

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 Bank aims at regulating 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

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 comprises of seven non-executive directors, Secretary Finance to the Federal Government, and is chaired by the Governor SBP. The Governor SBP is also the Chief Executive Officer of the Bank and manages the affairs of the Bank on behalf of the Central Board. The non-executive directors are nominated by the Federal Government ensuring representation from each province, as well as from the areas of agriculture, banking and industry.

During the year 2010-11 (FY11), Mr. Kamran Y. Mirza completed his tenure as Director Central Board, and nominations against the positions vacated by him and previous two vacant positions are in the process of being decided by the Federal Government. Six meeting of the Central Board were held in FY11. An overview of the key decisions taken in the Board meetings is attached at **Annexure B-1**.

The Governor

The Governor of the State Bank of Pakistan is appointed by the President of Pakistan for a term of three years and may be re-appointed for another such term. On behalf of the Central Board, the Governor directs and controls the affairs of the Bank.

Mr. Shahid Hafiz Kardar was appointed as Governor SBP on September 9, 2010 and he remained on this position until his resignation on July 18, 2011. During his tenure, Mr. Kardar realigned the functions of SBP to benefit from existing synergies while ensuring optimal utilization of available human resources.

Mr. Yaseen Anwar was appointed as Governor SBP with effect from October 20, 2011 for a period of three years. He is the 17th Governor of SBP since the inception of the Bank in 1948. His appointment followed the resignation of his predecessor, Mr. Shahid H. Kardar, after which Mr. Anwar was appointed as Acting Governor by the Federal Government for an interim period of three months. Mr. Anwar has been associated with the Bank as Deputy Governor since March 2007.

Corporate Secretary

The Corporate Secretary organizes meetings of the Central Board and its Committees and 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 measures in the organization, and ensures that relevant information is available to the Board members so that informed decisions can be taken. In addition to his/her responsibilities of recording the proceeding of the meetings of the Board and its Committees, he/she also interfaces with the Federal Government on matters related to the Governor/Deputy Governors and Directors of the Board.

Central Board of Directors

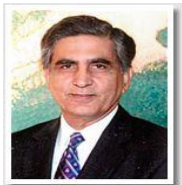


Mr. Yaseen Anwar, Governor/Chairman¹



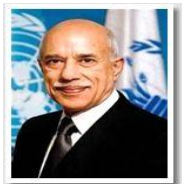
Dr. Waqar Masood Khan (Secretary Finance-Serving on SBP Board since December 20, 2010)

Dr. Waqar Masood Khan is serving as Secretary, Finance Division, Government of Pakistan. Dr. Khan has done his PhD Economics from Boston University. He has served at various senior positions in the government like Special Secretary to Prime Minister, Secretary (Economic Affairs Division), Additional Secretary - Policy (Finance Division). He was also the Chief Economist at the erstwhile Bankers Equity Limited, Pakistan.



Mr. Zaffar A. Khan (Serving on SBP Board since October 16, 2006. This is his second term)

Mr. Khan has over 40 years of experience in the corporate sector. He is a former CEO of Engro and Chairman of PTCL, KSE, and PIA. Currently, he is serving on the Boards of six prominent corporates. In addition, he is teaching at IBA as Adjunct Faculty. Zaffar Khan is a recipient of Sitara-e-Intiaz.



Mirza Qamar Beg (Serving on SBP Board since May 27, 2009)

Visiting Fellow at Cambridge University, UK and Member of the Board of the National School of Public Policy. A public servant of long standing, he has served as Federal Secretary Commerce, Chief Secretary Balochistan, Ambassador to Italy and Chairman/CEO of Pakistan Steel. He has also been the President of the World Food Program.



Mr. Asad Umar (Serving on SBP Board since August 21, 2009)

President - Engro Corporation Limited since 2004. He is serving on the Board of Directors of various academic/professional institutions. He has served as Director of OGDC, KSE, PSO and Pakistan Centre for Philanthropy. Currently, he is also the Chairman of Pakistan Business Council.



Mr. Waqar A. Malik (Serving on SBP Board since October 17, 2009)

Chief Executive - ICI Pakistan Limited, Mr. Waqar Malik has over 25 years of experience in the corporate sector. He has served on the Boards of various corporate and professional bodies like OGDC and Management Association of Pakistan. A former President of Overseas Investors Chamber of Commerce & Industry (OICCI), Mr. Malik is also a Director at the Pakistan Business Council and a member of the Board of Governors of LUMS.

¹ Mr. Yaseen Anwar assumed the charge as Governor SBP on October 20, 2011.

Subsequent to the restructuring of the SBP in February 2011, the Corporate Secretary is also responsible for Strategic Planning, Business Continuity Planning (BCP), and maintaining oversight on the annual Business Planning function of the Bank. The Corporate Secretary was re-instituted as the Secretary to all the Committees of the Central Board on July 9, 2011 in line with good corporate governance practices, to ensure an enhanced level of coordination between the Board and its Committees.

Committees of the Central Board

Committees of the Central Board extend the oversight function of the Board in certain specialized areas. During FY11, the Board approved a number of changes in the objective, mandate, and composition of its Committees in the areas of Human Resources, Audit, and Investment. The details of the various Committees 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 six times during the year and has the following members:

Mr. Waqar A. Malik	Chairman
Mirza Qamar Beg	Member
Syed Mohammad Shabbar Zaidi	External Expert

Committee on Investment

The Committee assists the Central Board in the management of foreign exchange reserves. The Committee recommends to the Board the strategy and policy for investment and foreign exchange regarding 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 intimation 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 and has the following composition:

Mr. Yaseen Anwar	Governor SBP/Chairman
Dr. Waqar Masood Khan	Member/Secretary Finance
Mr. Asad Umar	Member
Mr. Waqar A. Malik	Member

Committee on Human Resources

The Committee assists the Central Board in human resources management and has a strategic/policy formulation role in the HR area. It reviews all the proposals requiring approval of the Central Board on 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. The Committee met six times during the year and has the following composition:

Mr. Zaffar A. Khan	Chairman
Mirza Qamar Beg	Member
Mr. Waqar A. Malik	Member
Mr. Aftab Mustafa Khan	Member (ED-Special Assignments & HR)

Advisory Committee on Monetary Policy

The erstwhile Monetary Policy Committee (MPC) of the Central Board was reconstituted as the Advisory Committee on Monetary Policy (ACMP) on July 9, 2011. The MPC, which gave its recommendations on interest rate decisions to the Board met six times during FY11. The ACMP has not initiated its deliberations as the nomination process of independent experts on the Committee is under finalization. The composition of the ACMP is as under:

Mr. Yaseen Anwar	Chairman/Governor SBP
Mirza Qamar Beg	Member/Director Central Board
Mr. Asad Umar	Member/Director Central Board
External Expert	Position Vacant
External Expert	Position Vacant
Deputy Governor	Nominated by the Governor
Mr. Riaz Riazuddin	Member/Chief Economic Adviser, SBP
Mr. Asad Qureshi	Member/ ED (FMRM), SBP
Dr. Hamza A. Malik	Member/Director MPD, SBP

Management Structure

The Governor has the authority to conduct the business, and manage the affairs of the bank except in matters mandated specifically for the Central Board. The Governor is supported by Deputy Governors and Executive Directors/Chief Economic Advisers (Organogram is placed at **Annexure-C**).

Deputy Governors

One or more Deputy Governors (DGs) may be appointed by the Federal Government for a term not exceeding five years to perform duties as assigned by the Central Board. The Deputy Governors are entitled to attend the meetings of the Central Board without voting rights. The Governor is assisted by two DGs, each in the area of Operations and Banking.²

Corporate Management Team

The Corporate Management Team (CMT) acts as principal forum for debates and consultations on critical policy and operational issues. It facilitates decision making and implementation, especially where several departments are involved. CMT is headed by the Governor and consists of Deputy Governors and other nominated executives. In FY11, nine meetings of the CMT were convened.

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
- Monetary Policy Committee (internal)
- Management Committee on Building Projects
- Management Committee on Information Technology
- Investment Committee of the Management
- BCP Committee

² The position has been vacant from October 20, 2011 with the appointment of Mr. Yaseen Anwar, previously Deputy Governor, Banking, as Governor, SBP.

Corporate Management Team



Mr. Yaseen Anwar
Governor/Chairman



Mr. Muhammad Kamran Shehzad
Deputy Governor (Operations)



Mr. Riaz Riazuddin
Chief Economic Adviser
(MP)



Kazi Abdul Muktadir
Executive Director
(BS)



Mr. Azhar I. Kureshi
Executive Director (Operations)



Mr. Asad Qureshi
Executive Director
(FMRM)



Mr. Muhammad Ashraf Khan
Executive Director
(DFG)



Mr. Qasim Nawaz
Managing Director
SBP-BSC



Mr. Inayat Hussain
Executive Director
(BPR)



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



Mr. Muhammad Haroon
Rasheed
Executive Director
(FRM)



Ms. Sahar Z. Babar
Corporate Secretary

SBP Subsidiaries

The State Bank of Pakistan 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 CDNS. 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 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. The Corporate Secretary is also the Secretary to the Board of Directors 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 programs to SBP-BSC and other financial institutions.