

February 2025

Subject: *Urgent Request for Intervention Regarding Governance Failures and Financial Mismanagement at the Export-Import Bank of Pakistan*

Dear Sir,

We write to you with utmost urgency to formally apprise you of grave concerns pertaining to governance failures and financial mismanagement at the Export-Import Bank of Pakistan ("EXIM Bank"), a state-owned enterprise ("SOE") established pursuant to the Export-Import Bank of Pakistan Act, 2022.

The recent revelations concerning the appointment and tenure of Mr. Syed Irfan Bukhari as President/Chief Executive Officer ("CEO"), coupled with persistent lapses in institutional oversight, have raised profound concerns regarding the integrity, accountability, and operational efficacy of the Bank.

Notwithstanding the existence of incontrovertible evidence indicating fraudulent activities, misconduct, and systemic governance breaches during Mr. Bukhari's tenure, it is deeply concerning that no criminal proceedings or formal investigations have been initiated to date. Alarming, Mr. Bukhari was permitted to relinquish his position without facing legal consequences, all the while benefitting from substantial financial disbursements sourced from public funds, amounting to millions of Pakistani Rupees.

Further exacerbating the governance crisis is the undue concentration of authority in the hands of Mr. Abdul Hafeez, the current Acting President, whose tenure has been marked by the promotion of individuals based on personal affiliations as well as questionable financial decisions that undermine the principles of sound corporate governance.

It is pertinent to highlight that EXIM Bank, beyond its core mandate of promoting and facilitating Pakistan's exports through trade financing, has been entrusted with the administration and disbursement of subsidy payments under the Export Finance Scheme of the Government of Pakistan, amounting to approximately PKR 40 billion—a function previously overseen by the State Bank of Pakistan ("SBP"). Given the critical nature of this role in supporting the national export sector, it is imperative that EXIM Bank's operations be conducted with the highest standards of transparency and accountability.

In light of the foregoing, we respectfully urge immediate intervention and recommend the following actions:

1. Initiation of an Independent Investigation:

To conduct a comprehensive, impartial inquiry into allegations of mismanagement, financial misconduct, and governance failures during Mr. Bukhari's tenure, including the irregularities surrounding his appointment and tenure as President/CEO.

2. Accountability for Complicit Individuals:

To identify and hold accountable all individuals, both within EXIM Bank and in relevant government bodies, who were involved in facilitating Mr. Bukhari's unlawful appointment, enabling his unauthorized retention of office, and allowing his exit with substantial public funds, resulting in significant financial loss to the national exchequer.

3. Transparent Audit of Subsidy Disbursements:

To conduct an independent, transparent audit of all subsidy payments disbursed under the Export Finance Scheme to ensure that public funds have been allocated in accordance with applicable laws, regulations, and fiduciary obligations.

It is imperative that EXIM Bank fulfill its national mandate with integrity and effectiveness. We trust that the relevant authorities will treat this matter with the urgency and seriousness it warrants, taking swift and decisive action to safeguard the public interest.

Sincerely,
Friends of Pakistan

Export-Import Bank of Pakistan: A Saga of Corruption, Mismanagement, and the Urgent Need for Reform

The Export-Import Bank of Pakistan (EXIM Bank) was established with a noble vision: to drive export-led economic growth by providing financial support, guarantees, and insurance to exporters. However, recent revelations have exposed a dark underbelly of corruption, nepotism, and gross mismanagement, raising serious questions about the bank's ability to fulfill its mandate.

The Vision vs. Reality: EXIM Bank's Promising Mandate

As a State-Owned Enterprise (SOE) and Development Finance Institution, EXIM Bank was created under the Export-Import Bank of Pakistan Act, 2022, to diversify and expand Pakistan's export base. Its mandate includes offering short-term export credit facilities, long-term financing for export-oriented projects, and other supporting services.

In a recent address, Finance Minister Muhammad Aurangzeb emphasized the bank's critical role in revitalizing Pakistan's economy. Similarly, the International Monetary Fund (IMF) has highlighted the importance of strengthening institutions like EXIM Bank as part of Pakistan's economic reform agenda.

However, the bank's potential is being overshadowed by a deepening scandal involving fraudulent appointments, misuse of public funds, and a culture of cronyism.

The Bukhari Scandal: A Tale of Fraud and Mismanagement

The matter concerning the Export-Import Bank of Pakistan ("EXIM Bank") centers on Syed Irfan Bukhari, who occupied the position of President/Chief Executive Officer for a period exceeding four years, notwithstanding his fundamental ineligibility to hold such office. The appointment of Mr. Bukhari was marred by numerous irregularities, including but not limited to the submission of forged documents, reliance on unverified credentials, and clear violations of applicable national laws and regulatory frameworks. Notably, the State Bank of Pakistan ("SBP"), upon the emergence of material facts disclosed in an investigative news article exposing deficiencies in his antecedent verification process, was compelled to revoke his Fit and Proper Test ("FPT") certification on February 22, 2024.

This development not only highlights profound systemic deficiencies within the appointment and vetting mechanisms of public financial institutions but also calls into question the adequacy of regulatory oversight intended to uphold governance and integrity standards. Despite the existence of substantial evidence indicating Mr. Bukhari's misconduct—including the fabrication of official documents, presentation of unverified qualifications, and contraventions of statutory provisions—the competent governmental authorities have failed to initiate criminal proceedings or institute an independent, comprehensive investigation into the matter.

Instead of being subjected to legal accountability, Mr. Bukhari was afforded an unmerited and expedited exit from office, enabling him to depart with significant financial benefits in the form of accumulated salaries, bonuses, and other pecuniary advantages, all financed through public funds. Furthermore, his tenure was characterized by the pervasive practice of favoritism and nepotism, evidenced by the unlawful appointment and promotion of close associates, including Abdul Hafeez and Ameer Zaman. These actions resulted in the improper disbursement of monetary benefits and unauthorized career advancements, thereby contributing to the erosion of EXIM Bank's governance framework and undermining its institutional integrity.

The Cost of Corruption: Misappropriation of Public Funds

The tenure of Syed Irfan Bukhari as President/Chief Executive Officer of the Export-Import Bank of Pakistan ("EXIM Bank") was not only characterized by demonstrable incompetence but also by the conferral of exorbitant financial benefits. Mr. Bukhari was remunerated at an unprecedented rate of PKR 10 million per month, thereby rendering him the highest-paid executive among state-owned enterprises ("SOEs"), exceeding even the compensation accorded to the Governor of the State Bank of Pakistan ("SBP").

In furtherance of this financial impropriety, the bank processed payments under the heads of gratuity, provident fund contributions, and other ancillary benefits, cumulatively amounting to over PKR 80 million. These disbursements were facilitated under the direct supervision of the Chief Financial Officer and the Acting President, Mr. Abdul Hafeez, notwithstanding Mr. Bukhari's ineligibility to hold office and the material irregularities surrounding his appointment. The disbursement of such funds, in the face of clear evidence of Mr. Bukhari's misconduct and in contravention of statutory and fiduciary obligations, constitutes a flagrant misuse of public resources and raises serious concerns regarding financial governance and accountability within EXIM Bank.

Illegal Appointments and Promotion granted to cronies

Mr. Bukhari's tenure at EXIM Bank was further marred by pervasive practices of favoritism and nepotism, as evidenced by the unlawful appointment and promotion of individuals closely affiliated with him, including but not limited to Mr. Abdul Hafeez and Mr. Ameer Zaman. The roles and involvement of these individuals in activities that compromised the integrity of the institution are elaborated upon in subsequent sections of this document.

In a calculated effort to consolidate his influence within the organization, Mr. Bukhari orchestrated a tailored recruitment process through the issuance of an advertisement designed to secure the appointment of a specific individual to the senior role of Head of Trade and Credit Operations. The individual appointed to this high-ranking position was awarded a substantial compensation package despite possessing an academic background limited to a Master's degree in Political Science, devoid of any formal qualifications in finance, banking, or related disciplines. This appointment, which reflects a clear disregard for meritocratic principles, raises material concerns regarding the individual's competence and suitability to discharge the fiduciary responsibilities inherent to the role.

Such actions, emblematic of systemic governance failures, underscore the culture of mismanagement, regulatory non-compliance, and institutional decay that permeated EXIM Bank under Mr. Bukhari's leadership.

Ameer Zaman (Company Secretary and Manager Finance)

Mr. Ameer Zaman's tenure at the Export-Import Bank of Pakistan ("EXIM Bank") is fraught with numerous violations of statutory obligations, internal governance protocols, and regulatory frameworks:

A. Unlawful Promotion:

Mr. Zaman was promoted to the next grade effective May 1, 2023, in blatant contravention of the bank's Human Resources ("HR") policy, which explicitly mandates a minimum tenure of two (2) years in the current grade as a prerequisite for eligibility for promotion. This policy exemption was unilaterally granted by Mr. Syed Irfan Bukhari without securing the requisite approval from the Board of Directors, thereby deliberately circumventing established corporate governance protocols and depriving the Board of critical oversight.

B. Undue Favors and Policy Exemptions:

In addition to the irregular promotion, Mr. Zaman was the beneficiary of numerous undue favors, including his appointment as Acting Company Secretary, despite lacking the requisite qualifications and experience for the role. His close association with Mr. Bukhari facilitated his involvement in activities that constituted clear breaches of EXIM Bank's internal controls and HR policies. Notably, Mr. Zaman was granted exemptions from specific policy provisions, such as receiving House Finance benefits despite explicit restrictions under the applicable HR framework.

C. Manipulation of Official Records:

Further compounding these violations, Mr. Zaman was allegedly directed to manipulate and falsify the minutes of the Board of Directors' meetings to retrospectively reflect decisions favourable to Mr. Bukhari and Mr. Abdul Hafeez. Such conduct not only undermines the integrity of the Bank's corporate records but may also constitute offenses under applicable laws governing corporate fraud, falsification of records, and breach of fiduciary duty.

Who Shielded Bukhari?

The inaction of relevant governmental authorities in response to overwhelming evidence of misconduct raises grave concerns regarding possible collusion and systemic corruption at the highest echelons of regulatory and administrative oversight. Pertinent questions arise, including but not limited to:

- How did Mr. Bukhari secure his appointment in violation of prescribed age limits and credential requirements?
- Who within the Ministry of Finance and the State Bank of Pakistan ("SBP") facilitated the approval of fraudulent documentation and willfully disregarded glaring violations of the Fit and Proper Test ("FPT") criteria?

These critical questions demand immediate answers, and it is imperative that individuals who facilitated, enabled, or were complicit in these acts of misconduct be held fully accountable under the law

Call for Action: The Auditor General of Pakistan (AGP), the Federal Investigation Agency (FIA), National Accountability Bureau (NAB), State Bank of Pakistan and other independent bodies must step in to investigate:

- The unlawful appointment of Mr. Syed Irfan Bukhari, including the circumstances surrounding his unauthorized retention of office and his subsequent safe exit, which resulted in the disbursement of substantial financial benefits, including salaries, bonuses, provident fund contributions, gratuity payments, and other pecuniary advantages;
- The identification and prosecution of accomplices within the Ministry of Finance and the SBP who facilitated or failed to prevent these irregularities.
- The misuse and misappropriation of public funds through the granting of unwarranted financial benefits in violation of legal, regulatory, and fiduciary obligations.

The Rise of Abdul Hafeez: Consolidating Power After an Independent Director's Appointment

As EXIM Bank continues to grapple with the fallout from Bukhari's misconduct, the situation has even worsened under Abdul Hafeez's leadership.

Hafeez, a long-time associate of Bukhari, holds multiple senior Key positions within the bank. i.e. Group Head Finance / CFO, Group Head Operations, Head of HR and Head of Treasury—creating clear conflicts of interest. In a further violation of corporate governance principles, the Board of Directors has given him the additional charge of Acting President, granting him all the powers of a permanent president. This concentration of authority has allowed him to run the bank as his personal enterprise, continuing the culture of cronyism and self-enrichment.

Mr. Hafeez was appointed Acting President following the induction of an independent director, a close associate of his for over a decade who had also supervised him in previous organizations. His lobbying for this director appears to have been a calculated move to strengthen his influence over the board and secure the Permanent Presidency for himself. This sequence of events suggests a troubling manipulation of EXIM Bank's governance structures to benefit Mr. Hafeez and his allies, thereby undermining the integrity of the institution.

Self-Promotion and Favouritism

Since assuming Acting charge, Mr. Hafeez has engaged in activities that prioritize personal gain and loyalty over the bank's interests. His initial actions include:

- **Illegal Promotions:** Recommending unauthorized promotion for his close associate, Mr. Ameer zaman, further violating the bank's HR policies.
- **Self-Granted Bonuses:** Approving retrospective bonuses for himself and his allies, draining public funds without merit.

Despite knowing that the process for hiring a new president is underway, Mr. Hafeez is rushing to appoint individuals loyal to him in critical executive roles. This tactic appears to be a deliberate attempt to consolidate his influence and secure his position before a permanent president is chosen.

Several key executive vacancies have been announced in the past few weeks, and Mr. Hafeez has ensured that these positions are filled with his Favorites without merit, in direct violation of corporate governance laws. These actions suggest a deliberate effort to maintain control over the bank, potentially hindering its future leadership and reform initiatives.

Manipulating the Hiring Process: A Conflict of Interest

Shockingly, Acting President Abdul Hafeez has reportedly manipulated the shortlisting process for the permanent president role, even going so far as to include himself as a candidate. By allegedly pressuring the consulting firm overseeing the selection process, Mr. Hafeez has sought to secure his appointment as the full-time president.

This maneuver not only raises serious concerns about the transparency and fairness of the process but also reflects a blatant conflict of interest. As the Acting President, Mr. Hafeez holds complete influence and control over the bank's operations and decision-making during the transition. By inserting himself into the race for the permanent position, he undermines the credibility of the selection process and casts doubt on the impartiality of the final decision.

Treasury Mismanagement: A Major Red Flag

One of the most alarming aspects of EXIM Bank's ongoing governance issues is the unilateral management of its treasury investments, a practice that began during Bukhari's tenure and continues under Abdul Hafeez. During Bukhari's time, Hafeez managed all placements of the bank's provident fund and other investments in T-Bills, including instances where margins were allegedly taken, where, Treasury Bills were purchased at a rate lower than the prevailing market rate—a highly unusual and questionable transaction.

Compounding this issue, Hafeez currently holds both the Treasury Front Office and Treasury Back Office positions. These roles, due to their critical nature, are explicitly required to be held by separate individuals to prevent conflicts of interest and corruption. This blatant violation of corporate governance principles and regulatory mandates exposes the bank to significant financial risks and undermines the safety and accountability of the public funds it manages.

Aiding Bukhari's Corruption and the Safe Exit

Mr. Hafeez's involvement in facilitating Syed Irfan Bukhari's swift and quiet exit raises significant concerns about his own role in the irregularities of the previous administration. Despite being fully aware of Mr. Bukhari's misconduct, including the use of forged documents, Hafeez is reported to have actively aided in Bukhari's settlement, further implicating himself in the corruption saga.

During Bukhari's tenure, Hafeez played a key role in managing Bukhari's forged documents case, shielding him from accountability and ensuring his continued influence within the bank. In return for his actions, Hafeez benefited from questionable practices, including being granted House Finance. **However, more than two years later, the mortgage for this house has yet to be executed in the bank's favor, violating the bank's policies and putting public funds at risk.**

Additionally, Hafeez has also served as Company Secretary for two years, a role during which he allegedly misled the Board and actively protected Bukhari from scrutiny. This period of Hafeez's tenure warrants a thorough audit to uncover any further irregularities. Both Hafeez and Ameer Zaman, a close accomplice, were reportedly awarded substantial bonuses during this time, seemingly as rewards for their loyalty to Bukhari and their involvement in enabling his illegal actions.

These actions not only highlight Hafeez's complicity in safeguarding Bukhari's interests but also underscore his active role in fostering a culture of corruption and mismanagement within EXIM Bank.

These developments underscore the worsening state of affairs at EXIM Bank. With its leadership embroiled in cronyism, mismanagement, and violations of corporate governance, the bank's ability to fulfill its mandate of promoting exports and supporting the national economy is being severely compromised.

A Call for Urgent Action: Restoring Trust and Accountability

The EXIM Bank scandal is not just a story of one institution's failure; it is a reflection of systemic corruption plaguing Pakistan's state-owned enterprises. To restore public trust and ensure the bank fulfills its mandate, the following steps are urgently needed:

1. **Accountability for Mismanagement:** Recover public funds from Bukhari and investigate those who facilitated his fraudulent appointment and exit.

2. **Independent Investigation:** The Auditor General of Pakistan (AGP) and Federal Investigation Agency (FIA) must probe the ongoing mismanagement under Hafeez, particularly in treasury operations and executive appointments.
3. **Regulatory Oversight:** The State Bank of Pakistan must enforce compliance with governance standards and take actions against violations.
4. **Revisiting Board Decisions:** The Board must address its role in enabling this crisis, including the questionable appointment of Hafeez as Acting President.

Test for Pakistan's Commitment to Reform

The EXIM Bank scandal is a litmus test for Pakistan's commitment to combating corruption and reforming its institutions. Without swift and decisive action, the cycle of mismanagement and corruption will persist, further damaging the economy and eroding public trust.

The time for accountability is now. Only through transparent investigations, strict enforcement of governance standards, and institutional reforms can EXIM Bank recover from this crisis and fulfill its promise of driving Pakistan's export-led growth.

Let this be a wake-up call for Pakistan's leadership. The cost of inaction is too high to ignore.