

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 of 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 on behalf of the Central Board.

The SBP Act, 1956 (as amended) stipulates that the Board members should be eminent professionals from the fields of economics, finance, banking and accountancy and shall have no conflict of interest with the business of the Bank. During FY13, all 7 vacant positions on the Board were filled through appointment of Directors by the Federal Government. Out of these 7 newly appointed Directors, 5 were appointed on February 26, 2013 followed by 2 appointments in March, 2013. Brief profile of the members of the Board is given on pages 9-10. The current composition of the Board brings a diverse range of professional expertise, adding value to the deliberations.

Fourteen meetings of the Central Board were held during FY13 out of which six meetings were convened to decide the Monetary Policy stance. In line with best practices, the Board initiated the practice of formally declaring conflict of interest, if any, with the agenda of each meeting from March 21, 2013 onwards, which is now recorded as part of the Board's proceedings.

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. The Governor directs and controls the affairs of the Bank on behalf of the Central Board.

Mr. Yaseen Anwar was the Governor, SBP from October 19, 2011 till January 31, 2014 when the Federal Government accepted his resignation. He was the 17th Governor of the Bank and prior to his appointment as the Governor SBP, he had been associated with the Bank as Deputy Governor since March 2007 and was appointed twice as Acting Governor of the Bank in Jun-Sep, 2010 and July-Sep, 2011.

Mr. Ashraf Mahmood Wathra, Deputy Governor (Banking) was appointed as the Acting Governor, SBP by the Federal Government and he assumed charge from the close of business on January 31, 2014.

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

Deputy Governors

The SBP Act, 1956 (as amended) provides that one or more Deputy Governors (DGs) may be appointed by the Federal Government for a term not exceeding five years. The terms of service of a DG are determined by the Federal Government and he performs duties as assigned by the Central Board. The Deputy Governors are entitled to attend the meetings of the Central Board without voting rights.

During the year FY13, the Governor was assisted by two DGs, one each in the area of Operations and Banking while Mr. Saeed Ahmad was appointed as Deputy Governor, SBP in January, 2014.

Mr. Kazi Abdul Muktadir, DG (Operations) was appointed on July 6, 2012. He has a long association with the Bank that dates back to 1997; during which time he has been the Executive Director of the Banking Supervision Group, Managing Director (NIBAF) and prior to that he also supervised key departments of the Bank.

Mr. Ashraf Mahmood Wathra was appointed as DG (Banking) with effect from March 11, 2013. He carries a wealth of over 35 years of experience in commercial & investment banking and has served domestic and international operations of leading national and international banks and financial institutions.

Mr. Saeed Ahmad was appointed as Deputy Governor, SBP with effect from January 21, 2014. Mr. Ahmad brings with him 45 years of experience in commercial & investment banking. His responsibilities include Financial Markets, Islamic Banking & Special Initiatives.

Central Board of Directors¹

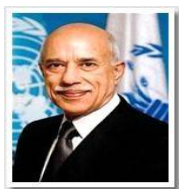


Mr. Yaseen Anwar, (former) Governor/Chairman²



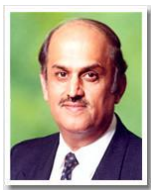
Dr. Waqar Masood Khan (Member, SBP Board since April 16, 2013)

Dr. Khan, in his capacity as Secretary, Finance Division, Government of Pakistan is an ex-officio member of the Board of Directors of the State Bank of Pakistan. He has held various senior positions during his service with the Government of Pakistan which include Special Secretary to the Prime Minister, Secretary, Economic Affairs Division, and Additional Secretary, Prime Minister's Secretariat. Prior to his current term, he had 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, UK and Member of the Board of the National School of Public Policy, Pakistan. A public servant of long standing, he has served as Federal Secretary Commerce, Chief Secretary Baluchistan, Ambassador to Italy, and Chairman/CEO of Pakistan Steel Mills Limited. He has also been the President of the World Food Program.



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

Former Managing Director, Pakistan International Airlines, Mr. M. Tiwana had held key positions in leading public and private enterprises. Presently he is serving on the Board of Directors of leading organizations. He is also fellow of Chartered Institute of Transport, UK, Fellow of Royal Aeronautical Society, UK, and has been Chairman of Chartered Institute of Logistics & Transport, Pakistan.



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

A chartered accountant by profession, Mr. Khan has been providing financial and tax advisory to a large and varied national and international clientele. He is founding member of Anjum Asim Shahid Rahman (AASR) and as part of AASR, he has rendered a diverse range of advisory/consulting 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, 2013.

² Mr. Ashraf Mahmood Wathra assumed the charge of the Acting Governor, State Bank of Pakistan from close of business on January 31, 2014.



Mr. Khawaja Iqbal Hassan (Member, SBP Board since February 26, 2013)
Mr. Hassan has a long association with the banking industry and during his banking career he established a commercial bank and a leading investment banking firm. He is serving on the Board of Directors of prominent public and private enterprises and previously has served on the Boards of institutions like the Civil Aviation Authority of Pakistan, Pakistan Steel Mills Limited and Habib Bank Limited among others. He has also served on many Task Forces established by the Government of Pakistan from time to time. Mr. Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for his meritorious contribution to national interests.



Mr. Mehmood Mandviwalla (Member, SBP Board since February 26, 2013)
Founding and Senior Partner of the law firm Mandviwalla & Zafar, Mr. Mandviwalla has extensive experience of over 30 years in all aspects of banking, commercial, and corporate law and has contributed in drafting various statutes and regulatory frameworks of the country. He has been associated with Pakistan Banks' Association for over 15 years and is presently serving as member board of directors and trustee of a number of renowned institutions. He is also a founder member of SAARCLAW and is currently serving as a member of its Executive Council.



Mr. Iskander Mohammed Khan (Member, SBP Board since February 26, 2013)
Mr. Khan is a prominent Pakistani businessman and is presently associated with Premier Group of Companies as Director. He has been involved in various commercial and industrial projects of national scope. He has also been chairman of several industrial bodies and was twice elected as Chairman of the Pakistan Sugar Mills Association. He has served on the Board of Directors of Pakistan State Oil, Oil and Gas Development Company, Zarai Taraqati Bank and Islamabad Stock Exchange. Mr. Khan is a chartered accountant and also holds a degree in Legislative Law.



Mr. Muhammad Hidayatullah (Member, SBP Board since March 15, 2013)
A chartered accountant by profession, Mr. Hidayatullah has been in the accounting and financial advisory profession for over 34 years. He is a Senior Partner of M. Hidayatullah & Company (MHCO) and has been engaged with a leading chartered accountancy firm. As part of MHCO, he has provided consultancy services for privatization, dis-investment, merger and acquisitions of top-notch public and private sector financial and business units involving local and overseas clientele.



Mr. Zafar Masud (Member, SBP Board since March 16, 2013)
Mr. Masud is a Founding Partner of Burj Capital, a leading private equity firm that also provides financial advisory services to domestic and international clients. Previously, he has been engaged with several international financial institutions in their domestic and international operations and served on their key management committees.

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 Bank management. Ms. Sahar Z. Babar is serving as the Corporate Secretary since March 01, 2011. She is responsible for recording the proceedings of 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 her responsibilities of organizing meetings of the Central Board and its Committees, she 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 Board re-constituted the Board Committees in its meetings held in February and March, 2013. 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 six times during the year. It comprises of the following members:

Mr. Shahid Ahmed Khan	Chairman
Mr. Mirza Qamar Beg	Member
Mr. Khawaja Iqbal Hassan	Member
Mr. Iskander M. Khan	Member
Mr. Muhammad Hidayatullah	Member

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. It has the following composition:

Mr. Yaseen Anwar	Chairman/Governor SBP ³
Dr. Waqar Masood Khan	Member/Secretary Finance
Mr. Khawaja Iqbal Hassan	Member
Mr. Iskander M. Khan	Member
Mr. Zafar Masud	Member

³ Position presently held by Mr. Ashraf Mahmood Wathra when he assumed charge of the Acting Governor, State Bank of Pakistan from close of business on January 31, 2014.

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 formulation and revision 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 five times during the year. It has the following composition:

Mr. Mirza Qamar Beg	Chairman
Mr. M. Nawaz Tiwana	Member
Mr. Mehmood Mandviwalla	Member
Mr. Zafar Masud	Member

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 Team⁴



Mr. Ashraf Mahmood Wathra, Acting Governor/Chairman



Mr. Kazi Abdul Muktadir
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 (DFG & BPRG)



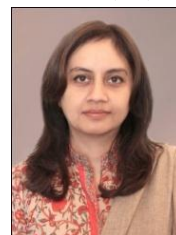
Mr. Qasim Nawaz
Executive Director (BSG)



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



Mr. Muhammad Haroon Rasheed
Acting MD SBP-BSC



Ms. Sahar Z. Babar
Corporate Secretary

⁴ CMT Composition is as of March 31, 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
- Monetary Policy Committee (internal)
- 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
- BCP Committee

SBP Subsidiaries

The SBP Act, 1956 (as amended) 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. 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 programmes to SBP-BSC and other financial institutions.