

Contents

Governor’s Message	1
Governance Structure of State Bank of Pakistan	5
Strategic Objectives of SBP	
1 Maintaining Price Stability with Growth	13
1.1 Monetary Policy Formulation	13
1.2 Role of the Policy Research Cluster	14
1.3 Monetary Policy Department	14
1.4 Research Department	14
1.5 Economic Policy Review Department	15
1.6 Statistics and Data Warehouse Department	15
1.7 Library Services	16
2 Broadening Access to Financial Sector	17
2.1 Overview	17
2.2 Infrastructure, Housing & SME Finance Department	17
2.2.1 SME	17
2.2.1.1 SBP Refinance Facilities	17
2.2.1.2 Export Finance Scheme	18
2.2.1.3 Long Term Financing Facility	18
2.2.2 Housing Finance Market	18
2.2.3 Infrastructure Finance Market	18
2.3 Agriculture Credit & Microfinance Department	18
2.3.1 Agricultural Finance Market	18
2.3.1.1 SBP’s Initiatives for Promotion of Agricultural Credit	19
2.3.2 Microfinance Market	19
2.3.2.1 Improving Access to Finance	19
3 Ensuring Soundness of Financial Sector	21
3.1 Banking Supervision Group	21
3.1.1 Banking Inspection (On-Site) Department	21
3.1.2 DFIs & Exchange Companies Inspection (On-Site) Department	21
3.1.3 Off-Site Supervision & Enforcement Department	22
3.2 Banking Policy and Regulation Group	22
3.2.1 Banking Surveillance	22
3.2.2 Islamic Banking	23
3.2.3 Consumer Protection	24
4 Exchange Rate and Reserve Management	25
4.1 Debt Market	25
4.2 Foreign Exchange Reserves Management	26

4.3	Changes in Foreign Exchange Regime during FY11	27
4.4	Pakistan Remittance Initiative (PRI)	27
4.5	Exchange Companies	28
5	Payment and Settlement Systems	29
5.1	Overview	29
5.2	Real Time Gross Settlement (RTGS)	29
5.3	e-Banking and its Composition	30
5.3.1	Network of Real Time Online Branches	30
5.3.2	Automated Teller Machines (ATMs)	30
5.3.3	Transactions through ATMs	30
5.3.4	Number of Cards (Credit/Debit/ATM)	30
5.3.5	Real Time Online Banking (RTOB) Transactions	31
5.3.6	Point of Sale (POS) Transactions	31
5.3.7	Call Center Banking Mobile Banking	31
5.3.8	Internet Banking	31
5.3.9	Mobile Banking	31
5.4	Paper Based Banking	32

Management Strategy of SBP

6	Human Resource Developments	35
6.1	Overview	35
6.2	Reorganization of Departments and Functions	35
6.3	HR Profile	36
6.4	Recruitment	36
6.5	Performance Measurement and Improvement System (PMIS)	36
6.6	Compensation & Benefits Management	36
6.7	Employee Relations (CBA Affairs)	37
6.8	Training and Development	37
7	Information Technology Developments	39
7.1	Overview	39
7.2	Globus Banking and Currency Solutions	39
7.3	Oracle ERP and Data Warehouse	39
7.4	Infrastructure	40

SBP Subsidiaries

8	State Bank of Pakistan Banking Services Corporation (Bank)	43
9	National Institute of Banking & Finance (NIBAF)	47
9.1	Overview	47
9.2	Business Plan For FY11	47
9.3	Training Delivery and Participation	47
9.3.1	State Bank of Pakistan	47
9.3.2	SBP-BSC	47

9.3.3	International Training	48
9.3.3.1	Pakistan Technical Assistance Program	48
9.3.3.2	Training Programs for Afghanistan	48
9.3.3.3	SAARCFINANCE	48
9.3.3.4	Zahid Hussain Memorial Lecture Series	48
9.3.3.5	International Conference on Islamic Business and Finance	48
9.3.4	Certification Courses	49
9.3.4.1	Islamic Banking Certificate Program	49
9.4	Other Training Programs/Services	49
9.4.1	Development Finance Trainings	49
9.4.2	Training Program for DFIs/Commercial Banks/Others	49
9.4.3	Outsourced Training Programs & Activities	49

Finance of SBP and Subsidiaries

10	Annual Budget Review FY11	53
10.1	Overview	53
10.2	Corporate Expenses	53
10.3	Establishment Expenses	54
10.4	Operating Expenses	54
10.5	Provisions	54
11	Annual Financial Performance Review FY11	55
11.1	Overview	55
11.2	Income	55
11.2.1	Net Discount / Interest / Markup and/or Return Income	55
11.2.2	Commission Income	56
11.2.3	Exchange Gain / (Loss) – Net	56
11.2.4	Dividend Income	56
11.2.5	Other Operating Income -Net	57
11.2.6	Other Income/Charges-Net	57
11.3	Expenditure	57
11.3.1	Bank Notes Printing Charges	57
11.3.2	Agency Commission	57
11.3.3	General Administrative and Other Expenses	57
11.3.4	Provisions	57
11.4	Distributable Profit	58
12	Consolidated Financial Statements of SBP and its subsidiaries	59
13	Financial Statements of SBP	103
14	Financial Statements of SBP-BSC (Bank)	145
15	Financial Statements of NIBAF	165

Annexure

A	Chronology of Policy Announcements	3
----------	---	----------

A-1	Banking Policy & Regulation Group	3
A-2	Development Finance Group	7
A-3	Financial Market/Reserve Management Group	13
A-4	Payment System	14
B	B-1 Central Board – Decisions and Deliberations during 2009-10	17
	B-2 Business Continuation Management	20
	B-3 Risk Based Auditing	22
	B-4 General ‘Counsel’s’ Office	23
C	Organizational Chart	25
D	Management Directory	27