

Governance Structure of the State Bank of Pakistan

The State Bank of Pakistan (SBP) is incorporated under the State Bank of Pakistan Act, 1956, which gives the Bank the authority to function as the central bank of the country. The Act mandates the Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country's productive resources.

Central Board of Directors

The State Bank of Pakistan is governed by an independent Board of Directors, which is responsible for the general superintendence and direction of the affairs of the Bank. The Board is chaired by the Governor SBP and comprises 8 non-executive Directors and Secretary Finance to the Federal Government. The Governor SBP is also the Chief Executive Officer of the Bank and manages the affairs of the Bank. The current composition of the Board brings a diverse range of professional expertise adding value to the deliberations. Brief profiles of the members of the Board are given on pages 8-9. Twelve meetings of the Central Board were held during FY14 out of which five meetings were convened to decide the monetary policy stance.

The Governor

The Governor of the State Bank of Pakistan is appointed by the President of Pakistan for a term of three years which is renewable once. Mr. Ashraf Mahmood Wathra was appointed as Governor, SBP with effect from April 29, 2014, for a period of 3 years. Prior to assuming charge as the Governor SBP, he was appointed as Deputy Governor (Banking) on March 11, 2013. He was also appointed as Acting Governor on January 31, 2014 subsequent to the resignation of Mr. Yaseen Anwar, ex-Governor, SBP. Mr. Wathra is an MBA with major in Finance. He has vast relevant experience in domestic and international markets. He has worked in eight regulatory regimes in South East Asia & Far Eastern countries, and carries valuable skills and knowledge in Banking, Business, and financial affairs of economies.

The Governor is supported by one or more Deputy Governors and Executive Directors/Chief Economic Advisers (Organogram is placed at **Annexure-C**).

Deputy Governors

During FY14, Mr. Saeed Ahmad was appointed as a Deputy Governor with effect from January 21, 2014 while Mr. Kazi Abdul Muktedir was already working as Deputy Governor since July 6, 2012.

Central Board of Directors¹



Mr. Ashraf Mahmood Wathra, Governor/Chairman

Governor and Chairman since April 29, 2014² Mr. Wathra brings 35 years of commercial and investment banking experience to the Bank. He has worked in eight regulatory regimes in South East and Far East Asia including Singapore, Hong Kong, and Australia. He has also served on Board of Director of several Financial Institutions.



Dr. Waqar Masood Khan (Member, SBP Board since April 16, 2013)

Secretary, Finance Division, Government of Pakistan. He has also served as Special Secretary to the Prime Minister, Secretary, Economic Affairs Division, and Additional Secretary, Prime Minister's Secretariat. Prior to his current term, he has been appointed twice as Secretary, Finance Division.



Mr. Mirza Qamar Beg (Member, SBP Board since May 27, 2009. This is his second term)

Visiting Fellow at Cambridge University (Wolfson College) and former Member of the Board of the National School of Public Policy, Pakistan. He has served as Ambassador to Italy, Secretary Commerce, Government of Pakistan, Chief Secretary Baluchistan, and Chairman/CEO of Pakistan Steel Mills Limited. He has also been the President, WFP Executive Board and Director, IFAD Executive Board.



Mr. M. Nawaz Tiwana (Member, SBP Board since February 26, 2013)

Former Managing Director, Pakistan International Airlines. He has served at key positions in the leading public and private enterprises. He is serving on the Board of Directors of leading organizations. He is also Fellow of Chartered Institute of Transport, UK, Royal Aeronautical Society, UK, and has been Chairman of Chartered Institute of Logistics and Transport, Pakistan.



Mr. Shahid Ahmed Khan (Member, SBP Board since February 26, 2013)

A chartered accountant by profession and founding member of Anjum Asim Shahid Rahman (AASR). He has rendered a diverse range of advisory services in the areas of privatization, institutional reforms, public financial management and social sector interventions to name a few.

¹ Board composition is as of June 30, 2014.

² He has also remained Acting Governor/Chairman of the Board from January 31 to April 28, 2014.



Mr. Khawaja Iqbal Hassan (Member, SBP Board since February 26, 2013)
A seasoned banker who established a commercial bank and a leading investment banking firm. He is serving on the Board of Directors of prominent public and private enterprises. He has also served on many Task Forces established by the Government of Pakistan. Mr. Hassan was awarded the Sitara-i-Imtiaz for his meritorious contribution to the national interests.



Mr. Mehmood Mandviwalla (Member, SBP Board since February 26, 2013)
Founding and Senior Partner of the law firm Mandviwalla and Zafar. Having a professional experience of over 30 years in the field of banking and finance; privatisation; mergers and acquisitions and capital markets; he has contributed in drafting various statutes and regulatory frameworks of the country. He is also a founder and past President of SAARCLAW and is currently serving as a member of its Executive Council.



Mr. Iskander Mohammed Khan (Member, SBP Board since February 26, 2013)
A chartered accountant and Director of Premier Group of Companies. He has served as Chairman of several industrial bodies and was twice elected as Chairman of the Pakistan Sugar Mills Association. He has also served on the Board of Directors of Pakistan State Oil, Oil and Gas Development Company, Zarai Taraqiati Bank and Islamabad Stock Exchange.



Mr. Muhammad Hidayatullah (Member, SBP Board since March 15, 2013)
A chartered accountant by profession and a Senior Partner of M. Hidayatullah & Company (MHCO). He has an extensive experience of 34 years in providing consultancy services for privatization, dis-investment, merger and acquisitions of top-notch public and private sector institutions involving local and overseas clientele.



Mr. Zafar Masud (Member, SBP Board since March 16, 2013)
Director and Co-Founder of Burj Capital, a leading private equity firm. He has served at several senior level positions with international financial institutions in their domestic and international operations and served on their key management committees. Presently he is serving on the Board of Directors of leading public sector organizations.

Corporate Secretary

The Corporate Secretary is the Secretary to the Central Board and the Committees of the Board and acts as a focal person for communication between the Board and the management. The Corporate Secretary is responsible for recording the proceedings of the meetings of the Board and its Committees and also ensures compliance with statutory and regulatory requirements for effective implementation of the Board's decisions.

The Corporate Secretary is also responsible for ensuring effective Corporate Governance standards and availability of relevant information to the Board members to facilitate informed decision-making.

In addition to the responsibilities of organizing meetings of the Central Board and its Committees, the Corporate Secretary also interfaces with the Federal Government on matters related to the Governor, Deputy Governors and Directors of the Board.

Committees of the Central Board

Committees of the Central Board extend the oversight function of the Board in certain specialized areas. The details of the Committees of the Board are summarized as under:

Committee on Audit

The Committee assists the Central Board in reviewing SBP's financial statements, auditing, accounting and related reporting processes, the system of internal controls, governance, business practices and conduct established by the management and the Central Board. The Committee met fourteen times during the year.

Committee on Audit is chaired by Mr. Muhammad Hidayatullah with Messieurs Mirza Qamar Beg, Khawaja Iqbal Hassan, Iskander M. Khan and Shahid Ahmed Khan as members.

Committee on Investment

The Committee assists, and recommends to the Board, strategy and policy for investment and management of foreign exchange reserves. The Committee also approves operational guidelines for the investment of reserves and appointment of asset managers, custodians, investment consultants and broad risk tolerance within which the Bank should operate under information to the Board. It also reviews the performance of the reserves managed in-house and externally, and the appropriateness of the approved investment policy, its benchmarks, and guidelines on an annual basis or as warranted by the global market conditions. The Committee met once during the year.

Committee on Investment is chaired by Mr. Ashraf Mahmood Wathra with Messieurs Waqar Masood Khan, Khawaja Iqbal Hassan, Iskander M. Khan and Zafar Masud as members.

Committee on Human Resources

The Committee assists the Central Board in human resources management and has a strategic/policy recommendation role in the HR area. It reviews all the proposals requiring approval of the Central Board on formulation, revision, modification or interpretation of HR policies, and submits its recommendations to the Central Board. The Committee also reviews the terms and conditions of employment of senior level Bank officers including those reporting directly to the Governor, other than Deputy Governors. The Committee met nine times during the year.

Committee on Human Resources is chaired by Mr. Mirza Qamar Beg with Messieurs M. Nawaz Tiwana, Mehmood Mandviwalla and Zafar Masud as members.

Publication Review Committee

Publication Review Committee of the Board was constituted on December 17, 2013 to assist the Central Board in the review and approval of the Annual and Quarterly Reports on the State of the Economy. The Committee deliberates on the draft reports and reviews them for the consideration and final approval of the Board. The Committee met five times during the year.

Publication Review committee is chaired by Mr. Zafar Masud with Messieurs Mirza Qamar Beg and Muhammad Hidayatullah as members.

Enterprise Risk Management Committee

The Committee was constituted on March 15, 2014 to assist the Central Board in fulfilling its oversight responsibilities with respect to risk management in the Bank by ensuring the establishment of an Enterprise Risk Management Framework that identifies, assesses, monitors and mitigates to the best extent possible identifiable risks for the Bank. The Committee also coordinates with ERM Committee of Management and, as required, other Committees of the Board. The Committee is also mandated to oversee risks emerging from the subsidiaries i.e. SBP-BSC and NIBAF until such time that the subsidiaries set up their own ERM structures and committees. The Committee met three times during the year.

Enterprise Risk Management Committee is chaired by Khawaja Iqbal Hassan with Messieurs Mirza Qamar Beg, Shahid Ahmed Khan and Muhammad Hidayatullah as members.

SBP Act Review Committee (task based)

The Committee was constituted on February 15, 2014 with a task to review the proposed amendments in the SBP Act and to submit its recommendations to the Board. The Committee convened three meetings to complete the review process and ceased to exist on April 1, 2014 when the recommendations in the SBP Act were submitted to the Parliament.

SBP Act Review Committee is chaired by Mehmood Mandviwalla with Messieurs Mirza Qamar Beg, Khawaja Iqbal Hassan, Muhammad Hidayatullah, and Zafar Masud as members.

Corporate Management Team (CMT) and CMT-HoDs forum

The Corporate Management Team (CMT) acts as the principal forum for debates and consultations on critical policy and operational issues. It facilitates decision making and implementation, especially in matters where several departments are involved. The CMT is headed by the Governor and consists of Deputy Governors and other nominated executives including MD SBP-BSC. In addition to the CMT, combined meetings of the CMT and the Heads of Departments (HoDs) provide a wider platform to deliberate issues of wider implications. It is generally referred to as the CMT-HoD forum. Depending on the agenda, HoDs of SBP-BSC and Managing Director, NIBAF also participate in the meetings of the CMT-HoD forum.

Corporate Management Team³



Mr. Ashraf Mahmood Wathra, Governor



Mr. Kazi Abdul Muktaadir
Deputy Governor (Operations)



Mr. Saeed Ahmad
Deputy Governor (FM, IB & SI)



Mr. Riaz Riazuddin
Chief Economic Adviser (MP) and
Executive Director (HR)



Mr. Noman Ahmed Qureshi
Executive Director - FRM



Mr. Muhammad Ashraf Khan
Executive Director (BPRG)



Mr. Qasim Nawaz
MD SBP-BSC



Dr. Mushtaq A. Khan
Chief Economic Adviser (PD)



Syed Samar Hasnain
Executive Director (DFG)



Syed Irfan Ali
Executive Director (BSG)



Ms. Sahar Z. Babar
Director OCS / Corporate Secretary

³ CMT Composition is as of June 30, 2014.

Management Committees

In addition to the CMT, the following are the major management committees which assist the Governor in making decisions, and in formulation of various policies:

- Banking Policy Committee
- Internal Monetary Policy Committee
- Investment Committee of the Management
- Management Committee on Information Technology
- Management Committee on Properties and Equipment
- Enterprise Risk Management Committee
- Publications Review Committee
- Data-warehouse Committee
- Business Continuity Management Committee

SBP Subsidiaries

The SBP Act, 1956 provides for the establishment of subsidiaries for handling the functions of receipt, supply, and exchange of currency notes and related operational functions and for catering to the training needs of its employees. In line with these provisions, two subsidiaries of the Bank exist namely: State Bank of Pakistan-Banking Services Corporation (SBP-BSC), and National Institute of Banking and Finance (NIBAF), both owned by the Bank.

SBP-BSC

Established under the SBP-BSC Ordinance 2001, SBP-BSC is a fully owned subsidiary of SBP and is entrusted to perform tasks such as handling of currency and credit management, facilitating the inter-bank settlement system, and sale/purchase of savings instruments of the Government on behalf of Central Directorate of National Savings. SBP-BSC also collects revenue and makes payments for and on behalf of the Government. It also carries out operational work relating to development finance, management of public debt, foreign exchange operations and export refinance. The Board of Directors of SBP-BSC, chaired by the Governor SBP, comprises of all members of the Central Board of SBP and the Managing Director of SBP-BSC.

NIBAF

National Institute of Banking and Finance (NIBAF) is the training arm of SBP, providing executive development trainings to new inductees and various levels of SBP employees. The subsidiary also conducts international courses on central and commercial banking in collaboration with the federal Government. Furthermore, NIBAF offers training programmes to SBP-BSC and other financial institutions.