

SECP Press Release

SECP appoints Administrator for CSIBL

The Securities and Exchange Commission of Pakistan, using its powers under Sections 282E and 282F of the Companies Ordinance, 1984, today appointed Mr. Badr-Ud-Din Khan as Administrator of Crescent Standard Investment Bank Limited (CSIBL) with immediate effect, suspending CSIBL's board of directors and restraining the CEO, Mr. Anjum Saleem from officiating as Chief Executive Officer of the Bank. The administrator shall exercise the powers of both the CEO and the board of directors.

The action was taken after months of exhaustive investigations into the bank's affairs which revealed severe and deliberate violation of legal requirements and serious financial irregularities including but not limited to, illegal maintenance of parallel accounts, concealment of bank assets, unauthorised massive funding of group companies, unlawful investments in real estate and stock market etc.

The appointment of the Administrator became inevitable as the need to take immediate action to protect the interest of the depositors and stakeholders and to stem the fast eroding asset base of SCIBL became imminent and SECP took the needful action of ensuring that the bank's affairs were immediately managed in a clean, transparent, and professional manner through the appointment of the Administrator.

During the course of investigations, all opportunity was afforded by SECP to the former management to redress vital issues concerning the viability of the bank itself and the protection of the financial interests of its depositors and stakeholders. No substantive measures were initiated by the suspended management and it also repeatedly failed to honour any of its commitments made to the SECP in this regard. SECP also proactively engaged the sponsors and management of CSIBL in an effort to revive and recapitalize the bank but all such efforts were frustrated by the deliberately non-cooperative stance of the former.

As the apex regulatory authority it is incumbent upon SECP to take appropriate measures to protect the interest of depositors and stakeholders of a financial institution and this unprecedented action too was necessitated by the same obligation after all avenues were exhausted.

Show cause notices have been issued to the suspended CEO, Board of Directors and other relevant functionaries of CSIBL to take cognizance of irregularities committed at the bank. Pending the outcome of proceedings, the bank's affairs shall be managed by the SECP appointed Administrator.

The Administrator, Mr. Badr-Ud-Din Khan is ranked amongst the country's top bankers and amongst other posts has also served as Chairman & CEO, National Development Finance Corporation (NDFC), Chairman & CEO, Industrial Development Bank of Pakistan (IDBP), Founder President & Chief Executive Officer, Gulf Commercial Bank Limited and also served at top posts in Bank of America during his over 18-year long association with the bank. He has also served on the boards of large corporations including Hub Power Company, Fauji Fertiliser, National Investment Trust, State Cement Corporation etc. Amongst his other varied pursuits he has also served as Chairman-New Private Scheduled Commercial Bank - Pakistan Association, Vice Chairman-Pakistan Banks Association etc.