Press Release

VIS Reaffirms Entity Ratings of Zarai Taraqiati Bank Limited

Karachi, September 21, 2026: VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of Zarai Taraqiati Bank Limited (ZTBL' or 'the Bank') at 'AAA/A1+' (Triple A/A One Plus). The medium to long-term rating of 'AAA' denotes highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt. The short-term rating of 'A1+' denotes the strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors. Outlook on the assigned ratings is 'Stable'. Previous rating action was announced on June 30, 2025.

ZTBL was incorporated in 2002 as a public limited company following the reorganization of the Agricultural Development Bank of Pakistan (ADBP). The Bank's mandate is to provide sustainable rural finance and related financial services, primarily to small farmers and low-income households, while also undertaking capital market, investment, and other banking activities. ZTBL operates through 501 (Dec'24: 501) branches as of Dec'25, of which 35 (Dec'24: 25) are Islamic Banking branches as of Dec 31, 2025.

The ratings are supported by ZTBL's strategic importance as a specialized agricultural development bank and its government ownership. Its mandate remains relevant given the importance of agricultural financing and financial inclusion. The Bank maintains a strong capitalization profile, with continued accretion in Tier-I capital. Capital ratios remaining comfortably above regulatory requirements, provide a substantial buffer against potential financial and credit risks. Asset quality has also shown sustained improvement, supported by enhanced recoveries, timely collections causing a decline in non-performing loans, while provisioning coverage has strengthened and the burden of net non-performing loans relative to capital has moderated. As such, its mandate remains relevant given the importance of agricultural financing and financial inclusion.

The Bank's investment portfolio remains predominantly invested in floating-rate, sovereign securities, resulting in a relatively low credit and market risk profile. Liquidity remains sound, supported by adequate liquid asset buffers and stable funding ratios, although the funding profile remains marked by the Bank's reliance on government borrowings and features a comparatively modest deposit base. Profitability remains satisfactory, supported by improved spreads following the decline in funding costs, although earnings have moderated from the prior period and operating expenses continue to gradually rise in response to inflation. The Bank has demonstrated progress in risk management capabilities, digital infrastructure, cybersecurity, and internal controls. Key rating constraints remain elevated reliance on borrowed funding, limited deposit mobilization, and the inherent high-risk exposure to agricultural borrowers, vulnerable to weather and climate-related risks.

For further information on this ratings announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria:
Government Supported Entities
https://docs.vis.com.pk/Methodologies-2025/GSEntities.pdf
VIS Entity Rating Criteria Methodology – Financial Institutions
https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf
VIS Issue/Issuer Rating Scale
https://docs.vis.com.pk/docs/VISRatingScales.pdf