

BRANCH LICENSING POLICY FOR NBFIs

1. OPENING OF BRANCHES :

In accordance with the Rule 19 of NBFIs Rules of Business, “no NBFI shall open further places of business without the prior permission in writing of SBP”. This request for opening of new branch/place of business will be considered on case by case basis.

2. MANDATORY REQUIREMENTS FOR SUBMISSION OF APPLICATIONS :

Application for opening new places of business must be made in original on prescribed form (Annexure ‘A’) duly accompanied by a survey/feasibility report in the prescribed form which must be filled in very carefully and should be as accurate as possible. All columns provided therein should be completed and all the certificates required to be submitted therewith should be submitted in original. The survey report should carry the date of survey and name, designation and signature of the officer who conducted the survey. The survey/feasibility report should be counter signed by the Chief Executives of the concerned NBFI. The report of the Board of Directors must also be submitted alongwith the applications.

3. CRITERIA/REQUIREMENT OF GRANTING PERMISSION OF BRANCH(ES) :

- a) The decision to grant permission for opening of a new branch will be made keeping in view the Financial strength of the concerned NBFI (as evident from its net worth i.e. net equity free of actual and potential losses), adequacy of capital structure, track record of earnings, future prospects (regarding earning capabilities of the concerned NBFI), managerial capabilities, liquidity position, track record regarding adherence to NBFIs Rules of Business, credit discipline, staff management relationship, requirements/ considerations of financing system, geographic considerations etc.
- b) In case of Investment Banks, in addition to above, the convenience and the needs of the population of the area to be served by the proposed branch and whether public interest will be served by granting permission will also be considered.

- iii. Preference will be given to cases where the proposed branch will be housed in the bank's own premises.
- iv. The permission is liable to be revoked in case the branch is found to be located in premises other than the one approved by the SBP or it is found to be conducting business other than the one for which the permission was granted for opening of new branch.

4. **SHIFTING/RELOCATION OF BRANCHES** :

The written approval of State Bank of Pakistan shall be sought before shifting of branches by NBFIs on prescribed form (Annexure 'B') which must be filled in original. State Bank after assessing the requirement of shifting will convey its written approval to the concerned NBFI. NBFIs will ensure that shifting of branch does not involve any violation of any provision of B. L. Policy. The said NBFI within 15 days of such shifting will intimate the same to State Bank of Pakistan on prescribed form (Annexure 'C').

5. **CLOSURE OF BRANCHES** :

All NBFIs will be free to close any of their branches. The intimation of such closure should be made to SBP within 7 days from the date of closure of branch, on the prescribed form (Annexure 'D').

6. **PENAL CLAUSE** :

Non-adherence to above policy guidelines, will provoke penal action under provisions of BCO, 1962.

BRANCH OPENING FORM

(Non-Banking Financial Institution)

PART - I

1. Name of NBFI
2. Total number of branches
3. Paid-up Capital
4. Adjusted Capital (as per last SBP Inspection Report)
5. Total Deposits
6. Capital Adequacy Ratio (Risk weighted capital as % of deposits)
7. Weekly position of Liquidity

Ratio during the preceding 12 months

Week ended

Liquidity Ratio

PART - 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 postal address
3. Is suitable premises available?
If not what arrangements are proposed to be made
4.
 - i) Tehsil H.Q.
 - ii) District H.Q.
 - iii) Divisional H.Q.

5. Name and location of nearest

*NBFI branches with approximate distance in meters/kilometers from the proposed place.

Name of the Branch

Distance

- i) Applicant NBFI's branch/
Place of business

- : (2) : -

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

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
i) Amount of Deposits (COIs)			
ii) Amount of Advances			
iii) Volume of other business of the branch (Item-wise)			
iv) Future prospects of Development			

Estimated period within which the proposed Branch is expected to become a profitable unit

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

<u>Source</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
a) Interest/Return on advances			
b) Other sources, give details			
Total:			

7. Estimated recurring expenditure for the proposed branch

a) Interest/Return on various types of COIs	
b) Staff	
c) Premises	
d) Furniture & Fixture	
e) Stationary	
f) Advertisement	
g) Other expenses	
Total:	

8. Profit/loss anticipated

APPLICATION FOR SHIFTING/RELOCATION OF BRANCH
(Non-Banking Financial Institutions)

1. Name of NBFI
2. Name of the proposed Branch to be shifted (give exact location/address)
3. Date of commencement of Business of NBFI
4. Opening date of the Branch
5. Where the branch is proposed to be shifted (give exact location/address)
6. Whether the proposed premises is a built-up one or is required to be constructed
7. Whether the plot/building is owned by the Bank
8. Covering area of the existing & the proposed premises (to be given in the case of inadequate space)
 - a) Existing premises
 - b) Proposed premises

FOR EACH OF THE LAST THREE YEARS

1998	1999	2000
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- | | | | |
|--|--|--|--|
| A. Total Deposits of the branch (year end) | | | |
| B. Total advances of the branch (year end) | | | |
| C. Net profit/loss | | | |
9. Distance of the proposed premises from the existing premises
 10. Reason necessitating the proposed shifting
 11. Certificate to be enclosed from the competent authority that both the existing and proposed premises are within the same locality (in case of branches at banked place including big cities/are within the revenue limits of the same village) (in case of branches at an unbanked centers)
 12. Certified that the location of the proposed branch will

Name & Signature of (Chief Executive)

Recommended and forwarded:

Annexure “C”

PARTICULARS OF THE BRANCH SHIFTED
(Non-Banking Financial Institutions)

1. Name of the NBFI_____
2. Name of the Branch shifted_____
- (Complete address)
3. Exact location of premises to which shifted_____
4. Distance between the old and new premises_____
5. Date of SBP's approval_____
6. Date of shifting_____
7. Reasons necessitating the shifting (in detail)_____
- _____
- _____
8. Certified that location of new premises does not violate the Town Planning Regulations of the concerned authority.

(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)

Annexure “D”

INFORMATION OF CLOSURE OF BRANCH
(Non-Banking Financial Institutions)

1. Name of the NBFI_____
 2. Name of the Branch closed_____
 3. Date of opening of branch_____
 4. Date of closure_____
 5. Reasons necessitating closure (in detail)_____
- _____
- _____
- _____

6. Working results viz Deposits, Advances, Profit/Loss and No. of Accounts (category wise) as at the end of the last financial year and on the date of closure.
7. Certified that the closure of above branch will not render the area as an un-banked under branch licensing policy in force.
8. Letter of approval of branch in original is sent herewith for cancellation.

Encl: As above.

(Signature/Seal of an officer not
below the rank of Sr. Vice President
of Head Office or equivalent)