for providing limited banking facilities (i.e. cash payment and receipt of cash and cheques/demand draft/pay order only) in the premises of Embassies, Consulates, Foreign Missions and International Financial Institutions in Pakistan, on their specific request.
- ii) For exchange of foreign currency subject to normal exchange control regulations at the port of entry in Pakistan.
- iii) National Bank of Pakistan will be allowed to open booths for receiving railway cash and other Government dues on the recommendations of the Department concerned.

23. Banks will be required to apply to SBP for permission to open permanent booths on prescribed format (Annexure- II & II-A). The permanent booths will be opened subject to the condition that no business other than specified above will be undertaken at the place of business. Further, all the transactions at the permanent booth will be centralized at some bank branch. The bank will ensure compliance with all the laws, rules

regulations and SBP instructions issued from time to time, which may affect the existence/ operations of the permanent booth.

2.6.2. Temporary Booths

24. Temporary booths can be opened without prior permission of SBP under section 28(2) of BCO,1962, for a period not exceeding one month, on account of the activities specified hereunder:

- i) For the purpose of affording banking facilities to the public on the occasion of an exhibition, a conference, a *mela* or any other like occasion, a temporary place of business in such locality where that bank already has a place of business.
- ii) For making 'on spot' payment to growers of agricultural commodities during the crop season and large scale payments for sowing, harvesting, farm and non-farm payments as also to the persons in the calamity hit areas.
- iii) For providing limited banking facilities to the participants of international seminars, trade fairs, exhibitions, sporting and cultural events, conferences and to members of National/Provincial Assemblies and Senate when in session.
- iv) For providing banking facilities to the *Hajj* Pilgrims, i.e. sale/purchase of *Hajj* Notes relating to foreign currency, travelers' cheques to the intending/returning *Hajis* during *Hajj* season.
- v) Temporary booths planned to be opened for more than a month but not exceeding '3' months will require prior written approval of SBP. Any booth planned for more than '3' months will be considered under policy for "permanent booth".

25. The above temporary booths will be opened subject to the following conditions:

- a. No business other than that specified above will be undertaken at the place of business.
- b. Branches of the same (or any) bank are not functioning at any of the proposed places/centres.

26. The date of opening/closing of temporary booths should be intimated to SBP within seven days from the date of opening/closing of these booths on the prescribed format (Annexure- IV)

CHAPTER 3

Mobile Banking

27. The banks are allowed to offer mobile banking facilities through their branches with prior written approval of SBP, request for which can be submitted on prescribed format (Annexure- V). The main purpose of mobile banking should be the retail delivery of financial services at the door steps. It will be occasional and will cover areas, within 50 kilometer radius of the licensed branch preferably for agricultural; calamity hit areas and for other emergency situations. Further, banks can open temporary counters for disbursement of cash to account holders at the premises of institutions/business centers, on their request, with proper security arrangements. The mobile team/unit will deliver the banking services of accepting the deposits and withdrawal thereof, delivery of home remittances and collection of utility bills.

28. While providing mobile banking facilities banks shall ensure following arrangements;

- Availability of mode of communication/mobile phone etc. with the nearest base branch;
- Mobile Banking Unit (**MBU**) will move within the specified territorial limits as per schedule decided by the management of the area;
- Proper security arrangements for the safety of cash/documents and staff;
- Use of systems/technology, where possible;
- Specifically trained mobile banking staff should be detailed;
- For the awareness of the people, the banks should make arrangements for dissemination of visit schedule of MBU;
- Insurance arrangements for mobile team and assets;

29. The banks shall intimate SBP '7' days before MBU becomes operational.

CHAPTER 4

Automated Teller Machines/Cash Deposit Machines(ATM)

30. Licensed institutions are free to install/utilize ATM for serving their depositors/customers. For the purpose, they can install ATMs within branch premises (on-site) and at off-site places, can operate Mobile ATM or use third party ATMs. The banks must inform SBP in writing three days before ATM becomes operational. Further banks shall, within seven days after the close of each reporting quarter, submit to Payment Systems Department of SBP a quarterly statement of off-site/ onsite ATMs, Mobile ATMs or third party ATMs for information and record. The use of various ATM options will be subject to following conditions:

- i) Before extending the facility of cash & cheque deposits through ATMs to the customers, banks must develop and put in place a well defined procedure, including disputes resolutions mechanism (particularly mismatch of actual and written amount and counterfeit notes) and forward a copy of this to Payment System Department, SBP for information.
- ii) A suggested procedure for cash/cheque deposits in the ATMs and its ultimate credit to the customer's account is enclosed (**Annexure- VI**). Banks may, however, add more steps/measures for cash / cheque deposits to further strengthen the process.
- iii) Banks shall ensure proper security at ATMs and specifically for off-site, Mobile and third party ATMs to avoid any incidents of snatching, robbery, dacoity etc.

31. Licensed institutions are allowed to operate Mobile ATMs for payment of cash to their account holders. Operation of Mobile ATMs, in addition to above requirements and those laid down in para 28, will be subject to following:-

- ✓ No extra charges other than the existing charges will be deducted from the customers using Mobile ATM services.
- ✓ Mobile ATM should not be used for carrying out advertisement campaign other than that of the bank concerned.
- ✓ The bank should indicate 7 days before launch of Mobile ATM Service, the area within which mobile ATM will operate and specify branch from where replenishment of cash will occur.
- ✓ The Mobile ATM will operate within jurisdiction of the city/ Town specified in their intimation letter.

32. Licensed Institutions can also utilize the services of third party ATM (network), in terms of guidelines on outsourcing arrangements issued vide BPRD Circular No. 9 of 2007. Besides the above requirements and those of the outsourcing policy, licensed institutions will observe the following conditions:-

- The service provider will take the responsibility of supply, installation and maintenance of the ATMs.
- The service provider will bear the fixed and recurring cost of connectivity.
- The service provider will not get involved in any type of customers/accountholders information.
- The concerned bank will be responsible to resolve the disputes arising out of transactions on the third party ATM.
- The cost per transaction from clients of other banks should not be more than agreed amount for inter-switch transactions.

CHAPTER 5

New Offices Abroad

33. Applications for opening of new place of business abroad by banks and DFIs shall be considered on a case to case basis. Opening of offices abroad includes offices to be opened in Export Processing Zones (EPZs) established by Government of Pakistan. The banks/DFIs incorporated in Pakistan intending to open their offices abroad in a particular calendar year, should preferably intimate related details to SBP under their ABEP.

5.1 Offices Abroad (Superseded by BPRD Circular No. 5 dated March 5, 2009 which can be accessed at <http://www.sbp.org.pk/bprd/2009/C5.htm>)

34. Banks and DFIs incorporated in Pakistan intending to open new place of business abroad should seek prior approval in writing from SBP before approaching the host country's central bank/regulator. Any such request should be supported by the followings:-

- Brief on economic conditions of the host country and business plan for the proposed branch.
- Approval of the bank's Board of Directors.
- Latest Audited Annual accounts (if not submitted earlier with any application for opening of branch).
- Bank/Branch Opening Policy/regulations of the host country.
- Supervisory practices in the host country.
- Operating results and qualitative performance of all the existing overseas branches/offices as well as rating of existing operations, if any, by the host country central bank.

Any request for new office abroad will be considered and evaluated as per criteria defined in section 2.2.

35. If the bank /DFI is granted an initial approval, it should subsequently approach SBP for a license on a prescribed format (Annexure- II & II- A), after obtaining approval/NOC from the host country central bank/regulator.

5.2 Offices in Export Processing Zone (EPZ)

36. The request for opening of new branch by foreign and Pakistani banks in EPZ will be considered, in terms of Rule 10 and 11 of Export Processing Zone Authority Rules of 1981 and other instructions/SROs issued by Government of Pakistan from time to time as well as the prescribed eligibility criteria in the BLP. The banks will be required to apply to SBP for permission to open branches at EPZs on prescribed format (Annexure- II & II- A) together with the recommendation of the concerned EPZ Authority.

CHAPTER 6

Shifting and Closure of Offices

6.1 Shifting

37. Banks are free to relocate their places of business without prior approval of SBP within the same city/town/village. Banks will submit a certificate from competent authority indicating that both the existing and proposed premises are within the same territorial limits of the same city/town/village. Intimation of shifting of offices will be submitted within 15 days from the date of shifting on prescribed format (Annexure- VII).

38. For shifting of a place of business from one city, town or village to other, city, town or village, banks will require prior written permission from SBP. Such a request should be submitted on the prescribed format (Annexure- II- A & VII). NBP will be required to obtain prior clearance from Accounts Department, SBP BSC before shifting of any of their branches conducting treasury function.

39. For shifting of Utility Bills Collection Booths (UBCBs) including shifting into branch premises, banks will be required to obtain prior approval of SBP, provided such shifting may not attract public complaints. In case a booth is shifted into branch premises the bank will open a separate counter in the said branch for collection of utility bills and surrender license of the booth for cancellation. Banks are free to shift their sales and service centers and ATMs. However, they should submit intimation seven days before shifting of sales & service centre and ATMs.

40. DFIs will be free to shift their offices, intimation for which should be made to SBP within '15' days of shifting on prescribed format (Annexure- X).

6.2 Closure

41. The banks will be free to close any of their existing places of business operating in banked areas, without obtaining prior permission of SBP. Intimation, for closure shall be sent by the concerned banks within 15 days from the date of closure on prescribed format (Annexure- VIII) alongwith original license for cancellation. For closure of UBCBs, banks will be required to obtain prior approval of SBP. Such requests will be considered on merit.

42. Banks can close their Sales & Service Centre, MBUs and ATMs without prior permission from SBP, under intimation to SBP '7' days before closure of the same.

43. DFIs will be free to close their offices, intimation for which should be made to SBP within 15 days of closure on prescribed format (Annexure- X) alongwith original permission letter for cancellation.

6.3 General

44. Un-banked area branch/sub-branch can only be shifted/closed with the prior written permission of SBP. For the purpose of this policy, a place/area shall deemed to be an un-banked place if no branch of any other bank is operating within radius of 5 K.M. While closing/shifting branches, permanent booths or other similar counters operating

within a radius of 5 K.M. may not be treated at par with the branches/sub branches, as these are not substitutes.

45. Banks/DFIs, while shifting/closing of their places of business should ensure that the public is informed well in advance, at least 4 weeks prior to shifting/closure through local print media. Particularly, they should send written notifications to all their customers/clients informing them about the shifting/closure, along with the transitory arrangements for their convenience. Similarly, in case of change of name due to merger, acquisition or restructuring of a bank/DFI, branches should make arrangements for informing about the change along with the reasons to all their customers through individual letters.

CHAPTER 7

Processing, Annual & Shifting Fees

46. The issuance of licenses, maintenance of record/database and subsequent processing of cases of shifting and verification of facts thereof require considerable resources, which has an impact on the expense base of State Bank of Pakistan (SBP). In line with international practice, the following fees will be charged for bank branches/sub-branches:

S. No.	ITEM	FEE
1	Processing fee for: -New Branch -New Sub-branch	Rs.100,000/- per branch Rs. 50,000/- per sub-branch
2	Shifting fee: Shifting to and within big cities	Rs. 25,000/- per branch
3	Annual Fee for: i) Conventional & Islamic banking licences: a) banks having 50 or less branches b) banks having more than 50 branches ii) Conventional & Islamic banking branches operating in big cities.	Rs. 1,000,000/- per bank Rs. 2,000,000/- per bank Rs. 50,000/- per branch

47. The above fees are applicable subject to following:

- i) The banks shall invariably submit processing fee with their respective ABEP. The proposed ABEP, without the amount of processing fee shall not be entertained. The processing fee will be non-refundable.
- ii) The annual fee for banks and branches as indicated above will be payable by 7th January each calendar year.
- iii) The fee for shifting of branches will be payable at the time of submission of the request for the purpose. It will be applicable for shifting of branches to and within big cities.
- iv) The above fees can be paid either through the bank's authority letter for debiting their current account maintained with SBP Banking Services Corporation (Bank) duly signed by the bank's authorized signatory or through cheque in the name of SBP. The fee so paid will be non-refundable.

- v) The big cities include Karachi, Lahore, Hyderabad, Islamabad, Rawalpindi, Peshawar, Quetta, Faisalabad, Multan, Sialkot, Gujranwala, Sargodha and Gujrat.
- vi) Processing, annual and shifting fees instructions will not be applicable on branches of DFIs.
- vii) The cantonment area falling within the city limits will be considered as area falling within the jurisdictions of city limit, for the purposes of this policy.

CHAPTER 8

Action on violation of BLP, Timelines, and others

8.1 Action on Violation of BLP

48. Violation of the BLP requirements, delayed submission of information, misrepresentation of facts or concealment of material information laid down in the policy may result in penal action against the Banks/DFIs or the concerned official under Section 83 of the BCO, 1962 or any other instruction issued from time to time. In addition, any thing found in violation of the policy or any other relevant law or involvement in unauthorized business may also result in SBP directing any licensed institution to close down its particular office, Sales & Service Centre, MBU and ATM. Any branch, sub-branch or permanent booth closed down by the banks in violation of Branch Licensing Policy will have to be reopened and will be liable to penal action.

8.2 Timelines

49. The Banks/DFIs shall observe timelines for submission of ABEP, permission for new place of business and various intimations under the BLP complete in all respect as given at Annexure-A.

8.3 Others

50. For policy options where prior written approval of SBP is required, the bank/DFIs should ensure submission of request/application, complete in all respect, well in time, which should allow SBP a period of two to three weeks for processing.

51. Every licensed place of business of Banks/DFIs shall carry a name which should be prominently displayed outside the place of business.

52. In case of any temporary shifting or closure of branch/sub-branch owing to some disturbance in the branch locality or any other unforeseen incident, bank should immediately arrange to inform SBP in writing about the same alongwith time period for which temporary shifting or closure will continue.

CHAPTER 9

Opening of Branches and Service Centres by MFBs/KB

9.1 Annual Branch Expansion Plan and Licensing

53. MFBs/KB desiring to open new places of business during a calendar year shall submit their Annual Branch Expansion Plan (ABEP) by 31st October of each preceding calendar year.

54. The ABEP should, *inter alia*, indicate the number of new branches proposed to be opened in urban and rural areas covering proposed location of the branch and the area i.e. Province, District, and Tehsil which it would serve, population and poverty profile of the area, MFBs / MFIs / NGOs already engaged in provision of micro credit/other related services in the area, nature of products being offered, number of clients under individual lending methodology or number of community organizations/Village Groups/Urban Groups under solitary group lending methodology estimates, proposed size of credit extension, deposit mobilization as well as the branches proposed to be closed (if any), number of existing branches incurring losses consecutively for the last three years, arrangements for managerial and other staff members and information technology access and linkage for the proposed branches and arrangements for housing each of the proposed branch. The information on ABEP will be submitted as per Annexure-M-I.

55. State Bank will consider the Plan for new branches keeping in view the needs of the system, financial strength of MFB as evident from adequacy of its capital structure, earning capabilities, future earning prospects of the MFBs, managerial capabilities, liquidity position, track record of adherence to PRs, credit discipline, quality of customer services, staff management relationship and the convenience and the needs of the population of the area to be served by the proposed branch. SBP will evaluate the ABEP and convey its decision in writing either approving ABEP as per request or with some alteration, or decline the request based on criteria applicable across the board.

56. The approval 'in principle' granted under a particular ABEP shall lapse in case MFB/KB fails to submit a formal application for issuance of license by 30th November of that particular year. Similarly, license issued under respective ABEP shall expire where a MFB/KBs fails to open the branch within three month of issuance of license or 31st December of respective year which ever comes earlier.

57. After approval of ABEP in principle, MFB/KB shall submit a formal request for the issuance of license(s) for individual branch(es) on a prescribed form (Annexure- M-II) and provide evidence that adequate security arrangements have been provided, and the Town Planning Regulations are not violated. Request for a new branch in Azad Kashmir will have to be supported by the AJ&K Government permission/NOC.

58. In addition MFB can also utilize/install ATMs in terms of the policy guidelines stated in Chapter '4' of the BLP.

59. MFBs may be granted license to open a permanent booth(s) for receiving utility bills or for making spot payments only in special or exceptional circumstances after obtaining prior written approval of SBP. However, MFBs are free to open a booth for a special occasion for a period not exceeding one month, in such locality where that MFB has already a place of business. The MFBs shall provided intimation of opening such temporary booths to SBP along with necessary information within 7 days of the date of opening on prescribed format (**Annexure- IV**). (Read with BPRD Circular No. 16 dated November 26, 2009 which can be accessed at <http://www.sbp.org.pk/bprd/2009/C16.htm>)

9.2 Mobile Banking/Service Centre/Small outlets

60. The license to open a branch in a particular area shall also mean permission to undertake mobile banking through mobile teams /vans, in the areas / locations within District / City Government limits in which the bank has a licensed branch or areas/location within a radius of 50 K.M. of licensed branch. The MFBs shall however, design the mobile banking operations in a way, which ensures cost effectiveness and financial viability of the operation.

61. In addition to provision of banking services through mobile teams/vans, the MFBs with prior permission in writing from SBP may also open small outlets/service centers within the above-defined area of the licensed branch to provide a local contact point to the clients. ***A signboard in clear bold words must invariably be placed at the front side / major entrance of the Service Centers which read: "This is not a branch of.....(name of MFBs) in English as well as in Urdu or any regional language.*** The proposal for opening service centers may be made in the ABEP or separately once the permission for proposed branches is granted.

62. The service centers shall have minimum infrastructure manned by 2-3 bank staff and shall, *inter alia*, be mandated to; a) create awareness in the area about banks' products; b) form community organizations/groups; and c) provide loans to clients. The service centers shall not offer savings/deposit mobilization services and will not maintain overnight record or cash. The record shall be maintained at the licensed branch under which the service center would operate. For the purpose of extending savings services, the service center may notify the date and time, once or twice in a week at which the mobile van would be visiting the service center so that the clients willing to avail savings services may deposit the savings etc. with the mobile team. Once the service centre achieves a certain level of outreach, MFB may convert it into full-fledged branch after seeking written approval of SBP under ABEP.

9.3 Strategy and Plans

63. The MFBs/KB shall ensure standardization while providing mobile banking services and shall prepare a bank-wide Mobile Banking Strategy in consultation with its field staff highlighting its objectives, services to be offered, frequency of visits, insurance, security, control mechanisms, the operating cost and record keeping etc. A copy of the complete strategy shall be submitted to SBP for information. The strategy shall be reviewed semiannually in the light of field experiences and other developments in the sector.

64. The branch managers shall prepare quarterly mobile banking plan keeping in view the demographic statistics of the areas to be served and the overall mobile banking

strategy of the bank. The branch manager will assign areas to mobile teams, which will be rotated in the teams periodically. Each mobile team shall prepare weekly plans & schedule of its visits and get it approved by the branch/hub manager. The manager shall ensure that the teams' plans/schedules are in line with the branch's mobile banking plan and the bank's overall mobile banking strategy and shall ensure its strict compliance. The branch and mobile team plan shall be available in the branch for review of internal /external audit teams and SBP inspection teams etc.

9.4 Operations

- Mobile banking staff shall record the details of their field visits before leaving the bank.
- Mobile staff shall take previous day's closing account balances for next day's field visit and get it authenticated by the authorized officer / branch manager.
- The bank shall issue identification cards to the Mobile Officers, which would be displayed / shown to the clients in case of need.
- While opening Deposit and Loan Accounts etc., due care shall be observed in identification of clients as prescribed under PRs for MFBs. The branch manager or his/her designated officer other than the officer who opened the account shall randomly make physical/field verification of at least 25% of the deposit/loan accounts within one month of opening of accounts.
- All cash deposits received shall be recorded on the passbook available with the depositors and similarly the collection against loans shall be acknowledged by proper receipts.
- The clients shall be provided with Statement of Accounts at regular intervals (quarterly/half yearly or some other period).

9.5 Security

- The net cash collected shall either be deposited in the branch of a Correspondent Bank, having account of the bank or deposited in the branch on the same day. The deposit slip and other documents used for recording various transactions during the day should also be submitted to the concerned branch on the same day.
- The field visits shall be conducted in daylight and the mobile officer will return to the branch by evening of the same day
- Adequate insurance cover shall be made available for cash-in-transit, vehicles, and staff.

- The Mobile Banking Teams shall be required to have all the emergency numbers of law enforcement/security agencies, hospitals, fire stations etc., to be utilized in case of any emergency and/or untoward incident.
- The schedule of visits of different mobile teams shall be kept secret by the branch manager and be divulged to the concerned mobile teams on fortnightly basis. As far as possible different routes be used by the mobile team while visiting a place more than once in a fortnight.
- An armed security guard should accompany the bank officers visiting the mobile banking sites.

9.6 Audit & Control

- All officers on Mobile duty should return to the Branch on the same day by evening, and deposit the collected cash at the Branch duly acknowledged by a responsible officer. All mobile banking transactions shall be reviewed by a duly authorized officer/Branch Manager and recorded in the branch ledgers etc. on the same day.
- The bank shall use standard printed vouchers to record mobile banking transactions. It shall develop control mechanism, which should *inter-alia* ensure safekeeping of the vouchers books, voucher books issue and utilization record and safe keeping of counter folios.
- No officer shall retain cash at home overnight.
- Internal Audit Department shall develop appropriate mechanism / system to ensure compliance with the relevant guidelines and also to minimize the risks inherent in the mobile banking operations. The scope of Internal Audit and their periodic audit plans shall comprehensively cover the mobile banking activities/records.
- Branch Manager shall accompany the mobile teams occasionally and shall also do some independent verification of balances in loans and deposits with bank's records and record his/her observations.
- The bank shall have an appropriate policy for rotation of mobile staff.
- The mobile team shall maintain logbook etc. having complete record of the vehicle running along with proper authorization.

9.7 Shifting of Place of Business

65. MFBs/KB will be free to shift or relocate their branches within the same city/town/village without State Bank's prior approval. However, shifting of branch from one city, town or village to other, city, town or village, SBP's prior permission be required.

66. MFB/KB shall intimate shifting of a branch to the SBP within 15 days from the date of its shifting on prescribed form (Annexure- M-III).

9.8 Closure

67. MFB/KB shall be free to close any of their existing branches without obtaining prior approval of SBP. The closure of the branch should be intimated to the SBP on the prescribed form (Annexure- M-IV) within twenty-one (21) days of the closure of the branch, simultaneously surrendering the license of the branch to SBP.

68. MFBs can close their service centers / booths / ATMs without seeking prior permission from SBP but will have to intimate SBP within one month from the date of its closure.

9.9 Penal Action

69. In case of non-compliance/violation of any of the provisions of the BLP, the MFB shall render itself liable to pay fine at the prescribed scale. The license may be revoked in case it subsequently transpires that the MFB had made material misrepresentation of facts or concealment of material information and the responsible official(s) shall personally be liable for penal action.

9.10 Miscellaneous

70. Every licensed branch, service centre, permanent or temporary booth of MFB shall carry a name, invariably required to be prominently displayed out side the location of the branch as stipulated in the branch license, approvals for service centre and permanent / temporary booths.

71. MFBs/KB shall formulate an elaborate branch opening / selection policy which, *inter alia*, contains the level of services to be offered, criteria for identification of the location and premises, deployment of resources, expansion, shifting, and closing of branches etc. The policy should be approved by the Board of Directors and copy of the approved policy be submitted to State Bank of Pakistan for information.

Acronyms

ABEP	Annual Branch Expansion Plan
AJ&K	Azad Jammu & Kashmir
ATM	Automated Teller Machine
BCO	Banking Companies Ordinance
BID	Banking Inspection (On-site) Department
BLP	Branch Licensing Policy
BPRD	Banking Policy & Regulations Department
CM	Chief Manager
DFI	Development Financial Institution
EPZ	Export Processing Zone
IRAF	Institutional Risk Assessment Framework
KB	Khushhali Bank
MBUs	Mobile Banking Units
MFBS	Microfinance Banks
MFI	Microfinance Institutions
NOC	No Objection Certificate
SBP	State Bank of Pakistan
THQs	Tehsil Head Quarters
UBCBs	Utility Bills Collection Booths
PRs	Prudential Regulations
RUAs	Rural/Underserved Areas

ANNEXURES

TIMELINES

S. No.	Action	Timeline		
1.	Last date for submission of ABEP	By 31 st October each year (Annexure- I for banks/DFIs and Annexure- M-I for MFBs/KB) which will enable SBP to finalize the decision on ABEP by end December each year. Given the processing involved and to allow the Banks/DFIs/MFBs/KB to start opening branches in a timely manner, no ABEP will be entertained after 31 st October each year.		
2.	Last date for submission of applications seeking branch and sub-branch licenses approved under ABEP	By 30 th November each year on prescribed format.		
		Intimation for		
		Opening	Shifting	Closing
3.	Branches, Sub-branches and permanent booth	Within 15 days of opening subject to maximum period of 3 months from the date of issuance of license but not later than 31 st December of that calendar year.	Within 15 days	Within 15 days
4.	Temporary booth	Within 7 days	--	Within 7 days of closing
5.	ATMs	Before 3 days	Before 7 days	Within 7 days
6.	Sales & Service centres	Before 7 days	Before 7 days	Within 7 days
7.	Mobile Banking	Before 7 days	-	Within 7 days

Note: The above timelines are applicable on banks/DFIs, however, MFBs will only observe timeline set for submission of ABEP. MFBs will observe other timelines according to the instructions given in the policy.

(ON LETTER HEAD OF THE BANK/DFI)

ANNUAL BRANCH EXPANSION PLAN

1. Name of Bank/DFI.....
2. Address (Registered Office/Head office/Principal Office).....
3. Number and list of branches incurring losses consecutively for the last three years.
4. The existing position of places of business as of date of submission of ABEP.

- | <u>Sr.</u> | <u>Item</u> | <u>Number</u> |
|-------------------|--|----------------------|
| a. | Branches | |
| b. | Sub Branches | |
| c. | Permanent Booths | |
| d. | Sales and Service Centers | |
| e. | ATMs(onsite, offsite, third party, mobile) | |
5. Proposed places of business (in Pakistan and Azad Jammu & Kashmir)

S. No.	Item	Big cities	Other than big cities		Under 20% requirement
			Urban	Rural	

- a. Branches
- b. Sub Branches
- c. Sale and service centre

(Please attach the lists and indicate locations with Tehsil and District Headquarters, Please also identify at least 20% branches to be opened as per para-10 of the BLP)

6. Reasons for not opening of branches, if any, during the previous plan.
7. Any other relevant information

Date.....

(Authorized Signature with seal)
(not below the Group head)

Name:
Designation:
Contact No:

(ON LETTER HEAD OF THE BANK)

The Director,
Banking Policy & Regulations Department,
State Bank of Pakistan,
Karachi.

Dear Sir,

**Application for permission to open a new place of business
under Section 28 of Banking Companies Ordinance, 1962.**

We hereby apply for permission to open a new place of business in terms of Section 28 of the Banking Companies Ordinance, 1962. We give below the necessary information for the purpose.

1. **Name of the bank:**
2. **Location of bank:**
 - i) Registered office /Head office
 - ii) Principal Office
3. **Paid up capital:**
4. **Capital Adequacy Ratios:**
5. **Whether the banking company is**
 - i) **Listed or**
 - ii) **unlisted**
6. **Date of incorporation:**
7. **Date of commencement of business :**
8. **Existing position of offices:**

Licenses issued under ABEP- (Current year)		No. of offices (domestic) as of ----- (on date of application)							
		Licensed					Others		
No. of offices opened	No. of offices to be opened	Commercial banking	Islamic Banking	Sub-branches	Booths	Total	Sales & Service Centres	ATMs	Total

9. **Exact location of the proposed office:**

10. **System of supervision and control over the proposed Office:**

Give a brief description of the system of supervision and control which will be exercised over the proposed office.

11. **Forward an up-to-date copy of the:**

- i. **Memorandum and Articles of Association ****
- ii. **Annual /Half yearly/quarterly accounts whichever is latest.****

*** (not required, if latest copy already sent to SBP)*

12. Loss making offices of the bank

No. of loss making offices for one years	
No. of loss making offices for three years	

13. Detailed feasibility report of the proposed office as per Survey Report is enclosed.(Annexure-II-A)

Date.....

(Authorized Signature with seal)
(not below the Group Head)

Name:

Designation:

Contact No:

ON LETTER HEAD OF THE BANK

SURVEY REPORT

1. **Name of the proposed office.**
2. **Exact location of the proposed office:**
 - i) Shop/Plot/Khasra/Khatooni/Khewat #
 - ii) City/Village Name.
 - iii) Tehsil Headquarter /Tehsil/Town/Taluka Name.
 - iv) District Name.
3. **Headquarters:**
 - i) Tehsil/Taluka H.Q
 - ii) Sub-Division H.Q.
 - iii) District H.Q.
 - iv) Divisional H.Q
4. **Category of place:**
 - i) Rural/Urban
 - ii) Banked/un-banked
5. **Does the place fall within the area of Municipal/Town Committee or Cantonment Board (Give name).**
6. **Is suitable premises available? If not what arrangements are proposed to be made.**
7. **Names and location of nearest banks' offices with approximate distance in meters from the proposed place.**

<u>Sr. No.</u>	<u>NAME OF THE OFFICES</u>	<u>DISTANCE (Meters)</u>
I.	Applicant Bank's offices	
II.	Other Bank's offices	
	i)	
	ii)	
	iii)	
	iv)	

8. **If the place is covered by the Mobile Banking Unit of any bank, give Particulars.**
9. **The population (as per latest census) of:**
 - (a) the area to be served by the proposed office
 - (b) the City/ Town/ village (proposed place)

10. **The volume and value of Agricultural/mineral and industrial production and imports and exports of the area of operation of the proposed office are as under:-**

(Rs. in million)

COMMODITY PRODUCTION			IMPORTS		EXPORTS	
Commodity	Volume	Value	Volume	Value	Volume	Value

11. **If there are any schemes for Agricultural, Mineral or Industrial Development**, give their details and probable effects on the volume and value of present production, imports and exports.

12. **If the existing banking facilities are considered inadequate, give reasons.**

13. **State reasons for the proposed office and give statistical and other data, as under:**

a) Business Potential:

i) Industrial area (brief description of factories/mills and/or special projects).

ii) Commercial area (No. of shops and/or other business activities including important items of exports and imports).

iii) Agricultural area (brief description of agricultural production).

b) Prospects: Year-wise estimate of business, which the proposed office expects to attract/undertake within 3 years of its operation.**

(Rs. in million)

Head	1st Year	2nd Year	3rd Year
i) Amount of Deposits			
ii) Amount of Advances			
iii) Volume of inland remittance			
iv) Volume of Foreign remittance			
v) Volume of Bills business			
vi) Volume of Imports			
vii) Volume of exports			
viii) Future prospects of Development			

c) Estimated period within which the proposed office is expected to become a profitable unit.**

14. **Income (source-wise) which the office expects to earn within 3 years of its operation.****

(Rs. in million)

Source	1st Year	2nd Year	3rd Year
i) Interest/Return on Advances			
ii) Interest on/Return on funds placed with Head Office			
iv) Commission etc.			

15. **Estimated recurring expenditure for the proposed office.****

(Rs. in million)

Source	Estimated recurring expenditure for the proposed office.
a) Interest/Return on various type of deposits.	
b) Staff	
c) Premises	
d) Furniture & Fixture	
e) Stationery	
f) Advertisement	
g) Other expenses	
Total	

16. **Profit/loss anticipated.**

Signature of the Survey Officer

i. Name: _____

ii. Designation: _____

iii. Date of Survey: _____

17. **Certificates:**

- a Certified that the names of the proposed office is in accordance with the Census/Municipal/Town Committee and/or Revenue Records.

Signature of the Survey Officer

- b Certified that the location of the proposed office is in no way violating the Town Planning Regulations of the respective authorities.

Signature of the Survey Officer

For un-banked area offices only:

- c Certified that no bank's office is operating within the territorial limits of the proposed place.

Signature of the Survey Officer
(Not below the rank of OG-II)

18. **Certificate:**

Certified that the bank has not entered into leasing/ renting with its director, officer, employee or such person who either individually or in concert with family members beneficially own 5% or more of the equity of the bank while acquiring premises of the office for the purpose.

Signature of the Regional Chief

i. Name: _____

ii. Designation: _____

iii. Date: _____

19. Signature of the Departmental Head at head office recommending opening of the office

i. Name: _____

ii. Designation: _____

iii. Date: _____

** In case of sub branches, permanent booth these items may reflect the position keeping in view the services to be offered by the category of offices.

ON LETTER HEAD OF THE BANK

**PARTICULARS OF SALES & SERVICE CENTRE TO BE OPENED UNDER
AUTHORITY OF SECTION 2.5 OF THE BRANCH LICENSING POLICY**

1. Name of bank.
2. Name of the proposed Sales & Service Centre.
3. Exact location of the proposed Sales & Service Centre:
 - i) Shop/Plot/Khasra/Khatooni/Khewat #
 - ii) City/Village Name.
 - iii) Tehsil/Town/Taluka Name.
 - iv) District Name.
4. List of products & services being offered at Sales & Service Centre.
5. List of other facilities at Sales & Service Centre i.e, ATM, Drop Box and kiosks etc.
6. Date of opening of Sales & Service Centre.
7. Name and exact address of the base branch.
8. **Certificates:**
 - i) Certified that the name of the proposed Sales & Service Centre is in accordance with the Census/Municipal/Town Committee and/or Revenue Records.
 - ii) Certified that the location of the proposed Sales & Service Centre is in no way violating the Town Planning Regulations of the respective authorities.
 - iii) Certified that the bank has not entered into leasing/ renting with its director, officer, employee or such person who either individually or in concert with family members beneficially own 5% or more of the equity of the bank while acquiring premises of the office for the purpose.

Signature of the Regional Chief.

i. Name: _____
ii. Designation: _____
iii. Date: _____

9. Counter Signature of an Officer not of the below the rank of Sr. Vice President of the Head Office or equivalent:
 - i. Name: _____
 - ii. Designation: _____
 - iii. Date: _____

ON LETTER HEAD OF THE BANK/MFB

OPENING /CLOSING OF TEMPORARY BOOTHS

1. Name of the bank/MFB
2. Exact location.
3. Period of operation:
 - i) Opened on _____
 - ii) Closed on _____
4. A copy of the request of the concerned authority on the basis of which the temporary place of business was opened is enclosed.

(Authorized Signature with seal)

i. Name:_____

ii.Designation:_____

iii.Date:_____

ON LETTER HEAD OF THE BANK

PARTICULARS OF MOBILE BANKING TO BE COMMENCED UNDER
AUTHORITY OF CHAPTER '3' OF THE BRANCH LICENSING POLICY

1. Name of bank _____
2. Name and address of the base/feeding/supervisory branch through which proposed Mobile Banking Unit will operate . _____

3. Purpose for which Mobile Banking Unit required:
 - a) Agricultural
 - b) Calamity hit areas
 - c) Temporary counters for disbursement of cash at the premises of institutions/business.
 - d) Any emergency situation(specify).
 - e) any other
4. Territorial limits/ area to be served by Mobile Banking Unit:
 - i. City/Town/Village Name.
 - ii. Tehsil/Town/Taluka Name.
 - iii. District Name.
5. List of products & services to be offered through Mobile Banking Unit.
6. Date of commencement of Mobile Banking Unit.
7. Copy of visit schedule of Mobile Banking Unit approved by the management.
8. Identify the arrangements made in respect of following:
 - i) Communication with the nearest base branch.
 - ii) Security and safety of cash/documents and staff.
 - iii) Dissemination of schedule of mobile banking unit to general public of the target area.
 - iv) Insurance for mobile team and assets.

Signature of the Regional Chief.

i. Name: _____

ii. Designation: _____

iii. Date: _____

9. Counter Signature of an Officer not of the below the rank of Sr. Vice President of the Head Office or equivalent:

i. Name: _____

ii. Designation: _____

iii. Date: _____

**SUGGESTED PROCESS FOR
CASH/CHEQUE DEPOSIT IN ATMs**

1. Customer inserts his card in the entrance door to enter in the ATM room.
2. Customer inserts his card in the ATM for the execution of the transaction.
3. Customer inputs his PIN code in the ATM.
4. Customer selects the deposit option in the ATM.
5. Customer selects his Account Number in which the deposit is to be made
6. Customer selects whether Cash or Cheque is to be deposited.
7. Customer selects the Currency of the deposit.
8. Customer inputs the amount to be deposited on the screen of ATM.
9. The ATM machine dispenses an envelope to be used to enclose cash.
10. Customer writes his Name, Account No. and Amount on the envelope.
11. Customer encloses the cash or cheque in the deposit envelope, seals it properly and puts his signature on the seal and envelope before inserting the envelope in the ATMs.
12. Customer inserts the envelope in the ATM.. A time & date of the deposit shall automatically be printed on the envelope.
13. Customer gets a receipt from the ATM, which states the date of transaction, amount deposited and the account number.
14. Two designated custodians access the ATM the next working day and retrieve the envelopes in dual custody.
15. The custodian counts the cash in dual custody (under a recorded camera) and log in details i.e. (date of retrieval of an envelope, account number and amount of cash in the ATM deposit register)
16. The cash amount is credited to the respective account. Amount of cheque is credited as per cheque clearing system.

ON LETTER HEAD OF THE BANK

PARTICULARS OF THE OFFICE(S) SHIFTED

1. Name of the bank _____
2. Name of the office shifted _____
3. Name of the proposed office after shifting (if changed) _____
4. License No. _____ Dated _____
5. Exact location of the proposed office at existing place:
 - i) Shop/Plot/Khasra/Khatooni/Khewat #
 - ii) City/Village Name.
 - iii) Tehsil/Town/Taluka Name.
 - iv) District Name.
6. Exact location where the office is proposed to be shifted:
 - i) Shop/Plot/Khasra/Khatooni/Khewat #
 - ii) City/Village Name.
 - iii) Tehsil/Town/Taluka Name.
 - iv) District Name
7. Category of proposed place:
 - i) Rural/Urban
 - ii) Banked/un-banked
8. Headquarters where the office is proposed to be shifted:
 - i) Tehsil/Taluka H.Q
 - ii) Sub-Division H.Q
 - iii) District H.Q.
 - iv) Divisional H.Q
9. Distance between the old and new office premises _____
10. Date of shifting _____
11. Reasons necessitating the shifting (in detail)

-
12. Working results of the office at the old place, i.e. deposits advances and profit & loss accounts for the last three financial years
 13. No of Accounts (category-wise) as at the end of last financial year and on the date of shifting.
 14. Name, location and distance (in meters) of the nearest offices of other banks and the banks' own nearest offices from the existing premises:

Bank	Name of the bank	Name of branch	Distance (Meters)
a) Applicant bank's offices			
b) Other Bank's offices			

15. Name, location and distance (in meters) of the nearest offices of other banks/DFIs and the banks' own nearest offices from the proposed premises.

Bank	Name of the bank	Name of office	Distance (meters)
a) Applicant bank's offices			
b) Other Bank's offices			

16. Certified that location of new premises does not violate the Town Planning Regulations of the concerned authority.

17. Certificate from the competent authorities that both the existing and proposed Premises are within the same City/Town/Village.

18. Certified that the bank has not entered into leasing/ renting with its director, officer, employee or such person who either individually or in concert with family members beneficially own 5% or more of the equity of the bank while acquiring premises of the office for the purpose.

 (Signature of Officer Incharge
 Branch with date)

Counter Signature of an Officer not of the below the rank of Sr.Vice President of the Head Office or equivalent:

- i. Name: _____
 ii. Designation: _____
 iii. Date: _____

ON LETTER HEAD OF THE BANK

**PARTICULARS OF THE BRANCH/SUB-BRANCH/
PERMANENT BOOTH CLOSED**

1. Name of the bank. _____
2. Name of the Branch/Sub-Branch/Permanent Booth. _____
3. Exact location of the Branch/Booth closed _____
4. Status (Banked/Un-Banked) _____
5. License No. _____ Dated _____
6. Date of Closure _____
7. Reasons necessitating closure (in detail) _____
8. Working results viz. Deposits, Advances Profit/Loss and Number of Accounts (Category-wise) as at end of the last financial year and on the date of closure _____
9. Name, location and distance (in meters) of the nearest offices of other banks and the banks' own nearest offices from the existing premises:

Bank	Name of the bank	Name of branch	Distance (Meters)
a) Applicant bank's offices			
b) Other Bank's offices			

10. Certified that the closure of above office will not render the area unbanked under the branch licensing policy in force.

11. License No. _____ Dated _____ is enclosed for cancellation.
Encl: (as above)

Signature of the Regional Chief
i. Name: _____
ii. Designation: _____

(Signature of an Officer not
below the Group head)

ON LETTER HEAD OF THE DFI

**BRANCH OPENING FORM
(Development Financial Institutions)**

P A R T - I

1. Name of DFI _____
2. Total number of branches _____
3. Paid-up Capital _____
4. Total Deposits _____
5. Capital Adequacy Ratio _____
6. Weekly position of Liquidity _____
Ratio during the preceding 12 months _____

P A R T - II

1. Name of the proposed branch _____
2. Exact location of the proposed branch _____
(also mention any other name of _____ which
the place is popularly known, _____ if any) with
complete address _____

3. Year-wise estimate of business, which the proposed branch expects to attract/undertake within 3 years of its operation.

1st Year 2nd Year 3rd Year

- i) Amount of Deposits (COIs/CODs)
- ii) Amount of Advances
- iii) Volume of other business of
the branch (Item-wise)

4. Income (source-wise) which the branch expects to earn within 3 years of its operation.

Source 1st Year 2nd Year 3rd Year

- a) Interest/Return on advances
- b) Other sources, give details

Total:

5. Estimated recurring expenditure for the proposed branch
 - a) Interest/Return on various types of COIs/CODs
 - b) Staff
 - c) Premises
 - d) Furniture & Fixture
 - e) Stationary
 - f) Advertisement
 - g) Other expenses
 - Total:

6. Profit/loss anticipated

Signature of the CEO

ON LETTER HEAD OF THE DFI

**BRANCH SHIFTING/CLOSING FORM
(Development Financial Institutions)**

1. Name of the DFI _____

2. Name of the Branch _____
(Complete address)

3. ***In case of Shifting:***

a. Date of shifting _____

b. Exact location of premises to which shifted _____

c. Reasons necessitating the shifting (in detail)

4. ***In case of Closing***

a. Name of Branch _____

b. Date of opening _____

c. Date of Closing _____

d. Reasons necessitating the Closing (in detail) _____

e. Permission for opening of branch bearing No..... dated
.....enclosed in original for cancellation.

(Counter signature of an officer not below
the rank of Sr. Vice President of the Head
Office or equivalent with date)

(Signature of officer incharge
of the branch with date)

ANNUAL BRANCH EXPANSION PLAN
(MICRO FINANCE BANK)

1. Name of Micro Finance Bank and Address
2. Whether the MFB is public or private limited Company
3. Date of Incorporation
4. Date of Commencement of Business
5. Management (Names and addresses of the businesses of the Directors)
6. Existing Branches / Places of Business
 - Detail of total number of branches as per “Table-1”
 - Detail of Branches incurring losses as per “Table-2”
 - Detail of branches operational for three or less than three years as on the date of submission of ABEP as per “Table 3”
 - Total number of service centers
 - Total number of booths
 - ATMs (onsite, offsite, third party, mobile)
7. Proposed branch offices / Places of business

S. No.	Name(s) and Address(es) of the proposed branches	Areas to be covered			Urban	Rural	Name(s) and Address(es) of the proposed Service Centers/controlling branch	
		Province	District	Tehsil			Names & address: SCs	Controlling branch
1	2	3	4	5	6	7	8	9

TABLE '1'
(Attachment to Annexure-M- I)

Detail of Operative Branch Offices

Name and address of the Branch	Area of Operations			Date of Starting Operations	
	Province	District	Tehsil	Opening	Relocation
1	2	3	4	5	6

TABLE '2'
(Attachment to Annexure-M-I)

Detail of Branch Offices Incurring Losses

Name and address of the Branch	Areas of Operations			Date of Opening	No of years branch is incurring losses consecutively
	Province	District	Tahsil		
1	2	2			3

Amount of loss Incurred	Deposits	Advances		Remarks
		Regular	Classifies	
As per latest Balance sheet				
4	5	6	7	8

BRANCH OPENING FORM
(NAME OF THE MICRO FINANCE INSTITUTION)

PART –I

1. Name of the Microfinance Bank
2. *Existing Branches / Places of Business*
 - a. Total number of branches
 - b. Total number of service centers
 - c. Total number of booths
 - d. ATMs (*onsite offsite, third party, mobile*)
3. Paid up capital.
4. Adjusted Capital (as per last SBP Inspection Report).
5. Total Deposits.
6. Capital as % of deposits
7. Fortnightly position of liquidity ratio during the preceding 12 months

FORTNIGHT ENDED

LIQUIDITY RATIO

PART –II

1. Name of the proposed branch / booth
2. Exact Location of the proposed branch (also mention any other name by which the place is popularly known, if any) with postal address.
3. i) Tehsil / Taluka
ii) District
iii) *Province*
4. Category of place: Rural/Urban
5. Whether suitable premises available? If not what arrangements are proposed to be made
6. Name and Location of nearest MFI/MFB/Khushhali Bank branches with approximate distance in meters/kilometers from the proposed place of the branch.

Name of the Branch / Place of business	Distance (in meters/kilometers)
1. Micro Finance Bank/ Khushhali Bank/ NGO-MFIs	
2. Other Commercial Bank / NBFC.	
i)	
ii)	
iii)	
iv)	

7. If the place is covered by the Mobile Banking Unit of any bank / MFB/ MFI, give particulars
8. Population of the area of
- Approximate population of the area, the proposed branch plans to serve
 - Latest published Poverty Statistics of the area
9. *Brief on potential of business in the areas to be served and MFB shall offer various products and range of services in the proposed areas*
10. Year-wise estimate of business, which the proposed branch expects to attract/undertake within 3 years of its operation.

(Rs. In Thousands)

S. No.	Particulars	1 st Year	2 nd Year	3 rd Year
a.	<i>No. of borrowers to be mobilized while using individual lending methodology</i> - Male - Female			
b.	<i>No. of borrowers to be mobilized while using group lending methodology</i> - Male - Female			
c.	<i>Amount of Advances</i> - Male - Female			
d.	<i>Average Rate of Interest / return to be charged on advances</i>			
e.	<i>Number of Savers / Depositors</i> Male Female			
f.	<i>Average Rate of profit proposed to be allowed on various types of Savings / Deposits</i>			
g.	<i>Amount of Savings / Deposits</i> - Male - Female			

11. Income (source wise)

S. No.	Particulars	1 st Year	2 nd Year	3 rd Year
a.	Interest / return on advances			
b.	*Other sources			
	Total:			

**Other sources may be defined*

12. Estimated recurring expenditure for the proposed branch

S. No.	Particulars	1 st Year	2 nd Year	3 rd Year
a.	Interest/return on various types of Deposits			
b.	Staff Salaries and Benefits			
c.	Premises-Rent etc.			
d.	Traveling Expenses			
e.	Vehicle Running & Maintenance			
f.	Capacity Building Trainings etc.			
g.	Stationary			
h.	Advertisement			
i.	Other expenses			
	Total:			

- | 1 st Year | 2 nd Year | 3 rd Year |
|----------------------|----------------------|----------------------|
| | | |
13. Profit/Loss anticipated (10-11)
14. Social Mobilization Cost to be financed through MSDF / *other* resources.
- | | | |
|--|--|--|
| | | |
|--|--|--|
15. Profit / Loss with access to MSDF resources (12+13)
- | | | |
|--|--|--|
| | | |
|--|--|--|
16. Estimated period (if beyond three years) within which the proposed branch is expected to become a profitable unit and give details
- | | | |
|--|--|--|
| | | |
|--|--|--|

 Signature of the Survey Officer
 1. Name: _____
 2. Designation: _____
 3. Date of Survey: _____

17. a) Certificate

Certified that the name of the proposed branch is in accordance with the Census/Municipal/Town Committee and/or Revenue Records

Signature of the Survey Officer

b) Certificate

Certified that the location of the proposed branch shall in no way violate the Town Planning Regulations of the respective authorities

c) Certificate

Certified that the bank has not entered into leasing/ renting with its director, officer, employee or such person who either individually or in concert with family members beneficially own 5% or more of the equity of the bank while acquiring premises of the office for the purpose.

Signature of the Survey Officer

Signature of the Officer recommending Opening of the Branch

1. Name: _____

2. Designation: _____

3. Date: _____

PARTICULARS OF THE BRANCH SHIFTED
(Micro Finance Bank)

1. Name of the Microfinance Bank _____
2. Name of the Branch / Booth shifted: _____
3. License No. _____ Dated: _____
4. Premises from which shifted: _____
5. Exact location of the premises to which shifted with postal address: _____

6. i) Tehsil / Taluka
ii) District
iii) Province
7. Category of proposed place: Rural/Urban
8. Date of shifting: _____
9. Reasons necessitating the shifting (In detail) _____
10. Distance (in meters/kilo meters) of the old premises with nearest branches of other MFBs/MFIs/Commercial Banks/NBFIs

	MFBs/MFIs/ Commercial Banks/NBFIs	NAME OF BRANCH	DISTANCE (in meters/kilo meters)
(a)			
(b)			

11. Distance (in meters/kilo meters) of the new premises from the nearest branches of other Microfinance Banks / Institutions.

	MFBs/NGO-MFIs/Commercial Banks/NBFIs	NAME OF BRANCH	DISTANCE (in meters/kilo meters)
(a)			
(b)			

12. Certified that location of new premises does not violate the Town Planning Regulations of the concerned authority.

(Counter Signature of
Chief Operating Officer)

(Signature of Officer
In charge of the
Branch with date)

PARTICULARS OF THE BRANCH / BOOTH CLOSED

(Micro Finance Bank)

1. Name of the Micro Finance Bank:_____
2. Name of the Branch / Booth closed:_____
3. License No._____ Dated:_____
4. Date of closure:_____
5. Reason necessitating closure (in detail):_____

6. Working results viz. Deposits and Number of Depositors, Advances and Number of Borrowers, COs formed and their Membership, Profit/Loss and Number of Accounts (Category wise) as at end of the last financial year and on the date of closure).:_____
7. Distance of nearby Microfinance Bank branches from the closed branch / Booth.
8. License No._____ Dated_____ is sent herewith for cancellation.

Encl: As above.

Signature of

Chief Operating Officer