



**President & CEO, Silk Bank**  
**Azmat Tarin**

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**ICMAP:** Please tell us briefly about your Bank and its performance in the banking sector in terms of deposits, assets base, advances and profitability and what measures your bank have taken to enforce good governance practices for improving internal control and ensuring strong oversight?

**AT:** We have successfully completed a Rs.10 billion Rights Issue, which enabled us to meet our MCR and CAR ratios. With the capital inflow, we are planning to increase our distribution footprint by adding new branches on the Conventional and Islamic Banking side across the country and also focus on making financing more accessible to the consumers, thus penetrating into segments previously unserved. We have a wide array of asset & liability products presently on the menu, catering to diverse market segments. The Bank's strategy focused on reducing the cost of funds by decreasing expensive deposits and replacing them with low cost funds. The bank managed its liquidity with stringent risk management and used prudent liquidity management techniques. Our continued focus on booking high-yielding consumer assets was yet another strategic initiative. Within Consumer lending products we have a strong market presence and maintain high growth rates.

**ICMAP:** How your bank is dealing with the issue of non-performing loans and what is the progress made in Corporate Rehabilitation Law (CRA)?

**AT:** Recovery of Non Performing Loans (NPLs) of the Bank is entrusted to Special Assets Management Group of the Bank for a focused approach towards recovery of defaulted loans. Despite a

deteriorating law and order situation, a sharp economic downturn and past political instability in the country, Silkbank managed to register a significant reduction in the Non Performing Loans (NPLs) of the Bank. The bank showed a strong and robust recovery of non performing advances in the past three years.

**ICMAP: Please explain your bank's policy towards SME financing. Could you share some statistics with regard to bank's lending to the private sector, especially SMEs during last few years?**

**AT:** We are working on a relationship based Model in SME. Our focus is to cater to identify the business needs and cash flow requirements of our clients. Our Business assessment model considers Cash flow, Business Turnover as well as industry dynamics. We use outsourced Business earnings estimates in the absence of other reliable data to base our credit decisions on. We have defined our SME target market based on market research and general economic conditions of the country.

**ICMAP: How do you see general emerging economic conditions in terms of challenges and opportunities and especially in the context of China-Pakistan Economic Corridor (CPEC)?**

**AT:** We believe that CPEC will bring greater business prospects for the country, which would boost GDP growth in the form of increased fixed capital formation and revival of non-operational industries. Apart from tangible benefits in terms of infrastructure development and power plants, increased engagement with China will also bring technological, social and overall development to the country thus bringing growth to sectors like cement, steel as well as transport and communications.

**ICMAP: Do you think the banking industry in Pakistan is ready to capitalize on the opportunities of CPEC including massive liquidity and required financing appetite to meet the demand and is there any concrete measure have been taken in this regard?**

**AT:** A major portion of the banking sector maintains an average CAR of 17%, against the current requirement of 10%. With a 52% banking sector Assets to Deposits Ratio (ADR), we believe most banks are well equipped to avail the opportunity from the demand coming from CPEC. However, we expect the same to translate in their books from 2017 onwards.

**ICMAP: Is your bank foreseeing or is in the process of investment opportunity in any CPEC related projects such as construction of roads and motorways, energy and telecom projects etc.**

**AT:** The Investment Banking Group (IBG) is focusing actively on energy and infrastructure projects. In the light of this, we will be looking to advise sponsors of Chinese projects on capital raising and will also be participating in syndications of CPEC projects that meet our returns profile.

**ICMAP: How do you see the role of Management Accountants in bringing operational efficiency in banks and also cost effectiveness in financial products offered to customers?**

**AT:** The role of Management Accountants is to perform a series of tasks to ensure their company's financial security, handling essentially, all financial matters and thus helping to drive the business's overall management and strategy. The Bank needs to continuously aim at improving performance through three interrelated dimensions of price, cost, quality and service innovation. In order to compete successfully in these three dimensions, effective competitive strategies need to be adopted where management accountants play an important part by providing business insights to the management and steer the decision making process. Additionally, Management Accountants also help the management in evaluating the changing business environment, customers segments & competitors, risk management and financial performance.

**ICMAP: How do you see the contribution of Management Accountants under CPEC regime especially in the context of infrastructure projects, construction of roads and motorways, energy and telecom projects?**

**AT:** With regard to CPEC, Management Accountants along with our Investment Banking Group (IBG) will actively seek opportunities in energy and infrastructure projects. In order to perform well, Management Accountants & IBG shall work together in adopting competitive strategies by evaluating the projects that meet the bank's return profile on investment. ■