ZTBL
ZARAI TARAQIATI BANK LIMITED

ANNUAL REPORT 2025



زرعی ترقیاتی بینک لمیٹڈ

www.ztbl.com.pk



CORPORATE VISION

Dedicated to serving the needs of the farming community, by delivering financial products and technical services on a competitive and sustainable basis, in a convenient, efficient, and professional manner, leading to the success of the Bank and the farmers.



CORPORATE MISSION

To play an effective role in the promotion of economic growth, by enhancing the availability of credit to the agriculture sector, through reliable access to sustainable financing, special lending programs, technical assistance, and other products & services, and to promote career development opportunities for increasing professionalism and technical proficiencies of employees.



CORPORATE OBJECTIVES

- Develop and operate as a financially and operationally sustainable R.F.I of the country.
- Assist rural communities, particularly the small farmers, in raising their productivity and income levels through timely delivery of credit, advisory, and ancillary services.
- Build ZTBL's image as a proactive, client-friendly, financially & operationally sustainable with indigenous product deployment.
- Establish and provide backward and forward linkages to strengthen agri. value-added commodity chains.
- Engage in public-private and wholesale-retail partnerships to deepen outreach and reduce operating costs.
- To function as a rural commercial bank to mobilize rural capital formation and to commercialize the agri. sector by delivering the true value of credit to the client. Provide a wide range of risk insurance products to its clients.
- Open up its venues of operation to the Domestic & International Banking Industry to avail comparative advantages.



TAHIR YAQOOB BHATTI
PRESIDENT/CEO ZTBL

BOARD MEMBERS



Naeemuddin Khan
Chairman Board



Tahir Yaqoob Bhatti
President/CEO



Sahibzada Rafat Raoof Ali
Director



Ahmed Taimoor Nasir
Director



Dr. Ayesha Waqar
Director



Dr. Talat Naseer Pasha
Director



Mr. Tariq Mahmood Talib
Company Secretary

MANAGEMENT TEAM



Asad Ullah Habib
Group Head (Operations)



Muhammad Arif
Chief Financial Officer (CFO)



Zahid Hussain
Group Head (Business)



Muhammad Omer
Group Head (SAM)



Bakar Ahmed
Group Head (HR)



Anjum Abbas
Chief Compliance Officer (CCO)/Head (Compliance & ICFR Division)



Abdul Jabbar Karimi
Group Head (Islamic Banking)



Safdar Abbas Zaidi
Head (Chief Internal Auditor)



Mian Muhammad Amir Naseer
Head (Operations Division)



Shah Miftahul Azim
Head (Treasury Division)



Muhammad Ahmad Khan
Head (People Services Division)



Waqass Ahmad
Head (Finance and Accounts Division)



Zeeshan Mazhar
Chief Information Officer (CIO)



Arshad Hassan Awan
Head (Credit Division)



Saeed Ahmad
Head (Technology Operations & Support Division)



Muhammad Sulman Alam Shah
Head (Product Development & Liability Management Division)

MANAGEMENT TEAM



Shoukat Mehboob
Head (Human Resource Division)



Zubair Qayyum
Head (General Services Division)



Salman Raza
Chief Risk Officer (A)



Mehboob Ur Rehman
Head (Training & Development Division)



Tariq Mahmood
Head (Planning, Research & Technology Division)



Hassan Rasheed Khan
Head (SAM Monitoring & North Division)



Muhammad Salahuddin Khan
Head (SAM Settlement & South Division)



Maqbool Ahmad
Head (Legal Division)



Tariq Mahmood Talib
Company Secretary

Contents

DIRECTORS' REPORT

Performance Review for the Year 2025	01
Economic Review	05
Agriculture Sector Review	05
Agriculture Credit Disbursement	05
Management Discussion and Analysis	06
Banking Sector Review	06
ZTBL Islamic Banking Performance	06
Six Years at a Glance	07
ZTBL's Financial Health	07
Financial Position Review 2025	12
Capital Strength & Adequacy	13
Credit Rating (2024)	14
Kissan Support Services (Pvt.) Limited (KSSL)	14
Risk Management Framework and Policy	14
ZTBL Compliance	15
Appointment of Auditors	16
Process of Appointment and Nomination of Directors	16
Disclosure of Board of Directors	20
Composition and Membership of Board Committees	21
Number of Board and Committee meetings held and attendance by the members during the year 2025	22
Corporate and Financial Reporting Framework	22
Qualitative Disclosure Relating to Remuneration Policy	23
Responsibility Levels of the Key Executives in Major Decisions	24
Remuneration of Directors	25
Future Outlook	26
Value of Investments in Employees' Benefits Funds	26
Shareholding (As on 31.12.2025)	28
Corporate Information (As on 31.12.2025)	29
REPORT OF SHARIAH BOARD FOR THE YEAR 2025	31
OPERATIONAL PERFORMANCE 2025	43
Notice of 20th Annual General Meeting	69
Review Report to the Members on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013	70
Statement of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013	71
Auditors Report to the Members on Unconsolidated Financial Statements	77
ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS	83
Auditors Report to the Members on consolidated Financial Statements	187
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS	193
STATISTICAL ANNEX	299

DIRECTORS' REPORT

ANNUAL REPORT 2025



DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

Performance Review for the Year 2025:

I am pleased to present the Annual Directors' Report for Zarai Taraqiati Bank Limited, highlighting the Bank's financial performance, operational achievements, and strategic initiatives for the year ended 31st December 2025. The year represents an important phase in the Bank's ongoing journey toward strengthening institutional resilience, enhancing governance standards, and advancing its strategic mandate as Pakistan's premier agriculture Bank. Entering 2025, the Bank is positioned with improved internal controls, disciplined management practices, and a clear strategic focus aimed at ensuring sustainable growth while safeguarding financial stability.

During the year under review, the Bank continued to prioritize prudent balance sheet management with particular emphasis on liability optimization, deposit mobilization, and risk-aligned growth. Strategic initiatives remained focused on improving customer outreach, strengthening credit processes, and enhancing service delivery especially for the rural and agricultural segments of the economy. In parallel, continued investments in digital banking platforms and technology-enabled solutions are expected to support operational efficiency, transparency, and improved customer experience, consistent with the Bank's long-term transformation objectives.

Guided by its developmental mandate and national economic priorities, the Bank remains committed to promoting financial inclusion, supporting agricultural productivity, and contributing to rural economic development. The Board continues to exercise effective oversight to ensure that management actions remain aligned with sound governance principles, regulatory requirements, and the Bank's strategic vision. With a strong focus on sustainability, innovation, and stakeholder value, the Bank looks ahead with confidence to further strengthening its role in Pakistan's agricultural and financial ecosystem.

ZTBL maintained a strong focus on credit discipline and prudent financial management, which significantly contributed to improved performance in the FY 2025. Despite a challenging macroeconomic environment, ZTBL recorded a profit before tax of Rs. 26,585 million and a net profit after tax of Rs. 12,003 million reflecting robust core earnings, disciplined cost management, and enhanced asset quality. A landmark achievement was the expansion of the regular outstanding loan portfolio to Rs. 116,658 million demonstrating the effectiveness of our proactive collection monitoring framework and remedial strategies under the Remedial Management Unit. This disciplined approach not only strengthened the balance sheet but also reinforced ZTBL's commitment to sustainable, risk-adjusted growth.

ZTBL total deposits reached Rs. 59,489 million, reflecting a 5% overall increase, driven by a strategic pivot toward low-cost, transactional funding. Notably, Current Account deposits surged by 32% to Rs. 13,890 million, and Savings Account deposits grew by

9% to Rs. 14,109 million, resulting in a 20% increase in the CASA base, which now stands at Rs. 27,999 million. This shift has significantly improved the stability and efficiency of our funding structure, reducing reliance on term deposits and enhancing net interest margin sustainability.

Customer trust and frontline execution were central to our deposit success. Out of 501 branches, an impressive 245 branches achieved their Current Account targets a clear reflection of focused leadership, team cohesion, and unwavering belief in our strategic vision. This achievement was made possible through the dedicated effort of all operational team, operating under the clear direction of the ZTBL management. As of December 31, 2025, ZTBL has processed a total of 14,766 transactions, contributing to an inflow of USD 3.86 million. These transactions were executed through direct foreign partnerships and local arrangements as a sub-agent, against the annual target of 20,000 transactions. This achievement underscores ZTBL's commitment to strengthening its remittance operations and supporting the financial ecosystem of Pakistan.

ZTBL delivered a strong year marked by greater efficiency, improved customer facilitation, and accelerated digital transformation. Account-opening processes across the network remained seamless, with all requests handled within defined turnaround times and zero pendency maintained throughout the year. To support seamless account opening, structured training sessions conducted both in-person and virtually were regularly provided to field staff, supplemented by ongoing guidance through email and telephonic support to address operational queries promptly. Additionally, consistent follow-up was maintained with regional offices and branches to ensure timely resolution of discrepancies and uphold the integrity and efficiency of account processing workflows.

Strategic enhancements to branch operations including the relocation of 26 branches to higher-traffic commercial areas strengthened customer accessibility and supported future business growth. A major achievement was the successfully rollout of the Digital Standardized Account Opening Form (SAOF) for all resident Pakistani accounts. This initiative standardized processes, reinforced regulatory compliance (KYC, FATCA/CRS), enabled single-visit account opening, and advanced the Bank’s shift toward a paperless, cost-efficient operating model.

Biometric verification also saw substantial progress, with completion levels of 99.8% for regular borrowers and active depository accounts and 99.3% for classified borrowers. Deployment of wireless biometric devices in remote areas further improved customer reach and field efficiency. Business facilitation efforts supported key customer segments, including the processing of 1,602 Hajj applications with collections of Rs. 1,709.203 million, ensuring all applicants were cleared for Hajj 2025. Operational continuity across the branch network was reinforced through efficient system support, including timely user provisioning, network and system updates, and payment

processing. The ZTBL maintained an average response time of 15 minutes and resolved all operational queries with no backlog.

ZTBL demonstrated robust portfolio management and improved asset quality in 2025 despite macroeconomic challenges, including commodity price volatility, higher input costs, and adverse climate events. The outstanding Non-Performing Loan (NPL) portfolio decreased to Rs. 24,102 million, representing a net 11 percent improvement from the previous year. Charged-off portfolios fell to Rs. 27,956 million, a net 16 percent reduction, reflecting improved infective portfolio management and effective recovery strategy. The total infected portfolio substantially declined to Rs. 52,058 million, a 13 percent improvement in asset quality.

Recovery initiatives included a record PKR 10 billion in charged-off portfolio recoveries. Legal and recovery measures included application of the LACIP Act. Dedicated internal legal task forces expedited recovery processes, and operational efficiency was enhanced through targeted call center activities and ongoing data cleansing. Public auctions of repossessed properties resulted in 42 properties disposed of, generating net income of Rs. 66 million. Internal incentive schemes motivated staff, while top management conducted field visits to monitor ground realities and operational effectiveness. ZTBL aims to transform its Special Asset Management function into a profit-generating engine supporting both the Bank's financial performance and the sustainable growth of Pakistan's agriculture sector.

ZTBL made significant strides in innovation and technology during FY 2025, reinforcing its digital transformation and operational resilience. The Bank strengthened its cybersecurity posture through the implementation of a Privileged Access Management (PAM) solution, Endpoint Threat Protection, modern Fortinet VPNs, and Secret Servers. Critical infrastructure upgrades included the Oracle E-Business Suite upgrade to Release 12.2.14, deployment of UPS backup for branch network devices, and procurement of 397 desktops and 70 laptops. On the regulatory front, ZTBL successfully implemented SBP-mandated reporting formats (A03, A05, A07), enhanced core banking systems (CDMS and CBAS) with new Islamic and conventional products, and launched the Compliance Monitoring & Reporting System (CMRS) to automate oversight.

Digital banking expanded notably with the installation of 25 new ATMs (totaling 75 nationwide), successful beta launch of Raast P2P, rollout of USSD Phase-1 and Phase-2, introduction of NFC Tap-and-Pay debit cards, and the 24/7 ATM Hotline Project. Customer-centric innovations included the AI-powered Zarai Rehnuma Farmer's Advisory Service, SMS-based weather alerts, biometric verification for loans, CNIC expiry notifications, and centralized dispatch of Letters of Thanks. Key software developments enabled Islamic Banking Windows in 30 branches.

ZTBL reinforced its commitment to fair treatment and service excellence through regular branch service quality assessments and tele-mystery shopping, resulting in a

marked improvement in high-performing branches and a reduction in lower-rated categories. The Bank launched the Service Quality & Complaints Management Manual and deployed the Service Quality Management Information System (SQMIS) for real-time monitoring. Customer satisfaction remained exceptionally high at 97%, as measured through annual surveys and digital feedback. The Bank resolved 961 out of 992 complaints achieving a 97% resolution rate within 7–8 working days supported by SMS awareness campaigns on SBP's Sunwai Portal. Moreover, Centralized Complaint Management System is now under development to further automate grievance resolution in 2026.

During the year, Treasury efficiently executed its core function of liquidity management, ensuring adequate funding across the balance sheet while contributing positively to the overall profitability of the Bank. Portfolio duration was prudently aligned with the liability maturity profile, while only taking calculated exposure to interest rate and liquidity risks in investment activities.

Looking ahead, with inflation expected to average between 7–9% and positive real interest rate of around 2%, Treasury anticipates further stabilization in the macroeconomic environment. While the yield curve is likely to remain relatively flat in the near term, gradual normalization is expected as inflationary pressures become anchored. In this context, Treasury plans to maintain a cautious stance in the first half of CY2025, focusing on preserving liquidity and mitigating reinvestment risks.

As clarity emerges on the inflation trajectory and interest rate cycle, Treasury will selectively increase portfolio duration to capitalize on opportunities in short- to medium-term yields, thereby enhancing returns while safeguarding the overall risk profile of the bank.

ZTBL delivered exceptional performance during the FY 2025, conducting 123 in-house sessions for 6,140 employees. The Bank exceeded SBP targets in financial literacy: 351 National Financial Literacy Program (NFLP) sessions (target: 335) reached 12,152 citizens, and 689 Agriculture Financial Literacy Program (AFLP) sessions (target: 600) empowered 14,516 farmers. These efforts earned ZTBL the prestigious "Financial Literacy Champion Bank Award" from the State Bank of Pakistan in April 2025.

Employee welfare remained a priority. An Adhoc Relief Allowance – 2024 was granted to mitigate inflationary pressures, and performance-based bonus was disbursed as per approved criteria. Over 200 experienced professionals were hired to bridge skill gaps. Furthermore, 15 employees (13 male, 2 female) were enabled to perform Hajj through the Employee Hajj Fund, reflecting the Bank's deep commitment to holistic employee well-being. The Bank continued to recognize and support its employees even after retirement by extending medical facilities to widows of employees drawing family pension and in order to continue education up to higher level including Master Degree, talented children of clerical and non-clerical staff were also allowed for sponsored scholarship scheme.

Economic Review

Pakistan's economy showed clear improvement, with inflation declining sharply as average CPI inflation fell to around 4.5 percent, supported by a tight monetary stance, better fiscal management, exchange rate stability, lower global commodity prices, and improved food supplies during FY 2025. Foreign exchange reserves increased to about US$ 14.5 billion, supported by inflows under the IMF Extended Fund Facility and other sources, while the current account moved close to balance, strengthening the external position. The fiscal deficit narrowed, and real GDP growth remained positive, though overall economic performance varied across sectors. The banking sector remained resilient, with total banking assets rising to around 52.4 percent of GDP, improved capital strength under IFRS-9, and stable financial indicators, despite limited growth in private sector credit. With the moderation of inflation, monetary policy adopted a measured easing stance. The State Bank of Pakistan recorded strong financial performance, culminating in the transfer of a substantial surplus to the Federal Government. Notwithstanding these positive developments, underlying risks persist particularly from structural weaknesses, external uncertainties, and entrenched core inflation underscoring the continued need for prudent policy discipline and steadfast implementation of structural reforms.

Agriculture sector review:

FY 2025, Pakistan achieved significant progress in agriculture credit disbursement, which played a crucial role in revitalizing the sector. A total of Rs. 2,577.3 billion was disbursed during FY2025, exceeding the previous year's Rs. 2,215.7 billion by 16.3%. This substantial expansion in credit played a pivotal role in revitalizing the sector by improving farmers' access to timely and affordable financing, enhancing input availability, and supporting productivity despite challenging conditions. However, overall agricultural growth slowed to 1.5%, constrained by adverse weather events, shortages of critical inputs, and policy uncertainty that tempered broader investment and output momentum.

Agriculture Credit Disbursement:

True to its mandate, ZTBL disbursed Rs. 84,988 million in agricultural credit against an annual budgeted target of Rs. 70,430 million and serving 84,008 borrowers. In response to evolving rural needs, the Bank launched the "Zarkhez-e Assan Digital Zarai Qarza" scheme a collateral-free, technology-enabled credit facility for small farmers, tenants, and sharecroppers designed to enhance food security and financial inclusion through transparent, digitized processes.

Recognizing the rising cost of livestock, the Bank revised financing limits for dairy and livestock animals. These adjustments ensure farmers receive adequate support for modern, productive livestock enterprises, directly contributing to national food security objectives.

Management Discussion & Analysis

The Board-approved Green Banking Policy guided sustainable financing, with Rs. 2,147.85 million disbursed under eco-friendly products. At the ZTBL Farm, practical demonstrations included a 150,000-liter rainwater harvesting pond integrated with drip irrigation, a multi-fruit orchard comprising over 350 plants of five varieties, and a grape orchard powered by rooftop rainwater systems. These initiatives promote climate resilience, water conservation, and sustainable agronomic practices, aligning with national environmental goals.

Banking Sector Review:

The State Bank of Pakistan released the Banking Sector Performance report, which includes an assessment of the stability and performance of Pakistan's banking industry for the period from January to June 2025 (H1CY25). In H1CY25, Pakistan's banking sector remained stable, with the overall balance sheet growing by 11.0 percent, mainly due to increased investment in government securities, while advances declined because of seasonal trends and a return to normal credit levels after strong growth last year. Deposits grew significantly by 17.7 percent, which strengthened liquidity and reduced reliance on borrowings, although the Advances-to-Deposits Ratio declined further. Asset quality remained under control, as the total volume of non-performing loans decreased, and higher provisioning kept net credit risk low, despite a slight increase in the gross NPL ratio. Profitability remained steady, supported by net interest income, and capital adequacy stayed strong, with the CAR well above regulatory requirements, enabling the sector to withstand potential risks arising from external and geopolitical uncertainties.

ZTBL Islamic Banking performance:

FY 2025 was designated the "Year of Financing" for the Islamic Banking Group (IBG), marking a historic inflection point. For the first time, Islamic financing crossed Rs. 100 million, reaching Rs. 108 million, while total deposits soared by 83% year-on-year to PKR 2,474 million with Current deposits increased to PKR 733 million while showing year-on-year growth of 87%. Through a structured, customer-centric approach, 79 conventional cases totaling Rs. 48 million were successfully migrated to Shariah-compliant structures.

In strict adherence to the State Bank of Pakistan's transformation roadmap, IBG expanded its footprint by converting 10 conventional branches into Islamic Banking Branches (IBBs) and establishing 30 Islamic Banking Windows (IBWs). With SBP in-principle approval secured for 25 additional IBWs in 2026, the network is on track to reach 90 service points nationwide. Product innovation flourished with tailored offerings in agri-mechanization (tractors, rice transplanters, loader rickshaws), specialized livestock (trout and yak farming in Gilgit-Baltistan), green energy (solar and biogas financing), and social empowerment (Khawateen Rozgar Scheme for women

entrepreneurs). Digital infrastructure was enhanced through the completion of the Virtual Cost Centre, IBW Module, and Digital Account Opening, with ongoing development of Pool Management Software and PMY Financing Scheme modules.

Six Years at a Glance:

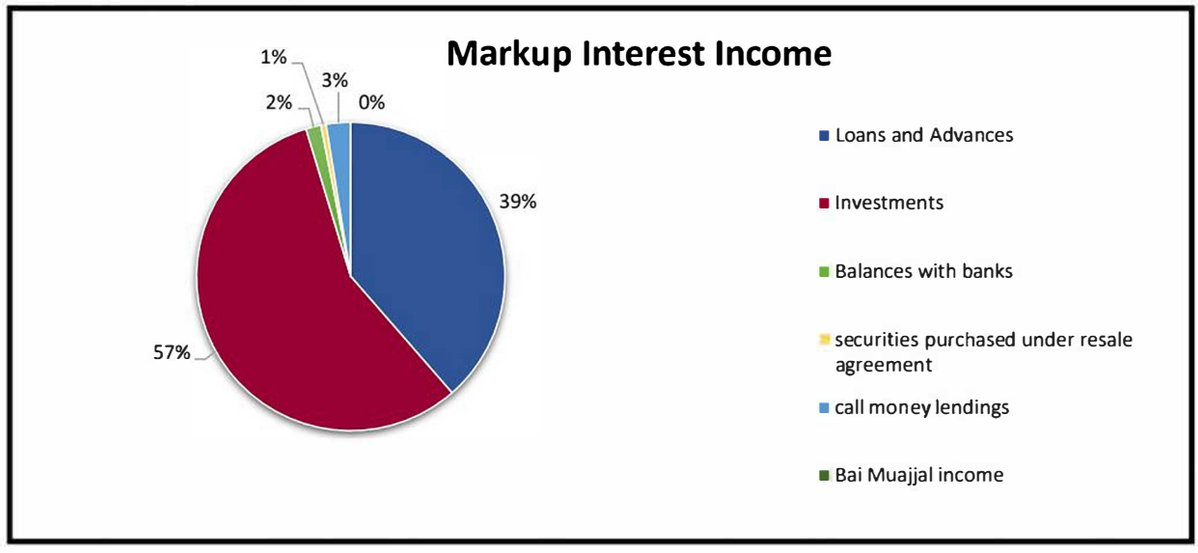
Particulars	(Rupees in millions)					
	2020	2021	2022	2023	2024	2025
Total Assets	210,686	254,841	491,092	562,376	577,539	567,010
Advances – net	102,656	91,822	90,452	105,508	109,121	123,908
Cash and Bank Balance	22,107	31,842	15,196	35,587	10,618	57,116
Operating Fixed Assets	2,813	2,514	2,474	2,651	2,874	3,181
Share Capital	52,678	52,678	52,678	52,678	52,678	52,678
Deposits	49,186	43,599	47,333	57,169	56,622	59,489
Profit/ (Loss) before Taxation	**(3,225)**	**1,783**	**7,458**	**17,606**	**25,892**	**26,585**
Taxation	(757)	3,518	2,335	6,622	12,931	14,582
Profit/ (Loss) after Taxation	**(2,467)**	**(1,735)**	**5,123**	**10,984**	**12,961**	**12,003**
Un-appropriated Profit / (Loss) brought forward	(3,437)	(3,969)	(6,037)	(1,204)	10,343	15,341
Impact of adoption of IFRS 9 - net of tax					(5,499)	(947)
Profit / (Loss) available for Appropriation	(5,904)	(5,704)	(914)	9,780	17,805	26,398
Other comprehensive Income / (Loss)	1,935	(333)	735	2,760	128	190
Transferred to Statutory Reserve (20% of after tax profit)	-	-	(1,025)	(2,197)	(2,592)	(2,401)
Un-appropriated Profit / (Loss) Carried forward	(3,969)	(6,037)	(1,204)	10,343	15,341	24,187
Earnings / (Loss) Per Share	(0.47)	(0.33)	0.97	2.09	2.46	2.28

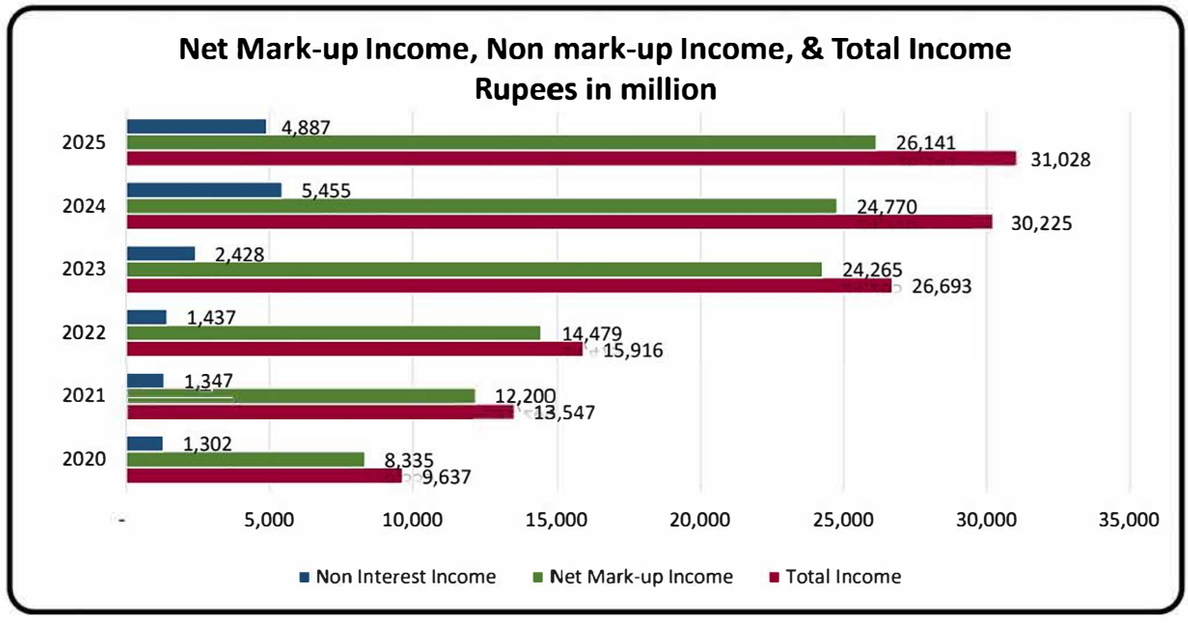
ZTBL's Financial Health:

- Profit before tax recorded at Rs. 26,585 million (2024: Profit of PKR 25,892 million).
- After tax profit reached to Rs. 12,003 million (2024: Profit of Rs. 12,961 million).
- Operating expenses increased by 9% to Rs 17,634 million (2024: Rs. 16,115 million).
- Basic earnings per share are reported at Rs. 2.28 as compared to EPS (2024: Rs. 2.46).
- Deposits increased to Rs. 59,489 million (2024: Rs. 56,621 million).
- Gross advances have increased by 9% to Rs. 140,803 million (2024: PKR 128,603 million).
- NPLs have decreased by 11% to Rs. 24,102 million (2024: Rs. 26,939 million).
- Investments decreased to Rs. 343,880 million (2024: Rs. 377,755 million).
- Total assets decreased to Rs. 567,009 million (2024: Rs. 577,539 million).

- **Mark-up / Interest Income:**

The markup earned against advances is Rs. 24,857 million, whereas in 2024 it was Rs. 29,505 million. 39% of the overall income from markup interest is made up of markup income against loans and advances.





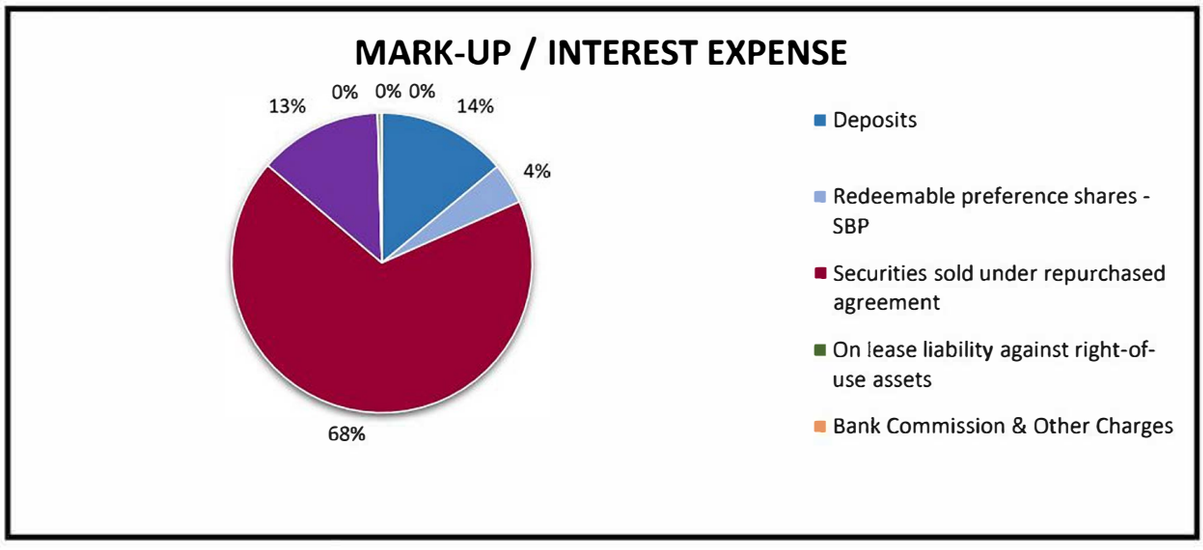
- **Markup income on investment:**

ZTBL diversified its investment portfolio in 2025 by adding Bank accounts, government securities, shares of listed companies, and other sources of markup income such as purchases of securities under resale agreements, investments in government securities, Islamic modes of investments/placements, call money

lending, and balances with other Banks. This resulted in a markup earned of Rs. 36,523 million (2025), as compared to corresponding period of previous year 2024 of Rs. 77,267 million.

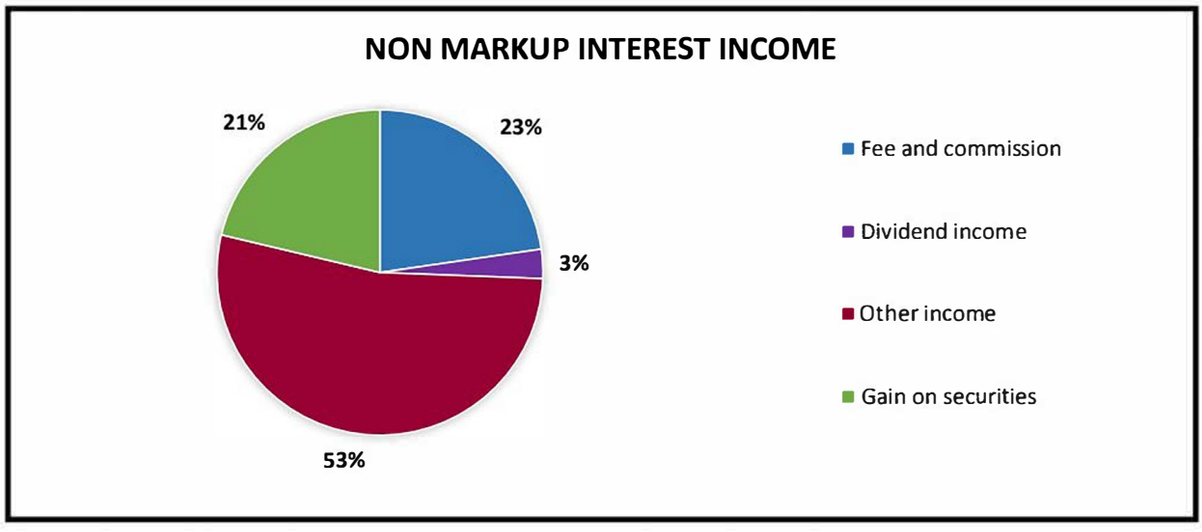
- **Mark-up / Interest Expense:**

For the call borrowing & repo borrowing, the total markup/interest charge was Rs. 31,066 million, moreover the cost of financing preference shares, which came to Rs. 1,689 Million the cost of deposits Rs. 5,325 million, and other expenditures, Rs. 179 million that include the lease assets for usage, and bank commission fees.



- **Non Mark-up / Interest Income:**

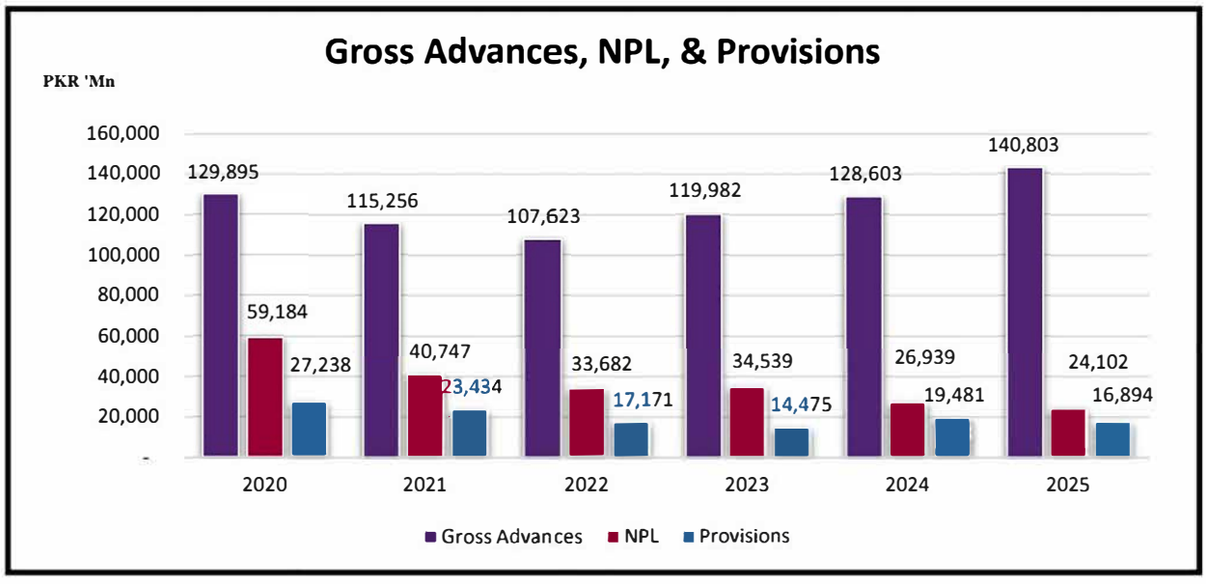
Non-markup interest income is made of fee and commission, dividend income, gain on securities and other income and these sources will account for 23%, 3%, 21%, and 53% of total non-markup income, respectively. In 2025, the total non-markup income was recorded at Rs. 4,887 million as compared to Rs. 5,455 million in corresponding year 2024.

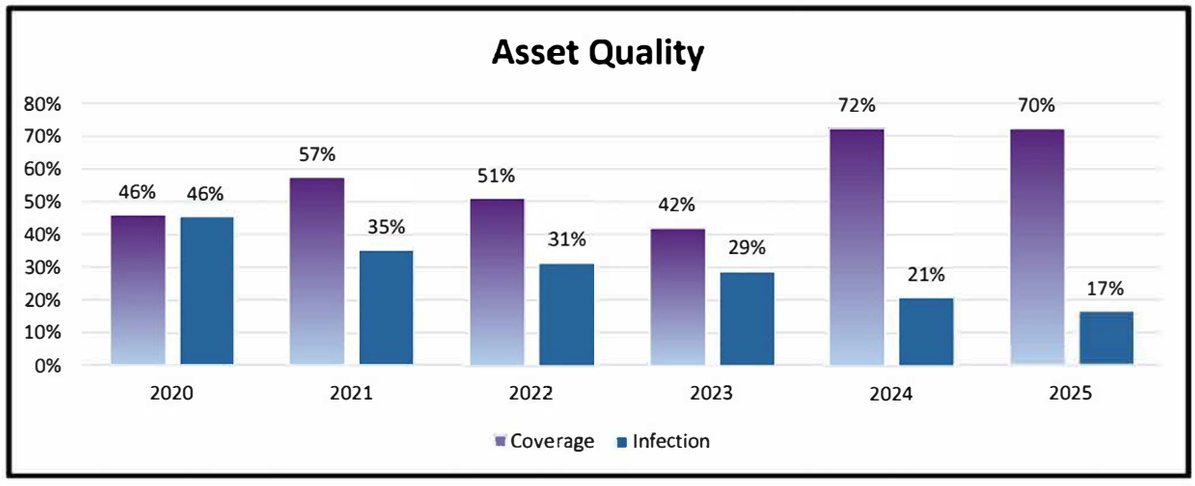


- **Provisions and NPL:**

ZTBL made specific provisions of Rs. 13,894 million against advances include staff advances and general provisions of Rs. 3,000 million in the year under review. Therefore, cumulative provision adds up to Rs. 16,894 million including staff advances as compared to the cumulative provision of Rs. 19,481 million in 2024. Non- performing loans experienced a substantial decline of 2,837 million i.e. from Rs. 26,939 million to Rs. 24,102 million in 2025.

The asset quality indicators showed improvement during the year 2025 as the gross infection ratio decreased to 17% (2024: 21%); total provision coverage is 70% during current financial year 2025 (2024: 72%) and specific provision coverage 58% in current year 2025 (2024: 61%).





- **Operating expenses:**

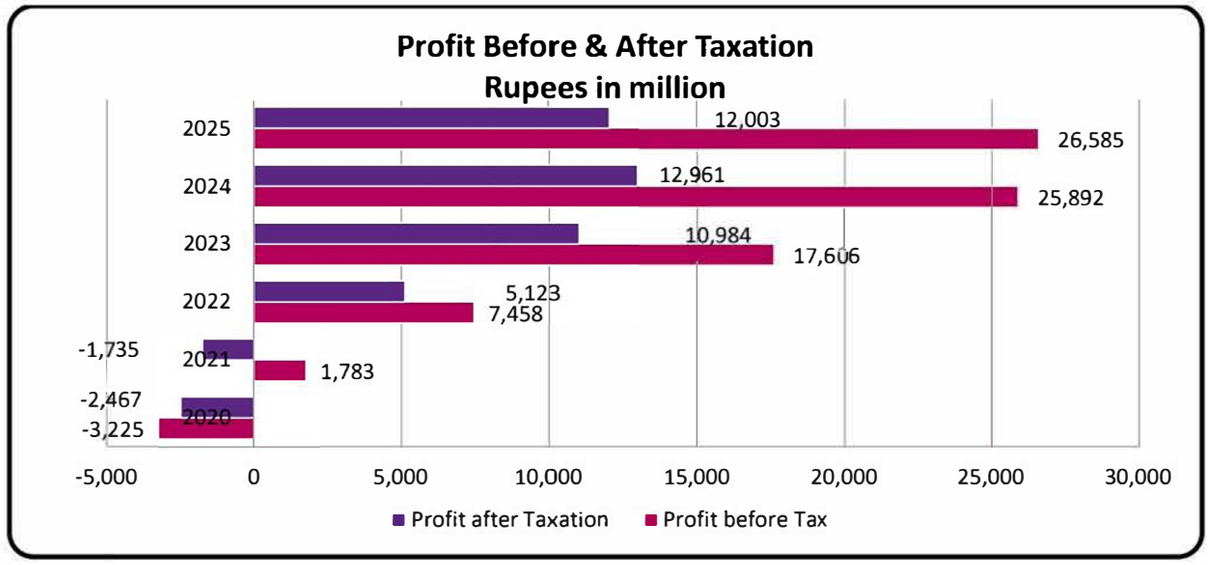
  The operating expenses increased by 9% from Rs. 16,115 million (FY 2024) to Rs. 17,634 million (FY 2025).

- **Taxes:**

  In FY 2025, a tax amount of Rs. 14,582 million was recorded, with a profit before taxation of Rs. 26,584 million and a profit after taxation of Rs. 12,003 million.

- **Net profit/(Loss):**

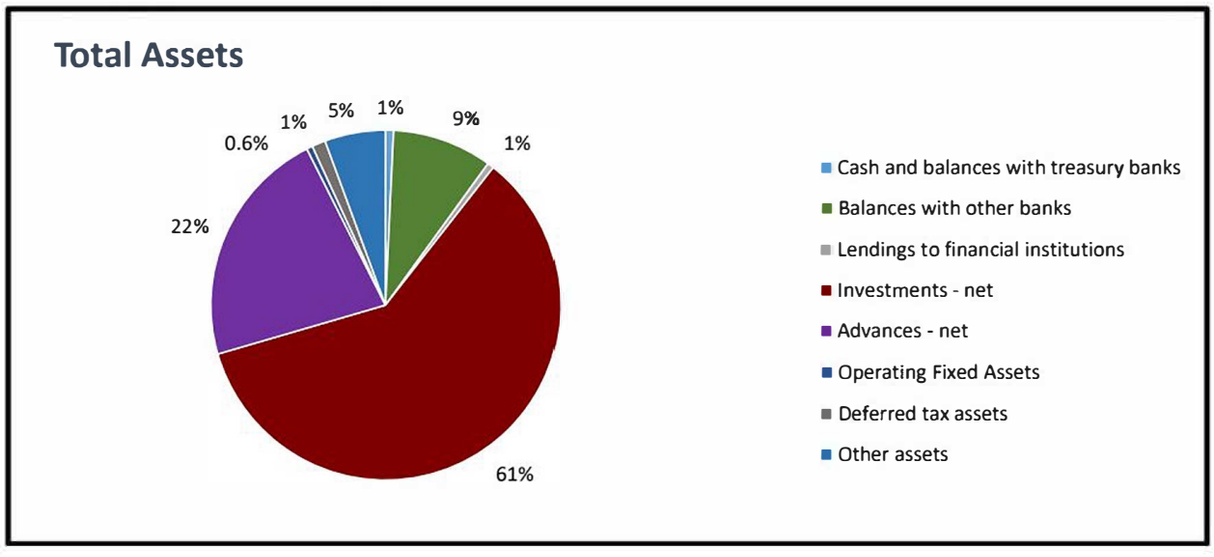
  In the year under review, ZTBL reported a profit after taxation of Rs. 12,003 million as compared to corresponding period (2024: Net Profit Rs. 12,961 million).

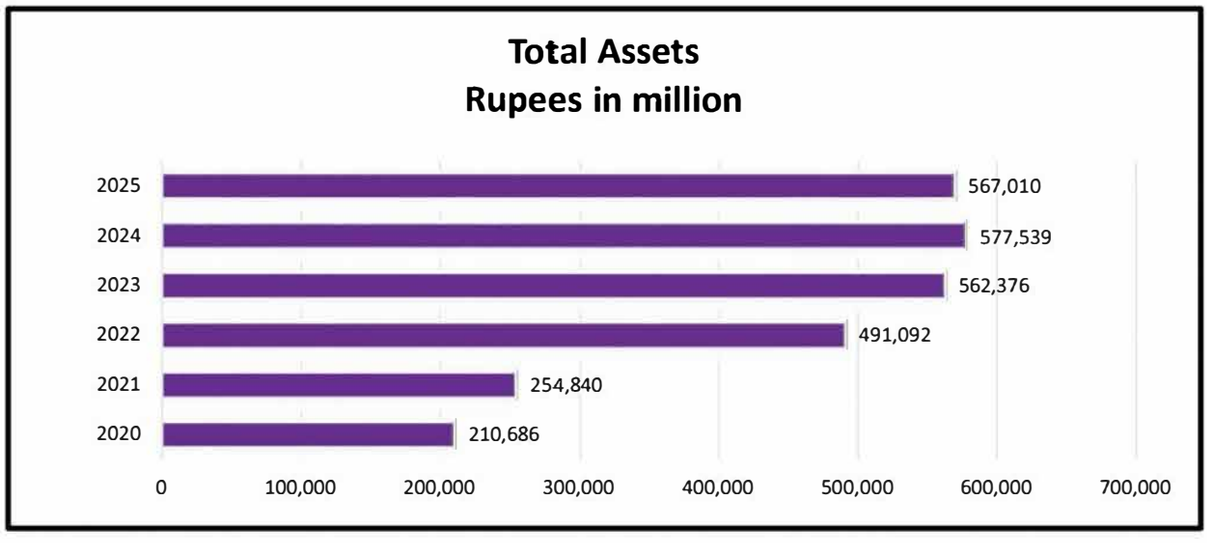


Financial Position Review 2025

- **Total assets:**

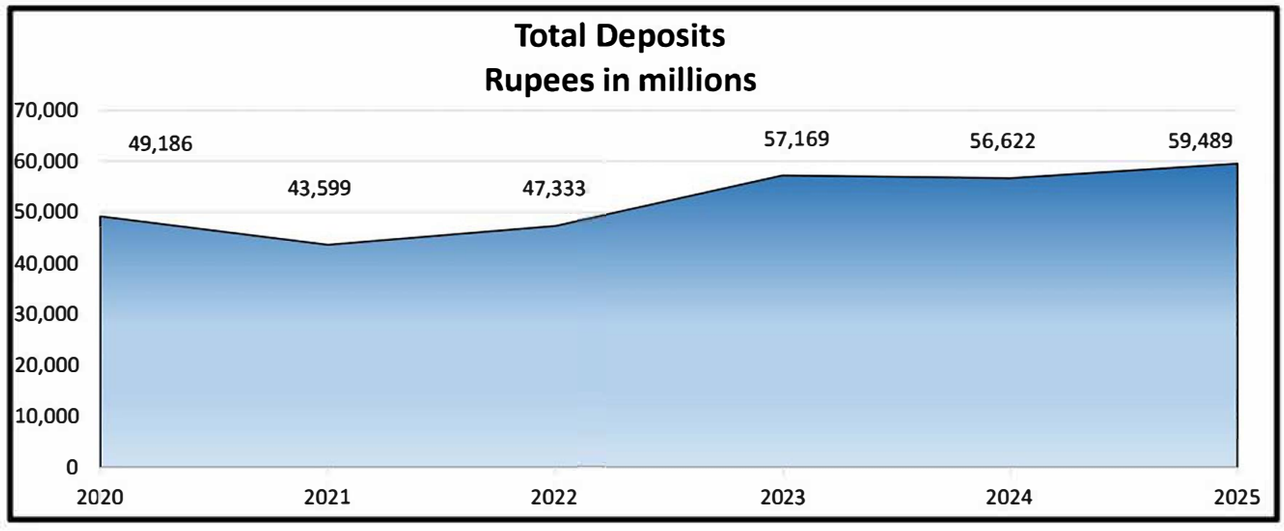
61% of ZTBL's total assets are net investments, while 22% are advances. Bank's asset base remained at Rs. 567,010 million in 2025 (2024: Rs. 577,539 million). Net advances for the year 2025 were Rs. 123,908 million, increased by 14% from the previous year's total of Rs. 109,121 million.





- **Total Deposits:**

  Total deposits of the Bank have increased by 5% to Rs. 59,489 million in 2025 (2024: Rs 56,622 million).



Capital Strength & Adequacy:

ZTBL is eager to keep up its solid capital basis in order to comply with regulatory requirements and preserve the trust of its creditors, investors, and shareholders in the Bank's ability to build its business sustainably. The Basel framework and the SBP's set criteria and ratios are used to monitor the Bank's capital adequacy. The Bank's Tier-1 capital increased in FY 2025 from PKR 74,684 million to PKR 91,281 million, mostly as a result of an increase in un-appropriated profit. In FY 2025, total risk-weighted assets were PKR 244,681 million. The Bank's total capital to RWA ratio in 2025 was 39.53% (compared to 36.01% in FY 2024), significantly higher than the minimal threshold of 11.50% set by the central Bank.

Strong CET-1 capital ratios were again observed in 2025, with 37.31% (FY 2024: 34.10%) compared to the necessary 6%. In 2025, the leverage ratio increased to 16.09% (from 12.93%) in the prior year.

ZTBL has sufficient capital (39.53% CAR) to cover the whole risk profile generated by its business and operational activities, according to the most recent Internal Capital Adequacy and Assessment Process (ICAAP). As of December 31, 2025, the audited CAR under the BASEL-III statement is 39.53%.

Credit rating (2024)

VIS Credit Rating Company Limited in its report dated June 30, 2025 has reaffirmed credit rating of the Bank at AAA (2024: AAA) with stable outlook and short-term credit rating of A-1+ (2024: A-1+)

Kissan Support Services (Pvt.) Ltd. (KSSL)

ZTBL's wholly owned subsidiary, KSSL, reported a profit after tax of Rs. 157.89 million and managed 3,181 outsourced personnel, including 1,251 security staff. The company implemented the government-mandated minimum wage of Rs. 37,000 and granted bonuses of 3 basic pays for staff and 1.5 for officers. Four employees were selected through balloting to perform Hajj, and nine grieving families received funeral grants following staff fatalities. Security enhancements included firearms training for 321 guards, issuance of 1,526 ID cards, and a full-scale fire drill at Head Office in collaboration with CDA.

(Rs. In millions)

S.No.	Particulars	2024	2025
1.	Profit after taxation	230.87	157.89
2.	Earnings per share	23.09	15.79

Risk Management Framework and Policy:

Risk management remains the cornerstone of the Bank's governance philosophy, serving not only as a control mechanism but also as a strategic enabler that reinforces business objectives and supports sustainable growth. The Enterprise Risk Management (ERM) Policy establishes a robust, structured framework for identifying, assessing, monitoring, and mitigating all material risks including credit, market, liquidity, operational, information and cyber security, environmental and social, Shariah non-compliance, and reputational risks across all organizational levels.

As of December 31, 2025, the Bank's credit portfolio grew by 9% year-on-year to PKR 140,803 million, accompanied by improved asset quality indicators, including an infection ratio and charge-off rate of 17%, demonstrating the effectiveness of institution-wide recovery and containment initiatives. Additionally, rapid expansion in Production Loans has triggered early signs of stress, evidenced by a sharp rise in overdue accounts. In response, the Bank has implemented a dual-pronged strategy: tightening underwriting standards and enhancing monitoring for new lending, while intensifying recovery efforts in high-risk areas and legacy non-performing loan portfolios.

Operational risk continues to be the Bank's dominant risk category, with many other risks stemming from people- and process-related vulnerabilities. To address elevated staff turnover, a comprehensive retention strategy is being rolled out to preserve skilled

human capital. On the treasury front, the Bank has maintained a short-duration investment portfolio to limit exposure to interest rate volatility. Given that approximately 97% of investments are in government securities, enhanced maturity mismatch management is critical to mitigate potential liquidity stress. To strengthen liquidity resilience and prepare for future monetary policy shifts, the Bank is pursuing a dual-focused deposit mobilization strategy offering competitive, relationship-based term deposits in rural and retail segments while simultaneously bolstering low-cost CASA through digital onboarding, targeted marketing, and customer-centric product enhancements. This approach is expected to improve net interest margins, deepen client relationships, and support long-term depositor retention.

ZTBL Compliance:

During FY 2025, ZTBL continued to uphold the commitment to regulatory adherence, operational integrity, and stakeholder trust during the year. The bank played a pivotal role in ensuring timely and accurate submission of all regulatory returns and statutory reports to the State Bank of Pakistan (SBP) and other relevant authorities, including the Ministry of Finance, NAB, Prime Minister's Secretariat, SECP, PBA, FBR, BMP, PAC, FMU, Senate, and National Assembly. The bank actively coordinated with all business groups to implement the recommendations of the SBP Assessment Report, 2024, achieving a compliance rate of 60% on outstanding observations validated by the Internal Audit Department, with ongoing efforts to resolve the remaining items.

In 2025, the Field Compliance Monitoring Unit identified 145,793 exceptions, of which 142,174 (97.5%) were successfully resolved. Monthly exception reports were shared with Operations, Business, and Risk Management Groups to facilitate prompt corrective action at the field level. Additionally, responsibility for settling Field Audit Paras was formally assigned to the Compliance Function during the year. Of the 46,318 outstanding paras, 27,416 (59.19%) were settled a notable improvement in settlement performance compared to prior periods. Importantly, the number of new audit paras generated during the year declined, reflecting strengthened internal controls across the branch network.

Furthermore, in compliance with SBP directives, the RCD conducted a comprehensive review of the Top 100 Depositor Accounts in branches where balances of PKR 2.00 million or more remained outstanding as of December 31, 2025, ensuring alignment with regulatory expectations on account monitoring and due diligence.

ZTBL achieved a milestone by reducing regulatory penalties from PKR 147 million to almost zero. Key enhancements included the approval of the Internal Risk Assessment Report (IRAR-2024) and updated AML/CFT/CPF Policy by the Board, deployment of the upgraded "Hawk Eye" Transaction Monitoring System with 10 advanced scenarios, and adjudication of approximately 65,000 name matches. The Bank filed 137 Suspicious Transaction Reports (STRs) and 4,783 Currency Transaction Reports (CTRs) timely. A dedicated account monitoring unit was established to enforce ongoing due diligence,

and real-time screening was implemented for beneficiaries of Pay Orders, Demand Drafts, and CDRs. These measures collectively strengthened ZTBL's compliance posture and regulatory standing.

Appointment of Auditors:

M/s Crowe Hussain Chaudhury & Company, Chartered Accountants have been appointed as statutory auditors for the year 2025.

Process of Appointment and Nomination of Directors:

Banks (Nationalization) Act, 1974 states that the Chairman, the President and other members of the Board representing the Federal Government's direct and indirect shareholding shall be appointed by the Federal Government in consultation with the State Bank, for a term of three years, on such terms and conditions as may be fixed by the General Meeting of the Bank.

In accordance with the requirements of State-Owned Enterprises (Governance & Operations) Act, 2023 and State-Owned Enterprise Ownership & Management Policy, Central Monitoring Unit (CMU) has issued framework for Board Appointment process, Director induction and Board Nomination Committee (BNC) process. It requires that the Board will submit a recommendation to BNC three months before the end of a Director's tenure or when a vacancy occurs, which should cover existing and desired knowledge, skills and experience on the Board. Working papers prepared by the Ministry and shared with BNC members three days in advance will contain approved procedure as per Act, a brief on SOEs performance and recommendations and candidate CVS (at least three per vacant positions). The BNC will submit recommended and alternate candidates to the Cabinet Committee on SOEs at least one month before tenure completion or promptly after a vacancy. Upon Cabinet Committee and Federal Cabinet approval, the line Ministry will notify appointments and SOE will publish these on its website.

S. NO.	NAME OF DIRECTOR	STATUS	QUALIFICATION	PREVIOUS EXPERIENCE	MEMBERSHIP ON THE BOARD OF OTHER COMPANIES
01	Mr.Naeemuddin Khan	Chairman Board	- Bachelor of Arts - Attended different professional courses at Pace University, U.S.A.	Over forty years of diversified International Banking experience in Marketing, Corporate Credit and Finance, International Finance, Special Assets Management/Remedial Management/ Restructuring and Rescheduling of non-performing portfolio and revival of sick industrial units. He served as:- - President/CEO, The Bank of Punjab	-

				- Managing Director & CEO, Pak Libya Holding Company (Pvt.) Ltd. - Member Banking, Corporate & Industrial Restructuring Corporation, Finance Division, GoP - SEVP, United Bank Limited - He also served in Emirates International Bank and ANZ Grindlays Bank PLC	
02	Mr.Tahir Yaqoob Bhatti	President/CEO	- M.B.A. - M.Com - DCMA - DAIBP	Over thirty-five years versatile and enriched financial sector experience with large and mid-tier Financial institutions in Operations Management, Corporate, Retail and Commercial, Agriculture Financing, Consumer financing etc. He worked as:- - President/CEO, Punjab Provincial Cooperative Bank Limited - SEVP/Group Head, Faysal Bank Limited - SEVP/Business Head, JS Bank - Group Chief/Group Head, Commercial & Retail Banking Group, Allied Bank Limited - Executive Vice President/Country Head, SAM/Regional General Manager, Askari Bank Limited - Senior Vice President & Chief Manager, Saudi Pak Commercial Bank Limited/Platinum Commercial Bank Limited/Gulf Commercial Bank Limited - He also served in National Bank of Pakistan	- Chairman, Kissan Support Services (Pvt.) Limited (Subsidiary of ZTBL) - Member Board, PASSCO (On behalf of ZTBL)

03	Mr.Ahmed Taimoor Nasir	Director	- M.Sc (Computer Science) - M.Sc (Accounting & Finance) - B.Sc (Hons.)	Over thirty years of versatile experience in Finance, Budgeting, Accounts Administration/Management/ HRM/ Personnel Management, Monitoring & MIS including:- - Joint Secretary, Finance Division, GoP (Present) - Joint Secretary, Power Division, Ministry of Energy, GoP - Director General (National Socio-Economics Registry), Benazir Income Support Program - Deputy Military Accountant General, Office of the Military Accountant General - Director General (HRM/Budget & Admn.), Office of the Auditor General of Pakistan - Director Audit (Works), DG Audit Works, Federal - Dy.General Manager (Finance), Pakistan Power Park Management Company Ltd., Ministry of Water & Power, GoP	-
04	Mr. Sahibzada Rafat Raoof Ali	Director	M.B.A.	More than thirty-five years of financial sector experience in International & local Banks along with the exposure of working in International Market covering the areas from business generation to remedial management. He served at various positions including:- - Group Head, SAMD, the Bank of Punjab - Advisor/Group Head – Asset Recovery Group, National Bank of Pakistan - Director, National Accountability Bureau, Punjab/Sindh	- Member Board, National Insurance Corporation Limited - Member Board, P.I.A.C.

				- General Manager, Banking Division, Corporate & Industrial Restructuring Corporation - Chief, Special Assets Management Group (North), United Bank Limited - He also served in Citi Bank and BCCI	
05	Dr.Ayesha Waqar	Director	- Research Fellowship - Phd (Economics) - M.Phil (Eco. & Finance) - M.Sc (Eco.)	She has more than twenty years of experience of teaching at University level. - Professor, Business Administration, Lahore School of Economics (Present) - Advisor, Pakistan Field Research Program (Present) - Project Economist, SAMAVerte (Present) - Finance Advisor, Government of Ras Al Khaimah, Department of Finance, UAE - Advisor, Government of Punjab	- Director, Printing Corporation of Pakistan
06	Dr.Talat Naseer Pasha	Director	- Ph.d (Animal & Food Sciences) - M.Sc (Hons.) Nutrition	He has over forty years of experience in agriculture and education sectors. In addition to extending consultancy services to World Bank, governments/institutions, he is co-author of foreign and local research papers. He serves as:- - Director General, Punjab Agriculture Food & Drug Authority, Govt. of Punjab (Present) - Vice Chancellor, University of Education, Lahore - Vice Chancellor, University of Veterinary and Animal Sciences, Lahore - Professor, University of Veterinary and Animal Sciences	

DISCLOSURE ON BOARD OF DIRECTORS					
SR. NO	**NAME OF DIRECTOR**	**DATE OF JOINING/ LEAVING THE BOARD**	**STATUS OF DIRECTOR (INDEPENDENT, NON-EXECUTIVE, EXECUTIVE)***	**MEMBER OF BOARD COMMITTEES**	**NUMBER OF OTHER BOARD MEMBERSHIPS ALONG WITH THE NAME OF COMPANY(IES)**
1	Mr.Naeemuddin Khan	24.08.2023	Chairman Board/ Independent Director	- Human Resource Committee	-
2	Mr.Tahir Yaqoob Bhatti	31.08.2023	President/CEO/ Executive Director	- Risk Management Committee - Procurement Committee - Information Technology Committee	1. Chairman Board, Kissan Support Services (Pvt.) Limited (A wholly owned subsidiary of ZTBL) 2. Member Board, PASSCO (On behalf of ZTBL)
3	Mr.Ahmed Taimoor Nasir	05.05.2023	Non-Executive Director	- Audit Committee - Human Resource Committee - Risk Management Committee - Information Technology Committee	-
4	Mr.Sahibzada Rafat Raoof Ali	11.10.2024	Independent Director	- Human Resource Committee - Risk Management Committee - Procurement Committee	1. Member Board, National Insurance Corporation Limited 2. Member Board, P.I.A.C.
5	Dr.Ayesha Waqar	11.10.2024	Independent Director	- Audit Committee - Human Resource Committee - Risk Management Committee - Information Technology Committee	1. Director, Printing Corporation of Pakistan
6	Dr.Talat Naseer Pasha	11.10.2024	Independent Director	- Audit Committee	--

				- Procurement Committee - Information Technology Committee	

Composition & Membership of Board Committees

1. BOARD AUDIT COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Dr.Talat Naseer Pasha	Chairman
02	Mr.Ahmed Taimoor Nasir	Member
03	Dr.Ayesha Waqar	Member
	EVP/Chief Internal Auditor	Secretary

2. BOARD HUMAN RESOURCE COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Mr.Naeemuddin Khan	Chairman
02	Mr.Sahibzada Rafat Raoof Ali	Member
03	Mr.Ahmed Taimoor Nasir	Member
04	Dr.Ayesha Waqar	Member
	Group Head, Human Resource	Secretary

3. BOARD RISK MANAGEMENT COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Mr.Sahibzada Rafat Raoof Ali	Chairman
02	Mr.Ahmed Taimoor Nasir	Member
03	Dr.Ayesha Waqar	Member
04	Mr.Tahir Yaqoob Bhatti	Member
	Chief Risk Officer/Group Head, SAM	Secretary

4. BOARD PROCUREMENT COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Dr.Talat Naseer Pasha	Chairman
02	Mr. Sahibzada Rafat Raoof Ali	Member
03	Mr.Tahir Yaqoob Bhatti	Member
	EVP/Head, General Services Division	Secretary

5. BOARD INFORMATION TECHNOLOGY COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Mr.Ahmed Taimoor Nasir	Chairman
02	Dr. Ayesha Waqar	Member
03	Dr.Talat Naseer Pasha	Member
04	Mr.Tahir Yaqoob Bhatti	Member
	Chief Information Officer	Secretary

Number of Board & Committee Meetings Held and Attendance by the Members during the Year 2025

Nine (09) meetings of the Board were held during the year 2025. Attendance of the members remained as under:-

S. No.	NAME OF MEMBER	DESIGNATION	NO. OF MEETINGS ATTENDED
01	Mr.Naeemuddin Khan	Chairman	09
02	Mr.Tahir Yaqoob Bhatti	President/CEO/ Director	09
03	Mr.Ahmed Taimoor Nasir	Director	09
04	Mr.Sahibzada Rafat Raoof Ali	Director	09
05	Dr.Ayesha Waqar	Director	09
06	Dr.Talat Naseer Pasha	Director	09

Corporate and Financial Reporting Framework

The Directors are pleased to give the following statements in respect of compliance with the Corporate and Financial Reporting Framework.

i. The Bank's financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, changes in equity, and cash flows.

ii. Proper books of accounts of the Bank have been maintained.

iii. Accounting policies have been consistently applied in preparation of these financial statements except as stated in the notes to the financial statements and accounting estimates are based on reasonable and prudent judgment.

iv. International Accounting Standards, as applicable to Banking companies in Pakistan, have been followed in preparation of these financial statements.

v. The current system of internal control is under constant review by the Internal Control over Financial Reporting Department and Internal Audit Department.

Based upon the results through ongoing testing of financial reporting controls and internal audit carried out during the year, the management considers that the Bank's existing internal controls system is adequate and has been effectively implemented and monitored. Board endorses the statement of Internal Control included in the Financial Statement for the year 2025.

vi. Based on the results of December 31, 2025 the Board of Directors is satisfied with the Bank's ability to continue as a going concern.

vii. There have been no material departures from the best practices of Corporate Governance as detailed in the Listing Regulation No.35 of the Karachi Stock Exchange (Guarantee) Limited.

viii. Key operating data and financial data of last six years in summarized form, are included in this Annual Report.

ix. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2025 except as disclosed in these financial statements.

Qualitative Disclosures Relating to Remuneration Policy

a) There was a need to align the remuneration practices with internationally adopted best principles and standards in view of the ever-expanding risk portfolio and direct risk-taking behavior linked to remuneration, but it must be within the available resources of ZTBL. Remuneration or salary or compensation is a vital part of the total reward structure that encompasses all the tools available to attract, develop and retain employees. The Remuneration Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value-creation for its employees.

Following are the key features, objectives and remuneration-related governance framework:

i) The Bank be able to attract, engage and retain high-performing and motivated employees in a competitive market.
ii) Employees are offered a competitive and market-aligned remuneration package, making fixed salaries a significant component of remuneration; and employees feel encouraged to create sustainable results for customers and the Bank.
iii) Policy also focuses on sound and effective risk management through alignment with the Bank's business strategy, values, key priorities and long-term goals, ensuring that the total bonus pool does not undermine the Bank's

capital base and a stringent governance structure for setting goals and communicating these goals to employees.

b) Remuneration components: The remuneration components in ZTBL are:

i) Fixed remuneration (including allowances)
ii) Performance-based remuneration (Bonus)
iii) Pension scheme (where applicable)
iv) Other benefits in kind
v) Severance payment, where applicable

c) The salary system is composed of a salary range for each position that reflects the value of that position to ZTBL. Each salary range shows the gross salary and is set between defined minimum and maximum levels.

i) The ranges have an overlap to reward a high-performing employee in a lower grade by paying a salary equal to or greater than the salary a relatively low-performing employee may be receiving in a higher grade. The system provides latitude in the administration of salaries to take account of both the value of the job and the value of the individual contribution to that job.
ii) All ranges have defined maximum levels which are flexible. Separate salary packages have been approved by the Board of Directors for each category which are reviewed periodically with actuarial valuation of its financial impact.

d) The Bank has identified the products and processes which may pose serious risks to the institution and identified the appropriate level of authorities and decision makers for these products and processes as Material Risk Takers (MRTs).

e) Profit maximization is not the only benchmark for determination of salaries and bonuses for employees; rather, this policy also provides significant importance to the quantum of risk involved in generating profit.

Responsibility levels of the key executives in major decisions

i) Annual business plans, cash flow projections, forecasts and long-term plans, budgets including capital, manpower and expenditure budgets, along with variance analyses.
ii) Internal/commercial audit reports and observations raised by the SBP Inspection Team, including cases of fraud or major irregularities.
iii) Management letters issued by the external auditors.
iv) Status and implications of lawsuits or judicial proceedings of a material nature, filed by or against the Bank.

v) Material payments of government dues, including income tax, excise and customs duties and other statutory dues.
vi) Any significant accidents and dangerous occurrences.
vii) Disputes with staff and their proposed solutions, any agreement with the CBA Union on the character of their demands.
viii) Annual, quarterly, monthly or other periodical accounts are required to be approved by the Board for circulation amongst its members.
ix) Reports on governance, risk and compliance issues; periodical review of Human Resource Policies.
x) Salary is admissible as per pay scales, allowances and fringe benefits in vogue in respect of employees governed under SSR, 1961, whereas monetized salary is being paid to employees governed under SR-2005. Besides salary, performance bonus is also paid with the approval of the Board. On retirement/severance/death, certain benefits are also admissible.

Following are the basis for payment of bonuses and awards to CEO, senior executives and MRTs:

- Profit before tax
- Assessment of risk-adjusted return
- Cost
- Customer satisfaction
- Compliance with internal business procedures
- Expected loss

The Bank has ensured and allowed a separate monetized salary structure for Treasury cadre employees posted in Treasury Department being MRTs since they are performing Risk Control Functions.

REMUNERATION OF DIRECTORS

The shareholders in General Meeting has approved Board Remuneration Policy in line with regulatory requirements. Further, Fee and Allowances for the Directors have also been revised in December 2023. At present, the shareholders approved the following remuneration/fees and other benefits for the members while attending the meetings of the Board of Directors and its Committees.

1.	Meeting of the BoD/shareholders	Rs.200,000/meeting
2.	Meeting of Board Committees	Rs.150,000/-meeting
3.	Traveling	Rs.50/km if travelled by own car or Return Air Ticket (Business Class)
4.	Hotel accommodation	5 Star - At actual In case hotel is not availed, then Rs.35,000/- per night (Max. 3 nights)

Future Outlook:

Looking ahead, ZTBL will strengthen its dual focus on deposit mobilization and rural financial inclusion. Key strategic initiatives include expanding its Islamic Banking network to 90 service points, automating Pool Management and Production Financing systems, enhancing digital channels through RAAST integration and mobile app upgrades, modernizing rural branches to support liability growth, scaling up green and women-focused financing, and launching a Centralized Complaint Management System. Backed by a motivated workforce, robust capital adequacy (with CAR well above regulatory requirements), and a clear mission, ZTBL is well-positioned to deliver sustained value to its stakeholders in 2026 and beyond.

In parallel, the Bank's risk management framework will evolve through a proactive and adaptive approach integrating technological innovation, environmental sustainability, and deep sector-specific understanding, particularly of the unique risks in agricultural finance. By harnessing data analytics, adopting forward-looking risk tools, and collaborating closely with key stakeholders, ZTBL aims not only to protect its operations but also to actively support the resilience and growth of Pakistan's agricultural economy, all while maintaining disciplined, transparent, and stakeholder-aligned risk governance in line with national development goals.

Value of Investments in Employees' Benefits Fund:

The Bank operates 10 Funds for its Employees and their value of investments are;

Year ended as on December 31, 2025		
S.R#	Name Of Fund	Rs. in Million
01	Employees Benefit Fund	198.56
02	Benevolent Fund (Officers)	811.18
03	Benevolent Fund (Staff)	925.49
04	Pension Fund	13,089.96
05	Gratuity Fund	-
06	Employees Provident Fund	207.39
07	General Provident Fund (Officers)	6,821.64
08	General Provident Fund (Staff)	1055.96
09	Contributory Provident Fund	1,030.41
10	Gratuity Fund (under SR-2005)	3,335.91
	Total	27,475.60

Profit & Loss Appropriation - 2025	**(Rupees in '000)**
Profit Before Tax	26,584,547
Taxation:	
Current & prior year	9,467,533

Deferred	5,114,201
Profit After Tax	12,002,813
Un-appropriated Profit (loss) brought forward	15,341,495
Impact of adoption of IFRS 9 - net of tax	(946,689)
Profit/(Loss) available for appropriation	26,397,619
Other comprehensive income - net of tax	190,084
Transferred to statutory reserve	(2,400,563)
Un-appropriated profit as on Dec 31, 2025	24,187,140

In pursuance of Finance Division (Internal Finance Wing), Government of Pakistan letter dated May 30, 2025 the SBP shareholding of ordinary shares and redeemable preference shares carrying markup of 7.5% per annum (as per agreement executed between SBP and the Bank in the year 2017) in the Bank had been purchased by the Federal Government. Accordingly, the Bank transferred SBP ordinary shares of Rs. 40,155.992 million and preference shares of Rs. 54,461.536 million to the Federal Government. After acquisition of preference shares by GoP, the loan agreement between the Bank and the SBP ended; and GoP acquired the resultant preference shares with no formal contract / terms executed. Consequently, the Bank submitted proposal to MoF for conversion of preference shares into ordinary shares which was agreed in principal by the MoF and it was advised to place the matter before the Board of Directors of the Bank and proceed accordingly. As advised, the Board of Directors of the Bank in its meeting dated January 28, 2026 and the shareholders of the Bank in their extraordinary general meeting dated February 10, 2026 approved the conversion of preference shares of Rs. 54,461.536 million into ordinary shares to the Federal Government with effect from June 5, 2025. However, Privatization Commission (PC) vide their letters dated September 24, 2025 and March 18, 2026 directed the Bank not to proceed with the said conversion till PC and CCoP have looked into the matter and taken a decision most appropriate for Bank's privatization. The deliberations / decision by CCoP is still pending.

ZARAI TARAQIATI BANK LIMITED

SHARE HOLDING
(As 31.12.2025)

SR. NO.	NAME OF SHARE HOLDER	NUMBER OF SHARES
A. ORDINARY SHARE CAPITAL		
01	Government of Pakistan	5,266,788,241
02	Government of Punjab	292,340
03	Government of Sindh	125,545
04	Government of Khyber Pakhtunkhwa	71,740
05	Government of Balochistan	37,875
06	Government of Erstwhile East Pakistan *	527,500
	Total:	**5,267,843,241**
B. PREFERRED SHARE CAPITAL		
01	Government of Pakistan	**5,446,153,632**

* Share certificates not yet issued.

ZARAI TARAQIATI BANK LIMITED

Corporate Information
(As on 31.12.2025)

Name:	Zarai Taraqiati Bank Limited	
Head Office:	Islamabad	
Legal Status:	A Public Limited Company (By shares)	
Location of Assets:	In Head Office and in Zonal and Branch offices located at various positions across the country	
Authorized Capital:	Rs. 125,000,000,000/- divided into 7,000,000,000 Ordinary shares of Rs.10/- each and 5,500,000,000 Preference shares of Rs.10/- each	
Paid-up capital:	Ordinary Share Capital	Rs. 52,678,432,410/-
	Preferred Share Capital	Rs. 54,461,536,320/-
Board of Director:	Mr. Naeemuddin Khan	Chairman
	Mr. Tahir Yaqoob Bhatti	President/CEO
	Mr. Ahmed Taimoor Nasir	Director
	Mr. Sahibzada Rafat Raoof Ali	Director
	Dr. Ayesha Waqar	Director
	Dr. Talat Naseer Pasha	Director
Chief Financial Officer:	Mr. Muhammad Arif	
Company Secretary:	Mr. Tariq Mahmood Talib	

Appreciation & Acknowledgement

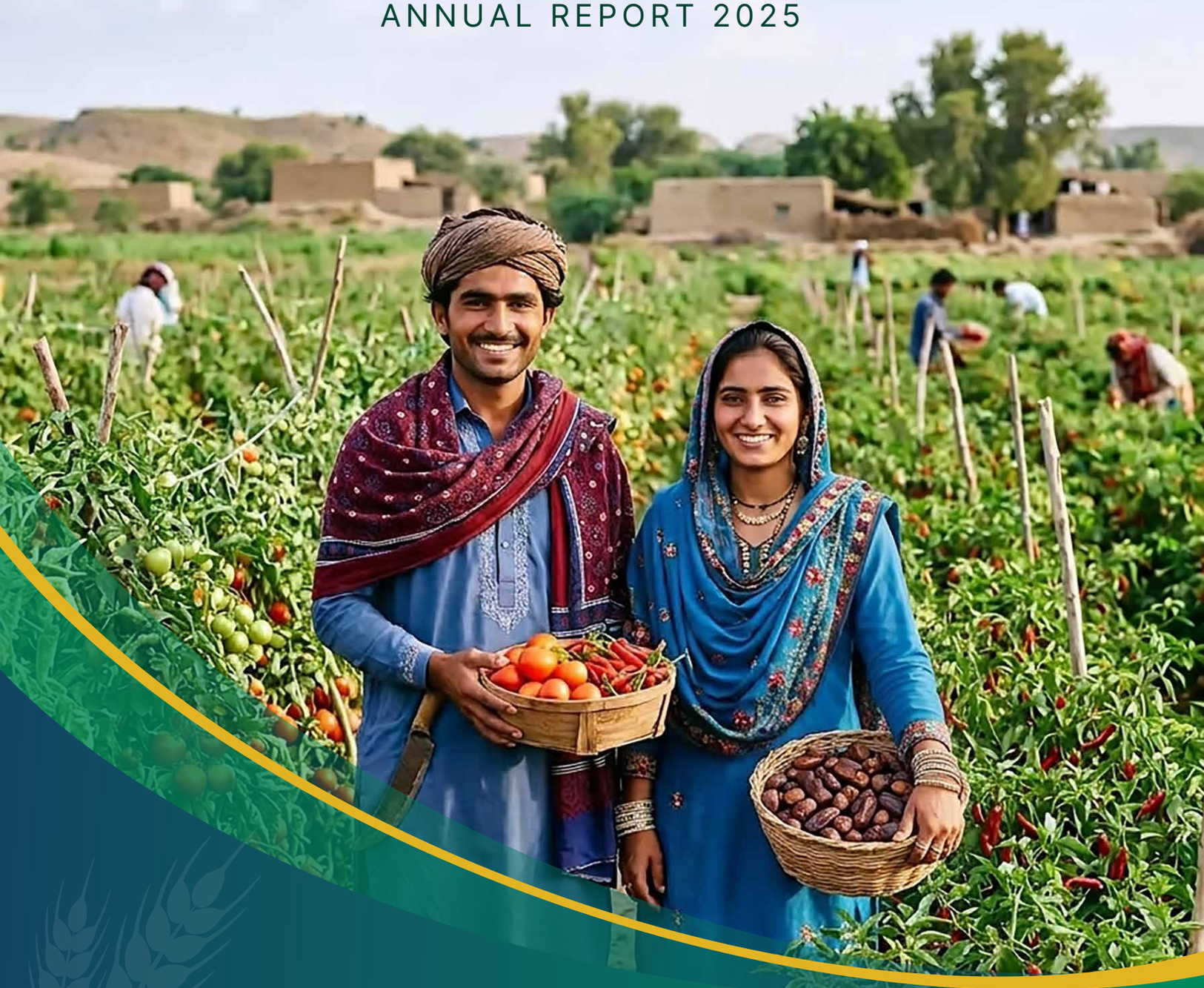
Ultimately, the Directors record their profound gratitude for the important role that each and every one of our workers played through their passion, diligence, and hard work, as well as for the faith that the farming community and farmers placed in us. We also thank State Bank of Pakistan, as well as other regulators, shareholders, partners, and clients in general, for their assistance. We want to have your ongoing support as we work to expand agriculture's access to creative, reasonably priced financing.

Tahir Yaqoob Bhatti
President / CEO

Naeemuddin Khan
Chairman, Board

REPORT OF
SHARIAH BOARD
FOR THE YEAR 2025

ANNUAL REPORT 2025



Report of Shariah Board
(For the Year 2025)

In the name of Allah, the Beneficent, the Merciful

By the Grace of Almighty Allah, the year under review is the 8th year of operations of Islamic Banking of Zarai Taraqiati Bank Ltd. The scope of this report is to cover the affairs of the bank from Shariah perspective as required under the Shariah Governance Framework of State Bank of Pakistan. The requirements of the report are as under (Para # 3E);

"The SB (Shariah Board) shall, based on the findings and reports of internal Shariah audit, external Shariah audit and Shariah compliance review, prepare a report on the IBI's Shariah compliance environment and conditions…
Further, the report shall also be placed before the BOD meeting for discussion and shall be published in English with Urdu translation in the IBI's annual report"

State Bank of Pakistan has accorded in-principle approval for Islamic banking in the month of July 2017. After fulfillment of all required conditions, SBP granted license and permission for the commencement of the business of Islamic Banking and thereafter Islamic Banking operations started in the year 2018.

During the year 2025, ZTBL has expanded its Islamic banking operations by converting 10 conventional branches into Islamic branches and establishing 30 Islamic Banking Windows. By year-end, the Bank's total branch network stood at 65, underscoring its commitment to Shariah-compliant banking.

Review and Approval of New Products & Policies/Manuals/Documents/Agreements:
Documents including Policies/Manuals/Agreements or amendments therein submitted by Islamic Banking Group were reviewed and Shariah approvals were granted. The following Policies/Manuals/Products/Documents/Agreements were reviewed and approved by Shariah Board;

Policies, Manuals:

1. Shariah Compliance Policy (Revised as per SGF-2024 of SBP)
2. Shariah Compliance Manual - Revised as per SGF-2024
3. IB Windows Operational Manual
4. ZTBL Treasury Manual (updated)

Products of ZTBL – Islamic Banking:

1. Financing Product on the mode of Diminishing Musharakah Sale Lease & Purchase Back (DM - SLPB)
2. Zarai Islamic Hajj Umrah, Ziarat Account (Liability Product)
3. Financing product "Salaried Kissan Finance Scheme (SKFS)"
4. Financing product "Kissan Sharakat Finance"
5. Financing product "Zarai Islamic Haryali Financing"
6. Financing product "Prime Minister Youth Financing Product (PMYBALS)"

Agreements & Documents:

1. Half Yearly Report of Head SCD (Jul-Dec 2024)
2. Six Monthly Review Report on training for the period ended December 3, 2024
3. Half Yearly Status Report of Unresolved Issues'

4. Periodic Status Report of Compliance of Audit Observations
5. Formats of Master Musharakah Acceptance & Placement Agreements (Secured)
6. Zarai Islamic Booklet
7. Process Flow for Swapping / Conversion under Ijarah SLB Mode
8. Checklists for Internal Shariah Compliance Review of IB Branch Operations, IB Financing and IB Treasury Operations.
9. Formats of advertisement (English & Urdu) / Conversion Notice in Newspapers and Display Banner for conversion of branches
10. Flyer for advertisement of bank's solar financing scheme
11. Report on Charity Distribution (2025)
12. Changes in the process of financing cases approval in Bank's IT System.
13. Adoption of deemed acceptance approach for conversion of current accounts
14. Master Service Level Agreement (SLA)
15. feedback requested on SECP Concept Paper: "Reinvigorating the Institution of Waqf in Pakistan".
16. IB Training Modules
17. Formats of secured interbank Master Musharakah agreements
18. Shariah Board Exemption of Opening of Banker Accounts in Islamic Banks for some Islamic Banking Branches
19. Shariah Approval of the establishment of VCC with SOPs in converted branches
20. Shariah Approval for waiver certificate regarding payment by the customer for financing asset
21. Schedule of Charges of Islamic Banking (01.07.2025 to 31.12.2025)
22. Half Yearly Report of Head SCD to SB (Jan-June 2025)
23. Six Monthly Review Report on training for the period ended June 30, 2025
24. Half Yearly Status Report of Unresolved Issues for the Period ended June 30, 2025
25. Periodic Status Report of Compliance of Audit Observations
26. Quarterly Reports of RSBM
27. Name Change of Financing Product (ZIHF)
28. Shariah Board Opinion - Certificate regarding IBWs ~2025
29. Training Plan of IBG for the year 2026
30. Schedule of Charges Jan-June 2026

Shariah Board Meetings

The Shariah Board convened meetings four times during the year as per regulatory requirement along with two meeting with Board of Directors. Further, Shariah Board attended various online meetings with IBG team for discussion and better understanding of proposed financing product documents. Apart from these meetings, Shariah Board continuously monitored and guided IBG on matters related to Shariah.

Shariah Compliance and Shariah Audit

Shariah compliance has been the strength of ZTBL-Islamic Banking. Shariah compliance mechanism operates at different levels ranging from approval of the products by the SB, approval of specific process flows, random transaction reviews etc. Shariah Compliance Department (SCD) and Shariah Audit Unit perform their functions under the guidance of Shariah Board. SCD conducted Shariah Compliance / Control Review, under the supervision of RSBM, of the Islamic Banking branches and relevant departments of IBG. Shariah Audit Unit also conducted Shariah audit of the Islamic Banking branches. Furthermore, the Profit Distribution and Pool Management were reviewed regularly by SCD on monthly basis before each disbursement along with quarterly Internal Shariah Audit. All the reports were submitted to Shariah Board as required under SGF of SBP for obtaining suggestions/corrective actions.

SCD has also reviewed the submitted policies, products, documents/agreements and proposed some amendments and corrections that were approved by Shariah Board. The SCD has ensured the compliance and implementation of the Shariah Board rulings.

Training and Capacity Building

The Training Plan of IBG for the year 2025 was approved by Shariah Board. IBG and Training & Development Division with support of SCD arranged the 09 trainings for the staff of Islamic banking branches & Windows (IBWs). Further, a comprehensive Islamic banking training was also conducted for the executives and senior management of the bank. Moreover, in-house classroom training sessions are being conducted as a regular feature of ongoing training programs for all staff of the bank.

SCD's staff visited Islamic Banking Branches for assessment of understanding of staff and their interaction with customers. It was noted that most of the branches staff's knowledge regarding Islamic banking and Shariah compliance was satisfactory. Further, the interaction of staff with customers to gauge customer's satisfaction was also observed satisfactory.

Conclusion

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of ZTBL-Islamic Banking are conducted in a manner that complies with Shariah principles at all times, Shariah Board is required to submit a report on the overall Shariah compliance environment of ZTBL-Islamic Banking. To establish our opinion as expressed in this report, the Shariah Audit Unit and Shariah Compliance Department carried out Shariah Audit / Compliance Reviews, of the Islamic Banking Branches and relevant departments of IBG. All the reports of the Internal Shariah Audit and Internal Shariah Compliance Review were checked / reviewed and comments for rectification / corrective actions were advised.

Based on above and to the best of our knowledge, we are of the view that in the year 2025:

i. ZTBL-Islamic banking has complied with Shariah rules and principles in the light of Shariah opinions (decisions), rulings and guidelines issued by the Shariah Board.
ii. ZTBL-Islamic banking has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Advisory Committee.
iii. ZTBL-Islamic banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations. The mechanism comprising of Shariah Compliance Department, independent Internal Shariah Audit Unit, full time RSBM in the bank and trainings for Islamic Banking staff in line with Shariah Governance Framework of SBP are in place.
iv. ZTBL-Islamic banking has a well-defined system in the shape of Shariah Compliance Review and Internal Shariah Audit in place sound enough to ensure that any earnings realized from sources or by means prohibited by the Shariah shall be credited to charity account that will be properly utilized.
v. ZTBL-Islamic banking has complied with the SBP instructions on profit and loss distribution and pool management.
vi. The level of awareness, capacity and sensitization of the staff, and the management for Shariah Compliance remained acceptable. It is encouraging to note that the Bank's Training & Development Division & IBG on our advice carried out Islamic Banking training for the employees posted in Islamic Banking branches.

vii. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations:

i. It is recommended to expedite the conversion process to transform the whole bank into Riba Free/Islamic Bank to achieve the guidelines of Federal Shariat Court regarding Riba free economy.

In the end; we pray to Allah Almighty to grant us success in both worlds and help us at every step, keep us away from every hindrance and difficulty, and give financial success to ZTBL-IBG.

Mufti Fawad Ali	**Mufti Uzair Ashraf Usmani**	**Mufti Wasie Fasih Butt**
RSBM	Member Shariah Board	Chairperson Shariah Board

Date of Report: 28/01/2026

شریعہ بورڈ رپورٹ

(برائے سال ۱۴۴۶ھ بمطابق 2025ء)

اللہ کے فضل و کرم سے، زیرِ نظر سال اسلامی بینکاری زرعی ترقیاتی بینک لمیٹڈ کے آپریشن کا آٹھواں سال ہے۔ شریعہ بورڈ کی اس رپورٹ کو پیش کرنے کا مطمحِ نظر زرعی ترقیاتی بینک لمیٹڈ کی اسلامی بینکاری اور اس کے معاملات کا شرعی جائزہ پیش کرنا ہے جو کہ اسٹیٹ بینک آف پاکستان کے جاری کردہ شریعہ گورننس فریم ورک کی ہدایات کے مطابق ایک لازمی امر ہے۔ اس رپورٹ کی ضروریات درج ذیل ہیں:

"شریعت بورڈ، انٹرنل شریعہ آڈٹ، ایکسٹرنل شریعہ آڈٹ اور شریعہ کمپلائنس ریویو / جائزے کی بنیاد پر اسلامی بینکاری ادارے ((IBI) کے شریعہ کمپلائنس کے ماحول اور صورتحال پر ایک رپورٹ تیار کرے گا۔ مزید برآں، یہ رپورٹ بحث کے لیے بورڈ آف ڈائریکٹرز (BOD) کے اجلاس میں پیش کی جائے گی اور اسلامی بینکاری ادارے ((IBI) کی سالانہ رپورٹ میں انگریزی کے ساتھ اردو ترجمہ میں شائع کی جائے گی۔"

اسٹیٹ بینک آف پاکستان نے جولائی 2017ء میں زرعی ترقیاتی بینک کو اسلامی بینکاری کی اصولی منظوری دی۔ اور تمام تر مطلوبہ شرائط پورا کرنے کے بعد اسٹیٹ بینک آف پاکستان نے اسلامی بینکاری کے لائسنس اور تجارت شروع کرنے کی اجازت دی، اور یوں زرعی ترقیاتی بینک لمیٹڈ نے سال 2018ء میں اسلامک بینکنگ کے آپریشنز کا آغاز کیا۔

سال 2025ء کے دوران، ZTBL نے اپنی اسلامی بینکاری کی سرگرمیوں میں توسیع کرتے ہوئے 10 کنونشنل (روایتی) برانچوں کو اسلامی برانچوں میں تبدیل کیا اور 30 اسلامی بینکاری ونڈوز قائم کیں۔ سال کے اختتام تک بینک کا کل برانچ نیٹ ورک 65 تک پہنچ گیا، جو شریعہ اُصولوں کے مطابق بینکاری کے فروغ کے لیے بینک کے عزم کو ظاہر کرتا ہے۔

نئی پروڈکٹس اور پالیسیاں / مینولز / ڈاکومنٹس / آیگریمنٹس کی منظوری اور جائزہ:

اسلامک بینکنگ ڈویژن کی طرف سے مختلف دستاویزات بشمول پالیسیاں / مینولز / معاہدات یا ان دستاویزات میں ترامیم شریعہ بورڈ کو شرعی جائزہ کے لئے پیش کی گئی، چنانچہ شریعہ بورڈ نے ان دستاویزات کا شرعی اعتبار سے مکمل جائزہ لینے کے بعد اس کی منظوری دی۔ شریعہ بورڈ کی طرف سے مندرجہ ذیل پالیسیوں / مینولز / دستاویزات / معاہدات کا جائزہ لیا گیا اور اس کی منظوری دیدی گئی۔

پالیسیاں، مینولز:

1. شریعہ کمپلائنس پالیسی (اسٹیٹ بینک آف پاکستان کے SGF-2024 کے مطابق نظر ثانی شدہ)
2. شریعہ کمپلائنس مینوئل (SGF-2024 کے مطابق نظر ثانی شدہ)
3. اسلامی بینکاری ونڈوز آپریشنل مینوئل
4. زیڈ ٹی بی ایل ٹریژری مینول (تجدید شدہ)

زیڈ ٹی بی ایل–اسلامی بینکنگ کے پراڈکٹس:

1. مشارکہ متناقصہ کے طریقہ کار پر مبنی تمویلی پراڈکٹ سیل، لیز اور پرچیز بیک(DM - SLPB)
2. زرعی اسلامی حج، عمرہ اور زیارت اکاؤنٹ (لائیبیلٹی پراڈکٹ)
3. تمویلی پراڈکٹ "سیلریڈ کسان فنانس اسکیم "(SKFS)
4. تمویلی پراڈکٹ "کسان شراکت فنانس"
5. تمویلی پراڈکٹ " زرعی اسلامی ہریالی فنانسنگ"
6. تمویلی پراڈکٹ "وزیر اعظم یوتھ بزنس اینڈ ایگریکلچر لون اسکیم(PMYBAL)

معاہدات اور دستاویزات:

1. ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی ششماہی رپورٹ(جولائی-دسمبر2024ء)
2. ٹریننگ پر ششماہی ریویو / جائزہ رپورٹ برائے مدت اختتام 3 دسمبر 2024ء
3. غیر حل شدہ مسائل کی ششماہی اسٹیٹس رپورٹ
4. آڈٹ مشاہدات کی تعمیل کی دورانیہ وار اسٹیٹس رپورٹ
5. ماسٹر مشارکہ ایکسیپٹنس اور پلیسمنٹ معاہدوں کے فارمیٹس / نمونے (محفوظ / سیکیورڈ)
6. زرعی اسلامی کتابچہ
7. اجارہ SLPB کے تحت سوئپنگ / تبدیلی کے لیے طریقہ کار
8. اسلامی بینکاری برانچ آپریشنز، اسلامی فنانسنگ اور اسلامی ٹریژری آپریشنز کے داخلی شریعہ کمپلائنس جائزہ کے لیے چیک لسٹس
9. اخبارات میں برانچوں کی تبدیلی (کنورژن) کے لیے انگریزی و اردو میں اشتہارات / کنورژن نوٹس اور برانچوں کی تبدیلی کے لیے ڈسپلے بینر کے فارمیٹس / نمونے
10. بینک کی سولر فنانسنگ اسکیم کے اشتہار کے لیے فلائر
11. سال 2025ء میں تقسیم کی جانے والی چیریٹی کی رپورٹ، شریعہ بورڈ کو پیش کرنا
12. بینک کے آئی ٹی سسٹم میں فنانسنگ کیسز کی منظوری کے عمل میں تبدیلیاں
13. کرنٹ اکاؤنٹس کی تبدیلی (کنورژن) کے لیے ڈیمڈ ایکسیپٹنس اپروچ کا اختیار کرنا
14. ماسٹر سروس لیول ایگریمنٹ(SLA)
15. SECP کے تصوراتی دستاویز "پاکستان میں وقف کے ادارے کو از سرِ نو فعال بنانا" پر اظہارِ رائے کی درخواست
16. اسلامی بینکاری کے تربیتی ماڈیولز
17. محفوظ / سیکیورڈ انٹر بینک ماسٹر مشارکہ معاہدوں کے فارمیٹس / نمونے
18. کچھ اسلامی بینکاری برانچوں کے لیے اسلامی بینکوں میں بینکر اکاؤنٹس کھولنے سے متعلق شریعہ بورڈ کی استثنائی منظوری
19. تبدیل شدہ برانچوں میں SOPs کے ساتھ VCC کے قیام کی شریعہ منظوری

20. تمویلی اثاثہ کی ادائیگی کے حوالے سے صارف کی جانب سے ادائیگی کے متعلق استثنا سرٹیفکیٹ کی شریعہ منظوری
21. اسلامی بینکنگ کے چارجز کا شیڈول (01.07.2025تا31.12.2025)
22. ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی اسٹیٹ بینک کو ششماہی رپورٹ (جنوری-جون 2025ء)
23. 30جون 2025ء کو ختم ہونے والی مدت کے لیے شش ماہی ٹریننگ ریویو / جائزہ رپورٹ
24. 30جون 2025ء کو ختم ہونے والے عرصے کے لیے غیر حل شدہ مسائل کی ششماہی اسٹیٹس رپورٹ
25. آڈٹ ابزرویشن / مشاہدات کی تعمیل کی دورانیہ وار اسٹیٹس رپورٹ
26. RSBM کی سہ ماہی رپورٹس
27. تمویلی پراڈکٹ (ZIHF) کے نام کی تبدیلی
28. اسلامی بینکاری ونڈوز (IBWs) سے متعلق شریعہ بورڈ کی رائے / سرٹیفکیٹ-2025
29. سال2026 کے لیے IBG کا تربیتی / ٹریننگ پلان
30. اسلامی بینکنگ کے چارجز کا شیڈول (01.01.2025 سے 30.06.2025)

شریعہ بورڈ کی میٹنگز:

دورانِ سال شریعہ بورڈ نے ریگولیٹری ضرورت کے مطابق چار مرتبہ اپنی میٹنگز کیں اور اس کے ساتھ ساتھ بورڈ آف ڈائریکٹرز کے ساتھ بھی دو میٹنگ کی، مزید برآں، شریعت بورڈ نے مجوزہ فنانسنگ پروڈکٹ ڈاکومنٹس پر تبادلہ خیال اور بہتر فہم کے لیے آئی بی ڈی ٹیم کے ساتھ مختلف آن لائن اجلاسوں میں شرکت کی، مذکورہ بالا میٹنگز کے علاوہ شریعہ بورڈ نے شریعت سے متعلق مسائل پر شعبہ اسلامک بینکنگ ڈویژن کی مسلسل نگرانی کی، اور اس حوالے سے ان کو رہنمائی فراہم کی۔

شریعہ کمپلائنس اور شریعہ آڈٹ:

شریعہ کمپلائنس زرعی ترقیاتی بینک کے اسلامی بینکاری ڈویژن کی قوت رہا ہے۔ شریعہ کمپلائنس نظام مختلف سطحوں پر عمل پیرا ہوتا ہے، جیسا کہ شریعہ بورڈ سے پراڈکٹس کی منظوری، مخصوص قسم کے پراسس فلوز کی منظوری، معاملات کی عمومی نظر ثانی وغیرہ (ہر عملی اور تربیتی مرحلے میں شریعہ کمپلائنٹ نظام کی نگہداشت رکھی جاتی ہے)۔ شریعہ کمپلائنس ڈیپارٹمنٹ اور شریعہ آڈٹ یونٹ شریعہ بورڈ کی رہنمائی میں کام کرتے ہیں۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے کل وقتی شریعہ بورڈ ممبر کے زیر نگرانی اسلامک بینکنگ کی برانچوں اور اسلامک بینکنگ ڈویژن کے متعلقہ ڈیپارٹمنٹس کا شریعہ کمپلائنس / کنٹرول ریویو کیا۔ شریعت آڈٹ یونٹ نے بھی اسلامی بینکنگ برانچز کا شریعت آڈٹ کیا۔ شریعہ آڈٹ یونٹ نے بھی اسلامک بینکنگ کے برانچوں کا شریعہ آڈٹ کیا۔ علاوہ ازیں! شریعہ کمپلائنس ڈیپارٹمنٹ ہر ماہ نفع تقسیم ہونے سے پہلے، نفع کی تقسیم اور پول مینجمنٹ کا باقاعدگی سے جائزہ لیتی ہے۔ اور اسی طرح انٹرنل شریعہ آڈٹ یونٹ بھی سہ ماہی بنیادوں پر اس کا آڈٹ کرتی ہے۔ اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے تحت تمام رپورٹس شریعہ بورڈ کو پیش کی جاتی ہے، تاکہ شریعہ بورڈ کی تجاویز / درستگی عمل کو حاصل کیا جاسکے۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے تمام پیش کردہ پالیسیوں، پروڈکٹس، دستاویزات / معاہدوں کا بھی ریویو / جائزہ لیا ہے، اور کچھ ترامیم اور تصحیحات تجویز کی ہیں، جن کی شریعہ بورڈ نے منظوری دی تھی۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے شریعہ بورڈ کے فیصلوں کی تعمیل اور نفاذ کو یقینی بنایا۔

ٹریننگ اور پیشہ ورانہ مہارت / صلاحیت کی تعمیر:

سال 2025ء کے لیے اسلامی بینکاری گروپ (IBG) کے تربیتی منصوبے کو شریعہ بورڈ نے منظور کیا۔ اسلامی بینکاری گروپ اور ٹریننگ اینڈ ڈیولپمنٹ ڈویژن نے شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) کے تعاون سے اسلامی بینکاری برانچوں اور اسلامی بینکاری ونڈوز (IBWs) کے عملے کے لیے 9 تربیتی پروگرامز منعقد کیے۔

مزید برآں، بینک کے ایگزیکٹوز اور سینئر مینجمنٹ کے لیے اسلامی بینکاری پر ایک جامع تربیتی پروگرام بھی منعقد کیا گیا۔ اس کے علاوہ، بینک کے تمام عملے کے لیے جاری تربیتی پروگراموں کے حصے کے طور پر ان ہاؤس کلاس روم تربیتی سیشنز باقاعدگی سے منعقد کیے جا رہے ہیں۔

شریعہ کمپلائنس ڈیپارٹمنٹ کے سٹاف نے مختلف اسلامک بینکنگ برانچوں کا دورہ کیا، تاکہ برانچز میں تعینات سٹاف کی معلومات اور کسٹمر کے ساتھ اُن کے باہمی تعامل کے بارے میں جانکاری ہو سکے۔ یہ بات نوٹ کی گئی تھی کہ اسلامک بینکنگ اور شریعہ کمپلائنس کے حوالے سے برانچ کے زیادہ تر سٹاف کی معلومات تسلی بخش تھی۔ علاوہ ازیں، کسٹمر کے اطمینان کی پیمائش کے لئے سٹاف کا کسٹمر کے ساتھ باہمی تعامل کا مشاہدہ کیا گیا، جو کہ تسلی بخش تھا۔

نتائج:

بینک کے بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کے فرائض منصبی میں یہ بات شامل ہے کہ وہ زرعی ترقیاتی بینک کے شعبہ اسلامی بینکاری کے معاملات کو ہمہ وقت شرعی اصولوں کے مطابق یقینی بنائے، تاہم اس سلسلہ میں بحیثیت شریعہ بورڈ ممبرز ہماری یہ ذمہ داری ہے کہ ہم زرعی ترقیاتی بینک کے شعبہ اسلامی بینکاری کے مجموعی شریعہ کمپلائنس ماحول کے بارے میں رپورٹ دیں۔ ہماری اس رپورٹ کی بنیاد شریعہ کمپلائنس ڈیپارٹمنٹ اور شریعہ آڈٹ یونٹ کی رپورٹس ہیں۔ انٹرنل شریعہ آڈٹ اور انٹرل شریعہ کمپلائنس ریویو کے تمام رپورٹس کو چیک کیا گیا / جائزہ لیا گیا۔

ان تمام صورتحال اور ہماری ذاتی علم کے بنیاد پر سال 2025ء کے بارے میں ہماری رائے یہ ہے کہ؛

1. زرعی ترقیاتی بینک کا شعبہ اسلامی بینکاری شرعی اصولوں اور قواعد وضوابط اور شریعہ بورڈ سے جاری کردہ احکامات، فیصلوں اور ہدایات کے موافق ہے۔
2. زرعی ترقیاتی بینک کا شعبہ اسلامی بینکاری نے اسٹیٹ بینک آف پاکستان کے جاری کردہ شرعی معاملات سے متعلقہ اصولوں، ہدایات اور احکامات کا مکمل نفاذ کیا ہے جو کہ اسٹیٹ بینک آف پاکستان کے شریعہ ایڈوائزری کمیٹی کے فتاوی کے مطابق ہیں۔
3. زرعی ترقیاتی بینک کا شعبہ اسلامی بینکاری کے پاس شرعی نظام کو عملی میدان میں نافذ کرنے کے لئے ایک منظم اور مربوط نظام موجود ہے۔ یہ نظام انٹرنل شریعہ آڈٹ یونٹ، شریعہ کمپلائنس ڈیپارٹمنٹ، بینک کے اندر کل وقتی شریعہ بورڈ ممبر اور اسلامی بینکاری کے عملے کی ٹریننگ (جو اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے عین مطابق ہے) پر مشتمل ہے۔
4. زرعی ترقیاتی بینک کے شعبہ اسلامی بینکاری کے تحت شریعہ آڈٹ اور شریعہ کمپلائنس ریویو کی صورت میں ایک شفاف نظام موجود ہے جو اتنا فعال اور موثر ہے کہ اس کی بنیاد پر یہ یقین دہانی کرائی جا سکتی ہے کہ اگر کسی بھی ذریعہ یا طریقہ سے اسلامی بینکاری کے شعبہ میں ایسی آمدنی / منافع شامل ہو جائے جو شرعاً حلال نہیں، تو فوری طور پر ایسی آمدنی کو خیراتی فنڈ میں منتقل کیا جائے گا اور منظم طریقہ سے اس کے مصارف میں اُسے خرچ کیا جائے گا۔
5. نفع اور نقصان کی تقسیم اور پول مینجمنٹ کے حوالے سے اسٹیٹ بینک آف پاکستان کی جو ہدایات ہیں، زرعی ترقیاتی بینک کا اسلامک بینکنگ ڈویژن اُن تمام ہدایات پر عمل پیرا ہے۔
6. مجموعی طور پر بینک کے عملہ و انتظامیہ کا اسلامی بینکاری کی بنیادی معلومات اور اس کے متعلقہ حساسیت کے حوالے سے آگاہی کا درجہ قابل اطمینان ہے۔ یہ بات حوصلہ افزا ہے کہ بینک کے ٹریننگ کے شعبہ نے ہماری (شریعہ بورڈ کی) مشاورت سے اسلامک بینکنگ کے برانچوں میں تعینات تقریباً تمام عملے کو ٹریننگ دی۔

7. شریعہ بورڈ کو اپنی ذمہ داریاں موثر طریقے سے سرانجام دینے کے لئے مناسب وسائل کار فراہم کئے گئے ہیں۔

سفارشات:

1. اس بات کی بھی سفارش کی جاتی ہے کہ سود سے پاک معیشت سے متعلق وفاقی شرعی عدالت کی گائیڈلائنز کو حاصل کرنے لئے پورے بینک کو سود سے پاک / اسلامک بینک میں تبدیلی کے عمل کو تیز کیا جائے۔

اور آخر میں ہم اللہ تعالی سے دعا گو ہے کہ وہ ہمیں دو جہانوں میں کامیابی سے نوازے، اور قدم قدم پر ہماری مدد فرمائے اور ہمیں مشکلات اور روکاوٹوں سے اپنی حفظ و امان میں رکھے۔ اور زرعی ترقیاتی بینک کے شعبہ اسلامی بینکاری کو مالیاتی ترقی سے ہمکنار فرمائے۔

آمین

مفتی محمد وصی فصیح بٹ	مفتی عزیر اشرف عثمانی	مفتی فواد علی
چیئرمین شریعہ بورڈ	ممبر شریعہ بورڈ	ریزیڈنٹ شریعہ بورڈ ممبر

OPERATIONAL PERFORMANCE

ANNUAL REPORT 2025



OPERATIONAL PERFORMANCE 2025

In line with its mandate, the Bank made significant achievements and carried out various initiatives/steps in the year 2025. Few of them are given below:

FARMER ENGAGEMENT THROUGH ZTBL ZARAI BAITHAKS

Zarai Baithak, a pioneering initiative of ZTBL, promotes knowledge-sharing among farmers by providing awareness on modern agricultural technologies, machinery, and best farming practices. During 2025, 176 Zarai Baithaks were organized nationwide, taking the cumulative number to over 500 since the initiative's launch in 2022.





EXPANDING OUTREACH THROUGH ZTBL MOBILE VAN SERVICE

Under the slogan "Zarai Bank Aapke Gaoon Main", ZTBL's Mobile Van Service has strengthened financial inclusion and outreach in underserved rural areas. During 2025, the service covered more than 100 locations, while cumulatively reaching over 1,300 rural touchpoints nationwide since its launch in 2023.





STRATEGIC COLLABORATIONS THROUGH MOUS WITH ACADEMIA, RESEARCH INSTITUTES & OTHER ORGANIZATIONS

During the year 2025, the Bank has signed Memorandum of Understanding with following organizations to promote the development of latest agricultural advancements in the country;

i) **HBL Zarai Services Limited,** to empower farmers by integrating them into the financial system and providing them facilitation from pre-sowing till harvesting and then buying of the crop subject to quality of the crop.
ii) **Pakistan Dairy Association,** to promote inclusive, efficient, and sustainable growth in Pakistan's dairy sector.
iii) **Bookme.pk,** to enhance customer convenience and digital innovation.
iv) **Innovative Pvt. Ltd,** to deploy new ATMs at ZTBL branches.
v) **Gomal University,** to promote academic - industry collaboration, enhance student development, and strengthen financial services for the University and its allied institutions. The partnership aims to create value for students, faculty, and staff through capacity-building programs and improved access to modern banking solutions.
vi) **Jazz Cash,** to enhance financial access for Pakistan's farmers by digitizing loan disbursements and repayments ensuring greater ease, efficiency, and transparency, so that the farmers could focus on what matters most: feeding the nation.
vii) **Institute of Management Sciences – Peshawar,** to leverage the academic expertise of IMSciences for Capacity Building, Product Development & Innovation, Market Outreach & Awareness, etc., besides image building for ZTBL Islamic.
viii) **AA PULP & PUREE,** to provide tomato and other fruit/vegetable growers financing and buyback markets through a tri-party mechanism, wherein AA PULP & PUREE refers farmers to ZTBL and buys back crops at agreed rates, with loan repayments settled directly from sale proceeds.

ENLISTMENT OF AGRICULTURAL SERVICES PROVIDERS FOR FARMERS' FACILITATION

ZTBL has enlisted Agricultural Service Providers (ASPs) to promote farm mechanization and improve farmers' access to modern agricultural services. Given that most farms in Pakistan are small or medium-sized and farmers often cannot afford to own agricultural machinery, the initiative aims to bridge the service gap by facilitating timely, affordable, and efficient mechanized solutions. The initiative is expected to enhance agricultural productivity, create rural employment opportunities, and contribute to strengthening food security.

PAKISTAN'S INDEPENDENCE DAY CELEBRATION AT ZTBL HEAD OFFICE, ISLAMABAD

ZTBL celebrated Pakistan's Independence Day with a flag-hoisting ceremony, tree plantation activity, and a renewed pledge to national service, environmental responsibility, and unity.









YOUM-E-TASHAKKUR CELEBRATION AT ZTBL HEAD OFFICE



ZTBL CONDUCTS FIRE SAFETY MOCK DRILL AT HEAD OFFICE



WOMEN'S DAY CELEBRATION AT ZTBL HEAD OFFICE ISLAMABAD



PAKISTAN WOMEN ENTREPRENEURS DAY - 2025 CELEBRATED ON 3RD DECEMBER 2025 AT SBP HEAD OFFICE KARACHI. GOVERNOR SBP CHAIRED THE CEREMONY.

BUSINESS STRATEGY CONFERENCES 2025



*ZTBL organized its Business Strategy Conference on **April 08, 2025, in Islamabad**, bringing together field executives and senior management to deliberate on the Bank's strategic priorities, business objectives, and future direction.*



First off-station "ZTBL Business Strategy Conference" held on July 26, 2025, at Hotel Faletti's Murree.

AGRICULTURAL LOAN DISBURSEMENTS

In line with its objective to provide sustainable rural finance and services, particularly targeting small farmers and low-income households, ZTBL disbursed loans totaling **Rs. 84,886 million to 108,374 borrowers** during the year 2025. The Bank's credit disbursement is divided into two main categories: Production Loans and Development Loans.

Production Loans:

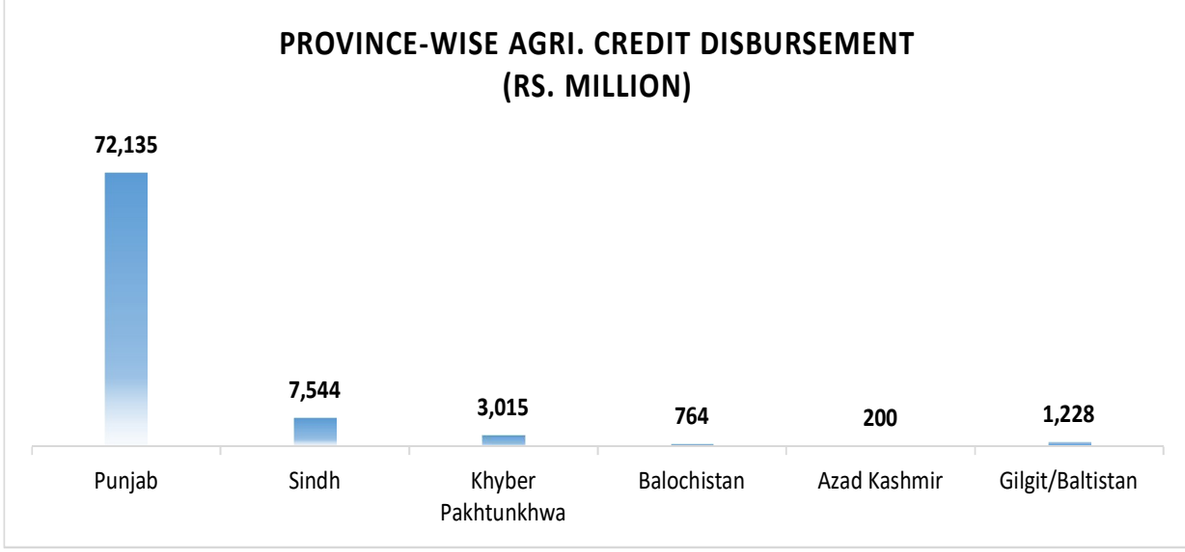
These loans are provided for farm inputs such as seeds, fertilizer, pesticides, and working capital to enhance dairy, livestock, poultry, and fisheries activities. During 2025, the Bank disbursed **Rs. 66,716 million to 88,912 borrowers** under production loans. This represents **78.6%** of the total general credit disbursement, up sharply from 46% in 2024.

Development Loans:

Development loans support the establishment of dairy farm, poultry, fisheries, goat farming, and livestock farming etc., as well as financing irrigation requirements, orchards, nurseries, greenhouses, forestry, and related activities. In 2025, the Bank disbursed **Rs. 18,171 million to 19,462 borrowers** under development loans, accounting for **21.4%** of the total general credit disbursement.

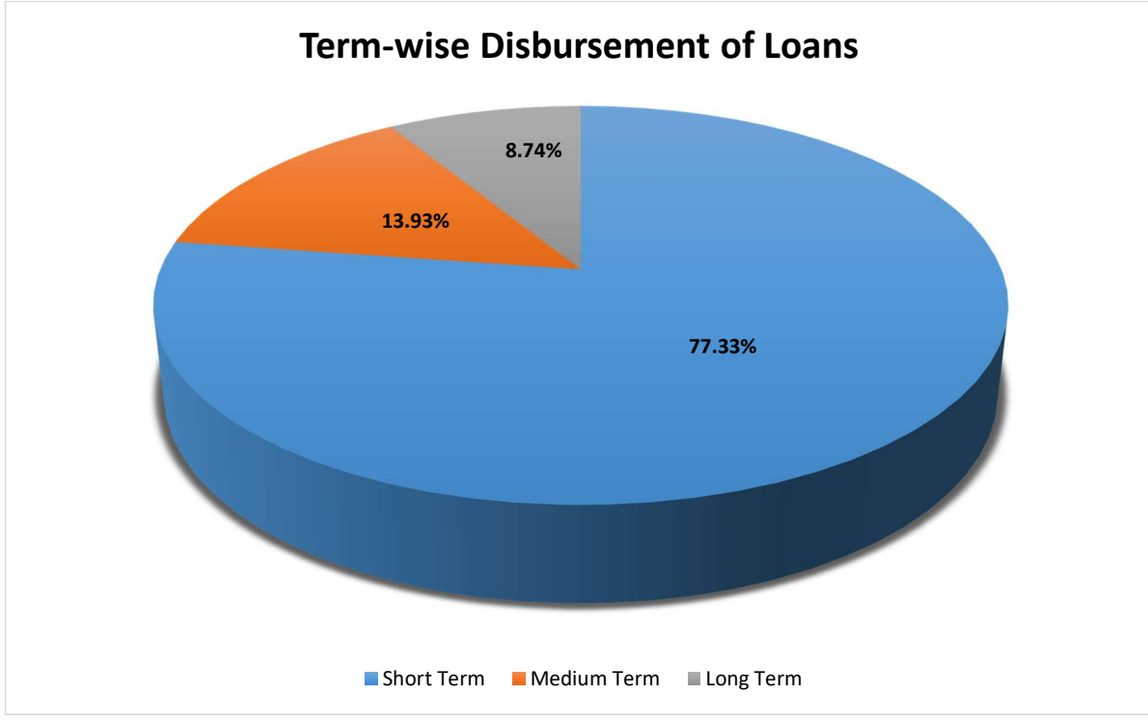
a. Province-wise Agri. Credit Disbursement

The pattern of disbursement across provinces remains almost proportionate to the agriculture potential of the respective provinces/areas. The province-wise share of disbursement depicts that Punjab has the largest share followed by Sindh and Khyber Pakhtunkhwa, as shown in the graph below. Punjab accounted for Rs. 72,135 million (85.0%), Sindh Rs. 7,544 million (8.9%), Khyber Pakhtunkhwa Rs. 3,015 million (3.6%), Gilgit Baltistan Rs. 1,228 million (1.4%), Balochistan Rs. 764 million (0.9%) and Azad Kashmir Rs. 200 million (0.2%) of the total credit disbursed during 2025.



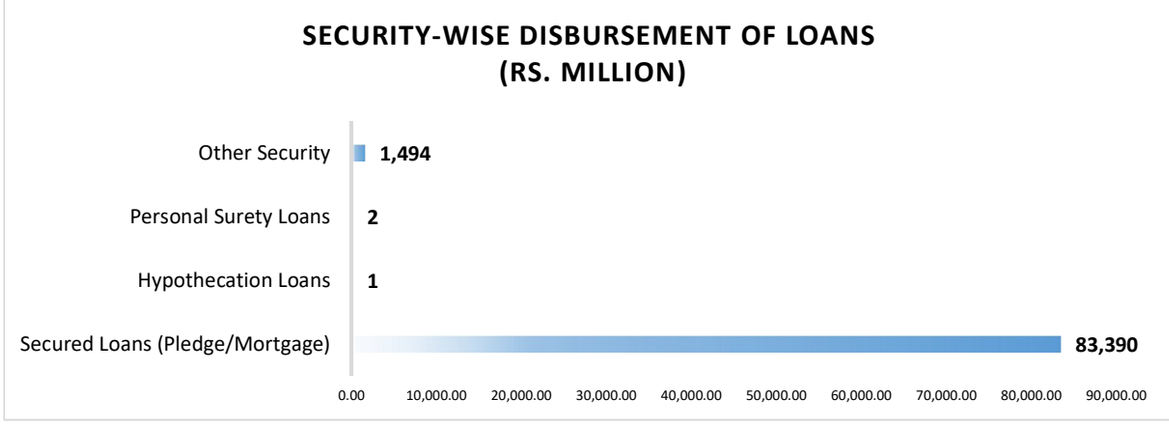
b. Term-wise Disbursement of Loans

ZTBL provides loans on short-term, medium-term, and long-term basis to meet various agricultural financing needs. Short-term loans are primarily production loans with a maturity period of up to 18 months. Medium-term loans are advanced for development purposes and are recoverable within 5 years. Long-term loans also serve development purposes and are recoverable within 8 years. The breakdown of term-wise loan disbursements during the year 2025 is shown below. Short-term loans dominated the disbursement mix at Rs. 65,642 million (77.3%) to 83,033 borrowers, followed by medium-term loans at Rs. 11,824 million (13.9%) to 19,462 borrowers, and long-term loans at Rs. 7,420 million (8.7%) to 5,879 borrowers.



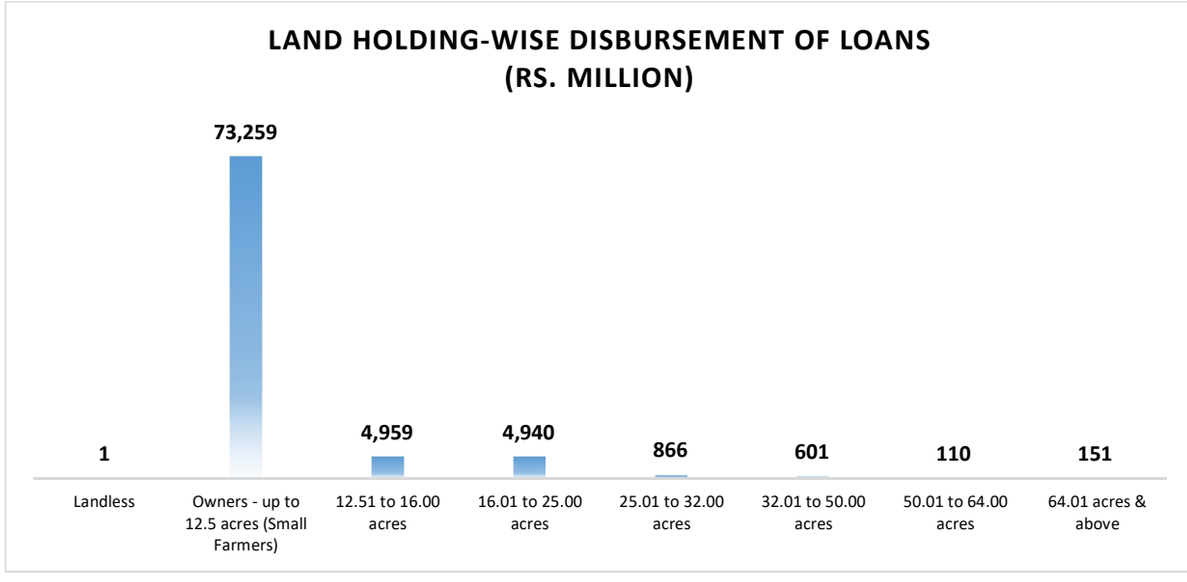
c. Security-wise Disbursement of Loans

Security-wise disbursement of loans indicates that **98.2%** of loans were secured against pledge/mortgage of tangible securities. Moreover, the Bank also disburses credit against personal surety and hypothecation, as given in the chart below. Of the total Rs. 84,886 million disbursed in 2025, Rs. 83,390 million (98.2%) was secured against pledge/mortgage, Rs. 1,494 million (1.8%) against other security, and a nominal amount against personal surety and hypothecation.



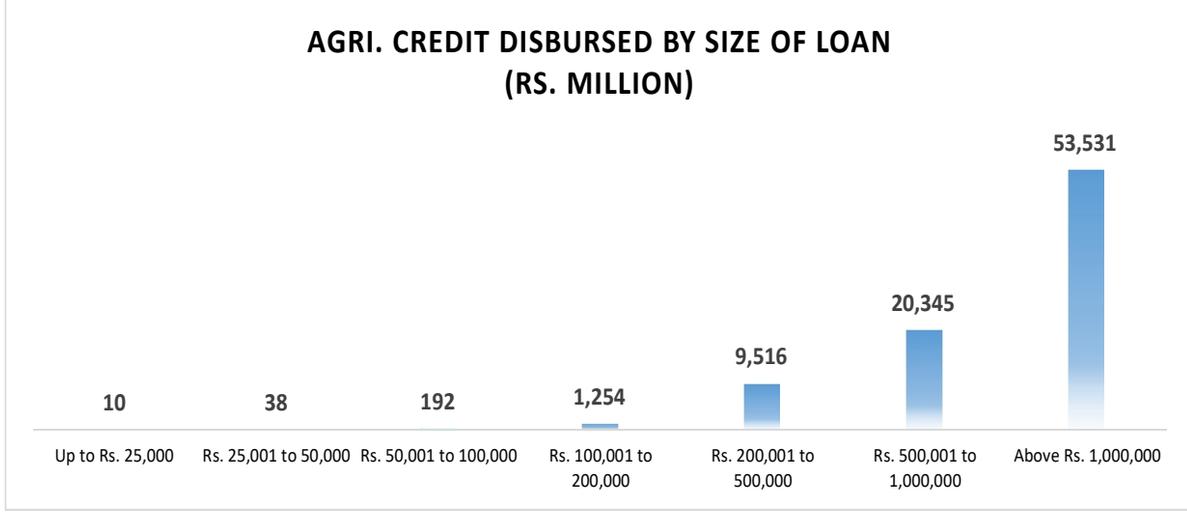
d. Land Holding-wise Disbursement of Loans

The distribution of loan disbursements based on landholding size is illustrated below. Notably, small farmers owning land up to 12.5 acres continued to receive the majority share of loans, amounting to **Rs. 73,259 million** (86.3% of total disbursement) during the year 2025, up from Rs. 63,282 million in 2024.



e. Loan Size Wise

During the year 2025, the disbursement pattern reveals a continued high concentration of loans in larger ticket sizes, with a clear skew toward the upper end of the loan spectrum. Loans above Rs. 1 million account for 63.1% of the total disbursed amount. The next largest bracket, Rs. 500,001 to Rs. 1 million, accounts for a further 24.0%. Together, these two brackets represent over 87% of total disbursement. Loans in the Rs. 200,001 to Rs. 500,000 range capture 11.2% of the total disbursement, while disbursements for loans below Rs. 100,000 total just 0.28% of the overall amount.



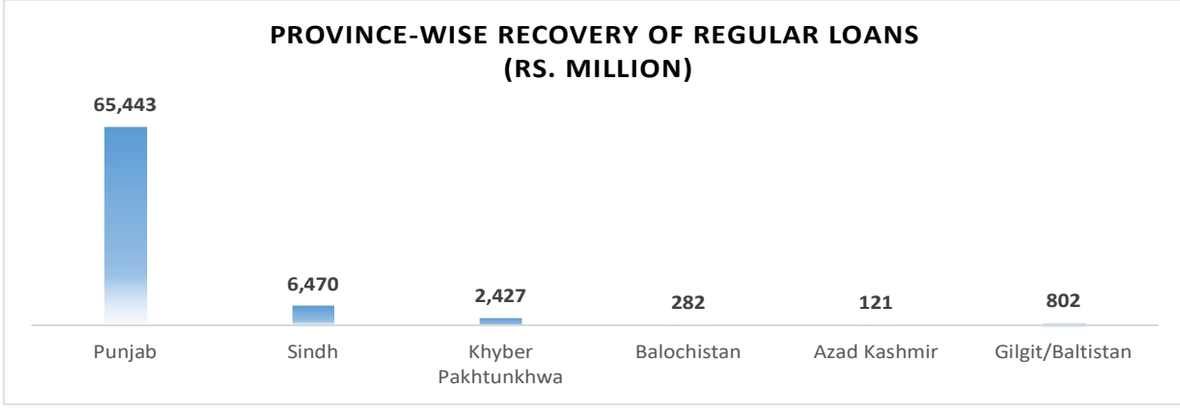
f. Banking on Equality

ZTBL continued to advance financial inclusion of women borrowers during 2025. Disbursement to female borrowers increased by 21%, while the outstanding portfolio of female borrowers grew by 15.5% in value, as summarized below:

Indicator	CY 2024	CY 2025	Growth
Disbursement - No. of Customers	7,751	9,399	+21.3%
Disbursement - Amount (Rs. Million)	3,872	4,684	+21.0%
Outstanding Portfolio - No. of Customers	19,877	19,702	-0.9%
Outstanding Portfolio - Balance (Rs. Million)	7,885	9,105	+15.5%

g. Province-wise Loan Repayments

The Bank recovered a total of Rs. 75,544 million against regular loans during 2025, comprising Rs. 59,761 million in principal and Rs. 15,783 million in mark-up. Punjab accounted for the largest share of recovery, consistent with its share in disbursement, as shown below:



h. Achievement under PM Kissan Package

The PM Kissan Package – 2022, introduced as a pivotal initiative with the aim of advancing the agricultural sector in Pakistan, continued to be implemented during 2025 with a specific focus on improving the welfare of farmers and enhancing agricultural productivity. The financial assistance and subsidies were implemented with the aim of enhancing the economic well-being of agricultural producers, particularly those with limited land holdings.

PM KISSAN PACKAGE AS OF DECEMBER 31, 2025 (Rs. in Million)			
Scheme	**Borrowers**	**Amount Disbursed**	**Outstanding Amount**
Prime Minister Youth Business & Agriculture Loan Scheme	2,875	4,535	21,395
Mark-up Subsidy & Risk Sharing Scheme for Farm Mechanization	0	0	10,297
GOP Mark-up Subsidy Scheme for Revival of Agriculture/Livestock (Flood Affected Areas)	0	0	18
Interest Free & Risk Sharing Scheme for Landless Farmers (Flood Affected Areas)	0	0	1
Total	**2,875**	**4,535**	**31,711**

i. Enhancement of Dairy/Livestock Animal Rates

The Management, in its 6th MANCOM Meeting held on 19.08.2025, approved the revised rates of dairy/livestock animals, keeping in view the importance of the dairy/livestock sector and the significant increase in animal prices due to prevailing market conditions. The revised rates are uniformly applicable to both **General Lending** and **PMYB&ALS Schemes**. The financing limits for working capital requirements will remain the same as already approved under the PMYB&ALS Scheme.

Sr. No.	Name of Dairy/Livestock Animal	Revised Rate
1	She-buffaloes	Rs. 350,000/- per head
2	Cow	Rs. 325,000/- per head
3	Goat	Rs. 60,000/- per head
4	Sheep	Rs. 60,000/- per head
5	Calf	Rs. 110,000/- per head

j. "Zarkhez-e" – Assan Digital Zarai Qarza

"Zarkhez-e" Assan Digital Zarai Qarza Scheme is a joint initiative of the Government of Pakistan and the State Bank of Pakistan (SBP), implemented by Zarai Taraqiati Bank Limited (ZTBL), to facilitate access to formal credit for small farmers, including tenants and sharecroppers. The scheme provides clean, collateral-free production and working capital loans for all eligible crops through a transparent, technology-based process, with the objective of improving agricultural productivity, ensuring food security, and supporting sustainable rural development.

k. Agri. E-Credit Scheme

Under Agri. E-Credit Scheme (1st January, 2025 to 31st December, 2025), Rs. 16.485 million were recovered with outstanding amount of Rs. 24.082 million.

DEPOSIT MOBILIZATION

Despite facing a range of challenges during the year, ZTBL has maintained a strong focus on deposit mobilization prioritizing the growth of its small-ticket deposit portfolio. The deposit position as of December 31, 2025, is as follows:

DEPOSIT POSITION		
		(Amount in Rs. Million)
Category	**31.12.2024**	**31.12.2025**
Current Account (CA)	10,489	13,890
Savings Account (SA)	12,902	14,109
CASA Total	**23,391**	**27,999**
Term Deposit Receipts (TDR)	33,231	31,491
Total Deposits	**56,622**	**59,489**

During the year under review, ZTBL registered an overall increase of approximately 5% in total deposits, despite the maturity of large-ticket Term Deposit Receipts (TDRs) during the year. In response to this evolving deposit profile, the Bank strategically prioritized the expansion of its small-ticket and low-cost deposit base. This focus is reflected in a strong 32% growth in Current Account (CA) deposits, underscoring the effectiveness of targeted deposit mobilization efforts.

Notwithstanding prevailing challenges, PD&LMD maintained active engagement with field staff through well-structured strategic initiatives, including the Current Account (CA) Campaign, which played a key role in enhancing transactional balances and strengthening customer relationships.

Furthermore, the Savings Account (SA) base increased by 9% to PKR 14,109 million, contributing to an overall growth of 20% in the Bank's CASA base, which reached to PKR 27,999 million by year-end. This

improvement in the deposit mix reflects the Bank's continued progress toward a more stable, diversified, and cost-efficient funding profile.

To sustain growth momentum and further enhance performance, several key areas need focused attention. ZTBL's extensive rural branch network, which constitutes a significant portion of the Bank's footprint, requires strengthening and modernization, with particular emphasis on enhancing capabilities for liability mobilization.

Additionally, standardization of processes and operations across the branch network will be critical in reducing operating costs, improving efficiency, and ensuring consistent service delivery. In parallel, targeted and structured training programs are essential to upskill staff in deposit mobilization, relationship management, and customer service, thereby enabling branches to effectively support the Bank's growth objectives. Introducing more market-competitive rates and innovative financial products can further enhance competitiveness. Operational improvements, such as upgrading IT infrastructure and providing essential resources, will enable sales staff to meet their targets. Expanding online banking capabilities will improve customer convenience and attract higher deposits.

Home Remittance Department

ZTBL continues to offer Home Remittance services through cash over-the-counter transactions, providing a vital channel for facilitating remittance inflows. To enhance this capability, the bank is in the process of implementing a robust Home Remittance System. This system is designed to support diverse payment modes, including Freelance, Business-to-Consumer (B2C), and Consumer-to-Business (C2B) transactions, significantly broadening the scope of services available to customers. Additionally, the integration of this system with RAAST, Pakistan's instant payment system, is underway. Once operational, it will enable seamless and efficient transaction processing, further strengthening ZTBL's digital payment infrastructure.

Under the guidance of the Pakistan Remittance Initiative (PRI), ZTBL is also working to establish partnerships with local banks in Pakistan to streamline and expand its remittance business. This strategic collaboration aims to enhance accessibility and convenience for customers while driving growth in remittance inflows.

As of December 31, 2025, ZTBL has processed a total of 14,766 transactions, contributing to an inflow of USD 3.86 million. These transactions were executed through direct foreign partnerships and local arrangements as a sub-agent. This achievement underscores ZTBL's commitment to strengthening its remittance operations and supporting the financial ecosystem of Pakistan.

HUMAN RESOURCE DEVELOPMENT

The Human Resource Group encompasses all the important areas of the employee life cycle right from recruitment till retirement, and deals with perks, incentives, staff loans, capacity building, promotions, annual performance appraisals, etc. The achievements during the year 2025 are as under:

- Adhoc Relief Allowance-2024 was granted to employees to address the effects of rising inflation and cost-of-living pressures, reflecting the Bank's commitment to employee welfare and financial stability.
- Performance-based bonus for the year 2024 was disbursed to eligible employees in accordance with approved performance criteria and applicable policies.
- The Bank continued to support employees even after retirement by extending medical facilities to pensioners as well as widows drawing family pension.
- The Sponsored Scholarship Scheme continued, under which the Bank grants the entire expense incurred on education up to higher levels, including MBBS, for talented children of clerical and non-clerical staff.
- The Bank's Organizational Structure and Officers' grading structure were entirely reviewed to ensure alignment with market standards.
- The performance management framework was strengthened to reinforce a pay-for-performance culture, clearly differentiating between high and low performers, with rewards and outcomes aligned accordingly.
- More than 200 experienced professionals were hired across different offices of the Bank to fill skill deficiencies/gaps.
- As part of Corporate Social Responsibility, the Bank imparted On-the-Job Trainings to more than 300 candidates.
- **Training Delivery & Reach:** 123 sessions were conducted at Staff College, Islamabad, reaching a record 6,140 employees. 169 officers were nominated for specialized local training and 6 officers were sent to international programs in China and Germany, with trainings centered on core banking, agricultural finance, and compliance.
- **Award-Winning Financial Literacy:** The Bank exceeded State Bank of Pakistan (SBP) targets for two flagship programs – **NFLP (Public)**: 351 sessions held against a target of 335, reaching 12,152 citizens; and **AFLP (Farmers)**: 689 sessions held against a target of 600, reaching 14,516 farmers.



ZTBL participates with full passion in Financial Literacy Walk organized by the UAF in collaboration with the SBP under Pakistan Financial Literacy Week 2025. A stall was set up by ZTBL to raise awareness among students and participants about financial literacy.

- **Recognition:** The Bank received the "Financial Literacy Champion Bank Award" and 1st Prize in the "Big Bank" category from the SBP.





ZTBL wins the " Financial Literacy Champion Bank Award " from the State Bank of Pakistan.

- The ZTBL Quran Academy facilitated religious education, with 27 children enrolled and several completing Hifz and Nazra during the year.
- Enhancement of institutional resilience and staff safety through implementation of Disaster Recovery and Business Continuity measures, including crisis-time safety protocols for employees.
- Functional realignment across the Bank, including re-alignment of Head Office functions and changes in hierarchy to enhance operational efficiency.
- Expansion of Islamic Banking operations through conversion of conventional branches into ZTBL Islamic Banking Branches and opening of Islamic Banking Windows in conventional branches.
- 15 employees (13 males and 2 females) were successfully enabled to perform Hajj 2025 through the Bank's Hajj Fund.
- Job rotation was carried out for employees having more than 3 years' stay on their current positions.
- Entire HR Policies were reviewed in line with industry practices.

List of Management Committees

1.	Management Committee (MANCOM)
2.	Assets Liability Committee (ALCO)
3.	Compliance Committee of Management (CCM)
4.	Internal Risk Management Committee (IRMC)
5.	IT Steering Committee (ITSC)
6.	Disciplinary Action Committee (DAC)
7.	IFRS-9 Project Steering Committee
8.	Islamic Banking Steering Committee
9.	Medical Facilitation Committee
10.	Head Office Committee for Auction & Write Off Losses
11.	Fair Treatment of Customers Committee (FTCC)
12.	Procurement Committee (PC)
13.	Technology Assessment And Approval Committee (TAAC)
14.	Grievance Management Committee
15.	Employee's Recognition & Retention Committee
16.	General Services Oversight Committee (GSOC)

RISK MANAGEMENT

During 2025, the Enterprise Risk Management Division (ERMD), comprising the Risk Management Department (RMD) and Information Security Department (ISD), demonstrated strong governance, regulatory compliance, risk oversight, and strategic enablement across the Bank. Despite limited human resources, the Division maintained high-quality reporting standards, strengthened risk frameworks, enhanced cybersecurity resilience, and supported business growth through structured risk governance. Key achievements during the year are summarized below:

- Timely submission of all regulatory reports including Capital Adequacy, Liquidity Standards (LCR, NSFR), Monitoring Tools, Stress Testing shocks, and Market & Liquidity Risk reports, without any SBP penalties or observations.
- Effective arrangement and coordination of IRMC & BRMC meetings, ensuring structured risk oversight.
- Comprehensive review and facilitation of Board approval for key policies including Credit Policy, ERM Policy, Shariah Compliance Policy, Islamic Banking Window Policy, Information/Cyber Security Policy, DR/BC Policy, Green Banking Policy, Compliance Policy, ICFR Policy, AML Policy, Fair Treatment of Customers Policy, and Settlement & Incentive Policies for Charge-off Loans.
- Implementation of an Exclusion List for the credit approval process, in compliance with SBP green banking guidelines.
- Circulation of a monthly Credit Risk Review Dashboard to Senior Management for decision-making, and regular submission of ALCO agenda on the Bank's investment portfolio highlighting key market and liquidity risks.
- Development of Internal Risk Rating (IRR) Models covering Obligor Risk Rating (ORR), Facility Risk Rating (FRR), and Environmental Risk Rating (ERR) – under digitalization phase.
- Participation in countrywide cyber drills, contributing to incident readiness, cross-functional coordination, and real-world attack simulation exercises.
- Strengthened enterprise cybersecurity architecture and improved system resilience.
- Conducted extensive Vulnerability Assessments and Penetration Testing (VAPT).
- Enhanced Security Operations Centre (SOC) capabilities, improving Mean Time to Detect (MTTD) and Mean Time to Respond (MTTR).
- Strengthened compliance with ISO 27001 and PCI DSS standards.
- Implemented Privileged Access Management (PAM), Just-In-Time access monitoring, and the Trend Micro security portfolio.
- Enhanced the Bank's cyber force through strategic hiring, capability development, and team structuring aligned with evolving threat landscapes.
- Conducted awareness campaigns, phishing simulations, and security training programs to promote a proactive security culture.

Future Outlook

The Enterprise Risk Management Division aims to further strengthen its strategic role in 2026 through the following:

- System-based implementation of an Operational Loss Event Database (OLED).
- Enhanced Operational Risk Management Framework covering Risk Control & Self-Assessment (RCSA), Key Risk Indicators (KRI), and a Bank-Wide Risk Register.
- Strengthening IFRS-related risk integration and system-based risk analytics.
- Capacity building and skill enhancement within the Enterprise Risk Management Division to ensure sustainability and scalability.
- Bank-wide awareness sessions on the Operational Risk Management framework.
- Implementation of revised SBP Basel-driven guidelines (draft guidelines on operational risk, credit risk, stress testing, and climate stress testing).

- Future-ready cybersecurity and workforce excellence: advancing enterprise resilience through SOC enhancement, continuous vulnerability management, zero-trust adoption, and strategic threat intelligence, while strengthening the cyber force via targeted hiring, skill development, PAM, compliance, immersive drills, and ecosystem partnerships.

In 2025, the Enterprise Risk Management Division successfully transitioned from a compliance-driven function to a strategic risk partner for the Bank. Through strong governance, enhanced cybersecurity resilience, risk analytics innovation, and proactive regulatory compliance, the Division laid a robust foundation for sustainable growth and long-term institutional stability.

INNOVATION & TECHNOLOGY

- Mobile Banking, Internet Banking and WhatsApp Banking already launched.
- ZTBL MCOs are equipped with 1,000 Jazz Business tablet that digitizes the loaning process providing solutions at the farmer's doorstep and making it virtually instantaneous.
- Digital on-boarding of customers is already live on Mobile App.
- Launched banking solutions for non - smart phone customers.
- RAAST Solution for G2P and P2P is live.
- ZTBL debit Card Loyalty and Discounts program launched.
- Disaster Recovery Contact Centre (DR) established.
- Pension disbursement process fully digitized.
- ATM Hotline Project with IP Phones successfully delivered.
- Free of charges facility for ZTBL customers to withdraw cash from ATM of any banks across Pakistan.





ZTBL named "TOP BANK" in the "Incremental Card in Force (CIF) category at the PayPak Awards 2025.



Celebrating the Milestone of Being the First Bank to deploy e-Office.



Zarai Taraqiati Bank Limited (ZTBL) celebrated the successful deployment and Go-Live of the Delinea Privileged Access Management (PAM) solution

ZARAI REHNUMA – AI-POWERED AGRI ADVISORY

Zarai Rehnuma is an AI-powered voice service designed to empower farmers across Pakistan with real-time weather forecasts and expert agricultural advice. This innovative solution enables farmers to make data-driven decisions, enhancing productivity and resilience in the face of changing climate conditions.

Key Features:

- **AI-Based Voice IVR (Multilingual)**: Access information in your preferred language through an easy-to-use voice interface.
- **Real-Time Weather & Crop Updates:** Stay informed with the latest weather forecasts and crop advisory tailored to your region.
- **Nationwide Toll-Free Access:** Call 0800-14001 from anywhere in Pakistan.



SPECIAL ASSET MANAGEMENT (SAM)

In 2025, focused recovery initiatives successfully reduced the NPL Principal Outstanding by 11% to Rs. 22.5 billion, down from Rs. 25.2 billion in 2024, supported by a significant contraction in fresh NPL additions. Parallel efforts on the Charged-off portfolio yielded a robust 16% reduction, with the outstanding balance decreasing from Rs. 33.2 billion to Rs. 28.0 billion. Through the implementation of proactive strategies, the Bank effectively mitigated portfolio degradation and achieved a notable

downward trend across all key risk metrics. Collectively, the total infected portfolio declined by 14% to Rs. 50.4 billion, reaching its lowest level to date. These results underscore a disciplined approach to liquidating distressed assets, cleaning up legacy defaults, and strengthening the overall quality of the balance sheet.

Infected Portfolio Performance – 2025

Metric	2024	2025	Change
NPL Principal Outstanding	Rs. 25.2 billion	Rs. 22.5 billion	↓ 11%
Charged-off Principal Outstanding	Rs. 33.2 billion	Rs. 28.0 billion	↓ 16%
Total Infected Portfolio	Rs. 58.4 billion	Rs. 50.4 billion	↓ 14%

Key Initiatives taken by SAM Division during 2025:

To achieve these results, the Bank deployed a comprehensive suite of recovery measures and strategic interventions:

- SAM secured a landmark **Rs 10 billion** recovery within the Charged-off portfolio, marking the highest recovery in the Bank's history.
- The implementation of the **Loans for Agricultural, Commercial & Industrial Purposes (LACIP) Act** yielded material results. Furthermore, the Bank partnered with private organizations to enhance the repossession of physical assets, specifically tractors.
- Dedicated **internal legal task forces** were established to expedite litigation and reduce settlement timelines. Simultaneously, **call center operations** were intensified to target delinquencies, supported by continuous data-cleansing to ensure portfolio accuracy.
- Enhanced marketing of property auctions led to the successful disposal of **42 acquired properties**, generating a net income of **Rs. 66 million**. Demonstrating commitment from the top, the **CEO and GH - SAM** conducted periodic field visits to monitor ground-level operational effectiveness and recovery progress.
- SRMR have become a part of team.
- The SAM Group conducted daily virtual coordination meetings with field teams and Regional Monitoring Representatives (RMRs) to track progress against allocated targets and address immediate recovery challenges.
- Specific regions were formally **assigned to SAM Division Officers**, establishing a clear structure for performance monitoring and localized oversight.
- Automated robo-calls and outbound dialing systems to systematically engage with defaulted borrowers, ensuring consistent follow-ups and improved recovery rates.

Future Outlook:

Moving forward, ZTBL aims to transform its Special Asset Management into a profit-generating engine that supports both the Bank's bottom line and the sustainable growth of the national agricultural sector. The Bank remains aggressively dedicated to mitigating industry challenges and developing a robust agricultural loan portfolio through ongoing measures designed to ensure long-term financial health and resilience. Looking ahead to 2026, we remain committed to sustaining this momentum by intensifying recovery drives and leveraging specialized legal frameworks to accelerate the high-velocity resolution of legacy cases.

OPERATIONS

Branch Renovation & Relocation

- ✓ In 2025, **26** branches were relocated with relocations focused on commercially viable areas. In parallel, many branches are being revamped **to enhance their overall appearance, functionality and customer experience.**

IT Equipment Rationalization

- ✓ Demand identified: 423 PCs, 223 printers, 253 scanners, 329 CCTV replacements, 14 biometric devices.
- ✓ CCTV tender under evaluation; project expanded Pan-Pakistan covering Branches, ATMs, CAD, Head Office, Staff College per SBP guidelines.
- ✓ Multi-user software; Regions granted access for monitoring; vendor to manage existing and new cameras. CCTV SOPs updated.

Business Continuity Planning (Mock Exercises)

- ✓ Nationwide SBP-mandated drills covering fire, robbery and system downtime scenarios conducted.

Disaster Recovery & Business Continuity Planning Dept.

- ✓ Department created; TORs/JDs notified; hiring of Head & 2 Unit Heads underway.

Rationalization of MCO Circles

- ✓ 14 MCO Circles rationalized through mergers/bifurcations.

Digital Account Opening (DAOF)

- ✓ Editable AOFs integrated with eKYC consent, liveness checks, CNIC QR scanning, branch & mobile initiation enabled.

Automation of NIFT Clearing

- ✓ Inward/outward clearing and advices automated for conventional branches.

Automation of Locker System

- ✓ Locker issuance, rent tracking, access logs automated; renewal alerts introduced.

Automation of Notices (Dormant/CNIC Expiry)

- ✓ Digital notices integrated with SMS/email alerts.

BISP Sahulat Accounts Facilitation

- ✓ Automated tracking for account openings, transactions, compliance reporting.

Face-to-Face Trainings

- ✓ Structured training for 543 BOMs/officers covering compliance, audit readiness, operational risk.

Framework for Staff System Access

- ✓ Revised system access policies for staff on leave, training, or absconding, blocks implemented.

Cash Reconciliation (System vs. Physical)

- ✓ Automated reconciliation initiated, partially implemented, under expansion.

Cash Limit Rationalization

- ✓ Branch cash limits revised based on business volume; insurance optimized.

Instructions on Customer Fund Transfers via Treasury RTGS

- ✓ Guidelines provided to improve inter-bank transfer efficiency.

Centralized Dispatch of Customer Correspondence

- ✓ Letters, statements, notices centralized at Centralized Processing Department (CPD).

Centralized Account Amendments

- ✓ Data amendments centralized via CPD instead of branches.

SBP CMS Implementation

✓ Centralized Monitoring System implemented across branches.

Facilitation of Merchant Operations

✓ Streamlined merchant onboarding and operational support.

SBP Consolidated Customer On-Boarding Framework

✓ Implemented standardized customer verification.

Revision in Features & Transaction Limits of Asaan Account

✓ Updated features, increased transaction limits, maintained security.

eKYC Consent Form Integration in Account Opening

✓ Integrated eKYC processes; faster account opening, reduced paperwork.

Amendments in Documents Checklist – Trusts/Clubs/Societies/Associations & NGOs/NPOs/Charities

✓ Simplified documentation for non-individual entities.

Revised Instructions on Statement of Account (SOA) – SBP BC&FRF

✓ Updated SOA guidelines aligned with regulatory framework.

SOPs for Cash-In-Transit (CIT) Services

✓ Standardized procedures with M/S Askari Guards for all 501 branches.

Enhanced SOPs for CCTV Installation, Maintenance & Monitoring

✓ Upgraded CCTV procedures across branches.

Repeated Violations Leading to Audit Paras & Remedial Measures

✓ Addressed audit findings with corrective actions.

Enhancement of Cash Deposit & Withdrawal Limit – Online Banking

✓ Increased transaction limits for digital users.

Amendments in Declaration of Assets of Civil Servants Rules, 2023

✓ Revised checklists for documentation.

Submission of BRDs / System Change Requests to CIO/CDO

✓ A total of 134 Business Requirement Documents (BRDs) and system change requests were submitted for evaluation and implementation.

Collection of Utility Bills

✓ ZTBL Branches collected 1,889,955 bills as on 31.12.2025.

Lockers Occupancy

✓ Number of lockers available in branches as on 31.12.2025 remained 2,520.

AGRICULTURE TECHNOLOGY DISSEMINATION

The Agriculture Technology Department aims to identify and develop various agri-activities and transfer the same technology through training and practical demonstration. During the year under review, various activities were carried out at ZTBL Farm to introduce and disseminate contemporary agricultural techniques and technologies.

ZTBL Farm remained the centre of major agriculture activities. During the year, different fruits including olives, peach, plum, apricot, pear and citrus were sown at ZTBL Farm. A significant number of farmers were facilitated for extraction of olive oil through the ZTBL Olive Oil Extraction Unit. Poultry farming activity was expanded and continues to run successfully for training and demonstration purposes, and fish farming was also carried out successfully during the year.

A new activity of high-value crop “Ginger Cultivation” was initiated during 2025, with a simple, low-cost model for ginger cultivation under olive orchard practiced for training and demonstration at ZTBL Farm; a successful field day was also conducted in collaboration with Vegetable Research Institutes and the Ayub Agricultural Research Institute, Faisalabad. Mushroom activity (Oyster and Button varieties) continued successfully at ZTBL Farm, and the Honey Bee Farming activity was expanded through multiplication of bee hives.

As part of the Kitchen Gardening activity, a field day was conducted at ZTBL Farm in collaboration with Arid Agriculture University Rawalpindi, along with preparation and distribution of seed kits and seedlings of both winter and summer vegetables for onward dissemination, promoting home-grown, healthy and hygienic vegetable production and consumption.

Students from different universities and agri-institutes were supervised during their internship at ZTBL Farm, and training/workshops were carried out in coordination with partner organizations both at ZTBL Farm and in the field for dissemination of technical know-how and advancements in agriculture. The Department also participated in various field days, seminars and exhibitions arranged across the country. During 2025, a large number of visitors, including students, farmers and delegates from different institutes, were facilitated at ZTBL Farm.

Key activities undertaken during 2025 include:

a. Inauguration of Rainwater Harvesting System integrated with Drip Irrigation





b. Participation in Eco-Friendly Products Exhibition at Islamabad





c. Participation in International Conference on Horticulture in PMAS AAUR



d. Training workshop on Climate Smart Agriculture at Okara



e. Training Conducted on Kitchen Gardening at ZTBL Farm





f. Participated in Seed Exhibition at PMAS AAUR



g. Participated in Women Entrepreneurship Day at State Bank of Pakistan



h. Participation in 7th National Grand Olive Gala



i. Participated in Ginger Festival Organized by AARI Faisalabad



Future Outlook (2026)

- ✓ Being a high-demand product, the Department plans to expand its Honey Bee Farming activity, targeting an increase in the number of bee colonies of up to 25% through multiplication.
- ✓ Expansion of ginger cultivation is planned, to be carried out both in the olive orchard and under tunnels.
- ✓ Cultivation of high-value crops (Turmeric, Gherkins, Jalapeno) will be carried out at ZTBL Farm.
- ✓ New orchards of Fig and Lemon fruits are planned to be established.
- ✓ A new activity of Quail Farming will be initiated.
- ✓ As part of regular activities, production and value addition of various fruits and vegetables will continue at ZTBL Farm, along with field days, students' internships, and participation in external field days, seminars, workshops and trainings.

MANAGEMENT DISCUSSION AND ANALYSIS

Green Banking Performance 2025

- ✓ Revised Green Banking Policy of the Bank has been approved by the Board of Directors.
- ✓ An Environmental & Social Risk Management (ESRM) Procedural Manual was prepared to streamline credit risk assessment.
- ✓ Application of the ESRM Implementation Manual and Exclusion List for screening of all loan proposals.
- ✓ Financing and disbursement continued under Green Banking Products.
- ✓ Installation of renewable energy systems at various bank-owned locations.
- ✓ Collection and consolidation of data/information on Green Banking activities for onward submission to the State Bank of Pakistan in compliance with regulatory reporting requirements.
- ✓ ZTBL's proposal was shortlisted in the Pakistan Climate Prosperity Plan – Ministry of Finance.
- ✓ Capacity building of ZTBL employees remained a regular and continuous activity under Green Banking, focusing on ESRM implementation, climate risk awareness, and green product financing.
- ✓ Field Awareness Sessions on Climate Smart Agriculture were conducted in the Okara Region to educate farmers on sustainable agricultural practices.
- ✓ Practical demonstrations of green solutions were carried out at ZTBL Farm, including a rainwater harvesting pond, a drip irrigation system, a rooftop rainwater harvesting system, and cultivation of wheat crop on Permanent Raised Bed Technology.

Way Forward 2026

- ✓ Capacity building initiatives will be continued and further strengthened to enhance staff understanding of Green Banking, ESRM implementation, and climate risk management.
- ✓ Green Advisory Services will be developed in the form of booklets and brochures.
- ✓ Instructions on Own Impact Reduction will be issued to institutionalize measures related to energy efficiency, resource conservation, and reduction of the Bank's carbon footprint.
- ✓ All stakeholders of the Green Banking Policy will be effectively coordinated to ensure smooth implementation and alignment across the Bank.
- ✓ High-efficiency irrigation systems will be installed at ZTBL Farm to promote efficient water utilization and conservation.
- ✓ Outreach programs to farmers on climate-smart agriculture and green finance will be expanded.
- ✓ Sustainable and energy-efficient agricultural practices will be promoted through ZTBL Farm.
- ✓ Agro-advisory services will be expanded through digital channels.

ISLAMIC BANKING

The year 2025 marked a significant transition for the Islamic Banking Group (IBG), shifting from a foundational phase to a growth engine for the Bank. Islamic banking operations expanded both in terms of financing activities and deposit mobilization, while the network of Islamic outlets continued to grow. During the year, IBG strengthened financing operations, improved deposit mobilization efforts, and advanced the conversion of conventional banking operations into Islamic modes, in line with the State Bank of Pakistan's (SBP) Islamic Banking Transformation Guidelines. Key highlights include Islamic financing crossing the Rs. 100 million mark and substantial expansion of the Islamic banking footprint. Below is a summary of key achievements and developments in 2025:

Financing Performance

The year 2025 marked the operational take-off of Islamic financing activities within ZTBL's Islamic Banking Group. The total financing portfolio reached Rs. 110 million across 132 financing cases, comprising Rs. 62 million in fresh Islamic financing (53 cases) and Rs. 48 million in converted/swapped portfolio (79 cases). By product, Solar Financing led with Rs. 35.66 million (27 cases), followed by Dairy Value Chain Financing at Rs. 31.25 million (54 cases) and Tractor Financing at Rs. 18.11 million (13 cases). Top-performing branches for fresh financing were Kot Addu (Rs. 17.76 million), Tranda Sawaye Khan (Rs. 13.17 million) and Shigar (Rs. 12.63 million), with Solar and Dairy financing together representing the largest share of the portfolio – reflecting the Bank's focus on renewable energy adoption and livestock development within the agricultural sector.

Deposit Mobilization Performance

Deposit mobilization remained a key strategic priority during CY-2025. Islamic Banking deposits grew by 83% year-on-year, reaching Rs. 2,474 million compared with Rs. 1,355 million in 2024. Current account balances grew by 86%, from Rs. 393 million to Rs. 730 million, indicating improved mobilization of low-cost deposits and growing customer confidence in Islamic banking services. DHA Lahore achieved 185% of its current account target; Mingora recorded the highest overall deposit performance at 130%, followed by Astore at 129%.

Operational & Network Milestones

During 2025, the Islamic banking network expanded through the conversion of 10 branches into Islamic Banking Branches (IBBs) and the establishment of 30 Islamic Banking Windows (IBWs), taking

the total Islamic banking network to 65 outlets (35 IBBs and 30 Windows) – achieving the branch expansion target set out in the previous year's outlook. IBG successfully maintained zero high-risk audit observations across Islamic Banking Branches during the year, reflecting strong operational controls and Shariah compliance practices.

Capacity Building & Staff Development

IBG placed strong emphasis on human resource development during 2025. Capacity building initiatives included workshops on Islamic financing documentation, regular training sessions for staff, and development of operational guides and tutorial videos, which helped enhance the technical understanding of Islamic banking operations and strengthened branch-level execution of financing and deposit mobilization activities.

Challenges Identified in 2025

- ✓ **Human Resources:** shortage of key staff, including a requirement of approximately 18 Mobile Credit Officers (MCOs) and 11 Branch Managers.
- ✓ **IT Systems:** non-availability of certain critical modules, including the PMY subsidized financing module and the Production Financing module.

The year 2025 represents a pivotal stage in the growth of ZTBL's Islamic Banking Group. Strong deposit growth, expansion of Islamic financing, and continued network expansion have laid a solid foundation for the Bank's Islamic banking transformation journey. With focused efforts on network expansion, operational strengthening, and capacity building, IBG is well positioned to accelerate growth in 2026 while supporting the broader objective of transitioning towards a fully Shariah-compliant banking system.

ZARAI TARAQIATI BANK LIMITED

Head office: 1, Faisal Avenue, P.o.Box No 1400 ISLAMABAD.

CORPORATE AFFAIRS DEPARTMENT

No. CAD/1(4)/AGM/20/2026/**76-83** Dated: July 30, 2026

NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the **20th Annual General Meeting of Zarai Taraqiati Bank Limited will be held on Thursday August 20, 2026 at 11:00 A.M. at ZTBL, Head Office, Islamabad**, to transact the following business:

Ordinary Business:

1. To confirm minutes of Extraordinary General Meeting of ZTBL held on February 10, 2026
2. To receive, consider and adopt the audited unconsolidated financial statements of the Bank and consolidated financial statements of the group (ZTBL & KSSL) for the year ended December 31, 2025 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors of the Bank for the year ending December 31, 2026 and fix their remuneration.

Any other Business:

To consider any other business with the permission of the Chair

By order of the Board
sd-
(TARIQ MAHMOOD TALIB)
Company Secretary
(051–9253087)

1. Government of Pakistan, through Secretary Finance Division, GoP, Islamabad.
2. Governments of Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan through Chief Secretaries, Lahore, Karachi, Peshawar and Quetta.
3. Members, ZTBL Board
4. Registrar of Companies, Company Registration Office, SECP, Islamabad
5. M/s Crowe Hussain Chaudhury & Company, Chartered Accountants, Islamabad.

Company Secretary

Technology for Agriculture

Crowe Hussain Chaudhary & Co.
7th Floor, Gul Mohar Trade Center,
8-F Main Market, Gulberg II,
Lahore-54660, Pakistan
Main +92-42-3575-9223-5
www.crowe.pk

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZARAI TARAQIATI BANK LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Zarai Taraqiati Bank Limited** (the Bank) for the year ended December 31, 2025.

The responsibility for compliance with the Rules is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Rules requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Bank for the year ended December 31, 2025.

Lahore
Dated: July 30, 2026
UDIN: CR2025108327VD5ouGBg

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

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STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

Name of Bank **Zarai Taraqiati Bank Limited**
Name of the line ministry **Finance Division, GoP**
For the year ended **December 31, 2025**

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby the Bank is managed in compliance with the best practices of public sector governance.

II. The Bank has complied with the provisions of the Rules in the following manner:

<table>
<tr><th>S. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant box</td></tr>
<tr><td>1</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>√</td><td></td></tr>
<tr><td>2</td><td>The Board has at least one-third of its total numbers as independent directors. At present the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr>
<tr><td>Independent Directors</td><td>1. Mr. Naeemuddin Khan
2. Mr. Sahibzada Rafat Raoof Ali
3. Dr. Ayesha Waqar
4. Dr. Talat Naseer Pasha</td><td>24.08.2023
11.10.2024
11.10.2024
11.10.2024</td></tr>
<tr><td>Executive Directors</td><td>1. Mr. Tahir Yaqoob Bhatti</td><td>31.08.2023</td></tr>
<tr><td>Non-Executive Directors</td><td>1. Mr. Ahmed Taimoor Nasir</td><td>05.05.2023</td></tr>
</table></td><td>3(2)</td><td>√</td><td></td></tr>
<tr><td>3</td><td>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>√</td><td></td></tr>
<tr><td>4</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.</td><td>3(7)</td><td>√</td><td></td></tr>
</table>

5	The Chairman of the Board is working separately from the Chief Executive of the Bank.	4(1)	√	
6	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	√	
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive have been nominated by the Government)	5(2)	N/A	
8	(a) The Bank has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website (www.ztbl.com.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	√ √ √	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	√	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(iii)	√	
11	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the Bank.	5(5)(b)(vi)	√	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	√	

13	The Board has ensured compliance with the law as well as Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	√	
14	The Board has developed a vision or mission statement and corporate strategy of the Bank.	5(6)	√	
15	The Board has developed significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	√	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	√	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	√	
18	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	√ √ √	
19	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	√	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained	9	√	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b)In case of listed PSCs, the Board has prepared half	10	√ √	

<table>
<tr><td></td><td>yearly accounts and undertaken limited scope review by the auditors.

(c)The Board has placed the annual financial statements on the Bank's website</td><td></td><td>√</td><td></td></tr>
<tr><td>22</td><td>All the Board members undergone an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>√</td><td></td></tr>
<tr><td>23</td><td>(a) The Board has formed the requisite committees, as specified in the Rules.

(b) The committees were provided with written term of reference defining their duties, authority and composition.

(c) The minutes of the meetings of the committees were circulated to all the Board members.

(d) The Committees were chaired by the following non-executive directors:

<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>03</td><td>Dr. Talat Naseer Pasha</td></tr>
<tr><td>Risk Management Committee</td><td>04</td><td>Mr. Sahibzada Rafat Raoof Ali</td></tr>
<tr><td>Human Resource Committee</td><td>04</td><td>Mr. Naeemuddin Khan</td></tr>
<tr><td>Procurement Committee</td><td>03</td><td>Dr. Talat Naseer Pasha</td></tr>
</table></td><td>12</td><td>√

√

√

√</td><td></td></tr>
<tr><td>24</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment.</td><td>13</td><td>√</td><td></td></tr>
<tr><td>25</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>√</td><td></td></tr>
<tr><td>26</td><td>The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act</td><td>16</td><td>√</td><td></td></tr>
<tr><td>27</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>√</td><td></td></tr>
</table>

<table>
<tr><td>28</td><td>The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Bank except those disclosed to the company</td><td>18</td><td>√</td><td></td></tr>
<tr><td>29</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.
(b) The annual report of the Bank contains criteria and details of remuneration of each director.</td><td>19</td><td>√

√</td><td></td></tr>
<tr><td>30</td><td>The financial statements of the Bank were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the approval of the Audit Committee and the Board.</td><td>20</td><td>√</td><td></td></tr>
<tr><td>31</td><td>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:

<table><tr><th>Name of Member</th><th>Category</th><th>Professional background</th></tr><tr><td>Dr. Talat Naseer Pasha</td><td>Independent</td><td>Business/Banking</td></tr><tr><td>Dr. Ayesha Waqar</td><td>Independent</td><td>Economics/ Business</td></tr><tr><td>Mr. Ahmed Taimoor Nasir</td><td>Non-Executive</td><td>Finance/Accounts/ Computer Science</td></tr></table>
The Chief Executive and Chairman of the Board are not members of the Audit Committee.</td><td>21 (1) and 21 (2)</td><td>√

√</td><td></td></tr>
<tr><td>32</td><td>(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.

(b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.

(c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td><td>21(3)</td><td>√

√

√</td><td></td></tr>
<tr><td>33</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.</td><td>22</td><td>√</td><td></td></tr>
</table>

	(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.		√ √	
34	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	√	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services	23(5)	√	

TAHIR YAQOOB BHATTI
PRESIDENT/CEO

NAEEMUDDIN KHAN
CHAIRMAN BOARD

Crowe

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZARAI TARAQIATI BANK LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Zarai Taraqiati Bank Limited (the Bank),** which comprise the unconsolidated statement of financial position as at December 31, 2025, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for one hundred and fifty one (151) branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2025 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matter:

Key Audit Matters	How the Matter was Addressed in our Report
1. Expected credit loss allowance against advances	
Refer to the note 4.2.3 and note 9 to the annexed financial statements. As at December 31, 2025, the Bank's Credit loss allowance against advances is amounting to Rs. 16.894 billion The Bank recognizes expected credit losses ("ECL") on advances in accordance with the application instructions issued by SBP and requirements of IFRS 09 as applicable in Pakistan. ECL on advances involves judgement and complexity. Following areas are subject to management judgement in the estimation of ECL: • ECL Model - ECL estimation involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Each area is a key driver of complexity and uncertainty and are required in the calculation of ECL. • Forward Looking Factors - IFRS 9 requires the Bank to incorporate forward-looking factors in estimation of ECL. Such forward-looking factors include imports, exports, Inflation, CPI, unemployment rates. Management's judgment is applied in determining the forward-looking economic scenarios used in the ECL calculation, the probability weightings assigned to these scenarios, and the key variables that drive the scenarios. • Significant Increase in Credit Risk (SICR) - The criteria selected to identify SICR involves judgement and can lead to unreliable ECL recognized for certain portfolios. In line with the applications instructions on IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by SBP.	Our key audit procedures to verify expected credit loss allowance against advances included, amongst others, the following: • Obtained an understanding of the Bank's assessment of expected credit loss allowance on advances including methodology, accounting policies and key assumptions applied during the year. • Evaluated the design and implementation of controls over the ECL estimation process, including model validation procedures, categorization of borrowers, computation and recognition of credit loss allowance and compliance with SBP's IFRS 9 instructions. • Evaluated the completeness and accuracy of critical data used in the ECL model, including exposure at default (EAD), probability of default (PD), and loss given default (LGD). • Assessed the appropriateness of the staging criteria used to classify advances under IFRS 9 and SBP Prudential Regulation, ensuring proper identification of significant increase in credit risk (SICR) and credit-impaired advances based on both quantitative and qualitative indicators. • Evaluated the selection of macroeconomic variables used in the ECL model, ensuring their relevance to the agricultural sector and the reliability of forecasts, as well as the reasonableness of the weightages assigned to different economic scenarios in the ECL computation. • Performed independent recalculations of ECL on selected loan exposures to validate the mathematical accuracy of the model.

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Key Audit Matters	How the Matter was Addressed in our Report
The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Bank's credit portfolio. Given the significance of advances, the high level of judgement involved, we identified the adequacy and completeness of the ECL as a key audit matter.	• Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting framework. • Assessed the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the application instructions; • Assessed the higher of Expected Credit Loss (ECL) and provision as per Prudential Regulations (PR) to ensure appropriate recognition of ECL against stage 3 loans; • Assessed the relevant disclosures made in the unconsolidated financial statements to determine, whether they comply with the relevant financial reporting standards as applicable in Pakistan

Emphasis of Matter - Applicability of State-Owned Enterprises framework

We draw attention to Note 2.4 to the unconsolidated financial statement which states that compliance of State-Owned Enterprises (Governance and Operations) Act, 2023 and State-Owned Enterprises (Ownership and Management) Policy, 2023 require further clarification from the Federal Government. For which ZTBL has sought clarification from Finance Division through letter and response to that letter is still awaiting. Accordingly, requirements related to these matters have not been considered in the preparation of these unconsolidated financial statements by the management. Our opinion is not modified in respect of this matter.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cashflow statement (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Zain ul Arfeen.

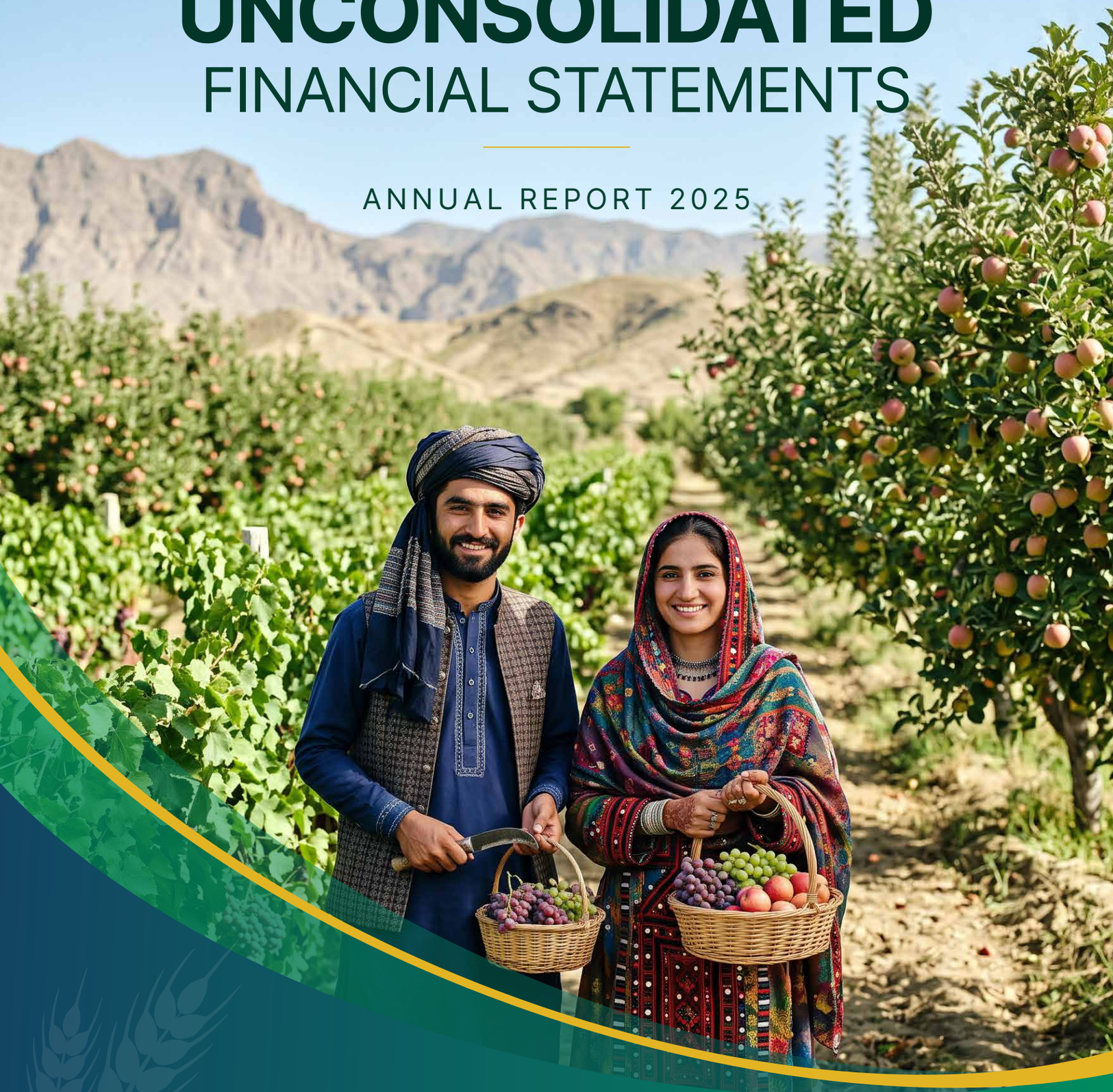
Crowe Hussain Ch & Co.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: July 29, 2026
UDIN: AR202510832kMLFqtgKX

ANNUAL
UNCONSOLIDATED
FINANCIAL STATEMENTS

ANNUAL REPORT 2025



ZARAI TARAQIATI BANK LIMITED

ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2025

Crowe Hussain Chaudhury & Co.
Chartered Accountants

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
ASSETS			
Cash and balances with treasury banks	5	4,436,051	3,125,812
Balances with other banks	6	52,679,896	7,492,526
Lendings to financial institutions	7	3,391,997	30,950,072
Investments	8	343,879,951	377,755,445
Advances	9	123,908,203	109,121,210
Property and equipment	10	2,056,648	1,844,619
Right-of-use assets	11	1,026,709	857,055
Intangible assets	12	97,908	172,425
Deferred tax assets	13	7,866,994	13,272,502
Other assets	14	27,665,158	32,947,331
		567,009,515	577,538,997
LIABILITIES			
Bills payable	16	652,106	451,707
Borrowings	17	382,813,041	408,066,969
Deposits and other accounts	18	59,489,419	56,621,831
Lease liabilities	19	1,141,258	997,225
Subordinated loan		-	-
Deferred tax liabilities		-	-
Other liabilities	20	28,133,575	29,023,447
		472,229,399	495,161,179
NET ASSETS		94,780,116	82,377,818
REPRESENTED BY			
Share capital	21	52,678,432	52,678,432
Reserves		14,513,625	12,113,062
Surplus on revaluation of assets	22	3,400,919	2,244,829
Un-appropriated profit		24,187,140	15,341,495
		94,780,116	82,377,818
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 48 and Annexures I & II form an integral part of these financial statements.

President **Chief Financial Officer** **Director** **Director** **Director**

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
Mark-up / return / interest earned	24	64,401,849	111,252,316
Mark-up / return / interest expensed	25	38,260,827	86,482,397
Net mark-up / interest income		26,141,022	24,769,919
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	1,089,378	1,139,924
Dividend income		142,512	66,735
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities	27	1,045,366	2,339,449
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	2,609,752	1,909,285
Total non-mark-up / interest income		4,887,008	5,455,393
Total income		31,028,030	30,225,312
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	17,634,242	16,115,478
Workers welfare fund		-	-
Other charges	30	12,669	1,881
Total non mark-up / interest expenses		17,646,911	16,117,359
Profit before credit loss allowance		13,381,119	14,107,953
Credit loss allowance / (reversal) and write offs - net	31	(13,203,428)	(11,783,986)
Other income / expense		-	-
PROFIT BEFORE TAXATION		26,584,547	25,891,939
Taxation	32	14,581,734	12,931,237
PROFIT AFTER TAXATION		12,002,813	12,960,702
		..... Rupees	
Basic earnings per share	33	2.28	2.46
Diluted earnings per share	33	2.28	2.46

The annexed notes 1 to 48 and Annexures I & II form an integral part of these financial statements.

President **Chief Financial Officer** **Director** **Director** **Director**

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	… Rupees in '000 …	
Profit after taxation for the year	12,002,813	12,960,702
Other comprehensive income		
Items that may be reclassified to statement of profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	1,156,090	622,778
	1,156,090	622,778
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	190,084	128,222
Movement in surplus on revaluation of property and equipment - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	190,084	128,222
Total comprehensive income	13,348,987	13,711,702

The annexed notes 1 to 48 and Annexures I & II form an integral part of these financial statements.

President **Chief Financial Officer** **Director** **Director** **Director**

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
	..... Rupees in '000					
Balance as at December 31, 2023	52,678,432	9,460,922	60,000	1,622,051	10,343,276	74,164,681
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	(5,498,565)	(5,498,565)
Profit after taxation for the year	-	-	-	-	12,960,702	12,960,702
Other comprehensive income - net of tax	-	-	-	622,778	128,222	751,000
Total comprehensive income for the year	-	-	-	622,778	13,088,924	13,711,702
Transferred to statutory reserve	-	2,592,140	-	-	(2,592,140)	-
Balance as at December 31, 2024	52,678,432	12,053,062	60,000	2,244,829	15,341,495	82,377,818
Impact of adoption of IFRS 9 - net of tax (Note 4.1.1)	-	-	-	-	(946,689)	(946,689)
Profit after taxation for the year	-	-	-	-	12,002,813	12,002,813
Other comprehensive income - net of tax	-	-	-	1,156,090	190,084	1,346,174
Total comprehensive income for the year	-	-	-	1,156,090	12,192,897	13,348,987
Preference shares	-	-	-	-	-	-
Transferred to statutory reserve	-	2,400,563	-	-	(2,400,563)	-
Balance as at December 31, 2025	52,678,432	14,453,625	60,000	3,400,919	24,187,140	94,780,116

Statutory reserves represent reserve maintained as per requirement of Section 21 of the Banking Companies Ordinance, 1962.

The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

The annexed notes 1 to 48 and Annexures I & II form an integral part of these financial statements.

President | Chief Financial Officer | Director | Director | Director

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss) before working capital changes	37	(702,283)	(1,457,038)
(Increase) / decrease in operating assets:			
Lendings to financial institutions		27,562,282	(24,394,000)
Securities classified as FVPL		1,246,815	(3,387,735)
Advances		(14,214,342)	(11,166,186)
Other assets (excluding advance taxation)		402,752	(1,692,601)
		14,997,507	(40,640,522)
Increase / (decrease) in operating liabilities:			
Bills payable		200,399	(2,153,665)
Borrowings from financial institutions		(25,253,928)	8,189,270
Deposits and other accounts		2,867,588	(547,242)
Other liabilities (excluding current tax)		(983,985)	1,133,517
		(23,169,926)	6,621,880
Interest received		71,222,935	103,963,074
Interest paid		(41,924,745)	(87,798,173)
Employees' benefits paid		(1,027,401)	(1,122,943)
Income tax paid		(10,481,654)	(9,732,090)
Net cash flow generated from / (used in) operating activities		8,914,433	(30,165,812)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		37,412,195	3,757,842
Realised gain on sales of securities		1,034,568	2,323,122
Dividend received		142,512	66,735
Investments in property and equipment / intangible assets		(561,238)	(586,321)
Proceeds from sale of property and equipment		10,759	25,899
Net cash flow generated from investing activities		38,038,796	5,587,277
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(449,840)	(388,395)
Net cash flow used in financing activities		(449,840)	(388,395)
Increase / (decrease) in cash and cash equivalents		46,503,389	(24,966,930)
Cash and cash equivalents at beginning of the year	34	10,619,822	35,586,752
Cash and cash equivalents at end of the year	34	57,123,211	10,619,822

The annexed notes 1 to 48 and Annexures I & II form an integral part of these financial statements.

President | Chief Financial Officer | Director | Director | Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 Reorganization and conversion

The Federal Government in its cabinet meeting held on August 28, 2002 decided for the reorganization and conversion of Agricultural Development Bank of Pakistan (ADBP) into a public limited Company for the purposes of ensuring good governance, autonomy, delivering high quality and viable financial services to a greater number of rural clientele and adequate returns to stakeholders. Accordingly, the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002 was promulgated for taking over the entire undertaking of ADBP and for matters connected therewith or incidental thereto.

1.2 Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqiati Bank Limited ("the Bank") was incorporated as a public limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of ADBP were transferred to, and vested in Zarai Taraqiati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (2024: 501) branches including 35 (2024: 25) Islamic Banking branches in Pakistan as at the close of the year.

1.3 Nature of business

The main purpose of the Bank is to provide sustainable rural finance and services particularly to small farmers and low-income households to strengthen the rural and agricultural sector, mitigate poverty, capital market and investment activities and other banking business.

2 BASIS OF PRESENTATION

2.1 These financial statements represent separate financial statements of the Zarai Taraqiati Bank Limited. The consolidated financial statements of the Bank and its subsidiary are issued separately.

2.2 The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in Annexure II to these financial statements.

2.3 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. These comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and notifications issued by the SBP and the SECP differ with the requirements of IFRS Accounting Standards or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.

The Federal Government through the Gazette of Pakistan dated February 2, 2023 issued State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act) followed by State-Owned Enterprises (Ownership and Management) Policy, 2023 (SOE Policy), on November 27, 2023 to improve the governance, financial efficiency, and transparency of state-owned enterprises. However, compliance of the SOE Act and SOE Policy require further clarifications from the Federal Government for which ZTBL has sought clarification from Finance Division through letter bearing reference number CAD/1(9)/2024/ dated August 13, 2024 and response to this letter is still awaiting. Accordingly, requirements related to these matters have not been considered in the preparation of these financial statements.

2.4.1 These financial statements have been prepared in accordance with the format for preparation of the annual financial statements issued by the State Bank of Pakistan (SBP), vide BPRD Circular Letter No. 13 of 2024, dated July 1, 2024.

2.4.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 04, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard (IFAS) 3, Profit and loss sharing on Deposits. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

2.4.3 All Islamic products are governed by the product manual approved by the Shariah Board of the Bank. The related accounting and revenue recognition policies are outlined in notes 4.6.2, 4.16.3 these financial statements, respectively. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

2.4.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

Certain amendments to standards, interpretations and improvements to accounting standards became effective in the current year, however, these do not have any material effect on the financial statements of the Bank and, therefore, are not disclosed except for certain matters pertaining to IFRS 9 'Financial Instruments', the impact of which is disclosed in the note 4.1.1 to the financial statements.

2.4.5 Standards, Interpretations and amendments to accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

	Effective date (annual periods beginning on or after)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 01, 2026
- IFRS 7 – Financial Instruments: Disclosures	January 01, 2026
- IFRS 17 - Insurance Contracts	January 01, 2026
- Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	January 01, 2027
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
- Subsidiaries without Public Accountability: Disclosures	January 01, 2027
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The Bank expects that adoption of the same will not affect its financial statements in the period of initial application.

2.4.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgement was exercised in the application of accounting policies are as follows:

	Note
Valuation and impairment of financial instruments	4.11 & 4.18
Classification of investment in subsidiaries and associates	4.7
Valuation and depreciation of property and equipment	4.8
Valuation and amortisation of intangible assets	4.9
Valuation and depreciation of right-of-use assets and related lease	4.10
Valuation of non-banking assets acquired in satisfaction of claims	4.12
Valuation of defined benefit plan	4.3
Taxation	4.13

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for:
- Certain investments that have been marked to market and are carried at fair value.
- Post employment benefits that are recorded at present value using actuarial valuation.
- Right-of-use assets and their related lease liability which are measured at their present values.

These financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these financial statements are consistent with those of the previous financial year, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

Following the implementation of IFRS 9 in line with BPRD Circular Letter No. 16 of 2024, the Bank began applying the Effective Interest Rate (EIR) method for the recognition of interest income on advances other than staff loans effective January 1, 2025. This approach, as required under IFRS 9, ensures that interest income is recognized in a way that appropriately represents the economic yield of financial assets over their contractual lives. Accordingly, the Bank has revised its accounting policies and upgraded its systems to support this methodology, ensuring consistent and compliant recognition of interest income using the EIR method.

The Bank has adopted EIR method in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2024 reporting period. Any adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption were recognised in the retained earnings as at January 1, 2025 without restating the comparative figures as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2024 does not reflect the requirements of EIR method for the recognition of interest income on financial assets and therefore is not comparable to the information presented for 2025 under IFRS 9.

4.1.1 Impact on the statement of financial position

The effect of this change in accounting policy is as follows:

	Carrying amount as on December 31,	Remeasurement under	Adjustments	Expected Credit Loss (ECL) - charge	Gross Impact	Tax Impact	Net Impact	Balance as on January 1, 2025	Measurement category
	..... Rupees in '000								
ASSETS									
Cash and balances with treasury banks	3,125,812	-	-	-	-	-	-	3,125,812	Amortised cost
Balances with other banks	7,492,526	-	-	-	-	-	-	7,492,526	Amortised cost
Lendings to financial institutions	30,950,072	-	-	-	-	-	-	30,950,072	Amortised cost
Investments									
Available for sale							-		
Federal Government securities	370,614,398	-	1,480,992	-	1,480,992	-	1,480,992	372,095,390	FVOCI
Non government debt securities	2,352,450	-	-	-	-	-	-	2,352,450	FVOCI
Shares	3,207,605	-	-	-	-	-	-	3,207,605	FVOCI - without recycling
							-		
Subsidiary	100,000	-	-	-	-	-	-	100,000	Outside the scope of IFRS 9
Advances									
Advances other than staff loans	108,286,774	(2,014,231)	-	-	(2,014,231)	-	(2,014,231)	106,272,543	Amortised cost
Staff loans	834,436	-	-	-	-	-	-	834,436	Amortised cost
Property and equipment	1,844,619	-	-	-	-	-	-	1,844,619	Outside the scope of IFRS 9
Right-of-use assets	857,055	-	-	-	-	-	-	857,055	Outside the scope of IFRS 9
Intangible assets	172,425	-	-	-	-	-	-	172,425	Outside the scope of IFRS 9
Deferred tax assets	13,272,502	-	-	-	-	1,067,542	1,067,542	14,340,044	Outside the scope of IFRS 9
Other assets									
Financial assets	32,060,640	-	(1,480,992)	-	(1,480,992)	-	(1,480,992)	30,579,648	Amortised cost
Non financial assets	2,367,683	-	-	-	-	-	-	2,367,683	Outside the scope of IFRS 9
	577,538,997	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	576,592,308	
LIABILITIES									
Bills payable	451,707	-	-	-	-	-	-	451,707	Amortised cost
Borrowings	408,066,969	-	-	-	-	-	-	408,066,969	Amortised cost
Deposits and other accounts	56,621,831	-	-	-	-	-	-	56,621,831	Amortised cost
Lease liabilities	997,225	-	-	-	-	-	-	997,225	Outside the scope of IFRS 9
Subordinated loan	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities									
Financial liabilities	27,069,477	-	-	-	-	-	-	27,069,477	Amortised cost
Non financial liabilities	1,953,970	-	-	-	-	-	-	1,953,970	Outside the scope of IFRS 9
	495,161,179	-	-	-	-	-	-	495,161,179	
NET ASSETS	82,377,818	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	81,431,129	
REPRESENTED BY									
Share capital	52,678,432	-	-	-	-	-	-	52,678,432	Outside the scope of IFRS 9
Reserves	12,113,062	-	-	-	-	-	-	12,113,062	Outside the scope of IFRS 9
Surplus on revaluation of assets	2,244,829	-	-	-	-	-	-	2,244,829	Outside the scope of IFRS 9
Accumulated profit	15,341,495	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	14,394,806	Outside the scope of IFRS 9
	82,377,818	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	81,431,129	

4.2 IFRS 9 - 'Financial Instruments'

4.2.1 Recognition of financial assets and liabilities

Financial assets and liabilities, except for advances, are recognized on the trade date, being the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way transactions, which are purchases or sales of financial assets that require delivery within the time frame established by market regulations or conventions. Advances are recognized when funds are disbursed to the customers' accounts.

a) Initial measurement of financial instrument

Upon initial recognition, financial instruments are classified based on their contractual cash flow characteristics and the Bank's business model for managing the instruments. Financial instruments are initially measured at fair value. For financial assets and financial liabilities not measured at fair value through profit or loss (FVTPL), directly attributable transaction costs are included in or deducted from the initial carrying amount.

b) Measurement categories of financial assets and liabilities

The Bank classifies its financial assets based on the business model for managing the assets and their contractual cash flow characteristics. Accordingly, financial assets are measured at:

- Amortized cost
- Fair value though Other comprehensive income (FVOCI), and
- Fair value through profit and loss (FVTPL)

The Bank may designate financial instruments at FVTPL where such designation eliminates or significantly reduces accounting mismatches. Financial liabilities, other than loan commitments, are measured at amortized cost.

Staff loans are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a employee benefit expense.

c) Financial assets and liabilities

The Bank measures loans and advances to customers and investments at amortized cost when both of the following criteria are satisfied:

- The financial asset is managed under a business model whose objective is to hold assets for the purpose of collecting contractual cash flows; and
- The contractual terms of the financial asset result in cash flows on specified dates that represent solely payments of principal and interest on the outstanding principal balance.

Business model assessment

The Bank determines its business model at a level that best reflects how groups of financial assets are managed collectively to achieve the Bank's stated business objectives.

- The nature of the risks that affect the performance of the business model and the financial assets held within that model, as well as the manner in which those risks are managed; and

- The assessment of the business model is based on reasonably expected scenarios and does not consider worst-case or stress-case assumptions. Where actual cash flows after initial recognition differ from the Bank's original expectations, such differences do not result in a reclassification of the remaining financial assets within the business model. Instead, this information is taken into account when assessing the classification of newly originated or newly acquired financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" represents the fair value of the financial asset at the time of initial recognition and may vary over the life of the instrument, for example due to principal repayments or the amortization of any premium or discount.

Conversely, contractual terms that expose the Bank to more than a de minimis level of risk or volatility in contractual cash flows that is inconsistent with a basic lending arrangement do not meet the SPPI criterion. Financial assets with such characteristics are required to be measured at fair value through profit or loss (FVTPL).

d) Debt instruments at FVOCI

The Bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model
- The objective of which is achieved by both collecting contractual cash flows and selling financial assets.

These instruments primarily comprise assets that were previously classified as available-for-sale financial investments. Debt instruments measured at fair value through other comprehensive income (FVOCI) are subsequently carried at fair value, with changes in fair value recognized in other comprehensive income (OCI).

Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds multiple investments in the same security, disposals are accounted for on a first-in, first-out basis.
Upon derecognition, the cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

e) Equity instruments at FVOCI

At initial recognition, the Bank may irrevocably designate certain equity investments as equity instruments measured at fair value through other comprehensive income (FVOCI), provided that such investments meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation and are not held for trading. This designation is made on an instrument-by-instrument basis.

Subsequent changes in the fair value of these equity instruments are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividend income is recognized in profit or loss as other operating income when the Bank's right to receive payment is established, except where the dividends represent a recovery of part of the cost of the investment, in which case such amounts are recognized in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

f) Debt issued and other borrowed funds

Following initial recognition, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is determined using the effective interest rate (EIR) method and reflects any discount or premium on issuance, as well as transaction costs that are directly attributable to and form an integral part of the EIR.

4.2.2 Derecognition of financial assets and liabilities

a) Derecognition for substantial modification of Financial assets

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired (POCI).

b) Derecognition other than for substantial modification Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

c) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

d) Reclassification of financial assets and liabilities

When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets. However, following changes in circumstances are not reclassifications under this ambit;

- an item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- an item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- when an entity uses a credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure).

Financial liabilities are never reclassified.

4.2.3 Impairment of financial assets

a) Overview of the ECL principles

The Bank recognizes an allowance for expected credit losses (ECL) on all loans and other debt financial assets that are not measured at fair value through profit or loss (FVPL), as well as on loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment requirements under IFRS 9.

The ECL allowance represents the expected credit losses over the expected life of the financial asset (lifetime expected credit losses or LTECL), except where there has been no significant increase in credit risk since initial recognition, in which case the allowance is measured at an amount equal to 12-month expected credit losses (12mECL).

Twelve-month ECL represents the portion of lifetime expected credit losses that results from default events that are possible within 12 months after the reporting date. Both lifetime and 12-month expected credit losses are measured either on an individual basis or on a collective basis, depending on the characteristics of the underlying portfolio of financial instruments.

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by evaluating changes in the risk of default over the remaining expected life of the instrument. In addition to days past due (DPD) criteria, management may apply qualitative assessments to identify certain exposures as non-performing loans (NPL).

Based on this assessment, the Bank classifies its loan portfolio into Stage 1, Stage 2, Stage 3 and (POCI) assets, as described below.

Stage 1	When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	Loans considered credit-impaired . The bank records an allowance for the LTECLs.
POCI	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

b) The calculation of ECL

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as

PD	Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. It is based on observed default rates over the life of the asset. ZTBL entire loans and advances portfolio consist of Advances. Advances are divided into two segments; development and production. The Bank's credit score card model for consumer lendings is not yet matured, therefore, the Bank used delinquency (days past due) based model for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. Data from 1 July 2016 till date has been used for PD estimations. For bank balances, lending to financial institutions, investments (other than local currency Government exposure) and other financial assets, the Bank's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of agency. PDs of external ratings are sourced from studies of international credit agencies such as S&P Global and Moody's.

LGD

Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of collateral and unfunded credit enhancements that are integral to the debt instrument. ZTBL calculates LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Contracted rates are used to discount recoveries to date of default. Data from 1 July 2016 till date has been used for LGD estimations. For bank balances, lending to financial institutions, investments (other than local currency Government exposure) and other financial assets, ZTBL used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June 27, 2006 issued by SBP.

EAD

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For loans considered credit-impaired , the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI

POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

c) Debt instruments measured at fair value through OCI

The Expected Credit Losses (ECL) for debt instruments measured at fair value through other comprehensive income (FVOCI) do not affect the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, the allowance for credit losses is recognized in Other Comprehensive Income (OCI) as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated credit loss recognized in OCI is subsequently recycled to profit or loss upon derecognition of the financial assets.

d) Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

e) Forward looking information

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on management judgement and analysis of historical default rates. These factors were considered to be the most suitable for the Bank's customers and were sourced from International Monetary Fund (IMF) which were used to determine forward looking Point in time PDs (PIT PDs).

4.2.4 Calculation of markup income and expense

Income from performing advances is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances are recognized in statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

Markup expense on financial liabilities (comprising deposits and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method.

4.2.5 Presentation of allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.

- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

4.2.6 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.2.7 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.2.8 Governance, ownership and responsibilities

The Bank has set up a robust governance framework requiring Risk Management, Finance, Business, Credit Risk, Internal Audit and IT functions to ensure compliance with IFRS 9 requirements.

The Bank's Credit Risk Review & Administration Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The Technology Operations & Support Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Bank's Finance & Accounts Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance & Accounts Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Enterprise Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Bank's policy, the Bank's Internal Audit function carries out ECL model validation, reviews IFRS 9 methodology and impact calculated by Finance & Accounts Division.

4.3 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

a) Pension scheme

The Bank operates defined benefit funded pension scheme approved by the income tax authorities, for its eligible employees who opted for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. The Bank's costs are determined on the basis of actuarial valuation carried out by independent actuary by using 'Projected Unit Credit Method'.

b) Gratuity scheme

The Bank operates a defined benefit funded gratuity scheme approved by the income tax authorities, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

c) Provident fund scheme

The Bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the employees' benefit scheme introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates non-contributory provident fund for its employees who opted for the new employees' benefit scheme, as mentioned above. Under this, non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the income tax authorities.

d) Benevolent scheme

The Bank also has two funded defined benefit benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Equal contribution to these schemes are made by employees and the Bank. The Bank is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation.

e) Post retirement medical benefits

The Bank operates an unfunded defined benefit post retirement medical benefit scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation. Actuarial gains / losses are accounted for in the manner similar to pension scheme.

f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances with treasury banks and balances with other banks.

4.5 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.6 Advances

4.6.1 Loans and advances

These are stated at cost less expected credit loss allowances except for staff loans which are stated at amortized cost less credit loss allowances.

4.6.2 Islamic Financing and Related Assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer. The customer purchases the Bank's share gradually as per his undertaking.

4.7 Investments

Investments in Subsidiaries and Associates

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The carrying amount of investments in subsidiaries and associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated at higher of its value in use and its fair value less cost to sell. Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account.

4.8 Property and equipment and depreciation

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use as intended by the management.

Property and equipment

Property and equipment, except freehold land which is not depreciated and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 10.2 to these financial statements, after taking into account the residual value, if any. Depreciation is charged on reducing balance method except for vehicles, computer equipment and leasehold land which are depreciated / amortized on straight line method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains / losses, if any, on disposal of property and equipment fixed assets are charged to the profit and loss account during the year.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over their useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

4.10 Right-of-use assets and their related lease liability

4.10.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged after the leases are matured or terminated.

4.10.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.11 Impairment

Carrying values of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.12 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at the carrying value of such assets.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account available tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 'Income Taxes'. The related deferred tax asset / liability is adjusted against the related deficit / surplus.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

4.14 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received.

Borrowings / deposits costs are recognized as expenses in the period in which these are incurred using effective mark-up / interest rate method.

4.15 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

4.16 Revenue recognition

4.16.1

- Mark-up / interest on advances (other than Islamic financing which is disclosed in Note 4.16.2 & 4.16.3) and returns on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by SBP. Where the debt securities are purchased at premium or discount, such premium / discount is amortised using effective interest rate method.

- Fee, brokerage and commission income is recognized on accrual basis.

- Profit / (loss) on sale of investments is credited / charged to the profit and loss account for the current year.

- Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

- Dividend income is recognized when the Bank's right to receive has been established.

- Recoveries against loans written-off under Government relief packages are accounted for on cash receipt basis.

- Operating lease rentals are recorded in the profit and loss account on a time proportion basis over the term of lease arrangements.

4.16.2 Revenue recognition under IFAS 2

- The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

4.16.3 Revenue recognition under product manual as approved by Shariah Board of the Bank

- Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.

4.17 Foreign currencies

Transactions in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date.

4.18 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the profit and loss account of the current period.

4.19 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

4.20 Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Bank's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted).
Level 2: Observable direct or indirect inputs other than Level 1 inputs.
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Bank that either require fair value measurements or only fair value disclosures as at December 31, 2025 are disclosed in note 40.

4.21 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

4.22 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.23 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Bank is engaged in providing agri-financing and branch banking, islamic banking and treasury operations and operates only in Pakistan.

4.24 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.25 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Bank.

4.26 Other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each reporting date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.27 Statutory reserve

In compliance with the requirements of the Banking Companies Ordinance, 1962, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 10% of the profit after tax.

4.28 Cash reserve requirement

The Bank maintains liquidity equivalent to at least 6% of its time and demand deposits in the form of liquid assets i.e. cash and banks.

4.29 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual expenditure incurred. Expenditure incurred against grants committed but not received, is recognized directly in the profit and loss account and reflected as a receivable from donors.

Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it.

4.30 Contingencies

A contingent liability is disclosed when the Bank has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.31 Commitments

Commitments for outstanding contractual obligations are disclosed in these unconsolidated financial statements at committed amounts.

		Note	2025	2024
			…… Rupees in '000 ……	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	Local currency		1,922,789	1,133,799
	With State Bank of Pakistan in:			
	Local currency current account	5.1	1,441,240	1,621,700
	With National Bank of Pakistan in:			
	Local currency current account		443,992	180,216
	Local currency deposit account	5.2	626,209	188,231
			1,070,201	368,447
	Prize bonds		1,821	1,866
			4,436,051	3,125,812
	Less: Credit loss allowance held against cash and balances with treasury banks		-	-
	Cash and balances with treasury banks - net of credit loss allowance		4,436,051	3,125,812

5.1 This represents current accounts maintained with SBP under cash reserve requirement of the Banking Companies Ordinance, 1962.

5.2 These carry mark-up at rates ranging from 7.29% to 7.54% (2024: 13.50% to 22.20%) per annum.

		Note	2025	2024
			…… Rupees in '000 ……	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		158,051	111,847
	In deposit accounts	6.1	52,529,109	7,382,163
			52,687,160	7,494,010
	Less: Credit loss allowance held against balances with other banks		(7,264)	(1,484)
	Balances with other banks - net of credit loss allowance		52,679,896	7,492,526

6.1 These carry mark-up at rates ranging from 5.25% to 11.90 % (2024: 6.75% to 13.60%) per annum.

		Note	2025	2024
			…… Rupees in '000 ……	
7	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Call money lendings	7.2	-	14,500,000
	Musharakah lending	7.3	3,000,000	13,650,000
	Repurchase agreement lendings (reverse repo)	7.4	-	2,804,700
	Bai Muajjal receivable			
	With State Bank of Pakistan	7.5	392,418	-
			3,392,418	30,954,700
	Less: Credit loss allowance held against lending to financial institutions		(421)	(4,628)
	Lending to financial institutions - net of credit loss allowance		3,391,997	30,950,072

7.1 Particulars of lendings

	2025	2024
	…… Rupees in '000 ……	
In local currency	3,392,418	30,954,700
In foreign currencies	-	-
	3,392,418	30,954,700

7.2 This carries mark-up rates NIL (2024: 13.85 % to 13.90%).

7.3 This carries mark-up at rates 10.45% (2024: 12% to 12.75%) per annum having maturity during January 2026.

7.4 This carries mark-up rates NIL (2024: 13.28%).

7.5 This carries mark up coupon at rate 11.86% to 12.53% (2024: NIL) per annum having maturity during 2028.

7.6 Securities held as collateral against lendings to financial institutions

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	..... Rupees in '000					
Pakistan Investment Bonds	-	-	-	2,804,700	-	2,804,700

7.7 Lending to financial institutions - Particulars of credit loss allowance

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		..... Rupees in '000			
Domestic					
Performing	Stage 1	3,392,418	421	30,954,700	4,628
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		3,392,418	421	30,954,700	4,628

	2025			
	Stage 1	Stage 2	Stage 3	Total
	..... Rupees in '000			
Balances as at 01 January 2025	4,628	-	-	4,628
New financial assets originated or pruchased	421	-	-	421
Financial assets that have been derecognised	(4,628)	-	-	(4,628)
	(4,207)	-	-	(4,207)
Closing balance	421	-	-	421

	2024			
	Stage 1	Stage 2	Stage 3	Total
	..... Rupees in '000			
Opening balance	-	-	-	-
Impact of adoption of IFRS9	490	-	-	490
Balances as at 01 January after adopting IFRS 9	490	-	-	490
New financial assets originated or pruchased	4,628	-	-	4,628
Financial assets that have been derecognised	(490)	-	-	(490)
	4,138	-	-	4,138
Closing balance	4,628	-	-	4,628

8 INVESTMENTS

8.1 Investments by types

	Note	2025 Cost / amortised cost	2025 Credit Loss	2025 Surplus / (deficit)	2025 Carrying value	2024 Cost / amortised cost	2024 Credit Loss Allowance	2024 Surplus / (deficit)	2024 Carrying value
		..... Rupees in '000							
- Debt Instruments									
Classified / measured at FVOCI									
Federal Government securities		332,164,356	-	3,775,071	335,939,427	367,013,611	-	1,661,390	368,675,001
Non Government debt securities		2,256,990	(310)	(24,536)	2,232,144	2,356,271	(354)	(3,467)	2,352,450
		334,421,346	(310)	3,750,535	338,171,571	369,369,882	(354)	1,657,923	371,027,451
Classified / measured at FVPL									
Federal Government securities		2,173,597	-	10,775	2,184,372	3,404,062	-	16,327	3,420,389
		2,173,597	-	10,775	2,184,372	3,404,062	-	16,327	3,420,389
- Equity instruments									
Classified / Measured at FVOCI (Non-Reclassifiable)									
Shares:									
Listed Companies		89,296	-	3,334,712	3,424,008	89,296	-	3,118,309	3,207,605
Unlisted Companies		10,523	(10,523)	-	-	10,523	(10,523)	-	-
		99,819	(10,523)	3,334,712	3,424,008	99,819	(10,523)	3,118,309	3,207,605
Subsidiary									
Kissan Support Services (Private) Limited	8.5	100,000	-	-	100,000	100,000	-	-	100,000
Total investments		336,794,762	(10,833)	7,096,022	343,879,951	372,973,763	(10,877)	4,792,559	377,755,445

	2025				2024			
	Cost / amortised cost	Credit Loss	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value
	..... Rupees in '000							
8.2 Investments by segments								
Federal Government Securities								
Market Treasury Bills	48,931,970	-	213,229	49,145,199	95,249,487	-	750,024	95,999,511
Pakistan Investment Bonds	283,898,827	-	3,547,296	287,446,123	273,009,185	-	910,390	273,919,575
Government of Pakistan Ijarah sukuk	1,507,156	-	25,321	1,532,477	2,159,001	-	17,303	2,176,304
	334,337,953	-	3,785,846	338,123,799	370,417,673	-	1,677,717	372,095,390
Shares:								
Listed Companies	89,296	-	3,334,712	3,424,008	89,296	-	3,118,309	3,207,605
Unlisted Companies	10,523	(10,523)	-	-	10,523	(10,523)	-	-
	99,819	(10,523)	3,334,712	3,424,008	99,819	(10,523)	3,118,309	3,207,605
Non Government Debt Securities								
Listed	2,066,769	(283)	(24,536)	2,041,950	2,091,021	(293)	(3,467)	2,087,261
Unlisted	190,221	(27)	-	190,194	265,250	(61)	-	265,189
	2,256,990	(310)	(24,536)	2,232,144	2,356,271	(354)	(3,467)	2,352,450
Subsidiary								
Kissan Support Services (Private) Limited	100,000	-	-	100,000	100,000	-	-	100,000
Total investments	336,794,762	(10,833)	7,096,022	343,879,951	372,973,763	(10,877)	4,792,559	377,755,445

	2025	2024
8.2.1 Investments given as collateral	..... Rupees in '000	
Market Treasury Bills	40,196,484	65,012,242
Pakistan Investment Bonds	237,436,977	199,571,000
	277,633,461	264,583,242

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	..... Rupees in '000			..... Rupees in '000		
Opening Balances	374,448,194	-	10,523	-	-	10,523
Impact of adoption of IFRS 9	-	-	-	368,580,310	-	-
New investments	14,330,103	-	-	144,180,487	-	-
Investments derecognised or repaid	(48,422,044)	-	-	(138,312,603)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(34,091,941)	-	-	5,867,884	-	-
Amounts charged off	-	-	-	-	-	-
Closing balance	340,356,253	-	10,523	374,448,194	-	10,523

8.3.2 Investments - Particulars of credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	..... Rupees in '000			..... Rupees in '000		
Opening Balances	354	-	10,523	-	-	10,523
Impact of adoption of IFRS 9	-	-	-	377	-	-
New investments	-	-	-	-	-	-
Investments derecognised or repaid	-	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	-	-	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(44)	-	-	(23)	-	-
Closing balance	310	-	10,523	354	-	10,523

8.3.3 Particulars of credit loss allowance against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
Domestic		..... Rupees in '000		..... Rupees in '000	
Performing	Stage 1	340,356,253	310	374,448,194	354
Under performing	Stage 2	-	-	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		340,356,253	310	374,448,194	354

8.3.4 Under the SBP's IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

8.4 Quality of securities

8.4.1 Details regarding quality of FVPL securities are as follows:

	2025	2024
	Cost	
	…… Rupees in '000 ……	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	2,173,597	3,404,062

8.4.2 Details regarding quality of FVOCI securities are as follows:

Federal Government Securities - Government guaranteed		
Market Treasury Bills	48,931,970	95,249,487
Pakistan Investment Bonds	281,725,230	269,605,123
Ijarah Sukuks	1,507,156	2,159,001
	332,164,356	367,013,611
Shares		
Listed companies		
Food and personal care products - cost	89,296	89,296

	2025		2024	
	Cost	Breakup value	Cost	Breakup value
		……..... Rupees in '000 …….		
Unlisted companies				
Pakistan Mercantile Exchange Limited	10,523	28,889	10,523	17,327
Pakistan Agricultural Storage and Services Corporation Limited	-	(148,825)	-	1,557,625
	10,523	(119,936)	10,523	1,574,952

Investment in Pakistan Mercantile Exchange Limited has been fully provided for due to negative break up value in prior financial statements. Cost per share is Rs. 10 to Rs. 13.5 having total cost amounting to Rs. 10.523 million.

Investments in Pakistan Agricultural Storages and Services Corporation Limited was transferred to the Bank at the time of conversion of ADBP into the Bank at nominal value of Rs. 1. Cost per share is Rs. 1,000 having total cost amounting to Rs. 2.50 million.

	2025	2024
	Cost	
	…… Rupees in '000 ……	
Non Government debt securities		
Listed		
- AAA	568,230	-
- AA+, AA, AA-	1,498,539	1,977,271
- A+, A, A-	-	113,750
	2,066,769	2,091,021
Unlisted		
- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	190,221	265,250
	190,221	265,250

8.5 Information related to subsidiary company

	2025	2024
	…… Rupees in '000 ……	
Country of incorporation	Pakistan	
Percentage of Holding (%)	100	100
Assets	2,271,363	2,040,747
Liabilities	619,536	561,829
Revenue	241,014	220,919
Profit after tax	157,900	218,767
Total comprehensive income	172,908	270,362

9 ADVANCES

	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	116,549,826	101,613,315	24,144,677	26,981,173	140,694,503	128,594,488
Islamic financing and related assets	108,128	8,032	-	-	108,128	8,032
Advances - gross	116,657,954	101,621,347	24,144,677	26,981,173	140,802,631	128,602,520
Credit loss allowance against advances:						
- Against agriculture advance						
-Stage 1	526,981	581,916	-	-	526,981	581,916
-Stage 2	330,674	2,588,742	-	-	330,674	2,588,742
-Stage 3	-	-	12,996,086	13,270,932	12,996,086	13,270,932
- Against staff advances	406	387	40,281	39,333	40,687	39,720
- General	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,858,061	6,171,045	13,036,367	13,310,265	16,894,428	19,481,310
Advances - net of credit loss allowance	112,799,893	95,450,302	11,108,310	13,670,908	123,908,203	109,121,210

9.1 Particulars of advances (gross)

	2025	2024
In local currency	140,802,631	128,602,520

9.1.1 Advances to women, women-owned and managed enterprises

Women	9,011,029	7,304,072
Women Owned and Managed Enterprises	181,997	182,791
	9,193,026	7,486,863

9.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amounts to Rs. 4,791.750 million (2024: Rs. 3,871.434 million)

9.2 Particulars of credit loss allowance

9.2.1 Advances - Exposure

	2025		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	100,590,077	7,853,106	19,285,181
New advances	57,316,481	281,252	163,721
Advances derecognised or repaid	(36,397,557)	(2,636,773)	(6,680,712)
Transfer to stage 1	1,661,225	(962,715)	(698,510)
Transfer to stage 2	(3,525,054)	3,562,253	(37,199)
Transfer to stage 3	(4,203,758)	(4,454,361)	8,658,119
	14,851,337	(4,210,344)	1,405,419
Amounts charged off	-	-	-
Closing balance	115,441,414	3,642,762	20,690,600

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	-	-	-
Impact of adoption of IFRS 9	85,440,415	14,386,463	18,738,010
New advances	55,438,211	394,429	363,340
Advances derecognised or repaid	(33,543,961)	(5,159,298)	(6,436,767)
Transfer to stage 1	2,392,251	(1,783,966)	(608,285)
Transfer to stage 2	(7,283,188)	7,353,965	(70,777)
Transfer to stage 3	(1,853,651)	(7,338,487)	9,192,138
	15,149,662	(6,533,357)	2,439,649
Amounts charged off	-	-	(1,892,478)
Closing balance	100,590,077	7,853,106	19,285,181

9.2.2 Advances - Credit loss allowance

	2025		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	581,916	2,588,742	13,270,932
New advances	85,544	297,586	1,570,347
Advances derecognised or repaid	(708,788)	(784,978)	(4,444,514)
Transfer to stage 1	738,451	(318,525)	(419,926)
Transfer to stage 2	(25,070)	44,027	(18,957)
Transfer to stage 3	(56,544)	(1,483,759)	1,540,304
	33,593	(2,245,649)	(1,772,746)
Amounts written off / charged off	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(88,528)	(12,419)	1,497,900
Closing balance	526,981	330,674	12,996,086

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances			
Impact of adoption of IFRS 9	1,335,082	5,171,698	14,387,176
New advances	402,982	2,672,162	4,510,399
Advances derecognised or repaid	(1,325,822)	(1,758,826)	(4,601,396)
Transfer to stage 1	1,057,090	(617,645)	(439,445)
Transfer to stage 2	(86,326)	131,154	(44,828)
Transfer to stage 3	(131,376)	(2,717,198)	2,848,574
	(83,452)	(2,290,353)	2,273,304
Amounts written off / charged off	-	-	(1,892,478)
Changes in risk parameters (PDs/LGDs/EADs)	(669,714)	(292,603)	(1,497,070)
Closing balance	581,916	2,588,742	13,270,932

9.2.3 Advances - Credit loss allowance details

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		..... Rupees in '000			
Domestic					
Performing	Stage 1	115,441,414	526,981	100,590,077	581,916
Under performing	Stage 2	3,642,762	330,674	7,853,106	2,588,742
Non-Performing	Stage 3				
Other assets especially mentioned		3,568,098	1,196,165	-	-
Substandard		5,069,962	1,955,803	12,265,726	7,958,480
Doubtful		5,633,844	3,420,489	4,419,491	2,717,418
Loss		6,418,696	6,423,629	2,599,964	2,595,034
		20,690,600	12,996,086	19,285,181	13,270,932
Total		139,774,776	13,853,741	127,728,364	16,441,590

9.3 Advances include Rs. 24,101.695 million (2024: Rs. 26,938.645 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	2025		2024	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	..... Rupees in '000			
Domestic				
Other assets especially mentioned - Stage 2	3,411,095	-	7,653,464	-
Other assets especially mentioned - Stage 3	3,568,098	1,196,165	-	-
Substandard	5,069,962	1,955,803	12,265,726	7,958,480
Doubtful	5,633,844	3,420,489	4,419,491	2,717,418
Loss	6,418,696	6,423,629	2,599,964	2,595,034
	20,690,600	12,996,086	19,285,181	13,270,932
	24,101,695	12,996,086	26,938,645	13,270,932

9.4 Particulars of credit loss allowance against advances

	2025				
	Stage 3	Stage 2	Stage 1	General	Total
	..... Rupees in '000				
Opening balance	13,270,932	2,588,742	581,916	3,000,000	19,441,590
Charge for the year	4,654,443	326,298	408,475	-	5,389,216
Reversals	(4,929,289)	(2,584,366)	(463,410)	-	(7,977,065)
	(274,846)	(2,258,068)	(54,935)	-	(2,587,849)
Amounts written off (Note 9.5)	-	-	-	-	-
Amounts charged off	-	-	-	-	-
Closing balance	12,996,086	330,674	526,981	3,000,000	16,853,741

	2024					
	Stage 3	Stage 2	Stage 1	Specific	General	Total
	..... Rupees in '000					
Opening balance	-	-	-	11,434,334	3,000,000	14,434,334
Impact on adoption of IFRS 9	14,387,176	5,171,698	1,335,082	(11,434,334)	-	9,459,622
Charge for the year	6,179,931	2,509,747	506,641	-	-	9,196,319
Reversals	(5,403,697)	(5,092,703)	(1,259,807)	-	-	(11,756,207)
	776,234	(2,582,956)	(753,166)	-	-	(2,559,888)
Amounts written off (Note 9.5)	-	-	-	-	-	-
Amounts charged off	(1,892,478)	-	-	-	-	(1,892,478)
Closing balance	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590

9.4.1 Particulars of credit loss allowance / provision against advances

	2025				
	Stage 3	Stage 2	Stage 1	General	Total
	..... Rupees in '000				
In local currency	12,996,086	330,674	526,981	3,000,000	16,853,741

	2024					
	Stage 3	Stage 2	Stage 1	Specific	General	Total
	..... Rupees in '000					
In local currency	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590

9.4.2 Regulations R-11, R-12, R-13 and R-15 of the Prudential Regulations for Agriculture Financing prescribe minimum standards for classification and provisioning of non-performing loans. As per the time based criteria given in the aforesaid Regulations, provision against non-performing loans is to be made at a given percentage of the difference resulting from the outstanding balance of principal less the amount of realizable liquid assets and a given percentage of the value of mortgaged lands and buildings at the time of sanction of the loans. However, as a matter of prudence the Bank has not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.

9.4.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 1,172.832 million (2024: Rs.1,899.185 million) and further de-graded the category of classified loans and advances amounting to Rs. 2,178.313 million (2024: Rs. 4,088.474 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

		Note	2025	2024
			…… Rupees in '000 ……	
9.5	**Particulars of write offs:**			
9.5.1	Against credit loss allowance / provisions		-	-
	Directly charged to profit and loss account		-	-
			-	-
9.5.2	Write offs of Rupees 500,000 and above	9.6	-	-
	Write offs of below Rupees 500,000		-	-
			-	-

9.6 Details of Loan write offs of Rupees 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year has to be disclosed. Detail of charge offs out of extinguished loan portfolio exceeding five hundred thousand rupees is given at annexure I.

9.7 Particulars of charged off

In terms of Prudential Regulations for Agricultural Financing - Part B (specific regulations) the Bank extinguishes its loans through provisions. The total balance for these off-balance sheet loans extinguished against provisions as at December 31, 2025 amounts to Rs. 45,494.00 million (2024: Rs. 53,081.05 million) with an addition of NIL (2024: Rs. 1,892.48 million) as charge off loans during the year.

		Note	2025	2024
			…… Rupees in '000 ……	
10	**PROPERTY AND EQUIPMENT**			
	Capital work-in-progress	10.1	277,325	181,928
	Property and equipment	10.2	1,779,323	1,662,691
			2,056,648	1,844,619
10.1	**Capital work-in-progress**			
	Civil works		54,520	55,146
	Equipment		210,262	116,566
	Consultancy charges		12,128	9,801
	Others	10.1.1	415	415
			277,325	181,928

10.1.1 This includes soil testing and other charges incurred at sites.

10.2 Property and equipment

Description	January 1, 2025			Year ended December 31, 2025				December 31, 2025			Rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal) / (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	..... Rupees in '000										
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	6,472	4,270	4,270	-	217	4,053	10,742	6,689	4,053	Lease terms for 30 to 99 years
Buildings on freehold land	733,793	293,058	440,735	440,735	3,200	22,097	421,838	736,993	315,155	421,838	5%
Buildings on leasehold land	570,248	342,801	227,447	227,447	76,140	13,516	290,071	646,388	356,317	290,071	5%
Buildings on leasehold land - ADB	21,224	12,166	9,058	9,058	-	453	8,605	21,224	12,619	8,605	5%
Furniture and fixtures	564,574	344,333	220,241	220,241	9,423 (391)	22,559 (364)	207,078	573,606	366,528	207,078	10% / 20%
Computer, office and other equipment	2,037,480	1,480,752	556,728	556,728	267,480 (136)	220,320 (132)	603,884	2,304,824	1,700,940	603,884	20% / 33%
Computer, office and other equipment - ADB	205,038	205,036	2	2	-	-	2	205,038	205,036	2	20% / 33%
Vehicles	1,112,547	1,014,256	98,291	98,291	82,167 (34,935)	39,384 (31,734)	137,873	1,159,779	1,021,906	137,873	20%
	5,361,565	3,698,874	1,662,691	1,662,691	438,410 (35,462)	318,546 (32,230)	1,779,323	5,764,513	3,985,190	1,779,323	

Description	January 1, 2024			Year ended December 31, 2024				December 31, 2024			Annual rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal)/ (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	..... Rupees in '000										
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	6,256	4,486	4,486	-	216	4,270	10,742	6,472	4,270	Lease terms for 30 to 99 years
Buildings on freehold land	725,969	269,537	456,432	456,432	7,824	23,521	440,735	733,793	293,058	440,735	5%
Buildings on leasehold land	560,197	330,707	229,490	229,490	10,051	12,094	227,447	570,248	342,801	227,447	5%
Buildings on leasehold land - ADB	21,224	11,689	9,535	9,535	-	477	9,058	21,224	12,166	9,058	5%
Furniture and fixtures	551,888	322,035	229,853	229,853	14,161 (1,475)	23,727 (1,429)	220,241	564,574	344,333	220,241	10% / 20%
Computer, office and other equipment	1,656,599	1,346,045	310,554	310,554	381,540 (659)	135,359 (652)	556,728	2,037,480	1,480,752	556,728	20% / 33%
Computer, office and other equipment - ADB	205,038	205,036	2	2	-	-	2	205,038	205,036	2	20% / 33%
Vehicles	1,146,035	1,023,020	123,015	123,015	26,804 (60,292)	38,253 (47,017)	98,291	1,112,547	1,014,256	98,291	20%
	4,983,611	3,514,325	1,469,286	1,469,286	440,380 (62,426)	233,647 (49,098)	1,662,691	5,361,565	3,698,874	1,662,691	

		2025	2024
		..... Rupees in '000	
10.3	Carrying amount of temporarily idle property	58,353	58,382

10.4 Included in cost of property and equipment are fully depreciated items still in use having following category wise breakup:

Leasehold land	3,220	3,220
Computer, office and other equipment	499,197	478,579
Computer, office and other equipment - ADB	205,039	205,039
Vehicles	910,513	914,278
	1,617,969	1,601,116

10.5 The title documents of freehold land having cost of Rs. 1.86 million (2024: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2024: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.

10.6 Detail of disposal of fixed assets to related parties during the year are as follows:

Description	Cost	Book value	Sale proceed	Mode of disposal	Particulars of buyers
	..... Rupees in '000				
Honda BRV AQZ-689	2,535	-	507	As per entitlement	Waqas Ahmad, EVP
Toyota Yaris Gli AQZ-935	2,548	-	510	As per entitlement	Anjum Abbass, EVP

11 RIGHT-OF-USE ASSETS

	2025			2024		
	Buildings	Others	Total	Buildings	Others	Total
	..... Rupees in '000					
At January 01						
Cost	1,546,930	-	1,546,930	1,450,311	-	1,450,311
Accumulated Depreciation	689,875	-	689,875	593,372	-	593,372
Net opening carrying amount at January 01	857,055	-	857,055	856,939	-	856,939
Additions during the year	528,356	-	528,356	324,882	-	324,882
Deletions during the year	72,178	-	72,178	49,311	-	49,311
Depreciation charge for the year	286,524	-	286,524	275,455	-	275,455
Net closing carrying amount at December 31	1,026,709	-	1,026,709	857,055	-	857,055

12 INTANGIBLE ASSETS

Description	January 1, 2025			Year ended December 31, 2025				December 31, 2025			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	492,831	320,406	172,425	172,425	27,431	101,948	97,908	520,262	422,354	97,908	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	574,912	402,487	172,425	172,425	27,431	101,948	97,908	602,343	504,435	97,908		

Description	January 1, 2024			Year ended December 31, 2024				December 31, 2024			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	462,014	206,089	255,925	255,925	30,817	114,317	172,425	492,831	320,406	172,425	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	544,095	288,170	255,925	255,925	30,817	114,317	172,425	574,912	402,487	172,425		

12.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 304.986 million (2024: Rs. 293.654 million).

13 DEFERRED TAX ASSETS

	Note	At January 1, 2025	Impact of adoption of IFRS 9	Recognised in P&L A/C	Recognised in OCI	At December 31, 2025
		..... Rupees in '000				
Deductible temporary differences on:						
Loans & advances		18,742,145	1,067,543	(5,188,086)	-	14,621,602
Taxable temporary differences on:						
Defined benefit plans		(2,662,888)	-	-	(205,924)	(2,868,812)
Accelerated tax depreciation and amortization		(275,352)	-	73,884	-	(201,468)
Surplus on revaluation of investments	22	(2,531,403)	-	-	(1,152,925)	(3,684,328)
		(5,469,643)	-	73,884	(1,358,849)	(6,754,608)
		13,272,502	1,067,543	(5,114,202)	(1,358,849)	7,866,994

		At January 1, 2024	Impact of adoption of IFRS 9	Recognised in P&L A/C	Recognised in OCI	At December 31, 2024
		..... Rupees in '000				
Deductible temporary differences on:						
Loans & advances		16,874,015	4,635,214	(2,767,084)	-	18,742,145
Taxable temporary differences on:						
Defined benefit plans		(2,518,298)	-	-	(144,590)	(2,662,888)
Accelerated tax depreciation and amortization		(66,461)	-	(208,891)	-	(275,352)
Surplus on revaluation of investments	22	(1,558,442)	-	-	(972,961)	(2,531,403)
		(4,143,201)	-	(208,891)	(1,117,551)	(5,469,643)
		12,730,814	4,635,214	(2,975,975)	(1,117,551)	13,272,502

13.1 In terms of the Seventh Schedule to the Income Tax Ordinance, 2001, the claim of provision for advances and off balance sheet items has been restricted to 1% of gross advances. This represents the management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability.

		Note	2025	2024
			…… Rupees in '000 ……	
14	**OTHER ASSETS**			
	Income / mark-up accrued in local currency on :			
	- advances	14.1	10,812,721	13,421,515
	- securities		7,866,692	12,218,003
	- deposits		173,335	34,316
	Amount recoverable from Federal Government	14.2	2,938,250	2,887,888
	Tax recoverable	14.3	422,652	422,652
	Branch adjustment account		1,363,836	1,625,809
	Taxation (payments less provision)	14.4	2,468,004	1,453,883
	Receivable from defined benefit plans:	38.6.1		
	gratuity scheme - SR - 2005		1,782,374	1,184,271
	Non banking assets acquired in satisfaction of claims	14.5.1	75,325	407,301
	Due from Islamic Banking		8,846	3,655
	Stationery and stamps in hand		159,746	163,445
	Stock of farm machinery		6,287	11,237
	Advances against salary and expenses		63,196	60,882
	Security deposits		8,137	7,899
	Advances and other prepayments		178,688	175,461
	Clearing and settlement		318,786	160,566
	Others		221,928	173,621
			28,868,803	34,412,404
	Credit loss allowance held against other assets	14.6	(1,203,645)	(1,465,073)
	Other assets - net of credit allowance		27,665,158	32,947,331

14.1 This does not include Rs. 11,681.402 million (2024: Rs. 12,290.111 million) on account of unrealised mark-up on non performing loans and advances kept in the memorandum account in accordance with the Prudential Regulations for Agriculture Financing.

14.2 This includes amount recoverable from Federal Government on account of crop loan insurance premium amounting to Rs. 2,803.360 million (2024: Rs. 2,802.541 million), small livestock farmers premium amounting to Rs. 130.054 million (2024: Rs. 80.486 million) and animal tagging charges amounting to Rs. 4.836 million (2024: Rs. 4.861 million).

14.3 This includes tax recoverable of Rs. 309.359 million (2024: Rs. 309.359 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 15.

		Note	2025	2024
			…… Rupees in '000 ……	
14.4	**Taxation - net**			
	Opening receivable		1,453,883	1,677,055
	Charge during the year	32	(9,467,533)	(9,955,262)
	Advance income tax / withholding tax		10,481,654	9,732,090
	Closing receivable		2,468,004	1,453,883

		2025	2024
		…… Rupees in '000 ……	
14.5	**Market value of non-banking assets acquired in satisfaction of claims**	485,196	829,904
14.5.1	**Non banking assets acquired in satisfaction of claims**		
	Opening Balance	407,301	420,731
	Additions	1,455	2,221
	Disposals	(333,431)	(15,651)
	Closing Balance	75,325	407,301
14.5.2	**Gain on Disposal of Non-banking assets acquired in satisfaction of claims**		
	Disposal proceeds	401,425	55,897
	less : Cost	(333,412)	(15,651)
	Gain	68,013	40,246
14.6	**Credit loss allowance held against other assets**		
	Tax recoverable	422,652	422,652
	Non banking assets acquired in satisfaction of claims	75,325	407,301
	Amount recoverable from Federal Government	573,798	551,140
	Stock of farm machinery	6,287	11,237
	Accrued interest on advances of ex-employees	16,577	16,070
	Amount deposited with courts / legal charges recoverable	109,006	56,673
		1,203,645	1,465,073
14.6.1	**Movement in credit loss allowance held against other assets**		
	Opening balance	1,465,073	988,669
	Charge for the year	121,429	521,703
	Reversals	(382,857)	(45,299)
		(261,428)	476,404
	Closing balance	1,203,645	1,465,073

15 CONTINGENT ASSETS

15.1 There is a contingency of an amount of Rs. 297.149 million and Rs. 54.828 million on account of minimum income tax levied by the Income Tax authorities under section 80-D of the Income Tax Ordinance, 1979, and various tax refunds pertaining to assessment years 1991-92 to 1998-99 and assessment year 1999-2000 respectively despite the income of the Bank being exempt from tax up to income year ended 30 June 1999. The Bank paid, under protest, these disputed tax demands and also filed writ petition in this respect in the Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the Bank withdrew the said petition on the directions of the Federal Government and the case was referred to the Law and Justice Division of the Government of Pakistan (GoP) which decided the reference in the Bank's favour. The Federal Board of Revenue (FBR), disagreed with the aforesaid decision, further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over the said section 80-D of the Income Tax Ordinance, 1979.

15.2 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.05.2019 for the period January 2012 to December 2012 creating a demand of Rs 6.42 million (Principal + Penalty). On 03.06.2019, payment of impugned tax Amounting Rs.6.6 million (Principal + 10% Surcharge) has been made, under protest, to avail the SRB Amnesty Scheme. Bank has filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

15.3 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.07.2019 for the period January 2013 to December 2013 creating a demand of Rs 2.75 million. On 03.06.2019, payment of impugned tax amounting to Rs. 2.75 million was made, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

15.4 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 24.01.2020 for the period of January 2014 to December 2014 which created a demand of Rs.54.6 million. On 03.06.2019 payment of impugned tax was made for Rs. 2.86 million, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

		Note	2025	2024
			…… Rupees in '000 ……	
16	**BILLS PAYABLE**			
	In Pakistan		652,106	451,707
17	**BORROWINGS**			
	Secured			
	Borrowing from State Bank of Pakistan (SBP)			
	Redeemable preference shares	17.2	-	54,461,536
	Repurchase agreement borrowings	17.3	243,458,031	251,568,896
	Repurchase agreement borrowings - others	17.4	34,175,430	13,014,346
	Borrowings From Other Banks	17.5	-	19,385,015
	Total secured		277,633,461	338,429,793
	Unsecured			
	Borrowing from Federal Government:			
	Preference shares	17.2	54,461,536	-
	Call borrowings	17.6	50,718,044	69,637,176
			382,813,041	408,066,969
17.1	**Particulars of borrowings with respect to currencies**			
	In local currency		382,813,041	408,066,969

17.2 In pursuance of Finance Division (Internal Finance Wing), Government of Pakistan letter dated May 30, 2025 the SBP shareholding of ordinary shares and redeemable preference shares carrying markup of 7.5% per annum (as per agreement executed between SBP and the Bank in the year 2017) in the Bank had been purchased by the Federal Government. Accordingly, the Bank transferred SBP ordinary shares of Rs. 40,155.992 million and preference shares of Rs. 54,461.536 million to the Federal Government. After acquisition of preference shares by GoP, the loan agreement between the Bank and the SBP ended; and GoP acquired the resultant preference shares with no formal contract / terms executed. Consequently, the Bank submitted proposal to MoF for conversion of preference shares into ordinary shares which was agreed in principal by the MoF and it was advised to place the matter before the Board of Directors of the Bank and proceed accordingly. As advised, the Board of Directors of the Bank in its meeting dated January 28, 2026 and the shareholders of the Bank in their extraordinary general meeting dated February 10, 2026 approved the conversion of preference shares of Rs. 54,461.536 million into ordinary shares to the Federal Government with effect from June 5, 2025. However, Privatization Commission (PC) vide their letters dated September 24, 2025 and March 18, 2026 directed the Bank not to proceed with the said conversion till PC and CCoP have looked into the matter and taken a decision most appropriate for Bank's privatization. The deliberations / decision by CCoP is still pending.

17.3 These carry markup at the rate of 10.55% to 11.50% (2024: 13.07%) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 14,000 million (2024: Rs.54,000 million) and Pakistan Investment Bonds amounting to Rs.234,600 million (2024: Rs.203,000 million). These are repayable by January 2026 (2024: January 2025).

17.4 These carry markup at the rate of 10.5% to 11.40% (2024: 12.75% to 13.30%) per annum and are secured against Market Treasury Bills and Pakistan Investment bonds having face value amounting to Rs. 36,127 million (2024: Market Treasury Bills having face value amounting Rs.13,996 million). These are repayable by January 2026 (2024: January 2025).

17.5 These carry markup rate NIL (2024: 15%) per annum.

17.6 These carry markup at the rate of 10.25% to 11% (2024: 11% to 15%) per annum. These are repayable by January to May 2026 (2024: January to May 2025).

		2025	2024
		..... Rupees in '000	
18	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers - local currency		
	Current deposits	13,290,925	10,175,082
	Saving deposits	13,429,531	11,950,511
	Term deposits	31,470,523	33,230,903
	Others	413,525	187,903
		58,604,504	55,544,399
	Financial Institutions - local currency		
	Current deposits	185,726	126,063
	Saving deposits	679,189	951,369
	Term deposits	20,000	-
		884,915	1,077,432
		59,489,419	56,621,831
18.1	**Composition of deposits**		
	- Individuals	9,931,075	7,205,077
	- Government (Federal and Provincial)	14,488,958	6,684,568
	- Public sector entities	1,221,292	11,087,913
	- Banking companies	6	2,434
	- Non-Banking Financial Institutions	884,909	1,074,998
	- Private sector	32,963,179	30,566,841
		59,489,419	56,621,831

18.2 These include deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 28,440.836 million (2024: Rs. 18,803.058 million).

		2025	2024
19	**LEASE LIABILITIES**	..... Rupees in '000	
	Outstanding amount at the start of the year	997,225	983,391
	Additions during the year	438,355	270,098
	Lease payments including interest	(352,066)	(336,217)
	Interest expense	137,695	126,658
	Termination and other adjustments	(79,951)	(46,705)
	Outstanding amount at the end of the year	1,141,258	997,225
19.1	**Contractual maturity of lease laibilities**		
	Short-term lease liabilities - within one year	48,227	82,572
	Long-term lease liabilities		
	- 1 to 5 years	503,266	425,336
	- 5 to 10 years	497,797	429,234
	- More than 10 years	91,968	60,083
		1,093,031	914,653
	Total lease liabilities	1,141,258	997,225

	Note	2025	2024
		…… Rupees in '000 ……	
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency on:			
- borrowings		1,045,715	3,407,005
- deposits and other accounts		1,207,366	2,647,689
Accrued expenses		1,421,538	1,746,765
Net liabilities relating to Bangladesh	20.1	189	189
Payable to Ministry of Food Agriculture & Livestock	20.2	168,000	168,000
Provision for:	38.6.1		
- pension scheme		8,350,716	6,344,733
- employees' post retirement medical benefits		12,386,733	10,439,311
- employees' compensated absences		2,096,704	2,153,930
Payable to subsidiary company	43	168,268	162,044
Security deposits		24,132	21,559
Deferred income	20.3	8,605	9,058
Others	20.4	1,255,609	1,923,164
		28,133,575	29,023,447

20.1 Net liabilities relating to Bangladesh

Liabilities		2,041,657	2,012,286
Assets		(2,041,468)	(2,012,097)
	20.1.1	189	189

20.1.1 This represents the amount relating to the activities of the Bank in Bangladesh (former East Pakistan) before its separation. In accordance with the Finance Division letter No. F.5(12)PEC(op-FR)/78-236 dated May 6, 1979 the Bank has to calculate interest on the loans made in Bangladesh as it does in the case of corresponding borrowings made from the SBP. Instead of carrying the interest to profit and loss account, the Bank shows it in the statement of financial position only. The Bank is accruing interest at the rate of 8% per annum on its loans and advances made in Bangladesh with contra increase in its liabilities relating to its activities in Bangladesh. However, the Bank has no control over these assets.

20.2 This represents payable under Crop Maximization Project - Productivity Enhancement on Sustainable Basis.

	Note	2025	2024
		…… Rupees in '000 ……	
20.3 Deferred income			
Opening balance		9,058	9,535
Amortization during the year	28	(453)	(477)
Closing balance		8,605	9,058

20.3.1 Deferred income comprises the grants from the Asian Development Bank via Government of Pakistan for Rural Support Development Finance Project (RSDFP).

20.4 These represent various payables which include insurance claims payable / adjustable against the loan liability of the borrowers, withholding taxes, contribution received from borrowers, clearing proceeds payable etc.

21 SHARE CAPITAL

21.1 Authorized capital

2025	2024		2025	2024
Number of shares			…… Rupees in '000 ……	
12,500,000,000	12,500,000,000	Ordinary and Preference shares of Rupees 10 each	125,000,000	125,000,000

21.2 Issued, subscribed and paid up capital

2025	2024		2025	2024
Number of shares				
		Ordinary shares of Rupees 10 each		
1,186,961,201	1,186,961,201	- fully paid in cash	11,869,612	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,828	652,828
4,015,599,174	4,015,599,174	- Issued against loan from SBP - Note 17.2	40,155,992	40,155,992
5,267,843,241	5,267,843,241		52,678,432	52,678,432

21.3

Shareholder	No. of ordinary shares	Paid-up value per share		
State Bank of Pakistan	-	10	-	40,155,992
Government of Pakistan	5,266,788,241	10	52,667,883	12,511,891
Government of Punjab	292,340	10	2,923	2,923
Government of Sindh	125,545	10	1,255	1,255
Government of Khyber Pakhtunkhwa	71,740	10	717	717
Government of Balochistan	37,875	10	379	379
Erstwhile East Pakistan	527,500	10	5,275	5,275
	5,267,843,241		52,678,432	52,678,432

	Note	2025	2024
		…… Rupees in '000 ……	
22 SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of securities measured at FVOCI:			
Quoted investments		3,334,712	3,118,309
Other securities		3,750,535	1,657,923
Surplus on revaluation of securities measured at FVOCI:		7,085,247	4,776,232
Deferred tax on surplus on revaluation of securities measured at FVOCI:		(3,684,328)	(2,531,403)
		3,400,919	2,244,829

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingent liabilities

In respect of cases filed against the Bank:

23.1.1	by borrowers; 522 (2024: 402) cases		683,020	338,547
23.1.2	by employees; 424 (2024: 417) cases	23.1.2.1	295,589	276,281

23.1.2.1 This include employees pension related litigations for addition of certain allowances in pensionable pay. These cases are under adjudication in the Honorable Supreme Court of Pakistan. The financial impact of these cases are not quantifiable at this point of time as it requires actuarial valuation of the items to be decided by the court. In the opinion of the legal advisor favorable outcomes of these contingencies is expected, hence, no provision is incorporated in these financial statements.

23.2 Tax related contingencies

23.2.1 Income Tax

The Bank faces cumulative contingent liabilities amounting to Rs. 88,864.614 million under various sections of the Income Tax Ordinance, 2001, for tax years 2002 to 2024, which are under litigation at various forums including the Appellate Tribunal Inland Revenue, the Alternate Dispute Resolution Committee, the Honorable Islamabad High Court, and the Honorable Supreme Court of Pakistan. Key cases include Rs. 76,618.544 million u/s 122, Rs. 5,703.977 million u/s 161/205 and Rs. 6,542.093 million u/s 221/124. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

23.2.2 Federal Excise Duties / Sales tax

For the tax years 2008-2019, the Bank is facing total contingent liabilities amounting to Rs. 2,693.114 million related to Federal Excise Duties and Sales Tax matters. These cases are currently under litigation at various forums, including the Alternate Dispute Resolution Committee, the Honorable Islamabad High Court, the Appellate Tribunal Inland Revenue, and other relevant tribunals and authorities. Key cases include Rs. 2,643.225 million u/s 14 of the Federal Excise Duty Act, 2005, Rs. 22.167 million u/s 23 of the Sindh Sales Tax on Services Act, 2011, Rs. 17.865 million u/s 11 of the Sales Tax Act, 1990 and Rs. 9.857 million u/s 19 of the Punjab Sales Tax on Services Act, 2012. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

		2025	2024
		..... Rupees in '000	
23.3	**Commitments against**		
	Capital expenditure	1,239,942	1,253,127
	Consultancy expenditure	22,409	7,770
24	**MARK-UP / RETURN / INTEREST EARNED**		
	Loans and advances	24,857,434	29,505,256
	Investments	36,523,990	77,267,075
	Securities purchased under resale agreement	350,572	684,157
	Call money lendings	1,650,182	2,622,172
	Balances with banks	1,019,671	1,173,656
		64,401,849	111,252,316
24.1	**Interest income recognised on:**		
	Financial assets measured at amortised cost	3,272,664	4,755,059
	Financial assets measured at FVOCI	33,159,923	71,456,357
		36,432,587	76,211,416
24.2	**Interest income recognised on:**		
	Financial assets measured at FVPL	3,364,067	5,810,718
	Financial assets measured at cost	24,605,195	29,230,182
		27,969,262	35,040,900

		Note	2025	2024
			…… Rupees in '000 ……	
25	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		5,325,253	9,270,798
	Redeemable preference shares - SBP		1,689,800	4,084,615
	Securities sold under repurchased agreement		25,994,940	64,534,343
	Call borrowings		5,071,625	6,994,176
	Other borrowings		13,669	1,443,348
	On lease liability against right-of-use assets		137,695	126,658
	Bank commission and other charges		27,845	28,459
			38,260,827	86,482,397
26	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		54,214	62,495
	Credit related fees		1,032,116	1,073,667
	Commission / exchange gain on remittances including home remittances		3,048	3,762
			1,089,378	1,139,924
27	**GAIN ON SECURITIES**			
	Realised	27.1	1,034,568	2,323,122
	Unrealised - Measured at FVPL		10,798	16,327
			1,045,366	2,339,449
27.1	Realised gain on:			
	Federal Government Securities		1,034,568	2,323,122
28	**OTHER INCOME**			
	Rent on property - KSSL - subsidiary company		1,890	5,176
	Rent on property - others		39,895	37,939
			41,785	43,115
	Gain on sale of property and equipment - net		8,390	12,571
	Gain on sale of non banking assets acquired in satisfaction of claims - net	14.5.2	68,013	40,246
	Deferred income amortization	20.3	453	477
	Discount income		2,463,659	1,770,596
	Others	28.1	27,452	42,280
			2,609,752	1,909,285

28.1 Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.

		Note	2025	2024
			…… Rupees in '000 ……	
29	**OPERATING EXPENSES**			
	Total compensation expense	29.1	11,334,556	10,208,805
	Property expense			
	Rent & taxes		21,736	15,286
	Insurance		79,772	43,807
	Utilities cost		421,282	477,951
	Repair and maintenance (including janitorial charges)		294,061	338,386
	Depreciation - right of use assets		286,524	275,455
	Depreciation	10.2	36,284	36,311
			1,139,659	1,187,196
	Information technology expenses			
	Software maintenance		272,419	262,177
	Hardware maintenance		238,272	107,834
	Depreciation	10.2	144,393	74,944
	Amortisation	12	101,948	114,315
	Network charges		214,755	167,391
			971,787	726,661
	Other operating expenses			
	Directors' fees and allowances		20,359	11,168
	Fees and allowances to Shariah Board		8,509	7,230
	Legal and professional charges		193,374	200,718
	Outsourced services costs (refer note 35.1)		2,422,268	2,285,063
	Travelling and conveyance		127,330	105,195
	NIFT clearing charges		40,566	20,793
	Depreciation	10.2	137,869	122,386
	Training and development		46,514	64,380
	Postage and courier charges		28,828	34,152
	Communication		25,130	28,175
	Stationery and printing		97,649	99,846
	Marketing, advertisement and publicity		61,391	30,810
	Donations	29.2	-	450
	Auditors remuneration	29.3	6,893	6,893
	Motor vehicle expenses		728,834	740,429
	Others		242,726	235,128
			17,634,242	16,115,478

		Note	2025	2024
			..... Rupees in '000	
29.1	**Total compensation expense**			
	Salaries		4,727,646	4,764,078
	Cash bonus / awards etc.		745,983	1,097,424
	Charge / (reversal) for defined benefit plans:	38.6.5		
	- Pension scheme		1,597,646	1,113,869
	- Benevolent scheme - officers / executives		8,992	35,951
	- Benevolent scheme - clerical / non-clerical		(92,010)	(107,883)
	- Gratuity scheme - staff regulation 2005		(19,051)	(14,468)
	- Employees' compensated absences		160,218	513,721
			1,655,795	1,541,190
	Contribution to defined contribution plan	38.1.7	27,031	40,398
	Rent and house maintenance		426,906	477,413
	Utilities		81,419	90,378
	Medical	29.1.1	3,362,930	1,861,467
	Conveyance		306,846	336,457
	Grand Total		11,334,556	10,208,805

29.1.1 This includes post retirement medical benefit amounting to Rs. 3,065.690 million (2024: Rs. 1,567.873 million).

		2025	2024
		..... Rupees in '000	
29.2	**Donations**		
	Ripple Koncepts	-	250
	Karwan-E-Alhuda Skardu	-	200
		-	450
29.3	**Auditors' remuneration**		
	Audit fee	1,897	1,897
	Fee for half year review	431	431
	Other statutory certifications	2,254	2,254
	Sales tax	733	733
	Out of pocket expenses	1,578	1,578
		6,893	6,893
30	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	12,669	1,881

	Note	2025	2024
		…… Rupees in '000 ……	
31 CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET			
Credit loss allowance against balances with other banks	6	5,780	(3,691)
Credit loss allowance against lending to financial institutions	7.7	(4,207)	4,138
Credit loss allowance for diminution in value of investments	8.3.2	(44)	(23)
Credit loss allowance against loans & advances	9.4	(2,586,882)	(2,560,815)
Fixed assets charged-off		863	2,524
Credit loss allowance against other assets	14.6.1	(261,428)	476,403
Recovery of written off / charged off bad debts		(10,357,510)	(9,702,522)
		(13,203,428)	(11,783,986)
32 TAXATION			
Current		9,284,471	9,469,365
Prior year	32.2	183,062	485,897
Deferred		5,114,201	2,975,975
	32.1	14,581,734	12,931,237

32.1 Relationship between income tax expense and accounting profit

	2025	2024
	…… Rupees in '000 ……	
Accounting profit for the year	26,584,547	25,891,939
Tax rate	53%	54%
Tax on accounting income	14,089,810	13,981,647
Tax effect of permanent differences		
Penalties imposed by SBP	6,715	1,016
Repair allowance and rent collection allowance allowed against rental income	(5,315)	(5,588)
	1,400	(4,572)
Tax effect of prior years	183,062	485,897
Others	307,462	(1,531,735)
Tax charge for the year	14,581,734	12,931,237

32.1.1 The effective tax rate for the year is 54.85% (2024: 49.94%)

		2025	2024
		..... Rupees in '000	
33	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after tax for the year - Rupees in '000	12,002,813	12,960,702
	Weighted average number of ordinary shares	5,267,843,241	5,267,843,241
	Basic earnings per share - (Rupees)	2.28	2.46

33.1 There is no dilutive effect on the basic earnings per share of the Bank.

		Note	2025	2024
			..... Rupees in '000	
34	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	5	4,436,051	3,125,812
	Balances with other banks	6	52,687,160	7,494,010
			57,123,211	10,619,822

		2025	2024
		Number	
35	**STAFF STRENGTH**		
	Permanent	3,556	3,916
	Contractual	21	16
	Total staff strength	3,577	3,932

35.1 In addition to the above, 3,138 (2024: 3,297) employees of Kissan Support Services (Private) Limited, fully owned subsidiary of the Bank, were assigned to the Bank as at the end of the year to perform other than guarding and janitorial services.

36 CREDIT RATING

VIS Credit Rating Company Limited in its report dated June 30, 2025 has reaffirmed credit rating of the Bank at AAA (2024: AAA) with stable outlook and short-term credit rating of A-1+ (2024: A-1+).

37 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2025	2024
		…… Rupees in '000 ……	
Profit before taxation		26,584,547	25,891,939
Less: Dividend income		(142,512)	(66,735)
		26,442,035	25,825,204
Adjustments:			
Net mark-up / interest income		(26,141,022)	(24,769,919)
Depreciation	10.2	318,546	233,647
Amortization	12	101,948	114,315
Depreciation on right-of-use assets	29	286,524	275,455
Amortization of deferred income	20.3	(453)	(477)
Credit loss allowance and write-offs	31	(2,845,918)	(2,081,464)
Provision for employees post retirement medical benefits	38.6.5	3,065,690	1,567,873
Charge for defined benefit plans - net	29.1	1,655,795	1,541,190
Gain on sale of non banking assets acquired in satisfaction of claims - net	28	(68,013)	(40,246)
Discount income	28	(2,463,659)	(1,770,596)
Gain on securities	27	(1,045,366)	(2,339,449)
Gain on sale of operating fixed assets	28	(8,390)	(12,571)
		(27,144,318)	(27,282,242)
		(702,283)	(1,457,038)

38 DEFINED BENEFIT AND CONTRIBUTION PLANS

The Bank operates the following retirement benefit plans for its employees:

Pension Scheme - funded
Benevolent Scheme - funded
Employees Gratuity Scheme - funded
Post Retirement Medical Benefits - unfunded
Employees Compensated Absences - unfunded
Defined Contribution Plan

38.1 Brief description of each fund is as follows:

38.1.1 Pension scheme

The Bank operates an approved pension scheme for employees who opted for the scheme introduced in year 1975 for clerical / non-clerical staff and in the year 1977 for officers / executives. The contributions are made on the basis of actuarial recommendation.

38.1.2 Benevolent scheme - officers

The Bank operates an approved funded benevolent scheme for all officers / executives of the Bank for which contributions are made at the rate of 2% of basic pay to a maximum of Rs. 200, by each officer / executive. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.3 Benevolent scheme - staff

The Bank operates an approved funded benevolent scheme for all clerical / non-clerical staff for which contributions are made at different rates but not exceeding Rs. 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.4 Gratuity under Staff Regulations - 2005 (SR-2005)

The Bank also operates a separate Gratuity Fund scheme, w.e.f. August 2006, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

38.1.5 Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out by independent actuary by using Projected Unit Credit (PUC) method.

38.1.6 Employees compensated absences - unfunded

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit (PUC) method.

38.1.7 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 1150 (2024: 1378) employees who are governed under Staff Service Regulations 1961. Contributions to the fund are made only by employees at the rate of 8% of mean of pay scale per month.

The Bank also operates Contributory Provident Fund scheme introduced in 2006 (w.e.f. July 2006) for 2392 (2024: 2538) employees governed under SR-2005. Contributions to the Contributory Provident Fund are made by the employees and the Bank, if their remaining service is more than ten years from the date of option / appointment, at the rate of 2% of monetized salary per month. During the year, the Bank contributed Rs. 27.031 million (2024: Rs. 40.398 million) in respect of this fund.

The Bank has contributory provident fund scheme for benefit of all its permanent employees. The Funds are maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Bank. The titles of the funds are as follow;

Employees Provident Fund;
Employees Provident Fund (Officers);
Employees Provident Fund (Staff); and
Employees Contributory Provident Fund

The size of the Funds at the reporting date was Rs. 9,114.49 million (2024: Rs. 8,041.89 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 8,852.86 million (2024: Rs. 7,752.68 million) which is equal to 97.14% (2024: 96.41%) of the total fund size. The fair values of the investments amount to Rs. 9,114.49 million (2024: Rs. 8,041.89 million) at that date. The category wise break up of investment is given below:

	2025	2024
	…… Rupees in '000 ……	
Term deposit receipts	4,704,000	4,325,000
Government securities	4,148,864	3,427,681
	8,852,864	7,752,681

38.2 Funding policy

Schemes are funded on the basis of actuarial recommendation subject to maximum permissible limits under Income Tax rules. Any deficit in defined benefit plans is to be met by the Bank.

38.3 Risks associated with defined benefit plans

Investment risk

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

38.4 Principal actuarial assumption

Latest actuarial valuation is carried out as at December 31, 2025. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2025	2024
	..... %	
Valuation discount rate - pension & medical scheme under SSR-1961	11.50	12.25
Valuation discount rate - all other schemes	11.50	12.25
Expected rate of increase in salary	9.50	10.25
Expected rate of return on plan assets - pension fund	11.50	12.25
Expected rate of return on plan assets - other funds	11.50	12.25
Expected rate of increase in pension	6.75	8.00
Expected rate of medical inflation - allowances	9.50	8.00
Expected rate of medical inflation - hospitalization	11.50	12.25

38.5 Number of employees under the scheme

The number of employees (including beneficiaries) covered under the following defined benefit schemes are:

	2025	2024
	.....Number.....	
- Pension Scheme - funded	4,280	5,004
- Benevolent Scheme (officers) - funded	3,092	3,477
- Benevolent Scheme (staff) - funded	462	400
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,284	2,538
- Post Retirement Medical Benefits - unfunded	6,564	6,343
- Employees Compensated Absences - unfunded	3,434	4,965

38.6 Defined benefit plans

38.6.1 Reconciliation of payable to / (receivable from) defined benefit plans

		2025					
		Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
			Officers	Staff	SR-2005		
	Note	Rs. in '000					
Present value of benefit obligation	38.6.2	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704
Fair value of plan assets	38.6.3	(14,162,374)	(958,413)	(997,386)	(3,559,457)	-	-
	38.6.4	8,350,716	(347,015)	(881,845)	(1,782,374)	12,386,733	2,096,704
Unrecognized due to impact of asset ceiling		-	347,015	881,845	-	-	-
Net liability / (asset)		8,350,716	-	-	(1,782,374)	12,386,733	2,096,704

	2024					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	Rs. in '000					
Present value of defined benefit obligation	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930
Fair value of plan assets	(13,364,025)	(1,002,665)	(905,496)	(3,069,877)	-	-
	6,344,733	(283,567)	(764,582)	(1,184,271)	10,439,311	2,153,930
Unrecognized due to impact of asset ceiling	-	283,567	764,582	-	-	-
Net liability / (asset)	6,344,733	-	-	(1,184,271)	10,439,311	2,153,930

38.6.2 Movement in defined benefit obligations

	2025					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	Rs. in '000					
Obligations at the beginning of the year	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930
Current service cost	829,098	50,417	2,782	137,298	122,922	77,404
Interest cost	2,295,223	73,076	14,291	214,254	1,249,695	250,685
Past service cost	-	-	-	-	1,693,073	-
Benefits paid	(1,944,485)	(245,114)	(48,500)	(273,190)	(475,440)	(217,444)
Contribution - employees	-	(7,621)	(1,065)	-	-	-
Re-measurement loss / (gain)	1,624,496	21,542	7,119	(186,885)	(642,828)	(167,871)
Obligations at the end of the year	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704

	2024					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	Rs. in '000					
Obligations at the beginning of the year	18,827,410	896,883	123,702	1,638,864	9,409,455	1,926,253
Current service cost	220,728	97,040	3,337	176,057	176,262	89,710
Interest cost	2,767,913	107,482	15,302	226,920	1,391,611	276,401
Past service cost	-	-	-	-	-	-
Benefits paid	(1,939,815)	(406,894)	(49,963)	(349,726)	(484,755)	(286,044)
Contribution - employees	-	(7,672)	(1,114)	-	-	-
Re-measurement loss / (gain)	(167,478)	32,259	49,650	193,491	(53,262)	147,610
Obligations at the end of the year	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930

38.6.3 Movement in fair value of plan assets

	Note	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
			Officers	Staff	SR-2005		
		2025					
		Rs. in '000					
Fair value at the beginning of the year		13,364,025	1,002,665	905,496	3,069,877	-	-
Interest income on plan assets		1,526,675	106,880	108,018	370,603	-	-
Benefits paid		(1,944,485)	(245,114)	(48,500)	(273,190)	-	-
Contributions - employer		141,735	7,621	1,065	184,096	-	-
Contributions - employees		-	7,621	1,065	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	1,074,424	78,740	30,242	208,071	-	-
Fair value at the end of the year		14,162,374	958,413	997,386	3,559,457	-	-
		2024					
		Rs. in '000					
Fair value at the beginning of the year		12,981,730	1,249,176	833,511	2,779,858	-	-
Interest income on plan assets		1,874,772	160,899	125,408	417,445	-	-
Benefits paid		(1,939,815)	(406,894)	(49,963)	(349,726)	-	-
Contributions - employer		166,959	7,672	1,114	176,399	-	-
Contributions - employees		-	7,672	1,114	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	280,379	(15,860)	(5,688)	45,901	-	-
Fair value at the end of the year		13,364,025	1,002,665	905,496	3,069,877	-	-

38.6.4 Movement in payable / (receivable) under defined benefit schemes

	Note	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
			Officers	Staff	SR-2005		
		2025					
		Rs. in '000					
Opening balance		6,344,733	-	-	(1,184,271)	10,439,311	2,153,929
Charge / (reversal) for the year	38.6.5.1	1,597,646	8,992	(92,010)	(19,051)	3,065,690	160,218
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	550,072	(1,371)	93,075	(394,956)	(642,828)	-
Contribution to fund / benefits paid		(141,735)	(7,621)	(1,065)	(184,096)	(475,440)	(217,444)
Transferred from gratuity to pension		-	-	-	-	-	-
Closing balance		8,350,716	-	-	(1,782,374)	12,386,733	2,096,703
		2024					
		Rs. in '000					
Opening balance		5,845,680	-	-	(1,140,994)	9,409,455	1,926,252
Charge / (reversal) for the year		1,113,869	35,952	(107,883)	(14,468)	1,567,873	513,721
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	(447,857)	(28,280)	108,997	147,590	(53,262)	-
Contribution to fund / benefits paid		(166,959)	(7,672)	(1,114)	(176,399)	(484,755)	(286,044)
Transferred from gratuity to pension		-	-	-	-	-	-
Closing balance		6,344,733	-	-	(1,184,271)	10,439,311	2,153,929

38.6.5 Charge / (reversal) for defined benefit plans

38.6.5.1 Cost recognised in profit and loss

	2025					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Current service cost	829,098	50,417	2,782	137,298	122,922	77,404
Net interest on defined benefit asset / liability	768,548	(33,804)	(93,727)	(156,349)	1,249,695	250,685
Actuarial (gain) / losses	-	-	-	-	-	(167,871)
Past service cost	-	-	-	-	1,693,073	-
Contributions - employees	-	(7,621)	(1,065)	-	-	-
	1,597,646	8,992	(92,010)	(19,051)	3,065,690	160,218

	2024					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Current service cost	220,728	97,040	3,337	176,057	176,262	89,710
Net interest on defined benefit asset / liability	893,141	(53,417)	(110,106)	(190,525)	1,391,611	276,401
Actuarial (gain) / losses	-	-	-	-	-	147,610
Past service cost	-	-	-	-	-	-
Contributions - employees	-	(7,672)	(1,114)	-	-	-
	1,113,869	35,951	(107,883)	(14,468)	1,567,873	513,721

38.6.5.2 Re-measurements recognised in OCI during the year

	2025					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Loss / (gain) on obligation :						
- experience adjustment	1,624,496	21,542	7,119	(186,885)	(642,828)	-
Return on plan assets over interest income	(1,074,424)	(78,740)	(30,242)	(208,071)	-	-
Asset ceiling adjustment	-	55,828	116,198	-	-	-
Total re-measurement recognised in OCI	550,072	(1,370)	93,075	(394,956)	(642,828)	-

	2024					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Loss / (gain) on obligation :						
- experience adjustment	(167,478)	32,259	49,650	193,491	(53,262)	-
Return on plan assets over interest income	(280,379)	15,860	5,688	(45,901)	-	-
Asset ceiling adjustment	-	(76,399)	53,659	-	-	-
Total re-measurement recognised in OCI	(447,857)	(28,280)	108,997	147,590	(53,262)	-

38.6.6 Components of plan assets

	2025					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Cash and cash equivalents - net	75,125	53,519	21,644	14,651	-	-
Government securities	14,087,249	904,894	975,742	3,544,806	-	-
Debtors and creditors	-	-	-	-	-	-
	14,162,374	958,413	997,386	3,559,457	-	-

	2024					
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Cash and cash equivalents - net	868,965	143,121	74,587	68,999	-	-
Government securities	12,495,060	859,544	830,909	3,000,878	-	-
Debtors and creditors	-	-	-	-	-	-
	13,364,025	1,002,665	905,496	3,069,877	-	-

38.6.7 Sensitivity analysis

	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences
		Officers	Staff	SR-2005		
	..... Rs. in '000					
Current liability	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704
+1% discount rate	20,416,667	593,879	112,202	1,621,383	11,045,571	1,897,390
-1% discount rate	25,007,975	630,554	119,106	1,961,770	14,010,637	2,334,430
+1% salary increase	-	-	-	1,972,538	12,504,350	2,347,430
-1% salary increase	-	-	-	1,610,035	12,282,549	1,883,690
+1% pension increase / medical inflation rate	24,819,975	-	-	-	12,826,498	-
-1% pension increase / medical inflation rate	20,546,226	-	-	-	10,725,422	-
+10% withdrawal rates	-	-	-	1,780,152	-	-
-10% withdrawal rates	-	-	-	1,773,972	-	-
1 year mortality age set back	-	-	-	1,775,601	-	-
1 year mortality age set forward	-	-	-	1,778,556	-	-

38.6.8 Maturity profile

Weighted average duration of obligation (in years)	10.35	3.09	3.04	10.50	12.20 for SSR-1961 9.60 for SR-2005	10.50
38.6.9 Expected charge / (reversal) for next year	1,417,123	86,332	15,554	(83,474)	1,503,806	240,205
38.6.10 Expected contribution for next year	140,060	7,421	1,109	390,567	-	-

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2025

Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
	..... Rupees in '000					
Fees and allowances etc.	3,360	14,200	-	-	-	-
Managerial remuneration:						
Salaries	-	-	7,559	35,961	175,902	125,109
Cash bonus / awards etc.	-	-	950	13,480	27,830	27,803
Charge for defined benefit plan	-	-	-	-	4,535	7,328
Contribution to defined contribution plan	-	-	-	-	900	1,062
Rent & house maintenance	-	-	-	19,771	32,114	987
Utilities	-	-	-	975	7,389	-
Medical	-	-	-	158	10,705	236
Conveyance	-	-	-	1,514	13,509	19,866
Leave encashment & fare assistance	-	-	-	7,392	3,761	-
Club facility	-	-	-	91	467	-
Drivers & servants salary	-	-	-	2,220	3,012	-
Total	3,360	14,200	8,509	81,562	280,124	182,391
Number of persons	1	4	3	1	22	41

2024

Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
	..... Rupees in '000					
Fees and allowances etc.	1,380	6,400	-	-	-	-
Managerial remuneration:						
Salaries	-	-	6,430	32,837	169,409	106,083
Cash bonus / awards etc.	-	-	800	-	15,650	15,488
Charge for defined benefit plan	-	-	-	-	4,283	6,986
Contribution to defined contribution plan	-	-	-	-	843	1,030
Rent & house maintenance	-	-	-	17,828	42,551	1,538
Utilities	-	-	-	830	5,677	-
Medical	-	-	-	62	8,241	372
Conveyance	-	-	-	3,331	10,985	15,031
Leave encashment & fare assistance				6,720	1,220	
Club facility	-	-	-	22	221	-
Drivers & servants salary	-	-	-	2,045	2,317	-
Total	1,380	6,400	7,230	63,675	261,397	146,528
Number of persons	1	7	3	1	23	53

39.2 The Chief Executive, Key Management Personnel and other material risk takers / controllers, governed under SSR-1961, have been provided with Bank maintained cars whereas those governed by SR-2005, have been provided cars under Car Loan Depreciation Policy (CLDP).

39.3 Remuneration paid to Directors for participation in Board and Committee Meetings

2025

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Annual General Meeting	For Board Committees				Total Amount Paid
				Audit	Information Technology	Human Resource Management	Risk	
		..... Rupees in '000						
1	Mr. Naeemuddin Khan	2,160	480	-	-	720	-	3,360
2	Mr. Ahmed Taimoor	1,800	200	600	300	600	600	4,100
3	Sahibzada Rafat Raoof Ali	1,800	200	750	-	600	600	3,950
4	Dr.Ayesha Waqar	1,800	-	750	300	600	600	4,050
5	Dr.Talat Naseer Pasha	1,800	-	-	300	-	-	2,100
	Total	9,360	880	2,100	900	2,520	1,800	17,560

2024

Sr. No.	Name of Director	Meeting Fees and Allowances Paid										
		For Board Meetings	For Annual General Meeting	For Board Committees								Total Amount Paid
				Audit	Product Development & Marketing	Information Technology	Nomination	Human Resource Management	Procurement	Risk	SAM - NPLs / Litigation	
		..... Rupees in '000										
1	Mr. Naeemuddin Khan	960	240	-	-	-	-	180	-	-	-	1,380
2	Syed Javed	400	-	150	-	150	-	300	-	-	150	1,150
3	Mr. Zaigham Mahmood Rizvi	400	-	150	150	-	-	-	-	150	-	850
4	Mr. Haaris Mahmood Chaudhary	400	-	-	-	150	-	300	-	-	150	1,000
5	Mr. Ahmed Taimoor	800	200	300	-	150	-	300	-	150	-	1,900
6	Sahibzada Rafat Raoof Ali	400	-	150	-	-	-	-	-	-	-	550
7	Dr.Ayesha Waqar	400		150		-	-	-	-	-	-	550
8	Dr.Talat Naseer Pasha	400	-	-	-	-	-	-	-	-	-	400
	Total	4,160	440	900	150	450	-	1,080	-	300	300	7,780

39.4 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
	..... Rupees in '000					
Meeting fees and allowances	-	-	-	-	-	-
Contractual salary	2,480	2,603	2,476	2,109	2,215	2,106
Cash bonus	300	350	300	250	300	250
Total	2,780	2,953	2,776	2,359	2,515	2,356
Total Number of Persons	1	1	1	1	1	1

40 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

40.1 Fair value of financial assets

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025			
	Level 1	Level 2	Level 3	Total
	……. Rupees in '000 …….			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	338,123,799	-	338,123,799
- Shares	3,424,008	-	-	3,424,008
- Debt securities (TFCs, Sukuk)	2,041,950	190,194	-	2,232,144
	5,465,958	338,313,993	-	343,779,951
Financial assets not measured at fair value				
- Subsidiary company	-	100,000	-	100,000
	5,465,958	338,413,993	-	343,879,951

	2024			
	Level 1	Level 2	Level 3	Total
	……. Rupees in '000 …….			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	372,095,390	-	372,095,390
- Shares	3,207,605	-	-	3,207,605
- Debt securities (TFCs, Sukuk)	2,087,261	265,189	-	2,352,450
	5,294,866	372,360,579	-	377,655,445
Financial assets not measured at fair value				
- Subsidiary company	-	100,000	-	100,000
	5,294,866	372,460,579	-	377,755,445

40.2 Valuation technique used & key inputs

Revaluation rates for Treasury Bills and Pakistan Investment Bonds are contributed by money market brokers on daily basis while for listed securities daily prices are shared by Pakistan Stock Exchange.

Investment in subsidiary have not been carried out at fair value in accordance with the SBP guidelines.

40.3 Fair value of non-financial assets

Property and equipment as well as non-banking assets, are measured at fair value under Level 2 of the fair value hierarchy.

40.4 There were no transfers between levels 1 and 2 during the year.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities:

The segment analysis with respect to business activity is as follows:

	2025			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000			
Profit and Loss				
Net mark-up/return/profit	15,698,508	10,295,611	146,903	26,141,022
Inter segment revenue - net	4,673,678	(4,673,678)	-	-
Non mark-up / return / interest income	3,834,227	1,045,366	7,415	4,887,008
Total Income	24,206,413	6,667,299	154,318	31,028,030
Segment direct expenses	17,455,535	83,177	108,199	17,646,911
Inter segment expense allocation	-	-	-	-
Total expenses	17,455,535	83,177	108,199	17,646,911
Credit loss allowance	(13,204,189)	-	761	(13,203,428)
Profit before tax	19,955,067	6,584,122	45,358	26,584,547
Statement of Financial Position				
Cash and bank balances	6,405,001	50,312,603	398,343	57,115,947
Investments	-	342,831,350	1,048,601	343,879,951
Net inter segment lendings	74,448,476	-	-	74,448,476
Lendings to financial institutions	-	-	3,391,997	3,391,997
Advances - performing	116,549,826	-	108,128	116,657,954
- non-performing (net of provision)	7,250,249	-	-	7,250,249
Others	25,437,740	10,845,125	2,430,552	38,713,417
Total Assets	230,091,292	403,989,078	7,377,621	641,457,991
Borrowings	54,461,536	325,594,005	2,757,500	382,813,041
Subordinated debt	-	-	-	-
Deposits & other accounts	57,018,325	-	2,471,094	59,489,419
Net inter segment borrowing	-	73,948,476	500,000	74,448,476
Others	27,342,729	1,045,678	1,538,532	29,926,939
Total Liabilities	138,822,590	400,588,159	7,267,126	546,677,875
Equity	91,268,702	3,400,919	110,495	94,780,116
Total Equity & Liabilities	230,091,292	403,989,078	7,377,621	641,457,991
Contingencies & Commitments	93,798,688	-	-	93,798,688

	2024			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000			
Profit and Loss				
Net mark-up/return/profit	14,936,222	9,566,582	267,115	24,769,919
Inter segment revenue - net	4,673,678	(4,673,678)	-	-
Non mark-up / return / interest income	3,107,651	2,339,449	8,293	5,455,393
Total Income	22,717,551	7,232,353	275,408	30,225,312
Segment direct expenses	15,813,956	68,997	234,406	16,117,359
Inter segment expense allocation	-	-	-	
Total expenses	15,813,956	68,997	234,406	16,117,359
Credit loss allowance	(11,783,986)	-	-	(11,783,986)
Profit before tax	18,687,581	7,163,356	41,002	25,891,939
Statement of Financial Position				
Cash and bank balances	3,800,292	6,550,505	267,541	10,618,338
Investments	-	376,098,648	1,656,797	377,755,445
Net inter segment lending	68,561,115	-	-	68,561,115
Lendings to financial institutions	-	17,300,072	13,650,000	30,950,072
Advances - performing	101,613,315	-	8,032	101,621,347
- non-performing (net of provision)	7,499,863	-	-	7,499,863
Others	35,496,738	12,256,688	1,340,506	49,093,932
Total Assets	216,971,323	412,205,913	16,922,876	646,100,112
Borrowings	54,461,536	339,805,433	13,800,000	408,066,969
Subordinated debt	-	-	-	-
Deposits & other accounts	55,266,865	-	1,354,966	56,621,831
Net inter segment borrowing	-	68,061,115	500,000	68,561,115
Others	27,188,518	2,094,536	1,189,325	30,472,379
Total Liabilities	136,916,919	409,961,084	16,844,291	563,722,294
Equity	80,054,404	2,244,829	78,585	82,377,818
Total Equity & Liabilities	216,971,323	412,205,913	16,922,876	646,100,112
Contingencies & Commitments	96,622,040	-	-	96,622,040

41.2 Segment Details with respect to geographical locations

The Bank operates only in Pakistan and hence no geographical location wise disclosure is presented.

42 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

43 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its subsidiary company, employee benefit plans, Agriculture Technology Development Fund and the Bank's key management personnel.

The transactions between the Bank and its subsidiary, Kissan Support Services (Private) Limited, are carried out on "cost plus" method. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in note 38 to these financial statements. Remuneration to the executives are determined in accordance with the terms of their appointment. Compensation to President, directors and executives and disposal of vehicles to employees are disclosed in note 39 and note 10.6 to these financial statements respectively. Details of transactions with related parties and balances with them other than those disclosed in these financial statements are as under:

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2025	2024	2025	2024	2025	2024	2025	2024
	..... Rupees in '000							
Investments	100,000	100,000	-	-	-	-	-	-
Advances								
Opening balance	-	-	98,550	54,997	-	-	-	-
Addition	-	-	61,489	74,572	-	-	-	-
Repaid	-	-	(48,410)	(31,019)	-	-	-	-
Closing balance	-	-	111,629	98,550	-	-	-	-
Other assets								
Interest / mark-up accrued	-	-	14,401	11,266	-	-	-	-
Receivable at the end of the year	-	-	-	-	1,782,374	1,184,271	-	-
Deposits and other accounts								
Opening balance	1,533,600	1,305,899	9,495	2,085	11,990,670	12,001,475	334,598	274,290
Received during the year	7,252,488	6,271,581	357,194	232,219	16,448,161	16,795,203	663,758	590,448
Withdrawn during the year	(7,010,594)	(6,043,880)	(338,187)	(224,809)	(17,799,890)	(16,806,008)	(621,030)	(530,140)
Closing balance	1,775,494	1,533,600	28,502	9,495	10,638,941	11,990,670	377,326	334,598

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2025	2024	2025	2024	2025	2024	2025	2024
	..... Rupees in '000'							
Other liabilities								
Interest / mark-up payable	97,423	132,001	-	-	210,009	288,217	9,853	11,090
Payable at the end of the year	168,268	162,044	-	-	22,834,153	18,937,974	-	-
Income								
Mark-up / interest earned	-	-	4,045	4,890	-	-	-	-
Rental income	1,890	5,176	-	-	-	-	-	-
Expense								
Mark-up / interest paid	223,212	281,232	-	-	1,455,692	2,437,466	42,975	60,306
Compensation	-	-	347,561	253,550	-	-	-	-
Post retirement benefit	-	-	4,535	4,283	-	-	-	-
Contribution to defined benefit plan	-	-	900	843	-	-	-	-
Cost of services rendered	2,422,268	2,285,063	-	-	-	-	-	-

43.1 Transactions with Government related entities

The Federal Government holds controlling interest in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the normal course of business enters into transaction with Government-related entities. Such transactions include deposits from and provision of other banking services to Government-related entities. However, these transactions have not been treated as related parties transactions for the purpose of this disclosure.

44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	2024
	…… Rupees in '000 ……	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	52,678,432	52,678,432
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	91,281,289	74,684,118
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	91,281,289	74,684,118
Eligible Tier 2 Capital	5,444,359	4,174,704
Total Eligible Capital (Tier 1 + Tier 2)	96,725,648	78,858,822
Risk Weighted Assets (RWAs):		
Credit Risk	163,475,181	154,389,975
Market Risk	28,521,175	20,718,775
Operational Risk	52,684,463	43,898,575
Total	244,680,819	219,007,325
Common Equity Tier 1 Capital Adequacy Ratio	37.31%	34.10%
Tier 1 Capital Adequacy Ratio	37.31%	34.10%
Total Capital Adequacy Ratio	39.53%	36.01%

SBP through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (free of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2025 stands at Rs. 52.678 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 11.50% (2024: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2025 is 39.53% (2024: 36.01%) of its risk weighted exposure.

	2025	2024
	…… Rupees in '000 ……	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	91,281,289	74,684,118
Total exposures	567,147,249	577,770,414
Leverage ratio	16.09%	12.93%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	82,900,164	75,177,791
Total Net Cash Outflow	30,750,390	32,376,518
Liquidity Coverage Ratio	270%	232%
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	220,220,261	200,257,341
Total Required Stable Funding	173,675,506	162,878,163
Net Stable Funding Ratio	127%	123%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time is placed on the website of the Bank. The link to the full disclosure is available at http://www.ztbl.com.pk.

45 RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity and operational risks.

Risk management is a dynamic process of identification, measurement and monitor and control risks with the aim to optimize risk-reward trade-off. The Bank has setup a centralized risk management function at the organizational level which encompasses a broader framework of risk committees, enterprise risk management division and its departments responsible for each category of risk i.e. Loan Review, IT risk, Collateral Management and Portfolio analytics covering Portfolio credit risk, market & liquidity risk, operational and equity position risks. The Bank's risk management function is independent of the business and operations and directly reports to the President through Chief Risk Officer. The Bank's systematic and integrated risk management function for each category of risk is as follows:

45.1 Credit risk

Credit risk is the risk of financial losses arising when a customer or counterparty is unable or unwilling to perform as per the contractual terms resulting in reduction in portfolio. The Bank's credit appraisal structure is well-defined. Credit appraisal, approval and review methods are integral parts of lending operations. The credit portfolio is reviewed and analysed on quarterly basis and reports are submitted to the Management for decision making.

The Obligor Risk Rating (ORR) model for fresh borrowers is in place as the credit risk rating of the borrower is a concise indicator to evaluate Bank's credit exposure. An internal rating system categorizes all credits into various classes on the basis of underlying credit quality. The ultimate objective of the system is to generate accurate and consistent risk ratings and portfolio monitoring / analysis.

Regarding Basel Accords compliance, the Bank has implemented Standardized Approach (SA) for calculation of capital charge against credit risk weighted assets.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.1 Lendings to financial institutions

Credit risk by public/ private Sector

	Gross Lending		Non-performing Lending		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Public / Government	3,392,418	28,150,000	-	-	(421)	(4,626)	-	-	-	-
Private	-	2,804,700	-	-	-	(2)	-	-	-	-
	3,392,418	30,954,700	-	-	(421)	(4,628)	-	-	-	-

45.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Power (electricity)	68,797	97,353	-	-	(9)	(13)	-	-	-	-
Financial	340,287,456	374,350,841	-	-	(301)	(341)	-	-	-	-
	340,356,253	374,448,194	-	-	(310)	(354)	-	-	-	-

Credit risk by public / private sector

Public / Government	338,123,799	372,095,390	-	-	-	-	-	-	-	-
Private	2,232,454	2,352,804	-	-	(310)	(354)	-	-	-	-
	340,356,253	374,448,194	-	-	(310)	(354)	-	-	-	-

45.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Agriculture, Forestry, Hunting and Fishing	139,774,776	127,728,364	24,101,695	26,938,645	3,526,981	3,581,916	330,674	2,588,742	12,996,086	13,270,932
Individuals	1,027,855	874,156	42,982	42,528	406	387	-	-	40,281	39,333
	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265

Credit risk by public / private sector

Public / Government	-	-	-	-	-	-	-	-	-	-
Private	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265
	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265

45.1.4 Contingencies and Commitments

Credit risk by industry sector

	2025	2024
	…… Rupees in '000 ……	
Agriculture, Forestry, Hunting and Fishing	93,503,099	96,345,759
Individuals	295,589	276,281
	93,798,688	96,622,040

Credit risk by public / private sector

Public / Government	91,557,728	94,746,315
Private	2,240,960	1,875,725
	93,798,688	96,622,040

45.1.5 Concentration of Advances

The Bank's maximum credit limit to a single borrower amounts to Rs. 5 million (2024: Rs. 5 million) which has been disbursed to number of borrowers, hence top 10 exposures is not being disclosed.

45.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2025						
		Utilization					
Province / Region	Disburs-ements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	…… Rupees in '000 ……						
Punjab	72,134,685	72,134,685	-	-	-	-	-
Sindh	7,544,174	-	7,544,174	-	-	-	-
KPK including FATA	3,015,329	-	-	3,015,329	-	-	-
Balochistan	763,550	-	-	-	763,550	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit Baltistan	1,428,475	-	-	-	-	-	1,428,475
Total	84,886,213	72,134,685	7,544,174	3,015,329	763,550	-	1,428,475

Province / Region	2024						
		Utilization					
	Disburs-ements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	..... Rupees in '000						
Punjab	61,362,142	61,362,142	-	-	-	-	-
Sindh	7,217,265	-	7,217,265	-	-	-	-
KPK including FATA	2,312,504	-	-	2,312,504	-	-	-
Balochistan	406,674	-	-	-	406,674	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	724,103	-	-	-	-	-	724,103
Total	72,022,688	61,362,142	7,217,265	2,312,504	406,674	-	724,103

45.2 Market Risk

The Bank is not involved in commercial activities like forex trading and derivative market operations. Investment portfolio of the Bank is being placed mainly in fixed income securities such as Market Treasury Bills, Pakistan Investment Bonds, etc. and the only market risk inherent in the said portfolio is interest rate risk which is being calculated through mark to market and duration modelling. Furthermore, Bank's resilience is gauged through stress testing scenarios and interest rate sensitivity analysis.

45.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	..... Rupees in '000					
Cash and balances with treasury banks	4,436,051	-	4,436,051	3,125,812	-	3,125,812
Balances with other banks	52,679,896	-	52,679,896	7,492,526	-	7,492,526
Lendings to financial institutions	3,391,997	-	3,391,997	30,950,072	-	30,950,072
Investments	341,695,579	2,184,372	343,879,951	374,335,056	3,420,389	377,755,445
Advances	123,908,203	-	123,908,203	109,121,210	-	109,121,210
Property and equipment	2,056,648	-	2,056,648	1,844,619	-	1,844,619
Right-of-use assets	1,026,709	-	1,026,709	857,055	-	857,055
Intangible assets	97,908	-	97,908	172,425	-	172,425
Deferred tax assets	7,866,994	-	7,866,994	13,272,502	-	13,272,502
Other assets	27,665,158	-	27,665,158	32,947,331	-	32,947,331
	564,825,143	2,184,372	567,009,515	574,118,608	3,420,389	577,538,997

45.2.2 Foreign Exchange Risk

The Bank is not directly exposed to foreign exchange risk as the Bank is not engaged in foreign exchange operations. Foreign transactions, if any, are undertaken through SBP.

45.2.3 Equity Position Risk

The Bank's exposure towards equity risk is limited as only one security is held under its equity portfolio classified / measured at FVOCI which is marked to market periodically to reflect associated price risk and further risk is being gauged through stress testing scenario quarterly.

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	78,366	-	71,721	-

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk of loss from adverse movements in interest rates. ALCO monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

The Bank's interest rate exposure is calculated by categorising its interest sensitive assets and liabilities into various time bands based on the earlier of their contractual repricing or maturity dates. Interest rate risk exposures of the Bank are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

Interest rate / yield risk in the banking book – Basel Specific

The Bank holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Bank.

Repricing gap analysis presents the Bank's Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL), categorised into various time bands based on the earlier of their contractual repricing or maturity dates. Deposits with no fixed maturity dates (for example, saving deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Bank reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	15,811	-	26,729
- Other comprehensive income	155,852	-	328,699	-

45.2.5 Mismatch of interest rate sensitive assets and liabilities

The Bank's interest rate exposure originates from its investing and borrowing activities. Interest rate risk in the banking book is the risk of adverse changes in earnings and / or capital due to mismatched assets and liabilities in the banking book. The Asset and Liability Management Committee (ALCO) of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities. The Risk Management Department calculates duration and convexity measures to assess the impact of interest rate changes on its investment portfolio. Interest rate risk stress tests are conducted quarterly to assess the impact of a changes in the yield curve on Bank's capital.

	2025											
	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
			..... Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		4,436,051	-	-	-	-	-	-	-	-	-	4,436,051
Balances with other banks	15.29%	52,679,896	52,679,896	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	10.45%	3,391,997	3,000,256	-	-	-	-	391,741	-	-	-	-
Investments - net	15.58%	343,779,951	2,755,526	-	471	121,281,186	12,859,600	69,105,708	129,877,159	725,758	-	7,174,543
Advances - net	18.62%	123,908,203	4,453,810	7,772,906	8,990,652	30,038,052	18,816,230	18,866,015	25,043,280	9,799,891	47,349	80,018
Other assets - net		25,350,841	-	-	-	-	-	-	-	-	-	25,350,841
		553,546,939	62,889,488	7,772,906	8,991,123	151,319,238	31,675,830	88,363,464	154,920,439	10,525,649	47,349	37,041,453
Liabilities												
Bills payable		652,106	-	-	-	-	-	-	-	-	-	652,106
Borrowings	10.60%	382,813,041	328,351,505	-	-	54,461,536	-	-	-	-	-	-
Deposits and other accounts	10.35%	59,489,419	17,029,261	1,561,200	1,139,031	22,609,496	2,418,545	841,400	310	-	-	13,890,176
Lease liabilities		1,141,258	14,142	3,150	2,754	42,231	88,302	93,139	304,006	497,891	95,643	
Other liabilities		26,845,040	-	-	-	-	-	-	-	-	-	26,845,040
		470,940,864	345,394,908	1,564,350	1,141,785	77,113,263	2,506,847	934,539	304,316	497,891	95,643	41,387,322
On-balance sheet gap		82,606,075	(282,505,420)	6,208,556	7,849,338	74,205,975	29,168,983	87,428,925	154,616,123	10,027,758	(48,294)	(4,345,869)
Net non-financial assets		12,174,041										
Total net assets		94,780,116										
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield/ interest risk sensitivity gap		82,606,075	(282,505,420)	6,208,556	7,849,338	74,205,975	29,168,983	87,428,925	154,616,123	10,027,758	(48,294)	(4,345,869)
Cumulative yield / interest risk sensitivity gap			(282,505,420)	(276,296,864)	(268,447,526)	(194,241,551)	(165,072,568)	(77,643,643)	76,972,480	87,000,238	86,951,944	82,606,075

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000
Total financial assets	553,546,939
Add non-financial assets:	
Investment in subsidiary company	100,000
Operating fixed assets and intangible	3,181,265
Deferred tax assets	7,866,994
Other assets	2,314,317
Total assets as per statement of financial position	567,009,515

	Rupees in '000
Total financial liabilities	470,940,864
Add non-financial liabilities:	
Other liabilities	1,288,535
Total liability as per statement of financial position	472,229,399

	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
			..... Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		3,125,812	-	-	-	-	-	-	-	-	-	3,125,812
Balances with other banks	12.10%	7,492,526	7,492,526	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	13.26%	30,950,072	30,950,072	-	-	-	-	-	-	-	-	-
Investments - net	17.05%	376,174,453	30,314	462,656	140,909,721	50,887,711	53,806,900	8,037,303	92,990,211	24,312,507	4,737,130	-
Advances - net	24.03%	109,121,210	974,819	3,634,727	3,489,574	18,274,341	18,967,761	20,194,663	30,640,750	12,814,339	46,194	84,042
Other assets - net		30,579,648	-	-	-	-	-	-	-	-	-	30,579,648
		557,443,721	39,447,731	4,097,383	144,399,295	69,162,052	72,774,661	28,231,966	123,630,961	37,126,846	4,783,324	33,789,502
Liabilities												
Bills payable		451,707	-	-	-	-	-	-	-	-	-	451,707
Borrowings	12.36%	408,066,969	297,768,257	55,837,176	-	-	-	-	54,461,536	-	-	-
Deposits and other accounts	18.04%	56,621,831	13,079,744	247,061	12,457,660	17,925,954	2,020	2,420,345	-	-	-	10,489,047
Lease liabilities		997,225	-	7,263	5,793	69,517	52,504	113,727	259,105	429,234	60,082	
Other liabilities		27,069,477	-	-	-	-	-	-	-	-	-	27,069,477
		493,207,209	310,848,001	56,091,500	12,463,453	17,995,471	54,524	2,534,072	54,720,641	429,234	60,082	38,010,231
On-balance sheet gap		64,236,512	(271,400,270)	(51,994,117)	131,935,842	51,166,581	72,720,137	25,697,894	68,910,320	36,697,612	4,723,242	(4,220,729)
Net non-financial assets		16,660,314										
Total net assets		80,896,826										
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		64,236,512	(271,400,270)	(51,994,117)	131,935,842	51,166,581	72,720,137	25,697,894	68,910,320	36,697,612	4,723,242	(4,220,729)
Cumulative yield / interest risk sensitivity gap			(271,400,270)	(323,394,387)	(191,458,545)	(140,291,964)	(67,571,827)	(41,873,933)	27,036,387	63,733,999	68,457,241	64,236,512

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	557,443,721	Total financial liabilities	493,207,209
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,953,970
Operating fixed assets and intangible	2,874,099	Total liability as per statement of financial position	495,161,179
Deferred tax assets - net	13,272,502		
Other assets	2,367,683		
Total assets as per statement of financial position	576,058,005		

45.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. In order to manage operational issues, an Operational Risk Model (ORM) has been developed which comprises Key Risk Indicator (KRI), Control Self Assessment (CSA) and Operational Loss Event Data Collection. This model has been successfully implemented in all Bank wide entities. The data of the Operational Risk Model is collected and analysed on quarterly basis and results are elevated to senior management / Internal Risk Management Committee.

With regards to Basel Accords compliance, the Bank has implemented Basic Indicator Approach (BIA) to calculate capital charge against operational risk weighted assets. Disaster recovery and business continuity plan includes separate IT business continuity plan which caters to IT specific business continuity planning requirements.

45.3.1 Operational risk - Disclosures Basel II specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one - stop, full - service banking to its clients. The Bank has developed and implemented an inhouse Operational Risk Management Framework. Operational loss is reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Bank.

45.4 Liquidity risk

Liquidity risk is the major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. Liquidity risk is being calculated by maturity ladder of balance sheet items, liquidity stress testing, regulatory returns on liquidity standards under Basel III, and different analysis for management purpose.

45.4.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

	2025													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	4,436,051	4,436,051	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	52,679,896	47,677,667	-	2,000,000	-	-	-	-	-	3,002,229	-	-	-	-
Lending to financial institutions	3,391,997	-	-	500,000	2,500,000	-	-	-	-	256	-	391,741	-	-
Investments - net	343,879,951	-	-	-	-	-	3,000	21,693,301	47,035,250	60,166,941	15,003,701	75,118,000	124,234,000	625,758
Advances - net	123,908,203	1,072,909	195	-	4,491,801	5,877,208	2,998,039	8,974,890	17,046,364	17,686,732	15,624,313	16,733,942	23,796,087	9,605,723
Property and equipment	2,056,648	-	-	-	558,096	-	-	56,427	-	277,325	239,885	74,329	372,731	477,855
Right-of-use assets	1,026,709	-	-	-	-	-	-	-	-	54,730	66,085	70,412	242,870	592,612
Intangible assets	97,908	-	-	-	-	-	-	-	-	66,516	23,738	7,654	-	-
Deferred tax assets - net	7,866,994	-	-	-	-	-	-	-	-	7,866,994	-	-	-	-
Other assets	27,665,158	524,071	83	-	6,289,405	2,112,928	175,867	317,690	1,249,968	5,240,689	1,529,860	3,782,715	4,447,243	1,994,639
	567,009,515	53,710,698	278	2,500,000	13,839,302	7,990,136	3,176,906	31,042,308	65,331,582	94,362,412	32,487,582	96,178,793	153,092,931	13,296,587
Liabilities														
Bills payable	652,106	652,106	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	382,813,041	-	288,907,000	250,000	6,853,890	17,698,413	6,340,220	8,301,982	-	54,461,536	-	-	-	-
Deposits and other accounts	59,489,419	28,029,544	508,473	1,639,000	742,451	1,001,100	560,100	1,139,000	1,648,000	20,961,496	2,418,545	841,400	310	-
Lease liabilities against ROU	1,141,258	-	-	-	-	-	-	-	-	62,277	88,302	93,139	304,006	593,534
Other liabilities	28,133,575	-	-	-	1,380,929	25,791	25,791	38,089	743,620	6,946,180	2,022,259	1,968,286	4,052,322	10,930,308
	472,229,399	28,681,650	289,415,473	1,889,000	8,977,270	18,725,304	6,926,111	9,479,071	2,391,620	82,431,489	4,529,106	2,902,825	4,356,638	11,523,842
Net assets	94,780,116	25,029,048	(289,415,195)	611,000	4,862,032	(10,735,168)	(3,749,205)	21,563,237	62,939,962	11,930,923	27,958,476	93,275,968	148,736,293	1,772,745
Share capital		52,678,432												
Reserves		14,513,625												
Unappropriated profit		24,187,140												
Surplus on revaluation of assets		3,400,919												
		94,780,116												

	2024													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	..... Rupees in '000													
Assets														
Cash and balances with treasury banks	3,125,812	3,125,812	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	7,492,526	7,492,526	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,950,072	-	18,100,000	-	-	-	-	-	-	12,850,072	-	-	-	-
Investments - net	376,274,453	-	-	-	-	-	500,000	144,687,000	27,275,000	9,207,629	64,225,750	8,403,316	96,700,000	25,275,758
Advances - net	109,121,210	827,394	443	-	3,327,891	2,471,973	1,024,226	3,399,685	9,637,031	10,289,374	20,723,964	16,518,321	28,666,455	12,234,453
Property and equipment	1,844,619	-	-	-	477,540	-	6,377	9,528	-	217,098	108,421	339,426	190,092	496,137
Right-of-use assets	857,055	-	-	-	-	-	-	-	-	24,332	4,648	40,175	53,430	734,470
Intangible assets	172,425	-	-	-	1	-	-	-	-	2,670	147,995	21,759	-	-
Deferred tax assets - net	13,272,502	-	-	-	-	-	-	-	-	13,272,502	-	-	-	-
Other assets	34,428,323	346,407	90	-	9,575,440	2,553,501	1,710,467	2,679,501	1,614,253	14,315,503	571,201	211,425	308,850	541,685
	577,538,997	11,792,139	18,100,533	-	13,380,872	5,025,474	3,241,070	150,775,714	38,526,284	60,179,180	85,781,979	25,534,422	125,918,827	39,282,503
Liabilities														
Bills payable	451,707	451,707	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	408,066,969	-	160,806,856	10,180,232	169,008,657	7,521,459	2,309,190	2,191,798	-	1,587,241	-	-	54,461,536	-
Deposits and other accounts	56,621,831	23,424,497	-	-	144,500	156,330	90,561	12,457,630	1,023,000	-	16,904,971	2,420,342	-	-
Lease liabilities against ROU	997,225	-	-	-	-	-	-	-	-	52,734	3,001	41,683	50,542	849,265
Other liabilities	29,023,447	-	-	-	395,166	12,050	12,050	2,169,677	1,291,148	24,063,623	191,977	139,335	259,105	489,316
	495,161,179	23,876,204	160,806,856	10,180,232	169,548,323	7,689,839	2,411,801	16,819,105	2,314,148	25,703,598	17,099,949	2,601,360	54,771,183	1,338,581
Net assets	82,377,818	(12,084,065)	(142,706,323)	(10,180,232)	(156,167,451)	(2,664,365)	829,269	133,956,609	36,212,136	34,475,582	68,682,030	22,933,062	71,147,644	37,943,922
Share capital		52,678,432												
Reserves		12,113,062												
Unappropriated profit		15,341,495												
Surplus on revaluation of assets		2,244,829												
		82,377,818												

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 JUL 2026 by the Board of Directors of the Bank.

48 GENERAL

The figures in the financial statements are rounded off to the nearest thousand rupees, unless otherwise stated.

President	Chief Financial Officer	Director	Director	Director

Annexure-I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2025

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	CNIC number	Father's / husband's name	Outstanding liabilities at beginning of the year				Principal written off	Interest/ markup written-off / waived	Other financial relief provided	Total (10+11+12)
					Principal	Interest / markup	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
					..... Rupees in '000							
1	SYED HASSAN ABBAS SHAH	SYED HASSAN ABBAS SHAH	3110116456135	SYED NAZAR HUSSAIN SHAH	500.000	288.910	-	788.910	-	504.784	-	504.784
2	MST YASMEEN ZAHOOR LALEKA	MST YASMEEN ZAHOOR LALEKA	3110103295264	LALIKA JOYO	1,500.000	965.484	-	2,465.484	-	573.184	-	573.184
3	ATTAAULLAH	ATTAAULLAH	5330685872325	FAIZULLAH	392.000	357.468	-	749.468	-	518.920	-	518.920
4	GUL MUHAMMAD	GUL MUHAMMAD	60785194287	DAWOOD KHAN	392.000	334.198	-	726.198	-	507.768	-	507.768
5	MUHAMMAD SOOMAR	MUHAMMAD SOOMAR	4420170789341	MUHAMMAD MUREED	438.750	267.120	-	705.870	-	515.561	-	515.561
6	MUNIR AHMAD	MUNIR AHMAD	31828563216	MUHAMMAD	407.000	262.362	-	669.362	-	665.388	-	665.388
7	MUHAMMAD IRSHAD	MUHAMMAD IRSHAD	22092434209	MUHAMMAD ALI	909.750	811.739	-	1,721.489	-	810.274	-	810.274
8	GHULLAM NABI	GHULLAM NABI	4340320122914	DIL MURAD	301.000	194.261	-	495.261	-	502.714	-	502.714
9	RIFAQAT BEGUM	RIFAQAT BEGUM	1710134610338	JAVID KHAN	485.948	21.011	-	506.959	-	516.285	-	516.285
10	ABDUL QAUIM	ABDUL QAUIM	60265261088	ABDUL HALEEM	450.000	458.541	-	908.541	-	619.957	-	619.957
11	SHAH WALI	SHAH WALI	6029509370821	ABDUL HAKEEM	497.250	473.348	-	970.598	-	910.032	-	910.032
12	DOST MUHAMMAD	DOST MUHAMMAD	60232148911	NOOR MUHAMMAD	493.000	507.359	-	1,000.359	-	921.283	-	921.283
13	HUSSAIN AHMED	HUSSAIN AHMED	62777237133	M. YOUSAF KHAN	430.000	283.229	-	713.229	-	515.043	-	515.043
14	AMANULLAH	AMANULLAH	5630274615485	ABDUL HAQUE	249.050	389.301	-	638.351	-	532.001	-	532.001
15	ABDUL HAMID	ABDUL HAMID	5630281954087	TORAN	261.800	920.772	-	1,182.572	-	552.516	-	552.516
16	MUHAMMAD ISHAQUE	MUHAMMAD ISHAQUE	5440079471551	SHAFI MUHAMMAD	350.000	1,089.858	-	1,439.858	-	575.091	-	575.091
17	MUHAMMAD AZEEM	MUHAMMAD AZEEM	5540150673047	MUHAMMAD HUSSAIN KHAN	450.000	1,560.128	-	2,010.128	-	556.374	-	556.374
					8,507.548	**9,185.089**	**-**	**17,692.637**	**-**	**10,297.175**	**-**	**10,297.175**

Annexure - II

ISLAMIC BANKING BUSINESS

The bank is operating 35 (2024: 25) Islamic banking branches and 30 (2024: 0) Islamic banking windows at the end of the year.

	Note	2025	2024
		…… Rupees in '000 ……	
ASSETS			
Cash and balances with treasury banks		287,456	141,150
Balances with other banks		110,887	126,391
Due from financial institutions	1	3,391,997	13,650,000
Investments	2	1,048,601	1,656,797
Islamic financing and related assets - net	3	108,128	8,032
Fixed assets		125,980	120,687
Intangible assets		-	-
Due from Head Office		-	-
Other assets		2,304,572	1,219,819
Total Assets		**7,377,621**	**16,922,876**
LIABILITIES			
Bills payable		26,987	4,435
Due to financial institutions		2,757,500	13,800,000
Deposits and other accounts	4	2,471,094	1,354,966
Due to Head Office	5	1,404,988	963,273
Subordinated debt		-	-
Other liabilities		106,557	221,617
		6,767,126	16,344,291
NET ASSETS		**610,495**	**578,585**
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of assets		18,605	11,953
Accumulated profit	6	91,890	66,632
		610,495	**578,585**
CONTINGENCIES AND COMMITMENTS	7		

Annexure - II

The profit and loss account of the Bank's Islamic banking branches for the year ended is as follows:

	Note	2025	2024
		…… Rupees in '000 ……	
Profit / return earned	8	1,350,736	2,196,093
Profit / return expensed	9	1,203,833	1,928,978
Net Profit / return		146,903	267,115
Other income			
Fee and commission income		2,846	2,578
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities		4,083	3,667
Other income		486	2,048
Total other income		7,415	8,293
Total income		154,318	275,408
Other expenses			
Operating expenses		108,199	234,406
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		108,199	234,406
Profit before credit loss allowance		46,119	41,002
Credit loss allowance and write offs - net		761	-
Profit before taxation		45,358	41,002
Taxation		20,100	22,572
Profit after taxation		25,258	18,430

Annexure - II

		2025			2024		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		..... Rupees in '000					
1	**Due from Financial Institutions**						
	Bai Muajjal Receivable from State Bank of Pakistan	392,418	-	392,418	-	-	-
	Musharakah / Mudarabah	3,000,000	-	3,000,000	13,650,000	-	13,650,000
		3,392,418	-	3,392,418	13,650,000	-	13,650,000
	Less: Credit loss allowance						
	- Stage 1	(421)	-	(421)	-	-	-
	- Stage 2	-	-	-	-	-	-
	- Stage 3	-	-	-	-	-	-
		(421)	-	(421)	-	-	-
		3,391,997	-	3,391,997	13,650,000	-	13,650,000

2 Investments

	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	..... Rupees in '000							
Federal Government securities								
Ijarah sukuk	771,546	-	18,037	789,583	1,287,277	-	8,343	1,295,620
Non Government Securities								
Listed securities	258,451	-	567	259,018	357,566	-	3,611	361,177
Total investments	1,029,997	-	18,604	1,048,601	1,644,843	-	11,954	1,656,797

	Note	2025	2024
		..... Rupees in '000	
3 Islamic financing and related assets			
Ijarah	3.1	48,684	-
Diminishing musharaka		59,784	8,032
Gross Islamic financing and related assets		108,468	8,032
Less: Credit loss allowance against Islamic financings			
- Stage 1		(340)	-
- Stage 2		-	-
- Stage 3		-	-
- Specific		-	-
- General		-	-
		(340)	-
Islamic financing and related assets - net of credit loss allowance		108,128	8,032

3.1 Ijarah

	2025						
	Cost			Depreciation			Book Value as at December 31
	As at January 01	Additions / Deletions	As at December 31	As at January 01	Additions / Deletions	As at December 31	
	---------- Rupees in 000 ----------						
Plant & machinery	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-
Land & building	-	48,684	48,684	-	-	-	48,684
Total	-	48,684	48,684	-	-	-	48,684

3.2 Future Ijarah payments receivable

	2025				2024			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	---------- Rupees in 000 ----------							
Ijarah rental receivables	11,308	47,507	8,015	66,830	-	-	-	-

Annexure - II

		2025	2024
		..... Rupees in '000	
4	**Deposits**		
	Customers - local currency		
	Current deposits	726,101	392,796
	Savings deposits	1,699,453	719,767
	Term deposits receipts	40,745	242,165
	Others	4,795	238
		2,471,094	1,354,966
	Financial Institutions		
	Term deposits receipts	-	-
		2,471,094	1,354,966
4.1	**Composition of deposits**		
	- Individuals	2,351,220	1,023,657
	- Non-Banking Financial Institutions	118,935	-
	- Private sector	-	131,309
	-Govt./Public sector entities	939	200,000
		2,471,094	1,354,966

4.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,509.392 million (2024: Rs. 1,026.551 million).

5 Due to head office represents inter branch transactions between Islamic and Conventional.

		2025	2024
		..... Rupees in '000	
6	**Islamic Banking Business Unappropriated Profit**		
	Opening balance	66,632	48,202
	Add: Islamic banking for the year	45,358	41,002
	Less: Taxation	20,100	22,572
	Closing balance	91,890	66,632

7 There are no contingencies and commitments related to the Islamic business as at reporting date. (2024: Nil)

8 Profit / return earned of financing, investments and placement

	2025	2024
	..... Rupees in '000	
Profit earned on:		
Financing	6,048	515
Investments	240,152	342,024
Placements	1,104,536	1,853,554
Total	1,350,736	2,196,093

Annexure - II

		2025	2024
		..... Rupees in '000	
9	**Profit on deposits and other dues expensed**		
	Deposits and other accounts	229,635	261,484
	Commission and other charges	1,597	3,520
	Call borrowings/ funds acceptances	972,601	1,663,974
		1,203,833	1,928,978

10 Pool Management

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining five pools for profit declaration and distribution i.e., general pool, special pool 1, special pool 5, special pool 7 and special pool 10.

General pool

The General Pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from ZTBL Head Office. The Bank acts as fund manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in mudaraba based depositors' accounts and paid as per pre-defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period of deposits;
- Frequency of profit distribution, i.e. monthly, quarterly or on maturity; and
- Volume of the deposit.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attributed to various types of investments; and
- SBP rules & Shariah Clearance.

Annexure - II

Special pool

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and Mudaraba placements from head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on daily product basis and paid as per pre defined weightages. While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund.;
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity; and
- Magnitude of risk.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of special pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from principal office, Islamic banking institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attached to various types of investments; and
- SBP rules & Shariah Clearance.

Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

	2025	2024
	…… Rupees in '000 ……	
Investments	1,048,601	1,656,797
Due from financial institutions	3,391,997	13,650,000
Balances with other banks	110,887	126,391

Annexure - II

Charging expenses

The direct expenses are charged to the pool, while indirect expenses including the establishment cost is borne by ZTBL - IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, cost of sale of inventories, insurance / takaful expenses of pool assets, taxes, stamp fee or documentation charges, brokerage fee for purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools, write-offs of financings and loss on sale of investments, etc.

	2025	2024
	…… Rupees in '000 ……	
Credit loss allowances	658	-

Mudarib share (in amount and percentage of distributable income)

		2025	2024
		…… Rupees in '000 ……	
Rabbul Mal	67%	196,313	251,311
Mudarib	33%	96,936	91,305
		293,249	342,616

Amount & percentage of mudarib share transferred to depositors through Hiba

	2025	2024
Mudarib share	96,936	91,305
Hiba	22,620	20,228
Hiba percentage of mudarib share	22.15%	22.15%

This is not a special Hiba and it has been distributed across the board to all the investment account holders.

Profit rate earned vs profit rate distributed to the depositors during the year

	2025	2024
Profit rate earned	15.34% p.a.	18.03% p.a.
Profit rates distributed to depositors	8.86% p.a.	13.07% p.a.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZARAI TARAQIATI BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Zarai Taraqiati Bank Limited** and its subsidiary **(the Group),** which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matter:

Key Audit Matters	How the Matter was Addressed in our Report
1. Expected credit loss allowance against advances	
Refer to the note 4.2.3 and note 9 to the annexed consolidated financial statements. As at December 31, 2025, the Group's Credit loss allowance against advances is amounting to Rs. 16.894 billion The Group recognizes expected credit losses ("ECL") on advances in accordance with the application instructions issued by SBP and requirements of IFRS 09 as applicable in Pakistan. ECL on advances involves judgement and complexity. Following areas are subject to management judgement in the estimation of ECL: • ECL Model - ECL estimation involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Each area is a key driver of complexity and uncertainty and are required in the calculation of ECL. • Forward Looking Factors - IFRS 9 requires the Group to incorporate forward-looking factors in estimation of ECL. Such forward-looking factors include imports, exports, Inflation, CPI, unemployment rates. Management's judgment is applied in determining the forward-looking economic scenarios used in the ECL calculation, the probability weightings assigned to these scenarios, and the key variables that drive the scenarios. • Significant Increase in Credit Risk (SICR) - The criteria selected to identify SICR involves judgement and can lead to unreliable ECL recognized for certain portfolios. In line with the applications instructions on IFRS 9, the Group must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by SBP.	Our key audit procedures to verify expected credit loss allowance against advances included, amongst others, the following: • Obtained an understanding of the Group's assessment of expected credit loss allowance on advances including methodology, accounting policies and key assumptions applied during the year. • Evaluated the design and implementation of controls over the ECL estimation process, including model validation procedures, categorization of borrowers, computation and recognition of credit loss allowance and compliance with SBP's IFRS 9 instructions. • Evaluated the completeness and accuracy of critical data used in the ECL model, including exposure at default (EAD), probability of default (PD), and loss given default (LGD). • Assessed the appropriateness of the staging criteria used to classify advances under IFRS 9 and SBP Prudential Regulation, ensuring proper identification of significant increase in credit risk (SICR) and credit-impaired advances based on both quantitative and qualitative indicators. • Evaluated the selection of macroeconomic variables used in the ECL model, ensuring their relevance to the agricultural sector and the reliability of forecasts, as well as the reasonableness of the weightages assigned to different economic scenarios in the ECL computation. • Performed independent recalculations of ECL on selected loan exposures to validate the mathematical accuracy of the model.

Crowe

Key Audit Matters	How the Matter was Addressed in our Report
The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Group's credit portfolio. Given the significance of advances, the high level of judgement involved, we identified the adequacy and completeness of the ECL as a key audit matter.	• Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting framework. • Assessed the appropriateness of SICR criteria applied by the Group by ensuring that the SICR criteria and staging methodology are consistent with the application instructions; • Assessed the higher of Expected Credit Loss (ECL) and provision as per Prudential Regulations (PR) to ensure appropriate recognition of ECL against stage 3 loans; • Assessed the relevant disclosures made in the consolidated financial statements to determine, whether they comply with the relevant financial reporting standards as applicable in Pakistan.

Emphasis of Matter - Applicability of State Owned Enterprises framework

We draw attention to Note 2.4 to the consolidated financial statement which states that compliance of State Owned Enterprises (Governance and Operations) Act, 2023 and State Owned Enterprises (Ownership and Management) Policy, 2023 require further clarification from the Federal Government and ZTBL has sought clarification from Finance Division and response is still awaiting. Accordingly, requirements related to these matters have not been considered in the preparation of these consolidated financial statements. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Crowe

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Crowe

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zain ul Arfeen.

Crowe Hussain Ch & Co.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: July 29, 2026
UDIN: AR202510832lGQYMvEuP



ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2025

ZARAI TARAQIATI BANK LIMITED

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2025

Crowe Hussain Chaudhury & Co.
Chartered Accountants

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
ASSETS			
Cash and balances with treasury banks	5	4,436,051	3,125,812
Balances with other banks	6	52,679,934	7,492,564
Lendings to financial institutions	7	3,391,997	30,950,072
Investments	8	343,779,951	377,655,445
Advances	9	123,908,203	109,121,210
Property and equipment	10	2,062,821	1,852,427
Right-of-use assets	11	1,026,709	857,055
Intangible assets	12	103,591	172,427
Deferred tax assets	13	8,076,499	13,475,947
Other assets	14	27,673,895	32,948,592
		567,139,651	577,651,551
LIABILITIES			
Bills payable	16	652,106	451,707
Borrowings	17	382,813,041	408,066,969
Deposits and other accounts	18	57,713,881	55,088,529
Lease liabilities	19	1,141,258	997,225
Subordinated loan		-	-
Deferred tax liabilities		-	-
Other liabilities	20	28,487,426	29,290,386
		470,807,712	493,894,816
NET ASSETS		96,331,939	83,756,735
REPRESENTED BY			
Share capital	21	52,678,432	52,678,432
Reserves		14,513,625	12,113,062
Surplus on revaluation of assets	22	3,400,919	2,244,829
Un-appropriated profit		25,738,963	16,720,412
		96,331,939	83,756,735
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 48 and Annexures I & II form an integral part of these consolidated financial statements.

President **Chief Financial Officer** **Director** **Director** **Director**

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
Mark-up / return / interest earned	24	64,401,849	111,252,316
Mark-up / return / interest expensed	25	38,037,615	86,200,979
Net mark-up / interest income		26,364,234	25,051,337
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	1,089,378	1,139,924
Dividend income		142,512	66,735
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities	27	1,045,366	2,339,449
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	2,608,268	1,873,341
Total non-mark-up / interest income		4,885,524	5,419,449
Total income		31,249,758	30,470,786
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	17,577,620	16,060,571
Workers welfare fund		-	-
Other charges	30	12,669	1,881
Total non mark-up / interest expenses		17,590,289	16,062,452
Profit before credit loss allowance		13,659,469	14,408,334
Credit loss allowance / (reversal) and write offs - net	31	(13,203,428)	(11,783,986)
Other income / expense		-	-
PROFIT BEFORE TAXATION		26,862,897	26,192,320
Taxation	32	14,702,186	13,012,852
PROFIT AFTER TAXATION		12,160,711	13,179,468
		..... Rupees	
Basic earnings per share	33	2.31	2.50
Diluted earnings per share	33	2.31	2.50

The annexed notes 1 to 48 and Annexures I & II form an integral part of these consolidated financial statements.

President | Chief Financial Officer | Director | Director | Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	… Rupees in '000 …	
Profit after taxation for the year	12,160,711	13,179,468
Other comprehensive income		
Items that may be reclassified to statement of profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	1,156,090	622,778
	1,156,090	622,778
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	205,092	179,817
Movement in surplus on revaluation of property and equipment - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	205,092	179,817
Total comprehensive income	13,521,893	13,982,063

The annexed notes 1 to 48 and Annexures I & II form an integral part of these consolidated financial statements.

President **Chief Financial Officer** **Director** **Director** **Director**

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
	..... Rupees in '000					
Balance as at December 31, 2023	52,678,432	9,460,922	60,000	1,622,051	11,451,832	75,273,237
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	(5,498,565)	(5,498,565)
Profit after taxation for the year	-	-	-	-	13,179,468	13,179,468
Other comprehensive income - net of tax	-	-	-	622,778	179,817	802,595
Total comprehensive income for the year	-	-	-	622,778	13,359,285	13,982,063
Transferred to statutory reserve	-	2,592,140	-	-	(2,592,140)	-
Balance as at December 31, 2024	52,678,432	12,053,062	60,000	2,244,829	16,720,412	83,756,735
Impact of adoption of IFRS 9 - net of tax (Note 4.1.1)	-	-	-	-	(946,689)	(946,689)
Profit after taxation for the year	-	-	-	-	12,160,711	12,160,711
Other comprehensive income - net of tax	-	-	-	1,156,090	205,092	1,361,182
Total comprehensive income for the year	-	-	-	1,156,090	12,365,803	13,521,893
Preference shares	-	-	-	-	-	-
Transferred to statutory reserve	-	2,400,563	-	-	(2,400,563)	-
Balance as at December 31, 2025	52,678,432	14,453,625	60,000	3,400,919	25,738,963	96,331,939

Statutory reserves represent reserve maintained as per requirement of Section 21 of the Banking Companies Ordinance, 1962.

The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

The annexed notes 1 to 48 and Annexures I & II form an integral part of these consolidated financial statements.

CAC

President | Chief Financial Officer | Director | Director | Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		..... Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss) before working capital changes	37	(511,234)	(1,297,346)
(Increase) / decrease in operating assets:			
Lendings to financial institutions		27,562,282	(24,394,000)
Securities classified as FVPL		1,246,812	(3,387,735)
Advances		(14,214,342)	(11,166,186)
Other assets (excluding advance taxation)		401,605	(1,691,866)
		14,996,357	(40,639,787)
Increase / (decrease) in operating liabilities:			
Bills payable		200,399	(2,153,665)
Borrowings from financial institutions		(25,253,928)	8,189,270
Deposits and other accounts		2,625,352	(774,768)
Other liabilities (excluding current tax)		(947,572)	1,096,607
		(23,375,749)	6,357,444
Interest received		71,222,935	103,963,074
Interest paid		(41,666,769)	(87,538,768)
Employees' benefits paid		(1,122,571)	(1,119,125)
Income tax paid		(10,622,398)	(9,890,591)
Net cash flow generated from / (used in) operating activities		8,920,571	(30,165,099)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		37,412,195	3,757,842
Realised gain on sales of securities		1,034,568	2,323,122
Dividend received		142,512	66,735
Investments in property and equipment / intangible assets		(567,377)	(587,220)
Proceeds from sale of property and equipment		10,760	26,085
Net cash flow generated from investing activities		38,032,658	5,586,564
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(449,840)	(388,395)
Net cash flow used in financing activities		(449,840)	(388,395)
Increase / (decrease) in cash and cash equivalents		46,503,389	(24,966,930)
Cash and cash equivalents at beginning of the year	34	10,619,860	35,586,790
Cash and cash equivalents at end of the year	34	57,123,249	10,619,860

The annexed notes 1 to 48 and Annexures I & II form an integral part of these consolidated financial statements.

President | Chief Financial Officer | Director | Director | Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Holding company

- Zarai Taraqiati Bank Limited

Subsidiary company

- Kissan Support Services (Private) Limited

1.1 STATUS AND NATURE OF BUSINESS

(a) Reorganization and conversion

The Federal Government in its cabinet meeting held on August 28, 2002 decided for the reorganization and conversion of Agricultural Development Bank of Pakistan (ADBP) into a public limited Company for the purposes of ensuring good governance, autonomy, delivering high quality and viable financial services to a greater number of rural clientele and adequate returns to stakeholders. Accordingly, the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002 was promulgated for taking over the entire undertaking of ADBP and for matters connected therewith or incidental thereto.

(b) Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqiati Bank Limited ("the Bank") was incorporated as a public limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of ADBP were transferred to, and vested in Zarai Taraqiati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (2024: 501) branches including 35 (2024: 25) Islamic Banking branches in Pakistan as at the close of the year.

(c) Nature of business

The main purpose of the Bank is to provide sustainable rural finance and services particularly to small farmers and low-income households to strengthen the rural and agricultural sector, mitigate poverty, capital market and investment activities and other banking business.

1.2 Kissan Support Services (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on September 19, 2005 under the Companies Ordinance, 1984. It is a fully owned subsidiary of Zarai Taraqiati Bank Limited (ZTBL). The registered office of the Company is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Company's principal business is the provision of consultancy, advisory, agency and other support services on contractual basis or otherwise to the Bank.

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements include the financial statements of the Bank and its subsidiary company.

2.2 The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in Annexure II to these consolidated financial statements.

2.3 The assets and liabilities of the subsidiary company have been consolidated on a line by line basis and the carrying value of investment held by the Bank is eliminated against the subsidiary's equity held by the Bank in the consolidated financial statements. Intra-group balances and transactions have been eliminated.

2.4 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.5 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. These comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and notifications issued by the SBP and the SECP differ with the requirements of IFRS Accounting Standards or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.

The Federal Government through the Gazette of Pakistan dated February 2, 2023 issued State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act) followed by State-Owned Enterprises (Ownership and Management) Policy, 2023 (SOE Policy), on November 27, 2023 to improve the governance, financial efficiency, and transparency of state-owned enterprises. However, compliance of the SOE Act and SOE Policy require further clarifications from the Federal Government for which ZTBL has sought clarification from Finance Division through letter bearing reference number CAD/1(9)/2024/ dated August 13, 2024 and response to this letter is still awaiting. Accordingly, requirements related to these matters have not been considered in the preparation of these consolidated financial statements.

2.5.1 These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements issued by the State Bank of Pakistan (SBP), vide BPRD Circular Letter No. 13 of 2024, dated July 1, 2024.

2.5.2 The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 04, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard (IFAS) 3, Profit and loss sharing on Deposits. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

2.5.3 All Islamic products are governed by the product manual approved by the Shariah Board of the Group. The related accounting and revenue recognition policies are outlined in notes 4.6.2, 4.15.3 these consolidated financial statements, respectively. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

2.5.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

Certain amendments to standards, interpretations and improvements to accounting standards became effective in the current year, however, these do not have any material effect on the consolidated financial statements of the Group and, therefore, are not disclosed except for certain matters pertaining to IFRS 9 'Financial Instruments', the impact of which is disclosed in the note 4.1.1 to the consolidated financial statements.

2.5.5 Standards, Interpretations and amendments to accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

	Effective date (annual periods beginning on or after)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 01, 2026
- IFRS 7 – Financial Instruments: Disclosures	January 01, 2026
- IFRS 17 - Insurance Contracts	January 01, 2026
- Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	January 01, 2027
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
- Subsidiaries without Public Accountability: Disclosures	January 01, 2027
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The Group expects that adoption of the same will not affect its consolidated financial statements in the period of initial application.

2.5.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgement was exercised in the application of accounting policies are as follows:

	Note
Valuation and impairment of financial instruments	4.10 & 4.17
Valuation and depreciation of property and equipment	4.7
Valuation and amortisation of intangible assets	4.8
Valuation and depreciation of right-of-use assets and related lease	4.9
Valuation of non-banking assets acquired in satisfaction of claims	4.11
Valuation of defined benefit plan	4.3
Taxation	4.12

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:
- Certain investments that have been marked to market and are carried at fair value.
- Post employment benefits that are recorded at present value using actuarial valuation.
- Right-of-use assets and their related lease liability which are measured at their present values.

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these consolidated financial statements are consistent with those of the previous financial year, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

Following the implementation of IFRS 9 in line with BPRD Circular Letter No. 16 of 2024, the Group began applying the Effective Interest Rate (EIR) method for the recognition of interest income on advances other than staff loans effective January 1, 2025. This approach, as required under IFRS 9, ensures that interest income is recognized in a way that appropriately represents the economic yield of financial assets over their contractual lives. Accordingly, the Group has revised its accounting policies and upgraded its systems to support this methodology, ensuring consistent and compliant recognition of interest income using the EIR method.

The Group has adopted EIR method in accordance with the Application Instructions, using the modified retrospective approach and has not restated comparatives for the 2024 reporting period. Any adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption were recognised in the retained earnings as at January 1, 2025 without restating the comparative figures as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2024 does not reflect the requirements of EIR method for the recognition of interest income on financial assets and therefore is not comparable to the information presented for 2025 under IFRS 9.

4.1.1 Impact on the statement of financial position

The effect of this change in accounting policy is as follows:

	Carrying amount as on December 31,	Remeasurement under	Adjustments	Expected Credit Loss (ECL) - charge	Gross Impact	Tax Impact	Net Impact	Balance as on January 1, 2025	Measurement category
	..... Rupees in '000								
ASSETS									
Cash and balances with treasury banks	3,125,812	-	-	-	-	-	-	3,125,812	Amortised cost
Balances with other banks	7,492,564	-	-	-	-	-	-	7,492,564	Amortised cost
Lendings to financial institutions	30,950,072	-	-	-	-	-	-	30,950,072	Amortised cost
Investments									
Available for sale							-		
Federal Government securities	370,614,398	-	1,480,992	-	1,480,992	-	1,480,992	372,095,390	FVOCI
Non government debt securities	2,352,450	-	-	-	-	-	-	2,352,450	FVOCI
Shares	3,207,605	-	-	-	-	-	-	3,207,605	FVOCI - without recycling
							-		
Advances									
Advances other than staff loans	108,286,774	(2,014,231)	-	-	(2,014,231)	-	(2,014,231)	106,272,543	Amortised cost
Staff loans	834,436	-	-	-	-	-	-	834,436	Amortised cost
Property and equipment	1,852,427	-	-	-	-	-	-	1,852,427	Outside the scope of IFRS 9
Right-of-use assets	857,055	-	-	-	-	-	-	857,055	Outside the scope of IFRS 9
Intangible assets	172,427	-	-	-	-	-	-	172,427	Outside the scope of IFRS 9
Deferred tax assets	13,475,947	-	-	-	-	1,067,542	1,067,542	14,543,489	Outside the scope of IFRS 9
Other assets									
Financial assets	32,059,978	-	(1,480,992)	-	(1,480,992)	-	(1,480,992)	30,578,986	Amortised cost
Non financial assets	2,369,606	-	-	-	-	-	-	2,369,606	Outside the scope of IFRS 9
	577,651,551	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	576,704,862	
LIABILITIES									
Bills payable	451,707	-	-	-	-	-	-	451,707	Amortised cost
Borrowings	408,066,969	-	-	-	-	-	-	408,066,969	Amortised cost
Deposits and other accounts	55,088,529	-	-	-	-	-	-	55,088,529	Amortised cost
Lease liabilities	997,225	-	-	-	-	-	-	997,225	Outside the scope of IFRS 9
Subordinated loan	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities									
Financial liabilities	27,195,787	-	-	-	-	-	-	27,195,787	Amortised cost
Non financial liabilities	2,094,599	-	-	-	-	-	-	2,094,599	Outside the scope of IFRS 9
	493,894,816	-	-	-	-	-	-	493,894,816	
NET ASSETS	83,756,735	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	82,810,046	
REPRESENTED BY									
Share capital	52,678,432	-	-	-	-	-	-	52,678,432	Outside the scope of IFRS 9
Reserves	12,113,062	-	-	-	-	-	-	12,113,062	Outside the scope of IFRS 9
Surplus on revaluation of assets	2,244,829	-	-	-	-	-	-	2,244,829	Outside the scope of IFRS 9
Accumulated profit	16,720,412	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	15,773,723	Outside the scope of IFRS 9
	83,756,735	(2,014,231)	-	-	(2,014,231)	1,067,542	(946,689)	82,810,046	

4.2 IFRS 9 - 'Financial Instruments'

4.2.1 Recognition of financial assets and liabilities

Financial assets and liabilities, except for advances, are recognized on the trade date, being the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way transactions, which are purchases or sales of financial assets that require delivery within the time frame established by market regulations or conventions. Advances are recognized when funds are disbursed to the customers' accounts.

a) Initial measurement of financial instrument

Upon initial recognition, financial instruments are classified based on their contractual cash flow characteristics and the Group's business model for managing the instruments. Financial instruments are initially measured at fair value. For financial assets and financial liabilities not measured at fair value through profit or loss (FVTPL), directly attributable transaction costs are included in or deducted from the initial carrying amount.

b) Measurement categories of financial assets and liabilities

The Group classifies its financial assets based on the business model for managing the assets and their contractual cash flow characteristics. Accordingly, financial assets are measured at:

- Amortized cost
- Fair value though Other comprehensive income (FVOCI), and
- Fair value through profit and loss (FVTPL)

The Group may designate financial instruments at FVTPL where such designation eliminates or significantly reduces accounting mismatches. Financial liabilities, other than loan commitments, are measured at amortized cost.

Staff loans are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a employee benefit expense.

c) Financial assets and liabilities

The Group measures loans and advances to customers and investments at amortized cost when both of the following criteria are satisfied:

- The financial asset is managed under a business model whose objective is to hold assets for the purpose of collecting contractual cash flows; and
- The contractual terms of the financial asset result in cash flows on specified dates that represent solely payments of principal and interest on the outstanding principal balance.

Business model assessment

The Bank determines its business model at a level that best reflects how groups of financial assets are managed collectively to achieve the Bank's stated business objectives.

- The nature of the risks that affect the performance of the business model and the financial assets held within that model, as well as the manner in which those risks are managed; and

- The assessment of the business model is based on reasonably expected scenarios and does not consider worst-case or stress-case assumptions. Where actual cash flows after initial recognition differ from the Group's original expectations, such differences do not result in a reclassification of the remaining financial assets within the business model. Instead, this information is taken into account when assessing the classification of newly originated or newly acquired financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" represents the fair value of the financial asset at the time of initial recognition and may vary over the life of the instrument, for example due to principal repayments or the amortization of any premium or discount.

Conversely, contractual terms that expose the Group to more than a de minimis level of risk or volatility in contractual cash flows that is inconsistent with a basic lending arrangement do not meet the SPPI criterion. Financial assets with such characteristics are required to be measured at fair value through profit or loss (FVTPL).

d) Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model
- The objective of which is achieved by both collecting contractual cash flows and selling financial assets.

These instruments primarily comprise assets that were previously classified as available-for-sale financial investments. Debt instruments measured at fair value through other comprehensive income (FVOCI) are subsequently carried at fair value, with changes in fair value recognized in other comprehensive income (OCI).

Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Group holds multiple investments in the same security, disposals are accounted for on a first-in, first-out basis.

Upon derecognition, the cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

e) Equity instruments at FVOCI

At initial recognition, the Group may irrevocably designate certain equity investments as equity instruments measured at fair value through other comprehensive income (FVOCI), provided that such investments meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation and are not held for trading. This designation is made on an instrument-by-instrument basis.

Subsequent changes in the fair value of these equity instruments are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividend income is recognized in profit or loss as other operating income when the Group's right to receive payment is established, except where the dividends represent a recovery of part of the cost of the investment, in which case such amounts are recognized in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

f) Debt issued and other borrowed funds

Following initial recognition, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is determined using the effective interest rate (EIR) method and reflects any discount or premium on issuance, as well as transaction costs that are directly attributable to and form an integral part of the EIR.

4.2.2 Derecognition of financial assets and liabilities

a) Derecognition for substantial modification of Financial assets

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired (POCI).

b) Derecognition other than for substantial modification Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

c) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

d) Reclassification of financial assets and liabilities

When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets. However, following changes in circumstances are not reclassifications under this ambit;

- an item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- an item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- when an entity uses a credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure).

Financial liabilities are never reclassified.

4.2.3 Impairment of financial assets

a) Overview of the ECL principles

The Group recognizes an allowance for expected credit losses (ECL) on all loans and other debt financial assets that are not measured at fair value through profit or loss (FVPL), as well as on loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment requirements under IFRS 9.

The ECL allowance represents the expected credit losses over the expected life of the financial asset (lifetime expected credit losses or LTECL), except where there has been no significant increase in credit risk since initial recognition, in which case the allowance is measured at an amount equal to 12-month expected credit losses (12mECL).

Twelve-month ECL represents the portion of lifetime expected credit losses that results from default events that are possible within 12 months after the reporting date. Both lifetime and 12-month expected credit losses are measured either on an individual basis or on a collective basis, depending on the characteristics of the underlying portfolio of financial instruments.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by evaluating changes in the risk of default over the remaining expected life of the instrument. In addition to days past due (DPD) criteria, management may apply qualitative assessments to identify certain exposures as non-performing loans (NPL).

Based on this assessment, the Group classifies its loan portfolio into Stage 1, Stage 2, Stage 3 and (POCI) assets, as described below.

Stage 1	When loans are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	Loans considered credit-impaired . The Group records an allowance for the
POCI	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

b) The calculation of ECL

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as

PD	Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. It is based on observed default rates over the life of the asset. ZTBL entire loans and advances portfolio consist of Advances. Advances are divided into two segments; development and production. The Group's credit score card model for consumer lendings is not yet matured, therefore, the Group used delinquency (days past due) based model for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. Data from 1 July 2016 till date has been used for PD estimations. For bank balances, lending to financial institutions, investments (other than local currency Government exposure) and other financial assets, the Group's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of agency. PDs of external ratings are sourced from studies of international credit agencies such as S&P Global and Moody's.
LGD	Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of collateral and unfunded credit enhancements that are integral to the debt instrument. ZTBL calculates LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Contracted rates are used to discount recoveries to date of default. Data from 1 July 2016 till date has been used for LGD estimations. For bank balances, lending to financial institutions, investments (other than local currency Government exposure) and other financial assets, ZTBL used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June 27, 2006 issued by SBP.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. Impairment losses are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1	The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired , the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

c) Debt instruments measured at fair value through OCI

The Expected Credit Losses (ECL) for debt instruments measured at fair value through other comprehensive income (FVOCI) do not affect the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, the allowance for credit losses is recognized in Other Comprehensive Income (OCI) as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated credit loss recognized in OCI is subsequently recycled to profit or loss upon derecognition of the financial assets.

d) Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Group only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

e) Forward looking information

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on management judgement and analysis of historical default rates. These factors were considered to be the most suitable for the Bank's customers and were sourced from International Monetary Fund (IMF) which were used to determine forward looking Point in time PDs (PIT PDs).

4.2.4 Calculation of markup income and expense

Income from performing advances is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in these consolidated financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances are recognized in statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

Markup expense on financial liabilities (comprising deposits and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method.

4.2.5 Presentation of allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.

- For advances measured at cost: as a deduction from the gross carrying amount of the advances.

- Loan commitments and financial guarantee contracts: as a provision in other liabilities.

- where a financial instrument includes both a drawn and an undrawn component, and the Group does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

4.2.6 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Group used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Group align its policy with BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.2.7 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.2.8 Governance, ownership and responsibilities

The Group has set up a robust governance framework requiring Risk Management, Finance, Business, Credit Risk, Internal Audit and IT functions to ensure compliance with IFRS 9 requirements.

The Group's Credit Risk Review & Administration Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The Technology Operations & Support Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Group's Finance & Accounts Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance & Accounts Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Enterprise Risk Management Division calculates impact of ECL on Group's capital adequacy, leverage ratio and Liquidity requirements.

As per the Bank's policy, the Bank's Internal Audit function carries out ECL model validation, reviews IFRS 9 methodology and impact calculated by Finance & Accounts Division.

4.3 Staff retirement benefits

4.3.1 Zarai Taraqiati Bank Limited

The Bank operates the following staff retirement benefits for its employees:

a) Pension scheme

The Bank operates defined benefit funded pension scheme approved by the income tax authorities, for its eligible employees who opted for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. The Bank's costs are determined on the basis of actuarial valuation carried out by independent actuary by using 'Projected Unit Credit Method'.

b) Gratuity scheme

The Bank operates a defined benefit funded gratuity scheme approved by the income tax authorities, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

c) Provident fund scheme

The Bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the employees' benefit scheme introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates non-contributory provident fund for its employees who opted for the new employees' benefit scheme, as mentioned above. Under this, non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the income tax authorities.

d) Benevolent scheme

The Bank also has two funded defined benefit benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Equal contribution to these schemes are made by employees and the Bank. The Bank is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation.

e) Post retirement medical benefits

The Bank operates an unfunded defined benefit post retirement medical benefit scheme for all of its employees. Provision is made in the consolidated financial statements for the benefit based on actuarial valuation. Actuarial gains / losses are accounted for in the manner similar to pension scheme.

f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the consolidated financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

4.3.2 Kissan Support Services (Private) Limited

The Company operates the following staff retirement benefits for its employees:

a) Unfunded medical benefits

The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benefits are charged to profit and loss account at the rate of Rs. 400 per employee per month.

b) Gratuity scheme

The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2023 using the 'Projected Unit Credit Method' as under the latest IAS 19 revised 2011. The acturial gains / losses arising due to differences between actuarial assumptions and actual experience regarding salary increase, mortality and withdrawal probabilities are considered as remeasurements of the net benefit liability and are recognized in other comprehensive income.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances with treasury banks and balances with other banks.

4.5 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.6 Advances

4.6.1 Loans and advances

These are stated at cost less expected credit loss allowances except for staff loans which are stated at amortized cost less credit loss allowances.

4.6.2 Islamic Financing and Related Assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Diminishing Musharaka

In Diminishing Musharaka financing, the Group enters into Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic rental payment agreement for the utilisation of the Group's Musharaka share by the customer. The customer purchases the Group's share gradually as per his undertaking.

4.7 Property and equipment and depreciation

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use as intended by the management.

Property and equipment

Property and equipment, except freehold land which is not depreciated and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 10.2 to these consolidated financial statements, after taking into account the residual value, if any. Depreciation is charged on reducing balance method except for vehicles, computer equipment and leasehold land which are depreciated / amortized on straight line method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains / losses, if any, on disposal of property and equipment fixed assets are charged to the profit and loss account during the year.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over their useful lives over which economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

4.9 Right-of-use assets and their related lease liability

4.9.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged after the leases are matured or terminated.

4.9.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.10 Impairment

Carrying values of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.11 Assets acquired in satisfaction of claims

The Group occasionally acquires assets in settlement of certain advances. These are stated at the carrying value of such assets.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account available tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 'Income Taxes'. The related deferred tax asset / liability is adjusted against the related deficit / surplus.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

4.13 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received.

Borrowings / deposits costs are recognized as expenses in the period in which these are incurred using effective mark-up / interest rate method.

4.14 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

4.15 Revenue recognition

4.15.1 - Mark-up / interest on advances (other than Islamic financing which is disclosed in Note 4.15.2 & 4.15.3) and returns on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by SBP. Where the debt securities are purchased at premium or discount, such premium / discount is amortised using effective interest rate method.

- Fee, brokerage and commission income is recognized on accrual basis.

- Profit / (loss) on sale of investments is credited / charged to the profit and loss account for the current year.

- Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

- Dividend income is recognized when the Group's right to receive has been established.

- Recoveries against loans written-off under Government relief packages are accounted for on cash receipt basis.

- Operating lease rentals are recorded in the profit and loss account on a time proportion basis over the term of lease arrangements.

4.15.2 Revenue recognition under IFAS 2

- The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

4.15.3 Revenue recognition under product manual as approved by Shariah Board of the Group

- Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.

4.16 Foreign currencies

Transactions in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date.

4.17 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the profit and loss account of the current period.

4.18 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

4.19 Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted).
Level 2: Observable direct or indirect inputs other than Level 1 inputs.
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at December 31, 2025 are disclosed in note 40.

4.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Group is engaged in providing agri-financing and branch banking, islamic banking and treasury operations and operates only in Pakistan.

4.23 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.24 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.25 Other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each reporting date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.26 Statutory reserve

In compliance with the requirements of the Banking Companies Ordinance, 1962, the Group is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 10% of the profit after tax.

4.27 Cash reserve requirement

The Group maintains liquidity equivalent to at least 6% of its time and demand deposits in the form of liquid assets i.e. cash and banks.

4.28 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual expenditure incurred. Expenditure incurred against grants committed but not received, is recognized directly in the profit and loss account and reflected as a receivable from donors.

Grants that compensate the Group for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it.

4.29 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.30 Commitments

Commitments for outstanding contractual obligations are disclosed in these consolidated financial statements at committed amounts.

		Note	2025	2024
			…… Rupees in '000 ……	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	Local currency		1,922,789	1,133,799
	With State Bank of Pakistan in:			
	Local currency current account	5.1	1,441,240	1,621,700
	With National Bank of Pakistan in:			
	Local currency current account		443,992	180,216
	Local currency deposit account	5.2	626,209	188,231
			1,070,201	368,447
	Prize bonds		1,821	1,866
			4,436,051	3,125,812
	Less: Credit loss allowance held against cash and balances with treasury banks		-	-
	Cash and balances with treasury banks - net of credit loss allowance		4,436,051	3,125,812

5.1 This represents current accounts maintained with SBP under cash reserve requirement of the Banking Companies Ordinance, 1962.

5.2 These carry mark-up at rates ranging from 7.29% to 7.54% (2024: 13.50% to 22.20%) per annum.

		Note	2025	2024
			…… Rupees in '000 ……	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		158,051	111,847
	In deposit accounts	6.1	52,529,147	7,382,201
			52,687,198	7,494,048
	Less: Credit loss allowance held against balances with other banks		(7,264)	(1,484)
	Balances with other banks - net of credit loss allowance		52,679,934	7,492,564

6.1 These carry mark-up at rates ranging from 5.25% to 11.90 % (2024: 6.75% to 13.60%) per annum.

		Note	2025	2024
			…… Rupees in '000 ……	
7	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Call money lendings	7.2	-	14,500,000
	Musharakah lending	7.3	3,000,000	13,650,000
	Repurchase agreement lendings (reverse repo)	7.4	-	2,804,700
	Bai Muajjal receivable			
	With State Bank of Pakistan	7.5	392,418	-
			3,392,418	30,954,700
	Less: Credit loss allowance held against lending to financial institutions		(421)	(4,628)
	Lending to financial institutions - net of credit loss allowance		3,391,997	30,950,072
7.1	**Particulars of lendings**			
	In local currency		3,392,418	30,954,700
	In foreign currencies		-	-
			3,392,418	30,954,700

7.2 This carries mark-up rates NIL (2024: 13.85 % to 13.90%).

7.3 This carries mark-up at rates 10.45% (2024: 12% to 12.75%) per annum having maturity during January 2026.

7.4 This carries mark-up rates NIL (2024: 13.28%).

7.5 This carries mark up coupon at rate 11.86% to 12.53% (2024: NIL) per annum having maturity during 2028.

7.6 Securities held as collateral against lendings to financial institutions

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	..... Rupees in '000					
Pakistan Investment Bonds	-	-	-	2,804,700	-	2,804,700

7.7 Lending to financial institutions - Particulars of credit loss allowance

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		..... Rupees in '000			
Domestic					
Performing	Stage 1	3,392,418	421	30,954,700	4,628
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		3,392,418	421	30,954,700	4,628

	2025			
	Stage 1	Stage 2	Stage 3	Total
	..... Rupees in '000			
Balances as at 01 January 2025	4,628	-	-	4,628
New financial assets originated or pruchased	421	-	-	421
Financial assets that have been derecognised	(4,628)	-	-	(4,628)
	(4,207)	-	-	(4,207)
Closing balance	421	-	-	421

	2024			
	Stage 1	Stage 2	Stage 3	Total
	..... Rupees in '000			
Opening balance	-	-	-	-
Impact of adoption of IFRS 9	490	-	-	490
Balances as at 01 January after adopting IFRS 9	490	-	-	490
New financial assets originated or pruchased	4,628	-	-	4,628
Financial assets that have been derecognised	(490)	-	-	(490)
	4,138	-	-	4,138
Closing balance	4,628	-	-	4,628

8 INVESTMENTS

8.1 Investments by types

	Note	2025 Cost / amortised cost	2025 Credit Loss	2025 Surplus / (deficit)	2025 Carrying value	2024 Cost / amortised cost	2024 Credit Loss Allowance	2024 Surplus / (deficit)	2024 Carrying value
		Rupees in '000							
- Debt Instruments									
Classified / measured at FVOCI									
Federal Government securities		332,164,356	-	3,775,071	335,939,427	367,013,611	-	1,661,390	368,675,001
Non Government debt securities		2,256,990	(310)	(24,536)	2,232,144	2,356,271	(354)	(3,467)	2,352,450
		334,421,346	(310)	3,750,535	338,171,571	369,369,882	(354)	1,657,923	371,027,451
Classified / measured at FVPL									
Federal Government securities		2,173,597	-	10,775	2,184,372	3,404,062	-	16,327	3,420,389
		2,173,597	-	10,775	2,184,372	3,404,062	-	16,327	3,420,389
- Equity instruments									
Classified / Measured at FVOCI (Non-Reclassifiable)									
Shares:									
Listed Companies		89,296	-	3,334,712	3,424,008	89,296	-	3,118,309	3,207,605
Unlisted Companies		10,523	(10,523)	-	-	10,523	(10,523)	-	-
		99,819	(10,523)	3,334,712	3,424,008	99,819	(10,523)	3,118,309	3,207,605
Total investments		336,694,762	(10,833)	7,096,022	343,779,951	372,873,763	(10,877)	4,792,559	377,655,445

	2025				2024			
	Cost / amortised cost	Credit Loss	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value
	..... Rupees in '000							
8.2 Investments by segments								
Federal Government Securities								
Market Treasury Bills	48,931,970	-	213,229	49,145,199	95,249,487	-	750,024	95,999,511
Pakistan Investment Bonds	283,898,827	-	3,547,296	287,446,123	273,009,185	-	910,390	273,919,575
Government of Pakistan Ijarah sukuk	1,507,156	-	25,321	1,532,477	2,159,001	-	17,303	2,176,304
	334,337,953	-	3,785,846	338,123,799	370,417,673	-	1,677,717	372,095,390
Shares:								
Listed Companies	89,296	-	3,334,712	3,424,008	89,296	-	3,118,309	3,207,605
Unlisted Companies	10,523	(10,523)	-	-	10,523	(10,523)	-	-
	99,819	(10,523)	3,334,712	3,424,008	99,819	(10,523)	3,118,309	3,207,605
Non Government Debt Securities								
Listed	2,066,769	(283)	(24,536)	2,041,950	2,091,021	(293)	(3,467)	2,087,261
Unlisted	190,221	(27)	-	190,194	265,250	(61)	-	265,189
	2,256,990	(310)	(24,536)	2,232,144	2,356,271	(354)	(3,467)	2,352,450
Total investments	336,694,762	(10,833)	7,096,022	343,779,951	372,873,763	(10,877)	4,792,559	377,655,445

	2025	2024
	..... Rupees in '000	
8.2.1 Investments given as collateral		
Market Treasury Bills	40,196,484	65,012,242
Pakistan Investment Bonds	237,436,977	199,571,000
	277,633,461	264,583,242

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	..... Rupees in '000			..... Rupees in '000		
Opening Balances	374,448,194	-	10,523	-	-	10,523
Impact of adoption of IFRS 9	-	-	-	368,580,310	-	-
New investments	14,330,103	-	-	144,180,487	-	-
Investments derecognised or repaid	(48,422,044)	-	-	(138,312,603)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(34,091,941)	-	-	5,867,884	-	-
Amounts charged off	-	-	-	-	-	-
Closing balance	340,356,253	-	10,523	374,448,194	-	10,523

8.3.2 Investments - Particulars of credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	..... Rupees in '000			..... Rupees in '000		
Opening Balances	354	-	10,523	-	-	10,523
Impact of adoption of IFRS 9	-	-	-	377	-	-
New investments	-	-	-	-	-	-
Investments derecognised or repaid	-	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	-	-	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(44)	-	-	(23)	-	-
Closing balance	310	-	10,523	354	-	10,523

8.3.3 Particulars of credit loss allowance against debt securities

		2025		2024	
Domestic		**Outstanding amount**	**Credit loss allowance held**	**Outstanding amount**	**Credit loss allowance held**
		…… Rupees in '000 ……		**…… Rupees in '000 ……**	
Performing	Stage 1	340,356,253	310	374,448,194	354
Under performing	Stage 2	-	-	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		340,356,253	310	374,448,194	354

8.3.4 Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

8.4 Quality of securities

8.4.1 Details regarding quality of FVPL securities are as follows:

	2025	2024
	Cost	
	…… Rupees in '000 ……	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	2,173,597	3,404,062

8.4.2 Details regarding quality of FVOCI securities are as follows:

Federal Government Securities - Government guaranteed		
Market Treasury Bills	48,931,970	95,249,487
Pakistan Investment Bonds	281,725,230	269,605,123
Ijarah Sukuks	1,507,156	2,159,001
	332,164,356	367,013,611
Shares		
Listed companies		
Food and personal care products - cost	89,296	89,296

	2025		2024	
	Cost	Breakup value	Cost	Breakup value
	……..... Rupees in '000 …….			
Unlisted companies				
Pakistan Mercantile Exchange Limited	10,523	28,889	10,523	17,327
Pakistan Agricultural Storage and Services Corporation Limited	-	(148,825)	-	1,557,625
	10,523	(119,936)	10,523	1,574,952

Investment in Pakistan Mercantile Exchange Limited has been fully provided for due to negative break up value in prior financial statements. Cost per share is Rs. 10 to Rs. 13.5 having total cost amounting to Rs. 10.523 million.

Investments in Pakistan Agricultural Storages and Services Corporation Limited was transferred to the Bank at the time of conversion of ADBP into the Bank at nominal value of Rs. 1. Cost per share is Rs. 1,000 having total cost amounting to Rs. 2.50 million.

	2025	2024
	Cost	
	…… Rupees in '000 ……	
Non Government debt securities		
Listed		
- AAA	568,230	-
- AA+, AA, AA-	1,498,539	1,977,271
- A+, A, A-	-	113,750
	2,066,769	2,091,021
Unlisted		
- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	190,221	265,250
	190,221	265,250

9 ADVANCES

	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	116,549,826	101,613,315	24,144,677	26,981,173	140,694,503	128,594,488
Islamic financing and related assets	108,128	8,032	-	-	108,128	8,032
Advances - gross	116,657,954	101,621,347	24,144,677	26,981,173	140,802,631	128,602,520
Credit loss allowance against advances:						
- Against agriculture advance						
-Stage 1	526,981	581,916	-	-	526,981	581,916
-Stage 2	330,674	2,588,742	-	-	330,674	2,588,742
-Stage 3	-	-	12,996,086	13,270,932	12,996,086	13,270,932
- Against staff advances	406	387	40,281	39,333	40,687	39,720
- General	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,858,061	6,171,045	13,036,367	13,310,265	16,894,428	19,481,310
Advances - net of credit loss allowance	112,799,893	95,450,302	11,108,310	13,670,908	123,908,203	109,121,210

9.1 Particulars of advances (gross)

	2025	2024
In local currency	140,802,631	128,602,520

9.1.1 Advances to women, women-owned and managed enterprises

Women	9,011,029	7,304,072
Women Owned and Managed Enterprises	181,997	182,791
	9,193,026	7,486,863

9.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amounts to Rs. 4,791.750 million (2024: Rs. 3,871.434 million)

9.2 Particulars of credit loss allowance

9.2.1 Advances - Exposure

	2025		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	100,590,077	7,853,106	19,285,181
New advances	57,316,481	281,252	163,721
Advances derecognised or repaid	(36,397,557)	(2,636,773)	(6,680,712)
Transfer to stage 1	1,661,225	(962,715)	(698,510)
Transfer to stage 2	(3,525,054)	3,562,253	(37,199)
Transfer to stage 3	(4,203,758)	(4,454,361)	8,658,119
	14,851,337	(4,210,344)	1,405,419
Amounts charged off	-	-	-
Closing balance	115,441,414	3,642,762	20,690,600

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	-	-	-
Impact of adoption of IFRS 9	85,440,415	14,386,463	18,738,010
New advances	55,438,211	394,429	363,340
Advances derecognised or repaid	(33,543,961)	(5,159,298)	(6,436,767)
Transfer to stage 1	2,392,251	(1,783,966)	(608,285)
Transfer to stage 2	(7,283,188)	7,353,965	(70,777)
Transfer to stage 3	(1,853,651)	(7,338,487)	9,192,138
	15,149,662	(6,533,357)	2,439,649
Amounts charged off	-	-	(1,892,478)
Closing balance	100,590,077	7,853,106	19,285,181

9.2.2 Advances - Credit loss allowance

	2025		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances	581,916	2,588,742	13,270,932
New advances	85,544	297,586	1,570,347
Advances derecognised or repaid	(708,788)	(784,978)	(4,444,514)
Transfer to stage 1	738,451	(318,525)	(419,926)
Transfer to stage 2	(25,070)	44,027	(18,957)
Transfer to stage 3	(56,544)	(1,483,759)	1,540,304
	33,593	(2,245,649)	(1,772,746)
Amounts written off / charged off	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(88,528)	(12,419)	1,497,900
Closing balance	526,981	330,674	12,996,086

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
Opening Balances			
Impact of adoption of IFRS 9	1,335,082	5,171,698	14,387,176
New advances	402,982	2,672,162	4,510,399
Advances derecognised or repaid	(1,325,822)	(1,758,826)	(4,601,396)
Transfer to stage 1	1,057,090	(617,645)	(439,445)
Transfer to stage 2	(86,326)	131,154	(44,828)
Transfer to stage 3	(131,376)	(2,717,198)	2,848,574
	(83,452)	(2,290,353)	2,273,304
Amounts written off / charged off	-	-	(1,892,478)
Changes in risk parameters (PDs/LGDs/EADs)	(669,714)	(292,603)	(1,497,070)
Closing balance	581,916	2,588,742	13,270,932

9.2.3 Advances - Credit loss allowance details

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		..... Rupees in '000			
Domestic					
Performing	Stage 1	115,441,414	526,981	100,590,077	581,916
Under performing	Stage 2	3,642,762	330,674	7,853,106	2,588,742
Non-Performing	Stage 3				
Other assets especially mentioned		3,568,098	1,196,165	-	-
Substandard		5,069,962	1,955,803	12,265,726	7,958,480
Doubtful		5,633,844	3,420,489	4,419,491	2,717,418
Loss		6,418,696	6,423,629	2,599,964	2,595,034
		20,690,600	12,996,086	19,285,181	13,270,932
Total		139,774,776	13,853,741	127,728,364	16,441,590

9.3 Advances include Rs. 24,101.695 million (2024: Rs. 26,938.645 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	2025		2024	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	..... Rupees in '000			
Domestic				
Other assets especially mentioned - Stage 2	3,411,095	-	7,653,464	-
Other assets especially mentioned - Stage 3	3,568,098	1,196,165	-	-
Substandard	5,069,962	1,955,803	12,265,726	7,958,480
Doubtful	5,633,844	3,420,489	4,419,491	2,717,418
Loss	6,418,696	6,423,629	2,599,964	2,595,034
	20,690,600	12,996,086	19,285,181	13,270,932
	24,101,695	12,996,086	26,938,645	13,270,932

9.4 Particulars of credit loss allowance against advances

	2025				
	Stage 3	Stage 2	Stage 1	General	Total
	..... Rupees in '000				
Opening balance	13,270,932	2,588,742	581,916	3,000,000	19,441,590
Charge for the year	4,654,443	326,298	408,475	-	5,389,216
Reversals	(4,929,289)	(2,584,366)	(463,410)	-	(7,977,065)
	(274,846)	(2,258,068)	(54,935)	-	(2,587,849)
Amounts written off (Note 9.5)	-	-	-	-	-
Amounts charged off	-	-	-	-	-
Closing balance	12,996,086	330,674	526,981	3,000,000	16,853,741

	2024					
	Stage 3	Stage 2	Stage 1	Specific	General	Total
	..... Rupees in '000					
Opening balance	-	-	-	11,434,334	3,000,000	14,434,334
Impact on adoption of IFRS 9	14,387,176	5,171,698	1,335,082	(11,434,334)	-	9,459,622
Charge for the year	6,179,931	2,509,747	506,641	-	-	9,196,319
Reversals	(5,403,697)	(5,092,703)	(1,259,807)	-	-	(11,756,207)
	776,234	(2,582,956)	(753,166)	-	-	(2,559,888)
Amounts written off (Note 9.5)	-	-	-	-	-	-
Amounts charged off	(1,892,478)	-	-	-	-	(1,892,478)
Closing balance	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590

9.4.1 Particulars of credit loss allowance / provision against advances

	2025				
	Stage 3	Stage 2	Stage 1	General	Total
	Rupees in '000				
In local currency	12,996,086	330,674	526,981	3,000,000	16,853,741

	2024					
	Stage 3	Stage 2	Stage 1	Specific	General	Total
	Rupees in '000					
In local currency	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590

9.4.2 Regulations R-11, R-12, R-13 and R-15 of the Prudential Regulations for Agriculture Financing prescribe minimum standards for classification and provisioning of non-performing loans. As per the time based criteria given in the aforesaid Regulations, provision against non-performing loans is to be made at a given percentage of the difference resulting from the outstanding balance of principal less the amount of realizable liquid assets and a given percentage of the value of mortgaged lands and buildings at the time of sanction of the loans. However, as a matter of prudence the Bank has not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.

9.4.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 1,172.832 million (2024: Rs.1,899.185 million) and further de-graded the category of classified loans and advances amounting to Rs. 2,178.313 million (2024: Rs. 4,088.474 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

		Note	2025	2024
			…… Rupees in '000 ……	
9.5	**Particulars of write offs:**			
9.5.1	Against credit loss allowance / provisions		-	-
	Directly charged to profit and loss account		-	-
			-	-
9.5.2	Write offs of Rupees 500,000 and above	9.6	-	-
	Write offs of below Rupees 500,000		-	-
			-	-

9.6 Details of Loan write offs of Rupees 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year has to be disclosed. Detail of charge offs out of extinguished loan portfolio exceeding five hundred thousand rupees is given at annexure I.

9.7 Particulars of charged off

In terms of Prudential Regulations for Agricultural Financing - Part B (specific regulations) the Bank extinguishes its loans through provisions. The total balance for these off-balance sheet loans extinguished against provisions as at December 31, 2025 amounts to Rs. 45,494.00 million (2024: Rs. 53,081.05 million) with an addition of NIL (2024: Rs. 1,892.48 million) as charge off loans during the year.

		Note	2025	2024
			…… Rupees in '000 ……	
10	**PROPERTY AND EQUIPMENT**			
	Capital work-in-progress	10.1	277,325	181,928
	Property and equipment	10.2	1,785,496	1,670,499
			2,062,821	1,852,427
10.1	**Capital work-in-progress**			
	Civil works		54,520	55,146
	Equipment		210,262	116,566
	Consultancy charges		12,128	9,801
	Others	10.1.1	415	415
			277,325	181,928

10.1.1 This includes soil testing and other charges incurred at sites.

10.2 Property and equipment

Description	January 1, 2025			Year ended December 31, 2025				December 31, 2025			Rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal) / (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	..... Rupees in '000										
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	6,472	4,270	4,270	-	217	4,053	10,742	6,689	4,053	Lease terms for 30 to 99 years
Buildings on freehold land	733,793	293,058	440,735	440,735	3,200	22,097	421,838	736,993	315,155	421,838	5%
Buildings on leasehold land	570,247	342,800	227,447	227,447	76,140	13,516	290,071	646,387	356,316	290,071	5%
Buildings on leasehold land - ADB	21,224	12,166	9,058	9,058	-	453	8,605	21,224	12,619	8,605	5%
Furniture and fixtures	569,250	346,126	223,124	223,124	9,423 (391)	22,848 (364)	209,672	578,282	368,610	209,672	10% / 20%
Computer, office and other equipment	2,045,181	1,487,160	558,021	558,021	267,775 (169)	220,595 (164)	605,196	2,312,787	1,707,591	605,196	20% / 33%
Computer, office and other equipment - ADB	205,038	205,036	2	2	-	-	2	205,038	205,036	2	20% / 33%
Vehicles	1,131,065	1,029,142	101,923	101,923	82,167 (34,935)	40,749 (31,734)	140,140	1,178,297	1,038,157	140,140	20%
	5,392,459	3,721,960	1,670,499	1,670,499	438,705 (35,495)	320,475 (32,262)	1,785,496	5,795,669	4,010,173	1,785,496	

Description	January 1, 2024			Year ended December 31, 2024				December 31, 2024			Annual rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal)/ (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	..... Rupees in '000										
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	6,256	4,486	4,486	-	216	4,270	10,742	6,472	4,270	Lease terms for 30 to 99 years
Buildings on freehold land	725,969	269,537	456,432	456,432	7,824	23,521	440,735	733,793	293,058	440,735	5%
Buildings on leasehold land	560,196	330,706	229,490	229,490	10,051	12,094	227,447	570,247	342,800	227,447	5%
Buildings on leasehold land - ADB	21,224	11,689	9,535	9,535	-	477	9,058	21,224	12,166	9,058	5%
Furniture and fixtures	555,831	323,589	232,242	232,242	14,914 (1,495)	23,981 (1,444)	223,124	569,250	346,126	223,124	10% / 20%
Computer, office and other equipment	1,664,930	1,352,784	312,146	312,146	381,608 (1,357)	135,697 (1,321)	558,021	2,045,181	1,487,160	558,021	20% / 33%
Computer, office and other equipment - ADB	205,038	205,036	2	2	-	-	2	205,038	205,036	2	20% / 33%
Vehicles	1,164,553	1,036,159	128,394	128,394	26,804 (60,292)	40,000 (47,017)	101,923	1,131,065	1,029,142	101,923	20%
	5,014,402	3,535,756	1,478,646	1,478,646	441,201 (63,144)	235,986 (49,782)	1,670,499	5,392,459	3,721,960	1,670,499	

		2025	2024
		..... Rupees in '000	
10.3	Carrying amount of temporarily idle property	58,353	58,382

10.4 Included in cost of property and equipment are fully depreciated items still in use having following category wise breakup:

Leasehold land	3,220	3,220
Computer, office and other equipment	499,197	478,579
Computer, office and other equipment - ADB	205,039	205,039
Vehicles	910,513	914,278
	1,617,969	1,601,116

10.5 The title documents of freehold land having cost of Rs. 1.86 million (2024: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2024: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.

10.6 Detail of disposal of fixed assets to related parties during the year are as follows:

Description	Cost	Book value	Sale proceed	Mode of disposal	Particulars of buyers
	..... Rupees in '000				
Honda BRV AQZ-689	2,535	-	507	As per entitlement	Waqas Ahmad, EVP
Toyota Yaris Gli AQZ-935	2,548	-	510	As per entitlement	Anjum Abbass, EVP

11 RIGHT-OF-USE ASSETS

	2025			2024		
	Buildings	Others	Total	Buildings	Others	Total
	..... Rupees in '000					
At January 01						
Cost	1,546,930	-	1,546,930	1,450,311	-	1,450,311
Accumulated Depreciation	689,875	-	689,875	593,372	-	593,372
Net opening carrying amount at January 01	857,055	-	857,055	856,939	-	856,939
Additions during the year	528,356	-	528,356	324,882	-	324,882
Deletions during the year	72,178	-	72,178	49,311	-	49,311
Depreciation charge for the year	286,524	-	286,524	275,455	-	275,455
Net closing carrying amount at December 31	1,026,709	-	1,026,709	857,055	-	857,055

12 INTANGIBLE ASSETS

Description	January 1, 2025			Year ended December 31, 2025				December 31, 2025			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	492,831	320,404	172,427	172,427	33,275	102,111	103,591	526,106	422,515	103,591	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	574,912	402,485	172,427	172,427	33,275	102,111	103,591	608,187	504,596	103,591		

Description	January 1, 2024			Year ended December 31, 2024				December 31, 2024			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	462,014	206,089	255,925	255,925	30,817	114,315	172,427	492,831	320,404	172,427	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	544,095	288,170	255,925	255,925	30,817	114,315	172,427	574,912	402,485	172,427		

12.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 304.986 million (2024: Rs. 293.654 million).

13 DEFERRED TAX ASSETS

	Note	At January 1, 2025	Impact of adoption of IFRS 9	Recognised in P&L A/C	Recognised in OCI	At December 31, 2025
		..... Rupees in '000				
Deductible temporary differences on:						
Loans & advances		18,742,145	1,067,543	(5,188,086)	-	14,621,602
Taxable temporary differences on:						
Defined benefit plans		(2,460,407)	-	14,480	(213,829)	(2,659,756)
Accelerated tax depreciation and amortization		(274,388)	-	73,369	-	(201,019)
Surplus on revaluation of investments	22	(2,531,403)	-	-	(1,152,925)	(3,684,328)
		(5,266,198)	-	87,849	(1,366,754)	(6,545,103)
		13,475,947	1,067,543	(5,100,238)	(1,366,754)	8,076,499

	Note	At January 1, 2024	Impact of adoption of IFRS 9	Recognised in P&L A/C	Recognised in OCI	At December 31, 2024
		..... Rupees in '000				
Deductible temporary differences on:						
Loans & advances		16,874,015	4,635,214	(2,767,084)	-	18,742,145
Taxable temporary differences on:						
Defined benefit plans		(2,372,814)	-	68,094	(155,687)	(2,460,407)
Accelerated tax depreciation and amortization		(67,090)	-	(207,298)	-	(274,388)
Surplus on revaluation of investments	22	(1,558,442)	-	-	(972,961)	(2,531,403)
		(3,998,346)	-	(139,204)	(1,128,648)	(5,266,198)
		12,875,669	4,635,214	(2,906,288)	(1,128,648)	13,475,947

13.1 In terms of the Seventh Schedule to the Income Tax Ordinance, 2001, the claim of provision for advances and off balance sheet items has been restricted to 1% of gross advances. This represents the management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability.

		Note	2025	2024
			…… Rupees in '000 ……	
14	**OTHER ASSETS**			
	Income / mark-up accrued in local currency on :			
	- advances	14.1	10,812,721	13,421,515
	- securities		7,866,692	12,218,003
	- deposits		173,335	34,316
	Amount recoverable from Federal Government	14.2	2,938,250	2,887,888
	Tax recoverable	14.3	422,652	422,652
	Branch adjustment account		1,363,836	1,625,809
	Taxation (payments less provision)	14.4	2,473,671	1,453,221
	Receivable from defined benefit plans:	38.6.1		
	gratuity scheme - SR - 2005		1,782,374	1,184,271
	Non banking assets acquired in satisfaction of claims	14.5.1	75,325	407,301
	Due from Islamic Banking		8,846	3,655
	Stationery and stamps in hand		159,746	163,445
	Stock of farm machinery		6,287	11,237
	Advances against salary and expenses		63,196	60,882
	Security deposits		8,137	7,899
	Advances and other prepayments		181,758	177,384
	Clearing and settlement		318,786	160,566
	Others		221,928	173,621
			28,877,540	34,413,665
	Credit loss allowance held against other assets	14.6	(1,203,645)	(1,465,073)
	Other assets - net of credit allowance		27,673,895	32,948,592

14.1 This does not include Rs. 11,681.402 million (2024: Rs. 12,290.111 million) on account of unrealised mark-up on non performing loans and advances kept in the memorandum account in accordance with the Prudential Regulations for Agriculture Financing.

14.2 This includes amount recoverable from Federal Government on account of crop loan insurance premium amounting to Rs. 2,803.360 million (2024: Rs. 2,802.541 million), small livestock farmers premium amounting to Rs. 130.054 million (2024: Rs. 80.486 million) and animal tagging charges amounting to Rs. 4.836 million (2024: Rs. 4.861 million).

14.3 This includes tax recoverable of Rs. 309.359 million (2024: Rs. 309.359 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 15.

		Note	2025	2024
			…… Rupees in '000 ……	
14.4	**Taxation - net**			
	Opening receivable		1,453,221	1,669,194
	Charge during the year	32	(9,601,948)	(10,106,564)
	Advance income tax / withholding tax		10,622,398	9,890,591
	Closing receivable		2,473,671	1,453,221

		2025	2024
		…… Rupees in '000 ……	
14.5	**Market value of non-banking assets acquired in satisfaction of claims**	485,196	829,904
14.5.1	**Non banking assets acquired in satisfaction of claims**		
	Opening Balance	407,301	420,731
	Additions	1,455	2,221
	Disposals	(333,431)	(15,651)
	Closing Balance	75,325	407,301
14.5.2	**Gain on Disposal of Non-banking assets acquired in satisfaction of claims**		
	Disposal Proceeds	401,425	55,897
	less : Cost	(333,412)	(15,651)
	Gain	68,013	40,246
14.6	**Credit loss allowance held against other assets**		
	Tax recoverable	422,652	422,652
	Non banking assets acquired in satisfaction of claims	75,325	407,301
	Amount recoverable from Federal Government	573,798	551,140
	Stock of farm machinery	6,287	11,237
	Accrued interest on advances of ex-employees	16,577	16,070
	Amount deposited with courts / legal charges recoverable	109,006	56,673
		1,203,645	1,465,073
14.6.1	**Movement in credit loss allowance held against other assets**		
	Opening balance	1,465,073	988,669
	Charge for the year	121,429	521,703
	Reversals	(382,857)	(45,299)
		(261,428)	476,404
	Closing balance	1,203,645	1,465,073

15 CONTINGENT ASSETS

15.1 There is a contingency of an amount of Rs. 297.149 million and Rs. 54.828 million on account of minimum income tax levied by the Income Tax authorities under section 80-D of the Income Tax Ordinance, 1979, and various tax refunds pertaining to assessment years 1991-92 to 1998-99 and assessment year 1999-2000 respectively despite the income of the Bank being exempt from tax up to income year ended 30 June 1999. The Bank paid, under protest, these disputed tax demands and also filed writ petition in this respect in the Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the Bank withdrew the said petition on the directions of the Federal Government and the case was referred to the Law and Justice Division of the Government of Pakistan (GoP) which decided the reference in the Bank's favour. The Federal Board of Revenue (FBR), disagreed with the aforesaid decision, further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over the said section 80-D of the Income Tax Ordinance, 1979.

15.2 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.05.2019 for the period January 2012 to December 2012 creating a demand of Rs 6.42 million (Principal + Penalty). On 03.06.2019, payment of impugned tax Amounting Rs.6.6 million (Principal + 10% Surcharge) has been made, under protest, to avail the SRB Amnesty Scheme. Bank has filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

15.3 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.07.2019 for the period January 2013 to December 2013 creating a demand of Rs 2.75 million. On 03.06.2019, payment of impugned tax amounting to Rs. 2.75 million was made, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

15.4 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 24.01.2020 for the period of January 2014 to December 2014 which created a demand of Rs.54.6 million. On 03.06.2019 payment of impugned tax was made for Rs. 2.86 million, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

		Note	2025	2024
			…… Rupees in '000 ……	
16	**BILLS PAYABLE**			
	In Pakistan		652,106	451,707
17	**BORROWINGS**			
	Secured			
	Borrowing from State Bank of Pakistan (SBP)			
	Redeemable preference shares	17.2	-	54,461,536
	Repurchase agreement borrowings	17.3	243,458,031	251,568,896
	Repurchase agreement borrowings - others	17.4	34,175,430	13,014,346
	Borrowings From Other Banks	17.5	-	19,385,015
	Total secured		277,633,461	338,429,793
	Unsecured			
	Borrowing from Federal Government:			
	Preference shares	17.2	54,461,536	-
	Call borrowings	17.6	50,718,044	69,637,176
			382,813,041	408,066,969
17.1	**Particulars of borrowings with respect to currencies**			
	In local currency		382,813,041	408,066,969

17.2 In pursuance of Finance Division (Internal Finance Wing), Government of Pakistan letter dated May 30, 2025 the SBP shareholding of ordinary shares and redeemable preference shares carrying markup of 7.5% per annum (as per agreement executed between SBP and the Bank in the year 2017) in the Bank had been purchased by the Federal Government. Accordingly, the Bank transferred SBP ordinary shares of Rs. 40,155.992 million and preference shares of Rs. 54,461.536 million to the Federal Government. After acquisition of preference shares by GoP, the loan agreement between the Bank and the SBP ended; and GoP acquired the resultant preference shares with no formal contract / terms executed. Consequently, the Bank submitted proposal to MoF for conversion of preference shares into ordinary shares which was agreed in principal by the MoF and it was advised to place the matter before the Board of Directors of the Bank and proceed accordingly. As advised, the Board of Directors of the Bank in its meeting dated January 28, 2026 and the shareholders of the Bank in their extraordinary general meeting dated February 10, 2026 approved the conversion of preference shares of Rs. 54,461.536 million into ordinary shares to the Federal Government with effect from June 5, 2025. However, Privatization Commission (PC) vide their letters dated September 24, 2025 and March 18, 2026 directed the Bank not to proceed with the said conversion till PC and CCoP have looked into the matter and taken a decision most appropriate for Bank's privatization. The deliberations / decision by CCoP is still pending.

17.3 These carry markup at the rate of 10.55% to 11.50% (2024: 13.07%) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 14,000 million (2024: Rs.54,000 million) and Pakistan Investment Bonds amounting to Rs.234,600 million (2024: Rs.203,000 million). These are repayable by January 2026 (2024: January 2025).

17.4 These carry markup at the rate of 10.5% to 11.40% (2024: 12.75% to 13.30%) per annum and are secured against Market Treasury Bills and Pakistan Investment bonds having face value amounting to Rs. 36,127 million (2024: Market Treasury Bills having face value amounting Rs.13,996 million). These are repayable by January 2026 (2024: January 2025).

17.5 These carry markup rate NIL (2024: 15%) per annum.

17.6 These carry markup at the rate of 10.25% to 11% (2024: 11% to 15%) per annum. These are repayable by January to May 2026 (2024: January to May 2025).

		2025	2024
		..... Rupees in '000	
18	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers - local currency		
	Current deposits	13,290,925	10,175,082
	Saving deposits	13,393,493	11,935,409
	Term deposits	29,731,023	31,712,703
	Others	413,525	187,903
		56,828,966	54,011,097
	Financial Institutions - local currency		
	Current deposits	185,726	126,063
	Saving deposits	679,189	951,369
	Term deposits	20,000	-
		884,915	1,077,432
		57,713,881	55,088,529
18.1	**Composition of deposits**		
	- Individuals	8,155,537	5,671,775
	- Government (Federal and Provincial)	14,488,958	6,684,568
	- Public sector entities	1,221,292	11,087,913
	- Banking companies	6	2,434
	- Non-Banking Financial Institutions	884,909	1,074,998
	- Private sector	32,963,179	30,566,841
		57,713,881	55,088,529

18.2 These include deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 28,440.836 million (2024: Rs. 18,803.058 million).

		2025	2024
19	**LEASE LIABILITIES**	..... Rupees in '000	
	Outstanding amount at the start of the year	997,225	983,391
	Additions during the year	438,355	270,098
	Lease payments including interest	(352,066)	(336,217)
	Interest expense	137,695	126,658
	Termination and other adjustments	(79,951)	(46,705)
	Outstanding amount at the end of the year	1,141,258	997,225
19.1	**Contractual maturity of lease liabilities**		
	Short-term lease liabilities - within one year	48,227	82,572
	Long-term lease liabilities		
	- 1 to 5 years	503,266	425,336
	- 5 to 10 years	497,797	429,234
	- More than 10 years	91,968	60,083
		1,093,031	914,653
	Total lease liabilities	1,141,258	997,225

	Note	2025	2024
		..... Rupees in '000	
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency on:			
- borrowings		1,045,715	3,407,005
- deposits and other accounts		1,109,943	2,515,502
Accrued expenses		1,421,538	1,746,765
Net liabilities relating to Bangladesh	20.1	189	189
Payable to Ministry of Food Agriculture & Livestock	20.2	168,000	168,000
Provision for:	38.6.1		
- pension scheme		8,350,716	6,344,733
- employees' post retirement medical benefits		12,386,733	10,439,311
- employees' compensated absences		2,096,704	2,153,930
- gratuity scheme of the company		488,762	420,541
Security deposits		26,809	23,010
Deferred income	20.3	8,605	9,058
Others	20.4	1,383,712	2,062,342
		28,487,426	29,290,386

20.1 Net liabilities relating to Bangladesh

Liabilities		2,041,657	2,012,286
Assets		(2,041,468)	(2,012,097)
	20.1.1	189	189

20.1.1 This represents the amount relating to the activities of the Bank in Bangladesh (former East Pakistan) before its separation. In accordance with the Finance Division letter No. F.5(12)PEC(op-FR)/78-236 dated May 6, 1979 the Bank has to calculate interest on the loans made in Bangladesh as it does in the case of corresponding borrowings made from the SBP. Instead of carrying the interest to profit and loss account, the Bank shows it in the statement of financial position only. The Bank is accruing interest at the rate of 8% per annum on its loans and advances made in Bangladesh with contra increase in its liabilities relating to its activities in Bangladesh. However, the Bank has no control over these assets.

20.2 This represents payable under Crop Maximization Project - Productivity Enhancement on Sustainable Basis.

	Note	2025	2024
		..... Rupees in '000	
20.3 Deferred income			
Opening balance		9,058	9,535
Amortization during the year	28	(453)	(477)
Closing balance		8,605	9,058

20.3.1 Deferred income comprises the grants from the Asian Development Bank via Government of Pakistan for Rural Support Development Finance Project (RSDFP).

20.4 These represent various payables which include insurance claims payable / adjustable against the loan liability of the borrowers, withholding taxes, contribution received from borrowers, clearing proceeds payable etc.

21 SHARE CAPITAL

21.1 Authorized capital

2025	2024		2025	2024
Number of shares			…… Rupees in '000 ……	
12,500,000,000	12,500,000,000	Ordinary and Preference shares of Rupees 10 each	125,000,000	125,000,000

21.2 Issued, subscribed and paid up capital

2025	2024		2025	2024
Number of shares				
		Ordinary shares of Rupees 10 each		
1,186,961,201	1,186,961,201	- fully paid in cash	11,869,612	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,828	652,828
4,015,599,174	4,015,599,174	- Issued against loan from SBP - Note 17.2	40,155,992	40,155,992
5,267,843,241	5,267,843,241		52,678,432	52,678,432

21.3

Shareholder	No. of ordinary shares	Paid-up value per share		
State Bank of Pakistan	-	10	-	40,155,992
Government of Pakistan	5,266,788,241	10	52,667,883	12,511,891
Government of Punjab	292,340	10	2,923	2,923
Government of Sindh	125,545	10	1,255	1,255
Government of Khyber Pakhtunkhwa	71,740	10	717	717
Government of Balochistan	37,875	10	379	379
Erstwhile East Pakistan	527,500	10	5,275	5,275
	5,267,843,241		52,678,432	52,678,432

		Note	2025	2024
			…… Rupees in '000 ……	
22	**SURPLUS ON REVALUATION OF ASSETS**			
	Surplus on revaluation of securities measured at FVOCI:			
	Quoted investments		3,334,712	3,118,309
	Other securities		3,750,535	1,657,923
	Surplus on revaluation of securities measured at FVOCI:		7,085,247	4,776,232
	Deferred tax on surplus on revaluation of securities measured at FVOCI:		(3,684,328)	(2,531,403)
			3,400,919	2,244,829

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingent liabilities

In respect of cases filed against the Bank:

23.1.1	by borrowers; 522 (2024: 402) cases		683,020	338,547
23.1.2	by employees; 424 (2024: 417) cases	23.1.2.1	295,589	276,281

23.1.2.1 This include employees pension related litigations for addition of certain allowances in pensionable pay. These cases are under adjudication in the Honorable Supreme Court of Pakistan. The financial impact of these cases are not quantifiable at this point of time as it requires actuarial valuation of the items to be decided by the court. In the opinion of the legal advisor favorable outcomes of these contingencies is expected, hence, no provision is incorporated in these financial statements.

23.2 Tax related contingencies

- Zarai Taraqiati Bank Limited

23.2.1 Income Tax

The Bank faces cumulative contingent liabilities amounting to Rs. 88,864.614 million under various sections of the Income Tax Ordinance, 2001, for tax years 2002 to 2024, which are under litigation at various forums including the Appellate Tribunal Inland Revenue, the Alternate Dispute Resolution Committee, the Honorable Islamabad High Court, and the Honorable Supreme Court of Pakistan. Key cases include Rs. 76,618.544 million u/s 122, Rs. 5,703.977 million u/s 161/205 and Rs. 6,542.092 million u/s 221/124. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

23.2.2 Federal Excise Duties / Sales tax

For the tax years 2008-2019, the Bank is facing total contingent liabilities amounting to Rs. 2,693.114 million related to Federal Excise Duties and Sales Tax matters. These cases are currently under litigation at various forums, including the Alternate Dispute Resolution Committee, the Honorable Islamabad High Court, the Appellate Tribunal Inland Revenue, and other relevant tribunals and authorities. Key cases include Rs. 2,643.225 million u/s 14 of the Federal Excise Duty Act, 2005, Rs. 22.167 million u/s 23 of the Sindh Sales Tax on Services Act, 2011, Rs. 17.865 million u/s 11 of the Sales Tax Act, 1990 and Rs. 9.857 million u/s 19 of the Punjab Sales Tax on Services Act, 2012. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

- **Kissan Support Services (Private) Limited**

23.2.3 Sales tax department (STD) served show cause notice dated March 16, 2023 for the tax period Jan to Dec 2018 vide which the Company was required to charge and pay sales tax on sales and services declared in income tax return / audited financial statements at Rs. 1,289.021 million (this is inclusive of reimbursble expenses) for the tax period 2018, whereas, declared sales in sales tax return for the corresponding tax period stand at Rs. 138.653 million (service charges value only) therefore sales tax amounting to Rs. 184.059 million is recoverable from Company u/s 11(2) of Sales Tax Act, 1990 read with Income Tax (tax on services) Ordinance, 2001. Moreover, STD claims sales tax recoverable Rs.0.732 million due to disposal of vehicles and purchase of fixed assets thus, total claim of the department is Rs.184.791 million. Management submitted reply on April 10, 2023 through tax consultant and hearing was conducted on May 2, 2023 but decision is still pending, this unjustified tax demand is likely to be deleted. No provision has been made as the management is confident that the case will be decided in favour of the Company.

23.2.4 An order was passed by STD u/s 11(2) dated January 23, 2023 vide which the Company was required to charge and pay sales tax on sales and services declared in income tax return / audited financial statements at Rs. 1,137.504 million (this is inclusive of reimbursable expenses) for the tax year 2021, whereas, declared sales in sales tax return for the corresponding tax year stand at Rs. 121.633 million (this is only service charges) therefore sales tax amounting to Rs. 162.539 million is recoverable from the Company along with default surcharges and penalty amounting to Rs. 39.610 million and Rs. 8.252 million respectively. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) on February 2, 2023 and hearing was conducted on July 6, 2023. The CIR (Appeal-IV) has remanded the case back to the Department for reconsideration. However, the case has not yet been taken up by the FBR. No provision has been made as the management is confident that this unjustified tax demand will likely be deleted and the case will be decided in favour of the Company.

23.2.5 An order was passed by STD u/s 122(5A) dated June 11, 2022 vide which tax demand amounting to Rs. 8.683 million was raised against errorneous refund adjustment made by the Company for the tax year 2016. An appeal was filed before CIR (Appeal-IV) who has annulled this unjustified demand vide order dated December 2, 2022. However, STD has filed second appeal with ATIR, Islamabad which is pending for adjudication. No provision has been made as the management is confident that the decision will be decided in the favour of the Company.

23.2.6 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2009 and 2011 and created a demand of Rs.32 million. The Company submitted detailed reply in June 2015 against the show cause with complete documentary evidences, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of Company.

23.2.7 The Company is facing claims launched in various Courts filed by the employees, pertaining to service status, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2024: same as mentioned).

		2025	2024
		…… Rupees in '000 ……	
23.3	**Commitments against**		
	Capital expenditure	1,239,942	1,253,127
	Consultancy expenditure	22,409	7,770
24	**MARK-UP / RETURN / INTEREST EARNED**		
	Loans and advances	24,857,434	29,505,256
	Investments	36,523,990	77,267,075
	Securities purchased under resale agreement	350,572	684,157
	Call money lendings	1,650,182	2,622,172
	Balances with banks	1,019,671	1,173,656
		64,401,849	111,252,316
24.1	**Interest income recognised on:**		
	Financial assets measured at amortised cost	3,272,664	4,755,059
	Financial assets measured at FVOCI	33,159,923	71,456,357
		36,432,587	76,211,416
24.2	**Interest income recognised on:**		
	Financial assets measured at FVPL	3,364,067	5,810,718
	Financial assets measured at cost	24,605,195	29,230,182
		27,969,262	35,040,900

		Note	2025	2024
			…… Rupees in '000 ……	
25	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		5,102,041	8,989,380
	Redeemable preference shares - SBP		1,689,800	4,084,615
	Securities sold under repurchased agreement		25,994,940	64,534,343
	Call borrowings		5,071,625	6,994,176
	Other borrowings		13,669	1,443,348
	On lease liability against right-of-use assets		137,695	126,658
	Bank commission and other charges		27,845	28,459
			38,037,615	86,200,979
26	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		54,214	62,495
	Credit related fees		1,032,116	1,073,667
	Commission / exchange gain on remittances including home remittances		3,048	3,762
			1,089,378	1,139,924
27	**GAIN ON SECURITIES**			
	Realised	27.1	1,034,568	2,323,122
	Unrealised - Measured at FVPL		10,798	16,327
			1,045,366	2,339,449
27.1	Realised gain on:			
	Federal Government Securities		1,034,568	2,323,122
28	**OTHER INCOME**			
	Rent on property - others		39,895	37,939
	Gain on sale of property and equipment - net		8,390	12,571
	Gain on sale of non banking assets acquired in satisfaction of claims - net	14.5.2	68,013	40,246
	Deferred income amortization	20.3	453	477
	Discount income		2,463,659	1,770,596
	Others	28.1	27,858	11,512
			2,608,268	1,873,341

28.1 Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.

		Note	2025	2024
			…… Rupees in '000 ……	
29	**OPERATING EXPENSES**			
	Total compensation expense	29.1	13,645,615	12,419,569
	Property expense			
	Rent & taxes		21,736	15,286
	Insurance		79,973	44,049
	Utilities cost		421,282	477,951
	Repair and maintenance (including janitorial charges)		295,740	341,695
	Depreciation - right of use assets		286,524	275,455
	Depreciation	10.2	36,284	36,311
			1,141,539	1,190,747
	Information technology expenses			
	Software maintenance		272,419	262,177
	Hardware maintenance		238,272	107,834
	Depreciation	10.2	144,416	74,971
	Amortisation	12	102,111	114,315
	Network charges		214,755	167,391
			971,973	726,688
	Other operating expenses			
	Directors' fees and allowances		22,192	12,624
	Fees and allowances to Shariah Board		8,509	7,230
	Legal and professional charges		195,960	202,863
	Travelling and conveyance		127,838	106,939
	NIFT clearing charges		40,566	20,793
	Depreciation	10.2	139,775	124,704
	Training and development		46,514	64,536
	Postage and courier charges		29,199	34,554
	Communication		25,130	28,175
	Stationery and printing		99,263	101,451
	Marketing, advertisement and publicity		61,391	30,810
	Donations	29.2	-	450
	Auditors remuneration	29.3	7,423	7,423
	Motor vehicle expenses		729,732	741,361
	Others		285,001	239,654
			17,577,620	16,060,571

		Note	2025	2024
			…… Rupees in '000 ……	
29.1	**Total compensation expense**			
	Salaries		6,920,621	6,852,307
	Cash bonus / awards etc.		745,983	1,097,424
	Charge / (reversal) for defined benefit plans:	38.6.5		
	- Pension scheme		1,597,646	1,113,869
	- Benevolent scheme - officers / executives		8,992	35,951
	- Benevolent scheme - clerical / non-clerical		(92,010)	(107,883)
	- Gratuity scheme - staff regulation 2005		(19,051)	(14,468)
	- Gratuity scheme of the Company		118,084	122,535
	- Employees' compensated absences		160,218	513,721
			1,773,879	1,663,725
	Contribution to defined contribution plan	38.1.8	27,031	40,398
	Rent and house maintenance		426,906	477,413
	Utilities		81,419	90,378
	Medical	29.1.1	3,362,930	1,861,467
	Conveyance		306,846	336,457
	Grand Total		13,645,615	12,419,569

29.1.1 This includes post retirement medical benefit amounting to Rs. 3,065.690 million (2024: Rs. 1,567.873 million).

		2025	2024
		…… Rupees in '000 ……	
29.2	**Donations**		
	Ripple Koncepts	-	250
	Karwan-E-Alhuda Skardu	-	200
		-	450
29.3	**Auditors' remuneration**		
	Audit fee	2,154	2,154
	Fee for half year review	631	631
	Other statutory certifications	2,254	2,254
	Sales tax	806	806
	Out of pocket expenses	1,578	1,578
		7,423	7,423
30	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	12,669	1,881

	Note	2025	2024
		..... Rupees in '000	
31 CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET			
Credit loss allowance against balances with other banks	6	5,780	(3,691)
Credit loss allowance against lending to financial institutions	7.7	(4,207)	4,138
Credit loss allowance for diminution in value of investments	8.3.2	(44)	(23)
Credit loss allowance against loans & advances	9.4	(2,586,882)	(2,560,815)
Fixed assets charged-off		863	2,524
Credit loss allowance against other assets	14.6.1	(261,428)	476,403
Recovery of written off / charged off bad debts		(10,357,510)	(9,702,522)
		(13,203,428)	(11,783,986)
32 TAXATION			
Current		9,396,113	9,620,667
Prior year	32.2	193,736	485,897
Deferred		5,112,337	2,906,288
	32.1	14,702,186	13,012,852

32.1 Relationship between income tax expense and accounting profit

	2025	2024
	..... Rupees in '000	
Accounting profit for the year	26,862,897	26,192,320
Tax rate	53%	54%
Tax on accounting income	14,237,335	14,143,853
Tax effect of permanent differences		
Penalties imposed by SBP	6,715	1,016
Repair allowance and rent collection allowance allowed against rental income	(5,075)	(4,917)
	1,640	(3,901)
Tax effect of prior years	193,736	485,897
Others	269,475	(1,612,997)
Tax charge for the year	14,702,186	13,012,852

32.1.1 The effective tax rate for the year is 54.85% (2024: 49.94%)

		2025	2024
		..... Rupees in '000	
33	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after tax for the year - Rupees in '000	12,160,711	13,179,468
	Weighted average number of ordinary shares	5,267,843,241	5,267,843,241
	Basic earnings per share - (Rupees)	2.31	2.50

33.1 There is no dilutive effect on the basic earnings per share of the Bank.

		Note	2025	2024
			..... Rupees in '000	
34	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	5	4,436,051	3,125,812
	Balances with other banks	6	52,687,198	7,494,048
			57,123,249	10,619,860

		2025	2024
		Number	
35	**STAFF STRENGTH**		
	Permanent	3,556	3,916
	Contractual	3,202	3,356
	Total staff strength	6,758	7,272

36 CREDIT RATING

VIS Credit Rating Company Limited in its report dated June 30, 2025 has reaffirmed credit rating of the Bank at AAA (2024: AAA) with stable outlook and short-term credit rating of A-1+ (2024: A-1+).

37 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2025	2024
		…… Rupees in '000 ……	
Profit before taxation		26,862,897	26,192,320
Less: Dividend income		(142,512)	(66,735)
		26,720,385	26,125,585
Adjustments:			
Net mark-up / interest income		(26,364,234)	(25,051,337)
Depreciation	10.2	320,475	235,986
Amortization	12	102,111	114,315
Depreciation on right-of-use assets	29	286,524	275,455
Amortization of deferred income	20.3	(453)	(477)
Credit loss allowance and write-offs	31	(2,845,918)	(2,081,464)
Provision for employees post retirement medical benefits	38.6.5	3,065,690	1,567,873
Provision for medical fund of the Company		15,735	15,931
Charge for defined benefit plans - net	29.1	1,773,879	1,663,725
Gain on sale of non banking assets acquired in satisfaction of claims - net	28	(68,013)	(40,246)
Discount income	28	(2,463,659)	(1,770,596)
Gain on securities	27	(1,045,366)	(2,339,449)
Gain on sale of operating fixed assets	28	(8,390)	(12,647)
		(27,231,619)	(27,422,931)
		(511,234)	(1,297,346)

38 DEFINED BENEFIT AND CONTRIBUTION PLANS

The Group operates the following retirement benefit plans for its employees:

Pension Scheme - funded
Benevolent Scheme - funded
Employees Gratuity Scheme - funded
Post Retirement Medical Benefits - unfunded
Employees Compensated Absences - unfunded
Gratuity scheme of the Company
Defined Contribution Plan

38.1 Brief description of each fund is as follows:

38.1.1 Pension scheme

The Bank operates an approved pension scheme for employees who opted for the scheme introduced in year 1975 for clerical / non-clerical staff and in the year 1977 for officers / executives. The contributions are made on the basis of actuarial recommendation.

38.1.2 Benevolent scheme - officers

The Bank operates an approved funded benevolent scheme for all officers / executives of the Bank for which contributions are made at the rate of 2% of basic pay to a maximum of Rs. 200, by each officer / executive. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.3 Benevolent scheme - staff

The Bank operates an approved funded benevolent scheme for all clerical / non-clerical staff for which contributions are made at different rates but not exceeding Rs. 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.4 Gratuity under Staff Regulations - 2005 (SR-2005)

The Bank also operates a separate Gratuity Fund scheme, w.e.f. August 2006, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

38.1.5 Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out by independent actuary by using Projected Unit Credit (PUC) method.

38.1.6 Employees compensated absences - unfunded

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit (PUC) method.

38.1.7 Gratuity scheme of the Company

The scheme provides for terminal benefits for all permanent employees of the Company whose period of service is atleast one year. Employees are entiled to gratuity on the basis set out in the Company's staff regulations.

38.1.8 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 1150 (2024: 1378) employees who are governed under Staff Service Regulations 1961. Contributions to the fund are made only by employees at the rate of 8% of mean of pay scale per month.

The Bank also operates Contributory Provident Fund scheme introduced in 2006 (w.e.f. July 2006) for 2392 (2024: 2538) employees governed under SR-2005. Contributions to the Contributory Provident Fund are made by the employees and the Bank, if their remaining service is more than ten years from the date of option / appointment, at the rate of 2% of monetized salary per month. During the year, the Bank contributed Rs. 27.031 million (2024: Rs. 40.398 million) in respect of this fund.
The Bank has contributory provident fund scheme for benefit of all its permanent employees. The Funds are maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Bank. The titles of the funds are as follow;

Employees Provident Fund;
Employees Provident Fund (Officers);
Employees Provident Fund (Staff); and
Employees Contributory Provident Fund

The size of the Funds at the reporting date was Rs. 9,114.49 million (2024: Rs. 8,041.89 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 8,852.86 million (2024: Rs. 7,752.68 million) which is equal to 97.14% (2024: 96.41%) of the total fund size. The fair values of the investments amount to Rs. 9,114.49 million (2024: Rs. 8,041.89 million) at that date. The category wise break up of investment is given below:

	2025	2024
	..... Rupees in '000	
Term deposit receipts	4,704,000	4,325,000
Government securities	4,148,864	3,427,681
	8,852,864	7,752,681

38.2 Funding policy

Schemes are funded on the basis of actuarial recommendation subject to maximum permissible limits under Income Tax rules. Any deficit in defined benefit plans is to be met by the Bank.

38.3 Risks associated with defined benefit plans

Investment risk

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

38.4 Principal actuarial assumption

Latest actuarial valuation is carried out as at December 31, 2025. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2025	2024
	..... %	
Valuation discount rate - pension & medical scheme under SSR-1961	11.50	12.25
Valuation discount rate - all other schemes	11.50	12.25
Expected rate of increase in salary	9.50	10.25
Expected rate of return on plan assets - pension fund	11.50	12.25
Expected rate of return on plan assets - other funds	11.50	12.25
Expected rate of increase in pension	6.75	8.00
Expected rate of medical inflation - allowances	9.50	8.00
Expected rate of medical inflation - hospitalization	11.50	12.25

38.5 Number of employees under the scheme

The number of employees (including beneficiaries) covered under the following defined benefit schemes are:

	2025	2024
	.....Number.....	
- Pension Scheme - funded	4,280	5,004
- Benevolent Scheme (officers) - funded	3,092	3,477
- Benevolent Scheme (staff) - funded	462	400
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,284	2,538
- Post Retirement Medical Benefits - unfunded	6,564	6,343
- Employees Compensated Absences - unfunded	3,434	4,965
- Gratuity scheme of the Company	3,179	3,334

38.6 Defined benefit plans

38.6.1 Reconciliation of payable to / (receivable from) defined benefit plans

	Note	2025						
		Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
			Officers	Staff	SR-2005			
		..... Rs. in '000						
Present value of benefit obligation	38.6.2	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704	488,762
Fair value of plan assets	38.6.3	(14,162,374)	(958,413)	(997,386)	(3,559,457)	-	-	-
	38.6.4	8,350,716	(347,015)	(881,845)	(1,782,374)	12,386,733	2,096,704	488,762
Unrecognized due to impact of asset ceiling		-	347,015	881,845	-	-	-	-
Net liability / (asset)		8,350,716	-	-	(1,782,374)	12,386,733	2,096,704	488,762

	2024						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Present value of defined benefit obligation	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930	420,541
Fair value of plan assets	(13,364,025)	(1,002,665)	(905,496)	(3,069,877)	-	-	-
	6,344,733	(283,567)	(764,582)	(1,184,271)	10,439,311	2,153,930	420,541
Unrecognized due to impact of asset ceiling	-	283,567	764,582	-	-	-	-
Net liability / (asset)	6,344,733	-	-	(1,184,271)	10,439,311	2,153,930	420,541

38.6.2 Movement in defined benefit obligations

	2025						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	Rs. in '000						
Obligations at the beginning of the year	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930	420,541
Current service cost	829,098	50,417	2,782	137,298	122,922	77,404	71,082
Interest cost	2,295,223	73,076	14,291	214,254	1,249,695	250,685	47,002
Past service cost	-	-	-	-	1,693,073	-	-
Benefits paid	(1,944,485)	(245,114)	(48,500)	(273,190)	(475,440)	(217,444)	(26,949)
Contribution - employees	-	(7,621)	(1,065)	-	-	-	-
Re-measurement loss / (gain)	1,624,496	21,542	7,119	(186,885)	(642,828)	(167,871)	(22,914)
Obligations at the end of the year	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704	488,762

	2024						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	Rs. in '000						
Obligations at the beginning of the year	18,827,410	896,883	123,702	1,638,864	9,409,455	1,926,253	372,811
Current service cost	220,728	97,040	3,337	176,057	176,262	89,710	66,981
Interest cost	2,767,913	107,482	15,302	226,920	1,391,611	276,401	55,554
Past service cost	-	-	-	-	-	-	-
Benefits paid	(1,939,815)	(406,894)	(49,963)	(349,726)	(484,755)	(286,044)	(12,113)
Contribution - employees	-	(7,672)	(1,114)	-	-	-	-
Re-measurement loss / (gain)	(167,478)	32,259	49,650	193,491	(53,262)	147,610	(62,692)
Obligations at the end of the year	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930	420,541

38.6.3 Movement in fair value of plan assets

	Note	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
			Officers	Staff	SR-2005			
		2025						
		Rs. in '000						
Fair value at the beginning of the year		13,364,025	1,002,665	905,496	3,069,877	-	-	-
Interest income on plan assets		1,526,675	106,880	108,018	370,603	-	-	-
Benefits paid		(1,944,485)	(245,114)	(48,500)	(273,190)	-	-	-
Contributions - employer		141,735	7,621	1,065	184,096	-	-	-
Contributions - employees		-	7,621	1,065	-	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	1,074,424	78,740	30,242	208,071	-	-	-
Fair value at the end of the year		14,162,374	958,413	997,386	3,559,457	-	-	-

		Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
			Officers	Staff	SR-2005			
		2024						
		Rs. in '000						
Fair value at the beginning of the year		12,981,730	1,249,176	833,511	2,779,858	-	-	-
Interest income on plan assets		1,874,772	160,899	125,408	417,445	-	-	-
Benefits paid		(1,939,815)	(406,894)	(49,963)	(349,726)	-	-	-
Contributions - employer		166,959	7,672	1,114	176,399	-	-	-
Contributions - employees		-	7,672	1,114	-	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	280,379	(15,860)	(5,688)	45,901	-	-	-
Fair value at the end of the year		13,364,025	1,002,665	905,496	3,069,877	-	-	-

38.6.4 Movement in payable / (receivable) under defined benefit schemes

	Note	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
			Officers	Staff	SR-2005			
		2025						
		Rs. in '000						
Opening balance		6,344,733	-	-	(1,184,271)	10,439,311	2,153,929	420,541
Charge / (reversal) for the year	38.6.5.1	1,597,646	8,992	(92,010)	(19,051)	3,065,690	160,218	118,084
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	550,072	(1,371)	93,075	(394,956)	(642,828)	-	(22,914)
Contribution to fund / benefits paid		(141,735)	(7,621)	(1,065)	(184,096)	(475,440)	(217,444)	(26,949)
Transferred from gratuity to pension		-	-	-	-	-	-	-
Closing balance		8,350,716	-	-	(1,782,374)	12,386,733	2,096,703	488,762

		Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
			Officers	Staff	SR-2005			
		2024						
		Rs. in '000						
Opening balance		5,845,680	-	-	(1,140,994)	9,409,455	1,926,252	372,811
Charge / (reversal) for the year		1,113,869	35,952	(107,883)	(14,468)	1,567,873	513,721	122,535
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	(447,857)	(28,280)	108,997	147,590	(53,262)	-	(62,692)
Contribution to fund / benefits paid		(166,959)	(7,672)	(1,114)	(176,399)	(484,755)	(286,044)	(12,113)
Transferred from gratuity to pension		-	-	-	-	-	-	-
Closing balance		6,344,733	-	-	(1,184,271)	10,439,311	2,153,929	420,541

38.6.5 Charge / (reversal) for defined benefit plans

38.6.5.1 Cost recognised in profit and loss

	2025						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Current service cost	829,098	50,417	2,782	137,298	122,922	77,404	71,082
Net interest on defined benefit asset / liability	768,548	(33,804)	(93,727)	(156,349)	1,249,695	250,685	47,002
Actuarial (gain) / losses	-	-	-	-	-	(167,871)	-
Past service cost	-	-	-	-	1,693,073	-	-
Contributions - employees	-	(7,621)	(1,065)	-	-	-	-
	1,597,646	8,992	(92,010)	(19,051)	3,065,690	160,218	118,084

	2024						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Current service cost	220,728	97,040	3,337	176,057	176,262	89,710	66,981
Net interest on defined benefit asset / liability	893,141	(53,417)	(110,106)	(190,525)	1,391,611	276,401	55,554
Actuarial (gain) / losses	-	-	-	-	-	147,610	-
Past service cost	-	-	-	-	-	-	
Contributions - employees	-	(7,672)	(1,114)	-	-	-	-
	1,113,869	35,951	(107,883)	(14,468)	1,567,873	513,721	122,535

38.6.5.2 Re-measurements recognised in OCI during the year

	2025						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Loss / (gain) on obligation :							
- experience adjustment	1,624,496	21,542	7,119	(186,885)	(642,828)	-	(22,914)
Return on plan assets over interest income	(1,074,424)	(78,740)	(30,242)	(208,071)	-	-	-
Asset ceiling adjustment	-	55,828	116,198	-	-	-	-
Total re-measurement recognised in OCI	550,072	(1,370)	93,075	(394,956)	(642,828)	-	(22,914)

	2024						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Loss / (gain) on obligation :							
- experience adjustment	(167,478)	32,259	49,650	193,491	(53,262)	-	(62,692)
Return on plan assets over interest income	(280,379)	15,860	5,688	(45,901)	-	-	-
Asset ceiling adjustment	-	(76,399)	53,659	-	-	-	-
Total re-measurement recognised in OCI	(447,857)	(28,280)	108,997	147,590	(53,262)	-	(62,692)

38.6.6 Components of plan assets

	2025						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Cash and cash equivalents - net	75,125	53,519	21,644	14,651	-	-	-
Government securities	14,087,249	904,894	975,742	3,544,806	-	-	-
Debtors and creditors	-	-	-	-	-	-	-
	14,162,374	958,413	997,386	3,559,457	-	-	-

	2024						
	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Cash and cash equivalents - net	868,965	143,121	74,587	68,999	-	-	-
Government securities	12,495,060	859,544	830,909	3,000,878	-	-	-
Debtors and creditors	-	-	-	-	-	-	-
	13,364,025	1,002,665	905,496	3,069,877	-	-	-

38.6.7 Sensitivity analysis

	Pension	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
		Officers	Staff	SR-2005			
	..... Rs. in '000						
Current liability	22,513,090	611,398	115,541	1,777,083	12,386,733	2,096,704	488,762
+1% discount rate	20,416,667	593,879	112,202	1,621,383	11,045,571	1,897,390	456,821
-1% discount rate	25,007,975	630,554	119,106	1,961,770	14,010,637	2,334,430	525,111
+1% salary increase	-	-	-	1,972,538	12,504,350	2,347,430	527,825
-1% salary increase	-	-	-	1,610,035	12,282,549	1,883,690	453,955
+1% pension increase / medical inflation rate	24,819,975	-	-	-	12,826,498	-	-
-1% pension increase / medical inflation rate	20,546,226	-	-	-	10,725,422	-	-
+10% withdrawal rates	-	-	-	1,780,152	-	-	491,399
-10% withdrawal rates	-	-	-	1,773,972	-	-	485,983
1 year mortality age set back	-	-	-	1,775,601	-	-	488,525
1 year mortality age set forward	-	-	-	1,778,556	-	-	488,997
38.6.8 Maturity profile							
Weighted average duration of obligation (in years)	10.35	3.09	3.04	10.50	12.20 for SSR-1961 9.60 for SR-2005	10.50	7.56
38.6.9 Expected charge / (reversal) for next year	1,417,123	86,332	15,554	(83,474)	1,503,806	240,205	115,568
38.6.10 Expected contribution for next year	140,060	7,421	1,109	390,567	-	-	-

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2025

Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
	..... Rupees in '000					
Fees and allowances etc.	3,360	14,200	-	-	-	-
Managerial remuneration:						
Salaries	-	-	7,559	35,961	191,075	125,109
Cash bonus / awards etc.	-	-	950	13,480	29,093	27,803
Charge for defined benefit plan	-	-	-	-	4,535	7,328
Contribution to defined contribution plan	-	-	-	-	900	1,062
Rent & house maintenance	-	-	-	19,771	32,114	987
Utilities	-	-	-	975	7,389	-
Medical	-	-	-	158	10,859	236
Conveyance	-	-	-	1,514	13,509	19,866
Leave encashment & fare assistance	-	-	-	7,392	3,761	-
Club facility	-	-	-	91	467	-
Drivers & servants salary	-	-	-	2,220	3,012	-
Total	3,360	14,200	8,509	81,562	296,714	182,391
Number of persons	1	4	3	1	26	41

2024

Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
	..... Rupees in '000					
Fees and allowances etc.	1,380	6,400	-	-	-	-
Managerial remuneration:						
Salaries	-	-	6,430	32,837	189,380	106,083
Cash bonus / awards etc.	-	-	800	-	17,470	15,488
Charge for defined benefit plan	-	-	-	-	4,283	6,986
Contribution to defined contribution plan	-	-	-	-	843	1,030
Rent & house maintenance	-	-	-	17,828	42,551	1,538
Utilities	-	-	-	830	5,677	-
Medical	-	-	-	62	8,354	372
Conveyance	-	-	-	3,331	10,985	15,031
Leave encashment & fare assistance				6,720	1,220	
Club facility	-	-	-	22	221	-
Drivers & servants salary	-	-	-	2,045	2,317	-
Total	1,380	6,400	7,230	63,675	283,301	146,528
Number of persons	1	7	3	1	30	53

39.2 The Chief Executive, Key Management Personnel and other material risk takers / controllers, governed under SSR-1961, have been provided with Bank maintained cars whereas those governed by SR-2005, have been provided cars under Car Loan Depreciation Policy (CLDP).

39.3 Remuneration paid to Directors for participation in Board and Committee Meetings

2025

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Annual General Meeting	For Board Committees				Total Amount Paid
				Audit	Information Technology	Human Resource Management	Risk	
		..... Rupees in '000						
1	Mr. Naeemuddin Khan	2,160	480	-	-	720	-	3,360
2	Mr. Ahmed Taimoor	1,800	200	600	300	600	600	4,100
3	Sahibzada Rafat Raoof Ali	1,800	200	750	-	600	600	3,950
4	Dr.Ayesha Waqar	1,800	-	750	300	600	600	4,050
5	Dr.Talat Naseer Pasha	1,800	-	-	300	-	-	2,100
	Total	9,360	880	2,100	900	2,520	1,800	17,560

2024

Sr. No.	Name of Director	Meeting Fees and Allowances Paid										
		For Board Meetings	For Annual General Meeting	For Board Committees								Total Amount Paid
				Audit	Product Development & Marketing	Information Technology	Nomination	Human Resource Management	Procurement	Risk	SAM - NPLs / Litigation	
		..... Rupees in '000										
1	Mr. Naeemuddin Khan	960	240	-	-	-	-	180	-	-	-	1,380
2	Syed Javed	400	-	150	-	150	-	300	-	-	150	1,150
3	Mr. Zaigham Mahmood Rizvi	400	-	150	150	-	-	-	-	150	-	850
4	Mr. Haaris Mahmood Chaudhary	400	-	-	-	150	-	300	-	-	150	1,000
5	Mr. Ahmed Taimoor	800	200	300	-	150	-	300	-	150	-	1,900
6	Sahibzada Rafat Raoof Ali	400	-	150	-	-	-	-	-	-	-	550
7	Dr.Ayesha Waqar	400		150		-	-	-	-	-	-	550
8	Dr.Talat Naseer Pasha	400	-	-	-	-	-	-	-	-	-	400
	Total	4,160	440	900	150	450	-	1,080	-	300	300	7,780

39.4 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
	..... Rupees in '000					
Meeting fees and allowances	-	-	-	-	-	-
Contractual salary	2,480	2,603	2,476	2,109	2,215	2,106
Cash bonus	300	350	300	250	300	250
Total	2,780	2,953	2,776	2,359	2,515	2,356
Total Number of Persons	1	1	1	1	1	1

40 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

40.1 Fair value of financial assets

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025			
	Level 1	Level 2	Level 3	Total
	……. Rupees in '000 …….			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	338,123,799	-	338,123,799
- Shares	3,424,008	-	-	3,424,008
- Debt securities (TFCs, Sukuk)	2,041,950	190,194	-	2,232,144
	5,465,958	338,313,993	-	343,779,951

	2024			
	Level 1	Level 2	Level 3	Total
	……. Rupees in '000 …….			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	372,095,390	-	372,095,390
- Shares	3,207,605	-	-	3,207,605
- Debt securities (TFCs, Sukuk)	2,087,261	265,189	-	2,352,450
	5,294,866	372,360,579	-	377,655,445

40.2 Valuation technique used & key inputs

Revaluation rates for Treasury Bills and Pakistan Investment Bonds are contributed by money market brokers on daily basis while for listed securities daily prices are shared by Pakistan Stock Exchange.

40.3 Fair value of non-financial assets

Property and equipment as well as non-banking assets, are measured at fair value under Level 2 of the fair value hierarchy.

40.4 There were no transfers between levels 1 and 2 during the year.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities:

The segment analysis with respect to business activity is as follows:

	2025				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	Total
	..... Rupees in '000				
Profit and Loss					
Net mark-up/return/profit	15,921,720	10,295,611	146,903	-	26,364,234
Inter segment revenue - net	4,450,466	(4,673,678)	-	223,212	-
Non mark-up / return / interest income	3,591,324	1,045,366	7,415	241,419	4,885,524
Total Income	23,963,510	6,667,299	154,318	464,631	31,249,758
Segment direct expenses	17,325,268	83,177	108,199	73,645	17,590,289
Inter segment expense allocation	(112,635)	-	-	112,635	-
Total expenses	17,212,633	83,177	108,199	186,280	17,590,289
Credit loss allowance	(13,204,189)	-	761	-	(13,203,428)
Profit before tax	19,955,066	6,584,122	45,358	278,351	26,862,897
Statement of Financial Position					
Cash and bank balances	6,368,964	50,312,603	398,343	36,075	57,115,985
Investments	-	342,731,350	1,048,601	-	343,779,951
Net inter segment lendings	74,548,476	-	-	2,005,190	76,553,666
Lendings to financial institutions	-	-	3,391,997	-	3,391,997
Advances - performing	116,549,826	-	108,128	-	116,657,954
- non-performing (net of provision)	7,250,249	-	-	-	7,250,249
Others	25,636,498	10,845,125	2,430,552	31,340	38,943,515
Total Assets	230,354,013	403,889,078	7,377,621	2,072,605	643,693,317
Borrowings	54,461,536	325,594,005	2,757,500	-	382,813,041
Subordinated debt	-	-	-	-	-
Deposits & other accounts	55,242,787	-	2,471,094	-	57,713,881
Net inter segment borrowing	2,005,190	73,948,476	500,000	100,000	76,553,666
Others	27,077,044	1,045,678	1,538,532	619,536	30,280,790
Total Liabilities	138,786,557	400,588,159	7,267,126	719,536	547,361,378
Equity	91,267,456	3,400,919	110,495	1,553,069	96,331,939
Total Equity & Liabilities	230,054,013	403,989,078	7,377,621	2,272,605	643,693,317
Contingencies & Commitments	93,798,688	-	-	435,876	94,234,564

	2024				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	Total
	..... Rupees in '000				
Profit and Loss					
Net mark-up/return/profit	15,217,640	9,566,582	267,115	-	25,051,337
Inter segment revenue - net	4,392,260	(4,673,678)	-	281,418	-
Non mark-up / return / interest income	2,850,529	2,339,449	8,293	221,178	5,419,449
Total Income	22,460,429	7,232,353	275,408	502,596	30,470,786
Segment direct expenses	15,676,702	68,997	234,406	82,347	16,062,452
Inter segment expense allocation	(119,867)	-	-	119,867	-
Total expenses	15,556,835	68,997	234,406	202,214	16,062,452
Credit loss allowance	(11,783,986)	-	-	-	(11,783,986)
Profit before tax	18,687,580	7,163,356	41,002	300,382	26,192,320
Statement of Financial Position					
Cash and bank balances	3,785,190	6,550,505	267,541	15,140	10,618,376
Investments	-	375,998,648	1,656,797	-	377,655,445
Net inter segment lending	68,666,097	-	-	1,812,431	70,478,528
Lendings to financial institutions	-	17,300,072	13,650,000	-	30,950,072
Advances - performing	101,613,315	-	8,032	-	101,621,347
- non-performing (net of provision)	7,499,863	-	-	-	7,499,863
Others	35,391,096	12,361,670	1,340,506	213,176	49,306,448
Total Assets	216,955,561	412,210,895	16,922,876	2,040,747	648,130,079
Borrowings	54,461,536	339,805,433	13,800,000	-	408,066,969
Subordinated debt	-	-	-	-	-
Deposits & other accounts	53,733,563	-	1,354,966	-	55,088,529
Net inter segment borrowing	1,812,431	68,066,097	500,000	100,000	70,478,528
Others	26,893,629	2,094,536	1,189,325	561,828	30,739,318
Total Liabilities	136,901,159	409,966,066	16,844,291	661,828	564,373,344
Equity	80,054,402	2,244,829	78,585	1,378,919	83,756,735
Total Equity & Liabilities	216,955,561	412,210,895	16,922,876	2,040,747	648,130,079
		-			
Contingencies & Commitments	96,622,040	-	-	435,876	97,057,916

41.2 Segment Details with respect to geographical locations

The Bank operates only in Pakistan and hence no geographical location wise disclosure is presented.

42 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

43 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its employee benefit plans, Agriculture Technology Development Fund and the Group's key management personnel. Details of transactions with related parties and balances with them other than those disclosed in these financial statements are as under:

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2025	2024	2025	2024	2025	2024
	..... Rupees in '000					
Investments	-	-	-	-	-	-
Advances						
Opening balance	98,550	54,997	-	-	-	-
Addition	61,489	74,572	-	-	-	-
Repaid	(48,410)	(31,019)	-	-	-	-
Closing balance	111,629	98,550	-	-	-	-
Other assets						
Interest / mark-up accrued	14,401	11,266	-	-	-	-
Receivable at the end of the year	-	-	1,782,374	1,184,271	-	-
Deposits and other accounts						
Opening balance	9,495	2,085	11,990,670	12,001,475	334,598	274,290
Received during the year	357,194	232,219	16,448,161	16,795,203	663,758	590,448
Withdrawn during the year	(338,187)	(224,809)	(17,799,890)	(16,806,008)	(621,030)	(530,140)
Closing balance	28,502	9,495	10,638,941	11,990,670	377,326	334,598

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2025	2024	2025	2024	2025	2024
	..... Rupees in '000'					
Other liabilities						
Interest / mark-up payable	-	-	210,009	288,217	9,853	11,090
Payable at the end of the year	-	-	22,834,153	18,937,974	-	-
Income						
Mark-up / interest earned	4,045	4,890	-	-	-	-
Rental income	-	-	-	-	-	-
Expense						
Mark-up / interest paid	-	-	1,455,692	2,437,466	42,975	60,306
Compensation	364,151	275,454	-	-	-	-
Post retirement benefit	4,535	4,283	-	-	-	-
Contribution to defined benefit plan	900	843	-	-	-	-
Cost of services rendered	-	-	-	-	-	-

43.1 Transactions with Government related entities

The Federal Government holds controlling interest in the Group and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Group.

The Group in the normal course of business enters into transaction with Government-related entities. Such transactions include deposits from and provision of other banking services to Government-related entities. However, these transactions have not been treated as related parties transactions for the purpose of this disclosure.

44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	2024
	…… Rupees in '000 ……	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	52,678,432	52,678,432
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	91,281,289	74,684,118
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	91,281,289	74,684,118
Eligible Tier 2 Capital	5,444,359	4,174,704
Total Eligible Capital (Tier 1 + Tier 2)	96,725,648	78,858,822
Risk Weighted Assets (RWAs):		
Credit Risk	163,475,181	154,389,975
Market Risk	28,521,175	20,718,775
Operational Risk	52,684,463	43,898,575
Total	244,680,819	219,007,325
Common Equity Tier 1 Capital Adequacy Ratio	37.31%	34.10%
Tier 1 Capital Adequacy Ratio	37.31%	34.10%
Total Capital Adequacy Ratio	39.53%	36.01%

SBP through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (free of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2025 stands at Rs. 52.678 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 11.50% (2024: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2025 is 39.53% (2024: 36.01%) of its risk weighted exposure.

	2025	2024
	…… Rupees in '000 ……	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	91,281,289	74,684,118
Total exposures	567,147,249	577,770,414
Leverage ratio	16.09%	12.93%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	82,900,164	75,177,791
Total Net Cash Outflow	30,750,390	32,376,518
Liquidity Coverage Ratio	270%	232%
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	220,220,261	200,257,341
Total Required Stable Funding	173,675,506	162,878,163
Net Stable Funding Ratio	127%	123%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time is placed on the website of the Bank. The link to the full disclosure is available at http://www.ztbl.com.pk.

45 RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity and operational risks. The group has not accounted for the balances of the subsidiary in this information, as the subsidiary is not a financial institution.

Risk management is a dynamic process of identification, measurement and monitor and control risks with the aim to optimize risk-reward trade-off. The Bank has setup a centralized risk management function at the organizational level which encompasses a broader framework of risk committees, enterprise risk management division and its departments responsible for each category of risk i.e. Loan Review, IT risk, Collateral Management and Portfolio analytics covering Portfolio credit risk, market & liquidity risk, operational and equity position risks. The Bank's risk management function is independent of the business and operations and directly reports to the President through Chief Risk Officer. The Bank's systematic and integrated risk management function for each category of risk is as follows:

45.1 Credit risk

Credit risk is the risk of financial losses arising when a customer or counterparty is unable or unwilling to perform as per the contractual terms resulting in reduction in portfolio. The Bank's credit appraisal structure is well-defined. Credit appraisal, approval and review methods are integral parts of lending operations. The credit portfolio is reviewed and analysed on quarterly basis and reports are submitted to the Management for decision making.

The Obligor Risk Rating (ORR) model for fresh borrowers is in place as the credit risk rating of the borrower is a concise indicator to evaluate Bank's credit exposure. An internal rating system categorizes all credits into various classes on the basis of underlying credit quality. The ultimate objective of the system is to generate accurate and consistent risk ratings and portfolio monitoring / analysis.

Regarding Basel Accords compliance, the Bank has implemented Standardized Approach (SA) for calculation of capital charge against credit risk weighted assets.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.1 Lendings to financial institutions

Credit risk by public/ private Sector

	Gross Lending		Non-performing Lending		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Public / Government	3,392,418	28,150,000	-	-	(421)	(4,626)	-	-	-	-
Private	-	2,804,700	-	-	-	(2)	-	-	-	-
	3,392,418	30,954,700	-	-	(421)	(4,628)	-	-	-	-

45.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Power (electricity)	68,797	97,353	-	-	(9)	(13)	-	-	-	-
Financial	340,287,456	374,350,841	-	-	(301)	(341)	-	-	-	-
	340,356,253	374,448,194	-	-	(310)	(354)	-	-	-	-
Credit risk by public / private sector										
Public / Government	338,123,799	372,095,390	-	-	-	-	-	-	-	-
Private	2,232,454	2,352,804	-	-	(310)	(354)	-	-	-	-
	340,356,253	374,448,194	-	-	(310)	(354)	-	-	-	-

45.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Agriculture, Forestry, Hunting and Fishing	139,774,776	127,728,364	24,101,695	26,938,645	3,526,981	3,581,916	330,674	2,588,742	12,996,086	13,270,932
Individuals	1,027,855	874,156	42,982	42,528	406	387	-	-	40,281	39,333
	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265
Credit risk by public / private sector										
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265
	140,802,631	128,602,520	24,144,677	26,981,173	3,527,387	3,582,303	330,674	2,588,742	13,036,367	13,310,265

45.1.4 Contingencies and Commitments

Credit risk by industry sector

	2025	2024
	…… Rupees in '000 ……	
Agriculture, Forestry, Hunting and Fishing	93,503,099	96,345,759
Individuals	295,589	276,281
	93,798,688	96,622,040

Credit risk by public / private sector

Public / Government	91,557,728	94,746,315
Private	2,240,960	1,875,725
	93,798,688	96,622,040

45.1.5 Concentration of Advances

The Bank's maximum credit limit to a single borrower amounts to Rs. 5 million (2024: Rs. 5 million) which has been disbursed to number of borrowers, hence top 10 exposures is not being disclosed.

45.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2025						
		Utilization					
Province / Region	Disburs-ements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	…… Rupees in '000 ……						
Punjab	72,134,685	72,134,685	-	-	-	-	-
Sindh	7,544,174	-	7,544,174	-	-	-	-
KPK including FATA	3,015,329	-	-	3,015,329	-	-	-
Balochistan	763,550	-	-	-	763,550	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit Baltistan	1,428,475	-	-	-	-	-	1,428,475
Total	84,886,213	72,134,685	7,544,174	3,015,329	763,550	-	1,428,475

Province / Region	2024						
		Utilization					
	Disburs-ements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	..... Rupees in '000						
Punjab	61,362,142	61,362,142	-	-	-	-	-
Sindh	7,217,265	-	7,217,265	-	-	-	-
KPK including FATA	2,312,504	-	-	2,312,504	-	-	-
Balochistan	406,674	-	-	-	406,674	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	724,103	-	-	-	-	-	724,103
Total	72,022,688	61,362,142	7,217,265	2,312,504	406,674	-	724,103

45.2 Market Risk

The Bank is not involved in commercial activities like forex trading and derivative market operations. Investment portfolio of the Bank is being placed mainly in fixed income securities such as Market Treasury Bills, Pakistan Investment Bonds, etc. and the only market risk inherent in the said portfolio is interest rate risk which is being calculated through mark to market and duration modelling. Furthermore, Bank's resilience is gauged through stress testing scenarios and interest rate sensitivity analysis.

45.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	..... Rupees in '000					
Cash and balances with treasury banks	4,436,051	-	4,436,051	3,125,812	-	3,125,812
Balances with other banks	52,679,896	-	52,679,896	7,492,526	-	7,492,526
Lendings to financial institutions	3,391,997	-	3,391,997	30,950,072	-	30,950,072
Investments	341,695,579	2,184,372	343,879,951	374,335,056	3,420,389	377,755,445
Advances	123,908,203	-	123,908,203	109,121,210	-	109,121,210
Property and equipment	2,056,648	-	2,056,648	1,844,619	-	1,844,619
Right-of-use assets	1,026,709	-	1,026,709	857,055	-	857,055
Intangible assets	97,908	-	97,908	172,425	-	172,425
Deferred tax assets	7,866,994	-	7,866,994	13,272,502	-	13,272,502
Other assets	27,665,158	-	27,665,158	32,947,331	-	32,947,331
	564,825,143	2,184,372	567,009,515	574,118,608	3,420,389	577,538,997

45.2.2 Foreign Exchange Risk

The Bank is not directly exposed to foreign exchange risk as the Bank is not engaged in foreign exchange operations. Foreign transactions, if any, are undertaken through SBP.

45.2.3 Equity Position Risk

The Bank's exposure towards equity risk is limited as only one security is held under its equity portfolio classified / measured at FVOCI which is marked to market periodically to reflect associated price risk and further risk is being gauged through stress testing scenario quarterly.

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	78,366	-	71,721	-

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk of loss from adverse movements in interest rates. ALCO monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

The Bank's interest rate exposure is calculated by categorising its interest sensitive assets and liabilities into various time bands based on the earlier of their contractual repricing or maturity dates. Interest rate risk exposures of the Bank are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

Interest rate / yield risk in the banking book – Basel Specific

The Bank holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Bank.

Repricing gap analysis presents the Bank's Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL), categorised into various time bands based on the earlier of their contractual repricing or maturity dates. Deposits with no fixed maturity dates (for example, saving deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Bank reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	15,811	-	26,729
- Other comprehensive income	155,852	-	328,699	-

45.2.5 Mismatch of interest rate sensitive assets and liabilities

The Bank's interest rate exposure originates from its investing and borrowing activities. Interest rate risk in the banking book is the risk of adverse changes in earnings and / or capital due to mismatched assets and liabilities in the banking book. The Asset and Liability Management Committee (ALCO) of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities. The Risk Management Department calculates duration and convexity measures to assess the impact of interest rate changes on its investment portfolio. Interest rate risk stress tests are conducted quarterly to assess the impact of a changes in the yield curve on Bank's capital.

		2025										
			Exposed to Yield / Interest risk									Non-interest bearing financial instruments
	Effective Yield / Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		4,436,051	-	-	-	-	-	-	-	-	-	4,436,051
Balances with other banks	15.29%	52,679,896	52,679,896	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	10.45%	3,391,997	3,000,256	-	-	-	-	391,741	-	-	-	-
Investments - net	15.58%	343,779,951	2,755,526	-	471	121,281,186	12,859,600	69,105,708	129,877,159	725,758	-	7,174,543
Advances - net	18.62%	123,908,203	4,453,810	7,772,906	8,990,652	30,038,052	18,816,230	18,866,015	25,043,280	9,799,891	47,349	80,018
Other assets - net		25,350,841	-	-	-	-	-	-	-	-	-	25,350,841
		553,546,939	62,889,488	7,772,906	8,991,123	151,319,238	31,675,830	88,363,464	154,920,439	10,525,649	47,349	37,041,453
Liabilities												
Bills payable		652,106	-	-	-	-	-	-	-	-	-	652,106
Borrowings	10.60%	328,351,505	273,889,969	-	-	54,461,536	-	-	-	-	-	-
Deposits and other accounts	10.35%	59,489,419	17,029,261	1,561,200	1,139,031	22,609,496	2,418,545	841,400	310	-	-	13,890,176
Lease liabilities		1,141,258	14,142	3,150	2,754	42,231	88,302	93,139	304,006	497,891	95,643	
Other liabilities		26,845,040	-	-	-	-	-	-	-	-	-	26,845,040
		416,479,328	290,933,372	1,564,350	1,141,785	77,113,263	2,506,847	934,539	304,316	497,891	95,643	41,387,322
On-balance sheet gap		137,067,611	(228,043,884)	6,208,556	7,849,338	74,205,975	29,168,983	87,428,925	154,616,123	10,027,758	(48,294)	(4,345,869)
Net non-financial assets		12,174,041										
Total net assets		149,241,652										
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield/ interest risk sensitivity gap		137,067,611	(228,043,884)	6,208,556	7,849,338	74,205,975	29,168,983	87,428,925	154,616,123	10,027,758	(48,294)	(4,345,869)
Cumulative yield / interest risk sensitivity gap			(228,043,884)	(221,835,328)	(213,985,990)	(139,780,015)	(110,611,032)	(23,182,107)	131,434,016	141,461,774	141,413,480	137,067,611

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	553,546,939	Total financial liabilities	416,479,328
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,288,535
Operating fixed assets and intangible	3,181,265	Total liability as per statement of financial position	470,807,712
Deferred tax assets	7,866,994		
Other assets	2,314,317		
Total assets as per statement of financial position	567,139,651		

	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
			2024									
			..... Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		3,125,812	-	-	-	-	-	-	-	-	-	3,125,812
Balances with other banks	12.10%	7,492,526	7,492,526	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	13.26%	30,950,072	30,950,072	-	-	-	-	-	-	-	-	-
Investments - net	17.05%	376,174,453	30,314	462,656	140,909,721	50,887,711	53,806,900	8,037,303	92,990,211	24,312,507	4,737,130	-
Advances - net	24.03%	109,121,210	974,819	3,634,727	3,489,574	18,274,341	18,967,761	20,194,663	30,640,750	12,814,339	46,194	84,042
Other assets - net		30,579,648	-	-	-	-	-	-	-	-	-	30,579,648
		557,443,721	39,447,731	4,097,383	144,399,295	69,162,052	72,774,661	28,231,966	123,630,961	37,126,846	4,783,324	33,789,502
Liabilities												
Bills payable		451,707	-	-	-	-	-	-	-	-	-	451,707
Borrowings	12.36%	408,066,969	297,768,257	55,837,176	-	-	-	-	54,461,536	-	-	-
Deposits and other accounts	18.04%	56,621,831	13,079,744	247,061	12,457,660	17,925,954	2,020	2,420,345	-	-	-	10,489,047
Lease liabilities		997,225	-	7,263	5,793	69,517	52,504	113,727	259,105	429,234	60,082	
Other liabilities		27,069,477	-	-	-	-	-	-	-	-	-	27,069,477
		493,207,209	310,848,001	56,091,500	12,463,453	17,995,471	54,524	2,534,072	54,720,641	429,234	60,082	38,010,231
On-balance sheet gap		64,236,512	(271,400,270)	(51,994,117)	131,935,842	51,166,581	72,720,137	25,697,894	68,910,320	36,697,612	4,723,242	(4,220,729)
Net non-financial assets		16,660,314										
Total net assets		80,896,826										
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		64,236,512	(271,400,270)	(51,994,117)	131,935,842	51,166,581	72,720,137	25,697,894	68,910,320	36,697,612	4,723,242	(4,220,729)
Cumulative yield / interest risk sensitivity gap			(271,400,270)	(323,394,387)	(191,458,545)	(140,291,964)	(67,571,827)	(41,873,933)	27,036,387	63,733,999	68,457,241	64,236,512

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	557,443,721	Total financial liabilities	493,207,209
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,953,970
Operating fixed assets and intangible	2,874,099	Total liability as per statement of financial position	495,161,179
Deferred tax assets - net	13,272,502		
Other assets	2,367,683		
Total assets as per statement of financial position	576,058,005		

45.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. In order to manage operational issues, an Operational Risk Model (ORM) has been developed which comprises Key Risk Indicator (KRI), Control Self Assessment (CSA) and Operational Loss Event Data Collection. This model has been successfully implemented in all Bank wide entities. The data of the Operational Risk Model is collected and analysed on quarterly basis and results are elevated to senior management / Internal Risk Management Committee.

With regards to Basel Accords compliance, the Bank has implemented Basic Indicator Approach (BIA) to calculate capital charge against operational risk weighted assets. Disaster recovery and business continuity plan includes separate IT business continuity plan which caters to IT specific business continuity planning requirements.

45.3.1 Operational risk - Disclosures Basel II specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one - stop, full - service banking to its clients. The Bank has developed and implemented an inhouse Operational Risk Management Framework. Operational loss is reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Bank.

45.4 Liquidity risk

Liquidity risk is the major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. Liquidity risk is being calculated by maturity ladder of balance sheet items, liquidity stress testing, regulatory returns on liquidity standards under Basel III, and different analysis for management purpose.

45.4.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

	2025													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	4,436,051	4,436,051	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	52,679,896	47,677,667	-	2,000,000	-	-	-	-	-	3,002,229	-	-	-	-
Lending to financial institutions	3,391,997	-	-	500,000	2,500,000	-	-	-	-	256	-	391,741	-	-
Investments - net	343,879,951	-	-	-	-	-	3,000	21,693,301	47,035,250	60,166,941	15,003,701	75,118,000	124,234,000	625,758
Advances - net	123,908,203	1,072,909	195	-	4,491,801	5,877,208	2,998,039	8,974,890	17,046,364	17,686,732	15,624,313	16,733,942	23,796,087	9,605,723
Property and equipment	2,056,648	-	-	-	558,096	-	-	56,427	-	277,325	239,885	74,329	372,731	477,855
Right-of-use assets	1,026,709	-	-	-	-	-	-	-	-	54,730	66,085	70,412	242,870	592,612
Intangible assets	97,908	-	-	-	-	-	-	-	-	66,516	23,738	7,654	-	-
Deferred tax assets - net	7,866,994	-	-	-	-	-	-	-	-	7,866,994	-	-	-	-
Other assets	27,665,158	524,071	83	-	6,289,405	2,112,928	175,867	317,690	1,249,968	5,240,689	1,529,860	3,782,715	4,447,243	1,994,639
	567,009,515	53,710,698	278	2,500,000	13,839,302	7,990,136	3,176,906	31,042,308	65,331,582	94,362,412	32,487,582	96,178,793	153,092,931	13,296,587
Liabilities														
Bills payable	652,106	652,106	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	328,351,505	-	288,907,000	250,000	6,853,890	17,698,413	6,340,220	8,301,982	-	54,461,536	-	-	-	-
Deposits and other accounts	59,489,419	28,029,544	508,473	1,639,000	742,451	1,001,100	560,100	1,139,000	1,648,000	20,961,496	2,418,545	841,400	310	-
Lease liabilities against ROU	1,141,258	-	-	-	-	-	-	-	-	62,277	88,302	93,139	304,006	593,534
Other liabilities	28,133,575	-	-	-	1,380,929	25,791	25,791	38,089	743,620	6,946,180	2,022,259	1,968,286	4,052,322	10,930,308
	417,767,863	28,681,650	289,415,473	1,889,000	8,977,270	18,725,304	6,926,111	9,479,071	2,391,620	82,431,489	4,529,106	2,902,825	4,356,638	11,523,842
Net assets	149,241,652	25,029,048	(289,415,195)	611,000	4,862,032	(10,735,168)	(3,749,205)	21,563,237	62,939,962	11,930,923	27,958,476	93,275,968	148,736,293	1,772,745
Share capital		52,678,432												
Reserves		14,513,625												
Unappropriated profit		24,187,140												
Surplus on revaluation of assets		3,400,919												
		94,780,116												

	2024													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	3,125,812	3,125,812	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	7,492,526	7,492,526	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,950,072	-	18,100,000	-	-	-	-	-	-	12,850,072	-	-	-	-
Investments - net	376,274,453	-	-	-	-	-	500,000	144,687,000	27,275,000	9,207,629	64,225,750	8,403,316	96,700,000	25,275,758
Advances - net	109,121,210	827,394	443	-	3,327,891	2,471,973	1,024,226	3,399,685	9,637,031	10,289,374	20,723,964	16,518,321	28,666,455	12,234,453
Property and equipment	1,844,619	-	-	-	477,540	-	6,377	9,528	-	217,098	108,421	339,426	190,092	496,137
Right-of-use assets	857,055	-	-	-	-	-	-	-	-	24,332	4,648	40,175	53,430	734,470
Intangible assets	172,425	-	-	-	1	-	-	-	-	2,670	147,995	21,759	-	-
Deferred tax assets - net	13,272,502	-	-	-	-	-	-	-	-	13,272,502	-	-	-	-
Other assets	34,428,323	346,407	90	-	9,575,440	2,553,501	1,710,467	2,679,501	1,614,253	14,315,503	571,201	211,425	308,850	541,685
	577,538,997	11,792,139	18,100,533	-	13,380,872	5,025,474	3,241,070	150,775,714	38,526,284	60,179,180	85,781,979	25,534,422	125,918,827	39,282,503
Liabilities														
Bills payable	451,707	451,707	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	408,066,969	-	160,806,856	10,180,232	169,008,657	7,521,459	2,309,190	2,191,798	-	1,587,241	-	-	54,461,536	-
Deposits and other accounts	56,621,831	23,424,497	-	-	144,500	156,330	90,561	12,457,630	1,023,000	-	16,904,971	2,420,342	-	-
Lease liabilities against ROU	997,225	-	-	-	-	-	-	-	-	52,734	3,001	41,683	50,542	849,265
Other liabilities	29,023,447	-	-	-	395,166	12,050	12,050	2,169,677	1,291,148	24,063,623	191,977	139,335	259,105	489,316
	495,161,179	23,876,204	160,806,856	10,180,232	169,548,323	7,689,839	2,411,801	16,819,105	2,314,148	25,703,598	17,099,949	2,601,360	54,771,183	1,338,581
Net assets	82,377,818	(12,084,065)	(142,706,323)	(10,180,232)	(156,167,451)	(2,664,365)	829,269	133,956,609	36,212,136	34,475,582	68,682,030	22,933,062	71,147,644	37,943,922
Share capital		52,678,432												
Reserves		12,113,062												
Unappropriated profit		15,341,495												
Surplus on revaluation of assets		2,244,829												
		82,377,818												

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

47 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 29 JUL 2026 by the Board of Directors of the Group.

48 GENERAL

The figures in these consolidated financial statements are rounded off to the nearest thousand rupees, unless otherwise stated.

President | Chief Financial Officer | Director | Director | Director

Annexure-I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2025

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	CNIC number	Father's / husband's name	Outstanding liabilities at beginning of the year				Principal written off	Interest/ markup written-off / waived	Other financial relief provided	Total (10+11+12)
					Principal	Interest / markup	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
					..... Rupees in '000							
1	SYED HASSAN ABBAS SHAH	SYED HASSAN ABBAS SHAH	3110116456135	SYED NAZAR HUSSAIN SHAH	500.000	288.910	-	788.910	-	504.784	-	504.784
2	MST YASMEEN ZAHOOR LALEKA	MST YASMEEN ZAHOOR LALEKA	3110103295264	LALIKA JOYO	1,500.000	965.484	-	2,465.484	-	573.184	-	573.184
3	ATTAAULLAH	ATTAAULLAH	5330685872325	FAIZULLAH	392.000	357.468	-	749.468	-	518.920	-	518.920
4	GUL MUHAMMAD	GUL MUHAMMAD	60785194287	DAWOOD KHAN	392.000	334.198	-	726.198	-	507.768	-	507.768
5	MUHAMMAD SOOMAR	MUHAMMAD SOOMAR	4420170789341	MUHAMMAD MUREED	438.750	267.120	-	705.870	-	515.561	-	515.561
6	MUNIR AHMAD	MUNIR AHMAD	31828563216	MUHAMMAD	407.000	262.362	-	669.362	-	665.388	-	665.388
7	MUHAMMAD IRSHAD	MUHAMMAD IRSHAD	22092434209	MUHAMMAD ALI	909.750	811.739	-	1,721.489	-	810.274	-	810.274
8	GHULLAM NABI	GHULLAM NABI	4340320122914	DIL MURAD	301.000	194.261	-	495.261	-	502.714	-	502.714
9	RIFAQAT BEGUM	RIFAQAT BEGUM	1710134610338	JAVID KHAN	485.948	21.011	-	506.959	-	516.285	-	516.285
10	ABDUL QAUIM	ABDUL QAUIM	60265261088	ABDUL HALEEM	450.000	458.541	-	908.541	-	619.957	-	619.957
11	SHAH WALI	SHAH WALI	6029509370821	ABDUL HAKEEM	497.250	473.348	-	970.598	-	910.032	-	910.032
12	DOST MUHAMMAD	DOST MUHAMMAD	60232148911	NOOR MUHAMMAD	493.000	507.359	-	1,000.359	-	921.283	-	921.283
13	HUSSAIN AHMED	HUSSAIN AHMED	62777237133	M. YOUSAF KHAN	430.000	283.229	-	713.229	-	515.043	-	515.043
14	AMANULLAH	AMANULLAH	5630274615485	ABDUL HAQUE	249.050	389.301	-	638.351	-	532.001	-	532.001
15	ABDUL HAMID	ABDUL HAMID	5630281954087	TORAN	261.800	920.772	-	1,182.572	-	552.516	-	552.516
16	MUHAMMAD ISHAQUE	MUHAMMAD ISHAQUE	5440079471551	SHAFI MUHAMMAD	350.000	1,089.858	-	1,439.858	-	575.091	-	575.091
17	MUHAMMAD AZEEM	MUHAMMAD AZEEM	5540150673047	MUHAMMAD HUSSAIN KHAN	450.000	1,560.128	-	2,010.128	-	556.374	-	556.374
					8,507.548	**9,185.089**	**-**	**17,692.637**	**-**	**10,297.175**	**-**	**10,297.175**

Annexure - II

ISLAMIC BANKING BUSINESS

The bank is operating 35 (2024: 25) Islamic banking branches and 30 (2024: 0) Islamic banking windows at the end of the year.

	Note	2025	2024
		…… Rupees in '000 ……	
ASSETS			
Cash and balances with treasury banks		287,456	141,150
Balances with other banks		110,887	126,391
Due from financial institutions	1	3,391,997	13,650,000
Investments	2	1,048,601	1,656,797
Islamic financing and related assets - net	3	108,128	8,032
Fixed assets		125,980	120,687
Intangible assets		-	-
Due from Head Office		-	-
Other assets		2,304,572	1,219,819
Total Assets		**7,377,621**	**16,922,876**
LIABILITIES			
Bills payable		26,987	4,435
Due to financial institutions		2,757,500	13,800,000
Deposits and other accounts	4	2,471,094	1,354,966
Due to Head Office	5	1,404,988	963,273
Subordinated debt		-	-
Other liabilities		106,557	221,617
		6,767,126	16,344,291
NET ASSETS		**610,495**	**578,585**
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of assets		18,605	11,953
Accumulated profit	6	91,890	66,632
		610,495	**578,585**
CONTINGENCIES AND COMMITMENTS	7		

Annexure - II

The profit and loss account of the Bank's Islamic banking branches for the year ended is as follows:

	Note	2025	2024
		…… Rupees in '000 ……	
Profit / return earned	8	1,350,736	2,196,093
Profit / return expensed	9	1,203,833	1,928,978
Net Profit / return		146,903	267,115
Other income			
Fee and commission income		2,846	2,578
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities		4,083	3,667
Other income		486	2,048
Total other income		7,415	8,293
Total income		154,318	275,408
Other expenses			
Operating expenses		108,199	234,406
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		108,199	234,406
Profit before credit loss allowance		46,119	41,002
Credit loss allowance and write offs - net		761	-
Profit before taxation		45,358	41,002
Taxation		20,100	22,572
Profit after taxation		25,258	18,430

		2025			2024		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		Rupees in '000					
1	**Due from Financial Institutions**						
	Bai Muajjal Receivable from State Bank of Pakistan	392,418	-	392,418	-	-	-
	Musharakah / Mudarabah	3,000,000	-	3,000,000	13,650,000	-	13,650,000
		3,392,418	-	3,392,418	13,650,000	-	13,650,000
	Less: Credit loss allowance						
	- Stage 1	(421)	-	(421)	-	-	-
	- Stage 2	-	-	-	-	-	-
	- Stage 3	-	-	-	-	-	-
		(421)	-	(421)	-	-	-
		3,391,997	-	3,391,997	13,650,000	-	13,650,000

2 **Investments**

	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government securities								
Ijarah sukuk	771,546	-	18,037	789,583	1,287,277	-	8,343	1,295,620
Non Government Securities								
Listed securities	258,451	-	567	259,018	357,566	-	3,611	361,177
Total investments	1,029,997	-	18,604	1,048,601	1,644,843	-	11,954	1,656,797

	Note	2025	2024
		..... Rupees in '000	
3 Islamic financing and related assets			
Ijarah	3.1	48,684	-
Diminishing musharaka		59,784	8,032
Gross Islamic financing and related assets		108,468	8,032
Less: Credit loss allowance against Islamic financings			
- Stage 1		(340)	-
- Stage 2		-	-
- Stage 3		-	-
- Specific		-	-
- General		-	-
		(340)	-
Islamic financing and related assets - net of credit loss allowance		108,128	8,032

3.1 Ijarah

	2025						
	Cost			Depreciation			Book Value as at December 31
	As at January 01	Additions / Deletions	As at December 31	As at January 01	Additions / Deletions	As at December 31	
	---------- Rupees in 000 ----------						
Plant & machinery	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-
Land & building	-	48,684	48,684	-	-	-	48,684
Total	-	48,684	48,684	-	-	-	48,684

3.2 Future Ijarah payments receivable

	2025				2024			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	---------- Rupees in 000 ----------							
Ijarah rental receivables	11,308	47,507	8,015	66,830	-	-	-	-

Annexure - II

		2025	2024
		..... Rupees in '000	
4	**Deposits**		
	Customers - local currency		
	Current deposits	726,101	392,796
	Savings deposits	1,699,453	719,767
	Term deposits receipts	40,745	242,165
	Others	4,795	238
		2,471,094	1,354,966
	Financial Institutions		
	Term deposits receipts	-	-
		2,471,094	1,354,966
4.1	**Composition of deposits**		
	- Individuals	2,351,220	1,023,657
	- Non-Banking Financial Institutions	118,935	-
	- Private sector	-	131,309
	-Govt./Public sector entities	939	200,000
		2,471,094	1,354,966

4.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,509.392 million (2024: Rs. 1,026.551 million).

5 Due to head office represents inter branch transactions between Islamic and Conventional.

		2025	2024
		..... Rupees in '000	
6	**Islamic Banking Business Unappropriated Profit**		
	Opening balance	66,632	48,202
	Add: Islamic banking for the year	45,358	41,002
	Less: Taxation	20,100	22,572
	Closing balance	91,890	66,632

7 There are no contingencies and commitments related to the Islamic business as at reporting date. (2024: Nil)

8 Profit / return earned of financing, investments and placement

	2025	2024
	..... Rupees in '000	
Profit earned on:		
Financing	6,048	515
Investments	240,152	342,024
Placements	1,104,536	1,853,554
Total	1,350,736	2,196,093

Annexure - II

		2025	2024
		…… Rupees in '000 ……	
9	**Profit on deposits and other dues expensed**		
	Deposits and other accounts	229,635	261,484
	Commission and other charges	1,597	3,520
	Call borrowings/ funds acceptances	972,601	1,663,974
		1,203,833	1,928,978

10 Pool Management

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining five pools for profit declaration and distribution i.e., general pool, special pool 1, special pool 5, special pool 7 and special pool 10.

General pool

The General Pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from ZTBL Head Office. The Bank acts as fund manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in mudaraba based depositors' accounts and paid as per pre-defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period of deposits;
- Frequency of profit distribution, i.e. monthly, quarterly or on maturity; and
- Volume of the deposit.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attributed to various types of investments; and
- SBP rules & Shariah Clearance.

Annexure - II

Special pool

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and Mudaraba placements from head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on daily product basis and paid as per pre defined weightages. While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund.;
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity; and
- Magnitude of risk.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of special pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from principal office, Islamic banking institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attached to various types of investments; and
- SBP rules & Shariah Clearance.

Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

	2025	2024
	…… Rupees in '000 ……	
Investments	1,048,601	1,656,797
Due from financial institutions	3,391,997	13,650,000
Balances with other banks	110,887	126,391

Annexure - II

Charging expenses

The direct expenses are charged to the pool, while indirect expenses including the establishment cost is borne by ZTBL - IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, cost of sale of inventories, insurance / takaful expenses of pool assets, taxes, stamp fee or documentation charges, brokerage fee for purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools, write-offs of financings and loss on sale of investments, etc.

	2025	2024
	…… Rupees in '000 ……	
Credit loss allowances	658	-

Mudarib share (in amount and percentage of distributable income)

		2025	2024
		…… Rupees in '000 ……	
Rabbul Mal	67%	196,313	251,311
Mudarib	33%	96,936	91,305
		293,249	342,616

Amount & percentage of mudarib share transferred to depositors through Hiba

	2025	2024
Mudarib share	96,936	91,305
Hiba	22,620	20,228
Hiba percentage of mudarib share	22.15%	22.15%

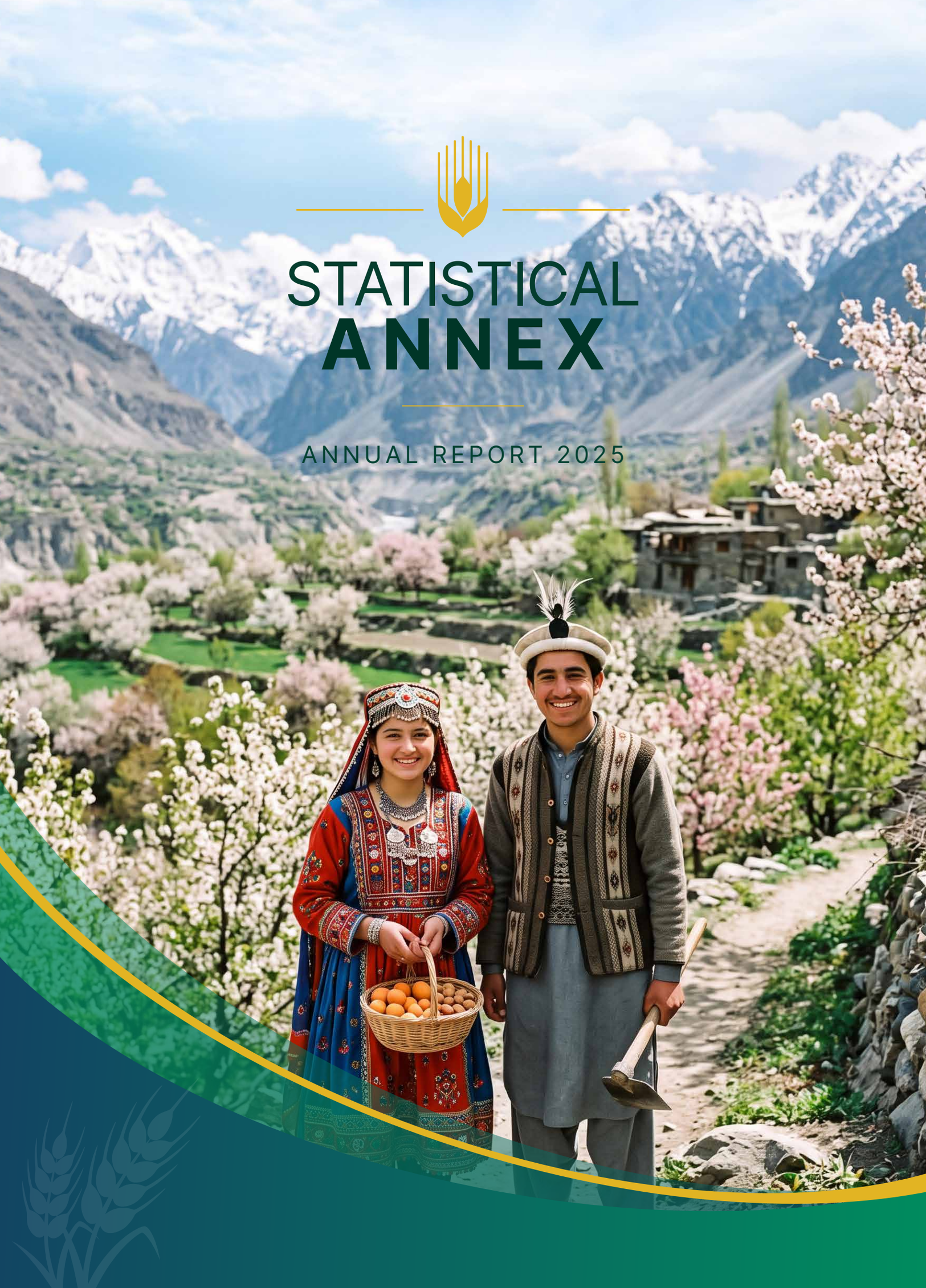
This is not a special Hiba and it has been distributed across the board to all the investment account holders.

Profit rate earned vs profit rate distributed to the depositors during the year

	2025	2024
Profit rate earned	15.34% p.a.	18.03% p.a.
Profit rates distributed to depositors	8.86% p.a.	13.07% p.a.

STATISTICAL ANNEX

ANNUAL REPORT 2025



SELECTED STATISTICAL INDICATORS

(Rupees in Millions)

Sr. No.	Description	2020	2021	2022	2023	2024	2025
During the Year							
1	Agricultural Credit Disbursed	62,070	69,162	69,631	90,978	72,022	84,886
2	Loans to Subsistence Farmers	50,950	58,806	60,067	80,386	64,663	74,761
3	2 as %age of 1	82%	85%	86%	88%	90%	88%
4	Loans to Small Farmers (Upto 25.0 Acres)	60,019	66,979	67,689	88,933	70,597	83,158
5	4 as %age of 1	97%	97%	97%	98%	98%	98%
6	Financing of Tractors						
	- Number	1,084	1,356	698	4,872	895	245
	- Amount	938	1,258	740	10,082	2,001	487
7	Financing of Tubewells						
	- Number	171	69	35	208	280	29
	- Amount	25	11	8	384	553	19
8	Agri. Credit Recovery	79,216	83,677	79,750	91,080	85,309	94,728
At the End of the Year							
1	Agri. Loan Portfolio	145,635	127,864	121,871	137,349	148,765	141,707
2	Number of Regions	31	31	31	31	31	31
3	Number of Branches	501	501	501	501	501	501

LOANS DISBURSED SINCE INCEPTION: AREA-WISE
UPTO 31.12.2025

(Rupees in Millions)

Sr. No.	Province/Area	Amount Disbursed	Share (%)
1	Punjab	1,509,383	80.5
2	Sindh	244,545	13.0
3	Khyber Pakhtunkhwa	89,645	4.8
4	Balochistan	13,701	0.7
5	Azad Kashmir	6,908	0.4
6	Gilgit Baltistan	10,813	0.6
	Total	**1,874,995**	**100.0**

LOANS DISBURSED: AREA-WISE
DURING 01-01-2025 TO 31-12-2025

(Rupees in Millions)

Sr. No.	Province/Area	Number of Borrowers	Amount Disbursed	Share (%)
1	Punjab	92,333	72,135	84.98
2	Sindh	10,950	7,544	8.89
3	Khyber Pakhtunkhwa	2,860	3,015	3.55
4	Balochistan	748	764	0.90
5	Azad Kashmir	176	200	0.24
6	Gilgit Baltistan	1,307	1,228	1.45
	Total	**108,374**	**84,886**	**100**

TERM-WISE COMPOSITION OF LOANS DISBURSED DURING 01-01-2025 TO 31-12-2025

(Rupees in Millions)

Sr. No.	Province	Short Term		Medium Term		Long Term		Total	
		No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount
1	Punjab	72,239	57,831	15,260	9,039	4,834	5,265	92,333	72,135
2	Sindh	9,301	6,338	1,589	1,033	60	174	10,950	7,544
3	Khyber Pakhtunkhwa	861	972	1,172	725	827	1,319	2,860	3,015
4	Balochistan	630	501	95	227	23	36	748	764
5	Azad Kashmir	2	1	61	15	113	184	176	200
6	Gilgit Baltistan	0	0	1,285	785	22	443	1,307	1,228
	Total	**83,033**	**65,642**	**19,462**	**11,824**	**5,879**	**7,420**	**108,374**	**84,886**

LOANS DISBURSED: SECURITY – WISE
DURING 01.01.2025 TO 31.12.2025

(Rupees In Millions)

Sr. No.	Particulars	Number of Cases	Amount Disbursed	Share (%)
1	Secured Loans	106,877	83,390	98%
2	Hypothecation Loans	1	1	0%
3	Personal Surety Loans	4	2	0%
4	Other Security	1,492	1,494	2%
	Total	**108,374**	**84,886**	**100%**

ANNUAL CREDIT DISBURSEMENT, TRACTORS & TUBEWELLS FINANCED SINCE INCEPTION UPTO 31-12-2025

(Rs. In Millions)

Year	Annual Credit	Tractors Financed		Tubewells Financed	
	Disbursed	Number	Amount	Number	Amount
Since Inception upto 31-12-2015	1,077,357	579,814	131,115	156,857	18,015
2016	92,847	4,654	3,004	365	69
2017	97,128	4,765	3,064	465	71
2018	76,262	3,616	2,802	618	91
2019	82,649	1,747	1,429	622	82
2020	62,069	1,084	937	171	25
2021	69,161	1,356	1,258	69	11
2022	69,631	698	739	35	8
2023	90,978	4,872	10,082	208	384
2024	72,022	895	2,000	280	553
2025	84,886	245	487	29	19
Total	**1,874,995**	**603,746**	**156,921**	**159,719**	**19,332**

AGRICULTURAL CREDIT DISBURSED BY MAJOR PURPOSES DURING 01-01-2025 TO 31-12-2025

(Rupees in Millions)

Purposes		No. of Borrowers	Amount Disbursed	Share (%)
I. Development Loans		**19,462**	**18,171**	**21%**
1	Dairy Farming	7922	6457	7.6%
2	Livestock	4264	2291	2.7%
3	Poultry Farming	2343	1714	2.0%
4	Farm Machinery Items Excluding Tractors	1031	966	1.1%
5	Godown/ Cold Storage	1171	870	1.0%
6	Tractors	245	487	0.6%
7	Orchards	90	109	0.1%
8	Tubewells/Turbines	29	19	0.0%
9	Others	2367	5258	6.2%
II. Production Loans		**88,912**	**66,716**	**79%**
Total Agri. Credit Disbursement		**108,374**	**84,886**	**100**

AGRICULTURAL CREDIT DISBURSED BY SIZE OF LOAN DURING 01-01-2025 TO 31-12-2025

(Rs. in Millions)

Size of loan	*No. of Borrowers	Share (%)	Amount Disbursed	Share (%)
Upto Rs. 25000/-	757	0.8	10	0.01
Rs. 25001 to 50000/-	967	1.1	38	0.05
Rs. 50001 to 100000/-	2,322	2.6	191	0.23
Rs. 100001 to 200000/-	7,866	8.7	1,253	1.48
Rs. 200001 to 500000/-	26,707	29.5	9,515	11.2
Rs. 500001 to 1000000/-	27,955	30.9	20,345	24.0
Over Rs. 1000000/-	23,931	26.4	53,530	63.1
TOTAL	**90,505**	**100**	**84,886**	**100**
**Borrowers are CNIC Wise*				

AGRICULTURAL CREDIT DISBURSED BY SIZE OF HOLDING DURING 01-01-2025 TO 31-12-2025

(Rupees in Millions)

Size of Holding	No. of Cases	Share (%)	Amount Disbursed	Share (%)
A. Landless	2	0%	1	0%
B. Owners				
Under 5.1 Hectares (under 12.50 Acres)	97,191	92%	73,259	86%
5.1 to under 6.5 Hectares (12.51 to under 16.00 Acres)	3,698	4%	4,959	6%
6.5 to under 10.1 Hectares (16.01 to under 25.00 Acres)	3,457	3%	4,940	6%
10.1 to under 13 Hectares (25.01 to under 32.00 Acres)	653	1%	866	1%
13 to under 20.2 Hectares (32.01 to under 50.00 Acres)	458	0%	601	1%
20.2 to under 26 Hectares (50.01 to under 64.00 Acres)	103	0%	110	0%
26 Hectares & Above (64.01 Acres & Above)	79	0.1%	151	0.2%
Total	**105,641**	**100%**	**84,886**	**100.0**

PROVINCE WISE REPAYMENT OF REGULAR LOANS DURING 01-01-2025 TO 31-12-2025

(Rupees in Millions)

Sr. No.	Province/Area	Recovery
1	Punjab	65,443
2	Sindh	6,470
3	Khyber Pakhtunkhwa	2,427
4	Balochistan	282
5	Azad Kashmir	121
6	Gilgit Baltistan	802
	Total	**75,544**

STAFF POSITION
(REGULAR EMPLOYEES)

(Numbers)

Year	Officers*	M.C.O.'s	Staff*	Total
CY' 2011	4,145	1,277	1,644	5,789
CY' 2012	4,095	1,313	1,629	5,724
CY' 2013	4,218	1,308	1,381	5,599
CY' 2014	4,581	1,271	1,196	5,777
CY' 2015	4,550	1,333	1,149	5,699
CY' 2016	4,589	1,328	1,106	5,695
CY' 2017	4,871	1,373	929	5,800
CY' 2018	4,787	1,357	814	5,601
CY' 2019	4,473	1,257	778	5,251
CY 2020	4,371	1,258	717	5,088
CY 2021	3,909	1,138	632	4,541
CY 2022	3,572	1,166	631	4,203
CY 2023	3,308	1,041	504	3,812
CY 2024	3,477	1,046	439	3,916
CY2025**	3,115	1,072	462	3,577

** Including MCOs*
***Including contractual employees*

NETWORK OF FIELD OFFICES
AS ON 31.12.2025

(Numbers)

Sr. No.	Provinces	Regions	Branches
1	Punjab*	17	294
2	Sindh	6	93
3	Khyber Pakhtunkhwa	4	57
4	Balochistan	2	34
5	Azad Kashmir	1	11
6	Gilgit Baltistan	1	12
	Total	**31**	**501**

** Including Islamabad*

Annual Report 2025



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